

**Remarks by H.E. President Ellen Johnson Sirleaf
On “Emerging Africa and the Private Sector: A Liberian Experience”
At the Center for Global Development (CGD)
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(Delivered extemporaneously, and transcribed)**

It's always a pleasure to come back to CGD, that's been so good to us. Steve Radelet spent two years with us, helping us to meet the challenges. Today I'm here, and I have two constraints: one, I've spent all day on the Hill, trying to tell them about Liberia's progress and challenges; the second constraint is that I've got this contraption here, I don't know what it's all about, and that's supposed to record what we say.

We've come a long way, and the purpose of this visit is to come back and say to all of you – many of you in this room who've been with us on this long road – how far we've come, the progress we've made, the support we've received, and the challenges that we still face.

We started out with, inherited, dysfunctional institutions, destroyed infrastructure, low capacity, poor creditworthiness – all the things you could think of – so we tried to identify how do we start, how do we prioritize among the priorities, what do we tackle first?

One of the first things that struck us all – Antoinette [Sayeh, Director of the International Monetary Fund's Africa Program] is right here, she was there with me – was poverty, one of the countries with the highest poverty rates, coming after two decades of civil conflict, death and destruction. What, then, were the responses that we had to formulate to be able to address this? The number one thing, we said, was growth. You can't begin to tackle poverty unless you have growth, and so that's where the private sector became the center of our development agenda.

Because Liberia is naturally resource rich, it meant going back first to those areas where we could start productive endeavors, in places where we knew we had the resources. We targeted the reopening of our mines; starting our agriculture concessions again, including new ones; getting our forestry sector operational by removing the sanctions; being able to identify new areas where some diversification could take place. Today, we're proud that because of that effort, over the past three years we've been able to mobilize some \$16 billion in direct foreign investment in all these areas.

But we also knew that was not enough. We started the growth train, but we were debt distressed and we had to solve that because our fiscal space was constrained, and we knew that you could get all the commitment and the direct investment, but for those operations to get started and to produce

results, in terms of reducing unemployment and raising per capita income, takes time. We needed to be able to have a sound fiscal policy, so we tackled the debt issue under the HIPC [Highly Indebted Poor Countries Initiative] Program. Close to \$5 billion of external debt, in arrears for almost two decades; what to do about that?

Again, we rallied support, working with the International Monetary Fund, the World Bank and our bilateral partners, and we were able, under a very tough program, with many conditions that restrained us, making sure we had our fiscal house right, our budget process was right, making sure we put in systems and structures for sound public financial management, building those institutions through the pillars of integrity. With that, and with the strong support, today we can say that, except for a small segment, close to \$5 billion external debt arrears have just about gone. There are still small segments of bilateral debt that we have to tackle, the very difficult ones, but we've put in place the measures to be able to do that and, as a result, we've regained our creditworthiness. This means we can really begin now to plan for our future growth targets.

On the fiscal side, again the country started out with an \$80 million budget – the size of the budget for a high school – but that was real. Salaries were low, sometimes not there at all. We began to work on our tax reform, and today it's not where it ought to be, a long way off, but it is well over \$350 million, in three years.

But let me say that we could not have done the things we did, if we did not get aid. Those who question the effectiveness of aid, and we know that aid quality differs from place to place and how it's managed, but aid can work, it can be effective, and it can make a difference. In the Liberian experience, it made a difference; we could not have achieved what we did, with the small budget we had, if we did not get budgetary support, investment support from our partners.

Our infrastructure: you can't fight poverty if you can't have mobility, if you can't get people back on the farms and get the farm to market projects going. We knew we had to tackle that. This was a country that had not had public electricity for over two decades, and school systems and health systems and road systems and water systems that were not functioning, and we began to work on that too. Again, we are far off, but today we do have a lot of those things that are functioning. We haven't reached the percentage of the population that we wanted to reach, but we've covered quite a bit.

What do we do about illiteracy, and the poor quality educational system? How do you reform that? We started from the bottom, where we said that we needed to fix primary education and make sure that we enforced compulsory primary education. Today, our enrolment in the public primary

schools has increased by over 40 percent, and now we can begin to consider what to do with secondary and tertiary education.

To be able to do that, we knew we had to decentralize the school system, and so we are going for community colleges in most of our rural areas, as a means of decongesting the couple of universities, mostly in the capital city, but also to begin to have greater access for the rural population who could not afford to come to live in the city to go to university. That process is on, and already we have four of our community colleges working, and each year we'll be adding more until we've reached them into the 15 counties.

The quality of education remains a problem because most of our skilled teachers left the country over the years of conflict, replaced by substitute teachers that did not really have the qualification. Today, we've reactivated our Teacher Training Institutes to be able to do that. A great move: we brought the Peace Corps back, and the Peace Corps are concentrated mainly on teacher training, and that is beginning to make a difference in the quality of our schools.

Capacity: still today one of our major constraints. As much as we could put our fiscal economic house in order, we could get our development agenda right, through the Poverty Reduction Strategy, we could build institutions and the laws and the policies, at the end of the day implementation requires capacity. We've had a lot of support in that. Todd [Moss, the CGD's Vice President for Programs, Senior Fellow and moderator] mentioned the Scott Fellows Program that was able to attract Liberians and non-Liberians to come in at the mid-income level and work with us, bringing expertise to that. Through the Open Society Institute, we also had a program that attracted some of our best skills and minds abroad, to be able to provide them with the incentives that would attract them back home. We started a Senior Executive Service (SES) program – 100 positions, at middle level, professions in the public service – where we attracted those with special incentives to be able to get them. These were all meant to be capacity enhancing, but it takes time to get the capacity level where your goals can be implemented, achieving the results that you want. Today, the weakness in state capacity is still very much a big challenge for us.

Peace and security: there's nothing else you can do if you don't have stability. We're entering our eighth year now of peace, and that has enabled us to attract the investment that I mentioned, but we still have risks. We're in a region that's very fragile and can be volatile. Despite the successes in some of the democratization initiatives in all of our countries, we still are in a situation where there are too many unemployed young people who can be recruited; we still have lots of ex-combatants without employment, not engaged in productive and constructive endeavor, so that any time there's a bit of disturbance somewhere, easily we could find ourselves faced with

the risk of, if not going back to conflict, certainly using a lot of resources to fight insurgencies.

All in all, for Liberia it's been a good five years in this administration, where we've put all the fundamentals in place. We think we've built a sound foundation now, with our growth rate for 2010 at 6.4 percent. With all of the operations that are starting with investment, we're told that we're one of the 20 fastest growing economies in the world, and we hope we can stay on that path. In doing business, we've tried to reduce the bureaucracy of trying to get a business started, as a means to getting the private sector going, and I think we're one of the 10 reformers listed in the World Bank's Doing Business Survey for 2010.

All of these indicators tell us that we're in the right direction. What we need to do now is consolidate those gains. In Steve Radelet's book ["Emerging Africa: How 17 Countries Are Leading the Way"], where he named the 17 emerging African countries, we haven't quite reached that level, but at least he identified us as a threshold country, and that also ties in with the fact that we're also a threshold country under the Millennium Challenge Account, where we're focusing on land reform, retention of people in education, and trade. We've made our first export under AGOA [African Growth and Opportunity Act], after struggling to understand it for two years.

We think that Liberia is poised to take off, poised to truly become a country. We've made some really ambitious goals for the future, and I've been saying that on the Hill today – they're going to hold me to it, but that's alright; after all, I won't be there to see it, somebody else will be there. Goal number 1: We've said that if we continue on the path, with the investment we have, and we open up the economy, and our capacity improves, our infrastructure is expanded, in 10 years Liberia will not require foreign assistance. We have to do it, and I'm convinced that it can be done, because our population is relatively small, 3.5 to 3.6 million people, and resource rich.

Today we've started the exploration for petroleum, and the prospects are good. We've attracted several large American firms – Chevron has opened an office and they're going to start drilling this year; Anadarko, the same – and the prospects are good. We must be very careful so that we don't have the oil curse, where one begins to divert attention from all the other areas of productive endeavor and begin to depend on oil. We're very careful, and we're trying to work with Norway to make sure we try to follow some of their good examples.

With all of that coming together, I believe we can do so.

Our second ambitious goal, and Minister Konneh here [Amara Konneh, Minister of Planning and Economic Affairs] is in charge of that, is that we're going into our second regime, post-Poverty Reduction Strategy, into a long-

term vision in which he's told us that with all the numbers he's putting together and all the assumptions show that Liberia should be a middle-income country by the year 2030. That's our second ambitious goal.

Like I said, we still have challenges – challenges of unemployment, challenges of good governance, particularly fighting corruption, one of our major issues. We've taken all the measures, on the preventive side, to make sure we have the laws, the pillars of integrity, the systems, the structures, the capacity building – all of those have been put in place. On the punishment side, our judicial system still leaves a lot to be desired, our court system, and being able to punish those who have violated the people's trust remains a big challenge. That's something we want to tackle in the next year or so.

Thank you all for the support that you've given to Liberia. The progress that we've been able to make over these past five years is due to the encouragement, the motivation, the support that has come from so many of you in this room – Debbie Harding of the Liberia Education Trust (LET), the Sirleaf Market Women's Fund, as well as the support that has come outside of the official line, where private individuals and entities have come in, whether it's building schools, or training teachers, or doing our literacy program. All of it has just come together to enable us to be where we are.

I'm told that there was a prepared speech for me to read, but I'd rather leave that where it is, because I think the best part of any session such as this, or any meeting such as this, is the interactive part of it. My just talking freely this way, pointing out the things that have been important to us, the achievements we've made, the challenges we've faced, I hope sets the basis for the interactive session in which you get an opportunity to take me to task – I'll take you to task too – but we also get a chance to listen to some of your good suggestions, some of your experiences, and share with us how we can move on from this point.

Thank you all for being here.