Expert Meeting of LDCs

Challenges and Opportunities for LDCs: Graduation and Structural Transformation

Case study on Liberia and Sierra Leone[1]

Prepared by

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ABBREVIATIONS

ABU	Agricultural Business Units
ACDB	Agricultural Cooperative Development Bank of Liberia
ADB	African Development Bank
ADR	Alternative Dispute Resolution
AfT	Aid for Trade
ANC	African National Congress
ARC	Advocacy and Resource Center
CBL	Central Bank of Liberia
CBO	Community-based Organisation
CET	Common External Tariff
CU	China Union
DDR	Demilitarization, demobilization and reintegration
DEPAC	Development Partnership Committee
DFID	Department for international Development
DSU	Dispute Settlement Understanding
DTIS	Diagnostic Trade Integration Study
ECOWAS	Economic Community of West African States
EFF	Extended Fund Facility
EBA	Everything But Arms
EPA	Economic Partnership Agreement
EU	European Union
FAO	Food and Agricultural Organisation
FIAS	Foreign Investment Advisory Services
GATS	Genera Agreement on Trade in Services
GBV	Gender-based violence
GEMAP	Governance and Economic Management Assistance Programme
GOL	Government of Liberia
GRB	Gender Responsive Budgeting
GTZ	German Technical Cooperation
HIPC	Highly Indebted Poor Countries
IATP	Institute for Agriculture and Trade Policy
IFC	International Finance Corporation
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
ITC	International Trade Centre
JICA	Japan International Cooperation Agency
JSC	Joint Steering Committee
LEAP	Local Enterprise Assistance Program
LED-EEI	Liberia Entrepreneurial Development/Economic Empowerment Initiative
LEDFC	Liberia Enterprise Development Finance Company
LRDC	Liberia Reconstruction and Development Committee

MARWOPNET	Mano River Union Women's Peace Network
MCI	Ministry of Commerce and Industry
MDA	Ministries, Departments and Agencies
MDG	Millennium Development Goals
MITAF	Microfinance, Investment, and Technical Assistance Facility
MoU	Memorandum of Understanding
MSME	Micro, small and medium enterprises
MSWGCA	Ministry of Social Welfare, Gender and Children’s Affairs
MTCS	Medium Term Competitiveness Strategy
MTEF	Medium Term Expenditure Framework
NaC-GBV	National Committee on Gender Based Violence
NCDB	National Cooperatives Development Bank
NCP	National Commission for Privatisation
NDB	National Development Bank
NGO	Non Governmental Organisation
NRD	Norway Registry Development
NSADP	National Sustainable Agriculture Development Plan
PRGF	Poverty Reduction and Growth Facility
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
PSD	Private Sector Development
RBI	Results-Based Initiative
SEDO/ARC	Small Enterprise Development Organisation
SLEDIC	Sierra Leone Export Development and Investment Centre
SLIEPA	Sierra Leone Investment and Export Promotion Agency
SLPA	Sierra Leone Ports Authority
SME	Small and Medium Enterprises
SMI	Small and Medium Industries
SPS	Sanitary and Phytosanitary
SRHR	Sexual and Reproductive Health Rights
TBA	Traditional birth attendants
TBT	Technical Barriers to Trade
TRIPs	Trade Related Intellectual Property Rights
UEMOA	West African Economic and Monetary Union
UNCTAD	United Nations Conference on Trade and Development
UNCITRAL	United Nations Commission on International Trade Law
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNIDO	United Nations Industrial Development Organisation
UNIFEM	United Nations Development Fund for Women
UNMIL	United Nations Mission in Liberia
UNSCR	United Nations Security Council Resolution (1325)
USAID	United States Agency for International Development
WAQP	West Africa Quality Programme
WB	World Bank
WIPNET	Women in Peace-building Network
WTO	World Trade Organisation

1.0 INTRODUCTION

1.1 Background

Conflict tends to disrupt the way of life in affected communities. It disrupts economic activities, disturbs the systems of governance, undermines production arrangements leading to low output; it disrupts transportation systems and breaks down critical infrastructure leading to low trade and exchange within the same country and a country's trade activities with the international community as well as constrains the flow of goods into and out of the country. Trade is hampered thus reducing economic activity related to exports and imports. In many cases shortages of goods occur as a result of the disruption. Often this causes prices to rise and pushing goods out of the reach of many in the process worsening living conditions for the majority of the people. Conflict generates and exacerbates poverty, increasing the cycle of conflict. In short economic decline is ushered in by conflict.

Many LDCs have experienced crises that have involved conflict or war that affected entire nations. According to UNDP (2010), post-conflict "all states suffer from the collapse not just of assets or skills but of the systems – physical, financial, economic, technical, organizational, political, social – that allowed them to function as states". According to AfDB (2008) "the economic consequences of conflict include capital flight, poor policy, economic decline, damaged infrastructure, increased military spending, structural changes to the economy, and shortened time horizon for government and private agents". Emergence from the effects of such conflicts must be engineered and managed as governments seek to restore normal life for their population including rehabilitation and restoration of systems in order to give the population meaningful and fulfilling welfare. At the heart of the activities of governments is generating economic recovery, re-establishing production to cater for people's requirements, rebuilding homes and engaging their people in gainful occupation. Reconstruction of broken and ruined facilities and infrastructure is important and goes a long way to re-establish and provide even a better push for improved lifestyles. In short, generating economic growth and stimulating trade as means of poverty reduction are sure ways of speeding the emergence out of conflict. This paper assesses the key trade and development policies pursued by LDCs emerging out of conflict using the experiences of Liberia and Sierra Leone, two LDCs which were involved in related conflicts in the 1990s and have been emerging from conflict over the last decade or so. Liberia and Sierra Leone experienced the national type conflicts which had related origins.

a) Liberia

Conflict started in 1989 and ended with elections in 1997 which restored a semblance of peace then disrupted again by resumption of the conflict in 2001. This second wave of conflict ended in 2003 when a Comprehensive Peace Agreement was signed in Accra, Ghana. According to Tarr (2008) the conflicts in the two countries were rooted in their historical establishment and poor governance which failed to build sustainable governance capacity and pursued exclusion politics against the indigenous populations. This created grounds for festering discontent, divided the populations and enhanced inequality. For example, the cause of war in Liberia was neglect and exploitation of the indigenous people by a ruling elite descended from African-American settlers. Although the economy grew, it lacked development and was characterised by stark inequality, social tension and the seeds of unrest which culminated in the bloody coup in 1980. This change was followed by a civil war at the end of the 1980s which ended in 2001, and eventual emergence of Liberia in 2003 as a post conflict country.

b) Sierra Leone

A violent civil conflict occurred between 1991 and 2001. This developed as the war in Liberia spilled to parts of Sierra Leone in 1991 and eventually spread throughout the country. Multiparty elections were held in 1996 but the elected government was overthrown in a violent coup in 1997. In 1998 the elected President was reinstated with the help of ECOWAS peacekeeping forces. However, the situation remained unstable until 2001 when peace was achieved.

The Sierra Leone government in 1989 initiated a comprehensive economic recovery program and implemented a structural adjustment programme during 1992-1994 with IMF and the World Bank assistance. Tremendous damage was inflicted on Sierra Leone by the civil war which displaced more than two million people, nearly half the population. Farms were abandoned, large-scale mining ceased, and infrastructure was destroyed.

The concern of policy makers and the focus of policies in post conflict economies are on consolidation of peace and critical reconstruction both of which are important launch pads for economic recovery. The AfDB (2009) observes that

> On average, post-conflict economies grow more rapidly than normal as they bounce back from the damage done during conflict, but the range of performance is very varied

The most critical challenge for the post-conflict economic policy makers is achieving a balance between maintenance and consolidation of peace and the pressure to stimulate the economy into growth. This is because countries emerging from conflict face a high risk of falling back into conflict if for some reason perceptions of the causes of conflict are that the conditions prevailing before have not been addressed. What is more is that in order to deal with some of the causes of conflict requires a progressively growing economy. Potential sources of conflict reversion are public spending and balance in appointments and allocation of resources.

While trade goes on even in broken systems, trade policies are more effective in organised systems. In a post conflict reconstruction trade policies require working complementary policies and therefore the whole range of activities and strategies designed to restore and stimulate recovery are essential ingredients for progress after conflict. USAID (2008) in its Post Conflict guideline targets discussions on lessons learned and provides recommendations for seven specific policy areas: 1) macroeconomic foundations, including both fiscal and monetary policy and institutions; 2) employment generation; 3) private-sector development, including both the private-sector enabling environment and enterprise development; 4) agriculture; 5) banking and finance; 6) trade policy and institutions; and 7) infrastructure. Government policies must seek to address or encourage activities in these areas. These areas are important for economic recovery and are inherently linked to trade and development and can be a useful framework for assessing the policies pursued by countries emerging from conflict. Therefore the policies pursued in these sectors by LDCs emerging out of conflict are part of the wider trade and development policies. It can be approached from identifying policies or checking the extent to which post conflict countries have pursued policies in the areas identified by USAID.

USAID also suggests that economic growth policies are critical for post conflict stability and development.

> The purpose of economic growth programming in post-conflict countries is both to reduce the risk of a return to conflict and to accelerate the improvement of well-being for everyone, particularly the conflict-affected population. Economic issues may have contributed to the outbreak of violence in the first place, through an inequitable distribution of assets and opportunities or simply a widely held perception of inequitable distribution. Economic interventions need to be an integral part of a comprehensive restructuring and stabilization program. While economic growth is not the sole solution to resolving post-conflict issues, it can clearly be a significant part of the solution.

Evidence shows that early attention to the fundamentals of economic growth increases the "likelihood of successfully preventing a return to conflict and moving forward with renewed growth". The suggestion therefore is to alter the normal donor approach, which focuses first on humanitarian assistance and democracy-building relegating economic issues to be dealt with later. The approach would address the 40 percent of post-conflict countries relapsing back into conflict within a decade. In this regard, while reconstruction, rehabilitation and resettlement are implemented, governments must pay attention to stimulate economic growth in order to ensure that the population is gainfully employed, is able to feed itself and have access to basic requirements of education and health. According to Collier et al. (2007)[2] , external peacekeepers and robust economic growth have proven to be more critical than political reform in preventing a return to conflict. For this reason, it is suggested that many interventions designed to facilitate economic growth can and should be implemented at the very beginning of the rebuilding process, much earlier than traditionally has been the case. Because trade is important for economic growth, the policies designed to generate growth must incorporate trade development policies as well.

1.2 Post-Conflict Economic performance in Liberia and Sierra Leone

The economies of Liberia and Sierra Leone have rich and diverse natural resources with agriculture, mining and forestry as important sectors which if fully harnessed can drive their economies even into higher levels of growth.

Post-conflict economies normally grow very rapidly as they recover. Economic growth in Liberia and Sierra Leone has been remarkable although much of it is the bounce back effect. The table below shows GDP performance in the two countries.

Liberia

Liberia enjoys plentiful rainfall, has a long coastline and ample land for its population. Its seas are rich in fish, its streams carry diamonds and gold, its bedrock holds iron ore and other

[2] P. Collier, A. Hoeffler and M. Soderbom, *Post-Conflict Risks* (Centre for the Study of African Economies, Department of Economics, University of Oxford, 2007).

minerals, its forests are the most extensive remaining in West Africa, and its soils produce a variety of food and commercial crops (DTIS 2008). Agriculture, hunting, forestry and fishing are dominant activities contributing more than 60 percent to GDP and services are the second largest contributing close to 25 percent to GDP. Liberia is the second largest exporter of rubber in sub-Saharan Africa and has the largest unbroken rubber plantation in the world. It has exported palm oil in the past and is set to resume exports in the near future, as its agro-climatic conditions for oil palm are probably the best in West Africa. There is also enormous untapped potential for cocoa, as it enjoys the same conditions as neighbouring Côte d'Ivoire, the largest cocoa exporter in the world.

The Liberian economic performance was mixed between 2001 and 2008 (see Table 1). It notched strong GDP growth in 2004 (15.5%), 2006 (31.4%) and 2008 (27.1%). However, there were declines that followed the performance of the agriculture, forestry, fishing and hunting. The performance of mining is combined with manufacturing and utilities. It is therefore difficult to determine the sector's contribution.

Table 1: Liberia GDP by kind of economic activity (US Dollars at current prices in millions)

GDP by kind of economic activity	2000	2001	2002	2003	2004	2005	2006	2007	2008
Gross domestic product (GDP)	**527.8**	**545.1**	**519.3**	**404.1**	**466.8**	**510.8**	**671.1**	**652.8**	**829.7**
Agriculture, hunting, forestry, fishing	**354.0**	**393.0**	**364.0**	**281.0**	**298.0**	**316.0**	**448.0**	**363.0**	**511.3**
Industry	**3.2**	**36.9**	**40.0**	**25.0**	**47.0**	**56.0**	**69.0**	**76.4**	**84.8**
of which									
Mining, manufacturing, utilities	2.6	27.9	29.0	17.0	30.0	37.0	49.0	55.4	61.7
Manufacturing	1.6	25.0	27.0	15.0	26.0	32.0	44.0	48.9	51.4
Construction	0.7	9.0	11.0	8.0	17.0	19.0	20.0	21.0	23.1
Services	**127.5**	**97.0**	**98.1**	**80.3**	**107.4**	**121.4**	**134.6**	**177.0**	**191.6**
of which									
Wholesale, retail trade, restaurants and hotels	82.0	52.0	54.0	42.0	61.0	67.0	77.0	89.0	95.0
Transport, storage and communications	23.0	28.0	30.0	28.0	33.0	39.0	41.0	43.0	48.3
Other activities	22.5	17.0	14.1	10.3	13.4	15.4	16.6	45.0	48.3
GDP growth per annum		3.3	-4.7	-22.2	15.5	9.4	31.4	-2.7	27.1

Source: UNCTAD, UnctadStat database, March 2011

Sierra Leone

Sierra Leone has a rich and diversified natural resource base comprising diamonds, rutile, bauxite, gold, and other minerals; ample rainfall and land (with a variety of agro-ecological conditions); a significant maritime fishery; and good tourism potential. Its economic performance is driven by the mining and agricultural sectors with diamonds as the main mineral export product (see Table 2). Two-thirds of the working population is engaged in subsistence agriculture. The share of agriculture (including hunting, forestry and fishing) ranged from 40.1 percent when Sierra Leone achieved peace after conflict to a high of 55.4 percent[3]. The manufacturing sector is small contributing a little more than 2.0 percent to GDP. The government must consider a policy that encourages value addition to the agriculture, forestry and fishing.

[3] It was not possible to separate the contributions of Forestry and fishing which are significant contributors to GDP. It is likely that their inclusion with agriculture has substantially increased the share of this group.

Table 2: **Sectoral composition of GDP and GDP growth percent**

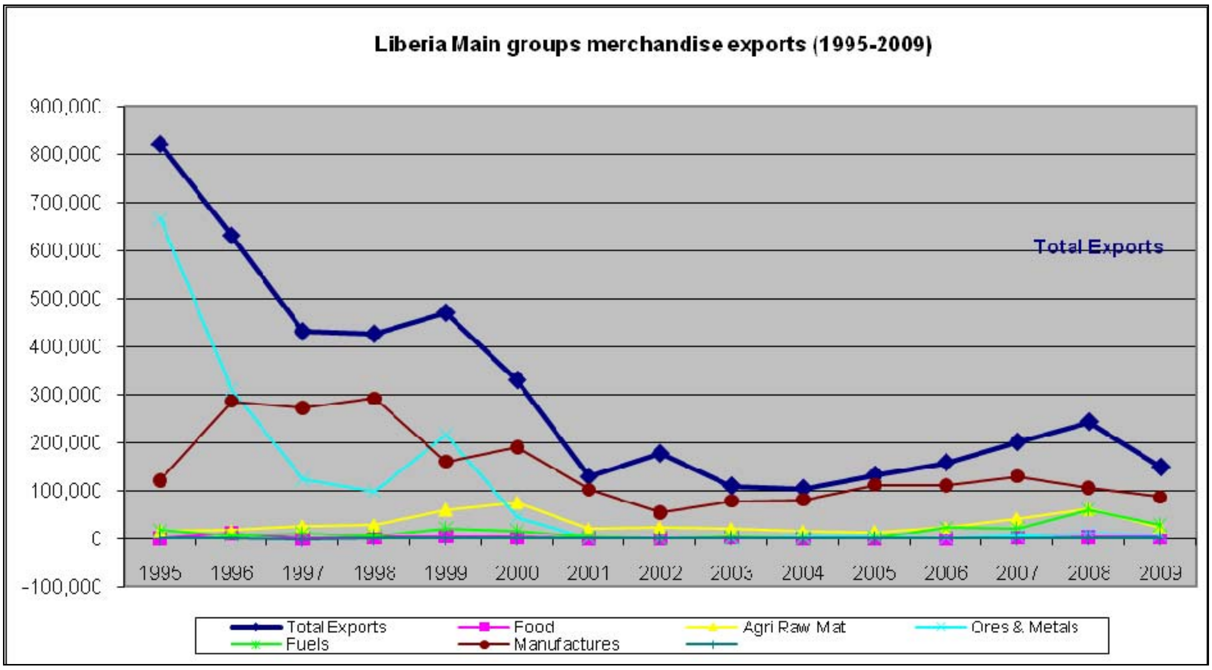
	2000	2001	2002	2003	2004	2005	2006	2007	2008	
Agriculture, hunting, forestry, fishing	*55.0*	*40.1*	*40.7*	*42.2*	*45.3*	*49.7*	*50.7*	*55.4*	*48.7*	
Industry	*26.8*	*8.1*	*9.9*	*11.5*	*11.2*	*9.8*	*8.5*	*8.2*	*9.8*	
of which										
Mining, manufacturing, utilities	22.9	6.3	7.9	9.7	9.4	7.9	6.7	6.6	8.0	
Manufacturing	3.3	3.0	2.8	2.4	2.2	2.2	2.2	2.1	2.2	
Construction	3.8	1.7	2.0	1.9	1.9	1.9	1.8	1.6	1.8	
Services	*12.5*	*46.7*	*44.8*	*41.9*	*38.7*	*37.0*	*36.5*	*32.6*	*37.3*	
of which										
Wholesale, retail trade, restaurants & hotels	6.0	14.4	14.5	13.5	10.9	9.4	9.6	9.0	10.5	
Transport, storage and communications	2.7	6.7	5.8	6.5	6.8	7.0	7.1	6.0	6.7	
Other activities	3.8	25.6	24.5	21.8	20.9	20.7	19.9	17.5	20.2	
Annual GDP growth %	3.8	18.1	27.5	10.9	9.6	7.5	7.7	6.5	5.5	3.2

Source: UNCTAD, UnctadStat database

a) Trade Performance – Liberia

Liberia's exports are mainly commodities comprised of agriculture and forestry and mineral products. Agriculture products are rubber, cocoa beans and coffee while forestry products are mainly round logs. The main mineral exports are iron ore, diamonds and gold. The chart below (Figure 1) shows that exports fell from more than US $800 million in 1995 to about US$ 100 million in 2003. The largest product group was ores, metals, precious stones and non-monetary gold. There has been very slow recovery in the level of exports over the post conflict period. Exports show a decline in 2009 which can be ascribed to the effects of the global financial and economic crises in international markets. In the post conflict period, manufactures have emerged as the largest exports. Diamonds and timber or forestry products were banned under UN sanctions which were only lifted and started in 2007.

Figure 1



Source: UNCTAD database (2011)

Imports

Liberia mainly imports manufactured products which in the post conflict period accounted for more than 70 percent of total imports (Table 4). Total imports fell sharply in 2001 to US$ 228.7 million from US$ 668.0 million the previous year. They continued to decline for two more years before they started to increase again. Imports recovered rising steadily over the post conflict

Table 3: Liberia's exports (US$'000)

	1995	***1996***	***1997***	***1998***	***1999***	***2000***	***2001***	***2002***	***2003***	***2004***	***2005***	***2006***	***2007***	***2008***	***2009***
Total Exports	820,000	630,000	430,000	425,000	469,000	329,000	127,900	176,100	108,700	103,800	131,300	157,800	200,200	242,400	148,00
Food	611	10,415	642	1,748	3,821	1,778	788	362	1,103	332	601	717	967	2,994	2,13
Agri Raw Mat.	15,329	17,175	25,620	27,580	60,380	75,891	20,956	22,505	20,400	14,684	14,435	22,451	41,668	62,058	23,74
Ores & Metals	665,738	310,456	123,576	97,781	215,615	44,550	986	229	462	2,848	3,517	994	6,048	11,376	7,10
Fuels	17,392	6,126	10,948	6,083	21,277	15,997	3,117	86	2,904	189	1,190	22,229	21,573	59,938	28,08
Manufactures	120,669	285,632	272,293	291,740	160,359	190,586	101,938	54,368	78,358	81,005	111,483	110,811	129,842	105,867	86,76
Unallocated	0	-124	-3,310	-4	-25	0	0	0	0	0	0	0	0	0	

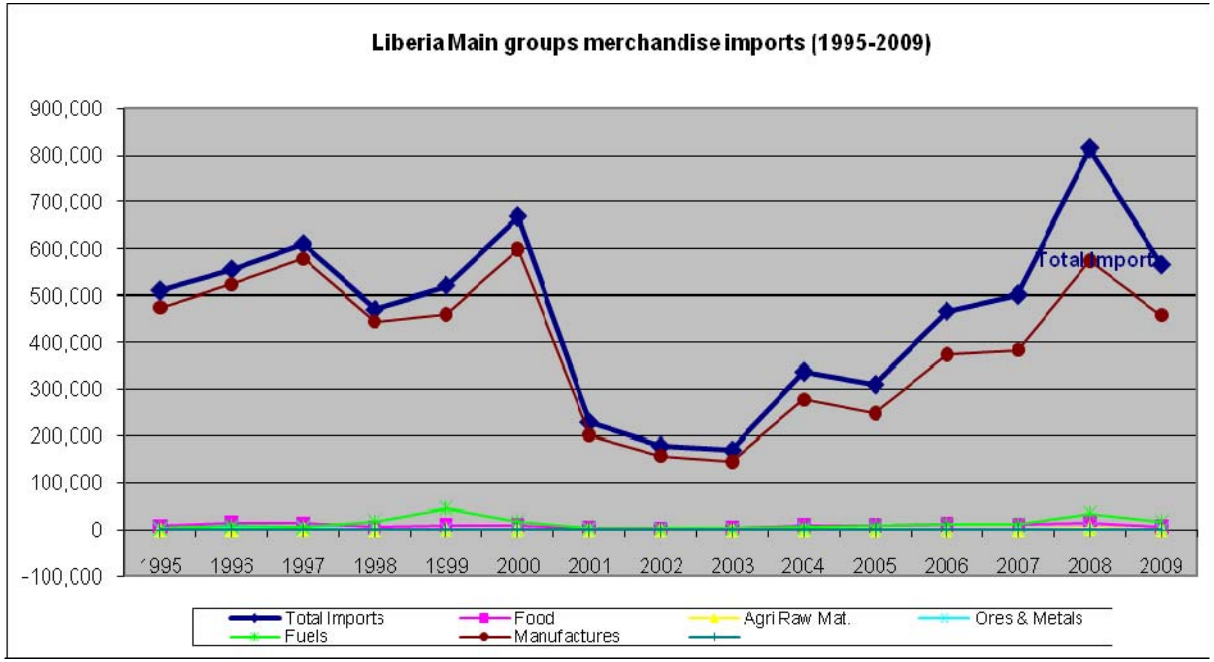
Table 4 : Liberia's Imports (US$'000)

	1995	***1996***	***1997***	***1998***	***1999***	***2000***	***2001***	***2002***	***2003***	***2004***	***2005***	***2006***	***2007***	***2008***	***2009***
Total Imports	510,000	555,000	610,000	470,000	520,000	668,000	228,700	178,200	169,700	336,800	309,900	466,700	501,400	813,500	565,20
Food	7,448	15,309	13,636	5,011	9,635	9,660	2,981	2,190	2,919	9,529	8,616	11,312	10,307	14,504	6,35
Agri Raw Mat.	461	693	1,469	601	1,669	823	284	127	191	537	592	479	536	2,682	48
Ores & Metals	311	4,898	3,680	1,404	1,250	235	182	65	105	235	393	320	1,633	1,536	24
Fuels	3,218	8,223	6,408	17,538	45,819	16,873	4,200	1,974	1,801	6,337	8,178	12,723	11,355	34,552	16,76
Manufactures	475,336	523,470	579,265	444,256	460,232	599,814	202,022	157,296	145,509	277,753	247,947	374,288	383,112	574,738	458,11
Unallocated	-147	-474	-392	-115	-159	0	0	0	0	0	0	0	0	0	

Source: UNCTAD data

period peaking at US$813.5 million in 2008 before a decline to US$ 565.2 million. During the entire post-conflict period, imports exceed exports.

Figure 2: Liberia main merchandise imports



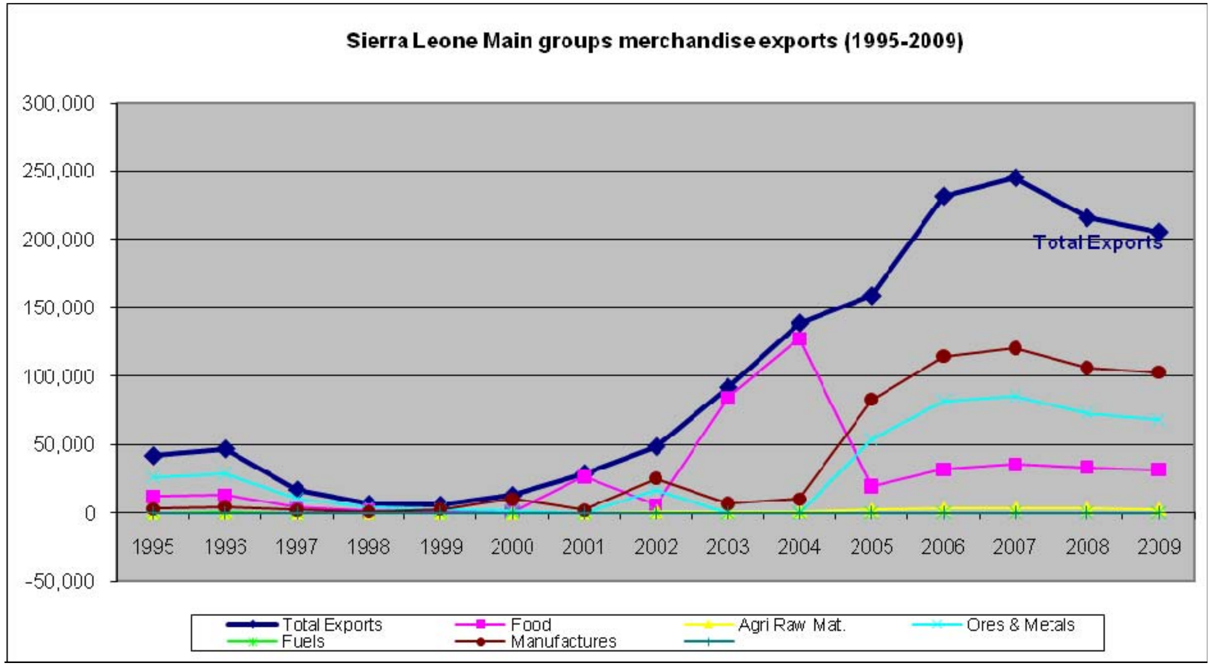
Source: UNCTAD data

b) Sierra Leone

Sierra Leone's exports experienced a steady but definite increase starting in 1999 up to 2007. They recorded a decline in 2008 and 2009, which is associated with the global financial and economic crises. The main exports are minerals (diamonds, bauxite, rutile,, gold and ilmenite); fish and shrimps; and agriculture products (cocoa, coffee, piassava and tobacco). UNCTAD data shows that the main exports are manufactured goods; ores, metals, precious stones and non-monetary gold; and food. Since 2005, manufactured goods contributed about 50 percent of total exports, the largest share to total exports. From the same year, ores, metals and precious stones rose from an insignificant 1.0 percent of total exports to contribute more than 30 percent. The food contribution has been increased from about 6 percent in 2000 to 9.0 percent and further to about 15.0 percent.

Imports rose sharply after 2002 on sharp increases of machinery and food imports with intermittent declines in 2004 and 2009. Food imports are the biggest item in total imports followed by machinery and transport equipment and manufactured goods. Total imports far exceed merchandise exports (Figures 3 and 4).

Figure 3: Sierra Leone merchandise exports



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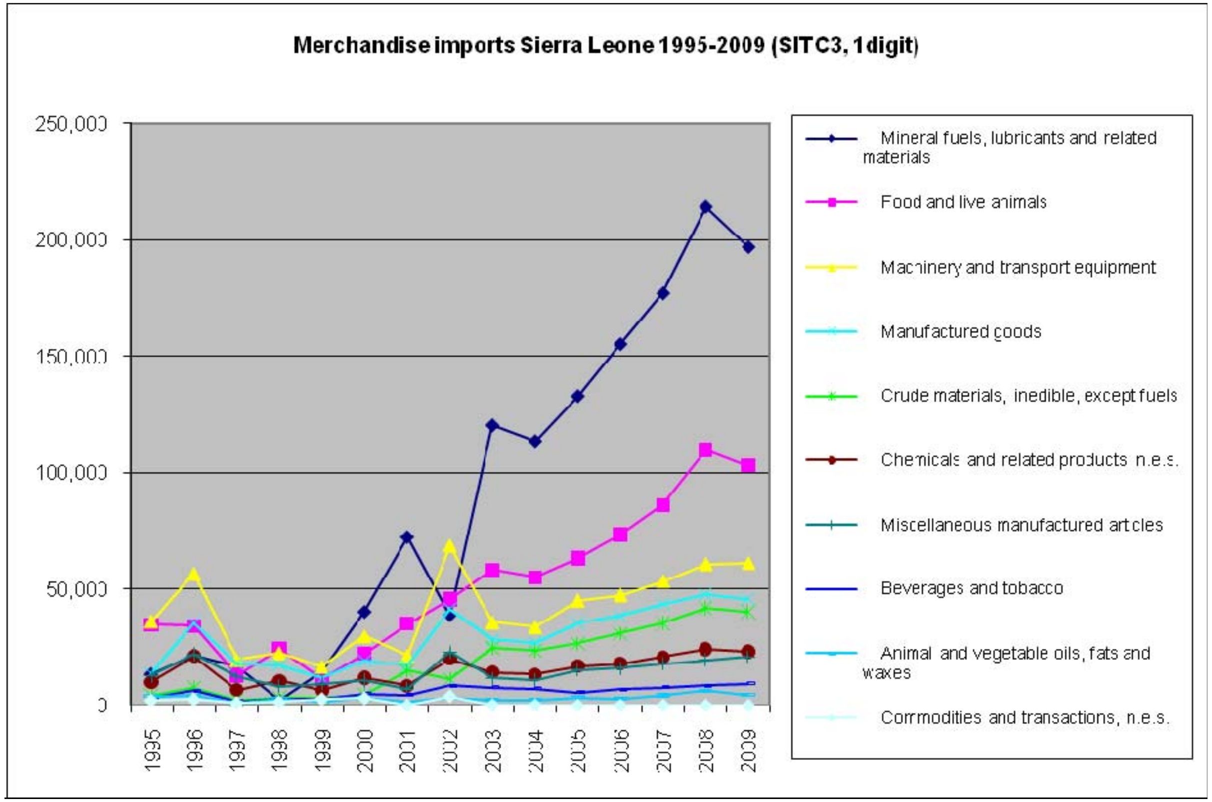

Table 5 :Sierra Leone Exports (US$'000)

	1995	***1996***	***1997***	***1998***	***1999***	***2000***	***2001***	***2002***	***2003***	***2004***	***2005***	***2006***	***2007***	***200***
Total Exports	42,002	46,998	16,998	6,990	5,996	13,033	29,000	48,669	91,988	138,986	158,951	231,698	245,204	215
Food	12,160	13,095	3,920	1,446	448	805	26,575	5,700	84,306	127,376	19,734	31,879	35,560	33

Agri Raw Mat.	231	289	29	89	126	114	228	778	724	1,095	2,180	3,036	3,253	3
Ores & Metals	26,132	28,509	10,975	4,189	2,509	1,461	34	16,644	106	161	54,006	82,092	85,605	73
Fuels	234	318	6	0	40	221	..	3	..	..	21	31	39	
Manufactures	3,174	4,692	2,057	987	2,855	10,413	2,163	25,307	6,852	10,354	83,010	114,659	120,746	106
Unallocated	0	0	0	0	0	0	0	0	0	0	0	0	0	

Table 6 : Sierra Leone Imports (US$'000)

	1995	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*	*200*
Total all products	134,006	210,999	91,996	94,998	79,999	149,398	181,996	264,284	303,000	286,007	344,137	388,747	445,753	532
All food items	41,719	44,498	15,907	29,738	15,528	30,338	41,002	57,442	68,263	64,436	72,276	83,135	98,130	124
Agricultural raw materials	3,991	6,261	2,153	2,912	2,132	3,327	13,753	9,078	22,897	21,612	24,194	28,049	31,874	38
Ores, metals, precious stones	1,254	4,818	7,291	6,091	1,802	2,800	1,492	7,050	2,482	2,342	5,744	7,482	8,679	8
Fuels (SITC 3)	13,338	21,508	16,577	1,990	14,339	40,144	72,267	38,723	120,316	113,566	132,897	155,240	177,028	214
Manufactured goods	71,545	131,298	48,989	52,812	43,435	69,625	53,387	148,058	88,884	83,901	109,026	114,841	130,041	146
Unallocated	0	0	0	0	0	0	0	0	0	0	0	0	0	

2.0 TRADE AND DEVELOPMENT POLICIES FOR POST CONFLICT RECOVERY

Trade policies should be viewed as part of the broader economic growth policies. They cannot work in isolation but in conjunction with other development initiatives. In this regard, policies designed to stimulate economic recovery and growth will generate development of the trade sector. On the other hand the economic policies invoked to rebuild post conflict economies are generally trade related ensuring that trade contributes to post conflict reconstruction efforts.

2.1 Development frameworks and strategies for economic recovery

Emerging out of conflict requires careful planning and charting coherent and implementable strategies. Liberia and Sierra Leone provide examples of the kind of frameworks they used to kick start growth and recovery to come out of the situation imposed by conflict. Below is the set of strategies and frameworks developed by both Liberia and Sierra Leone as they planned the progress out of conflict.

Table 7: Post-conflict Development frameworks in Liberia and Sierra Leone

Liberia	Strategic Focus	Sierra Leone	Strategic Focus
Liberia 150 day Plan (Initiatives between Inauguration to end of 2005/2006 fiscal year on 30 June 2006)	Reconstruction and development strategy based on four pillars: 1. Expanding peace and security, 2. Revitalizing economic activity, 3. Rebuilding infrastructure and providing basic services, and 4. Strengthening governance and the rule of law.		
Staff-Monitored Program with the IMF	Key objectives: reviving key economic sectors, (agriculture, mining, and forestry); rebuilding public institutions; and restoring credible financial management		

	in the public sector		
Interim Poverty Reduction Strategy Paper July 2006 – Jun 2008	Prioritised key development issues into 4 pillars: a) enhancing national security, b) revitalising economic growth, c) strengthening governance and the rule of law, and d) rehabilitating infrastructure and delivering basic services	Interim Poverty Reduction Strategy Paper 2001	Address challenges of transition from war to peace. Focused on three areas: a) restoring national security and good governance; b) re-launching the economy; and c) providing basic services to vulnerable groups
		National Recovery Strategy in 2002	Articulated district and local recovery plans with emphasis on consolidating state authority, peace building, promoting reconciliation, human rights, resettlement, reintegration, and rebuilding communities
		Sierra Leone Vision 2025 published in 2003	A long term sustainable development plan - a framework for the development of planning and management
DTIS (2008)		DTIS (2007)	
PRSP (April 2008 – June 2011)	Three pronged growth strategy: a) rebuilding roads and other critical infrastructure; b) reviving traditional engines of growth in mining, minerals, forestry, and agriculture; and c) establishing a competitive business environment to help diversify the economy over the medium term	PRSP 1 (2005-2007)	Three pillars: a) good governance, peace and security; b) food security and job creation; and c) growth and human development
		PRSP 2 – Agenda for change 2008-2012	Four strategic priorities: a) energy, b) transport (infrastructure), c) agriculture and d) human development

The frameworks in Table 7 show that LDCs emerging from conflict focus first on reconstruction and the consolidation of peace. However, PRSPs and DTISs have been prepared for other non-conflict LDCs as strategies for poverty reduction and how trade policies can be used to contribute to economic growth and subsequently to poverty reduction. In essence the PRSPs and DTISs in conflict and non-conflict LDCs are not different in scope and objectives. They seek to achieve development and reduce poverty. The policies in LDCs, emerging from conflict are geared towards reconstruction and restoration and recreating a normal economic environment for the displaced population. This entails resettlement. The

150-day plan in Liberia and Interim Poverty Reduction Strategies in Liberia and Sierra Leone highlight this focus. It is because no meaningful development can take place in a fractured environment. Trade can be conducted in any environment but the effectiveness of trade policies in a state of conflict induced fracture is severely reduced. Thus the immediate post conflict policies focused on consolidation of peace and to an extent on good governance, and human development as important components for consolidation of peace. These policies were identified in the Interim PRSP in 2001 and the PRSP 1 (2005-2007), however with varying focus. The immediate focus after (2001-2003) was on reconstruction and peace building and not specific trade policies.

2.2 Development and Trade Policies

Post-conflict development policies seek to accelerate recovery and growth as part of bringing back normal life for the population affected. There are a number of policy areas that can be assessed in the context of Liberia and Sierra Leone.

2.2.1 Macroeconomic Stabilisation Policies

Although trade is basically about products and sectors, a sound macroeconomic environment is essential for it to flourish. The critical macroeconomic elements are the exchange rate, interest rate in the domestic market and the tax structure on imports, sales, or income. Policy is therefore concerned with issues of currency overvaluation, usually occasioned by large foreign (hard) currency inflows, fiscal deficits which can lead to inflation, increased public borrowing, higher interest rates, and crowding out of private sector borrowing. In addition, heavy dependence on taxes collected by customs for public revenue – with customs duties comprising almost 50% of government revenues, trade policy and customs administration may be driven by fiscal considerations.

Some of the significant impacts of conflict are the reduction of production, shortage of goods and spiralling prices. In general, an economy emerging from conflict is likely to face shortages leading to rising prices and the experience of severe inflation. These can cause instability. As the economy restores production and eventually engages in international trade, its products are seriously uncompetitive. Sound macroeconomic management is always viewed as the first component of competitiveness. It encourages domestic and foreign investment by controlling inflation, limiting interest rates, maintaining taxes at reasonable levels, and preventing dramatic swings in the real exchange rate. The governments of Liberia and Sierra Leone pursued policies to stabilise their macroeconomic environments.

a) Liberia

The Liberian government gained the respect of donors and investors for its fiscal and monetary prudence, and its commitment to reform. It reformed its financial management systems and introduced a cash-based budget and new public expenditure control mechanisms strengthening enforcement and collection of customs duties and other taxes. The cash budget strengthened fiscal discipline as its expenditure was in line with actual monthly revenue achieving a consistently positive fiscal balance since 2004. The result has been little if any fiscal pressure tending to induce inflation.

The government further implemented the Governance and Economic Management Assistance Programme (GEMAP) which supports several key financial agencies of the Government by providing international experts. Early in its life, the government successfully implemented two IMF Staff-Monitored Programmes under which it made significant improvements in public finances and in monetary and exchange rate policies. This opened up the way for normalized relations with the IMF in March 2008 when it received assistance under the IMF's Poverty Reduction and Growth Facility (PRGF) and Extended Fund Facility (EFF).

In Liberia, in order to further strengthen financial management, the Government prepared legislation to formally merge the Bureau of the Budget with the Ministry of Finance, as well as legislation to limit the discretion of the Government to change budget allocations between ministries and agencies without approval of the Legislature to a cumulative total of 30 percent. The latter was recently adopted by the legislature after reducing the threshold to twenty percent.

The government of Liberia depended heavily on trade for its revenue; customs and excise taxes accounted for 47 percent of the total. Some of the reform measures that have already been undertaken involve stronger enforcement of customs administration and pre-shipment inspection of imports, reducing the Customs User Fee to 1.5 percent, strengthening the Large Taxpayer Unit, eliminating the settlement of tax liabilities through non-cash payments, and reducing tax and duty exemptions on imports of rice and petroleum products. Other measures include more consistent implementation of the revenue code, expansion of automated tax administration, improved auditing resulting from comparing different sources of taxpayer information, and taxpayer education.

Liberia had a problem of unsustainable public debt which was a major constraint in securing financing for the country's reconstruction efforts and attracting potential foreign investment. A result of the 2006 reforms supported by a Staff-Monitored Program with the IMF is that Liberia in March 2008 reached the Decision Point for debt relief under the Enhanced HIPC Initiative. In June 2010, the IMF and World Bank decided to support the final stage of debt relief for Liberia that in total amounts to $4.6 billion in nominal terms. The debt relief will reduce Liberia's external debt stock by more than 90 per cent to about 15 percent of GDP. This followed Liberia's fulfilling the requirements for achieving the final step, or completion point, under the enhanced HIPC Initiative.

b) Sierra Leone

The economic recovery programme developed by the government in conjunction with the multilateral and bilateral donors sought to re-establish macroeconomic stability, rehabilitating economic and social services. Sierra Leone successfully implemented the first Poverty Reduction and Growth Facility (PRGF I) arrangement (2001-2005), and entered into negotiations for a second PRGF arrangement with the IMF which was approved in May 2006 in pursuit of macroeconomic stability. It improved public financial management by strengthening the Medium-Term Expenditure Framework (MTEF) budget process and requiring that all ministries, departments and agencies (MDAs) prepare strategic plans aligned to the PRSP objectives. It introduced an Integrated Financial Management Information System (IFMIS) that has been installed and implemented in key MDAs. It now regularly conducts Public Expenditure Tracking Surveys and related public perception surveys to inform the development of plans for actions. It reformed the tax and tariffs.

Sierra Leone achieved a relatively stable macroeconomic environment with strong economic growth, moderate inflation, declining current and fiscal account balances, increased level of foreign reserves, a broadly stable exchange rate, positive real interest rates and a lower external debt burden during the implementation of PRSP-I. The policies employed have been effective and the economy has stabilised. However, macroeconomic stability continues to be an important objective and hence current policies seek to ensure that it is maintained.

2.2.2 Pursuit of economic growth and employment creation

It is considered that structural reforms in LDCs alter conditions tending to improve economic performance. Economies of countries emerging out of conflict have the burden of huge unemployment, low economic performance as a result of collapse. The emphasis in the issues tends to change along the way and as conditions improve. For example, Sierra Leone was in its PRSP 1 concerned with food security and job creation. This was different to the concern with consolidation of peace and security and rehabilitation of the displaced population in the Interim PRSP and the National Recovery Strategy. With the population resettled, new issues emerged and the growth of the economy became a basis upon which these could be addressed. Economic growth requires investment and efficient use of resources. Because at the early stages of recovery, it is more important to get the large population engaged, policies tend to emphasise participation and inclusiveness. In order to encourage investment and improved participation as a way of generating employment and revitalizing the economy, a number of policies including incentives are offered.

The poverty reduction focus of the growth strategies in LDCs implies that such strategies take account of sectors that offer the most in the creation of jobs at the same time creating conditions for growth in production and the economy in general. The identification of priority sectors for trade development with opportunities for creating employment are identified through the Diagnostic Trade Integration Studies (DTIS).

a) Liberia

The DTIS study was carried out between November 2007 and July 2008. One of the four pillars in the 150-day Plan and the Interim PRSP, is revitalizing economic activity and growth. The earlier strategy (150-day Plan) was more concerned with initiating economic activity. In the PRSP, economic growth is addressed by the pillar dealing with reviving traditional engines of growth in mining, minerals, forestry, and agriculture. In pursuit of the economic growth and employment objective, the new Government in early 2006 cancelled all forestry contracts and reviewed 95 contracts and concessions granted by the National Transitional Government. It passed a Forest Reform Act to strengthen oversight and regulation of the forestry sector leading to the lifting of sanctions by the United Nations Security Council on its timber exports laying foundations for the sector’s rapid recovery. The Government completed negotiations with ArcelorMittal and the Firestone Rubber Company to revise major concession agreements to increase the benefits for the Liberian people and concluded new agreements to re-start oil palm production.

In a more radical intervention in food production, the government distributed more than 40,000 tools and 20 metric tons of seed rice to some 33,000 farmers throughout the country in 2006, with even larger amounts in 2007. In effect, the Liberian government was on a drive to engage its population in productive activities producing food. It further sought to increase employment throughout the country by initiating community development projects, food for work programmes, road construction, urban cleanup projects, and the revitalization of agriculture.

Sierra Leone's Poverty Reduction Strategy (2005-2008) emphasised food security as a central part of the strategy. The short and medium term focus was on promoting private sector development, promoting employment opportunities for the youth in both the formal and informal sectors. Other points of emphasis were increased food security, increased agricultural export earnings, access of fisheries product to the world market, improved infrastructure facilities, improved macroeconomic management and improved management of development assistance. In all this, the government recognized the central role of the private sector in post-conflict poverty reduction efforts. Its strategy was to support the private sector to become a central pillar for growth, job creation, increasing incomes leading to sustainable poverty reduction.

The interventions above touch on a number of sectors including forestry, agriculture and mining highlighting that economic growth and to an extent employment creation is achievable more within sectoral contexts. The activities to create employment are clear attempts to kick start an economy that had been in decline because of conflict. In some cases, the policies being pursued are not clearly spelt but are implied by the actions of the governments.

b) Sierra Leone

The DTIS was carried out in October 2005 and validated in October 2006. The interim PRSP sought to re-launch the economy and this is handled under two pillars of food security and job creation; and growth and human development.

Economic growth emanates from a whole range of policies and is the aggregate effect of investment and private sector development, good macroeconomic management, etc. Sierra Leone developed sectoral and supporting policies that more directly encourage economic growth as well as trade in addition to economic reforms designed to improve economic management and promote growth. Some of the policies are medium term agriculture development strategy, investment policy, private sector development strategy and a National Export Strategy some of which are discussed in more specific contexts later. It is evident that with time, the government of Sierra Leone has had time to focus on what it considers important for its development. Increasingly, trade is being pursued as part of the wider development strategy. It is apparent that these policies have been and are being pursued as individual sectoral or specific policies in the absence of a comprehensive national trade policy. A comprehensive national trade policy has been prepared and was only being discussed as of 2010. The mainstreaming of trade in other development policies would have suggested development of a trade policy to be included in the strategies and plan for the development of other sectors. However, it is very clear that all these policies are being developed for the sectors to make their contribution to economic growth and in the creation of employment.

Economic growth remained robust in 2007-08 reflecting a further expansion of mining activities, significant increases in agricultural production and buoyant service sector growth. Future growth will most likely be dominated by increased mining production, particularly gold, diamonds and bauxite, with international firms continuing to show considerable interest in the country. Manufacturing is the weakest sector, plagued by obstacles such as unreliable electricity supply, competition from cheaper imports, lack of semi-skilled labour, and frequent plant breakdowns as machinery is not regularly maintained or becomes antiquated.

2.2.3 Infrastructure development policies

Infrastructure plays a very important role in the promotion of trade, production and economic development in general. This point is highlighted by the policy thrusts of the two LDCs under study here.

a) Liberia

The importance of the strategy to rebuild infrastructure starts in the 150-day Plan and Interim PRSP (2006-2008) where one of the four pillars is focusing on “rebuilding and rehabilitating infrastructure and delivering basic services”. The Liberian government initiated the rehabilitation of four major highways, many secondary roads, as well as bridges, culverts, and drainage facilities in several areas around the country during the interim PRSP. It restored electricity connections and piped water to parts of Monrovia which had gone without these services for 15 years. This emphasis appears again in the PRSP (2008-2011) where rebuilding of roads and other critical infrastructure is a pillar in the three pronged growth strategy of the second PRSP. Roads are considered essential for the creation of jobs and new economic opportunities. Further, they are necessary for revitalizing agriculture, reducing prices, strengthening local governance, facilitating access to health and education services, connecting the population to service centres, increasing the effectiveness of the police and other security forces, and helping to maintain peace (PRSP, 2008).

The Government restored power to parts of Monrovia in July 2006, and implemented further expansion from April 2008. With the assistance of the EU, it also rehabilitated feeder roads and introduced local maintenance capacity. It plans to extend assistance to the rehabilitation of primary roads, focusing first on those linking Liberia to neighbouring countries. While it has not been possible to establish the pricing of basic services such as electricity and communications, it is well known that shortages lead to high prices. Inadequate generating capacity and low electricity supply in Uganda accounted for increased costs which reduced the competitiveness of her products on international markets. The state infrastructure also adds to the costs of goods being offered on the markets as various businesses along the way try to recover the increased costs incurred through poor infrastructure such as high vehicle operating costs.

The World Bank implemented an Infrastructure Rehabilitation Project, which assisted Monrovia port and the main airport. Due to limited funding of US$8.5m, the project activities over a three year period were mainly to undertake dredging, and rehabilitation of the oil jetty. The World Bank emphasized the need to reform port management and proposed various approaches, in order to bring in outside commercial management. A Memorandum of Understanding (MoU) was signed on December 6th, 2007, between the Government, the World Bank, the US Government and United Nations Mission in Liberia (UNMIL). It was formally agreed that the Port of Monrovia is to be managed under a long-term PPP contract, based on the Build-Operate-Transfer model. The World Bank and US Government will provide both investment support and funding for technical assistance, in order to prepare for the public-private partnerships (PPP) contract, and to assist port management in the interim. The MoU represented a major step forward since there is a formal agreement on moving to private management, and on the steps required to achieve this. This emphasises the importance placed on infrastructure in general in the process of rebuilding and the value of the port and the airport. Although there might be no written policy on infrastructure, these actions underline the emphasis Liberia puts on the sector which is an important trade-related policy area.

b) Sierra Leone

In Sierra Leone, infrastructure only appears in the second PRSP (2008-2012) although there is evidence that the government has been giving this area significant attention in the process of economic recovery. During the first PRSP (2005-2008), investment in supportive infrastructure saw arrangements to provide short term electricity supply for Freetown implemented in 2007. The road network was improved; approximately 500 km of gravel roads were rehabilitated while over 1,200km of trunk roads were constructed and maintained. This shows that while infrastructure is a priority, the damages suffered during the war had not been completely repaired. The poor condition of the road network adds considerable cost to production and transportation of agricultural exports to the port. Also the liberalisation of the telecommunications industry significantly improved access to ICT products including the establishment of five mobile communications companies with the mobile network covering 80% of the country with investments estimated at over US$125 million. However, in the second PRSP, the strategic emphasis on agriculture and the private sector make the development of transport an imperative to the fulfilment of other sectors because of the inherent links between them.

Sierra Leone has prioritised the development of a national transportation network to enable the movement of goods and people and thereby facilitate increased investment and economic activity. It recognized that supportive infrastructure is integral to the attainment of food security and job creation in the medium to long term. As a consequence, although the country’s infrastructural needs after the war were immense, it gave priority to roads and transportation; energy and power; and information and communication technology (ICT).

The prioritised sectors had potential to lead economic transformation, "accelerate growth in the productive sectors and rapidly improve market access, as well as increase access of the rural poor communities to income generating activities". This set of supportive infrastructure was viewed as providing incentives for both local and foreign investments. In the medium term, rehabilitating and expanding the road network and providing energy for the expanding population is Government's main priority. A review of achievements during PRSP-1 in 2006 noted that Sierra Leone's total public roads network was about 11,300km with 8,000km made up of the primary, secondary and feeder roads. The rest were local and unclassified roads. The government's road construction added 1,350 km of gravel feeder roads in 2004 and 1,874km by mid 2006. It also constructed and maintained an increased number of all weather trunk roads.

The infrastructure development focus in the second PRSP is on improving road, river and air transport over the three year period. Even at this late stage (of the second PRSP 2008-2012), rehabilitation is a major part of the developments as there are plans to "develop and implement projects that focus on the rehabilitation of 2,055 kilometres of feeder roads and of 160 kilometres of roads in major provincial towns". Importantly, the plan is to coordinate and link these developments to ensure that the agriculturally productive regions have the feeder roads that will enable farmers to market their produce in a timely manner and increase their income through significant reduction in post harvest losses. A programme to rehabilitate and construct highways between the major urban centres as well as highways between Sierra Leone and neighbouring countries will facilitate the movement of people, goods and services. The plan for infrastructure development is linked to the development of trade. In the medium to long term, the government envisages the construction of a ring road in Freetown which will transform it with coastal roads linking up with hillside roads to give the capital a 21st century road network.

2.2.4 Private sector development

The private sector refers to a wide array of enterprises, from micro businesses to local industrial companies to large natural resource concessions. Structural adjustment programmes reemphasised the importance of market mechanism in developing countries in the 1980s to the 1990s. There has therefore been a realisation of the value of the private sector in the revival, survival and growth of economies even in LDCs. This realisation has been behind the initiatives by several countries to the introduction of active private sector development policies. The policies acknowledge the existence of serious bottlenecks to the development of private enterprises and the need to unlock the blocked channels to ensure rapid growth of investment especially foreign direct investment. In reality there is an acceptance that countries have limits on the amount of investment and growth that can be generated from internal sources. In addition, many LDCs have very large informal sectors which are not making any progress towards formal operations. Governments lose out on employment creation capacity and on taxes given the growing budgets and limited sources from which they are funded. Private sector development policies therefore seek to create investment friendly systems that encourage locals and outsiders to register their ventures and operate transparent enterprises. For economies emerging out of conflict where business was disrupted and where the informal sector is thriving, the key to resolving the unemployment question and economic growth is rapid investment. Scope exists to make very quick gains as new ventures are attracted to set up shop within the emerging environment. It is critical therefore that these economies invest in presenting their territories as attractive destinations for investment seeking an operating home.

The range of private sector development policies has much to do with reforming the legal and regulatory environment. It touches on business registration and start up systems. Also, they highlight the support that is given to the informal and micro-small and medium enterprises (MSMEs) in an environment that is likely to be attractive to much bigger competitors only. Liberia and Sierra Leone have included private sector development among policies for economic growth within the revitalisation of the economy and the re-launch of its pillars. The overall objective of interventions in the private sector is to create an enabling environment for private sector development.

a) Liberia

The Interim PRS identified and acknowledged serious problems of "…excessive business inspections by public officials, … cumbersome bureaucratic procedures, … and informal tax and customs procedures and charges." In the World Bank annual Doing Business Survey, the 2008 survey ranked Liberia 170th out of a total of 178 economies in terms of the ease of doing business. This ranking indicated the force of barriers that investors face. In response to the identified administrative barriers, the Government targeted to improve the investment climate especially dealing with the Doing Business environment constraints found in the

Doing Business Survey of the World Bank with an objective to improve the country's ranking. The President specifically mandated the formation of the Business Reform Committee, a cabinet level committee designed to identify and drive implementation of administrative and regulatory reforms to improve Liberia's scores as rated by the Doing Business Survey. During the first phase of its work, a study was completed to identify administrative barriers to business formalization. It carried out a review and proposed changes to the investment code and a framework and mechanism for public-private dialogue was established.

The Business Reform Committee received technical assistance from IFC's investment climate team and the World Bank Doing Business Reform team and implemented 21 reforms over a space of 4 months. These reforms streamlined business start-up, cut costs and processes for trading across borders and reduced time for obtaining construction permits. Further reforms will continue to be implemented. The technical assistance provided to the Business Reform Committee by IFC's investment climate team is part of its comprehensive technical advisory support programme to the Government. According to the Ministry of Commerce and Industry (2009) significant progress was made on the business reform agenda which resulted in Liberia scoring an improvement on "Doing and Starting Business". Accordingly, Liberia in the "Ease of Doing Business" category ranked 149 in 2009/10 as compared to 170 in 2008. In the category of Business Start Up, Liberia ranked 57 in 2009/10 against 88 in 2007/08. As a result of this improvement, Liberia has been included among the top ten reformers in the world. It is expected that with the full implementation of the reforms, more will be achieved. The table below Liberia's shows the rankings in the 'Doing Business Survey'. Over the period 2008 and 2009, Liberia announced 39 reforms to the business climate. As a result of these reforms Liberia attracted more than $100 million in new investment in the first half of 2009.

Table 8: Liberia's ranking in the Doing Business Survey

	2007	**2008**	**2009**	**2010**	**2011**
Liberia		170	157	149	155

In all of these activities, the private sector will be the main driver of growth. While attracting foreign investment is critical to growing the economy, the aim is also to empower domestic entrepreneurs to conduct business and create jobs for others, thereby growing the size and purchasing power of the Liberian middle class.

During the period under review, Phases II and III of the Modern Business Registry Project geared towards facilitating comprehensive and reliable services for business registration began. The Norway Registry Development (NRD), consultants to the project, designed specifications for the Joint Steering Committee (JSC) on June 26, 2009. Implementation is on schedule and was expected to be completed by June 2010.

Small and Medium Enterprises

Liberia realises the significance of small and medium enterprises and industries (SMEs/SMIs) to its Economic Recovery Programme and seeks to promote investment in this area. The Ministry developed a brochure on microfinance institutions, entitled "Money and Business 2009" which is a directory of institutions that provide credit for SMEs at credit terms that recognise the status of the borrower. In addition, the Ministry in collaboration with the Amazing Grace Inc. provided training for women carefully selected from various communities in Montserrado County, in beads/necklace production in bid to boost the SMEs/SMIs sub-sector. In the same vein, the Ministry collaborated with CHF in implementing the Goldman Sachs 10,000 women training program which aims at training 200 Liberian Business Women. The first 25 trained at Cuttington University, graduated in 2009. It is clear from these initiatives what the thrust of the Liberian government's policy on enterprise development and private sector development is.

In advancing the Liberia Entrepreneurial Development/Economic Empowerment Initiative (LED-EEI) Programme where the Ministry of Commerce and Industry plays a lead role, the Harper Growth Centre was opened to train youth in rubber wood processing. This project was supported by the United Nations Industrial Development Organization (UNIDO), UNDP and FAO through the Centre Songhai Programme.

In 2009, the Ministry in partnership with the University of Liberia completed phase III of the Grooming Liberia Future Entrepreneurs with 20 students benefiting. However, few of the participants have taken advantage of the "Seed Capital" for starting their own businesses. The funds are managed by Eco-Bank Liberia Limited under the Bank Matching Grant Scheme. It is clear what thrust the private sector and MSME development have in Liberia. There is a gender empowerment emphasis reflecting the firm commitment to all sizes of private sector. While there is no sectoral emphasis, the context is defined more by type of business than preferences that government might have. However, for trade development, sectors matter and that emphasis may be useful in identifying origins of production that could be destined for trade.

The Investment Code

The IFC's investment climate team assisted the development of the new Investment Code for Liberia. Related to this, with advice from the IMF, an act was prepared which amended the Liberia Revenue Code outlining incentives for new investments. There have been some substantial inflows of foreign investment. The IMF (2010) estimated net foreign direct investment in 2010 at $340 million, an increase on $153 million in 2009. China Union (CU) invested the largest when it signed a $2.6 billion contract with the government in January 2009 to produce iron ore at the abandoned Bong Iron Ore reserve. It will pay the government over a period of 8-10 years. The contract included a $40 million "signature fee" that will be paid when the parliament ratifies the contract. The terms of the agreement involve CU assistance in the rehabilitation of the port of Monrovia and construction of a hydro power plant to supply electricity to the capital. The government also granted CU a concession to explore for iron ore in areas adjacent to the Bong Mine. ArcelorMittal (headquartered in Luxembourg) is involved in a $1.5 billion iron ore project. Seaboard Corporation (US) announced on December 10, 2008 that it made an investment proposal to the government of $30-40 million to operate a bulk grain terminal, develop a flour mill complex and operate the port of Buchanan. Other investments are offshore oil exploration, telecommunications.

b) Sierra Leone

The private sector is seen as "entrepreneurial in increasing investment to sustain growth and create jobs; innovative in discovering new opportunities to create wealth and improve the incomes of the people; competitive so that Sierra Leone can take better advantage of the global economy; and inclusive of and fair to all its people". Private sector development policies seek to sustain rapid growth and create jobs through increased investment. The rate of investment has increased recently but it remains below the Sub-Saharan African average. It targets to increase the growth and jobs created by each Leone invested and opening up the investment space beyond a few industries that require huge amounts of capital to produce wealth and jobs. This suggests that a broad range of enterprise sizes will be encouraged under the policy. There is a desire to attract investment to a broader range of industries, especially those which provide high returns per Leone invested, for example, agribusiness, agri-processing, labour intensive manufacturing, and small and medium service providers. The target is to generate economic growth in the order of 7-8 per cent per annum.

Policy makers recognise that nearly 70 percent of Sierra Leone's GDP is generated in the agriculture and mining sectors. The concentration is disturbing and there is a drive to diversify the economy. On the whole, the private sector development strategy aims to support private sector led growth in order to achieve three main goals: sustaining rapid, broad based growth with a target average annual growth between 7-8 percent between 2009 and 2013; providing productive, well paid jobs and creating 200,000 new jobs per annum with 20,000 of those being in the formal sector; and increasing incomes for the self-employed, increasing agricultural incomes by 30 percent and informal trading incomes by 50 percent. While the policies are clearly trade-related, the emphasis from the Sierra Leone government perspective is the creation of jobs rather than the increase in trade. However, trade development supports the objective of employment creation.

The strategy provides policy direction for pro-business reform outlining the vision and targets as well as implementation arrangements and indicators of success. A major thrust of the strategy will be support to the informal sector and MSMEs both of which account for the bulk of private sector activities. Participation of MSMEs alongside foreign investors is also encouraged by the National Export Strategy which underlines synergistic overlap of the two initiatives and the importance of private sector development to trade. The strategy will run between 2009 and 2014. It is organised to achieve five main outcomes that will deliver the targets over the five-year period. These outcomes are:

- Promoting and Supporting Entrepreneurship,
- Reducing the Cost and Risk of Doing Business,
- Increasing Access to Affordable Finance,
- Making Markets Work Better
- Providing Adequate Infrastructure

The objectives and the outcomes are responses to identified challenges that private sector development faces. They are also important inputs into trade development. The government is advocating the introduction of entrepreneurship in the school curriculum as a way of changing the attitude towards entrepreneurship and establish a culture of entrepreneurship by recognising and rewarding, nurturing and supporting entrepreneurs, especially new entrepreneurs and innovators. Sierra Leone has made significant changes in reducing the risk of doing business as shown by rankings in the World Bank annual surveys.

Table 9: Sierra Leone's ranking in the Doing Business Survey

	2007	2008	2009	2010	2011
Sierra Leone			159	148	143

Source: World Bank

Sierra Leone's initiatives to support private sector development are illustrated by a number of interventions to achieve results over the decade. In 2005 the Ministry of Trade and Industry received support from development partners to conduct an Administrative Barriers to Trade and Investment study. DFID and FIAS followed up this by providing financial support for the implementation of the recommendations. The Study recommended that SLEDIC be restructured in order for it to attract and be well resourced in both human and financial terms.

Four UN agencies namely UNIDO, UNDP, UNIFEM and FAO developed a joint programme for Private Sector and Youth Enterprise Development programme that facilitated establishment of a Public-Private Consultative Mechanism which allowed Public-Private Dialogue and Public-Private Partnerships. This strategy is important for maintaining peace and promoting pro-poor growth in Sierra Leone. It also boosts opportunities for the growth of trade and can increase employment opportunities for youth in the medium term. The Government and development partners launched a special initiative to empower the youth and provide them with the opportunities through The Youth Employment scheme which was expected to provide an estimated 135,000 jobs per year nationwide by October 2006.

In addition, the government developed an SME Policy as part of its Private Sector Development (PSD) programme with support from DfID and implemented by the Ministry of Trade and Industry. The development of a Competition policy is under way.

There have been some successes achieved by the collaboration of various ministries and development partners. For example, 48 micro-farms were created by the Ministry of Youth and Sports with UNDP support; 120 Agricultural Business Units (ABUs) were established by the Ministry of Agriculture and UNDP; USAID assisted the establishment of a macro-farm employing 1,500 youth in Newton and 12 farms in the animal husbandry sector, each with 10 young women in 12 Districts were established with assistance from UNDP. Further, USAID assisted the granting of some 1,200 youths with micro-credits in 3 Districts, a medium size palm kernel enterprise which employs 30 youth was established and medium size pottery enterprise. Many other cases have been given to highlight the authorities' efforts and commitments to develop the private sector.

In 2010, as part of the efforts to stimulate private sector development, Sierra Leone's National Commission for Privatisation (NCP) announced concession of the container terminal and conversion into a landlord port to a French company Bollore Africa Logistics. This involves transfer of the Sierra Leone Ports Authority (SLPA)'s core activities of container terminal management and stevedoring to the private sector by way of a concession agreement for a twenty (20) year concession period. According to the concession agreement, the SLPA will benefit from substantial investment in its infrastructure in excess of US$122m. In addition, the SLPA will be the "Landlord" receiving concession fees, rental income while retaining ownership of the ports infrastructure, as well as the responsibility for controlling and monitoring the activities of the private operators in the ports. This is a major statement on Sierra Leone's views on the importance of private sector. This is more so given the DTIS (2006) criticism of the management of the port infrastructure in Sierra Leone.

It is important to note that policies to develop the private sector are currently being pursued, they have in fact been under implementation for some time. In a way this should help to underline the fact that these policies have really not changed but are only being given new emphasis with the passage of time, especially the further away the countries have moved from the early post-conflict phase. Investment and private sector development can be very delicate especially for countries that have been involved in conflict. The most important part of the policy therefore is assuring Liberians and Sierra Leoneans that their investments are and will continue to be safe and that their countries are their most viable investment options. Investment activity by locals can also help increase confidence in the sustainability of peace and trigger interest from outside investors. The removal of fear and uncertainty is necessary for domestic investment growth and private sector development. It is difficult to envisage private sector and investment growth in the circumstances led by foreigners.

With large informal sectors in many LDCs, initial policies must seek to demonstrate the advantages of becoming formal. The removal of barriers to registration or demotivators to such actions is an important step. Often, government are viewed as encouraging formal companies as a campaign to grow the number of taxpayers. This attitude compels many to remain informal. AfDB (2008) urges countries in post-conflict recovery to quickly reverse the retreat by companies into informality and accelerate return to the formal economy. It states the advantages of formalisation as: “it permits greater economies of scale; it makes transactions with other firms more readily enforceable; and it facilitates future taxation”. LDCs must simplify the processes of businesses becoming formal. The opportunities for growth and accessing financing are some of the attractions although these maybe difficult to reflect in policies for private sector and enterprise development.

2.2.5 Policies for productive sectors

As pointed out by USAID (2008) countries emerging from conflict must be assessed for their agriculture development strategies. The importance is easy to understand particularly for the food requirements and national food security. Coming from a disrupted environment, food production is an important requirement to satisfy the food needs of the population and avert costs of importing.

While the importance of agriculture in many LDCs is accepted, it is important to understand that most productive sectors make significant contributions in the economy as a whole. As a result, this section looks at policies for productive sectors. From a trade development perspective, productive sectors are the sources of traded goods. The policies guiding the productive sectors therefore are important trade and development policies. Economic growth originates from the performance of these productive sectors such as agriculture, mining, manufacturing and tourism. In addition, they have important poverty reduction contributions as they offer low skills employment opportunities.

Agriculture and Forestry

Many LDCs are endowed with natural resources such as rich land, minerals and an environment that is attractive to visitors. However, policies and strategies for the exploitation of these natural resources to benefit the population and generate incomes while developing the economy are required to guide how private investors can operate profitably within the legal systems. The policies guide or assist in the channelling of investment into the various activities of the sectors. They usually outline the government perspectives on how business should be conducted in these sectors and what governments are doing to bring more resources as part of the wider development initiative. In the case of agriculture, the policies or strategies outline government preferences to the development of the sector e.g. small versus large scale commercial, rain-fed compared to irrigation, technology development among some considerations. Also the policy will outline the form of land tenure and it should be consistent with property rights. If it is not attractive, or if it does not assure investors, it will limit the development of agriculture. Property rights and landownership can also be used to defuse any potential to recourse to conflict if properly handled. Agriculture has the scope for employing large numbers of people and given economies' food requirements; there is always a push among LDCs to develop the agriculture sector. Agriculture also reduces the need to import food and can in fact be a source of exports in many countries. However, most production is exported in primary or unprocessed form.

In addition, in post-conflict economies, land ownership and property rights can be a critical issue which sometimes causes reversion to conflict. Unruh (2009) argues that "A potentially volatile part of any postwar scenario is the inability of land rights institutions to perform in an effective, legitimate, equitable manner. Reform of land tenure via policies, laws, institutions, and capacity, needs to happen in a manner that is able to attend to both the land rights related causes of conflict, and the tangle of land problems brought on by the war itself". Usually disputes arise from previously displaced returnees wishing to claim their land whereas an evolving system might have difficulty establishing or verifying such claims. Emergence out of conflict requires careful handling and establishment of institutions that guarantee land ownership and property rights to reduce tensions arising from disputed ownership. In the case of Liberia and Sierra Leone, it is worth noting that to a considerable extent, land ownership and tenure was part of the dispute that led to conflict.

Both Liberia and Sierra Leone have agriculture and mining as main sectors and are richly endowed with resources in these sectors. In addition, they have the coast and sea as part of their natural resources to exploit. To guide the development of the sectors, the countries have developed policies for specific sectors. Because the sectoral policies encourage production they also support trade.

a) Liberia

Agriculture and mining are key to Liberia’s development. Indeed the diamonds and agriculture had an important impact during the conflict. In the PRSP, one of the three pillars deals with reviving traditional engines of growth in mining, minerals, forestry, and agriculture. The significance of this is that these sectors have always been viewed as traditional engines of growth but also that there is scope for using these sectors to stimulate economic growth in Liberia. To a very large extent these are interlinked with other policy areas especially private sector development.

Liberian agriculture grows a number of crops including rubber, coffee, cocoa, rice, tapioca, palm oil, sugar cane, pineapples, grapefruits, breadfruit, oranges, bananas, and pumpkins. In the pursuit of its domestic food security and viable employment for small holder agriculture the Liberia government introduced a “Back to the Soil” programme which it vigorously pursued and supported. Plantations are important and rubber is an important export.

Prior to the war agriculture accounted for approximately 40 percent of GDP but by 2007 GDP it accounted for 66 percent. At the time Liberia had close to a hundred farmer marketing cooperatives and associations with a membership of 75,000 which were relatively effective marketing channels. It also had non-financial cooperatives and associations that engaged in buying cash crops from their members. The cooperatives had their working capital provided by the ACDB. Most of the agricultural cooperatives collapsed during the civil war and suggestions are that these could be easily resurrected (Aeschliman, 2007**)**. Food insecurity is high and the population suffers poor nutritional status; about 39 percent of children under age 5 are stunted and one-fifth of children are severely stunted. Imports of agriculture produce continue to increase, as compared to export, putting a strain on foreign currency needed for other essential goods and services. Low productivity of land and labour, shifting cultivation and low livestock production remain the main characteristics of traditional farming in Liberia (GOL, 2008).

Liberia developed a forestry products recovery programme early in the life of the new government soon after the end of conflict. The lifting of sanctions on timber exports and the renegotiation of forestry contracts highlighted Liberia's early views on the sector's development. The exploitation of forests for timber needs to be managed to ensure environmentally sustainable harvesting. Forests take a long time to regenerate and therefore the forestry policy must guard against unchecked depletion.

An agricultural policy was prepared within the context of the PRS and the MDG which outlines specific policies and strategies that will revitalize and strengthen the agriculture sector, of which water and energy are integral components. This was not targeted to increase trade as much as to produce enough to feed the population. Such an objective stems from specific post-conflict local concerns of food security. With time and the state's perspective of its responsibilities and challenges broadened, this is extended beyond this narrow objective.

Liberia has a dual land tenure regime, combining freehold and long leaseholds up to 99 years in the coastal regions and around the main towns and traditional systems in the rest have been a source of the problem which co-exist with various traditional systems. The establishment of the tree crop sector has historically been favoured by the system of tenure dominated by foreign investors through long-term leases, and by the Liberian elite, through purchase. The exploitation of concession areas as a form of private property by concession holders tended to exclude others from any use-rights a development that generated considerable animosity among local communities. This jeopardises opportunities for establishing large industrial plantations as the possibility of finding large and contiguous tracts of land.

There are problems relating to land which surfaced after the conflict. "A Truth and Reconciliation Commission survey in 2008 found a substantial disaffection regarding the land issue. The main grievances were that people had their land encroached upon, disputes over issues of demarcation, issues of resale of land." According to Sawyer (2009), common post-conflict challenges include

- post-conflict insecurity of tenure occasioned by illegal occupation and displacement as a result of violent conflicts & civil war, absence of land rights documentation (either missing or in disarray), fraud perpetrated in land sector that involves government surveyors, court officers and managers of archives, among others, malfunctioning land administration agencies, corruption in the Courts corrupt and lack capacity, breakdown of other land dispute resolution mechanisms

- Outstanding land dispute resolution related to claims emanating from 25 years of intermittent conflicts, double or triple sales and land boundary disputes between ethnic communities

Although Liberia exhibited many of these challenges, the major one appeared to be fraudulent selling and re-selling of land to multiple persons. This caused conflicts between neighbours, families, and even tribes even though Liberia has an abundance of lands but lacks a coordinated national plan. This problem highlighted the weaknesses of the lack of a national policy to protect, and the absence of a system to examine and deal with land issues separating between private, public and tribal land ownership. In addition, the inability to maintain a genuine land register (for the interior and the cities), and prosecute criminal land surveyors or determine a just compensation mechanism related to land are major drawbacks. The rural areas had additional problems related to land: displaced or previously displaced families and legitimate landowners faced difficulties when they returned to their original lands to recover or repossess their land where there were new occupiers or new owners who had bought the land or own by some mechanism of transfer.

A response to the land problem was the establishment of Land Commission with a mandate to set up guidelines governing the acquisition of land in the country. The Act establishing the Land Commission was signed in August 2009. The Commission's tasks are to distinguish the original landowners from the new landowners, educating potential land buyers about dangers of buying land in an environment where malpractice including re-sale of the same piece of land to multiple parties, is rife and a reordering of the land registration system in conjunction with the Ministry of Lands. The Land Commission's Terms of reference include

- Lead in deepening understanding of land challenges through research and consultations (collaborate with UL in land challenges research)
- Recommend policies and legislation to government on land challenges
- Collaborate with Law Commission on harmonization of land laws
- Recommend mechanisms/institutions for land dispute resolution
- Collaborate with various agencies (local, national international) agencies to develop coordination strategies for implementation of land laws and policies

b) Sierra Leone

Sierra Leone has put in place a range of policies that have been put in place. In the productive sectors, it has developed a medium-term agriculture investment programme, the National Sustainable Agriculture Development Plan (NSADP). The plan is a framework to guide the implementation of national and district level support for agriculture led growth. The plan divides agriculture into Small-Holders Commercialisation and a Medium and Large Farm Producers Promotion Scheme. The Small Holder Commercialisation benefits from the support by development partners while the Medium and Large Farm Producers Promotion Scheme is designed to catalyse increased private investment in the sector. The plan also seeks to ensure food security through increased production of staple foods such as rice, cassava, and rehabilitation of the cocoa sector and oil palm production. Added to the food security concern is the objective for the development of a scheme of commercialisation.

Sierra has a dual land tenure system with private or freehold tenure in Freetown and its environs ("Western Area") and customary law land tenure throughout the rest of the country. The Constitution grants the right to the enjoyment of property without specifically addressing the vesting or ownership of the country's land. A number of formal laws addressing land rights and governance existed before the conflict[4].

Land is generally abundant in rural areas and its availability is not considered a constraint in agricultural production. Access is controlled by paramount chiefs and powerful local families who hold the land in trust for families or lineages in their chiefdoms. The traditional authorities allocate land-use rights to families for further division among family members. However, and chiefs often control access to the highly valued wetlands and inland valley swamps that permit intensive, year-round production, and less powerful members of rural communities, including women, may not have equal opportunities to access productive land. The chief presides over land disputes and determines which claims are valid. They exert control over behaviour and social customs, including levying fines for transgressions and determining if and when a person may marry. It is argued that the pressures from this exercise of traditional authority motivated young man and women to join the revolution forces.

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[4] Some of such include the 1966 Non-Citizens (Interest in Land) Act; the 1927 Protectorate Land Act Ordinance Act; the 1960 Provinces Land Act, as amended; the 1960 Crown Lands Act, as amended; the Imperial Statutes (Law of Property) Adoption Ordinance; the 2001 Town and Country Planning Act, and the 2006 Summary Ejectment Act.

Conflict displaced more than a quarter of the rural populations in many areas and various factions operating in the areas overruled in the conflict. It was deemed necessary to restore the authority of paramount chiefs in the post-conflict period in order to re-establish stability and accelerate the resumption of agricultural development and decentralization although there were arguments against this because the chieftaincy system was viewed by some as potentially perpetuating abuses of power and exploitation of the local population, especially against the rural youth. The government received assistance from donors in this initiative. NGOs have supported youth groups and women's cultivation groups in some areas to obtain access to land. This is done either through leasing the groups available land in the chiefdom or arrange for the groups to lease land from a landholding family. In most cases, at least one member of the leasing group is from the community

Conflict severely disrupted the agricultural sector, reducing production as people fled their farms in the face of invasions displacing a substantial part of the rural population. The disruption to agricultural production contributed to significant increases in imports of rice. As a result significant efforts were made after the conflict ended to enable people to return to their agricultural lands.

Sierra Leonean law prohibits foreign persons and foreign legal entities purchasing land but allows them to acquire leaseholds for periods up to 99 years. Non-natives (anyone who is not a member of a provincial tribe) cannot purchase land, a restriction that can prohibit women and multi-ethnic children from purchasing land because Sierra Leone is a patrilineal society.

There is land tenure insecurity caused by the absence of a comprehensive and integrated legal framework governing land; application of uncodified customary law to land transfers; absence of a reliable record of landholdings; prevalence of fraudulent land documents; the practice of ignoring or changing the terms of land leases; a history of ad hoc decision-making by land authorities; and the practice of shifting cultivation (which requires retaining the ability to quickly retake uncultivated land).

The constitution in prohibits gender based discrimination and provides for equal rights for women. However, despite formal legal provisions supporting women's rights, few women own land because land ownership is primarily secured through inheritance which is denied to women in northern Sierra Leone. Women from some regions may be denied the right to rent a plot in urban areas and be dispossessed of and forced from their marital home when the spouse dies.

Mining

Minerals and other natural resources can be a source of economic growth which can be very important for governments' poverty reduction initiatives. There are two ways in which mining can contribute to poverty reduction. The first is through increased employment. Development of artisanal mining and the small scale mining sector can be very effective in increasing incomes of the self employed and increase low level employment. Mining employees a large number of unskilled and low skill workers. The second is through its contribution to government revenue through the payment of taxes. be achieved However, it should be noted that resource rich countries face the risk of the Dutch disease, a phenomenon where the affected countries' tradable sectors, (agriculture and manufacturing), become less competitive in world markets because of appreciation in the exchange rate associated with an increase in imports as large increases in resource income. Both Liberia and Sierra Leone produce a range of minerals and have developed mineral policies to guide investment and development of their mining sectors

Solutions to the Dutch disease require a focus on the exchange rate where a country can reduce its debt and can also invest abroad. This solution is not the most ideal in LDCs which are seeking to improve development. It can also be solved through increased fiscal discipline, avoiding inflationary policies. However, with the desire for development, makes it imperative to carry out labour market reforms with the aim to develop new opportunities for the population and reduce the informal sector. This should be accompanied by programmes to develop social programmes covering all workers and extensive improvement of the country's human capital. These programmes provide and outlet for relieving cost pressures.

a) Liberia

Liberia produces iron ore, diamonds, gold and other minerals. These resources can be a useful basis for trade development especially that much of mining production is consumed outside these countries.

Mining is inherently a large investor sector although artisanal mining provides input for small scale mining development. The policy and strategies for its development therefore involves a choice of what sector to promote and how to promote it. Liberia produced a draft minerals policy in 2010. Investment in its mining sector has attracted a number of players from all over the world. For example, it signed agreements with Anadarko Petroleum (US), Tongtai Petroleum (Hong Kong), Repsol (Spain), Sinopec (China) and Woodside (Australia) to explore for offshore oil. BHP Billiton has conducted mineral exploration activities, Mano River Resources (Canada) has gold properties, Diamond Fields (Canada) and Trans Hex (South Africa) have diamond operations.

b) Sierra Leone

Sierra Leone's rich mineral resources comprise diamonds, rutile, bauxite, gold, and other minerals. The Government's broad goals in the sector are restoration of its traditional significance in the economy through increased output, employment, government revenues and foreign exchange earnings. It reactivated rutile, bauxite and diamond mines; promoted the development of a pipeline of identified Kimberlite diamond deposits; and promoted exploration to develop and maintain adequate mineral pipelines to interest potential investors. In the small scale and artisanal mining sub-sectors, the goal is to improve the overall standard of living of miners. Sierra Leone rutile mines and bauxite mines at Mokanji were re-opened through the support from government including securing a grant of €25 million from the EU and on-lending it to the company. The reopening of the rutile and bauxite mines created an estimated 1,400 new (direct) jobs.

Other policies are a Fisheries Strategic Plan and a Tourism Master Plan. Other key sectoral initiatives are more outlines of services provision in energy and infrastructure, health and nutrition, education and training, social protection and youth employment.

2.2.6 Trade policies

Given that participation in international trade is one of the most powerful mechanisms for generating growth in small economies, it follows that trade-led growth is potentially a strong instrument for reducing the risk of civil war, building effective states, and securing democratization. In the same way, participation in international trade can be a very effective tool for rebuilding economies in countries torn by conflict. Trade policies are required to influence producers to target international markets with their products. However, it should be understood that trade policies refer to policies affecting international trade, including especially tariffs and nontariff barriers. This has moved from the case when governments controlled trade when trade policies were more about regulation and control of imports and exports. Clearly trade can be affected by policies in other sectors. For example, agricultural and artisanal mining production increased rapidly as the rural population returned to its communities when the conflict ended in Sierra Leone. It is therefore essential that LDC governments in designing policies realise the extent of influence of such policies.

An important aspect of trade is the exports and policies to expand them. Addison, (2004) notes that the exports of nearly all conflict-affected countries are dominated by primary commodities, a position which poses particularly difficult, although not insuperable, problems for economic management. This situation occurs because the conflict induced disruption will have affected any processing.

It has been observed that exports of conflict countries consist of 'conflict commodities' such as 'blood diamonds', timber, and drugs, and these can provide warlords with more resources than the state itself. These commodities represent the "resource curse", a term used to describe how countries rich in natural resources, tend to achieve less economic growth and worse development outcomes than countries with fewer natural resources. Conflict motivated by dissatisfaction about the distribution of benefits is part of the curse.

The identification of trade development priorities in LDCs have been done with assistance under the Integrated Framework which begins with carrying out a Diagnostic Trade Integration Study (DTIS). There is potential for increasing exports of agriculture commodities, minerals and to an extent fish. The exploitation of this potential requires development of guiding policy for each of the areas or sectors. It was shown in section 2. That both Liberia and Sierra Leone had these studies done to determine the potential for trade and the areas offering the best such opportunities.

What is apparent is that over the decade of post-conflict recovery, Liberia and Sierra Leone have not had comprehensive trade policies nor have the frameworks guiding post-conflict economic recovery made specific attempts to mainstream trade in their national development strategies. In the frameworks and in later development, trade or the objective to grow exports are mentioned. Later as is shown below, both countries even developed specific strategies for exports. There is no doubt that these LDCs realise the importance of trade (in the form of exports) for their recovery and for development and poverty reduction. It is essential that such strategies and approaches are coordinated and mainstreaming trade is a vital tool for coordination of the policies.

a) Liberia

Liberia's main exports are rubber, oil palm and cocoa beans, coffee, round logs, iron ore, diamonds and gold. They were the sources of funding for the war. Liberia whose diamonds and timber exports were placed under UN sanctions, had the sanctions lifted and started trading both in 2007. However, LDCs must develop their productive capacities as abilities to efficiently and competitively produce an increasing range of higher value-added goods and services through expanding investment and innovation (UNCTAD, 2010).

Trade is important for Liberia and it offers great opportunities for economic growth and employment creation. Scope exists in the agriculture, mining and forestry sectors. However, Liberia does not have a comprehensive national trade policy to stimulate economic activities, foster economic growth and reduce poverty. The Ministry of Commerce and Industry embarked on the formulation of a National Trade Policy and a National Industrial Policy in October 2008. The process is being handled in collaboration with the Economic Community of West African States (ECOWAS) Commission on Trade and should provide the framework for Liberia to increase its trade capacity and infrastructure at the same time harmonizing tariffs in line with ECOWAS and the World Trade Organization (WTO). The government has prepared draft policies for exports, minerals, agriculture, industry, etc.

b) Sierra Leone

Sierra Leone designed and implemented a number of trade and trade related policies since the return to peace. However, the country still does not have a comprehensive national trade policy that eliminates restrictions to increase overall economic activities, foster economic growth and reduce poverty. The country has an open trade regime to bring important imports required for consumption and for production. Sierra Leone was faced with a shortage of the staple rice in 2007 and 2008 and had to import. It was also faced with escalating prices of petroleum fuels and was tempted to intervene in their pricing. The Sierra Leone Government produced a draft National Trade Policy in June 2010 which is currently being discussed by various stakeholders. The Trade Policy was formulated to cover seven thematic areas namely:

- Multilateral, Regional and Bilateral Trade

- Creating a fair and transparent Import-Export regime;
- Facilitating trade;
- Enhancing Production Capacity for Domestic and Export Markets;
- Domestic Trade and Distribution;
- Consumer Protection and Fair Trade;
- Protection of Intellectual Property Rights

In essence, the government seeks to influence development in each of these thematic areas. Each thematic area has components that present specific policies and the presentation of these policies comprises:

- the policy context – the importance of the policy target
- policy objective – the objective being pursued
- policy prescriptions – what will be done

As a member of ECOWAS, it is subject to the same policies affecting the region especially the common external tariff.

Development of policy related to sectors and other activities has been a major development for trade policy in both countries. Sierra Leone developed policies that influences trade development in the following areas: Private Sector Development Strategy; the National Export Strategy; the Strategic Plan of the Sierra Leone Standards Board; Investment Policy Review; Financial Sector Development Plan; and National Sustainable Agriculture Development Plan among others.

2.2.6.1 Export development policies

a) Liberia

The Ministry of Commerce and Industry is developing a National Export Strategy for Liberia with the support of the International Trade Centre (ITC) and has been participating in the formulation of common Industrial Policy Programme for the ECOWAS Region. Liberia is assessing its potential in a number of agricultural commodities. In its drive to enhance the promotion of non-traditional export products and strengthening national capacity for the export sub-sector, the Ministry in collaboration with the ITC and the Ministry of Agriculture

(MOA) have started work to increase the production and export of agricultural products, such as eggplant and cassava. In this regard, it recruited and trained 28 extension workers under the Liberia Export Promotion Programme. It is working on an assessment of the Sugar Cane Industry and has approached the government of India to assist. The ministry recruited three employees to form part of a new team of facilitators for the Liberia Export Development Framework (LEDF).

b) Sierra Leone

Sierra Leone established the Sierra Leone Investment and Export Promotion Agency (SLIEPA) in 2007 with assistance of the IFC and DFID. It is the country's official agency to assist and inform investors and exporters about investment and export opportunities. It has to improve its operations in areas identified in an investment policy review undertaken by UNCTAD. One of its significant successes was the organization of an investment forum in London in November 2009[5] where as a result more than 230 enquiries were received and 65 turned into site visits.

Sierra Leone's National Export Strategy prioritised support to agriculture, fisheries, mining and tourism on the basis of these sectors' contribution to employment, GDP and exports. Support seeks to grow exports of cocoa, oil palm, sugar, rice, cassava, coffee, ginger, chili and cashew within the agriculture sector. Broader export development perspectives are targeting trade facilitation, improvement in quality management, export competence development, export packaging and trade information systems. The strategy is also concerned with increasing access to affordable finance as part of reducing the cost of doing business. The joint role of the SLIEPA comes out well here in that doing business is geared to create and improve the investment climate to promote private sector development.

2.2.6.2 Trade Standards

Standards are one of the main means for promoting and developing trade. Their development underlines commitment to safety, hygiene and health of consumers. A country seeking to grow its exports develops its standards and complies with international standards to ensure acceptance of its goods. Mechanisms for internationally accepted certification are an important tool in the drive to grow exports especially to developed economies.

[5] The Investment Forum was organised in partnership with the Tony Blair Foundation.

a) Liberia

Liberia opened the National Standard Laboratory in the first quarter of 2010. This development was done as part of the West Africa Quality Programme implemented by UNIDO which is concerned with strengthening export competitiveness. The phase financed by the European Union supported eight activities comprising trade analysis, accreditation, standardization, metrology, product testing, quality promotion, traceability and inspection. This programme funded by EU provided training for the staff of the National Standards Laboratory in order for it to be certified as the competent authority for other laboratories in the country.

Liberia has been preparing to establish a Bureau of Standards as an autonomous agency under the MCI. Its initial focus is on health and safety matters on the domestic market then moving to weights and measures. With respect to exports, much of the expected growth is likely to be from foreign operators, who will require little or no direct support from the standards bureau. The one exception may be fish products. An appropriate Competent Authority is urgently needed before exports to the EU can restart. A national standards bureau has a vital role to maintain proper standards in health, safety and metrology. However, what is required is a range of quality-related services some of which can be most effectively provided by a competitive market supplied by competing private service providers, appropriately accredited to international levels.

b) Sierra Leone

In a Needs Assessment on strengthening Quality, Standards and Testing, Certification, and Accreditation services was carried out in May 2006 under the ECOWAS Regional Quality Development Programme whilst a consultative workshop on SPS was held in June 2006. The Standards Bureau is responsible for the development of national standards and for monitoring national compliance in conformity with international requirements. It is part of the national quality policy and is also responsible for food safety. It was created by the Standard Act No. 2 of 1996 to standardize commodities and practices and to provide for other related matters. The Bureau is currently upgrading its facilities in new premises with UNIDO, the European Commission and World Bank support. It has the challenge of reversing the ban on the export of fish and fish products from Sierra Leone to the EU. This will entail putting in place an effective conformity and integrated process control system.

2.2.6.3 Policy and Legal Reforms

The review and reform of policy and laws regulating trade activities are an essential part of trade policy. Such reforms repeal legislation that has stopped to be relevant and modernises others on the basis of conditions obtained at any one time.

a) Liberia

Through the Ministry of Commerce and Industry, Liberia embarked on comprehensive reforms of its commercial laws under the Commercial Law Reform programme coordinated by the reactivated legal office in 2008. The Commercial Law Reform programme entails an inter-ministerial effort to review present commercial laws, regulations and policies, and to promulgate new provisions that would enhance the legal framework for trade, commercial and industrial sectors among other things (MCI, 2009). This consolidated effort arises from a series of initial commercial law and policy reforms. This initiative seeks to consolidate the coordination of all commercial law reform efforts, whether current or upcoming, under a single Commercial Law Reform Programme in order to provide an enhanced legal framework and promote an enabling environment for the conduct of commercial and industrial activities. The reforms include the new Commercial Alternative Dispute Resolution (ADR) Board; the Consumer Protection Regulation/Law; the review of the General Business Laws and Associations Laws, and the promulgation of a Commercial Code. It was assisted by a number of development partners including the Investment Climate Facility for Africa and the Liberia Better Business Forum; the LRDC and the National Investment Commission. So far, the Ministry in collaboration with Washington and Lee University, UNCITRAL, American Bar Association and the United States Federal Trade Commission hosted a four day symposium which helped the establishment of a framework to guide the review of existing Commercial Laws in 2009. The framework has been beneficial in consolidating the coordination of all Commercial Law Reform efforts which would yield a maximized use of resources and improve fund sourcing efforts.

b) Sierra Leone

In Sierra Leone, there are ongoing policy and legal reforms especially those related to promoting the private sector by removal of administrative barriers to investment. Recent legal reforms include new Companies Act, 2009, Bankruptcy Act and the Public Private Partnership Act. Policies in the pipeline are on competition and consumer protection.

2.2.6.4 Multilateral, Regional and Bilateral Trade

Liberia and Sierra Leone are members of the Mano River Union and ECOWAS. They are involved in the negotiations for a free trade agreement with the EU - the Economic Partnership Agreement (EPA). The agreement seeks to improve market access for exports through duty-free entry to the EU. Concerns about this agreement are that while prices of imports might fall a little there will be (i) a loss in import duties; (ii) the erosion of protection for producers selling on the local market; and (iii) increased competition from the EU for exports in third markets in West Africa. Given the option of EBA, there should be analysis to determine the distinctive advantages of one over the other.

The adoption of an ECOWAS Common External Tariff (CET) modelled on the UEMOA regime with a maximum tariff of 20 percent would be an important improvement in trade policy, representing a modest liberalization and enhancing policy credibility by insulating tariff policy from domestic lobby groups.

a) Liberia

Liberia still has to go through the accession process to WTO as part of re-engaging with the international community. The process of accession is costly and will stretch the country's scarce human and administrative resources. WTO members pledged to simplify the accession process for LDCs. In direct contradiction with the pledge, accession experiences of LDCs such as Nepal and Cambodia do not demonstrate a shift in practice. Even with this background, it is advisable for Liberia to proceed with the accession process as a means of building its trade policy capacity and creating scope for improving the policy. It should be taken at the pace allowed by national capacity mindful that while it seeks membership for the benefit it confers, this comes with obligations.

b) Sierra Leone

As a member of the WTO, Sierra Leone can use its membership to advantage in the development of its trade policy. As an LDC, it can participate with others to advance the agenda of LDCs in the ongoing Doha Development Agenda negotiations. However, they have dragged on for very long and demanding on the Government of Sierra Leone's very limited capacity. The extent of its impact on the negotiations can only be enhanced by its partnering with others, such as the Africa Group or the Least Developed Countries block, to defend some of its interests.

2.2.7 Banking and Finance

Financial services are essential for farmers, fishermen, timber companies, processors, input suppliers, traders, exporters, and others involved in production and export in post-conflict reconstruction. The development of productive sectors requires financing. Critical need for financing is apparent at lower levels of the community who face serious constraints borrowing from banks because they are unable to meet the requirements to access funding from banks. There are limited financial instruments, a low level of financial intermediation, and limited trust among the public which has led to a cash-based payments system. Both Liberia and Sierra Leone are cash based society.

a) Liberia

The Liberian financial sector is small and underdeveloped. It is dominated by banking comprised of the Central Bank of Liberia (CBL) and five commercial banks mainly in Monrovia. The sector also has five microfinance institutions.

Larger firms enjoy relatively good access to capital from their own resources, overseas banks, and local banks, though they prefer not to borrow much from local banks because of the high costs involved. It is the small entrepreneur that faces the greatest obstacles to obtaining financing.

Although the CBL maintains a 22 percent reserve requirement which is not a constraint on bank lending (given the banking sector's huge excess liquidity) there is limited availability of finance for productive sector investments, in particular to small and medium-sized enterprises, and rural-based agricultural industries. However, expansion of lending is constrained by the high incidence of non-performing loans, ineffective judicial procedures for loan recovery, high intermediation costs (especially in rural areas), inadequate credit risk management systems, few adequately trained personnel, and non-transparent corporate governance practices. The risk of default increased as a result of the damage done by the war, and lack of credit history of most potential borrowers. Over optimistic expectations in relation to property values in the post conflict environment led banks to increase lending to the private sector whose performance has been lower than expected and accounting for by extremely high levels of non-performing loans.

Banks in Liberia derive less revenue from loans and more from other services, such as deposit account fees, remittances, wire transfers, and currency exchanges increasing the portion earned from non-interest income. The largest category of bank loans is primarily to the public sector. However, commercial banks have started to lend retail loans to consumers and micro, small, and medium enterprises. This development is motivated by international best practice which has demonstrated the feasibility of that this type of lending when banks implement procedures that allow them to widen their scale and outreach, lower their costs and risks, and provide suitable financial products.

A common characteristic in Liberia's banking sector is the very high interest rates spread between borrowing and lending rates, a situation ascribed to a lack of competition, absence of opportunities to earn interest on reserves, low volume of loans that fails to cover the overheads, poor recovery rates, high cost of doing business, and high taxation (DTIS)

The Local Enterprise Assistance Program (LEAP) and Liberty Finance are MFIs that use group lending methodology with group members guaranteeing each other's loans. Borrower groups are assessed and granted loans on the basis of their tangible assets, other sources of income, viability of the business, and liabilities to other institutions without requiring collateral. Lack of loan capital; absence of organized local leadership; limited expertise in microfinance and high staff turnover; lack of transport facilities and poor infrastructure; restricted geographical coverage of MFIs outside Monrovia and the security risk for the movement of cash are some challenges MFIs face. In addition, there is no overall regulatory and supervisory framework for microfinance activities. Another negative development from the war is that the credit culture was seriously damaged by years of aid dependency, with individuals making little distinction between loans and grants.

Financial Cooperatives or Credit Unions

Liberia's Agricultural Cooperative Development Bank (ACDB) was created to support small farmers to market their produce through agricultural cooperatives and farmers' associations.

The bank successfully granted short-term working capital loans to farmers' cooperatives, farmers' associations and individual farmers, so that they could purchase the cash crops (coffee, cocoa, rubber and palm oil, principally) for many years,. It collapsed and credit is now generally unavailable throughout the country's rural areas, either for individual farmers or the cooperatives, farmers' associations and other rural enterprises that they operate individually or collectively.

Credit unions have operated in Liberia since 1966 and their purpose is to cultivate a culture of saving, borrowing, and using the money to improve productive capacity. The war affected the credit unions and their numbers reduced significantly. A May 2007 survey established that there were 45 credit unions in seven of the fifteen counties. There appears to be a strong resurgent interest in credit unions.

There are Susu groups (informal saving clubs) in rural and urban areas in Liberia where members set aside regular contributions. Members can use the money generated to buy consumer goods or as working capital. These savings groups survived the civil war and very low on defaults. Although these groups tend to mobilize small savings, adopting and harnessing their solidarity principles to larger organizations capable of generating more saving and investment would have immense benefits.

There is a number of other unregistered non-bank financial institutions mainly linked to an array of international NGOs operating in Liberia such as CHF International/Liberia Enterprise Development Finance Company (LEDFC), Mercy Corps, Lutheran World Service, World Vision, SEDO/ARC, UNDP projects, and AGRHA.

There have been banking sector reforms which substantially strengthened commercial banks to satisfy the minimum capital requirements. However, even with the new capital, they are still considered relatively undercapitalized for more aggressive lending. The high proportion of non-performing loans, low returns to capital given the high interest rate margins between savings and lending rates, as well as dependence on non-interest income continue to weigh the sector down.

The Government's financial sector reforms seek to establish a stable, sound and market-based financial system capable of efficient mobilization and allocation of resources to foster sustainable economic growth and poverty reduction throughout the country. The issues in focus under the reforms which could alter and improve availability of financial services are:

- fully capitalisation of commercial banks;
- encouragement of a sustainable, well-managed microfinance sector with broadened services covering rural areas;
- a strong legal framework that facilitates the collection and recovery of debt and enforcement of financial contracts;
- a legal and regulatory environment to ensure that alternative frameworks for access to finance (such as leasing and equipment finance) can occur;
- development of markets for short-term securities and other money market instruments;
- transparency and efficiency in information-sharing among financial institutions on the creditworthiness of potential borrowers; and
- depositor protection and improving confidence in the financial system.

b) Sierra Leone

Sierra Leone's financial sector is relatively small. It consists of seven commercial banks, one development bank, one cooperative bank, a growing range of microfinance institutions (MFIs) and an array of specialised financial institutions[6]. Rural banks were destroyed during the war but their markets are now catered for by four community banks established by the Bank of Sierra Leone as part of its efforts to develop rural financial markets.

The banking sub-sector is dominant accounting for over 95 percent of total financial assets. The government owns the largest commercial bank 100 percent and has majority control in two other commercial banks. It also owned the National Development Bank (NDB) which closed its banking operations in 1997. Commercial banking focus is on taking deposits, granting short-term loans, investing in government securities, and acting as exclusive broker in the purchase of foreign exchange and government securities from the central bank - the Bank of Sierra Leone. The banking system is well capitalized and has an average capital adequacy ratio above 30 percent. Banks invest nearly 50% of assets in government securities but are reluctant to lend to SMEs on account of a weak legal system for loan recovery when customers default.

[6] Some of these are one post office savings bank, eight insurance companies, two discount houses, three housing finance companies, a state pension fund, sixty-one foreign exchange bureaus.

Sierra Leone has an Export Credit Guarantee Scheme (ECGS) designed to motivate financial institutions to extend credit to individuals or groups in the export business. It encouraged exporters of non-traditional products such as horticultural products, pineapples, batik and gari. The ECGS guaranteed banks 66.67 percent of any amount in default by the exporter(s) because of insolvency or protracted default. The scheme covered private and public sector exporters.

A National Policy on Microfinance was introduced in 2003 as part of the Government's poverty reduction drive and the objective to expand access to financial services across the country, particularly in rural areas. It was accompanied by a Memorandum of Understanding signed by donors to centralize funding within the Microfinance, Investment, and Technical Assistance Facility (MITAF) which provided for capacity building together with the disbursement of funds to five MFIs plus the Community Banks. Most of the MFIs are dependent on donor funds. MFIs lend to both groups and individuals and have varying loan size. The NDB joined the ranks of MFIs and now has a microfinance loan portfolio after a strategic refocus following closure of it banking operations. There are more than 40 NGOs that work directly with community based organisations to providing funds through 3 to 6 months loans.

The National Cooperatives Development Bank (NCDB) is owned by the Government. It provided financial services to cooperative societies across the country for their short-term funding needs in the pre-war days. It was undercapitalized in relation to its objectives. The NCDB was left to compete with subsidized credit lines for a number of integrated agricultural development projects. Management by civil servants and the war compounded its position. The bank served major cocoa and coffee producing districts from six branches. The war restricted its operations to the Western Area. It provided financial services to market women, some artisanal fishing groups, and a few small-scale businesses. The NCDB tried various approaches to extending financial services to micro and small-scale enterprises. These included replicating the Grameen Bank model of group loans for up to 36 persons. Group loans included business counselling component which involved intensive training on basic business practices, including book-keeping, and it emphasized the importance of loan management and timely repayment. This approach and the close liaison with the groups resulted in very low loan defaults and loan recovery was consistently more than 90 percent with no write offs.

The Government instituted reforms that seek to strengthen and improve legal environment for the financial sector. Key legislation includes the Bank of Sierra Leone Act 2000, the Banking Act 2000, the Insurance Act 2000, the Other Financial Services Act 2001, and the Anti Money Laundering Act 2004. However, even with these reforms, challenges remain. Some of these are:

i) High banking spreads – banks offer negative real interest rates on savings while charging high rates on loans. The high interest rates discourage investment while the negative rates discourage saving. Given that there is excess liquidity in the banking system this is difficult to justify.

ii) Low banking presence outside Freetown – There is marked physical absence of banking outlets, the small financial system and a dysfunctional state of non-bank financial intermediaries which limit availability of financial products and restrict access to financial services by potential borrowers.

iii) Scarcity of land for development and its registration and titling – The system of land tenure with two thirds owned by provincial chiefs and their families makes land unmarketable and leaves it unusable as collateral thereby affecting long-term investment.

iv) Poor producers, processors, and traders' constrained ability to obtain finance – The poor have little land and few capital resources to fall back on in the event of emergency. They are viewed as poor credit risks because of their vulnerability. They will be uncompetitive in export markets. The poor lack investment in processing and storage which can lead to high losses and the inability to meet standards. In agriculture farmers unable to secure working capital are forced to sell their produce at harvest time, when prices are low.

SMEs and the rural sector still lack financial services which are critical for increased production and expand trade and growth that many least developed countries so badly need.

2.2.8 Gender Dimension in post-conflict reconstruction

Post-conflict reconstruction must address issues of gender and incorporate equality as a fundamental principle. There are three *interrelated* gender dimensions essential for post-conflict situations: (i) women-focused activities, (ii) gender-aware programming, and (iii) strategic attention to transforming gender relations in order to heal trauma, build social capital and avoid further violence. These were developed by Greenberg and Zuckerman (2009). The dimensions take a rights-based approach and are founded on women's rights to: a) participate meaningfully in policymaking and resource allocation; b) benefit substantially from public and private resources and services; and c) partner collaboratively with men in constructing the new peace and prosperity.

The role of women received a boost from the UN Security Council Resolution 1325 (SC1325), which acknowledged the impacts of conflict on women – and of women on conflict and commits to their participation in peace negotiations, preventing and managing conflict and peacekeeping operations. The Resolution raised the stature of gender roles and women's needs in international discourse and planning. A gender perspective is required based on the notion that building and maintaining peace and prosperity requires attention to gender roles and relations in the post-conflict arena.

A gender perspective proposes formulation of new social contracts and a re-dress on horizontal inequalities. It focuses on women, as well as boys and men particularly ex-fighters and those who have histories of violence. Understanding this requires rigorous recognition of gendered roles, which includes understanding of women's new-found roles created by the absence of men during the conflicts, the form of relationship between men and women and the negotiation of new roles and partnerships and how they share and divide responsibilities in the aftermath of conflict. It shows that conflict often changes socially-determined roles, responsibilities, and access to power and resources during and after conflict. A gender approach helps to identity of winners and losers in the post-conflict setting. It also builds awareness of who makes decisions, whose input and collaboration is needed, who participates effectively, and who benefits.

Women-focused activities

The women-focused dimension applies in situations where: (1) gender analyses show disparities of need or opportunity affecting women and post-conflict PPP overall, (2) building anew after conflict presents opportunities to focus purposefully on pre-conflict inequalities, and (3) where purposeful investment in women's capabilities may contribute to the post-conflict agenda (Greenberg and Zuckerman (2009)).

Post-conflict situations provide opportunities to set new norms, draft new rules, engage new leaders, and build new institutions and to right the wrong previously committed. It is essential to recognise and support women's rights and at the same time to understand that women need resources to enjoy their rights represented by capacity, property, capital, and decision-making power. That realisation compels support for women-focused activities that address deficits or disparities, and provide women with resources or capabilities. Women's rights can be incorporated through women-focused activities that contribute to levelling the playing field and donors' programmes and government policies must ensure respect for the rights. In this regard, there are four areas of women's rights (i) right to participate fully and effectively in decision-making, particularly political; (ii) right to own property, including housing, land, and other assets; (iii) right to work without discrimination in hiring, benefits, promotion or firing; and (iv) right to live free from violence.

Participation

Participation relates to political activity and involvement of women exercising the right to draft constitutions, elect and be elected representatives. However, they often get marginalised and reduced roles. Involvement requires mechanisms such as reserving quotas for women in the political sphere. In many countries, the drawbacks to women's political participation are their restricted access to education. Many post-conflict countries have taken steps to increase women's political participation. The dominant parties in South Africa (ANC), Mozambique (Frelimo), and Namibia (Swapo) established women's quotas on candidate lists.

Property rights

The post-conflict period always involves sorting out and determining property ownership, including making laws to secure individual rights to property. This period must guarantee women's rights to property ownership and use. In many countries, women's rights to property are compromised through the use of customary law. Women need to understand their rights and have resources in order for them to benefit from new property laws. However, women often remain unprotected or unable to enjoy the rights stated by law in developing countries due to lack information about their legal rights, the capacity and resources to pursue them. Poverty compounds gender inequalities in gaining access to property and the poorest families face serious hurdles to obtaining and holding onto land. Laws must help remove gender bias and ensure that women have the right to own property and that those rights are actually enjoyed. Also, post-conflict countries pursuing privatisation of state assets should not overlook women.

Right to live and work free from violence

Women in post-conflict reconstruction generally are subject to gender-based violence perpetuated by male ex-combatants returning from fighting and are accustomed to using force. Uncertainty regarding place and roles in society and experience as well as painful post-conflict economic adjustment affect male former combatants leading to increased alcohol consumption or drug abuse that precipitates violence against women. In addition, many returnees lack the life skills for respectful and equitable gender relations.

Gender aware programming

Gender-aware programming is or gender mainstreaming involves systematic identification and addressing of issues capable of obstructing or improving efforts to build peaceful and prosperous post-conflict societies. In particular, it focuses on improving the contributions and participation of women in policy formulation and implementation. Gender mainstreaming related analysis can strengthen the understanding of macroeconomic and microeconomic development activities and the impact of macroeconomic policies on women and men. In development projects, governments and donors allocate insufficient funds for women's rights-focused activities. Post-conflict participation requires heavy socioeconomic financing which often directly contradicts austerity demanded by donor-imposed public expenditure management programmes. It is essential that donors consider accepting lower returns to growth in early years, in order to support building institutions.

Macroeconomic policies and gender impacts affect development outcomes. Post-conflict programmes must recognize the gender impacts of resource allocations and relieve severe resource scarcities that many post-conflict countries face forcing them to make choices. The effectiveness of post-conflict assessments processes, programme design and implementation can be improved through increased quantity and quality of women's participation, and the incorporation of greater awareness of gender equality (Greenberg and Zuckerman (2009)).

At the microeconomic level, several gender issues arise in relation to access to credit and agriculture. Men and women need credit of different sizes and understanding this is critical for access and effectiveness of post-conflict reconstruction and maintaining peace. It is important to determine and lend appropriate size taking account of the gender issues. For example sometimes credit is given to men even when women have an excellent repayment record qualifying them for additional and bigger loans. Bank lending practices and credit facilities for women in post-conflict and normal situations are influenced by gender roles. Lending officers in many countries are almost all men, as are borrowers. It is essential that the varying requirements are understood in order to break the cycle. There are also gender-related impediments in pre-conflict legal systems, and women who lack legal ownership of real property lack collateral required for borrowing.

Conflict accelerates migration by males out of rural areas to cities to seek employment leaving agriculture feminized. Females develop agriculture skills that returning males wanting to farm to generate income for their families lack. In such circumstances, it makes sense to train both men and women to collaborate effectively and equitably.

Demilitarization, demobilization and reintegration (DDR)

Donors channel substantial resources to demilitarization, demobilization and reintegration (DDR) programmes which are implemented following conflict. However they also involve development activities including capacity building, providing agricultural inputs and access to capital. DDR-projects narrowly define the 'target populations' which are primarily male ex-combatants. The approach sought to motivate ex-combatants to give up their weapons and be demobilized from fighting forces while reintegration assistance was introduced to reduce the temptation for continued fighting. The focus tends to perpetuate unequal gender stereotyping and bypasses women ex-combatants and others who supported the war. There are opportunity costs of excluding women in reconstruction at the same time making reintegration only partial. Because illicit activities are highly profitable for soldiers and rebels, attention should be geared to 'creating incentives and alternative income-generating activities for entrepreneurs and others engaged in the shadow economy to 'turn legal'.

Human capacity and life skills

Human capacity is generally in short supply in post-conflict environment caused by conflict through interrupted schooling, fewer teachers due to HIV/AIDS attrition, and destroyed school infrastructure. Capacity-building and investments in education are required to raise political participation and prosperity in state and economic institutions. Post-conflict training programmes should not be launched without careful thought about participants and beneficiaries. Education can be used to reshape gender-biased curricula to make it gender-sensitive and skills development can be used to eliminate gender stereotypes or negative gender impacts. Gender analyses are important for detecting disparities of access, and for structuring programmes to account for gender-based differences of time and space.

Gender role transformation

The Beijing Platform for Action states that peace is inextricably linked with equality between men and women and development; it is critical to recognize the importance of transforming gender roles as a way of healing conflict related trauma, build social capital and advance the goal of gender equality. A problem of this is that people who benefit from violence often have a vested interest in continued conflict yet they are often the peace negotiators and 'new' society leaders. Success depends on making peace more profitable than war. The target under the dimension is to address the trauma by introducing programmes with support measures to break the cycle of violence and increasing gender-focused trauma work.

Rebuilding social capital

Conflict destroys societal trust hence undermines and breaks the bonds of positive social capital in the end sowing seeds of uncertainty and mistrust among households and individuals. Widows or children become household heads due to loss of family members to conflict and related HIV/AIDS. Gender awareness in defining new roles can enhance respect and collaboration, in the process strengthening emerging household structures.

a) Gender issues in Liberia

Everyone was affected when education suffered during the civil war but girls were the first to be withdrawn from school. Women and children suffered most from the violence. According to the United Nation Mission in Liberia 60% of girls and women claim to have been sexually abused. Many others were left disabled, maimed and handicapped by the war. Gender-based violence is still rampant in Liberia.

According to Boley, (2010) Liberia was the first country in Africa to establish a national action plan to implement the United Nations Security Council Resolution 1325, a document that calls on the inclusion of women in the peace-building process. The resolution urges all parties to end impunity and to persecute those responsible for sexual gender-based violence. In Liberia, sexual abuse is the second most reported crime after armed robbery. A special police unit called the Women and Children Protection Section was established in 2005 in response to UNSCR 1325.

Women's participation is significant in Liberian politics. The President is a woman; others head government ministries and are county superintendents. During the war, women's organizations worked tirelessly to bring warring parties to the negotiating table so that the country might achieve peace. It is widely noted that women voted in great numbers in the 2005 election and now comprise a significant constituency in Liberian politics.

Local women's groups, such as the Women in Peace building Network (WIPNET), the Mano River Union Women's Peace Network (MARWOPNET), the National Women's Commission of Liberia, the Association of Female Lawyers of Liberia and the Liberian Female Law Enforcers Association are involved in civil society work. They advocate for peace, provide skills training and provide micro-credit, trauma healing, advocacy on sexual and gender-based violence, legal advice and representation, leadership programs, and research and activities relating to the reintegration of female ex-combatants". Women in Liberia were advocates for peace from the time the war started. Prominent advocacy groups are:

The WIPNET mobilized women to advocate for peace and security by staging public marches; it started attending peace talks in 1993. WIPNET intensified its efforts to mobilize women to call for peace after the 1996 peace agreement failed. The challenge by Charles Taylor for them to find rebel leaders made them part of Liberia’s peace process. In response, the women funded a delegation’s trip to Sierra Leone to meet some of the rebel leaders. They women arranged meetings between Taylor and the rebel leaders in the process earning a reputation as objective intermediaries. WIPNET spearheaded the Women of Liberia Mass Action for Peace Campaign where they confronted and engaged the rebels directly against the brutality of the war in 2003. WIPNET was instrumental in pushing the disarmament process; its members and other women leaders met the fighters in disarmament camps and convinced them to lay down their arms. They were also instrumental in raising women’s participation ensuring increased women’s representation during the 2005 election by facilitating market women to register and vote.

Mano River Women’s Peace Network (MARWOPNET)

MARWOPNET worked to empower women to take part in reconstruction. Some of its members provided training in different trades. MARWOPNET developed legal expertise to protect women and children and represent female rape victims. It encouraged collaboration between women in government and women-focused nongovernmental organizations in partnership for an inclusive peace building and reconstruction process.

Gender in Development

Liberia was selected as a focus country in and for a pilot intervention, for the World Bank's "Gender Equality as Smart Economics" plan. In October of 2006, the World Bank on return to Liberia, unveiled a Gender Action Plan (GAP). The Bank undertook a rigorous gender needs assessment to establish Liberian women's long-term needs.

The gender needs assessment revealed that women are active participants in the economy, but not in the major sectors. The study found that 53 percent of the agricultural labour force is made up of women; who produce 60 percent of all agricultural products in Liberia. In addition 77 percent of women are entrepreneurs. The study also showed that women were absent from sectors such as infrastructure, public works, cash crop farming, and mining. The GAP then sought to enable women in Liberia to take part in growth sectors, to increase women's capacity to compete and provide women-owned businesses access to credit as the women's participation in reconstruction.

An agriculture-based pilot intervention (a Results-Based Initiative or RBI) is currently underway for women cassava farmers in Ganta, Nimba County to provide assistance with improving productivity, farming, and marketing methods. Undertaken in partnership with the Ministry of Gender and Development, UNIFEM, and the International Center for Research on Women, the initiative incorporates a quasi-experimental impact evaluation that will document results and lessons learned from the intervention. The pilot could have an important demonstration effect and yield lessons learned to inform critical components of the government of Liberia's (GOL) emerging agricultural strategy and its gender dimensions. In addition, the ongoing agricultural assessment includes a chapter on women's roles in agriculture that can be used to inform the development of the GOL's agricultural strategy going forward.

The activities outlined above show that Liberian women have been active and achieved some participation and empowerment for fellow women. They need the force of the law to tackle the high gender based violence and other aspects of inequality. They have raised awareness of critical issues relating to gender roles and demonstrated that women can, if adequately empowered, be as effective as their male counterparts.

b) Sierra Leone

Sierra Leone is a highly patriarchal society where institutionalised gender inequalities are exacerbated by discriminatory customs related to marriage, property rights and sexual offences. Gender based violence is very common. Women are discriminated against and are heavily under-represented in political and socio-economic decision-making structures. The underrepresentation limits women's ability to actively contribute to redress these gender inequalities. The Ministry responsible for gender affairs is weak and not well funded. Because of prevalent gender inequalities, there is a high likelihood that women will be illiterate and suffer extreme poverty. Knowledge of women's rights is low and they are frequently violated, and they have little access to resources and opportunities.

According to Barnes (2007) women's organisations were innovative in response to conflict-induced disruption of social services and community-based structures. They established networks and developed strategies to deal with attendant problems such as food shortage, sexual violence and inadequate provision of health and education services.

Sierra embarked on law reforms and in the area of gender, the process led to the enactment of three laws related to women's rights which were signed into law in June 2007. There is now a National Gender Strategy which aims to ensure gender equality, particularly in legislation, participation, representation, empowerment and the distribution of resources. It is based on the understanding that achieving gender equality requires redefinition and restructuring of the existing social norms and institutions. The strategy envisions dignified treatment for all citizens where people are safe from violence and enjoy protection from violations of their political and socio-economic rights in response to the many forms of discrimination faced by women.

The Strategic Plan outlines several initiatives focused on the advancement of women. It identifies six areas of priority[7]:

- Capacity Building, Management and Oversight: involves strengthening gender issues in policy; developing a coordination mechanism for MSWGCA; strengthening local councils, NGOs and CBOs; and developing a communication strategy to increase understanding of gender issues. It will also advocate for the enforcement of the 2007 Gender and Child Rights Act.

[7] This is taken from the Yonina Alexander's Summary: Sierra Leone National Gender Strategy Plan 2010-2013.

- Women's Participation in Governance: includes providing training and mentoring schemes for women to participate in decision making; advocating for 30 percent quota for women in parliament; and reviewing discriminatory clauses in the Constitution.
- Sexual and Reproductive Health Rights: involves strengthening the National Committee on Gender Based Violence (NaC-GBV); promoting women's sexual and reproductive health rights (SRHR) by forming SRHR committees at all levels; establishing response mechanisms for GBV survivors; strengthening partnerships to reduce vulnerability of women to HIV; capacitating traditional birth attendants (TBAs) on SRHR and referral procedures; advocating for accessible health services in rural areas; lobbying for the inclusion of family planning in school curriculum; and advocating for the passage of a Sexual Offenses Act into law.
- Women's Empowerment: This has three strands that cover education, economic empowerment and women in agriculture.
  - Women and education seeks to entrench and institutionalise the empowerment of women by increasing knowledge about their rights through awareness campaigns and education for girls including advocating for free education for girls and enforcing the provisions of the Child Rights Act 2007.
  - Women and Economic Empowerment seeks to provide skills required to enhance women's participation in the economic sphere with a view to increase their ability to run businesses or seek employment. Economic empowerment activities include enhancing women's entrepreneurship skills; provision of supporting Policy Advocacy and Training Programmes; building capacity to provide financial credit to women; and developing infrastructure to improve income through access to markets. The relevant ministry plans to collaborate with micro-finance and credit institutions to support loan schemes for women and establish networks for women in small and medium business enterprises.
  - Women and Agriculture aims to institute policy that gives women access, control and ownership over land and productive resources as well as strengthen women farmers associations so they can claim their rights on access to land. In addition the provision of financial resources and infrastructure to enhance agriculture production by female farmers and training in improved technology is a main strategic objective.

- Research, Documentation and ICT: targets to build partnerships with national statistics and research institutions to analyze gender disaggregated data on a wide range of issues; strengthening information sharing between institutions engaged in gender advocacy; strengthening capacity to maximize use of information technology; developing a database; strengthening capacity to use information, facilitate gender mapping and research and document GBV related issues at the national and district levels.
- Gender Budgeting and Accountability: seeks to provide resources for women's organizations on Gender Responsive Budgeting (GRB); advocating for allocation of resources for women's empowerment initiatives and implementing a strong monitoring and evaluating framework for tracking progress. These will be allocated all levels of government, building capacity of parliamentarians, city councils, district budget oversight committees.

The constitution recognises equality of women with men. The gender strategy seeks to entrench this and offers a clear opportunity for a holistic and cooperative approach to dealing with gender-based violence among key stakeholders within civil society, government and the international community. Sierra Leone has made progress which could be progressed further if the constitution and legal provisions are enforced.

2.3 Trade and Development Challenges

Liberia and Sierra Leone like other LDCs have immense trade and development challenges which are made worse by the state of their development as post conflict countries. Even with their status as emerging from conflict, the challenges they face are not unique to them although, their position is not helped by the label as LDCs emerging from conflict. It takes more caution and more convincing for investors to accept that the conflict is over or for lenders to put their money in ventures in such countries. Below is a highlight of some of the critical challenges faced by countries emerging from conflict.

2.3.1 Weak policy development and implementation capacity

The biggest challenge is the lack of or weak capacities in government institutions which are exacerbated by limited resources in the post-conflict period. These lead to poor trade policy formulation and implementation. The civil service is particularly dire in Sierra Leone. For example the Ministry of Trade and Industry until recently had less than 5 professional staff[8]. This is exacerbated by the common problem of poor pay in the service which discourages recruitment of qualified staff. As a result of such institutional challenges, critical policies are not yet in place e.g Sierra Leone has not had a comprehensive trade policy (a draft policy is now in place).

The government institutions that emerged from the conflict were weak and impacted the pace and effectiveness of policy formulation and lacked capacity to implement policies even where there have been set up. This is due in part to the institutional challenge as well. In addition there was and still is poor coordination between government institutions on the one hand, and between development partners on the other hand. This is a serious challenge to trade policy and development.

2.3.2 Supply side (productive capacity) constraints

LDCs face numerous supply-side or productive capacity constraints limiting their ability to increase production. Supply-side constraints refer to a number of shortcomings that affect production and supply of goods. These are very acute in countries emerging out of conflict. The volume of production is slow because of limited productive capacity which limits trade. The process of establishing productive capacity in the post conflict environment is low. Response to trade opportunities although it is satisfactory as shown by GDP performance, most still needs to be done. The high performance has been from a low base and therefore tends to be exaggerated.

2.3.3 Skilled Labour

Labour is a key competitiveness factor at the firm level. Its productivity determines the competitiveness of the products it produces. Competitiveness is improved by improvements in productivity, efficiency and innovation throughout the value chain. Labour productivity is a key component for product competitiveness. However, in post-conflict contexts, the weak skills or lack of skilled staff are evident in the public sector in policy formulation and implementation than in low production and productivity in the private sector. During the reconstruction, the shortage of skills is evident in sectors such as construction. This is because during conflict, the skills base in the construction sector is depleted as a result of

[8] This situation has changed following a restructuring exercise that has increased the number of staff.

being idle and forgetting how to do. This shortage affects the pace of reconstruction but also tends to increase the costs. Restoring the stock of highly skilled people is a long and slow process (AfDB, 2008). In relation to public policy, besides the training, there is also the issue of experience which eludes many in early post-conflict period.

Assessing the growth rate of Gross Domestic Product (GDP) per person employed in Africa, UNECA (2010) observed that "over 84 per cent of the 48 countries for which data are available report positive trends in labour productivity growth between 1992 and 2007". Liberia and Sierra Leone were among the countries with positive labour productivity growth. However, it was noted that all the countries in the category of positive labour productivity started from negative growth. It is also noted that labour productivity gain was least in West Africa perhaps due to the region's many conflicts. This result is also supported by findings by Badunenko et. al (2010) who found that labour productivity decreased in West Africa between 1970 and 2007. They ascribe the results to the effect of drought in Niger and Senegal but also largely to political instability, civil wars and other armed conflicts in Cote d'Ivoire, Liberia, Sierra Leone, and Togo. They found these results consistent with the literature which states that armed conflicts and civil wars destroy and discourage physical and human capital accumulation, and also lead to the misallocation of resources. Liberia, one of two countries that defined the African efficiency frontier in 1970, experienced huge losses in efficiency following political instability in the 1980s and the civil wars in the 1990s. Moreover, the results show physical capital depletion in these countries in the 1980s and 1990s. Similar results hold true for other countries such as Burundi, Rwanda and Sierra Leone. Low efficiency and declining productivity in both Liberia and Sierra Leone undermined competitiveness and it is a hindrance to increased trade.

Production and quality of goods

Liberia and Sierra Leone produce and export agricultural and mineral products which are mainly unprocessed and largely undifferentiated. Production is basically of commodities with minimal processing and value addition. Agricultural production is by subsistence farmers on small plots with very low level of mechanisation and limited use of improved technology. World commodity prices are very volatile.

2.3.5 Access to and Cost of Finance

Affordable finance is an important input into economic activities underlining the competitive performance of goods. Investors and producers need support through access to affordable finance. LDCs generally have limited and fewer sources of funds. In a number of cases banks are not willing to lend largely because of what the AfDB (2008) calls 'breakdown in trust and reputation that afflict firms in post-conflict countries leading to scarce credit. It is essential that the post-conflict government promotes creation of sources of funds while at the same time improving economic environment that the conflict risk premium is reduced so that affordable finance is made available. However, it should be noted that even LDCs at peace struggle with financing. For example in Uganda, the MTCS business environment agenda identified among other things the need to improve access to capital, reducing the risks of lending, promoting savings and expanding financial services for MSMEs. These issues relate to the need for efficient and effective financial services and capital market.

2.3.6 Infrastructure

It has been shown in earlier sections that infrastructure has been given priority in the development of Liberia and Sierra Leone. However, there is evidence to suggest that progress achieved in supplying electricity to the capitals, construction of roads and opening up the countries, supplying clean water and provision of other trade development infrastructure has to very large extents lagged behind plans leaving infrastructure as one of the main challenges to economic development in general in the two countries. The DTIS (2006) cites the very poor state of infrastructure (notably roads and power) among Sierra Leone's challenges.

2.3.7 Government Fiscal policy priorities

A general characteristic of challenges in LDCs has to do with fiscal policy. Revenue sources are limited so much so that there is a heavy dependence on taxes collected by customs i.e. trade taxes. Nearly two-thirds of total government revenue in Sierra Leone is derived from taxes collected by the Department of Customs and Excise and they fall mainly on imports. Inadequate revenue leads to fiscal deficits which are financed through borrowing which leads to inflation, domestic currency depreciation, and crowding out of the private sector in financial markets. Foreign exchange inflows from mineral exports and development partner assistance can lead to domestic currency overvaluation. Import duties contribute 49%, while excise duties on petroleum and other products account for 14%. All these are challenges that require policies to deal with.

The revenue base that is dependent on foreign trade can be negatively affected in case of a decline in imports. This threatens the financing of the public budget in the circumstances. Dependence on revenues from foreign trade reduces policy makers' freedom to use tariff policy to influence domestic prices – hence production, consumption, and trade. Alternatively, there are revenue collection risks related to the use of tariff policy. For Liberia and Sierra Leone, as members of the Economic Community of West African States (ECOWAS), with a common external tariff and a free trade area within the region, customs duties are unrelated to revenue needs. However, the net effect of taxes collected on imports is a bias against exports and in favour of production of import competing goods. A general challenge related to dependence on customs taxes is that Customs administration develops bias towards and focus on generating revenue and not facilitating trade.

2.3.8 Trade Policy and Export Development Institutions

One of the biggest challenges in trade development is the weakness of Government institutions which have limited resources and human resource capacity leading to poor trade policy formulation and execution. The Ministry of Commerce and Industry in Liberia and the Ministry of Trade and Industry in Sierra Leone are responsible for trade policy but both have had limited capacity over the period of post-conflict recovery. Poor remuneration in the civil service discourages recruitment of qualified staff. However, the limitations of its operations were imposed by low budget allocations. As a result both countries have gone without critical comprehensive trade policies and have taken time to reform their trade legislation. In some cases where policies have been designed, there is a problem of lack of implementation of policies.

In Liberia, there seemed to be no ministry monitoring developments on the EPA while the Ministry of Planning took charge of the CET. According the DTIS (2008) the MCI was concentrating on import and export permits, price controls and standards enforcement leaving areas such as policy analysis and advice, and promotion of business not catered for. However, the Mandates and Functions of ministries were reviewed to ensure that they are clear on what their roles and functions are. Sierra Leone is pursuing civil service reforms and for the Ministry, the origin was a DTIS recommendation to address capacity shortcomings and weaknesses of trade policy development and implementation through both the reform and restructuring of the Ministry of Trade and Industry to improve its effectiveness. A review of annual progress on implementation of the PRSP in 2006 also recommended that “To improve coordination of trade policy formulation and implementation”, there was a need to strengthen the Policy, Planning and Research Division of the Ministry of Trade and Industry which at the time, only had two full time personnel that were Technical Assistants from development partners.

A problem relating to the weaknesses of institutions is that in the PRSPs, trade has not been mainstreamed. The strategy papers articulated what the governments sought to achieve but they have left out one of the main elements in the economic development pillars. In Sierra Leone, the second PRSP, Agenda for change, is placing emphasis on private sector development. It has pursued reconstruction policies for nearly a decade and there should now be attempts to pull its strategies together and ensure that all ministries with functions that have something to do with trade policy should incorporate trade activities in their plans. This leaves strategies uncoordinated and each ministry and government department or agency pursuing its own mandate without taking account of what they must to do to contribute to trade development. This is one of the main explanations of trade policy failure as well as other policy failures in LDCs. Such challenges also give rise to problems of poor coordination between government institutions. This poor coordination affects the way government departments relate internally and how they relate with private sector trade policy institutions and also coordination between government and development partners thereby affecting trade policy and development.

The private sector is weak and plays a limited role in influencing or advocating for sound trade policy formulation and its implementation by government. There is a lack of demand for accountability that should force governments to perform. The private sector lobby needs support from a vibrant civil society. In Liberia and Sierra Leone, this function appears weak and generally neglected or under-performed. This is an area of difference with those LDCs which have enjoyed peace because these capacities are now developed.

The challenges outlined above should not paint a picture of gloom. Both Liberia and Sierra Leone have made significant strides in recreating economies that had collapsed. They continue to make significant progress in general development as well as in the development of their trade policies. When their comprehensive national trade policies are finalised and adopted, they will provide a rallying point for giving direction to the development of trade. Liberia has an opportunity to ensure that trade is mainstreamed in the country's development plans when it embarks on its next generation PRSP. This gives an opportunity for the government to review its strategies and determine what has worked well and what has not. This will be the source of its next course of action.

The restructuring of ministries and review of their mandates are important steps in addressing capacity gaps. In some cases institutions have been established to deal with the challenges. The governments are working with development partners to address identified challenges. In both Liberia and Sierra Leone, concerns with the Doing Business Survey ranking are a critical approach to addressing investment and private sector development. The legal reforms are a realisation that some laws which served economies in the past cannot serve present day trade development needs adequately. In order for all of these areas to progress, governments of LDCs need resource and technical assistance. Trade is an important vehicle for development and poverty reduction.

3.0 DONOR SUPPORT

Liberia and Sierra Leone received and continue to receive substantial assistance from development partners (see Table 10). Much of the assistance is project and programme assistance. In some cases however, there is budget support. In post-conflict reconstruction, project or programme aid may be preferred for two reasons. The flexibility associated with budgetary support can be a major weakness in that it could be abused. In addition, the absorption capacity of post-conflict governments is perhaps at the lowest yet needs may be at their highest. Project or programme assistance can bring in experts to manage the implementation of projects and in the process accelerate the absorption capacity. An alternative suggestion from the African Development Bank (2008) is to use independent service authorities and to phase aid inflows more evenly over a longer period of the recovery process. The danger with this approach is that the post-conflict reconstruction period has limits beyond which the support mechanism will change and resources set aside for reconstruction maybe lost. However, the need for policy reform and the collapse of the civil service during conflict suggest that the technical assistance is valuable during the post-conflict period.

Table 10: Liberia and Sierra ODA from all sources (US millions)

	1985	**1990**	**2000**	**2006**	**2007**	**2008**
Liberia	90	114	67	260	701	1,250
Sierra Leone	64	59	181	347	545	367

Source: UNCTAD 2010

IFC, African Development Bank, European Union, DFID, GTZ, UNDP, UNIDO and USAID, are among donors that have been and are active in providing support for policy reform and operational activities. For example, Sierra Leone's development partners included the IMF under the PRGF, the World Bank's Economic Rehabilitation and Recovery Credits (ERRC I-IV), the African Development Bank's Economic Rehabilitation and Recovery Loans, the United Kingdom's Poverty Reduction Framework Arrangement, and the European Union's Post Conflict Budgetary Support at a specific period of the reconstruction.

Under the first PRSP, Sierra Leone received assistance from the following development partners:

- Pillar 1: UNDP, EU, DFID
- Pillar 2: UNDP, EU, DFID, Italy, WB, JICA, Germany
- Pillar 3: UNDP, EU, DFID, WB, JICA, UNICEF

Artisanal fisheries received assistance from DFID, FAO, UNHCR and the AfDB. The EU funded three initiatives that directly affect industrial fisheries and fish trade. More recently the Bureau of Standards upgraded its facilities with UNIDO, European Union and World Bank support.

In Liberia, the EU assisted the Government in rehabilitating feeder roads, and in introducing local maintenance capacity; the World Bank implemented the Infrastructure Rehabilitation Project, over a three year period. The project supported the Monrovia port and the main airport. The World Bank and US Government provided both investment support and funding for technical assistance, in order to prepare for the PPP contract, and to assist port management in the interim. The IFC supported the Government on setting up public-private partnership (PPP) contracts, in order to bring in investments to supply greater Monrovia with mains power. The IFC's investment climate team and the World Bank Doing Business Reform team provided technical assistance to the Business Reform Committee.

Liberia's development of a Modern Business Registry Project to facilitate comprehensive and reliable services for business registration was supported by the Investment Climate Facility for Africa (ICF), with funding of the implementation of the project. The Investment Climate Facility for Africa also supported the legal reforms. The Ministry in collaboration with international partners, especially UNIDO, completed the renovation of the Standards Laboratory purchased most of the equipment in cooperation with USAID. The European Union (EU) supported West Africa Quality Programme (WAQP), provided international experts to assess standards, funded the purchase of some of the laboratory instruments, supported training of the Microbiology Laboratory Manager, and assistance with the installation of laboratory instruments.

The Harper Growth Center was opened to train the youth in rubber wood processing as part of the Liberia Entrepreneurial Development/Economic Empowerment Initiative (LED-EEI) Program with support from the United Nations Industrial Development Organization (UNIDO), UNDP and FAO through the Centre Songhai Programme.

A Task Force comprising representatives from Government and Donors has been formed to discuss Harmonisation and Aid Effectiveness. The Development Partnership Committee (DEPAC) dialogue series provides the forum for Donor-Government discussion on enhancing results in the implementation of the PRSP as well as resolve the general socio-economic development issues in Sierra Leone.

4.0 CURRENT NATIONAL AND INTERNATIONAL POLICIES AND STRATEGIES TO ADDRESS THE CHALLENGES

The national policies for trade and development assessed in section 2 above are still being pursued. They started in immediate post-conflict period and have in cases only been elaborated through the introduction of specific sectoral and trade-related policies. The objectives for pursuing the policies are to address trade and development challenges. For example, Liberia and Sierra Leone have shown what they are doing to address infrastructure challenges in their territories. The suggestion is for a regional approach to the development of infrastructure to ensure that countries within regional integration arrangements can collaborate to address regional infrastructure. This way, there will be strength in numbers and it is also possible to interest development partners where more than one country benefits from assistance with improving infrastructure. This approach should also place emphasis on the development of human resources.

Public-private partnerships policies are also being pursued to address inadequacies and challenges in countries on trade development. These recognise the role of government and that together with the private sector can improve the development situation. The private sector is in many countries now considered the engine of growth. This is a realisation about the value of its possible contributions to dealing with such issues as investment and growth. The private sector is identified as a partner that can advise government on the kind of policies that could improve the attractiveness of countries as investment destinations. They thus work with the authorities to address constraints that manifest themselves in low “Doing Business Index” rankings. The idea is to improve the Doing Business environment through the reform of legislation and laws regulating the environment.

Sectoral and other specific policies seek to encourage production by the sectors and their contribution to increased trade. This for example is evident from export development strategies, agriculture and mineral policies in the case study countries. In the agriculture policies, the two are seeking to ensure food security or to develop self sufficient levels of food production. In the same vein, they also seek to create improved opportunities for employment of their populations. Further, both Liberia and Sierra Leone have policies for the development of fisheries and forestry. These sectors have scope to contribute to employment creation and increasing exports from their sectors. These are all examples of policies started in the time following the achievement of peace and over time to consolidate the peace and security but now more to generate development, increase trade and its contribution to poverty reduction.

Issues of inadequate capacity to design, implement and monitor trade and development policies are pertinent in the rehabilitation and reconstruction in countries that are emerging from conflict. The return to normal development like in other LDCs takes some time. There should be a time delineated for rebuilding economies after conflict. The assistance brings with it resources, which are a major impediment in policy design and implementation. Capacity development takes very long since it requires skills training and experience of the human component. Others relate to technical and institutional capacities. The rebuilding of institutions to manage the trade and development efforts also takes time and requires the participation of development partners. However, in order for development partners to participate effectively, strategies and policies offer important guidelines to what needs to be done. In a way, this can be circular and can delay the coming on board of technical assistance. UNDP has been an important partner for many LDCs in the development of capacities leading to normal development. Section 3 showed the development partners that have been active in Liberia and Sierra Leone and the activities that they have been responsible for. Indeed the development of trade and development policies cannot be completed without the participation of development partners – international and bilateral.

Currently, the international strategies that are in operation which seek to help LDCs break the cycle of underdevelopment or lack of development are the Enhanced Integrated Framework, Aid for Trade. Through EIF, a number of international organisations in United Nations system are giving support to LDCs on trade and development matters. The WTO is active in providing support to LDCs too. A 1997 High-Level Meeting on "Integrated Initiatives for Least Developed Countries´ Trade Development" which was convened by the World Trade Organization (WTO) started the process towards the establishment of the "Integrated Framework for Trade-related Technical Assistance to Least Developed Countries" (IF). The IF has been receiving support from six multilateral organisations, namely the International Monetary Fund, the International Trade Centre, UNCTAD, the United Nations Development Programme, the World Bank, and the WTO. It has two major objectives, namely:

i. to facilitate the coordinated delivery of trade-related technical assistance to LDCs in the light of the identified needs of these countries; and
ii. through this technical assistance, to mainstream trade into the national development plans, and in relevant cases, into the Poverty Reduction Strategy Papers of recipient countries. This essentially implies action to strengthen supply capacities and enable LDCs to make the best possible use of the multilateral trading framework.

The basic principles of the IF are country ownership and partnership. It is financed through a two-window Trust Fund: Window I finances the Diagnostic Trade Integration Studies (DTISs), and Window II, created in May 2003, provides a special facility to finance high priority projects. An assessment of the IF considers it to have experienced a problem of poor implementation at the country level. A June 2006 report by the IF Task Force found significant shortcomings including lack of finance and human resources, low levels of implementation, disjointed governance structures, inadequate donor responses, and very weak country ownership (IATP, 2006). In general, the conclusion is that the IF had very limited success. The identified shortcomings sound like some of the trade and development challenges identified in Liberia and Sierra Leone. This view helps to highlight that the post-conflict reconstruction and the quest for development and expanding trade have faced common and known problems that have been experienced by other LDCs where there is peace. In particular lack of finance and human resources, low levels of implementation, disjointed governance structures have been identified among major challenges in the two case countries.

Liberia and Sierra Leone developed Poverty Reduction Strategies. In this regard, the IF delivered on one of its major objectives. However, they have not developed comprehensive national trade policies although aspects of trade policies are found in the sectoral development policies. It is difficult to have trade development articulated in sectoral and other development strategies in the absence of national coordination by the ministry or authority in charge of trade policy. How would such trade policies that appear to have been integrated or mainstreamed in national development strategies be handled when the trade ministry does not have a national trade policy? The EIF supports LDCs to tackle supply-side constraints to trade so that they can be integrated into the global trading system. The thrust of the EIF's work is to support LDCs to mainstream trade into national development strategies, establish structures that are required in the coordination of technical assistance in the area of trade and trade capacity building. It can be a basis for bringing trade policy development support to both Liberia and Sierra Leone.

Another international strategy for trade and development in LDCs is the Aid for Trade (AfT). This trade assistance mechanism has its origins in the multilateral trade negotiations which concluded the Uruguay Round, and the establishment of the World Trade Organisation in 1995. The 1994 Marrakesh Declaration acknowledged the need to provide trade-related technical assistance to LDCs to help them with their implementation difficulties and associated adjustment costs. Moreover, a large number of specific agreements (including SPS, TBT, Customs Valuation, Pre-shipment Inspection, GATS, TRIPs and DSU) contain specific references to best endeavours to provide support to developing country members, and in particular LDCs, for their implementation.

More specifically, Aid for Trade can be traced to the Sixth WTO Ministerial Conference in Hong Kong in 2005. It was established to deal with LDCs' and other low-income countries' concerns in regard to perceived lack of capacity to capture the gains from emerging market access opportunities and other WTO agreements. Putting in place a regulatory environment to attract and protect productive investment, supported by the necessary institutions, is a necessary, but not sufficient, condition for development. It was argued that to realize the full benefits of global trade opportunities, least developed countries (LDCs) had to incur production costs, marketing costs and policy costs, costs which are automatic and must usually be incurred up front. In LDCs, these are usually beyond the reach of entrepreneurs and governments and, as a result, they inhibit participation in global trade. The WTO AfT Task Force which concluded its work mid-2006 concluded that additional, predictable, sustainable and effective financing was fundamental and critical for fulfilling the Aid for Trade mandate. Aid for Trade was to be guided by the Paris Declaration on Aid Effectiveness and its definition in broad terms recommended that all projects and programmes be considered as qualifying under Aid for Trade if they are identified as trade-related development priorities in the recipient country's national development strategies. Five different categories of Aid for Trade, trade policy regulation; trade development; building productive capacity; trade-related infra-structure and trade-related adjustment were identified. Trade policy regulation and trade development had already been existing categories. The Task Force, therefore, addressed both the need for additional resources and the need for a more effective delivery system. For this reason, AfT is viewed as bringing additional resources.

The objective of Aid for Trade is to "help developing countries, particularly least-developed countries, develop the trade-related skills and infrastructure that is needed to implement and benefit from WTO agreements and to expand their trade". This initiative requires close cooperation between trade, finance and development officials of WTO member governments as well as close cooperation at the international and regional level among intergovernmental organisations which carry responsibilities in these areas. A few LDCs have drawn support from the Aid for Trade funds. However, Liberia and Sierra Leone, LDCs emerging from conflict have not accessed resources under this facility although they have received aid flows to trade policies and regulations and some other trade-related sectors.

5.0 PRIORITY AREAS FOR POLICY ACTION

As the countries have moved from the immediate post conflict environment, priority must now be given to systematic implementation of normal development strategies. Creating and maintaining conditions for achieving economic growth remains a priority in both Liberia and Sierra Leone. However, the real major priority in both Liberia and Sierra Leone is the completion of their medium-term strategies for trade-related interventions. These are required to guide and coordinate interventions in areas that are critical for trade development such as infrastructure development and provision of power. Such strategies can also be used to guide participation of and engagement with development partners.

Key trade and development constraints remain in infrastructure, human and institutional capacities. Road infrastructure linking the rural areas to cities, ports and electricity are important requirements for trade development and economic growth. The nature of these critical requirements is that they are large and they involve large capital outlays which Liberia and Sierra Leone like most LDCs, cannot afford without giving up other key programmes. While these requirements and challenges appear similar to those of other LDCs, Liberia and Sierra Leone have had a disturbed development that damaged even what they had before the conflict. A new approach to the delivery of large investment programmes in LDCs is therefore required. So far the two countries have PPP policies outlining how government and the private sector will cooperate. It may be time to investigate the involvement of development partners as a third party in the equation for large infrastructure investments. This will bring resources within a framework that clearly articulates development strategies. The effects of borrowing by small economies created a problem of high indebtedness which proved unsustainable. This route should now be avoided. Consideration must be given to private or loan funds that are twinned with technical assistance that supports training and mentoring in organisation and institutions charged with managing these programmes. Increased accountability and performance measurement to ensure that adequate progress is achieved will be a necessary component in these areas.

Another area critical to successful development policy design and implementation in LDCs emerging from conflict is human resource development in order to capacity build humans and institutions. Various forms of training are required to strengthen the effectiveness of policy design, implementation and monitoring in the public sector. There is a huge skills gap in governments which is made worse by the officers' lack of private sector experience and lack of appreciation of business. This constrains the design of policies that are supportive of business in the private sector. Other LDCs may be experiencing challenges in these areas but they have focused on the issue for long and without interruption. They are ahead in the development of their human resource capacities.

Policy space is being limited by LDCs' participation in regional integration arrangements, in bilateral trade agreements and also determined by multilateral negotiations in the WTO. However, there are currently exemptions that they enjoy and it is time for them to take advantage of these exemptions and intervene in some critical sectors for the sake of development.

Models for skills development can combine training at institutions in-country, in emerging economies in the south and elements of on the job training by attaching trainees to provide exposure to successful and functioning systems. In-country assistance that provides institutions, equipment and skills to carry out the training would be ideal. There is also scope for using technology in human resources development which can increase the reach by offering online courses which reduce costs and increase the numbers trained.

The constraints would remain on financing such initiatives but ways of pooling resources on a regional basis as part of the development assistance must be investigated. In business, business linkage models for training can be more effective and should be pursued while in agriculture, the scope for contract farming as a method of training farmers must be tested in each country to determine modifications that would make this work or to determine other variations of the training. The aim should be to increase productivity and improve competitiveness of labour intensive production.

There are other areas which may have to be looked at more for their development impact. The provision of safe water may not necessarily lead to growth although it could reduce the incidence of disease and cut down on health costs, and improve the chances of business development for some sectors such as tourism where running water is a pre-requisite.

Quality of products and competitiveness issues are important for trade development. In this regard, suggestions for a value chain approach offer opportunities for targeting particular value chain activities at a time. However, in order to deal with these, there should be national quality and standards policy committing post conflict countries to improving quality of their production. Indeed such policies are part of a raft of trade-related policies that are required to raise export performance.

In addition to focusing on quality and standards, there must be deliberate efforts to promote and intensify commodity trade with regional partners or countries in the south to allow for space to develop capability for quantity as well as quality improvements. Sometimes, it is easy to get the sense that LDCs are being hurried into meeting standards of the developed countries before they even think about quality issues even for their populations.

These priorities can be handled by different parties. For example, infrastructure and other large investment projects can be developed on a shared basis within regional integration and with development assistance. Development partners providing assistance to sectoral projects are better placed to assist implementation in neighbouring countries and can therefore be synchronised or aligned. There should be provision for some of these to be tackled by private capital such as the port concession in Sierra Leone. Ports and railways are large trade related projects which have a bearing on trade policy and trade development. Infrastructure development can also be shared and coordinated at a regional level. By their nature, they link countries, a critical regional integration objective to remove barriers and thus provide scope for shared development in the sector.

The quality and standards development can be instrumental in integrating economies in a regional integration arrangement. It is imperative therefore that approaches to quality and standards development policies be shared as a way of strengthening a region’s push for acceptance of their products. Initially this provides for acceptance of products within a regional market context. Taking the example of Liberia and Sierra Leone, these areas should be tackled under the regional integration ECOWAS. There is an advantage of mobilising development partners for the benefit of a region.

Human resources and skills development is best championed by the national authorities. They can, with active participation of the private sector and other stakeholders, define what skills are required for national development. This definition is necessary to guide investors since education and skills training are tending to be popular private sector investment destination. Liberia and Sierra Leone have facilities for human resource development at university level but their level of development requires lower level practical skills to improve productivity say in agriculture, mining, tourism and fishery sectors. However, in designing policies for skills development, it is essential to forecast development trends in order to determine appropriate numbers of skilled people to drive and sustain development. Education and skills training have a medium to long term development spectrum before results can be realised. During the development phase, other methods and approaches to developing or securing requisite skills must be used. Here south-south cooperation would be useful. In fact the emerging economies have much to share with post conflict societies in terms of the methods that they used up to where they are. Such cooperation can indeed be the basis of new forms of development assistance by an upper layer of developing countries now in a position to assist LDCs in their search for development.

Emerging economies such as Brazil, China, India, Kuwait, and Turkey, among others are providing support (to African economies) that places an emphasis on promoting trade and investment and the development of infrastructure. This approach is aims to generate benefits for both contributor and the recipient countries. The support from emerging economies fills financing gaps in priority sectors: Trade and investment boost growth as well as domestic savings which lead to a reduction of dependence on flows. Infrastructure in Africa is one of the major productive constraints to trade and development. According to UNCTAD (2010) emerging economies provide support in the form of concessional loans through projects which are used to stimulate trade and investment. These countries are in a position where they clearly understand the development needs and the constraints and challenges to development in LDCs. This group tends to operate as individuals using more bilateral relations of trade that are motivated by their understanding of the African economies. It may now be time for them to pool their resources and create a development support platform for channelling their assistance to support LDCs. Such an approach should avail additional resources for the LDC group and increase scope for providing support without taking anything away from their current bilateral assistance.

6.0 CONCLUSIONSAND LESSONS LEARNED

The LDCs that have provided case material experienced serious disruption of their economies through extended conflicts. They have been on recovery paths that required capacity to design and implement policies. The growth performance of Liberia and Sierra Leone has appeared to be strong because of low base thresholds. This however demonstrates scope for recovery if all the right inputs are available. There are huge constraints that post-conflict countries must address on their way to full recovery and focusing on normal development. The economies of many LDCs are agriculture or resource based. Their development requires infrastructure and investment in sectoral policies. While the primary commodity production and trade can be the basis for economic recovery in LDCs, it is doubtful that they can be the basis on which LDCs achieve development. However, trade is a key function to creating viable jobs but focus on production will be an important base for development of LDCs.

Conflict seriously disrupts life and economic activity and breaks institutions. Countries emerging from crisis face immense challenges and require huge resource commitments to rebuild their economies. Major areas where challenges and constraints are felt include human capacities, infrastructure and services. Guidance for the process of rebuilding and developing the emerging economy will be given by well thought out and judiciously implemented policies for development.

Liberia and Sierra Leone made some progress over the 10 year period to 2010 but have also been slow in certain areas critical for the completion of reconstruction. Policies to guide specific sector development were developed and implemented. Commendable achievements include steps taken by Liberia to strengthen financial management through the preparation of legislation designed to formally merge the Bureau of the Budget with the Ministry of Finance, as well as legislation to limit the discretion of the Government to change budget allocations between ministries and agencies without approval of the Legislature to a cumulative total of 30 percent. The latter was recently adopted by the legislature after reducing the threshold to twenty percent.

Good policies are important and countries must seek to improve the policy environment. This is evidently required in areas dealing with private sector development. The two countries sought to improve their rankings in the “Doing Business Surveys” conducted on an annual basis by the World Bank through a range of policy and legal reforms. Such changes improve the business environment and encourage private sector development and investment. The strategy recognises the role of increased investment in growth and employment. Barriers that have a negative impact on the development of business must be removed. Development of Sierra Leone’s mining and telecommunications sector "where five mobile communications companies cover 80 % of the country" demonstrate the growing role of the private sector and the impact of good policies. This is very high even by other countries standard in the region. This should be sustained and further policies may be needed to enhance the role of the private sector. The experience of Sierra Leone could offer evidence where "good polices matter" even in countries emerging from conflict situations.

You may wish to include this as best practice that need to be sustained and supported by government policies. PPP should be enhanced and a forum for dialogue between the private sector and government in the two countries.

Increased trade in the liberalising environment is an important avenue for building and rebuilding economies ravished by conflict. Trade opportunities abound in bilateral and regional environments. The exploitation of these opportunities requires carefully constructed policies and strategies. On-going efforts to improve standards in both Liberia and Sierra Leone are encouraging as this assists the countries concerned in taking advantage of trading opportunities. Tanzania and Uganda faced fish export bans worked to establish modern processing facilities with the help of development partners. This experience provides important lessons and best practices that Liberia and Sierra Leone could draw and implement.

The lack of comprehensive trade policy is of serious concern that needs to be addressed. Uncoordinated trade or in the absence of a framework can be a major drawback. In addition, the lack of a commodity based strategy in the two countries despite the fact that agriculture and mining constitute a lion's share of GDP and exports (Sierra Leone 70 % and diamond accounts for over 94 percent of export in Liberia).

Current negotiations for an EPA at a regional level may have unintended impact on the two countries trade and development interests. Any regional and bilateral agreements should be crafted in such a way that they maximize developmental gains with minimum or no cost. You may wish to recommend policies and actions required to make regional agreements such as EPA development friendly.

Finance even through provision of credit is an important instrument for reconstruction. Yet, there is an inherent problem of inadequate finance and reluctance by commercial banks to lend to those in the various small business activities in agriculture, fishing, mining and forestry as well as other areas. Cooperatives, an important financing and mobilisation approach that existed before the war, collapsed and have not been resuscitated in both countries. However, some savings clubs and credit unions survived the conflict period. They offer a model for mobilising scarce resources and improving lending and repayment practices for small businesses. Micro, small and medium enterprises have a good record of servicing loans which can be used as a basis for developing this sector.

Women have demonstrated their capacity to take leading roles in resolving national problems yet this capacity was previously not recognised and gender inequality did not raise any issues. The post-conflict period provides opportunities to review and correct gender inequalities. The changes in both countries show significant progress in accepting and entrenching the participation of women and a push for equality and elimination of gender-based violence. The legislation in Sierra Leone should be commended. Participation of women must be secured. However, awareness about these developments needs to be increased through public and the education curriculum to inculcate values and practices of equality.

Best practices that other countries can adopt

The role of the private sector is growing in Sierra Leone, especially in the mining and telecommunications sector "where five mobile communications companies cover 80 % of the country". This is very high even by other countries standard in the region. This should be sustained and further policies may be needed to enhance the role of the private sector. The experience of Sierra Leone could offer evidence where "good polices matter" even in countries emerging from conflict situations. You may wish to include this as best practice that need to be sustained and supported by government policies. PPP should be enhanced and a forum for dialogue between the private sector and government in the two countries.

The development of institutions to promote investment and export is an important step in the growth of investment and production leading to trade. In this regard, similar efforts should be expended by governments to build institutions such as the Sierra Leone Investment and Export Promotion Agency (SELPA). The support of UNCTAD, IFC and DFID and the results achieved in attracting potential investors is worth highlighting as best practice.

In Liberia, in order to further strengthen financial management, the Government prepared legislation to formally merge the Bureau of the Budget with the Ministry of Finance, as well as legislation to limit the discretion of the Government to change budget allocations between ministries and agencies without approval of the Legislature to a cumulative total of 30 percent. The latter was recently adopted by the legislature after reducing the threshold to twenty percent.

7.0 RECOMMENDATIONS FOR POLICY ACTIONS

a. Countries emerging from conflict face many challenges and require support in re-establishing their economies to ensure a return to normal functioning systems. The greatest constraints in this exercise are financial, human, and institutional capacities. LDCs emerging from conflict must be assisted with resources that help resolve the constraints to return to normal systems. Identification and prioritisation of the needs must be done by national governments with external assistance in developing capacity development strategies. The growth of post-conflict economies is essential since it provides jobs, food security and incomes. Mechanisms for the delivery of assistance for the countries emerging from conflict must be devised to provide timely support for speedy economic recovery.

b. The bulk of donor support to post-conflict economies comes in the form of project and programme aid targeted to deal with specific intervention activities. Since in most cases systems have broken down, there are limitations to the extent to which the country receiving assistance can effectively utilise such assistance. It is important that in the post-conflict reconstruction, specific interventions be targeted at re-establishing and restoration of systems that then help speed up the achievement of economic growth.

c. Design of policies for trade and development must target the human resource needs of the development initiative which takes on a medium term perspective and enables the drawing of strategies that can be evaluated and adjusted overtime. Capacity needs and priorities must be phased taking account of short term or immediate requirements and those of the medium term.

d. Infrastructure and other trade-related facilities help to increase the growth of the economy. However, it requires huge resources that are not available in LDCs let alone in LDCs emerging out of conflict. The international community as part of their assistance to the LDCs must put in place an infrastructure development facility that can be quickly disbursed to address infrastructure needs of LDCs whose systems have been damaged during conflict. It would be more useful if the development of infrastructure can be linked to the development of productive capacity in productive sectors such as agriculture.

e. Development assistance under existing programmes appears still to be difficult for LDCs to access. The principle of additional, predictable, sustainable and effective financing identified as fundamental to the Aid for Trade mandate has not been adequately fulfilled. While it might prove to be cumbersome, introducing new packages and programmes, it might now be time to involve the emerging countries of the south to take increasing responsibility in designing and delivering development assistance to LDCs. International aid based on South-South development cooperation as a complement to the existing North-South development cooperation may increase desired development outcomes among LDCs.

f. National governments in LDCs need to give attention to the development of trade policies which should have "a commodity strategy", and including diversification. The United Nations organizations such as UNCTAD and other international organizations including WTO must provide increased support to the two countries in this area.

g. Liberia and Sierra Leone produce diamonds which they can process and cut as part of value addition to enhance their export earnings. They can learn from the Botswana and Namibia models and adapt them to the local conditions.

h. The international community must consider providing support to fisheries development in Liberia and Sierra Leone in order to increase fish exports like they assisted Tanzania and Uganda when their fish exports faced bans in the EU market. The upgrade fish processing facilities led to increased fish exports as non traditional exports which assisted in the diversification of exports. The development of fish would increase employment, and earnings hence improve the incomes of people in the process alleviating poverty.

i. Donors must assist by supporting the education of girls in post-conflict reconstruction as a major act to empower and raise awareness as well as reduce the disadvantages that women face especially in patriarchal societies. Equality cannot be immersed without creating conditions for its establishment and institutionalisation. It later stages in development, equal treatment of men and women can be practiced.

j. Donors must assist support chambers of commerce in the two countries to build capacity in the private sector and deal with organizational challenges so that they can contribute to government trade policies. The private sector organizations should develop and grow their membership and internal resources such as fees on some business permit to hire an experienced manager to run the chamber of commerce and prepare business inputs to trade policy formulation as is the case in many other LDCs.

k. Post-conflict governments and donors must develop policies, strategies and actions demonstrating fairness and transparency in government spending, appointments and resource allocation so that countries are not led back into conflict. Balance is required and must be upheld in the actions of post-conflict governments and donor interventions. The example provided by Rwanda where each policy and project document was required to state briefly but clearly how at its end it contributed to preventing genocide, is an important lesson.

l. Women in Liberia played an important role in peace negotiations. They can place other roles. Yet conditions for women still need raised beyond legislation. There is a need to ensure the empowerment of women so that they are able to play positive roles as happened in Liberia, in other areas of economic and social reconstruction. This can be improved by providing and ensuring that girls receive education and that participation is protected by law. In addition, the provision of adequate funds and participation of women in post-conflict programmes and projects would improve performance.

m. The lack of affordable financial resources to support enterprises that create employment and occupy people, thus ensuring they can fend for their families are a key challenge that call for intervention by all parties. Donors and civil society can assist by mobilising resources for to support small enterprise development. The government can develop policies that allow for the establishment of microfinance institutions and entrepreneurship development programmes. The private sector understands business better than government and must take a lead in creating and improving conditions for doing business. The government must develop policy and laws that create conducive conditions for banks to engage in banking business that supports business development.

n. Credit Unions and Susu groups survived the war in Liberia. There are successful models to extend credit with assured recovery of the loan funds. Banks and other lending institutions must explore various lending methods including studying group credit. They can also check alternative of lending to loan distributors who may be institutions or individuals who with adequate skills and understand the social environment conditions. Cooperatives can play an important role in peace-building, unifying people and encouraging production and growth of trade. Governments and donors should actively promote the building of institutions that add value in post-conflict situations.

o. The responsibilities for mobilising resources to support LDCs fall on all concerned from domestic institutions and organisations, civil society and the private sector, donors including emerging economies, international organizations. There is a need for additional resources to give the development of LDCs' capacity in all areas that support production, and trade growth that leads to poverty reduction.

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