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Economic Growth: Energy

During the period of civil strife, the entire electricity infrastructure collapsed. This situation has resulted in the country's inability to generate electricity in large quantities and distribute it through transmission and distribution lines to customers in Monrovia or the other major population centers. The Ministry of Land, Mines, and Energy (MLME) as well as the state utility – the Liberia Electricity Company (LEC) – are both weak in their abilities to set and implement policy and to rehabilitate and operate the electricity system, and lack both financial resources and expertise in commercial management of such a system. The lack of electricity services in urban and rural areas is a major obstacle to economic growth and to the provision of needed government and social services.

USAID/Liberia's current Energy Program consists of an emergency electrification component and a component that aims to develop pilots and to help establish the framework for long-term progress in the sector.

Accomplishments:

- The Emergency Power Program (EPP) was developed in March 2006, with implementation beginning in June. This multi-donor effort brought electricity services to key public and commercial establishments in the Congo Town and Kru Town areas and the first street lights in Monrovia in over a decade.
- With support of the program, the Liberia Electricity Company (LEC) achieved its sustainability milestone of collecting sufficient billings to cover fuel and O&M consumed during the previous period. This is the fourth and final key milestone of the EPP, which provided donors sufficient comfort to move on to the second phase.

Plans/Current Priorities:

- An EPP Phase II 5-way MOU was signed on December 22, 2006. EPP II will increase generation and LEC customers in Monrovia 5-fold, over the next year and a half.
- The Liberia Energy Assistance Program (LEAP) began implementation in November 2006, with the object of assisting with the framework for longer-term power generation in Liberia, and helping to augment the impact of other programs. Tasks include:
 - Energy Sector Reform to attract private sector investment;
 - Urban Community Development Pilots;
 - Rural Community Development Pilots; and

- Building linkages with other key programs such as the Liberia Community Infrastructure Program (LCIP), and the Accelerated Learning Program (ALP) to explore opportunities for collaboration and to strengthen the development impact of other interventions through the addition of energy.
- The plan for the sector is to collaborate with donors to expand the EPP as appropriate, in order to continue to demonstrate progress in the sector, and maintain support among the population. People have noted that the small progress achieved is an indication that the government intends to keep its promises.
- Work with the LEC will continue to set up a sustainable plan for reform of the energy sector.
- USAID hopes to expand pilot programs and explore renewable energy sources, in particular in rural areas.

Partners:

- The implementer of both projects is the International Resources Group (IRG).
- Both programs are pursued in close collaboration with the Government of Liberia/Liberia Electricity Company (GOL/LEC), European Union (EU), World Bank, and the Governments of Ghana and Norway, the other key donors in the sector. In addition, the Volta River Authority (VRA) was contracted by the EC to carry out the Emergency Power Program in the June of 2006.

Challenges:

The biggest challenge will be working with the GOL and other donors to develop and implement a creative approach that will bring in a private sector firm to provide large-scale generation and management expertise to provide electricity to all of Monrovia and to rehabilitate and manage the system along commercial lines. This will involve working with Trade and Development Agency (TDA), Overseas Private Investment Corporation (OPIC), and the International Finance Corporation (IFC) to create a package of incentives that will be complemented by the energy policy reforms put in place by the GOL.