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June 4, 2020

**Statement by Mr. Sun and Ms. Cai on Liberia
(Preliminary)
Executive Board Meeting 20/67
June 5, 2020**

We thank staff for the informative reports and Mr. Mahlinza and Mr. Jappah for the helpful Buff statement. Given the challenging macroeconomic conditions and urgent BOP need, we support the authorities' request for a disbursement under the Rapid Credit Facility. We welcome the authorities' efforts to bring the ECF program back on track to complete the first review. Meanwhile, we encourage staff to consider for some degree of flexibility in setting the conditionality target amid the COVID-19 crisis where appropriate.

The pandemic has put a heavy toll on the already weak fiscal revenues. We encourage the authorities to continue improving revenue collection to bring down the primary deficit. To stabilize the debt level, it would be equally important to strengthen compliance with the existing rules. Fiscal management should also be enhanced to prevent reoccurrence of domestic arrears. Meanwhile, fiscal transparency and accountability can play an important role to improve spending efficiency, and we encourage the authorities to continue to do so in this respect.

More efforts are needed to safeguard financial stability and enhance the banking system resilience. We welcome the authorities' prudential measures for the banks to maintain adequate capital and liquidity. More needs to be done to enhance banks' data quality of reporting to the Central Bank of Liberia (CBL). A detailed assessment of the credit underwriting standards across banks is needed to provide thorough analysis of credit quality and adequacy of provisioning based on banks' internal data. Relevant TA from the Fund and other organizations is encouraged where necessary.

With these remarks, we wish the authorities every success in their policy endeavors.