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GRAY/06/3033

September 29, 2006

**Statement by Mr. Prader and Mr. Rottier on Liberia  
(Preliminary)  
Executive Board Meeting 06/83  
October 2, 2006**

Liberia has made impressive and necessary progress in its economic governance and macroeconomic performances. In 2006, it also enhanced its cooperation with the international community and the Fund.

We support the staff recommendation that the process of de-escalation of remedial measures against Liberia should be initiated. We also support the lifting of the declaration of noncooperation against Liberia.

We are encouraged by the increase in payments to the Fund since November 2005 but call on the authorities to increase them further in line with the improvement of Liberia's foreign exchange reserves in order to cover at least newly maturing obligations to the Fund.

Clearance of arrears to the International Financial Institutions is essential but will unavoidably depend on external financing. The delivery of the G-8's own financial commitment made at Gleneagles is crucial in this regard. We look forward to the forthcoming staff paper on this issue. Any solution should ensure that there are no negative financial consequences for the GRA resources of the Fund and for other Fund debtors. The target of settling Liberia's arrears with the Fund by the second half of 2007 could be overly ambitious.

We support the restoration of Liberia's voting rights in the Fund in the future, subject to cooperation with the Fund and respecting the principle of equal treatment of Fund members. In this context, the proposed period of 12 months for evaluating the track record of good cooperation with the Fund and satisfactory economic performance is appropriate. However, we do not support the proposal of a period of possibly less than one year of track record in the decision.

We commend Liberia for the generally good implementation of the SMP and welcome the various initiatives being undertaken to improve economic governance as described by Mr. Ngumbullu and Mr. Mamba. We particularly welcome the implementation of the Governance and Economic Management Assistance Program and the recent anti-corruption measures.

Like Ms. Phang and Mr. Wesaratchakit, we also welcome the efforts undertaken by the authorities to address the issue of dollarization, but are of the view that this a longer term problem that may be better addressed by promoting growth and stability.