Ebola stricken Liberia is descending into economic hell
By Fred Barbash  September 30 2014  Washington Post

People hold up signs as they protest for jobs to deal with the Ebola virus outbreak, outside the health ministry in Monrovia September 29, 2014. (James Giahyue/Reuters)

Liberia, the West African nation hardest it by Ebola, has begun a frightening descent into economic hell.

That’s the import of three recent reports from international organizations that seem to bear out the worst-case scenarios of months ago: that people would abandon the fields and factories, that food and fuel would become scarce and unaffordable, and that the government’s already meager capacity to help, along with the nation’s prospects for a better future, would be severely compromised.

They are no longer scenarios. They are real. While these trends have been noted anecdotally, the cumulative toll is horrific.

The basic necessities of survival in Liberia — food, transportation, work, money, help from the government — are rapidly being depleted, according to recent reports by the United Nations Food and Agricultural Organization, the International Monetary Fund and the World Bank.
The FAO says that food is in increasingly short supply. Fields in some regions have been abandoned in part because people perceive Ebola may be coming from them or from the water used to irrigate them.

“People are terrified by how fast the disease is spreading,” Alexis Bonte, FAO Representative in Liberia, said in a statement. “Neighbors, friends and family members are dying within just a few days of exhibiting shocking symptoms, the causes of which are not fully understood by many local communities. This leads them to speculate that water, food or even crops could be responsible. Panic ensues, causing farmers to abandon their fields for weeks.”

The International Monetary Fund said in a separate report that restrictions on public transport, internal travel and trade are burdening the country’s ability to distribute the food that is available.

The combination is driving up food prices rapidly, said the IMF even as “panic buying” is boosting demand, according to the World Bank. The IMF is projecting an inflation rate of 13.1 percent by year’s end, compared with 7.7 percent before the Ebola epidemic started taking its toll.

Transportation has been badly disrupted, one indicator being a drop of between 20 and 35 percent in fuel sales. The services sector, about half of Liberia’s economy, employing about 45 percent of the work force, has experienced a drop in turnover of 50 to 75 percent, the World Bank says.

According to the World Bank report, Liberia’s single-most important agricultural export, rubber, has been severely “disrupted by both the reduced mobility of the workforce and the difficulty in getting the products to the ports due to the quarantine. Rubber exports which were initially expected to be about $148 million in 2014 are estimated to drop 20 percent,” it said.

Palm oil, another big industry in Liberia, has also been hard hit. According to the World Bank, Sime Darby, the world’s largest producer of palm oil, is mostly now focusing on simple maintenance of its facilities because of the “evacuation of managerial and supervisory personnel.” It put on hold the construction of a new $10 million palm mill that was to be completed in 2015.

As the death toll rises to more than 3,000, the U.S. Centers for Disease Control and Prevention issues a dire forecast.

Sept. 27, 2014 Medical staff members prepare to take care of Ebola-stricken patients at the Medecins Sans Frontieres (Doctors Without Borders) facility in Monrovia, Liberia. Liberia welcomed global pledges of action, admitting on Friday that the government was losing the trust of its people with the outbreak still out of control. Pascal Guyot/AFP/Getty Images

Outside of agriculture, the World Bank said a major mining company, China Union, closed its operation in August. It had projected production of about 2.4 million tons of iron ore in 2014.
Savings and loan programs, called “susu,” that finance “micro-trade” and small businesses — especially those run by women — have been “completely depleted,” with participants no longer able to pay their debts, said the FAO.

Projections for short-term and long-term economic growth are getting ratcheted downward, with the worst-case estimates nothing short of catastrophic. The World Bank, looking at 2014 alone, projected a reduction in growth in Liberia from 5.9 percent to 2.5 percent, a plunge that would be considered calamitous in any country. In 2015, under its most dire but altogether realistic scenario, Liberia’s output could decrease by nearly 12 percent in 2015.

Projections for inflation are moving upward, with the IMF estimating an inflation rate of 13.1 percent by year’s end, compared with 7.7 percent the year before.

On top of it all, the revenue coming in to the Liberian government has dropped sharply, by 20 percent, Liberia’s foreign minister Augustine Kpehe Ngafuan told the United Nations earlier this week. “Consequently, our ability to provide for basic social services and continue to fund key development projects are significantly diminished.”

“As we and our many international partners struggle to douse the wildfire caused by Ebola, we have been left with inadequate resources, time and personnel to attend to other routine illnesses like malaria, typhoid fever and measles, thereby causing many more tangential deaths. An increasing number of pregnant women are dying in the process of bringing forth life. In short, our public health system, which totally collapsed during years of conflict and was being gradually rebuilt, has relapsed under the weight of the deadly virus,” said Ngafuan.

The death toll from the West African Ebola outbreak is at least 3,091, according to the latest figures, which are regarded as significantly lower than reality because of underreporting. The number of deaths in Liberia, 1,830, is about three times more than either of the other two most affected countries, Guinea and Sierra Leone.

All the countries hit by Ebola are in bad shape, to be sure, but Liberia does indeed appear to be the worst of the lot.

“The Ebola epidemic is washing away years of progress and hard work,” said the FAO in its Sept. 23 report.

“With the highest number of new and cumulative Ebola cases recorded to date, Liberia is the country most affected by the epidemic in West Africa,” said IMF officials in a statement on Sept. 29 recommending more aid to the country. “In addition to exacting a heavy human toll, the Ebola outbreak is having a severe economic and social impact, and could jeopardize the gains from a decade of peace.”