

NEW VOICES IN PUBLIC POLICY

VOLUME I
SPRING 2007

***POLICY BRIEF TO THE MINISTER OF FINANCE
OF LIBERIA
MME ANTOINETTE SAYEH***

***What Should Liberia Do to Improve Its Economy and the
Well-Being of Its Citizens?***

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This policy brief is the result of Professor Todd La Porte issuing a challenge to students as part of an introductory course in the International Commerce and Policy (ICP) program at the George Mason University School of Public Policy. The assignment was to recommend ways in which the country of Liberia, having recently emerged from years of civil war and dictatorship, can strengthen the economy and improve the well-being of its citizens. We accepted the challenge and began researching Liberian history and the current political, economic, and social challenges that Liberia is working to overcome, and some of the development efforts currently underway with multi-lateral institutions.

This policy brief begins with an executive summary and makes recommendations for economic growth and improved social well-being by addressing several areas, including fiscal policy, agriculture and rural development, and education.

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EXECUTIVE SUMMARY

According to Liberia's 2004 Millennium Development Goals Report (MDGR), the percentage of Liberians living on less than US\$1 per day increased over 20 percentage points between 1997 (55.1%) and 2001 (76.2%)¹ with the most frequent occurrences of poverty existing among women engaged in subsistence farming in rural areas.²

Historically weak government institutions and policies in education, commerce, and the provisioning of social services resulted in low adult literacy rates, increasing economic activity in the informal sector, and an increase in the occurrences of preventable diseases among the population. The civil wars in Liberia destroyed physical and social infrastructure and depressed investment opportunities and economic growth. Labor markets and household income collapsed as people sought refuge in neighboring countries in search of physical safety. As legitimate markets failed and market activities in the informal sector increased, government revenues from taxes declined.

Plans to alleviate poverty in Liberia are a top priority of President Sirleaf's administration. Efforts to reverse the trend of economic and political instability should include the redress of errors from previous administrations by properly defining the scope of state activities and developing the institutional strengths required to improve governance and the economic well-being of its citizens.³ Liberia continues to work with multinational organizations such as The World Bank for Reconstruction and Development and the International Monetary Fund (IMF) on structural reforms to address gaps in policy, fight corruption and strengthen government institutions and address Liberia's debt burden.

The Liberia Reconstruction and Development Committee (LRDC) grouped Liberia's strategy for forward movement into four pillars: economic revitalization; infrastructure and basic services; governance and the rule of law; and security. Economic recovery and social welfare necessitates government investment in infrastructure, especially the provision of education and health facilities. Liberia's growth and development depends largely upon strengthening the government, reducing poverty, eradicating corruption, rehabilitating judicial institutions and maintaining a secure, non-violent environment.

A. Fiscal Policy

A1. External Debt

Liberia has an estimated US\$3.5 billion of external debt and, with the help of the IMF, has implemented a regimented debt repayment schedule. In order to qualify for debt relief it is imperative that Liberia continues its scheduled debt repayment while adhering to its conservative fiscal budget. Current monthly debt service includes repayments of US\$60,000 to the IMF, US\$25,000 to the World Bank, and US\$15,000 to the African Development Bank.⁴ It is also suggested that Liberia work to develop loan repayment schedules with its bilateral and commercial creditors. Complete and comprehensive disclosure of all outstanding loans will help in the drafting of an HIPC (heavily indebted poor countries) proposal.⁵

Should Liberia qualify for debt relief under the IMF-World Bank HIPC initiative, it is imperative that the country does not fall into the frequent cycle of debt forgiveness followed by further debt incursion.⁶ Forgiveness of Liberia's massive external debt should be treated as a one-time occurrence. Liberia should make all reforms required by the World Bank and IMF and continue its campaign of responsible fiscal policy.

A2. Central Bank of Liberia

A strong Central Bank of Liberia (CBL) can play a vital role in the country's long-term success. The realization of the strength and viability of the CBL will take a long time, and it is important that the CBL continue to meet regimented, short-term goals. The CBL has experienced shortfalls due to low loan repayment by the central government and has thus had to dip into its foreign reserves.⁷ It is important to the continued improved liquidity of the CBL that the

government no longer be a financial burden on the bank. Therefore, the government should present the CBL with a plan to repay its arrears over time. It is estimated that the CBL currently owes US\$260.9 million.⁸

Two primary objectives of the CBL are to build-up the country's foreign reserves and to gradually wean the country off of its reliance on the US dollar. Restoration of Liberia's foreign reserves is a high priority. It is suggested that participation in regular foreign exchange auctions be continued. Due to the low level of foreign reserves, the CBL must be careful not to overstretch its capabilities. For instance, it would not be prudent for the CBL to defend the Liberian dollar, despite its depreciation "toward the bottom of the range considered by the authorities to be broadly consistent with exchange rate stability".⁹

The weakness of the Liberian dollar is attributable to the high US dollarization of the currency. The CBL proposes to expand the domestic currency at a speed commensurate with the demand for Liberian dollars, determined by the exchange rate, thereby attempting to ensure that the exchange rate remains relatively stable.¹⁰ The expansion of the supply of Liberian dollars and reduction of reliance on US dollars is a campaign that should be embarked on very carefully, with the help of IMF experts. The time frame and level of expansion of the native currency is an issue that should be constantly revisited. Introducing Liberian dollars into the currency supply too quickly would contribute to inflation and an unstable exchange rate. It is notable that a prudent delay in the printing of Liberian dollars, coupled with conservative expenditures, kept the CBL's budget deficit at US\$0.5 million (at the end of June 2006), as opposed to the projected US\$2.5 million.¹¹

A3. Government Revenue and Budget

The 2006/2007 budget estimates that the government will experience a 43% increase in revenue during the current fiscal year. This increase in revenue is very important as it may expand Liberia's cash-based budget and makes investment in Liberia's infrastructure and citizens. Revenue has increased for several reasons, among which is the collection of overdue taxes. Collection of these taxes is likely to be a long and arduous process, but one that should be continued as it both reinforces the legitimacy of the government and improves cash flow. Further, the government has reduced many tax and tariff exemptions to improve tax revenue.¹²

It is recommended that the government continue to revisit provisional contracts between Liberia's former interim government and corporations that have invested in the country's resources. For instance, a review of Liberia's deal with Mittal Steel, which was signed five months before Liberia's democratic elections, cautions, "The agreement is heavily weighted against the Liberian government, ceding important sovereign and economic rights to Mittal...".¹³ Recent efforts by the Liberian government to renegotiate the terms of the contract with Mittal Steel, as well as contracts with other investors, are commended, and it is recommended that the government continue these negotiations. Ideally, the terms of these contracts must encourage continued FDI in Liberia, with incentives such as favorable tax terms, but must not deny all financial benefits to Liberia.

Liberia's adherence to a cash-based budget is a smart policy and should be continued pending the improvement of the CBL and the government's financial position as a whole. The international community is likely to be impressed by Liberia's commitment to stricter financial controls over any new debt. The 2006/2007 budget allocates a large percentage of money to the pro-poor sectors. Twenty-five percent of the 2006/2007 budget is allocated to social services,

including health and education. Investment in the physical, psychological and educational welfare of Liberians is crucial to Liberia's long-term success.¹⁴

The 2006/2007 budget includes a provision that increases the budget for civil servants by 51%. The lowest paid civil servants will now have a monthly salary of about US\$30 as opposed to US\$15.¹⁵ The increase in the salaries of civil servants is integral to fighting Liberia's endemic corruption. It is important that civil servants feel loyalty to the government which they serve and that they have a sufficient living wage so as to lessen the likelihood of supplementing their wages with illegal bribes. The acceptance of bribes and pervasive underhand business dealings undermine the authority of the government and the stability of Liberia. It is recommended that the government continue to ensure that its employees are paid a decent wage to discourage corruption.

A4. Corruption

To further expound upon the issue of corruption, it is maintained that the eradication of corruption from Liberian culture is essential to the country's future. The country's judicial and law enforcement institutions must be rehabilitated and prompt prosecution brought against those who are found to be engaging in dishonest activities. Prosecution of members of government and those in the business community who are found to have illegal dealings is crucial as it will reinforce fair and democratic governance, increase the credibility of the judicial system, and incentivize honest and legal participation in Liberian society.

Compliance with the Governance and Economic Management Action Plan (GEMAP) will continue to help in the reduction of Liberia's corruption problem. The mechanism requiring double signatures on major expenditures is a valuable tool in fighting corruption. Though it may

have the cumbersome effect of slowing down the procurement and allocation of funds, its benefits, such as curtailing corruption and keeping fiscal expenditure under control, outweigh its negative side-effects.

Further, it is recommended that the government continue to mandate audits for all members of the legislature. The implementation of a more comprehensive anti-corruption policy encompassing local governance is welcome. Periodic review of the government's payroll will have the effect of stopping payments to "ghost workers". Further, the systematic audits will bolster confidence in the Liberian government by citizens and the international community alike. Reduction in corruption, both in government and business, feeds a greater sense of security in Liberia, which in turn fosters more favorable conditions for attracting FDI.

A5. Industry

Liberia's forestry, rubber and diamond industries have high potential for wealth creation but have been sources of violent conflict in the past. The utility of these industries as a source of revenue and job creation depends wholly upon the adoption of absolute transparency in contract negotiation. Concession rights must be negotiated on the basis of free market competition, without the interference of corruption or favoritism. The recent provisional lifting of the UN ban on forestry exports should be heralded as evidence that anti-corruption reforms have been successful thus far. Further, security for these industries must be provided by government-sanctioned law enforcement. Past violence was exacerbated by the presence of corporate-funded armed security forces fighting against each other.¹⁶ Reliance on Liberian police and army forces, loyal to the government, will help to lessen the likelihood of fighting over concession rights. Currently, the country's forestry, rubber and diamond resources are being policed by UNMIL.

Liberia's future security is in large part dependent upon the ability of its indigenous army and police force to resume their duties in a responsible and effective manner.

A6. Sustainability of Natural Resources/Assets

As a particular caution, Liberia should be wary in negotiating concession rights not just with corporations but also with countries. Particularly, it is recommended that Liberia negotiate more favorable terms with China, which is investing in reconstruction of Liberian infrastructure in return for access to Liberian mineral reserves. China's participation in Liberia's reconstruction is certainly helpful, and Liberia should continue to balance its demand for investment funds with the depletion of non-renewable natural resources. Further, developing nations focused on exporting raw materials often neglect to diversify their economies and risk remaining underdeveloped. The government of Liberia should continue to integrate strategies that generate short-term financial gains with strategies that develop industries with greater potential to bring capital and employment to the Liberian people.¹⁷

Policy Prescriptions and Pro-Poor Growth Recommendations

Sound macroeconomic policies can help countries through volatile periods and help an economy recover more quickly. However impoverished citizens can suffer a disproportionate level of hardship from economic downturns, because their daily financial position makes them more susceptible to the negative effects of economic downturns. They may have fewer sources of revenue, lower wages, and low levels of savings that can quickly be exhausted. Strengthening the financial position of Liberia's citizens -- particularly the rural poor -- can help those who are severely disadvantaged develop assets outside of manual labor and build savings while

contributing to bank deposits. Given the rampant poverty in both rural and urban areas and the importance of agriculture in the Liberian economy, a plan to strengthen the rural economy could have positive effects on the overall economy.

B. Agriculture

Liberia has several priorities for rural development to improve the well-being of its people. The government plans to strengthen the agricultural sector by supporting small agribusiness efforts, providing farm tools and seeds to economically vulnerable groups, rehabilitating rural infrastructure to facilitate the transfer of goods and services and reduce transportation costs, and creating a national agricultural development policy.¹⁸ These initiatives have the potential to reduce poverty in Liberia and increase food security, but Liberia faces significant challenges in creating and delivering these programs.

Budget constraints under austerity measures, institutional weaknesses in data collection and monitoring efforts, and the geographic dispersion of the rural poor create significant challenges for policy makers designing and implementing rural development programs in developing countries. Non-governmental organizations (NGOs) typically fill the void caused by poor infrastructure and institutional inadequacies resulting in a patchwork of pro-poor initiatives within a country. A rural-to-government interface should be designed to act as a platform to receive government support, increase opportunities for land ownership, and serve as the catalyst in restructuring the agriculture sector. The agricultural cooperative may serve as such a platform.

An agricultural cooperative is a legal entity made up of producers who combine resources and share risks in the marketing of agricultural products.¹⁹ In some cooperatives, producers join

through purchasing shares of the cooperative which entitle them to profits earned by the cooperative and spread the risks associated with agriculture. Cooperatives may offer subsistence producers and tenant farmers an opportunity to increase the scale of their operations and receive government support. In Liberia, an agricultural cooperative initiative could be bundled with government-sponsored land purchase and redistribution efforts as a way to increase equitable land ownership. It would offer a centerpiece around which to organize agriculture and rural development policy and implement programs such as land redistribution efforts or crop insurance schemes, or increase participation rates in micro-savings and micro-credit programs.

B1. Land Redistribution

Professor Mahmood Hasan Khan, in a 2001 International Monetary Fund (IMF) report on rural poverty in developing nations, divided rural communities into four groups: small land-owners, landless tenants, landless laborers, and women. Each group differs in the amount of land they control and the amount of labor they provide to farm and off-farm employers.²⁰

Depending on the concentration of land ownership, the government should be prepared to offer compensation for land purchases and redistribution. Khan notes that private and public transfers (including land transfers), “provide some insurance against anticipated and unanticipated economic shocks.”²¹ For small land owners this provides an opportunity to increase land holdings and agricultural productivity. For the landless poor this program provides an opportunity for property ownership and asset accumulation. While it is difficult to predict whether output would substantially decrease with new or beginning landowners, factors such as educational level of the producer are important variables that can be strengthened when land ownership transfers are coupled with improved education in farm management.

B2. Savings and Credit Programs Targeting the Poor

The requirements for interacting with traditional banking institutions, as well as the physical location of banks and poor transportation infrastructure in Liberia, can depress savings account participation rates among the rural poor. The average daily balances of poor households are depressed due to low income, which makes it difficult to accrue and maintain the savings levels required by traditional banks. Low-income depositors in rural areas may also lack communication and transportation networks, making it difficult to participate in financial services offered through banks. The success of microfinance schemes in developing countries is well-documented and gaining popularity as a way to target low-income populations that did not qualify under traditional lending institution requirements. Micro-lending and savings products should be designed to fit the structure and asset allocation of economic units of the community. These programs benefit small-scale entrepreneurs and increase bank deposits over time. Targeted savings programs where the government matches the deposit amount or some percentage of the deposit mainly benefit wealthier participants.²² Khan notes that recent community-based credit programs have been more successful in raising participation rates of the poor in credit programs.

B3. Provisioning Crop Insurance

While advances in agricultural technology have mitigated some of the risks in developed countries, targeted government support programs remain one of the foundations of agricultural growth and loss-prevention. Crop insurance can be an expenditure that provides revenue insurance and positive externalities that can strengthen other policy objectives of the Liberian government. Crop insurance expenditures are compliant with World Trade Organization (WTO)

requirements, but face substantial challenges in program design and implementation in developing countries.²³

a. Agriculture Insurance and Universal Education Goals

As discussed earlier, most of Liberia's poor are in rural areas engaged in subsistence farming. Agricultural production provides food, and in lieu of cash, serves as a tradable commodity for other goods. Children provide labor for production and a social security net. Michael P. Todaro and Stephen Smith note that "Children in poor societies are seen partly as economic investment goods in that there is an expected return in the form of both child labor and the provision of financial support for parents in old age."²⁴ Assuming the best circumstances of good health, favorable weather and prices for commodities, the additional labor provided from children can increase the financial position of the household. This relationship may also reduce school attendance.

Given the risks of agriculture in developing communities there is a strong short-run incentive to keep children in production as opposed to sending them to school where the benefits of formal education would appear only in the long-run. Crop insurance as an income protector may reduce the incentive to extract children from school and the subsequent undermining of universal education goals.

b. Challenges of Crop Insurance in Developing Countries

The provisioning of crop insurance offers many benefits, but designing a successful program in developing countries is problematic. Experts at a risk management meeting sponsored by the Inter-American Development Bank argue multi-peril crop insurance models

currently being used in developed countries, such as U.S., Canada, and Japan, are not economically feasible over the long run in developing countries. First, crop insurance in developed countries is heavily funded through government subsidies, and not fiscally viable to developing countries facing decisions between building roads and schools or subsidizing insurance. Second, there are significant demographic differences within farming communities between developed and developing countries. In developed countries, agricultural communities are a smaller proportion of the total population (2 % in the United States²⁵) and require fewer resources to design and administer programs. In contrast, agricultural producers in developing countries can account for over 30% of the population (60 – 70% in Liberia²⁶) and cause a substantial administrative burden. Finally, differences in institutional strength between developed and developing countries are another factor in determining feasibility of crop insurance programs, as many developing countries lack the legal infrastructure and data collection efforts necessary to implement agricultural insurance programs.²⁷

The differences in rural demographics and institutional strengths between industrialized and developing countries present definite challenges in transferring insurance models from rich to poor countries. A possible solution to this issue is tailoring the insurance product for the agricultural cooperative. As a legal entity with shareholders, the cooperative may offer some of the institutional strengths that would allow insurance programs to be implemented -- perhaps on a trial basis -- to measure performance and participation rates. Insurance programs for cooperatives might prove more feasible than designing insurance schemes for large numbers of individual producers engaged in subsistence agriculture where each household is treated as a separate economic unit.

B4. Agriculture: Improving Consumption and Nutrition

According to the 2004 Millennium Development Goals Report (MGDP), Liberia will not meet its 2015 food security goals of reducing, by half, the proportion of its population existing below the *minimum level of dietary energy consumption* (DEC) and the prevalence of underweight children under five years of age.²⁸

A framework should be developed as part of an integral plan to increase agricultural productivity and reduce food insecurity. A possible starting point is the creation of a Liberian Food Pyramid. Creating a food pyramid combines elements of culture, diet and nutritional science, production capabilities, and budget constraints. New agricultural technologies and management techniques should be encouraged to improve production and availability of fruits, vegetables, and animal products. Agriculture extension offices can communicate new management techniques, act as distribution centers, and serve as experimental stations by operating test plots. Nutrition information can be communicated to the household level through community development programs or agricultural extension offices.

C. Education

The education of the Liberian populace is a prerequisite for growth. Government investment in education leads to a more skilled populace which in turns provides an incentive for entrepreneurs to establish businesses. Entrepreneurs are unlikely to invest in a country that does not have the human capital necessary to feed job creation.²⁹

Liberia's 2004 Millennium Development Goals Report sets a target of gross primary school enrollment of 78.1% to be achieved by 2015, noting that "realization of full primary education by 2015 is inconceivable because of the prolonged, overall decline in social sector development."³⁰ Challenges facing the realization of this goal include poor educational facilities, a shortage of teachers, and a lack of educational materials. Further, with 70% of employed people working in the agriculture³¹ industry and more people practicing subsistence farming, incentives will have to be created to encourage people to enroll their children in primary school. Liberia's education goals can only be realized through sustained funding and a focus on social and physical infrastructure.

C1. Teachers and Teaching Facilities

The most immediate improvements to education in Liberia will be realized with improvements in school facilities and teacher recruitment/training. Especially in rural communities, it will be necessary to determine the best places to locate schools so as to maximize enrollment through accessibility. Schools, rural and urban, will need qualified teachers with the wherewithal to guide Liberia's children, most of who live in conditions of extreme poverty and hopelessness. For those orphaned by the civil war, the leaders provided through the school system will serve as their only role models. It is recommended that the government begin a campaign of teacher recruitment, attracting qualified individuals through tax, housing and salary incentives. The funding for education must allocate decent salaries for teachers, despite the expense.

It is also suggested that Liberia utilize the support of international organizations such as UNICEF and USAID who are already helping to rebuild educational infrastructure within the

country.³² These organizations can help to recruit a volunteer teaching force, comprised of individuals from other countries, who can at least begin the task of educating Liberia's children. A well-synthesized national educational platform dictating methods of teacher training and a mandatory national curriculum will help to organize Liberia's educational goals.

C2. Literacy

The attainment of more widespread literacy among the Liberian population is the most important educational goal. Literacy promotes the ability to conduct business, take care of one's family, and further educate oneself. A literate parent with some degree of education will understand the advantages incurred through the process of education and will be more likely to educate his/her own children. The literacy rate of Liberians aged 15 to 24 was estimated to be 34.7% in 2001/2002. The 2015 target literacy rate is 80%.³³ The disparity of educational attainment between males and females is of particular concern. Women, as the caretakers of children, are in the most natural position to teach the next generation and thus it is essential that the gender disparity in education be narrowed.

C3. Curriculum

The scope and direction of the national curriculum may change in future years as needs and capacities are uncovered, but for now it is suggested that the curriculum focus on the subject areas of reading, writing, math, national history, and civics. The benefits of attaining an adequate degree of literacy and financial literacy are numerous. Even if the bulk of students were to leave school at the secondary school age, their ability to read and write and do basic math would increase their capacity to succeed in the workforce. If these children were to join the

agricultural sector, they would have better financial management and business abilities. An education of one's national background and civic responsibilities will help to foster a sense of solid national identity and one's responsibilities as a citizen.

C4. Technical, Vocational and Entrepreneurial Training

At this stage in Liberia's recovery, with widespread food insecurity and endemic poverty, it is necessary for schools to offer vocational and technical training. In particular, agricultural methodology and management should be taught. With the continuing reconstruction of Liberia, there are likely to be job opportunities in the area of civil engineering, including road and building construction. Programs for teaching saleable tradesman skills should be setup through the national education system with the help of bilateral donors. Further, the school system can be used to educate students about entrepreneurial opportunities in their own communities so that they can more easily translate their acquired skills into financial opportunities. The educational system is a good platform from which to teach Liberians how to access capital, such as micro-financing, and to translate capital into realistic business opportunities.

C5. Cultural Education and Reintegration of Child Soldiers

It is essential to the rehabilitation of the national mindset and collective good of Liberia to focus on cultural education. The National Human Development Report comments, "The 14-year conflict eroded family and societal values, creating a situation of widening gaps between the status and responsibilities of children and their parents, and between people's behavior and social norms."³⁴ Liberia's violent past and widespread insecurity led to an erosion of the country's social fabric and an increase in individualistic attitudes. In essence, people became dependent on

themselves for basic provisions and this sense of resolute self-dependence remains pervasive. A particular emphasis should be placed on cultural education during the societal reintegration of child soldiers, among whom feelings of displacement and hopelessness are very pronounced. The promotion of cultural and social education to rehabilitate the institutions of family and society will provide Liberians with a renewed sense of identity, belonging, and responsibility.

C6. Gender Empowerment

Returning to the problem of gender disparity in educational attainment, it is recommended that special funding be allocated for the education of women. The ratio of girls to boys in primary education is 40.8%/59.2% and the ratio of girls to boys in secondary education is 41.0%/69.5%.³⁵ It will take time and effort to correct this gender disparity. Foremost, it is recommended that women be educated about their societal roles, reinforcing the concept that women can be societal and economic players and do not belong solely in the domestic sphere. Improved literacy and widened social consciousness can increase the likelihood of women taking on more business opportunities. Men must also be educated about gender equality and the unacceptable nature of sexual discrimination and sexual violence. It is imperative that emphasis be placed on health and sexual education for women. In particular, women should be educated about the use of contraception as a means of birth control and as a preventative measure against HIV. The HIV infection rate has been estimated to be as high as 12% in Liberia.³⁶ Women's education and health issues must be provided for in the Liberian budget.

C7. Health Education

It is recommended that the Liberian government continue to work with the international community to improve citizen access to healthcare. The budget must continue to provide for the building of a sustainable healthcare program at the community level that could allow for the administration of basic vaccines, medicines, contraceptives, and neonatal care.

C8. Recalling the Educated Diaspora

Many educated Liberians have left the country during its periods of civil war. These expatriot Liberians have much to offer their home country, both in financial and intellectual wealth, and the government of Liberia must reach out to the sensibilities of these people to persuade them to return and invest. They could be a great asset to Liberia as teachers, medical professionals, government officials, and entrepreneurs.

Education Policy Prescriptions

Liberia's education goals are impressive but they will also be difficult to realize without sustained investment. Investment in education must be coupled with investment in technology and job creation, without which there is little opportunity for those with an expanded skill set.³⁷ The expansion of education in Liberia should be focused at the primary and secondary levels, but the tertiary level must not be neglected. A key component to Liberia's progress is the development of a credible university system, especially in the training of civil servants, medical and legal professionals, and businessmen. Further, there is a need for Liberia to develop increased statistical capacity through which it will be able to track the progress of educational initiatives. Without the collection of statistics it will be difficult to measure the extent to which educational programs are working and whom they are benefiting. Collaboration with the

international community on this front is suggested. Finally, given Liberia's history of corruption, educational funds must be closely monitored to ensure that they really are going toward the provision of infrastructure, materials and teachers for Liberia's children.

Conclusion

Liberia faces a multitude of challenges regarding the implementation of its economic and social development goals. However, its successes since the democratic elections in 2005 are indicative of an environment of increasing optimism and hope. Liberia should continue to accept the help of the international community, including the World Bank, International Monetary Fund, United Nations, and donor nations. With the conservative budget Liberia must adhere to given the state of its financial institutions, the help of donor nations to provide funds and build infrastructure cannot be underestimated. The shortcomings of governance and support structures in Liberia are currently being tended to by NGOs that will eventually leave Liberia to fend for itself. Therefore, every effort must be made to build capacity and authority from the national to the local level. Strong national governance is necessary to rehabilitate the Central Bank of Liberia, to attract FDI, to rebuild legal institutions, and to restore national security. Programs such as agriculture, education and health will depend upon the guidance and funding of the national government but will be implemented at the local level. Therefore, competent governance must be formed at the local level. The social well-being of Liberian citizens depends upon improving the situation of pervasive poverty. It is hoped that the recommendations outlined in this paper, with regard to fiscal, agricultural and educational policies, will help to improve the economy of Liberia and the well-being of Liberians.

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