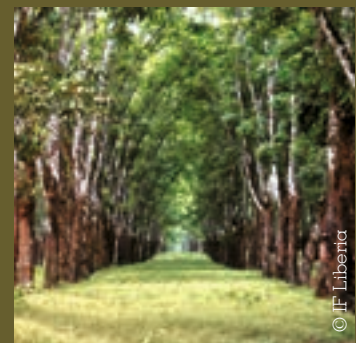


Country profile LIBERIA

Enhanced Integrated Framework (EIF)
for trade-related assistance for Least Developed Countries (LDCs)





SUMMARY

Liberia was named 'Best Global and Regional Reformer' for 2009 according to the World Bank's *Doing Business Survey*. Liberia's overall rank, however, slipped from 152 in 2010 to 155 in 2011, but with major improvements in four indicators, especially in 'Dealing with Construction Permits'.

Liberia has now emerged as the second-fastest reforming economy in the region, easing procedures for business start-up, reducing fees for construction permits and speeding up trade with a one-stop centre.

Liberia joined the Integrated Framework (IF) programme in 2007 and held its national validation of the Diagnostic Trade Integration Study (DTIS) in July 2008. In October 2009, Liberia's first Enhanced Integrated Framework (EIF) project was approved. This project set up the National Implementation Unit (NIU), which acts as an advisory unit to the Minister of Commerce and Industry on trade negotiation and trade facilitation issues.

Liberia's Poverty Reduction Strategy (PRS) runs from 2008 to 2011 and sets out the Government's overall vision and major strategies for moving

towards rapid, inclusive and sustainable growth and development. The strategy for accelerating economic growth has three prongs:

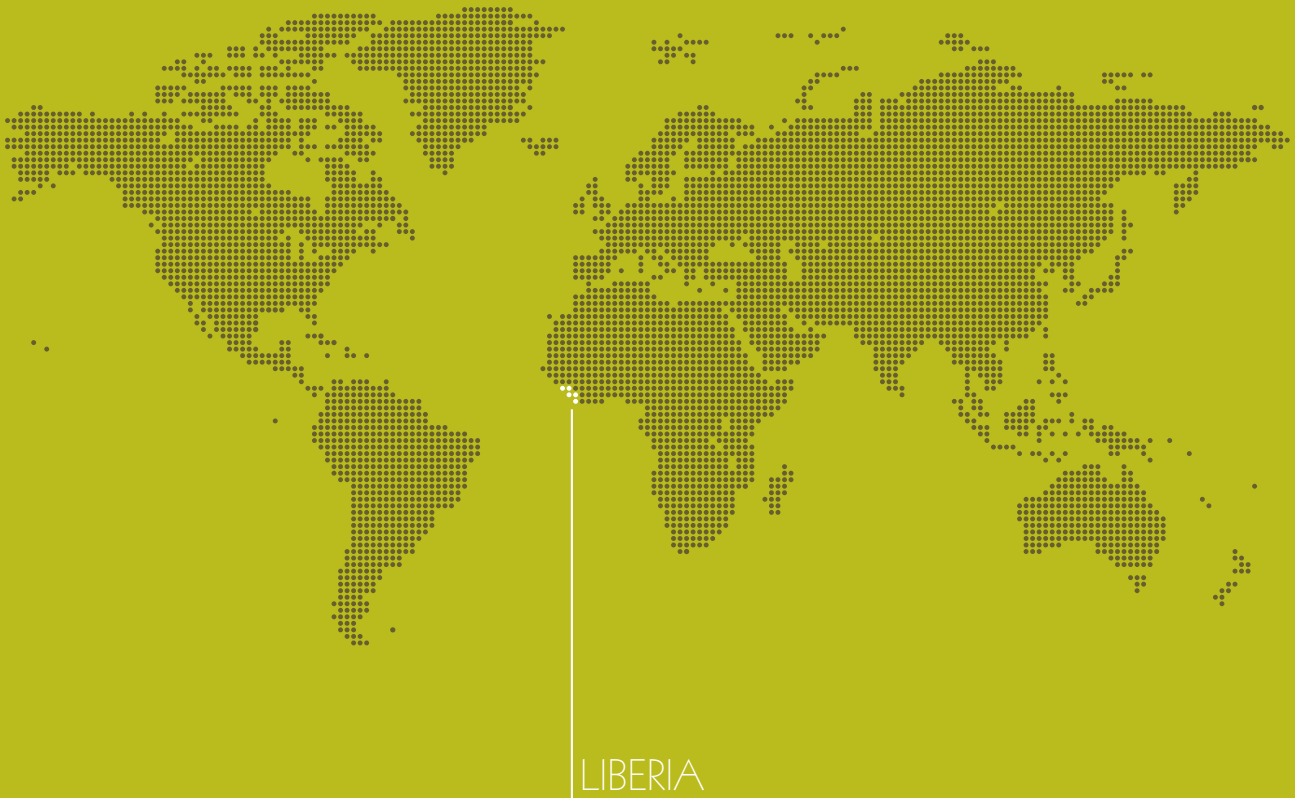
- rebuilding basic infrastructure, especially roads;
- restoring production in the leading natural resource sectors, while making sure that the benefits are widely shared; and
- reducing production costs to establish a diversified economy over time into competitive production and eventually manufacturing and services.

Liberia undertook a joint DTIS and a PRS workshop, which addressed Liberia's productive sectors on trade in 2008.

Liberia's DTIS Action Matrix covers the following national thematic priorities, including: macroeconomic policy; financial services; investment climate; customs and trade facilitation; agriculture; mining; wood industry; and fisheries.



WORLD MAP



EIF countries:

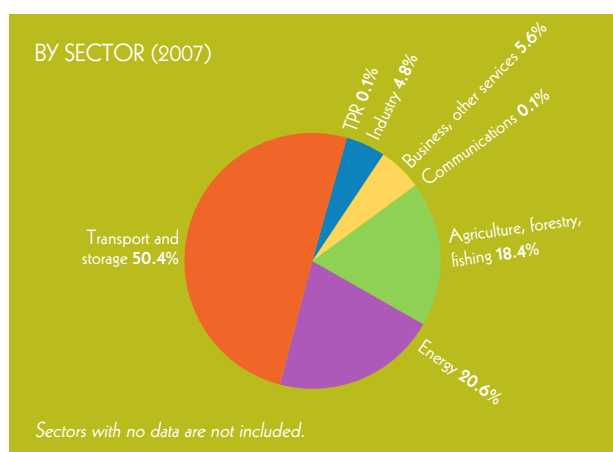
Afghanistan	Democratic Republic of the Congo	Madagascar	Solomon Islands
Angola	Djibouti	Malawi	South Sudan
Bangladesh	Eritrea	Maldives	Sudan
Benin	Ethiopia	Mali	Tanzania
Bhutan	The Gambia	Mauritania	Timor-Leste
Burkina Faso	Guinea	Mozambique	Togo
Burundi	Guinea-Bissau	Nepal	Tuvalu
Cambodia	Haiti	Niger	Uganda
Cape Verde	Kiribati	Rwanda	Vanuatu
Central African Republic	Lao PDR	Samoa	Yemen
Chad	Lesotho	São Tomé and Príncipe	Zambia
Comoros	Liberia	Senegal	
		Sierra Leone	

FACTS AND FIGURES

Geographical area: 111,369 sq km
Population: 3,800,000
Population growth rate (2009): 4.2% ¹
GDP real growth rate: 9.4%
GDP (2009): US\$0.9 billion ²
GDP per capita, PPP: US\$358
Main exports: rubber, timber, iron, diamonds, cocoa, coffee
Poverty (% living below US\$1.25/day): 83.7%
Human development index (2006): 176/179
Aid for Trade flows: disbursements in 2007 US\$5.2 million (commitments US\$88.6 million)
Memorandum on Foreign Regime formally submitted for WTO accession

Aid for Trade at a Glance 2009

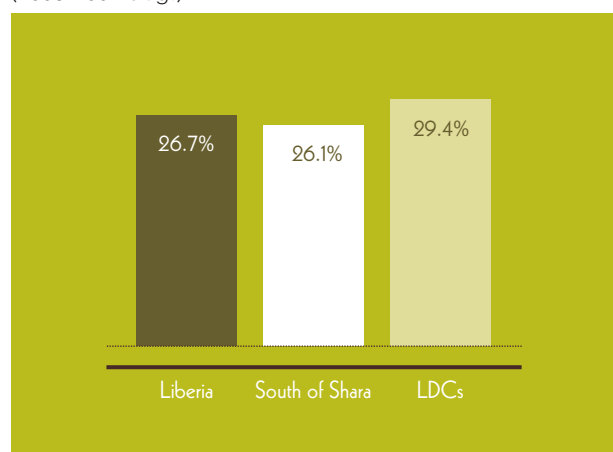
AID FOR TRADE FLOWS



Aid for Trade at a Glance 2009

SHARE IN ODA

Share of Aid for Trade in sector allocable ODA compared to regional and income group averages (2006-2007 avg.)



Aid for Trade at a Glance 2009

¹World Bank, *World Development Indicators*

²World Bank



ISSUES



Liberia is emerging with palpable energy and vision from its hard past of a 14-year-long civil war, experiencing along the way one of the largest economic collapses recorded worldwide when GDP fell by 90% between 1987 and 1995.

The cost of doing business in the country has been extraordinarily high – due to red tape, electricity cuts and uncompetitive costs that soar to up to 45 cents per kilowatt of power (compared to Ghana's 8 cents) and a serious lack of roads and infrastructure (the number one reform demanded by Liberians). This has been coupled with a generation who missed out on education, but now investment is slowly increasing and many from the diaspora are returning to lend their skills in the country's development.

Empty shells of buildings and collapsed infrastructure may still be visible in Monrovia and the surrounding areas, but it is clear that Liberia is set on an upward trajectory and with trade as a major lever in shifting gears. This is due, in part, to the set-up of the Enhanced Integrated Framework (EIF) programme in Liberia's Ministry of Commerce and Industry, which has been at the heart of quickening the pace of progress.

Matched by strong political backing and a clear understanding and prioritization of the country's needs, trade is seen as making renewed economic growth possible – 4.6% in 2009 – and in tackling challenges of sustainable development with 64% of people still living in poverty. The EIF's National Implementation Unit (NIU) working with Government ministries, development partners and other stakeholders to make the links on industrial and trade policy work has taken on these challenges and shown how far progressive change on the ground can be put in motion.





RESULTS



Getting the private sector on board – the African Development Bank and the EIF meet with the Chamber of Commerce

Building the foundations to make trade work for Liberia and in particular for poor communities has meant getting all those with an interest around the table.

The Enhanced Integrated Framework (EIF) programme kick-started this coordination and collaboration on trade policy. The Diagnostic Trade Integration Study (DTIS) of 2008 brought together Liberia's trade community (with representatives from the private sector, Government and civil society) to agree on which activities were most critical from a list of nine challenges identified in consultations. And, crucially, the study was written in tandem with the 2008 Poverty Reduction Strategy (PRS) to make sure development and trade were interlinked.

Early results:

- The Ministry of Commerce and Industry has automated its National Business Registry and reduced the time it takes to register a business – reforms have helped boost Liberia's ranking in the World Bank's *Doing Business Survey* from 167 in 2008 to 152 in 2010.
- Reducing red tape and shortening time and cost for port and customs clearance has led to a projected increase of revenue by 6% and a US\$1 million increase on a monthly basis. Processing



time is now down from 8-10 days to 3-5 days (and down to 2-3 days depending on the need for physical inspection).

- The Import Permit Declaration is now only required for importation of food and medicines, and the threshold for pre-shipment inspection has increased from US\$1,000 to US\$3,000. The Ministry of Finance has also launched the fight against corruption in a 'stop more leakages' campaign.
- The Port of Monrovia increased its competitiveness in the sub-region and launched a one-stop shop centre, bringing together customs, commerce and other agencies.
- The Liberia Extractive Industry Transparency Initiative was set up – one of the few countries worldwide to include forestry products. The embargo on wood exports was lifted, and reforms were carried out to make sure communities from logging areas benefit.



- Outreach and awareness-raising activities were carried out across trade and tax policy areas with the Ministry of Finance tax awareness campaign in 2009/2010. This was supported by the National Implementation Unit (NIU) using radio drama, programmes, billboards and adverts, as well as with online customs, clearance procedures, duty free tax information and tax education. The EIF programme also launched an advocacy campaign in 2010.
- The Government has revised the Investment Incentive Code, in line with international best practice, and set up the Land Reform Commission to review tenure and registration, establish ownership and begin land redistribution. And, it has also produced modern trade and industrial policies awaiting validation.
- The new Liberia standards laboratory is operational with assistance from UNIDO, also supported by a newly approved standards framework study.



FORWARD LOOK

It is clear that Liberia needs to now build on the foundations already in place and focus on the areas that will make the most impact in the short, medium and long term. While many larger projects may fall outside of the scope of the Enhanced Integrated Framework (EIF), the programme has been working in partnership with the African Development Bank and is supporting the Bank's upcoming work to strengthen Liberia's trade institutions.



- Other efforts show potential with the Government having attracted Foreign Direct Investment in the palm oil industry of up to US\$1.6 billion through partnerships, which will help create 25,000 jobs.
- Meanwhile in the fisheries sector, another US\$10 million investment is expected, and measures are in place to reduce illegal activities and reform the sector.

And, with EIF support, new projects are in the pipeline to work with communities to help them get onto the trading platform and earn a better living from trade. Agriculture is a priority sector when it comes to creating growth that works for poor people and to ensure both food security and the creation of jobs in rural areas. There is still a serious lack of storage facilities and warehouses for produce to be stored safely before going to markets and being exported more widely.

The small-holder capacity-building project under development would mean a move away from subsistence farming to small-scale commercial farming to increase exports – a vital first step for many rural communities.

- Early plans would target five nurseries for three exportable crops (cassava, chilli pepper and plantain) by developing 15 warehouses in three counties – Bong, Nimba and Lofa – the largest population centres outside of the capital and dubbed the 'bread basket of Liberia'.
- Soon over 500 farmers will have access to improved crop varieties and receive skills



training so that farmland can be cultivated with improved materials – boosting jobs and incomes for poor communities in rural areas where most of the planting will take place. The project will also help many former fighters who cannot enter into education or skills training and involve women's participation – already heavily present in the agriculture sector. The project aims to increase the incomes of farmers on average from US\$200 to US\$3,000 per hectare every year for a period of three years.

- Other pipeline projects aim to build on this foundation and support strong value chains, standards, increased production and waste reduction from priority agricultural crops, with women farmers standing to benefit the most.

There is a bright future ahead for Liberia and its entrepreneurs, traders and farmers who are waiting to realize the country's potential for trade, whether domestic, regional or global. Long-term prospects both in tourism and as a regional trading hub show just how far the country is going to shake off the past to focus on sustainable trade that is needed for the next generation. But support from the international community – both from investors and development partners – is also a vital part of that vision of success.

Are you ready to get involved and be part of Liberia's trade story?

To find out more go to:
www.eifliberia.com and www.enhancedif.org



