Feed the Future Enabling Environment for Food Security Project
Policy Data Snapshot: Liberia

The World Bank’s Enabling the Business of Agriculture Index (EBA) is a unique tool for measuring the ease of doing agribusiness. EBA data, coupled with contextual analysis and consultations with key stakeholders, can inform priority reforms and allow for transparent result tracking over time and across countries. The index scores, on a scale of 0-100*, the strength of the legal and institutional environment for agribusinesses across eight topics: seed, fertilizer, machinery, finance, markets, transport, water, and ICT. Scores and detailed topical data can be used to inform design and monitoring of Feed the Future’s (FTF) agricultural reform efforts. As seen in the graphic, Liberia underperforms in all topic areas with the exception of ICT services. Especially low scores are evident in enabling access to seed, fertilizer, and machinery, as well as in providing a legal framework for sustainable management of water resources. Sub-indicator scores highlight bottlenecks associated with technology imports and registration, as well as inadequate consumer protections. The following sections take a deeper look at selected EBA data relevant to USAID/Liberia.

Finance

Liberia has a relative strength in enabling access to financial services, but it still underperforms compared to other sub-Saharan African countries (average 52/100). Despite a well-crafted law regulating e-money, Liberia has no legal framework regulating agent banking activities, preventing branchless banking agents from providing services on behalf of banks such as cash deposits, cash withdrawals, bill payment and processing of loan documents. Laws governing microfinance institutions and financial cooperatives do exist and can service rural areas. However, the law could improve customer protections by requiring subscription to a deposit insurance system. Finally, Liberia could further improve its moveable collateral score by introducing a law similar to Cote d’Ivoire’s for regulating warehouse receipt systems in the country.

Transport

Liberia’s transport scores reflect a relatively stronger performance in regulating cross-border transport than in domestic transport of agricultural goods. However, both are weak. Domestically, the transport of commercial goods does not require a license and truckers need not carry any documents while transporting goods (e.g. written contract or consignment note). Laws governing cross-border transport originate from a 1982 ECOWAS Convention but are not enforced in practice. If they were enforced, the licensing process is inefficient, limiting licenses to one year and restricting transport rights to certain transit routes.

*The distance to frontier score compares a country’s performance to the highest performing country (“frontier”). The higher the score, the more of a top performer the country is in a particular area.
Liberia is the lowest ranking country of 62 evaluated in the area of seed policy. Although companies are allowed to produce breeder and foundation seed in the country, there is no law granting and protecting plant breeders’ rights. Consequently, very little, if any, plant breeding and seed production occurs in Liberia. No new seed varieties are registered in practice. Furthermore, Liberia has no safeguards in place to ensure the quality of seed sold in the marketplace. This poor enabling environment discourages market growth for high-quality seed varieties in Liberia, limiting both the availability of improved seed technologies to Liberian farmers and the potential of value-added activities.

Like seed, Liberia is also the worst performer in fertilizer policy of the 62 countries evaluated. Regulations controlling the import of fertilizer are cumbersome, requiring private companies to first register as importers, then obtain permits on a per-shipment basis. Both certifications have time limitations and are costly, at 58 percent income per capita. Once imported into the country, there are no legally binding controls requiring new product registration nor consumer protections such as fertilizer labeling guidelines and penalties for sales of open bags. By comparison, Liberia’s neighbors, Mali and Nigeria, have strong registration laws and minimal quality controls in place.

This topic evaluates the regulatory framework for tractors as a proxy for all agricultural machinery. Liberia has very low scores in machinery policy, ranking 60 of 62 countries evaluated. Importers face bottlenecks and time limitations, requiring private companies to first register as importers, then obtain permits on a per-shipment basis. Once imported into Liberia, registration of machinery is required, but at a very high cost of 92 percent per capita income. Beyond this, the legal and regulatory framework fails to ensure consumer protections or mandate that vendors provide maintenance or parts replacement services. Liberia could explore adopting best practices in this area by studying higher performing countries on the continent such as Nigeria, Zimbabwe, Ethiopia, and Kenya.

The Feed the Future Enabling Environment for Food Security program is a global support mechanism for Feed the Future focused and aligned Missions to address policies, as well as legal, institutional, and regulatory factors that affect food security. To learn more, please contact Lourdes Martinez Romero (COR) at lmartinezromero@usaid.gov or Nate Kline (Chief of Party) at nkline@fintrac.com.