

**SPEECH BY
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Distinguished Guests:

Thank you all for being here today. It has been a big week for Liberia, and we think overall a very successful one. We had a very productive meeting with President Bush on Wednesday, and during the course of the week we met with Secretary Rice, Secretary Paulson, Speaker Pelosi, and several distinguished leaders in the US Congress.

The cornerstone of the week was our two-day Partner's Forum on Tuesday and Wednesday, where we met with Secretary Rice, the Presidents of the World Bank and the African Development Bank, the Managing Director of the IMF, The Commissioner of the European Commission, and delegates from the United Nations and dozens of our partner countries from around the world. Yesterday we had a very productive conference with a large number of private firms that are interested in investing in and doing business in Liberia. And the members of my team are continuing their work today with all-day meetings on our health sector here in Washington and concurrent meetings on education hosted by UNICEF in New York.

Our reception has been heartening. At every meeting, we received strong endorsements for our approach, and powerful statements of support going forward. It means a great deal to the people of Liberia to have so many of our friends in the international community standing with us should-to-shoulder as we face the challenges of rebuilding our country.

Let me highlight for you four key areas where I think we made significant progress this week: strong endorsement of our progress and strategies going forward, new financial

commitments, clear progress on debt relief, and new commitments to support private sector investment.

First, our most important objective was to obtain an endorsement for our approach so far and our strategies going forward. And we succeeded. The message was loud and clear: our partners were clearly impressed by the progress we have made so far and were energetically supportive of our plans for the future.

They understand the enormous challenges we face. As most of you know, Liberia was nearly destroyed by its civil war. Liberians saw their communities destroyed and their families uprooted. When we took office there was no electricity and no water. Schools and clinics had crumbled, and roads were impassable. Institutions of governance had completely collapsed and corruption was rampant. Many youths had spent more time at war than in school. Average incomes had fallen 80 percent, exports had collapsed, and over three quarters of our people lived below the poverty line of US\$1 per day.

The elections of 2005 were a watershed event in our history, when Liberians shouted out clearly that they wanted an end to the suffering and to build a new Liberia. We set ourselves on the course of building a nation that is peaceful, secure, and prosperous, with democratic and accountable governance based on the rule of law. We set out to establish a strong economy with robust job growth and a vibrant private sector, fully integrated into the global economy, that gives all Liberians the basic economic opportunities they need to provide for their families.

We built our strategy on four basic pillars:

- Enhancing Peace and Security
- Revitalizing the Economy
- Strengthening Governance and the Rule of Law, and
- Rehabilitating Infrastructure and Delivering Basic Services.

As we recounted to our partners, we have already made significant progress.

To further enhance peace and stability, we have completed the deactivation of 17,000 members of the former security forces, and initiated recruitment for new security forces. We have placed 75,000 ex-combatants in reintegration programs, and put 36,000 in formal 3-year education programs. Well over 100,000 internally displaced people and refugees have returned home over the last year. We are proud that they have decided that it is finally time to come home again.

To begin to revitalize our economy, we started by putting our financial house in order. We balanced our budget within four months, and increased government revenues by 48 percent in one year. We have completed the review of 95 contracts and concessions and initiated renegotiation of those which have potential for mutual benefits. We passed a new Forestry Reform Act that paved the way for the lifting of international sanctions on timber. We reached agreement with Arcelor Mittal Steel for an iron ore concession agreement that will provide investments of \$1 billion over seven years. Similar negotiations with Firestone started this week.

To jump-start our agricultural sector, we reactivated the Central Agricultural Research Institute, and distributed over 40,000 tools and 20 metric tonnes of seed rice to some 33,000 farmers throughout the country. We are pleased that the United Nations announced at the Forum that it will provide \$2 million in emergency assistance in the next two weeks to augment our efforts to distribute an even larger amount of seed to help farmers prepare for the coming planting season. As a result of all of these steps, our economy grew by an estimated 8 percent in 2006, providing a strong start to our recovery efforts.

To strengthen our systems of governance and the rule of law, we have begun to decentralize decision-making and allocate appropriate resources to county and municipal governments. We have begun the difficult process of civil service reform, starting by removing a large number of ghost workers from the payroll and facilitating the retirement of many long-tenured civil servants.

We are determined to fight corruption, which has eaten away the fabric of our nationhood and society. We have developed and begun to implement a strong anti-corruption policy and strategy. In addition to fighting tax fraud and renegotiating concession agreements, we introduced a requirement that the President, all Cabinet Ministers, and all commissioned officers publicly declare their assets, and submitted to Parliament a new Code of Conduct for all public officials.

To begin to rebuild our infrastructure and deliver basic services, we have made initial important progress on building roads, bridges, schools and clinics. One of my proudest moments of this past year was when we were able to turn on lights and water to parts of

Monrovia for the first time in 15 years. We have increased school enrolments by 40 percent, and provided over 13,000 pieces of school furniture to schools throughout the country.

With the help of our partners we have restored services to over 350 health facilities around the country, and rehabilitated more than 20 clinics and several hospitals and health centers, including the JFK referral hospital in Monrovia. Our recent measles vaccination campaign reached 97 percent of children under 5 years old. And to fight the scourge of malaria, one of the leading killers in Liberia, we have distributed 125,000 mosquito nets and trained over 3,500 health workers in malaria case management.

These are just some of the things we have accomplished during our first year. We think we are off to a good start, and our partners gave us a ringing endorsement of our progress. They also expressed strong support for our plans and strategies going forward. Specifically, there was clear satisfaction with our interim Poverty Reduction Strategy, which our partners agreed went well beyond the norm for countries in our circumstances. We are gratified that both the Liberian people and the international community are so supportive of our approach to tackle our problems.

Our second major accomplishment this week was to receive significant new financial commitments. The Forum was not a pledging conference, and we did not set as one of our objectives to obtain a particular level of support.

Nevertheless we were gratified by the statements of new and continued financial support. We have not yet added up all the commitments, as they come in different forms and over

different time periods so a summing up in a single number is not straightforward. But we note in particular commitments of around \$100 million a year from the United States, and a commitment from the US to continue to support security program to ensure targets are achieved on time. We also received commitments of \$35 million in each of the next two years from the World Bank, at least \$30 million from the EC, about \$20 million from Ireland, \$19 million from the United Kingdom, and \$16 million from Sweden, just to name a few. We are grateful for the strong show of support. We also received commitments from some individual philanthropists. Ed Scott, Chairman of the Board of the Center for Global Development has pledged a gift of \$1 million to provide professional technical support for some of our key Ministries. These funds are in addition to previous commitments of \$400 million that are currently financing our ongoing programs.

Third, we made significant progress on debt relief. As many of you know, our debt burden is huge, amounting to \$3.7 billion. Our three largest bilateral creditors – the United States, Germany, and the United Kingdom – all announced that they would eventually forgive 100% of the bilateral debts owed to them in the context of the HIPC process. These debts alone amount to over \$700 million. The formal process of forgiveness is likely to take many months, but these creditors and others made it clear that in the interim they do not expect any payments from Liberia.

In terms of multilateral debt relief, the US and several other countries expressed their commitment to work with their legislatures to ensure that significant funds held at the IMF can be used to clear Liberia's arrears to the IMF. In the case of the US alone, this could amount to more than \$150 million towards clearing our IMF arrears. The management of

the African Development Bank is committed to working with shareholders to use internal resources to finance the majority of its debt relief, and the management of the World Bank pledged to work with shareholders to finance 100% of its arrears clearance.

The US pledged up to \$35 million in new money that can be used to finance arrears clearance in the multilateral financial institutions, in addition to \$15 million it had committed earlier for the ADB. The United Kingdom pledged that it would provide 10% of the funding needed for arrears clearance at the ADB after the use of internal resources. Our partners in the African Union pledged to wipe out Liberia's obligations to each of them.

Fourth, at the private sector conference sponsored by the Corporate Council on Africa, OPIC, the IFC and others, we were gratified to receive several new commitments to support our private sector.

- Robert Johnson followed up on his commitment made last year at the Clinton Global Initiative and announced the formation of a \$30 million dollar fund to invest in businesses in Liberia.
- We signed a feasibility study for a hydroelectric facility at Mt. Coffee.
- We signed an open skies agreement with the United States.
- We signed a new Trade and Investment Framework Agreement, or TIFA, with the US.
- The conference was oversubscribed with over 400 participants, which bodes well for substantial new investment in Liberia.

It has been a busy week, but a productive one. It is important for all of us to remember that in the end we are not here for numbers, or signed agreements, or commitments of support. We are here to help the people of Liberia put the scourge of war behind them, to rebuild their families and their communities, and to become independent and responsible members of the international community. We still have a long way to go, but we are grateful for all the support we have received this week towards achieving these goals.

Thank you.