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Country and intercountry programmes and projects

FOURTH COUNTRY PROGRAMME FOR LIBERIA

Note by the Administrator

I. PROCESS OF THE PROGRAMMING EXERCISE

1. The critical economic situation prevailing in Liberia since 1980 has brought the Government to initiate appropriate actions for increased international assistance. The General Assembly of the United Nations twice received reports from the Secretary-General, in December 1982 and December 1985, on the mobilization of international resources to aid the country. The UNDP field office is the secretariat of the Monrovia Donors Group (MDG) and in that capacity has been playing an important role in increasing donors' awareness as to the precariousness of the Liberian economy and in assisting the Government in its aid mobilization efforts.

2. UNDP's understanding of the Government's priorities and policies has been the result of a close continuing relationship. The reviews of the third country programme (November 1984 and September 1985) enabled the Government and UNDP to review in depth UNDP's role and the optimum use of its resources within a clearer understanding of the Government's goals and priorities. This relationship has been maintained during the transition from military to civilian rule in January 1986.

3. An agricultural sector review mission was recommended by the meeting held to review the third country programme in September 1985. This was in response to the Government's stated aim to make agriculture the focus of the fourth country programme. UNDP responded by fielding the mission in April 1986.

4. The resident representative's Note, which is intended to position the assistance UNDP may offer to the Government of Liberia based on the macro-economic

assessment of the country, the agreed sectoral policies and reform packages, the actions of other partners in development and UNDP's experience during the past programming cycle, was drafted after consultations with United Nations agencies and major donors represented in Monrovia and submitted to the Government of Liberia in April 1986. The reactions from the Government indicated its satisfaction with the Note's proposals, as they were consistent with the Government's development priorities as defined in the draft Economic Recovery Programme (ERP).

5. The resident representative's Note was distributed to United Nations system organizations as well as to all the multilateral and bilateral donors represented in Monrovia. Their comments as well as those from government agencies were taken into account in the preparation of the draft country programme document. The Ministry of Planning set up a special committee to study the document in detail. The draft document was then discussed and finally adopted by the Government on 28 July.

II. THE FOURTH COUNTRY PROGRAMME

6. The Government of Liberia has been confronted with a rapidly deteriorating economic situation which in great part has been beyond its capacity to control. The military coup of April 1980, which took place during an already worsening economic situation, precipitated a further loss of confidence in the economy by the large foreign communities in Liberia. These and others were able to move considerable funds out of the country (a process facilitated by the fact that the United States dollar is the country's official currency), thereby creating additional financial problems.

7. The engine of growth has been the world demand for the key export commodities in which the country is rich (rubber, iron ore, tropical timber). The oil price rise of 1973 and the slowdown in world economy has led to a reduction in the demand for these raw materials. Since, in addition, it has not been possible, for both social and political reasons, to rein in the public sector wage bill, public debt has soared to excessive levels.

8. Liberia has many qualified people. The long-term standing relationship with some major donors (the United States of America and Sweden, among others) has meant that a number of people have not only received good education at home and abroad, but have also been able to gain considerable experience in their professions. Because government salaries are low, a considerable loss of specialists to the private sector and, more seriously, a large-scale brain drain, have resulted from this situation. Even though it will be difficult, politically and otherwise, to reduce the public sector wage bill, it is a necessity which cannot be avoided.

9. Because of the above, the Administrator would like to ensure that the impact of the substantial training component of UNDP assistance is improved. The Administrator shall seek a dialogue with the authorities to streamline the civil service and at the same time possibly to introduce a system of bonding of people who have been trained by UNDP. With these clear objectives in mind, a substantial component of the fourth country programme will be devoted to training.

10. The fourth country programme has three main objectives: (a) to improve the management of the public sector; (b) to develop agriculture and rural development; and (c) to support private sector initiatives. These three objectives of technical assistance are consistent with the development objectives and priorities of the Government.

11. Whilst the central point of government policy is the development of agriculture, the country programme places the need for improvements in the management of the public sector even higher: it is a prerequisite for developing the absorptive capacity of the country. In order to help improve the management of the public sector, UNDP was requested to continue its assistance to the Ministry of Planning and Economic Affairs in order to strengthen its planning and monitoring capability. Assistance will also be given to the Bureau of the Budget. Finally, an ambitious programme of training is proposed to improve the general level of government service. For those made redundant in a situation of increasing unemployment and underemployment, it is proposed to establish a pilot employment project for channelling this human resource to the private sector.

12. The Green Revolution, launched in January 1986, has the potential for rallying the country around the main long-term economic solution, namely the development of agriculture. The policies to make this possible have yet to be fully elaborated, but UNDP's proposed projects should help considerably to achieve this vital development goal.

13. The bulk of the programme (53 per cent) is being earmarked for agricultural and rural development. Here again, the Government will have to continue to undertake policy reforms and decisions if the programme is to succeed. The two projects that are primarily in agriculture are an assessment of the agricultural potential of the land and agricultural marketing. The two projects that are primarily in rural development are an integrated village development project and a water development project. A fifth project, agricultural research and extension, aims to channel research in agriculture (much of the research currently undertaken is basic research) to respond to the needs of the farmers. It aims at preparing technological packages which farmers can understand and apply.

14. The third objective of the country programme is to help develop new economic initiatives. The Government has declared itself eager to involve the private sector in more opportunities by divesting itself of some of the 26 State enterprises and by expanding the services of support for small-scale industries. UNDP will continue two existing projects in this area, as well as allowing a programmed reserve which could be devoted to more agro-industrial activities. The new regional UNDP/IFC/AFDB project development facility for private sector project development and support in Africa should help to develop budding projects.

15. A major weakness in all development projects in the country is the Government's difficulty in meeting its counterpart obligations. In order not to add to the Government's recurrent costs, no new project has been contemplated unless all additional costs are met from external sources.

16. The Government's detailed development plan has been suspended in order to prepare its Economic Recovery Programme, which determined broad government priorities. With this in mind, UNDP's projects have been identified and will be designed so as to respond to these priorities. An adequate unprogrammed reserve has been set aside to cope with demands that might eventually arise during the course of the cycle.

III. MANAGEMENT OF COUNTRY PROGRAMME

17. During the latter part of 1986 a number of project formulation and evaluation missions will have prepared the ground for launching new project activities. The full range of projects will be under way by early 1987.

18. The European Economic Community (EEC) has shown an interest in extending the scope of UNDP assistance by financing agricultural projects that are linked to those proposed in the country programme. The details were elaborated by the resident representative in the second half of 1986. It is also hoped that the suspension of disbursements by the World Bank (IBRD) will soon be restored. This will enable IBRD to resume its co-financing projects in the Bureau of State Enterprises and in the small-scale industries projects. Funds might thereby be released from the IPF to meet other needs at a later stage of the fourth country programme.

19. It is proposed to hold one mid-term review of the programme in 1989. During the fourth cycle it is also proposed to undertake a National Technical Co-operation Assessment and Programme (NATCAP) exercise.

IV. RECOMMENDATION OF THE ADMINISTRATOR

20. The Administrator recommends that the Governing Council approve the country programme for Liberia.
