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SPECIAL ECONOMIC AND DISASTER RELIEF ASSISTANCE: SPECIAL PROGRAMMES
OF ECONOMIC ASSISTANCE

Assistance for the development of Liberia

Report of the Secretary-General

1. In its resolution 36/207 of 17 December 1981, the General Assembly requested the Secretary-General, *inter alia*, to dispatch a mission to Liberia to consult with the Government on the additional assistance which it needs for the reconstruction, rehabilitation and development of the country and to communicate the report of the mission to the international community, the Economic and Social Council and the General Assembly.
2. In pursuance of the resolution, the Secretary-General arranged for an interagency mission to visit Liberia in March 1982. The mission's report, which is annexed hereto, provides information on the economic and financial situation of the country. It describes Liberia's immediate needs for financial assistance as well as its critical requirements to rehabilitate and consolidate its economy and to strengthen its infrastructure to promote development. The report also provides details of individual projects recommended for international assistance together with estimated costs. Finally it contains recommendations for institutional arrangements to increase the efficacy of the economic and financial assistance Liberia receives.
3. In paragraph 6 of resolution 36/207, the General Assembly invited a number of specialized agencies and organizations of the United Nations system to bring to the attention of their governing bodies the special needs of Liberia and to report the decisions of those bodies to the Secretary-General by 15 July 1982. Their replies will be reproduced in a report of the Secretary-General covering Liberia and other countries for which the Assembly has requested the Secretary-General to organize special economic assistance programmes.

* A/37/50/Rev.1.

ANNEX

Report of the mission to Liberia

(8-17 March 1982)

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I. INTRODUCTION

1. An interagency mission led by the Under-Secretary-General for Special Political Questions and Co-ordinator, Special Economic Assistance Programmes visited Liberia from 8 to 17 March 1982. During the mission's stay, it was given an audience by the Head of State, Commander-in-Chief Samuel K. Doe. The focal point of the mission's meetings was with the Minister of Planning and the discussions were supplemented with meetings with the Ministers of pertinent economic and social departments, as well as senior officials in the administration. Meetings were also held with representatives of the Chamber of Commerce and with church leaders. At the conclusion of the visit, a meeting was held with members of the diplomatic corps accredited to Liberia to brief them on the mission's findings.

2. The mission wishes to place on record its appreciation of the assistance and full co-operation it received from the Government of Liberia in providing information necessary for the mission's work. The mission also acknowledges with appreciation the assistance it received from the Acting Resident Representative and staff of the United Nations Development Programme (UNDP) in Monrovia.

II. BACKGROUND

A. Physical characteristics

1. Geography

3. Liberia has a land area of 111,400 sq. km. The capital is Monrovia. Beyond a narrow coastal plain intersected by tidal lagoons, marshes and creeks lies a central area of mountainous plateaux and narrow valleys containing the high rain forest. A mountainous area lies along the Guinea border. The climate is tropical humid with temperatures of 21-32°C and up to 380 cm of rain a year.

2. Population

4. Population censuses were conducted in Liberia in 1962 and 1974. The population in 1982 is estimated to be close to 2 million with a growth rate of 3.3 per cent per year. Population density averages 18 people per sq. km. for the nation. The most densely populated county is Montserrado with 109 people per sq. km. while the least densely populated is Grand Gedeh with 9 people per sq. km.

5. Nearly three quarters of the population is rural. The average household is composed of 4.8 people in the rural areas and 4.1 in the urban areas.

B. Government

6. Liberia has been politically independent since 1847. The present Government came to power on 12 April 1980. Commander-in-Chief Samuel K. Doe is Head of State

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and Chairman of the People's Redemption Council. The Council has been the supreme organ of state since the revolution of April 1980. A new constitution is presently being drafted.

7. The economic and administrative management of the country is the responsibility of ministers appointed by the Head of State. At the provincial level, Territorial Superintendents, also appointed by the Head of State, manage county affairs while District Commissioners are in charge of district administration. Towns and cities are under the administrative authority of Mayors (for cities) or Township Commissioners. At the national level, the Ministry of Internal Affairs supervises the work of the County Superintendents.

8. Some of the main public services as well as some production activities are undertaken by a parastatal sector consisting of some 20 national authorities and public sector enterprises. These are engaged in agriculture, marketing, manufacturing, electric energy production, transportation, communications, housing, water and sewerage and other services.

C. Currency

9. The United States dollar is the legal tender in Liberia, with Liberian coins being issued for one dollar and for smaller denominations.

D. Factors affecting development

Structural factors

10. Economic and social development in Liberia has been relatively modest. The economy encounters the same obstacles that confront many developing countries: a productive base limited to a few export commodities, in the case of Liberia iron ore, rubber, diamonds and timber; a limited internal market since the population is small and 60-70 per cent derive their existence from subsistence crops; low productivity in agriculture; lack of skilled workers and personnel; lack of technical and social infrastructure; heavy dependence on imports, especially petroleum products.

Economic problems

11. Following the revolution of April 1980, the investment climate deteriorated and there was significant flight of capital. The strength of the dollar over the last two years and the high level of interest rates in the United States have further contributed to the transfer of capital in search of more remunerative markets. Since the United States dollar is legal tender in Liberia, capital transfers abroad cannot be controlled and, in effect, their volume can hardly be measured.

12. The openness of the Liberian economy and the use of the United States dollar as the national currency has, no doubt, had the advantage of ensuring some monetary stability. On the other hand, because of the use of the United States dollar, the country's ability to create money is severely circumscribed.

13. The reduction in the volume of iron ore exported since 1975 and the deterioration in world prices has led to financial losses by the producers and reduced revenues to the Government from royalties and profit sharing. Furthermore, a heavy public debt burden had been incurred as a result of capital expenditures by previous Governments. A substantial increase in the salaries of the lower paid government officials and of the military in the aftermath of the revolution was aimed at redressing some of the more acute income disparities. However, it contributed to a considerable deficit in the recurrent budget.

14. In the absence of any surplus domestic revenue, the development programme can be financed only with foreign loans and grants. Assistance is required not only to set up new infrastructure but also to maintain the existing facilities and to continue ongoing infrastructure projects. Without such assistance, some of the investment already undertaken may be irrevocably lost.

Management factors

15. In implementation of the development programme, due consideration must be given to manpower resources and appropriate skills in the management of the development process.

16. From the mission's discussions with Government officials and professional advisers, it emerged that there is room for considerable improvement in managerial performance at all levels of the administration. The weakness appears to be particularly marked in the areas of the agricultural commodities system, public administration at both the national and local levels and in public corporations responsible for infrastructure activities such as electrical power, ports, transportation, water etc.

17. At present, the country lacks some of the institutional elements for the development of managerial skills and for the supervisory activities necessary to improve the performance of the organizations in the various sectors. The facilities that do exist are inadequate in quality, quantity and methodology to meet the needs for upgrading the skills and competence of the managers, particularly in the public sector organizations (see paras. 162, 163 below).

III. ECONOMY AND FINANCE

18. Liberia is presently in the throes of grave economic and financial difficulties, many resulting from external events beyond the control of the Government. The situation is reflected in every respect of the economy: negative economic growth, with a decline of 4.4 per cent in monetary GDP in 1980 and a further deterioration in 1981; substantial deficits in the budget of the Central Government and the balance of payments; and a severe shortage of foreign exchange.

A. Economic growth

19. Growth of the Liberian economy largely depends on foreign investments mainly in the export-oriented activities of mining, rubber production, agriculture and forestry.

20. Due to depressed world market demand for iron, ore and rubber, earnings have shrunk over the years and new investments in these sectors have virtually ceased. The iron ore concessionaires in Liberia have embarked upon a campaign to cut costs. Policies to reduce personnel and payrolls have been instituted and the Government has been asked to help absorb additional losses by waiving royalty payments.

21. Table 1 shows the evolution of the monetary gross domestic product (GDP) at constant (1971) prices in recent years.

Table 1. Annual growth of monetary gross domestic product at constant (1971) prices

Sector	Annual growth (percentage)				
	1976	1977	1978	1979	1980
<u>CONSTANT (1971) PRICES</u>					
Export-oriented sector	- 1.6	- 9.9	2.7	5.7	4.3
Agriculture	10.4	-0.7	9.1	4.8	3.5
Rubber	(2.5)	(-7.2)	(-5.2)	(-7.8)	(4.0)
Forestry	(37.2)	(-)	(29.3)	(9.9)	(-1.3)
Other	(5.8)	(10.0)	(5.4)	(14.9)	(8.9)
Mining and quarrying	-6.7	-13.0	-1.1	6.2	4.8
Iron ore	(-5.8)	(-13.7)	(-1.6)	(6.7)	(5.1)
Other	(23.7)	(2.2)	(8.7)	(-2.0)	(-)
Domestic-oriented sector	9.2	5.9	4.9	5.6	-10.6
Manufacturing	(21.2)	(4.3)	(5.1)	(7.5)	(*)
Construction	(25.5)	(18.5)	(14.6)	(13.6)	(*)
Government services	(6.2)	(13.2)	(5.1)	(7.3)	(*)
Other services	(5.4)	(4.0)	(3.2)	(3.3)	(*)
Total GDP at 1971 factor cost	4.0	-0.8	4.0	5.6	-4.4

Source: Ministry of Planning and Economic Affairs, Liberia.

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B. Balance of payments 1978-1980 and export earnings

1. Balance of payments

22. Detailed balance of payments figures for Liberia are not available. The open nature of the economy, the use of the United States dollar as the predominant medium of exchange, the absence of exchange controls and the problem of unrecorded external trade with neighbouring countries make it extremely difficult to draw up detailed balance of payments statistics. However, the Government did provide estimates of some major items for the years 1978 to 1980. These are presented in table 2.

Table 2. Summary of balance of payments, Liberia, 1978-1980
 (Millions of United States dollars)

	1978	1979	1980 <u>a/</u>
Export of goods and services	500.0	553.6	613.5
Imports of goods and services	-548.6	-587.4	-614.0
Factor payments <u>b/</u>	- 95.9	87.7	- 83.7
Workers' remittances	- 32.5	- 35.0	- 32.0
Interest payments, public sector	- 10.8	- 13.7	- 23.9
Transfers, public sector	16.0	23.0	25.0
Maritime revenue	<u>13.6</u>	<u>11.7</u>	<u>10.7</u>
Current balance	<u>-158.2</u>	<u>-135.5</u>	<u>-104.4</u>
Financing:			
Public sector borrowings	27.3	114.3	88.9
Net change <u>c/</u> in foreign exchange	22.7	48.1	64.2
Unidentified	108.2	- 26.9	- 48.7

Source: Ministry of Planning and Economic Affairs, Liberia.

a/ Preliminary.

b/ These data, being based on indirect and partial indicators, are believed to be underestimated.

c/ Decrease.

2. Export earnings

23. Economic recession in the developed countries has adversely affected export earnings. Iron ore, rubber and diamonds - which account for three quarters of

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Liberia's foreign exchange earnings - have suffered from greatly reduced demand. Prices of Liberia's cash crops - coffee and cocoa - were considerably lower in 1980 than in the previous three years, while global inflation has increased the cost of essential imports in recent years. As a result of adverse movements in the prices of both imports and exports, the country's terms of trade deteriorated by almost 20 per cent between 1975 and 1980. It is estimated that there was further deterioration in 1981.

24. The following table shows the evolution of terms of trade from 1975 to 1980:

Table 3. Export and import price indices 1975-1980

Items	1975	1976	1977	1978	1979	1980
Exports	100	103.4	119.7	108.1	120.2	133.8
Imports	100	95.9	117.8	121.4	139.5	163.0
Terms of trade	100	107.8	101.6	89.0	86.2	82.1

Source: Ministry of Planning and Economic Affairs, Liberia.

25. In connexion with the fall in earnings from exported iron ore pellets in 1980 compared with 1979, the Government is preparing the necessary data for consideration of compensation under the STABEX scheme of the European Economic Community.

C. External public debt

26. Liberia is encountering severe financial problems which the Government attributes largely to the policies of the previous administration. When the present Government assumed power in April 1980, the total of external public debt contracted stood at \$US 735 million of which \$463 had already been disbursed. It has been necessary for the Government to borrow further for the public sector, but at a much reduced rate. Moreover, the present Government has been meeting with creditors to effect agreed re-scheduling of debt service payments. Even so, a total of \$50 million was paid in 1981 to meet interest and principal charges and a further \$74 million is due for payment in 1982. Unless further reschedulings are agreed upon, the Government will have to meet external debt payments totalling over \$400 million in the next five years.

D. Budget

27. In fiscal year 1980/81, recurrent expenditure exceeded Government tax and non-tax revenue by \$20 million. In the current fiscal year, recurrent expenditures are expected to exceed revenues by \$35 million. The recurrent budget deficit for 1981/82 is being covered by grants. Table 4 shows the over-all budget position of the Central Government in 1980/81 and 1981/82.

Table 4. Central Government operations, 1980/81 and 1981/82
 (Millions of United States dollars)

	1980/81	1981/82 estimated
Revenue and grants	<u>242.4</u>	<u>266.2</u>
Revenue	217.9	230.2
Tax	(191.7)	(198.2)
Nontax	(26.2)	(32.0)
Grants	24.5	36.0
Total expenditure	<u>352.9</u>	<u>351.4</u>
Recurrent	237.1	265.4
Wages and salaries	(138.2)	(133.0)
Debt and interest	(20.8)	(43.4)
Other	(78.1)	(67.0)
Development	115.8	86.0
Transfers to public corporations	(16.0)	(...)
Over-all deficit	<u>-110.5</u>	<u>-85.2</u>

Source: Government of Liberia.

28. The over-all budget deficit for 1981/82 had been estimated at \$85.2 million. However, at the time of the mission's visit, the Government estimated that revenues for 1981/82 would be less than forecast while expenditures would be higher and that the total budget deficit for the year will be about \$94 million.

E. Liquidity position

29. The National Bank of Liberia has encountered considerable difficulties in meeting its foreign exchange commitments. The most important factors which contributed to the liquidity crisis have been the massive withdrawal of private sector deposits, the flight of capital from the country and the movement of funds to other more profitable markets outside Liberia largely as a result of the strengthening of the United States dollar. Another contributing factor was the financial burden incurred by the National Bank of Liberia in giving support to a failing commercial bank. The liquidity position was further negatively affected by increases in the prices of imports, especially crude oil and the higher interest rates. The Government is attempting to contain its recourse to the domestic banking system but some borrowing has been unavoidable in order to enable the administration to function.

30. Table 5 shows the evolution of the foreign reserves position in recent years.

Table 5. Foreign reserves of the National Bank of Liberia
 (Millions of United States dollars)

	1976	1977	1978	1979	1980	1981
Foreign assets	17.2	27.3	18.0	55.0	4.0	13.3
Foreign liabilities	-3.6	-0.9	-5.0	-67.4	-75.9	-123.1
Net reserves	13.6	26.4	13.0	-12.4	-71.9	-109.8

Source: Ministry of Planning and Economic Affairs, Liberia.

F. Manpower and employment

31. The manpower situation in Liberia presents some critical features. While there is a marked shortage of rural labour at seasons of peak agricultural work, unemployment, especially in the urban areas, is very high.

32. The labour supply in 1980 was estimated to have been in the range of 780,000. Total employment amounted to 673,000, the major employment providers being subsistence agriculture - 482,000, commercial agriculture - 52,000, mining - 20,000 and Government services - 32,000. Thus, unemployment may have reached 107,000, nearly 14 per cent of the labour force without counting the underemployed.

33. Increasing urban unemployment in Liberia is a matter of concern. In 1979 it was estimated that unemployment in Monrovia was as high as 39 per cent. With an annual increase of 8 per cent in the population of the capital, significant

retrenchment in the private sector in 1980 and 1981 and hardly any new job creation, it is estimated that unemployment in Monrovia may now have reached 50 per cent.

34. The monetary income differentials between agricultural and non-agricultural (mainly urban) activities contribute to stimulate urban in-migration. In 1977 the gross monthly salary in commercial agriculture was about \$51; in the private non-agricultural sector it was \$177 and in the Government sector it was \$232. Increases in the salaries of the lower paid civil servants in 1980 tended to intensify the pressure for employment in the public sector. The increase also created some imbalances between various categories of personnel and may well lead to demands for further upward adjustments.

35. One of the most serious constraints for the reconstruction, rehabilitation and development of Liberia is the shortage of indigenous manpower with requisite skills at all levels of the work-force in manufacturing, construction and service occupations.

G. Remedial measures taken by the Government

36. The Government has adopted a number of fiscal and financial measures aimed at achieving balance in its recurrent budget. In the context of a standby agreement concluded with the International Monetary Fund, the Government has undertaken to implement a number of measures designed to increase tax revenues and curtail expenditures. Thus, income taxes and excise taxes have been raised, a surcharge on dutiable imports has been applied and certain tax privileges have been eliminated. Through such measures and an improvement in tax collection procedures, the Government expects to increase tax revenues by \$48 million or some 21 per cent of recurrent revenue.

37. The Government is also adopting a number of measures designed to contain expenditures. It has permitted the price of rice marketed in Liberia to be increased by eliminating the Government's subsidy. There is a freeze on public employment and a limit has been imposed on pay increases. Foreign travel by Government officials is more strictly controlled and their local expenses are being curtailed.

38. Furthermore, transfers to public corporations will be limited to, at most, \$10 million, which will involve the curtailment of operations of loss-making enterprises.

39. Such measures have reflected the Government's commitment to stricter budget control. Moreover, efforts have been made to reassure foreign investors. With the Government's active support, a loan has been successfully secured by the National Iron Ore Company (NIOC) for the rehabilitation and development of its operations.

40. In order to correct urban-rural labour imbalances, the Government intends to create employment exchanges in which job seekers would be provided with information

available jobs. The promotion of small labour-intensive enterprises is another area in which Government action can contribute to alleviate urban unemployment.

41. The main thrust of the Government's strategy for manpower development is the establishment of a National Council for Vocational and Technical Education and Training (NCVTET). The Council is a high level tripartite body consisting of representatives of Government, employers and workers. The objective of the Council is to regulate and co-ordinate a balanced development and expansion of vocational training.

42. In response to the need for a concerted effort to optimize the training facilities and potentialities within the public and private enterprises, a comprehensive national scheme for training apprentices has been drawn up.

IV. PUBLIC INVESTMENT PROGRAMME 1981/82-1984/85

43. Despite the grave financial situation, the Government has embarked upon a four-year Public Investment Programme covering the period 1981/82-1984/85. ^{a/} Such a programme is essential to maintain the existing capacity of the infrastructure and to create capacity for future development. The Public Investment Programme is to constitute an important element of the Second National Development Plan which is presently being completed.

44. The four-year Investment Programme amounts to \$614 million at 1980 prices of \$768 million at current prices (assuming 8 per cent annual inflation).

45. Ongoing projects represent 48 per cent of the four-year Investment Programme and new projects 52 per cent.

46. The following table gives the breakdown by sectors and classification as "ongoing" and "new".

^{a/} Copies of the Public Investment Programme may be obtained from the United Nations Office for Special Political Questions or from the Government of Liberia.

Table 6. Public Investment Programme (1981/82-1984/85)
 Classified by ongoing and new projects
 (United States dollars at 1980 prices)

Sector	Ongoing projects	New Projects	Total
Agriculture and rural development	147 316	55 880	203 196
Industry	6 680	6 650	13 330
Electricity	27 000	11 120	38 120
Water and sewerage	14 690	18 687	33 377
Housing	6 085	-	6 085
Roads	13 940	89 149	103 089
Urban development	-	18 290	18 290
Ports	-	48 000	48 000
Air transport	-	1 482	1 482
Communications	-	20 412	20 412
Education and training	70 561	23 998	94 559
Health and social welfare	9 792	24 140	33 932
Total	296 064	317 808	613 872
Percentage	48.2	51.8	100.0

Source: Government of Liberia, Public Investment Programme 1981/82-1984/85.

47. The Public Investment Programme places considerable emphasis on the development of infrastructure for the productive sectors, mainly agriculture and forestry which account for 35 per cent of the total. Physical infrastructure claims an even larger part - 44 per cent - owing to the need to complete and maintain some essential facilities. Health, education, and welfare account for a further 21 per cent.

48. In the selection of individual projects and the establishment of sectoral programmes, the Government has analysed the absorptive capacity of each sector and, in some cases, has introduced new institutional and training elements.

V. SUMMARY OF RECOMMENDED PROGRAMME OF ASSISTANCE

49. The achievement of the Public Investment Programme is severely hampered by the total lack of budgetary resources. In the period from 1977 to 1980, the over-all budget incurred sharply increasing deficits. Thus, the Government started its administration from a position of serious fiscal imbalance and encumbered by a heavy external debt burden. Nevertheless, the implementation of the Programme is already under way. Donors have been identified to help finance some of the projects and several other projects are under discussion.

50. A number of projects and programmes aimed at the reconstruction, rehabilitation and consolidation of the Liberian economy and at furthering its development were considered by the mission in consultation with the Government. The financing needs for these projects categorized as "ongoing projects" and "new projects" are discussed hereunder.

Ongoing projects

51. For most of the ongoing public investment projects, participation by foreign donors has been secured. The problem which now exists is the need to secure funds to meet the Liberian counterpart contribution. These are essential for the completion of the ongoing projects and for the maintenance of the physical infrastructure. The total amount needed is estimated at about \$140 million over the period 1981/82-1984/85 (\$110 million at constant 1980 prices).

52. Agriculture and rural development account for about 57 per cent of the total value of the Liberian counterpart contribution to ongoing projects and the roads programme for a further 14 per cent. In the agricultural sector, integrated rural development projects in Lofa, Bong and Nimba counties require some \$20 million at current prices (\$16 million at 1980 constant prices) and agricultural diversification projects - palm oil, cocoa and coffee - claim a further \$33 million (\$28 million at constant prices).

53. The absence of any budgetary and foreign exchange resources precludes the possibility of any substantial contribution by the Government in financing the country's rehabilitation and development projects. Even ongoing projects which are being undertaken with foreign support may have to be halted, since Liberia is unable to provide the counterpart funds. Existing infrastructure such as roads,

port facilities and communications may be weakened or permanently damaged through lack of maintenance. At this critical juncture in Liberia's development, it would be most helpful if donors could undertake to meet counterpart costs of at least some of the projects which they are funding. This would make possible the achievement of over 50 per cent of the Public Investment Programme.

New projects

54. The mission consulted with the Government on the priority projects and programmes in the Public Investment Programme which it wished to have included in the mission's recommended programme. The total funding required is approximately \$162 million at 1980 prices or \$204 million at current prices, at an annual inflation rate of 8 per cent.

55. In compiling the list, the projects were selected with the following criteria in mind:

(a) The urgency to avoid further deterioration of the physical and social infrastructure;

(b) The priority accorded to the respective sector by the Government;

(c) The efficacy in stimulating short-term and medium-term development;

(d) The likelihood of obtaining financing from bilateral and international aid donors.

56. The projects were categorized under two headings: "reconstruction, rehabilitation and consolidation" and "short-term and medium-term development", with each category amounting to about one half of the total.

57. In the course of the discussions, the mission proposed a number of projects in the various sectors aimed at correcting certain deficiencies in existing institutions and at providing technical and management support for the programme. These projects would require some \$18.6 million.

58. The following table gives the sectoral breakdown of financing needs for new and additional projects.

Table 7. Sectoral summary of financing required for new projects a/
 (Thousands of United States dollars at 1980 prices)

Sector	Rehabilitation reconstruction and consolidation	Short-term and medium-term development	Total
Agriculture and rural development	2 558	21 188	23 746
Mining and geology	1 649	2 628	4 277
Industry	-	500	500
Electricity	300	9 000	9 300
Water and sewerage	2 636	-	2 636
Housing	-	1 200	1 200
Roads	43 000	27 027	70 027
Urban development	1 800	-	1 800
Ports	28 000	-	28 000
Air transport	670	812	1 482
Communications	5 000	3 006	8 006
Education and training	-	5 900	5 900
Health and social welfare	2 000	18 500	20 500
Management	3 400	-	3 400
Total at 1980 prices	91 013	89 761	180 774
Total at current prices (at 8% prices)	114 000	113 000	227 000

a/ Includes projects from the Public Investment Programme and additional projects identified by the mission in consultation with the Government.

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VI. SECTORAL NEEDS

59. The following sections of the report provide detailed information on Liberia's needs in the various sectors of the economy. It should be emphasized that the amounts sought under each sector do not necessarily reflect the weights assigned in the Public Investment Programme. The amounts reflect the priorities among the projects and programmes not yet funded. Nevertheless, in both programmes, greater weight has been placed on projects relating to agriculture and rural development, roads and ports.

60. At the project level, all amounts are given at 1980 prices.

A. Agriculture and rural development

61. Agriculture constitutes the mainstay of about two thirds of the Liberian population. The major part of the rural population is engaged in subsistence farming of rice, cassava and a few vegetables, using primitive methods and obtaining low yields. The main crop is upland rice grown in shifting cultivation. The per capita income of the rural population is among the lowest in Africa. According to some Government estimates, a significant proportion of those engaged in subsistence farming have incomes of less than \$100 per year.

62. Since 1975 the food import bill has increased at an alarming rate. Rice imports in 1981 amounted to about 100,000 tons, more than three times the quantity imported in 1975. The increasing imports reflect the stagnation in production. In 1980, rice production, at 244,000 tons, was 15,000 tons less than in 1979 and 20,000 tons less than in 1978.

63. On the other hand, the agricultural export sector experienced a growth of about 4 per cent per year in 1978-1980. It is the Government's policy to improve the standard of living of the agricultural population by diversifying and increasing agricultural production for domestic consumption and for export. The mixed pattern of farming - rice and tree crops - has proved to be a successful strategy and is applied in three major integrated rural development projects.

64. With regard to rice production, emphasis will be placed on the production of swamp rice since yields can be two to three times those obtained with upland rice which presently accounts for 80 to 90 per cent of production. Increased yields are particularly important in the context of marked local labour shortages. However, the occurrence of schistosomiasis in some swamp areas will require particular attention.

65. The principal cash crops are rubber, timber, coffee, cocoa and palm oil. Annual rubber production is currently 80,000 tons, (down from 85,000 tons in the mid-seventies) of which 70 per cent is produced by foreign concessions and 30 per cent by Liberian farmers. Coffee and cocoa exports were 10,000 tons and 3,400 tons respectively in 1980/81. Rice and cassava are the main crops of traditional smallholders. Annual production is 244,000 tons of paddy and 155,000 tons of cassava. The traditional sector is characterized by institutional

weakness, a low level of education, training and skill resulting in low crop yields on the farms. Except within the ongoing, area-based agricultural development projects, farmers have little access to capital and agricultural inputs and agricultural technology is rudimentary. Due to unsuitable climatic conditions, absence of natural pastures and prevalence of trypanosomiasis, livestock production is of minor importance in traditional agriculture and animal traction is practically unknown. Furthermore, owing to limited information on the characteristics of the soil, the full agricultural potential of rural Liberia remains to be determined.

66. There is a marked labour shortage in the rural areas at the peak of the agricultural work season. The 1974 census has shown the adult male population in rural areas to be sparse, especially in the South-east. For this reason, agricultural technologies requiring higher labour inputs are difficult to introduce.

67. The ongoing agricultural projects (including forestry, livestock and fisheries) total \$147 million of which foreign funding of about \$84 million has already been assured. Financing for the remaining \$63 million is being sought, mainly for the Liberian counterpart contribution. Some of the more important projects in this category include the first phase of the integrated rural development projects, several projects to promote the production of coffee, cocoa and oil palm, a forestry development project and a rubber development project (Liberia Rubber Development Unit). The latter project will assist small rubber farmers in replanting areas of old rubber and rehabilitating untapped rubber stands so as to obtain increased yields.

New projects provided in the public investment programme

68. The new projects are aimed at expanding the integrated rural development activities and the research, training and diversification concerns. Out of the total of \$55.3 million for new agricultural projects, financing has been secured for \$35.8 million. The remaining \$19.5 million is required for the following projects:

Seed multiplication centres (\$1.5 million)

69. This project is an interim measure aimed at providing farmers with improved seed, in order to increase the yields of upland rice production until swamp rice can be introduced on a larger scale. Experience in the Lofa integrated rural development project has shown the considerable potential of expanding the yield per acre through improved seeds, fertilizers and extension services. The implementation of this project is already under way. The total investment in 1981-1985 is estimated at \$6.7 million of which \$5.2 million has already been secured.

South-eastern region rural development (\$10 million)

70. The establishment of a new integrated rural development project in three south-eastern countries is envisaged to commence in 1982/83. A detailed study is

to be prepared. A preliminary estimate is that \$10 million may be required for financing this activity over the next three years. The project is aimed at extending the experience already gained in three ongoing rural development projects to three of the more disadvantaged counties (Grand Gedeh, Sinoe and Maryland) with a population of some 230,000 inhabitants.

Lofa County Agricultural Development Project Ph II (\$4 million)

Bong County Agricultural Development Project Ph II (\$3.2 million)

Nimba County Agricultural Development Project Ph II (\$0.5 million)

71. These integrated rural development projects have already been in operation for several years. The Lofa County Agricultural Development Project became operational in April 1976 and has been widely acclaimed as a success. The Bong and Nimba projects were established on the same pattern as the Lofa project. Financing is now sought for their expansion in the second phase. The projects entail provision of improved inputs and technology in rice, livestock and tree crop cultivation as well as of basic infrastructure such as land preparation, feeder roads, wells and health care facilities. They also provide a range of farm support services including credit, extension and co-operative ventures. The integrated rural development programme has an important potential for diversifying the agricultural economy, increasing the incomes of the rural population and checking the rural exodus.

72. The second phase of the Lofa and Nimba projects is to begin in 1982/83 while the Bong project is to be expanded in 1983/84. The total outlay for these projects is \$23.5 million of which only \$7.7 million, representing the Liberian counterpart contribution, remain to be financed.

Central monitoring unit (\$0.3 million)

73. The need for an effective follow-up of the various rural development activities and of the implementation of major projects has been felt for some time. The Unit is expected to require an outlay of \$100,000 in each fiscal year, commencing in 1982/83.

Additional agricultural and rural development projects in support of the sector's infrastructure

74. Four additional projects with a total value of \$4.2 million have been identified as capable of making an important contribution to sectoral development:

Land-use planning (\$1.7 million)

75. At present, there is practically no land-use planning capability in Liberia. However, the need for systematic information and decision-making in this area is strongly felt. There are very important differences in the unit cost of developing various sites and in their suitability for certain crops. The land-use policy is

to encourage farmers to cultivate rice in the swamps and lowlands and to grow tree crops on the uplands. The cultivation of tree crops may offer a monetary return three to four times higher than that obtained from upland rice. It also avoids the heavy labour of regular land clearing and helps to halt erosion and loss of soil fertility. Land-use planning would permit a ranking of available swamp areas with a view to selecting those that are most suitable for development. It is envisaged that field engineering, soil surveying and training in land-use planning will be incorporated into this project.

Forestry management (\$0.2 million)

76. Forest areas cover about 12 million acres and timber constitutes one of the country's most important natural resources. The forestry sector accounted for about 30 per cent of commercial agriculture in 1980. Some 35 concessions, mostly foreign owned, are engaged in the timber industry producing for export as well as the local market. The production of logs increased over 60 per cent between 1975 and 1980, from 456,000 cubic metres to 745,000 cubic metres. Over the same period, the value of the timber produced increased from \$14 million to \$47 million. The Government established a policy of encouraging exports of sawn timber rather than logs. This proved very successful and the export of sawn timber increased considerably in recent years.

77. However, the Forestry Development Authority, established in 1976 is not yet adequately equipped to handle the problems faced by the sector, such as the assessment of forestry revenues, control of creaming of valuable species by the concessionaires, difficulties in managing the reforestation programme and delay in implementing the industrial plantation programmes. The proposed project will provide consultancies in forest industries management, research and extension.

Fisheries administration (\$0.2 million) and

Artisanal fisheries and inland fisheries (\$2.1 million)

78. In spite of the considerable potential of the fisheries sector, its development has received little attention up to now. Fish production dropped significantly in recent years and the export of shrimp has fallen. The decline in production was due to the financial difficulties encountered by the major Liberian fishing company which was unable to repair its fleet of boats.

79. It is estimated that by the year 2000, the demand for fish in Liberia will exceed 50,000 tons of which only 35,000 tons can be supplied by marine fisheries with the present capacity. It will therefore be necessary to increase considerably the capacity for marine fishing as well as to stress the establishment of aquaculture. Moreover, the important export potential for fish merits particular attention. In order to enhance the capability of the Fisheries Administration, an FAO mission has proposed several related technical assistance projects. These involve the provision of technical support to the Marine Fisheries Administration, the development of artisanal fisheries to increase the productivity of local fishermen by providing better equipment and the study of possibilities of rehabilitating the local fishing company.

B. Mining

80. Iron ore mining is one of the most important sectors of the monetized economy contributing about 20 per cent of monetary GDP and over 50 per cent of foreign exchange earnings. Traditionally, diamonds have also been an important foreign exchange earner.

81. Since 1976 the demand for iron ore has decreased sharply. Prices have dropped and the iron ore concessions have encountered serious financial difficulties. The operational losses for the industry for 1981 were reported to have been in excess of \$70 million due to rising costs of fuel, spare parts and freight. By law and through specific agreements, the Government is entitled to royalties and 50 per cent of the profits of the iron ore mining enterprises but since 1980 even the royalties have been suspended and the enterprises are reported to be operating at considerable losses. It is generally expected that towards the mid-1980's, an upturn in the demand for iron ore might take place, with consequent benefit to Liberia's exports.

82. It is a matter of deep concern that by the end of this decade, the iron ore deposits which are presently being exploited will have been depleted before new mines can be opened up and the necessary infrastructure - railways, electricity, ports, roads - created in time to support them.

83. Liberia has received a \$5 million World Bank loan for petroleum seismic exploration on 2500 km. of Liberia's offshore land. This project may be expected to help attract interest on the part of oil companies to explore for petroleum.

84. The Public Investment Programme does not provide for the development of minerals as this activity is undertaken by the private sector. However, the Government has informed the mission of its interest in diversifying the mining industry and in modernizing and expanding less capital-intensive activities. Some promising projects have been identified in the area of diamond and gold mining and the exploitation of new minerals such as kyanite and barite.

Additional projects to support the Geological Survey and diversify the production of minerals

Strengthening of the Geological Survey (\$1.65 million)

85. In order to promote new mining activities, it is necessary to stress modern methods of exploration, including detailed geological, geochemical and geophysical mapping, drilling and the evaluation of new mineral deposits. The Geological Survey would need assistance in the form of expertise, training and equipment. The project is estimated at \$1.65 million of which \$1 million would be required for technical assistance personnel \$0.4 million for equipment, \$0.1 million for training and \$0.15 million for sub-contracts and miscellaneous expenses.

Gold and diamond assessment and mining (\$1.6 million)

86. Gold and diamonds are recovered by private miners, by hand panning from river beds and alluvial flats. No technical or scientific assessment is made regarding the values of gold or diamonds in river beds or in alluvial terraces. A 100-acre pilot project has been established on a location on the Lofa River for the assessment of gold and diamond values and for the demonstration of mechanized alluvial mining and concentration for the recovery of gold and diamonds. The Government wishes to employ small dredges, mechanical shovels, bulldozers and scrapers. The funding required would be of \$1.6 million of which \$0.9 million is for equipment, \$0.6 million for technical personnel and \$0.1 million for training and other expenses.

87. If this project were to yield positive results, the impact on the economy would materialize in a short time. Liberia has many rivers with alluvial terraces of appreciable lengths. Thus, the pilot project could provide valuable experience for further developments.

Assessment of kyanite and barite deposits (Phase I) (\$1 million)

88. The estimated reserves of known kyanite and barite deposits are 2.5 million and 1 million tons respectively. The kyanite deposit is situated at a distance of 22 km. from the port of Buchanan. It is suitable for open cast mining and the proximity to a highway, port facilities and electric power is advantageous. Barite is found at Gibi, about 95 km. north-east of Monrovia. The barite quality is reported to be good (99 per cent BaSO₄).

89. Before any mining activity can be undertaken, there is need for sampling and exploration by drilling to determine reserves and grades. The funding required for this project is \$1.0 million of which \$0.6 million is for technical personnel, \$0.3 million for equipment and \$0.1 million for training and miscellaneous expenses.

90. The second phase of the project would consist in establishing a mining operation either privately owned or operated as a joint venture with the Government.

C. Manufacturing industry

91. Manufacturing industry in Liberia accounts for 7 per cent of GDP. Most of the industrial activities are in the private sector, wholly or partially under foreign ownership. Industrial policy is to promote investment in food production and processing, and the production of mass consumption items and local building materials. The Public Investment Programme provides for projects totalling \$13.3 million. Funding for \$6.6 million has been secured. The sum of \$6.7 million is required for two ongoing projects.

92. The ongoing projects are designed to promote and support industrial development both in the private and public sectors. \$3.1 million is required to finance the expansion of the Monrovia Industrial Park and the Liberian Industrial

Free Zone and to provide industrial sites with power, water, communications and other facilities. A further sum of \$3.6 million is needed to meet the cost of a second project related to the development of export-oriented industries in a specially reserved area in the Monrovia Free Port.

New projects

Demonstration rural industrial estate (\$0.5 million)

93. An additional new industrial project at a cost of \$0.5 million is required to support the sector's infrastructure. In order to promote the expansion of skills and the use of local raw materials in rural areas, it is proposed to establish a demonstration or rural industrial estate with facilities for improving skills, supply of raw materials, marketing etc.

94. Out of the total cost, \$324,000 is for expert services, \$100,000 for equipment and \$76,000 for training.

D. Electricity

95. Liberia is well endowed with sites for hydroelectric power plants and it is the Government's policy to shift from thermal plants to hydroelectricity to the greatest possible extent. In 1980 it is estimated that about 1080 GWh of electric energy were generated in Liberia by the Liberia Electricity Corporation (LEC) and the major enterprises in the private sector. Hydroelectric power accounted for only about 28 per cent of the electric energy generated. Fuel dependency is very high since imports of crude oil and other fuels accounted in 1980 for \$152 million or 28 per cent of total imports (CIF).

96. The importance of developing rapidly the hydroelectric resources is crucial in the perspective of iron ore production and the opening of new iron ore mines. These new mines will need energy resources which should be available when the mines are commissioned. The long period of gestation of major hydroelectric projects makes it necessary to complete the relevant studies as early as possible

97. In the energy sector, the Public Investment Programme calls for projects amounting to \$38.1 million. Ongoing projects account for \$27 million and new projects for \$11.1 million.

98. Out of the \$27 million for the ongoing projects financing has been secured for \$22.5 million and an additional \$4.5 million is required. The engineering project for the development of a new hydroelectric power plant on the St. Paul river is to cost \$7 million of which \$5.5 million is financed with foreign assistance. Other potential hydroelectric sites are being investigated on the Mano River.

99. Two other ongoing projects requiring a total outlay of \$20 million concern physical investment for transmission, distribution and expansion of the power grid. Funding for \$17 million has been made available by foreign donors and assistance for the remaining \$3 million is sought.

New projects

100. Out of \$11.1 million for new projects, donors have been identified for projects amounting to \$1.8 million. Funding is now required to meet the balance, as follows:

Additional generating and distribution capacity (\$0.3 million)

101. Three projects at a cost of \$2.1 million relate to the establishment of additional generating facilities and improvements in the distribution system in Monrovia and other areas. Funding for \$1.8 million is being negotiated and only \$0.3 million for the rehabilitation of a substation has to be secured.

Rural electrification, micro-hydro, bio-mass, waste wood etc. (\$9 million)

102. This project deals with the preparation of studies as well as implementation of schemes to provide electricity to rural areas at lower cost using non-conventional sources such as micro-hydro, bio-mass and waste wood. Presently, the power supplied to a number of stations outside Monrovia is fuel-based and Government subsidizes the operation of these stations.

E. Water and sewage

103. More than 85 per cent of the Liberian population does not have access to safe water. Consequently, water-borne diseases constitute a major health problem. In the rural areas, sanitary facilities are generally non-existent and the population has available only rivers, springs, lakes and shallow wells for drinking water. In the cities, the water supply network is outdated and overburdened.

104. The objectives of the Public Investment Programme in the area of water supply and sewerage are as follows:

(a) To improve the existing water supply network to enable it to meet the increased demand;

(b) To expand the water supply to rural areas;

(c) To rehabilitate the Monrovia sewerage system.

105. Two ongoing projects amounting to \$14.7 million and dealing with the Monrovia water supply and with the rural water programme are already fully funded.

New projects

106. Several new projects with a total cost of \$25.8 million for outstation water supply and for training and technical assistance are already provided with adequate financing. Only one project is not yet fully financed:

White Plains expansion - Monrovia water supply (\$2.6 million)

107. The Monrovia water supply system was expanded in three stages, the last one being reached in 1969 with a maximum capacity of 12 million gallons per day. By 1970 there were already signs of excess demand and it is presently estimated that the system carries an excess of 50 per cent over the design capacity. The expansion of the transmission main from White Plains to Monrovia and the improvement of the existing distribution project are presently being undertaken. This project will cost \$7.6 million and financing has been secured to the extent of \$5 million. Assistance is required for the remaining \$2.6 million.

F. Housing development

108. The housing development programme, executed by the National Housing Authority is aimed at providing low-cost housing. Although the programme has concentrated up to now on servicing the Monrovia area, it is envisaged that it would be expanded to cover the whole country. The Public Investment Programme provides for five projects with a total value of \$6 million of which four are in Monrovia and one is in Voinjama. The housing development programme is financed with the assistance of USAID.

109. The main constraint is the lack of a housing policy for urban and rural areas. The national statistics on income distribution of Liberian households point to the fact that the vast majority of the population would not be able to afford the minimum basic shelter within the monetary sector of the economy. Only few households would be able to use the loan/mortgage plans from the National Housing and Savings Bank. In addition, the National Housing Authority is encountering serious management problems.

110. For these reasons it is necessary to emphasize the development of self-help methods and community participation, using all available indigenous resources. Programmes such as upgrading of slums and squatter settlements and sites and services schemes and rural shelter merit particular attention.

Additional project to strengthen the housing sector

Indigenous construction resources (\$1.2 million)

111. The development of local building materials for urban and rural areas is an important activity which could be undertaken by the National Housing Authority. There is already some experience in Liberia with the use of local materials. The possibilities of producing these materials (lumber components for housing, soil-cement blocks etc.) on a commercial scale should now be examined. New research programmes could include: sun-dried bricks of laterite soil; stabilized adobe using different stabilizers; interlocking and self-aligning concrete blocks for self-help techniques; small-scale production of clay bricks and roof tiles; stone construction; bamboo and reeds; preservation of thatch roof and earth walls;

wood-wool cement panels; pressed-boards produced from wood and agricultural wastes; roofing and wall panels of cement reinforced with natural fibres such as sisal, asbestos etc.

112. Apart from developing local materials, the proposed project includes provision for technical assistance to small-scale enterprises including training in building management. The development of local building materials for urban and rural areas could become an important contribution of the National Housing Authority to the over-all development effort for housing and construction.

113. The project would require financing of \$1.2 million over a period of three years. It would provide the services of an interdisciplinary team of experts, manpower training and tools and equipment.

G. Roads

114. Most of the Liberian road system was developed after 1950. By the mid-1960s, there were about 2,300 miles of roads of which 200 miles are asphalt surfaced. By 1975 the road network had nearly doubled to 4,500 miles and in 1980 it was estimated at 6,725 miles of which 5,240 miles were public roads and 1,485 miles private roads built by mining and rubber concessionaires and other enterprises. The public road system includes 1,240 miles of primary roads of which 400 miles are of paved standards and some 840 miles are laterite surfaced all-weather roads. The secondary and feeder roads total 4,000 miles (of which 2,500 miles are feeder roads) which are generally laterite surfaced.

115. Although the pace of road construction has been relatively dynamic, the road system is still far from sufficient for Liberia's needs. At the end of 1980, the road density was 0.178 miles per square mile, which is low by the region's standards.

116. The Government has placed emphasis on secondary roads with the aim of opening up areas with an economic potential and of facilitating the closer integration of the country.

117. The roads programme consists of three major components: the reconstruction of major arteries between Monrovia and centres of economic activity in the hinterland; the reconstruction of feeder roads in priority areas; and the maintenance of the roads network. Provision is also made for training.

118. The main problem encountered by the roads system is the lack of resources for the reconstruction and maintenance of the country's highways and feeder roads which are in poor condition. The Public Investment Programme provides for total expenditures of \$103 million on roads (including feeder roads) or 17 per cent of the total programme.

119. Financing has been found for the ongoing projects with the exception of one ongoing highway project, the Paynesville-Totota road which has been partially

completed. Funding has not been secured for a major section of this road, Nytorla-Totota, and the reconstruction of Nytorla bridge. The completion of this artery requires \$16.2 million.

New projects

120. Some \$67 million is required for three projects:

Ganta-Saniquellie Road (\$16.9 million)

121. The Ganta Saniquellie road project consists in reconstructing and hard-surfacing an artery which connects Monrovia to Nimba County in the North and also links the South East of Liberia with the Ivory Coast.

Maintenance programme (\$40.0 million)

122. A recent study shows that 27 per cent of all unpaved roads have been completely destroyed while 55 per cent need to be regravelled to preserve their physical viability. The road maintenance programme would cover plant and tools, salaries, materials and supplies for work on major arteries and feeder roads. The cost of this programme covers a period of three years.

Feeder roads (\$10.1 million)

123. The feeder-road programme involves the construction of over 700 miles of roads and the maintenance of another 200 miles in seven countries. The programme which has a total value of \$17 million is partly financed by the International Bank for Reconstruction and Development (IBRD). Funding is still sought for some \$10.1 million.

Additional project aimed at strengthening the feeder road construction programme

Self-help feeder roads (\$3 million)

124. Since the Public Investment Programme calls for the reconstruction of feeder roads only in certain counties, it is deemed necessary that a pilot project should be undertaken involving construction of feeder roads in other areas through self-help. The cost of this project includes a component for technical assistance. World Food Programme food may be used as an incentive for workers.

H. Urban development

125. Liberia's urban development programme, which consists of two projects, is limited to Monrovia and is carried out by the Monrovia City Corporation. The programme, which amounts to \$18.3 million aims at improving community facilities and services and resolving the land title/tenure problems. One project for training and technical assistance with a value of \$2 million will be financed by

IBRD. Funds are required to meet part of the cost of the second project - Monrovia Urban Upgrading, the particulars of which are as follows.

Monrovia urban upgrading (\$1.8 million)

126. The total cost of the project amounts to \$16.3 million. Of this, IBRD has agreed to provide \$14.5 million. The remaining amount is required over a four-year period. The aims of the project are:

- (a) Improving infrastructural services of three areas in Monrovia (Claratown, Sonewein and Slipway) containing a total of about 8,500 dwellings;
- (b) Construction, extension and improvement of community centres, primary schools and community centre and field team offices;
- (c) Additional refuse collection vehicles for the Monrovia City Corporation;
- (d) Construction of new local markets.

I. Ports

127. The port development programme is designed to provide efficient and cheap outlets for agricultural commodities and minerals. It calls for major improvements at the port of Monrovia, equipment for the recently modernized port of Greenville and the rehabilitation of the port of Harper. The total value of this programme is \$28 million.

Rehabilitation and extension of the free port of Monrovia (\$20 million)

128. The reconstruction of the existing general cargo wharf which is on the verge of collapse will have to be undertaken as soon as possible. The Free Port Expansion and Rehabilitation Project will include repair of the fendering system, ballards, water and oil service pipe, slabs etc. This project would enable more vessels to enter and exit the port with the minimum of time loss.

Rehabilitation of the port of Harper (\$7 million)

129. This project, which includes causeway construction and other work would cost \$10 million. Funding of \$3 million has been identified leaving \$7 million to be financed.

Equipment for the port of Greenville (\$1 million)

130. The port of Greenville, which primarily handles lumber, was recently modernized with assistance from the Federal Republic of Germany. Equipment valued at \$US 1.0 million is now required. The investment for the Port of Greenville will be co-ordinated with the development of the port of Harper.

131. A proposed study of the south-eastern region will investigate the need to improve and expand the existing ports in the project area and other modes of transport to meet present and future demands.

J. Air transport

132. Domestic air services are of particular importance in Liberia in view of the inadequacy of the road system. International air traffic is serviced by the Robertsfield International Airport. Passenger traffic, both on domestic and international flights decreased significantly in 1980 (international traffic by 30 per cent and domestic by 20 per cent).

133. The immediate need for domestic air transport is to rehabilitate and maintain airfields in areas which cannot be easily reached by roads. With respect to international traffic, the Public Investment Programme emphasizes the training aspects and the improvement of aircraft handling and communications systems. Assistance amounting to \$1.5 million is required for two new projects as follows:

Roberts Flight Information Training Programme (\$0.7 million)

134. This is a regional project shared by Guinea, Liberia and Sierra Leone, aimed at air traffic and communications personnel.

135. The project will cost about \$5 million over a five-year period. During the plan period, only \$2 million is expected to be expended. Since this project will be funded by three Governments, the Government of Liberia's contribution is \$0.7 million.

136. The initial phase of the project includes training of air traffic control personnel, communications maintenance personnel and communications operators.

137. In the long term, the training school will remedy a situation in which Member States are forced to retain in-service personnel who have passed retirement age, due to the shortage of suitably qualified replacements. It will also assist in the process of integrating the civil aviation standards and development plans of Member States on a region-wide basis and offer long-term scope for training in related aviation disciplines, for example, flying, fire fighting and prevention, meteorology etc.

Improvement of aircraft handling and communications systems (\$0.8 million)

138. This project is designed to improve the operation of the Robertsfield International Airport.

K. Communications

139. This sector covers needs in two subsectors: postal services and telecommunications for which financing of \$8 million is required.

Construction of postal complexes and agencies (\$3 million)

140. The programme consists of the construction of postal complexes and postal agencies with the objective of improving and expanding postal services throughout the country. The construction and completion of nine postal complexes is envisaged under the programme.

Rehabilitation of Monrovia cable plant (\$5 million)

141. There has been a considerable expansion of the telephone network throughout the country. In 1980 Monrovia had a maximum capacity of 30,000 lines. However, most of the telephones in Monrovia are not functioning effectively, due mainly to the obsolete cables which were poorly installed in 1962. The proposed project will rehabilitate the cable plant of Monrovia and complement the radio-trunking system. The rehabilitation of the Monrovia network will have the effect of improving the financial position of the Liberia Telecommunications Corporation (LTC) enabling it to expand its services in Monrovia as well as in rural areas.

L. Education and training

142. Between 1978 and 1980, a considerable increase in educational services has taken place. The number of schools, students and teachers increased by 15, 17 and 27 per cent respectively. At the same time, budgetary expenditure on education increased by 31 per cent and accounted for \$46 million, or 16 per cent of the budget in 1980. In 1981 the total enrolment in primary and secondary education reached about 300,000 students (of which one third were girls). However, only about 40 per cent of persons in the 5 to 19 years age group attended school. Furthermore, there is an acute shortage of skilled workers and technicians in all areas of activity.

143. During the first national plan 1976-1980, efforts were made to develop secondary and university education. Since 1980 the Government has attempted new approaches including the development of co-operative programmes in rural community schools, the establishment of a nucleus of technical and vocational education and the introduction of engineering education at university level (with a target of 35 graduates per year by 1987).

144. The Public Investment Programme provides for an expenditure of \$47.5 million for primary and secondary education, vocational training and higher education.

145. All ongoing projects for non-university education (primary, secondary and vocational training), amounting to \$13.5 million have secured the required financing. Funding is also available for all the new projects in the non-university categories.

146. Higher education projects require a total outlay of \$17.5 million of which \$11.1 million are for ongoing projects and \$6.4 million for a new project. Some ongoing projects are already funded, but several projects dealing with construction and renovation of facilities and representing a value of \$12 million are still in need of financing.

147. Only one new project is still in need of funding:

Teachers College (University) (\$5.9 million)

148. Some \$6.4 million is needed for the development of facilities at the Teachers College at the University of Liberia. The needs include \$2.1 million for the academic building, \$1.8 million for the students dormitory, \$1.6 million for faculty houses, \$0.7 million for equipment and \$0.2 million for furniture. Funding of \$0.5 million is to be provided by IBRD. Financing assistance amounting to \$5.9 million is sought.

M. Health and social welfare

149. Health services in Liberia are far from adequate, particularly in the rural areas. Existing services reach only about 35 per cent of the population. Moreover, because of past policies, many of the hospitals and dispensaries are located in and around the capital city, leaving other areas deficient.

150. Children under five years of age and women of reproductive age are the groups most vulnerable to disease, accounting for 73 per cent and 15 per cent respectively of the patient population. Infant deaths constitute 30 per cent of total deaths while deaths of children under five years of age represent 44 per cent of the total. The prevalent diseases among the population are malaria, pulmonary and respiratory infections and gastro-intestinal infections including intestinal parasites. Life expectancy at birth is 48 years.

151. The major constraints that prohibit an appreciable increase in the level and efficiency of the delivery of health care services are:

- (a) Inadequate supply of drugs and other essential materials;
- (b) Limited trained health manpower;
- (c) Inadequate health infrastructure;
- (d) Poor logistics system coupled with the limited national road network seriously hampering the distribution of drugs and supplies and the supervision of health activities;
- (e) Limited support services, that is, poor diagnostic facilities; under-equipped facilities and social services etc.;
- (f) Limited co-ordination with sectors directly or indirectly affecting health;
- (g) Current financial situation which makes it very difficult to defray the operational costs associated with the delivery of health services.

152. The general health policy of the Government of Liberia is to provide adequate preventive and curative health and social welfare services throughout the country for all the people through a National Health Delivery and Social Welfare System.

153. The Government seeks to provide access to health care services for 90 per cent of the population by the year 2000 by upgrading and expanding the existing health delivery system with emphasis on the implementation of a National Primary Health Care Programme.

154. In upgrading the health delivery system, urgent attention will be given to equipping, supplying and staffing adequately the health facilities and related institutions. Consideration would also be given to renovating or reconstructing those institutions that are in dire need of major repair. In order to increase significantly the health coverage, particularly of the rural population, efforts will be made to provide additional health centres and posts and utilize the services of village health workers in the provision of first-line health care services.

155. The Public Investment Programme calls for a total outlay of \$34 million for health and social welfare, of which about \$10 million is for ongoing projects and \$24.1 million for new projects.

156. Most of the funds required for the ongoing projects have been provided with the exception of \$6.1 million necessary for the setting up of three new rural health centres and a rural health training centre. The latter project, located in Bong County, has the objective of providing additional training facilities outside of the capital, to reduce the loss of health personnel to Monrovia.

New projects

157. These covered three projects, two of which (JFK Maternity Centre and School for the Visually Handicapped) have been funded. Assistance in the amount of \$18.5 million is now required for the third project:

Primary Health Care (Phase I) (\$18.5 million)

158. The National Primary Health Care Project is a comprehensive health care delivery scheme which will provide health services to the entire country. It will expand the Primary Health Care Programme in areas not presently serviced and provide health care to people who are considered among Liberia's poor majority.

159. The National Primary Health Care System being developed is basically a referral system which links health posts, health centres, County hospitals and the National Medical Center with village health teams who are responsible for providing health education, improving basic sanitation, providing emergency first aid and gathering basic data on health problems in their villages.

160. An additional project is aimed at strengthening the health administration:

Rural storage and distribution of drugs (\$2 million)

161. The lack of storage facilities in the rural areas results in constant shortages in the county hospitals and in the villages. Moreover, since there are no facilities for local maintenance and repair of equipment, breakdowns are frequent. The project aims to improve supplies through the construction and equipping of 9 storage units, one for each county.

N. Public administration

162. Management problems constitute a serious obstacle to development. They are reflected in the difficulties encountered with tax collection, the collection of utility bills, the regulation of concessions exploiting natural resources, the operation of public sector enterprises and the maintenance of infrastructure. Improvements in the procedures and methods of public administration are necessary in order to make government operations more efficient and more responsive to the needs of the rural areas.

163. The need is felt for establishing an organism capable of providing directions and guidelines for improved organization and methods in the public sector and for conducting management audits and efficiency studies.

164. In the context of the effort to develop the public management capacity an additional project is proposed by the mission:

Strengthening the Institute of Public Administration (\$3.4 million)

165. The Institute of Public Administration was established in recognition of the need to increase the effectiveness of the administration in Liberia at the national and local levels. The Institute received technical assistance from USAID and UNDP up to 1979. However, in view of the new demands created by the requirements of development, particularly in the implementation of the Public Investment Programme and in evaluating regularly the performance of public sector entities, at the national and local level, there is a need for providing additional specialized technical assistance to the Institute.

166. The project is aimed at assisting the Institute in extending its role and activities in the provision of training for middle and senior levels of civil servants and managers of public corporations and other public sector organizations.

167. Furthermore, the project, which is envisaged to take three years, would undertake a performance improvement programme for a selected group of corporations, that is, public utilities and services.

VII. CLASSIFICATION AS LEAST DEVELOPED COUNTRY

168. In the course of discussions with the Government on this matter, the mission was informed that most of the country's social and economic development had taken

place along the coastal area and in the concessions. Elsewhere in the country, where the mass of the rural population lives, little or no development has taken place. The Government stated that existing infrastructure was totally inadequate and a considerable amount of resources would be needed to improve the standard of living of the population and to develop the country's economic potential.

169. The Government of Liberia drew the mission's attention to General Assembly resolution 36/207 of 17 December 1981, paragraph 8, which requested "the Economic and Social Council to invite the Committee for Development Planning, in the light of the new data and information provided by the Government of Liberia, to consider, on the basis of existing criteria, its eligibility for inclusion in the list of the least developed countries". The Government hoped that the United Nations would be able to provide the services of an expert to assist in the preparation of the data.

170. Meanwhile, the Government requested the mission to include in its report some pertinent information relating to its case for inclusion in the list of least developed countries. It was the Government's view that with respect to two of the criteria - literacy rate and level of industrialization - Liberia meets the criteria that would make it eligible for treatment as a least developed countries. With regard to per capita GDP, the Government felt that the question needed further explanation to ensure a better understanding.

171. The Government explained that Liberia's GDP included the very substantial earnings of a sizable population of resident expatriates in the large mining enclaves, the rubber producing sector and the commercial sector; a considerable proportion of the gross domestic product consists of payments abroad in the transfer of salaries, profits and amortization accruing to foreigners. The gross national product (GNP) adjusted for the earnings of resident expatriates might therefore be a more meaningful indicator than the gross domestic product. Moreover, it was pointed out that since the United States dollar is legal tender in Liberia, transfers abroad of money belonging to foreigners or nationals could neither be monitored nor controlled. The Government indicated that it intended to present relevant documentation for the consideration of the Committee for Development Planning.

VIII. CONCLUSIONS

Sectoral considerations

172. In considering the requirements of the various sectors of the Liberian economy for reconstruction and rehabilitation and the potential for development, the mission noted the following priorities:

(a) In agriculture, the economically and socially preponderant sector, there is ample scope for technological improvement leading to an increase in the standard of living of the rural population through the expansion of integrated rural development projects. Special attention needs to be given to land-use planning, more systematic forestry development and improved exploitation of the fisheries resources and to the development of the important cash crops - coffee, cocoa and palm oil.

(b) In the mining sector, the major earner of foreign exchange, it is essential to pursue possibilities for the establishment of new iron ore mining ventures so as to avoid a hiatus between the time when the existing mines will be exhausted (towards the end of the decade) and the opening of new mines. Diversification in the direction of improved technologies for gold and diamond mining and for new minerals, such as kyanite and barite, needs to be stressed.

(c) As in other small developing countries, industrial development is constrained by the limited size of the internal market, the lack of technical skills and the absence of supportive infrastructure and adequate local sources of supply and services. The openness of the economy, on the other hand, has proved to be an attractive feature for foreign investment. The possibilities of import substitution, further processing of local raw materials for export and the development of cottage industries need to be further explored.

(d) The shift from thermal electricity based on imported fuel to hydro for which Liberia has excellent resources, needs to be accelerated. Simultaneously, the development of renewable energy resources, mini-hydro, biomass and wood-waste for remote areas should receive attention.

(e) The creation of effective road maintenance systems is of primary importance. Furthermore, the Government's acknowledged priority of developing the feeder road system is also essential in the context of rural development.

(f) The country's ports will need to be developed and overhauled. They will have to service the new iron ore mines and related facilities which can be expected to be brought into operation by the end of the decade. At this stage the first priority is the overhaul of the general cargo-wharf at the Monrovia Free Port. This wharf is presently in an advanced state of deterioration.

(g) In response to the need to improve access to elementary and secondary education and to provide training for the most needed technical skills, the Government places particular emphasis on the expansion of co-operative programmes in rural community schools, the consolidation of technical and vocational education and the development of engineering education at university level.

(h) The health situation is precarious; children under five years of age and women of reproductive age represent the categories most prone to ill health. Malaria, pulmonary and respiratory infections and gastro-intestinal infections including intestinal parasites account for over 35 per cent of patient morbidity. The poor quality of drinking water and unsatisfactory sanitation facilities are the most important factors bringing about gastro-intestinal infections.

(e) There is an urgent need to expand the management capacity of the development administration including the public sector corporations, not least in the context of implementing the Public Investment Programme.

Food assistance for development

173. In view of the Government's wish to give strong support to the development of the rural areas and the improvement in the level of living of the rural population,

it is suggested that food-for-work projects can usefully complement community self-help schemes. Priority areas for food-for-work projects may include feeder road construction through food production such as land development and improvement and adjustment to new farming systems. Furthermore, Liberia is obliged to import a substantial portion of its rice supplies. This places a most serious strain on the Government's limited resources. The international community is already providing food-aid as direct budgetary support to the Government's development projects but additional supplies are required on a grant basis. The World Food Programme is providing assistance to Liberia but is invited to consider requests for additional assistance during the period of the country's financial emergency.

Economic and financial aspects

174. Liberia's economic and financial plight can be significantly relieved if generous assistance is forthcoming from the international community over the next four to five years.

175. The most urgent task is to complete the ongoing projects listed in the national Public Investment Programme 1981/82-1984/85. These projects may be suspended or halted because of the Government's inability to meet their local costs. The total amount involved is in the vicinity of \$140 million. The mission would recommend that donors who are now funding these projects should consider meeting the local costs as well, if they are not already doing so.

176. The financing of new projects requires a further \$223 million - including some \$18.6 million for technical assistance and institutional support projects identified by the mission. It is hoped, therefore, that donors will assist Liberia during this difficult period by financing, in whole or in part, the local costs of recommended projects. Donors are, moreover, invited to cover the recurrent costs of projects which will become self supporting.

177. In order to ensure a more systematic dialogue between Liberia and donors concerning the country's problems and needs, the Government of Liberia might wish to consider approaching the World Bank with a view to organizing a consultative group of donors.

178. In view of its difficult situation it would be particularly helpful if Liberia were to receive over the next few years special measures of assistance similar to those granted to the least developed countries. Assistance given to Liberia should, wherever possible, be in the form of grants or, at least, concessional loans.

179. If the entire programme of ongoing and new projects could be financed, and provided that its implementation is adequately managed, it would not only bring Liberia back to financial stability but it would also create the conditions for healthy growth. Liberia has considerable potential arising from its natural resources. Moreover, the disruptions from the revolution of April 1980 are gradually being overcome. With sustained and adequate international assistance and continued stability, there are good prospects that the present financial emergency will be relieved within the next four or five years.

APPENDIX I

Table 1. Summary of recommended programmes of assistance: New public investment projects 1981/82-1984/85

(Thousands of United States dollars, 1980 prices)

Sector Project	Rehabilitation reconstruction and consolidation	Short-term and medium-term development	Total
<u>Agriculture and rural development</u>		19 480	19 480
Seed multiplication centres		1 480	1 480
South-eastern region rural development project		10 000	10 000
Lofa county agricultural development project, phase II		4 000	4 000
Bong county agricultural development project, phase II		3 200	3 200
Nimba county agricultural development project, phase II		500	500
Central monitoring unit		300	300
<u>Electricity</u>	<u>300</u>	<u>9 000</u>	<u>9 300</u>
Rural electrification micro hydro, bio-mass etc.		9 000	9 000
Bushrod Substation rehabilitation	300		300
<u>Water and sewerage</u>	<u>2 636</u>		<u>2 636</u>
White Plains expansion - Monrovia Water Supply III	2 636		2 636
<u>Roads</u>	<u>40 000</u>	<u>27 027</u>	<u>67 027</u>
Ganta/Sanniquellie		16 902	16 902
Maintenance	40 000		40 000
Feeder roads		10 125	10 125
			/...

Sector Project	Rehabilitation reconstruction and consolidation	Short-term and medium-term development	Total
<u>Urban development</u>	<u>1 800</u>		<u>1 800</u>
Monrovia Urban upgrading	1 800		1 800
<u>Ports</u>	<u>28 000</u>		<u>28 000</u>
Rahabilitation and extension of the free port of Monrovia	20 000		20 000
Equipment for the port of Greenville	1 000		1 000
Rehabilitation of the port of Harper	7 000		7 000
<u>Air transport</u>	<u>670</u>	<u>812</u>	<u>1 482</u>
Roberts Flight Information Training Programme	670		670
Improvement of aircraft handling and communications system		812	812
<u>Communications</u>	<u>5 000</u>	<u>3 006</u>	<u>8 006</u>
Postal affairs		3 006	3 006
Rehabilitation/Monrovia Cable Plant LTC	5 000		5 000
<u>Higher education</u>		<u>5 900</u>	<u>5 900</u>
Teachers College (University)		5 900	5 900
<u>Health and social welfare</u>		<u>18 500</u>	<u>18 500</u>
Primary health care, phase I		18 500	18 500
Total at 1980 prices	78 406	83 725	162 131
Total at current prices	99 000	105 000	204 000

Table 2. Additional supportive projects identified by the mission in consultation with the Government

(Thousands of United States dollars)

Sector Project	Rehabilitation reconstruction and consolidation	Short-term and medium-term development	Total
<u>Mining and geology</u>	<u>1 649</u>	<u>2 628</u>	<u>4 277</u>
Strengthening the Geological Survey	1 649		1 649
Gold and diamond assessment and mining		1 607	1 607
Kyanite, barite research		1 201	1 201
<u>Agriculture</u>	<u>2 558</u>	<u>1 708</u>	<u>4 266</u>
Land-use planning		1 708	1 708
Forestry management	210		210
Fisheries administration	240		240
Artisanal fisheries and inland fisheries	2 108		2 108
<u>Industry</u>		<u>500</u>	<u>500</u>
Demonstration Project rural industrial estates		500	500
<u>Housing</u>		<u>1 200</u>	<u>1 200</u>
Indigenous construction resources		1 200	1 200
<u>Roads</u>	<u>3 000</u>		<u>3 000</u>
Self-help feeder roads	3 000		3 000
<u>Health</u>	<u>2 000</u>		<u>2 000</u>
Rural storage and distribution of drugs	2 000		2 000
<u>Management</u>	<u>3 400</u>		<u>3 400</u>
Strengthening the Institute of Public Administration	3 400		3 400
Total	12 607	6 036	18 643

