

# BTI 2016 | Liberia Country Report

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This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2016. It covers the period from 1 February 2013 to 31 January 2015. The BTI assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries. More on the BTI at <http://www.bti-project.org>.

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**Key Indicators**

Population	M	4.4	HDI	0.412	GDP p.c., PPP \$	840.7
Pop. growth <sup>1</sup>	% p.a.	2.4	HDI rank of 187	175	Gini Index	36.5
Life expectancy	years	60.5	UN Education Index	0.367	Poverty <sup>3</sup>	% 89.6
Urban population	%	49.3	Gender inequality <sup>2</sup>	0.655	Aid per capita \$	124.4

Sources (as of October 2015): The World Bank, World Development Indicators 2015 | UNDP, Human Development Report 2014. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.10 a day at 2011 international prices.

## Executive Summary

Prior to the outbreak of the Ebola Virus Disease, which was first reported in March 2014, Liberia was on the steady path to recovering from civil war. The implementation of Vision Liberia Rising 2030 demonstrated the government's ambition to make Liberia a middle-income country. The strategy aimed to develop a vibrant private sector through attracting investments into the extractive industries. Meanwhile, the Agenda for Transformation 2012-2017 (PRSP II) introduced a medium-term public sector reform program.

While President Ellen Johnson-Sirleaf continues to enjoy international support for her economic and political reform agenda, her domestic approval ratings have been undermined by a popular perception that her reform agenda lacks substantive results.

The Ebola crisis exposed serious failings on the part of public services, including the government's tentative initial response, an excessive use of force to quarantine and the inadequacy of the healthcare system. Prior to the Ebola crisis, there were 50 doctors for a population of 4.3 million.

These failings in managing the Ebola crisis were, in part, the result of failings in the country's reconstruction strategies, most importantly in developing a functioning healthcare system. Moreover, the international community's response to the Ebola crisis has been questionable. For example, NGOs only initiated interventions when requested by the government.

Furthermore, although macroeconomic stability improved during the period under review, the Ebola crisis has undermined this progress.

For example, the projected rate of economic growth for 2014 has been adjusted down from a pre-Ebola crisis estimate of 5.9% to 2.2%. Economically, 2015 will be a difficult year. Risk aversion among investors will continue to stunt economic growth with current estimates projecting an

economic growth rate of 3%. Prior to the Ebola crisis, reconstruction programs increased GDP per capita, based on purchasing power parity, from \$380.50 in 2004 to \$796.5 in 2012 to \$878 in 2013.

Despite the challenge posed by the Ebola crisis, the IMF stated that there is a low risk of debt distress. Furthermore, the IMF stated that it expected the economy to begin to recover in 2016, as a result of the temporary nature of the Ebola crisis and the additional provision of international aid to bridge public funding gaps.

The government continues to face criticism for its selective response to allegations of corruption. While President Johnson-Sirleaf claims to have a zero-tolerance policy toward corruption, only those public officials who had already fallen out of favor have been investigated. Domestic media, opposition leaders and international development partners have criticized President Johnson-Sirleaf for failing to address serious conflicts of interests, including the appointment of three of her sons to high-level political and economic positions. Government capacity continues to be undermined by massive structural constraints. The economy is still heavily dependent on international aid, with aid flows accounting for roughly 39% of GDP. Unemployment is estimated to be between 80% and 85%, and has been high for years. Over two-thirds of the population live in extreme poverty, defined as less than \$1.25 per day. Meanwhile, literacy rates among children and young adults remain low. Overall, the consistent economic growth of the past few years has not translated into an improved quality of life for most of the 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 attempted coup, 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 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. Taylor was finally 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 her election, 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. In November 2012, the IMF approved a second three-year ECF of roughly \$78.9 million. The key objectives of the current ECF will include the safeguarding of macroeconomic stability and upscaling of infrastructure and social investments.

The Ebola crisis will significantly shape democratization in Liberia. It has already crippled the economy through undermining economic growth, exports, government revenue and investment as well as driving up inflation.

Added to this, the majority of the population continue to contend with basic problems of survival, including reconstructing houses, procuring tools and seeds for subsistence production, ensuring functioning roads and markets, creating jobs, reintegrating 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 1 (worst) to 10 (best).

## 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 continues its drawdown. It plans to reduce the number of troops by more than 50% to 3,750 in 2015. This residual force will be deployed in border areas and in Monrovia. While the Ebola crisis led the mission to hasten its withdrawal, it is unlikely that additional forces will be withdrawn in the face of serious security threats within the region.

However, in recognition of the capacity constraints of the Liberian National Police (LNP), the U.N. Secretary-General recommended that the police component remain at strength and even be reinforced during the drawdown period. Resolution 2066 of 2012 increased the mission's police component from seven to 10 police units. The mission's 1,795 police officers and 498 police advisors provide assistance not only in terms of building up the capacity of the Liberia National Police (LNP), but also in assisting all major police operations.

The Johnson-Sirleaf administration continues to face serious difficulties concerning the capacity of its justice and security sectors to arrest, detain and adjudicate criminals. It has come under fire for not taking over security responsibilities from the UN.

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 continue to grapple with capacity, infrastructure and equipment deficits.

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.

State identity  
8

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. Religious groups exert a very limited influence over policy matters. 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.

No interference of religious dogmas  
9

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.

Basic administration  
5

This process is ongoing. However, progress has been understandably slow given the financial and capacity constraints, despite the substantial assistance received from, among others, United Nations organizations, the United States, the European Union and EU member states.

The Agenda for Transformation, Liberia's five-year development plan for 2012 – 2017 (PRSP II), which is supported by all major donors. The plan outlines several administrative reforms and basic physical infrastructure projects as key targets. There are five strategic pillars to the plan, namely: peace, justice, security and rule of law; economic transformation (e.g., private sector development, infrastructure, mineral development and management); human development (particularly with respect to health and education outcomes); governance and public institutions (e.g., economic governance, modernizing the public sector, and promoting transparency and

accountability); and social development (e.g., youth skills, child protection, gender equality and human rights).

In terms of the efficacy of state institutions, the state's authority remains limited in rural areas. This is due to the lack of well-trained officials, low incentives and limited physical infrastructure. There have been few improvements since the last BTI report.

According to UNICEF's latest available estimates, access to improved sanitation facilities remains low at 17% in 2012. Access to safe drinking water remains a challenge, with 25% of the population yet to gain access (2% more have gained access since the last BTI Report).

Initial measures toward decentralization are underway – for instance, County Development Funds for local development initiatives have been established. However, since 2010, the government has frozen the initiative due to severe mismanagement of these funds. The traditional gap between a centralized government and the constituencies in the hinterland still exists.

## 2 | Political Participation

In October 2011, Liberia held its second presidential and legislative elections in line with its constitutional provisions since the end of the civil war. As with the 2005 nationwide elections, this round was deemed to be broadly free and fair by most observers, providing for universal suffrage under a secret ballot thanks to continued international support for the process. The United Nations Mission in Liberia once again provided the bulk of technical and financial support as well as security.

Free and fair  
elections

8

While an absolute majority was required to win in both the legislative and presidential elections in 2005, the winners of the 2011 legislative election were determined by a simple majority following an amendment to Article 83 (b) of the Liberian constitution of 1986. The presidential elections are still determined by the principle of an absolute majority, providing for a second run-off should no candidate obtain more than 50% of the votes cast in the first round of elections.

As mentioned in the previous BTI country reports, Liberia's political party landscape appeared to be maturing as many parties formed coalitions in the run-up to the 2011 elections.

The incumbent president, Johnson-Sirleaf, won a controversial run-off on 8 November 2011 with just over 90% of the total vote against Winston Tubman's 9.3%. The Coalition for Democratic Change's (CDC) candidate, Tubman, boycotted the second round, alleging fraud and falsification of results.

Election observers, however, concluded that the first round was well-run, and that the irregularities identified were not sufficient to affect the results. Nevertheless, Tubman and his running partner, George Weah, withdrew from the race four days before the run-off, despite calls from international and regional actors, such as the AU and ECOWAS to reconsider their decision.

Senate elections were held on 20 December 2014, after being delayed twice as a result of the Ebola crisis. Candidates contested one of the two Senate seats in each of the country's 15 counties. In total, 15 out of 30 total seats were contested, with only two of the 12 senators that stood for re-election winning their seat back.

Among the winners was former presidential candidate and popular soccer star, George Weah, who defeated President Johnson-Sirleaf's son Robert Sirleaf by winning 78% of the vote. The leader of the largest opposition party, the CDC, is expected to run for a third time in the 2017 presidential election.

Little has changed since the last BTI report, and the government's power to govern generally remains intact. However, the Liberian government's limited power has been further reduced by the Ebola crisis. The continued presence of the international peacekeeping force, which holds potential veto players at bay – particularly former warlords and influential businessmen – continues to have a significant impact on the current government's ability to govern effectively. The constitution, which bestows extensive powers on the president, remains unchanged. Whether the state- and nation-building efforts become an enduring success story depends heavily on the personal dedication and ability of the current incumbent, Mrs. Johnson-Sirleaf, and her circle of management experts and technocrats, to reach out beyond the ranks of the political administration.

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 nominal unrestricted freedom of opinion, media rights and freedom of expression were violated on occasion by the authorities during the period under review. Since the departure of Charles Taylor in 2003, the press and other media have been able to express opinions freely, but Liberian journalists remain at risk of harassment by state officials. Libel laws continue to pose a threat to media freedom, enabling government officials to pursue civil cases against critical journalists.

Freedom of  
expression

6

The imprisonment of FrontPage Africa's editor, Rodney Sieh, sparked an international outcry. Sieh was imprisoned for failing to pay libel damages of \$1.5 million to former agricultural minister Chris Toe.

High fines for libel place journalists and media companies under financial strain, and encourage self-censorship. There remains a need for media legislation to be reformed, as the country has yet to abolish criminal defamation laws.

Notwithstanding these challenges, Freedom House acknowledged the modest improvements made by categorizing Liberia as "partly free" in its latest Freedom of Press Report of 2014. It ranked Liberia 125 out of 197 countries, together with Uganda. In 2012, Liberia was labeled "partly free" and ranked 132 out of the 197 countries. Liberia's newspapers publish mainly in the capital and several radio stations are in operation across the country. Internet access is unrestricted, though not accessible to the majority of the population due to a lack of technological infrastructure and high costs. The Freedom of Information Act, passed in 2010, was a first for West Africa. It provides citizens with statutory rights of access to information.

### 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.

Separation of  
powers

6

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 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).

Furthermore, the broad powers of the executive, who has the constitutional authority to appoint government officials at almost all levels, limits the development of an effective system of checks and balances. To address this constraint, in March 2012, Johnson-Sirleaf presented the Senate with draft legislation proposing the establishment of a constitutional review body. In August, she appointed a Constitution Review Committee (CRC), headed by former Chief Justice, Counselor Gloria Musu-Scott. Public consultations began in earnest in March 2014. Proposals for amendments will be submitted to the president, before consideration by the legislature and, if the final draft proposal is passed by a two-third majority in both houses of parliament, the draft proposal will be put to a national referendum. The mandate of the CRC, initially intended conclude by the end of 2015, has been extended to 2016, as a result of expected delays due to the Ebola crisis.

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 and poor case-flow management. Corruption is endemic despite salary hikes for judges and magistrates, and the prosecution-to-conviction ratio remains low.

Independent  
judiciary

5

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.

While President Johnson-Sirleaf claims a zero-tolerance policy on corruption, her administration has been accused of nepotism. In particular, her administration is accused of favoritism having reprimanded those who had fallen out of favor, while failing to censure others.

Prosecution of  
office abuse

5

As in previous years, the president's annual address to the legislature, delivered in January 2015, positioned anti-corruption measures high on the agenda.

The National Integrity Forum (NIF) – a partnership between state and non-state actors including the LACC, the General Auditing Commission, the Governance Commission as well as civil society organizations and business associations – has, by its own admission, made “modest efforts to articulate its objectives,” with the technical and steering committees yet to become operational. It remains to be seen whether the NIF can coordinate and advocate for the strengthening of anti-corruption legislation, relevant institutions and policy instruments.

However, the president continues to face pressure as domestic media, opposition leaders and external development partners criticize her for family cronyism and failing to crack down on high-level conflict of interests and even clear cases of graft. At the political level, anti-corruption measures appear to be applied selectively, depending on the expendability of the wrongdoer.

While the president's dismissal of ministers and other government officials, including former allies, met with a positive response, many questioned why those officials accused of corruption by the Liberia Anti-Corruption Commission (LACC) have not faced prosecution and court decisions.

All of the challenges have increased due to the influx of money from aid and the extractive industries (i.e. mining, oil and logging).

The protection of civil rights constitutes another key policy area of the government. The government has taken effective steps to break with past abuses 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 with reports of police abuses, arbitrary arrests and detention as well as the denial of due process and fair public trials. Violence against women and domestic violence were widespread during the review period. The prevalence of female genital mutilation (FGM) remains high, and racial and ethnic discrimination persist.

Civil rights

5

#### 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 legislature is a case in point. Several capacity-building measures have been implemented since 2006, yet lawmakers still lack the resources and capacity to fulfill their responsibilities of oversight and representation. Following the 2011 elections, only a third of incumbents of the 73-member House of Representatives were re-elected. As with the Senate elections in 2011, the fact that most incumbents were not

re-elected poses a challenge in terms of institutional memory. In both 2011 and 2015, only two of the 15 Senate seats were won by incumbents. This creates a new set of legislators, mostly inexperienced, with limited knowledge and capacity to fulfill their oversight responsibilities.

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

The party system remains fragile with on-going dynamics shifts within political parties, including changes in leadership in parties that fared relatively well in the first round of the 2011 presidential elections.

Party system  
5

With the addition of nine districts in the run up to the 2011 elections, Liberia's House of Representatives now comprises 73 members. The bicameral legislature also includes a Senate comprised of 30 senators, two for each of the country's 15 counties. Six parties (and one independent) are represented in the Senate, with the ruling Unity Party and Taylor's National Patriotic Party (NPP) retaining four seats each. The UP

gained 24 seats in the House of Representatives, winning more seats than any other party and tripling its results from the previous elections.

Political parties remain highly personalized, focusing on a single leading personality during election times. Voting patterns continue to run along ethnic and regional lines, and are quite volatile. Only a handful of parties can trace their roots back to the 1980s, when the de facto one-party system of the True Whig Party (TWP) under Liberian-American rule came 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. Some party programs are restricted to general declarations of no relevance to the urgent need for reconstruction in a society devastated by civil war. Others have designed detailed programs for national reconstruction, but it remains to be seen whether they can serve as platforms for opposition politics. As in the previous term, there are many political parties represented in both the Senate and the House of Representatives (Laakso / Taagepera index > 5).

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. Given their different and contradictory interests, co-operation between the groups is also limited.

Interest groups  
5

Afrobarometer completed its fifth round of public opinion surveys in 35 African countries, including Liberia. A summary of the results was published in August 2013.

According to the Afrobarometer's 2012 survey investigating public opinions of democracy in Liberia, the majority of Liberians favored democracy over any alternative form of government. In total, 81% of respondents in 2012 favored democracy, compared to 72% of respondents in 2008. Furthermore, 83% of respondents in 2012 agreed with the statement that there should be a two-term presidential limit, while 80% of respondents in 2012 agreed with the statement that the national legislature, rather than the president, should determine legislation. Similarly, 70% of respondents stated a preference for the current multi-party system, an increase on the 61% of respondents who stated this preference in 2008. These responses to the 2012 survey indicate a strong and growing belief in democratic values and practices among the Liberian public.

Approval of  
democracy  
7

Public opinion of the performance of democratic institutions is less positive. Although public opinion has improved in the four years since the last survey. In 2012, 59% of respondents were fairly or very satisfied with the way democracy works in Liberia, up from 51% in 2008.

Public approval ratings for key public officials has only slightly improved.

In 2012, 51% of the respondents were satisfied with the performance of their representative in the national legislature, a nominal improvement of 3 percentage points on 2008. However, satisfaction in local government councilors increased more perceptibly, with 59% of respondents approving or strongly approving of the performance of their local government councilors, compared to 48% of respondents in 2008. Johnson-Sirleaf's approval ratings improved slightly, from 63% in 2008 to 67% in 2012. The extent to which the handling of the Ebola crisis has affected public opinion of public officials remains to be seen.

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 is to be expected, given public approval ratings, the presidency was the only institution with a trust rating above the 50% threshold, the actual rating was 60%. Meanwhile, trust levels in other public institutions, such as the legal system, legislature, police and opposition parties, ranged between 32% and 47%. Only 32% of respondents stated that they had trust in the police, the lowest of any institution. In addition, 35% of the respondents stated that they had no trust in the police at all. By virtue of their status as the most visible representatives of the criminal justice system, their participation in practices of extortion is equally visible.

As such, a democratic civic culture has not yet fully developed, though improvements are undeniable. 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

Question  
Score

Poverty and inequality are structurally ingrained in Liberia. The 2014 HDI ranked Liberia 175 out of 187 countries. In contrast, Liberia ranked 182 out of 187 countries in 2011. As a result of continuous improvements to datasets developed by international data agencies, the data and subsequent ranking of countries are not comparable to that published in earlier HDI reports. The HDI does, however, provide a tool to measure trends in human development using consistent data calculated at five-year intervals between 1980 and 2013. Over this period, results for Liberia show only a nominal increase in human development over the past two years.

Socioeconomic  
barriers  
1

Unemployment levels in Liberia remain high. An estimated 85% of the population is without formal employment (figures have ranged from 80% to 85% for some years). Poverty remains pervasive, with 84% of the population living on less than \$1.25 per day. The situation is even bleaker when one considers HDI's Multidimensional Poverty Index, which uses data from household surveys to measure individual deprivation in terms of education, health and standard of living. Each person is assigned a 'deprivation score' comprising ten component indicators, with each dimension weighted equally. Households with a deprivation score of 50% or more are considered "severely multidimensionally poor". According to this index, 52.8% of the population live in severe poverty. This marked a marginal improvement on previous years. According to the 2011 HDI, 57.5% of the population lived in severe poverty. 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 undertaken by the Johnson-Sirleaf administration in the civil service sector have led to cuts in public sector employment.

The large numbers of unemployed youth continue 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. The situation has deteriorated and will continue to deteriorate as a result of the devastating Ebola crisis.

Economic indicators		2005	2010	2013	2014
GDP	\$ M	542.0	1292.7	1946.5	<b>2027.0</b>
GDP growth	%	5.3	6.1	8.7	<b>0.5</b>
Inflation (CPI)	%	10.8	7.3	7.6	<b>9.8</b>
Unemployment	%	5.0	3.7	3.7	-
Foreign direct investment	% of GDP	15.3	35.0	36.0	-
Export growth	%	5.2	5.9	7.2	<b>9.3</b>
Import growth	%	6.9	7.3	-3.3	<b>8.9</b>
Current account balance	\$ M	-183.5	-415.2	-535.8	-
Public debt	% of GDP	642.9	33.4	27.5	<b>33.5</b>
External debt	\$ M	3950.6	418.9	541.5	-
Total debt service	\$ M	1.8	6.1	5.8	-
Cash surplus or deficit	% of GDP	0.0	0.0	-	-
Tax revenue	% of GDP	0.2	0.2	-	-
Government consumption	% of GDP	11.4	14.2	18.2	<b>16.2</b>
Public expnd. on education	% of GDP	-	-	-	-
Public expnd. on health	% of GDP	1.6	2.7	3.6	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	0.0	0.0	0.0	<b>0.0</b>

Sources (as of October 2015): The World Bank, World Development Indicators 2015 | International Monetary Fund (IMF), World Economic Outlook, October 2015 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2015.

## 7 | Organization of the Market and Competition

Economic freedom has improved since the last BTI report, as evidenced by the Heritage Foundation's 2015 Index of Economic Freedom. In the 2015 index Liberia's overall score increased 0.3 points on the 2014 index. With an overall score of 52.7 points, the country is no longer categorized as "repressed," but as "mostly unfree." Liberia's performance places it among the top three most improved African countries, with respect to economic freedoms. In total, Liberia's overall score has increased by 6.2 points over the past five years.

Market-based  
competition

5



Reforms have also promoted access to business licenses and eased credit restrictions. However, weak institutions continue to provide fertile soil for persistent corruption and violation of property rights. The judicial system and protection of property rights remain weak.

Furthermore, market competition is only present in some segments, and the informal sector is 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, crude oil and oil products. There is reliable evidence that these practices, which Johnson-Sirleaf criticized during her campaign, have continued under the current government. Although no reliable data is available, the informal sector is certainly vast and includes large parts of the labor force.

The formation of monopolies and oligopolies is only occasionally regulated. There have been changes in the antitrust and competition laws in recent years, but these are yet to bear fruit. For example, Liberia's number one export product, rubber – which accounts for more than half of export earnings – is mainly produced by the Firestone Natural Rubber Company (a division of the Bridgestone Corporation) under an amended concession agreement with the Liberian government.

Anti-monopoly  
policy  
4

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, trade freedom has improved since 2010. However, Liberia only ranked 141 out of 178 countries in the 2015 Index of Economic Freedom. Its overall score remains below the global and regional average. Its economic integration into the world market remains one sided and mainly based on exports of natural resources.

The trade-weighted average tariff decreased from 15.6% in 2007 to 11.8% in 2012. While still high, it is an improvement on previous years. Trade freedom is restricted by sluggish customs procedures, import bans and restrictions, poor physical infrastructure, limited trade capacity, inadequate licensing, high levels of corruption and minimal enforcement of intellectual property rights.

The WTO created the Enhanced Integrated Framework (EIF), which is a multi-donor support program designed to assist supply-side constraints that restrict trade in Least Developed Countries (LDCs). In partnership with the African Development Bank (AfDB), the EIF continues to promote trade in Liberia by strengthening Liberia's capacity to implement trade policies and enhance coordination among international aid donors.

Liberia applied to join the WTO in June 2007. Its application is hampered by its status as an LDC and recent emergence from a protracted civil war, which undermined its ability to promote trade and investment. It is still awaiting a final decision.

Efforts have been made to boost the capacities of the private sector, and improve trade with regional and global markets. In April 2014, for example, the president launched the National Trade Policy (NTP) and National Export Strategy (NES) at the National Micro, Small and Medium Enterprises Conference and Trade Fair in Monrovia. In addition to boosting trade, the NES and the NTP are expected to generate employment and reduce poverty by promoting a “balanced relationship between trade integration, sustainable development and social inclusion.”

A key focus area under Liberia’s first Extended Credit Facility (ECF) arrangement with the IMF covering the period 2008 – 2012 was the strengthening of the banking system through improved financial policy measures.

Banking system

6

According to the IMF, Liberia’s banking system remains capitalized and liquid. However, high non-performing loans and low profitability put the capital market at risk. Some banks have fallen below capital requirements as a result of bad loans, and the effectiveness of a commercial court mandated to improve asset recovery from borrowers defaulting on loans was limited, with no responsibility for loans approved prior to its establishment in 2012.

While the banking system has continued to grow, it is dominated by one bank which continues to hold more than half of the commercial bank demand deposits and is responsible for approximately 40% of credit lent to the private sector.

In her speech to the 53rd Legislature in January 2013, the president noted that according to figures available in November 2012, total capital in the banking system stood at LRD 7.9 billion and the capital adequacy ratio stood at 22.5%, easily meeting the minimum regulatory requirement of 10%.

## 8 | Currency and Price Stability

The government has retained both the U.S. dollar and the Liberian dollar as legal tender. The Central Bank of Liberia (CBL) has maintained a near-stable exchange rate since the Comprehensive Peace Agreement. The IMF estimates the real effective exchange rate to have increased by 25% since mid-2008 as a result of high domestic inflation, determined mainly by rising fuel and food prices. With a high degree of dollarization – the U.S. dollar comprising 72% of liquidity – the exchange cannot be used as a policy tool to improve competitiveness given the adverse impact it would have on local spending power.

Anti-inflation /  
forex policy

5

Inflation in Liberia is largely determined by fuel and food prices. Since 2009, annual inflation has remained below 10%.

The stabilization of oil and food prices led to a steep decline in inflation from 18% in 2008 to 9% in 2010. Thanks to increased domestic food production and prudent monetary policy management, inflation sank even further, from 8.5% in 2011 to 7.6% in 2013.

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. In addition to a stable exchange rate, a constant supply of fresh Liberian money is needed to avoid economic instability.

Although limitations remain, Liberia has continued to make progress in terms of macroeconomic stability during the period under investigation. However, the Ebola crisis has crippled the economy.

Macrostability  
7

Economic growth for the countries worst affected by Ebola - Liberia, Sierra Leone and Guinea - have all been adjusted downwards since the crisis began. In Liberia, projected economic growth for 2014 was adjusted down to 2.2%. Before the Ebola crisis, economic growth for 2014 had been projected to 5.9%.

The coming 2015 business year, will be difficult for the economy, as investor aversion continues and secondary effects of the Ebola crisis kick in.

The most recent IMF report on Liberia analyzed, among other things, the effect of the Ebola crisis on debt sustainability. The report noted the continued low risk of debt distress, despite the outbreak. However, Liberia's external and public debt profile is less favorable given lower economic growth forecasts for 2014 and 2015. The average external debt to GDP ratio for 2015 is projected to increase by only 0.5% on July 2014, when it stood at 29.9%. The IMF also notes that the economy is expected to begin to recover in 2016 given the temporary nature of the Ebola crisis and that financing gaps will be largely covered by international aid grants and concessional loans.

## 9 | Private Property

Reform efforts are still very much at the policy level, but have improved significantly for the extractive industries' concession management process with the establishment of a coordinating National Bureau of Concessions in 2012. According to the Heritage Foundation, property rights remain weak and the rule of law remains uneven across the country. While land titling reforms are being developed, implementation of these reforms remains a challenge.

Property rights  
7

As reported in the 2012 BTI, the Land Commission, established in 2009 to “propose, advocate and coordinate reforms of land policy, laws and program,” completed a draft Land Rights Policy in late 2012. Following the completion of this draft, five regional consultative meetings were held, after which the commission presented the Land Rights Policy to the president on 21 May 2013. It is the country’s first policy on land rights. It defines four categories of land - public, government, customary and private - and recognizes rural communities’ right to own land.

With support from the U.N. Peacebuilding Fund, the commission is piloting an alternative dispute resolution mechanism in six affected counties. As part of the mechanism, Land Coordination Centers will be established in Bong, Lofa, Margibi, Maryland, Nimba and Montserrado counties. The Land Coordination Center in Montserrado was launched in January 2015.

The commission has also taken on the task of developing a Land Administration Policy, intended to reform and improve the policy, legal, regulatory and institutional frameworks for land administration.

It remains to be seen whether the formalized frameworks established by the Commission will be implemented and enforced consistently under the rule of law.

While several SOEs exist, private companies are permitted. In principle, private companies can act freely. In 2010, Liberia banned the nationalization of private companies under the Investment Act. However, in practice private companies face several hurdles. The World Bank’s 2015 Doing Business report ranked Liberia 174 out of 189 countries, a loss of six places on its 2014 rank. (Doing Business creates a comparable ranking for the previous year – not to be confused with the published ranking for that country – so as to capture data corrections and newly added countries). That said, Liberia’s regulatory environment has improved over recent years. The recent elimination of trading licenses, for example, has made starting a business easier. According to the most recent data, starting a business takes an average of four and a half days, requires four procedures and costs 17.4% of income per capita. The regional average for these figures is well above that: well below the sub-Saharan average of

The country has continued to make strides in this area. Liberia ranked 30 out of the 189 economies for ease of starting a business. The average rank for a sub-Saharan African economy was 129, which illustrates the comparative ease of starting a business in Liberia. However, high operating costs associated with, for example, energy and transportation continue to place significant constraints on economic growth. According to the Heritage Foundation, considerable efforts have been made to modernize the regulatory framework. For example, the business start-up process is more straightforward, with no minimum capital required. Fees related to licensing requirements, though still high, have been reduced considerably. The labor market is underdeveloped, and about 80% of the workforce is engaged in informal activity.

Private enterprise  
7

## 10 | Welfare Regime

The government has made concerted efforts to improve the provision of social safety nets, but the challenges are massive – poor public service delivery is a result of continued staff shortages and weak capacity, especially in the education and health sectors. These have been exacerbated by the Ebola crisis.

Social safety nets  
3

The Education Reform Act of 2011 is a case in point. The Act provides for free and compulsory education in public schools from primary to junior secondary level. The Act increased the compulsory education age to 15, thereby also eliminating the gap between it and the minimum employment age.

However, the reality for Liberian school pupils is quite different from what they are guaranteed on paper. In its country report on human rights practices in 2011, the U.S. State Department noted that schools continued to charge informal fees to cover salaries and operating costs, preventing many from attending. In a country where more than three-quarters of the population has to survive on less than \$1.25 a day, this prevents many children from attending. Similarly, secondary schools continue to charge fees, and students are expected to purchase their own uniforms, books and other stationery needs.

The president has put human development at the top of her agenda for her second term in office, but it is a mammoth task. Life expectancy remains low at 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 on familial support networks (including relatives abroad) and grass-roots aid networks.

Suffice it to say that the country still lacks a functioning public welfare system of government payments or payments by social insurance providers to alleviate risks associated with illness, unemployment or old age.

Profound social inequalities continue to restrict equal access to health and education services.

Profound social inequalities continue to restrict equal access to health and education services in Liberia.

Equal opportunity  
4

According to the latest available figures, the overall adult literacy rate is 42.9%. However, there is a significant difference between the literacy rate for men aged over 15 (60.8%) and the literacy rate for women aged over 15 (27.5%).

As in the previous years, there is a generational gap, with the literacy rate for young people estimated to be much higher than for adults. Specifically, the literacy rate

among young men aged 15 to 24 is estimated at 63.5%, with a comparative estimate of 37.2% among young girls aged 15 to 24. These estimates are based on 2008 to 2012 data.

While the president may be female, following the 2011 legislative election the number of female legislators fell from 17 to 13 out of a total of 94.

Access to education is also more restricted for women, despite a nominal improvement in the ratio of female to male enrollment in recent years. The most recent estimates indicate that the ratio of female to male enrollment in tertiary education is 63%, while for secondary education, it is 82% and for primary education it is 91.6%.

## 11 | Economic Performance

The Ebola crisis has put a dent in Liberia's economic outlook, with GDP growth projected to slow down. Projected average annual GDP growth for 2014 to 2016 has been revised down from 7% to 2%. Projections for GDP growth in 2014 made before the Ebola crisis have since been revised down from 5.9% to 2.2%.

Prior to the Ebola crisis, post-conflict reconstruction measures were yielding considerable gains in the rate of GDP growth, with the IMF describing Liberia's economic outlook as favorable. GDP per capita increased from \$298 in 2011 to \$413 in 2012. As a further illustration of the continued improvement, GDP per capita, based on purchasing power parity, has increased steadily from \$380.50 in 2004 to \$796.5 in 2012 to \$878 in 2013. A revival of iron ore exports, strong rubber exports and increased timber production all contributed to this positive development.

Due to the crisis, FDI has slowed as foreign companies remain reluctant to invest

In its Country Report of February 2015, the IMF highlights the dire effects of the Ebola crisis on social and economic development. While there are noticeable short-term effects, the more serious effect will be on medium-term economic growth, as proposed investments have been delayed or even canceled. Not only has the reduced labor supply directly affected economic activity and placed pressure on the already strained health system, but domestic and international risk aversion will have severe negative repercussions on economic growth. For example, production in the agricultural sector has declined due to the limited labor supply in the short-term, which in turn could lead to more worrisome cuts in the production cycle in the medium term, leaving the country ill-equipped to prepare for the following season (procuring fertilizers and seeds), thereby delaying recovery.

Output strength  
5

Similarly, medium-term growth prospects will be lowered due to delayed investment in physical infrastructure and mining sectors, while the government and international donors concentrate their efforts on combating the spread of the disease.

Compounding these immediate challenges, the baseline from which the country is growing is very low. The economy is still heavily dependent on donor support, with aid flows accounting for roughly 39% of GDP. Unemployment levels, which are estimated to be at 80% – 85%, have been high for years. Jobs outside the state and agricultural sectors remain scarce, so too jobs with NGOs (including U.N. organizations). Other economic indicators offer even more discouraging news. The trade deficit is projected to widen from about \$764 million in 2014 to \$848 million in 2015 due to increased imports for food, fuel and capital.

## 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  
policy  
5

Liberia continues to face several environmental challenges, which are often interlinked and mutually reinforcing. 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 environmental sustainability concerns have been incorporated into policy-making - the legal framework for environmental protection is quite comprehensive - implementation is inconsistent.

The Environmental Protection Agency was established in 2004 as an autonomous regulatory agency. It is mandated to ensure the integration of environmental concerns into policy-making. It became a fully functioning entity in 2006, with a board of directors and policy council. Yet the government continues to face criticism for favoring FDI by big multinationals over environmental concerns voiced by affected communities in areas earmarked for development. Mining projects and agroindustry increasingly impact farmland, forestry and small-waterway fishing, thereby exacerbating food insecurity.

As mentioned in the previous BTI report, Liberia has made significant progress in creating the policy framework to provide education to its citizens. Noteworthy steps include the Education Reform Act of 2011. The act provides for free and compulsory education in public schools from primary to junior secondary level, and increases the compulsory education age to 15, thereby also eliminating the gap between that and the minimum employment age. The government also announced plans to provide financial support to all girls willing to remain in school until the completion of high

Education policy /  
R&D  
4

school. This initiative will form part of the Comprehensive Education Reform Program currently under review by the Ministry of Education.

However, whether such legal provisions will translate into better access to education on the ground remains to be seen. Certain groups remain disproportionately disadvantaged when it comes to accessing education –income, geographical location and gender are still highly influential factors in education access (see also indicator 10.2 “equal opportunity”).

Public expenditure on education remains low. The most recent figures, 2012, indicate that public expenditure on education was equivalent to 2.7% of GDP. Education infrastructure remains insufficient, and despite an increase in budget allocation to education, teachers are poorly trained and underpaid, schools are under-resourced (lacking textbooks, libraries, laboratories, etc.), and many families cannot afford to send their children to school. Tertiary education also faces major challenges as the University of Liberia continues to battle with understaffing and an overcrowded campus. Overall education levels are therefore expected to remain low for some time to come.



# Transformation Management

## I. Level of Difficulty

As in previous years, the structural constraints on Liberia's political leadership remain high. Over two-thirds of the Liberian population live in extreme poverty (i.e., less than \$1.25 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. Opportunities for overcoming these difficulties arise almost exclusively from foreign direct investment (e.g., ArcelorMittal, BHP Billiton, China Union in mining, Chevron in oil, and 14 logging concessions). The transfer of higher corporate governance levels, technical and management capacities and know-how to Liberia by the investors improves the structural constraints in the surrounding area of the extractive industries' projects. Policies and instruments to reap broad-based benefits through social and economic linkages to this enclave economy have been found, but effects on employment and private-sector development are still limited.

Structural  
constraints  
10

Local chapters of international NGOs and domestic groups with civil or religious backgrounds are a visible and palpable part of public life. Half a dozen civil rights groups and the media critically observe the government's implementation of its new policies. The realities of life in urban and rural centers, corruption, nepotism and professional wrongdoing are published, along with calls for prosecution. Aside from this relatively small group of educated and politically engaged people in the capital, however, most of the population is preoccupied with survival. As such, they lack the resources to actively engage in civic participation. Besides a rural-urban gap, the effects of civil war continue to hinder the development of a vibrant civil society.

Civil society  
traditions  
7

Broader social background conditions remain a source of concern for long-term stability. There is still a large population of unskilled, jobless youth who have few prospects for future employment. Notwithstanding vocational training and short-term employment programs, the lack of employment opportunities for this marginalized group, which includes ex-combatants, means that the hard-won peace in Liberia remains fragile. Minor clashes often escalate into violence, and the inexperienced LNP is ill-equipped to respond to such emergencies. The government's initial heavy-handed response to the Ebola crisis, which involved deploying soldiers to quarantined areas in the capital to contain the disease, triggered violent backlashes from the population. These backlashes further exposed the inability of the government to deal with such challenges in a non-violent manner.

Conflict intensity  
4

Local populations still consider ex-combatants a key threat to security, which highlights the unresolved issues of reintegration and/or the unemployment of young males. The structural foundation of armed conflict will remain intact as long as there is no prospect of an economic upswing and 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.

## II. Management Performance

### 14 | Steering Capability

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

Question  
Score

Prioritization  
7

The Ebola crisis has had a significant impact on the prioritization of existing strategies. The government continues to pursue a range of national priorities within a second IMF-monitored Poverty Reduction Strategy (PRS2). However, the objectives of maintaining macroeconomic stability while reducing poverty are hampered by the ongoing Ebola crisis. The government has had to divert scarce resources toward combating the disease. Donor support will fill some of the gap in funding for public investments. The IMF, for example, approved the disbursement of SDR 32.3 million under the Rapid Credit Facility (RCF) and relieved 20% of the

country's debt quota (SDR 25.84million) under the Catastrophe Containment and Relief (CCR) Trust.

The Johnson-Sirleaf administration set ambitious goals in its first Poverty Reduction Strategy; only some of these were fulfilled. Unemployment levels, for example, did not fall as much as hoped. Its second strategy is equally ambitious and it is unlikely that it will be fully successful.

Implementation  
5

Responding to the fact that most capacity-building initiatives are externally funded and time-bound, authorities launched a National Capacity Development Strategy in order to focus on the need to enhance capacity in the long term. Notwithstanding such positive steps towards reform, capacity remains weak and implementation is ineffective.

As noted previously, the Ebola crisis exemplifies shortcomings in implementation as resources were diverted to emergency relief. Consequently, international donors had to come offer support. The \$48.3million emergency funding provided by the IMF in September 2014, in addition to an existing three-year extended credit facility approved by the IMF, has provided some concessional financing.

The executive branch has shown slow progress in overcoming the damages of war, politics of division and unlawful private enrichment. It has demonstrated a willingness to acknowledge mistakes and is eager to formulate new policies and implement necessary reforms based on international standards.

Policy learning  
6

The government has admitted on several occasions that the limits of its effectiveness are set by its own lack of political will, the inadequate capacities of the administration and the constraints of red tape, as well as the poor quality of education and lack of a qualified workforce. It is also dependent on 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. The government is seeking to secure the rule of law and respect for property rights while establishing a competent judiciary. It aims at developing opportunities for domestic value chains and upstream, downstream and sidestream linkages to the extractive industries, which have advanced largely at a policy level and only to a limited extent in practice.

## 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 previously mentioned, the government has succeeded in reducing the number of public service employees. Appointments are generally based on qualification and achievement, recruitment processes are accessible and transparent. To satisfy its human resource demand, Liberia is counting on the return of more emigrants while waiting for its own educational institutions to produce a new generation of educated workers.

Efficient use of  
assets

5

The Liberian Civil Service Agency (CSA) has stated that it “is not in the position to manage well post war recovery and reconstruction.” As a result, the government has introduced the Senior Executive Service Program (SES) in order to recruit capable senior civil servants.

Given the poor quality of education in 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 coherent policies given the conflicting objectives it must negotiate. These include the clash 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. However, despite existing friction, the Liberian government coordinates its ministries with key performance indicators. This model sets an example in Africa and post-war countries in general, and its performance shows some progress in the period under investigation.

Policy  
coordination

5

Liberia has established a number of formal integrity mechanisms, including the Independent Supreme Audit Institution of the General Auditing Commission, due diligence in the Ministry of Finance, the budgetary oversight of parliament and the National Procurement and Concession Commission (PPCC), the Liberia Extractive Industries Transparency Initiative (LEITI) with of its transparency of revenue streams and contracts, and the Liberia Anti-Corruption Commission (LACC).

Anti-corruption  
policy

6

However, recent revelations about public sector corruption underscore the need to strengthen anti-corruption measures. High-level cases of graft continue to pose a challenge. Clientelistic behavior of the president showed a certain ambivalence regarding corruption. The Johnson-Sirleaf administration has a mixed record on fighting corruption. While measures have been introduced to reduce corruption, it would appear that investigations are selective. In October 2014, Justice Minister

Christiana Tah resigned from her office on the grounds that she had been prevented by the president from investigating allegations of fraud against National Security Agency (NSA). The NSA is headed by the president's son, Fombah Sirleaf.

Moreover, formal measures to combat corruption remain hampered by the endemic nature of the problem, and given the weak judicial system, there are persistent concerns about the de facto impunity of officials who have been removed from office.

## 16 | Consensus-Building

The president, the government and the legislature appear determined to develop a multiparty democracy and to foster a market-based economy. There is broad agreement among the existing parties to support these goals, although some published party programs refer to a reconstructed Liberian nation without mentioning democracy as a constitutional goal. The same is true of 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

While the Johnson-Sirleaf government supports a market economy in principle, the facilitation of free market activities is superseded by the need to recover and improve economic productivity and to stabilize prices. This is particularly true for essential consumer goods and for certain areas of the extractive industry. This approach undermines the interests of an emerging Liberian middle class in need of domestic investment opportunities.

As noted previously, the government has, by and large, embraced the principles of democracy. As such, it clear does not constitute an anti-democratic veto actor. While domestic capability building is slower than initially expected, the presence of the United Nations Mission in Liberia has ensured a stable environment for post-conflict reconstruction, and deterred would-be saboteurs from threatening reform efforts. As long as U.N. 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 at 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, a large subsistence economy, and the reintegration of returning refugees, IDPs, former combatants and child soldiers. Ethnic groups extend beyond borders, and instability along borders with Guinea and Côte d'Ivoire persists. 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 about by the Liberia Extractive Industries Transparency Initiative (LEITI) on revenue streams from the private sector to the government and the dissemination of information to mining communities have helped reduce conflict. LEITI published its fifth report in June 2014, providing details on the amounts received by nine government agencies (oil, mining, forestry and agriculture) from 1 July 2011 to 30 June 2012 as well as payment data supplied by 80 companies.

To some extent, the government takes the interests of civil society actors into account. This is in part due to the PRS conditions set by donors. Press freedoms have improved substantially since the Taylor regime, with little government interference with media operations, particularly radio stations and the print media.

Civil society  
participation  
7

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. The government does respond to these pressures, although not always with the speed and resolve they deserve.

One of the most commonly cited recommendations of the widely criticized report released by the Truth and Reconciliation Commission (TRC) in 2009 was the barring of 50 people from holding public office for 30 years as a penalty for supporting warring factions. The president was listed along with other high-profile political figures. In early 2011, the Supreme Court overthrew the TRC's recommendation on the grounds that it was unconstitutional and inconsistent with the right to due process.

Reconciliation  
6

As highlighted in previous BTI country reports, the TRC report contains several controversial recommendations, with presidential hopefuls using its recommendations as a means to discredit opponents in the run-up to the 2011 elections. Given that some of them were themselves implicated in the report, such calls were little more than rhetoric. Prince Johnson – known for ordering the videotaped execution of former President Samuel Doe – was a case in point. Johnson initially warned that the report risked returning the country to a state of war. He was

then quoted as saying that the TRC's recommendations should be implemented by the opposition CDC.

Reconciliation – together with the Agenda for Transformation – is a key objective of Liberia's National Vision for 2030. However, the administration has made limited progress in terms of transitional justice.

Controversy was sparked when the head of the recently established Peace and Reconciliation Commission, Nobel laureate Leymah Gbowee, resigned. Gbowee stated that her resignation was due to differences of opinion with the president related to issues of corruption and nepotism. In particular, Gbowee called on the president to dismiss her three sons from government to demonstrate her rejection of nepotism. The announcement that George Weah would succeed Gbowee was interpreted as symbolic of the president's claim to be representing the interests of the entire population and not just those who had voted for her.

Similarly, the Palava Hut Program, led by the Independent National Commission on Human Rights, uses traditional methods to promote reconciliation. It has no jurisdiction over grave human rights violations committed during the civil war and is only intended to address minor human rights abuses.

The Strategic Roadmap for National Healing, Peace-building and Reconciliation, adopted in December 2012, has yet to be implemented. The 18-year process has set as its strategic outcome sustainable reconciliation and peace through the transformation of mindsets, the reconstruction of social, political and economic institutions as well as the rebuilding of relationships. Ensuring the streamlining of these initiatives will be crucial to the success of reconciliation efforts.

## 17 | International Cooperation

The government continues to pursue a range of national priorities within a second IMF-monitored Poverty Reduction Strategy (PRS2). Liberia continues to depend on support from U.N. organizations (especially the United Nations Mission in Liberia mission), and the international donor community (including a host of NGOs) to sustain its population's survival, state- and nation-building.

It also continues to rely on the IMF for assistance in economic and fiscal policies, and on 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 cooperation. 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. Despite some administrative problems in implementation, international support has been particularly successful in keeping the peace and

Effective use of  
support  
9

stabilizing the country and in responding to the Ebola crisis. The IMF, for instance, announced an emergency assistance package for the three countries worst affected by the outbreak - Guinea, Sierra Leone and Liberia. Liberia, as the worst affected country, is expected to receive \$48.3m. This is intended to fill funding gaps in public service provision caused by cuts to non-priority spending.

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 the last round of the BTI. In the political arena, President Johnson-Sirleaf continues to enjoy respect and credibility, particularly internationally, although implementation and management in some line ministries continue to raise concerns.

Credibility  
8

The Liberian government has demonstrated the will to cooperate with the three neighboring countries in the Mano River Union and within the larger framework of the ECOWAS and the AU, and acts accordingly, particularly in the fields of security, infrastructure and mining.

Regional  
cooperation  
7

Given the porosity of the borders in the Mano River region, a crisis in any of these countries could adversely affect stability in the others. Reports of armed militias operating along the country's borders are common.

The Ebola crisis served as a test for regional cooperation. Some regional countries not affected by the disease - Côte d'Ivoire, Senegal and Guinea-Bissau - closed their land borders with the affected countries. Yet, other countries in the region, like Ghana and Nigeria, responded more constructively by sending volunteers to the affected areas and setting up a United Nations' regional center for fighting Ebola, which was hosted by Ghana.

In February 2015, at an Extraordinary Summit of the Mano River Union in Conakry, the three countries worst affected by the virus - Guinea, Sierra Leone and Liberia - agreed on a common strategy to achieve a zero Ebola infection rate within 60 days by April 2015. The strategy is to focus on infection prevention and control, social mobilization, community engagement, cross border surveillance, collaboration and coordination.

At the high-level Ebola Conference, hosted in Brussels in March 2015, Johnson-Sirleaf spoke on behalf of the three worst affected countries and lobbied the European Union for support in addressing the crisis.



## Strategic Outlook

The most significant strategic challenge in 2015 will be the economic and social effects of the Ebola Virus Disease (EVD). Prior to the Ebola crisis, Liberia had been making slow, but steady political and economic progress.

Despite the poor initial response to the crisis, which included delayed implementation of emergency policies and the heavy-handed deployment of soldiers to quarantined areas within Monrovia, the Johnson-Sirleaf administration compares favorably to the previous interim administration. However, Liberia is yet to fully develop into a liberal democracy, let alone develop a socially responsible market economy. The key challenges Liberia faces remain unchanged.

While short-term policies to deal with the EVD crisis will take precedent over long-term economic recovery strategies, the government must not lose sight of the process of national reconstruction and rehabilitation. The costs of this process, including rebuilding basic institutions and training personnel, mean that Liberia will remain dependent on international aid.

Furthermore, while international aid will bridge the funding gap left by the decline in FDI, as domestic and international investors withdrew following the Ebola crisis, eventually this will be replaced by a dependency on revenues from the extractive industries. As such, the IMF's second Extended Credit Facility will remain indispensable and continue to guide economic policy.

In addition to combating endemic corruption, the government must continue to prioritize reform of the security and justice sectors.

Access to education must be improved with the effective implementation and monitoring of previously introduced reforms. At the same time, employment opportunities will need to be increased to integrate internally displaced persons and refugees returning to their former homes.

Economic growth will be driven by the agricultural and extractive industries. These two sectors, complemented by the development of a vibrant private sector, offer Liberia the best opportunity to become a middle-income country. Although too great a dependency on the extractive industries will increase the economy's exposure to external price shocks and volatility.