

REPUBLIC OF LIBERIA

MID-TERM REPORT ON THE IMPLEMENTATION OF THE ISTANBUL PROGRAMME OF ACTION (IPOA) FOR LDCs (2011-2020)

**LEAST DEVELOPED COUNTRIES (LDCs) NATIONAL FOCAL POINT-LIBERIA
MINISTRY OF FINANCE AND DEVELOPMENT PLANNING**

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I. Executive Summary

Liberia economic growth has been on the decline following 2013 as a result macroeconomic challenges such as: depreciation in the exchange rate between the United States dollars and the Liberian dollars, high inflation, falling prices of exportable commodities such as iron ore and rubber, the Ebola Virus Disease (EVD) that engulfed the country, and United Nations Mission in Liberia (UNMIL) withdrawal. Gross Domestic Product (GDP) growth declined from 8.7 percent in 2013 to 1.2 percent in 2018¹. GDP growth was project at 0.4 percent in 2019. Similarly, the inflation rate increased from a single digit (7.6 percent) in 2013 to 23.6 percent in 2018. As at end August 2019 inflation reached 31.3 percent². The lingering effects of the EVD virus, UNMIL withdrawal and the prevailing macroeconomic challenges continue to hinder government's ability to raise sufficient revenue to invest in the requisite services to improve the livelihood of citizens and facilitate economic growth.

In spite of these challenges, the Government of Liberia remains committed to ensuring prudent public financial management to enable it implement development priorities outlined in its Pro-Poor Agenda for Prosperity and Development as well as achieve international development goals, including the Istanbul Programme of Action (IPoA). The Government launched its five-year development plan "The Pro Poor Agenda for Prosperity and Development (PAPD) in October 2018 and is working with its development partners (DPs) in tackling the macroeconomic challenges. The Government continue to institute measures to create the enabling environment that facilitates growth and poverty alleviation.

The Government of Liberia has made progress in some of the areas, such as road construction, gender equality and women empowerment, and water and sanitation; however, overall progress towards graduation remains slow because of the prevailing macroeconomic challenges, and the impact of climate change, such as coastal erosion, flooding and changes in the rain fall pattern, all of which in several ways continue to affect the Government's ability to generate the needed revenue to accelerate public sector investment.

Acronyms

AfDB	African Development Bank
AfT	Agenda for Transformation

¹ The World Bank Data Source <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=LR&view=chart>

² The World Bank Country Overview, <https://www.worldbank.org/en/country/liberia/overview>

CC	Climate Change
CLSG	Côte d'Ivoire, Liberia, Sierra Leone and Guinea
DPs	Development Partners
DRM	Domestic Revenue Mobilization
EU	European Union
EVD	Ebola Virus Disease
FOA	Food and Agriculture Organization
GDP	Gross Domestic Product
GoL	Government of Liberia
HIV	Human Immunodeficiency Virus
ICT	Information and Computer Technology
ILO	International Labor Organization
IPoA	Istanbul Programme of Action
KW	Kilowatts
LDCs	Least Developed Countries
MCA	Maximum County Allocation
MOGCSP	Ministry of Gender, Children and Social Protection
MoPW	Ministry of Public Works
MSMEs	Micro Small and Medium-Sized Enterprises
MW	Megawatts
NTD	Neglected Tropical Disease
PAPD	Pro Poor Agenda for Prosperity and Development
PDCU	Plan Development and Coordination Unit
PFM	Public Financial Management
RMNCAH	Reproductive, Maternal New born Child and Adolescent Health
SMEs	Small and Medium Sized Enterprises
WB	World Bank
WFP	World Food Programme
WHO	World Health Organization
UNICEF	United Nations Children Funds
UNMIL	United Nations Mission in Liberia
USAID	United States Assistance for International Development
VOC	Verification of Conformity
WASH	Water Sanitation and Hygiene
WTO	World Trade Organization

II. Introduction

This is the second midterm review of Liberia to highlight the country progress and challenges in the implementation of the IPoA from 2016 to 2019. Liberia experienced its first democratic presidential and general elections in 2005 following the end of a prolonged civil crisis. After the elections, Liberia enjoyed stable economic growth until 2013 when the price

of the country's major exports (rubber and iron ore) began to decline. This resulted in a decline in economic growth. The decline in economic growth was exacerbated by several factors, including the Ebola Virus Disease (EVD) that engulfed the country in 2014, depreciation in the exchange rate between the United States Dollars and the Liberian Dollars, and high rate of inflation. In 2013 Gross Domestic Product (GDP) growth was 8.7 percent. GDP growth declined to 0.7 percent in 2014. GDP growth plummeted further to 0 percent and -1.6 percent respectively. In 2017, GDP growth increased moderately to about 2.5 percent and decline to 1.2 percent in 2018³. GDP growth was projected at 0.4 percent in 2019. Similarly, the inflation rate increased from a single digit (7.6 percent) in 2013 to double digit in 2018 (23.6 percent). As at end August 2019, inflation reached 31.3 percent⁴. These macroeconomic challenges hindered the Government capacity to mobilize the requisite resources to implement the Agenda for Transformation (AfT) which ended in 2017.

Liberia was ranked 181 out of 189 countries in 2018 by the Global Human Development Index, thus placing the country in the low human development category. Liberia has a high absolute poverty rate of about 51 percent and vulnerable employment rate of 79 percent. Liberia has a very youthful population (about 2/3 of the population are youth)⁵.

The Government launched the Pro Poor Agenda for Prosperity and Development (PAPD) in October 2018. This is the successor of the Agenda for Transformation (AfT). The PAPD is guided by four pillars (Power to the People, Economy and jobs, Sustaining the Peace, and Governance and Transparency) which seek to improve the living standard and empower Liberians by investing in health, education, youth development and social protection, facilitating private sector-driven growth, engendering a peaceful society and creating an inclusive and accountable public sector. The PAPD integrates the Istanbul Program of Action (IPoA) which focuses on developing the productive capacities of Least Developed Countries (LDCs), with an overarching goal of overcoming the critical structural challenges confronting LDCs in order to eradicate poverty and achieve internationally agreed development goals.

This review was done in collaboration with the Plan Development and Coordination Unit (PDCU) that is in the process of reviewing the first year implementation of the PAPD, the Department of Economic Management, other relevant ministries and agencies including

³ The World Bank Data Source <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=LR&view=chart>

⁴ The World Bank Country Overview, <https://www.worldbank.org/en/country/liberia/overview>

⁵ United Nations Sustainable Development Cooperation Framework 2020-2024

Ministries of Gender, Children and Social Protection, Agriculture, Health and Public Works, the National Water Sanitation and Hygiene Commission.

III. The national development planning process

The Istanbul Programme of Action (IPoA) provides a framework for the international community's vision and strategy to ensure sustainable development of LDCs from 2011-2020. The IPOA stresses the need to mainstream its provisions into national development framework of least developed countries. In order to facilitate this process, the IPoA seeks to strengthen development partnership through its priority areas that are reflective of its five (5) high level objectives and eight (8) principles. The focus of IPoA is on developing the productive capacities of LDCs, with an overarching goal of overcoming the critical structural challenges confronting these LDCs in order to eradicate poverty. Liberia's commitment to achieving these objectives is demonstrated by aligning its Medium Term Development Plan (PAPD) to the global development goals. The PAPD is Liberia's third postwar medium term national development Plan. The PAPD builds on the experiences of the Agenda for Transformation (AfT) 2012-2017. Similar to the AfT, the PAPD and the IPoA fundamental underpinnings are poverty eradication by addressing the basic needs of citizens to ensure income security, better access to basic services, and greater opportunities for self-improvement in an enabling environment that is inclusive and stable, while meeting sustainable development goals and targets.

Alignment of IPoA Priority Areas for Action with the PAPD

IPoA-Priority Areas for Action A: Productive Capacity (Infrastructure, Energy, Science, Technology and Innovation, and Private Sector Development) is aligned to **PAPD Pillar II: Economy and Jobs** (A stable macroeconomic environment, developing adequate infrastructure, and providing a business friendly environment to facilitate private investment, with the aim of creating high-quality jobs that are critical to sustaining peace and long-term economic growth).

IPoA-Priority Areas for Action B: Agriculture, Food and Nutritional Security and Rural Development is integrated into **PAPD Pillar II: Economy and Jobs** (Increase Agriculture Production and Productivity) -The IPoA highlights three targets to be achieved

consistent with Priority Area Action B⁶. These targets align with **PAPD Pillar II: Economy and Jobs**- create the right policy environment to improve the business environment, increase competitiveness through investment in real growth-enabling sector such as agriculture and fisheries.

IPoA-Priority Areas for Action C: Trade is incorporated into the **PAPD Pillar II: Economy and Jobs** (A stable macroeconomic environment enabling private sector-led economic growth, greater competitiveness, and diversification of the economy). Key focus is on improving access to finance, strengthening the regulatory environment, enforcing property rights and contracts; improving quality of infrastructure and reducing the cost of doing business; and motivating firms to subscribe to the ECOWAS Trade Liberalization Scheme (ETLS) Certification mainly in oil palm, rubber, cocoa, fish and cassava. The objective of ETLS is to establish a Custom Union among member states to eliminate custom duties and removal of non-tariff barriers and the establishment of a Common Custom External Tariff to protect goods produced in member states.

IPoA-Priority Areas for Action D: Commodities is linked to the **PAPD Pillar II: Economy and Jobs**(Increase competitiveness of existing industries and diversification of the Agriculture and Forestry Sectors).

IPoA-Priority Area for Action E: Human and Social Development (Education and Training, Population and Primary Health, Youth Development, Shelter, Water and Sanitation, and Social Protection) is aligned with the **PAPD Pillar I: Power to the People** (Empowering Liberians to gain control of their lives through more equitable provision of opportunities in education, health youth development and social protection).

IPoA-Priority Area for Action F: Multiple Crises and Other Emerging Challenges (Economic shocks, Climate change and Environmental Sustainability, and Disaster Risk Reduction) is linked with **PAPD Pillar II: Economy and Jobs** (Managing Natural Resources Sustainability).

IPoA-Priority Area for Action G: Mobilizing Financial Resources for Development and Capacity-building (Domestic Resources Mobilization, Official Development Assistance, External Debt, Foreign Direct Investment, and Remittances) is entwined with the **PAPD**

⁶LDC IV Monitor (2014), *Istanbul Programme of Action for the LDCs (2011–2020): Monitoring Deliverables, Tracking Progress – Analytical Perspectives*, Commonwealth Secretariat, London.
DOI: <http://dx.doi.org/10.14217/9781848599130-en>

Pillar II: Economy and Jobs (Adopting more effective domestic resource mobilization strategy, External Resource /Official Development Assistance).

IPoA-Priority Area for Action H: Good governance at all levels is aligned to **PAPD**

Pillar III: Sustaining the Peace (creating a more peaceful and unified society that enables economic transformation and sustainable development) and **Pillar IV: Governance and Transparency** (Building a peaceful, stable and inclusive nation).

IV. Assessing progress and challenges in the implementation of the Istanbul Programme of Action for the decade 2011-2020

a. Productive Capacity

As indicated above, the IPOA's actions under the productivity capacity section are aligned to the PAPD Pillar II Economy and Job. This pillar focuses on maintaining macroeconomic stability, building quality infrastructure, and providing a business friendly environment which are sine qua non for private sector development, job creation, sustaining peace as well as economic growth. Government's interventions under the economic transformation pillar focuses on formulating policies and programs that will create the enabling environment for private sector development and expansion in growth enhancing sectors such as agriculture, services and manufacturing.

To achieve these, the Government of Liberia (GoL) continues to implement a number of initiatives across different sectors of the economy. The Government is installing fiber optic in Monrovia and its environs to increase accessibility and reliability as well as to reduce the cost of telecommunication services. Through assistance from USAID, the Government has connected 41 ministries and agencies to the e-Governance platform to improve productivity and services through ICT. This will also boost government capacity to increase domestic revenue generation capacity. In spite of progress made, the ICT sector in Liberia is still challenged with weak policy and regulatory framework, inadequately trained personnel, limited ICT infrastructure and unstable and inadequate supply of electricity to enhance productivity in the sector. The aspiration of the PAPD is to address these challenges and make Liberia a technology-enabled society by integrating science and technology across all areas of development⁷. Interventions will be directed towards improving infrastructure and the regulatory framework for the sector. The Government believes that achieving this will go a

⁷ Pro-Poor Agenda for Prosperity and Development

long way in facilitating private sector development as well as job creation especially for youth and women.

In addition, energy infrastructure has been one of the key constraints to Liberia's economic development. Liberia has one of the highest tariff rate in the world in spite of progress made in the energy sector. With assistance from development partners, the Government succeeded in refurbishing and restoring its Mount Coffee Hydro-Electric Dam in 2015. As a result of this intervention, the cost of energy reduced from US\$0.55/kwh in 2012 to US\$0.36/kwh in 2017⁸.

Though the plant has been refurbished, its 88-megawatt capacity is still underutilized because of structural problems that continue to inhibit efficient distribution. Also, during the dry season, the capacity of the hydro dam reduces to 20-megawatts because the water level falls. To address the reduction in capacity of the Hydro-Electric Dam, the Government intends to construct a reservoir along the river to collect and store water during the wet season for use during the dry season.

The PAPD seeks to expand access to electricity by creating a modern efficient and environmentally sustainable energy sector. By 2030 the Government intends to increase access to electricity by 30 percent and reduce energy cost from US\$0.36/kwh to US\$0.25/kwh. To achieve this, the Government, in collaboration with development partners, has rehabilitated mini hydro plant that delivers 60 kilowatts (KW), constructed 2 megawatts (MW) hydro plants on Kaiha River to benefit 50,000 homes and businesses and distributed 31,000 solar lanterns/lamps and installed 9 photovoltaic systems in 9 facilities in Lofa County. In addition, the Government acquired US\$81 million from the World Bank (WB) and the European Union (EU) to connect 36,000 users (including large users) in Western Liberia towards the Sierra Leone Border; 38,000 domestic connections and 57 large users from Central Monrovia up to the ELWA, extend 14,000 connections to Harbel/Roberts International Airport. The African Development Bank and EU have also provided assistance for the electrification of Liberia's South Eastern countries. Similarly, the EU/AfDB provided US\$183 million loan and grant under the Rural Electrification Component of the Cote d'Ivoire, Liberia, Sierra Leone and Guinea (CLSG) 225kv for Liberia to gain wider access to the Wider West African Power Pool market. Liberia also received US\$18 million grant from Development Partners(DPs)to connect 14,000 households and commercial users in Monrovia

⁸ Ibid

and its suburbs. The Government, in collaboration with the UNDP, initiated the solar for Health Project in mid-2019 to install solar energy at selected health facilities, especially in rural areas.

Moreover, to address the inadequacies in the transport sector in Liberia, the Government categorically highlighted road connectivity as a major priority of the PAPD because roads are the fulcrums of the nation's transportation system. A number of studies reveal that road connectivity play a key role in the socio-economic development of any nation. The overall goal of GoL in this regard is to ensure connectivity of the capital cities of the fifteen (15) counties, through the construction of 517km of paved roads; the connectivity of communities by paving community roads and the construction of a coastal highway to increase accessibility, reduce transport costs especially for the southeastern parts of the country that have lagged behind in terms of access to road infrastructure. The Ministry of Finance and Development Planning (MFDP), in collaboration with the Ministry of Public Works (MoPW), continues to play major roles in coordinating development partners to ensure that road infrastructure projects are delivered on time. At the moment, the Monrovia-Ganta and Buchanan corridors pavement is 100% completed. A total of three (3) new primary roads project have been initiated and two (2) major corridors resumed. About 66km of primary roads substantially completed out of 284km. They include: Harper Plolo Border, 16km, and Harper Kaloken road, 50km. the remaining 218km are currently ongoing. A total of 63.5km of urban roads substantially completed and 136.5km ongoing. The Government also completed funding arrangement with the World Bank for the construction of the Ganta-Tappita road⁹.

Furthermore, Liberia views the tourism sector as a potential source of employment and a revenue generation. The Government, with support for the development partners, seeks to develop a National Tourism Policy that sets out strategies and action plans for the promotion of domestic and international tourism with a focus on ecotourism as a way of providing jobs especially for communities around forest areas at the same time protecting the forest and biodiversity. Key attention will be directed towards building the requisite infrastructure and the skills of citizens in terms of ecotourism management and marketing to drives the sector.

⁹ Report of Liberia, Ministry of Public Works 2018 Annual Report

In spite of these successes, the unpredictable weather condition, uncertain macroeconomic condition and limited fiscal space continue to pose serious challenge to the Implementation of the PAPD vis-a-vis the IPoA.

b. Agriculture, Food Security and Rural Development

Agriculture is a key sector that serves as source of employment and livelihood for about 50 to 60 percent of Liberians. However, productivity in the agricultural sector, especially the small-holders farmers is very low resulting in Liberia importing more than 80 percent of its rice, making the country vulnerable to global food price volatility. The sector is challenged with poor basic infrastructure and the requisite farming implements, such as: machines, tools, farm-to-market roads, fertilizers and pesticides, and food storage capacity. Studies reviewed show that food insecurity continues to prevail, and much of the population struggles to make ends meet on a daily basis. In terms of improving livelihoods, much needs to be done to overcome constraints to agricultural production, income diversification, equal opportunities for women, rural infrastructure, various value chains, and legal land access.

To address these challenges, the government endeavors to diversify the economy of Liberia through strengthening agriculture value chains, research and extension services and improved governance and institutional capacity to facilitate transformation of the Agriculture Sector to ensure food security. The Government seeks to invest in affordable electricity, road connectivity provide processing, storage and preservation facilities. On the policy level, there is a leap into boosting agriculture in Liberia. The Government issued Executive Order #79 to suspend all tariffs on agriculture products imported into the country. This Executive Order came into effect since September 9, 2019. The Government has also developed cocoa strategy to regulate and promote growth in the cocoa sector, and is in the process of developing an oil palm strategy to create an enabling environment to facilitate growth in the sector, as well as provide employment.

c. Trade

Liberia's trade has been dominated by the agriculture, industry, service and mining sectors. These sectors have contributed to job creation, improvement in livelihood and poverty reduction. However, following the outbreak and eradication of the EVD in 2014, the performance of these sectors have been inconsistent. The inconsistent performance of these sectors can be attributed to the decline in prices of rubber and iron ore, depreciation in the

exchange rate between the United States Dollars and the Liberian Dollars, and the high inflation.

Creating an enabling environment for trade has been an important endeavor for Liberia amidst the prevailing macroeconomic challenges. The goal of the PAPD is to create a stable macroeconomic environment enabling private sector-led economic growth, greater competitiveness, and diversification of the economy. Formulating the right policy environment: Efforts made to enhance Liberia's business registry with the opening of five (5) registry at the county service centers, development of single window platform and improve infrastructure quality; the improvement of national standard laboratory facilities and fully accreditation and alignment with fifteen (15) requirements of international organization of standardization (ISO); steps to implement post-WTO accession programs; provision of transparent and predictable trade environment; publication of international trade information, import and export and establishment of trade facilitation committee are being taken. The ongoing Completion of the expression of interest process at the national Investment Commission on the creation of a single window platform and verification of conformity (VOC), are part of current efforts.

Liberia had a negative trade balance of US\$2.4 billion in net imports in 2017. Liberia imports amounted to US\$3.47 billion making it the 138th largest importer in the world. During the last 5 years import has decreased at an annualized rate of -13.4 percent from US\$7.12 billion in 2012 to \$3.47billion in 2017. In 2018, Liberia's export to GDP ratio was 26 percent, while import to GDP ratio was 95 percent. The GDP of Liberia in 2018 was US\$3.25billion compared to US\$3.29 billion in 2017, representing a 1.2 percent declined. The decline in the country's GDP can be attributed to falling prices of the country major exports and the macroeconomic challenges indicated above. Current imports are led by passenger and cargo ships which represents 48.8 percent of total imports of Liberia, follow by refined petroleum which amount to 17.2 percent. The highest exports include passenger and cargo ships US\$450million; gold US\$189million; rubber US\$122million; follow by iron ore, US\$64.1million¹⁰.

d. Commodities

Liberia's main export commodities include iron ore, rubber and gold, which are mostly natural-resource based, while major import commodities include rice, fuel and cargo

¹⁰ Central Bank of Liberia, WDI (World Bank), observatory of Economic Complexity (OEC) on Liberia.

shipments. With the declining prices of rubber and iron ore globally, the export value has suffered declining growth resulting in jobs and income losses. Additionally, cocoa and coffee were traditionally among Liberia's high export commodities, but the sector has not been fully restored since the civil war. However, progress has been made over the past five (5) years in the rehabilitation of small tree crops through projects in the cocoa and coffee sectors and the huge concessions in the oil palm sector are favorable to increasing export and promoting trade in Liberia. These products have the potential to contribute meaningfully to the economy in terms of export earnings. Though the fuel prices are lower than projected, the price of rice remained stable but the country is a net importer of these commodities. The prices of commodities on the market are heavily influenced by inflation, exchange rate, and import duties. To stabilize the price of these commodities and make them affordable to the citizens, the Government usually invests in subsidies to rice and fuel costs to make these commodities affordable to citizens, especially the poor.

e. Private sector development

The current national development plan, PAPD, considers the private sector as the engine of growth of the Liberian economy. The Government of Liberia is striving to harness the gains from past Foreign Direct Investment which are mainly extractive, to grow domestic private sector businesses, create jobs and provide income and livelihood in order to reduce poverty. For instance, in 2018/2019 FY, the Government infused US\$2 million in commercial bank to support the growth of small and medium size businesses in Liberia, which also supports its policy of financial inclusion; for businesses to have access to financing. Also, under the Business Opportunities through Supports Services (BOSS) Project, the Government, in collaboration with UNDP, provided training in business development, entrepreneurship, public procurement, peer-learning, organization development, onsite coaching and mentoring, social cohesion to 1,200 entrepreneurs, farmers, cooperative heads and members, and supplied them with assorted equipment and materials for agro-processing, plastic recycling, artisanal fish farming, livelihood skills trainings etc., for 1,200 entrepreneurs and cooperatives.

Liberia's Private Sector Development Strategy seeks to enhance competitiveness in domestic production and trade, create linkages between domestic firms and concessionaires and strengthen key sectors in order to diversify the economy. The strategy also seeks to address four key elements, including constraints on competitiveness, improved business environment and access to finance, promoting opportunities for MSMEs and providing roadmap for

employment and growth of private enterprises. The Key programs under the Private Sector Development are the following: Trade Facilitation Forum, Liberia Innovative fund for Entrepreneur (LIFE) Projects, African Women Entrepreneur Program (AWEP), Liberia Single Window for Trade, and Mobile Business Registration, as well as the development of regulatory framework on specialized lending for economic diversification through the promotion of SMEs, Agriculture, ICT, tourism and mortgage lending; the provision of financial services and inclusion, and finally to improve the business climate, and operationalizing the special Economic Zones.

f. Human and social development

i. Education

The PAPD acknowledges that human resource is the most valuable of all resource because it is the custodian of all other resources. If well-developed, human resource enables a nation to adequately manage other resources to become prosperous. The goal of the Education Sector over the medium term is to expand equitable access to education - technical vocational training and to information and communication technology. The government succeeded in securing US\$5.9 million Maximum County Allocation (MCA) grant to expand Early Childhood activities in 6 counties. The Government developed and implemented a nationwide West African Senior School Certificate to improve the performance of 12 Graders. Also, 8,585 out of school children were enrolled in the Alternative Education Program and 2,479 children successfully completed the program. Moreover, in 2018 the Ministry of Education provided professional development training for 10,000 teachers in pedagogy and psychosocial support. The Government also waived tuition for all students attending public universities to ensure that these students have access to university education.

ii. Population and primary health

The Government is cognizant that improved health of Liberians contributes to productivity in the Liberian economy. The goal of the health sector in the Pro Poor Agenda for Prosperity and Development is to increase access to quality health delivery, establish and effective and sustainable health financing arrangement, reduce morbidity and mortality with focus on malaria, reproductive, maternal new born child and adolescent health (RMNCAH), Human Immunodeficiency Virus (HIV)/Aids Tuberculosis, malaria and survivors of sexual and gender based violence. To achieve this, the Government in collaboration with the World Health Organization (WHO) and other development partners provided support for four

demonstration sites for maternal and new born quality health standard. Also the Government with assistance from partners conducted the first ever National Family Planning Conference to discuss the way forward on how to address family planning challenges. A total of 186,800 children were vaccinated with Penta-3 and representing 97 percent coverage and 157,344 children received measles vaccine representing 90 percent coverage¹¹. Moreover, the Ministry of Health in collaboration with WHO established twenty one additional antiretroviral centers and seven Gene-Xpert sites, and trained 632 health workers and 10,263 community health workers in Neglected Tropical Disease (NTD).

iii. Youth development

Liberia has a large youthful population most of whom are unemployed¹². The high youth unemployment rate poses serious challenge to peace and security. To address the youth unemployment issue, the Government has identified a number of life-skill opportunities to transform these youths into potential driver of growth. To this end, the Government provided opportunities for 3,336 youths in vocational trade areas such as: auto and heavy duty mechanics, welding and fabrication, auto electricity, electricity, electronics, refrigeration and air conditioning, and 389 youths in the areas of: front office, food and beverages, housekeeping, waiter/waitress service, cookery, tailoring, event decoration, beauty culture, baking, braiding and weaving. Furthermore, the Ministry of Youth and Sports in collaboration with the China Aid Bamboo and Rattan Weaving and Vegetable Planting Technique Assistance Project completed the fourth training cycle and graduated 29 trainees in General Agriculture. Also, the Ministry of Youth and Sports and the Ministry of Education in collaboration with the Association for the Development of Education in Africa (ADEA) trained 30 individuals in Oil Palm Nursery Development.

The Government also established the Job Readiness Program at the University of Liberia to facilitate job internships, support in the selection of academic courses, career exploration, employability workshops, recruitment, and job placement, as well as job and career fairs. This component is supporting graduating seniors and recent graduates by making them work-ready in terms of awareness and experience in the corporate world as well as information on job market requirements.

¹¹ World Health Organization 2018 Annual Report on Liberia

¹² Pro-Poor Agenda for Prosperity and Development.

Moreover, in June 2019, the Ministries of Youth and Sports and Agriculture, along with the World Food Programme (WFP), the International Labor Organization (ILO) and the Food and Agriculture Organization (FAO) jointly launched the "Sustaining peace and improving social cohesion through the promotion of rural employment opportunities for youth in conflict-prone areas" project. The Program budget, US\$1,500,000, is expected to benefit 1,200 young people in Bong and Lofa Counties over a two year period.

iv. Water and sanitation

Liberia has abundance of water resources. According to United Nations Children Funds (UNICEF), renewable resource per capita is 51,251 cubic meter per annum out of which more than 85 percent is internationally generated. However, in spite of the abundance of water resources, less than 10 percent of the population have access to safe drinking water and sanitation services. Improving access to water supply and sanitation is a key priority of Government. The Government believes that investment in safe drinking water, adequate sanitation and improved hygiene practices will assist immensely in improving children's health and education thereby reducing deaths related to water borne diseases. This will also help facilitate economic growth because improved health will increase productivity of the labor force holding all things constant. Consistent with the SDGs, the Government seeks to achieve universal access to safe drinking water and sanitation by 2030. At the moment, most of the funding in the sector are provided by development partners, including WB, UNICEF, AfDB and the Netherlands. To achieve this goal, the World Bank is providing additional financing of US\$30 million for the Liberia Urban Water Supply Project to rehabilitate the current transmission and distribution mains to improve the delivery of water by the main transmission line from the treatment plant to central Monrovia's main reservoirs. In addition, the World Bank funding will increase the storage capacity in the Paynesville community to enable adequate access to safe drinking water to existing customers. These interventions are expected to connect at least 10,000 new households, thereby providing access to about 52,000 inhabitants.

To regulate the Water, Sanitation and Hygiene Sector (WASH), the Liberian Senate passed the Water Supply and Sanitation Act in August 2019. The passage of this act resulted in the establishment of the National Water Sanitation and Hygiene Commission. The primary responsibility of the Commission is to promote and regulate the development, management of water sanitation and hygiene services in Liberia. The Government, in collaboration with its

development partners has developed a five-year Strategic Plan 2019-2024 to accelerate the realization of WASH goals and targets.

v. Gender equality and empowerment of women

The Government seeks to address issues that inhibit women and girls from achieving their full potential to actively participate in political, social and economic life. To achieve this, the Government will focus on implementing measures aimed at reducing girls out of school rate and increasing girls retention and completion rates. The Government also seeks to provide lifelong equitable and inclusive learning opportunities as well as reduce teen age pregnancy in home and school environment. To facilitate this process, the Government will adopt and strengthen policies and enforce legislations.

The Government, in collaboration with partners, has established a Gender Coordination unit at the Ministry of Finance and Development Planning to ensure gender issues are mainstreamed in our national planning and budgeting process. Further, the Ministry of Gender, Children and Social Protection (MOGCSP) in collaboration with key stakeholders validated the second phase of the National Action Plan to increase women participation in security and peace building. The Government has also signed on to the ECOWAS 50 million Women Speak Platform Project to increase women entrepreneurship in the country through access to financial and non-financial information. In addition, the Government through the MOGCSP developed the VULNERABLE GIRLS PROJECT that is providing educational opportunities for 152 under privileged and vulnerable girls between the ages of 10 – 17 in the three schools (Victoria A. Tolbert Hostel (Gbalatuah Girls Mission), Bromley Episcopal Mission School, and Ricks Institute)) to ensure that vulnerable girls' access to and retention in school. MOGCSP led on the development of a code of conduct and students' handbook for the Gbalatuah Girls Mission, and the establishment of a Health Club as a means to guiding the girls in issues of sexual and reproductive health education. Through the MOGCSP five (5) underprivileged Liberian students (4girls, 1 boy) are now benefitting of the Rochas Foundation College of Africa Scholarship for the 2018/2019 School year in Abuja.

The Government also established the Economic Empowerment of Adolescent Girls and Young Women: This program over the period has supported the Government of Liberia's prioritization of youth development and employment for adolescent girls and young women through training of over 100 girls to serve as Early Child Development (ECD) Teacher Aides

and was also able to place sixty (60) of the girls within 31 ECD institutions in Paynesville and surrounding communities.

Social protection

A major focus of the PAPD is to increase total spending on social protection from less than one percent to two percent of GDP giving keen attention to households living in extreme poverty and those that are food insecure.

Having made an impact in addressing poverty and vulnerabilities among women, children, the elderly and those with disabilities, the Government has commenced the recertification process of 4,175 farmers out of which 2000 beneficiaries will be selected. The Government has also developed and validated the first report on the implementation of the Convention on the Rights of Persons with Disabilities.

g. Multiple crises and other emerging challenges

Liberia launched its National Vision (Vision 2030) in 2012. The goal of the Vision is to transition to a middle income status by 2030. To achieve this, the Government has formulated two medium term development plans (the Agenda for Transformation which ended in 2017 and the Pro Poor Agenda for Prosperity and Development which was launched in 2018). Like the AfT, the PAPD is aligned to the IPoA. However, implementation of the PAPD is being challenged by the slow growth the country continue to experience. The slow growth can in part be attributed to the macroeconomic challenges such as: high inflation, exchange rate depreciation, and falling prices of our exportable commodities (rubber and iron ore). In addition to these macroeconomic challenges, Liberia is also vulnerable to the impacts of climate change. In recent years, the nation has been confronted with warmer temperatures, changes in the pattern of rain fall, coastal erosion, and flooding. These Climate Change (CC) impacts have negative implication for the health and security of the population and also have the propensity to disrupt economic activities.

To address these vulnerabilities, the Government, with support from development partners, has conducted a Climate Hazard, Vulnerability and Risk Assessment for the Coastal Zone of Liberia and has also developed a strategy on Mainstreaming Climate Change Adaptation into the Planning and Budgeting Process. The Government, with assistance from partners, constructed costal revetment in some areas affected by sea erosion. The Government, with support from development partners has constructed early warning system and is in the

process of developing the new five-year Energy and Environment Program (2019-2023). The goal of the five-year program is to strengthen Liberia's capacity to ensure gender-responsive environmental sustainability through improved resilience to climate change and disaster, biodiversity conservation, sustainable land and waste management, access to renewable energy and ecotourism.

h. Mobilizing financial resources for development and capacity building

i. Domestic resource mobilization

Domestic resources in Liberia are mobilized through taxation (tax and non-tax) and loans. The Government of Liberia developed and launched its Domestic Resource Mobilization (DRM) Strategy in 2019 for the period 2018 to 2022. The rationale for the strategy is to improve domestic resource generation to finance the PAPD, facilitate inclusive growth as well as attain the Sustainable Development Goals (SDGs). The DRM Strategy seeks to promote a sustainable growth trajectory in resource mobilization to guard against national vulnerabilities occasioned by reduction in international commodity prices. The strategic priorities are to broaden the revenue base, minimize revenue loss, engender financial deepening in the money and capital markets, and exploit the nexus between DRM and ODAs¹³.

ii. Official Development Assistance

Official Development Assistance (ODA) has been a major source of financing for the reconstruction of Liberia since the end of the prolonged civil crisis. Liberia receives Official Development Assistance increasing over the last five (5) years, as well as the total number of development projects and technical assistance. During FY2017/2018, multilateral and bilateral development partners projected a total of US\$718.5 million through 195 projects or programs in Liberia. The projection includes both on and off budget financial support. In comparison, this is 21.6 percent greater than the approved FY2017/2018 National Budget of US\$563.6 million. Of the total amount projected, 81.8 percent or US\$587.9 million were commitments through grants, with the remaining 18.2 percent or US\$130.6 million being commitments toward loans. Project or program support was the most frequently used aid modality, at 90.4 percent of total projections. In fiscal year 2017/2018, the actual disbursement of ODA from Development Partners channeled through 265 projects or programs was US\$556.2 million. This amount represents a 77.4 percent disbursement rate

¹³ Domestic Resource Mobilization Strategy in Liberia 2018-2022,

against a total projection of US\$718.5 million. The disbursement comprises US\$432.0 million or 77.7 percent grants, and US\$124.2 million or 22.3 percent loans. Multilateral donor disbursements accounted for US\$247.6 million or 44.5 percent of total disbursements, while bilateral donors accounted for US\$308.6 million or 55.5 percent. In terms of aid modalities, Budget Support received US\$36.6 million; Trust Fund/Liberia Reconstruction Trust Fund (LRTF) netted US\$22.8 million; Pooled Fund received US\$3,260.7 million; while the vast majority, US\$493.5 million was channeled through Program/Project Aid.

iii. External Debt

Liberia total debt stock comprises both domestic and external debt. The country's total debt stock as at June 30, 2019 was US\$1.17 billion compared to US\$0.94 billion in 2017/2018, representing a 24.2 percent or US\$177.4 million increment. This puts the Debt to GDP ratio at 36.34 percent. Total debt service and subscription amounts to US\$14.34 million, out of which the total principal repayment summed up to US\$3.65 million, and total interest payment was US\$10.06 million and subscription was US\$0.63 million. Most of these borrowings were directed towards: infrastructure and agriculture projects which are key priorities of the Government.¹⁴

iv. Foreign Direct Investment (FDI)

Foreign Direct Investment (FDI) plays an important role in the Liberian economy in terms of its contribution to economic growth and poverty reduction. Following the 2005 elections, one of the key strategies of Liberia's reconstruction was to open up the economy to attract foreign direct investment especially in the areas of oil palm, rubber, and forestry, Liberia attracted significant FDIs per annum between 2009 and 2013 and thereafter, FDIs inflow began to reduce because of the EVD outbreak which devastated the economy and other macroeconomic challenges such as exchange rate depreciation and high inflation. FDIs inflow increased from US\$127.8 million in 2009 to about 2.3 billion in 2012 depicting about 1707.5 percent increase in FDI inflows. Between 2016 and 2018, FDIs inflow declined from US\$311.7 million to US\$122.2 million representing about 60.8 percent reduction¹⁵.

Over the years, FDIs have provided employment and contributed to economic growth. However, in spite of the significant FDIs attracted, not much has been done to transform the lives of the citizens. This is because most of the FDIs are extractive in nature with no focus

¹⁴ MFDP, Public Debt Management FY2018/19 Annual Report,

¹⁵ World Data Atlas, <https://knoema.com/atlas/Liberia/topics/Economy/Balance-of-Payments-Capital-and-financial-account/Net-FDI-inflows>

on creating value chain. The Government seeks to attract more FDIs over the next five years by addressing the constraints to private sector investment and through value addition. The Government is in the process of establishing a Special Economic Zone and instituting reforms to attract FDIs.

v. Remittances

Remittances are one of the major sources of foreign exchange in the Liberian economy. According to the Central Bank of Liberia (CBL) 2018 Annual Report, personal remittances declined from US\$571.0 million in 2017 to US\$408.6 million in 2018 (January to October). These remittances are the major source of livelihood for about 45 percent of Liberians who are unemployed. Inward remittance are mostly from families and friends. The Central Bank of Liberia instituted an inward remittance policy which requires 25 percent of remittance to be converted to the Liberian dollars. This policy was used to provide the Central Bank of Liberia with foreign exchange liquidity. Prior to this policy, the full amount of inward remittances were paid in United States Dollars.

i. Good governance at all levels

The Government seeks to ensure an inclusive and accountable public sector for shared prosperity and sustainable development. Achieving this goal is only possible through effective implementation of policies and strategies that will ensure the participation of the entire citizenry in decision making and empowers all groups—especially women, children, and people with special needs as well as minimize corruption. The achievement of this goal hinges on both on political and economic governance

With regards to **political governance**, the focus is on deepening fiscal devolution, strengthening local administrative capacity for public service delivery, and elections reform. At the local government level, the first step was the establishment of instruments that would drive the process through a decentralization policy followed by a Local Government Law. Under the decentralization policy, 15 service centers and 4 pilot county treasuries were established. Additionally, appropriations and contributions were made by central government and private corporations operating concessions within the geographic areas for County Development and Social Development Funds to support locally-driven development initiatives. The centers were meant to deconcentrate government services away from Monrovia to other parts of the country. The Treasuries and Funds would serve as fiscal

repositories at the local level to support some level of local implementation without relying wholly on disbursements from the central government accounts.

In addition, a Public-Sector Modernization Program was designed and is currently being implemented to help standardize the civil service, harmonize employment processes, cleanup payrolls to avoid one employee receiving two salaries, and review mandates and functions of public sector institutions. To aid in cleaning up the payroll, the Government established the National Identification Registry (NIR) to ensure biometric registration of all citizens.

In relation to **Economic governance**, interventions are focusing mainly on improving State Owned Enterprises (SOE) governance for more effective service delivery, better financial management, and improved procurement, and reduction of the subsidy provided for operational support.

Also, the Government believes that corruption undermines the capacity of the nation to provide an enabling environment for sustained economic growth and development. The Government, in collaboration with development have started strengthening anti-graft institutions to enable them identify, report and or turn over perpetrators for prosecution. The Government has also begun the process of adapting e-governance via ICT platform to reduce bureaucratic bottlenecks associated with doing businesses which leads to corruption.

Furthermore, the government sees the passage of the Land Rights Act as a critical step forward towards improving land security and ensuring the productive use of land assets to reduce poverty and vulnerability. Accelerating the process of accession to the provisions of the Act and ensuring the full functionality of the Land Authority will therefore be a major focus under economic governance.

j. Progress towards graduation

The Government of Liberia has made progress in some of the areas, such as road construction, gender equality and women empowerment, and youth development; however, overall progress towards graduation remains slow because of the prevailing macroeconomic challenges, and the impact of climate change, such as coastal erosion, flooding and changes in the rain fall pattern which continue to affect the Government's ability to generate the needed revenue accelerate investment in the growth enhancing sectors.

The Government has begun implementing policies to address these challenges and set the country on the path towards achieving graduation. Some of these policies include: the domestic resource mobilization strategy. The Government also intends to transition to the MTEF budget to ensure that financial resources are adequately aligned to the national development plan. To this end, the Government through the Ministry of Finance and Development Planning, held a consultative process to develop a new MTEF strategy. This strategy is about 75 percent completed. Notwithstanding, the Government cannot do it alone giving the enormous challenges confronting the country. Achieving graduation requires the collaboration of Development Partners in providing the technical and financial support.

V. Coherence and linkages with the 2030 Agenda and other global processes

The Government of Liberia has mainstreamed the 2030 Agenda for Sustainable Development (the Sustainable Development Goals) into its medium term development plan (the PAPD). The SDGs provides the pathway to eradicate poverty through shared and sustained prosperity where no one can be left behind. The SDGs were adopted by all United Nations (UN) member states as a global call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. Liberia co-chaired the development of the SDGs, was also a party to the COP 21 and participated in the Financing for Development Conference. Liberia is committed to achieving the SDGs as well as the IPoA. Its commitment is demonstrated in the PAPD by ensuring proper alignment of the national development plan to these global development goals. To ensure alignment between the PAPD and other international goals, the national plan was developed through a broad-based national and regional consultative process that included, development partners, civil society organizations, women groups, youth, elders, chiefs, and county officials.

Government has adopted a domestic resource mobilization strategy to enable it generate resources domestically to make strategic interventions reduce poverty. The Government is initiating a number of PFM reforms and collaborating with development partners for financial and technical support to eliminate structural challenges confronting the country.

VI. Towards the next LDC agenda

Liberia's progress towards graduation is being inhibited by macroeconomic and challenges reduction in aid inflow such as exchange rate depreciation, high inflation, falling prices of exportable commodities, and the negative impacts of climate change. These challenges may not be unique to Liberia alone. Addressing them to set LDCs on the path of graduating from

LDCs status requires concerted national and regional collaborative efforts of LDCs and Development Partners.

The next LDC agenda should focus on initiating reforms that will eliminate structural and institutional challenges that inhibit LDCs from engaging in value addition of their traditional commodities. Specific attention should be drawn to human resource development in critical areas such as: health, engineering, and information and computer technology. Similarly, the issue of climate change should be key to the new agenda because the impacts of climate change, such as coastal erosion, changes in rainfall and rising temperature are affecting the livelihood of citizens in LDCs.