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President Sirleaf's 2016 Annual Message

Embassy of the Republic of Liberia in the United States , Thu, Jan 28, 2016

(MONROVIA, LIBERIA, Monday, January 25, 2016) President Ellen Johnson Sirleaf has again drawn the nation's attention to the ailing state of the economy influenced largely by external influences including the spontaneous deterioration in the country's traditional exports of iron ore and rubber and the recent outbreak of the Ebola Virus Disease.

Delivering her 11th Annual Message on the State of the Republic to the Fifth Session of the 53rd National Legislature at the Capitol Building on Monday, January 25, 2016, in fulfillment of Article 58 of the Constitution, the Liberian leader warned that the economy is under severe stress and Liberians are in difficult times.



However, in the wake of the challenges faced and the need to maintain macroeconomic stability and stimulate growth, she appealed to the 53rd National Legislature for their support to see the country through another recurring flow of the changing conditions of the global economy as Government presented an Economic Stimulus Package covering a range of fiscal incentives and interventions including certain deferrals in the concession sector for their perusal.

Among the several fiscal incentives and interventions formulated in the Economic Stimulus Package presented to the National Legislature, President Sirleaf recommended the following: Government waive penalty and interest on overdue taxes through a plan that provides incentives for settlement; waive storage charges for containers aged over 90 days through procedures to be established by the National Port Authority; and create within 90 days a platform that will eliminate as a first step, the International Permit Declaration (IPD) on rice.

Other recommendations are to extend a 100 percent duty free privilege for industrial saw mills with eligibility tied to time framed local processing; defer payment of Social Development Funds for Concessions within Mining Sector under an agreement that ensures additional incentives for a strategy that prevents closure, protects employment and encourages value addition; provide a guarantee of US\$15 million to commercial banks for loans to finance operations in the rubber sector under Sector Restructuring Plan that ensures debt settlement and value addition for farms of not less than 100 acres; and provide guarantee of US\$2 million to commercial banks for loans small Liberian Businesses that require no more the US\$50 thousand for commercial activities.

She also proposed to revise revenue and investment codes to protect local manufacturers; expand duty free on all agricultural machinery and farm inputs; restrict duty free privileges; enforce the law restricting certain businesses reserved for Liberians; restrict official executive travel and enforce ordinance relating to time and class of travel; as well as enforce the policy on the purchase of government vehicles.

Recounting the state of the economy when she ascended to the presidency in 2006, President Sirleaf indicated that her government inherited a collapsed economy – “a staggering 90 percent decline in Gross Domestic Product, the greatest by any nation since World War II,” she said, adding further that she also inherited an unsustainable debt level of more than 600 percent of GDP brought about by debt un-serviced for over two decades. “We were at the bottom of a very deep hole,” she admitted.

Despite the bad shape of the economy, and with some structural adjustments, the economy was put on a growth trajectory that led to GDP growth of 8.2 percent in 2006, which peaked at 12.7 percent in 2007, placing Liberia among those sub-Saharan African countries that were recognized as a fast growing economy on the continent. However, she indicated, that this growth trend was short-lived as Liberia experienced the first shock that grew out of the 2008 global financial crisis which slowed the pace of investment resulting in a GDP growth decline to 5.1 percent in 2009. “Despite this shock, the economy’s growth pace accelerated and grew by 8.7 percent in 2013,” she told the 53rd National Legislature.

President Sirleaf emphasized that Liberia experienced its second shock during the Ebola Virus Disease (EVD) outbreak in 2014. “It threatened our lives and our livelihoods collapsing the health sector and paralyzing the economy. This was concomitant with the third shock - a sharp decline in global prices of our two main exports: iron ore and rubber. As a result, real GDP growth plummeted from an original forecast of 5.9 percent to 0.7 percent in 2014,” she said.

The Liberian leader reiterated that the economy continued to experience suppressed growth in 2015 owing not only to falling prices of the country’s prime export commodities and the effects of the Ebola Virus outbreak but also to the ongoing drawdown of the United Nations Mission in Liberia (UNMIL) which mainly affected the services sector.

“Consequently, real GDP growth declined further to 0.3 percent in 2015 compared to the original forecast of 6.8 percent,” she noted, stressing that the foundation of economic diversification already set in place by her administration could not, in the short run, absorb these unforeseen shocks.

“The fiscal and employment effects are profound; noting that the revenue approved by the Legislature in the Fiscal Year 2015/2016 budget at US\$622.7 million is being revised down to US\$552.8 million. Collection in domestic revenue budgeted at US\$473.8 million is estimated to fall by 12 percent or US\$57 million mainly arising from the slow activities in the mining sector.

“Reflecting the weak revenue performance, total expenditure budget at US\$622.7 million is expected to be reduced by 11.2 percent to US\$552.8 million, representing potential cutbacks for all entities while avoiding cuts in compensation and other economic and social services’ expenditures,” the Liberian leader catalogued; adding, “The implication is that we will be unable to meet the targeted level of public sector investment that is required to meet our obligation to ongoing infrastructure projects and new priorities that are essential for our economic diversification goals.”

She said Liberia has benefitted and is grateful to our development partners for the high level of support in official development assistance recorded for 2014/2015 at US\$720 million, representing 36 percent of a GDP of US\$2 billion. “LISGIS is revising the official GDP figure which currently does not capture a large amount of production. However, we should realize that this exceptional support will not continue nor is it a basis for sustainable development over the long term,” President Sirleaf said.

Touching on “corruption” dubbed a serious enemy to her administration, President Sirleaf said to succeed in this fight, it must be holistic and must be waged collectively, with the full participation of all well-meaning Liberians and friends, social and political institutions, civil society and faith-based organizations joining with Government. “Those who give bribes are as guilty as those who receive bribes. They are equally culpable and subject to punishment,” she stressed.

The Liberian leader urged her compatriots to continue to embrace and inculcate a spirit of hard work, integrity, and honesty in our homes, schools, work places, and places of worship. “That is the only way we can defeat this societal problem,” she warned.

President Sirleaf informed the National Legislature that she will shortly submit a Bill to establish a Fast Track “Corruption and Financial Crimes Court” to deal with corruption and economic crime-related cases; as well as Bills relating to corruption.

She said this menace impedes national development and threatens the rule of law. “It frustrates efforts to fairly distribute our resources, undermines essential democratic values, renders institutions ineffective, and retards our socio-economic and political development,” she said.

Highlighting some of the things her administration blamed as some of the root causes, she named lack of systems, institutions, laws, values, policies and strategies, inadequate compensation, and poor capacity.

On what her Administration has done in the fight against corruption, President Sirleaf named the termination of officials, restructured the Prosecution Department of the Ministry of Justice; prosecuted accused persons where evidence is great; reinvigorated the Public Procurement Concession Commission; proposed a special court for economic crime; and initiated an Open Budget process.

"There has been progress. Notwithstanding the progress, we acknowledge that at home we continue to grapple with negative perceptions. This is something that involves all of us. Too often, we keep saying things that are not true. Too often, we accuse when there is no evidence," she said.

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Source URL (modified on Jan 29 2016 - 12:16am):<https://liberianembassyus.org/in-the-news/president-sirleafs-2016-annual-message>