

# BTI 2012 | Liberia Country Report

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scale: 1 (lowest) to 10 (highest)    score    rank    trend

This report is part of the Bertelsmann Stiftung’s Transformation Index (BTI) 2012. The BTI is a global assessment of transition processes in which the state of democracy and market economy as well as the quality of political management in 128 transformation and developing countries are evaluated.

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### Key Indicators

Population	mn.	4.0	HDI	0.329	GDP p.c.	\$	419
Pop. growth <sup>1</sup>	% p.a.	4.0	HDI rank of 187	182	Gini Index		52.6
Life expectancy	years	55	UN Education Index	0.439	Poverty <sup>3</sup>	%	94.8
Urban population	%	61.5	Gender inequality <sup>2</sup>	0.671	Aid per capita	\$	127.7

Sources: The World Bank, World Development Indicators 2011 | UNDP, Human Development Report 2011. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$2 a day.

## Executive Summary

Liberia has made significant strides in transitioning from a war-torn nation to one that promotes political stability and economic recovery. The president, Ellen Johnson-Sirleaf, enjoys considerable international support for her reform agenda, but popular support has waned as ordinary citizens see little tangible improvement in their living conditions. Progress is slow, and with the second nationwide elections since the end of the civil war scheduled for October 2011, the president's political opponents will seek to profit from actual and perceived public dissatisfaction. The elections are expected to be free and fair, with the United Nations Mission in Liberia (UNMIL) again providing the bulk of technical and financial assistance in addition to guaranteeing security.

Liberia's political party landscape appears to be maturing as many parties have formed coalitions. In mid-2009, Johnson-Sirleaf's Unity Party (UP) boosted her coalition by merging with the Liberia Unification Party (LUP) and the Liberia Action Party (LAP). While newly formed opposition alliances remain fragile, they could pose a significant challenge to the ruling coalition if their leaders are willing to sacrifice their personal ambitions for the top position in favor of a jointly chosen presidential candidate. The ever-popular presidential runner-up in the 2005 elections, George Weah, will stand as the joint presidential candidate of the Coalition for Democratic Change (CDC), an alliance of eight opposition parties. In October 2010, yet another merger was proposed between the CDC and the Liberty Party (LP) of Charles Brumskine, who came third in 2005. While the popularity of both leaders would certainly pose a significant challenge to the incumbent, particularly given the public dissatisfaction with the government's perceived failure to improve the living standards of the broader population, it remains to be seen whether an agreement can be reached on who should run for president on the president/vice president ticket.

The Liberian government has made significant progress in facilitating economic recovery. Much of the country's debt was canceled upon completing the IMF Heavily Indebted Poor Countries (HIPC) initiative in June 2010.

Influx of FDI into the extractive sector of more than \$10 billion during the Johnson-Sirleaf administration has led and will continue to lead to substantial revenue generation – especially in comparison to other sectors. Social and economic linkages with the enclave economy will need to be established or strengthened, if long-term benefits are to accrue for the Liberian population.

## History and Characteristics of Transformation

The era of Liberian-American dominance in Liberian political life, which began with independence in the mid-1800s, came to an end in 1980 when Samuel Doe overthrew the government in a bloody military coup. The descendants of former slaves who returned to Liberia after 1822, Liberian-Americans made up only a fraction of the Liberian population. The dissolution of the state accelerated in the wake of the 1980 coup, but Liberia returned to presidential rule with a bicameral parliament in 1986. Following the suppression of an overthrow attempt, Samuel Doe entrenched his power by exploiting ethnic tensions and exercising repression with a security apparatus led by members of his Krahn ethnic group from the northeast.

When the National Patriotic Front of Liberia (NPFL) launched a civil war at the end of 1989, the corrupt kleptocracy of the second republic collapsed within a few months. A rapid-response ECOWAS force failed to establish peace. When a final attempt to resolve the issue of power through military means ended with the destruction of the capital city Monrovia in April 1996, all parties of the conflict agreed to elections. The NPFL won in 1997, and Charles Taylor was inaugurated as president. Taylor's failure to bridge political cleavages, however, led to a second civil war beginning in 1999.

During the first half of 2003, Liberia's political and economic framework deteriorated considerably. The Movement for Democracy in Liberia (MODEL) challenged Taylor's rule in the southeast. With backing from Côte d'Ivoire and Guinea as well as the tacit consent of the U.S. government, the northwestern-based military faction Liberians United for Reconciliation and Democracy (LURD) pushed south and reached the area surrounding Monrovia by mid-2003. Finally, Taylor was forced to accept the Nigerian President Obasanjo's offer of asylum as a necessary precondition for the installment of a transitional government. The National Transitional Government (NTGL) was formed in accordance with the Comprehensive Peace Agreement (CPA) of the Accra Conference in August 2003. One of its foremost tasks was to pave the way for democratic legislative and presidential elections, to be held in October 2005. Much of that year was devoted to the preparation of these elections and in January 2006, Ellen Johnson-Sirleaf became the first female African head of state. In the legislative elections, nine

parties won seats in the Senate and 11 won seats in the House of Representatives, though both bodies included a number of independents.

In 2006, the Johnson-Sirleaf government initiated a restructuring of Liberia's political institutions, and while the country's economic prospects have improved since the election of Johnson-Sirleaf administration, they nonetheless remain unstable as the country continues to rely heavily on development aid.

Immediately after her inauguration, Johnson-Sirleaf resumed cooperation with the IMF, which resulted in two Staff-Monitored Programs (SMP) – one in 2006 and a second which ran through 2007. The success of these programs entailed further assistance from donors. In 2008, the Johnson-Sirleaf administration successfully negotiated a debt reduction program with the World Bank and the IMF. Following the completion of the IMF's HIPC debt relief initiative in June 2010, economic policy is now guided by the IMF's Extended Credit Facility (formerly the PRGF), covering the period from March 2008 to March 2011. The key objectives of the ECF include managing public expenditures, fighting corruption, improving economic governance and bank supervision and establishing macroeconomic stability.

Liberia's Governance Economic Management Assistance Program (GEMAP), a measure aimed at improving financial and operational controls and practices, placed international actors in key administrative positions between 2006 and 2010, to be followed by a similar Governance and Economic Management Support Program (GEMS).

Notwithstanding these positive developments, the bulk of the urban and rural population remain occupied with basic problems of survival and everyday life: the reconstruction of houses, procuring tools and seeds for subsistence production, functioning roads and markets, jobs, the reintegration of refugees, internally displaced persons (IDPs) and former combatants (including child soldiers), reopening schools and clinics, and establishing a functioning administration.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 10 (best) to 1 (worst).

## Transformation Status

### I. Political Transformation

#### 1 | Stateness

Question  
Score

A monopoly on the use of force has been established in principle. However, the state's ability to exercise that monopoly remains questionable as it continues to rely heavily on the United Nations Mission in Liberia (UNMIL) for support in guaranteeing security throughout the country.

Monopoly on the  
use of force

8

UNMIL concluded the second phase of its initial drawdown process in early 2009, which saw a 10% reduction in the mission's military strength, while at the same time increasing the numbers of UNMIL police by approximately 20%.

The Johnson-Sirleaf administration continues to face serious difficulties in increasing the capacity of its justice and security sectors to arrest, detain and adjudicate criminals. In collaboration with UNMIL, the Liberian National Police identified 18 priority projects as part of its strategic plan for the period 2009 – 2013. However, capacity development remains slow in both the justice and police sectors, as the LNP continues to rely on UNMIL for operational support while the justice and correctional institutions grapple with capacity, infrastructure and equipment deficits.

Some progress has, however, been made in developing a more comprehensive framework for reconstructing certain parts of the security sector. With DynCorp handing over responsibility for reforming the country's armed forces to the Ministry of Defense, UNMIL initiated training exercises that were in line with the government's national defense strategy.

Liberia's disarmament, demobilization, rehabilitation and reintegration (DDRR) program, a key outcome of the 2003 Comprehensive Peace Agreement, was officially completed in July 2009. The DDRR process was flawed: reportedly 100,000 combatants were disarmed but only 28,300 guns and 6.5 million rounds of ammunition were collected. The problems associated with rehabilitating and

reintegrating former combatants have been compounded by the continued proliferation of small arms and light weaponry. Fortunately, the presence of the international peacekeeping force prevents the formation of new armed bands and warlord followings capable of undermining state authority. However, the state's reliance on external assistance in this arena attests to the threat posed by the illegally operating groups of former combatants, many of whom remain connected through local networks, some involved in illegal economic activities, including mining and rubber tapping.

General rights of full citizenship, which is granted exclusively to those of black African descent and includes, for example, the right to own real estate, are not disputed, and the constitution of 1986, which is still valid, is generally accepted. There are discussions from time to time concerning the national status of the Lebanese and some of the Mandingo population, which is mainly of Guinean origin. The Mandingoes' association with several of the rebel groups that have fought in Liberia during the on-off civil war partly explains why they have often been marginalized. Moreover, as a minority, Mandingoes are considered by many Liberians to be strangers or non-Liberians. The Mandingo population therefore relies on alliances with those actors currently in charge of state affairs to protect their rights.

As stipulated by the (still valid) Liberian constitution of 1986, the principle of the separation of religion and state is generally adhered to. This fact notwithstanding, Liberia identifies itself as a Christian nation, and the Muslim population regularly strives to enhance the public presence of Islam. There have been religious overtones to the war and armed conflicts of the past decades. Political entrepreneurs vying for power often exploit popular sentiments and politicize religion to serve their personal interests. Since religious affiliation and ethnicity is closely linked, ethnic tensions persist, most prominently between returning Mandingo, many of whom are Muslim, and Dan (Gio) and Mano in Nimba, as well as between Mandingo and Lorma in Lofa and Bong counties. Furthermore, ethnic conflict between the Krahn and Dan communities persists in the north.

The restructuring of Liberia's political institutions began in 2006. Following institutional and personnel audits to determine technical competency, the number of civil servants within all ministries was drastically reduced. Efforts were made to enhance the visibility of public officials as well as to strengthen coordination and monitoring structures throughout the country, particularly at county level.

This process is ongoing, and progress is understandably slow given that financial and capacity constraints remain a concern in all sectors, despite the substantial assistance received from external actors such as the United Nations family, the USA, the European Union and its member states.

State identity  
8

No interference of  
religious dogmas  
9

Basic  
administration  
4

In terms of the efficacy of state institutions, the state's authority remains limited in rural or remote areas as a result of ill-trained officials, low incentives and limited infrastructure. According to the latest estimates, access to sanitation facilities remains below 20% and access to clean water remains a challenge.

Initial measures toward decentralization have been undertaken – for instance, County Development Funds for local development initiatives have been established. However, severe mismanagement of these funds has already occurred, although government was able to react. The traditional gap still exists between a rather centralized government and the constituencies in the hinterland.

## 2 | Political Participation

The last general elections in Liberia were held in 2005 and considered largely free and fair, notwithstanding some irregularities. In line with its constitutional provisions, Liberia has been preparing for its second election since the end of the civil war, to be held in October 2011. As with the 2005 nationwide elections, the next round is expected to be broadly free and fair, providing for universal suffrage under a secret ballot thanks to continued international support for the process. UNMIL will once again provide the bulk of technical and financial support as well as security.

Free and fair  
elections

8

A controversial Threshold Bill to establish a threshold for constituency reapportionment was signed by President Johnson-Sirleaf in August 2010. While the 64 electoral districts from the 2005 elections were maintained, nine new seats were allocated to the more populated counties.

Donors such as the United Nations have committed to providing technical and financial support for the upcoming elections through a donor coordination group.

Generally, the government has considerable power to govern. However, the Liberian government's effective power remains limited. The continued presence of the international peacekeeping force, which holds potential veto players at bay – particularly former warlords and influential businessmen – has had a significant impact on the current government's ability to govern effectively. The constitution, which bestows extensive powers on the president, remains unchanged. The state's success or failure therefore depends heavily on the personal dedication and ability of the current incumbent, Mrs. Johnson-Sirleaf. Fortunately, whereas the transitional government proved to be weak, ineffective and corrupt, the Johnson-Sirleaf government has ushered in positive developments, as showcased by the completed Governance Economic Management Assistance Program (GEMAP), a partnership between the government and the donor community.

Effective power to  
govern

6

While Article 17 of the current constitution guarantees that all persons have the right to assemble “in an orderly and peaceable manner,” some law enforcement agents continue to exercise excessive force when dispersing demonstrations or detaining persons suspected of organizing public demonstrations. While this is not part of a government directive to prevent citizens from exercising their rights to association and assembly, it does point to the difficulties faced in reforming members of a police force who had committed gross atrocities in the past, many of whom were complicit in crimes and regularly violate the rights of civilians.

Association /  
assembly rights  
8

Notwithstanding this challenge, a number of organizations operate in the country, including political parties, voluntary associations, economic interest groups, religious organizations and churches, human rights groups and others.

While there is a nominal unrestricted freedom of opinion, media rights and freedom of expression were occasionally violated by the authorities during the period under review. The press and other media express opinions freely, but Liberian journalists remain at risk of harassment by state officials. According to Freedom House, two newspapers were suspended during 2009 for alleged improper registration, while Reporters Without Borders noted that two Liberian journalists who were arrested by the National Security Agency in connection with a report that claimed the government had supplied arms to dissident forces in neighboring Guinea. In its latest Freedom of Press Report of 2010, Freedom House has categorized Liberia as “not free”, ranking 134th out of 196.

Freedom of  
expression  
6

The country has, however, made significant headway in providing citizens with statutory rights of access to information with the passing of the long-awaited Freedom of Information Bill, which was submitted to the legislature in 2008 and passed in September 2010. There has, however, been slower progress in two other draft media laws, which were also submitted in 2008. The Independent Broadcast Regulator law is awaiting endorsement by the Senate after being passed by the House of Representatives in 2009, while the bill to transform the state broadcaster into a public-service broadcaster remains with a committee in the House of Assembly.

### 3 | Rule of Law

Since Johnson-Sirleaf’s inauguration as president the opportunities for developing a more democratic system of checks and balances between the executive and the legislative branches of the state have improved, although the constitution has not been revised. The president’s Unity Party (UP) remains in the minority and depends on cooperation (or co-optation) of various other groups to challenge the strongest opposition coalition, the Coalition for Democratic Change (CDC). Fully balanced relations between the government and parliament are constrained to some extent by

Separation of  
powers  
6

the capacity problems of the executive, but even more by the lack of experience with democratic process of the majority of representatives in the House of Representatives and the Senate (some of them being former leaders of warring factions during the civil war).

The judiciary continues to face serious shortcomings in terms of capacity and infrastructure. It operates under outdated laws and legal frameworks and continues to rely heavily on donor funding. Judicial reform has been on the agenda for several years as the judiciary's ability to fulfill its function is hampered by significant shortcomings, namely a lack of qualified personnel, insufficient funding, poor infrastructure, weak administration, poor case-flow management and corruption.

Independent  
judiciary  
4

Furthermore, the judiciary – much like the legislature – has suffered severe damage in recent decades. Both fell victim to the nearly unrestricted power claims of former presidents who were supported by a one-party system, the military and/or by warlordism. As a result, the relationship between the executive and the judiciary has had to be entirely rebuilt.

In recognition of the need for qualified personnel as a direct means of strengthening the justice system, the Judicial Training Institute was launched in June 2008 to train Liberian judges, magistrates, justices of the peace and customary law officials. In March 2009, the Institute graduated its first group of 21 Liberian judges, magistrates and lawyers after completion of a training course on instructional design and facilitation skills. A Professional Magistrate Training Program (PMTP) that began in March 2010 is expected to prepare 64 college graduates to take up roles as Magistrates after completion of the one-year intensive practical training program.

In continued efforts to fight corruption, a new partnership between state and non-state actors was launched in July 2009. The National Integrity Forum (NIT) – comprising the Liberian Anti-Corruption Commission, the General Auditing Commission, the Governance Commission as well as civil society organizations and business associations – is intended as a public-private committee that will coordinate and advocate for the strengthening of anti-corruption legislation, relevant institutions and policy instruments.

Prosecution of  
office abuse  
5

Johnson-Sirleaf has maintained her zero-tolerance policy on corruption, as far as her political leverage allows. In some cases where allegations of corruption against government officials and civil servants were substantiated, the president has reacted by either suspending or dismissing the culprits, including high-level civil servants. In January 2009, all non-statutory members of Liberia's public corporation boards were removed as a result of poor governance and performance records amid ongoing debate over levels of public corruption. The president also sacked a former close associate, Harry Greaves, then managing director of the Liberian Petroleum

Refinery Company (LPRC) for meddling with the tendering process and awarding a dubious contract for upgrading storage facilities to a Lebanese company. However, there was little noticeable reaction to a government-wide carbon-credit fraud scheme investigated in 2010, which involved many senior figures. Office abuse and corruption also led to a cabinet reshuffle in November 2010 and the dismissal of some intolerable ministers.

Some successes notwithstanding, such formal measures to combat corruption continue to be hampered by the endemic nature of the problem, and there are mounting concerns that officials removed from office due to corrupt practices have not faced prosecution.

The protection of civil rights constitutes another key policy area of the government. The government has taken effective steps to attempt to break with the past abuse of state force for personal gain, which had resulted in serious violations of human and civil rights. These steps include the dissolution of the army, the police and the secret services as well as the appointment of veteran opposition politician Boima Fahnbulleh to the post of national security adviser. In today's Liberia, civil rights are generally respected. According to the U.S. State Department, however, problems persist in many areas as there are reports of police abuses, arbitrary arrests and detention, the denial of due process and fair public trials. Violence against women and domestic violence were widespread during the review period.

Civil rights

6

The reintroduction of the death penalty in 2008 in cases of armed robbery, terrorism or hijacking in which people are killed violates international law, as Liberia previously signed an international accord aimed at the abolishment of capital punishment. However, the penalty has not yet been carried out in a single case.

The prevalence rate of female genital mutilation (FGM) is high, and racial and ethnic discrimination persist.

#### 4 | Stability of Democratic Institutions

By and large, democratic institutions perform their functions. There appears to have been a further upward trend in the rehabilitation of state institutions as well as the implementation of democratic procedures and mechanisms in the period under review in line with the prioritization of the reform of key governance institutions by the president upon assuming office in 2006.

Performance of  
democratic  
institutions

7

While the government and donor community have collaboratively supported a number of institutional reform initiatives – such as those within the justice sector – capacity deficits as well as poor management and governance continue to hamper progress.

The Governance Reform Commission (GRC), an oversight body charged with setting up a national framework for legal and political reform, continues its work and has made far-reaching suggestions regarding the decentralization of power, regional participation and maintenance of national and regional balances.

Justice sector reform has proven difficult given the nature of Liberia's justice system. Tainted by a culture of impunity and a lack of impartiality due to the past misuse of the justice system by powerful individuals, the justice sector has required comprehensive reform that incorporates the prisons, the formal justice sector as well as the state-sponsored customary law. The training efforts currently underway at the Judicial Training Institute constitute a progressive, but as yet untested effort towards rehabilitating the judicial system.

The executive branch continues to dominate the political sphere and all hope is vested in the president to effectively alter the postwar and post-transitional economic situation with external support. The success of these efforts remains the most important factor in realizing a democratic process at a national level and in gaining the support of democratic institutions and procedures by all relevant actors.

Since the successful staging of the first postwar democratic elections in 2005, there has been no vocal opposition from any relevant actors toward democratic institutions and procedures. The standard bearers of the parties founded by former military or warlord-like leaders (e.g., Doe, Taylor) won only single-digit numbers of seats in parliament. It must be borne in mind, however, that nearly all active political parties are personality-centered political movements without stable democratic structures and procedures. The House of Representatives and the Senate are highly fragmented. Religious leaders, civil society organizations, trade unions and other relevant societal groups support the present political leadership, although the extent to which their support of the personalities at the head of the government implies agreement with democratic structures and procedures is not always clear.

Commitment to  
democratic  
institutions  
8

## 5 | Political and Social Integration

Liberia's bicameral legislature comprises 64 representatives and 30 senators from as many as 12 political parties. The large number of political parties elected to the House of Representatives and the Senate since 2005 has at times led to seemingly irreconcilable disagreements on major economic and political legislation.

Party system  
5

Most political parties are highly personalized and center around a single leading personality during election times. The election results tend to reveal ethnic and regional affiliations. The roots of only a handful of the parties go back to the 1980s, when the de facto one-party system of the True Whig Party (TWP) under Liberian-American rule had come to an end during the coup d'état of 1980. Some of these

older parties still exist today, but they are losing ground; others have survived in coalitions and wield moderate influence. Sometimes programs are restricted to general declarations without any relevance to the urgent need for reconstruction in a society devastated by civil war. Others design detailed programs for national reconstruction, but it remains to be seen whether they can serve as platforms for opposition politics. As already noted, there are many political parties represented in both the Senate and the House of Representatives (Laakso / Taagepera index > 5).

However, Liberia's party landscape appears to be maturing to some extent as many parties have formed coalitions in recognition of the potential benefit of combining forces. In mid-2009, Johnson-Sirleaf's UP boosted her coalition by merging with the LUP and the LAP. While newly formed opposition alliances remain fragile, they could pose a significant challenge to the ruling coalition if their leaders are willing to sacrifice their personal ambitions for the top position in favor of a compromise presidential candidate. The ever-popular presidential runner-up in the 2005 elections, George Weah, will stand as the joint presidential candidate of the Coalition for Democratic Change (CDC), an alliance of eight opposition parties. In October 2010, yet another merger was proposed between the CDC and the Liberty (LP) of Charles Brumskine, who came third in 2005. While the popularity of both leaders would certainly pose a significant challenge to the incumbent, particularly given the public dissatisfaction with the government's perceived failure to improve on the living standards of the broader population, it remains to be seen whether an agreement can be reached on who should run for president on a joint presidential ticket.

Emerging from a low organizational level after years of civil war, interest groups have alternately established, re-established or reorganized themselves since 2003. Various sectors of the business community, workers' unions, professional associations, religious organizations and other civil society groups formed to defend various interests. Old and new voluntary associations at county, district and community levels are also organized to convey their concerns to the government. Many with more general concerns are dependent on support from abroad, others, lacking support, concentrate on the alleviation of the hardships of everyday life. Self-organizational activities are flourishing, but must overcome the extreme poverty and the level of destruction that affects all elements of daily life.

According to the Afrobarometer's survey on popular opinions on democracy in Liberia, the majority of Liberians (72%) prefer democracy to any other form of government. There is resounding partiality towards democratic values and practices, and 83% of the population agree that there should be a two-term limit on the presidency, while most Liberians believe that the national legislature (and not the president) should make laws, and nearly two-thirds (61%) of the population are in favor of the current multi-party system.

Interest groups  
5

Approval of  
democracy  
7

Public opinion of the performance of democratic institutions is less positive. Only 51% of Liberians are fairly or very satisfied with the way democracy works in their country, while as many as 44% are unsatisfied with the democratic performance. This is also reflected in the approval ratings for key public officials. Only 48% of the population are satisfied with the performance of their representative in the national legislature, and just 48% are satisfied with that of their local government councilor. Johnson-Sirleaf enjoys higher approval ratings than other elected officials, at 63%.

Therefore, while the majority of respondents agreed that the present system of elected government should be given time to address problems inherited from years of conflict and maladministration, popular trust in constitutional and democratic institutions is generally low. As to be expected given the performance approval ratings, the presidency was the only institution with a trust rating above 50% (58%), while the trust levels for the other institutions such as the legal system, legislature, police and opposition parties ranged from 45% to 27%.

As such, a democratic civic culture has not yet fully developed. Associational life and especially social trust have still to recover from the aftermath of more than a decade of civil war. The extent of damage to ethnic traditions and the question of their restoration are key issues for social integration in postwar Liberia. It is not clear whether the Poro (and Sande) secret societies in the northwestern parts of Liberia and the mechanisms of social integration in the traditional societies of the southeastern region will regain sufficient strength to influence the construction of social capital in these rural areas. The Poro, victims of various factions during the civil war between 1990 and 2003, have the potential to either help resolve or exacerbate social and ethnic conflicts. However, research has shown that the secret societies tend to play a negligible role in urban areas, and are to some extent even considered a substantial threat. Moreover, their ability to act as conflict mediators appears to be hampered by the fact that they operate in an isolated “parallel society.”

Social capital  
5

## II. Economic Transformation

### 6 | Level of Socioeconomic Development

Poverty and inequality are structurally ingrained in Liberia. The country ranks 169th out of 182 in the HDI (2009 – 2010). Unemployment levels in Liberia remain high. An estimated 85% of the population is without formal employment (figures have ranged from 80% to 85% for years), and 84% of the population live on less

Question  
Score

Socioeconomic  
barriers  
1

than \$1.25 per day. Given the limited capacity of the formal economy, most employment is in the informal sector, mainly in petty trading and subsistence farming. However, paid employment can be found with state institutions and NGOs, for example. The post-conflict economic recovery has created private-sector job opportunities (e.g., on rubber plantations and in the logging industry, which produces for the local market). At the same time, the rationalization measures taken by the Johnson-Sirleaf administration in the civil service sector have led to cuts in public sector employment.

The large number of unemployed youth continues to pose the most pressing problem. Informal groups of young men, many of them ex-combatants, are not only perceived as key threats to security, but also highlight the unresolved issues of reintegration and the unemployment of young males.

Economic indicators		2007	2008	2009	2010
GDP	\$ mn.	734.9	842.5	879.5	<b>986.2</b>
GDP growth	%	9.4	7.1	4.6	<b>5.5</b>
Inflation (CPI)	%	11.4	17.5	7.4	-
Unemployment	%	5.6	-	-	-
Foreign direct investment	% of GDP	17.9	46.8	24.8	<b>45.9</b>
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ mn.	-223.2	-354.3	-277.2	<b>-415.7</b>
Public debt	% of GDP	541.3	482.7	311.1	<b>118.7</b>
External debt	\$ mn.	3721.5	3128.1	1655.6	<b>228.0</b>
Total debt service	\$ mn.	642.0	934.4	64.0	<b>5.5</b>

Economic indicators		2007	2008	2009	2010
Cash surplus or deficit	% of GDP	0.1	0.0	-	-
Tax revenue	% of GDP	0.3	0.3	-	-
Government consumption	% of GDP	14.6	19.3	-	-
Public expnd. on edu.	% of GDP	-	2.8	-	-
Public expnd. on health	% of GDP	10.8	11.9	13.2	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	0.5	0.5	0.8	-

Sources: The World Bank, World Development Indicators 2011 | International Monetary Fund (IMF), World Economic Outlook 2011 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2011.

## 7 | Organization of the Market and Competition

Market competition is present only in segments, and the informal sector is large and substantial. Although the Johnson-Sirleaf government's economic policies favor a free market system, the government nonetheless feels compelled to fix prices and to control imports of certain basic commodities – especially rice and crude oil or oil products. There is reliable evidence that these practices, which Johnson-Sirleaf criticized during her campaign, have been continued under the current government. Although no reliable data is available, the informal sector is certainly vast and covers large parts of the labor force. According to the Heritage Foundation, freedom of market economy in Liberia is “repressed” – the worst category in the respective index of economic freedom.

Market-based  
competition  
3

The formation of monopolies and oligopolies is regulated only occasionally. For example, Liberia's number one export product, rubber – which accounts for more than half of export earnings – is produced mainly by the Firestone Natural Rubber Company (a division of the Bridgestone Corporation) under an amended concession agreement with the Liberian government. Beginning in 2006, the authorities reviewed all contracts and concessions awarded by previous governments, including the mining and diamond sectors. The first prominent renegotiated deal was that with ArcelorMittal, the world's largest steel company, which had originally negotiated a contract with the NTGL. In early 2008, the government also renegotiated its contract with the rubber giant Firestone, cutting back its concession to operate until 2041, 50 years earlier than had agreed between the company and the NTGL. Further significant terms of the contract include the maintenance of the rubber tree plantations by the company to enable continued production once its concession has

Anti-monopoly  
policy  
4

ended, as well as the modification of ownership rights so that the plantation becomes Liberian property once the agreement expires.

Trade is liberalized in principle. The large-scale revitalization of mineral, timber, rubber and palm oil production has led to a steady rise in export growth since 2008, with earnings expected to rise further as mining projects begin production.

Liberalization of  
foreign trade  
4

According to the Heritage Foundation, however, trade freedom is relatively low. Liberia ranks 160th in the 2011 Index of Economic Freedom, with an overall score below that of the global and regional average and improving only slightly from earlier scores. Trade freedom has not improved, with the IMF estimating Liberia's weighted average tariff rate at 15.6% in 2007. The factors that continue to add to the cost of trade include import bans and restrictions, poor infrastructure and trade capacity, licensing, corruption and the minimal enforcement of intellectual property rights.

In September 2010, the WTO's Enhanced Integrated Framework (EIF), a multi-donor support program to assist Least Developed Countries in addressing supply-side constraints to trade, partnered with the African Development Bank (AfDB) to promote trade in Liberia.

The banking system has grown over the past two years, and it now comprises the Central Bank of Liberia (CBL) as well as eight commercial banks. Given Liberia's ineffective monetary policy, the IMF has specifically targeted the management of the CBL for reform.

Banking system  
6

As part of the poverty reduction strategy, the CBL has strengthened bank supervision. It has also reached some of the other targets set for it in 2003. In 2008 it increased its net foreign reserves by \$14.3 million, bringing the total level of reserves to \$49.4 million. The positive trend in revitalizing the banking system is also evident in the CBL's increase of the minimum capital requirement of commercial banks operating in the country from \$2 million to \$6 million in 2008, and it is expected to increase further to \$10 million. The introduction of new capital also meant that the total capital of commercial banks nearly doubled in the period from 2006 to 2008, increasing from \$21 million to \$40.5 million.

The global financial crisis has had no direct effect on the banking sector as the recapitalization of the system continues. However, challenges to revitalizing the banking system remain. At the end of 2008, the capital adequacy ratio of the banking sector stood at 22%, well above the required 8%.

## 8 | Currency and Price Stability

The government has kept both the U.S. dollar and the Liberian dollar as legal tender. The CBL has maintained an almost stable exchange rate since the Comprehensive Peace Agreement. The average exchange rate in 2006 was L\$ 58 to \$1, in 2008 it stood at L\$ 63.5 to \$1, while it rose minimally to L\$ 68.9 to \$1 in 2009. The exchange rate system is free of restrictions on payments for current and capital transfers, and authorities continue to intervene to influence the direction of the exchange rate. The high degree of dollarization of the Liberian economy has meant that the exchange rate is the foremost means by which price levels are affected by monetary imbalances.

Anti-inflation /  
forex policy

5

There are dangers associated with the constraints of a fully dollarized economy, which should be supervised by the CBL with the assistance of international experts within GEMAP. In addition to a stable exchange rate, a constant supply of fresh Liberian money is needed to avoid economic instability.

Liberia's inflation is determined mainly by fuel and food prices, and annual inflation has remained below 10% since 2009. The stabilization of oil and food prices led to a rapid decline in inflation from 18% in 2008 to 7.4% in 2009, increasing slightly to 9% in 2010. The continued efforts by the CBL, with support from the IMF, to minimize exchange-rate depreciation in addition to the high degree of dollarization have helped contain inflationary pressures.

Although limitations remain, consistent progress has been made in terms of economic macrostability during the period under investigation.

Macrostability

7

Liberia has made further progress in dealing with its heavy debt burden. Upon reaching completion of the IMF's HIPC initiative in June 2010, much of the country's remaining debt was canceled. For instance, the Paris Club, comprising 19 creditor countries, wrote off all the debt owed to it by Liberia, canceling a total of just under \$1.37 billion in debt.

The African Development Bank also approved a debt-relief package of \$237.2 million under the HIPC in addition to \$19.6 million under the Multilateral Debt Relief Initiative.

While Liberia's public sector external debt amounted to \$87 million in 2010, the IMF estimates that it accounts for approximately 8.9% of GDP.

## 9 | Private Property

The acquisition of property and property rights are guaranteed under the constitution. The possession of real estate is restricted to Liberian citizens – that is, only those of black African descent. Non-citizen missionary, educational and charitable institutions have the right to property as long as it is used for their specific purposes. Mineral resources belong to the government. Because of the long period of military dictatorship and civil war, there is no real documentation of current land occupancy and ownership relationships in the country. The majority of the population depends on land use for subsistence production. Tropical timber and raw rubber are produced by foreign firms on a license basis, while coffee and cocoa are grown mainly by small landowners or as a part of subsistence production.

The protection of property rights remains a challenge given the courts' inability to enforce decisions. The looting of official archives during the civil war also meant that record systems remain incomplete, further adding to the difficulties.

In August 2009, the government responded by establishing a National Land Commission in order to address increasing disputes over land, such as those resulting from conflicts between customary and statutory land tenure systems. The commission is expected to propose, advocate and coordinate reforms in land policy and laws.

Private companies are permitted and in principal can act freely but in practice face several hurdles. According to the World Bank's Doing Business 2011 report, the overall freedom to establish, operate and close a business is constrained by Liberia's regulatory environment. While starting a business takes an average of 20 days, well below the sub-Saharan average of 45.2 days, the country ranks 155th out of a total of 183 economies overall due to difficulties faced in registering property, protecting investors and enforcing contracts.

Because of the history of economic mismanagement and corruption in Liberia, the country's state-owned enterprises and parastatals are undergoing a process of rationalization and reform, the details of which are laid down in the Poverty Reduction Strategy Paper. Between 2008 and 2011, the government intends to improve efficiency and economic governance within certain parastatals, such as the Liberia Petroleum and Refinery Company (LPRC), which has improved its performance following internal restructuring. Others, such the Agriculture and Industrial Training Bureau (AITB), the Bureau of State Enterprises (BSE) and the National Food Assistance Agency (NFAA) have been allocated minimal budgets in anticipation of their dissolution. The government intends to further restructure state-

Property rights  
5

Private enterprise  
5

owned enterprises, parastatals and regulatory agencies by dissolving or privatizing those that are dysfunctional, redundant or more suitable for private ownership.

## 10 | Welfare Regime

There have been some efforts to improve the provision of social safety nets since the last period of review. The introduction of a Free and Compulsory Education Policy in 2006, which abolished tuition fees in public primary schools and reduced them for public secondary schools, yielded substantial improvements in enrolment figures in 2007 and 2008.

Social safety nets  
3

In early 2010, the government launched a two-year Pilot Social Cash Transfer Scheme to assist very poor households not benefitting from social welfare. Supported by the United Nations Children's Fund (UNICEF), the European Union and Japan, the scheme was piloted in Bomi County in the southwest. Depending on the number of members in a household, selected families receive \$10–25 per month, with a bonus paid if children attend school. The government, with support from a number of UN agencies, also introduced a Purchase for Progress Program as a tool to support smallholder farmers and promote the recovery of markets for local produce.

These improvements notwithstanding, the country still lacks a functioning public welfare system of government payments or payments by social insurance providers to alleviate risks derived from illness, unemployment or old age.

Life expectancy remains below 60 years and despite plans to strengthen social welfare programs, access to health and social welfare services is limited for the majority of Liberia's population, particularly the rural and urban poor. Most Liberians continue to depend upon familial support networks (including members abroad) and grass-roots aid networks.

Profound social inequalities continue to restrict equal access to health and educational institutions in Liberia. The civil war exacerbated these inequalities, leaving behind only a small group of privileged – though not necessarily wealthy – people with access to services such as health and education. While some of these individuals remained in Liberia, many live in the United States. International aid within Liberia (within and beyond IDP camps) and in refugee camps abroad cannot compensate sufficiently for the civil war's decimation of opportunities. While measures have been taken to restructure the civil service by downsizing the bloated workforce, nepotism continues to determine access to jobs within the administration. It is still too early to determine the success of efforts aimed at restricting these practices that reduce staff levels in the public sector and reinforce qualification and achievement as the bases for employment. Members of the newly

Equal opportunity  
4

founded police force and the army were recruited with the intent of correcting the ethnic imbalances that have prevailed since the 1980s. In the past, these imbalances subjected the police and army forces to manipulation by ethnically and/or politically based power interests. Also, the high unemployment rate exacerbates the neglect of gender equality when it comes to the distribution of new employment opportunities.

According to the latest available figures, the total adult literacy rate stands at 58.1% of the total population aged 15 and over. Considering the literacy rates according to gender, it appears that women have limited access to education, with a 53% female literacy rate compared to 63.1% of males. There does, however, appear to be a generational gap. When considering the literacy rates for males and females between the ages of 15 and 24, the female population fares decidedly better than their male counterparts (79.5% of females compared to 70.1% of males). These discrepancies notwithstanding, there is a marked improvement in literacy among the younger population (74.8%). The picture, is however, further complicated by the ratio of female to male enrolment at both primary and secondary levels (89.5% and 75.4% respectively), suggesting that women do indeed have limited access to education compared to their male counterparts.

## 11 | Economic Performance

Post-conflict reconstruction measures continue to yield considerable gains in the rate of GDP growth. In 2009, the economy grew by around 4.6% and the growth rate stood at an estimated 6% in 2010 – as a result of increased rubber production and prices as well as foreign direct investments, and growth is expected to rise further with increased investments in the country's mining sector.

Inflation rates continue to fluctuate. When inflation rose to 11.4% in 2007 and then 18% in 2008 as a result of sharp increases in international food and fuel prices, anti-inflationary measures were introduced. These measures, such as the waiving of food import tariffs and income tax for low-income earners, brought consumer price inflation down to 7.4% in 2009 and it is expected to remain below 9% in 2010 and below double digit figures in 2011.

Unemployment levels, which are estimated to be at 80% to 85%, have remained high for years. Jobs outside the state and agricultural sectors remain scarce, as do jobs in NGOs (including UN organizations). Other economic indicators offer further discouraging news. Due to a rise in imports – mostly consumer goods – and slower-paced export growth, the country runs a constant trade deficit. It has run a cash-based budget since 2006, thus preventing any increase in public debt. The country will resume lending following the extensive debt relief granted on completion of the HIPC initiative, but it will borrow no more than 3% of GDP per

Output strength

6

annum as stipulated by the IMF. It is also expected to begin servicing the remaining debts towards the end of 2011.

## 12 | Sustainability

Environmental consciousness is not highly developed within Liberian urban society, though tribal societies have traditionally been very conscious of the need to protect the environment. Environmental concerns were completely ignored during the civil war and during Taylor's rule between 1997 and 2003. Today, the country faces several environmental problems, including waste and wastewater in cities and towns, an insufficient supply of safe drinking water, deforestation, desertification, erosion and the lack of sediment control. Although reforestation legislation has been passed, logging companies in the southeast and northwest have failed to comply. The Firestone Natural Rubber Company has been accused of ignoring international labor standards for rubber tapping and for failing to protect the environment from the harmful chemicals used in processing rubber. Provisions have been made to ensure the sustainability of environmental resources in the amended contract between the government and Firestone (see "anti-monopoly policy"). A term of the contract included the maintenance of the rubber tree plantations by the company to enable continued production once its concession has expired.

There is no regulatory and enforcement body for environmental protection in the areas of the upcoming offshore-oil exploration and production.

The civil war devastated the education system, destroying most schools and other institutions of learning. Nearly 35% of the overall population has not had any schooling. Because boys are given priority in terms of funding for formal education, there continues to be a gender disparity in terms of access education opportunities. Teacher salaries are low, and the majority of primary school teachers are neither qualified nor trained to teach. Tertiary education also faces major challenges as the University of Liberia continues to battle with understaffing and an overcrowded campus.

International NGOs, church organizations and private initiatives are crucial to reconstructing and re-equipping the physical infrastructure (i.e., school buildings) of basic and secondary education. The entire education system must also be gradually rehabilitated. Institutions of higher learning such as the University of Liberia and Cuttington University have resumed operations, and increased funding for the former as well as other accredited universities has been provided. The government has also allocated just over 12% of its budget towards the long-term goal of rehabilitating the education system, but overall education levels are expected to remain low for some time to come. The latest figures show that the 2.7% of GDP

Environmental  
policy  
4

Education policy /  
R&D  
3

public expenditure on education remains well below the average of 4.8% of GDP measured among 127 countries.

## Transformation Management

### I. Level of Difficulty

There are massive structural constraints weighing upon Liberia that pose formidable challenges for the government. Over two-thirds of the Liberian population live in extreme poverty (i.e., less than \$1 per day), and illiteracy rates among children and young adults remain high. Many of the country's educated laborers with technical training fled during the civil war, leaving both the state's administrative infrastructure and economy without sufficiently skilled and experienced personnel. This problem has been aggravated by the fact that educational opportunities remained underdeveloped during the civil war. Further constraints include poverty, unemployment, devastated infrastructures (physical and social), the reintegration of returning refugees and IDPs, and the difficulties associated with resuming subsistence agriculture and cash crop production. The government seems determined to meet the country's economic difficulties by implementing the financial and fiscal policies of the IMF with coherence and consistency. Hopes of overcoming these difficulties focus almost exclusively on foreign direct investment (e.g., ArcelorMittal, BHP Billiton, China Union in mining, Chevron in oil, and 14 logging concessions). The creation of social and economic linkages to this enclave economy has gone widely unexplored and is not part of the contracts. Effects on employment and private-sector development will thus be limited. The main focus is on generating state revenues secured by taxes and royalties paid by these investors.

Structural  
constraints  
10

The years of civil unrest have weakened Liberian civil society. The tradition of popular protest that began in the 1970s was maintained during the military rule of the 1980s, the civil war and throughout Charles Taylor's rule. Today, there are several indigenous NGOs with civil or religious backgrounds helping to maintain and build political capacities. Half a dozen or more civil rights groups and the media critically observe the government's implementation of its new policies. The conditions of physical existence in urban and rural centers, corruption, nepotism and professional weaknesses are carefully recorded and published, while adequate procedures for prosecution are demanded. Aside from this relatively small group of educated and politically engaged people in the capital, however, most of the population is preoccupied with survival.

Civil society  
traditions  
7

Although fighting between Liberia's warring factions ceased in 2003, the rehabilitation and reintegration process for former combatants under the Comprehensive Peace Agreement has not yielded the hoped-for results. Although it was claimed that 100,000 combatants had been disarmed, only 28,000 guns were collected, and almost one-third of the combatants have still not participated in the program. In combination with poor living conditions, this state of affairs has exacerbated public insecurity and increasing crime rates in both urban and rural areas, with common offenses including armed robbery, assault and sexual violence.

Conflict intensity  
4

Broader social background conditions are a continued source of concern. Local populations still consider ex-combatants a key threat to security, which underscores the unresolved issues of reintegration and/or the unemployment of young males. The structural bases of armed conflict will remain intact as long as there is no prospect of an economic take-off with sufficient employment opportunities. The creation of alternative sources of income is necessary in order to reintegrate such groups. Efforts to address this problem are underway, including the employment of ex-combatants in donor-funded government road construction and other labor-intensive projects. Other pressing issues include rehabilitating businesses and managing state resources such as timber and diamonds – which played a key role in the civil war. In 2010, intercommunal violence occurred between ethnic groups, for instance in Lofa County.

## II. Management Performance

### 14 | Steering Capability

Question  
Score

The political leadership is by and large committed to democracy and a market economy. It pursues long-term aims, but is limited by the country's structural constraints as well as its continued dependence on foreign aid which enjoys multimillion-dollar budgets that render government budgets practically irrelevant by comparison.

Prioritization  
7

The government continues to pursue a range of national priorities within its IMF-monitored Poverty Reduction Strategy (PRS), aligned under the four pillars of security, economic revitalization, governance and the rule of law, and infrastructure and basic services. Upon adoption of the PRS, which is expected to run till the end of 2011, the Johnson-Sirleaf government began the process of implementing economic reforms, reorganizing state institutions, reconstructing the country's physical and social infrastructures and (re)gaining the population's trust in the structure and procedures of democratic institutions.

At the onset of its term, the Johnson-Sirleaf administration set ambitious goals, some of which have already been reached. Economic policy is guided by the IMF's Extended Credit Facility (ECF, formerly known as the Poverty Reduction and Growth Facility), which runs from March 2008 till March 2011. The government has endeavored to maintain its focus on the four poverty reduction strategy pillars.

Implementation  
6

Limited domestic implementation capacity poses the most significant challenge to realizing PRS targets, and in general, implementation of plans has remained limited. However, the government was, for instance, able to implement its policy of reducing the number of civil employees and thus enabling a salary increase for the remaining civil service forces.

In response to the fact that most capacity-building initiatives are externally funded and time-bound, authorities launched a National Capacity Development Strategy (NCDS) in order to focus on the need to enhance capacity in the long term.

The executive branch has endeavored to overcome the damages of war, the warlord economy and the corruption of former governments. It has proven a willingness to acknowledge past mistakes and is eager to formulate new policies and implement necessary reforms. The boundaries of its efforts are set by the international donor community's willingness to continue aid until a substantial economic recovery yields results and until the state can secure its own internal and external security. In the long run, this means that the government will need to secure the rule of law and respect for property rights while establishing a competent judiciary. It must also develop opportunities for domestic value chains and upstream, downstream and sidestream linkages to the extractive industries, which have advanced only at a policy level. Successful development will also require a better environment for Liberian investors and the return of expatriated capital.

Policy learning  
6

## 15 | Resource Efficiency

Deep-rooted corruption and the lack of a skilled civil service and parastatal personnel continue to severely hamper the effective use of economic and human resources. The lack of funds to pay experienced employees – often returning from abroad – exacerbates the problem. As mentioned before, the government has succeeded in reducing the number of civil employees. The decision to break with NTGL personnel policies signaled the start of new appointments that are based on education and achievement, but it remains to be seen whether this practice can be sustained. To satisfy its human resource demand, Liberia must hope for the return of emigrants or wait for its own educational institutions to produce the next generation of an educated labor force. Given the poor quality of education in

Efficient use of  
assets  
5

Liberia and the long-term nature of education sector reform, the latter will prove difficult to achieve within one generation.

Coherent policies alone cannot resolve the problems facing a war-devastated society. Furthermore, it is somewhat unrealistic to expect the government to formulate a generally coherent policy given the conflicting objectives it must coordinate. For example there is a contradiction between environmental and economic needs in the face of extreme poverty and the urgent task of conserving the rainforest, which has been subject to uncontrolled timber exploitation since the 1980s. Other examples include the dependence on donor community grants for the population's survival, and the limited means for infrastructure investments within the boundaries of a cash-based budget. Given their overwhelming urgency and conflicting needs, it is unlikely that all pressing issues will be satisfactorily balanced.

Policy  
coordination  
5

President Johnson-Sirleaf continues to clamp down on corruption, and where sufficient evidence could be provided, she has proceeded to suspend or dismiss civil servants guilty of graft.

Anti-corruption  
policy  
6

In January 2009, all non-statutory members of Liberia's public corporation boards were removed as a result of poor governance and performance records amid ongoing debate over levels of public corruption. The president also sacked a former close associate, Harry Greaves, then managing director of the LPRC for meddling with the tendering process and awarding a dubious contract to upgrade storage facilities to a Lebanese company.

A new institutional arrangement was launched in July 2009 to augment the fight against corruption. The National Integrity Forum, a partnership between state and non-state actors, is intended to coordinate, advocate for, and strengthen anti-corruption legislation and policy instruments.

In November 2010 the president sent the entire cabinet away on administrative leave, eventually dropping some core ministers and senior staff for their failures and involvement in corruption cases.

In 2009 Liberia became the first African country to achieve compliant status with the Extractive Industries Transparency Initiative (EITI), based on a functioning steering structure of multi-stakeholders from government, private investors and civil society.

These successes notwithstanding, formal measures to combat corruption continue to be hampered by the endemic nature of the problem, and given the weak judicial system, there are persistent concerns about the impunity of officials who have been removed from office.

## 16 | Consensus-Building

The president, the government and the legislature seem determined to develop a multiparty democracy and to foster a market-based economy. There is agreement among the existing parties to support these goals, although some of the published party programs refer to a reconstructed Liberian nation without even so much as mentioning democracy as a constitutional goal. The same holds true for a number of Pentecostal ministries and preachers, although leaders of traditional Protestant and Catholic churches in Liberia cultivate a close relationship with the president and a public commitment to the democratic ideal.

Consensus on goals  
7

The new government does not contradict its principles in developing a market economy, but the facilitation of free market activities comes second to regaining and improving economic productivity and to stabilizing prices. This is true in particular for essential consumer goods and for certain parts of the extractive industry. This approach undermines in part the interests of an emerging Liberian middle class in need of domestic investment opportunities

The presence of UNMIL has ensured a stable environment for post-conflict reconstruction, and deterred any would-be spoilers from threatening reform efforts. As long as UN forces remain in Liberia, militant groups do not pose a serious threat to the state. However, once they withdraw, anti-democratic groups are likely to emerge and publicly advocate the use of force. Whether or not the large number of unemployed youth, many of whom are ex-combatants, assimilate the principles of democracy will depend on the pace by which their living conditions improve. Some actors, such as former warlords and their inner circles, might be waiting for an opportunity to reclaim power.

Anti-democratic  
actors  
7

There are several divisive social problems in Liberia as a result of widespread unemployment, tense labor conditions in the rubber industry, a large subsistence economy, and the reintegration of returning refugees, IDPs, former combatants and child soldiers. Warring factions in the civil war exacerbated existing historic ethnic and religious tensions in Nimba and Lofa counties, making the reintegration of the Mandingo population particularly difficult. Disagreements over property rights and land use issues are frequent. With support from the international donor community, the government aims to address these ethnic tensions, and has thus far successfully prevented cleavages from escalating.

Cleavage /  
conflict  
management  
7

The increased transparency brought by EITI on revenue streams from private sector to government and the dissemination of information to the mining communities had conflict mediating effects.

To some extent, the government takes into account the interests of civil society actors. This is in part due to the PRS conditions set by donors. Press freedoms have improved substantially since the Taylor regime, as the government hardly interferes with media operations, particularly radio stations and the print media. However, government authorities have occasionally harassed media workers by detaining journalists and censoring news providers (see “freedom of expression”). Civil society organizations and human rights groups voice opinions on a wide range of urgent problems, including the rampant corruption of public officials, labor conditions on the Firestone plantation, and environmental issues. Although sometimes slow and hesitant, the government does respond to these pressures and take them seriously.

Civil society  
participation  
6

Liberia’s Truth and Reconciliation Commission (TRC), which was established as part of the 2003 Accra Comprehensive Peace Agreement, officially began its work on 22 June 2006. Comprising nine Liberian and three international members, the TRC was mandated to investigate human rights violations committed between January 1979 and October 2003.

Reconciliation  
6

The TRC released its final report in 2009, a badly written and weakly argued document with several controversial recommendations. The report recommended the establishment of an extraordinary tribunal to prosecute individuals guilty of war crimes and the violation of international humanitarian law, several of whom were sitting members of the legislature. Nimba County Senator, Prince Yormie Johnson, who famously ordered the videotaped execution of former President Samuel Doe, subsequently held a press conference warning that the report put the country at risk of returning to a state of war. The report further recommended that 50 people be barred from holding public office for 30 years as a penalty for supporting warring factions. President Johnson-Sirleaf was among the individuals listed.

Lobbying for the implementation of these recommendations will probably gain momentum in the run-up to the elections. However, given that the recommendations of this ill-conceived report are based on unreasoned foundations, they are unlikely to become law. The TRC process has therefore failed to lay the foundations for national reconciliation, instead arousing public resentment and suspicion.

This calls into question the timeliness of the transitional justice process, particularly given that post-conflict transitional justice arrangements often fail to utilize both formal and informal (traditional) justice mechanisms towards sustainable reconciliation. On the one hand, citizens emerging from protracted conflict often tend to favor “social forgetting” as opposed to reproducing, denouncing and overcoming the past violence through public speech.

## 17 | International Cooperation

Liberia continues to depend on support from UN organizations (especially the UNMIL mission), and the international donor community (including a host of NGOs) to sustain its population's survival.

Effective use of  
support  
9

It also continues to rely on the IMF for assistance in economic and fiscal policies, and on the regional organizations and the solidarity of the international community of states to continue economic and political reconstruction. The government has no option but to seek their support and cooperate trustingly. The United States still plays the most important role as a bilateral political partner, though Liberia welcomed recent grant and investment offers from China which are part of that country's growing engagement in Africa. International support has been successful in many ways. As noted above, security is still mainly provided by UN peacekeepers. In the economic arena, debt relief and the implementation of the ECF have yielded substantial results.

In contrast to its predecessors, the NTGL and the Taylor administration, as well as its regional neighbors, the government acts as a reliable partner in its relations with the international community. The IMF and the World Bank have been satisfied overall with Liberia's performance since 2006, and a significant proportion of the country's external debt has been canceled as a result. In the political arena, President Johnson-Sirleaf continues to enjoy great respect and credibility, although implementation and management in some line ministries raise concerns.

Credibility  
8

Liberia's relations with its neighbors remain difficult due to Charles Taylor and his Liberian allies' involvement in the Sierra Leone war and internal conflicts in Guinea and Côte d'Ivoire. There are no visible signs that the negative consequences of his involvement have been addressed, but the new government is eager to re-establish relations with the governments of these countries. It hopes to prevent conflicts in these countries from spilling over into Liberia via mercenary trafficking.

Regional  
cooperation  
7

## Strategic Outlook

During the period under review Liberia has made some progress in terms of political and economic transformation. Looking back to the end of the civil war in 2003 and the interim government, the Johnson-Sirleaf administration compares favorably with its predecessors. However, as of 2011, Liberia still has to develop into a full liberal democracy, let alone a fully fledged, socially responsible market economy.

The Johnson-Sirleaf government is committed to continuing the process of reconstructing and rehabilitating Liberia's political institutions it began in 2006. In order to carry out the measures involved with this process, such as rebuilding basic resources and training personnel, it will remain dependent on foreign donor aid and expert support. Although Liberia's economic prospects are expected to improve, the economy will remain unstable and heavily dependent on development aid. The IMF's Extended Credit Facility will therefore remain badly needed and will continue to guide economic policy.

The government has grouped its focus within its IMF-monitored poverty reduction strategy along the four pillars of security, economic revitalization, governance and rule of law, as well as infrastructure and basic services. Aside from the obvious need to combat endemic corruption, the government must give priority to three issues within this framework. The first is to reform the security and justice sectors while facilitating their mutual reinforcement. The second entails implementing educational reforms that improve access to education. The third is to provide health and social welfare services to the population.

The presidential and legislative elections scheduled for 2011 will serve as another litmus test for the progress made in the country's political institutions since 2003. As the first elections to be held in full compliance with the constitution, they will test not only the stability of the party system but also the capacity of the National Security Agency to ensure security under potentially explosive conditions. Given the large number of political parties in the House of Representatives and the Senate, building a consensus on major economic and political legislation will continue to be difficult. However, the Governance Reform Commission, which is charged with promoting principles of good governance in Liberia, could succeed in fostering a dialogue on security that incorporates the concerns of all stakeholders. The Commission has made headway in this area by conducting nationwide consultations and workshops with a variety of players, including district commissioners, tribal chiefs, representatives of security agencies, UNMIL representatives and civil society actors. At the same time the need to expand employment opportunities for the country's citizens will only become increasingly acute as an improved security situation facilitates the return of IDPs and refugees in search of gainful employment.