

ANNUAL MESSAGE

To the

Fourth Session of the

52nd National Legislature of the Republic of Liberia

By

**Her Excellency Ellen Johnson Sirleaf
President of the Republic of Liberia**

Capitol Hill, Monrovia

Monday, 26th January 2009

Mr. Vice President;
Mr. Speaker, Mr. President Pro Tempore;
Honorable Members of the Legislature;
Mr. Chief Justice, Associate Justices of the Supreme Court and Members of the Judiciary;
Members of the Cabinet and other Government Officials;
Mr. Doyen, Excellencies and Members of the Diplomatic Corps;
Her Excellency the Special Representative of the Secretary General of the United Nations in Liberia;
Officers and Staff of the United Nations Mission in Liberia;
The Command-Officer-In-Charge, Men and Women of the Armed Forces of Liberia (AFL);
Former Vice President and Mrs. Moses Blah;
Former Chairman of the National Transitional Government Mr. Gyude Bryant;
Former Government Officials;
Traditional Leaders, Chiefs and Elders;
Political and Business Leaders;
Officers and Members of the National Bar Association;
Labour and Trade Unions;
Youth and Student Organizations;
Civil Society Organizations; Members of the Press;
Distinguished Ladies and Gentlemen;
Fellow Liberians:

INTRODUCTION

Honorable Legislators, in obedience to the Constitution of our Republic, I have the honour for the fourth time to report to you on the affairs of our nation. First, in homage to the Almighty God by whose Supreme Will we are guided, and to the memory of the cherished Liberian leaders and other citizens who have passed to the great beyond, I ask that you join me in observing a moment of silence.

LEGISLATIVE AGENDA

During the year, you enacted into law several pieces of Legislation, including the ratification of instruments significant to achieving our development goals under the PRS. We commend you for the thirty seven (37) legislative instruments submitted by my Office to this Honorable Body during its third session. Twenty seven (27) were enacted into law; Seven are still being deliberated upon in Committee Rooms; and three were returned to the Executive. We are pleased to recall that legislations submitted to this Honorable Body in 2007 were also enacted into law during the period under review.

Of the twenty seven (27) legislations enacted, seven Acts were supportive of the Peace & Security Pillar. They include the revised National Defense Act; the National Bureau of Veterans Act; and the Chemical Weapons Act. Eight legislations affected the Economic Revitalization Pillar: including the Act ratifying the Amended and Restated Concession Agreement between the Republic of Liberia and Firestone Liberia, Incorporated; the Act ratifying the Renegotiated Concession Agreement between the Government of Liberia (GOL) and LIBINC Oil Palm

Company (LIBINCO); the Act ratifying the Renegotiated Concession Agreement between the Government of Liberia and the Liberia Forest Product, Incorporated (LFP); the Act ratifying the Concession Agreement between the Republic of Liberia and ADA Commercials, Incorporated; the Act ratifying the Investment Agreement between the Republic of Liberia and Novel Liberia, Incorporated; and the ratification of various Oil Production Sharing Contracts. Twenty (20) legislations supported our work under Pillar III, Governance & Rule of Law: the Anti-Corruption Commission Act; the Act Amending Title 17 of the Revised Code of Laws of Liberia of 1972 to establish Criminal Court “E” of the First Judicial Circuit, Montserrado County; and the Act to Amend Section 2212 of the Revenue Code of Liberia Act of 2000 to Restrict Budgetary Transfers.

During the year under review, our Administration issued six Executive Orders in the interest of the public to meet emergencies or to correct particular situations which could not await the lengthy legislative process to run its course: Executive Order #11, to suspend tariff on our main staple rice; Executive Order #12, to extend the mandate of the National Commission on Disarmament, Demobilization, Rehabilitation and Reintegration (NCDDRR) to complete the Rehabilitation and Reintegration Component of the NCDDRR Program within the Context of National Ownership; Executive Order #13, suspending Tariff on Road Construction Equipment, Forestry Equipment, Agricultural Equipment and Agricultural Seeds; Executive Order 14, to Waive Withholding Taxes on Salary Income for and under US\$70.; Executive Order #15, to establish an Ad-hoc Independent Commission to Investigate Alleged Improprieties by Certain Officials of Government in reference to Email Exchanges on the Front Page Africa Website; Executive Order #16, placing a moratorium on the exportation of unprocessed natural rubber; and Executive Order #17, an extension of Executive Order #13.

Honorable Legislators, I solicit your usual corporation for the enactment of the seven draft legislations (2008) still pending before you, which have significant implications for the achievement of our goal of national renewal: provision of infrastructure and basic services; and for the protection of our people. These include An Act to Amend Certain Provision of the Independent National Commission on Human Rights Act of 2005, the three Boundary Harmonization Acts, An Act to establish the National Airport Authority of Liberia, the Public Financial Management Act of 2008, and An Act to establish the Land Commission. Also pending before your Honorable Body since 2007 are the Act to Authorize the establishment of the National Transit Authority; ratification of Universal Instrument Against Terrorism; An Act to Amend Title 2, Criminal Procedure Law, as enshrined in Volume 1 of the Liberian Code of Law Revised; and, of much importance, the Code of Conduct for Public Servants Act.

We also want to call this Honorable Body attention to those Acts that were returned to the Executive, and to assure you that when the Executive addresses your inquiries these Acts will be resubmitted for your consideration to enact them into laws. They include the Act Amending the Investment Incentive Act of 1973, the Act Amending Section 204(E) of the Liberia Revenue Code of 2000 and the Act to Amend Chapter 15 of the Penal Law by adding thereto a new Sub-Section 15.54(7) known as the Asset Freeze Act.

Honorable Legislators, as we move into the Fourth Session of the Fifty-Second Legislature and the fourth year of this Administration, we should all endeavor to keep the path to our development agenda steady but enhancing. In this vein, we will be submitting for enactment by your Honorable body, several proposed Acts intended to consolidate the progress and tackle

the challenges under the PRS. They include, Liberian National Security and Intelligence Act of 2008; An Act Amending the Public Procurement and Concessions Act of 2005 inter alia and to harmonize the New Mining and Mineral Law and Petroleum Law with the PPCA; An Act to amend the Act providing for Retirement Pension for High-Level Government Officials.

Also to be submitted soon for your ratification are:

The Concession Agreement Signed between the Government of Liberia and Buchanan Renewable (Monrovia) Power Incorporated.

This is one of the major deliverables of the Energy Sector, under Pillar IV of Liberia's Poverty Reduction Strategy (PRS). The agreement is also in line with our National Energy Sector White Paper and the draft National Energy Policy, whereby the private sector will be encouraged to participate in power generation as Independent Power Producers (IPPs); and the Liberia Electricity Corporation (LEC) or a successor company, by itself, or in joint venture with private entities, will handle transmission and distribution.

Key highlights of the Agreement are as follow:

- Two power plants, 17.5 MW each (total 35 MW), fired from wood of old rubber trees, will be built in the vicinity of Kakata, Margibi County.
- About 30 MW (net) of power and 223 million kWh/yr of electrical energy will be delivered from these plants in Kakata to the LEC Substation in Paynesville for distribution to all parts of Monrovia and its environs. Power from these plants will also be distributed to Kakata and its surroundings and to other parts of Montserrado County.
- The first power from these plants will be available by the end of 2010.
- The estimated capital cost of the project is US\$149 million.
- The Project offers the following benefits and has several advantages:
 - The fuel source, rubber wood, is a renewable resource and relatively clean, unlike fossil fuel which is non-renewable and has adverse environmental consequences.
 - Spent rubber wood is plentiful in Liberia unlike fossil fuel which has to be imported, thus causing strain on Liberia's Foreign Currency Base. Liberian rubber farmers will earn an income from the sale of spent rubber wood to Buchanan Renewable.
 - Hundreds of construction jobs and more than 100 full-time, long term jobs associated with the power production and distribution will be created.
 - There will be construction of new roads to gain access to some of the rubber wood farms.
 - Liberia will be an example in Africa where rubber wood is being used to produce industrial power.

The Mineral Development Agreement (MDA) between China Union Mining Co. (Hong Kong), Ltd. and China Union Investment (Liberia) Bong Mines Co., Ltd and the Government of Liberia.

This Agreement, the largest single investment package in the history of Liberia, is intended to resume iron ore mining and processing operations at Bong Mines. It will facilitate the investment of US\$2.68 billion to rehabilitate infrastructures and operational

facilities at Bong Mines, the Port, the railroad, and the Kakata-Heindi highway etc.; and to start up iron ore production and processing operations at Bong Mines.

Key **benefits** to Liberia include the following:

- An estimated 3,000 new jobs will be created.
- Transmission and Distribution infrastructure will be constructed to provide surplus electricity to major communities.
- The Railroad from Monrovia to Bong will be rehabilitated/ reconstructed to carry not only iron ore but also regular public passengers and cargos.
- An annual contribution of US\$3.5 million will be provided for Community Development to Bong, Margibi and Montserrado Counties; and many other community development investments will be made directly by the Concessionaire, including;
 - The establishment of an Agricultural Demonstration Project that will train (by demonstration) local farmers in the establishment and management of productive farming;
 - The rehabilitation and/or construction of a hospital, clinics and health posts, in the concession area as well as in surrounding communities;
 - The rehabilitation and/or construction of a high school, a technical school as well as elementary schools in the concession area as well as in surrounding communities;
 - Scholarships and research funds will also be available;
 - The rehabilitation and/or establishment of several entertainment and service facilities, etc.

Three (3) Forest Management Contracts between government on the one hand and the Liberia Tree and Trading Company, EJ&J Investment Corporation and Alpha Logging & Wood Processing Incorporated on the other.

Commercial forestry operations are indicated in the Poverty Reduction Strategy as the spearhead of economic revitalization of Liberia outside the capital city. It is slated to deliver jobs, regenerate local communities, improve infrastructure and provide much needed revenue for development to government – the major part of which will be earmarked for spending on activities identified in county development agendas and in communities directly affected by logging.

Given the urgent and desperate needs of our people, FDA has devoted much of its initial energies to address this challenge. It has been guided by these important principles to:

- Expedite logging to provide jobs for young men and women outside the cities;
- Ensure that communities receive their just and equitable benefits from logging through the provisions of the 2006 Forest Reform Law and maximize the value of those benefits through transparent competitive bidding;
- Protect the forest resources from over-logging and destruction from unbridled private greed; and
- Provide a regulatory framework based on principles and criteria of sustainable forest management.

After two years of careful planning and assistance from the United States Government, and other development partners to lay the foundations for sustainable development, these contracts have been awarded through competitive international bidding to Liberian and overseas investors for 580,000 acres in the Middle and Northwest of Liberia.

In order to ensure an equitable regional balance national development, FDA is moving quickly ahead to attract further investment of 1.9 million acres on the forested Southeast of Liberia, which will be the mainstay of economic development in those counties for many years to come. Without forestry these rural areas of our Country would wait many years for any tangible benefits from large-scale developments in either agriculture or mining.

VISION

Mr. President of the Senate, Mr. Speaker, Honourable Legislators, our vision is clear and detailed in our Poverty Reduction Strategy. Liberians want to build a new nation that is peaceful, secure and prosperous, with democratic and accountable governance based on the rule of law and with abundant employment and other economic opportunities. Our critical objective over the next three years is to be on an irreversible path toward this goal – to achieve rapid, inclusive and sustainable growth and development, to build the capabilities of and provide new opportunities for Liberia's greatest asset, its people; to establish responsible institutions of justice, human rights and governance. This is our vision and our commitment which can only be achieved when the majority of our people share in the vision and are willing to participate positively and constructively in the processes of reform and change.

NATIONAL DEVELOPMENT AGENDA

Honorable Legislators, let me now report on the state of the nation, the progress which we have made and the challenges we face under the four pillars of our development agenda. In doing so, and in the interest of not keeping you sitting as long as last year, I will try to restrict myself to provide main highlights leaving other details for you to read in the text that will be distributed to you and posted on the Executive Mansion Website.

PEACE AND SECURITY

Let us all be thankful to God and to the Liberian people as we enter our sixth year of peace. This has been made possible by the continued support which we receive from the United Nations Security Council in providing the United Nations Mission which includes a Peace Keeping Force with a current strength of 12,065. An agreed gradual drawdown plan is expected to see a meaningful size force in the country through the 2011 elections.

Under the security sector reform, our target for the new Armed Forces of Liberia has been met with the current strength of 2057 personnel. This includes 773 formed into military police units, an engineering company, garrison departments and a brigade training unit. Expanded and improved facilities at the Edward Binyah Kesselly Barrack in Schefflin, the Sandee Ware Barracks in Careysburg and the newly renovated Tubman barracks in Gbarnga will accommodate our troops. Under the Defense Act, we have commenced the reestablishment of our Coast Guard with forty persons in initial sailor training to commence initial operations when facilities at the port are rehabilitated and vessels and other equipment are ready by the end of the year.

The Liberia National Police (LNP) had attained and surpassed its initial goal set by the United Nations of training a new core of 3,500 personnel. Using that figure in comparison with the population of over 3.5 million, it means that on the average one police officer services 1,000 citizens. There is therefore a need for infusion of more officers in the New Year, a process that has already begun.

The LNP, in its continued drive to upgrade its effectiveness and responsiveness to crimes in the community, graduated the first 139 approved 500 contingent Emergency Response Unit (ERU) of the LNP. The Unit is now fully operational, assisting the Police Support Unit (PSU) and the regular police units combat crimes in the nation. It is anticipated that the full strength of the ERU will be attained during the course of 2009.

The Bureau of Immigration and Naturalization (BIN) reports that during the year a total of 235,495 legal aliens were admitted into the country, 101 aliens were refused admission, and 191,098 departed the country. It also records that a total of 44 Liberians were deported from the United States of America and several hundred Liberians repatriated from Ghana.

The incidence of drug trafficking in our sub-region is of increasing concern. During the year our Drug Enforcement Agency (DEA) arrested 267 persons including 244 Liberians for drug offences and the Agency continues to be active in the destruction of marijuana plants some of which are grown in certain parts of the country. A continuing problem still to be effectively addressed, the Liberia National Fire Service recorded 147 fires during the year which resulted in 11 casualties, 32 injuries and damages totaling about US\$1.2 million.

With a few exceptional lapses, the Special Security Service (SSS) improved its performance with training and instructional support from the US Advisory Team.

We continue to face challenges in all of our security units in terms of integrity and attitude reminiscent of the past. However, government must take responsibility in encouraging better performance by doing more to improve their living and work conditions. This is particularly true for those who are to serve in rural areas. We must also find more effective means to deal with the menace of armed robbery. I ask your support in providing the budgetary resources that will enable us to do so and I will engage the Judiciary Branch in an effort to obtain quick and effective action against those criminals who continue to harm and steal from hard working innocent citizens.

The National Commission on Disarmament, Demobilization, Resettlement and Reintegration (NCDDRR) is nearing completion of training of the residual caseload of 7, 388 disarmed and demobilized ex-combatants and will wind down its activities by mid year. There is need for assistance to the Commission to retire honorably the 53 ex-generals of the AFL and warring factions that have assisted in bringing this program to successful conclusion.

The Liberia Refugee, Repatriation and Resettlement Commission (LRRRC), as the refugee agency of Government, completed the process that resulted in 326,990 of the 400,000 displaced persons returned to their communities. Those commissions also worked with the concerned Ministries of Government to address the problems of refugees in the Budumburan camp in Ghana. As a result, some 10,000 of a total refugee population of approximately

26,000 have returned home, several of whom are benefiting from programs of capacity building and skills training, employment and a moderate micro credit loan scheme.

ECONOMIC REVITALIZATION:

Mr. Speaker and Honorable Members of the National Legislature:

The Government's strategy for accelerating economic growth has three prongs – rebuilding basic infrastructure, restoring production in the natural resource sectors while ensuring that the benefits are widely shared, reducing production cost to lay the foundation for diversification of the economy.

During the past three years we took major strides towards rebuilding and reintegrating our economy into the world economy. But to fully appreciate the extent of progress, it is better to put things in perspective and remind ourselves where things were at the end of 2005. Owing to poor governance, the UN ban on exports of diamonds and timber products was still in place. Exports valued US\$131 million. The government budget was a paltry US\$80 million. Civil servants salaries were as low as US\$15 per month. Our roads, not built or maintained for many years, had countless pot-holes, some virtually impassable, resulting into extremely high repair and maintenance costs on vehicles. Large foreign and domestic arrears were accumulating while large revenue leakages persisted. The Central Bank's international reserves stood at just a little over US\$5 million. Reflecting the underlying concerns about the management of the economy, net outflows of remittances were US\$133 million, foreign direct investments was virtually non-existent, and Liberia's massive external debt had accumulated to over US\$4 billion, equivalent to US\$1,500 for each Liberian citizen. Things could not have been more dire.

Three years on, things have changed. Economic growth increased from 5.3 percent in 2005, to 9.5 percent in 2007 with an expected decline to 7.1 percent in 2008 on account of lags in investment starts. The ban on diamond and timber exports has been removed, the Kimberly Certification Process has been adopted, new forestry law and regulations established, and timber exports are expected to restart in the next few weeks. The level of exports rose to US\$260 million in 2008. The government's budget has increased to nearly US\$300 million. The lowest monthly civil servants salaries is now US\$70 and civil servants salaries are paid sometimes two weeks before the end of the month. The government's external and domestic debts are being addressed, and the Central Bank of Liberia (CBL) international reserves now stands at approximately US\$50 million. Additionally, the capital and liquidity positions of banks operating in Liberia have significantly improved, and the exchange rate has been broadly stable, thereby containing inflation.

Reflecting confidence in the management of the economy in 2008, net inflows of remittances were US\$42 million and new foreign direct investments were estimated at US\$200 million.

Mr. Speaker, Honorable Legislators, immediately upon our ascendancy, we took swift and decisive action to launch an initial 150-Day Action Plan to address the immediate development challenges, and during the period under review, we completed our first comprehensive PRS after unprecedented national consultations across the fifteen political subdivisions.

From the outset, the administration embraced the international community in an open partnership in Liberia's reconstruction and development and in the improvement of economic

management under the Governance and Economic Management Assistance Program (GEMAP). With strong leadership and commitment by the government, rapid progress was made under the International Monetary Fund (IMF) Staff Monitored Program (SMP) in improving the revenue base, strengthening cash management and commitment controls, strengthening the management of the Central Bank's finances and the fragile banking system, and putting in place a strategy to address corruption and Liberia's large external and domestic debts.

Our commitment to sound economic management have been well-received by the international community. In April last year the IMF Board approved a three-year program supported by a Poverty Reduction and Growth Facility (PRGF) to help maintain macroeconomic stability and achieve the growth objectives under the PRS.

In December 2008, the Executive Branch of the IMF completed the first review of Liberia's economic performance under the three year PRGF arrangement. Following the Board's discussion, the Acting Chair summarized their discussion thus, *"The Liberian authorities have implemented prudent fiscal and monetary policies and structural reforms under their IMF-assisted program to support postwar reconstruction and economic recovery. Important measures have been taken to strengthen public financial management and fight corruption.*

"Sound policies have contributed to strong economic growth, rising foreign direct investment, a build-up of net international reserves, and broad exchange rate stability. Economic prospects remain favorable. Nevertheless, the current global slowdown could negatively affect foreign direct investment, exports, and remittance flows. The authorities responded appropriately to the challenges posed by higher fuel and food prices in 2008. Their comprehensive food security strategy focuses on raising domestic food production and securing donor resources to finance social safety net programs. Continued donor support will be essential to ensure the success of the strategy, in view of the limited availability of public resources." With their completion of the review, SDR 7 million or US\$10 million was made available to strengthen our Central Bank reserves.

Mr. Speaker, when we assumed office we inherited massive external debt amounting to \$4.7 billion US dollars including US\$1.6 billion in multilateral debt, US\$1.5 billion in bilateral debt and US\$1.6 billion in commercial loans and suppliers credit. This represented a burden far too large for the Liberian people to pay. As I reported last year, we began to rationalize our debt when in December 2007 long overdue amounts to the World Bank and African Development Bank were cleared through grant operations, effectively reducing our debt by US\$670 million. In March 2008, Liberia's arrears of some US\$900 million to the International Monetary Fund (IMF) were cleared through new financing arrangements with IMF members. I am thus pleased to report that for the first time in more than two decades, Liberia's membership rights have been fully restored and returned to good standing with the African Development Bank, the World Bank, and the International Monetary Fund.

Honorable Legislators, we then moved to tackle the bilateral debt. In March 2008, we reached the so-called "Decision Point" of the (HIPC) Initiative, an important milestone in the formal debt relief process. At the "Decision Point", the international community committed itself to writing-off Liberia's external debt in line with the HIPC terms. In April 2008, Liberia met with the Paris Club, the group of official bilateral creditors, for the first time in over 25 years. We successfully

negotiated the most generous terms ever afforded by the Paris Club to a HIPC country at the Decision Point. The agreement provided immediate forgiveness of over US\$250 million in debt. The remainder was rescheduled in such a way that Liberia effectively will not be required to make debt service payments for the foreseeable future, and paves the way for ultimate 100 percent forgiveness of our bilateral debts. Several Paris Club creditors have agreed to provide immediate 100 percent debt forgiveness, with full cancellation agreements already signed with the United States (US\$425 million), Germany (US\$410 million) and Denmark (US\$29 million).

In 2008, we signed an agreement with the French Government involving the immediate cancellation of approximately US\$1.8 million and the rescheduling of approximately US\$152 million. This morning, the Minister of Finance and the Norwegian Ambassador signed an agreement involving cancellation of approximately US\$32.8 million of our debt obligation to Norway and the rescheduling of the balance US\$3.5 million along HIPC terms. We are in the process of concluding agreements with other Paris Club members for the cancellation and/or rescheduling the remainder of our bilateral debt.

With respect to commercial debt, the Government has met with its commercial creditors three times, and negotiations are proceeding favorably. We are cautiously optimistic that during the course of this year we will reach final agreement with these private sector creditors that will result in a substantial write-down in this segment of our debt.

All told, to date the Government's negotiations so far have resulted in immediate debt reductions of nearly US\$1.5 billion US dollars. The remaining debt is expected to be forgiven when we reach the final stage of the HIPC Process – the "Completion Point" – hopefully by the end of 2009 or early 2010. However, I should point out that reaching the HIPC Completion Point is dependent on when we achieve all of the Completion Point triggers. These include completion of important reforms that provide assurances of our commitment to sound economic policies that can help the poor and improved governance and that lay the platform for strong growth. More importantly, we must have enacted and implemented a Public Financial Management Law and its accompanying regulations for at least a year. We must have completed successive audits of key government ministries and agencies, begun the implementation of a revised Investment Incentive Code, enhanced our debt management capacity and ensured the smooth operation of the Liberia Anti-Corruption Commission. So Mr. Speaker and Honorable Members of the Legislature, the challenge is indeed enormous but I am confident that with your support we can reach the HIPC Completion Point no later than early 2010. This is very important for it is only at that time we can get the fiscal space to access normal sources of financing that would begin to address our development challenges more meaningfully.

Honorable Members of the Legislature, there has been significant improvement in fiscal management in the past year. As a result domestic revenues grew from US\$176.18 million in 2007 to US\$211.12 million in 2008, a growth of 19.8 percent. Adding the revenue collected in 2008 to the beginning cash balance of approximately US\$38.28 million, the total amount available to spend in 2008 was US\$249.38 million. The main drivers of revenue growth in 2008 were increased collections of customs revenues on account of the rise in imports as well as increased collections from the mining sector.

On the expenditure side, we have continued the policy of a cash-based budget while ensuring the payment of civil servant salaries on time and tackling the large stock of domestic arrears which we inherited. Expenditure for the period under review totaled US\$230 million compared with expenditure of US\$166.92 million in the previous year, a jump of over 38 percent. This significant increase in expenditure in 2008 is explained not only by the increase in the amount available to spend in the budget but also by small measures of strengthening capacity in procurement and efficiency enhancement in budget execution across government institutions. These gains notwithstanding, we must concede that we are still dogged with serious capacity constraints in government institutions as regards understanding of the new public procurement process and bureaucratic hiccups in budget execution.

Honorable legislators, in December 2008, we began the payment of salaries of employees of thirteen government ministries and agencies through direct deposits at commercial banks and will add eleven more ministries to the direct deposit program in February 2009. The goal is to ensure that before the end of April 2009, not less than 90 percent of civil servants are paid through direct deposits. Another significant step in the direct deposit program will begin in February 2009 when the Ministry of Finance will stop paying vendors through checks but rather through direct deposits to their accounts at commercial banks. These measures are intended to deal with inefficiencies and integrity of our entire payment system. On the revenue side, processes are now underway to improve the custom clearing process, the management of duty free privileges and plug leakages at revenue collectorates across the country.

Honorable Legislators, in 2008, maritime revenue to government totaled US\$14.6 million compared with US\$13.5 in 2007. This performance reflects an increase of 10 percent in vessel registration, including 513 new vessels, from 2,665 at 82 million gross tons to 2,926 at 86 million gross tons. Let me say a few additional words regarding our Maritime Program. We have appointed as new managers a group of capable and highly motivated individuals who have already moved the program a long way to more national partnership and control around a broader range of maritime services consistent with the path other registries have followed. They have been given the authority to explore all options for the future management of the program, being only concerned with that which avoids any possible conflict of interest and that which maximizes national interest and benefits.

There are still challenges to be met in our fiscal system. Systems development through automation is nearing completion, thereby enhancing accountability and transparency in the budget process. The restructuring and reorganizing of the Ministry of Finance now under way will result in better staffing and stronger capacity. In the longer term, decentralization of some of the operational functions of the Ministry will provide a wider policy and regulatory role for the Ministry of Finance.

Honorable Legislators, we remain ever grateful to former Finance Minister, Dr. Antoinette Sayeh, for the competence and quality of leadership she brought to our debt relief effort. With our concurrence, the IMF has recognized her capacity and performance by elevating her to the position of Director of the African Department of the IMF where she will continue to serve Liberia within the scope of her African directorship.

Under guidance of a strongly motivated and reorganized Ministry of Planning and Economic Affairs, Liberia qualified in December for threshold status under the program of the United

States Millennium Challenge Corporation. This gave further testimony to the country's strong governance gains as recognized by the World Bank Institute which ranked Liberia as having made the best progress in fighting corruption. This was echoed by the Mo Ibrahim Index of African Governance which rated Liberia last year as the most improved country on the continent in terms of governance. Our challenge is to sustain this progress. Additionally, the Ministry of Planning has developed a three-year Strategic Plan that addresses the enhancement of its own internal capacity as a core strategy for reinvigorating the Ministry as a key agency in the economic planning and implementation of the PRS. To this end, the Ministry has established one of the first computerized learning resource centers and is formulating a set of curricula for training, in collaboration with the Civil Service Agency (CSA). In addition, the Ministry has volunteered to be the first to implement the Civil Service Reform Strategy, which was recently approved by Cabinet and launched by the CSA.

Honorable Legislators, the net foreign reserves position of the CBL increased by US\$14.3 million in 2008, bringing the total level of reserves to US\$49.4 million. This is significant considering that about three years ago, the reserves were about US\$5 million. The continued increase in the Bank's foreign reserves position enhances its ability to intervene in the foreign exchange market to support stability of the exchange rate and boost the nation's macroeconomic environment.

In 2008, the CBL increased the minimum capital requirement of all commercial banks operating in Liberia from US\$2 million to US\$6 million. It is expected to be further increased to US\$8 million at end-December, 2009 and to US\$10 million by end-December 2010. This is intended to make the Liberian banking sector internationally competitive; create the incentive for banks to properly and adequately manage their risks; and put the banking sector in a stronger position to help meet the financing needs of the economy.

The total capital of commercial banks increased from US\$21 million in 2006 to US\$40.5 million by end-December, 2008, largely on account of the injection of new capital. Additionally, the CBL has made significant progress at promoting a banking culture and access to financial services throughout the nation. Currently, there are 28 bank branches in many major population centers throughout a number of counties including Montserrado, Nimba, Margibi, Bong, Grand Cape Mount and Grand Bass. Permission has been granted for bank branches in Maryland. Also, the banking sector has benefited from a number of innovations geared towards improving the payments system. These include the introduction of Automatic Teller Machine (ATM), Short Message Service (SMS), and internet banking.

During the year, the number of operational banks increased to six (6) with the opening of United Bank for Africa Liberia (UBAL). The CBL granted provisional licenses to three international banks: Guaranty Trust which will be capitalized at US\$10 million, Access Bank Liberia Limited – The Microfinance Bank, which will have an initial capital of US\$6 million, and Oceanic Bank which will be capitalized at US\$8 million. This will bring to nine the number of banks operating in Liberia during the course of 2009.

Through prudent monetary policy management and the conduct of the CBL weekly foreign exchange auction, the readily available monetary policy instrument to the Bank, the L\$/US\$ exchange rate remained broadly stable during the course of the year. In our society where

most of the people live below the poverty line, this is very important as it provides some protection to the purchasing power of the domestic currency.

Inflation declined from a peak of 26.5 percent in August to 9.4 percent at end-December, 2008, much lower than inflation rates in many countries in the region. This is an indication of a progressive downward movement in the general price level in the economy.

The high volume of non-performing loans in the sector remains a concern largely due to the poor credit culture of individuals and inability of the court system to enforce commercial contracts. A fast-track court to deal with financial and commercial contracts will help improve the climate for lending.

Notwithstanding the numerous strides made by the Central Bank, the year was not without its fair share of challenges. Thanks to the vigilance of an employee and internal controls at the Bank, a scam involving the recycling of some government checks was uncovered. This was a matter of collusion, which in most cases will defeat internal control measures put in place. This unscrupulous conduct provides ample evidence that 'the lack of integrity' is a cancer that pervades all segments of our society. Although this scandal is suspected to involve a collusion of participants across multiple governmental ministries/agencies, every CBL employee suspected of involvement were immediately suspended and turned over to the appropriate authorities for further investigation and prosecution where necessary. Additionally, the CBL is restructuring its Banking Department and has hired a Certified Public Accountant (CPA) as its internal auditor.

Mr. Speaker, Honorable Legislators, there is no doubt that growth in agriculture is more effective in reducing poverty than effort in any other sector. In the agriculture sector, we sought to expand domestic food production with emphasis on rice so as to reduce the substantial import bill for this strategic commodity. Although this was not Government funding, it is important to note that **rice import cost our economy over US\$200 million last year**. In response we have signed and you have ratified two concession agreements for aggregate investment of US\$32.5 million for rice production in Lofa and Grand Cape Mount Counties. A continuation of support to small farmers by providing seeds, tools and processing machines will add impetus to this effort and the reactivation of agriculture research at the Central Agriculture Research Institute (CARI) has proven instrumental in this regard.

Revitalization of our traditional rubber industry is critical to the long term growth potential of our agriculture export sector. During the year we experienced a sharp fall in production due to low yields from old and damaged trees and a decline in demand on account of the global financial crisis. An aggressive ongoing replanting program by Liberian farmers and by the large existing plantations – Firestone, Liberia Agriculture Company (LAC), Morris American Rubber (MARCO) – is expected to boost production in the medium term. When negotiations are concluded with Sime Darby of Malaysia for reactivation and expansion of the Guthrie Plantation; with Salala Rubber Investment Ltd. from the United Kingdom and Internationale De Plantation D'Heveast (SIPH) of France for the Cavalla Plantation in Maryland County, and with Sithe Global of the United States, overall concession production of rubber and oil palm should experience significant expansion. Ongoing effort to attract investment for reactivation of the Decoris Oil Palm plantation in Maryland County and the Cocopa rubber plantation in Nimba County should bring similar results.

Honorable Legislators, the Forestry Sector represents one of Liberia's greatest assets. Our total forestry land area of 9.58 million hectares represents one of the 36 hot spots in the world with diverse plant and animal species and 240 timber species. The sector has been slow in meeting its performance and revenue targets due to the difficulties experienced in meeting the requirements of the New Forestry Law. Six timber sales contracts for Liberian timber operators have commenced in Grand Bassa, Gbarpolu and Grand Cape Mount County. Two large-sized revised Forestry Management contracts for operations in Rivercess have been signed and submitted to you for ratification while a third in Lofa and Gbarpolu is being processed for submission to you. All forest operations may suffer additional delays as we seek a solution to the conflict which exists between the Forestry Law and the Forest Community Rights Law. This may please local and external conservationists but will harm the employment and social benefits that would accrue to our communities. Thus, effort is required to strike a right balance in our goals of commercialization, conservation and community benefits.

Honorable Legislators, we are pleased to report good progress in the reactivation of our mining sector. Although affected by the current global crisis, the Yekepa Mines reactivation is on course with Arcelor Mittal which has reaffirmed its commitment to the activities detailed in its concession agreement but with a possible slow down that would result in the first export in 2010 rather than 2009. On the other hand, we expect full speed ahead with China Union under the recently signed concession agreement for US\$2.6 billion, the largest size investment in our country's history, once you have ratified the concession agreement. Moreover, when ongoing processes and negotiations are concluded, we look forward to operations by the America Liberia Company in the gold fields of Cocoya in Bong County, Karweakan in Grand Gedeh County, Klekle in Montserrado County, and Cestos gold fields in Rivercess County. We look forward to operations by BHP Billiton in the Kitoma iron ore mines in Grand Bassa and Nimba Counties and similar operations by Mano River Resources in the Putu iron ore range in Grand Gedeh County. When one of the six companies that are involved in the rebidding process is chosen before the middle of this year, we expect the start up of operations in the Western Cluster iron ore mines of Bomi and Gbarpolu counties.

We are pleased to report significant progress in our oil exploration program. Three dimensional seismic surveys, which are more detailed have started by the five companies which obtained ratified Production Sharing Contracts. A second bid round for three blocks were concluded during the year under review. Anadarko of the United States and Hong Kong Tong-Tai Petroleum Corporation of Hong Kong were successful in this bid. Production Sharing Contracts for this next phase of exploration will be forwarded for your review and ratification when negotiations are concluded.

Several other investment are underway or under consideration in the service sector – construction, housing, and hotels. Notably among these is the Robert L. Johnson / OPIC US\$30 million to support Liberian businesses and the soon to be launched construction of two new housing estates; a 1,200 unit on the Robertsfield highway by Broad Cove/OPIC of the United States and a 10,000 unit by Haiman Century Investment of China. We are aware that there is need to rehabilitate or complete several public buildings in Monrovia and in other counties. There is also urgency in restoring the nation's seat of Government – the Executive Mansion. Effort is underway to mobilize the significant resources required to achieve these objectives.

The National Investment Commission (NIC) also reports that during last year, a total of eighteen investment contracts were signed for an aggregate value of US\$132.5 million and creation of 2,287 jobs. In the area of commerce, total trade continue to expand with exports at a value of US\$181.05 million and imports US\$856.81 million. This trend is matched by the increase in the number of businesses registered, 7,569 in 2008 compared with 6,764 in 2007. Yet we have not seen the expected growth in Liberian businesses, nor have we been able to take advantage of our eligibility for the African Growth and opportunity Act. Moreover, we continue to be concerned about the continued high prices of commodities on the market, relating not only to world market prices but to high taxes, profiteering, theft and inefficiency at the port of Monrovia. The Ministry of Commerce which has taken bold steps recently to address these issues give assurance that we can expect progress in responding to these concerns in this year.

Honorable Members of the Legislature, as a part of our economic reform agenda, appropriate steps are being taken to develop a comprehensive corporate governance framework with the goal of improving the efficiency and increasing the productivity of state owned enterprises and public parastatals.

We want to recognize improvements made by some Public Corporations/State-Owned Enterprises (SOEs) attributable in part to technical assistance under the GEMAP Program. Notwithstanding, current experiences show that some SOEs are not efficiently utilizing their assets to maximize their productivity; that poor financial and economic performance as well as inadequate board oversight has rendered these SOEs liabilities to government. We therefore acted with immediacy to remove all non-statutory members from the boards of public corporations for lack of proper supervision. And we instructed all boards to constitute audit committees that will work closely with internal auditors to ensure the protection of corporate assets. A reconstitution of the Boards will be undertaken within the next two weeks.

We are presently assessing the current practice in relation to good corporate governance and developing strategic actions to reverse this trend. As part of an overarching corporate governance reform strategic action, we will institute a wide range of actions in the current year which includes:

1. We will ensure the active existence of an entity that will exercise the public ownership rights of SOEs. It will be strengthened and adequately resourced with a clear mandate to monitor the functioning of boards, ensure adherence to a comprehensive corporate governance policy, and report to the full cabinet. This will enable the government to act as an informed, accountable and active owner of SOEs;
2. We will conclude empirical studies, using objective criteria to determine which SOEs to be fully divested; establish Public-Private-Partnership, Build Operate and Transfer, or adopt other forms of organizational reconfiguration;
3. We will develop a firm government policy on board nomination processes; ensure that boards carry out their fiduciary responsibilities subject to established guidelines within the corporate legal framework;

4. We will require that all senior staff of SOEs are recruited through a competitive process and work based on term contracts, reviewable periodically; and,
5. Given the significant and unregulated differentials in compensation of board and senior management at state owned enterprises, a compensation package will be developed to standardize all public corporations, with the objective to attract, retain, and motivate excellent people, reward performance in both the short and long-term with a decided emphasis on long-term returns, and will be fair to the public shareholders, senior management, employees, and other stakeholders.

In these undertakings, we shall proceed with caution, knowing that improper actions may result in creating more problems than we wish to solve. There will be a clear, transparent, and comprehensive strategy to achieve targeted milestones. Appropriate legislations will be forwarded for your consideration.

GOVERNANCE AND THE RULE OF LAW

Honorable Legislators:

Under the third pillar of the PRS, Governance and the Rule of Law, we seek to reform the civil service, decentralize governance, strengthen the rule of law and respect for human rights, promote a strong and responsible civil society including the media, encourage broad participation in governance and reduce corruption.

We are pleased to report that consistent with our goals, we have county development agendas, linked to the Poverty Reduction Strategy, for all fifteen counties. This represents the first such local development plans which were prepared under the guidance of the Ministry of Internal Affairs with the participation of local authorities and representatives of the society at large.

Currently under review by the Cabinet are several documents completed by the Governance Commission – the National Public Sector Policy statement, a Report on the Rationalization and Restructuring of Ministries and Agencies of Government, a National Policy on Decentralization. Draft legislation where applicable including that which establishes a Law Reform Commission will be submitted to you within the next few months.

As stated earlier, during the year in review, we increased the minimum salary for civil servants to US\$70 representing a composite 400 percent increase during this administration. We still have inherited arrears totaling nearly US\$17 million representing over 18 months salaries to civil servants which will be fully retired during the course of this year while we finalize plans to address long standing and substantial Foreign Service arrears. A comprehensive Civil Service Reform Strategy is now concluded covering compensation and pension to improve service delivery and to use performance as the main criterion for recruitment, selection and promotion. Additionally, we have in place three incentive programs under which some 150 nationals at home and abroad bring added capacity and professionalism to public service. Several now serve in our local governance system in the rural areas bringing significant added value to the rural civil service outreach program that was launched during the year.

The final draft of Liberia's first National Employment Policy including proposal for the establishment of a National Bureau of Employment is in the final review process. In the interim, short term job initiatives by the Ministry of Labour have created close to 35,000 short term job opportunities in various sectors especially waste management, sanitation and public works. The final draft of a revised Labor Code is also under review and we expect to propose a new minimum wage for the private sector before the end of this year.

I should also note that the merger of the two labor centers – the Liberia Federation of Labour Unions (LFLU) and the Congress of National Trade Unions of Liberia (CONATUL) into the Liberia Labor Congress (LLC) will facilitate consultation and enable the labor union to play a more effective role in enhancing labor rights, in improving the terms and conditions of work for employees and in the settlement of disputes.

We commend, and we believe you share this sentiment, the Firestone Agricultural Workers Union (FAWUL) for the prestigious George Meany-Lane Kirkland Human Rights Award which they received last year from the American Federation of Labor Union (AFL-CIO).

Mr. Speaker, Honorable Members of the Legislature:

Under guidance of the Supreme Court and with the participation of the Ministry of Justice as appropriate, our judicial system is undergoing long needed reform. Judges, Magistrates, County Attorneys and other judicial officials now enjoy higher levels of compensation and better working conditions.

Several challenges remain. The Court system seems excessively slow in its processes and dispensation of justice – ultimately judgment. For example, we continue to receive complaints that prisoners are incarcerated without trial for periods as long as and over a year. The Jury system also gives concerns as persons considered professional jurors with compensation as prime motivation move from one court to the other.

To enhance the Justice system, the Ministry of Justice collaborating with the Judicial Branch, has organized a judicial setting at the Monrovia Central Prison where Magistrates will dispose of cases thereby reducing the high level or number of unindicted prisoners. There has also been established a Criminal Court E which will commence work in February to deal exclusively with gender based violence and the unacceptable high level of rape cases stemming from the violation of young girls, sometimes babies, by cowardly and mentally deranged sex fiends.

The Ministry of Justice has also established a Special Legal Task Force to speed up the prosecution of those charged with corruption and is working through the Anti Corruption Commission to obtain order from the court to freeze the assets of persons being investigated or tried for corruption. To its credit, the Ministry has compiled most of the laws passed by this Legislature and opinions handed down by this Supreme Court with the intent to edit and publish these works during this year.

Honorable Legislators, I am aware that despite strong political will and commitment of this Government, the Executive will face a serious challenge in sustaining the gains made in combating corruption given recent public outcry and media reports on perceived corruption in the public sector. Overcoming this challenge will require the collective effort and political will not only on the part of the Executive but by all three branches of Government.

Our effort to promote gender equity and enhance the role and participation of women made significant progress during the past year. For the first time, Liberia's report on national progress in compliance with UN Resolution on the Convention to Eliminate All Forms of Discrimination Against Women was completed. A National Rural Women Program was launched and a project commenced to build safe homes and establish micro credit operations for women in five counties.

Two innovative interventions will enhance our gender initiative – a US\$22 million equivalent grant proposal by the Danish Government to support a program that would make Liberia a model country for the achievement of Millennium Development Goal #5 and a Nike Foundation/World Bank Economic Empowerment of Adolescent Girl project that seeks to train 1,500 young women for direct employment placement in our country's private sector.

Honorable Legislators, we are also pleased to note that The Liberia Education Trust (LET) and the Sirleaf Market Women Fund (SMWF) continue to expand operations in providing scholarships for girls, promoting literacy programs for market women and building schools and markets throughout the country. Resources mobilized for these projects total over US\$6 million, contributed solely by private institutions, foundations and individuals in response to my personal appeal and my participation in fund raising events. The Minister of Gender and Development and the Chair person of the African Women Development Fund, Dr. Thelma Awori have been very instrumental in our success under these two interventions.

Mr. Speaker, Mr. President Pro Tempore, we must continue to identify measures that respond to our youths who comprise over 45 percent of our population. We are pleased to note that during the year some 1,306 youths benefited from internships and apprenticeship programs primarily in Montserrado and Grand Bassa Counties. A vacation program, the National Youth Volunteer Service which was launched in 2006 completed a first phase this year with 67 youths serving for six months in rural areas in the health and education sectors.

Emphasis on the training and employment of youth remain a Government priority. I would therefore like to assure our young citizens that the Youth Policy document which was completed during the year can be launched immediately. Our delay and concern regard the generality of the provisions of that document. Realistically, only specific elements of that policy can be carried forward into law that is enforceable. I therefore appeal to the youth representatives, particularly the Federation of Liberian Youth to appoint representatives who will work with us to achieve the objectives of finalizing a direct Act whose provisions can be respected and enforced.

We are equally pleased to report that Liberia won the championship for the second Amputee African Nations Cup and the second place in the Guinea ECOWAS cycling tour for peace. We also witnessed and participated in a successful county Meet which saw Sinoe and Rivercess win the basketball and kickball competition. Bomi County successfully competed with River Gee County, to win the football competition. I am also pleased to note Liberia's participation the Beijing Olympics.

Government continues to strengthen its information dissemination and public awareness apparatus. Although the challenges are many, we have made a number of strides in this

regard. We held a country-wide competition to solicit names for our Poverty Reduction Strategy, and at the end of a two-week naming search, my Cabinet and I settled on the name 'Lift Liberia,' suggested by Dr. Shadrack Bryant, a Liberian residing in Gardnesville. This was just the beginning of branding our national development agenda. The Ministry of Information, in collaboration with the Executive Mansion, has developed a comprehensive Communications Strategy for the PRS that includes a number of non-conventional tools for engagement. This is now in the implementation phase and will require a mass effort by all of us to fund the Strategy. The Ministry of Information has also collaborated with media development agencies and the Press Union of Liberia to draft and submit three acts to the Legislature establishing an independent commission to regulate broadcast media, making freedom of information a law, and establishing a public broadcasting entity. We ask your early action in passing these Acts into Law.

MICAT has also established a "war room" to gather, analyze and respond to reports in the media that require clarification or follow up; revitalized the Liberia News Agency (LINA); restocked artifacts at the National Museum; and established the Bai T. Moore research room as a center for learning and appreciation of Liberia's rich cultural heritage; and revamped the New Liberia Newspaper and its website, (www.newliberia.com.lr). In continuance of MICAT's mandate to harness public information dissemination, ministries and autonomous agencies continue to strengthen relations with the independent media through weekly press briefings and regular interactions.

New 'news' is provided on a daily basis on our Executive Mansion website (www.emansion.gov.lr), whose hits increased from 5 million in 2007 to 8 million in 2008. Because we understand the fundamental importance of information dissemination as a tool of empowerment, fourteen Government ministry websites are now accessible and fully stocked with customized information related to the PRS. A number of autonomous agencies are also online, and we will continue to work to bring 'Government to the people' via the World Wide Web.

INFRASTRUCTURE AND BASIC SERVICES

My Vice President, Mr. Speaker, Honorable Legislators, the key objectives of our fourth pillar, Infrastructure and Basic Services, are to rebuild the physical and social infrastructure that were totally destroyed over the past several years. Those include roads, ports, telecommunications, electricity generation, water and sanitation, schools and health care facilities. We also seek improved service delivery to an increasing number of citizens.

In clear priorities set by the majority of our citizens during the PRS consultations, the reconstruction of roads and bridges remain our focus. We are therefore always questioned by you and the public at large as to why it is taking so long to respond to this critical need. The truth is we have not waited but have worked hard to mobilize the resources for this high capital cost activity. We have also had to respect the procedures and competitive processes required by our own laws and that of our partners.

As you can now see, the process is on. Rehabilitation of Tubman Boulevard and the ELWA to RIA road are nearing completion and the contractor is expected to commence work on the next segment of the Cotton Tree to Buchanan road. Design for other primary roads is underway in

preparation for the start of rehabilitation as soon as the funds are mobilized. Work on our Monrovia city streets, which have gone for many years without maintenance, will start in two weeks when the contractor is fully mobilized and in two years all of the city streets will be fully rehabilitated. Demolition of the old and construction of the new Vai Town Bridge will start within two weeks to be fully completed next year. There is no shorter cut to getting the job done well.

During the year, we concluded the rehabilitation of 380 miles of roads in 12 counties and are continuing to work on community roads in the Monrovia area as well as critical primary and secondary roads in the counties. Our learning experience on the Jallah Town road proved to be an important reality check leading us to conclude a contractual arrangement for an upgrading of that important roadway.

Roads to the Southeast of the country that will stand all weather conditions remain a challenge which we have begun to tackle and hope to have fully resolved before the end of next year. The Engineering Contingent of UNMIL continues to be helpful to us in this regard.

The conditions of our five national ports are dismal, despite the progress in improving service efficiency. The need to remove sunken vessels, to repair badly damaged piers and to undertake dredging is critical to meeting international standard with implications for freight costs which are reflected in commodity prices on the local market. Given the Government's resource constraints, we have started the process that will lead to the development and management of several of our ports through the Build, Operate, Transfer (BOT) scheme. For some, such as the Buchanan and Maryland ports it may be the case of similar arrangements with major users. Until such arrangements are fully in place, we will need to meet the challenges of control of theft, particularly at the port of Monrovia, by rigorous action in staff changes, transfer and dismissals.

Honorable Legislators, the Cabinet now has under review a National Energy Policy which will guide our choice of the several options that exist in the energy sector. During the past year, we increased the generation of electricity to 7.8 mega watts enabling us to service street lights and customers in Bushrod Island, Central Monrovia, Sinkor and Congo Town. We should be able to reach many more individual and institutional users when ongoing efforts to expand the transmission and distribution systems are realized. "With the support of our development partners and in collaboration with the West Africa Power Pool WAPP, we continue to make progress in our commitment to bring modern energy services to our rural citizens. The Cross-Border Power Supply Project, coordinated by the West African Power Pool (WAPP) and funded by the European Union, the Government of Cote d'Ivoire and the Government of Liberia will facilitate the supply of electricity from our neighbor Cote d'Ivoire to 18 Liberian rural border towns, cities. These 18 communities are as follows:

- Nimba County: Logatou, Duoplay, Karnplay, Sanniquellie, Ganta, Tappitta, Diala and Yekepa;
- Grand Gedeh County: Toe Town, Zleh Town and Zwedru;
- River Gee County: Fish Town;
- Maryland County: Cavalla, Harper, Whole Graway, Rock Town, Fiah Town and Pleebo

The LEC has completed mapping of these towns and bids tendering for implementation is expected in March. The Liberian Government has thus far contributed US\$201,000.00 to support the LEC full participation in this project and contributed over US\$500,000.00 to WAPP Secretariat towards this project implementation. We thank you for approval of these funds in the budget and we are hopeful of the impact completion of this project will have on these rural communities.

The pilot solar power projects funded USAID and implemented through the Liberia Electricity Assistance Program (LEAP) has already covered Bong, Grand Cape Mount, Grand Gedeh, Lofa, Nimba, Sinoe and Rivercess counties with various solar technologies at clinics, schools, community centers, small businesses and for street lights. With the recorded satisfactory success of the pilot projects, we will now move along quickly to complete the remaining pilots in other counties and launch full scale implementation around the country.

Our government's commitment to expanding access to quality education remains undaunted. National enrollment now stands at close to 1.3 million. As a result of implementation of the Free and Compulsory Primary Education Policy, Primary enrollment increased from 375,277 during Academic 2004/2005 to 1,107,271 over the period of this Administration, representing an impressive 195% increment. Similarly, secondary enrollment increased from 89,746 to 158,242 over the same period under review, representing about 76 percent.

At the tertiary level, total enrollment for the recognized seven baccalaureate degree granting institutions currently stand at 29,545 with the University of Liberia accounting for 18,615, representing about 63 percent.

In recognition of the important role of education we have provide a significantly higher level of support to the University of Liberia. The subsidy to the University in 2008/2009 of over US\$4 million approved by you represents 54 percent of the University's budget of US\$7.4 million. The subsidy enables the institution to serve the needs of 17,467 undergraduates students in six colleges and 1,200 students in four graduate and tree professional schools. About 26 percent of the university total enrollment is female. A standing faculty of 318, represents a faculty student ratio of 1 to 56. Perhaps of more consequence to the quality of instruction is the restoration of facilities at the Fendall campus. Works on dormitories and teachers housing are now underway with dedication and occupancy expected by the end of 2010.

The challenges at our Nation's only institution of higher learning remain daunting. A slack admission policy has led to an excessive student population on facilities meant to serve much fewer numbers. The lack of sufficient qualified and tenured professors and instructional materials such as books and good laboratory equipment undermines our goal of quality education.

We expect some of these problems to be tackled by the new President of the University, Dr. Emmet Dennis who was selected during the course of last year and is to take office the 1st of February. At the same time, we commend Dr. Al-Hassan Conteh for his significant contribution and service to the University and are pleased that he will continue to serve his country in the important post of Ambassador to the Federal Republic of Nigeria.

In terms of educational facilities, we completed throughout the country the renovation of 54 primary schools, constructed an additional 115 new ones with designing and construction of another 40 underway. The renovation and construction of 11 high schools are also underway as is the \$20 million Fendall facility for the University of Liberia. Our success in advocating support from the Government and religious institutions of Italy is now realized as the Dogliotti Medical College will be rehabilitated. Through our own budget support, renovation work has started on the WVS Tubman Technical College in Harper for an opening in September 2009 and full operations in 2010. We are pleased to commend the return of our own daughter, Dr. Elizabeth Davis-Russell who left a Deanship at a U.S. University to make sacrificial service by assuming the Presidency of the College.

We also note with satisfaction that the rehabilitated rural teacher training institutions at Kakata and Zorzor are now in full operations as we conclude arrangements for similar work at the institution in Webbo.

Honorable Legislators, the pledge made by former U.S. President George Bush when he visited Liberia in February 2008 has been met. Some 10,000 pieces of furniture and 600,000 books were distributed to schools. We are pleased that USAID has changed procedures so that the remaining 400,000 supply of text books will be produced along with Government's order of books that conform to our curriculum. Through Government's own budgetary resources, 200,000 sets of primary school textbooks and 5000 sets of teachers' guides will be available for distribution to schools throughout the country this year. Several improvements to our educational system will be enhanced by the establishment of the Liberian Education Pool Fund intended to better harmonize partnership support to the sector.

The issue of qualified teachers is a continuing challenge as we will have to retire, with benefits totaling almost US\$1.1 million, the majority of the 7056 volunteer teachers who did not meet the requisite qualification to continue to teach at the level they have been doing in our schools. At the same time, our policy of shifting priority from foreign training to development of local training institutions remains on course as we provided scholarships to 2,344 students at local institutions at a cost of about US\$500,000. Nevertheless, through scholarships provided by bilateral partners and foreign institutions, we have over 200 students pursuing studies in ten friendly countries.

Honorable Legislators, we are pleased to report that a strong signal of partnership and security was sent to the world by the return of the U.S. Peace Corps and the opening of the American International School (AIS). We must now address the questionable judicial action that now risks the closure of AIS.

Mr. Vice President, Mr. Speaker, Honorable Legislators, our country's health sector continues to make progress toward fulfillment of our primary goal of increasing the basic package of health services to an increasing number of the population. In pursuit of this goal we increased to 91 percent the number of our children immunized. Liberia was thus declared polio free by the African Regional Certification Committee of the World Health Organization.

Medical service to other groups in the society expanded, with 550,000 prenatal mothers and 650,000 children immunized against measles, neonate tetanus, and other deficiency. The distribution of 871,000 treated mosquito bed nets continues our overall fight against malaria

which remains a major health hazard. Progress in the containment of HIV/AIDS is notable resulting from expansion in counseling and testing treatment sites.

As reported last year, fifteen county hospitals are now functioning including the renovated and expanded Telewoyan Hospital in Voinjama, which includes residential houses for doctors. The hospital will receive additional support from the Swiss government for operational cost for the next three years. We have also started the renovation of clinics, eight completed during the past year, and the establishment of midwifery schools, two established in Zwedru and Zorzor during the year. With the participation of some of you, Honorable Legislators, we broke grounds for construction of a US\$10 million hospital in Tappita; and we expect to complete construction of the Foya Health Center and the CB Dunbar hospital in Gbarnga before the end of this year.

The positive trends of progress in the health sector are not matched by programs of assistance to the physically challenged and by an adoption program that has gone amok. We must do more to improve the living and training conditions for our disabled and I will ask for your support in this regard in the next fiscal year budget.

The gross mismanagement of the adoption program (which aims primarily at placing orphans in homes in the United States), by both Liberian and U.S. personnel in the concerned NGO is the subject of a report by a Special Committee which I appointed for this purpose. Essentially, we have discovered that many of the children in these orphanages are not in fact orphans but children taken from their living parents on the promise of support and a good life in America. Moreover, we found that young children were being sexually abused at some of these orphanages, while others including officials of government, have used the program to extort money from potential adopters. We have thus suspended the adoption program until laws, policies and proper guidelines have been established and we have asked our concerned friends and partners in the United States to be patient as we try to correct the serious malpractices which exist. We expect the National Social Welfare Policy and National Adoption Act which will be submitted to you during the course of the year, will provide guidance and prevent such abuses in the future.

Honorable Legislators, the Ministry of Health has made the most progress in the establishment of financial management systems. In recognition of this achievement, the Pool Fund established last year for the sector attracted the support and the praise of several of our development partners.

Honorable Legislators, despite the continued low capacity of the White Plains Treatment Plant, water supply to the Greater Monrovia area increased by 40 percent reaching several new communities in Clara town, New Kru town, S.K. Doe, and is expanding to thousands of new customers. The Mamba Point high enclave area should be served after commissioning of the facilities early next month. We are also pleased to note that pipe borne water has been restored to Kakata and efforts are under way to restore supply to Zwedru, Voinjama, Robertsport, Greenville and Buchanan. Other rural cities will be targeted with success in our mobilization effort.

Access to sanitation facilities remains a challenge as the Monrovia sewage system is largely inoperable since its four main lift pumps stations and pipelines, were looted and vandalized

during the years of conflict. However, with extraordinary support for its Government of Turkey through our Ambassador in Washington DC, we have addressed the problem of sewage spilling on to the street. Until our sanitation facilities are restored, the public continues to rely on personal septic tanks and on government constructed public toilets.

After a long period of planning and resource mobilization, the Liberia Telecommunication Corporation is now ready for business in providing a wide range of service including the restoration of fax facilities. They will compete in certain categories with the four GSM companies that operate. We are also pleased to report that in keeping with the Telecommunications Act which you passed last year, we have made significant progress in negotiating the standardization of licenses for Lone Star and Libercell. This is a clear victory for the national interest consistent with the practice in other African countries. Many of you may recall that licenses were granted to all GSM companies for US\$50,000 per annum for variable tenures ranging from ten to fifteen years. They will now be standardized at a fee of US\$15 million each with rights over a fifteen year period. Appropriate measures are now being considered to ensure compliance by the other two GSM companies.

Honorable Legislators, we expect that with the completion of the National Transport Policy the Government will be better positioned to coordinate and ensure regulation of our road and air transport systems with proper attention to be paid to the development of a much needed sea transport system. In the meanwhile, we note the progress made at Robert International Airport and at James Spriggs Field Airfield under the Liberian Domestic Airport Agency. At both facilities we have witnessed an increased level of passengers and freight and a resumption of commercial flights from Spriggs to several domestic locations. We are also pleased to note that the Liberia Civil Aviation Agency (LCAA) has been successful in retuning to Liberia the Flight Information Regional (FIR) Center and in concluding, arrangement for direct flights from the United States to Liberia by Delta Airways starting in June this year. The LCAA has also been instrumental in start up of negotiations with the Lockheed-Martin Corporation of the United States for the development and management of Roberts International Airport.

Mr. Speaker, we commend the significant progress made in public transport in Monrovia and its environs by the new Managing Director Mr. Senwan Wiah and his team at the Monrovia Transport Authority (MTA). MTA commuted over a million residents during the reporting period and is set to expand its service when the ongoing process to purchase 40 buses is concluded. Establishment of the National Transport Authority will facilitate the extension of public transport service to several other counties.

Mr. Speaker, we are pleased to report that Liberia's voting rights at the Universal Postal Union and the International Telecommunications Union (ITU) have been restored, and that these institutions are providing support to our Ministry of Post and Telecommunications in expanding services and building our ITC Training Center in Voinjama. The Ministry has also constructed or rehabilitated 23 post offices nationwide including several in Montserrado, Bomi, Grand Bassa, Margibi, Bong, Grand Gedeh, Nimba and Lofa. Inbound and outbound mail delivery has increased significantly. Supported by a grant from the U.S. Trade and Development Agency, a feasibility study is being conducted for the construction of a fiber optic network in Monrovia and its environs.

PARTNERSHIP

Mr. Vice President, Mr. Speaker, our nation continues to enjoy strong partnership from all over the world. In our own region and continent, sisterly states of Nigeria, Ghana, Benin, Rwanda assist in providing logistics and training in our security sector. Morocco, Egypt and Namibia support our training initiatives. On the bilateral side, our key partner is the United States joined by China, Germany, Norway, Denmark, Sweden, France, Japan, Ireland, Switzerland, the United Kingdom and the European Union. The support from these partners is directed at all sectors and are increasingly harmonized and coordinated toward support of the development agenda set forth by the PRS. This coordinated approach will guide the allocation of some US\$300 million to support the Health and Education Pool Funds as well as to the Liberia Infrastructure Fund which was established at the June Berlin Meeting and has a current commitment of approximately US\$127 million.

Our multilateral partners, which include the World Bank, the International Monetary Fund, the Africa Development Bank and the United Nations System are equally supportive and active. The World Bank has provided support of nearly US\$100 million for economic governance, rehabilitation of infrastructure and urban waste management and agriculture development. The IMF through the Poverty Reduction and Growth Facility approved in December will provide US\$10 million worth equipment in support of the capitalization of the Central Bank while the Africa Development Bank has provided support of US\$39 to support institutional capacity building and infrastructure development, particularly road rehabilitation. The United Nations System which serves as a financial interceptor and manager for other multilateral funds provided through its several agencies and funds, an estimated additional US\$150 million. This does not include allocation for the operations of UNMIL which is correctly estimated at US\$600 million annually.

Honorable Legislators, we are pleased to report that while previously the vast majority of external support was channeled through NGOs and contractors, the year 2008 saw a significant increase in donor support to the Government's budget. We thank the Government of France for US\$1.2 million; the Government of China for US\$1 million, both sums already allocated in the 2007/2008 supplemental budget. We now expect US\$5 million from the World Bank and US\$18 million from the Africa Development Bank which will cover expected revenue shortfall and cover specific expenditure items.

We continue to enjoy the confidence and support from non official partners. The Soros Foundation and Open Society Initiative has provided support on the order of US\$20 million for our Education Pool Fund, our economic and legal advisory services, our Senior Executive and Capacity Development Program. The McCall MacBain Foundation has committed over US\$10 million in eleven grants to support our urban transport program with ten buses to the Monrovia Transit Authority, construction of children playgrounds in Montserrado, Maryland, Sinoe and Grand Gedeh through the NGO Right to Play, the construction of the Midwifery School in Zwedru, and the biomass Power Plant whose concession agreement is before you. There is also the Scott Family Fellowship which provides funding of US\$1 million to support six young professionals to serve in the public service over a period of three years. The program has been expanded to nine additional fellows with support from the Soros Foundation. They add great value to our capacity development. We also continue to receive support from several foundations, institutions and individuals for programs under the Liberia Education Trust and the Sirleaf Market Women Fund.

In September last year, we organized in New York, with philanthropist George Soros a first Foundation Partnership Meeting intended to achieve more harmony and coordination of programs by our foundation partners. A Secretariat has been established in our Liberia Reconstruction and Development Committee (LRDC) to follow up and institutionalize this coordination.

INTERNATIONAL RELATIONS

Honorable Legislators, the guiding principles of Liberia's foreign policy is the maintenance of national security for the protection of our territorial integrity and sovereignty, the promotion of peace and harmony and unity among nations in our region, continent and the world. There are currently eighteen diplomatic missions resident in Monrovia, twenty eight non resident Ambassadors accredited to the Republic, one Honorary Consul and one Consulate General. An additional six Ambassadors have received their Agrément and await presentation of their letters of credence.

Liberia maintains abroad twenty-two diplomatic missions, including the mission to Senegal opened last year, and two consular posts. We are pleased that our foreign envoys, charged with promoting the principle of economic diplomacy, now enjoy a better level of compensation which as at home, is paid on time. We are also pleased that Liberia has regained its place in pride and reputation throughout the world. We expect a further enhancement of this image when the new passports that are ready for issuance commencing June of this year, bring to an end the use of our passport by those who obtained same through fraudulent means.

We should also report that significant progress was made during last year in the legal step being taken to reclaim government properties in Paris, Nairobi and other places that were sold or pledged against personal loans by unscrupulous officials of the past who will be exposed as soon as those cases have been concluded. We must also note that we are pursuing legal action against certain of our current official serving abroad who continue to engage in corrupt practices in collusion with officials at home.

Honorable Members of the Legislature, I am pleased to report that as a result of a positive image abroad and significant development progress at home we continue to attract the visit of high level personnel to our country. During the course of the year we received several such persons. This includes US President George Bush, the first in twenty years to visit Liberia, President John Kufuor of Ghana, Former Presidents Jerry Rawlings, Nicephore Soglo, Joaquin Chissano, Ketumile Masire and Sam Nujoma of the Africa Forum; World Bank President Robert Zoellick, Former President of Finland Maarti Ahtisaari, FAO Director General Jacques Diouf, UNICEF Executive Director, Ann Veneman, US Congressional Delegation Head Senator Bill Nelson, Chairman of RLJ Companies, Robert Johnson; Soros Foundation Chairman George Soros, Millennium Village Founder, Professor Jeffery Sachs.

I was privileged to pay state visits to our Sisterly Republic of La Cote d'Ivoire and to the Republic of Namibia. I also had the opportunity to visit US President George Bush for the third and last time and to meet with former President Nelson Mandela and officials of the South African Government when I gave the 6th Annual Nelson Mandela Lecture in July as part of the celebration of President Mandela's 90th birthday.

Other travels abroad aimed at participation in ECOWAS and African Union Meetings in Burkina Faso, Algeria, Egypt, the United Nations General Assembly in New York, the Progressive Governance Summit in London, the Aid Effectiveness Forum in Accra, following which several Development Ministers from major partners visited Liberia, and the MDCB Conference in Copenhagen. I was also privileged to give commencement addresses at the Harvard University Kennedy School of Government and to three U.S. Universities – Brown and Indiana Universities and at Dartmouth College where I received Honorary Doctorate Degrees. I also gave the Commencement address and received an Honorary Degree from one of our own African Methodist University and was honored with prestigious award from four other international institutions including the International Crisis Group.

I am particularly pleased to report that under Liberia's Chair of the Mano River Union (MRU), we witnessed the expansion of the Union in May last year with the accession of la Cote d'Ivoire as the fourth member state. Subsequently, at a summit of Heads of State in December in Sierra Leone in which President Gbagbo was personally in attendance. A plan of action which places emphasis on the agriculture and security sectors was agreed.

The Union continues to be faced with challenges, most recently the developments in the wake of the death of President Conteh of Guinea which the MRU countries are trying to manage.

V. OBITUARY

Honorable Legislators, during last year, several current and former Government officials, prominent and law abiding colleagues were called to the great beyond. Among those were:

- Honourable Isaac Johnson, former Senator, River Gee County;
- Honourable Isaac Charyien Nyeplu, former Minister of Justice & Attorney General;
- Counsellor Lawrence Alford Morgan, Former Senator Grand Bassa County;
- Honourable Kebbeh Ballah Zuku Freeman, former Member of the House of Representatives Montserrado County;
- Honourable James Kla Giko, former Member and First Deputy Speaker, Transitional Legislative Assembly (TLA);
- Honourable John D. Lasana, Sr. Stipendiary Magistrate of Arthington City, Montserrado County;
- Honourable Isaac Saye Mussah, former Member of the House of Representatives of the Second National Transitional Government of Liberia;
- His Excellency Mr. Francis Alphonso Dennis, Sr., former Ambassador Extraordinary and Plenipotentiary;
- Honourable J. Sabto-Wiah, former Minister Counsellor/Press Attaché;
- Rev. Nathaniel T. Dixon, former Press and Financial Attaché;
- Rev. Dr. Advertus Arthur Hoff, Sr., former Minister of Education;
- Honourable Nora Lovo Korvah, former Deputy Minister for Operation, Ministry of Gender & Development;
- Honourable Joseph K. Yourwatei, Sr., former Deputy Minister Operation, Ministry of Internal Affairs;
- Honourable Nathaniel Reginald Richardson, Jr., former Director, Liberian Geological Survey;

- Honourable Frederick Russell Deshield, Sr., former Deputy Minister for Administration, Ministry of Information, Culture & Tourism;
- Honourable Ambrose Mohammed Kromah, former Senior Communication Officer/Ministry of Commerce & Industry.

The list also included:

- Honourable Julu Mah Johnson, former Acting Minister of Lands, Mines & Energy,
- Honourable Sewell Telfore Prout Brewer, Sr., former Chief Engineer, Liberia Telecommunications Corporation (LTC);
- Honourable Oliver Bor-Yee Toe Swen, Sr., Attorney-At-Law, Chief Prosecutor for Government;
- Honourable Jeremiah Bishop Johnson, Sr., former Development Superintendent, Grand Bassa County;
- Honourable Charles V. Dormeyan, Sr., former Development Superintendent, Bong County,
- Mother ADA Amorette Phebean Decker Goodings, former District Supervisor of Schools, Margibi County;
- Honourable Francis Dugbe-Nmeh Pelenah, Sr., Defense Counsel of Grand Kru County;
- Professor Victor-Emmanuel Larteyvi Lawson, former Chairman, Department of English and Literature, Liberia College, University of Liberia;
- Mr. Lafayette Henry Montgomery, Sr., Proprietor of Montgomery's One Hour;
- Mrs. Louise Ether Barnard-Reeves, former Member of the House of Representatives, Grand Bassa County;
- Mrs. Matee Mardea Cephas-Cooper, Widow of the late Willie G. Cooper, Butler to former President; and
- Mrs. Farmatta Lucretia James-Snetter, Widow of former Ambassador Charles A. Snetter, Sr.

May their souls rest in perfect and everlasting peace.

Mr. President of the Senate, Mr. Speaker, Honorable Members of the Legislature, let me now address a few issues that have serious implication for our national development effort.

ARMY WORM INVASION

I know that we all share the alarm and the deep concern over the emergence of the army or tent worms which have invaded our county with the potential to set back our progress in the production of food and export crops. Ongoing investigation show that 62 communities in Bong and some parts of Lower Lofa and Gbarpolu counties involving some 350,000 inhabitants many have already been affected. Five of the twenty-eight affected communities in Zota District of Bong County are bordering neighboring Guinea and there are indications that several villages in Guinea are now experiencing similar invasion.

This is indeed a crisis and I hereby declare a state of National Emergency with particular emphasis on the existing and potentially affected counties.

The government has taken immediate initial steps to respond to the crisis. A Task Force under the Ministry of Agriculture with support of the Ministry of Health has been established. The

technical team has identified and classified the species and has commenced spraying in the affected areas. Water and food are being supplied to the most vulnerable and displaced. Meetings have been held with our partners and several international organizations have responded to our appeal and will be sending experts and supplies to supplement our effort.

More effort and more resources are required if we are to be successful in containing this problem. I have therefore instructed the Minister of Finance to identify budgetary resources from any source possible that can be used to meet the needs that are required. He knows that this will not be the time for long procurement procedures and bureaucratic hurdles.

I have also called upon our partners for urgent response to our appeal and I expect to review the effectiveness of our combined response when I meet with them on Wednesday.

CORRUPTION

Perhaps the greatest challenge faced the government over the past several months is corruption. It is a national malaise, long standing and deeply entrenched in all levels of society. It stems from years of depravation, poor salaries, lack of a pension scheme at the lower levels, and an environment of impunity and tolerance of greed at higher levels.

The fight against corruption has started. Through investigations, auditing and whistle blowing, we are uncovering and exposing acts of corruption. Officials have been suspended, fired and turned over to the Ministry of Justice for prosecution and/or restitution of government assets. At the same time, we have increased the compensation and pension for civil servants, concluded the biometric program for civil servants, removed ghost names from the payroll, strengthened the Government Auditing Commission, adopted an Anticorruption Policy and Strategy, established an Anticorruption Commission, and established the Liberian Extractive Industries Transparency Initiative going beyond the required to include revenues from forestry operations.

Honorable legislators, I am happy to note that for once in the history of our country, the fight against corruption has been elevated to a pedestal of prominence and widespread public concern which bears testimony to the success of our strategy. Now unlike in the past, we have a capacitated Auditing Commission and audit reports are now being received. Now, unlike in the past, we have an Anti-Corruption Commission that will be playing a frontal role in the investigation of corruption. Now, unlike in the past, we have a free press that is not intimidated by big powers when alleged acts of corruption are reported, even though the press themselves sometimes get their facts wrong. Now unlike in the past, the man in the street can call on a talk-show and freely express himself on issues of corruption. That corruption which has gained such a prominence in our national debate, is in itself a commendable achievement of this regime. For one way to deal with a chronic sore is to expose it to sunshine. Unfortunately however, our success in exposing this menace to the sunshine has yielded unintended consequences as it has led to the mistaken belief in some quarters that corruption is on an upward swing just because the reportage of corruption has increased today as compared to the past. Nothing could be further from the truth.

Honorable legislators, the fight against corruption does not come to an end with the mere exposure of corruption. We must act. The Executive, the Legislature, and the Judiciary must

act decisively and collaboratively to deal with the scourge. On the side of the Executive we have taken some actions and will take other drastic actions in the coming weeks and months. However, we must act methodically, maturely, and judiciously, and not haphazardly just to satisfy the whims of a critic.

The steps we have taken thus far in the war against corruption helped us move up in the rankings and were recognized by the World Bank and the Mo Ibrahim governance indicators as one of the countries having made best progress in fighting corruption.

Yet, **Honorable Legislators**, serious challenges still remain in this battle for which we have been criticized. This largely has to do with the slow process involved in the prosecution of those who have violated the public trust. This is a matter of justice and of judicial process which we have to respect. Unfounded and misdirected accusations will only undermine the government's effort and discourage the investors we need to expand our economy with benefits to all segments of society. We also know that all of these measures and progress will not produce the truly sustainable results which we seek unless there are systems improvements, and professional and apolitical financial audits.

However, we have not and will not relent in moving this process forward and we will take other harsh measures to ensure that this battle is won. We cannot do this alone. Your help, the help of civil society, the help of the media, the religious institutions, and the National Bar Association will be required, for we know that corruption lies deep at the foundation of our country's underdevelopment.

COUNTY DEVELOPMENT FUND

Mr. Speaker, Honorable Legislators:

For the first time in the history of our nation, this Administration allocated a total amount of US\$9.5 million, specifically for the counties in a process that allowed for the determination of development priorities by the people themselves. In the recast budget February to June, we provided US\$1 million, 2006/2007, US\$2.5 million; 2007/2008 US\$3 million; and 2008/2009 – which was allocated equally for each county. This allocation adopted the same principle of participation by the people and you added a role for the county Legislative caucus in the Budget Act.

Although many projects have been constructed in the counties to the satisfaction of the residents, much leaves to be desired to obtain maximum results from this important initiative.

We are thus in the process of introducing changes in order that the process is truly participatory, that goods and services are provided locally as much as possible and that systems of accountability are more rigorous and transparent with more effective oversight and reporting by the Ministry of Internal Affairs.

An Independent Inspection Task force headed by Mr. Sam Jackson has been established to visit the projects in all counties so as to provide the information and advice that will enable us to achieve these objectives.

I ask that with these measures, the Legislature should withdraw from its active role in the determination and implementation of these projects. This will allow the Executive to take full responsibility in carrying out its role as dictated by the constitution without prejudice to your oversight role as also dictated by the Constitution.

FOOD, FUEL & FINANCIAL CRISES

Honorable Legislators, in the last three years, we have seen a steady acceleration of growth, with the economy growing 8 percent in 2006, 9.5 percent in 2007, and then an estimated 7.1 percent in 2008. This latest dip reflects the challenges that the economy faced in the last year. Most notably, during the year under review, the global economy was buffeted by a trinity of crises - the food, fuel, and financial crises, presenting untold challenges for the government and the people of Liberia..

First, food and fuel prices rose on the world market, with the price of rice doubling and fuel and electricity costs increasing, causing great hardships here in Liberia. While still grappling with the adverse effects of the food and fuel crises, a third crisis, dubbed the “financial crisis” reared its ugly head. Having its origins in the US sub-prime home mortgage market, the financial crisis precipitated a credit crunch and set off panic in the global economy, leading to the collapse of leading financial institutions in the US and Europe and a precipitous drop in global demand for key commodities.

Honorable legislators, the financial crisis has to a large extent been a ‘mixed curse’ for Liberia. For on the one hand, it occasioned downward movements in the prices of two of our most strategic imports, rice and fuel, thereby bringing much needed relief to our people; but on the other, it has led to a significant drop in the prices of our key exports, especially rubber and iron-ore and consequently poses a threat to our revenue generating capacity.

As a way of mitigating the adverse impacts of the crisis on our populace, we took a number of measures including the elimination of tariff on rice imports which translates to revenue forgone of nearly US\$9 million in the current budget, eliminated personal income tax on all persons in the public and private sector earning monthly incomes of US\$70 and below, waived duties on agricultural and construction equipment. We also more than quadrupled the subsidy to a well performing Monrovia Transit Authority (MTA) to enable it acquire more buses and critical spare parts, and we doubled the budgetary appropriation of the Ministry of Agriculture to enable it tackle pre and post-harvest losses sustained by our farmers.

Besides steps taken domestically to cushion the impact of the crises on the population, we engaged our partners to help us steer through the turbulence. We are accordingly grateful to the World Bank for a US\$10 million dollar assistance to be used to feed vulnerable segments of our population and for cash for work programs, to the African Development Bank for an estimated US\$4.5 million and to the Japanese Government for an as yet to be realized US\$6 million equivalent to cover rice imports. We also have received from the World Food Program, a commitment of US\$41 million over a three year period for food supply and agriculture development.

More precisely, the financial crisis led to a sharp decline in the price of rubber. From October 2008 to January 2009 rubber prices dropped from US\$1,425 to US\$525 per ton, thus interrupting the operations and replanting programs of thousands of small and medium sized

plantations and will result in unemployment, lost income and reduced government taxes for the large farms and plantations, perhaps as high as US\$3 million in the next year. We have already received formal notice or indication of a reduction in the size of planned investment and a slow down in operations of those ongoing.

Our Central Bank will be hit by loss of income from reduced interest rates on their foreign deposits. Commercial banks and local beneficiaries have felt the blow from reduced remittances from abroad which affect local investment and consumption. The opportunity side of this crisis is that we must do more to encourage local production, particularly food and we must move quickly in our effort to reactivate and replant traditional export crops such as rubber, oil palm, coffee and cocoa so that we are positioned to benefit when the production swings once again to buoyant world commodity prices.

Yet, it is important that the government responds to the crisis in pursuit of the objectives stated by providing some stimuli no matter how moderate given the existing fiscal constraints.

Mr. Speaker and Honorable Members of the Legislature, we are therefore pleased to propose the following measures:

- Reduction of the Business Income Tax rate from 35% to 25%.
- Reduction of the Personal Income Tax Rate from 35% to 25%
- Reduction in the presumptive tax on businesses with turnovers above L\$201,000 from 4% to 2% of their gross quarterly income
- Reduction of the Ecowas Trade Levy from 1% to 0.75%.
- Elimination of the 2% advance tax as a minimum tax on businesses with turnovers above L\$5 million
- These tax rate revisions form part of the comprehensive revision of the Revenue Code which is presently being finalized. However, in order to ensure that the Liberian people begin to benefit from the relief that is embedded in these tax reductions, I will be submitting my proposals for tax reductions in the next few days in advance of the submission in advance of a comprehensively revised revenue code that will also be shortly submitted.

In addition to these tax reduction measures, I am also pleased to note the following measures:

- 1) As a result of market forces of supply and demand, the price of butter rice has been reduced from US\$35 to US\$30.
- 2) An opening of the rice market to other importers for all grades of rice, except those prohibited for the protection of citizens
- 3) The establishment of a US\$1 million facility at the Central Bank for the purchase of paddy rice from local producers. This will serve as an incentive to stimulate production in the coming planting season. I am also pleased to announce the launch of a pilot program whereby ten persons each from all 14 counties not including Montserrado who are resident in Monrovia and willing to relocate to another county or to their county of origin will be provided 5 acres of land in fee simple for the planting of rice or tree crops for which seeds and cutting will be provided.
- 4) Reduction of Import Duty and Goods and Services Tax on buses 24-seater or above from a total of 18% to 2.5%. This measure is intended to encourage private sector

actors to intervene more robustly in the transport sector as a means of alleviating the hardship our people encounter in getting transport.

In order to give added incentive to the margin of preference for Liberian businesses that is included in the revised Incentive Code that will soon be presented to you, the Economic Management Team of the Government is presently considering the establishment of a US\$2 million guarantee fund at the Central Bank to support Liberian businesses. The criteria and modalities for operationalising such a scheme are also being considered.

**Mr. Vice President, Mr. Speaker, Mr. President Pro-Tempore,
Honorable Legislators:**

Our country embarked upon a journey that commenced on January 16, 2006, a journey embedded in the dream of a peaceful and prosperous nation based upon proper allocation and use of our national resources in ensuring equity and equal opportunity for all our citizens. That dream envisioned that we had the courage to depart from the ways of the past that have kept our country underdeveloped, our people divided and our children devoid of hope in the future.

We have come a long way in the journey, in the fulfillment of our dream as I have just recounted the progress which we have made in just three years of this Government. There may be those whose hate, guilt and fears prevent them from being a part of this great journey. There may be those who, lacking the courage to dream and to accept the reality of progress can only stand in the sidelines seeing only the difficulties and the shortcomings. There are also those who simply want us to return to the habits of old – plunder, lawlessness, indiscipline.

But let us thank God for the thousands of Liberians, particularly those in our rural communities who share in our dream of reform and change, those who are thankful and have made the sacrifice and the contribution to get us where we are today. For them, we cannot stop but must stay the course. To them, we must pledge our continued commitment to a legacy that will see Liberia three years from now a better place than we found it. This legacy is also yours as we together continue on this journey of courage, hope and promise toward the fulfillment of the now possible dream.

As I draw to a close, there is no doubt that our challenges remain enormous. But we remain committed to the ongoing reform and change knowing that the resistance from the minority is bound to become more intense as the majority sense and feel the progress that is being made. I said last year, and I say again, we will bear the cross, we will stay the course, we will carry the load for that is the only way to ensure that we achieve our Poverty Reduction goals to “Lift Liberia”, thereby enabling our nation to consolidate the gains on this irreversible road to a participatory democracy in which rights are protected, freedom is enjoyed with responsibility, and there is social equity and equal opportunity for all.

Mr. Vice President, Mr. Speaker, Honorable Members of the Legislature, Thank you for joining me on this journey. Thank you for helping me in the progress we have made in rebuilding our institutions and renewing our nation. Thank you for your contribution in making us all proud to be Liberians.

Please join me in the first week in March, when Women leaders all over the world will join Liberian women in a Colloquium co-chaired by Finland President Tarja Halonen and me to celebrate women’s empowerment. We will also recognize in presence President Abdoulaye

Wade of Senegal and President Paul Kagame of Rwanda for their promotion of the role of women.

I thank you.