

COMMUNIQUE
2008 LIBERIA POVERTY REDUCTION FORUM

June 26-27, 2008
Berlin, Germany

The Government of Liberia and its key international partners met in Berlin at the 2008 Liberia Poverty Reduction Forum hosted by the Government of Germany. Participants expressed their deep appreciation to the German Government for their warm hospitality and strong support. The participation of foundations and private firms was a welcome addition to the Forum. Partners applauded Liberia's significant progress in the last 2 years and enthusiastically endorsed Liberia's Poverty Reduction Strategy (PRS). Appreciating that significant financing gaps remain, particularly for infrastructure, partners praised the Government of Liberia for aligning its 2008/2009 draft budget around PRS priorities and acknowledged the need for greater harmonization and alignment by international partners. Some partners agreed to meet in Liberia this Fall to further their support for Liberia's impressive development efforts.

Partners welcomed the significant progress Liberia has made under its Interim Poverty Reduction Strategy (iPRS). Key areas of success included reaching the HIPC decision point, qualifying for support under the IMF Poverty Reduction and Growth Facility (PRGF), creating the foundation for rebuilding the security forces, restoring services to 350 health facilities, increasing school enrollment by 44 percent, and reactivating the traditional growth sectors.

The Government of Liberia thanked the many countries which continue to generously contribute to the UN peacekeeping force in Liberia, as well as those which contributed resources to allow for the clearance of Liberia's arrears to the major multilateral financial institutions. At the margins of the Forum, Liberia and Germany signed a bilateral debt relief agreement going beyond Paris Club terms, providing immediate cancellation of all bilateral claims totaling some 400 million USD.

While noting the progress made, there was recognition that significant domestic and international challenges risk undermining Liberia's hard-won peace and stability. Liberia experienced one of the largest recorded economic collapses, with GDP falling by over 90 percent between 1987 and 1995. This has left a legacy of extreme poverty, with almost two-thirds of Liberians living below the poverty line, severe capacity constraints, significant underemployment, and a vast infrastructure deficit. These challenges underline the urgency of accelerating the reconstruction effort and working towards achieving the Millennium Development Goals through the PRS. The need to consolidate peace by strengthening institutions of security and rule of law were noted as an essential aspect to the continuing recovery effort.

Regional fragility, high global food and fuel prices, and the accelerated return of refugees from within the sub region have the potential to destabilize the recovery and these require urgent responses. Partners commended the Government of Liberia's timely response to the high international food prices as well as Liberia's agricultural strategy, and agreed that while Partner support has already been provided, more support was needed.

Partners endorsed Liberia's PRS which sets out the priorities for promoting rapid, inclusive, and sustainable development. There was recognition of the unprecedented amount of consultations and the commitment the Government of Liberia demonstrated to ensure broad-based participation in the development of the PRS. Partners noted that the PRS lays the groundwork for promoting access to resources and benefits to ensure that growth is shared and does not repeat the patterns of Liberia's past. Areas highlighted for special attention include children, youth and the empowerment of women. The meeting also emphasized the need for continued participation in implementation and monitoring.

There was an open dialogue between partners and the Government of Liberia regarding challenges and opportunities in implementing the PRS. Specific areas of implementation, namely security, economic revitalization, governance and rule of law, and health and education were discussed in greater detail. Discussions centered on building capacity, strengthening public financial management, closing the financing gap, accelerating implementation, and improving coordination of aid. There was also a dedicated session on the challenges of rebuilding infrastructure, particularly transport, water and sanitation, and energy which are central to achieving the Government of Liberia's major objectives.

Limited technical, human, and financial capacities were noted as potential constraints to successful implementation of the PRS. Concrete steps are being taken to build capacity for implementation through civil service reform, implementation arrangements such as the Infrastructure Implementation Unit, and the provision of significant levels of external assistance.

The Government of Liberia is fully committed to continue to press rapidly forward with the reform efforts outlined in the PRS. The 2008/09 draft Budget meets the commitment of contributing at least 55 per cent of total resources towards PRS priorities. In support of the Paris Declaration principles, partners agreed to work to harmonize and align their commitments to PRS priorities over the next twelve months. The Government of Liberia committed to develop more detailed costing to facilitate partner harmonization and alignment. In support of this objective, it was agreed that the Government and Partners will provide assistance to strengthen aid management and coordination, including through the regular provision by partners of information on aid flows. Government will review with partners their support to Liberia twice a year, as input to the preparation of the national budget and to ensure coordination and alignment.

Some partners took the opportunity to announce new financial and technical assistance commitments to Liberia. Partners confirmed that their support to Liberia is on the order of 250-300 million USD for the first year of the PRS; partners agreed with the Government of Liberia on the need to fully align these funds to the PRS. In recognition of improved efforts to strengthen public financial management, the African Development Bank and World Bank made commitments of 26 million USD in budget support over the PRS period, building on prior budget support received from the World Bank, France, and China. Significant resources will continue to be provided through pooled funds, including for health and education, and other coordinated sector-wide funding. Given the exceptional infrastructure deficit, there was agreement on providing additional grant financing to the Liberia Reconstruction Trust Fund. New commitments to the Trust Fund of 73 million euros (approximately 115 million USD) from the EC, Germany, and Ireland were made during the conference, adding to previous support from Sweden, Germany, and the World Bank to bring the total in the Trust Fund to 133 million USD. In addition to the commitments to the LRTF, there is an additional \$100 million from the World Bank and \$40 million from the African Development Bank to support infrastructure financing during the three year period of the PRS. Alternative private sector financing options for certain infrastructure will continue to be kept under review.