

**THIRD UNITED NATIONS CONFERENCE ON THE  
LEAST DEVELOPED COUNTRIES**

**Brussels, 14-20 May 2001**

**Country presentation**

**by**

**THE GOVERNMENT OF LIBERIA**

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**June 15, 2000**

**THIRD UNITED NATIONS CONFERENCE  
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**Presentation of the Government of Liberia**

**ACTION PROGRAMME FOR THE DEVELOPMENT OF LIBERIA  
2001-2010**

**Date June 15, 2000**

## GLOSSARY

ACP -----	African Caribbean Pacific Countries
AEL -----	Association of Evangelicals of Liberia
AfDB -----	African Development Bank
ARF -----	(Local Exchange)
AXE-b -----	(Transit Exchange)
BCADP ----	Bong County Agricultural Development Project
BMC -----	Bong Mining Company
BWI -----	Booker Washington Institute
CARI -----	Central Agricultural Research Institute
CBL -----	Central Bank of Liberia
DR -----	Data Rate
ECOWAS ---	Economic Community of West African States
EDX-c -----	(Telex Exchange)
EEZ -----	Exclusive Economic Zone
ELWA -----	Eternal Love Winning Africa
EU -----	European Union
FAO -----	Food and Agriculture Organization
FDA -----	Forestry Development Authority
FGM -----	Female Genital Mutilation
GDP -----	Gross Domestic Product
GOL -----	Government of Liberia
GSM -----	Cellular Telegraph Services
GTZ -----	German Technical Cooperation
HIPC -----	Heavily Indebted Poor Country
IEC -----	Information Education and Communication
ILO -----	International Labor Organization
IMF -----	International Monetary Fund
KRTTI ----	Kakata Rural Teacher Training Institute
LAMCO ---	Liberia American Mining Company
LDC -----	Least Developed Country
LEC -----	Liberia Electricity Corporation
LIFZA ----	Liberia Free Zone Authority
LPMC ----	Liberia Produce Marketing Corporation
LRDU ----	Liberia Rubber Development Unit
LWSC ----	Liberia Water & Sewer Corporation
MOH -----	Ministry of Health
MVTC ----	Monrovia Vocational Training Center
NAWOCOL --	National Women Commission of Liberia
NBL -----	National Bank of Liberia
NCRDP ----	Nimba County Rural Development Project
NGO -----	Non Governmental Organization
NPA -----	National Port Authority
NPC -----	National Planning Council
NRP -----	National Reconstruction Plan
RIA -----	Roberts International Airport

RSU -----	Remote Subscribers Unit
SOE -----	State Owned Enterprises
TAT -----	Turn Around Time
UNDDMS --	UN Department of Development Support and Management Services
UNDP ----	United Nations Development Project
UNESCO --	United Nations Education Scientific and Cultural Organization
UNFPA ----	United Nations Population Fund
UNHCR ----	United Nations High Commissioner for Refugees
UNICEF ----	United Nations Children Fund
UNIDO ---	United Nations Industrial Development Organization
USAID ----	United States Aid for International Development
WB -----	World Bank
WCACU ----	Women and Children Affairs Coordination Unit
WFP -----	World Food Programme
WHO -----	World Health Organization
YATC -----	Youth Agriculture Training Center
ZRTTI -----	Zorzor Rural Teacher Training Institute

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## 1.0 INTRODUCTION

In order to fully understand the context and content of Liberia's assessment of the implementation of the Programme of Action for LDCs for the 1990s, one must consider the special circumstances of the country. Liberia is a small West African country with a population of 2.5 million. The country experienced strong economic growth in the 1960s and 1970s contributing to an export boom led primarily by iron ore and natural rubber. During the 1970s, growth began to decline below the levels attained in the 1960s after reaching a peak of 5.5% in 1971. In 1975 the economy registered a growth rate of 3.7%. Average annual rate of growth throughout the 1980s was mainly negative approaching 4.5% by 1985. Recovery measures in the 1980s were only able to raise the average annual growth rate to 0.7% for the decade. The persistent decline in the 1980s was due largely to worsening of Liberia's external terms of trade and mounting economic mismanagement. The country also experienced growing external arrears, leading to a breakdown of relations with international creditors and donors.

Further compounding the problems of the weak economic base and faltering growth was the civil war, which broke out in December 1989. Because of the war, economic activity came to a virtual standstill; central political authority collapsed and the delivery of services, mainly education and health, came to a complete halt. The population was massively displaced with a large number fleeing to urban areas and to neighboring countries.

The effect on production was countrywide. Consequently, agricultural production and mining activities were substantially reduced. The economy shrank to about 60 percent of its prewar level. The production of food, mainly rice and cassava dropped to less than 50% of prewar levels and by 1995 production levels of these crops dropped further to about 19% for rice and about 53% for cassava. Rubber, coffee, and cocoa production were disrupted as the war ravaged the North of the country, in particular, Nimba County, and is estimated to have fallen to 40 percent of the prewar level by 1990. Rubber production dropped further to 11 percent of the prewar level by 1996, as the war worsened. Production in the Forestry sector, in particular, of logs and timber, fell to about 70% of the prewar levels in 1990, and by 1996 had plummeted to 40%. Charcoal and wood production initially dropped to 75% of the prewar levels in 1990 but by 1996 had rebounded as demand increased when electricity generation was permanently disrupted.

The mining sector operations began to come to a halt in 1990 as mining facilities were largely destroyed and vandalized in the fighting. Gold and diamond mining may have continued manually during the war period, as no official information is available.

The manufacturing sector remained less than 10% of GDP during the war, and activities of the sector were limited primarily to the production of cement, beverages, and beer. Output in the sector was at about 55% of prewar levels in 1990, but had virtually stopped by 1996 as most companies closed down operations when the war spread into Monrovia. The physical infrastructure (water supply, sanitation, electricity, transportation, telecommunications) and other public facilities were destroyed, damaged, or in a dismal state of disrepair. In terms of transportation there are virtually no domestic air, rail or coastal and inland water transport system. Road network, the only means of transportation available, requires major rehabilitation, improvement and expansion.

Like the economic sectors, the civil war in Liberia brought far-reaching consequences in the social sector of the economy. The Liberian education system came to a near total collapse. Both the institutional and human resource capacities were seriously damaged. Consequently, a large number of schools have to be rebuilt and provided with adequate supply of textbooks and other instructional materials. They must also be equipped with tables, desks, chairs and other furniture. In the health sector, there were 30 Hospitals, 130 Health Centers and 330 Health Posts/Clinics owned and operated by the Government in 1988. There were also 6 Non-Governmental Hospitals, 71 Health Centers and 119 Health Posts/Clinics. Today there are 15 Government Hospitals running, plus 250 Health Centers and Clinics. Non-Government health facilities have been reduced by about 98%. NGOs however, provided health and education services to about one third of the population during this period.

As described earlier, the economy of Liberia was experiencing steady and consistent decline since the mid 1970s resulting in negative growth rates in most of the 1980s right into the civil war which brought about critical dislocation in every aspect of economic, political and social life of the society including massive displacement of the population, losing 10% of it through death during the war. After elections in July 1997, the present political leadership assumed the reins of power. From the foregoing, it is apparent that the post war development problems and economic recovery needs are tremendous, and would require both short and long-term measures. Given the limited resource capacity of Government, the phasing and prioritization of the post war reconstruction and economic recovery measures in the immediate to medium term are essential first steps. In this condition, the Government has identified its overall recovery objectives in a National Reconstruction Program launched early 1998. According to the NRP the Government plans to pursue the following over the medium to long-term: Sustain Peace, national security and civil liberties, revive and reinforce governance institutions at both the national and local levels; repatriate, resettle and reintegrate the displaced population including former combatants; ensure food security; resuscitate and expand sources of sustainable livelihoods, especially in the informal and private sectors; and to facilitate the rehabilitation and reconstruction of essential public infrastructure in the rural and urban areas.

Government has had to make difficult choices to address the problems of structural and management reforms. The strategy demands linking capacity building, institutional strengthening, and wider public sector reforms.

The Government received favorable response from the international donor community when the Post-war Reconstruction Program with an estimated total cost of US\$433.1 million was first presented to a Donors Conference held in Paris, France in April 1998. A total of US\$229.9 million was pledged by a number of donors. However, nearly 50% of this amount was the total of donor funding already allocated to on-going humanitarian assistance activities started during the emergency period prior to elections and managed by a number of international and national NGOs. There was no new funding available to embark upon urgent priority projects in the National Reconstruction Program presented by the Government.

In an attempt to reduce the constraint of domestic and international financial resource mobilization, the Government, during the October 1998 Annual Meetings of the World Bank and IMF encouraged the World Bank to sponsor a Mini Donor Conference on Liberia. This forum was particularly contentious as a result of the displeasure of major donors over the actions taken by Government security forces during the September 18,



1998 incident in Monrovia. The meeting adjourned with the general consensus being that there would be an independent investigation of the September 18 incident by the United Nations. The donors also agreed that Liberia must establish a consistent Human Rights record in order to expect any major assistance from the donor community. Additionally, the donor community would continue to monitor the situation and consider sending an assessment team in the future should the security situation improve. At the most recent Annual Meetings of the Bank and Fund in September 1999, the World Bank again organized another Mini Donors Conference. During the meeting, the report of the independent investigation by the United Nations was presented and accepted. It was agreed that the assessment team representing bilateral and multilateral donors would visit Monrovia in November 1999. The objective of the Government for that assessment mission of the donors was to increase donor assistance commitment to support reconstruction and economic development in Liberia.

Macroeconomic policy reforms introduced by Government are generally related to fiscal reforms intended to stabilize public sector finances, the monetary situation, and consequently improve the overall private sector investment climate. The IMF is currently providing technical assistance to the Ministry of Finance, the Bureau of the Budget, and the Central Bank to enhance the implementation of initiatives in economic and financial management reforms. Additionally the Government, in collaboration with the IMF Fiscal Affairs Department, has undertaken a Tax Reform exercise, which will review the effectiveness of the current tax system in raising revenues as well as ease administration and enforcement of tax laws.

Finally, the Liberian situation may not be unique among LDCs. However, the performance of the country in the 1990s is best understood more in the context of a post-conflict low-income country.

## 2.0 . OVERVIEW OF THE ECONOMY

The Liberian economy is characterized by a structural imbalance between a modern enclave and a traditional sector.

The modern sector is dependent basically on foreign investment and technological skills and is geared towards the extraction of iron ore, rubber and forest products. This sector generally accounted for 70% of export earnings and almost 50% of GDP. Conversely, the traditional sector is rural based and relies in general on indigenous capital and rudimentary technology for subsistence agriculture supports and has nearly 70% of the population.

There is virtual lack of inter-connection between the two sectors. What linkage the modern sector has with the rest of the economy is generally weak and exists mainly in the form of profit sharing with government, the payment of royalties, income tax levied on employers and duty on imported materials.

A prominent feature of the Liberian economy is the heavy reliance on trade in primary commodities and external assistance, a characteristic similar to many Sub-Saharan African countries. This overwhelming reliance on the export of primary commodities and imported goods renders the economy vulnerable to the vagaries of international market prices. Furthermore, the level of external assistance depended on the prevailing conditions in donor countries and their policy constraints. Under such conditions, the effective management of the economy is most critical. Unfortunately, structural and policy deficiencies and weak implementation capacity flawed economic management over a protracted period.

The civil war, which began in December 1989, left no sector of the economy unaffected. In general there has been massive infrastructure damage and large-scale disruption of most economic activities. Moreover, the poor state of the infrastructure, which supported vital economic and social service delivery operations, added to the general economic malaise. Since August 1990, the major productive enterprises in the economy have remained dormant with a corresponding decline in foreign exchange earning capacity and increased unemployment.

With the civil conflict, there was a dramatic and severe exacerbation of the declining socio-economic trend: foreign trade which served as the impetus for growth was severely disrupted; the productive sectors became virtually dormant; physical infrastructures in general and those supporting basic social services in particular were largely destroyed or left in a state of disrepair, meaningful investments were deterred and private sector activities were significantly hampered. There was high external indebtedness. These developments had a negative impact on the level of savings, employment opportunities and other income generating activities.

As a result of persistent decline in the level of economic activities during the 1980s, the social and economic welfare of the Liberian people deteriorated significantly. The overall performance of the economy measured in terms of growth in per capital income, reached a low point of -5.3% in 1986 and rose to 3.4% in 1987 and thereafter dropped to -4.0%. Annual population growth on the other hand averaged 3.3% during the decade of the 1980s.

During the same period, the public sector was particularly hard hit by the worsening state of the economy. Government revenues fell behind increasing expenditure trends, leading to a situation of persistent budget deficits. More critically, the Government was unable to service its debt due to growing financial constraints resulting in the suspension of financial assistance programs with bilateral and multilateral donors and financial institutions.

Against the background of this deteriorating state of affairs, the civil conflict, which erupted in Liberia in 1989, plunged the economy into a state of near total collapse, in all sectors. The exodus of the rural and urban population to escape the fighting brought most forms of productive activities to a halt, consequently causing severe shortages of food and other essential commodities and services. The effects were even more critical for the agricultural and mining sectors, which are the major sources of, export earnings.

The dismal state of the economy is manifested by the continuous decline in almost all sectors. Throughout the 1980s annual growth of Gross Domestic Product (GDP) averaged less than one percent, relative to the previous years of the 1970s. Exports declined by about 66%, while fixed investment fell by 54%. These problems were aggravated by massive capital flight, a crippling external debt burden, a destabilizing monetary crisis and a steep rise in import prices.

Notwithstanding the above, by 1992 the performance of the economy was encouraging, considering the times. A significant level of confidence and credibility was restored, as manifested in several positive developments. For example, there was evidence of the resumption of normal operations by business houses, commercial banks and other financial intermediaries. These and other developments greatly improved the liquidity crisis in the economy, provided a certain amount of stability and gave investors and consumers access

to savings and other financial resources. Furthermore, the number of other commercial entities either resuming or starting up operations was relatively increased as reflected by the volume of domestic trade transactions for both local and imported commodities.

Growth in the economy has been fueled by the export-oriented sector contributing about 54% of GDP with iron ore, rubber and forestry products as the leading economic activities. Because of its virtual dependence on this sector and its primary producing nature, the economy is highly susceptible to volatility in the international markets. Hence, for more than two decades, conditions in the international markets have affected the economy very severely. With substantial decline in prices and reduced demand for those primary products. Those effects were more pronounced for rubber and iron ore, the two leading export items.

In 1990, the real GDP stood at US\$401.4 million representing a growth rate of -51.1% over the previous year or a per capital/income of \$161.8

The general downward trend in the performance of the economy continued as reflected in the persistent negative growth rates from 1990 to 1995. Real GDP in 1991 was \$334.3m, with a growth rate of -15%. The civil crisis took a turn for the worse in 1992 with renewed fighting which only further plunged the economy in the downward spiral assumed earlier. GDP in real terms for 1992 was US\$223.5m, which

represents a growth rate of -35% over the previous year. The effects of the devastation in 1992 continued in 1993 as the GDP stayed on course in the negative direction. Real GDP in 1993 shows US\$149.8m or a growth rate of -32.9%. By 1994, hopes were high for the peace process and therefore improvement in the economy but the euphoria was quickly dashed as the peace process dragged on and so did the economy continue its downward trend. Real GDP for 1994, stood at US\$117.2m or a growth rate of -21.8%. The year 1995 did not prove to be any better as the real GDP slumped again to US\$112.2m representing a growth rate of -4.3% over 1994.

The economy showed some signs of improvement by 1996 as the real GDP increased to US\$125.8m or a growth rate of 12 percent. The civil crisis finally came to an end in 1997 with the holding of democratic elections. This development led to a continuation of improvement in the economy as reflected in the real GDP for 1997 of US\$259.5m or a growth rate of 106.3 %. In 1998, progress in establishing democratic institutions, restoring security and improving fiscal discipline were rapid and exceeded expectations. Within one month of its inauguration, the government prepared a balanced, cash-based transitional budget for the last four months of 1997, which contained significant measures to enhance revenues and control expenditures. The budget for 1998 reflected the same fiscal prudence. Nevertheless, there was lingering private sector hesitancy to resume economic activities beyond short-term trade-related transactions mainly because of perceived uncertainties regarding sustainability of peace, lack of trust in the overall legal and regulatory framework, and future economic incentives. Notwithstanding the above, the economy made some gains as evidenced in the real GDP for 1998 which stood at US\$333.4m representing a growth rate of 28.5%.

In 1999, domestic production resurged strongly, the highest since the civil war, though it amounted to only one-third of the pre-war level. Real GDP for the year was US\$410.2m, which indicates a growth rate of 23%. This rise can be attributed to a strong performance in the monetized agricultural sector, comprising rubber and timber. These two commodities accounted for 95% of export earnings in 1999.

## **2.1 Domestic Production, Trade and Commerce**

Manufacturing and construction activities have gradually resumed, but total output after the mid 1990s represented only a fraction of the pre-war levels of contribution to GDP, which was 13.3% and 8.1 % of GDP respectively in 1989. Domestic trade also reached about 60% of its pre-war level at the time, with the informal sector being most resilient. Marketed agricultural products, which were derived mostly from rural areas before the war, were produced largely in urban and semi urban backyard gardening and artisanal fishing until the 1997 elections. Prior to the war in 1989, total agricultural production constituted about 38% of GDP. It is now estimated to constitute about 25%.

A network of storefront operations and a market place distribution system dominates domestic trade, which makes up the bulk of private sector activity. The rise in the urban labor supply over the past two decades has led to the existence of an urban informal trading sector as a sub sector of domestic trade. This sector consisting of individual operators and small and medium enterprises provides employment for persons with some basic skills and therefore reduces the pressure of open unemployment in urban areas.

Private sector enterprises are mainly involved in low domestic value added activities. Extractive industries, mainly logging, iron ore mining and the production of rubber account for most of the large-scale private sector investments. There are no linkages between these industries as each operates in isolation and without any impact on the other.

## **2.2 Foreign Trade**

Data available on external trade shows that imports have exceeded exports since economic activities resumed in 1991. Imports increased steadily during the period 1991-1995. This is a result of the resumption of commercial activities in general and the importation of a wide variety of humanitarian assistance supplies, including food. For the period 1991-1992, the recorded value of total exports increased from US\$482 million to US\$770 million. Since 1992 the recorded value of exports declined steadily, and registered US\$490 million for 1995.

Estimates of the production for two of the country's main export commodities, iron ore and rubber, show that there was no new production of iron ore since 1990. There are indications of a small quantity of iron ore exports (0.5 million tons) between 1992-1993 from stockpiles which had accumulated prior to the war. For rubber, the volume of exports remained relatively steady at about 32 thousand tons annually between 1991 and 1996. Since 1997, production and export of rubber have increased considerably.

## **2.3 Banking and Financial System**

The Liberian financial system prior to the civil war consisted of 14 commercial and development banks, several informal financial intermediaries and the National Bank of Liberia. The National Bank of Liberia was created in 1974 to serve as the Central Bank. Until 1999 when it was renamed the Central Bank of Liberia it had been performing only limited central banking functions. The Bank at the time lacked

adequate resources to serve as a viable lender of last resort to commercial banks operating in Liberia. The Bank is however being capitalized and strengthened to assume this and other functions befitting a central bank. The use nonetheless of the US dollar as part of the national currency system precludes the possibility of full-scale central banking operations, especially the issuance of a national currency. Due to a number of factors, including the impact of the protracted period of the civil war, there are now four (4) functioning commercial banks, a few financial intermediaries and the Central Bank of Liberia.

Besides the issuance of Liberian bank notes, the Central Bank is functioning mainly as a paying agent for the Liberian Government. Moreover, a primary component of the Bank's assets (claim on Government), do not generate any real income to the Central Bank since the Government has not been able to service its domestic debt.

## **2.4 Fiscal Performance**

Government's revenues, especially the foreign exchange component, were largely derived from maritime programme receipts during the war years, averaging about US\$1.3 million per month. Other sources of revenue are derived from taxes on international trade, income and profits, domestic manufacturing production, property and non-tax revenues.

The foreign exchange component of domestic financial resources fell dramatically from about US\$10 million per month in the 1980s to the equivalent of about US\$2.2 million per month in the mid 1990s.

The dismal state of the economy in general was reflected in the poor fiscal performance over time. This was due to a combination of factors: a) the narrowing down of the tax base due to the dramatic decline in production, and the disruption of other economic income; b) the erosion of government's economic management capacity, particularly the capacity to mobilize resources and prudently manage public spending.

## **2.5 Policies on Women**

During the decade of the 1990s, women in Liberia experienced some transformation and improvement in their outlook. While the civil war was on and men sought shelter or hide outs, the women stepped up and assumed the role of principal breadwinner in most homes. This among other things helped to diminish their inferior status. Women played important roles in the process of bringing peace to this country to the extent that a woman headed one of the transitional governments in Liberia for the first time in the history of the country. Besides, the government has always been supportive of women activities. Major national policies were taken to enhance gender mainstreaming in the country. A secretariat was established to coordinate women activities and a women's desk was set up in all line ministries. The problem though seems to be the lack of political will to follow through or completely implement the programs.

Education wise, some gains were made but women still make up the bulk of the illiterate population. Women constitute about half of the population of Liberia, only 22% of them are literate compared to 54% for their male counterpart. They still do not have adequate access to means of production though strides are being made in

that direction. As far as decision making is concerned, women made up about 3% of the decision-makers. While there was no form of discrimination against women relative to access to earnings, it is basically because of stereo typing that women were prepared mostly for less challenging jobs and therefore acquire less earnings.

## **2.6 Population Issues**

As expected by all LDCs, population policy was considered an integral part of national development strategies in Liberia. To this end, the national legislature of Liberia approved the National Policy on population for social and economic development taking into consideration programs on child survival, health, education, housing and employment for the decade of the 1990s. The implementational aspect though was hampered due to the civil upheaval. The population growth rate of about 3.4% is higher than the LDC target of 2.5%.

The UNFPA provided technical and financial support for demographic and health surveys family planning and other health related surveys. Support though in the area of population policy review is slow in coming.

In conclusion, the recovery of the economy from the ravages of the civil war involves reversing the impact of the prolonged economic decline experienced in the previous years and exacerbated by the civil crisis; improving fiscal management; addressing the scarcity of exchange; arresting the decline in the purchasing power of the Liberian dollar, the consequent rise in the cost of living and the restructuring and re-orientation of the major economic infrastructure, as well as a program of social reconditioning.

The decade of the 1990s, or more than 85% of it, is considered the years eaten by the locusts in Liberia in terms of everything from instability, social degradation, political upheaval and economic collapse.

However, with a democratic government now in place, it is expected that the economy will bounce back in the near future achieving its objectives and meeting targets set for LDCs.

## **3.0. FACTORS THAT ENHANCED OR INHIBITED THE COUNTRY'S DEVELOPMENT**

### **3.1 Peace and Social Stability**

The 1990s was a period characterized by war and social instability, followed by attempts aimed at the restoration of normalcy. The war, which began in December 1989, lasted for eight years. The prolonged civil war had a devastating effect on the economy and society. The war caused massive displacement of the Liberian population, particularly in the rural areas. It is estimated that out of a population of 2.4 million, 1.2 million were displaced either internally or externally and over 200,000 killed. This massive population movement adversely affected the rural economy, which provides employment for an estimated 70% of the pre-war population. Basic economic and social infrastructure is severely damaged. Local industries, roads, and bridges, schools, market facilities, clinics and hospitals, water and sanitation facilities need repair. Local access is severely restricted due to damaged roads, culverts and bridges.

Following the eight years of civil strife, attempts were made in the last two years of the 1990s to resettle the internally and externally displaced, reintegrate the 33,000 ex-combatants, reconcile the population, consolidate the peace, and promote democracy. With the help of the international community, more than 60% of the displaced population has been resettled in their original homes. The Government has established a National Commission on Reconciliation and a Commission on Human Rights to promote the process of peace building. A National Commission on Good Governance was established to promote transparency and accountability in the public sector, while a program for reform of the Judiciary and Law Enforcement systems was also started as part of the agenda for improving governance and internal security.

### **3.2 Economic Infrastructure**

The war inflicted widespread damage to the country's infrastructure, which was already in a state of neglect and disrepair. The infrastructure is comprised of roads, ports, energy, sanitation and communication facilities.

#### **3.2.1 Roads**

The Nation's total road network consist of about 8018 km of city streets, highways and feeder and farm-to-market roads. During the war there was no maintenance of public roads, hence only approximately 15% of paved roads in Liberia are in fair condition, with the remaining 85% in a poor state due to the lack of maintenance of the feeder roads as a result of the war. There exist numerous water crossing points in which culverts have been washed away and soil eroded thereby requiring short span bridges. In view of the bad state of the roads many rural towns and villages have been isolated completely.

#### **3.2.2 Ports**

During the 1990s, ports infrastructure deteriorated severely as a consequence of the lack of adequate maintenance since construction and now exacerbated by the damaging effects of the civil crisis. The two most active ports are — the Freeport of



Monrovia and the Roberts International Airport. As a result of ship impact over the years, the seaward row of piles is completely cut out from the wharf structure of the Freeport of Monrovia and damaged. The frontal or edge girder, into which the inserts for fenders and bolards are fitted, is also damaged. Latest underwater surveys indicate considerable deterioration of over 55% of the steel piles in the surf zone (pile sections subjected to aeration as a result of the rise and fall of the tides). A seventeen-meter-length of the slab decks, including portion of the guillage beams and supporting piles collapsed at the mid-section of the wharf, making the movement of cargo equipment impossible along the full length of the wharf.

The two major airports — the Roberts International Airport and the James Spriggs Payne Airport (a Municipal Port) were vandalized and looted. The main runway at the Roberts International Airport (RIA) was bombarded with resultant crates and potholes. The new terminal building was destroyed by rockets and shell strikes and set on fire. Looting at both airports left them devoid of essential facilities such as communications and navigational aids, fire and rescue vehicles and meteorological and other equipment. In April 1996 fighting in the Capital Monrovia damaged the control tower facility at the James Spriggs Payne Airport beyond restoration.

### 3.2.3 Energy (Power)

The energy (power) sector encompasses the generation, transmission, distribution and commercial aspects of energy. The LEC is responsible for the production and distribution of electricity for the entire country. The Liberia Electricity Corporation (LEC) has been unable to discharge this responsibility due to massive and extensive damage done to the sector over the period of the crisis. The Mount Coffee Hydroelectric Dam which produced about 68 MW of LEC's total power output of 355 MW sustained massive structural, mechanical and electrical damages in the war. Additionally, the Corporation's transmission and distribution system suffered enormously and will need replacement. The country is therefore without current.

### 3.2.4 Water and Sanitation

In the wake of the civil crisis, most of the infrastructure for water supply and sanitation broke down completely throughout the country. Some facilities were already in a state of disrepair due to years of lack of maintenance and neglect. This has resulted in a severe shortage of safe drinking water supply throughout the country. In urban areas, the major source of safe water supply is piped borne water. The rural areas, on the other hand, rely mainly on wells, bore holes, ponds and rivers for water consumption. Most urban residents now rely on water trucking and the provision of hand pumps by the International Donor Community.

Access to sanitation facilities in both urban and rural areas in Liberia had been very low. This problem was not addressed properly in the past and was therefore exacerbated by the effects of the war. Among the major urban areas in Liberia, only Monrovia has a sewer system, which is currently non-operational. The sewage treatment plant and all four lift-pumping stations are out of order. The situation has resulted in constant and almost continuous sewage breakup and overflows in the streets. Vacuum trucks are used to dislodge sewage from septic tanks and the sewage network. The dislodged content is then disposed of in the lagoon at the mechanically non-operational treatment plant.

### **3.3 Policy Reforms**

The Liberian Government in 1998 adopted a series of reform measures aimed at addressing various problems, which continue to plague the economy. The policy reforms introduced have been generally related to fiscal and monetary issues aimed at stabilizing public sector finances, establishing investor confidence in the banking system and promoting reconciliation among the populace and democracy. These initiatives can be summarized as follows:

- Operationalizing a fiscally responsible budget system
- Initiating policy decisions to resolve the multiple domestic currency issue.
- Rescuing the unrealistic parity of the Liberian dollar with the US Dollar and allowing the market to determine the exchange rate between the two currencies.
- Establishing a special presidential commission to review banking and financial sector performance, with a view to making appropriate recommendations for restructuring and revitalization.
- Commissioning a diagnostic audit of the Ministry of Finance and the National Bank of Liberia.
- Settlement of government salary arrears.
- Establishing two other commissions to facilitate and accelerate the protection of human rights and reconciliation.
- Establishing a National Commission on Macroeconomic Policy Reform.
- Creating a National Commission on Reform of the Liberia Civil Service.

### **3.4 Environment for Private Sector Development**

The Liberian private sector is dominated by foreign owned business establishments engaged in the importation of economic and industrial goods, wholesale and retail trade and some light manufacturing. Extractive industries, mainly logging, mining, and rubber production account for most of the large-scale private sector investment. There is no linkage between this large-scale investment and the rest of the economy. Domestic trade makes up the bulk of private sector business activity. The rise in the urban labor supply

over the past two decades has led to the existence of an urban informal trading sector as a sub-sector of domestic trade. This sector consists of individual operators and small and medium enterprises providing employment for persons with basic skills.

Private sector activities were also adversely affected by the war. Manufacturing and mining concerns were severely looted forcing them to close down operations. The mining concessions were never reactivated after cessations in the fighting. By 1996 however minimum manufacturing and construction activities had resumed. Domestic trade also reached about 60% of its pre-war level with the informal sector being the most resilient.

Bad and inappropriate policies have had a negative impact on the growth of the private sector. The condition has not been improved by corrupt bureaucratic practices, which lead to a higher cost of establishing and operating a business enterprise. Liberians are therefore at a disadvantage in that they are usually unable to afford the cost of securing investment incentive contracts, and are therefore unable to compete with foreigners.

The unrestrained use of commercial bank loans to finance budget deficits and extra budgetary expenditure or to provide subsidies to inefficient public corporations added to the liquidity problem in the financial and banking sector of the economy, crowding out small and medium size business entrepreneurs, competing for the same funds.

Macro economic policies remain hardly defined and generally not supportive of domestic productive activities. The mismanagement of the budget and expenditure processes also deprives the private sector of the resources needed for its growth. The private sector is also adversely affected by the long delays in settlement of government obligations to private sector suppliers of goods and services.

An Open Door Policy intended to provide liberal tax incentive to foreign private investors has been in place since the 1950s. In view of alleged abuses of the policy by businesses, a new investment incentive code has been prepared. The new code also offers tax incentives, but unlike the Open Door Policy, it lays emphasis on the processing for export of agricultural and other products and utilizing indigenous human and material resources.

The Liberian Government also introduced new policies and Legislation to ensure that Liberians have a greater share of participation in domestic trade and commercial activities. The Legislature restricted 26 areas of business and commercial activity solely to entities operated by Liberian Citizens and in which Liberians have 100% equity.

### **3.5 Domestic Resource Mobilization**

The war virtually halted all real economic activities in the country resulting in a steep fall in Government revenue. Liberia today has no external resources and owes creditors over US\$3.0 billion. The banking sector is in serious need for reform. Domestic savings needed to stimulate investment are therefore non-existent.

The National Bank of Liberia (NBL) which was expected to be the principal regulator of the financial and banking sector, was ineffective, inefficient and insolvent. The relationship between the National Bank and the financial institutions under its jurisdiction had been poorly managed. The National Bank is also wanting in operational reserves. Liberia's external reserves are depleted and the National Bank's main assets are non-performing claims on the Government. As at December 31, 1997 the country's net foreign assets position was negative US\$367.3 million.

With the passage of the new central bank law in March 1999, the Central Bank of Liberia (CBL) replaced the largely defunct and illiquid NBL in October 1999. The new CBL is however yet to be capitalized.

Liberia is currently faced with serious internal resource mobilization constraints owing to a considerably weakened financial system and eroded revenue base, combined with high external indebtedness. The income of commercial banks in the 1990s has been substantially low compared to their operational costs. In 1992, the aggregate income of commercial banks was LD\$29.1 million while expenses were LD\$46.8 million leaving an aggregate net loss of LD\$18.3 million. In 1997, the aggregate income of commercial banks was LD\$41.7 million against total expenses of LD\$64.3 million, leaving a further loss of LD\$22.6 million. This has resulted in a complete capital impairment of the commercial banks.

Government's ability to mobilize domestic resources has been greatly eroded. The reduction in economic activities in some sectors and the complete inactivity in others as a result of the civil crisis contributed to a significant reduction in the revenue generating capacity of government. For example, maritime revenue, which represented a mere 1.9 percent of GDP in 1987, constituted the single most important revenue item (5.6% of GDP) in 1997. Tax revenue, which was 17.0% of GDP in 1987 declined to a mere 3.9% in 1997. Total revenue intake declined from US\$210.1 million in 1987 to only US\$28.3 million in 1998.

External resources mobilization is also hampered by a serious debt overhang and considerable donor skepticism about security, the rule of law and respect for human rights. In spite of the substantial external assistance provided by the donor community for humanitarian and emergency relief, during the war, the amount of total aid to post war Liberia has declined substantially compared to that of the pre-war years. The situation is made worse by the reimposition of the Brooke Amendment by the United States Government, Liberia's single largest donor.

### **3.6 Governance**

Analysis of the origins of the civil conflict clearly indicates the lack of good governance and social exclusion were key contributing factors. Although Liberia is

Africa's oldest Western-style constitutional democracy, it is generally agreed that for most of the pre-1980 era, the country achieved only a very slow pace of expansion of basic democratic and human rights principles to the majority of the population. This has prevented a genuine democratic form of governance to take root. Lack of strong commitment to social justice had also constrained achievement of full integration of the different ethnic groups. The military regime that came to power in 1980 failed even more glaringly to adhere to good governance principles and address underlying social tensions. The combined impact of the repressive ten-year tenure of the military and its subsequent transformation to civilian rule and the 7 years of civil conflict resulted in a serious weakening of whatever fragile governance institutions and practice existed. Consequently, very limited genuine population participation in governance, lack of respect for human rights and rule of law have been prominent features of Liberia's political landscape.

The Government that came to power in August 1997 has indicated its commitment to good governance by according it prominence in its political agenda. In this connection, various commissions have been set up such as the ones concerned with promoting national reconciliation, human rights and good governance. Measures also have been taken towards restoration of a credible judiciary. However, occasional episodes of human rights abuses and infringement of personal security with impunity have contributed to a persisting credibility problem in this area. Other important governance issues include a weakened and bloated civil service, lack of effective decentralization, inadequately trained and equipped security forces and weak systems for ensuring transparency and accountability in the public administration.

The capacity for formulating and implementing sound economic management policies has also eroded considerably. This is attributable to a combination of a highly unfavorable political climate, loss of experienced manpower, and lack of logistics and incentives. The progressive souring of the political environment with effect from the late 1970s through to the decade of repressive military rule triggered a steady outflow of well-trained and experienced manpower. The devastating impact of the war on the physical and logistical facilities of both public and private institutions hampered their effective functioning. The incentives system within the public sector in particular was eroded considerably by stagnant remuneration packages in the face of galloping inflation and substantial depreciation of the Liberian dollar. This contributed to undermining morale and professionalism within the public service. The policy of patronage practised by the political leadership resulted in unchecked expansion of the public sector without a corresponding

increase in productivity. The factional nature of the interim administrations between 1991 and early 1997 was not conducive to effective and meaningful institutional reform. Furthermore, it undermined whatever system remained for coordinated interaction of policy formulation and implementation.

### **3.7 Women**

The historically unfavorable position of women vis-a-vis men was aggravated by the war and it in turn worsened their vulnerability to the adverse impacts of civil conflict. During the conflict, women were subjected to all types of abuses, including rape, subjugation and conscription into factional fighting. The breakdown in social services and educational facilities has resulted in higher drop out and illiteracy rates among

young girls. They have also been deprived of opportunities to acquire skills to enable them to engage in economically gainful activities. In the process, a high proportion of the young female population resorted to prostitution as a source of livelihood and also became single parents, with all the attendant disadvantages. Despite their disadvantageous position in society, Liberian women have demonstrated their potential as dynamic agents for change, peace building and equitable development.

During the war, ten women's organizations came together to form the National Women's Commission of Liberia (NAWOCOL) as a non-governmental organization designed to provide leadership and organizational framework for coordination and networking among women's groups. Between its formation in 1991 and 1995, NAWOCOL grew almost eight-fold, bringing 78 women's groups under a unified leadership structure. NAWOCOL's vision is more far-reaching than that of traditional women's pressure groups. It regards welfare as only one of several concerns in its empowerment framework. It places emphasis on improving women's access to and control over resources, awareness of women and promoting their effective participation in decision making. Women's education, as enshrined in the equal opportunities legal provision, is thus central to the NAWOCOL project.

Gender disparities are sharp in the public services. Government remains the single largest employer, accounting for 53.4% of household heads in 1997. The majority of women in government employment are, for example, in the lower cadres, occupying posts in such traditional female 'strongholds' as secretarial duties, catering services, cleaners and laundry support services. Only a tiny handful are employed in supervisory and managerial capacities respectively. At the higher level of directors of corporations they occupy no more than 7.1% of available posts.

By contrast, women's participation in the informal sector is substantial. While female participation in the informal sector was already significant in the pre-war economy, it has assumed larger proportions since the war. In the post-war economy, women do brisk business in second-hand clothing, sell fresh foods, dry goods such as detergents, toothpaste, toys and other children's wear. The less well-off take up paid domestic employment as house-maids, cooks or baby-sitters, with a view to raising small capital to enter the informal sector at a later stage.

Liberian women are subject to two legal systems, both of which, to varying degrees, deprive them of property rights. The tension between statutory and customary laws is often difficult to resolve especially as one law can be invoked to counteract the other when women's rights threaten the status quo upheld in the other coexisting legal system. For instance, women issues are placed simultaneously under the jurisdiction of the Ministry of Internal Affairs, as well as in the domain of traditional chiefs. Under traditional law, payment of dowry virtually entitles the husband and his kin to claim the wife as chattel or household 'property' that can be 'willed' at death of a husband, or added-on in a revised will at the behest of family members. It also entitles the husband to exercise legal custody over all the wife's children born to him. Moreover, its denial of the wife's right to joint property in marriage weakens her capacity to access formal credit where landed property is required as collateral security to leverage access.

Although the statutory law does better by recognizing monogamy, sanctity of the nuclear family and bilateral inheritance, it nevertheless also imposes restrictions on the wife's access to formal credit and constrains her decision to travel by making it subject to spousal consent. While the Association of Female Lawyers is working hard

to bring customary marriages in line with statutory law, progress has, however, been slower than expected, partly because of deep cultural obstacles going back hundreds of years.

Modest success has been achieved, however, on other fronts. This is particularly visible in on-going efforts to curb domestic as well as other forms of violence against women, including wife abuse, rape and other related trauma. Considerable pressure is also brought to bear in high profile public enlightenment campaigns to expose the health dangers in harmful traditional practices such as female genital mutilation (FGM), although practical gains are much less visible because of cultural obstacles.

### **3.8 Environment**

Liberia is endowed with valuable natural resources. Uncontrolled exploitation of these resources and other human activities for the sustenance and survival of the population has, over the years created environmental problems which need to be urgently addressed.

During the seven years of the civil war, the country experienced uncontrolled logging and mining activities. Forest reserves were exploited even in concession areas. Logging activities were conducted in an uncontrolled and careless fashion greatly damaging lesser-known species and the forest ecology. Reforestation program that should have been implemented by logging companies could not be supervised. They were therefore not implemented.

In the mining area, the concerns range from the use of mercury and arsenic in the mining of gold and diamond. Here, these substances filter into the water stream and sometimes affect the ground waters. On the other side, the washing operations in the iron ore mining operations produce very large amounts of contaminated water with high concentration of iron and other effluents that drain into the nearby rivers. Coastal erosion is another environmental problem. Most of the approximately 350-mile coastline of Liberia is being affected by erosion. The most crucial areas are Buchanan, Monrovia, and Greenville. For now, there is no program for the protection of Coastal Erosion.

The impact of population displacement during the seven years of civil war has affected the environment. There was a massive displacement of people as well as rural urban migration that caused major cities in the country to experience swelling of their populations. As more and more people converged on these cities, there were increasing demand for facilities and services such as water, waste disposal, housing, health care, and jobs. The limited facilities in the city could not cope with the influx of people to the cities. The health condition of the people of Monrovia, for example, is at risk due to the public health hazard caused by inadequate or non-existing sanitary and waste disposal services, and the lack of safe drinking water.

There is currently inadequate information on the status of the environment especially relating to the effects of industrial effluents and sewage on the water bodies and the ground water. There is also no singular agency of government clothed with the authority to monitor environmental issues. The Ministry of Health and the municipal authorities are involved with sanitary matters. The Ministry of Lands, Mines and Energy monitors deals with some aspects of the environment.

In the absence of an environmental authority, environmental regulations are weak and not enforced. Industrial ventures are established without environmental management plans. Environmental assessment is never a legal requirement.

Conservation programs are virtually at a complete halt. All the natural reserves, especially the Sapo National Park and National Forests have been encroached upon.

### **3.9 Human Resources Constraints**

Prior to the outbreak of the civil war in 1989, Government took concrete steps to provide training opportunities through the formal and non-formal arrangements. Rapid expansion of the number of schools coupled with high enrollment rates in the 1980s contributed to a cumulative reduction of adult illiteracy from the 1960s high of about 80% to 60.7% in 1997. The efforts by the government also led to the training of thousands of professionals in a variety of technical and managerial fields and disciplines. However the supply of senior and middle level skilled and specialized personnel did not keep pace with the demand in both the private and the public sectors, and the shortage of skilled manpower to address specific specialized issues and/or problems therefore continued to be a significant problem.

The civil crisis exacerbated already serious problems. Many of the skilled manpower in the public and private sectors were forced to flee as the fighting became intensified. Many found refuge in other countries and have chosen to not return. The massive brain drain occasioned by the war is a serious constraint in the process towards reconstruction and rehabilitation.

The war took a heavy toll on the infrastructure of the education sector. The number of elementary and secondary schools that survived and are currently operational also suffered a steep drop from the pre-war levels. The impact of the war on the productive sector of the economy has hampered Government's ability to generate revenue to facilitate human resources development. But damage to schools infrastructure reflects only the overt and tangible effects of the war. More lasting but less visible effects were inflicted in the form of psychosocial damage, displacement and flight of teachers and pupils from schools. Traumatized children who witnessed murder and physical abuse of classmates and teachers in school premises continue to experience flashback. Among deeply troubled child war-victims, these emotional scars have led to withdrawal syndromes. Many war victims remember the school premises as a killing field from which they seek emotional escape by dropping out.

Other effects of the war include economic hardship, non-payment of teachers and auxiliary staff salaries for months, disruption of classes and looting of school libraries and institutional materials. Pupil attendance and enrollment later suffered significantly as a result of the economic consequences of the war. Many families were forced to withdraw children prematurely from school because they could not afford fees.

### **3.10 Agriculture and the Rural Sector**

Prior to the war, the agricultural sector in Liberia provided employment for more than 75% of the labor force, and accounted for over 30% of total GDP and 25% of export



receipts. As the crisis intensified, farmers abandoned their farms and fled to neighbouring countries for safety, rendering the sector dormant.

Following the repatriation and resettlement of refugees and internally displaced people, activities in the agricultural and rural sector are beginning to gain momentum. Effective emergency interventions by the donor communities (EU, USA, UNDP, FAO, Sweden, and NGOs) in the supply of agricultural inputs (seeds, tools, and training) and positive responses of beneficiary farmers, the production of the staple foods has increased steadily and impressively over the years. Rice production which was in 1995 as low as 25% of the pre-war level, improved to 30%, 50% and 70% in 1996, 1997, and 1998 respectively.

Rubber is the most important export crop produced in Liberia. Approximately 40% of the agricultural sector export value derived from rubber prior to the war. The value of rubber exported in 1989 was about US\$69.5 million. Rubber exports currently account for about 90% of agricultural sector export earnings and production is gradually increasing. By the end of 1998, seven rubber concessions had begun rehabilitation programs and actual production. Total rubber production in 1997 and 1998 was valued at US\$10.4 million and US\$29.8 million respectively.

Traditional farmers produce coffee and cocoa as cash crops and until November 1998, the Liberia Produce Marketing Corporation (LPMC) was in charge of the purchase and export of these crops. The LPMC has now franchised its operations and register buyers and exporters in exchange for royalties, although it continues to handle bulk drying of the produce. Coffee and cocoa production have also begun to recover, but still remain less than one-fifth their pre-war levels.

### 3.10.1 Forestry

The forestry sector is one of the major productive sectors of the economy. There are and 1994 respectively; and dropped slightly to 14.6% in 1998. The increase in the sector's contribution to GDP is due to the sharp increase in the share of charcoal production because of the lack of electricity; and the surge in the export of logs. The Government has granted new concessions while suspending import duties on equipment for the industry. Logging represented 57% of exports in 1999 aided by the granting of a concession to a large Malaysian logging company that is involved in the rehabilitation of the Port of Buchanan, the major logging port destroyed during the war.

### 3.10.2 Fisheries

Liberia has a coastline of 550 km and an exclusive economic zone (EEZ) of 200 nautical miles. Ninety percent of all fish production in the country is marine based. During the period of the civil war, artisanal fishing increased slightly while industrial fishing was reduced by more than half. (See table 1).

Before 1990, there were between 10 to 12 registered fishing companies operating in Liberia with about 30 to 35 vessels. This number is reduced to 6 to 8 for the past seven years with between 20 to 25 vessels. An FAO assessment mission identified 1,725 artisanal fishermen. These fishermen have 513 dugout canoes with only about three percent motorized.

In addition to the marine resource, inland waters contribute about 10% of fish supply for the country. Prior to the war, there were 365 fishponds for fish farming ranging from a fourth to a half an acre in size. These ponds were deserted during the war. Some will need renovation while others have to be built.

Before the war there were many shops dealing in fishing gears and other fishing accessories. All of these shops were vandalized during the period of hostilities. The artisanal fishermen are in need of training and basic inputs.

### **3.11 HIV/AIDS**

Since the war, vulnerability to HIV infection has increased several-fold partly because of widespread unemployment and instability of family structures arising from the disruptions of the war. An increasing number of women have been forced to adopt sex work as a survival coping strategy, with the result that many more women are exposed to HIV infection than before. Preliminary data compiled by HIV Surveillance Unit show that at the onset of the war, in 1989, there were only 5 documented cases of HIV in Liberia. Between 1993-1996 the number of positive cases of HIV rose dramatically to 509 representing an almost 100-fold increase over pre-war levels. More recent data show HIV prevalence rates to have increased from 4% in 1994 to 6.6% in 1997.

HIV incidence by age shows that prevalence is naturally highest among the sexually active age ranges of 20-40 years, while declining in the higher ages between 50-70 years. Vertical transmission through infected mother is also responsible for a significant proportion (20% in 1995, 23% in 1996, and 14% in 1997) of infections while children aged 5-14 years of age account for 6.4% and 21% of infected population respectively in 1995 and 1996. While there is no consistent pattern over the years, in general more females than males in each age cohort were infected.

The true magnitude of HIV/AIDS cases in Liberia is difficult to estimate for the following reasons:

The data on positive cases following tests for HIV are not reliable due to the absence of confirmatory testing capabilities in the 13 medical institutions currently testing for HIV in the larger Monrovia area; and

The AIDS cases that have been reported by the various health facilities have been irregular, sporadic, and incomplete.

The first program for the prevention of the spread of HIV and AIDS in Liberia was organized by MOH in 1987 with assistance from WHO. UNDP support to the AIDS program started in 1989. Focus was on the provision of appropriate laboratory equipment testing as well as initial support for the staff of the programme.

The civil war disrupted activities of the program and its premises and equipment were completely destroyed. Efforts to revitalize the programme were initiated in 1991, by the MOH and WHO. Major financial and technical support to the National Aids Control Program comes from the WHO and UNDP.

### 3.12 External Opportunities and Constraints

#### 3.12.1 Official Development Assistance (ODA)

1992 - 1996 in US\$ Million

<u>1992</u>	<u>1993</u>
	<u>1994</u>
	<u>1995</u>
	<u>1996</u>
119	143
	117
	114
	172

Source: UNDP

During the civil crisis in Liberia, public foreign assistance declined substantially because of the abrupt withdrawal of most bilateral donors combined with a breakdown in relationship between Liberia and the international financial institutions due to mounting arrears. The declining trend was indicative of the pre-war experience in the flow of external assistance to Liberia, and consistent with other pre-war trends. It was during the crisis that assistance from the UN system became critically important in the transition from war to peace. Assistance from the UN system which dominated aid flows to Liberia during most of the 1990s was essentially for relief and humanitarian support and even support to the electoral process when peace was finally restored to the country. In 1997, the UN system assistance amounted to US\$44.265 million dominated by WFP, UNICEF and UNDP (45.8%, 23.5%, and 19.3% followed by WHO, UNHCR and FAO).<sup>1</sup>

#### 3.12.2 External Debt Burden

Growth of Liberia's External Debt (1989 - 1999) in US\$ Million

Year	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Debt	1,702	1,867	1,989	1,923	1,957	2,056	2,121	2,208	2,500	2,527	2,553

Source: Government of Liberia and IMF Staff Estimates

The accumulation of an unsustainable stock of external public debt in Liberia dates back to the 1980s before the civil war. This rapid growth of Liberia's external indebtedness from US\$1,700 million to US\$2.6 billion over this review period constitutes a serious burden on the country given the size of the economy and the seven-year brutal civil war in the 1990s. This stock of debt is clearly not sustainable. Some indication of the seriousness of the situation can be provided by looking at the ratio of the stock of debt and debt-service payments to selected economic variables such as nominal GDP, export of goods and services, government revenues, and population. In each

<sup>1</sup> UNDP Liberia Economic Unit

case, Liberia's debt stock ratio after the conflict has deteriorated significantly. The debt-service ratios point to more benign picture. This is due primarily to the fact that the debt-service obligations are those scheduled, excluding the large stock on arrears. For example, Liberia has been in continuous arrears to the IMF since 1984. At the end of 1999, Liberia's obligations to the Fund amounted to US\$645 million. About 52 percent of the amount represented interest and charges. It is important to note however, that despite her very difficult fiscal position and the unsustainability of Liberia's external public debt burden as shown in the paragraphs below, Liberia has started making monthly payments of US\$50,000 since December 1997.

#### Debts and Arrears of Liberia, 1999

(US\$ Millions)	
Quota (Millions of US\$)	97
Debt to all creditors including arrears at end 1999	2553
of which: arrears to all creditors	2257
Debt to the Fund including arrears at end 1999	645
% of debt to all creditors	25
of which arrears to Fund	645
Arrears to the Fund as % of Quota	662
Arrears to the Fund as % of Arrears to all creditors	29

Liberia's stock of external public debt per capita increased from US\$681 in 1998 to US\$1,064 in 1999, with the increase almost entirely due to the accumulation of arrears. To put this in perspective, Liberia's per capita income in 1999 was US\$187. An even more severe picture of the debt burden emerges when the impact of the war on economic capacity is taken into account. In 1999, the debt to GDP ratio was 570 percent. Although down from the peak of 827 percent attained in 1997, this ratio is still substantially higher than before the war. The debt-to-GDP ratio for the post war period is also high due to the low level of economic activity compared to pre-war period. Liberia's debt load is disproportionately heavy compared with its low income per capita. Its debt per capita in 1999 (US\$1064) was three times the average for either the HIPC Initiative Countries (US\$354) or sub-Saharan African countries (US\$376). Liberia's debt-GDP ratio (570 percent in 1999) was many multiples of that for sub-Saharan Africa (111 percent) or the HIPC Initiative Countries (54 percent).

#### 3.12.3 Market Access for Goods and Services

Foreign trade has traditionally played a major role in Liberia's economy. In the 1980s the country had an overall positive balance of trade. The leading commodities involved in the foreign trade of the country have always been iron ore, rubber, and logs. Activities in these three sectors were halted by the war. Rubber and logs production has resumed although below the pre-war level, while iron ore production is unlikely to resume in the immediate future, thus adversely affecting Liberia's external current account. As a result of post-war recovery, the trade deficit narrowed from 74 percent of GDP in 1997 to 33 percent in 1998 and 25 percent in 1999; meanwhile, the current account deficit is estimated to have declined from 71 percent of GDP in 1997 to 26 percent in 1999.

Export growth in US dollar terms rose sharply by 69 percent in 1998 and narrowed to 30 percent in 1999. These movements reflected developments in the rubber and timber sectors, which now account for about 90 percent of export earnings. Timber exports increased by 145 percent and 86 percent, respectively, in 1998 and 1999; over the same period, rubber export grew by 47 percent and 11 percent. Imports were high in 1997, owing to humanitarian assistance, imports related to the July 1997 elections, and a buildup of stocks in anticipation of reduced humanitarian food aid. Subsequently, imports fell by 34 percent in 1998 reflecting decreases in donor imports of capital goods, equipment, and raw materials, which were partly affected by lower petroleum import prices.

The terms of trade improved in 1998 as import prices fell by 4 percent. This was largely due to higher prices for rubber and a lower price for petroleum. In 1999, however, the situation was reversed as export prices fell by 7 percent, largely because of a drop in timber prices, while import prices fell marginally in line with lower petroleum prices. In 1997, the bulk of exports were destined for Asia (mainly Singapore) and Europe (primarily France). In 1999, 54 percent of exports (mainly rubber) went to the United States while 35 percent went to Europe. Information on the origin of Liberia's imports during 1997 - 1999 is not available.

#### 3.12.4 Regional Cooperation Dimension

Liberia is a founding member of all regional economic groupings involving both English and French speaking countries. Given the small size of the Liberian economy, the Government has always maintained that regional economic cooperation will ensure a greater market for some manufacturing and agro-based processing outfits domiciled here. In short, viable economic cooperation has the potential for higher local employment, trade expansion technology transfer, and industrial growth. In addition to economics, regional cooperation can enhance and ensure state security. Liberia is a member of the Mano River Union, which groups Liberia, Sierra Leone, and Guinea. She is also a member of ECOWAS, which groups all states in West Africa. ECOWAS is currently, among other things, moving ahead with such programs as Free Movement of Persons, Goods and Services, Capital, and the abolition of visas, the launching of the ECOWAS Travelers' checks, the setting up of a West African Monetary Agency leading to a single monetary union. The Monetary Union of course requires a mechanism for the convergence of macro-economic policies in the member states. ECOWAS Secretariat has been directed to coordinate the different positions of all member states in EU/ACP negotiations in future Lome Convention at the end of the 8-year transition period agreed recently during negotiations between the two parties. The Heads of States of the Community have acknowledged ECOWAS as the most appropriate framework for the coordination of relations between West Africa and European Union.

While we note the many opportunities for the Liberian economy and the people of Liberia in regional cooperation, post-war Liberia is under tremendous strain financially to meet its financial obligations to these regional bodies. With reduced economic activities in the post-war economy, it is

becoming increasingly difficult to maintain Liberia in these regional groupings. Liberia is currently in huge arrears with ECOWAS. During a visit of the Secretary-General of the Mano River Union to Monrovia in August, 1999, he informed the Government of Liberia that the cumulative arrears of all three Member States of the Mano River Union from 1994 - 1999 totaled US\$2,381,518.11, and that the arrears of Liberia is US\$981,902.90. However, despite the obvious constraints of Liberia, she is consciously trying to reduce her arrears owed the Union. The Government of Liberia made a small payment of US\$35,000 in June 1999. Another check of US\$14,000 will be paid shortly.

### **3.13 Vulnerability to Shocks**

Like any LDC, the Liberian economy is sensitive to external shocks especially adverse price movement against major primary export commodities such as iron ore, rubber, and logs. Because of the civil crisis, activities in these three sectors were halted. The production of rubber and logs has restarted although far below pre-war levels. Iron ore production is unlikely to resume in the immediate future, thus adversely affecting Liberia's external current account. As a result of post-war recovery efforts, the trade deficit has been reduced from 74 percent of GDP in 1997 to 33 percent in 1998 and 25 percent in 1999. Growth in exports rose sharply by 69 percent in 1998 and moderated to 30 percent in 1999. The merchandise terms of trade improved in 1998 as import prices fell by 4 percent and export prices rose by 9 percent. As an exporter of primary commodities, there is need for the monetary authorities to maintain a restrained monetary stance supported by a tight fiscal position. This will be important in the near term to build confidence in the monetary system so as to allow for a gradual increase in the international reserves. In the case of Liberia, maintaining a market-determined exchange rate is appropriate. A flexible exchange rate will help the country weather external shocks.

Because it was relatively easy to receive food supplies and other relief items in urban centers especially Monrovia, a substantial proportion of the 700,000 internally displaced people settled in Monrovia. This development contributed to the growth of poverty in human development terms. The delivery of social services was almost impossible despite massive support from NGOs and several other donors. Even after the war has ended and substantial efforts have been made to resettle internally displaced people throughout the country; social indicators still suggest deepening of poverty reflected mainly in the overcrowding of schools and inadequate health services. This is indicative of the vulnerability of the society to such unexpected development as a civil war. This society has no safeguards to weather such shocks.

## 4.0 PROGRAMME OF ACTION 2001-2010

### 4.1 Development Objectives, Problems and Prospects

#### 4.1.1 Immediate – Medium Term Goals

Following the end of Liberia's devastating seven-year civil war, the democratically elected Government of Charles G. Taylor took office in August 1997. The new Government immediately initiated a near-term relief and a medium to long-term recovery program generally referred to as the National Reconstruction Program (1998-2000). The over-riding focus of the NRP is short-term but many of the activities are being carried over to the medium-term (2000-2003). The over-all objectives of the Government as outlined in the NRP are:

1. To ensure sustained peace, national security, and civil liberties;
2. Revive and reinforce governance institutions at both the national and local levels;
3. Repatriate, resettle, and reintegrate the displaced population including former combatants;
4. Ensure food security;
5. Resuscitate and expand sources of sustainable livelihoods, specifically in the informal and private sectors;
6. Facilitate the rehabilitation and reconstruction of essential public infrastructure in rural and urban areas;
7. Stimulate and sustain economic growth;
8. Enhance the viability of the financial sector; and
9. Improve economic management.

In the implementation of these objectives in the last two years, Government has made significant progress with substantial assistance from the international donor community especially with resettling of some 500,000 refugees who were living in neighboring countries and 700,000 internally displaced people. The economy has rebounded strongly since the end of the war, particularly the agriculture and forestry sectors. To maintain this momentum and broaden its impact on all productive sectors, the Government must now expand its focus from near-term relief and reconstruction to a more comprehensive reconstruction and economic growth, and economic reform programs. The government is elaborating such a strategy and to ensure that its execution will focus on fostering private sector development, good governance and transparency. The government is strongly aware that rehabilitating transport, communication and public service infrastructure is a costly and lengthy process, which requires close coordination with the World Bank and other key donors.

##### 4.1.1.1 Economic Management Goals

Because of government's policies and measures, the macroeconomic situation has remained stable since the end of the conflict, with the 12-month inflation rate averaging 3% at the beginning of 2000, and the exchange rate in the range of L\$41-L\$42 per US dollar in the last two years. Government remains committed to its economic and financial program, which is currently being monitored by the IMF. With the help of the Fund, Government is addressing the serious structural problems underlying expenditure management. It is important for government to firmly

maintain expenditures within the framework of the budget. The continuation of an appropriately restrained monetary stance, supported by a tight fiscal position will be important to build confidence. In the case of Liberia, maintenance of a market determined exchange rate is critical.

Liberia is now at a critical crossroads in its economic and reconstruction efforts during this plan period. The government understands that there is a need to widen and deepen its economic and reconstruction strategy to establish the foundation for a sustainable increase in economic growth over the medium to long-term that will benefit all segments of the Liberian society and address the abject level of poverty in the country.

The Government will continue to constructively engage the donor community for the provision of assistance in expanding capacity and creating an enabling environment to accomplish these planned goals. Government anticipates a donors conference in the medium term focused on massive reconstruction and reform efforts needed to make substantive and lasting improvements in the standard of living, but especially the commitment of substantial financial assistance.

In addition to the NRP, the Government of Liberia is in the process of developing a comprehensive medium-term reform and reconstruction strategy with a view to expanding the near-term relief and reconstruction focus of the NRP. It is anticipated that elaboration of the strategy will be completed before the end of the year although even the outline has not been completed especially due to delays in receiving inputs and contributions from sector agencies. The objective of this medium-term strategy, according to the authorities, is to create an enabling environment to consolidate and sustain the current economic recovery and to lay the foundation for sustainable economic growth, with a view to achieving a considerable reduction in poverty. The key tenets of the government policy framework include: maintaining a stable macro-economic environment; accelerating the capacity; undertaking civil service and public enterprise reform; introducing further trade liberalization; and restructuring the financial sector. Improving transparency and promoting good governance and the rule of law also constitute components of the strategy.

Reconstruction and poverty reduction must take center stage over the medium term. Consequently, reconstruction of the country's physical infrastructure destroyed during the war (including roads, buildings, and public utilities) and rebuilding human capital must be accelerated if important gains in poverty reduction are to be achieved in the foreseeable future. The strategy, we are told will fully articulate a reconstruction and poverty reduction action plan, including the financing requirements necessary to achieve this objective.

Maintaining macroeconomic stability over the medium term will require a sound fiscal position, which itself will need to be based on a credible path for the postwar economic recovery and domestic revenue. In this regard, increased revenue mobilization will require continued tax reform, a sizable reduction in tax exemptions, and more efficient tax administration, as well as effective public debt management. Effective expenditure policy will depend on a comprehensive civil service reform, including rightsizing the civil and security services and allowing for a sizable increase in wages to remaining staff to boost morale and efficiency. In this regard, demobilization and demilitarization will require significant technical and financial assistance from the donor community. Given the current difficult state of the banking



system and the need to preserve macroeconomic stability, fiscal policy over the medium term will aim to continue to achieve a balanced domestic budget.

The development of a functioning monetary and financial system will be a core component of the medium-term strategy. Accordingly, a consistent monetary framework with the objective of maintaining a low-inflation environment will be central in the medium-term policy framework, including operational rules and the development of instruments for the Central Bank of Liberia (CBL) to conduct monetary policy. The emphasis in the financial sector will be on strengthening the banking system through compliance with prudential regulations and closer supervision. Resolution of the failed banks, as well as undertaking prompt corrective action to resolve weaknesses in a number of active commercial banks, will also be an important medium-term objective.

According to the authorities, measures to improve transparency and pursue good governance will be a critical aspect of the medium-term strategy, including actions to improve the transparency of the budget process and the adoption of international best practices in fiscal and monetary policies. In addition, the reform of the legal system, broad deregulation, and price decontrol will be crucial to establishing an investor-friendly environment.

Substantial external financing will be required to achieve the medium-term objectives of the government and, consequently, will be fully reviewed in the strategy. In addition, strategies and scenarios to address Liberia's unsustainable external debt burden will also be reviewed.

The strategy seeks to support the economic recovery in 2000 during the medium-to-long term; GDP is expected to grow by some 20%, as food and cash crop production continue to rebound, and timber and mining exports continue to expand. With tight demand management policies, inflation is expected to remain below 4% in the medium-term, while the external current account deficit (including grants) is expected to be in the range of US\$50 million.

Prudent fiscal policies will remain the cornerstone of the government's macroeconomic stabilization strategy in the medium-term with a balanced budget targeted for the period as a whole. This will be achieved by maintaining a tight reign on expenditures while implementing revenue-enhancing measures, including transparency reflecting all revenue and expenditures of the central government in the budget.

The government is committed to strengthening its legal and regulatory framework in a way that will secure individual property rights, remove entry and exit barriers, and lower the cost of conducting business in Liberia. To this end, structural reforms will remain an integral part of the government's economic policy, given their critical importance in improving the business climate for private investment. A new "investor-friendly" Investment Code is being finalized and will be introduced shortly. Legislation is being prepared for the mineral and forestry sectors to ensure that those resources are exploited in an organized manner, and that the environmental implications of mining and forestry activities are adequately addressed. The government also intends to continue to improve the effectiveness of the court system and confidence in the rule of law. To improve the business climate, the

authorities have recently demolished the numerous checkpoints constructed in the city of Monrovia during the civil war.

Monopoly rents represent a substantial cost to consumers in the form of higher prices and to the economy in the form of forgone benefits of competition and reduced scope for private sector activity. In this regard, the government intends to fully liberalize the importation of rice, including the elimination of minimum import requirements, quality requirements (except as related to health and safety), and price controls. At the same time, the government considers it important to set up a detailed monitoring system in the medium-term, with the assistance of the World Bank, which will provide daily information on stocks of rice held by different importers, and the price levels of various qualities in the domestic and international markets. In the meantime, the authorities intend to embark on a public education drive in the news media on the proposed measures and the benefits to the consumer in terms of wider varieties available and a more competitive range of prices. The government is fully committed to the liberalization of the importation of rice. However, there must be appropriate safeguards to ensure an adequate supply of this strategic commodity at all times. Consequently, as an integral part of the liberalization process, the rice-monitoring committee will develop appropriate safeguards, in consultation with the World Bank, to assure the availability of a sufficient stock of rice.

Similar benefits to the consumer in terms of the liberalization of rice imports apply in the case of imports of petroleum products. Accordingly, with the assistance of the World Bank, the government will adopt a procedure similar to that used for rice imports by visiting countries in the region to study their experiences following the liberalization of imports of petroleum products.

Progress in civil service and public enterprise reform has been slow, owing to the lack of financial resources. Following the recent payroll audit, the next steps will be the functional audit of the civil service and the issuance of identification cards to all civil servants by September, if donor financial support is secured. The government remains fully committed to reform of the civil service and public enterprises, and has approached several donors for assistance. In view of existing financial constraints, progress in these areas will to a large extent depend on financial assistance.

#### 4.1.2 Long-Term Goals

The foregoing describe the goals and objectives of short-term and medium-term stabilization measures of the government and the beginning of recovery and long-term socio-economic development. The continuing nature of social and economic development programs and projects provides a comfortable basis to assume that during the full plan period (2001-2010) activities of the NRP and especially the medium-term plan (2000-2003) will spill over far into the Action Program period. However, because of the longer-term outlook of the Action Program, it is important and necessary to ascribe additional goals, objectives, and strategies to that effort. The Action Program for the Development of Liberia (2001-2010) is meant to make a significant contribution towards minimizing the socio-economic problems facing post-conflict Liberia. This program must be seen as the initiation of a continuing process, and as time goes on, even beyond the program period, it will be revised in the context of changing circumstances.

The growth pattern in Liberia follows closely that of other African economies dominated by a foreign sector where exploitation of natural and mineral resources are carried out with little benefit flowing to the rest of the economy and relative neglect of agriculture and other renewable resources. There is also very little interest in growth through import substitution. Liberia has a relatively good natural resource endowment including a good supply of arable land and a climate suited for crops including rubber, coffee, cocoa, sugarcane, oil palm, rice, cassava, and a rich tropical rain forest reserves and minerals. Exploration and prospecting continues for gold, uranium, and oil. The country is also strategically located on the western edge of the African continent. Clearly, the natural resource base is one which, if appropriately harnessed, could ensure for Liberia's population of 2.4 million, a high and rising standard of living, comparable to what obtains in some African countries with similar resource endowment. Nevertheless, Liberia is in the throes of an acute economic crisis, which has been exacerbated, by the ruinous civil crisis described earlier. In summary the economic problems are:

1. A highly dualistic economy unable to cope with its growing population. The economy is dominated by foreign factors of production that account for most of GDP; foreign enclaves had served as the engine of growth of the Liberian economy; more recently and especially since the 7 years civil war, that engine has been faltering.
2. An alarmingly high rate of unemployment
3. Low productivity
4. A very high gap between the rich and the poor with hardly any trickle-down from the foreign sector to the indigenous sector
5. A high rate of illiteracy

In order to address these problems, the Action Program will build on the country's natural advantages and the strategy for doing this is outlined in the sectoral chapters that follow. While exports and greater processing of exports will be encouraged, the program aims at progressively exploiting the good opportunities that exist for growth through substitution of imports, both in agriculture and in industry. The program will attempt to increase investments that would help in the diversification of the economy, emphasize investment in agriculture, manufacturing and small-scale industries, improve transportation and communications to reach the rural population, mobilize all communities to get involved and undertake rural-self help projects, expand education to reduce adult illiteracy, adopt primary health care programmes to reach most of the population, intensify education in family planning and improve land tenure to encourage individual families to till and make land more productive. In foreign operated activities a policy objective will be to actively seek ways of augmenting the benefits remaining in Liberia from such activities. So, the strategy to be followed in the Action Program cannot be a mere continuation of trends in the pre-war period. Progressively, we will guide our economy in the interest of the mass of our people and there will be important changes of directions in policy, including:

- a. diversification of the economy;
- b. improved distribution of income; and
- c. increased Liberianization of the economy.

Policies in these directions will be flexible and pragmatic, and progress will be effected gradually so as not to lead to any disruption of confidence. Hitherto, the Government's role has tended to be passive, focused largely on collecting revenues from the enclave sector. But to realize the Action Program goals, the government will now need to gear itself for a more active role in the total management of the economy.

#### 4.1.2.1 Diversification of the Economy

Since the mid-1970s, the basic weaknesses of Liberia's open and narrowly based economy have become increasingly evident. Liberia's past pattern of development created a capital and energy-intensive modern sector (iron ore, rubber, and timber enclaves) with few linkages to the general economy. And as the demand for iron ore and steel products in the world market weakened, the Liberian economy declined. Besides, this export-oriented sector is largely foreign-owned. The development of other sectors, notably agriculture and agro-based industries, was relatively neglected. Nevertheless, it was this sector that sustained the Liberian economy when the mining and other sectors declined. The policy thrust of diversification under this Action Programme aims essentially at correcting for this past neglect. It further exploits the short-run comparative advantages of the Liberian economy to provide the resources needed for the next phase of diversification, including industrial expansion.

By diversification and dispersion of projects, the Government intends to allocate resources and to undertake measures to expand the economy into fresh areas. The benefits of this approach are expected to reach a large proportion of the population. This will mean expansion of the manufacturing sector and increasing projects and productivity in agriculture.

The manufacturing sector will receive greater attention because of its importance in contributing to the alleviation of the unemployment problem, particularly prevalent in urban centers. Activities in this sector will recommend necessary amendments to the investment Incentive Code. Anomalies in import tariffs, which have a negative impact on local production, will be removed. Other measures will include the identification of bankable projects for potential investors and promotion of industries based on local raw materials. Special consideration will be given to small-scale industries as well as those that are labour-intensive in their production processes.

Agriculture is a priority sector for greater attention than ever before. Liberia is endowed with abundant land, suitable topography and soils. It is evident that expansion of the agricultural production would have widespread effects and would contribute immensely to the long-term objectives of the nation. The most severe constraints that hinder agricultural development include: inadequate infrastructure characterized by insufficient and badly maintained roads, low level of farm technology, unsatisfactory arrangements for marketing, supply of inputs and credit, extension, training and research, weaknesses in land tenure policy and a critical shortage of labour. Public investment and policy will thus need to deal with these issues on a broad front.

For the agricultural sector, accordingly, more effort will be placed on extension services, research and training. Extension and training will be organized in such a

way as to produce more benefits for the smaller farmers. Institutional support such as credit, marketing, cooperatives, land and water development will be given further impetus. To stimulate local production in the direction of self-sufficiency, agricultural products pricing must favour local producers. For local produce, the purchase prices will follow the trend of the world market. For export crops, the policy will be to pass on to producers the maximum possible share of the world market price. Focusing on the agriculture sector also requires a high degree of coordination and local participation. This can be achieved only through restructuring of the Ministry of Agriculture, and stimulating coordination among the various agencies (national and local) in charge of the multi-faced integrated rural development programs.

The existing land tenure system will be examined and appropriate measures will be taken to obtain more productive use of land. By improving access to land, small scale farming in particular will be encouraged.

The Forestry sector, which constitutes one of the most important natural resources of the country (covering about 12 million acres or about 50% of the land area), will continue to be monitored by the Forestry Development Authority (FDA). The major policies in this sector will concentrate on the conservation of resources in order to avoid irreplaceable depletion of valuable species. Other measures will include applied research, appropriate training to produce highly skilled workers, expansion of production, and the encouragement of local processing of logs.

Experience has shown that the impact of national development planning on socio-economic conditions of the Liberian people has been negligible. This situation can be attributed mainly to the virtual absence of popular participation in relevant and feasible areas of planning and the execution and monitoring of projects. The rapidly evolving socio-economic context is one of gross imbalances: mounting demands for more and better roads, etc, although the resources available are severely limited. Popular participation will help reconcile these imbalances. The government will also initiate a new anti-poverty rural and urban development scheme in which the citizenry of Liberia at village, town, city, chiefdom, district and national levels will, within relevant sectors and for certain projects, participate actively, not only in plan preparation but more so in plan implementation.

In this "working together spirit to help ourselves" the Government will design plans geared towards the following:

1. Encourage and motivate community people to organize themselves into segmented community action groups with a view to undertaking jointly identified community projects for community benefits;
2. Assist communities to identify their own social and economic needs-the bottom-up approach to national planning; and
3. Provide professional and technical assistance to needy communities in the design, implementation, evaluation and monitoring of self-help projects.

Recognizing the migration of the population from rural to urban centers, Government will take measures to help eventually produce a more rational distribution of the population. In addition, Government will adopt policies and establish programs to guide and regulate the flow of international migration into the country. Research

activities pertaining to the formulation, evaluation and implementation of these policies will be given special attention. Training in population dynamics and policies will be interdisciplinary in nature and will be extended to middle-level personnel, medical personnel, community and other social leaders, policy makers and senior Government officials. The objective is to enable these critically placed officials and functionaries to be better able to undertake their responsibilities so that results from all the various agencies and institutions can be convergent in the direction of desired socio-economic objectives.

In terms of absolute numbers and average density, the population of Liberia does not appear to pose any problem for the next four to five decades. However, it needs to be recognized that the areas of good fertile soil in Liberia are limited, and the major potential crisis is the rate at which the population is growing in contrast to the rate at which the economy is growing. Planning and economic development, therefore, must take into consideration the level, structure and rate of growth of the population.

Diversification through emphasis on domestic agriculture and agrobased industries has also a direct bearing on employment policy. Given the present state of the economy and its poor growth record, it will not be possible to provide enough jobs to absorb all the elements of the increasing labour force. While in the past a high proportion of the labour force was engaged in subsistence agriculture in the rural areas, this pattern is changing. Young adult men and women are leaving the countryside in search of relatively superior but usually illusory economic benefits in the urban areas. It is, therefore, not surprising that only a small proportion of such migrants obtain wage jobs. A few others enter the so-called informal sector, mainly in the urban areas. The great majority remains unemployed.

A concerted effort will be made to tackle the unemployment problem by pursuing a strategy that would also raise the level of agricultural productivity in the countryside and, thereby, increasing opportunities for gainful employment.

In order to achieve the foregoing objectives, the following short and medium term measures will be taken:

1. Government will orientate its policy towards programs and investments in land development and for discouraging migration towards Monrovia. Others include sustained publicity on reforms relating to land tenure and land use as well as campaign for improving both business and small holder farm management;
2. Feeder and farm-to-market road construction will be given maximum support to boost agricultural development schemes. In addition, investment incentives will be implemented for the benefit of small holders;
3. Encouragement will be given to small-scale industries based on local agricultural produce as well as those supplying farm inputs. Simultaneously, the same policies will be applied to local manufacture of tools. Incentives will include access to relatively soft loans;
4. Country and territorial superintendents and other government agencies will be required to increase their level of support (technical advice, logistics,

equipment and basic tools) for self-help projects in local villages and ensuring that clan and village level decision-making is fostered; and

5. Agricultural extension services for small holders will be extended and intensified, making advanced and capable small holders the core of this extension service.

Two major aspects of plan implementation will be given high priority:

- (1) effective co-ordination and (2) efficient monitoring. Past experience has shown that insufficient attention given to these two aspects adversely affected the efficiency of the implementation of the plan programs. Coordination and monitoring will require some restructuring of public institutions and their functions in order to improve delivery systems and to permit periodic assessments of programs and policies. The latter can be achieved through improved systems of reporting and early correction of distortions. These desirable measures will especially affect the institutional framework of the agencies in charge of executing the rural development programs, the roads and transport programs, the health and social welfare programs and the policies for the promotion of private investments.

#### 4.1.2.2 Improved Distribution of Income

There are no firm data on income distribution in Liberia. The extended family system acts as a powerful instrument of income re-distribution in the country. The migration into Liberia from neighboring countries of skilled and unskilled labour alike serves as evidence of the superior earning opportunities both in rural Liberia as well as in the towns. Nevertheless, what evidence we have suggests that extreme inequalities have developed in the distribution of income in Liberia.

An important policy goal of the Action Programme will be to move towards a more equitable distribution of income. This will be done through policies to raise incomes in the most handicapped groups, i.e. the rural areas, while at the same time reducing the urban bias that has existed in the Government's income and tax policies. What is to be done on the policy side to raise rural incomes through increased participation of the mass of the people in the Liberian economy, will be supplemented through public investments that will be geared to better access for village folk to education, health, roads, extension services, credit and input supplies. Such a strategy is needed not only to better distribute income and for greater social justice, but it is also the most effective way of facilitating the revival and growth of the Liberian economy.

At the other end of the spectrum will be re-distributive measures to transfer income from the higher to lower income groups. Official policy will be directed to working towards a fairer share of the benefits to Liberia from the operation of the foreign producers and traders in the country. Progressively, more linkages will be forged between the concessions and the rest of the Liberian economy. Pricing and other policies of trades and businesses operating in

Liberia will also be kept under close scrutiny to guard against any exploitation of the local market. Coupled with this will be the better administration of existing taxes to facilitate the effective collection of taxes, particularly from the higher income groups.

Wages and income policy to be pursued will also be influenced just as much by the dictates of improved distribution as by the need to preserve the competitive position of export activities on which the Liberian economy so critically depends and to maintain a revenue/expenditure balance in the Government budget. Wages policy must also reflect the fact that employment in the monetary sector represents a relatively small and privileged sector of total employment in the Liberian economy. Employment in the monetized (i.e. non-subsistence) sector is estimated at between 20 and 25% of total employment. The single largest employer is still the Government with 32,000 workers, followed by Public Corporations, trade, hotels and restaurants, and manufacturing activities.

As the public sector is the largest single employer, the level of public sector wages and salaries tends to influence wage levels in the rest of the economy. Consequent on the wage hikes granted to the public sector in 1999, wage and salary levels in Liberia are now high relative both to wage levels in neighboring countries and to those in the unorganized sector in Liberia. A tight rein needs to be held on public sector wage levels and Government policy will be to allow no increase in minimum wages and salaries in the public sector for the rest of the plan period. It is called for on grounds of equity, so that the wide gap that now exists between incomes of Government employees and incomes in the unorganized sector does not widen further.

#### 4.1.2.3 Policy toward Private Foreign Investment

As the bulk of Liberian economy is in the private sector, this Action Program recognizes that inducing private investment is essential in bringing about the recovery of the economy. In the Liberian context private foreign investment is seen as instrumental in stimulating domestic growth. We see the prospects of a renewed inflow of private foreign investments into Liberia as being promising. The country is relatively well endowed with natural resources and has a ready supply of labour. On the political front, the Government has been successful in forging a new political consensus and establishing political stability since its assumption to office and with this there should be a revival of business confidence. Furthermore, with a relatively open economy, liberal economic policies, and favourable tax treatment there has been increasing evidence of strengthening of this confidence and the prospect of new inflows of private foreign investment.

Contributing to the favourable economic environment is the availability of specific investment incentive schemes including customs duty, income tax and other benefits. These are outlined in the investment Incentive Code (administered by the National Investment Commission) and therefore do not



need repetition here. Foreign investment is welcome in areas where capital and skill are critically needed including:

Manufacturing;  
Mining, Quarrying and oil exploration;  
Agriculture, Forestry and Fishing;  
Electricity, Gas and Water;  
Building and Construction, including hotels and Tourist facilities; and  
Transportation and Communications.

To qualify for incentives, private foreign investments will be expected to fulfill certain basic conditions:

- fall within the overall priority as established in the Action Program;
- encourage the firm to use domestic inputs as much as possible and progressively increase the share of such inputs; local value added should be not less than 25% of the value gross output;
- ensure the permanent employment of Liberians at all levels, including management level and carry out appropriate training schemes for domestic employees; and
- no rigid limitations are stipulated on the share of equity to be held by the foreign investor, but the option should be open for Liberians to contribute to the enterprise by purchasing shares or otherwise participating in the ownership.

The policy on private foreign investment will continue to be liberal and flexible with a relatively high degree of openness of the economy. The focus and emphasis of this action program in respect of this sector will be designed to guide foreign private investment in such a way as to ensure increased generation of income, export earnings and tax revenues with high level of value added to output. This in turn will increase employment, train and raise the skill level of Liberian employees. Higher skills and technological development in Liberia will stimulate growth of domestic enterprise and contribute to industrial efficiency.

## **4.2 Agriculture and Industry**

### **4.2.1 Agriculture**

The closure of the iron ore mines in view of the damaging effects of the civil war has catapulted agriculture to the position of most important sector. Agriculture, which now constitutes the single most productive sector, can serve as an engine for the alleviation of poverty and the promotion of economic growth. Prior to the war, iron ore alone accounted for about 50% of total export earnings while agricultural exports amounted to about 30% of export earnings. The situation is now reversed with agriculture accounting for about 95% of export earnings while iron ore has been deleted from the list of export commodities, thereby making the agricultural sector the main source of post war recovery.

Agriculture comprises timber production, and the growing of principal crops including rice, rubber, cocoa, coffee, oil palm, sugar cane, cassava, eddoes, yams, and to a lesser extent a variety of fruits and vegetables. Modern monetized commercial farms exist side by side with a neglected traditional smallholder sector.

Rice and rubber occupy (70%) of the total farm area of the 1.1 million acres. Rubber is by far the most important commercial crop, followed by cocoa, and coffee and oil palm. Local rice production particularly suffered serious setbacks during the war. Rice output fell from 200,000 metric tons pre-war to only 40,000 metric tons in 1995.

The organization of agricultural production in Liberia has been characterized by four types of farming systems:

- a. Concession farms
- b. Corporation managed or supervised farms
- c. Liberia owned commercial farms
- d. Traditional farms

The highest yields are usually obtained from concession farms, which are foreign owned and produce rubber and oil palm. Modern technologies are used, experienced management is hired to run the operations and tenure to the land is secured. Corporate-managed commercial farms generally have secured land title and frequently are situated on highly productive land. Liberian managed commercial farms are primarily engaged in rubber production. There are some Liberian commercial farmers who are engaged in the production of cocoa, coffee, oil palm, some rice and vegetables. These farms range from less than five to more than 100 acres. Finally, productivity is lowest among the large numbers of traditional small holders.

This action plan will place emphasis on Liberian owned commercial and traditional farms. It is envisaged that increasing productivity in these Liberian owned agricultural enterprises will yield immense benefits which when properly harnessed can lead to an increase in employment, food security, poverty alleviation, and overall economic growth. In view of their large numbers (70%) the small farmer can be an effective engine for sustained growth and development. Unfortunately it is the small farmer who has been marginalized in the past.

#### 4.2.1.1 Subsistence Agriculture

The predominant character of the traditional small farm is one of low productivity of labour. Average farm size is less than 1.5 hectares, of which more than 26% is under rice crop production at any given time. Shifting cultivation on the uplands is still the main technique. Under shifting cultivation, the secondary forest is cleared and burned, followed by one to two years of cultivation after which the land is returned to bush fallow for eight to ten years. Shifting cultivation is necessary to restore soil fertility in what are generally poor, acid, heavily leached soils, unsuitable for continuous cultivation of annual crops. In general, land tenure arrangements are based on tribal tradition, which are well adapted to the bush fallow cropping system.

With a population expected to reach 4.8 million in 2010 and a forecast net trade cereal deficit of 230,000 GMT, Liberia will need to foster agricultural production. Rice is the major staple in the Liberian diet. Rice self-sufficiency by the year 2010 would require a very high growth rate of domestic rice production (5.8% per annum) which does not appear feasible given the techniques available and their rate of adoption by farmers. Therefore, the focus should not be only on rice production, but food access should also be considered through commercial food import partly financed by the agricultural export sector.

Two options are available for expanding rice production and have been pursued with mixed results: intensification of upland production systems and the expansion of rice in swamp areas to substitute for uplands. The development of swamp rice cultivation by small-scale farmers seems to be the most appropriate option in irrigation development in Liberia. However, the uptake of rice swamp development has been slow and below expectations. In that respect, the rehabilitation of rainfed agriculture should also receive due attention. During the 1980s domestic production of rice increased at first but then stagnated at a self-sufficiency ratio of 65%. The increase in output in the early 1980s was due to an increase in the area cultivated; yields stagnated at about 1250 kg/hectare and had not shown a sustained increase since the late 1960s and early 1970s. This program will therefore seek to expand upland production of tree crops and swamp land production of rice. It is expected that this will result in the increase of rice average yield by 6.0 ton/ha by year 2010.

## Liberia: Physical Programme Matrix for Agriculture

PROGRAM ME AREAS	GOALS (Year 2010)	CONSTRAINTS	ACTIONS
<u>Agriculture</u>			
Land in Use Rainfed	Rehabilitation and intensification of 637,000 ha And addition of 364,000 ha to be newly developed.	Productive capacity destroyed by the war. Low productivity of the land, shifting cultivation. Lack of adequate technical package, which address labour constraint. Inadequate price policy.	Review of agricultural recovery and development options and investment needs. Community self help resettlement programmes. Re-establishment of public administration and technical services. Rehabilitation and construction of access roads.
Irrigated (Inland Valley Swamps)	Increase of equipped Inland Valley Swamps by 24,000 ha. And the swamp cultivated area by 25,000 ha.	No national capacity to plan and implement IVS development programmes; high labor requirements for IVS development ; Improved swamp rice technology more complex than upland production system. Inadequate price policy.	Restore and train extension service. Target first high-density population areas with low input production schemes and later on high potential areas with best marketing facilities. Implementation of Food For Work schemes. Restore basic services in water supply. Implementation of credit facilities. Farmer re-equipment schemes. Appropriate mechanization schemes for cropping and processing.
Yields Upland Rice Swamp Rice Cassava Coffee Cocoa	Raise average yield to 1.5 ton/ha Raise average yield to 3.5 ton/ha Raise average yield to 12 ton/ha Raise average yield to 0.8 ton/ha Raise average yield to 0.6 ton/ha	Inappropriate crop rotations; shortage of improved seeds; no pest control; lack of short-period varieties; inadequate supply of fertilizer; lack of short-term input loans; short supply and lack of credit for ploughing animals.	Strengthening of extension, applied research and input supply services; expansion and improvement of credit facilities for inputs; special farmer-based programme to increase the production and delivery of improved seeds.
<u>Livestock</u> Cattle Sheep and Goat Pigs Poultry	Increase national stock by 5,000 Increase national stock by 274,000 Increase national stock by 112,000 Increase national stock by 292,000	Poor health and reproduction parameters; abandonment of many former grazing areas. Poor marketing and slaughtering facilities. Lack of credit.	Strengthening of livestock extension and vet services. Rehabilitation of selected grazing areas. Farmed-based special programmes to increase the supply of improved animals for reproduction. Implementation of credit facilities.

Source: Food and Agriculture Organization

### 4.2.1.2 Agricultural Export Commodities

Rubber is by far the most important export crop. Covering about 140,000 ha, rubber plantations provided approximately 40% of the agricultural sector's export value. However, rubber output has been declining since the early 1970s. The rubber plantations produce over 70% of Liberia's rubber output and account for about 50% of the area under cultivation. The concessions purchase the output of the small holders at prices related to world market price. The share of rubber in total exports

rose from 24% in 1987 to 77% in 1997. Coffee and cocoa are the main cash crops in the traditional sector and experienced a continuous expansion. Oil palm plantations are relatively recent in Liberia and it was anticipated that, starting in 1990, exports would increase gradually and that by the year 2000 the country's palm oil exports will be close to 20,000 tons.

This program of action will seek to raise the productivity of cash crops (rubber, coffee, cocoa, and oil palm) emanating from Liberian owned commercial and traditional farms. Liberian owned modern commercial farms will be rehabilitated, and farming inputs (credits, tools, and marketing outlets) provided at the earliest.

### **4.2.1.3 Support to the Agricultural Sector**

#### **4.2.1.3.1 Institutional Support**

Prior to the civil war, institutional support to the Liberian smallholder was provided by the Liberia Produce Marketing Corporation (LPMC), the Lofa County Agricultural Development Project (LCADP), Bong County Agricultural Development Project (BCADP), Liberia Rubber Development Unit (LRDU) and the Ministry of Agriculture.

The LCADP was established in 1976 as integrated rural development project partly financed by the World Bank and the Government of Liberia. The LCADP was established to provide assistance for small-scale farmers to enhance production of rice, cocoa, and coffee, and improve their incomes and living condition. The BCADP was established in 1977 and provided 80,000 small scale farmers with planting materials, technical advice and training in management and arrange for marketing outlets for farmers produce. The Liberia Produce Marketing Corporation (LPMC) was established by Government to purchase and export cocoa, coffee and palm kernels. The LPMC also provided storage and crop processing facilities for local farmers. The Nimba County Rural Development Project (NCRDP) was established in 1978 and financed by the Government and GTZ under bilateral cooperation with Germany. The project provided free production inputs and assisted in the planting of major crops such as coffee, cocoa, rice and oil palm. The LPMC will have to be salvaged to continue to provide marketing services to the agricultural sector since the LPMC is not involved in the purchase and sale of fruits and vegetable and rice, the farmer cooperatives will fill this role. LPMC milling and storage facilities should also be rehabilitated so as to continue to provide the needed services to smallholder farmers.

The Central Agricultural Research Institute (CARI) will also be reactivated to conduct research in improved varieties of crop production, and pesticides. The PC advocates a centralized research approach. Accordingly, the research work previously carried out at the various sub-research stations, will be transferred to CARI to maximize the use of scarce resources. The strategy will entail the combination of research activities with extension and training programs.

The new strategy also entails the creation of farmers cooperatives in all the political subdivisions of Liberia. These cooperatives organized by the farmers themselves can mobilize resources with which to provide inputs and marketing services. In many countries, membership in agricultural cooperatives has enhanced farmer bargaining power for bank loans. The farmers' cooperative will ensure that farmers get a good price for their produce and that the concerns of the smallholder farmer will be addressed. The Agriculture Cooperative Development Bank should also be

reactivated as early as possible to expand credit to small holders throughout the country.

#### 4.2.1.3.2 Agricultural Extension Services

One of the strategies of the Program of Action is to emphasize the provision of training and extension services. Immediate forms of technology appropriate and adaptable to local conditions will be introduced to raise labour productivity and meet the acute shortages of labour in rural areas. Work is needed on improved varieties of a range of crops. Attention will be given to cultural practices aimed at increasing yields, ways to store, and process agricultural commodities, and possible new lines of production. Research needs to be undertaken into the continued use of land without depleting the soil of its nutrients. Research will then have to be centralized. The need to rehabilitate CARI therefore becomes urgent.

Studies show that substantial increases in farmers' productivity and income in the past were the result of the efforts of extension workers assigned with the World Bank supported projects. The strategy of this program is to develop a decentralized nationwide extension service capable of reaching subsistence farmers. This strategy will be implemented by highly trained technical personnel with expertise in rice production, tree crops, poultry, etc. Highly trained technical personnel of the Ministry of Agriculture, the FAO, and bilateral and multilateral organizations will provide training of the extension workers. The Rural Development Institute will have to be re-opened to assist with the training process.

#### 4.2.1.3.4 Reclamation of Abandoned Agricultural Projects

There are many large-scale agricultural projects in various parts of the country in need of rehabilitation. Many of them are owned by farmers' cooperatives that abandoned them during the war and Government owns the rest. They range from oil palm estates, rubber plantations, and rice fields. An assessment conducted by the UNFAO in 1997 reveals that most of these plantations are covered with bushes, while equipment and other installations have been looted and in some cases vandalized. In some of the estates, unknown individuals who use the proceeds for sustenance are harvesting the oil palms and rubber.

The major plantations include:

1. Name: Cooperative Oil Palm Estate  
Size: 750 Acres  
Location: Lofa County  
Ownership: Cooperative
  
2. Name: Gbedine Special Rice Project  
Size: 500 Acres  
Location: Nimba County  
Ownership: Cooperative
  
3. Name: Kpatawee Rice and Oil Palm Estate  
Size: 2,200 Acres  
Location: Bong County

- Ownership: Government
4. Name: Salala Rubber Corporation (SRC)  
Size: 5,500 acres  
Location: Margibi County  
Ownership: Government
  4. Name: Zleh Town Rice and Oil Palm Estate  
Size: 2,000 acres  
Location: Grand Gedeh  
Ownership: Cooperative
  6. Name: Dube Oil Palm Project  
Size: 1,800 acres  
Location: Grand Gedeh  
Ownership: Government
  7. Name: Philadelphia Rice Project  
Size: 500 acres  
Location: Maryland County  
Ownership: Cooperative
  8. Name: Cavalla Rubber Corporation  
Size: 20,000 acres  
Location: Maryland County  
Ownership: Government
  9. Name: Decoris Oil Palm Corporation  
Size: 12,000 acres  
Location: Maryland County  
Ownership: Government
  10. Name: The Woloba Coconut Plantation  
Size: 115 acres  
Location: Sinoe County  
Ownership: Government
  11. Name: Butaw Oil Palm Corporation  
Size: 10,000 acres  
Location: Sinoe County  
Ownership: Government

The strategy of this program is to rehabilitate the plantations and estates in lieu of the increase benefits they can offer. Re-opening the projects can contribute significantly to increasing agricultural production and export, create badly needed jobs, and rejuvenate the rural sector. The strategy also entails the re-organization of farmers' cooperatives, and the provision of extension services, training, and agricultural inputs. The Government owned farms will need the establishment of a good management network, and constant monitoring of the activities of such a network. Financial outlay to rehabilitate the government owned farms, and reinstall damaged machinery and infrastructure will be needed.

#### 4.2.1.4 Fisheries

This program of action will focus on activities geared toward the provision of fish as a protein supplement in order to enhance food security for the war affected and malnourished populace. Before the war, fishing activities took place in or near coastal cities, towns and villages by both industrial and artisanal fishermen. 6.2% of families fish for home consumption, sales or both, with daily average catch ranging between one and five lbs. Trawler and deep sea fishing companies generally recorded much higher catches. The trawler and deep sea fishing companies use vessels that are operated by trained and more professional fishermen.

In the past, less than adequate attention was given to the development of the fishing industry particularly in respect to processing or long term presentation, improving and strengthening of marine fisheries administration, promotion of artisanal fisheries, and development of fish culture in family ponds. The fishing industry was therefore not able to meet the demand for fish nationally.

In order to provide protein needs of fish derivatives for Liberians upcountry, the program will encourage the construction and establishment of inland fishponds in the rural areas. Initially nurseries and breeding ponds will have to be constructed to serve as sources for fingerlings. Such ponds will be established, in all the counties.

#### Objective

To rehabilitate and re-activate all sectors of the national fisheries.

#### Strategies

- Identification of areas to be rehabilitated;
- Provision of farming tools such as hooks, and nets;
- Providing credit to artisanal fishermen;
- Conduct an assessment to ascertain our fishermen biomass;
- Develop an extension service in the sector; and
- Rehabilitate and establish fishponds nationwide.

Liberia will have to restore the vital role of agriculture as the driving force of economic development and improve food security. Given these objectives, it is estimated that an additional net investment of US\$395 million (US\$39.5 million/year) would be needed during the 2001-2010 period to finance primary agriculture development, post production activities (agroindustries and processing, marketing, storage and transportation), and public support services and infrastructure (research, extension and rural roads). This estimate is very tentative and intended to present only approximate order of magnitude.



#### 4.2.1.5 Forestry

The forestry sector is increasing in importance. The sector's contribution to GDP was less than 10% before the civil conflict but rose to almost 20% in 1999. Logs and timber have now become a major export surpassed only by rubber. Yet export of logs remain only 23% of prewar levels. The exploitation of timber resources under favorable terms, and progress in the domestic timber processing industry, are important for the recovery of the economy. As forestry is a renewable resource, it could indeed form a permanent resource base for the development of the Liberian economy.

The total forest area is estimated at approximately 12 million acres, and half of this total consists of high closed forest which are not accessible to shifting cultivation; while the balance is in areas which have been settled and can be used for shifting cultivation.

The Forestry Development Authority (FDA) administers forestry policies and programs. The FDA was established in 1976 as a semi-autonomous public agency to manage, control, and develop the forestry sector. More specifically it was to formulate forestry policies, evaluate investment proposals, control concession licensing, assess forestry production for revenue collection purposes, carry out research and forestry training and generally monitor private sector logging and sawmill operations. While it has made considerable progress in carrying out its mandate, it continues to face a series of difficulties, which must be addressed under this program of action.

#### Objectives

The objectives of the forestry sector are as follows:

1. To improve the regulation of the exploitation of Liberia's forest;
2. To ensure an equitable return to Government from the private exploitation of forest resources; and
3. To promote the establishment of wood-using manufacturing concerns to secure a greater share of potential economic benefits from the industry.
4. To promote a program of reforestation so that the timber potential can be conserved.

The strategy to achieve these objective include:

- a. Periodic appraisal of forestry resources;
- b. Encouragement of the rational exploitation of forests including programs for continuous forest regeneration;
- c. The provision of tax and other incentives to encourage local processing

and investment in local wood-using industries; and

d. The improvement of revenue generation from the forestry sector.

As part of the efforts to regulate the use of forest resources, it is necessary to periodically collect inventory data on the quantity, quality, and conditions of these resources. There is excessive exploitation of certain forest areas, with the result that their productive capacities have been nearly exhausted. One important element in controlling this problem involves obtaining adequate inventory data. These data come mainly from three sources: forestry mapping by aerial photography, feasibility studies periodically undertaken in order to encourage investment, and the enumeration of trees required of concessionaires both prior to and after felling trees in any given area.

Continuous regeneration of the forest is essential. To this end, the FDA will pursue both an accelerated reforestation program and the development of forest plantations in selected areas. Private concessionaires will also be encouraged to establish plantation sites.

Incentives intended to encourage local processing and investment in wood-using industries (with particular emphasis on Liberian entrepreneurship) will be carefully assessed and implemented. There is also a need for increased skills among Liberians in all timber and wood related activities. Improvement in technical education should help solve this problem. The shortage of skilled local manpower currently acts as a decided disincentive to Liberian investment in the industry.

At present, it would seem that the procedures for assessing tree production for the purpose of stumpage for collection are not seriously followed, with the result that revenues are considerably lower than what they should be. Efforts will be exerted during this plan period to ensure that the procedures are rigorously followed in order to increase revenue intake in the sector.

#### **4.2.2 Industry**

Relative to some LDCs, Liberia lags behind in industrial development. The civil crisis only further compounded this situation. Notwithstanding, Government over the years employed a variety of measures to encourage foreign and domestic investment especially in the manufacturing sector. These included maintenance of an "open door" policy founded on the free enterprise system, improvement of the investment incentive code which offers customs and tax benefits, reorganization and strengthening of the Liberian Bank for Development and Investment (the main source of long-term and equity financing for the sector), creation of a free zone corporation charged with the development of 80 acres in the Monrovia Free Port to provide facilities for about seventy manufacturing enterprises, establishment of an industrial park in Monrovia, and initiation of a special program for small and medium enterprises.

##### **4.2.2.1 Manufacturing**

In keeping with its desire to improve the manufacturing sector, Liberia is cooperating actively with countries in the region with the view to strengthening the competitive position of current and potential Liberian products in regional markets and attracting

foreign investment. Development of these markets will help to overcome the constraint imposed by the limited size of the domestic market.

Liberia's manufacturing enterprises rely heavily on foreign capital and management. Value added in manufacturing is low and there is strong dependence on imported inputs. Capacity utilization is well below 50% and labor productivity is low. The sector accounts for less than 1.6% of employment. Most manufacturing establishments are located in and around Monrovia with more than 80% engaged in the manufacture of wearing apparel, furniture and upholstery, and non-metallic mineral products.

In the mid 1980s, around 850 manufacturing establishments were registered in the Monrovia area alone. This number declined to 350 by 1990. Notable establishments outside Monrovia were the flour mill in Buchanan, explosives manufacturing in Margibi and plywood manufacturing in Sinoe.

As part of its objective to bring to full capacity the industrial sector by 2010, Government intends to shortly revitalize fully the Liberia Industrial Free Zone Authority (LIFZA). The LIFZA is to be fully equipped as a modern industrial estate that will attract export-oriented manufacturing enterprises that will produce at reasonable costs and export at competitive prices using mostly local inputs. The Authority has the mandate to develop or provide basic infrastructure and other facilities (to include standard factory units, warehouse, electricity, water, telecommunications etc.) required to enhance the production of finished and semi-finished products for export.

Additionally, Government is working with the United Nations Industrial Development Organization (UNIDO) to strengthen the capacity of the Ministry of Commerce & Industry and set up a multi-purpose quality control laboratory at the Ministry for testing of imported and exported commodities coming in and out of Liberia. There are also plans to expand the manufacturing sector outside of Monrovia and to conduct studies for Small & Medium Enterprise development for 12 sub-sectors for the entire country.

#### 4.2.2.2 Private Sector Development

The private sector like all other sectors of the Liberian economy was not left untouched by the war, as the activities of all industries were disrupted during the civil conflict. Almost all of them were looted and or destroyed. Currently, about 60% of the listed industries are inactive and the employees of these industries are also unemployed. Technical literature produced by both national and foreign experts, as the basis for initiating more meaningful industrial development and growth, were totally destroyed.

However, viewing the private sector as the engine of growth, Government has began a strong drive of entrepreneurial and private sector development despite its meager financial resources. In addition, Government has set as an objective, a post-war macro-economic framework emphasizing a heavy reliance on the private sector for economic recovery, growth and employment. In addition to measures designed to create the environment to promote private investment, the Government will pursue an aggressive program of those state-owned enterprises (SOEs) to be prioritized.

This includes granting private investors the opportunity to own and manage some SOEs.

Government policy continues to envisage properly channeled foreign and domestic private investments as the essential driving force required for economic recovery and development. Public investment will be supportive and complementary, not competitive. The policy toward private foreign investment will remain liberal and flexible and a high degree of openness will continue to prevail in the economy. Foreign investment is welcomed in all areas of national development and particularly in manufacturing, mining, and quarrying, oil exploration, agriculture, fisheries, construction, transport and communications.

By 2010, it is expected that foreign investment will take a proper place in relation to overall policy, which seeks greater benefits of such investment for Liberian private enterprise. Government policy seeks to ensure that foreign investment contributes to the generation of income, export earnings, and tax revenues as well as results in an adequate level of value added in Liberia, increases employment and raises the skill levels of Liberian staff, stimulates the growth of domestic enterprises and contributes to industrial efficiency and to the technological development in Liberia.

There is a major effort to develop Liberian private enterprise as a means of diversifying the economy, providing employment opportunities, and improving income distribution. Encouragement is being given to the small entrepreneur who uses local materials and meets the input and consumption requirement of rural communities.

The Central Bank of Liberia (CBL) will adopt a more dynamic interest rate policy. Also a credit guarantee scheme will be adopted under which the CBL guarantees two-thirds of each loan made to Liberian entrepreneurs by a financial institution.

The capacity of the Liberian Bank for Development and Investment (LBDI) to undertake project identification and supervision work will be enhanced to make it a more effective tool of Liberian entrepreneurship in industry. The Small Enterprises Financing Organization (SEFO) will be revitalized to serve as a subsidiary of LBDI to provide necessary specialization for small enterprises.

The cooperative societies will be encouraged to improve their facilities for banking and marketing of agricultural produce in rural areas.

Overall, the Government has prioritize industrialization based on the processing of local raw materials aimed at producing commodities made in Liberia.

#### 4.2.2.3 Poverty Alleviation

Like most LDCs, Liberia has a very high incidence of poverty. It is estimated that four out of every five persons in Liberia are below the poverty line. This situation has led to a corresponding high dependency ratio of 9:1. This means that for every 100 adults of working age, there are 900 persons to be fed, clothed, educated provided medical care and leisure.

As a means of curbing such high poverty rate, Government over the years has collaborated with a number of development partners including the UNDP, ILO, and

Trickle-Up. Interventions were made by these UN agencies and NGOs in the form of micro credit, micro grant and skills improvement. The United Nations Department of Development Support and Management Systems (UNDDSMS) implemented the microcredit scheme and the micro grant was implemented by Trickle-Up. Both schemes received huge support from the UNDP. Other NGOs like the Association of Evangelicals of Liberia (AEL), also undertook microcredit projects. All of these schemes targeted the poorest of the poor, mostly women in rural and urban communities. Several thousand persons benefited directly from the microcredit scheme, which involved giving out small loans to a group of about five persons for a moderate monthly interest rate of 4%.

The indirect beneficiaries from all of the projects were about 500% of the direct beneficiaries.

Based on the successes of these projects, which were basically at the pilot level, and covered only some parts of the country. Government intends to continue providing the enabling environment for their continuation and expansion throughout the entire country.

Accordingly, and in its bid to get its entire people above the poverty line as well as provide for them sustainable livelihoods by 2010, Government identified poverty reduction as the overarching objective of the National Reconstruction Programme (NRP). Government in this vein has requested UNDP to provide assistance at the upstream and down-stream levels.

At the upstream level, capacity building in the formulation of poverty reduction policies and programmes which promote participation of local communities. Poverty profile studies will be carried out as well as periodic National Human Development Reports.

At the downstreaming level, UNDP will continue concentrating on the creation of employment and sustainable livelihood opportunities through expansion and diversification of micro-grant, microcredit and vocational and skills training schemes.

#### 4.2.2.4 Environment

As noted earlier, uncontrolled exploitation of the nation's resources and other human activities has created environmental problems which need to be addressed urgently if this generation of Liberians will endeavor to provide a sustainable environment for succeeding generations. The deterioration of the environment has impacted on the health condition of the populace, and the teeming life, which depends on the cover of the forest for its survival. The continued deterioration of the forest is also a manifestation of the absence of control measures which should have been put in place by various Government institutions in charge of environmental issues. The lack of awareness on the part of the rural populace has also contributed to the problem. The high level of illiteracy and the concentration on the use of shifting cultivation methods tend to support the argument for increasing awareness on environmental concerns.

Like many developing countries, Liberia is lagging behind in the pursuit of environmental management programs. Even before the civil war, little or no attention was paid to the management of the environment. Forest resources were rapidly

exploited without any regards for conservation. The seven years of civil war has immensely exacerbated the situation. For example between 1990-1994 illegal diamond exports averaged US\$300 million annually, while timber exports averaged US\$59 million per year in the same period. The warring factions carried out a vigorous and uncontrolled exploitation of forest and mineral resources to finance the war. Logging operation does not only contribute to deforestation but it also contributes to other environmental problems. The road construction within the forest area destroys the habitat of other organic species and causes pollution of rivers and creeks. The Forestry Development Authority, which oversees logging and forest matters, will continue to monitor and ensure that all forest conservation measures are executed and that all proclaimed National Forest areas are accorded full protection against all sorts of encroachment. The FDA will also continue to provide extension services through its National Reforestation Division to the Liberian people via the participatory approach method.

Before the start of the civil war in 1990, Liberia was one of the largest iron ore mining countries in Africa. Mining was done by open cast where overburden is openly dumped on the edges of mountain tops. During heavy rains, lateritic materials were washed down the slopes into the nearby rivers and creeks which rendered them reddish and silty. Many rivers and creeks were constantly being polluted as a result affecting the ecosystems.

The effect of war has seen a rush for both gold and diamond mining. Mining is presently being done for gold and diamond almost throughout the thirteen political sub-divisions of Liberia. Mining is carried out by the digging of pits in swamp areas, creeks, rivers, hills and valleys where large gravel is dug and washed in nearby bodies of water. The results of such operation cause the pollution of surrounding water bodies with silt and laterite; and destruction of the forest and vegetation by excavation.

Coastal erosion constitutes one of the main factors, which contribute to the physical degradation of the coastal features in Liberia. Regular follow-up measurements and monitoring programmes existed as far back as 1981. The rate of the coastal retreat can average more than 25 meters per year in some areas. Although the coastline is highly subject to natural erosion/sedimentation processes due to high wave energy and strong littoral transport, erosion has also been intensified by human activities through sand mining, disturbance of the hydrological cycle, river damming and mangrove deforestation. Several areas in Liberia have been greatly affected.

#### Objective

- Improve environmental management in Liberia.

#### Strategies

- Create and promote environmental awareness;
- Entrance Reforestation;
- Discourage the system of shifting cultivation;

- Begin studies and research in the use of alternative source of energy; and
- Develop a concrete national policy on environment.

### **4.3 Infrastructure**

This Program of Action seeks to ensure that the physical infrastructure of the country, which has been damaged during the past seven years of civil crisis, is rehabilitated. The rehabilitation of the infrastructure will facilitate free movement of people, traffic, and goods and services, improve the living condition of the citizenry, increase agricultural output, improve health care delivery, and promote economic growth.

#### **4.3.1 Roads**

The nation's road network, which totals 8018 km, is critical in that more than 95% of transportation in Liberia is by road. Of the total 8018 km, 7562 km are public roads and 456 km are private roads. Prior to the civil crisis, there were efficient and effective construction equipment fleets throughout the (2) road maintenance districts in the political sub-divisions within the country. The equipment fleets in each maintenance district were responsible for ensuring that all primary, secondary, and feeder roads were passable during the dry and wet seasons, in order to enable the transport of people and goods from leeward towns and cities to densely populated areas. The fleets totaled well over 340 pieces of equipment. Thus the Government made it a priority to constantly support road maintenance initiative throughout country.

The nation's primary roads include segments of the Trans-African Highway, which serve as corridors to neighboring Guinea, Ivory Coast and Sierra Leone. They also include trunk roads from Monrovia to the principal headquarters of the thirteen- (13) counties. The secondary roads link cities to primary roads and feeder roads are farm-to-market roads, which connect villages to town and market centers.

During the civil war, there was no maintenance of public roads; hence only 15% of paved roads in Liberia are in fair condition with the remaining 85% in a poor state. Additionally 5% of unpaved roads are in a fair condition, while 95% are in a poor state. Due to the prolonged absence of maintenance on feeder roads, there exist numerous water crossing points in which culverts have been washed away and soil eroded leading to the need for short-span bridges. Improvement in the road network is therefore urgently needed to break the isolation of rural communities and provide access to market and social facilities and services.

The Ministry of Public Works is the agency of Government responsible for planning, coordinating, construction and rehabilitation of primary and secondary roads. The Ministry suffered massive looting and vandalization of

its essential equipment during the seven years civil conflict.

The objective of the Action Programme is mainly to rehabilitate the roads, to ensure free movement of persons and goods.

In order to increase the level of economic activities throughout the country, the road network will have to be rehabilitated and maintained. Bridges connecting various sections of the populace will be constructed. The strategy here is to:

- Rehabilitate all damaged roads;
- Upgrade secondary roads to primary standard;
- Increase the number of secondary and farm-to-market roads to stimulate economic activities in isolated areas; and
- Build the capacity of the Ministry of Public Works to ensure a regular and efficient road maintenance system.
- The estimated cost of rehabilitation, construction of new roads and building the capacity of the Ministry of Public Works will be US\$200 million.

#### 4.3.2 Seaports

##### Port of Buchanan

The Port of Buchanan was constructed by LAMCO in 1963 specifically for shipping iron ore from the Mount Nimba Concession. It has a depth of 14 feet and it covers 900 acres. It is the second largest port in Liberia. It has a commercial quay that can accommodate ships of 15,000 DWT. The major commodities handled at the port, besides iron ore, are timber, general cargo, rubber and petroleum products.

##### Port of Greenville

The Greenville Port, which became operational in 1964 is the third largest and serves as the principal port for the export of timber, and wood products. Its main pier is protected by breakwater. The total length of the pier is 585 feet and the harbor basin can only be used by ships of not more than 9,000 DWT. Timber cargo is loaded onto ships from barges and rafts in mid stream or the open roadstead.

##### Port of Harper

The Port of Harper, is the smallest in the country. It can only accommodate ships of up to 1,000 DWT. This port makes it possible



for the country to receive petroleum products, cement and general cargo. The port also handles the export of logs and other agricultural products from the country.

### The Freeport of Monrovia

As indicated earlier, the Port of Monrovia is in need of rehabilitation if it is to handle the imminent increase in cargo purchase by a more productive economy. Since its construction, there has been no major repairs or rehabilitation of the wharf. Feasibility and engineering studies carried out between 1974-1979 indicated the need to rehabilitate the existing marginal wharf to prevent further deterioration and develop a masterplan which would take into consideration the establishment of a container terminal facility. However these developments did not take place due to the lack of funds. The Freeport was also not maintained during the period of the civil conflict enduring further deterioration to the port facilities.

Sea transport is vital to Liberia's foreign trade. The Liberian economy is heavily dependent on the export of mainly primary commodities and the import of intermediate goods to feed into the agro-forestry sector. The facilities at the four seaports have deteriorated owing to neglect and effects of war. They are still in deplorable condition. This program will therefore focus on the rehabilitation of the Ports of Buchanan, Greenville, Harper, and Monrovia. The program will place special emphasis on the Port of Monrovia in view of her role as the most heavily used port.

All the four seaports are managed and operated by the National Port Authority of Liberia (NPA), a public corporation. The management of NPA plans to solicit foreign investment as well as central government capital expenditure to fully reactivate all the ports to pre-war status and better by the year 2010. Their objective is to rehabilitate the infrastructure and superstructure to enhance the overall capacity of the ports in order to attract large vessels, reduce ship's Turn Around Time (TAT) and improve operational efficiency. This expected investment in the ports will facilitate overdue rehabilitation. These include:

- Rehabilitation of electrical and port communication;
- Removal of wreckage at Freeport;
- Rehabilitation of Port Water Tower;
- Purchase of one tug boat 2,500 BHP capacity;
- Procurement and installation of navigational aids;

- Capital dredging (all ports); and
- Marginal wharf rehabilitation.

The needed investment to enable NPA make all ports usable by the year 2010 is just at US\$17,420.00.

#### 4.3.3 Airports

Trade is very essential to Liberia's socio-economic development. Sea and air transport is vital to Liberia's foreign trade. There is a need therefore to ensure unhindered sea and air transport. As indicated earlier, the facilities at the country's two major ports – the Freeport of Monrovia and the Roberts International Airport were vandalized and severely damaged during the war.

##### The Roberts International Airport

The Roberts International Airport is the largest and only airport of international standard in the country. The RIA, which registered large volume of human and cargo traffic lost its equipment, including the communication and navigation systems. This prompted International Flight Information Region to move its headquarters out of the country. The terminal building was destroyed and the runway suffered some damages in the 1992 fighting.

Major international airlines ceased flights to Liberia from the on-set of the war. They were replaced by smaller regional carriers, serving the international routes between Liberia and other countries in the West Africa sub-region. During this period, traffic volume fell drastically, and consisted largely of relief supplies and staff of international development and humanitarian organizations working in Liberia.

Following the end of the war, a UNDP funded project provided a mobile air traffic control tower to the civil aviation authorities. A crash training course was conducted for local operations of the tower. In addition, some assistance from the Government of Taiwan is also supporting the rehabilitation of the RIA.

The air transport system in Liberia includes the James Spriggs Payne Airfield and about a dozen of unpaved airstrips spread across the country. The civil conflict especially the April 6, 1996 fighting in Monrovia damaged the control tower facility at the Spriggs Payne Airport. The pavement is highly distressed, depressed, rutted, cracked and has failed. Because of ingress of rainwater through wide cracks, the pavement has become soft and spongy at many places, and the aircraft wheels get bogged sometimes. Due to its deteriorated condition, the Spriggs Payne Airfield has been shut down and the air traffic control equipment moved to RIA.

This program of action attaches high priority to the restoration of the services provided at the RIA, and JSP airports, in support of international trade and cooperation which are essential to the development of the nation's economy. The intent is to upgrade the civil air transport operation consistent with internationally accepted standards.

For full rehabilitation of the two airports it will be necessary to undertake the following:

- repair runways, taxiways, apron, etc.;
- renovate terminal and technical buildings;
- procure and install new communications facilities and navigational aids;
- procure and install electrical and mechanical equipment and vehicles;
- procure and install meteorological equipment;
- enact legislation to create an autonomous body in charge of civil aviation; and
- Conduct management and technical training commensurate with a modern air transport environment.

#### 4.3.4 Liberia Telecommunication Corporation

The Liberia Telecommunication Corporation is a state-owned company with the responsibility to provide, maintain and operate local and international telecommunications services in the country.

Prior to 1989 the Liberia Telecommunication Corporation had in operation fifteen (15) Rural Exchanges, three (3) ARF Local Exchanges, two (2) AXE-b Transit Exchanges for local and international transits and an EDX-C Telex Exchange. A terrestrial microwave system interconnected the rural areas with Monrovia.

The deplorable conditions of the Corporation's power system and the outside plant facilities as well as the limitation of existing facilities to meet the ever growing demand for more and better service resulted in the delivery of poor quality services and a sharp decline in revenue generation.

Due to the lack of investment capital, the telecommunication facilities of Liberia have become obsolete and inadequate. Demand within Monrovia could not be met and telecommunications services and facilities within the rural areas were planned to serve a few potential customers.

The effects of the crisis decreased the Corporation's trained manpower considerably through deaths and displacement. Indeed, the damage done to the Corporation in terms of both human and technical resources is quite enormous and a substantial capital investment is therefore required to rejuvenate, improve, expand and sustain an effective and viable company.

A post-war technical assessment showed that the entire rural networks were completely destroyed as a consequence of the civil crisis. Accordingly, and in an effort to improve the system to meet international standards so as to adequately serve the telecommunications needs of urban and rural dwellers, the Standard A Satellite Earth Station in Wehn Town is being digitized for intermediate Data Rate (DR) operation. The project is intended to meet the growing demand for telecommunications services, modernize the network and extend

basic telephone services to Rural Liberia. In order to ensure that telecommunications services are made available to all parts of the country, by 2010 the following activities will have to be carried out:

#### Monrovia and its Environs

- Installation of a 10,000 line digital switch (expandable to 40,000) at CTO, to serve as international gate way; national transit centers; and as subscribers stage;
- Installation of a 2,000 line digital switch (expandable to 10,000) at Sinkor and Paynesville respectively;
- Installation of remote subscribers unit (RSU) of 500 line capacity (expandable to 1000) at Barnersville, Gardnersville, ELWA, Hotel Africa, New Georgia and RIA respectively;
- Rehabilitation and expansion of external plant network;
- Upgrading and provision of power supply systems for the sites mentioned above;
- Provision of Internet Services;
- Provision of cellular telephone services (GSM);
- Installation of radio links for the sites mentioned above; and
- Interconnectivity of CTO, Sinkor and Paynesville exchange via fiber optic cables.

#### Rural Liberia

- Supply and installation of rural exchanges;
- Reconstruction of the external plant Network using a combination of wired and wireless subscribers loop;

- Supply and installation of digital micro wave radios and UHF Transmission Network;
- Supply and installations of power system using the combination of diesel and solar power system;
- Rehabilitation and construction of exchange buildings and offices; and
- Supply operational and maintenance vehicles.

The estimated total cost for rehabilitating the Liberia Telecommunication Corporation, and extending telecommunications services to the rural area will be US\$23,989,300.

#### 4.3.5 Liberia Electricity Corporation

The Liberia Electricity Corporation, LEC, is responsible for the production of power for commercial, industrial, residential as well as public sector operations. To achieve this task, and before the war, the LEC generated electricity through its Bushrod Island diesel plant as well as its hydro plant at Mount Coffee. The hydro-plant was utilized only during the rainy season when the water level at the dam became adequate enough to provide sufficient force for the turbines. The level of power generated was usually below demand. Therefore, during the dry season, LEC's power supply was often augmented by the Bong Mining Company (BMC) Power Plant, under a power-sharing scheme, to cut down the high cost of fuel oil required to run the diesel turbines. As a result of the war, the BMC plant is out of commission.

The Mount Coffee Hydro Electric Dam produced about 68 MW of the LEC's total power output of 335 MW. The Plant sustained massive structural as well as mechanical and electrical damages during the course of the war. Currently there is no power supply to the Monrovia area (minimum) by the LEC, from the diesel turbines. These turbines now aged need vital spare parts, fuel oil and lubricants in order to operate at full capacity.

The thermal units, which generate power for Rural Electrification or outstations, are not only inadequate but also obsolete. These also suffered some damages from the fighting.

The Corporation's Transmission and Distribution System also suffered damages – about 3,500 transformers, 50% of the conductors, insulators, and accessories for the steel tower power lines were damaged along with about 80% of wood pole transmission and distribution lines.

Some major components/equipment were looted from the substations in and around Monrovia. Additionally, LEC's computerized Central Switching Facility, which was already inadequate, has also been looted and or damaged. Because of high cost of maintenance, prior to the outbreak of war, the

Corporation had requested GOL to provide assistance for replacement of its Wang VS-65 System to a PC-Based System.

Against the background of the effects of the civil war, coupled with age and attendant defects, the LEC needs to invest more in the areas of Generation, Transmission and Distribution, Communication and maintenance of an elaborate Data Processing System. To ease some of these problems, the LEC has earmarked two short term and long term projects for the post war reconstruction period. It is expected that some activities of the short-term projects may spill over into the long-term period.

Preliminary assessments of the transmission and distribution system indicate that the system will require replacement of some of its major components such as wood-pole lines, conductors, insulators, etc. Similar assessment of the Outstation units also indicates the need to repair and or replace five 2 x 20 MVA, 69/12.5KV substations and two 14 x 630KVA 12.5KV/208V underground mini substations in the Monrovia area.

Power is very important for production activities. The lack of electrical power adversely affects all sectors in the economy and therefore setbacks economic growth and development. The Program of Action seeks to therefore regenerate the electrical power and provide inexpensive and reliable power to the urban and rural areas of the country.

The effects of the civil war, coupled with age and attendant defects, necessitates investment in the areas of Generation Transmission, and Distribution, Communication and maintenance of an elaborate data processing system. In order to achieve the desired results, the activities have been divided into short and long run projects.

The rehabilitation of the transmission and distribution systems, the Luke Plant, Auxiliaries, Bushrod Plant, and gas turbine plant will be carried out in the action program. Other projects will include the reactivation of the substations, underground mini substations and computer systems.

The estimated total cost for rehabilitating the Liberia Electricity Corporation, and extending electrical power to rural Liberia will be US\$53,327,000.

#### 4.3.6 Liberia Water and Sewer Corporation

Improvement and expansion of water supply facilities to meet the increasing demand is very important in ensuring the well being of the Liberian populace. Damages to the water treatment and distribution plant at White Plains outside Monrovia has made it difficult to meet the demand of residents of the city for water. Similarly damages to the sewerage system, coupled with the rapid population growth have led to severe sanitary problems in this area. This program therefore seeks to ensure that residents of Monrovia and the country

at large are provided with safe drinking water and adequate sanitary facilities to avoid the spread of water borne and other type of diseases.

### Water Supply System

The national water resources of Liberia are abundant but not yet adequately developed. Annual rainfall ranges between 80 and 140 inches, and during the rainy season, many rivers overflow their banks. Both surface and ground water resources are ample and regularly replenished. However, these are still underdeveloped and as a result some parts of the country experience water shortages during the dry season which runs from December to April.

The Liberia Water and Sewer Corporation (LWSC) operates the Monrovia Water Supply System, the Monrovia Sewage System (a conventional sewerage collection, treatment and disposal facility).

The 36-inch transmission main, which brings treated water through Paynesville to Monrovia, has been out of operation since 1992 due to several damaged sections along its length. The present pipe borne water supply to the city is only by means of the 16 inch main through Caldwell and Bushrod Island, which is obviously inadequate, and the system lacks reservoir. This means that water supply through the system is only by means of direct or continuous pumping from the treatment plant. All safe drinking water supply in rural Liberia is primarily through hand-dug wells; some fitted with hand or feet pumps. There are ten (10) outstations water supply systems supplying safe drinking pipe borne water to other urban communities mainly county headquarters.

### Sewage System

With the exception of Monrovia, few urban areas had a functional sewer system. This is because LWSC capacity to serve the whole country is severely limited. Due to the devastating effects of the civil conflict, the Monrovia Sewerage treatment plant and all of the four (4) lift pumping stations were rendered non-operational and the lack of pipe-borne water in Monrovia via the 36 inch transmission led to the settlement of sludge and sand in the sewers thereby reducing the hydraulic capacity which accounts for the frequent sewerage back ups and overflow into the streets of the city. The sewer system originally built to serve 130,000 persons was overstretched to cope with a load of nearly 1 million persons, with the result that sewage spillage and other harmful effluents constitute health hazards in parts of the city.

Data on national access levels indicate that nearly 17% have access to safe sanitation. Of these 13.2% are covered pit latrines, 1.4% use flush to sewage system while only 0.3% use pour flush latrines. More than 81% of the population have no facility at all. Moreover, while 21.7% of the population have toilet facility of some form within premises, more than 5% have to walk 100 or more meters to use a toilet. On average, access to toilet is available to 62.5% of the population within a distance of less than 100 meters. This implies that a large proportion of the unserved population improvises with

unsafe means of excreta disposal.

Access to garbage disposal facilities is even more limited and less reliable. Only the capital city Monrovia has some form of organized solid waste disposal system. Elsewhere in the country, and to an increasing degree in Monrovia as well, since the war, garbage dumps pile up near dwellings, constituting breeding grounds for flies which cause air borne diseases.

In order to fully launch and operate the system, the LWSC has made the following proposal on rehabilitation by 2010:

1. Rehabilitate White Plains Treatment Plant (treatment units, pumping units, laboratory treatment chemicals, fuels, structure);
2. Rehabilitate transmission mains (99/400) pipe repair/replacement, valves, access roads);
3. Rehabilitate water distribution – (pipe and fittings meters, equipment);
4. Construct two(2) distribution service reservoirs;
5. Rehabilitate sewer treatment plant (treatment units-pumps, laboratory chemicals);
6. Rehabilitate lifts stations mechanical, electricity, tools, spare & civil works;
7. Rehabilitate overflow & outfall and force mains & gravity;
8. Provide vehicles, office equipment supplies and communications;
9. Local training (workshops, seminars, etc); and
10. Foreign training.

The estimated total cost for rehabilitation plus equipment, tools, supplies and training will be US\$29,430,000.00. Most of this amount will be sought from our development partners.

## **4.4 Social Services Sector**

### **4.4.1 Education and Training**

The education and training of the nation's work force has been under the aegis of the Ministry of Education until the creation of a Decree by the then People Redemption Council Government, which placed certain aspects of vocational and technical training under the supervision of the Ministry of Youth and Sports. Schools in the country are operated by Government, various religious organizations, (Missions), large concessions and private citizens. Education is free in all Government Public primary and secondary schools, although pupils have to buy their own textbooks and uniforms. Private schools charge tuition fees. Tuition fees are not



standardized and are quite high in many of the schools.

There are three main levels in the education system. The primary or elementary level includes nursery, kindergarten, and grades 1-6 (elementary). The secondary level comprises the junior and Senior High Levels, grades 7-9 and 10-12 respectively. The higher education level includes university (under-graduate) offering courses with duration of four years, post graduate courses of two to five years duration, and various associate degree courses lasting from two to three years.

There are seven autonomous institutions of higher learning. They are: the University of Liberia, the Cuttington University College, the William V.S. Tubman College of Technology, Don Bosco Polytechnic, the A. M. E. Zion University College, the A. M. E. University and the United Methodist University, which are administered by Statutory and Private Mission Board independent of the administrative machinery of the Ministry of Education. Though independent, these institutions receive some subsidy from Government.

Prior to the civil war, there were about 10 vocational schools operating in Liberia. These institutions included the Monrovia Vocational Training Center (MVTC), Liberia Opportunities Industrialization Center (LOIC), Youth Agriculture Training Center (YATC), Booker Washington Industrial Institute (BWI) and others. However, none of these institutions provided training in their various disciplines for teachers. Therefore, there was an inadequate supply of such teachers to teach in these disciplines. Furthermore there existed an acute shortage of Liberians qualified to teach the various areas of engineering and technology. Current statistics indicate that only about 4000-5000 qualified teachers were available in 1997 compared to 12,000 before the war. Several studies and surveys show that a large number of teachers were without minimum qualification. In 1989, for example as many as 73% of teachers had only high school education or less. In 1992, almost 67% of all primary school teachers in Monrovia were for example, without minimum qualification.

There are two institutions mainly responsible for the training of teachers in basic education. They are the Kakata Rural Teachers Training Institute (KRTTI), and the Zorzor Rural Teacher Training Institute (ZRTTI). The University of Liberia and the Cuttington University College also train teachers for the primary and secondary levels.

The development of the country is predicated upon the training of the nation's workforce. It has long been recognized that one of the most serious constraints adversely affecting development programs in Least Developed Countries is the lack of suitably qualified manpower. Enhanced human capital is critical for the development of Liberia. Education was the key to accelerated growth and sustained poverty reduction in East Asian Economics.

The war took a heavy toll on the Liberian educational sector. The sector is therefore in serious need of rehabilitation. Large number of schools not only have to be rebuilt, revitalized and adequately provided with textbooks and other learning materials, but must also be equipped with tables, desks, chairs, and other furniture. A 1982 study by the African Development Fund, for example, found that 65% of students in various classes had no chairs, and nearly 86% had no desks. Present assessments by UNESCO and UNDDSSMS in 1995 and 1997 respectively show that many schools lack furniture, especially chairs, tables, and desks.

There is an imbalance in the geographical distribution of schools. Some counties with low school-aged population have more schools than others with high school-aged population.

In the late 1980s scarcity of teaching materials including shortage of textbooks and other instructional materials, was an acute problem in all but a few schools. In addition, the physical environment in which teaching and learning was taking place had begun to deteriorate long before the war. Classrooms without roofs were a common sight and overcrowded classrooms were beginning to exert pressure on teacher workload. More than a quarter of primary schools in pre-war Liberia, for example, had classrooms accommodating 60 students. Current level of classroom congestion remains high at between 50-70 pupils per class, partly because of the fewer number of functioning schools currently available.

### Objective

To upgrade the nation's human resource capital to effectively facilitate the growth and development of the country.

### Strategies

To attain the objective of the education sector, the following strategies will have to be adopted:

- Rehabilitation of all damaged educational facilities;
- Build the capacity of the MOE to effectively coordinate, plan, supervise and monitor activities in the sector;
- Train more teachers to cater to man the various educational institutions in the country;
- Reinforce the Government policy of free and compulsory education; and
- Develop appropriate curriculum to address the varying educational and technical needs of the school going population.

#### 4.4.2 Health and Social Welfare

The health care status of the estimated 2.4 million people in Liberia is far from satisfactory. Official estimates indicate that only 35% (1998) of the population has access to modern health services. Presently, infant mortality is placed at 134/1000, a decline from 180/1000. Maternal mortality worsened from 260 over the period 1980-1986 to 780 per 100,000 live births between 1993-1996.

The health sector is characterized by the dual participation of Government and non-governmental institutions to deal with health problems. The Government provides 60% of health care services in Liberia while the private sector provides the balance of 40%. However, the services provided by private sector health institutions are generally perceived as being superior to those provided by the public medical facilities. Church-sponsored medical facilities are the forerunners in private sector health care delivery services. The churches operates six (6) hospitals, 91 health

centers, and 119 health posts, 47% of all in-patients, on a budget that accounts for only 20.9% of the total health sector budget.

The situation in Liberia's public health services remains of utmost concern. Prior to the war there were 30 hospitals, 130 health centers and 330 health posts and clinics in Liberia. 60% of the hospitals and 75% of the health posts were public sector facilities. The total number of health personnel in Liberia were 5,056 which included 237 physicians (4.7%); 656 professional nurses and midwives (13%); 2,782 traditional midwives (55%); and 1,381 other supporting personnel (27.3%). By 1997 the number of public health personnel dropped sharply to 1,806.

Health infrastructure suffered severe damage in the war. A recent survey conducted by the United Nations found that there were at present only 7 surviving hospitals, 15 health centers, and 53 health posts/clinics were operating with limited capacities.

There are other critical issues in the sector. One is the issue of national health financing. Government's attempt to fully finance health delivery services out of its budget has been compromised by poor economic performance.

Supervision at the lower levels is inadequate and needs to be improved. The present approach focuses on frequency of visits at the expense of structure and content. It carries with it an air of "policing" and collecting statistics rather than a process of sharing experiences, re-enforcing skills, need assessment, following up achievements and resolving conflicts.

In spite of all the problems identified and discussed, the health sector, over the last 10 years, has made tremendous strides in coming to grips with the problems. The Government has proclaimed that its basic health goal is to expand the health care coverage of the country from its present 35% (1988) to 90% by the year 2000. To accomplish this goal, attempts were made by the Government to adopt primary health care (PHI) as its strategy and decentralization of health management as the vehicle.

The general health problems of the people are those characteristic of tropical Africa: malaria, intestine and upper respiratory infections. Malaria patients alone represent 40% of all outpatients and complications of pregnancy represent around 20% of all recorded inpatients. Some of the broad problems inflicting the health sector are as follows:

- i. The sector remains generally characterized by a curative bias as well as an urban bias. Over 50% of all health fund goes to curative services and there remains a disproportionate urban-rural distribution of public health personnel and facilities. For example, before the war, Montserrado County had nine (9) physicians per 100,000 persons, while Grand Bassa had only one (1) physician per 100,000 persons. Further, Monrovia with only 25% of the people, has 75% of the nation's physicians. The distribution of public health facilities also reflects an urban bias. In the post war period, per capital access to health care is lowest in rural Liberia. There is for instance no hospital or doctor in Rivercess, no health center in Maryland, and no doctor in Grand Kru. Overall, the Common Country Assessment report of the UN indicates that Liberians walk an average of 18 kilometers to the nearest health facility.

- ii. The effective management of the health system is far from being adequate. First, there is a shortage of trained personnel for various areas in the system. The deficiencies are in the type of training, the imbalance of categories of personnel and their distribution. The mal-distribution of health personnel is partly on account of lack of incentives for rural practice. Second, there is an endemic shortage of drug and essential medical supplies within the system. Here the problem is the constant lack of foreign exchange. For example, against a foreign exchange demand of \$800,000 in 1988, GOL provided only \$25,000. Third, there is a concurrent shortage of logistical support (vehicles, fuel, general supplies, and lack of facilities and equipment, owing to the lack of spare parts and general supplies, and lack of effective maintenance). Fifth, there is lack of effective recording and reporting at all stations. On the whole, recording operational management and reporting at all levels need to be strengthened and standardized.

### Objective

Rehabilitate damaged health facilities and extend health services nationwide.

### Strategies

- Increased spending on health care to ensure constant supply of drugs and equipment.
- Train and recruit more health personnel to replace those lost during the war.
- Improve incentives for health workers to encourage them to take up assignment in rural Liberia.
- Adopt preventive methods in the health care delivery system.

#### 4.4.3 Others

##### 4.4.3.1 Gender Mainstreaming

Gender issues especially gender equality remains a vital part of the socio-economic development endeavors of Government. To ensure that gender is actually mainstreamed at all levels; Government has over the years taken several actions in this direction.

Among steps taken was the setting up or establishment of the Women and Children Affairs Coordination Unit within the Ministry of Planning and Economic Affairs in 1994. The goal of the Government (to be executed by the Unit) is to ensure the mainstreaming of women and children's issues into the development planning and political empowerment processes, using the information education and communication (IEC) approach at all levels – Government and NGOs. In line with its goal, Government also established Gender Units or desks on gender issues at other line ministries. The key objectives here are to promote the mainstreaming of gender equality and women empowerment issues and concerns into development planning and budgetary actions, establish a well-organized communications system for

gathering and dissemination of information on gender issues to promote and ensure the empowerment and sustainable development of women for poverty reduction through sustainable livelihood programmes including income-generating skills development, microcredit, financing schemes and literacy programs.

In collaboration with the UNDP, a project on the strengthening of women's institutions is being implemented. The project will specifically strengthen the institutional and human capacity of the Women and Children's Affairs Coordination Unit (WCACU) of the Ministry of Planning and Economic Affairs, Gender Units in line Ministries, key women NGOs and community based organizations to analyze policies and programmes as well as formulate strategies that contribute towards gender equality. This project will also build the capacity of policy-makers, principal planners, key national trainers and media professionals in the process of engendering the development process through sensitization, gender-based socio-economic analysis and budgetary processes. The project will also strengthen the economic capacity of targeted grassroots women organization through provision of comprehensive support in collaboration with the UN micro-grant, microcredit, UNDP/UNV peace building and UNDP/HABITAT Housing Project as well as the women NGO Secretariat and the Ministry of Commerce and Industry.

Before the half way mark (2005), a Ministry on Gender Issues would have been established through the appropriate legislation.

It is anticipated that by 2010, women would have been fully integrated or mainstreamed at all levels and that the issue of gender will only be used then to refer to male or female.

#### 4.4.4 HIV/AIDS

The spread of Aids in Liberia has had devastating consequences on the reconstruction and economic development aspirations of the country. Moreover, the spread of Aids in Liberia in the face of an inadequate health delivery system is corrosive. It is in consideration of these factors that the Government has formulated a two pronged strategy. The first was developed by the Ministry of Health and Social Welfare and relates to education, information, communication, blood safety (testing) and condom provision. The other aims to prevent the spread of HIV in Liberia and reduce the impact of HIV/AIDS on the population.

#### Objective

- Halt the spread of aids in Liberia.

#### Strategies

- This Programme of Action will seek to strengthen the Ministry of Health and Social Welfare to enable it carry out its program on Aids prevention.
- Facilitate the spread of information nationwide on how to prevent aids.

## 4.5 Programme Expenditure/Financing and Monitoring

The total requirement for public sector expenditure over the Action Programme period is about US\$809m, which is equivalent to 14% of projected GDP at current market prices. This is a relatively high public investment ratio in view of the high replacement investment of public facilities and institutions necessary in this post conflict LDC. The broad structure of the program is consistent with Government's development priorities at this time with particular emphasis on rehabilitation. Substantial portion of the planned expenditure for roads, agriculture, social and community services will directly benefit the rural areas where people have just been resettled and reintegrated. This investment is consequently designed also to stimulate agricultural productivity and generally improve the quality of life, which is the touchstone of development objectives of the 10-year Action Programme.

A substantial proportion of the expenditures is for firmly prepared projects particularly in the first 2 years of the Action Programme when most expenditures are programmed for on-going projects started in 1998 which were basically for relief. Although the evidence is not clear-cut, it seems that there is adequate executive capacity to implement many programs at a relatively satisfactory rate.

### 4.5.1 Budgetary Resources

The projection of Government's current revenue and expenditure over the Action Program period was developed by senior statisticians at the Ministry of Planning and Economic Affairs. Revenue was assumed to grow by about 21% up to 2003; 15% in 2004 and 10% in 2005. Thereafter growth of revenues was projected to continue to grow at declining rate of 5% in 2006 and 3% up to 2010. The rate of growth of expenditures was assumed to be the same as revenues. Debt service figures were not included in the expenditure projection. Government has not begun to address the debt issue in view of the constraints and severe imbalance in the fiscal position. Government, however, has been making a token payment of US\$50,000 monthly to the IMF since 1999. The revenue estimate is an indication of resources, which should accrue to Government given assumptions about the growth of GDP, sectoral output, imports, and prices as well as the existing administrative effort for tax collection. In other words, the revenue projection does not include any provision for new taxes or higher rates of existing taxes during the Action Programme period.

The projected average annual growth of revenues, excluding maritime earnings, which are not related to domestic economic activity, is slightly higher than the growth of GDP at current prices. However, because of the low base of revenue due to the war, projected growth in revenues is unable to bring the annual rate of revenues to the prewar level. Consequently, the generation of surplus in the annual budgets to support public sector investment will be depressed.

### 4.5.2 Foreign Assistance

The main sources of foreign financial assistance for the proposed development projects are the World Bank, African Development Bank, the European Union, and many bilaterals including USAID, West Germany, Italy, France, Netherlands, and

Japan. The average level of foreign financing is relatively high mainly because domestic financing support to development projects and programs is generally very low. In fact, data on Government support to development activities is not easy to find, much less make a reasonable projection. Given the fiscal position of Government, even concessionary borrowing to finance some programs may not be realizable to a significant extent. After taking into full account critical debt service obligations in the short-term, there will not be reasonable surplus to finance development in the long-term. This is why development expenditures on programs and projects in the various sectors shown in the tables below reflect only expected financing from donors.

#### 4.5.3 Plan Implementation

The ability to implement the various targets specified in this Action Programme is the most difficult aspect of economic planning in Liberia especially after a serious national conflict as we did. This time around, poor implementation of the Action Program might not be due to lack of political commitment to the program, but most likely to unforeseen events such as economic recession affecting export markets or natural disasters which destroy production capacity. In view of the openness of the Liberian economy, its growth prospects in the projections are primarily determined by the economic fortunes of its trading partners and hence the financial feasibility of the development expenditure is contingent upon the assumptions about overall growth. Therefore, given the uncertainty about future economic conditions in the industrialized market economies, an annual comprehensive revision of the macroeconomic framework of the 10 years Action Programme is especially important.

The Ministry of Planning and Economic Affairs is the Secretariat of the National Planning Council of Liberia. The President of Liberia heads the council. The Ministry also serves as coordinator of the Development Budget, the mechanism through which development plans are translated into reality. The Ministry, in carrying out its staff function as Secretariat to the National Planning Council along with the sector ministries, will systematically monitor and evaluate the progress of implementation of on-going projects and review new proposals for consideration by the National Planning Council (NPC) and possible inclusion in the annual development budget or plan. In particular, all proposals for technical assistance and foreign borrowing will be carefully scrutinized to ensure consistency.

**WATER AND SEWER**  
**RESOURCE IMPLICATION 2001 – 2010 (US\$M)**

<b>PROJECTS</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>TOTAL</b>
<b>WATER &amp; SANITATION</b>											
Rehabilitate Water Treatment Plant	1.000	0.100	0.050	0.050	0.275	0.300	0.160	0.600	0.200	0.100	2.745
Rehabilitate Transmission Mains	0.400	0.050	0.050	0.120	0.200	0.500	0.100	-	-	-	1.420
Rehabilitate Water Distribution	1.200	0.150	0.100	0.900	0.300	0.150	0.080	-	-	-	2.070
Construct two (2) distribution service Reservoir	2.500	1.000	1.000	0.500	1.500	1.500	1.200	-	-	-	9.200
<b>SEWAGE</b>											
Rehabilitate Sewer Treatment Plant	1.200	0.500	0.400	0.100	0.075	0.050	0.050	0.040	0.040	0.030	2.485
Rehabilitate lifts stations mechanical, electricity tools, spare & civil works	1.000	0.400	0.300	0.025	0.025	0.030	0.030	0.050	0.050	0.050	1.960
Rehabilitate overflow & outfall	0.600	0.300	0.300	0.100	0.050	0.050	0.050	0.050	-	-	1.500
Rehabilitate force mains and gravity	0.500	0.500	0.300	0.200	0.100	0.500	0.500	-	-	-	1.700
Outstations Water Supply Systems	1.000	0.300	0.200	0.400	1.000	0.500	0.400	0.200	0.050	0.500	4.100
Vehicles, Office Equipment Supplies	1.200	0.300	0.200	0.100	0.100	0.200	0.100	0.500	-	-	2.250
<b>TOTAL</b>											<b>29.430</b>



**LIBERIA ELECTRICITY CORPORATION (LEC)  
RESOURCE IMPLICATION 2001 – 2010 (US\$M)**

<b>PROJECTS</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>TOTAL</b>
Generation, Mount Coffee Hydro, Rehabilitation & Upgrading	15.000	2.000	2.000	2.000	2.472	3.000	2.500	2.300	2.000	1.000	34.800
Transmission & Distribution	1.000	1.000	1.000	1.000	2.00	0.500	0.500	0.500	0.500	-	8.000
<b>LUKE PLANT</b>											
Rehabilitation Mechanical & Electrical Maintenance	0.750	0.250	0.250	0.200	0.250	-	-	-	-	-	1.475
<b>BUSHROD PLANT</b>											
Mechanical & Electrical Maintenance Rehabilitation & Solvents	0.600	0.100	0.400	0.375	0.500	0.200	0.100	0.050	0.085	0.060	2.470
Gas Turbines	1.000	0.850	0.750	0.500	1.000	0.400	0.350	0.200	0.100	0.050	5.150
Auxiliaries	0.520	0.200	0.050	0.040	0.050	0.100	-	-	-	-	0.960
<b>TOTAL</b>											<b>53.327</b>

**AIR PORTS  
RESOURCE IMPLICATION 2001 – 2010 (US\$M)**

<b>PROJECTS</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>TOTAL</b>
<b>RIA</b>											
Pavements	5.00	5.00	4.5	4.00	4.00	3.50	3.50	2.00	2.00	0.63	15.630
Buildings	0.50	1.00	0.48	-	-	-	-	-	-	-	1.980
Equipment	0.30	0.50	1.00	0.27	-	-	-	-	-	-	2.070
Training	0.10	0.03	-	-	-	-	-	-	-	-	0.130
Sub-total											
<u>JAMES SPRIGGS PAYNE</u>											
Pavements	2.72	-	2.50	2.00	0.65	-	-	-	-	-	7.870
Buildings	0.50	0.50	-	-	0.50	0.17	-	-	-	-	1.670
Equipment	0.30	0.51	-	-	-	-	-	-	-	-	0.810
Training	0.08	0.05	-	-	-	-	-	-	-	-	0.130
<b><u>TOTAL</u></b>											<b>31.290</b>

**SEA PORTS  
RESOURCE IMPLICATION 2001 – 2010 (US\$M)**

<b>PROJECTS</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>TOTAL</b>
<b>SEA PORTS</b>											
Capital Dredging (All Ports)	1.000	-	0.200	0.500	0.300	-	-	-	-	-	2.000
Tug (2500 BHP) Freeport	2.000	1.000	0.700	0.500	0.300	-	-	-	-	-	4.500
Marginal Wharf Rehabilitation (Freeport of Monrovia)	1.300	1.000	2.000	1.700	0.500	0.500	0.500	0.500	-	-	8.000
Navigational Aids	-	-	0.200	0.200	0.100	-	-	-	-	-	0.500
Provision of Two Container Tractor/Trailers	-	0.200	-	-	-	-	-	-	-	-	0.200
Removal of Wrecks	0.500	0.500	0.200	0.200	-	-	-	-	-	-	1.400
Rehabilitation Telecommunication System (Freeport of Monrovia)	-	0.200	0.050	0.050	-	-	-	-	-	-	0.300
Rehabilitation of Electricity System	-	0.200	0.050	0.050	-	-	-	-	-	-	0.300
Rehabilitation of Water Supply System (Freeport of Monrovia)	0.040	0.060	0.100	0.020	-	-	-	-	-	-	0.220
<b>TOTAL</b>	<b>4.840</b>	<b>3.160</b>	<b>3.500</b>	<b>3.220</b>	<b>1.200</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>17.420</b>

**AGRICULTURE  
RESOURCE IMPLICATION 2001 – 2010 (US\$M)**

<b>PROJECTS</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>TOTAL</b>
Rehabilitation of Plantations	6.50	6.30	5.00	5.00	3.00	2.00	2.00	2.00	2.00	2.00	35.80
Provision of tools, seeds, credit and fertilizers	2.00	1.60	1.00	1.00	0.90	0.80	0.50	0.30	0.30	0.10	8.50
Research, Extension and Rural Roads	10.6	10.2	10.4	10.0	8.0	8.5	8.7	8.7	8.2	8.0	91.30
Processing, marketing storage, and transportation	8.30	8.30	8.30	8.30	8.30	8.30	8.30	8.30	8.30	8.30	83.00
Development of Arable land (364,00 ha)	10.3	7.5	6.3	6.5	6.0	5.8	5.5	5.4	4.2	4.0	61.5
Permanent crop (97,000ha)	12.5	9.1	7.0	5.4	5.0	8.4	8.6	8.1	7.5	3.3	76.91
Inland valley swamps (24,000 ha)	6.3	5.1	4.8	4.2	4.0	3.1	3.0	2.6	2.5	2.4	38.0
Livestock cattle (live thousand heads)	0.25	0.25	-	-	-	-	-	-	-	-	0.50
Fisheries	0.2	0.06	0.08	0.12	0.09	0.03	0.05	0.07	0.05	0.04	0.79
Forestry	1.6	0.5	0.6	0.2	0.08	0.08	0.06	0.04	0.034	0.03	3.2
<b>TOTAL</b>	<b>81.8</b>	<b>59.9</b>	<b>49.5</b>	<b>45.7</b>	<b>42.4</b>	<b>46.3</b>	<b>43.7</b>	<b>39.5</b>	<b>34.1</b>	<b>33.1</b>	<b>476.0</b>

**ENVIRONMENT  
(US\$M)**

<b>PROJECTS</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>TOTAL</b>
Environment Awareness	0.05	0.04	0.04	0.03	0.02	0.01	0.01	-	-	-	0.200
Research in alternative Source of Energy	0.10	0.07	0.05	0.05	-	-	-	-	-	-	0.270
<b>TOTAL</b>											<b>0.470</b>

**HIV/AIDS  
(US\$M)**

<b>PROJECTS</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>TOTAL</b>
Strengthen MOH's NDCP	0.160	0.090	0.050	0.020	-	-	-	-	-	-	0.370
Educational material. Test letts, video camera, media coverage, condoms	0.200	0.170	0.120	0.080	0.060	0.050	0.050	0.030	0.030	0.010	0.630
<b>TOTAL</b>											<b>1.000</b>

# ANNEXES

**ANNEX 1 (A 1)****SECTORAL ORIGIN OF GDP AT CURRENT PRICES  
(IN MILLIONS US\$ UNLESS OTHERWISE INDICATED)**

SECTOR	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>AGRICULTURE</b>	<u>277.0</u>	<u>289.5</u>	<u>301.1</u>	<u>311.3</u>	<u>319.7</u>	<u>328.4</u>	<u>336.6</u>	<u>341.1</u>	<u>345.6</u>	<u>350.2</u>	<u>354.6</u>	<u>359.1</u>
Rubber	61.7	64.8	68.0	69.4	70.8	72.2	72.2	73.6	74.0	74.4	74.8	75.1
Coffee	0.7	0.8	0.9	1.1	1.2	1.3	1.5	1.6	1.8	1.9	2.0	2.1
Cocoa	2.0	2.5	3.1	3.9	4.5	5.2	5.9	6.5	7.2	7.2	8.7	9.5
Rice	72.5	76.1	78.4	80.7	83.2	85.7	88.2	89.5	90.9	92.3	93.6	95.0
Cassava	48.4	50.8	53.4	56.0	58.8	61.8	64.9	66.2	67.5	68.9	68.9	71.6
Others	91.7	94.5	97.3	100.2	101.2	102.2	103.2	103.7	104.2	104.8	104.8	105.8
<b>FORESTRY</b>	<u>60.7</u>	<u>63.7</u>	<u>66.9</u>	<u>68.3</u>	<u>69.6</u>	<u>71.0</u>	<u>71.7</u>	<u>72.4</u>	<u>72.8</u>	<u>73.2</u>	<u>73.3</u>	<u>73.5</u>
Logs & Timber	19.3	23.2	27.8	32.0	36.8	44.5	44.5	45.8	47.2	48.5	48.8	49.1
Charcoal & Wood	41.4	40.5	39.1	36.3	32.8	27.2	27.2	25.5	25.6	24.5	24.5	24.1
<b>MINING</b>	<u>9.8</u>	<u>9.9</u>	<u>10.1</u>	<u>10.1</u>	<u>10.2</u>	<u>10.3</u>	<u>10.4</u>	10.5	<u>10.6</u>	<u>10.7</u>	<u>10.8</u>	<u>11.0</u>
Iron Ore	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.09	0.0
Others	9.4	9.9	10.1	10.1	10.2	10.3	10.4	10.5	10.6	10.7	10.8	11.0
<b>MANUFACTURING</b>	21.4	24.1	26.5	28.3	30.3	32.7	35.0	37.5	40.1	42.9	45.9	49.0
<b>TERTIARY SECTOR</b>	<u>82.6</u>	<u>97.1</u>	<u>108.7</u>	<u>119.9</u>	<u>130.2</u>	<u>141.4</u>	<u>153.4</u>	<u>152.1</u>	<u>169.5</u>	<u>176.6</u>	<u>183.2</u>	<u>190.4</u>
Electricity & Water	2.3	2.3	2.3	2.5	2.7	2.8	3.0	3.1	3.2	3.7	4.3	5.0
Construction	6.9	8.5	10.3	11.8	13.6	15.0	16.5	18.1	19.0	20.0	20.1	22.0
Trade, Hotels, etc	17.0	18.0	19.0	20.1	21.3	23.4	27.7	27.8	29.2	30.7	32.5	34.1
Transportation & Communication	21.6	27.8	32.2	37.4	41.1	45.2	49.7	52.2	54.8	56.4	58.1	59.3
Financial Institutions	13.3	15.3	17.5	19.3	21.3	23.4	25.6	27.0	28.4	29.8	31.3	32.2
Government - Services	11.2	12.3	13.5	14.4	15.1	15.8	15.3	15.8	17.3	17.8	18.2	18.5
Others	10.3	12.9	13.7	14.4	15.1	15.8	16.6	17.1	17.6	18.2	18.7	19.3
<b>IMPUTED BANK CHARGES</b>	3.2	3.7	5.0	7.8	9.7	12.2	15.4	18.3	22.1	26.0	29.9	32.8
<b>GDP AT CURRENT PRICES</b>	488.3	480.6	508.3	530.1	550.6	571.6	591.7	605.3	616.5	627.6	637.9	650.2

Source: Ministry of Planning & Economic Affairs

**ANNEX 2 (A 2)**

**SECTORAL ORIGIN OF GDP AT CONSTANT 1992PRICES  
(IN MILLIONS US\$ UNLESS OTHERWISE INDICATED)  
PROJECTIONS**

<b>SECTOR</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b><u>AGRICULTURE</u></b>	<u>236.0</u>	<u>241.9</u>	<u>246.7</u>	<u>250.4</u>	<u>257.2</u>	<u>268.0</u>	<u>270.6</u>	<u>274.2</u>	<u>276.9</u>	<u>279.9</u>	<u>283.5</u>	<u>285.3</u>
Rubber	41.7	42.9	43.3	43.7	44.5	45.4	45.8	46.2	46.7	47.2	48.1	48.6
Coffee	0.4	0.5	0.5	0.6	0.6	0.6	0.7	0.7	0.8	0.8	0.9	0.9
Cocoa	1.4	1.7	2.1	2.6	3.0	3.5	3.9	4.4	4.8	5.3	5.8	6.3
Rice	65.6	67.6	69.0	70.0	71.1	72.5	74.0	75.1	75.8	76.6	77.3	78.1
Cassava	43.8	45.1	46.5	47.9	48.9	50.4	51.9	52.4	52.9	54.0	55.0	55.6
Others	83.0	84.1	85.3	85.6	89.1	95.6	94.3	95.4	95.9	95.8	96.4	95.8
<b><u>FORESTRY</u></b>	<u>76.7</u>	<u>79.0</u>	<u>81.4</u>	<u>82.2</u>	<u>83.0</u>	<u>83.4</u>	<u>83.4</u>	<u>83.4</u>	<u>83.8</u>	<u>84.2</u>	<u>84.6</u>	<u>84.6</u>
Logs & Timber	24.4	25.1	25.9	26.1	26.3	26.7	27.0	27.0	27.4	27.4	27.2	27.2
Charcoal & Wood	52.3	53.9	55.5	56.1	56.7	56.7	56.4	56.4	56.4	57.2	57.4	57.4
<b><u>MINING</u></b>	<u>8.6</u>	<u>8.7</u>	<u>8.9</u>	<u>8.9</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>	<u>9.2</u>	<u>9.3</u>	<u>9.4</u>	<u>9.4</u>	<u>9.7</u>
Iron Ore	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.09	0.0
Others	8.6	8.7	8.9	8.9	9.0	9.0	9.0	9.2	9.3	9.4	9.4	9.7
<b><u>MANUFACTURING</u></b>	<u>18.7</u>	<u>21.1</u>	<u>23.2</u>	<u>24.8</u>	<u>26.6</u>	<u>27.9</u>	<u>29.3</u>	<u>32.6</u>	<u>34.9</u>	<u>35.5</u>	<u>37.6</u>	<u>39.5</u>
<b><u>TERTIARY SECTOR</u></b>	<u>72.2</u>	<u>85.2</u>	<u>95.4</u>	<u>103.7</u>	<u>112.6</u>	<u>121.4</u>	<u>131.7</u>	<u>139.0</u>	<u>143.0</u>	<u>148.5</u>	<u>154.0</u>	<u>160.1</u>
Electricity & Water	2.0	2.0	2.0	2.2	2.4	2.5	2.6	2.7	2.8	3.2	3.7	4.3
Construction	6.0	7.4	9.0	10.1	11.7	2.3	14.2	15.5	16.3	17.2	17.2	18.9
Trade, Hotels, etc	14.9	15.8	16.5	17.5	18.5	20.3	22.3	23.8	25.0	25.3	27.9	29.2
Transportation & Communication	18.9	24.3	28.2	32.7	35.6	39.3	43.2	45.4	47.0	48.5	49.8	50.9
Financial Institutions	11.6	13.4	15.4	15.9	18.6	20.3	22.3	23.5	24.4	25.6	26.8	27.6
Government - Services	9.8	10.8	11.9	12.6	13.2	13.7	14.2	14.6	14.8	14.8	15.6	15.9
Others	9.0	11.3	12.0	12.6	13.2	13.9	14.4	14.9	15.3	15.8	16.3	16.6
<b><u>IMPUTED BANK CHARGES</u></b>	<u>2.0</u>	<u>2.9</u>	<u>4.4</u>	<u>6.8</u>	<u>8.5</u>	<u>10.7</u>	<u>13.4</u>	<u>16.0</u>	<u>19.3</u>	<u>22.7</u>	<u>26.1</u>	<u>28.7</u>
<b><u>GDP AT CURRENT PRICES</u></b>	<u>410.2</u>	<u>433.0</u>	<u>451.2</u>	<u>463.1</u>	<u>479.9</u>	<u>501.6</u>	<u>510.6</u>	<u>522.4</u>	<u>528.6</u>	<u>534.6</u>	<u>543.0</u>	<u>550.5</u>

Source: Ministry of Planning & Economic Affairs



**ANNEX 3 (A 3)****ACTUAL AND PROJECTED GOVERNMENT EXPENDITURE 1999 - 2010  
(IN MILLIONS US\$)**

<b>SECTOR</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
General Public Service	20.9	25.7	31.5	38.7	47.6	54.7	60.2	63.3	65.2	67.2	69.2	71.3
General Administration	15.3	18.8	23.0	28.3	34.7	39.9	43.9	46.1	47.5	48.9	50.4	51.9
Defence	5.6	6.9	8.5	10.4	12.9	14.8	15.8	17.1	17.6	18.1	18.6	19.2
Social & Communication Service	15.4	18.9	23.1	28.0	35.0	40.3	44.3	46.5	47.9	49.3	50.8	52.3
Education	6.7	8.2	10.0	12.4	15.2	17.5	19.3	20.3	20.9	21.5	22.1	22.8
Health	2.7	3.3	4.0	5.0	5.1	7.0	7.7	8.1	8.3	3.5	8.8	9.1
Others	6.0	7.4	9.1	10.6	13.7	15.8	15.8	18.3	18.8	18.8	20.0	20.6
Economic Services	11.1	13.7	16.8	20.7	25.4	29.2	32.1	33.7	34.7	35.7	36.8	37.9
Agriculture & Forestry	2.1	2.6	3.2	3.9	4.8	5.5	6.1	6.4	6.6	6.8	7.0	7.2
Transportation & Communication	0.2	0.3	0.3	0.4	0.5	0.6	0.7	0.7	0.7	0.7	0.7	0.7
Others	8.8	10.8	13.3	15.4	20.1	23.1	25.4	25.4	27.5	28.3	29.1	30.0
<b>Unallocable</b>	19.1	23.5	29.2	35.9	44.1	50.7	55.8	58.6	60.4	62.2	64.1	66.0
<b>Total Expenditure</b>	<b>66.5</b>	<b>81.8</b>	<b>100.6</b>	<b>123.3</b>	<b>152.1</b>	<b>174.9</b>	<b>192.4</b>	<b>202.0</b>	<b>208.1</b>	<b>214.3</b>	<b>220.7</b>	<b>227.3</b>

Source: Ministry of Planning & Economic Affairs

**ANNEX 4 (A 4)**

**ACTUAL AND PROJECTED CENTRAL GOVERNMENT REVENUE  
(IN MILLIONS US\$)**

DESCRIPTION	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>A. Tax Revenue</b>	45.2	55.0	66.6	81.0	97.9	112.6	123.9	130.1	134.0	138.0	142.0	146.4
Taxes on income profit	14.7	17.5	21.3	25.9	31.1	35.8	39.4	41.4	42.6	43.8	45.1	46.5
Iron ore profit sharing	-	-	-	-	-	-	-	-	-	-	-	-
Corporate and partnership	7.7	9.2	11.2	13.6	15.4	18.9	20.8	21.8	22.5	23.2	23.8	24.5
Individual	5.2	6.2	7.5	9.1	11.1	12.8	14.8	14.8	15.2	15.6	16.1	16.6
Withholding tax on non-resident	-	-	-	-	-	-	-	-	-	-	-	-
Reconstruction tax	1.8	2.1	2.6	3.2	3.6	4.1	4.5	4.7	4.8	5.0	5.1	5.3
Taxes on Property	0.3	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Real estate tax	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Realty lease tax	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Taxes on Goods & Services	10.4	12.8	15.4	18.9	22.9	26.3	29.0	30.5	31.4	32.3	33.3	34.3
Excise tax	0.7	0.9	1.0	1.3	1.5	1.7	1.9	2.0	2.1	2.2	2.3	2.4
Stampage taxes	1.1	1.4	1.6	2.0	2.4	2.7	3.0	3.2	3.3	3.4	3.5	3.6
Business & professional license	0.4	0.5	0.6	0.7	0.9	1.0	1.1	1.2	1.2	1.2	1.2	1.2
Motor vehicle tax	1.5	1.8	2.2	2.7	3.3	3.8	4.2	4.4	4.5	4.6	4.7	4.8
Rubber sales tax	-	-	-	-	-	-	-	-	-	-	-	-
Petroleum Sales tax	6.1	7.5	9.1	11.1	13.5	15.5	17.1	18.0	18.5	19.1	19.7	20.3
Land rental tax	0.6	0.7	0.9	1.1	1.3	1.6	1.7	1.8	1.9	2.8	2.1	2.2
Taxes on International Trade	19.6	23.9	29.1	35.4	43.1	49.6	54.5	57.2	58.9	60.7	62.5	64.4
Taxes on imports	19.2	23.4	28.5	34.7	42.2	48.6	53.4	56.1	57.8	59.5	61.3	63.1
Taxes on Exports	0.4	0.5	0.6	0.7	0.9	1.0	1.1	1.2	1.2	1.2	1.2	1.2
Others	-	-	-	-	-	-	-	-	-	-	-	-
Other Taxes	0.2	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4
<b>B. Non Tax Revenue</b>	20.3	24.7	30.1	36.6	44.5	51.2	56.3	59.1	60.8	62.6	64.5	66.4
Maritime Revenue	15.2	18.5	22.8	27.5	33.4	38.4	42.3	44.4	45.7	47.1	48.5	50.0
Other	5.1	6.2	7.3	9.1	11.1	12.8	14.0	14.7	15.1	15.5	16.0	16.5
<b>C. Total Domestic Revenue (A+B)</b>	65.5	79.7	96.7	117.6	142.4	163.8	180.1	188.8	194.3	200.0	206.0	212.2
<b>D. Grant</b>												
<b>E. Total Revenue (C+D)</b>	65.5	79.7	96.7	117.6	142.4	163.8	180.1	188.8	194.3	200.0	206.0	212.2

Source: Ministry of Planning & Economic Affairs

**ANNEX 5 (A 5)**

**PROJECTED EXTERNAL TRADE OF LIBERIA 1999 – 2010  
(US\$ MILLIONS)**

<b>YEAR</b>	<b>EXPORTS</b>	<b>IMPORTS</b>	<b>BALANCE OF TRADE</b>
1999	528.7	361.4	167.3
2000	554.6	375.1	179.5
2001	581.8	389.4	192.4
2002	610.3	404.0	206.3
2003	640.2	419.5	220.7
2004	681/6	435.5	236.1
2005	688.4	452.0	236.4
2006	705/6	460.6	245.0
2007	723.2	469.3	253.9
2008	730.5	478.3	252.2
2009	737.8	487.3	250.5
2010	745.2	496.6	248.6

*Source: Ministry of Planning & Economic Affairs*

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**June 15, 2000**

**THIRD UNITED NATIONS CONFERENCE  
ON THE LEAST DEVELOPED COUNTRIES**

**Brussels, 14-20 May 2001**

**Presentation of the Government of Liberia**

**ACTION PROGRAMME FOR THE DEVELOPMENT OF LIBERIA  
2001-2010**

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## GLOSSARY

ACP -----	African Caribbean Pacific Countries
AEL -----	Association of Evangelicals of Liberia
AfDB -----	African Development Bank
ARF -----	(Local Exchange)
AXE-b -----	(Transit Exchange)
BCADP ----	Bong County Agricultural Development Project
BMC -----	Bong Mining Company
BWI -----	Booker Washington Institute
CARI -----	Central Agricultural Research Institute
CBL -----	Central Bank of Liberia
DR -----	Data Rate
ECOWAS ---	Economic Community of West African States
EDX-c -----	(Telex Exchange)
EEZ -----	Exclusive Economic Zone
ELWA -----	Eternal Love Winning Africa
EU -----	European Union
FAO -----	Food and Agriculture Organization
FDA -----	Forestry Development Authority
FGM -----	Female Genital Mutilation
GDP -----	Gross Domestic Product
GOL -----	Government of Liberia
GSM -----	Cellular Telegraph Services
GTZ -----	German Technical Cooperation
HIPC -----	Heavily Indebted Poor Country
IEC -----	Information Education and Communication
ILO -----	International Labor Organization
IMF -----	International Monetary Fund
KRTTI ----	Kakata Rural Teacher Training Institute
LAMCO ---	Liberia American Mining Company
LDC -----	Least Developed Country
LEC -----	Liberia Electricity Corporation
LIFZA ----	Liberia Free Zone Authority
LPMC ----	Liberia Produce Marketing Corporation
LRDU ----	Liberia Rubber Development Unit
LWSC ----	Liberia Water & Sewer Corporation
MOH -----	Ministry of Health
MVTC ----	Monrovia Vocational Training Center
NAWOCOL --	National Women Commission of Liberia
NBL -----	National Bank of Liberia
NCRDP ----	Nimba County Rural Development Project
NGO -----	Non Governmental Organization
NPA -----	National Port Authority
NPC -----	National Planning Council
NRP -----	National Reconstruction Plan
RIA -----	Roberts International Airport

RSU -----	Remote Subscribers Unit
SOE -----	State Owned Enterprises
TAT -----	Turn Around Time
UNDDMS --	UN Department of Development Support and Management Services
UNDP ----	United Nations Development Project
UNESCO --	United Nations Education Scientific and Cultural Organization
UNFPA ----	United Nations Population Fund
UNHCR ----	United Nations High Commissioner for Refugees
UNICEF ----	United Nations Children Fund
UNIDO ---	United Nations Industrial Development Organization
USAID ----	United States Aid for International Development
WB -----	World Bank
WCACU ----	Women and Children Affairs Coordination Unit
WFP -----	World Food Programme
WHO -----	World Health Organization
YATC -----	Youth Agriculture Training Center
ZRTTI -----	Zorzor Rural Teacher Training Institute

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## 1.0 INTRODUCTION

In order to fully understand the context and content of Liberia's assessment of the implementation of the Programme of Action for LDCs for the 1990s, one must consider the special circumstances of the country. Liberia is a small West African country with a population of 2.5 million. The country experienced strong economic growth in the 1960s and 1970s contributing to an export boom led primarily by iron ore and natural rubber. During the 1970s, growth began to decline below the levels attained in the 1960s after reaching a peak of 5.5% in 1971. In 1975 the economy registered a growth rate of 3.7%. Average annual rate of growth throughout the 1980s was mainly negative approaching 4.5% by 1985. Recovery measures in the 1980s were only able to raise the average annual growth rate to 0.7% for the decade. The persistent decline in the 1980s was due largely to worsening of Liberia's external terms of trade and mounting economic mismanagement. The country also experienced growing external arrears, leading to a breakdown of relations with international creditors and donors.

Further compounding the problems of the weak economic base and faltering growth was the civil war, which broke out in December 1989. Because of the war, economic activity came to a virtual standstill; central political authority collapsed and the delivery of services, mainly education and health, came to a complete halt. The population was massively displaced with a large number fleeing to urban areas and to neighboring countries.

The effect on production was countrywide. Consequently, agricultural production and mining activities were substantially reduced. The economy shrank to about 60 percent of its prewar level. The production of food, mainly rice and cassava dropped to less than 50% of prewar levels and by 1995 production levels of these crops dropped further to about 19% for rice and about 53% for cassava. Rubber, coffee, and cocoa production were disrupted as the war ravaged the North of the country, in particular, Nimba County, and is estimated to have fallen to 40 percent of the prewar level by 1990. Rubber production dropped further to 11 percent of the prewar level by 1996, as the war worsened. Production in the Forestry sector, in particular, of logs and timber, fell to about 70% of the prewar levels in 1990, and by 1996 had plummeted to 40%. Charcoal and wood production initially dropped to 75% of the prewar levels in 1990 but by 1996 had rebounded as demand increased when electricity generation was permanently disrupted.

The mining sector operations began to come to a halt in 1990 as mining facilities were largely destroyed and vandalized in the fighting. Gold and diamond mining may have continued manually during the war period, as no official information is available.

The manufacturing sector remained less than 10% of GDP during the war, and activities of the sector were limited primarily to the production of cement, beverages, and beer. Output in the sector was at about 55% of prewar levels in 1990, but had virtually stopped by 1996 as most companies closed down operations when the war spread into Monrovia. The physical infrastructure (water supply, sanitation, electricity, transportation, telecommunications) and other public facilities were destroyed, damaged, or in a dismal state of disrepair. In terms of transportation there are virtually no domestic air, rail or coastal and inland water transport system. Road network, the only means of transportation available, requires major rehabilitation, improvement and expansion.

Like the economic sectors, the civil war in Liberia brought far-reaching consequences in the social sector of the economy. The Liberian education system came to a near total collapse. Both the institutional and human resource capacities were seriously damaged. Consequently, a large number of schools have to be rebuilt and provided with adequate supply of textbooks and other instructional materials. They must also be equipped with tables, desks, chairs and other furniture. In the health sector, there were 30 Hospitals, 130 Health Centers and 330 Health Posts/Clinics owned and operated by the Government in 1988. There were also 6 Non-Governmental Hospitals, 71 Health Centers and 119 Health Posts/Clinics. Today there are 15 Government Hospitals running, plus 250 Health Centers and Clinics. Non-Government health facilities have been reduced by about 98%. NGOs however, provided health and education services to about one third of the population during this period.

As described earlier, the economy of Liberia was experiencing steady and consistent decline since the mid 1970s resulting in negative growth rates in most of the 1980s right into the civil war which brought about critical dislocation in every aspect of economic, political and social life of the society including massive displacement of the population, losing 10% of it through death during the war. After elections in July 1997, the present political leadership assumed the reins of power. From the foregoing, it is apparent that the post war development problems and economic recovery needs are tremendous, and would require both short and long-term measures. Given the limited resource capacity of Government, the phasing and prioritization of the post war reconstruction and economic recovery measures in the immediate to medium term are essential first steps. In this condition, the Government has identified its overall recovery objectives in a National Reconstruction Program launched early 1998. According to the NRP the Government plans to pursue the following over the medium to long-term: Sustain Peace, national security and civil liberties, revive and reinforce governance institutions at both the national and local levels; repatriate, resettle and reintegrate the displaced population including former combatants; ensure food security; resuscitate and expand sources of sustainable livelihoods, especially in the informal and private sectors; and to facilitate the rehabilitation and reconstruction of essential public infrastructure in the rural and urban areas.

Government has had to make difficult choices to address the problems of structural and management reforms. The strategy demands linking capacity building, institutional strengthening, and wider public sector reforms.

The Government received favorable response from the international donor community when the Post-war Reconstruction Program with an estimated total cost of US\$433.1 million was first presented to a Donors Conference held in Paris, France in April 1998. A total of US\$229.9 million was pledged by a number of donors. However, nearly 50% of this amount was the total of donor funding already allocated to on-going humanitarian assistance activities started during the emergency period prior to elections and managed by a number of international and national NGOs. There was no new funding available to embark upon urgent priority projects in the National Reconstruction Program presented by the Government.

In an attempt to reduce the constraint of domestic and international financial resource mobilization, the Government, during the October 1998 Annual Meetings of the World Bank and IMF encouraged the World Bank to sponsor a Mini Donor Conference on Liberia. This forum was particularly contentious as a result of the displeasure of major donors over the actions taken by Government security forces during the September 18,

1998 incident in Monrovia. The meeting adjourned with the general consensus being that there would be an independent investigation of the September 18 incident by the United Nations. The donors also agreed that Liberia must establish a consistent Human Rights record in order to expect any major assistance from the donor community. Additionally, the donor community would continue to monitor the situation and consider sending an assessment team in the future should the security situation improve. At the most recent Annual Meetings of the Bank and Fund in September 1999, the World Bank again organized another Mini Donors Conference. During the meeting, the report of the independent investigation by the United Nations was presented and accepted. It was agreed that the assessment team representing bilateral and multilateral donors would visit Monrovia in November 1999. The objective of the Government for that assessment mission of the donors was to increase donor assistance commitment to support reconstruction and economic development in Liberia.

Macroeconomic policy reforms introduced by Government are generally related to fiscal reforms intended to stabilize public sector finances, the monetary situation, and consequently improve the overall private sector investment climate. The IMF is currently providing technical assistance to the Ministry of Finance, the Bureau of the Budget, and the Central Bank to enhance the implementation of initiatives in economic and financial management reforms. Additionally the Government, in collaboration with the IMF Fiscal Affairs Department, has undertaken a Tax Reform exercise, which will review the effectiveness of the current tax system in raising revenues as well as ease administration and enforcement of tax laws.

Finally, the Liberian situation may not be unique among LDCs. However, the performance of the country in the 1990s is best understood more in the context of a post-conflict low-income country.

## 2.0 . OVERVIEW OF THE ECONOMY

The Liberian economy is characterized by a structural imbalance between a modern enclave and a traditional sector.

The modern sector is dependent basically on foreign investment and technological skills and is geared towards the extraction of iron ore, rubber and forest products. This sector generally accounted for 70% of export earnings and almost 50% of GDP. Conversely, the traditional sector is rural based and relies in general on indigenous capital and rudimentary technology for subsistence agriculture supports and has nearly 70% of the population.

There is virtual lack of inter-connection between the two sectors. What linkage the modern sector has with the rest of the economy is generally weak and exists mainly in the form of profit sharing with government, the payment of royalties, income tax levied on employers and duty on imported materials.

A prominent feature of the Liberian economy is the heavy reliance on trade in primary commodities and external assistance, a characteristic similar to many Sub-Saharan African countries. This overwhelming reliance on the export of primary commodities and imported goods renders the economy vulnerable to the vagaries of international market prices. Furthermore, the level of external assistance depended on the prevailing conditions in donor countries and their policy constraints. Under such conditions, the effective management of the economy is most critical. Unfortunately, structural and policy deficiencies and weak implementation capacity flawed economic management over a protracted period.

The civil war, which began in December 1989, left no sector of the economy unaffected. In general there has been massive infrastructure damage and large-scale disruption of most economic activities. Moreover, the poor state of the infrastructure, which supported vital economic and social service delivery operations, added to the general economic malaise. Since August 1990, the major productive enterprises in the economy have remained dormant with a corresponding decline in foreign exchange earning capacity and increased unemployment.

With the civil conflict, there was a dramatic and severe exacerbation of the declining socio-economic trend: foreign trade which served as the impetus for growth was severely disrupted; the productive sectors became virtually dormant; physical infrastructures in general and those supporting basic social services in particular were largely destroyed or left in a state of disrepair, meaningful investments were deterred and private sector activities were significantly hampered. There was high external indebtedness. These developments had a negative impact on the level of savings, employment opportunities and other income generating activities.

As a result of persistent decline in the level of economic activities during the 1980s, the social and economic welfare of the Liberian people deteriorated significantly. The overall performance of the economy measured in terms of growth in per capital income, reached a low point of -5.3% in 1986 and rose to 3.4% in 1987 and thereafter dropped to -4.0%. Annual population growth on the other hand averaged 3.3% during the decade of the 1980s.

During the same period, the public sector was particularly hard hit by the worsening state of the economy. Government revenues fell behind increasing expenditure trends, leading to a situation of persistent budget deficits. More critically, the Government was unable to service its debt due to growing financial constraints resulting in the suspension of financial assistance programs with bilateral and multilateral donors and financial institutions.

Against the background of this deteriorating state of affairs, the civil conflict, which erupted in Liberia in 1989, plunged the economy into a state of near total collapse, in all sectors. The exodus of the rural and urban population to escape the fighting brought most forms of productive activities to a halt, consequently causing severe shortages of food and other essential commodities and services. The effects were even more critical for the agricultural and mining sectors, which are the major sources of, export earnings.

The dismal state of the economy is manifested by the continuous decline in almost all sectors. Throughout the 1980s annual growth of Gross Domestic Product (GDP) averaged less than one percent, relative to the previous years of the 1970s. Exports declined by about 66%, while fixed investment fell by 54%. These problems were aggravated by massive capital flight, a crippling external debt burden, a destabilizing monetary crisis and a steep rise in import prices.

Notwithstanding the above, by 1992 the performance of the economy was encouraging, considering the times. A significant level of confidence and credibility was restored, as manifested in several positive developments. For example, there was evidence of the resumption of normal operations by business houses, commercial banks and other financial intermediaries. These and other developments greatly improved the liquidity crisis in the economy, provided a certain amount of stability and gave investors and consumers access

to savings and other financial resources. Furthermore, the number of other commercial entities either resuming or starting up operations was relatively increased as reflected by the volume of domestic trade transactions for both local and imported commodities.

Growth in the economy has been fueled by the export-oriented sector contributing about 54% of GDP with iron ore, rubber and forestry products as the leading economic activities. Because of its virtual dependence on this sector and its primary producing nature, the economy is highly susceptible to volatility in the international markets. Hence, for more than two decades, conditions in the international markets have affected the economy very severely. With substantial decline in prices and reduced demand for those primary products. Those effects were more pronounced for rubber and iron ore, the two leading export items.

In 1990, the real GDP stood at US\$401.4 million representing a growth rate of -51.1% over the previous year or a per capital/income of \$161.8

The general downward trend in the performance of the economy continued as reflected in the persistent negative growth rates from 1990 to 1995. Real GDP in 1991 was \$334.3m, with a growth rate of -15%. The civil crisis took a turn for the worse in 1992 with renewed fighting which only further plunged the economy in the downward spiral assumed earlier. GDP in real terms for 1992 was US\$223.5m, which

represents a growth rate of -35% over the previous year. The effects of the devastation in 1992 continued in 1993 as the GDP stayed on course in the negative direction. Real GDP in 1993 shows US\$149.8m or a growth rate of -32.9%. By 1994, hopes were high for the peace process and therefore improvement in the economy but the euphoria was quickly dashed as the peace process dragged on and so did the economy continue its downward trend. Real GDP for 1994, stood at US\$117.2m or a growth rate of -21.8%. The year 1995 did not prove to be any better as the real GDP slumped again to US\$112.2m representing a growth rate of -4.3% over 1994.

The economy showed some signs of improvement by 1996 as the real GDP increased to US\$125.8m or a growth rate of 12 percent. The civil crisis finally came to an end in 1997 with the holding of democratic elections. This development led to a continuation of improvement in the economy as reflected in the real GDP for 1997 of US\$259.5m or a growth rate of 106.3 %. In 1998, progress in establishing democratic institutions, restoring security and improving fiscal discipline were rapid and exceeded expectations. Within one month of its inauguration, the government prepared a balanced, cash-based transitional budget for the last four months of 1997, which contained significant measures to enhance revenues and control expenditures. The budget for 1998 reflected the same fiscal prudence. Nevertheless, there was lingering private sector hesitancy to resume economic activities beyond short-term trade-related transactions mainly because of perceived uncertainties regarding sustainability of peace, lack of trust in the overall legal and regulatory framework, and future economic incentives. Notwithstanding the above, the economy made some gains as evidenced in the real GDP for 1998 which stood at US\$333.4m representing a growth rate of 28.5%.

In 1999, domestic production resurged strongly, the highest since the civil war, though it amounted to only one-third of the pre-war level. Real GDP for the year was US\$410.2m, which indicates a growth rate of 23%. This rise can be attributed to a strong performance in the monetized agricultural sector, comprising rubber and timber. These two commodities accounted for 95% of export earnings in 1999.

## **2.1 Domestic Production, Trade and Commerce**

Manufacturing and construction activities have gradually resumed, but total output after the mid 1990s represented only a fraction of the pre-war levels of contribution to GDP, which was 13.3% and 8.1 % of GDP respectively in 1989. Domestic trade also reached about 60% of its pre-war level at the time, with the informal sector being most resilient. Marketed agricultural products, which were derived mostly from rural areas before the war, were produced largely in urban and semi urban backyard gardening and artisanal fishing until the 1997 elections. Prior to the war in 1989, total agricultural production constituted about 38% of GDP. It is now estimated to constitute about 25%.

A network of storefront operations and a market place distribution system dominates domestic trade, which makes up the bulk of private sector activity. The rise in the urban labor supply over the past two decades has led to the existence of an urban informal trading sector as a sub sector of domestic trade. This sector consisting of individual operators and small and medium enterprises provides employment for persons with some basic skills and therefore reduces the pressure of open unemployment in urban areas.

Private sector enterprises are mainly involved in low domestic value added activities. Extractive industries, mainly logging, iron ore mining and the production of rubber account for most of the large-scale private sector investments. There are no linkages between these industries as each operates in isolation and without any impact on the other.

## **2.2 Foreign Trade**

Data available on external trade shows that imports have exceeded exports since economic activities resumed in 1991. Imports increased steadily during the period 1991-1995. This is a result of the resumption of commercial activities in general and the importation of a wide variety of humanitarian assistance supplies, including food. For the period 1991-1992, the recorded value of total exports increased from US\$482 million to US\$770 million. Since 1992 the recorded value of exports declined steadily, and registered US\$490 million for 1995.

Estimates of the production for two of the country's main export commodities, iron ore and rubber, show that there was no new production of iron ore since 1990. There are indications of a small quantity of iron ore exports (0.5 million tons) between 1992-1993 from stockpiles which had accumulated prior to the war. For rubber, the volume of exports remained relatively steady at about 32 thousand tons annually between 1991 and 1996. Since 1997, production and export of rubber have increased considerably.

## **2.3 Banking and Financial System**

The Liberian financial system prior to the civil war consisted of 14 commercial and development banks, several informal financial intermediaries and the National Bank of Liberia. The National Bank of Liberia was created in 1974 to serve as the Central Bank. Until 1999 when it was renamed the Central Bank of Liberia it had been performing only limited central banking functions. The Bank at the time lacked

adequate resources to serve as a viable lender of last resort to commercial banks operating in Liberia. The Bank is however being capitalized and strengthened to assume this and other functions befitting a central bank. The use nonetheless of the US dollar as part of the national currency system precludes the possibility of full-scale central banking operations, especially the issuance of a national currency. Due to a number of factors, including the impact of the protracted period of the civil war, there are now four (4) functioning commercial banks, a few financial intermediaries and the Central Bank of Liberia.

Besides the issuance of Liberian bank notes, the Central Bank is functioning mainly as a paying agent for the Liberian Government. Moreover, a primary component of the Bank's assets (claim on Government), do not generate any real income to the Central Bank since the Government has not been able to service its domestic debt.

## **2.4 Fiscal Performance**

Government's revenues, especially the foreign exchange component, were largely derived from maritime programme receipts during the war years, averaging about US\$1.3 million per month. Other sources of revenue are derived from taxes on international trade, income and profits, domestic manufacturing production, property and non-tax revenues.

The foreign exchange component of domestic financial resources fell dramatically from about US\$10 million per month in the 1980s to the equivalent of about US\$2.2 million per month in the mid 1990s.

The dismal state of the economy in general was reflected in the poor fiscal performance over time. This was due to a combination of factors: a) the narrowing down of the tax base due to the dramatic decline in production, and the disruption of other economic income; b) the erosion of government's economic management capacity, particularly the capacity to mobilize resources and prudently manage public spending.

## **2.5 Policies on Women**

During the decade of the 1990s, women in Liberia experienced some transformation and improvement in their outlook. While the civil war was on and men sought shelter or hide outs, the women stepped up and assumed the role of principal breadwinner in most homes. This among other things helped to diminish their inferior status. Women played important roles in the process of bringing peace to this country to the extent that a woman headed one of the transitional governments in Liberia for the first time in the history of the country. Besides, the government has always been supportive of women activities. Major national policies were taken to enhance gender mainstreaming in the country. A secretariat was established to coordinate women activities and a women's desk was set up in all line ministries. The problem though seems to be the lack of political will to follow through or completely implement the programs.

Education wise, some gains were made but women still make up the bulk of the illiterate population. Women constitute about half of the population of Liberia, only 22% of them are literate compared to 54% for their male counterpart. They still do not have adequate access to means of production though strides are being made in



that direction. As far as decision making is concerned, women made up about 3% of the decision-makers. While there was no form of discrimination against women relative to access to earnings, it is basically because of stereo typing that women were prepared mostly for less challenging jobs and therefore acquire less earnings.

## **2.6 Population Issues**

As expected by all LDCs, population policy was considered an integral part of national development strategies in Liberia. To this end, the national legislature of Liberia approved the National Policy on population for social and economic development taking into consideration programs on child survival, health, education, housing and employment for the decade of the 1990s. The implementational aspect though was hampered due to the civil upheaval. The population growth rate of about 3.4% is higher than the LDC target of 2.5%.

The UNFPA provided technical and financial support for demographic and health surveys family planning and other health related surveys. Support though in the area of population policy review is slow in coming.

In conclusion, the recovery of the economy from the ravages of the civil war involves reversing the impact of the prolonged economic decline experienced in the previous years and exacerbated by the civil crisis; improving fiscal management; addressing the scarcity of exchange; arresting the decline in the purchasing power of the Liberian dollar, the consequent rise in the cost of living and the restructuring and re-orientation of the major economic infrastructure, as well as a program of social reconditioning.

The decade of the 1990s, or more than 85% of it, is considered the years eaten by the locusts in Liberia in terms of everything from instability, social degradation, political upheaval and economic collapse.

However, with a democratic government now in place, it is expected that the economy will bounce back in the near future achieving its objectives and meeting targets set for LDCs.

## **3.0. FACTORS THAT ENHANCED OR INHIBITED THE COUNTRY'S DEVELOPMENT**

### **3.1 Peace and Social Stability**

The 1990s was a period characterized by war and social instability, followed by attempts aimed at the restoration of normalcy. The war, which began in December 1989, lasted for eight years. The prolonged civil war had a devastating effect on the economy and society. The war caused massive displacement of the Liberian population, particularly in the rural areas. It is estimated that out of a population of 2.4 million, 1.2 million were displaced either internally or externally and over 200,000 killed. This massive population movement adversely affected the rural economy, which provides employment for an estimated 70% of the pre-war population. Basic economic and social infrastructure is severely damaged. Local industries, roads, and bridges, schools, market facilities, clinics and hospitals, water and sanitation facilities need repair. Local access is severely restricted due to damaged roads, culverts and bridges.

Following the eight years of civil strife, attempts were made in the last two years of the 1990s to resettle the internally and externally displaced, reintegrate the 33,000 ex-combatants, reconcile the population, consolidate the peace, and promote democracy. With the help of the international community, more than 60% of the displaced population has been resettled in their original homes. The Government has established a National Commission on Reconciliation and a Commission on Human Rights to promote the process of peace building. A National Commission on Good Governance was established to promote transparency and accountability in the public sector, while a program for reform of the Judiciary and Law Enforcement systems was also started as part of the agenda for improving governance and internal security.

### **3.2 Economic Infrastructure**

The war inflicted widespread damage to the country's infrastructure, which was already in a state of neglect and disrepair. The infrastructure is comprised of roads, ports, energy, sanitation and communication facilities.

#### **3.2.1 Roads**

The Nation's total road network consist of about 8018 km of city streets, highways and feeder and farm-to-market roads. During the war there was no maintenance of public roads, hence only approximately 15% of paved roads in Liberia are in fair condition, with the remaining 85% in a poor state due to the lack of maintenance of the feeder roads as a result of the war. There exist numerous water crossing points in which culverts have been washed away and soil eroded thereby requiring short span bridges. In view of the bad state of the roads many rural towns and villages have been isolated completely.

#### **3.2.2 Ports**

During the 1990s, ports infrastructure deteriorated severely as a consequence of the lack of adequate maintenance since construction and now exacerbated by the damaging effects of the civil crisis. The two most active ports are — the Freeport of

Monrovia and the Roberts International Airport. As a result of ship impact over the years, the seaward row of piles is completely cut out from the wharf structure of the Freeport of Monrovia and damaged. The frontal or edge girder, into which the inserts for fenders and bolards are fitted, is also damaged. Latest underwater surveys indicate considerable deterioration of over 55% of the steel piles in the surf zone (pile sections subjected to aeration as a result of the rise and fall of the tides). A seventeen-meter-length of the slab decks, including portion of the guillage beams and supporting piles collapsed at the mid-section of the wharf, making the movement of cargo equipment impossible along the full length of the wharf.

The two major airports — the Roberts International Airport and the James Spriggs Payne Airport (a Municipal Port) were vandalized and looted. The main runway at the Roberts International Airport (RIA) was bombarded with resultant crates and potholes. The new terminal building was destroyed by rockets and shell strikes and set on fire. Looting at both airports left them devoid of essential facilities such as communications and navigational aids, fire and rescue vehicles and meteorological and other equipment. In April 1996 fighting in the Capital Monrovia damaged the control tower facility at the James Spriggs Payne Airport beyond restoration.

### 3.2.3 Energy (Power)

The energy (power) sector encompasses the generation, transmission, distribution and commercial aspects of energy. The LEC is responsible for the production and distribution of electricity for the entire country. The Liberia Electricity Corporation (LEC) has been unable to discharge this responsibility due to massive and extensive damage done to the sector over the period of the crisis. The Mount Coffee Hydroelectric Dam which produced about 68 MW of LEC's total power output of 355 MW sustained massive structural, mechanical and electrical damages in the war. Additionally, the Corporation's transmission and distribution system suffered enormously and will need replacement. The country is therefore without current.

### 3.2.4 Water and Sanitation

In the wake of the civil crisis, most of the infrastructure for water supply and sanitation broke down completely throughout the country. Some facilities were already in a state of disrepair due to years of lack of maintenance and neglect. This has resulted in a severe shortage of safe drinking water supply throughout the country. In urban areas, the major source of safe water supply is piped borne water. The rural areas, on the other hand, rely mainly on wells, bore holes, ponds and rivers for water consumption. Most urban residents now rely on water trucking and the provision of hand pumps by the International Donor Community.

Access to sanitation facilities in both urban and rural areas in Liberia had been very low. This problem was not addressed properly in the past and was therefore exacerbated by the effects of the war. Among the major urban areas in Liberia, only Monrovia has a sewer system, which is currently non-operational. The sewage treatment plant and all four lift-pumping stations are out of order. The situation has resulted in constant and almost continuous sewage breakup and overflows in the streets. Vacuum trucks are used to dislodge sewage from septic tanks and the sewage network. The dislodged content is then disposed of in the lagoon at the mechanically non-operational treatment plant.

### **3.3 Policy Reforms**

The Liberian Government in 1998 adopted a series of reform measures aimed at addressing various problems, which continue to plague the economy. The policy reforms introduced have been generally related to fiscal and monetary issues aimed at stabilizing public sector finances, establishing investor confidence in the banking system and promoting reconciliation among the populace and democracy. These initiatives can be summarized as follows:

- Operationalizing a fiscally responsible budget system
- Initiating policy decisions to resolve the multiple domestic currency issue.
- Rescuing the unrealistic parity of the Liberian dollar with the US Dollar and allowing the market to determine the exchange rate between the two currencies.
- Establishing a special presidential commission to review banking and financial sector performance, with a view to making appropriate recommendations for restructuring and revitalization.
- Commissioning a diagnostic audit of the Ministry of Finance and the National Bank of Liberia.
- Settlement of government salary arrears.
- Establishing two other commissions to facilitate and accelerate the protection of human rights and reconciliation.
- Establishing a National Commission on Macroeconomic Policy Reform.
- Creating a National Commission on Reform of the Liberia Civil Service.

### **3.4 Environment for Private Sector Development**

The Liberian private sector is dominated by foreign owned business establishments engaged in the importation of economic and industrial goods, wholesale and retail trade and some light manufacturing. Extractive industries, mainly logging, mining, and rubber production account for most of the large-scale private sector investment. There is no linkage between this large-scale investment and the rest of the economy. Domestic trade makes up the bulk of private sector business activity. The rise in the urban labor supply

over the past two decades has led to the existence of an urban informal trading sector as a sub-sector of domestic trade. This sector consists of individual operators and small and medium enterprises providing employment for persons with basic skills.

Private sector activities were also adversely affected by the war. Manufacturing and mining concerns were severely looted forcing them to close down operations. The mining concessions were never reactivated after cessations in the fighting. By 1996 however minimum manufacturing and construction activities had resumed. Domestic trade also reached about 60% of its pre-war level with the informal sector being the most resilient.

Bad and inappropriate policies have had a negative impact on the growth of the private sector. The condition has not been improved by corrupt bureaucratic practices, which lead to a higher cost of establishing and operating a business enterprise. Liberians are therefore at a disadvantage in that they are usually unable to afford the cost of securing investment incentive contracts, and are therefore unable to compete with foreigners.

The unrestrained use of commercial bank loans to finance budget deficits and extra budgetary expenditure or to provide subsidies to inefficient public corporations added to the liquidity problem in the financial and banking sector of the economy, crowding out small and medium size business entrepreneurs, competing for the same funds.

Macro economic policies remain hardly defined and generally not supportive of domestic productive activities. The mismanagement of the budget and expenditure processes also deprives the private sector of the resources needed for its growth. The private sector is also adversely affected by the long delays in settlement of government obligations to private sector suppliers of goods and services.

An Open Door Policy intended to provide liberal tax incentive to foreign private investors has been in place since the 1950s. In view of alleged abuses of the policy by businesses, a new investment incentive code has been prepared. The new code also offers tax incentives, but unlike the Open Door Policy, it lays emphasis on the processing for export of agricultural and other products and utilizing indigenous human and material resources.

The Liberian Government also introduced new policies and Legislation to ensure that Liberians have a greater share of participation in domestic trade and commercial activities. The Legislature restricted 26 areas of business and commercial activity solely to entities operated by Liberian Citizens and in which Liberians have 100% equity.

### **3.5 Domestic Resource Mobilization**

The war virtually halted all real economic activities in the country resulting in a steep fall in Government revenue. Liberia today has no external resources and owes creditors over US\$3.0 billion. The banking sector is in serious need for reform. Domestic savings needed to stimulate investment are therefore non-existent.

The National Bank of Liberia (NBL) which was expected to be the principal regulator of the financial and banking sector, was ineffective, inefficient and insolvent. The relationship between the National Bank and the financial institutions under its jurisdiction had been poorly managed. The National Bank is also wanting in operational reserves. Liberia's external reserves are depleted and the National Bank's main assets are non-performing claims on the Government. As at December 31, 1997 the country's net foreign assets position was negative US\$367.3 million.

With the passage of the new central bank law in March 1999, the Central Bank of Liberia (CBL) replaced the largely defunct and illiquid NBL in October 1999. The new CBL is however yet to be capitalized.

Liberia is currently faced with serious internal resource mobilization constraints owing to a considerably weakened financial system and eroded revenue base, combined with high external indebtedness. The income of commercial banks in the 1990s has been substantially low compared to their operational costs. In 1992, the aggregate income of commercial banks was LD\$29.1 million while expenses were LD\$46.8 million leaving an aggregate net loss of LD\$18.3 million. In 1997, the aggregate income of commercial banks was LD\$41.7 million against total expenses of LD\$64.3 million, leaving a further loss of LD\$22.6 million. This has resulted in a complete capital impairment of the commercial banks.

Government's ability to mobilize domestic resources has been greatly eroded. The reduction in economic activities in some sectors and the complete inactivity in others as a result of the civil crisis contributed to a significant reduction in the revenue generating capacity of government. For example, maritime revenue, which represented a mere 1.9 percent of GDP in 1987, constituted the single most important revenue item (5.6% of GDP) in 1997. Tax revenue, which was 17.0% of GDP in 1987 declined to a mere 3.9% in 1997. Total revenue intake declined from US\$210.1 million in 1987 to only US\$28.3 million in 1998.

External resources mobilization is also hampered by a serious debt overhang and considerable donor skepticism about security, the rule of law and respect for human rights. In spite of the substantial external assistance provided by the donor community for humanitarian and emergency relief, during the war, the amount of total aid to post war Liberia has declined substantially compared to that of the pre-war years. The situation is made worse by the reimposition of the Brooke Amendment by the United States Government, Liberia's single largest donor.

### **3.6 Governance**

Analysis of the origins of the civil conflict clearly indicates the lack of good governance and social exclusion were key contributing factors. Although Liberia is

Africa's oldest Western-style constitutional democracy, it is generally agreed that for most of the pre-1980 era, the country achieved only a very slow pace of expansion of basic democratic and human rights principles to the majority of the population. This has prevented a genuine democratic form of governance to take root. Lack of strong commitment to social justice had also constrained achievement of full integration of the different ethnic groups. The military regime that came to power in 1980 failed even more glaringly to adhere to good governance principles and address underlying social tensions. The combined impact of the repressive ten-year tenure of the military and its subsequent transformation to civilian rule and the 7 years of civil conflict resulted in a serious weakening of whatever fragile governance institutions and practice existed. Consequently, very limited genuine population participation in governance, lack of respect for human rights and rule of law have been prominent features of Liberia's political landscape.

The Government that came to power in August 1997 has indicated its commitment to good governance by according it prominence in its political agenda. In this connection, various commissions have been set up such as the ones concerned with promoting national reconciliation, human rights and good governance. Measures also have been taken towards restoration of a credible judiciary. However, occasional episodes of human rights abuses and infringement of personal security with impunity have contributed to a persisting credibility problem in this area. Other important governance issues include a weakened and bloated civil service, lack of effective decentralization, inadequately trained and equipped security forces and weak systems for ensuring transparency and accountability in the public administration.

The capacity for formulating and implementing sound economic management policies has also eroded considerably. This is attributable to a combination of a highly unfavorable political climate, loss of experienced manpower, and lack of logistics and incentives. The progressive souring of the political environment with effect from the late 1970s through to the decade of repressive military rule triggered a steady outflow of well-trained and experienced manpower. The devastating impact of the war on the physical and logistical facilities of both public and private institutions hampered their effective functioning. The incentives system within the public sector in particular was eroded considerably by stagnant remuneration packages in the face of galloping inflation and substantial depreciation of the Liberian dollar. This contributed to undermining morale and professionalism within the public service. The policy of patronage practised by the political leadership resulted in unchecked expansion of the public sector without a corresponding

increase in productivity. The factional nature of the interim administrations between 1991 and early 1997 was not conducive to effective and meaningful institutional reform. Furthermore, it undermined whatever system remained for coordinated interaction of policy formulation and implementation.

### **3.7 Women**

The historically unfavorable position of women vis-a-vis men was aggravated by the war and it in turn worsened their vulnerability to the adverse impacts of civil conflict. During the conflict, women were subjected to all types of abuses, including rape, subjugation and conscription into factional fighting. The breakdown in social services and educational facilities has resulted in higher drop out and illiteracy rates among

young girls. They have also been deprived of opportunities to acquire skills to enable them to engage in economically gainful activities. In the process, a high proportion of the young female population resorted to prostitution as a source of livelihood and also became single parents, with all the attendant disadvantages. Despite their disadvantageous position in society, Liberian women have demonstrated their potential as dynamic agents for change, peace building and equitable development.

During the war, ten women's organizations came together to form the National Women's Commission of Liberia (NAWOCOL) as a non-governmental organization designed to provide leadership and organizational framework for coordination and networking among women's groups. Between its formation in 1991 and 1995, NAWOCOL grew almost eight-fold, bringing 78 women's groups under a unified leadership structure. NAWOCOL's vision is more far-reaching than that of traditional women's pressure groups. It regards welfare as only one of several concerns in its empowerment framework. It places emphasis on improving women's access to and control over resources, awareness of women and promoting their effective participation in decision making. Women's education, as enshrined in the equal opportunities legal provision, is thus central to the NAWOCOL project.

Gender disparities are sharp in the public services. Government remains the single largest employer, accounting for 53.4% of household heads in 1997. The majority of women in government employment are, for example, in the lower cadres, occupying posts in such traditional female 'strongholds' as secretarial duties, catering services, cleaners and laundry support services. Only a tiny handful are employed in supervisory and managerial capacities respectively. At the higher level of directors of corporations they occupy no more than 7.1% of available posts.

By contrast, women's participation in the informal sector is substantial. While female participation in the informal sector was already significant in the pre-war economy, it has assumed larger proportions since the war. In the post-war economy, women do brisk business in second-hand clothing, sell fresh foods, dry goods such as detergents, toothpaste, toys and other children's wear. The less well-off take up paid domestic employment as house-maids, cooks or baby-sitters, with a view to raising small capital to enter the informal sector at a later stage.

Liberian women are subject to two legal systems, both of which, to varying degrees, deprive them of property rights. The tension between statutory and customary laws is often difficult to resolve especially as one law can be invoked to counteract the other when women's rights threaten the status quo upheld in the other coexisting legal system. For instance, women issues are placed simultaneously under the jurisdiction of the Ministry of Internal Affairs, as well as in the domain of traditional chiefs. Under traditional law, payment of dowry virtually entitles the husband and his kin to claim the wife as chattel or household 'property' that can be 'willed' at death of a husband, or added-on in a revised will at the behest of family members. It also entitles the husband to exercise legal custody over all the wife's children born to him. Moreover, its denial of the wife's right to joint property in marriage weakens her capacity to access formal credit where landed property is required as collateral security to leverage access.

Although the statutory law does better by recognizing monogamy, sanctity of the nuclear family and bilateral inheritance, it nevertheless also imposes restrictions on the wife's access to formal credit and constrains her decision to travel by making it subject to spousal consent. While the Association of Female Lawyers is working hard



to bring customary marriages in line with statutory law, progress has, however, been slower than expected, partly because of deep cultural obstacles going back hundreds of years.

Modest success has been achieved, however, on other fronts. This is particularly visible in on-going efforts to curb domestic as well as other forms of violence against women, including wife abuse, rape and other related trauma. Considerable pressure is also brought to bear in high profile public enlightenment campaigns to expose the health dangers in harmful traditional practices such as female genital mutilation (FGM), although practical gains are much less visible because of cultural obstacles.

### **3.8 Environment**

Liberia is endowed with valuable natural resources. Uncontrolled exploitation of these resources and other human activities for the sustenance and survival of the population has, over the years created environmental problems which need to be urgently addressed.

During the seven years of the civil war, the country experienced uncontrolled logging and mining activities. Forest reserves were exploited even in concession areas. Logging activities were conducted in an uncontrolled and careless fashion greatly damaging lesser-known species and the forest ecology. Reforestation program that should have been implemented by logging companies could not be supervised. They were therefore not implemented.

In the mining area, the concerns range from the use of mercury and arsenic in the mining of gold and diamond. Here, these substances filter into the water stream and sometimes affect the ground waters. On the other side, the washing operations in the iron ore mining operations produce very large amounts of contaminated water with high concentration of iron and other effluents that drain into the nearby rivers. Coastal erosion is another environmental problem. Most of the approximately 350-mile coastline of Liberia is being affected by erosion. The most crucial areas are Buchanan, Monrovia, and Greenville. For now, there is no program for the protection of Coastal Erosion.

The impact of population displacement during the seven years of civil war has affected the environment. There was a massive displacement of people as well as rural urban migration that caused major cities in the country to experience swelling of their populations. As more and more people converged on these cities, there were increasing demand for facilities and services such as water, waste disposal, housing, health care, and jobs. The limited facilities in the city could not cope with the influx of people to the cities. The health condition of the people of Monrovia, for example, is at risk due to the public health hazard caused by inadequate or non-existing sanitary and waste disposal services, and the lack of safe drinking water.

There is currently inadequate information on the status of the environment especially relating to the effects of industrial effluents and sewage on the water bodies and the ground water. There is also no singular agency of government clothed with the authority to monitor environmental issues. The Ministry of Health and the municipal authorities are involved with sanitary matters. The Ministry of Lands, Mines and Energy monitors deals with some aspects of the environment.

In the absence of an environmental authority, environmental regulations are weak and not enforced. Industrial ventures are established without environmental management plans. Environmental assessment is never a legal requirement.

Conservation programs are virtually at a complete halt. All the natural reserves, especially the Sapo National Park and National Forests have been encroached upon.

### **3.9 Human Resources Constraints**

Prior to the outbreak of the civil war in 1989, Government took concrete steps to provide training opportunities through the formal and non-formal arrangements. Rapid expansion of the number of schools coupled with high enrollment rates in the 1980s contributed to a cumulative reduction of adult illiteracy from the 1960s high of about 80% to 60.7% in 1997. The efforts by the government also led to the training of thousands of professionals in a variety of technical and managerial fields and disciplines. However the supply of senior and middle level skilled and specialized personnel did not keep pace with the demand in both the private and the public sectors, and the shortage of skilled manpower to address specific specialized issues and/or problems therefore continued to be a significant problem.

The civil crisis exacerbated already serious problems. Many of the skilled manpower in the public and private sectors were forced to flee as the fighting became intensified. Many found refuge in other countries and have chosen to not return. The massive brain drain occasioned by the war is a serious constraint in the process towards reconstruction and rehabilitation.

The war took a heavy toll on the infrastructure of the education sector. The number of elementary and secondary schools that survived and are currently operational also suffered a steep drop from the pre-war levels. The impact of the war on the productive sector of the economy has hampered Government's ability to generate revenue to facilitate human resources development. But damage to schools infrastructure reflects only the overt and tangible effects of the war. More lasting but less visible effects were inflicted in the form of psychosocial damage, displacement and flight of teachers and pupils from schools. Traumatized children who witnessed murder and physical abuse of classmates and teachers in school premises continue to experience flashback. Among deeply troubled child war-victims, these emotional scars have led to withdrawal syndromes. Many war victims remember the school premises as a killing field from which they seek emotional escape by dropping out.

Other effects of the war include economic hardship, non-payment of teachers and auxiliary staff salaries for months, disruption of classes and looting of school libraries and institutional materials. Pupil attendance and enrollment later suffered significantly as a result of the economic consequences of the war. Many families were forced to withdraw children prematurely from school because they could not afford fees.

### **3.10 Agriculture and the Rural Sector**

Prior to the war, the agricultural sector in Liberia provided employment for more than 75% of the labor force, and accounted for over 30% of total GDP and 25% of export

receipts. As the crisis intensified, farmers abandoned their farms and fled to neighbouring countries for safety, rendering the sector dormant.

Following the repatriation and resettlement of refugees and internally displaced people, activities in the agricultural and rural sector are beginning to gain momentum. Effective emergency interventions by the donor communities (EU, USA, UNDP, FAO, Sweden, and NGOs) in the supply of agricultural inputs (seeds, tools, and training) and positive responses of beneficiary farmers, the production of the staple foods has increased steadily and impressively over the years. Rice production which was in 1995 as low as 25% of the pre-war level, improved to 30%, 50% and 70% in 1996, 1997, and 1998 respectively.

Rubber is the most important export crop produced in Liberia. Approximately 40% of the agricultural sector export value derived from rubber prior to the war. The value of rubber exported in 1989 was about US\$69.5 million. Rubber exports currently account for about 90% of agricultural sector export earnings and production is gradually increasing. By the end of 1998, seven rubber concessions had begun rehabilitation programs and actual production. Total rubber production in 1997 and 1998 was valued at US\$10.4 million and US\$29.8 million respectively.

Traditional farmers produce coffee and cocoa as cash crops and until November 1998, the Liberia Produce Marketing Corporation (LPMC) was in charge of the purchase and export of these crops. The LPMC has now franchised its operations and register buyers and exporters in exchange for royalties, although it continues to handle bulk drying of the produce. Coffee and cocoa production have also begun to recover, but still remain less than one-fifth their pre-war levels.

### 3.10.1 Forestry

The forestry sector is one of the major productive sectors of the economy. There are and 1994 respectively; and dropped slightly to 14.6% in 1998. The increase in the sector's contribution to GDP is due to the sharp increase in the share of charcoal production because of the lack of electricity; and the surge in the export of logs. The Government has granted new concessions while suspending import duties on equipment for the industry. Logging represented 57% of exports in 1999 aided by the granting of a concession to a large Malaysian logging company that is involved in the rehabilitation of the Port of Buchanan, the major logging port destroyed during the war.

### 3.10.2 Fisheries

Liberia has a coastline of 550 km and an exclusive economic zone (EEZ) of 200 nautical miles. Ninety percent of all fish production in the country is marine based. During the period of the civil war, artisanal fishing increased slightly while industrial fishing was reduced by more than half. (See table 1).

Before 1990, there were between 10 to 12 registered fishing companies operating in Liberia with about 30 to 35 vessels. This number is reduced to 6 to 8 for the past seven years with between 20 to 25 vessels. An FAO assessment mission identified 1,725 artisanal fishermen. These fishermen have 513 dugout canoes with only about three percent motorized.

In addition to the marine resource, inland waters contribute about 10% of fish supply for the country. Prior to the war, there were 365 fishponds for fish farming ranging from a fourth to a half an acre in size. These ponds were deserted during the war. Some will need renovation while others have to be built.

Before the war there were many shops dealing in fishing gears and other fishing accessories. All of these shops were vandalized during the period of hostilities. The artisanal fishermen are in need of training and basic inputs.

### **3.11 HIV/AIDS**

Since the war, vulnerability to HIV infection has increased several-fold partly because of widespread unemployment and instability of family structures arising from the disruptions of the war. An increasing number of women have been forced to adopt sex work as a survival coping strategy, with the result that many more women are exposed to HIV infection than before. Preliminary data compiled by HIV Surveillance Unit show that at the onset of the war, in 1989, there were only 5 documented cases of HIV in Liberia. Between 1993-1996 the number of positive cases of HIV rose dramatically to 509 representing an almost 100-fold increase over pre-war levels. More recent data show HIV prevalence rates to have increased from 4% in 1994 to 6.6% in 1997.

HIV incidence by age shows that prevalence is naturally highest among the sexually active age ranges of 20-40 years, while declining in the higher ages between 50-70 years. Vertical transmission through infected mother is also responsible for a significant proportion (20% in 1995, 23% in 1996, and 14% in 1997) of infections while children aged 5-14 years of age account for 6.4% and 21% of infected population respectively in 1995 and 1996. While there is no consistent pattern over the years, in general more females than males in each age cohort were infected.

The true magnitude of HIV/AIDS cases in Liberia is difficult to estimate for the following reasons:

The data on positive cases following tests for HIV are not reliable due to the absence of confirmatory testing capabilities in the 13 medical institutions currently testing for HIV in the larger Monrovia area; and

The AIDS cases that have been reported by the various health facilities have been irregular, sporadic, and incomplete.

The first program for the prevention of the spread of HIV and AIDS in Liberia was organized by MOH in 1987 with assistance from WHO. UNDP support to the AIDS program started in 1989. Focus was on the provision of appropriate laboratory equipment testing as well as initial support for the staff of the programme.

The civil war disrupted activities of the program and its premises and equipment were completely destroyed. Efforts to revitalize the programme were initiated in 1991, by the MOH and WHO. Major financial and technical support to the National Aids Control Program comes from the WHO and UNDP.

### 3.12 External Opportunities and Constraints

#### 3.12.1 Official Development Assistance (ODA)

1992 - 1996 in US\$ Million

<u>1992</u>	<u>1993</u>
	<u>1994</u>
	<u>1995</u>
	<u>1996</u>
119	143
	117
	114
	172

Source: UNDP

During the civil crisis in Liberia, public foreign assistance declined substantially because of the abrupt withdrawal of most bilateral donors combined with a breakdown in relationship between Liberia and the international financial institutions due to mounting arrears. The declining trend was indicative of the pre-war experience in the flow of external assistance to Liberia, and consistent with other pre-war trends. It was during the crisis that assistance from the UN system became critically important in the transition from war to peace. Assistance from the UN system which dominated aid flows to Liberia during most of the 1990s was essentially for relief and humanitarian support and even support to the electoral process when peace was finally restored to the country. In 1997, the UN system assistance amounted to US\$44.265 million dominated by WFP, UNICEF and UNDP (45.8%, 23.5%, and 19.3% followed by WHO, UNHCR and FAO).<sup>1</sup>

#### 3.12.2 External Debt Burden

Growth of Liberia's External Debt (1989 - 1999) in US\$ Million

Year	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Debt	1,702	1,867	1,989	1,923	1,957	2,056	2,121	2,208	2,500	2,527	2,553

Source: Government of Liberia and IMF Staff Estimates

The accumulation of an unsustainable stock of external public debt in Liberia dates back to the 1980s before the civil war. This rapid growth of Liberia's external indebtedness from US\$1,700 million to US\$2.6 billion over this review period constitutes a serious burden on the country given the size of the economy and the seven-year brutal civil war in the 1990s. This stock of debt is clearly not sustainable. Some indication of the seriousness of the situation can be provided by looking at the ratio of the stock of debt and debt-service payments to selected economic variables such as nominal GDP, export of goods and services, government revenues, and population. In each

<sup>1</sup> UNDP Liberia Economic Unit

case, Liberia's debt stock ratio after the conflict has deteriorated significantly. The debt-service ratios point to more benign picture. This is due primarily to the fact that the debt-service obligations are those scheduled, excluding the large stock on arrears. For example, Liberia has been in continuous arrears to the IMF since 1984. At the end of 1999, Liberia's obligations to the Fund amounted to US\$645 million. About 52 percent of the amount represented interest and charges. It is important to note however, that despite her very difficult fiscal position and the unsustainability of Liberia's external public debt burden as shown in the paragraphs below, Liberia has started making monthly payments of US\$50,000 since December 1997.

#### Debts and Arrears of Liberia, 1999

(US\$ Millions)	
Quota (Millions of US\$)	97
Debt to all creditors including arrears at end 1999	2553
of which: arrears to all creditors	2257
Debt to the Fund including arrears at end 1999	645
% of debt to all creditors	25
of which arrears to Fund	645
Arrears to the Fund as % of Quota	662
Arrears to the Fund as % of Arrears to all creditors	29

Liberia's stock of external public debt per capita increased from US\$681 in 1998 to US\$1,064 in 1999, with the increase almost entirely due to the accumulation of arrears. To put this in perspective, Liberia's per capita income in 1999 was US\$187. An even more severe picture of the debt burden emerges when the impact of the war on economic capacity is taken into account. In 1999, the debt to GDP ratio was 570 percent. Although down from the peak of 827 percent attained in 1997, this ratio is still substantially higher than before the war. The debt-to-GDP ratio for the post war period is also high due to the low level of economic activity compared to pre-war period. Liberia's debt load is disproportionately heavy compared with its low income per capita. Its debt per capita in 1999 (US\$1064) was three times the average for either the HIPC Initiative Countries (US\$354) or sub-Saharan African countries (US\$376). Liberia's debt-GDP ratio (570 percent in 1999) was many multiples of that for sub-Saharan Africa (111 percent) or the HIPC Initiative Countries (54 percent).

#### 3.12.3 Market Access for Goods and Services

Foreign trade has traditionally played a major role in Liberia's economy. In the 1980s the country had an overall positive balance of trade. The leading commodities involved in the foreign trade of the country have always been iron ore, rubber, and logs. Activities in these three sectors were halted by the war. Rubber and logs production has resumed although below the pre-war level, while iron ore production is unlikely to resume in the immediate future, thus adversely affecting Liberia's external current account. As a result of post-war recovery, the trade deficit narrowed from 74 percent of GDP in 1997 to 33 percent in 1998 and 25 percent in 1999; meanwhile, the current account deficit is estimated to have declined from 71 percent of GDP in 1997 to 26 percent in 1999.

Export growth in US dollar terms rose sharply by 69 percent in 1998 and narrowed to 30 percent in 1999. These movements reflected developments in the rubber and timber sectors, which now account for about 90 percent of export earnings. Timber exports increased by 145 percent and 86 percent, respectively, in 1998 and 1999; over the same period, rubber export grew by 47 percent and 11 percent. Imports were high in 1997, owing to humanitarian assistance, imports related to the July 1997 elections, and a buildup of stocks in anticipation of reduced humanitarian food aid. Subsequently, imports fell by 34 percent in 1998 reflecting decreases in donor imports of capital goods, equipment, and raw materials, which were partly affected by lower petroleum import prices.

The terms of trade improved in 1998 as import prices fell by 4 percent. This was largely due to higher prices for rubber and a lower price for petroleum. In 1999, however, the situation was reversed as export prices fell by 7 percent, largely because of a drop in timber prices, while import prices fell marginally in line with lower petroleum prices. In 1997, the bulk of exports were destined for Asia (mainly Singapore) and Europe (primarily France). In 1999, 54 percent of exports (mainly rubber) went to the United States while 35 percent went to Europe. Information on the origin of Liberia's imports during 1997 - 1999 is not available.

#### 3.12.4 Regional Cooperation Dimension

Liberia is a founding member of all regional economic groupings involving both English and French speaking countries. Given the small size of the Liberian economy, the Government has always maintained that regional economic cooperation will ensure a greater market for some manufacturing and agro-based processing outfits domiciled here. In short, viable economic cooperation has the potential for higher local employment, trade expansion technology transfer, and industrial growth. In addition to economics, regional cooperation can enhance and ensure state security. Liberia is a member of the Mano River Union, which groups Liberia, Sierra Leone, and Guinea. She is also a member of ECOWAS, which groups all states in West Africa. ECOWAS is currently, among other things, moving ahead with such programs as Free Movement of Persons, Goods and Services, Capital, and the abolition of visas, the launching of the ECOWAS Travelers' checks, the setting up of a West African Monetary Agency leading to a single monetary union. The Monetary Union of course requires a mechanism for the convergence of macro-economic policies in the member states. ECOWAS Secretariat has been directed to coordinate the different positions of all member states in EU/ACP negotiations in future Lome Convention at the end of the 8-year transition period agreed recently during negotiations between the two parties. The Heads of States of the Community have acknowledged ECOWAS as the most appropriate framework for the coordination of relations between West Africa and European Union.

While we note the many opportunities for the Liberian economy and the people of Liberia in regional cooperation, post-war Liberia is under tremendous strain financially to meet its financial obligations to these regional bodies. With reduced economic activities in the post-war economy, it is

becoming increasingly difficult to maintain Liberia in these regional groupings. Liberia is currently in huge arrears with ECOWAS. During a visit of the Secretary-General of the Mano River Union to Monrovia in August, 1999, he informed the Government of Liberia that the cumulative arrears of all three Member States of the Mano River Union from 1994 - 1999 totaled US\$2,381,518.11, and that the arrears of Liberia is US\$981,902.90. However, despite the obvious constraints of Liberia, she is consciously trying to reduce her arrears owed the Union. The Government of Liberia made a small payment of US\$35,000 in June 1999. Another check of US\$14,000 will be paid shortly.

### **3.13 Vulnerability to Shocks**

Like any LDC, the Liberian economy is sensitive to external shocks especially adverse price movement against major primary export commodities such as iron ore, rubber, and logs. Because of the civil crisis, activities in these three sectors were halted. The production of rubber and logs has restarted although far below pre-war levels. Iron ore production is unlikely to resume in the immediate future, thus adversely affecting Liberia's external current account. As a result of post-war recovery efforts, the trade deficit has been reduced from 74 percent of GDP in 1997 to 33 percent in 1998 and 25 percent in 1999. Growth in exports rose sharply by 69 percent in 1998 and moderated to 30 percent in 1999. The merchandise terms of trade improved in 1998 as import prices fell by 4 percent and export prices rose by 9 percent. As an exporter of primary commodities, there is need for the monetary authorities to maintain a restrained monetary stance supported by a tight fiscal position. This will be important in the near term to build confidence in the monetary system so as to allow for a gradual increase in the international reserves. In the case of Liberia, maintaining a market-determined exchange rate is appropriate. A flexible exchange rate will help the country weather external shocks.

Because it was relatively easy to receive food supplies and other relief items in urban centers especially Monrovia, a substantial proportion of the 700,000 internally displaced people settled in Monrovia. This development contributed to the growth of poverty in human development terms. The delivery of social services was almost impossible despite massive support from NGOs and several other donors. Even after the war has ended and substantial efforts have been made to resettle internally displaced people throughout the country; social indicators still suggest deepening of poverty reflected mainly in the overcrowding of schools and inadequate health services. This is indicative of the vulnerability of the society to such unexpected development as a civil war. This society has no safeguards to weather such shocks.



## 4.0 PROGRAMME OF ACTION 2001-2010

### 4.1 Development Objectives, Problems and Prospects

#### 4.1.1 Immediate – Medium Term Goals

Following the end of Liberia's devastating seven-year civil war, the democratically elected Government of Charles G. Taylor took office in August 1997. The new Government immediately initiated a near-term relief and a medium to long-term recovery program generally referred to as the National Reconstruction Program (1998-2000). The over-riding focus of the NRP is short-term but many of the activities are being carried over to the medium-term (2000-2003). The over-all objectives of the Government as outlined in the NRP are:

1. To ensure sustained peace, national security, and civil liberties;
2. Revive and reinforce governance institutions at both the national and local levels;
3. Repatriate, resettle, and reintegrate the displaced population including former combatants;
4. Ensure food security;
5. Resuscitate and expand sources of sustainable livelihoods, specifically in the informal and private sectors;
6. Facilitate the rehabilitation and reconstruction of essential public infrastructure in rural and urban areas;
7. Stimulate and sustain economic growth;
8. Enhance the viability of the financial sector; and
9. Improve economic management.

In the implementation of these objectives in the last two years, Government has made significant progress with substantial assistance from the international donor community especially with resettling of some 500,000 refugees who were living in neighboring countries and 700,000 internally displaced people. The economy has rebounded strongly since the end of the war, particularly the agriculture and forestry sectors. To maintain this momentum and broaden its impact on all productive sectors, the Government must now expand its focus from near-term relief and reconstruction to a more comprehensive reconstruction and economic growth, and economic reform programs. The government is elaborating such a strategy and to ensure that its execution will focus on fostering private sector development, good governance and transparency. The government is strongly aware that rehabilitating transport, communication and public service infrastructure is a costly and lengthy process, which requires close coordination with the World Bank and other key donors.

##### 4.1.1.1 Economic Management Goals

Because of government's policies and measures, the macroeconomic situation has remained stable since the end of the conflict, with the 12-month inflation rate averaging 3% at the beginning of 2000, and the exchange rate in the range of L\$41-L\$42 per US dollar in the last two years. Government remains committed to its economic and financial program, which is currently being monitored by the IMF. With the help of the Fund, Government is addressing the serious structural problems underlying expenditure management. It is important for government to firmly

maintain expenditures within the framework of the budget. The continuation of an appropriately restrained monetary stance, supported by a tight fiscal position will be important to build confidence. In the case of Liberia, maintenance of a market determined exchange rate is critical.

Liberia is now at a critical crossroads in its economic and reconstruction efforts during this plan period. The government understands that there is a need to widen and deepen its economic and reconstruction strategy to establish the foundation for a sustainable increase in economic growth over the medium to long-term that will benefit all segments of the Liberian society and address the abject level of poverty in the country.

The Government will continue to constructively engage the donor community for the provision of assistance in expanding capacity and creating an enabling environment to accomplish these planned goals. Government anticipates a donors conference in the medium term focused on massive reconstruction and reform efforts needed to make substantive and lasting improvements in the standard of living, but especially the commitment of substantial financial assistance.

In addition to the NRP, the Government of Liberia is in the process of developing a comprehensive medium-term reform and reconstruction strategy with a view to expanding the near-term relief and reconstruction focus of the NRP. It is anticipated that elaboration of the strategy will be completed before the end of the year although even the outline has not been completed especially due to delays in receiving inputs and contributions from sector agencies. The objective of this medium-term strategy, according to the authorities, is to create an enabling environment to consolidate and sustain the current economic recovery and to lay the foundation for sustainable economic growth, with a view to achieving a considerable reduction in poverty. The key tenets of the government policy framework include: maintaining a stable macro-economic environment; accelerating the capacity; undertaking civil service and public enterprise reform; introducing further trade liberalization; and restructuring the financial sector. Improving transparency and promoting good governance and the rule of law also constitute components of the strategy.

Reconstruction and poverty reduction must take center stage over the medium term. Consequently, reconstruction of the country's physical infrastructure destroyed during the war (including roads, buildings, and public utilities) and rebuilding human capital must be accelerated if important gains in poverty reduction are to be achieved in the foreseeable future. The strategy, we are told will fully articulate a reconstruction and poverty reduction action plan, including the financing requirements necessary to achieve this objective.

Maintaining macroeconomic stability over the medium term will require a sound fiscal position, which itself will need to be based on a credible path for the postwar economic recovery and domestic revenue. In this regard, increased revenue mobilization will require continued tax reform, a sizable reduction in tax exemptions, and more efficient tax administration, as well as effective public debt management. Effective expenditure policy will depend on a comprehensive civil service reform, including rightsizing the civil and security services and allowing for a sizable increase in wages to remaining staff to boost morale and efficiency. In this regard, demobilization and demilitarization will require significant technical and financial assistance from the donor community. Given the current difficult state of the banking

system and the need to preserve macroeconomic stability, fiscal policy over the medium term will aim to continue to achieve a balanced domestic budget.

The development of a functioning monetary and financial system will be a core component of the medium-term strategy. Accordingly, a consistent monetary framework with the objective of maintaining a low-inflation environment will be central in the medium-term policy framework, including operational rules and the development of instruments for the Central Bank of Liberia (CBL) to conduct monetary policy. The emphasis in the financial sector will be on strengthening the banking system through compliance with prudential regulations and closer supervision. Resolution of the failed banks, as well as undertaking prompt corrective action to resolve weaknesses in a number of active commercial banks, will also be an important medium-term objective.

According to the authorities, measures to improve transparency and pursue good governance will be a critical aspect of the medium-term strategy, including actions to improve the transparency of the budget process and the adoption of international best practices in fiscal and monetary policies. In addition, the reform of the legal system, broad deregulation, and price decontrol will be crucial to establishing an investor-friendly environment.

Substantial external financing will be required to achieve the medium-term objectives of the government and, consequently, will be fully reviewed in the strategy. In addition, strategies and scenarios to address Liberia's unsustainable external debt burden will also be reviewed.

The strategy seeks to support the economic recovery in 2000 during the medium-to-long term; GDP is expected to grow by some 20%, as food and cash crop production continue to rebound, and timber and mining exports continue to expand. With tight demand management policies, inflation is expected to remain below 4% in the medium-term, while the external current account deficit (including grants) is expected to be in the range of US\$50 million.

Prudent fiscal policies will remain the cornerstone of the government's macroeconomic stabilization strategy in the medium-term with a balanced budget targeted for the period as a whole. This will be achieved by maintaining a tight reign on expenditures while implementing revenue-enhancing measures, including transparency reflecting all revenue and expenditures of the central government in the budget.

The government is committed to strengthening its legal and regulatory framework in a way that will secure individual property rights, remove entry and exit barriers, and lower the cost of conducting business in Liberia. To this end, structural reforms will remain an integral part of the government's economic policy, given their critical importance in improving the business climate for private investment. A new "investor-friendly" Investment Code is being finalized and will be introduced shortly. Legislation is being prepared for the mineral and forestry sectors to ensure that those resources are exploited in an organized manner, and that the environmental implications of mining and forestry activities are adequately addressed. The government also intends to continue to improve the effectiveness of the court system and confidence in the rule of law. To improve the business climate, the

authorities have recently demolished the numerous checkpoints constructed in the city of Monrovia during the civil war.

Monopoly rents represent a substantial cost to consumers in the form of higher prices and to the economy in the form of forgone benefits of competition and reduced scope for private sector activity. In this regard, the government intends to fully liberalize the importation of rice, including the elimination of minimum import requirements, quality requirements (except as related to health and safety), and price controls. At the same time, the government considers it important to set up a detailed monitoring system in the medium-term, with the assistance of the World Bank, which will provide daily information on stocks of rice held by different importers, and the price levels of various qualities in the domestic and international markets. In the meantime, the authorities intend to embark on a public education drive in the news media on the proposed measures and the benefits to the consumer in terms of wider varieties available and a more competitive range of prices. The government is fully committed to the liberalization of the importation of rice. However, there must be appropriate safeguards to ensure an adequate supply of this strategic commodity at all times. Consequently, as an integral part of the liberalization process, the rice-monitoring committee will develop appropriate safeguards, in consultation with the World Bank, to assure the availability of a sufficient stock of rice.

Similar benefits to the consumer in terms of the liberalization of rice imports apply in the case of imports of petroleum products. Accordingly, with the assistance of the World Bank, the government will adopt a procedure similar to that used for rice imports by visiting countries in the region to study their experiences following the liberalization of imports of petroleum products.

Progress in civil service and public enterprise reform has been slow, owing to the lack of financial resources. Following the recent payroll audit, the next steps will be the functional audit of the civil service and the issuance of identification cards to all civil servants by September, if donor financial support is secured. The government remains fully committed to reform of the civil service and public enterprises, and has approached several donors for assistance. In view of existing financial constraints, progress in these areas will to a large extent depend on financial assistance.

#### 4.1.2 Long-Term Goals

The foregoing describe the goals and objectives of short-term and medium-term stabilization measures of the government and the beginning of recovery and long-term socio-economic development. The continuing nature of social and economic development programs and projects provides a comfortable basis to assume that during the full plan period (2001-2010) activities of the NRP and especially the medium-term plan (2000-2003) will spill over far into the Action Program period. However, because of the longer-term outlook of the Action Program, it is important and necessary to ascribe additional goals, objectives, and strategies to that effort. The Action Program for the Development of Liberia (2001-2010) is meant to make a significant contribution towards minimizing the socio-economic problems facing post-conflict Liberia. This program must be seen as the initiation of a continuing process, and as time goes on, even beyond the program period, it will be revised in the context of changing circumstances.

The growth pattern in Liberia follows closely that of other African economies dominated by a foreign sector where exploitation of natural and mineral resources are carried out with little benefit flowing to the rest of the economy and relative neglect of agriculture and other renewable resources. There is also very little interest in growth through import substitution. Liberia has a relatively good natural resource endowment including a good supply of arable land and a climate suited for crops including rubber, coffee, cocoa, sugarcane, oil palm, rice, cassava, and a rich tropical rain forest reserves and minerals. Exploration and prospecting continues for gold, uranium, and oil. The country is also strategically located on the western edge of the African continent. Clearly, the natural resource base is one which, if appropriately harnessed, could ensure for Liberia's population of 2.4 million, a high and rising standard of living, comparable to what obtains in some African countries with similar resource endowment. Nevertheless, Liberia is in the throes of an acute economic crisis, which has been exacerbated, by the ruinous civil crisis described earlier. In summary the economic problems are:

1. A highly dualistic economy unable to cope with its growing population. The economy is dominated by foreign factors of production that account for most of GDP; foreign enclaves had served as the engine of growth of the Liberian economy; more recently and especially since the 7 years civil war, that engine has been faltering.
2. An alarmingly high rate of unemployment
3. Low productivity
4. A very high gap between the rich and the poor with hardly any trickle-down from the foreign sector to the indigenous sector
5. A high rate of illiteracy

In order to address these problems, the Action Program will build on the country's natural advantages and the strategy for doing this is outlined in the sectoral chapters that follow. While exports and greater processing of exports will be encouraged, the program aims at progressively exploiting the good opportunities that exist for growth through substitution of imports, both in agriculture and in industry. The program will attempt to increase investments that would help in the diversification of the economy, emphasize investment in agriculture, manufacturing and small-scale industries, improve transportation and communications to reach the rural population, mobilize all communities to get involved and undertake rural-self help projects, expand education to reduce adult illiteracy, adopt primary health care programmes to reach most of the population, intensify education in family planning and improve land tenure to encourage individual families to till and make land more productive. In foreign operated activities a policy objective will be to actively seek ways of augmenting the benefits remaining in Liberia from such activities. So, the strategy to be followed in the Action Program cannot be a mere continuation of trends in the pre-war period. Progressively, we will guide our economy in the interest of the mass of our people and there will be important changes of directions in policy, including:

- a. diversification of the economy;
- b. improved distribution of income; and
- c. increased Liberianization of the economy.

Policies in these directions will be flexible and pragmatic, and progress will be effected gradually so as not to lead to any disruption of confidence. Hitherto, the Government's role has tended to be passive, focused largely on collecting revenues from the enclave sector. But to realize the Action Program goals, the government will now need to gear itself for a more active role in the total management of the economy.

#### 4.1.2.1 Diversification of the Economy

Since the mid-1970s, the basic weaknesses of Liberia's open and narrowly based economy have become increasingly evident. Liberia's past pattern of development created a capital and energy-intensive modern sector (iron ore, rubber, and timber enclaves) with few linkages to the general economy. And as the demand for iron ore and steel products in the world market weakened, the Liberian economy declined. Besides, this export-oriented sector is largely foreign-owned. The development of other sectors, notably agriculture and agro-based industries, was relatively neglected. Nevertheless, it was this sector that sustained the Liberian economy when the mining and other sectors declined. The policy thrust of diversification under this Action Programme aims essentially at correcting for this past neglect. It further exploits the short-run comparative advantages of the Liberian economy to provide the resources needed for the next phase of diversification, including industrial expansion.

By diversification and dispersion of projects, the Government intends to allocate resources and to undertake measures to expand the economy into fresh areas. The benefits of this approach are expected to reach a large proportion of the population. This will mean expansion of the manufacturing sector and increasing projects and productivity in agriculture.

The manufacturing sector will receive greater attention because of its importance in contributing to the alleviation of the unemployment problem, particularly prevalent in urban centers. Activities in this sector will recommend necessary amendments to the investment Incentive Code. Anomalies in import tariffs, which have a negative impact on local production, will be removed. Other measures will include the identification of bankable projects for potential investors and promotion of industries based on local raw materials. Special consideration will be given to small-scale industries as well as those that are labour-intensive in their production processes.

Agriculture is a priority sector for greater attention than ever before. Liberia is endowed with abundant land, suitable topography and soils. It is evident that expansion of the agricultural production would have widespread effects and would contribute immensely to the long-term objectives of the nation. The most severe constraints that hinder agricultural development include: inadequate infrastructure characterized by insufficient and badly maintained roads, low level of farm technology, unsatisfactory arrangements for marketing, supply of inputs and credit, extension, training and research, weaknesses in land tenure policy and a critical shortage of labour. Public investment and policy will thus need to deal with these issues on a broad front.

For the agricultural sector, accordingly, more effort will be placed on extension services, research and training. Extension and training will be organized in such a

way as to produce more benefits for the smaller farmers. Institutional support such as credit, marketing, cooperatives, land and water development will be given further impetus. To stimulate local production in the direction of self-sufficiency, agricultural products pricing must favour local producers. For local produce, the purchase prices will follow the trend of the world market. For export crops, the policy will be to pass on to producers the maximum possible share of the world market price. Focusing on the agriculture sector also requires a high degree of coordination and local participation. This can be achieved only through restructuring of the Ministry of Agriculture, and stimulating coordination among the various agencies (national and local) in charge of the multi-faced integrated rural development programs.

The existing land tenure system will be examined and appropriate measures will be taken to obtain more productive use of land. By improving access to land, small scale farming in particular will be encouraged.

The Forestry sector, which constitutes one of the most important natural resources of the country (covering about 12 million acres or about 50% of the land area), will continue to be monitored by the Forestry Development Authority (FDA). The major policies in this sector will concentrate on the conservation of resources in order to avoid irreplaceable depletion of valuable species. Other measures will include applied research, appropriate training to produce highly skilled workers, expansion of production, and the encouragement of local processing of logs.

Experience has shown that the impact of national development planning on socio-economic conditions of the Liberian people has been negligible. This situation can be attributed mainly to the virtual absence of popular participation in relevant and feasible areas of planning and the execution and monitoring of projects. The rapidly evolving socio-economic context is one of gross imbalances: mounting demands for more and better roads, etc, although the resources available are severely limited. Popular participation will help reconcile these imbalances. The government will also initiate a new anti-poverty rural and urban development scheme in which the citizenry of Liberia at village, town, city, chiefdom, district and national levels will, within relevant sectors and for certain projects, participate actively, not only in plan preparation but more so in plan implementation.

In this "working together spirit to help ourselves" the Government will design plans geared towards the following:

1. Encourage and motivate community people to organize themselves into segmented community action groups with a view to undertaking jointly identified community projects for community benefits;
2. Assist communities to identify their own social and economic needs-the bottom-up approach to national planning; and
3. Provide professional and technical assistance to needy communities in the design, implementation, evaluation and monitoring of self-help projects.

Recognizing the migration of the population from rural to urban centers, Government will take measures to help eventually produce a more rational distribution of the population. In addition, Government will adopt policies and establish programs to guide and regulate the flow of international migration into the country. Research

activities pertaining to the formulation, evaluation and implementation of these policies will be given special attention. Training in population dynamics and policies will be interdisciplinary in nature and will be extended to middle-level personnel, medical personnel, community and other social leaders, policy makers and senior Government officials. The objective is to enable these critically placed officials and functionaries to be better able to undertake their responsibilities so that results from all the various agencies and institutions can be convergent in the direction of desired socio-economic objectives.

In terms of absolute numbers and average density, the population of Liberia does not appear to pose any problem for the next four to five decades. However, it needs to be recognized that the areas of good fertile soil in Liberia are limited, and the major potential crisis is the rate at which the population is growing in contrast to the rate at which the economy is growing. Planning and economic development, therefore, must take into consideration the level, structure and rate of growth of the population.

Diversification through emphasis on domestic agriculture and agrobased industries has also a direct bearing on employment policy. Given the present state of the economy and its poor growth record, it will not be possible to provide enough jobs to absorb all the elements of the increasing labour force. While in the past a high proportion of the labour force was engaged in subsistence agriculture in the rural areas, this pattern is changing. Young adult men and women are leaving the countryside in search of relatively superior but usually illusory economic benefits in the urban areas. It is, therefore, not surprising that only a small proportion of such migrants obtain wage jobs. A few others enter the so-called informal sector, mainly in the urban areas. The great majority remains unemployed.

A concerted effort will be made to tackle the unemployment problem by pursuing a strategy that would also raise the level of agricultural productivity in the countryside and, thereby, increasing opportunities for gainful employment.

In order to achieve the foregoing objectives, the following short and medium term measures will be taken:

1. Government will orientate its policy towards programs and investments in land development and for discouraging migration towards Monrovia. Others include sustained publicity on reforms relating to land tenure and land use as well as campaign for improving both business and small holder farm management;
2. Feeder and farm-to-market road construction will be given maximum support to boost agricultural development schemes. In addition, investment incentives will be implemented for the benefit of small holders;
3. Encouragement will be given to small-scale industries based on local agricultural produce as well as those supplying farm inputs. Simultaneously, the same policies will be applied to local manufacture of tools. Incentives will include access to relatively soft loans;
4. Country and territorial superintendents and other government agencies will be required to increase their level of support (technical advice, logistics,



equipment and basic tools) for self-help projects in local villages and ensuring that clan and village level decision-making is fostered; and

5. Agricultural extension services for small holders will be extended and intensified, making advanced and capable small holders the core of this extension service.

Two major aspects of plan implementation will be given high priority:

- (1) effective co-ordination and (2) efficient monitoring. Past experience has shown that insufficient attention given to these two aspects adversely affected the efficiency of the implementation of the plan programs. Coordination and monitoring will require some restructuring of public institutions and their functions in order to improve delivery systems and to permit periodic assessments of programs and policies. The latter can be achieved through improved systems of reporting and early correction of distortions. These desirable measures will especially affect the institutional framework of the agencies in charge of executing the rural development programs, the roads and transport programs, the health and social welfare programs and the policies for the promotion of private investments.

#### 4.1.2.2 Improved Distribution of Income

There are no firm data on income distribution in Liberia. The extended family system acts as a powerful instrument of income re-distribution in the country. The migration into Liberia from neighboring countries of skilled and unskilled labour alike serves as evidence of the superior earning opportunities both in rural Liberia as well as in the towns. Nevertheless, what evidence we have suggests that extreme inequalities have developed in the distribution of income in Liberia.

An important policy goal of the Action Programme will be to move towards a more equitable distribution of income. This will be done through policies to raise incomes in the most handicapped groups, i.e. the rural areas, while at the same time reducing the urban bias that has existed in the Government's income and tax policies. What is to be done on the policy side to raise rural incomes through increased participation of the mass of the people in the Liberian economy, will be supplemented through public investments that will be geared to better access for village folk to education, health, roads, extension services, credit and input supplies. Such a strategy is needed not only to better distribute income and for greater social justice, but it is also the most effective way of facilitating the revival and growth of the Liberian economy.

At the other end of the spectrum will be re-distributive measures to transfer income from the higher to lower income groups. Official policy will be directed to working towards a fairer share of the benefits to Liberia from the operation of the foreign producers and traders in the country. Progressively, more linkages will be forged between the concessions and the rest of the Liberian economy. Pricing and other policies of trades and businesses operating in

Liberia will also be kept under close scrutiny to guard against any exploitation of the local market. Coupled with this will be the better administration of existing taxes to facilitate the effective collection of taxes, particularly from the higher income groups.

Wages and income policy to be pursued will also be influenced just as much by the dictates of improved distribution as by the need to preserve the competitive position of export activities on which the Liberian economy so critically depends and to maintain a revenue/expenditure balance in the Government budget. Wages policy must also reflect the fact that employment in the monetary sector represents a relatively small and privileged sector of total employment in the Liberian economy. Employment in the monetized (i.e. non-subsistence) sector is estimated at between 20 and 25% of total employment. The single largest employer is still the Government with 32,000 workers, followed by Public Corporations, trade, hotels and restaurants, and manufacturing activities.

As the public sector is the largest single employer, the level of public sector wages and salaries tends to influence wage levels in the rest of the economy. Consequent on the wage hikes granted to the public sector in 1999, wage and salary levels in Liberia are now high relative both to wage levels in neighboring countries and to those in the unorganized sector in Liberia. A tight rein needs to be held on public sector wage levels and Government policy will be to allow no increase in minimum wages and salaries in the public sector for the rest of the plan period. It is called for on grounds of equity, so that the wide gap that now exists between incomes of Government employees and incomes in the unorganized sector does not widen further.

#### 4.1.2.3 Policy toward Private Foreign Investment

As the bulk of Liberian economy is in the private sector, this Action Program recognizes that inducing private investment is essential in bringing about the recovery of the economy. In the Liberian context private foreign investment is seen as instrumental in stimulating domestic growth. We see the prospects of a renewed inflow of private foreign investments into Liberia as being promising. The country is relatively well endowed with natural resources and has a ready supply of labour. On the political front, the Government has been successful in forging a new political consensus and establishing political stability since its assumption to office and with this there should be a revival of business confidence. Furthermore, with a relatively open economy, liberal economic policies, and favourable tax treatment there has been increasing evidence of strengthening of this confidence and the prospect of new inflows of private foreign investment.

Contributing to the favourable economic environment is the availability of specific investment incentive schemes including customs duty, income tax and other benefits. These are outlined in the investment Incentive Code (administered by the National Investment Commission) and therefore do not

need repetition here. Foreign investment is welcome in areas where capital and skill are critically needed including:

Manufacturing;  
Mining, Quarrying and oil exploration;  
Agriculture, Forestry and Fishing;  
Electricity, Gas and Water;  
Building and Construction, including hotels and Tourist facilities; and  
Transportation and Communications.

To qualify for incentives, private foreign investments will be expected to fulfill certain basic conditions:

- fall within the overall priority as established in the Action Program;
- encourage the firm to use domestic inputs as much as possible and progressively increase the share of such inputs; local value added should be not less than 25% of the value gross output;
- ensure the permanent employment of Liberians at all levels, including management level and carry out appropriate training schemes for domestic employees; and
- no rigid limitations are stipulated on the share of equity to be held by the foreign investor, but the option should be open for Liberians to contribute to the enterprise by purchasing shares or otherwise participating in the ownership.

The policy on private foreign investment will continue to be liberal and flexible with a relatively high degree of openness of the economy. The focus and emphasis of this action program in respect of this sector will be designed to guide foreign private investment in such a way as to ensure increased generation of income, export earnings and tax revenues with high level of value added to output. This in turn will increase employment, train and raise the skill level of Liberian employees. Higher skills and technological development in Liberia will stimulate growth of domestic enterprise and contribute to industrial efficiency.

## **4.2 Agriculture and Industry**

### **4.2.1 Agriculture**

The closure of the iron ore mines in view of the damaging effects of the civil war has catapulted agriculture to the position of most important sector. Agriculture, which now constitutes the single most productive sector, can serve as an engine for the alleviation of poverty and the promotion of economic growth. Prior to the war, iron ore alone accounted for about 50% of total export earnings while agricultural exports amounted to about 30% of export earnings. The situation is now reversed with agriculture accounting for about 95% of export earnings while iron ore has been deleted from the list of export commodities, thereby making the agricultural sector the main source of post war recovery.

Agriculture comprises timber production, and the growing of principal crops including rice, rubber, cocoa, coffee, oil palm, sugar cane, cassava, eddoes, yams, and to a lesser extent a variety of fruits and vegetables. Modern monetized commercial farms exist side by side with a neglected traditional smallholder sector.

Rice and rubber occupy (70%) of the total farm area of the 1.1 million acres. Rubber is by far the most important commercial crop, followed by cocoa, and coffee and oil palm. Local rice production particularly suffered serious setbacks during the war. Rice output fell from 200,000 metric tons pre-war to only 40,000 metric tons in 1995.

The organization of agricultural production in Liberia has been characterized by four types of farming systems:

- a. Concession farms
- b. Corporation managed or supervised farms
- c. Liberia owned commercial farms
- d. Traditional farms

The highest yields are usually obtained from concession farms, which are foreign owned and produce rubber and oil palm. Modern technologies are used, experienced management is hired to run the operations and tenure to the land is secured. Corporate-managed commercial farms generally have secured land title and frequently are situated on highly productive land. Liberian managed commercial farms are primarily engaged in rubber production. There are some Liberian commercial farmers who are engaged in the production of cocoa, coffee, oil palm, some rice and vegetables. These farms range from less than five to more than 100 acres. Finally, productivity is lowest among the large numbers of traditional small holders.

This action plan will place emphasis on Liberian owned commercial and traditional farms. It is envisaged that increasing productivity in these Liberian owned agricultural enterprises will yield immense benefits which when properly harnessed can lead to an increase in employment, food security, poverty alleviation, and overall economic growth. In view of their large numbers (70%) the small farmer can be an effective engine for sustained growth and development. Unfortunately it is the small farmer who has been marginalized in the past.

#### 4.2.1.1 Subsistence Agriculture

The predominant character of the traditional small farm is one of low productivity of labour. Average farm size is less than 1.5 hectares, of which more than 26% is under rice crop production at any given time. Shifting cultivation on the uplands is still the main technique. Under shifting cultivation, the secondary forest is cleared and burned, followed by one to two years of cultivation after which the land is returned to bush fallow for eight to ten years. Shifting cultivation is necessary to restore soil fertility in what are generally poor, acid, heavily leached soils, unsuitable for continuous cultivation of annual crops. In general, land tenure arrangements are based on tribal tradition, which are well adapted to the bush fallow cropping system.

With a population expected to reach 4.8 million in 2010 and a forecast net trade cereal deficit of 230,000 GMT, Liberia will need to foster agricultural production. Rice is the major staple in the Liberian diet. Rice self-sufficiency by the year 2010 would require a very high growth rate of domestic rice production (5.8% per annum) which does not appear feasible given the techniques available and their rate of adoption by farmers. Therefore, the focus should not be only on rice production, but food access should also be considered through commercial food import partly financed by the agricultural export sector.

Two options are available for expanding rice production and have been pursued with mixed results: intensification of upland production systems and the expansion of rice in swamp areas to substitute for uplands. The development of swamp rice cultivation by small-scale farmers seems to be the most appropriate option in irrigation development in Liberia. However, the uptake of rice swamp development has been slow and below expectations. In that respect, the rehabilitation of rainfed agriculture should also receive due attention. During the 1980s domestic production of rice increased at first but then stagnated at a self-sufficiency ratio of 65%. The increase in output in the early 1980s was due to an increase in the area cultivated; yields stagnated at about 1250 kg/hectare and had not shown a sustained increase since the late 1960s and early 1970s. This program will therefore seek to expand upland production of tree crops and swamp land production of rice. It is expected that this will result in the increase of rice average yield by 6.0 ton/ha by year 2010.

## Liberia: Physical Programme Matrix for Agriculture

PROGRAM ME AREAS	GOALS (Year 2010)	CONSTRAINTS	ACTIONS
<u>Agriculture</u>			
Land in Use Rainfed	Rehabilitation and intensification of 637,000 ha And addition of 364,000 ha to be newly developed.	Productive capacity destroyed by the war. Low productivity of the land, shifting cultivation. Lack of adequate technical package, which address labour constraint. Inadequate price policy.	Review of agricultural recovery and development options and investment needs. Community self help resettlement programmes. Re-establishment of public administration and technical services. Rehabilitation and construction of access roads.
Irrigated (Inland Valley Swamps)	Increase of equipped Inland Valley Swamps by 24,000 ha. And the swamp cultivated area by 25,000 ha.	No national capacity to plan and implement IVS development programmes; high labor requirements for IVS development ; Improved swamp rice technology more complex than upland production system. Inadequate price policy.	Restore and train extension service. Target first high-density population areas with low input production schemes and later on high potential areas with best marketing facilities. Implementation of Food For Work schemes. Restore basic services in water supply. Implementation of credit facilities. Farmer re-equipment schemes. Appropriate mechanization schemes for cropping and processing.
Yields Upland Rice Swamp Rice Cassava Coffee Cocoa	Raise average yield to 1.5 ton/ha Raise average yield to 3.5 ton/ha Raise average yield to 12 ton/ha Raise average yield to 0.8 ton/ha Raise average yield to 0.6 ton/ha	Inappropriate crop rotations; shortage of improved seeds; no pest control; lack of short-period varieties; inadequate supply of fertilizer; lack of short-term input loans; short supply and lack of credit for ploughing animals.	Strengthening of extension, applied research and input supply services; expansion and improvement of credit facilities for inputs; special farmer-based programme to increase the production and delivery of improved seeds.
<u>Livestock</u> Cattle Sheep and Goat Pigs Poultry	Increase national stock by 5,000 Increase national stock by 274,000 Increase national stock by 112,000 Increase national stock by 292,000	Poor health and reproduction parameters; abandonment of many former grazing areas. Poor marketing and slaughtering facilities. Lack of credit.	Strengthening of livestock extension and vet services. Rehabilitation of selected grazing areas. Farmed-based special programmes to increase the supply of improved animals for reproduction. Implementation of credit facilities.

Source: Food and Agriculture Organization

### 4.2.1.2 Agricultural Export Commodities

Rubber is by far the most important export crop. Covering about 140,000 ha, rubber plantations provided approximately 40% of the agricultural sector's export value. However, rubber output has been declining since the early 1970s. The rubber plantations produce over 70% of Liberia's rubber output and account for about 50% of the area under cultivation. The concessions purchase the output of the small holders at prices related to world market price. The share of rubber in total exports

rose from 24% in 1987 to 77% in 1997. Coffee and cocoa are the main cash crops in the traditional sector and experienced a continuous expansion. Oil palm plantations are relatively recent in Liberia and it was anticipated that, starting in 1990, exports would increase gradually and that by the year 2000 the country's palm oil exports will be close to 20,000 tons.

This program of action will seek to raise the productivity of cash crops (rubber, coffee, cocoa, and oil palm) emanating from Liberian owned commercial and traditional farms. Liberian owned modern commercial farms will be rehabilitated, and farming inputs (credits, tools, and marketing outlets) provided at the earliest.

### **4.2.1.3 Support to the Agricultural Sector**

#### **4.2.1.3.1 Institutional Support**

Prior to the civil war, institutional support to the Liberian smallholder was provided by the Liberia Produce Marketing Corporation (LPMC), the Lofa County Agricultural Development Project (LCADP), Bong County Agricultural Development Project (BCADP), Liberia Rubber Development Unit (LRDU) and the Ministry of Agriculture.

The LCADP was established in 1976 as integrated rural development project partly financed by the World Bank and the Government of Liberia. The LCADP was established to provide assistance for small-scale farmers to enhance production of rice, cocoa, and coffee, and improve their incomes and living condition. The BCADP was established in 1977 and provided 80,000 small scale farmers with planting materials, technical advice and training in management and arrange for marketing outlets for farmers produce. The Liberia Produce Marketing Corporation (LPMC) was established by Government to purchase and export cocoa, coffee and palm kernels. The LPMC also provided storage and crop processing facilities for local farmers. The Nimba County Rural Development Project (NCRDP) was established in 1978 and financed by the Government and GTZ under bilateral cooperation with Germany. The project provided free production inputs and assisted in the planting of major crops such as coffee, cocoa, rice and oil palm. The LPMC will have to be salvaged to continue to provide marketing services to the agricultural sector since the LPMC is not involved in the purchase and sale of fruits and vegetable and rice, the farmer cooperatives will fill this role. LPMC milling and storage facilities should also be rehabilitated so as to continue to provide the needed services to smallholder farmers.

The Central Agricultural Research Institute (CARI) will also be reactivated to conduct research in improved varieties of crop production, and pesticides. The PC advocates a centralized research approach. Accordingly, the research work previously carried out at the various sub-research stations, will be transferred to CARI to maximize the use of scarce resources. The strategy will entail the combination of research activities with extension and training programs.

The new strategy also entails the creation of farmers cooperatives in all the political subdivisions of Liberia. These cooperatives organized by the farmers themselves can mobilize resources with which to provide inputs and marketing services. In many countries, membership in agricultural cooperatives has enhanced farmer bargaining power for bank loans. The farmers' cooperative will ensure that farmers get a good price for their produce and that the concerns of the smallholder farmer will be addressed. The Agriculture Cooperative Development Bank should also be

reactivated as early as possible to expand credit to small holders throughout the country.

#### 4.2.1.3.2 Agricultural Extension Services

One of the strategies of the Program of Action is to emphasize the provision of training and extension services. Immediate forms of technology appropriate and adaptable to local conditions will be introduced to raise labour productivity and meet the acute shortages of labour in rural areas. Work is needed on improved varieties of a range of crops. Attention will be given to cultural practices aimed at increasing yields, ways to store, and process agricultural commodities, and possible new lines of production. Research needs to be undertaken into the continued use of land without depleting the soil of its nutrients. Research will then have to be centralized. The need to rehabilitate CARI therefore becomes urgent.

Studies show that substantial increases in farmers' productivity and income in the past were the result of the efforts of extension workers assigned with the World Bank supported projects. The strategy of this program is to develop a decentralized nationwide extension service capable of reaching subsistence farmers. This strategy will be implemented by highly trained technical personnel with expertise in rice production, tree crops, poultry, etc. Highly trained technical personnel of the Ministry of Agriculture, the FAO, and bilateral and multilateral organizations will provide training of the extension workers. The Rural Development Institute will have to be re-opened to assist with the training process.

#### 4.2.1.3.4 Reclamation of Abandoned Agricultural Projects

There are many large-scale agricultural projects in various parts of the country in need of rehabilitation. Many of them are owned by farmers' cooperatives that abandoned them during the war and Government owns the rest. They range from oil palm estates, rubber plantations, and rice fields. An assessment conducted by the UNFAO in 1997 reveals that most of these plantations are covered with bushes, while equipment and other installations have been looted and in some cases vandalized. In some of the estates, unknown individuals who use the proceeds for sustenance are harvesting the oil palms and rubber.

The major plantations include:

1. Name: Cooperative Oil Palm Estate  
Size: 750 Acres  
Location: Lofa County  
Ownership: Cooperative
  
2. Name: Gbedine Special Rice Project  
Size: 500 Acres  
Location: Nimba County  
Ownership: Cooperative
  
3. Name: Kpatawee Rice and Oil Palm Estate  
Size: 2,200 Acres  
Location: Bong County



- Ownership: Government
4. Name: Salala Rubber Corporation (SRC)  
Size: 5,500 acres  
Location: Margibi County  
Ownership: Government
  4. Name: Zleh Town Rice and Oil Palm Estate  
Size: 2,000 acres  
Location: Grand Gedeh  
Ownership: Cooperative
  6. Name: Dube Oil Palm Project  
Size: 1,800 acres  
Location: Grand Gedeh  
Ownership: Government
  7. Name: Philadelphia Rice Project  
Size: 500 acres  
Location: Maryland County  
Ownership: Cooperative
  8. Name: Cavalla Rubber Corporation  
Size: 20,000 acres  
Location: Maryland County  
Ownership: Government
  9. Name: Decoris Oil Palm Corporation  
Size: 12,000 acres  
Location: Maryland County  
Ownership: Government
  10. Name: The Woloba Coconut Plantation  
Size: 115 acres  
Location: Sinoe County  
Ownership: Government
  11. Name: Butaw Oil Palm Corporation  
Size: 10,000 acres  
Location: Sinoe County  
Ownership: Government

The strategy of this program is to rehabilitate the plantations and estates in lieu of the increase benefits they can offer. Re-opening the projects can contribute significantly to increasing agricultural production and export, create badly needed jobs, and rejuvenate the rural sector. The strategy also entails the re-organization of farmers' cooperatives, and the provision of extension services, training, and agricultural inputs. The Government owned farms will need the establishment of a good management network, and constant monitoring of the activities of such a network. Financial outlay to rehabilitate the government owned farms, and reinstall damaged machinery and infrastructure will be needed.

#### 4.2.1.4 Fisheries

This program of action will focus on activities geared toward the provision of fish as a protein supplement in order to enhance food security for the war affected and malnourished populace. Before the war, fishing activities took place in or near coastal cities, towns and villages by both industrial and artisanal fishermen. 6.2% of families fish for home consumption, sales or both, with daily average catch ranging between one and five lbs. Trawler and deep sea fishing companies generally recorded much higher catches. The trawler and deep sea fishing companies use vessels that are operated by trained and more professional fishermen.

In the past, less than adequate attention was given to the development of the fishing industry particularly in respect to processing or long term presentation, improving and strengthening of marine fisheries administration, promotion of artisanal fisheries, and development of fish culture in family ponds. The fishing industry was therefore not able to meet the demand for fish nationally.

In order to provide protein needs of fish derivatives for Liberians upcountry, the program will encourage the construction and establishment of inland fishponds in the rural areas. Initially nurseries and breeding ponds will have to be constructed to serve as sources for fingerlings. Such ponds will be established, in all the counties.

#### Objective

To rehabilitate and re-activate all sectors of the national fisheries.

#### Strategies

- Identification of areas to be rehabilitated;
- Provision of farming tools such as hooks, and nets;
- Providing credit to artisanal fishermen;
- Conduct an assessment to ascertain our fishermen biomass;
- Develop an extension service in the sector; and
- Rehabilitate and establish fishponds nationwide.

Liberia will have to restore the vital role of agriculture as the driving force of economic development and improve food security. Given these objectives, it is estimated that an additional net investment of US\$395 million (US\$39.5 million/year) would be needed during the 2001-2010 period to finance primary agriculture development, post production activities (agroindustries and processing, marketing, storage and transportation), and public support services and infrastructure (research, extension and rural roads). This estimate is very tentative and intended to present only approximate order of magnitude.

#### 4.2.1.5 Forestry

The forestry sector is increasing in importance. The sector's contribution to GDP was less than 10% before the civil conflict but rose to almost 20% in 1999. Logs and timber have now become a major export surpassed only by rubber. Yet export of logs remain only 23% of prewar levels. The exploitation of timber resources under favorable terms, and progress in the domestic timber processing industry, are important for the recovery of the economy. As forestry is a renewable resource, it could indeed form a permanent resource base for the development of the Liberian economy.

The total forest area is estimated at approximately 12 million acres, and half of this total consists of high closed forest which are not accessible to shifting cultivation; while the balance is in areas which have been settled and can be used for shifting cultivation.

The Forestry Development Authority (FDA) administers forestry policies and programs. The FDA was established in 1976 as a semi-autonomous public agency to manage, control, and develop the forestry sector. More specifically it was to formulate forestry policies, evaluate investment proposals, control concession licensing, assess forestry production for revenue collection purposes, carry out research and forestry training and generally monitor private sector logging and sawmill operations. While it has made considerable progress in carrying out its mandate, it continues to face a series of difficulties, which must be addressed under this program of action.

#### Objectives

The objectives of the forestry sector are as follows:

1. To improve the regulation of the exploitation of Liberia's forest;
2. To ensure an equitable return to Government from the private exploitation of forest resources; and
3. To promote the establishment of wood-using manufacturing concerns to secure a greater share of potential economic benefits from the industry.
4. To promote a program of reforestation so that the timber potential can be conserved.

The strategy to achieve these objective include:

- a. Periodic appraisal of forestry resources;
- b. Encouragement of the rational exploitation of forests including programs for continuous forest regeneration;
- c. The provision of tax and other incentives to encourage local processing

and investment in local wood-using industries; and

d. The improvement of revenue generation from the forestry sector.

As part of the efforts to regulate the use of forest resources, it is necessary to periodically collect inventory data on the quantity, quality, and conditions of these resources. There is excessive exploitation of certain forest areas, with the result that their productive capacities have been nearly exhausted. One important element in controlling this problem involves obtaining adequate inventory data. These data come mainly from three sources: forestry mapping by aerial photography, feasibility studies periodically undertaken in order to encourage investment, and the enumeration of trees required of concessionaires both prior to and after felling trees in any given area.

Continuous regeneration of the forest is essential. To this end, the FDA will pursue both an accelerated reforestation program and the development of forest plantations in selected areas. Private concessionaires will also be encouraged to establish plantation sites.

Incentives intended to encourage local processing and investment in wood-using industries (with particular emphasis on Liberian entrepreneurship) will be carefully assessed and implemented. There is also a need for increased skills among Liberians in all timber and wood related activities. Improvement in technical education should help solve this problem. The shortage of skilled local manpower currently acts as a decided disincentive to Liberian investment in the industry.

At present, it would seem that the procedures for assessing tree production for the purpose of stumpage for collection are not seriously followed, with the result that revenues are considerably lower than what they should be. Efforts will be exerted during this plan period to ensure that the procedures are rigorously followed in order to increase revenue intake in the sector.

#### **4.2.2 Industry**

Relative to some LDCs, Liberia lags behind in industrial development. The civil crisis only further compounded this situation. Notwithstanding, Government over the years employed a variety of measures to encourage foreign and domestic investment especially in the manufacturing sector. These included maintenance of an "open door" policy founded on the free enterprise system, improvement of the investment incentive code which offers customs and tax benefits, reorganization and strengthening of the Liberian Bank for Development and Investment (the main source of long-term and equity financing for the sector), creation of a free zone corporation charged with the development of 80 acres in the Monrovia Free Port to provide facilities for about seventy manufacturing enterprises, establishment of an industrial park in Monrovia, and initiation of a special program for small and medium enterprises.

##### **4.2.2.1 Manufacturing**

In keeping with its desire to improve the manufacturing sector, Liberia is cooperating actively with countries in the region with the view to strengthening the competitive position of current and potential Liberian products in regional markets and attracting

foreign investment. Development of these markets will help to overcome the constraint imposed by the limited size of the domestic market.

Liberia's manufacturing enterprises rely heavily on foreign capital and management. Value added in manufacturing is low and there is strong dependence on imported inputs. Capacity utilization is well below 50% and labor productivity is low. The sector accounts for less than 1.6% of employment. Most manufacturing establishments are located in and around Monrovia with more than 80% engaged in the manufacture of wearing apparel, furniture and upholstery, and non-metallic mineral products.

In the mid 1980s, around 850 manufacturing establishments were registered in the Monrovia area alone. This number declined to 350 by 1990. Notable establishments outside Monrovia were the flour mill in Buchanan, explosives manufacturing in Margibi and plywood manufacturing in Sinoe.

As part of its objective to bring to full capacity the industrial sector by 2010, Government intends to shortly revitalize fully the Liberia Industrial Free Zone Authority (LIFZA). The LIFZA is to be fully equipped as a modern industrial estate that will attract export-oriented manufacturing enterprises that will produce at reasonable costs and export at competitive prices using mostly local inputs. The Authority has the mandate to develop or provide basic infrastructure and other facilities (to include standard factory units, warehouse, electricity, water, telecommunications etc.) required to enhance the production of finished and semi-finished products for export.

Additionally, Government is working with the United Nations Industrial Development Organization (UNIDO) to strengthen the capacity of the Ministry of Commerce & Industry and set up a multi-purpose quality control laboratory at the Ministry for testing of imported and exported commodities coming in and out of Liberia. There are also plans to expand the manufacturing sector outside of Monrovia and to conduct studies for Small & Medium Enterprise development for 12 sub-sectors for the entire country.

#### 4.2.2.2 Private Sector Development

The private sector like all other sectors of the Liberian economy was not left untouched by the war, as the activities of all industries were disrupted during the civil conflict. Almost all of them were looted and or destroyed. Currently, about 60% of the listed industries are inactive and the employees of these industries are also unemployed. Technical literature produced by both national and foreign experts, as the basis for initiating more meaningful industrial development and growth, were totally destroyed.

However, viewing the private sector as the engine of growth, Government has began a strong drive of entrepreneurial and private sector development despite its meager financial resources. In addition, Government has set as an objective, a post-war macro-economic framework emphasizing a heavy reliance on the private sector for economic recovery, growth and employment. In addition to measures designed to create the environment to promote private investment, the Government will pursue an aggressive program of those state-owned enterprises (SOEs) to be prioritized.

This includes granting private investors the opportunity to own and manage some SOEs.

Government policy continues to envisage properly channeled foreign and domestic private investments as the essential driving force required for economic recovery and development. Public investment will be supportive and complementary, not competitive. The policy toward private foreign investment will remain liberal and flexible and a high degree of openness will continue to prevail in the economy. Foreign investment is welcomed in all areas of national development and particularly in manufacturing, mining, and quarrying, oil exploration, agriculture, fisheries, construction, transport and communications.

By 2010, it is expected that foreign investment will take a proper place in relation to overall policy, which seeks greater benefits of such investment for Liberian private enterprise. Government policy seeks to ensure that foreign investment contributes to the generation of income, export earnings, and tax revenues as well as results in an adequate level of value added in Liberia, increases employment and raises the skill levels of Liberian staff, stimulates the growth of domestic enterprises and contributes to industrial efficiency and to the technological development in Liberia.

There is a major effort to develop Liberian private enterprise as a means of diversifying the economy, providing employment opportunities, and improving income distribution. Encouragement is being given to the small entrepreneur who uses local materials and meets the input and consumption requirement of rural communities.

The Central Bank of Liberia (CBL) will adopt a more dynamic interest rate policy. Also a credit guarantee scheme will be adopted under which the CBL guarantees two-thirds of each loan made to Liberian entrepreneurs by a financial institution.

The capacity of the Liberian Bank for Development and Investment (LBDI) to undertake project identification and supervision work will be enhanced to make it a more effective tool of Liberian entrepreneurship in industry. The Small Enterprises Financing Organization (SEFO) will be revitalized to serve as a subsidiary of LBDI to provide necessary specialization for small enterprises.

The cooperative societies will be encouraged to improve their facilities for banking and marketing of agricultural produce in rural areas.

Overall, the Government has prioritize industrialization based on the processing of local raw materials aimed at producing commodities made in Liberia.

#### 4.2.2.3 Poverty Alleviation

Like most LDCs, Liberia has a very high incidence of poverty. It is estimated that four out of every five persons in Liberia are below the poverty line. This situation has led to a corresponding high dependency ratio of 9:1. This means that for every 100 adults of working age, there are 900 persons to be fed, clothed, educated provided medical care and leisure.

As a means of curbing such high poverty rate, Government over the years has collaborated with a number of development partners including the UNDP, ILO, and

Trickle-Up. Interventions were made by these UN agencies and NGOs in the form of micro credit, micro grant and skills improvement. The United Nations Department of Development Support and Management Systems (UNDDSMS) implemented the microcredit scheme and the micro grant was implemented by Trickle-Up. Both schemes received huge support from the UNDP. Other NGOs like the Association of Evangelicals of Liberia (AEL), also undertook microcredit projects. All of these schemes targeted the poorest of the poor, mostly women in rural and urban communities. Several thousand persons benefited directly from the microcredit scheme, which involved giving out small loans to a group of about five persons for a moderate monthly interest rate of 4%.

The indirect beneficiaries from all of the projects were about 500% of the direct beneficiaries.

Based on the successes of these projects, which were basically at the pilot level, and covered only some parts of the country. Government intends to continue providing the enabling environment for their continuation and expansion throughout the entire country.

Accordingly, and in its bid to get its entire people above the poverty line as well as provide for them sustainable livelihoods by 2010, Government identified poverty reduction as the overarching objective of the National Reconstruction Programme (NRP). Government in this vein has requested UNDP to provide assistance at the upstream and down-stream levels.

At the upstream level, capacity building in the formulation of poverty reduction policies and programmes which promote participation of local communities. Poverty profile studies will be carried out as well as periodic National Human Development Reports.

At the downstreaming level, UNDP will continue concentrating on the creation of employment and sustainable livelihood opportunities through expansion and diversification of micro-grant, microcredit and vocational and skills training schemes.

#### 4.2.2.4 Environment

As noted earlier, uncontrolled exploitation of the nation's resources and other human activities has created environmental problems which need to be addressed urgently if this generation of Liberians will endeavor to provide a sustainable environment for succeeding generations. The deterioration of the environment has impacted on the health condition of the populace, and the teeming life, which depends on the cover of the forest for its survival. The continued deterioration of the forest is also a manifestation of the absence of control measures which should have been put in place by various Government institutions in charge of environmental issues. The lack of awareness on the part of the rural populace has also contributed to the problem. The high level of illiteracy and the concentration on the use of shifting cultivation methods tend to support the argument for increasing awareness on environmental concerns.

Like many developing countries, Liberia is lagging behind in the pursuit of environmental management programs. Even before the civil war, little or no attention was paid to the management of the environment. Forest resources were rapidly

exploited without any regards for conservation. The seven years of civil war has immensely exacerbated the situation. For example between 1990-1994 illegal diamond exports averaged US\$300 million annually, while timber exports averaged US\$59 million per year in the same period. The warring factions carried out a vigorous and uncontrolled exploitation of forest and mineral resources to finance the war. Logging operation does not only contribute to deforestation but it also contributes to other environmental problems. The road construction within the forest area destroys the habitat of other organic species and causes pollution of rivers and creeks. The Forestry Development Authority, which oversees logging and forest matters, will continue to monitor and ensure that all forest conservation measures are executed and that all proclaimed National Forest areas are accorded full protection against all sorts of encroachment. The FDA will also continue to provide extension services through its National Reforestation Division to the Liberian people via the participatory approach method.

Before the start of the civil war in 1990, Liberia was one of the largest iron ore mining countries in Africa. Mining was done by open cast where overburden is openly dumped on the edges of mountain tops. During heavy rains, lateritic materials were washed down the slopes into the nearby rivers and creeks which rendered them reddish and silty. Many rivers and creeks were constantly being polluted as a result affecting the ecosystems.

The effect of war has seen a rush for both gold and diamond mining. Mining is presently being done for gold and diamond almost throughout the thirteen political sub-divisions of Liberia. Mining is carried out by the digging of pits in swamp areas, creeks, rivers, hills and valleys where large gravel is dug and washed in nearby bodies of water. The results of such operation cause the pollution of surrounding water bodies with silt and laterite; and destruction of the forest and vegetation by excavation.

Coastal erosion constitutes one of the main factors, which contribute to the physical degradation of the coastal features in Liberia. Regular follow-up measurements and monitoring programmes existed as far back as 1981. The rate of the coastal retreat can average more than 25 meters per year in some areas. Although the coastline is highly subject to natural erosion/sedimentation processes due to high wave energy and strong littoral transport, erosion has also been intensified by human activities through sand mining, disturbance of the hydrological cycle, river damming and mangrove deforestation. Several areas in Liberia have been greatly affected.

#### Objective

- Improve environmental management in Liberia.

#### Strategies

- Create and promote environmental awareness;
- Entrance Reforestation;
- Discourage the system of shifting cultivation;



- Begin studies and research in the use of alternative source of energy; and
- Develop a concrete national policy on environment.

### **4.3 Infrastructure**

This Program of Action seeks to ensure that the physical infrastructure of the country, which has been damaged during the past seven years of civil crisis, is rehabilitated. The rehabilitation of the infrastructure will facilitate free movement of people, traffic, and goods and services, improve the living condition of the citizenry, increase agricultural output, improve health care delivery, and promote economic growth.

#### **4.3.1 Roads**

The nation's road network, which totals 8018 km, is critical in that more than 95% of transportation in Liberia is by road. Of the total 8018 km, 7562 km are public roads and 456 km are private roads. Prior to the civil crisis, there were efficient and effective construction equipment fleets throughout the (2) road maintenance districts in the political sub-divisions within the country. The equipment fleets in each maintenance district were responsible for ensuring that all primary, secondary, and feeder roads were passable during the dry and wet seasons, in order to enable the transport of people and goods from leeward towns and cities to densely populated areas. The fleets totaled well over 340 pieces of equipment. Thus the Government made it a priority to constantly support road maintenance initiative throughout country.

The nation's primary roads include segments of the Trans-African Highway, which serve as corridors to neighboring Guinea, Ivory Coast and Sierra Leone. They also include trunk roads from Monrovia to the principal headquarters of the thirteen- (13) counties. The secondary roads link cities to primary roads and feeder roads are farm-to-market roads, which connect villages to town and market centers.

During the civil war, there was no maintenance of public roads; hence only 15% of paved roads in Liberia are in fair condition with the remaining 85% in a poor state. Additionally 5% of unpaved roads are in a fair condition, while 95% are in a poor state. Due to the prolonged absence of maintenance on feeder roads, there exist numerous water crossing points in which culverts have been washed away and soil eroded leading to the need for short-span bridges. Improvement in the road network is therefore urgently needed to break the isolation of rural communities and provide access to market and social facilities and services.

The Ministry of Public Works is the agency of Government responsible for planning, coordinating, construction and rehabilitation of primary and secondary roads. The Ministry suffered massive looting and vandalization of

its essential equipment during the seven years civil conflict.

The objective of the Action Programme is mainly to rehabilitate the roads, to ensure free movement of persons and goods.

In order to increase the level of economic activities throughout the country, the road network will have to be rehabilitated and maintained. Bridges connecting various sections of the populace will be constructed. The strategy here is to:

- Rehabilitate all damaged roads;
- Upgrade secondary roads to primary standard;
- Increase the number of secondary and farm-to-market roads to stimulate economic activities in isolated areas; and
- Build the capacity of the Ministry of Public Works to ensure a regular and efficient road maintenance system.
- The estimated cost of rehabilitation, construction of new roads and building the capacity of the Ministry of Public Works will be US\$200 million.

#### 4.3.2 Seaports

##### Port of Buchanan

The Port of Buchanan was constructed by LAMCO in 1963 specifically for shipping iron ore from the Mount Nimba Concession. It has a depth of 14 feet and it covers 900 acres. It is the second largest port in Liberia. It has a commercial quay that can accommodate ships of 15,000 DWT. The major commodities handled at the port, besides iron ore, are timber, general cargo, rubber and petroleum products.

##### Port of Greenville

The Greenville Port, which became operational in 1964 is the third largest and serves as the principal port for the export of timber, and wood products. Its main pier is protected by breakwater. The total length of the pier is 585 feet and the harbor basin can only be used by ships of not more than 9,000 DWT. Timber cargo is loaded onto ships from barges and rafts in mid stream or the open roadstead.

##### Port of Harper

The Port of Harper, is the smallest in the country. It can only accommodate ships of up to 1,000 DWT. This port makes it possible

for the country to receive petroleum products, cement and general cargo. The port also handles the export of logs and other agricultural products from the country.

### The Freeport of Monrovia

As indicated earlier, the Port of Monrovia is in need of rehabilitation if it is to handle the imminent increase in cargo purchase by a more productive economy. Since its construction, there has been no major repairs or rehabilitation of the wharf. Feasibility and engineering studies carried out between 1974-1979 indicated the need to rehabilitate the existing marginal wharf to prevent further deterioration and develop a masterplan which would take into consideration the establishment of a container terminal facility. However these developments did not take place due to the lack of funds. The Freeport was also not maintained during the period of the civil conflict enduring further deterioration to the port facilities.

Sea transport is vital to Liberia's foreign trade. The Liberian economy is heavily dependent on the export of mainly primary commodities and the import of intermediate goods to feed into the agro-forestry sector. The facilities at the four seaports have deteriorated owing to neglect and effects of war. They are still in deplorable condition. This program will therefore focus on the rehabilitation of the Ports of Buchanan, Greenville, Harper, and Monrovia. The program will place special emphasis on the Port of Monrovia in view of her role as the most heavily used port.

All the four seaports are managed and operated by the National Port Authority of Liberia (NPA), a public corporation. The management of NPA plans to solicit foreign investment as well as central government capital expenditure to fully reactivate all the ports to pre-war status and better by the year 2010. Their objective is to rehabilitate the infrastructure and superstructure to enhance the overall capacity of the ports in order to attract large vessels, reduce ship's Turn Around Time (TAT) and improve operational efficiency. This expected investment in the ports will facilitate overdue rehabilitation. These include:

- Rehabilitation of electrical and port communication;
- Removal of wreckage at Freeport;
- Rehabilitation of Port Water Tower;
- Purchase of one tug boat 2,500 BHP capacity;
- Procurement and installation of navigational aids;

- Capital dredging (all ports); and
- Marginal wharf rehabilitation.

The needed investment to enable NPA make all ports usable by the year 2010 is just at US\$17,420.00.

#### 4.3.3 Airports

Trade is very essential to Liberia's socio-economic development. Sea and air transport is vital to Liberia's foreign trade. There is a need therefore to ensure unhindered sea and air transport. As indicated earlier, the facilities at the country's two major ports – the Freeport of Monrovia and the Roberts International Airport were vandalized and severely damaged during the war.

##### The Roberts International Airport

The Roberts International Airport is the largest and only airport of international standard in the country. The RIA, which registered large volume of human and cargo traffic lost its equipment, including the communication and navigation systems. This prompted International Flight Information Region to move its headquarters out of the country. The terminal building was destroyed and the runway suffered some damages in the 1992 fighting.

Major international airlines ceased flights to Liberia from the on-set of the war. They were replaced by smaller regional carriers, serving the international routes between Liberia and other countries in the West Africa sub-region. During this period, traffic volume fell drastically, and consisted largely of relief supplies and staff of international development and humanitarian organizations working in Liberia.

Following the end of the war, a UNDP funded project provided a mobile air traffic control tower to the civil aviation authorities. A crash training course was conducted for local operations of the tower. In addition, some assistance from the Government of Taiwan is also supporting the rehabilitation of the RIA.

The air transport system in Liberia includes the James Spriggs Payne Airfield and about a dozen of unpaved airstrips spread across the country. The civil conflict especially the April 6, 1996 fighting in Monrovia damaged the control tower facility at the Spriggs Payne Airport. The pavement is highly distressed, depressed, rutted, cracked and has failed. Because of ingress of rainwater through wide cracks, the pavement has become soft and spongy at many places, and the aircraft wheels get bogged sometimes. Due to its deteriorated condition, the Spriggs Payne Airfield has been shut down and the air traffic control equipment moved to RIA.

This program of action attaches high priority to the restoration of the services provided at the RIA, and JSP airports, in support of international trade and cooperation which are essential to the development of the nation's economy. The intent is to upgrade the civil air transport operation consistent with internationally accepted standards.

For full rehabilitation of the two airports it will be necessary to undertake the following:

- repair runways, taxiways, apron, etc.;
- renovate terminal and technical buildings;
- procure and install new communications facilities and navigational aids;
- procure and install electrical and mechanical equipment and vehicles;
- procure and install meteorological equipment;
- enact legislation to create an autonomous body in charge of civil aviation; and
- Conduct management and technical training commensurate with a modern air transport environment.

#### 4.3.4 Liberia Telecommunication Corporation

The Liberia Telecommunication Corporation is a state-owned company with the responsibility to provide, maintain and operate local and international telecommunications services in the country.

Prior to 1989 the Liberia Telecommunication Corporation had in operation fifteen (15) Rural Exchanges, three (3) ARF Local Exchanges, two (2) AXE-b Transit Exchanges for local and international transits and an EDX-C Telex Exchange. A terrestrial microwave system interconnected the rural areas with Monrovia.

The deplorable conditions of the Corporation's power system and the outside plant facilities as well as the limitation of existing facilities to meet the ever growing demand for more and better service resulted in the delivery of poor quality services and a sharp decline in revenue generation.

Due to the lack of investment capital, the telecommunication facilities of Liberia have become obsolete and inadequate. Demand within Monrovia could not be met and telecommunications services and facilities within the rural areas were planned to serve a few potential customers.

The effects of the crisis decreased the Corporation's trained manpower considerably through deaths and displacement. Indeed, the damage done to the Corporation in terms of both human and technical resources is quite enormous and a substantial capital investment is therefore required to rejuvenate, improve, expand and sustain an effective and viable company.

A post-war technical assessment showed that the entire rural networks were completely destroyed as a consequence of the civil crisis. Accordingly, and in an effort to improve the system to meet international standards so as to adequately serve the telecommunications needs of urban and rural dwellers, the Standard A Satellite Earth Station in Wehn Town is being digitized for intermediate Data Rate (DR) operation. The project is intended to meet the growing demand for telecommunications services, modernize the network and extend

basic telephone services to Rural Liberia. In order to ensure that telecommunications services are made available to all parts of the country, by 2010 the following activities will have to be carried out:

#### Monrovia and its Environs

- Installation of a 10,000 line digital switch (expandable to 40,000) at CTO, to serve as international gate way; national transit centers; and as subscribers stage;
- Installation of a 2,000 line digital switch (expandable to 10,000) at Sinkor and Paynesville respectively;
- Installation of remote subscribers unit (RSU) of 500 line capacity (expandable to 1000) at Barnersville, Gardnersville, ELWA, Hotel Africa, New Georgia and RIA respectively;
- Rehabilitation and expansion of external plant network;
- Upgrading and provision of power supply systems for the sites mentioned above;
- Provision of Internet Services;
- Provision of cellular telephone services (GSM);
- Installation of radio links for the sites mentioned above; and
- Interconnectivity of CTO, Sinkor and Paynesville exchange via fiber optic cables.

#### Rural Liberia

- Supply and installation of rural exchanges;
- Reconstruction of the external plant Network using a combination of wired and wireless subscribers loop;

- Supply and installation of digital micro wave radios and UHF Transmission Network;
- Supply and installations of power system using the combination of diesel and solar power system;
- Rehabilitation and construction of exchange buildings and offices; and
- Supply operational and maintenance vehicles.

The estimated total cost for rehabilitating the Liberia Telecommunication Corporation, and extending telecommunications services to the rural area will be US\$23,989,300.

#### 4.3.5 Liberia Electricity Corporation

The Liberia Electricity Corporation, LEC, is responsible for the production of power for commercial, industrial, residential as well as public sector operations. To achieve this task, and before the war, the LEC generated electricity through its Bushrod Island diesel plant as well as its hydro plant at Mount Coffee. The hydro-plant was utilized only during the rainy season when the water level at the dam became adequate enough to provide sufficient force for the turbines. The level of power generated was usually below demand. Therefore, during the dry season, LEC's power supply was often augmented by the Bong Mining Company (BMC) Power Plant, under a power-sharing scheme, to cut down the high cost of fuel oil required to run the diesel turbines. As a result of the war, the BMC plant is out of commission.

The Mount Coffee Hydro Electric Dam produced about 68 MW of the LEC's total power output of 335 MW. The Plant sustained massive structural as well as mechanical and electrical damages during the course of the war. Currently there is no power supply to the Monrovia area (minimum) by the LEC, from the diesel turbines. These turbines now aged need vital spare parts, fuel oil and lubricants in order to operate at full capacity.

The thermal units, which generate power for Rural Electrification or outstations, are not only inadequate but also obsolete. These also suffered some damages from the fighting.

The Corporation's Transmission and Distribution System also suffered damages – about 3,500 transformers, 50% of the conductors, insulators, and accessories for the steel tower power lines were damaged along with about 80% of wood pole transmission and distribution lines.

Some major components/equipment were looted from the substations in and around Monrovia. Additionally, LEC's computerized Central Switching Facility, which was already inadequate, has also been looted and or damaged. Because of high cost of maintenance, prior to the outbreak of war, the

Corporation had requested GOL to provide assistance for replacement of its Wang VS-65 System to a PC-Based System.

Against the background of the effects of the civil war, coupled with age and attendant defects, the LEC needs to invest more in the areas of Generation, Transmission and Distribution, Communication and maintenance of an elaborate Data Processing System. To ease some of these problems, the LEC has earmarked two short term and long term projects for the post war reconstruction period. It is expected that some activities of the short-term projects may spill over into the long-term period.

Preliminary assessments of the transmission and distribution system indicate that the system will require replacement of some of its major components such as wood-pole lines, conductors, insulators, etc. Similar assessment of the Outstation units also indicates the need to repair and or replace five 2 x 20 MVA, 69/12.5KV substations and two 14 x 630KVA 12.5KV/208V underground mini substations in the Monrovia area.

Power is very important for production activities. The lack of electrical power adversely affects all sectors in the economy and therefore setbacks economic growth and development. The Program of Action seeks to therefore regenerate the electrical power and provide inexpensive and reliable power to the urban and rural areas of the country.

The effects of the civil war, coupled with age and attendant defects, necessitates investment in the areas of Generation Transmission, and Distribution, Communication and maintenance of an elaborate data processing system. In order to achieve the desired results, the activities have been divided into short and long run projects.

The rehabilitation of the transmission and distribution systems, the Luke Plant, Auxiliaries, Bushrod Plant, and gas turbine plant will be carried out in the action program. Other projects will include the reactivation of the substations, underground mini substations and computer systems.

The estimated total cost for rehabilitating the Liberia Electricity Corporation, and extending electrical power to rural Liberia will be US\$53,327,000.

#### 4.3.6 Liberia Water and Sewer Corporation

Improvement and expansion of water supply facilities to meet the increasing demand is very important in ensuring the well being of the Liberian populace. Damages to the water treatment and distribution plant at White Plains outside Monrovia has made it difficult to meet the demand of residents of the city for water. Similarly damages to the sewerage system, coupled with the rapid population growth have led to severe sanitary problems in this area. This program therefore seeks to ensure that residents of Monrovia and the country



at large are provided with safe drinking water and adequate sanitary facilities to avoid the spread of water borne and other type of diseases.

### Water Supply System

The national water resources of Liberia are abundant but not yet adequately developed. Annual rainfall ranges between 80 and 140 inches, and during the rainy season, many rivers overflow their banks. Both surface and ground water resources are ample and regularly replenished. However, these are still underdeveloped and as a result some parts of the country experience water shortages during the dry season which runs from December to April.

The Liberia Water and Sewer Corporation (LWSC) operates the Monrovia Water Supply System, the Monrovia Sewage System (a conventional sewerage collection, treatment and disposal facility).

The 36-inch transmission main, which brings treated water through Paynesville to Monrovia, has been out of operation since 1992 due to several damaged sections along its length. The present pipe borne water supply to the city is only by means of the 16 inch main through Caldwell and Bushrod Island, which is obviously inadequate, and the system lacks reservoir. This means that water supply through the system is only by means of direct or continuous pumping from the treatment plant. All safe drinking water supply in rural Liberia is primarily through hand-dug wells; some fitted with hand or feet pumps. There are ten (10) outstations water supply systems supplying safe drinking pipe borne water to other urban communities mainly county headquarters.

### Sewage System

With the exception of Monrovia, few urban areas had a functional sewer system. This is because LWSC capacity to serve the whole country is severely limited. Due to the devastating effects of the civil conflict, the Monrovia Sewerage treatment plant and all of the four (4) lift pumping stations were rendered non-operational and the lack of pipe-borne water in Monrovia via the 36 inch transmission led to the settlement of sludge and sand in the sewers thereby reducing the hydraulic capacity which accounts for the frequent sewerage back ups and overflow into the streets of the city. The sewer system originally built to serve 130,000 persons was overstretched to cope with a load of nearly 1 million persons, with the result that sewage spillage and other harmful effluents constitute health hazards in parts of the city.

Data on national access levels indicate that nearly 17% have access to safe sanitation. Of these 13.2% are covered pit latrines, 1.4% use flush to sewage system while only 0.3% use pour flush latrines. More than 81% of the population have no facility at all. Moreover, while 21.7% of the population have toilet facility of some form within premises, more than 5% have to walk 100 or more meters to use a toilet. On average, access to toilet is available to 62.5% of the population within a distance of less than 100 meters. This implies that a large proportion of the unserved population improvises with

unsafe means of excreta disposal.

Access to garbage disposal facilities is even more limited and less reliable. Only the capital city Monrovia has some form of organized solid waste disposal system. Elsewhere in the country, and to an increasing degree in Monrovia as well, since the war, garbage dumps pile up near dwellings, constituting breeding grounds for flies which cause air borne diseases.

In order to fully launch and operate the system, the LWSC has made the following proposal on rehabilitation by 2010:

1. Rehabilitate White Plains Treatment Plant (treatment units, pumping units, laboratory treatment chemicals, fuels, structure);
2. Rehabilitate transmission mains (99/400) pipe repair/replacement, valves, access roads);
3. Rehabilitate water distribution – (pipe and fittings meters, equipment);
4. Construct two(2) distribution service reservoirs;
5. Rehabilitate sewer treatment plant (treatment units-pumps, laboratory chemicals);
6. Rehabilitate lifts stations mechanical, electricity, tools, spare & civil works;
7. Rehabilitate overflow & outfall and force mains & gravity;
8. Provide vehicles, office equipment supplies and communications;
9. Local training (workshops, seminars, etc); and
10. Foreign training.

The estimated total cost for rehabilitation plus equipment, tools, supplies and training will be US\$29,430,000.00. Most of this amount will be sought from our development partners.

## **4.4 Social Services Sector**

### **4.4.1 Education and Training**

The education and training of the nation's work force has been under the aegis of the Ministry of Education until the creation of a Decree by the then People Redemption Council Government, which placed certain aspects of vocational and technical training under the supervision of the Ministry of Youth and Sports. Schools in the country are operated by Government, various religious organizations, (Missions), large concessions and private citizens. Education is free in all Government Public primary and secondary schools, although pupils have to buy their own textbooks and uniforms. Private schools charge tuition fees. Tuition fees are not

standardized and are quite high in many of the schools.

There are three main levels in the education system. The primary or elementary level includes nursery, kindergarten, and grades 1-6 (elementary). The secondary level comprises the junior and Senior High Levels, grades 7-9 and 10-12 respectively. The higher education level includes university (under-graduate) offering courses with duration of four years, post graduate courses of two to five years duration, and various associate degree courses lasting from two to three years.

There are seven autonomous institutions of higher learning. They are: the University of Liberia, the Cuttington University College, the William V.S. Tubman College of Technology, Don Bosco Polytechnic, the A. M. E. Zion University College, the A. M. E. University and the United Methodist University, which are administered by Statutory and Private Mission Board independent of the administrative machinery of the Ministry of Education. Though independent, these institutions receive some subsidy from Government.

Prior to the civil war, there were about 10 vocational schools operating in Liberia. These institutions included the Monrovia Vocational Training Center (MVTC), Liberia Opportunities Industrialization Center (LOIC), Youth Agriculture Training Center (YATC), Booker Washington Industrial Institute (BWI) and others. However, none of these institutions provided training in their various disciplines for teachers. Therefore, there was an inadequate supply of such teachers to teach in these disciplines. Furthermore there existed an acute shortage of Liberians qualified to teach the various areas of engineering and technology. Current statistics indicate that only about 4000-5000 qualified teachers were available in 1997 compared to 12,000 before the war. Several studies and surveys show that a large number of teachers were without minimum qualification. In 1989, for example as many as 73% of teachers had only high school education or less. In 1992, almost 67% of all primary school teachers in Monrovia were for example, without minimum qualification.

There are two institutions mainly responsible for the training of teachers in basic education. They are the Kakata Rural Teachers Training Institute (KRTTI), and the Zorzor Rural Teacher Training Institute (ZRTTI). The University of Liberia and the Cuttington University College also train teachers for the primary and secondary levels.

The development of the country is predicated upon the training of the nation's workforce. It has long been recognized that one of the most serious constraints adversely affecting development programs in Least Developed Countries is the lack of suitably qualified manpower. Enhanced human capital is critical for the development of Liberia. Education was the key to accelerated growth and sustained poverty reduction in East Asian Economics.

The war took a heavy toll on the Liberian educational sector. The sector is therefore in serious need of rehabilitation. Large number of schools not only have to be rebuilt, revitalized and adequately provided with textbooks and other learning materials, but must also be equipped with tables, desks, chairs, and other furniture. A 1982 study by the African Development Fund, for example, found that 65% of students in various classes had no chairs, and nearly 86% had no desks. Present assessments by UNESCO and UNDDSSMS in 1995 and 1997 respectively show that many schools lack furniture, especially chairs, tables, and desks.

There is an imbalance in the geographical distribution of schools. Some counties with low school-aged population have more schools than others with high school-aged population.

In the late 1980s scarcity of teaching materials including shortage of textbooks and other instructional materials, was an acute problem in all but a few schools. In addition, the physical environment in which teaching and learning was taking place had begun to deteriorate long before the war. Classrooms without roofs were a common sight and overcrowded classrooms were beginning to exert pressure on teacher workload. More than a quarter of primary schools in pre-war Liberia, for example, had classrooms accommodating 60 students. Current level of classroom congestion remains high at between 50-70 pupils per class, partly because of the fewer number of functioning schools currently available.

### Objective

To upgrade the nation's human resource capital to effectively facilitate the growth and development of the country.

### Strategies

To attain the objective of the education sector, the following strategies will have to be adopted:

- Rehabilitation of all damaged educational facilities;
- Build the capacity of the MOE to effectively coordinate, plan, supervise and monitor activities in the sector;
- Train more teachers to cater to man the various educational institutions in the country;
- Reinforce the Government policy of free and compulsory education; and
- Develop appropriate curriculum to address the varying educational and technical needs of the school going population.

#### 4.4.2 Health and Social Welfare

The health care status of the estimated 2.4 million people in Liberia is far from satisfactory. Official estimates indicate that only 35% (1998) of the population has access to modern health services. Presently, infant mortality is placed at 134/1000, a decline from 180/1000. Maternal mortality worsened from 260 over the period 1980-1986 to 780 per 100,000 live births between 1993-1996.

The health sector is characterized by the dual participation of Government and non-governmental institutions to deal with health problems. The Government provides 60% of health care services in Liberia while the private sector provides the balance of 40%. However, the services provided by private sector health institutions are generally perceived as being superior to those provided by the public medical facilities. Church-sponsored medical facilities are the forerunners in private sector health care delivery services. The churches operates six (6) hospitals, 91 health

centers, and 119 health posts, 47% of all in-patients, on a budget that accounts for only 20.9% of the total health sector budget.

The situation in Liberia's public health services remains of utmost concern. Prior to the war there were 30 hospitals, 130 health centers and 330 health posts and clinics in Liberia. 60% of the hospitals and 75% of the health posts were public sector facilities. The total number of health personnel in Liberia were 5,056 which included 237 physicians (4.7%); 656 professional nurses and midwives (13%); 2,782 traditional midwives (55%); and 1,381 other supporting personnel (27.3%). By 1997 the number of public health personnel dropped sharply to 1,806.

Health infrastructure suffered severe damage in the war. A recent survey conducted by the United Nations found that there were at present only 7 surviving hospitals, 15 health centers, and 53 health posts/clinics were operating with limited capacities.

There are other critical issues in the sector. One is the issue of national health financing. Government's attempt to fully finance health delivery services out of its budget has been compromised by poor economic performance.

Supervision at the lower levels is inadequate and needs to be improved. The present approach focuses on frequency of visits at the expense of structure and content. It carries with it an air of "policing" and collecting statistics rather than a process of sharing experiences, re-enforcing skills, need assessment, following up achievements and resolving conflicts.

In spite of all the problems identified and discussed, the health sector, over the last 10 years, has made tremendous strides in coming to grips with the problems. The Government has proclaimed that its basic health goal is to expand the health care coverage of the country from its present 35% (1988) to 90% by the year 2000. To accomplish this goal, attempts were made by the Government to adopt primary health care (PHI) as its strategy and decentralization of health management as the vehicle.

The general health problems of the people are those characteristic of tropical Africa: malaria, intestine and upper respiratory infections. Malaria patients alone represent 40% of all outpatients and complications of pregnancy represent around 20% of all recorded inpatients. Some of the broad problems inflicting the health sector are as follows:

- i. The sector remains generally characterized by a curative bias as well as an urban bias. Over 50% of all health fund goes to curative services and there remains a disproportionate urban-rural distribution of public health personnel and facilities. For example, before the war, Montserrado County had nine (9) physicians per 100,000 persons, while Grand Bassa had only one (1) physician per 100,000 persons. Further, Monrovia with only 25% of the people, has 75% of the nation's physicians. The distribution of public health facilities also reflects an urban bias. In the post war period, per capital access to health care is lowest in rural Liberia. There is for instance no hospital or doctor in Rivercess, no health center in Maryland, and no doctor in Grand Kru. Overall, the Common Country Assessment report of the UN indicates that Liberians walk an average of 18 kilometers to the nearest health facility.

- ii. The effective management of the health system is far from being adequate. First, there is a shortage of trained personnel for various areas in the system. The deficiencies are in the type of training, the imbalance of categories of personnel and their distribution. The mal-distribution of health personnel is partly on account of lack of incentives for rural practice. Second, there is an endemic shortage of drug and essential medical supplies within the system. Here the problem is the constant lack of foreign exchange. For example, against a foreign exchange demand of \$800,000 in 1988, GOL provided only \$25,000. Third, there is a concurrent shortage of logistical support (vehicles, fuel, general supplies, and lack of facilities and equipment, owing to the lack of spare parts and general supplies, and lack of effective maintenance). Fifth, there is lack of effective recording and reporting at all stations. On the whole, recording operational management and reporting at all levels need to be strengthened and standardized.

#### Objective

Rehabilitate damaged health facilities and extend health services nationwide.

#### Strategies

- Increased spending on health care to ensure constant supply of drugs and equipment.
- Train and recruit more health personnel to replace those lost during the war.
- Improve incentives for health workers to encourage them to take up assignment in rural Liberia.
- Adopt preventive methods in the health care delivery system.

#### 4.4.3 Others

##### 4.4.3.1 Gender Mainstreaming

Gender issues especially gender equality remains a vital part of the socio-economic development endeavors of Government. To ensure that gender is actually mainstreamed at all levels; Government has over the years taken several actions in this direction.

Among steps taken was the setting up or establishment of the Women and Children Affairs Coordination Unit within the Ministry of Planning and Economic Affairs in 1994. The goal of the Government (to be executed by the Unit) is to ensure the mainstreaming of women and children's issues into the development planning and political empowerment processes, using the information education and communication (IEC) approach at all levels – Government and NGOs. In line with its goal, Government also established Gender Units or desks on gender issues at other line ministries. The key objectives here are to promote the mainstreaming of gender equality and women empowerment issues and concerns into development planning and budgetary actions, establish a well-organized communications system for

gathering and dissemination of information on gender issues to promote and ensure the empowerment and sustainable development of women for poverty reduction through sustainable livelihood programmes including income-generating skills development, microcredit, financing schemes and literacy programs.

In collaboration with the UNDP, a project on the strengthening of women's institutions is being implemented. The project will specifically strengthen the institutional and human capacity of the Women and Children's Affairs Coordination Unit (WCACU) of the Ministry of Planning and Economic Affairs, Gender Units in line Ministries, key women NGOs and community based organizations to analyze policies and programmes as well as formulate strategies that contribute towards gender equality. This project will also build the capacity of policy-makers, principal planners, key national trainers and media professionals in the process of engendering the development process through sensitization, gender-based socio-economic analysis and budgetary processes. The project will also strengthen the economic capacity of targeted grassroots women organization through provision of comprehensive support in collaboration with the UN micro-grant, microcredit, UNDP/UNV peace building and UNDP/HABITAT Housing Project as well as the women NGO Secretariat and the Ministry of Commerce and Industry.

Before the half way mark (2005), a Ministry on Gender Issues would have been established through the appropriate legislation.

It is anticipated that by 2010, women would have been fully integrated or mainstreamed at all levels and that the issue of gender will only be used then to refer to male or female.

#### 4.4.4 HIV/AIDS

The spread of Aids in Liberia has had devastating consequences on the reconstruction and economic development aspirations of the country. Moreover, the spread of Aids in Liberia in the face of an inadequate health delivery system is corrosive. It is in consideration of these factors that the Government has formulated a two pronged strategy. The first was developed by the Ministry of Health and Social Welfare and relates to education, information, communication, blood safety (testing) and condom provision. The other aims to prevent the spread of HIV in Liberia and reduce the impact of HIV/AIDS on the population.

#### Objective

- Halt the spread of aids in Liberia.

#### Strategies

- This Programme of Action will seek to strengthen the Ministry of Health and Social Welfare to enable it carry out its program on Aids prevention.
- Facilitate the spread of information nationwide on how to prevent aids.

## 4.5 Programme Expenditure/Financing and Monitoring

The total requirement for public sector expenditure over the Action Programme period is about US\$809m, which is equivalent to 14% of projected GDP at current market prices. This is a relatively high public investment ratio in view of the high replacement investment of public facilities and institutions necessary in this post conflict LDC. The broad structure of the program is consistent with Government's development priorities at this time with particular emphasis on rehabilitation. Substantial portion of the planned expenditure for roads, agriculture, social and community services will directly benefit the rural areas where people have just been resettled and reintegrated. This investment is consequently designed also to stimulate agricultural productivity and generally improve the quality of life, which is the touchstone of development objectives of the 10-year Action Programme.

A substantial proportion of the expenditures is for firmly prepared projects particularly in the first 2 years of the Action Programme when most expenditures are programmed for on-going projects started in 1998 which were basically for relief. Although the evidence is not clear-cut, it seems that there is adequate executive capacity to implement many programs at a relatively satisfactory rate.

### 4.5.1 Budgetary Resources

The projection of Government's current revenue and expenditure over the Action Program period was developed by senior statisticians at the Ministry of Planning and Economic Affairs. Revenue was assumed to grow by about 21% up to 2003; 15% in 2004 and 10% in 2005. Thereafter growth of revenues was projected to continue to grow at declining rate of 5% in 2006 and 3% up to 2010. The rate of growth of expenditures was assumed to be the same as revenues. Debt service figures were not included in the expenditure projection. Government has not begun to address the debt issue in view of the constraints and severe imbalance in the fiscal position. Government, however, has been making a token payment of US\$50,000 monthly to the IMF since 1999. The revenue estimate is an indication of resources, which should accrue to Government given assumptions about the growth of GDP, sectoral output, imports, and prices as well as the existing administrative effort for tax collection. In other words, the revenue projection does not include any provision for new taxes or higher rates of existing taxes during the Action Programme period.

The projected average annual growth of revenues, excluding maritime earnings, which are not related to domestic economic activity, is slightly higher than the growth of GDP at current prices. However, because of the low base of revenue due to the war, projected growth in revenues is unable to bring the annual rate of revenues to the prewar level. Consequently, the generation of surplus in the annual budgets to support public sector investment will be depressed.

### 4.5.2 Foreign Assistance

The main sources of foreign financial assistance for the proposed development projects are the World Bank, African Development Bank, the European Union, and many bilaterals including USAID, West Germany, Italy, France, Netherlands, and



Japan. The average level of foreign financing is relatively high mainly because domestic financing support to development projects and programs is generally very low. In fact, data on Government support to development activities is not easy to find, much less make a reasonable projection. Given the fiscal position of Government, even concessionary borrowing to finance some programs may not be realizable to a significant extent. After taking into full account critical debt service obligations in the short-term, there will not be reasonable surplus to finance development in the long-term. This is why development expenditures on programs and projects in the various sectors shown in the tables below reflect only expected financing from donors.

#### 4.5.3 Plan Implementation

The ability to implement the various targets specified in this Action Programme is the most difficult aspect of economic planning in Liberia especially after a serious national conflict as we did. This time around, poor implementation of the Action Program might not be due to lack of political commitment to the program, but most likely to unforeseen events such as economic recession affecting export markets or natural disasters which destroy production capacity. In view of the openness of the Liberian economy, its growth prospects in the projections are primarily determined by the economic fortunes of its trading partners and hence the financial feasibility of the development expenditure is contingent upon the assumptions about overall growth. Therefore, given the uncertainty about future economic conditions in the industrialized market economies, an annual comprehensive revision of the macroeconomic framework of the 10 years Action Programme is especially important.

The Ministry of Planning and Economic Affairs is the Secretariat of the National Planning Council of Liberia. The President of Liberia heads the council. The Ministry also serves as coordinator of the Development Budget, the mechanism through which development plans are translated into reality. The Ministry, in carrying out its staff function as Secretariat to the National Planning Council along with the sector ministries, will systematically monitor and evaluate the progress of implementation of on-going projects and review new proposals for consideration by the National Planning Council (NPC) and possible inclusion in the annual development budget or plan. In particular, all proposals for technical assistance and foreign borrowing will be carefully scrutinized to ensure consistency.

**WATER AND SEWER**  
**RESOURCE IMPLICATION 2001 – 2010 (US\$M)**

<b>PROJECTS</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>TOTAL</b>
<b>WATER &amp; SANITATION</b>											
Rehabilitate Water Treatment Plant	1.000	0.100	0.050	0.050	0.275	0.300	0.160	0.600	0.200	0.100	2.745
Rehabilitate Transmission Mains	0.400	0.050	0.050	0.120	0.200	0.500	0.100	-	-	-	1.420
Rehabilitate Water Distribution	1.200	0.150	0.100	0.900	0.300	0.150	0.080	-	-	-	2.070
Construct two (2) distribution service Reservoir	2.500	1.000	1.000	0.500	1.500	1.500	1.200	-	-	-	9.200
<b>SEWAGE</b>											
Rehabilitate Sewer Treatment Plant	1.200	0.500	0.400	0.100	0.075	0.050	0.050	0.040	0.040	0.030	2.485
Rehabilitate lifts stations mechanical, electricity tools, spare & civil works	1.000	0.400	0.300	0.025	0.025	0.030	0.030	0.050	0.050	0.050	1.960
Rehabilitate overflow & outfall	0.600	0.300	0.300	0.100	0.050	0.050	0.050	0.050	-	-	1.500
Rehabilitate force mains and gravity	0.500	0.500	0.300	0.200	0.100	0.500	0.500	-	-	-	1.700
Outstations Water Supply Systems	1.000	0.300	0.200	0.400	1.000	0.500	0.400	0.200	0.050	0.500	4.100
Vehicles, Office Equipment Supplies	1.200	0.300	0.200	0.100	0.100	0.200	0.100	0.500	-	-	2.250
<b>TOTAL</b>											<b>29.430</b>

**LIBERIA ELECTRICITY CORPORATION (LEC)  
RESOURCE IMPLICATION 2001 – 2010 (US\$M)**

<b>PROJECTS</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>TOTAL</b>
Generation, Mount Coffee Hydro, Rehabilitation & Upgrading	15.000	2.000	2.000	2.000	2.472	3.000	2.500	2.300	2.000	1.000	34.800
Transmission & Distribution	1.000	1.000	1.000	1.000	2.00	0.500	0.500	0.500	0.500	-	8.000
<b>LUKE PLANT</b>											
Rehabilitation Mechanical & Electrical Maintenance	0.750	0.250	0.250	0.200	0.250	-	-	-	-	-	1.475
<b>BUSHROD PLANT</b>											
Mechanical & Electrical Maintenance Rehabilitation & Solvents	0.600	0.100	0.400	0.375	0.500	0.200	0.100	0.050	0.085	0.060	2.470
Gas Turbines	1.000	0.850	0.750	0.500	1.000	0.400	0.350	0.200	0.100	0.050	5.150
Auxiliaries	0.520	0.200	0.050	0.040	0.050	0.100	-	-	-	-	0.960
<b>TOTAL</b>											<b>53.327</b>

**AIR PORTS  
RESOURCE IMPLICATION 2001 – 2010 (US\$M)**

<b>PROJECTS</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>TOTAL</b>
<b>RIA</b>											
Pavements	5.00	5.00	4.5	4.00	4.00	3.50	3.50	2.00	2.00	0.63	15.630
Buildings	0.50	1.00	0.48	-	-	-	-	-	-	-	1.980
Equipment	0.30	0.50	1.00	0.27	-	-	-	-	-	-	2.070
Training	0.10	0.03	-	-	-	-	-	-	-	-	0.130
Sub-total											
<u>JAMES SPRIGGS PAYNE</u>											
Pavements	2.72	-	2.50	2.00	0.65	-	-	-	-	-	7.870
Buildings	0.50	0.50	-	-	0.50	0.17	-	-	-	-	1.670
Equipment	0.30	0.51	-	-	-	-	-	-	-	-	0.810
Training	0.08	0.05	-	-	-	-	-	-	-	-	0.130
<b><u>TOTAL</u></b>											<b>31.290</b>

**SEA PORTS  
RESOURCE IMPLICATION 2001 – 2010 (US\$M)**

<b>PROJECTS</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>TOTAL</b>
<b>SEA PORTS</b>											
Capital Dredging (All Ports)	1.000	-	0.200	0.500	0.300	-	-	-	-	-	2.000
Tug (2500 BHP) Freeport	2.000	1.000	0.700	0.500	0.300	-	-	-	-	-	4.500
Marginal Wharf Rehabilitation (Freeport of Monrovia)	1.300	1.000	2.000	1.700	0.500	0.500	0.500	0.500	-	-	8.000
Navigational Aids	-	-	0.200	0.200	0.100	-	-	-	-	-	0.500
Provision of Two Container Tractor/Trailers	-	0.200	-	-	-	-	-	-	-	-	0.200
Removal of Wrecks	0.500	0.500	0.200	0.200	-	-	-	-	-	-	1.400
Rehabilitation Telecommunication System (Freeport of Monrovia)	-	0.200	0.050	0.050	-	-	-	-	-	-	0.300
Rehabilitation of Electricity System	-	0.200	0.050	0.050	-	-	-	-	-	-	0.300
Rehabilitation of Water Supply System (Freeport of Monrovia)	0.040	0.060	0.100	0.020	-	-	-	-	-	-	0.220
<b>TOTAL</b>	<b>4.840</b>	<b>3.160</b>	<b>3.500</b>	<b>3.220</b>	<b>1.200</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>17.420</b>

**AGRICULTURE  
RESOURCE IMPLICATION 2001 – 2010 (US\$M)**

<b>PROJECTS</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>TOTAL</b>
Rehabilitation of Plantations	6.50	6.30	5.00	5.00	3.00	2.00	2.00	2.00	2.00	2.00	35.80
Provision of tools, seeds, credit and fertilizers	2.00	1.60	1.00	1.00	0.90	0.80	0.50	0.30	0.30	0.10	8.50
Research, Extension and Rural Roads	10.6	10.2	10.4	10.0	8.0	8.5	8.7	8.7	8.2	8.0	91.30
Processing, marketing storage, and transportation	8.30	8.30	8.30	8.30	8.30	8.30	8.30	8.30	8.30	8.30	83.00
Development of Arable land (364,00 ha)	10.3	7.5	6.3	6.5	6.0	5.8	5.5	5.4	4.2	4.0	61.5
Permanent crop (97,000ha)	12.5	9.1	7.0	5.4	5.0	8.4	8.6	8.1	7.5	3.3	76.91
Inland valley swamps (24,000 ha)	6.3	5.1	4.8	4.2	4.0	3.1	3.0	2.6	2.5	2.4	38.0
Livestock cattle (live thousand heads)	0.25	0.25	-	-	-	-	-	-	-	-	0.50
Fisheries	0.2	0.06	0.08	0.12	0.09	0.03	0.05	0.07	0.05	0.04	0.79
Forestry	1.6	0.5	0.6	0.2	0.08	0.08	0.06	0.04	0.034	0.03	3.2
<b>TOTAL</b>	<b>81.8</b>	<b>59.9</b>	<b>49.5</b>	<b>45.7</b>	<b>42.4</b>	<b>46.3</b>	<b>43.7</b>	<b>39.5</b>	<b>34.1</b>	<b>33.1</b>	<b>476.0</b>

**ENVIRONMENT  
(US\$M)**

<b>PROJECTS</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>TOTAL</b>
Environment Awareness	0.05	0.04	0.04	0.03	0.02	0.01	0.01	-	-	-	0.200
Research in alternative Source of Energy	0.10	0.07	0.05	0.05	-	-	-	-	-	-	0.270
<b>TOTAL</b>											<b>0.470</b>

**HIV/AIDS  
(US\$M)**

<b>PROJECTS</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>TOTAL</b>
Strengthen MOH's NDCP	0.160	0.090	0.050	0.020	-	-	-	-	-	-	0.370
Educational material. Test letts, video camera, media coverage, condoms	0.200	0.170	0.120	0.080	0.060	0.050	0.050	0.030	0.030	0.010	0.630
<b>TOTAL</b>											<b>1.000</b>

# ANNEXES



**ANNEX 1 (A 1)**

**SECTORAL ORIGIN OF GDP AT CURRENT PRICES  
(IN MILLIONS US\$ UNLESS OTHERWISE INDICATED)**

SECTOR	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>AGRICULTURE</b>	<u>277.0</u>	<u>289.5</u>	<u>301.1</u>	<u>311.3</u>	<u>319.7</u>	<u>328.4</u>	<u>336.6</u>	<u>341.1</u>	<u>345.6</u>	<u>350.2</u>	<u>354.6</u>	<u>359.1</u>
Rubber	61.7	64.8	68.0	69.4	70.8	72.2	72.2	73.6	74.0	74.4	74.8	75.1
Coffee	0.7	0.8	0.9	1.1	1.2	1.3	1.5	1.6	1.8	1.9	2.0	2.1
Cocoa	2.0	2.5	3.1	3.9	4.5	5.2	5.9	6.5	7.2	7.2	8.7	9.5
Rice	72.5	76.1	78.4	80.7	83.2	85.7	88.2	89.5	90.9	92.3	93.6	95.0
Cassava	48.4	50.8	53.4	56.0	58.8	61.8	64.9	66.2	67.5	68.9	68.9	71.6
Others	91.7	94.5	97.3	100.2	101.2	102.2	103.2	103.7	104.2	104.8	104.8	105.8
<b>FORESTRY</b>	<u>60.7</u>	<u>63.7</u>	<u>66.9</u>	<u>68.3</u>	<u>69.6</u>	<u>71.0</u>	<u>71.7</u>	<u>72.4</u>	<u>72.8</u>	<u>73.2</u>	<u>73.3</u>	<u>73.5</u>
Logs & Timber	19.3	23.2	27.8	32.0	36.8	44.5	44.5	45.8	47.2	48.5	48.8	49.1
Charcoal & Wood	41.4	40.5	39.1	36.3	32.8	27.2	27.2	25.5	25.6	24.5	24.5	24.1
<b>MINING</b>	<u>9.8</u>	<u>9.9</u>	<u>10.1</u>	<u>10.1</u>	<u>10.2</u>	<u>10.3</u>	<u>10.4</u>	10.5	<u>10.6</u>	<u>10.7</u>	<u>10.8</u>	<u>11.0</u>
Iron Ore	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.09	0.0
Others	9.4	9.9	10.1	10.1	10.2	10.3	10.4	10.5	10.6	10.7	10.8	11.0
<b>MANUFACTURING</b>	21.4	24.1	26.5	28.3	30.3	32.7	35.0	37.5	40.1	42.9	45.9	49.0
<b>TERTIARY SECTOR</b>	<u>82.6</u>	<u>97.1</u>	<u>108.7</u>	<u>119.9</u>	<u>130.2</u>	<u>141.4</u>	<u>153.4</u>	<u>152.1</u>	<u>169.5</u>	<u>176.6</u>	<u>183.2</u>	<u>190.4</u>
Electricity & Water	2.3	2.3	2.3	2.5	2.7	2.8	3.0	3.1	3.2	3.7	4.3	5.0
Construction	6.9	8.5	10.3	11.8	13.6	15.0	16.5	18.1	19.0	20.0	20.1	22.0
Trade, Hotels, etc	17.0	18.0	19.0	20.1	21.3	23.4	27.7	27.8	29.2	30.7	32.5	34.1
Transportation & Communication	21.6	27.8	32.2	37.4	41.1	45.2	49.7	52.2	54.8	56.4	58.1	59.3
Financial Institutions	13.3	15.3	17.5	19.3	21.3	23.4	25.6	27.0	28.4	29.8	31.3	32.2
Government - Services	11.2	12.3	13.5	14.4	15.1	15.8	15.3	15.8	17.3	17.8	18.2	18.5
Others	10.3	12.9	13.7	14.4	15.1	15.8	16.6	17.1	17.6	18.2	18.7	19.3
<b>IMPUTED BANK CHARGES</b>	3.2	3.7	5.0	7.8	9.7	12.2	15.4	18.3	22.1	26.0	29.9	32.8
<b>GDP AT CURRENT PRICES</b>	488.3	480.6	508.3	530.1	550.6	571.6	591.7	605.3	616.5	627.6	637.9	650.2

Source: Ministry of Planning & Economic Affairs

**ANNEX 2 (A 2)**

**SECTORAL ORIGIN OF GDP AT CONSTANT 1992PRICES  
(IN MILLIONS US\$ UNLESS OTHERWISE INDICATED)  
PROJECTIONS**

<b>SECTOR</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b><u>AGRICULTURE</u></b>	<u>236.0</u>	<u>241.9</u>	<u>246.7</u>	<u>250.4</u>	<u>257.2</u>	<u>268.0</u>	<u>270.6</u>	<u>274.2</u>	<u>276.9</u>	<u>279.9</u>	<u>283.5</u>	<u>285.3</u>
Rubber	41.7	42.9	43.3	43.7	44.5	45.4	45.8	46.2	46.7	47.2	48.1	48.6
Coffee	0.4	0.5	0.5	0.6	0.6	0.6	0.7	0.7	0.8	0.8	0.9	0.9
Cocoa	1.4	1.7	2.1	2.6	3.0	3.5	3.9	4.4	4.8	5.3	5.8	6.3
Rice	65.6	67.6	69.0	70.0	71.1	72.5	74.0	75.1	75.8	76.6	77.3	78.1
Cassava	43.8	45.1	46.5	47.9	48.9	50.4	51.9	52.4	52.9	54.0	55.0	55.6
Others	83.0	84.1	85.3	85.6	89.1	95.6	94.3	95.4	95.9	95.8	96.4	95.8
<b><u>FORESTRY</u></b>	<u>76.7</u>	<u>79.0</u>	<u>81.4</u>	<u>82.2</u>	<u>83.0</u>	<u>83.4</u>	<u>83.4</u>	<u>83.4</u>	<u>83.8</u>	<u>84.2</u>	<u>84.6</u>	<u>84.6</u>
Logs & Timber	24.4	25.1	25.9	26.1	26.3	26.7	27.0	27.0	27.4	27.4	27.2	27.2
Charcoal & Wood	52.3	53.9	55.5	56.1	56.7	56.7	56.4	56.4	56.4	57.2	57.4	57.4
<b><u>MINING</u></b>	<u>8.6</u>	<u>8.7</u>	<u>8.9</u>	<u>8.9</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>	<u>9.2</u>	<u>9.3</u>	<u>9.4</u>	<u>9.4</u>	<u>9.7</u>
Iron Ore	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.09	0.0
Others	8.6	8.7	8.9	8.9	9.0	9.0	9.0	9.2	9.3	9.4	9.4	9.7
<b><u>MANUFACTURING</u></b>	<u>18.7</u>	<u>21.1</u>	<u>23.2</u>	<u>24.8</u>	<u>26.6</u>	<u>27.9</u>	<u>29.3</u>	<u>32.6</u>	<u>34.9</u>	<u>35.5</u>	<u>37.6</u>	<u>39.5</u>
<b><u>TERTIARY SECTOR</u></b>	<u>72.2</u>	<u>85.2</u>	<u>95.4</u>	<u>103.7</u>	<u>112.6</u>	<u>121.4</u>	<u>131.7</u>	<u>139.0</u>	<u>143.0</u>	<u>148.5</u>	<u>154.0</u>	<u>160.1</u>
Electricity & Water	2.0	2.0	2.0	2.2	2.4	2.5	2.6	2.7	2.8	3.2	3.7	4.3
Construction	6.0	7.4	9.0	10.1	11.7	2.3	14.2	15.5	16.3	17.2	17.2	18.9
Trade, Hotels, etc	14.9	15.8	16.5	17.5	18.5	20.3	22.3	23.8	25.0	25.3	27.9	29.2
Transportation & Communication	18.9	24.3	28.2	32.7	35.6	39.3	43.2	45.4	47.0	48.5	49.8	50.9
Financial Institutions	11.6	13.4	15.4	15.9	18.6	20.3	22.3	23.5	24.4	25.6	26.8	27.6
Government - Services	9.8	10.8	11.9	12.6	13.2	13.7	14.2	14.6	14.8	14.8	15.6	15.9
Others	9.0	11.3	12.0	12.6	13.2	13.9	14.4	14.9	15.3	15.8	16.3	16.6
<b><u>IMPUTED BANK CHARGES</u></b>	<u>2.0</u>	<u>2.9</u>	<u>4.4</u>	<u>6.8</u>	<u>8.5</u>	<u>10.7</u>	<u>13.4</u>	<u>16.0</u>	<u>19.3</u>	<u>22.7</u>	<u>26.1</u>	<u>28.7</u>
<b><u>GDP AT CURRENT PRICES</u></b>	<u>410.2</u>	<u>433.0</u>	<u>451.2</u>	<u>463.1</u>	<u>479.9</u>	<u>501.6</u>	<u>510.6</u>	<u>522.4</u>	<u>528.6</u>	<u>534.6</u>	<u>543.0</u>	<u>550.5</u>

Source: Ministry of Planning & Economic Affairs

**ANNEX 3 (A 3)****ACTUAL AND PROJECTED GOVERNMENT EXPENDITURE 1999 - 2010  
(IN MILLIONS US\$)**

<b>SECTOR</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
General Public Service	20.9	25.7	31.5	38.7	47.6	54.7	60.2	63.3	65.2	67.2	69.2	71.3
General Administration	15.3	18.8	23.0	28.3	34.7	39.9	43.9	46.1	47.5	48.9	50.4	51.9
Defence	5.6	6.9	8.5	10.4	12.9	14.8	15.8	17.1	17.6	18.1	18.6	19.2
Social & Communication Service	15.4	18.9	23.1	28.0	35.0	40.3	44.3	46.5	47.9	49.3	50.8	52.3
Education	6.7	8.2	10.0	12.4	15.2	17.5	19.3	20.3	20.9	21.5	22.1	22.8
Health	2.7	3.3	4.0	5.0	5.1	7.0	7.7	8.1	8.3	3.5	8.8	9.1
Others	6.0	7.4	9.1	10.6	13.7	15.8	15.8	18.3	18.8	18.8	20.0	20.6
Economic Services	11.1	13.7	16.8	20.7	25.4	29.2	32.1	33.7	34.7	35.7	36.8	37.9
Agriculture & Forestry	2.1	2.6	3.2	3.9	4.8	5.5	6.1	6.4	6.6	6.8	7.0	7.2
Transportation & Communication	0.2	0.3	0.3	0.4	0.5	0.6	0.7	0.7	0.7	0.7	0.7	0.7
Others	8.8	10.8	13.3	15.4	20.1	23.1	25.4	25.4	27.5	28.3	29.1	30.0
<b>Unallocable</b>	19.1	23.5	29.2	35.9	44.1	50.7	55.8	58.6	60.4	62.2	64.1	66.0
<b>Total Expenditure</b>	66.5	81.8	100.6	123.3	152.1	174.9	192.4	202.0	208.1	214.3	220.7	227.3

Source: Ministry of Planning & Economic Affairs

**ANNEX 4 (A 4)**

**ACTUAL AND PROJECTED CENTRAL GOVERNMENT REVENUE  
(IN MILLIONS US\$)**

DESCRIPTION	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>A. Tax Revenue</b>	45.2	55.0	66.6	81.0	97.9	112.6	123.9	130.1	134.0	138.0	142.0	146.4
Taxes on income profit	14.7	17.5	21.3	25.9	31.1	35.8	39.4	41.4	42.6	43.8	45.1	46.5
Iron ore profit sharing	-	-	-	-	-	-	-	-	-	-	-	-
Corporate and partnership	7.7	9.2	11.2	13.6	15.4	18.9	20.8	21.8	22.5	23.2	23.8	24.5
Individual	5.2	6.2	7.5	9.1	11.1	12.8	14.8	14.8	15.2	15.6	16.1	16.6
Withholding tax on non-resident	-	-	-	-	-	-	-	-	-	-	-	-
Reconstruction tax	1.8	2.1	2.6	3.2	3.6	4.1	4.5	4.7	4.8	5.0	5.1	5.3
Taxes on Property	0.3	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Real estate tax	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Realty lease tax	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Taxes on Goods & Services	10.4	12.8	15.4	18.9	22.9	26.3	29.0	30.5	31.4	32.3	33.3	34.3
Excise tax	0.7	0.9	1.0	1.3	1.5	1.7	1.9	2.0	2.1	2.2	2.3	2.4
Stampage taxes	1.1	1.4	1.6	2.0	2.4	2.7	3.0	3.2	3.3	3.4	3.5	3.6
Business & professional license	0.4	0.5	0.6	0.7	0.9	1.0	1.1	1.2	1.2	1.2	1.2	1.2
Motor vehicle tax	1.5	1.8	2.2	2.7	3.3	3.8	4.2	4.4	4.5	4.6	4.7	4.8
Rubber sales tax	-	-	-	-	-	-	-	-	-	-	-	-
Petroleum Sales tax	6.1	7.5	9.1	11.1	13.5	15.5	17.1	18.0	18.5	19.1	19.7	20.3
Land rental tax	0.6	0.7	0.9	1.1	1.3	1.6	1.7	1.8	1.9	2.8	2.1	2.2
Taxes on International Trade	19.6	23.9	29.1	35.4	43.1	49.6	54.5	57.2	58.9	60.7	62.5	64.4
Taxes on imports	19.2	23.4	28.5	34.7	42.2	48.6	53.4	56.1	57.8	59.5	61.3	63.1
Taxes on Exports	0.4	0.5	0.6	0.7	0.9	1.0	1.1	1.2	1.2	1.2	1.2	1.2
Others	-	-	-	-	-	-	-	-	-	-	-	-
Other Taxes	0.2	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4
<b>B. Non Tax Revenue</b>	20.3	24.7	30.1	36.6	44.5	51.2	56.3	59.1	60.8	62.6	64.5	66.4
Maritime Revenue	15.2	18.5	22.8	27.5	33.4	38.4	42.3	44.4	45.7	47.1	48.5	50.0
Other	5.1	6.2	7.3	9.1	11.1	12.8	14.0	14.7	15.1	15.5	16.0	16.5
<b>C. Total Domestic Revenue (A+B)</b>	65.5	79.7	96.7	117.6	142.4	163.8	180.1	188.8	194.3	200.0	206.0	212.2
<b>D. Grant</b>												
<b>E. Total Revenue (C+D)</b>	65.5	79.7	96.7	117.6	142.4	163.8	180.1	188.8	194.3	200.0	206.0	212.2

Source: Ministry of Planning & Economic Affairs

**ANNEX 5 (A 5)**

**PROJECTED EXTERNAL TRADE OF LIBERIA 1999 – 2010  
(US\$ MILLIONS)**

<b>YEAR</b>	<b>EXPORTS</b>	<b>IMPORTS</b>	<b>BALANCE OF TRADE</b>
1999	528.7	361.4	167.3
2000	554.6	375.1	179.5
2001	581.8	389.4	192.4
2002	610.3	404.0	206.3
2003	640.2	419.5	220.7
2004	681/6	435.5	236.1
2005	688.4	452.0	236.4
2006	705/6	460.6	245.0
2007	723.2	469.3	253.9
2008	730.5	478.3	252.2
2009	737.8	487.3	250.5
2010	745.2	496.6	248.6

*Source: Ministry of Planning & Economic Affairs*