

**AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND**



**LIBERIA
COUNTRY STRATEGY 2008-2011 MID-TERM REVIEW, PORTFOLIO
PERFORMANCE REVIEW AND REQUEST FOR EXTENSION**

**REGIONAL DEPARTMENT ORWB
March, 2011**

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Currency Equivalents

As of February 2011

Currency Unit	=	Liberian Dollar
1 UA	=	112.824
1 US\$	=	72.233
1 UA	=	US \$1.56194
1 UA	=	0.920175 Pound Sterling
1 UA	=	1.14077 Euro
1 UA	=	9.04282 Krona

FISCAL YEAR

1 July to 30 June

ACRONYMS AND ABBREVIATIONS

ADB	-	African Development Bank
ADF	-	African Development Fund
ALSF	-	African Legal Support Facility
ASRP	-	Agricultural Sector Rehabilitation Project
CAR	-	Commitments at Risk
CP	-	Completion Point
CPIA	-	Country Policy and Institutional Assessment
CPIP	-	Country Portfolio Improvement Plan
DfID	-	Department for International Development
ECOWAS	-	Economic Community of West African States
EITI	-	Extractive Industries Initiative
ESW	-	Economic and Sector Work
FDI	-	Foreign Direct Investment
FSF	-	Fragile States Facility
GDP	-	Gross Domestic Product
HIPC	-	Heavily Indebted Poor Countries
IFAD	-	International Fund for Agricultural Development
ILO	-	International Labor Organization
IMF	-	International Monetary Fund
ISP	-	Institutional Support Project
JAS	-	Joint Assistant Strategy
LBDI	-	Liberia Bank for Development and Investment
LBWP	-	Labor-Based Public Works Project
MTR	-	Mid-Term Review
M&E	-	Monitoring and Evaluation
MDBS	-	Multi-Donor Budget Support
MDG	-	Millennium Development Goal
MDRI	-	Multilateral Debt Relief Initiative
MOF	-	Ministry of Finance
PAR	-	Project at Risk
PEFA	-	Public Expenditure and Financial Accountability
PEMFAR	-	Public Expenditure Management and Financial Accountability Review
PFM	-	Public Financial Management
PFMRSP	-	Public Financial Management Reform Support Programme
PRS	-	Poverty Reduction Strategy
PIU	-	Project Implementation Unit
PP	-	Problematic Projects
PPP	-	Potential Problematic Projects
SDR	-	Special Drawing Rights
SLFO	-	Sierra Leone Field Office
SME	-	Small and Medium Sized Enterprises
SSA	-	Sub Saharan Africa
TA	-	Technical Assistance

UA	-	Units of Account
UN	-	United Nations
USD	-	United States Dollar
WAMZ	-	West Africa Monetary Zone

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I. INTRODUCTION

1. The Bank Group Board of Executive Directors approved the Liberia Joint African Development Bank/World Bank Assistance Strategy 2008-2011 (JAS) and Eligibility to the Fragile States Facility in December 2008¹. The overarching aim of the JAS is to support Liberia's transition from post conflict recovery to long-term development. The strategy was articulated around the following two pillars: Pillar I "Rebuilding core state functions and institutions" and Pillar II "Jump-starting and facilitating pro-poor economic growth". The JAS was designed to support Liberia's first full Poverty Reduction Strategy (PRS) April 2008 - June 2011, which is built around four pillars: (i) Peace and Security, (ii) Economic Revitalization, (iii) Governance and Rule of Law, and (iv) Infrastructure and Basic Services, with gender equity, peace-building, environmental sustainability, HIV/AIDS, children and youth, and Monitoring & Evaluation (M&E) cross-cutting themes. The JAS is fully aligned to Pillars II, III, and IV of Government's PRS, focusing also on the cross-cutting themes of capacity development, gender, the environment, and job-creation for youth employment as important elements of the strategy. The JAS is also fully aligned with the Bank's Medium Term Strategy 2008-2012, with strong sectoral emphasis on infrastructure, governance and the private sector, contributing to regional integration and fragile states assistance and agriculture, with knowledge generation, climate change and gender mainstreaming.

2. The Board of Executive Directors commended the JAS close alignment with the PRS, its focus on results, and the continued close collaboration between the World Bank and the African Development Bank (ADB). They also appreciated Liberia's progress in maintaining peace and security, macro-economic stability, as well as in improving governance. They also noted the efforts that need to be made to get the country back on a sustainable path of growth and development while reducing poverty and attaining the Millennium Development Goals (MDGs). They endorsed the JAS 2008-2011 Cover Note and agreed Liberia's eligibility to Fragile States Facility (FSF) financing.

3. This report aims to assess progress made to date in the implementation of the JAS including portfolio performance, and to request an extension of eighteen months up to December 2012. The report is structured as follows: after a short introduction in chapter I, chapter II presents an update of the country context and recent political and socio-economic developments. Chapter III assesses progress made to date in the implementation of the JAS; this includes a review of portfolio performance. Chapter IV provides an overview on lessons learned at mid-term. Chapter V proposes extending the JAS until December 2012 and the Bank Group's indicative pipeline of interventions for this period, to be financed under ADF-12 and the FSF. Chapter VI draws conclusions and makes recommendations for Board approval.

¹ The World Bank Board approval was in April 2009.

II. COUNTRY CONTEXT AND RECENT DEVELOPMENTS

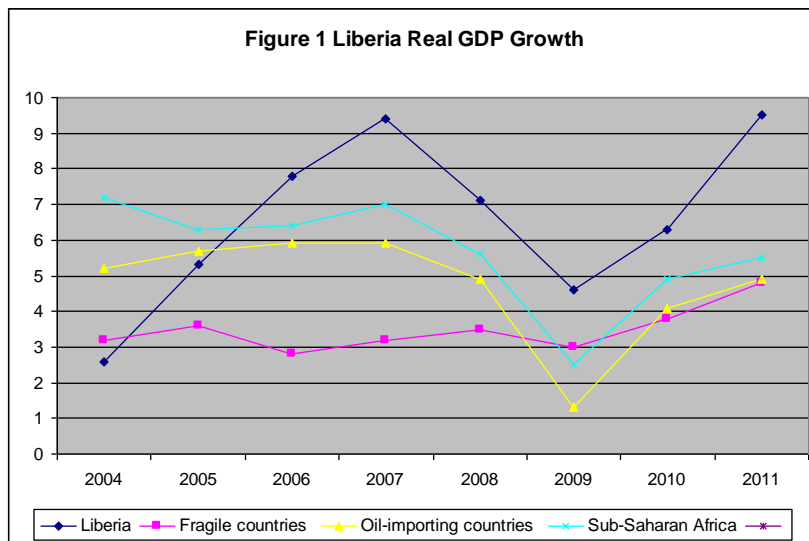
2.1 Recent Political Developments

4. Liberia was designated an electoral democracy for the first time in 2005, having just emerged from 14 years of civil conflict. After elections that were deemed free and fair by international observers, Ellen Johnson Sirleaf of the Unity Party took office in January 2006. The bicameral legislature, however, is dominated by opposition parties and independents. The Unity Party has only eight representatives out of 54 seats, and 2 senators out of a 30-seat Senate. There have also been several local by-elections, mostly won by opposition political parties, but government resource constraints have hindered mayoral and other local elections. In order to ensure smooth government operations pending the 2011 general and Presidential elections, the Supreme Court has ruled that the President could appoint local officials. President Sirleaf has announced that she will run for President for a second term. George Weah (Liberty Party), who lost the 2005 run-off election and Charles Brumskine (Congress for Democratic Change), the third candidate in the 2005 elections have also announced their plans to run for the presidency, and have agreed to form a coalition and to run against the incumbent on a single ticket.

5. Since 2006, Liberia has made impressive progress in the areas of political rights, civil liberties, and freedom of the press, with Liberia ranking 20th out of 53 African countries in the 2010 Mo Ibrahim index of Participation and Human Rights. Despite the opposition-led Legislature, the Government has been successful in implementing significant reforms. Furthermore, the Government has been promoting national healing and national unity through, for example, the establishment of the Truth and Reconciliation Commission, as well as through “inclusive governance” to ensure that all ethnicities have voice and representation. The security situation is generally stable albeit fragile and vulnerable to political instability in the region, with a sizeable United Nations (UN) peace-keeping force of more than ten thousand soldiers and police remaining on the ground until at least 2012. The number of Ivorian refugees having crossed to Liberia is currently estimated at 90 000, and could reach a quarter of a million. There are also strong concerns about border security due to fighting near the border. The Government has so far resisted calls from refugee groups to set up border patrols

2.2 Recent Economic and Social Developments

6. Liberia has made significant progress in achieving post-conflict economic stabilization and its development agenda as set in the PRS paper. The

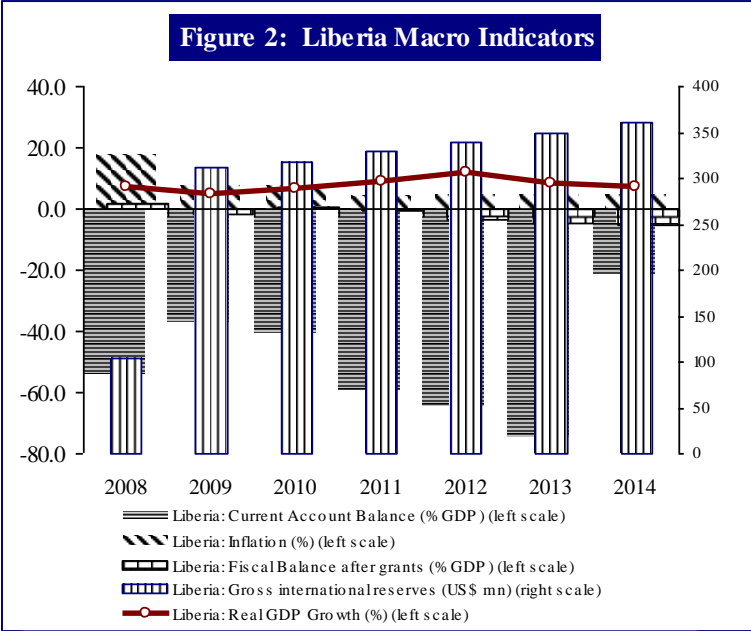


Source: AfDB Statistics Department, using IMF data

implementation rate of the PRS has reached 20% in the first year, and 80 percent as of the second year. The long-term vision currently being developed by the country is to attain middle-income status by the year 2030. The economy has performed well during 2008-2010 with real Gross Domestic Product (GDP) growth rates averaging 6.0%, though much reduced from the double-digit growth rates envisaged under the PRS. The global financial crisis has adversely impacted Liberia’s economic performance particularly in 2009, slowing economic growth, reducing employment in the rubber sector, and delaying investments in iron ore mining. Real GDP growth rate has rebounded from 4.6% in 2009 to 6.3% in 2010, led by the rubber sector and the restart of commercial logging. Economic growth has outperformed that of Sub-Saharan Africa (SSA) and other comparator groups (Figure 1). Liberia’s near term prospects are positive as the pace of new investment in iron ore and commercial agriculture as well as a rebound in rubber prices are expected to further increase real GDP growth rates to 8.8% in 2011 and 11.7% in 2012.

7. **Monetary Policy:** The monetary policy framework has successfully focused on maintaining low and stable inflation by targeting broad exchange rate stability. Inflation remains on a downward trend since the 2008 sharp rise, with average consumer prices inflation estimated at 7.4% in 2009 and 7.2% in 2010 and projected to 4.3% in 2011. Exchange rate depreciation against the US dollar during 2008-09 has maintained inflation at higher levels than those targeted under the PRS. The weakening of the Liberian dollar is attributed to a weakening of foreign exchange inflows from exports, private capital, and remittances. During 2010, inflationary pressure has eased due to lower fuel and food prices, and net inflows of foreign exchange have stabilized the real exchange rate.

8. **Balance of Payments:** The current account deficit narrowed over the last three years as a slow down of Foreign Direct Investment (FDI) led to a reduction in imports, while net official international reserves increased. Exports declined in to 17 percent of GDP in 2009 due mainly to a decline in rubber exports, but have risen in 2010 and are expected to increase further to over 30% of GDP in 2011-2012 with the take-off of logging and mining activities. Workers’ remittances to Liberia were significantly affected by the global financial crisis, declining by 20% from



Source: AfDB Statistics Department & IMF, December, 2010

US\$884 million to US\$711 million between 2008 and 2009. Reserve cover increased from 0.8 in 2008 to 2.6 months of imports in 2010², reflecting the narrowing current account deficit due to the reduction in imports. Starting in August 2009, the reserve position has been considerably strengthened by the International Monetary Fund (IMF) Special Drawing Rights (SDR) allocation, and the Government continues to promote the use of Liberian dollars which could further enhance reserve adequacy. Dedollarization is being undertaken gradually through promoting the use of Liberian dollars in government transactions and through mobile money transfers.

9. ***Fiscal Performance:*** Due to pre-debt relief unsustainable public debt, the government has continued to maintain a cash-based balanced budget without arrears. Government revenues have been rising during the PRS period, growing by 36%, 5.2% and 30% during 2008-10. Revenues growth is expected to be in the single digits in the medium term. Budget execution was mainly on track despite some delays in non-tax revenue payments such as a US\$ 20 million Bong mines concession payment. Shortfalls in the last fiscal year were counterbalanced by cuts mainly on capital expenditure, and by delaying scheduled income tax decreases to 2011.

10. ***External Debt:*** Liberia reached the Heavily Indebted Poor Countries (HIPC) Initiative Completion Point (CP) in June 2010. Liberia qualified for debt relief of US\$ 2.7 billion of which US\$ 240.2 million is from the ADB.³ Liberia also qualifies for additional debt relief under the Multilateral Debt Relief Initiative (MDRI). The African Development Fund (ADF) would provide UA 13.23 million in nominal terms. HIPC and MDRI will bring the net present value of debt-to-exports in FY2010/11 from 266% to 22.9%, and the risk of future debt distress is deemed low. Sensitivity analysis indicates some vulnerability to FDI flows, lower GDP growth, and lower concessionality on new borrowing. The Government's post-completion point debt strategy aims to maintain low debt vulnerabilities while providing for critical infrastructure financing needs.

11. ***Structural reforms and Economic Governance:*** Liberia achieved significant progress in implementing critical structural reforms particularly in the area of Public Financial Management (PFM), budget process, tax policy and tax administration, and debt management. These include: modernizing information systems, adopting a chart of accounts, budget preparation in accordance with a newly passed PFM Act, improved fiscal reporting, accounting, and internal audit. The Liberian Investment Code was amended in 2010 to reduce the scope for discretionary granting of investment incentives, and work is underway to compile national accounts data. Transparency has increased through increased external audits of ministries, publishing of procurement contracts, and complying with the requirements of the Extractive Industries Transparency Initiative (EITI), including forestry and commercial agriculture. In 2009, Liberia was the first African country to reach EITI-compliant status and the second country in the world to be designated as EITI

² This measure excludes Government US dollar deposits at the Central Bank, given the high degree of dollarization in the economy. After prudent consideration with the IMF and based on lessons learnt, the Government decided not to force de-dollarization so as not to destabilize the country, but to do it gradually through increased reliance on the Liberian dollar.

³ In end-June 2007 present value (PV) terms

compliant, and the first country to have included the forestry sector in its reporting. The Anti-Corruption Commission was also established and has become operational as of 2009. Liberia ranked 87th out of 178 countries with a score of 3.3 on Transparency International's 2010 Corruption Perceptions Index.

12. ***Business Climate and Private Sector Development:*** In the financial sector, reforms were implemented to improve the sector's stability and to increase access to intermediation and financial services, including the microfinance sector. This will improve the currently low rate of credit in the economy (9% of GDP). Administrative reforms have significantly improved efficiency in starting a business, dealing with construction permits, and trading across borders. In 2009, the World Bank Doing Business Report placed Liberia among the 10 Best Business Reforming countries in the world. Reforms in investment incentives and commercial code and courts as well as changes to the Revenue Code in 2010 will significantly support private sector development. Liberia further expects to accede to the World Trade Organization in 2012. Nonetheless, inadequate infrastructure, human capacity constraints, protection of property rights and land tenure, and limited access to finance still constitute significant barriers to investment and private sector development.

13. ***Progress on MDGs:*** Liberia is one of the poorest countries in Sub-Saharan Africa with an average per capita income of US\$160 and a poverty headcount ratio of 83.7 percent. The country ranks as 162 out of 169 countries on the Human Development Index (2010). In 2005, Liberia already had a five-year handicap with respect to attaining the MDGs. Over the last few years, significant progress has been made, and Liberia is likely to achieve Goal 3 on gender equality, Goal 6 on HIV/AIDs, malaria and other diseases, and Goal 8 on global partnership. Liberia is off track for attaining all other MDGs (see Annex 9). The FY09/10 budget allocated 21% of total outlays on health, education and other social and community services, but the budgetary resources are small relative to the needs. The Government aims to attain these goals in the context of the Vision 2030 currently being developed.

14. ***Health:*** The Government rehabilitated clinics and community health facilities; strengthened the national health strategy to fight HIV/AIDS and provided bed nets in malaria endemic communities as well as medicines for new tuberculosis cases. Life expectancy, infant and child mortality improved, while maternal mortality is among the highest in the world. Access to quality health services remains low, and about half the population lacks access to safe water and sanitation facilities. Serious efforts have been underway to reduce the incidence of Malaria and notable progress has been achieved in this area. HIV prevalence is estimated at 1.7 percent (2007), and antiretroviral therapy coverage increased from 10% in 2006 to 17% in 2007. 2009 estimates of child immunization rates against tuberculosis and against measles are, respectively, 92 % and 95%, surpassing Africa average rates.

15. ***Education:*** The Government has implemented free and compulsory basic primary education nationwide, which has led to markedly increased school enrollments, and has rehabilitated schools. Despite the significant progress that has been achieved in this area, Liberia is

unlikely to achieve MDG 2. The youth literacy rate has increased from 60% in 1994 to 75% in 2008, with Liberia ranking as 95 out of 215 countries on this indicator. Nonetheless, access to training for adults is limited, and there is a high illiteracy rate amongst adults (49.1 percent of women illiterate and 39.8 percent of men). There are currently 10,030 (33%) women pursuing tertiary education.

16. **Gender:** A national gender policy has been approved and a national Action Plan on the UN Security Council Resolution 1325 was adopted in 2010. Liberia has been named as the winner of the 2010 MDG 3 award for outstanding leadership, commitment and progress toward the achievement of the MDG-3. The country's ratio of female to male enrolled in primary and secondary schools has increased to 90 percent in 2009 at the primary level and 75 percent at the secondary level. The proportion of seats in the National Legislature has increased to 13 percent. The 2008 estimate of literacy rate of female youths is 80%. Nonetheless, adult women still lag behind in terms of access to productive resources and to equal opportunities and participation in management and decision making at all levels of society. Gender-based violence is a serious problem, affecting women's and girls' health and increasing their risk to HIV/AIDS and other sexually transmitted diseases.

17. **Regional Integration:** Liberia is a strong proponent of regional integration and conflict prevention, and is keen on achieving higher growth rates through regional approaches as evidenced by its membership of the Economic Community of West African States (ECOWAS) and the Mano River Union. Diversification and regional integration are a cornerstone of its shared growth strategy. Nonetheless, little progress has been achieved so far, as the sub-region faces the significant challenges of inadequate infrastructure, slow process of implementation of agreed protocols, difficulties in involving the private sector and civil society in regional integration efforts, and ongoing fragility as evidenced by the recent crisis in Ivory Coast. With the debt overhang behind it, Liberia is currently in a better position to pursue the financing of infrastructure to reap the benefits of regional integration and trade.

18. **Country Policy and Institutional Assessment (CPIA) Performance:** Despite the serious drive for reform implementation, the harmonized CPIA ratings for Liberia have stagnated around 3.2 due to the low base from which the country started. Particular strengths have been in the areas of macroeconomic management, fiscal policy, equity of public resource use, quality of budgetary and financial management, efficiency of revenue mobilization, and transparency and control of corruption. Priority areas for reform in the medium term are in the financial sector and property rights, particularly as concerns land reform, so as to promote private sector investment.

III. STRATEGY IMPLEMENTATION AND RESULTS AT MIDTERM

3.1. Status of JAS Outcomes at Midterm

19. Bank assistance under the JAS was framed in terms of two pillars: (i) Rebuilding core state functions and institutions; and (ii) Jump-starting and facilitating pro-poor economic growth. The second pillar encompasses improved access to key infrastructure services, improved agricultural

and natural resource management in a way that generates pro-poor growth; and improved business and investment climate. The JAS articulates a set of six outcomes, mainstreaming capacity development, gender and environmental sustainability, with regional integration as an essential growth component (Table 1)⁴. The JAS results framework uses Liberia's PRS as its starting point, and narrows down the range of PRS objectives to those that the ADB and World Bank Groups can demonstrably contribute to. The results framework is closely linked with the expected results of the ongoing portfolio of operations and analytical work.

Table 1 Summary of JAS Outcomes at Midterm⁴	
JAS Outcome s & Indicators	Status at Midterm
Pillar 1 – Rebuilding of Core State Functions and Institutions (aligned with PRSP Pillar III)	
1. Improved efficiency of budget preparation and execution and enhanced revenue administration	Substantially Met
Pillar 2 – Jump-Starting and Facilitating Pro-poor Growth (aligned with PRSP Pillar II &IV)	
3. Improved access to key infrastructure services	Partially Met.
4. Improved agriculture and natural resources management in a way that generates pro-poor growth	Partially Met
5. Improved business and investment climate	Substantially Met
6. Increase access to social protection and social services in the face of shocks	Partially Met

20. Table 2 shows that all programmed operations were realized except for the Buchanan Renewable Power private sector project which was dropped, and the iron ore project which has been delayed due to the financial crisis. In addition, three unprogrammed operations were approved: a supplement to the budget support to respond to the financial crisis, an emergency operation to combat a caterpillar invasion, and adding Liberia to the regional West Africa Monetary Zone project.

Table 2 Bank Operations, 2008-2010

Project Title	Planned Board Approval	Actual Board Approval	Indicative Amount (UA million)	Actual Amount (UA million)
Governance/Multisector-Pillar I				
1. PFRMRSP I-Budget Support (FSF and AFRCR)	2008	2008 and Supplement in 2009	12.00	15.4
2. PFRMRSP II-Budget Support (ADF/ FSF-12)	2011	On track	--	--
West Africa Monetary Zone Project (multi-national)	Not Programmed	2010	0	5
Pillar II				
Monrovia Expansion and Rehabilitation of Three County Capitals (ADF-11/FSF)	2009	Delayed to 2010	20.00	26
Agriculture Sector Rehabilitation Project (ADF-11)	2009	Split between 2009 and 2010	12.00	12.5
Emergency Operation to Combat Caterpillars	Not planned	2009	0	0.7
Contribution to Regional Programs (ADF-11)	2008-11	None required	1.82	0
FSF Targeted Support Window Activities	2008-11	On track	up to 2.00	3.0
Buchanan Renewable Power (Private Sector)	--	Dropped	--	0
Iron Ore Project (Private Sector)	--	Delayed to 2011	--	0
Credit Line/equity to LBDI (private sector)	2009	2009	8.00	3.3
Total			56	66

⁴ Under the JAS, the ADB selected 5 out of the 6 outcomes, and does not contribute to Outcome 2 on improved civil service.

21. **Economic and Sector Work (ESW).** The delivery rate on programmed analytical work (Table 3) fell short of target, with only the needs assessment study and the Public Expenditure Management and Financial Accountability Review (PEMFAR) delivered on time, while others are on track for delivery a year later. However, five unprogrammed studies were undertaken in an ad-hoc manner, as sectors became more acquainted with the knowledge gaps in the country. This late engagement is partly due to the ADB's absence in Liberia prior to the arrears clearance in late 2007. Work on the Public Expenditure and Financial Accountability (PEFA) study has started. The Gender profile has not been undertaken due to lack of funding; however Trust Fund resources are being sought. The Water Sector Reform study has been completed. Other studies that are underway that were not programmed under the JAS but were requested by the Government are: Transition to Independent Revenue Authority, peace-building and youth employment, private sector study, forestry management study, and agribusiness case study. Two studies are financed through FSF 3, two through bilateral trust funds, and one through the administrative budget. These studies deepen the Bank's and the Government's knowledge of PFM, youth employment, private sector bottlenecks, the sustainable management of natural resources, and successful diversification in the agri-business sector. The Bank also provided technical assistance in the form of consultants hired through the FSF 3 or directly through projects. The ESW have been an essential component of reform dialogue with the Government and Partners on PFM, water supply and sanitation, and agriculture and natural resource management. The World Bank approved Analytic and Advisory Activities with lending underpinnings to provide advice to the Government of Liberia. Both Banks maintain close dialogue with the Authorities as well as with Development Partners through the Multi-Donor Budget Support (MDBS) framework.

Table 3: Analytical Work 2008-2010

	Product	Indicative Year	Status
Pillar I	PEMFAR	2009	2009
	PEFA	2010	Delayed to 2011
	Needs Assessment Study	2009	Delivered 2009
	<i>Transition to Independent Revenue Authority</i>	<i>Not Programmed</i>	<i>2011</i>
Pillar II	Water Strategy	2009/10	Delayed to 2011
	Water Sector Reform Study	2009/10	Delayed to 2011
	<i>Agriculture and Agro-Industrial Development case Studies</i>	<i>Not programmed</i>	<i>2011</i>
	<i>Forestry and Natural Resources Management Support Study</i>	<i>Not programmed</i>	<i>2011</i>
	<i>Peace Building and Youth Employment</i>	<i>Not Programmed</i>	<i>2011</i>
	<i>Private sector Study</i>	<i>Not Programmed</i>	<i>2011</i>
Cross-Cutting	Gender Profile	2009	Delayed to 2011

22. Table 1 provides a summary assessment of implementation progress, while Annex 4 provides a detailed update on deliverables for the ADB and the World Bank. Good progress has been made with respect to outcomes 1 and 5, due to the reforms undertaken in PFM, transparency, as well as with respect to private sector development. Bank contribution under the Public Financial Management Reform Support Programme (FMRSP), the Institutional Support Project (ISP) and FSF targeted support are included in Annex 1. Performance on outcomes 3, 4 and 6,

however, is mixed. Under Outcome 3 as concerns transportation, non-delivery on the part of the consultants hired for the Labor-Based Public Works Project (LBPWP) for the engineering of the Fishtown-Harper road has delayed delivery by one year while other deliverables under the project have been completed or are on track. The non-performing consultant has been dismissed, and measures are underway to recruit another consultant. Under outcome 3 as concerns water and sanitation, deliverable have been delayed as the decision to make the ADB the lead Donor in the Water Supply and Sanitation sector has shifted responsibility for some deliverables from the World Bank to the ADB, which has required some consolidation and redesign work (see Annex 3 for an overview). The delivery under this outcome has then been rescheduled to 2011-12. Under outcome 4 as concerns agricultural growth, the Agriculture Sector Rehabilitation Project (ASRP) was launched in March 2010, with deliverables reported to 2011-2012. Targets under Outcome 6 as concerns to increased social protection are partially met, with an estimated 125,000 person-days of employment having been created through the LBPWP; the target is expected to be reached when the Fishtown-Harper road works are completed in end 2011. This is an important aspect of the project that addresses youth employment through the use of labor-based methods, as well as builds the Public Works Ministry to use this method in future.

23. **World Bank Results:** Overall results on the World Bank side to date have been positive with mixed and uneven achievements. There was remarkable progress in public financial management reform, which contributed to improve economic governance. The Forestry Sector has also performed very well, while results in Agriculture have lagged behind due to implementation delays. The World Bank has mobilized more resources through Trust Funds. The Output and Performance based road contracting methodology, an innovative results-based instrument was introduced in the Transport Sector.

24. **Capacity Development** has been an essential component of all Bank interventions, both through the projects and particularly through the FSF targeted support resources (see Annexes 1, 4, and 7). The bulk of capacity development has supported PFM reforms, as well as improving capacity for the implementation of the agriculture and water supply projects. The LBPWP provided training to engineers and local contractors in road maintenance and labor-based methods. The lack of national statistical capacity and the resulting gap in data that would underpin policy decisions clearly shows that a more comprehensive approach is needed to build statistical capacity at the national level rather than on a project basis. Efforts are underway by the ADB statistical department to provide technical assistance as well as capacity building to the Liberian national statistics office. Through the Statistical Capacity Building program, the Bank has committed USD 552,400 toward statistical capacity building in Liberia to improve Price statistics, National accounts, design and implementation of the National Strategy for Development of Statistics (NSDS), and Social Statistics areas including: MDG monitoring, development of civil registration and vital statistics databases, and infrastructure statistics. A proportion of the funds have been earmarked for gender statistics and other cross cutting areas such as environment/climate change, and labour statistics.

25. **Gender mainstreaming** was also emphasized through the specific targeting of gender-related indicators in projects results-based matrices, as well as through hiring gender specialists on the project management teams. A significant proportion of workers hired on the labor-based public works project, and a large proportion of the clients of Access Bank Liberia are reported to be female. There is need, however, to better track this indicator in Bank projects. Environmental considerations are addressed on a project basis as per Bank policy.

26. **Regional Integration:** The Bank approved a supplementary grant of UA 5.0 million to include Liberia in the West Africa Monetary Zone (WAMZ) Payments System Development Project, which was just launched in Liberia in December 2010. This project aims to improve the basic infrastructure of the financial sector in the WAMZ region through the upgrade of the payments systems of the four WAMZ countries, i.e., the Gambia, Guinea, Sierra Leone, and Liberia. This will increase participation of the private sector and private citizens in the formal financial sector and enhance financial flows at the regional level. This project fits under Pillar I of the Bank's proposed Regional Integration Strategy for West Africa 2011-2015 on linking regional markets through trade and investment facilitation.

27. **Risks and Bank Responsiveness:** Outside the JAS intervention program, the Bank was very quick to respond to two crises that the country faced: the global financial crisis, as well as a caterpillar invasion that prompted the President of Liberia to declare a state of emergency. One constituted an external shock on the level of incomes and prices, while the other constituted a risk to the internal stability of the country. The bank was quick to respond through two small but very effective operations. The supplemental budget support was provided to fill some of the gap in Government revenues that arose from the financial crisis, helping to preserve PRS-related expenditures as well as IMF program targets and HIPC CP triggers. With respect to the caterpillar emergency response operation, it contributed to Liberia's PRS on three fronts: one is to maintain peace and stability as sensitization went a long way in calming people's fears and reassuring them about the Government's presence and control of the situation. Two, it contributed to capacity building both at the Ministry level, but also at the community level to deal with pest invasions in a timely and effective manner. And three, it contributed to the rehabilitation of wells and water treatment, facilitating the provision of basic social services (see Annex 2).

28. **Bank Group Private Sector Support:** Two private-sector operations are under implementation in Liberia: Access Bank Liberia and Liberia Bank for Development and Investment (LBDI). Access Bank Liberia is a very successful operation having exceeded its 2011 target in late 2010, managing near 30,000 accounts, and has provided over 5000 micro-loans, resulting in business expansions and increased cross-border trading. LBDI, however, which was approved in June 2009, has experienced some delays due to the request of the Client to convert part of the USD 5 million loan into equity, which was declined by the Bank. It is expected that the sub-debt facility agreement will be finalized by end March 2011. The mining project that was under exploration at the time has been delayed due to the global financial crisis, but is now back under exploration.

29. **Contribution to MDGs:** Progress towards MDG targets was slow, as a result of post conflict realities. The Bank contributed to all MDGs through the provision of budget support which supported the protection of priority PRS spending. This also included a component in response to the food crisis which directly supported MDG1. It also directly contributed to MDG 8 by supporting the reforms necessary to achieve HIPC CP and through dialogue. The LBPW project contributed directly to MDG1 by providing employment, and to MDG2, 4, 5 and 6 by rehabilitating schools and health facilities. Access Bank Liberia contributed directly to MDG 1 by providing loans that provided jobs and increased trade. The emergency operation also contributed to MDG 1, 4, 5, 6 and 7 by preserving livelihoods and stability, rehabilitating wells, and protecting the environment. Support to the EITI contributed to MDG 7 for sustainable extraction of natural resources.

3.2 Country Resource Issues

30. Liberia's initial ADF 11 performance-based indicative country allocation as of 2008 amounted to UA 29.81 million, which then was increased to UA 31.72 million in 2009 and finally to UA 36.6 million after the CPIA exercises of 2008 and 2009 respectively. The FSF supplemental financing amounted to UA13.01 million, and indicative FSF financing from the targeted support window amounted initially to UA 1.3 million but was increased to UA 4.0 million as of 2010. Additional financing from the African Food Crisis Response amounted to UA 3.0 million. The increase in the performance-based allocation as of 2009 was immediately used to provide supplementary budget support in response to the global financial crisis. Liberia was the first country to benefit under the Bank's response to the financial crisis. The increase in the performance-based allocation as of 2010 was used to augment the size of the water supply and sanitation project, on the grounds that the Bank is the lead Donor in the sector, and that this allowed the provision of basic infrastructure services in areas outside of the Capital Monrovia. The project also covers some key elements to complete the rehabilitation of the White Plains water treatment plant due to insufficient funds under the Department for International Development (DfID)-funded Monrovia water supply rehabilitation project. The World Bank was able to deliver a larger program than initially planned and thus was able to address the food price and global economic crisis. The regional envelope as well as a significant number of Trust Funds supplemented the initial country allocations. In addition, the World Bank front loaded funds to infrastructure, so as to attract the private sector in the bidding process.

3.3 Country Portfolio Performance Review

31. There are ten (10) on-going projects in the current portfolio at different stages of implementation with a total approved amount of UA 68.33 million. Altogether, the Water & Sanitation sector (Infrastructure) accounts for UA 32.94 (48%), Social Sector UA 15.24m (23%), Agriculture (and Emergency) UA 13.17m (19%), Private Sector UA 3.99m (6%) and Multi-sector UA 3.0m (5%). This does not include funds due to Liberia for joining the WAMZ Payment Systems Development Project, a multinational operation with Sierra Leone, Gambia and Guinea, and which was just launched in December 2010. The average size of projects in the portfolio is

UA 6.8m. Table 4 presents the sectoral distribution of on-going projects, and detailed characteristics are provided in Annex 5.1. The PFMRSF and its supplement, totaling UA15.4 million approved under the JAS have disbursed and closed in May 2009, with a satisfactory rating.

32. Out of the eleven (including WAMZ project) on-going projects in the portfolio, eight were rated in the last one year. Two are new projects not due for supervision and one was supervised but not rated. Assessment of the portfolio is based on the supervision ratings of the eight projects. Table 5 presents summary of project ratings.

Sectors	Apprvd. Amt. (UA million)	% of P'folio	Cummulative% Disb
Water & Sanitation	32.94		
Monrovia (Watsan) & 3 Counties	1.34	48.00	10.00
Liberia Water Sector Reform	1.49		
Urban Water Supply & Sanitation Project	26.09		
Monrovia Water Supply Rehab (DFID)	4.02		
Social	15.24		
Labour-Based Public Works Project	15.24	23.00	25.19
Agriculture	13.20		
Agricultural Sector Rehab. Project (ASREP)	12.50	19.00	6.5
Emergency Assistance (caterpillar infestation)	0.67		
Private Sector	4.00		
Access Bank Liberia (Technical Assistant)	0.67	6.00	12.00
Liberia Bank for Development & Investment	3.30		
Multi-sector	3.00		
Institutional Support Project (ISP)	3.00	4.00	50.53
TOTAL / AVERAGE	68.33	100	15.2

Projects	PP/PPP	Implementation Progress	Impact on Development	Overall Assessment
1. Monrovia Water & San. Extension and 3 Counties	Non PP / Non PPP	2.23	2.50	2.37
2. Liberia Water Sector Reform Study	Non PP / Non PPP	2.42	2.38	2.40
3. Urban Water Supply Sanitation	*	*	*	*
4. Monrovia Water Supply & San. Rehabilitation	Non PP / Non PPP	1.80	2.00	1.9
5. Technical Assistance to Access Bank	**	**	**	**
6. Liberia Bank for Dev. And Investment	*	*	*	*
7. Emergency Assistance to Control Caterpillar	Non PP / Non PPP	3.00	3.00	3.00
8. Agricultural Sector Rehabilitation Project	PP	1.45	2.67	2.08
9. Institutional Support Project	Non PP / Non PPP	2.36	3.00	2.68
10. Labor-Based Public Works Project	Non PP / Non PPP	2.09	3.00	2.55
11. West Africa Monetary Zone Development Project	Non PP / Non PPP	2.31	1.67	1.99
	1 PP	2.21	2.53	2.37

*New projects not supervised/rated; **Project supervised but not rated

33. Overall the portfolio is rated 2.37 and is satisfactory. The average Implementation Progress rating is 2.21 while the average Development Objective rating is 2.53. The portfolio has one problematic project namely the ASRP.⁵ The Bank's portfolio at risk (PAR)⁶ is 9% and

⁵ As of February, 2011, the project is no longer rated as problematic.

⁶ the percentage of the number of projects at risk to the total number of rated operations.

commitments at risk (CAR)⁷ UA12.5 million. ASRP has picked up the status of being a problematic project (PP), due to delays in project office set up and initial staff recruitment. During the year up to the portfolio review, most of operations rated were supervised only once, far less than the target of 1.5 and Bank-wide average of 1.5. Moreover, the quality of supervision sometimes suffers due to inadequate skill mix of such missions, due particularly to conflicting mission schedules. This has improved through better mission programming.

34. Generally implementation challenges are due to disbursement and financial management difficulties, procurement delays due to difficulty in identifying and recruiting performing consultancy firms, as well as absence of capacity to generate project cycle data continuously from administrative records. This could be addressed through a better mix of Technical Assistance (TA) and oversight to implementing agencies, provided on a continuous basis. Sierra Leone Field Office (SLFO) has been providing support on capacity building (sensitization on Bank's procurement rules and procedures), procurement planning, and preparation of tender documents, while the Bank's statistics department has been building capacity and providing TA in data generation and M&E. As Bank knowledge of Liberia has been improving, projects are increasingly better tailored to local conditions in their design.

35. **Disbursement.** The overall cumulative disbursement of the portfolio stands at 15.2%; down from 44% as a result of the recent approval of UA 26.09m for the Liberia Urban Water Supply and Sanitation Project. In general, most of the projects in the portfolio have a low disbursement rate. This has to do with age of the projects in the portfolio, which averages less than 2 years. It is expected that the disbursement rate will increase significantly as the portfolio matures. The Institutional Support Project, at nearly 4 years is the oldest project in the portfolio, and has the highest disbursement rate of 56%. The project will close in September 2011 and is on track to fully disburse by then, having requested two extensions, with local training remaining as the only outstanding activity. At 2.8 years, the social sector project LBPWP has disbursed 29.8%, and slow disbursement is due to the delays associated with the commencement of the Fishtown-Harper Road. In this regard, the non-performing engineering consultant has been terminated, and efforts are underway to recruit a new one.

36. **Comparative Assessment of Portfolio Performance** Compared with other fragile states and Bank-wide operations, the Liberia portfolio has performed well. It has less problematic projects and hence better PAR and CAR. The average size of the operation is much smaller than Bank-wide average. During the portfolio review mission, it emerged that although the World Bank has been in Liberia for a much longer period, there was no significant difference between the implementation of their projects and those of the Bank. The two institutions share common problems in terms of implementation and are working together to address common challenges. Table 6 compares the portfolio performance in Liberia with that of Bank-wide.

⁷ the total value of loans and grants of operations that have been identified as Portfolio at Risk.

Table 6: Comparison of Portfolio Performance			
	Liberia (2010)	Bank-wide (2010)	Fragile States
Disbursement ratio ⁸	N/A	28%* (ADF only 18%)	15%
Disbursement - cumulative	15.19%	N/A	
Average size of portfolio	UA 6.8m	UA 24.8m (ADF only 18.9m)	
Avr. Supervision mission per yr.	1.0	1.5	
Portfolio at Risk (PAR)	9%	37% (ADF only 47%)	45%
Commitment at Risk (CAR) Rate	3%	39%	
Problematic Projects	9%	6% (2008)	14%
Time between approval and 1 st Disbursement	N/A	14.4 months	
Ageing Projects	Nil	12%	17%
Operations supervised twice / year	N/A	33%	
Average age of portfolio	1.9yrs.	4.2 yrs.	

37. **Implementation Capacity.** The brain drain of Liberian professionals during the protracted civil war has resulted in inadequate human capacity and lack of project management and other skills necessary for the successful implementation of Bank-funded projects. This is also evidenced by the presence of several non-Liberian professionals engaged by Government to manage the implementation of various donor funded projects. The Government is taking steps to address this as part of a comprehensive National Capacity Development strategy. The Bank is also stepping up its support to build capacity of country systems in national statistical data generation, project cycle data generation for M&E, and in procurement. In the areas of governance reform and water supply and sanitation where the Bank is the lead donor, lack of leadership on the ground particularly during dialogue has become evident. In the water supply and sanitation sector, a long-term consultant is being recruited to the field. Nonetheless, permanent Bank presence in Liberia remains a very high priority.

38. **World Bank Portfolio:** The World Bank portfolio consists of 12 projects totaling \$226 million in commitments. Disbursements stand at \$101 million or 46 percent, with a disbursement ratio in fiscal year 2010 of 20%. The average project age is 2 years. Six projects are in their final year of implementation and 2 projects are in their first year of implementation. Annex 5.2 provides a list of the projects with their characteristics. Sectoral distribution is as follows: Infrastructure at \$164.4 million (primarily transport); Social Protection at \$26.3 million, economic and public sector governance capacity building at \$19 million; Agriculture at \$7 million; and Health at \$8.5 million. Projects are rated as satisfactory or moderately satisfactory on development objective and implementation progress in 2009, with ratings for procurement and financial management generally lagging behind. Main challenges are: (i) projects were prepared rapidly without appropriate capacity pre-building and; (ii) project staff lack familiarity with Bank fiduciary policies and procedures. The World Bank proposes to provide more in-depth training on fiduciary issues as well as increase Bank staff capacity to support project procurement on an on-going basis, by placing full-time procurement staff in-country.

39. **Donor Coordination** has improved with the establishment of the Aid Management Unit at the Ministry of Finance (MOF). Donor coordination has been good at the sector level, thus bringing additional resources for agriculture and water supply on the ADB side, and for education

⁸ Ratio of the disbursement during the year to the portfolio undisbursed balance at end of previous year.

and infrastructure on the World Bank side. The ADB has partnered with the World Bank, DfID, the International Fund for Agricultural Development (IFAD), and the International Labor Organization (ILO). Nonetheless, coordination at the strategic and policy level needs improvement, including a revitalized Liberia Reconstruction and Development Committee. The proposed establishment of a field presence will significantly improve ADB's contribution to donor coordination. Annex 11 shows the main Donors, aid modalities, and their areas of focus.

40. ***Aid Effectiveness Agenda:*** The Liberian Government is committed to the principles of the Paris Declaration and those outlined in the Accra Agenda for Action. Nonetheless, in the pre-HIPC environment, the implementation of the agenda was approached in a halting and ad-hoc manner. With the focus shifting more towards long-term development and with better institutions in place, the Government is now putting more emphasis and resources on making aid more effective. The ADB has been hampered in this respect due to the lack of a field presence, but has provided support where government ownership and commitment was strong, making every effort necessary to coordinate with Donors while on mission, to ensure alignment, and complementarity of aid, and has involved civil society and Parliament as well as international partners in its consultations. Civil Society Organizations need to be involved in JAS implementation including for oversight activities so as to enhance transparency and development effectiveness.

41. On use of country systems, the ADB is one of the main providers of budget support. The water supply and sanitation project, the LBPWP and ASRP are using project management teams composed of Government staff and short term (mainly fiduciary) experts who train staff and hence strengthen country systems. These teams are under the direct supervision of the relevant sector ministry. They are also responsible for implementing other Donor projects (e.g., World Bank, IFAD). The ISP relies on a Project Implementation Unit (PIU) that is shared with the World Bank. Similarly the World Bank is strengthening the public works and health ministries country systems through the implementation of its projects. The process of devising, implementing, and evaluating the strategy jointly with the World Bank has resulted in improved aid effectiveness, though producing a joint document has been very difficult due to timing and institutional requirements constraints. Going forward, it was agreed that the joint work would be maintained, though without the necessity of producing joint documents. More work is needed, however, in the area of harmonization and mutual accountability, which will be facilitated by a proposed permanent field presence of the ADB.

42. As part of the measures being put in place to improve the quality of the portfolio, the Bank and the Government, in collaboration with the World Bank developed a Country Portfolio Improvement Plan (CPIP) in a workshop in Monrovia in July 2010. This is followed up with dialogue with government and project staff to ensure implementation of the CPIP. Similarly, project staff implementing Bank-funded projects will develop project implementation plans for their respective projects. The CPIP is presented in Annex 6.

IV. LESSONS LEARNED AND RECOMMENDED ACTIONS

43. The strategy and portfolio reviews demonstrate that the Bank focus and selectivity have been appropriate, and that portfolio performance is satisfactory. Nonetheless, specific challenges remain. First, lack of field presence is significantly hampering Bank's operations in Liberia as well as the implementation of the aid effectiveness agenda. Fragility of systems requires continued dialogue with government and other development partners to support project design and implementation, and capacity building. Second, the relative youth of Bank's engagement in Liberia has resulted in a proliferation of ad-hoc knowledge products. Third, the capacity of the National Statistical System at the central and sector levels is very weak and inadequate to generate macroeconomic, core sector, and project cycle indicators for the monitoring and evaluation of achievements of programs and projects. Fourth, institutional requirements impose relatively high costs on producing joint strategy documents. The following actions are recommended for strategy and portfolio management and improvement:

- (i) Enhance national capacity building and strengthen institutions;
- (ii) Enhance Bank presence in Liberia as soon as possible. This will enhance Bank's dialogue with government and partners, provide necessary support to project implementation, portfolio management, and capacity building, as well as contribute effectively to the implementation of the aid effectiveness agenda;
- (iii) Ensure that knowledge gaps are identified in a timely manner so as to be part of the strategy;
- (iv) Strengthen national and sector statistical capacity to facilitate the continuous generation of macroeconomic and core sector indicators and project cycle data for M&E of sector and project achievements;
- (v) Design, implement and evaluate strategies jointly with development partners, without necessarily producing joint documents.

V. BANK GROUP STRATEGY DURING 2011-12

5.1. Liberia's Development Context, and PRS and JAS Extension

44. Liberia has realized significant progress over the past four years, maintaining a strong macroeconomic framework with solid growth, a prudent fiscal stance, implementing structural reforms, and reaching the HIPC Completion Point. The post-HIPC stage ushers in better access to financing, particularly to begin filling the sizeable infrastructure gap. The PRS implementation rate of deliverables reached 80 percent in the second year (April 2010), a notable increase relative to 20 percent in the first year. With 2010 a pre-election year and recognizing that it is unlikely that the third-year completion of deliverables will be achieved by June 2011, the PRS has been extended to December 2011. With the global economic crisis behind and FDI flowing back in the country, Liberia has embarked on an ambitious long-term visioning exercise with the objective to attain middle-income status by 2030. Alongside, a five-year Economic Growth and Development Strategy, is being developed to lay out the medium-term priorities. This strategy is expected to be

launched in July 2012. During January-June 2012, the new Government is expected to draft and implement a 150 day Action Plan.

45. Discussions with stakeholders have indicated that the priority areas are unlikely to change, with governance, infrastructure development, and pro-poor growth remaining central in future strategies. In light of these expectations and the uncertainty surrounding the timely preparation of a new PRS given the upcoming elections, regional instability, and increasing risks of external shocks, the ADB is proposing to extend the JAS period by 18 months to cover up to December 2012, maintaining the same pillars and areas of intervention⁹, with the option to close earlier if warranted. The African Development Bank and the World Bank have agreed to continue working closely in future and produce a JAS to support the Government's next strategy.

5.2. Bank Group Strategy

46. The Bank Group strategy continues to be relevant, and will maintain focus on governance and infrastructure. In the area of capacity building, besides enhancing capacity in the PFM area, more attention will be given to supporting the national and sectoral M&E systems. The Bank's statistical capacity assistance will focus on enhancing national capacity for the generation of statistics and establishing Management Information Systems (see Annex 13). Youth employment will continue to be a cross-cutting theme, addressed notably through the LBPWP as well as private sector operations.

47. **Eligibility to the FSF:** Liberia made commendable efforts in implementing the Bank's program of assistance in the ADF 11 period. Liberia is in the process of preparing a second full PRS, and Bank support, through the FSF is required in implementing it. The Government, since 2008, has implemented far reaching institutional and legal changes in public financial management, debt management, budget process, tax policy, and tax administration, and the HIPC debt relief is achieved. These achievements have contributed to stabilizing the economy and strengthening investor confidence. While medium-term prospects are bright, Liberia remains one of the poorest countries in Sub-Saharan Africa with 63.8% of the population living on less than a dollar a day. The country has made little progress on the MDGs, but the Government aims to attain these goals in the context of the Vision 2030 currently being developed. Liberia is also vulnerable to external shocks, as well as to regional instability. Infrastructure needs are vast, and opportunities for borrowing are limited. There are also vast gaps in capacity development. Considering these findings in the eligibility assessment, Management proposes to extend FSF support to Liberia during ADF 12 (Annex 12).

48. As a result of debt relief and the improvement of its debt indicators from high to low risk of debt distress, Liberia qualifies for 100% ADF loans. Liberia's indicative performance-based allocation under ADF 12 is UA 36.75 million. Proposed FSF supplemental support is UA 52.43 million, and available FSF targeted support amounts to UA 4.7 million. Indicative total resources

⁹ The World Bank is proposing extending the JAS until June 2012, in line with their financing fiscal year.

available are therefore UA 94 million. Proposed operations are presented in Table 7. The World Bank indicative pipeline during 2011-2012 consists of: Budget Support (\$2.0 million); Small Holder Tree Agriculture (\$15.0million); Africa Mineral Governance (\$1.0million); West Africa Power Pool (\$10.0 million); Transport (\$20.0 million); and Forestry (\$1.0 million), for an indicative total of \$49.0 million.

Table 7: Indicative Pipeline, 2011-2012

Project	Sector	Indicative amount out of Liberia Allocations (UA million)	Source	Co-financing	Total ADB (UA million)	Indicative year
Pillar I: Rebuilding core state functions and institutions						
PFMRSP II	Multi (Governance)	30	FSF 12 Pillar I	11 (WB) 10 (EC)	30	2011-12-13
TA and Capacity Building	Multi (Governance)	3	FSF 12 Pillar III	0	3	2011-2013
Statistical capacity building , Technical assistance	Statistics/M&E	1	FSF 12 Pillar III	tbd	1	2011-2012
Pillar II: Jump-starting and facilitating pro-poor economic growth						
LBPWP (Fishtown-Harper) Supplemental Support	Social Protection/Infrastructure	5	FSF 12 Pillar I	0	5	2011
West Africa Power Pool (multinational)	Energy	13	ADF 12	27 (ADF 12 Regional) 261 (WB, EIB, EBID)	40	2011
Paving of Fishtown-Harper Project	Infrastructure	17	FSF 12 Pillar I	8	25	2011
Mano River Forest Management and Ecosystem Preservation (multinational)	Agriculture/Environmental	0	ADF 12 Regional	40 EU, USAID, GEF, WFP	40	2011
Total		69		75	144	
Economic and Sector Work						
Pillar II: Jump-starting and facilitating pro-poor economic growth						
Integrated infrastructure action plan	Infrastructure integration		Canadian Trust fund			2011

49. Under Pillar I, Outcomes 1, 4 and 5, the Bank will provide UA 30.0 million in the form of a three-year budget support operation disbursed in three tranches in 2011-2013, financed through FSF supplemental support. The objective of the project is to improve efficiency, transparency and accountability in the management of public resources to enable the development of a more capable state that can deliver better services to the poor, and thereby reduce poverty. Support will focus on (i) strengthening public financial management capacity (including macro fiscal, budget, audit, procurement, and debt management); (ii) enhancing domestic resources mobilization (tax and customs); (iii) improving extractive industries governance, and strengthening integrity institutions (anti-corruption and governance commissions); and (iv) improve the business enabling environment and promote private sector development. This support will be complemented by the targeted support from the FSF, and policy dialogue. A second ISP could also be envisaged as a

successor to the first. Indicative areas of assistance under the FSF targeted support window are: (1) Capacity building and TA for the MOF macro-fiscal unit; (2) support to the MOF PFM reforms coordination unit; (3) support to the MOF aid management unit for aid effectiveness; and (4) support to the national capacity development unit of the Ministry of Planning (see Annex 7).

50. Under Pillar II, outcome 3 and 6, supplementary financing for the LBPWP in the amount of UA 5.0 million from FSF 1 to remedy cost overruns is planned for early 2011. To ensure the sustainability of this project, a potential project to pave the Fish town-Harper road, amounting to UA 17 million from FSF 1 is being explored, and is contingent on securing additional financing. A potential project in rural water supply and sanitation contributing to outcome 3 could also be envisaged for 2012

51. **Regional Projects:** In accordance with the Bank's proposed Regional Integration Strategy for West Africa 2011-2015, regional projects consist of: (i) the West Africa Power Pool project to improve access to energy in the sub-region; and (ii) the Mano River Upper Guinea Forest Management and Ecosystem Preservation project to promote regional integration through better 'hard' and 'soft' infrastructure for more efficient sustainable, equitable, and safe management of trans-boundary natural resources.

52. **ESW:** Economic and sector work currently under way is also appropriately focused on the priority areas of intervention, namely governance, private sector development, agro-industry development, capacity building, and gender. Because of the a sizeable knowledge gap in prioritizing infrastructure investments both internally and for the purposes of regional integration, with due attention to employment generation and stability, a flagship study in this area for the Fragility Perimeter, including Liberia, Sierra Leone, Guinea, and Guinea Bissau, has been initiated. The World Bank plans to undertake a Poverty Assessment and ESWs in key areas of its assistance, as well as analytical and advisory activities in Rebuilding State Capacity and Rural Energy. Joint work will be undertaken in the area of governance, and close consultations will be conducted in all other areas.

53. **Private Sector Operations:** The private sector operations will contribute to private sector development in Liberia through continued support to financial institutions that promote Small and Medium Size Enterprises (SMEs), and will promote Public Private Partnerships particularly in extractive industries and energy. They will pay particular attention to enhancing youth and women employment.

54. **Assistance from the African Legal Support Facility (ALSF):** The ALSF has fielded its first mission to Liberia in November 2010. The Government, having settled outstanding debt with vulture funds prior to reaching HIPC completion point, has requested ALSF support in respect of complex commercial transactions, particularly in the area of natural resources extraction.

55. **Dialogue:** Dialogue will be conducted to provide input to the long-term vision and PRS II, on reforms in the context of the budget support working group, on agro-industry and diversification, natural resource management, and regional integration, using the ongoing and planned ESW as platform.

56. **Risks and Mitigation Measures:** Implementation of the strategy is subject to three broad risks. First is a large risk of external shocks such as lower demand and lower prices for Liberia's key exports, a slowdown in aid and foreign direct investment inflows, reduced remittances from abroad for poor households, and difficulty in importing food and fuel caused by difficulties in obtaining trade finance. Second, there is risk of insecurity and return to conflict due to the political instability in Ivory Coast, and within the context of the upcoming elections of 2011. However, the continued presence of the United Nations troops mitigates this risk, and the programmed gradual drawdown may be adjusted to the situation as it unfolds. The risk of corruption is still present, though much reduced due to the governance and transparency reforms. Third, Liberia's weak but improving implementation capacity creates implementation risks, though reduced relative to the previous two years. Close dialogue on the macroeconomic and governance reform program, along with social protection provided through labor-based methods and emergency response where needed, will help mitigate the risks associated with external shocks. The country development agenda has been built in a strongly participative manner and addresses the important dimensions of poverty reduction, shared growth and stability, all of which address Liberians' concerns. It is not expected that these priorities will change significantly in a post-elections environment. Projects will continue to be carefully designed to offset corruption risks, while building capacity. The focus on improving public financial management and institutional capacity for service delivery will help keep the governance agenda on the center stage.

VI. CONCLUSIONS AND RECOMMENDATIONS

57. Liberia's economy has been stabilized over the last three years through strong macroeconomic policies, sweeping institutional reforms, and debt relief. The medium term outlook is positive, with increased commodity exports and foreign direct investment. Nevertheless, significant challenges remain in infrastructure and capacity building, access to finance, property rights and land tenure, which still constitute significant barriers to private sector development and pro-poor economic growth. Bank focus and selectivity have been appropriate, and implementation is satisfactory, although it would be much improved with permanent field presence. Bank strategic focus on the two pillars of "rebuilding core state functions and institutions" and "jump-starting and facilitating pro-poor economic growth" continues to be relevant. Proposed operations maintain focus on infrastructure, governance, regional integration, and capacity building.

58. It is recommended that the Bank Group Boards of Executive Directors: (i) approve the extension of the current JAS to December 2012 (the World Bank is proposing the extension until June 2012), with the option to conclude it earlier if warranted; and (ii) approve the eligibility of Liberia for second cycle FSF supplemental support in ADF 12.

ANNEX 1: BANK GROUP'S CONTRIBUTION TO PUBLIC FINANCIAL MANAGEMENT REFORMS

- 1. The PFMRSPI (including its supplement) is the ADB's first budget support operation in Liberia***, and the Bank took the lead among donors in providing major budget support. Since the government is committed to a no-borrowing policy and maintains a cash budget, aid revenues were crucial for supporting PRS related spending. The move to PBL is motivated by Liberia's sound economic management and progress and is consistent with the Paris declarations (2005) on improving aid effectiveness. The focus of the program - strengthening public financial management and revenue administration and supporting the government's food strategy - reflects (i) the third pillar of the PRS which focuses on economic governance (ii) the broader PRS goals of promoting prosperity and peace by ensuring public service delivery, mitigating the effects of higher food prices on the vulnerable, and strengthening social safety nets. Capacity constraints were expected to be addressed through the government's targeted capacity building programs that is supported by the Bank's Institutional Support Program (ISP) for Economic Management and Good Governance, the Fragile States Unit (FSU), and other donors. The budget support operation helped cushion the cost of several reforms needed for the successful completion of the IMF's ECF program, as well as satisfying the floating triggers of the HIPC Completion Point. Particularly, the operation contributed to cushioning the costs of the following reforms:
- 2. Strengthen Public Financial Management Systems:*** 1. Implementation of the Public Financial Management law; 2. Merging Bureau of Budget with the MoF; 3. Macro-Fiscal Unit (MFU) increasingly performing core functions and linking budget to Medium Term Fiscal Framework; five qualified staff hired to prepare and present an MTFF; 4. Budget starts providing information on donor aid flows.
- 3. Strengthen Revenue Administration:*** 1. Establishment of and fully competent staffing of an IT department to support the various new software programs; 2. Integrated Tax Administration System (ITAS) and Automated Systems for Customs Data (ASYCUDA) project teams established; 3. Risk management systems implemented and post audit systems enhanced; 4. The customs one-stop service becomes functional.
- 4. Enhance Procurement and Auditing Systems:*** 1. IMFIS starts being used in all relevant MoF departments; 2. Regional experts help produce successive external audits of five ministries; 3. Internal audits being applied in key ministries.
- 5. Assist the Government in responding to the global food crisis:*** through a reduction in the import tax on rice and tariffs for agricultural inputs. The authorities' comprehensive food strategy continued to include suspended import duties on rice (at an estimated cost of 0.9 percent of GDP in lost revenues) and agricultural inputs.

6. ***Assist the Government in responding to the global economic Crisis:*** Supplemental support was provided to remedy part of the revenues shortfall that occurred as a consequence of the global economic crisis, helping to protect PRS-related spending.
7. ***The Ministry of Finance has benefitted for the ISP in improving the public finance functions and staff competencies.*** The ISP has provided training, computer and office equipment to strengthen the capacity of various departments within the Ministry of Finance. This includes capacity to prepare a budget framework to guide the annual budget preparation, monitoring and timely reporting of expenditure reports; and capacity to manage the revenue reform and modernization program. Additional support in the form of office furniture, manuals, and training, has also been delivered.
8. ***The ISP support to the revenue department is yielding positive results, in terms of strengthening human resource capacity, systems and information technology to modernize the tax and customs administration systems and increase capacity for domestic revenue mobilization.*** The actual revenue performance has increased by 48.7% (\$118.5m in 2007); 19.9% (\$176.2m in 2008), and 23.8% (\$261.5m in 2009). Of the total revenue in 2009, domestic tax revenue and customs revenue accounts for 40% and 36% respectively; while non-tax revenue and external grant was 7.7% and 10.6% respectively. Domestic revenue (tax and non tax) grew by 26.6% (\$125.7m) compared to previous year and contributed 48% of the total revenue; while revenue from customs increased only by 1.5% and its contribution to the total revenue has declined (from 44% in 2008 to 36%) due to the impact of the global economic downturn.
9. ***The success story of governance reform is a key pillar to enhance progress in social and economic development and thereby alleviate poverty in Liberia.*** Although governance reform does not directly build schools, health centers, water facilities, repair roads, or creating jobs, it has enabled the government to improve economic and financial management, increase the money the government raises and improve how it is spent. With these improvements, the government was then able to increase investment in schools, health care, water systems, electricity, roads and other public goods. It has also helped businesses by making customs fees, tax policies, and government procurement procedures more efficient, transparent and fair.

Targeted Support Window of the Fragile States Facility

10. ***The targeted support window of the FSF has provided support in the Public Financial Management and anti-corruption and transparency areas.*** In accounting, it provided training and printing of the chart of accounts manual, provided capacity building to the macro-fiscal analysis unit, the debt management unit, revenue management unit in customs and tax; provided TA in revenue audit, domestic tax, and TA on the transition to an independent revenue authority. It provided budget support for the LEITI Secretariat (2009-2011); Institutional strengthening for Urban Water Supply and Sanitation Sector and;

Institutional strengthening for Agricultural sector rehabilitation. Measures are underway to provide TA in the area of Government accounting and reporting standards, macro fiscal analysis; and developing a revenue modernization strategy.

ANNEX 2: EMERGENCY ASSISTANCE TO CONTROL AND AVERT CATERPILLAR INFESTATIONS IN LIBERIA

- A Caterpillar (*Achaea catocaloides*) outbreak occurred in Bong, Nimba and Gbarpolu Counties in January 2009;
- Water sources and agricultural production in more than 100 villages were impacted and up to 100,000 persons were affected.
- The Government of Liberia, foreign governments and donor agencies contributed resources;
- The ADB provided the GOL US\$1 million to control and put measures in place to avert future reoccurrences.
- A consultant was hired to help design an emergency response strategy;
- The proposed strategy required some modifications of the original grant due to low levels of reoccurrence;
- The ADB approved the realignment of the grant budget



I. OUTPUTS AND OUTCOMES

Community Communications and Information Management

- Installed 15 billboards across the country along with the distribution of 18,000 pieces of 2010 calendar and 9,000 pieces of brochures bearing information about the caterpillar infestation
- Jingles were produced; 40 rural community radios across the country received a disc each to air messages about the caterpillar infestation;
- Held community awareness and sensitization workshops in the 15 counties targeting local leaders, women, farmers, students and NGOs;
- Provided communications equipment to the Department of Communication, Ministry of Agriculture;

Technical Assistance and Training

- Trained 320 MOA staff and community spraying gangs across the country on the insecticide handling, utilization and disposal;
- TOR have been finalized for a consultancy to develop plant protection and regulatory policy for Liberia – consultancy begins January 2010;

Health and Water Supply and Sanitation

- 147 wells have been rehabilitated in 76 towns in 9 counties, thus making safe drinking water available to more than 93,000 people;
- In two counties 5 new wells constructed in 3 towns, serving a total population of 4,000;



Infrastructure Construction and Rehabilitation

- Bids have been received, opened and analyzed for the construction of 7 storage facilities and an office along with the rehabilitation of two offices in 7 counties;
- The contracts being awarded for a 90-day period

PENDING ACTIVITIES

- Hiring of a consultant to establish an insect pest laboratory;
- The procurement and repositioning of insecticides across the country;
- The procurement and repositioning of WATSAN supplies across the country;
- The procurement of 7 motorbikes to support the logistical needs of the MOA field offices;
- Training of 2 MOA staff for screening and maintenance of pesticide applicators as well as management of the insect pest laboratory.

ANNEX 3: OVERVIEW OF BANK WATER SECTOR INTERVENTION IN LIBERIA

The Bank is currently the lead donor in the Water and Sanitation Sector and is involved in three operations seeking to address immediate, medium, and long term needs:

1. Immediate Response: The Monrovia Water and Sanitation Rehabilitation Project

Objective: This project is designed to meet Monrovia's emergency water and sanitation facilities' rehabilitation needs based on the city's high population concentration and economic importance.

Components: (i) Rehabilitation of the distribution system in central Monrovia area A; (ii) Construction of the waste stabilization pond; and (iii) Installation of public pit latrines.

Development Outcomes: (i) Improved water supply distribution and sanitation systems to serve about 50,000 people. The original project would have rehabilitated Monrovia Water system to 50% of its prewar capacity and delivered water and sanitation services to 700,000 people; (ii) Improved awareness and attitudes on sanitation and hygiene practices; and (iii) Improved capacity of Liberia Water and Sewer Corporation (LWSC) to manage the water supply and sanitation services.

Project Costs and Financing: The Monrovia Project is financed by DFID and managed by AfDB at a total cost of 5.96 million dollars.

Implementation Status: The project was launched in March 2008 and is currently at the construction stage for water supply rehabilitation works. Training programs and manuals for O&M have been completed and the consumer enumeration materials, & digitization and production of maps are in place.

2. Medium-Term Response: Urban Water and Sanitation Study for Monrovia and 3 towns of Buchanan, Kakata and Zwedru.

Study Objective: To prepare economically and technically sound priority project for the Monrovia and three towns and mobilize adequate resources for implementation.

Full Feasibility studies, detailed designs and tender documents were prepared through this study, leading to the Urban Water Supply and Sanitation Project (UWSSP). The UWSSP will meet the water and sanitation needs for 580,000 residents in Monrovia, 45,400 in Buchanan, 39,300 in Kakata and 27,000 in Zwedru. The UWSSP is complementary to the Monrovia Water and Sanitation Rehabilitation Project and provides the interface as well as rehabilitation of the water distribution network in central Monrovia area "B".

UWSSP Objective: (i) To provide access to adequate, safe and reliable water supply and public sanitation services to the people in Monrovia, Buchanan, Kakata and Zwedru towns on sustainable basis and (ii). To enhance the institutional, operational, management capability, and the long-term financial viability of LWSC.

UWSSP Components: (i) Rehabilitation and augmentation of water treatment and distribution systems in Monrovia, Buchanan, Kakata and Zwedru; (ii) Provision of public sanitation facilities; (iii) Institutional support and capacity development Support to Water and Sanitation Sector Staff (iv) Social Connection Revolving Fund; and (v) Environmental and Sanitation Sensitization.

Development Outcomes: (i) Provide reliable and affordable water and sanitation services to 50% of the population in Monrovia, and 75 percent coverage in Buchanan, Kakata, and Zwedru totaling 691,700 people; (ii) Social connection Revolving fund to enable access by the poor (iii) Improved projects implementation by water and sanitation sector staff and (iv) Improved management and operation and maintenance of water and sanitation facilities in the 4 towns.

Project cost:

Study: Euro 1.59 million. AWF finances 95 % and the Government of Liberia (GOL) contributes 5 % in kind (office accommodation).

UWSSP: UAC 26.09 million (US\$ 40.4 million)

Implementation Status/Plans:

a) Urban Water and Sanitation Study for Monrovia and 3 towns of Buchanan, Kakata and Zwedru

- Final feasibility report has been completed
- Final Draft Detailed design report have been completed
- Final detailed design and tender documents expected end of July 2010
- Final Stakeholders and Donors Round table meeting to be held in September 2010 for final validation of studies and seek funding for investments

b) Urban Water and Sanitation Project

- Appraisal of UWSSP for the rehabilitation and extension of Monrovia Buchanan, Kakata and Zwedru Water supply and Sanitation systems has been completed. Project approved by AfDB Board on 19th May 2010 and Agreements signed on 28th May 2010 (ADF and FSF grants)
- Project launched in October 2010
- Project Completion 2014

3. Long-Term Response: Water Sector Reform Study.

Objective: This study seeks to foster improved governance and comprehensive long-term development of the water sector.

Project Components: (i) Development and implementation of water and sanitation sector Policy and Strategy, Institutional Reform, and Capacity Building; (ii) Development of tools to support water sector planning and (iii) Reinforce national capacities to undertake the sector reform process.

Development Outcomes: (i) Improved policy and restructured institutions (ii) Improved implementation efficiency of WSS programs and projects, (iii) Faster development and effective utilization of resources, and (iv) Improved capacity of the water sector to manage and develop water resources.

Cost and Financing: EUR 2.5 million provided by the African Water Facility Special Fund

Implementation Status/Plans:

- Contract for Consultants to carry out the study signed.
- Launching Workshop held in June 2010, Programme Concept Note to submitted to stakeholders workshop
- Inception report to be submitted before end of July 2010.

Annex 4: Results Matrix for Liberia JAS, 2008- 2012

Progress is marked: ↓ not on track, ↑ reached target, ← on track

Selected Liberia PRSP objectives & indicators ¹⁰	Key Issues from PRSP	JAS Outcome & Indicators	JAS Milestones	Progress to Date	World Bank Group/ADB Instruments
JAS Strategic Theme 1 – Rebuilding of Core State Functions and Institutions (PRSP Pillar III)					
<p>Create a new framework for PFM</p> <p>Improve PFM using an integrated financial management system</p> <p>Improve revenue collection by implementing tax administration reforms and automation</p> <p>(No indicators presented in the PRSP)</p>	<ul style="list-style-type: none"> Fragmented and incomplete legislation, unclear rules and lack of coordination create opportunities for abuse and corruption The accounting system is handicapped by a single-entry system, weak purchase order and accounts payable systems and weak coordination between HR and Payroll and between MOF, BoB and CBL Outdated laws, overlapping procedures, weak organizational structures and limited automation have resulted in inefficient revenue administration Weak procurement legal framework and practices lead to inefficiencies in the use of public funds 	<p>1. Improved efficiency of budget preparation and execution and enhanced revenue administration</p> <p><i>Budget Execution</i></p> <p>1.1 Reduction in number of days to process payment vouchers by at least 50% (from 14 days) by 2010 (WB)</p> <p>Status : Met reduced to 7 days ↑</p> <p><i>Revenue Administration</i></p> <p>1.2 50% of collected revenue captured in the Integrated</p>	<p><i>Budget Preparation and Execution</i></p> <p>80 % of vouchers can be approved and paid by MOF by 2009 (compared to 60% in 2006) (WB) ↑</p> <p>Quarterly expenditure reports posted within 6 weeks after end of quarter by 2009 (compared to 3 months after in 2007) (WB) ↑</p> <p>Three modules of the IFMIS system (General Ledger, Budget Preparation and HR and Pay Roll) operational by 2011 (WB & ADB). ←</p> <p><20% of public procurement that used direct contracting and/or less competitive methods without proper justification by 2010 (compared to estimated more than 80% in 2008) (WB) ↓</p> <p>General auditor produces audits for five Ministries that are submitted to Parliament by 2009 (ADB) ↑</p> <p>Internal audits produced for 3 key ministries by 2009 (ADB)</p> <p>Macro-fiscal unit performs functions linking budget to Medium Term Fiscal Framework by 2010 (ADB)</p> <p><i>Revenue Administration</i></p>	<p>Met: 100% of vouchers are approved and paid by MOF Controller in 2010.</p> <p>Met: The quarterly report ended 2010 is published after 45 days</p> <p>On track: schedule for June 2011.</p> <p>Not met: 68.3% in 2010</p> <p>Met: 22 audits submitted in 2009</p> <p>Delayed but audit staff strengthened</p> <p>Delayed: rescheduled to 2011</p> <p>Met: ITAS implementation started in Oct 2010</p>	<p>Projects:</p> <p>Support for MOF Resource Management Unit (FY07)</p> <p>ADB Institutional Support Project (FY07)</p> <p>EGIRP (FY08)</p> <p>IFMIS (FY08)</p> <p>Public Procurement Reform (FY04)</p> <p>ADB budget support operation (FY09)</p> <p>WB Development Policy Operation (FY09)</p> <p>AAA DTIS (FY09)</p> <p>Partners: DfID</p>

¹⁰ This is a subset of the Liberia PRSP Objectives taken directly from the final PRSP document.

Selected Liberia PRSP objectives & indicators ¹⁰	Key Issues from PRSP	JAS Outcome & Indicators	JAS Milestones	Progress to Date	World Bank Group/ADB Instruments
		<p>Tax Administration System by 2010 (WB) Status: delayed to 2011</p> <p>1.3 Improved PFM Transparency and Accountability Status: NEW</p>	<p>New computerized Integrated Tax Administration System (ITAS) operational by 2010 (WB) ↑</p> <p>Tax administration risk management systems implemented and post audit systems enhanced by 2010 (ADB)</p> <p>Improved PRFA indicators in 2012</p> <ul style="list-style-type: none"> • PI-2: C • PI-12: C • PI-13 and PI-14: B • PI-19: C 	<p>Delayed: Scheduled for 2011</p> <p>NEW</p>	<p>Pipeline Project: Budget Support II (ADB) Partners: EC</p>
<p>Strengthen and enhance the effectiveness and efficiency of public institutions and functions</p> <p>% of population that perceives the Government of Liberia to be performing better than in the previous year</p> <p>Number of Ministries, Agencies and SOEs/parastatals restructured based on revised, published and adopted mandates</p>	<ul style="list-style-type: none"> • Public institutions, for the most part, have been bloated, disorganized, weak and supportive of corrupt practices. • Experienced and qualified professional staff left the civil service because of low salaries • Staff motivation is low • Payroll controls are weak and there is a high number of ghost workers 	<p>2. Increased professionalization and improved HR management of the civil service</p> <p><i>Civil Service Professionalization</i></p> <p>2.1 35% of SES staff who are rated satisfactory in terms of performance against targets in performance contracts are retained in the civil service at the end of their contract (WB) Status: No data¹¹</p> <p>2.2 50% of SES staff builds sustainable capacity for improved management of government functions by effectively training and nurturing and least one staff during the time of their contract. (WB) Status: Capacity-building on-</p>	<p><i>Civil Service Professionalization</i> Senior Executive Service (SES) Scheme is fully operational - at least 70 staff recruited by 2009 (WB) ↑</p> <p>Ministries implement restructuring plans based on redefined mandates, new organizational structures and matching staffing plans (WB) ↓</p> <p>Civil Service Reform Strategy in place by 2009 (WB) ↑</p> <p>Development of a plan for LIPA's training delivery by early 2009 and 25 MDA staff trained by 2010 (WB & ADB). ↓</p> <p>A system of performance evaluation based on merit is designed and linked to</p>	<p>Met: 97 staff currently at post.</p> <p>Off Track: Restructuring plans prepared for 5 ministries. However, implementation is yet to begin.</p> <p>Met: Civil Service Reform Strategy approved by Cabinet Not met: Training plan not developed, no training conducted.</p> <p>Off Track: No significant progress.</p>	<p>Projects: Senior Executive Service (TFLIB- FY08)</p> <p>Civil Service Reform Project (LICUS - FY08)</p> <p>EGIRP (FY08)</p> <p>Partners: UNDP, EC, USAID, DfID</p>

¹¹ [Update : At the end of December 2010, the performance of 92% of SES staff were rated satisfactory. The absorption the of SES staff into the civil service would only be considered at the end of their existing contracts that would be expiring at various times between January to June 2011.]

Selected Liberia PRSP objectives & indicators ¹⁰	Key Issues from PRSP	JAS Outcome & Indicators	JAS Milestones	Progress to Date	World Bank Group/ADB Instruments
Capacity building for Judicial Services	<p>Improve the integrity of legal and judicial institutions,</p> <p>Lack if access to judicial services</p> <p>Need to enhance the protection of of human rights</p>	<p>going ←</p> <p><i>HR Management of Civil Service</i></p> <p>2.3 Discrepancy between nominal and actual payroll less than 2% in 2010 (compared to 25% in 2007) (WB) Status: Not met ;only 8% ↓</p> <p><i>Strengthen the capacity of judicial system through training and institutional reforms</i></p> <p>Status : Met</p> <p><i>Expand access to justice by strengthening the provision of legal aid and enhancing the protection of human rights</i></p> <p>Status : Met</p>	<p>compensation and promotion systems by 2011 (WB) ↓</p> <p><i>HR Management of Civil Service</i> Personnel records maintained with one file for each employee with matching payroll records. (WB) ↑</p> <p>Personnel file includes biometric information for 100 percent of employee. ↑ (WB)</p> <p>Rationalisation of civil service grades and development of a well defined salary structure. (WB) ↑</p> <p>Retirement age and rules are enforced 100% of the time. (WB) ↑</p> <p>Training of all Public Defenders (100%)</p> <p>New Commercial Law approved (2010)</p> <p>Availability of key legal resources (text books, Law Reform and Legal Opinions for the Judicial personnel and School of Law (2010)</p> <p>Training program updated (2009)</p> <p>Rebuild and refinish courts</p> <p>Acquisition of equipment and transportation for Public Defender (100%)</p> <p>Alternative Dispute Mechanisms introduced. (2009)</p> <p>Public outreach program including radio spots launched (2010)</p>	<p>On track: Personnel records created and matching with payrolls on-going.</p> <p>On track: Biometric information available for 45% of personnel files.</p> <p>Met: Grading rationalized (from 16 to 10) and salary strategy approved by Parliament.</p> <p>Met Employees exceeding retirement age removed from payroll. Met</p> <p>Met</p> <p>Met</p> <p>Met</p> <p>Ongoing</p> <p>Met</p> <p>Met</p> <p>Met</p>	<p>Capacity building for Judicial Services (LICUS - FY08)</p> <p>Partners: UNDP, USAID, Carter Institute</p>

Selected Liberia PRSP objectives & indicators ¹⁰	Key Issues from PRSP	JAS Outcome & Indicators	JAS Milestones	Progress to Date	World Bank Group/ADB Instruments
			Judiciary webpage launched (2010)	Met	
JAS Strategic Theme 2 – Rehabilitating Infrastructure to jump-start growth (aligned with PRSP Pillar IV)					
<p>Transportation - to improve the Liberian transport sector through policy, systems and infrastructure development that create access to reliable, affordable and efficient services</p> <p>Indicators: roads rehabilitated or reconstructed by 2011 Vessels clearing Freeport of Monrovia increased from 28 to 32 per month</p>	<p><i>Transport</i></p> <ul style="list-style-type: none"> Liberia's roads network is in complete deterioration. Liberia has limited road maintenance workforce. Poor port facilities, inefficient institutional framework and inadequate port maintenances. 	<p>3. Improved access to key infrastructure services</p> <p><i>Transport</i></p> <p>3.1 20% reduction in travel time between Monrovia – Ganta and Cotton Tree – Buchanan by 2011 (WB)</p> <p>Status: Off track</p> <p>3.2 Primary and feeder roads rehabilitated and subject to sustainable maintenance increase from 25% to 45% by 2010 (WB and ADB)</p> <p>Status: on track . Initial maintenance was done in April 2010 to make the Fishtown- Harper road passable</p>	<p><i>Transport</i></p> <p>Cotton Tree – Buchanan road corridor under Output Based Road Performance Contract (OPRC) by 2010; Monrovia Ganta corridor under OPRC by end 2011. (WB) ↓</p> <p>Draft legislation on establishment of Road Authority and Road Maintenance Fund by 2011 (WB) ↑</p> <p>24 kms of Monrovia roads resurfaced (WB) ↓</p> <p>New Vai Town, Caldwell and four other bridges and 35 minor river crossings built or improved by June 2011 (WB) ↓</p> <p>600 kms of roads under maintenance 2009-2011 (WB)</p> <p>400 kms (WB) rural feeder roads rehabilitated by 2011 ↓</p> <p>125 km of primary roads rehabilitated by end 2010 using LB methods (ADB)</p>	<p>Off Track: Buchanan portion was converted to LIB. Work to be completed by end of 2012. The bidding process for the Monrovia - Ganta corridor has not yet commenced.</p> <p>Met: Draft legislation on establishment of a Road Authority and Road Maintenance Fund</p> <p>Not met: 18.2 km resurfaced</p> <p>Not met: Vai Town Bridge not completed. Funds for minor river crossings re-allocated to four bridges along the Pleebo-Barclayville Road</p> <p>On Track: Maintenance of these roads is ongoing.</p> <p>On Track: Rehabilitation of 200 km of feeder roads started.</p> <p>Delayed by one year. This is the Fishtown-Harper road. Works will start in November 2010 and will finish by end</p>	<p>Projects</p> <p>Agriculture and Infrastructure Dev. Project (FY08)</p> <p>Emergency Infrastructure Project (FY06)</p> <p>Community Empowerment Project II (FY07 + FY08)</p> <p>Monrovia/Urban Infrastructure Emergency Project (FY09)</p> <p>Urban and Rural Infrastructure Rehabilitation Project (FY09)</p> <p>ADB Labor-based Public Works Project</p> <p>ADB Agriculture Sector Rehabilitation Project (FY09)</p> <p>Partners: Norway, EC, US</p>

Selected Liberia PRSP objectives & indicators ¹⁰	Key Issues from PRSP	JAS Outcome & Indicators	JAS Milestones	Progress to Date	World Bank Group/ADB Instruments
		<p>3.3 Productivity of the Monrovia port increased from 3 moves/hr per crane in 2008 to 8 moves/hr per crane in 2011 (WB) Status Met: 9 moves per crane ↑</p>	<p>229 drainage points constructed by 2010 (ADB)</p> <p>Four bridges (ADB) built or improved by June 2011</p> <p>16 bridges and 18 culverts built using CDD methods; (WB)</p> <p>70% of the general cargo operations by professional terminal operator by 2010 (WB) ↓</p> <p>Landlord Port Authority established by 2010 (WB) ↑</p>	<p>2011</p> <p>Met. This was completed by ILO using LB techniques on the Fishtwon Harper Road</p> <p>On track. Part of the works starting in November 2010 and will finish June 2011. It is to be noted that these are small bridges that are part of the Fishtown Harper road</p> <p>Met: an additional 33 bridges and 26 culverts are currently under construction to be completed within FY11</p> <p>Off Track: Concession agreement became effective in October, 2010</p> <p>Met: Concession agreement became effective in October, 2010</p>	
<p>Water and Sanitation - Reduce the water and sanitation-related disease burden in Liberia</p>	<p><i>Water and Sanitation</i></p> <ul style="list-style-type: none"> Only about 42% of the Liberian population has access to improved drinking water. Only about 39% of the 	<p><i>Water and Sanitation (Monrovia) Initially includes only Monrovia, now covers Buchanan, Kakata and Zwedru as well)</i></p> <p>3.4 Number of people served with safe drinking water</p>	<p><i>Water and Sanitation</i></p> <p>Number of household water connections in Monrovia increased from 17,900 in 2007 to 50,000 by 2010 (ADB) Change to: Number of household water connections in Monrovia, Buchanan, kakata and Zwedru increased from</p>	<p>Delayed due to redesign</p>	<p>Projects Emergency Infrastructure Project (FY06)</p> <p>ADB Monrovia Water Supply and Sanitation</p>

Selected Liberia PRSP objectives & indicators ¹⁰	Key Issues from PRSP	JAS Outcome & Indicators	JAS Milestones	Progress to Date	World Bank Group/ADB Instruments
	<p>population has adequate means of human waste collection.</p> <ul style="list-style-type: none"> Liberia's urban infrastructure is destroyed and in disarray and city planning is poor. Operation of water and sanitation facilities currently unsustainable. 	<p>increased to 700,000 by 2010 (ADB) Status: Delayed to 2013</p> <p>3.5 Number of people with access to sanitation facilities increased to 300,000 by 2010 (ADB) Status: Delayed to 2013</p>	<p>17,900 in 2007 to 50,000 by 2013 (ADB)</p> <p>75 km of Transmission Mains and over 200 km of Distribution lines rehabilitated in Monrovia by 2010 (ADB) Change to :275 km of water supply distribution lines rehabilitated in Monrovia by 2011 and 29.5 km transmission and 349 km distribution lines rehabilitated or extended by 2014 (ADB)</p> <p>Treated water volume at Monrovia plant increased from 2 million gallons per day (MGD) to 6 MGD by 2010 (WB) ↓ Change to Treated water volume at Monrovia plant increased from 2 million gallons per day (MGD) to 3.5 MGD (WB) by 2010 and to 16 MGD in Monrovia by 2013; from 0 to 1.7 MGD in Buchanan; from 160 cubic m/day to 512 cubic m/day in Kakata; and from 180 cubic m/day to 576 cubic m/day in Zwedru by 2015 (ADB)</p> <p>1 sewage stabilisation pond, and 31 public toilets, rehabilitated/constructed by 2010 (ADB) Change to: 1 sewage stabilisation pond constructed by 2011, and 75 public toilets rehabilitated/constructed by 2013 (ADB)</p> <p>40% of solid waste disposed of in a sanitary manner annually (compared to 25%) (WB) ↓</p>	<p>Delayed due to redesign</p> <p>On Track: 4.2 MGD in Oct 2010</p> <p>Delayed</p> <p>Partially met: 35 % of solid waste collected and disposed.</p> <p>16 water and sanitation</p>	<p>Rehabilitation Program</p> <p>ADB Monrovia Extension and 3 County Capitals Project (FY09)</p> <p>Monrovia/Urban Infrastructure Emergency Project (FY09)</p> <p>Community Empowerment Project II (FY07 + FY08)</p> <p>AAA: Water/sanitation Expansion and Rehabilitation – study (ADB, FY 10)</p> <p>Partners: Norway, EC, US, DfID</p>

Selected Liberia PRSP objectives & indicators ¹⁰	Key Issues from PRSP	JAS Outcome & Indicators	JAS Milestones	Progress to Date	World Bank Group/ADB Instruments
				projects, including 42 improved community water points, have been completed using CDD methods; an additional 25 projects are under construction (WB)	
<p>Energy – Provide reliable, sustainable and affordable energy services to all Liberians in an environmentally sound manner</p> <p>Indicators: % of households with access to electricity increased from 0.6% to 10% by 2011 Installed capacity increased from 2.6 MW to 29.6 MW by 2011</p>	<p><i>Energy</i></p> <ul style="list-style-type: none"> • Grid electricity is non-existent outside Monrovia • Presently only 2.65MW of power is available in Monrovia while the demand is between 30 to 50MW 	<p><i>Energy (Monrovia)</i></p> <p>3.6 Number of connections to the electricity grid increased from 350 in 2006 to 3,600 in 2010 (WB) Status: Partially met: 2,162 connections ↓</p> <p>3.7 Improve quality and cost of electricity supply Status: NEW</p>	<p><i>Energy</i></p> <p>Selection of a Management Contractor for an integrated Electricity Concession for Monrovia by 2009 (IFC/WB)</p> <p>Special Purpose Company for regional transmission operation formed by 2010 (WB) ↓</p> <p>Feasibility Study for the interconnections between Liberia, Cote D'Ivoire, Guinea and Sierra Leone completed by June 2010 (WB) ↑</p> <p>Average cost per KWh reduced by 25% in 2015 Number of power cuts reduced by 50% by 2015</p>	<p>Not met: Special Purpose Company not set up.</p> <p>Met: Feasibility study completed.</p> <p>NEW</p>	<p>Projects</p> <p>Emergency Infrastructure Project (FY06)</p> <p>Improved Electricity Access for Liberia (GPOBA)</p> <p>Monrovia/Urban Infrastructure Emergency Project (FY09)</p> <p>IFC Program to Implement Public Private Partnership in the Monrovia Power Sector</p> <p>WB Power Sector PRG (FY10)</p> <p>Pipeline Project: Regional West Africa Power Pool Project (FY11) Partners: EIB, EBID., KFW</p> <p>AAA:</p> <p>ADB Infrastructure Action Plan: FY11</p> <p>Partners: Norway, EC, US</p>

Selected Liberia PRSP objectives & indicators ¹⁰	Key Issues from PRSP	JAS Outcome & Indicators	JAS Milestones	Progress to Date	World Bank Group/ADB Instruments
		<p>Change target date to 2012</p> <p>4.3 Metric tons of cocoa sites increased from 3,000 in 2007 to 4,000 tons by o 2010 (WB)</p> <p>Status: No data</p>			<p>ADB Agriculture and Agro-industrial Development (FY 11)</p> <p>Partners: WFP, EC, US, IFAD</p>
<p>Forestry – The forestry sector should become a source of higher incomes for the rural population, ensuring that the benefits are shared equitably, and that adequate environmental and other regulatory safeguards are in place to ensure sustainability.</p> <p>Indicator: Volume of timber products produced increase from 0 to 1327 000 cubic meters by FY10/11</p>	<p><i>Forest</i></p> <ul style="list-style-type: none"> • Lack of awareness and information and compliance with the law in relation to commercial and other forestry. • Small area allocated for protected area network and a non-comprehensive legal framework to govern wildlife management • Rights and responsibilities of communities with respect to forests are lacking. 	<p><i>Forest</i></p> <p>4.4 All illegal concessions cancelled and no commercial logging outside of concession framework (WB)</p> <p>Status Met: All illegal concessions cancelled and no commercial logging for export outside of concession framework ↑</p> <p>4. 5 Improved knowledge on the management of the Upper Guinea transboundary forest landscapes; Development of alternatives for sustainable Management; Improved knowledge of the Carbon market by national bodies</p> <p>Status: New</p>	<p><i>Forest</i></p> <p>2 community forestry concessions by 2010 (WB) ↑</p> <p>Community Rights Law approved by 2009 (WB) ↑</p> <p>Declaration of 3 new Protected Areas by 2010 (WB) ↓</p> <p>Calculation of the carbon storage for Liberia by 2009 (WB)</p> <p>1.1.1 The level of inventory of the Mano River forests resources shifts from less than 1% in 2010 to at least 50% in 2015; and at least one monitoring system is established and operational in 2017;</p> <p>1.1.2 The percentage of the MRU population participating in the optimal natural resources planning increases from less than 10% in 2010 to at least 30% in 2015;</p> <p>The percentage of national bodies with</p>	<p>Met: 10 economic development sites established</p> <p>Met: Law approved.</p> <p>Not Met: One Protected Area declared.</p> <p>NEW</p>	<p>Projects:</p> <p>Forestry Sector Management Project (TFLIB – FY07)</p> <p>EGIRP (FY08)</p> <p>GEF-Sapo (FY05)</p> <p>GEF-COPAN (Consolidation of Protected Areas Network) (FY08+FY10)</p> <p>GEF-EXPAN (Expansion of the Protected Areas Network) (FY10)</p> <p>AAA:</p> <p>Policy Note on Pro-Poor Growth (FY09)</p> <p>DTIS (FY09)</p> <p>ADB Forest Resources Management Support Study (FY 11)</p> <p>Pipeline: MARFOP</p> <p>Partners: EU, USAID, GEF, WFP</p>

Selected Liberia PRSP objectives & indicators ¹⁰	Key Issues from PRSP	JAS Outcome & Indicators	JAS Milestones	Progress to Date	World Bank Group/ADB Instruments
			expertise in the carbon market shifts from less than 1% in 2010 to at least 30% in 2015		
<p>Mining - To rapidly expand mining as an engine of economic growth and social development, to ensure that the benefits from mining activities are widely shared, to diversify the mining sector into new and downstream activities, and to improve support to local miners.</p> <p>Indicator: Volume of iron ore produced increase from 0 to 3 million tons by 2011</p>	<p><i>Mining</i></p> <ul style="list-style-type: none"> • Lack of consistent, fair and enforceable mineral agreements, and high transaction costs. • Low efficiency in recovery of minerals, and poor environmental and social practices. • Lack of adequate logistics and human resources in the Ministry of Lands, Mines and Energy 	<p><i>Mining</i></p> <p>4.5 Achieve EITI compliant status by 2011 (WB and ADB)</p> <p>Status Met: Liberia EITI compliant in 2009 ↑</p>	<p><i>Mining</i></p> <p>Large-scale exploration and mining licenses issued through/ recorded in mining cadastre system (WB) ↑</p> <p>Transparent and internationally competitive mineral asset tendering procedures are consistently applied to all tendered out mineral concessions (WB) ↑</p> <p>At least 2 reports of payments to and revenues received by the Government for mining and minerals are published (WB) ↑</p> <p>Adopt environmental and social management framework for minerals sector compliant with international good practices (WB)</p>	<p>Met: All new licenses (all types) are issued through MCMS.</p> <p>Met: Standard mining development agreements and bidding documents mining tenders and new mining agreements.</p> <p>Met: Two reports published on revenues of the mining sector (as well as forestry, oil and agriculture sectors)</p> <p>Delayed: Update of environmental/social frameworks for mining delayed.</p>	<p>Projects:</p> <p>EGIRP (FY08)</p> <p>EITI Secretariat Support (WB TF and ADB TF)</p> <p>Regional Mining COCPO TA</p> <p>Potential ADB iron mining private sector window project</p> <p>AAA:</p> <p>Mining Sector Review (FY09)</p> <p>Policy Note on Pro-Poor Growth (FY09)</p> <p>DTIS (FY09)</p>
<p>Land and Environmental Policy - To develop a comprehensive national land tenure and land use system that will provide equitable access to land and security of tenure</p>	<p><i>Land</i></p> <ul style="list-style-type: none"> • Inequities in access and utilization of land. • Policies to promote investment and development are nonexistent or inadequate. • Taxation and zoning rules are inadequate and/or outdated 		<p><i>Land</i></p> <p>Policy framework for land tenure reform adopted (WB and ADB)</p>	<p>Delayed</p>	<p>Projects:</p> <p>ADB Land Reform Commission (TF FY07)</p> <p>Land tenure support project (SPF)</p> <p>Land Tenure Study (FY09)</p> <p>Policy Note on Pro-Poor Growth (FY09)</p> <p>DTIS (FY09)</p> <p>Update: New Project: Rehabilitation and Reform of Land Rights & Registration Project</p>
<p>Private Sector Investment - Create a strong enabling</p>	<ul style="list-style-type: none"> • Administrative and regulatory barriers severely limit the ability 	<p>5. Improved business and investment climate</p>	<p>Creation of Liberian Better Business Forum (LBBF) with functioning and operational Secretariat to facilitate Public</p>		<p>Projects:</p> <p>IFC – Business Registry with support from the</p>

Selected Liberia PRSP objectives & indicators ¹⁰	Key Issues from PRSP	JAS Outcome & Indicators	JAS Milestones	Progress to Date	World Bank Group/ADB Instruments
<p><i>environment for private sector investment and exports in non-traditional activities.</i></p> <p>Indicator: Number of new registered businesses increase from 1047 in 2007 to 1622 in 2011</p> <p>Financial Sector - <i>To promote a stable, sound and market-based financial system that supports efficient mobilization and allocation of resources to foster sustainable economic growth and poverty reduction</i></p> <p>Indicator: Banking system deposits/GDP increase from 21.4% to 30% in 2011 Non-performing loans decrease from 31% to 15% (by 2011) of total assets of the banking system</p>	<p>of businesses, especially SMEs, to operate effectively and efficiently.</p> <ul style="list-style-type: none"> • Outdated provisions of the investment code create obstacles to domestic and foreign investment. • Majority of payments are made in cash, which undermines security and flexibility of finances and credit • Financing for productive investments for the poor and for MSMEs is limited • High volume of non-performing loans • Poor integrity, weak internal controls and long delays in customs clearance result in poor investment climate, revenue leakage 	<p>5.1 3-4 reforms related to Doing Business indicators per year¹² (IFC)</p> <p>5.1.2. Improved business enabling environment for private sector development and competitiveness for economic growth Status: New</p> <p>5.2 Increased access to micro-credit for micro-enterprises (ADB): Status Met: 5090 micro loans provided by Access Bank Liberia as of 09/2010</p>	<p>Private Dialogue (IFC)</p> <p>Creation of at least one commercial microfinance bank (IFC)</p> <p>Identification of barriers to business formalization (IFC)</p> <p>Redrafting Investment Code (IFC)</p> <p>Modern business registry developed (IFC)</p> <p>2 Business Reform Committee (BRC) and Liberian Better Business Forum (LBBF) reforms enacted (IFC)</p> <p>Improved Ease of Doing Business Score in 2013</p> <ul style="list-style-type: none"> • Time required to start a business: 15 days • Ease of paying tax: 15 days per year • Registering Property: Rank 42 • Trading across border: time to export (14 days) and to import (12 days). <p>Access Bank Liberia manages 20,000 accounts by 2011 (ADB):</p> <p>Functioning one-stop shop service for customs facility (ADB)</p>	<p>NEW</p> <p>Met: ABL manages 28,327 as of 09/21010</p> <p>Met The one-stop shop has been functioning since early 2010</p>	<p>Investment Climate Facility for Africa</p> <p>IFC Global Trade Finance Program</p> <p>IFC CASA Advisory Program</p> <p>WBG Doing Business Reform Program WB DPO (FY09-11)</p> <p>IFC Access Bank Liberia Project (FY09) Pro-Poor Growth (FY10) IFC SME Ventures</p> <p>Pipeline Project: BSO II ADB C-ofinancier: EC</p> <p>ADB Access Bank Liberia Project (FY08)</p> <p>Budget support operation (FY09) (ADB)</p>

¹² Will not necessarily translate into an increase in ranking as countries are ranked relative to other country's performance.

Selected Liberia PRSP objectives & indicators ¹⁰	Key Issues from PRSP	JAS Outcome & Indicators	JAS Milestones	Progress to Date	World Bank Group/ADB Instruments
		<p>5.3. Availability of affordable long-term credit to SMEs</p> <p>5.4 Increased participation of citizens in the formal financial sector (ADB) Status: NEW</p>	<p>At least 300 EP-compliant transactions monitored by 2010</p> <p>At least 300 SME related subprojects financed by 2010</p> <p>Harmonized payments system law enacted by parliament by 2011(ADB)</p> <p>Real time funds transfers achieved by 2011 (ADB)</p> <p>New check standards implemented by 2011 (ADB)</p> <p>Central bank disposes of modern IT system by 2011 (ADB)</p> <p>Telecommunication and power infrastructure operational by 2011 (ADB)</p>	<p>Delayed to 2011</p> <p>Delayed to 2011</p> <p>NEW/On Track</p>	<p>ADB LBDI Project (FY10)</p> <p>ADB WAMZ Payments System (FY 10)</p> <p>ESW: ADB Private Sector Study (FY 11)</p>
<p>Labor and Employment - Promote productive employment that will reduce poverty, ensure peace and stability, and enhance the overall well-being of the Liberian population</p> <p>Indicators: Employment rate (TBD)</p> <p>Wage employment in the non-agricultural sector (TBD)</p> <p>Agriculture and Food Security - Revitalize the</p>	<p><i>Employment</i></p> <ul style="list-style-type: none"> • Current labor administration programs have limited impact and lack coordination. • Unequal and limited opportunities for women, youth and persons with disabilities • Inadequate and inappropriate skills and knowledge in the labor force <p><i>Food Security</i></p> <ul style="list-style-type: none"> • High levels of food insecurity and child malnutrition impede 	<p>6. Increased access to social protection and social services in the face of shocks</p> <p><i>Employment generation</i></p> <p>6.1 680,000 person days (WB) and 453,800 person days (ADB) generated through labor intensive works</p> <p>ADB Status Partially met: An estimated 125,000 person-day of employment has been created through the LBPW; the target is expected to be reached when the Fishtown-Harper road works are completed in end 2011.</p>	<p><i>Employment generation</i></p> <p>Cash for work program operational with >17,000 vulnerable households benefiting by 2010 (WB)</p> <p>1000 adolescent girls in the Monrovia area have received training relevant for business employment by 2010 (WB). ↑</p> <p>50% of road maintenance contracts use LB methods supervised by the MPW (ADB)</p>	<p>Met: 1250 adolescent girls in the Monrovia area have received training relevant for business employment</p> <p>On Track: An estimated 30% is achieved.</p>	<p>Projects:</p> <p>Community Empowerment Project II (FY07 + FY08)</p> <p>Health System Reconstruction (FY07)</p> <p>EIPSC/TSF</p> <p>ADB Labor-based Public Works Program</p>

Selected Liberia PRSP objectives & indicators ¹⁰	Key Issues from PRSP	JAS Outcome & Indicators	JAS Milestones	Progress to Date	World Bank Group/ADB Instruments
<p><i>food and agricultural sector to contribute to shared, inclusive and sustainable economic growth and development; provide food security and nutrition; increase employment and income and measurably reduce poverty.</i></p>	<p>socioeconomic development and poverty reduction.</p>	<p>6.2 More than 2,500 direct and indirect permanent jobs created by 2010 (ADB) Status On Track. No figures reported on this yet; however loans have been extended by ABL have resulted in business expansions and even cross border trading with neighbouring countries</p> <p><i>Food security</i> 6.3. 62,000 pre-school and primary school children from vulnerable households in 3 targeted districts receiving meals on a daily basis at school in 2008/9 (WB)</p>	<p><i>Food security</i> School-feeding program operational in five counties in South East Liberia for the school year 2008/09 (WB)</p> <p><i>Social Services</i> 25 targeted clinics with a minimum set of equipment by 2011 (WB) ↑</p> <p>20 schools and health facilities rehabilitated by 2010 (ADB)</p> <p>90% of the at least 80 sub-projects undertaken under CEP II reflect beneficiary priorities (WB)</p>	<p>Met: Equipment procured and distributed.</p> <p>Partially met: 10 schools but only 5 health facilities have been rehabilitated due to cost overruns and also to changes in the design in the health centers by the Ministry of Health. Therefore, the remaining 5 health centers will be done under the supplementary grant planned for Board approval in early 2011.</p> <p>No data</p>	<p>ADB Access Bank Liberia</p> <p>Agriculture and Infrastructure Development Project (FY08)</p> <p>Food Support for Vulnerable Women and Children (FY08)</p> <p>Economic empowerment of adolescent girls (FY09)</p> <p>ADB Labor-based Public Works Program</p> <p>ADB Agriculture Sector Rehabilitation (FY09)</p> <p>ESW Peace building and Youth Employment (ADB FY 11)</p>

Annex 5.1 – ADB On-Going Projects- January 2010

Project Designation	Supervision Status (PP/PPP/NPP)	Currently Responsible Officer	ADB/ADF/N TF Window	Approval Date	Signature date	Effectiveness Date	Last Disbursement Date	Revised Completion date	Nb.of deadline extensions	Project Age(Year)	Overall IP Rating	Overall DO Rating
MONROVIA EXTENSION AND 3 TOWNS	NON PP / NON PPP	Franz HOLLHUBER	AWTF	17.01.2008	11.03.2008	25.08.2008	27.04.2010	30.11.2010	1	2.7	2.33	2.50
LIBERIA WATER SECTOR REFORM	#	Franz HOLLHUBER	AWTF	13.01.2009	28.05.2009	08.12.2009	15.02.2010	30.09.2011	0	1.7	2.42	2.38
URBAN WATER SUPPLY AND SANITATION		Tom MUGOYA	OWAS	19.05.2010	28.05.2010			30.06.2015	0	0.4	0.00	0.00
MONROVIA WATER SUPPLY & SAN. REHAB. PROJECT (DFID)	#	Tom MUGOYA	OWAS						0	2.5	1.80	2.00
TECHNICAL ASSISTANCE FOR ACCESS BANK	#	Mohammed ALIN	FAPA	05.11.2008	05.11.2008	18.11.2008	08.12.2009	30.06.2012	0	1.9	0.00	0.00
LIBERIA BANK FOR DEVT. & INVESTMENT	#	Yaw Adu KUFFOUR	ADB	10.06.2009	#	#	#	#	0	1.3	0.00	0.00
EMERGENCY ASSISTANCE TO CONTROL CATERPIL	#	Saloua SEHLI	SRF	22.05.2009	16.07.2009	#	#	22.06.2010	0	1.3	3.00	3.00
AGRICULTURE SECTOR REHABILITATION PROJEC	PP	Rogers LUBUNGA	ADF	24.03.2010	14.05.2009	30.03.2010	26.05.2010	30.04.2016	0	0.5	1.45	2.67
			ADF	24.03.2010	#	#	#	#	0	0.5	1.45	2.67
			Fragile State F.	24.03.2010	14.05.2009	30.03.2010	09.07.2010	30.04.2016	0	0.5	1.45	2.67
ISP FOR ECO MANAGT. & GOOD GOVERNANCE	NON PP / NON PPP	Kalayu GEBRE-SELASSIE	ADF	27.10.2006	24.11.2006	29.04.2008	10.06.2010	31.12.2010	1	3.9	2.36	3.00
LABOR-BASED PUBLIC WORKS PROJECT	NON PP / NON PPP	Sunita PITAMBER	ADF	18.12.2007	29.02.2008	03.04.2009	16.06.2010	31.12.2013	0	2.8	2.09	3.00
Portfolio											2.21	2.53

Project Designation	Amount Approved	Undisbursed Balance	% Disbursed
MONROVIA EXTENSION AND 3 TOWNS	1,337,486.58 UAC	29,492.01 UAC	98.00
LIBERIA WATER SECTOR REFORM	1,490,593.60 UAC	569,439.17 UAC	61.91
URBAN WATER SUPPLY AND SANITATION	26,087,365.00 UAC	23,087,365.00 UAC	0.00
MONROVIA WATER SUPPLY & SAN. REHAB. PROJECT (DFID)	4,020,000.00 UAC	2,686,666.00 UAC	33.00
TECHNICAL ASSISTANCE FOR ACCESS BANK	664,694.74 UAC	194,179.78 UAC	70.00
LIBERIA BANK FOR DEVT. & INVESTMENT	3,323,473.69 UAC	0.00 UAC	0.00
EMERGENCY ASSISTANCE TO CONTROL CATERPIL	664,694.74 UAC	0.00 UAC	100.00
AGRICULTURE SECTOR REHABILITATION PROJEC	12,000,000.00 UAC	5,813,088.96 UAC	1.60
	0.00 UAC	0.00 UAC	X
	500,000.00 UAC	0.00 UAC	X
ISP FOR ECO MANAGT. & GOOD GOVERNANCE	3,000,000.00 UAC	1,320,470.57 UAC	55.98
LABOR-BASED PUBLIC WORKS PROJECT	15,240,000.00 UAC	10,695,068.99 UAC	29.82
Portfolio	68,328,308.35 UAC	44,395,770.48 UAC	15.19

ANNEX 5.2 : World Bank Portfolio (12/31/09)

	Funding Source	Project Name	TTL	Effective Date	Closing Date	Age Yrs	Net. Comm Amt	Tot Disb	% Disb	Latest DO	Latest IP	Prob. Proj	Proc	Safegua	Slow Dis	
Economic Revitalization																
1	IDA	Econ. Gov. & Institut. Reform	Emmanuel Doe Fiadzo	06/23/2008	08/31/2011	1.6	11.00	3.9	35%	S	S					
2	TFLIB	Development Forestry Sector	Oliver Braedt	10/02/2006	09/30/2010	3.2	2.00	1.29	64%	S	MS					
3	TF	Economic Empowerment of Women	Rui Manuel Benfica	11/04/2008	12/31/2010	1.3	2.8	0.7	25%	NA	NA					
Total							15.8	5.89								
Governance																
4	TFLIB	Emergency Senior Executive Svce	Smile Kwawukume	10/12/2007	12/31/2010	2.1	2.30	1.25	54%	S	S				X	
5	TFLIB	IFMIS	Winston Cole	03/20/2009	02/01/2012	1.6	3.70	0.47	13%	NA	NA					
Total							6.00	1.72								
Infrastructure/Basic Services																
6	IDA	Emergency Infrastructure Project	Gylfi Palsson	10/31/2006	06/30/2011	3.4	30.00	27.6	92%	S	MS					
	IDA	-Additional Financing (Upgrade)		09/24/2009	06/30/2011		8.20	0	0%							
	IDA	- EIPSC		01/19/2007	06/30/2011		16.5	16.5	100%							
7	IDA	Agric. & Infra. Dev. Proj.	Gylfi Palsson	09/11/2007	12/31/2011	2.3	37.00	23.4	63%	MS	MS					
	IDA	- Additional Financing (Upgrade)			12/31/2011		16.00	0	0%							
	FPCR TF	-Additional Financing (Food Crisis)		06/21/2008	12/31/2011		3.0	0	0%							
8	IDA	Urban and Rural Infrastructure Rehabilitation Project	Gylfi Palsson	07/21/2009	06/30/2014	0.6	44.00	4.64.3	11%	S	S					
	LRTF	-Additional Financing (Upgrade)		07/21/2009	12/31/2010		9.2	1.9	21%							
9	TFLIB	Infrastructure Rehabilitation	Gylfi Palsson	12/01/2006	09/30/2010	3.0	8.50	8.50	100%	S	MS					
10	IDA	Comm. Empowerment II	Giuseppe Zampaglione	08/02/2007	06/30/2012	2.5	5.00	4.82	96%	MS	MS		X	X		
	EC TF	-Additional Financing (Upgrade)		08/12/2009	06/30/2012	.4	11.5.	1.0	9%							
	FPCR TF	-Additional Financing-CEP Public Works		06/21/2008	06/12/2012	1.6	3.0	2.38	79%							
11	IDA	Health Systems Reconstruction	Yi-Kyoung Lee	07/09/2007	10/01/2010	2.5	8.50	4.01	47%	MS	MS	X			X	
12	FPCR TF	Food Sup. for Vulnerable Women & Children	Christopher Jackson	07/24/2008	12/31/2010	1.5	4.00	2.00	50%	S	S					
Total							204.4	97.2								
Grand Total							226.2	104.81								

Country Portfolio Improvement Plan (CPIP) – Liberia

General and Cross-cutting Challenges of Portfolio	Major Issues	Action Required	Responsibility	Timeline
1. Capacity Issues	1.1 National capacity constraint and fragility of government systems.	1.1.1 Government should make best use of Bank's FSF Pillar III funds for capacity building initiatives	Government	On-going and all new projects
	1.2 Low capacity of project staff	1.1.2 Bank should work more closely with government and other development partners, and support government's agenda on the National Capacity Development Strategy 1.2 Bank should apply resources from FSF (Pillar III) to develop skills in project implementation and management; recruit more qualified staff (possibly from the diaspora) and provide continuous relevant training, especially in Project Management.	Bank and Government Bank	On-going. On-going
2. Project design flaws and initial implementation delays	2.1 Poor consultation and limited participation of stakeholders in appraisal and design	2.1 Ensure comprehensive consultation with stakeholders during project preparation and design	Bank and Government	For all existing and new projects
	2.2 Long time between project design and implementation (sometimes leading to some components and activities becoming irrelevant overtime)	2.2 Revise project goals, objectives and activities where necessary and conduct early project review / MTR to correct design flaws; Bank and government should endeavour to cut time lag between project preparation and implementation.	Bank and Government	For all new and existing projects
3. Project management and supervision	3.1 Implementation of projects lagging behind schedule	3.1 Timely development and adherence to work programmes and implementation schedules	Project staff	On-going
	3.2 Lack of adequate implementation oversight and project monitoring by government	3.2 Borrower to be more proactive in project monitoring and oversight	Government	On-going
	3.3 Inadequate project supervision	3.1 Conduct at least two project supervisions a year and improve quality and length of supervision with the right mix and complementary skills.	Bank	On-going
4. Procurement and Contract Management	4.1 Slow pace of procurement in several projects	4.1 Continued training of project staff in new Bank procurement rules and procedures; review procurement modes for certain activities; support all project staff to develop and update procurement plans for use as	Bank and Project staff	2009 and On-going

		management tools; ensure each project has a procurement officer or incentives are provided for effective centralized procurement units. 4.1.2 SLFO to provide continued support in day-to-day procurement procedures	SLFO	On a regular basis
5. Disbursement and Financial Management	5.1 Delays between approval and disbursement, and low disbursement rate of portfolio	5.1 Ensure timely request for approval by government, as well as timely response by Bank; continue training and sensitization of project staff in justifying expenditure and replenishment request processes; sensitize and motivate government authorities to expedite process of approving replenishment requests.	Bank, Government and project staff	On-going
	5.2 Low disbursement rate of portfolio	5.2 Continued training of project staff in justifying expenditure and replenishment request processes; sensitize and motivate appropriate authorities regarding delays in approval process of replenishment requests	Bank and project staff	On-going
6. Institutional arrangements and donor Coordination	6.1 Heavy reporting requirements on project staff to implement donor funded projects.	6.1 Donors should, harmonize their procedures and discontinue with stand-alone PIUs.	All donors including ADB	Immediate
	6.2 Lack of trust by donors to use country systems	6.2 Donor support (through MDBS and other initiatives) should continue to support dialogue in working towards the use of country systems, especially in specific activities such as procurement.	All donors including ADB	Immediate
	6.3 Limited harmonization among donors in relation to the application of different procurement and financial procedures adds pressure on PIUs	6.3 Need for harmonization in line with Paris Declaration, through JAS between ADB and World Bank	ADB, WB and other stakeholders	Immediate

Annex 7: Ongoing and Proposed Activities Targeted Support Window of the FSF

A country allocation of UA 5.80 million was approved for Liberia under Pillar III of the FSF to fund targeted technical assistance and capacity building in line with the Bank's Strategy for Enhanced Engagements in Fragile States¹³. So far the Government of Liberia has utilised UA1.08 million of its Pillar III allocation to provide technical assistance and capacity building.

FSF Support to Liberia			
Pillar I (UA million)	Division	Amount	Disbursement
Poverty reduction loan	OSGE1	9,000	9,000
Public Financial Management Reform Support	OSGE1	3.386	3.386
Agriculture Sector Rehabilitation Project	OSAN2	0.500	On-going
Water and Sanitation	OWAS1	0.570	On-going
Pillar III (US\$ million)			
LEITI secretariat		0.460	On-going
Government Accounting Expert		0.108	0.108
Printing and Training of Accounting Standards		0.270	0.270
Drafting of PFM Regulation		0.052	0.052
Revenue Expert		0.120	0.120
Macroeconomic Adviser		0.132	0.132
Revenue Modernisation Expert		0.0300	0.0300
Liberia Dialogue on Peacebuilding and Statebuilding		0.0600	0.0600

Proposed Program Rationale and Specific Objectives

Liberia has just completed several programs with the International Financial Institutions and successfully reached the HIPC Completion Point. The key challenge for the government of Liberia is to prepare a Post HIPC sustainability agenda and to redirect the country on a steady long term growth path. The overall objective of the project is to support the Ministry of Finance in designing and implementing PFM reform strategy and medium term action plan. The specific outcomes and results are:

Over the last three years the government of Liberia has made important progress in key areas of Public Financial Management. A new PFM act was passed and its enabling regulations adopted; budget preparation processes have been improved and IFMIS project is being

¹³ African Development Bank Group: Strategy for Enhanced Engagement in Fragile States, March 2008

implemented. Implementing the new legal framework will involve a major transformation of the entire public financial management system.

The Pillar III grant will support the funding gap for PFM that has been identified in the Ministry of Finance in the following three departments. The overall objective of the project is to support the Ministry of Finance in designing and implementing PFM reform strategy and medium term action plan. The specific outcomes and results are:

- PFM reform coordination unit – to provide technical assistance to the unit and coordinate the training of 10 officials representing various departments on Liberia’s PFM legal and regulatory framework to be jointly conducted by the Duke Centre for International Development in collaboration with the Liberia Institute for Public Administration and the University of Liberia.
- Aid Management Unit – to recruit additional six staff to strengthen the Aid Management Unit. The outcome will strengthen the quality of Aid through the Medium Term Expenditure Framework and the results will be the achievement of Aid effectiveness and transparency.
- Macro-fiscal Analysis Unit to recruit five (5) economists to prepare post HIPC macroeconomic policy document, a post HIPC investment policy, a post HIPC debt sustainability policy, advising on growth potential and growth corridors, realigning the fiscal policy direction for post HIPC, a medium term fiscal framework and medium term expenditure framework to underpin the budget process.

A results framework is presented Below:

FSF targeted Support Results Matrix

Hierarchy of objectives 1. Goal : <i>Global objectives to which the project is to contribute</i>	Expected Outcomes <i>medium term Logical consequence of project outputs</i>	Performance indicators <i>Evidence showing the accomplishment of results (Source & Method)</i>	Expected output Short term results of program activities	Activities	Assumptions/ Risks <i>Risk factors and conditions vital to success Mitigation strategy/strategies</i>
The overall objective of project is to support the Ministry of Finance in designing and implementing PFM reform strategy and medium term action plan.	See below	See below	See below	See below	See below
Program Components					
<p>Macro-Fiscal Unit support the Minister in the discharge of the responsibilities for formulating, monitoring and implementation of fiscal policy:</p> <p>strengthen the analytical basis of fiscal reforms in Liberia through research and development tools</p> <p>Aid Management Unit To improve the effectiveness of aid and GOL's leadership in the development process;</p> <p>Coordinate donor financing with general budget support as the favoured aid modality</p>	<p>(i) realigning the fiscal policy direction for post HIPC;</p> <p>(ii) a medium term fiscal framework</p> <p>(iii) medium term expenditure framework to underpin the budget process</p> <p>Government standardize flow of donor resources across the government and</p>	<p><u>Indicators</u></p> <p>preparation of quarterly fiscal reports of the Government.</p> <p>ensuring regular and timely reporting to international financial institutions</p> <p>each recruited consultant will submit quarterly progress report and a consolidated report for each department will be provided by the head of the department</p>	<p>Post HIPC macro-economic policy document;</p> <p>Post HIPC investment policy;</p> <p>Post HIPC debt sustainability policy</p> <p>Rolling out MTEF and reviewing donor programs/ activities, reporting and</p>	<p>Terms of reference of experts</p> <p>Recruitment of experts on a competitive basis</p> <p>Terms of reference of experts</p>	<p><u>Assumptions</u></p> <p>1.Maintenance of peace and security in the country</p> <p>2. Continuity in the leadership of the Ministry of Finance</p> <p><u>Risks</u></p> <p>1.Failure to continue capacity building and change in leadership in MOF.</p> <p>.3. lack of technical training on aid/grant negotiations techniques.</p> <p><u>Mitigations strategy</u></p> <p>1. support M&A on aid management skills development and adherence</p>

<p><u>PFM Reform Coordination Unit</u> to provide strategic guidance and support to the Ministry of Finance in designing and implementing the PFM reform strategy and medium term action plan</p>	<p>strengthen the quality of Aid through the Medium Term Expenditure Framework</p>	<p>Use of Aid data repository to produce reports</p> <p>Monitoring and report on the Paris Declaration and the Accra Agenda for Action and coordinate data exchange on aid transparency.</p>	<p>developing strategy to bring more aid on budget.</p>	<p>Recruitment of experts on a competitive basis</p>	<p>to PFM procedures</p>
	<p>Formulation and review of a PFM reform strategy and medium term action plan.</p> <p>Preparation of a PEFA assessment</p> <p>Strengthening and/or setting up essential PFM systems.</p>	<p>PEFA indicators</p> <p>Development of accounting instructions and manuals</p> <p>Establishment of an Integrated Financial Management System (IFMIS)</p>	<p>Preparation of supporting manuals.</p> <p>Preparation of fiscal reports.</p>	<p>Terms of reference of experts</p> <p>Recruitment of experts on a competitive basis</p>	<p><u>Risks</u> 1. Failure to continue capacity building.</p>
<p><u>Training</u> To develop the capacities needed to implement and manage the reform processes in PFM</p>	<p>Human and institutional capacity strengthened</p>	<p>10 officials selected for the</p>	<p>10 days training at Duke University-Liberia tailored PFM program.</p>	<p>Hands on skills and training</p>	<p><u>Mitigation</u> Government's strong ownership of the project and willingness to facilitate trainings</p>

Capacity building through hands on training and workshops

Tailored training and capacity building for 10 officials with the Duke Centre for International Development

Duke university training.

Staff at MFU trained on analytical tools and methods.

aid/grant negotiations techniques for staff of aid management unit.

ANNEX 8: Liberia: Selected Economic and Financial Indicators, 2008–12

Liberia: Selected Economic and Financial Indicators, 2008–12

	2008	2009	2010	2011	2012
			Proj.	Proj.	Proj.
	(Annual percentage change, unless otherwise indicated)				
National account and prices					
Real GDP	7.1	4.6	6.3	8.8	11.7
GDP deflator (US dollars)	7.3	-1.2	4.5	-0.8	4.6
Nominal GDP (millions of US dollars)	850.7	879.0	976.6	1054.1	1231.2
Consumer prices (annual average)	17.5	7.4	7.4	4.2	4.8
External sector					
Exports, f.o.b.	22.2	-39.7	34.8	52.5	30.9
Imports, f.o.b	42.2	-20.6	16.8	60.9	11.2
Terms of trade (deterioration -)	-8.1	-9.4	66.1	-20.6	-18.2
Average exchange rate (local currency per U.S. dollar)	63.2	68.3	...	...	...
Gross official reserves (millions of US dollars)	107.8	312.2	317.1	329.8	339.9
Import coverage of reserves (months) ^{1/}	0.8	3.2	2.6	2.0	2.0
Central government operations ^{2/}					
Total revenue and grants	39.5	13.5	22.6	24.5	5.6
Of which: total revenue	36.7	5.2	30.2	8.5	12.5
Total expenditure and net lending	60.2	26.3	13.4	28.9	14.9
Of which: current expenditure	62.9	24.2	16.4	11.4	9.1
capital expenditure	43.4	41.5	-6.2	167.4	33.8
Money and credit					
Reserve money	13.1	12.4	-3.2	15.0	19.0
Broad money (M2) ^{3/}	45.7	37.7	1.9	9.6	17.6
Credit to private sector	44.1	31.5	11.1	...	...
	(Percent of GDP)				
External sector					
Current account balance					
(including official grants)	-57.3	-36.8	-40.4	-59.2	-64.9
(excluding official grants)	-185.3	-148.2	-152.0	-149.3	-131.5
Trade balance	-53.4	-46.6	-46.1	-70.4	-62.0
Exports, f.o.b.	29.9	17.4	21.2	29.9	33.5
Imports, f.o.b	-83.3	-64.0	-67.3	-100.3	-95.5

Central government operations ^{2/}

Total revenue and grants	26.0	27.2	31.0	35.3	33.1
Of which: total revenue	25.2	24.4	29.6	29.4	29.4
Total expenditure and net lending	24.8	28.8	30.4	35.8	36.6
Of which: current expenditure	21.8	24.9	27.0	27.5	26.6
capital expenditure	3.0	3.9	3.4	8.4	9.9
Overall fiscal balance (including grants)	1.2	-1.6	0.6	-0.5	-3.4
Public external debt	376.6	190.9	8.9	9.6	11.2

Sources: Liberian authorities; and IMF staff estimates and projections.

1/ Excluding imputed UN military services imports.

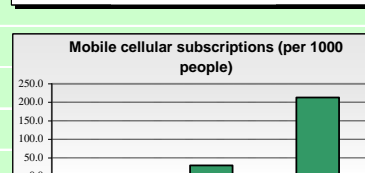
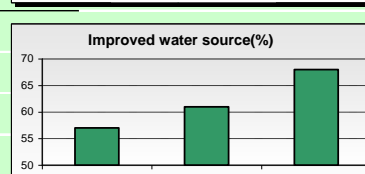
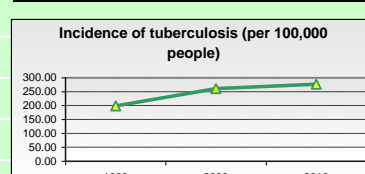
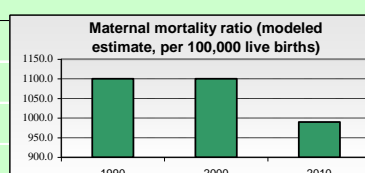
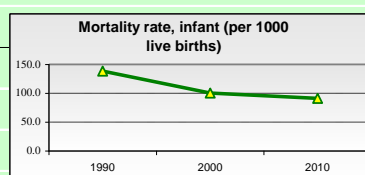
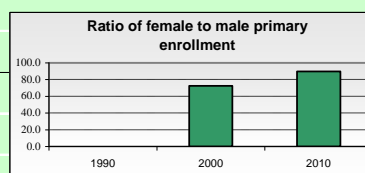
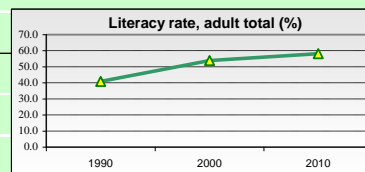
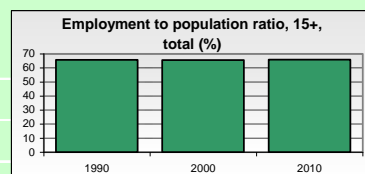
2/ Fiscal year ending in June on a cash basis (debt service payments shown after all debt relief).

3/ Defined as Liberian currency outside banks plus demand, time, and savings deposits in Liberian and US dollars.

ANNEX 9: Liberia

PROGRESS TOWARDS THE ACHIEVEMENT THE MILLENNIUM DEVELOPMENT GOALS

Goal	1990 ¹	2000 ²	2010 ³
Goal 1: Eradicate extreme poverty and hunger			
Employment to population ratio, 15+, total (%)	65.7	65.5	65.9
Malnutrition prevalence, weight for age (% of children under 5)	...	26.5	...
Poverty headcount ratio at \$1,25 a day (PPP) (% of population)	...	...	83.7
Prevalence of undernourishment (% of population)	30.0	50.0	...
Goal 2: Achieve universal primary education			
Literacy rate, youth female (% of females ages 15-24)	46.9	73.4	79.5
Literacy rate, adult total (% of people ages 15 and above)	40.8	53.9	58.1
Primary completion rate, total (% of relevant age group)	...	...	57.6
Total enrollment, primary (% net)	96.5	75.2	...
Goal 3: Promote gender equality and empower women			
Proportion of seats held by women in national parliaments (%)	...	8.0	12.5
Ratio of female to male primary enrollment	...	72.3	89.5
Ratio of female to male secondary enrollment	...	71.1	75.4
Goal 4: Reduce child mortality			
Immunization, measles (% of children ages 12-23 months)	44.0	42.0	95.0
Mortality rate, infant (per 1,000 live births)	138.4	100.4	91.3
Mortality rate, under-5 (per 1,000)	229.7	152.8	132.1
Goal 5: Improve maternal health			
Births attended by skilled health staff (% of total)	...	50.9	46.3
Contraceptive prevalence (% of women ages 15-49)	...	...	...
Maternal mortality ratio (modeled estimate, per 100,000 live births)	1100.0	1100.0	990.0
Goal 6: Combat HIV/AIDS, malaria, and other diseases			
Incidence of tuberculosis (per 100,000 people)	199.0	261.0	277.0
Prevalence of HIV, female (% ages 15-24)	...	...	1.3
Prevalence of HIV, male (% ages 15-24)	...	...	0.4
Prevalence of HIV, total (% of population ages 15-49)	...	...	1.7
Goal 7: Ensure environmental sustainability			
CO2 emissions (kg per PPP \$ of GDP)	1.2	1.1	1.0
Improved sanitation facilities (% of population with access)	40.0	27.0	17.0
Improved water source (% of population with access)	57.0	61.0	68.0
Goal 8: Develop a global partnership for development			
Net total ODA/OA per capita (current US\$)	52.5	66.1	329.6
Internet users (per 1000 people)	...	0.3	5.1
Mobile cellular subscriptions (per 1000 people)	...	29.3	212.9
Telephone lines (per 1000 people)	4.3	2.3	0.5



Sources : ADB Statistics Department Databases; World Bank: World Development Indicators; UNAIDS; UNSD; WHO, UNICEF, WRI, UNDP; Country Reports,

last update : January, 2011

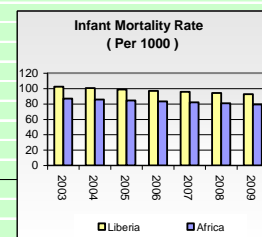
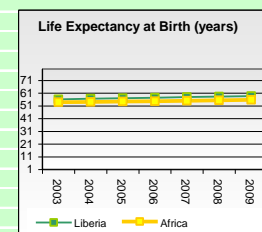
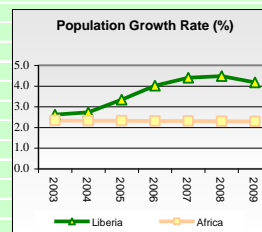
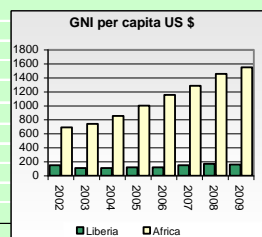
Note : n.a. : Not Applicable ; ... : Data Not Available,

¹ Latest year available in the period 1990-1995; ² Latest year available in the period 2000-2004; ³ Latest year available in the period 2005-2010

ANNEX 10: Liberia

COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Liberia	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km ²)		111	30 323	80 976	54 658
Total Population (millions)	2010	4.1	1,031.5	5,629	1,069
Urban Population (% of Total)	2010	61.5	40.0	44.8	77.7
Population Density (per Km ²)	2010	36.8	3.4	66.6	23.1
GNI per Capita (US \$)	2009	160	1 550	2 780	39 688
Labor Force Participation - Total (%)	2010	36.8	39.5	45.6	54.6
Labor Force Participation - Female (%)	2010	40.3	41.4	39.8	43.3
Gender -Related Development Index Value	2007	0.430	0.433	0.694	0.911
Human Develop. Index (Rank among 169 countries)	2010	162	n.a	n.a	n.a.
Popul. Living Below \$ 1 a Day (% of Population)	2007	83.7	42.3	25.0	...
Demographic Indicators					
Population Growth Rate - Total (%)	2010	3.6	2.3	1.3	0.7
Population Growth Rate - Urban (%)	2010	4.7	3.3	2.4	1.0
Population < 15 years (%)	2010	42.5	40.3	29.2	17.7
Population >= 65 years (%)	2010	3.4	3.8	6.0	15.3
Dependency Ratio (%)	2010	83.9	77.6	52.8	49.0
Sex Ratio (per 100 female)	2010	98.8	99.5	93.5	94.8
Female Population 15-49 years (% of total population)	2010	23.8	24.4	53.3	47.2
Life Expectancy at Birth - Total (years)	2010	59.1	56.0	66.9	79.8
Life Expectancy at Birth - Female (years)	2010	56.0	57.1	68.9	82.7
Crude Birth Rate (per 1,000)	2010	37.3	34.2	21.5	12.0
Crude Death Rate (per 1,000)	2010	10.0	12.6	8.2	8.3
Infant Mortality Rate (per 1,000)	2010	91.3	78.6	49.9	5.8
Child Mortality Rate (per 1,000)	2010	132.1	127.2	51.4	6.3
Total Fertility Rate (per woman)	2010	4.9	4.4	2.7	1.8
Maternal Mortality Rate (per 100,000)	2008	990.0	530.2	440.0	10.0
Women Using Contraception (%)	2005	...	...	61.0	75.0
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2004	3.1	42.9	78.0	287.0
Nurses (per 100,000 people)*	2004	18.3	116.6	98.0	782.0
Births attended by Trained Health Personnel (%)	2007	46.3	52.7	63.4	99.3
Access to Safe Water (% of Population)	2008	68.0	64.9	84.0	99.6
Access to Health Services (% of Population)	2005	...	65.4	80.0	100.0
Access to Sanitation (% of Population)	2008	17.0	41.0	54.6	99.8
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2007	1.7	4.6	1.3	0.3
Incidence of Tuberculosis (per 100,000)	2007	277.0	315.2	161.9	14.1
Child Immunization Against Tuberculosis (%)	2009	92.0	81.8	89.0	99.0
Child Immunization Against Measles (%)	2009	95.0	81.0	81.7	92.6
Underweight Children (% of children under 5 years)	2005	...	30.9	27.0	0.1
Daily Calorie Supply per Capita	2007	2 204	2 462	2 675	3 285
Public Expenditure on Health (as % of GDP)	2006	1.2	2.4	4.0	6.9
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2008	90.6	102.8	106.8	101.5
Primary School - Female	2008	85.6	99.0	104.6	101.2
Secondary School - Total	2008	31.6	35.0	62.3	100.3
Secondary School - Female	2008	27.2	30.6	60.7	100.0
Primary School Female Teaching Staff (% of Total)	2008	11.9	38.1	...	...
Adult literacy Rate - Total (%)	2008	58.1	64.8	81.0	...
Adult literacy Rate - Male (%)	2008	63.3	74.0	86.6	...
Adult literacy Rate - Female (%)	2008	53.0	55.9	75.6	...
Percentage of GDP Spent on Education	2008	2.8	4.6	...	5.4
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2008	4.2	7.8	9.9	11.6
Annual Rate of Deforestation (%)	2005	...	0.7	0.4	-0.2
Annual Rate of Reforestation (%)	2005	...	10.9	...	...
Per Capita CO2 Emissions (metric tons)	2008	0.2	1.2	1.9	12.3



Sources : ADB Statistics Department Databases; World Bank: World Development Indicators;

last update :

January 2011

UNAIDS; UNSD; WHO, UNICEF, WRI, UNDP; Country Reports.

Note : n.a. : Not Applicable ; ... : Data Not Available.

ANNEX 11: Aid Pillar, Sectors and Modality¹⁴

Disbursements By Partner, Pillar and Sector: Quarter 4 (April - June, 2010)													
	Peace & Security Pillar I	Economic Revitalization: Pillar II				Gov. & Rule of Law: Pillar III	Infrastructure & Basics Social Services: Pillar IV						
	Peace & Security	Financial sector	Food & Agriculture	Forestry	Labor & Employment	Gov. & Rule of Law	Education	Energy	Health	Multi Sector	Roads & Bridges	WATSAN	% of Total
AfDB			X			X					X	X	20.8%
DFID/UK									X			X	0.6%
EU						X	X	X		X			12.2%
Foundations						X							0.6%
Germany										X			1.0%
Ireland									X				2.3%
Norway	X		X					X	X	X			9.0%
SIDA/Sweden						X	X		X		X		4.9%
United States			X	X			X	X	X				13.1%
World Bank		X	X	X	X	X	X	X	X	X	X		18.7%
UN System:	-	-	X	-	-	X	X	-	X	X	-	X	16.9%
UNICEF						X	X		X	X		X	
WFP			X				X			X			
	0.3%	0.9%	7.4%	0.8%	0.5%	5.2%	13.5%	9.0%	13.2%	18.6%	16.4%	14.2%	100%

¹⁴ Source: Liberia Aid Management Platform. Some countries did not submit data (the Government of China, Japan, France, Ireland, and some United Nations Agencies). Excluded also are UNMIL, NGO private funding and some Foundations.

ANNEX 11: Aid Pillar, Sectors and Modality (continued)¹⁵

Projected Disbursements by Aid Modality and Partner, FY2010/2011

Donor	Budget Support	Pooled Fund Contribution	Trust Fund Contribution	GoL-executed Projects	Non-GoL Executed Projects	% of total aid
African Development Bank	X			X	X	7.1%
DFID/UK		X	X			3.6%
EC	X		X		X	20.3%
Denmark					X	1.5%
Germany			X		X	10.6%
Norway				X	X	3.5%
United States					X	23.9%
Sweden					X	1.3%
World Bank	X				X	11.8%
Foundation Partners					X	0.6%
<i>UN System subtotal, o/w</i>					X	15.8%
- UNFPA					X	
- WFP					X	
- WHO					X	
- UNICEF					X	
	13.5%	1.5%	14.2%	5.5%	65.4%	100%

¹⁵ Source: Liberia Aid Management Platform. Some countries did not submit data (the Government of China, Japan, France, Ireland, and some United Nations Agencies). Excluded also are UNMIL, NGO private funding and some Foundations.

**First stage
criteria**

I.1.1 A) Commitment to consolidate peace and security

- Liberia harmonized CPIA has stagnated around 3.2, which is the cut-off score of 3.2 for fragility and conflicted-affected countries.
- Liberia has been peaceful and stable since the signing of the Peace agreement in 2003.
- Free Presidential elections were held in 2006, and a new round of general and presidential elections are planned for end 2011. The Legislature is opposition-led, but has passed most proposed reforms.

B) Unmet Social and Economic Needs

- Liberia ranks as 162 out of 169 countries on the 2010 UN Human Development Index
- Poverty is pervasive, with 63.8 percent of the population living with less than a dollar per day.
- Post conflict economic performance is robust. It has slowed down because of the food, fuel and the global financial crisis, but has been picking up again since 2010.
- Liberia is one of the poorest countries in Sub-Saharan Africa with an average per capita income of US\$160 (World Development Indicators 2010) and 63.8 percent of the population living with less than a dollar a day. Progress in MDG with Liberia likely to meet only three of these goals by 2015.

**Second Stage
Criteria**

► **Improved Macroeconomic Conditions and Sound debt practices:**

- Liberia's Article IV Consultations of Nov. 2010 (IMF Country Report No. 10/373) indicates that macroeconomic policies are strong and that the medium term outlook is bright.
- Liberia reached HIPC completion point in June 2010 and qualified for debt relief under MDRI bringing debt sustainability thresholds to sustainable levels, but with some risks.
- Debt relief from the international community helped decrease the net present value of public sector external debt –to-exports from 266% to 22%. A sustainable external debt level has therefore been achieved after the country accessed debt relief under the HIPC and the MDRI.

► **Sound Financial Management Practices**

- Liberia achieved significant progress in implementing critical structural reforms particularly in the area of Public Financial Management (PFM), budget process, tax policy and tax administration, and debt management. These include: modernizing information systems, adopting a chart of accounts, budget preparation in accordance with a newly passed PFM Act, improved fiscal reporting, accounting, and internal audit. The Liberian Investment Code was amended in 2010 to reduce the scope for discretionary granting of investment incentives, and work is underway to compile national accounts data. The latest Public Expenditure Review shows improvements in many aspects of economic and financial management. Significant improvements in PFM practices were main pre-requisites for attaining HIPC completion point.

I.1.2 ► Transparency of Public Accounts:

Transparency has increased through increased external audits of ministries, publishing of procurement contracts, and complying with the requirements of the Extractive Industries Transparency Initiative (EITI), including forestry and commercial agriculture. In 2009, Liberia was the first African country to reach EITI-compliant status and the second country in the world to be designated as EITI compliant, and the first country to have included the forestry sector in its reporting. The Anti-Corruption Commission was also established and has become operational as of 2009. Liberia ranked 97th with a score of 3.3 on Transparency International's 2009 Corruption Perceptions Index. Successive external audits of key ministries have demonstrated weak areas and have led to recommendations for improvement that are being implemented. The budget as well as aid data are regularly published on the Government's website.

FSF Support	ANNEX 12 ctd. : Assessment of Performance in the Period to December 2010
Criteria	Country Performance
<p>Implementing Bank's program of Assistance in ADF 11</p>	<ul style="list-style-type: none"> • Objective of Bank's 2008-2011 Country Strategy paper was to assist Government move from post-conflict stabilization to long-term pro-poor growth. • Support to public financial management was effective, as it provided a good framework for fiscal discipline and effective budget execution. • As at end 2010, there were ten projects in ADB portfolio that are at different stages of implementation with a total approved amount of UA 68.33million • Out of this approve amount, a total of UA 10 had been disbursed. Nonetheless, this is due to large projects being recently approved, and the budget support having closed in 2009. Prior to that, the disbursement rate was 44 percent. • The establishment of a Bank's field office in Liberia would help to improve management of the portfolio, as well as the visibility of the Bank. • Access to the FSF was essential to provide budget support and finance infrastructure projects through supplemental support, as well as TA and capacity building through the targeted support, particularly that Liberia's performance-based allocation is very small relative to the infrastructure needs. The flexibility embodied in the FSF is also essential and has helped in addressing some of the delays in project implementation as well as provide more certainty in aid provision. • Government monitoring and evaluation mechanism has also helped to ensure effective and efficient use of donor resources, including those from the Bank.
<p>Consolidating political economy and peace building</p>	<ul style="list-style-type: none"> • Liberia held free elections in 2005 which led to the first woman in Africa being elected president. A sustainable pluralistic, democratic system is gradually being established; • A peace and reconciliation process has largely contributed to the task of bringing closure to the atrocities of the conflict period.
<p>Progress in implementing poverty reduction strategy</p>	<ul style="list-style-type: none"> • Libeia has effectively implemented a National an Interim PRS and is 20 percent short of implementing its latest PRS. Thy emphasized peace and state building, economic revitalization, access to infrastructure services and the reintegration and rebuilding of communities. • The PRS Annual Progress Reports (PRS-APRS) were prepared by the Government in 2009 and 2010. The PRS-APRS provided an assessment of Liberia's Poverty Reduction Strategy, and particularly, the progress made in macroeconomic stability, protection of poverty reducing expenditures, public finance management (PFM) reforms, peace and security, revitalization of key infrastructure services, and improvement in social services. The Joint Staff Advisory Note prepared by the World Bank and the IMF staff commended the government on its overall progress in implementing the strategies and rated the progress in implementing the strategies as satisfactory. • The Government is now developing a Long Term vision, which aims to bring Liberia to middle-income status by 2030.
<p>Progress in stabilizing the macroeconomic environment</p>	<ul style="list-style-type: none"> • Liberia has maintained strong macroeconomic stability, but remains a post-conflict country whose growth prospects hinge on rebuilding infrastructure and developing access to finance and the private sector. • The rebuilding efforts that followed the end of civil conflict in 2003 are far from complete and despite relatively high economic growth in recent years, per capita income remain low at USD 160.
<p>Progress in implementing structural reforms and creating enabling environment for private sector activities.</p>	<ul style="list-style-type: none"> • Structural reforms and Economic Governance: Liberia achieved significant progress in implementing critical structural reforms particularly in the area of Public Financial Management (PFM), budget process, tax policy and tax administration, and debt management. These include: modernizing information systems, adopting a chart of accounts, budget preparation in accordance with a newly passed PFM Act, improved fiscal reporting, accounting, and internal audit. The Liberian Investment Code was amended in 2010 to reduce the scope for discretionary granting of investment incentives, and work is underway to compile national accounts data. Transparency has increased through increased external audits of ministries, publishing of

	<p>procurement contracts, and complying with the requirements of the Extractive Industries Transparency Initiative (EITI), including forestry and commercial agriculture. In 2009, Liberia was the first African country to reach EITI-compliant status and the second country in the world to be designated as EITI compliant, and the first country to have included the forestry sector in its reporting. The Anti-Corruption Commission was also established and has become operational as of 2009. Liberia ranked 97th with a score of 3.3 on Transparency International's 2009 Corruption Perceptions Index.</p> <ul style="list-style-type: none"> • Business Climate and Private Sector Development: In the financial sector, reforms were implemented to improve the sector's stability and to increase access to intermediation and financial services, including the microfinance sector. This will improve the currently low rate of credit in the economy (9% of GDP). Administrative reforms have significantly improved efficiency in starting a business, dealing with construction permits, and trading across borders. In 2009, the World Bank Doing Business Report placed Liberia among the 10 Best Business Reforming countries in the world. Reforms in investment incentives and commercial code and courts as well as changes to the Revenue Code in 2010 will significantly support private sector development. Liberia further expects to accede to the World Trade Organization in 2012. Nonetheless, inadequate infrastructure, human capacity constraints, protection of property rights and land tenure, and limited access to finance still constitute significant barriers to investment and private sector development.
<p>Progress in addressing external debt burden through HIPC</p>	<p>Liberia reached the Heavily Indebted Poor Countries (HIPC) Initiative Completion Point (CP) in June 2010. Liberia qualified for debt relief of US\$ 2.7 billion of which US\$ 240.2 million is from the ADB.¹⁶ Liberia also qualifies for additional debt relief under the Multilateral Debt Relief Initiative (MDRI). The African Development Fund (ADF) would provide UA 13.23 million in nominal terms. HIPC and MDRI will bring the net present value of debt-to-exports in FY2010/11 from 266% to 22.9%, well below the policy-related threshold, and the risk of future debt distress is deemed low. Sensitivity analysis indicates some vulnerability to FDI flows, lower GDP growth, and lower concessionality on new borrowing. The Government's post-completion point debt strategy aims to maintain low debt vulnerabilities while providing for critical infrastructure financing needs</p>
<p>Progress in achieving the MDGs</p>	<ul style="list-style-type: none"> • Liberia is one of the poorest countries in Sub-Saharan Africa with an average per capita income of US\$160 (World Development Indicators 2010) and 63.8 percent of the population living with less than a dollar a day. In 2005, Liberia already had a five-year handicap with respect to attaining the MDGs. Over the last few years, significant progress has been made, and Liberia is likely to achieve Goal 3 on gender, Goal 6 on HIV/AIDs and Goal 8 on partnership. Liberia is off track for attaining all other MDGs. The Government aims to attain these goals in the context of the Vision 2030 currently being developed.
<p>Challenges and opportunities over the ADF 12 cycle</p>	<ul style="list-style-type: none"> • Despite progress in economic growth, Liberia's economic recovery remains fragile. The country is falling significantly short of most the MDGs. The country is also vulnerable to external shocks, as well as to regional instability. Infrastructure needs are vast, and opportunities for borrowing are limited so as to maintain debt sustainability. There are also vast needs in capacity development

¹⁶ In end-June 2007 present value (PV) terms

ANNEX 13: The Bank's Statistical Capacity Building (SCB): PHASE II Program in Liberia:

ON-GOING ACTIVITIES UNDER SCB II:

1. Statistical Capacity Building Program: Phase II (SCB-II) 2009/2010:

The Liberia Institute of Statistics and Geo-Information Services (LISGIS) is the official National Statistical Agency for Liberia. Through the SCB II program, the Bank has committed USD 552,400 toward statistical capacity building in Liberia. The bulk of these funds are going toward capacity building to improve Price statistics, National accounts, design and implementation of the National Strategy for Development of Statistics (NSDS), and Social Statistics areas including: MDG monitoring, development of civil registration and vital statistics databases, infrastructure statistics. A proportion of the funds have been earmarked for gender statistics and other cross cutting areas such as environment/climate change, and labour statistics.

2. International Comparison Program (ICP-Africa), 2011 Round:

The SCB II program has been extended until December 2011, to enable countries to participate in the ICP-2011 round. The **International Comparison Program** is a series of statistical surveys held worldwide to collect price data for a sample of commonly bought goods and services. It is a uniquely complex statistical exercise involving national, regional and international agencies and is overseen by a Global Office located in the World Bank. In Africa, the Program is coordinated by the African Development Bank.

The ICP surveys collect price data which are combined with data on other economic variables from countries' national accounts to calculate **Purchasing Power Parities**.

3. Population and Housing Census :

The AfDB through the SCB II and the Fragile States Facility (FSF) is supporting Liberia LISGIS in developing its dissemination strategy for the 2008 Population and Housing Census and other household surveys. Beginning December 2010, the Bank has provided technical assistance to LISGIS in drawing up a dissemination program that covers the preparation and distribution of reports and electronic products, such as CDs; use of web sites as dissemination channels; production of regular press releases reporting on important statistical data; to schedule dissemination seminars for release of census and sample survey results. This work also involves designing educational materials for the media on how to present statistical results to the general public, policy makers, and on how to use data in advocacy work, public debate, and in promotion of awareness of available data in the country.

Currently, Liberia is finalizing the analysis of the 2008 Population and Housing Census. LISGIS is working closely with United Nations Statistical Division (UNSD) to ensure the results are internationally acceptable.

4. Civil Registration and Vital Statistics (CRVS):

The Bank is continuously providing technical support through regional workshops on development and maintenance of civil registration and vital statistics systems. Special attention is given to post-conflict states such as Liberia where civil registration systems has either been destroyed or was never fully developed in the first place. Supporting the development of CRVS databases in regional member countries is one of the most important statistical activities that the Bank is engaged in. Improved CRVS systems are an important resource for monitoring MDGs, other development indicators, registration of vital events such as births, deaths, marriages, etc., and therefore very critical to the country's demographic projections.

5. MDGs Monitoring:

The Bank is providing technical support through regional workshops on data requirements for MDGs monitoring in Africa. The training workshops are aimed at assisting countries to overcome challenges related to production of quality MDGs data and monitoring of progress. As is the case with many Sub-Saharan African countries, Liberia is faced with serious challenges to effectively monitor progress being made toward the MDGs or other development indicators.

6. National Strategy for Development of Statistics (NSDS)/Regional Reference Strategic Framework (RRSF):

Liberia's NSDS was prepared in 2008 with financial assistance from the AfDB. The NSDS is designed to provide a framework for coordinated production of official statistics needed for monitoring development indicators. The NSDS is also used as an instrument of dialogue among donor agencies to assist the country to improve and enhance quality assurance of nationally produced statistical information. Preliminary estimates for implementing the Liberia NSDS stood at \$75 million in 2008 but would likely have increased as the NSDS implementation process took effect. A sub-regional workshop on the RRSF and NSDS to review and assess how Liberia is implementing the NSDS is being planned in the course of 2011.

PLANNED ACTIVITIES IN 2011 AND BEYOND:

1. Household Surveys:

Liberia LISGIS has requested for technical assistance to prepare a work programme for conducting a Household Income and Expenditure Survey (HIES)/Household Budget Survey (HBS) to enable them to revise the benchmark year (from 1964 to 2011) of the Consumer Price Index (CPI). As well, the surveys would help Liberia revise the commodity basket and weights for the country's CPI. The revisions in the commodity basket will also enable Liberia to increase the coverage of the CPI from just Monrovia to the rest of the country.

2. National Accounts:

The Liberia LISGIS has expressed a special request for assistance to improve their National Accounts Series including production and expenditure GDP and other macro-economic indicators. The technical assistance required is substantial and to ensure sustainability, is expected to range from mid-to-long term (1.5-3 years). For example the estimated amount of time needed to build National Accounts Supply and Use Tables (SUT) is approximately 2-3 years.

Liberia also needs to rebase its GDP to a more recent reference year. This is particularly important as witnessed in Ghana where rebasing the GDP from 1993 to 2006 resulted in an increase of about 60% in the nominal GDP estimate for the country. In other words, this support will contribute to Liberia's generation of improved figures for GDP and other macro-economic indicators, and lessen the reliance on the IMF to compute the country's GDP.

3. Infrastructure Statistics:

Through SCB III, Liberia will participate in the infrastructure data collection activities in 2012. Infrastructure statistics involves monitoring of fiscal spending on all infrastructure sectors including water, sanitation, ICT, power/energy, transportation - air, roads, rails, maritime and ports. This year (2011), the Bank is assisting Liberia to process and analyze data collected from these sectors during 2010. As well, the Bank will organize an infrastructure data validation and processing workshop in the course of the year for Liberia with all other ECOWAS member states.