

International Donor Community Report Card; Investment in Liberia's Future

A Historic Moment

February 13-14, 2007 in Washington, DC an international donor's conference will take place with a focus on building partnerships with the West African nation of Liberia. In conjunction with this conference US based civil society organizations have collaborated and issued an *International Donor Community a Report Card on Liberian Investment* as a vehicle to assess the efficacy of many of the projects of the international donor community which are touted as supporting the reconstruction and rebuilding of Liberia.

Years of civil war have had a devastating impact on Liberia's population. According to the UN's human development index, Liberia ranks as among the most impoverished countries in the world.

A recent United Nations human development report on Liberia found that:

- More than three quarters of the population lives on less than \$1 day
- Unemployment is as high as 85 percent
- Life expectancy is less than 50 years
- Only slightly more than a third of the population is literate.
- At least eight percent of the population is infected with HIV/AIDS.

Peace and a new Government

Despite a conflict-ridden past and enormous challenges, the people of Liberia are moving forward with hope and determination. Since the signing of the Comprehensive Peace Agreement (CPA) in August of 2003, the international donor community has sought to assist Liberia in its' post conflict reconstruction. The Liberian government has constructively engaged the international donor community to assist in expanding capacity and creating an enabling environment for peace, economic prosperity and reconstruction.

In January of 2006 the Johnson-Sirleaf government came to power in Liberia after two decades of dictatorship and civil war. With this new government came too, a renewed interest from the international donor community. Since January of 2006 there have been a myriad of conferences directed at ensuring robust investment in Liberia.

International Partners in Reconstruction

To date the United States is the largest single bilateral donor in Liberia, followed by the European Union, the World Bank, the United Kingdom, Germany and Japan. Denmark, Sweden, Norway, the Netherlands, Ireland Spain, France, Italy, and the People's Republic of China are also significant players in international investment. In addition, a growing number of multinational corporations, non-governmental organizations, the Roman Catholic Church and other religious organizations are acting as private-sector donors in Liberia.

Civil Society Assessment

This report card assesses the impact of U.S. based initiatives and three multilateral financing and governance bodies, the United Nations (UN), the World Bank (WB), and International Monetary Fund (IMF), on development aid, debt cancellation, and investment in workers rights, environmental sustainability and HIV Prevention and Care.

This report card was produced by a network of US based individuals and organizations including the Institute for Policy Studies, The International Labor Rights Fund, the Jubilee USA Network, Friends of the Earth-US, Global Aids Alliance, and the Corporation for Economic Opportunity and Rajesh Panjabi, University of North Carolina School of Medicine.

Issue Area: Aid for Development

Grade: C-

Promises Made and Not Kept

In February 2004, the United Nations held a two day donor's conference on Liberia where UN member states pledged \$500 million to rebuild Liberia. To date, only a fraction of those funds pledged have been appropriated.

In 2004, the US Congress earmarked \$200 million in aid for Liberia; this was complemented by an allocation of \$50 million in the 2006 budget. Given the scale of the devastation after 25 years of war and the US's historic relationship with Liberia, the amounts allocated by Congress are woefully inadequate.

Since 2005, the World Bank Group has pledged approximately \$84 million for Liberian reconstruction in the form of grants. Allocated monies are to support the rehabilitation of critical rural road sections across the country and the resurfacing of the streets' pavement, fixing potholes, cleaning and unblocking of affected road drainage along the selected city streets. It will also support simple rehabilitation works in urban areas, mainly in Monrovia, focusing on rehabilitation of public toilets; repair of selected and limited main and secondary gravity lines in the urban sewer network; repair of urban storm drainage system; large-scale collection of accumulated solid waste and associated activities; and small visible urban works such as repair of market places and painting of public buildings.

Development Aid is Paltry and Misdirected

Of the 2006 monies promised from the U.S. an estimated \$100 million of these funds have been allocated to the US private military company DynCorp to train and equip 2,000 Liberian soldiers. With an illiteracy rate close to 80 percent and the increased vulnerability of women and children to disease and HIV/AIDS, Liberia desperately needs resources for the core building blocks of development: health and education, not for training and equipping an army.

The World Bank Group's investment is critical and should have positive impacts on Liberia and Liberians. Unfortunately the World Bank Group is clear that its investment is predicated on "doing business with Liberia" and will likely benefit international corporations that operate in Liberia more than the people of Liberia.

This investment is likely creating an inequitable climate were Liberia's natural resources can be exploited through unfair trade and inequitable operating contracts. In 2006, the United Nations Mission in Liberia (UNMIL) produced a comprehensive *Report on the Rubber Industry* which highlighted the abuse of labor and the environment in the rubber sector and called for a careful review/reconsideration of contracts and concession agreements with the companies engaged in rubber and other extractive industries.

Recommendations to the International Donor Community

1. One year into the Johnson-Sirleaf administration, the international community still needs to step up to the plate to meet its commitments to Liberia's peaceful future.
2. The US government needs to allocate another 200 million dollars over four years to the reconstruction of Liberia; specifically to support the United Nations efforts at ongoing peacekeeping humanitarian operations, refugee repatriation, demobilization and reintegration and job training for former soldiers.
3. US officials should also use their clout to get US corporations that operate in Liberia to stop exploiting the Liberian people. The IMF's work on improving tax revenue collection by the Liberian government should focus on increasing corporate taxation, which is currently at very low levels.

Issue Area: Debt Cancellation**Grade: C-****International Indebtedness: A Story of Odious and Illegitimate Borrowing**

Today Liberia's economy is hamstrung by an enormous, unjust, and unpayable debt burden. During the years of civil war, debt servicing was all but abandoned; resulting in ballooning arrears, interest and penalties accumulated due to non-payment of past debt service obligations, which now comprise most of the debt burden.

During the autocratic regime of Samuel Doe (1980-1989), U.S. military aid to Liberia, often in the form of loans, increased 10-fold. The Doe Regime racked up enormous international debts in an effort to fix elections, bribe politicians and build their machinery of repression.

When Charles Taylor took power in 1989, he continued to rack up debt to rich country creditors and international financial institutions while failing to make payments on existing debt, resulting in further arrears.

Liberia's People Carry the Burden

Liberia's external debt stands at \$3.7 billion, a sum which represents almost eight times the country's annual GDP. At this rate, over 40% of all export earnings would be required to service the debt. The country's current per capita debt is \$1000 per person. The per capita annual income is only \$83.

Creditors are demanding that Liberia pay \$1.5 billion in "arrears" or back payments and accumulated interest, before being allowed to access any debt relief. Creditors expect Liberia to begin servicing its debt and arrears at a cost of \$80-100 million per year. Liberia's annual government budget stands at \$80 million which means that to fully service these debts the country's entire budget would have to be given over to debt service.

The Shortfalls and Broken Promises of the International Donor Community

The International donor community has not delivered this year on promises of helping Liberia to emerge from its debt trap. In 2004, a senior US Treasury official promised 100 percent cancellation of debts claimed by the US as well as support for cancellation of Liberia's debts to other international institutions.

Despite assurances from rich country donors and their international financial institutions that Liberia would be assisted towards obtaining debt relief and ultimately full cancellation, Liberia remains at "pre-decision point" in the International Monetary Fund (IMF) and World Bank's debt relief program. This means the country cannot yet access any amount of debt relief.

The continued demands for debt payment are unjust, and runs counter to the supportive rhetoric of creditors towards Johnson-Sirleaf's administration. While World Bank President Paul Wolfowitz and others have acknowledged the damage done by the civil war and the harmful role of Charles Taylor, rich country creditors continue to demand repayment of monies irresponsibly lent to his and Doe's regimes. President Wolfowitz decried Taylor's actions in a July speech to the Liberian legislature, calling Taylor's impending trial at the UN as "rendering justice." Where is this talk of justice from donors in the context of Liberia's odious debts?

In 2007, one year into the Johnson-Sirleaf administration and nearly three years after the pledges, these promises remain unfulfilled. Particularly given President Johnson-Sirleaf's experience as a former senior loan officer of the World Bank, there couldn't be a better time to negotiate the complete cancellation of Liberia's illegitimate debts.

Recommendations to the International Donor Community

1. The debts and subsequent arrears contracted by Doe and Taylor should be classified as odious and illegitimate, as the monies loaned to these unaccountable dictatorial regimes were clearly not used for the benefit of the Liberian people, and completely cancelled within the next six months.
2. The Bush administration should also cancel the 10 percent of Liberia's crippling \$3.7 billion debt that is claimed by the United States.

Issue Area: Labor Rights/Employment

Grade: C

Job Creation as Peacekeeping: Liberia Emergency Employment Program

With an extremely high unemployment rate, the government of President Johnson-Sirleaf faces a major challenge to create fair jobs throughout Liberia. The availability of stable and dignified jobs is a vital component of ensuring peace and prosperity in post-war Liberia.

As an immediate plan to address this important concern, the Ministry of Labor began a job program called the Liberia Emergency Employment Program (LEEP) in July 2006. While the goal for the project is to employ 50,000 people in the next two years, only about 500 workers have been hired since the program began. Workers involved in this program participate in labor-intensive public works projects rebuilding the country and a special emphasis is placed on including women, youth and ex-combatants.

Funding Livelihoods

In 2006, the UN announced a commitment of US\$1 million for LEEP. Additionally, the International Labor Organization and the Government of the Netherlands have committed funding and support to the program.

More funding is necessary in order to help this program reach its full potential. Liberian officials have even had to open LEEP for private donations, mostly from Liberians living abroad, to fill the void in funding.

In addition to providing immediate employment, offering a living wage is an imperative for the new government. Civil servants have been subjected to very low wages and the new jobs created under LEEP are still roughly \$3 a day, which is not enough to cover living expenses. In the summer of 2006, the government passed a new budget which increased the salaries for civil servants, but it is still a poverty wage. The issue of civil servant wages clearly connects to issues like debt cancellation since the government is sending money which could be used to supply living wages to Western governments and financial institutions.

Another critical need is increased funding for the Ministry of Labor. Multinational corporations investing in Liberia, like Firestone Rubber and Tire Company, have taken advantage of the lack of government oversight for years. Child labor, unsafe work conditions, low wages and many other labor abuses are rife in Firestone's rubber plantation. In order to monitor business operations throughout the country and enforce local and international labor laws, more funding is critical.

Recommendations to the International Donor Community

1. Funding which supports LEEP and its' efforts to create dignified jobs and curtail corruption by offering living wages.
2. Funding for the creation of jobs which respect workers rights and ensure a living wage is an important component of reducing poverty, solidifying the legitimacy of the new government and ensuring peace in Liberia. While some international donors are helping to meet this challenge, the funding is still too low and the donor community in general has not stepped up to the plate.

Issue Area: Environmental Sustainability

Grade: C

Environmental Neglect and Exploitation

Liberia's forests constitute the largest remaining blocks of the Upper Guinean Forest Ecosystem—a threatened global hotspot for biodiversity. They also play a vital role in the nation's economy, generating up to 60% of the nation's foreign exchange earnings and providing homes and livelihoods to more than 7,000 people.

Between 1983 and 1993, Liberia lost 13.2% of its' forested and woodland areas due to commercial logging, firewood cutting, and a government land-clearing. In that period Liberia's logging activities were controlled by a small group of multinational corporations that were known to employ indiscriminate clear-felling practices, with no concern for their environmental or social impact. Most of the revenues generated through commercial logging prior to 2003 were used to fund armed conflict in the region which resulted in UN sanctions in 2003.

During Liberia's years of conflict neglect of infrastructure created a reality where safe drinking water was available to 79% of Liberia's urban dwellers and only 13% of its rural population. Today much of this water supply, like those of the Mano and St. John rivers are polluted due to the dumping of iron ore tailings. The Farmington River is also being polluted due to the continual dumping of waste from the nearby Firestone Rubber Plantation, a holding of Bridgestone/Firestone North American. Liberia's coastal waters have been polluted by oil residue and the dumping of untreated sewage and waste water.

Mechanisms and Support for Environmental Sustainability

Prior to 2003, Liberia lacked the regulatory agencies to supervise the preservation of its' environment. In that year Liberia established a National Environment Protection Agency (EPA) to regulate the environment and protect human health.

Key segments of the international donor community—the World Bank Group, US government and the UN—have all begun to invest in Liberia's environmental sustainability.

The United Nations Environment Program in Liberia (UNEP) has donated \$20,000 USD worth of office equipment to Liberia's EPA. The U.S. government, as part of a larger aid package, is supporting the Liberia Forest Initiative (LFI), through which the US Forest Service, the World Bank and the IMF, the U.S. State Department, U.S. Agency for International Development, Conservation International, the Liberian Forest Development Authority (FDA) and others are working to reform Liberia's forest sector and promote sustainable use of natural resources and biodiversity conservation.

Unfortunately, without real financial support for Liberia's EPA, this agency, and others like it will have minimal impact on the pro-business, anti-environmental reconstruction processes currently funded by the international donor community.

Current investment packages, with their emphasis on "doing business with Liberia", have the potential to adversely impact environmentally important areas - including wetlands, forests, grasslands, and other natural habitats

Recommendations to the International Donor Community

1. Allocate more money to strengthen the EPA's ability to develop and enforce environmentally friendly laws in relation to its private sector business undertakings.
2. Support the inclusion of rural, indigenous, and tribal people, who historically have been denied access to benefits accruing from the extraction of natural resource, in the formulation of environmental policy.

Issue Area: HIV Prevention and Care

Grade: C in urban centers/ F in rural areas.

Josephine's Story

At a health center near her village Twoe, on a ragged spit of mud road, twelve hours southeast from the seaside capital of Monrovia, Josephine learned she had AIDS. This diagnosis was just another of a long thread of tragedies extending through this 42-year-old subsistence farmer's life: during the war, rebels murdered her husband and malaria claimed her son. Now faced with fatal illness, Josephine asked her doctor if anything could be done to prolong her life. Alas, while anti-retroviral medicines had become available several years earlier in Monrovia, treatment had not yet expanded to the southeast. When a referral was suggested, her face saddened and she refused, but not because she didn't want to start treatment because of several barriers. First, Josephine couldn't afford one of the private cars traveling there. Second, while the referral hospital would provide anti-retroviral medicines "free-of-charge," the cost per night at their private facility amounted to more than three times her daily earnings. Even if she successfully overcame privatized medicine and transport, she would be faced with yet another barrier: the absence of family support. Josephine's sister could not afford to leave her job, their family's only source of stable income, to accompany her. Josephine never found treatment and, eight weeks later, her condition rapidly deteriorated. An infection, thriving in her immune-dilapidated body, invaded her brain leading to a coma and, eventually, her demise. Just as daylight broke, shrieks of intolerable mourning pierced through the health center as her sister and daughter cried hysterically, collapsed from grief and rolling in the gravel surrounding the treatment tent where Josephine had just perished.

Liberia's Burgeoning HIV Epidemic

If the experience of one person's illness can be considered metaphor for suffering in society, then Josephine's grim story points to colossal challenges facing HIV/AIDS care in rural Liberia. Indeed, she would have been only the third person, according to the National AIDS Control Program, to start HIV treatment in Grand Gedeh County, where recent surveillance data reveal that 9% of all women attending antenatal clinics were infected with the virus. Years of social disruption, interrupted disease control efforts and sexual violence have compounded chronic poverty to produce what may be West Africa's largest HIV epidemic. Country-wide prevalence estimates average 5.9% to 8.2% and could be as high as 12.4%.

The International Donor Response

In the light of harrowing gaps in HIV prevention and care, the response of Liberians and their international partners, including donors, has been deficient, particularly in rural areas. The recent move by the Global Fund for AIDS, Tuberculosis and Malaria (GFATM) to fund Liberia's Round 6 HIV proposal, developed with assistance from the Clinton Foundation, is welcomed support. This funding will expand prevention and treatment services, primarily into Montserrado County, and eventually to four treatment sites in rural areas. Unfortunately, most of these funds will only support hospital-based treatment, leaving the majority of rural Liberians, like Josephine, incapable receiving testing and adhering to ARV treatment. Furthermore, decentralized training opportunities have not yet emerged. Capacity building for HIV care presents an enormous challenge to the equitable distribution of the resources and care for HIV-associated conditions – including tuberculosis– has not received sufficient direct support.

Recommendations to the International Donor Community

Liberia needs an equity plan for delivering health and social services to HIV-infected and at-risk populations if it is to stand any chance at thwarting what is sure to become, if it has not already, an explosive epidemic. In order to achieve these aims, Liberia and its international donors/partners should seek the funding needed to:

1. Build public health infrastructure through community-based expansion of HIV care.
2. Establish health centers that address the competing survival needs of patients and Integrate HIV prevention and care with primary healthcare services.
3. Provide technical support for procuring funds and operational research.