

## **Report of the Chair of the Peacebuilding Commission Liberia Configuration's consultations with International Financial Institutions (IFIs)**

**March 2023**

H.E. Ms. Anna Karin Eneström, the Chair of the Liberia Configuration of the Peacebuilding Commission (PBC), undertook a mission to Washington D.C. on 28 March 2023 to consult the International Monetary Fund (IMF) and the World Bank Group (the Bank) on their support to Liberia's peacebuilding priorities, to discuss the upcoming elections, reconciliation, and women's and youth empowerment, as well as opportunities for joint UN-IFI engagement in support of peacebuilding, in follow up to virtual consultations held with IFIs on May 2021 and June 2022. The United Nations Peacebuilding Support Office (PBSO) joined the consultations.

The consultations highlighted a common understanding on key areas for investment for sustaining peace in Liberia, including governance reforms, access to basic social services and addressing marginalization and exclusion. During the consultations, the Chair acknowledged the UN resolution on Financing for Peacebuilding (RES/76/305), which recognizes the important role of IFIs in peacebuilding and sustaining peace and encourages continued efforts towards strengthened partnerships and strategic cooperation between the UN and IFIs and underlined the value and the benefits of cooperation especially in terms of joint country analysis and complementary action. The Chair informed of the PBC Liberia Configuration's focus on supporting peaceful, credible, inclusive, and transparent elections in 2023, as well as supporting reconciliation efforts and women's and youth empowerment.

### **IMF**

At the IMF, the Chair met with Mr. Franck Bousquet, Deputy Director for Fragile and Conflict Affected States; Mr. Montfort Mlachila, Deputy Director for African Department; Mr. Christoph A. Klingen, Deputy Division Chief for African Department; Mr. Aidar Abdychev, Resident Representative for Liberia; and Mr. Akito Matsumono, Senior Economist.

The IMF informed that Liberia had made important progress towards macroeconomic stability and strengthening public financial management. The IMF provided an update 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. The Extended Credit Facility is being regularly reviewed and two reviews have been conducted so far. The IMF informed of the significant Special Drawing Rights (SDR) allocation of USD350 million to strengthen the international reserves of the Central Bank, which accounts for 10 percent of the country's Gross Domestic Product (GDP). The IMF has estimated Liberia's economic growth to remain at 5 percent in 2023, which has rebounded from the effects of COVID-19 pandemic, largely due to the good performance in mining, particularly the gold sector. The IMF informed that while the inflation had grown to 8-9 percent, it was manageable. The fiscal position in Liberia has deteriorated, and while the debt level is not as severe as compared to the other countries in the region, the situation will continue to be challenging. The IMF noted the importance of developing the tax system, especially in terms of potential additional revenue sources.

The IMF stressed the importance of structural reforms and the government's commitment to improving the required frameworks. In this regard, the IMF commended the successes on anti-corruption in particular. However, the implementation of the frameworks, as well as low levels of spending on human capital, remain a critical issue. Moreover, challenges in expanding social safety nets remain. The IMF further acknowledged that the upcoming presidential and legislative elections are creating a challenging

operational environment. Further, the IMF informed of the two-track approach collaboration with the UN in Liberia, focusing on program and technical capacity-building support on a variety of areas, such as tax administration. The IMF underlined the importance of collaborating with the UN and the PBC.

The IMF informed of the Strategy for Fragile and Conflict-Affected States (FCS), which covers 40 countries focusing on the root causes of fragility and building resilience. The IMF is scaling up its support, and the financing is currently at USD 22 billion for 24 fragile States. The IMF provides also emergency financing to address a variety of issues, such as food insecurity. In this regard, the FCS Strategy provides catalytic funding to build resilience, while focusing on multiple issues such as inclusivity, gender equality, anti-corruption, social safety programs, and food security to reach the most vulnerable. The IMF stressed the linkage to private sector as critical in ensuring stability and a functioning market, in order to receive Foreign Direct Investment (FDI) and private sector investments. The IMF underlined the need to systematically identify drivers of fragility as well as tailored approaches to enhance resilience. To this end, the IMF and the UN are collaborating on analysis on drivers of fragility, including through risk and resilience assessments.

### **World Bank Group**

At the World Bank Group, the Chair met with Ms. Elisabeth Huybens, Director for Strategy and Operations; Ms. Agata Pawlowska, Operations Manager; Ms. Gayle Martin, Senior Operations Adviser; Ms. Anne Tully, Acting Country Manager for Liberia; and Mr. Michael Mahrt, Senior Social Development Specialist.

The Bank informed of the review of the World Bank Group Country Partnership Framework (CPF) for Liberia. The Bank anticipated that additional engagement and support will happen only after the elections in October 2023. The Bank noted that Liberia is performing relatively well in macroeconomic terms compared to other countries, however fiscal management need to be maintained.

The Bank underlined renewable energy being one of the Bank's priorities and noted the potential of large-scale hydro and solar power in Liberia. Therefore, the Bank is working with the government to identify how to utilize hydro power in the country. The Bank is also advancing regional collaboration on renewable energy, and acknowledged the issues around the regional cooperation, such as difficulties in electricity trade, and lack of infrastructure, governance, and sustainable financing. The Bank mentioned the Forest and Climate Resilience Forum, which was held in Monrovia in February, as well as the Bank's recently completed forestry project. In this regard, the Bank is currently identifying how to continue the support. The Bank underscored land management being a key root cause of conflicts in the country, therefore the Bank is supporting a land administration project, which has been successful but soon completed. The support has contributed to broader social cohesion and development agenda, as well as the inclusion of youth, women, and vulnerable groups.

The Bank informed of a Safety Nets project, which aims at strengthening the national social safety net system and elevating the economic status of most vulnerable groups. The Bank also underlined the youth program on livelihoods and social skills, which is critical in Liberia due to extreme levels of unemployment and lack of livelihoods, and therefore a risk factor for stability. Further, the Bank is systematically investing in gender equality, which is a high priority in all projects. The Bank acknowledged the high levels of Gender-Based Violence (GBV) in Liberia and noted that many of the gender equality achievements diminished during the COVID-19 pandemic. However, there has been some progress at the technical level, but not on contextual issues, such as social norms. The Bank informed of the Liberia Women Empowerment Project (LWEP), which aims to address both technical and contextual issues by improving economic livelihoods and access to social services, fostering positive social norms, and strengthening the government's capacity to advance women and girls' empowerment in Liberia. The project budget is USD

44,60 million, which is the Bank's biggest single investment on gender equality. The Bank is collaborating with a variety of stakeholders, including the UN, to push the gender equality agenda forward.

Further, the Bank identified the need to strengthen human capital, especially in terms of education, and social protection as key to advancing sustainable peace and development in Liberia. The Bank acknowledged the implementation challenges and identified the lack of capacity, governance, and coordination as key obstacles for implementation. As a response, the Bank includes an element of institution strengthening and capacity-building in all projects, as well as support for management-related issues.

## **Conclusions**

In the consultations, the Chair underscored that IMF and World Bank support to Liberia's peacebuilding priorities, as well as the analysis on the drivers of instability, were highly relevant for the work of the PBC. She reiterated the need to advance gender equality, youth empowerment, reconciliation, and green transformation, as well as increased socio-economic opportunities and strengthened governance and transparency as essential for sustaining peace and enhancing social cohesion in Liberia.

The Chair informed of the upcoming meeting of the PBC's Liberia Configuration, focused on the upcoming general elections, in April 2023. She underlined the conduct of peaceful, free, fair, credible, inclusive, and transparent elections as critical in consolidating democracy and peace in Liberia. Further, she stressed the importance of gender equality and women's empowerment as key for sustainable and inclusive peace and development in the country. Similarly, she underscored the empowerment of youth and the provision of socio-economic opportunities as prerequisite for advancing social cohesion and stability. The Chair also stressed the importance of advancing national reconciliation in the country, in which the role of youth should be also recognized. The Chair underlined Liberia's 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.

The Chair acknowledged the importance of strengthened synergies and collaboration between donors, the UN, IFIs, and other stakeholders as key to advancing the country's peacebuilding priorities. In this respect, she underscored that the PBC and the IFIs could further strengthen strategic collaboration, offering PBC political accompaniment and the ability to convene stakeholders. The Chair committed to continue engaging with the IFIs in activities of the PBC Liberia Configuration to further strengthen joint analysis and engagement in support of Liberia's peacebuilding priorities.