CENTRAL BANK OF LIBERIA

ANNUAL REPORT

2019

Central Bank of Liberia
Annual Report
January 1 to December 31, 2019

This Annual Report is in line with part XI Section 49 (1) of the Central Bank of Liberia (CBL) Act of 1999. The contents include: (a) report on the Bank's operations and affairs during the year; and (b) report on the state of the economy, which includes information on the financial sector, the growth of monetary aggregates, financial markets developments, and balance of payments performance.

CENTRAL BANK OF LIBERIA

Office of the Executive Governor

January 27, 2020

His Excellency
Dr. George Manneh Weah
PRESIDENT
Republic of Liberia
Executive Mansion
Capitol Hill
Monrovia, Liberia

Dear President Weah:

In accordance with part XI Section 49(1) of the Central Bank of Liberia (CBL) Act of 1999, I have the honor on behalf of the Board of Governors and Management of the Bank to submit, herewith, the Annual Report of the CBL to the Government of Liberia for the period January 1 to December 31, 2019.

Please accept, Mr. President, the assurances of my highest esteem.

Respectfully yours,

J. Aloysius Tarlue, Jr.
EXECUTIVE GOVERNOR

P.O. BOX 2048, LYNCH & ASHMUN STREETS, MONROVIA, LIBERIA
Tel.: (231) 555 960 556 Website: www.cbl.org.lr

Table of Contents

List of Tables

List of Charts

ACRONYMS

AACB	-	Association of African Central Banks
AAOIB	-	Alliance of African Institute of Bankers
AC	-	Audit Committee
ACB	-	African Central Bank
ACH	-	Automated Check Processing and Clearing House
ACICO	-	Accident & Casualty Insurance Company
AFBLL	-	Afriland First Bank Liberia Limited
AIIC	-	Active International Insurance Company
ALGIC	-	Atlantic Life & General Insurance Company
AMCP	-	African Monetary Cooperation Program
AML	-	Anti-Money Laundering
ATMs	-	Automatic Teller Machines
AU	-	African Union
AUG	-	American Underwriter Group
BA	-	Bankers' Acceptance
BAC	-	Board Audit Committee
BCIC	-	Blue Cross Insurance Company
BCRG	-	Central Bank of the Republic of Guinea
BIL	-	Banking Institute of Liberia
BoP	-	Balance of Payments
BRAC	-	Bangladesh Rural Advancement Committee
CA	-	Goods Account
CAR	-	Capital Adequacy Ratio
CBL	-	Central Bank of Liberia
CBN	-	Central Bank of Nigeria
CBWA	-	Central Bank of West Africa
CCU	-	Corporate Communication Unit
CEBSA	-	Central Bank of Liberia Staff Association
CFT	-	Counter Financing of Terrorism
CIBN	-	Chartered Institute of Bankers of Nigeria
CP	-	Commercial Papers
CPI	-	Consumer Price Index
CPO	-	Crude Palm Oil
CRS	-	Collateral Registry System
CSP	-	Customer Security Program
DI	-	Direct Investment
EACLL	-	Equity Assurance Company of Liberia Limited
ECF	-	Extended Credit Facility
ECOWAS	-	Economic Community of West African States
EMCP	-	ECOWAS Monetary Corporation Programme
EOP	-	End of Period
ERMD	-	Enterprise Risk Management Department
EU	-	European Union
FATF	-	Financial Action Task Force
FiSSDaH	-	Financial Sector Super Data Highway
FIUL	-	Financial Intelligence Unit of Liberia
FMD	-	Financial Markets Department
FRBNY	-	Federal Reserve Bank of New York
FS	-	Financial Statements
FSDU	-	Financial Sector Development Unit

GDP	-	Gross Domestic Product
GIABA	-	Group Against Money Laundering in West Africa
GIR	-	Gross International Reserves
GPF	-	Global Policy Forum
GSSD	-	General Support Services Department
HR	-	Human Resource
HRMD	-	Human Resource Management Department
IAD	-	Internal Audit Department
IBM	-	Interbank Market
IC	-	Investment Committee
ICA	-	Insurance Company of Africa
IFAD	-	International Fund for Agricultural Development
ILF	-	Intraday Liquidity Facility
IMF	-	International Monetary Fund
KA	-	Capital Account
LBA	-	Liberia Bankers Association
LBDI	-	Liberian Bank for Development and Investment
LEDFC	-	Liberian Enterprise Development Finance Company
LISGIS	-	Liberia Institute for Statistics and Geo-Information Services
LNBA	-	Liberian National Bar Association
LRA	-	Liberia Revenue Authority
LRD	-	Liberian Dollars
M1	-	Narrow Money Supply
M2	-	Broad Money Supply
MAN	-	Metropolitan Area Network
MBA	-	Mutual Benefit Assurance
MFDP	-	Ministry of Finance & Development Planning
MFIs	-	Microfinance Institutions
MIC	-	Medicare Insurance Company
MISTD	-	Management Information Systems & Technology Department
MPAC	-	Monetary Policy Advisory Committee
MPC	-	Monetary Policy Committee
MPR	-	Monetary Policy Rate
MPF		Monetary Policy Framework
MoA	-	Ministry of Agriculture
MPR	-	Monetary Policy Rate
NAFA	-	Net Acquisition of Financial Assets
NASSCORP	-	National Social Security and Welfare Corporation
NDA	-	Net Domestic Assets
NEPS	-	National Electronic Payment Switch
NEPSIC	-	National Electronic Payment Switch Implementation Committee
NFA	-	Net Foreign Assets
NFIS	-	National Financial Inclusion Strategy
NIL	-	Net Incurrence of Liabilities
NIM	-	Net Interest Margin
NMFIs	-	Non-deposit taking Microfinance Institutions
NOP	-	Net Open Position
NPC	-	National Payments Council
NPLs	-	Non-Performing Loans
OIC	-	Omega Insurance Company
OB	-	Overall Balance
OBSE	-	Off–Balance Sheet Exposures

ODA	-	Oracle Database Appliance
PAPD	-	Pro-Poor Agenda for Prosperity and Development
PIC	-	Palm Insurance Company
PIU	-	Project Implementation Unit
PSD	-	Payment System Department
PWC	-	Price Water House Coopers
RA	-	Reserve Assets
RCFIs	-	Rural Community Finance Institutions
RCFP	-	Rural Community Finance Project
RGDP	-	Real Gross Domestic Product
ROA	-	Return on Assets
ROE	-	Return on Equity
RPAL	-	Rubber Planters Association of Liberia
RPPD	-	Research, Policy and Planning Department
RSD	-	Regulations and Supervision Department
RSS	-	Remittance Split Scheme
RTGS	-	Real Time Gross Settlement System
SCF	-	Standing Credit Facility
SDF		Standing Deposit Facility
SIC	-	Saar Insurance Company
SIIC	-	Sky International Insurance Company
SME	-	Small Medium Enterprise
SRIC	-	Secure Risk Insurance Company
SSSS	-	Scripless Security Settlement Systems
SWIFT	-	Society for Worldwide Interbank Financial Telecommunications
TA	-	Technical Assistance
TASU	-	Technical Assistance Supervisory Unit
TEMT	-	Technical Economic Management Team
TSA	-	Treasury Single Account
USA	-	United States of America
USAID	-	United States Agency for International Development
UNECA	-	United Nation Economic Commission for Africa
USD	-	United States Dollars
VSLA	-	Village Savings and Loan Associations
WAIFEM	-	West African Institute for Financial & Economic Management
WAMA	-	West African Monetary Agency
WAMI	-	West African Monetary Institute
WBG	-	World Bank Group
WEO	-	World Economic Outlook

FOREWORD

This Annual Report is produced in fulfillment of Part XI, Section 49 (1) of the Central Bank of Liberia Act of 1999. In keeping with the above-referenced provision, the Central Bank of Liberia (CBL) is required to report on its operations and affairs and highlights major developments in the Liberian economy, the policy stance and responses of the Bank during the year under review.

In 2019, the Liberian economy experienced several challenges, partly emanating from global economic dynamics. Activity in the global economy was mainly influenced by geopolitical tension in the Middle East, trade tension between the USA and China, tightening financial conditions in several emerging economies, and tightening labor markets in some economies. Price developments in the global economy were mixed and largely explained by country and regional specific factors.

Liberia being largely an import-dependent economy was exposed to external economic dynamics which somewhat contributed to the macroeconomic situation of the domestic economy. The growth rate for 2019, which was initially projected at 0.4 percent, was revised downward, contracting by 1.4 percent compared to an estimated growth of 1.2 percent recorded in 2018 on account of lingering supply-side constraints, and the decline in external demand of the country's major export commodities. Like in previous years, growth for 2019 was driven by the mining and panning sector (mainly industrial gold production). Annual average inflation heightened at 27.3 percent compared to 23.4 percent in 2018, due largely to the pass-through effect of the depreciation of the Liberian dollar (end-period), which rose by 19.3 percent, year-on-year. Other structural constraints also explained the inflation dynamics in the country during the period under review.

The financial system remained resilient and sound. However, the banking sector, which controls over 80.0 percent of the financial sector assets, continued to endure the effect of high non-performing loans (NPLs) ratio with 16.2 percent in 2019 above the threshold limit of 10 percent, compared to 13.0 percent at end-2018. Private sector credit to GDP, during the year under review, was 14.0 percent compared with 15.1 percent for 2018, reflecting one of the lowest levels of private sector financing by the banking sector in Sub-Sahara Africa. The banking system was further constrained by Liberian dollar liquidity squeeze as a result of several factors, including increased volume of currency outside the banking system, weak loan recovery which affected the cashflows of some banks, and the seasonal demand for cash during the festive period.

The liquidity squeeze was also explained by the dynamics in economic activity over the years and a change in the labor force and economic activity in the face of fixed stock of Liberian dollars in the past three years.

In response to the macroeconomic challenges, the CBL adopted a new monetary policy stance aimed at ensuring broad exchange rate stability and containing inflation. Under the new Monetary Policy Framework (MPF), the Bank held its first Monetary Policy Meeting in November 2019 and took decision to align its interest rates as well as introduced the Standing Deposit Facility (SDF) at an interest rate of 30.0 percent as a proxy for its Monetary Policy Rate (MPR) with the objective of contracting the amount of Liberian dollar outside the banking system and creating value for the domestic currency.

In order to operationalize the new MPF, the Bank introduced several short-term securities. Given the nascent stage of the financial markets, the impact of the new MPF will take time, and it will require a well-planned communication strategy, which the Bank began implementing in the latter part of the year. The Bank, working with key stakeholders, also embarked on an aggressive campaign to promote the use of mobile money and other electronic modes of payments in order to reduce the pressure for cash. This campaign succeeded to some extent; however, there is need for sustained efforts in this regard as we strive toward the digitization of the Liberian economy. As an additional measure to address the Liberian dollar liquidity problem in the short-term, the Government, through the National Legislature, approved the proposal of the CBL to print L$4.0 billion additional banknotes.

Internally, the Management with the support of the Board of Governors took several measures to strengthen the internal control system of the Bank, improve the cash management system and enhance the procurement policy as well as procedure relating to currency printing.

The Bank also embarked on efforts aimed at enhancing its autonomy. With technical assistance from the IMF, the CBL Act of 1999 was revised with the primary objective of strengthening the institutional and operational independence of the Bank and its financial solvency. The revised Act was submitted to the National Legislature for passage into law.

With the Government's decision to accede to the IMF-supported program, we believe that the expected reforms and financial support will strengthen the policy environment and renew confidence in the Liberian economy.

As we enter 2020, the need for enhanced policy coordination between the CBL and the fiscal authority will be important in maintaining macroeconomic stability, which is critical to achieving the Pro-poor Agenda of the Government.

For our part, the CBL will remain proactive in responding to the macroeconomic imbalances in the economy.

On behalf of the Management of the CBL, I extend my sincere gratitude to the President of the Republic of Liberia, His Excellency Dr. George Manneh Weah, for his support to the Bank, the International Monetary Fund (IMF) for its policy advice and constructive engagement, and all our partners, and everyone who supported the work of the Bank during the year under review. I also extend special thanks to the Board of Governors, the Deputy Governors and staff of the Bank for their invaluable services.

J. Aloysius Tarlue, Jr.
EXECUTIVE GOVERNOR

The Central Bank of Liberia's Vison, Mission, Objectives, Functions, and Autonomy

Vision

"To achieve and maintain price stability by ensuring a sound financial system, thereby contributing to the nation's sustainable economic development."

Mission

"To maintain efficient and effective financial, payment and information systems, and to formulate and implement a prudent monetary policy."

Objectives

Pursuant to Part II, Article 3, Section 3 of the CBL Act, the principal objective of the CBL is to achieve, maintain and promote price stability. In order to achieve this objective, the Bank implements several policies aimed at promoting broad exchange rate stability, preserving the value of the Liberian dollar, promoting financial stability and efficient payments system, thereby contributing to overall macroeconomic stability. To this end, the Bank seeks to devise and pursue policies designed to:

(a) preserve the purchasing power of the national currency;

(b) promote internal and external equilibrium in the national economy;

(c) encourage the mobilization of domestic and foreign savings and their efficient allocation for productive economic activities;

(d) facilitate the emergence of financial and capital markets that are capable of responding to the needs of the national economy; and

(e) foster monetary, credit and financial conditions conducive to orderly, balanced and sustained economic growth and development.

Functions

Pursuant to the CBL Act of 1999, the CBL has functional independence, power and authority to:

1. *Formulate and implement monetary policy;*
2. *Issue domestic banknotes and coins;*
3. *Administer the currency laws and regulate the supply of money;*
4. *Determine the appropriate foreign exchange regime;*
5. *Formulate and implement the exchange rate policy;*
6. *Act as fiscal agent for the Government;*
7. *Administer the New Financial Institutions Act of 1999 and regulate banking activities;*
8. *License, regulate, supervise and resolve bank and non-bank financial institutions, as well as non-bank financial institutions;*
9. *Collect and produce statistics;*
10. *Hold and manage the foreign exchange reserves of Liberia, including gold;*
11. *Advise the Government on financial and economic matters;*
12. *Conduct foreign exchange operations;*
13. *Administer the National Payments System Laws of 2014, and promote safe, sound and efficient clearing, payment, and securities settlement systems;*
14. *Administer the Securities Exchange Act 2016 to facilitate the establishment of the Securities Exchange Commission in keeping with the provisions of the said Act;*
15. *Administer the Insurance Act 2013 to facilitate the establishment of the Insurance Commission in keeping with the provisions of the said Act;*
16. *Formulate and coordinate macro-prudential policy and supervision; and*
17. *Collaborate with the relevant agencies of Government responsible for enforcing anti-money laundering, counter financing of terrorism and proliferation of weapons of mass destruction laws with regard to bank and non-bank financial services institutions.*

EXECUTIVE SUMMARY

The global economy grew at a slower pace during the year 2019. The moderation in global growth was on account of multiple interrelated factors, including trade war between the US and China, uncertainty about Brexit and slow recovery in global commodity prices. However, projection for 2020 indicates a pickup in economic activity, expected to hinge on policy actions by emerging and developing economies.

Growth in the domestic economy contracted by 1.4 percent and inflation remained in double digit during the year under review, following subdued performances in the secondary and tertiary sectors. However, marginal expansion in the primary sector was recorded, primarily underpinned by the mining and panning sector. Deterioration in external trade, arising from increased imports, led to widening of the current account deficit and continued pressure on the domestic currency during the year with a pass-through effect to inflation. The Liberian dollar depreciated against the US dollar by 19.3 percent, at end-December 2019, induced by low foreign exchange inflows.

Headline inflation heightened beyond the ECOWAS regional benchmark of 10.0 percent, reaching an annual average of 27.3 percent during the year, despite several actions and policies pursued to contain the spiraling inflation. The inflation dynamics was also due to the outgrowth in money supply, as evidenced by over 90.0 percent of currency outside the banking system. The dual currency arrangement also exerted additional pressure on the Liberian dollar induced by significant preference for the US dollar for transactions as most prices quoted in US dollar were converted to Liberian dollar as the reporting currency. These structural issues constrained effective monetary policy implementation in 2019.

In the context of Government fiscal operations, a review of preliminary statistics over the period January to September 2019 showed that both revenue and expenditure fell. However, Government fiscal operations during the period resulted in a surplus, mainly due to austerity measures and improved revenue administration.

The thrust of monetary policy was to contain inflation and improve financial sector stability. In this context, the CBL raised its policy rate from 4.0 percent to 30.0 percent, above the projected annual average rate of inflation for the year, to aggressively reduce currency outside the banking system and contain the inflationary pressure. The new policy rate was also intended to align the various interest rates on instruments and securities issued by the Bank. The Bank also used other monetary policy instruments to promote monetary and financial stability, including the foreign exchange auctions, the reserve requirements and open markets operations.

During the year, the CBL continued its supervision and regulatory activities in the financial sector. The Bank instituted several measures aimed at safeguarding the financial sector and ensuring the safety and soundness of the sector. The Bank adopted a more robust supervisory oversight and ensure effective supervision and examination of the banking system. Significant improvement was made in strengthening the anti-money laundering and counter financing of terrorism (AML/CFT) supervision processes in the financial sector.

During the year under review, the banking sector, which accounts for over 80.0 percent of assets and liabilities in the financial sectors, recorded growth in the key balance sheet indicators, including loans, deposits, total assets and capital. The banking sector, however, came under immense pressure, especially in the second half of the year due to inadequate Liberian dollar liquidity in the banking system to respond to the increasing demand for Liberian dollar. Also, NPLs ratio stood at 16.2 percent for the year, significantly above the tolerable limit of 10.0 percent. The current level of NPLs poses systemic risk to the banking system, partly attributed to the slowdown in economic activity. Also, the fall in share of private sector credit to GDP during the period was indicative of the financial sector's low contribution to economic activity during the period under period.

The non-bank financial sector was relatively stable during the year, supported by reforms and other policy measures. The number of firms in the sector remained unchanged, except for the merger and consolidation of 5 insurance companies, thus reducing the number of insurance companies from 19 to 15. The CBL also continue its reform measure to deepen financial services in the other non-bank financial institutions, including the Rural Community Finance Institutions (RCFIs), village savings and loan associations, credit unions.

Financial markets developments showed slow momentum. There were fewer issuances of Treasury bills and bonds, low interbank transactions, and low appetite for CBL securities and instruments. On the other hand, there was significant uptake in electronic and digital payments. The CBL heightened its efforts in working with the West African Monetary Zone (WAMI) and AFRIXEM Bank for the regional integration of technological payment systems and a common framework for transacting, clearing, and settling cross border electronic funds transfer by means of bank accounts and mobile money wallets in domestic currencies.

In the context of financial inclusion, a 5-year National Financial Inclusion Strategy was approved by Cabinet and launched during the year to support the national development plan and boost a more inclusive financial system, particularly through digital channels across all segments of society to easily borrow, save and make payments. The Bank implemented several policies and interventions aimed at enhancing the payments ecosystem, including developing a framework for oversight of the national payment systems and regulations for effective supervision.

Internally, several measures were taken to enhance both operational efficiency and effective monetary policy operations of the Bank during the year. The CBL Act of 1999 was revised and submitted to the National Legislature for passage, while measures were taken to strengthen internal controls, internal audit functions and currency procurement and management with technical assistance from the IMF and USAID. As part of the efforts to restructure the Bank, there were appointments and subsequent confirmations of the Executive Governor, Deputy Governor for Economic Policy, and non-executive members of the Board of Governors as well as the appointment of the Acting Deputy Governor for Operations. Also, a major retrenchment exercise was carried out during the year to streamline operational costs and restore financial viability to the Bank.

A Monetary Policy Advisory Committee Charter was approved in September and the Committee met in October 2019 for its first monetary policy meeting, which elicited policy recommendations to influence monetary conditions. The policy recommendations were approved by the Board of Governors in November and communicated to the public.

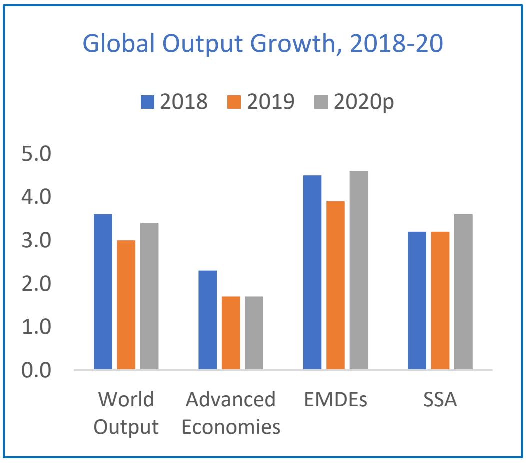
A new monetary policy framework was adopted, reflecting a movement from exchange rate targeting, which was costly to maintain, to interest-rate based framework in order to control currency outside banking system, contain the rising inflation level in the short-term and make the Liberian dollar more appreciable for transactions.

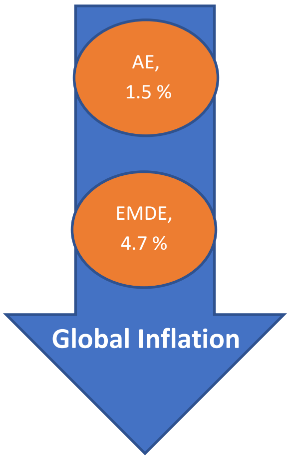
The Bank remained engaged with several bilateral, regional and multilateral institutions, and continued to participate in various statutory and non-statutory meetings organized by

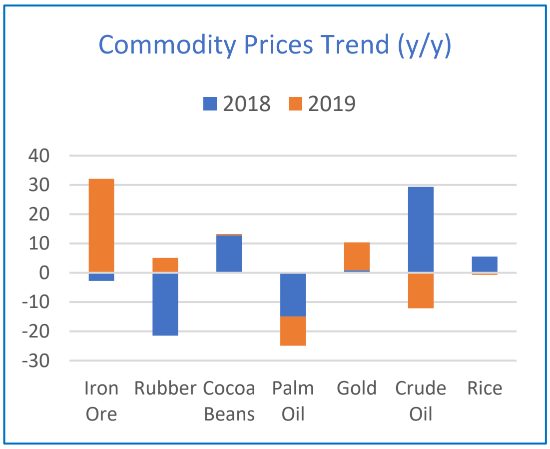
ECOWAS Commission, West African Monetary Institute (WAMI) and West African Monetary Agency (WAMA) aimed at promoting regional monetary and economic integration. The Bank, in collaboration with the Government of Liberia, also engaged the International Monetary Fund (IMF) and got approval for four-year Extended Credit Facility (ECF) program.

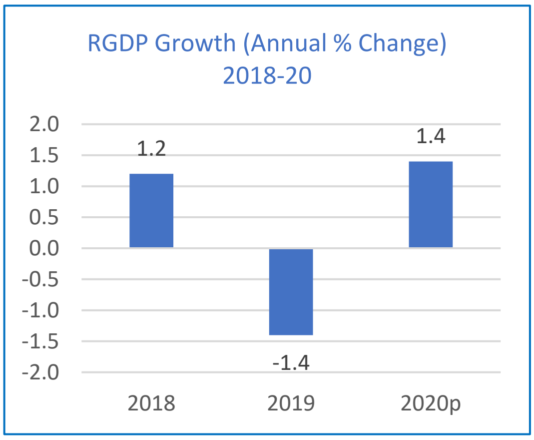
HIGHLIGHTS

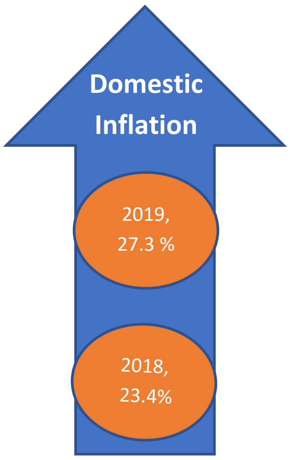
The Year 2019 In Data

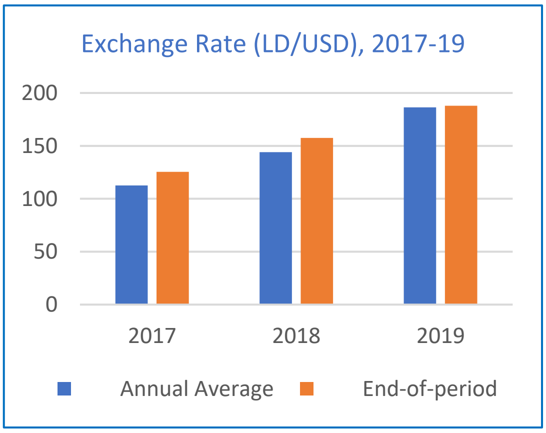


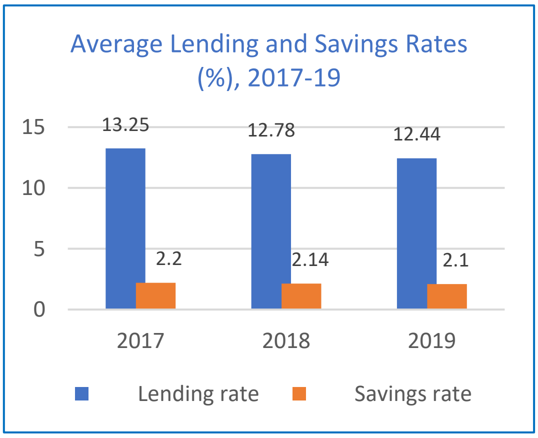


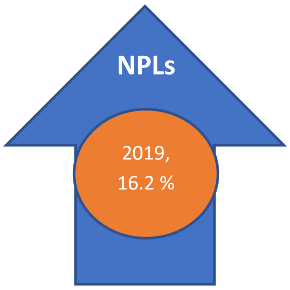


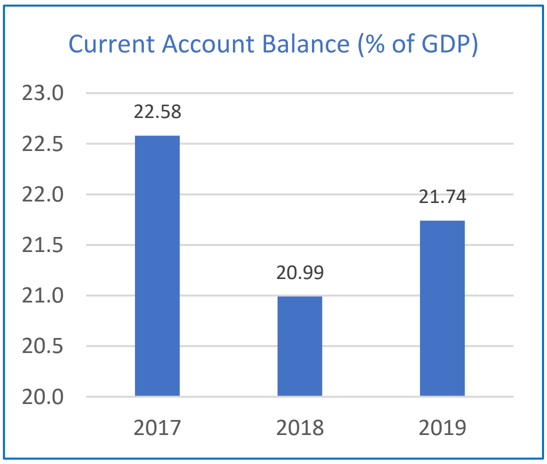


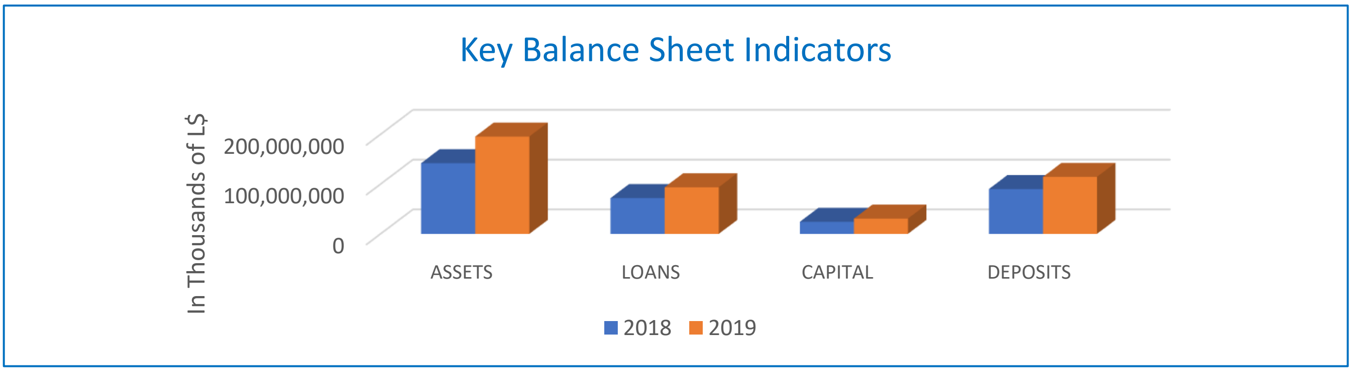












The Board of Governors
As at December 2019

Hon. J. Aloysius Tarlue, Jr.
Executive Governor / Chairman
Board of Governors

Governor D. Sheba Brown
Member
Board of Governors

Governor A. Richard Dorley
Member
Board of Governors

Governor James B. Dennis
Member
Board of Governors

Governor Timothy E. Thomas
Member
Board of Governors

The Management
As at December 2019

Hon. J. Aloysius Tarlue, Jr.
Executive Governor

Nyemadi D. Pearson
Acting Deputy Governor/Operations

Musa Dukuly (PhD)
Deputy Governor/Economic Policy

Heads of Departments/Senior Staff

Mussah A. Kamara
Director
Research, Policy & Planning Department

Jefferson S.N. Kambo
Director
Regulation & Supervision Department

Amaso Bawn
Director
Financial Markets Department

Joyce Johnson Dolo
Director
Human Resources Department

Mustapha E. Sherman
Director
Finance Department

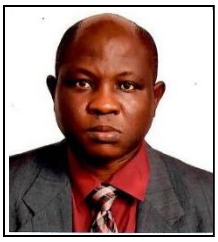
Cllr. Francis Yancy
Officer-In-Charge
General Support Services Department

William G. Jloeploe
Director
Banking Department

Miatta Oberly Kuteh
Director
Payment Systems Department

Christian N. Allison
Director
Risk Management Department

Collins W. Teah, Jr.
Director
Management Information System Department



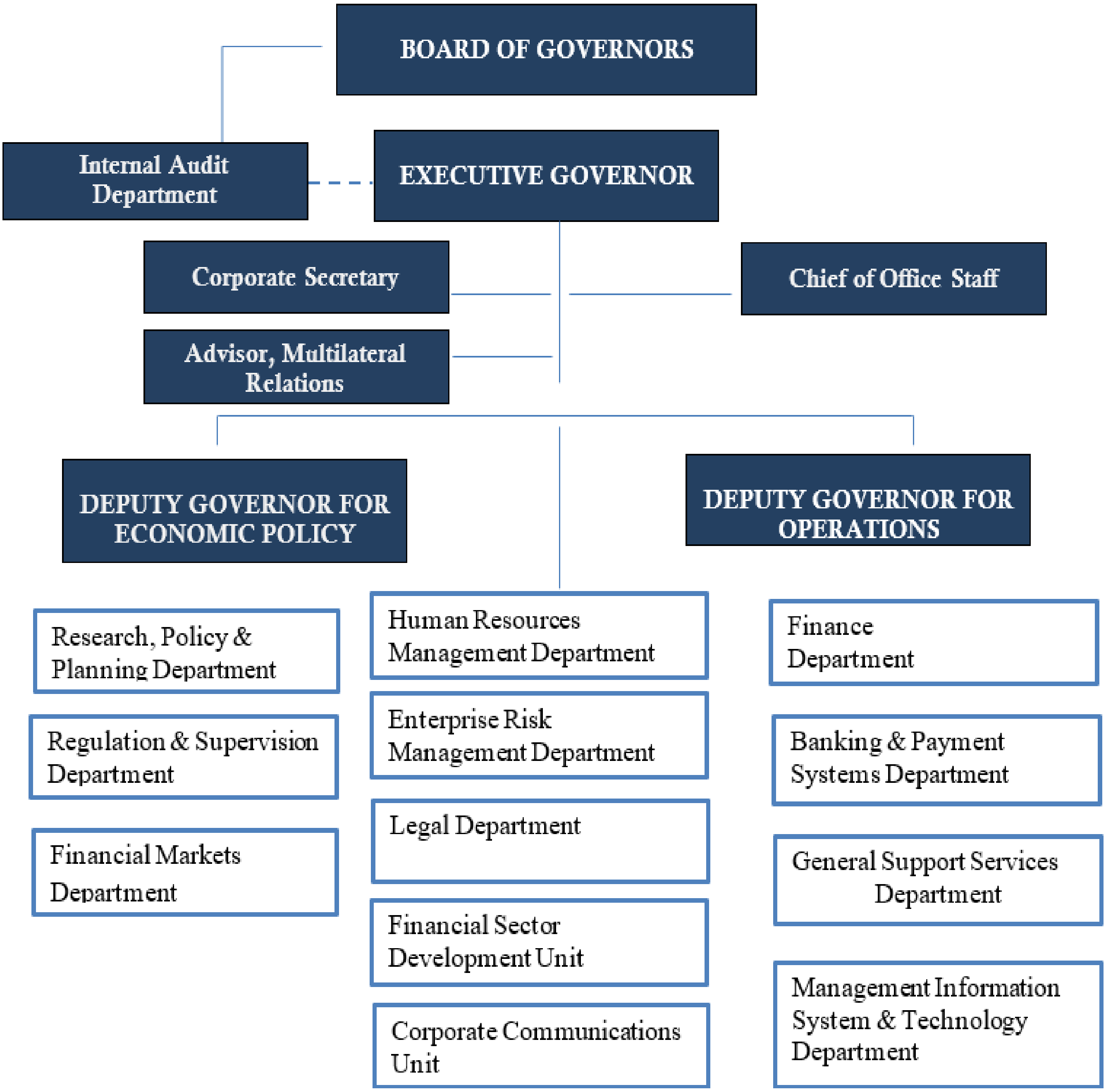
Michael Ogun
Advisor
Multilateral Relations

Adolphus Fokpa
Director
Internal Audit Department

Cllr. Esther R. Barclay
Legal Counsel
Legal Department

Chart 1: Organizational Structure

(As at December 31, 2019)



Chapter 1.0: Governance and Organizational Structure

1.1 The Board of Governors

Under the CBL Act of 1999, Part IV Section 9, the oversight responsibility of the Bank is vested in the Board of Governors. The Board is responsible for the formulation and implementation of monetary policy to ensure that the principal objectives of the Bank, as set out in the Act, are achieved. The Board has direct oversight in the strategic planning and determination of the Bank's broad policy framework. The Board also approves the annual budget, monitors the financial and operational performance of the Bank, receives reports from the external auditors, and more importantly, provides policy guidance to Management. The Board of Governors comprises five members who are appointed by the President of the Republic of Liberia and confirmed by the Liberian Senate. The Executive Governor steers the day-to-day activities of the Bank and Chairs the Board. As at end-December 2019, the Board of Governors was composed of the following members[1]:

1. Hon. J. Aloysius Tarlue, Jr. – Executive Governor/Chairman
2. Hon. D. Sheba Brown – Governor
3. Hon. A. Richard Dorley– Governor
4. Hon. James B. Dennis – Governor
5. Hon. Timothy E. Thomas- Governor

During the year under review, the Board of Governors met in six regular meetings and took several decisions to address the challenges faced by the Bank and provided policy guidance to the Bank. Key decisions and policy actions approved by the Board are stated below.

1.2 Committees of the Board

The Board of Governors has two standing committees; namely, the Audit Committee (AC) and the Investment Committee (IC). The AC has the mandate to supervise the Bank's compliance with operational, statutory and international standards and internal control procedures. Overall, the Committee ensures that appropriate and adequate accounting procedures, practices and controls are established and upheld.

The IC has the mandate to assist the CBL in devising innovative investment programs regarding investment of the Bank's financial resources in line with its investment policy.

1.3 Policy Decisions by the Board

In keeping with its oversight function, as enshrined in Section 2.1 of its Charter, the Board approved the following policy instruments, decisions, and resolutions in 2019 aimed at supporting the achievement of the Bank's objectives and Strategic Plan:

Policy Instruments

a) **Guidelines on Standing Facilities** - The Guidelines provide the operational framework for Standing Credit Facility (SCF), Standing Deposit Facility (SDF), and Intraday Liquidity Facility (ILF) intended to ensure effective liquidity management and monetary policy operations.

b) **Amended Reserves Requirement Regulations** - The amended Reserve Requirement Regulations seeks to harmonize the Liberian dollar and US dollar Reserve Requirements with the objective of increasing wider circulation of the Liberian dollar in the economy, increasing the value of the Liberian dollar, and promoting de-dollarization.

c) **Foreign Exchange Auction Rules**- The Foreign Exchange Auction Rules guide the operations of CBL's foreign exchange auctions and promote transparency of the CBL's intervention in the foreign exchange market with the objective of maintaining broad stability in the exchange rate.

d) **Regulations for Category C Foreign Exchange Bureaus** – This is a new regulation intended to accommodate small-scale foreign exchange operators into the formal foreign exchange market. The regulation is expected to bring into the formal financial sector approximately 35,000 foreign exchange operators.

e) **Amended CBL Act** – The amended Act seeks to strengthen the operational independence and autonomy of CBL and its ability to conduct effective monetary policy. It further seeks to promote transparency and accountability in the operations of the Bank, strengthen Board's oversight, and improve internal controls and financial solvency of the Bank.

f) **Monetary Policy Framework** - Given that the previous monetary policy framework, which focused on exchange rate target, has been costly in responding to the emerging macroeconomic challenges, the Board approved a new and forwardlooking monetary policy framework (MPF), the interest rate-based framework. The new framework seeks to introduce the SDF rate as a proxy for Monetary Policy Rate (MPR) of the CBL and a signaling rate for interest rate movements in the economy, as well as enhance the monetary policy transmission mechanism.

Policy Decisions

a) **Liquidity Constraints Mitigation Strategy** – In response to the liquidity constraints in the banking system, the Board approved several measures to mitigate the situation. Among the measures were: a 50.0 percent LRD – 50.0 percent USD liquidity infusion strategy to meet commercial banks' demand ahead of the Independence Day festivity. Similarly, the Board approved a 25.0 percent LRD – 75.0 percent USD infusion strategy for Christmas festivity.

b) **Resolution Strategy for the Five Seized Insurance Companies** - The Board approved a merger of five insurance companies (African Insurance Corporation of Liberia, Capital Express Assurance Company, Continental General & Life Insurance Corporation, Family dollar Universal Insurance Services, Inc., and Global Trust Assurance Company) that were seized by the CBL for acute capital shortfall and proven inability to recapitalize. As part of the resolution strategy of these companies, the Board also approved the placement of Provisional Administrators to manage the affairs of the seized companies to facilitate the merger and consolidation.

c) **Budgetary Constraints & Hiring** - Given the budgetary constraints facing the CBL, and in the interest of saving cost, the Board approved several austerity measures to promote financial restraint and trim budgetary expenditure, including but not limited to:

- Freeze on foreign trainings, except those with full or partial sponsorship;
- Cap on employee's overtime compensation at twenty percent of the employee's month salary; and
- Reduction of budgetary allotments to the Board of Governors, Executive Governor, Deputy Governor for Economic Policy, Acting Deputy Governor for Operations, and other general and administrative expenses.

1.4 Monetary Policy Objective

The primary objective of monetary policy at the CBL is to achieve and maintain price stability. To achieve this goal, the Bank seeks to achieve single digit inflation through broad exchange rate stability in the Liberian economy. During the year, the Bank deployed several instruments and tools for its monetary policy operations; namely, foreign exchange auction, SDF, SCF, reserve requirement ratios, and CBL securities.

The motivation of introducing the foregoing instruments was to ensure price stability, which is critical for CBL's contribution to the achievement of the Government's National Development Plan, the Pro-agenda for Prosperity and Development (PAPD).

1.4.1 Monetary Policy Framework and Operations

The CBL's efforts in achieving its core objective over the years has, to a large extent, been constrained by limited number of monetary policy instruments, the dual currency regime, and other structural constraints in the economy. Over the years, the Bank adopted exchange rate targeting framework.

However, due to the low foreign reserves position of the country, which has constrained the ability of the Bank to frequently intervene in the foreign exchange market, the Bank, in September 2019, adopted an interest-rate based monetary policy framework. The new framework prescribes the monetary policy rate as the main monetary policy instrument for influencing monetary conditions in the economy with the objective of preserving the value of the Liberian dollar. The new framework saw the introduction of several short-term CBL securities.

1.4.2 Monetary Policy Advisory Committee Meeting

In keeping with the Monetary Policy Advisory Committee Charter, which was also approved in September 2019, the Committee met in October for its first monetary policy meeting, and recommended several policy measures, including raising the monetary policy rate (MPR) to 30.0 percent, close to the projected inflation rate at end-December 2019. The new MPR was approved by the Board of Governors in November 2019.

Other measures approved by the Board included, introduction of several short-term CBL securities (2 weeks, 1 month, 6 months and 1 year); and harmonization of the Reserve Requirements rate for the US and Liberian dollars.

Going forward, the CBL will consistently set the policy rate at an appropriate level (anchored on inflation rate) and take other actions, as necessary, to ensure positive real returns on Liberian dollar assets.

Chapter 2.0: Global Economy

2.1 World Output

Growth projections for 2019[1] showed broad-based slowdown in industrial output on account of multiple interrelated factors. The subdued economic activity during the year resulted to downward revision of global growth rate to 3.0 percent in 2019, from 3.6 percent in 2018, mainly driven by decline in manufacturing activity. Moreover, the contraction in demand for capital goods, arising from high tariffs and protracted trade uncertainties between the US and China, have together resulted to a decline in the volume of trade, leaving the service sector as the main driver of growth. However, projection for the coming year shows prospect with a pickup in economic activity to 3.4 percent. Risk, however to this outlook, includes trade policy uncertainty along with other atypical economic factors.

Growth in advanced economies was projected to slow down at 1.7 percent for both 2019 and 2020, from 2.3 percent in 2018. The projected slowdown is due to combination of factors, including United States-China trade friction and geopolitical tensions, mainly in the Middle East, that have eroded business and consumer confidence. Despite monetary easing and fiscal stimulus, investments in the US economy have remained subdued due to trade uncertainty with growth projected at 2.4 and 2.1 percent for 2019 and 2020, respectively. In the euro area, growth was projected to fall to 1.2 percent in 2019 on account of disruption in the automobile industry and uncertainty related to the Brexit policy.

Growth projection for emerging markets and developing economies showed a decline to 3.9 percent in 2019, 0.2 percentage point lower than previously projected in the July 2019 WEO Update. Weak external demand largely influenced by trade tensions and financial reforms, contributed to slowdown in China's growth to 6.1 percent in 2019. India's growth hit a rough patch with projection reflecting slowdown from 6.8 percent in 2018 to 6.1 percent in 2019, due to collapse in the automobile sector, soft consumer demand, rising level of non-performing assets as well as low investment. Several emerging markets also recorded moderate growth in 2019 driven by the slowdown in trade and manufacturing activities. However, with policy actions to minimize macroeconomic imbalances, emerging markets

[1] International Monetary Fund. 2019. *World Economic Outlook: Global Manufacturing Downturn, Rising Trade Barriers.* Washington, DC, October.

and developing economies are expected to rebound with growth rate of 4.6 percent in 2020, but vulnerability to downside risk is expected to linger affecting business and consumer confidence.

Growth in Sub-Saharan Africa was projected to remain stable at 3.2 percent in 2019, and inch up to 3.6 percent in 2020 due to expected recovery in advanced and emerging markets economies. Debt distress, austerities program and civil crisis continued to threaten the region's growth prospect. Nigeria's growth, which is attributed to stability in oil prices and successful political transition, was expected to rise to 2.3 percent in 2019 and further inch up to 2.5 percent in 2020. In South Africa, growth was anticipated to decline to 0.7 percent in 2019, but is expected to improve to 1.1 percent in 2020. The performance of South Africa was reflective of fiscal slippages, low investors' sentiments and persistent policy uncertainty including delays in electricity supply resolution.

Table 1: Selected Global Output and Consumer Prices

		Projections		Difference from July 2019 WEO Update	
	2018	**2019**	**2020**	**2019**	**2020**
World Output	**3.6**	**3.0**	**3.4**	**-0.2**	**-0.1**
Advanced Economies	**2.3**	**1.7**	**1.7**	**-0.2**	**0.0**
United States	2.9	2.4	2.1	-0.2	0.2
Euro Area	1.9	1.2	1.4	-0.1	-0.2
Japan	0.8	0.9	0.5	0.0	0.1
United Kingdom	1.4	1.2	1.4	-0.1	0.0
Canada	1.9	1.5	1.8	0.0	-0.1
Emerging Markets and Developing Economies	**4.5**	**3.9**	**4.6**	**-0.2**	**-0.1**
Emerging and Developing Asia	6.4	5.9	6.0	-0.3	-0.2
China	6.6	6.1	5.8	-0.1	-0.2
India	6.8	6.1	7.0	-0.9	-0.2
Latin America & the Caribbean	1.0	0.2	1.8	-0.4	-0.5
Brazil	1.1	0.9	2.0	0.1	-0.4
Middle East, and Central Asia	1.9	0.9	2.9	-0.5	-0.3
Sub-Sahara Africa	3.2	3.2	3.6	-0.2	0.0
Nigeria	1.9	2.3	2.5	0.0	-0.1
South Africa	0.8	0.7	1.1	0.0	0.0
Consumer Prices					
Advanced Economies	2.0	1.5	1.8	-0.1	-0.2
Emerging Markets and Developing Economies	4.8	4.7	4.8	-0.1	0.1

Source: International Monetary Fund. 2019. World Economic Outlook: Global Manufacturing Downturn, Rising Trade Barriers. Washington, DC, October.

2.2 Global Inflation

Headline inflation remained passive and below targets in advanced economies. Similarly, inflation in emerging markets and developing economies was relaxed with core inflation below historical averages in some countries. The moderate inflation levels correlated with the slowdown in global demand and industrial production along with slowdown in energy prices. The exceptions to global inflationary pattern occurred in countries that recorded higher exchange rate depreciation effect through domestic prices and where there were shortages of priority goods. Inflation in advanced economies was forecast to drop at 1.5 percent in 2019, from 2.0 percent in 2018, but expected to inch up to 1.8 percent in 2020. For emerging markets and developing economies, inflation was projected at 4.7 percent in 2019.

2.3 Commodity Market

Overall, global commodity prices in 2019 was projected to weaken as indicated by the global commodity price index. The decline in commodity price index was largely influenced by energy prices, notably coal and natural gas. Moreover, protracted trade tensions and concerns over global output declines resulted to a slowdown in the prices of base metals. Prices of Agro commodities decreased marginally, despite increase in the prices of meat; however, prices of iron ore and nickel gained momentum with concerns over supply shortage.

2.3.1 Crude Oil

Crude oil price was relatively immutable, estimated to average at US$60.00 per barrel in 2019 and projected to edge downward to US$58.00 per barrel in 2020. These projections were US$6.00 and US$7.00 lower than previously projected for the respective years. For the first half of 2019, oil prices gained momentum, but recent US oil stockpile, intensifying geopolitical tensions, and lower economic activity have together softened the demand for oil.

2.3.2 Iron Ore

The average price of iron ore was projected to rise by 32.1 percent to US$92.20 in 2019 compared with US$69.80 per metric ton recorded in 2018. The projected price increase was attributed to supply shortage caused by unfavorable weather and other operational issues in Australia and Brazil together with robust steal production in China. However, iron ore price forecast for 2020 shows a decline by 11.8 percent, on account of production rebound in Brazil and softer demand arising from slowing industrial activity.

2.3.3 Rubber

The price of rubber on the global market was projected to moderately rise by 5.0 percent to US$1.65 per kilogram in 2019, from US$1.57 per kilogram in 2018. Forecast for 2020 reflects a rise in price by 4.0 percent to US$ 1.71 per kilogram, due to expected recovery of production in the automobile industry.

2.3.4 Palm Oil

The global price of palm oil trended downward in 2018 and 2019. The average price of the commodity was projected at US$575.00 per metric ton in 2019, 10.0 percent lower than the US$639.00 per metric ton recorded in 2018. Favorable harvest leading to a stockpile of the commodity in major exporting countries (mainly Southeast Asian countries) exerted downward pressure on the price of the commodity.

2.3.5 Cocoa Beans

The price of cocoa beans stabilized over the year with projection pointing at a 0.4 percent uptick for 2019 from the global price of US$2.29 per kilogram recorded in 2018. Despite the drop-in price in the third quarter of 2019, cocoa price shows positive outlook, expected to gain 2.0 percent growth in 2020.

2.3.6 Rice

The international price of rice was projected to fall to US$418.00 per metric ton in 2019, from US$421.00 per metric ton at end-2018. The projected decline was attributed to favorable weather conditions, notably in major rice-producing countries (mainly, Indonesia, India, and Thailand).

2.3.7 Gold

The global price of gold was projected to increase to US$1,390.0 per troy ounce in 2019, from US$1,269.0 per troy ounce at end-2018. The rise was attributed to demand from some central banks, investor holdings in gold-back exchange funds and demand for jewelry.

Table 2: Selected Global Commodity Prices, 2017-2019

Commodity	Unit	2017	2018	2019	% Change From	
		Actual	Revised	Projections	2018	2017
Iron Ore	USD/MT	71.80	69.80	92.20	32.09	28.41
Rubber	USD/KG	2.00	1.57	1.65	5.10	(17.50)
Cocoa Beans	USD/KG	2.03	2.29	2.30	0.44	13.30
Palm Oil	USD/MT	751	639	575	(10.02)	(23.44)
Gold	US$/TOZ	1,258	1,269	1,390	9.54	10.49
Crude Oil	USD/BBL	52.80	68.30	60.00	(12.15)	13.64
Rice	USD/MT	399.00	421.00	418.00	(0.71)	4.76

Source: IMF World Economic Outlook, October 2019 Edition; www.indexmundi.com/commodities/

2.4 Global Financial Markets

Global financial market operations for 2019 was distorted by unpredictable Brexit negotiations, and to a greater extent, uncertainty surrounding the US-China trade discussions. In advanced economies, growing market uncertainty, weak global output along with policy rates cut contributed to declines in bonds and other financial securities. Currency movement was mixed in advanced economies in real effective terms. The US dollar, Japanese yen and Swiss franc experienced appreciation, while the British pound and Euro depreciated largely on account of concerns over no-deal Brexit. Similarly, there was policy rate cuts in several emerging markets and developing economies, but with wide-ranging stability in sovereign spreads. Although sovereign spread remained volatile in few emerging and developing economies due to elections and transitional reforms, equity trading was kept at low levels on account of rising trade tensions and uncertainty.

2.5 Implications for the Liberian Economy

Over the past two to three years, gold has been the major driver of Liberia's export earnings, recording about 40.0 percent of export receipts. Liberia relies on primary commodity exports (mainly rubber, iron ore and gold) as its main sources of export earnings, while significant amount of import payments is directed to rice and petroleum products. Gradual recovery in the global prices of iron ore, gold, and rubber since the prolonged declines, beginning 2014, is likely to enhance export receipts. However, weakened external demand, a likely result of slowdown in global industrial output, is expected to adversely spill over to the Liberian economy. On the other hand, subdued global inflation resulting from slowdown in global economic activity could induce lower level of domestic inflation, while stability in the prices of petroleum products and downtick in the prices of food (rice) are likely to minimize external imbalances, provided the impact of domestic currency depreciation induces significant export earnings.

Chapter 3.0: Development in the Liberian Economy

3.1 Overview

The Liberian economy during the year 2019 remained challenged with Real Gross Domestic Product (RGDP) contracted to 1.4 percent from 1.2 percent growth recorded in 2018 largely on account of subdued performances of the secondary and tertiary sectors. Primary sector, however, grew mainly on account of activity in mining and panning.

Average headline inflation for 2019 was projected to remain in double digit from 23.4 percent reported in 2018 to 27.3 percent in 2019, with food inflation contributing 10.2 percentage points and non-food category constituting 17.1 percentage points. Similarly, end-of-period inflation was projected at 25.8 percent while average food inflation for 2019 was 29.8 percent, up from 20.0 percent in 2018. Compared to the base period, overall consumer confidence declined by 4.1 index points, largely driven by sharp declines in macro and welfare confidence.

The year under review witnessed expansions in key monetary aggregates, including currency in circulation, currency outside the banking system, currency in banks, net domestic assets, narrow and broad money supply. The rise in the stock of narrow money was prompted by growths in currency outside banks and demand deposits, while the expansion in broad money from the demand side was due to increases in narrow money and quasi money. From the supply side, net domestic assets (NDA) also increased.

Credit expanded when compared with the amount recorded at end-December 2018, occasioned by marginal growth in business activity and the depreciation effect of the domestic currency. Credit to the private sector, as a percent of GDP, however, decreased compared with 2018, reflecting a negative contribution of the financial sector to the economy in 2019.

The average interest rates showed diverse movements with a marginal decline in savings and lending rates, reflecting the low intermediary role of domestic savings mobilization in financing the private sector.

The year 2019 witnessed a slowdown in external sector developments. The net borrowing position of the current and capital accounts worsened largely caused by sharp fall in receipts from transactions with the rest of the world. The reduction in receipts was mainly attributed to decrease in receipts from secondary income. However, overall balance (OB) of Liberia's balance of payments remained positive in 2019, though below the 2018 performance, reflecting persistent low foreign exchange inflows in the economy.

Net personal inward remittances in 2019 grew mainly on account of 7.5 percent reduction in outward remittances which outweighed the 0.7 percent decline in personal inward remittances. At the same time, Liberia's gross international reserves (GIR) declined by 4.4 percent on account of slowdown in foreign currency deposits in reserve assets. Similarly, the net foreign reserves position (including net SDR) marginally declined by 1.0 percent at end-November 2019 on the back of the decline in CBL's United States dollar liquid liabilities due to commercial banks. The annual average exchange rate (AER) depreciated by 29.5 percent, while end-of-period exchange rate (EOP) at end-December 2019 recorded a depreciation of 19.3 percent due to excess demand for foreign exchange in the economy despite the relative appreciation seen in November and December 2019.

The macroeconomic environment induced the CBL to use various monetary policy instruments to promote macroeconomic stability in 2019. Among the instruments deployed by the Bank were: the foreign exchange auction, the reserve requirement, and CBL securities. The Bank also, on behalf of the Government, issued Treasury-bills (US$ and L$) and Treasury-bonds (US$) aimed at mopping up excess liquidity in circulation and easing the cashflow needs of the Government.

Table 3: Selected Economic Indicators, 2017 – 2019

Indicators	2017 Est.	2018 Est.	2019* Proj.
Real Sector			
Real GDP Growth (%)	2.5	1.2	(1.4)
Agriculture & fisheries	1.4	3.1	2.0
Forestry	(8.0)	(6.3)	(7.6)
Mining & panning	28.8	24.2	13.2
Manufacturing	1.4	(5.7)	(7.6)
Services	1.0	(2.2)	(5.2)
Nominal GDP (Million USD)	3,244.0	3,263.9	3,155.5
Inflation			
Consumer prices (annual average)	12.4	23.4	27.3
Consumer prices (end-of-period)	13.9	28.5	25.8
Monetary Sector			
Money and Credit			
Credit to private sector (percent of GDP)	14.7	15.1	14.0
Credit to private sector (annual change %)	32.2	32.2	15.6
Broad Money_M2 (percent of GDP)	21.0	21.5	20.1
Broad Money_M2 (annual change %)	24.7	33.5	12.8
Interest rate (annual average, %)			
Lending rate	13.3	12.7	12.4
Personal Loan rate	13.0	13.2	12.8
Mortgage rate	13.3	12.9	14.5
Time Deposit rate	3.5	3.6	3.5
Savings rate	2.2	2.1	2.1
Rate of CDs	2.9	3.3	3.3
External Sector			
Current account balance (Million USD)	(741.5)	(681.8)	(703.4)
Exports (Million USD)	358.3	517.0	528.3
Imports (Million USD)	997.9	1,041.1	927.6
Trade balance (Million USD)	(639.6)	(524.2)	(399.3)
Commodity Prices (International)			
Iron ore (USD/MT)	71.80	69.80	92.20
Rubber (USD/KG)	2.00	1.57	1.65
Gold (USD/Oz)	1,258.00	1,269.00	1,390.00
Crude oil (USD/BBL)	52.80	68.30	60.00
Exchange rate			
Annual Average (LD/USD)	112.6	144.1	186.4
End-of-period (LD/USD)	125.5	157.6	187.9
International Reserves			
Gross International Reserves (Million USD)	335.5	303.5	290.1/*
Month of Import Cover	3.1	2.7	2.5

Source: Liberian Authority & IMF staff
****Provisional*** ***/* - end November 2019***

3.2 Real Sector

Real gross domestic product (RGDP) growth of the Liberian economy which was earlier projected at 0.4 percent in 2019, contracted to 1.4 percent on accounts of subdued performances of the secondary and tertiary sectors, in addition to weak activity in the forestry subsector of the primary sector.

However, the projected growth of the primary sector (agriculture, forestry, and mining and panning) was underpinned by continued expansion in mining activity, especially through commercial gold production, and to a lesser extent, developments in agriculture and fisheries subsector. The sector expanded by a projected 2.5 percent in 2019 (revised from 3.3 percent), down from the 7.0 percent estimated for 2018. Output in the mining and panning subsector was projected to grow by 13.2 percent in 2019, compared to 24.2 percent in 2018. Agriculture and fisheries subsector was projected to moderate to 2.0 percent in 2019 (revised from 2.8 percent), from 3.1 percent in 2018 due to slowdown in cocoa and coffee production, while the forestry subsector was projected to contract by 7.6 percent (revised from contraction of 6.2 percent), from a contraction of 6.3 percent in 2018, as a result of limited logs and timber production. Growth in the secondary sector (manufacturing) was projected to remain in contraction to 7.6 percent in 2019 (revised from a contraction of 3.2 percent), from 5.7 percent estimated for 2018, on account of anticipated decrease in beverages output. Activity in the tertiary sector was expected to further contract to 5.2 percent (from a previous contraction of 2.6 percent) in 2019, from a growth of 2.2 percent level in 2018. The projected dismal performance of the sector was reflective of reductions in services emanating from government, trade and hotel, and construction sectors.

Outlook for RGDP growth in 2020 is positive. Growth is expected to double to 1.4 percent, on account of improvement in all sectors, especially the primary sector mainly through mining and panning, agriculture and fisheries subsectors. Contractions in the forestry, manufacturing and services subsectors are expected to moderate, especially in the manufacturing subsector, largely due to expansion in beverages and cement outputs. The key risks to growth in 2020, however, will include slow recovery in global market prices of the country's key export commodities (rubber and iron ore), infrastructural challenges and slow implementation of business-friendly policy reforms.

Table 4: Sectoral Origin of Growth (GDP at 1992 Constant Prices), 2017-20

	2017	2018	2019**	2020**
Agriculture & Fisheries	378.8	390.5	398.2	407.3
Forestry	139.4	130.6	120.7	120.3
Mining & Panning	142.9	177.5	200.9	220.3
Manufacturing	97.7	92.1	85.1	86.5
Services	659.8	645.6	611.9	601.7
Real GDP	1,418.7	1,436.3	1,416.8	1,436.1

Source: Liberian Authorities & IMF staff estimates

*All figures are expressed in millions of U.S. dollars. ** Projection*

Preliminary statistics for the real sector in 2019 showed mixed outturns in the economy. Output of key commodities in the agriculture & forestry sub-sectors recorded growth on average. Rubber production rose by an estimated 40.4 percent to 65,743 metric tons from a revised 46,810 metric tons reported in 2018 on account of increased productivity of smallholder farms due to improved global price of the commodity.

Cocoa output plummeted by 40.0 percent to an estimated 11,343 metric tons, down from the revised 18,871 metric tons reported in 2018 on account of unfavorable harvest. The output of crude palm oil (CPO) rose to an estimated 22,140 metric tons, from the revised 18,104 metric tons produced a year ago. The increase in production of CPO was due to growths in trees, and smallholder farms' production. The production of round log was estimated to expand to 315,138 cubic meters, from a revised 244,578 cubic meters on account of favorable global price of the commodity. Sawn timber output was projected to decline to 208,672 pieces in 2019, from a revised 262,753 pieces produced in 2018 largely due to decrease in the demand of the commodity (Table 5).

Table 5: Agriculture & Forestry Sector Output, 2017-19

Commodity	unit	2017	2018+	2019**
Rubber	Mt.	45,933	46,810	65,743
Cocoa Beans	Mt.	3,560	18,871	11,343
Coffee	Mt.	na	na	na
Round Logs	M3	106,814	244,578	315,138
Sawn Timber	Pcs.	506,631	262,753	208,672
Crude Palm Oil (CPO)	Mt.	11,175	18,104	22,140

*Sources: Ministry of Commerce & Industry (MOCI) Liberia Agricultural Commodities Regulatory Authority (LACRA); Forestry Development Authority (FDA); Sime Darby Plantations (Note: + Revised/Actual, ** Projection)*

Production in the manufacturing sector, except for cement production, declined during 2019. Cement output in 2019 increased by 2.3 percent to a projected 339,767 metric tons, up from a revised 332,094 metric tons produced in 2018 on account of reduction in the price of the commodity (Table 6). Beverages production (both alcoholic and non-alcoholic) declined by a projected 21.8 percent to 16.6 million liters in 2019, from a revised 21.3 million liters produced in 2018. The decrease in production was largely due to a slump in the production of non-alcoholic beverages. Total paint production (both oil & water paints) was projected at 196,374 gallons, down by 3.0 percent from the revised 202,405 gallons produced in 2018.

Candle production during the year fell to projected 95,924 kilograms, down from the revised 98,627 kilograms produced in 2018. Similarly, the production of chlorox during the year was estimated to decrease by 10.5 percent, to 1.1 million liters, down from the revised 1.2 million liters produced in 2018. The declines in paint, chlorox and candle production were on account of lower demand for the commodities. On the other hand, total volume of rubbing alcohol production increased by an estimated 6.4 percent to 251,694 liters, up from the revised 236,466 liters produced in 2018. The marginal increase was on account of increased demand for the commodity.

The volume of iron ore produced in 2019 was estimated at 4.4 million metric tons, down from the revised 4.6 million metric tons produced in 2018, due to inventory build-up. Gold production also declined during the year to an estimated 157,640 ounces, down from the revised 234,354 ounces produced in the preceding year. Similarly, diamond output plummeted by a projected 22.4 percent to 58,642 carats, down from 75,554 carats produced in the previous year. The declines in the production of gold and diamond were on the backdrop of slowdown in mining activity.

Table 6: Key Industrial Output, 2017-19

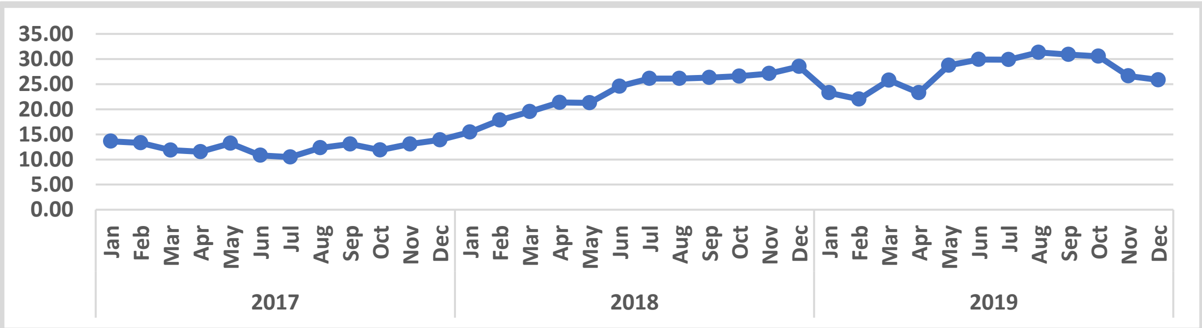
Commodity	Unit	2017	2018+	2019**
Cement	Mt.	264,103	332,094	339,767
Beverages	Liter	23,481,858	21,302,987	16,651,315
Paints	gal.	194,652	202,405	196,374
Candle	kg.	101,840	98,627	95,924
Chlorox	Liter	1,183,903	1,207,775	1,080,411
Rubbing Alcohol	Liter	264,962	236,466	251,694
Mattresses	Pcs.	95,896	120,881	96,292
Gold	Ounce	195,198	234,354	157,640
Diamond	Carat	60,636	75,554	58,642
Iron Ore	Mt.	1,604,763	4,657,155	4,458,029
Finished Water	Gal.	2,077,376,459	1,913,580,705	972,334,404
Electricity	Kw	315,620,000	200,975,240	156,361,466

*Sources: Ministry of Commerce & Industry (MOCI) Ministry of Mines & Energy; Liberia Water and sewer Corporation. (Note: + Revised/Actual, ** Projection)*

3.2.1 Price Developments

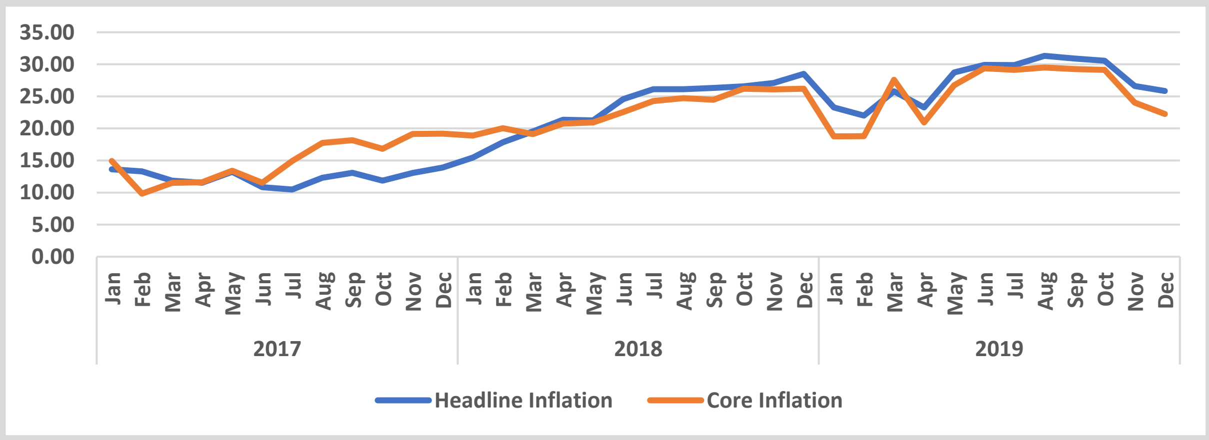
Average headline inflation for 2019 was projected to increase to 27.3 percent, up from 23.4 percent in 2018, while end-of-year inflation was projected at 25.8 percent. The estimated increase in average inflation was generally explained by the pass-through effect of the depreciation of the Liberian dollar (Chart 2). However, the end-of-year inflation is projected to decline by 2.7 percentage points largely due to weak demand.

Chart 2: Year-on-year Rates of Inflation, 2017-19 (December, 2005=100)



All major commodity groups in the CPI basket contributed to the downward trend of end-of-year inflation rate during 2019 compared to 2018, except for recreation & culture and education. Food & non-alcoholic beverages were relatively stable. Inflation rates on alcoholic beverages, tobacco and narcotics declined to 24.1 percent (from 29.1 percent); clothing and footwear to 16.9 percent (from 20.2 percent); housing, water, electricity, gas & other fuel to 20.8 percent (from 22.7 percent); furnishings, household equipment & routine maintenance of the house to 33.3 percent (from 36.4 percent); health to 14.8 percent (from 21.6 percent); transport to 29.0 percent (from 35.1 percent); communication to 22.3 percent (from 28.6 percent); restaurants and hotels to 34.8 percent (from 37.3 percent); and miscellaneous goods and services to 25.9 percent (from 26.2 percent). Recreation and culture increased to 22.4 percent (from 20.1 percent) and education to 13.0 percent (from 0.0 percent). Core inflation, which is measured by the Bank as the overall consumer price index (CPI) less food and transport, reduced to a projected 22.3 percent from 26.2 percent in 2018. The downward trend in inflation, especially in the last quarter of 2019, was underpinned by weak demand.

Chart 3: Headline and Core Inflation, 2017-19 (In Percent)

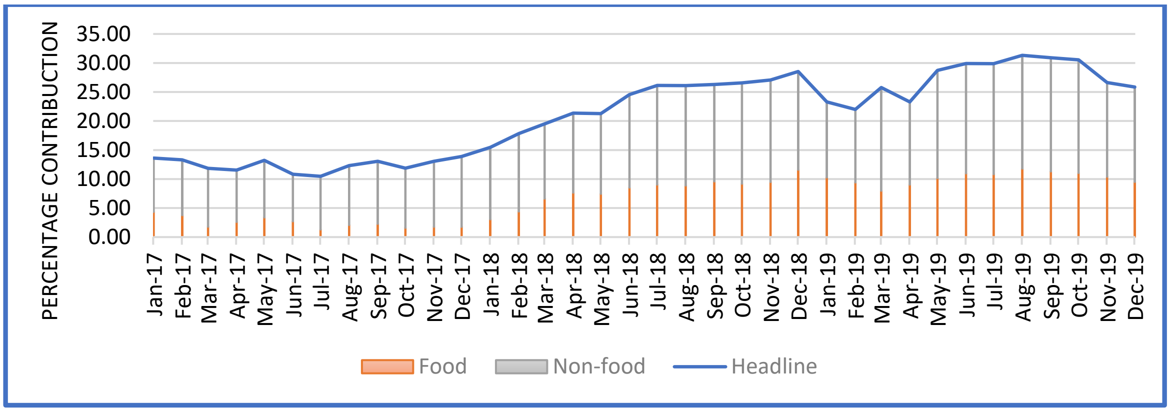


3.2.1.1 Food and Non-food Inflation

Average food inflation for 2019 was 29.8 percent, up from 20.0 percent in 2018. The rise in average food inflation was mainly due to low harvest of domestic food production. However, food inflation remained relatively stable at end 2019 compared with the corresponding period in 2018.

Non-food inflation increased to 25.8 percent in 2019, from 24.6 percent in 2018 on account of the depreciation of the Liberian dollar. On average, non-food category contributed more to headline inflation than food category, largely due to its weight in the CPI basket (non-food accounts for 65.9 percentage points, while food contributed 34.1 percentage points). Food inflation in 2019 contributed 10.2 percentage points, while non- food category provided 17.1 percentage points to the 27.3 percent rate of inflation.

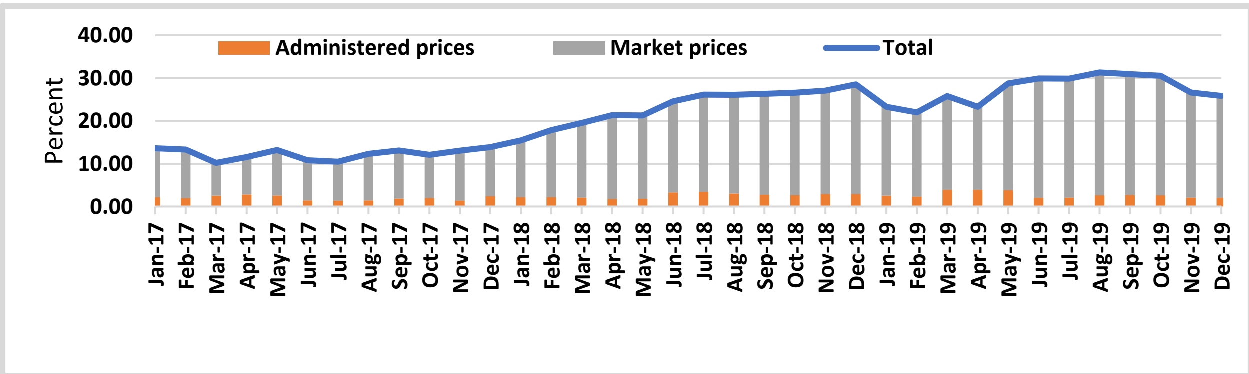
Chart 4: Food, Non-food and Headline Inflation, 2017-19



3.2.1.2 Administered versus Market Prices

Analysis of the administered[2] and market prices for 2019 showed that average inflation for 2019 was driven mainly by market prices. The rise in market prices was largely due to exchange rate depreciation and unfavorable harvest conditions. In 2019, market prices contributed 24.6 percentage points to the 27.3 percent of the average rate of inflation, while administered prices accounted for the remaining 2.7 percentage points.

Chart 5: Administered versus Market Prices, 2017-19

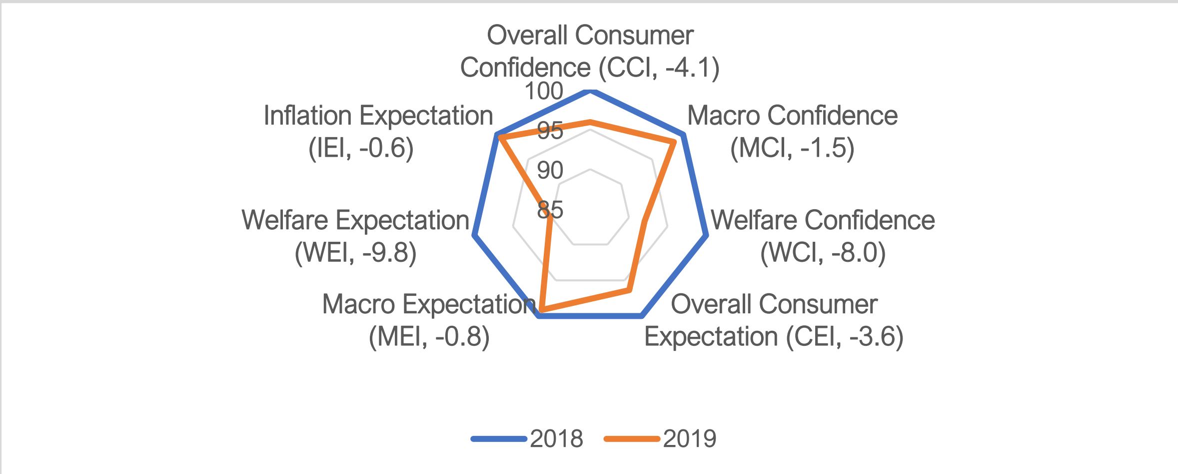


[2] Administered prices referred to the prices that do not vary in response to short-run fluctuations in demand and supply conditions; rather, they are set either directly or indirectly by government or by some other public institutions.

3.2.2 Consumer and Business Sentiments

Consumers' perception about the health of the economy in 2019 was less optimistic and showed signs of slowdown in economic activity. Compared to the base period (2018), overall consumer confidence declined by 4.1 index points, largely driven by sharp declines in macro and welfare confidence. The perceived declines in macro and welfare confidence were due to rapid increase in prices and worsening financial situation of consumers.

Chart 6: Measures of Consumer Confidence, 2018-19



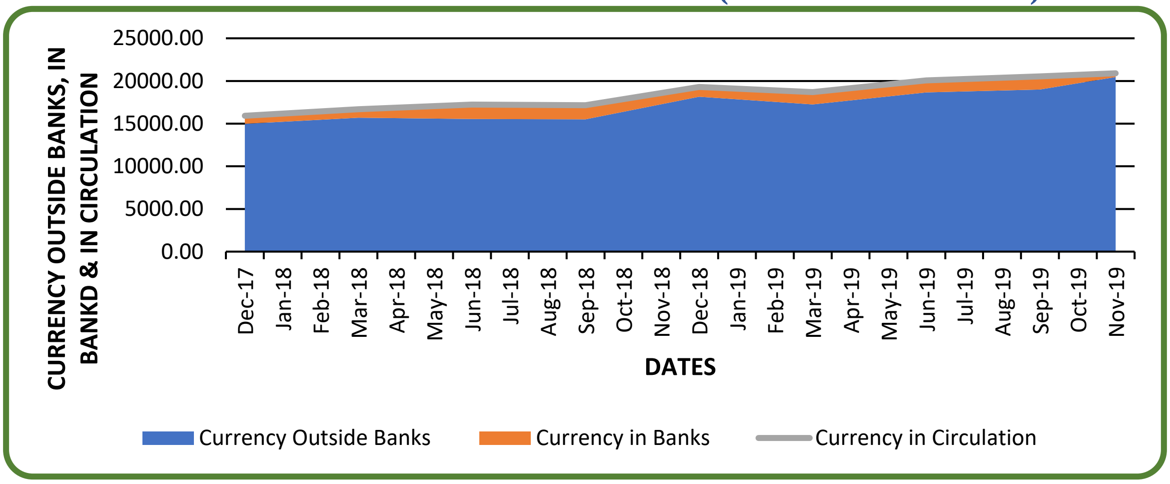
Business confidence also diminished by 4.7 index points, compared to the base year 2018. The dampened business confidence during the year was due to less-than-expected realization of sales and profits, diminishing prospects for growth, sales, and profits, as well as rising prices and cost of energy. Overall assessment of the economy by businesses revealed a decline in economic activity and moderate prospect for growth.

3.3 Monetary Developments

3.3.1 Monetary Aggregates

The stock of domestic currency in circulation at end-November 2019 stood at L$20,896.8 million, reflecting a growth of 8.3 percent, from L$19,301.1 million recorded at end-December 2018. This expansion was primarily triggered by 12.7 percent growth in currency outside banks, despite the 62.2 percent decline in currency in banks. Of the total currency in circulation, currency outside banks accounted for 97.9 percent, up from 94.0 percent recorded at end-December 2018. The rise in currency in circulation was occasioned by macroeconomic uncertainty that induced rapid drawdown on deposits.

Chart 7: Liberian Dollar in Circulation (2017 - November 2019)

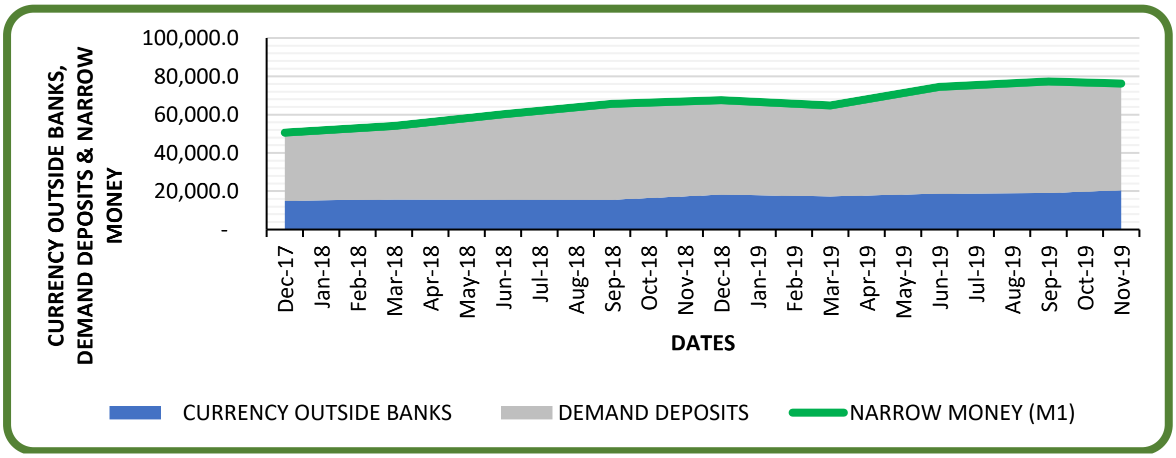


Source: Central Bank of Liberia
Note: All figures are expressed in millions of Liberian dollars.

At end-November 2019, the stock of narrow money supply (M1) amounted to L$79,205.3 million, reflecting an increase of 12.8 percent, from L$67,554.6 million reported at end-December 2018. The growth in the stock of narrow money was influenced by 12.7 percent and 12.8 percent growth in currency outside banks and demand deposits, respectively.

Quasi money expanded by 25.6 percent to L$41,989.0 million driven mainly by 26.0 percent increase in time & savings deposits.

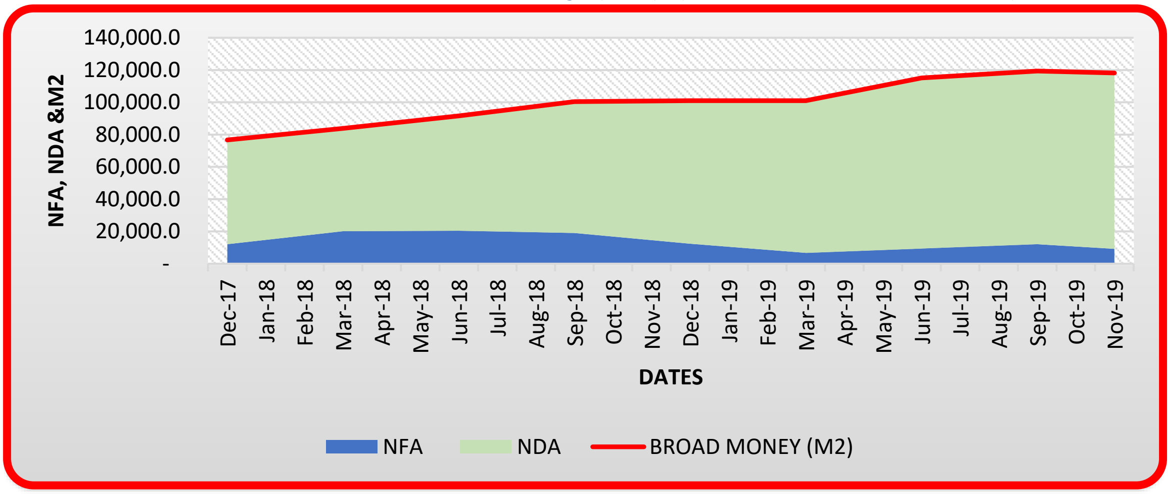
Chart 8: Money Supply (M1) (2017–November 2019)



Source: Central Bank of Liberia
Note: All figures are expressed in millions of Liberian dollars

At end-November 2019, broad money supply (M2) rose by 17.1 percent to L$118,197.4 million, from L$100,974.4 million recorded at end-December 2018, primarily on account of 23.0 percent rise in net domestic assets (NDA), which offset the 25.5 percent slowdown in net foreign assets (NFA). The growth in NDA was on account of the rise in both net claims on Government and credit to the private sector.

Chart 9: Broad Money (M2) (2017 - November 2019)



Source: Central Bank of Liberia
Note: All figures are expressed in millions of Liberian dollar

At end-November 2019, reserve money grew by 2.2 percent to L$37,837.9 million, mainly driven by growth in currency outside of the banking system, (Table 7). The US dollar contribution to broad money at end-November 2019 accounted for 67.0 percent (L$79,141.1 million), from 67.9 percent (L$68,554.4 million) recorded at end-December 2018, while Liberian dollar contribution constituted 33.0 percent. This affirmed the high degree of dollarization of the Liberian economy.

Table 7: Money Supply and its Sources (2017 – November 2019)

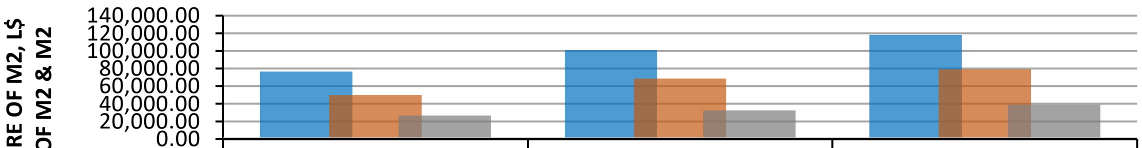
Monetary Aggregates	Dec-17	Dec-18	Nov-19	Percent Change	
				2017-18	2018-Nov. 2019
1.0 Money Supply M2 (1.1 + 1.2)	**76,675.43**	**100,974.35**	**118,194.36**	**31.7**	**17.1**
1.1 Money Supply M1	**50,587.76**	**67,554.62**	**76,205.34**	**33.5**	**12.8**
1.1.1 Currency outside banks	*14,981.75*	*18,148.82*	*20,461.26*	*21.14*	*12.74*
1.1.2 Demand deposit 1/	*35,606.01*	*49,405.81*	*55,744.08*	*38.76*	*12.83*
1.2 Quasi Money	**26,087.67**	**33,419.73**	**41,989.02**	**28.1**	**25.6**
1.2.1 Time & Savings deposits	25,887.11	33,038.72	41,623.15	27.63	25.98
1.2.2 Other deposits 2/	*200.56*	*381.00*	*365.87*	*89.97*	*(3.97)*
2.0 Net Foreign Assets	**12,116.89**	**12,379.07**	**9,220.84**	**2.2**	**(25.5)**
2.1 Central Bank	5,908.39	(2,882.47)	(9,537.39)	(148.79)	230.88
2.2 Banking Institutions	6,208.50	15,261.54	18,758.23	145.82	22.91
3.0 Net Domestic Assets (1 - 2)	**64,558.54**	**88,595.28**	**108,973.52**	**37.20**	**23.0**
3.1 Domestic Credit	105,149.32	140,938.01	180,805.56	34.04	28.29
3.1.1 Government (net)	41,306.06	57,009.49	85,967.84	38.02	50.80
3.1.2 Pvt. Sector & Other Pvt. Sector	63,843.26	83,928.51	94,837.72	31.46	13.00
3.2 Other assets Net (3 - 3.1)	40,590.79	52,342.73	71,832.04	28.95	37.23
Memorandum Items					
1. Overall Liquidity	76,675.43	100,974.35	118,194.36	31.69	17.05
2. Reserve Money	31,662.95	37,032.65	37,837.94	16.96	2.17
Currency outside banks	*14,981.75*	*18,148.82*	*20,461.26*	*21.14*	*12.74*
Banks Reserves	*16,480.64*	*18,502.83*	*17,010.82*	*12.27*	*(8.06)*
Other Deposits at CBL	*200.56*	*381.00*	*365.87*	*89.97*	*(3.97)*

Source: Central Bank of Liberia

Note: All figures are expressed in millions of Liberian dollars.

1/ Excludes Manager's checks from commercial banks; 2/Includes official and managers Checks issued by the Central Bank

Chart 10: Broad Money (M2) Composition by Currency (2017 - November 2019)



	Dec-17	Dec-18	Nov-19
Broad Money	76,675.43	100,974.35	118,194.36
US$ Share	49,976.68	68,554.42	79,141.13
L$ Share	26,698.75	32,419.93	39,053.23

DATES

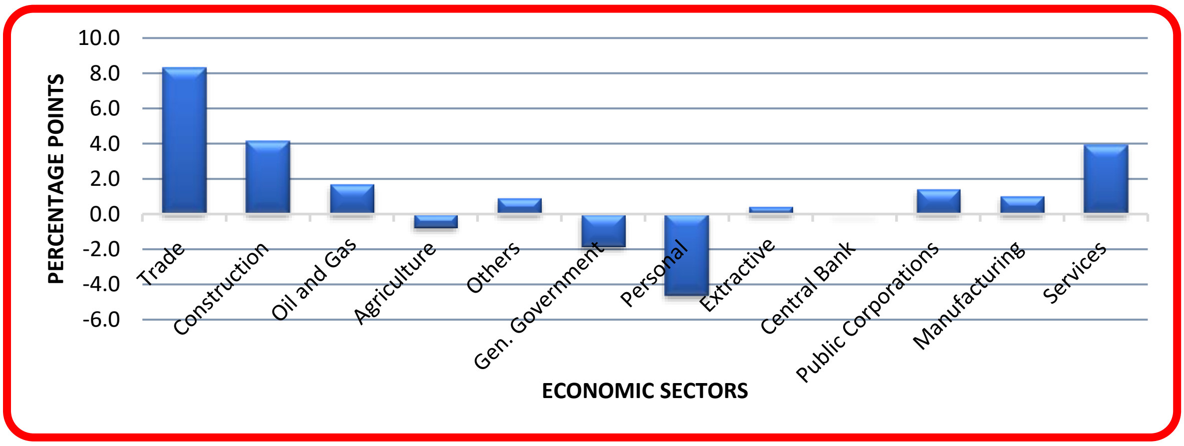
Source: Central Bank of Liberia

Note: All figures are expressed in millions of Liberian dollars.

3.3.2 Commercial Banks Credits to the Economy

Total stock of commercial bank credits to the various sectors of the economy at end-November 2019 stood at L$84,451.1 million, indicating a 14.7 percent expansion compared to the amount reported at end-December 2018. The key contributing sectors to credit growth were trade (8.3 percentage points), construction (4.2 percentage points), services (3.9 percentage points), and oil & gas (1.7 percentage points) (Chart 11).

Chart 11: Sectoral Contribution to Credit Growth (As at end-November 2019)



Source: Central Bank of Liberia

The expansion in sectoral credits was primarily occasioned by marginal expansion in business activity, mainly in the private sector, on the back of gradual improvement in the energy sector. However, the magnitude of the increase was due to the depreciation of the domestic currency. Credit to the private sector as a percent of GDP decreased to 14.0 percent, 1.1 percentage points down from the figure reported in 2018. This showed an adverse contribution of the financial sector to economic activity. The private sector's share of total credits at end-November 2019 accounted for 97.4 percent of total credit stock (Table 8).

Table 8: Commercial Bank Loans by Economic Sectors (2017 - November 2019)

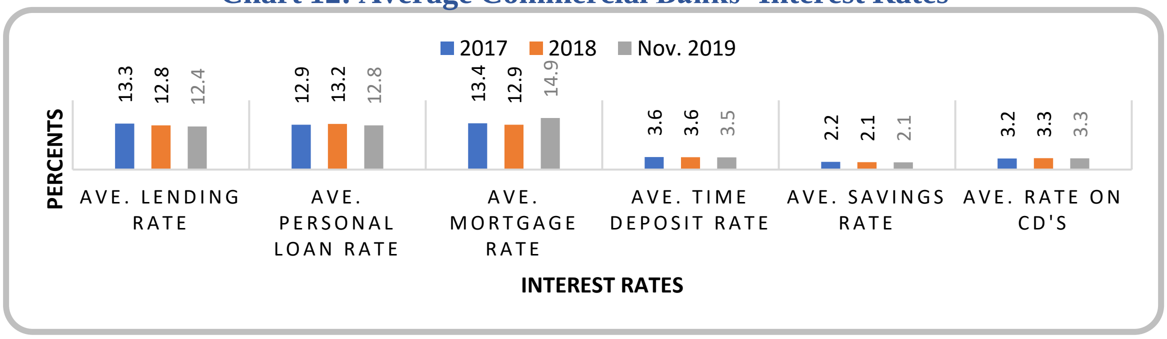
	Dec-17		Dec-18		Nov-19	
	L$	share	L$	share	L$	Share
Agriculture	1,793.9	4.4	4,011.0	5.4	3,444.0	4.1
Extractive (Mining & Quarrying)	47.9	0.1	117.7	0.2	429.6	0.5
Manufacturing	2,193.9	5.4	1,188.4	1.6	1,944.1	2.3
Construction	4,330.6	10.6	3,893.6	5.3	6,959.2	8.2
Services	3,153.7	7.7	8,034.6	10.9	10,930.8	12.9
Trade	10,737.0	26.4	23,235.9	31.6	29,370.3	34.8
Personal	5,040.4	12.4	20,440.0	27.8	17,035.2	20.2
General Government	0.0	0.0	1,503.9	2.0	150.1	0.2
Central Bank	0.00	0.0	-	-	-	-
Public Corporations	40.6	0.1	1,026.4	1.4	2,079.6	2.5
Oil and Gas	1,466.1	3.6	4,579.4	6.2	5,829.8	6.9
Others	11,924.3	29.3	5,596.3	7.6	6,278.3	7.4
Total Loan (All Sectors)	40,728.3	100.0	**73,627.1**	**100.0**	**84,451.1**	**100.0**
Total Loan (Private Sector)	40,687.7	99.9	*71,096.8*	*96.6*	*82,221.4*	*97.4*

Source: Central Bank of Liberia
Note: All figures are expressed in millions of Liberian dollars; unless otherwise indicated.

3.3.3 Interest Rates

The average interest rates in the economy for the 11-month period of 2019 indicated mixed trends. Interest rate on mortgages increased, while prime lending rate, personal loan rate, time deposits rate, certificate of deposits rate and saving deposits rate, declined. While the average interest rates on mortgages expanded by 193.2 basis points, the average rates on lending, personal loan, time deposits, certificate of deposits and saving deposits, contracted by 33.8, 38.4, 4.6, 3.0 and 3.6 basis points to 12.4 percent, 12.8 percent, 3.5 percent, 3.3 percent and 2.1 percent, respectively, from 12.8 percent, 13.2 percent, 3.6 percent, 3.3 percent and 2.1 percent, reported at end-December 2018. The marginal fall in savings rate coupled with the reduction in lending rates suggest that domestic savings mobilization contribution to credit to the private sector was during the year. (Chart 12).

Chart 12: Average Commercial Banks' Interest Rates



Source: Central Bank of Liberia
Note: All rates are expressed in percent.

3.4 Financial Markets Developments

3.4.1 Money Market Operation

From January 2019 to December 2019, a total of L$1.7 billion was raised through the issuance of government securities to institutional investors with a complementary redemption in the tune of L$837.0 million at a weighted average yield of 4.4 percent. Of the total amount, the government issued a 1-year indexed treasury bills in the tune of L$560.7 million to National Social Security Corporation (NASSCORP) and L$300.0 million to a commercial bank on behalf of the Rubbers Planters Association of Liberia (RPAL), respectively. The remaining L$837.0 million was raised through the 91-days T-bill.

For the bond market, the total T-bond issued in 2019 was US$5.0 million for a period of three years, from L$6.0 billion in 2018 which is to mature in two years. The issuance of Government debt securities has been solely to institutional investors. The CBL continued to work out modalities for the development of the financial markets in order to reach out to retail investors.

From January 2019 to November 30, 2019, the interbank market reported a total of 398 transactions, including placements, Swap and Repo transactions. The total transactions valued at LD$22.0 billion and US$239.0 million, which showed significant progress in the inter-bank market.

From March 2019 to November 30, 2019, the CBL offered a cumulative SDF in the amount of L$49.0 billion at an interest rate of 4.0 percent. The total interest paid amounted to L$16.0 million. On November 18, 2019, the SDF rate (representing the MPR) was increased from 4.0 percent to an effective annual return of 30.0 percent, while the SCF was increased from 10.0 percent to 35.0 percent per annum, thus creating an asymmetric interest rate corridor. Also, the SDF periodic overnight rate was increased from 0.0001 percent to 0.07 percent.

On February 15, 2019, the Bank issued 1-year marketable securities in the amount of L$5.0 billion to the market. The bill was indexed to the exchange rate at an interest rate of 7.0 percent per annum. The purpose of the bill was to serve as an additional monetary policy tool to mop up excess Liberian dollar liquidity outside the banking system, while protecting investors against future exchange rate depreciation.

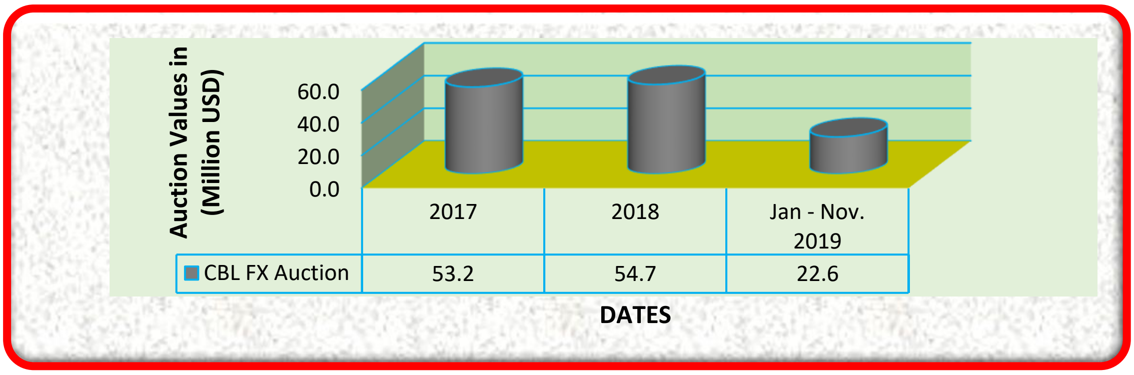
Given the sharp depreciation of the Liberian dollar against the US dollar, and the pass-through effect on inflation, the CBL, on November 18, 2019, implemented a new monetary policy rate set at 30.0 percent, close to the projected annual inflation rate for November 2019. The key objective of the MPR was to mop up excess liquidity in the economy and strengthen the value of the Liberian dollar.

In pursuit of the new Monetary Policy Framework, the CBL began the issuance of L$7.0 billion bills at shorter tenors of (2 weeks, 1 month, 3 months, 6 months and 12 months) at an effective annual return of 30.0 percent. The issuance of the indexed bills was stopped; however, the previously issued indexed bills an interest rate of 7.0 percent remained in effect up to maturity and discounted through early redemption.

3.4.2 CBL's Foreign Exchange Auction

The total sum of US dollar auctioned covering January to November 2019 fell by 58.7 percent to US$22.6 million[3], compared with US$54.7 million recorded in 2018. The CBL's intervention in the foreign exchange market through the auction continued to be constrained by limited foreign exchange inflows in the economy, with the main source of foreign exchange inflows for the Bank being the remittance split scheme (RSS). From January – December 2019, the Bank purchased US$64.6 million through the RSS, portion of which was used for intervention in the foreign exchange market for the same period.

Chart 13: Foreign Exchange Auction (2017 - 2019)



Source: Central Bank of Liberia
Note: All figures are expressed in millions of U.S. dollars.

[3] Total amount, US22.6 million, auctioned between January 1 – November 30, 2019 include US$11.2 million regular auction and US$11.4 through the remittance Split policy.

3.5 External Sector Developments

3.5.1 Overview of Balance of Payments (BOP)

During the year under review, developments in the external sector were challenging. The net balance of current and capital accounts together stood at US$464.2 million, reducing from US$320.6 million. Compared with the preceding year, the net borrowing of current and capital accounts worsened on account of deterioration in the current account balance arising mainly from a sharp fall in receipts from transactions with the rest of the world. This reduction in receipts was mainly attributed to decrease in receipts from secondary income owing to declines in grants to the government for budget support and remittance inflows. The capital account, on the other hand, recorded a balance of US$236.2 million, reflecting a decrease from US$361.2 million on account of reduction in investment grants from development partners. Net borrowing on the financial account improved during the review year as a result of declines in the net of all categories of financial accounts, notably in other investment and direct investment categories.

The performance of the overall balance (OB) of Liberia's balance of payments remained positive in 2019 as it was in 2018, but the positive trend declined in 2019 compared with 2018. The declining trend during the past two years reflected a persistent slowdown in the country's foreign liquid assets due partly to CBL's intervention in the foreign exchange market.

Table 9: Balance of Payments Statistics (2017 - 2019)
(In Million USD)

Years	2017	2018r	2019p
Current account (CA)	**(741.51)**	**(681.81)**	**(703.38)**
Credit	1,271.60	1,049.71	913.49
Debit	2,013.10	1,731.52	1,613.87
Goods and services	**(820.72)**	**(725.86)**	**(724.78)**
Credit	390.23	529.42	541.07
Debit	1,210.95	1,255.27	1,265.85
Goods (net): surplus (+)/ deficit (-)	**(639.63)**	**(524.18)**	**(399.33)**
Credit (Exports)	**358.26**	**516.96**	**528.30**
Iron ore	48.73	145.22	221.93
Rubber	76.98	68.42	87.33
Mineral (Gold & Diamond)	199.73	257.65	175.06
Palm oil	6.86	9.66	12.81
Other exports (excluding gold)	25.96	36.01	31.17
Debit (Imports)	**997.89**	**1,041.14**	**927.63**
Food and Live Animals (including Animals & Vegetable Oil)	279.68	283.43	270.53

O/w Rice	125.72	111.45	141.04
Minerals, Fuel, Lubricants	216.71	154.05	138.50
O/w Petroleum Products	192.41	109.82	106.28
Machinery & Transport Equipment	222.00	257.75	215.13
Manufactured goods classified by materials	117.73	176.07	133.33
ther Imports	161.77	169.84	170.14
General merchandise on a balance of payments basis	**(805.45)**	**(750.05)**	**(558.32)**
Credit	192.44	291.09	369.31
Debit	997.89	1,041.14	927.63
Of which Re-exports (credit)	23.80	31.49	3.61
Nonmonetary Gold (credit)	165.82	225.87	158.99
Services	**(181.09)**	**(201.67)**	**(325.45)**
Credit	31.97	12.46	12.77
Debit	213.06	214.13	338.22
Primary Income	**(144.16)**	**(109.34)**	**(100.01)**
Credit	39.52	31.47	35.20
Debit	183.68	140.81	135.21
Secondary Income	**223.37**	**153.39**	**124.410**
Credit	841.85	488.83	337.22
Debit	618.47	335.44	212.81
Capital Account (KA)	**68.82**	**361.16**	**236.19**
Credit	68.82	361.16	236.19
Debit	0.00	0.00	0.00
Net Lending (+)/Net Borrowing (-) balance from CA & KA	(672.69)	(320.64)	(464.19)
Financial Account (FA)			
Net Lending (+)/Net Borrowing (-) balance from FA	**(667.10)**	**(300.20)**	**(173.20)**
Direct investment	**(242.60)**	**(129.10)**	**(100.70)**
Net acquisition of financial assets	0.00	0.00	0.00
Net incurrence of liabilities	242.60	129.10	100.70
Other investment	**(341.80)**	**(107.30)**	**(45.10)**
Net acquisition of financial assets	(193.70)	56.80	4.20
Net incurrence of liabilities	148.10	164.10	49.30
Reserve assets	**82.80**	**(63.80)**	**(27.40)**
NET ERRORS & OMISSIONS	(5.59)	20.44	290.99
Overall Balance	**(82.80)**	**63.80**	**27.40**
MEMORANDUM ITEMS			
Gross Foreign Reserves Position	**335.51**	**303.54**	**290.13***
Import Payments (cif)	1,088.78	1,143.35	868.78
Imports (cif) & Service Payments	1,301.84	1,357.49	1,206.98
Current Account Balance excluding Grants	(967.45)	(733.37)	(704.06)
Nominal GDP	**3,243.98**	**3,263.87**	**3,155.48**
Current Account Bal. (% of GDP)	(22.86)	(20.89)	(22.29)
Current Account Bal. excluding Grants (% of GDP)	(29.82)	(22.47)	(22.41)
Trade (in goods) Deficit % of GDP	(19.72)	(16.06)	(12.66)
Capital Account Bal. (% of GDP)	2.12	11.07	7.49
Financial Account Bal. (% of GDP)	20.56	9.20	5.49
***Months of Imports Cover*††**	**3.1**	**2.7**	**2.5**

Source: Central Bank of Liberia staff
r - revised; p - preliminary
- *- Gross Reserves at end-November 2019*

†† Months of imports cover per 3 months

3.5.2 Financial Account (FA)

Preliminary statistics on the financial account of Liberia's balance of payments for 2019 revealed a net borrowing of US$173.2 million (5.5 percent of GDP), which was 42.3 percent lower than the US$300.2 million (9.2 percent of GDP) recorded in 2018. The slowdown in net borrowing of the financial account resulted mainly from declines in other investment and direct investment categories.

3.5.2.1 Direct Investment

Direct investment (DI) inflows during the review year was estimated at US$100.7 million (3.2 percent of GDP), reflecting a continued slowdown over the last two years. Compared with the inflows of US$129.1 million (4.0 percent of GDP) in 2018, the slowdown in DI during the year emanated from limited commitment of equity and investment fund shares by investors as well as decline in debt securities in the form of loans. Reinvestment of earnings and loans disbursed to direct investment enterprises were the main sources of direct investment flows to the country.

3.5.2.2 Other Investment

The other investment category of financial account was highly hit during the year under review. At end of the year, both net incurrence of liabilities (NIL) and net acquisition of financial assets (NAFA) reduced, but the fall in NIL outweighed the decline in NAFA resulting to a lower net flows of US$45.1 million (1.4 percent of GDP). Compared with US$107.3 million (3.3 percent of GDP) reported in the preceding year (2018), other investment net declined by 58.0 percent due to significant declines in currency and deposits of commercial banks as well as slowdown in IMF loan disbursement to the government.

3.5.2.3 Reserve Assets

Liberia's transaction in reserve assets (RA) during the year under review decreased by US$27.4 million (0.9 percent of GDP) compared to US$63.8 million (2.0 percent of GDP) decline reported in 2018. The decrease in reserve assets was attributed to falls in foreign currency and deposits of the financial institutions.

3.5.3 Capital Account (KA)

Official transfers remained the key driver of changes in the capital account. During the year under review, preliminary statistics on capital account balance was reported at US$236.2

million (7.5 percent of GDP). Compared with the previous year, the balance on capital account declined by 34.6 percent, from US$361.2 million (11.1 percent of GDP). The decline was mainly explained by decrease in investment grants from development partners.

3.5.4 Current Account (CA)

Preliminary statistics on current account balance showed a deficit of US$700.4 million (22.3 percent of GDP). The deficit widened by 3.2 percent, from US$681.8 million (20.9 percent of GDP) on account of declines in both receipts from grants from development partners for budget support and inflows of personal remittances.

3.5.4.1 Goods Account (net)

Liberia's merchandise trade balance improved, but remained in deficit during the year under review. At end-December 2019, merchandise trade deficit improved to US$399.3 million (12.7 percent of GDP), from US$524.2 million (16.1 percent of GDP) at end-December 2018. The improvement reported in trade deficit was underpinned largely by a 10.9 percent fall in payments for imports and increased export earnings.

Preliminary statistics showed that merchandise export earnings rose during the year under review by 2.2 percent to US$528.3 million (16.7 percent of GDP), largely occasioned by increases in export receipts from iron ore and rubber. Receipts from both commodities, which accounted for 58.5 percent of export earnings increased by 27.6 percent to US$221.9 million due to increased export volumes.

Payments for imports took a downward path during the year by 10.9 percent to US$927.6 million (29.4 percent of GDP), from 31.9 percent of GDP in the previous year. The decline in payments was due to decreases in payments for all commodity groups, including food and live animals (containing oil produced from animals and vegetables), machinery and transport equipment, mineral, fuel and lubricants and manufactured goods classified by materials.

Table 10: Annual Commodity Composition of Trade (2017 - 2019)

(In Million USD, except otherwise indicated)

S/N	Commodity	Unit	2017			2018r			2019p		
			Vol. (000)	Value	share	Vol (000)	Value	Share	Vol (000)	Value	Share
a.	Exports			358.26	100.0		516.96	100.0		528.30	100.0
	Rubber	Mt.	39.71	76.98	21.49	52.16	68.42	13.24	65.65	87.33	16.53
	Cocoa	Mt.	6.77	2.76	0.77	5.65	2.10	0.41	6.90	3.47	0.66

	Iron Ore	***Mt.***	**1,604.76**	48.73	13.60	**4,252.86**	145.22	28.09	**4,317.26**	221.93	42.01
	Mineral			199.73	55.75		257.65	49.84		**175.06**	**33.14**
	o/w Diamond	Crt	60.64	33.91	16.98	**78.69**	31.78	12.33	58.22	16.07	
	o/w Gold	Oz	168.78	165.82	83.02	**227.26**	225.87	87.67	159.43	158.99	
	Palm Oil	**Mt.**	**29.05**	6.86	1.91	**146.30**	9.66	1.87	**26.60**	**12.81**	**2.42**
	Other Exports			9.56	2.67		18.07	3.50		**11.36**	**2.15**
	Goods procured[1]			13.64	3.81		15.84	3.06		**16.34**	**3.09**
b.	**Imports**			**997.89**	**100.00**		**1,041.14**	**100.00**		**927.63**	**100.00**
	Food and Live Animals			**253.58**	**25.41**		**262.71**	**25.23**		**252.22**	**27.19**
	o/w Commercial Rice			121.40	47.87		108.08	41.14		133.32	52.86
	o/w Non-Commercial Rice			4.33	1.71		3.37	1.28		7.72	3.06
	Beverages and Tobacco			**15.34**	**1.54**		**18.88**	**1.81**		**17.42**	**1.88**
	Crude Material & Inedible, except Fuel			**16.90**	**1.69**		**20.24**	**1.94**		**21.32**	**2.30**
	Minerals, Fuel Lubricants			**216.71**	**21.72**		**154.05**	**14.80**		**138.50**	**14.93**
	o/w Petroleum products			192.41	88.79		109.82	71.29		106.28	76.73
	Animals & Vegetable Oil			**26.10**	**2.62**		**20.73**	**1.99**		**18.31**	**1.97**
	Chemicals & related Products			**94.84**	**9.50**		**97.79**	**9.39**		**102.52**	**11.05**
	Mfg. Goods classified by Materials			**117.73**	**11.80**		**176.07**	**16.91**		**133.33**	**14.37**
	Machinery & Transportation Equip			**222.00**	**22.25**		**257.75**	**24.76**		**215.12**	**23.19**
	Misc. Mfg. Articles			**34.69**	**3.48**		**32.92**	**3.16**		**28.88**	**3.11**
c.	**Total Trade** = ***(a + b)***			**1,356.15**			**1,558.10**			**1,455.93**	
d.	***Trade Balance (+ surplus, - deficit) = (a-b)***			**(639.63)**			**(524.18)**			**(399.33)**	

Source: Liberia Revenue Authority (CUSTOM ASYCUDA), Firestone Liberia, Total Liberia, Ministry of Mines & Energy;
r - revised; p - preliminary

3.5.4.2 Services Account (net)

Preliminary statistics on services showed that both payments and receipts for services inched up. However, the rise in payments for services outweighed receipts, resulting into widened net service payments that were induced by 58.0 percent increase in payments for goods and other services provided to public enterprises. Earnings from exports of services rose slightly by 2.5 percent on the back of increase in services rendered to ships and aircraft at various ports of Liberia. On the overall, net service payments expanded to US$325.5 million (10.3 percent of GDP), from US$201.7 million (6.2 percent of GDP) in the preceding year owing to decrease in payments for goods and other services provided to public enterprises.

3.5.4.3 Primary Income (net)

During the year under review, preliminary statistics showed that the balance of primary income recorded a deficit. The deficit of the primary income lowered by 8.5 percent to US$100.0 million (3.2 percent of GDP), from US$109.3 million (3.4 percent of GDP) recorded in the preceding year, reflecting, in part, an improvement in inflows of primary income. The improvement in the balance of primary income was due to an increase in investment income attributed to a rise in reinvested earnings.

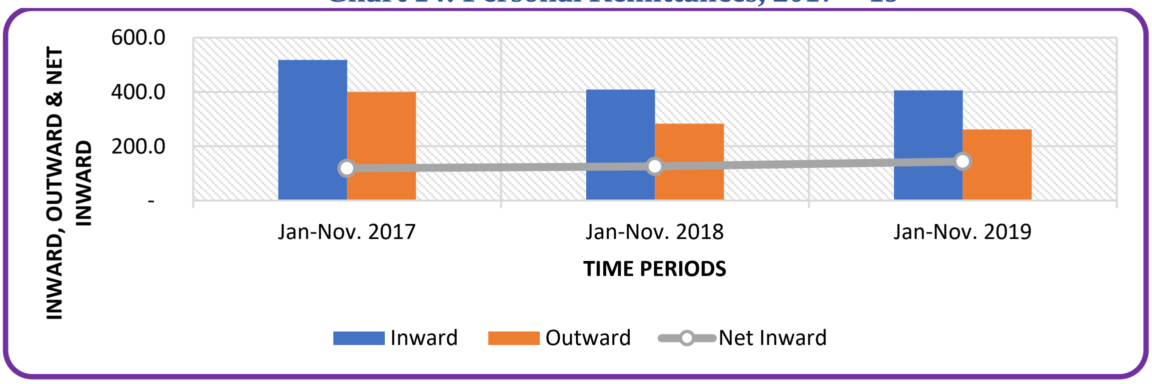
3.5.4.4 Secondary Income (net)

During the year under review, statistics showed that secondary income balance reported a surplus, but the surplus declined by 18.9 percent to US$124.4 million (3.9 percent of GDP), from US$153.4 million (4.7 percent of GDP) in 2018 due to slowdown in aid flows to government and remittance inflows to individuals.

3.5.4.4.1 Personal Remittances

Net personal inward remittances in 2019 grew by US$18.1 million (14.4 percent of GDP) to US$143.8 million for the 11-month period (January- November 2019), from US$125.7 million recorded for the same period in 2018. The expansion was explained by 7.5 percent reduction in outward remittances, which outweighed the 0.7 percent decline in personal inward remittances. Outward remittances amounted to US$261.9 million, while inward remittances amounted to US$405.7 million.

Chart 14: Personal Remittances, 2017 – 19



Source: Central Bank of Liberia

Table 11: Personal Remittances, 2017 – 19

Personal Remittances	Jan-Nov. 2017	Jan-Nov. 2018	Jan-Nov. 2019	Y-on-Y Change (%)	
				2018 - 19	2017 – 19
Inward	518.2	408.7	405.7	(0.7)	(21.7)
Outward	399.5	283.0	261.9	(7.5)	(34.4)
Net Inward	**118.7**	**125.7**	**143.8**	**14.4**	**21.1**

Source: Central Bank of Liberia

Note: All figures are expressed in millions of U.S. dollars.

3.5.5 International Reserves

Liberia's gross international reserves (GIR) stood at US$290.1 million at end-November 2019. The reserves position declined by 4.4 percent, from the stock of US$303.5 million at end-December 2018. The decline in official reserves was on account of slowdown in foreign currency deposits in reserve assets. The fall in GIR coupled with a huge reduction in payments for imports resulted to a 2.5 months of import cover, 0.5 month lower than the ECOWAS regional threshold of 3.0 months of import cover, and 0.7 month lower than end-December 2018. On the other hand, the net foreign reserves position (including net SDR) marginally declined by 1.0 percent at end-November 2019, from US$86.5 million reported at end-December 2019, largely occasioned by reduction in CBL's liquid liabilities denominated in United States dollar that was due to commercial banks.

Table 12: Gross International Reserves Position (2017 – 2019)
(In Million USD, except otherwise indicated)

International Reserves/1	2017	2018	2019 p	% Change	Val. Change
				2019/2018	2019/2017
Gross	335.51	303.54	290.14	(4.41)	(13.40)
Net	110.27	86.49	87.39	1.04	0.90
Months of Import cover	**3.1**	**2.7**	**2.5**		

Source: Central Bank of Liberia

p – preliminary, value is at end-November 2019

/1 Gross International Reserve = CBL liquid foreign assets less net liquid liabilities to government and commercial banks plus SDR including Reserve Tranche. GIR was revised based on ECF Programme.

3.5.6 Direction of Trade (DOT)

Provisional statistics on Liberia's direction of trade revealed that Europe (mainly Switzerland), Asia (mainly China) and Africa (mainly Liberia's neighboring countries) were the top destinations of exports during the year. Gold was the main commodity exported to Switzerland. Europe accounted for 63.9 percent of total export earnings, while Asia and Africa accounted for 15.6 percent and 4.5 percent, respectively. On the other hand, provisional statistics on sources of imports showed that Asia (mainly China), Africa (mainly Cote d'Ivoire) and Europe were the top three regions of imports. Imports from these regions declined by 5.5 percent, 13.0 percent and 26.8 percent, respectively.

Table 13: Annual Directions of Trade (2017 - 2019)
(In Million USD, except otherwise indicated)

Direction of Trade by Region	2017		2018r		2019p	
	Export	Import	Export	Import	Export	Import
Africa	**15.26**	**232.68**	**19.67**	**169.71**	**23.50**	**147.58**
o/w ECOWAS	10.33	*210.60*	13.60	*142.87*	22.50	*125.54*
o/w NC/1	10.04	*203.15*	10.34	*125.42*	16.02	*109.20*
o/w Cote D'Ivoire		*198.38*		*116.74*		*102.36*
Asia	**188.00**	**502.43**	**41.45**	**585.85**	**82.29**	**553.60**
o/w China	*0.35*	*183.35*	*1.20*	*227.96*	37.39	*199.07*
o/w ME/2 Countries	28.64	*55.06*	*29.88*	*34.18*	34.25	*46.25*
o/w UAE	4.05	*30.40*	*3.69*	*12.17*	28.58	*14.53*
o/w India		*136.85*		*181.33*		*180.18*
Europe	**60.10**	**151.73**	**379.97**	**185.03**	**337.59**	**135.36**
o/w Eurozone	0.81	*31.70*	0.67	*32.41*	4.06	*68.68*
o/w Switzerland	7.22		223.54		150.14	
o/w Spain		*13.75*		*40.77*		*29.34*
N. America & The Caribbean	**56.13**	81.60	58.86	74.31	53.35	63.74
o/w USA	56.10	*78.43*	58.86	*67.91*	53.35	*59.17*
South & Central America	**3.01**	**24.68**	**0.47**	**23.67**	**7.30**	**25.17**
o/w Brazil		*19.08*		*16.55*		*8.48*
Oceania	**0.02**	**4.77**	**0.00**	**2.57**	**0.00**	**2.18**
o/w Australia		*3.25*		*1.30*		*1.10*
Other Countries (n.i.e)	**35.74**		**16.56**		**24.27**	
Total of DOT	**358.26**	**997.89**	**516.96**	**1,041.14**	**528.30**	**927.63**

Source: Liberia Revenue Authority (CUSTOM ASYCUDA), Firestone Liberia, Total Liberia, Ministry of Mines & Energy
r-revised, p-preliminary
/1 - neighboring countries (these include Ivory Coast, Guinea and Sierra Leone)
/2 – Middle Eastern Countries.

3.5.7 Exchange Rate Developments

During the year under review, the Liberian dollar sharply depreciated against the US dollar, driven largely by limited supply of foreign exchange compared to the high demand for foreign currency (the United States dollar) in the economy. The annual average exchange rate depreciated by 29.5 percent in 2019 to L$186.64/US$1.00, from L$144.10/US$1.00 in 2018. Similarly, the end-of-period exchange rate (EOP) at end-December 2019 recorded a depreciation of 19.3 percent to L$187.93/US$1.00 compared with L$157.56/US$1.00 in 2018 (Tables 14).

Table 14: Buying and Selling Rates of Liberian Dollar per US Dollar, 2017-19

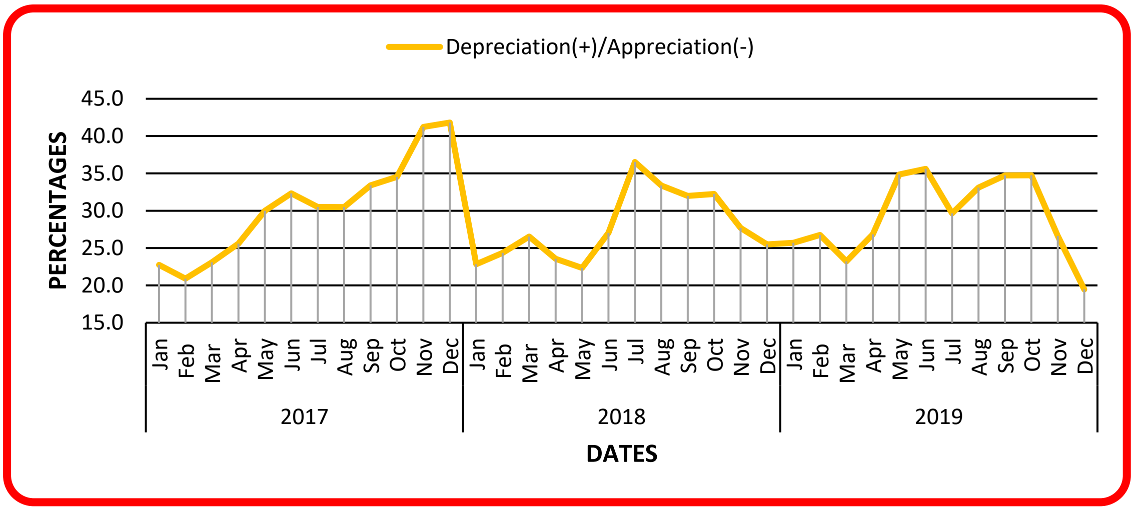
	2017		2018		2019	
Period Average	**Buying**	**Selling**	**Buying**	**Selling**	**Buying**	**Selling**
January	102.77	103.77	126.46	127.24	158.97	159.97
February	101.67	102.67	126.85	127.26	160.65	161.44
March	103.52	104.52	131.48	131.79	161.74	162.69
April	105.64	106.64	130.94	131.37	165.91	166.82
May	109.62	110.08	134.15	134.63	180.72	181.75
June	112.48	113.19	142.90	143.79	193.65	195.10
July	112.78	113.50	153.88	155.08	199.51	201.08
August	114.74	115.50	152.97	154.12	203.75	204.98
September	116.82	117.65	154.52	154.94	207.74	209.18
October	118.06	118.90	156.31	157.08	210.40	211.88
November	123.21	123.94	157.30	158.28	198.69	200.91
December	125.18	125.83	156.80	158.21	187.93	188.39
Memo Items:	**2017**		**2018**		**2019**	
End-of Period	**125.45**		**157.56**		**187.93**	
Annual Average	**112.61**		**144.10**		**186.43**	

Source: Central Bank of Liberia

The depreciation of the Liberian dollar was primarily triggered by the high trade deficit. The level of depreciation recorded during the year was induced by demand for foreign currency (USD) to facilitate import payments in the face of limited supply of foreign exchange in the economy as a result of low export earnings and limited inflows of grants and other international support. However, the foreign exchange pressure is expected to ease on account of anticipated international support, including the Extended Credit Facility (ECF) Program with the IMF for Balance of Payments Support.

The underperformance of the real sector during the year, which should support the balance of payments of the country, was mainly attributed to infrastructure challenges, especially the poor state of rural roads and limited supply of affordable energy which constrained export earnings to support the domestic currency. The Liberian dollar (on average) depreciation heightened in June 2019 at 35.6 percent year-on-year and moderated to 29.4 percent at the close of the year. However, at end-December 2019, the pace of depreciation of the Liberian dollar further moderated to 19.3 percent, year-on-year, largely due to weak demand.

Chart 15: Year-on-year L$/US Exchange Rate Variability, 2017-19



Source: Central Bank of Liberia
Note: All figures are expressed in millions of U.S. dollars.

3.6 Fiscal Sector Developments

Preliminary statistics on Government fiscal operations covering the period January to September 2019 showed that both total revenue and expenditure fell, with the latter outweighing the former. Government fiscal operations during the period resulted in a surplus of US$42.7 million (1.4 percent of GDP), mainly due to austerity measures and improved revenue administration. The total revenue and grants collected during the period amounted to US$316.9 million (10.0 percent of GDP) compared to a total expenditure of US$274.2 (8.7 percent of GDP) in 2018.

Table 15: Summary of Government Fiscal Operations, 2018-19
(In Millions of USD)

Indicators	*Jan- Sep 2018*	*Jan- Sep 2019*	*% Change*
Total Revenue & Grants	*353.0*	*316.9*	*-10.2*
Total Expenditure	*330.2*	*274.2*	*-16.9*
***Net Fiscal Operations*[1/]**	***22.8***	***42.7***	***87.1***
Total Revenue (excluding grants)	*341.3*	*316.9*	*-7.2*
Total Expenditure (excluding interest payments)	*282.6*	*258.9*	*-8.4*
***Overall Balance*[2/]**	***58.8***	***58.0***	***-1.2***
Memo Items:			
Total Revenue & Grants (as % of GDP)	*10.8*	*10.0*	
Total Expenditure (as % of GDP)	*10.1*	*8.7*	
Net Fiscal Operations (as % of GDP)	*0.7*	*1.4*	
Overall Balance (as % of GDP)	*1.8*	*1.8*	
Nominal GDP (In millions of US dollars)	***3,263.87***	***3,155.48***	

Source: Revenue and Tax Policy Division, Ministry of Finance and Development Planning

3.6.1 Government Revenue

Of the total revenue (including grants) generated during the nine-month period, tax revenue accounted for 81.9 percent (8.2 percent of GDP), while non-tax revenue accounted for 1.8 percent. Compared with the same period of 2018, total revenue (including grants) declined by 10.2 percent mainly due to 8.6 percent decline in tax revenue, with relatively no grants for the period.

The 8.6 percent fall in tax revenue was occasioned by declines in all major tax lines, including international trade taxes (13.0 percent), taxes on income and profits (6.5 percent), and taxes on goods and services (13.7 percent), except for property taxes which recorded a marginal increase of 0.4 percent compared to the same period last year.

Table 16: Government of Liberia's Total Revenue by Sources (In Millions of USD)

Revenue Sources	Jan- Sep 2018	Jan- Sep 2019	% Change
Tax Revenue	284.1	259.7	-8.6
Non-Tax Revenue	57.2	57.2	0.0
Grants	11.7	0.0	-100.0
Total Revenue & Grants	**353.0**	**316.9**	**-10.2**
Memo: Indicators as percent of GDP			
Total Revenue and Grants	10.8	10.0	
Total Revenue (excluding grants)	10.5	10.0	
Tax Revenue	8.7	8.2	
Nontax Revenue	1.8	1.8	
Grants	0.4	0.0	

Source: Revenue & Tax Policy Division & Expenditure Division, Ministry of Finance & Development Planning

3.6.2 Government Expenditure

At end-September 2019, total government expenditure, including interest payments on loans and other charges amounted to US246.4 million (8.7 percent of GDP). Compared with the total expenditure reported for the same period of 2018, government expenditure declined by 16.9 percent, mainly driven by decline in current expenditure hinged on government's payroll harmonization exercise as well as substantial decline in payments on loans and interest and other charges, as a result of fiscal adjustments by the government.

Table 17: Expenditure by Category
(Jan. – Sept. 2018 to Jan. -Sept. 2019)

Expenditure Category	Jan- Sep 2018	Jan- Sep 2019	% Change
Current Expenditure	276.3	246.4	-10.8
Capital Expenditure	6.2	12.5	101.2
Payments Loan & Interest & other Charges	47.6	15.3	-67.8
Total Expenditure	**330.2**	**274.2**	**-16.9**
Memo: Indicators as percent of GDP			
Total Expenditure	10.1	8.7	
Current Expenditure	8.5	7.8	
Capital Expenditure	0.2	0.4	
Payments Loan & Interest & other Charges	1.5	0.5	

Source: Debt Management Unit, Ministry of Finance & Development Planning

Recurrent expenditure accounted for about 89.8 percent of total government expenditure, while the remaining 10.2 percent was used for capital spending (4.6 percent) and payments on loans, interest, and other charges (5.6 percent).

3.6.3 Public Debt

At end-October 2019, both external and domestic debt stocks increased, but the surge in domestic debt exceeded the rise in external debt. The total public debt stock increased by 20.0 percent to US$1,248.3 million compared to the stock reported at end-December 2018. The size of total public debt rose to 39.6 percent of GDP at end-October 2019, from 31.9 percent at end-December 2018. Domestic debt, which accounts for about 33.7 percent of the total debt stock, rose by 58.9 percent. The rise in domestic debt stemmed mainly from liabilities to financial institutions and other sources. On the other hand, external debt recorded a relatively lower increase in stock by 6.8 percent, as the bilateral component of the external debt stock declined by 8.0 percent on account of increase in debt servicing.

Table 18: Liberia's Overall Public Debt Position by Composition (In Millions of USD)

Creditor	December 2017	December 2018	October 2019
Total Public Debt	**878.2**	**1,039.9**	**1,248.3**
Domestic Debt	**266.1**	**265.0**	**421.1**
Financial Institutions	266.1	264.6	368.1
Other Debt Services	0.0	0.4	53.0
External Debt	**612.0**	**774.9**	**827.2**
Multilateral	538.4	651.9	714.1
Bilateral	73.7	122.9	113.1
Memo: Indicators as percent of GDP			
Stock of Public Debt	27.1	31.9	39.6
Stock of External Debt	18.9	23.7	26.2
Stock of Domestic Debt	8.2	8.1	13.3

Source: Debt Management Unit, Ministry of Finance & Development Planning

Chapter 4.0: Financial Sector

4.1 Overview

The financial sector covers both bank and non-bank financial institutions. During the period under review, the sector was relatively stable, safe and sound as evidenced by improvements in several indicators. The banking sector remained the same in terms of size, comprising of 9 commercial banks with 93 branches in 11 of the 15 counties. It represents the largest subsector of the financial sector, accounting for over 80.0 percent of total assets of the financial system.

The banking sector recorded growths in key balance sheet indicators, including aggregate loans, deposits, assets and capital. The sector also recorded profits during the period under review. However, the prevailing macroeconomic situation (i.e. spiraling inflation rate, double-digit depreciation of the local currency, and low GDP growth rate) posed major constraints to the sector, such as the liquidity constraints explained by low volume of Liberian dollars in the banking system to cope with the cash withdrawal demands of customers during the fourth quarter of 2019. Like previous years, high NPLs persisted as the most significant risk to the health of the banking system.

The non-bank financial sector was relatively stable during the year, supported by reforms and other policy measures. The insurance sector ranked second in size to the banking sector with insurance penetration (measured by premium to GDP) below 2.0 percent, which is similar to several countries in Sub-Sahara Africa. During the year under review, the CBL continued with its mandate of ensuring adequate capitalization within the insurance industry, and implementation of policies and interventions aimed at strengthening the other non-bank financial institutions. The other non-bank financial institutions comprised a diverse groups of formal and informal financial services providers, which include: one (1) development finance company (Liberian Enterprise Development Finance Company (LEDFC), one (1) deposit-taking microfinance institution (Diaconia Microfinance Institution), Seventeen (17) non-deposit taking microfinance institutions, twelve (12) Rural Community Finance Institutions (RCFIs), thirteen (13) money remittance entities (of which 11 are Category A licensed forex bureaux), one hundred sixty-six (166) registered foreign exchange bureaux, one hundred thirty-four (134) credit unions, and one thousand two hundred and seventy (1,270) Village Savings and Loan Associations (VSLA).

The CBL continued with improvement of its credit infrastructures to minimize risk of credit default and promote access to credit, especially by micro, small and medium enterprises as well as low-income segment of the population. The project team for the Credit Reference System Enhancement Project, during the year, continued its engagements with stakeholders on the implementation of Phases II and III of the project. At the same time, the Collateral Registry System continued its services, allowing businesses and individuals to access secured credit. The system's web-database platform maintains information on all security interests and provides notifications to third parties for informed credit decision. The number of users of the registry remained the same as the previous year.

4.2 Financial Stability

The Liberian financial system remains less integrated with the global financial system; but more integrated at the regional level because of the presence of several regional banking groups in the country. With 8 of the 9 banks wholly or significantly owned by regional banking groups and foreign institutional investors, the system is potentially exposed to external funding risks. In addition, the banking system continues to suffer from the lingering impact of limited corresponding banking relationship, which resulted from the de-risking phenomenon, and the potential risk of commodity price shocks given the significant share of commercial banks' credit to the trade sector (about 35.0 percent of total credit). The performance of the domestic economy was critical to the viability of the banking system because of the indirect impact of the low performance of the economy on the commercial banks' balance sheets and income statements. The increase in the level of NPLs implies increasing loan losses, which negatively impacted profitability, capital, and asset values of the banking system. For the year under review, the banking system experienced rise in credit, operational, liquidity and currency risks. Credit concentration was high, with 67.7percent of the commercial banks' loan portfolio allocated to three sectors (trade, personal and service sectors). The NPLs ratio for the year under review was 16.2 percent, above the 10.0 percent regulatory tolerable limit and moderately higher than the previous year's level.

The Liberian economy witnessed increased liquidity demand for Liberian dollar during the fourth quarter of the year, triggered by the high demand for cash during the festive season amidst the low Liberian dollar liquidity in the banking system. The scarcity of Liberian dollar in the banking system led to a relative appreciation of the local currency in the fourth quarter of 2019. However, year-on-year, the exchange rate of the domestic currency sharply depreciated, thus affecting domestic prices. The depreciation of the Liberian dollar transmitted significant foreign exchange risks to businesses and individuals mainly transacting in the local currency, thus contributing to the risk of loan default in the banking system, weak recovery and liquidity constraints.

During the year under review, commercial banks continued to rely on demand deposit (about 58.4 percent of total deposits) as their major source of funding. The deposit base of the banking system was heavily skewed towards demand deposit and less diversified, even though historically, the trend of demand deposit has been more stable, thus posing less funding risk to the banking system.

The commercial banks continued to grapple with changes and innovations in technology, high operating cost, challenging internal controls environment and system downturn. Despite the significant technological improvement in the banking system over the years, data integrity and system glitches remained major challenges for some banks. Most of the technological glitches were associated with system downturn. While on-site assessments conducted by the Regulation and Supervision Department (RSD) during the year showed significant improvement in corporate governance and internal controls system in the banking system, there were, however, several reported cases of frauds.

The Net Open Position (NOP) ratio of the banking system reported for the period under review far exceeded the prudential limit of 40.0 percent by more than 20.0 percentage points. This level of NOP exposes the system to significant foreign currency risk, that may lead to adverse foreign currency movements on the capital of commercial banks. However, the highly dollarized economy of Liberia minimizes the effect of such risk in the short-term.

The CBL introduced several policy measures aimed at curbing the evolving threats that confronted the sector. Primary amongst these policy measures was the launch of the nationwide campaign to encourage the wider use of digital platforms (mobile money, ATMs, Pos, banking Apps) for transaction purposes. In order to reduce the hoarding of currency and mitigate liquidity pressure within the banking sector, the CBL, through its Monetary Policy Committee (MPC), increased interest rate on its short-term instruments to endear banks to mobilize savings deposits. Besides, the CBL endeavored to enhance its surveillance and supervision of the banks to ensure that early warning signals were timely detected and resolved.

The insurance sector, though still small in terms of asset size and coverage, is emerging as an important sub-sector in the financial system. Unlike the banking system, many of the insurance institutions are domestically owned with several smaller companies, which exposes the sector to potential systemic failure due to the tight competitive business environment.

Consistent with the gradual increase in the minimum capital requirement for insurance institutions, the capital thresholds for 2019 were US$750k, US$1.5 million and US$2.25 million for Life, General, and Composite insurance businesses, respectively. During the period under review, several insurance companies fell below the minimum capital requirements. Considering the level of undercapitalization in the market and the current state of economic slowdown in the country, which affected the ability of some insurance companies to recapitalize from earnings and investments, the CBL adopted a more proactive approach to identify and resolve companies that failed to meet the minimum capital requirements. In addition, the CBL also issued a directive to all insurers (especially those undercapitalized) to communicate to the Bank their decisions on the class of business they will pursue in 2020 and give a plan for an orderly transition of their business based on an agreed-upon and stated timeframe with the CBL in keeping with the specific minimum capital requirements.

The proliferation of large number of other non-bank financial institutions poses systemic risks to the formal financial system as was seen during the recent liquidity constraints in the banking system. These institutions held a significant portion of the Liberian dollars in circulation, thus serving as a convenient alternative to the banking system. The need for effective strategy to link these informal financial services providers to the mainstream financial system is critical not only for promoting financial stability but for ensuring effective channel for monetary policy transmission.

4.3 Commercial Bank Branch Network

The size of the banking sector, in terms of number of branch network, remained the same as in 2018 with nine (9) commercial banks and 93 branches across 11 of the 15 counties in the country (Table 20). The Liberian banking system remains predominantly controlled by foreign ownership, except Liberian Bank for Development and Investment (LBDI). Even with LBDI, there is significant foreign participation (Table 19).

Table 19: List of Commercial Banks, Ownership and Group Relationship

	Name of Banks	Core Business	Ownership (foreign/ domestic)	Group Relationship	Commencement Date
Domestic	Liberia Bank for Development Investment*	Commercial Banking (*Mortgage*)	Domestic	N/A	1961
	International Bank	Commercial Banking	Foreign	N/A	2000
Foreign Banks	Guaranty Trust Bank	Commercial Banking	Foreign (Nigeria)	Guaranty Trust Bank PLc	2009
	Ecobank	Commercial Banking	Foreign (Togo)	Ecobank Transnational Incorporated (ETI)	1999
	United Bank of Africa	Commercial Banking	Foreign (Nigeria)	United Bank of Africa PLc	2008
	Access Bank *	Commercial Banking (*Micro-finance*)	Foreign (Germany)	Access Microfinance Holding AG	2009
	Global Bank	Commercial Banking	Foreign (Nigeria)	AMCOM	2004
	Afriland First Bank*	Commercial Banking (*Agriculture*)	Foreign (Cameroon)	Afriland First Bank Group	2011
	Groupe Nduom Bank	Commercial Banking	Foreign (Ghana)	Ghana Growth Fund Limited	2016
*Banks involved with specialized lending activities.					

Source: Central Bank of Liberia

Table 20: Bank Branch Network

County		Number of Branches	
	Banks' Presence	2018	2019
Montserrado	9	63	64
Margibi	4	9	8
Grand Cape Mount	1	1	1
Grand Bassa	6	6	6
Sinoe	1	1	1
Maryland	2	2	2
Bong	2	2	2
Nimba	5	6	6
Lofa	1	1	1
Grand Gedeh	1	1	1
Bomi	1	1	1
Total	33	93	93

Source: Central Bank of Liberia

The expansion of banking services in the rural areas has been boosted by the establishment of RCFIs.

4.4 Insurance Sector Network

At end-2019, the number of insurance companies stood at 14 from 19 in 2018. The reduction in the number of insurance companies was on account of the merger and consolidation of the five seized insurance companies into one by end of the year. However, the new company will be licensed in 2020. There were also two (2) insurance brokerage firms licensed by the CBL to provide insurance intermediation. The insurance sector, though, still small in terms of asset size and coverage, continued to play an important role in the Liberian economy in risk mitigation and management.

Table 21: Operational Insurance Companies (2019 – 2020)

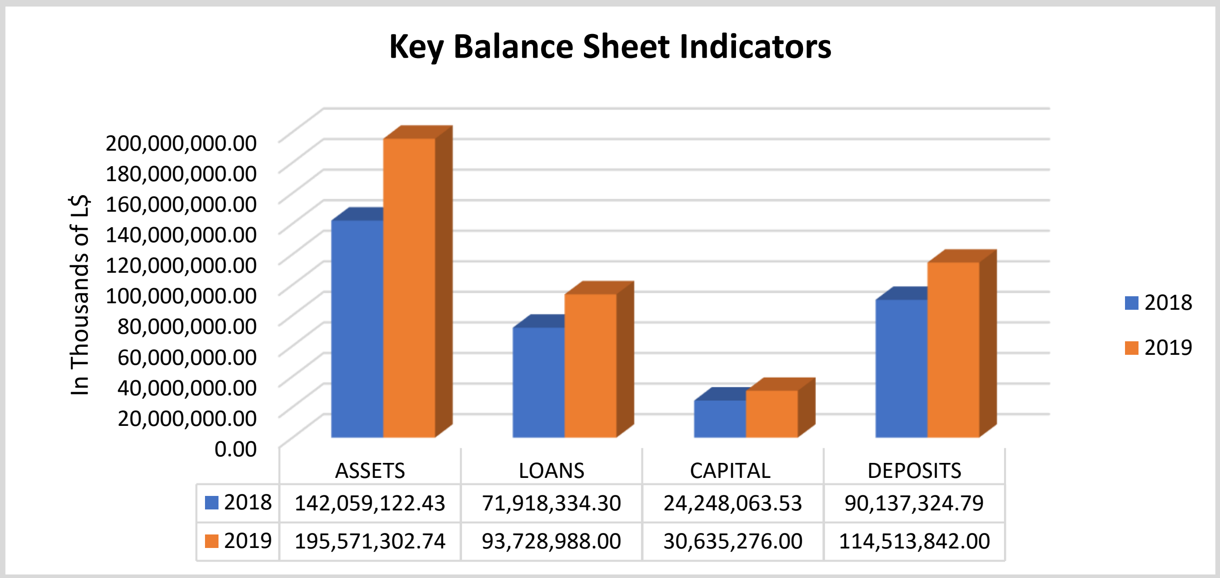
	Operational Insurance Companies		License Date by the CBL
1	ATLANTIC LIFE & GENERAL INSURANCE COMPANY (ALGIC)		May 3, 2013
2	ACTIVA INTERNATIONAL INSURANCE COMPANY(AIIC)		May 3, 2013
3	ACCIDENT & CASUALTY INSURANCE COMPANY(ACICO)		May 3, 2013
4	AMERICAN UNDERWRITER GROUP(AUG)		May 3, 2013
5	BLUE CROSS INSURANCE COMPANY(BCIC)		May 3, 2013
6	MEDICARE INSURANCE COMPANY(MIC)		May 3, 2013
7	PALM INSURANCE COMPANY(PIC)		May 3, 2013
8	SAAR INSURANCE COMPANY(SIC)		May 3, 2013
9	SECURE RISK INSURANCE COMPANY(SRIC)		May 3, 2013
10	SKY INTERNATIONAL INSURANCE COMPANY(SIIC)		May 3, 2013
11	OMEGA INSURANCE COMPANY(OIC)		May 3, 2013
12	MUTUAL BENEFIT ASSURANCE(MBA)		May 3, 2013
13	INSURANCE COMPANY OF AFRICA(ICA)		May 3, 2013
14	EQUITY ASSURANCE COMPANY OF LIBERIA LIMITED(EACLL)		March 21, 2014

4.5 Banking System

The banking system was stable, safe and sound amid challenging economic conditions during the period under review. The sector accounts for over 80.0 percent of the total assets of the financial system and witnessed significant growth in 2019 compared to 2018. When compared with October 2018, total assets, capital, deposits and loans and advances grew by 37.7 percent, 26.3 percent, 27.0 percent, and 3.1 percent, respectively (chart 16). These growths are partially attributed to the depreciation effect of the Liberian dollar (which is the reporting currency) because of the larger share of the US dollar on the commercial banks' balance sheet.

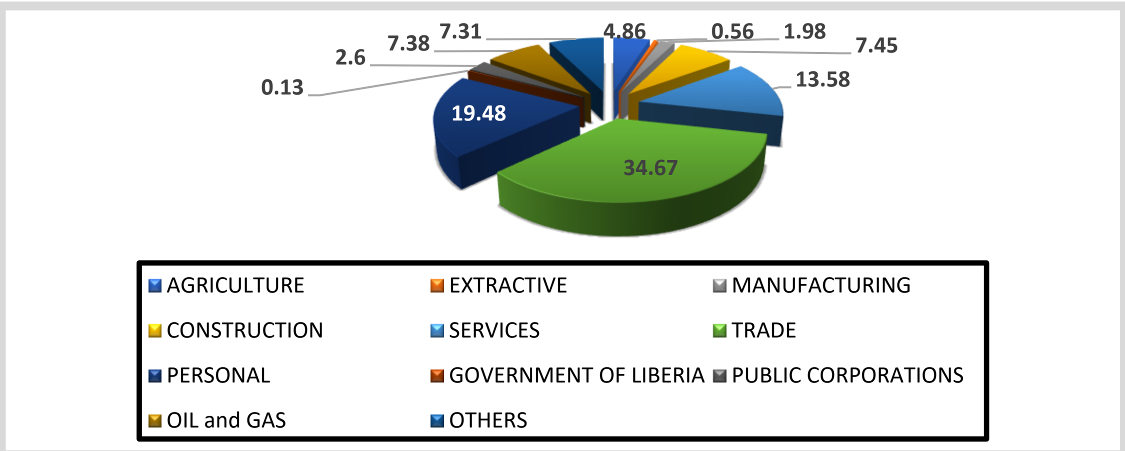
Viewed from the prudential perspective, liquidity in the system was strong during the year with a liquidity ratio of 44.5 percent, which is 29.5 percentage points above the 15.0 percent minimum requirement, reflecting a growth of 3.0 percentage points compared to the corresponding period in 2018. All nine (9) banks recorded liquidity ratios above the regulatory requirement for the period under review. However, a significant portion of the liquid assets of the system was in Treasury instruments. This partially explained the liquidity constraints faced by commercial banks because of the absence of secondary markets for the trading of such instruments to ensure regular flow of liquidity in the system.

Chart 16: Key Balance Sheet Trend



In terms of sectoral credit concentration, 34.7 percent of the industry's total credit at end-October 2019 was concentrated in the trade sector, reflecting an increase of 3.1 percentage points, when compared to October 31, 2018. Similarly, 30.5 percent of the total NPLs was also directed towards the trade sector, reflecting an increase of 2.4 percentage points, when compared with the corresponding period in 2018.

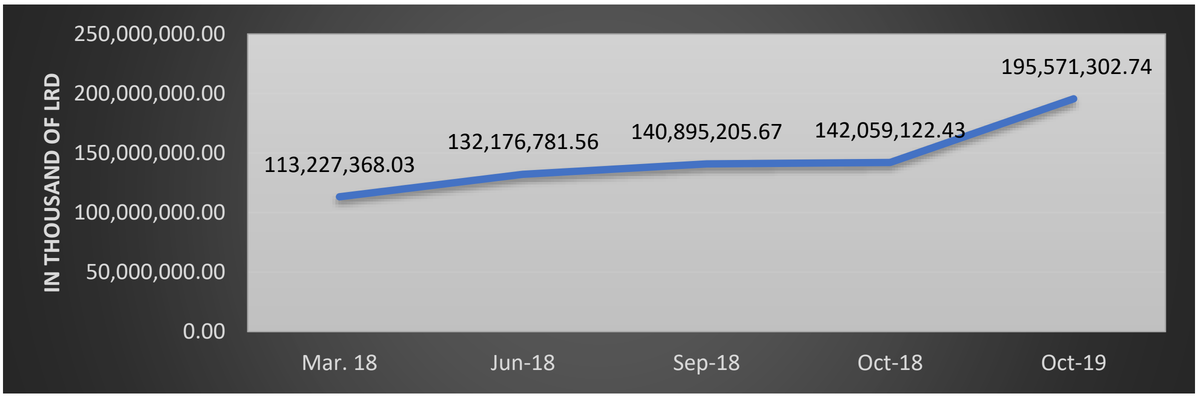
Chart 17: Sectoral Distribution of Credits



4.5.1 Balance Sheet Structure

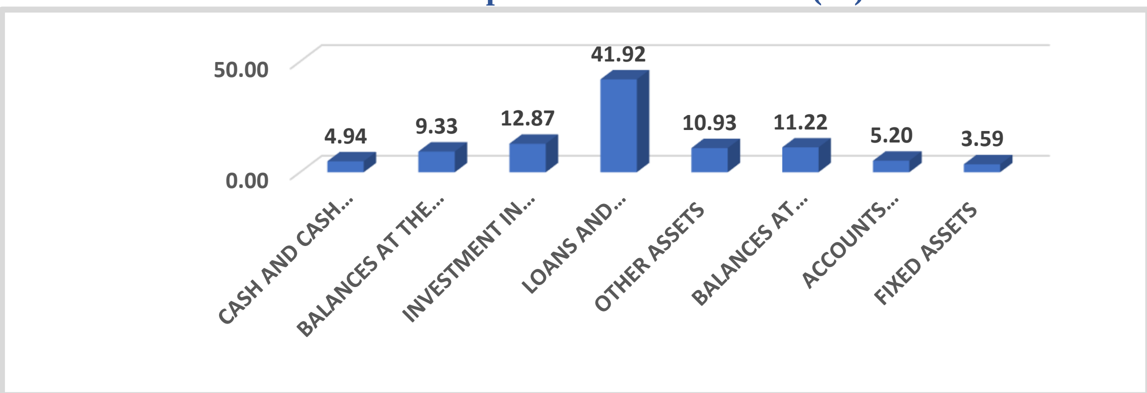
Total Assets of the system stood at L$195.6 billion. This amount represented a growth of 37.6 percent, when compared to the corresponding period in 2018. Details of total assets in quarterly trend as well as end-of-period position for the month of October 2019 are shown in chart 18.

Chart 18: Total Trend of Assets



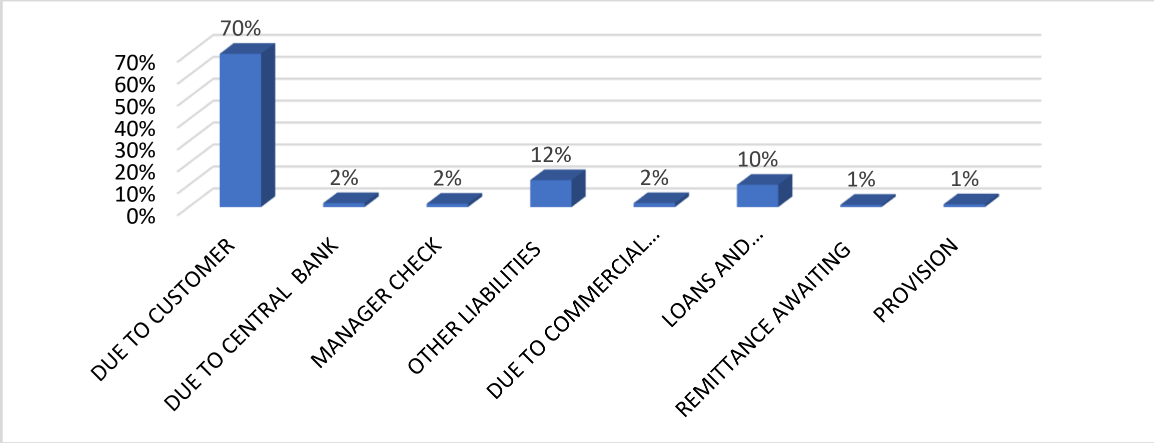
At end-October 2019, the largest assets of the banking system as a share of total assets were loans and advances, representing 41.9 percent; investment in securities (12.9 percent); and balances with banks (10.7 percent). At end-October 2019, earning assets accounted for 62.4 percent of total assets, while off–balance sheet exposures (OBSE) represented 7.4 percent of total assets.

Chart 19: Composition of Total Assets (%)



On the liability side, deposits accounted for 70.0 percent of total liabilities, 59.0 percent of total liabilities and capital, and 58.0 percent of total assets. For the period end-October 2019, loans and accounts payable, as a percentage of total liabilities and total assets, were about 10.0 percent and 8.5 percent, respectively.

Chart 20: Composition of Liabilities



4.5.2 Income Statement Structure (Profit and Loss Statement)

Gross operational income of the banking system at end-October 31, 2019 amounted to L$17.3 billion, reflecting a 55.9 percent growth compared to L$11.1 billion reported in the corresponding period of 2018.

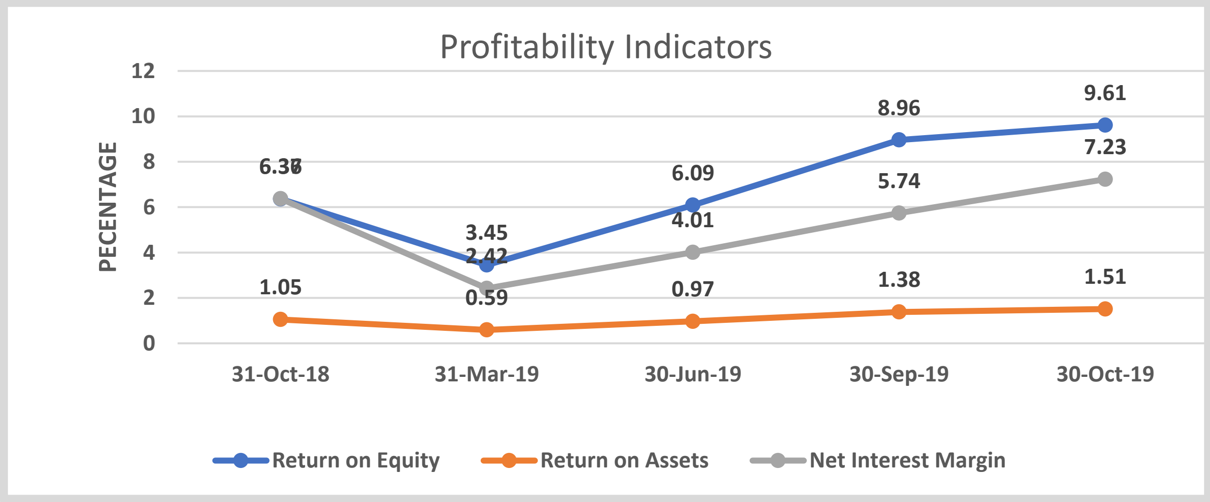
The main revenue sources were interest income (i.e. income on loans and advances) and non-interest income (including service charges on deposits, commissions and fees on money transfers, foreign exchange transactions). Interest income and non-interest income constituted 51.2 percent and 48.8 percent, respectively.

Operating expenses rose by 58.0 percent to L$12.8 billion at end-October 2019, from L$8.1 billion reported the same period in 2018. However, as a percentage of gross operating income, operating expenses stood at 74.4 percent of gross operating income.

All major earnings indicators (ROE, ROA and NIM) were positive during the period under review. ROE was 9.6 percent compared to 6.4 percent recorded in the corresponding period of 2018, indicating an increase of 3.2 percentage points (Chart 21); while ROA stood at 1.5 percent, an increase of 0.4 percentage point compared to the corresponding period in 2018. Net Interest Margin (NIM), which showed the efficiency of intermediation by banks, stood at 7.2 percent, reflecting an increase of 0.8 percent compared to 2018.

The net operating profit of the banking industry was L$2.8 billion, an increase of 100 percent compared with October 2018. The chart below highlights the trend of key earnings indicators.

Chart 21: Profitability Indicator/Return on Assets, Return on Equity & Return on Net Interest Margin



4.5.3 Financial Soundness Indicators

The financial soundness indicators of the banking system showed that the system remained stable, safe and sound (Table 22). However, the issue of NPLs remained a major challenge in the system and continued to adversely impact profitability and the capital of commercial banks. Despite the high NPLs, the system posted profits as a result of cost- cutting measures as well as the utilization of alternative sources of income, such as Government securities, fees and commissions.

The banking system reported an increase of 13.1 percent in total loans and advances of L$93.7 billion compared with L$82.9 billion recorded in October 2018. Similarly, the system recorded a 43.7 percent increase in the volume of NPLs to L$15.4 billion compared to end-October 2018. As a percentage of total loans, NPLs stood at 16.2 percent, representing an increase of 2.4 percentage points compared to 13.8 percent recorded at end-October 2018, partly due to the depreciation effects. Loan loss provisions declined slightly on account of restructuring and reclassification.

Table 22: Industry Financial Soundness Indicators (2018 & 2019)

Indicators (figures in '000' of L$)	31-OCT-18	31-OCT-19
Gross Assets	157,950,847	218,321,355
Net Assets	142,059,122	195,571,302
Net Loans	63,684,721	81,990,938
Deposits	85,500,642	114,203,428
Reported Capital Net of Provisions	22,455,860	33,088,686
Reported Net Capitalization	36.1%	16.9%
Capital Adequacy Ratio	27.6%	25.6%
Classified Loans to Total Loans	15.6%	19.7%
Non-performing Loans to Total Loans	13.8%	16.2%
Provisions to Classified Loans Net of Interest in Suspense	64.3%	60.8%
Provision to Non-performing Loans Net of Interest in Suspense	74.7%	69.8%
Return on Assets	1.1%	1.5%
Return on Equity	6.4%	9.6%
Non-interest Income to Total Revenue	50.3%	47.2%
Liquid Assets to Net Assets	26.87%	30.4%
Net Loans to Deposits	43.7%	71.6%
Liquidity Ratio	40.7%	44.5%

Source: Central Bank of Liberia, Monrovia, Liberia

The banking system showed improvement in aggregate capital. As at end-October 2019, total capital increased to L$30.63 billion, reflecting 26.34 percent increase compared to L$24.2 billion reported in 2018. All the 9 banks (except one) reported capital in excess of the minimum regulatory requirement of US$10.0 million. In terms of Capital Adequacy Ratio (CAR), all the 9 banks were in excess of the minimum regulatory requirement of 10.0 percent. The aggregate CAR reported at end-October 2019 stood at 25.6 percent, representing a decrease of 2.0 percentage points compared with 27.6 percent reported at end- October 2018. The decline in aggregate CAR on a year-on-year basis was attributed to growth in the risky assets (mainly loans) on commercial banks' balance sheet.

4.6 Non-Bank Financial Sector

4.6.1 Insurance Sector

The insurance sector is currently dominated by domestically- owned companies. There are 12 companies with significant domestic ownership and 7 companies with significant foreign ownership. The assets and premium income of the significantly-domestic owned companies accounted for 50.4 percent and 43.7 percent of the sector's total assets and premium income at end-October 2019, respectively.

During the period under review, capital of the insurance sector increased significantly by 34.6 percent driven by a corresponding increase in assets and investments of several companies as part of some insurance companies' recapitalization strategy to comply with the new capital regime.

Table 23: Key Financial Indicators (Annual Comparative Review): 2018-2019.

Key Financial Indicators	Oct-19	Oct-18	% Change
	(In LD$)	(In LD$)	Annual % +/-
Capital	8,425,693,786.36	6,259,264,749.22	34.61
Total Assets	10,285,536,072.30	7,549,100,875.22	36.25
Investment	2,492,449,305.50	1,762,049,913.22	41.45
Liabilities	2,457,336,179.38	1,758,027,679.23	39.78
Outstanding Premium	1,855,284,089.40	1,325,156,903.67	40.00
Gross Premium	5,179,849,990.54	3,386,862,863.93	52.85
Underwriting Result	2,472,408,455.95	1,998,784,235.71	23.70
Net Premium	3,822,358,663.96	2,599,366,565.15	47.05
Net Income	530,599,706.06	479,466,840.10	10.66
Expenses	2,002,091,824.70	1,453,179,693.83	37.77
Claims	1,719,400,700.82	669,207,455.40	156.93
Technical Provision	1,129,032,663.93	714,297,607.75	58.06

4.6.1.1 Industry Financial Analysis

During the period under review, the insurance sector generally reported positive results in key balance sheet items with regard to capital, assets and investment. Revenue increased significantly with gross premium and portfolio profitability increasing by 52.9 percent and 23.7 percent, respectively. There was a significant increase of 40.0 percent of outstanding premium, which was largely attributed to arrears to the public sector (a major consumer of insurance services). The increase in gross premium showed growth and expansion in insurance services, especially third-party insurance, on account of increased public sensitization and Government's enforcement of third-party compulsory liability insurance policy.

On the liability side, there was significant increase in claims payments during the period under review, which is a positive sign that the sector is now capable of meeting its liabilities. This is important for rebuilding public confidence and supporting the growth and expansion of the sector. Despite these positive developments, the penetration rate of the sector at end-October 2019 was dismally low at about 0.2 percent.

While the industry has witnessed steady growth in total assets overtime, largely attributed to fresh injections of capital through real properties and cash, profitability remained on a declining trend due largely to increasing operating cost and limited products and coverage to boost revenue.

4.6.1.2 Implementation of the ECOWAS Brown Card

During the period under period, the CBL continued its engagement with key stakeholders in the insurance sector, including the Council of Bureaux of the ECOWAS Brown Card Scheme, the Liberia National Bureau of the ECOWAS Brown Card Scheme, the Ministry of Transport and the Association of Insurers in Liberia regarding the implementation of the automatic issuance and enforcement of the ECOWAS Brown Card. The Brown Card is an extension of motor vehicle policies issued by local insurance companies in Liberia and is intended to cover all liabilities arising from cross-border accidents in the region. During the period under review, companies agreed to sell the Brown card alongside the local insurance sticker, however, with some challenges in terms of enforcement of the policy.

4.6.2 Rural Community Finance Institutions

The number of RCFIs remained at 12 located in 8 of the 15 counties. Lofa and Nimba Counties have 3 RCFIs each, while Gbarpolu, Bong, Grand Kru, Sinoe, Rivercess and Rivergee have one RCFI each. The RCFIs continued to play important role by providing important banking services in the rural areas, including salary-based credits, payments of civil servants' salaries and money transfers services. Afriland First Bank Liberia Limited (AFBLL) continued to provide technical and operational assistance to the RCFIs under the technical support agreement with the CBL.

As part of the Liberian Government's support to the RCFI sector, the Government and the International Fund for Agricultural Development (IFAD) started the implementation of the Rural Community Finance Project (RCFP) worth about US$5.5 million. The implementation of the project, which started in August 2019, will provide additional resources for the existing RCFIs in the form of capital support, fixed assets, IT system, and technical assistance to the boards and management staffs. The Project will also establish additional 10 RCFIs across the country, especially to regions with active economic and agricultural activities. The Project is being implemented by the CBL through the Technical Assistance Supervisory Unit (TASU) and the Project Implementation Unit (PIU) of the Ministry of Agriculture (MoA).

4.6.2.1 Financial Performance

At end-December 2019, the total number of shares in the RCFIs increased to 7,006 from 5,196 recorded in 2018 with corresponding share values of L$62.2 million in 2018 compared to L$92.7 million in 2019, which represent 49.0 percent increase in total shares value in 2019. The total deposit liabilities increased from L$102.312 million in 2018 to L$131.442 million in 2019, representing 28.0percent increase in total deposit. At the same time, total loan portfolio grew to L$79.1 million in 2019 from L$36.0 million in 2018, which represented 120.0 percent increase in total loan portfolio (Table 24).

Table 24: Financial Performance, 2019

	2018			2019			2018/2019
	USD	**LRD**	**AGG.LRD Equiv @157.5040**	**USD**	**LRD**	**AGG. LRD EQUIV @ 188.3940**	**Percentage Increased / Decreased**
SHARE	357,000	5,970,000	62,198,928	480,000	2,300,000	92,729,120.00	49%
DEPOSIT	123,000	82,940,000	102,312,992	117,000	109,400,000	131,442,098.00	28%
LOAN	0	36,000,000	36,000,000	0	79,100,000	79,100,000.00	120%

4.6.3 Microfinance Sector

At end-December 2019, the total number of registered non-deposit taking microfinance institutions (NMFIs) remained at seventeen (17) with twenty-seven (27) branches in six (6) counties. The branches are mainly spread out by one of the biggest players in the market, BRAC MFI which operates in Nimba, Lofa, Grand Bassa, Montserrado, Margibi and Bong Counties. There was only one deposit-taking microfinance institution (Diaconia MDI) in 2019. Given the critical role of the microfinance sector in providing access to financial services, the sector is currently undergoing reforms with financial and technical support from the World Bank as part of the implementation of the "Increasing Financial Inclusion Program of Liberia" Project, the New National Financial Inclusion Strategy (NFIS) for Liberia (2019-2024). The reform is focused on strengthening the regulation and supervision of the microfinance sector using tier risk-based tier capital structure for each category and improving the managerial capacity and corporate governance.

4.6.3.1 Other Developments

As at December 31, 2019, the total number of MFIs clients grew by 13.0 percent from 309,305 in December 2018 to 45,151.0 in December 2019, with women accounted for 98.0 percent of active borrowers. Gross loan portfolio increased from US$ 5,529,473 in December 2018 to US$ 5,534,198 as at end-December 2019.

4.7 The Collateral Registry and Credit Reference System

4.7.1 Collateral Registry System

As at end-November 2019, the Collateral Registry System's (CRS) clients/users was54 - the same number in 2018, comprising 17 legal entity clients (commercial banks, microfinance institutions and non-bank financial institutions); 31 individual clients and six (6) others. During the period under review, 131 financing statements (FS) or loans were registered in the system, reflecting a decrease in registration of financing statements by 16.0 percent compared to 2018. From the FS registrations, microfinance institutions accounted for 98.0 percent, while commercial banks accounted for the remaining 2.0 percent. In 2019, the value of the FS/loans amounted to L$16.0 billion and US$35.2 million compared to L$7.0 million and US$1.0 billion reported in 2018. Analysis of the number of financing statements by debtors' categories showed that the highest proportion, about 98.0 percent and lowest proportion of 2.0 percent were registered with respect to loans to individuals and medium firms, respectively. A total of 229 movable assets were used as collaterals during the period under review.

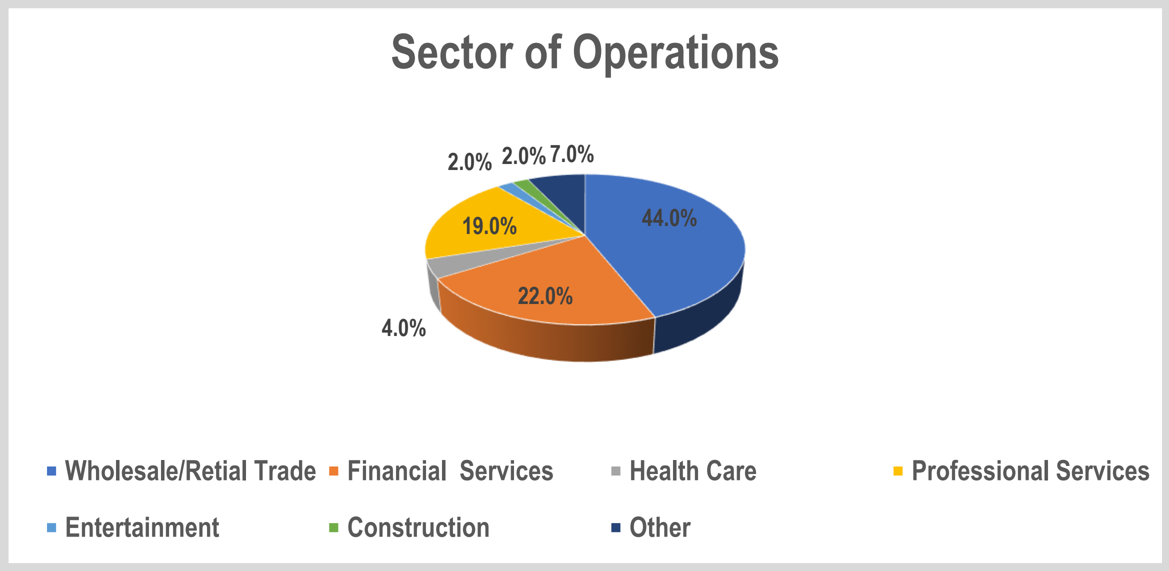
Cumulatively, since the inception of the operations of the CRS in 2014, the value of financing statements and /or loans registered has grown to L$90.0 million and US$1.3 billion against 1,721 borrowers/debtors, and the total loans of 3,474. Total searches conducted increased to 984.

4.7.1.1 Collateral Registry- Distribution of Loan to Sector

The system's distribution of loans by debtors reflected that a larger portion of credit was directed to wholesale/ retail trade sector accounting for 44.0 percent of the total loans (Chart 22). Credit concentrations to other sectors were as follows: financial services, 22.0 percent;

professional service, 19.0 percent; healthcare services, 4.0 percent; construction, 2.0 percent; entertainment, 2.0 percent; and others, 7.0 percent.

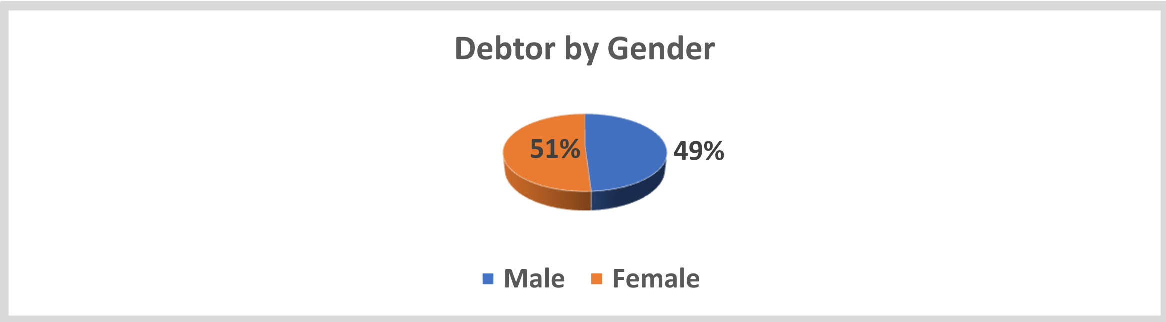
Chart 22: Credit Concentration to Sectors



4.7.1.2 Beneficiary of Loan /Debtor Gender Type

As shown in Chart 23, 49.0 percent of the total approved credit was directed to male, while 51.0 percent went to female.

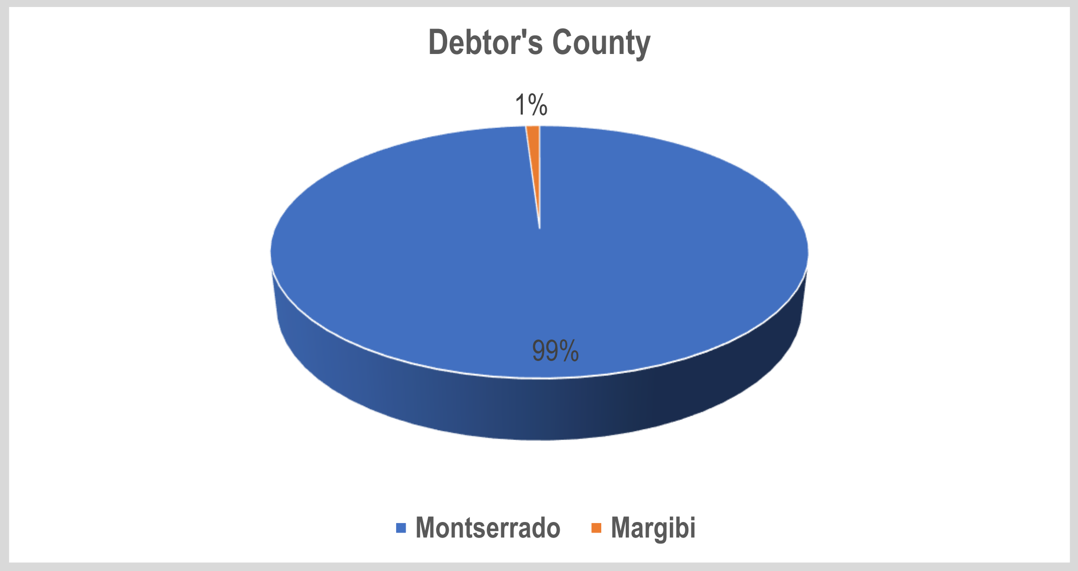
Chart 23: Debtor Gender Type 2019



4.7.1.3 Collateral Registry- Debtor Per County

Chart 24 reflects credit concentration of debtors/borrowers by county, shows that Montserrado and Margibi Counties accounted for 99.0 percent and 1.0 percent, respectively.

Chart 24: Debtor's County 2019



4.7.1.4 The Expansion/Usage

During the year under review, a team from the Registry conducted a field visit and nation-wide assessment across the country, which included engagement with the 11 of the 12 RCFIs. The assessment was part of the process of expanding the Registry's services across the country. Based on the outcome of the assessment, the Registry plans to carry out several capacity and technical support to the RCFIs to get them involved in the usage of the system in order to support access to credit in the rural areas, especially for farmers and market women during 2020.

4.7.2 Credit Reference System

At end-November 2019, a total of 15,823 inquiries were conducted on current and prospective borrowers from bank and non-bank financial institutions (Table 25). For the 11-month period, the total credit inquires decreased by 45.0 percent compared to the 12-month period of 2018, suggesting a slowdown in new credits by credit providers.

Table 25: Credit Reference

	Nov 2019	Sept 2019	June 2019	March 2019	Dec 2018	Sept 2018	June 2018	Mar 2018
Statistics on the number of credit checks	2,217	3,714	4,895	4,997	9,098	7,530	6,610	5,448
Total	**15,823**				**28,686**			

4.7.2.1 CBL Enhanced Credit Reference System Project

During the period under review, implementation of the upgrading /enhancement of the Credit Reference System remained on course. The project team was engaged with key stakeholders, including the commercial banks, other participating financial institutions, the National Identification Registry and potential solution providers regarding implementation of the second and third phases of the project. The first phase of the project, which was financed by 11 participating financial institutions and the CBL, was completed in June 2018. The project seeks to transform the existing credit reference system, which has been significantly limited and manual-based, into a full-fledged credit reference system that will be accessible to many users, including utility companies and other service providers. Phase one of the project was implemented by an international identification company, OeSD (An Austrian State Printing House) in Vienna, Austria. When fully completed, the upgraded system will address the current problems of high loan defaults, improve transparency in loan pricing, reward good credit culture, and promote inclusive financial services.

The discussion between the CBL project team and the National Identification Registry (NIR) focused on identifying synergy between the system and the NIR database, as the central identification authority in the country. Access to the NIR database will leapfrog the effort of the Bank and promote wider national coverage of the Credit Reference System.

4.8 Consumer Protection

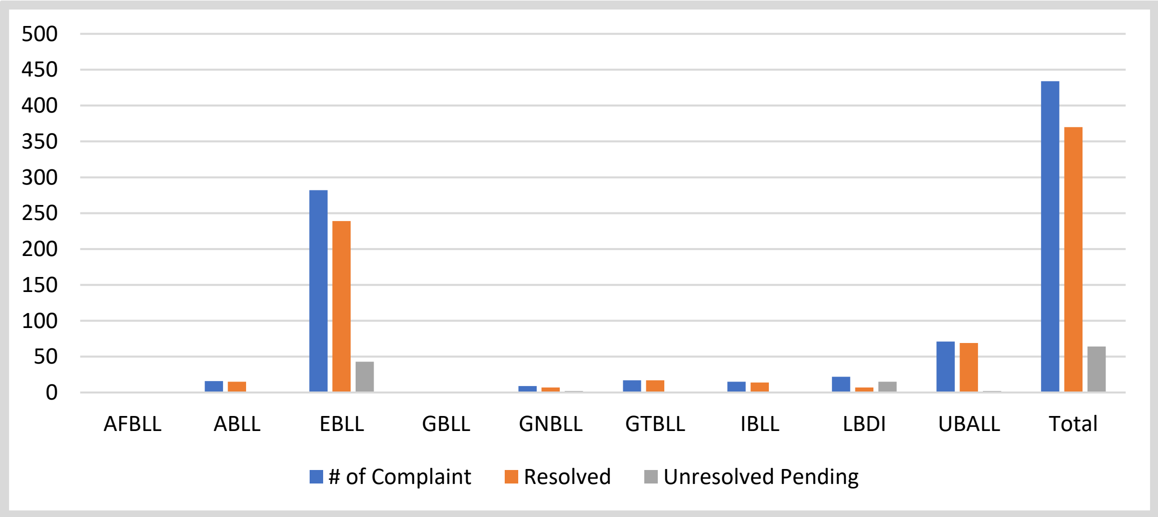
The CBL continued to strengthen its oversight responsibility in the financial sector by ensuring that consumers are well informed, and complaints against financial services providers are amicably resolved in accordance with the Consumer Protection and Market Conduct Regulation. For the period under review, the CBL received a total of 10 unresolved complaints from consumers against commercial banks. Of the 10 complaints received, 50.0 percent were resolved, investigation is on-going into the remaining 50.0 percent (Table 26).

Table 26: Consumer Protection Complaints

	2019	2018
Total number of complaints	10	28
Resolved	50%	60%
Pending	50%	32%
Complaints referred for further investigation	0%	8%
Nature of complaints	Refusal to settle claims, alleged illegal deductions, Refusal to credit account	Refusal to settle claims, Unapproved Interest Deductions, Internet Banking Fraud, Freeze on customer's account

In keeping with its mandate to ensure quality financial products and services, the Consumer Protection Unit received complaint returns from financial institutions, which include complaints received, investigated and resolved by financial institutions. For the period under review, a total of 434 complaints were received by banks, 84.0 percent were resolved, while 16.0 percent remained unresolved. Mobile Money Providers also reported a total of 5,829 complaints; all of which were resolved.

Chart 25: Complaints that were submitted by Banks



The CBL conducted a one-day workshop for compliance officers, brokers and desk officers of insurance and microfinance institutions on the subject of full disclosure and transparency on products and services, and redress and resolution of complaints.

The Consumer Protection and Market Conduct Regulation No. CBL/RSD/004/2017 was amended and approved by the Board of Governors to include provisions on Digital Credit. The aim was to promote micro credit through the use of mobile channels by financial institutions to low-income households to facilitate their daily transactions, including purchases of food items and other emergency needs.

4.9 Efforts Towards Strengthening AML/CFT Regime in the Financial Sector

The CBL remained committed to the effort of protecting the integrity of the financial system and ensuring that the system is not abused by criminals. In this regard, the Bank through the Regulation and Supervision Department (RSD) adopted a robust monitoring and surveillance to ensure that financial institutions operating in Liberia adhere to the Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) laws, regulation and guidelines of the CBL. As part of this effort, Bank conducted a one-day workshop for compliance officers of insurance companies intended to familiarize the compliance officers with various returns and questionnaires relating to AML/CFT required by the CBL for effective monitoring and surveillance of AML/CFT issues in the financial system.

The AML/CFT Unit also conducted AML/CFT Risk-Based Examination of two commercial banks (GNBLL and GTBLL) and participated in a joint Risk-Based Examination with the Consumer Protection and Digital Financial Services Unit for Orange Money, one of the two mobile money operators in the country.

The RSD received further Technical Assistance (TA) from the IMF on off-site supervisory tools, including Data Collection Tool, Risk Management Questionnaire, Risk Assessment Tool, Risk Management Guideline, Supervision Manual, Sanctioning Framework, and so forth.

4.10 Payment Systems Developments

In 2018 the total volume of electronic payments from all the platforms for the 12-month period was US$1, 825,702.00, compared to 876,681.00 for the 11-month period (January – November) in 2019, reflecting a decline of 52.0 percent due partly to data coverage limitation (i.e. 12 months of 2018 compared to 11 months of 2019). Beside the data coverage factor, payment services through all platforms declined, except for mobile money which experienced an increase (Table 27).

The Automated Teller Machines (ATMs)- On-Us services- recorded the highest volume of United States dollar transactions (1,083,987) in 2018, while mobile money transactions recorded the highest volume of transactions (804,073) in 2019 (from January-November).

Table 27: Annual Aggregate Volumes and Values of Payment Clearing and Settlement Transactions (2018-2019)

United States Dollar				
Channels	2018		2019	
	Volume	Value	Volume	Value
National Electronic Payment Switch (NEPS)	11,195	1,476,270.00	5,428	699,320.00
Automated Teller Machine (On-Us)	1,083,987	177,333,573.00	731,318	116,169,445.04
Point of Sales	67,592	19,081,450.27	54,249	11,006,915.65
Direct Credit	11,046	13,017,614.95	10,066	9,517,890.27
Real Time Gross Settlement	12,497	304,432,116.00	14,872	274,750,675.62
Automated Check Processing	86,181	660,109,503.82	60,748	433,075,041.08
Mobile Money	553,204	42,043,762.00	804,073	539,292,111.70
Total Electronic Transactions	1,825,702	1,217,494,290	876,681	845,219,288

The ATM-On-Us recorded the highest volume of Liberian dollar transactions in 2018 (632,037.0), while mobile money transactions recorded the highest of Liberian dollar volume of 19,408,405 in 2019 (Table 28). The total volume of payments from the all platforms was 1,046,656 in 2018 which dramatically increased by 118.2 percent to 20,121,355 in 2019. The increase showed wider acceptability and gradual increase in the usage of electronic payment platforms as alternative payments channel in the economy. The high use of mobile money from 382,231 in 2018 to 19,408,405 showed improved public confidence in the use of the platform as the country progressively move to cash-lite society.

Table 28: Annual Aggregate Volumes and Values of Payment Clearing and Settlement Transactions (2018-2019)

Liberian Dollar				
	2018		2019	
	Volume	Value	Volume	Value
National Electronic Payment Switch	-	-	-	-
Automated Teller Machine (On-Us)	632,037	1,505,664.00	585,687	329,397,323.00
Point Of Sales	345	82,428,954.59	17	1,115,420.00

Direct Credit	6,166	574,685,806.15	6,858	3,767,365,608.88
Real Time Gross Settlement	2,203	19,506,252,878.97	2,720	25,824,079,693.90
Automated Check Processing	23,674	28,378,332,703.70	117,668	22,949,565,893.60
Mobile Money	382,231	26,887,745.14	19,408,405	49,078,714,486.88
Total Electronic Transactions	1,046,656	48,570,093,752.55	20,121,355	101,950,238,426.26

Chart 26: Analysis of USD Transactions Against Liberian Dollar in Volume (2018)

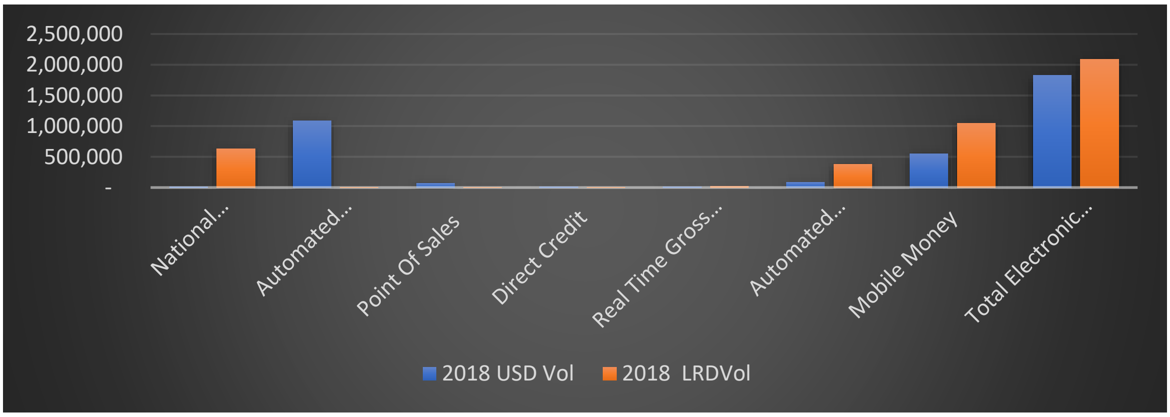


Chart 27: Analysis of USD Transactions Against Liberian Dollar in Volume (2019)

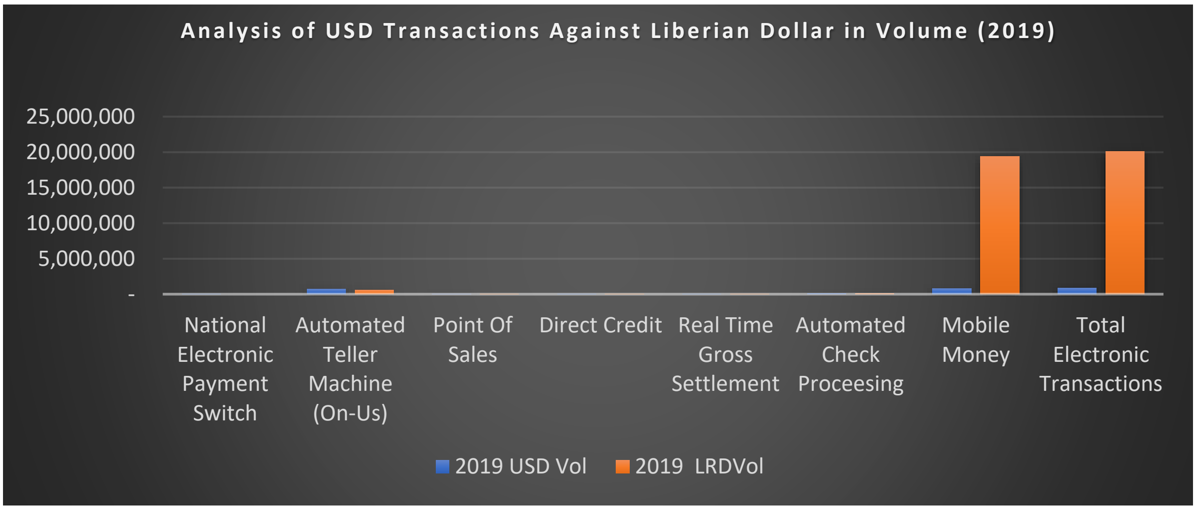


Table 29: Number of Mobile Money Subscribers and Agents

Mobile Money	2018	2019
Total Subscribers	2,708,627	3,349,380
Total Agents	6,995	12,090

The number of mobile money subscribers increased from 2,708,627 in 2018 to 3,349,380 in 2019, reflecting a 19.1 percent increase (Table 29). Also, the number of agents increased from 6,995 in 2018 to 12,090 in 2019, representing an increase by 42.1 percent. These increases showed that more people desire to use mobile money, which called for increase in the number of agents to service the demand of the increasing number of subscribers for cash-out transactions. It is important to emphasize that if mobile money should have the desire effect in terms of the drive toward a cash-lite society, it will need to be seen as a means of payments for financial transactions, rather than a means of transfer and withdrawal of cash.

4.11 Outlook of the Financial Sector for 2020

The financial sector remains a critical sector of the Liberian economy and its outlook will continue to hinge on developments in the economy, especially the private sector. The effectiveness of the financial sector can only be achieved with expectation of a favorable macroeconomic and policy environment. As developments in 2018 have shown, the financial system, especially the banking system, faces significant risks associated with the real and external sectors of the economy. The current level of NPLs signals potential systemic risks, which need to be addressed. Addressing the issues of the current low level of confidence in the banking system is extremely important to the implementation of effective monetary policy, promoting financial inclusion and deepening the financial sector to support key sectors of the economy, including agriculture, manufacturing and construction (housing), which combined share of credit in the economy for 2019 was only 15.0 percent.

The CBL, as regulator of the financial sector, remains committed to ensuring that financial institutions remain stable and viable to contribute to the overall economic growth of the country. The potential for banks to grow their balance sheet size, promote economic activity and impact the lives of the ordinary Liberian is huge and remain untapped, as evidenced by the statistics on credit to the manufacturing, agriculture and construction (housing/mortgage) sectors. To this end, the CBL will remain committed to working with all stakeholders to improve credit to the public, while ensuring the viability of the system. In addition to other measures taken by the Bank to endear banks to lend to these sectors, the CBL is currently developing specialized banking regulations with flexible requirements to incentivize banks to extend loans and other advances. Some of the regulations include, SME, Agriculture and Housing and Mortgage lending regulations.

Additionally, the CBL is working with both banks and insurance companies to strengthen their capital positions in order to meet the growing needs of the economy.

Chapter 5.0: Internal Developments

5.1 Overview

During the year under review, the CBL developed and organized the first MPAC meeting in October, and the first Board of Governors' MPC meeting in November and approved the issuance of the Bank's first Monetary Policy Rate (MPR). The Bank also commenced the issuance of L$7.0 billion CBL securities at shorter tenors with an effective annual return of 30.0 percent.

The CBL continued to strengthen its supervisory role to ensure the safety and soundness of the financial system. To this end, the Bank issued several regulations, and reviewed and amended others affecting both bank and non-bank financial institutions. It continued with the payment system modernization program to facilitates effective delivery of low-cost digital financial products and services. To highlight the importance of financial inclusion, a new National Financial Inclusion Strategy (NFIS) 2020-2024 was approved and endorsed by the Cabinet in November 25, 2019 and officially launched in December 2019.

In compliance with recommendations by the IMF Safeguards Mission to Liberia, regarding the co-sourcing of the Internal Audit function, the CBL tendered the recruitment of a reputable auditing firm and awarded PriceWaterHouseCoopers (PWC) the contract to support the work of the Internal Audit Department.

During the year, the Bank also produced the maiden edition of the CBL Regulator, which is one of the official mouthpieces of the Bank that is published quarterly covering both internal CBL developments as well as national and regional financial sector and economic developments.

The CBL continued its commitment to regional institutions in fulfilling its statutory roles, including effort to comply with the macroeconomic performance convergence criteria in support of the ECOWAS Monetary Cooperation Programme (EMCP). In addition, the Bank was also involved with several development partners, including the IMF, African Union (AU), and United Nation Economic Commission for Africa (UNECA).

5.2 Research and Publications

During the year under review, the Research, Policy, and Planning Department (RPPD) continued its responsibility by providing technical and policy advice to the Board of Governors and Management on monetary and financial stability matters and general macroeconomic developments. The Department also provided information to the general public on issues pertinent to the Liberian economy through various publications. It continued the reform of the Bank's Library with the aim of providing state-of-the-art facilities to create the appropriate environment for a modern research center for both internal and external users.

Among the regular publications of the Department were: the Monthly Economic Review, the Liberia Financial Statistics, and the Quarterly Economic Bulletin. In addition, the Department prepared several policy briefs and papers for the Board of Governors and Management on pressing economic issues, including the paper on the printing of new banknotes, policy response to the exchange rate developments, and policy response to the liquidity constraints in the economy. It continued work on the working paper series on topics relevant for understanding the dynamics in the Liberian economy. In this regard, the Department commissioned two research papers: (1) The Impact of Credit Market Development on Economic Growth in Liberia, which was completed and expected to be published in the West African Institute for Financial and Economic Management (WAIFEM) publications series, and (2) A study on the Inflation Dynamics in Liberia, which is still in progress.

The Department initiated the Bi-Monthly Economic Forum for engendering policy dialogue with the public. In this regard, it organized, with support from General Support Services Department (GSSD), Management Information System & Technology Department (MISTD) and the Corporate Communications Unit (CCU), three forums during the period under review on the following themes:

1. Taking Stock of the Central Bank of Liberia's Monetary Policy Regime and Operations over the last Nineteen Years (2000-2018);
2. De-dollarization in Liberia: Implications for Effective Monetary Policy; and

3. Financial Inclusion: How far we have come and where are we headed?

It led the development and adoption of the new Monetary Policy Framework for the Central Bank of Liberia (CBL). As the secretariat for the Monetary Policy Advisory Committee (MPAC), it organized the first MPAC meeting in October 2019 and the first Board of Governors' MPC meeting in November 2019. These meetings saw the CBL issuing its first Monetary Policy Rate (MPR) since its existence.

The Department also coordinated inter-department meetings and the Liquidity Working Group (LWG), comprising Ministry of Finance and Development Planning (MFDP) and the Liberia Revenue Authority (LRA) to monitor and discuss liquidity developments in the Liberian economy and their implications for exchange rate and inflation developments and liquidity management. Significant efforts were made in developing the necessary framework to strengthen technical collaboration among the three institutions, including information sharing and policy coordination. Similarly, the Bank through the Department collaborated with the Liberia Institute of Statistics and Geo-information Services (LISGIS) on the rebasing of the consumer price index (CPI) and identifying more sources for national accounts data. The Department, in partnership with LISGIS, continued the weekly conduct of the market price survey to generate monthly price statistics which were published in the Bank's publications.

As the focal department for national policy dialogue and stakeholder meetings, it represented the Bank at several stakeholder meetings, including the Sectoral and Pillar meetings of the Pro-Poor Agenda for Prosperity and Development (PAPD), the World Budget Support, the Secretariat of the Technical Economic Management Team (TEMT), and the Millennium Challenging Corporation t (MCC). The Department, in collaboration with the Office of the Advisor on Multilateral Relations, played active roles in various regional and continental monetary and economic integration programs.

During the year under review, the number of visitors to the CBL's Library increased to two hundred fifty-five (255) researchers as at end-November 2019, from 54 recorded in 2018.

5.3 Regulatory and Supervisory Activities

5.3.1 Regulatory Activities

During 2019, the CBL, through RSD, issued several regulations and directives affecting the banking sector as listed below:

1.0 The CBL, with technical assistance from the World Bank, began a review of the regulatory and supervisory frameworks of the microfinance subsector of Liberia. The objective of the review was to consolidate the existing regulations where necessary, align usage of terminology, harmonize approach to regulations and introduce tier risk-based approach to provision of microfinance services. In addition, the review led to the increase in extension of micro-credits limits from US$7,000-US$50,000.00 and expanded the permissible activities of the microfinance subsector.

Under the CBL's Non-Bank Financial Institutions (NBFIs) regulatory regime, five regulations were reviewed, but only two were amended and issued to meet the above objectives.

A) Regulation N0.CBL/RSD/002/2019 Amended Regulations Concerning Microfinance Deposit Taking Institutions hereby revising Regulation No. CBL/RSD/004/2012; and

B) Regulation N0.CBL/RSD/006/2019 – Amended Regulations for Rural Community Finance Institutions revising CBL/RSD/002/2016.

2.0 Regulation N0.CBL/RSD/003/2019 Regulations Concerning the Licensing and Operations of Electronic Payment (E-Payment) Services in Liberia.

These regulations provided the framework for licensing and supervising providers and operators of e-payment products. The framework also offered guidance to licensed institutions on recommended principles and sound practices for managing risks associated with the introduction and operations of electronic payment schemes, promote financial inclusion without risking the safety and soundness of the financial system; and address issues that, though peculiar to payment systems in general, may be amplified using electronic media.

3.0 **Regulation N0.CBL/RSD/004/2019- Amended Regulations Concerning Consumer Protection and Market Conduct revising Regulations No. CBL/RSD/004/2017.** The amendment of the Consumer Protection and Market Conduct Regulation originated from a scoping mission carried out by a team of experts from the World Bank on Financial Consumer Protection. The team highlighted priority areas to be addressed by the CBL, including the amendment of the above Regulation to include digital credit, alignment to the Tier 2a, b and c capital requirements defined in the proposed amendments to the NBFI regulatory framework and the Microfinance regulatory Framework that are currently under review.

4.0 **Directive #CBL/RSD/DIR/001/2019 Suspending Section 2.0 of Regulation No. CBL/RSD/004/2016 Concerning Payment of Inbound Money Transfer**

The CBL temporarily suspended Section 2.0 of Regulation No. CBL/RSD/004/2016 Concerning Payment of Inbound Transfer and directed all licensed financial institution engaged in money transfer services, including Western Union, MoneyGram and similar services to make payments of all inbound money transfer in United States dollars for the month of December 2019 in response to the Liberian dollar liquidity demands during the festive season. This directive was further extended until otherwise advised by the Bank.

5.3.2 Supervisory Activities

The CBL, through RSD, continued to play its supervisory role effectively and efficiently to ensure that the safety and soundness of the financial system is maintained. In this effort, the Department conducted several onsite examinations using different risk management tools, including qualitative and quantitative analyses. The Department also conducted joint AMT/CFT examinations with its counterpart from Nigeria on subsidiaries of Nigerian banks operating in Liberia.

5.4 Financial Markets Activities

The Financial Markets Department (FMD) during the year under review continued its plan of developing the financial markets in Liberia. In this regard, it undertook several programs focused on deepening the money, interbank, foreign exchange and the bond markets as a means of creating the enabling environment for the development of the financial markets in the country.

In addition to the Treasury Bills Auction Rules/Regulations, the CBL Bills Rules/Regulations and the Foreign Exchange Rules and Regulations, the Department also developed and issued the framework for the administration of the interbank market (IBM).

The issuance of this framework was intended to contribute to the development of the money market and promote sound risk management practices by licensed banks, particularly on credit risk, market risk, and settlement risk for the conduct of Repurchased transactions.

The Department developed and issued the guideline on Standing Credit Facility (SCF), Standing Deposit Facility (SDF) and Intraday Liquidity Facility (ILF) for commercial banks, which was operationalized in February 2019. The guideline seeks to guide the operationalization of the SDF and SCF as additional monetary policy tools for the CBL to steer short-term interest rates and enhance the interest rate channel of monetary policy transmission.

The Department started work on other guidelines for the issuance of corporate bonds, commercial papers (CP) and bankers' acceptance (BA) as part of the market development.

Prior to the issuance of the IBM framework, the banks had been engaged in informal IBM activity. After the introduction of the IBM framework, the CBL was able to formalize most of the processes from the initiation of transactions to the preparation and submission of reports. The framework requires commercial banks to submit daily interbank transactions to the FMD.

5.5 Payment Systems Activities

The CBL's efforts of modernizing large value and retail payment systems witnessed the implementation of a responsive payment systems framework that facilitates the delivery of relevant, low-cost digital financial products and services necessary to promote access to credit, especially among the rural poor.

In line with the foregoing, the Bank, through the Payment Systems Department (PSD), has implemented payment infrastructures (ACH, RTGS, NEPS, SSSS) to cater to a wide range of payment instruments and services that provides businesses and individuals more choices for conducting their day-to-day transactions in a convenient and cost-effective manner, which is in line with the objective of the NFIS.

1. Regional Integration of Payment System infrastructure to promote cross-board trade in WAMZ

Like in previous years, the CBL was engaged with the WAMI and AFRIXEM Bank with regard to the regional integration project, which involves the use of a common framework for transacting, clearing and settling cross border electronic funds transfer by means of bank accounts and mobile money wallets in domestic currencies across the West African Monetary Zone (WAMZ).

2. Automation of GOL Payments/Disbursements

During the year under review, the CBL worked closely with the MFDP for the full automation of GoL's payments to civil servants, pensioners, ministries and agencies, vendors, and so forth. This arrangement is aimed at ensuring that GoL payments are originated through electronic funds transfer rather than the use of cheques. This project will promote transparency and accountability in public financial management and reduce the costs of banking transactions to the government.

Also, the Bank, through PSD, developed and issued regulations and guidelines for the provision of wide-ranging electronic payments instruments, to promote interoperability and promote digital financial services across the country. The Bank also developed a roadmap and implementation plan to drive the digitization of the Liberian economy by addressing demand and supply side constraints. The roadmap is comprehensive and involved the roles of all relevant stakeholders.

3. Payment Systems Oversight functions

The safety and efficiency of the payment and settlement systems are critical to the smooth functioning of the national payment systems. With technical assistance from the World Bank, the PSD developed an Oversight Policy Framework and Implementation Guidelines for the Payment ecosystem in Liberia. Both documents were approved and issued during the year under review.

4. Stakeholders collaboration/consultations for the promotion of the usage of Electronic payments

A collaborative approach, with the active participation of all stakeholders, is highly desirable in creating synergy, promoting consumer literacy and providing a basis for optimizing the benefits of electronic payments.

To facilitate such collaboration, the CBL continued to engage all stakeholders in the financial and non-financial sectors, and development partners (World Bank, WAMI, IMF and the Alliance for Financial Inclusion) for deepening electronic payments in Liberia. Also, with technical assistance from the World Bank, the PSD developed the National Payment Systems Council Charter and Terms of Reference (ToR) for National Electronic Payment Switch Implementation Committee (NEPSIC). The National Payment Systems Council (NPC) will provide a forum for cooperation, dialogue and consensus among stakeholders, while the NEPSIC will focus on directing the implementing the NEPS by providing leadership and ensuring stakeholders consensus and cooperation for optimizing the National Switch and promote interoperability.

5.6 Enterprise Risk Management

The Enterprise Risk Management Department (ERMD) is an important part of the internal control system of the Bank. Pursuant to its responsibility in 2018, the Department, at the conclusion of its risk assessment, prepared a comprehensive risk assessment report.

The key highlights of the reports were:

(1) Sixty-Seven (67) total risks identified across the bank;
(2) Of the total number of risks identified, 61.0 percent were operational risks and 28.0 percent were strategic risks;
(3) Seventy-Six (76.0) percent of the Bank's inherent risks ranged in magnitudes from significant to high;
(4) Seventy-Eight (78.0) percent of the inherent risks exceeded the tolerable limits set by the Board of Governors;
(5) Only 1 department had adequate policies;
(6) Fifty-nine-point seven (59.7) percent of the bank's residual risks ranged in magnitudes from significant to high;
(7) Sixty-two-point seven (62.7) percent of the residual risks exceeded the tolerances set by the Bank; and
(8) On a residual level, 20 risks had magnitude of high, 20 were significant, 16 were modest; and 11 were low.

During the year under review, the Department conducted a full-scope risk assessment aimed at putting in place the required controls to address the gaps that were identified in the 2018 Assessment Report.

5.7 Accounting and Finances

The unaudited financial statements of the Bank were prepared in accordance with the International Financial Reporting Standards for the period under review. The financial statements at end- December 2019 is being audited by Bank's external auditors, KPMG and Parker and Associates, and is expected to be finalized by end-January 2020. The unaudited accounts are prepared consistent with Section 1.03 of the Guidelines Concerning Accounting and Financial Reporting for Banks.

5.7.1 Financial Position

The Bank's total asset as at October 31, 2019 grew by 25.0 percent to L$226.0 billion compared with L$181.0 billion at end-December 2018. This increase was attributed to deposits with IMF, staff loans, property and equipment and other assets. The increase in monetary assets was due significantly to depreciation of the Liberian dollar against the United States dollar.

Total liabilities also increased by 1.0 percent to L$162.0 billion at end-October 2019 compared to L$ 161.0 billion at end-December 2018. The increase in liabilities was on account of deposits from commercial banks and forex bureaux, currency in circulation, staff provident funds and other liabilities, which increased sharply by 132.0 percent.

5.7.2 Income and Expenditure

The Bank's year-to-date (end-October 2019) income earned decreased by 11. 0 percent to L$1.5 billion compared to L$1.7 billion at end-October 2018. During the period under review, interest income decreased partly due to decrease in income on placements with international financial institutions and reduction in reserves and other securities. Fees and commission income also reduced due to slow economic activity.

The expenditure increased by 6.2 percent to L$6.1 billion from L$5.7 billion at the end-October 2018. The increase in expenditure was fueled largely by the hike in the number of employees from 399 at end-October 2018 to 720 at end-October 2019. Another key expense driver was the maintenance cost of the Bank's management information system due to aging problem.

5.7.3 Budget

For 2019, the approved budget of Bank was US$38.8 million (about L$5.820 billion compared to prior year budget of US$35.2 million (about L$5.280 billion, representing an increase of 9.0 percent. The budget was revised downward to US$34.7 million. The budgeted income for 2019 was reduced by 5.0 percent to USD 9.8 million compared to US$10.3 million at end-October 2018.

5.8 Internal Audit

Internal Audit Department (IAD), as provided for by the CBL's Act of 1999, is responsible to conduct audits of the operational activities and accounts of the CBL on a continuous and regular basis in accordance with internationally accepted auditing standards. These services are provided through the delivery of independent, objective assurance and consulting functions intended to improve the Bank's operations through a disciplined approach by evaluating and improving the effectiveness and efficiency of risk management, internal control and the governance processes of the Bank.

In compliance with its 2019 annual work plan, the IAD conducted three audits (Q1-Q3) along with several special audits and assignments. These reports were submitted to the Board Audit Committee (BAC).

In line with the recommendations by the International Monitoring Fund (IMF) during its Safeguards Mission in 2019 which calls for the co-sourcing of the Internal Audit function, the CBL tendered the recruitment of a reputable auditing firm to perform this exercise. At the end of the tendering process, PriceWaterHouseCoopers (PWC) was selected and awarded a contract for three years renewable annually. This co-sourcing process commenced in 2019. The specific objectives of the co-sourcing arrangement are to:

(i) Assist the CBL's internal audit function in providing independent and objective assurance on the system of internal controls to the Board Audit committee; and

(ii) Build capacity of the CBL internal audit function.

5.9 Human Resources Management

The Human Resources Management Department (HRMD) experienced significant challenges during the period under review. The Bank was confronted with huge wage bill which resulted from an unsustainable increase in staffing costs and resources. In order to address this situation, the Board of Governors approved a retrenchment strategy as recommended by the IMF. The implementation of the retrenchment strategy is ongoing.

In compliance with the Bank's mandate on building capacity and staff development, the Department facilitated several in-house training programs aimed at refreshing staff knowledge and further developing their skills. In addition, seven (7) staff members benefited from local and foreign CBL scholarships to pursue various fields of study related to the Bank's mandate, while a total of 375 professional training programs were offered to staff both locally and through several multilateral organizations, including IMF, AFRITAC West 2, Alliance for Financial Inclusion (AFI), the West African Institute for Financial & Economic Management (WAIFEM), West African Monetary Agency (WAMA), International Management Training Consortium, Africa Leadership Development Institute, Rhema Systems & Associates, and Banking Institute of Liberia (BIL), Central Bank of Nigeria (CBN), West African Insurance Institute (WAII) in The Gambia, amongst others.

5.10 Management Information System

The Management Information Systems & Technology Department (MISTD) commenced in 2019 with a defined strategy and workplan to achieving the following: a) implementation of the Financial Sector Super Data Highway (FiSSDaH) project, b) the upgrade of the Society for Worldwide Interbank Financial Telecommunications (SWIFT) platform to version 7.4 and the adaption of the Customer Security Program (CSP), c) the cybersecurity awareness program, and d) the post implementation facilitation for utilization of the Oracle Database Appliance (ODA) platform for Oracle Databases consolidation.

The FiSSDaH project was officially launched in June 2019 in collaboration with MFDP, LRA, the commercial banks, the mobile money operators, LIBTELCO and some microfinance institutions.

The project, which replaced the deprecated Metropolitan Area Network (MAN) infrastructure, will now be provided on One Gigabyte throughput to the sector. It seeks to deliver to the sector a more robust, resilient, secure, accessible and available medium through which data and financial transactions are traversed to meet the interoperability and connectivity requirements of the financial sector ecosystem.

The FiSSDaH will have as its backbone, the fiber optics network (Dark Fiber), a service maintained and operated by LIBTELCO, as the primary channel of connectivity for MAN. It replaced the current wireless infrastructure which will be retained as a backup infrastructure for the MAN.

The SWIFT migration to the CSP and subsequent upgrade to Alliance Access Version 7.4, were also completed during the year under review. The platform had to be hardened to improve cybersecurity posture of the Bank and ensure continuous compliant with the global standard of SWIFT.

The ODA post implementation also occurred in 2019, provisioning for security vulnerabilities mitigation, hardening and high availability (HA). It now houses a couple of Oracle databases. More dispersed system databases are expected to be added to this platform shortly.

The Surveillance and access control infrastructures were also upgraded during the period. The systems now have the capacity to hold and playback for extended periods, enormous amounts of data and frame packets.

As the Bank move into 2020, the Department envisages and is experimenting with cloud solutions for both enterprise ventures and the payments system infrastructure continuous modernization. Leveraging cloud solutions will deliver scalability with ease, savings from maintenance of hardware and software costs, business continuity ease, and the alleviation of most power challenges, especially in the sub-region, amongst others.

5.11 Banking Operations

The establishment of collection centers by the CBL for the purpose of collecting revenue on behalf of fiscal authority has become a vital component in assisting government in its development initiatives. Over the years, the CBL has supported MFDP revenue collection machineries by maintaining a total number of seven (7) revenue collection windows; and making paying of taxes more convenient by offering convenient collection points. Discussions are ongoing to extend office hours of the collection centers making it more flexible for tax payment. In addition, the revenue collection windows are operated and supervised by trained and qualified personnel to assist tax payers with processing and addressing any concern or challenge in the tax payment process (Table 30).

Table 30: Listing of CBL ANNNEXES

CENTRAL BANK OF LIBERIA **BANKING DEPARTMENT** LISTING OF CBL ANNNEXES AND ADDRESSES	
ANNEX	ADDRESS
Ministry of Finance & Development Planning	Broad & Mechlin Streets, Monrovia
Ministry of Commerce and Industry	Ashmun & Gurley Streets, Monrovia
Ministry of Lands, Mines and Energy	United Nation Drive, Monrovia
National Port Authority	Freeport, Bushrod Island
Liberia Business Registry	Nelson & Front Streets, Monrovia
Liberia Revenue Authority	ELWA Junction, Paynesville City
Temple of Justice	Capitol Hill, Monrovia

Modernization of domestic tax payments processes and infrastructures to enhance revenue capturing and reporting in real time between CBL and (LRA) remains a major challenge. However, both parties have agreed to work toward enhancing infrastructures to support revenue capturing and reporting; this is expected to take effect in 2020.

In order to maintain accountability in collecting and reporting revenue, a thorough established reconciliation exercise was conducted amongst the CBL, LRA and MFDP in establishing the actual revenue collected and deposited into GOL Revenue Account at the CBL at the end of every quarter during the period under review. As a demonstration of its commitment to this process, the Bank has established a Revenue Analysis Unit within the CBL to coordinate this exercise.

In its effort to provide more efficient services to the public, the CBL in consultation with the MFDP has maintained the operations of four payment centers in four leeward counties (Bomi, Bong, Grand Gedeh and Lofa). These CBL Payment Centers are solely mandated to encash civil servants' monthly salaries, pensioners' checks and the exchange of mutilated banknotes.

For the period under review, CBL, MFDP and the IMF had intensive engagement as regard the establishment and full implementation of the Treasury Single Account (TSA) in order to allow complete and timely information on government cash resources, to improve appropriation control, improve operational control during budget execution, enable efficient cash management, facilitate efficient payment mechanisms, and improve bank reconciliation and quality of fiscal data in favor of the government. During the engagement process, a TSA structure was designed and the CBL core Banking application was assessed to host the TSA structure.

The CBL, through the Banking Department (BD) also took the following measures to improve customer services. Among the measures implemented by the Department were:

a. Extension of banking hours to accommodate customers demand; and
b. Training of twenty staff in various disciplines ranging from teller operations, check administration, financial statement analysis, revenue analysis, Swift operations to clearing operations.

The Department implemented the following internal controls measures:

a. Rotation of staff within the cash section;
b. Enhanced security measures within the cash area; and
c. Increased monitoring of staff by supervisors.

5.12 Legal Services

During the year under review, the Legal Department (LD), in collaboration with the external legal counsels, handled and disposed of several long-standing litigations involving the CBL and parties which instituted legal actions against the Bank. These actions comprised of labor related matters, property encroachment suit, and resolution strategy leading to the merger and consolidation five (5) seized insurance companies, among others.

Some specific tasks achieved by the Department during the period under review included:

- The disposition of five (5) Unfair Labor Practices matters in which the actions of the complainants were considered abandoned, due to their failure to proceed with their cases within the time required by Law;
- Leading the CBL technical team on the review of the CBL Act with technical assistance from the IMF;
- Holding of a one (1) day validation session with stakeholders which included the Liberian Bankers' Association (LBA), Liberian National Bar Association (LNBA),

Ministry of Justice (MOJ), MFDP, and prominent corporate legal practitioners, to review the amended CBL Act of 1999;

- Completion and submission of the draft Act to the Management of the CBL for onward transmission to the relevant Authorities of Government;
- Proposal for a meeting for an amicable resolution of the Medio Banka/former TRADEVCO Bank vs. CBL lawsuit;
- A review of the Financial Institution Act of 1999, in collaboration with the Regulation & Supervision Department (RSD) of the CBL; and
- Participation in the meeting of the West African Monetary Institute (WAMI)/AFREXIM Bank and representatives from Central Banks in WAMZ (November 18-21, 2019) in Lagos, Nigeria concerning the establishment of the Pan African Payment and Settlement System(“PAPSS”) operations. This project, when finalized is expected to enhance trade in the sub-region, and to mitigate corresponding banking relationship difficulties reaching to all market participants with financial services that are fast, reliable, simpler and affordable.

5.13 Communications and Public Relations Activities

The Corporate Communications Unit (CCU), during the year under review, achieved the following tasks:

1. **Publication of the CBL Regulator**. The flagship publication, produced by the Corporate Communications, is the official mouthpiece of the CBL. It is a quarterly publication that covers both internal CBL developments as well as national, regional and global economic and financial sector developments.

2. **Monetary Policy Communications**. The CCU enhanced its engagements with the public through the mainstream and social media with the aim of getting public understanding of the monetary policy decisions that were taken in November 2019.

3. **CBL Bill & Mobile Money Communications Strategy**.

During the year under review, the CCU took the lead in the drafting of the Communications Strategy aimed at promoting the CBL Bill and digital financial services. An inter-departmental team led by the Unit undertook a county tour on a public sensitization initiative.

5.14 Financial Inclusion Activities

The CBL believes that access to financial services, particularly through digital channels, is critical to improving the livelihoods of the ordinary Liberians. In pursuit of this objective, the CBL through the Financial Sector Development Unit (FSDU), embarked on many efforts focused on financial inclusion. During the year under review, the Bank, with technical support from the World Bank, developed a new NFIS (2020-2024) intended to support the government's efforts in achieving the objectives of the National Development Strategy, the PAPD, which is geared towards poverty reduction and achieving inclusive economic growth. The new strategy was approved and endorsed by the Cabinet on November 25, 2019.

The NFIS aims to leverage on the progress achieved from previous national financial inclusion strategies to address remaining challenges and binding constraints. Its vision is anchored on "building a sustainable financial sector that is deeply rooted in digital financial services (DFS) in order to provide wide range of access and usage of affordable financial services for all." The goal is to increase access to formal financial services for the population (aged 15 years and older) by at least 40.0 percent from 35.7 percent to 50.0 percent by 2024. The NFIS is built on three main pillars: i) Access to Financial Services and Credit, ii) Digital Financial Services, and iii) Consumer Protection and Financial Capability. These pillars outline the key focus areas to achieve the NFIS vision and address the underlying issues that serve as barriers to increasing financial inclusion in Liberia. Through the NFIS, CBL will endeavor to develop the core underlying financial infrastructure, as well as the institutional capacity and consumer awareness necessary to achieve progress towards financial inclusion for all.

5.15 General Support Services

The General Support Services Department (GSSD) provided various support services to the Bank, such as transportation, courier, hospitality, procurement, maintenance, facility and events management, and improved secured environment. The Department delivered services to support cost-effective operations at the CBL. As the Department responsible for providing essential functions, GSSD strives for continuous improvement while fostering sensible, sustainable and transparent processes. Highlighted below are some of the activities and tasks achieved by the Department during the period under review:

- the GSSD set up a Protocol Team. The team includes drivers and trained protocol staffs for airport pickups, passports and visas assistance (immigration), hotel shuttle, embassy contact, advice on local customs and locations, and accommodation. These services were provided to guests of CBL to give them a warm welcome and to ensure their business stay went as smoothly as possible;

- The ECOWAS Commission, WAMI and West African Monetary Agency (WAMA) joint surveillance team was hosted by CBL in September 2019. The Department worked along with other departments in ensuring that all meetings and conferences were held as per their respective schedules, and also provided venues, catering services, accommodations, and support to the hosting departments and guests;

- The Department planned and organized jointly with the Corporate Secretariat, the Board Retreat to discuss strategic matters concerning the Bank;

- The Department identified and allocated office space for the TASU for implementation of the IFAD-RCFP project and

- It facilitated the hosting of the CBN Diagnostics Team which visited the country in September 2019.

5.16 Banking Institute of Liberia

In response to the growth of financial sector and the challenge with limited skilled and trained personnel, the CBL in partnership with the Liberia Bankers Association (LBA) formally established the Banking Institute of Liberia (BIL), Inc. in March 2014, after a four-year pilot project. The principal objective of the Institute is to provide training and capacity building support to upscale the professional and administrative competencies of staff and managers of banking institutions operating Liberia.

The Institute began full-scale operation in 2018, following the constitution of a full management team and the Board of Directors. The first training cycle conducted by the Institute ended in October 2019 with 132 participants awarded certificates in 12 short-term courses. The second training cycle for 2019 started on October 28, 2019 with twelve courses. The training courses covered regulatory, risk management, compliance, banking operations, accounting, so forth.

During the period under review, the Institute also organized workshops for Human Resource (HR) Managers and Managing Directors/Chief Executive Officers of the LBA member institutions. The Human Resource Managers' Workshop focused on issues regarding employee capacity development strategies and training plan design techniques. Thirteen (13) participants from nine (9) commercial banks and the CBL participated in this training. The Institute also organized the second HR Managers' Workshop on Performance Management in December 2019, which was attended by nine HR Managers from the CBL and the nine commercial banks.

The BIL in its two years of existence has endeavoured to build relationships with regional training institutes and organizations in the region as part of its strategic plan. In addition to establishment partnership with Chartered Institute of Bankers of Nigeria (CIBN) in 2017, it obtained membership of the Alliance of African Institute of Bankers (AAOIB) in November 2019, and currently serves on the AAOIB Standard and Education Committee.

5.17 Community Outreach Initiatives

The CBL Staff Association (CEBSA) in 2019 continued its annual community outreach initiative. CEBSA visited several communities including Leopard Colony in Suakoko Bong County, Old Folk Home in Grand Bassa County, Orphanage Home (school) in Margibi County, Tubmanburg in Bomi County, and Old Folk Home on Ashmun Street, Monrovia, Montserrado County and distributed assorted food items, bed sheets & rappers. toiletries, and school materials, among others.

The Association also introduced a back-to-school initiative by providing package of assorted school materials to staff of the Bank for onward distribution to students in need in their communities. The Association further reached out to staff of the Bank in July of the year during the National Intendent Day festivity by distributing food items to them. This was in continuation of CEBSA's tradition of putting smiles on the faces of its members during festive seasons.

Chapter 6.0: EXTERNAL RELATIONS

6.1 Overview

During the year under review, the CBL was engaged with several bilateral, regional and multilateral institutions which included WAMI, WAMA, ECOWAS Commission, Intergovernmental Action Group against Money Laundering and Terrorist Financing (GIABA), the WAIFEM, Association of African Central Banks (AACB), AU, UNECA, AFI, World Bank Group (WBG), IMF, United States Agency for International Development (USAID), European Union (EU), amongst others. The Bank also had bilateral engagements with the CBN, Bank of Ghana (BOG), Central Bank of the Republic of Guinea (BCRG), and the Federal Reserve Bank of New York (FBRNY), so forth, in areas of building capacity and support for the work of the Bank.

The Bank's engagements with WAMA, WAMI and ECOWAS Commission focused on the implementation of ECOWAS Monetary Cooperation Program (EMCP), while in the case of WAIFEM, its engagement was focused on capacity building. With regards to GIABA, the Bank worked with other key stakeholders in the country, particularly the Financial Intelligence Unit of Liberia (FIUL) to implement measures aimed at improving the (AML/CFT) system of the country.

The Bank continued to enjoy cordial working relationship and technical assistance from development partners, such as WBG, IMF, AFRITAC West 2, USAID, and the AfDB.

6.2 IMF/World Bank Springs and Annual Meetings

The Bank attended the joint Spring and Annual Meetings of World Bank Group (WBG) and the IMF in Washington D.C. in April and October 2019, respectively. During both meetings, it played a crucial role in the Government's negotiation with the IMF for a Fund-supported program consistent with the Government's development plan, PAPD.

6.3 Alliance for Financial Inclusion Global Policy Forum

The CBL participated in the working group meetings of the AFI Global Policy Forum (GPF) held in Kigali, Rwanda, in September 2019. The GPF, which is an annual event, brought together delegates from 90 member countries to deliberate on the 2019 theme "Using

Technology for Inclusion of Women and Youth". AFI is a global policy organization that promotes policies and global efforts aimed at impacting the lives of the world's 1.7 billion unbanked population through financial inclusion. The CBL has been an active member of AFI since 2009.

6.4 Regional Meetings

The CBL also participated in both the mid-year and end-of-year 2018 Joint Statutory Meetings of the West African Monetary Zone WAMZ (which also included WAIFEM) and WAMA, and the special meetings of ECOWAS Commission. The overarching objective of these meetings was to report on the level of compliance by Member States in achieving the macroeconomic convergence criteria under the EMCP.

The road map of the single currency program requires bi-annual assessments of the macroeconomic performance of the Member States to determine their levels of preparedness for the creation of the single currency. According to the Macroeconomic Convergence Report (MCR) for the First Half of 2019, Liberia satisfied only one of the four primary criteria – Fiscal Deficit/GDP and only one of the two secondary criteria – Public debt/ GDP for fiscal year 2019. The MCR for the first half of 2019 showed that no Member State met all the macroeconomic convergence criteria due to both endogenous and exogenous shocks that affected Member States' domestic economies.

Significant efforts are being made by the Authority of Heads of State of ECOWAS through the Presidential Task Force, which was set up in October 2013, comprising Cote D'Ivoire, Ghana, Niger and Nigeria, to drive the implementation of the revised road map and adoption of the single currency program by 2020. Based on the recommendations of the Committee of Governors and the Convergence Council, the Authorities adopted the following decisions at their December 21 summit held in Abuja, Nigeria:

i. The naming of the Central Bank as the Central Bank of West Africa (CBWA)
ii. The naming of the Single currency as ECO and
iii. The symbol of the Single Currency as (Ec)

At the WAMZ level, key activities promoted by Member States during the period under were:

i. Efforts to promote regional trade among the Member countries (Ghana, Guinea, Liberia, Sierra Leone, Nigeria and The Gambia);

ii. Enhancement and integration of the regional payments project; and

iii. Promotion of financial integration (banking, insurance and capital markets).

6.5 GIABA Statutory Meetings

The Bank attended both the 31st Technical Commission (TC)/Plenary Meeting and the Meeting of Ministerial Committee of GIABA in May 2019 in Conakry, Republic of Guinea. Liberia's presentation at the Plenary session focused on the status and level of the Country's compliance with several outstanding issues relating to AML/CFT and update on the Country's efforts to strengthen its AML/CFT regime in line with the GIABA's and the Financial Action Task Force (FATF) recommendations and requirements.

6.6 Association of African Central Banks

The AACB held its 42nd Ordinary Meeting of the Assembly of Governors in August 2019, in Kigali, Rwanda. At the 42nd Ordinary Meeting, the Assembly of Governors adopted a number of reports which emanated from both the Technical Committee and the Bureau meetings, among which, included the Report of the 41st Ordinary Meeting of the AACB Assembly of Governors; the report on the AACB's Symposium, Progress report on the implementation of the African Monetary Cooperation Programme (AMCP) in 2018; Information on the creation of the African Central Bank (ACB); Report on the Workshops on the development of an inter-regional payment systems integration framework and an inter-regional mobile payment strategy; the work program and budget for 2020; amongst others.

Among the key decisions taken by the Assembly of Governors during 2019 were:

(i) The promotion of collaboration between the European Central Bank (ECB) and the AACB;

(ii) Promotion of collaboration and coordination of efforts between the AACB and the African Union;

(iii) Suspension of the Central Bank of Sudan in all AACB activities in keeping with the decision of the African Union Peace and Security Council;

(iv) Support for the activities of the Community of African Central Banking Supervisors; and

(v) Adoption of the revised Guidelines for the computation of the convergence criteria.

The AACB seeks to achieve monetary integration for Africa under the African Union Monetary Cooperation Programme through collaboration with the regional economic communities of Africa under the AU framework.

6.7 African Development Bank Group (AfDB)

The Bank participated in the validation workshop of Liberia's Country Strategy Papers (2019-2023) under the auspices of AfDB, which is aimed at promoting economic diversification and inclusive economic growth in Liberia. The 2013-2018 CSP is aligned to the PAPD.

6.8 West African Institute for Financial & Economic Management

During the year under review, the CBL participated in the restructuring of WAIFEM to address the capacity building needs of the Member States (Ghana, Liberia, Nigeria, The Gambia and Sierra Leone) in line with the original objective of the Institute to support the regional integration program of ECOWAS. The restructuring led to the renaming of existing departments and establishment of four (4) departments from 3 departments as listed below:

1. Research and Macroeconomic Management Department (formerly Research Department),
2. Fiscal, Debt Management and Regional Integration Department (formerly Debt Management Department),
3. Financial Sector and Payment Systems Department (formerly Financial Sector Management Department),
4. Governance and Institutional Development Department (newly established).

The new department will provide training in the areas of Good Governance, Transformational Leadership, Leadership Development, Corporate Governance and so forth. The restructuring also considered expansion in the mandates of the re-organized departments with emphasis on payment, digital financial services, microfinance, fiscal operations, and regional integration. The restructuring further considered the staff needs of the Institute and fair representation of Member Countries in the activities of the Institute.

6.9 Strengthening Supervisory Cooperation

The CBL through the Insurance Section of RSD participated in the maiden meeting of the College of Insurance Supervisors of WAMZ Member States held in Accra, Ghana in the first quarter of 2019 under the ambit of the WAMI. The meeting brought together heads of the Insurance Regulators/Supervisors from the six WAMZ's Member States (Guinea, Sierra Leone, Ghana, Gambia, Liberia and Nigeria). The deliberations focused on the establishment of the College for the purpose of exchanging and sharing of insurance information between home and host countries insurance supervisors as well as setting up the platform to discuss cross-border regulatory and supervisory issues.

The CBL also attended the meetings of the College of Bank Supervisors of WAMZ (CSWAMZ) during the joint mid-year and end-of-year Statutory Meetings in Accra, Ghana and in Conakry, Guinea, respectively. Discussions at the College meetings centered on sharing experiences on financial stability, cross-border supervision and other regulatory issues.

6.10 Bilateral Relationships

During the year under review, the CBL worked closely with the Federal Reserve Bank of New York in addressing issues related to banking relationship between the two institutions. This engagement was geared toward strengthening the controls processes and management of CBL's accounts at the Fed and improving the integrity of the CBL.

Under the general framework of bilateral relationship between Nigeria and Liberia, the CBN fielded a Diagnostic Mission to Liberia in August 2019 to conduct a comprehensive assessment of the Liberian economy with the view of identifying potential areas of collaboration and technical assistance that Nigeria could offer to Liberia. Among the key areas of consideration were: capacity building for Liberian technocrats and professionals across several sectors, a currency swap arrangement to promote trade between Nigeria and Liberia, policy advice by Nigeria on critical macroeconomic issues affecting Liberia, so forth.

Appendix

SELECTED MACROECONOMIC INDICATORS (2010 – 2019)

Indicators	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Est.	2016 Est.	2017 Est.	2018 Est.	2019 Proj.
Real Sector										
Real GDP Growth (%)	6.4	7.7	8.4	8.8	0.7	0.0	(1.6)	2.5	1.2	(1.4)
Agriculture & fisheries (%)	2.7	3.9	1.9	(0.3)	(3.7)	0.7	6.9	1.4	3.1	2.0
Forestry (%)	6.7	3.4	1.7	0.5	2.2	2.0	0.0	(8.0)	(6.3)	(7.6)
Mining & panning (%)	25.1	52.6	94.4	49.6	3.3	(15.9)	(33.0)	28.8	24.2	13.2
Manufacturing (%)	3.1	3.0	3.1	9.2	(0.7)	(1.5)	(5.2)	1.4	(5.7)	(7.6)
Services (%)	8.1	8.5	4.9	7.5	2.4	4.5	2.2	1.0	(2.2)	(5.2)
Nominal GDP (Million. USD)	1,998.2	2,398.2	2,721.5	3,064.7	3,137.5	3,163.1	3,253.3	3,244.0	3,263.9	3,155.5
Inflation										
Consumer prices (yoy average) (%)	7.5	8.5	6.9	7.6	9.9	7.8	8.8	12.4	23.4	27.3
Consumer prices (end of period) (%)	6.6	11.5	7.7	8.5	7.7	8.0	12.5	13.9	28.5	25.8
Monetary Sector										
Credit to private sector (% GDP)	8.8	9.1	9.4	10.4	10.3	11.7	12.2	14.7	15.1	14.0
Credit to private sector (YoY %)	32.6	25.7	17.2	42.2	0.8	23.7	23.9	32.2	32.2	15.6
Narrow Money_M1	21,420.2	25,604.2	25,610.8	35,549.0	34,567.2	38,082.7	40,562.1	50,587.8	67,554.6	76,205.3
Broad Money_M2 (Million LD)	29,278.1	38,541.8	40,093.1	51,851.2	51,650.7	57,686.3	58,062.6	76,675.4	100,974.3	118,194.4
Broad Money_M2 (% GDP)	20.5	22.2	20.3	20.5	20.0	20.6	17.4	21.0	21.5	20.1
Broad Money_M2 (YoY %)	(1.8)	19.5	0.0	38.8	(2.8)	10.2	6.5	24.7	33.5	12.8
Interest rate (yearly average. %)										
Lending rate	14.2	13.8	13.5	13.5	13.5	13.6	13.6	13.3	12.7	12.4
Personal Loan rate	14.3	13.2	13.7	13.9	14.0	14.1	14.0	13.0	13.2	12.8
Mortgage rate	14.3	14.2	13.7	14.2	14.2	14.5	13.9	13.3	12.9	14.5
Time Deposit rate	3.5	2.9	3.5	3.9	4.2	4.1	3.8	3.5	3.6	3.5
Savings rate	2.1	2.1	2.0	2.0	2.0	2.0	2.0	2.2	2.1	2.1
Rate of CDs	3.0	2.8	2.8	2.8	2.2	2.0	2.1	2.9	3.3	3.3
External Sector										
Exports (Mil. USD)	205.2	269.4	255.6	552.5	444.4	283.4	279.3	358.3	517.0	528.3
Imports (Mil. USD)	515.4	968.8	1,322.2	1,188.1	1,816.7	1,551.4	1,201.2	997.9	1,041.1	927.6
Trade balance (Mil. USD)	(310.2)	(699.3)	(1,066.6)	(635.6)	(1,372.3)	(1,268.0)	(921.9)	(639.6)	(524.2)	(399.3)
Exchange rate										
Annual Average (LD/USD)	71.5	72.5	72.5	82.5	82.5	88.5	102.5	112.6	144.1	186.4
End-of-period (LD/USD)	70.2	71.9	72.5	81.9	82.6	88.5	100.8	125.5	157.6	187.9
International Reserves										
Gross International Reserves (Million USD)	234.1	287.1	339.1	338.0	263.4	317.1	345.0	335.5	303.5	290.1/*
Month of Import Cover	3.0	2.3	2.0	2.1	1.2	1.7	2.8	3.1	2.7	2.5

*Source: Liberian Authority & IMF staff; * Provisional /* end November 2019*