

## **Report of the Chair of the Peacebuilding Commission Liberia Configuration consultations with International Financial Institutions**

**May 2021**

H.E. Ms. Anna Karin Eneström, Permanent Representative of Sweden to the United Nations and Chair of the Liberia Configuration of the Peacebuilding Commission (PBC), held virtual consultations with International Financial Institutions (IFI) in May 2021. The Chair met bilaterally with the International Monetary Fund (IMF), the World Bank and the African Development Bank on 12 May, 18 May and 25 May, respectively. The objective of the consultations was to explore ways of strengthening joint engagement and analysis in the context of PBC support to Liberia, following up on similar consultations held with IFIs in May 2020. Mr. Niels Scott, Resident Coordinator in Liberia, and the Peacebuilding Support Office joined the consultations. Mr. Oscar Fernandez-Taranco, Assistant Secretary-General for Peacebuilding Support, joined the consultation with the African Development Bank. The consultations highlighted a common understanding among the IFIs and the UN on key areas to invest in for sustaining peace in Liberia, including governance reforms, access to basic social services and addressing marginalization and exclusion, and offered an opportunity to further strengthen synergies and partnerships between the IFIs and the UN

### **IMF**

At the IMF, the Chair met with Mr. Christoph A. Klingen, Mission Chief for Liberia, and Mr. Aidar Abdychev, Resident Representative for Liberia. The IMF updated on its four-year Extended Credit Facility, approved in December 2019, which continued to support Liberia in restoring macroeconomic stability, setting a foundation for sustainable inclusive growth and addressing governance challenges. Total disbursements under the Extended Credit Facility to date amounted to approximately USD 72 million. In June 2020, the IMF disbursed USD 50 million to Liberia under the Rapid Credit Facility to support the response to the COVID-19 pandemic, which, together with debt relief approved in April 2020 under the Catastrophe Containment and Relief Trust, was aimed at helping Liberia meet its urgent balance of payment needs, mostly stemming from fiscal needs necessary to respond to the pandemic. The IMF is currently considering an SDR (Special Drawing Rights) allocation to all member countries, amounting to approximately USD 350 million in the case of Liberia, representing over 10% of GDP, mainly for the purposes of beefing up -lending to the Government.

The IMF informed the Chair that economy had contracted by 3% in 2020 (reflecting the economic impact of the COVID-19 pandemic) and that GDP growth was expected to reach +3.5% in 2021, which meant that Liberia would be at the same level of economic activity as before the

pandemic. Liberia had made important progress towards macroeconomic stability and strengthening public financial management by managing to reduce the inflation rate to approximately 10%, avoiding Central Bank financing of the budget and not contracting any new although at a slower-than-envisaged pace.

Liberia wide-spread corruption and lack of transparency, were highlighted as some of the main obstacles to sustainable development and lasting peace. Addressing inequalities, increasing opportunities for youth and strengthening equitable service delivery, including access to education and health services, were also recognized as key areas to invest in for peacebuilding. The IMF highlighted that one of the major challenges for making progress in these areas was a lack of resources. Most government investments were made with donor financing and a large part of the budget was allocated to the considerable wage bill, leaving very limited resources for operational expenses and

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The Bank stressed that improving access to

tensions and create civil unrest. In response to these challenges, the Bank was working with to develop a plan aimed at increasing the number of Liberians included in financial systems across the country. The Bank was also providing private sector support to reduce youth unemployment, which had been identified as a major barrier to sustaining peace in Liberia. Recognizing the link between climate change and peacebuilding, the Bank highlighted its support to help Liberia gradually transition to renewable energy, which was also expected to contribute to private sector development and job creation. While some progress had already been made in this area by connecting Liberia to the regional power grid and thus enabling Liberia to trade more clean energy, the possibility of investing in solar power was also being explored.

The Bank stressed that consolidated and coordinated efforts on all fronts were particularly needed in light of the pandemic and noted

promoting meaningful livelihood opportunities and access to quality education would also be central for building social cohesion. The Chair noted that Liberia had been identified as a country at extreme risk of vulnerability to climate change and climate-related shocks and emphasized the need for continued attention to the adverse effects of climate change on the economic situation and peacebuilding efforts in Liberia.