WHEN Charles Taylor stood for election as President of Liberia in 1997 one of his slogans was "He killed your ma, he killed your pa; vote for him or he'll kill you too"! Liberia was a nation wrecked by civil war.

Its decline had started in 1980 with a coup that overthrew President William Tolbert.

The following 23 years were years of war, rebellion and socio-economic collapse.

In the late 1970s Liberia's per capita GDP was similar to that of Egypt, Indonesia and the Philippines, and double that of India. By 2006 it was one of the poorest countries in Africa. An estimated 64% of the population lived below the national poverty line, with 48% living in extreme poverty. Only 17% of the labour force was in formal employment. Life expectancy at birth had dropped to less than 43 years. Nearly a quarter of the children born died before their fifth birthday. In the final year of chaos, 2003, real GDP declined by an estimated 31,3%. Most of the country's roads and railways, electricity generation transmission, and potable water and sewage systems had been destroyed.

In November 2005 Ellen Johnson-Sirleaf was elected as President of Liberia, the first woman head of state in Africa. In July 2006 she was able to switch on generator-powered street lights in the capital, Monrovia, which had been without electricity for 15 years.

Immediately prior to Johnson-Sirleaf's election, the National Transitional Government of Liberia and international partners including the International Monetary Fund had signed a Governance and Economic Management Assistance Programme. This had six components, which included securing the country's revenue base, improving budgeting and expenditure management, promoting and sustaining government accountability and good financial management, and capacity building. Emphasis was also placed on controlling corruption.

This programme produced some immediate results. Ghost workers in the civil service were eliminated; all serving Cabinet members were required to publicly declare their assets; a Civil Service Code of Conduct was drawn up; and actions were implemented to enable UN sanctions on diamond and timber exports to be lifted.

One of the government's achievements has been to anchor fiscal policy on a balanced cash-based budget. With donor support, it has implemented an expenditure management programme that ensures that expenditures do not exceed available revenues. At the same time revenue administration and collection has been strengthened and revenue from income tax in particular has grown substantially. Fiscal revenues rose by 74% in 2006/7. This strong performance continued during the first half of 2007/8, with fiscal revenues increasing by 46% compared to the same period in the previous year.

Reconstruction of infrastructure was also one of the government's priorities. Its initial programme resulted in the rehabilitation of several hundred kilometers of roads, together with several bridges. 36 high schools, 39 clinics and four community health facilities were rehabilitated. Community development projects were financed throughout the country. In particular a start was made on rebuilding the electricity grid in Monrovia and rehabilitating the city's water pipelines.

Critical to Liberia's economic recovery is international debt relief. Calculating the net present value of Liberia's external debt gave a debt-to-exports ratio at the end of June 2007 of 1 576%. The threshold at which a heavily indebted poor Country qualifies for consideration for debt relief is 150%. At the end of June 2007 Liberia's public and publicly guaranteed external debt was estimated to be US$ 4,7 billion, of which about 96% was in arrears. Liberia's largest creditor was the International Monetary Fund. Difficulty was experienced in reconciling Liberia's external debt as many of the debt records in the Ministry of Finance had been looted, burned or lost during the years of civil conflict.

Through debt relief measures Liberia has cleared its arrears to the World Bank and to the African Development

Bank Group. Arrears to the IMF were expected to be cleared by the end of March 2008. Strategies for arrears clearance with other multilateral creditors are also under discussion. It is anticipated that 49% of the HIPC debt relief due from multilateral creditors will be provided through financing in support of clearance of Liberia's arrears. The balance will be provided through the reduction of future debt service. In addition the World Bank and the African Development Bank are expected to provide further interim assistance to Liberia. The immediate result of this debt relief will be to reduce the country's debt-to-exports ratio (in terms of net present value of debt) to 150%.

Debt relief is not debt forgiveness. The total stock of Liberia's external debt has not, at this stage, been significantly reduced. However it has been restructured and rescheduled to remove the immediate financial burden from Liberia and to allow the economic reform programme to go ahead. It also makes Liberia eligible once again for further international financial support.

Another integral part of the assistance being given to Liberia by the World Bank and the IMF, among other agencies, is technical assistance to help strengthen its public financial management. This covers areas such as budget preparation and execution, including cash management, internal controls, deadlines for the production and dissemination of annual accounts and financial statements, and external audit reports.

Through the resumption of diamond, timber and iron ore production, in addition to the many other economic reforms that have been introduced, annual average real GDP growth is targeted by the Liberian government at over 11% for the next three years. Inflation will be kept in single digits. Direct Foreign Investment is being actively sought, as is continued financial support from international partners on concessional terms.

The tragedy is that per capita GDP in Liberia is still not expected to return to its 1980 level for another 20 years. The sad lesson for Africa, and indeed anywhere in the world that has been ravaged by economic destruction, is that it is easy to destroy; it is far harder and takes far longer to rebuild.

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