

Liberia's agriculture sector remains both the backbone and the most underutilized asset of the national economy. As of 2023, agriculture accounts for approximately 30% of Liberia's Gross Domestic Product (GDP) and employs more than 70% of the country's labor force, primarily in rural areas. The sector is characterized by subsistence farming, limited mechanization, poor infrastructure, and weak integration into regional or global markets.

Despite Liberia's vast arable land—of which only an estimated 4.6% is cultivated—and abundant rainfall, agricultural productivity remains low, food insecurity is high, and rural poverty is endemic. In their published article, FAO found that food insecurity affects 80 percent of the population, and most of the poor live in rural areas. This paradox is largely attributed to systemic constraints in agricultural financing, particularly the absence of dedicated financial institutions capable of providing medium- to long-term credit and tailored financial products to smallholder farmers and agri-based enterprises.

During the late 20th century, Liberia had an operational Agriculture and Cooperative Development Bank (ACDB), which served as a financial intermediary dedicated to agricultural growth and rural development. However, this institution was decimated during the country's protracted civil conflict (1989–2003), along with much of the financial infrastructure that supported rural economies.

Since then, no specialized agricultural bank has been re-established, and commercial banks have proven either unwilling or structurally incapable of financing agriculture on a meaningful scale. As of 2022, according to the report generated by Central Bank of Liberia (2022), agriculture receives less than 5% of total commercial bank credit in Liberia, reflecting a critical gap in institutional support for one of the country's most vital sectors.

Therefore, this proposal argues that revitalizing the Agriculture Bank of Liberia is not only a strategic imperative but also a precondition for achieving inclusive economic recovery, food sovereignty, and long-term sustainable development.

Drawing upon development finance theory, institutional economics, and post-conflict reconstruction frameworks, this proposal presents the bank not merely as a lender, but as a catalytic development finance institution (DFI) with the capacity to transform the rural economy through value-chain finance, blended capital, concessional lending, and strategic partnerships.

It is envisioned as an autonomous, professionally managed institution with a developmental mandate aligned with Liberia's national priorities and international commitments such as the Sustainable Development Goals (SDGs), the African Union's Agenda 2063, and the CAADP framework.

The absence of specialized agricultural financing is a critical structural constraint in Liberia's development architecture. The agricultural sector, being inherently risky and cyclical, does not attract significant investment from commercial financial institutions. Farmers are often seen as "unbankable" due to the absence of collateral, formal land titles, and credit histories.

Moreover, agricultural cycles do not align well with the short-term lending windows favored by commercial banks. As a result, Liberian farmers are locked in a poverty trap where they lack the capital to invest in productivity-enhancing inputs such as improved seeds, fertilizers, machinery, and irrigation. This financing gap is more than just an economic inefficiency; it is a profound development failure.

According to the Liberia Food Security and Nutrition Survey, more than 16% of households are severely food insecure, while over 33% are moderately food insecure. Post-harvest losses are estimated to exceed 35% annually, primarily due to inadequate storage, processing, and transport infrastructure—all of which require targeted financing to remedy.

The revitalization of the Agriculture Bank of Liberia will provide a dedicated institutional mechanism to deliver affordable, timely, and accessible credit across the agricultural value chain, from inputs to markets, in both the formal and informal sectors.

Empirical evidence from other African nations underscores the critical role that agricultural development banks play in national transformation. For instance, Ghana's Agricultural Development Bank (ADB) has been instrumental in supporting cocoa production, a sector that contributes over 20% of Ghana's export earnings.

Similarly, the Development Bank of Rwanda (BRD) has leveraged public and donor funds to co-finance irrigation, livestock, and agri-processing projects, resulting in measurable improvements in rural incomes. Moreover, Ethiopia's Development Bank has invested heavily in agribusiness clusters, while Nigeria's Bank of Agriculture, despite its challenges, it has remained an essential pillar of agricultural financing. What these examples show is that specialized agricultural banks, when appropriately governed and capitalized, can fill market failures left by the private financial sector.

They can crowd in private capital, absorb risk, and deliver concessional financing to segments of the economy that would otherwise remain marginalized. Liberia's case is no different—and perhaps even more urgent—given the devastation of war, the fragility of institutions, and the extreme vulnerability of rural populations to climate shocks and market volatility.

From a political economy perspective, the revitalization of the Agriculture Bank must be situated within the broader context of state-building, post-conflict reconstruction, and

economic sovereignty. Liberia's civil war not only decimated physical infrastructure but also eroded institutional trust and fractured state-society relations.

Rebuilding confidence in state capacity requires demonstrable interventions that deliver public goods and opportunities to marginalized populations. A reconstituted Agriculture Bank, operating with transparency, professionalism, and developmental vision, could become a symbol of national revival and a practical tool for redistributive justice in a country still grappling with the legacies of conflict.

Additionally, Liberia remains heavily reliant on food imports, which cost the country approximately \$300 million annually, with rice accounting for more than \$200 million of that figure on. This dependence not only strains foreign exchange reserves but exposes the country to global price volatility.

The COVID-19 pandemic and the Russia-Ukraine conflict have underscored the dangers of over-reliance on global supply chains for essential commodities. Therefore, revitalizing the domestic agriculture sector through appropriate finance mechanisms is also a matter of national security and macroeconomic stability.

With more than 60% of Liberia's population under the age of 25, youth unemployment and underemployment represent critical challenges. Many young people are abandoning rural communities due to the absence of opportunity and infrastructure, leading to rapid urbanization, slum proliferation, and social instability. A revitalized Agriculture Bank could play a pivotal role in reversing this trend by funding youth-led agribusinesses, cooperatives, and innovation hubs that make agriculture attractive, profitable, and modern.

By offering financial products that incentivize youth participation—such as startup loans, innovation grants, and digital financial services—the bank can position itself at the intersection of rural revitalization and demographic dividend. Moreover, Liberia's agriculture sector is also feminized, with women accounting for over 60% of agricultural labor, yet facing disproportionate barriers to accessing finance, extension services, and land.

A revitalized bank with a gender-inclusive financial mode, including micro-loans, savings groups, and gender-responsive risk-sharing instruments, would be instrumental in lifting women out of poverty and enhancing household resilience.

The proposal to revitalize the Agriculture Bank is a core function of the current government, operating under the leadership of His Excellency Joseph Nyumah Boakai. This initiative is an integral component of the ARREST Agenda for Inclusive Development (AAID), which is strategically aligned with national, continental, and global development frameworks.

The AAID, a five-year vision spanning 2025-2029, emphasizes inclusive growth, rural transformation, and enhanced access to finance. Our specific focus is to support these critical pillars. Consequently, our work on revitalizing the Agriculture Bank is precisely intended to directly advance the AAID's goals, particularly concerning economic transformation and human capital development through sustained agricultural growth. Ultimately, this effort is dedicated to contributing to that broader national vision.

Liberia is a signatory to the Malabo Declaration on Accelerated Agricultural Growth and Transformation, which commits African Union members to allocate at least 10% of public expenditure to agriculture and achieve 6% annual agricultural growth. At the global level, the proposed bank supports the realization of several Sustainable Development Goals, particularly SDG 1 No Poverty, SDG 2 Zero Hunger, SDG 8 Decent Work and Economic Growth, and SDG 13 Climate Action.

By investing in climate-smart agriculture, sustainable land management, and renewable energy for rural economies, the bank will contribute to building Liberia's resilience in the face of growing ecological challenges.

Although the re-establishment of the Agriculture Bank is a huge opportunity, it brings with it challenges especially in the spheres of governance, political influence and financial sustainability. Hence a hybrid institutional model is proposed in which the bank is owned by the government but managed with the efficiency of the private sector and with the international technical supervision. The appointment to boards should be on a merit basis and should not be politically dictated by cycles.

Besides, the bank ought to undergo external audits, performance lending, and be based on international banking regulations. Collaboration with international development finance institutions like African Development Bank, IFAD and the World Bank will play a key role in terms of ensuring credibility as well as technical soundness.

Instruments used to share risks (like guarantee against credit, crop insurance, warehousing of commodities, and tools that use digitalization capabilities like Know Your Customer (KYC)) will also mitigate the risks that have made agricultural finance risky. The use of mobiles and fintech banking platforms will enable the bank to access the underserved groups efficiently and safely.

Liberia is at a turning point. The plan to revamp the Agriculture Bank of Liberia provides a unique possibility to remediate several decades of agricultural underinvestment and market failure, as well as policy ignorance. It is a necessity, which is poised to deliver inclusive economic development, rural development and national food sovereignty.

In a nation where we are still struggling to overcome the scars of conflict and the weight of underdevelopment, the Agriculture Bank would be seen as a producer of change as well as a pointer to the future, a linkage of the yesteryear and the tomorrow, of potential and progress.

The proposal, therefore, aims at having the complete support of the Government of Liberia, development partners, and civil society with regard to taking a bold and visionary step toward sustainable national development.

About the Author

Irwin Youkpee Lue is a dedicated and results-driven finance and banking professional with over 15 years of experience at the Liberian Bank for Development and Investment, currently serving as Assistant Vice President. Holding a Master's in International Banking and Finance from Bangor University, UK, Irwin is deeply passionate about facilitating investment opportunities for African and Liberian farmers and businesses. His work focuses on promoting economic growth, sustainable development, and financial inclusion, aiming to create a vibrant socioeconomic landscape in Liberia and across Africa.