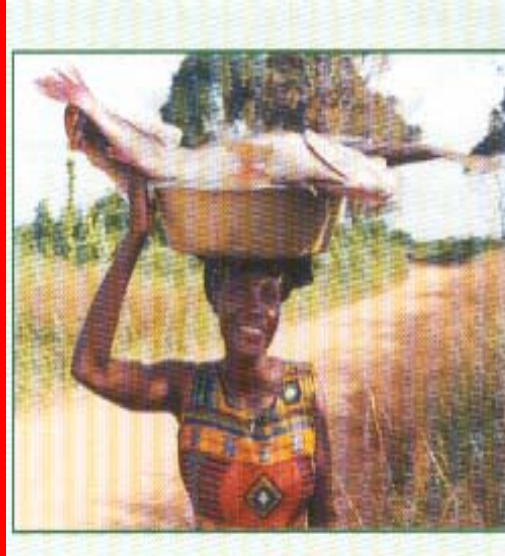


**LIBERIA ECONOMIC REVIEW**  
**(JULY 2000 – JUNE 2001)**



**ROBINS FARMER**

**UNDP-LIBERIA**  
**MONROVIA, LIBERIA**

# **LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)**

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# **LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)**

## **INTRODUCTION**

This edition of the Liberia Economic Review (2000/2001) as in the past, is intended to contribute to upstream policy dialogue in Liberia and reinforce the governance framework for national economic recovery and development.

This edition attempts to capture trends and performance of the economy, and some key socio-economic policies and issues pertaining to the Country's reconstruction and economic recovery. Unlike other editions, this Review provides a detailed situation analysis and analytical presentation of the informal sector, capturing prevailing structural ramifications. The detailed analysis of the informal sector is intended to provide deeper insight into the sector with the view to encouraging collaborative interventions and policy formulation geared towards the strengthening the sector.

This Review is structurally divided into ten (10) sections. Section I covers the overview of key political, socio-economic and development issues. Section II examines economic growth and sectoral performance within the context of social services delivery and poverty reduction. Sections III and IV examine Public and Private Employment, and the Informal Sector respectively. Section V looks at public finance in terms of budgetary development, revenue and expenditure. Section VI examines money, banking, and prices; Section VI, commerce, industry and international trades. Section VIII deals with debt portfolio and its implication for reconstruction and recovery (domestic and international debt). Section IX, the UNDP-GOL cooperation, highlighting UNDP's assistance in program delivery, and Section X looks at the development challenges facing Liberia and the international community. The Review also includes statistical annex to facilitate appreciation of economic and social trends.

# **LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)**

## **I. OVERVIEW OF POLITICAL, SOCIO-ECONOMIC AND DEVELOPMENT ISSUES**

Liberia political, Socio-economic and Development challenges could be summarized as follows:

- Weak institutions of governance, human rights and the rule of law;
- Destroyed capital and socio-infrastructure;
- National and sub-regional insecurity;
- Poor macroeconomic policies and reforms;
- Unfavorable environment for private sector development.
- High incidence of poverty and the emerging HIV/AIDS.
- Reintegration and Resettlement of Ex-combatants

### **I.1 Background**

The political situation in Liberia has a historical bearing starting from the founding of country in 1847 by the ex-slaves from America. The descendents of the ex-slaves also known as the "Congos" dominated national politics since then. In spite of the economic boom of the 1950s and '60s, little effort was made to develop the country, interms of social and industrial infrastructure and literacy improvement. The resources of the country were used by a privilege few, leaving the country underdeveloped and in abject poverty<sup>1</sup>

The coup of 1980 brought to an abrupt end the uninterrupted rule of the Congos. The succeeding military administration did not fundamentally change the course of state rule. The same exclusionary policies of the past were adopted, not only against the Congo people but it took a tribal/ethnic dimension. The military Government of Samuel Doe stayed in power for five (5) years and was later transformed into a civilian administrations in 1985 for another five years in an election allegedly characterized by the rigging.<sup>2</sup>

The precipitating uncertainties following the 1980 coup gave rise to massive capital flight. The accompanying socio-economic crisis hastening the decline of the economy, non-payment of debt servicing arrears, and negative growth. Private investors disinvested from the country, and productivity declined dramatically.

The repressive practices of the military and police forces against the Liberian People, especially the opposition, turned the population against the government; and consequently, welcome the rebel invasion of Mr. Charles Taylor in 1989. Within just six months, the civil war subsequently reached the suburb of Monrovia, which led to the capture and demise of President Doe in 1990.

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<sup>1</sup> 1999 NHDR pp.2-3

<sup>2</sup> ibid p.2

# **LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)**

The civil war led to nearly a total collapse of all democratic and socio-economic institutions in Liberia, and caused a death toll of approximately 200,000 people; approximately 60% of the population were displaced internally and externally, and were surviving on relief. Basic socio-economic infrastructure, including roads and bridges, market facilities, schools, health facilities, water and sanitation, and farm and other services of livelihood were destroyed and/or abandoned.

With the intervention of the international community, the resulting human catastrophe was reversed to some extent, especially in respect of the restoration of basic social services (education, health and nutrition, water and sanitation), as well as capacity building for economic management and macro-economic reforms.

In terms of poverty and access, approximately 76.2% of the Liberian people live below the national poverty line of US\$365.00 per annum; unemployment is estimated at 85%; access to water and sanitation is 26% and 11% respectively; health services (urban 90%, rural 37%), education, 70%; housing 20%, HIV/AIDS prevalence of 8.2%, which is on the increase.

## **1.2 Recent Development**

The civil war officially ended in 1997, following over 13 (thirteen) peace agreements under the auspices of ECOWAS, OAU, and the UN, and the holding of legislative and president elections. The 1997 elections, which ushered in the government of President Charles Taylor, was associated with much expectations. The Liberia people anticipated an inclusive and a more participatory government, respecting the fundamental tenets of human rights, the rule of law, and upholding national reconciliation and reintegration of the entire population. However, the system, methods and processes of bad governance and exclusive policies, which reserve the national wealth for a few elite remained unchanged; majority of the people remained poor, wanting social services such as water and sanitation, electricity, schools and health services. Popular participation in government and national decision making is still found wanting in Liberia.

Consequently, the political differences among the former warring factions and the ethnic groups deepened, and precipitated continuous and persistent cross border attacks in Northern Liberia, Lofa County by dissidents groups. These attacks have ignited a reversal of gains made by the International Community and the Liberian themselves in resettling and reviving of governance institutions and sources of livelihood. The dissident attacks have sent a wave of insecurity nationwide, which is crowding-out private sector investment and entrepreneurship.

## **LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)**

On the sub-regional front, the government of Liberia's involvement in the peace process in Sierra Leone has not been viewed with favour. Some major donors such as USA and the UK openly accused the Liberian government of alleged diamond trafficking and gun running in support of the Revolutionary United Front (RUF) rebels in Sierra Leone. The UK in particular accused Liberia of allegedly profiteering in the purchase of diamonds from rebel held areas, and fueling the war in Sierra Leone.

The poor relations with the international community has led to the impositions of selective sanctions by the UN Security Council on the government of President Taylor in 2001. Also, being concerned about good governance, human rights and respect for the rule of law in Liberia and the sub-region, the international community continues to respond poorly to appeals (CAP) for funding of development programmes in Liberia. Development agencies, especially UNCT, are finding it difficult to raise cost-sharing funds from bilateral donors to support development programmes in Liberia. Since 1997, development assistance has declined by 72% from US\$74.6 million in 1998 to US\$20.7 million in 1999.<sup>1</sup>

Similarly, the Country's GDP estimated at US\$508 million is about 50% of its prewar level (1987) of US\$1 billion. The national budget for the fiscal year 2000/2001 of US\$90.7 million is only one third of the pre-war 1988 budget of US\$340 million. The country's external debt arrears of US\$2.5 billion is 821% of GDP and 2,078% of export earnings (2000), which is above the sustainable level of 20% of GDP and 200% of export earnings respectively. The per capital income dropped from US\$ 340.00 pre-war to US\$199.00 (2000). These dismal performance of the economy is attributed to national insecurity, poor investment climate, and poor macroeconomic policies.

The main challenge facing the international community, and the UN System in particular, is the creation and consolidation of sustainable peace in Liberia. This is a sine-qua-non to any development endeavor geared toward reducing poverty in Liberia. There is also a residual problem of reintegration of ex-combatants and restructuring the military. Many of the ex-combatants are still roaming in major urban areas with no job, and creating insecurity. The security forces need to be restructured and trained as suggested by ECOMOG and the Government of Liberia.

The incipient democracy needs to be consolidated by strengthening civil society organizations, gender, and human right organizations, governance and

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<sup>1</sup> UNDP Development Cooperation Report (1998/99)

# LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)

economic management institutions, as well as forging sub-regional peace and security among the countries of the Mano River Union.

## II. ECONOMIC GROWTH AND SECTORAL PERFORMANCE

### 2.1 Economic Growth and Human Development

The overall value of domestic output is estimated to have increased by 5.7%, from US\$480 million in 2000 to US\$508.3 million in 2001, which is attributed to growth in the production of timber, 20% and agriculture, 4%, including rice, cassava and rubber, as well as activities of the informal sector. The country's GDP is estimated to be about 50% of its pre-war level (Table 1). One major bottleneck to GDP growth has been the loss of Iron Ore production, which is due to the destruction of capital and industrial infrastructure during the civil war. In the past, iron ore accounted for 23% of GDP and 53% of exports earnings.

**Table 1-Sectoral Origin of GDP**

SECTOR	1988	1998	1999	2000	2001	2002	2003
<b>AGRICULTURE</b>	212.3	229.4	277	289.5	301.1	311.3	319.7
Rubber	86.6	37.6	61.7	64.8	68	69.4	70.8
Coffee	2.2	0.5	0.7	0.8	0.9	1.1	1.2
Cocoa	11.4	1.6	2	2.5	3.1	3.9	4.5
Rice	9.9	64.2	72.5	76.1	78.4	80.7	83.2
Cassava	33.4	44	48.4	50.8	53.4	56	58.8
Others	68.8	81.5	91.7	94.5	97.3	100.2	101.2
<b>FORESTRY</b>	82.3	53.4	60.7	63.7	66.9	68.3	69.6
Logs and timber	62.2	13	19.3	23.2	27.8	32	36.8
Charcoal and wood	20.1	40.4	41.4	40.5	39.1	36.3	32.8
<b>MINING</b>	121.5	8.6	9.8	9.9	10.1	10.1	10.3
Iron Ore	108.4	0	0	0	0	0	0
Others	13.1	8.6	9.8	9.9	10.1	10.1	10.2
<b>MANUFACTURING</b>	78	17.3	21.4	24.1	26.5	28.3	30.3
<b>TERTIARY SECTOR</b>	475.5	58.5	82.6	97.1	108.7	119.9	130.2
Electricity and water	12.4	1.5	2.3	2.3	2.3	2.5	2.7
Construction	45.4	5.6	6.9	8.5	10.3	11.8	13.6
Trade, Hotels, etc.	89.6	11	17	18	19	20.1	21.3
Transportation and Communication	136.9	16.8	21.6	27.8	13.6	37.4	41.1
Financial institute	88.8	10.8	13.3	15.3	17.6	19.3	21.3
Government							
Services	50.4	6.2	11.2	12.3	13.6	14.4	15.1
Other services	51.9	6.4	10.3	12.9	13.7	14.4	15.1
<b>INPUTED BANK CHARGES (LESS)</b>	27.1	2.3	3.2	3.7	5	7.8	9.7
<b>GDP AT CURRENT PRICES</b>	942.5	364.9	448.3	480.6	508.3	530.1	550.3

Source: Ministry of Planning and Economic Affairs

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Consequently, the low economic growth and persistent inequalities has led to increasing poverty and low level of human development. Liberia's HDI now stands at 0.276, compared to 0.311 before the civil war. Poverty has been estimated as 76.2% nationwide, and above 85% in the rural areas. Access to social services are estimated as less than 30% of prewar level; HIV/AIDS prevalence, 8.2%, and adult literacy, 37% (24% for female and 54% for male). Life expectancy has dropped from 64 years in 1988 (pre-war) to 47.7 years (2000). Liberia is now amongst the 48 LDC countries and second to the least of the 175 countries, according to the UNDP's global Human Development Index classification.

### **II.2. SECTORAL PERFORMANCE**

The Liberian economy is subdivided into four major sectors: Agriculture (Forestry), Mining, Manufacturing and Tertiary.

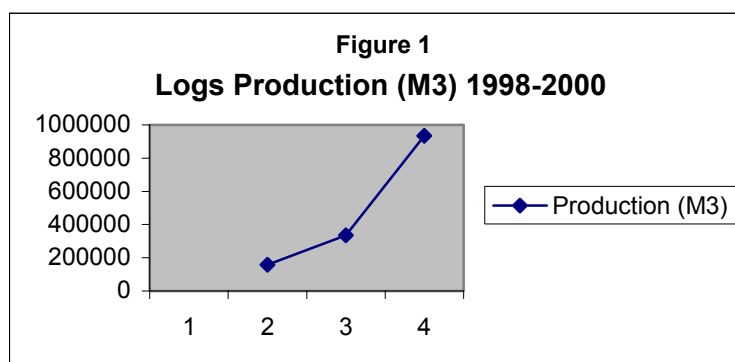
#### **11.21 Agriculture**

The Agriculture sector (excluding Forestry) accounted for 59% of GDP in 2001 compared to 60% in 2000 and 62% in 1999. This indicates a fall of one percentage point, which is attributed to continuous instability in Lofa County, a major agriculture production region. Agriculture products were projected to grow as follows: rubber production, 5%; rice, 3%; cocoa, 20%; and cassava, 5%. Agriculture production was expected to increase, with the returned of farm families from displaced centers and refugee camps. However, the Sector is hampered by continuous instability in Lofa, as well as the lack of adequate farm inputs (seeds and tools, storage and processing facilities), limited extension services and poor access to markets.

#### **11.22. Forestry/Logging**

The Forestry/logging sub sector continues to be a major economic activity, surpassed only by rubber and rice. The Forestry sub sector accounted for 14% of GDP in 1999, 13% in 2000/2001. In 2000, there were 25 logging companies operating in Liberia, the largest has been the Oriental Timber Company (OTC), which accounted for 53% of production. Accordingly, in spite of the fall in world market price for round logs, production increased by 186%, from 280,491 m<sup>3</sup> in 1999 to 802,249 m<sup>3</sup> in 2000/2001 (figure 1).

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Source: Forestry Development Authority (FDA)

The massive logging activities in Liberia has been of major concern, especially in respect of environmental degradation and desertification, which is reported as 1% per annum of arable land. Adherence to selective logging principles, trees replanting and internationally acceptable environmental practices remain a major challenge in Liberia.

## 11.23. Mining Sector

The Mining sector did not improve significantly during the review period; it accounted for only 2% of GDP. With the destruction of the infrastructure and the closing down of all major iron ore mining concessions in Liberia, small scale gold and diamond mining has become the main mining activity.

According to official statistics, the production of Gold increased from 394 ounces (Jan-June 2000) to 1,365 ounces (Jan-June 2001), an increase of 246%.<sup>1</sup>

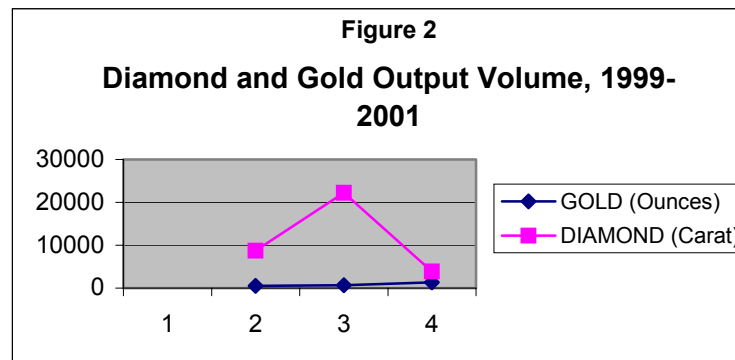
As for diamonds, production decreased from 7,516 carats (Jan-June 2000) to 3,885 carats (Jan-June 2001), a fall of 48%. This fall in production has been attributed to the continuous hostilities in the mining areas of lower Lofa County, and according to government authorities, the effect of the UN sanctions on rough diamonds export from Liberia, imposed effective May 2001 (Figure 2).

Large scale exploration of primary sources of gold, diamond and associated minerals has been undertaken by private investors. According to the Government, a primary gold and diamonds exploration of approximately one million ounces has been undertaken in Western Liberia (Lower Lofa and Parts of Cape Mount), Bong and Bokon Gedeh District in the south. In order to encourage private investment in gold and diamond mining, the government has decided to

<sup>1</sup> Statistics are lower than those reported in the 2000 edition of the Economic Review which were from the Ministry of Lands, Mines and Energy, Central Bank Statistical bulletin

## **LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)**

pursue vigorously a program of monitoring, evaluation, quantification and assessment of all known minerals (especially gold and diamonds) for dissemination. The Ministry of Lands, Mines and Energy also claimed that the enactment of new Minerals and Mining Laws in September 2000 was intended to increase efficiency and productivity in the mining sector, minimize environmental hazards, and improve output in quarrying operations, and to encourage foreign private investment.



Source: **Ministry of Lands, Mines and Energy**

### **11.24. Manufacturing sector**

The Manufacturing sector accounted for only 5% of total GDP in 2000, compared to 4.7% in 1999. The Manufacturing sector is limited to few industries that merely package finished products from abroad. Activities in this sector are concentrated in the areas of cement, soft drinks and alcoholic beverages, detergents, paints, furniture and nails, fixture and mattresses. The value added in these activities remains low. During the period under review no significant change was observed in this sector (Annex 2).

### **11.25. Tertiary sector**

The Tertiary sector is the second largest contributor to GDP, accounting for 20% in 2001 compared to 18.1% in 2000, an increase of 2 percentage points. Major activities of this sector are communications, trade, hotels and transportation. The slow recovery of this sector is due to poor infrastructure, including telecommunication, electricity, roads, banks and other financial institutions, as well as the unfavourable security environment.

Taking a comparative look at the sectoral origin of GDP (Table 1) only logging/forestry and mining were projected to grow by 0.1% and 1% respectively. Agriculture was projected to decline by 0.1%, manufacturing by 2.1%; and tertiary was to increase by 4 percentage points (Table 2).

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**Table 2-PROJECTED GROWHT RATES**

Year	Agriculture Forestry/Logging	Mining	Manufacturing	Tertiary
1999-2000	4.5 (4.9)	1.0	12.0	18.0
2000-001	4.0 (5.0)	2.0	9.9	12.0

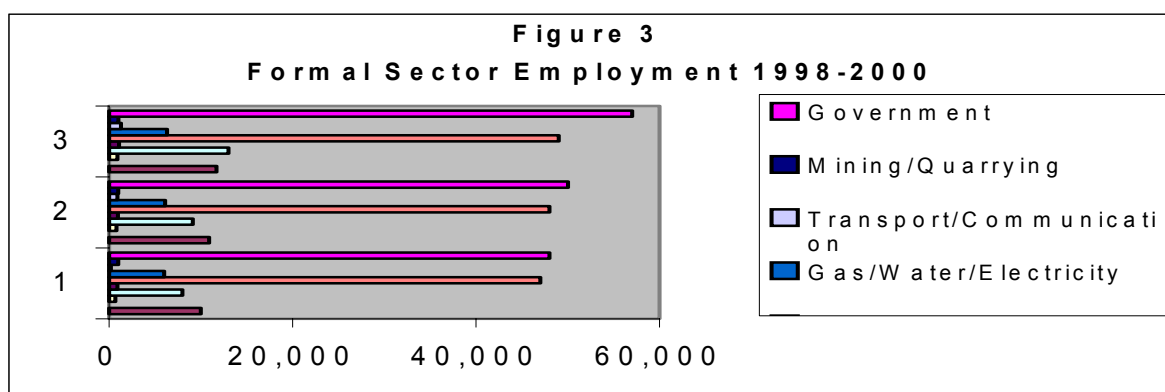
Calculation by the Economic Unit

Data source: Ministry of Planning and Economic Affairs

### III. PUBLIC AND PRIVATE SECTOR EMPLOYMENT

According to the Ministry of Labour, the Labor force for the year 2000 was estimated as 980,000. Of this number, 85% were unemployed; the balance 15% were employed with the public and private sectors. About 36% of the unemployed are self-employed in the informal sector, while the balance 64% are either in subsistence agriculture or totally unemployed. The share of formal sectors employment is as follows: forestry and fisheries account for 8%, wholesale and retail, 33%; public sector, 38.7%; others, 20.3%. (Figure 3). The labour Force participation ratio is 36%.

Formal sector employment is gradually growing from 6.3% (1998/1999) to 7% (1999/2000), an increase of 0.7 percentage point. Public sector employment is considered very high and unsustainable. Private sector job creation is still below its prewar level. Private enterprises were the dominant employers during the pre-war era, accounting for approximately 170-200,000 employees compared with 90,000 employees in 2000 (or 50% of pre-war level) (Annex 5).



Source: Ministry of Labour

### IV. THE INFORMAL SECTOR

Informal Sector activities are defined as economic activities with no regular stream of income or returns, i.e., salaries and wages. The informal sector activities in Liberia comprise mainly micro-enterprises, such as cook shops, petty trading in dry goods, used-clothing, and domestically consumed

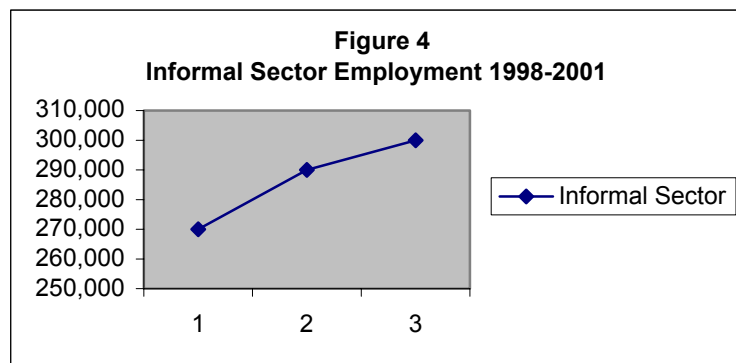
## **LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)**

agriculture products such as (bitterballs, okro, beans, sugar cane old palm and vegetables). It is estimated that about 83% of activities in the informal sector are carried out by women (Poverty Profile of Liberia, 2001). The informal sector was relatively small before the war.

The seven years of civil war has led to slowing down of productive activities in Agriculture, industry and manufacturing, as well as the massive displacement of the population from rural to urban centers. Consequently, unemployment rose from 50% to between 80% and 90% in all sectors, except public service. Even in public service, employment was not substance, as workers were demoralized and unpaid for 10-12 months at the time. In much of the public service, workers had no equipment to work with, and disguise unemployment was widespread. Although the government ran a huge wage bill and bore high overhead cost, marginal productivity of human capital was low. In the private sector, job losses were also unprecedentedly high, especially in the rubber and mining industries.

The near collapse of the formal sector and the massive movement of displaced people into Monrovia and other urban centers during the period of the civil war gave reasoning for entry into the informal sector. The population of Monrovia swelled from 450,000 in 1989 to 1.2 million in 1991 and then dropped to 700,000 by 2000, which is still about 156% of its pre-war level.

Majority of the IDPs that came to Monrovia lacks the skills needed for urban employment. The most attractive activities has therefore been those of the informal sector, which required little or no skill. The 1998 UNDP's CCA reported that 52% of the unemployed were in fact self-employed in the informal sector. In 2001, the informal sector accounted for 300,000 or 30% of total employment ( Figure 4 and Annex 5).



**Source: Ministry of Labour**

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The informal sector in Liberia is mainly a subsistence enterprising sector. The income generated in this sector is used mainly for food, 59.2%; education, 12.2%; transport, 13.4%; and health care, 7.6% (CCA 1998). Accordingly, this sector appeals mostly to women who are largely illiterate (76%) and lack the collateral to access formal banking sector credit (Annex 19). Notwithstanding the dismal situation, the informal sector has become a bedrock of coping mechanism for the urban poor.

### **IV.1. The Informal Sector Credit System**

The informal sector entrepreneurs organized themselves to meet the acute shortage of credit. Among the many schemes are the following:

#### **IV.1.1. Rotational Susu:**

Businessmen and women organized themselves into a Susu club, and agreed to pay a certain amount monthly to be given to a member of the club. This process continues until all members of the club get pay. For example, a Susu club of 10 women agreed to pay LD\$250.00 per month each. The total of LD\$ 2500.00 is given to the first person. At the end of the second month, the Susu chairperson goes around performing the same task, and gives the amount to the second person. The Susu chairperson determines who gets first, second and so on, and goes after the defaulters. Any member who fails to pay, his/her petty business will be seized and sold to reconstitute the amount in question. The Susu chairperson gets pay from each Susu member at the time of disbursement.

#### **IV.1.2. Yearly Susu/Savings Club**

Group of business people and other interested persons organize themselves to contribute and save money monthly. The sum is then given out as loans to members and non-members. Where formal commercial banks exist, these monies are saved with the bank. At every meeting of the saving club, payments are received and loans are given out. Every member of the saving club is expected to borrow certain amount and/or carry a potential borrower. The interest on the loan runs up to 20% for members, and 25% for non-members. At the end of the year, the saving is divided according to shares owned and interest income generated. Members pay registration and other fees to cover administrative cost, while a certain amount of the interest income is withheld to compensate the administrators (chairman, secretary, treasurer, loan manager and collectors), who are also share holders in the club.

The personal property of members (beds, clothes, dishes, the petty business) serves as collateral for the loan. Failure to settle the loan, interest is

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levied, and at the end of the year, a court order is obtained, and the personal effects of defaulters are taken and sold for the amount in question.

### **IV.13. Daily Susu Club**

This is normally a "one man" scheme. Usually, a well know business person may organize a daily susu. The process begins with the broker printing cards with space for name and photo of a holder and daily amount of savings. On every business day, the daily susu broker collects from customers their daily savings. The saver decides on how much to save daily. For example, a saver may wish to save LD\$25.00 daily. At the end of the month, he/she gets LD\$625.00. The balance LD\$25.00 goes to the Susu banker as compensation. These small savings can become large amounts, up to LD\$50-100,000. The sad effect is that in some instances, the broker would run away with the money, and claim bulglary or accident. The savers become the losers.

### **IV.14. Lebanese and Fula Merchants**

The Lebanese and Fula merchants do assist the petty traders with goods on credit; and also serve as bankers for some of the petty traders.

### **IV.15. UNDP Intervention: Micro-grant and Micro credit Schemes**

Following seven years of civil war (1989-1996), unemployment, deprivation, hunger and malnutrition increased, especially among women, children and older people. As part of its strategy for poverty reduction, UNDP launched two schemes. the micro-grant and micro-credit schemes. Under the micro-grant scheme, beneficiaries were given US\$100.00 each in two installments to undertake micro-business in the informal sector. As for micro-credit, an initial amount of LD\$3- 4,000.00 is given out to each beneficiary as a loan. An interest of 16% is charged for a 16 weeks period. The beneficiaries are expected to stay in business and to save 10% of their earning during a 16 weeks period. The principal, interest and savings are required for a follow-up loan, which is equivalent to the initial principal plus the savings of a beneficiary.

The micro-credit and the micro-grant schemes have benefited approximately 15,000 people, comprising 99% women, and 1% men. About US\$381,000 have been disbursed on micro-credit alone since 1997.

The micro-credit scheme finances petty businesses as well as productive activities, including vegetable production, pottery and wood processing. Repayment for productive activities depends on the length of time it takes for the activity to mature for sale, the average is six months. A flat interest rate of 2-4 % is charge monthly. Repayment rate for trading and productive activities is

## **LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)**

about 65-70%. The UNDP micro-credit project is operating in five counties: Montserrado, Bong, Nimba, Margibi and Bomi Counties.

### **IV.16. Strategies for Informal Sector Growth**

The growing importance of the urban informal sector has somewhat helped to protect the formal sector in Liberia. With the poverty level of 76.2% nationwide and the dependency ratio of 8.1%, the informal sector has become the main source of livelihood for the urban poor.

Strategies to improve the informal sector should focus on improving the working environment of women (especially, market places, transportation and other facilities), and addressing tax and banking policies in respect of petty businesses. The petty business registration of LD\$100.00, a daily tax of LD\$5.00, and annual income levy of LD\$1000.00 should be reviewed and reduced. The high taxation is a dis-incentive for entry and growth of the informal sector. Access to credit should be improved by strengthening the micro-credit scheme, the National Investment Commission's small venture capital scheme and the Ministry of Commerce and Industry's small and medium enterprises/ Industries programme. These efforts should be buttressed by capacity building in business planning and management, business friendly tax policies and incentives.

The informal sector improvement strategies should also seek to minimize the hardship faced by women and children, for instance, by establishing day care schools and play grounds for kids near market places, which would relieve mothers of child care while selling to make a living. The strategies should be designed to raise women's ability to relocate to more profitable ventures through training, improving productive technology, and making market information more accessible.

## **V. PUBLIC FINANCE**

### **VI.1. Budgetary Development**

The Government's budget for the fiscal year 2000/2001 was US\$90.7 million, which was 29% over the 1999 budget of US\$64 million. The 2000/2001 budget is however 1/3 of the 1988 (pre-war) budget of US\$340 Millions. The government's budget strategy is stated as:

- Restoring social and economic viability of the war-affected communities;
- Laying firm foundation for long-term material, economic and social recovery through the creation of capacities for sound economic management;

## **LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)**

- Refocusing the role of the public sector in the development process, with more efficient uses of public resources, and
- Supporting private sector development, and diversification of Agricultural production, industrial activities and provision of social services.

Of the total 2000/2001 budget of US\$ 90.7 million, 80% were allocated for recurrent expenditure, and 20% for development/capital expenditure, mainly on social services (health, education, and infrastructure). About 36% of the total recurrent budget represent logistics support, followed by 25% for salary/wages; and 18% for Special Commitment. (Table 3).

**Table 3-Liberian Government Budget FY 2000/01 by object code**

Object Code(Categories)	Amount (in `000 US\$)	%
Recurrent	72,580.00	80
Salaries and wages	(23,072.50)	(25)
Pensioners/Annuities	(519,80)	(1)
Logistics/support	(33,075.95)	(36)
GOL Special Commitment	(15,911.73)	(18)
Development	18,180.00	20
Total	90,760.00	

**Source: Bureau of the Budget**

In terms of sectoral distribution of the budget, administrative services (GASS), accounted for 41.07%; Special Commitment (GOL/SC), 33.8%; Community Services (S&CSS), 22.21%; and Economic Services (ESS), 2.86% (Tables 4).

**TABLE 4-BUDGETARY DISTRIBUTION BY SECTOR**

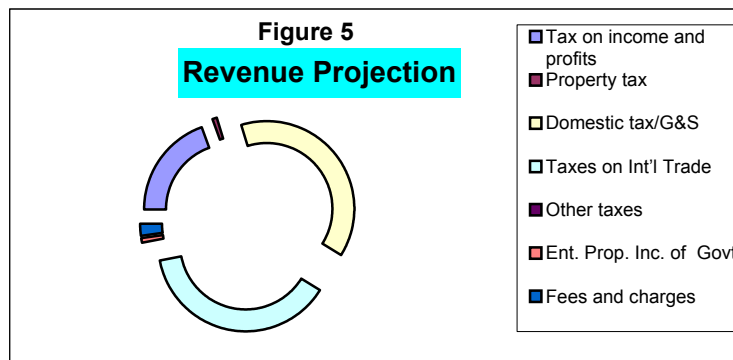
	US\$ Million Recurrent	Development	Total	July 2001 %
GASS	36.62	0.66	37.28	41.07
S&CSS	19.22	0.93	20.15	22.21
ESS	2.15	0.44	2.59	2.86
GOL/SC*	16.26	14.47	30.73	33.86
Total	74.25	16.50	90.760	100

**\*Includes expenditure on defense**

**Source: Bureau of the Budget**

The Fiscal year 2000/2001 budget funding project was as follows: international trade, 38.6%; domestic tax, 38%; and taxes on income and profits, 19.6%. (Figure 5).

# LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)



Source: Ministry of Finance

The tax incidence on domestics services (38.6%), and income and profits (19.88%) makes up about 58.48% of total projected revenue, which revealed a high pressure on capital accumulation and disposable income. The share of revenue from international trade tax remains relatively the same for 1999 and 2000/2001; the income and profit direct tax dropped by 5.2 percentage points, from 25% in 1999 to 19.88% in 2000. This reduction in tax levy is part of government's reform measures.

## V.2. Fiscal Policy Response

During the period under review, the Government, through the Ministry of Finance instituted the following fiscal policy reform measures:

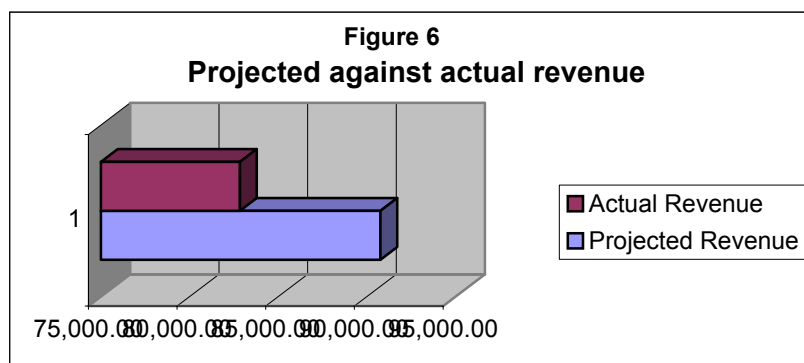
- Removal of inconsistency in the Tax code;
- Introduction of the Goods and Services Tax (GST), replacing the customs Users' fee;
- Removal of discretionary authority from the tax system;
- Harmonization of the customs schedules of the External Tariff with those of ECOWAS countries; and
- Reform of direct and indirect tax system.

According to the government, these measures were intended to increase national resource mobilization in order to limit the level of Government borrowing locally, and minimize the crowding-out of private investment. The government has indicated that its tax administration has become more effective, since the national budget is now being funded from domestic sources.

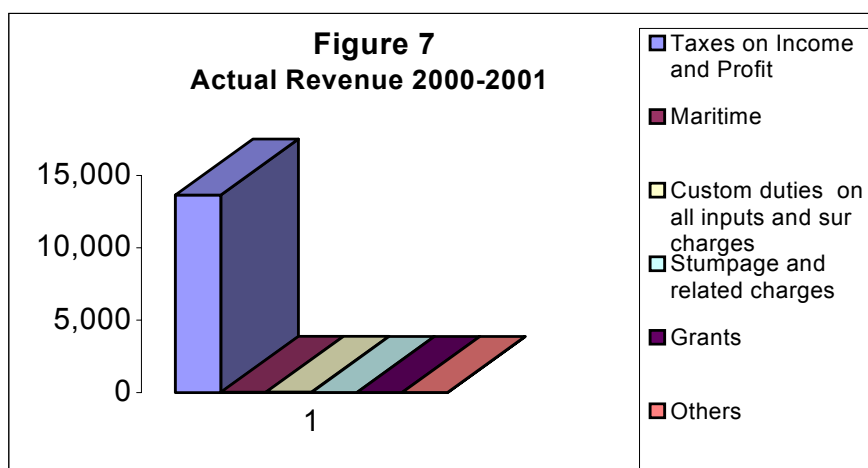
# LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)

## V.3. Revenue performance

Actual revenue fell short of projection by 9% or US\$ 7.98 million. As in the past three years, the highest revenue was obtained from custom duties, 29.7%; followed by maritime levy 22.5%; direct taxes, 16%; and grant, 10.7% (Figures 6 and 7 ). The total revenue generated for 2000/2001 was 82.8 million.



Source: Ministry of Finance



Source: Ministry of Finance

Others taxes (21.1%) include property tax, motor vehicle levy, business and professional fees and administrative services. On the whole, the variance in revenue growth between 1998/1999 and 1999/2000/2001 was just 4 percentage points. (Table 5)

**Table 5-Revenue Growth (1998-2000/2001)**

Year	Amount (Million US\$)	% Charges
1998	53.7	—
1999	65.5	22%
2000/01	82.8	26%

Source: Ministry of Planning and Economic Affairs annual reports

## **LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)**

According to the Ministry of Finance, this poor revenue performance is attributed to the overall lack of confidence and insecurity caused by dissident attacks in Northern Lofa County, the overall volatile security situation, and the UN sanctions. The Government claimed a lost of 25% of potential revenue due to the on-going civil war in the country.

### **V.4. Expenditure Performance**

For the period, July 2000 –June 2001, recurrent expenditure accounted for 68%, of total receipts of US\$82.8 million, followed by capital expenditure, 26% and debt servicing, 6%. About 49% of recurrent expenditure was reported to be on salaries and personnel expenses; and 48% on goods and services. It is however important to note that salaries were in arrears by six months by July 2001. This brings to question the allocation of expenditure figures (Table 6).

**Table 6-Actual Expenditure (2000/001)**

Object code	Total expenditure	%
11. Salaries and other personnel expense	27.4	33
13. Goods and other services	26.9	32
16. Current Transfers and subsidies	1.6	2
25. Capital Assets	21.8	26
71. Domestic Debt	4.4	5
72. External Debt	0.7	1
<b>Total</b>	<b>82.8</b>	<b>100</b>

**Source: Ministry of Finance**

### **V.5. Expenditure on Social Services**

Since 1997, Government's expenditure on social services has remained below 10%, though actual appropriations has been 20% of the budget. The low level of expenditure on social services is an indication of shifted spending priority to other budget lines, including Special Commitments.

While the UN Agencies and NGOs are active in the social services sector, substantial funding, especially from domestic sources is required to increase access which now stands at 72% for Education; 37% and 90% for rural and urban Health, respectively; 26% for safe water; and 11% for sanitation, (LDHS (1999) and the Poverty Profile of Liberia 2001).

There is a need for an appropriate and sustainable funding mechanism to support education, health, water, and sanitation programmes. These programmes are essential to enhance human development, and improve life expectancy and productivity of human capital. While donor funding has been

## **LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)**

substantial, about 85% in the social services, it should not be the only main source. National resources are required to ensure staffing, equipping, and sustainability of the facilities rehabilitated by aid agencies, and for sustainability.

The policy of development financing from the “residual” of recurrent expenditure should be revised as recommended by the Ministry of Planning and Economic Affairs. Development financing should be a percentage of actual revenue before recurrent expenditure. The MPEA recommends an “escrow account” to support development financing.

### **VI. MONEY, BANKING, PRICES**

#### **VI.1. Monetary Policy Development**

The Monetary Policy objectives of the government remain virtually the same since the creation of the Central Bank of Liberia (CBL) in 1999. These objectives include maintaining low inflation; a stable pricing environment; maintaining stability of the value of the Liberian dollars against other convertible currencies; maintaining broad money growth; ensuring supportive growth of credit to the private sector; facilitating the establishment of interbank markets, which will ultimately provide the CBL with an avenue for effective monetary policy interventions; restricting the use of Bank credit by Government for non-productive purposes; ensuring that interest rate policy strikes an appropriate balance between savings and resource mobilization; if need be, reducing the reserve requirements to free resources for use by Commercial Banks to extend credit to customers in the private sector; creating a Liberal financial environment to ensure free entry and exist without undue disturbance to the financial system.

During the period under review, the CBL reported a successful pursuant of the following policy reforms:

- Harmonization of two domestic currencies (JJ and Liberty banknotes);
- Revision of the resource requirement and appropriation of adjustments in keeping with the current monetary policy framework;
- Standardization of commercial banks reporting requirements;
- Operationalization of the inter-bank clearing house, and
- Bringing the non-banking financial actors within the operational framework of the Central Bank of Liberia.

# **LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)**

## **VI.2. Banking Development**

During 200/2001, the CBL promulgated prudential regulations to ensure that commercial banks operate soundly; established bankers' forum for the exchange of views; and undertook currency reforms and the introduction of new coins.

The CBL granted full license to those operating commercial banks that met the minimum requirement. They are the Liberia Bank for Development and Investment (LBDI), the International Bank of Liberia (IBL), the Liberian Trading and Development Cooperative (TRADEVCO), and ECOBANK. These banks have been working closely with the CBL, keeping balances and receiving credit advances from the CBL. The CBL regularly examined the commercial banks to ensure adequacy of bank's capital, liquidity, and technical and professional management capacity. The reserved requirement of 50% on Liberian dollars, according to the CBL, is intended to mop-up excess liquidity from the Liberia market.

The CBL has operationalized the clearing house, adopted the clearing house guidelines, and put in use the necessary reporting forms and validating stamps. According to the CBL, commercial banks now take only three (3) working days to clear customers' checks.

The CBL also resolved to establish foreign correspondent banking relations, pursuant to the requisite provision of the Central Bank Act of 1999, which authorized the CBL to open and maintain foreign exchange accounts abroad, and appoints agent banks, foreign financial institutions and international institutions.

Regarding the status of other commercial banks, the CBL reported that LUBI, FCIB and Meridien are in seizure; Rovia, FTIBC, Dutch, FAUB, Eurobank, NHSB and ACDB are voluntarily closed, while Bank of Liberia and BCCI are under liquidation. LUBI was seized during the period under review for persistent insolvency. As in other sectors, the civil war and the continuous insecurity has been the leading causes of banking failure and financial system collapse over the years in Liberia.

## **VI.3. Commercial Banks' Financing Of Economic Activities**

Outstanding commercial banks credit and advances to economic sector stood at LD\$1,222 million by the end of June 2001. GOL accounted for the highest, 48%; followed by Agriculture, 15%. Commercial Bank lending to the agriculture sector has declined considerably over the past few years, from 61% in 1998 to 5.4% in 2001; lending to Service sector also declined from 26.7% in 1999 to 5.1 in 2001. (Table 7)

## **LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)**

**Table 7-COMMERCIAL BANK'S LOANS CLASSIFIED BY ECONOMIC SECTOR ('000LD\$)**

	1998	%	1999	%	2000	%	2001	%
Agriculture	903,669	61	739,674	42	154,158	17	108,128	5.4
Rubber	784,778	53.4	679,776	38.6	2,922	0.3	7,141	0.6
Forestry	21,006	1.6	58,846	3.3	126,535	14.3	145,759	11.9
Fishing	52,598	3.6	960	0.1	24,551	2.8	34,658	2.8
Mining	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Manufacturing	79,150	5.4	450	0	171	0	-6,637	0.5
Construction	3,924	0	3,441	0	14,801	2	8,835	0.7
Public Corp.	25,414	1.8	22,775	1.3	34,490	3.9	(5,937)	0.5
Services	23,494	1.6	469,351	26.7	39,549	4.4	62,931	5.1
Trade	180,979	12	76,722	4	119,805	14	33,024	2.7
Trans. Storage and comm.	11,018	1	1,250	0	8,260	0.9		

**Source: Central Bank of Liberia**

### **VI.4. Money Supply**

Money supply (MS) showed some fluctuation since 1999. According to the CBL, MS decreased by 32 % from LD\$2.5 billion to LD\$1.7 billion between June 1999 and June 2000, and then increased by 79% to LD\$3.0bn by June 2001.

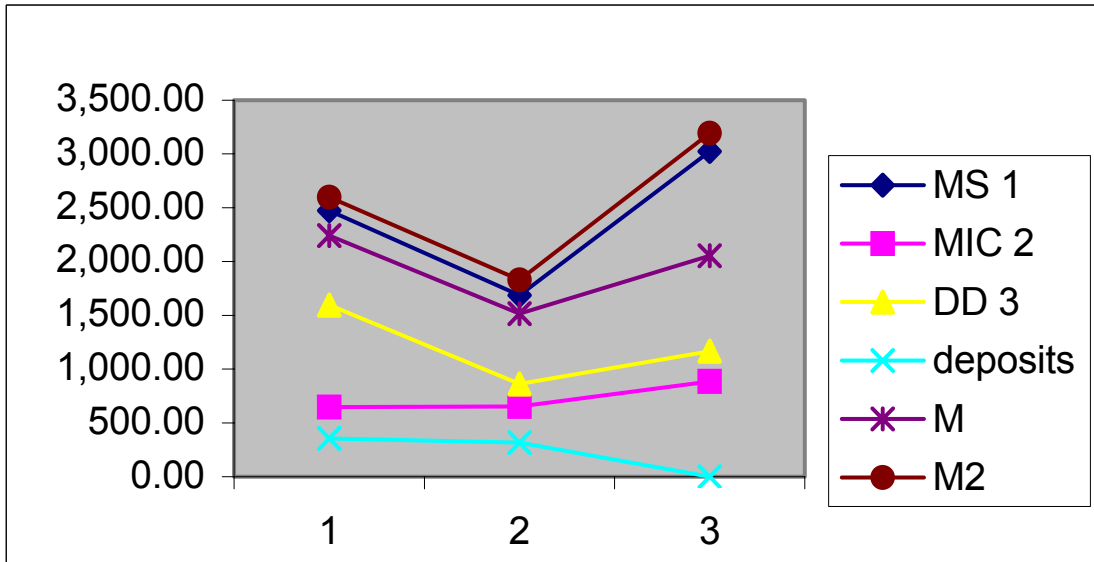
Money in circulation (MIC) has shown an upward trend, from LD\$647.0 million in June 1999 to LD\$886.5 million in June 2001, an increase of 37% over a 24 month period. The high increase in MIC is an indication that people preferred to hold cash over savings, which is attributed to the prevailing unfavorable security environment. Demand and time deposits also show some fluctuation, yet increasing (Annex 6).

Money Supply (M1) dropped between June 1999 and June 2000 by 32%, from LD\$2.2 billion to LD\$1.5 billion. By June 2001, M1 increased by 37%, to LD\$2.05 billion (Figure 8), which was due to the fall in Time and Savings deposits..

Broad Money (M2) also exhibited similar trend. Between June 1999 and June 2000, M2 dropped by 31%, from LD\$2.6 billion to LD\$1.8 billion; and by June 2001, the M2 increased by 23%, to LD\$3.2 billion (Figure 7 and Annex 6).

# LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)

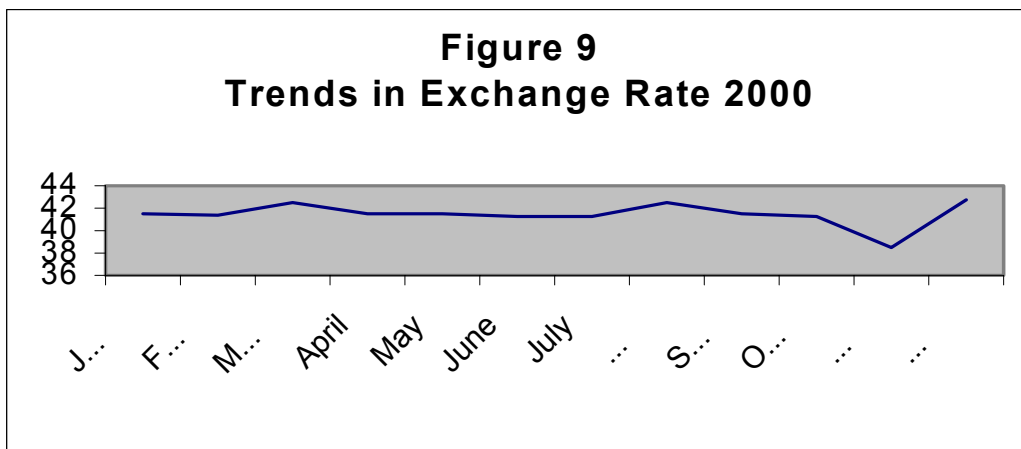
Figure 8-Trends in Money Supply 1999-2001



Source: Central Bank of Liberia

## VI.5 Exchange Rate

The exchange rate of Liberian dollar (LD\$) against the US\$ is determined by market forces, a policy adopted in August 1999 by the CBL. For the period ending January –June 2001, the exchange rate was between LD\$45.00 – 54.50 to US\$1.00, compared with LD\$41.50-41.25 during the same period in 2000. The Liberian dollar depreciated by 32%, over a twelve months period from June 2000 to June 2001. This depreciation was attributed to the acute shortage of foreign exchange, an increasing demand for US\$, the uncertainties created by the civil war in Lofa county, the UN Sanctions, and the quotation of wholesale prices in US\$ (Figure 9).



Source: Central Bank of Liberia

# LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)

## VI.6 Interest Rate

For the period January – June 2001, the average lending rate ranged between 21.10% and 22.37%; personal loan rate, from 12.03% to 12.55%; the mortgage rate remains constant at 16.00%. Time and savings deposits averaged 5.4% and fixed deposits, 4.96%. The increase in commercial bank lending rate is attributed to (1) absorb risk and (2) a reflection of real cost of capital (Table 8).

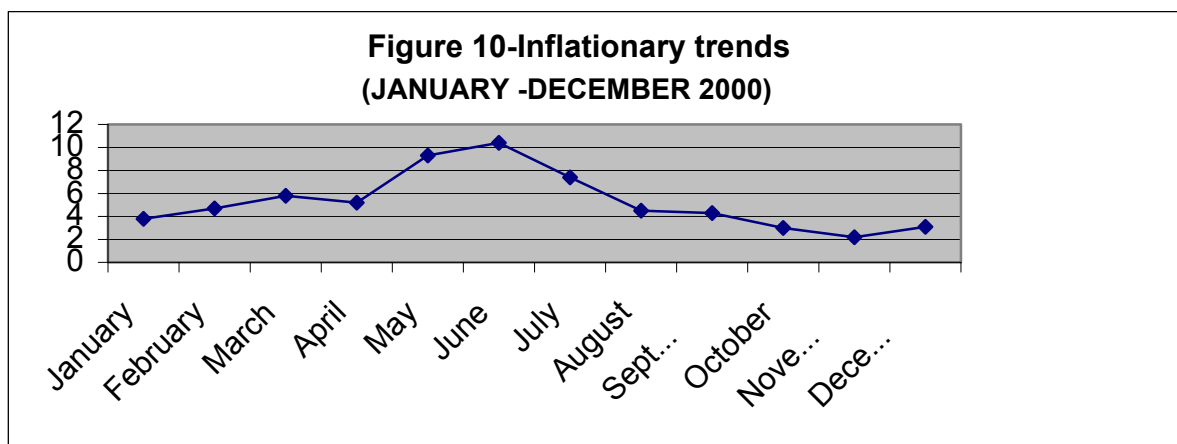
**Table 8-Commercial Banks lending rates**

		Jan 01	Feb. 01	Mar. 01	April 01	May 01	June 01
1	Ave. lending rate	21.10	21.18	22.37	22.04	23.34	21.85
2	Ave mortgage rate	13.43	12.03	13.40	12.55	12.26	12.49
3	Ave. personal loan rate	16.00	16.00	16.00	16.00	16.00	16.00
4	Ave Time Deposit rate	5.39	5.57	5.55	5.83	5.60	5.54
5	Ave Savings Rate	5.75	6.18	5.82	5.53	5.48	5.41
6	Ave. CD's rate	4.96	4.96	4.96	4.96	4.96	5.00

Source: CBL Statistical bulletins 2000/01

## VI.7. Inflation and General Price Level

The general price level for goods and services remained relative stable during the period under review. The Ministry of Planning and Economic Affairs (MPEA) recorded an inflation level of approximately 4-7%. Commodities exerting more inflationary pressure are fuel and imported food items. Prices of fuel and imported items increase by 14% and 10% respectively during the year (Figure 10); the increase was attributed to the depreciation of the Liberian dollar against the US\$, and the shortage of essential commodities on the local market. On the whole, the market for goods and services remained relatively stable.



Source: Ministry of Planning

## **LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)**

The low level of inflation has been attributed to the following:

- a) Prudent monetary and flexible exchange rate policies,;
- b) Restrictive wage policy in the public sector (for over a decade, no major increase in wages has been effected);
- c) Low level of aggregated economic activity (production is lower than 50% of pre-war level), and
- d) Increase in domestic food production (80% of the pre-war level), and since much of household expenditure is on food, this has dampened price pressures.

However, for the rural areas, prices for imported commodities are relatively high, especially for fuel. The extra cost is passed on to the consumers, as fuel and related products are relatively inelastic in those locations. Higher fuel price has implication for Health Services delivery (cold chain) and energy/lighting (kerosene), especially for the rural areas where over 85% of the people live below the poverty line.

### **VII. COMMERCE AND INTRNATIONAL TRADE**

#### **VII.1. Commerce and Industry**

The business climate in Liberia is less than satisfactory. The period 2000 witnessed a 9% decline in the number of registered businesses, from 3,489 in 1999 to 3,172. (Table 9) (data for 2000/2001 is not available). The problem is compounded by the high incidence of taxes, the limited credit opportunities, failed commercial banks, and poor utilities and social infrastructure, especially water and electric power.

**Table 9-Business Registration (2000)**

I	Montserrado County	Registered Liberian Business	Registered Foreign Business	Total
	<b>Forms of Business</b>			
	Sole Proprietorship	1,714	134	1,848
	Partnership	44	62	106
	Corporation	515	143	658
	Joint Venture	-	8	8
	Sub total	2,273	347	2,620
2	<b>Out station</b>			
	Sole Proprietorship	462	22	484
	Partnership	6	2	8
	Corporation	56	4	60
	Joint venture	-	-	-
	Sub-Total	524	28	552
	Total business registered as recorded	2,797	375	3,172

**Source: Ministry of Commerce and Industry**

## **LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)**

The Ministry of Commerce and Industry (MCI) is taking steps, with the assistance of UNDP, to resuscitate domestic industries and restore standards that were abandoned during the civil war (1989-1996). The government has reported to be taking the following steps:

- Promulgating policy framework for standards;
- Liaising with international standard organizations on matters of national standards;
- Promoting standardization in commerce, trade and industry;
- Enhancing industrial efficiency and development;
- Upgrading the quality of locally manufactured products;
- Adhering to the practices of locally and internationally accepted standards, e.g. ISO, ARSO, etc.,
- Protecting and safe guarding the interest of consumers and the public, especially in matters of health and safety.

The MCI has established a mini-quality control laboratory, and drafted a standards Act (with assistance from UNIDO), which is being reviewed by various organizations and county committees. With UNDP's assistance, the MCI has also conducted a Rapid Assessment survey of small/medium scale industries in the 13 industrial sub-sectors. According to the MCI, the document has been forwarded to UNIDO, UN Economic Commission for Africa (UNECA), and the African Development Bank (ADB) for consideration and implementation.

The MCI is pursuing training opportunities for its laboratory staff (Chemists); and is in need of chemicals and laboratory equipment for the mini-quality control laboratory. For the moment, the MCI uses the University of Liberia Science Laboratory to analyze alcoholic beverages and food items to determine wholesomeness for marketing purposes. The MCI however needs technical assistance to ensure quality control for food and pharmaceuticals, which have implication for the health and wellbeing of the Liberian people.

The industrial sector remains limited to soap making, furniture, jewelry, bakery, alcoholic beverages and cement. The sector is constrained by the lack of social infrastructure, including electricity, water and communications.

### **VII.2. INTERNATIONAL TRADE**

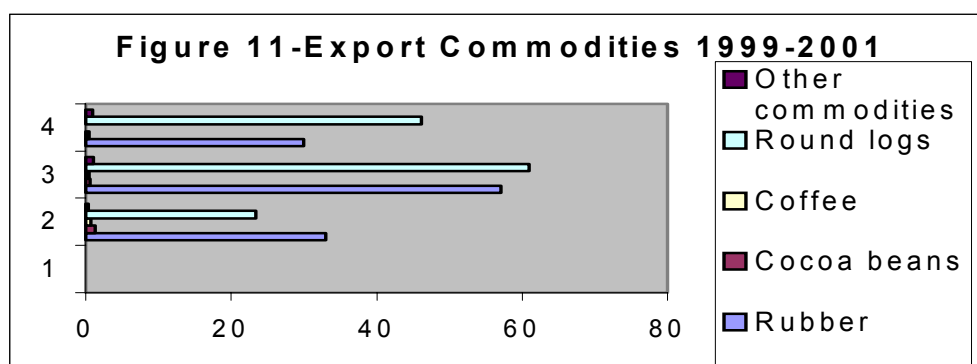
Liberia is a free enterprise economy that depends heavily on external trade for its foreign exchange. About 37% of Liberia's GDP was derived from foreign trade in 2001. The percentage share of foreign trade to GDP has been declining, from 47% in 1999, 43% in 2000, and 37% in 2001. Liberia's main

## LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)

trading partners are USA, Italy, France, Singapore, the Netherlands, and Belgium.

### VII.3. Exports

Liberia's main export commodities are rubber, cocoa beans, coffee and round logs. Export earnings during the period (January-June 2001) was US\$77.5 million; and US\$56.0 million during the same period in 2000, indicating a growth of 38%. This growth is attributed to increases in the export of Rubber, 29%; and round logs, 43% (Figure 11). The export sector is constrained by low domestic investment and limited access to international market for Liberia's export commodities.



Source: Ministry of Commerce and Industry

### VII.4. Imports

During the period (January-June 2001), the main import commodities were petroleum products, 34%; followed by food and live animals, 26%; and machinery and transport equipment, 17%. Total imports for the period January to June 2001 was US\$155.52 million compared with US\$99.82 million during the same period in 1999, a growth of 56%. (Table 10)

### VII.5. Terms of Trade

Some improvement in the terms of trade has been recorded since 1999. Trade deficit has decreased by 54% between 1999 and 2000., due to reduction in imports (Table 10).

# LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)

**Table 10 - Terms of Trade (US\$ Millions)**

	1999	2000	2001*
Export	58.7	120.3	77.5
Import	209.6 <sup>1</sup>	189.5	110.0
Trade balance	(150.4)	(69.20)	(32.50)

\* January-June 2001 only

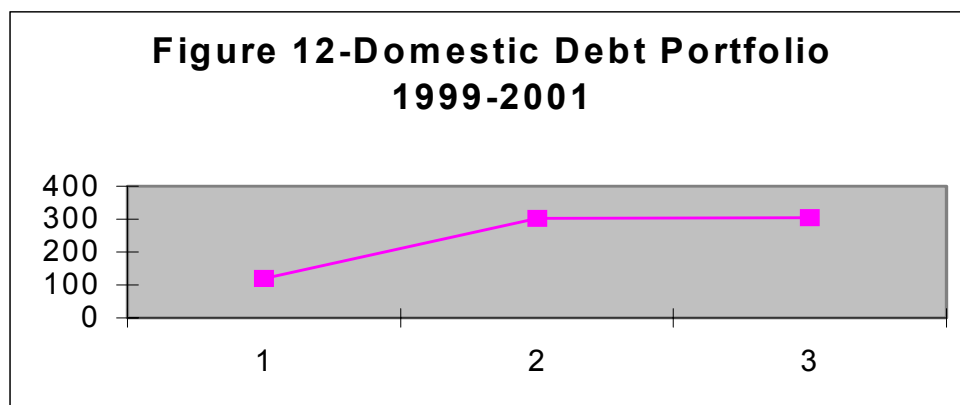
Source: **Ministry of Commerce and Industry**

## VIII. PUBLIC DEBT PORTFOLIO

Liberia debt portfolio has grown to an unsustainable level, above the threshold of 80% GDP and 200% Export earnings. The total debt recorded by the Central Bank of Liberia was US\$2.838 billion, 89% external debt, and 11% domestic debt.

### VIII.1. Domestic Debt

There is now a clear trend in the upward surge of the domestic debt portfolio. According to the CBL, domestic debt as at March 2001, was US\$305.2 million. This represent a 0.7% or US\$2.1 million increase over the December 2000 figure of US\$303.14 million ( Figure 12).



Source: CBL

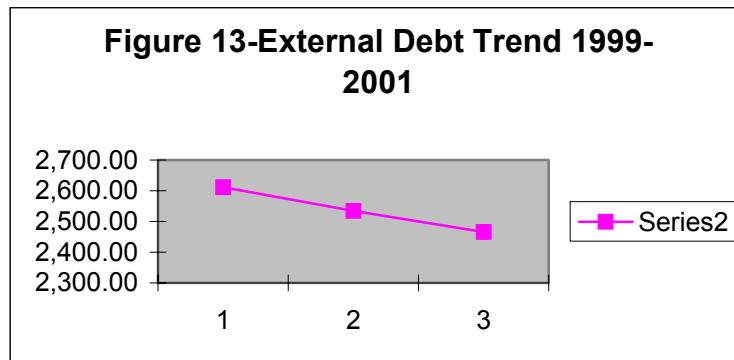
About 77% of domestic debt is owed to the Central bank of Liberia, which is partly government's indebtedness to the defunct National Bank of Liberia. The balance 23% is owed to commercial banks, suppliers and the public (national savings bonds). The increase in the domestic debt portfolio from US\$ 303.14 million in 2000 to US\$305.20 million in 2001 is attributed to CBL loan to the government of US\$2.22 million during the period. (Annex 13 and 14).

<sup>1</sup> Include Petrol imports

# **LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)**

## **VIII.2. External Debt**

Total external debt has reported a decline by 2%, from US\$2.534 billion in December 2000 to US\$2.465 billion as at March 2001 (Figure 13). The CBL attributed the reduction of external debt to government's payment of US\$50,000 per month to the IMF against accrued arrears. Almost all of Liberia's external debt (principal and interest) is in arrears. About 52% of the debt is owned to multilateral creditors, 28% to bilateral creditors, and 19% to external commercial banks (Annex 15).



The huge debt arrears have become a major bottleneck to Liberia's intention to acquire new credit, especially from IMF, ADB, World Bank and other international financial institutions. Liberia is unlikely to cross over this hurdle without a genuine debt-work-out strategy, which could include debt rescheduling and/or debt relief through the PRSP and the HIPC initiatives. This would require a firm commitment on the part of government to pursue prudent and sound macroeconomic reforms, especially within the framework of the IMF's staff monitored program.

## **IX. UNDP-GOL COOPERATION**

Consistent with the UNDP's first CCF for Liberia (approved in 2001), UNDP's development assistance strategy has focused on providing humanitarian assistance and restoring basic social infrastructure on the one hand, and pursuing peace building, structural and policy reforms, strategy intervention, and partnership building on the other.

The crux of UNDP's intervention has been in two broad areas: Good Governance and Economic Management, and Poverty Reduction and Sustainable Livelihood. Specifically, UNDP's assistance has been provided in the following sub areas:

## **LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)**

- Promoting Good Governance and Institutional capacity building, especially in the area of sound economic management;
- Creating opportunities for employment and income generation, particularly for the poor through micro-grants (TUP) and micro-credit;
- Strengthening Liberia's Commission on the Environment in order to address effectively the country's growing environmental problems;
- Building the institutional capacity for the promotion of women's empowerment and gender equity.

### **In 2001, UNDP supported and participated in the following activities with the government of Liberia:**

1. Drafting the following documents:
  - the Liberia Five-year Medium Term Plan for Reconstruction and Development (MTP);
  - The statistical Act of Liberia;
  - The Educational Policy Framework, and the Educational sector Master Plan (2001-2010);
  - Environmental Policy
  - The State of the Environment Report; and
2. Producing the following documents;
  - Environmental NGO Directory;
  - The Poverty Profile of Liberia (2001);
  - Liberia Economic Review (January-June 2000);
  - Liberia Economic Review (2000); and
  - Development Cooperation Report (1998-1999).
3. Conducting the following workshops;
  - Two workshops on internationally accepted Sphere Guidance and Minimum Standards for Disaster Relief in Bong County;
  - Five workshops on human rights for teachers and staff of Ministry of Education with the view of introducing human rights education in schools;
  - A workshop on Gender mainstreaming, skills development, resource mobilization, project designs, and gender sensitization
4. Undertaking the following activities:
  - Facilitating the formation of 68 local education committees in 4 counties;

## **LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)**

- Facilitating an SME Assessment Study for Montserrado County;
  - Holding a workshop on environmental policy;
  - Establishing a local Building Materials Production and Training Center in Bomi County, and training 1,978 community members basic skills;
  - Completing Capacity and Need Assessment of two Government Institutions and one Civil Society Organizations (CSO);
  - Implementing a micro-credit scheme that has benefited 8,000 persons in Cape Mount, Bong, Nimba and Montserrado counties;
  - Completing 14 micro-projects in four (4) countries, benefiting 260,000 people through access roads, education, health, infrastructure, water and sanitation; and
  - Rehabilitating 4 social infrastructure, including market buildings.
5. With the UNCT, conducting three policy dialogues on the following themes:
1. Roll Back Malaria;
  2. Peace in the MRU; and
  3. Environmental protection; an environment fair was also held.

The Government, at the highest level, acknowledged UNDP's contribution in the areas of governance and micro financing for sustainable development. In addition, UNDP's assistance was reflected in the Annual Reports of the Ministries of Finance, Commerce, Planning and Economic Affairs and the Bureau of the Budget, among others.

UNDP has continued to maintain good relationship with the Government, Civil Society and other development partners in driving home the development needs of post-war Liberia. Maintaining its status as a trusted neutral partner, UNDP continued to hold high level consultative discussions with all stakeholders on issues of security, peace building, and socio-economic development with the view to creating an enabling environment for Liberia's recovery and development.

### **X. CHALLENGES AND PROSPECTS FOR DEVELOPMENT**

The challenges facing Liberia are enormous. The Economy is still at 1/3 of its prewar level, with high unemployment (85%), Adult literacy, 37% (47% for male and 24% for female); Health, 90% Urban and 37% rural; Education, 70%; life expectancy 47.7 years poverty incidence, 76.2%; and Human Development Index, 0.276, which ranked Liberia second to the lowest of 175 countries on the UNDP global ranking of countries. On the governance front, the continuous

## **LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)**

dissidents attacks, the UN sanctions, respect for the rule of law, human rights and freedom of the press; transparency and accountable in the management of domestic resources, national budget, as well as structural and policy reforms, are of critical concern to the International Community.

However, all is not lost in Liberia; there are opportunities for the restoration of good governance and economic recovery. The private sector is gradually recovering; the issues of good governance and respect for the rule of law are being advocated by civil society organizations, and by the public in newspapers and on radio talk-shows. The Legislature is now more aware of the difference between good and bad governance.

UNDP, being a neutral and trusted partner is helping government to comprehend the implication of bad governance, and the need for prudent management of scarce resource, as well as macro-economic and structural policy reforms. UNDP has assisted government with the preparation of Liberia's Five-Year Medium Term Plan for Reconstruction and Development", with an overarching theme of "Accelerating the Transition from Rehabilitation to Development", with the view of helping to set national priorities. UNDP's intervention through micro-financing schemes (micro-grant and micro-credit) is also contributing to salvaging of the war-torn Liberian economy.

The international community (multilateral and bilateral donors) should continue to positively engage the government so as to ensure the consolidation of peace, adherence to good governance principles, and prudent macro-economic reforms; the contrary will only worsen the plight of Liberians, especially the poor who are in the majority.

In the same vein, the strategy should also include accelerating the restoration of basic social infrastructure; rebuilding institutional capacity; undertaking civil service and public enterprise reforms; introducing measures for further trade liberalization; and strengthening the financial sector.

These challenges cannot be dealt by the government. The International Community should remain a key player so as to ensure sustainable peace and economic recovery in Liberia. The IFIs/BWIs, especially the IMF should continue to pursue macro-economic reform programs with the GOL. This is necessary to ensure the continuity of policy reforms, and to prevent reversal of reform achieved thus far, especially in the monetary policy and structural areas. Such positive engagement will serve as an impetus that would engender private sector confidence, attract private investment, and ignite economic growth.



**LIBERIA ECONOMIC REVIEW  
(JULY 2000-JUNE 2001)**

**ANNEXES**

# **LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)**

## **ANNEXES:**

1. UN Activities in Liberia
2. The Industrial Sector production (1999/2000)
3. Actual Revenue Performance (2000-2001)
4. Actual Expenditure (2000/2001)
5. Public and Private Sector Employment
6. Trends in Money Supply
7. Exchange Rate
8. Commercial Bank Lending Rate
9. Lending by Economic Sector
10. Exchange rate
11. Export Commodities
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13. Trends in Domestic Debt
14. GOL Domestic Debt (2001)
15. External Debt
16. Diamond and Gold Mining Production
17. Diamond and Gold 1997-2001 Export
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# **LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)**

## **ANNEX-1**

### **UN Activities in Liberia (1996 – 2001)**

The following gives a summary of the activities undertaken by each UN agency since 1995.

#### **Food and Agriculture Organization (FAO)**

FAO has supported the government, through the Ministry of Agriculture, in the following areas.

- Assistance to conflict affected farmers
- Food security
- Cassava production and processing
- Vegetable production
- Artisanal fisheries sector
- Agricultural marketing

Since 1996 a total contribution of US\$2,476,000 has been made in support of the above activities.'

#### **United Nations Development Programme (UNDP)**

UNDP has provided support to the government in the following areas:

- Transfer of Knowledge through Expatriate Nationals
- Vocational training for employment and self-employment
- Rehabilitation of airports
- Domestic trade in goods and services-trickle up Programme
- Support for the electoral process in Liberia
- Humanitarian assistance to affected population
- Reintegration programme management and poverty alleviation
- Upgrading technical skills of middle level public sector employees
- Bridging and early reintegration projects
- Telecommunications –IRIN West Africa
- Micro project support for resettlement and reintegration
- Rehabilitation of roads, bridges and schools
- Rehabilitation support to the education sector

## **LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)**

Through the above programme areas UNDP has provided support to the Ministry of Planning and Economic Affairs, the Ministry of Education, the Ministry of Transport, the Ministry of Public Works, the Liberia Repatriation, Resettlement and Reintegration Commission, the Independent Elections Commission, and the National AIDS Control Programme.

Some of the above activities have been implemented by other UN agencies that are specialized in various areas. These agencies include UNOPS, ILO, UNV, ICAO, UNCHS, UNDESA, UNESCO and DHA.

Since 1996, a total contribution of US\$17,348,000 has been made in support of the above activities.

### **United Nations Fund for Population activities (UNFPA)**

UNFPA has supported the government, through the Ministry of Health and Social Welfare, in the area of family planning.

Since 1996 a total contribution of US\$145,000 has been made in support of the family planning programme.

### **United Nations High Commission for Refugees (UNHCR)**

UNHCR has provided support to the government, through the Liberia Repatriation, Resettlement and Reintegration Commission, in the following areas:

- Repatriation and reintegration of Liberian refugees.
- Humanitarian aid and relief.

Since 1996 a total contribution of US\$5,120,000 has been made in support of the above activities.

### **United Nations Children Fund (UNICEF)**

UNICEF has supported the government in the following areas:

- Teacher training and peace education
- Rehabilitation of war victims in Liberia
- Primary health care
- Provision of essential drugs, nutrition and programme support
- Rural water and sanitation programme
- Humanitarian aid and relief
- Support to vulnerable groups
- Advocacy, rights and trauma programme

## **LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)**

Through the above programmes UNICEF has provided support to the Ministry of Health and Social Welfare, the Liberia Water and Sewer Corporation, the Liberia Repatriation, Resettlement and Reintegration Commission, and the Ministry of Planning and Economic affairs.

Since 1996 a total contribution of US\$12,294,000 has been made in support of the above activities.

### **World Food Programme (WFP)**

WFP has provided through the following programmes:

- Vulnerable Group Feeding
- Therapeutic feeding
- IDP resettlement
- Refugees/returnees
- Emergency school feeding
- Food for work/food for lunch/food for training
- Seed protection

The food aid assistance provided by WFP since 1996 represents a total of US\$142,428; excluding food and non-food items

### **World Health Organization (WHO)**

WHO has provided support to the government, through the Ministry of Health and Social Welfare, in the following areas:

- Primary Health care
- Surveillance, prevention and control of disease
- Support to hospitals and clinics in and around Monrovia
- Strengthening of the National AIDS Control Programme
- Humanitarian aid and relief

Since 1996 WHO has contributed to a total of US\$12,554,000 in support of the above programme areas.

# LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)

## Annex 2

### The Industrial Sector

No.	Industry	Products	Production		Difference	Percent Charge
			1999	2000		
1	Liberia Cement Corporation (CEMENCO)	Portland Blue Star Cement	51,365 metric tons	51,952 metric tons	587 metric tons	1,14%
2	Monrovia Breweries (MC)	Club Beer, Club Minerals, Guinness Stout and Malta Guinness	508,448 assorted crates	478,588 assorted crate	29,860 assorted crt	-5%
3	United States Trading Company (USTC)	Coca Cola and Fanta Products	1,383,278 assorted crate	1,514,806 assorted crate	131,528 assorted crt.	9.5%
4	Mano Manufacturing Company (MANCO)	Household candles, Rubbing Alcohol and Clorox	52,059 ctns 12,289 " 8,552 "	34,113 ctns. 6,302 ctns 10,675 ctns	17,946 ctns 5,987 " 2,123 "	-34.47% -48.72% 24.8%
5	Royal Industrial Complex	Paint, Varnish, Thinner and putty and wood glue mattresses	5,076 assorted gals. 5,289 pcs.	38,036 assorted gal. 12,857 pcs	19,040 gallons 7,568 pcs	-33.5% 143,1%
6	Sun-shine Group Incorporated	Oxygen and Industrial Gas	361 cylinders	357 cylinders	4 cylinders	-1.1%
7	Luna Nails. Co. (Eid Brothers, inc)	Wire Nails	5,638 bags	7,584 bags	1,946 bags	34.52%
8	Liberia Industrial Polyurethane Foam Corp. (LIPFOCO)	Assorted mattresses, foam kitchen foam, sheet, } cushions, pillows crushed foam	49,219 pcs 45,956 pcs 2,700 kgs	8,626 pcs 49,547 assorted pcs. 3,029 kgs	40,593 pcs 3,591 assorted pcs 329 kgs.	-82.5% 7.8% 12.2%
9	Liberia Industrial Production Corp. (LIPCO)	Assorted furniture	2,752 assorted cs	1,137 assorted pcs.	1,615 assorted pcs.	58.7%
10	National Industrial Company (NICOM)	Senator Brand Gin and Rum, Big Ben Gin, Citrus Punch, etc.	9,939 assorted pcs.	25,837 assorted ctns.	15,898 assorted ctns	160%
11	Rajia International Trading Company (RITCO)	American Gin, premier Brandy London Whisky, Commando Rum, Schnapps, etc.	4,663 assorted ctns	6,921 assorted ctns.	2,258 assorted ctns.	48.4%

Source: Ministry of Commerce and Industry

# LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)

## Annex-3

### ACTUAL REVENUE PERFORMANCE (JULY 2000-JUNE 2001)

Code	Account	Estimated	Actual	(Difference)
3000	Taxes on Income and Profit	11.975	8.134	(3.841)
3001	Corporate taxes on income	4.700	4.243	(0.457)
3002	Unallocated income&profit tax	3.317	1.271	(2,047)
3003	Others	-	-	-
3025	Maritime Revenue	24.089	18.748	(5.340)
301	Taxes on Property	0.281	0.263	(0.018)
3026	Motor vehicle Operational taxes	1.396	1.288	(0.107)
3022	Profits of fiscal			
Monopolies	-	-	-	
303	Tax on Int'l Trade Transactions:			
3030	Custom duties-all imports	20.431	16.622	(3.809)
3031	Custom sur tax On imports	10.345	8.094	(2.250)
3032	Customs duties-	0.486	0.213	(0.273)
Exports				
1021	Excise taxes	1.291	0.853	(0.437)
3027	Stumpage & related charges	7.829	7.519	(0.280)
3021	Excise taxes	1.290	0.853	(0.437)
3028	Stumpage and			
3029	Related charges	7.829	7.549	(0.280)
3023	Taxes on specific services	0.754	0.780	(0.025)
3024	Business and			
3025	Professional Licenses	1.097	2.206	1.109
3111	Administration Services	2.000	3.646	1.646
3322	Grants	-	8.925	8.925
Grand total		90.000	82.839	(7,160)

**Source: Ministry of Finance \*\*\*\*\***

## **LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)**

### **Annex-4**

**Table 5-Actual Expenditure (2000/2001)**

Object code	Total expenditure	%
11. Salaries and other personnel expense	27.4	33
14. Goods and other services	26.9	32
17. Current Transfers and subsidies	1.6	2
26. Capital Assets	21.8	26
73. Domestic Debt	4.4	5
74. External Debt	0.7	1
<b>Total</b>	<b>82.8</b>	<b>100</b>

### **Annex-5**

#### **EMPLOYMENT (PUBLIC, PRIVATE SECTORS)**

<b>INDUSTRY</b>	<b>EMPLOYMENT-1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
Agriculture Forestry Fishery	10,000	10,900	11,700	Not Yet available
Banking/finance Business Services	700	812	900	-
Community/Social Services	8,000	9,130	13,000	-
Manufacturing	900	970	1070	-
Whole/Retail Trade	47,000	48,000	49,000	-
Gas/Water/Electricity	6,000	6,111	6,308	-
Transport/Communication	200	900	1300	-
Mining/Quarrying	1000	1000	1020	-
Government	48,000	50,000	57,000	-
Informal Sector	270,000	290,000	300,000	57,000
5% Margin of error	-	-	-	300,000
	392,800	417,823	447,290	-

**Source: Ministry of Labour**

## **LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)**

### **Annex 6**

#### **Trends in Money supply**

Year	MS 1	MIC 2	DD 3	Time and savings deposits	M <sub>1</sub>	M <sub>2</sub>
1999	2,472.9	647.0	1,595.0	355.1	2,242.0	2,597.1
2000	1,687.9	653.4	861.8	315.6	1,515.2	1,830.8
2001	3,025.4	886.5	1,166.9	1.140	2,053.4	3,193.4

**Source: CBL**

### **Annex-7**

#### **EXCHANGE RATE (1999-2001)**

Months	1999	2000	2001
January	45.18	41.50	45.50
February	42.13	41.38	45.50
March	41.13	42.50	45.50
April	41.50	41.50	48.50
May	42.63	41.50	51.50
June	42.50	41.25	54.50
July	42.00	41.25	
August	44.00	42.50	
September	44.00	41.50	
October	42.50	41.25	
November	36.75	38.50	
December	39.50	42.75	

**Source: CBL Statistical bulletin:**

### **Annex 8**

#### **Commercial Bank Lending Rates**

	Dec. 1998	Dec. 1999	Dec. 2000
Bank Rate	8.0	8.0	8.0
Average Lending Rate	14.8	18.63	20.98
Average Personal Loan Rate	10.0	10.00	14.87
Average Mortgage Rate	0.0	0.00	16.00
Average Time Deposit Rate	6.2	6.00	5.84
Average Savings Rate	6.0	6.22	5.75
Average Rate on CD's	5.00	5.00	5.98

**Source: CBL**

## **LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)**

### **Annex 9**

#### **Commercial Bank Lending by Economic Sector 1998-2000**

SECTOR	Dec.-1998	Dec.-1999	Dec.-2000
Agriculture	903,069	739,6704	154,158
Mining & Quarrying	0	450	0
Manufacturing	79,150	3,441	171
Construction	3,924	1,250	14,801
Trans., Storage & Communication	11,018	76,722	432
Trade, Hotel & Restaurant	180,979	76.722	119,865
Other	213,256	938,702	603,056
Total	1,391,396	1,760,239	892,483

**Source: CBL**

### **Annex 10**

#### **Exchange Rate**

	Dec. 1998	Dec. 1999	Dec. 2000	Percentage Change	
				99/98	00/00
Market rate end of per	43.25	39.50	42.75	-8.7	8.2
Market rate period aver.	38.25	38.30	39.81	0.1	3.9

**Source: CBL**

### **Annex 11**

#### **Export Commodities (US\$ Millions) (1999-2001)**

Commodities/Year	1999	2000	2001
Rubber	33.06	57.06	29.92
Cocoa beans	1.27	0.61	0.43
Coffee	0.71	0.51	0.03
Round logs	23.42	60.96	46.20
Other commodities	0.40	1.11	0.92
Total	589.86	120.25	77.51

\* (January-June only) **Source: MCI**

## **LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)**

### **Annex 12-Import Commodities (US\$ Millions)**

Commodity/Year	1999	2000	2001
Food and live animals	54.00	58.91	28.89
Beverage and Tobacco	7.74	6.28	3.44
Crude Materials	11.27	6.56	2.02
Mineral, Fuel and Lubricants	3.45	2.03	0.95
Animal and vegetable oil	3.60	3.32	1.50
Chemicals and related products	14.82	14.32	3.84
Manufactured products	17.04	20.79	8.81
Machinery and transport equip	38.88	29.96	18.54
Petroleum Products	-0-	-0-	37.05
Miscellaneous Articles	11.50	9.32	4.80
<b>Total</b>	<b>209.65</b>	<b>189.35</b>	<b>109.84</b>

Source: Ministry of Commerce and Industry

### **Annex -13 -Trends in Domestic Debt**

Year	Total Debt (US\$ Million)
1999	120.42
2000	303.10
2001	305.20

Source: CBL/MOF Reports

### **Annex 14 External Debt Outstanding, 2000 (Million of US\$)**

Creditors	2000 stock of debt	%of Total stock of debt
Multilateral	1,322	52.15
IMF	628	24.77
Principal	293	
Interest/Charges	225	
IBRD	274	10.81
ID	112	4.42
ADB Group	232	9.15
All others	76	2.00
Bilateral	732	28.88
USA	303	11.95
Current (FTW)	102	6.39
Japan	72	2.84
All others	195	7.69
Commercial Banks	442	17.43
Suppliers' Credits	39	1.54
<b>Total</b>	<b>2,535</b>	<b>100.00</b>

Source: Central Bank of Liberia

## **LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)**

### **Annex 15**

#### **GOL'S DOMESTIC DEBT**

<b>As at June 30, 2001</b>			
<b>Creditors</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
GOL/CBL Long Term Loan	228,447,650.06	6,702,911.8	235,150,561.86
GOL/ACDB	1,045,546.84	1,662,657.13	2,708,203.97
GOL/ITC	5,530.00	6,868.00	12,398.00
GOL/NHSB	2,172,489.33	2,601,339.47	4,773,828.80
GOL/LBDI	9,576,000.00	0	9,576,000.00
National Savings Bond	600,000.00	610,000.00	1,210,000.00
Suppliers' Credits	44,150,000.00	9,200,000.00	53,350,000.00
<b>Total</b>	<b>285,997,216.23</b>	<b>20,783,776.40</b>	<b>306,780,992.63</b>

Source: Ministry of Finance

### **Annex 16**

#### **Diamond and Gold Mining Output volume**

Year	Gold (Ounces)	Diamond (Carat)
1999	550	8,728
2000	701	22,220
2001 (January-June)	1,365	3,885

Source: Ministry of Lands, Mines and Energy reports

### **Annex 17**

#### **Mineral Export –Diamond and Gold (1997-2001)**

Year	Diamond In carats	wt. (USD) appraised value	Gold Wt in ounces	Gold appraised in value
1997	NIL	NIL	NIL	NIL
1998	7,919.33	362,888.47	2,316.81	334,058.46
1999	8,436.93	937,535.14	549.27	104,933.26
2000	24,065.34	975,021.38	917.88	161,555.77
2001	2,780.31*	63,051.27*	1,365.47**	239,692.86**
<b>Total</b>	<b>43,201.91*</b>	<b>2,338,496.2*6</b>	<b>5,149.43**</b>	<b>840,240.35**</b>

Source: Lands, Mines and Energy

#### **Notation:**

- Diamond export made up to April 20,2001 sanction starts May 7, 2001
  - \*\* Gold export made up to June 30, 2001
- No other export of other Minerals from Liberia

# LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)

## Annex 18

### Trends in Public Finance (US\$ Million)

	Budget	Rev.	Exp.	Health	Education
1987	-0-	184.3	346.8	18.7	42.8
1988	-0-	207.3	435.54	18.9	44.5
1989	-0-	274.1	355.1	-0-	-0-
1997	11.9	28.3	29.0	1.2	1.2
1998	41.4	53.7	54.8	1.5	3.1
1999	64.0	65.2	66.47	2.7	6.7
Jan-June 2000	50.06	40.10	42.16	n.a.	n.a.
July 2000	90.8	-n.a	n.a.	n.a.	a.n.
June 2001					

Source: MOF Annual Reports and Poverty Study 2000

## Annex 19

### Women Access to Loans, Case of ACDB

Borrower	No. Of Loans	LD\$/year	%
Women	2	5,950 (1980)	4.8
Men	9	113,025	
Jointly	1	6,000	
Women	11	365,467	38.52
Men	45	577,200 (1990)	
Jointly	-	6150	
Men	2	548,000 (1991)	
Women	5	11,000	
Men	15	165,000 (1992)	

CCA (1997/1998)

## LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)

### Annex 20

#### LIBERIA NET OFFICIAL DEVELOPMENT ASSISTANCE (1990-1997) (US\$M)

Year	Bilateral	US	Netherlands	Sweden	Germany	UK	Norway	Switzerland	Multilateral	EU	UNICEF	WFP	TOTAL
1990	33.0	19.0	5.7		7.3	1.0			31.7	8.3	0.5	22.9	64.7
1991	49.1	42.0	2.2		3.3	1.6			97.7	14.8	4.2	78.7	146.8
1992	15.8	10.0	1.6		3.6	0.6			85.6	5.1	10.9	69./6	101.4
1993	20.4	12.0	2.4	0.8	2.3	1.9	0.8	0.2	84.6	9.5	9.1	66.0	105.0
1994	32./0	17.0	6.1	1.6	2.3	2.1	1.0	1.9	85.0	14.1	5.9	65.0	117.0
1995	25.4	12.0	5.5	1.4		1.7	1.9	3.0	82.0	63.8	12.7	5.5	107.5
1996	32.0	13.0	6.6	2.7		7.2	2.8	1.9	86.5	70.8	11.0	4.7	120.7
1997	25.5	12.0	8.3	5.8		4.3	2.2	1.1	44.6	19.7	16.4	8.5	78.3
1998	34.2												
1999	33.7												
2000													
<b>Total</b>	<b>243.7</b>	<b>137.0</b>	<b>38.4</b>	<b>12.3</b>	<b>18.8</b>	<b>20.4</b>	<b>8.7</b>	<b>8.1</b>	<b>597.7</b>	<b>206.1</b>	<b>70.7</b>	<b>320.9</b>	<b>841.4</b>

Source: Tax Commission (MOF)

# LIBERIA ECONOMIC REVIEW (JULY 2000-JUNE 2001)

Annex 21 –

## SOCIAL AND ECONOMIC DATA

SOCIAL DATA	%	ECONOMIC DATA	%
Net Primary school enrollment	25	GDP (compared to prewar)	33
Urban	(38)	National Debt (% of GDP)	550.8
Rural	(20)	(% of Export)	3612.9
Adult Literacy	37	National budget (compared to pre-war)	
Male	(50)	Expenditure on social services % of total annual receipts since 1997.	30
Female	(24)	Donor support (declined between 1996-1999)	10
Life Expectancy	47.7	Human development index	25
HIV/AIDS	8.2	UNDP Global ranking	0.276
Poverty	76.2		174/175
Monrovia	(50.6)		
Concession	(75.2)		
Rural	(85.8)		
Food production (compared to prewar)	80		
Environmental Degradation (pre-war estimate) per annum	1		

Source: Liberia Demographic and Health Survey( 1999) Poverty profile of Liberian 2001, UNCCA 2001/2002