42845

INTERNATIONAL DEVELOPMENT ASSOCIATION
AND INTERNATIONAL MONETARY FUND

REPUBLIC OF LIBERIA

Enhanced Heavily Indebted Poor Countries (HIPC) Initiative Decision Point Document

Prepared by the Staffs of the International Development Association
and the International Monetary Fund

Approved by Danny Leipziger and Obiageli K. Ezekwesili (IDA) and
Matthew Fisher and Thomas Krueger (IMF)

February 27, 2008

Contents Page

Tables

Boxes

Annexes

LIST OF ACRONYMS

AfDB	African Development Bank
BADEA	Arab Bank for Economic Development in Africa
CBL	Central Bank of Liberia
CFAA	Country Financial Accountability Assessment
CMCo	Cash Management Committee
CPAR	Country Procurement Assessment Review
DRA	Debt Relief Analysis
DMTF	Debt Management Task Force
DPO	Development Policy Operation
DSA	Debt Sustainability Analysis
ECOWAS	Economic Community of West African States
EFF	Extended Fund Facility
EGSC	Economic Governance Steering Committee
EIB	European investment Bank
EITI	Extractive Industries Transparency Initiative
RU	European Investment
FAD	Fiscal Affairs Department
GEMAP	Governance and Economic Management Assistance Program
GDP	Gross Domestic Product
HIPC	Heavily Indebted Poor Countries
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
I-PRSP	Interim Poverty Reduction Strategy Paper
LIC DSA	Low Income Counties Debt Sustainability Analysis
LRC	Liberia Revenue Code
LRDC	Liberia Reconstruction and Development Committee
MDGs	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
NPV	Net Present Value
NTGL	National Transitional Government of Liberia
OFID	OPEC Fund for International Development
PCC	Post-Conflict Countries
PCCF	Post-Conflict Countries Facility
PEMFAR	Public Expenditure Management and Financial Accountability Review
PFM	Public Financial Management
PRGF	Poverty Reduction and Growth Facility
QEB	Quarterly Economic Bulletin
SMP	Staff-Monitored Program
SOE	State-Owned Enterprise
UNMIL	United Nations Mission in Liberia
WB LIC	World Bank Low-Income Countries

EXECUTIVE SUMMARY

- Liberia is emerging from over twenty years of political instability. During that time real Gross Domestic Product (GDP) per capita is estimated to have declined by about 80–90 percent. Developments since the new government took office in early 2006 have been positive, with estimated real GDP growth rising from 2½ percent in 2004 to approximately 9½ percent in 2007, accompanied by relatively stable exchange and inflation rates. Significant progress has been made in improving public revenue collection and public financial management (PFM).

- Despite these strong improvements, dire poverty and social concerns persist. Over 60 percent of the population lives below the national poverty line, life expectancy has dropped to 42 years, and infant and maternal mortality rates are among the highest in the world.

- The Debt Relief Analysis (DRA) confirms that Liberia would qualify for debt relief under the export window of the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative. Liberia's public and publicly guaranteed external debt at end-June 2007 was an estimated US$4.7 billion in nominal terms, around 96 percent of which was in arrears. After applying traditional debt relief mechanisms, Liberia's net present value (NPV) of debt-to-exports ratio at end-June 2007 is estimated at 1,576 percent—far above the threshold under the HIPC Initiative.

- Liberia has also fulfilled the other requirements that should allow it to qualify for debt relief under the HIPC Initiative by reaching its decision point. It has prepared an Interim Poverty Reduction Strategy Paper (I-PRSP) and continued satisfactory implementation of the current staff-monitored program (SMP) of upper-credit tranche policy conditionality. It has also cleared arrears to some multilateral creditors and reached agreements with almost all other multilateral creditors on an approach to arrears clearance. Finally, the IDA and IMF staffs have reached agreement with the authorities on a final set of completion point triggers. Most of these were outlined in the preliminary document and broadly supported by the Directors.

- As of end-June 2007, the largest share of Liberia's external debt, in nominal terms and before traditional debt relief, was owed to multilateral and bilateral creditors (65.9 percent), with commercial creditors holding 33.3 percent. The IMF and IDA/IBRD were Liberia's largest creditors, representing approximately 17 percent and 9 percent of total claims, respectively. The clearance of arrears to IDA/IBRD and the AfDB in December 2007 has significantly reduced the share owed to multilateral creditors.

- The reduction of Liberia's NPV of debt-to-exports ratio to 150 percent requires total HIPC debt relief of US$2,845.5 million in end-June 2007 NPV terms, implying a

common reduction factor of 90.5 percent, one of the largest common reduction factors thus far under the HIPC Initiative.

- The sensitivity analysis highlights the vulnerability of Liberia's debt prospects. In particular, Liberia's ability to service its external debt after HIPC debt relief is found to be vulnerable to increased new borrowing even on concessional terms (which could arise, for example, if Liberia was to compensate for a possible reduction in external grants compared to the baseline), and to a combination of adverse domestic and external shocks.

- The staffs seek Executive Directors' views and guidance on whether: (i) Liberia has qualified for assistance under the HIPC Initiative; (ii) the amount of debt relief proposed is sufficient to reduce the NPV of debt to export ratio to the HIPC Initiative threshold of 150 percent; and (iii) meeting the completion point triggers will qualify Liberia for unconditional delivery of debt relief.

I. INTRODUCTION

1. **This paper presents an assessment of Liberia's eligibility and qualification for assistance under the Enhanced HIPC Initiative.**[1] The Executive Boards of the IDA and the IMF discussed the preliminary HIPC document for Liberia on January 31 and February 1, 2008, respectively.[2] On these occasions, Directors agreed that Liberia is eligible for assistance under the HIPC Initiative and agreed that Liberia could reach its decision point together with the approval of a Poverty Reduction and Growth Facility (PRGF)/Extended Fund Facility (EFF)-supported program provided that it: (i) continued satisfactory performance under the current SMP; (ii) cleared its arrears to multilateral creditors, or reached agreement with them on a strategy for arrears clearance; and (iii) agreed on appropriate completion point triggers. Regarding the latter, Directors broadly supported the triggers outlined in the preliminary document.

2. **This paper builds on the preliminary HIPC document that was recently discussed by the Executive Boards of the IDA and the IMF.** The macroeconomic framework underlying the Debt Relief Analysis (DRA) in this paper was updated to reflect discussions on the policy framework underlying a proposed three-year PRGF/EFF-supported program. While it remains largely unchanged, medium-term projections for real GDP growth and foreign direct investment have been lowered slightly. As noted below, the DRA was updated to incorporate revised data on the commercial debt stock that was received from Liberia's financial advisor, and the common reduction factor was adjusted marginally. Finally, following Directors' comments, the trigger for the floating completion point relating to the debt management unit was adjusted to ensure it will be operational for at least twelve months prior to the completion point. The trigger relating to the Extractive Industries Transparency Initiative (EITI) was revised to ensure that it is realistic.

3. **The analysis indicates that after traditional debt relief mechanisms are applied, Liberia's NPV of debt-to-exports ratio at end-June 2007 was significantly above the HIPC Initiative threshold.** Since the last DRA presented in the preliminary document, further minor revisions were made in February 2008 based on new information provided by the external financial advisor who has been contracted by the government to estimate the commercial creditor claims.[3] Possible HIPC Initiative debt relief is estimated to be US$2,845.5 million and Multilateral Debt Relief Initiative (MDRI) and IMF beyond-HIPC relief of about US$147.0 million in NPV terms at end-June 2007. Because Liberia has been servicing almost none of its debt, this relief would not immediately create additional fiscal

---

[1] "Enhanced HIPC Initiative" is hereafter referred to as "HIPC Initiative."

[2] See IDA Report No 42039-LR, January 14, 2008, and EBS/08/8, January 15, 2008.

[3] The DRA is based on a joint IDA/IMF staff mission to Monrovia in March–April 2007, with subsequent revision based on updated information received in October and November 2007 and February 2008. The DRA prepared jointly with the authorities, is based on a reconciliation of external debt data as of end-June 2007.

space. In the medium term, however, the resolution of its arrears will give Liberia access to additional development assistance, helping it make progress toward the Millennium Development Goals (MDGs).

4. **This paper is organized as follows**. Section II provides background information on Liberia's eligibility for assistance under the HIPC Initiative and on recent developments. Section III discusses Liberia's medium- to long-term macroeconomic framework and its poverty reduction strategy. Section IV summarizes the DRA and presents the size of possible HIPC, MDRI and IMF beyond-HIPC assistance, including through arrears clearance and additional bilateral and multilateral assistance beyond these initiatives. Section V discusses the floating completion point triggers. Section VI presents issues for discussion by Executive Directors.

II. Background And Eligibility for HIPC Initiative Assistance[4]

A. PRGF and IDA Status

5. **Liberia's performance under the SMP since early 2006 has been broadly satisfactory.** In the view of the staffs, Liberia's performance is sufficient to establish a track record for purposes of reaching the decision point. In February and July 2007, IMF Directors agreed with their staff's assessment that policies under Liberia's SMP for 2007, subsequently extended to end-March 2008, were of upper-credit tranche quality.[5] Discussions for the fourth review of performance under the SMP and a program to be supported by arrangements under the PRGF and EFF were concluded in Monrovia during January 17-23, 2008. The government's request for three-year arrangements under the PRGF and EFF for SDR 582 million (450 percent of quota under the 11th General Review) in support of a program covering the period through December 2010 will be considered by the IMF Executive Board immediately prior to its consideration of the HIPC decision point document.[6] Disbursements under the PRGF/EFF arrangements are front-loaded in order to repay the bridge loan expected to be used to clear Liberia's arrears to the IMF.

6. **Liberia is an IDA-only country with a gross national per capita income of about US$140 in 2006 (using the World Bank's Atlas methodology).** Following a re-engagement strategy discussed by the IDA Board on March 9, 2004, a Joint Interim Strategy

---

[4] See IDA and IMF "Heavily Indebted Poor Countries (HIPC) Initiative—List of Ring-Fenced Countries that Meet the Income and Indebtedness Criteria at end-2004," April 12, 2006, IDA/R2006-0041/2 and EBS/06/35.

[5] On January 14, 2008, the IMF's Executive Board amended the IMF's PRGF-HIPC Trust Instrument to allow certain SMPs in clearly defined circumstances to count toward the track record under the HIPC Initiative (EBS/07/152). In the view of the IMF staff, Liberia has established a track record within the meaning of this provision given performance since July 2007.

[6] Given that Liberia's financing needs would exceed the exceptional access limit under the PRGF (185 percent of quota), resources from the General Resources Account would also be needed.

Note, prepared in collaboration with the African Development Bank (AfDB), was presented to the IDA Board on June 14, 2007. The note proposed a support program that is closely aligned with the government's I-PRSP and takes advantage of the opportunity to sustain reform momentum under the current government. The program consolidates and mainstreams the work supported by the World Bank in the areas of economic governance, infrastructure rehabilitation, and community development and that of the AfDB on governance, economic management, and infrastructure (including water supply rehabilitation). The strategy for the first time also proposes intervention in other critical sectors, such as health and civil service reform, in line with the I-PRSP. In December 2007, arrears to the World Bank were cleared with the support of a grant under a Development Policy Operation (DPO); arrears to the AfDB were also cleared in December 2007 through an operation under the framework for assisting Post-Conflict Countries (PCCs).

B. Country Background and Political Developments

7. **Thirty years ago, Liberia's per capita GDP was on par with that of Egypt, Indonesia, and the Philippines and was more than double that of India.** Between the mid-1940s and the 1960s, Liberia's economy grew at rates ranging from 4–7 percent annually. However, marginalization, mismanagement, and perceived inequalities in the distribution of benefits from national resources sowed the seeds for a 1980 coup. GDP growth fell from 5 percent in the early 1970s to less than 1 percent in the mid-1980s. After 1980, Liberia entered a protracted period of instability that included civil wars in 1989–96 and 2000–03. By 2003, most of the country's roads and railroads, electricity generation and transmission, and potable water and sewage systems had been destroyed.

8. **After over 20 years of instability, the Accra Comprehensive Peace Agreement of 2003 initiated a political transition.** The National Transitional Government of Liberia (NTGL), established under the peace agreement, governed Liberia until the completion of legislative and presidential elections in October–November 2005. An elected government headed by President Ellen Johnson-Sirleaf assumed office on January 16, 2006. Since the signing of the Accra Peace Agreement, more than 100,000 combatants have been demobilized and most of the displaced population, estimated at a third of the total population, has returned to its place of origin.

9. **Liberia is now one of the poorest countries in Africa.** The fourteen-year civil war had a devastating impact on Liberia's economy, reducing real GDP to about 40 percent of its pre-war level. An estimated 64 percent of the population lives below the national poverty line, with 48 percent living in extreme poverty.[7] Only an estimated 17 percent of the labor force is formally employed. Besides the destruction of physical infrastructure during the conflict, the delivery of basic services such as health and education was severely disrupted.

[7] Core Welfare Indicators Questionnaire, 2007.

Net primary school enrolment rates today remain low at 37 percent, while the much higher gross enrolment rate (86 percent) suggests that older children that missed out on education during the war are returning to school. Approximately 50 percent of the population lack access to safe water, and over 60 percent have no access to improved sanitation facilities. National and local institutions are dysfunctional and plagued by poor governance and widespread corruption.

10. **Current conditions in Liberia present significant risks.** Securing Liberia's fragile peace and economic recovery is a daunting challenge. A UN military force (UNMIL) of over 12,000 has established, and assumed responsibility for, security throughout the country. Although the UN and the United States are providing police officers with training to form a new Liberian national police force, improvements in the living conditions of the Liberian population will be needed to support sustained security advances. This, in turn, will require the authorities to continue strengthening public institutions and economic governance to ensure that growth is inclusive and sustainable.

C. Post-Conflict Macroeconomic Track Record

11. **Performance under the SMP has been broadly satisfactory.** Soon after taking office in January 2006, the government requested IMF assistance to develop a program to support economic reconstruction and to begin building a track record of policy implementation needed to resolve its arrears and debt overhang. The key objectives of the 2006 SMP were to rebuild public institutions, restore credible financial management, and accelerate structural reforms. In February and July 2007, the IMF Executive Board discussed the SMP for 2007, which aims to maintain macroeconomic stability, further strengthen PFM and the banking sector, and implement the government's anticorruption and domestic debt resolution strategies.[8] [9] Performance under the program through December 2007 has been satisfactory, and the program remains on track, continuing to meet the standards associated with arrangements in the upper credit tranches. The authorities achieved all but one of the quantitative benchmarks and good progress was also made in achieving the structural benchmarks, although a few required more time to be completed.

12. **Since 2005, the economy has recovered strongly, underpinned by a relatively stable macroeconomic environment.** Following modest growth of 2½ percent in 2004, real GDP growth is estimated to have increased to 9½ percent in 2007. The recovery has been supported mostly by a turnaround in agriculture and the impact of a large donor presence in the services sector. Inflation, anchored on a relatively stable exchange rate, has remained

---

[8] In February and July 2007, a broad majority of IMF Executive Directors agreed with the IMF staff's assessment that the macroeconomic and structural policies under the 2007 SMP met the standards associated with arrangements in the upper credit tranches.

[9] In December 2007, the SMP was extended to end-March 2008 to enable Liberia to maintain a continuous track record of satisfactory policy implementation (EBS/07/150, 12/19/2007).

broadly stable.[10] Although export growth recovered strongly, a narrow export base (with rubber accounting for about 90 percent of exports) and strong import demand driven by the economic recovery and large donor presence resulted in a widening in the trade deficit to around 36 percent of GDP in 2007 from an estimated 4½ percent of GDP in 2003. Nevertheless, strong support from donors, a resumption of foreign direct investment and the continued accumulation of payments arrears, more than financed the overall balance of payments deficit, and allowed a modest accumulation of gross official foreign exchange reserves to 1½ months of imports. However, net international reserves are still steeply negative, reflecting the CBL's large external liabilities.

13. **Fiscal policy has been anchored on a balanced cash-based budget.** Recognizing that the current unsustainable level of public debt makes it imprudent to pursue an active fiscal policy stance, the government is adhering to a cash-based balanced budget. Accordingly, it has implemented, with donor support, an expenditure management program based on an interim commitment control system, to ensure that expenditures do not exceed available revenues and that procurement practices adhere to the new public procurement guidelines. In this context, prioritized monthly cash plans, prepared by line ministries and agencies, are being used to guide budget allotments and provide a framework for reducing expenditures, should the need arise.

14. **Strengthened revenue administration and better enforcement of the tax code have boosted revenues, but budget implementation needs further strengthening.** The government's efforts in tax and customs administration have enhanced efficiency and widened the tax base. While customs continued to be the main source of revenue, revenues from income taxes have increased substantially and account for about 30 percent of all revenues. The government has (i) reorganized tax administration; (ii) reduced tax exemptions; (iii) eliminated noncash payments of taxes; (iv) strengthened pre-shipment inspection; (v) strengthened customs administration; and (vi) introduced an automated tax payment system. Fiscal revenues rose by 74 percent in 2006/07, and continued their strong performance in the first half of 2007/08, rising by 46 percent compared with the same period one year ago.

[10] Inflation data is affected by the replacement in February 2007 of the Monrovia CPI (under which inflation remained mostly in single digits) with a more comprehensive Harmonized CPI (under which inflation has remained broadly stable in low double digits).

Table 1: Liberia: Selected Economic and Financial Indicators, 2003–07

	2003 Est.	2004 Est.	2005 Est.	2006 Est.	2007 Est.
	(Annual percentage change, unless otherwise indicated)				
National income and prices					
Real GDP	-31.3	2.6	5.3	7.8	9.5
Consumer prices (annual average) [1/]	10.3	3.6	6.9	7.2	11.4
Consumer prices (end of period) [1/]	5.0	7.5	7.0	8.9	11.7
Nominal GDP (millions of U.S. dollars)	408.8	458.5	528.3	611.6	732.2
GDP deflator in U.S. dollars	9.6	9.4	9.4	7.4	9.4
Real GDP per capita (constant 1992 U.S. dollars) [2/]	113.0	113.9	116.7	121.0	126.4
External sector (U.S. dollar terms)					
Exports of goods, f.o.b.	-34.5	-4.7	6.3	43.0	43.8
Imports of goods, f.o.b.	-4.3	84.4	24.4	36.5	21.6
Terms of trade (deterioration -)	20.8	4.9	3.9	49.1	-0.7
Official exchange rate (L$/US$; end of period)	50.5	54.5	56.5	59.5	62.5
Nominal effective exchange rate (end of period)	9.1	-18.4	3.1	-11.6	...
Real effective exchange rate (end of period)	12.6	-14.1	8.3	-5.3	...
Central government operations [3/]					
Total revenue and grants	-18.5	4.3	36.1	6.5	73.3
Of which: total revenue	-12.6	-1.0	41.6	6.6	73.6
Total expenditure and net lending	-6.2	-26.7	51.3	-3.7	67.4
Of which: current expenditure	-31.5	67.6	40.6	2.2	58.4
capital expenditure	25.3	-90.9	186.9	-40.7	164.1
	(Annual percentage change; beginning-period stock of money, unless otherwise indicated)				
Money and banking					
Net foreign assets	223.6	-456.0	-96.6	61.7	-23.2
Net domestic assets	-215.3	505.3	132.4	-27.3	63.3
Net claims on government	-320.1	533.5	133.4	-18.9	73.3
Claims on nongovernment	-8.1	21.1	7.2	17.3	16.4
Other items net	112.9	-49.4	-8.3	-25.7	-26.5
Broad money (M2) [4/]	8.3	49.3	35.7	34.4	40.1
Velocity (GDP relative to broad money)	6.6	5.3	4.7	4.3	3.8
Reserve money	17.6	31.4	27.2	23.9	26.7
Broad money (stocks, billions of Liberian dollars)	3.1	4.7	6.4	8.5	12.0
Liberian dollar component	1.6	2.2	2.8	3.5	4.6
U.S. dollar component	1.5	2.5	3.6	5.1	7.4
	(Percent of GDP)				
Central government operations [3/]					
Total revenue and grants	11.9	13.6	16.3	15.0	22.1
Of which: total revenue	11.9	12.9	16.1	14.8	21.9
Total expenditure and net lending	14.5	11.6	15.5	12.9	18.3
Of which: current expenditure	5.9	10.8	13.3	11.8	15.8
capital expenditure	8.6	0.9	2.2	1.1	2.5
Overall fiscal balance	-2.6	2.0	0.8	2.1	3.8
External sector					
Current account balance, including grants (deficit, -)	-36.6	-24.3	-24.4	-37.3	-34.9
Of which: public interest payments due	-34.0	-30.5	-26.7	-23.2	-19.5
Current account balance, excluding grants (deficit, -)	-41.3	-65.6	-74.4	-72.2	-66.2
Trade balance (deficit, -)	-4.7	-28.8	-34.7	-39.7	-35.6
Exports, f.o.b.	26.7	22.7	20.9	25.8	31.0
Imports, f.o.b.	-31.3	-51.5	-55.6	-65.6	-66.6
Public sector external debt outstanding (total)	1,084.2	988.6	876.8	822.8	645.3
	(Millions of U.S. dollars, unless otherwise indicated)				
Current account balance including grants (deficit, -)	-149.5	-111.6	-128.9	-228.4	-255.4
Trade balance (deficit, -)	-19.0	-132.2	-183.2	-243.1	-260.5
Gross official reserves	4.7	5.3	7.8	46.2	85.1
(months of imports of goods and services)	0.3	0.2	0.2	1.0	1.5

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

1/ The Monrovia CPI was replaced from February 2007 with a more comprehensive Harmonized CPI.
2/ The U.S. dollar-denominated GDP deflator is derived mainly from the change in the domestic CPI, the L$/US$ exchange rate, and international commodity prices in a few selected sub-sectors.
3/ Fiscal year basis (July-June). Commitment basis starting in 2006/07.
4/ Defined as Liberian currrency outside banks plus demand, time, and savings deposits in Liberian and U.S. dollars.

15. **On the expenditure side, however, approvals lagged available cash resources for most of fiscal year 2006/07 and also in the first half of 2007/08.** The slow pace of spending reflected the legislature's late approval of the budget,[11] continued challenges in implementing the new procurement act, and capacity constraints in line ministries. Expenditure approvals accelerated in the last two months of the fiscal 2006/07, but required significant budgetary transfers between budget line items, highlighting the need for the expenditure approval process to be improved so that expenditures are not concentrated at the fiscal year's end and to create an institutional framework that ensures the fiscal outturn is consistent with the approved budget. The authorities have taken some recent steps to strengthen budget implementation, including measures requiring that the Budget Committee chaired by the Minister of Finance approve all transfers between budget lines and that major budgetary transfers are also approved by the President and the Legislature.[12]

16. **The government has begun implementing its domestic debt resolution strategy.** In January 2007, the authorities finalized a domestic debt resolution strategy. Total outstanding claims of over US$900 million were reviewed with the assistance of an external auditor; approximately one-third of this total was classified "valid," approximately one-third "contestable" and approximately one-third "rejected". Valid claims were discounted by increasing percentages depending on the amount (0 percent for claims below US$1,000 to about 88 percent for claims above US$1 million).[13] While discussions with some creditors, including state-owned enterprises (SOEs), are ongoing, and the government commenced an assessment of contestable claims with the assistance of an external auditor, payments to small claimants began in 2006/07 and to the CBL and private banks in 2007/08. Owing to scarcity of government resources and significant development priorities, it is envisioned that payments on these domestic debt claims would span 30 years.

17. **The CBL has taken steps to strengthen the monetary policy framework and the banking sector, while improving its own financial position.** The policy framework recognizes the current limited scope for an active monetary policy, given the high degree of dollarization, and focuses on maintaining low and stable inflation by targeting broad exchange rate stability. Much progress has been made in improving bank capitalization, but the banking system remains fragile and needs stronger supervision. Progress has also been

---

[11] While the 2006/07 budget was submitted before the end of the previous fiscal year, consistent with the SMP benchmark, the legislature did not approve it until late August 2006. As a result, the Cash Management Committee (CMCo) was unable to approve any commitments in the first two months of the fiscal year. The 2007/08 budget was approved more than one month into the fiscal year contributing to an accumulation of a surplus in the first half of 2007/08.

[12] A major budgetary transfer is defined as a transfer between ministries, agencies or branches of government which totals 30 percent of the affected institution's appropriation on a cumulative basis.

[13] Special consideration was given to debt owed to the CBL (over 90 percent of the total debt) and other financial institutions, given ongoing efforts to strengthen the financial system. The debt was rescheduled on concessional terms with a 30 year maturity, 10 year grace period on principal, and interest rates increasing from 1.0 percent at the start of the repayment period to 2.5 percent for the latter part of the period.

made in improving the financial position of the CBL and in strengthening financial management and processes. The CBL posted a higher-than-projected budget surplus for 2007 on account of the positive impact on income of an unanticipated accumulation of U.S. dollars in the government's account at the CBL. For 2008, the CBL is projecting another modest surplus.

D. Governance Developments

18. **Governance weaknesses pose a major challenge.** Many of the civil servants and staff of SOEs recruited in the past two decades were unqualified and poorly educated patronage appointees. External audits during the NTGL revealed malfeasance and poor PFM.

19. **In September 2005, the NTGL and its international partners signed the Governance and Economic Management Assistance Program (GEMAP).** GEMAP is a direct response to the concerns of the government and partners about the mismanagement of public resources in the post-conflict transition and its threat to the peace process. An Economic Governance Steering Committee (EGSC), chaired by the President and comprising administration officials, CBL, international partners and civil society, oversees the implementation of GEMAP.

20. **GEMAP has six components:** (i) securing Liberia's revenue base, (ii) improving budgeting and expenditure management, (iii) improving procurement practices and the granting of concessions, (iv) establishing processes to control corruption, (v) supporting institutions that are key to promoting and sustaining government accountability and good financial management, and (vi) capacity building. The government has made good progress in implementing GEMAP: it deployed international experts and financial controllers with co-signing authority to revenue-generating agencies and the CBL, and completed a review of contracts and concessions approved by the NTGL. It has strengthened public revenues and expenditure management by empowering the cash management committee (CMCo) to limit expenditures to available cash revenues, and adopted a zero-tolerance policy on corruption.

21. **The government has also implemented other measures to address long-standing problems in financial management and economic governance.** Key achievements include: (i) eliminating ghost workers in the civil service; (ii) drafting a Civil Service Code of Conduct; (iii) requiring all serving Cabinet members to publicly declare their assets; and (iv) implementing actions to enable UN sanctions on diamond and timber exports to be lifted. The authorities also approved a comprehensive anticorruption strategy in December 2006 that provides, inter alia, for establishing an independent anticorruption commission. The strategy is based on four main pillars: (i) strengthening governance rules and procedures; (ii) reinforcing institutions; (iii) amending laws on corruption; and (iv) ensuring consultation with all sectors of society. They also ratified the UN and African Union conventions against corruption and began implementing measures to strengthen governance. Draft legislation to

establish an independent anticorruption commission has been submitted to the legislature. Moreover, in June 2007, the government launched the Extractive Industries Transparency Initiative in Liberia to ensure transparency and accountability in the allocation and exploitation of Liberia's natural resources. All financial flows from natural resource exploitation will be reconciled by an independent administrator, subject to external audits, and published.

22. **However, significant challenges remain in establishing a transparent and accountable government.** While some PFM improvements have been made, budget implementation remains a challenge. The government must integrate the new procurement rules into all its systems, execute the budget more transparently, further enhance governance within agencies and SOEs, strengthen the tracking of aid commitments and flows, and improve its systems for internal audits throughout all its ministries. If the scope for corruption is not reduced, much of the public expenditure donors finance will continue to be executed outside the government's budget. Furthermore, a medium-term fiscal framework which incorporates data on donor flows must be developed to guide budget preparation and ensure its consistency with the government's I-PRSP and the PRSP under preparation. A Public Expenditure Management and Financial Accountability Review (PEMFAR), currently underway and led by the World Bank with input from the IMF, aims to help the government address many of these issues.[14]

23. **The lack of reliable and timely data constrains the government's ability to formulate policies and monitor their implementation.** A key challenge will be to complete the preparation of the national statistical development strategy and begin its implementation, and strengthen the capacity of the Liberian Institute for Statistics and Geo-Information Services.

E. Progress with Social and Structural Reform

24. **Despite Liberia's recent rebound in economic growth, the poverty and social situation remains dire**. A Core Welfare Indicator Questionnaire conducted in 2007 found that 64 percent of the population lives below the national poverty line. Life expectancy has dropped to 42 years, below the average for low income countries under stress. Infant mortality is around 117 per 1,000 live births and child mortality around 194 per 1,000 live births.[15] Maternal mortality is high (580 women per 100,000 live births). Preventable diseases, such as malaria, diarrhea, respiratory infections, and measles, are rife. Malnutrition is considered a key factor in high death rates. Most medical clinics (80 percent) are supported by humanitarian organizations; along with the closure of camps for internally displaced people, the withdrawal of such relief providers will reduce social services. In

[14] Some of the proposals discussed were developed by the government in a July 2007 Budget Cycle Workshop.

[15] Liberia, "*Millennium Development Goals Report*", 2004 (data from 2000).

education, the school system is unable to absorb the large numbers of children who have enrolled in primary schools since the new government abolished school fees. Even as progress is made at the policy and ministerial level, delivering services at the local level will be a daunting challenge.

25. **Recent surveys supported by UNDP and FAO/WHO show that many households face food insecurity and lack access to basic services.** Indeed, 11 percent of surveyed households were food insecure, 40 percent were highly vulnerable to food insecurity, 41 percent were moderately vulnerable to food insecurity, and only 9 percent were food secure. Access to basic services, including water and sanitation, are also limited (only 51 percent of surveyed households had access to improved water sources and 39 percent to sanitary communal latrines).

Key Poverty & Social Indicators – 2006

Poverty (% below poverty line)	64
Adult literacy rate (%)	55
Female literacy rate (%)	41
Gross primary enrollment	86
Female primary enrollment (%)	85
Under-five mortality (per 1,000)	235
Life expectancy at birth (years)	42.5
Children stunted (%)	39
HIV prevalence (%)	1.5–4.9

Note: Percent of total populations, unless otherwise indicated

26. **The initial 150-Day Action Plan allowed the government to make a strong start in rebuilding the country's infrastructure and social services.** The government began rehabilitating several hundred kilometers of roads and a few bridges; rehabilitated about 36 high schools, 39 clinics, and 4 community health facilities; financed community development projects in all 15 counties; began to rebuild the electricity grid within Monrovia; strengthened the national health strategy to fight HIV/AIDS and provided bed nets in malaria endemic communities as well as medicines for new tuberculosis cases; rehabilitated water pipelines in parts of Monrovia; constructed 100 new water points and 52 new boreholes around the country; initiated reforms in the education sector and rehabilitated several schools; and increased budgetary outlays for health to 8.9 percent of the budget and education to 8.6 percent. The action plan fed into the I-PRSP, the implementation of which is underway.

27. **Agriculture is a major component of economic revitalization.** Agriculture is the primary source of livelihood for most of the population. Many households reverted to subsistence farming during the war. Yet few resources are available to smallholders, and the poor transportation network makes it hard for farmers to get products to market. Recovery has been quicker in the commercial plantation sector because the high price of rubber has spurred investment. The government's strategy focuses on efforts to increase yields and production in key cash and export crops utilizing both small-holder and commercial plantation sectors. It also supports measures to create efficient supply chains and more opportunity for value-added and off-farm employment, including the necessary infrastructure

for cash and export crops. The government needs to implement improved plantation concession agreements to prevent the abuses of the past from being repeated.

28. **The government has also taken steps to strengthen forest sector management.** Reforming the forestry sector was a requirement, not only for lifting the sanctions on timber, but also for ensuring that the sector is managed in a sustainable manner and benefits the population. A UN/Government of Liberia Rubber Plantation Task Force was instituted to ensure government-owned plantations are properly administered on an interim basis pending their privatization or return to the original owners.

29. **Government and donors are working together on a national health plan to address systemic deficiencies, attract additional investments in infrastructure and human resource development, and fund recurrent expenditures.** Community-based development is strengthening social capital and addressing some of the causes of conflict. The government is also working to ensure that its spending is increasingly pro-poor. As more donor financing flows through the government budget, safeguards will need to ensure that poverty-reduction spending makes up an increased proportion of total expenditures.

F. Reform Agenda

30. **The government's medium-term policy framework, defined in its I-PRSP, and the full PRSP expected to be finalized in mid-2008, aims to promote rapid economic growth, create jobs, secure macroeconomic stability, reduce poverty, and help Liberia make progress toward the MDGs.** The program aims to strengthen governance and the rule of law by, among other measures, establishing an anticorruption commission; rebuilding national infrastructure; revitalizing the economy; and enhancing national security. Fiscal policy will focus on further strengthening PFM in the context of the medium-term framework developed to implement the poverty reduction strategy, including continued procurement reform, the implementation of a new public financial management law, and improvement in internal processes. Continued measures to strengthen revenue administration, including completing the reorganization of domestic tax administration and outsourcing of customs, should help further increase domestic revenues. Efforts in the financial sector will focus on further strengthening the monetary policy framework and enhancing private sector access to credit, including by improving banking supervision and regulations and modernizing the national payments system. On managing natural resources, the government intends to carry forward recent steps to re-establish forestry concessions and the chain of custody, observe the Kimberly process for diamonds exports, and participate in the Extractive Industries Transparency Initiative (EITI). Creating and carrying out a national statistical plan will strengthen statistical capacity, including improved estimates of national accounts, supporting policy formulation and outcome tracking. Continued financial and technical support from donors will be essential to all these efforts.

III. MEDIUM- TO LONG-TERM STRATEGY AND PROSPECTS[16]

A. Macroeconomic Framework and Prospects

31. **Real output growth is projected to average about 5½ percent over the period 2008–27.** In 2008–11, real output growth should strengthen sharply as security conditions improve further, strong external support continues, and private sector-led investment in key export sectors (forestry and mining) increases. Over the long term, real output growth is assumed to stabilize at about 3¾ percent, bringing per capita GDP close to its 1980 level by about 2027.[17] The projections for real output growth assume that security holds, political and macroeconomic stability is sustained, progress is made on economic governance, and improvements in social and economic infrastructure support higher private investment, including foreign direct investment. The ratios of key macroeconomic variables to GDP may be overstated due to the probable underestimation of GDP owing to the absence of official national accounts data following the destruction of Liberia's statistical capacity during the civil war.

Liberia. Selected Economic Indicators: 2006/07-2026/27

	2006/07	2007/08-2012/13	2014/15-2026/27
Real GDP growth (annual percentage change)	8.7	10.5	3.8
of which: agriculture & fisheries	2.6	1.6	1.5
forestry	0.3	1.6	0.1
mining & panning	1.4	4.1	0.3
manufacturing	1.3	0.9	0.6
services	3.2	2.3	1.3
Average inflation (annual percentage change)	9.4	8.1	5.0
External sector (percent of GDP)			
Trade balance	-37.5	-36.1	-12.4
Current account balance (incl. grants)	-36.0	-42.1	-14.8
Current account balance (excl. grants)	-69.0	-64.1	-28.9
Exports (annual percentage change)	43.5	36.2	2.7
of which: rubber	39.9	1.5	1.5
timber	0.0	9.1	0.7
iron ore	0.0	15.6	-0.8
Public sector (percent of GDP)			
Public revenue (incl. grants)	22.1	27.0	28.6
Public revenue (excl. grants)	21.9	26.0	27.5
Public expenditure	17.8	27.8	31.6

Source: Liberian authorities, and IMF staff calculations and projections.

32. **Macroeconomic stability is expected to be supported by a prudent fiscal policy.** The government plans to continue targeting a cash-based balanced budget in the near term. In the context of an appropriate debt-management strategy, the government in the medium term is expected to maximize access to grants and to continue seeking external financing on

[16] The macroeconomic projections in this analysis cover the next 20 years and were prepared in consultation with the authorities. The medium-and long-term projections were revised for the HIPC Decision Point Document, based on the final agreement on arrangements under the PRGF and EFF, which cover March 2008–March 2011.

[17] Real output growth projections over 2012-27 are similar to those observed in 1961-70, when Liberia had significant foreign direct investment related to natural resource exploration.

concessional terms. This should allow pro-poor spending and investment to increase without compromising debt sustainability.[18]

33. **Fiscal revenues (excluding grants) are projected to increase to about 27½ percent of GDP in FY2026/27, from about 22 percent in FY2006/07, reflecting increased revenues from forestry and mining and continued revenue administration reforms.** The government is expected to continue implementing measures to increase revenues, including by advancing comprehensive tax and customs reforms, improving taxpayer compliance, and broadening the tax base. However, Liberia will continue to need donor support given its large financing needs for reconstruction.

34. **Government expenditures are projected to increase to over 30 percent of GDP in FY2026/27, from about 18 percent in FY2006/07.** This estimate, however, assumes that Liberia is able to continue increasing its revenues given that its borrowing capacity will likely be limited for some time. In the near term, the government is expected to improve budget implementation, while limiting public expenditure to actual revenue. More government expenditures are expected to go to strengthening institutional capacity in the public sector and to such priority areas as security, infrastructure, health, and education. The framework also assumes that the share of pro-poor spending will increase, allowing poverty to fall steadily.[19]

35. **The external current account deficit (excluding grants) is expected to decline from 69 percent of GDP in FY2006/07 to about 23 percent of GDP in FY2026/27, in part because of improvements in net exports.**[20] Exports of goods and nonfactor services, mostly in agriculture and mining, are expected to increase on average by about 13 percent annually over the projected horizon. Average growth of exports for 2006/07-2011/12 is projected at about 42 percent, reflecting the lifting of UN sanctions on timber and diamond exports and significant foreign direct investment in the iron ore sector, and to average about 3 percent for the remainder of the projection period. Imports of goods and nonfactor services, meanwhile, are expected to grow, on average, by 9 percent annually over the projected horizon, driven by the economic recovery and reconstruction needs.

36. **The main risks to the projections rise from the possibility of faltering progress in securing peace and stability and slower-than-expected reforms**. Lack of headway in enhancing security, strengthening governance and the rule of law, and rehabilitating infrastructure and basic services could erode donor support, weaken confidence, and hurt

---

[18] In the current projections, for illustrative purposes starting in 2011, the central government is assumed to undertake moderate deficit financing, with the overall deficit (including grants) projected to average about 3 percent of GDP per year over the projection period.

[19] Real GDP per capita is expected to grow, on average, by 2.4 percent a year over the projection period.

[20] Including grants, the current account deficit is projected to decline from 36 percent of GDP in 2006/07 to 11 percent in 2026/27.

private sector investment, resulting in lower-than-projected GDP growth. Furthermore, the authorities will have to continue efforts to ensure full cooperation of the opposition-controlled legislature to achieve passage of key legislation, and to enhance institutional capacity, which is very limited currently.

B. The I-PRSP Reform Strategy

37. **Liberia's provisional reform strategy is set out in its I-PRSP.**[21] The I-PRSP, completed in January 2007, is the result of a participatory process that included the public and other stakeholders; a deeper participatory process is underway for the full PRSP which is under preparation and expected to be completed in mid-2008. The full PRSP will include a costing of poverty-reducing policies as well as a monitoring and evaluation framework. Preparation has been supported by the staff of the IMF and World Bank, including on preparation of a medium-term macroeconomic framework, and World Bank-supported surveys, including a Core Welfare Indicator Questionnaire, Demographic and Health Survey, and Participatory Poverty Assessment.

38. **The Liberia Reconstruction and Development Committee (LRDC) oversees the I-PRSP's implementation and serves as a policy board.** The LRDC, chaired by the President, includes key cabinet members and Liberia's international partners. The strategy period, July 2006 through June 2008, spans two annual budget cycles, thus allowing the strategy to be integrated into the budget process.

39. **The I-PRSP identifies the government's key priorities for the plan period.** These include: (i) fully reforming the security sector; (ii) revitalizing agriculture to ensure pro-poor growth; (iii) rebuilding the road network; (iv) accelerating human resource development; (v) strengthening the environment for private sector growth; (vi) creating jobs; and (vii) promoting good governance and the rule of law.

40. **The I-PRSP is organized around four cross-sectoral and cross-ministerial "pillars."** These include: (i) enhancing national security; (ii) revitalizing economic growth; (iii) strengthening governance and the rule of law; and (iv) rehabilitating infrastructure, and delivering basic services. The government is keenly aware that it will need to prioritize resource allocation within its limited budget and is seeking the additional donor support it will need for each pillar on the basis of its I-PRSP. The LRDC is organized around the same four cross-ministerial pillars.

41. **At the Liberia Partners' Forum, held in Washington on February 13–14, 2007, development partners gave the government extensive feedback on its I-PRSP.** It was agreed that the document was ambitious and reflected the government's commitment,

---

[21] Republic of Liberia, "Breaking with the Past: from Conflict to Development: Interim Poverty Reduction Strategy," (January 2007 IDA/SecM2007-0339 and EBD/07/16, 02/09/07).

funding permitting, to quickly address the most serious constraints to growth and poverty reduction. A Joint Staff Advisory Note was presented to the Executive Boards in May 2007, and the government has committed to take the comments received into account in the PRSP.

IV. DEBT RELIEF ANALYSIS AND POSSIBLE HIPC, MDRI AND BEYOND-HIPC ASSISTANCE[22]

A. Debt Reconciliation Status

42. **The DRA was prepared jointly by the authorities and the IDA and IMF staffs.** It draws on data provided by the authorities and creditors for the public and publicly-guaranteed external debt disbursed and outstanding as of end-June 2007. The reconciliation process was completed by the authorities in February 2008.

43. **Of Liberia's external debt as of end-June 2007, 90.6 percent has been reconciled.** Many of the debt records of the Ministry of Finance were looted, burned or lost during the years of civil conflict. With assistance from creditors, it was possible to reconcile 100 percent of Liberia's multilateral and bilateral debt. With donor support, the authorities have contracted an external financial advisor to estimate and partially reconcile commercial debt and discussions with private creditors on the reconciliation are ongoing. This DRA is based on the advisor's latest estimates of commercial debt stocks as of end-June 2007, incorporating new information provided by certain creditors in February 2008, and providing 72 percent reconciliation of total commercial debt (Box 1).

B. Structure of External Debt

44. **Liberia's public and publicly guaranteed external debt was estimated at US$4.7 billion in nominal terms at end-June 2007** (Table A1). Prior to the clearance of arrears to the World Bank and AfDB in December 2007, multilateral and bilateral creditors held approximately two-thirds of Liberia's external debt in nominal terms before traditional debt relief (Figure 1A). As of end-June 2007, Liberia's largest individual creditors were the IMF (17 percent of total claims) and IBRD/IDA (9 percent of total claims). The largest bilateral creditors are Germany and the United States (each holding 9 percent of total claims). Non–Paris Club official creditors hold approximately 3 percent of Liberia's total external debt.

45. **Most of Liberia's external debt (about 96 percent) was in arrears at end-June 2007.** Some 93 percent of its debt to multilateral creditors was in arrears. All multilateral maturities except some on debts owed to IDA, the African Development Fund (AfDF), the AfDB-administered Nigerian Trust Fund, IFAD, and the EU have already fallen

[22] The Debt Relief Analysis presented in this section is based on the HIPC Initiative's methodology.

due. All debts to commercial creditors, 92 percent of the debt to non–Paris Club bilateral creditors, and 96 percent of the debt to Paris Club bilateral creditors are in arrears.

C. Arrears Clearance Strategy

46. **Liberia's arrears to IBRD and IDA were cleared in December 2007 through a bridge loan provided by a bilateral donor.** Liberia then used the proceeds of a Development Policy Operation (DPO) to repay the bridge loan. This operation was financed with an exceptional allocation of IDA resources, provided on grant terms, and in accordance with IDA's systematic approach to the clearance of arrears to IBRD and IDA.

47. **Arrears to the AfDB Group were also cleared in December 2007 through an operation under the framework for assisting Post-Conflict Countries (PCCs).** Under this framework, the cost for clearing arrears is generally shared by the country, donors, and the AfDB's Post-Conflict Countries Facility (PCCF). The proportion of the cost covered by each participant is determined on a case by case basis. For Liberia, one-third of the cost was financed by bilateral donors and two-thirds from PCCF resources. In recognition of Liberia's limited payment capacity, the country received bilateral donor assistance to finance the 1 percent contribution that would otherwise have been required from them.

Box 1. Estimation of Commercial Debt

Many of Liberia's records on external debt were lost during the conflict years. To reconcile commercial debt, the authorities have contracted the services of an external financial advisor; the DRA is based on the advisor's estimates of commercial debt stocks as of end-June 2007, incorporating new information provided by certain creditors in February 2008.

To assess Liberia's eligibility for the HIPC Initiative, the staffs have used the stock of commercial debt resulting from the methodology developed by the financial advisors. This methodology uses available records to estimate the outstanding stock of commercial debt, 72 percent of which has been reconciled with commercial creditors.

The methodology is based on the following:

- obtaining a clear segregation between outstanding principal and accumulated arrears by using default interest rate provisions or by selecting an appropriate market interest rate and adding a margin (this responds to the fact that over time the principal in arrears is fixed whereas the interest in arrears is accrued);
- assuming that all principal amounts have been outstanding since January 1, 1984 (based on the fact that no records of new debt were found after this date);
- estimating past-due interest from January 1, 1984, or, where a Court Judgment is applicable, from the case closing date, using default interest rate provisions, if known, or otherwise a LIBOR, plus a margin, on a compounding basis;
- estimating the arrears of each loan on the basis of its original currency denomination and by capitalizing the interest on the loan every six months using the relevant interest fixing date.

Additional data that become available between the decision point and the completion point and are considered by the staffs to be of sufficient quality can be used at the time of the completion point.

For uniformity of treatment considerations, the methodology used for estimating Liberia's stock of commercial debt would be available in the future for other countries in a similar situation (i.e., countries lacking complete records on their stock of commercial debt).

48. **Arrears to the IMF are expected to be cleared in March 2008 through a bridge loan obtained from a bilateral donor.** This will place the IMF in a position to approve new financing for Liberia. The new financing by the IMF, provided under a blend of financing from the PRGF and EFF, will be front-loaded to repay the bridge loan. This will pave the way for Liberia to reach the HIPC decision point which will allow it to begin receiving interim relief from the IMF.

49. **Strategies for arrears clearance with Liberia's six smaller multilateral creditors have been agreed or are under discussion.** As of end-June 2007, arrears to the six smaller multilateral creditors – the OPEC Fund for International Development (OFID), the International Fund for Agricultural Development (IFAD), the Arab Bank for Economic Development in Africa (BADEA), the European Union (EU), the European Investment Bank (EIB) and the Economic Community of West African States (ECOWAS) – totaled US$82.9 million, around 2 percent of Liberia's total arrears. Government has written to these creditors requesting negotiations regarding clearance of arrears in the context of the HIPC Initiative. Five of the six – BADEA, EIB, EU, IFAD and OFID – have confirmed their intention to negotiate arrears clearance in the context of the HIPC Initiative. ECOWAS has not yet been able to confirm such an intention and is not currently participating in the HIPC Initiative. However, Liberia's arrears to ECOWAS are US$5 million, or 0.1 percent of the country's total arrears as of end-June 2007.

50. **The grant element embedded in the clearance of arrears towards multilateral creditors will be counted toward their contribution to debt reduction under the HIPC Initiative.** This is consistent with the standard HIPC Initiative methodology.[23]

D. Possible HIPC Initiative Assistance

51. **Liberia's debt in NPV terms, after full application of traditional debt relief mechanisms, is an estimated US$3,143.9 million (as of end-June 2007).** This is equivalent to 1,576 percent of exports of goods and services.[24] Liberia would thus qualify for debt relief under the HIPC Initiative's export window, based on end-June 2007 data, having an NPV of debt-to-exports ratio above the 150 percent threshold.[25]

52. **The reduction of Liberia's NPV of debt-to-exports ratio from 1,576 percent to 150 percent would require HIPC debt relief of US$2,845.5 million in end-June 2007 NPV terms.** This implies a common reduction factor of 90.5 percent after traditional debt relief, one of the largest common reduction factors thus far under the HIPC Initiative. Under

---

[23] See "HIPC Debt Initiative: the Chairman's Summary of the Multilateral Development Banks' Meeting," March 6, 1998, IDA/Sec M98–90.

[24] The NPV of debt-to-export ratio is calculated using a backward-looking three-year average of exports of goods and services, using staff estimates of services receipts (Annex II).

[25] Although Liberia meets qualifying criteria for both the export and revenue windows, the export window results in greater debt relief than the revenue window. Based on the current data, qualification under the fiscal window would provide HIPC debt relief of US$2,777.6 million, implying a slightly lower common reduction factor of 88.3 percent. Countries qualifying for HIPC Initiative debt relief through the fiscal revenue window may receive debt relief based on a common reduction factor sufficient to reduce the NPV of debt-to-fiscal revenues to 250 percent when this will result in more debt relief than a common reduction factor based on qualification through the export window (which reduces the NPV of debt-to-exports to 150 percent). To qualify for the fiscal revenue window, governments must have an export-to-GDP ratio of at least 30 percent and a fiscal revenue-to-GDP ratio of at least 15 percent.

a proportional burden-sharing approach, multilateral creditors would contribute approximately US$1,425.8 million and bilateral and commercial creditors about US$1,419.6 million. If we assume the time line and modalities presented below, this translates into about US$4,007.5 million of nominal debt service relief over time, compared with payments that would have been required following the assumed application of traditional debt relief and arrears clearance from multilateral creditors.

53. **The following assumptions were made in projecting the time line of possible HIPC Initiative assistance using end-June 2007 data with a decision point in mid-March 2008:**

- **IDA** would have fully provided its share of HIPC debt relief amounting to US$375.2 million in NPV terms through the grant element embedded in the clearance of Liberia's arrears to both IBRD and IDA.[26]

- **IMF** assistance would total US$732.2 million in NPV terms of which US$30.9 million would be delivered through the concessional element during a three-year interim period associated with the use of PRGF resources used to repay the bridge loan for arrears clearance, and would count toward the IMF's contribution to HIPC assistance. All necessary financing assurances are in place for the IMF to deliver HIPC assistance as well as beyond-HIPC assistance. After the decision point is approved by the Boards of IDA and the IMF, it is expected that the IMF would provide HIPC interim assistance to cover for each 12-month period Liberia's forthcoming interest obligations to the IMF net of payments equivalent to Liberia's current payment capacity of about US$720,000 per annum.[27]

- **AfDB** assistance would total US$238.1 million in NPV terms which would have been fully delivered through the arrears clearance operation.

- **Assistance provided by all other multilateral creditors** would total US$80.4 million in NPV terms. Given the fiscal constraints faced by Liberia, it has been assumed that

[26] The Preliminary Document, based on the preliminary DRA, suggested that a small amount of IDA's HIPC Initiative debt relief would be outstanding after arrears clearance, to be delivered through some interim relief and upon arrival at HIPC completion point. It was suggested that, at the time Liberia reaches the decision point, IDA staff would seek approval from IDA's Executive Directors to the one-third NPV limit on IDA's interim debt relief being applied to the balance of IDA's HIPC Initiative debt relief to be delivered through debt service reduction. However, the new information on commercial debt stocks incorporated in the decision point DRA has resulted in a small reduction in the common reduction factor such that all of IDA's HIPC Initiative debt relief would have been delivered through the arrears clearance grant. As such, there is no longer scope for IDA to deliver any interim HIPC debt relief to Liberia.

[27] There will be no principal obligations falling due for the first 4½ years. Interest obligations falling due to the IMF during the interim period will vary due to the variable rate of charge on the EFF purchase. A higher rate of charge may require higher payments from Liberia.

Liberia will not make payments to these other multilateral creditors until the completion point. It is then assumed that these creditors will assist Liberia to clear the total outstanding arrears at completion point through a combination of arrears clearance grants and concessional loans with additional debt-service reduction where necessary.

- **Paris Club bilateral creditors** are assumed to provide their share of HIPC debt relief (US$857.4 million in NPV terms) through a flow treatment on Cologne terms—i.e., a 90 percent NPV reduction on eligible debt—after reaching the decision point, with delivery of the remaining required assistance at the completion point through a stock-of-debt operation.

- Comparable treatment is assumed to be provided by **non-Paris Club official bilateral creditors** and by **commercial creditors** (delivery of US$562.3 million in NPV terms of required assistance under the HIPC Initiative).[28] The Liberian authorities have confirmed to staff that they intend promptly to pursue good faith discussions with Liberia's commercial creditors in order to agree on a settlement of commercial claims on financial terms that are not more generous to creditors than those outlined above.[29]

- The high level of debt service payments due during the interim period even after HIPC Initiative assistance will require a further exceptional deferral of payments given Liberia's limited payment capacity.

54. **Based on these assumptions, approximately 49 percent of the HIPC debt relief due from multilateral creditors (US$699.4 million in NPV terms) would be provided through financing in support of clearance of Liberia's arrears (since the grant element embedded in the clearance of arrears towards multilateral creditors is counted toward their contribution to debt reduction under the HIPC Initiative).** The remaining 51 percent (US$726.4 million in NPV terms) would be provided through the reduction of future debt service in the amount of US$951.9 million in nominal terms. As a result of arrears clearance operations, Liberia's future debt service payments due to multilaterals would increase cumulatively from US$127.3 million to US$1,266.4 million (see Figure 2). The repayment of the IMF PRGF and EFF loans would induce a sharp increase in the debt service in FY2012/13–17/18 (there will be no principal obligations falling due for the first 4½ years after the decision point). However, most of this increase would be netted out by the combination of HIPC Initiative debt service reduction during the interim period and beyond-

[28] The moratorium interest falling due after Cologne flow rescheduling for both bilateral and commercial creditors would induce a sharp increase in debt service due during the interim period (2007/08-10/11), which would be reduced after the stock of debt operation at the completion point.

[29] The Government and its advisers are exploring a full range of options to retire commercial debt, including a cash buyback at a very deep discount; execution of a debt instrument by Liberia and its commercial creditors replicating, as closely as possible, the financial terms of Liberia's Paris Club deal; or a tax-deductible donation of the claims to one or more recognized charities active in Liberia.

HIPC relief at the completion point. As a result, Liberia's remaining cumulative nominal debt service payments to multilaterals after debt service reduction through the HIPC Initiative, MDRI and IMF beyond-HIPC relief would total US$57.9 million as of December 2007.

55. **The World Bank and the AfDB are expected to provide interim assistance above and beyond the HIPC Initiative and MDRI relief.** It is assumed that IDA will maintain strongly positive net flows to Liberia, including through grant support included in DPOs which would help meet Liberia's foreign exchange costs associated with interim period debt service.[30] The AfDB is expected to provide additional grant financing that would cover Liberia's remaining interim debt service payments due.[31] As a result, Liberia's debt service payments to multilaterals after debt service reduction through the HIPC Initiative, MDRI and beyond-HIPC relief, and additional voluntary multilateral interim-period assistance, would be further reduced to US$40.5 million as of December 2007.

E. Expected Impact of Debt Relief on Liberia's Debt Ratios

56. **This analysis assumes rapid economic growth, underpinned by improved security and political stability, continuous implementation of an ambitious reform agenda (particularly in the areas of economic governance and institution building capacity), and infrastructure improvements to promote private investment (Box 2).** The framework also assumes the continuation of sound macroeconomic policies, including maintaining fiscal prudence while increasing revenues and seeking financial and technical donor support, as well as concessional external financing.

57. **On the basis of the assumptions above and assuming the unconditional delivery of HIPC Initiative assistance, Liberia's NPV of debt-to-exports ratio is expected to decline from 150 percent as of end-June 2007 to approximately 18 percent by FY2026/27 (Table A6).** The staff projection indicates that the ratio would remain consistently below the HIPC Initiative threshold of 150 percent in FY2007/08–FY2026/27. External debt service as a ratio of exports is also expected to decline gradually.

---

[30] A first US$5.0 million for such foreign exchange costs is included in the Reengagement and Reform Support Grant approved by the IDA Board in December 2007.

[31] Financing to cover AfDB maturities falling due during the 2008 calendar year are included as part of the AfDB arrears clearance operation.

Box 2: Key Macroeconomic Assumptions Underlying the DRA

Key medium- to long-term macroeconomic assumptions used in the baseline DRA scenario include:

Annual real GDP growth averages 5½ percent a year over the projection period (2008–27). Growth is projected to be supported by private investment in mining and agriculture, public infrastructure, and broader-based private investment derived from improvements in security and the strengthening of institutions.

CPI inflation is projected to decelerate from 11.7 percent in 2007 to 5 percent in the medium term, in line with assumed international prices and the domestic monetary policy stance.

Fiscal policy aims to meet the government's spending priorities while limiting future borrowing. Central government revenue is expected to increase gradually from 22 percent of GDP in FY2006/07 to about 27½ percent of GDP in FY2012/13, remaining there over the rest of the projection period. Expenditure is expected to increase to over 30 percent of GDP in the long run, with an increased share of pro-poor spending in overall outlays. After debt relief delivery and the adoption of a debt management strategy, Liberia is assumed to commence borrowing in FY2010/11. The central government overall deficit (including grants), to be financed by both domestic and external borrowing, before HIPC Initiative assistance, is projected to average 3 percent of GDP over the projection period.

Official loan financing (excluding the IMF) is assumed to be on concessional terms (a 10-year grace period, 40 years maturity, and 0.75 percent interest rate) over the projection period. The resulting grant element for new disbursements is estimated at about 50 percent.

External grants, which increasingly go through the budget, are assumed to increase at about half the rate of increase in nominal GDP, declining from 33 percent of GDP in 2006/07 to about 12 percent by 2026/27, as the overall political situation and per capita GDP improve.

The external current account deficit (excluding grants) is expected to narrow from 69 percent of GDP in FY2006/07 to about 23 percent in FY2026/27, partly on the strength of net exports. FDI is projected to rise from 9 percent of GDP in 2006/07 to about 46 percent in 2008/09 (related to a significant investment in mining), and then to an average of 27 percent of GDP up to 2012-13, gradually stabilizing at about 7 percent of GDP for the remainder of the projection period. The net liquid foreign assets of the CBL are expected to increase from under a month of imports of goods and services in 2006/07 to about five months in 2026/27.

F. Debt Relief Under MDRI and Possible Bilateral and Multilateral beyond-HIPC Assistance

58. **On reaching the completion point under the HIPC Initiative, Liberia would qualify for MDRI debt relief from IDA and AfDF as well as for beyond-HIPC assistance from the IMF.** Beyond-HIPC debt relief from the IMF would cover that portion of the successor arrangements under the PRGF and EFF corresponding to the stock of arrears

at arrears clearance[32] that was not already reduced by the HIPC Initiative debt relief. MDRI debt relief from IDA would cover all outstanding debt disbursed before end-2003 and still outstanding at the beginning of the quarter following the date of the HIPC completion point approval (which would amount to the full cancellation of all remaining World Bank Group claims on Liberia). MDRI relief from AfDF would cover all such outstanding debt disbursed before end-2004 and still outstanding at the completion point (which, except for remaining Nigeria Trust Fund claims, would effectively cancel all remaining AfDB Group claims on Liberia).

59. **Assuming that Liberia reaches the completion point in the last quarter of 2010, preliminary estimates indicate that the MDRI and IMF beyond-HIPC debt relief could amount to US$242.6 million in nominal terms (US$147.0 million in NPV terms).** Of this amount, US$69.1 million would be provided by IDA, US$17.8 million by the AfDF, and US$155.7 million by the IMF.[33] This compares with possible nominal HIPC Initiative assistance of US$4,007.5 million (US$2,845.5 million in NPV terms).[34]

60. **Pending Liberia's successful implementation of the HIPC Initiative process, some Paris Club creditors are expected to provide further relief** and cancel 100 percent of their claims against Liberia after it reaches the completion point (see Table A10). This additional assistance would amount to US$33.7 million in nominal terms (US$19.2 million in NPV terms).

61. **Additional multilateral debt relief from IDA and the AfDB, beyond HIPC, during the interim period is described above.** It is expected to take the form of grant financing to offset the costs of interim period debt servicing by Liberia to these institutions.

62. **The delivery of MDRI and IMF beyond-HIPC assistance and additional multilateral and bilateral debt relief beyond HIPC would further reduce Liberia's external debt.** After the completion point, Liberia's NPV of debt-to-exports ratio would significantly fall, remaining below 17 percent over the projection period (through 2026/27).[35] Compared to a projection including only HIPC assistance, this represents a reduction of about 22 percentage points at completion point (Table A6 and Figure 2).

---

[32] The new PRGF credit (equivalent to 30 percent of quota under the 11th General Review) is not eligible for beyond-HIPC assistance.

[33] The US$242.6 million reflect total nominal debt service savings (principal and interest payments). However, the MDRI is a debt stock operation on all debt outstanding (principal only) as of end-2004 (IMF and AfDB) and end-2003 (IDA) that is not covered by HIPC assistance. This is expected to amount to US$131.8 million.

[34] The IMF has mobilized sufficient financing assurances to cover its cost of HIPC and beyond-HIPC debt relief to Liberia. The total financing commitments amount to about SDR 540 million from 102 bilateral contributors.

[35] This assumes that the MDRI has no impact on Liberia's new borrowing over the projection period.

G. Sensitivity Analysis

63. **Simulations under five scenarios were conducted to test the sustainability of Liberia's external debt after HIPC Initiative assistance** (Table A7 and Figure 3). Liberia's external debt situation would deteriorate under each scenario and the debt indicators would breach the HIPC threshold in the scenario with a combination of shocks under the first four scenarios.

- The first scenario highlights **the sensitivity of debt indicators to the concessionality of new borrowing**. In contrast to the baseline scenario, new borrowing starting in FY2010/11 and remaining in place throughout the projection period is contracted with an assumed 200-basis-point increase in the interest rate paid. Exports receipts are assumed to be unchanged from the baseline scenario. Under this scenario, Liberia's NPV of debt-to-exports ratio slowly deteriorates relative to the baseline scenario, and gradually converges to about 25 percent in FY2026/27.

- The second scenario considers the **sensitivity of the projections to lower export prices** (25 percent lower than in the baseline). Under this scenario, the average growth rate of exports falls by about 1¾ percentage points relative to the baseline (from 14.2 percent to 12.5 percent), and the NPV of debt to exports, assuming full delivery of HIPC Initiative assistance, declines until FY2012/13, reaching 51 percent. The NPV of debt to exports then gradually increases, reaching 116 percent by FY2026/27 (Table A7). Compared with the baseline scenario, this represents a deterioration of approximately 30 percentage points in FY2007/08, increasing to about 98 percentage points by FY2026/27.

- The third scenario considers the **sensitivity of the projections to lower GDP growth**. In this scenario, GDP is assumed to grow by 2.0 percentage points less than in the baseline (baseline assumes average growth of 8.3 percent FY2006/07–FY2016/17 and 3.8 percent in FY2017/18–FY2026/27) because of slower than expected progress in enhancing security, strengthening governance and the rule of law, and rehabilitating infrastructure and basic services. The lower growth in turn would hurt government revenues and increase the need for new borrowing. Based on these assumptions, the NPV of debt-to-exports ratio, assuming full delivery of HIPC Initiative assistance, would decline until FY2012/13, reaching 32 percent. The NPV of debt to exports would then gradually increase to about 110 percent in FY2026/27. Compared with the baseline, the debt-to-exports ratio would be about 4 percentage points higher in FY2007/08 and 93 percentage points higher by FY2026/27.

- The fourth scenario considers the **sensitivity of the projections to a substitution of loans for the grants** in the baseline assumed to finance projects outside the budget (about 80 percent of total grants). Under this assumption, the NPV of debt-to-exports ratio, after assuming full delivery of HIPC Initiative assistance, would decline until FY2012/13, reaching 46 percent; the NPV of debt-to-exports would then gradually

increase to about 143 percent by FY2026/27, just under the HIPC threshold. Compared with the baseline scenario, this represents an increase of 125 percentage points by FY2026/27. These results show the importance of external grant assistance to Liberia's economic and social recovery, and the adverse impact that additional borrowing could have on debt sustainability.

- The fifth scenario considers the **sensitivity of the projections to a combination of shocks under the preceding four scenarios.** Under this assumption, the NPV of debt to exports, assuming full delivery of HIPC Initiative assistance, would be above 150 percent immediately after the occurrence of the shocks in FY2007/08, reaching 185 percent. The NPV of debt to exports would then decline slightly before continuing to increase to about 633 percent in FY2026/27. Compared with the baseline, debt to exports would be about 40 percentage points higher in FY2007/08 and 616 percentage points higher by FY2026/27.

64. **The sensitivity analysis indicates that Liberia's ability to service its external debt after HIPC relief is particularly vulnerable to the use of borrowing to compensate for possible limited external grant assistance, the external environment, as well as the continued implementation of the reform agenda**. The achievement of a robust external debt position will also depend on real GDP growth and export performance. The analysis stresses the importance of strong and sustained efforts by the government and donors to: (i) enhance national security; (ii) provide a conducive environment for private investment, particularly by strengthening governance and the rule of law and rehabilitating infrastructure and basic services; and (iii) design and implement a prudent debt management strategy which recognizes that external assistance needs to be largely in the form of grants. The importance of a debt management strategy is reflected in the completion point triggers, discussed below.

V. The Floating Completion Point

A. Triggers for the Floating Completion Point

65. **IDA and IMF staff have reached understandings with the authorities on the completion point triggers (Box 3).** Reflecting the views expressed by the Executive Directors during the discussions of the preliminary HIPC document, staff clarified with the authorities the scope, feasibility and monitoring of the triggers. As outlined in Sections II and III, a program of key economic, governance, and structural reforms would support the peace and development of Liberia. The I-PRSP provided the framework for the design of these floating completion point triggers. Besides the standard triggers regarding the preparation and implementation of the full PRSP and the maintenance of macroeconomic stability, the triggers focus on PFM, governance and debt management.

66. **These triggers are designed to ensure that, prior to the completion point, Liberia has transitioned from the current GEMAP-supported fiduciary arrangements to**

permanent systems and procedures to ensure efficient and effective use of public resources. In addition, the triggers will help to ensure progress in other critical aspects of the poverty reduction strategy. It is expected that, if the country maintains macroeconomic stability and makes good progress on its PRSP, all triggers could be achieved within three years of the HIPC decision point.

B. Monitoring Public Spending Following Provision of HIPC Assistance

67. **Securing the effective use of public spending for pro-poor growth is a key objective of the HIPC Initiative.** The actual cash flow benefits of HIPC relief for Liberia will initially be extremely small. With the exception of small token payments to the IMF (US$60,000 per month) and the AfDB (US$15,000 per month), and goodwill payments to the World Bank (US$25,000 per month, held in an escrow account and to be used for the benefit of Liberia), the government has not been servicing external debts to any of its creditors prior to arrears clearance. Nevertheless, debt relief under the HIPC Initiative, MDRI and beyond-HIPC assistance must be accompanied by a strong program that ensures the effective use of domestic and external resources and reflects the expenditure priorities in the government's poverty reduction strategy. This will require continued efforts to strengthen the programming, management, control and monitoring of expenditures, and improved service delivery in key sectors. It will also require costing PRSP priorities and developing a medium-term expenditure framework to efficiently allocate public resources for meeting PRS objectives. A projected increase in the resource envelope over the medium term as a share of GDP combined with an assumed resumption in borrowing after completion will support increased expenditures as a share of GDP over the medium term.

68. **With IMF and World Bank technical assistance and other support under GEMAP, major steps have been taken to improve PFM.** The interim commitment control system successfully prevented new domestic arrears and ensures that commitment vouchers are reviewed by the CMCo. An international expert maintains co-signing authority for the CMCo, and coordinates with the international special advisor on the monitoring of the government's account at the CBL. Under the GEMAP, international controllers have similar authority at the major revenue-generating SOEs and the Ministry of Lands, Mines and Energy; and under a memorandum of understanding, SOE revenues flow through a special account for each SOE at a single commercial bank, where they may be monitored. Progress has also been made in strengthening the budget preparation process and on improving fiscal reporting.

Box 3: Triggers for Liberia's Floating Completion Point

PRSP

- Prepare a full PRSP through a participatory process and implement satisfactorily its recommended actions for at least one year, as evidenced by an Annual Progress Report submitted by the government to the staffs of IDA and the IMF

Macroeconomic stability

- Maintain macroeconomic stability, as evidenced by satisfactory performance under a PRGF/EFF-supported program

Public financial management

- Quarterly Publication in the Procurement bulletin and monthly publication in the Website of all signed procurement contracts over US$25,000 for goods, US$10,000 for consulting services, and US$50,000 for works and all signed-sole source procurement and concessions contracts which have been identified by the PPCC as a result of the PPCC's compliance monitoring activities for at least 6 months leading up to the completion point
- Complete successive annual external audits of five key government ministries (Health, Education, Public Works, Finance and Lands, Mines and Energy), prepared under the authority of the General Auditing Commission, submitted to the legislature and disclosed publicly
- Implement the new PFM law and supporting financial regulations for at least 12 months leading up to the completion point

Social sectors

- Ensure that the Basic Package of Health Services is delivered in at least 40 percent of all health facilities nationwide
- Complete a harmonized and regularized Ministry of Education payroll[36]

Debt Management

- Develop a debt management strategy in consultation with partners and establish a debt management unit recording all information on external and domestic public and publicly guaranteed debt, including for state owned enterprises, and ensure it is operational for at least 12 months leading up to the completion point
- Publish, on a quarterly basis and on a government website, data on external and domestic public and publicly guaranteed debt, including debt stocks and terms and conditions of new loan agreements for at least 6 months leading up to the completion point

Governance

- Implement a revised investment incentive code to ban granting tax exemptions outside the Liberia Revenue Code
- Regular public reporting of payments to, and revenues received by, the government for the extractive industries (mining and minerals) in a participatory manner in line with EITI criteria during at least the year leading up to the completion point
- Establish an independent Anti-Corruption Commission consistent with the Anti-Corruption Act, and ensure it is operational for at least 12 months leading up to the completion point

[36] Harmonized" means that teachers are paid according to coherent payroll regulations. "Regularized" means that they are paid with fixed periodicity and through an established and effective mechanism.

69. **Notwithstanding the progress to date, further efforts are needed to improve PFM.** Budget preparation, implementation, and cash management need enhancing; revenues also need to be increased further.

70. **Liberia is receiving substantial technical assistance to help strengthen its PFM.** The World Bank, IMF, and AfDB provide technical assistance and training in PFM to the Ministry of Finance, and the United States to the Bureau of the Budget; the government intends to merge the Bureau into the Ministry of Finance. The IMF provides financing to support the special advisor at the CBL and technical assistance in revenue mobilization to the Ministry of Finance. The United States has assisted in the introduction of a computerized payment system with full accountability checks at each stage. T he World Bank is providing capacity building and training support to ministries and agencies to improve compliance with public procurement legal requirements. However, enduring gains in transparency, financial management systems, and accountability will require Liberia's international partners to sustain their support of the government's reform process.

71. **The government is developing a medium-term PFM reform strategy with support from the IMF's Fiscal Affairs Department (FAD), and input from the PEMFAR being led by the World Bank with input from the IMF.**[37] The PEMFAR will help assess fiduciary risks associated with budget support, identify areas for a prioritized action plan, and deepen the dialogue between Liberia and its partners on PFM. The content of the PEMFAR includes a Country Financial Accountability Assessment (CFAA), a Country Procurement Assessment Review (CPAR), an assessment of the systems and arrangements for budget planning, and a PFM reform strategy that includes an action plan for reforms to be implemented over the short, medium, and long term. The PEMFAR findings will be used to compile a set of standard PEFA ratings covering as many of the 31 PEFA performance assessment indicators as possible, creating a benchmark to inform and assess the impact of future PFM reforms.[38]

72. **With assistance from FAD, and in consultation with the World Bank, the authorities are developing a comprehensive PFM law to replace the currently fragmented and incomplete legal framework**. This will, among other things: (i) clarify and bring up to date the roles and responsibilities across all areas of PFM; (ii) formalize the

---

[37] The IMF will place a resident PFM advisor in Monrovia starting in March 2008.

[38] The 3-year program supported by the PRGF and EFF is expected to be discussed by the IMF Executive Board in mid-March 2008. It contains end-March 2008 SMP benchmarks consistent with recommendations of the FAD mission on PFM reform, including (i) passage of legislation to allow the merger of the Bureau of the Budget into the Finance Ministry and to limit the transfer of resources between budget lines without legislative approval; and (ii) preparing a chart of accounts, consistent with GFSM 2001-compatible budgetary classifications.

key stages in budget preparation and prescribe essential elements to be included in budget documents; (iii) comprehensively address all aspects of budget execution, including management of appropriations, commitments and procurement, cash management, internal control, accounting and reporting; and (iv) stipulate deadlines for the production and dissemination of annual accounts and financial statements, as well as external audit reports.

73. **A basic monitoring mechanism for tracking expenditures is being implemented.** The government will track expenditure manually, or using existing systems, until the Integrated Financial Management Information System (IFMIS), which is being developed according to the needs of the Ministry of Finance, is designed and installed. Until then, certain budget codes will be designated as PRSP priority expenditures so that the existing system for expenditure authorizations can track such spending.

74. **The government intends to use these systems to track its total budget outlays against its medium-term expenditure priorities, as defined by its I-PRSP and successor PRSP.** Possible medium-term expenditure priorities are in Box 4. These benchmarks, however, are indicative only, and will be elaborated in consultation with the government as it develops its PRSP and expenditure plans.

Box 4: Possible Medium-Term Expenditure Priorities

Expenditure priorities identified in the government's I-PRSP include the following:

- Education: Rehabilitation of 80 percent of damaged primary and secondary schools; rehabilitation of three teacher training institutions; school feeding programs introduced; and training facility for artisans and craftsmen opened.
- Health: Improving 354 existing health facilities and provisioning the basic health services in 70 percent of health facilities; renovating and staffing three county hospitals; operating four facilities for youth offenders and four facilities for people with disabilities; preparing long-term health development plans specific to each county; creating a National AIDS commission and strengthening welfare institutions to assist vulnerable groups; rehabilitating nine potable water facilities; and operating a new waste disposal system.
- Agricultural Development: preparing a national food security policy; providing seeds and tools to smallholders through regional seed centers; rehabilitating 1,000 hectares and 100 abandoned fish ponds; assisting 2,000 coastal fishers; providing 1,000 short-cycle ruminants; revitalizing the tree crops subsector; increasing investment in commercial plantations; identifying impediments to private sector participation in agriculture and endorsing appropriate incentives; reactivating extension services; and restructuring agricultural marketing credit and input supply through the private sector.
- Public Works: Rebuilding 109 miles of roads, 300 miles of feeder roads, and 25 miles of urban roads; renovation of the road maintenance and training center; and restoration of Roberts International Airport to international standards.

VI. Issues for Discussion

75. **This paper presents an assessment of Liberia's qualification for assistance under the Enhanced HIPC Initiative. Executive Directors' views and guidance are sought on the following issues:**

- **Qualification and decision point:** Do Directors agree that Liberia qualifies for assistance under the HIPC Initiative and do they recommend approval for the decision point?
- **Amount and delivery of assistance:** In order to reduce the NPV of debt-to-exports ratios to the threshold of 150 percent, the total amount of assistance under the Enhanced HIPC Initiative is estimated at US$2,845.5 million in NPV terms. Of this amount, US$375.2 million in NPV terms has been provided by IDA through its recent DPO in support of Liberia's arrears clearance; and US$732.2 million in NPV terms would be provided by the IMF. Do IMF Directors agree that the IMF should provide interim assistance between the decision and completion points in line with existing guidelines?
- **Floating completion point:** Do Directors agree that the HIPC floating completion point will be reached when the triggers in Box 3 have been met? Debt relief will be provided unconditionally only when the completion point triggers have been met and satisfactory assurances of other creditors' participation under the enhanced HIPC Initiative for Liberia have been received.

Figure 1A. Republic of Liberia: Composition of Stock of External Debt at End-June 2007 by Creditor Group
(Nominal stock: $4,732.2 million)

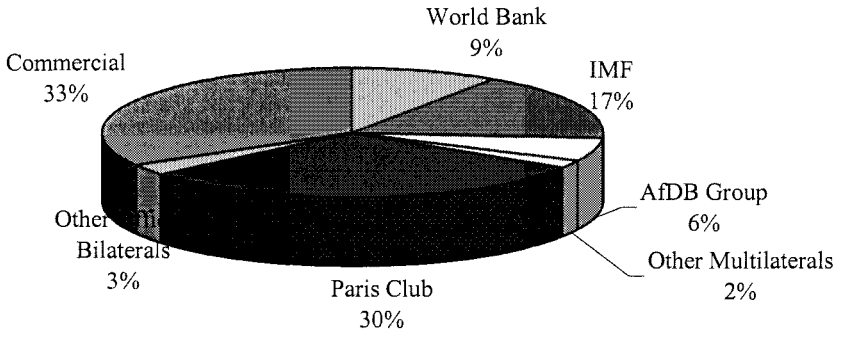
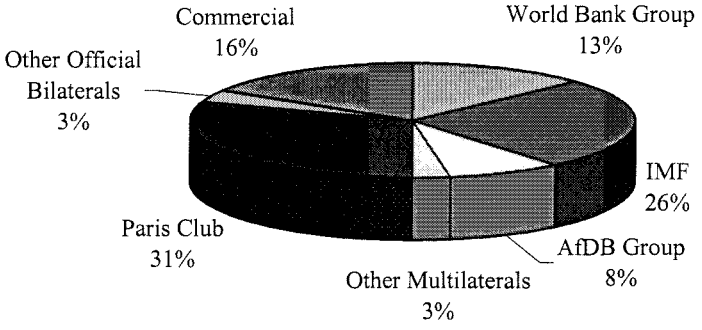
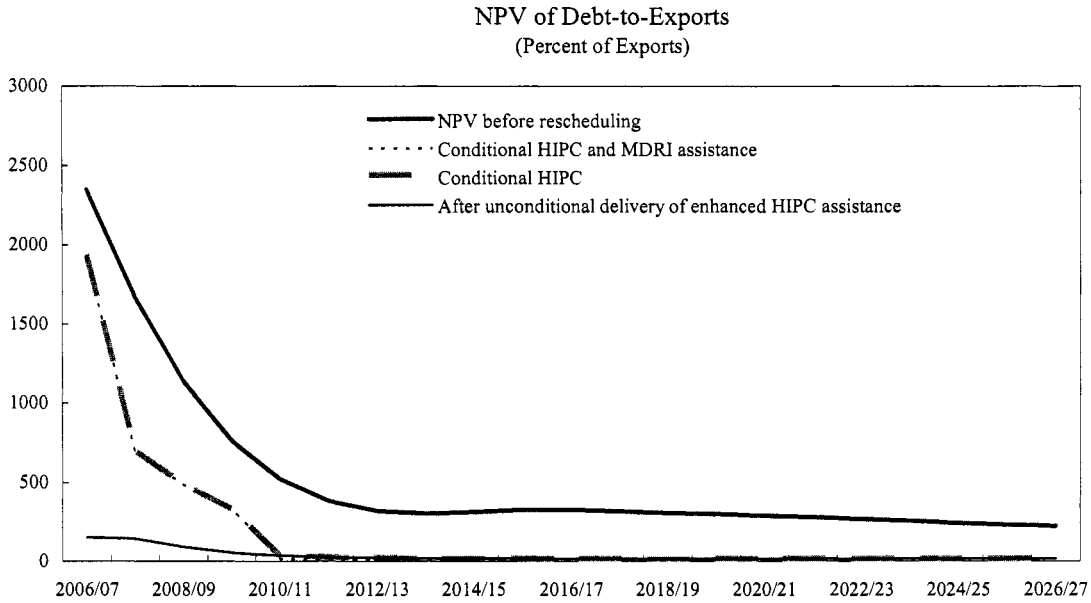


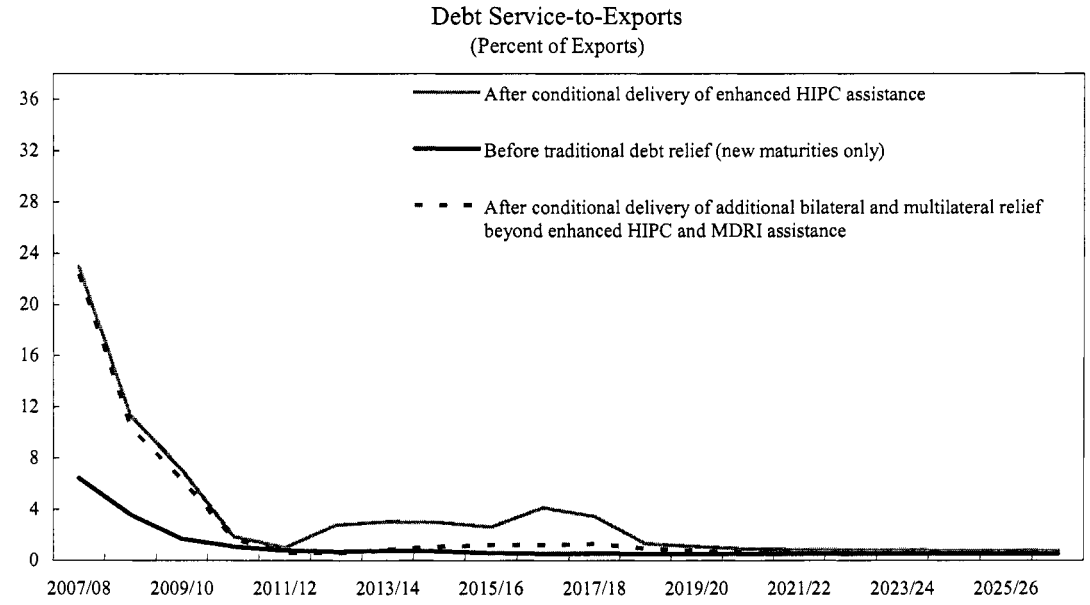
Figure 1B. Republic of Liberia: Potential Costs of the HIPC Initiative by Creditor Group
(Total Estimated Enhanced HIPC Assistance: $2,845.5 million, end-June 2007 NPV terms)



Sources: Liberian authorities and staff estimates.

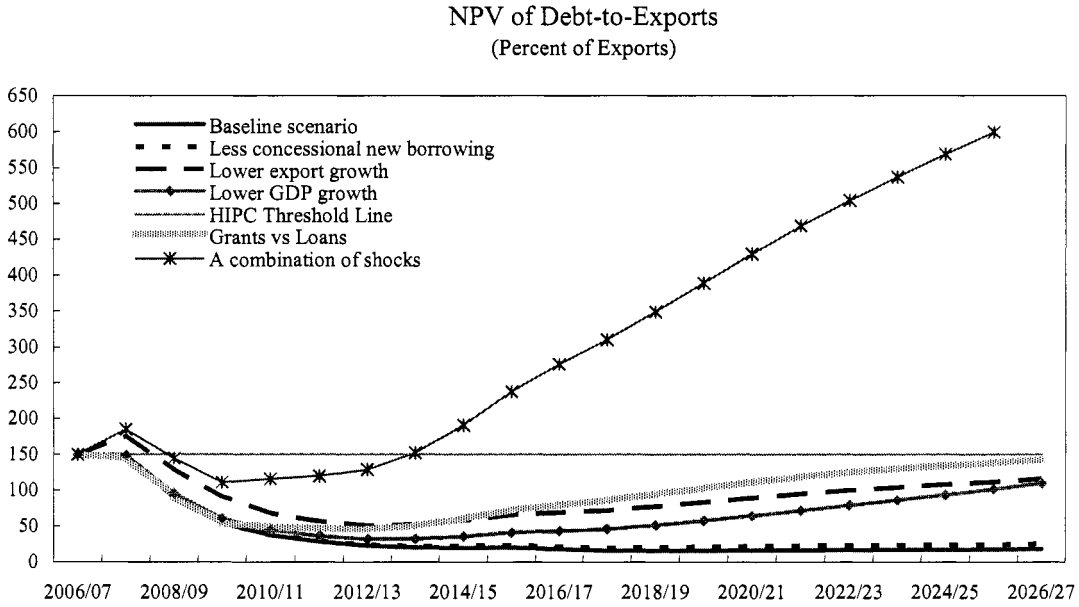
Figure 2. Republic of Liberia: External Debt Sustainability Indicators, 2006/07-2026/27

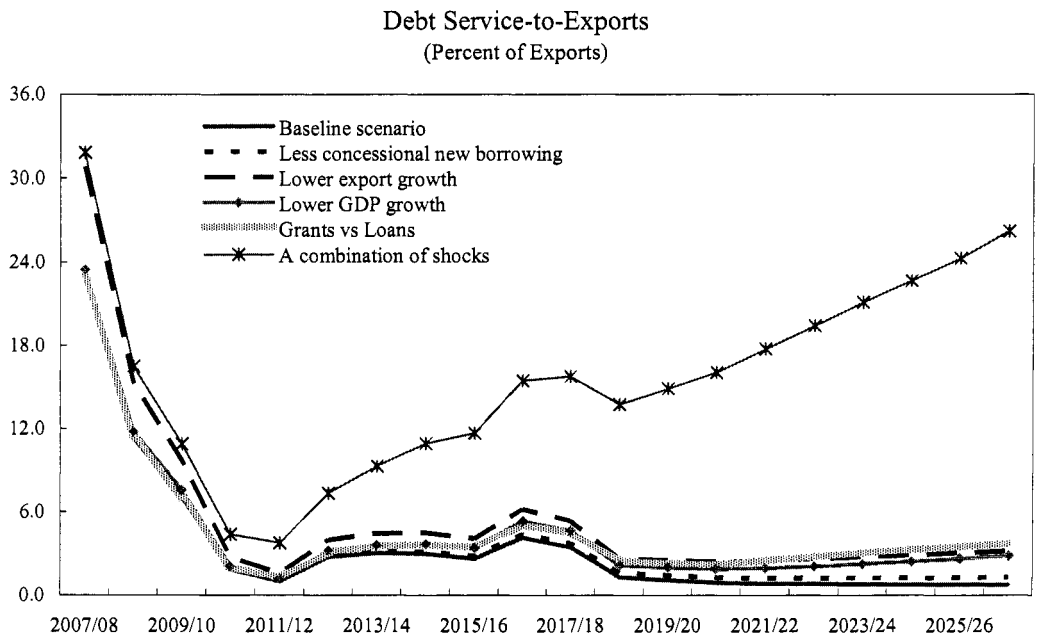




Sources: Liberian authorities and staff estimates and projections.

Figure 3. Republic of Liberia: Sensitivity Analysis, 2006/07-2026/27





Sources: Liberian authorities and staff estimates and projections.

Table A1. Republic of Liberia: Nominal Stock and Net Present Value of Debt at end-June 2007 by Creditor Group 1/
(Millions of US$, unless otherwise specified)

	Nominal Debt Stock		Arrears		NPV of Debt 2/		NPV of Debt After Traditional Debt Relief 3/	
	Nominal value	Percent of total	Nominal value	Percent of total	NPV terms	Percent of total	NPV terms	Percent of total
Total	4,732.2	100.0	4,545.6	100.0	4,683.2	100.0	3,144.7	100.0
Multilateral	1,614.8	34.1	1,499.3	33.0	1,575.8	33.6	1,575.8	50.1
World Bank	442.6	9.4	366.9	8.1	414.6	8.9	414.6	13.2
IMF	809.2	17.1	809.2	17.8	809.2	17.3	809.2	25.7
AfDB Group	271.3	5.7	240.2	5.3	263.1	5.6	263.1	8.4
OFID	23.7	0.5	23.7	0.5	23.7	0.5	23.7	0.8
IFAD	22.1	0.5	18.4	0.4	20.8	0.4	20.8	0.7
BADEA	19.1	0.4	19.1	0.4	19.1	0.4	19.1	0.6
EU	9.4	0.2	4.4	0.1	7.9	0.2	7.9	0.3
EIB	12.3	0.3	12.3	0.3	12.3	0.3	12.3	0.4
ECOWAS	5.0	0.1	5.0	0.1	5.0	0.1	5.0	0.2
Bilateral and commercial	3,117.5	65.9	3,046.4	67.0	3,107.5	66.4	1,568.9	49.9
Paris Club 4/	1,413.9	29.9	1,353.5	29.8	1,406.2	30.0	947.5	30.1
Post-cutoff date	431.5	9.1	403.5	8.9	427.2	9.1	423.4	13.5
ODA	134.0	2.8	106.1	2.3	129.8	2.8	128.7	4.1
Non-ODA	297.5	6.3	297.5	6.5	297.5	6.4	294.6	9.4
Pre-cutoff date	982.4	20.8	949.9	20.9	979.0	20.9	524.2	16.7
ODA	622.7	13.2	590.3	13.0	619.3	13.2	406.5	12.9
Non-ODA	359.7	7.6	359.7	7.9	359.7	7.7	117.7	3.7
Belgium	35.8	0.8	34.7	0.8	35.6	0.8	35.3	1.1
Denmark	29.4	0.6	25.6	0.6	29.1	0.6	28.9	0.9
EEC IDA Administered	2.1	0.0	0.9	0.0	1.7	0.0	0.6	0.0
Finland	2.7	0.1	2.7	0.1	2.7	0.1	1.4	0.0
France	156.6	3.3	156.6	3.4	156.6	3.3	152.7	4.9
Germany	410.4	8.7	397.4	8.7	409.4	8.7	216.4	6.9
Italy	67.7	1.4	67.7	1.5	67.7	1.4	58.0	1.8
Japan	125.4	2.6	125.4	2.8	125.4	2.7	124.8	4.0
Netherlands	35.0	0.7	35.0	0.8	35.0	0.7	33.9	1.1
Norway	42.3	0.9	42.3	0.9	42.3	0.9	13.8	0.4
Sweden	29.8	0.6	29.8	0.7	29.8	0.6	9.7	0.3
Switzerland	2.5	0.1	2.5	0.1	2.5	0.1	2.5	0.1
United Kingdom	49.1	1.0	49.1	1.1	49.1	1.0	16.1	0.5
United States	425.0	9.0	383.8	8.4	419.2	9.0	253.4	8.1
Other official bilateral 5/	129.0	2.7	118.3	2.6	126.7	2.7	106.3	3.4
Post-cutoff date	84.6	1.8	73.8	1.6	82.3	1.8	81.5	2.6
Pre-cutoff date	44.5	0.9	44.5	1.0	44.5	0.9	24.7	0.8
ODA	44.5	0.9	44.5	1.0	44.5	0.9	24.7	0.8
Non-ODA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
China	15.5	0.3	10.8	0.2	13.3	0.3	8.6	0.3
Kuwait	11.3	0.2	11.3	0.2	11.3	0.2	9.4	0.3
Saudi Arabia	27.2	0.6	27.2	0.6	27.2	0.6	14.1	0.4
Taiwan, Province of China	75.1	1.6	69.0	1.5	74.9	1.6	74.2	2.4
Commercial 6/	1,574.6	33.3	1,574.6	34.6	1,574.6	33.6	515.1	16.4
Post-cutoff date	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre-cutoff date	1,574.6	33.3	1,574.6	34.6	1,574.6	33.6	515.1	16.4
Of which:								
Suppliers credits	249.0	5.3	249.0	5.5	249.0	5.3	81.5	2.6

Sources: Liberian authorities and staff estimates.

1/ Liberia's fiscal year runs from July to June.
2/ Discount rates applied are the average commercial Interest Reference Rates published by the OECD over the 6 month period prior to June 2007
3/ Assumes a stock-of-debt operation on Naples terms at end-June 2007; and comparable action by other official bilateral creditors on eligible debt (pre-cutoff and non-ODA).
4/ Paris Club cutoff date is January 1, 1983.
5/ End-June 2007 debt stock reinstates Chinese loans in the amount of USD 10.1 million in nominal value (USD 5.3 million in NPV terms after traditional relief) that were canceled prior to decision point as a contribution towards poverty alleviation. The subsequent relief will count towards the HIPC relief expected from the creditor.
6/ Based on the estimated stock of debt provided by the government's financial advisor.

Table A2. Republic of Liberia: HIPC Initiative–Assistance Under a Proportional Burden-Sharing Approach 1/ 2/

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

NPV of debt-to-exports-target (Percent)	Total	Bilateral and Commercial	Multilateral	Common Reduction Factor 3/ (Percent)
		(NPV terms at end-June 2007)		
150	2,845.5	1,419.6	1,425.8	90.48
Memorandum items:				
NPV of debt	3,145	1,569	1,576	
Paris Club creditors	948			
Of which: pre-cutoff date non-ODA debt	118			
Non-Paris Club creditors	106			
Of which: pre-cutoff date non-ODA debt	0			
Three-year average of exports	199			
Current-year exports	266			
NPV of debt-to-exports ratio 4/	1,576			

Sources: Liberian authorities and staff estimates and projections.

1/ The proportional burden-sharing approach is described in "HIPC Initiative--Estimated Costs and Burden Sharing Approaches" (EBS/97/127, 7/7/97 and IDA/SEC M 97-306, 7/7/97).

2/ Based on end-June 2007 data after full application of traditional debt relief mechanisms. Includes a hypothetical stock-of-debt operation on Naples terms and comparable treatment by other official bilateral creditors.

3/ Each creditor's HIPC relief in NPV terms in percent of its exposure at the decision point reference date. A common reduction factor of 90.48 percent is applied to debt remaining after traditional mechanisms. For non-concessional bilateral or commercial debt this would imply a total reduction of 96.86 percent.

4/ Based on the three-year export average (backward-looking average, i.e., 2004/05-2006/07).

Note: Exports of non-factor services are estimated using the methodology described in Annex II.

Table A3. Republic of Liberia: Discount and Exchange Rate Assumptions at End-June 2007

Currency Name	Discount Rate 1/ (Percent per annum)	Exchange Rate 2/ (Currency per U.S. dollar)
Canadian dollar	5.01	0.9404
CFA franc	4.94	0.0021
Chinese yuan	5.07	0.1313
Danish kroner	4.96	0.1815
Euro	4.94	1.3505
Great Britain sterling	5.92	2.0049
Italian lira	4.94	0.0007
Liberian dollar	4.94	0.0160
Japanese yen	2.41	0.0081
Kuwaiti dinar	5.07	3.4715
Norwegian kroner	5.50	0.1695
Saudi Arabia riyal	5.07	0.2670
Special drawing rights	5.07	1.5156
Swiss franc	3.53	0.8153
United States dollar	5.62	1.0000
Memorandum item:		
Paris Club cutoff date: January 1, 1983		

Sources: OECD; and IMF, *International Financial Statistics.*

1/ The discount rates used are the average Commercial Interest Reference Rates published by the OECD over the six-month period prior to end-June 2007.

2/ The exchange rates are expressed as national currency per U.S. dollar at end-June 2007.

Table A4. Republic of Liberia: External Debt Service, 2007/08–2026/27 1/

(Millions of U S dollars, unless otherwise indicated)

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Averages 2007/08-2016/17	Averages 2017/18-2026/27
Before traditional debt relief																						
Total	24.9	20.6	14.6	13.3	12.1	11.1	10.9	10.0	8.3	8.2	8.3	8.4	8.4	9.0	9.4	9.7	10.5	11.3	11.8	12.0	13.4	9.9
Existing debt 2/	24.9	20.6	14.6	13.2	11.9	10.6	10.3	9.2	7.2	6.8	6.7	6.5	6.3	6.5	6.4	6.0	5.8	5.8	5.3	4.4	12.9	6.0
Multilateral	7.2	7.1	7.0	6.9	6.8	6.7	6.6	6.5	4.9	4.9	4.9	4.8	4.8	4.8	4.7	4.5	4.3	4.3	4.1	3.7	6.5	4.5
World Bank Group	3.9	3.8	3.8	3.8	3.8	3.7	3.7	3.7	3.7	3.6	3.6	3.6	3.6	3.5	3.5	3.2	3.1	3.1	2.9	2.8	3.7	3.3
IMF	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	0.0	0.0	0.0	0.0
AfDB Group	2.9	2.8	2.7	2.7	2.6	2.5	2.5	2.4	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.7	2.3	0.8
Others	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.2	0.5	0.4
Official bilateral	17.7	13.5	7.6	6.3	5.1	3.9	3.7	2.6	2.3	2.0	1.9	1.7	1.5	1.7	1.6	1.5	1.5	1.4	1.2	0.7	6.5	1.5
Paris Club	14.1	10.1	7.3	5.9	5.1	3.9	3.7	2.6	2.3	2.0	1.9	1.7	1.5	1.4	1.3	1.2	1.2	1.1	0.8	0.4	5.7	1.2
Non Paris Club	3.6	3.5	0.4	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.8	0.2
Commercial	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	0.0	0.0	0.0	0.0
New debt 3/	0.0	0.0	0.0	0.1	0.2	0.4	0.6	0.9	1.1	1.3	1.6	1.9	2.2	2.5	3.0	3.8	4.7	5.6	6.6	7.6	0.5	3.9
Debt service to exports ratio	6.4	3.6	1.7	1.1	0.8	0.7	0.7	0.7	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	1.7	0.5
Debt service to revenue ratio	13.4	9.7	5.6	4.2	3.3	2.7	2.6	2.2	1.8	1.6	1.6	1.5	1.5	1.5	1.5	1.4	1.5	1.5	1.5	1.4	4.7	1.5
After traditional debt relief and multilateral arrears clearance																						
Total	94.8	115.0	111.5	117.5	136.6	220.7	281.0	279.6	279.8	277.8	273.8	122.2	120.6	120.9	122.3	125.5	136.8	141.7	146.9	152.1	191.4	146.3
Existing debt	94.8	115.0	111.4	117.2	136.1	220.0	279.0	273.6	270.9	266.6	262.4	111.7	113.7	116.4	119.2	121.7	132.2	136.1	140.3	144.5	188.5	139.8
Multilateral 4/	9.5	30.6	31.9	34.6	39.9	124.8	182.8	176.8	172.9	167.0	161.2	8.7	8.6	8.8	9.0	8.7	8.6	8.5	8.3	7.8	97.1	23.8
World Bank Group	2.3	3.8	3.8	3.8	3.8	3.7	3.7	3.7	3.7	3.6	3.6	3.6	3.6	3.5	3.5	3.2	3.1	3.1	2.9	2.8	3.6	3.3
IMF	7.2	25.4	25.4	27.8	32.8	117.5	175.6	169.8	164.0	158.2	152.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	90.4	15.2
AfDB Group	0.0	1.4	2.7	2.7	2.6	2.5	2.5	2.4	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.7	1.8	0.8
Others	0.0	0.0	0.0	0.3	0.8	1.0	1.0	1.0	4.4	4.4	4.3	4.3	4.3	4.5	4.7	4.7	4.7	4.6	4.6	4.3	1.3	4.5
Official bilateral 5/	56.1	55.2	50.3	53.5	67.0	66.1	65.4	64.4	63.8	63.3	62.8	62.3	61.9	61.9	61.6	61.3	68.3	68.8	69.2	69.4	60.5	64.7
Paris Club	47.4	46.6	44.8	48.0	59.1	58.3	57.9	57.0	56.6	56.2	55.9	55.6	55.3	55.1	54.9	54.8	61.5	62.1	62.6	62.9	53.2	58.1
Non Paris Club	8.7	8.6	5.5	5.5	7.9	7.7	7.6	7.4	7.3	7.1	6.9	6.8	6.6	6.8	6.6	6.5	6.8	6.7	6.6	6.4	7.3	6.7
Commercial 5/	29.2	29.2	29.2	29.2	29.2	29.2	30.8	32.4	34.3	36.3	38.4	40.6	43.1	45.7	48.7	51.8	55.3	58.8	62.9	67.3	30.9	51.3
New debt 3/	0.0	0.0	0.1	0.3	0.5	0.7	1.9	6.0	8.9	11.1	11.3	10.5	6.9	4.5	3.0	3.8	4.7	5.6	6.6	7.6	3.0	6.4
Debt service to exports ratio	24.5	20.1	12.9	9.5	8.9	13.6	19.0	19.9	19.3	18.5	17.7	7.6	7.3	7.0	6.8	6.6	6.8	6.7	6.6	6.6	16.6	8.0
Debt service to revenue ratio	51.1	54.3	42.7	37.2	36.9	54.4	66.1	62.4	59.3	55.9	52.3	22.1	20.8	19.8	19.0	18.5	19.1	18.8	18.5	18.1	52.0	22.7
After HIPC assistance 6/																						
Total	88.9	64.9	61.5	23.2	15.5	44.8	42.7	40.6	36.8	62.2	53.5	23.2	19.4	16.8	15.1	15.4	16.0	16.7	17.3	17.7	48.1	21.1
Existing debt	88.9	64.8	61.3	22.9	15.0	44.1	40.7	34.6	27.9	51.0	42.2	12.7	12.5	12.3	12.1	11.6	11.3	11.1	10.7	10.1	45.1	14.7
Multilateral	3.6	5.9	7.1	7.0	6.9	36.2	33.0	27.1	20.6	43.9	35.2	5.9	5.9	5.9	5.9	5.6	5.5	5.4	5.2	4.8	19.1	8.5
World Bank Group	2.3	3.8	3.8	3.8	3.8	3.7	3.7	3.7	3.7	3.6	3.6	3.6	3.6	3.5	3.5	3.2	3.1	3.1	2.9	2.8	3.6	3.3
IMF	1.2	0.6	0.6	0.3	0.0	29.3	26.2	20.3	14.6	37.9	29.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.1	2.9
AfDB Group	0.0	1.4	2.7	2.7	2.6	2.5	2.5	2.4	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.7	1.8	0.8
Others	0.0	0.0	0.0	0.2	0.6	0.6	0.6	0.6	1.5	1.5	1.5	1.5	1.5	1.5	1.6	1.6	1.6	1.5	1.5	1.2	0.6	1.5
Official bilateral	56.1	50.1	45.4	14.0	4.3	4.2	4.1	4.0	3.9	3.8	3.7	3.6	3.5	3.5	3.4	3.3	3.2	3.1	3.0	2.9	19.0	3.3
Paris Club	47.4	41.6	40.0	13.2	3.5	3.5	3.4	3.3	3.2	3.2	3.1	3.0	2.9	2.8	2.8	2.7	2.6	2.5	2.4	2.4	16.2	2.7
Non Paris Club	8.7	8.5	5.4	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	2.8	0.6
Commercial	29.2	8.8	8.8	1.9	3.8	3.7	3.6	3.5	3.4	3.3	3.2	3.2	3.1	3.0	2.9	2.8	2.7	2.6	2.6	2.5	7.0	2.9
New debt 3/	0.0	0.0	0.1	0.3	0.5	0.7	1.9	6.0	8.9	11.1	11.3	10.5	6.9	4.5	3.0	3.8	4.7	5.6	6.6	7.6	3.0	6.4
Debt service to exports ratio after HIPC assistance	23.0	11.3	7.1	1.9	1.0	2.8	2.9	2.9	2.5	4.1	3.5	1.5	1.2	1.0	0.8	0.8	0.8	0.8	0.8	0.8	5.9	1.2
Debt service to revenue ratio after HIPC assistance	47.9	30.6	23.5	7.3	4.2	11.0	10.0	9.1	7.8	12.5	10.2	4.2	3.3	2.7	2.3	2.3	2.2	2.2	2.2	2.1	16.4	3.4
Reduction in debt service as a result of																						
HIPC Initiative assistance 7/	6.0	50.1	50.1	94.3	121.1	175.9	238.3	239.1	243.0	215.6	220.2	99.0	101.2	104.2	107.1	110.1	120.8	125.0	129.6	134.3	143.3	125.2
After HIPC and MDRI assistance 8/																						
Total	88.9	64.9	61.5	20.9	10.9	10.9	11.9	15.8	17.8	19.8	21.8	18.8	15.0	12.5	10.8	11.4	12.1	12.8	13.6	14.2	32.3	14.3
Existing debt	88.9	64.8	61.3	20.6	10.4	10.2	10.0	9.7	8.9	8.7	10.4	8.3	8.1	8.0	7.8	7.6	7.4	7.3	7.1	6.6	29.4	7.9
Multilateral	3.6	5.9	7.1	4.7	2.4	2.3	2.3	2.2	1.5	1.5	3.5	1.5	1.5	1.5	1.6	1.6	1.6	1.5	1.5	1.2	3.3	1.7
World Bank Group	2.3	3.8	3.8	1.9	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	1.2	0.0
IMF	1.2	0.6	0.6	0.3	0.0	0.0	0.0	0.0	0.0	0.0	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.2
AfDB Group	0.0	1.4	2.7	2.3	1.8	1.7	1.7	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	0.0
Others	0.0	0.0	0.0	0.2	0.6	0.6	0.6	0.6	1.5	1.5	1.5	1.5	1.5	1.5	1.6	1.6	1.6	1.5	1.5	1.2	0.6	1.5
Official bilateral	56.1	50.1	45.4	14.0	4.3	4.2	4.1	4.0	3.9	3.8	3.7	3.6	3.5	3.5	3.4	3.3	3.2	3.1	3.0	2.9	19.0	3.3
Paris Club	47.4	41.6	40.0	13.2	3.5	3.5	3.4	3.3	3.2	3.2	3.1	3.0	2.9	2.8	2.8	2.7	2.6	2.5	2.4	2.4	16.2	2.7
Non Paris Club	8.7	8.5	5.4	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	2.8	0.6
Commercial	29.2	8.8	8.8	1.9	3.8	3.7	3.6	3.5	3.4	3.3	3.2	3.2	3.1	3.0	2.9	2.8	2.7	2.6	2.6	2.5	7.0	2.9
New debt 3/	0.0	0.0	0.1	0.3	0.5	0.7	1.9	6.0	8.9	11.1	11.3	10.5	6.9	4.5	3.0	3.8	4.7	5.6	6.6	7.6	3.0	6.4
Debt service to exports ratio after HIPC and MDRI assistance	23.0	11.3	7.1	1.7	0.7	0.7	0.8	1.1	1.2	1.3	1.4	1.2	0.9	0.7	0.6	0.6	0.6	0.6	0.6	0.6	4.9	0.8
Debt service to revenue ratio after HIPC and MDRI assistance	47.9	30.6	23.5	6.6	2.9	2.7	2.8	3.5	3.8	4.0	4.2	3.4	2.6	2.0	1.7	1.7	1.7	1.7	1.7	1.7	12.8	2.2

Table A4 (cont.). Republic of Liberia: External Debt Service, 2007/08–2026/27 1/

(Millions of U S dollars, unless otherwise indicated)

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Averages 2007/08-2016/17	Averages 2017/18-2026/27
After additional bilateral and multilateral relief beyond enhanced HIPC and MDRI assistance																						
Total	86 5	59 6	54 9	16 4	9 2	9 2	10 3	14 2	16 2	18 3	20 3	17 4	13 6	11 1	9 5	10 1	10 8	11 6	12 4	13 0	29 5	13 0
Existing debt	86 5	59 6	54 8	16 1	8 7	8 6	8 4	8 1	7 3	7 2	9 0	6 9	6.7	6 6	6 5	6 3	6 2	6 0	5.9	5 4	26 5	6 6
Multilateral 9/	1 2	0 6	0 6	1.4	2 4	2 3	2 3	2 2	1 5	1 5	3 5	1 5	1 5	1 5	1 6	1 6	1 6	1 5	1 5	1 2	1 6	1 7
World Bank Group	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	0 0	0 0	0 0	0 0
IMF	1 2	0 6	0 6	0 3	0 0	0 0	0 0	0 0	0 0	0 0	1 9	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 3	0 2
AfDB Group	0 0	0 0	0 0	0 9	1 8	1 7	1 7	1 6	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 8	0 0
Others	0 0	0 0	0 0	0.2	0 6	0 6	0 6	0 6	1 5	1 5	1.5	1 5	1 5	1 5	1 6	1 6	1 6	1 5	1 5	1 2	0 6	1 5
Official bilateral 10/ 13/	56 1	50 1	45 4	12 8	2 6	2 5	2 5	2 4	2 4	2 3	2 3	2 2	2 1	2 1	2 0	2 0	1 9	1 9	1 8	1 7	17 9	2 0
Paris Club	47 4	41 6	40 0	12 0	1 8	1 8	1 7	1 7	1 7	1 6	1 6	1 5	1 5	1 5	1 4	1 4	1 4	1 3	1 3	1 2	15 1	1 4
Non Paris Club	8 7	8 5	5 4	0 8	0 8	0 8	0 7	0 7	0 7	0 7	0 7	0 6	0 6	0 6	0 6	0 6	0 6	0 5	0 5	0 5	2 8	0 6
Commercial 13/	29 2	8 8	8 8	1 9	3 8	3 7	3 6	3 5	3 4	3 3	3 2	3 2	3 1	3 0	2 9	2 8	2 7	2 6	2 6	2 5	7 0	2 9
New debt 3/	0 0	0 0	0 1	0 3	0 5	0 7	1 9	6 0	8 9	11 1	11 3	10 5	6 9	4 5	3 0	3 8	4 7	5.6	6 6	7 6	3 0	6 4
Reduction in debt service as a result of																						
Traditional debt relief mechanisms 5/	7 2	26 8	28 1	30 8	36 2	121 0	179 1	173 1	169 2	163 4	157 6	5 1	5 1	5 3	5 5	5 5	5.4	5 4	5 4	5 0	93 5	20 5
MDRI assistance	0 0	0 0	0 0	2 3	4 6	33 9	30 7	24 8	19 0	42 3	31 8	4 4	4 3	4 3	4 3	4 0	3 9	3 9	3 7	3 5	15 8	6 8
Additional bilateral and multilateral relief beyond HIPC	2 3	5 2	6 6	4 5	1 7	1 7	1.6	1 6	1 6	1 5	1 5	1 4	1 4	1 4	1 3	1 3	1 3	1 2	1 2	1 1	2 8	1 3
Memorandum items:																						
Exports of goods and nonfactor services 11/	386 7	573 4	867 6	1,233 0	1,538 7	1,616 5	1,477 9	1,405 3	1,451 5	1,499 1	1,548 0	1,598 9	1,652 8	1,717 1	1,802 9	1,900 4	2,004 0	2,119 2	2,231 9	2,319 4	1,205 0	1,889 5
Government revenues 12/	185 7	211 7	261 1	315 9	369 7	405.6	425 4	448 0	472 0	497.2	523 7	551 7	581 1	611 9	644 4	678 8	715 2	753 9	794 9	839 8	359 2	669 5

Sources: Liberian authorities and staff estimates and projections

1/ All external debt statistics correspond to public and publicly guaranteed debt. Fiscal year ends on June 30

2/ Includes only scheduled debt service on current maturities and does not include projected penalty interest on arrears

3/ Reflects debt service on the projected borrowing needed to close the gap which assumes lending from IDA and new PRGF borrowing above that required for IMF arrears clearance

4/ Arrears towards the World Bank and AfDB groups were cleared at through grants on the 5 and 18 of December 2007, respectively. For the AfDB, maturities falling due during the 2008 calendar year were cleared as part of the arrears clearance operation Additional interim payments are expected to be covered by through grant support. Arrears towards the IMF are to be cleared through a PRGF/EFF blend at the decision point date Other multilateral creditors are assumed to clear their arrears at the completion point through their own modalities, which would include payments falling due during the interim period. The NPV reduction embedded in the arrears clearance operations is scored as part of each creditor's share of HIPC debt relief

5/ Assumes a hypothetical stock of debt operation on Naples terms and comparable treatment from other bilateral creditors, after multilateral arrears clearance

6/ Paris Club and commercial creditors are assumed to deliver their share of relief as of the completion point (end-December 2010) Non Paris Club creditors are assumed to provide a Cologne flow rescheduling on eligible debt and the remaining required HIPC assistance is to be delivered at the completion point through a stock of debt operation Multilateral creditors start delivering HIPC assistance through the arrears clearance process This starts at December 2007 for the IMF, World Bank and the AfDB Other multilaterals are assumed to clear their arrears as at the completion point date of end-December 2010

7/ The reduction is measured as the difference between the projected debt service after full use of traditional debt relief plus arrears clearance, and debt service after the application of HIPC relief

8/ MDRI assistance applies to the World Bank, IMF, and AfDB Group and starts at the completion point (end-December 2010)

9/ It is assumed for the purposes of these simulations that IDA debt service payments falling due during the interim period will be offset by additional flows to Liberia through DPOs over and above otherwise expected new financing from IDA such as from the proposed Reengagement and Reform Support Grant. The AfDB is expected to provide additional grant financing that would cover Liberia's remaining interim debt service payments due Financing to cover AfDB maturities falling due during the 2008 calendar year are included as part of the AfDB arrears clearance operation

10/ Paris Club creditors deliver, through bilateral initiatives, additional debt relief beyond the HIPC Initiative at the completion point. Details on the modalities of the delivery are presented in Table A10

11/ Exports of goods as defined in IMF, *Balance of Payments Manual*, 5th edition, 1993 Refers to fiscal year exports Exports of non factor services are estimated using the methodology described in Annex II

12/ Revenues are defined as central government revenues, excluding grants

13/ Projections for official bilateral and commercial creditors do not reflect possible flow relief during the interim period

Table A5. Republic of Liberia: Net Present Value of External Debt, 2006/07-2026/27 1/
(Millions of U S dollars, unless otherwise indicated)

Fiscal Year End	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Averages 2006/07-2016/17	Averages 2017/18-2026/27
I. Before traditional debt-relief																							
NPV of total debt	4,683 2	4,668 8	4,657 8	4,652 2	4,652 5	4,658 2	4,668 0	4,678 8	4,691 7	4,705 8	4,721 5	4,738 5	4,757 0	4,777 2	4,798 7	4,821 7	4,846 2	4,872 1	4,899 5	4,928 8	4,960 2	4,676 2	4,840 0
NPV of outstanding debt	4,683 2	4,668 8	4,657.8	4,652 2	4,647 5	4,643 9	4,641 1	4,638 5	4,636 8	4,635 3	4,634 1	4,632 9	4,631 8	4,630 9	4,629 6	4,628 4	4,627 2	4,626 1	4,624 8	4,623 8	4,623 2	4,649 0	4,627 9
Multilateral	1,575 8	1,575 8	1,575 8	1,575 8	1,575 8	1,575 8	1,575 8	1,575 8	1,575 8	1,575 8	1,575 8	1,575 8	1,575 8	1,575 8	1,575 8	1,575 8	1,575 8	1,575 8	1,575 8	1,575 8	1,575 8	1,575 8	1,575 8
World Bank	414 6	414 6	414 6	414 6	414 6	414 6	414 6	414.6	414 6	414 6	414.6	414 6	414 6	414 6	414 6	414 6	414 6	414 6	414 6	414 6	414 6	414 6	414 6
AfDB Group	263 1	263 1	263 1	263 1	263 1	263 1	263 1	263 1	263 1	263 1	263 1	263 1	263 1	263 1	263 1	263 1	263 1	263 1	263 1	263 1	263 1	263 1	263 1
IMF	809 2	809 2	809 2	809 2	809 2	809 2	809 2	809 2	809 2	809 2	809 2	809 2	809 2	809 2	809 2	809 2	809 2	809 2	809 2	809 2	809 2	809 2	809 2
Other multilateral	88 8	88 8	88 8	88 8	88 8	88 8	88 8	88.8	88 8	88 8	88 8	88 8	88 8	88 8	88 8	88 8	88 8	88 8	88.8	88 8	88 8	88.8	88 8
Official bilateral and commercial	3,107 5	3,093 1	3,082 1	3,076 4	3,071 7	3,068 1	3,065 4	3,062.8	3,061.1	3,059 6	3,058 4	3,057.1	3,056 1	3,055 1	3,053 9	3,052 7	3,051 5	3,050 3	3,049 1	3,048 0	3,047 4	3,073 3	3,052 1
Paris Club	1,406 2	1,394 9	1,387 1	1,381 7	1,377 3	1,373 6	1,370 8	1,368 1	1,366 3	1,364 7	1,363 4	1,362 0	1,360 8	1,359 8	1,358 7	1,357 7	1,356 7	1,355 7	1,354 7	1,354 0	1,353 6	1,377 6	1,357 4
Other official bilateral	126 7	123 6	120 4	120 2	119 9	120 0	120 1	120 2	120.2	120 3	120 4	120 6	120 7	120 8	120 6	120 4	120 2	120 0	119 8	119 5	119 3	121 1	120 2
Commercial	1,574 6	1,574 6	1,574 6	1,574 6	1,574 6	1,574 6	1,574 6	1,574 6	1,574.6	1,574 6	1,574 6	1,574 6	1,574 6	1,574 6	1,574 6	1,574 6	1,574 6	1,574 6	1,574 6	1,574 6	1,574 6	1,574 6	1,574 6
NPV of new borrowing	0 0	0 0	0 0	0 0	4 9	14 4	26 8	40 3	54 8	70 5	87 4	105 6	125 2	146 3	169 0	193 3	219 0	246 1	274 7	305 0	337 0	27 2	212 1
II. After traditional debt relief and multilateral arrears clearance 2/																							
NPV of *total debt*	3,144 7	2,498 2	2,508 4	2,522.4	2,502 5	2,483 8	2,402.4	2,257 1	2,106 4	1,948 4	1,785 2	1,618 3	1,595 2	1,573 2	1,550 5	1,526 1	1,497 9	1,457 8	1,411 7	1,359 0	1,299 4	2,378 1	1,488 9
NPV of total debt after full delivery	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	0 0	0 0	0 0		
NPV of outstanding debt	3,144 7	2,466 7	2,475 4	2,487.9	2,461 4	2,431.7	2,336 2	2,176 8	2,014 6	1,846 9	1,675 0	1,498.5	1,463 7	1,425 0	1,381 4	1,332 8	1,278 9	1,211 8	1,137 0	1,054 0	962 4	2,319 7	1,274 5
Multilateral	1,575 8	902 4	914.9	926 7	902 6	888 9	809 4	667 7	524.8	378 6	230 9	81 5	77 0	72 3	67 3	61 8	56 3	50 6	44 7	38 8	33 0	793 0	58 3
World Bank	414 6	46 4	45 0	43 5	42 0	40 4	38 8	37 2	35 4	33 6	31 7	29 8	27 7	25 6	23 4	21 1	19 0	16 8	14 6	12 4	10 3	73 5	20 1
AfDB Group	263.1	20 0	19 6	17 9	16 2	14 5	12 7	10 9	9 1	8 7	8 3	8 0	7 6	7 2	6 8	6 4	5 9	5 4	5 0	4 5	4 0	36 5	6 1
IMF	809 2	745 3	757 7	770.7	781 9	788 8	711 3	571 7	430 9	288 7	145 1	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	618 3	0 0
Other multilateral	88 8	90 7	92 6	94 5	62 4	45 2	46 6	48 0	49 5	47 6	45 7	43 7	41 7	39 5	37 1	34 3	31 4	28 3	25 2	21.9	18 8	64 7	32 2
Official bilateral and commercial	1,568 9	1,564 3	1,560 4	1,561.2	1,558 8	1,542 7	1,526.8	1,509 1	1,489.8	1,468 3	1,444 1	1,417 0	1,386 7	1,352 6	1,314 2	1,271 0	1,222 7	1,161 1	1,092 3	1,015 2	929 4	1,526 8	1,216 2
Paris Club	947 5	946 1	945 4	946 4	944 4	931 0	917 9	904 5	891 3	877 9	864 1	850 0	835 4	820 3	804 7	788 4	771 4	746 8	720 3	692 1	662.0	919 7	769 1
Other official bilateral	106.3	103 4	100 4	100 4	100.4	98 0	95 5	93 2	90 8	88 5	86 1	83 9	81 6	79 4	76 9	74 4	71 9	68 9	66 0	62 9	59 8	96 6	72 6
Commercial	515 1	514 9	514 6	514 3	514 0	513 7	513 4	511 4	507.7	502 0	493 8	483 2	469 7	452 9	432 6	408 2	379 4	345 4	306 0	260 2	207 6	510 5	374 5
NPV of new borrowing	0 0	31 5	33 0	34 6	41 1	52 1	66 2	80 4	91 8	101.5	110 2	119 8	131 5	148 2	169 0	193 3	219 0	246 1	274 7	305 0	337 0	58 4	214 4
III. After conditional delivery of enhanced HIPC assistance 3/																							
NPV of total debt	3,869.7	1,955 2	1,986 0	2,026 7	328 3	339 3	324 2	311 1	300.0	292 7	260 4	235 7	240 9	251 0	265 0	282 2	301 0	321 1	342 6	365 7	390 9	1,090 3	299 6
NPV of outstanding debt	3,869 7	1,923 8	1,953 0	1,992 1	287 2	287 2	258 0	230 7	208.2	191 2	150 2	115 9	109 4	102 7	95 9	88 9	82 0	75 0	67 9	60 8	53.9	1,031 9	85 2
Multilateral	772 3	807 5	841 2	875 2	199 4	202 8	176 9	153 0	133.8	120 1	82 4	51.5	48 3	45 0	41 5	37 8	34 2	30 6	26.7	22 9	19 4	396 8	35 8
World Bank	45 5	45 6	44 1	42.6	42 0	40 4	38 8	37 2	35 4	33 6	31 7	29 8	27 7	25 6	23 4	21 1	19 0	16 8	14.6	12 4	10 3	39 7	20 1
AfDB Group	25 0	20 0	19 6	17 9	16 2	14 5	12 7	10 9	9 1	8 7	8 3	8 0	7 6	7 2	6 8	6 4	5 9	5 4	5 0	4 5	4 0	14 8	6 1
IMF	655 6	688 6	722 8	758 9	126 2	132 6	109 9	89.3	73 5	62 6	27 9	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	313 4	0 0
Other multilateral	52.3	53 4	54 6	55 8	15 0	15 3	15 4	15 7	15 9	15.2	14 5	13 7	13 0	12 2	11 3	10 3	9 3	8 3	7.2	6 1	5 2	29 4	9 7
Official bilateral and commercial	3,097 4	1,116 2	1,111.8	1,116 9	87 8	84 4	81 1	77 8	74 4	71 1	67 7	64 4	61 1	57 7	54 4	51 1	47 8	44 5	41.1	37 8	34 5	635 1	49 4
Paris Club	1,406 2	861 3	860.2	864 5	39.7	38 2	36 7	35.2	33 7	32 2	30 7	29 1	27.6	26.1	24 6	23 1	21 6	20 1	18 6	17 1	15 6	385 3	22 4
Other official bilateral	116 6	99 1	96.0	96 2	8 2	7 9	7 6	7 3	6 9	6 6	6 3	6 0	5 7	5 4	5 1	4 8	4 5	4 1	3 8	3 5	3.2	41 7	4 6
Commercial	1,574 6	155 8	155 6	156 1	39 9	38 4	36 8	35 3	33 8	32 3	30 8	29 3	27 7	26 2	24 7	23 2	21 7	20 2	18 7	17 2	15 7	208 1	22 5
NPV of new borrowing	0.0	31 5	33 0	34 6	41 1	52 1	66.2	80 4	91 8	101 5	110 2	119 8	131 5	148.2	169 0	193 3	219 0	246 1	274 7	305 0	337.0	58 4	214 4
IV. After unconditional delivery of enhanced HIPC assistance 3/																							
NPV of total debt	299 2	403 5	367 4	329 8	328 3	339 3	324 2	311 1	300 0	292 7	260 4	235 7	240 9	251 0	265 0	282 2	301 0	321 1	342.6	365 7	391 8	323 3	299 7
NPV of outstanding debt	299 2	372 0	334 4	295 2	287 2	287 2	258 0	230.7	208 2	191 2	150 2	115 9	109 4	102 7	95 9	88 9	82 0	75 0	67 9	60 8	54 7	264 9	85 3
Multilateral	149 9	188 5	192 4	195 2	199 4	202 8	176 9	153 0	133 8	120 1	82 4	51 5	48 3	45 0	41 5	37 8	34 2	30 6	26 7	22 9	19 4	163 1	35 8
World Bank	39 5	46 4	45 0	43 5	42 0	40 4	38 8	37 2	35 4	33 6	31 7	29 8	27 7	25 6	23 4	21 1	19 0	16 8	14 6	12 4	10 3	39 4	20 1
AfDB Group	25 0	20 0	19 6	17 9	16 2	14 5	12 7	10 9	9 1	8 7	8 3	8 0	7 6	7 2	6 8	6 4	5 9	5 4	5 0	4 5	4 0	14 8	6 1
IMF	77 0	110 1	115 1	120 3	126 2	132 6	109 9	89 3	73 5	62 6	27 9	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	95 0	0 0
Other multilateral	8 5	12 1	12 7	13 4	15 0	15 3	15 4	15 7	15 9	15 2	14 5	13 7	13 0	12 2	11 3	10 3	9 3	8 3	7 2	6 1	5 2	14 0	9 7
Official bilateral and commercial	149 3	183 5	142 0	100 1	87 8	84 4	81 1	77 8	74.4	71 1	67 7	64 4	61 1	57.7	54 4	51 1	47 8	44 5	41 1	37 8	35 4	101 7	49 5
Paris Club	90 2	120 3	85 1	49 8	39 7	38 2	36 7	35 2	33 7	32 2	30 7	29 1	27 6	26 1	24 6	23 1	21 6	20 1	18 6	17 1	15 6	53 8	22 4
Other official bilateral	10.1	11 4	11 0	10 7	8 2	7 9	7 6	7 3	6 9	6 6	6 3	6 0	5 7	5 4	5 1	4 8	4 5	4 1	3 8	3 5	3 2	8 5	4 6
Commercial	49 0	51 8	45 8	39 6	39 9	38 4	36 8	35 3	33 8	32 3	30 8	29 3	27 7	26 2	24 7	23 2	21 7	20 2	18 7	17 2	15 7	39 4	22 5
NPV of new borrowing	0 0	31 5	33 0	34 6	41 1	52 1	66 2	80 4	91.8	101 5	110 2	119 8	131 5	148 2	169 0	193 3	219 0	246 1	274.7	305 0	337 0	58 4	214 4
Memorandum items:																							
NPV of debt-to-exports ratio (percent) 4/																							
Total debt	1,939 8	700 6	486 1	332 7	36 8	28 0	22 2	20 1	20 0	20 3	17 9	15 7	15 6	15 7	16 0	16 4	16 7	16 9	17 1	17 3	17 6	329 5	16 5
Total debt, assuming full delivery	150 0	144 6	89 9	54 1	36 8	28 0	22 2	20 1	20 0	20 3	17 9	15 7	15 6	15 7	16 0	16 4	16 7	16 9	17 1	17 3	17 6	54.9	16 5
Outstanding debt	1,939 8	689 3	478.0	327 0	32 2	23 7	17 6	14 9	13 9	13 2	10 3	7 7	7 1	6 4	5 8	5 2	4 5	3 9	3 4	2 9	2 4	323 6	4 9

Table A5 (cont.). Republic of Liberia: Net Present Value of External Debt, 2006/07-2026/27 1/
(Millions of U S dollars, unless otherwise indicated)

Fiscal Year End	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Averages 2006/07-2016/17	Averages 2017/18-2026/27
V. After conditional delivery of enhanced HIPC and MDRI assistance 5/																							
NPV of total debt	3,869 7	1,955 2	1,986 0	2,026 7	151 2	157 7	167 3	176 9	183 8	189 6	194 3	198 0	205 6	218.2	234 8	254 7	276 1	298 8	323 1	348 9	376 7	1,005 3	273 5
NPV of outstanding debt	3,869 7	1,923 8	1,953 0	1992 1	110 1	105 6	101 1	96 5	92 0	88 0	84 1	78 2	74 1	69 9	65 7	61.4	57 1	52 7	48 3	43 9	39 7	946 9	59 1
Multilateral	772 3	807 5	841 2	875 2	22 3	21 2	20 0	18.8	17 6	17 0	16 3	13 7	13 0	12 2	11 3	10 3	9 3	8 3	7 2	6 1	5 2	311 8	9 7
World Bank	45 5	45 6	44 1	42.6	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	16 2	0 0
AfDB Group	19 0	20 0	19 6	17 9	5 9	4 4	3 0	1 5	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	8 3	0 0
IMF	655 6	688 6	722 8	758 9	1 4	1 5	1 5	1 6	1 7	1 8	1 8	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	257 9	0 0
Other multilateral	52 3	53 4	54 6	55 8	15 0	15 3	15 4	15 7	15 9	15 2	14 5	13 7	13.0	12 2	11 3	10 3	9 3	8 3	7 2	6 1	5 2	29 4	9 7
Official bilateral and commercial	3,097 4	1,116 2	1,111 8	1,116 9	87 8	84 4	81.1	77 8	74 4	71 1	67.7	64 4	61 1	57 7	54 4	51 1	47 8	44 5	41 1	37 8	34 5	635.1	49 4
Paris Club	1,406 2	861 3	860 2	864 5	39 7	38 2	36 7	35 2	33 7	32 2	30 7	29 1	27 6	26 1	24 6	23 1	21 6	20 1	18 6	17 1	15 6	385 3	22 4
Other official bilateral	116.6	99 1	96 0	96 2	8 2	7 9	7 6	7 3	6 9	6 6	6 3	6 0	5 7	5 4	5 1	4 8	4 5	4 1	3 8	3 5	3 2	41 7	4 6
Commercial	1,574 6	155 8	155.6	156 1	39 9	38 4	36 8	35 3	33 8	32 3	30 8	29 3	27 7	26 2	24 7	23 2	21 7	20 2	18 7	17 2	15 7	208 1	22 5
NPV of new borrowing	0 0	31 5	33 0	34 6	41 1	52 1	66 2	80 4	91 8	101 5	110 2	119 8	131 5	148 2	169 0	193 3	219 0	246 1	274 7	305 0	337 0	58 4	214 4
VI. After conditional additional bilateral and multilateral relief beyond enhanced HIPC and MDRI assistance																							
NPV of total debt	3,855 3	1,942 2	1,977 5	2,024 3	132 3	139 5	149 8	160 2	167 7	174 3	179 7	184 1	192 5	205 8	223 1	243 7	265 8	289 3	314 2	340 7	369.3	991 2	262 8
NPV of outstanding debt	3,855 3	1,910 7	1,944 5	1,989 8	91 2	87 5	83 6	79 8	76 0	72 7	69 5	64 3	60 9	57 5	54 0	50 4	46 8	43 2	39 5	35 7	32 2	932 8	48 5
Multilateral 6/	757.9	794 7	832 9	873 0	22 3	21 2	20 0	18 8	17 5	16 9	16 3	13 8	13 0	12 2	11 3	10 3	9 3	8 3	7 2	6 1	5 2	308 3	9 7
World Bank	35.8	37 6	39 6	41 7	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	14 1	0 0
AfDB Group	14 3	15 1	15 8	16 7	5 9	4 4	3 0	1 5	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	7.0	0 0
IMF	655 6	688 6	722 8	758 9	1 4	1 5	1 5	1 6	1 7	1 8	1 8	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	257 9	0 0
Other multilateral	52 3	53 4	54 6	55 8	15 0	15 3	15 4	15 7	15.9	15.2	14 5	13 7	13.0	12 2	11 3	10 3	9 3	8 3	7 2	6 1	5 2	29 4	9 7
Official bilateral and commercial 7/	3,097 4	1,116 1	1,111 6	1,116 7	68 9	66 3	63 7	61 0	58 4	55.8	53 2	50 6	47 9	45 3	42 7	40 1	37 5	34 9	32 3	29 7	27 1	624 5	38 8
NPV of new borrowing	0 0	31.5	33 0	34 6	41 1	52 1	66 2	80 4	91 8	101.5	110 2	119 8	131 5	148.2	169.0	193 3	219 0	246 1	274 7	305 0	337 0	58 4	214 4

Sources: Liberian authorities and staff estimates and projections

1/ All NPV debt stocks refer to public and publicly guaranteed debt at end-June 2007 Fiscal year ends on June 30

2/ Shows the external debt situation after the full use of traditional debt-relief mechanisms and arrears clearance, and assumes at least comparable treatment from official bilateral creditors

3/ Unconditional delivery of HIPC assistance assumes that the completion point will be reached. Therefore this scenario shows the full impact of HIPC debt relief on the NPV of debt before 2010/11 However, conditional delivery of HIPC assistance assumes that the full delivery of HIPC assistance will only be considered after the expected completion point Thereore, in this scenario the NPV of debt is higher than under the unconditional scenario during the interim period

4/ In terms of simple historical three-year average of exports of goods and nonfactor services

5/ MDRI assistance applies to the World Bank, IMF, and AfDB Group and starts after the completion point (end-December 2010)

6/ It is assumed that IDA will maintain strongly positive net flows to Liberia, including through grant support included in DPOs which would help meet Liberia's foreign exchange costs associated with interim period debt service A first US$$5 0 million for such foreign exchange costs is included in the Reengagement and Reform Support Grant approved by the IDA Board in December 2007 The AfDB is expected to provide additional grant financing that would cover Liberia's remaining interim debt service payments due. Financing to cover AfDB maturities falling due during the 2008 calendar year are included as part of the AfDB arrears clearance operation

7/ Paris Club creditors deliver, through bilateral initiatives, additional debt relief beyond the HIPC Initiative at the completion point Details on the modalities of the delivery are presented in Table A10

Table A6 Republic of Liberia: External Debt Indicators , 2006/07-2026/27 1/

Fiscal Year End	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Averages 2006/07-2016/17	Averages 2017/18-2026/27
	(Percent, unless otherwise indicated)																						
Before traditional debt relief																							
NPV of debt-to-GDP ratio	697 0	602 3	536 9	465 3	395 8	343 4	316 0	302 0	287 6	273 8	260 8	248 4	236 8	225 7	215 4	205 5	196 1	187 1	178 5	170 3	162 2	407 4	202 6
NPV of debt-to-exports ratio 2/ 3/	2,347 6	1,672 8	1,140 2	763 6	522 0	384 0	319 1	303 0	312 8	325 7	325 2	316 0	307 2	298.6	289 7	279 6	268 2	256 1	244 0	232.7	223.1	765 1	271 5
NPV of debt-to-revenue ratio 4/	3,189 3	2,514 2	2,200 4	1,782 0	1,472 9	1,259 9	1,150 8	1,099.9	1,047 2	997 1	949 6	904 7	862 2	822.1	784 2	748 3	713 9	681 2	649 9	620 1	590.7	1,605 8	737 7
Debt service ratio		6 4	3 6	1 7	1 1	0 8	0 7	0 7	0 7	0 6	0 5	0 5	0 5	0.5	0 5	0 5	0 5	0 5	0 5	0 5	0 5	1 7	0 5
Debt service-to-revenue ratio 4/		13 4	9 7	5 6	4 2	3.3	2 7	2 6	2 2	1 8	1 6	1 6	1 5	1 5	1 5	1 5	1 4	1 5	1 5	1 5	1 4	4 7	1 5
After traditional debt relief and multilateral arrears clearance																							
NPV of debt-to-GDP ratio	468 0	322 3	289.2	252 3	212 9	183 1	162 6	145 7	129 1	113 4	98 6	84 8	79 4	74 3	69 6	65 0	60 6	56 0	51 4	47 0	42 5	216 1	63 1
NPV of debt-to-exports ratio 2/ 3/	1,576 4	895 1	614 0	414 0	280.8	204 8	164 2	146 2	140 4	134 8	122 9	107 9	103.0	98.3	93 6	88 5	82 9	76 6	70 3	64 2	58 4	426 7	84 4
NPV of debt-to-revenue ratio 4/	2,141 6	1,345 3	1,185 0	966 2	792 2	671 8	592.3	530.6	470.2	412 8	359 0	309.0	289 1	270 7	253 4	236 8	220 7	203 8	187.3	171 0	154 7	860.6	229.7
Debt service ratio		24 5	20.1	12 9	9 5	8 9	13 6	19 0	19 9	19 3	18 5	17 7	7 6	7 3	7 0	6 8	6 6	6 8	6 7	6 6	6 6	16 6	8 0
Debt service-to-revenue ratio 4/		51 1	54 3	42 7	37 2	36 9	54 4	66.1	62 4	59 3	55 9	52 3	22 1	20 8	19 8	19 0	18 5	19 1	18 8	18 5	18 1	52 0	22 7
After conditional delivery of enhanced HIPC assistance																							
NPV of debt-to-GDP ratio	575 9	252.2	228 9	202 7	27 9	25 0	22 0	20 1	18 4	17 0	14 4	12 4	12 0	11 9	11 9	12 0	12.2	12 3	12 5	12 6	12 8	127 7	12 3
NPV of debt-to-exports ratio 2/ 3/	1,939 8	700 6	486 1	332 7	36 8	28 0	22 2	20 1	20 0	20 3	17 9	15 7	15 6	15 7	16 0	16 4	16 7	16.9	17 1	17 3	17 6	329 5	16 5
NPV of debt-to-exports ratio (existing debt only)	1,939.8	689 3	478 0	327 0	32 2	23 7	17 6	14 9	13 9	13 2	10 3	7 7	7 1	6 4	5 8	5.2	4 5	3.9	3 4	2 9	2 4	323 6	4 9
NPV of debt-to-revenue ratio 4/	2,635 3	1,052 9	938 2	776 3	103 9	91 8	79 9	73 1	67 0	62.0	52 4	45 0	43.7	43 2	43 3	43.8	44 3	44 9	45 4	46 0	46 6	539 4	44.6
Debt service-to-exports ratio		23 0	11 3	7.1	1 9	1 0	2.8	2 9	2.9	2 5	4 1	3 5	1.5	1 2	1.0	0 8	0 8	0 8	0 8	0 8	0 8	5 9	1.2
Debt service-to-revenue ratio 4/		47 9	30 6	23 5	7 3	4 2	11.0	10 0	9 1	7 8	12 5	10 2	4 2	3 3	2 7	2.3	2 3	2 2	2 2	2 2	2 1	16.4	3 4
After unconditional delivery of enhanced HIPC assistance																							
NPV of debt-to-GDP ratio	44.5	52.1	42 4	33 0	27 9	25 0	22 0	20 1	18 4	17 0	14 4	12 4	12 0	11 9	11 9	12 0	12 2	12 3	12 5	12 6	12 8	28 8	12 3
NPV of debt-to-exports ratio 2/ 3/	150 0	144 6	89 9	54 1	36 8	28 0	22 2	20 1	20.0	20.3	17 9	15 7	15 6	15 7	16.0	16 4	16 7	16 9	17 1	17 3	17 6	54 9	16 5
NPV of debt-to-exports ratio (existing debt only)	150 0	133 3	81 9	48 5	32 2	23 7	17 6	14.9	13 9	13 2	10 3	7 7	7 1	6 4	5.8	5.2	4 5	3 9	3 4	2 9	2 5	49 0	4 9
NPV of debt-to-revenue ratio 4/	203 8	217 3	173 6	126 3	103 9	91 8	79 9	73 1	67 0	62 0	52 4	45 0	43 7	43 2	43 3	43 8	44 3	44 9	45.4	46.0	46 7	113 7	44 6
Debt service-to-exports ratio		23 0	11 3	7 1	1 9	1 0	2 8	2 9	2 9	2 5	4 1	3 5	1 5	1 2	1 0	0 8	0 8	0 8	0 8	0 8	0 8	5 9	1 2
Debt service-to-revenue ratio 4/	.	47 9	30 6	23 5	7.3	4.2	11 0	10 0	9.1	7.8	12 5	10 2	4 2	3 3	2.7	2.3	2 3	2.2	2 2	2 2	2.1	16 4	3.4
After conditional delivery of additional bilateral and multilateral relief beyond enhanced HIPC and MDRI assistance 5/																							
NPV of debt-to-GDP ratio	573 8	250.5	228 0	202 5	11 3	10 3	10 1	10 3	10 3	10.1	9 9	9 7	9 6	9 7	10 0	10.4	10 8	11 1	11 4	11 8	12 1	120 6	10 7
NPV of debt-to-exports ratio 2/ 3/	1,932 6	695 9	484 1	332 3	14 8	11 5	10 2	10 4	11 2	12 1	12 4	12 3	12 4	12 9	13 5	14 1	14 7	15 2	15 6	16 1	16 6	320.7	14.3
NPV of debt-to-exports ratio (existing debt only)	1,932 6	684 6	476 0	326 6	10 2	7 2	5 7	5 2	5 1	5 0	4 8	4 3	3 9	3 6	3 3	2 9	2 6	2 3	2 0	1 7	1 5	314.8	2 8
NPV of debt-to-revenue ratio 4/	2,625 5	1,045 9	934 2	775 4	41 9	37 7	36 9	37 7	37 4	36 9	36 1	35 2	34 9	35 4	36 5	37 8	39 2	40 4	41.7	42 9	44 0	513.3	38 8
Debt service-to-exports ratio		22 4	10.4	6 3	1 3	0 6	0 6	0 7	1 0	1 1	1 2	1 3	1 1	0 8	0 6	0 5	0 5	0 5	0 5	0 6	0 6	4 6	0 7
Debt service-to-revenue ratio 4/		46 6	28 2	21 0	5 2	2 5	2.3	2 4	3 2	3 4	3 7	3 9	3 1	2 3	1 8	1 5	1 5	1 5	1 5	1 6	1 6	11.8	2 0

Sources: Liberian authorities and staff estimates and projections

1/ All external debt statistics correspond to public and publicly guaranteed debt Fiscal year ends on June 30

2/ Exports are defined as in IMF, *Balance of Payments Manual*, 5th edition, 1993 Exports of non-factor services are estimated using the methodology described in Annex II

3/ Based on a three-year average of exports on the previous year (e.g., export average over 2005/2006-2007/2008 for NPV of debt-to-exports ratio in 2007).

4/ Revenue is defined as central government revenue, excluding grants.

5/ MDRI assistance applies to the World Bank, IMF, and AfDB Group and starts after the completion point (end-December 2010)

Table A7. Republic of Liberia: External Debt Indicators and Sensitivity Analysis, 2006/07-2026/27 1/

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Averages 2006/07-2016/17	Averages 2017/18-2026/27
	(Percent, unless otherwise indicated)																						
Baseline scenario																							
NPV of debt-to-GDP ratio	44.5	52.1	42.4	33.0	27.9	25.0	22.0	20.1	18.4	17.0	14.4	12.4	12.0	11.9	11.9	12.0	12.2	12.3	12.5	12.6	12.8	28.8	12.3
NPV of debt-to-exports ratio 2/ 3/	150.0	144.6	89.9	54.1	36.8	28.0	22.2	20.1	20.0	20.3	17.9	15.7	15.6	15.7	16.0	16.4	16.7	16.9	17.1	17.3	17.6	54.9	16.5
NPV of debt-to-revenue ratio 4/	203.8	217.3	173.6	126.3	103.9	91.8	79.9	73.1	67.0	62.0	52.4	45.0	43.7	43.2	43.3	43.8	44.3	44.9	45.4	46.0	46.7	113.7	44.6
Debt service-to-exports ratio	.	23.0	11.3	7.1	1.9	1.0	2.8	2.9	2.9	2.5	4.1	3.5	1.5	1.2	1.0	0.8	0.8	0.8	0.8	0.8	0.8	5.9	1.2
Debt service-to-revenue ratio		47.9	30.6	23.5	7.3	4.2	11.0	10.0	9.1	7.8	12.5	10.2	4.2	3.3	2.7	2.3	2.3	2.2	2.2	2.2	2.1	16.4	3.4
Sensitivity analysis																							
Less concessional new borrowing 5/																							
NPV of debt-to-GDP ratio	44.5	52.1	42.4	33.0	28.2	25.7	23.1	21.8	20.5	19.5	17.3	15.6	15.5	15.7	16.0	16.4	16.8	17.1	17.5	17.8	18.1	29.8	16.6
NPV of debt-to-exports ratio 2/ 3/	150.0	144.6	89.9	54.1	37.2	28.8	23.4	21.8	22.3	23.2	21.5	19.8	20.2	20.8	21.5	22.3	22.9	23.4	23.9	24.3	24.9	56.1	22.4
NPV of debt-to-revenue ratio 4/	203.8	217.3	173.6	126.3	105.0	94.4	84.3	79.2	74.6	71.2	62.9	56.8	56.6	57.2	58.3	59.7	61.1	62.4	63.6	64.8	66.0	117.5	60.6
Debt service-to-exports ratio	.	23.0	11.3	7.1	1.9	1.0	2.8	3.0	3.1	2.7	4.4	3.7	1.8	1.5	1.4	1.3	1.3	1.3	1.3	1.3	1.3	6.0	1.6
Debt service-to-revenue ratio 4/		47.9	30.6	23.5	7.4	4.4	11.3	10.4	9.6	8.4	13.2	11.0	5.1	4.3	3.8	3.5	3.5	3.5	3.6	3.6	3.6	16.7	4.6
Lower export growth 6/																							
NPV of debt-to-GDP ratio	44.5	74.1	64.9	55.5	51.7	50.7	50.1	51.8	53.5	55.6	55.8	56.8	59.9	63.2	66.5	69.9	73.1	76.2	79.1	81.9	84.4	55.3	71.1
NPV of debt-to-exports ratio 2/ 3/	150.0	174.6	128.4	91.0	68.2	56.7	50.6	52.0	58.2	66.1	69.6	72.3	77.7	83.5	89.5	95.1	100.0	104.3	108.1	111.9	116.1	87.8	95.8
NPV of debt-to-revenue ratio 4/	203.8	309.5	265.8	212.4	192.3	185.9	182.6	188.6	194.8	202.3	203.2	206.9	218.1	230.0	242.2	254.5	266.2	277.3	288.0	298.1	307.4	212.8	258.9
Debt service-to-exports ratio		30.8	15.3	9.7	2.7	1.6	4.0	4.3	4.4	4.0	6.2	5.3	2.8	2.6	2.5	2.5	2.6	2.8	2.9	3.0	3.2	8.3	3.0
Debt service-to-revenue ratio 4/		64.1	41.4	32.1	10.6	6.6	15.9	14.8	13.7	12.2	18.6	15.8	8.2	7.5	7.1	7.0	7.4	7.8	8.2	8.6	8.8	23.0	8.6
Lower GDP growth 7/																							
NPV of debt-to-GDP ratio	44.5	54.0	45.7	37.4	33.9	32.7	31.8	32.6	33.7	35.4	35.7	36.9	40.3	44.3	48.8	53.7	58.8	64.2	69.8	75.7	81.7	37.9	57.4
NPV of debt-to-exports ratio 2/ 3/	150.0	148.6	95.7	60.6	44.1	36.1	31.6	32.0	35.9	41.2	43.6	46.0	51.3	57.5	64.4	71.7	78.9	86.2	93.6	101.5	110.3	65.4	76.2
NPV of debt-to-revenue ratio 4/	203.8	225.6	187.3	143.2	126.0	120.1	115.8	118.7	122.7	128.8	129.9	134.4	146.9	161.5	177.8	195.5	214.1	233.7	254.2	275.5	297.6	147.4	209.1
Debt service-to-exports ratio	.	23.4	11.8	7.5	2.1	1.2	3.2	3.4	3.6	3.3	5.3	4.7	2.3	2.1	2.0	2.0	2.1	2.3	2.4	2.6	2.9	6.5	2.5
Debt service-to-revenue ratio 4/		48.8	31.9	25.0	8.1	4.9	12.7	12.0	11.2	10.1	16.1	13.8	6.7	6.0	5.6	5.5	5.9	6.3	6.9	7.4	7.9	18.1	7.2
Grants vs Loans 8/																							
NPV of debt-to-GDP ratio	44.5	52.1	42.4	33.0	37.1	41.4	45.4	50.8	55.8	60.9	64.3	68.0	73.0	78.0	82.9	87.4	91.5	95.2	98.4	101.3	103.7	48.0	87.9
NPV of debt-to-exports ratio 2/ 3/	150.0	144.6	89.9	54.1	48.9	46.3	45.8	50.9	60.7	72.4	80.1	86.5	94.7	103.2	111.5	119.0	125.2	130.3	134.6	138.4	142.6	76.7	118.6
NPV of debt-to-revenue ratio 4/	203.8	217.3	173.6	126.3	137.9	152.1	165.2	184.8	203.3	221.6	234.0	247.5	265.9	284.1	301.9	318.4	333.3	346.6	358.4	368.9	377.5	183.6	320.3
Debt service-to-exports ratio		23.0	11.3	7.1	2.0	1.2	3.1	3.4	3.6	3.3	5.1	4.5	2.6	2.4	2.3	2.5	2.8	3.0	3.3	3.5	3.7	6.3	3.1
Debt service-to-revenue ratio 4/	.	47.9	30.6	23.5	7.9	5.2	12.4	11.8	11.2	10.3	15.3	13.3	7.5	6.9	6.5	7.0	7.8	8.5	9.2	9.8	10.3	17.6	8.7
A combination of shocks 9/																							
NPV of debt-to-GDP ratio	44.5	79.1	74.0	68.3	89.0	108.9	129.6	154.7	179.2	203.9	226.1	249.1	274.4	299.9	325.6	350.9	375.7	400.0	423.7	447.0	469.2	123.4	361.6
NPV of debt-to-exports ratio 2/ 3/	150.0	184.2	144.4	110.7	115.8	119.9	128.7	152.1	191.0	237.7	276.6	310.8	349.2	389.2	429.7	468.6	504.4	537.4	568.6	599.4	633.2	164.7	479.0
NPV of debt-to-revenue ratio 4/	203.8	330.3	303.4	261.7	331.3	399.4	472.1	563.3	652.6	742.3	823.4	907.0	999.2	1,092.1	1,185.7	1,277.9	1,368.2	1,456.6	1,543.1	1,627.9	1,708.6	462.1	1,316.6
Debt service-to-exports ratio	.	31.8	16.5	10.9	4.4	3.8	7.3	9.1	10.8	11.5	15.5	15.8	14.0	15.0	16.2	17.7	19.4	21.1	22.6	24.3	26.2	12.1	19.2
Debt service-to-revenue ratio 4/		66.3	44.7	36.1	17.1	15.7	29.2	31.5	33.8	35.5	46.6	46.6	40.5	42.7	45.4	49.6	54.3	59.0	63.7	68.1	72.4	35.6	54.2

Sources: Liberian authorities and staff estimates and projections.

1/ All external debt statistics correspond to public and publicly guaranteed debt Fiscal year ends on June 30

2/ As defined in IMF, *Balance of Payments Manual*, 5th edition, 1993 Exports of non-factor services are estimated using the methodology described in Annex II

3/ Based on a three-year average of exports on the previous year (e g , export average over 2004/05-2006/07 for NPV of debt-to-exports ratio in 2006/07)

4/ Revenue is defined as central government revenue, excluding grants

5/ Assumes that the interest rate on all new debt is 2 percentage points higher than in the baseline from 2010/11 onwards.

6/ Assumes on average 1¾ percentage points lower export growth in 2006/07-26/27

7/ Assumes on average 1 8 percentage points lower GDP growth in 2006/07-26/27.

8/ Assumes that the government will undertake the projects currently financed through grants from outside the budget and finance them with new borrowing

9/ Assumes a combination of all shocks

Table A8. HIPC Initiative: Status of Country Cases Considered Under the Initiative, December 31, 2007

Country	Decision Point	Completion Point	Target NPV of Debt-to- Exports (in percent)	Target NPV of Debt-to- Gov. revenue (in percent)	Assistance Levels 1/ (In millions of U.S. dollars, present value) Total	Bilateral and commercial	Multilateral Total	Multilateral IMF	Multilateral World Bank	Percentage Reduction in NPV of Debt 2/	Estimated Total Nominal Debt Service Relief (In millions of U.S. dollars)
Completion point reached under enhanced framework (23)											
Benin	Jul. 00	Mar. 03	150		265	77	189	24	84	31	460
Bolivia					1,302	425	876	84	194		2,060
original framework	*Sep. 97*	*Sep. 98*	*225*		*448*	*157*	*291*	*29*	*54*	*14*	*760*
enhanced framework	*Feb. 00*	*Jun. 01*	*150*		*854*	*268*	*585*	*55*	*140*	*30*	*1,300*
Burkina Faso					553	83	469	57	231		930
original framework	*Sep. 97*	*Jul. 00*	*205*		*229*	*32*	*196*	*22*	*91*	*27*	*400*
enhanced framework	*Jul. 00*	*Apr. 02*	*150*		*195*	*35*	*161*	*22*	*79*	*30*	*300*
topping-up	...	*Apr. 02*	*150*		*129*	*16*	*112*	*14*	*61*	*24*	*230*
Cameroon	Oct. 00	Apr. 06	*150*		1,267	879	322	37	176	27	4,917
Ethiopia					1,982	637	1,315	60	832		3,275
enhanced framework	*Nov. 01*	*Apr. 04*	*150*		*1,275*	*482*	*763*	*34*	*463*	*47*	*1,941*
topping-up		*Apr. 04*	*150*		*707*	*155*	*552*	*26*	*369*	*31*	*1,334*
Gambia, The	Dec. 00	Dec. 07	150		67	17	49	2	22	27	112
Ghana	Feb. 02	Jul. 04	144	250	2,186	1,084	1,102	112	781	56	3,500
Guyana					591	223	367	75	68		1,354
original framework	*Dec. 97*	*May 99*	*107*	*280*	*256*	*91*	*165*	*35*	*27*	*24*	*634*
enhanced framework	*Nov. 00*	*Dec-03*	*150*	*250*	*335*	*132*	*202*	*40*	*41*	*40*	*719*
Honduras	Jul. 00	Mar-05	110	250	556	215	340	30	98	18	1,000
Madagascar	Dec. 00	*Oct-04*	150		836	474	362	19	252	40	1,900
Malawi					1,057	171	886	45	622		1,628
enhanced framework	Dec. 00	*Aug-06*	150		646	164	482	30	333	44	1,025
topping-up	...	*Aug-06*	150		411	7	404	15	289	35	603
Mali					539	169	370	59	185		895
original framework	*Sep. 98*	*Sep. 00*	*200*		*121*	*37*	*84*	*14*	*43*	*9*	*220*
enhanced framework	*Sep. 00*	*Mar. 03*	*150*		*417*	*132*	*285*	*45*	*143*	*29*	*675*
Mauritania	Feb. 00	Jun. 02	137	250	622	261	361	47	100	50	1,100
Mozambique					2,023	1,270	753	143	443		4,300
original framework	*Apr. 98*	*Jun. 99*	*200*		*1,717*	*1,076*	*641*	*125*	*381*	*63*	*3,700*
enhanced framework	*Apr. 00*	*Sep. 01*	*150*		*306*	*194*	*112*	*18*	*62*	*27*	*600*
Nicaragua	Dec. 00	Jan. 04	150		3,308	2,175	1,134	82	191	73	4,500
Niger					663	235	428	42	240		1,190
enhanced framework	*Dec. 00*	*Apr. 04*	*150*		521	211	309	28	170	53	944
topping-up	...	*Apr. 04*	*150*		143	23	119	14	70	25	246
Rwanda					696	65	631	63	383		1,316
enhanced framework	*Dec. 00*	*Apr-05*	*150*		452	56	397	44	228	71	839
topping-up	...	*Apr-05*	*150*		243	9	235	20	154	53	477
São Tomé and Principe					124	31	93	1	47	128	263
enhanced framework	Dec. 00	*Mar-07*	150		99	29	70	-	24	83	215
topping-up	...	*Mar-07*	150		25	2	23	1	23	45	49
Senegal	Jun. 00	Apr. 04	133	250	488	212	276	45	124	19	850
Sierra Leone	Mar. 02	Dec. 06	150		675	335	340	125	123	81	994
Tanzania	Apr. 00	Nov. 01	150		2,026	1,006	1,020	120	695	54	3,000
Uganda					1,003	183	820	160	517		1,950
original framework	*Apr. 97*	*Apr. 98*	*202*		*347*	*73*	*274*	*69*	*160*	*20*	*650*
enhanced framework	*Feb. 00*	*May 00*	*150*		*656*	*110*	*546*	*91*	*357*	*37*	*1,300*
Zambia	Dec. 00	Apr-05	150		2,499	1,168	1,331	602	493	63	3,900
Decision point reached under enhanced framework (9)											
Afghanistan	Jul. 07	Floating	150		571	436	135	-	75	51	1,272
Burundi	Aug. 05	Floating	150		826	124	701	28	425	92	1,465
Central African Rep.	Sept. 07	Floating	150		583	217	365	27	209	68	782
Chad	May. 01	Floating	150		170	35	134	18	68	30	260
Congo, Democratic Rep. of	Jul. 03	Floating	150		6,311	3,837	2,474	472	831	80	10,389
Congo Rep. of	Mar. 06	Floating		250	1,679	1,561	118	8	49	32	2,881
Guinea	Dec. 00	Floating	150		545	215	328	31	152	32	800
Guinea-Bissau	Dec. 00	Floating	150		416	212	204	12	93	85	790
Haiti	Nov. 06	Floating	150		140	20	120	3	53	15	213
Total assistance provided/committed					**35,996**	**17,618**	**18,279**	**2,636** 3/	**8,780**	**1,102** #	**62,973**

Sources: IMF and World Bank Board decisions, completion point documents, decision point documents, preliminary HIPC documents, and staff calculations.

1/ Assistance levels are at countries' respective decision or completion points, as applicable.

2/ In percent of the net present value of debt at the decision or completion point (as applicable), after the full use of traditional debt-relief mechanisms.

3/ Equivalent to SDR 1,698 million at an SDR/USD exchange rate of 0.644524 , as of October 4, 2007.

Table A9. Liberia: Possible Delivery of IMF Enhanced HIPC Initiative Assistance and Beyond-HIPC Debt Relief, FY 2008-2021 1/
(In millions of U S. dollars, unless otherwise indicated)

Fiscal Years (July-June)	2008	2009	2010	2011		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Based on SDR/US$ exchange rates of February 19, 2008	Mar-Jun			Jul-Dec	Jan-Jun										
I. Debt relief (under the HIPC Initiative only) 2/															
Delivery schedule of IMF assistance (in percent of the total assistance)	0.9	3 7	3 7	1.9	2.1	4.7	12.1	18.3	15 3	12 6	10.8	13.9	-	-	-
Projected debt Service due on IMF obligations 3/	6 5	26 6	26 7	13.4	15 9	34 5	123 1	184.9	182 8	179.6	175 6	169 5	9.0	4.9	2.1
Principal	-	-	-	-	-	-	90 5	157.3	161.3	164 1	166.2	166 2	9.0	4.9	2 1
EFF (265 percent of quota)	-	-	-	-	-	-	90 5	90.5	90 5	90 5	90 5	90 5	-	-	-
PRGF (185 percent of quota)	-	-	-	-	-	-	-	66.8	70 8	73 6	75 7	75 7	9.0	4.9	2 1
Interest and charges	6.5	26.6	26 7	13.4	15 9	34.5	32.6	27.7	21 5	15 5	9.4	3.3	0 1	0.0	0.0
EFF 4/	6.0	24.9	24 9	12.4	15.0	32 6	30 7	26.0	20 2	14.5	8 8	3 1	-	-	-
PRGF	0.5	1 7	1 8	0.9	0 9	1.9	1.9	1 7	1 3	1 0	0 6	0.2	0.1	0 0	0 0
Total HIPC-eligible debt	6 5	26.5	26.5	13 3	15 8	34 2	122.8	183 6	177.4	171 4	165 4	159 4	-	-	-
Principal	-	-	-	-	-	-	90.5	156 1	156.1	156 1	156 1	156.1	-	-	-
Interest and charges	6.5	26.5	26 5	13.3	15 8	34.2	32 3	27.4	21.3	15 2	9.2	3.2	-	-	-
IMF assistance--deposits into Liberia's Umbrella Account															
Interim assistance	25 3	25.9	19.9												
Completion point assistance 5/				630.2											
Completion point interest				80.4											
IMF assistance--drawdown schedule from Liberia's Umbrella Account	6 2	25.9	26 0	13.0	15 8	34.2	92 1	156.1	156 1	156.1	125 8	128 7	-	-	-
IMF assistance without interest	6 2	25.9	26.0	13.0	15 0	32.7	85.1	128 4	107.4	88.6	75 9	97.2	-	-	-
Estimated interest earnings 6/	-	-	-	-	0 8	1.6	7.1	27.8	48.8	67.6	49 8	31 5	-	-	-
Debt service due on EFF and PRGF obligations after IMF assistance 7/	0.2	0.7	0.7	0.4	0.1	0.3	30 9	28 8	26 6	23 4	49 8	40 8	9 0	4.9	2 1
Principal	-	-	-	-	-	-	-	1 1	5 1	8.0	40 4	37 5	9 0	4 9	2 1
Interest	0 2	0.7	0.7	0 4	0.1	0.3	30.9	27 7	21 5	15.5	9 4	3 3	0.1	0.0	0.0
Proportion (in percent) of each repayment falling due during the period to be paid by HIPC assistance from the Umbrella Account	96.3	97.4	97.8	98.0	94 7	95.5	94 0	82 2	68 8	56.7	48.6	62.3	-	-	-
II. Debt relief provided at Completion Point (on stock basis in cash terms) 8/				869 2											
HIPC assistance				712.2											
Beyond-HIPC				157 0											
III. Debt service due to the IMF after HIPC and beyond-HIPC debt relief	0.2	0.7	0.7	0 4	4 7	0.3	0.3	1.4	5.4	8.2	10 2	12 2	9.0	4 9	2 1

Source: Fund staff estimates and projections

1/ Total IMF assistance under the enhanced HIPC Initiative is US$ 732 2 million in NPV terms calculated on the basis of data available at end-June 2007. Of this amount, US$ 30 9 million represents the concessional element (through assumed completion point at end-2010) associated with the disbursement of a PRGF loan following Liberia's clearance of arrears to the IMF. The remaining balance of US$ 701.3 million will be provided as a grant toward debt relief under the HIPC Initiative.

2/ This section shows notional delivery of HIPC assistance on a flow basis However, it is expected that total debt relief will be provided at completion point on a stock basis

3/ The projected debt service is based on PRGF/EFF arrangements in the amount equal to the stock of arrears at arrears clearance, plus a new PRGF credit of 30 percent of quota under the 11th General Review which will be disbursed in 7 installments. Interest obligations do not include net SDR charges and assessments.

4/ EFF charges during the interim period are based on the adjusted rate of charge of 4 34 percent per annum as of February 19, 2008 Beyond the completion point, EFF charges are based on assumed SDR interest rate (gradually rising to 5 percent) plus 108 basis points and adjustments for deferred charges

5/ The remaining IMF's grant HIPC assistance would be disbursed into the member's account at the assumed completion point in December 2010, which is reflected in the calculation of interest.

6/ Estimated interest earnings on: (a) amounts held in the member's Umbrella Account; and (b) up to the completion point, amounts committed but not yet disbursed. The projected interest earnings are estimated based on assumed interest rates which are gradually rising to 5 percent in 2013 and beyond; actual interest earnings may be higher or lower.

7/ Debt service after HIPC assistance during the interim period reflects Liberia's current payment capacity of about US$720,000 per annum.

8/ Associated with the stock of arrears at arrears clearance (subject to HIPC and beyond-HIPC assistance) and the first disbursement of new credit under the PRGF (subject to HIPC assistance)

Table A10: Paris Club Creditors' Delivery of Debt Relief Under Bilateral Initiatives Beyond the HIPC Initiative 1/

	Countries covered	ODA (in percent)		Non-ODA (in percent)		Provision of relief	
		Pre-cutoff date debt	Post-cutoff date debt	Pre-cutoff date debt	Post-cutoff date debt	Decision point (In percent)	Completion point
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Australia	HIPCs	100	100	100	100		
Austria	HIPCs	100	-	100	-	Case-by-case, flow	Stock
Belgium	HIPCs	100	100	100	-	100 flow	Stock
Canada	HIPCs 2/	- 3/	- 3/	100	100	100 flow	Stock
Denmark	HIPCs	100	100 4/	100	100 4/	100 flow	Stock
France	HIPCs	100	100	100	-	100 flow 5/	Stock
Finland	HIPCs	100	- 6/	100	- 6/	-	-
Germany	HIPCs	100	100	100	100	100 flow	Stock
Ireland	-	-	-	-	-	-	-
Italy	HIPCs	100	100 7/	100	100 7/	100 flow	Stock
Japan	HIPCs	100	100	100	-	-	Stock
Netherlands, the	HIPCs	100 8/	100	100	-	90-100 flow 8/	Stock 8/
Norway	HIPCs	9/	9/	10/	10/	-	-
Russia	HIPCS	- 11/	- 11/	100	100	-	Stock
Spain	HIPCs	100	Case-by-case	100	Case-by-case	-	Stock
Sweden	HIPCs	-	- 12/	100	-	-	Stock
Switzerland	HIPCs	- 13/	- 13/	90-100 14/	-	90-100 flow	Stock
United Kingdom	HIPCs	100	100	100	100 15/	100 flow 15/	Stock
United States	HIPCs	100	100	100	100 16/	100 flow	Stock

Source: Paris Club Secretariat.

1/ Columns (1) to (7) describe the additional debt relief provided following a specific methodology under bilateral initiatives and need to be read as a whole for each creditor. In column (1), "HIPCs" stands for eligible countries effectively qualifying for the HIPC process. A "100 percent" mention in the table indicates that the debt relief provided under the enhanced HIPC Initiative framework will be topped up to 100 percent through a bilateral initiative.

2/ Canada: including Bangladesh. Canada has granted a moratorium of debt service as of January 2001 on all debt disbursed before end-March 1999 for 13 out of 17 HIPCs with debt service due to Canada. Eligible countries are Benin, Bolivia, Cameroon, Dem. Rep. Of Congo, Ethiopia, Ghana, Guyana, Honduras, Madagascar, Rwanda, Senegal, Tanzania, and Zambia. 100% cancellation will be granted at completion point. As of July 2004, Canada has provided completion point stock of debt cancellation for Benin, Bolivia, Guyana, Senegal and Tanzania.

3/ 100 percent of ODA claims have already been cancelled on HIPCs, with the exception of Myanmar's debt to Canada.

4/ Denmark provides 100 percent cancellation of ODA loans and non-ODA credits contracted and disbursed before September 27, 1999.

5/ France: cancellation of 100 percent of debt service on pre-cutoff date commercial claims on the government as they fall due starting at the decision point. Once countries have reached their completion point, debt relief on ODA claims on the government will go to a special account and will be used for specific development projects.

6/ Finland: no post-COD claims

7/ Italy: cancellation of 100 percent of all debts (pre- and post-cutoff date, ODA and non-ODA) incurred before June 20, 1999 (the Cologne Summit). At decision point, cancellation of the related amounts falling due in the interim period. At completion point, cancellation of the stock of remaining debt.

8/ The Netherlands: 100 percent ODA (pre- and post-cutoff date debt will be cancelled at decision point); for non-ODA: in some particular cases (Benin, Bolivia, Burkina Faso, Ethiopia, Ghana, Mali, Mozambique, Nicaragua, Rwanda, Tanzania, Uganda and Zambia), the Netherlands will write off 100 percent of the consolidated amounts on the flow at decision point; all other HIPCs will receive interim relief up to 90 percent reduction of the consolidated amounts. At completion point, all HIPCs will receive 100 per cent cancellation of the remaining stock of the pre-cutoff date debt.

9/ Norway has cancelled all ODA claims.

10/ Due to the current World Bank/IMF methodology for recalculating debt reduction needs at HIPC completion point, Norway has postponed the decisions on whether or not to grant 100% debt reduction until after the completion point.

11/ Russia has no ODA claims

12/ Sweden has no ODA claims.

13/ Switzerland has cancelled all ODA claims.

14/ In some particular cases (Central African Republic, Liberia, Republic of Congo, Sierra Leone, Togo), Switzerland will write off 100 percent of the remaining debt stock at completion point; all other HIPCs will receive debt relief according to Paris Club terms.

15/ United Kingdom: "beyond 100 percent" full write-off of all debts of HIPCs as of their decision points, and reimbursement at the decision point of any debt service paid before the decision point.

16/ United States: 100 percent post-cutoff date non-ODA treated on debt assumed prior to June 20, 1999 (the Cologne Summit).

Table A11 Liberia Possible Delivery of World Bank Group's Assistance Under the Enhanced HIPC Initiative, 2007/2008 - 2034/35

(In millions of U S dollars, unless otherwise indicated)

	Fiscal Year July - June 2007/2008			2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026	2026/ 2027	2027/ 2028	2028/ 2029	2029/ 2030	2030/ 2031	2031/ 2032	2032/ 2033	2033/ 2034	2034/ 2035	Cumulative Total 2008-35
	Jul.-Mar.	Apr.-Jun.	Total																												
Debt service before HIPC Assistance	3 1	0 7	3 9	3 8	3 8	3 8	3 8	3 7	3 7	3 7	3 7	3 6	3 6	3 6	3 6	3 5	3 5	3 2	3 1	3 1	2 9	2 8	2 7	2 2	2 0	2 0	1 9	0 6	0 5	0 1	82 5
On IDA Credits	3 1	0 7	3 9	3 8	3 8	3 8	3 8	3 7	3 7	3 7	3 7	3 6	3 6	3 6	3 6	3 5	3 5	3 2	3 1	3 1	2 9	2 8	2 7	2 2	2 0	2 0	1 9	0 6	0 5	0 1	82 5
of which principal	2 7	0 6	3 3	3 3	3 3	3 3	3 3	3 3	3 3	3 3	3 3	3 3	3 3	3 3	3 3	3 3	3 3	3 0	3 0	3 0	2 8	2 7	2 6	2 1	2 0	1 9	1 9	0 6	0 5	0 1	75 7
of which interest	0 5	0 1	0 6	0 5	0 5	0 5	0 5	0 4	0 4	0 4	0 4	0 3	0 3	0 3	0 3	0 2	0 2	0 2	0 2	0 1	0 1	0 1	0 1	0 1	0 0	0 0	0 0	0 0	0 0	0 0	6 8
Debt Service after HIPC Assistance	1 6	0 7	2 3	3 8	3 8	3 8	3 8	3 7	3 7	3 7	3 7	3 6	3 6	3 6	3 6	3 5	3 5	3 2	3 1	3 1	2 9	2 8	2 7	2 2	2 0	2 0	1 9	0 6	0 5	0 1	80 9
On IDA Credits	1 6	0 7	2 3	3 8	3 8	3 8	3 8	3 7	3 7	3 7	3 7	3 6	3 6	3 6	3 6	3 5	3 5	3 2	3 1	3 1	2 9	2 8	2 7	2 2	2 0	2 0	1 9	0 6	0 5	0 1	80 9
of which principal	1 4	0 6	2 0	3 3	3 3	3 3	3 3	3 3	3 3	3 3	3 3	3 3	3 3	3 3	3 3	3 3	3 3	3 0	3 0	3 0	2 8	2 7	2 6	2 1	2 0	1 9	1 9	0 6	0 5	0 1	74 4
of which interest	0 2	0 1	0 3	0 5	0 5	0 5	0 5	0 4	0 4	0 4	0 4	0 3	0 3	0 3	0 3	0 2	0 2	0 2	0 2	0 1	0 1	0 1	0 1	0 1	0 0	0 0	0 0	0 0	0 0	0 0	6 6
Savings on debt service to IDA 2/	1 5	0 0	1 5	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	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	1 5
of which principal	1 3	0 0	1 3	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	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	1 3
of which interest	0 2	0 0	0 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	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 2
Savings as percent of debt service due to World Bank Group	49	0	40	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	2

Source: Staff estimates

1/ Savings on debt service to IDA in 2007/08 include payments that were cleared as part of the arrears clearance in December 2007

ANNEX I

Liberia: Debt Management

1. Prolonged civil conflict in Liberia has severely disrupted the capacity of the various institutions that are responsible for debt management. Since the mid-1980s, the government has been unable to service its debts. The large accumulation of arrears has curtailed Liberia's access to new financing and thus financing is available only in the form of grants. These events have weakened debt management processes as institutional capacity has weakened, and established procedures and practices have broken down.

2. This annex documents the institutional and legal framework as well as the current practices and capacity of the agencies responsible for debt management in Liberia.

Institutional and Legal Framework

3. Debt management in the Republic of Liberia is the responsibility of the Ministry of Finance and the Central Bank of Liberia (CBL). The existing legislation does not clearly specify the different tasks of each institution or its responsibility for designing and implementing a cohesive debt strategy.

4. There are four pieces of legislation that constitute the legal framework to regulate debt management in Liberia:

- The constitution of 1986 states in article 34 that "no loan shall be raised by the government on behalf of the Republic or guarantees given for any public institution or authority otherwise than by or under the authority of legislative enactment."

- The executive law creating the Ministry of Finance, Chapter 21.3, states that one of the duties of the Deputy Minister of Finance for fiscal affairs is debt management.[1]

- The Revenue Code of Liberia Act of 2000 states in Section 2300 that "the president is authorized and empowered to negotiate, conclude and contract with any individual group, foreign government or any financial institution at home or abroad, long or short term loans for the overall development of the country." Section 2301 gives the president the power to guarantee loans to state-owned enterprises (SOEs).

- The 1999 Act to Authorize the Establishment of the CBL regulates the functions of the CBL. It lists among the functions of the CBL "to provide credit to bank-financial institutions on a discretionary basis" and to "advise the central bank on financial and

[1] Debt management is now the responsibility of the Deputy Minister of Finance for Expenditure and Debt Management.

economic matters." Part VI of the Act states that the central bank may "contract, purchase, and market financial instruments, debt obligations rated in one of the two highest rating categories recognized by reputed international credit rating agencies, and other securities issued or guaranteed by foreign central banks, governments or international financial institutions." Part VII states that the central bank may purchase from, sell to, discount and re-discount for, or contract with financial institution treasury bills. Part VIII regulates central bank credits to the government.

Debt Recording and Statistics

5. The Debt Management Unit (DMU) of the Ministry of Finance is now the main source of public debt statistics. The DMU recently completed a review of domestic debt, with assistance from KPMG Ghana. As part of the HIPC process, Liberia has undertaken a reconciliation of multilateral and bilateral external debt, with assistance from the World Bank and IMF. Houlihan Lokey (financial consultants) were contracted by the government with support from the government of Switzerland to work on the reconciliation of commercial creditor data.

6. No comprehensive public debt database currently exists. The Unit does not have any debt recording software installed. Instead, debt data is stored in various Excel spreadsheets. The work processes of the DMU are constrained by its limited technological capacity. Also, there are no standard procedures to monitor and record incoming data, no explicit access controls or data back-up procedures for data records, and no clear division of responsibility between individual staff members.

7. Many original loan agreements that were lost or destroyed during the civil conflict are missing from the archives. Loan documentation is not filed in a systematic manner and is not kept in a secure archive.

Debt Strategy and New Borrowing

8. Currently, the debt strategy consists solely of the domestic debt resolution strategy, largely because debt flows have been very limited during the past two decades owing to the civil conflict. As Liberia has yet to produce both a debt and new financing strategy, it has yet to establish appropriate procedures for contracting new financing. Furthermore, a domestic debt issuance policy has yet to be developed and implemented. The government has made clear, however, that it proposes in the next few years to follow a "no borrowing" strategy.

Contingent Liabilities and Guarantees

9. There are currently no formal procedures to monitor the contracting of debt by SOEs. Unless the creditor requires a state guarantee, SOEs currently do not need ministerial approval to take on new debts. The last guarantee was provided to Liberian Electricity Corporation in 2002 following a request from ECOBANK. The Bureau of State Enterprises

(BSE) is the government agency that is responsible for monitoring the financial performance of SOEs. Any potential financial problems are to be flagged for the Ministry of Finance at an early stage so as to minimize the risk of debt default. A significant portion of the government's existing domestic debt has been inherited from SOEs that have defaulted on their debt obligations.

Debt Servicing and Projections

10. The process for servicing obligations starts at the DMU which sends a payment order to the Controller General, who, after approving, would forward it to the Deputy Minister of Expenditure and Debt for signature, and then on to the CBL. As the depositary of the Treasury, the CBL conducts debt payments. Although this is still the formal procedure, in reality, there has not been systematic coordination with the Ministry of Finance before payment instructions are sent to the CBL, in part because only small "good will" payments are currently being made to the IMF, World Bank Group, and AfDB Group.

11. Despite plans to obtain CS-DRMS 2000+, the government does not currently use any computerized debt strategy tool. A lack of a reliable debt recording system severely limits the government's capacity to make reliable debt service projections.

Publication and Transparency

12. No national debt report is currently produced. Various publications/sources contain some basic debt statistics. These include:

- **The annual report of the MOF**. The Bureau of Concessions leads an inter-departmental team to prepare the Annual Report. The last report published was for 2006.

- **Annual budget**. The annual budget includes some provisions for debt servicing, but no debt stock data.

- **The Quarterly Economic Bulletin (QEB) produced by the CBL**. The appendix tables summarize Liberia's public debt by quarter and by creditor type using data from the Ministry of Finance. Another table contains the monetary survey that displays domestic credit claims on the general government and public corporations by quarter. The QEB is disseminated to the wider public and usually published within three to six months of the reference period.

Staffing and Capacity

13. The Ministry of Finance's DMU employs seven staff members. Only two staff members are employed in a technical capacity; the other staff members work in a supportive

role. The Debt Unit of the CBL employs two staff. The DMU has limited office space and it has an unreliable internet connection.

14. One Ministry of Finance staff member attended a CS-DRMS course in July 2005 but never applied the knowledge and was thus unable to retain it. Two CBL technical staff members and one Ministry of Finance technical staff member attended a Debt Sustainability Analysis workshop organized by the World Bank in March 2007. Applications are pending for Ministry of Finance staff to attend Loan Negotiation and Evaluation and Debt Restructuring courses provided by the Crown Agents and the External Debt Statistics course of the IMF.

Recent Reform Measures

15. In an effort to coordinate debt management, the Liberian Government created the Debt Management Task Force (DMTF) in April 2004. The body was represented by the CBL, Ministry of Finance, Ministry of Planning and Economic Affairs, General Auditing Office and the Bureau of the Budget. This task force was temporarily successful in reconciling domestic debt data and was able to effect some degree of cooperation and coordination between the different institutions involved in debt management. However, apparently in part because of lack of funding, the DMTF ceased to exist from end-2005. Until recently, very little information was being circulated between the institutions and departments involved in debt management.

Future Reforms Required

16. The institutions participating in the debt management process will be able to cope with the tasks under their responsibility only if their capacity is increased significantly. The first challenge is to start producing accurate public debt statistics, inclusive of SOEs, on a timely basis and to make them publicly available via a periodically published debt report. The government also needs to design and implement a debt management strategy, including borrowing by SOEs. Support from the international community will be critical for achieving these goals.

ANNEX II

Liberia: Proposed Methodology for Imputing Value of Services Receipts[1]

1. Lack of official or other reliable source data on services receipts precluded the usual calculation of the net present value of external debt to exports (goods and services) to assess Liberia's eligibility for the Heavily Indebted Poor Countries (HIPC) Initiative. It was, therefore, necessary to impute the value of services receipts.

2. Staff has used historic comparator country data to derive a benchmark ratio of services receipts[2] to merchandise exports. This ratio was then applied to existing Liberian data for merchandise exports to impute the value of services receipts for the periods required.[3] There were three main considerations in deciding how to undertake these estimates: (a) choice of comparator country group; (b) data from which to derive the ratio; and (c) time period over which to sample data.

3. The **comparator country group** includes countries that are (a) both PRGF-eligible *and* included in the World Bank's group of low-income countries (WB LIC); and (b) post-conflict. It was determined on the basis of having reviewed several groups of countries with shared characteristics (Box II.A).

- Using the PRGF-eligibility criterion alone was deemed not sufficiently robust given the large variation in the results (Table II.1). Applying a stricter income criterion (i.e., limiting the sample to the countries below the World Bank's low-income classification 2005 cutoff of $875 per capita) was considered an objective basis on which to refine the group given Liberia's likely extremely low per capita income.

- Furthermore, it appeared appropriate to further refine the comparator group based on low-income countries with shared characteristics that are obvious impediments to trade in services, such as a history of conflict.

---

[1] This methodology is similar to the one developed and used in the case of Afghanistan and that was endorsed by the Boards of IDA and the IMF during their discussion of the HIPC preliminary document for this country.

[2] In the IMF's *Balance of Payments Manual* (fifth edition) services cover travel and transportation as well as communication services, construction services, financial and insurance services, various business-related services (e.g., computer services), and government services (e.g., goods and services purchases by embassies).

[3] Exports of goods and services data were required for 2003/04-05/06 for the preliminary DRA presented in this document.

Box II.A: Overview of Comparator Country Group and Criteria

- The proposed comparator country group and each of the subgroups are summarized here.

- The proposed comparator country group of low-income countries that are post-conflict covers 18 countries: Burundi, Cambodia, Central African Republic, Chad, Democratic Republic of Congo, Côte d'Ivoire, Ethiopia, Guinea, Guinea-Bissau, Haiti, Mozambique, Niger, Rwanda, Sierra Leone, Sudan, Tajikistan, Timor Leste, and Yemen.

- Of these, PCCs were identified on the basis of a country's access to the IMF's Emergency Post-Conflict Assistance and various IMF research papers (e.g., Occasional Paper No. 247, *Rebuilding Fiscal Institutions in Post Conflict Countries*), supplemented by information from the "mag" index from the Armed Conflict and Intervention Project of the Center for Systemic Peace at the University of Maryland (http://members.aol.com/cspmgm/warlist.htm). Key features of PCCs included deteriorating governance, prolonged political crisis, post-conflict transition, and gradual but still fragile reform processes (http://members.aol.com/cspmgm/warlist.htm).

4. **The time period for calculating the benchmark ratio** was chosen to cover the longest available data time frame (1980–2005). Consideration was given to the possible relationship between the performance of services receipts in other PCCs in the periods preceding and following the conflict. Conceptually, a conflict could potentially have different impacts on merchandise exports than on services. This could reflect severe damage to infrastructure or the presence of foreigners. However, the lack of consistent data over time for these countries made it impossible to identify such patterns.

5. **Results for estimates of Liberian services receipts.** While the use of estimates may draw criticism regarding the subjectivity and uncertainty of results, they represent a practical solution to a seemingly intractable problem. The results are presented in Table II.1.

- The criteria for defining the comparator country group are both relatively objective and well-justified.

- The benchmark ratio of total services receipts to merchandise exports in comparator countries is a sound choice given the limited range of data available in Liberia and comparator countries.

- Although the proposed benchmark ratio (38.0 percent) may err on the side of being too high to avoid criticism of under-estimation (and over-estimating of HIPC debt relief),[4] it represents a pragmatic middle ground. The results do not seem out of line

[4] If, before a country reaches the completion point, there are revisions to the data (debt or economic) used in the decision point DRA, a revised DRA will be prepared. Adjustments to the amount of HIPC debt relief will depend on the nature of data revisions (see paragraphs 9-11 of *Information Reporting in the Context of HIPC*

(continued)

with other groups. They are comparable with the results for all HIPCs, with the benchmark ratio for the comparator group (38.0 percent) falling between the median (26.5 percent) and average (42.8 percent) for HIPCs (Figure II.1)

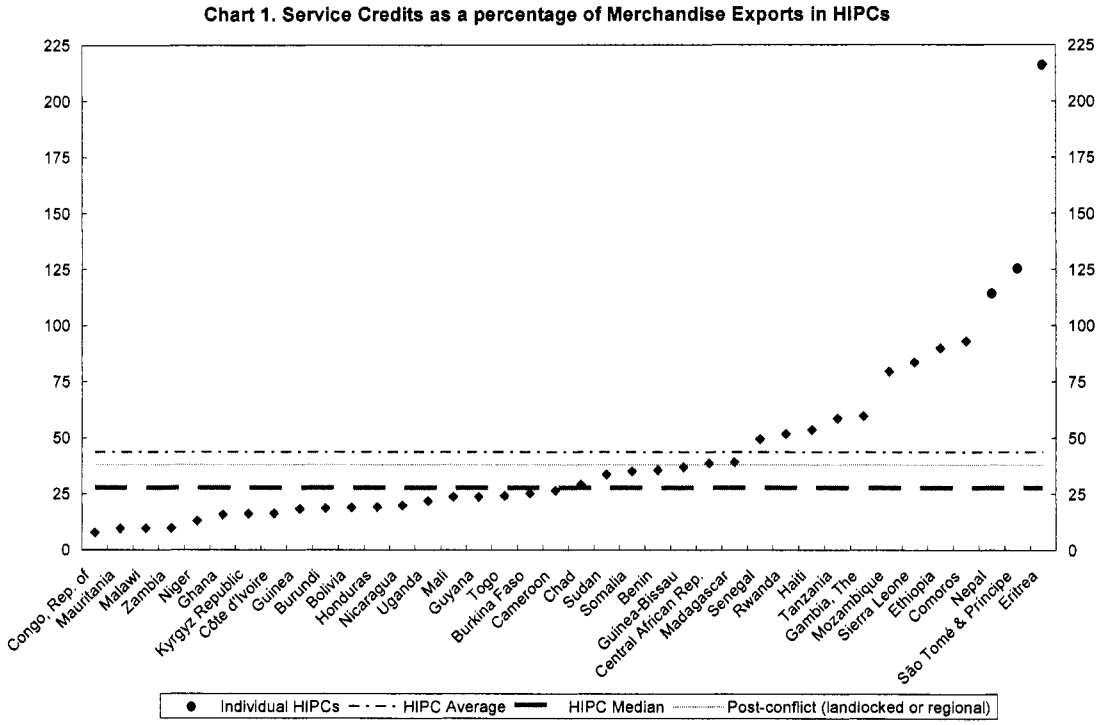
Initiative Assistance (3/4/02, EBS/02/36 and Supp. 1, and IDA/SecM2002 0131). First, for revisions to the export data provided by, or at the behest of, the member (e.g., official merchandise export data for the period covered by the decision point NPV ratio (i.e., 2003/04-2005/06)), the amount of debt relief can be adjusted upward or downward (if it exceeds or falls short of the de minims 1 percent threshold specified in the HIPC Trust Instrument). Second, adjustments in HIPC debt relief attributable to incorrect information on export data that was not provided by, or at the behest of, the member (e.g., staff estimates of the ratio between total services receipts to merchandise exports) would only be made if they lead to higher assistance. Given that Paris Club creditors are likely to provide 100 percent relief in the context of the HIPC Initiative, any revised debt relief calculations would ultimately only affect the time profile with which their claims are forgiven. However, the amount of HIPC debt relief to be provided by other creditors could be affected.

Table II.1. Republic of Liberia: Estimates of Services Receipts

	Services Ratio 1/	2001/02	2002/03	2003/04	2004/05	2005/06
	(Percent)	(Millions of US dollars)				
Merchandise Exports 2/		147	138	106	107	134
Services Receipts						
Current IMF (MCD) Estimates in BoP		25	24	19	20	21
Comparator Group: Post-conflict and PRGF Eligible	38	56	52	40	41	51
Other Country Groups						
Post-Conflict (all)	38	56	52	40	41	51
WB LIC	40	59	55	43	43	54
WB IDA-only	68	101	94	73	73	92
PRGF-eligible	70	103	97	75	75	94

1/ Comparator ratio derived from the IMF's *Balance of Payments Yearbook* (database) based on data covering 1980-2005.
2/ IMF estimates.

Figure II.1. Service Credits as a percentage of Merchandise Exports in HIPCs



Annex III: Joint Bank-Fund Debt Sustainability Analysis

The low-income country debt sustainability analysis (LIC DSA) reveals that Liberia is in debt distress, emphasizing the need for debt relief.[1] [2] *Under the alternative scenario which assumes full delivery of HIPC, MDRI and IMF beyond-HIPC*[3] *debt relief at completion point, debt dynamics remain manageable, assuming moderate new borrowing, largely on concessional terms, and robust GDP growth. While domestic debt is substantial, the inclusion of domestic debt in the analysis does not significantly change the overall assessment of Liberia's debt sustainability.*

A. Introduction

1. **The external and public sector LIC DSAs presented below are based on the common standard LIC DSA framework**[4]**, with some modifications to the stress tests to address data limitations in Liberia and the potential for domestic debt contingent liabilities to be realized.**[5] The DSAs present the projected path of Liberia's external and public sector debt burden indicators, and draw some conclusions on the forward-looking

---

[1] These DSAs have been produced jointly by the World Bank and Fund staffs. Liberia's fiscal year runs from July 1-June 30.

[2] Liberia has not yet been rated under the World Bank's Country Policy and Institutional Assessment (CPIA). However, for the purposes of this analysis, the staff's have conservatively assumed a weak policy rating (without prejudicing any future CPIA assessment). Accordingly, the corresponding indicative thresholds for the external LIC DSA are 30 percent for the NPV of debt-to-GDP ratio, 100 percent for the NPV of debt-to-exports ratio, and 15 percent for the debt service-to-exports ratio. See "Operational Framework for Debt Sustainability Assessments in Low-Income Countries—Further Considerations" (http://www.imf.org/External/np/pp/eng/2005/032805.htm and IDA/R2005-0056, 3/28/05) and "Applying the Debt Sustainability Framework for Low-Income Countries Post Debt Relief", (SM/06/364 and IDA/SecM2006-0564, 8/11/06). Assuming a more favorable CPIA rating of "medium" would not change the substance of the external LIC DSA analysis.

[3] Liberia's debt to the IMF under the 3-year PRGF/EFF will not be covered by MDRI since it will be contracted after the end-2004 MDRI cutoff date. "Beyond-HIPC" debt relief refers to the assistance necessary to reduce the value of the stock of qualifying debt to zero.

[4] See "Debt Sustainability in Low-Income Countries: Proposal for an Operational Framework and Policy Implications" (http://www.imf.org/external/np/pdr/sustain/2004/020304.htm and IDA/SECM2004/0035, 2/3/04) and "Debt Sustainability in Low-Income Countries: Further Considerations on an Operational Framework, Policy Implications" (http://www.imf.org/external/np/pdr/sustain/2004/091004.htm and IDA/SECM2004/0629, 9/10/04) and "Applying the Debt Sustainability Framework for Low-Income Countries Post Debt Relief", (SM/06/364 and IDA/SecM2006-0564, 8/11/06).

[5] On the historical averages for the stress tests, average GDP growth is calculated using data from 1961-1980 which excludes significant volatility during the last 25 years due to political instability; the historical averages for some of the other key variables are taken over different subsets of the last 10 years due to the poor quality of data. Also, as noted in "Liberia: Enhanced Initiative for Heavily Indebted Poor Countries – Preliminary Document", Annex II (Country Report No. 08/53), service exports for Liberia were estimated using data from comparator countries, as was done for the HIPC DRA.

sustainability of debt. Methodologically, the LIC DSA differs from the HIPC Debt Relief Analysis (DRA) in that it compares the evolution over the projection period of debt-burden indicators (based on single-year denominators) against policy-dependent indicative thresholds. In contrast, under a HIPC DRA, the debt burden indicators (based on three-year backward-looking averages of denominators) are compared to uniform thresholds in order to evaluate eligibility or to calculate HIPC debt relief as of a historical reference date.[6]

B. Baseline Scenario

2. **The baseline scenario relies on the same long-run macroeconomic framework as that underlying the HIPC DRA and is consistent with the program projections under the PRGF/EFF arrangements.** Average annual real GDP growth is projected to moderate over the projection period, from 10.5 percent in 2007/08–2012/13 to the long-run average of 3¾ percent in 2013/14–2026/27. This pattern reflects the projected decrease in foreign direct investment (FDI)-to-GDP ratio from short- to medium-term exceptional levels above 30 percent, to a still significant, yet markedly lower, long-term level of about 7 percent.[7] While direct donor-financed reconstruction and investment is expected to remain an important factor supporting growth over the medium term, it is expected to decline gradually over the long term as a share of GDP. The ratios of key macroeconomic variables (for example, government revenues, current account deficit and FDI) to GDP may be overstated due to the probable underestimation of GDP owing to the absence of official national accounts data following the destruction of Liberia's statistical capacity during the civil war.

3. **Liberia is assumed to exercise continued fiscal discipline resulting in limited borrowing over the medium to long term.** It is assumed that the government will continue with the cash-based balanced budget until reaching completion point. The projection then assumes borrowing in 2010/11 to fund fiscal deficits (including grants) of 1.5 percent of GDP in the initial year, and 3 percent of GDP per year for the rest of the projection period. Two thirds of the deficit in each year is assumed to be financed by concessional external debt and the remainder by local currency domestic debt. Underlying this, revenues are assumed to increase gradually from 24 percent of GDP in 2007/08 to their long-term level of 27½ percent of GDP (28.6 percent of GDP, including grants) in 2012/13. Expenditures, excluding debt servicing due which is financed by HIPC assistance, are expected to peak at their long-run level of 31.6 percent of GDP in 2012/13.

4. **Under the assumption that FDI and donor flows continue to be robust over the medium term, the external position is projected to remain manageable**. Over the longer term, the current account deficit (excluding grants) is projected to decrease gradually as a

[6] In addition, the results of the LIC DSA differ from the HIPC DRA because of two other methodological differences related to the definition of: (i) discount rates; and (ii) exchange rates.

[7] FDI-related imports are assumed to represent about 85 percent of FDI over the projection period.

percentage of GDP from about 69 percent in 2006/07 to around 23 percent in 2026/27. External grants and FDI are expected to remain the predominant form of financing, but decreasing as a percentage of GDP from 42 percent in 2006/07 to around 19 percent in 2026/27. As official transfers and FDI taper off as a percent of GDP, the current account deficit (including grants) is expected to decline gradually to just below 11 percent of GDP by the end of the projection period, matching the gradual fall in the trade deficit as a percentage of GDP as the impact of continuous FDI is fully reflected in export growth. Income growth and improved financial intermediation are expected to stimulate private sector savings and result in a narrowing of the private sector savings-investment deficit in the long term.

5. **The baseline scenario assumes full delivery of traditional debt relief, multilateral arrears clearance and interim HIPC assistance.**[8] In addition, a financing gap is assumed to be met through additional voluntary interim-period assistance beyond-HIPC Initiative relief, as detailed in the decision point document. Consistent with LIC DSA guidelines, the baseline does not reflect the delivery of HIPC, MDRI and IMF beyond-HIPC assistance at the completion point; however, this is presented in an alternative scenario.[9]

C. Debt Sustainability Analyses

External Debt Sustainability

6. **The baseline scenario, which assumes full delivery of traditional debt relief and a financing gap to be met, in part, through HIPC interim assistance, indicates that Liberia is in debt distress (Table 1a, Figure 1).** The NPV of external debt-to-GDP ratio remains well above the threshold (30 percent), while the NPV of external debt-to-exports ratio moves below the 100 percent threshold by 2016/17, reflecting the cumulative effect of FDI on exports. The debt service ratios (to export and revenue) become manageable after 2018/19 reflecting the high degree of concessionality of the outstanding stock of debt owed to multilateral (mainly on IDA or IDA-like terms) and bilateral creditors. However, Liberia's debt service ratios are above their respective thresholds (15 percent for exports and 25 percent for revenues) during 2011/12 to 2017/18, due mainly to payments associated with the PRGF/EFF arrangements.

7. **The alternative scenarios and bound tests indicate that the evolution of Liberia's external debt position is subject to considerable vulnerabilities and highlight the importance of debt relief (Table 1b, Figure 1).** In particular, most debt indicators deteriorate significantly under the bound tests (temporary shocks). Nevertheless, since

[8] The stock of external debt at end- 2007/08 reflects large up-front borrowing from the IMF to clear arrears to the IMF, as well as other reschedulings, and fully grant-financed clearance of World Bank and African Development Bank arrears.

[9] See "Staff Guidance Note on the Application of the Joint Bank-Fund Debt Sustainability Framework for Low-Income Countries" (www.imf.org and IDA/SECM2007/0226, 03/05/2007).

Liberia's new borrowing is assumed to be moderate and largely on highly concessional terms, a permanent (unfavorable) shock to the terms of new borrowing will not result in a drastic deterioration of debt indicators. However, given Liberia's development needs, any deterioration in the debt ratios will make meeting its spending priorities substantially more difficult.

8. **Debt relief through HIPC Initiative, MDRI and IMF beyond-HIPC assistance and possible bilateral and multilateral beyond-HIPC interim-period assistance, would significantly improve Liberia's debt situation**. Assuming the full delivery of such assistance at completion point, all three debt-burden indicators (NPV of debt-to-GDP ratio, NPV of debt-to-exports ratio, and debt service-to-exports ratio) would be significantly below their indicative thresholds.

Public Sector Debt Sustainability

9. **Under the baseline scenario, Liberia's public debt (including domestic debt) is expected to decline steadily as a percentage of GDP throughout the projection period (Table 2a, Figure 2).** In the first few years of the projection, the steady fall in the debt-to-GDP ratio is largely driven by strong GDP growth and assumed moderate borrowing. In the outer years, borrowing remains moderate and GDP growth of 3¾ percent is robust enough to continue contributing to the decline in the ratio.

10. **Domestic debt does not play a significant role in public debt dynamics.** While the stock of domestic debt at the beginning of the projection period is substantial at around 40 percent of GDP, it has been restructured on concessional terms consistent with the government's domestic debt strategy, and new domestic borrowing, assumed to commence after the completion point, averages 1 percent of GDP.[10]

11. **The various stress tests indicate that Liberia's public debt dynamic is most vulnerable to GDP shocks (Table 2b, Figure 2).** Although the one-time 30 percent depreciation shock in 2008/09 (bound test B4) has a large adverse impact on debt dynamics, it should be interpreted cautiously, given that currently about 95 percent of government revenues are collected in U.S. dollars.[11] The DSA also shows that the inclusion of part of domestic claims which are currently classified as "contestable" following the government's

[10] Debt owed to the Central Bank of Liberia represents over 90 percent of the total domestic debt at end-June 2007 and was rescheduled on concessional terms with a 30 year maturity, 10 year grace period on principal, and interest rates increasing from 1.0 percent at the start of the repayment period to 2.5 percent for the latter part of the period.

[11] If Liberia were to start collecting a greater portion of revenues in Liberian dollars, resulting in a greater mismatch on the government's balance sheet, the implications of this scenario would become more important.

vetting of domestic debt claims (bound test B5) would increase the debt stock in 2008/09, but not affect debt ratios significantly over the long term.[12]

D. Debt Distress Classification and Conclusion

12. **The low-income country debt sustainability analysis reveals that Liberia is in debt distress.** Under the baseline scenario, external debt burden indicators remain well above their indicative thresholds. This emphasizes the need for debt relief. Debt relief under the HIPC Initiative, MDRI and beyond-HIPC assistance significantly improve Liberia's external debt situation and bring Liberia's debt indicators to a manageable level.

13. **Alternative scenarios and bound tests indicate that the evolution of Liberia's external debt position is subject to vulnerabilities.** The achievement of a robust external debt position will depend on real GDP growth, export and revenue performance as well as prudent debt management. The inclusion of domestic debt in the analysis does not significantly change the overall assessment of Liberia's debt sustainability.

[12] The outcome of the further vetting of approximately $0.3 billion of "contestable" domestic claims is uncertain due to the need to establish the validity of claims and the discount factor, as well as potential legal action on the part of claimants. Without prejudging the results of the vetting exercise, the scenario assumes that the discounted value of claims will be 10 percent of GDP (approximately $80 million).

Table 1a. Country: External Debt Sustainability Framework, Baseline Scenario, 2007/08-26/27 1/
(In percent of GDP, unless otherwise indicated)

	Actual	Historical Average 6/	Standard Deviation 6/	Projections									
	2006/07			2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2007/08-12/13 Average	2013/14 10/	2026/27	2013/14-26/27 Average
External debt (nominal) 1/	**709.3**			**313.1**	**280.9**	**244.3**	**209.1**	**181.3**	**161.6**		**145.2**	**56.3**	
o/w public and publicly guaranteed (PPG)	709 3			313 1	280 9	244 3	209 1	181 3	161 6		145 2	56 3	
Change in external debt	-135 0			-396 2	-32 2	-36 6	-35 2	-27 8	-19 7		-16 4	-2 7	
Identified net debt-creating flows	-102 0			-40 6	-9 3	-16 0	-21 2	-16 1	-4 4		3 0	1 3	
Non-interest current account deficit	**5.5**	**-0.2**	**10.4**	**50.9**	**58.5**	**46.6**	**29.5**	**22.0**	**17.9**		**14.6**	**9.3**	12 2
Deficit in balance of goods and services	43 3			66 7	77 3	57 9	36 3	27 2	22 7		20 7	13 5	
Exports	27 5			49 9	66 1	86 8	104 9	113 4	109 4		95 4	76.0	
Imports	70 8			116 6	143 4	144 7	141 2	140 6	132 1		116 2	89 5	
Net current transfers (negative = inflow)	-41 8	-21 5	15.0	-38 0	-33 2	-28 2	-24 9	-22 5	-21 3		-20 7	-14.3	-17.3
o/w official	-35 5			-30 1	-26 0	-21 9	-19 5	-17.8	-16 9		-16 5	-11.8	
Other current account flows (negative = net inflow)	4.1			22 2	14 4	16 9	18 2	17 3	16 4		14 6	10 0	
Net FDI (negative = inflow)	**-0.7**	**-0.2**	**0.2**	**-33.3**	**-46.3**	**-37.3**	**-28.9**	**-24.9**	**-17.2**		**-11.1**	**-7.3**	-8 7
Endogenous debt dynamics 2/	**-106.8**			**-58.2**	**-21.5**	**-25.3**	**-21.9**	**-13.2**	**-5.1**		**-0.5**	**-0.7**	
Contribution from nominal interest rate	21 3			0 3	6 4	5 6	6 1	6 6	6 0		5 4	1 5	
Contribution from real GDP growth	-62 0			-58 5	-27 9	-30 9	-28 0	-19 8	-11 0		-5 8	-2.1	
Contribution from price and exchange rate changes	-66 2						.					.	
Residual (3-4) 3/	**-33.0**			**-355.6**	**-22.9**	**-20.6**	**-14.0**	**-11.8**	**-15.2**		**-19.4**	**-4.0**	
o/w exceptional financing	-26 1			-350 3	-19 2	-14 4	-11 2	-10 6	-15 2		-18 2	-3 8	
NPV of external debt 4/	689 4			254 5	233 0	206 9	179 1	156.0	138 5		123 3	41 3	
In percent of exports	2502.7			510 3	352 5	238 4	170.8	137 5	126.6		129 3	54 3	
NPV of PPG external debt	**689.4**			**254.5**	**233.0**	**206.9**	**179.1**	**156.0**	**138.5**		**123.3**	**41.3**	
In percent of exports	**2502.7**			**510.3**	**352.5**	**238.4**	**170.8**	**137.5**	**126.6**		**129.3**	**54.3**	
Debt service-to-exports ratio (in percent)	**80.0**			**4.5**	**11.6**	**7.3**	**6.6**	**6.5**	**11.6**		**17.0**	**4.0**	
PPG debt service-to-exports ratio (in percent)	**80.0**			**4.5**	**11.6**	**7.3**	**6.6**	**6.5**	**11.6**		**17.0**	**4.0**	
Total gross financing need (billions of U S dollars)	0 2			0 2	0 2	0 2	0.1	0 1	0 2		0 3	0 2	
Non-interest current account deficit that stabilizes debt ratio	140 5			447 1	90 7	83 2	64 7	49 8	37 5		31 0	12.0	
Key macroeconomic assumptions													
Real GDP growth (in percent)	8 7	3 0	3 4	9.5	10.0	12 7	13 5	10 9	6 6	10 5	3 8	3.8	3 8
GDP deflator in US dollar terms (change in percent)	8 5	4 0	6.2	5 4	1 8	2 3	3 6	4 0	2 1	3 2	1.0	1 6	1 5
Effective interest rate (percent) 5/	3 0	3 0	1 0	0 0	2 3	2.3	2 9	3 7	3 6	2.5	3 5	2 6	3 1
Growth of exports of G&S (US dollar terms, in percent)	25 2	18 6	32 7	108 9	48 3	51 3	42 1	24.8	5 1	46 7	-8 6	3 9	2 7
Growth of imports of G&S (US dollar terms, in percent)	31 3	17 1	16 1	89 9	37 7	16 3	14.7	14 9	2 3	29 3	-7 8	3 5	2.5
Grant element of new public sector borrowing (in percent) 7/			.	25 9	25 9	25 9	40 4	56 9	56 9	38 6	56 9	56 9	56 9
Aid flows (in billions of US dollars) 8/	0 3			0 3	0 3	0 3	0 3	0 4	0 5		0 6	0 6	
Grant-equivalent financing (in percent of GDP) 9/				0 0	1 8	1 5	2 0	1 7	2 2		2 3	2 3	2 3
Grant-equivalent financing (in percent of external financing) 9/					49 6	60 5	61 5	81 8	73 8		73 4	73 5	73.5
Memorandum items:													
Nominal GDP (billions of US dollars)	0 7			0 8	0 9	1 0	1 2	1 4	1 5		1 5	3 1	
(NPVt-NPVt-1)/GDPt-1 (in percent)				-395 7	**6.1**	**5.5**	3 7	0 9	-5 1	-64 1	-9.2	-0 2	-3 4

Source: Staff simulations

1/ Includes both public and private sector external debt

2/ Derived as [r - g - ρ(1+g)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, and ρ = growth rate of GDP deflator in U S dollar terms.

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/ Assumes that NPV of private sector debt is equivalent to its face value

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

6/ Historical averages and standard deviations are generally derived over the past 10 years, subject to data availability

7/ The grant element in the first three years of the projection period is lower relative to the rest of the period due to disbursements under the PRGF

8/ Defined as grants, concessional loans, and debt relief

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

10/ Declines in export and imports are due to a projected fall in iron ore prices and a decline in mineral sector FDI-related imports, respectively

Table 1b. Country: Sensitivity Analyses for Key Indicators of Public and Publicly Guaranteed External Debt, 2007/08-26/27
(In percent)

											Projections									
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
NPV of debt-to-GDP ratio																				
Baseline	255	233	207	179	156	139	123	108	93	80	67	63	60	57	54	51	49	46	44	41
A. Alternative Scenarios																				
A1 Key variables at their historical averages in 2008/09-26/27 1/	255	237	222	211	200	181	159	137	117	99	81	75	69	64	60	56	52	48	45	42
A2 New public sector loans on less favorable terms in 2008/09-26/27 2/	255	233	207	180	157	140	125	110	96	83	71	67	64	62	59	57	55	52	50	48
A3 Full delivery of HIPC Initiative, MDRI and beyond-HIPC assistance	255	233	207	10	8	8	8	8	9	9	9	9	10	10	10	11	11	11	12	12
B. Bound Tests																				
B1 Real GDP growth at historical average minus one standard deviation in 2008/09-09/10	255	257	258	224	195	173	154	135	116	99	84	79	75	71	67	64	61	58	55	52
B2 Export value growth at historical average minus one standard deviation in 2008/09-09/10 3/	255	246	245	213	187	168	152	137	122	108	95	89	84	79	75	71	67	63	59	55
B3 US dollar GDP deflator at historical average minus one standard deviation in 2008/09-09/10	255	240	220	190	166	147	131	115	99	85	71	67	64	61	57	54	52	49	46	44
B4 Net non-debt creating flows at historical average minus one standard deviation in 2008/09-09/10 4/	255	265	261	227	199	180	164	149	133	119	105	99	93	88	83	78	74	69	65	61
B5 Combination of B1-B4 using one-half standard deviation shocks	255	271	302	262	230	207	188	170	151	134	118	111	105	99	93	88	83	78	74	69
B6 One-time 30 percent nominal depreciation relative to the baseline in 2008/09 5/	255	330	293	254	221	196	175	153	132	113	95	90	85	81	77	73	69	65	62	59
NPV of debt-to-exports ratio																				
Baseline	510	352	238	171	138	127	129	125	110	96	83	80	77	74	70	67	63	60	57	54
A. Alternative Scenarios																				
A1 Key variables at their historical averages in 2008/09-26/27 1/	510	359	256	201	176	166	166	159	139	119	100	94	89	83	78	73	67	63	59	56
A2 New public sector loans on less favorable terms in 2008/09-26/27 2/	510	353	239	171	138	128	131	128	114	100	87	85	83	80	77	74	71	68	65	64
A3 Full delivery of HIPC Initiative, MDRI and beyond-HIPC assistance	510	352	238	9	7	7	9	10	10	11	11	12	13	13	14	14	14	15	15	16
B. Bound Tests																				
B1 Real GDP growth at historical average minus one standard deviation in 2008/09-09/10	510	352	238	171	138	127	129	125	110	96	83	80	77	74	70	67	63	60	57	54
B2 Export value growth at historical average minus one standard deviation in 2008/09-09/10 3/	510	642	859	618	500	467	486	483	439	396	355	341	327	313	297	280	264	247	233	222
B3 US dollar GDP deflator at historical average minus one standard deviation in 2008/09-09/10	510	352	238	171	138	127	129	125	110	96	83	80	77	74	70	67	63	60	57	54
B4 Net non-debt creating flows at historical average minus one standard deviation in 2008/09-09/10 4/	510	400	300	216	175	164	172	172	158	144	130	124	119	114	108	102	96	90	84	80
B5 Combination of B1-B4 using one-half standard deviation shocks	510	549	618	444	360	336	351	350	318	289	259	248	239	228	216	204	192	180	170	161
B6 One-time 30 percent nominal depreciation relative to the baseline in 2008/09 5/	510	352	238	171	138	127	129	125	110	96	83	80	77	74	70	67	63	60	57	54
NPV of debt-to-revenue ratio																				
Baseline	1018	905	761	646	561	500	447	391	338	288	243	229	217	206	196	186	176	167	158	150
A. Alternative Scenarios																				
A1 Key variables at their historical averages in 2008/09-26/27 1/	1018	922	817	761	718	654	574	497	424	357	295	270	250	233	217	202	188	175	163	153
A2 New public sector loans on less favorable terms in 2008/09-26/27 2/	1018	906	762	649	564	504	453	399	347	300	256	244	234	224	215	206	198	190	182	175
A3 Full delivery of HIPC Initiative, MDRI and beyond-HIPC assistance	1018	905	761	34	30	29	30	31	31	32	33	34	35	37	38	39	40	41	42	43
B. Bound Tests																				
B1 Real GDP growth at historical average minus one standard deviation in 2008/09-09/10	1018	999	950	807	701	624	557	489	422	360	303	286	271	257	244	232	220	208	197	187
B2 Export value growth at historical average minus one standard deviation in 2008/09-09/10 3/	1018	954	901	769	671	605	552	496	441	391	343	323	304	287	271	256	241	227	214	201
B3 US dollar GDP deflator at historical average minus one standard deviation in 2008/09-09/10	1018	930	808	687	596	531	474	416	359	306	258	244	231	219	208	197	187	177	168	159
B4 Net non-debt creating flows at historical average minus one standard deviation in 2008/09-09/10 4/	1018	1027	958	818	716	648	594	538	483	432	381	359	338	319	300	283	266	251	235	221
B5 Combination of B1-B4 using one-half standard deviation shocks	1018	1052	1109	947	827	747	682	614	548	487	428	403	380	359	339	319	301	283	266	250
B6 One-time 30 percent nominal depreciation relative to the baseline in 2008/09 5/	1018	1283	1079	917	796	709	633	555	479	409	345	325	308	292	277	263	250	237	224	212

Table 1b (cont.). Country: Sensitivity Analyses for Key Indicators of Public and Publicly Guaranteed External Debt, 2007/08-26/27
(In percent)

											Projections									
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Debt service-to-exports ratio																				
Baseline	5	12	7	7	7	12	17	18	18	17	16	5	5	5	5	4	4	4	4	4
A. Alternative Scenarios																				
A1 Key variables at their historical averages in 2008/09-26/27 1/	5	12	8	8	8	15	21	22	22	20	18	6	5	5	5	5	4	4	4	4
A2 New public sector loans on less favorable terms in 2008/09-26/27 2/	5	12	7	7	7	12	17	18	18	17	16	6	5	5	5	5	5	5	5	5
A3 Full delivery of HIPC Initiative, MDRI and beyond-HIPC assistance	5	12	7	2	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
B. Bound Tests																				
B1 Real GDP growth at historical average minus one standard deviation in 2008/09-09/10	5	12	7	7	7	12	17	18	18	17	16	5	5	5	5	4	4	4	4	4
B2 Export value growth at historical average minus one standard deviation in 2008/09-09/10 3/	5	20	23	22	21	36	53	57	56	53	52	24	22	21	20	19	19	18	17	17
B3 US dollar GDP deflator at historical average minus one standard deviation in 2008/09-09/10	5	12	7	7	7	12	17	18	18	17	16	5	5	5	5	4	4	4	4	4
B4 Net non-debt creating flows at historical average minus one standard deviation in 2008/09-09/10 4/	5	12	8	7	7	12	18	19	19	18	18	9	8	8	7	7	7	7	6	6
B5 Combination of B1-B4 using one-half standard deviation shocks	5	17	16	15	15	26	37	40	40	38	37	17	16	16	15	14	14	13	12	12
B6 One-time 30 percent nominal depreciation relative to the baseline in 2008/09 5/	5	12	7	7	7	12	17	18	18	17	16	5	5	5	5	4	4	4	4	4
Debt service-to-revenue ratio																				
Baseline	9	30	23	25	27	46	59	57	55	51	47	16	14	13	13	12	12	11	11	11
A. Alternative Scenarios																				
A1 Key variables at their historical averages in 2008/09-26/27 1/	9	31	26	30	34	59	74	69	66	60	53	17	15	14	14	13	12	12	11	11
A2 New public sector loans on less favorable terms in 2008/09-26/27 2/	9	30	24	25	27	46	59	57	55	51	48	16	15	15	14	14	13	13	13	13
A3 Full delivery of HIPC Initiative, MDRI and beyond-HIPC assistance	9	30	23	8	3	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
B. Bound Tests																				
B1 Real GDP growth at historical average minus one standard deviation in 2008/09-09/10	9	33	29	31	33	57	73	71	69	64	59	20	18	17	16	15	15	14	14	14
B2 Export value growth at historical average minus one standard deviation in 2008/09-09/10 3/	9	30	24	27	28	47	60	58	57	52	50	22	21	19	19	18	17	16	16	15
B3 US dollar GDP deflator at historical average minus one standard deviation in 2008/09-09/10	9	31	25	27	28	48	62	60	59	54	50	17	15	14	14	13	13	12	12	12
B4 Net non-debt creating flows at historical average minus one standard deviation in 2008/09-09/10 4/	9	30	25	28	29	48	61	59	57	53	53	25	23	22	21	20	19	18	17	17
B5 Combination of B1-B4 using one-half standard deviation shocks	9	32	29	33	34	57	73	70	69	63	62	28	26	24	23	22	21	20	20	19
B6 One-time 30 percent nominal depreciation relative to the baseline in 2008/09 5/	9	42	33	35	38	65	83	81	78	73	67	22	20	19	18	17	17	16	16	16
Memorandum item:																				
Grant element assumed on residual financing (i e , financing required above baseline) 6/	54	54	54	54	54	54	54	54	54	54	54	54	54	54	54	54	54	54	54	54

Source: Staff projections and simulations

1/ Variables include real GDP growth, growth of GDP deflator (in U S dollar terms), non-interest current account in percent of GDP, and non-debt creating flows
2/ Assumes that the interest rate on new borrowing is by 2 percentage points higher than in the baseline , while grace and maturity periods are the same as in the baseline
3/ Exports values are assumed to remain permanently at the lower level, but the current account as a share of GDP is assumed to
4/ Includes official and private transfers and FDI
5/ Depreciation is defined as percentage decline in dollar/local currency rate, such that it never exceeds 100 percent
6/ Applies to all stress scenarios except for A2 (less favorable financing) in which the terms on all new financing are as specified in footnote 2

Table 2a. Liberia: Public Sector Debt Sustainability Framework, Baseline Scenario, 2007/08-2026/27
(In percent of GDP, unless otherwise indicated)

	Actual			Estimate						Projections			
	2006/07	Historical Average 7/	Standard Deviation 7/	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2007/08-12/13 Average	2017/18	2026/27	2013/14-26/27 Average
Public sector debt 1/	774 2			361 3	322 6	280 1	241 0	209 7	188 6		108 2	72 4	
o/w foreign-currency denominated	766 3			354 8	318 1	276 6	236.6	205 1	183 4		100 0	61 8	
Change in public sector debt	..			-412 9	-38 7	-42 5	-39.1	-31 3	-21 2		-14 4	-3 5	
Identified debt-creating flows				-113 3	-39 6	-43 4	-42.7	-38 1	-26 2		-15.1	-5 7	
Primary deficit		-1 3	1 5	-0 3	-2 5	-1 9	0 7	-4 0	-3 4	-1 9	-0 6	0 8	-0 3
Revenue and grants				24 0	25 6	27 3	28 1	28 4	28 6		28 6	28 7	
of which: grants	..			0 0	1 2	1 2	1 2	1 2	1.2		1 2	1 2	
Primary (noninterest) expenditure				23 6	23 1	25 3	28 7	24 5	25 3		28.0	29 5	
Automatic debt dynamics				-103 2	-31 6	-36 6	-35 2	-25 1	-10 7		-2 7	-2.0	
Contribution from interest rate/growth differential				-81 4	-31 6	-35 5	-31 1	-20 6	-10 2		-3 2	-2 2	
of which: contribution from average real interest rate				-14 2	1 2	0.7	2 1	3 2	2 8		1 3	0 6	
of which: contribution from real GDP growth	.			-67 2	-32 7	-36 3	-33 2	-23 8	-13 0		-4 5	-2 8	
Contribution from real exchange rate depreciation	.			-21 8	0 0	-1 1	-4 1	-4 5	-0 5			.	
Other identified debt-creating flows	.			-9 8	-5 5	-4 8	-8 1	-9 0	-12 1		-11.8	-4 5	
Privatization receipts (negative)	.			0 0	0 0	0 0	0.0	0 0	0 0		0 0	0 0	
Recognition of implicit or contingent liabilities				0 0	0 0	0 0	0 0	0 0	0 0		0 0	0 0	
Debt relief (HIPC and other)				-9 8	-5.5	-4 8	-8 1	-9 0	-12 1		-11.8	-4 5	
Other (specify, e g bank recapitalization)				0 0	0 0	0 0	0 0	0 0	0 0		0 0	0 0	
Residual, including asset changes	..			-299 6	0 9	0 9	3 6	6 8	5 0		0 7	2 2	
NPV of public sector debt	753 8			301 3	273 4	241.7	210 3	183 8	164 9		89.6	57 0	
o/w foreign-currency denominated	745.9			294 7	269 0	238 3	205 9	179 2	159 7		81 3	46 4	
o/w external	706 7			260 8	238.7	212 0	183 6	159 8	141 9		68 8	42 3	
NPV of contingent liabilities (not included in public sector debt)											.	.	
Gross financing need 2/	.			2 7	0 0	0 3	2 3	5 3	12 0		19.0	14 4	
NPV of public sector debt-to-revenue ratio (in percent) 3/				1257 7	1070 1	885 7	749 5	646 3	575 7		312 7	198.6	
o/w external				1088 8	934 1	776 7	654 2	561 9	495 5		240 1	147 3	
Debt service-to-revenue ratio (in percent) 3/ 4/				12 7	32 7	27 0	25 9	27 3	45 6		47 9	14 6	
Primary deficit that stabilizes the debt-to-GDP ratio				412 6	36.2	40 6	39 7	27 3	17 8		13.8	4 3	
Key macroeconomic and fiscal assumptions													
Real GDP growth (in percent)	8 7	3 0	3 4	9.5	10 0	12 7	13 5	10 9	6 6	10 5	3 8	3 8	3 8
Average nominal interest rate on forex debt (in percent)	0 0	0 2	0 3	0.1	2 3	2 3	2 9	3 5	3 4	2 4	3 0	2 6	2.9
Average real interest rate on domestic currency debt (in percent) 5/				-10 7	-8 3	-7 6	-7 3	-4 9	-1 1	-6 7	1 4	1 8	1 5
Real exchange rate depreciation (in percent, + indicates depreciation)	-3 6	0 5	8 0	-3 2		.		.				.	
Inflation rate (GDP deflator, in percent)	12 2	7 6	8 8	12 7	9 8	9 0	9 3	8 6	5 6	9 2	4 5	4 7	4 5
Growth of real primary spending (deflated by GDP deflator, in percent)	52 6	5 1	34 2	45 5	7.4	23 9	28 6	-5 5	10 2	18 3	5 5	4 5	4 9
Grant element of new external borrowing (in percent) 6/	0 0	0 0	0 0	25 9	25 9	25 9	40 4	56 9	56.9	38 6	56 9	56 9	

Sources: Country authorities; and Fund staff estimates and projections

1/ Data covers central government debt. Domestic debt data was reconciled in 2006/07 and no historical stock data is available prior to this date

2/ 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

3/ Revenues including budget support grants

4/ Debt service is defined as the sum of interest and amortization of medium and long-term debt

5/ Negative real interest rates in the early part of the projection period are due to the highly concessional domestic currency debt stock at end-2006/07 following restructuring. New borrowing is assumed to begin after completion point

6/ The grant element in the first three years of the projection period is lower relative to the rest of the period due to disbursements under the PRGF

7/ Historical averages and standard deviations are generally derived over the past 10 years, subject to data availability and adjusted for outliers. Real GDP growth historical average and standard deviation uses data from 1961-1980

Table 2b. Liberia: Sensitivity Analysis for Key Indicators of Public Debt 2007/08-26/27

(In percent)

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
										Projections										
NPV of Debt-to-GDP Ratio																				
Baseline	301	273	242	210	184	165	149	133	117	103	90	85	81	77	73	70	66	63	60	57
A. Alternative scenarios																				
A1 Real GDP growth and primary balance are at historical averages in 2008/09-26/27	301	291	280	265	252	237	217	198	178	159	140	133	127	121	115	109	103	97	91	85
A2 Full delivery of HIPC Initiative, MDRI and beyond-HIPC assistance	301	273	242	36	32	31	31	31	31	31	30	30	29	29	29	28	28	28	27	27
A3 Permanently lower GDP growth 1/	301	274	243	213	188	171	157	143	129	117	105	102	100	99	97	96	95	95	94	93
B. Bound tests																				
B1 Real GDP growth is at historical average minus one standard deviations in 2008/09-09/10	301	300	302	267	239	221	206	192	178	166	154	153	152	151	151	151	151	151	150	150
B2 Primary balance is at historical average minus one standard deviations in 2008/09-09/10	301	275	244	211	185	167	151	136	121	108	94	90	86	82	79	76	72	69	66	63
B3 Combination of B1-B2 using one half standard deviation shocks	301	296	289	251	220	199	180	163	145	129	112	107	102	98	93	89	85	81	77	73
B4 One-time 30 percent real depreciation in 2008/09	301	406	361	314	278	254	237	219	202	186	169	162	155	148	142	137	131	126	120	115
B5 10 percent of GDP increase in domestic debt due to contingent liability in 2008/09 3/	301	282	248	215	188	169	153	138	123	109	95	91	86	83	79	76	72	69	66	63
NPV of Debt-to-Revenue Ratio 2/																				
Baseline	1258	1070	886	750	646	576	519	464	410	361	313	296	282	268	256	244	232	221	210	199
A. Alternative scenarios																				
A1 Real GDP growth and primary balance are at historical averages in 2008/09-26/27	1258	1134	1018	932	874	814	746	679	611	546	480	457	435	414	393	373	353	333	312	289
A2 Full delivery of HIPC Initiative, MDRI and beyond-HIPC assistance	1258	1070	886	130	114	109	107	107	107	108	105	103	102	101	100	99	98	97	95	94
A3 Permanently lower GDP growth 1/	1258	1073	891	758	661	597	547	498	451	407	365	356	349	343	338	334	331	329	326	324
B. Bound tests																				
B1 Real GDP growth is at historical average minus one standard deviations in 2008/09-09/10	1258	1170	1095	942	833	764	713	664	617	574	532	527	525	523	522	522	521	521	520	518
B2 Primary balance is at historical average minus one standard deviations in 2008/09-09/10	1258	1074	893	753	652	583	528	476	424	376	329	314	300	287	275	264	253	242	231	220
B3 Combination of B1-B2 using one half standard deviation shocks	1258	1153	1052	887	769	689	625	563	502	445	389	371	354	338	323	309	295	282	268	254
B4 One-time 30 percent real depreciation in 2008/09	1258	1589	1321	1120	976	888	827	766	705	648	591	565	541	518	497	477	457	438	419	400
B5 10 percent of GDP increase in domestic debt due to contingent liability in 2008/09 3/	1258	1105	910	766	662	591	535	481	428	380	332	316	302	288	276	264	252	242	230	219
Debt Service-to-Revenue Ratio 2/																				
Baseline	13	33	27	26	27	46	58	59	55	51	48	20	18	17	17	16	16	15	15	15
A. Alternative scenarios																				
A1 Real GDP growth and primary balance are at historical averages in 2008/09-26/27	13	35	33	35	39	65	83	84	81	76	72	33	31	30	29	28	27	27	26	25
A2 Full delivery of HIPC Initiative, MDRI and beyond-HIPC assistance	13	33	27	9	4	4	4	6	4	4	4	6	6	6	6	6	6	6	6	6
A3 Permanently lower GDP growth 1/	13	33	28	28	30	48	62	63	60	57	54	25	24	23	23	23	23	23	23	23
B. Bound tests																				
B1 Real GDP growth is at historical average minus one standard deviations in 2008/09-09/10	13	36	35	35	37	59	75	76	73	69	67	34	33	33	33	34	34	35	35	36
B2 Primary balance is at historical average minus one standard deviations in 2008/09-09/10	13	33	29	28	30	47	60	60	57	54	51	23	22	20	20	19	19	18	18	17
B3 Combination of B1-B2 using one half standard deviation shocks	13	35	34	33	35	56	71	71	67	63	60	27	25	24	23	23	22	21	21	20
B4 One-time 30 percent real depreciation in 2008/09	13	39	39	39	42	58	70	69	66	61	58	30	29	28	27	27	26	25	25	24
B5 10 percent of GDP increase in domestic debt due to contingent liability in 2008/09 3/	13	33	28	27	29	47	59	60	57	53	50	22	21	20	19	19	18	18	17	17

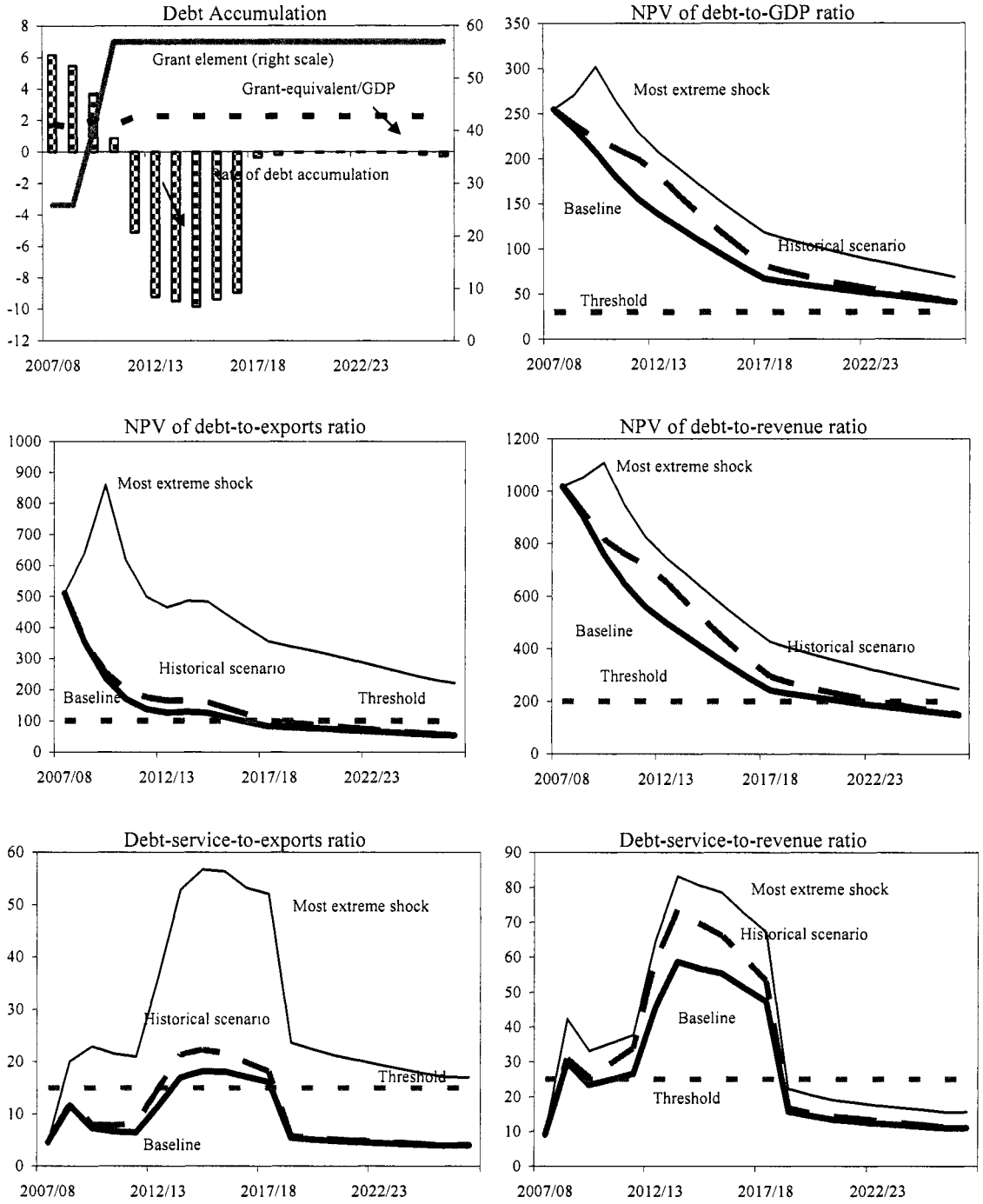
Sources: Country authorities; and Fund staff estimates and projections

1/ Assumes that real GDP growth is at baseline minus one standard deviation divided by the square root of 20 (i e , the length of the projection period)

2/ Revenues are defined inclusive of budget support grants

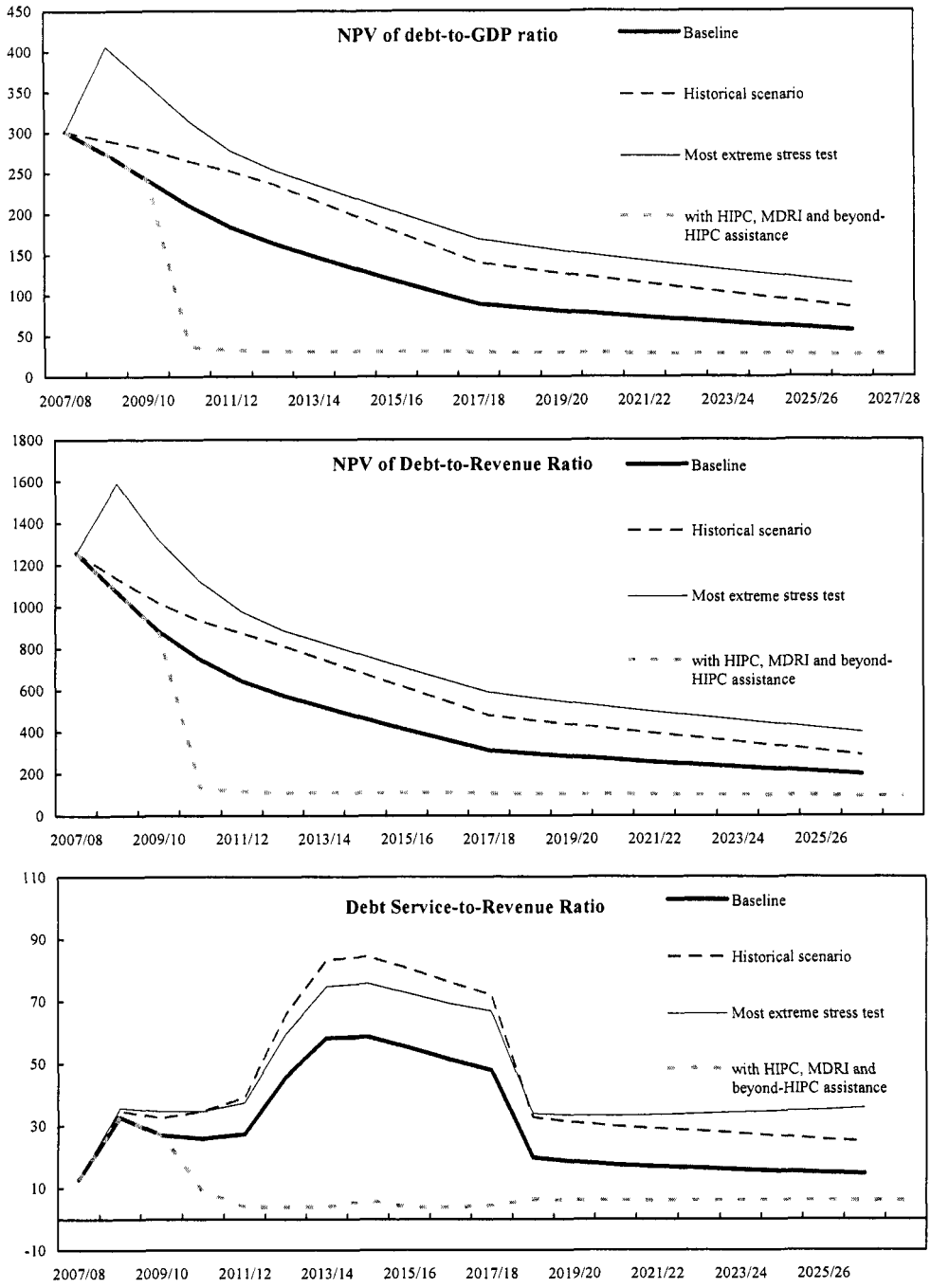
3/ The risks associated with this scenario should be interpreted with caution given that approximately 95 percent of government revenues are currently being collected in U S dollars

Figure 1. Country: Indicators of Public and Publicly Guaranteed External Debt Under Alternative Scenarios, 2007/08-26/27



Source: Staff projections and simulations.

Figure 2. Liberia: Indicators of Public Debt Under Alternative Scenarios, 2007/08-26/27



Source: Staff projections and simulations.