



Amendment to
Project Proposal for
LIBERIA

June 2026

Component: Spending

Module: SM-I: Spending Policy / Climate
SM-II: Public Financial Management



PROJECT SUMMARY

COUNTRY: Liberia

LEAD DEPARTMENT: FAD

REGION: AFR

PLANNED DATES: FY27-28

PROJECT MANAGERS: Seydou Coulibaly (Tax Policy, FADT2, Lead)
Priscilla Banda (Revenue Administration, FADR2)
Daniel Bastidas (Climate Policy, FADCP)
Graham Prentice (Public Financial Management, FADM1)

ESTIMATED BUDGET US\$ 856,000

PROJECT AMENDMENTS:	PURPOSE	SC APPROVAL
INITIAL PROJECT PROPOSAL	Proposal for RM-I: Tax Policy and RM-II: Revenue Administration	January 2024
AMENDMENT 1	Addition of modules SM I: Spending Policy / Climate and SM II: Managing Public Finances	June 2026

CONTENTS

Acronyms.....	4
I. Project Amendment Purpose.....	5
II. Background.....	7
Macro-fiscal situation	7
Country engagement and alignment to reform priorities	8
IMF priority areas / cross-cutting themes.....	8
III. Project Amendment Modules - Description	9
Table 1. Summary of Objectives covered by the Proposal	9
A. SM I – Spending Policy / Climate	9
Scope	9
Program Objectives	10
Expected Results (outcomes).....	10
B. SM II – Managing Public Finances	10
Scope	10
Program Objectives	11
Expected Results (outcomes).....	11
IV. Organizational Arrangements	13
A. Country Engagement.....	13
B. Delivery Modalities.....	13
C. Coordination / Cooperation.....	14
V. Risk Assessment and Mitigation	15
VI. CD Delivery Plan.....	16
Table 2. Summary of Indicative CD Delivery.....	16
Table 3. First year workplan	16
VII. Program Financials	17
VIII. Targeted Logical Framework	17
A. SM I – Spending Policy / Climate	17
B. SM II – Managing Public Finances	18

ACRONYMS

AAID	Arrest Agenda for Inclusive Development, 2025-29 (Liberia's national development plan)
AFW2	IMF's Second Regional Technical Assistance Center for West Africa (AFW2)
CD	Capacity development
DRFS	Disaster risk financing strategy
FAD	IMF's Fiscal Affairs Department
ECF	IMF's Extended Credit Facility
MFDP	Ministry of Finance and Development Planning, Liberia
PFM	Public financial management
RSF	IMF's Resilience and Sustainability Facility
TSA	Treasury single account

I. PROJECT AMENDMENT PURPOSE

Country request and relevance/importance

Liberia is currently supported by IMF arrangements under the Extended Credit Facility (ECF), approved in September 2024, and the Resilience and Sustainability Facility (RSF) arrangement, approved in April 2026. This project amendment will provide support to two key reforms under these programs: improving cash management, through the implementation of a Treasury Single Account (TSA); and strengthening the management of climate risks. Both of these represent structural benchmarks or reform measures under the IMF's programs mentioned above.

The current government, elected in 2024, has published a national development strategy that identifies Governance and Anti-Corruption as one of six key pillars, with PFM reforms embedded under the Economic Transformation pillar. Following publication of the strategy, the authorities requested an IMF governance diagnostic and have taken steps to strengthen fiscal transparency and improve budget execution. At the same time, higher spending needs amid tighter development partner support underscore the importance of sustained improvements in public financial management (PFM) systems and institutions. The IMF's Fiscal Affairs Department (FAD) is viewed as a trusted provider of technical assistance to Liberia, and continued engagement will be critical to maintaining reform momentum. The authorities have requested further support in core PFM areas that are closely aligned with IMF's ECF structural benchmarks.

Liberia is also highly vulnerable to climate-related natural disasters and broader climate change risks, yet remains ill-prepared to manage these shocks. In this context, the authorities have requested IMF technical assistance to support implementation of RSF-related reforms aimed at strengthening resilience to pandemics and natural disasters.

Description of Modules

The proposed amendment will support cash management reforms such as the implementation of a TSA to improve the efficiency of treasury operations and the visibility and traceability of funds. The support will focus on compilation of comprehensive bank account inventory comprising all central government accounts outside the TSA, identifying optimal coverage of the accounts to be operated under the

extended TSA and suitable methods and modalities for the consolidation and operation of these bank accounts under the TSA and updating the current TSA Concept Note accordingly to guide the implementation of the TSA in line with the determined policy parameters. The support will also identify opportunities to enhance forecasting capacity to manage the government cash balances consolidated within the TSA with a higher level of efficiency and visibility.

Additionally, under the Managing Public Finance Module, support will provide hands-on engagement and training to develop and apply a national climate risk assessment methodology. This could include IMF tools such as a Quantitative Climate change Risk assessment Fiscal Tool (Q-CRAFT) to generate quantitative analysis of climate-related fiscal risks. This will include practical support to apply the methodology across critical public sector assets, revenues and expenditures, with the results from the assessment incorporated into fiscal risk analysis and the budget. This activity will be undertaken jointly by the PFM and Climate Policy Divisions of FAD.

Under the Climate Policy/Spending Module, support will assist the Ministry of Finance and Development Planning (MFDP) in designing a framework to systematically record the fiscal costs of disaster responses. This will include guidance on which expenditure categories to capture, how to define responsibilities across ministries for data collection and reporting, and how to structure and update the records following a disaster event. The output will provide the MFDP with a practical tool to track direct fiscal costs of disaster response, including event characteristics, for both natural disasters and health emergencies like pandemics.

Building on this, FAD will also provide support to develop an implementation plan for Liberia's Disaster Risk Financing Strategy (DRFS). This will include hand-on assistance to define time-bound actions with clearly assigned institutional responsibilities, establishing trigger mechanisms and procedures for accessing contingency funding, and ensuring the strategy adequately covers risk associated with both climate-related shocks and health emergencies. External stakeholders have been engaged when discussing such plans and will remain informed and consulted to properly tailor the technical assistance provided.

The estimated budget for this project is US\$ 856,000, covered within the total budget endorsement request for Liberia of \$2,344,036 through FY28.

II. BACKGROUND

Macro-fiscal situation

Economic activity in Liberia has strengthened in recent years, supported by an expansion in mining production and a broadly supportive political environment for reform. Real GDP growth accelerated to about 4.6 percent in 2025 and is expected to remain robust in 2026, notwithstanding elevated global uncertainty. Over the medium term, growth is projected to stabilize at around 5.1 percent, assuming continued implementation of the authorities' reform agenda under the IMF's ECF and the newly approved RSF agreement.¹

Macroeconomic stability has improved alongside progress with the fiscal adjustment, contributing to a reduction in debt vulnerabilities. Expenditure rationalization has enabled a partial reallocation of resources toward priority investment and social spending, while preserving overall fiscal discipline. Nonetheless, domestic revenue mobilization remains a key challenge, constraining fiscal space in the face of large development needs and increased exposure to external shocks. Boosting revenue, including through tax policy and administration reforms, remains a central pillar of the authorities' medium-term fiscal strategy and of the ECF-supported program. These objectives are supported by the existing Global Public Finance Partnership (GPFP) project, which covers both tax policy and revenue administration work.

Despite recent progress, PFM weaknesses remain a significant constraint on fiscal policy effectiveness. Gaps in cash management, commitment controls, and fiscal reporting continue to undermine budget credibility and complicate in-year expenditure management. Addressing these weaknesses is essential to support fiscal adjustment, safeguard priority spending, and reduce the risk of arrears accumulation, particularly in an environment of constrained financing and heightened spending needs.

At the same time, Liberia's exposure to recurrent natural disasters and health emergencies poses growing fiscal risks that the current institutional framework is not well equipped to manage. The absence of systematic mechanisms to track disaster-related fiscal costs and the lack of an operational disaster risk financing framework limit the government's ability to plan, budget, and mobilize resources effectively in response to shocks—vulnerabilities that are further compounded by increasing donor withdrawal.

¹ [Liberia: 2025 Article IV Consultation and Second Review Under the Extended Credit Facility Arrangement and Request for a Waiver of Nonobservance of a Continuous Performance Criterion-Press Release; Staff Report; and Statement by the Executive Director for Liberia; IMF Country Report No. 25/290; November 16, 2025.](#)

Addressing these gaps will strengthen fiscal resilience and reduce the economic and social costs of future disasters.

Country engagement and alignment to reform priorities

Liberia has benefited from extensive CD support and has been among the countries receiving the most intensive engagement from FAD over the past two years. Support has been delivered through multiple funding sources, notably funding under the Japan Administered Account for Selected IMF Activities for fragile and conflict affected states in sub-Saharan Africa, and continuous assistance from the IMF's second Regional Technical Assistance Center for West Africa (AFW2). These resources have enabled a comprehensive program of HQ-led diagnostic work, complemented by regular in-country follow-up by long-term resident advisors (LTXs). Support has focused on PFM strategy and regulations, budget execution, cash management, public investment management, fiscal reporting and fiscal risk.

The national development plan published by the authorities, the Arrest Agenda for Inclusive Development (AAID 2025-29), includes Governance and Anti-Corruption as one of six key pillars, with PFM reforms embedded under the Economic Transformation pillar. Cash management reforms including a TSA will contribute to the “improvement of the public expenditure management system and process” which is listed as an intervention under the PFM program. They also align with “the adoption of e-government platforms, automated systems, or digital tools introduced”, which falls under the governance and anti-corruption pillar. Support to implement RSF Reform measures are aligned to the Environmental Sustainability pillar in the AAID 2025-29.

This support will build on previous FAD support on cash management, public investment and climate related public investment. This includes development of a TSA concept note in 2021 and follow up LTX support on TSA and cash management. The authorities requested an updated public investment management assessment (PIMA) and climate-related PIMA, which was last undertaken in 2024 and which has informed PFM-related RSF reform measures.

IMF priority areas / cross-cutting themes

Liberia is highly vulnerable to climate-related shocks, including natural disasters and pandemics, which pose increasing risks to macroeconomic stability and long-term growth. The recently approved RSF arrangement aims to strengthen resilience through reforms that enhance climate adaptation, support

climate-resilient investment, and improve preparedness for pandemics and natural disasters. Integrating climate risks into macro-fiscal frameworks, public investment processes, and fiscal risk analysis will be critical to preserving stability and supporting sustainable growth.

III. PROJECT AMENDMENT MODULES - DESCRIPTION

This proposal is an amendment to an existing project. The amendment proposes CD support to Liberia in the areas of climate policy and PFM. FAD CD will support improvements within the strategic objectives presented in Table 1.

Table 1. Summary of Objectives covered by the Proposal

Component	Module	Objective
Spending	SM I: Spending Policy / Climate	Improved fiscal policies and institutional frameworks to combat climate change and its impacts
Spending	SM II: Managing Public Finances	Strengthen budget management

A. SM I – Spending Policy / Climate

Scope

Despite relatively low physical exposure to natural disasters, recurrent floods have had severe economic and social consequences in Liberia. The RSF arrangement for Liberia aims, among others, at enhancing the country's capacity for disaster risk management and financing. A key weakness towards that objective is the absence of systematic mechanisms to record and report the fiscal costs of disaster responses. Expenditure records remain fragmented across ministries, budget allocations for disaster response are irregular and often not disbursed, and there is no centralized framework to capture the full fiscal cost of shocks—including direct spending, budget reallocations, contingent liabilities, and revenue impacts. In parallel, while a DRFS has been under development, it remains unadopted and lacks an operational implementation plan with clearly defined institutional responsibilities and guidelines for accessing contingency funding.

The proposed support will assist the authorities in creating a public database to record disaster-related fiscal expenditures following international methodologies. It will also provide hands-on support to the MFDP, in coordination with relevant line ministries, to develop and adopt a time-bound implementation plan for the DRFS, clarify budgetary mechanisms for disaster response, and ensure alignment with the International Health Regulations on pandemic preparedness. This work is consistent with Liberia's program commitments under the RSF and with government priorities under the AAID 2025-29.

Program Objectives

This support aims to equip the MFDP with the tools needed to systematically record and disclose disaster-related fiscal costs, and to translate the DRFS into an actionable implementation plan, strengthening Liberia's institutional capacity to mobilize resources rapidly and accountably in response to shocks

Expected Results (outcomes)

On disaster expenditure tracking, the support will help the MFDP define which expenditure categories to record, which ministries are responsible for data collection, and how information should be compiled and updated following a disaster event, in line with international methodologies. This will provide a clear framework for recording the fiscal costs of disaster responses and support their integration into fiscal risk analysis.

On disaster risk financing, the support will help identify operational weaknesses in the current framework, including unclear triggering mechanisms for contingency funding and limited coordination between the MFDP and relevant agencies. Through the preparation of the implementation plan for the DRFS, the authorities will have a concrete roadmap with time-bound actions and clearly assigned responsibilities, establishing more structured procedures for resource mobilization.

B. SM II – Managing Public Finances

Scope

The proposed support will focus on strengthening cash and liquidity management to address persistent weaknesses in the management of government cash resources. Liberia continues to operate with fragmented government banking arrangements and limited centralized oversight of cash balances,

contributing to inefficient use of public funds, weak expenditure control, and governance risks. This work is aligned with government priorities under Liberia's AAID 2025-29 to strengthen governance and PFM. It also builds on the ECF recurring structural benchmark for MFDP to conduct semi-annual surveys of Government of Liberia bank accounts at the Central Bank of Liberia and commercial banks to keep the inventory of Government of Liberia bank accounts up to date.

The support will also focus on strengthening the identification, analysis, and integration of climate-related fiscal risks. Liberia is highly vulnerable to climate-related shocks, which pose increasing risks to macroeconomic stability and public finances, while existing frameworks for assessing these risks remain underdeveloped. The project will provide support to develop and apply a national climate risk assessment methodology, this could include IMF tools to generate quantitative analysis of climate-related fiscal risks. This will include practical support to apply the methodology and incorporate results into fiscal risk analysis and the budget. The activity is aligned with program commitments under the RSF and government priorities under Liberia's AAID 2025-29 to develop strategies that strengthen climate resilience.

Program Objectives

On cash management, the objective is to support the authorities in establishing a modern, effective TSA framework that consolidates government cash resources, enhances visibility over public funds, and improves the efficiency of budget execution. Improved oversight of cash balances across government should also help to reduce governance vulnerabilities in budget execution.

Support for climate risk assessment will enable the MFDP to better understand fiscal exposure to climate risks across revenues, expenditures, public assets, and the broader public sector. The resulting analysis will be incorporated into a fiscal risk statement within the national budget, strengthening transparency around climate-related vulnerabilities and supporting more informed budgeting and investment decisions by government and development partners.

Expected Results (outcomes)

On cash management, the project will support the authorities in developing a revised TSA concept note, building on lessons learned from the 2021 concept note prepared under the previous government. The revised note will be informed by a comprehensive inventory of all government bank accounts and will set

out key policy choices, including the scope of TSA coverage, the preferred TSA model for consolidating government cash balances, and arrangements for its day-to-day operationalization.

The project will also support improvements to the cash forecasting framework to enable more effective management of consolidated cash balances. As a result, the authorities will have a clear roadmap for advancing TSA reforms, strengthening the management of cash resources, and supporting improved aggregate fiscal discipline and expenditure control.

Implementation of this work is expected to result in (i) a completed inventory of all government bank accounts, and (ii) a defined TSA model with associated implementation steps for consolidating these accounts within a TSA. Overall, strengthened cash management practices will enhance fiscal transparency and reduce risks to fiscal stability.

On climate change risk, the support will help MFDP to develop a national climate risk assessment methodology to evaluate fiscal exposure and guide climate-informed budgeting and investment decisions. This will help them understand the vulnerability of key national infrastructure, expenditures, revenue and assess how the wider public sector is exposed to climate risks. The outputs of this assessment will be incorporated into the fiscal risk analysis in the national budget. As a result of support on climate related fiscal risk, fiscal risks in Liberia will be more comprehensively identified, analyzed, and disclosed, strengthening fiscal planning and budget decision-making. This work aligns with and supports work being undertaken under the Climate Policy module.

Project proposals typically cover only one to two years of CD activities, which are expected to contribute to the achievement of the objectives outlined in the sections above. The objectives of this GPFP project may require extended and ongoing support to be fully and sustainably realized. Therefore, progress reports will serve to monitor advancement towards these objectives, and it may be necessary to adjust or broaden project workplans to better facilitate the achievement of these goals.

IV. ORGANIZATIONAL ARRANGEMENTS

A. Country Engagement

FAD's engagement in Liberia is strong, long-standing, and well established, with sustained support across multiple PFM reform areas over recent years. A mix of HQ-led diagnostic missions and AFW2 led follow up support has covered medium term budget preparation, budget execution, cash management, fiscal reporting, PFM regulations, public investment management and climate-public investment.

The proposed amendment builds on an existing and intensive engagement, aimed achieving the objectives in Liberia's national development strategy, the AAID 2025-29 by making the greatest use of domestic funding as donor funds decline. FAD support is closely coordinated with the IMF's African Department, the Resident Representative, AFW2, and other development partners, and combines long-term in-country presence with targeted headquarters and short-term expert support. This deep and continuous engagement positions FAD to effectively support ongoing reforms, address emerging risks, and anchor institutional improvements in core fiscal functions.

B. Delivery Modalities

CD will comprise of a mix of remote and in-person activities. Virtual deliveries will be used to provide efficiencies to in-person support, including pre-engagement meetings and post-follow-up meetings. The following CD activities will be delivered as a package:

- **Headquarters-led (HQ) missions and staff visits** to provide strategic recommendations, conduct regular follow-ups, assess progress, ensure STX work is aligned to plans, coordinate with other CD providers, and adjust reform implementation plans.
- **Short-term expert (STX) visits** to help implement the recommendations delivered by the HQ missions; a limited number of STXs will be assigned to provide specialized assistance in specific areas of PFM

C. Coordination / Cooperation

Partner	Coordination Type	Coordination Area	Frequency
IMF's African Department and Resident Representative	Sharing of information, insights, and recommendations	All	Quarterly
AFW2	Join relevant discussions during AFW2 missions	Cash management, budget credibility, SOEs, general PFM workshops, other	Ongoing
World Bank	Coordination on TA support	RSF reform measures relating to water security	Quarterly
World Health Organization	Consultation on TA outputs	RSF Reform Measures related to pandemic resilience, water and sanitation.	Half yearly
European Commission	Join relevant discussions. Shared expertise	All	Ad hoc (mission debriefs)

V. RISK ASSESSMENT AND MITIGATION

Module	Description	Risk Assessment	Mitigation Measures
EXTERNAL CLIMATE/CONDITIONS			
SM I – Spending Policy / Climate	Coordination challenges across relevant line ministries creating delay risks.	Medium	MFDP-led effort to ensure early and continuous engagement with relevant agencies
SM II - Managing Public Finance	Many actors involved in PFM reforms including donors, creating a risk of duplication and tension with competing priorities	Medium	Work closely with stakeholders and explicitly involve World Bank and World Health Organization on relevant RSF reform measures, and undertake mission de-briefing for donor partners in the PFM area.
POLITICAL SUPPORT			
SM I – Spending Policy / Climate	Reforms are linked to RSF agreed commitments and lead to disbursements. Progress requires coordination and commitment from authorities from different agencies, but reforms have already been negotiated with authorities.	Medium-Low	TA is linked to agreed RM within the RSF arrangement
SM II - Managing Public Finance	Progress on TSA reforms in particular requires a high level of political engagement as it reduces the discretion for line ministries to manage their own cash balances. This is currently only included as an MEFP commitment in the ECF program.	Very High	Link TSA reforms identified in the concept note to ECF program structural benchmarks to raise the profile of reforms.
MANAGEMENT AND TECHNICAL STAFF SUPPORT AND COMMITMENT			
SM I – Spending Policy / Climate	Low capacity/experience on climate-related topics within the MFDP to lead and implement reform measures from the RSF	High	Provide continued support and leverage capacity development of other development partners.
SM II - Managing Public Finance	Coordination challenges as progress requires coordination across Ministry of Finance and Central Bank	High	Foster coordination by inviting multiple stakeholders to meetings and training
RESOURCE ADEQUACY			
SM I – Spending Policy / Climate	Lack of resources from the authorities for reaching all counterparts for reform	Medium	Ensure an adequate estimation of resources required for the reform and that the authorities can meet those requirements
SM II - Managing Public Finance	Inadequate staffing and domestic funding allocated to carry out reforms necessary IT system reforms.	Medium	AFW2 to undertake a pre-mission discussion with the authorities on IT system and capacity gaps to ensure the national budget provides funding for TSA and related system reforms.

VI. CD DELIVERY PLAN

Table 2. Summary of Indicative CD Delivery

CD Modalities (Remote or Field-based CD)	FY27	FY28	Grand Total
SM I – Spending Policy / Climate			
HQ led CD mission	1	-	1
STX visits	1	-	1
Staff visits	-	-	-
Workshops (inc. during HQ and remote CD)	-	-	-
Subtotal	2	-	2
SM II – Managing Public Finances			
HQ led CD mission	1	1	2
STX visits	1	1	2
Staff visits	-	-	-
Workshops (inc. during HQ and remote CD)	-	-	-
Subtotal	2	2	4
TOTAL	4	2	6

Note: In-person delivery was chosen in all instances because of the poor technology available in Liberia.

Table 3. First year workplan

Timing	CD Modality	Proposed Topics of CD
SM I – Spending Policy / Climate		
Q1/FY27	Field-Based work - FB	Fiscal cost of disasters database
Q4/FY27	Field-Based work - FB	Disaster risk financing strategy implementation plan
SM II – Managing Public Finances		
Q3/FY27	Field-Based work - FB	Climate risk methodology, analysis and disclosure
Q4/FY27	Field-Based work - FB	STX follow up – climate risk implementation
Q1/FY28	Field-Based work - FB	TSA and cash management
Q2/FY28	Field-Based work - FB	STX follow up – TSA and cash management implementation

VII. PROGRAM FINANCIALS

Module	FY27	FY28	TOTAL (USD)
Direct Delivery			
SM I – Spending Policy / Climate	300,000	100,000	400,000
SM II - Managing Public Finance	200,000	200,000	400,000
Subtotal	500,000	300,000	800,000
Trust Fund Management Fee (7%)	35,000	21,000	56,000
TOTAL	535,000	321,000	856,000

Note: The estimated budget for this project is US \$856,000, and endorsement is requested for the full amount. Endorsement for future plans will be requested at a later date as funding for the program is secured and reform plans gain traction.

VIII. TARGETED LOGICAL FRAMEWORK

A. SM I – Spending Policy / Climate

Objective: Improved fiscal policies and institutional frameworks to combat climate change and its impacts (SDG 13) - CLM	
Outcome(s)	Indicator(s)
Authorities have a baseline understanding of how well fiscal policies and institutional frameworks support environmental sustainability and opportunities for increase alignment	Diagnostic or scoping have produced baseline and opportunities for improvement
Improved fiscal policy for climate mitigation	Tax and spending policies are supportive of transition to greener energy sources
Enhanced use of fiscal policy for building resilience to climate and disaster risks	An effective risk management strategy is developed
	Domestic capacity to develop and implement fiscal strategy to address slow moving climate and disaster risks is enhanced

B. SM II – Managing Public Finances

Objective: Strengthen Budget Management - SBM	
Outcome(s)	Indicator(s)
Strengthened asset and liability management processes	Improved extent of consolidation of cash balances by the Treasury including for capital spending (Record Score: PEFA PI-20.2, PIMA 12.c)
Strengthened identification, monitoring, and management of fiscal risks	Strengthened effectiveness of management and reporting of climate related fiscal risks