

# **Agricultural Policy and Food Security in Liberia**

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## Agricultural Policy and Food Security in Liberia

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**James Tefft**

Economic and Social Department Group (RAFE)

FAO Regional Office for Africa

[James.Tefft@fao.org](mailto:James.Tefft@fao.org)

### **Abstract**

Improving access to food through broad-based participation in income-generating activities in key agricultural supply chains, together with the development of safety nets that protect the welfare of Liberia's diverse types of vulnerable individuals and households represent two of the major food security challenges facing the Liberian government after fourteen years of civil conflict. Responding to these challenges will depend largely on how the government responds to five major challenges in transitioning from an emergency situation to one focused on long-term development: 1) resettling IDPs and reintegrating ex-combatants; 2) reducing the real cost of food; 3) improving macroeconomic management and governance; 4) generating broad-based growth in rural incomes through smallholder development; and 5) developing public sector capacity to analyze, plan, prioritize, coordinate and monitor policies and programs. Success in addressing these issues may depend largely on the ability to go beyond strictly technical responses to develop innovative actions that take into account the numerous and complex socio-political factors existing in the country in the post-conflict period.

**Key Words:** Food security, agricultural policy, protracted conflict, vulnerability, smallholder.

**JEL:** O2 and I38.

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# Agricultural policy and food security in Liberia

## **1. Introduction**

The situation that Liberia finds itself in 2005 is little different than that of the majority of African countries coming out of a protracted armed conflict and faced with the challenge of moving from an emergency situation to rehabilitation and long term sustainable development. In August 2003, the Government of Liberia, two main rebel groups, Liberians United for Reconciliation and Democracy (LURD) and Movement for Democracy in Liberia (MODEL) along with several political parties signed the landmark Comprehensive Peace Accord (CPA), resulting in the cessation of hostilities that had raged intermittently for over fourteen years. This agreement was subsequently followed by the formal inauguration of a two year National Transitional Government and Legislature comprised of representatives from the government, rebel groups and civil society. It was accompanied by the establishment of the United Nations Mission in Liberia (UNMIL) (Security Council resolution 1509 (2003) of 19 September 2003) consisting of support to the implementation of the ceasefire agreement and the peace process, protection of United Nations staff, facilities and civilians, aid to humanitarian and human rights as well as assistance with national security reform, including national police training and formation of a new, restructured military. This mission represents the second attempt of the United Nations to assist Liberia with a multi-national, peace-keeping force, the first being in the 1990s.

At the conclusion of the Liberia Reconstruction Conference held in February 2004 in New York, Liberia and its development partners adopted the Results Focused Transition Framework (RFTF), an overarching national transition strategy, to implement over the transition period 2004 – 2005. The framework defines a set of critical results to be achieved in order to bring about the desired level of national social pacification, economic revival and public service resuscitation, thus helping to establish a foundation for sustainable peace, democratic development, socio-economic progress and the rule of law prior to presidential elections in October 2005.

### **1.1 Objectives, Method and Report Organization**

In the context of the RFTF, the Ministry of Agriculture (MOA) requested the FAO's assistance in a number of areas related to strengthening the agricultural sector in the country. At the initiative of the FAO/Liberia and a RAFP Senior Policy Officer and in response to this request, the FAO's Regional Office for Africa undertook a Multidisciplinary Mission to Liberia to review the political and socio-economic situation in the country, determine the major constraints to the agricultural sector, review a series of concept papers presented by the government to FAO for assistance as well as determine the nature and scope of actions that could be taken to provide support to the country during the transition period and in the medium term.

This document presents the mission findings related to the overall food security situation in the country. It reports on issues related to unemployment and income and assesses the nature and scope of the relative contributions of the diverse parts of the agricultural sector to improved food security. It also examines the institutional strengthening needs of various actors in this area.

This report is based on information collected from interviews with fifty-five individuals in Monrovia, Liberia from January 24-31, 2005. These individuals include government officials, donor and NGO representatives and people in the private sector and from civil society who are directly or indirectly involved in the agricultural and food sectors.

Following this introduction, the second section presents mission findings related to 1) the current situation and evolution of the Disarmament, Demobilization, Rehabilitation, and Reintegration Program (DDRR); 2) the economic situation, and; 3) food security and vulnerability situation during the transition period. The third section identifies five key challenges to the agricultural sector in general, and the food security situation in particular as Liberia transitions from the recovery and rehabilitation process to begin to address the longer-term structural constraints to improved food security and better livelihoods. The fourth section contains a brief discussion of select socio-political factors affecting agricultural sector strategy development. The concluding section synthesizes the main messages of the document.

## **2. Sector Overview**

### **2.1 Current situation**

Peace and stability are the sine qua non conditions for growth and improved livelihoods in Liberia. Significant progress has been made over the last year in improving security without which it is difficult to address the other critical dimensions of food security, namely, the availability, access and use of food. While serious challenges to this stability persist and security must continue to be a main preoccupation of post-conflict efforts, improving the availability of food, the means to access this food (income) and for people to effectively benefit from food intake (good health, potable water, proper nutrition) are, in a reciprocal manner, critical inputs into solidifying long-term social stability and subsequently improving the welfare of the Liberian population.

The UN is currently investing approximately \$820 million per year to maintain peacekeeping troops in Liberia and finance UNMIL activities. This large investment has already provided huge dividends, namely through the cessation of armed conflict, the demobilization and disarmament of 106,000 combatants and the establishment of a nationwide security and police apparatus to secure the peace. Despite this tremendous progress, surveys of internally displaced persons (IDP) reveal that the lack of security in rural areas is one of several factors underlying their reticence to leave IDP camps and return home. On-going efforts to train and equip national police and military will be one of many critical actions that are needed to create a more secure environment for Liberians.

The priority and heavy cost of the disarmament and demobilization of ex-combatants has consumed a large percentage of the available money that was contributed for the Disarmament, Demobilization, Rehabilitation, and Reintegration (DDRR). And it is still not complete. As of January 2005, some observers estimate that approximately 47,000 combatants still remain

outside the program; the additional cost of including them in the program has been estimated at approximately \$60 million.

In addition to the concern over the threat that this most restive and violence-prone segment of the community poses to peace, there is also growing concern in governmental, donor and NGO circles over the lack of financial and human resources to complete the resettlement and reintegration process of approximately 260,000 IDPs and 350,000 refugees. While there is little argument over the need to continue financing actions to maintain peace and security and establish political stability, it is increasingly acknowledged that inadequate funding of recovery and humanitarian activities that help IDPs return to their homes and ex-combatants to reintegrate could put these tremendous investments at risk and slide Liberia back into conflict. Further, the current lack of a systematic approach to address the widespread poverty in the country represents another significant risk to the country. Periodic organized outbreaks of unrest in the last four months of 2004 (Monrovia, Harper) underline the fragility of Liberia's peace and indicate that the relationships between the various factions' power base and ex-combatants have not been completely broken. Many observers note that a small group of people do not in fact want elections, preferring a chaotic situation that allows them to profit from gold, diamonds, drugs, and other illicit activities.

## **2.2 Economic situation**

Liberia's economy is understandably in a precarious state after fourteen years of conflict. The crux of the economic problem appears to lie primarily with the rampant and well documented fiscal mismanagement of the National Transition Government of Liberia (NTGL), and the lack of confidence that this has instilled in the donor community. Formed of representatives from the former government, rebel leaders, political parties and civil society, the interim government is widely viewed in Liberia as one largely focused on using their position to maximize rents in the short period of time in which they are in power. Although the 2004 national (cash-based) budget is only \$80 million, over 10% can apparently not be unaccounted for and many traditional sources of fiscal revenues (e.g. port fees) do not make it into the government's coffers. The transitional government's problems with fiscal discipline and governance, maintaining a transparent budgetary process and establishing accountable, revenue-generating mechanisms have shattered most of donor's confidence in public institutions. With few signs of creditworthiness and accountability, the IMF and World Bank have been reluctant to extend any credit facilities.

Given the ban on timber exports, custom revenues and maritime registration fees account for the largest share of the fiscal revenues. Following the end of the conflict in 2003, the economy grew 20%, generated in large part from humanitarian assistance. Rubber and a small volume of cocoa are currently exported but the destruction of iron ore infrastructure has stopped the country's primary export (40% of export earnings prior to the war). Coffee plantations are also overgrown, thus eliminating revenues from this important agricultural export (although there is apparently some Ivorian coffee transiting Liberia). Liberia has \$3 billion in debt and is presently making token reimbursements. There is little if any official credit circulating in the financial system and

the majority of banks and cooperatives are not currently operating. Inflation is estimated at approximately 10% per annum.

As of December 2004, civil servant salaries were several months in arrears and rate among the lowest in the region (\$20-\$50/month). Despite these conditions, many civil servants still report for work, largely in hopes of using their position for personal gain. For example, there are a large number of tax collectors who supplement their salaries through informal arrangements made with foreign business community.

A quarter of Liberia's population is displaced or classified as a refugee and forty percent reside in Monrovia, a city in which there is currently no publicly distributed water, electricity or sanitation services. With the country's infrastructure in shambles, minimal productive capacity, and a lame duck government staffed by an underpaid civil service with minimal capability to deliver public goods, the economy survives largely on humanitarian aid and a vibrant informal sector. This situation will undoubtedly continue until the elections when a new government is formed and can establish relations with the IMF.

Government efforts to control inflation through improved fiscal governance and prudent monetary management remains an important task for the government over the next year. Strengthening the revenue collection mechanisms and improving tax compliance will help improve the budgetary situation, together with transparent budgets and regular audits. Any progress in developing a functional banking system will provide the medium-term basis for beginning to inject credit into the economy.

### **2.3 Food security**

In very general terms for a country coming out of a protracted conflict, the overall food security situation is surprisingly good. First, the signing of the peace accords to end fighting and the better security situation in the country are positive developments, and an important prerequisite to improving the food and nutrition situation in Liberia. Second, numerous location-specific, nutrition surveys indicate that the prevalence of malnutrition is below emergency levels at 5-7%<sup>></sup> There is however serious micronutrient deficiencies (anemia, vitamin A) and the high prevalence of chronic malnutrition indicate the presence of a serious long term problem (as in most countries of sub-Saharan Africa). Mortality rates for both children (< 5) and total population are also below emergency threshold levels. On the whole, malnutrition does not appear to have been made worse by the displacement and return of the population.

The availability of food does not currently appear to be a major problem due in large part to the combination of humanitarian assistance and regional and international food imports. There is also a small but unknown level of agricultural production, part of which is finding its way to Monrovia.<sup>1</sup> Peri-urban agriculture also represents a source of food for Monrovia's markets. Many observers state that access to bush foods and other wild foods continue to be a major source of animal and plant protein for many Liberians. The combination of rice and other food

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<sup>1</sup> Several NGOs reported receiving bids from both producer groups and marketing firms to supply them with rice, delivered to Monrovia, which ranged in price from \$11-22/50 lb bag.

imports (both international and from neighboring countries), humanitarian aid and some local food production and bush meat filtering its way into market have contributed to fairly stable food supplies. Aside from periodic studies carried out by NGOs and donors, the complete breakdown of agricultural statistical systems has resulted in a dearth of empirical information on the food situation. Available figures indicate that between 1980 and 2000, Liberia's available daily energy supply per capita (kilocalories) declined 18% (FAO).

Access to food is, however, a very serious problem facing the country and should be one of the main pillars of Liberia's future development strategy. Unemployment is widespread (85%). Income is non-existent or quite low and the real cost of food is rising, primarily for rice which is the main staple. Salaries earned by the few who are employed, namely with organizations involved in humanitarian assistance, feed larger than usual numbers of family members, friends and relatives. Remittances from abroad also help Monrovia-based families make ends meet. Western Union stated that they transfer approximately US\$100,000 per month mainly from the United States to Liberia although this figure appears to vastly underestimate the volume of these remittances. Beyond the small percentage of salaried workers and those receiving remittances, the informal sector and petty commerce represent the lifeblood for the majority of Liberians, however small and fragile the flow may be.

Markets are generally quite thin with little volume and characterized by high levels of concentration (control by a small group of traders), particularly in the import sector. This structure leads to significant price variability and upward pressure on prices. The December 2004/January 2005 increase in the price of imported rice from \$18 to \$32 per 50 lb bag (a 78% increase relative to a 4% world market price increase) would also appear to suggest what many believe is an abuse of market power by a very small group of importers with a monopoly position and political connections that allow them to influence prices and market conditions. Management of the rice sector is an economically and politically sensitive task in Liberia, not only in terms of its role as a staple food and primary food crop – upland and swamp production – but also with respect to the rents it has historically generated for political leaders. Some would argue that the demand for rice in Liberia is price inelastic whereby the average Liberian, when faced with a price increase, will reduce expenditures on other products to be able to procure sufficient quantities of the primary staple food (“the only food”). As the 1979 rice riots demonstrate, there are apparently limits to how high the price of this strategically important food product can rise.

Several NGOs reported in January 2005 that markets in Lofa and Nimba counties along the northwestern border with Guinea were very active and well provisioned. Traders in Monrovia markets also reported a regular flow of trade from Guinea. Many NGOs indicated that a fairly large share of food aid, primarily maize meal and bulgur wheat, is sold by recipients for eventual transport to Guinea. This behavior was confirmed by interviews with cereal traders.

Good health, together with suitable care and nutritionally adequate food intake, represents a critical input into good nutrition. Like other sectors in Liberia, there is little systematic information available on the incidence of malaria, diarrhea and acute respiratory infection to draw conclusions on the general health of the population, particularly children. Available statistics from the small number of testing facilities (i.e. Monrovia hospitals) show a prevalence

of HIV in Liberia between 8-12%, a figure that health sector professionals believe to be substantially lower than actual rates. Widespread sexual-based violence during the conflict and continuing today contribute to a worrisome situation with respect to the transmission of HIV/AIDS. There is also growing concern over how the return of IDPs and refugees to communities may accelerate the HIV transmission rate. The potential risk of HIV/AIDS to the livelihoods of Liberians and their food security is real, alarming and very likely accelerating.

## **2.4 Vulnerability**

All Liberians are vulnerable to a situation in which the present security situation breaks down and leads to a resumption of hostilities. There is concern in certain circles that there is a risk to the fragile peace if the DDDR is not effectively completed in a timely manner and sufficient progress is not made in integrating ex-combatants into constructive and legally remunerative activities and returning IDPs and refugees to their communities.

While a large urban, unemployed population in Monrovia also presents certain risks to social stability, the biggest challenge concerns Liberia's youth. With approximately 50% of the population under 15 years and a large segment of the population between the age of 15 and 25 years who know nothing but conflict and violence, addressing the concerns and specific circumstances of this vulnerable group is critical for Liberia to move forward. Discussions with NGOs and donor agencies underlined the marginalized situation of Liberia's youth. Uneducated and unskilled, many lacking adequate family structure and support, exposure to and participation in violence, unrealistic dreams of leading a better life (e.g., being a computer programmer), many Liberian young people find themselves in an extremely tenuous situation. One of Liberia's challenges in the post war period consists of developing a coherent, multi-faceted youth policy and program. Although there are undoubtedly numerous ideas for developing skills training and apprenticeships for younger men and women, particularly those who actively participated in the conflict, it seems difficult to imagine a sustainable situation that does not focus on the agricultural sector as the future motor of the Liberian economy, capable of increasing incomes and creating jobs for this vulnerable group.

Beyond the threat of an unstable situation to the vulnerability of all Liberians and the overarching concern with developing opportunities for Liberian youth, there are numerous groups that would appear to be in a vulnerable situation as Liberia works to bridge the gap between humanitarian aid and long-term development assistance. Numerous NGO and donor agencies have periodically undertaken studies over the last fifteen months, providing a wealth of information on the groups who exist on a very thin lifeline. They may include people who fall within one or several of the following situations:

- Those who did not flee the fighting and remained in the village, particularly the elderly and handicapped. They may have minimal access to the assistance granted to IDPs and ex-combatants and many have lost contact with their families.
- Those who are unofficially displaced with out an IDP card.
- Those with families larger than the number officially observed and declared.
- Those who became separated from their families during the conflict.

- Children born out of wedlock or from sexual based violence, who are either orphans or residing with a family member.
- Young women who are single mothers, especially with children born outside of marriage.
- People who were abducted and/or worked as militia support personnel responsible for cooking, transporting, or performing some other service. They may have become more vulnerable after their leader was killed or may be displaced from their family. Numerous observers brought up the plight of thousands of Sierra Leonean girls, many of whom are abandoned consorts of fighters and with few options to return home. Some may be in a dependent relationship with rural elite or feel their actions during the conflict have ostracized them from their communities preventing them to return.
- Many of the above could be currently living as someone who is referred to as a “stranger” in a village - with minimal rights to land and resources and no right to speak in community meetings and whose presence is linked to powerful people in the village establishment in relationships that may not be the most advantageous to the strangers.

Apart from those whose vulnerability is linked to the conflict, it is clear that the livelihoods of many people will depend on their transition from an existence centered on access to humanitarian assistance to one that depends on their own productive actions. Given the important role played by humanitarian relief and the large numbers of people in the Monrovia area, phasing out this food source prior to the start of agricultural production activities could create a difficult food situation for many Liberians. For those that opt to return to their rural communities, it remains to be seen whether they will arrive in time to clear and seed their fields in time to produce food in 2005/2006, and whether they will have access to financial, physical (tools) and human resources needed to produce food. As Liberia progresses through the transition period and begins to address structural issues in its agricultural sector, it will also be important to assess the situation of families who work as laborers on commercial plantations.

Vulnerability must also be looked at from a geographical point of view. For example, Liberia may need to more systematically determine how policies and programs can address geographic disparities in the country (e.g., richer coastal towns versus the interior; certain regions like the southeastern part of the country that have been historically isolated and neglected). A geographic orientation to vulnerability analysis will also lead one to closely monitor and address concerns in areas where there has been ethnic tension in the past and are considered to be potential flash points. Finally, Liberians who reside in remote areas or in outlying hamlets of a normally accessible area may be more vulnerable in terms of food access and proper health care compared to those in a more accessible area.

### **3. Five Challenges to Food Security and Agriculture Sector Development**

Maintaining security and social stability is a critical linchpin for improved food security, reduced poverty and better livelihoods. Preserving peace will, however, reciprocally depend on concerted efforts to address and resolve the underlying structural causes of widespread poverty and hunger throughout the country. As Liberia begins the long process of transitioning from an emergency situation to one focused on development, five major challenges appear on the horizon:

- Resettlement and reintegration
- Reducing the real cost of food
- Macroeconomic management and governance
- Generating broad-based growth in rural incomes through smallholder development
- Developing public sector capacity

### **3.1 Resettlement and reintegration**

The successful resettlement and reintegration of approximately 260,000 people living in IDP camps, 350,000 refugees in neighboring countries and 106,000 individuals who have been classified as ex-combatants is critical to the peace and stability of Liberia and a critical pillar of future development efforts in the country.<sup>2</sup> Successful and sustainable resettlement and reintegration of these groups will require tremendous resources and commitment. Improved security, shelter and the availability of social services are a few of the concerns or preconditions elicited by displaced groups for returning to their communities. The changes in power structures in the country have however created an uncertain environment, one in which many IDP have stated that they do not yet feel safe and are not comfortable with immediate return to their communities.

Many observers commented that resettlement and reintegration is not proceeding as scheduled, needs better coordination and will take longer than expected. The lack of funds to finance the construction of social infrastructure and shelter and provide returning IDPs with the requisite “transition” packet and money for transport to their place of origin has hindered resettlement and reintegration efforts. Inadequate funding to pay school fees for vocational training of ex-combatants has also been a problem.

Aside from funding issues, the resettlement program must deal with the challenge of trying to return IDPs and refugees who, after several years living in camps, have developed relationships and modified survival mechanisms, become accustomed to quality health care, education, social outlets and entertainment that are not yet available in their communities and may have developed an “assisted” mindset and dependency on humanitarian relief. Simply put, many people have adapted to camp life, appreciate the availability and standards of services and benefits provided in the camps and do not want to return. In fact, many non-IDPs try to get classified as an IDP in order to get access to these precious benefits. Several UN and NGO personnel observed that, compared to other conflict and emergency situations, Liberian camps are very well organized, indicating a certain institutionalization of IDPs. Family structure has also changed with new roles and responsibilities for certain members, particular mothers. The community power structures remain uncertain as authority has evolved from militia groups to UNMIL and NGOs with the future still unknown.

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<sup>2</sup> As more than 80% of the ethnic groups living in Liberia are also found in neighboring countries, the establishment of a sustainable peace and secure situation is considered by many to be an essential ingredient to overall peace in the region.

In January 2005, progress with resettlement, reintegration and community recovery varied widely by region. Some communities have already been rebuilt, people have returned and rural life has fairly quickly become reestablished after years of conflict and disruption. In other communities characterized by little shelter, no social services (particularly in areas victim to the scorched earth practices of militia groups during the armed conflict) or where the roads have been destroyed and transport is difficult and costly, resettlement will take more time. The uncertain and less than satisfactory situation prevailing in many communities, on the one hand, and guaranteed access to certain benefits at IDP camps, on the other hand, has led to behaviors whereby IDPs live in their village for a short time but returning monthly to the camps to claim their food rations.

Although one can not force people to return to their villages and towns, many observers believe that as traditional feeding programs and food distribution are phased out and incentives to remain in or around camps decline, a certain percentage of IDPs will gradually return to their homes. As certain IDPs return on their own volition, the gradual attrition will reduce the number of people and subsequently the funding needed for formal resettlement.

One of the major challenges to resettlement and recovery programs concerns the reestablishment of essential social services, particularly with respect to the incentives needed to staff schools and health centers. With approximately one million children of school age in the country, and only 7,000 teachers (as of January 2005), Liberia needs to recruit a huge pool of teachers; with an average of 40 children per class, one could quickly advocate the need for 25,000 teachers. Providing a sufficient incentive structure in the short term to motivate teachers to work in rural schools will quickly turn into the medium term challenge of developing sustainable public financing mechanisms at national and local levels to cover recurrent costs.

Many observers stated that the reintegration of ex-combatants (average age of 22 to 27 years) in rural communities will also require innovative approaches to successfully assimilate them in to communities. Their systematic monitoring and evaluation will help identify those which are effective in successfully integrating them and guiding them into productive activities. NGOs noted that ex-combatants often have unrealistic expectations of themselves and potential opportunities in Liberia, stating their preference to be a computer analyst or brain surgeon. With an interest in making money and a perception of agriculture as hard unskilled labor that is poorly remunerated, few expressed an interest in the sector. To many, agriculture is subsistence production with minimal opportunity to profitably produce crops for sale.

Since the agricultural sector represents one of the largest sectors capable of absorbing ex-combatants and providing them with a livelihood, it will be imperative that those involved in the reintegration process adopt a new language with the ex-combatants, focusing on the potential for making money in agriculturally-related activities. More importantly, the sector needs to assure that opportunities are made available to this vulnerable group to work as independent smallholders to produce food and cash crops for profit. As discussed later, an agricultural strategy focused on smallholder development will be essential to meeting this objective.

### **3.2 Reduce the real cost of food**

Reducing the real cost of food to the rural and urban consumer is an important objective for the Liberian government in the medium term as it works to rekindle the production potential of its agricultural sector. Achieving this objective depends on inputs in several areas, notably productivity-driven increases in production, better roads for reduced transport costs, market information, greater participation and competition in import and domestic marketing systems (traders, cooperatives), transparent and favorable import policy (food, fuel and spare parts), application and enforcement of regional trade regulations and reinforced economic governance to reduce transaction costs and enforce contracts. Each of these factors contributes to establishing a reliable, lower cost supply of food at less variable prices.

Competition and proper incentives for traders, farmer organizations, cooperatives and other private actors to become involved in agricultural marketing are particularly important issues to address to reduce the cost of food. Lebanese and Mandingo importers, wholesalers and transporters have historically played important roles in Liberia's mercantilist system of trade and economic control, in agricultural marketing as well as in financing farmers' crop production. Liberia needs to find a delicate balance between establishing a level playing field and competitive environment for all participants (with safeguards against monopoly power) with a supportive policy and regulatory framework that provides incentives for the private sector to make productive investments that are critical to the long-term development of Liberia's agricultural sector.

### **3.3 Macroeconomic management and governance**

A coherent, well managed macroeconomic policy environment is an essential prerequisite for broad-based, productivity driven agricultural growth. Current problems of fiscal management and the resulting loss of confidence in the government's capacity to manage the economy is a major impediment to efforts to reestablish the productive capacity of Liberia's economy. The country's creditworthiness and access to capital is dependent on improvement in this area.

Reestablishing this confidence will require significant effort to reverse a business climate characterized by "favoritism, kickbacks, connected transactions, and other distorting and non-transparent practices" to one focused on well-defined policies and procedures. The creation of a policy environment that encourages private investment and entrepreneurship while reducing rent-seeking opportunities for those in power will need to consistency and clarity in policies addressing a large number of areas (e.g., tax, import/export, property rights and contract enforcement).

Beyond the immediate problem with transparent procedures and accountability mechanisms for budgeting and managing fiscal policy, the government will need to find a delicate balance between increasing the tax base (and improve tax compliance) with the establishment of the appropriate incentive environment needed to encourage investment and profitability for all actors involved in the agricultural sector. The experiences of neighboring countries may provide useful lessons in terms of sequencing critical reforms.

### **3.4 Generating Broad-based growth in rural incomes through smallholder development**

Liberia's agricultural sector was largely developed as dual system consisting of a commercially-oriented plantation sector and subsistence producers. The majority of rural Liberians have worked as laborers on commercial plantations or on small subsistence farms. A relatively small number of farms have been involved in cash crop production. This situation presents a striking contrast to that found in the majority of neighboring countries characterized by a dynamic smallholder sector in which farm households manage an integrated and diversified cash crop-food crop production system (including livestock, fisheries and agro-forestry).

Liberia's agricultural potential is enormous. There exist numerous opportunities with both food and cash crops whose development could serve as the basis of rapid growth in incomes as well as trigger de-urbanization of Monrovia and the return of people to rural areas. Achieving these results depends largely on the transformation of a system characterized by low input/low output (shifting cultivation) cropping system to one in which there is broad-based farmer participation in integrated, productivity-driven cash-crop/food crop systems. The experiences of cotton and cocoa production in West Africa and integrated tree crop production in Southeast Asia (rubber, palm oil) highlight the potential synergies to be gained in smallholder production of food crops, cash crops and livestock.

The production of cash crops in an integrated system with food crops allows smallholders to gain access to credit and inputs that are often unavailable in subsistence production. Innovative partnerships between smallholders and commercial farms/international firms (e.g., out grower model) inject capital, provide access to inputs and facilitate technology transfer and marketing opportunities that are critical for increasing agricultural productivity and market competitiveness. Experiences throughout the world have shown that broad-based, productivity-driven agricultural growth can serve as the motor for increasing incomes, improving livelihoods, capitalizing the rural economy, and through downstream multiplier effects, providing the basis for sustainable economic growth in Liberia.

Experiences across the world show that an agricultural strategy based on plantation agriculture does not generate this type of sustainable, broad-based agricultural growth. Wage laborers do not usually earn incomes sufficiently high to generate the important multiplier effects derived from increased expenditure on non-farm goods. Emphasizing smallholder agriculture does not, however, necessarily imply a neglect of plantation agriculture. Although employment and foreign exchange concerns may suggest a dual strategy in the short run, Liberia's longer term priority would appear to lie in determining how larger, agro-industrial enterprises could work in collaboration with a large number of smallholders working individually or in some type of communal association. By increasing the number of families involved in commercially viable farms, a strategy focused on smallholder development would seem to more thoroughly respond to Liberia's socio-political and economic objectives, namely broad based participation in viable income-earning agricultural activities.

Some observers stated that Liberia has some experience with out grower schemes (rubber and coffee) in which small farmers receive input and credit from large commercial operations (concessions) that, in turn, purchase, process and export their product. This system was apparently limited to a relatively small number of the “larger” farmers. In other words, not all farmers had access to this system.

The design and implementation of a smallholder-focused agricultural strategy will require attention to numerous issues that include but are not limited to rural infrastructure (particularly primary and feeder roads), research, extension, farmer organizations, input supply, marketing and credit. Many countries have successfully used a “supply chain” approach to critically analyze and determine how to link smallholders into a dynamic, adaptable sub sector in which the myriad of functions required to productively and competitively produce a quality commodity for market are coordinated in the most efficient way possible, thereby creating value and income for economic actors.

Supply chains must determine how to resolve numerous issues related to the organization and coordination of the sub sector. They include but are not limited to questions related to the relationships between supply chain actors, how to develop and deliver key public services to smallholders in a demand-driven fashion (e.g., research, extension, infrastructure), how to create a shared “culture” among actors centered on common goals that allow it to maintain a competitive edge. Sub sector performance is also closely linked with the manner in which a supply chain deals with important issues like regulation and oversight, property rights and contract enforcement, incentives for experimentation, information flow and interlocked credit-input-output markets.

### **3.5 Developing public sector capacity**

A smallholder strategy and focus on critical supply chain coordination issues raise important questions of the respective roles of the public and private sector. In the context of severe financial and human capital constraints, Liberia will need to identify the appropriate roles of both public and private actors and empower them with the legal, financial, organizational and technical resources needed to effectively carry them out. The transformation of the private and public sectors will be a long term endeavor, requiring a flexible and iterative, “learning by doing” approach.

Prior to the conflict, many observers claimed that Liberia’s public sector was characterized by a chaotic regulatory environment, a derelict public administration with unwieldy procurement and financial management systems, and a large parastatal sector. This system served primarily to extract rents from inefficient and unsustainable monopolies. This state of affairs will need to be changed if a smallholder strategy is to be successful.

In the agricultural sector, Liberian Produce Marketing Corporation (LMPC) was a parastatal with the mandate to process, grade and export coffee and cocoa as well as provides technical advice, planting material and marketing facilities, self-financed through an export tax. Even in peaceful times, the ability and capacity of state agencies to fulfill this mandate was very problematic.

With this historical record in mind, the question remains as to the appropriate roles and responsibilities of public and private sector actors in commodity supply chains in order to improve their functioning and performance, and thus serve as an engine of growth and improved welfare in the agricultural sector (higher incomes, stable food security, and foreign exchange).

While reform efforts generally focus considerable attention on the capacity of the private sector to fulfill critical roles in the execution of numerous functions in the agricultural economy, it is arguably the redefinition of the role of the public sector that remains the biggest challenge to Liberia in the post conflict period. It may be more advisable for the Ministry of Agriculture to focus on the regulation, oversight and monitoring of the agricultural sector as well as the provision of key public than to be directly involved in the implementation of policy and programs, as was the case in the past. Within this vision, several issues must be addressed: strategic planning and policy priorities; analytical capacity and access to knowledge; coordination; safety nets; human resources and incentives.

### **3.5.1 Developing capacity in policy design and planning and economic policy analysis**

Addressing these challenges requires the establishment of a dynamic and iterative mechanism for discussing and designing policies and programs and subsequently monitoring, evaluating and adapting them as the situation evolves. To develop an appropriate agricultural strategy, Liberia will need to tap into existing institutional memory in order to identify how structural problems confronting the sector can be addressed by alternative policies, institutions and technology. A comprehensive agricultural strategy must also seek to find a balance between short term measures (objectives of the DDDR and the challenge of resettling and reintegrating IDPs, refugees and ex-combatants) with a longer term vision for the sector.

The effective design, implementation and monitoring of an agricultural strategy and policies will depend largely on the existence of an empirical knowledge base upon which decisions are based. This foundation in turn depends on data and the analytical capacity to produce timely, policy relevant analyses of emerging issues. This is not an easy task given the dearth of empirical information on the agricultural sector and the almost complete dismantlement of policy analysis capability in Liberia. Collecting data is futile if the information can not be analyzed and used to respond to critical policy concerns. There needs to be a close link between the timely production and analysis of policy relevant information and policy and programmatic decisions. In the context of scarce financial and human resources, the creation of a multi-ministerial policy analysis unit (Agriculture, Planning and Economic Affairs, Rural Development) with possible partnerships to University of Liberia economic faculty may offer the most effective model for harnessing the necessary capacity to undertake studies and analyses. More innovative solutions may also need to be considered, such as partnerships with NGOs or international organizations where former analysts are employed in order to access their skills. When viewed as a joint product, capacity building can take place concurrently with analytical work if the design and implementation of the studies can serve as a type of on-the-job training to update skills.

In the short term, numerous analyses will need to be undertaken to generate useful information requested by the government in the following areas: national food security strategy (MDG,

PRSP); food and crop assessment; establishment of market information system; vulnerability analysis for the creation and monitoring of safety nets; rice sub sector study. The study of the rice supply chain could be the first of many studies that examine each of the commodity sub sectors in Liberia, including livestock and import substitution sectors (edible oils – palm oil, coconut oil).

Multi-ministry teams will also need to assess the constraints to and opportunities for all types of private sector actors (farmers, cooperatives, traders, financing institutions, input dealers, processors, etc.) to participate in the agricultural sector, paying attention to numerous issues that affect the environment in which they work: incentives (investment and tax codes), land policy, property rights and contract enforcement, import and export tariff policies, infrastructure development priorities (roads, electricity, water). Establishing a coherent set of policies in the short term is important if Liberia is to avoid a policy vacuum that may encourage private actors to initiate actions that may not be consistent with the government's vision.

### **3.5.2 Coordination and collaboration**

The Ministry of Agriculture's ability to coordinate and oversee interventions in the agricultural sector will be a critical needed input to Liberia's efforts to address the long term development actions in the country. In managing the transition from emergency to long term development issues, the Ministry must strengthen their capacity and mechanisms to coordinate the myriad of activities of donors and NGOs. Collaboration and coordination with other ministries and decentralized authorities represents another important area of work, particularly since the Ministry can not do everything on its own.

Given the huge volume of humanitarian resources channeled through international and national non-governmental organizations, both government and NGOs/donors alike expressed a desire for developing mechanisms that facilitate the exchange of information, planning and monitoring and evaluation. Developing this capacity will be extremely important as the Ministry takes on a greater role in overseeing the development of the agricultural sector in the years ahead. The mechanisms (i.e. committees) could differ by objective or function. Some decisions may need to be discussed and taken in collaboration with heads of donor agencies while others may be more technical in nature related to specific subject matter and more amenable to discussion in smaller groups of specialized development partners. During this transition period, the Liberian government may also need to work with donors to establish criteria for evaluating the technical and management capabilities and experience of NGOs to work in a given area and assessing their performance. As the HIC list of development partners indicates, there are over 600 organizations NGOs in Liberia. Since many of them are perceived to be vehicles for securing access to scarce resources available from the humanitarian/development community, the Liberian government will need to develop a system for evaluating the capacity and experience of these groups to effectively be of value to the development process.

With severe financial and human resource constraints in most sectors, and the majority of development problems being multi-dimensional in nature, ministries can not think and operate in a vacuum. Multi-sector initiatives must be the norm rather than the exception to dealing with

problems that cut across sectors. For example, chronic malnutrition is a major, longstanding problem in Liberia (irrespective of the conflict) for which the causes are multiple. What is the best institutional arrangement, for example, to mobilize inputs of various Ministries that are needed to improve the nutritional status of Liberian children (e.g., Health: functional health centers and nutrition education; Agriculture: higher rural incomes; Water: potable water)? Would the creation of a Food Security Commissariat attached to the prime minister's office and guided by a Food Security Strategy and/or Food and Nutrition Plan be an appropriate mechanism?

On the agro-forestry side, what mechanisms are needed for the Ministry of Agriculture to collaborate with the Forestry Department and others to contribute to reflection and actions on agro-forestry issues such as integrated rubber/food crop/livestock production systems or opportunities in selling or trading project-based carbon credits such as Carbon Emission Reduction Credits as outlined in the Clean Development Mechanism in the Kyoto Protocol carbon sequestration? Labor law also has implications for the agricultural sector with respect to employers' incentives to hire employees and equal protections for both parties, a critical prerequisite to stimulate employment.<sup>3</sup> Given the opportunity for Liberia to "start over" in developing new approaches to problems the country is facing, Ministries needs to think "out of the box" and not just adopt "the before war" institutional context. Experiences from other countries could provide useful examples.

Coordination with local governments, commodity-based or industry groups and regional organizations is also important. Given the socio-political importance of decentralization, how can agricultural strategy mesh with efforts to develop effective, accountable local government and how can agricultural programs can be demand driven and sensitive to regional priorities and concerns? The creation of some form of stakeholder group in commodity supply chains (e.g., cocoa, coffee) has also been used in many countries as a tool to coordinate sector actions and promote product development. Government assistance may be able to help promote this type of action. Finally, collaboration with regional bodies such as ECOWAS and the Mano River Union may be useful in many areas, particularly with respect to trade.

### **3.5.3 Vulnerability and safety nets**

Aside from the longer-term policy and programmatic questions, the Liberian government will need to develop systems for monitoring the food security situation, identifying food insecure groups and designing and implementing safety net programs. Establishing this capacity will inevitably begin with an inventory and assessment of the large body of work undertaken by numerous organizations during the emergency and DDDR periods. Transferring this vast breadth of experience and knowledge base to national agencies will be a major challenge. The most appropriate mechanism for completing this work will depend in part on the institutional structure and affiliation of the unit(s) responsible for vulnerability analysis and safety net programs. Experiences in other countries have shown how the "capture" of this function by a line ministry and integration into its hierarchical structure often prevents it from effectively carrying

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<sup>3</sup> This law will also affect employment in other sectors, such as the large potential to take advantage of the contacts and expertise of Americo-Liberians and develop businesses such as call centers for servicing out-sourcing.

out its multi-dimensional and multi-sector mandate. Given the severe capacity constraints and the arguable need for decentralized local governments to assume responsibility for development actions in their jurisdictions, Liberia will undoubtedly need an institutionally nimble system that facilitates collaboration between ministries as well as national and decentralized structures.

Given the budgetary infeasibility of providing blanket safety net coverage, vulnerability analysis will need to go beyond gross characterizations of groups at risk, such as female-headed households (of which there are greater than 50%), in order to provide more detail on the specific circumstances of individuals and households in need of support. Effective identification and targeting of vulnerable groups may ultimately depend on greater participation of communities and decentralized local governments. Liberia can also benefit from experiences in other countries who attempted innovative ways (such as livestock repopulation projects with community veterinary services) to address the needs of vulnerable groups. Many NGOs commented, however, on the challenge of identifying vulnerable people in populations who have spent several years dependent on humanitarian relief and are adept at manipulating responses to investigations that affect benefit levels.

Beyond use in short term monitoring and targeting, Liberia may need to consider how vulnerability analysis and safety net monitoring can also serve as a tool to guide the design and implementation of longer-term policies and programs that seek to resolve the constraints and risks that threaten the livelihoods of certain individuals, communities or zones.

### **3.5.4 Human resource capacity and increased salaries:**

The ability of the government to effectively design, implement and monitor agricultural policy and programs will ultimately depend on hiring and retaining good quality people, developing coherent terms of reference and accountability mechanisms to assure their performance is satisfactory. The crux of this challenge will hinge on the ability of the government to increase salaries and provide an appropriate incentive structure commensurate with their responsibilities. If government analysts are not remunerated at a satisfactory level, it will be difficult to hire and retain qualified people that will be motivated and committed to leading the Ministry of Agriculture's efforts to develop the agricultural sector. Independent of recruiting for the civil service, more innovative solutions such as partnerships with universities and NGOs (as discussed in section 3.5.1) could help fill critical human-power needs. This issue is intimately linked to the overall macroeconomic situation and improvement in fiscal management, as discussed in sections 2.2 and 3.3.

## **4. Socio-political Factors Affecting Agricultural Sector Strategy**

The design and implementation of agricultural sector policies and programs will need to pay careful attention to the multiple, complex changes which fourteen years of armed conflict and instability have imposed on family structure and community organizations. These transformations have numerous implications for determining the most effective strategy for working with farmer organizations and other types of communal groups. The land tenure

situation is an equally important issue that must be addressed and understood not only at the national level in terms of policy and regulation but also in its application at the local level. This brief section discusses a select number of socio-political factors that will exert a strong influence on the development of agricultural policies in general and the eventual design and implementation of projects in particular.

#### **4.1 Family and communal structure and farmer organizations in post conflict Liberia**

The structure and composition of Liberian families and the responsibilities of family members has changed drastically during the fourteen years of armed conflict. NGO representatives report, in citing results of numerous surveys of internally displaced persons (IDP), refugees and ex-combatants, that that well over 50% of the families are single parent households (the majority being female headed). These changes have logically affected internal household dynamics (power) and modified members' responsibilities and the way families function to meet their basic needs.<sup>4</sup> How this situation evolves as families return to their communities has important implications for the scope of potential, productive activities in which they can become involved.

While a full discussion of the social upheaval and modification to Liberia's social institutions (i.e., family and community) is beyond the scope of this paper, it is interesting to note that Liberia has already made important changes to laws governing these structures. In 2003, Liberia's House of Representatives passed the "Act to Govern the Devolution of Estates and Establish the Rights of Inheritance for Spouses of Both Statutory and Customary Marriages", social legislation that introduces major modifications in social structure in the country. To summarize quite crudely, this act recognizes and legislates against some of the most important ways in which male elders in rural areas have used their position over the centuries to maintain control over the reproductive powers of young women and the surplus labor of dependent young men. It represents a big change not only with respect to gender relations but also in terms of intergenerational relationships between youth and the politically and economically powerful rural elders.

Just as families have been uprooted and torn apart, communities have also born the brunt of the conflict. Numerous organizations are working with communities and community-based organizations to rebuild social infrastructure that was destroyed during the conflict. In the context of these efforts, they are also working with communities to address historical precedents and disagreements as a first step of a participatory approach to resolve existing social conflicts. The development of social cohesion and group solidarity is viewed by many observers as an important step for communities in their efforts to address concerns of many dispossessed, uprooted young people and to reintegrate ex-combatants. Establishing a community dialogue that provides individuals and families with opportunities to voice feelings and concerns is an important prerequisite to launching community participation in productive activities.

Future interventions in the agricultural sector may need to carefully consider the choice of communities in which to initiate development projects. It may be advisable to establish a list of

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<sup>4</sup> NGOs report that over 90% of children who were taken or separated from their families and involved with militias have been reunited with their families.

minimum socio-political conditions that should exist in a community as a prerequisite to beginning developing projects (e.g., participation in some type of community assessment or reconciliation, no outstanding social conflicts, and functional social organizations). Projects may have a greater chance of success where there have been successful resettlement and reintegration efforts and there is a priori knowledge of the existing social dynamic and community development priorities. Partnership with other development partners, NGOs or civil society that are familiar with selected communities may help projects avoid a situation in which vested interests or existing power structures control the agenda to the detriment of marginalized and vulnerable groups. Without careful consideration of the socio-political dynamics in a given community, participatory processes may not be able to counter entrenched power structures characterized by privilege and personal rule.

Conversely, NGOs report that there are many areas where there is strong skepticism about the intentions of outside organizations and local government that inhibit development efforts. In certain counties (e.g., Nimba) there remain unresolved disputes over property rights, with conflicting claims made by various ethnic groups.

#### **4.2 Farmer groups**

Work with different types of farmer or communal economic organizations will need to be attuned to the traditional forms of communal organization that have existed in Liberia and their relevance to future development actions. Development organizations may need to be flexible in determining the most appropriate method for working with a community, whether it be through cooperatives, farmer associations, *kuu* (co-operative labor groups involved in planting, plantation rehabilitation or house construction) or rotational savings clubs or trading associations. The role of secret societies (*poro* and *sande*) in rural Liberia may inject a unique dynamic in certain communities affecting development efforts.

In many ways the best approach to working in Liberia may consist of pilot actions designed as a type of natural experiment in which social and political factors are closely studied during their design and implementation in order to determine the most effective processes for achieving the desired project objectives. But what works in the northwestern part of the country where there is a more hierarchical power structure in communities may be quite different from successful actions undertaken with more egalitarian societies in the southeastern corner.

#### **4.3 Land tenure**

Land tenure issues represent one of the most important problems that Liberia must address as it comes out of this protracted crisis and emergency phase to address long term development in the country. Liberia's agricultural sector is characterized by a dual system consisting of large commercial plantations and "subsistence farming" for the masses in communal areas, both of which are dominated by the vested interests of settler ("civilized") and traditional interior elite.

Many interviewees mentioned that the process through which land has historically been registered has largely been a mechanism of political control and harnessing loyalty to the state. The effect of this deeding process is an important issue to consider especially in light of the on-

going efforts to resettle IDPs, integrate ex-combatants and reestablish cohesive communities. As the state has the power to allocate unassigned land, the problem may be less one of land reform than one related to the establishment of transparent procedures that are explicit, accountable and accessible to all groups.

Transcripts of discussions with ex-combatants that were conducted during the demobilization and disarmament process also highlight dissatisfaction with rural power structures. Ex-fighters criticize the way rural communities function, power is concentrated and resources are unavailable to the average person. While only a small percentage of the ex-combatants has so far expressed any interest in farming (due to a perception of agriculture as subsistence production with little opportunity to earn money), there is a wide perception that access to land is practically impossible for them in the current climate. Aside from the large land holdings managed by corporate plantations, there is also tremendous concentration of land resources at the community level in the hands of leading village families and “big men”.

Access to land represents a key input to the development of smallholder agricultural systems in Liberia that are needed to increase production and raise incomes in rural Liberia. Recent FAO consultations on land tenure provide a basis for reflection and discussion of the issues both in terms of long term development strategy and FAO’s future project interventions. Do communities need their land to be surveyed and protected by deed? Is the land held under community use rights, as recognized by the descent group in a given community, sufficiently secure to encourage investment in the land? What arrangements could be made to enable some form of community organization to attain use rights or deed if they so desired? What is the most effective system of land tenure system if the government is committed to developing a smallholder sector and assisting vulnerable and marginalized groups?

## **5. Conclusions:**

The development challenges are enormous for any country coming out of a protracted civil conflict. Liberia is no different. This document, in reviewing the food security situation and state of agricultural policy in Liberia, underscores the importance of the Ministry of Agriculture to play a leadership role in establishing a vision and strategy for the reconstruction and development of the agriculture and food sector. To play this role, the Ministry of Agriculture will first need to evolve (in mind and in action) from an implementation agency to one focused on coordination, facilitation, regulation and evaluation. In addition to reorienting its mission to one focused on the provision of key public goods, the Ministry will be challenged in the immediate future to serve as a bridge between managing short-term safety net activities and developing a long term vision and strategy for the agriculture and food sector. In recognizing that the agricultural and agro-forestry sectors represent the primary opportunity for broad-based growth needed improve food security and welfare in Liberia, the Ministry of Agriculture needs to be a catalyst in mobilizing actions to address the main structural constraints in commodity supply chains, while at the same time assuring that the basic needs of vulnerable groups are met. But it can not do it alone. Given the complexity of the existing socio-political situation as well as the tremendous lack of financial and human resources for development in the country, it will be imperative for the Ministry of Agriculture to work collaboratively with other ministries,

technical partners and local governments in its efforts to address the underlying causes of hunger and poverty in Liberia.

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# ESA Working Papers

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### **Agricultural and Development Economics Division (ESA)**

The Food and Agriculture Organization  
Viale delle Terme di Caracalla  
00100 Rome  
Italy

#### **Contact:**

Office of the Director  
Telephone: +39 06 57054358  
Facsimile: + 39 06 57055522  
Website: [www.fao.org/es/esa](http://www.fao.org/es/esa)  
e-mail: [ESA@fao.org](mailto:ESA@fao.org)