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GRAY/20/3851

December 17, 2020

**Statement by Mr. Farber and Ms. Lyngaas on Liberia
(Preliminary)
Executive Board Meeting
December 21, 2020**

We thank staff for the comprehensive report and Ms. Mannathoko and Mr. Jappah for their useful buff statement. Liberia already faced an economic downturn prior to the COVID-19 pandemic, and as a result had severely constrained capacity to respond. Much of the country’s structural reform agenda has been delayed, but the authorities have succeeded in stabilizing the exchange rate, meaningfully curbing inflation, and improving domestic resource mobilization (DRM). **We support the request to approve the first and second reviews under the Extended Credit Facility (ECF), the request for waivers of nonobservance of performance criteria, and the modification of performance criteria.** We encourage the authorities to follow through on their commitment to bring the ECF-supported program back on track in support of their national development plan.

Fiscal policy. We agree with staff that a looser fiscal stance for FY2021 is appropriate. We commend the authorities for improving compensation controls and increasing DRM with the gasoline excise tax. While we were disappointed that some of performance criteria were not met, the wider primary balance and heightened levels of central bank credit to the government are understandable in the pandemic context. Liberia’s debt burden is sustainable, though public resources remain scarce and subject to increasing demands. In this regard, we support staff’s recommendation that the authorities continue working with donors and development partners to secure grants and concessional resources, prioritizing contributions to core development needs such as upgrading the national road network. We welcome the authorities’ progress in improving the civil service payroll registry and look forward to the full resolution of this structural benchmark by March 2021. We note that more efforts are needed to improve cash management – which should be accompanied by the Fund’s capacity

development support, given the macro-criticality of this issue. *Do staff anticipate further payroll and operational pressures over the next phase of the ECF? If so, what other measures might be needed to address cash management issues?*

Monetary policy and financial sector. The authorities' appropriately tight monetary stance, zero central bank overdrafts, and suspension of the surrender requirement on remittances have led to notable achievements in price and exchange rate stability. We further welcome the passage of the amendments and reinstatement of the Central Bank of Liberia (CBL) Act, a critical milestone in improving central bank governance. We support the CBL's plans to seek technical assistance to review regulations and rationalize the foreign exchange system. Liberian dollar liquidity issues have eased since last year, though we note that enhanced coordination with the government may be needed to help regulate the money supply. *Do staff foresee any challenges in implementing the banknote printing plan for 2021-23?*

Governance and transparency. We commend the authorities' steps to increase transparency in procurement and encourage them to further build on this momentum by publishing all procurements above the Ministries, Agencies, and Commissions (MACs) threshold, including the beneficial owners of these contracts. We also urge the authorities to meet their commitment to enact the revised Liberia Anti-Corruption Commission (LACC) Act by March 2021 and submit the draft Whistle Blower and Witness Protection bill to the legislature by June 2021. *With respect to the LACC Act, we would appreciate clarifications from staff on what actions will also need to be undertaken by the Judicial Branch.*