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IMF Executive Board Completes Second Review Under PRGF for Liberia and Approves US\$10.5 Million Disbursement

The Executive Board of the International Monetary Fund (IMF) today completed the second review of Liberia's economic performance under the three-year Poverty Reduction and Growth Facility (PRGF) arrangement. The decision will enable Liberia to draw immediately an amount equivalent to SDR 7 million (equivalent to about US\$10.5 million), bringing total disbursements under the arrangement to SDR 221.26 million (about US\$332.2 million).

The Executive Board also granted Liberia waivers for temporary deviations and a delay in meeting performance criteria relating to the ceiling on expenses of the Central Bank, the establishment of a functioning anti-corruption Commission and the ceiling on new domestic arrears. The Executive Board also approved the modification of the performance criterion on the ceiling of new external borrowing, and completed the financing assurances review for Liberia.

The three-year PRGF Arrangement amounting to 239.02 million (about US\$358.8 million) was approved on March 14, 2008 (see [Press Release No 08/52](#)).

Following the Executive Board discussion, Mr. John Lipsky, First Deputy Managing Director and Acting Chair, said:

“The Liberian authorities are to be commended for their solid economic and financial policy performance under increasing adverse global conditions, including adherence to the balanced budget principle and the realization of fiscal revenue targets. In the period ahead, as the global financial crisis is expected to have an adverse impact on economic growth, continued sound policy implementation will be needed to strengthen the foundations for economic growth and contribute to poverty reduction.

“Encouraging progress has been made in advancing legislative reforms. The Amendments to the Liberia Revenue Code are an important step towards establishing best practice in the granting of investment incentives, and the Public Financial Management Law will provide a sound legal foundation for improving the effectiveness, transparency, and accountability of government operations. In addition, a number of welcome institutional advances have been

realized, including the merger of the Bureau of the Budget into the Ministry of Finance and the development of a macro-fiscal framework.

“The Liberian authorities’ commitment to a balanced cash-based budget provides an important anchor for fiscal policy. Challenges for the period ahead include broadening the revenue base through tax reforms, strengthening public financial management to raise expenditure efficiency and expanding budget support.

“Progress has been also been made in enhancing economic and financial governance, including through the establishment of an operational anti-corruption commission. Continued improvements in this area will be of critical importance for sustained economic progress.

“Liberia’s buyback of nearly all outstanding external commercial debt at a discounted rate is an encouraging development. In the period ahead, the update of the authorities’ debt strategy will provide an opportunity to establish principles that ensure the maintenance of debt sustainability,” Mr. Lipsky said.