



**Governing Council
of the
United Nations
Development Programme**

Distr.
GENERAL

DP/CP/LIR/4
8 October 1986

ORIGINAL: ENGLISH

Special session
February 1987, New York
Item 2(a) of the provisional agenda

PROGRAMME PLANNING

Country and intercountry programmes and projects

FOURTH COUNTRY PROGRAMME FOR LIBERIA*

| <u>Programme period</u> | <u>Actual resources programmed</u> | <u>\$</u> |
|-------------------------|-------------------------------------------------|------------|
| 1987-1991 | IPF for 1987-1991 | 11 567 000 |
| | Other resources programmed from the third cycle | 633 000 |
| | UNIFEM | 200 000 |
| | Total | 12 400 000 |

CONTENTS

| | <u>Paragraphs</u> | <u>Page</u> |
|-------------------------------------------------------------------------------|-------------------|-------------|
| I. DEVELOPMENT TRENDS, STRATEGIES AND TECHNICAL CO-OPERATION PRIORITIES | 1 - 25 | 2 |
| A. Current economic trends | 1 - 9 | 2 |
| B. National development strategies | 10 - 18 | 4 |
| C. Technical co-operation needs and priorities | 19 - 22 | 5 |
| D. Aid co-ordination arrangements | 23 - 25 | 6 |
| II. THE COUNTRY PROGRAMME | 26 - 59 | 7 |
| A. Assessment of current country programme | 26 - 35 | 7 |
| B. New programme proposal | 36 - 58 | 10 |
| C. Unprogrammed reserve | 59 | 18 |

Annexes

| | |
|-------------------------------|----|
| I. Financial summary | 19 |
| II. Summary of projects | 20 |

* Detailed listings of projects and other related data prepared as part of the country programming exercise are available on request. These listings include: (a) ongoing projects; (b) proposed projects; (c) distribution of resources by objective; (d) planned activities of operational funds and programmes under the authority of the Administrator; (e) distribution of new country programme by sector.

I. DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES

A. Current economic trends

1. Liberia is in the midst of a serious economic and financial crisis. The standard of living of the population has undoubtedly declined over the last 8-10 years. The country has been unable to meet its financial obligations to the international community regularly and, as a result, credit has been difficult. It is characterized by a dual economy in which the export sector has experienced about 10 years of declining demand. The traditional agricultural sector, by contrast, is growing, but not keeping pace with the increase of population. Consequently, there has been a worsening rate of unemployment and urban migration, and the open economy is under threat.
2. The roots of the present economic crisis in Liberia reach far back in time. The country is generally fertile, but only 1.3 million acres, out of an estimated 24 million acres of arable land, are cultivated. Seventy per cent of the population lives in the rural areas. But the rural economy is largely based on subsistence agriculture and its productivity has improved very little in recent years, with the result that an ever-increasing proportion of the country's food requirements is imported. Domestic agriculture currently accounts for less than a third of gross domestic product (GDP). Currently, imports constitute about 40 per cent of the total consumption of rice, the major staple component of the local diet, and over 70 per cent of market supplies.
3. The country is endowed with considerable natural resources, including large iron ore deposits, a sizeable production of natural rubber and abundant supplies of tropical hardwoods. The exports of these three commodities provided the engine for growth in the 1960s, when GDP grew at over 6 per cent per annum, and in the early 1970s when the annual growth rate was over 4 per cent. But the export sector is dominated by foreign concessionaires and has very few linkages with the domestic economy other than through the creation of employment. The concessions are therefore largely an enclave within the economy, accounting for about 35 per cent of GDP and 70 per cent of exports. Iron ore alone accounted for 60 per cent of the total value of exports in recent years while rubber represented 15 per cent. The GDP per capita of those employed in the export sector was calculated in 1983 at over \$1,500 while income in the subsistence sector was estimated to be less than \$200.
4. Considerable economic and social development took place as a result of the wealth accruing to the country in the 1960s and 1970s. This was supplemented by borrowing on world financial markets, facilitated by the fact that the United States dollar is the official currency of the country. But the significant slowdown in world demand for Liberia's main export commodities since the oil crisis of the mid-1970s has seriously affected its balance of payments, and the country is now faced with mounting foreign debt obligations resulting from the combined impact of the decrease in export earnings, the high interest rates on United States dollar loans, and Liberia's comparative disadvantage in West African trade because buyers must pay for their purchases in United States dollars.

5. The Government's substantial borrowing to finance the summit meeting of the Organization of African Unity (OAU) in Monrovia in 1979 and uncertainties within the business community following the change of Government in April 1980 exacerbated the downward trend and added to the already critical financial situation. Interest payments on Liberia's foreign debt rose from about 9 per cent of recurrent expenditure in 1980/81 to about 26 per cent in 1983/84. Debt repayments have been exceeding total external receipts in recent years. By March 1986, payment arrears totalled \$210 million. Since 1980, there have been four Stand-by Arrangements with the International Monetary Fund (IMF), each accompanied by austerity measures. Liberia has not been able, however, to keep up with its financial obligations, a situation resulting in temporary suspensions of World Bank (IBRD) loan disbursements on three separate occasions and consequent suspension of funding from other sources.

6. The country's deteriorating economic situation is clearly illustrated by the fact that, following the impressive expansion in the 1960s and early 1970s, its annual growth rate fell to only 1.7 per cent between 1976 and 1980. The downward trend accelerated in 1980, and real GDP declined at an average annual rate of 3.6 per cent between 1980 and 1984. During the same period, the population of Liberia, currently estimated at 2.2 million, grew at an estimated 3.3 per cent per annum. Consequently the standard of living in Liberia has dropped markedly in recent years. This fact is borne out by IBRD estimates of GDP per capita which stood at \$270 in 1970, rose to \$530 in 1980, and fell back to \$470 in 1984.

7. The Government's budgetary situation is critical. Public expenditure was not substantially reduced in response to the drop in revenue which followed the decline in export earnings. In fact, substantial pay raises were granted in 1980 to selected groups of employees, particularly unskilled workers and the armed forces. At present, the Government's wage bill consumes about half of its current expenditure. The proportion of wages to total government revenue is among the highest in Africa. Some 65 per cent of all goods imported into Liberia are duty-free because of the liberal investment incentives. The average duty levied on the remaining imports is only 10 per cent. It is estimated that some \$50 million was owed in tax arrears at end of 1985. As a result of all these factors, the Government has found it increasingly difficult to provide funds for operational expenses.

8. During the 1970s, in an attempt to stimulate the economy in the absence of an indigenous entrepreneurial class, the Government established a number of state enterprises. Many of them did not perform according to expectation; they have faced mounting managerial and financial problems and have in fact added to rather than relieved the Government's budgetary problems. Their collective indebtedness, for which the Government is responsible, amounted to approximately \$115 million in May 1985.

9. The growing economic recession and the problems of the state enterprises have seriously affected the private sector in Liberia. Without the stimulation of an expanding public sector, many medium and small-scale enterprises have been forced to reduce their operations or even to close down. The Liberian economy is also faced with an acute liquidity crisis, caused in part by the growing public debt and compounded by severe management and procedural constraints. The result is a serious erosion of confidence in the banking sector and a virtual breakdown of normal inter-bank clearing functions.

B. National development strategies

10. The social and economic development priorities of the country have been expressed through two four-year development plans, the first covering 1976-1980 and the second covering 1981-1985. They both aimed, in broad outline, to diversify the productive basis of the economy, disperse viable economic activities throughout the country, involve all sectors of the population in the development process and ensure a more equitable distribution of the benefits of economic growth and development.

11. The economic and financial crisis confronting the Government has made it necessary to postpone the preparation of a third development plan. Instead, the Government has drawn up an Economic Recovery Programme (ERP) for the biennium July 1986-June 1988. It outlines a strategy which is designed in particular (a) to improve the economic status of the population and to expand employment in the economy, (b) to improve the Government's ability to meet its financial obligations and to fund development projects, and (c) to improve the productivity of the Liberian subsistence farmers in the main food and cash crops.

12. Virtually all recent Government policy documents emphasize that economic recovery is the country's most pressing task. One of the most important prerequisites for this recovery is an improvement in the management of the public sector as a whole: reducing expenditure and establishing priorities for the reduced resource flow, rationalizing the institutions and procedures of the central Government, improving the motivation and competence of the civil service, and tackling the problems of the 26 state enterprises.

13. Generally speaking, the Government aims to reduce the role of the State in economic activity. On the fiscal front, the Government is committed to maintain financial and managerial discipline by enforcing better budgetary control and ensuring more rational investment allocations. It intends to eliminate extrabudgetary expenses and reduce the Recurrent Expenditure Budget. The Public Investment Programme (PIP) has already been trimmed from \$213 million in 1978 to \$91 million in 1983/84. It consists of a limited number of first priority and second priority investment projects. Improving revenue performance is also an aim of the Government.

14. The Government is also committed to trim its wage bill even further. Employment in the public sector was scheduled to be reduced by over 5,000 between 1984 and 1986. At the end of 1985, it was on target after having reduced public employment by 4,000. Salaries of Government employees were reduced by an average 20 per cent in 1983 and by 25 per cent across the board in 1985.

15. Agriculture is of critical importance to the development of the country. The Government recognizes that much more must be done to revitalize the sector, and its objectives for this sector include: self-sufficiency in food production; development of new cash crops (coffee, cocoa, palm oil, coconut, citrus fruit); import substitution, particularly in rice; more foreign as well as private investment in rubber; improvements in productivity among the subsistence farmers and better marketing opportunities and facilities to encourage them to produce

surpluses; development of the fisheries sector and expansion of the area of land under cultivation; and the development of small farm animals. These goals have all been encompassed in the document heralding the country's "Green Revolution".

16. The Green Revolution, launched in January 1986 by the President of Liberia, is essentially a conceptual framework for the Government's renewed commitment to agricultural development. It is designed to favour both individual farmers, groups of farmers, and rural co-operatives, and it outlines a series of practical steps and strategies, such as fair prices to the producers; better management of state enterprises that were created to support the various food and cash crops; the creation of new marketing channels; technical improvements to increase productivity in the traditional farming sectors; better extension services to agriculture. These policy objectives illustrate clearly that the Government sees development of agriculture as being much more than the development of new cash crops, but rather as part of an integrated rural development approach.

17. The Government's determination to improve the climate for private investment and enterprise reflects an acceptance that the public sector cannot bring about economic growth on its own. It is therefore the Government's aim to divest itself of some of the state enterprises; Air Liberia, Liberia Electricity Corporation, Liberia Telecommunications Corporation, Timber and Plywood Corporation, Liberia Produce Marketing Corporation and Liberia Water and Sewer Corporation are among those that have been mentioned as potential candidates. In addition to complete private ownership, various forms of mixed ownership and management are being investigated. The Government also wishes to encourage the co-operative system, particularly in the rural areas, although it is recognized that in the past too many such policies have been imposed from the top and have not developed from local community initiatives.

18. The current economic problems of Liberia are such that they cannot be remedied in the short-term. In the longer term, the Government is aware that the problems of development must be faced not just in the perspective of short-term cyclical factors, but also on the basis of a clear long-term strategy of change. Other commodities must be developed to fill the gap that has arisen from the decline in the export sector. Agriculture must be expanded to provide the necessary inputs for agro-industrial development, and new markets, domestic as well as foreign, must be found. Both must be accompanied by a substantial improvement in the living conditions of the rural population. Unless this happens, a new enclave economy will develop.

C. Technical co-operation needs and priorities

19. As part of its continuing efforts to find appropriate solutions to the complex economic and financial problems facing the country, the Government has since 1980 commissioned a number of macro-economic and sectoral reviews aimed at identifying specific problem areas and specifying the requisite policy responses. One of the earliest macro-economic reviews was the 1980 assessment of the prevailing economic and financial situation that confronted the new military Government upon its assumption of power in April of that year. This study was undertaken with the

assistance of the United States Agency for International Development (USAID). Other such reviews have been undertaken by three Presidential Commissions in 1981, 1985 and 1986. In addition, periodic reviews have been carried out within the context of IBRD and IMF negotiations. The Country Economic Memorandum presented to the 1983 Round Table of Donors listed the technical assistance needs of the country at the time.

20. While the Government does not have a comprehensive long-term national technical assistance plan, Liberia's current needs in this field can be ascertained from a detailed analysis of a number of in-depth sectoral studies which have been carried out in recent years. Agriculture has received prominent attention in accordance with its position as one of the Government's highest priorities. Extensive reviews of this sector have been completed by IBRD (1982), the Food and Agriculture Organization of the United Nations (FAO) (1982), a United States Congressional task force (1983) and a joint World Bank/FAO mission (1986). In April 1986, a UNDP sector review mission was undertaken, which recommended several new projects for consideration in the fourth country programme. Other sectoral studies have been carried out by various bilateral and multilateral institutions covering the fields of industry, mining, telecommunications, energy, population and basic needs, rural water supply, employment and incomes and public sector management.

21. The perspective of most of the macro-economic reviews has been short-term, mainly because of the severity of the economic and financial difficulties facing the Government and the need to find quick solutions. This has remained one of the fundamental weaknesses of planning in the country. The succession of measures which have had to be taken to meet the worsening economic crisis seriously reduced the impact of many well-planned projects. A number of projects have been halted or scaled down by the donors as the Government found itself unable to provide its full share of counterpart personnel and funds for operational and maintenance costs. The result has been that many desirable development projects have had less impact than expected.

22. Liberia has for many years received one of the highest per capita aid allocations in Africa and the donor community has shown considerable sympathy for the country's current crisis. The Government is determined to overcome its financial difficulties and to reverse the decline of the last decade. To accomplish this, however, it requires substantial continued assistance, both technical and financial, from outside. The UNDP country programme, which was drawn up in close consultation between the Government and UNDP and based on a comprehensive analysis of the country's most pressing technical assistance needs, is intended not only to accelerate socio-economic development, but also to strengthen Liberia's capacity to make optimal use of the assistance of other donors.

D. Aid co-ordination arrangements

23. The worsening economic situation of Liberia has been the subject of much international concern. The United Nations General Assembly instructed the Secretary-General to investigate Liberia's call for assistance in December 1981. A

mission visited Liberia in March 1982. It reported to the General Assembly in 1982. One of the recommendations was that a Donors' Round Table be convened by the Government and UNDP. The Round Table met at Berne, Switzerland, in October 1983. The Intergovernmental Group for Liberia (IGGL) was then established, with the United States as Chairman and IBRD as Secretary. However, IGGL has not met because the Government and the donors have not yet agreed on a recovery programme to present to such a meeting. The issue was again raised at the General Assembly of the United Nations in December 1984.

24. The Monrovia Donors Group (MDG) was formally structured in Monrovia following the IGGL. It comprises bilateral and multilateral donors resident in Liberia. The Chairman of the MDG is the Minister of Planning and Economic Affairs and UNDP acts as its secretariat. It provides a useful forum for exchanges of views between the Government and the aid community, including United Nations agencies, the European Economic Community (EEC) and bilateral donors.

25. The technical assistance component of ERP includes 32 projects with the total estimated cost of \$68 million, of which about \$19 million is the Government share and about \$49 million the foreign contribution. The technical assistance component spans most of the sectors outlined in the document. The Ministry of Planning and Economic Affairs is the focal point for Government aid co-ordination. Its efforts at aid co-ordination and its project monitoring and evaluation functions are hampered somewhat by the limited ability of line ministries to carry out their obligations as implementing agencies for projects funded from external sources, and there is a clear need to upgrade and expand the relevant units within that Ministry.

II. THE COUNTRY PROGRAMME

A. Assessment of the current country programme

26. The third country programme started in 1983. Prior to its finalization, the Government undertook in-depth reviews of all ongoing projects in co-operation with UNDP and the concerned agencies in order to determine the relevance of those projects. Similarly, before deciding on the orientation and thrust of the fourth country programme, a review of previous UNDP technical assistance programmes in Liberia was also carried out, focusing in particular on delivery and impact of the third country programme.

27. A serious issue which faced both the Government and UNDP during the programming exercise was the heavy carry-over of commitments from the second to the third country programme. Ongoing projects absorbed most of the funds available during the first two years of the third country programme. Many of the new projects, therefore, had to be programmed for the last two years of the cycle. The orientation of the third country programme was heavily influenced by the economic and financial conditions prevailing in the country at the time. Careful consideration was given to the absorptive capacity of each sector as well as to the possibility of securing counterpart funding from the Government.

28. Although the IPF for Liberia for the third cycle amounted to \$13.5 million, the constrained resource situation facing the UNDP at the time reduced the allocation to \$8,805,000, which included a carry-over from the previous cycle of \$1,380,000. In addition, UNDP also contributed, within the framework of a regional project (RAF/78/014), to the Mano River Union linking Liberia, Sierra Leone and Guinea.

29. The third programme inherited a strong rural bias from the second: six of the seven distinctly rural-oriented projects were carried over from the second programme. Together, these projects accounted for about 43 per cent of programme resources. The breakdown of projects is shown below:

Sectoral allocation of resources: third country programme

| <u>ACC sector</u> | <u>Proposed per cent</u> | <u>Total expenditure (in '000 \$US)</u> | <u>Actual per cent</u> |
|-----------------------------------------------------------|------------------------------|---------------------------------------------|----------------------------|
| - General development issues, policies and planning | 13.2 | 1 150 | 13.1 |
| - Natural resources | 7.8 | 740 | 8.4 |
| - Agriculture, forestry and fisheries | 42.8 | 3 800 | 43.1 |
| - Industry | 10.3 | 870 | 9.9 |
| - Transport and telecommunications | 7.4 | 600 | 6.8 |
| - International trade and development finance | 2.6 | 225 | 2.6 |
| - Education | 4.8 | 420 | 4.8 |
| - Employment | 9.8 | 900 | 10.2 |
| - Culture | 1.3 | 100 | 1.1 |
| | <u>100.0</u> | <u>8 805</u> | <u>100.0</u> |

30. At the mid-term country programme review held in September 1985, both the Government and UNDP agreed that significant progress had been made in the implementation of the programme despite the severe economic and financial constraints existing in the country. The Government affirmed the continued validity and relevance of the programme and its consistency with the basic thrust and orientation of the Government's own development programme.

31. The need for closer monitoring of the programme was recognized, and consideration was given to the possibility of working out alternative institutional arrangements within the Government for regular and effective monitoring of the programme. The rate of programme delivery has been very satisfactory (close to 95 per cent), reflecting not only the large proportion of ongoing projects carried over from the second country programme to the third (14 out of 21 projects), but also the high absorptive capacity of the Government institutions receiving UNDP assistance. There have been some delays in the start of three new projects, which account for some of the carry-over into the fourth programme cycle.

32. Both sides recognized the difficulties posed by the non-availability of suitable counterpart staff on many projects, as well as by the high rate of turnover of trained counterparts. The Government and UNDP noted with concern the steady increase in the cost of international experts and agreed that available national expertise should be increasingly tapped. A number of other problems were identified: in addition to difficulties involved in monitoring the performance of individual projects, these included the need to streamline and improve the civil service, the difficulties of the Government contributing counterpart funds, the several parallel projects in many ministries and government departments. It is anticipated that measures taken for the fourth country programme will lessen such difficulties.

33. During the third country programme, resources were spent on each component as follows: (a) project personnel, 69 per cent; (b) training, 10 per cent; (c) equipment, 15 per cent, and (d) miscellaneous, 6 per cent. The need for project personnel is a reflection of the Government's difficulties in retaining the services of some staff who have been trained under bilateral or multilateral projects. UNDP has had to provide experts to remedy the situation. UNDP will, however, attempt to lower the personnel costs by using more national experts and consultants as well as UNVs.

34. The third country programme contributed significantly towards the promotion of a self-sustaining capacity in Liberia in a number of fields, in particular through its institution-building projects. The Assistance to the Ministry of Planning and Economic Affairs project has introduced new and improved procedures for data collection and statistical analysis. The Self-help Village Development project has encouraged the establishment of over 60 village development committees, and these committees are now actively involved in identification, planning and implementation of UNDP-funded micro-projects in their respective villages. The Extension Services to Small-scale Industries project has provided technical and financial assistance to over 60 small-scale enterprises, enabling them to operate with an increased level of commitment and efficiency. All the projects in the country programme have a training component, and there are a few whose primary objectives are training, e.g. Civil Aviation Development, Strengthening of Liberia Telecommunications Corporation, Assistance to the Monrovia Vocational Training Centre, and Assistance to the Institute of Public Administration.

35. The United Nations Fund for Population Activities (UNFPA) carried out a Population and Housing Census in 1984. The crucial task of analysing the data still has to be completed and the results have therefore not yet been announced. A

second project, integrating Maternal and Child Health/Family Planning (MCH/FP) activities into the rural health service, is being completed in 1986. A third project concentrating on family welfare and health education for plantation workers and their families commenced in 1985. Family planning projects are being planned with the Government of the Netherlands and USAID.

B. New programme proposal

36. During the fourth cycle UNDP will provide technical assistance to the Government of Liberia to fulfil the following primary objectives:

- (a) Improving the management of the public sector;
- (b) Developing agriculture and the rural sector;
- (c) Supporting private sector initiatives.

These three objectives fall clearly within the broad development strategy of the country. There can be no sustained economic development unless the Government's objectives and activities are clearly defined and efficiently carried out. There can be no lasting recovery for the Liberian economy unless it is based on a revitalization of agriculture and accelerated development of the rural areas. And there can be no diversification of the economy and improved employment prospects for the growing population unless the private sector is stimulated and helped to play a more dynamic role and to create new economic opportunities. The fourth UNDP country programme provides a range of technical assistance projects that, within each of the chosen primary objectives, will contribute to (a) human resources development, (b) strengthening of the institutional capacity of the Government, and (c) identification of new economic activities and new structures to develop the economy. The programme will do so with its own resources and as a catalyst for other aid funds.

Improving the management of the public sector

37. The public sector has been hampered at various levels by a lack of statistical information, weaknesses in its monitoring capacity, lack of motivation in the civil service, and a serious loss of qualified people. Among those who have remained, many require additional training and skill upgrading. In order to remedy these weaknesses, the country programme will assist the Government in improving its machinery for planning, monitoring, and evaluating the economy; for rationally allocating resources where most needed; for instilling managerial, personnel and fiscal discipline, particularly within the various state enterprises, and for training its own staff.

38. The following ongoing projects will be extended:

- (a) Assistance to the ministry of planning and economic affairs, Phase IV
(LIR/87/012)

UNDP has provided assistance to this ministry for a number of years, most recently in macro-economic planning, in the elaboration of a system of national

accounts, and in strengthening of the statistical services in the Bureau of Statistics. The new phase of UNDP assistance will seek to strengthen the Ministry's capacity to: undertake macro-economic analysis, collect and analyse a wide variety of statistical data, and monitor and evaluate the performance of the economy in general and of specific development projects in particular (\$1.2 million).

(b) Public sector management development, Phase II (LIR/87/002)

Since early 1985, UNDP has extended technical assistance to the Liberia Institute of Public Administration (LIPA) in an effort to strengthen its capacity to offer management training to the staff in a broad range of government institutions. Of particular importance was the extensive training needs assessment for the public sector and the introduction of tailor-made "in-plant" training programmes through which managers were helped to analyse their own institution and devise solutions to their problems. During the second phase of this project, LIPA will address a range of the most important training needs identified; also, more "in-plant" training programmes will be carried out. The new project will concentrate on training activities for three categories of public sector employees: (a) staff in central government institutions, (b) staff in those state enterprises that will remain under public management, and (c) staff in local government at the county level, particularly county administrators responsible for rural development activities (\$900,000).

39. The following new projects have been identified:

(a) Bureau of State Enterprises (LIR/86/002)

The Government wishes to undertake a fundamental reform of the role of the state in the economic life of the country. One aspect of this is the intention to divest itself of 11 of the country's 26 state enterprises. In response to this initiative, UNDP will provide assistance to the Bureau of State Enterprises (BSE) through a series of short-term specialized consultancies to prepare financial audits, legal documentation, evaluation of assets and negotiations with prospective buyers (\$300,000).

(b) Bureau of the Budget (LIR/86/003)

In support of the Government's effort to enforce fiscal discipline, UNDP will help the Bureau of the Budget improve its performance. The long term aim of the Bureau is to be able to monitor on a continuing basis the level of government expenditure against actual income. Subsidiary advantages, within the overall effort of the Government to improve its control over public expenditures, will be a greater transparency in public expenditure, timely publication of the annual budget and thus better accountability. This project will concentrate on training of the Bureau's staff, particularly in computerized budgeting procedures (\$100,000).

(c) Special training needs (LIR/86/001)

The Government's ability to sustain its manpower development endeavours has been seriously affected by the current economic crisis. Many training programmes

have been severely reduced. The objective of this project is to upgrade the technical and managerial skills of selected government personnel in middle-level positions. It is designed as an "umbrella" project and will be available specifically for those public institutions that do not have access to funding for overseas training from other sources (\$400,000).

(d) NATCAP

As the Government prepares its long-term post-recovery plans, a detailed assessment of the country's overall technical assistance needs will be required. This will guide both the Government and the aid community in evaluating future needs in the field. The country programme makes provision for a National Assessment of Technical Co-operation and Projects (NATCAP) in the course of the fourth cycle. The most appropriate timing for such an activity will be when the Government is preparing its next long-term development plan. While the initial NATCAP exercise will be funded by the UNDP Special Programme Reserve, additional resources are needed for the NATCAP mission to Liberia (\$100,000).

Linkages

40. UNDP's assistance in support of the public sector is complemented by a number of other donors. Three senior experts funded by the Government of the Federal Republic of Germany are working in the Ministry of Planning and Economic Affairs, providing advisory services in statistics, infrastructure and industrial planning. The USAID programme on economic and financial management and training is designed primarily to strengthen the Ministry of Finance, but it extends also to the Bureau of the Budget. IBRD has actively assisted the efforts of the Bureau of State Enterprises (BSE) to privatize a number of public enterprises and to improve the performance of those that will remain under government management. The United Kingdom has been training a number of people in jobs and skills assessment in various ministries, and the European Economic Community (EEC) offers scholarship assistance in a wide range of disciplines to Liberian Government staff through its multilateral training programme under the Lomé Convention.

Developing agriculture and the rural sector

41. Income from agricultural exports has decreased over the last few years and the country has been importing a greater proportion of its basic food requirements. Life on the land has become less attractive, leading to a considerable level of urban migration. The productivity of the traditional agricultural sector leaves much to be desired. Agriculture and rural institutions in general must be developed. The aim is to improve the standard of living and quality of life of the rural population through a series of projects intended to raise productivity for traditional crops, encourage new crops, offer more effective collection and marketing channels, and improve accessibility to water in rural areas.

42. UNDP fielded a sectoral programming mission in April 1986 to assess the main technical assistance needs in agriculture. This mission identified two new priority areas for assistance: land capability assessment, agricultural marketing and water sector development. It also recommended continuation of UNDP assistance

to the Central Agricultural Research Institute in Suakoko and to the Self-help Village Development Project in Maryland County. The Government and UNDP agreed to translate the first two proposals into new projects and to extend ongoing activities under the latter two projects into the fourth country programme.

43. This selection of projects for UNDP funding was made in response to the objectives of ERP and the Green Revolution. The other basic factors considered were the need for early results to increase productivity and stimulate economic activity in the rural areas; the need to address some of the structural and long-term obstacles to rural development; the need to build on previous UNDP experience as well as on the expertise and facilities of other technical assistance projects in agriculture; and the need to concentrate UNDP's resources on a few projects to ensure maximum impact.

44. The following ongoing projects will be extended:

(a) Agricultural research, Phase II (LIR/87/001)

The productivity of the traditional agricultural sector in Liberia is very low, partly because of inadequate research into the particular agricultural conditions of the country, partly because existing knowledge of improved farm methods is not communicated effectively to the farmers. This project is intended to continue UNDP's previous assistance to the Central Agricultural Research Institute (CARI) in Suakoko with particular emphasis on plant protection and post-harvest technology for both staples and cash crops. At the same time, in close collaboration with USAID assistance, the project will aim at upgrading and expanding the extension liaison unit of CARI to ensure that the Institute's research results are translated into technological packages of immediate practical value to the farmers. In support of this effort, the project will also implement a series of farm research trials at strategic locations throughout the country, particularly in areas served by other technical assistance projects providing agricultural extension support (\$1 million).

(b) Self-help village development project, Phase II (LIR/87/006)

Since 1980, UNDP has funded an integrated rural development project in Maryland County. This project has provided a wide range of services for the benefit of local people, including health facilities, feeder roads, training and consciousness raising, appropriate technology, etc. The Government wishes to continue this assistance, but to widen it and give stronger emphasis than before to agriculture. In addition to its previous social and training aspects, the project will assist CARI in carrying out farm trials and problem-specific adaptive research. It will also provide CARI with important feedback on the needs and priorities of the farmers in this region. The project is being implemented jointly with a smaller women's project funded with \$200,000 from the United Nations Development Fund for Women (UNIFEM). The women's project has a particular importance in a country in which the large majority of small farmers are women (\$2.2 million).

45. The following new projects have been identified:

(a) Land capability assessment (LIR/87/010)

While there is an abundance of arable land in Liberia, there has never been any comprehensive national assessment of land use possibilities in the country. In a situation with very scarce investment resources, it is vital to produce a detailed inventory of land resources and to assess the suitability of particular areas for particular food and cash crops. The absence of such data is a serious factor hindering an expansion of agricultural production in new areas of the country. This project will enable the Government to build up its central land use planning capability, complete a national land potential survey, and prepare more detailed land surveys for up to five selected areas for specific agri-investment proposals (\$2 million).

(b) Agricultural marketing (LIR/87/005)

An agricultural marketing project will be initiated to identify and solve the problems associated with the distribution, marketing and institutional back-up for agricultural produce. The project will examine the prospects for new crops; assess the need for support services required by new crops such as grading, storage, processing; investigate the services offered and problems associated with the existing Liberia Produce Marketing Corporation (LPMC) and private marketing arrangements; prepare pre-feasibility studies for prospective investors; secure better price mechanisms for farmers; provide better market information to all involved in cash crop production; improving the Ministry of Agriculture's capacity in all these areas (\$1 million).

(c) Water sector development (LIR/87/004)

Liberia has enough water resources to satisfy the present and future demands for safe and dependable water to its rural and urban population. However, although more than 1,600 wells have been drilled or dug during the past decade, the large majority of the rural population still does not have access to potable water. This project will have a dual purpose: it will provide managerial and technical assistance to the Rural Water Supply Programme of the Ministry of Rural Development so that it will be capable of utilizing available resources, both foreign and domestic, more effectively and providing better support for the maintenance of existing wells in the rural areas; and it will extend for one or two more years the assistance previously given to the Liberian Hydrological Service so as to upgrade its Water Quality Laboratory, expand its hydrological data bank, and provide training in hydrogeology and other key disciplines (\$400,000).

Linkages

46. Virtually all Liberia's donors contribute in one way or another to the agricultural sector. At the central level, USAID assists with a sectoral planning team based in the Ministry of Agriculture, while FAO is reviewing in depth the strengths and shortcomings of the country's agricultural extension service. The Rural Development Institute at Cuttington University in Suakoko receives assistance from USAID and EEC.

47. Liberia has been drawing heavily on the expertise provided by the West Africa Rice Development Association (WARDA), a regional institution with headquarters in Monrovia and with 15 West African member countries. UNDP contributed \$1.9 million during the third cycle to two regional projects in favour of WARDA (RAF/75/022 and RAF/81/025). The EEC is involved in a project for the rehabilitation of swamp rice, while the International Fund for Agricultural Development (IFAD) and the Danish International Development Agency (DANIDA) contribute to a rice seed multiplication project.

48. Four large-scale integrated rural development projects feature prominently on the agricultural scene in Liberia. The Lofa County Agricultural Development Project, funded by IBRD and the African Development Bank (ADB), provides a range of inputs to the traditional agricultural sector in north-western Liberia. The Bong County Agricultural Development Project, funded by IBRD, ADB, IFAD and USAID, supports the production of coffee, up-land and swamp rice, cassava and other food crops. The Nimba County Rural Development Project, funded by the Federal Republic of Germany, covers, in addition to a range of agricultural activities, such components as rural water supply, feeder roads, bridge construction, and health programmes. Phase I of the UNDP-funded Self-help Village Development Project in Maryland County (LIR/78/006) performs the functions described above. The Government and the donors involved in these four projects liaise regularly with each other and frequent exchanges of useful information take place among them.

49. The agricultural sector projects of the fourth country programme relate to the efforts of other donors as follows:

(a) The Land capability assessment project draws to some extent on the British Overseas Development Administration (ODA)-funded preliminary Land resources survey of Liberia prepared in 1984. It complements and expands the current EEC-funded pilot land capability survey (limited to a few confined areas of the country), and it also benefits from a large-scale mapping project funded by the United Kingdom;

(b) The Agricultural marketing project is partially a follow-up to a previous FAO-project on foodgrain marketing (1981-84) and will support the marketing aspects of the four large-scale agricultural development projects as well as the EEC-funded small-holders project for coffee and cocoa producers in Grand Gedeh County;

(c) The Agricultural research project is closely linked with the substantially larger USAID assistance to CARI;

(d) The Self-help village development project in Maryland County will, as mentioned previously, co-operate closely with the other large-scale agricultural development projects in Liberia and will also be utilized, inter alia, as testing ground for the research results at CARI; and

(e) The Water sector development project supplements the technical assistance provided by other donors, notably the EEC, UNICEF, ODA and DANIDA.

50. Although there has been no joint project with UNFPA, the United Nations Children's Fund (UNICEF) or the World Food Programme (WFP), there has been close co-operation with each of them. WFP assistance to Liberia centres on two projects: an Assistance to primary school feeding and agricultural programme, and a Reforestation and self-help rural development project. The first project provided for 6,800 tons of food over a three-year period with a total cost to WFP of \$6.7 million. The second project provides for 2,000 tons of food worth \$1.2 million over a similar period.

51. Considerable rural development work is being undertaken by UNICEF. It is implementing an ambitious nation-wide vaccination campaign over the period 1986-1991 to reduce infant mortality substantially. UNICEF has supported rural clinics, produced low-cost teaching materials for school children, and provided potable water to rural communities. UNFPA has been involved in the same sector, seeking to integrate maternal child health projects with existing rural health services. It is also active in a family health and welfare project for plantation workers together with the International Labour Organisation (ILO). The World Health Organization (WHO) has contributed to rural development by supporting Liberia's primary health care system as well as its community water and sanitation efforts.

Supporting private sector initiatives

52. The decline of the foreign enclave sector, the rapid population growth, the high level of urban migration and unemployment are all likely to continue unless effective measures are taken to stimulate economic growth and initiate new economic activities. This is particularly important in view of the Government's stated objective to let the private sector play a greater role in the economic life of the country. The aim of this component of the country programme is to support a decentralized approach to economic development, reduce the role of the state in the economy, and develop a climate in which private enterprises, particularly in the rural sector, can thrive. The previously listed LIR/86/002 project to assist the Bureau of State Enterprises is meant to contribute to this objective as well as to the improved management of the public sector.

53. UNDP assistance to the private sector is confined to a few projects intended to encourage local entrepreneurs and to generate employment. In selecting these projects, special emphasis was placed on two considerations: the need to sustain the positive results of past assistance to small-scale urban enterprises, and the need to develop closer links between the industrial and the agricultural sectors (small agro-industries and/or enterprises providing goods and services to rural communities).

54. The following ongoing project will be extended:

Extension services to small-scale enterprises, Phase II (LIR/87/007)

The productive economy outside agriculture and the export sector is extremely limited: manufacturing accounts for less than 5 per cent of GDP. In 1979, the Government established a scheme to aid small and medium-scale enterprises (SMEs). This programme, which covers only Liberian-owned enterprises, is supervised by the

National Investment Commission (NIC) which provides technical assistance and managerial back-up. The financial needs of the sector are being met by various local credit institutions. IBRD has in recent years supplied a line of credit for the sector. UNDP has so far met the costs of a number of long-term experts and United Nations Volunteers who have assisted in identifying suitable investment opportunities, motivating entrepreneurs, preparing and evaluating bankable project proposals, and providing industrial extension services to individual enterprises. The Volunteers have been highly cost effective, and it is proposed to use them again. The Government has decided to include a second phase of this project in the fourth country programme, and it intends, subject to normalization of its relations with IBRD, to request a new line of credit for this sector.

The first phase of the project concentrated primarily on wood-working and metal-working industries. In the second phase, it will pay much more attention to local production related to various agricultural activities, such as agro-inputs, agro-processing, as well as repair and maintenance facilities for agricultural equipment. It is proposed to give consideration to at least one pilot project in poultry and piggery. Local demand for such produce is often unmet. Additionally, the project could provide the necessary feedstock for the pens and piggeries, using also crop residue, livestock wastes and some industrial by-products (\$1 million).

55. The following new project has been identified:

Private sector development

The Government proposes, within the fourth country programme, to assist the private sector through a variety of incentive measures, including marketing support. In addition, the Project Development Facility established jointly by UNDP, the International Finance Corporation (IFC), and the ADB in 1986 to aid new private sector projects in Africa will be tapped for this purpose. UNDP will also be able to draw on short-term consultancies under the newly established Short-term Advisory Services (STAS) scheme to assist selected businesses.

56. Among the initiatives which will be encouraged in the private sector, highest priority will be given to those which will generate the largest number of new jobs. The economic recession, the growing urban migration, and the recent retrenchments in the civil service are all adding to the already serious employment situation. It is important that measures be taken to alleviate what is potentially a grave social as well as a human problem. Concrete project proposals in this field have not yet been developed, but it is the Government's intention to utilize UNDP assistance for the purpose of formulating and implementing a pilot employment project aimed particularly at reducing unemployment in the urban areas. UNDP will solicit the assistance of the Jobs and Skills Programme for Africa (JASPA) towards the identification of viable proposals in this field. A sum has been allocated as a programmed reserve for this purpose (\$700,000).

Linkages

57. UNDP's assistance to private sector development will be complemented, inter alia, by USAID support for the Small Enterprise Financing

Organization (SEFO). IBRD involvement in this sector is also likely to be resumed once the present suspension of lending has been lifted. USAID has planned a large programme of education and support for Private Voluntary Organisations (PVOs) and Non-government Organisations (NGOs) in Liberia. In the field of industrial development, there has been some support by EEC in agro-industries and the Federal Republic of Germany has supported the forestry sector, primarily through reforestation activities and the Bomi sawmill, which is largely a training project.

Other projects continued from third cycle

58. A few projects with no direct relationship to the objectives of the fourth country programme were approved late in the previous cycle and will be carried forward into the new country programme period. They are:

- (a) Institutional Support to the University of Liberia (LIR/82/003) which provides expatriate lecturers in key disciplines for which qualified Liberians are not currently available;
- (b) Strengthening of the Liberian Telecommunications Corporation (LIR/82/005) which focuses heavily on training of the technical staff; and
- (c) Monrovia Vocational Training Centre (LIR/85/001) which aims at upgrading the skills of the teachers and the quality of the training equipment of the centre.

Commitments for these three projects for the period 1987-1989 amount to \$550,000.

C. Unprogrammed reserve

59. A reserve of \$550,000 has been set aside for unforeseen contingencies. Given the serious financial and economic problems the country is facing, it is necessary to reserve this sum to cover priority emergency requirements which will be identified later in the country programme period.

Annex I

FINANCIAL SUMMARY

I. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

| | \$US | \$US |
|-----------------------------------------------------------------------------------------------------------------------------------|------------|--------------------------|
| <u>A. UNDP-administered sources</u> | | |
| Third cycle IPF balance | 633 000 | |
| Fourth cycle IPF | 11 567 000 | |
| Subtotal IPF | - | 12 200 000 |
| Special Measures Fund for Least Developed Countries | - | - |
| Special programme resources | - | - |
| Government cost-sharing | - | - |
| Third-party cost-sharing | - | - |
| Operational funds under the authority of the Administrator (UNIFEM) | 200 000 | - |
| UNDP special trust funds | - | - |
| Subtotal, UNDP non-IPF funds | - | <u>200 000</u> |
| <u>B. Other sources</u> | | |
| Funds from other United Nations agencies or organizations firmly committed as a result of the country programme exercise | - | - |
| Parallel financing from non-United Nations sources | - | - |
| Subtotal, other sources | - | <u>-</u> |
| TOTAL ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING | | <u>12 400 000</u> |

II. USE OF RESOURCES

| | | |
|--------------------------------|-----------|--------------------------|
| Ongoing projects | 7 250 000 | - |
| New project proposal | 3 900 000 | - |
| Programmed reserve | 700 000 | - |
| Subtotal, programmed resources | | 11 850 000 |
| Unprogrammed reserve | | <u>550 000</u> |
| TOTAL USE OF RESOURCES | | <u>12 400 000</u> |

Annex II

SUMMARY OF PROJECTS

| | | | |
|-------|-----------------------------------|----------------|-------------------|
| (i) | <u>Public Sector Management</u> | | |
| | Planning Ministry | \$1 200 000 | |
| | Bureau of the Budget | 100 000 | |
| | BSE | 300 000 | |
| | Public Service Training Programme | 900 000 | |
| | NATCAP | 50 000 | |
| | Umbrella Training | <u>400 000</u> | 2 950 000 |
| (ii) | <u>Rural Development</u> | | |
| | Land Capability Assessment | 2 000 000 | |
| | Agricultural Marketing | 1 000 000 | |
| | CARI | 1 000 000 | |
| | Self-help Village Development | 2 200 000 | |
| | Water Resources | <u>400 000</u> | 6 600 000 |
| (iii) | <u>Economic Activities</u> | | |
| | Small Scale Enterprises | 1 000 000 | |
| | Private Sector Development | <u>700 000</u> | 1 700 000 |
| (iv) | <u>Projects brought forward</u> | | 550 000 |
| (v) | <u>Unprogrammed Reserve</u> | | <u>600 000</u> |
| | | | <u>12 400 000</u> |
