

**Liberia - Enhanced Heavily Indebted Poor Countries (HIPC) Debt Initiative and the Multilateral Debt Relief Initiative: President's Memorandum and Recommendation and Completion Point Document; Poverty Reduction Strategy Paper - First Annual Progress Report and IDA-IMF Staff Advisory Note**

We welcome consideration today of Liberia's HIPC Completion Point and PRSP First Annual Progress Report (APR).

On the **HIPC Completion Point**, we agree that the conditions for this have been reached, subject to the granting of a waiver for one trigger on implementation of the PFM law that has seen substantial progress, and with staff's recommendations on the provision of a revised \$2739.3 million in HIPC assistance in end-June 2007 NPV terms.

We also accept that Liberia does not meet the requirements for exceptional topping up at completion point. We note that the country has received financing assistance from creditors accounting for 96.4 per cent of the PV of HIPC assistance estimated at the decision point, and agree that this is sufficient to irrevocably commit Enhanced HIPC Initiative assistance to Liberia.

We commend the Government on their efforts and achievements under the different headings of the **Liberia Poverty Reduction Strategy (LPRS)**. We concur that the sensitivity analysis, particularly under the scenario of reduced concessionality of new debt, highlights the need for continuing efforts to diversify the economy. We share the staff's assessment that the Liberian authorities have made satisfactory progress in implementing the Strategy under difficult circumstances.

We would like to make the following specific points about the **LPRS**, based on the **APR**:

- A major success was in establishing ownership of the Strategy
- Targets set proved to be very ambitious, and it would be *interesting to hear staff views on the role that prioritization is playing in implementation*, during the APR period and going forward
- Macroeconomic and growth results have been broadly positive, although with many challenges remaining, and we *would appreciate a comment from staff on the latest growth prospects*
- The government took commendable measures to mitigate the impact of the various crises on the poor, and commissioned a new Core Welfare Indicator Questionnaire for poverty analysis
- Progress in reforming the critical but fragile security situation is described as slow, with only two of eleven target indicators completed; it will be important as the APR points out to take the necessary steps to ensure a smooth transition to UNMIL's departure
- Decentralization of political and economic power is a key objective, while capacity at sub-national level is extremely low: *could staff comment further on the significance and timetable for these moves?*
- We note the progress made in the health sector, and join with staff in encouraging the government to focus on implementing health sector reforms
- We agree with staff that the adoption of a Rapid Results Approach by the government after the APR period is a positive step, and we *would like to understand better the likely impact of this*.