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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
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THE CURRENT ECONOMIC SITUATION  
AND PROSPECTS  
OF  
LIBERIA

May 26, 1969

Western Africa Department

CURRENCY EQUIVALENT

The currency in use in Liberia is the United States dollar.

THE CURRENT ECONOMIC SITUATION AND PROSPECTS

OF LIBERIA

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MAP

This report is based on the findings of a mission, consisting of Messrs. Cornelis J. Jansen and Frans D. van Loon, which visited Liberia in November 1968.



<u>Public finance:</u>	<u>1964-67</u>	<u>1967</u>	
(% of GNP at current market prices)	<u>average</u>		
Revenue	20.0	20.0	
Current expenditures	17.4	17.7	
Surplus	2.6	2.3	
Capital formation	8.5	9.6	
Debt amortization	2.1	1.2	
Overall deficit	8.1	8.5	
Financed by:			
Foreign loans	7.1	7.2	
Foreign grants, capital	1.1	0.7	
Change in balances	-	0.6	
<u>Balance of payments (US\$million):</u>	<u>1964-67</u>	<u>1967</u>	<u>1968</u>
	<u>average</u>		
Merchandise exports, f.o.b.	143	159	180
Factor payments abroad (net)	85	90	
"Net" export earnings	58	69	
Merchandise imports, c.i.f.	114	126	120
Non-factor services (net)	-7	-7	
Current account deficit	63	64	
Official loans (net)	11	14	
Official grants	13	13	
Private capital, change in reserves, errors and omissions	39	37	
<u>IMF position (US \$ million):</u>		<u>Jan.1969</u>	
Quota		20.0	
Drawings outstanding		13.0	
<u>External public debt (US \$ million):</u>	<u>1964-67</u>	<u>1968</u>	
	<u>average</u>		
Public debt outstanding	185.0	180.1	
Debt service payments	10.5	12.1	
Debt service in percent of:			
exports f.o.b.	7%	7%	
"net" export earnings	18%	about 16%	
government revenue	24%	23%	

## SUMMARY AND CONCLUSIONS

### Recent Developments

1. Liberia continues to enjoy political stability under President Tubman who has been in office since 1944. Under his firm leadership, an effort has been made to reduce the social, cultural and political differences between the country's numerous tribes and the small urbanized elite. This policy is helping to cement national ties. A beginning has been made with the modernization of the countryside while serious strife among the various segments of the population has been avoided.

2. Another important feature of President Tubman's rule is the liberal policy regarding the private sector and, particularly, the favorable treatment extended to foreign investment. This policy has been a factor in the encouragement of large-scale foreign investment in iron ore mines and rubber plantations. Mainly due to the six-fold increase of iron ore production during the 1960's and expanding rubber production, GDP growth has been rapid, about 6 percent a year during 1960-67. The growth rate would have been much higher (about 10 percent a year) but for a serious drop in iron ore and rubber prices. Per capita GNP in 1967 is estimated at \$218, but income distribution is very uneven. Outside the small modern sector of the economy, per capita incomes are probably about \$70 per year.

3. Iron ore mines and, to a lesser extent, the foreign rubber plantations are self-contained enclave operations which have exerted little impact on other sectors. Benefits in the form of employment and government revenue have been small and most of gross profits, as well as a large part of the salaries of expatriate staff, are transferred abroad. Development in the remainder of the economy has lagged. In most of the agricultural sector, virtual stagnation prevails, but there has been a certain expansion of infrastructure facilities and paid employment (now about a quarter of the active population) and quite rapid expansion of education, particularly in Monrovia and other towns.

4. The years since 1963 have been a period of stabilization and substantial improvement of fiscal performance. During the years 1958-62 Government had incurred large foreign debts on short- and medium-term to finance infrastructure investments, some of them of doubtful economic justification. The prospect of a tremendous increase in iron ore production and a consequent large increase in government revenues encouraged Government in its action. Owing to lack of efficient accounting, there was no full awareness at the time of the size of debt being accumulated and when export prices of iron ore and rubber dropped below what had seemed reasonable expectations, debt service suddenly became an insurmountable problem. Debt servicing obligations in 1963 and following years threatened to take close to half of government revenue. Agreement was reached with principal creditors on a rescheduling of amortization payments during 1963-68. Meanwhile, a financial stabilization program was implemented with Fund technical and financial assistance.

5. During the last six years, Government has made determined efforts to strengthen revenue and restore fiscal balance. By and large, these efforts have been successful. Strengthening of budgetary procedures and enforcement of existing tax laws have boosted revenue growth in 1968 and 1969 (budget) to around 7 percent, considerably more than the GNP growth rate. A modest level of public savings has been achieved, exceeding the rescheduled amortization payments. Short and medium-term borrowing (less than 12 years) has been avoided in accordance with the agreement with the Fund.

#### Sectoral Policies and Problems

6. Eventually, the achievement of widespread economic development in Liberia will depend on effective promotion of agricultural production. At present, agriculture and forestry engage about 80 percent of the economically active population but the contribution of this sector to GDP is only 24 percent of the total and this includes the largely foreign rubber industry. However, at present it is far from clear how agricultural growth can be accelerated although there are a few obvious possibilities. The country has good climatic and soil conditions for certain tropical tree crops, particularly rubber and palm oil, and the experience with rubber has shown the work force to be amenable to efficient performance under adequate management. An obvious opportunity to increase production and exports would be the rehabilitation and perhaps expansion of the considerable Liberian-held rubber acreage, which at present is showing poor economic results. The Malaysian example shows that schemes to improve smallholder efficiency can be very successful. Palm oil production is small but there are some projects under preparation. These should be evaluated in the light of the prospect of declining prices and the fact that Liberia, unlike several other palm oil exporting countries, does not have preferential access to important markets. The country also has good growing conditions for cocoa and more should be done to stimulate production. Conditions also appear to be good for coffee, cigar wrapper and certain tropical fruits, but here again more needs to be done to provide the individual farmers with advice, planting materials and assistance in marketing.

7. Since the second World War, Liberia has become an importer of rice. Government would like to make the country self-sufficient in rice, but several experiments with upland and swamp cultivation have not shown conclusively that large-scale expansion of rice production is economically and technically feasible. Problems are similar to those in other West African countries: poor varieties, lack of suitable tools, lack of knowledge about fertilization, weed and disease control. Research and patient institution building will be necessary to overcome these problems.

8. Action which could provide a strong stimulus to agricultural production by facilitating access to markets is improvement of the rural road system and expansion of the role of the Liberian Produce and Marketing Corporation.

9. Forestry production is increasing at a rapid rate now that forest resources in neighboring Ivory Coast are becoming depleted. Improving road access is important since most forest areas are presently inaccessible. Fisheries production has also increased. A modern processing and marketing enterprise has led to increased domestic consumption. There is scope for further expansion of fisheries production for the domestic market and exports.

10. The largest single economic activity in the country is iron ore mining. Deposits are large and of high grade. At present, four major companies are operating with an annual production of about 20 million tons. This makes Liberia the third largest exporter of this commodity. The mines are very capital intensive; employment amounts to only 10,000 persons. The long-term concession agreements under which the mining companies operate in Liberia provide for favorable fiscal treatment and as a result the contribution of mining to government revenue is smaller than might have been expected. The tax burden on the mining companies is much lighter than on the rest of the economy. Government is trying to close loopholes in the concession agreements and clarify ambiguous points. Some efforts in this direction have already shown results. A policy aimed at bringing the agreements gradually in line with generally accepted international practice affords the one major opportunity to increase Liberia's public revenues and would also enable the Government to remove certain regressive features of the tax system without reduction of total revenue.

11. The country has other mineral resources which are currently being explored for commercial exploitation: petroleum on the continental shelf, barite, and a number of other minerals. Recent exploration and concession agreements, including recently granted forestry concessions, provide for better protection of the government's interests.

12. Manufacturing industry is small and recent growth has not been very rapid. However, recently there have been a number of medium-sized projects, some of them involving Liberian entrepreneurship which show some dynamism in this sector. The role of the local development bank has become of increasing importance.

13. Power generation has expanded rapidly from a very low base. Present capacity of 57 MW in the public sector (190 MW including private capacity, mostly of the major concession firms) still leaves considerable unsatisfied demand and further expansion of the system is indicated.

14. A general transportation network consisting of about 2,500 miles of roads, four harbors, one international and a number of local airports, has been constructed in the last 15 years. The major problem is inadequate road maintenance, particularly under Liberia's climatic conditions. Further road construction aimed particularly at promoting the growth of agriculture and forestry is also needed. A country-wide study of road transportation requirements to establish priorities in

road construction and rehabilitation appears needed. Such a study should also provide indications for the desirable development of ports. The dredging of the port of Monrovia, in order to allow handling of ore carriers of deeper draught (up to 90,000 dwt.) is of great significance for the competitive position of Liberian iron ore exports.

15. Expenditures on education are relatively high, about 5 percent of GDP in recent years, of which about one-third provided from budgetary resources and the remainder by foreign aid, missionary aid and other private sources. Primary school attendance is high in urban areas where literacy is rising rapidly. The rapid increase in enrollment in recent years has led to overcrowding of schools, particularly in Monrovia, and a shortage of teachers and school supplies. In order to overcome the shortage of professional personnel, Government has made generous, possibly excessive, provisions for foreign scholarships. The present condition of higher education provides opportunities in Liberia for most, if not all, instruction at undergraduate level and it is therefore suggested that scholarships should be reserved for the acquisition of professional qualifications that cannot as yet be obtained in Liberia and should therefore be reserved for graduates, preferably after an initial period of service. This should improve the motivation of candidates and chances for their eventual return and would lead to a smaller total outlay on foreign scholarships.

#### Prospects for Growth and Creditworthiness

16. GDP growth in the next several years will be slower than in the past two decades, mainly because the rapid expansion of iron ore production has, at least for the time being, come to an end. Rubber production will probably grow fairly rapidly in the next four or five years as new and replanted acreage reaches maturity and then slow down considerably. The stage has not yet been set for accelerated growth of the rest of the agricultural sector with the exception of forestry and perhaps a few other products. Overall growth of GDP in real terms, taking into account the prospects for iron ore and rubber prices, leads to the expectation of GDP growth at a rate of 4.5 percent a year during 1967-75 and growth of export earnings of about 5 percent a year.

17. Private sector investment during the same period can probably continue to count on adequate inflow of foreign capital, which is facilitated by the absence of exchange regulations and encouraged by attractive fiscal and other arrangements. The level of public investment will depend critically on the progress made in project preparation. The volume of projects under construction is on the decline and on the whole insufficient attention has been devoted in recent years to the preparation of additional development projects. There is no doubt that the treasury and planning departments, considerably strengthened in recent years as regards professional manpower, should be able to improve comprehensive development planning and step up, in cooperation with other government departments and foreign technical assistance where needed, the preparation of projects. However, increased development orientation would require con-

siderable re-direction of government action and the decisive impulse to do this can only be given by the highest leadership of the country.

18. On the whole, it does not seem likely that public sector capital formation will expand rapidly in the next several years, even if project preparation is stepped up. Taking account of the fact that past public investment has included a number of foreign-assisted projects with low economic justification, the mission has tentatively assumed that public investment during 1969-75 will amount to \$20-25 million a year, which is about the same level as in the past several years. Maintaining a reasonably favorable rate of revenue growth and exercising continued restraint on the growth of current expenditures, Government should be able to achieve a rising level of current savings which should permit Government to contribute 25-30 percent to the financing of public investment after making amortization payments on existing and new public debt. Since amortization payments in 1969-71 show a sharp peak, Government has been negotiating a rescheduling of part of these payments to the first half of the 1970's.

19. As far as the financing of the remainder of the projected capital formation is concerned, Government can probably count on a certain amount of assistance on concessional terms. Foreign aid expenditures amounted to \$30 million in 1966 and 1967, of which about three-quarters were provided by the United States. However, a sharp decline in aid inflow is in prospect in view of the rapid depletion of the pipeline (less than \$20 million at the end of 1968 as compared to at least twice this amount two years before) and the lack of projects which are ready to be implemented. Even if in the next several years progress is made in project preparation, it is unlikely that concessional aid will return to its previous generous level. However, in view of the possibility of increased public savings for which government's fiscal restraint in recent years has laid the foundation, there is probably some scope for conventional borrowing at long repayment terms if insufficient finance is forthcoming to finance all high priority projects in the public sector. The mission estimates this margin for conventional borrowing at about \$3-5 million a year during 1969-75. This would bring the ratio of debt service to public revenue during the years 1969-75 from 21.8 percent to 23.5 percent. After 1975 service on existing debt will decline rapidly. Any increase in shorter term indebtedness would, of course, reduce this small creditworthiness margin.

20. The financial situation of the public sector is the main constraint on borrowing on conventional terms. Since Liberia uses the U.S. dollar as its currency, there is no transfer problem and the question whether the Government or other borrowing agency can service additional debt depends on its ability to raise sufficient domestic resources. It may be added, however, that the country's export earnings are large. Debt service payments on existing debt are estimated by the mission to average 7 percent of prospective export earnings during 1969-75. If factor payments abroad of the private sector are deducted from export earnings, the prospective debt service ratio would average 15 percent.

## CURRENT ECONOMIC SITUATION AND PROSPECTS OF LIBERIA

### I. INTRODUCTION

1. Developments in Liberia during recent years have proceeded on the lines observed in the last economic report <sup>1/</sup>. The country has continued to enjoy political stability. Mainly due to the expansion of iron ore production, overall economic growth has remained at a fairly high level. The Government, assisted by the Fund, has continued its stabilization effort and achieved an improvement in the fiscal situation, but has not yet become much more active in the promotion of economic development. The economic outlook for the near future is less favorable than earlier expected because of deterioration of terms of trade. This has prompted the Government to enter into negotiations about a rescheduling of principal payments on public debt due in 1969-71. Preliminary agreement on this matter has been reached with the major creditors.

### II. GEOGRAPHIC AND POLITICAL BACKGROUND

2. Liberia is situated on the West Coast of Africa, and north of the equator. Its neighbors are Sierra Leone, Guinea, and Ivory Coast. The country has a surface of 43,000 square miles and consists chiefly of low-lying terrain which in coastal areas is partly swampy. The country is part of the tropical rain forest of West Africa but large areas have lost their original forest cover due to slash-and-burn cultivation and are now covered with fairly low secondary growth. Rainfall during the rainy season (May through September) is extremely heavy but light during the rest of the year.

3. Population density is low: about 26 percent per square mile. The 1962 population census, the first one held in Liberia, counted 1,016,000 inhabitants, of whom 12,200 non-Africans. Population pressure on the land is not as yet a serious problem. Farmers generally make extensive use of the soil under the method of shifting cultivation and there is no evidence that scarcity of land is compelling them, as is happening elsewhere in Africa, to shorten the fallow periods. The population growth rate, estimated at 1.5 percent a year, is also comparatively low. There are no reliable vital statistics but available evidence suggests high mortality and medium to high fertility. The level of mortality is influenced by high infant mortality. The expectancy of life at birth at the time of the 1962 census was estimated at 36 years for men and 39 years for women. As far as fertility is concerned, there is almost no practice of birth control, but the number of children born per woman is on the low side because of diseases influencing fertility. Some observers believe that death rates are now on the decline owing to improving medical facilities and food intake and that as a result

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<sup>1/</sup> The Current Economic Position and Prospects of Liberia, AF-45a, dated June 16, 1966.

population growth has recently started to accelerate. However, there is not sufficient statistical information to confirm this.

4. In the next several years a sharp increase in population growth could occur if government programs to combat measles and smallpox are successful in reducing infant mortality. This factor and general improvements in health conditions could lead to a rather abrupt increase in the population growth rate in the not so distant future. The economic effect of an increase in the number of surviving children would be felt almost immediately at the family level and would certainly increase the economic difficulties of a large part of the population. Another effect would be the increase in the number of children asking for admission to primary and secondary schools thus aggravating the already serious problems of the education system (see paras. 54-60). In view of these difficulties on the horizon, efforts should be undertaken to improve information on the demographic situation and to start, perhaps in cooperation with appropriate advisory agencies, a study of the many social, cultural and medical problems connected with a possible population control program.

5. Liberia was founded as an independent state in 1847, after an agreement was reached between freed Negroes from the United States who had settled in Liberia and tribal chiefs. The inflow of settlers from the United States had been going on since the early 1820's. The American Colonization Society which promoted the settlements originally had the intention to relocate in this fashion a considerable portion of American Negroes but the number who eventually settled in Liberia did not exceed 15,000. Initially the new state led a precarious existence. The settlements near the coast derived modest incomes from agriculture, commerce and government administration. The population in the interior continued its traditional tribal existence, mostly living on subsistence agriculture. Most of them remained outside the effective political control of the Government.

6. An important change took place in 1926 when the Firestone Company obtained a concession to an extensive land area and started a major rubber plantation. This event broke Liberia's isolation from the rest of the world. The second World War brought further international contacts with the building by the United States of the port of Monrovia, which came into operation in 1948, and the establishment of an important air base. The discovery and subsequent exploitation of rich iron ore deposits was an even more important development, which has greatly influenced further economic events. Iron ore production has expanded rapidly during the last two decades; at present Liberia is the third largest exporter of this commodity.

7. The political system bears close resemblance to that of the United States. The President, elected to a four-year term by popular

vote, has wide executive powers. Legislative authority is vested in a bicameral congress. The country is divided in nine counties which have limited autonomy. Since 1944 the Government has been led by President Tubman, the leader of the True Whig party, which has been in power in Liberia since 1870 and which is in fact the only political party. President Tubman's firm leadership has provided political stability to the country and his liberal economic policies have encouraged large-scale foreign investment and a significant beginning of modernization of the country. His unification and integration policies are designed to reduce the differences between the numerous tribes and the small urbanized elite group. Participation of tribal people in the social and political life of the country has been encouraged by nomination of tribal chiefs to the House of Representatives, the promotion of education in the countryside and the expansion of the road network. These policies are helping cement national ties between Liberia's inhabitants and have so far prevented serious strife among the various segments of the population.

8. Another important feature of President Tubman's policies has been the liberal attitude towards private sector initiative and particularly the favorable treatment extended under the Government's open door policy to foreign investment. This policy has been a factor in encouraging large scale foreign investment in iron ore mining and rubber plantations. The fast growth of these activities has been the main cause of the rapid increase of gross domestic product since the second World War. However, mining and to a lesser extent rubber planting are, in many respects, enclave operations which have exerted limited impact on other economic sectors apart from transport and commerce. Benefits in the form of employment and government revenue although significant have been small relative to the size of the enclave operations and most of the gross return to capital as well as a large part of the salaries of expatriate staff are transferred abroad. On the whole, the economic condition of the majority of the population has been less affected by the exploitation of the country's natural resources than might have been expected.

### III. RECENT ECONOMIC GROWTH

#### A. Production and Income

9. Growth of GDP during the 1950's has been estimated at around 13 percent a year at current prices (perhaps 10 percent a year in real terms). The main factor in this economic growth was the increase in iron ore and rubber production during the period. Subsequent large investments, totaling about \$400 million, in three additional iron ore mines resulted in a spectacular further production increase in the 1960's. Economic growth during the 1960's is summarized in the following aggregate figures.

Table 1: GROWTH INDICATORS, 1960-1967

	(current prices)		<u>Annual growth rate</u>
	(in millions of dollars )		
	<u>1960</u>	<u>1967</u>	
GDP at market prices	222	330	5.8%
Factor payments abroad (net)	48	90	9.4%
GNP at market prices	174	240	4.7%
National income	139	174	3.3%
Population			about 1.5%
Per capita income			about 1.8%

Source: Statistical Appendix Tables.

10. GDP growth during the 1960's, estimated in the above table at 5.8 percent a year, would have been much more rapid but for a serious drop in iron ore and rubber prices. At 1960 iron ore and rubber prices the growth rate would have been just over 10 percent a year and GDP in 1967 would then have amounted to \$450 million instead of \$330 million. Moreover, net factor payments abroad rose during the 1960's because of the completion of major investments from 20 percent of GNP in 1960 to 38 percent in 1967 with the result that GNP increased at a much lower rate than GDP. Due to the large investments in fixed capital in the last decade, depreciation charges have also risen sharply, thus reducing the growth rate of national income during the 1960's to 3.3 percent a year, which is not a very high growth rate. Taking into account population growth, per capita incomes probably have increased by less than 2 percent a year.

11. This unfavorable development of per capita incomes provides a striking contrast with the estimated 10 percent increase in the overall volume of production. Falling export prices and the characteristics of an enclave economy have combined to reserve the benefits of increased production to foreign investors and the consumers of rubber and iron ore.

12. In spite of this sluggish development, per capita income still appears fairly high in comparison with other West African countries: \$158 in 1967 (per capita GNP \$218, per capita GDP \$300). However, these figures could give a misleading impression of general prosperity in Liberia since income distribution is very uneven. Returns to capital mostly accrue to foreign investors and are transferred abroad in the form of interest and dividends as well as amortization and depreciation allowances. Distribution of the remaining income, mostly income derived

from labor, is very uneven. The more modern, "dynamic" sectors <sup>1/</sup> produce almost two-thirds of GDP (63 percent in 1964), but employment in these sectors occupies less than a quarter of the total active population, including around 9,000 expatriates. Compensation for African labor in these sectors is roughly estimated at about \$550 per worker per year. By contrast, compensation for African labor in non-dynamic sectors is estimated at only \$170 a year. Taking into account the average number of family members dependent on each worker, this means that in the non-dynamic sectors, which account for the livelihood of the overwhelming majority of the population, per capita incomes are only about \$70 a year. Visual observation of the poverty in Liberia's countryside confirms this conclusion of a generally very low income level.

B. Use of Resources

13. An illustration of a few major relationships in the Liberian economy (partly based on tentative calculations by the mission) is provided by the following figures.

Table 2: USE OF RESOURCES, 1965-67

	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>Percent of GNP</u> <u>(average 1965-67)</u>
	<u>(in millions of dollars)</u>			
1. GDP at market prices	297	317	330	138%
2. Net exports goods and services	24	33	27	12%
3. Resources	273	284	303	125%
4. Capital formation	56	64	85	30%
5. Consumption	217	220	218	96%
6. Factor payments abroad (net)	81	88	90	38%
7. GNP (1-6) at market prices	216	229	240	100%
8. National savings (7-5)	-1	9	22	4%

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Source: Statistical Appendix Tables; Mission estimates.

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<sup>1/</sup> The dynamic sectors are defined for this purpose as comprising all large firms in Liberia (the dividing line is the use of power equipment or employment of more than five persons) and all public sector agencies and enterprises. Dynamic private sector activities are concentrated in mining, agriculture (rubber, forestry), trade and construction. The dynamic sector concept was used in the national income statistics for Liberia, 1964-67.

14. The table illustrates a few important characteristics of the economy. First, as earlier mentioned there is a wide gap between GDP and GNP because of large net factor payments abroad. Second, capital formation is large relative to GDP. From year to year capital formation is apt to fluctuate sharply because of the lumpy nature of the few major investments that account for a large portion of the total: investments in ore mining and processing installations and a few large foreign aid projects. To this were added in recent years investments in a cement factory and an oil refinery. Third, national savings are only a small proportion of GDP and of capital formation which illustrates the major role of foreign investment in Liberia. Not too much significance should be attached to the increase in savings during 1965-67 shown in the table because the savings estimate, arrived at as a residual, is subject to a substantial margin of error.

C. Balance of Payments

15. The characteristics of an enclave economy are clearly reflected in the structure of the balance of payments. Exports were large in relation to GNP but the outflow of dividends and interest payments and the transfer of expatriates' salaries left less than half available as "net" export earnings. It is not known to what extent depreciation reserves of the major concession firms and others are kept outside Liberia. However, in view of the fact that the most important companies have been adding continuously to their capital stock in Liberia in recent years, it may be assumed that this would not represent a very large amount of funds. The importance of foreign aid to Liberia is shown by the fact that during 1964-67 official grants and loans were estimated at 10 percent of GNP. The mission's rough calculation of the balance of payments during 1964-67 (there is no official balance of payments estimate) is shown in the following table.

Table 3: BALANCE OF PAYMENTS, 1964-67

(in millions of dollars)

	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>Percent of GNP (average 1964-67)</u>
Merchandise Exports, f.o.b.	126	135	151	159	64%
Factor payments abroad (net)	-79	-81	-88	-90	38%
"Net" export earnings	47	54	63	69	26%
Merchandise Imports, c.i.f.	-111	-105	-114	-126	51%
Non-factor services	-10	-7	-4	-7	3%

(Continued)

Current account deficit	-74	-58	-55	-64	28%
Official loans	8	21	18	17	6%
less repayments	-6	-5	-4	-3	-2%
Official grants	12	12	13	13	6%
Private capital, change in reserves, errors and omissions	60	30	28	37	18%

Source: Statistical Appendix Tables; Mission estimates.

#### D. Foreign Trade

16. During the 1960's the value of exports has been increasing at a rate of about 9 percent a year in spite of the sharp drop of rubber and iron ore prices. The most important factor has been the six-fold increase of iron ore exports after 1963 when three major mines (LAMCO, NIOC and Bong mines) came into production. The adverse price trend is to some extent being countered by increased exports of premium products. The value of iron ore exports is being increased by ore washing and pelletizing plants. Liberia is providing about one-third of the world consumption of liquid latex which is used in the production of foam rubber and other rubber products with high flexibility. This product receives a 3 cents per pound premium. Trends in exports are summarized in the following table.

Table 4: TRENDS IN EXPORTS, 1960-67

<u>Volume:</u>	<u>1960</u>	<u>1967</u>	<u>Annual growth rate</u>
Rubber (lbs. million)	106.7	136.7	3.6%
Iron ore (tons million)	2.9	17.2	29.0%
<u>Value (\$ million):</u>			
Rubber	42.0	26.6	-6.5%
Iron ore	34.6	115.1	18.8%
Other exports	8.9	17.1	9.8%
<u>Total</u>	<u>85.5</u>	<u>158.8</u>	9.3%
<u>Unit Price:</u>			
Rubber (cents per lb.)	39.4	19.5	-9.5%
Iron ore (\$ per ton)	11.9	6.7	-8.0%

Source: Statistical Appendix Tables.

17. Imports have increased during the 1960's at approximately the same rate as exports, from \$69 million in 1960 to \$125 million in 1967. Machinery and equipment imports were very high during the investment boom of the early 1960's. They reached a peak of \$54 million in 1962, but have since then fluctuated around \$35 million a year. Other imports closely related to the level of capital formation in Liberia are those of cement and structural steel, which are valued at about \$7 million a year. The new cement factory and the proposed asbestos roofing plant and a plywood mill may lead to some import substitution in this field. Reflecting the small size of the manufacturing sector, imports of raw materials and intermediate products are small. The major part of such imports consists of fuels, fertilizer, explosives for mining, a few other raw materials and chemical products. Most of the remaining imports consist of semi-final or final consumer goods. Together they averaged during 1965-67 \$47 million, which is about 21 percent of GNP. Because of lack of sufficient data it is difficult to estimate consumer goods imports at the beginning of 1960, but a rough approximation shows that these imports probably were then a much smaller proportion of GNP, about 14-15 percent. Dependence on imported consumer goods is thus rising rather rapidly. Imports of food products have doubled since 1960 to an annual level over \$20 million. Rice is the largest food import (\$6-8 million per year), followed by imports of meats, dairy products, fruits and vegetables. Other important items are beverages and tobacco.

#### E. Currency and Credit

18. The principal currency in circulation and legal tender is the U.S. dollar. The official monetary unit is the Liberian dollar with a gold content equivalent to that of the U.S. dollar but no Liberian dollar notes have been issued. It is not possible to estimate the money supply since there is no information about the amount of U.S. dollars in circulation. There are no restrictions on exchange transactions. A balance of payments deficit leads automatically to reduction in internal liquidity and surplus has the reverse effect.

19. There is no central bank. The Bank of Monrovia, a subsidiary of the First National City Bank of New York, handles the Government's accounts. Deposits in the banks, which are all subsidiaries of foreign banks, amounted by the end of June 1968 to \$74 million. As against this, the banks had only \$42 million on loan in Liberia and of this about a quarter consisted of loans made to the Government before 1963 and which are now being amortized under debt rescheduling agreements. Most of the remaining funds are on deposit abroad. The main function of the banks is to finance foreign trade and foreign financial transactions rather than financing of domestic activities.

#### IV. SECTORAL DEVELOPMENTS

##### A. Agriculture

20. Liberia lies almost wholly within the tropical rain forest region of West Africa. Rainfall is heavy and highly cyclical resulting in alternating erosion and drought. The country has a uniform climate even though temperature, rainfall and humidity decrease as one moves inland. The generally acid soils are of low or medium fertility but improve inland where there is less rainfall. Shifting crop cultivation has destroyed much of the indigenous high forest. At present 40 percent of total land surface in Liberia is covered by heavy forest. Most of the remaining area is under cultivation or covered with low and broken bush in various stages of regeneration.

21. Although about 80 percent of the population of working age is still engaged in agriculture and forestry, the contribution of this sector to GDP in 1967 is estimated at only \$75 million or 24 percent of the total. These figures include the estimated contribution to GDP of all subsistence activities. To the extent subsistence activities comprise non-agricultural pursuits, these figures would be to some extent over-estimated. Rubber is the most important of Liberia's agricultural products. The contribution to GDP of rubber production amounted in 1967 to \$26 million, more than one-third of the total GDP of agriculture. Cash crops of lesser significance are coffee, palm oil, palm kernels, and cocoa.

##### 1. Cash Crops

22. Climate and soil are well suited to rubber cultivation. The Firestone Plantations Company, which was granted a concession more than 40 years ago, dominates the industry. Its plantation at Harbel is the largest rubber plantation in the world (75,000 acres). Firestone is gradually replanting its acreage with high-yielding trees. Present average yield is 1,261 lbs. Firestone's success has attracted other foreign rubber interests to Liberia and has also stimulated considerable production by Liberian smallholders. The other rubber concessions have started their plantations after 1955 entirely on the basis of high-yielding material.

Table 5: RUBBER PRODUCTION AND ACREAGE IN 1968

	<u>Acreage</u>		<u>Production</u>	<u>Yield per</u>
	mature	immature	millions of lbs. dry content	mature acre lbs.
Total concessions	88,500	45,700	101.5	1,150
Firestone Plantation Co.	70,100	15,700	88.4	1,260
B. F. Goodrich	8,500	4,500	8.8	1,035
African Fruit Co. (AFC)	2,800	2,600	1.5	540
Liberia Co. (Cocopa)	2,600	2,100	2.0	770
L.A.C. (Uniroyal)	2,200	16,000	0.6	270
Salala	1,200	3,900	0.3	250
Todee	1,000	1,000	-	-
Private farmers	75,000	69,700	38.0	505

Source: Estimates, based on actual figures for the first eight months of the year, from the Rubber Planters Association.

23. The rubber industry is the largest source of paid employment in the country. In 1967 employment was estimated at 42,000 of whom 24,000 were employed by the foreign concessions. The work force of Firestone numbers about 16,000 persons, and the population living on its plantations 60,000. The company has built villages, schools, churches, markets, hospitals, sports fields, etc. and subsidizes rice on the plantation markets. After major strikes in 1963 and 1966 it appears that labor relations have improved. Basic wages were increased and a considerable element of incentive payment was introduced in the wage structure. Partly as a result of the incentive payments (but to a lesser extent also because high-yielding clones are coming into maturity) labor productivity has increased in a striking fashion. As a result, wage costs per pound of rubber could be kept at the same level although average daily wages increased by almost two-thirds. In addition to cash wages which average \$1.05 a day at Firestone's, the company also provides medical and social facilities valued at about one-third of the cash wage.

24. An interesting feature of the development of the Liberian rubber industry is the considerable acreage cultivated by Liberian planters. The origin of this production is the provision by Firestone and later by the Uniroyal plantation of planting materials on credit to prospective cultivators and the assurance that the company would buy the output. The total acreage under cultivation by about 4,000 Liberian planters amounts to about 145,000 acres, of which about half is mature. About two-thirds of these Liberian rubber farms are smallholdings which cover less than 10 acres and account for less than a

third of total mature Liberian-owned acreage. The remaining Liberian plantations are frequently the property of absentee owners. Although the planting material used on these plantations is of good quality, efficiency of production is generally much lower than on the big estates because of less efficient plantation maintenance and supervision of labor. In spite of low wages, many Liberian planters have not been able to break even at the low rubber prices in 1967 and much of 1968. A price support scheme set up with financial support from the two major buyers ensured the planters of a guaranteed minimum price. Prices were supported from November 1967 till July 1968, when world market prices had risen sufficiently to allow repayment. The scheme may be brought back in operation when needed. In spite of this price support, many rubber groves were deserted when prices dropped in 1967 and have not been brought back in production since then. The rubber industry has an exceptional place in Liberia's agriculture because of the high efficiency of production on the concession estates and the push the estates have given to production by smallholders. However, there is considerable scope for improving the efficiency of private farms and in fact this is one of the obvious areas in which Liberia could achieve significant production and export increase. The Government and the Liberian Rubber Planters Association are planning to set up an agency offering technical assistance, training, distribution of high-yielding seedlings and stumps, as well as credit to local planters to help finance replanting with high-yielding materials. Experience in Malaysia has shown that such action, if properly organized and financed, can be very successful.

25. There are no other fields of production which have shown development comparable to that of the rubber industry. As far as other tree crops are concerned, production has remained small, although climate and soils are not unfavorable to production. Marketing and export of these crops - coffee, cocoa, palm kernels, and piassava - are handled by the Liberian Produce Marketing Corporation (LPMC) in which the Government and East Asiatic Company, the Danish trading firm, have equal shares. East Asiatic also manages the Corporation.

26. Coffee exports from Liberia have varied between 3,000 and 8,000 tons a year without showing a definite trend. Variations in export volume are partly due to the fact that changing (but not precisely known) quantities of coffee grown in neighboring countries are sold through Liberia. In 1967, Liberia joined the International Coffee Agreement and received a basic quota of 3,600 tons a year, which will be increased annually by 10 percent until it reaches 6,000 tons. Coffee is grown by smallholders. LPMC is starting a program of providing high-yielding seedlings to smallholders for the replacement of overage trees.

27. Cocoa has grown steadily during the last five years but production is still quite small. In 1968 exports amounted to 1,900 tons, of which as much as 50 percent may have originated outside Liberia. Prices offered by LPMC were higher than the guaranteed prices in neighboring countries.

The potential for cocoa cultivation in Liberia is probably quite good and more should be done to stimulate production. LPMC intends to establish nurseries for seedlings and to do research regarding soil conditions and disease control.

28. Palm oil. LPMC exports of palm kernels amount to some 13,000 tons. Most of the kernels originate from wild trees that grow in most parts of the country. The palm oil is used for consumption in the subsistence sector and the kernels are sold for cash income. There are also some small estates. Soil condition in many parts of the country and climatic conditions are favorable by West African standards to oil palm production. The experience with natural rubber indicates that large-scale cultivation of tree crops in Liberia is possible at competitive production cost, provided management is highly efficient. However, whether large-scale palm oil planting is economically feasible, given the prospect of declining prices, deserves careful study. This is the more important because Liberia, unlike certain other developing countries, would not have preferential access to EEC and the United Kingdom. The only major investment undertaken so far is a 7,500 acre plantation, including an oil mill by Tidewater Company. This plantation has recently come into production. The company is encouraging smallholders' production around the plantation by providing high-yielding seedlings, technical advice and an assured market. A feasibility study has been made by IRHO<sup>1/</sup> in the South East of the country for a proposed government plantation project of 7,500 acres plus 2,500 acres for smallholders. This study received financial assistance from the Bank. A private Liberian entrepreneur, finally, is trying to obtain finance for a 3,500 acre oil palm plantation in the western part of the country. These projects taken together would produce far more than domestic requirements, so that a large part of the production would have to be exported.

## 2. Rice

29. Rice is grown in all parts of the country as one of the basic foodstuffs of the subsistence sector. Almost all of the rice is grown in upland areas according to the traditional slash-and-burn production method. There are no reliable data about the total size of production and there is also no good indication of production trends. Up to the end of the second World War Liberia was self-sufficient in rice, but growth in demand, particularly in the monetary sector of the economy, has led to imports averaging 40,000 tons per year (about one-third of estimated consumption). Little domestic rice is sold in the cities, where imported (mostly American) rice is sold at a premium over local rice.

30. The Government would like to make Liberia self-sufficient in rice and for this purpose it has been promoting a number of experiments and studies during the last decade, with technical assistance provided by the United States, the Republic of China, and FAO. Altogether, however,

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<sup>1/</sup> Institut de Recherches pour les Huiles et Oléagineux, a French research organization.

these experiments and studies have been inconclusive as regards the economic and technical feasibility of a large increase in Liberian rice production. In fact this means that it has not been clearly established that Liberia should concentrate its energies on rice growing or on the cultivation of other crops. A major choice to be made is whether to improve and expand the prevailing upland cultivation or to turn to swamp cultivation. The shifting upland cultivation followed at present has not only low productivity but also would lead eventually to soil deterioration through erosion, particularly on sloping lands. Satisfactory methods to raise productivity and control the erosion danger have not been established. The problems are similar (and apparently as difficult) as those in other West African countries: poor varieties, lack of suitable tools among the farmers, lack of knowledge about fertilization, weed and disease control. The Liberian Agricultural Corporation (Uniroyal) is carrying out a large experiment with mechanized upland cultivation, but results have been disappointing thus far because of erratic rainfall and disease. The experience gained thus far will perhaps benefit production in 1969 and lead to more favorable results. However, on the basis of experience in other African countries it may be questioned whether mechanized upland cultivation of rice will prove economic or will effectively cope with the problems of erosion.

31. Most of the research on rice has centered on exploring the possibilities of swamp rice cultivation. There are considerable swamp areas with probably suitable alluvial soils along riverbeds in many parts of the country, but traditionally the population has not been interested in swamp cultivation. The experimental station at Suakoko has made some progress, with technical assistance from the U.S. and FAO in selecting rice varieties suitable for domestic swamp conditions. There are also a few other small swamp rice experiments. The most important practical effort has been made at Gbedin in the North East by a technical assistance group from Taiwan. The project was successful in its first two years when several local farmers who had resettled in the project area made average net incomes of \$580 per year and yields of up to 4,000 lbs./acre were obtained. (Tribal upland rice production with slash-and-burn methods may have yields of 700 lbs./acre or less.) The demonstration effect of the project on other local farmers was disappointing however, and swamp cultivation has been taken up by very few. While the reasons for this poor result are not altogether clear, it is probable that the labor-intensive methods of cultivation promoted by the Chinese have not appealed to farmers and that the labor requirements involved are not readily reconcilable with those for other traditional crops. In theory, mechanized cultivation could overcome the manpower problem, but experience in other countries indicates that this might be uneconomic. In any event high yields would have to be obtained to cover the costs, and these may not be attainable without further research on pest and disease problems, soil fertility and varietal improvement. The LPMC proposes to experiment with new methods of rice cultivation by establishing a 500 acre mechanized swamp rice farm which will be irrigated by pump.

32. While further research and experimentation on the problems of upland and swamp rice cultivation are needed, there are certain measures which would probably stimulate growers almost immediately to increase their production according to traditional methods. The most important difficulty besetting all peasant cultivation in Liberia is the lack of roads and transport facilities which makes it impossible to move larger quantities of product to the market and does not expose the farmer sufficiently to consumer goods which could give him an incentive to increase his production. It is possible that swamp cultivation of rice (and other crops) would be taken up by Liberian farmers if access to swamp areas were provided. It is interesting that German and U.S. aid officials and LPMC have felt encouraged by the effects of road construction undertaken by them in recent years on the economic activity in the areas served by the roads. It would be very useful as a guide in future road construction if a more rigorous appraisal of these effects were attempted. It is also important to explore the feasibility of encouraging production through the establishment of a government-guaranteed price at the beginning of the season. Reportedly, the Government has recently decided to increase the role of LPMC in the marketing of rice; this may be an important step in the right direction.

### 3. Other agricultural products

33. Soils and climate are favorable to a number of other products, but progress so far has been small. Interestingly a number of Liberian entrepreneurs have taken the initiative to start a number of commercial agricultural ventures. In 1967 the first pineapple exports from Liberia took place. The quantity was small, but the quality satisfactory. Growing conditions also are good for a number of tropical fruits and there is some supply of these on the domestic market. Good quality cigar wrapper has been obtained in the two instances where tobacco growing has been tried. Export has been difficult because of lack of graders and grading facilities. Apart from its efforts to grow rice, the LAC-Uniroyal research station has been experimenting with corn, vegetables, and hog raising. A livestock project will be started in 1969. Results, particularly in hog raising, are encouraging.

34. Efforts to shift farmers from traditional subsistence cultivation to some production for the market will undoubtedly depend on the extent to which traditional farmers will experience a growing need for cash income. The opportunities to market their produce and to buy goods which will be afforded by road construction will **presumably provide** a stimulus. On the other hand, it is also possible that the more enterprising people in the traditional sector have availed themselves of the opportunities for wage employment in the mining, plantation and transport sectors, and that they return some of their money income to those left behind in the traditional tribal economy. How far this has afforded incentives to produce in the traditional sector is uncertain but it is possible that the response to efforts to stimulate output will be slow in forthcoming.

#### 4. Forestry

35. The depletion of hardwood forests in neighboring Ivory Coast has focussed the attention of foreign and Liberian investors on the exploitation of Liberian forests. Production in 1966 amounted to 13 million board feet, mostly used to satisfy domestic needs, but rose to 18 million board feet in 1967. Most of the increase in production was exported. Lack of roads is the most important difficulty facing forest exploitation. A recently completed German forest survey indicates that of a total of 8 million acres of forest only 1.5 million are at present accessible. The road from Greenville to Tchien, which was built with assistance from Germany, opened up a hitherto inaccessible part of the country and led to the start of logging operations along the road. An agreement with LAMCO permits use of the LAMCO railroad for the transportation of logs to Buchanan. The increased interest in forestry is shown by the recent issue of a number of large exploration and logging concessions and proposals to establish a core veneer plant, a plywood factory and sawmills. Given these new operations, the target in the development plan of a production of 40 million board feet a year by 1970 should be within reach.

#### 5. Fisheries

36. Fish resources off Liberia's coast are considerable and activity of foreign fishing companies off that part of the West African Coast has been growing. Until recently little of the catch was consumed in Liberia but in the past few years a modern processing and marketing operation has been set up. The fish is frozen at sea and landed by foreign fishermen, who operate trawlers on contract with a local company, or frozen in the company's quick freezing plant in Monrovia. The frozen fish is distributed throughout the country by a fleet of insulated trucks and kept in cold storage in every town and several villages. It took some time to acquaint the people farther from the coast and in tribal areas, who had previously only eaten small river-fish, to bigger and frozen sea-fish and to the way of preparing them. There now exists a ready market for this cheap source of protein in all parts of the country. The experience obtained in marketing the fish is interesting in that it proves how a well-run marketing organization can change consumption patterns and establish a market even in tribal areas. The same domestic company has recently started exporting fresh frozen shrimp and lobster to the United States.

#### B. Mining

37. The country is rich in mineral resources. The most important resource is iron ore of which there are extensive high-grade deposits. Iron ore and diamonds are the only minerals being mined at present. Diamond exports amounted to 750,000 carats valued at \$7.7 million in fiscal 1968. However, a substantial but not precisely known portion

of this was smuggled into Liberia from neighboring countries. Many other minerals 1/ are found in Liberia, but the economic potential of these finds has in most cases not yet been established. Systematic geological exploration and resources appraisal has been in progress, with U.S. technical assistance, since early 1964. Reconnaissance mapping of the entire area and initial evaluation of the results should be completed by 1972. Several interesting results have been obtained already and the possibility of exploitation of certain deposits is under investigation by mining interests. The most important thus far is the concession given in 1968 to a foreign investor for mining of barite deposits about 50 miles northeast of Monrovia.

38. An aerial magnetic survey of the country carried out in 1966 found some evidence of oilbearing formations on Liberia's part of the continental shelf. The Government subsequently signed an exploration concession with Standard Oil and Continental Oil for detailed seismic surveys along the coast. The first results from this survey are expected to become available to the Government during the first months of 1969.

39. Iron ore mining is the single most important economic activity in the country. In 1967 it accounted for 26 percent of GDP and 72 percent of exports. The total value of iron ore exports in 1968 is estimated at \$120 million. Production started in 1951 and remained until 1962 at a level of about 3 million tons. At that time three new mines came into operation and production rose abruptly to its present level of around 20 million tons. Iron ore deposits are found in many parts of the country. Proven reserves are around 600 million tons and unproven reserves another 900 million tons. This reserve position guarantees production at the present or a higher level of output for many years to come.

40. The economic significance of iron ore mining for the development of the economy has been relatively small because of the enclave character of the operations and because of the nature of the concession agreements under which the mining companies operate. The enclave character is due to the lack of linkage effects on other economic sectors. The fixed investment of the mining companies is concentrated in isolated mining sites, railroads, and harbor facilities. Neither the construction nor the operation of these facilities have led to any significant demands for products or services from other sectors. The employment provided by the very capital-intensive mines is also small. Total employment by the four companies amounts to only about 10,000 persons, and most of the engineering and managerial positions are filled by foreigners. Construction and operation of the mines are nevertheless contributing significantly to the development of labor skills. Some of the mines have set up technical schools in order to be able to fill supervisory

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1/ Among them are: barite, manganese, bauxite, kyanite, monazite, ilmenite, magnetite, corundum, chromite, tin.

and managerial positions with Liberians. The long-term concession agreements under which the mining companies operate in Liberia provide for favorable fiscal treatment and as a result the contribution of the mining sector to government revenue is also comparatively small. This point is more fully discussed in paras. 66 and 67.

41. The four mining companies operating in Liberia are: 1/

1. Liberia Mining Company (LMC). The mine of this company, the first to start iron ore exploitation in Liberia, is located at Bomi Hills. The company's equity was provided by Republic Steel Co. and a group of U.S. investors. Production started in 1952 and amounts to about 3 million tons a year. A concentrator increases the average iron content of the ore from 40 to 68 percent before the ore is transported over the company's 40-mile railroad to the port of Monrovia.

2. National Iron Ore Company (NIOC). NIOC's production started in 1962. The mining site is on the Mano River near the Sierra Leone border. Equity capital has been provided by Government (50 percent fully paid), LMC, U.S. and Liberian investors. Production amounts to about 4 million tons a year. The mine has a rail connection with the LMC railroad line to Monrovia.

3. Bong Mining Company (BMC). This company has a concession for the Bong range iron ore deposits. The ore is of relatively low iron content and is concentrated up to 65 percent before being shipped over the company railroad. Annual production amounts to 4 million tons. Equity investment in the Bong Mining Company was provided by German (Aug. Thyssen) and Italian investors. Government received a 50 percent share of the equity. A \$45 million washing and pelletizing plant will come on stream in 1971 and production will then reach 5 million tons a year of which 2 million tons of pellets.

4. Liberian-American-Swedish Minerals Company (LAMCO). LAMCO started production in 1963 and is now the largest producer in the country. The concession area is in the Nimba mountains close to the borders of Guinea and Ivory Coast. The ore has a very high iron content (average of 65 percent). Last year LAMCO's \$51 million washing and pelletizing plant came into production at Buchanan. LAMCO's annual production of 8 million tons could be expanded further without considerable additional investment to 10 or 12 million tons. LAMCO's equity capital was provided by Bethlehem Steel (25 percent) and a combination of mainly Swedish investors (37.5 percent) in which Grangesberg Oxelosund has a majority interest. Grangesberg provides the management of the company. Government received a 37.5 percent share of the equity 2/.

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1/ See also Statistical Appendix, Table 16, in which the principal features of major concession agreements are summarized. A fifth company, Liberian Iron and Steel Corporation (LISCO), has been making exploration in the Walegisi range.

2/ Bethlehem Steel pays 50 percent tax over its share of profits, so that Government's total share in LAMCO's profits is 50 percent.

42. Although most of the iron ore is sold in the free market, a proportion is sold in captive markets, i.e., to the companies that run the mining operations. Liberian ore (c.i.f. Europe) has, on the average, been sold at lower prices than comparable ore from other sources, although this difference has apparently diminished to some extent with the general decline in world iron ore prices over the last four or five years. It is not entirely clear why Liberian ore should fetch lower prices, but the fact that Liberia's ore expansion in the mid-1960's coincided with a sharp decline of the market probably offers part of the explanation. A factor which has weakened the competitive position in recent years is that Monrovia port, which accounts for about half of the ore exports, cannot accommodate ore carriers larger than 45,000 dwt. A dredging project which will allow the port to accommodate carriers of up to 90,000 dwt. has recently been started. The Buchanan port through which the other half of ore production is exported (production of LAMCO) can currently accommodate vessels up to 70,000 tons. As yet there is no plan to expand the capacity of the Buchanan port.

### C. Manufacturing

43. Manufacturing industry in Liberia is small and growth in recent years has not been very rapid. The gross domestic product originating in manufacturing in 1967 is estimated at \$14 million which is about 4 percent of GDP, and employment in manufacturing is estimated at about 3,500. These figures do not include the processing of rubber on rubber estates and the processing of ore (concentrating, washing, pelletizing) by the iron ore companies. Most of the manufacturing enterprises (there are about 300 registered plants) are small. Production is centered on the provision of the small domestic market with food products and other consumption goods (reconstituted milk, beer, soft drinks, soap, plastic slippers, furniture) and a limited number of intermediates such as paint, oxygen and explosives (for the mining industry). A number of these manufacturing ventures were established by Firestone to provide for the requirements of the company and its personnel. Furthermore there are a few sawmills which process, mostly for local consumption, the until now rather small timber production.

44. Recently there has been an increase in the number of industrial projects being implemented or under consideration. Part of this is due to direct promotion by the Government. A recently completed oil refinery, which has a capacity of 10,000 barrels per day, has been established by U.S. companies (Sunray DX Oil Co. and Hydrocarbon Research Inc.) at an investment cost of \$11.5 million. The concession agreement with the Government gives the refinery a monopoly position on the local market. Negotiations with existing distributors about pricing are in progress. The Government's intention is to hold the consumer price at the present level and to maintain the level of government revenue from petroleum products.

Another project is a 125,000-ton cement plant which has been in operation since early 1968. The concession agreement under which this plant operates provides for protective tariffs which in effect give the plant a monopoly of the domestic market.

45. Government has tried to encourage investment by an investment code, introduced in 1966. This code affords to approved projects import duty exemption for capital goods and raw materials for five years and income tax exemption for ten years. Since the code was adopted, 20 projects have been given approved status with a total approved (but not necessarily realized) investment of about \$3.5 million. This figure does not include the two bigger projects mentioned above and a logging and sawmilling venture which operates under a special concession agreement. In practice the general provisions of the investment code are apparently applied to smaller investment projects (mostly expansion of existing plants), while investments in larger ventures are subject to specific agreements.

46. An important new element in recent years has been the activity of the Liberian Bank for Industrial Development and Investment (LBIDI). Since the middle of 1967, LBIDI has made 15 loans for a total amount of \$1 million. The projects are for a variety of small industrial projects, but also include the logging and sawmilling operation mentioned above and a number of loans to commercial firms for poultry, pineapple, tobacco, and hog raising. While a large part of existing manufacturing is sponsored and managed by foreign investors it is interesting that among these new projects several are sponsored by Liberian businessmen.

47. A number of new projects are under consideration in Liberia and several of them have been presented to LBIDI. They include an asbestos roofing plant, a core veneer plant, a plywood factory, a shrimp fishing project and several smaller projects. Generally speaking these projects seem attuned to the limited requirements of the domestic market or to export possibilities. The amount of Liberian participation in these projects is encouraging. Under continued liberal government policies further progress of the manufacturing sector should be possible although obviously within the limits set by a small domestic market and the general lack of skills. Government has participated in discussions with other West African nations regarding regional cooperation. If successful, regional arrangements could perhaps provide increased scope for certain industries.

#### D. Power

48. Power generation has expanded at a very rapid rate during the 1960's as shown by the following figures:

Table 6: ELECTRIC POWER, 1961-68

	Installed Capacity				Production			
	(MW)			Annual rate of increase	(million KWH)			Annual rate of increase
	1961	1967	1968	1961-67	1961	1967	1968	1961-67
Public	7	54	57	42%	47	161	183	23%
Private	13	136	—	48%	50	298	—	35%
	<u>20</u>	<u>190</u>		<u>46%</u>	<u>97</u>	<u>459</u>		<u>30%</u>

Source: Public Utilities Authority

49. Private installed capacity consists primarily of the plants operated by the major concessionaires in Liberia but includes also a number of small private facilities which are scattered throughout the country. The public capacity is owned and operated by the Public Utilities Authority (PUA), an autonomous public sector agency. PUA provides electricity in Monrovia, Robertsport, Buchanan, Greenville, Harper and Gbarnga. The installed capacity of PUA consists of a 34 MW hydroelectric plant, and 23 MW diesel generating capacity. The most important part of the system is the Mt. Coffee hydroelectric project. The first two units of this project, together amounting to 34 MW, came into operation in 1966. Production is based on run-of-the-river flow, which is insufficient during part of the year. A 15 MW gas turbine generator is to be installed in early 1969 to increase generating capacity during the dry season.

50. The main consumption center is Monrovia. In 1967 the Monrovia system accounted for 80 percent of the electricity generated by PUA. During 1964-67 power generation for Monrovia increased at an annual rate of 15 percent. There is still considerable unsatisfied demand and for the next several years a rapid increase in consumption (about 13.5 percent a year) is foreseen by PUA. Moreover, the latter has undertaken to provide power to two iron ore companies, LMC and Bong. In the case of Bong, power will be needed for the operation of the pelletizing plant now under construction. In order to satisfy demand of the companies and in view of the rapid growth in demand from other quarters, PUA intends to expand its power generating capacity. Bank group has been requested to consider long-term financing for this purpose. The completion of the Mt. Coffee project will require the installation of four more units of 17 MW each. Upstream storage for this project would allow year-round operation of four units. This would leave two units to supply peaking requirements.

### E. Transport

51. A considerable part of the transport system is designed to meet the needs of the concession companies. The railroads (about 235 miles) are owned by the mining companies and used almost exclusively for ore transportation while the ports serve to a large extent for the export of ore. On the rubber and mining concessions there are, moreover, about 1,200 miles of road. However, in the past 15 years a general road network of some significance has come into existence. Most of the finance and technical assistance were provided by the United States, Germany, United Kingdom and the Bank while until 1962 foreign contractors' finance was an important source of road financing. In 1950 there were only 300 miles of unsurfaced public roads, but at present the system consists of 1,180 miles of primary roads, 960 miles of secondary roads and 500 miles of feeder roads. The primary road system consists of 200 miles of asphalt-paved roads and about 900 miles with laterite surface. Concurrently with the expansion of the road system there has been an increase in motorized traffic. The number of motor vehicles in operation increased from 650 in 1949 to 13,500 in 1967. In the last several years, the vehicle fleet has increased at a rate of 12 percent a year. There was a similar increase in gasoline consumption. In spite of this rapid increase vehicle density is still low, and the total length of the road network is very modest in relation to the number of inhabitants and the size of the country.

52. Recent additions to the primary road network are two roads built with German assistance (Harbel-Buchanan and Greenville-Tchien) and two roads built with Bank assistance (Kle-Pujehun and Monrovia-Robertsfield). The secondary road system is being expanded with about 175 miles of roads presently under construction of which about 75 miles involve self-help contributions. The Government is considering the expansion of the present primary road system by road sections that would complete the Monrovia-Harper connection and by improvements to the Totota-Ganta section on the main highway from Monrovia inland. Other additions to the primary road network in the South Eastern area of the country are also under consideration. For the secondary road system, Government adopted in its 1967-70 development plan a target for construction and rehabilitation of 60 miles a year and moreover 25-50 miles of feeder roads, partly to be constructed with self-help. Since these targets appear roughly in line with the volume of road construction during the last decade, it would seem to be possible that these targets would be achieved. However, in order to establish priorities in road construction and rehabilitation, a country-wide study of road transportation requirements appears needed. In view of the importance of the road network for economic development, such a study, which should also provide indications for the desirable development of ports, appears urgently needed.

53. An equally serious problem is the lack of road maintenance. Under the climatic conditions prevailing in Liberia, roads deteriorate rapidly unless they are maintained. The organization of and the bud-

getary resources devoted to road maintenance have not kept pace with the expansion of the road network in the last 15 years, and secondary roads in particular have deteriorated. Assistance for road maintenance has been provided by the United States, the United Kingdom and the Bank (maintenance equipment under the road loan). However, due to lack of mechanical skills and spare parts, part of the maintenance equipment is in bad condition. Germany is providing assistance for the establishment and initial operation of a regional road maintenance training depot at Buchanan which is aimed at imparting to domestic personnel the required administrative and mechanical skills while improving road maintenance in the Buchanan area. Another project, at Greenville, is under consideration. However, these projects cover only part of the country and an expansion of the efforts to improve maintenance is required. The road transportation survey suggested in the preceding paragraph would help in establishing priorities for road rehabilitation and maintenance.

#### F. Education

54. Expenditures on education in Liberia are relatively high. Government expenditures on education averaged 13-14 percent of total budget resources in recent years, and there have been foreign aid receipts for education of almost the same magnitude. In addition a large number of schools are operated by missions and, to a lesser extent, by the major concession firms working in Liberia.

Table 7: EXPENDITURES ON EDUCATION, 1965-67  
(in millions of dollars)

	<u>1965</u>	<u>1966</u>	<u>1967</u>
Budget expenditures	6.0	6.7	6.9
Foreign aid	5.5	6.3	6.6
Mission, concession, and other private sources	<u>2.7</u>	<u>3.0</u>	<u>3.2</u>
Total expenditures on education	<u>14.2</u>	<u>16.1</u>	<u>16.7</u>
of which capital expenditure	1.4	1.0	3.3

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Source: Economic Survey 1967.

Altogether expenditures on education averaged 5 percent of GDP during 1965-67. Current expenditures for all levels of education amounted in 1967 to \$118 per student, which is very high compared with per capita GNP in Liberia and with the level of such expenditures in most other African countries. Expenditures excluding foreign aid amounted to \$81 per student. However, efficiency in the allocation and use of funds for education leaves much to be desired and as a result the school system as a whole is not in a very satisfactory condition. School buildings

are not well maintained, there is serious lack of textbooks and other school supplies and teachers are poorly paid.

55. Perhaps the most important development in education is the extremely rapid increase in school enrollments. In primary and secondary schools, the number of students increased between 1965 and 1967 by 14 percent per year. The increase in the number of teachers was also rapid but did not quite keep pace, and the student/teacher ratio rose. At 32 in primary schools and 18 in secondary schools the ratio is not exceptionally high. However, the demand for education is not evenly distributed over the country and in urban areas, particularly, schools are badly overcrowded. In Monrovia, residential buildings are rented for use as schools and although schools run three shifts a day, a considerable number of children (6,000 in 1967) are waiting for admission. Textbooks and other school supplies are also scarce.

56. Construction of school buildings, largely financed by foreign aid, has vastly increased opportunities for obtaining primary education throughout the country compared with only a decade ago. School attendance, at the primary level for the country as a whole, is roughly estimated by the mission at about 65-70 percent. School attendance in Monrovia is probably near 100 percent for boys and very high for girls. Continuing urbanization will lead to a further increase in the number of students in urban areas.

57. Increase in the number of students at the secondary level is proceeding even faster than at the primary level (17 percent increase per year between 1965 and 1967). The number of students in secondary schools amounts to about 10 percent of the number in primary schools. Urbanization will probably make for continued rapid increase in the demand for secondary education. The number of students in vocational and technical schools is relatively small (less than 1,000 compared to 12,000 in general secondary schools) and not growing very rapidly although vocational training has received considerable U.S. aid. In addition major concessions are also providing vocational training (Firestone, Bong, and LAMCO with Swedish Government assistance).

58. Higher education is provided at the University of Liberia, Cuttington College (a private institution) and two teacher training institutes. The total number of students amounted to about 1,100 in 1967 and the student body, particularly that of the University of Liberia, is growing very rapidly (33 percent a year between 1965 and 1967). In addition about 250 scholarships were provided for study abroad.

59. Among the several needs of the educational system the following may be noted. In the first place, curricula at all levels need to become better adapted to the economic and social needs of the country. Instruction in agricultural skills and understanding of agricultural production methods should be given a more important place at all levels of instruction, from the beginning years of primary edu-

cation. At the secondary level increased emphasis should be given to the expansion and improvement of vocational and technical training. Government is at present considering obtaining foreign assistance for three rural high schools and an Agricultural College. The establishment of these facilities should provide opportunity for increasing the emphasis on practical knowledge of agricultural problems and agricultural skills.

60. A second point is the provision of foreign scholarships. The amount spent on foreign scholarships (\$1.1 million provided in 1968 government budget) is extremely high in relation to the total size of government resources. The present condition of institutions for higher learning provides opportunity in Liberia for most, if not all, instruction at the undergraduate level. Scholarships should generally be reserved for the acquisition of professional qualifications that cannot as yet be obtained in Liberia and should, therefore, be given to graduates, preferably after an initial period of service. This should improve selection and motivation of the candidates and increase the chances for their eventual return, while leading to a big reduction in the total volume of scholarships.

#### V. PUBLIC FINANCE

61. One of the effects of postwar economic growth was a tremendous increase in government revenues and expenditures. From less than a million dollars at the end of the second World War these increased to over \$50 million in 1968.

Table 8: GOVERNMENT CURRENT REVENUE AND EXPENDITURE , 1940-68  
(in millions of dollars)

<u>Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Surplus</u>
1940	0.7	0.6	0.1
1950	3.8	4.9	-1.1
1960	32.3	33.3	-1.0
1962	36.1	32.1	4.0
1965	42.5	36.6	5.9
1966	46.3	41.3	5.0
1967	48.1	42.6	5.5
1968	51.6		

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Source: Treasury Department.

62. The revenue increase was, as the table shows, fastest during the 1950's. After 1962, revenue growth slowed down to 6 percent a year in contrast with a yearly increase of 21 percent during 1950-62. At the

end of the 1950's there had been little to indicate such a slowdown. The impending huge increase in iron ore production had given rise to the expectation of corresponding fast increases in government revenue. This expectation was based on price projections which at the time appeared quite reasonable. Under these conditions government felt encouraged to undertake a large volume of infrastructure investments. These investments were undertaken by the various government departments with little central coordination or screening. Most of the expenditure remained outside the budget and was financed with short and medium-term credits. Because of the absence of efficient budgeting and accounting, the government was not fully aware of the total increase of debt obligations. As a result of this rather uncontrolled spending, debt obligations soared and when export prices dropped sharply in 1962-63 and the prospects for government revenue derived from iron ore and rubber had to be lowered considerably, a difficult financial situation arose. Debt servicing obligations in 1963 and following years threatened to take close to half of government revenue.

63. Negotiations with the principal creditors in 1962 led to a moratorium on principal repayments due in 1963-68. Meanwhile a financial stabilization program was implemented with technical assistance from the Fund. The program was aimed at strengthening the tax system and improvement of budgetary procedures, particularly budget preparation and expenditure controls. The Fund, moreover, provided financial assistance under a standby agreement. As part of this agreement, the Government undertook to refrain from contracting additional foreign debt other than long-term (at least 12 years).

64. Government has lived up to its obligations under the agreements with its creditors and the Fund, and acute fiscal difficulties have been avoided. The following table summarizes public finance developments during 1964-67. Appendix tables 13-15 provide additional details on the composition of revenue and expenditures. It appears that government revenue during recent years has increased at about the same rate as GNP. The increase in current expenditures financed from government revenue was kept down to about the same growth rate, which permitted government to realize in each of the years under consideration a modest amount of public savings. These savings however were barely sufficient to cover the (rescheduled) debt amortization. As a result, foreign assistance on grant and loan basis accounted in effect for almost all of the financing of public sector capital formation.

Table 9: GOVERNMENT FINANCE, 1964-68

	1964	1965	1966	1967	1968	1964	1965	1966	1967
	(in millions of dollars)				(Budget)	(percent of GNP)			
Current revenue <sup>1/</sup>	39.9	42.5	46.3	48.1	50.8 <sup>2/</sup>	19.9	19.7	20.2	20.0
Current expenditures	33.9	36.6	41.3	42.6	42.9	16.9	17.0	18.0	17.7
Surplus	6.0	5.9	5.0	5.5	7.9	3.0	2.7	2.2	2.3
Capital formation	8.7	21.3	23.1	23.0	23.0 <sup>3/</sup>	4.3	9.9	10.1	9.6
Debt amortization	6.3	5.1	4.0	2.9	6.2	3.1	2.4	1.7	1.2
Overall deficit	9.0	20.5	22.1	20.4	21.3	4.5	9.5	9.7	8.5
Financed by:									
Foreign loans	7.5	20.7	18.4	17.2		3.7	9.6	8.0	7.2
Foreign grants, capital	2.5	3.0	2.3	1.8		1.2	1.4	1.0	0.7
Change in reserves	-1.0	-3.2	1.4	1.4		-0.5	-1.5	0.6	0.6

<sup>1/</sup> Not including foreign grants used for current expenditures:  
9.1 9.4 10.6 11.6 4.5 4.4 4.6 4.8

<sup>2/</sup> Preliminary actual \$51.6 million.

<sup>3/</sup> Mission estimate.

Source: Economic Survey 1967.

65. Government has taken a number of steps in recent years to increase revenue. An austerity tax applicable to Liberians was introduced in 1967 (4.2 percent of salaries over \$600 a year and 2.1 percent of lower salaries) and a \$10 education levy per family was extended for two years. The auditing of the concession companies was improved. In 1968 a further number of tax measures were taken which have had some effect on 1968 revenue collections but which will mostly be reflected in future revenue. The most important of them are:

- Extension of the austerity tax to foreigners (yield about \$3 million).
- Preliminary agreement with Sweden on a double taxation treaty. The effect will be an increase in the profits of LAMCO, the biggest iron ore company and a corresponding increase in government revenue (yield about \$1 million).
- Establishment of a tax on dividend and interest incomes earned by non-resident foreigners.

- Increase in the rate of the corporation tax by 5 percent for all except the top bracket, which remains at 45 percent (10 percent becomes 15 percent, etc., 15 becomes 20, etc.). This tax does not apply to the iron ore companies which have special arrangements with the government.
- Introduction of penalties against late payment of certain taxes.

Chiefly as a result of these measures it is expected that 1969 revenue will rise to \$55.5 million as compared to an estimated \$51.6 million in 1968 (increase of 7.6 percent).

66. The impact of recent steps to close tax loopholes and enforce payment of tax obligations is limited by the existing contractual arrangements with foreign concessionaires, particularly the iron ore companies which enjoy generous tax treatment under their concession agreements. The tax liability ("profit sharing") of the companies was established at 50 percent of net profits but most of the agreements and their actual implementation contain elements leading to a low level of net profits such as: special selling prices for part of the ore to foreign steel companies who own shares in the company; depletion allowance of the ore body in addition to regular depreciation allowance on other assets; high selling costs; allowance for exploration expenses beyond what is needed to maintain operations at the current level. In addition, all the companies have very high debt equity ratios (in the case of the largest company, equity capital amounts to only \$15 million while total investment of this company in Liberia is estimated at \$275 million). These features have kept the contribution to government revenue by the ore companies at a low level. Although the companies, together with the few other modern enterprises in the country, should be the backbone of the tax system, tax payments by the mining companies represent a smaller proportion of gross value added than in the remainder of the economy. This is shown by the following calculation by the mission, which shows tax payments (including profit-sharing by the mining companies) as a percentage of gross value added of the iron ore companies and of the rest of the economy.

Table 10: TAX BURDEN ON MINING AND REST OF ECONOMY, 1964-67  
(Taxes including "profit-sharing" as percentage of gross value added)

	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Iron ore companies	11.3	9.6	11.1	11.4
Rest of the economy	16.6	17.7	17.7	17.2
Total economy	15.4	15.3	15.6	15.6

67. A systematic review of the concession agreements has improved the Government's awareness of the ambiguity of several elements in the agreements and has led to the estimate that adequate enforcement of the

existing agreements by itself could lead to an increase of government revenue in the order of \$4 million, an increase of about one-third over the estimated total revenue from concessions of \$12.2 million in 1968. Steps already taken to improve the Government's position are an agreement with two companies to convert part of their debt into equity and the negotiation of a double taxation treaty with Sweden. New concession agreements will provide the Government with a greater share of revenue. This appears to be the case with the recently approved forestry concessions, and the exploration concessions for barite and petroleum.

68. The relatively higher tax burden in the part of the economy outside the iron ore companies indicates the regressive nature of the tax system. Taxes press hard on the rural people from whom according to various estimates 30 to 50 percent of annual monetary income is taken in the form of various levies such as the education levy, hut tax, and assessments by counties and local chiefs.

69. As part of the stabilization program current expenditures have been tightly controlled since 1963. The structure of these expenditures is still very much determined by the compensation of a large staff of government servants. Government salaries account for about 70 percent of total government consumption expenditures. Considering the size of the population (1.1 million) and the tasks actually undertaken by the Government, the number of government servants (13,000) appears excessive and many government workers are obviously under-employed. At the same time, provision for current purchases of goods and services amounts to only about 30 percent of government consumption resulting in too low provisions for operation and maintenance. In fact, a major criticism about the overall allocation of government funds is the insufficient provisions to operate and maintain capital works completed in the public sector. As a result recently constructed roads have been deteriorating, schools and government buildings are in bad state of repair and results of research projects in agriculture are not being utilized. To the extent this is the case a certain amount of dis-saving is taking place, which in fact should be deducted from the figure for government savings during the past several years although it would be difficult to estimate this dis-saving.

70. Capital formation in the public sector amounted in the years 1965-67 to \$22.5 million on average. The composition by economic sector was as follows:

Table 11: PUBLIC SECTOR CAPITAL FORMATION, 1965-67

	<u>Annual Average 1965-67</u>	
	<u>(Millions of dollars)</u>	<u>(Percent of total)</u>
Agriculture	0.1	0.4
Power	9.6	42.7
Transport and Communications	6.2	27.6
Education	1.9	8.4
Health	1.7	7.6
Community Services	1.7	7.7
Other	<u>1.3</u>	<u>5.8</u>
Total	22.5	100.0%

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Source: Economic Survey 1967.

71. The emphasis in public sector capital formation in the past three years has obviously been on the expansion of "heavy" infrastructure - power, transport and communications. The large proportion devoted to power is due to the Mt. Coffee project. In view of the still meager provision of infrastructure such emphasis is in the right direction. The power and road programs fulfill obvious needs, but as mentioned before, the road program has been suffering from inadequate maintenance provisions. In principle the amount provided for development of agriculture (and also current expenditures for agriculture which averaged only \$1.5 million) appears much too low in relation to requirements. However, in practice the wisdom of increasing these allocations is necessarily contingent on working out sound agricultural programs. Certain education, health and community services projects have been constructed according to standards which seem too high for Liberia and to the extent this is the case capital expenditure has been wasteful. The mission roughly estimates that this judgment may apply to perhaps 15-20 percent of expenditures, but the remainder of public sector capital formation would by and large be economically justified. Probably this represents an improvement over the situation in the early 1960's. The responsibility for mistakes in allocation is of course shared by the aid donors who provide most of the finance. There is not sufficient information to determine to what extent public sector capital expenditures have been directed to the needs of the foreign concessions but since the foreign concessions have provided themselves for almost all their infrastructure requirements (railroads, power, estate roads, housing, schools, clinics, etc.) the proportion is obviously minor. Recently two mining companies have contracted for power deliveries from the Public Utilities Authority. Some of the infrastructure facilities constructed by the concessionaires such as company roads and medical clinics are also used by the general public.

72. An important feature of the development of public finance in recent years is the strengthening of budgetary procedures and expenditure controls. Until the financial crisis of 1963 the relation between budget and actual expenditures was often tenuous and the resulting confused state of public finance was itself an important cause of this crisis. Since then budget preparation has become more rational and the accuracy of estimates has improved.<sup>1/</sup> In the early stages of budget preparation, departments are consulted by the Bureau of the Budget about their expenditure requests which they have prepared in accordance with general guidelines. Development expenditures are screened by the planning department. Meanwhile, revenue estimates are prepared by the treasury. The President then prepares a final draft which he sends to Congress for its approval. Expenditures are authorized by the treasury on the basis of quarterly allocations. Faulty procedures are still leading to allocations in excess of budget provisions and there is also outstanding a certain amount of unauthorized expenditures (around \$1 million). But the amounts of such expenditures have been declining. The introduction of data processing equipment should soon lead to further improvement of expenditure control.

#### VI. PROSPECTS FOR GROWTH

73. The Government's development plan (1967-70) is mainly a public sector investment program which does not give a systematic analysis of the economy's growth prospects. In addition to indicating public sector investment during the plan period it describes other intended Government actions for development. However, no attempt is made to assess the effects of investment and other action on sectoral growth rates. The mission has attempted to make its own rough assessment of growth perspectives of gross domestic product, foreign trade and investment for the years 1967-75. This assessment indicates that GDP growth in the years ahead will probably be considerably slower than in the past two decades. The rapid expansion of the enclave industries has come to an end and development in the rest of the economy will probably not yet attain considerable momentum. As far as the enclave industries are concerned, the growth of iron ore production, the chief factor in post-war economic growth, will slow down markedly now that the mines are working at or close to capacity, and early development of new mines seems unlikely. Unless ongoing exploration (particularly for petroleum) shows very favorable results the growth of mineral production will be much slower than in the past. Rubber production will probably grow rapidly in the next four/five years as new and replanted acreage reaches maturity but towards the mid-1970's production growth will probably decline. Over the period 1969-75 production growth should be 5 percent a year.

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<sup>1/</sup> Budget preparation proceeds approximately on the same lines as in the United States.

74. Growth of production in the rest of the agricultural sector is likely to be slow. No significant acceleration of production growth seems imminent in the large sections of the countryside that have poor access to markets and which mostly depend on subsistence activities. It is unlikely that the required action to stimulate broad based development in this sector of the economy will soon be undertaken and production growth will probably be about at the same rate as the increase in population.

75. There are, however, a number of activities which in recent years have begun to show greater dynamism. As far as agriculture is concerned, this is the case with the production of coffee and a number of fruits and vegetables. Production of poultry, fish and forest products is also likely to grow rapidly, but in each case from a rather small base. The development of manufacturing is also entering a new phase with a variety of promising medium-sized projects, many of them agro-industrial in nature. The growth of these agricultural and manufacturing activities is one of the most promising elements on the Liberian scene. It has a potential of wider diffusion of economic growth, which would draw increased numbers of Liberians into more productive activities while reducing dependence of production and exports on the enclave industries. A relatively large power program and improved transportation facilities are required for the realization of these growth possibilities. Another prerequisite is the availability of sufficient long-term funds to finance private sector investments. In view of the dearth of domestic private savings this will require further financial assistance from abroad for the local development bank and for suitable private sector projects.

76. Activity in the construction industry will grow at best slowly in the next several years since investment in iron mines and related facilities, which has been the mainstay of the construction sector for many years, will continue to slow down and a number of major aid-assisted projects are nearing completion.

77. Tentative estimates prepared by the mission on the basis of these and other considerations indicate a GDP growth rate in real terms during 1967-75 of about 4.5 percent a year. Major assumptions underlying this estimate are that Liberian ore prices will hold approximately at the 1967 level, mainly because of improvements in quality (washing and pelletizing), while natural rubber prices would share in the expected gradual decline (about 3.5 percent a year) after 1970. Any drop of prices below these levels would of course mean a correspondingly lower growth rate of GDP and exports. On these assumptions concerning export prices, it seems likely that growth of export earnings will proceed at a rate of about 5 percent a year. Factor payments abroad will continue to take a large share of export earnings (59 percent on average during 1964-67) and although this share should decline during the 1970's as some of the iron ore companies' private debt is being paid off, "net" export earnings will remain at a level far below total exports. This rough outline of the growth perspective as viewed by the mission can be summarized as follows:

Table 12: GROWTH PERSPECTIVE, 1967-75

	<u>1967</u>	<u>1970</u>	<u>1975</u>
	<u>(in millions of dollars)</u>		
1. GDP	308	357	442
2. Exports	159	194	237
3. Net factor payments abroad	90	105	116
4. "Net" export earnings (2-3)	69	89	121

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Source: Mission estimates

## VII. FINANCIAL OUTLOOK

### A. Private Sector

78. Private savings outside the enclave enterprises, although never properly estimated, are certain to be small and probably will remain so in the near future.<sup>1/</sup> The financing of private sector investment has depended in the past to a very large extent on inflow of foreign private capital in the form of credits and direct investments. Almost certainly this inflow will be at a lower level during the next several years because of the completion of major investments in the enclave enterprises (the construction during the next few years of the \$45 million pelletizing plant of Bong mine is the major exception). However, Liberia will probably remain attractive to foreign investors because of its liberal investment incentives which the Government intends to maintain. It seems very likely, therefore, that, as in the past, sufficient private finance will be available to the extent attractive investment possibilities come up. Evidence that this will be the case is the interest shown by foreign investors in recent investment possibilities. However, in order to insure the possibility of Liberian initiative in some ventures and participation in others, it is important that a certain amount of domestic long-term credit be available through the banks, particularly through the industrial development bank (LBIDI).

### B. Public Finance

79. The prospects for government revenue are to a large extent determined by the success the Government will have in closing loopholes in the present tax system, achieving further improvements in tax collection

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<sup>1/</sup> Savings by the Lebanese traders are probably considerable. However these traders form an enclave by themselves and not unlike the enclave industries they appear to keep minimum balances in Liberia and transfer abroad as much of their funds as possible.

and increasing its revenues from the foreign concessionaires. Government has made some headway in the first two fields. The draft 1969 budget forecasts a total revenue of \$55.5 million which is 7.6% higher than estimated 1968 revenue. The main factors in the increase, which is much higher than the expected growth rate of GDP (4 to 5 percent) are improved auditing procedures, the treaty with Sweden to avoid double taxation, increased volume of iron ore and rubber production, and reduction of abuses of duty-free privileges. Presumably more revenue increase can be obtained in future years from improved interpretation and enforcement of tax laws although after a few years marginal revenue increases from these efforts would probably diminish. On the other hand, it would be highly desirable to lighten the tax burden on the lowest income groups and to the extent this were done an initial tax loss would be sustained. Our estimate of prospective government revenue has taken into account the above considerations, as well as the projected growth in imports and the output of iron ore and rubber. The resulting overall increase on government revenue during 1970-75 amounts to 6 percent a year, which is significantly higher than the projected 4.5 percent GDP growth rate. However, no allowance has been made for increase of government revenue arising out of a possible revision of concession agreements. The revenue potential of such a revision is considerable, but so far the Government has not decided to what extent this can be accomplished without serious adverse consequences on the investment climate.

80. As far as current expenditures are concerned important economies should be possible without harm to the fulfillment of the Government's tasks. As mentioned before this is particularly true for the number of government employees. Government is aware of this and is considering measures for re-training and re-deployment of government personnel while keeping the total size of the establishment as much as possible unchanged. Obviously this is a difficult task and success cannot be immediate or considerable. Moreover, Government will continue to face serious pressures to hire high school leavers and university graduates, who have little alternative employment opportunity. Meanwhile, there are pressing demands on the Government to improve teachers' salaries, increase the number of teachers and agricultural extension workers and provide for increased current government outlays on goods and services for operations and maintenance (see next paragraph). Under these conditions, it is highly unlikely that current expenditure growth could be decelerated during the coming years. Gradually, however, the allocation of these expenditures should become sounder, leading to a more effective contribution to economic development.

81. Capital expenditures. The development program for 1967-70 was inspired by the objective of reducing the dependence of the economy on enclave industries and of stimulating economic growth on a broader basis involving the majority of the population. To this end, Government proposed to continue its efforts towards improvement and expansion of the country's infrastructure but devote greatly increased attention to the promotion of agriculture and industry. The promotion of agriculture was to rely mainly on agricultural research and education directed at domestic food crops and new export crops and expansion of transportation

(feeder roads) and marketing facilities. In the overall allocation of government funds increased provision would be made for the working capital needs for public sector projects completed and to be undertaken, such as furniture and teaching materials for schools, instruments and medical supplies for hospitals, spare parts and gasoline for road maintenance equipment, etc. The lack of provision for these items led in the past to less than optimum use of available capital stock. The proposed amount of fixed capital formation in the public sector was however to go down compared with the years 1965-67.

Table 13: PUBLIC DEVELOPMENT EXPENDITURES , 1965-70

	<u>Annual average</u> <u>1965-67</u>	<u>Annual average</u> <u>1967-70</u>
	(actual)	(Development Plan)
A. Capital expenditures	21.8	18.0
Education	1.7	1.0
Transport	5.7	3.4
Health	2.4	1.2
Public Utilities	11.4	5.9
Agriculture	0.1	1.7
Other	0.5	4.9
B. Non-capital expenditures	1.9	4.5
C. Total	23.7	22.5

Source: Development Plan 1967-70.

82. The plan is a commendable effort to establish sector priorities and formulate government policies directed towards economic development. However, the projects mentioned in the plan were almost all in an early stage of preparation or not yet fully identified. Government has never clearly defined the status of the plan and the preparation of the budget and of extra-budgetary foreign aid agreements appears to be only loosely connected with it. Its relevance is mainly as a relatively well-considered statement of proposed government action in the interest of economic development. On an annual basis, public sector development expenditure was to amount to about \$22.5 million compared to the annual average of \$23.7 million actually spent during 1965-67. However the proposed sectoral distribution with its increased emphasis on agriculture (9.4 percent of the total) and on working capital needs is very different from the past pattern.

83. Although the plan includes certain investment activities extending beyond 1970, such as the power program, not sufficient information about sector development programs is available for a reliable forecast of the levels of public sector capital expenditures beyond 1970. To some extent the level of public sector capital formation in recent years

has been on the high side if viewed in terms of the development requirements of the economy because it included a few large politically inspired projects financed by foreign aid which will probably contribute little to economic growth. It is unlikely that such projects will occur to the same extent in the future. Tentatively it is therefore estimated that public sector capital requirements will initially be lower than in the recent past and will gradually rise from an annual level of \$18-20 million to \$25 million by 1975. The assumption underlying these magnitudes is that the public sector, with technical assistance where needed, will make considerable progress in the preparation of suitable projects. The only investment program which appears well identified relates to the power sector. Feasibility studies are underway or to be undertaken regarding rice cultivation, oil palm estates, road construction, low cost housing and perhaps telecommunications. Government is preparing an education project (rural high schools), and wants to expand the port of Harper in South East Liberia. Altogether, however, the current level of activity in project preparation seems to be small compared to the development needs of the economy and not sufficiently coordinated. There is no doubt, however, that the government should be able to step up project preparation. The treasury and the planning departments have been considerably strengthened from a professional point of view in recent years and should be able to improve comprehensive development planning and to speed up, in cooperation with other departments and foreign technical assistance where needed, the preparation of projects. However, a decisive impulse to do this will require a certain reorientation of government action which can only be given by the highest leadership of the country.

84. The financial outlook which results from these various tentative projections is summarized in the following table, which also takes into account the agreements reached in principle by the Government with its principal creditors about a rescheduling of amortization payments due in 1969-71 to following years.

Table 14: FINANCIAL OUTLOOK FOR PUBLIC SECTOR, 1969-75  
(Tentative projections by mission)

	<u>1967</u>	<u>1970</u>	<u>1975</u>	<u>1969-75</u>
Government revenue	48.1	58.8	78.7	465.5
Surplus of public agencies	1.3	5.4	5.2	37.5
Public revenue	49.4	64.2	83.9	503.0
Current expenditures	42.6	48.7	60.9	374.1
of which interest on existing debt	6.9	5.8	2.6	32.1
Public saving	6.8	15.5	23.0	128.9
Amortization of existing public debt	2.9	8.5	12.3	77.5
Balance	3.9	7.0	10.7	51.4
Capital formation	23.0	20.0	25.0	154.0
Overall deficit	19.1	13.0	14.3	102.6
Service on existing public debt in % of public revenue	19.8	22.3	17.8	21.8

85. The overall deficit during the 1969-75 period resulting from the projections amounts to about \$15 million a year on average. This figure takes into account amortization on existing public debt <sup>1/</sup> averaging \$11 million a year and also makes allowance for anticipated current savings of autonomous public agencies. An important feature of these projections is that the public sector should be able, under the assumptions we have made regarding revenue and current expenditures, to realize a significant increase in savings in the next several years. These savings would allow Government, in spite of the persistent high level of debt service payments, to increase its contribution to the financing of capital formation and to assume at the same time a modest increase in conventional debt. The magnitude of the conventional debt the Government could prudently contract would probably be of the order of about \$4 million a year during 1969-75. This would result in an increase in the ratio of debt service to public revenue by 1.7 percent on average during this period. After 1975, service on existing debt will decline sharply which means that Government could perhaps increase to some extent its borrowing on conventional terms towards the mid-1970's. Of course, this judgment is based on a number of tentative projections including the assumption that Government will continue to guard tightly the growth of current expenditures and that the terms of trade will not deteriorate drastically (see paragraph 76). Any deterioration in the financial situation due to an unfavorable turn in these or other factors or an increase in government's indebtedness on short or medium-term could quickly erase this small margin of creditworthiness. The following table shows a tentative financing scheme for public sector capital formation during the period 1969-75. The contribution from government savings has been projected at over one-quarter of the total which would mean a large improvement over the past performance (6-1/2 percent during 1965-67).

Table 15: FINANCING OF PUBLIC SECTOR CAPITAL FORMATION, 1969-75

(Tentative scheme prepared by mission)

<u>Requirements</u>	<u>(\$ million)</u>
Capital formation 1969-75	154
<u>less</u> Pipeline of aid at beginning 1969	20
<u>plus</u> Pipeline end 1975	20
	<u>154</u>
 <u>Sources</u>	
1. Public savings 1969-75	129
Amortization existing debt	78
Amortization new debt	<u>9</u>
Domestic contribution to capital formation:	42
2. Conventional loans (6-1/2%-20 years)	28
(debt service over 1969-75: \$8.6 million)	
3. Soft aid (grants and soft loans)	84
	<u>154</u>

<sup>1/</sup> Excluding repayments to the Fund (total outstanding amount \$13.0 million). To the extent the net outstanding debt to the Fund is reduced during the period under consideration, domestic resources available for capital formation would be diminished below the projected level.

86. The inflow of foreign resources projected for 1969-75 in the above table amounts to about \$16 million a year which would mean a sharp decline compared to the annual inflow of \$21 million (excluding foreign grants for current expenditures) during 1965-67. This projection is consistent with the expected development of the most important aid programs. The amount of undisbursed foreign aid at the end of 1968 amounted to probably less than \$20 million. The pipeline of U.S. aid at the end of June 1969 is projected at \$7.4 million, down from \$35.9 million at the end of June 1966. New commitments of U.S. aid have been at a relatively low level for a few years now (\$6.1 million during U.S. fiscal year 1969). Prospects for German aid are also declining; for the next few years German aid disbursements are unlikely to exceed \$2-3 million. No major aid remains to be disbursed or is about to be committed by other donors, except for the consideration by the Bank Group of the Monrovia port dredging project. The prospect for the immediate future is therefore that almost regardless of the actions of the Government and of potential aid donors, a decline will occur in the inflow of foreign financial resources.

#### C. Conclusion

87. In recent years Government has shown determination in its efforts to improve the fiscal situation. With rising prices and increasing demands for public services, particularly education, current expenditures also had to rise, but the growth of these expenditures has been kept within the growth of revenues. The acceleration of revenue growth in 1968 and probably in 1969 is chiefly due to better enforcement of existing laws and introduction of tax measures which will contribute to a more modern tax structure. This approach will give the Government scope for gradual elimination of regressive features of the system and make an increased domestic contribution for public sector capital formation possible. However, as yet there is no clear evidence of a relative increase in the contribution of the ore mining companies to public revenues. In the long run, such an increase is the most important possibility to achieve an improvement of the fiscal situation.

88. In spite of these improvements in fiscal performance, Government has not yet become very effective in promoting economic development. The open-door policy has helped in attracting substantial foreign investment but this has not led to wide diffusion of economic growth. The period of stabilization and improvement in fiscal improvement of the years 1963-68 should now be followed by more active development promotion. We have noted some elements of dynamism, such as the power program, the industrial development bank, developments in forestry and fisheries, and a number of agro-industrial ventures which seem to indicate that the stage is set for a determined drive by the Government to accelerate and to widen the process of Liberia's economic development.

89. A legacy of the past is the heavy debt burden. Even with the relief afforded by the new debt rescheduling agreements the Government's financial situation remains difficult. The ratio of service payments on

existing public debt to prospective total public revenue is estimated by the mission at 22 percent on average during the years 1969-75. After 1974 a rapid decline would set in. A modest increase in conventional debt on long repayment terms would be justified, however, if Government succeeds in increasing significantly the volume of public savings and if insufficient concessional finance is forthcoming to finance all high priority projects in the public sector. The order of magnitude of such conventional borrowing should, however, not exceed \$3-5 million a year.

90. The financial situation of the public sector is the main constraint on borrowing on conventional terms. Since Liberia uses the U.S. dollar as its currency, there is no transfer problem and the question whether the Government or other borrowing agency can service additional debt depends on its ability to raise sufficient domestic resources. It may be added, however, that export earnings are large. Debt service payments on existing debt are estimated by the mission to average 7 percent of prospective merchandise export earnings during 1969-75. If private sector payments abroad are deducted from export earnings, the debt service ratio would average 15 percent.

STATISTICAL APPENDIX

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External Public Debt

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Table 1

EXTERNAL MEDIUM- AND LONG-TERM <sup>1/</sup> PUBLIC DEBT INCLUDING UNDISBURSED  
AS OF DECEMBER 31, 1967

Debt Repayable in Foreign Currency

(In thousands of U.S. dollars)

<u>Item</u>	<u>Debt outstanding</u> <u>December 31, 1967</u>		<u>Major Re-</u> <u>ported addi-</u> <u>tions until</u> <u>Dec. 31 '68</u>
	<u>Disbursed</u> <u>only</u>	<u>Including</u> <u>undisbursed</u>	
TOTAL EXTERNAL PUBLIC DEBT	<u>155,454</u>	<u>182,540</u>	No major additions
Privately-placed debt	<u>48,274</u>	<u>48,274</u>	
Suppliers' credits	<u>36,853</u>	<u>36,853</u>	
Private bank credits	<u>11,421</u>	<u>11,421</u>	
IBRD loans	<u>3,897</u>	<u>4,250</u>	
U.S. Government loans	<u>86,018</u>	<u>109,726</u>	
Export-Import Bank	<u>30,075</u>	<u>30,075</u>	
Other	<u>55,943</u>	<u>79,651</u>	
Loans from governments of other			
IBRD members	<u>17,265</u>	<u>20,290</u>	
Germany	<u>16,785</u>	<u>17,410</u>	
United Kingdom	<u>480</u>	<u>2,880</u>	

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1/ Debt with an original or extended maturity of one year or more.

Source: Statistical Services Division  
Economics Department  
July 30, 1968

Table 2

ESTIMATED CONTRACTUAL SERVICE PAYMENTS DUE IN FUTURE ON EXTERNAL  
MEDIUM- AND LONG-TERM PUBLIC DEBT OUTSTANDING INCLUDING UNDISBURSED AS  
OF DECEMBER 31, 1967

Debt Repayable in Foreign Currency

(In thousands of U.S. dollars)

Year	Debt outst. (Begin of period) including undisbursed	Payments during period		Total
		Amortization	Interest	
		<u>G r a n d T o t a l</u>		
1968	182,540	6,199	6,086	12,285
1969	176,341	12,029	5,941	17,970
1970	164,313	11,672	5,395	17,067
1971	152,643	11,607	4,804	16,411
1972	141,039	10,583	4,221	14,804
1973	130,458	11,096	3,693	14,789
1974	119,365	13,193	3,117	16,310
1975	106,172	10,675	2,452	13,126
1976	95,499	10,846	2,025	12,871
1977	84,654	9,616	1,495	11,111
1978	75,039	6,438	1,075	7,513
1979	68,601	4,052	908	4,960
1980	64,549	3,970	812	4,783
1981	60,579	3,984	723	4,708
1982	56,595	3,755	634	4,389

Privately-placed debt - Total

1968	48,174	5,328	3,189	8,517
1969	42,846	6,103	2,841	8,943
1970	36,743	5,580	2,503	8,082
1971	31,163	5,533	2,136	7,669
1972	25,631	4,273	1,782	6,055
1973	21,358	4,454	1,498	5,952
1974	16,904	6,261	1,181	7,442
1975	10,643	3,967	766	4,733
1976	6,676	3,974	471	4,445
1977	2,701	2,701	179	2,880

(Continued)

Table 2 (Page 2)

ESTIMATED CONTRACTUAL SERVICE PAYMENTS

Year	Debt outst. (Begin of period) including undisbursed	Payments during period		
		<u>Amortization</u>	<u>Interest</u>	<u>Total</u>
<u>Suppliers Credits</u>				
1968	36,853	4,338	2,591	6,929
1969	32,515	4,200	2,292	6,492
1970	28,315	3,801	2,052	5,853
1971	24,514	3,755	1,784	5,539
1972	20,760	3,244	1,525	4,768
1973	17,516	3,013	1,294	4,307
1974	14,503	3,860	1,054	4,914
1975	10,643	3,967	766	4,733
1976	6,676	3,974	471	4,445
1977	2,701	2,701	179	2,880

Private Bank Credits, Total

1968	11,421	1,090	603	1,693
1969	10,331	1,903	549	2,452
1970	8,428	1,779	451	2,230
1971	6,649	1,778	352	2,130
1972	4,871	1,029	258	1,287
1973	3,842	1,441	203	1,614
1974	2,401	2,401	127	2,528

IBRD Loans

1968	4,250	-	214	214
1969	4,250	-	234	234
1970	4,250	-	234	234
1971	4,250	-	234	234
1972	4,250	305	230	535
1973	3,945	325	212	537
1974	3,620	345	195	540
1975	3,275	365	175	540
1976	2,910	385	155	540
1977	2,525	405	133	538
1978	2,120	425	111	536
1979	1,695	445	88	533
1980	1,250	475	62	537
1981	775	510	35	545
1982	265	265	7	272

(Continued)

Table 2 (Page 3)

ESTIMATED CONTRACTUAL SERVICE PAYMENTS

<u>Year</u>	<u>Debt. outst. (Begin of period) including undisbursed</u>	<u>Payments during period</u>		
		<u>Amortization</u>	<u>Interest</u>	<u>Total</u>
<u>U.S. Government Loans - Total</u>				
1968	109,726	162	2,067	2,229
1969	109,564	4,738	2,245	6,982
1970	104,827	4,889	2,056	6,945
1971	99,940	4,871	1,850	6,721
1972	95,072	4,802	1,644	6,445
1973	90,272	5,114	1,437	6,551
1974	85,160	5,173	1,214	6,387
1975	79,988	4,849	1,035	5,883
1976	75,141	4,993	983	5,975
1977	70,149	5,015	826	5,841
1978	65,135	4,839	667	5,506
1979	60,296	2,433	565	2,998
1980	57,863	2,322	537	2,859
1981	55,542	2,301	517	2,818
1982	53,241	2,316	498	2,814

U.S. Govt. EXIMBANK Loans

1968	30,075	-	1,585	1,585
1969	30,075	3,537	1,552	5,089
1970	26,539	3,538	1,366	4,904
1971	23,003	3,520	1,179	4,699
1972	19,485	3,451	994	4,445
1973	16,036	3,408	812	4,220
1974	12,630	3,079	628	3,707
1975	9,552	2,701	473	3,174
1976	6,852	2,447	329	2,776
1977	4,406	2,175	205	2,380
1978	2,232	1,919	90	2,009
1979	313	277	10	287
1980	36	36	1	37

(Continued)

Table 2 (Page 4)

ESTIMATED CONTRACTUAL SERVICE PAYMENTS

Year	Debt outst. (Begin of period) including undisbursed	Payments during period		
		<u>Amortization</u>	<u>Interest</u>	<u>Total</u>
<u>U.S. Government - Other Loans</u>				
1968	79,651	162	482	644
1969	79,489	1,201	693	1,893
1970	78,288	1,351	690	2,041
1971	76,937	1,351	671	2,022
1972	75,587	1,351	650	2,000
1973	74,236	1,706	625	2,331
1974	72,530	2,094	586	2,680
1975	70,436	2,148	562	2,709
1976	68,289	2,546	654	3,199
1977	65,743	2,840	621	3,461
1978	62,903	2,920	577	3,497
1979	59,983	2,156	555	2,711
1980	57,827	2,286	536	2,822
1981	55,542	2,301	517	2,818
1982	53,241	2,316	498	2,814

Loans from Governments of other IBRD Members

1968	20,290	609	612	1,221
1969	19,681	1,189	621	1,810
1970	18,493	1,203	603	1,806
1971	17,290	1,203	584	1,787
1972	16,087	1,203	565	1,768
1973	14,883	1,203	546	1,749
1974	13,680	1,414	527	1,941
1975	12,267	1,494	476	1,970
1976	10,773	1,494	416	1,910
1977	9,279	1,495	357	1,852
1978	7,784	1,174	297	1,471
1979	6,610	1,174	255	1,429
1980	5,436	1,174	213	1,387
1981	4,262	1,174	171	1,345
1982	3,089	1,174	129	1,303

(Continued)

Table 2 (Page 5)

ESTIMATED CONTRACTUAL SERVICE PAYMENTS

Year	Debt outst. (Begin of period)	Payments during period		
	including undisbursed	<u>Amortization</u>	<u>Interest</u>	<u>Total</u>
<u>G e r m a n y</u>				
1968	17,410	609	572	1,181
1969	16,801	1,174	557	1,731
1970	15,627	1,174	516	1,690
1971	14,453	1,174	475	1,649
1972	13,279	1,174	434	1,608
1973	12,105	1,174	394	1,568
1974	10,931	1,305	353	1,657
1975	9,627	1,305	305	1,610
1976	8,322	1,305	258	1,563
1977	7,017	1,305	211	1,517
1978	5,711	985	164	1,149
1979	4,726	985	134	1,119
1980	3,742	985	105	1,090
1981	2,757	985	75	1,060
1982	1,772	985	46	1,031
<u>United Kingdom</u>				
1968	2,880	-	40	40
1969	2,880	15	64	79
1970	2,865	29	87	116
1971	2,836	29	108	138
1972	2,807	29	130	159
1973	2,778	29	152	181
1974	2,749	109	174	283
1975	2,640	189	170	359
1976	2,451	189	158	347
1977	2,262	189	145	335
1978	2,073	189	133	322
1979	1,884	189	121	310
1980	1,695	189	108	297
1981	1,505	189	96	285
1982	1,316	189	83	272

Source: Statistical Services Division  
Economics Department  
July 30, 1968.

Table 3: ESTIMATED PUBLIC DEBT SERVICE PAYMENTS<sup>1/</sup>  
 (Amortization Payments Due in 1969-71 Rescheduled)  
 (million \$)

<u>Year</u>	<u>Amorti- zation</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>(Rescheduled amounts)</u>
1964	6.3	5.2	11.5	
1965	5.1	5.1	10.2	
1966	4.0	6.3	10.3	
1967	2.9	6.9	9.8	
1968	6.2	6.1	12.1	
1969	8.0	6.2	14.2	(-3.8)
1970	8.5	5.8	14.3	(-2.7)
1971	9.0	5.4	14.4	(-2.1)
1972	11.1	4.7	15.9	( 1.1)
1973	12.8	4.1	16.9	( 2.1)
1974	15.8	3.3	19.2	( 2.9)
1975	12.3	2.6	14.9	( 1.7)
1976	11.5	2.1	13.6	( 0.8)
1977	9.6	1.6	11.2	( 0.1)
1978	6.4	1.2	7.6	( 0.1)
1979	4.1	1.0	5.0	( 0.1)
1980	4.0	0.9	4.9	( 0.1)

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<sup>1/</sup> Mission estimate on the basis of preliminary agreements with principal creditors on rescheduling of amortization payments due in 1969-71.

Table 4

AGE GROUP STRUCTURE OF POPULATION, 1962

(in thousands)

<u>Age Group</u>	<u>Population</u>	<u>%</u>	<u>Male</u>	<u>%</u>	<u>Female</u>	<u>%</u>
All ages	1,016.4	100.0	503.6	100.0	512.9	100.0
0-4	165.4	16.5	81.6	16.2	83.8	16.3
5-14	212.4	20.8	112.3	22.3	100.1	19.6
15-24	167.7	16.5	74.0	14.7	93.7	18.3
25-44	305.3	30.0	142.8	28.4	162.5	31.6
45-64	125.2	12.2	70.9	14.0	55.3	10.6
65	40.5	4.0	22.0	4.4	18.5	3.6

---

Source: Population Census, 1962

Table 5

ESTIMATED AGE GROUP STRUCTURE OF THE POPULATION, 1967  
(in thousands)

<u>Age Group</u>	<u>Population</u>	<u>%</u>	<u>Male</u>	<u>%</u>	<u>Female</u>	<u>%</u>
<u>Total ages</u>	<u>1,100</u>	<u>100</u>	<u>545</u>	<u>100</u>	<u>555</u>	<u>100</u>
0 - 4	182.6	16.6	91.6	16.8	91.0	16.4
5 - 14	265.1	24.1	133.5	24.5	131.6	23.7
15 - 24	206.8	18.8	103.5	19.0	103.3	18.6
25 - 44	275.0	25.0	136.3	25.0	138.7	25.0
45 - 64	136.4	12.4	65.4	12.0	71.0	12.8
65 and over	34.1	3.1	14.7	2.7	19.4	3.5

---

Source: Department of Planning and Economic Affairs;  
Economic Survey, 1967.

Table 6

POPULATION GROWTH

( '000)

	<u>1962</u> <u>1/</u>	<u>1967</u> <u>2/</u>	<u>1972</u> <u>2/</u>
Total population	1,016	1,100	1,210
Increase in population over the past five years	-	84	111
Population in age group 5-19	295	341	387
Increase in this group over the past five years	-	46	46
Population in age group 15-64	595	609	670
Increase in this group over the past five years	-	14	61
Total employment	411.8	422.5	
Increase in employment over the past five years	-	10.7	
Labor participation rate	69.2%	69.4%	
Employment in monetary sector	92	113	
Increase in paid employment over the past five years	-	21	

---

1/ 1962 population census figures.

2/ Estimates.

Source: Department of Planning and Economic Affairs:  
Population and employment, 1967.

Table 7

## EMPLOYMENT BY SECTOR

( '000)

INDUSTRY	1962				1967 <sup>1/</sup>			
	Monetary Sector	Subsistence Sector	Total	% of Total	Monetary Sector	Subsistence Sector	Total	% of Total
Agriculture, Forestry and Fishing	35.5	298.0	333.5	80.9	40.0	287.5	327.5	77.5
Mining	12.7	1.7	14.4	3.5	13.0	2.5	15.5	3.7
Manufacturing	3.1	5.3	8.4	2.0	6.0	5.0	11.0	2.6
Construction	11.0	1.0	12.0	2.9	12.0	1.0	13.0	3.1
Utilities	0.3	-	0.3	0.1	0.5	-	0.5	0.1
Commerce	2.5	9	11.5	2.8	6.0	9.0	15.0	3.5
Transport	3.2	0.5	3.7	0.9	8.0	1.0	9	2.1
Services	<u>23.5</u>	<u>4.5</u>	<u>28</u>	<u>7.0</u>	<u>27</u>	<u>4.0</u>	<u>31</u>	<u>7.3</u>
TOTAL	91.8	320.0	411.8		112.5	310.0	422.5	

<sup>1/</sup> Estimate.Source: Department of Planning and Economic Affairs:  
Population and Employment, 1967.

Table 8 : GDP AT CURRENT MARKET PRICES, 1950-1967  
(monetary economy)

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<u>Year</u>	<u>Millions of dollars</u>
1950	48
1951	57
1952	66
1953	72
1954	78
1955	98
1956	112
1957	113
1958	120
1959	161
1960	191
1964	248
1965	266
1966	287
1967	299

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Source: Economic Survey 1967.

Table 2

GROSS DOMESTIC PRODUCT AT CURRENT MARKET PRICES

(million \$)

	<u>1960</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Net domestic product at factor cost	186.4	232.7	242.4	256.6	264.1
a) monetary economy	(155.4)	(201.7)	(211.4)	(226.6)	(233.1)
b) subsistence activities	( 31.0)	( 31.0)	( 31.0)	( 30.0)	( 31.0)
Provision for domestic fixed capital consumption	20.0	27.0	35.6	39.6	43.7
Net indirect taxes	<u>15.7</u>	<u>19.6</u>	<u>19.3</u>	<u>21.0</u>	<u>22.0</u>
Gross domestic product at market prices	222.1	279.3	297.3	317.2	329.8
LESS subsistence activities	-31.0	-31.0	-31.0	-30.0	-31.0
Gross domestic product at market prices (monetary economy)	191.1	248.3	266.3	287.2	298.8

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Source: Department of Planning and Economic Affairs

Table 10: NATIONAL INCOME AT CURRENT PRICES

(million \$)

	<u>1960</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Net domestic product at factor cost	186.4	232.7	242.2	256.6	264.1
a) monetary economy	(155.4)	(201.7)	(211.4)	(226.6)	(233.1)
b) subsistence activities	( 31.0)	( 31.0)	( 31.0)	( 30.0)	( 31.0)
Less factor payments to abroad	-50.4	-82.0	-84.5	-91.6	-93.2
Plus factor payments from abroad	2.6	3.2	3.2	3.3	3.5
National income (whole economy)	138.6	153.9	161.1	168.3	174.2
Less subsistence activities	-31.0	-31.0	-31.0	-30.0	-31.0
National income (monetary economy)	107.6	122.9	130.1	138.3	143.2

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Source: Department of Planning and Economic Affairs.

Table 11: INDUSTRIAL ORIGIN OF GROSS DOMESTIC PRODUCT  
AT CURRENT FACTOR COST

(in million \$)

	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Agriculture, forestry, fishing	41.5	44.8	45.3	44.5
of which rubber production	24.6	26.7	26.6	25.8
Mining and quarrying	66.3	86.8	87.2	91.3
of which iron ore mining	62.1	83.2	82.9	84.4
Manufacturing	11.3	10.4	12.0	13.7
Contract construction	15.2	10.6	15.1	19.4
Transport and communication	15.2	15.9	17.9	17.1
Wholesale and retail trade	29.5	23.8	30.8	30.5
Banking, insurance and real estate	1.4	3.5	3.1	2.7
Ownership of dwellings	13.2	13.4	14.0	14.3
Private services	6.0	5.8	6.7	6.9
Public sector agencies	22.6	25.0	26.5	27.3
Public sector enterprises	<u>6.5</u>	<u>7.0</u>	<u>7.6</u>	<u>9.1</u>
Total, monetary economy	228.7	247.0	266.2	276.8
Subsistence activities	<u>31.0</u>	<u>31.0</u>	<u>30.0</u>	<u>31.0</u>
Total	<u>259.7</u>	<u>278.0</u>	<u>296.2</u>	<u>307.8</u>

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Source: Department of Planning and Economic Affairs

Table 12

GROSS INVESTMENT BY MAJOR INVESTORS IN LIBERIA 1/

(million \$)

	<u>1965</u>	<u>1966</u>	<u>1967</u>
Public Sector	21.0	23.0	23.0
Mt. Coffee Hydroelectric Project	12.5	9.7	2.7
Road Construction	5.5	5.0	6.0
Monrovia Water System	0.1	0.4	4.2
National Medical Center	0.2	0.9	2.5
Miscellaneous	3.0	7.1	7.6
Iron Ore Concessionaires	22.0	27.0	45.0
Agricultural Concessionaires	5.0	5.0	5.0
Large Manufacturers	1.0	1.0	3.0
Major Investors	49.0	56.0	76.0
Total Gross Domestic Capital Formation (notional estimate by mission)	56.0	64.0	85.0

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1/ The figures are based on full returns from a group of investors. The group includes all the iron ore and rubber concessions, the most important private sector industrial projects, the public autonomous authorities and Government agencies.

Source: Economic Survey 1967  
Department of Planning and Economic Affairs  
June 1968

Table 13

## PUBLIC SECTOR REVENUES BY SOURCE, 1961-1968

	(million \$)					
	1961	1964	1965	1966	1967	1968 <sup>1/</sup>
I. <u>Direct levies on income and profits</u>	12.82	14.43	15.58	16.78	18.11	19.54
1. Income tax	6.95	7.87	9.27	9.21	8.50	8.68
a. Firestone	(5.54)	(3.31)	(4.26)	(4.26)	(3.51)	(2.38)
b. Bethlehem	(--)	(0.90)	(2.09)	(2.01)	(1.80)	(2.40)
c. Other <sup>1/</sup>	(1.41)	(3.66)	(2.92)	(2.94)	(3.19)	(3.90)
2. Profit sharing	5.67	6.10	5.91	7.17	7.77	7.39
a. LMC	(5.67)	(3.65)	(2.83)	(3.45)	(3.05)	(2.84)
b. NIOC	(--)	(--)	(0.23)	(0.33)	(0.30)	(0.31)
c. LAMCO	(--)	(2.45)	(2.51)	(2.88)	(3.67)	(3.25)
d. DELIMCO (Bong)	(--)	(--)	(0.34)	(0.51)	(0.75)	(0.99)
3. Lease tax	0.20	0.46	0.40	0.40	0.62	0.51
4. Austerity tax	--	--	--	--	1.22	2.96
II. <u>Customs and external trade charges</u>	13.60	17.30	17.10	19.21	19.33	20.46
1. Import duty	7.40	8.80	8.70	(16.10 <sup>2/</sup> )	(16.18)	(17.51)
2. Surtax	1.10	1.30	1.20	(	(	(
3. Luxury tax	1.90	1.80	2.10	(	(	(
4. Public highway tax	1.70	2.10	2.10	(	(	(
5. Export duty	0.40	0.60	0.50	0.70	0.76	1.26
6. Consular fees	0.90	0.90	0.70	0.80	0.80	0.72
7. Consolidated petroleum tax	0.10	1.10	1.30	1.16	1.14	(0.84)
8. Entry charge-petroleum	--	0.60	0.30	0.20	0.29	(
9. Other custom revenues	0.10	0.10	0.20	0.25	0.16	0.13
III. <u>Other taxes and fees</u>	5.38	7.80	9.40	9.88	10.02	9.88
1. Real estate tax	0.10	0.30	0.30	0.27	0.60	0.75
2. General license fees	1.10	1.20	1.20	1.13	1.33	1.35
3. Motor vehicle tax	0.10	0.60	0.70	0.72	0.64	0.69
4. Excise and related taxes	0.10	0.60	0.60	0.79	0.96	
5. Hut and per capita taxes	1.20	1.00	0.70	1.10	0.97	1.33
6. Education tax	--	0.40	1.30	0.98	1.07	1.13
7. Vessel taxes	1.00	2.80	3.60	2.58	3.53	3.76
8. Penalties, sales, etc.	0.40	0.70	0.50	0.43	0.49	(
9. Miscellaneous taxes <sup>3/</sup>	1.38	0.20	0.50	1.88	0.43	(0.87)

Continued

Table 13 (continued)

PUBLIC SECTOR REVENUES BY SOURCE, 1961-1968

(million \$)

	<u>1961</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u> <sup>1/</sup>
<u>IV. Public service</u>						
<u>revenues</u>	<u>0.50</u>	<u>0.40</u>	<u>0.40</u>	<u>0.39</u>	<u>0.63</u>	<u>0.61</u>
Total revenue	32.30	39.93	42.48	46.26	48.09	50.43

<sup>1/</sup> Includes income tax on partnerships, individuals, other corporations.

<sup>2/</sup> Effective 1966, the import duty, surtax, luxury tax, and public highway tax were consolidated.

<sup>3/</sup> Includes receipts from coinage conversion of \$0.6 million in 1961 and \$1.50 million in 1966.

<sup>4/</sup> Estimate, prepared by Treasury Department in October, 1968. Most recent (Jan. 1969) estimate for total revenue during 1968: \$51.6 million.

Source: IMF: SI68/67.

Bureau of Internal Revenues and information provided by Liberian officials.

Table 14

PUBLIC SECTOR EXPENDITURES, 1964-1968

(million \$)

	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Government Revenue	) 47.4	39.7	48.2	49.5	51.6
Foreign Loans		20.7	18.4	17.2	) 25.0
Foreign Grants	11.6	12.4	12.9	13.4	
<u>Total Government Resources</u>	<u>59.0</u>	<u>72.8</u>	<u>79.5</u>	<u>80.1</u>	<u>76.6</u>
Consumption expenditure	34.1	35.6	39.8	42.0	..
National Agencies	25.9	27.0	29.8	31.2	..
Foreign Grants	8.2	8.6	10.0	10.8	..
Transfers and Subsidies	3.7	5.3	5.8	5.3	..
National Agencies	2.8	4.5	5.2	4.5	..
Foreign Grants	0.9	0.8	0.6	0.8	..
Interest on Public Debt	5.2	5.1	6.3	6.9 <sup>2/</sup>	6.1
Public Debt (principal)	6.3	5.1	4.0	2.9	6.2
Gross Capital Formation	8.7	21.3	23.1	23.0	..
National Agencies	6.2	18.3	20.8	21.2	..
Foreign Grants	2.5	3.0	2.3	1.8	..
Financial Transactions	1.0	0.4	0.5	-	..

1/ Mission estimates based on the Budget for 1968 and information provided by Liberian officials.

2/ Includes commission and fees to the Bank of Monrovia of \$0.3 million.

Source: Department of Planning and Economic Affairs.

Table 15

PUBLIC SECTOR EXPENDITURES BY ECONOMIC CATEGORIES (INCL. FOREIGN AID)

1964-1968

(million \$)

	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>		<u>1968</u> <sup>1/</sup>	
				Gvt. of Liberia (incl.loans)	Grants from abroad	Gvt.of Liberia (excl.loans)	Foreign sources
Economic Development	8.6	22.5	27.9	16.5	2.4	10.2	..
Agriculture	1.7	1.3	1.4	1.0	0.9	1.0	..
Power	1.6	13.3	12.2	4.0	-	..	..
Manufacturing	0.1	0.3	-	0.1	-	0.2	..
Transport and Commu- nication	5.2	7.1	10.7	9.4	1.2	4.9	..
Other Economic Serv.	-	0.5	3.6	2.0	0.3	..	..
Social Development	15.3	18.0	20.0	20.8	5.9	..	..
Education	10.7	11.8	12.8	8.6	4.9	5.9	..
Health	3.0	4.4	5.3	6.0	1.0	3.5	..
Welfare	0.4	0.5	0.5	0.9	-	..	..
Community Services	1.2	1.3	1.4	5.3	-	..	..
General Services	22.6	22.1	21.8	19.6	5.1	24.1	..
General Adm'n	15.0	14.4	15.3	12.6	2.7	..	..
Justice and Police	3.7	3.3	3.3	3.2	0.4	..	..
General Research	1.2	1.6	0.4	0.5	2.0	..	..
Defense	2.7	2.8	3.8	3.3	-	2.9	..
Debt Service	11.5	10.2	9.8	9.8 <sup>2/</sup>	-	12.1	..
Financial Transactions	1.0	-	-	-	-	..	..
 Total	 59.0	 72.8	 79.5	 80.1		 76.6	

<sup>1/</sup> Mission estimates, based on the Budget for 1968 and information provided by Liberian officials.

<sup>2/</sup> Includes commission and fees to the Bank of Monrovia of \$0.3 million.

Sources: Department of Planning and Economic Affairs.

Table 16

## FEATURES OF PRINCIPAL RUBBER AND IRON ORE CONCESSION ARRANGEMENTS

Company (ownership)	Products and 1967 output	Date orig. agreement	Period to run	Date first production	Amount of equity capital	Approximate total investment	Taxing or profit-sharing arrangements <sup>1/</sup>
Firestone Plantations Co. (Firestone Rubber Co., U.S.A.)	Rubber (92 million lbs.- 86,000 acres planted)	1926	99 years	1935	...	\$30 million (1961)	Subject to regular Liberian corporate income tax (maximum 45% of net profits). <sup>2/</sup>
B.F. Goodrich (B.F. Goodrich, U.S.A.)	Rubber (7 million lbs. - 13,000 acres planted)	1954	...	1963	...	...	Tax exempt until 1973; then pays special corporate tax rate 25% of net profits for next 10 years; normal corporate tax applies thereafter.
Liberian Agriculture Corp. (Uniroyal, U.S.A.)	Rubber (production just started - 18,000 acres planted)	1959	70 years	(1968 projected)	...	...	Tax exempt until about 1975; thereafter, as for B.F. Goodrich above.
Liberia Mining Co. (LMC) (Republic Steel Corp., U.S.A.)	Iron ore (0.9 million tons exported in 1967/68)	1946	...	1951	...	\$35-40 million (1962)	"Profit-sharing" equivalent to 50% of net profits <sup>2/</sup> .
National Iron Ore Co. (NIOC) (50% Liberian Govt., <sup>4/</sup> 35% private U.S. and Liberian shareholders 15% LMC)	Iron ore (4.1 million tons exported in 1967/68)	1958	80 years	1962	\$10 million	\$30 million (1962)	Government receives dividends on its 50% shareholding in lieu of other income taxation.
Bong Mining Co. (BMC) (50% Liberian 50% German (majority) and Italian interests)	Iron ore (4.4 million tons exported in 1967/68)	1958	70 years	1965	...	\$133 million (incl. proposed \$45 million pelletizing plant)	Government receives dividends on its shareholding, as above, but with minimum of 25 cents per ton exported if dividends below this level. <sup>5/</sup>
Liberian American-Swedish Minerals Co. (LAMCO) Joint Venture							
a. 25% Bethlehem Steel Corp., U.S.A.	Iron ore (8.4 million tons exported in 1967/68)	1953	70 years	1963	\$11.25 million	\$275 million (incl. washing & pelletizing plant)	Government receives dividends on its 50% shareholding, with a minimum payment of 50 cents per ton exported if dividends below this level. <sup>4/</sup>
b. 75% LAMCO: of which 50% Liberian Govt., 50% Liberian Iron Ore Ltd. (LIO) consisting of Swedish (majority), U.S. & Liberian investors)							
Liberian Iron & Steel Corp. (LISCO) (U.S. interests)	Iron ore, bauxite and manganese (not yet determined)	1967	...	--	...	...	Net income will be subject to special 50% tax; additionally, royalty of 15 cents per ton exported will be paid, of which only 7-1/2 cents may be treated as a deduction from net income.

<sup>1/</sup> Excluding rental fees and other minor taxes, and excluding taxes paid in Liberia by employees of the concessions, or subsidiary activities.

N.B. All concessions receive duty free entry of imported supplies and equipment related to their operations; most are specifically exempt from export duties and other indirect levies.

<sup>2/</sup> Maximum marginal rate applicable to income over \$1 million: prior to 1965, maximum was 35%.

<sup>3/</sup> Was raised from 35% in 1965, by agreement between Government and company; the earlier agreement provided for this increase to take place in 1969.

<sup>4/</sup> In the case of NIOC, Govt. subscribed its equity in cash (\$5 million), and LMC received its \$1.5 million equity participation in return for relinquishing its rights to the iron ore properties. In LAMCO and BMC, the Government's shareholding was received in return for the grant of the mineral rights.

<sup>5/</sup> Per ton payments, where applicable, are treated as an advance against future dividends.

Sources: IMF: SM 68/67.

Information provided by the Liberian Government.

Table 17: FOREIGN AID EXPENDITURES BY DONOR AND SECTOR, 1966 AND 1967

(million of dollars)

<u>Sector</u>	<u>Year</u>	<u>U.S.A.</u>	<u>Germany</u>	<u>IBRD</u>	<u>U.N.</u>	<u>U.K.</u>	<u>Other</u>	<u>Total</u>
Education	1966	4.83	.04	-	.34	.04	.87	6.12
	1967	5.71	.05	-	.32	.04	.36	6.48
Agriculture <sup>1/</sup>	1966	.14	.01	-	.10	-	.16	.41
	1967	.47	.21	-	.11	-	.16	.74
Health	1966	1.57	-	-	.11	-	.01	1.69
	1967	7.31	-	-	.12	<u>2/</u>	<u>2/</u>	7.43
Public Administration <sup>3/</sup>	1966	1.25	-	-	.39	.01	-	1.65
	1967	1.35	-	-	.39	-	-	1.74
Transportation Communication & Power	1966	9.74	3.29	1.60	.10	.24	-	14.97
	1967	3.69	3.74	1.34	.11	.08	-	8.96
All Others <sup>4/</sup>	1966	5.04	.10	-	.13	-	-	5.27
	1967	3.97	.02	-	.18	-	-	4.17
Totals <sup>5/</sup>	1966	22.57	3.44	1.60	1.17	.29	1.04	30.11
	1967	22.50	3.81	1.34	1.22	.12	.52	29.51

1/ Includes forestry and fisheries.

2/ Less than \$10,000.

3/ Includes Police and Fire Departments and Department of Planning.

4/ Includes administration of projects and general research.

5/ Figures may not add due to rounding.

Source: Economic Survey, 1967.

Table 18

FOREIGN AID PROJECT EXPENDITURES BY DONOR  
AND GOVERNMENT CONTRIBUTION, 1965-1967

(thousands of dollars)

<u>Donor</u>	<u>Grants</u>		<u>Loans</u>		<u>Total</u>		<u>Percentage distribution</u>
	<u>Gvt.</u>	<u>Donor</u>	<u>Gvt.</u>	<u>Donor</u>	<u>Gvt.</u>	<u>Donor</u>	
U.S.A.	777	33,566	3,569	34,672	4,346	68,238	71
West Germany	203	674	-	11,734	203	12,408	13
I.M.F.	33	119	-	5,550 <sup>1/</sup>	33	5,669	6
I.B.R.D.	-	-	1,741	3,743	1,741	3,743	4
U.N.	796	3,405	-	-	796	3,405	3
Others	<u>553</u>	<u>2,649</u>	<u>-</u>	<u>560</u>	<u>553</u>	<u>3,209</u>	<u>3</u>
Total	2,362	40,413	5,310	56,259	7,672	96,672	100

<sup>1/</sup> Net loan assistance.

Source: Department of Planning and Economic Affairs:  
Public Foreign Assistance to Liberia, 1965-1967.

Table 19

ASSETS AND LIABILITIES OF THE COMMERCIAL BANKS, 1961-1968

(million \$)

	(at December 31)							
	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u> <sup>1/</sup>
<u>Assets</u>								
Cash	2.9	3.2	2.6	3.1	3.3	5.0	3.7	3.7
Net Foreign Assets	-0.9	-6.8	-9.3	-11.5	-8.5	-10.2	-7.3	28.4
Credit to Government	12.9	15.4	14.9	13.5	13.7	14.5	10.3	9.7
Credit to Private Sector	13.2	15.7	20.3	20.8	18.2	17.8	20.7	21.7
Other Assets (net)	<u>0.6</u>	<u>0.2</u>	<u>2.3</u>	<u>3.9</u>	<u>3.6</u>	<u>3.8</u>	<u>4.6</u>	<u>4.9</u>
Total Assets	<u>28.7</u>	<u>27.7</u>	<u>30.8</u>	<u>29.8</u>	<u>30.3</u>	<u>30.9</u>	<u>32.0</u>	<u>68.4</u>
<u>Liabilities</u>								
Capital and Reserves	5.0	4.5	4.9	5.9	5.9	4.3	5.8	6.3
Private Deposits	23.7	23.2	25.9	24.0	24.4	26.6	26.2	62.2
Demand	..	(13.7)	(15.9)	(14.4)	(14.9)	(13.7)	(13.6)	(12.3)
Time and Savings	..	(9.5)	(10.0)	(9.6)	(9.6)	(12.9)	(12.6)	(49.9)
Total Liabilities	<u>28.7</u>	<u>27.7</u>	<u>30.8</u>	<u>29.8</u>	<u>30.3</u>	<u>30.9</u>	<u>32.0</u>	<u>68.4</u>
Cash Ratio	12.4%	13.8%	10.0%	12.9%	13.5%	18.7%	14.1%	5.9%
Advances/Deposit ratio incl. Government	110%	134%	136%	143%	131%	121%	118%	50%
Advances/Deposit ratio excl. Government	56%	68%	78%	87%	75%	67%	79%	35%

<sup>1/</sup> At June 30.

Source: Department of Planning and Economic Affairs:  
Annual Reports

Economic Survey, 1967

Banking Statistics for the Quarter Ending June 30, 1968.

Table 20: EDUCATION

<u>A. Enrollment by grade level</u>	<u>1965</u>	<u>1967</u>
<u>Level</u>		
Pre-primary and primary	83,171	108,030
Secondary general	8,406	11,551
Vocational and technical	809	915
Primary teacher training	<u>307</u>	<u>377</u>
Sub-total	92,693	120,873
Higher education, teacher training	165	174
Other higher education	<u>520</u>	<u>909</u>
Sub-total, higher education	<u>685</u>	<u>1,083</u>
Grand total	<u><u>93,378</u></u>	<u><u>121,920</u></u>
<u>B. Number of teachers by level of school</u>		
<u>Level</u>	<u>1965</u>	<u>1967</u>
Pre-primary and primary	2,792	3,329
Secondary general	466	657
Vocational and technical	65	68
Primary teacher training	<u>35</u>	<u>35</u>
Sub-total	3,358	4,089
Higher education, teacher training	27	26
Other higher education	<u>81</u>	<u>103</u>
Sub-total, higher education	<u>108</u>	<u>129</u>
Grand total	<u><u>3,466</u></u>	<u><u>4,218</u></u>

---

Source: Economic Survey 1967

Table 21

RUBBER PRODUCTION

(thousands of pounds, dry content)

	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>		<u>1968</u> <sup>1/</sup>	
				<u>Production</u>	<u>Yield/Acre</u>	<u>Production</u>	<u>Yield/Acre</u>
					<u>lbs.</u>		<u>lbs.</u>
Concessions	77,000	82,470	90,228	102,066	1,179	101,550	1,148
Firestone Plantation Co.	73,000	76,000	..	92,285	1,298	88,365	1,261
B.F. Goodrich	..	..	..	6,924	813	8,762	1,025
African Fruit Co.	..	..	..	1,234	493	1,536	597
Liberia Co. (Cocopa)	..	..	..	1,407	756	1,962	751
L.A.C.	..	..	..	132	153	584	265
Salala	..	..	..	35	51	341	276
Private Farmers	20,000	28,287	31,970	36,387	..	38,000	507
<b>Total Production</b>	<b>97,000</b>	<b>110,757</b>	<b>122,198</b>	<b>138,453</b>	<b>..</b>	<b>139,550</b>	<b>854</b>

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<sup>1/</sup> Estimate based on actual figures for the first eight months of the year (based on conservative estimate; total production perhaps as high as 145 million pounds)

Source: 1964-1966: Mission estimates based on data supplied by the Rubber Planters Association of Liberia, Inc. and on "National Income of Liberia, Department of Planning and Economic Affairs, April 1968."

1967-1968: Rubber Planters Association of Liberia.

Table 22

ACREAGES OF RUBBER CONCESSIONS IN 1967 AND 1968  
AND OF PRIVATE RUBBER FARMERS IN 1968

	<u>1967</u>		<u>1968</u>	
	<u>Mature</u>	<u>Immature</u>	<u>Mature</u>	<u>Immature</u>
B.F. Goodrich	8,512	4,509	8,546	4,475
African Fruit Co. (AFC)	2,500	2,876	2,805	2,571
Liberia Co. (Cocopa)	1,861	2,819	2,613	2,089
LAC (Uniroyal)	860	17,310	2,200	15,970
Salala	689	4,397	1,236	3,888
Firestone Plantation Company	71,084	14,610	70,067	15,741
Todee	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Total Concessions	86,506	47,521	88,467	45,734
Private Farmers	..	..	75,000	69,710
Totals	...	...	163,467	115,444

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Source: Liberian Rubber Planters Association.

Table 23 : IRON ORE PRODUCTION AND EXPORTS

(million of long tons)

	P r o d u c t i o n					E x p o r t s <sup>1/</sup>			
	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1964/65</u>	<u>1965/66</u>	<u>1966/67</u>	<u>1967/68</u>
Lamco S.V. Operating Co.	-	-	-	2.3	7.2	7.9	8.6	7.7	8.4
Bong Mining Company	-	-	-	-	-	0.7	2.7	3.1	4.4
National Iron Ore Co.	-	-	0.6	2.3	3.1	1.8	3.5	3.9	4.1
Liberian Mining Co.	<u>2.9</u>	<u>3.1</u>	<u>3.1</u>	<u>3.0</u>	<u>3.0</u>	<u>3.6</u>	<u>2.0</u>	<u>2.1</u>	<u>1.9</u>
Total	2.9	3.1	3.7	7.6	13.3	14.1	16.9	16.8	18.9

1/ September 1 - August 31

Source: Annual Reports of the Bureau of Natural Resources;  
 Data supplied by Liberian authorities;  
 Current economic position and prospects of Liberia, IBRD, June 16, 1966.

Table 24

DIRECTION OF TRADE 1964-1967

(million \$)

<u>Exports</u>	1964		1965		1966		1967	
	value	% of total						
Africa	1.6	1.2	1.0	0.7	0.4	0.2	2.5	1.5
Europe	66.2	52.9	82.3	60.9	92.0	61.3	105.1	66.1
EEC	(50.4)	(40.3)	(69.7)	(51.6)	(77.4)	(51.6)	(89.5)	(56.2)
Asia	0.3	0.2	2.0	1.4	2.2	1.1	1.9	1.1
North America	57.5	46.0	50.1	37.1	51.0	34.0	49.3	31.0
U.S.A.	(57.3)	(45.8)	(50.0)	(37.0)	(51.0)	(34.0)	(47.5)	(29.8)
Other Regions	-	-	0.1	-	4.9	3.2	-	-
All Regions	125.7	100	135.4	100	150.5	100	158.8	100

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Source: Department of Planning and Economic Affairs:  
Economic Survey 1967.

Table 25

IMPORTS 1960-1967<sup>1/</sup>

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Food, beverages and tobacco	11.0	14.1	17.0	19.6	19.8	18.7	22.1	20.9
Machinery and vehicles	23.3	35.0	53.7	34.9	37.4	35.0	31.9	36.0
Manufactured goods	26.2	31.5	47.1	38.1	35.4	32.6	37.8	49.7
Chemicals	4.7	4.3	5.8	4.9	5.3	6.1	6.8	6.8
Fuels and lubricants	2.9	3.4	4.3	7.5	10.0	8.3	10.3	8.2
Other	<u>1.1</u>	<u>2.4</u>	<u>3.7</u>	<u>3.0</u>	<u>3.3</u>	<u>4.1</u>	<u>4.8</u>	<u>3.6</u>
Total imports	69.2	90.7	131.6	108.0	111.2	104.8	113.7	125.2

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<sup>1/</sup> Excludes imports for re-export.

Source: Department of Planning and Economic Affairs:  
 Economic Survey 1967;  
 Annual reports.

Table 26

RICE IMPORTS BY QUANTITY AND VALUE

(1962-1967)

<u>Year</u>	<u>Lbs. ('000)</u>	<u>\$ ('000)</u>
1962	60,163.1	3,845.9
1963	79,245.2	6,034.2
1964	92,367.7	6,012.0
1965	71,643.5	6,325.7
1966	102,075.4	7,536.5
1967	75,793.7	6,564.4
Average	80,214.7	6,053.1

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Source: Department of Planning and Economic Affairs.  
Economic Survey, 1967.

Table 27

VALUE AND VOLUME OF EXPORTS AND UNIT EXPORT PRICES, 1960-68

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968*</u>
<u>Value (in \$ million</u> <u>F.o.b.)</u>	<u>85.5</u>	<u>62.3</u>	<u>68.8</u>	<u>80.2</u>	<u>125.7</u>	<u>135.4</u>	<u>150.5</u>	<u>158.8</u>	<u>..</u>
Rubber	42.0	25.9	26.9	23.0	29.7	29.0	27.0	26.6	26.6
Iron Ore	34.6	29.4	32.4	45.0	80.6	96.0	106.3	115.1	130.4
Diamonds	2.3	2.2	4.5	4.0	1.7	1.4	3.1	5.4	5.6
Palm Kernels	2.0	1.1	0.8	0.6	0.8	2.1	1.6	1.8	2.1
Cocoa	0.5	0.2	0.2	0.4	0.6	0.2	0.5	0.6	1.1
Coffee	0.5	0.4	0.6	1.5	6.0	1.7	5.8	2.5	2.8
Piassava	0.2	0.4	0.1	0.1	-	-	-	-	-
Re-exports	3.4	2.7	3.3	5.6	6.0	4.5	4.8	5.6	..
Other domestic exports	..	..	..	..	0.1	0.5	1.4	1.2	..
<u>Volume</u>									
Rubber (million lb., d.r.c.)	106.7	90.8	100.1	88.5	95.5	116.1	121.9	136.7	140.0
Iron Ore (million long tons)	2.9	2.8	3.7	6.4	12.0	15.1	16.3	17.2	19.5
Diamonds (thousand carats)	967.0	1095.0	854.0	700.0	200.0	300.0	300.0	600.0	600.0
Palm Kernels (million lb.)	33.6	28.4	18.9	13.2	15.1	26.6	25.8	29.4	29.0
Cocoa (million lb.)	2.2	1.5	1.8	2.3	3.4	1.6	3.4	2.8	4.2
Coffee (million lb.)	2.0	2.2	4.2	8.1	17.3	7.0	19.6	9.2	9.3
Piassava (million lb.)	n.a.	2.9	1.9	1.4	1.5	1.3	0.5	1.0	..
<u>Unit Prices</u>									
Rubber (cents per lb.)	39.4	28.5	26.8	25.9	31.1	24.9	22.1	19.4	19.0
Iron Ore (\$ per ton)	11.90	10.50	8.76	7.03	6.72	6.36	6.52	6.69	6.69
Palm Kernels (cents per lb.)	0.59	0.39	0.42	0.45	0.58	0.79	0.62	0.61	0.72

\* Mission estimate.

Sources: Department of Planning and Economic Affairs:  
Economic Survey 1967;  
Annual reports and: IBRD; AF 45-a.

Table 28 : EXPORTS BY LPMC OF TREE CROPS<sup>1/</sup>

	<u>1964</u>	<u>1965</u>	<u>1966</u>		<u>1967</u>		<u>1968</u>	
	Long tons	Long tons	Long tons	Value \$ million	Long tons	Value \$ million	Long tons	Value \$ million
Robusta coffee	8,227	3,047	7,882	) 15.6	4,041	2.7	3,914	2.7
Liberian coffee	70	151	217		)	219	0.2	252
Cocoa	1,168	545	1,082	0.4	1,452	0.8	1,865	1.1
Palm kernels	6,708	10,430	11,376	1.7	13,402	1.8	12,946	2.2
Piassava	..	..	..	..	20	-	129	-
Total						5.4		6.2

<sup>1/</sup> Each year from October 1 until September 30 of year indicated.

Sources: Liberian Produce Marketing Corporation (LPMC);  
Economic Survey 1967, Department of Planning and Economic Affairs.

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