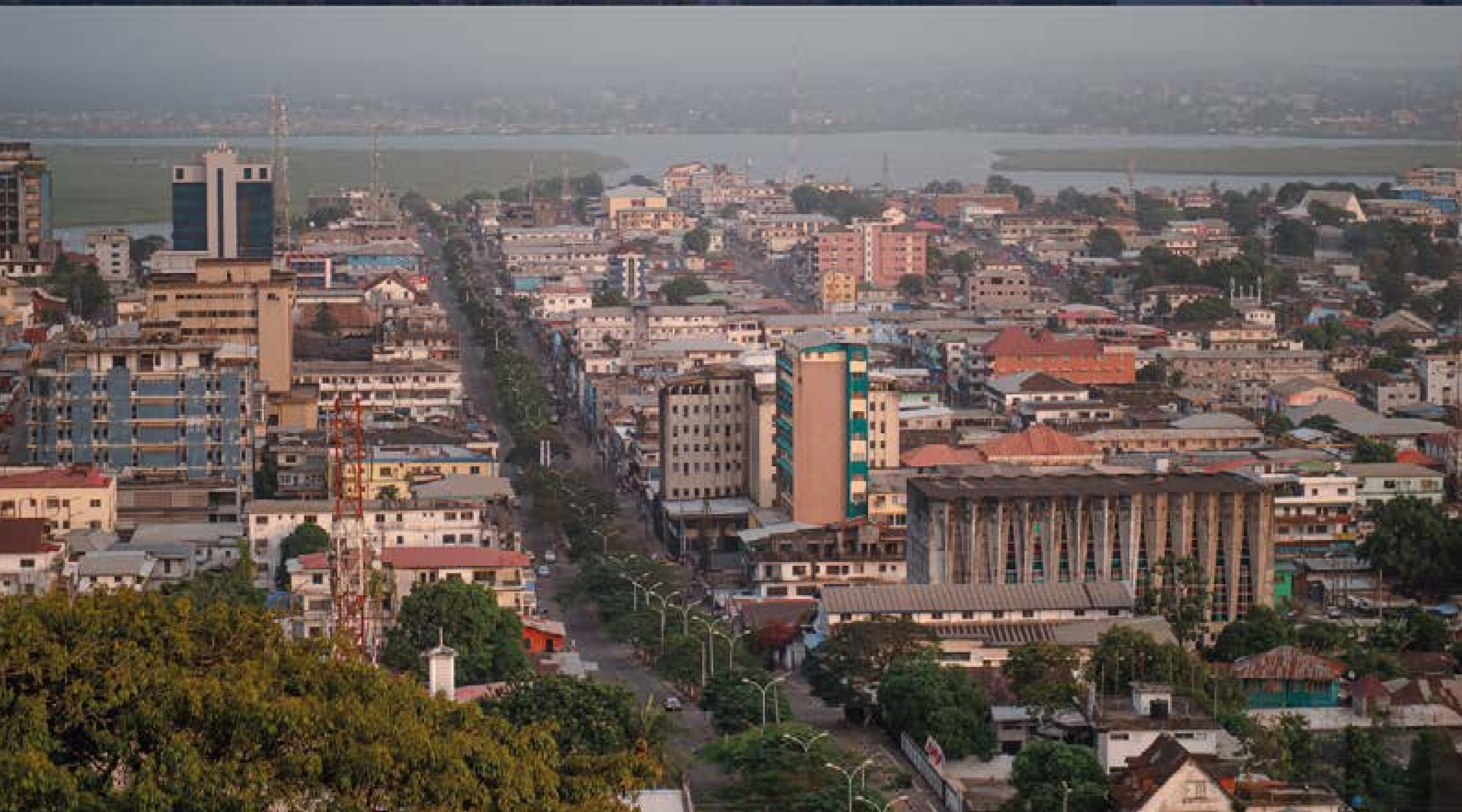
African Union

LIBERIA COUNTRY FOOD AND AGRICULTURE DELIVERY COMPACT



Executive Summary

Context: Liberia exhibits a high reliance on imports of staple foods which is worsened by vulnerability to market shocks, supply chain disruptions and global food-price volatility, especially due to the ongoing Russia-Ukraine crisis. The Liberia Food and Agriculture Delivery Compact outlines a plan increase local productivity in four priority value chains - rice, rubber, cassava and livestock – in order to reduce reliance on imports and provide an essential platform for inter-ministerial coordination in agriculture.

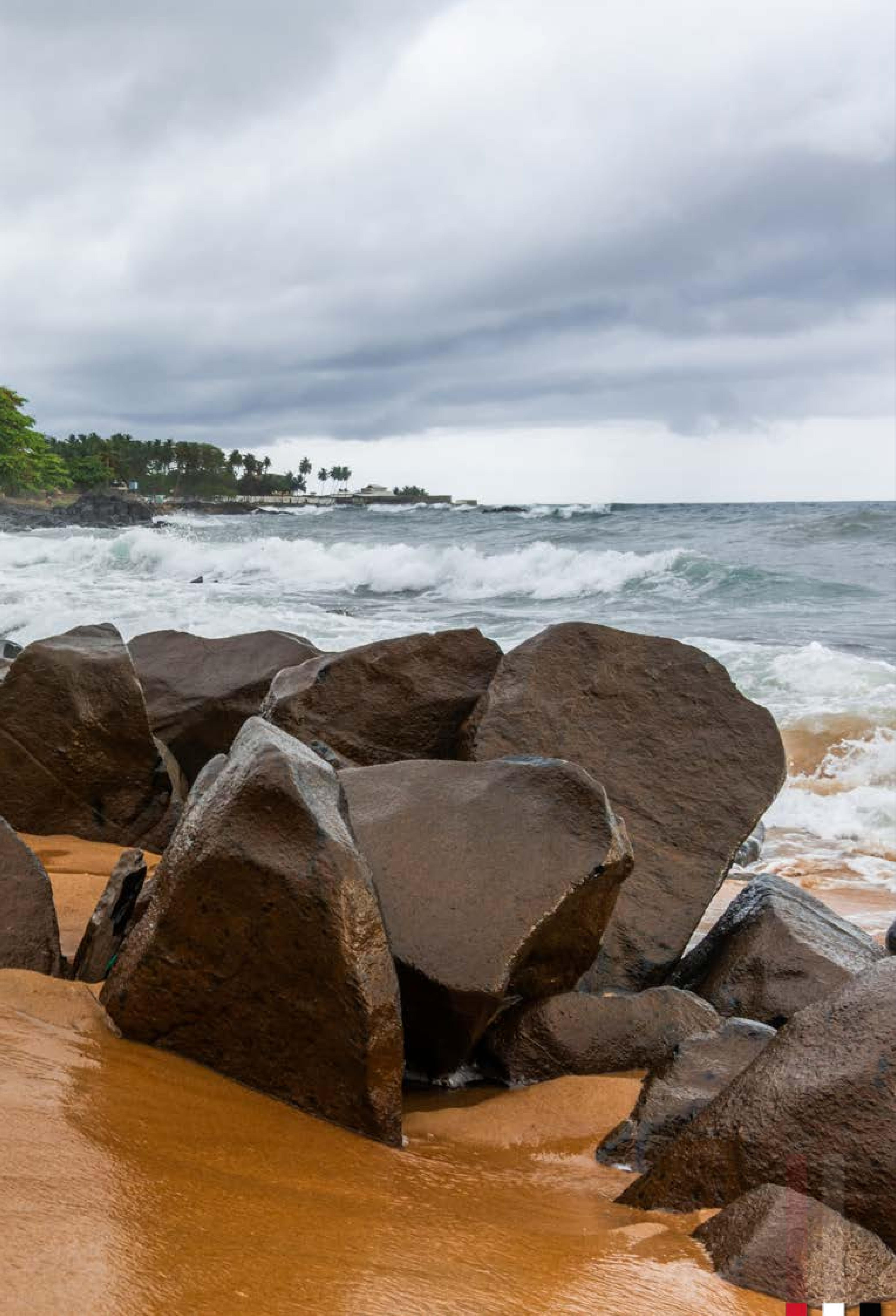
The Plan - The compact aligns with the Pro-Poor Agenda for Prosperity and Development (PAPD, 2018 – 2023) and the second generation of the Liberia Agriculture Sector Investment Plan (LASIP II, 2018 - 2023). In the bid to develop the priority value chains, the Liberia Compact will invest in flagship projects such as mechanized and irrigated agriculture, livestock feed and organic fertilizer production. For the rubber value chain, the government is proposing strategic investments in manufacturing and primary processing. For the cassava value chain, the plan is to increase productivity on existing farmlands by providing accessible high-yielding planting materials and access to agri-food markets.

Political Commitment –The government commits to implement policies to safeguard land rights and restore and develop the relevant agricultural infrastructure including irrigation systems.

Financing Commitment – The government has outlined the financing needs for each value chain totaling around USD 330 million; The Private Sector is also expected to be engaged as other alternatives to bridge the financing gap are explored including the development of public-private partnerships.

Priority Value Chain	**USD ($)**
Rice value chain	200,000,000
Cassava value chain	60,000,000
Studies, Technical Assistance and Support to Implementation	26,000,000
Subtotal	286,000,000
Livestock Value Chain	41,149,040
Studies, Technical Assistance and Support to Implementation	4,114,904
Subtotal	***45,263,943***
Grand Total	***331,263,943***

Coordination Mechanism – The Office of the President has been identified as the Ambassador of the Compact Program. The Ministry of Agriculture (MoA) will serve as the coordination and execution body for the Compact. The Secretariat will be headed by the Assistant Minister of the Department of Budget and Development Planning in the Ministry of Finance and Development Planning and co-chaired by the Assistant Minister of the Department of Planning and Development of the Ministry of Agriculture. The Secretariat will be supported by the Food Security and Nutrition Technical Committee, the Agriculture Coordination Committee (ACC) and the Agriculture Donor Working Group (ADWG).



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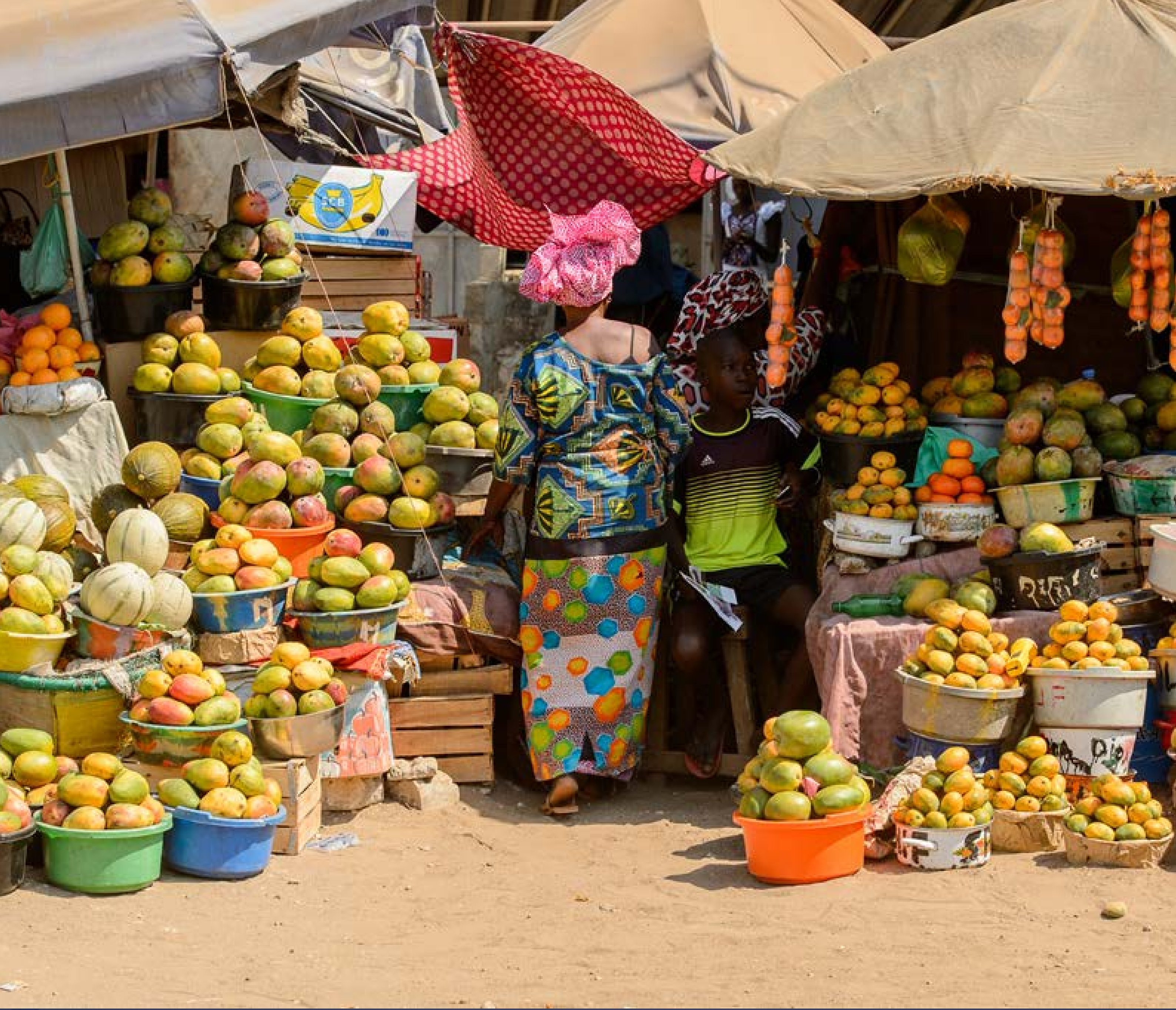

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Introduction and Current Situation

Increasing Food Insecurity

Undernourishment data

Amid Liberia's abundance of arable land, 15 percent of the overall population is food insecure, and most rural people remain impoverished. The 2016 Liberian household survey finds that close to 80 percent of households headed by a self-employed person in agriculture are poor. Liberia's Human Capital Index is 0.32, higher than only three countries out of 174, according to the latest economic update. An HCI of 0.32 implies that a child born today in Liberia may reach only 32 percent of their productivity potential due to shortfalls in education and health.

Trade balance

Liberia imports more than 80 percent of its staple food crops, mostly rice. Over the last four years, the Government has created stability in market prices by subsidizing rice imports. The current food import bill has increased significantly in the face of global supply chain disruptions due to COVID and the Russia-Ukraine Conflict. The main staple affected by the crisis is rice and prices have increased significantly, leading to temporary cutbacks in imports because of Government affordability. Current production levels in country are insufficient to compensate for the lower volumes of imports in the short term.

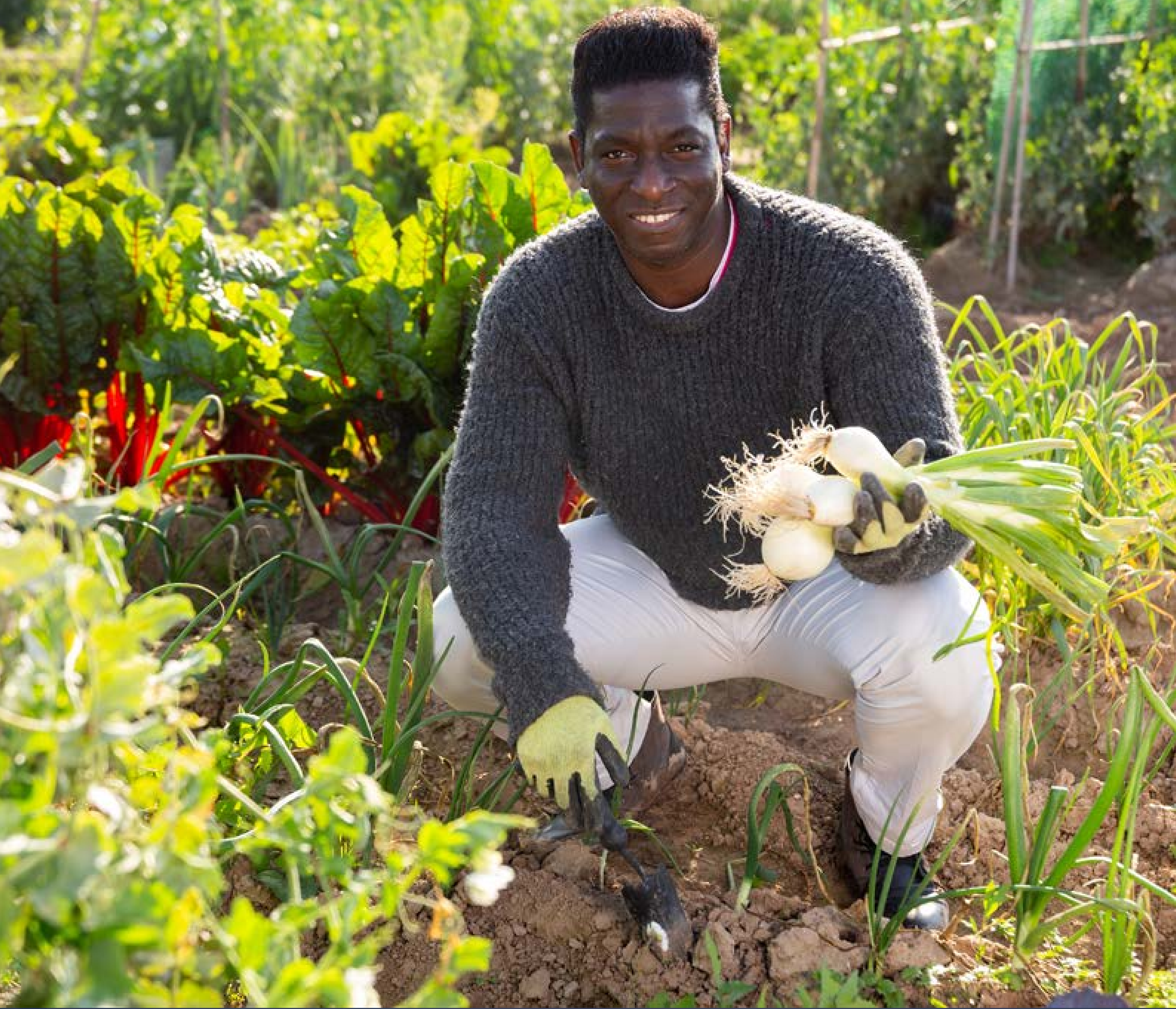
Agricultural Productivity

Supply Gaps

Cassava and rice are the primary staple food crops. Food production has increased in recent years, but yields remain low. Production is at subsistence level, which constrains overall agricultural productivity. Farm sizes are small and farmers cultivate an average of 0.7 hectares (ha) under rainfed conditions. In lowland rice systems, the estimated average farm paddy yield is 1.7 metric tons (t) per hectare. Conflict related insecurity, pandemics and climate variability in Liberia have disrupted food production.

Although rubber is not a staple crop, it is a dominant revenue generator. Rubber is the most important cash crop in Liberia, producing almost 65 percent of all export earnings. It is highly susceptible to international prices: between 2011 and 2018, the sector suffered a set-back as international rubber prices fell from USD 6.56/kg (2011) to USD 1.57/kg (2018) with a slight spike in 2017 ($2.00/kg).

There was a minimal rebound in prices between 2018 and 2020 ($1.73/kg) which contributed to a slight increase in production: from 46,810 MT in 2018 to 68,285 MT in 2019. However, as a result of the COVID-19 pandemic, total yield of rubber decreased to 63,734 MT in 2020.



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National Agriculture Investment Plans and Progress to Date

Government efforts and investment

National Agricultural Policies

The second generation of the Liberia Agriculture Sector Investment Plan (LASIP II, 2018 - 2023) is the Government's commitment to diversify the economy and gives priority to agriculture. LASIP II supports critical value chains such as rice, rubber, cassava and livestock among others.

The Pro-Poor Agenda for Prosperity and Development (PAPD, 2018 – 2023) is the Government's five-year National Development Plan that recognizes the equitable and sustainable economic diversification, private sector engagement and the agri-food industry as the growth engines of the national economy.

The Ministry of Agriculture Annual Report (2018) outlined improvements in the agricultural sector during the first generation NAIP, LASIP I (2010 – 2015). Food crop production and productivity improved to some extent and illegal fishing activities were reduced, while overall production remained low and developing the livestock sector failed. Very little was achieved regarding linking farmers to markets and increasing access to financial services while the target of rehabilitating farm to market roads was met. The agricultural trade deficit continuously increased during the implementation period.

Progress to date

Most farmers grow cereals/staples, including rice (64 percent) and cassava (60 percent), followed by vegetables. Tree crops, especially rubber, oil palm, cocoa, and coffee, are important sources of cash for smallholders and contribute significantly to the economy. Food production increased in recent years.

Rubber is a dominant revenue generator and creates employment for around 20,000 people in commercial rubber farms. There are approx. 35,000 smallholder households growing rubber trees.

Palm oil is another significant cash crop. Traditionally it is domestically consumed but there has been some export development with smallholders and large investors expressing interest in expanding cash crop production. The CBL's 2021 report showed a 12.4 percent increase in palm oil production (from a revised 22,286 metric tons to 25,041 metric tons) due to greater labor mobility from the relaxation of COVID-19 restrictions.

Challenges with Management and Coordination

Management challenges during the implementation of LASIP I, including the lack of a proper management structure and clear communication strategy limited the implementation and consequently the success of the Plan. Coordination mechanisms were established but not adhered to probably due to lack of capacity to do so.

Communication and project supervision was compromised at local and national levels, and monitoring and evaluation was insufficient.

LASIP2 also faces issues around coordination that impact negatively on efforts to improve mutual accountability for actions and results. The main weaknesses around the coordination of stakeholders are:

- The political transition that took place during the LASIP 2 formulation process. Priority was given to the PAPD by the new Government stakeholders, such as some technical partners and members of the non-state coalition, which resulted in perceptions that the implementation of LASIP2 was compromised.

- The lack of clear planning of programs and projects for the development of this Compact activities, even though technical partners (WFP, AFDB, USAID) have projects that focus on various components of this Compact.
- Although a number of committees have been set up and the members have been identified, they are not functioning effectively. The committees lack resources to operate, plus the restrictions related to the COVID-19 pandemic have interrupted the smooth running of the process, including the development of this Compact. Overall, the coordination mechanism no longer functions properly within the NAIP framework.

Stakeholder engagement

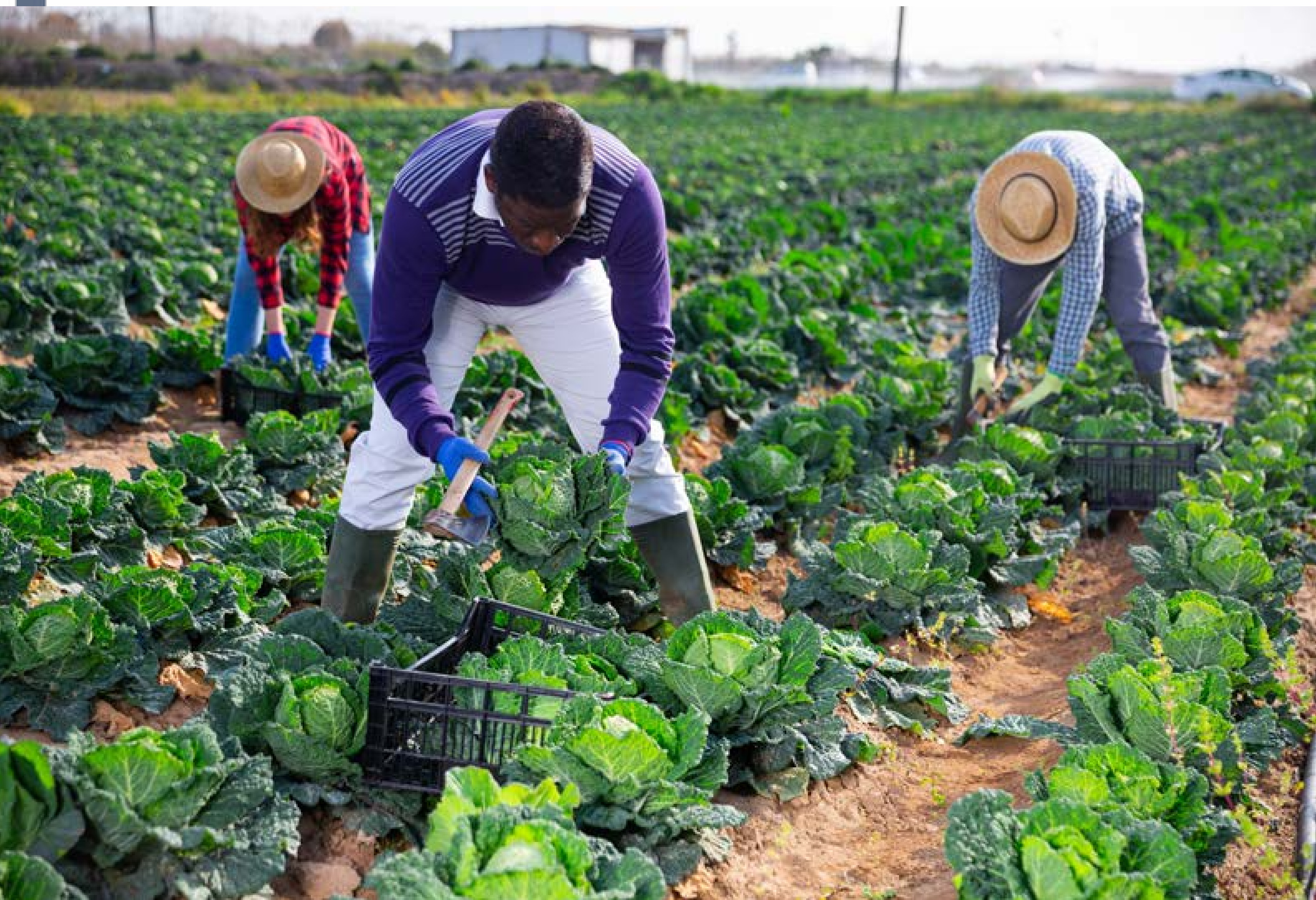
The first generation of Liberia agricultural investment plan saw an extraordinarily strong mobilization of stakeholders from formulation to implementation.

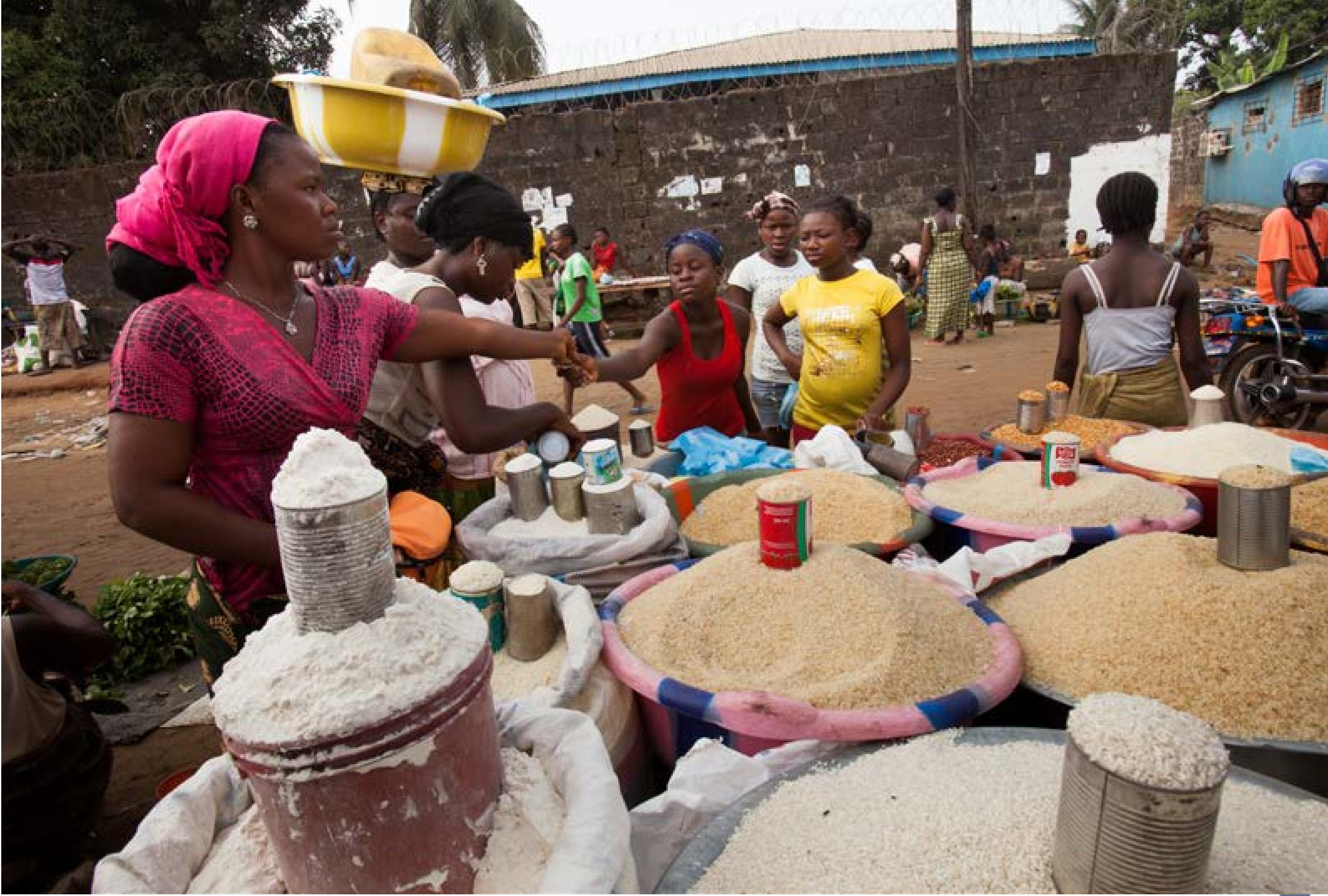
The development and formulation of this Compact plan went through several phases of stakeholder engagement to ensure full participation in the formulation process.

Alignment with other Agriculture Plans

The main mission of this Food and Agriculture Delivery Compact is to correct these irregularities and serve as an essential platform for inter-ministerial coordination in agriculture.

This Compact forms the basis of a plan to implement the PAPD, under the Pillar: Economy and Jobs. Through LASIP II, the agricultural sector is expected to lead the





Pro-Poor Agenda to ensure sustainable socio-economic transformation by focusing on five pillars:

- Food and Nutrition Security
- Development of Global Value Chains and Market Linkages
- Strengthening of Agricultural Extension, Research and Development
- Support of Sustainable Production and Natural Resource Management
- Governance and Institutional Strengthening.

The current second generation of LASIP reconfirms the commitment of Liberia to substantially transform its agricultural sector in accordance with the global, continental, regional and national agricultural development agendas.

This Compact is aligned with the Maputo and Malabo commitments with a target for agriculture GDP growth of at least 6% annually and Government expenditure allocation of at least 10% of the national budget within the plan period.

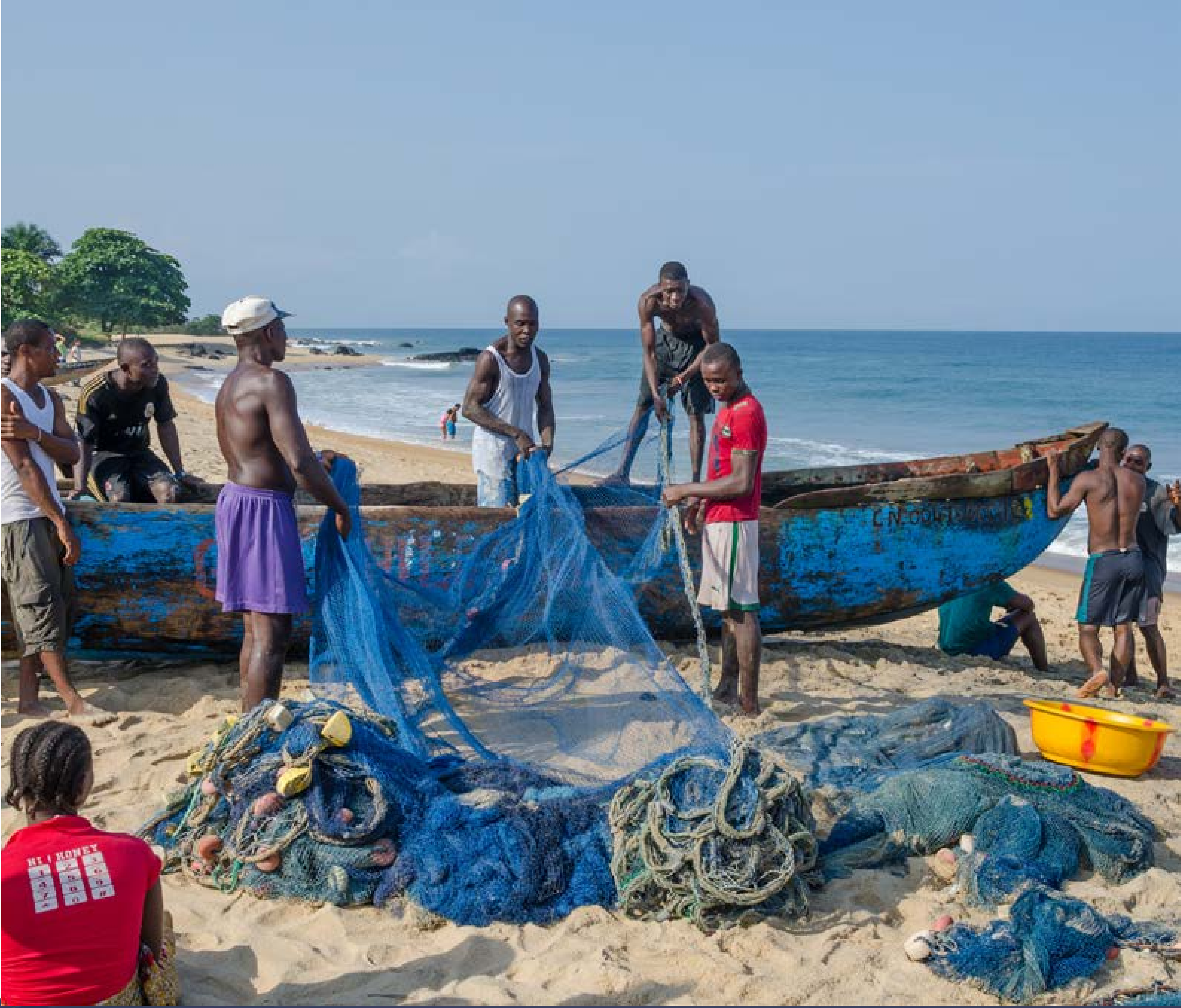
Hence, this Compact is aligned with global targets (SDG), regional (ECOWAP/CAADP) and national (PADP) frameworks.

National economic growth

In 2021, Liberia's economy saw robust economic growth at 5 percent, compared to previous years at 3 percent (due to the COVID-19 pandemic). External demand coupled with greater export prices and domestic activity drove the rebound. However, there was decreased growth in rubber and cocoa production of 13.5 and 27%, respectively.

Growth slowed down to 3.7 percent in 2022, reflecting increased global uncertainties and commodity price shock, but is forecasted to reach an average of 5.2 percent over 2023-2024.

In 2022–2024, inflation will average 7.2 percent. Low inflation will help Liberian households keep their purchasing power, reducing poverty by 2023. In 2022, the budget deficit is expected to rise to 4.3 percent, although changes to increase domestic resource mobilization and reduce spending should reduce it over time. Notably, the ongoing war in Ukraine could threaten the outlook.



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Closing the gap: what is needed?

Consequences of Inaction

The high reliance on imports of staple foods creates vulnerability to market shocks, supply chain disruptions and global food-price volatility, all of which are currently impacting Liberia due to the Russia-Ukraine crisis. To ease the situation, the price of rice on the Liberian Market has been increased to reduce demand, although this has cost of living implications for poor consumers.

Positive Impacts of achieving objectives
Implementation of this Compact will increase local productivity and reduce the reliance on imports. It must also take cognizance of two looming potential challenges:

1. **Costs of local production**, which could necessitate further price increases - local farmers have not been able to take advantage of the revenue potential of rice as they cannot compete with imports on market price. This Compact will give the Government an opportunity to address this challenge through development of appropriate policy solutions.
2. **Consumer taste and preferences** - it is worth noting that the estimated USD 200 million rice imports into Liberia annually is due to the consumer preference for parboiled rice. The rice value chain development component of the compact will design and adopt measures to address this challenge, including implementation of Government policy to increase acceptability of locally produced food including rice through media sensitization programs, enhanced policies to support local production, tariffs etc.

The ultimate goal of this Compact is to boost production of locally produced food despite the challenges posed.

Food self-sufficiency targets in specific agricultural value chains
The Government is prioritizing four value chains that support food security and wealth creation: rice, rubber, cassava and livestock.

Rice value chain
The main flagship project under this Compact will undertake structural transformation of rice sector in Liberia. It will focus on large-scale commercial rice production to supply 75 percent of national demand for rice and help to close the gap in supply and reduce imports to zero percent.

To support this, the Government has developed flagship projects in mechanized and irrigated agriculture, livestock feed and organic fertilizer production.
The specific objectives set for this value chain are:

i. To produce 400,000 additional tons of paddy rice (264,000 tons of white rice) by 2028
ii. To create marketable surpluses
iii. To reduce imports to 0%.

The actions to be undertaken include:

i. The development of an additional 20,000 hectares of lowlands under irrigation (total water control), to support 2 crops per year
ii. Various scenarios for yield improvement are projected, ranging from Low: 4 Tons/Ha, Medium: 7 T/Ha and High: 10 T/Ha.
iii. Taking the Medium scenario of 7 T/Ha, the objective is to produce 280,000 tons of paddy rice, or 184,800 tons of white rice per year.

Additional land under rice cultivation
The 20,000 Ha of land will include:

- 7,000 Ha from Hydroplan detailed design (in Grand Gedeh, Grand Kru, Maryland, Nimba and River Gee counties)
- the potential production sites of 6,290 Ha in Foya district in Lofa County
- the potential areas of 7,050 Ha in other counties
- the existing 185 Ha.

Rubber value chain
Given the socio-economic importance of rubber in Liberia, the government is proposing strategic investments in rubber articles through manufacturing and primary processing. This will support the cross-cutting impact of the value chain on household food security because of the large-scale employment of labour.

Cassava Value Chain
Cassava is a very important food crop in Liberia and is regarded as the closest substitute to the main staple of the country, rice. Close to 65,000 hectares is under cassava production across the country and about 90% of cassava is used for human consumption. There is considerable scope for improvement, as average yields of 17 tons/Ha have remained well below potential, and despite availability of different varieties, adoption has remained low.

The sector has low levels of processing, difficulties with transportation because of inadequate roads, and fragmented and widely dispersed production areas.
The objective of this value chain is:

- To increase productivity on existing farm lands by making readily available and accessible high yielding planting materials targeting 30 tons per hectare.
- To access agri-food markets through processing, storage and transportation solutions for cassava and cassava products.

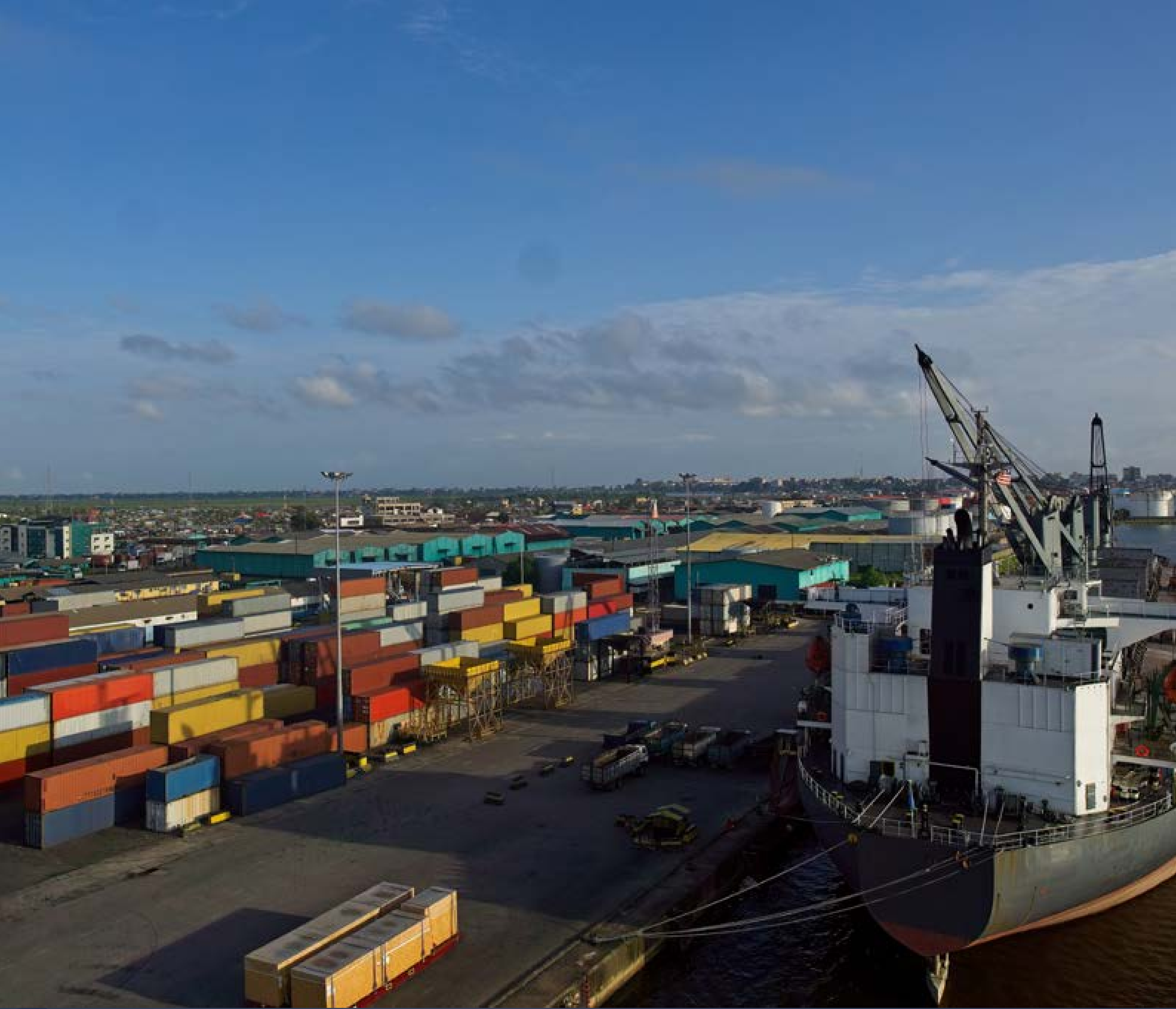
Livestock value chain
The specific objectives for the livestock value chain are:

- To produce 20,000 tons of ruminant meat and 27,000 tons of pork
- Increase annual meat consumption per person per year from the current 11.3 kg to 30 kg by 2028
- To minimize the costs of the most expensive item in modern poultry farming, i.e. the costs of feed and the price of day-old chicks, by breaking the dependence on imported feed.
- To reduce imports of frozen chicken by 90% and to support the production of 50,000,000 eggs per year.

How will these targets be achieved?

Irrigation: The Government will take charge of the realization of major irrigation development works, the construction or rehabilitation of infrastructures to support production, the training and supervision of producers.

Land Rights: this is a critical issue for concessionaires in Liberia. The Land Rights Act clarifies land tenure as well as land governance, administration, and management. Only the comprehensive implementation of the law, however, will resolve uncertainty around land ownership. Concessionaires frequently report conflicting deeds and land use rights associated with government granted concessions.



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Partners Input into Key Opportunities

Sources of Finance

Strengthening cooperation with local partners as key stakeholders must continue. New ones must be explored to diversify sources of financing.

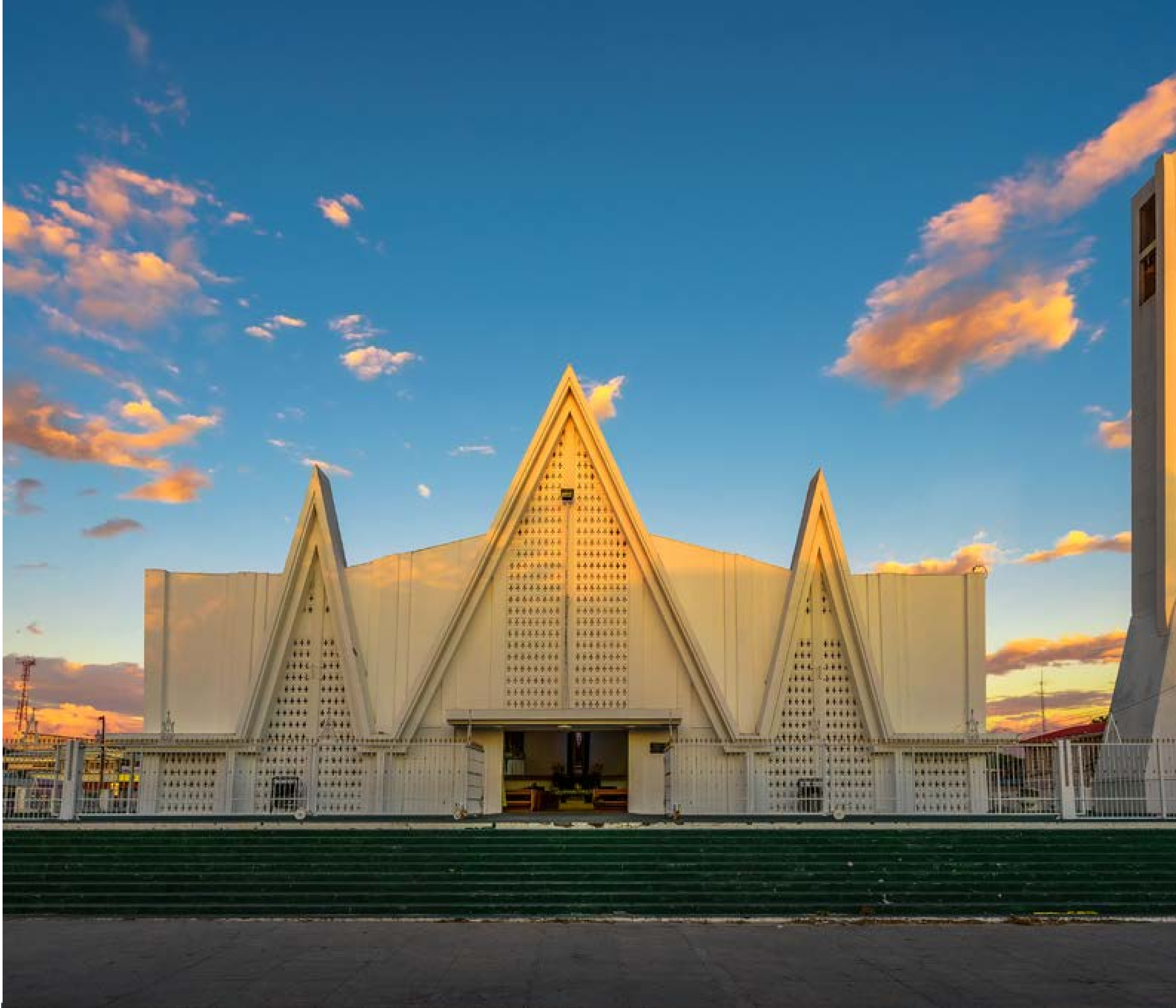
Private Sector Opportunities
This Compact will open up opportunities for private sector funding for rice production, such as development financing, microfinance, business development, and crosscutting areas such as agro-inputs, agro-logistics, packaging, storage, and aggregators.

Bridging the Finance Gap
Although Liberia is currently not in the category of Heavily Indebted Poor Countries it is worth noting that the country is part of an International Monetary Fund Administered Program. Liberia's domestic and foreign debt stock is in excess of USD 1 billion, which means there are limits in place on borrowing to finance the development agenda. It is therefore imperative that other options be sought in the medium and long term to ensure that the Compact is not undermined and progress is sustained.

The Government will address this challenge through inter-agency dialogue and strategic networking across development partners who are already working with the country on its development agenda. The Private Sector is also expected to be engaged as other alternatives to bridge the financing gap are explored.

Translating LASIP measures into budgetary decisions needs significant levels of commitment that will impact success.

There is no specific budget line for NAIP implementation, which has resulted in a lack of clarity between the MoA budget and the LASIP budget. The implementation of LASIP is largely based on donor support.



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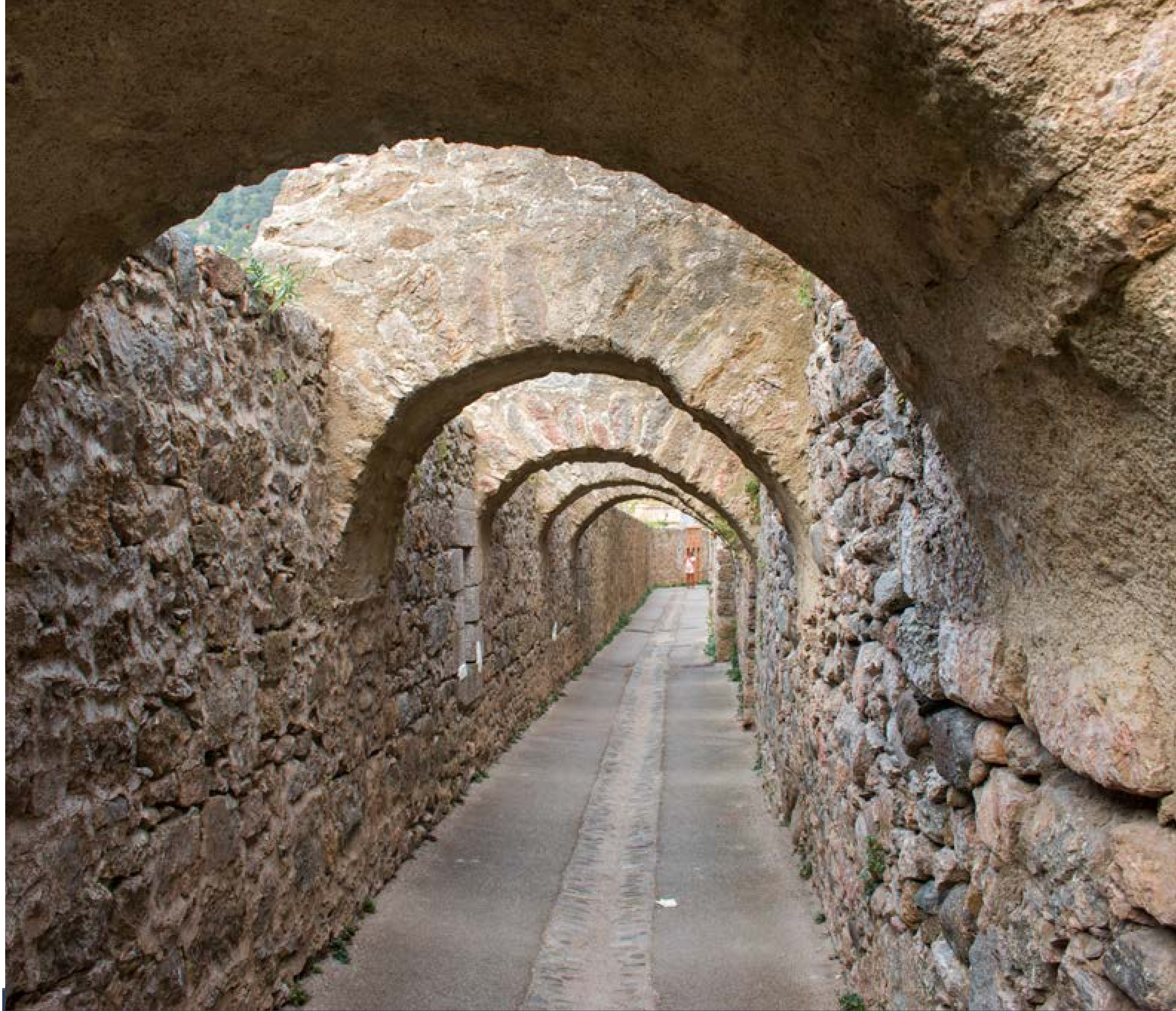
A call to action

Current investments

The realization of the Food and Nutritional Self Sufficiency Program (PAAN-PNN), exceeds the internal capacity of the country. It is achievable, if everyone joins this effort. In particular, this Compact provides the country with an opportunity to become self-sufficient in the national staple food, rice.

It is hoped that the active participation of all stakeholders at all levels (village associations, government officials, experts, NGOs, the private sector, aid agencies, agricultural and rural producers' associations, technical and financial partners, etc.) in the identification and design of projects will be encouraged, ensuring that representatives of women and youth is systematically prioritized.



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Implementation

Finance

The Government must improve public investment in the agricultural sector and significantly increase the budgetary allocation in the National budget, in order to achieve the 10% objectives in the short term in accordance with the Maputo commitments.

Public Private Partnerships
The analysis of previous models for the implementation of investment projects in irrigation developments carried out by public services has shown the limits of the operating methods in terms of management and efficiency. In addition, the maintenance and renewal of infrastructure has remained a limiting factor for land development and productivity.

A consensus has been reached between public and private actors that an alternative and innovative model should be implemented to meet the requirements of effectiveness and efficiency in order to meet the indispensable challenges of scaling up, and to increase profitability and sustainability of public investments in Irrigation infrastructure developments.

A **model of public-private partnership** will be initiated, based on the principles of transparency and sharing of roles between private developers, private operating companies and the State according to operational modalities that are advantageous and secure for all parties. This will build and develop the necessary infrastructure. A dialogue platform involving the State, local authorities, farmers' organizations, and the national and foreign private sector will be set up to agree on the roles, responsibilities and modalities of this new public-private partnership and the sustainability of investments.

Institutional Framework for Coordination in Agriculture
The creation of a conducive environment for the development of agriculture will support delivery and results. Given previous challenges with poor coordination between government departments and other stakeholders, a clear objective of this Compact is to address this and provide a Platform for inter-ministerial coordination in agriculture. Success in implementation of LASIP II will require national oversight from the highest level, the President of Liberia. Regular information sharing and consultation with the Cabinet will be needed on progress and issues arising, as well as chairing the national Stakeholders Forum.

At the sectorial level, the highest decision-making body is the inter-ministerial Food Security and Nutrition Steering Committee.

The Compact's implementation coordination body will be headed by the MoA, as the leader of the sector through this Compact's Secretariat and the CAADP Focal Person. The Secretariat is headed by the Assistant Minister of the Division of Planning of the Department of Budget and Development Planning of the MFDP and co-chaired by the Assistant Minister of the Department of Planning and Development of the MOA.

The Secretariat will be supported by the Food Security and Nutrition Technical Committee, the Agriculture Coordination Committee (ACC) and the Agriculture Donor Working Group (ADWG). These groups will collaborate to advance coordination, implementation, monitoring and evaluation, resource mobilization, as well as dissemination of progress reports. They will also coordinate the various stakeholders from diverse groups of actors in the agricultural sector who have been involved in the LASIP process, either in the first or second generation. The stakeholders include:

- Public services (Government of Liberia, ministries, agricultural services, County Agricultural Coordination, Central Bank of Liberia etc)
- Private sector
- Famer Based Organizations
- Civil Society Organization
- Financial and technical partners (FAO, CDA, IFAD, WFP, SIDA, USAID, WB, UNDP...)
- Research institutions (Central Agricultural Research Institute)

At each local level, a Steering Committee must coordinate inputs into the annual plans and programs prepared by this Compact's Secretariat.

Institutional support: The Ministry's structures include central services (directly linked to the Minister's office), and a decentralized structure with five regions each with three county directorates to cover the country. To address shortfalls in staffing capacities in the decentralized Ministry, relationships with agricultural departments in universities, community colleges and technical and vocational training schools are being strengthened. This Compact will strengthen links between research and farms / farming cooperatives to address weaknesses in qualified personnel and lack of equipment.

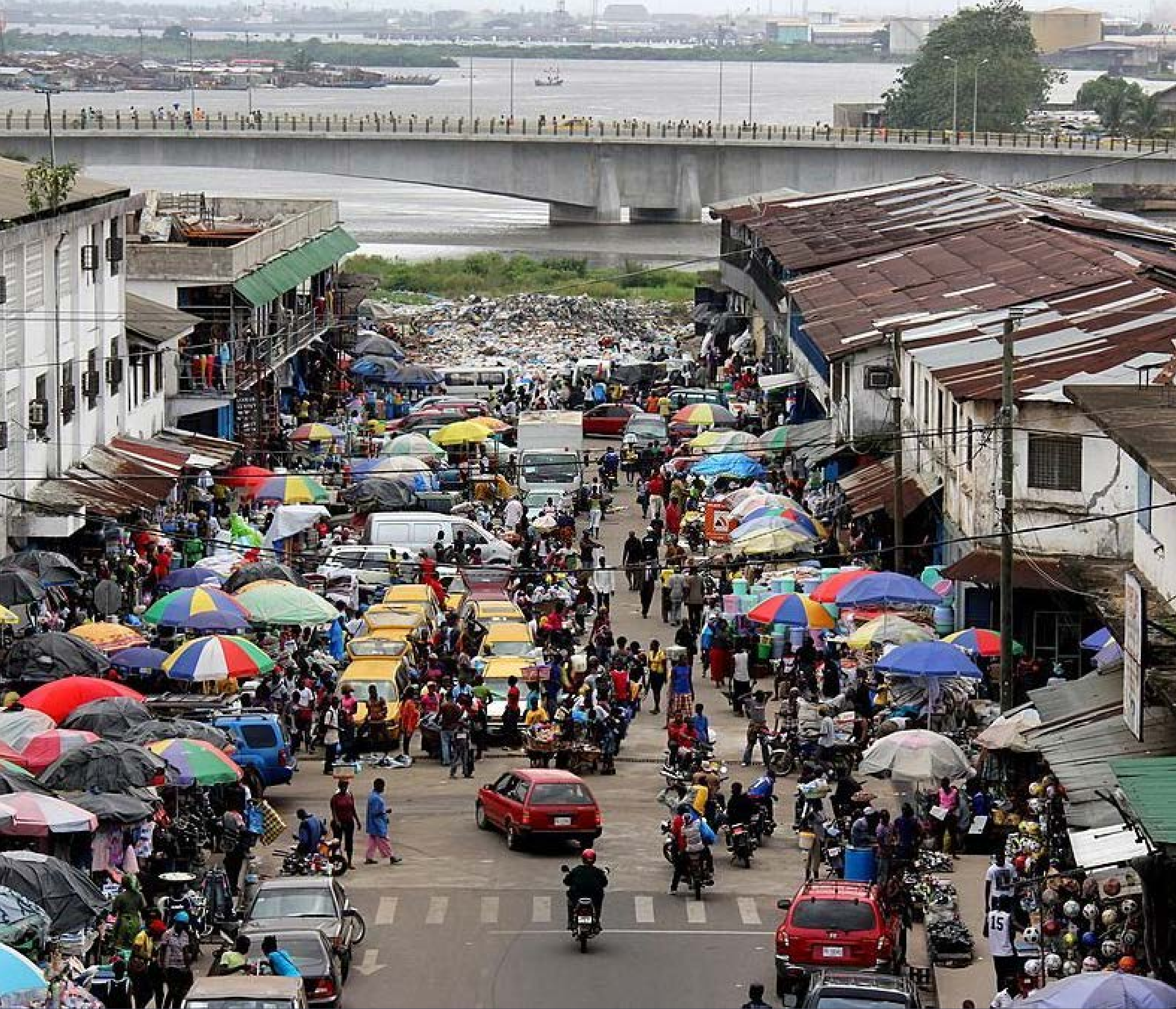
Technical support will be accessed from sub-regional and international expertise and research institutions. Information sharing and technical cooperation with successful countries in agriculture (South East Asian countries, China, India, Thailand, Vietnam, Singapore, Brazil etc.) will be encouraged.

Political Commitment and Political Risk

This Compact is expected to be implemented over a period spanning several years and therefore requires consistent and persistent support. Ministerial Action Steering Committees on Agriculture, Executive Orders on duty waivers for strategic agriculture commodities, and price subsidies have all been examples of actions in the recent past. The country is entering into an election cycle, as Liberians head towards the polls in October 2023. Notwithstanding, there is high level of current political commitment and anticipate that the support will increase to ensure success post-election 2023.

In dealing with the challenges of political commitment and risk, strategic partnerships with various branches of government to advocate for the program shall be sought. Furthermore, the Office of the President has been identified as the Ambassador of the Compact Program which shall signal to all stakeholders the fullest of commitment to the program.

Clear political endorsement of the LASIP will significantly improve mutual accountability amongst the range of stakeholders..



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Declaration from Government and Partners

The overall cost of the program is estimated at USD 331 million

Project Sheets	USD ($)
Rice value chain	200,000,000.00
Cassava value chain	60,000,000.00
Studies, Technical Assistance and Support to Implementation	26,000,000.00
Subtotal	**286,000,000.00**
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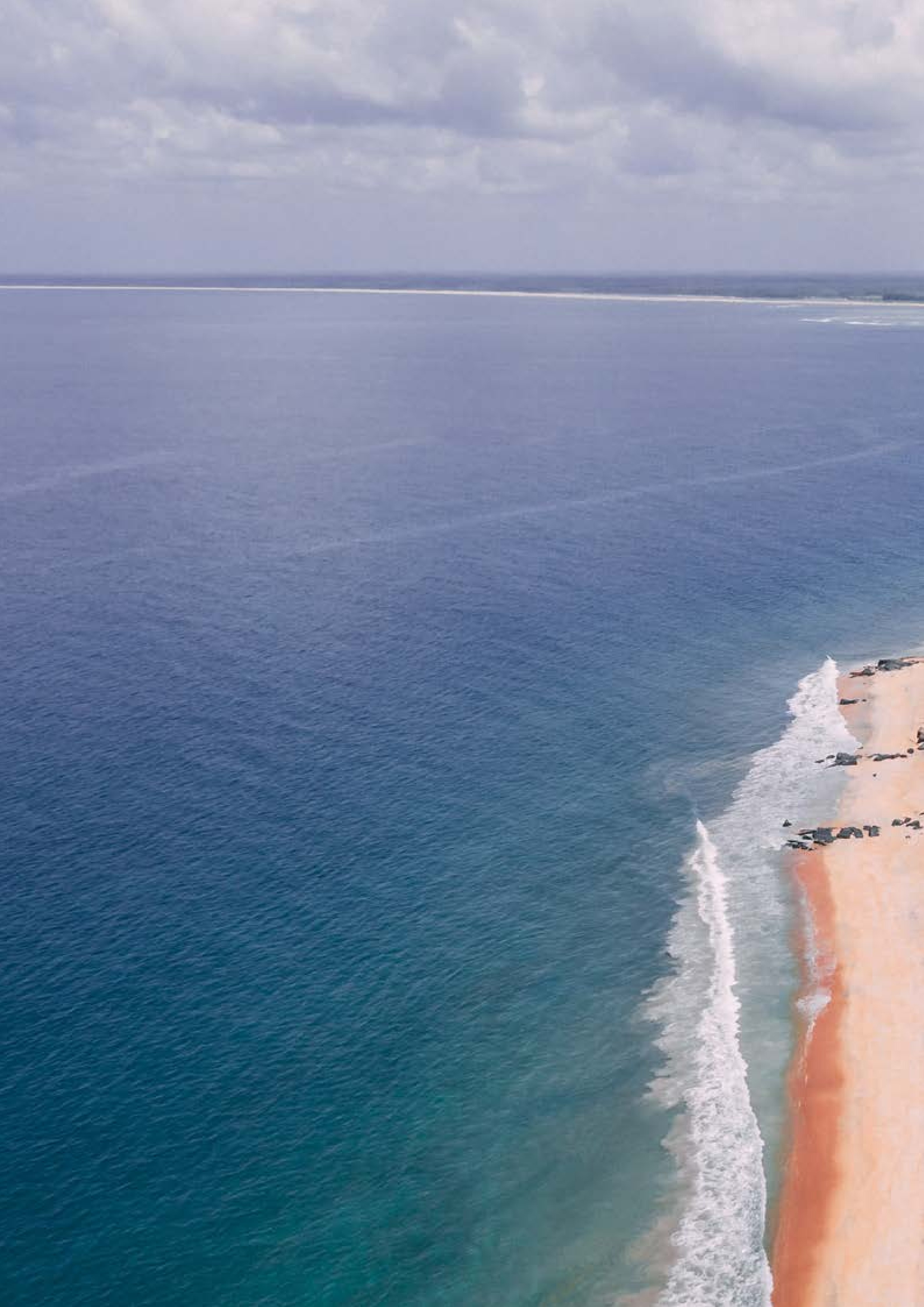

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