



The Nelson A. Rockefeller Center at Dartmouth College

*The Center for Public Policy and the Social Sciences*

# LIBERIA 2040: A DEVELOPMENT ROADMAP

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*Task Force Report*

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## TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY</b>	<b>1</b>
METHODS	1
HISTORY	2
ECONOMY	3
GOVERNANCE	3
INFRASTRUCTURE	4
EDUCATION	4
HEALTH	5
CONCLUSION	6
<b>INTRODUCTION</b>	<b>7</b>
<b>DEVELOPMENT ROADMAP</b>	<b>8</b>
<b>THEME 1: BOLSTER HUMAN CAPITAL CAPACITY</b>	8
<b>THEME 2: DEVELOP ROAD NETWORK</b>	9
<b>THEME 3: INCREASE ACCESS TO ELECTRICITY</b>	9
<b>THEME 4: EXPAND DOMESTIC PRODUCTION</b>	10
<b>THEME 5: REDUCE CORRUPTION AND REFORM GOVERNMENT PRACTICES</b>	11
<b>HISTORY</b>	<b>11</b>
LIBERIA’S FOUNDING STORY	11
A SEPARATIST STATE	12
THE CIVIL WAR	14
AID	16
CONSTITUTIONAL REFORM	18
<b>WHY SHOULD DEVELOPED NATIONS CARE?</b>	<b>19</b>
<b>ECONOMY</b>	<b>20</b>
INTERNATIONAL TRADE	20
INDUSTRIAL COMPOSITION	21
Natural Resources	21
Agriculture	23
Manufacturing	25
Fishing	26
Banking and Private Sector Financing	28
REGIONAL OPPORTUNITIES	30
TAX REVENUE CLIMATE	31
Current Tax Structure	31
International Benchmarking	32
Import Tariffs	33
Corporate Income Taxes	34
Personal Income Tax Base	35
<b>GOVERNANCE</b>	<b>37</b>
INTRODUCTION	37
IMPLEMENT THE NATIONAL BIOMETRIC IDENTIFICATION SYSTEM	37
CUT RED TAPE	38
SIMPLIFY VISA ISSUANCE	40
ELIMINATE CORRUPTION AT ALL LEVELS OF SOCIETY	41
REFORM CONCESSION NEGOTIATION	44
LAND REFORM	45
<b>INFRASTRUCTURE</b>	<b>47</b>

PORTS AND SHIPPING	47
ROADS	48
Challenges Posed by High Rainfall	49
Ongoing Initiatives	50
ELECTRICITY	52
TELECOMMUNICATIONS	55
<b>EDUCATION</b>	<b>57</b>
OVERVIEW	57
FUNDING	60
PUBLIC PRIMARY AND SECONDARY EDUCATION	61
EARLY CHILDHOOD EDUCATION	62
PUBLIC SCHOOL TEACHERS	63
PUBLIC-PRIVATE PARTNERSHIP SCHOOLS	65
BARRIERS TO INCLUSIVE EDUCATION	66
Costs	66
Geography	67
Gender	69
POST-SECONDARY EDUCATION IN LIBERIA	70
Liberian Colleges and Universities	70
VOCATIONAL OPPORTUNITIES	72
<b>HEALTH</b>	<b>74</b>
<b>CONCLUSION</b>	<b>80</b>

## EXECUTIVE SUMMARY

Liberia has long since been a country in crisis, forever playing catch up from its last disaster. Now, the country has a unique opportunity — the civil war has ended, the nation is Ebola free, and the international community is willing to provide support. The Liberian government must leverage this moment of relative stability and set the nation on a path toward success. The following memo will outline our recommendations to start this long journey.



*The team with United States Ambassador Christine Elder*

### *Methods*

This report is the product of over 12 weeks of rigorous research, including two weeks in Liberia. The team consulted development economics, health and policy literature, as well as newspapers and personal memoirs. In country, we met with public and private sector leaders including the World Bank, United States Embassy, Liberian Revenue Authority, small business owners, and local professors. This paper was also influenced by our more informal interactions with Liberians. Whether it was morning election updates with our drivers, heated political discussions on the flight into Monrovia or soccer games with vacationing aid workers, all of these exchanges helped us build a well-rounded understanding of the nation.

Our report aims to take these varying and nuanced perspectives of Liberia and provide economic and political recommendations to the incoming government. Each of the recommendations falls under five main themes: bolster human capital capacity, develop a road network, increase access to electricity, expand domestic production, and reduce

corruption and reform government practices. The following provides a brief overview of our report.



*The team interviewing Mrs. Elfrieda Steward Tamba, the Commissioner General of Liberia Revenue Authority*

### *History*

In 1816, the American Colonization Society (ACS) was created by a group of white Quakers.<sup>1</sup> The society funded an expedition to Africa in hopes of relocating freed slaves. After months of pleading and negotiating, the American expatriates purchased a small strip of land in modern day Liberia. The tensions between the natives and new settlers ran high and created an intense class divide. This schism would only grow over the years leading to the 1980 coup d'état and eventual civil war. The war went on for 14 years and caused the GDP to fall over 90 percent.<sup>2</sup> Over 250,000 Liberians died and the country was left with little to no infrastructure.<sup>3</sup>

In 2006, Ellen Johnson Sirleaf became President and began leading the country on a path of recovery and growth. The 2014 Ebola outbreak halted much of that development.

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<sup>1</sup>Cooper, Helene. *The House at Sugar Beach: In Search of a Lost African Childhood*. New York: Simon & Schuster, 2008. Print.

<sup>2</sup>Radelet, Steve. "Reviving Economic Growth in Liberia." *Center for Global Development*, Nov. 2007.

<sup>3</sup>"Liberia country profile." *BBC News*, BBC, 31 Dec. 2017, [www.bbc.com/news/world-africa-13729504](http://www.bbc.com/news/world-africa-13729504).

Liberia was the hardest hit country, with over 8,000 cases and 3,000 deaths.<sup>4</sup> Some health workers reported that Ebola caused worse destruction than the civil war.<sup>5</sup>

### *Economy*

Though Liberia is resource rich, the nation has yet to develop a robust set of export goods. In 2015, the country imported \$5 billion more than it exported. Additionally, almost 75 percent of the labor force works in the informal sector.<sup>6</sup> Our economic recommendations focus on bringing these citizens into the formal sector to supply products for export. Changes should be made to the natural resource, agricultural, manufacturing, and fishing sectors to achieve these goals.

Liberia's developmental success relies on government investment. Therefore, a robust tax revenue scheme is required. Creating a more formal economy will lead to more opportunities for corporate and income tax. We recommend encouraging the formalization of the economy by reducing barriers to entry and offering assistance to fledgling businesses.

### *Governance*

Post-civil war, Liberia has created a resilient and enduring democracy under President Sirleaf. Our recommendations for reforming this government can be divided into two main sections — first, supporting economic development and second, simplifying the delivery and legitimacy of government services. As discussed above, the government must further assist in the formalization of the economy. Additionally, they should remove the repeated reappraisal on imports to increase the ease of doing business. To incentivize further foreign investment and tourism, the government should streamline the visa process. Finally, the government should create new land reform policies. Currently the majority of land does not have clear titles, so it is difficult to leverage land assets and create large-scale agricultural enterprises. Some of Liberia's land is tied up in long-term concession agreements. The nation should include local communities in future concession contracts. Moreover, the government must enforce and uphold current agreements.

We recommend implementing a national identification system to streamline the delivery of government services. The government should also continue building and supporting local community centers. Access in Liberia should not depend on a citizen's proximity to Monrovia. Finally, the next administration should take a strong stand against corruption in all levels of government. Our suggestions include public prosecutions of corrupt

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<sup>4</sup> Cetron, Martin. Conversation: "Global Public Health Threats in the 21st Century". October 31, 2017.

<sup>5</sup> National Public Health Institute Director-General Tolbert Nyenswah put it, "the Ebola crisis hit [Liberia] as hard as the civil war; in six months, the fabric of society crumbled."

<sup>6</sup> GlobalSecurity.org, Federation of American Scientists, 2014. <https://www.globalsecurity.org/military/world/liberia/economy.htm>.

officials, clear penalties for corrupt activities, a website to track bribes, fewer presidential appointments and random audits.

### *Infrastructure*

Everyone we talked to, from market woman to United States Ambassador, underscored the importance of developing infrastructure in Liberia. Less than half of the nation lives within five kilometers of an all seasons road.<sup>7</sup> Especially in more rural inland areas, citizens have trouble transporting goods for trade to larger cities. Additionally, the government and other non-profit organizations cannot always get to these places to deliver services and aid. Building better roads would help connect the country and begin to open up new economic opportunities.

Similar to roads, electricity is vital to the future economic development of Liberia. The Liberian Electricity Corporation (LEC) is owned and operated by the government. Recently, with the help of significant donations and loans from the United States and the World Bank, the main hydroelectric plant, Mount Coffee, was rehabilitated. Though this helped increase the plant's capacity, the country is still not able to fully harness and utilize the electricity generated. We recommend public-private partnerships to continue to improve and adapt Mount Coffee and the distribution network.

### *Education*

Liberia's future greatly depends on its ability to educate both its high proportion of young people, as well as those that received an incomplete education due to civil war or Ebola.<sup>8</sup> The Ministry of Education has had significant trouble funding the mandatory primary and secondary education system in recent years. Almost half of the annual budget comes from donations and over 85 percent of the budget is spent on salaries.<sup>9</sup> To create more sustainable financial practices, the government must reform the payroll system. At a school the team visited, less than half the teachers had been added to payroll, so they were not receiving pay. Moreover, the teachers on payroll often would have to skip class to go pick up and cash their checks. Reforming this system is key to retaining and attracting great teachers to educate future generations of Liberians.



*A bumpy dirt road leading to Robertsport.*

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<sup>7</sup> "Liberia Core Welfare Indicators Questionnaire Survey 2010". International Household Survey Network, 2014. <http://catalog.ihns.org/index.php/catalog/4916/study-description>

<sup>8</sup> Meeting with Ministry of Education, 5 Dec. 2017.

<sup>9</sup> "Liberian Education Sector Analysis". Liberian Ministry of Education, Nov. 2016.



*The team visiting an elementary school in Robertsport*

Additional attention should also be paid to primary and secondary school attendance and retention. We recommend creating a food lunch program incentivizing children to go to school and to stay enrolled.

In Liberia, less than 10 percent of adults have post-secondary degrees. This makes it difficult to fill jobs requiring skilled laborers. To further develop the economy, the Liberian government must incentivize citizens to obtain degrees relevant to future employment needs. The post-secondary scholarship system is often perceived as corrupt and unfair. We recommend that the government create clearer guidelines for scholarships and base the assessment process on merit.

### *Health*

The 2014 Ebola outbreak put incredible strain on the Liberian healthcare system. During the crisis, it became clear that the nation did not have adequate personnel or medical equipment to contain the epidemic. Aid organizations stepped in and by January 2016 West Africa was considered Ebola free. Post outbreak, Liberia is



*Poster from a clinic in Robertsport*



working on recruiting and training medical personnel and investing in better medical equipment and facilities. We suggest that the nation continue increasing the capacity of Liberian medical training programs, so individuals do not have to rely on foreign schools.

These improvements are especially needed in rural parts of the country where access to healthcare is limited. Twenty-nine percent of Liberians live more than five kilometers from a healthcare facility.<sup>10</sup> To address this problem, community health services were created in 2011. We recommend that these clinic programs be expanded to more locations and begin providing a more robust set of services.

### *Conclusion*

Liberia will have a long and complicated path to development. The following memo will further explain ways the nation can continue on this path to success. This journey will be an uphill battle, but with generous support from the international community, great changes can be made. Liberia is ready for a brighter tomorrow.



*Students walking in a parade in Robertsport*

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<sup>10</sup> Last Mile Health. Meeting with Last Mile Health, 5 Dec. 2017.

## INTRODUCTION

In 2003, Liberia emerged from 14 years of civil war with scars that could not be easily remedied. It had become the fourth poorest country in the world,<sup>11</sup> its infrastructure network had largely been destroyed, over half of its population was illiterate,<sup>12</sup> and its people were strained by the psychological toll of violence. Despite the brutal human destruction that this small nation faced, Liberia has clung to a sense of resilience and has since embarked on a path toward recovery.



With the 2005 election of Sirleaf, Africa's first female president, the tides seemed to be turning for this war-torn state. The Liberian people were tired of war, excited by the prospect of development, and willing to accept democratic leadership to place the nation on a better path. But Liberia's recovery was short-lived, as the country faced dual crises of Ebola and the global commodity bubble.

Moving forward, Liberia will need a robust set of development policies to pull itself out of the post-conflict rut. The Liberian people have made it clear that peace is non-negotiable and that economic growth is crucial. It is now up to the Liberian government and the international community to determine how and when this development can be achieved.

This report aims to provide future governments with a roadmap for how the nation can utilize its limited resources to achieve sustainable growth through 2040. Our recommendations stem from 10 weeks of thorough in-class study of the political, economic, historical, and cultural factors that guided Liberia to its current position, in addition to 11 days of in-country travel to Monrovia, Robertsport, and Marshall. In-country meetings with a broad set of political leaders, development workers, NGO employees, businessmen, and locals have informed our understanding of Liberia's cultural context and have formed the basis for our recommendations.

While it is undeniable that Liberia faces many challenges, the nation is experiencing "poverty in the midst of plenty."<sup>13</sup> This small, West African country may be poor at present, but it is rich in resources, climate, culture, and untapped human potential. With diligent application of appropriate policies, Liberia can place itself on a sustainable path to inclusive economic growth.

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<sup>11</sup> Gregson, Jonathan. "189 Poorest Countries in the World." *Global Finance Magazine*, 13 Feb. 2017.

<https://www.gfmag.com/global-data/economic-data/the-poorest-countries-in-the-world?page=12>

<sup>12</sup> "Liberia." *UNESCO Institute for Statistics*, 2007. <http://uis.unesco.org/en/country/lr?theme=education-and-literacy>

<sup>13</sup> Johnson, Mahmud. Conversation at J Palm Liberia, December 5, 2017. Monrovia, Liberia.

## **DEVELOPMENT ROADMAP**

Five overarching themes encompass the categorical recommendations made in this memo. The roadmap to economic development for Liberia includes (1) bolstering human capital capacity, (2) developing and strengthening the road network, (3) expanding access to electricity, (4) expanding domestic production, (5) reducing corruption and reforming government practices. Within the categories of governance, economy, infrastructure, health, and education, specific policy recommendations exist across these five themes prioritized as short-, medium-, and long-term.

### **Theme 1: Bolster human capital capacity**

#### *Short-term*

- Economy
  - Reduce barriers to formalizing a business through education and assistance initiatives
- Governance
  - Provide visas upon arrival for a simple cash fee at customs
  - Modify entry duration and fees to regionally competitive levels
- Education
  - Improve access to education in rural communities
- Health
  - Increase community health education and engagement efforts
  - Increase international cooperation and coordination in disease prevention and research
  - Invest in medical equipment and facilities

#### *Medium-term*

- Education
  - Continue to prioritize school enrollment, regular attendance, and multi-year student retention to facilitate completion of both primary and secondary education
  - Improve the quality and outcome of early childhood education by establishing clear and standardized metrics
  - Implement alternative certification processes for aspiring teachers
  - Reevaluate long-term costs of PSL schools and utilize public-private partnerships to strengthen and reform the traditional school system
  - Increase enrollment rates by ensuring that children from rural and urban areas receive free education without unexpected fees
  - Develop a national qualification standard and training that all rural and urban teachers must attend before being added to payroll
  - Create vocational programs that match future and present economic needs
- Health
  - Increase number of qualified personnel in the health field

#### *Long-term*

- Governance
  - Track citizen information through County Service Centers
- Education
  - Create programs that increase community awareness of compulsory education benefits by changing parent perceptions
  - Create more remedial and accelerated learning programs that embrace the distinct pedagogical approaches required for children and adolescents; provide additional training to Advanced Learning Programs (ALP) facilitators
  - Develop community initiatives that empower girls to pursue education
  - Provide fairer and more explicit scholarship programs
  - Increase scholarship post-graduation requirements
  - Incentivize people to complete vocational training

## **Theme 2: Develop road network**

### *Short-term*

- Infrastructure
  - Rank and complete road construction projects based on feasibility, expected economic benefit, and rural community integration, with particular emphasis on the Monrovia-Ganta-Buchanan road network
  - Support telecom sector when improving road network

### *Medium-term*

- Economy
  - Increase farm-to-market access
- Infrastructure
  - Improve infrastructure connecting rural businesses to ports
  - Explore cheaper and more efficient road construction options
  - Coordinate donor projects when possible to avoid piecemeal completion of road projects

## **Theme 3: Increase access to electricity**

### *Short-term*

- Infrastructure
  - Develop electricity collection systems and storage infrastructure in existing Mount Coffee electricity plant
  - Develop infrastructure for energy distribution to all parts of Liberia
  - Support telecom sector when expanding access to electricity

### *Medium-term*

- Infrastructure
  - Improve reliability and reduce price of electricity provided

## **Theme 4: Expand domestic production**

### *Short-term*

- Economy
  - Provide farming equipment through cooperative models
  - Allow options for community-based collateral to increase loan access
  - Support industrial growth by lowering taxes for manufacturing
  - Revise Executive Order 84 to address concerns regarding overfishing and vulnerability to foreign companies
  - Spread banking availability to remote regions through agency and mobile banking
  - Embrace community collateral models to ease access to financing
  - Expand direct deposit and mandatory savings networks for public employees
  - Make the import taxation process more predictable to assist small import-dependent businesses
  - Provide tax incentives within the formal tax code for manufacturing companies

### *Medium-term*

- Economy
  - Create an industrial zone that has lower barriers for manufacturing
  - Provide easier access to credit for manufacturing equipment
  - Invest in training and equipment for fisheries to add value in processing fish
- Governance
  - Privatize and open public-private partnerships
  - Discontinue the reappraisal of imports upon entry
  - Define property rights clearly and uniformly by law
  - Implement land use and zoning laws
- Infrastructure
  - Increase investment to Buchanan, Greenville, and Harper ports
  - Encourage private sector involvement in the telecom sector by improving ease of doing business

### *Long-term*

- Economy
  - Increase transparency in natural resource extraction
  - Reform concessions agreements
  - Increase regional economic cooperation through deeper integration of the Mano River Union
  - Transition public service provision from private concessionaires to the public sector
  - Develop the association between taxes and public investments to encourage formalization
- Governance

- Create a Liberian Investment Promotion Agency (LIPA) to coordinate foreign direct investment

## **Theme 5: Reduce corruption and reform government practices**

### *Short-term*

- Governance
  - Publicly prosecute and punish corrupt officials
  - Draft legislation outlining penalties for official corruption
  - Include local communities in the concession negotiation process
  - Continue funding, building, and staffing County Service Centers
- Education
  - Reform payroll to maximize limited funding
  - Reform payroll operations to pay teachers more consistently and efficiently

### *Medium-term*

- Governance
  - Create and advertise a national website that tracks bribery attempts and bribe payments
  - Fund and staff the Liberian Anti-Corruption Commission (LACC)
  - Randomly audit congressional and national campaigns to cut patronage politics
  - Randomly audit expenditures of agencies and organizations such as the Liberian National Police
  - Enforce and uphold concessions

### *Long-term*

- Governance
  - Reduce the power of presidential appointments
  - Revise term limits for leadership of government agencies
  - Decentralize land administration

## **HISTORY**

### *Liberia's Founding Story*

Liberia became the second black republic in the world in the early 1800s as a result of United States politics surrounding race and slavery. In 1816, a group of white Americans founded the American Colonization Society (ACS), composed primarily of Quakers and slaveholders. While the Quakers opposed slavery, and the slaveholders opposed the freedom of black Americans, the one thing they did agree on was that black Americans should be repatriated to Africa. The Quakers of the group believed that black Americans would face less discrimination and have a higher quality of life in Africa than in the U.S., where racial tensions were rising. The slaveholders had less altruistic intentions, hoping

that repatriating freed blacks to Africa was a way of avoiding a slave rebellion like the one in Santo Domingo, today's Haiti.<sup>14</sup> Many notable Americans, including Henry Clay, Thomas Jefferson, James Madison, and Daniel Webster, supported the Society.<sup>15</sup>

In 1818, ACS sent two representatives to West Africa to find a suitable location for the colony, but they were unable to persuade local tribal leaders to sell any territory. Instead, they settled on Sherbro Island, a mosquito infested island off the Western coast of Africa.<sup>16</sup> In 1821, after many initial settlers died of malaria, a U.S. Navy vessel resumed the search for a permanent settlement in what is now Liberia.<sup>17</sup> Once again, the local leaders refused American attempts to purchase land. This time, the Navy officer in charge, Lt. Robert Stockton, coerced a local ruler to sell a strip of land to the Society. The Sherbro Island group moved to this new location while other blacks from the U.S. and those removed from illegal slave ships by the U.S. Navy joined them.

### *A Separatist State*

Liberia began as a separatist society, founded on class divisions that still resonate today. The ACS's resettlement mission focused on creating a separate colony of freed slaves



*Joseph Jenkins Roberts,  
Liberia's First President*

rather than integrating the indigenous people of Liberia. The settlers constituted themselves into a self-governing commonwealth of three counties in 1839, and later declared a sovereign, independent republic in 1847.<sup>18</sup> The constitution adopted at independence made clear the settlers' origins, declaring in its preamble: "We the people of the Republic of Liberia were originally the inhabitants of the United States of North America."<sup>19</sup> While keeping their separatist identity intact, the "Americo-Liberians" became the elite class that exerted their privilege over the native inhabitants.

The settler class expanded their territory in a colonial fashion, usurping adjacent lands from indigenous populations. Then, some 60 years after the colony had declared itself a sovereign nation, the country was "unified" by "granting citizenship" to the inhabitants of the hinterlands, some of whose ancestors lived on those lands for as long as 900 years. The system of political governance was modeled on that of America, but its goal was more to protect the repatriates from undefined fears than to foster the development of an integrated nation.<sup>20</sup> As a result, the natives remained essentially

<sup>14</sup> Public Broadcasting Service. *The Lone Star: The Story of Liberia*.

<http://www.pbs.org/wgbh/globalconnections/liberia/essays/history/>

<sup>15</sup> U.S. Department of State. *Founding of Liberia, 1847*. <https://history.state.gov/milestones/1830-1860/liberia>

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

<sup>19</sup> Liberian Constitution of 1847.

<sup>20</sup> U.S. Department of State. *Founding of Liberia, 1847*. <https://history.state.gov/milestones/1830-1860/liberia>

excluded from the political process during the first 150 years of Liberia's existence. Integration into the polity shaped the people's place in the economy, and the economic system that developed served the interests of the privileged few. This is partially linked with the identity of the aristocracy from the Old South of the U.S., including the concept of a privileged class of landowners living off the toil of the less privileged, with a clear and ironic divide between the settler and indigenous class in the case of Liberia.

Liberia certainly had its own political and economic problems, but as the only free republic in Africa, it was a model for African colonies striving for their own independence. William Tubman was elected president in 1944, and under his reign he allowed international investment into Liberia, which helped modernize parts of the country, mainly along the coastline.<sup>21</sup> Tubman also expanded incorporation of indigenous populations into the social and economic mainstream, granting them, for example, the right to vote.<sup>22</sup> Despite these developments, the gap between the ruling elite and the indigenous populations persisted.

Tubman was criticized for being overly influenced by the U.S. and Cold War politics through his repression of political discourse and opposition. His presidency became more authoritarian as he changed the constitution to allow himself to remain in power for seven consecutive terms, silenced the media, and began a government spy system to monitor political activity.<sup>23</sup>

When Tubman died in 1971, frustrations within Liberia were running high. His vice president and successor, William Tolbert, attempted to ease the tensions by making political and economic reforms. However, tensions in the already-desperate country — where the majority of the population was poor and lacking basic amenities such as clean water and electricity, and the roots of exclusion and animosity were deeply embedded in society — seemed impossible to quell. In 1979, Tolbert proposed to increase the price of imported rice, a Liberian diet staple, to encourage local production. However, this reform sparked demonstrations that rapidly turned violent.<sup>24</sup>

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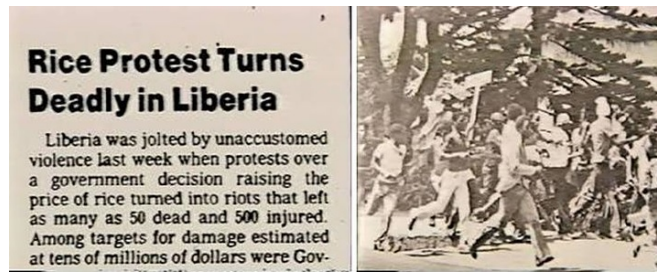
<sup>21</sup> Public Broadcasting Service. *The Lone Star: The Story of Liberia*.  
<http://www.pbs.org/wgbh/globalconnections/liberia/essays/history/>

<sup>22</sup> Ibid.

<sup>23</sup> Ibid.

<sup>24</sup> Ibid.





*Newspaper Coverage of Liberian Rice Protests, 1979<sup>25</sup>*

Decades of political and economic exclusion created severe identity fragmentation, with Americo-Liberians on one side and the indigenous people on the other. Thus was created a divided nation, with political and economic abuse by the ruling class sowing the seeds of instability at its core from the earliest days. These seeds grew into conflict that would come to engulf the nation in a 14-year, violent, and devastating civil war.

### *The Civil War*

The 1979 Rice Riot, which precipitated the 1980 coup d'état, marked the beginning of a long and difficult period in Liberia's history. Leading up to the Rice Riot, President Tolbert's minister of agriculture, Florence Chenoweth, was dedicated to fostering a more productive Liberian farming industry and therefore aimed to reduce rice importations by raising the price of a 100-pound bag of the staple food from \$22 to \$26 to be grown in country.<sup>26</sup> Because Chenoweth and Tolbert owned large rice farms, many Liberians were skeptical of the intentions behind this policy change and strongly opposed the initiative. On April 14, 1979, the Progressive Alliance of Liberia (PAL) headed a protest in Monrovia to demonstrate resistance against Tolbert's rice price increase.<sup>27</sup> The initially peaceful demonstration ended in violent chaos, potentially driven by underlying class tensions in Liberia. Under Tolbert's direction, Liberian police and armed forces shot and injured many protesters, and the city experienced large scale looting. Since Tolbert embodied Americo-Liberian affluence, he was criticized for a lack of understanding regarding economic hardships faced in rural Liberia and among Afro-Liberians.<sup>28</sup>

Within a year of the 1979 Rice Riot, the Armed Forces of Liberia (AFL) led a successful military coup headed by Sergeant Samuel Doe. On April 12, 1980, Doe and his entourage of soldiers under the newly introduced People's Redemption Council (PRC) seized the Executive Mansion and murdered President Tolbert, along with several other government

<sup>25</sup> "Liberian Rice Riot of 1979." *Chic African Culture*, 17 July 2016.

<http://www.theafricangourmet.com/2016/07/liberian-rice-riot-of-1979.html>

<sup>26</sup> "The Lone Star: The Story of Liberia." *PBS*, Public Broadcasting Service, [www.pbs.org/wgbh/globalconnections/liberia/essays/history/](http://www.pbs.org/wgbh/globalconnections/liberia/essays/history/).

<sup>27</sup> *Liberian Observer*, 13 Apr. 2016, [www.liberianobserver.com/news/april-14-1979-remembering-what-happened-37-years-ago/](http://www.liberianobserver.com/news/april-14-1979-remembering-what-happened-37-years-ago/).

<sup>28</sup> "The Lone Star: The Story of Liberia." *PBS*, Public Broadcasting Service, [www.pbs.org/wgbh/globalconnections/liberia/essays/history/](http://www.pbs.org/wgbh/globalconnections/liberia/essays/history/).

officials.<sup>29</sup> Doe inserted himself as Liberia's leader and led the nation into years of civil war. While Liberia desperately needed reform prior to the takeover, Doe's reign was characterized by bloodshed.

Doe's rise to power ended over a century of Liberian rule by American settlers. His indigenous heritage renewed ethnic politics, heightened by his decision to strip the country of political parties and instead appoint positions among his Krahn people.<sup>30</sup> At first, many indigenous Liberians supported his endeavors after years of exclusion and disenfranchisement in both the political and social spheres. However, these policies also further divided Liberia along both ethnic and tribal lines. Although the political shifts helped include a majority of the population, Doe suspended the nation's constitution until the elections in 1985.<sup>31</sup> Furthermore, his rule also oversaw massive amounts of foreign aid from the United States during the Cold War, intended to help keep the Soviets out of Africa.<sup>32</sup> With American influence, Doe restored the constitution and political parties by 1985. A tampered ballot led Doe to receive 51 percent of the vote, avoiding a runoff election and granting him the Presidency.<sup>33</sup> However, as Doe continued to replace political leaders with Krahn tribe members, he began to lose support.<sup>34</sup>

In the hopes of escaping their authoritarian government, many Liberians gravitated toward the outskirts of Liberia as well as the Ivory Coast.<sup>35</sup> There, Liberians came into contact with the man who would later become the rebel leader in the nation's upcoming civil war and the future president: Charles Taylor. Taylor had previously worked as the minister of commerce under Doe but was removed after embezzling government funds.<sup>36</sup> Motivated by vengeance and greed, Taylor led a newly accumulated rebel army, including many members of the Gio and Mano tribes, to overthrow the Doe government in late 1990.<sup>37</sup>

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<sup>29</sup> Ibid.

<sup>30</sup> Ibid.

<sup>31</sup> Admin. "Liberia: Remembering the 1980 Coup & Samuel Doe." *LIBERIAN LISTENER*, 12 Apr. 2016, [www.liberianlistener.com/2016/04/13/liberia-remembering-1980-coup-samuel-doe/](http://www.liberianlistener.com/2016/04/13/liberia-remembering-1980-coup-samuel-doe/).

<sup>32</sup> Admin. "Liberia: Remembering the 1980 Coup & Samuel Doe." *LIBERIAN LISTENER*, 12 Apr. 2016, [www.liberianlistener.com/2016/04/13/liberia-remembering-1980-coup-samuel-doe/](http://www.liberianlistener.com/2016/04/13/liberia-remembering-1980-coup-samuel-doe/).

<sup>33</sup> "The Lone Star: The Story of Liberia." *PBS*, Public Broadcasting Service, [www.pbs.org/wgbh/globalconnections/liberia/essays/history/](http://www.pbs.org/wgbh/globalconnections/liberia/essays/history/).

<sup>34</sup> Ibid.

<sup>35</sup> Ibid.

<sup>36</sup> Ibid.

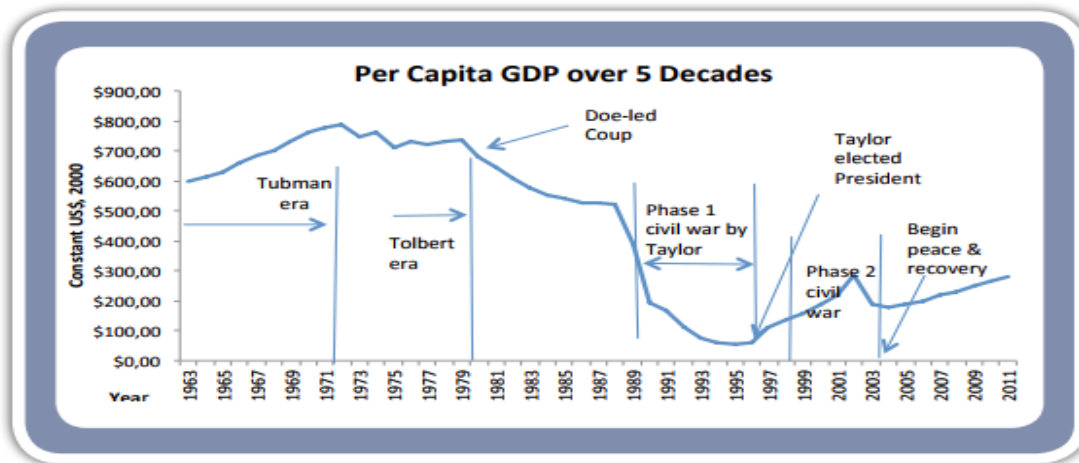
<sup>37</sup> Ibid.



Charles Taylor as Leader of the National Patriotic Front of Liberia (NPFL)<sup>38</sup>

As support from the U.S. dwindled and Taylor’s army travelled throughout the country, Liberia became embroiled in a brutal, bloody, and ultimately paralyzing civil war. Soldiers swept through villages, attacking civilians, including children and women. Despite the pain and suffering brought to Liberia, Taylor was re-elected to the Presidency in 1997. While many voted in his favor under the assumption that a rise to official power would end the violence, Liberia continued to suffer economically and socially for seven more years. The effects of the civil war turmoil continue to be felt today as generations recover from the devastating psychological trauma of the violence they witnessed.

**Figure 2 Liberia’s Conflict and Economic Decline**



Source: African Development Indicators, AfDB Enhancement

### *Aid*

Liberia’s relationship with aid is a long and turbulent one, with many similarities to other small states in the regions, and also distinct challenges stemming from its unique history. Liberia faced the same obstacles of any new state: building political, economic, and civic

<sup>38</sup> Sankoh, Osman Benk. “A Requiem for Charles Taylor.” *Sierra Express Media*. <http://sierraexpressmedia.com/wp-content/uploads/2015/11/charles-taylor.jpg>

infrastructure, balancing the development of a national identity in the face of accepting funding from external sources, and trying to build legitimate and functional institutions. However, Liberia's history of aid also includes a shifting of alliances, economic interdependence, and exploitation as a geopolitical tool for countries much larger and richer than itself.

From its beginning, Liberia was supported by the U.S., starting when the U.S. government provided the ACS \$100,000 to found the colony. Between 1819 and 1869, the U.S. government and the ACS provided a combined total of nearly \$5 million in assistance to Liberia.<sup>39</sup> Throughout its history, the U.S. has helped support and provided aid to the African colony, excluding a 30-year dry spell from 1870 to 1900 with limited American involvement, as the U.S. focused on its own post-Civil War Reconstruction.<sup>40</sup>

U.S. interest in Liberia's continued sovereignty was heightened during Europe's scramble for Africa, and Liberia accepted this mutually beneficial alliance. During this time, the U.S. began to offer support and training to the Liberian military and helped Liberia secure international loans in the early 1900s. In 1912 the U.S. arranged a 40-year international loan of \$1.7 million, against which Liberia had to agree to four Western powers (the U.S., Britain, France and Germany) controlling Liberian Government revenues for the next 14 years, until 1926. When World War I began, Liberia severed ties with Germany — a significant trading partner at the time — in allegiance to the U.S., severely hurting its economy. In 1922, the U.S. Senate refused to approve another loan to Liberia, causing the country to fall behind on previous loan payments and paving the road for third party creditors.<sup>41</sup>

The economy took another downturn as commodity prices fell and the Liberian government teetered on the verge of bankruptcy. In 1926, the administration turned to Firestone Tire and Rubber Company for financial support. Although Firestone is an American private corporation, the concession negotiations included the Liberian government, Firestone representatives, and the U.S. State Department. The negotiations resulted in a \$5 million loan from Firestone to Liberia, the amount previously denied by the U.S. Senate. The loan conditions included allowing Firestone the right to grow rubber on one million acres of Liberian land, roughly 4 percent of the entire country and 10 percent of the arable land, at a rate of 6 cents per acre for a 99 year period, and to be exempt from present and future taxes with a few, small exceptions.<sup>42</sup> In return, the country received a \$5 million dollar loan at a 7 percent interest rate and Firestone

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<sup>39</sup> Bradley Project on Africa. A History of Development Aid to Liberia: 1822-1943. [bradleyafrica.org](http://bradleyafrica.org)

<sup>40</sup> Ibid.

<sup>41</sup> Ibid.

<sup>42</sup> Chalk, Frank. *The Anatomy of an Investment: Firestone's 1927 Loan to Liberia*. Canadian Journal of African Studies. March 1967.

promised to build a major port.<sup>43</sup> The loan conditions also placed many restrictions on the government's sovereignty to contract other external loans.<sup>44</sup>

In World War II, however, Liberia itself could not go to war against Germany and although the country remained neutral for the bulk of the war, it became home to a U.S. military base. President Franklin Roosevelt initiated the plan to build Roberts International Airport as well as the Monrovia seaport. Both of these contributions continue to be essential to Liberia, and today U.S. involvement only arises during national security emergencies.



*United States Agency for International Development Logo*

The United States and the international community continue to provide annual assistance to help Liberia not only recover from being war-torn, but also from facing the deadly 2014 Ebola outbreak. Though significant government reforms have been enacted since the peace agreement was reached in 2003, the Liberian government is presently best characterized as donor-dependent.

### *Constitutional Reform*

Liberia has been governed under two constitutional documents. The founders of Liberia passed the first constitution in 1847. This constitution was modeled after the United States constitution, it included a bicameral legislature, an executive office, and a judiciary. The second constitution was passed in 1986 under Samuel Doe. This document has governed the country ever since.

The current administration recognizes the need for constitutional reform. In 2011 a referendum on four proposed constitutional changes was held, but none of the amendments received the votes necessary to pass.<sup>45</sup> President Sirleaf formed the Constitutional Review Committee (CRC) in 2012. The five-member committee was tasked with making recommendations to the president regarding potential constitutional changes.<sup>46</sup> In 2015, the CRC held the National Constitution Conference (NCC) to vote on potential recommendations.<sup>47</sup> These suggestions were then presented to the president but have yet to be implemented. A potential change to the Liberian constitution includes allowing non-"Negro" individuals to become citizens.

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<sup>43</sup> Ibid.

<sup>44</sup> Ibid.

<sup>45</sup> Al-Bakrinyei, Ibrahim, "Moving Toward Constitutional Reform in Liberia" Oct. 2015, ACCORD

<sup>46</sup> Al-Bakrinyei, Ibrahim, "Constitutional Reform in Postwar Liberia" Apr. 2014, ConstitutionNet

<sup>47</sup> "Constitution Committee presents Final Report to President Sirleaf," Aug. 2015, UNDP

## WHY SHOULD DEVELOPED NATIONS CARE?

In a globalized world, Liberia's challenges and potential successes directly impact the developed world. Within just 30 hours, one can travel from the most remote village on Earth to any major city in the world. After the world's first ever Ebola epidemic gripped Liberia, Guinea, and Sierra Leone in 2014, policymakers and health workers reiterated the importance of fomenting stability and encouraging democracy and development in even the most forgotten corners of the planet. Global health risks, soft power, and economic gains each uniquely justify caring about Liberia. The upside of engagement particularly applies to the United States given its colonial ties to the small nation.

The Ebola epidemic of 2015 spread rapidly, killed thousands, and quickly became an existential threat to Europe, the U.S., and the entire developed world. Liberian Dr. Mosoka Fallah, Deputy Director-General for Technical Services at the National Public Health Institute of Liberia, simply concludes "an infectious disease anywhere is an infectious disease everywhere."<sup>48</sup> In the past few decades, an isolated outbreak of the disease would decimate an entire village before it had a chance to spread. Today, transportation and deforestation hasten the spread of diseases like Ebola, particularly when they go undetected due to long incubation periods as the disease did in 2014.<sup>49</sup> The developed world's investment and policy advocacy in nations like Liberia prevents and prepares for deadly disease outbreaks due to synergies with local officials and improvements in healthcare infrastructure. For example, illiteracy exacerbated communication barriers between health experts and locals during the most recent Ebola crisis. More literate and educated Liberians will help stop the spread of deadly diseases in the future, resulting in a more secure world because "disease does not respect national borders."<sup>50</sup>

Regional soft power, or non-military influence and diplomacy, will increase with engagement in Liberia.<sup>51</sup> Countries like the United States committed to the global War on Terror and the spread of liberal democracy will benefit from diplomatic ties and policy influence in West Africa. For example, Liberia still debates the "official religion" of the country, but American influence can assure that tensions between Christians and Muslims don't escalate to levels seen in Nigeria and Sudan. As the world becomes more globalized, developed nations must either help mold Liberia's growth themselves or watch it rapidly change from the sidelines.

Even advanced economies can benefit from trading for Liberia's comparative advantages. Key Liberian exports such as rubber and palm oil could reduce domestic prices for goods such as tires and beauty products in developed nations. Liberia's young, growing

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<sup>48</sup> Fallah, Mosoka. Conversation at the National Health Institute of Liberia. December 4, 2017.

<sup>49</sup> Cetron, Martin. Conversation at Dartmouth College. October 31, 2017.

<sup>50</sup> Ibid.

<sup>51</sup> Conversation with a director of a national development assistance program. December 4, 2017.

population also offers the ideal market for foreign companies as the country's economic prospects improve. Aside from international trade, rich nations that assist in the development of Liberia can help "create a political constituency for better institutions"<sup>52</sup> in the country. Caring about the nation's growth doesn't condemn recipients to endless aid either; Rwanda quickly reduced the international aid it accepted as Paul Kagame's reforms took hold, and Singapore, once a recipient nation of aid, now itself donates millions of dollars to development efforts.<sup>53 54</sup> Developed nations stand to gain from "\$5.6 trillion [in] opportunities"<sup>55</sup> for business on the African continent by investing in countries like Liberia.

Finally, Liberia's American heritage creates strong cultural and economic ties that justify sponsorship through the development lifecycle. Liberian officials particularly value U.S. priorities and attend meetings and conferences regularly.<sup>56</sup> Not only does Liberia circulate the U.S. dollar, but also it exalts the U.S. as an international model of prosperity and freedom. U.S. involvement in Liberia's young democracy, particularly on the heels of a transition of power in 2018, will help stabilize and legitimize the incoming government during the country's first independent and free electoral process since 1944.

## **ECONOMY**

### *International Trade*

Despite potential in several industries, Liberia has struggled to develop a strong set of export goods. In 2015, the country netted a negative trade balance of \$5.02 billion, exporting only \$836 billion worth of goods while importing \$5.85 billion in value. Its top exports are passenger and cargo ships, iron ore, rubber, wood, and cocoa.<sup>57</sup> Notably, it lacks a strong manufacturing sector, and most prominent companies are foreign-owned. Services comprise half of the economy and 45 percent of employment as of 2014. Up to 75 percent of the labor force is in the informal sector.<sup>58</sup>

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<sup>52</sup> Collier, Paul, *The Bottom Billion*. Oxford University Press, 2007.

<sup>53</sup> Porter, Michael and others. "Rwanda: National Economic Transformation". Harvard Business School, 2017. Page 10.

<sup>54</sup> Beets, Gijs and Paulien Hagedoorn. "New Donor Countries", UNFPA/NIDI. October 2011.

<sup>55</sup> Ngozi Okonjo-Iweala. "Fulfilling the Promise of Sub-Saharan Africa," McKinsey & Company, June 2010.

<sup>56</sup> US expatriates in Liberia.

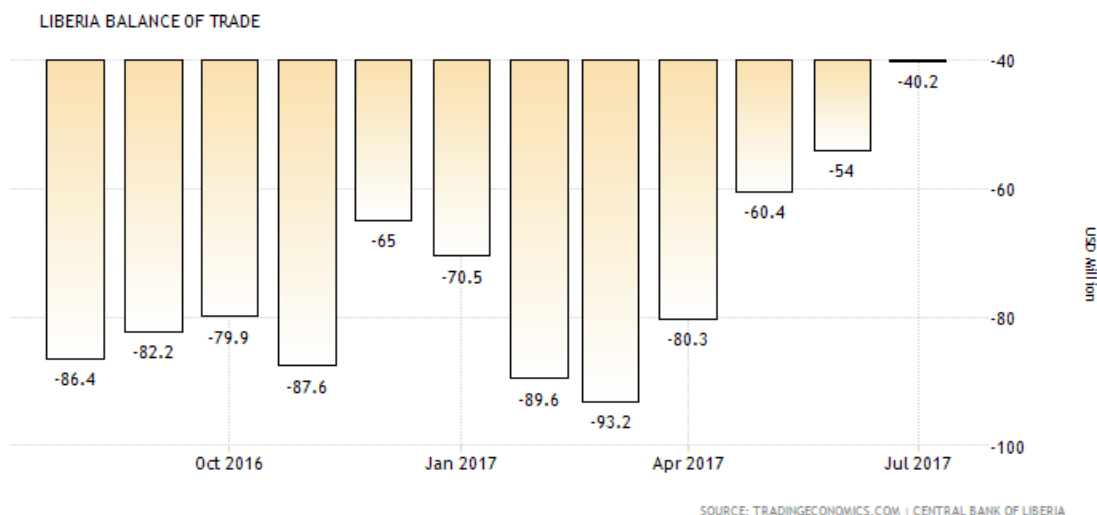
[http://resourceflows.org/sites/default/files/RF%20Report%20New%20donor%20countries%20\\_Oct2011\\_.pdf](http://resourceflows.org/sites/default/files/RF%20Report%20New%20donor%20countries%20_Oct2011_.pdf)

<sup>57</sup> Observatory of Economic Complexity, Massachusetts Institute of Technology, 2015.

<https://atlas.media.mit.edu/en/profile/country/lbr/>

<sup>58</sup> GlobalSecurity.org, Federation of American Scientists, 2014.

<https://www.globalsecurity.org/military/world/liberia/economy.htm>.



## *Industrial Composition*

### *Natural Resources*

Liberia is endowed with rich forests for timber and rubber, and mineral resource deposits for iron ore, gold, and diamond. Iron is the largest industry, though global prices have declined in recent years. Luxembourg-based steel company ArcelorMittal, which has invested in infrastructure around its large-scale iron ore mines, dominates Liberia's mining sector. Canada-based Avesoro Resources has recently developed Liberia's first commercial gold mine.<sup>59</sup> Liberia is part of the Extractive Industries Transparency Initiative (EITI), which provides a standard for transparency in the trade of natural resources. EITI covers oil, gas, forestry, and mining. Liberia has been compliant, as of 2010.<sup>60</sup>

Land disputes continue to plague the mining industry, as land concessions to foreign mining companies often conflict with ancestral and community claims. Liberian law is not always clear on how to mediate between formal and informal claims to land, and foreign corporations often take advantage of corruption and weak enforcement of legal titles.<sup>61</sup> Civil lawsuits and land disputes can delay or obstruct operations, or escalate to violence.<sup>62</sup> Furthermore, many miners are artisanal (i.e. illegal and unlicensed) miners who then sell to licensed dealers. The Ministry of Lands, Mines, and Energy has been working to incorporate artisanal miners into formal cooperatives, but enforcement

<sup>59</sup> International Trade Administration, U.S. Department of Commerce, 2017.

<https://www.export.gov/article?id=Liberia-Mining>

<sup>60</sup> Cook, Nicolas. "Liberia's Post-War Development: Key Issues and U.S. Assistance." Congressional Research Service, 2010.

<sup>61</sup> Flomuku, Pewee. Conversation at the Carter Center, December 5, 2017. Monrovia, Liberia.

<sup>62</sup> Reuters, 2016. <https://www.reuters.com/article/us-liberia-landrights/failure-to-pass-land-law-could-plunge-liberia-back-into-conflict-activists-idUSKCN0ZU0BS>



remains shaky. Many lucrative mineral regions are located in inaccessible forest regions, making it difficult to monitor miners.<sup>63</sup>

Liberia's forests amount to around 4.2 million hectares of forested land. All forests are owned by the state, which allocates land use rights for commercial and community purposes.<sup>64</sup> Degradation of forests during civil war and low transparency in the timber industry led the U.N. to embargo Liberian timber from 2003 to 2009.<sup>65</sup> The embargo was lifted due to reforms under President Sirleaf's administration to divide land into classes of protection, require greater transparency on sources of timber, and reform the tax on timber products. However, enforcement against illegal logging continues to lag.<sup>66</sup> The timber industry has potential to expand to gola, a utility wood new to the timber industry and only native to Liberia, and to rubberwood, which is already a byproduct of the rubber industry.<sup>67</sup>



*Entryway Sign to Firestone's Liberian Rubber Plantation<sup>68</sup>*

Natural rubber has been controlled by Firestone Natural Rubber Company, which developed the largest rubber plantation in the world in Liberia. In 1926, the Liberian government granted Firestone a 99-year lease for 1 million acres of land. In exchange, Firestone provided a \$5 million loan at a 7 percent interest rate to the government. Firestone's operations in Liberia have been accused of labor abuses including child labor, coercion, and dangerous working conditions. In 2005, Firestone signed a new 37-year lease with the Liberian government.<sup>69</sup>

<sup>63</sup> International Trade Administration, U.S. Department of Commerce, 2017. <https://www.export.gov/article?id=Liberia-Mining>

<sup>64</sup> European Timber Trade Federation, 2016. <http://www.timbertradeportal.com/countries/liberia/>

<sup>65</sup> Voice of America, 2009. <https://www.voanews.com/a/a-13-2006-06-20-voa64/325269.html>

<sup>66</sup> Cook, Nicolas. "Liberia's Post-War Development: Key Issues and U.S. Assistance." Congressional Research Service, 2010.

<sup>67</sup> GlobalSecurity.org, Federation of American Scientists, 2014. <https://www.globalsecurity.org/military/world/liberia/economy.htm>

<sup>68</sup> Taddonio, Patrice. "How We Uncovered Firestone's Deal with Charles Taylor." *PBS Frontline*, 18 Nov. 2014. <https://www.pbs.org/wgbh/frontline/article/how-we-uncovered-firestones-deal-with-charles-taylor/>

<sup>69</sup> "Human Rights in Liberia's Rubber Plantations: Tapping Into the Future." United Nations Mission in Liberia, 2006. Accessible at <http://www.refworld.org/docid/473dade10.html>

## **Recommendations:**

- **Increase transparency in natural resource extraction**

**Theme: Reduce corruption and reform government practices**

**Priority: Long-term**

Lack of local data about natural resource deposits allows foreign companies to control concessions negotiations with their own numbers and in their own interest. It also hinders conservation efforts and makes Liberian products less appealing on the international market, e.g. when concerns about transparency led to the embargo on Liberian timber. While there are no quick fixes for this issue, long-term goals should be to train geologists and mining engineers and conduct appropriate assessments of natural resources. Liberia may be able to appeal for aid toward this goal. U.S. aid helped Liberia clean up its diamond industry by providing salary support for diamond evaluators, a geological assessment of Liberia's diamond capacity, and software for tracking minerals. These resources have helped Liberia remain compliant with the Kimberley Process for diamond certification.<sup>70</sup> Since the precedent of the diamond industry demonstrates deliverable impact, similar initiatives for mining and timber may be an easier sell to donors.

- **Reform concessions agreements**

**Theme: Reduce corruption and reform government practices**

**Priority: Long-term**

Historically, concessions agreements have often exploited Liberian land and labor in contracts that last for decades at a time. While many contracts will be in place past 2040, the government should bolster its hand in future negotiations and for five-year contract reviews. First, tracking geological data can reduce the government's reliance on data coming from foreign corporations. Second, unique tax exemptions and holidays offered to concessionaires in exchange for lax promises to provide public service should be reduced to create more revenue for the government and give companies less control over communities.

## *Agriculture*

Agriculture is the largest sector in the economy by labor (formal and informal), and Liberia has a favorable farming climate with abundant water. Major crops include rubber, rice, cassava, palm oil, cocoa, and bananas.<sup>71</sup> However, it suffers from low crop yields and still imports over half of its foodstuffs, creating an agricultural trade deficit of \$73.12 million in 2010.<sup>72</sup> Due to both difficulties with domestic agricultural production and with traditions around white rice, Liberia spends over \$200 million annually on importing

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<sup>70</sup> Cook, Nicolas. "Liberia's Post-War Development: Key Issues and U.S. Assistance." Congressional Research Service, 2010.

<sup>71</sup> FAOSTAT. Food and Agriculture Organization, United Nations, 2010.

<sup>72</sup> Production Statistics and Food Balance Sheets. Food and Agriculture Organization, United Nations, 2014. Accessible at <http://liberia.opendataforafrica.org/pdykmff/liberia-agriculture-sheet>

rice.<sup>73</sup> It imports rice from Taiwan, Pakistan, and the United States, incurring high transportation costs in the process.<sup>74</sup>



*“Country rice” farm in Monrovia, Liberia<sup>75</sup>*

Crop yields suffer for preventable reasons. The slash-and-burn technique is common for turning woodland into rice paddies and farmland, but deforestation can create infertile land. This is especially the case in Liberia, where soil is commonly latosol, a tropical soil with high iron content prone to infertility. Many farmers do not supplement the soil with either fertilizer or composted leaf litter.<sup>76</sup> Agricultural training programs have helped overcome the knowledge gap for farming, but farmers still struggle with a lack of proper equipment and resources for increasing yields when it comes to competing on quality against international producers.<sup>77</sup>

Lack of financing sources for agricultural activities hinders access to both equipment and land. Few commercial banks have any presence outside of Monrovia, and despite recent efforts to partner commercial banks with farm cooperatives, the need for rural finance remains huge.<sup>78</sup> Banks lack the liquidity to provide substantial loans, and historical issues with loan repayment have diminished trust between banks and borrowers.<sup>79</sup> Being accepted for a loan often requires a large amount of collateral, such as 50 percent of the value of the loan, in the form of immovable assets like a house.<sup>80</sup>

### **Recommendations:**

- **Provide farming equipment through cooperative models**

<sup>73</sup> Daybor, E.J. Nathaniel. “Liberia: U.S. \$200 Million on Rice Importation.” AllAfrica, 2013. <http://allafrica.com/stories/201305151248.html>

<sup>74</sup> Wilson, Peter. Conversation with the U.S. African Development Foundation, December 5, 2017. Monrovia, Liberia.

<sup>75</sup> “Monrovia, Liberia – Rice Farms.” *MyWorldShots.com*, 22 Apr. 2013.

<http://www.myworldshots.com/Liberia/Monrovia/Monrovia-Liberia-rice-farms-15094.html>

<sup>76</sup> International Institute of Tropical Agriculture, 2012.

<http://www.fao.org/ag/AGP/AGPC/doc/Counprof/Liberia/liberia.htm>

<sup>77</sup> Wilson, Peter. Conversation with the U.S. African Development Foundation, December 5, 2017. Monrovia, Liberia.

<sup>78</sup> Aeschliman, Chet. “Liberia’s Rural Finance and Agricultural Marketing Sub-sectors.” Food and Agriculture Organization, United Nations, 2007. <http://www.fao.org/3/a-ai565e/ai565e03.pdf>

<sup>79</sup> Wilson, Peter. Conversation with the U.S. African Development Foundation, December 5, 2017. Monrovia, Liberia.

<sup>80</sup> Johnson, Mahmud. Conversation at J Palm Liberia, December 5, 2017. Monrovia, Liberia.

**Theme: Expand domestic production**

**Priority: Short-term**

Part of the reason why crop yields are low is that farmers have inadequate access to equipment. The Ministry of Agriculture and international organizations have already taken steps to help provide farmers with fertilizer and equipment, and cooperative sharing models can help to maximize the effectiveness of these efforts. Equipment can be granted to farming cooperatives or to community centers for shared use among individual farmers, with local leaders regulating their use.

- **Allow options for community-based collateral to increase loan access**

**Theme: Expand domestic production**

**Priority: Short-term**

One of the biggest constraints on farmers is that they do not have the requisite amount of collateral (usually 50 percent of the value of the loan) to take out loans for equipment and land. Allowing more flexible options for collateral would make financing more accessible. Banks should allow communities to offer collateral as a group by negotiating through local chiefs. This can be in the form of a de facto farming cooperative, such as if loans can be used to purchase communal equipment (e.g. shared plows). Collateral can also support loans given to individuals who are then held accountable for repayment by their communities.

- **Increase farm-to-market access**

**Theme: Develop road network**

**Priority: Medium-term**

Farmers have trouble bringing their crops to market due to the lack of reliable roads from rural areas to markets, especially during the rainy season. Prioritizing farm-to-market access roads within infrastructure strategy, and seeking aid to do so, would encourage and enable farmers to grow commercially. This would bring subsistence farmers into the formal economy and make it easier to integrate them into the tax system, which would in turn generate extra revenue for the government in the long term.

*Manufacturing*

Liberia notably lacks a robust manufacturing sector. Almost all refined goods are imported, including ships (\$4.03 billion), refined petroleum (\$481 million), iron structures (\$64.1 million), plastic and polymers (\$39.45 million).<sup>81</sup> A small number of manufacturing companies have begun to create jobs, such as TIBA Industrial Group for biscuit production and Garson Manufacturing for nails, but much more needs to be done to build up the sector.<sup>82</sup> Manufacturing is capital-intensive and requires national improvements to electricity and infrastructure. But developing a manufacturing sector is

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<sup>81</sup> Observatory of Economic Complexity, Massachusetts Institute of Technology, 2015. <https://atlas.media.mit.edu/en/profile/country/lbr/>

<sup>82</sup> AllAfrica, 2015. <http://allafrica.com/stories/201505261186.html>

crucial for economic growth, as it provides job creation opportunities, creates technological capital, and generates the greatest potential for sustainable exports.

### **Recommendations:**

- **Create an industrial zone that has lower barriers for manufacturing**

**Theme: Expand domestic production**

**Priority: Medium-term**

Electricity, telecommunications networks, road access, and housing assistance could be prioritized for this zone, which would remove some of the barriers to spurring a manufacturing sector. Supporting an industrial zone is also an important signal to international organizations. The International Finance Corporation (IFC), for example, specifically looks at industrial zones as part of its desired portfolio for investment and aid.<sup>83</sup>

- **Support industrial growth by lowering taxes for manufacturing**

**Theme: Expand domestic production**

**Priority: Short-term**

Since manufacturing is such a small part of the economy right now, lowering the tax rate would not lose much revenue for the government, but it would incentivize creation of manufacturing companies and signal government support.

Manufacturing could be subject to a similar tax structure as agriculture, and be taxed at 10 percent below the general taxation rate for businesses.

- **Provide easier access to credit for manufacturing equipment**

**Theme: Expand domestic production**

**Priority: Medium-term**

Across all sectors of the economy, entrepreneurs are constrained by the lack of ability to get loans, and manufacturing requires a significant amount of initial capital. Similar to the recommendation for agricultural loans, banks should move toward allowing community-based collateral to enable more people to access loans. The government can also seek international aid to support loans for manufacturing equipment. In the long term, government banks should aim to have enough liquidity to offer loans to individuals with greater ease.

### *Fishing*

Liberia is well positioned to leverage fisheries as a source of growth and economic development. Despite its geographic advantage, Liberia imports nearly one and a half times the fish and crustaceans products that it produces at home.<sup>84</sup> Domestic demand has also outpaced production, and Liberians consume a particularly low amount of fish; consumption per capita is 4 kilograms per year as compared to 17 kilograms per year in

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<sup>83</sup> “IFC Support to Infrastructure.” International Finance Corporation, World Bank Group, 2009.

[http://www.ifc.org/wps/wcm/connect/62aa5680498390a982c4d2336b93d75f/InfrastructureBooklet\\_FINALweb.pdf](http://www.ifc.org/wps/wcm/connect/62aa5680498390a982c4d2336b93d75f/InfrastructureBooklet_FINALweb.pdf)

<sup>84</sup> “National Export Strategy: Fish and Crustaceans Export Strategy.” The Republic of Liberia, International Trade Centre, 2014. [http://www.moci.gov.lr/doc/Liberia%20Fish\\_Crustaceans\\_web-FINAL.pdf](http://www.moci.gov.lr/doc/Liberia%20Fish_Crustaceans_web-FINAL.pdf)

other coastal states in sub-Saharan Africa.<sup>85</sup> The sector had been plagued with issues of illegal fishing, leading to losses of nearly \$12 million annually, but has recently made strides in that regard.<sup>86</sup> However, there have been ongoing issues with balancing small-scale artisanal fisheries and industrial fisheries, with the former mainly operating for subsistence purposes and the latter being dominated by foreign companies. These tensions have recently been inflamed by President Sirleaf's Executive Order 84, which reduced the Inshore Exclusion Zone from six nautical miles to three.<sup>87</sup> This allows for industrial fisheries to intrude closer to shore, potentially limiting catch opportunities for local artisanal fisheries. The order also sets standards for the amount of fishery resources harvested annually and implements exemptions of port handling charges for fishing vessels below 500 gross tons, drawing criticism for failing to meet international standards against overfishing and for subsidizing foreign companies.<sup>88</sup>



*Artisanal fishers in Robertsport*

### **Recommendations:**

- **Revise Executive Order 84 to address concerns regarding overfishing and vulnerability to foreign companies**

**Theme: Expand domestic production**

**Priority: Short-term**

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<sup>85</sup> "Fisheries and Aquaculture Policy & Strategy." Ministry of Agriculture, Republic of Liberia, 2014. [http://www.moa.gov.lr/doc/fisheries\\_policy\\_doc.pdf](http://www.moa.gov.lr/doc/fisheries_policy_doc.pdf)

<sup>86</sup> Ibid.

<sup>87</sup> Sieh, Rodney D. "Liberia Fishing Controversy: Gov't Defends Executive Order 84." *Front Page Africa*, 25 May 2017. <https://frontpageafricaonline.com/index.php/news/4215-liberia-fishing-controversy-gov-t-defends-executive-order-84>

<sup>88</sup> "European Union position on Executive Order no 84." *European External Action Services*, 22 May 2017. [https://eeas.europa.eu/delegations/liberia\\_en/26641/European%20Union%20position%20on%20Executive%20Order%20no%2084](https://eeas.europa.eu/delegations/liberia_en/26641/European%20Union%20position%20on%20Executive%20Order%20no%2084)

Given that near-shore fish account for nearly 60 percent of small-scale catch (a majority of fish consumption),<sup>89</sup> allowing for foreign fisheries to intrude could undercut the work of Liberian fishermen. Additionally, it poses a substantial risk for the sustainability of the fish stock, which could threaten food security in the long run. In order to address these concerns, we recommend that the government considers the following two options. First, the government can maintain the shrunken Inshore Exclusion Zone but decrease the maximum allowed volume of harvested fish resources per year. This would allow for the semi-industrial and industrial fisheries to broaden their activity while mitigating the risk of overfishing. Alternatively, the government can limit semi-industrial and industrial fishery activity within three and six nautical miles to those that are Liberian owned, with foreign-owned industrial fisheries still be limiting to six nautical miles outward. This would promote the development of a domestic sector and simultaneously limit the risk of overfishing given the relatively limited presence of Liberian semi-industrial or industrial fisheries. Analyzing and subsequently revising Executive Order 84 should be prioritized in the short-term given the latitude afforded to the administration in handling executive orders.

- **Invest in training and equipment for fisheries to add value in processing fish**

**Theme: Expand domestic production**

**Priority: Medium-term**

Liberia's fishermen struggle to meet a competitive export quality, limiting the potential to extend beyond subsistence levels. This is primarily attributable to a lack of proper equipment, but also contains a human capital element; Liberian fishermen are not properly trained for best practices. As domestic infrastructure, equipment, and training is refined, the government should also further explore joint ventures with larger firms to link Liberian fisheries with world markets. The development of human capital in the fishery industry is a medium-term priority given that the sector does not account for the same potential as others, and therefore should be prioritized accordingly.

### *Banking and Private Sector Financing*

When the 2014-15 Ebola crisis hit, the World Bank and other international actors rushed to provide necessary funding to support the affected regions of Liberia. However, given the lack of liquidity and financial services in up-country locations, these missions took a unique delivery approach: helicopters full of cash.<sup>90</sup> Though the Ebola threat has subsided, this liquidity constraint persists across many regions, particularly in rural southeast communities. In addition to liquidity shortages, Liberian businesses face difficult, often unachievable, standards for accessing financing. In particular, J-Palm founder Mahmud Johnson highlighted the obstacle posed by high collateral standards, which can require up to 150 percent of the requested loan to be held in movable assets.

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<sup>89</sup>“Fisheries and Aquaculture Policy & Strategy.” Ministry of Agriculture, Republic of Liberia, 2014. [http://www.moa.gov.lr/doc/fisheries\\_policy\\_doc.pdf](http://www.moa.gov.lr/doc/fisheries_policy_doc.pdf)

<sup>90</sup> Leshchenko, Larisa, Liberia Country Manager. Meeting with The World Bank, 7 Dec. 2017.

Limited liquidity and financing produces a particularly unfavorable business environment that can inhibit otherwise promising initiatives. Moreover, Liberians do not currently use mobile banking at the same rate as other Africans, such as Kenyans, which means many citizens like teachers “have to take a day off to walk to get salaries [that] sometimes aren’t even available.”<sup>91</sup>

**Recommendations:**

- **Spread banking availability to remote regions through agency and mobile banking**

**Theme: Expand domestic production**

**Priority: Short-term**

Agency banking entails the ability for Liberians to perform transactions at conventional retail or similar location. This serves as a near-term substitute for the lack of formal banking institutions throughout the country. The model may open to possibility of corruption, with an additional intermediary between Liberians and their banks. However, the use of mobile banking can help alleviate this corruption concern. For instance, Liberians could obtain necessary banking information — bills, taxes, and account status — at agency locations, but perform transactions via a mobile platform that flows directly to the government.

Ultimately, both agency and mobile banking work to solve the same critical issue: the lack of a widespread banking presence. The introduction of two relatively accessible mediums can quickly increase the number of Liberians integrated into the banking system. It follows, then, that the development of this capacity should be a short-term priority for the government.

- **Embrace community collateral models to ease access to financing**

**Theme: Expand domestic production**

**Priority: Short-term**

By leveraging community networks, Liberians can pool together resources for collateral and hold each other accountable. In particular, rural Liberians with the most limited individual portfolios would benefit the most, enabling them to finance business pursuits that would not otherwise be feasible. The African Development Bank has supported a similar model in the agriculture sector, providing funding to cooperative organizations. This concept can be expanded to other sectors as well, such as manufacturing and services. For instance, existing small business associations can be leveraged to facilitate the process. Given the immediate implications for the ease of business and general liquidity constraints, this recommendation should be viewed as a short-term priority.

- **Expand direct deposit and mandatory savings networks for public employees**

**Theme: Expand domestic production**

**Priority: Short-term**

In doing so, the government legitimizes the use of the banking system and sets a precedent for the private sector to follow. Moreover, this model reduces the

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<sup>91</sup> Scheeler, Kammi. Conversation at the Ministry of Education. December 5, 2017.



potential for corruption and inefficiency in the payment process, while also bolstering bank liquidity so as to facilitate financing. In the short-term, an expanded reliance on direct deposit payments can heighten the inconvenience of accessing funds for Liberians. Given the limited presence and capacity of banking institutions, accessing bank funds is a drawn out, inconvenient process. However, if implemented in conjunction with previous recommendations to explore agency and mobile banking, the process would become significantly more convenient given the added potential methods of banking.

### *Regional Opportunities*

Increased integration with neighboring countries is commonly highlighted as an opportunity for Liberia to expand its economic output. In particular, further development of the Mano River Union (comprised of Liberia, Sierra Leone, Guinea, and Cote D'Ivoire) is seen as a potential forum for regional economic cooperation. While policy harmonization may yield some positive effects, there are three key challenges that still obstruct effective coordination within this bloc: infrastructure gaps, comparable production patterns, and inability to meet internal demand. The result of these challenges is that Liberia often lacks supply of internationally marketable products as well as access to cost-effective trade routes.

Beyond the infrastructural barriers to Liberia's regional trade (as described in the Roads section), the nation has struggled to cultivate a differentiated product that would be desirable to regional partners. As the African Development Bank notes, "one reason behind low volumes of intra-regional trade is the similarity in production and consumption structures ... [MRU countries] tend to sell exports to and source imports from markets outside the region."<sup>92</sup> This issue of production similarities has been coupled with a persistent inability for the nation to domestically produce a sufficient quantity of staple products, causing them to be "incapable of meeting the demand of the supermarkets."<sup>93</sup> Thus, the feasibility of regional trade has been constrained by both a lack of differentiated products and a shortage of domestic supply.

### **Recommendations:**

- **Increase regional economic cooperation through deeper integration of the Mano River Union**

**Theme: Expand domestic production**

**Priority: Long-term**

Given Liberia's position as a small nation amongst comparably-sized West African states, mutual economic benefits could be realized through coordination of regional production and trade policies. However, because Liberia presently lacks viable trade routes and excess supply of tradable goods, expansion of the regional economic bloc is not a critical priority in the immediate term. As

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<sup>92</sup> "Liberia Infrastructure and Inclusive Growth." African Development Bank Group, 2013, p. xiv.

<sup>93</sup> Wilson, Peter. Conversation with US African Development Foundation. December 5, 2017.

infrastructure ties are developed across the Mano River Union, the feasibility of such an initiative will likely increase with time. The government's initial priority ought to focus on the expansion of domestic production, with a long-term vision of specialization and economic harmonization with regional partners.

### *Tax Revenue Climate*

Liberia's government made significant strides in boosting revenues after the end of the civil conflict, growing from around 10 percent of GDP in 2003 to over 20 percent of GDP in 2016. In fact, tax collections as a percentage of GDP in particular exceeds the sub-Saharan Africa average and international benchmarks.<sup>94</sup> However, this current level of government revenue is not sufficient to cover the government's operations; Liberia's budget deficit at roughly 8 percent of GDP is two to three times larger than their peers.<sup>95</sup> Given that Liberia's development path hinges upon substantial government investment, a tax revenue scheme that is already insufficient requires evaluation.



*Liberia Revenue Authority Prior to Dec. 6, 2017 Meeting*

### *Current Tax Structure*

Liberia's current tax structure can be condensed into seven primary components: personal income taxes, corporate income taxes, excise taxes, property taxes, general goods and services taxes, excise taxes, and import tariffs.

**Personal Income Taxes (PIT):** The PIT is a progressive scheme with four brackets. Additionally, personal income is also taxed for social insurance contribution purposes, at 3 percent of earnings.<sup>96</sup>

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<sup>94</sup> "Benchmarking The Tax System in Liberia," *USAID*, 28 February 2017,

<https://www.dai.com/uploads/BENCHMARKING%20THE%20TAX%20SYSTEM%20IN%20LIBERIA.pdf>

<sup>95</sup> *Ibid.*

<sup>96</sup> "A quick guide to Taxation in Liberia," *PWC*, 2013, <https://www.pwc.com/gh/en/assets/pdf/a-quick-guide-to-taxation-in-liberia-2013.pdf>

Corporate Income Taxes (CIT): The corporate tax scheme is distinct depending on the nature of the business. General businesses are nominally taxed at 25 percent of income. However, agriculture and renewable resource companies are usually taxed at 15 percent, with the exception of rice production projects, which are taxed at 25 percent. Mining and petroleum companies are taxed at 30 percent with an additional 20 percent surtax for high-yield mining projects.<sup>97</sup>

Goods and Services Tax (GST): General domestic goods and services are taxed at 10 percent, with some exceptions, through a general sales tax.<sup>98</sup> Other components to the goods and services tax bucket are broken out below in terms of excise taxes and import tariffs.<sup>99</sup>

Excise Taxes: Excise taxes are levied on goods deemed to have negative health, environmental or social effects.<sup>100</sup> These tax rates vary and apply to a wide array of goods.

Property Taxes: Property taxes are applied to registered owners of property at varying rates depending on the location and nature of the land.<sup>101</sup>

Import Tariffs: Liberia’s import tariffs vary from 2.5 and 25 percent with some being calculated *ad valorem* and others being a function of specific weight.<sup>102</sup>

### *International Benchmarking*

The table below compares the performance of Liberia’s individual tax components to that of peer countries in sub-Saharan Africa by framing revenues in terms of percentage of GDP. Additionally, it also includes a view on tax base concentration.

<i>Indicator</i>	<i>Liberia</i> <sup>103</sup>	<i>International Benchmark</i> <sup>104</sup>	<i>Sub-Saharan Africa Benchmark</i> <sup>105</sup>
<i>PIT/GDP, %</i>	5.7%	5.5%	4.0%

<sup>97</sup> Ibid.

<sup>98</sup> “Wicked Liberian Legislature Passes Sweeping Tax Increase on Poor,” *Front Page Africa*, 19 January 2017, <https://frontpageafricaonline.com/index.php/editorial/3115-wicked-liberian-legislature-passes-sweeping-tax-increase-on-poor>

<sup>99</sup> “A quick guide to Taxation in Liberia,” *PWC*, 2013, <https://www.pwc.com/gh/en/assets/pdf/a-quick-guide-to-taxation-in-liberia-2013.pdf>

<sup>100</sup> “Excise Tax,” *Liberia Revenue Authority*, [https://lra.gov.lr/Official\\_Files/customs\\_elibrary/Excise\\_Tax.pdf](https://lra.gov.lr/Official_Files/customs_elibrary/Excise_Tax.pdf)

<sup>101</sup> “A quick guide to Taxation in Liberia,” *PWC*, 2013, <https://www.pwc.com/gh/en/assets/pdf/a-quick-guide-to-taxation-in-liberia-2013.pdf>

<sup>102</sup> “Liberia - Import Tariffs,” *International Trade Administration*, 12 July 2017, <https://www.export.gov/article?id=Liberia-Import-Tariffs>

<sup>103</sup> “Benchmarking The Tax System in Liberia,” *USAID*, 28 February 2017, <https://www.dai.com/uploads/BENCHMARKING%20THE%20TAX%20SYSTEM%20IN%20LIBERIA.pdf>

<sup>104</sup> Ibid.

<sup>105</sup> Ibid.

<i>CIT/GDP, %</i>	<i>1.45%</i>	<i>3.3%</i>	<i>3.5%</i>
<i>Excises/GDP, %</i>	<i>0.7%</i>	<i>3%</i>	<i>3%<sup>106</sup></i>
<i>Property Tax/GDP, %</i>	<i>0.21%</i>	<i>1.9% (OECD)</i>	<i>0.51%</i>
<i>Number of active taxpayers per tax official</i>	<i>59</i>	<i>677</i>	<i>316</i>

Revenues from import tariffs and customs as a percentage of GDP are compared to other regional peers below.

Country	Import tariffs and customs revenue/total tax revenue, % <sup>107</sup>
Liberia	39%
Regional peer average	22%
Sierra Leone	14%
Ghana	24%
Cote D'Ivoire	34%
Senegal	14%
Togo	23%

### *Import Tariffs*

Liberia's economy is heavily dependent on imports, as noted by their significant trade imbalance.<sup>108</sup> Liberia's uniquely high reliance on import tariffs and customs revenues therefore serves as an obstacle for facilitating a competitive business climate. This can be addressed in a number of ways, with the most long-term solution being to develop the capacity to efficiently produce a larger share of necessary goods domestically. However, the short-term approach is more nuanced. The triple taxation on Liberian businesspersons (import tariffs on imported goods, corporate income taxes, followed by personal income taxes) stands as a notable constraint on business. Yet, the government of Liberia is not in a position to implement significant cuts to tariff rates given their essential role in

<sup>106</sup> Note: average of Kenya, Uganda, Tanzania due to lack of available data

<sup>107</sup> "Customs and other import duties (% of tax revenue)," *World Bank*, <https://data.worldbank.org/indicator/GC.TAX.IMPT.ZS>

<sup>108</sup> Observatory of Economic Complexity, Massachusetts Institute of Technology, 2015. <https://atlas.media.mit.edu/en/profile/country/lbr/>

generating revenue. Small business owners have identified the unpredictability of import costs to be a destabilizing factor, as they cannot properly plan and adjust to a variable cost structure given their low profit levels.

**Recommendations:**

- **Make the import taxation process more predictable to assist small import-dependent businesses**

**Theme: Expand domestic production**

**Priority: Short-term**

There are two levers to achieve this objective: implementing a more predictable process on the government's end, and educating the population so as to minimize confusion. Regarding the former, the government should work towards greater transparency regarding expectations for import costs while standardizing the process so as to minimize instances of subjectivity. Additionally, formalized outreach to business owners detailing the expectations throughout the process, including tips for properly declaring contents of a container and the benefits of importing goods subject to pre-shipment inspection, can ease the uncertainty. As a general principle, this recommendation should be viewed as a short-term priority given that it is not necessarily dependent on new legislation or other transformative efforts.

*Corporate Income Taxes*

Although the revenue generated from Liberia's corporate income taxes is comparatively low, the burden is shifted towards small and medium-sized businesses given the prevalence of long-term tax exemptions and holidays for larger enterprises, particularly for natural resource concessionaires. This reality compounds the difficulties for the average Liberian business owner, as small and medium-sized businesses are more likely to depend on a large share of pricy inputs given their own lack of capacity and are more likely to be disproportionately accountable for corporate income taxes.

**Recommendations:**

- **Transition public service provision from private concessionaires to the public sector**

**Theme: Expand domestic production**

**Priority: Long-term**

Currently, concessionaires receive unique tax exemptions and holidays, but may be expected to help provide public services to nearby communities. This creates two overarching problems: the government loses vital revenue, and communities become dependent on foreign corporations for basic public goods, which can generate significant animosity. This recommendation allows for the government to increase their pool of resources, which they can then more reliably redirect towards necessary public investments. Simultaneously, it creates more predictable revenue streams without the presence of company-specific adjustments. However,

there could be implementation challenges. Concessions contracts are typically long-term, and if this recommendation conflicts with provisions, they may be difficult to revise. At the very least, the revision process would be extended, with review periods taking place typically in five-year intervals. So, this recommendation should be viewed as an ongoing priority, applying to new concessions contracts and being incorporated into existing contracts over a medium to long-term time horizon.

- **Provide tax incentives within the formal tax code for manufacturing companies**

**Theme: Expand domestic production**

**Priority: Short-term**

The manufacturing sector is very underdeveloped, with significant barriers for aspiring businesspersons. Among these barriers is the difficulty of absorbing upfront startup costs. In accordance with the recommendation to stimulate manufacturing activity in the country, it would be advantageous to apply a lower corporate income tax for manufacturing companies in a similar fashion to how the government treats other industries of priority, like agriculture. This can be implemented as an indefinite policy, but can also take a more nuanced shape by ramping up the tax rate back to the general corporate income tax levels after a set number of years. In doing so, the government would lessen the burden for early-stage manufacturing companies without sacrificing large sums of potential revenues, as the tax rate would revert back to the general rate when the company is more mature. Given the immediate need to promote manufacturing activity, this recommendation should be prioritized in the short-term.

### *Personal Income Tax Base*

Although the personal income tax generates a relatively high level of revenue as a percentage of GDP, it's largely concentrated among higher earners in Liberia due to the prevalence of the informal sector. Because nearly seventy percent of all employed persons work in the informal sector,<sup>109</sup> a notable amount of economic activity is not registered with the government and therefore is not subject to taxes. Many of the informal sector activities are low-income in nature and may not present a significant immediate return in tax revenue if transitioned to the formal sector. In the short-term, the costs of formalization may instead exceed or at least heavily dilute the benefits for a number of reasons. For instance, Liberians reliant on low-income informal work are less able to withstand additional costs and could struggle to adapt if subject to taxes. From the government's perspective, there are also added costs in the efforts to collect tax revenues and enforce compliance given the disorganized and inconsistent nature of informal work. However, there are long-term benefits to formalization, as it increases stability of jobs and incomes, more broadly applies government regulations, gives workers access to potential benefits, and lifts the ceiling in growth inherent in informal sector activity. The

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<sup>109</sup> "Report on the Liberia Labour Force Survey," *Ministry of Labour*, 2010, [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/presentation/wcms\\_156366.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/presentation/wcms_156366.pdf)

set of informal workers is divided into three general types: those who wish to formalize but cannot overcome barriers, those who lack the proper incentives to formalize but could be persuaded, and those who do not intend nor wish to formalize. The former two types should constitute the target market for the government's formalization initiatives.

**Recommendations:**

- **Reduce barriers to formalizing a business through education and assistance initiatives**

**Theme: Bolster human capital capacity**

**Priority: Short-term**

The Liberia Revenue Authority has referenced the utility of existing business, religious, and community associates in reaching the informal sector workers.<sup>110</sup> This avenue should be continued to be explored, with the intent of educating Liberians on the process of formalizing their business, given a particular emphasis on assistance in completing the requisite steps. The inherent problem, though, is that Liberian workers in the informal sector have a practical incentive to remain out of the formal sector, as the accompanying tax burden does not come with many notable material benefits. As such, education and assistance programs can only facilitate short-term, marginal gains.

- **Develop the association between taxes and public investments to encourage formalization**

**Theme: Expand domestic production**

**Priority: Long-term**

It is essential for Liberians to understand and be compelled by the link between their tax dollars and tangible government initiatives. Otherwise, the cost of voluntarily assuming a tax burden is not balanced by evident material benefits. The government can pursue this link via two, not necessarily mutually exclusive, routes. First, the government should consider decentralizing the tax collection and allocation system. Rather than have tax dollars funnel to the capital and then be disbursed back to the communities, it may be more effective to localize the process, with local governing structures allocating portions of the tax revenues towards demonstrable projects in their communities. For instance, property taxes in a given community could be understood to be devoted towards necessary local investments, such as public schools, health facilities, or infrastructure. Assigning localized revenue distribution power to communities would clearly establish the link between at least a portion of their tax burden and visible results in their community. Second, the government should consider expanding incentives in the long run. Government-provided incentives can take many forms, but some standard examples include the provision of insurance programs for business goods and properties, the availability of quality standard inspections, or the partial protection from early stage loan default for budding small companies. Regardless, iterations of incentives will require government budget allocation. Given Liberia's

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<sup>110</sup> Elfrieda Tamba, Meeting with the Liberia Revenue Authority, 6 December 2017.

limited resources, this is not a particularly reasonable expectation in the short-term, but nonetheless should remain a consideration as the country moves along its development path and towards a sustainable formal economy.

It is important to note that the formalization of Liberia's economy will, to a large extent, be a product of improvements in other key development areas. The government can work towards specific, targeted objectives to help this process, but the bulk of the progress will stem from Liberia's growth as a business-friendly environment and effective distributor of public investment. Informal sector workers will aim to formalize once the balance of incentives shifts to justify voluntarily assuming a tax burden. Additionally, informal jobs will gradually become less necessary along the development path, as the presence of more stable, rewarding roles will improve accordingly.

## GOVERNANCE

### *Introduction*

Any government, and particularly Liberia's given its long path to development, must facilitate the basic functions of a state ranging from management of public finances, provision of infrastructure, and investment in human capital.<sup>111</sup> Robust governmental institutions have successfully replaced decades of ineptitude and violence. In spite of recent political turmoil surrounding contested elections, "democracy has finally taken root in [the] tiny country."<sup>112</sup> As the nation looks to the future under this new normal, the next government can improve its operation and efficiency with our recommendations.

While Rwanda offers a recent example of developing economy growth, its backslide into a development dictatorship provides a cautionary tale about the dangers of poor, centralized governance. Elected officials in Monrovia should consider each policy recommendation for governance with special attention to income inequality, ethnic divisions that caused the civil wars, and the creation of a national identification system.

### *Implement the National Biometric Identification System*

"More than anything, Liberia lacks a national identity"  
—President Ellen Johnson Sirleaf<sup>113</sup>

Though Liberia's incumbent president asserts that the nation lacks a uniform identity due to its years of civil war, the identification mechanism of its individual citizens may hold the key to efficient governance. In spite of Liberia's small population of just over 4.6

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<sup>111</sup> Ghani, Ashraf and Lockhar, Clare. *Fixing Failed States*. Oxford University Press, 2009, 115-124.

<sup>112</sup> Cooper, Helene. "Liberia Holds a Free Election. Make That 'Free For All'." *The New York Times*. 16 October 2017. <https://www.nytimes.com/2017/10/06/world/africa/liberia-presidential-election.html>

<sup>113</sup> Johnson Sirleaf, Ellen. *This Child Will Be Great*. HarperCollins, 2009.



million people, the government's constituents include tens of thousands of former child combatants, extremely stretched resources, and essentially nationwide PTSD following civil war. A national ID system offers a unique way to monitor and serve the needs of both urban and rural Liberians with a crucial dose of transparency for a government prone to corruption. Nobel laureate Leymah Gbowee advocates the use of biometrics as a particularly effective way to cut through corrupt conduct and dubious government outlays.<sup>114</sup> In October 2017, President Sirleaf launched the National Biometric ID system, citing it as a key poverty reduction strategy.<sup>115</sup>

A national ID system will benefit the government by simplifying countless administrative logs across the government into a single database of every citizen.<sup>116</sup> This will reduce red tape formalities and bureaucracy that hinders business development and policy implementation. It will benefit everyday Liberians by allowing quicker access to government services and protecting against identity theft.

**Recommendation:**

- **Track citizen information through County Service Centers**

**Theme: Bolster human capital capacity**

**Priority: Long-term**

Though Sirleaf recently announced the national ID system, Liberia will face challenges gathering biometric information, especially in rural counties. The government should collect biometric and personal details when citizens check into existing County Service Centers to register license plates or obtain drivers' licenses. With a national task force, Liberia can reach each citizen to accumulate information such as fingerprints, blood type, etc. An existing institution, the Liberia Institute of Statistics & GEO-Information Services (LISGIS) can help the newly established National Identification Registry<sup>117</sup> in this collection because it already conducts the national census and manages associated databases.

*Cut Red Tape*

“It's a lot easier to start a political party than register a new business in Liberia”  
—Entrepreneurship advocate in Liberia

Across the African continent, bloated bureaucracy stifles growth and creates unnecessary obstacles to foreign direct investment. The McKinsey Global Initiative cites

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<sup>114</sup> Gbowee, Leymah. Women Panel Discussion, fourth installment in Monrovia, Liberia. November 30, 2017.

<sup>115</sup> Parley, Winston. “Liberia: Ellen Launches National Biometric ID System”. The New Dawn, 31 October 2017. <http://allafrica.com/stories/201711010276.html>.

<sup>116</sup> The Office of the Prime Minister of Jamaica. 27 November 2017. <http://opm.gov.jm/portfolios/national-identification-system/>.

<sup>117</sup> Yates, David A. “Liberia Launches National Biometric ID System Today”. Daily Observer, 30 December 2017. <https://www.liberianobserver.com/news/liberia-launches-national-biometric-id-system-today/>

administrative hurdles to explain the inability of much of the continent to adequately assemble large parcels of land for agriculture and to establish well-defined property rights.<sup>118</sup> Though U.S. government officials enjoy open access to Liberian bureaucracy due a close relationship, the federal paperwork process is often long and arduous for businesses and other countries. Entrepreneurs like palm oil company J-Palm Liberia founder Mahmud Johnson face burdensome approval processes for business activities. Importing capital such as trucks and machinery costs so much time and money that he would rather purchase equipment directly from the government's impounding sales.<sup>119</sup>

Cutting red tape could ameliorate another problem in Liberia: a small and over-protected formal sector. Liberia can learn from countries such as India and Rwanda that have begun to unwind cumbersome bureaucracies. Increasing administrative efficiency and ease of doing business will also increase the formal sector registration that lags in Liberia. In addition to the aforementioned National Biometric Identification System that will streamline government services, Liberia should institute the following policies:

**Recommendations:**

- **Create a Liberian Investment Promotion Agency (LIPA) to coordinate foreign direct investment**

**Theme: Expand domestic production**

**Priority: Long-term**

Modeled after a Rwandan agency of a similar name,<sup>120</sup> this one-stop center to assist investors with approvals, certificates, land, and more will streamline the foreign direct investment experience. Investors will not need to pick through multiple agencies and processes to put their money to work in Liberia, promoting ease of business.

- **Privatize and open public-private partnerships**

**Theme: Expand domestic production**

**Priority: Medium-term**

Currently, the government performs certain roles that could be more efficiently filled by the private sector. For example, the management of public infrastructure projects — both underfunded and delayed because of government complications — should turn over to qualified third-party (foreign or domestic) private parties such with a financial interest in expediency and cutting bureaucracy. In particular the government should identify a private sponsor of the newly constructed fish preservation facility built by the World Bank in Robertsport as quickly as possible.<sup>121</sup>

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<sup>118</sup> Ngozi Okonjo-Iweala. "Fulfilling the Promise of Sub-Saharan Africa," McKinsey & Company, June 2010.

<sup>119</sup> Johnson, Mahmud. Discussion with Mahmud Johnson, Dartmouth College. October 26, 2017.

<sup>120</sup> Porter, Michael and others. "Rwanda: National Economic Transformation". Harvard Business School, 2017, p. 10.

<sup>121</sup> Leshchenko, Larissa. Meeting with the World Bank's Liberia country office. December 7, 2017.

- **Continue funding, building, and staffing County Service Centers**

**Theme: Reduce corruption and reform government practices**

**Priority: Short-term**

UN-funded, these function as regional administrative outposts piloted or fully implemented in nearly all regions. Previously, all Liberians regardless of county of residence had to go to Monrovia to obtain a driver’s license. While this norm has changed, citizens can still only register property in Monrovia. An official familiar with Liberian politics notes that “the role of local governance has been downplayed”. The Ministry of Internal Affairs should share the successes of CSCs since their inception in 2015 with international partners to maintain funding.

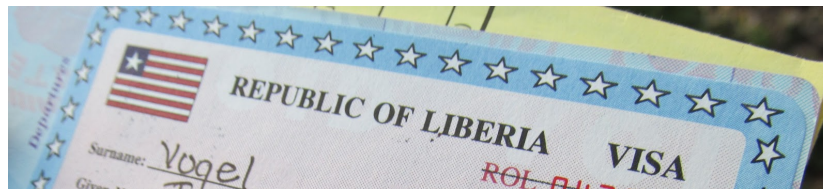
- **Discontinue the reappraisal of imports upon entry**

**Theme: Expand domestic production**

**Priority: Medium-term**

Although port agents must inspect imports regularly, Mahmud Johnson’s difficulties bringing capital into Liberia stifle business and slow port procedures unnecessarily. Importers already pay a fee to appraise imports in their origin country, so the Liberian government should tax items accordingly rather than reappraise with potential inaccuracy.

### *Simplify Visa Issuance*



*Header of Liberian Travel Visa<sup>122</sup>*

Potential entrants into Liberia coming from outside the West Africa region or South Korea endure too long a process to simply secure a visa.<sup>123</sup> Currently, all other nationals must mail a passport to the embassy in a process that takes 10 to 14 days and costs over \$130. For a country with a fledgling tourism industry, this drives away potential tourists in neighboring countries like Ghana or Nigeria.

### **Recommendations:**

- **Provide visas upon arrival for a simple cash fee at customs**

**Theme: Bolster human capital capacity**

<sup>122</sup> “How to Prepare for a Trip to Liberia.” *Bloggng without Maps*, 17 April 2013.

<http://bloggngwithoutmaps.blogspot.com/2013/04/how-to-prepare-for-trip-to-liberia.html>

<sup>123</sup> <http://cms.olympicair.com/timatic/webdocsI/countryinfo.html>

**Priority: Short-term**

This infrastructure exists since Liberia already grants Taiwanese citizens a visa upon arrival, and officials will have even more capacity for processing cash payments with the expansion of Roberts International Airport. This will eliminate the burdensome mailing and waiting system currently in place.

- **Modify entry duration and fees to regionally competitive levels**

**Theme: Bolster human capital capacity**

**Priority: Short-term**

Currently, neighboring countries Guinea and Sierra Leone automatically offer Americans multiple-entry, three-year visas at 40 percent of the price Liberia charges. Liberia charges significantly more and doesn't encourage multiple year, multiple-entry visas that spur return trips for leisure or work. A single-entry visa to Liberia for US citizens costs \$130 while a similar fee allows multiple entries in Guinea.<sup>124</sup> While cutting fees could hurt revenue, return trips increase business and tourist activity in the country while aligning entry policies with regional peers.

*Eliminate Corruption at All Levels of Society*



*"Don't Bribe A Police!" Campaign Sticker on Carter Center Vehicle*

“We need a country-wide lobotomy for Liberia to get a manageable state of affairs.”  
—Helene Cooper<sup>125</sup>

Although she prioritized rooting out corruption, President Sirleaf appointed close associates and family members to key positions and failed to crackdown on corruption where it appeared. Corruption pervades all facets of society in Liberia, where “everybody who's anybody is corrupt.”<sup>126</sup> While important to remember that “corruption is as much an indicator of development as high infant mortality,”<sup>127</sup> it thrives at endemic levels in Liberia's federal government, schools, medical system, and courts. Only international organizations consistently combat corruption in a country that doesn't even meet the

<sup>124</sup> Embassy of Guinea. December 7, 2017. <https://www.guineaembassyusa.com/visa-citizen-services/visa/>

<sup>125</sup> Cooper, Helene. Class discussion with Helene Cooper, Dartmouth College. September 21, 2017.

<sup>126</sup> Nyenswah, Tolbert. Conversation at National Health Institute. December 4, 2017.

<sup>127</sup> Radelet, Steven. Class discussion with Steven Radelet, Dartmouth College. October 10, 2017.

“functionally corrupt” status of other developing countries like India.<sup>128</sup> The below recommendations work alongside existing institutions to avert a deeper crisis:

**Recommendations:**

- **Publicly prosecute and punish corrupt officials**  
**Theme: Reduce corruption and reform government practices**  
**Priority: Short-term**  
Public trials will set a clear example that the government will not tolerate corruption at any level. The incoming government should not hesitate to conduct such trials early and often to create a zero-tolerance culture in all facets of society.
- **Draft legislation outlining penalties for official corruption**  
**Theme: Reduce corruption and reform government practices**  
**Priority: Short-term**  
According to the U.S. State Department, Liberia doesn't have a formal law on the books outlawing governmental corruption.<sup>129</sup> Current law allows “official government looting.”<sup>130</sup> For example, Liberian government officials can buy the government property they used while in office. A perverse but common abuse of this law is buying a lightly used \$60,000 Land Rover for \$1,500.<sup>131</sup> Only legislation creates the legal basis for halting this activity that saps state resources.
- **Create and advertise a national website that tracks bribery attempts and bribe payments**  
**Theme: Reduce corruption and reform government practices**  
**Priority: Medium-term**  
A similar program exists in India and allows everyday citizens to report corrupt officials anonymously without fear of reprisal. Liberians can currently rate police interactions on mobile phones, but the proposed system would specifically target bribes.<sup>132</sup> The platform should also be configured for mobile cell phone network compatibility. The Liberian National Police headquarters could aggregate data from this system to identify frequently reported policemen or government officials.
- **Reduce the power of presidential appointments**  
**Theme: Reduce corruption and reform government practices**  
**Priority: Long-term**  
Currently, “there is too much power concentrated in the president.”<sup>133</sup> Liberia's

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<sup>128</sup> Kissick, Stephen. Conversation at the Liberian National Police Headquarters. November 30, 2017.

<sup>129</sup> US Department of State, Liberia 2013 Human Rights Report, 2013.

<https://www.state.gov/documents/organization/220339.pdf>

<sup>130</sup> Entrepreneurship advocate in Liberia.

<sup>131</sup> Ibid.

<sup>132</sup> Kissick, Stephen. Conversation at the Liberian National Police Headquarters. November 30, 2017.

<sup>133</sup> Liberian international aid liaison.

president currently appoints all city mayors (county governors) and officials heading civil service, election, and anti-corruption commissions. Instead, committees that include members of opposition parties should appoint commissions and elections could determine city mayors. This constitutional reform will allow appointees to “make policy decisions separate from politics.”<sup>134</sup>

- **Revise term limits for leadership of government agencies**

**Theme: Reduce corruption and reform government practices**

**Priority: Long-term**

Regular churn in the leadership of key positions minimizes the impact of corrupt officials. Though this reform requires a constitutional amendment, some Liberians support reducing House terms from six to four years, reducing Senate terms from nine to six years, and the president’s terms from six to four years. No other policy can structurally impact term limits as effectively as changing the rules themselves in the constitution.

- **Fund and staff the Liberian Anti-Corruption Commission (LACC)**

**Theme: Reduce corruption and reform government practices**

**Priority: Medium-term**

This commission currently exists but suffers understaffing and underfunding and has failed to convict a single corrupt official. Botswana, the country with the highest Transparency International Corruption Perceptions Index score in Africa, successfully investigates corruption through a similar body. Founded in 2008, the LACC has a broad mandate to find and root out corruption, but it cannot mobilize until Congress allots it the necessary resources to function in publicly and effectively.

- **Randomly audit congressional and national campaigns to cut patronage politics**

**Theme: Reduce corruption and reform government practices**

**Priority: Medium-term**

Though willingness to convict corrupt officials and presidential leadership on the subject have remained weak under the Sirleaf administration, the Ministry of Justice and the LACC should independently examine select campaigns because the electoral process in Liberia suffers political patronage.<sup>135</sup> In each campaign, they should look for unauthorized gifts and assure that campaign finance aligns with Liberian law.

- **Randomly audit expenditures of agencies and organizations such as the Liberian National Police**

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<sup>134</sup> Liberian business liaison.

<sup>135</sup> Bartuah, Joe. “Liberian Democracy and the Scourge of Political Patronage”. July 26, 2017. <http://gnnliberia.com/2017/07/26/liberian-democracy-scourge-political-patronage/>

**Theme: Reduce corruption and reform government practices**

**Priority: Medium-term**

Double checking the procurement of goods to government entities will reduce wasteful spending such as the Liberian National Police (with the permission of the Ministry of Justice) purchasing two water cannon trucks when it struggles to pay the \$300 per month salaries of its police force.<sup>136</sup> The IMF's most recent Public Expenditure and Financial Accountability report notes that Liberia struggles most with credibility of the national budget and processing donor aid.<sup>137</sup> Randomly auditing the expenditure process will help catch irregularities associated with corruption and poor governance.

*Reform Concession Negotiation*

The Liberian government requires private companies to provide certain public services through negotiated concessions. The government must balance the tough negotiation of services with the creation of an attractive business environment. Monrovia often requires imposing concessions such as running schools or health clinics yet fails to punish firms for not complying. Even if companies often escape the responsibility of providing meaningful services, imposing concessions can reduce the likelihood of firms realizing gains, creating Liberian jobs, and investing in the country.

**Recommendations:**

- **Include local communities in the concession negotiation process**

**Theme: Reduce corruption and reform government practices**

**Priority: Short-term**

The Liberian government “has been signing concessions without the awareness of communities,”<sup>138</sup> resulting in surprised and unprepared locals when the terms of negotiation go into effect. Communities also bear the environmental impact and other negative externalities of a firm's activity including displacement. When Firestone negotiated with the Liberian government to lease land at a 99-year lease in 1926, for example, locals lost their land for generation with little remuneration or consideration in the negotiation process.<sup>139</sup> Including local communities at the negotiation table also increases the likelihood that the final negotiation includes their interests and improves the final terms of agreement for Liberians.

- **Enforce and uphold concessions**

**Theme: Reduce corruption and reform government practices**

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<sup>136</sup> Ibid

<sup>137</sup> IMF PEFA assessment, 2012. <https://www.imf.org/external/pubs/ft/scr/2012/cr12273.pdf>

<sup>138</sup> Flomuku, Pewee. Conversation at the Carter Center, December 5, 2017. Monrovia, Liberia.

<sup>139</sup> Chalk, Frank. The Anatomy of an Investment: Firestone's 1927 Loan to Liberia. *Canadian Journal of African Studies*. March 1967.

### **Priority: Medium-term**

Officials at the Carter Center report that companies regularly take advantage of the government because it doesn't track performance on concession terms, and often enforcers work for the company itself.<sup>140</sup> Liberian institutions should keep tabs of concessions and assure compliance at key milestones of each agreement. For example the Liberian Revenue Authority (LRA) must keep the payment of taxes accountable and administer penalties when companies fail to pay any negotiated or atypical tax rates. The Ministry of Education should monitor performance and communicate regularly with companies tasked with operating schools. Legislation in the form of a "very robust policy document to guide the negotiation process"<sup>141</sup> should explicitly outlaw enforcers working for private companies.

### *Land Reform*

Liberia does not have sound policies on land rights and land tenure. A majority of the land in the country does not have clear titles, and conflicting land laws have made the ownership, transfer, and use of land complicated and ambiguous. Due to the unique nature of Liberia's settlement, issues related to land vary across urban and rural areas. Two land tenure regimes have developed over time, a "statutory" land regime and a "customary" land regime.

The statutory regime is a formalized process by which to own land and is most present in urban areas.<sup>142</sup> In the statutory system a deed is assigned to the owners of private land that may then be passed down to others, either through transaction or inheritance. In the customary regime, property rights are derived from membership in a particular clan or community and the laws that govern property often vary across each clan or community.<sup>143</sup> In the customary system there is no formal recognition of property ownership granted by the government.

The most salient land issues in the country arose in the 1900s. The law stipulated that the government had control over any tract of land that was not legally registered.<sup>144</sup> This meant that all customary land was under the control of the government. The government used this authority to grant land rights, through concessions, to various private corporations. The native people who occupied the ceded land were forcibly evicted and

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<sup>140</sup> Flomuku, Pewee. Conversation at the Carter Center, December 5, 2017. Monrovia, Liberia.

<sup>141</sup> Dahn, David K. Conversation at the University of Liberia (Ministry of National Defense Official familiar with concession negotiation). December 7, 2017.

<sup>142</sup> Elise Scalise, Leslie Hannay, "Brief: Women's Land Rights in Liberia" Focus on Land

<sup>143</sup> Ibid

<sup>144</sup> Daniel Smith, "Takings and Property Rights in Liberia: A Basis for Policy Reform, Land Use Planning and Development Regulation." Rutgers University.



many of them forced into labor. This created a significant source of tension in the country.<sup>145</sup>

In 2009 the country began to seriously address land rights issues by establishing the Liberian Land Commission (LLC). The commission's mandate is to recommend actions and reforms in land policy and to draft potential legislation.<sup>146</sup> In 2013 the LLC published the Land Rights Act, which sought to grant legal protection to those living on customary land. However, the land commission does not have the authority to implement any reforms. This has led to a slow reform effort and limited improvements. Consequently, in 2017 the World Bank's Doing Business Survey gave Liberia a score of 33.62/100 in registering property.<sup>147</sup>

#### **Recommendations:**

- **Define property rights clearly and uniformly by law**

**Theme: Expand domestic production**

**Priority: Medium-term**

The current laws are ambiguous and have allowed certain people to be exploited. A policy that unifies the legal treatment of statutory and customary land would decrease land disputes and provide a clear roadmap for the courts to follow. In order to achieve this, politicians could target the ongoing constitutional reform effort or increase the authority granted to the land commission.

- **Decentralize land administration**

**Theme: Reduce corruption and reform government practices**

**Priority: Long-term**

The current land management system mandates that all land registration must flow through Monrovia. This is inefficient and creates obstacles to land registration in rural counties. This decreases the amount of formally registered land and makes it difficult to apply the property tax. A potential strategy could focus on allowing county outposts to register private land. This decentralization would empower rural counties and facilitate land administration.

- **Implement land use and zoning laws**

**Theme: Expand domestic production**

**Priority: Medium-term**

The country does not have a robust system of zoning and land use regulations. These laws would help to organize growing communities and allow for sustainable development. The country should set a series of national standard.

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<sup>145</sup> Ibid

<sup>146</sup> Ibid

<sup>147</sup> "Liberia Infrastructure and Inclusive Growth." African Development Bank Group, 2013, p. 57.

These laws could also be implemented at the municipal level, allowing each city to decide the progression of their communities.

## INFRASTRUCTURE

### *Ports and Shipping*

The seaports across Liberia are commonly referred to as “The Gateway to The Liberian Economy.” Almost all of the country’s import and export volume flows through these maritime channels. The country has four seaports located in Monrovia, Buchanan, Greenville, and Harper. The port of Monrovia controls the vast majority of shipping traffic for the country. Some of the most commonly traded items at this port include mineral products, textiles, vehicles, and vessels. The Maersk line controls over 64 percent of the containers that arrive to Monrovia.<sup>148</sup>

Over the course of the country’s civil war, much of the maritime infrastructure was destroyed or left inoperable. In a 2010 effort to restore the viability of Liberian ports, the Sirleaf administration signed a \$120 million concession agreement with APM Terminals, creating a public-private partnership between APM Terminals and the National Port Authority.<sup>149</sup> The concession mandated that the company had to localize employment, with an eventual goal of 100 percent local employment. The public-private partnership has resulted in multimillion-dollar port upgrades, including wharf reconstruction, dredging, and navigational aids.<sup>150</sup> Although the maritime industry suffered during the Ebola outbreak of 2014, APM has begun to see a jump in container volume and has recently invested in a terminal upgrade project to double the port’s annual capacity.<sup>151</sup>

A significant portion of the Liberian government’s revenue stems from its international open ship registry. An open registry is distinct from other types of ship registries, in that it accepts ships from foreign owners. Large firms often choose to register their ships in open registries to decrease their operating costs and avoid the burdensome regulations of wealthier countries. The three largest open registries, Panama, Liberia, and the Marshall Islands, control almost 40 percent of all merchant ships that sail in international waters.

Established in 1948 during President Tubman’s administration, the Liberian Registry is internationally recognized as one of the largest and most well run registries in the world. Liberia’s registry currently has over 4,100 ships with approximately 150 million gross tons in carrying capacity, accounting for 12 percent of the world’s ocean-going fleet.<sup>152</sup> The registry is run by a company in the United States that took over its management in

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<sup>148</sup> Braden, Dustin, “APM doubling Liberia terminal capacity as demand rockets,” Sept. 2015, JOC.

<sup>149</sup> Boyd, Tom, “APM Terminals Liberia Volume Growth an Indicator of Liberian Economic Recovery and Progress,” Sept. 2015, APM Terminals.

<sup>150</sup> Boyd, Tom, “APM Terminals Liberia aids Local Health Outreach,” Nov. 2017, APM Terminals.

<sup>151</sup> Edwin Genoway, “Vice President Joe Boakai Visits US \$34.5M NPA Project,” Dec. 2016, Front Page Africa.

<sup>152</sup> The Liberian Ship Registry, <http://www.lisr.com>

2000 and is contracted to run the registry through 2020. Under the care of these managers, the registry saw the most dramatic growth in its history, more than doubling its size in 10 years. The registry brings \$18 to \$22 million in funds to the country each year, which accounts for about 1 percent of its GDP.<sup>153</sup>

### **Recommendations:**

- **Improve infrastructure connecting rural businesses to ports**

**Theme: Develop road network**

**Priority: Medium-term**

The port system would benefit from improved inland infrastructure that readily connects businesses in rural counties to the main maritime trading outposts in their region. A lack of roads will prevent smaller ports from developing, which serves as an obstacle to economic growth. The use of a public-private partnership with corporations that have a presence in the rural counties could serve as a source of funds for infrastructure rehabilitation.

- **Increase investment to Buchanan, Greenville, and Harper ports**

**Theme: Expand domestic production**

**Priority: Medium-term**

These ports suffered large losses during the civil war and have not recovered, as most national resources were poured into the Freeport of Monrovia. The Ports of Buchanan and Greenville could be used for palm oil and other agricultural exports.<sup>154</sup> In addition, the Ports of Greenville and Harper could strengthen connectivity between Monrovia and the rural southeast, where road networks are severely underdeveloped. A potential solution to developing the infrastructure of these ports would be to explore a public-private partnership similar to the one that exists in the Freeport of Monrovia.

### *Roads*

The existing public road network in Liberia does not provide adequate coverage to much of the country. The domestic road network remains largely underdeveloped and access to the southeastern part of the country is particularly limited, making it isolated from the rest of the country. According to the 2010 CWIQ Survey 2010, only 45 percent of households nationwide have access to an all-season road within five kilometers.<sup>155</sup> While there are a few paved roads that connect Monrovia to the interior of the country, as well as a few that extend beyond the country's borders, many of these roads are in severe disrepair. Additionally, transport costs remain high, averaging \$0.20 per ton kilometer

<sup>153</sup> Reed, John, "Ship Registry: Steady Source of Funds," Dec. 2011, Financial Times.

<sup>154</sup> Genoway, Edwin, "NPA Revives Sinoe County Economy with Marine Craft at Greenville Port" Dec. 2016, Front Page Africa.

<sup>155</sup> "Liberia Core Welfare Indicators Questionnaire Survey 2010". International Household Survey Network, 2014. <http://catalog.ihnsn.org/index.php/catalog/4916/study-description>

due to poor road conditions and inadequate bridges. In rural areas, the unit cost per passenger-kilometer are even higher, and reconstruction costs far outpace current rates of return in these peripheral communities. Another major constraint to the sector is the high cost of quality road construction, with paved roads costing about 16 times more than laterite (gravel) roads. Due to these high costs, major roads are often paved in a piecemeal fashion because donor organizations do not have the funding to complete the project.<sup>156</sup> However, organizations like USAID are exploring several cheaper, yet still effective, methods of paving roads. Given the current state of the public road network in Liberia, a stated government objective over the next several decades is to connect all of the capital cities in the Mano River Union with paved roads. The goal of this initiative is to resolve the inefficiencies of current regional trade, in which “[shipping] containers often have to go to sorting hubs in Europe first, and then retrace their way back to Africa.”<sup>157</sup>

**Figure 30** Trans-African Highway Plan: Status and Missing Links in West Africa



### *Challenges Posed by High Rainfall*

<sup>156</sup> Leshchenko, Larisa, Liberia Country Manager. Meeting with The World Bank, 7 Dec. 2017.

<sup>157</sup> Madamombe, Itai. “Highways Link 15 West African Countries.” *Africa Renewal Online*, United Nations, Oct. 2006, [www.un.org/africarenewal/magazine/october-2006/highways-link-15-west-african-countries](http://www.un.org/africarenewal/magazine/october-2006/highways-link-15-west-african-countries).



*Unpaved Road Connecting Monrovia to Robertsport*

There is major deterioration on all highways due to heavy rains, lack of maintenance, overloaded trucks and the long rainy season, which lasts 6 to 8 months. During the long rainy season, most of the unpaved roads and bridges are entirely inaccessible, and of the 10,600 kilometers of roads in Liberia, less than a quarter are classified as all-weather roads.<sup>158</sup> Without road access, many rural communities become completely isolated, which prevents them from accessing crucial health, education, and financial services.<sup>159</sup> Additionally, natural resources, such as palm oil, minerals, and timber, extracted in rural areas of the country cannot be transported to urban centers during the rainy season. While large corporations have the ability to construct private roads and supply chain networks to continue transporting goods during the rainy season, small businesses must limit their operations to the dry season, resulting in significant productivity loss.<sup>160</sup>

### *Ongoing Initiatives*

In 2016, the Liberian legislature passed the National Road Fund Act of 2016 submitted by President Sirleaf as a new framework for the routine maintenance of roads.<sup>161</sup> However, the National Budget was passed before the Road Fund Act, leaving the initiative unfunded for the fiscal year. The Road Fund Act has since been delayed due to a perceived shortage in the National Budget of \$32 million (the amount allocated to the Road Fund Act).

In addition to the Road Fund Act of 2016, the Liberian government has also partnered with the World Bank to create the Liberia Road Asset Management Project (LIBRAMP).

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<sup>158</sup> “Liberia Infrastructure and Inclusive Growth”. African Development Bank Group, 2013.

<sup>159</sup> Last Mile Health. Meeting with Last Mile Health, 5 Dec. 2017.

<sup>160</sup> Mahmud Johnson. Meeting with Mahmud Johnson, 5 Dec. 2017.

<sup>161</sup> “Ellen Submits Road Maintenance Act”. Liberian Daily Observer, 22 Mar. 2016.

The goal of this project is to help reduce transport time and cost along the 246-kilometer Suakoko Highway linking Monrovia with Ganta. The project also provides for the maintenance of the road over a 10-year period, boosting employment by more than 1,400 jobs annually. Beyond LIBRAMP, the World Bank has committed \$400 million to ongoing transport projects in Liberia. So far, LIBRAMP has financed the rehabilitation of over 500 kilometers of paved roads, which represents about 60 percent of the existing network of paved roads in Liberia.<sup>162</sup>

### **Recommendations:**

- **Rank and complete road construction projects based on feasibility, expected economic benefit, and rural community integration, with particular emphasis on the Monrovia-Ganta-Buchanan road network**

**Theme: Develop road network**

**Priority: Short-term**

Because there are so few paved roads in Liberia, there are numerous road construction projects, competing for limited donor funding, that could benefit many people. Unsurprisingly, this process can quickly become political and lead to uncertainty as well as delays in construction projects. Further development of the long-delayed Monrovia-Ganta-Buchanan network would reduce the transaction costs associated with this route and would align with the nation's existing internal infrastructure priorities. As Figure 30 demonstrates above, improvements to the unpaved portions of Liberia's TAH segment would provide the nation with greater access to the capital cities of Mano River Union nations.<sup>163</sup> In addition, development of this road network would align with the nation's efforts to bolster the Monrovia-Ganta economic corridor, which serves as the primary internal economic link for 43 percent of the population.<sup>164</sup>

- **Explore cheaper and more efficient road construction options**

**Theme: Develop road network**

**Priority: Medium-term**

To pave a road in Liberia, it costs roughly \$1 million per kilometer.<sup>165</sup> There are several cost-cutting measures a donor or country can take to significantly reduce the hefty price tag of road construction, depending on the quality tradeoffs the donor or country is willing to make. Evolving technology within materials science means that reduced costs might not signify reduced quality. Techneco, a company based in South Africa, specializes in an asphalt-alternative that has been used in South Africa, Zimbabwe, Namibia, etc., and costs 50-60 percent less than asphalt road construction.<sup>166 167</sup> Thorough research and experimentation should not be undervalued in drastically reducing the costs associated with road construction.

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<sup>162</sup> The World Bank, 2017.

<sup>163</sup> "Liberia Infrastructure and Inclusive Growth." African Development Bank Group, 2013, p. 110.

<sup>164</sup> "Liberia Infrastructure and Inclusive Growth." African Development Bank Group, 2013, p. 90.

<sup>165</sup> The World Bank. Meeting with Larissa Leshchenko, 7 Dec. 2017.

<sup>166</sup> Techneco LTD, 2014. <http://www.ecobond.co.za/home/about-us>

- **Coordinate donor projects when possible to avoid piecemeal completion of road projects**

**Theme: Develop road network**

**Priority: Medium-term**

World Bank Country Manager, Larissa Leshchenko,<sup>168</sup> explains that road construction projects have to be divided into so many separate segments, that by the time you finish paving the complete road, it already needs maintenance again. Because long distances of road need to be paved, no single donor or country has the funding to finance a road project in its entirety. Although donor organizations are notoriously poor at coordinating with one another due to differing time and financial constraints, as well as different mission-oriented priorities, it is the prerogative of the Liberian government to advocate for multi-stakeholder (namely donors) projects. The Liberian government should maximize public-private partnerships (PPPs) in order to reduce the extraordinary financial burden this type of project would put on any single, or even a few, development agencies. Avoiding piecemeal projects is more cost-effective for all those involved; however, full-road projects could take several years to plan and manage across donor organizations and the government.

### *Electricity*

Electricity infrastructure is severely underdeveloped in Liberia. Structures that were in place before the Civil War were mostly destroyed during the conflict. Liberia is seriously disadvantaged relative to the rest of sub-Saharan Africa, and is home to the highest electricity costs in the region, perhaps in the whole continent. A history of low public investment in the sector has exacerbated the problem.



*Makeshift Power Lines in Robertsport*

Prior to the war, the Liberia Electricity Corporation (LEC), the state-owned operator tasked with generating, transmitting, and distributing electric power throughout the

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<sup>167</sup> “Zambians Test Inexpensive Technology to Build Roads”. Voice of America, 1 Nov. 2017. <https://www.voanews.com/a/a-13-2007-09-18-voa36/333313.html>

<sup>168</sup> The World Bank. Meeting with Larissa Leshchenko, 7 Dec. 2017.

nation, operated two power systems, one in Monrovia and one in rural areas. Both were destroyed during the Civil War as a result of looting and vandalism. Private generators have been widespread ever since. By mid-2011, virtually no publicly provided electricity was available. At that point, the LEC only served about 1 percent of Monrovia's population.<sup>169</sup>

By 2012, few people had access to electricity, and many still relied on generators, firewood, charcoal, candles, kerosene, and palm oil. Obtaining an electricity connection became slightly easier in 2013 as a result of the adoption of better procurement practices by the LEC.<sup>170</sup> However, reforms did little to improve the overall efficiency and reliability of energy provision in the country.

Investment in the electricity sector should be an immediate priority for the Liberian government. Access to electricity is vital to fixing many other crucial problems the country faces, such as lack of human capital capacity, rural access to services, low domestic production, and the inability to meet internal demand.

#### **Recommendations:**

- **Develop electricity collection systems and storage infrastructure in existing Mount Coffee electricity plant**

**Theme: Increase access to electricity**

**Priority: Short-term**

Currently, Liberian electricity production comes from Mount Coffee, a recently-rehabilitated hydroelectric plant located in Montserrado County, operated by the LEC.<sup>171</sup> Rehabilitation efforts led by President Sirleaf and the international community resulted in massive improvements to the plant's electricity generating capacity: at 88-MW, Mount Coffee has the ability to power all of Liberia.

However, the plant still lacks the technology necessary to collect and store the excess electricity generated. Public-private partnerships have worked well in this sector, supplementing government investment with significant foreign donor funding. Therefore, funding should be coordinated between the government and private donors, and directed towards developing this type of infrastructure.

- **Develop infrastructure for energy distribution to all parts of Liberia**

**Theme: Increase access to electricity**

**Priority: Short-term**

Not only is Mount Coffee unable to collect and store the excess electricity it

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<sup>169</sup> "Liberia Infrastructure and Inclusive Growth." Afdb.org, African Development Bank Group, 2013, [https://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Liberia\\_-\\_Infrastructure\\_and\\_Inclusive\\_Growth\\_-\\_Full\\_Report.pdf](https://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Liberia_-_Infrastructure_and_Inclusive_Growth_-_Full_Report.pdf).

<sup>170</sup> Ibid.

<sup>171</sup> "Liberia Infrastructure and Inclusive Growth." Afdb.org, African Development Bank Group, 2013, [https://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Liberia\\_-\\_Infrastructure\\_and\\_Inclusive\\_Growth\\_-\\_Full\\_Report.pdf](https://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Liberia_-_Infrastructure_and_Inclusive_Growth_-_Full_Report.pdf).



generates, it is also unable to distribute it to most of the country, notably rural districts. Only 9.8 percent of the population has access to electricity. More specifically, 17 percent of the urban population and three percent of the rural population have electricity.<sup>172</sup> The most urgent necessity to solve the electricity distribution issue is the construction of roads and other transportation methods to deliver electricity to areas outside of Monrovia. Once roads are in place, energy distribution technology can be developed and installed around the country. Studies show that “approximately \$1 billion will be required for grid construction, including 9,900 km of MV distribution line, as well local LV distribution systems, transformers and all household connection costs.”<sup>173</sup> As mentioned above, public-private partnerships in the sector have been successful in the past. Projects and funding should be coordinated in order to direct investment to building transportation networks that could eventually deliver electricity to all of Liberia.

- **Improve reliability and reduce price of electricity provided**

**Theme: Increase access to electricity**

**Priority: Medium-term**

Once connected to the LEC power grid, Liberians still typically experience more than one hour of power outages a week. Currently, the LEC does not have enough customers to invest in expanding services to areas outside of Monrovia. In addition to the unreliability of the electricity provided by the LEC, service costs are very high, both for the corporation itself and for its customers. This is partly a result of revenue collection inefficiency. As of 2015, “for every 100 units of electricity generated, LEC [received] payment for only 68 units, meaning 32 units of electricity [were] lost due to technical losses in the system and theft, or [were] simply never collected.”<sup>174</sup> Addressing corruption in this sector is essential to reducing costs. Liberia has the highest electricity costs in all of West Africa, as shown in the table below. Studies have found a key relationship between low electricity consumption and low human development. Energy reliability is a huge contributor to enterprise activity and economic growth. Power shortages have a severe impact on households and the business sector, especially the manufacturing sector, and often force business owners to rely on private generators. As of 2016, Liberia ranked 180 out of 189 countries in “Getting Electricity” in the *Doing Business* rank. The country earned a 0/8 in reliability of electricity supply and transparency of tariffs index.<sup>175</sup>

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<sup>172</sup> World Bank. 2016. *Doing Business 2016: Measuring Regulatory Quality and Efficiency*. 2016.

<sup>173</sup> Modi, Vijay, et al. “Liberia Power Sector Capacity Building and Energy Master Planning.” Columbia.edu, [qsel.columbia.edu/assets/uploads/blog/2013/09/LiberiaEnergySectorReform\\_Phase4Report-Final\\_2013-08.pdf](http://qsel.columbia.edu/assets/uploads/blog/2013/09/LiberiaEnergySectorReform_Phase4Report-Final_2013-08.pdf).

<sup>174</sup> “Loss Reduction Program for the Liberia Electricity Corporation.” Usaid.gov. USAID, 26 Aug. 2016.

<sup>175</sup> World Bank. 2016. *Doing Business 2016: Measuring Regulatory Quality and Efficiency*. 2016.

Table: Regional Electricity Tariffs

Country	Avg Price US cents/ KWh	Total Cost per unit, US cents/KWh*	Historical Cost Recovery Ratio %
Benin	13,63	13,73	99,28
Burkina Faso	20,07	23,56	85,19
Cape Verde	22,81	23,34	97,73
Ghana	13,24	13,24	100
Liberia	54,00	32,80	100
Niger	23,95	43,20	55,44
Nigeria	4,41	7,55	58,42
Senegal	14,23	23,87	59,6
Sierra Leone	42,00		
* Incl. historical capital & operational costs per unit, but ops only for Liberia			

Source: Government of Liberia, LEC and AICD, 2008

### *Telecommunications*

Similar to the country's electricity infrastructure, a significant part of Liberia's telecommunications infrastructure was destroyed during the Civil War. The post-war government began to rebuild telecoms in Liberia with the adoption of the Telecommunications Act of 2007.<sup>176</sup>

Significant progress has been made since. Internet access has been improved by the introduction of the Africa Coast to Europe (ACE) cable. The Cable Consortium of Liberia, a public-private partnership between the government and three cellular companies, manages ACE's landing point in Liberia.<sup>177</sup> As of 2016, mobile penetration was at approximately 75 percent, while internet penetration was only at 21 percent.<sup>178</sup> The three main players in the telecoms sector in Liberia are private GSM mobile network operators Lonestar Cell, Orange (formerly Cellcom), and Novafone. The sector is currently dominated by Lonestar, which holds 48 percent of market share and is now owned by the South Africa-based MTN Group.<sup>179</sup> The LTC is the only provider of wireless fixed line services, mainly to public organizations.<sup>180</sup>

<sup>176</sup> "Liberia Infrastructure and Inclusive Growth." Afdb.org, African Development Bank Group, 2013, [https://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Liberia\\_-\\_Infrastructure\\_and\\_Inclusive\\_Growth\\_-\\_Full\\_Report.pdf](https://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Liberia_-_Infrastructure_and_Inclusive_Growth_-_Full_Report.pdf).

<sup>177</sup> Cable Consortium of Liberia. <http://www.ccl.com.lr/aboutus.html>

<sup>178</sup> "Liberia - TelecommunicationsLiberia - Telecommunications." Liberia - Telecommunications, [www.export.gov/article?id=Liberia-Telecommunications-Services](http://www.export.gov/article?id=Liberia-Telecommunications-Services).

<sup>179</sup> MTN Liberia. <http://www.lonestarcell.com/en/about-mtn/about-lonestar-cell-mtn/Pages/default.aspx>

<sup>180</sup> "Liberia Infrastructure and Inclusive Growth." Afdb.org, African Development Bank Group, 2013, [https://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Liberia\\_-\\_Infrastructure\\_and\\_Inclusive\\_Growth\\_-\\_Full\\_Report.pdf](https://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Liberia_-_Infrastructure_and_Inclusive_Growth_-_Full_Report.pdf).

## **Recommendations:**

- **Support telecom sector when expanding access to electricity**

**Theme: Increase access to electricity**

**Priority: Short-term**

A key barrier to the development of the telecom sector in Liberia is limited access to electricity. Mobile phone usage goes beyond basic communication in the country. The lack of a strong financial services industry has led to the usage of “mobile banking” and other forms of mobile finance in order to overcome this issue. For example, the Liberian Revenue Authority uses mobile apps to collect taxes.<sup>181</sup> Electricity is crucial in ensuring the vitality of this system.

- **Support telecom sector when improving road network**

**Theme: Develop road network**

**Priority: Short-term**

The lack of a developed road network around the country puts more emphasis on the need for a strong mobile phone service provision in Liberia, as they are often the only outlets of communicating with other regions and accessing basic government services. The lack of electricity also makes it difficult for telecom operators to expand their customer base.

- **Encourage private sector involvement in the telecom sector by improving ease of doing business**

**Theme: Expand domestic production**

**Priority: Medium-term**

Telecom operators in Liberia are constrained by high taxes and the high cost of network operations and maintenance. It is estimated that it takes on average 465 days, 4 procedures, and 3897.1 percent of income per capita to acquire electricity, a key part of telecom operations.<sup>182</sup> The lengthy process of doing business in Liberia is a serious deterrent to the industry. The unreliability of network security is another concern. Software and web development, systems design, and IT infrastructure development are some of the most viable areas for telecommunications development.<sup>183</sup> The tax system should be reconfigured to both encourage investment in key technology areas and reduce major costs for telecom operators. In general, the ease of doing business in Liberia is poor compared to the rest of the region and the world. Any policies that eased doing business in the country would stimulate the telecom sector.

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<sup>181</sup> Tamba, Elfrieda. Conversation at the Liberian Revenue Authority. Dec. 6, 2017.

<sup>182</sup> World Bank. 2016. Doing Business 2016: Measuring Regulatory Quality and Efficiency. 2016.

<sup>183</sup> International Trade Administration, U.S. Chamber of Commerce, 2017. <https://www.export.gov/article?id=Liberia-Telecommunications-Services>

Table: Ease of Doing Business in Liberia

✓ Reform making it easier to do business    ✗ Change making it more difficult to do business

<b>LIBERIA</b>	<b>Sub-Saharan Africa</b>	<b>GNI per capita (US\$)</b>	<b>400</b>
<b>Ease of doing business rank (1–189)</b>	<b>179</b>	<b>Overall distance to frontier (DTF) score (0–100)</b>	<b>40.19</b>
<b>Starting a business (rank)</b>	37	<b>Getting credit (rank)</b>	109
DTF score for starting a business (0–100)	92.49	DTF score for getting credit (0–100)	40.00
Procedures (number)	4	Strength of legal rights index (0–12)	8
Time (days)	4.5	Depth of credit information index (0–8)	0
Cost (% of income per capita)	16.8	Credit bureau coverage (% of adults)	0.0
Minimum capital (% of income per capita)	0.0	Credit registry coverage (% of adults)	1.8
<b>Dealing with construction permits (rank)</b>	174	<b>Protecting minority investors (rank)</b>	182
DTF score for dealing with construction permits (0–100)	49.64	DTF score for protecting minority investors (0–100)	28.33
Procedures (number)	22	Extent of conflict of interest regulation index (0–10)	3.7
Time (days)	74	Extent of shareholder governance index (0–10)	2.0
Cost (% of warehouse value)	6.6	Strength of minority investor protection index (0–10)	2.8
Building quality control index (0–15)	2	<b>✗ Paying taxes (rank)</b>	118
<b>Getting electricity (rank)</b>	180	DTF score for paying taxes (0–100)	68.21
DTF score for getting electricity (0–100)	33.81	Payments (number per year)	33
Procedures (number)	4	Time (hours per year)	139.5
Time (days)	465	Total tax rate (% of profit)	47.8
Cost (% of income per capita)	3,897.1	<b>Enforcing contracts (rank)</b>	176
Reliability of supply and transparency of tariffs index (0–8)	0	DTF score for enforcing contracts (0–100)	33.92
<b>Registering property (rank)</b>	178	Time (days)	1,280
DTF score for registering property (0–100)	33.24	Cost (% of claim)	35.0
Procedures (number)	10	Quality of judicial processes index (0–18)	6.5
Time (days)	44	<b>Trading across borders (rank)</b>	183
Cost (% of property value)	13.0	DTF score for trading across borders (0–100)	17.75
Quality of land administration index (0–30)	4.5	Time to export	
		Documentary compliance (hours)	186
		Border compliance (hours)	193
		Domestic transport (hours)	7
		Cost to export	
		Documentary compliance (US\$)	628
		Border compliance (US\$)	750
		Domestic transport (US\$)	225
		Time to import	
		Documentary compliance (hours)	192
		Border compliance (hours)	217
		Domestic transport (hours)	7
		Cost to import	
		Documentary compliance (US\$)	528
		Border compliance (US\$)	655
		Domestic transport (US\$)	225
		<b>Resolving insolvency (rank)</b>	168
		DTF score for resolving insolvency (0–100)	4.54
		Time (years)	3.0
		Cost (% of estate)	43
		Recovery rate (cents on the dollar)	8.4
		Strength of insolvency framework index (0–16)	0

## EDUCATION

According to the Deputy Minister of Instruction at the Liberian Ministry of Education, Romelle Horton, Liberia’s future greatly depends on its ability to educate both its high proportion of young people, as well as those that received an incomplete education due to conflict or Ebola.<sup>184</sup> Both the public and private sectors stress the need for improved human capital, but strengthening education institutions in order to meet this need has proven to be quite difficult. Horton emphasized the importance of recruiting and retaining quality teachers, especially in rural areas of the country. However, she also admitted that many rural teachers must skip several days of school just to collect their paycheck. Teachers often visit multiple banks before finding a bank that has available cash to pay them. Even then, they may have to stand in line for many hours before they are able to withdraw their paycheck. As teachers become more disillusioned by the highly inefficient compensation process, they understandably become less incentivized to do their jobs to the best of their ability. Both teachers and students lose in this system, since students are missing valuable instructional time. Unfortunately, this is just one example of the many problems Liberia must address in order to improve education in the nation.

### Overview

Liberia’s formal education structure includes: six years of primary schooling (grades 1–6); three years (grades 7–9) of junior secondary; and three years of senior secondary

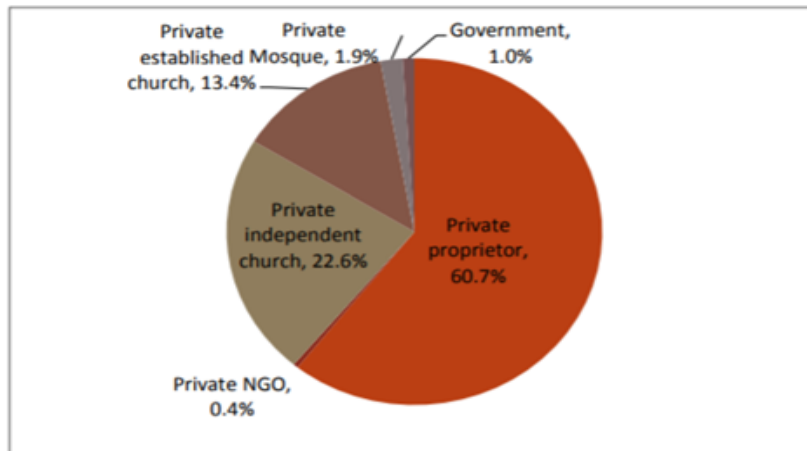
<sup>184</sup> Meeting with Ministry of Education, 5 Dec. 2017.

(grades 10-12).<sup>185</sup> Each school year consists of 180 instructional days from September-December and February-June.<sup>186</sup> Students are enrolled in three different kinds of education institutions: public, private, or partner (charter) school institutions, at both the primary and secondary school levels. However, only seven percent of students from the ages of 15-24 have completed primary school, and just four percent have completed their secondary education.<sup>187</sup> As of 2016, Liberia had the highest proportion, nearly two thirds, of children not attending primary school.<sup>188</sup> There are an estimated 2,750 public schools in the country.<sup>189</sup>

In 2014, over 54.5 percent of parents with children in the public school system reported that they would prefer to send their children to private school, while under seven percent of parents with children in private schools demonstrated a preference for public schools. The primary reason parents send their children to private schools, even when they might prefer public schools, is because the public school system is not accessible in all regions of Liberia. Parents that would prefer to send their children to private schools, but enroll their children in public schools instead, cite the inability to pay private school fees, since the mean total cost for sending a child to private school is \$214.25.<sup>190</sup>

As of 2011, President Sirleaf signed into law the Education Reform Act, which established free and compulsory primary education for Liberian citizens. The act mandated free public school for the first 10 years of schooling.<sup>191</sup>

**Figure 1 Pupils by management type**



<sup>185</sup> Tooley, James and David Longfield. "Private Education in Low Income Areas of Monrovia: School and Household Surveys." E.G West Centre, Newcastle University and Development Initiatives Liberia.inc. Nov 2013.

<https://egwestcentre.files.wordpress.com/2014/07/liberia-report-2013-11-26-v5.pdf>

<sup>186</sup> Ibid.

<sup>187</sup> Ibid.

<sup>188</sup> Ibid.

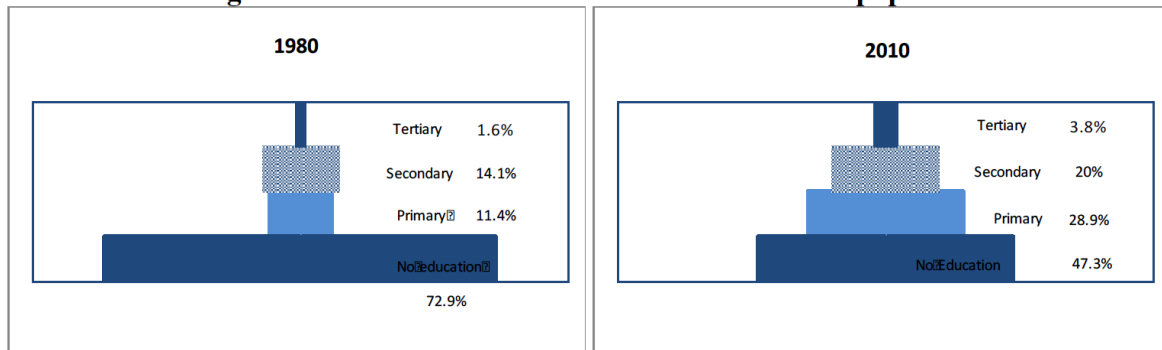
<sup>189</sup> Ibid.

<sup>190</sup> Liberia Out of School Children Ages 7-14". 2014.www.epdc.org. Nov 2017. web.

<sup>191</sup> Ibid.

Under the Education Act of 2011, the Ministry of Education (MoE), is responsible for the accreditation and oversight of both public and non-public schools, with the exception of the Monrovia Consolidated School System (MCSS). Education policy decisions are made at the national level, and then passed down to the counties and districts. There are 15 county education offices, as well as 86 district education offices, that are responsible for distributing salary checks from the national office to teachers.<sup>192</sup>

**Figure ES-A: Educational attainment of the whole population**



Source: Barro-Lee 2010

### Recommendations:

- **Continue to prioritize school enrollment, regular attendance, and multi-year student retention to facilitate completion of both primary and secondary education**

**Theme: Bolster human capital capacity**

**Priority: Medium-term**

In the past several years, primary school enrollment has been a priority of the Ministry of Education, as well as the U.S. Embassy and USAID in Liberia. However, 311,000 children (roughly 47 percent of children ages 7 to 14) are still not enrolled in formal education.<sup>193</sup>

While enrollment should continue to be a priority of the Ministry of Education, there is little accountability when students do not attend school. Irregular attendance is common among young Liberian students, and many do not complete secondary education.<sup>194</sup> On both the national and local level, education leaders must work alongside communities, parents, and teachers to get students in the classroom everyday, through secondary school. Of course, this will not happen overnight, but simply increasing student enrollment numbers should not be the only measure of improving education in Liberia. In the following sections, strategies for increasing student retention will be outlined.

<sup>192</sup> “Right to Education Factsheet: Liberia”. Right to Education Project, July 2012. [http://www.right-to-education.org/sites/right-to-education.org/files/resource-attachments/RTE\\_Country\\_Factsheet\\_Liberia\\_2012.pdf](http://www.right-to-education.org/sites/right-to-education.org/files/resource-attachments/RTE_Country_Factsheet_Liberia_2012.pdf)

<sup>193</sup> “Liberia Out of School Children Ages 7-14”. 2014. [www.epdc.org](http://www.epdc.org). Nov 2017. web.

<sup>194</sup> Meeting with Magdeline Brown, Principal at Kendeja Primary School. 7 Dec. 2017.

## *Funding*

In terms of funding, the education sector of government expenditure over the past four years has ranged from 10.6 percent to 13.5 percent, but is expected to increase to 14.5 percent by the end of the 2019-20 fiscal year. The share of funding allocated to primary education (Grades 1-6) has averaged 40 percent over the past three years, including the costs associated with pre-service training of primary school teachers. Additionally, higher education captured nearly a third of remaining education expenditures over the past three years, since technical vocational education is comparatively quite expensive.

Employee compensation has accounted for a majority of MoE expenditures, ranging from 86 percent to 94 percent in the past few years. The MoE spends the bulk of its annual budget on salaries and subsidies, while Liberia must almost entirely depend on donors to fund the rest of its education system. In terms of subsidies, MoE expenditures averaged \$2.5 million annually in the past three years (excluding 2014-15).<sup>195</sup>

Other sources of funding include, but are not limited to, development partners, household expenditures, and concession agreements. Currently, textbook provision, implementation of the annual school census, infrastructure projects, and certified teacher training rely on significant amounts of external funding. In recent years, donor financing of the education sector has supported nearly 50 percent of the MoE budget. Additionally, several large corporations (e.g., those involved in mining and rubber) have multi-million dollar concession agreements with the MoE through which school systems are funded and supported in various local counties and districts.<sup>196</sup>

### **Recommendations:**

- **Reform payroll to maximize limited funding**

**Theme: Reduce corruption and reform government practices**

**Priority: Short-term**

According to Ministry of Education's "Education Sector Analysis," payroll reform would drastically increase payroll efficiency by removing ghost teachers, combining supplementary payroll with regular payroll and moving retirement-aged staff to pension fund. The removal of "ghost teachers" alone could save the MoE nearly \$2 million. While the MoE was able to eliminate 1,900 "ghost teachers" this past summer, Education Minister George Werner admitted there are still many more that need to be removed from payroll.<sup>197</sup> Since there are many working and volunteer teachers that are not being adequately paid, nor on time, the first priority of the MoE should be maximizing the limited funding they have, by getting rid of teachers that are not teaching.

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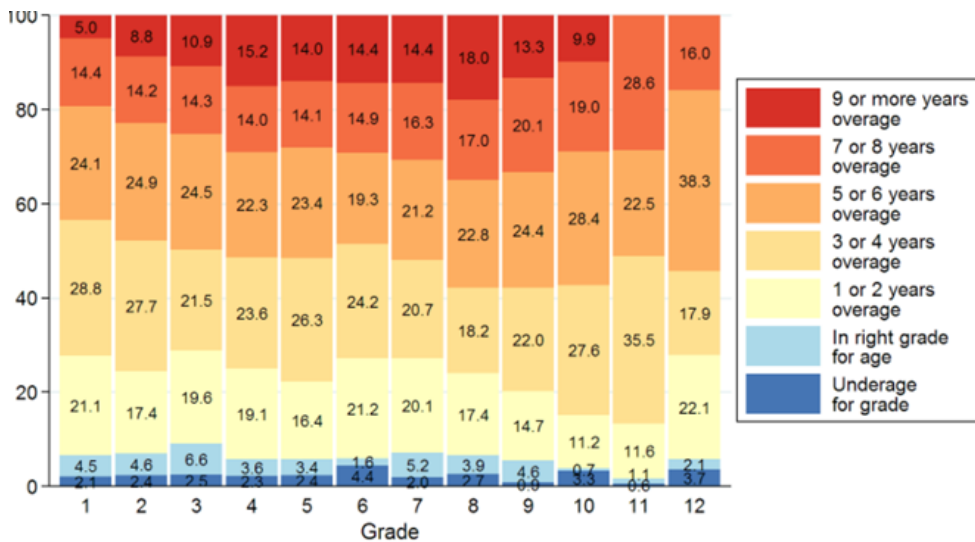
<sup>195</sup> "Liberian Education Sector Analysis". Liberian Ministry of Education, Nov. 2016.

<sup>196</sup> "Liberian Education Sector Analysis". Liberian Ministry of Education, Nov. 2016.

<sup>197</sup> "1,900 Ghost Teachers Booked on MoE's Payroll". The Frontier Liberia, 24 Jun. 2017.

## Public Primary and Secondary Education

The highest rate of school participation for both girls and boys occurs at ages 14 and 16 respectively. Though the nation's official age of primary education entrance is six and primary education is intended to occur from the ages of six to 12, 85 percent of enrolled primary school students are classified as overage.<sup>198</sup> In 2007, five percent of all first graders were over nine or more years overage, and 44 percent of all first graders were over five years overage. The official age for eighth graders is 13 in Liberia but 1 in 5 students in eighth grade is 22 years or older.<sup>199</sup>



### Recommendations:

- **Create programs that increase community awareness of compulsory education benefits by changing parent perceptions**

**Theme: Bolster human capital capacity**

**Priority: Long-term**

Over the past 10 years there has been a reduction in the number of overaged children at each level but the issue of overaged students persists. Many parents that live far from schools hesitate to send their young children to school on foot and prefer to hold them a back a few years. Other parents require their school-aged children to babysit their toddler siblings, do chores, or work to help support the family.<sup>200</sup> Creating programs that directly teach the benefits of education to parents (especially to mothers) like Economic Empowerment of Adolescent Girls

<sup>198</sup> Liberian Ministry of Education. 5 Dec. 2017.

<sup>199</sup> Huebler, Friedrich. "International Education Statistics". January 2012.

<https://huebler.blogspot.com/2011/07/liberia.html>

<sup>200</sup> Darvas, Peter. "How do you solve a problem like over-age enrollment?" 14 Nov 2016.

<http://blogs.worldbank.org/education/how-do-you-solve-problem-over-age-enrolment>.



and Young Women (EPAG) Program, a World Bank project focused on improving incomes for girls, have been shown to lead to positive education outcome for children but also changed attitudes about sending children to school.<sup>201</sup>

- **Create more remedial and accelerated learning programs that embrace the distinct pedagogical approaches required for both children and adolescents; provide additional training to Advanced Learning Programs (ALP) facilitators**

**Theme: Bolster human capital capacity**

**Priority: Long-term**

Developing more remedial and accelerated learning programs for the overaged population is necessary in order for Liberia to produce a literate and competent workforce for the future economy. Currently, ALP in Liberia has proven to be effective in “providing a rapid education safety net and learning space for children that were above official school age.”<sup>202</sup> ALP’s curriculum must be reviewed and in line with current primary education standards but requires special textbooks that synthesize the material. ALP will require funding for continuation and expansion, while international partners may be able to off put costs temporarily the Government of Liberia must develop a plan for the exit of international donors.<sup>203</sup> Liberia may continue to fund ALP by borrowing from Ghana’s success. Ghana was able to improve remedial education through the Teacher Community Assistant Initiative (TCAI) a low cost program that recruited high school graduates as teaching assistants and placed them in government primary schools across Ghana. TCAs taught remedial classes during school hours, focusing on literacy and numeracy.<sup>204</sup> Liberia can potential implement a similar program.

### *Early Childhood Education*

USAID plans to support an early grade reading activity for grades one and two students in public primary schools in six targeted counties in Liberia. A pilot literacy skills program for students in public kindergarten schools is also planned. The goal of this activity is that after two years of schooling, students will read and understand grade level text in English and pre-primary students will develop the oral vocabulary required for emergent literacy skills. Approximately 5,400 public school kindergartens are expected to

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<sup>201</sup> Ibid.

<sup>202</sup> Manda, Stella. “2012 Liberia: Evaluation of the Accelerated Learning Program in Liberia”. Unicef.org. 2012. [https://www.unicef.org/evaldatabase/index\\_70003.html](https://www.unicef.org/evaldatabase/index_70003.html)

<sup>203</sup> Ibid.

<sup>204</sup> International Poverty Action. “Evaluating the Teacher Community Assistant Initiative in Ghana”. 2013. <https://www.poverty-action.org/study/evaluating-teacher-community-assistant-initiative-ghana>

be reached in a two-year period and approximately 172,800 grades one and two public primary school students will benefit from the activity over a five-year period.<sup>205</sup>

## **Recommendations**

- **Improve the quality and outcome of early childhood education by establishing clear and standardized metrics**

**Theme: Bolster human capital capacity**

**Priority: Medium-term**

There is a moderate lack of standardization of curriculum and assessment at early levels at education in Liberia. This makes it difficult for educators to identify areas that need improvement and further attention. Beginning in 2008 the USAID program Early Grade Reading Assessments (EGRA) later continuing under the Liberia Teacher Training Program (LTTP) on average improved the reading skills of students at participating schools by three times.<sup>206</sup> The program included interventions to increase quality of learning such as increasing reading time in schools, increasing supplies, and providing teachers with training. EGRA was also capable of measuring success with assessments, a tool currently lacking in schools.<sup>207</sup>

### *Public School Teachers*

Over the past eight years, the size of the teaching force has more than doubled from 26,359 teachers to 55,243 teachers. The size of the teaching force at the lower secondary and upper secondary levels has achieved the highest level of growth — with lower secondary teachers growing by more than 50 percent and upper secondary teachers increasing by approximately 80 percent. However, there are still more than 8,000 volunteer teachers waiting to be officially hired and paid by the government.

While the teaching force has grown, teacher quality is low. As mentioned in the introduction, high levels of teacher absenteeism, especially in rural areas, contribute to poor teacher quality. In fact, 30 percent of teacher absenteeism can be attributed to teacher traveling far distances to collect their paychecks from district or county offices. Additionally, teachers must attend workshops and trainings to improve their classroom effectiveness, which requires teachers to be away from their classrooms more often, thus corresponding with less instructional time for students.

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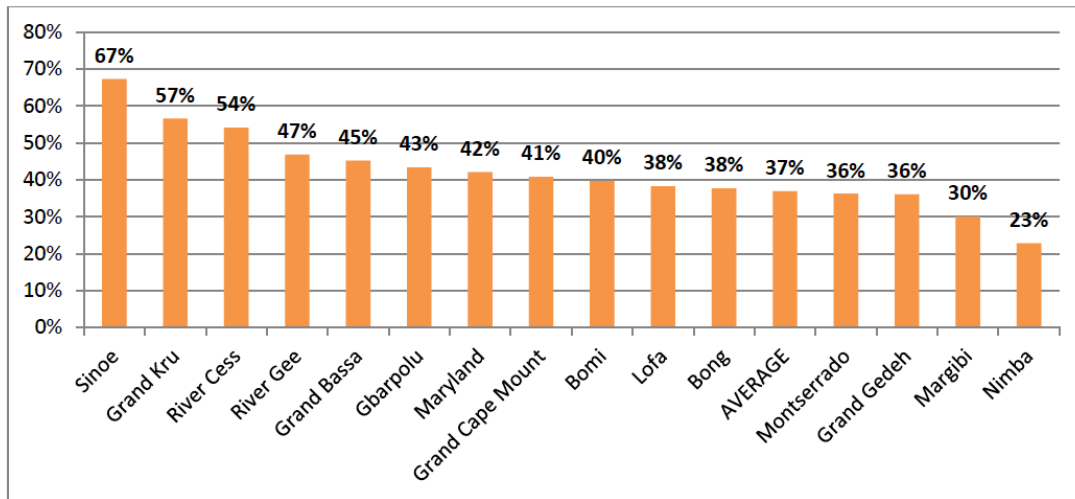
<sup>205</sup> UNICEF. “Education”. 7 Nov 2017. <https://www.usaid.gov/liberia/education>

<sup>206</sup> Piper, B., & Korda Poole, M. (2010). *Early Grade Reading Assessment (EGRA) Plus: Liberia. Program evaluation report*. (Prepared for USAID/Liberia.). Research Triangle Park, NC: RTI International. <https://www.rti.org/publication/early-grade-reading-assessment-egra-plus-liberia-program-evaluation-report>

<sup>207</sup> Ibid.

The national student to teacher ratio (STR) is 30:1, which is lower than the recommended level set by UNICEF (40:1) for primary schools.<sup>208</sup> However, the student-teacher ratio in Liberia ranges between 14:1 to 78:1 depending on the specific region of the country. Overall, there is a large teacher shortage, with 6,600 classes countrywide lacking a teacher.<sup>209</sup>

**Figure 4-F: Unqualified primary teachers by county, 2015**



Source: EMIS 2015

### Recommendations:

- **Reform payroll operations to pay teachers more consistently and efficiently**

**Theme: Reduce corruption and reform government practices**

**Priority: Short-term**

While the MoE does not have the funding to increase teacher salaries in the foreseeable future, there are a few inexpensive reforms it can make to better support teachers right now. Currently, teachers must wait several months, if not years, to be added to payroll, which means they are not being paid for their work during this time. Even more frustrating, teachers are often not informed of their status in the payroll process, so it is difficult for them to plan accordingly.

Especially when the payroll process takes so long, payroll administrators should be more transparent and better communicate with teachers, so that they are made aware of the status of their work application. Instead of requiring teachers to travel long distances and sacrifice entire days of instruction in order to receive their paychecks, the MoE should coordinate with local banks and education leaders (i.e. principals) to transport paychecks to school sites on a regular basis.

Delivering paychecks to schools will be far more time-effective, since one driver

<sup>208</sup>

<sup>209</sup> “Getting to Best: Education Sector Plan 2017-2021”. Feb.2017.

- could potentially deliver many paychecks to many schools, instead of many teachers retrieving individual paychecks. It would also instill greater confidence in teachers that they will be fairly and consistently compensated for their work.
- **Implement alternative certification processes for aspiring teachers**  
**Theme: Bolster human capital capacity**  
**Priority: Medium-term**  
 While several teacher-training institutes have opened since the end of conflict in 2005, and the MoE is heavily recruiting teachers, there is still a tremendous shortage of teachers. If every school was to have one teacher per grade, Liberia is still 6,000 teachers short.<sup>210</sup> Teachers at the senior secondary level are required by law to have a college education, but teachers at the primary and junior secondary level do not.<sup>211</sup> So, the MoE should expand the number of teacher training institutes, or install short-term alternative accreditation pathways, especially in tandem with private partnerships. Establishing alternative accreditation pathways is another potential strategy for cutting costs, since they might not have the same fixed costs, such as the physical infrastructure, as traditional training institutes.

*Public-Private Partnership Schools*



*A Bridge Partnership Schools kindergarten classroom in Monrovia*

“We want to stay away from the usual way of doing education.”  
 —Dr. Romelle Horton, Deputy Education Minister of Instruction

An instructor asks, “in what way does sound travel?” Immediately, 10 hands shot up in the air and Abigail, a second grade girl, proudly answers, “sound travels in waves!” Abigail is one of 27,000 students enrolled in Partner Schools for Liberia (PSL), a public-private partnership initiative. There are currently 94 partner schools in Liberia launched in 2016. These schools were randomly selected to be overseen by the government but

<sup>210</sup> Ministry of Education. Meeting with Kammi Sheeler, 5 Dec. 2017.

<sup>211</sup> Education Policy and Data Center, 2012.

have curriculum arranged by 7 private operators to remain free and high quality educational institutions. These seven operators include both for-profit and nonprofit groups. Additionally, 68 schools are run under Bridge Partnership Schools, a for-profit group that was directly contacted by Ministry of Education to serve as an unofficial partner.<sup>212</sup>

Early independent evaluations of PSL conducted by the Center for Global Development and the research NGO Innovations for Poverty Action show that the private operators have improved learning by 60 percent in its first year.<sup>213</sup> However, financial sustainability and cost-effectiveness of PSL are concerning, as the government intends to double the amount of PSL schools from 94 to 200. PSL schools receive the same government-funded \$50 per student that all other government schools receive, in addition to \$50 provided by Ark, UK-based education charity. The report found that long-term costs per child are estimated to range from \$39 to \$321.<sup>214</sup>

### **Recommendations:**

- **Reevaluate long-term costs of PSL schools and utilize public-private partnerships to strengthen and reform the traditional school system**

**Theme: Bolster human capital capacity**

**Priority: Medium-term**

While start-up costs of PSL schools will not have to be paid again and amount for a significant portion of costs the GoL (government of Liberia) should create a cost-benefit analysis of PSLs considering the potential decrease of private aid funding. The beneficial aspects of PSLs should not be overlooked and should instead be used as a model for other strictly government run schools. Government ran schools can utilize teaching methods of PSLs as an example.

### *Barriers to Inclusive Education*

“We don’t have as big as a problem with enrollment as we do with retention.”  
—Dr. Romelle Horton, Deputy Education Minister for Instruction<sup>215</sup>

### *Costs*

Cost of education continues to be the most common reason for low enrollment in educational institutions for 80 percent of the population. While students are guaranteed basic education free of charge, the student’s family is responsible to cover examination

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<sup>212</sup> Edwards, Sophie. “Early results: Did private outsourcing improve Liberia’s schools?” 7 Sep 2017. <https://www.devex.com/news/early-results-did-private-outsourcing-improve-liberia-s-schools-90943>

<sup>213</sup> Ibid.

<sup>214</sup> Ibid.

<sup>215</sup> Dr. Romelle Horton Deputy Education Minister for Instruction. Meeting with the Ministry of Education. 5 December 2017.

materials and other learning expenses. The average cost of sending a child to a public school is \$159.07 (including fees and costs of uniform, lunch, transportation, and books) a year.<sup>216</sup> For this reason, children from the poorest income quintile are 3.2 times more likely to be unenrolled from school than children from the richest income quintile.<sup>217</sup> Offsetting the costs of some of these additional school fees may increase retention rates. However, funding for additional programs is low so the Ministry of Education and the Government of Liberia must find selective and creative ways of increasing retention and lowering costs borne by students and families.

### **Recommendations:**

- **Create food lunch programs to increase student retention at primary and secondary levels**

**Theme: Bolster human capital capacity**

**Priority: Medium-term**

Minister of Instruction, Dr. Horton said assessments have shown that when schools have a lunch program in Liberia, students are more likely to stay in school. In 2016 the Ministry of Education and the Government of Liberia expanded the number of students benefiting from school meals from 127,000 to 300,000.<sup>218</sup> To address lack of funding and make school lunch programs more sustainable for Liberia the World Food Programme (WFP) and partners have been trying establish a homegrown feeding program to replace the current food program. The new program is expected to be cheaper and as of June 2016 has expanded from six to 12 schools in Nimba County.<sup>219</sup> Because the WFP will not be able to provide assistance for a long time due to lack of funding, the government of Liberia must develop public-private partnerships and create relationships with local community farmers to ensure the longevity of the lunch programs. Local farmers and students may benefit from such initiatives.

### *Geography*

Rates of enrollment and education level vary across regions since urban and rural children have unequal access to education facilities, approximately 58 percent of rural children and 30 percent of urban children are unenrolled.<sup>220</sup>

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<sup>216</sup> Tooley, James and Longfield, David. "Private Education in Low Income Areas of Monrovia: School and Household Surveys." E.G West Centre, Newcastle University and Development Initiatives Liberia.inc. Nov 2013.

<https://egwestcentre.files.wordpress.com/2014/07/liberia-report-2013-11-26-v5.pdf>

<sup>217</sup> Ibid.

<sup>218</sup> "School Meals Are Critical". 1 March 2016. <http://allafrica.com/stories/201603041787.html>

<sup>219</sup> "WFP Cites Lack of Funding For School Meal Program in Liberian Schools". 2016.

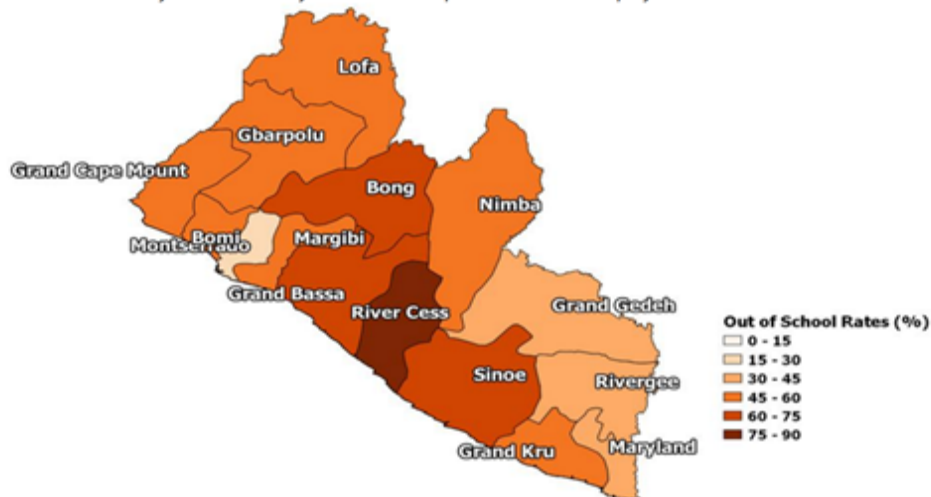
<https://frontpageafricaonline.com/index.php/news/2331-wfp-cites-lack-of-funding-for-school-meal-program-in-liberian-schools>

<sup>220</sup> Ibid.

Quality of education differs across regions. In three rural counties, over 50 percent of the primary school teaching force is under-qualified. Meanwhile, according to the 2010 Core Welfare Indicators Survey (CWIQ), children living in more urban areas, as well as wealthier children are more than twice as likely to attend private primary schools than their rural or more economically-disadvantaged counterparts. The majority of private schools are located in four counties: Montserrado, Margibi, Nimba, and Bong. Even in Montserrado County, the bulk of private schools are found in the greater Monrovia area.<sup>221</sup> Additionally, 98 percent of all secondary schools are in regions near Monrovia.<sup>221</sup>

**Comparison of Rates of Out of School Children Ages 7-14 across Liberia**

*Exact estimated rates and 95% confidence intervals for estimates are provided later in the profile.*



**Recommendations:**

- **Increase enrollment rates by ensuring that children from rural and urban areas receive free education without unexpected fees**

**Theme: Bolster human capital capacity**

**Priority: Medium-term**

Families in rural areas say that for the youngest age group (ages 5-14) the main reasons for not attending school are that school is too expensive, too far, or “the kids are too young to attend”.<sup>222</sup> The government has made school free but supplies and uniforms are still costly for some families.

- **Develop a national qualification standard and training that all rural and urban teachers must attend before being added to payroll**

**Theme: Bolster human capital capacity**

**Priority: Medium-term**

This will incentivize teachers to attend schools, will create a teaching workforce in both rural and urban areas that is aware of national expectations, and will

<sup>221</sup> Ibid

<sup>222</sup> Liberia Out of School Children Ages 7-14”. 2014. [www.epdc.org](http://www.epdc.org). Nov 2017. web.

ensure that all students have access to trained teachers. This will not eliminate the pre-existing issue of teacher shortage, but it will ensure that the teachers that are in service will be providing the same quality education.

- **Improve access to education in rural communities**

**Theme: Bolster human capital capacity**

**Priority: Short-term**

Distance of schools is still cited as an issue in rural communities.<sup>223</sup> With 98 percent of secondary schools located in urban areas, construction of junior and senior secondary schools is needed. This heavily relies on the expansion roads throughout the country in order to bring materials and educators needed.

### *Gender*

According to the Education Policy and Data Center (EPDC), approximately 92 percent of girls and 89 percent of boys in Liberia are not enrolled in school by the age of six. There is a higher chance of girls being married by the age of 18 than knowing how to read.<sup>224</sup> Cultural values are part of the reason girls do not attend school. Jomalin Kamara, one of few girls to complete primary and secondary school told the Epoch Times in 2016 that culture plays a key role in education. In Liberia, most parents strongly believe that it is more important for boys to attend school than girls.<sup>225</sup> Even when girls graduate from primary school, they are half as likely as boys to be literate. Female teachers are also significantly underrepresented in the MoE teaching force across all levels. At the primary level, only 21 percent of the teaching force is female, while at the lower secondary and upper secondary levels, female teachers comprise 11 percent and 7 percent, respectively, of the teaching force.

- **Develop community initiatives that empower girls to pursue education**

**Theme: Bolster human capital capacity**

**Priority: Long-term** Small scale mentoring resource programs like EPAG should be developed and implemented at local levels since it has been successful increasing positive perceptions of female education. Because government education is already free, scholarships for uniforms should be considered as a part of an effort to decrease gender disparities. Because the issue is culturally it may take a significant amount of time for the education gap to narrow but initiatives like USAID's Girls' Opportunity to Access Learning (GOAL) have been successful increasing the retention rate of girls in school. GOAL provided Girls Assistance Packages (GAPs, scholarships that included a book bag, school

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<sup>223</sup> Liberia Out of School Children Ages 7-14". 2014. [www.epdc.org](http://www.epdc.org). Nov 2017. web.

<sup>224</sup> *Front Page Africa*. "Liberia: Looking Beyond the Statistics- Girls' Education and Social Change". 2016. <http://allafrica.com/stories/201606240797.html>

<sup>225</sup> Dunu, Chika. "For Girls in Liberia, Going to School is a Delicate Venture". 1 July 2016. [https://www.theepochtimes.com/for-girls-in-liberia-going-to-school-is-a-delicate-venture\\_2105101.html](https://www.theepochtimes.com/for-girls-in-liberia-going-to-school-is-a-delicate-venture_2105101.html)



supplies and basic hygiene items) and reimbursements of \$5 to \$15 after confirmation of enrollment. This could eliminate the cost argument parents choose to allow only their sons to attend school.<sup>226</sup>

### *Post-Secondary Education in Liberia*

For Liberian students, there are generally three post-secondary schooling options: attending college or university in Liberia; enrolling in international institutions; or registering for vocational programs. According to the 2013 Liberia Demographic and Health Survey, only 4.3 percent of women and 9.3 percent of men have obtained post-secondary education.<sup>227</sup> The majority of these Liberians are wealthier and live in urban areas.

### *Liberian Colleges and Universities*

According to the National Commission for Higher Education, there are 19 private colleges/universities, two public universities, and seven community colleges in Liberia.<sup>228</sup> Yet, many of these institutions lack websites and basic enrollment information, so it is unclear how many of these institutions are currently in operation. To attend state-run universities, like the University of Liberia, applicants must pass university entrance exams. Historically, the number of students that have passed the University of Liberia's entrance exam has been infamously low.<sup>229</sup> In 2013, not one of the nearly 25,000 students to sit for the exam actually passed. After receiving pressure from President Sirleaf and the international community, the University did eventually allow the admission of 1,800 students that scored highest on the exam. In 2017, 1,661 students passed the exam, but the majority passed provisionally, meaning they scored between 50 to 60 percent on both the Mathematics and English sections



*Exterior of the University of Liberia's Graduate School*

<sup>226</sup> American Institutes for Research and Forum for African Women Educationalists. "Liberia Girls' Opportunities to Access Learning (GOAL) Plus Project. May 2016. <https://www.air.org/sites/default/files/downloads/report/GOAL-Plus-Final-Report-Liberia-May-2016.pdf>

<sup>227</sup> "Demographic and Health Survey," 2013.

<sup>228</sup> "Private Tertiary Institutions." *Private Tertiary Institutions | National Commission on Higher Education*, [ncheliberia.org/node/10](http://ncheliberia.org/node/10).

<sup>229</sup> Smith, David. "All 25,000 candidates fail Liberian university entrance exam." *The Guardian*, Guardian News and Media, 27 Aug. 2013, [www.theguardian.com/world/2013/aug/27/all-candidates-fail-liberia-university-test](http://www.theguardian.com/world/2013/aug/27/all-candidates-fail-liberia-university-test).

of the exam.<sup>230</sup> With provisional admission, students are required to take an additional 12 credit hours in mathematics and English courses during their first semester. While it is tempting to view the score increase as a reflection of higher-achieving students, most Liberian news organizations reported the score increase was likely due to lower standards.

Graduates from state-run universities are highly regarded in Liberia. Many of the most powerful government officials and business people hold degrees from these institutions. Many wealthy Liberians pursue post-secondary training abroad, since Liberian institutions often do not offer or offer a less rigorous version of the program the student is looking to pursue. In the 2016-2017 school year, 205 Liberian students pursued an undergraduate education in the United States.

Liberian students have access to a number of domestic and international scholarship programs. Over the past 10 years, the government has granted over 10,000 scholarships.<sup>231</sup> To qualify for these scholarships, students must maintain at least a 3.0 grade point average, and to receive more selective scholarships, students must meet additional criteria. For example, the Ministry of Foreign Affairs requires scholarship recipients to work for the Liberian government for at least two years after graduation. Unfortunately, the process to obtain these scholarships can be quite elusive. Students often have to use family connections to receive the full funding. Furthermore, after students spend the minimum amount of time working for the government, they often leave for the private sector or abroad.

#### **Recommendations:**

- **Provide fairer and more explicit scholarship programs**

**Theme: Bolster human capital capacity**

**Priority: Long-term**

To make these programs more accessible to all, the Liberian government should legitimize the application process for these scholarships. They should switch to a merit based system and prioritize students entering programs aligned with the government's economic interests. This change will help fight corruption in the education sector in the long-term. In the short term, it will bring more clarity and legitimacy to the programs.

- **Increase scholarship post-graduation requirements**

**Theme: Bolster human capital capacity**

**Priority: Long-term**

To keep recent graduates working in government longer, contracts should last

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<sup>230</sup> Johnson, Thomas T. *Liberia: 1,600 Students Pass UL Entrance Exam*. All Africa, 15 June 2017, [allafrica.com/stories/201706150831.html](http://allafrica.com/stories/201706150831.html).

<sup>231</sup> Brooks, Calvin. *Liberia: Govt Provides Over 10,000 Local, Int'l Scholarships*. All Africa, 30 Aug. 2016, [allafrica.com/stories/201608301249.html](http://allafrica.com/stories/201608301249.html).

more than two years. Ministries should consider the their human capital needs and write contracts accordingly. Additionally, for programs that do not have explicit contracts, ministries should make it clear to employees that upon their degree completion they will have positions. Furthermore, they should contract these students before graduation, in order to guarantee their return after graduation.

### *Vocational Opportunities*

Vocation programs are one way to address the need for trained human capital in Liberia. Additionally, many aid organizations believe vocational programs provide opportunities for former child soldiers to reform and acquire skills for the current job market<sup>232</sup>. During the civil war, some young boys left school to fight, thus missing out on opportunities to pursue post-secondary education degrees. This means that many young adult men are unskilled and unprepared to meet the needs of the current economy. Organizations, like UNICEF, invest in vocational training programs with the hope that keeping these men out of the streets will lead to less violence, and a more productive economy.

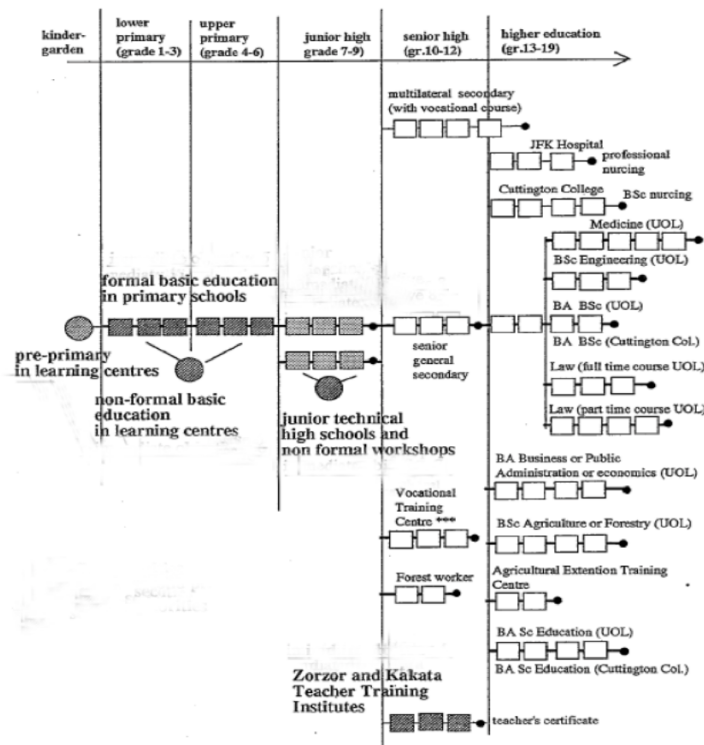
In 2006, the Ministry for Education ran only 16 percent of the vocational, while private providers (52 percent), missions (16 percent) and NGOs (16 percent) sponsored the majority of vocational programs.<sup>233</sup> If students pursue programs in the public sector, they generally follow the path outlined below, but privately-run programs do not have to follow this system.

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<sup>232</sup> Wilmoth, David. "Empowering Liberian Youth through Technical and Vocational Education and Training: International Case Studies for Stakeholders' Consultative Forum Monrovia." *Learning Cities International*, 4 July 2012.

<sup>233</sup> Wilmoth, David. "Empowering Liberian Youth through Technical and Vocational Education and Training: International Case Studies for Stakeholders' Consultative Forum Monrovia." *Learning Cities International*, 4 July 2012.

**Figure 2: Liberia, structure of education system (UNESCO 2010)**



In 2008, 55 percent of vocational school graduates reported they were unemployed, 22 percent reported part-time employment, and 19 percent reported full-time employment (but only two thirds receiving pay).<sup>234</sup> Currently, vocational graduates make up only 11 percent of total secondary schooling, but over 50 percent of unemployed Liberians consider insufficient job training the primary reason for their unemployment. As discussed previously, Liberia is short 6,000 teachers because there is a severe lack of qualified personnel. Strong vocational programs in targeted industries and roles could support potential economic growth. Liberia’s workforce must be properly trained for the economy’s future needs.

**Recommendations:**

- **Create vocational programs that match future and present economic needs**

**Theme: Bolster human capital capacity**

**Priority: Medium-term**

Unemployment among vocational school graduates is still high. However, there are many instances where there are not enough qualified people to fill the open roles, for example math and science teachers. To mitigate this problem the

<sup>234</sup> Wilmoth, David. “Empowering Liberian Youth through Technical and Vocational Education and Training: International Case Studies for Stakeholders’ Consultative Forum Monrovia.” *Learning Cities International*, 4 July 2012.

Liberian government should focus on funding programs in these undersubscribed disciplines. Though not all vocational programs are run by the government, this shift will help increase the number of employable graduates. Furthermore, the government should begin to anticipate future needs depending on economic goals. For example, if there is a push to grow the agricultural sector, there should be an increase in the number of agricultural programs offered. Cutting irrelevant programs and adding new programs will take time, but it will produce a more useful and productive workforce.

- **Incentivize people to complete vocational training**

**Theme: Bolster human capital capacity**

**Priority: Long-term**

In areas with great human capital deficits, the government should incentivize students to obtain the necessary credentials to join these fields. Lower program fees and employment certainty post graduation could help encourage people to complete these programs. Students that sign employment contracts before they begin their program could receive reduced rates as long as they exceed certain grade thresholds in the time allotted. This system would be great for industries with a steady stream of work, like teaching. In more volatile fields the government would just offer fee reduction.

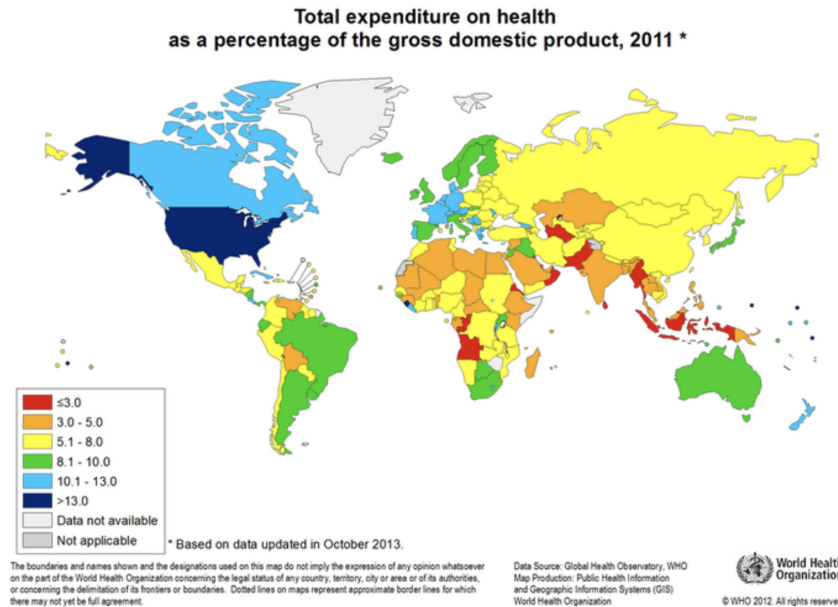
## HEALTH



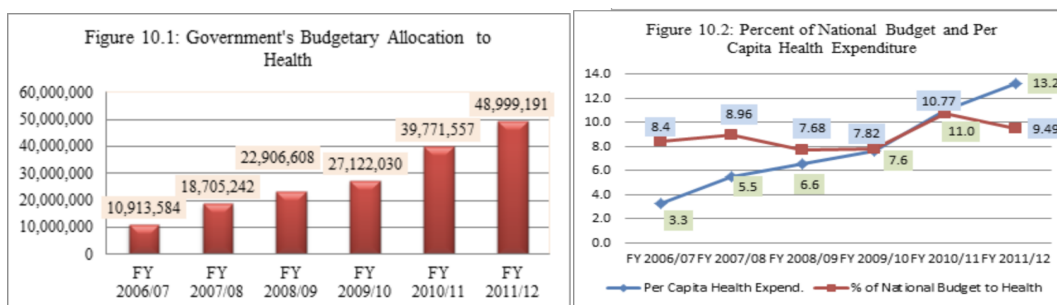
*St. Timothy Government Hospital in Robertsport*

Liberia's healthcare system is tasked with doing a lot with very little. In 2008, total healthcare expenditures reached \$100 million or \$29 per person, which was about 1 to 5

percent of the gross domestic product.<sup>235</sup> This spending is on par with other West African countries, which on average, spend \$28 per person on healthcare each year.



The majority of funding comes from international donors (47 percent) and households (35 percent), with the government accounting for only 15 percent of the total healthcare spending. Excluding private donations and international aid, the Liberian government spent \$9.34 per person on health expenditures in 2011.<sup>236</sup> This was over double the 2006 expenditure of \$3.86. As seen in Figure 10.2, this is about 8 percent of the national budget in any given year.<sup>237</sup>



Liberians are also at higher risk of illness due to questionable water sources and sanitation facilities, limited access to high quality food and a high rate of mental illness. In 2016, diarrheal disease caused the most deaths in Liberia and the risk factor that drove

<sup>235</sup> “Analytical summary: Health financing system.” African Health Observatory, 2011, [www.aho.afro.who.int/profiles\\_information/index.php/Liberia:Analytical\\_summary\\_-\\_Health\\_financing\\_system](http://www.aho.afro.who.int/profiles_information/index.php/Liberia:Analytical_summary_-_Health_financing_system).

<sup>236</sup> Ibid.

<sup>237</sup> Ibid.

the most death and disability was unsuitable water, sanitation and hygiene.<sup>238</sup> Furthermore, the diarrheal diseases death rate is significantly higher than in other similar countries, like Rwanda and Malawi.

The single largest risk factor for premature death and disability in Liberia is malnutrition. In 2012, 35 percent of citizens were considered malnourished and in 2010 the UN reported that 41 percent of children were classified as ‘stunted’ due to malnourishment.<sup>239</sup> Living without dependable access to food puts Liberians at a much higher risk for disease and makes them less prepared to fight disease once infected.

After a 14-year civil war, it is likely that many Liberians suffer from psychological disorders like PTSD, anxiety, and depression.<sup>240</sup> Yet, there is no government funding or policies for mental health. The Carter Center considers this void of support a “crisis” and is currently working on a three-year program to combat the effects mental health outcomes from the civil war and Ebola outbreak.<sup>241</sup>

Ebola devastated Liberia’s already debilitated health system. The 2014 West African Ebola outbreak was the largest and deadliest of the five Ebola outbreaks recorded since 1976. The epidemic led to the largest outbreak response in the CDC’s history. There were 13,042 cases and 4,818 deaths documented in Guinea, Liberia, Nigeria, Senegal, and Sierra Leone. Fatality rates for the 2014 outbreak ranged around 50 to 70 percent. Liberia was the hardest hit country, with 8,018 cases and 3,423 deaths.<sup>242</sup> The devastation the country suffered was comparable to the devastation experienced during the Civil War. As National Public Health Institute Director-General Tolbert Nyenswah put it, “the Ebola crisis hit [Liberia] as hard as the civil war; in six months, the fabric of society crumbled.”

The disease originally spread as a result of human contact with infected animals, but continued to spread “through human-to-human transmission via direct contact (through broken skin or mucous membranes) with the blood, secretions, organs or other bodily fluids of infected people, and with surfaces and materials (e.g. bedding, clothing) contaminated with these fluids.” The CDC and the international emergency response had three main focuses: containing the epidemic (Liberia, Guinea, Sierra Leone), stopping the spread of the virus (Nigeria, Senegal, and others), and increasing preparedness of all other countries.<sup>243</sup>

## **Recommendations:**

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<sup>238</sup> “Liberia.” *Institute for Health Metrics and Evaluation*, Institute for Health Metrics and Evaluation, 2016, [www.healthdata.org/liberia](http://www.healthdata.org/liberia).

<sup>239</sup> “Malnutrition in Liberia, an Epidemic.” *The Borgen Project*, 7 Dec. 2016, [borgenproject.org/malnutrition-liberia-epidemic/](http://borgenproject.org/malnutrition-liberia-epidemic/).

<sup>240</sup> “Mental Health Atlas 2011: Liberia.” *World Health Organization*, 2011.

<sup>241</sup> “Mental Health in Liberia.” *The Carter Center*, [www.cartercenter.org/health/mental\\_health/mh-liberia.html](http://www.cartercenter.org/health/mental_health/mh-liberia.html).

<sup>242</sup> Cetron, Martin. Conversation: “Global Public Health Threats in the 21st Century”. October 31, 2017.

<sup>243</sup> “Ebola Virus Disease Fact Sheet.” World Health Organization, World Health Organization, June 2017, [www.who.int/mediacentre/factsheets/fs103/en/](http://www.who.int/mediacentre/factsheets/fs103/en/).

- **Increase number of qualified personnel in the health field**

**Theme: Bolster human capital capacity**

**Priority: Medium-term**

The World Health Organization estimates that in 2011 there were about 4.22 medical doctors and 146.28 nurses for every 100,000 Liberians.<sup>244</sup> Today, there are more Liberian doctors working abroad than within the country itself.<sup>245</sup> This deficit results from a lack of training facilities for health professionals. There are only a few programs in country, so students must often seek opportunities abroad. USAID and the Liberian government have already started to address this problem by launching six new midwifery and medical programs in early December of 2017.<sup>246</sup> New laboratories, classrooms and dormitories were built to support these programs.

After the 2014 Ebola outbreak, the National Public Health Institute of Liberia (NPHIL) was created as a result of the Ebola epidemic. With the Ministry of Health serving as a parent organization, the Institute's works to "prevent and control public health threats by promoting healthy outcomes while serving as a source of knowledge and expertise."<sup>247</sup> The CDC also created a permanent office in Liberia to create surveillance, monitoring, and laboratory capacities in the country. The goal is to create a "resilient health system," which is able to identify and deal with health threats while still maintaining normal health systems. Further expansion and maintenance of these programs will continue to grow the capacity of the Liberian health system. While expansion of health service is critical to sustainable development, we acknowledge that training qualified personnel and expanding health education facilities requires significant capital investment and takes time. Due to these practical constraints, we believe that this initiative ought to be a medium-term government priority.

- **Invest in medical equipment and facilities**

**Theme: Bolster human capital capacity**

**Priority: Short-term**

With so little funding for healthcare, it is difficult to run a fully functioning and well-rounded healthcare system. According to the U.S. Embassy website, health "facilities often lack basic cleanliness, diagnostic and treatment equipment, and

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<sup>244</sup> "Mental Health Atlas 2011: Liberia." *World Health Organization*, 2011.

<sup>245</sup> Nyenswah, Tolbert. Conversation at National Health Institute. December 4, 2017.

<sup>246</sup> Rogers, Al-Varney. *Skills Laboratory Units Launched For Six Midwifery Institutions*. Front Page Africa, 4 Dec. 2017, [www.frontpageafricaonline.com/index.php/health/6284-skills-laboratory-units-launched-for-six-midwifery-institutions](http://www.frontpageafricaonline.com/index.php/health/6284-skills-laboratory-units-launched-for-six-midwifery-institutions).

<sup>247</sup> "Liberia | IANPHI." *Ianphi.org*, [www.ianphi.org/membercountries/newprofiles/liberia.html](http://www.ianphi.org/membercountries/newprofiles/liberia.html).



even the most common medications.”<sup>248</sup> Rural areas generally do not have amenities or have extremely low quality amenities, as it is difficult to transport materials and get highly trained professionals to work in these areas. 29 percent of Liberians live more than five kilometers from a healthcare facility.<sup>249</sup> To address this problem, community health services were created in 2011.

The aftermath of Ebola epidemic resulted in some positive changes in Liberia’s health care systems. With the help of the World Bank, new triage and isolation facilities were built, and even helped contain a meningococcal outbreak in Sinoe in 2017.<sup>250</sup> Additionally, drugs, medical supplies, and ambulances were brought into the country, and almost 600,000 infants were vaccinated for measles. The World Bank also demonstrated the need for investment in housing and dormitory facilities for healthcare workers and students, and has started investing in such projects.

The creation of the NPHIL post-Ebola has helped support the goal of investing in medical equipment and facilities through the creation of new laboratories and health centers around the country.<sup>251</sup> Though these initiatives represent a significant step forward for investment in medical equipment and facilities, they are insufficient to meet Liberia’s current and future healthcare demands.

Prioritizing these investments in the immediate term will allow the Liberian medical system to expand access to crucial services and provide incentives for attracting qualified medical personnel to remote regions.

- **Increase community health education and engagement efforts**

**Theme: Bolster human capital capacity**

**Priority: Short-term**

Lack of trust in government and international organizations had a significant effect on containing the Ebola outbreak. After a 14-year Civil War that ravaged Liberia, institutions had yet to be rebuilt. Though the Ebola outbreak came 11 years after the war ended, trust in government and international organizations was not fully restored, as the country still struggled with poverty, lack of basic services, and corruption. There was a simple, psychosocial denial that the outbreak was occurring, and that it was in fact a lie spread by the government and international actors. Illiteracy and lack of education made it difficult to overcome this notion and to spread correct information about the disease. Fear and stigma

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<sup>248</sup> “Medical Assistance.” *U.S. Embassy in Liberia*, U.S. Embassy in Liberia, [lr.usembassy.gov/u-s-citizen-services/local-resources-of-u-s-citizens/doctors/](http://lr.usembassy.gov/u-s-citizen-services/local-resources-of-u-s-citizens/doctors/).

<sup>249</sup> Last Mile Health. Meeting with Last Mile Health, 5 Dec. 2017.

<sup>250</sup> “After Ebola, Liberia’s Health System on Path to Recovery.” World Bank, 7 June 2017, [www.worldbank.org/en/news/feature/2017/06/07/after-ebola-liberias-health-system-on-path-to-recovery](http://www.worldbank.org/en/news/feature/2017/06/07/after-ebola-liberias-health-system-on-path-to-recovery).

<sup>251</sup> Nyenswah, Tolbert. Conversation at National Health Institute. December 4, 2017.

also played a prohibitive role in the containment effort.<sup>252</sup>

Education programs build better personal health practices and trust within the community. Bolstering these programs will help fight common illnesses like diarrheal disease in the present and create strong networks of trust for future epidemics. Working to share knowledge with local communities and prioritize educational efforts that best suit each community is essential for building institutional trust. Once trust is earned, the government and its partners can more easily and effectively contain future outbreaks. We believe that these initiatives can have a notable impact on uptake of health service and would require a relatively low initial investment, making it a short-term government priority.

- **Increase international cooperation and coordination in disease prevention and research**

**Theme: Bolster human capital capacity**

**Priority: Short-term**

Though the 2014 Ebola outbreak was contained mostly to West Africa, it could have easily spread to other highly populous regions. In today's connected world, it takes as little as 36 hours for a disease to be transported from a rural village to a major city. While it is often easy to think of outbreaks as local, isolated incidents, health threats anywhere can easily become a national security threat across the globe.<sup>253</sup> In the 2014 outbreak, securing the borders was extremely difficult: Liberia's borders are highly porous and its population is highly mobile. Containing infected populations and quarantining those infected was a very challenging task.

The international community reacted slowly to the outbreak. Though Dr. Mosoka Fallah concedes that outside aid majorly contributed to the crisis mitigation, he asserts that “[Liberians were] fighting Ebola with [their] hands tied behind their back”<sup>254</sup> until critical aid arrived. Increased international cooperation for disease prevention and research would help encourage timely response to similar situations and would require a fairly low-cost investment from the international community. The annual cost for protection against global health threats is only \$0.65 per person, significantly less than the economic shock from a disease outbreak. In Liberia, the Ebola epidemic led to 180-plus missed school days, which had severe social and economic impacts.<sup>255</sup> Greater cooperation in the international community would be a cost-effective means of preventing such severe economic consequences in the future. Emphasizing shared priorities in the

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<sup>252</sup> Cetron, Martin. Conversation: “Global Public Health Threats in the 21st Century”. October 31, 2017.

<sup>253</sup> Ibid.

<sup>254</sup> Farrah, Mosoka. Conversation with National Health Institute of Liberia. December 4, 2017.

<sup>255</sup> Cetron, Martin. Conversation: “Global Public Health Threats in the 21st Century”. October 31, 2017.

international community for responding to outbreaks, which include prevention, surveillance, and response, would help prepare countries for future epidemics and in turn make the world safer. Given that international agencies are already working to implement these low-cost measures, we believe this initiative can be feasible pursued in the immediate term.

## CONCLUSION

Liberia's development roadmap is neither short nor simple. This is a country in "double recovery" — from the aftermath of both the civil war and the Ebola epidemic.<sup>256</sup> Emerging from conflict and crisis, Liberia enters a critical period of institution-shaping and policy development as it reaps its "peace dividend."<sup>257</sup>

The path forward should begin on the ground by building up Liberia's human capital. Investing in its citizens will yield long-term benefits for a nation that lost generations to disease and war. Initiatives in the education and governance sectors can facilitate economic growth by creating a more educated populous.

Experiences in-country demonstrate the need for a strong road network. Travel outside of Monrovia is difficult and time-consuming. Coupled with the bureaucratic centralization in the capital city, a lack of adequate paved road inhibits development. The country should be careful to avoid piecemeal projects, however, and factor in the different economic sectors when designing these initiatives.

Personal power generators provide most homes with electricity today, but this service is reserved for the few able to afford it. Leveraging the Mount Coffee power plant, Liberia has the potential to provide electricity across the country, even in rural areas. In combination with stronger road infrastructure and expanded telecom services, these technological advances could place Liberia on the right direction to stimulate economic development.

Domestic production remains an important factor. From the country's large rice imports to the lack of property rights, it's difficult to do business in Liberia. People find incredible barriers and disincentives to enter a fledgling formal sector, and additional barriers to growth frustrate those within it. Natural resource extraction and concessions agreements can still play important roles in years to come, though it's important to learn from Liberia's, and West Africa's, resource history and avoid the mistakes of yesteryear.

Lastly, rooting out corruption should remain a top priority in the nation — if not to completely eradicate the behavior, at least to mitigate it any way possible. Corruption impacts Liberia from top to bottom, in high-levels of government and within local

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<sup>256</sup> Larisa Leshchenko, Liberia Country Manager. Meeting with The World Bank, 7 Dec. 2017.

<sup>257</sup> Ibid.

community management. The incoming government must continue to take a hard stand against corruption, even if it requires looking within inner circles.

There is much to look forward to in this West African nation. Liberia has remained resilient and its people are eager to find better days. The incoming government and international community can help navigate Liberia's development roadmap and foster economic growth with a series of targeted and thoughtful policy decisions. Between now and 2040, Liberia will have many opportunities to capitalize on the nation's untapped potential — it is critical that future administrations align government priorities to best support the nation's development.