Public Disclosure Authorized
Public Disclosure Authorized
Public Disclosure Authorized

90705

Transforming Trade Logistics in Liberia

PROJECT AT A GLANCE

COUNTRY/REGION LIBERIA/SUB-SAHARAN AFRICA

PRODUCT TRADE LOGISTICS

THEME FRAGILE AND CONFLICTED-AFFECTED AREA

In 2007 the World Bank Group chose Liberia as one of four pilots for a new trade logistics program. The project is part of a larger Investment Climate Program meant to sustain and deepen reforms in business regulation, taxation, trade logistics and investment generation in key sectors. The trade logistics component aims to reduce the time and cost of import and export transactions through targeted reforms.

RESULTS AND IMPACTS

- With the help of the trade logistics team, Government of Liberia implemented targeted reforms aimed at improving the country's trade logistics systems and services.
- Results include reducing customs clearance steps by 74 percent from 42 to 10 and automating the customs clearance system, which resulted in an 80 percent increase in customs revenue from $5 million in 2009 to $9 million in 2011.

CONTEXT

In Liberia, importing and exporting had been a long and cumbersome paper-intensive process involving more than 40 customs clearance steps and a myriad of required documents. These inefficient and unpredictable trade logistics inflated transaction times and costs for traders accessing global markets. Despite many post-conflict challenges, the Government of Liberia recognizes the vital role played by private sector development and trade in building the country's

IN PARTNERSHIP WITH THE EUROPEAN UNION, THE NETHERLANDS, IRELAND, DENMARK, NORWAY, TRADE MARK EAST AFRICA

IFC International Finance Corporation World Bank Group

THE WORLD BANK

MIGA Multilateral Investment Guarantee Agency World Bank Group

future. Accordingly, the government has committed to an ambitious reform agenda focused on modernizing trade logistics systems and services to improve Liberia's economic growth prospects.

OUR ROLE

Investment climate teams of the World Bank Group have been assisting the Government of Liberia to improve the efficiency of trade logistics systems and services, with a focus on reducing the time and cost to trade.

The project has thus far achieved 30 trade logistics improvements, which include:

- Setting up a centralized facility at the Freeport of Monrovia, the country's main commercial trade facility, to provide a single location for the clearance of cargo.
- Introducing a preliminary risk-based inspections regime to reduce the number of physical inspections for imports.
- Implementing ASYCUDA World, an automated customs clearance/data system.
- Simplifying import and export processes and procedures.
- Reducing the cost of import and export as well as the number of documents required to trade.

Prior to these reforms, Liberia operated under an entirely manual customs clearance system. As a result of administrative and customs automation reforms supported by the Government of Liberia, the number of steps required for the clearance process fell from 42 in 2007 to just 10 in 2011, a 74 percent reduction.

Improving the investment climate has been important for the country's overall economy, which grew in 2011 and 2012 largely as a result of demand for Liberia's rubber and iron-ore exports. In the import-dependent country, which relies on exports for economic growth, reforms in trade logistics have shown tangible and timely results.

The second phase of the project builds on previous achievements, focusing on implementing reforms that address more systemic issues, including:

- Integrating best practice risk management procedures.
- Adopting rationalized documentation and procedures.
- Simplifying duty-free procedures.
- Supporting the further implementation of ASYCUDA World.
- Supporting the drafting and implementation of an updated Customs Code.
- Supporting the Government of Liberia's accession to the WTO.

Phase 2 of the Liberia trade logistics project aims to increase exports by $5 million and generate $1.5 million in private sector savings.

"Clearing customs used to be hard, it could take almost three months to get the goods from the container. But now, two weeks, one week and a half, you take your goods from the port."

CHOKO HARRIS
Shop Owner
(Sells plastic goods from China & Thailand)

CONTACT

Inoussa Ouedraogo | Operations Officer | Investment Climate
EMAIL: Oedraogo2@ifc.org | TEL: 226-5049-6353 | www.wbginvestmentclimate.org