



Food and Agriculture
Organization of the
United Nations

Strengthening the enabling environment for responsible investment in agriculture and food systems

Evidence from Liberia

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Required citation:

FAO. 2021. *Strengthening the enabling environment for responsible investment in agriculture and food systems – Evidence from Liberia*. Rome. <https://doi.org/10.4060/cb2131en>

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ISBN 978-92-5-133633-5

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Contents

Abbreviations and Acronyms	vii
1. Introduction	1
1.1. Background	1
1.2. Methodology	2
1.3. Historical and agricultural contextual overview of Liberia	3
1.4. Key findings and recommendations	6
2. Analysis of Liberia's country context and development	9
2.1. Demography and social indicators	9
2.1.1. Population	10
2.1.1.1. Food security and nutrition	12
2.1.2. Human development and poverty rates	13
2.1.3. Education and skills	13
2.2. Trends in the Liberian economy and subsequent enabling environment	14
2.2.1. Labour	16
2.2.2. Trade	17
2.2.3. Monetary policy	18
2.2.4. Fiscal trends	19
2.2.5. Concession based development public/private partnership	20
2.3. The private sector	21
2.3.1. Foreign Direct Investment	21
2.3.2. Regulation of the private sector	22
2.3.3. Access to finance	23
2.3.4. Physical capital and infrastructure	26

2.4. Trends in the Liberian agricultural sector	27
2.4.1. Rice	29
2.4.2. Cassava	29
2.4.3. Horticulture	29
2.4.4. Oil palm	30
2.4.5. Cocoa	30
2.4.6. Rubber	31
2.4.7. Livestock and Fisheries	31
2.5. Trends in the Liberian environment and ecosystem	32
3. Institutional and formal context	35
3.1. Key actors	36
3.2. Coordination mechanisms and multi-stakeholder collaboration	38
3.2.1. Donors	38
3.2.2. Government	38
3.2.3. Private sector	38
3.2.4. Private sector development organisations	38
3.2.5. UN agencies	38
3.2.6. Unions	39
3.3. Policy environment	39
3.3.1. Economic Laws and Regulations	41
3.3.2. Food safety standards	43
3.3.3. Inputs	43
3.3.4. Extension services	45
3.3.5. Land rights	45
3.3.6. Environment	46

3.3.7. Fisheries	47
3.3.8. Gender	47
3.3.9. Youth	49
4. The informal and traditional context, and social norms	51
4.1.1. Traditional agricultural practices	51
4.1.2. Power, ownership and leasing	53
4.1.3. Youth and gender	53
4.1.4. Justice, trust and equity	55
5. Conclusions	57
Bibliography	61
Annex	67
Annex 1 – National Seasonal Calendar	67
Annex 2 – Key statistics	68
Annex 3 – Land law the eight mandates	70
Annex 4 – Balance of Payments	71
Annex 5 – List of relevant government entities	73

Acknowledgements

This report was drafted by Simone Pruijssen from ZOA Liberia under the German-funded project “Enhancing the enabling environment for responsible investment in agriculture and food systems”. The report is part of a series of assessments for Liberia and Sierra Leone coordinated by Yannick Fiedler (FAO Programme Officer), Octavius Quarbo (Assistant FAO Representative, Programmes, FAO Liberia) and Gbessay Momoh (National Project Coordinator, FAO Sierra Leone). The report was reviewed by Matthew Tebbutt from ZOA, and Yannick Fiedler, Octavius Quarbo, Emma McGhie and Jana Herold from FAO. FAO and ZOA would like to thank Alice Lloyd for the editorial work and Carolina Saiz for the layout and formatting of this publication.

FAO wishes to express its sincere gratitude to the German Federal Ministry of Food and Agriculture for its generous support.

Abbreviations and Acronyms

- **AfDB** African Development Bank
- **CAADP** Comprehensive African Agriculture Development Programme
- **CARI** Central Agricultural Research Institute
- **CBL** Central Bank of Liberia
- **CDA** The Cooperative Development Authority
- **CFI** Chronic Food Insecure
- **ECOWAS** Economic Community of West African States
- **EPA** Environmental Protection Agency
- **FAO** Food and Agriculture Organization
- **FDA** Forestry Development Authority
- **FDI** Foreign Direct Investment
- **FGM** Female Genital Mutilation
- **GCF** Green Climate Fund
- **GDP** Gross Domestic Product
- **GER** Gross Enrolment Rate
- **GNI** Gross National Income
- **GOL** Government of Liberia
- **GPI** Gender Parity Index
- **Ha** Hectare
- **HDI** Human Development Index
- **HIES** Household Income and Expenditure Survey
- **ILF** Intra-Day Liquidity Facility
- **IMF** International Monetary Fund
- **IPR** Intellectual property rights
- **kwh** kilowatt hour
- **LATA** Liberia Agricultural Transformation Agenda
- **LD** Liberian Dollar
- **LMA** The Liberia Market Association

- LRA Land Rights Act
- LPMC The Liberia Produce Marketing Corporation
- LISGIS Liberia Institute of Statistics and Geo Information Services
- LRDA The Liberia Rubber Development Authority
- MFDP Ministry of Finance and Development Planning
- MGD Ministry of Gender and Development
- MOA Ministry of Agriculture
- MoH Ministry of Health
- MoL Ministry of Labour
- MT Metric Ton
- NAAFA National Fisheries and Aquaculture Authority
- NAP National Adaptation Plan
- NAPA National Adaptation Program for Action
- NDC nationally determined contribution
- NER Net Enrolment Rate
- NIC National Investment Committee
- PAPD Pro-Poor Agenda for Prosperity and Development
- PPP Purchasing Power Parity
- SCF Standing Credit Facility
- SDF Standing Deposit Facility
- SMEs Small and Medium Enterprises
- SPS Sanitary and Phytosanitary Standards
- SSA Sub-Saharan Africa
- TVET Technical and Vocational Education and Training
- ULCAF University of Liberia College of Agriculture and Forestry
- UN United Nations
- UNMIL United Nations Mission in Liberia
- USAID United States Agency for International Development

- **USD** United States Dollar
- **VSLA** Village Savings and Loan Association
- **WASH** Water, Sanitation, and Hygiene
- **WFP** World Food Programme
- **WHO** World Health Organization
- **WTO** World Trade Organisation

1. Introduction

1.1. Background

The achievement of the first two Sustainable Development Goals – the eradication of hunger and poverty by 2030 – requires a substantial increase in agricultural investments. At the same time, not all kinds of investments are equally beneficial. Quite to the contrary, some investments carry significant risks for all actors involved. To generate sustainable benefits for all, it is essential to enhance responsible investments in agriculture and food systems, including fisheries and forestry value chains, which address the needs of communities, farmers, investors and the broader environment. In particular, investments to develop an enabling environment to strengthen family farming and investments by young agri-entrepreneurs need to be scaled up. Family farmers produce over 80 percent of the world's food in value terms Food and Agriculture Organization (FAO, 2018).

The CFS Principles for Responsible Investment in Agriculture and Food Systems (CFS RAI) represent the first global agreement that broadly defines how to enhance and carry out such investments. Following the endorsement of the Principles, FAO has developed an Umbrella Programme “Supporting Responsible Investments in Agriculture and Food Systems” (PGM/MUL/2017-2021/RAI). An important part of the CFS RAI Umbrella Programme focuses on strengthening the enabling environment. This focus is motivated by two main factors. First, the enabling environment is one of the main determinants of the volumes and outcomes of agricultural investment, including both small and large-scale investment. Second, a series of capacity assessments, conducted by FAO, highlight the need for targeted activities to raise awareness and strengthen the capacities of key stakeholders to improve the enabling environment for responsible investment in agriculture and food systems.

Cooperation between FAO and Liberia began in 1977 when the Organization opened its country office. Today, FAO's work is focused on sustainable economic development, food security and revitalizing the agriculture sector, which is crucial for the consolidation of Liberia's progress from post-conflict stabilization. Productive and income-generating agricultural activities are an integral part of the recent emergency interventions required to relieve refugees and host communities in Liberia.

Under its CFS RAI Umbrella Programme, FAO is strengthening the capacities of Liberian state and non-state actors to enhance the enabling environment for responsible investment in agriculture and food systems. This includes the present baseline study, drafted by ZOA with support from FAO; the delivery of blended learning programmes for policy makers; capacity development activities for civil society; and multi-stakeholder policy dialogue which is expected to result in concrete policy recommendations. These activities are carried out under the inter-regional project “Enhancing the enabling environment for responsible investment in agriculture and food systems” (GCP/INT/920/GER), which is funded by Germany. The project operates at global, regional and country levels (Lao People's Democratic Republic, Liberia and Sierra Leone).

ZOA began working in Liberia in 2003 to assist in the rebuilding of the country in the aftermath of the brutal civil war and later to recover from the Ebola epidemic. This non-governmental organization works in the following sectors: food security and livelihoods, peacebuilding, Water, Sanitation, and Hygiene (WASH) and education (ZOA International, 2018). ZOA provides rural students daily Home-Grown School Meals, which not only helps to feed the children but also supports farmers and local agro-processors by boosting their income and resilience. The programme's goal is to improve children's nutrition, help to increase enrolment and attendance rates, and thanks to better nutrition, enhance the children's concentration. Finally, ZOA is actively involved in peacebuilding activities including Community-Based Socio therapy.

Through its current European Union funded programme (PARTNERS Programme Liberia), and a series of similar agriculture value chain focused projects, ZOA has experience working at the national level with the Ministry of Agriculture and Ministry of Commerce and Industry. In addition, through its work with five agro-processors, ZOA has a deep understanding of key-value chains, especially the cassava market, but also other produce like beans and moringa.

1.2. Methodology

This baseline study has been carried out based on an outline developed by FAO and a methodology developed by ZOA in consultation with FAO.

After an inception meeting and discussion with FAO to refine expectations and the methodology, ZOA brought together literature from FAO, other agriculture actors, and approached those working on commercial development and financial inclusion. The literature review assessed current knowledge gaps, and helped inform the creation of an evidence map. To fill in the evidence gaps, a list was created of key stakeholders to be interviewed.

The report has benefitted both from ZOA's macro-level understanding of the enabling environment for responsible investment in agriculture and food systems as well as its micro-level understanding of rural agricultural communities and market dynamics. At the national and theoretical level, the report draws information from the World Bank Growth and inclusive growth diagnostics, as well as knowledge of key sectoral issues such as national food handling standards and financial (ex) inclusion. At another level, evidence has been gathered from a wide range of stakeholders through interviews, of which the vast majority was done in Monrovia. If required, Skype or phone meetings have been held with key informants in other counties (e.g. relevant county authorities or technical personnel identified via the PARTNERS programme).



1.3. Historical and agricultural contextual overview of Liberia

Liberia is a small country on the West-African coast neighbouring Guinea, Sierra Leone and Cote d'Ivoire as shown in Figure 1 Map of Liberia. The country was founded by freed American slaves and was the first African republic to proclaim independence in 1847. The early modern history of Liberia (since independence) has been shaped by the country's links to the United States and desire to avoid annexation in the 'scramble for Africa'. Liberia's status as a flag of convenience (via the freeport of Monrovia) and as the home of the Firestone rubber plantation are also major characteristics of the country's history, representing its role as open to the international community and as a large-scale exporter of raw commodities.

In 1980 a coup d'état brought to the end the longest run of single party rule in global history and led to a short-lived dictatorship followed by two civil wars, which finally ended

Figure 1 Map of Liberia



Source: UN Cartographic Database, 2014.



in 2003. The war has left many scars on Liberia. The psychological effects are still being felt by the population. Influenced by drugs and alcohol, many of the combatants were often forced to commit atrocities and the rates of sexual abuse suffered by women and girls were **extremely high**. In addition to the human cost, the years of conflict ruined the country's economy with a drop in GDP from 1 billion in 1989 to 1 million in 2002 (World Bank, 2018a). After the war and with a new government in place, a massive reconstruction programme was launched to consolidate peace and security. The Liberian population tried to rebuild life (Government of Liberia et al., 2011). However, from 2014 to 2015, the epidemic of Ebola resulted in 11 207 deaths thus causing a severe economic contraction. Despite progress, Liberia remains a fragile post-conflict country facing multiple developmental challenges.

The development challenges are exemplified by Liberia's standing in many of the international indexes. Liberia is classified as a low human development country:

- Ranked 176 out of 189 of the UNDP Human Development Index 2019 (UNDP, 2019).
- According to the World Bank, 50.9 percent of the population live under the poverty line (World Bank, 2019).
- Liberia is also ranked 120 of 180 on Transparency International's Corruption Perceptions Index 2018 (Transparency International, 2018).

In January 2019, George Weah was sworn into office. This was Liberia's first peaceful transition between democratically elected leaders since 1944. In order to tackle many

of the social and economic challenges the country faces, the government launched the Pro-Poor Agenda for Prosperity and Development (PAPD, 2018). The PAPD is built upon four pillars: power to the people, the economy and jobs, sustaining the peace and governance and transparency. However, many structural and economic challenges persist and in December 2019 the IMF approved a four-year loan linked to its extended credit facility to provide breathing space for reforms to take place.

Agriculture is at the heart of the development agenda for Liberia¹: It encompasses 38.8 percent of GDP and 67 percent of the workforce. However, it is also intrinsically linked with poverty rates in the country, as “poverty levels are highest (79.6 percent) in households where the head is self-employed in agriculture” (PAPD, 2018, p. 8). Food poverty rates are 48 percent (USAID, 2017). As indicated in the table below, there are also tremendous opportunities for growth in the sector. At present, there are two broad areas of agriculture in Liberia as highlighted in the table below. A more detailed overview of seasonal calendars/ conditions and regional variations will be provided in section (2.3).

Given its geographic and climatic advantages, one of the biggest development challenges facing the country is how to better leverage on those existing resources to stimulate economic growth. This baseline study will show how, by applying the CFS RAI, Liberia can transform its agricultural sector from one of low value addition exports (primary products), food security imports and a sector synonymous with rural poverty to one of value addition, domestic food security and poverty eradication.

Table 1 Agriculture in Liberia

	Food security	Cash crops and exports
Key crops	Rice, cassava and vegetables.	Rubber, palm oil, cocoa, sugar cane, and coffee.
Geographic and climatic advantages	Ample land, rainfall and good quality soil.	Mineral resources and coastal access.
Scale and type of value chain (Key statistics)	<p>Agriculture is mostly subsistence-based, and the supply is not enough to meet the demand. Most households also buy imported staple products like rice.</p> <p>67 percent of the population is involved in agriculture.</p> <p>Food supply relies on imports: 50–60 percent of staple food requirements have to be imported.</p> <p>Rice is grown by 71 percent of farm families.</p>	<p>Export agriculture is typified by the selling of unprocessed cash crops. While Liberia does receive a large income from these crops, it is considerably less than its potential income due to a lack of processing and value addition activities within the country.</p> <p>Overall, agriculture exports contribute 26 percent to the GDP (mainly exports of rubber, palm oil, cocoa, sugar cane, and coffee).</p>

Source: PAPD, 2018; USAID 2017; National Investment Commission, 2015; Encyclopædia Britannica, inc., 2019.

¹ The word “agriculture” is used 97 times in the PAPD document.

1.4. Key findings and recommendations

Based on the ten CFS RAI Principles and the analysis carried out by ZOA with support from FAO, the following key findings and recommendations were identified:

Principle	Things to consider	Tensions, opportunities and risks
1. Contribute to food security and nutrition	Liberia is not yet food secure and relies heavily on food imports (notably rice).	The rapid expansion of agricultural land should not have a lasting impact on the environment, notably deforestation. Food security may be achieved through concessions or businesses which reap returns to scale. However, the social and cultural consequences on rural communities of rapid intensification might be exploitative of the rural labour force.
2. Contribute to sustainable and inclusive economic development and the eradication of poverty	Liberia remains one of the poorest countries in the world, with a surplus supply of unskilled young labour.	The increasing mechanisation of the agricultural process might lead to fewer higher paying jobs, which can cause tension with the surplus supply of young labour. In contrast, labour intensive approaches may come with higher coordination and transaction costs which make returns to scale (and thus profit margins and retail prices) less competitive. Overall, balancing the needs of urban consumers with those of rural producers through inclusive business models will be vital.
3. Foster gender equality and women's empowerment	Most of the subsistence and informal workforce is female, but the majority of the formal business ownership is male.	There are notable cases of female SME ownership in the agricultural sector, but many of these are linked to NGO or other developmental assistance. Likewise, rural women, who make up the majority of the informal labour force are subject to a variety of social norms which restrict their participation in civic life. Purely providing investment opportunities and access to finance will not be enough to turn the female workforce into a) entrepreneurs b) formal employees. Wider social and policy change will need to be created to make the agricultural sector gender transformative.
4. Engage and empower youth	Youth unemployment is a big issue in Liberia, but many young people do not see agriculture as an attractive form of employment.	Many of the Liberian youth are not interested in subsistence farming as a way of life. Wage employment in concessions is another option, but because current agricultural practices are labour intensive (hard and involving drudgery) more incentives are needed to attract youth to the sector. At present, the surplus supply of youth labour drives down wages, disincentivising many from making a living via agriculture. Possible opportunities include incentivising young agri-entrepreneurs to engage in post-harvest handling activities and/or to stimulate larger-scale post-harvest investments which commit to hire youth.
5. Respect tenure of land, fisheries, and forests, and access to water	Land Rights are a major source of tension in Liberia, both traditionally and between concession contracts and with local populations. Traditional fishing techniques are sustainable, but not economically expandable, whereas commercial fishing is profitable but can deplete stocks.	When it comes to stimulating local economic growth, agricultural concessions generally do not perform as well as mining concessions. The thin profit margins in the agricultural industry are unappealing to many youth. Major tensions between mining concessions and local communities exemplify the trade-off between economic growth/ returns to scale, and inclusive business practices.

Introduction

Principle	Things to consider	Tensions, opportunities and risks
6. Conserve and sustainably manage natural resources, increase resilience, and reduce disaster risks	Liberia's dense forest is both an asset and a burden. The preservation of the forest can attract tourists and help with carbon offsetting, but much of this land is also needed for food security, if Liberia is to become self-sufficient.	Concerns on environmental protection have been raised both with regard to traditional land clearance via slash and burn as well as on process resulting in stripping back tracts of prime forest for intensive food production clash with environmental mandates. The increased use of chemical inputs and other intensification techniques could clash with other environmental objectives, such as the expansion of national parks and the maintenance of biodiversity.
7. Respect cultural heritage and traditional knowledge, and support diversity and innovation	The agricultural labour force, both subsistence farmers/ fisherfolk do not solely respond to market-based incentives. Underlying traditional obligations and expectations determine how communities' function. Traditional practices such as communal labor in the kuu are a long-established practice beyond the labor aspect and it is fully intertwined in communal life.	Traditional practices are often a hybrid of communal and commercial. Introducing purely market-based solutions for agricultural production can have an impact on the fabric of rural life. Likewise, levels of trust and other social norms mean that business initiatives based on contract law and written agreements may clash with traditional values of trust and equity. It should be ensured that communities are included, and are able to participate fully in any benefits derived from the improved use of these genetic resources. With the use of these resources, communities should be able to sustain their livelihoods and should consider the ethical values and cultural traditions as well as the natural environment. Therefore, the pre-eminence of public policy, in partnership with the private sector and civil society, must be reaffirmed.
8. Promote safe and healthy agriculture and food systems	While food safety standards are low and incomplete in Liberia (there are very limited extension services), the lack of chemical inputs and high-tech processing reduces the risks of contamination and injury during production.	An increase in intensive inputs may increase production, and stop rotation to an extent, but it may also lead to soil exhaustion and because of Liberia's high rainfall, the soil could also become depleted. Food safety standards for the main crops are currently being developed. While larger businesses have the ability to standardise and control standards, they also can mechanise processes thus reducing the possibility of contamination. However, the majority of food production comes from smallholders, who lack the assets and knowledge to produce to such standards.
9. Incorporate inclusive and transparent governance structures, processes, and grievance mechanisms	Low levels of trust by many rural communities have meant that formal (i.e. MoU based) governance structures lack acceptance with these communities.. When large scale concessions are leased, Liberia's poor have limited capacity to impact on decisions being made which may lead to land disputes between large corporations and rural communities.	The high level of informality in the sector combined with the low skill requirements and a surplus supply of labour, mean that employees have a weak bargaining power, even in formal employment. Likewise, transparency of accounting can be improved. Coordination and coherence within the ministries of the Government of Liberia should also be strengthened to enhance policy coherence, streamlining of tasks and responsibilities. Establishing a coherent set of policies in the short term is important if Liberia is to avoid a policy vacuum as businesses need to compete. However, policies the benefit the employee often add to overhead costs.
10. Assess and address impacts and promote accountability	Lack of a coherent policy environment is affecting impact interventions. Lack of transparency creates a challenging environment for businesses to compete as many of their competitors often do not follow current labour laws and regulations.	Liberia has had an accelerated experience in dealing with concession-based development and contraction; however, when it comes to large scale investments oversight and transparency need to be improved. Enforcement of laws and regulations combined with better coordination within the appropriate system provides a great opportunity for improvement of the current situation. Policies are formulated, but their limited enforcement compromises their effectiveness. Many companies often have a quasi-regular status, paying tax, but often not at the value which their scale demands. Therefore, compensations to communities where concessions are established are either not sufficient or not provided at all.



2. Analysis of Liberia's country context and development

The following section describes and assesses the current trends regarding Liberia's demography, economy, private sector, agriculture sector and its current state of the environment.

2.1. Demography and social indicators

Demographic and health trends in Liberia show a mixed picture. There are considerable causes for optimism, such as reduced maternal and child mortality, but there are also some warning signs, such as an extremely high and persistent prevalence of food insecurity. In particular:

- In absolute terms, Liberia ranks near the lower bottom of most scales. However, there are absolute improvements against most indicators -fertility rates, maternal and child mortality are all dropping. Knowledge of family planning and the use of contraceptives are all increasing.
- Compared to its neighbours, Liberia is one of the most urbanised countries, with 52.0 percent of the population living in urban areas (2 569 273 people in 2019).

The demography of Liberia is characterised as a population which is young, poor and urban, with low access to health facilities and educational opportunities. All of these factors are linked to the way the agricultural sector is currently structured. It is dominated by traditional subsistence farming, especially the cultivation of rice and cassava. Some smallholder farmers also cultivate cash crops, including coffee and cocoa, though typically on a very modest scale. Liberian farmers have an average of 1.3 ha of land per household, but land holdings for smallholders vary by region (Murphy, Erickson, & Tubman, 2016). Most of these cash crops are cultivated in upland areas using labour-intensive techniques, with very limited use of improved inputs, machinery, or modern production methods (World Bank Group, 2018).



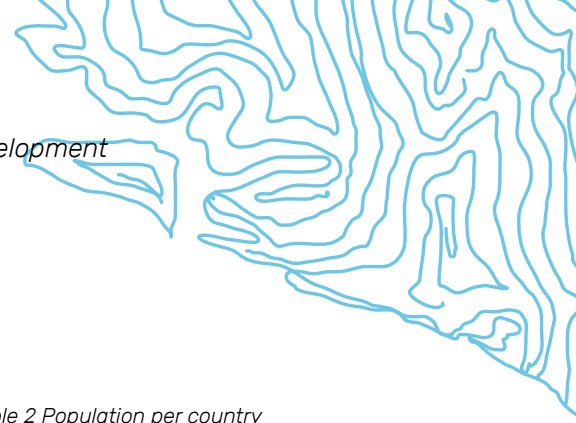
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2.1.1. Population

As outlined in the demographics section, the composition of Liberia's population is important for the agricultural sector. Population distribution, age, gender, family size and diaspora are all important trends to understand the current structure of Liberia's agricultural sector as well as its implications for the future.

Liberia has one of the highest population growth rates in the world. Although the rate is slowing, the population is still projected to increase rapidly for the foreseeable future. However, considering the size of the country is 96 320 Km² and its population 4.82 million in 2018 (World Bank, 2019), the population density is not very high. The rate of urbanisation (52 percent) also leads to a conclusion that there is sufficient space in Liberia for agricultural development, however, as described below, land rights issues and environmental concerns somehow complicate this simple analysis. Population growth is also driven by an increase in life expectancy, due to absolute increases in medical care (although comparatively, these are still poor) and the end of the war which has reduced mortality rates.

Table 2 Population per county shows the overall spatial distribution of the population by county and the percentage of the population this accounts for. The spatial distribution of the population data by LISGIS (2016) shows that nearly two-thirds of the population live in Montserrado and the North Central statistical regions comprising four counties. Three-fifths of the population live in seven of Liberia's 15 counties.



Regarding age, 90 percent of the population is under 35 years of age. With nearly half (49.1 percent) of the population made up of young people under the age of 18 years, the median age in Liberia is 18.9 years. Youth in Liberia comprise the population falling between 15 and 35 years and constitute a significant percentage (47 percent) of the population, with the portion of the population of working age (15 to 64) being 52.6 percent. Therefore, there is a young population and space for them to farm but it is important to note that the average age of a Liberian farmer is over 55 (USAID/Liberia, 2009). Evidence from interviews and other sources indicates that the youth do not see agriculture as an appealing livelihood or economic enterprise given low rates of return and persistent challenges in terms of accessing financial services and markets.

Table 2 Population per country

Región	County	Population	%
Montserrado	Montserrado	1 364 902	32.2
North Western	Bomi	102 674	2.4
	Grand Cape Mount	155 106	3.7
	Gbarpolu	101 782	2.4
South Central	Margibi	256 228	6.0
	Grand Bassa	270 594	6.4
South Eastern A	River Cess	87 282	2.1
	Sinoe	124 976	2.9
	Grand Gedeh	152 887	3.6
South Eastern B	River Gee	81 522	1.9
	Grand Kru	70 687	1.7
	Maryland	165 923	3.9
North Central	Bong	407 041	9.6
	Nimba	563 939	13.3
	Lofa	337 934	8.0

Source: LISGIS, 2016.

More information on gender roles will be outlined in sections (3.3.8 and 4.2) as gender is a key cultural issue, especially in rural areas. Also, as the major gender trends have been outlined in the demographics section, women are having fewer children than previously and want fewer still. Women are more educated about their reproductive rights than ever before, but in absolute terms, this is starting from a very low base. Both men and women have an increased life expectancy. In many respects, however, the traditional subsistence farming perpetuates many of the duties, roles and responsibilities of women in society. Section (4) will further elaborate.

In terms of family size, the national average household size is 4.3 persons and ranges from 3.7 persons per household in Gbarpolu county (Northwest region) to 4.9 in Maryland (South Eastern region) respectively. 59 percent of households are headed by people aged 30-49. The dependency ratio is particularly high in rural areas (which might again feed the narrative of less-educated larger rural families becoming trapped in a cycle of subsistence). Responsible agricultural investment will need to find a way to harness the potential of increasingly educated women and decreasing family sizes to move towards surpluses and not subsistence. As section 4 will show, this requires confronting many Liberian social norms. Many of these social norms link not only to population size but are also driven by tradition, religion and tribal customs. These will be further explored in later chapters.

2.1.1.1. Food security and nutrition

A paradox exists at the heart of the Liberian agricultural sector. The country is very well suited to agricultural production and employs around 80 percent of the labour force, yet between 50–60 percent of food is imported. The challenge for responsible investment in agriculture is to help Liberia unlock its undoubted potential in order to improve its domestic food security agenda.

An estimated 86.2 percent of Liberians are food insecure and 62.6 percent are severely food insecure (WFP, 2015; FAO, IFAD, UNICEF, WFP, WHO, 2019) This means that households end up consuming foods that are inadequate in quantity and quality. Children are more sensitive to short-term food shortages and this pushes them into malnutrition. 94 percent of urban households purchase their food at the market, yet it is in the countryside that the problem is more evident. The 2016 National Household Income and Expenditure Survey found that nearly 65 percent of total food consumption in rural areas comes from purchases, and 35 percent from home production (LISGIS, 2016). When these figures are contrasted with the rates of smallholder farmers and subsistence farmers it is clear that there is a need for improving efficiency to create surplus and value in a whole range of agricultural value chains.

Liberians produce only one-third of the rice they consume and thus rely on international markets for at least six months in a typical year. The second main staple, cassava, is widely cultivated and used as a food security crop. However, the market network is severely limited, particularly in geographically isolated rural areas.

In 2017, Liberia was classified as Moderate Chronic Food Insecure (CFI) (USAID, 2017). Households are faced with critical constraints to production and sale including a low economic valuation of food, weak access to inputs including credit and limited household-level processing and poor storage capacity. The most common shocks households face are: sickness of a family member, increasing food prices, death of a household member or reduced income due to loss of employment (WFP, 2015). The little knowledge and awareness around the importance of nutritious foods for physical and cognitive growth and development further complicates food and nutrition insecurity (Lehmann, 2016), leading to the current high and stagnated levels of stunting in children under five. Liberia has a stunting rate of 32.1 percent (FAO, IFAD, UNICEF, WFP, WHO, 2019). As with many of the population and demographic trends these rates are falling but remain high in absolute terms.

Currently, the Government of Liberia does not have a comprehensive early warning system to track proxy food security indicators such as rainfall, market prices, and undernutrition indicators for children under 5. However, in the wake of increased food insecurity due to Ebola, a Food Security and Monitoring Surveillance System has been proposed by the National Food Security Cluster. This system would support County Statistics and Information Management Offices to “collect, manage, and disseminate statistical and spatial information” within their county and feed information into a national database to conduct monitoring and early warning about deteriorating situations.

2.1.2. Human development and poverty rates

Entrenched inequalities between regions, genders and social groups exacerbate the country's fragility. Liberia ranks 176 of 189 countries on the United Nations Development Programme (UNDP) Human Development Index (UNDP, 2019). Although it has a relatively low rank, it must be noted that between 2000 and 2018, Liberia has increased by 10.2 percent, again showing some relative improvements from a low absolute position. The Gross Domestic Product (GDP) in Liberia was USD 3.26 billion in 2018² (World Bank, 2019), which equates at USD 677 per capita.

Poverty is widespread, with estimates indicating that 50.9 percent of the population lives below the poverty line International Monetary Fund (IMF, 2019). Poverty is higher in rural areas (71.6 percent) than in urban areas (31.5 percent) (LISGIS, 2016). As previously mentioned, "poverty levels are highest (79.6 percent) in households where the head is self-employed in agriculture" (PAPD, 2018, p. 8).

Despite the favourable agricultural conditions and the ratio of the population deriving their livelihoods from subsistence agriculture, Liberia still has a food poverty rate of 48 percent (USAID, 2017). Because a majority of the elderly have never worked in the formal sector, they are unlikely to be vested in any pension scheme that provides some form of income security. Liberia does not have universal statutory social security for its elderly people. The only form of old age protection available is the contributory national pension scheme for the wage-earning population. Under the current eligibility criteria, no more than 300 000 persons would qualify (PAPD, 2018). As such, social protection, especially in rural areas, is provided by the family, hence the rising population mentioned above.

It is clear that the agriculture sector is a critical nexus for Liberia. Poverty rates intersect with major demographic trends and food security issues. And while the direction of travel in many of these trends is positive there is still a long way to go against most internationally recognised indicators.

2.1.3. Education and skills

Liberia faces an acute shortage of young people with adequate education and job skills, which inhibits productivity growth. More than half of the labour force has not completed primary school, and literacy rates are among the lowest in the world. 64.7 percent of the country's population attend formal education, 75.7 percent of those are males and 51.2 percent are females (LISGIS, 2016). Since the end of the civil war, access to education has improved. However, outcome indicators remain low by international standards. In 2006, school fees in public primary schools (Grades 1-9) were abolished by the Liberian government, which gave a boost to primary enrolment. In 2016 - 2017, the gross enrolment rate (GER) at the primary level was 85.11 percent. The net enrolment rate (NER) was 44.4 percent (UNESCO Institute of Statistics, 2019; IFAD, 2019).

² For a full oversight of the Liberian economy over time, see Annex 1 - Statistics and trends 2000-2019.

64.7 percent of the Liberians are estimated to be literate. There is a significant discrepancy between urban and rural areas, as 78.1 of the urban population is literate compared to 21.9 percent of the rural population (UNESCO Institute of Statistics, 2019).

Access to education differs greatly between rural and urban areas and wealthier and poor households. Children from poor households and those living in rural areas have the least access to education and receive the lowest quality of educational services. Among wealthier households and households in urban areas, 48 percent of children between the ages of six and 11 attend primary school, compared to just 26 percent of children from poorer households and households in rural areas (World Bank Group, 2018). Low attendance rate can be explained by lack of money, the distance to the nearest school, and early marriage as the most important barriers to education access.

Gender disparities in education are still a problem, as over 50 percent of Liberian women between the ages of 15 and 34 have not attended school, and median level of years of education for young women from poor households is only 1.8 years (World Bank Group, 2018). However, substantial gender disparities are declining across all districts and income groups with the help of special government programs to promote gender parity in education.

Apart from a lack of opportunities, the level of youth unemployment also reflects the fact that children in Liberia continue to face enormous obstacles in their efforts to gain an education. In 2016, the UN ranked Liberia as having the highest proportion of children out of school in the world. Almost two-thirds of children in Liberia do not go to school. Only 7 percent of children finish primary school and only 4 percent complete secondary education. As a result of the Ebola crisis, schools had to shut down for almost all the 2014–2015 academic year and there were worries that students who had been out of school for such a long period may not return.

2.2. Socio-economic trends

Liberia's economy is market-based and largely dependent on natural resources, foreign aid, and foreign direct investment. Agriculture accounted for 37.28 percent of the GDP in 2018, followed by forestry (12 percent of GDP), and 12 percent of the GDP comes from concession reliant industrial sectors (mostly mining). Small household and subsistence farming make up the majority of farming in the agricultural sector with 41 percent of all households in Liberia dependent on food crop production for their livelihoods. Yet, the country still imports and buys most of its food, demonstrating the importance of increasing productivity in the agricultural sector, close yield gaps and reduce post-harvest losses through responsible agricultural investment.

Liberia recognises agriculture as a strategic sector because a vast majority of the population depends on it for its livelihood, but it is chronically underutilised. The country has recalibrated its economic policy to one of Economic Diversification and Inclusive Growth through Agriculture, Agro-Processing and Manufacturing. The new economic policy, the "Liberia Agricultural Transformation Agenda (LATA)," adapts an export-driven approach and focuses on six agro-clusters, or sectors, moving away from raw commodities to manufacturing and processing of priority value chains. These comprise cocoa, rubber, oil palm, fisheries & aquaculture, rice and cassava (National Investment Commission, 2015; PAPD, 2018). The sector, however, faces a wide variety of challenges such as the lack of reliable, relevant, and timely information to farmers, the disintegration of markets and exposure to emerging technologies and techniques, such as the rising importance of Information and Communication Technologies (ICT), mobile money and marketing in the agricultural sector. With such a challenge, it is vital that innovative and alternative methods of disseminating information within Liberia's agriculture sector are adopted, while also empowering farmers to improve agricultural productivity and sustainability.

Liberia's strong historical links with the United States greatly increase international labour mobility and remittances. Moreover, the country has one of the world's highest remittances-to-GDP ratios, accounting for 11.8 percent of GDP in 2018 (World Bank, 2019). More than one-third of inbound remittances originate in the United States. Over the past decade, Liberians abroad have transferred an estimated USD 4.5 billion in remittances to Liberia, and much more through a wide range of self-help initiatives through hundreds of Liberian organizations in the diaspora. The most recent World Bank report indicates inflows of approximately USD433 million representing 31 percent of Liberia's Gross Domestic Product (GDP) in 2018 alone (FPA, 2019). While the exact impact of the economic recession induced by the COVID-19 health crisis is yet unknown, it can be expected that remittances flows will decrease.

Besides remittances, Liberia is among the world's most aid-dependent countries. Due to its status as a post-conflict fragile state, Liberia's inflows of external budget support, investment financing, humanitarian aid, and technical assistance are very large relative to the size of its economy. Budget support helps cover the substantial gap between the Government's capacity for public spending and the needs of its growing population. Between 2013 and 2015, net official development assistance equalled 166.5 percent of Liberia's gross capital formation.

2.2.1. Labour

The majority of formally employed Liberians work for the government. However, there are limited opportunities for formal employment (see section 4). Other important employers are mining, manufacturing, utilities, transport, construction, and non-profit organizations. The LISGIS (2016) estimates a relatively low unemployment rate (3.9 percent) in the formal sector. This masks the fact, however, that 80 percent of Liberian workers are estimated to be engaged in “vulnerable employment” and/or “informal employment.” Unemployment is particularly high among the youth, and specifically among young women .

Most of the working-age population is engaged in subsistence agriculture, as low levels of human capital and limited employment opportunities slow the movement of labour between sectors. About 75 percent of the rural dwellers in the country are involved in agricultural activities as a means of survival or earning their livelihood. Therefore, the development and improvement of this sector would yield substantial dividends for rural populations. Employment in agriculture tends to fall, however, as education level and age increase for both genders and all geographic areas. Moreover, among workers who have successfully shifted to the secondary and tertiary sectors, many are engaged in low-value-added activities such as petty trading or unskilled labour, which are often informal.

In 2017, an estimate of 90 percent of women in the workforce were involved in informal or agricultural sectors (Building Markets & USAID, 2017). Women represent the majority of smallholder agricultural producers, generating around 60 percent of agricultural products. Around 41 percent of the university-educated women work informally, compared to 24 percent of men (Lemmon & Vogelstein, 2017). Skills mismatch is a serious challenge in Liberia, as about 35 percent of men and 42 percent of women are unable to find jobs due to lack of skills and training, indicating that “under-education” is a serious issue, as in most low-income countries³. According to the International Labour Organization (ILO) , the future for African youth relies on the right policies and programs that will create employment opportunities.

In Liberia, there is strong awareness that there are major gaps in skills in where companies need qualified personnel. Among the industries with skills gaps is agro-processing, a sector which is growing strongly and inviting support from the government, NGOs and investors. Many NGOs have projects enabling youth to get involved in businesses focusing on bridging this skills gap, by producing employable graduates with the relevant skills, competencies and values.

³ https://www.ilo.org/employment/areas/youth-employment/work-for-youth/publications/thematic-reports/WCMS_326260/lang-en/index.htm

2.2.2. Trade

The country's trade balance is negative which is a result of high imports (Central Bank of Liberia, 2019). In 2018, the country exported goods for USD 0.85 billion and imported for USD 3.08 billion (Macrotrends LLC, 2019; Central Bank of Liberia, 2019). One of the major imports is rice, the country's staple diet. Exports are mostly unprocessed, be they raw materials (mining) or primary agricultural products (cocoa and palm oil). In some cases, the trade deficit is partly offset by remittances from Liberian expatriates, but the country has persistently tried to increase domestic agricultural production to reduce imports and add value to agricultural products in the country, to increase export earnings. As stated previously, the import dependence on staple crops and the limited value addition in export-oriented value chains are perhaps the most significant challenges facing the agriculture sector.

On July 14, 2016, Liberia joined the World Trade Organisation (WTO). The country also signed the African Continental Free Trade Agreement and is a member of the Economic Community of West African States (ECOWAS)⁴. Trade in 27 essential goods, notably rice imports, are restricted and require licenses, effectively creating oligopolies. The small market reinforces a tendency for the building of oligopolies. The high costs of trading across borders (and the associated international standards), remains very challenging for medium-sized businesses and disproportionately penalises smaller enterprises, thus preventing a more rapid diversification of the economy.

IMPORTS - Liberia is the 138th largest importer in the world, currently importing 99 percent of its needs. With the cessation of the civil unrest, Liberia's import basket has increasingly grown over the years, reflected as one of the world's highest import to GDP ratios at 90 percent. Main imports are fuel (35 percent of total imports), machinery (25 percent), foodstuffs and manufactured goods. Liberia imports mainly from North America (32 percent of total imports) and the Middle East (28 percent). An executive order to waive tariffs on agricultural imports is regularly extended. However, Liberia is gradually developing its productive capacities.

EXPORTS - Liberia ranks 145th on the list of export economies in the world. Liberia is rich in natural resources. With its relatively large deposits of iron ore, diamonds and gold - and the suitability of the country's soil to the production of key commercial crops, such as palm oil, cocoa, coffee and rubber- it comes as no surprise that Liberia's exports are predominantly natural-resource dependent. Liberia's main export is rubber (65 percent of total exports), followed by diamonds, gold and iron (17 percent). Liberia exports mainly to: North America (32 percent of total exports), Europe (30 percent) and the Middle East (30 percent) (Encyclopædia Britannica, inc., 2019).

The free port of Liberia has foreign ships registering under a Liberian "flag of convenience", which has made Liberia one of the world's foremost countries in registered shipping tonnage. Looking at the distribution of wealth, the coastal region receives a greater share of the economic benefits than the hinterland, followed by the administrative centres.

⁴ However, Liberia but has not finalised technical and policy preparations to implement the common tariff regime of the ECOWAS.



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2.1.3. Monetary policy

Liberia has a dual-currency system using both the USD and the Liberian dollar as legal tender. According to the Central Bank of Liberia (CBL, 2017), this has resulted in a high level of dollarization in its formal banking system and 70 percent of the money in circulation is the USD (Tule, Ajilore, & Ujunwa, 2019) . While the CBL is formally independent, goals of fiscal and monetary policy are coordinated, and the government thus influences the bank's policy. The government seeks to link the Liberian Dollar to the USD rate through buying and selling but this practice is constrained by the limited number of USD reserves. The Central Bank (CBL) of Liberia has introduced a new monetary policy framework which will focus on targeting inflation via interest-rate movements, rather than periodic interventions to maintain exchange-rate stability. As of February 15, 2019, the CBL started selling CBL bills to the public. It also introduced the Standing Deposit Facility (SDF), and the Intra-Day Liquidity Facility (ILF). By doing this, they replaced the 2016 guidelines on the Standing Credit Facility (SCF). Given the widespread dollarization and the underdeveloped interbank markets for foreign exchange trading, and the under capitalisation of the central bank itself the CBL has struggled to adopt an effective monetary policy, until now.

The introduction of these facilities are expected to help in the management of monetary conditions and pave the way towards an interest-based monetary framework. Over time, the SDF should translate into an increase in retail deposits rates, giving Liberian dollar the "store of value" function of money and bringing

currency in circulation - as these are currently mostly outside of the banking system - into the banking system. Until this goal is reached though, large scale investment will continue to be in USD, whereas low order goods (such as agricultural produce) will continue to be traded in Liberian Dollar (LD). The vulnerability and volatility of the LD is a key concern for those wishing to provide "good jobs" to Liberians, especially in undollarized rural communities.

The lack of reliability of the LD and the fact that hoarding outside the formal system is common, means that Liberia is subject to frequent seasonal liquidity crises. Liquidity issues and threats to credibility hinder Liberia's banking system. The CBL noted that Liberia's banking system does experience frequent frauds and burglaries, which can be attributed to the internal controls and security environment of some banks, as well as collusion among internal staff and external collaborators (Building Markets & USAID, 2017).

2.2.4. Fiscal trends

The current budget is just over USD 526 million for the fiscal year July 2019/ June 2020⁵. Despite recent salary cuts to many government workers, Liberia is still running a fiscal deficit and needs external budgetary support. There is very limited space for fiscal stimulus, leaving Liberia still heavily reliant on external budgetary support. About 80 percent of Liberia's public investment is financed through external sources. Grants and concessional loans are executed outside the government budget. Therefore, these sources of funding are not within the government's control and have thus contributed, in recent years, to the volatility of public investment (IMF, 2016). Between 2007 and 2016, public investment averaged more than 10 percent of GDP, higher than in other Sub-Saharan African (SSA) countries during the same period.

Table 3 Projects for the revitalization of agriculture and fishery sectors funded by foreign donors

Project name	Donor
Capacity building for the Ministry of Agriculture	EU
Climate Change Adaptation and Agriculture Project (CCAAP)	WB/GEF/UNDP
Enhancing Resilience to Climate Change by Mainstreaming Adaptation Concerns into Agricultural Sector Development	UNDP/GEF
Liberia Agribusiness Development Activity (LADA)	USAID
Liberia Cocoa Sector Improvement Programme (LICSIP)	EU
Maryland and Oil Palm Plantation (MOPP)	AfDB
Partnership for Agricultural Research, Education and Development (PAIRED)	USAID
Pro-Resilience Action (PRO-ACT)	EU
Rural development through sustainable agriculture	EU
Smallholder Agricultural Productivity Enhancement & Commercialization (SAPEC)	AfDB
Smallholder Agriculture Transformation & Agribusiness Revitalization Project (STAR)	P/WB
Smallholder Tree Crop Revitalization Support Project II (STCRSP)	IFAD/OPEC
Sustainable Cocoa value chain	EU
Sustainable Fisheries value chain	EU
The West Africa Agricultural Productivity Project (WAAPP-Liberia)	Japanese Trust Fund/ WB
Tree Crops Extension Project (TCEP)	IFAD

Source: Author's own elaboration.

⁵ For comparison; this is equivalent to the annual revenue of Arsenal Football club in England.

The below table provides oversight of current ongoing programmes in the agricultural and fisheries sectors funded by foreign donors. These programmes are worth around USD 600 million. Major financiers of these programs include IFAD, IDA/World Bank, GEF/AGG, Japanese Aid Trust Fund, African Development Bank (AfDB), USAID. What the programmes have in common is that their principal objectives were to; reduce rural poverty, reduce food insecurity, strengthen capacity and reduce illegal fishing.

Domestic resource mobilization in Liberia is constrained by a series of challenges, including those pertaining to regulatory supervision. Liberia's top individual and corporate income tax rates are 25 percent. Other taxes include property, goods, and services taxes. The overall tax burden equals 21.8 percent of total domestic income. Over the past three years, government spending has amounted to 35.5 percent of the country's output (GDP), and budget deficits have averaged 4.2 percent of GDP. Public debt is equivalent to 34.4 percent of GDP (The Heritage Foundation, 2019). However, while the public sector's ability to mobilise resources is limited, Liberia does have a history of achieving capital expenditure and expanding the provision of public services through a process of concession-based development.

2.2.5. Concession based development public/private partnership

Since the mid-1920s, when the Firestone rubber company signed their concession agreement for rubber plantation, Liberia's natural resources have been both explored and exploited through concession agreements. Revenue concessions generated from the export of unprocessed resources as outputs of these concessions have served as a major stimulus for national growth and development. Besides Firestone, other major concessions operating in Liberia include Golden Veroleum, Sime Darby, Equatorial Palm Oil, ArcelorMittal, China Union, Cavalla Rubber, Liberia Agricultural Company, and Western Cluster. This trend is not a historical anachronism as 557 concessions have been granted since 2006 (IGC, 2019).

Working relations and communication between the government and concessionaires are guided by international best practices and standards through three key measures: the National Bureau of Concessions Act, Public Procurement & Concessions Commission (PPCC) ACT, and Extractive Industries Transparency Initiative (EITI). These are put into place to ensure integrity, transparency and accountability for investors. The National Bureau of Concessions, NBC, was established by an Act of the Legislature on September 23, 2011, to provide the governance framework for coordinating post concession award processes. Therefore, concession companies must undertake environmental impact assessments as part of their application, and the Environmental Protection Agency (EPA) is consulted on all concession agreements. Unfortunately, just like other government entities, the EPA faces capacity constraints.

Concessions are expected to lead to greater employment opportunities, and improved infrastructure, housing, health care, and education systems around the country. However, rural Liberian communities are yet to reap the benefits due to challenges in the regulations. Disputes regarding land and resources might pose a constraint on the society's development, especially in the area of land tenure, which currently poses a major challenge to expansion by large concessions as the current compensation system accounts largely for lost crops (not lost lands). Land lost to plantations should be properly valued and compensated in a way that enables those affected to continue normal livelihood activities (IFAD, 2019).

The concession debate is at the heart of the public policy debate in Liberia and it is of vital importance to 'responsible investment in agriculture'. One study found that "Mining concessions, specifically in iron ore, tended to raise local growth, whereas agriculture and forestry concessions did not. This could be explained by the fact that there were more demanding requirements to provide public goods for investors in mining, as this sector tends to be much more profitable over the long term than agriculture or forestry." (IGC, 2018)

The above illustrates that the public sector is underfunded and that Liberia has somewhat conveyed the provision of public goods to foreign companies in exchange for its rich natural resources. It should be noted that agricultural companies provide less public goods and services to surrounding communities than mining concessions, probably/possibly due to their expected lower margins. Tracking the fundamentals of Liberia's economy reveals that policies related to foreign direct investment are a critical factor in determining the enabling environment for agriculture.

2.3. The private sector

Liberia has traditionally been an outward-looking country, but the enabling environment for the private sector has many paradoxes. One example is that while Liberia is ranked low on "the ease of doing business", it is not short of foreign direct investment. Another example is that, while land tenure is tightly controlled, through an elaborate leasing system (4.3), many expatriates' control much of the investments. WFP states that "Liberia's private sector suffers from horizontal inequity, with power and privilege exerted by foreign and domestic elites and poorly developed capacity within the indigenous segment of society. There is a shortage of credit for small and medium-sized enterprises, particularly in agriculture." (WFP, 2019) When discussing with the private sector, the key themes are access to finance as well as governance and regulation.

2.3.1. Foreign Direct Investment

Liberia's economy is, for a substantial part, dependent on Foreign Direct Investments (FDI). In 2018, Liberia's FDI inward flows amounted to USD 122 million, a 80 percent decline from

the USD 627 million invested in the country in 2017. Interestingly, FDI net outflows (BoP, current USD) in Liberia reached USD 84 075 740 as of 2018 (Bertelsmann Stiftung, 2018), which is quite high given scarcity of capital in the Liberian economy.

The government of Liberia encourages FDI for its economy and has a free market system. Foreign investments are regulated by the 2010 Investment Act, the Revenue Code, the Public Procurement and Concessions Act, and relevant regulations such as the National Competitive Bidding Regulations. The 2010 Investment Act guarantees foreign investors the right to transfer profits outside Liberia and protects them against expropriation, unlawful seizure, or nationalization. Although the government continues to improve the business regulatory environment by reducing the steps and time required to start a business, Liberia lags in many important measures such as contract enforcement. In the post-war period, Liberia attracted significant investment in mining and the palm oil sector.

Currently, the FDI flows are declining, mainly because of the constraints investors are facing in Liberia. A further drop is expected due to the COVID-19 containment measures induced global economic recession. Also affecting investors are electricity, critical road, and port infrastructure, bureaucratic burdens, governance challenges, unskilled labour force and comparatively high supply chain costs. Liberia's FDI inflows are mostly channelled into palm oil, forestry, rubber and iron ore. According to the latest World Bank annual ratings in their 2020 report on Ease of Doing Business, Liberia is ranked 180 among 190 economies.

FDIs intersect with land rights, environmental regulations and the need for Liberia to add value to its primary products in country. Liberia needs to break the cycle of exporting unprocessed agricultural products by foreign companies, however, this won't be easy. Liberia is fiscally constrained due to its considerable imports and currently it has a large current account deficit. Reversing this trend by moving to more responsible investment in agriculture will be difficult.

2.3.2. Regulation of the private sector

As outlined in the previous section, fostering sustainable growth in agricultural commodity value chains will require substantial public and private investment to improve their productivity and competitiveness in national, regional and international markets. Investment could conceivably come from a combination of domestic savings and external resource inflows. Domestic savings can be generated in the public sector through lower consumption and fiscal discipline and from private individuals and organizations through higher incomes and increased saving. External investment can come from foreign direct investment, return of capital flight and foreign aid. While numerous factors have been identified as important determinants of national and foreign investment, investors' perception of risk and the ability to earn and keep their returns in a given country or zone appears prominently at the top of every list (Ministry of Agriculture, 2007).

Table 4 Liberia and business indexes

Measure	Year	Index/Rank	Description
Transparency International Corruption Perceptions Index	2018	32	In 2018, Transparency International's Corruption Perception Index (CPI) ranked Liberia at 120th out of 180 countries with a score of 32 out of 100. With a score of 31.9, Liberia is ranked 180 of the 190 countries.
World Bank's Ease of Doing Business	2020	180	Liberia's performance in cross-border trade is similar. The score here is 19.2 and ranks 184 amongst the 190 surveyed countries.
World Bank GNI per capita	2018	181	Liberia has a Gross National Income per capita of 610 USD, which is based on its purchasing power parity (PPP) of 1 130 USD. Liberia ranks 181 amongst the 190 countries.

Source: Transparency International, 2018; World Bank, 2018 and 2020.

As we can see, inadequate fiscal management and governance issues are challenges that may impede responsible investment. A coherent, well managed macroeconomic policy environment is an essential prerequisite for broad-based, productivity driven agricultural growth. Current problems of fiscal management and the resulting loss of confidence in the government's capacity to manage the economy is a major impediment to efforts to re-establish the productive capacity of Liberia's economy. The country's creditworthiness and access to capital depends on improvement in this area.

In addition, the analysis has demonstrated that agriculture is currently underperforming in its social returns, either because subsistence agriculture is a poverty trap, or because agricultural concessions offer lower levels of growth opportunities than mining ones. The transparency of processes leading to the awarding of concessions needs to be improved. At the same time, a lack of secure property rights discourages sustainable investments in agriculture and natural resources. Despite this, there remains a latent potential in the agriculture sectors with the best prospect sectors for investment in agribusiness, manufacturing, transportation, storage and warehousing facilities, energy, construction, real estate, and financial services. According to a recent study, key issues of concern are the difficult and opaque procedures for obtaining clear title to property, lack of adequate legal protection for contracts, limited awareness of intellectual property rights (IPRs), pervasive governance challenges, and poor physical infrastructure (Bertelsmann Stiftung, 2018).



2.3.3. Access to finance

Access to economic opportunities is a core element of inclusive development. An enabling business environment encourages entrepreneurship and facilitates the growth of new industries, while infrastructure links individuals, households, and firms to markets for goods and labour as well as to social services. Even in the informal sector, the conduciveness of the business environment and the quality of infrastructure are key determinants of productivity. An often mentioned constraint in the Liberian context concerns access to finance and infrastructure. During the key informant interviews carried out for this study, Liberian entrepreneurs consistently identified the lack of access to finance as a major obstacle to starting or expanding a business.

Banks perceive investment in SMEs as a high risk due to variables in agriculture production and processing. Low repayment rates make it difficult for financial institutions to lend to SMEs, and many financial firms consider women to be a greater credit risk than men. Limited financial literacy and lack of collateral further reduce women's access to credit. However, it has to be noted that such factors are often outside of the borrowers' control, and these factors are often spread across multiple actors in a value chain (USAID, 2017). This dynamic is further complicated in Liberia where borrowers commonly believe that loans reflect charitable assistance and do not necessarily have to be repaid. This behaviour, as well as the generally weak condition of the economy, means that financial institutions only deal with large loan values that require high levels of collateral and are therefore typically given only to experienced borrowers. Achieving economic growth needs to be seen as a priority and access to finance must be acknowledged as an important component of economic development. These cannot therefore be considered as two separate things. According to a report on Liberia's market development (Building Markets & USAID, 2017) demand for loans continues to decrease because businesses do not have high expectations for business growth and are generally unable to repay loans.

In the effort to tackle some of the access to finance problems in local communities, Village Savings and Loans Associations (VSLAs) have been introduced. These VSLAs create opportunities for their members to take small loans. Members will be encouraged to use these loans for business opportunities e.g. farm expansion, procurement of seeds or setup small business or become active in the value chain by processing. VSLAs provide a means for people, especially for women, to save their money and access loans without the barriers to entry of formal financial institutions.

The recent introduction of mobile money in 2011 has helped to extend financial inclusion to the currently unbanked or underbanked populations and has facilitated informal and cross-border trade. The CBL passed the Mobile Money Regulations in 2014 to allow non-bank institutions, such as Global System for Mobile Communications (GSM) subsidiaries, to provide mobile money services, since in Liberia, because an estimated 55 percent of individuals have no access or very limited access to a physical financial institution.

2.3.4. Physical capital and infrastructure

For a responsible investment environment, it would be remiss not to examine, in more detail, Liberia's physical infrastructure. The lack of adequate infrastructure constrains Liberia's development, particularly in the sectors of road, energy, ICT, and water and sanitation. Basic infrastructure and public service facilities were severely damaged during the two civil wars. Currently only 5 percent of the total road surface is paved⁶ and the lack of road network and basic infrastructure cripples efforts to improve the regional economy. The current state of the roads impedes the movement of goods and services for production, such as processing equipment and machinery. Under the Weah administration with its pro-poor development agenda, rehabilitation of the road network is prioritised. These efforts, however, cause major challenges as they consume a great deal of capacity and financing.

Besides the road network, Liberia has limited aerodrome infrastructure. Its airways can only accommodate smaller aeroplanes, thus preventing large air cargo opportunities. Inadequate support services at the Roberts International Airport (RIA) contribute to the high cost of travel.

With regard to the waterways, seaports also cannot be used to their full potential. Thereby, capacity of cargo handling facilities on both water and air is limited, and the workforce is low skilled.

Many donors (notably USAID and SIDA) have invested in feeder road projects to help improve local economies. There is evidence that roads can decrease the transaction costs of agriculture and thus improve efficiency. However, more evidence is needed to understand how these returns impact the earnings potential of smallholder farmers and cooperatives.

The energy sector in Liberia has made considerable progress, however, it still has one of the highest tariff rates in the world. In 2015, a new energy law was passed, and an energy regulator established to ensure the private sector has a viable way of developing affordable energy options. The Mount Coffee Hydro-Electric Dam was refurbished and restored, but its capacity is still vastly under-utilised because of transmission and distribution problems. In the dry season, the hydro dam's run of the river causes the capacity to drop 20 megawatts instead of 88 megawatts.

⁶ Liberia has an estimate of 11 536 km of primary, secondary, urban and feeder roads. These comprise about 1 899, 2 479 and 6 263 km of unpaved primary, secondary and feeder roads respectively. Approximately 622 km of the total are paved roads. Liberia has 2 884 bridges and 7 651 culverts, but approximately half of the bridges and one-quarter of the culverts are in poor condition, limiting accessibility during the rainy season (PAPD, 2018).

2.4. Trends in the Liberian agricultural sector

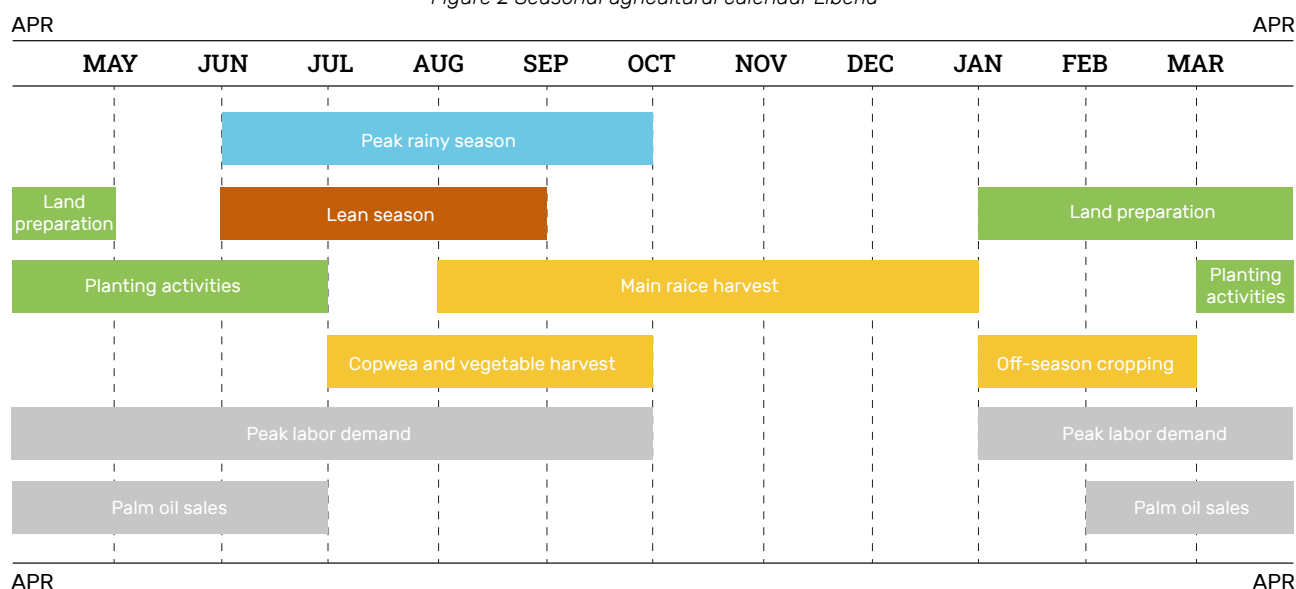
The importance of the agricultural sector for Liberia in terms of workforce, GDP and development perspective has been emphasised throughout this study. The PAPD is Liberia's national medium-term development plan and recognises the importance of investing in the agriculture sector to promote structural transformation of the economy – including a move from subsistence to commercial farming through targeted value chains such as rice, cassava, horticulture, cocoa and oil palm. However, the agriculture sector is characterised by low productivity due to factors ranging from limited application of modern technology, lack of quality farm inputs including quality seeds, limited awareness on the use of improved agricultural inputs, small farm size, ageing agricultural workforce, limited access to extension services, damaged infrastructure, high post-harvest losses, limited processing facilities for value addition, limited market access, and limited access to finance (FAO, 2016, p. 4). Consequently, income-earning opportunities are undermined, and food security is low.

As discussed in sections 1.3 and 2.3, the Liberian agriculture sector is divided into two by its crop types. There are export (cash) crops, such as cocoa, palm oil and rubber, and food security crops, such as rice, cassava and fish. Liberia's staple food rice is intrinsically tied to its unique history and, as such, the country imports far more of its staple food than regional counterparts. The challenge of decreasing rice imports has been a long term one for development actors in Liberia, either through increasing local production, improving processing to import rice paddy and attempting to move demand to other crops/staples such as cassava. The figures below provide an overview of the major crops in the Liberian agriculture sector. The seasonal calendar (Figure 2) gives an overview of when production and harvesting takes place in Liberia for some of the staple crops (for a more detailed overview, see Annex 1).

Liberian agriculture is characterized by different production systems. The following four production systems have been identified by the Ministry of Agriculture (2007):

- Foreign commercial plantations producing perennial export crops (rubber, palm oil).
- State-owned plantations run by the Liberian Palm Products Corporation and the Liberian Cocoa and Coffee Corporation.
- Domestically-owned, medium-sized commercial farms producing industrial crops for export and livestock for the local market (although these are extremely small in number).
- Small traditional household farms using primitive production techniques with extremely limited use of modern inputs, which make up the majority of all farming and therefore the livelihoods of the rural population.

Figure 2 Seasonal agricultural calendar Liberia



Source: USAID, 2017.

2.4.1. Rice

Rice is Liberia’s staple food crop, the Liberian ecology lends itself to produce lowland rice. Currently, the average yield is measured at 2.0 MT/ha for lowland rice; whereas the national average stands at 1.18 MT/ha, which is the lowest in West Africa⁷. Rice is grown by 71 percent of farm families, of which collectively 60 percent is grown in Nimba, Bong, and Lofa counties. The yearly average consumption of rice is estimated at 120 kg per capita, one of the highest in Africa (National Investment Commission, 2015). Currently, Liberia is producing less than its national requirements and the country is still largely “food insecure”. Imports account for more than half of the country’s total cereal requirements. Rice for human consumption is over 80 percent of imports, while wheat and maize is about 13 percent and 6 percent (FAO, 2019) of imports. The country spends approximately USD 200 million annually on rice imports, which in 2018, was 37.8 percent of the total import of foods to Liberia (Central Bank of Liberia, 2018).

2.4.2. Cassava

Cassava is Liberia’s second most important food crop and is grown by most households. Cassava grows naturally in Liberia and is the basis for many value-added products such as gari, cassava flour, high-quality cassava starches and adhesives. Cassava also has excellent properties for use in animal feed and non-food products, such as pharmaceuticals, organic acids and ethanol. Cassava leaves (greens) are an essential vegetable in the Liberian diet,

⁷ By comparison, neighbouring Côte d’Ivoire has increased its average yield from 1.8 MT/ha in 2009 to over 2.5 MT/ha in 2015.

although harvesting of leaves adversely affects tuber yield. Yields are estimated between 6 to 10 tonnes per hectare with an average annual consumption of 121 kg (National Investment Commission, 2015; LISGIS, 2017). In addition to local varieties widely cultivated by smallholders, the Central Agricultural Research Institute (CARI) developed varieties for high yields and disease-resistant with high root quality. These are known as: CARICASS-I, CARICASS-II, and CARICASS-III (IFAD, 2019; Coulibaly., Arinloye, Faye, & Abdoulaye, 2014).

2.4.3. Horticulture

Vegetables are the third major food crop in Liberia, which includes pepper, bitter balls, cabbage, groundnuts and onions. There is an established market all year round with an increasing demand for various vegetables. Therefore, vegetables have high potential and opportunity for income generation for smallholder and family farmers all year round. This is especially profitable for producers during the dry season when prices can soar by two to five times, and large quantities of produce are imported. Unfortunately on-farm productivity is low coupled with a high level of post-harvest loss due to poor handling and lack of cold storage facilities to preserve vegetables over longer periods. Demand far exceeds local production thus requiring imports from neighbouring countries, such as Guinea and Ivory Coast, to satisfy aggregate market demand.

2.4.4. Oil palm

Oil Palm is native to Liberia and grows throughout the country. Half of Liberia's oil palm is produced by smallholders, while the other half is produced by concession companies, such as Sime Darby, Equatorial Palm Oil, Golden Veroleum, Maryland Oil Palm Plantation, and Agro, Inc. Liberia's total production in 2018 amounted to 42 200 tonnes of palm oil (FAOSTAT, 2020). However, current levels of supply do not meet domestic demand, as Liberia imported 30 838 tonnes of palm oil the same year (FAOSTAT, 2020). Land tenure also poses a major challenge to expansion by large concessions, especially with the current compensation system which only measures for lost crops (not lost lands). Land lost to plantations should be properly valued and compensated in a way that enables those affected to continue normal livelihood activities. Currently, with the expansion of plantations, Liberians have lost land for subsistence farming without receiving recouped income or any form of compensation. Cash payments are provided for lost crops, but these compensations often fail to cover for the loss of livelihoods. Therefore, communities often find they have lost the land that once supported them and have neither received adequate compensation for that land nor employment on the new plantations (Leiserson, Munyan, Saad, & Yamamoto, 2017).



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2.4.5. Cocoa

It has been estimated that almost 40 000 households produce cocoa in Liberia. The vast majority of cocoa trees in Liberia are over 20 years old. The Liberia Cocoa Corporation (LCC) is the major concession in the cocoa sector. Due to limited investments, smallholder cocoa farmers yield on average 200 kg per hectare, compared to 350-400kg/ha in Ghana and 435-470/ha in Ivory Coast. Farmers currently lack the essential inputs to deliver quality cocoa that conform to international standards. Constraints in the cocoa sector include lack of access to finance and limited storage and transport facilities.

2.4.6. Rubber

Rubber accounts for more than 30 percent of the country's total agricultural output and is currently the preferred tree crop for smallholders. Fifty-five percent of rubber is produced by small and medium-sized farms, while the remaining 45 percent is produced by concessions. Aside from the latex, rubberwood is widely used for the manufacturing of high-value furniture and paper. The main rubber concessions include Firestone, Liberia Agricultural Company, Cavalla Rubber Company, Cocopa, and Salala Rubber Company.

2.4.7. Livestock and Fisheries

The livestock sub-sector makes up about 14 percent of the agricultural GDP (IFAD, 2019). Most of the animals are owned by traditional farmers who use local, less productive animal breeds and use techniques that could be improved. As of 2012, nearly a quarter of agricultural



households (21.7 percent) had livestock, including cattle, sheep, goats, pigs, and chicken (LISGIS, 2012). Demand for livestock products is higher than the domestic supply, resulting in a high import of livestock products and live animals (Murphy, Erickson, & Tubman, 2016).

The fishery sub-sector consists of industrial and artisanal fishing activities, inland fishery, and aquaculture practised in rural areas through fishpond culture. Fishery contributes about 3 percent of the national GDP and over 80 percent of the population directly depends on fish for animal protein supply (WFP, 2019). The fishery provides fulltime livelihoods for thousands of Liberians and perhaps tens of thousands more on a part-time basis. Importantly, fisheries provide a relatively cheap source of animal protein for the Liberian population, being cheaper than alternatives like livestock or poultry. The fisheries sector is estimated to provide about 65 percent of the animal protein needs of the country and plays an especially important role, while the livestock industry is still being re-established. Management and harvesting of marine sources, however, are now threatened by rising sea levels and coastal flooding due to climate change.

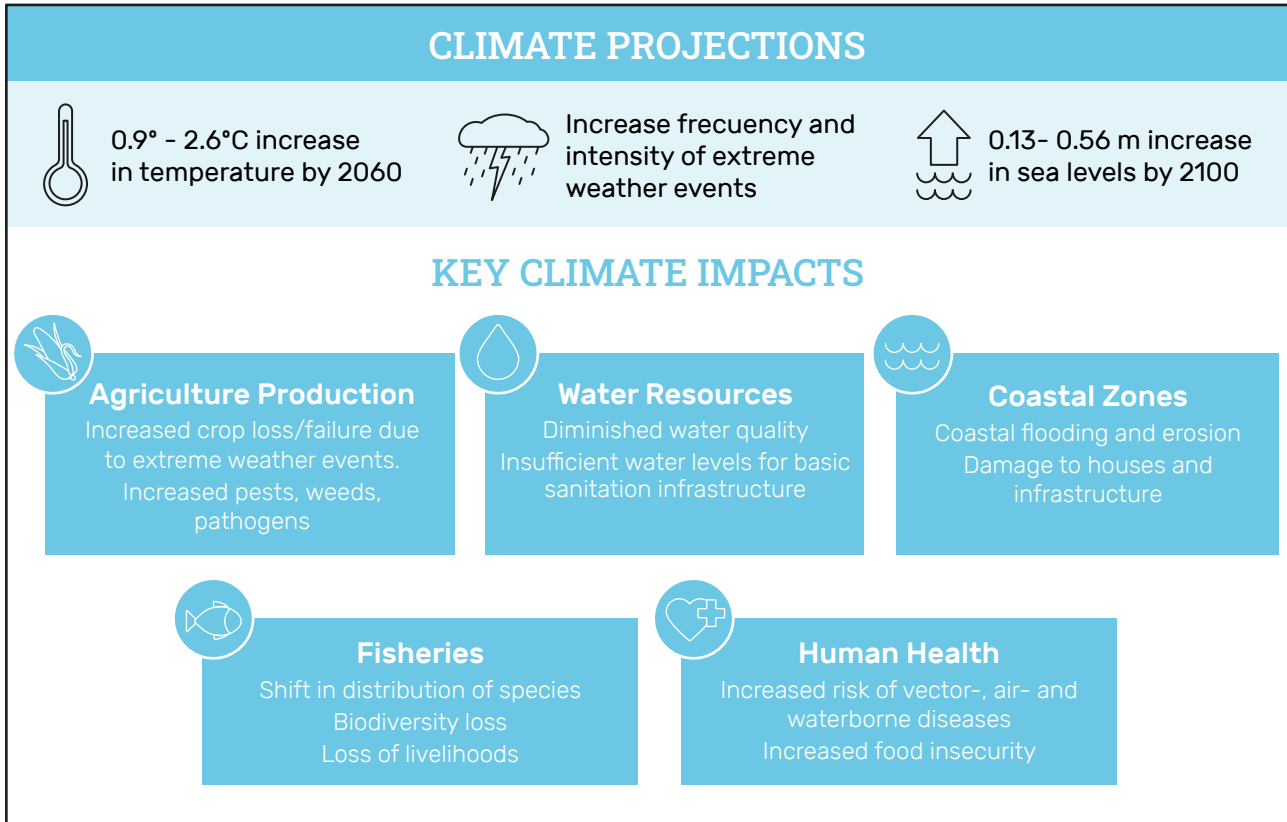
2.5. The Liberian environment and ecosystem

Liberia is endowed with a variety of natural resources and a rich and diverse ecosystem. It continues, however, to face challenges in terms of its environment, some of which make it one of the most vulnerable countries to climate change and variability, as shown in Figure 4 Climate Change Projections Liberia (USAID, 2017). These issues include: waste disposal, water recycling and potable water supply as well as deforestation, desertification, soil erosion and a lack of sediment control (Bertelsmann Stiftung, 2018). Population growth has intensified the demand for food as well as land resources, which puts more pressure on fertile land especially in combination with agricultural practices that harm the environment, (including deforestation, wetland reclamation, and land clearing methods notably slash and burn).

Climate trends, as observed beginning in the 1960s, indicate a 0.8 Celsius increase in average temperatures in Liberia. Climate models project an increase ranging from 0.9 to 2.6 Celsius by 2060 compared to data from the 1970s. It also indicates a reduction in mean precipitation as well as more instances of flooding.

Agriculture, forestry, fisheries, energy and mining are the sectors that will be most affected by the effects of climate change. Geographically speaking, the population in the coastal areas and those who depend mostly on rain-fed farming (close to 90 percent of crop areas fall under this category) and fishing are the most vulnerable. It should be noted that these areas are also the densest populated.

Figure 3 Climate change projections Liberia



Source: USAID, 2017

Deforestation is a serious issue in Liberia. The country is home to just under half of the Upper Guinean Forest and the Government of Norway recently introduced a scheme to halt the logging industry in return for an increase in development aid. Forestry issues confront responsible investment in agriculture in a number of ways. If Liberia is to increase its domestic agricultural production to meet its growing population and current food security demands, large-scale concessions and small-scale producers will need to adopt innovative technologies, including sustainable intensification, or more of the forest will need to be cleared. How this is managed will be a critical issue for responsible investment in agriculture.

It is worth noting that Liberia's CO₂ emissions per capita peaked in 1979, the year before the coup d'état that began a period of political turmoil and increased isolation from the international community (Knoema, 2018). Likewise, Liberia's low CO₂ per capita rate exemplifies the fact that the country has not been a major contributor to climate change, but may well be one of the most affected by its results. Finding investment solutions which increase food production at a scale sufficient to keep prices low (for a poor consumer market) whilst simultaneously maintaining the environment, will be a significant challenge.



3. Institutional and formal context

Governments play a pivotal role in creating an enabling environment for agricultural investment. By providing a stable policy environment and avoiding unpredictable policy shifts, poor regulatory transparency, weak contract enforcement or restrictive investment policies, farmers (amongst other actors) can be supported to productively and beneficially engage in trading activities. A supportive enabling environment depends not only on the presence of laws and regulations, but on their implementation. In agriculture, this requires strong political support for the sector at the highest levels.

In 2018, the Government of Liberia launched its Pro-Poor Agenda for Prosperity and Development – 2018–2023 (PAPD, 2018), which recognises the importance of the agriculture sector in the structural transformation of the economy. This includes transformation from subsistence to commercial farming in important value chains, such as rice, cassava, horticulture, cocoa and oil palm. These require inclusive markets that facilitate trade and enable the distribution and allocation of resources in a society. They are vital for agricultural development and poverty reduction as the basis of rapidly developing agribusiness value chains that provide opportunities for smallholder farmers. The ability to sell crops at markets is as important as learning how to nurture fertile soils or use inputs more efficiently (Juma, 2013). To fully benefit from the increased yields that ecological and genetic intensification can provide, farmers need to be linked to markets in order to sell their surplus crops and earn an income as well as source goods and services that they do not produce or provide themselves.

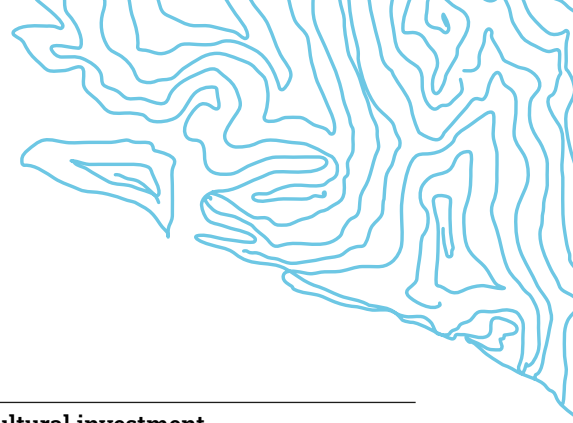
Increasing efforts to enhance agricultural productivity must be accompanied by measures to ensure environmental sustainability. The 2018 National Policy and Response Strategy on Climate Change is a guide that helps the country's efforts to address climate change. Liberia's 2015 nationally determined contribution (NDC) to the Paris Agreement categorises the country as a net carbon sink and emphasises the importance of the agriculture sector for climate change mitigation and adaptation. NDC's mitigation actions focus on renewable energy and energy efficiency. Likewise, adaptation options identify the development of climate-resilient crop species, sustainable forest management and the implementation of climate-smart fishery systems.

3.1. Key actors

The table below outlines the major institutional actors that impact the enabling policy environment for responsible agricultural investments in Liberia.

Table 5 Actor/stakeholders for responsible agricultural investment in Liberia

Actor/stakeholder	Category	Roles in agricultural investment
Environmental Protection Agency	Government	Environment Environmental policy Sustainability Youth and gender Traditional agricultural practices
Forestry Development Authority	Government	Environment and natural (forest) resource management Traditional agricultural practices
Ministry of Agriculture	Government	Concession based development Key actors Policy environment Informal and traditional context
Ministry of Commerce	Government	Economic trends Business and investments Institutional and formal context Informal and traditional context
Ministry of Finance and Development Planning	Government	Economic trends Business and investments Institutional and formal context Informal and traditional context
Ministry of Gender Children and Social Protection	Government	Demography and gender Access to finance Labour Informal and traditional context Policy environment Land rights Enabling environment and opportunities
Ministry of Youth and Sports	Government	Demography, youth and gender Access to finance Labour Institutional and formal context Informal and traditional context Policy environment Land rights Unions and collective bargaining
National Investment Committee	Government	Economic trends Business and investments Institutional and formal context Informal and traditional context
FAO	Development partner	Fisheries, agriculture Laws and regulations Infrastructure Institutional and formal context



Actor/stakeholder	Category	Roles in agricultural investment
World Food Programme	Development partner	Value chains Food security Traditional agricultural practices
World Bank	Development partner/donor	Economic trends Business and investments Institutional and formal context Informal and traditional context
British Embassy	Donor	Recent economic analyses on value chain
Swedish Embassy	Donor	Infrastructure
USAID	Donor	Concession based development Policy environment Informal and traditional context Cooperatives
Climate Smart Agriculture Youth Network	Private sector	Youth and gender Demography Access to finance Labour Institutional and formal context Informal and traditional context
Green Gold (bio charcoal business)	Private sector	Green charcoal market and its value and supply chains Small holder relations and business and investment Environment and sustainability
National Bank Liberia	Private sector	Economic trends Business and investments Institutional and formal context Informal and traditional context
Rice importers	Private sector	Private sector actor, investments, trends Cooperatives Business and investment Policy environment Unions and collective bargaining Enabling environment and opportunities
GROW	Private sector development organisation	Cooperatives Business and investment Policy environment Enabling environment and opportunities Market and trends Informal and traditional context
SPARK	Private sector development organisation	Access to markets and finding key drivers for collective bargaining by small holders. Discussing provisional findings value chains analysis.
Farmers Union Network of Liberia	Union	Laws and regulations of land rights, Food security Land rights Unions and collective bargaining Environment Traditional agricultural practices Gender and youth

3.2. Coordination mechanisms and multi-stakeholder collaboration

3.2.1. Donors

Donors' strategies are often set by national strategies and global frameworks. Different donors have high levels of informal networking. There is an intent to align strategy and avoid project duplication normally accomplished through mapping provided by technical working groups, such as the Agriculture Donor Working Group.

3.2.2. Government

The Ministry of Agriculture (MOA) is the central policy-making body of government and is responsible for promoting agricultural development and regulating the sector. It seeks to achieve these development objectives by focusing on planning and policy development and on applied research and extension services. In terms of coordination for the agricultural sector, regular technical working group meetings are set up to coordinate the agricultural development projects. Examples include the Agricultural Technical Working Group, Cassava Value Chain Working Group, Food Safety Standards Working Group and the Farmers Union.

3.2.3. Private sector

International concession companies have the clout to negotiate bilaterally with the Liberian government. Small and medium-size enterprises such as rice importers and agro-processors are largely uncoordinated and rely on informal networks and relationships they set up themselves in order to navigate legal processes. For private cooperatives and smallholders farmers there are also some links to unions or NGOs.

3.2.4. Private sector development organisations

The line between the private sector and development projects is becoming increasingly blurred with the growth of markets for the poor (M4P), market systems development and value chain development programming. Many private organisations receive donor grants or loans and many traditional NGOs are intervening with private sector actors as partners as well. The coordination and standardisation of this approach is weak, but where possible donors try and streamline initiatives.

3.2.5. UN agencies

The UN has moved to a one UN approach. It also links with the government in various sector meetings, co-sharing and helping in streamlining and coordinating development initiatives.

3.2.6. Unions

Although Liberian civil society has received a lot of capacity building from the international community it still remains small. With the high numbers of interest by foreign companies to invest in Liberia, unions have an opportunity to cement fair labour practices from the outset. One of the major agricultural unions in Liberia is the Farmer Union Network (FUN), which is an umbrella organization for all farm-based organizations and farmers, and is involved in advocacy aimed at improving the socioeconomic status of farmers. Their main objective is to increase advocacy for an enabling environment in the agricultural sector. While cooperatives and unions are stronger in the traditional rice belt counties of Lofa, Bong and Nimba, progress is also being made in the coastal cassava belt.

3.3. Policy environment

In Liberia, the state is strongly centralised and its institutions have been historically concentrated in the capital, Monrovia. This is changing. For the past several years, the state has invested in extending its administrative apparatus in a process that has been popularly termed “decentralization”. The state is establishing “Service Centres”, or sub-offices of the main state institutions, in the major provincial centres.

Table 6 Strategies, Policies, Laws & Regulations

Strategies, Policies, Laws & Regulations	Description
Liberia Agricultural Transformation Agenda (LATA)	Creates conditions for Liberia to achieve higher levels of economic resilience & inclusive growth. Its focus is on long-term economic development of high-impact agricultural value chains through private-sector investments and in creating an enabling business environment.
Liberia Agriculture Commodity Regulatory Authority (LACRA)	The LACRA Act was passed in 2016 under the LATA. It was set up to develop functioning value chains and market systems and is an effective regulatory system for the trading of agricultural commodities. It protects value chains from under-investment and poor crop quality. Its main focus is the cacao sector, which is critically constrained by side-selling, but it also has the mandate to cover other commodities such as coffee.
Agenda for Transformation	A national medium-term development strategy formulated by the Liberian Government in order to gain significant steps of inclusive growth by 2030. It sees development of the agricultural sector as one of its core goals and plans to generate high economic growth and reduce social inequality in the process of wealth creation.
National Export Strategy	Focuses on the diversification of exports away from natural resources, and targets cocoa, fish & crustaceans, palm oil, rubber, and cassava.
Economic Stabilization and Recovery Plan	Defines strategic interventions to stabilise and spur rapid social & economic recovery while helping the economy become more resilient to future shocks.

Strategies, Policies, Laws & Regulations	Description
National Food Security and Nutrition Strategy (FSNS)	The key objective of the FSNS is to make certain that “all Liberians have reliable access to the food they need to live active and healthy lives”. The FSNS addresses four separate dimensions of food security, namely, availability, access to food, utilization and vulnerability.
Food and Agriculture Policy and Strategy (FAPS): From Subsistence to Sufficiency	FAPS accentuates pro-poor policies and associated strategies that will harness and utilise the potential of the large number of smallholders in the sector. Its goal is “a revitalised and modernised agriculture sector that is contributing to shared, inclusive and sustainable economic growth and development of Liberia.”
Liberia Agriculture Sector Investment Program (LASIP)	The Liberia Agriculture Sector Investment Program (LASIP) seeks to transform Liberian agriculture and in doing so maximise the sector’s contribution to economic growth, employment, income generation, food and nutrition security, and poverty reduction.
MSME Policy	Aims to reduce poverty through economic growth and income equality. It focuses on the investment climate through: (1) legal & regulatory reforms; (2) access to markets; (3) access to finance; and (4) building skills and knowledge. In addition to improving the legal and regulatory environment for small business growth and to facilitate access to markets, finance and information. (MOCI, 2014), the policy seeks to increase registration and reduce registration costs, including less licensing requirements. It also aims to simplify tax administration and expand the dissemination of legal/regulatory information through channels that are easily accessible to MSMEs. The Liberia Business Registry was created through this policy to register businesses and was recently supplemented by the Public Procurement and Concessions Commission (PPCC) to coordinate government procurement from MSMEs.
Trade Policy	Promotes international trade & competitive domestic private sector by supporting agricultural, industrial, and services sectors. Introduces infrastructure improvements, export incentives & strengthens domestic productive capacity (MOCI, 2014).
Integrated Water Resources Management Policy (IWRMP)	The policy covers two broad areas: water resource management and water resource use. The goals are: (1) full socio-economic benefits for present and future generations; (2) access to safe and adequate water for people; (3) the availability of adequate quantity and quality of water for the environment and ecology; (4) the availability of sufficient quantity and quality water for food security; and (5) the availability of water for other uses such as hydropower generation, industry, transportation and recreation.
Local Content Policy	Still in draft, the Local Content Policy intends to create market pull for Liberian goods and services in the Extractive Industries. The National Investment Commission (NIC) leads the Local Content Policy Technical Working Group, and produced a draft policy in 2016.
Revenue Code	Governs matters of taxation. The LRA collects taxes owed to the GOL. Amendments to the Revenue Code were made in 2013.
Commercial Code	Backs the Commercial Court and sets provisions for sales, leases, mortgages, financial transactions, and commercial arbitration.
National Investment Act 2010	The Investment Act of 2010 governs investments in Liberia. While foreign investors generally face the same taxes and regulations as domestic investors, the act constraints foreign investment in some sectors. The Act aims to empower Liberian entrepreneurs and businesses by regulating foreign investment in certain sectors, goods, and services (MOCI, 2010). Although intended to increase Liberian business participation, the act has replaced a former mandate that required foreign-owned companies to employ qualified Liberians at all levels (MOCI, 2011).

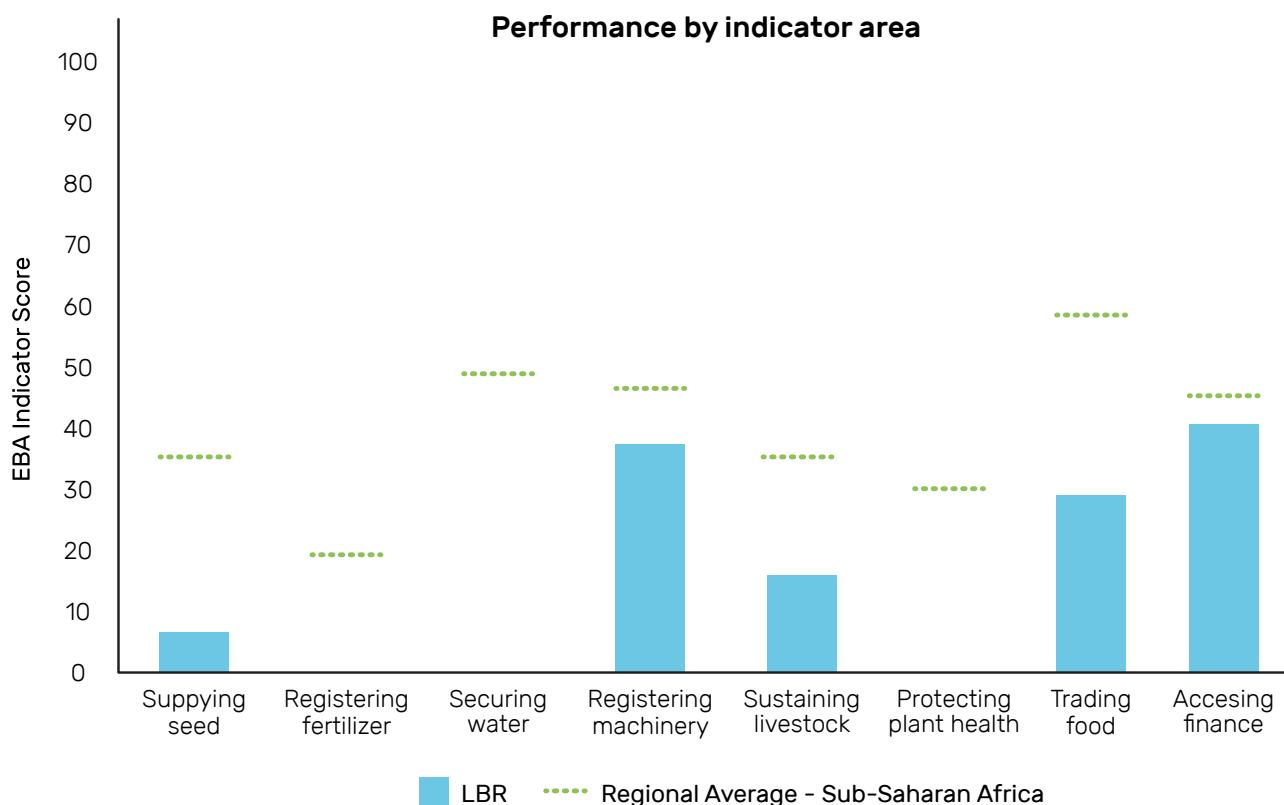
Strategies, Policies, Laws & Regulations	Description
Public Procurement and Concessions Act	Regulates public procurement and concessions. The Public Procurement and Concessions Commission was established in 2010 to regulate & enforce law. It includes National Competitive Bidding Regulations.
The Public Financial Management (PFM) Law	There are over twenty State-Owned Enterprises (SOEs) in Liberia. Thirty-one Liberian SOEs were found to have governance issues (Building Markets & USAID, 2017). The PFM Law of 2009 decreed a set of rules to govern SOEs. Proper management and oversight of SOEs is critical for a successful SME environment, as it reduces displacement and monopolistic price inflations in areas of SOE goods and services provision. The Bureau of State Enterprises, tasked with SOE oversight, is severely underfunded and complaints regarding dubious procurement, licensing and operations are made without redress.
Dispute Settlement	The Supreme Court and subordinate courts are structured similarly to the judicial system in the United States. However, the official legal system often contradicts indigenous and local customary laws. Moreover, judges and other officials are oftentimes inadequately trained, leading to procedural and governance challenges. Dispute settlements typically punishes foreign firms. (MOCI, 2010) A Commercial Court was established in 2011 to handle financial, contractual and commercial disputes, but most cases are unresolved.
Small Business Act (SBA)	The SBA created the Department of Small Business Administration. It ensures that at least 25 percent of all public procurement contracts are allocated to Liberian-owned MSMEs, with at least 5 percent reserved for female-owned MSMEs. Additionally, it promotes Liberian-owned MSMEs, builds capacity, fosters business networks and ensures that firms have access to resources and finance.
Intellectual Property Act	The Intellectual Property Act guarantees the protection of intellectual and industrial property rights.

3.3.1. Economic Laws and Regulations

On December 16, 2015, Liberia accepted the WTO, paving the way for the government to standardise its trade and investment laws and regulations consistent with internationally accepted norms. Liberia became the 163rd member of the WTO in July 2016, and the government continues to streamline its compliance status by standardizing its trade laws, regulations, and policies. The Liberia National Trade Policy reiterates the government’s commitment to remaining compliant with the WTO protocols, with emphasis on promoting private sector growth. The government has enacted laws, such as the Small Business Empowerment Act, Competition Law, Intellectual Property Law, Foreign Trade Law, Insolvency Law, and Special Economic Zones (SEZ) Act, to ensure Liberia business and investment climates are consistent with international norms. These instruments aim to increase Liberia’s trade capacity and infrastructure, harmonise its trade regime, provide a blueprint for industrial development and connect the country to global markets. Liberia is ideally situated to have easy access to the growing ECOWAS markets of about 300 million consumers, but its total regional trade volume is low due to poor transportation infrastructure and inadequate trade instruments.

In 2019, the World Bank published a document on “*Enabling the Business of Agriculture*” (World Bank, 2019), which presents indicators that measure the laws, regulations and bureaucratic processes that affect farmers in 101 countries. It covers eight indicators: supplying seed, registering fertiliser, securing water, registering machinery, sustaining livestock, protecting plant health, trading food, and accessing finance. The overall score for Liberia has been measured at 16.42/100. Figure 5 below shows the outcomes of the performance per indicator for Liberia and the regional average for Sub-Saharan Africa. We can see that Liberia scores relatively low on most of the indicators. However, it has to be noted that when looking at accessing finance, Liberia, achieves a comparatively similar score than other sub-Saharan African countries. In this context, it is also important to understand that development aid, remittances and informal saving and loans approaches are not being used as indicators for access to finance. These are additional sources of access to finance in Liberia, which however only benefit specific sectors, target selective groups in their approach and normally do not exceed small volumes. Therefore, informal sources of finance need to be complemented by those provided by formal institutions, which in turn require an appropriate legal and regulatory framework.

Figure 4 Performance by indicator – Liberia



Source: World Bank, 2019.

3.3.2. Food safety standards

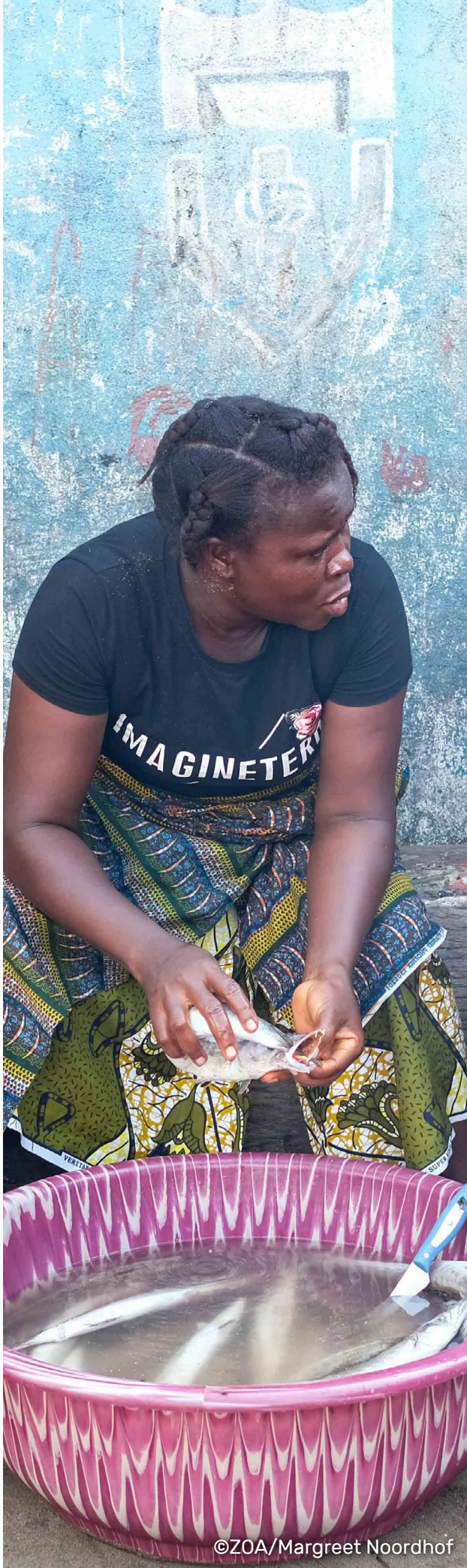
In 2005, the National Standards Lab was set up as a fully equipped and accredited lab facility to help Liberia meet Sanitary and Phytosanitary Standards (SPS). Since then, however, the custodianship of equipment and accountability for the lab has been rotated between three ministries: the Ministry of Health, Ministry of Agriculture, and Ministry of Commerce and Industry (MOCI). The length of each period of responsibility is indeterminate – sometimes it is 3 months and sometimes it is one year or more (Building Markets & USAID, 2017). As a consequence, accountability is low, and there are few incentives to implement and enforce strategies, policies, and laws and regulations. On September 10, 2019, the Ministry of Commerce signed a food safety agreement with FAO, whose goal is “strengthening national control systems in Liberia to ensure safety of foods and improve trade in Liberia” (Political Analysis, 2019). Current research on crop improvement, pest and disease management, soil and water management, and post-harvest handling aim at improving smallholder farmers’ productivity and profitability is minimal. The mandate of Central Agricultural Research Institute (CARI) is to conduct broad-based research on food and cash crops, livestock, fish, post-harvest, and assist smallholder farmers in accessing quality and high yielding seeds and planting materials (IFAD, 2019). CARI currently has limited capacity to perform these functions due to underfunding and lack of infrastructure including laboratories for soil and seed testing, biotechnology, etc. Extension service delivery is weak and far too fragmented, with most of the services being provided by Non-Government Organizations (NGOs).

With regard to post-harvest handling and processing of produce, Liberia has inadequate processing facilities at the smallholder producers level for cash crops such as rubber, cocoa, coffee and oil palm. Therefore, huge quantities of these unprocessed commodities are sold across the borders to neighbouring countries or directly exported through the port without any primary, value-adding processing.

3.3.3. Inputs

Previously, we have seen that one of the major constraints in expanding agricultural productivity is the limited availability of certified quality inputs. Therefore, research on crop improvement, pest and disease management, soil and water management, and post-harvest handling to improve smallholder farmers’ productivity and profitability is minimal. In Liberia, the Central Agricultural Research Institute⁹ (CARI) is in charge. CARI’s mandate is to conduct broad-based research on food and cash crops, livestock, fish, post-harvest processing, assist smallholder farmers in accessing quality, high yielding seeds and planting materials, and extension delivery service practices. However, CARI currently has limited capacity to perform these functions due to underfunding and lack of infrastructure which includes laboratories for soil and seed testing, biotechnology, etc.

⁹ CARI is Liberia’s primary agricultural research center, located in Suakoko, Bong County, about two and a half hours north east of Monrovia. CARI, once a branch of the MOA, is now an autonomous research institution as of January, 2016.



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The lack of a well-established entity in charge of food safety standards and input supply results in an absence of an established seed certification system to ensure seed quality standards. Available seed stock includes landraces with low genetic potential in the hands of farmers for more than 20 years. As a certified seed is a prerequisite for establishing a healthy crop, yields are usually low due to the low genetic potential of available seeds, pest infestation and limited irrigation. Fertiliser use by smallholder farmers is low with most of the imported fertilisers used by large commercial crop producers and multinational companies. Only a few smallholder vegetables and lowland rice producers use limited quantities of fertilisers. One reason for the low inputs use among smallholders is a limited awareness on the importance and application, and the high cost of inputs as a direct result of high import tariff. Fertilisers and crop protection products are oftentimes illegally brought in from neighbouring countries with no data on the quantity and types. The lack of regulation is emphasised by the lack of fertiliser policy or regulatory system for quality control.

With regard to seeds and the regulations revolving around them, companies are allowed to produce breeder and foundation seed in the country. Yet, there is no law granting and protecting plant breeders' rights. Consequently, currently very little plant breeding and seed production occurs in Liberia. Liberia lacks safeguards to ensure the quality of seed sold in the marketplace (FED, 2017; Hindiye, 2017). This discourages market growth for high-quality seed varieties in Liberia, limiting both the availability of improved seed technologies to Liberian farmers and the potential of value-added activities.

Currently, private companies are required to first register as importers, and then obtain permits on a per-shipment basis. Both certifications have time limitations and are costly, at 58 percent income per capita (FED, 2017). Liberia lacks legally binding controls requiring new product registration as well as consumer protection such as fertiliser labelling guidelines and penalties for sales of open bags once a product is imported into the country. By comparison, other countries in the region such as Mali and Nigeria have strong registration laws and minimal quality controls in place. These regulations could enable farmers to improve their yield and produce, if this is backed by proper extension services.

3.3.4. Extension services

The extension services of the Ministry of Agriculture (MoA) in the different districts, as well as the farmers cooperatives capacity, need to be enhanced through trainings and logistic support. Currently, extension service delivery is too fragmented, with most of the services being provided by Non-Government Organizations (NGOs). Given the expected impact of climate change as seen previously in section 2.4 regarding the agricultural productions, there is a need to equip farmers with tools and knowledge to adapt to these changes and to assist them operate their farms using less time and labour intensive approaches.

3.3.5. Land rights

Land is one of the most sensitive and important policy areas for Liberia, especially in its quest for rapid, inclusive and sustainable growth, and for consolidating peace and security. Access to land and its resources and security of tenure are essential for economic revitalization, peace, growth, and poverty reduction. Commercial users of land and its resources also need security of tenure for investments. Access to land, especially for smallholders (Murphy, Erickson, & Tubman, 2016), is one of the most important challenges of the agricultural sector. Smallholder farmers, who make up the majority of Liberia's rural population, require access and security of tenure to move beyond subsistence farming into more profitable and sustainable livelihoods that will achieve food security and increase export crop production.

Land ownership is governed by statutory and customary law. Inconsistencies in these laws have resulted in several types of landholding arrangements with different associated levels of tenure security. These range from deed holders - with a comparatively higher degree of tenure security to squatters with no security. On August 23 2018, the Land Rights Act was passed by the Liberia National Legislature and signed into law by President George Weah on September 19, 2018. The act was passed with the goal of minimising land conflicts between local communities and agricultural and forestry concessions. The new law is progressive and was shaped from the grassroots. The law defines four different categories of land (private, customary, public and government land) as well as the acquisition and access for increased security to land rights. However, there are still challenges to its successful

implementation which would help to minimise land conflicts between local communities and agricultural and forestry concessions.

It must be recognized that the impact of climate change could further intensify conflict over resources, especially the right to land. Thus, the socioeconomic implications of changing climatic conditions and land rights should be closely monitored. Citizen engagement is needed to complement the Government's ongoing efforts to promote social inclusion, grievance redress and sustainable management and transformation of natural resources into a source of economic dynamism.

3.3.6. Environment

Liberia continues to face several environmental challenges, which are often interlinked and mutually dependent. These include inadequate systems for waste disposal, water recycling and potable water supply as well as deforestation, desertification, soil erosion and a lack of sediment control. While traditional societies have historically interacted with the ecosystem and probably increased fertility and biodiversity, their systems are dependent on extended fallow periods and may not be compatible with more intensive land use.

In 2002, the Government of Liberia established the Environmental Protection Agency (EPA) which is responsible for the sustainable management of the environment and its natural resources. The EPA has 35 environmental evaluators in Liberia who are responsible for environmental impact assessments, enforcement of environmental policy, and environmental protection. These evaluators are also part of the country's National Disaster Relief Commission, housed in the Ministry of Internal Affairs, which is responsible for disaster preparedness and response. In 2008, Liberia's Environmental Protection Agency (EPA) prepared a National Adaptation Program for Action (NAPA) to address manifestations of climate change such as coastal erosion, erratic rainfall patterns, flooding, and temperature increases.

The EPA of Liberia is the primary agency responsible for preparing the National Communication under the United Nations Framework Convention on Climate Change (UNFCCC) and the National Adaptation Programme of Action (NAPA). In coordination with its partners, the EPA is focused on integrating climate change across government ministries including the Ministry of Agriculture and the Ministry of Mines and Energy. The National Environmental Policy Council shapes priorities for environmental targets and objectives. The National Climate Change Steering Committee and Secretariat, established in 2010, are charged with creating an intergovernmental framework for combatting climate change in Liberia.

Liberia is one of the first recipients of the Green Climate Fund and signatory to the 2015 Paris Climate Change Agreement. The first Green Climate Fund-financed project to support National Adaptation Plans was launched in August 2018 and receives USD 2.3 million in financing from the Green Climate Fund (GCF). It encompasses a two-year project plan

to help Liberia accelerate its National Adaptation Plan (NAP) by investing in climate-sensitive sectors, like agriculture and fisheries. The strategic priorities of the National Adaptation Plan are to mainstream climate change adaptation into development policies, plans and strategies; build long-term capacities of institutional structures involved in NAPs; implement effective and sustainable funding mechanisms, advance research and development in climate change adaptation, and improve knowledge management.

3.3.7. Fisheries

Fisheries are another important part of the Liberian economy. National fisheries have three main subcomponents: marine industrial fisheries,(involving tuna and mixed-demersal vessels), marine artisanal fisheries, and inland artisanal fisheries. In 2007, the Liberian Government initiated the development of a national fisheries and aquaculture policy. Unfortunately, it was not completed at the time. There is an urgent need for new fisheries and aquaculture law and the accompanying regulations, in order to make better use of its fisheries and resources and to improve fish preservation and distribution within Liberia. The Government of Liberia, through the National Fisheries and Aquaculture Authority (NAAFA), and the fishery industry have agreed to work together to abolish illegal fishing in Liberian waters. This led to an agreement titled, "Collaborative Management Association (CMA)," which urges fisherman to be registered with the government.

In 2017, the total marine production was reported to be at around 12 600 tonnes and the estimated inland fishery production was 2 200 tonnes. The last estimate of employment data from 2017, was a total of 35 054 people in both fisheries and aquaculture with 1460 people engaged in inland fishing and 33 222 in marine fisheries and the remainder working in aquaculture. At present, about 20 percent of the animal protein supply comes from fish. There has been a considerable decline in the availability of fish protein since the civil war. Per capita, fish consumption decreased from about 15 kg in the pre-war period to an estimated 6.0 kg in 2016 and it has not yet recovered. In 2017, the estimated exports of fish and fishery products were valued at USD 0.6 million, while imports were estimated at USD 7.3 million.

3.3.8. Gender

Without explicit targeting measures, woman-headed households, youth and persons with disabilities might be left out of development processes. The integration of women, youth and persons with disabilities into the economy is paramount for Liberia's development. Without explicit efforts, young people and woman-headed households have limited access to opportunities in areas in which adult men control community-level processes. These gender norms dictate that men are usually the prime beneficiaries of development interventions.

The Hon Williammetta E. Saydee Tarr was appointed the Minister of Gender, Children and Social Protection (MoGCSP) in February 2018. She declared her intentions to fight for the protection of women against sexual and gender-based violence (SGBV), to promote women's participation, and to "work with partners and the traditional leaders on the handling of female genital mutilation" (Karmo, 2018); so far tangible actions have been limited. Despite strong advocacy and legal efforts against it, violence against women remains a critical issue, given the pervasive acceptance of SGBV throughout Liberia and the sociocultural preference for reconciling cases privately or through traditional justice mechanisms. Liberia is one of the six remaining countries in Africa that has not legislated on female genital mutilation (FGM) practices. This is a critical omission that exemplifies the relationship between gender equality and traditional culture in Liberia (UNFPA, 2019). As one of her last acts in office, on January 19, 2018, President Sirleaf issued an executive order on domestic violence which laid out specific and extensive language about what constitutes domestic violence; this included isolation, intimidation, coercive behaviour, economic abuse, and sexual abuse.

The passage of the new Land Rights Act (LRA) in September 2018 was marred by an intense national debate in Liberia. It suffered several setbacks in committee rooms despite increasing pressure from several local and international rights groups. Approximately 70 percent of Liberia's population – 3.3 million people – live in rural areas, where most of the population had no formal rights to their land. The new Land Rights Act recognises that rural communities own their land under customary law, which can empower them to make decisions about how their land should be used. Even if certain clauses are still in need of further improvement¹⁰, the new LRA overall enhances rural women's access to land. Women can now purchase land and make decisions regarding land tenure without the involvement of male relatives.

In terms of women's political participation, based on the assessment of the overall state of women in Liberia, it is evident that some progress has been made in attaining gender equality in the past few years. However, as a 2018 study from the Liberian women's organisation Visionary Young Women Leadership shows, the political participation of Liberian women is still very limited, and they face challenges in making their voices heard in top leadership positions. For example, only 9.7 percent of the legislature is female, 33.3 percent of the mayors are women, and the female representation in George Weah's cabinet in the government is only at 15.8 percent. The female under-representation spans other sectors such as the judiciary where 2 out of 5 Supreme Court Justices are women, 5 out of 16 Circuit Court Judges, and 4 out of 35 Specialised Court Judges. At the grassroots level, the situation differs from county to county, but even if women are increasingly participating in decision-making and governance structures (by actively participating in community meetings, forming women groups, being part of natural resources committees and attending other fora), there is still work to be done to increase the number of women who hold public positions.

¹⁰ Currently it has a clause of minimum of 7 years residing in a community before being able to purchase land; while this was previously 15, 7 years is still a long period.

3.3.9. Youth

Due to the demographic characteristic caused by Liberia's mortality and fertility rates, as well as the legacy of the civil war, youth are at the forefront of policy considerations in Liberia. Both the government and the development partners see that improving youth employment as vital for the future peace and stability of Liberia as well as its development prospects.

The Ministry of Youth and Sports is the key government department in this regard, and it partners with many NGOs on youth employment projects. Donors such as USAID and SIDA fund large scale youth employment projects. Government policies on youth are outlined in the PAPD. In addition to prioritising youth in the strategy, legislation has been brought forward by the Weah administration, as can be found in the PAPD (2018): "The youth development outcome seeks to accelerate the process of transforming Liberia's demographic dividend into a potential driver of growth starting with expanding social inclusion through work and life skills opportunities; in addition to scaled-up Technical Vocational Education and Training (TVET) interventions." Liberia also has a National Youth Policy (2019-2023) with a strong focus on training youth in agriculture.



4. The informal and traditional context, and social norms

In Liberia, it is crucial to register the difference between the informal and the traditional systems. For the purposes of this baseline, the traditional refers to cultural practices which in many aspects of life still hold legal sway. The judiciary, for example, is split between the traditional system and the formal justice system. Village chiefs et al., play a legal role in mediating and arbitring certain disputes, while the police and judiciary are responsible for upholding the law.

When talking about 'the informal' in Liberia it is more often economic in nature. The informal system is mostly referring to work/jobs outside the formal system of employment. For example, 74 percent of female workers are employed in informal settings¹¹. Many businesses are informal in that they do not pay the correct amount of tax or adhere to regulations on labour standards etc. Regulatory and governance challenges favour economic activities outside the formal system. The distinction between these two concepts, however, is yet further complicated by the issue of social norms. Social norms are informal institutions, many of which arise from traditional practices and values. Liberia's 16 endemic tribes have a rich cultural history and the story of Liberia is often about how these tribes interacted with influences brought to the country from outside, notably Americo-Liberians as part of the settlement policies in the nineteenth century. Social norms are not solely related to 'tribal life' but because much of Liberia's agriculture is subsistence and small scale, the traditional role of village life is heavily linked to agriculture.

4.1.1. Traditional agricultural practices

Agriculture is intricately interwoven with the fabric of rural village life in much of Liberia. As pointed out previously, the lack of infrastructure development plus the heavy rainfalls the country experiences isolate many communities for large parts of the year. As such, it is important to understand how agriculture is seen as a part of life and not just as an economic opportunity by many subsistence farmers.

As has been noted, the primary method of agriculture is slash and burn rotation by many villages in Liberia. Given the dense nature of the forest, this is not surprising, and the technique applies equally to coastal communities as well as those higher up in the rice belt of Lofa, Nimba and Bong. Due to the labour-intensive nature of land clearance, brushing and planting, these activities have traditionally been communal in nature. The cod system refers to the communal system of shared labour for these annual necessities. The cod requires a farmer to provide food for fellow villagers to help them brush and clear land, but

¹¹ See section 2.2.1.

it is understood that the favour will be reciprocated between all farmers. In many cases, this is where the cooperation stops, and individual smallholders are then responsible for harvesting their crops and eating or selling as they choose.

As in most African countries, men and women in Liberia have clearly defined socio-economic roles based on gender norms. In the local communities, most of the agricultural work is managed by women, while men focus on specific tasks like clearing and preparing land or marketing. Women's contribution to agriculture in Liberia is substantial: they represent the majority of the agricultural labour force (80 percent) and are responsible for 93 percent of household food crop production (OECD, 2019). Women are often organised in their traditional *kuu* system, where they share work burden, as well as benefit from some level of mutual support. However, women generally do not have stronger organizations which can serve as a vehicle to communicate collective voice at value chains, and informal and formal institutions (IFAD, 2019).

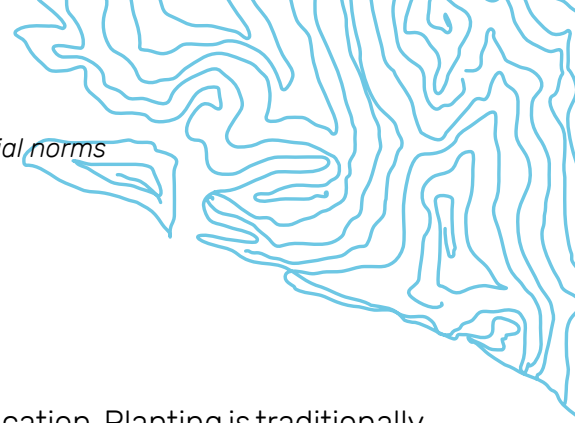
Due to the dense nature of the forest, open fires or charcoal have always been the primary fuels for cooking food. With the urbanisation of Liberia, as mentioned in section 2.1, there is a growing demand for charcoal. To meet this, many of the counties surrounding Monrovia have also integrated charcoal production as a critical part of the land preparation process. There is a quick seasonal profit in selling charcoal after the annual land clearance process. However, there is a growing concern over deforestation rates and the role the charcoal system plays in this process.

Many smallholders plant in a seasonal fashion, even though in some cases, it is not the most economically viable approach. For example, cassava can be grown year-round, yet there is a glut in planting and harvesting in Liberia around August and November. The constraints of communal labour and other seasonal factors like the payment of school fees, as well as the inconvenience of working long days in a heavy rainy season, all contribute to factors keeping smallholders cyclical. There are drawbacks, however, with prices fluctuating as the harvest floods the market and prices rising during the lean season.

Even though most of the rice is imported¹², it remains one of Liberia's main staple crops. While there is some dietary diversity, the desire to eat rice is as much a cultural aspect as a dietary one and therefore explains why smallholders and subsistence farmers buy a considerable amount for their daily needs.

Lastly, bush meat also makes up a portion of many rural smallholder's diets. However, environmental and other sustainability elements to protect biodiversity has led to a regulatory clampdown on the hunting of bushmeat. Efforts are underway to provide alternative livelihoods, but again there is a trade-off between sustainability and immediate food security needs.

¹² Fifty percent of the population lives in urban areas, therefore taking the midpoint between urban and rural consumption we can assume that 50 percent of rice consumed in Liberia is imported.



Traditional agricultural practices leave much room for intensification. Planting is traditionally done in a scattered sense and not in rows to allow for longer-term planning or monitoring. There is a limited availability and use of inputs, and very low use of capital to intensify post-harvest production to reduce losses. The critical debate, however, is what form of intensification should take place. Returns to scale would ideally be realised through approaches such as sustainable intensification or other techniques rather than extensive farming through the clearing of more land to make bigger farms. Environmental and other risks, which make the decision to intensify output more complex, will have to be given due consideration in this regard.

The discussion is also more nuanced than this approach because, as the previous section showed, agriculture is tied up very closely with the rhythm of village life. FAO categorises smallholder farmers as 'civil society' and in Liberia, this is also the case. Tradition, norms and other aspects of village life like the *cod*, tie smallholders to their processes, for much of Liberian agriculture it is unclear if people are striving for surplus and returns to scale or merely to continue life as it has always been.

4.1.2. Power, ownership and leasing

Since the country's foundation, Liberia has had a legal restriction on people of non-African descent owning land. The origins of this were set amid the scramble for Africa and for the first African Republic to protect its land from predatory colonial ambitions. "Article 27 (c) of the constitution said: 'In order to preserve, foster and maintain the positive Liberian culture, values and character, only persons who are Negroes or of Negro descent shall qualify by birth or by naturalization to be citizens of Liberia'" (Daily Observer, 2018). There is a charged debate around whether this article has acted as it intended and whether it is still necessary today.

Whether there is reform or not, "the Liberian business sector is largely controlled by foreigners, mainly of Lebanese and Indian descent" (IBP USA, 2009)¹³. According to GAIN (2016), 95 percent of rice imports are controlled by four companies, of which at least three are owned by Lebanese. The use of leasing and residency agreements means that despite the constitution, the issue is not as clear cut as it may seem. This issue is as important for agriculture as land rights (Prindex, 2018), concession contracts and foreign direct investment and all are linked.

4.1.3. Youth and gender

Two of the most widely discussed socio-economic groups in Liberia are women and youth. These groups have been mentioned in both demographics and informal institutional arrangements. However, it is important to reiterate the role these two groups play in Liberian culture and informal institutions.

¹³ The term foreigner is also controversial as many of these people have been born in Liberia.

When thinking about the agricultural sector, women's political participation and women's economic empowerment are very important to consider. At the village level, roles and responsibilities are often divided along gender lines and the view of women as caregiver is deeply ingrained. At another level, there is a common trope in Liberia that the civil war broke the social compact between the youth and the traditional elders' structures. This trope leads to the concept of trust and attitudes to equity and justice. In both cases, the specific socially enshrined norms, beliefs and responsibilities of women and youth impact their capacity to engage in agricultural investment.

During the civil war, Liberian women were used as instruments of war, experienced severe violations and bore extremely high burdens through sexual assaults. Liberian women played an important role in establishing peace, however, they never received justice and fair treatment for past violations of their rights. At present, structural economic, social and political inequalities negatively affect women and girls by excluding them from meaningful participation in social life and by undermining their progress. This limits their contributions to the sustainable development of Liberia. To restore the social fabric of Liberian society and to contribute to long term stability, efforts should be made to address gender inequality and to empower women through targeted interventions based on their needs. Special consideration should be given to address SGBV, provide women with access to economic opportunities and guarantee the role of women in national and local peacebuilding and reconciliation processes.

Most women, particularly those in rural communities, participate to a greater or lesser degree in women's groups. These associations are generally considered to exert a positive influence on community dynamics. They meet regularly and can be called upon to be part of conflict resolution interventions. If people do not want to go to the chief to solve a conflict, they can go to the women's group for support. Traditional women's group relations with youth can be characterised by some degree of tension due to conflicting inter-generational values and the rejection of some practices by young people. Some women's groups are closely related to the traditional Zoe. Young women can be part of the women's group, but sometimes inter-generational conflicts occur.

Relationships between elders or parents and the youth can be tense and sometimes volatile. There is a lack of trust towards the young people. Conversely, young people consider the previous generation to have failed them by having participated in the conflict, and by providing them only with limited economic and livelihood prospects. Youth often feel excluded by older generations. The introduction and misinterpretation of human rights and children's rights, for example, and the opposition to Female Genital Mutilation (FGM) and early marriage, have led to conflict between elders and youth. In each community, the youth have a youth-leader who advocates on their behalf in community meetings or with institutions, for instance, to get scholarships. Although these young people have the most positive image, they are still not widely trusted or even seen as reliable by elders or their

parents. In addition, elders sometimes feel that young people do not respect them. While young people can be both the perpetrators and the victims of the lack of peace, they also have an enormous potential for positive change.

4.1.4. Justice, trust and equity

Historically the country of Liberia was characterised by its insecurity and the small size of its political entities. However, strong interdependence, as well as traditional socialising mechanisms, created lasting bonds on the village level. Many of Liberia's traditional stories warn against trusting outsiders and the civil war further destroyed relations of trust. Trust is largely restricted to private settings like kin and religious groups, e.g. church congregations, and not available in the public sphere. While Liberians often organize themselves into voluntary associations, lack of trust often impedes effective functioning, and these associations are often short-lived.

However, it is not all negative as the access to finance section describes, the establishment of village savings and loan schemes are now in many villages in Liberia. These require community trust and often leverage traditional powerbrokers to ensure they are successful. In more urban areas, Susu's are savings schemes which rely on trust and are outside the formal banking system. These are widely used and one trader (of fuel) reported placing 8,000LD per month in a scheme. He has very limited paperwork and formal recourse should the powerful owner of the Susu default, but the system still works to his satisfaction.

During an interview with villagers in Margibi County, it was acknowledged that outsiders are not to be trusted. This village was cheated by an agro processor and the villagers told the story of how they had to work together to block the supply of goods to that processor. However, the collective action victory was short-lived. The need for the collective to sell coupled with the lack of trust within the community meant that the agro-processor was allowed back into the village. The villagers ensured that they received payment on the day instead of in arrears, but they did not negotiate any recompense or a better deal for their produce.

Overall civic trust is a complex issue for Liberia, many of the drivers of trust are informal and, as such, responsible investment will have to ensure fairness and transparency when dealing with rural communities. However, contracts (such as official MoU's), standardisation and the promise of repeat business are not strong indicators of trust, especially for smallholder farmers. A responsible investment policy will have to consider contracts in the more abstract sense of 'what builds trust' rather than legally defined terms and conditions.



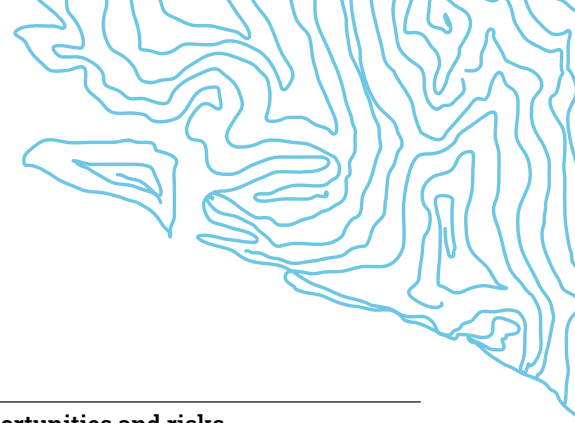
5. Conclusions

The previous three sections have been a review through the key features of the Liberian enabling environment, its current trends and structure and its formal and informal institutions. To complete this report's baseline, these concepts need to be linked to the principles of responsible investment in agriculture.

The table below outlines the ten principles and some of the key issues to consider based on the above information.

Principle	Things to consider	Tensions, opportunities and risks
1. Contribute to food security and nutrition	Liberia is not yet food secure and relies heavily on food imports (notably rice).	The rapid expansion of agricultural land should not have a lasting impact on the environment, notably deforestation. Food security may be achieved through concessions or businesses which reap returns to scale. However, the social and cultural consequences on rural communities of rapid intensification might be exploitative of the rural labour force.
2. Contribute to sustainable and inclusive economic development and the eradication of poverty	Liberia remains one of the poorest countries in the world, with a surplus supply of unskilled young labour.	The increasing mechanisation of the agricultural process might lead to fewer higher paying jobs, which can cause tension with the surplus supply of young labour. In contrast, labour intensive approaches may come with higher coordination and transaction costs which make returns to scale (and thus profit margins and retail prices) less competitive. Overall, balancing the needs of urban consumers with those of rural producers through inclusive business models will be vital.
3. Foster gender equality and women's empowerment	Most of the subsistence and informal workforce is female, but the majority of the formal business ownership is male.	There are notable cases of female SME ownership in the agricultural sector, but many of these are linked to NGO or other developmental assistance. Likewise, rural women, who make up the majority of the informal labour force are subject to a variety of social norms which restrict their participation in civic life. Purely providing investment opportunities and access to finance will not be enough to turn the female workforce into a) entrepreneurs b) formal employees. Wider social and policy change will need to be created to make the agricultural sector gender transformative.
4. Engage and empower youth	Youth unemployment is a big issue in Liberia, but many young people do not see agriculture as an attractive form of employment.	Many of the Liberian youth are not interested in subsistence farming as a way of life. Wage employment in concessions is another option, but because current agricultural practices are labour intensive (hard and involving drudgery) more incentives are needed to attract youth to the sector. At present, the surplus supply of youth labour drives down wages, disincentivising many from making a living via agriculture. Possible opportunities include incentivising young agri-entrepreneurs to engage in post-harvest handling activities and/or to stimulate larger-scale post-harvest investments which commit to hire youth.

Principle	Things to consider	Tensions, opportunities and risks
5. Respect tenure of land, fisheries, and forests, and access to water	<p>Land Rights are a major source of tension in Liberia, both traditionally and between concession contracts and with local populations.</p> <p>Traditional fishing techniques are sustainable, but not economically expandable, whereas commercial fishing is profitable but can deplete stocks.</p>	<p>When it comes to stimulating local economic growth, agricultural concessions generally do not perform as well as mining concessions. The thin profit margins in the agricultural industry are unappealing to many youth. Major tensions between mining concessions and local communities exemplify the trade-off between economic growth/ returns to scale, and inclusive business practices.</p>
6. Conserve and sustainably manage natural resources, increase resilience, and reduce disaster risks	<p>Liberia's dense forest is both an asset and a burden. The preservation of the forest can attract tourists and help with carbon offsetting, but much of this land is also needed for food security, if Liberia is to become self-sufficient.</p>	<p>Concerns on environmental protection have been raised both in regard to traditional land clearance via slash and burn as well as on processes resulting in stripping back tracts of prime forest for intensive food production clash with environmental mandates.</p> <p>The increased use of chemical inputs and other intensification techniques could clash with other environmental objectives, such as the expansion of national parks and the maintenance of biodiversity.</p>
7. Respect cultural heritage and traditional knowledge, and support diversity and innovation	<p>The agricultural labour force, both subsistence farmers/ fisherfolk do not solely respond to market-based incentives. Underlying traditional obligations and expectations determine how communities' function. Traditional practices such as communal labor in the kuu are a long-established practice beyond the labor aspect and it is fully intertwined in communal life.</p>	<p>Traditional practices are often a hybrid of communal and commercial. Introducing purely market-based solutions for agricultural production can have an impact on the fabric of rural life. Likewise, levels of trust and other social norms mean that business initiatives based on contract law and written agreements may clash with traditional values of trust and equity.</p> <p>It should be ensured that communities are included, and are able to participate fully in any benefits derived from the improved use of these genetic resources. With the use of these resources, communities should be able to sustain their livelihoods and should consider the ethical values and cultural traditions as well as the natural environment. Therefore, the pre-eminence of public policy, in partnership with the private sector and civil society, must be reaffirmed.</p>
8. Promote safe and healthy agriculture and food systems	<p>While food safety standards are low and incomplete in Liberia (there are very limited extension services), the lack of chemical inputs and high-tech processing reduces the risks of contamination and injury during production.</p>	<p>An increase in intensive inputs may increase production, and stop rotation to an extent, but it may also lead to soil exhaustion and because of Liberia's high rainfall, the soil could also become depleted.</p> <p>Food safety standards for the main crops are currently being developed. While larger businesses have the ability to standardise and control standards, they also can mechanise processes thus reducing the possibility of contamination. However, the majority of food production comes from smallholders, who lack the assets and knowledge to produce to such standards.</p>



Principle	Things to consider	Tensions, opportunities and risks
9. Incorporate inclusive and transparent governance structures, processes, and grievance mechanisms	Levels of trust by many rural communities have meant that formal (i.e. MoU based) governance structures lack acceptance with these communities. When large scale concessions are leased, Liberia's poor have limited capacity to impact on decisions being made which may lead to land disputes between large corporations and rural communities.	The high level of informality in the sector combined with the low skill requirements and a surplus supply of labour, mean that employees have a weak bargaining power, even in formal employment. Likewise, transparency of accounting can be improved. Coordination and coherence within the ministries of the Government of Liberia should also be strengthened to enhance policy coherence, streamlining of tasks and responsibilities. Establishing a coherent set of policies in the short term is important if Liberia is to avoid a policy vacuum as businesses need to compete. However, policies the benefit the employee often add to overhead costs.
10. Assess and address impacts and promote accountability	Lack of a coherent policy environment is affecting impact interventions. Lack of transparency creates a challenging environment for businesses to compete as many of their competitors often do not follow current labour laws and regulations.	Liberia has had an accelerated experience in dealing with concession-based development and contraction; however, when it comes to large scale investments oversight and transparency need to be improved. Enforcement of laws and regulations combined with better coordination within the appropriate system provides a great opportunity for improvement of the current situation. Policies are formulated, but their limited enforcement compromises their effectiveness. Many companies often have a quasi-regular status, paying tax, but often not at the value which their scale demands. Therefore, compensations to communities where concessions are established are either not sufficient or not provided at all.

Overall, agriculture is the key sector of the Liberian economy and society. However, in many rural settings, it is currently more of a poverty trap to subsistence farmers and fisherfolk. On the commercial side, while the sector contributes substantially to government revenues (in absolute terms), the lack of value addition within the country and high import demands show the sector as underperforming.

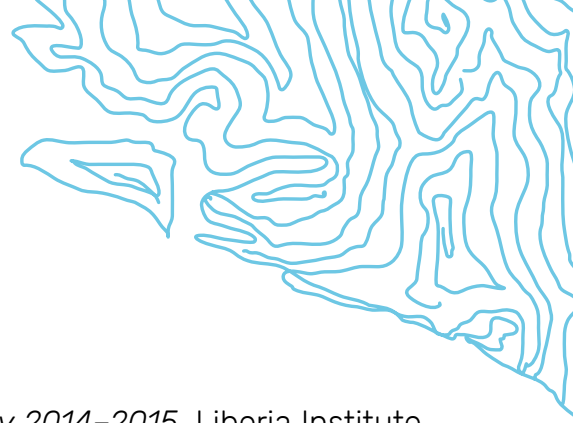
To transform this latent potential into inclusive, equitable growth and prosperity a careful investment will be required. The table above highlights many of the tensions at the heart of responsible agricultural investment and indicates what is needed to reduce poverty, protect the environment and maintain social harmony. The current scale of businesses, their governance structures and the capital intensity used are some of the main factors needed to be considered when investing in agriculture in Liberia. The enabling environment is challenging particularly considering governance, regulatory and policy implementation challenges, yet there are examples of success. The Project to Enhance the Enabling Environment for Responsible Investment in Agriculture and Food Systems is able to help codify and provide more detailed recommendations helping to inform policymakers how best to confront these challenges and let the country unfold its potential.



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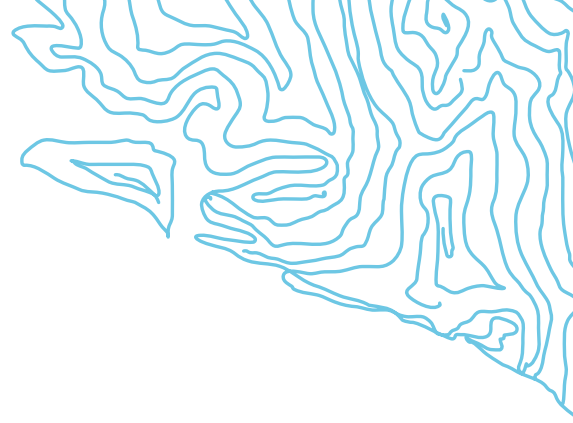
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Annex 2 – Key statistics

Country Profile - Liberia					
<i>Year</i>	1990	2000	2010	2018	2019*
<i>Population, total (millions)</i>	2.08	2.85	3.87	4.82	4.94
<i>Population growth (annual %)</i>	-1.5	5.4	3.6	2.5	2.5
<i>Population density (people per sq. km of land area)</i>	21.6	29.6	40.4	50	51
<i>Poverty headcount ratio at \$1.90 a day (2011 PPP) (% of population)</i>	..	..	68.6	40.9	
<i>GNI, Atlas method (current US\$) (billions)</i>	..	0.76	1.78	2.92	
<i>GNI per capita, Atlas method (current US\$)</i>	..	250	460	610	
<i>GNI, PPP (current international \$) (billions)</i>	..	2.64	3.82	5.46	
<i>GNI per capita, PPP (current international \$)</i>	..	930	980	1130	
	People				
<i>Sex ratio</i>					1.011
<i>Life expectancy at birth, total (years)</i>	46	52	60	63	
<i>Fertility rate, total (births per woman)</i>	6.5	5.9	5	4.4	
<i>Adolescent fertility rate (births per 1,000 women ages 15-19)</i>	170	149	140	136	
<i>Mortality rate, under-5 (per 1,000 live births)</i>	262	187	97	71	
<i>Immunization, measles (% of children ages 12-23 months)</i>	..	63	65	91	
<i>Primary completion rate, total (% of relevant age group)</i>	..	..	67	61	
	Environment				
<i>Forest area (sq. km) (thousands)</i>	49.3	46.3	43.3	41.5	
<i>Terrestrial and marine protected areas (% of total territorial area)</i>	..	..	..	1.2	
<i>Urban population growth (annual %)</i>	3.4	6.1	4.4	3.3	
	Economy				
<i>GDP (current US\$) (billions)</i>	..	0.87	2	3.26	
<i>GDP growth (annual %)</i>	..	2.9	6.1	1.2	
<i>Inflation, GDP deflator (annual %)</i>	..	0.7	6.5	-1.9	
<i>Agriculture, forestry, and fishing, value added (% of GDP)</i>	..	76	45	37	
<i>Industry (including construction), value added (% of GDP)</i>	..	4	5	13	
<i>Exports of goods and services (% of GDP)</i>	..	31	19	26	



<i>Exports of goods and services (% of GDP)</i>	..	31	19	26	
<i>Imports of goods and services (% of GDP)</i>	..	39	93	94	
<i>Gross capital formation (% of GDP)</i>	..	8	19	13	
<i>Revenue, excluding grants (% of GDP)</i>	..	..	13.5	..	
<i>Net lending (+) / net borrowing (-) (% of GDP)</i>	..	..	-0.6	..	
	States and markets				
<i>Time required to start a business (days)</i>	..	..	21	18	
<i>Domestic credit provided by financial sector (% of GDP)</i>	..	105.6	18.5	4 310.7	
<i>Tax revenue (% of GDP)</i>	..	..	11.2	..	
<i>Mobile cellular subscriptions (per 100 people)</i>	0	0.1	40.4	56.6	
<i>Individuals using the Internet (% of population)</i>	0	0	2.3	8	
<i>Statistical Capacity score (Overall average)</i>	..	..	33	57	
	Global links				
<i>External debt stocks, total (DOD, current US\$) (millions)</i>	2 062	2 836	419	1 256	
<i>Total debt service (% of exports of goods, services and primary income)</i>	3.7	..	1.7	2.8	
<i>Net migration (thousands)</i>	-290	-50	25	-25	
<i>Personal remittances, received (current US\$) (millions)</i>	..	..	294	387	
<i>Foreign direct investment, net inflows (BoP, current US\$) (millions)</i>	225	21	2 065	122	
<i>Net official development assistance received (current US\$) (millions)</i>	113.7	67.4	1 416.1	621.7	

Source: World Development Indicators database
Last Updated: 12/20/2019

Annex 3 – Land law the eight mandates

1. Communities may define themselves according to community members' preferences – so long as they do not discriminate or exclude residents. (Articles 2, 34.1 and 34.2).
2. Community members are considered to be the private owners of their customary lands. The Land Rights Act ensures that customary land ownership is private land ownership, as protected as private lands bought and sold on the land market. (Article 2, Article 32.1).
3. Proof of a community's private ownership of their customary lands may be established through oral testimony alone: a community does not have to have "papers" or a deed to prove their ownership over their ancestral lands. (Articles 9.4, 11.3, 32 and 37.1).
4. All community members, including women, youth, and members of minority groups have equally strong ownership claims to customary lands, and have equal rights to use and manage community land. (Articles 2 and 34.3).
5. The community itself is responsible for the management of their customary lands and is tasked with drafting bylaws on how they will govern their land; elect diverse leadership; make a land use plan that ensures sustainable use and conservation and is based on customary practices. (Articles 35.1, 36.1, 36.2 and 38.1).
6. The community's land governance body must be composed equally of men, women and youth and must make decisions by consensus. (Articles 36.4, 36.6, 36.7 and 36.8).
7. Communities must give their Free, Prior and Informed Consent before any outsiders can use or "interfere with" their private customary lands. (Article 33).
8. Community members may continue to use lands designated as "protected areas" for their livelihoods. (Article 42.5).

Annex 4 – Balance of Payments

(In millions of USD, flow statistics)

Description	2014	2015	2016	2017	2018
Current account	-643.8	175.3	-270.3	-560.0	-703.6
Credit	2 084.0	2 261.6	1 693.4	1 228.0	1 050.2
Debit	2 727.8	2 086.3	1 963.7	1 788.0	1 753.8
Goods	-1 372.3	-1 268.0	-921.9	-630.1	-524.2
Exports f.o.b	444.4	283.4	279.3	367.8	517.0
Imports f.o.b	1 816.7	1 551.4	1 201.2	997.9	1 041.1
Services	-428.1	-92.3	-129.8	-161.4	-223.5
Exports	245.7	203.1	93.3	72.9	13.1
Imports	673.8	295.4	223.1	234.3	236.5
Primary Income	116.9	112.9	-169.1	-240.7	-109.2
Credit	39.0	39.1	30.5	20.2	31.5
Debit	-77.9	-73.9	199.6	260.9	140.7
Secondary Income	1 039.7	1 422.6	950.5	472.2	153.3
Credit	315.2	313.4	339.8	294.9	488.7
Debit	685.1	1 006.6	688.6	353.2	335.4
Capital Account	72.9	99.6	62.9	65.4	411.5
Credit	72.9	99.6	62.9	65.4	411.5
Debit					
Financial Account	1 173.5	-600.4	-610.8	-676.2	-272.1
Direct Investment	-501.9	-232.7	-311.7	-247.8	-129.1
Assets (Abroad)					
Liabilities (In Liberia)	501.9	232.7	311.7	247.8	129.1
Portfolio Investment	-6.1	-			
Financial derivatives					
Other investment	-691.5	-408.1	-317.8	-364.7	-98.8
Assets	-502.7	-238.6	-150.2	-212.2	65.4
Liabilities	188.8	169.5	167.7	152.5	164.2
Reserve assets	25.9	40.5	18.7	-63.8	-44.2
Monetary gold					
Special drawing rights	8.1	10.3	-45.1	0.3	-2.2
Reserve position in the IMF			45.1		-
Currency and deposits	17.8	30.1	18.7	-64.1	-41.9
Securities					
Other claims					
Net Errors and Omissions	-602.5	-875.2	-403.4	-181.6	20.0

(2nd Quarter 2018; 1st & 2nd Quarters, 2019)
(In millions of USD)

Account Description	2018	2019	
	Q-2	Q-1r	Q-2p
Current account (CA)	(147.37)	(131.28)	(177.88)
Credit	259.85	235.42	245.46
Debit	407.22	366.71	423.35
Goods and services	(155.79)	(150.02)	(175.86)
Credit	130.44	148.45	146.77
Debit	286.22	298.46	322.63
Goods (net): surplus (+)/ deficit (-)	(110.98)	(78.04)	(105.75)
Credit (Exports)	127.88	145.04	143.83
Iron ore	35.63	60.28	59.19
Rubber	17.99	23.15	24.77
Mineral (Gold & Diamond)	63.82	53.12	49.11
Palm oil	2.59	1.36	3.44
Other exports (Excluding gold)	7.85	7.14	7.31
Debit (Imports)	238.86	223.08	249.58
Food and Live Animals (including Animals & Vegetable Oil)	54.99	61.71	77.28
<i>O/w Rice</i>	30.90	23.17	40.03
Minerals, Fuel, Lubricants	40.18	34.16	37.36
<i>O/w Petroleum Products</i>	30.03	24.14	28.36
Machinery & Transport Equipment	67.59	52.32	50.72
Manufactured goods classified by materials	30.32	36.85	33.50
Other Imports	45.78	38.04	50.72
General merchandise on a balance of payment basis	(166.80)	(125.58)	(150.96)
Credit	72.06	97.51	98.62
Debit	238.86	233.08	249.58
Of which Re-exports (credit)	2.36	3.61	0.00
Nonmonetary Gold (credit)	55.82	47.53	45.21
Services	(44.81)	(71.98)	(70.11)
Credit	2.56	3.41	2.94
Debit	47.36	75.38	73.05
Primary Income	(24.68)	(24.97)	(26.16)
Credit	10.55	5.90	7.33
Debit	35.23	30.87	33.49
Secondary Income	33.09	43.69	22.14
Credit	118.86	81.07	91.36
Debit	85.77	37.37	67.22
Capital Account (KA)	95.94	35.40	76.99

Source: Central Bank of Liberia, 2019.

Annex 5 – List of relevant government entities

• National Investment Commission	www.nic.gov.lr
• Bureau of Immigration and Naturalization	
• Central Bank of Liberia	www.cbl.org.lr
• Forestry Development Authority	
• Liberia Maritime Authority	www.bma-liberia.com
• Ministry of Agriculture	www.moa.gov.lr
• Ministry of Commerce and Industry	www.moci.gov.lr
• Ministry of Finance	www.mof.gov.lr
• Ministry of Foreign Affairs	www.mofa.gov.lr
• Ministry of Justice	
• Ministry of Lands, Mines and Energy	www.molme.gov.lr
• Ministry of Planning and Economic Affairs	www.moepa.gov.lr
• Ministry of Public Works	
• National Oil Company of Liberia	
• National Port Authority	www.npa.gov.lr
• Public Procurement & Concessions Commission	www.ppcc.gov.lr
• Private sector	
• Liberian Better Business Forum	www.liberiabetterbusinessforum.com
• Liberia Business Association	
• Liberia Chamber of Commerce	www.chamberofcommerce.org.lr
• Ministry of Health and Social Welfare	
• Ministry of Education	
• Ministry of Public Works	
• Ministry of Gender and Development	
• Environmental Protection Agency (EPA)	
• Forestry Development Authority (FDA)	
• Ministry of Internal Affairs	
• Ministry of Youth and Sports	
• Central Bank of Liberia	

With financial support from



Federal Ministry
of Food
and Agriculture

ISBN 978-92-5-133633-5



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CB2131EN/1/02.21