AFRICAN DEVELOPMENT BANK GROUP

LIBERIA

COMBINED COUNTRY STRATEGY PAPER 2013-2017: UPDATE TO 2018 COMBINED WITH COUNTRY PORTFOLIO PERFORMANCE REVIEW (CPPR) 2017

RDGW/ DEPARTMENT

Juuly 2018

Table of Contents

CURRENCY EQUIVALENTS

April 2018

Currency	=	Liberian Dollar
UA 1.00	=	178.65 Liberia Dollar
1 USD	=	125.45 Liberia Dollar

WEIGHTS AND MEASURES

Metric System

1 metric tonne	=	2204 pounds (lbs)
1 kilogramme (kg)	=	2.200 lbs
1 metre (m)	=	3.28 feet (ft)
1 millimetre (mm)	=	0.03937 inch (”)
1 kilometre (km)	=	0.62 mile
1 hectare (ha)	=	2.471 acres

GOVERNMENT FISCAL YEAR

July 1- June 30

ACRONYMS AND ABBREVIATIONS

ADF	African Development Fund
ADB	African Development Bank
AfT	Agenda for Transformation
CLSG	Cote D'Ivoire Liberia Sierra Leone Guinea
CODE	Committee on Operations and Development Effectiveness
COLR	Country Office Liberia
CPIP	Country Portfolio Improvement Plan
CPPR	Country Portfolio Performance Review
CSP	Country Strategy Paper
CT	Country Team
DSA	Debt Sustainability Analysis
ESW	Economic and Sector Work
EU	European Union
FAPA	Fund for African Private Sector Assistance
FDI	Foreign Direct Investment
GAC	General Auditing Commission
GAFSP	Global Agriculture and Food Security Program
GDP	Gross Domestic Product
GoL	Government of Liberia
HDI	Human Development Index
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
IPFMRP	Integrated Public Financial Management Reform Program
MDAs	Ministries, Departments and Agencies
M&E	Monitoring and Evaluation
MFDP	Ministry of Finance and Development Planning
MRU	Mano River Union
MTEF	Medium Term Expenditure Framework
MTR	Mid-Term Review
NASSCORP	National Social Security and Welfare Corporation
PAR	Project Appraisal Report
PBA	Performance-Based Allocation
PCR	Project Completion Report
PD	Presidential Directive
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PFMU	Public Financial Management Unit
PIU	Project Implementation Unit
PMU	Project Management Unit
PP	Problem Project
PPP	Potentially Problem Project
SAPEC	Smallholder Agric. Productivity Enhancement & Commercialization Project
SOE	State Owned Enterprise
TA	Technical Assistance
TSF	Transitional State Facility
TYS	AfDB's Ten Year Strategy
UA	Unit of Account
UNDP	United Nations Development Program
UNMIL	United Nations Mission in Liberia
USAID	United States Agency for International Development
WAMZ	West African Monetary Zone
WAPP	West African Power Pool
WASH	Water, Sanitation, and Hygiene
WB	World Bank

Map of Liberia

Executive Summary

1. The Boards of Directors of the African Development Bank Group (Bank) approved the Country Strategy Paper (CSP) for Liberia, 2013 -2017, in July 2013. The Board's Committee on Operations and Development Effectiveness (CODE) subsequently approved a Combined Mid-Term Review (MTR) of the CSP and the Country Portfolio Performance Review (CPPR) in September 2016. This document updates the Board on the progress made, and challenges encountered in implementing Liberia CSP, 2013-2017, as well as requests for an extension of implementation period to end-2018, primarily because there is a new governing administration in Liberia, which is in the process of articulating its own vision, and development agenda, which will be finalized end of 2018.

2. In his maiden State of the Nation Address to the Joint Assembly on 22nd January 2018, Liberia's new President, George Manneh Weah, identified four Pillars that will underpin the Government's development agenda, as follows:

- ***Pillar I*** - Power to the People: To focus on human capital development, education, health, and sanitation, youth empowerment through skills training, job creation and expansion of sports;
- ***Pillar II*** – Economy and Jobs: To focus on achieving sustainable growth through agricultural expansion, and addressing infrastructure deficits, particularly, road construction and provision of affordable electricity;
- ***Pillar III*** – Sustaining Peace: Create new processes and avenues to ensure that all people are fully reconciled; and;
- ***Pillar IV*** – Governance and Transparency: To focus on decentralization of institutions and systems of governance, increase accountability of public officials and reduce the incidence of corruption.

3. Broadly, these pillars address the fundamental development issues and challenges in Liberia, which remain the same as those addressed by the previous administration. Efforts to address these fundamental constraints to inclusive growth, including road infrastructure, implementing and sustaining the energy access program, improving the management of public resources in light of tighter fiscal space, and improving the business environment, will continue.

4. The Liberia CSP (2013-2017) had two pillars: Pillar I - *Promoting inclusive economic growth through transformative infrastructure investments*, focussed on road and energy infrastructure, with an emphasis on reducing economic exclusion; and Pillar II - *Enhancing governance and the efficient management of resources*, aimed at improving public sector governance and the business environment. The CSP is aligned with the Bank's Ten Year Strategy and the High-5s, and selectively supports Liberia's Agenda for Transformation (AfT) 2012 to 2017.

5. The Bank's strategic focus has been appropriate, and progress has been broadly satisfactory. The Bank proposes to extend the CSP and its pillars until the end of 2018 when a Development Strategy and Agenda would have been finalized by the new administration to underpin a full Liberia CSP. The Bank will continue with the current program to help develop Liberia's infrastructure, particularly roads and energy in rural areas, as well as improving the business environment to promote inclusive growth.

6. The Bank portfolio in Liberia as at end of December 2017 comprised 11 operations amounting to UA 247.44 million. The portfolio is made up of entirely public sector operations, and consists of eight (8) national operations, representing 59% of the portfolio value, and three (3) multinational projects, accounting for the remaining 41%.

7. Overall, the portfolio is rated 3.0, with an average Implementation Progress rating of 3.49, and an average Development Objective rating of 3.0. The portfolio has no Problematic Projects (PP) but has one potentially problematic project (PPP) in the agriculture sector. The Bank's portfolio at risk (PAR)[1] is 14% and commitments at risk (CAR) is UA34.08 million. The number of aging projects increased by one from 2016 to 2017. The average age of the overall ongoing portfolio marginally increased to 3.6 years in 2017 from 3.1 years in 2016.

8. The Liberian portfolio's implementation challenges are in 5 broad areas, all relating to weak capacities: (i) start up delays, (ii) procurement delays (iii) slow disbursements, (iv); poor contract management and administration, and (v) a lack of effective project exit (closure) strategy. These challenges tend to feed into each other and a holistic approach has been devised to address these in 2018 and onward.

9. **Recommendation:** The Committee on Operations and Development Effectiveness (CODE) is invited to consider and approve the Combined CSP 2013-2017 Update to end 2018 and CPPR 2017 for Liberia.

[1] The percentage of the number of projects at risk to the total number of rated operations

I. Introduction

1. The African Development Bank Group's (Bank's) Country Strategy Paper (CSP) for Liberia (2013 -2017), was approved by the Boards of Directors in July 2013. The Board Committee on Operations and Development Effectiveness (hereafter CODE) subsequently approved the Mid-Term Review (MTR) of the Liberia CSP and the Country Portfolio Performance Review (CPPR) in September 2016.

2. The CSP had two pillars: Pillar I - *Promoting inclusive economic growth through transformative infrastructure investments*, focussed on road and energy infrastructure, with an emphasis on reducing economic exclusion; and Pillar II - Enhancing *governance and the efficient management of resources*, aimed at improving public sector governance and the business environment. The CSP is aligned with the Bank's Ten Year Strategy and the High-5s, and selectively supports Liberia's Agenda for Transformation (AfT) 2012 to 2017. The AfT expired at the end of 2017 and the government has announced that a new development strategy will be prepared by the end of June 2018. The CSP Update and the 2017 CPPR assess the progress made in implementing the CSP and proposes the extension of the implementation period of the CSP to end 2018.

II. Country Context and Prospects

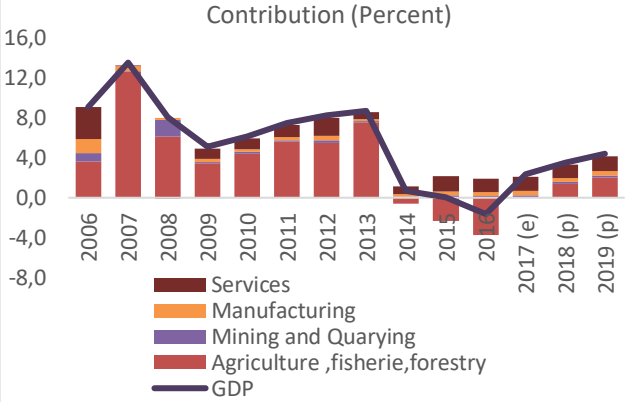
3. **Political Context**: The political landscape has been dominated by the 2017 presidential and legislative elections. Some 22 political parties participated in the elections, with a run-off between the two top contestants. The run-off was successfully conducted on December 26, 2017, with the presidential candidate for the Coalition for Democratic Change (CDC), George Manneh Weah, winning 61.5 % of the total vote and 14 out of 15 counties. Following the elections, Liberia witnessed a democratic transfer of power on January 22, 2018.

4. ***Security Context:*** The Government assumed full security duties from the United Nations Mission in Liberia (UNMIL), - a peacekeeping force - in July 2016; however, this continues to be challenging due to weak capacity and funding constraints. Given the weak nature of the country's institutions and the lingering security concerns, UNMIL maintained 1240 military and 606 police personnel as a rapid response force (in case of need) up to the end of its mandate in March 2018.

5. Numerous cases of alleged corruption were highlighted in the media in 2016 and 2017. The Executive Branch's relations with the Legislature were contentious, particularly as the House Speaker was indicted on corruption charges in mid-2016. Land disputes and tensions related to concessions have led to violent demonstrations. There have also been student protests and discontent regarding the justice system and security concerns. Latent risks include disgruntled population excluded from the provision of basic social services, the lack of social cohesion, limited reconciliation, and under-employment, particularly for the youth population, including former combatants.

6. ***Economic and Social Developments:*** Post-conflict economic growth remained robust, with real GDP growth averaging around 8% from 2006 to 2013. , but was derailed in mid-2014, by the outbreak of the Ebola Virus Disease (EVD), the scaling down of the United Nations Mission in Liberia (UNMIL) which, taken together, reduced demand in the services sector, and declines in international prices of key exports from Liberia, particularly iron ore, rubber and gold, the key growth drivers. Real GDP growth stagnated in 2014 (see Figure 1) and contracted by 1.6% in 2016. Liberia is slowly getting back on track with an estimated growth of 2.3% in 2017, supported by a pickup in gold exports, and modest expansions in iron ore mining, investment projects, and agriculture. However, medium-term growth is expected to remain below pre-2014 levels.

Fig 1: Real GDP growth and Sectoral Contribution (Percent)



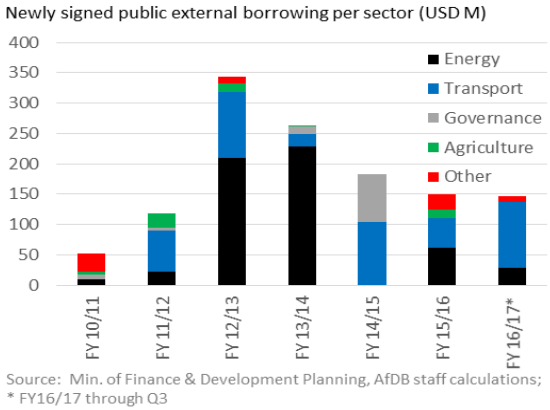
Source: AfDB Statistics, e: estimates; p: projections

7. *Fiscal Policy:* Weak economic growth continues to adversely affect public revenues. This combined with spending pressures that are linked to the elections and security, created a challenging fiscal outlook. Revenue envelopes are regularly increased during the budget approval process to unrealistic and unachievable targets, leading to revenue shortfalls in most fiscal years. These shortfalls subsequently lead to expenditure cuts and budget revisions which undermine budget credibility and public investment. To help address this issue, the Bank would undertake a knowledge work on "Enhancing Domestic Resource Mobilization in Liberia".

8. Recurrent expenditure continues to dominate national budgets with about 87% of the FY2016/17 national budget and 90% of the FY2017/18 national budget allocated for recurrent expenditure, and 13% and 10% of the FY2016/17 and FY2017/18, respectively, allocated to capital expenditure. With such provisions, the fiscal space for investments in growth enhancing capital projects, like energy and road infrastructure projects, become very limiting. The biggest expenditure line item continues to be public sector employee compensation, whose share of the budget has increased from 38% in FY2014/15, to 45% in FY2015/16, and 56% in the FY2017/18 budget mainly due to salary/allowances' increases of top public officials. The wage bill is, however, understated as transfers and other classifications can also include various forms of employee compensation. Given the tight fiscal stance going forward, increased expenditure prioritization and improved project selection will be necessary to contain salary expenditures. Improving the realism of revenue envelopes during the budget process would be a step forward in this process. Ultimately, real growth will only be seen in those interventions that accelerate economic expansion and diversification and lead to the creation of job opportunities outside the public sector.

9. *Debt Policy:* Liberia has resumed concessional borrowing after reaching the HIPC Completion Point in 2010, when debt relief reduced its public external debt to 12% of GDP. The government has since contracted borrowing for infrastructure projects in energy, roads, governance and budget support, agriculture, and additional projects such as the airport terminal (see Figure 3). As such, Liberia's total public debt stock has increased from 31.9% of GDP in 2015, to 36.7% in 2016, and 41.3% in 2017. Correspondingly, total external debt has increased from 16.3% of GDP in 2015, to 20.1% in 2016, and 24.7% in 2017. Total external debt constitutes about 69.6% of the total debt, and total domestic debt, 30.4%. About 91.2 % of the external debt is owed to multilaterals financial institutions and 8.8% to bilateral creditors. According to the 2018 debt-sustainability analysis (DSA) conducted by the International Monetary Fund (IMF), Liberia is currently at moderate risk of debt distress, an unchanged situation from the 2015 DSA[2]. The government needs to continue exercising high levels of prudence with external borrowing in order to maintain debt sustainability.[3]

Fig. 3: The signing of new loans has slowed since FY2012/13, in line with the IMF program



10. A further decline in exports could push the country into the high-risk of debt distress category. After a surge in contracting new loans in FY2012/13 and FY2013/14, coupled with a debt ceiling of US$ 100 million, the government has limited borrowing space, with an available debt space of US$ 30 – 45 million. With the tight borrowing constraints the Government needs to prioritize investments with long term development goals and projects with high economic returns.

11. In this regard, the Bank would assist the Government of Liberia to develop a "Debt Management Strategy for Liberia" that will ensure that Liberia adheres to its debt ceiling and also avoid Liberia being declared high-risk of debt distress.

[2] The DSA 2018 was released on 8 June 2018 after the finalization of this CSP Update.

[3] This recommendation follows the recent increase in external borrowing as a result of two newly contracted loans from private creditors.

12. *Monetary Policy:* The stance of monetary policy in Liberia is to maintain price stability to ensure a sound and vibrant financial sector. The Central Bank of Liberia (CBL) influences inflation by maintaining broad exchange rate stability through weekly foreign exchange auctions. The CBL's foreign exchange interventions declined in 2016 due to weaker foreign inflows and the desire to allow increased exchange rate flexibility, but picked up slightly in 2017 with an increase in the auction amount occasioned by a build-up of pressure in the foreign exchange market. The high level dollarization, which is estimated at 93 % of lending and 68 % of broad money, continues to constrain monetary policy as Liberians lose faith in the Liberian dollar (LRD) and increasingly opt to undertake financial transacts using the United States dollar (USD). The LRD therefore continues to depreciate regularly, and spur high inflation. Prices are unstable, and Banks are unwilling to make long term loans. Thus rendering monetary policy less effective with weaker transmission. Since May 2013, the CBL has also introduced Central Bank Bills to control Liberian dollar (LRD) liquidity and support the exchange rate. The Liberian dollar (LRD) has gradually been depreciating since 2013. However the rate of depreciation picked up in 2016, depreciating by 15.4% in 2016 and 23.6% in 2017. The pass-through effects of the depreciation contributed to annual inflation reaching 11.7% at end-December 2017. Attaining a low digit rate and a single-digit rate in the medium term will depend largely on the volatility of the exchange rate. Liberia's gross international reserves position at end-September, 2017 declined by 9.8% to US$ 490 million as a result of drawings on reserves while the net foreign reserves position declined by 8.8% to US$ 160.7 million. With respect to the country's imports sustainability, the imports cover stood at 5.1 months at the end of September 2017 compared to 4.9 months at the end of June 2017 - primarily because of the reductions in import payment for goods and services.

Fig. 4: Depreciation of the Liberian dollar has contributed to inflation

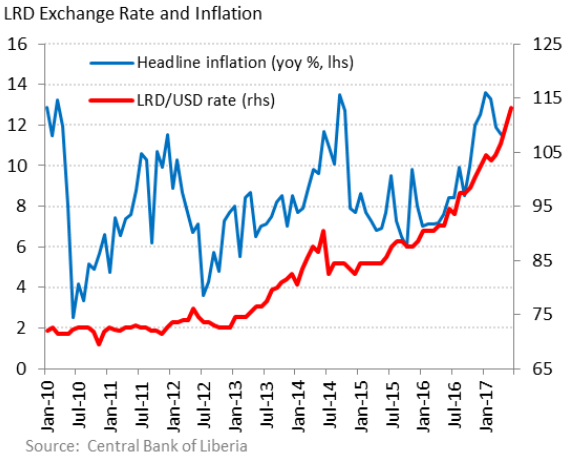
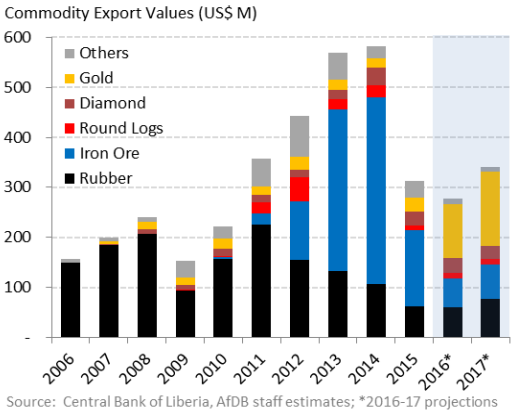


Fig. 5: Exports may pick up slightly in 2017, and have diversified with gold exports



13. *External Sector:* Liberia's traditional export base of iron ore and rubber has been heavily affected by the drop in international commodity prices, leading to export values falling by an estimated 44% in 2015 (See Figure 5). However, exports have largely stabilized since 2016 due to increasing gold exports. Continuing expansion of gold exports, combined with lower imports should tighten the trade balance and reduce the current account deficit from 25.3% of GDP in 2016 to around 19.4% in 2017.

14. Liberia has consistently ranked among the top countries in the world in terms of overseas development assistance (ODA) received as a percent of Gross National Income (GNI). In the 2015/16 fiscal year, data on aid disbursements collected by the Ministry of Finance and Development Planning totaled US$704 million, some 26 percent higher than the government's expenditure in the national budget. Seriously disturbing is that most of this aid is not channeled through the national budget. The World Bank alongside the AfDB and other partners are leading development partners to develop a platform to capture all Development Aid in the Public Financial Management Project. Despite a brief surge, due to EVD-related support over 2014-15, development assistance to Liberia has been declining. This is exacerbated by the scaling down of UNMIL which, taken together, is reducing demand for the services sector. The UNMIL scale down further calls on the government to fully provide police and security services. The increased uncertainty that surrounded the elections in October 2017 and the ushering in of a new administration in January 2018 marking the end of the Johnson Sirleaf administration, slowed investments.

15. *Economic Outlook:* Despite these headwinds, various positive developments could provide some support to growth. The expansion of commercial gold exports in 2016, with two mines now active, is helping to cushion export revenues. Some agriculture sectors are also showing commendable growth. Commercial palm oil production is expected to expand significantly with two major concessionaires bringing mills online, although further expansion will continue to face land access and governance issues. Commercial investment in the cocoa sector could also lead to a gradual increase in production. Further, a resumption of donor-financed infrastructure projects halted during the Ebola epidemic is supporting economic recovery. Looking forward, gradual energy and road infrastructure improvements , if even from a very low base, could slowly reduce one of the most significant constraints on the business environment, and support growth in agriculture, manufacturing, and services.

16. *Governance Reforms:* Since the end of the conflict, Liberia has strengthened governance and public sector institutions. However, weak capacity and co-ordination continue to slow down progress and undermine public confidence in the administration. Institutions will especially be tested during the first year of the new administration when the government rolls out its policy directives. Recent protests surrounding tax increases have highlighted the need for more transparency and to improve the delivery of government services.

17. The last government made progress with efforts to decentralize services outside the capital city, Monrovia. After opening the country's first County Service Center (CSC) in June 2015, it inaugurated 6 more by February 2017 and intended to open a CSC in all 15 of Liberia's counties by end 2018. As for political decentralization, a local government act awaits approval by the legislature. Various high-profile corruption scandals have undermined confidence in anti-corruption efforts. The corruption challenge is highlighted by Liberia's ranking of 90th out of 176 countries in Transparency International's 2016 Corruption Perceptions Index.

18. *Socio-economic developments*: Liberia's Human Development Index (HDI) ranking of 177 out of 188 countries highlights the country's ongoing socio-economic challenges. The poverty rate is 50.9%, and significantly higher in rural areas (71.6%) than urban areas (31.5%). Food poverty is at 39.1%. Some 79.5% of Liberia's labor force is engaged in "vulnerable employment"

without an assured salary. Youth employment is a critical issue, with a large, concentrated youth population. Some 51% of the population is under 18 years of age, and one-third of the population concentrated in Monrovia. Unemployment rate is estimated at 85% with the youth (15-35 years) accounting for 75%.

19. Skills are limited, with only 62.7% of the population having at least some formal education. Over 80% of public funding to the education sector goes towards salaries, although teachers are largely untrained, and public funding prioritizes tertiary education. The Ministry of Education reports that only 62% of primary school teachers have requisite qualifications, which falls to 33% at the secondary level. The primary net enrollment ratio is 49%. Total adult literacy is 64.7% (55% for females compared to 77% for males), but this increases to 88.2% for youth aged 15 to 19.

20. The EVD outbreak highlighted the health system's structural vulnerabilities, including a shortage of qualified healthcare workers. The number of health professionals increased from 6.3 to 8.6 per 10 000 people from 2010 to 2015, and appeared to increase to 11.7 in 2016. The ratio for doctors (numbering 234) remains much lower, at under 0.6 per 10 000. Only 71% of the population lives within five kilometers of a health facility. At the county level, however, the population living within five kilometers of a health facility ranges from 32% to 96%, underscoring significant geographical inequalities. Although the proportion of births attended by health workers increased from 46% in 2007 to 61% in 2013, this fell back to 51% in 2015/16, partly due to a low utilization of health services in the post-Ebola period. This may affect progress on the maternal mortality rate, which, at 1 072 deaths per 100 000 live births in 2013, is one of the highest in the world. Treatment of malaria, which remains the leading cause of morbidity and mortality, declined slightly from 59% of febrile children under five who were using anti-malarial drugs in 2007, to 56% in 2013. Measles vaccination rates vary widely among the counties.

21. *Business Climate and Private Sector Development*: Private sector growth outside of the concessions sector is severely constrained by inadequate energy and transportation infrastructure. Installed electricity generation capacity has increased over the past two years from around 23 MW to around 140 MW, and transmission and distribution is also expanding, but governance in the sector is notably weak. In addition, the current energy tariff of 39 cents per kWh is prohibitively high and is a major barrier to investment, particularly in the manufacturing sector. Although the number of paved roads has increased, only 5% of Liberia's road network is paved, and only 11% is rated in good condition. Much of the country's interior is impassable during the rainy season.

22. Access to finance, particularly for longer terms, is limited. Liberia is ranked 122nd least corrupt nation out of 180 nations, with a score of 31 out of 100 in 2017 Transparency International Corruption Perception Index (TICPI) Report. Liberia's TICPI score has declined from 41 in 2012 to 37 and 31 in 2016 and 2017 respectively. Liberia acceded to the World Trade Organization (WTO) in December 2015, however, increased attention to improve the business environment is necessary to enable inclusive growth. This is highlighted by the

Doing Business Indicator	***2017 Ranking of 190 countries***
Starting a Business	37
Paying Taxes	72
Getting Credit	101
Resolving Insolvency	168
Dealing with Construction Permits	175
Enforcing Contracts	176
Getting Electricity	177
Registering Property	179
Protecting Minority Investors	179
Trading Across Borders	185

country's ranking of 174 of 190 countries in the World Bank's 2017 *Doing Business* report (see table). This ranking falls below neighbouring countries such as Cote d'Ivoire (142), Guinea (163), and Sierra Leone (148). Despite a promising ranking of 37th for *Starting a Business*, seven of Liberia's ten indicators rank in the bottom 23 in the world. Particularly for a small economy reliant on trade, the "trading across borders" ranking of 185 of 190 countries presents a heavy burden on the economy.

23. **Fragility Assessment**: Despite considerable progress since the restoration of peace in 2003, Liberia remains a transitional state with institutional and capacity constraints to provide for its citizens' security and development. Continuing risk factors are outlined below and discussed in details in Annex 8:

- *Political and security fragility:* Liberia's gradual state and democratic consolidation since 2003 includes successful democratic elections held in 2005, 2011, and 2017. The 2017 elections marked the end of President Johnson Sirleaf's administration and the first democratic transition since 1944. Liberian authorities are solely in charge of security for the first time since the end of the civil crisis in 2003. The recent political transition is likely to support political stability, while the potential for violence and tensions, particularly considering the UNMIL drawdown, poses medium risks of instability.
- *Weak state legitimacy*: The trust in the state is weakened by a high perception of corruption, unaccountable institutions, a culture of impunity and the perception of selective justice. State legitimacy is further undermined by weaknesses and ineffectiveness of commissions set up to tackle corruption, whereby the prosecution and incarceration of accused persons is rare.
- *A sense of marginalization and exclusion:* The extension of services and opportunities outside Monrovia has been limited, and the majority of the population has historically been marginalized in political and economic opportunities. Decentralization of public services through the establishment of County Service Centers (CSC) has been slowly progressing; however, this faces capacity and infrastructure constraints.
- *Weak human and institutional capacity:* Capacity gaps have been exacerbated by the education system which remains weak, and often unaffordable thus producing people who are not fully prepared for the challenges in the workforce. This has led to ineffective, particularly in the public sector; extending to ineffective delivery of basic social services.
- *An undiversified economy, highly dependent on extractive sectors:* Limited private sector development outside of extractive sectors and a small service sector mainly reliant on the donor community encourages a culture of rent-seeking.
- *Youth unemployment:* Roughly 78% of Liberia's population is under the age of 35. Despite the marginal post-war economic growth, employment opportunities remain limited, and skills are low. This makes youth susceptible to participating in unrest, crime, and conflict particularly during elections.
- *Regional instability:* The Mano River Union (MRU) has experienced intermittent conflict and political instability, and sustaining peace and stability will call for social and economic progress, addressing inequalities and sentiments of exclusion.

III. CSP Implementation and Results Achieved

24. ***Substantial Decline in Country's ADF Resource Allocation**: The CSP has been implemented over three ADF cycles – ADF-12 (2011-2013), ADF-13 (2014-2016), and the first year of ADF-14 (2017).* The PBA country allocation decreased substantially, from UA 91.8 million in ADF-12 to UA 57.0 million in ADF-13 and an indicative UA34.2 million in ADF-14. The decline in Liberia's resources in ADF-14 was primarily due to the smaller PBA size as well as slippage in governance indicators. The AfDB leveraged regional funding of UA 86.4 million and co-financing of UA 20.7 million to increase its total envelope provided to Liberia from UA 144.6 million in ADF-12 to UA 153.9 million in ADF-13. Regional funding and co-financing is expected to play an integral role in increasing the total financing for ADF-14. Projects have received resources from regional funding, the Transitional Support Facility (TSF), and Emergency Special Relief Fund. Projects have benefitted from resources from the Nigeria Trust Fund and Nigeria Technical Cooperation Trust Fund. Co-financing sources have included the Governance Trust Fund, Canadian Trust Fund, the European Union Infrastructure Trust Fund, US Department of State, Global Environmental Facility, and the Korean Africa Economic Cooperation Trust Fund.

25. *Liberia's Performance-Based Allocation (PBA) and TSF Pillar I resources have transitioned to a mix of loan and grants since 2016.* The borrowing terms for PBA and TSF Pillar I funding were 100% concessional loan only through 2015, given Liberia's low level of debt distress during that period. This has been adjusted to moderate risk of debt distress in 2016, which changes the PBA funding to a mix of loans and grants. The Bank's portfolio is fully consistent with the Government's Medium Term Debt Strategy that channels loans to infrastructure projects with high economic rates of returns.

26. ***CSP Results**: Implementation of the work program since the MTR undertaken in 2016 has continued to be largely satisfactory.* Two projects were approved between December 2016 and January 2017. Two projects planned for 2017 are now expected to be submitted for Board consideration in 2018 (See Table 1 below). One of the projects SREP, awaits finalization of ESIA study, while the Team for the other project, (MRU Trade Corridor Phase II) appraised the Project in February 2018, with Project Board presentation aimed at June 2018. The non-lending program has been largely satisfactory as well, achieving all but one programmed deliverables, as well as providing additional ad-hoc support to the country.

Table 1: Bank Operations 2013-2017

Project	Expected Board Approval	Actual Board Approval	Indicative Amount, medium scenario (UA million)	Actual Amount (UA million)
Maryland Oil Palm Plantation (private sector)	2013	2013	12.0	12.0
FSF Pillar III selected targeted assistance	2013	2013	2.0	2.0
CLSG West Africa Power Pool (multinational)	2013	2013	23.4	23.4
Paving of Fish Town-Harper Road	2013	2013	35.6	35.6
Economic Governance Budget Support / Ebola Fight Back Budget Support	2015	2014	15.0	40.2
MRU Trade Corridor Road Project	2015	2014 & 2015	75.0	76.9
Integrated Public Financial Management Reform Project II	2016	2017	6.0	6.3
Liberia Energy Efficiency and Access Project	2016	2017	19.0	30.6
SREP Scaling Up Renewable Energy Program	2017	exp 2018	30.0	
MRU Trade Corridor Road Project Phase II	2017	exp 2018	45.0	
SWAPHS	Not programmed	2014		11.1
PERSIF	Not programmed	2015		2.0
TA to Ebola affected countries	Not programmed	2014		2.0
Regional Emergency Assistance for Ebola	Not programmed	2014		2.0
YEEP	Not programmed	2015		1.7
TOTAL			**263.0**	**245.7**

27. As of the CSP update, the achievement of outcomes and outputs were partially met for both components of Pillar I and substantially met for both components of Pillar II. During the CSP dialogue mission, the results framework in Annex I was fully updated and progress assessed.

28. ***Pillar I - Promoting inclusive economic growth through transformative infrastructure investments:*** Projects approved under this pillar support *Integrating Africa* and *Lighting up and Powering Africa*, but project start-up and implementation has been delayed, which has slowed the realization of outcomes. The Liberia Energy Efficiency and Access Project (LEEAP), initially programmed for Board approval in 2014, was approved in early 2017 following delays in preparation due to the EVD outbreak, a change in scope by the Government, and Government borrowing constraints. The preparation of the Scaling Up Renewable Energy Program (SREP), programmed for 2015, has faced delays due to the recruitment of consultants and completion of the Environmental and Social Impact Assessment (ESIA), and is now programmed for 2018.

29. ***Pillar II – Enhancing governance and the efficient management of resources:*** Progress under Pillar II has been mixed, and supports *improving the Quality of Life for the People of Africa* and *Industrializing Africa*, as well as the other *High Fives*. The Integrated Public Financial Management Reform Program II was approved in early 2017. The project will support improved PFM capacity and, particularly, increased audit capacity in the Liberia Revenue Authority for key firms.

30. *The non-lending program has achieved most of its programmed targets in addition to several non-programmed assessments over CSP implementation.* The Bank's non-lending program has supported project implementation, country dialogue, and cross-cutting issues. Most of the programmed deliverables have been achieved (see Table 3). A Bank study on *Policy Options while Managing the Commodity Price Downturn and Political Transition* was delivered at the Liberia Development Conference in 2017. A Fiduciary Clinic planned for 2017 is expected to be held in 2018.

31. ***Country Dialogue**: The Liberia Country Office (COLR) continues to support country dialogue.* COLR participates in country dialogue supporting Government priorities and sector strategies. The Bank is a member of UN Country Team[4]; and conducts regular dialogue with the road and energy sectors to promote institutional reforms. The Bank participates in the Budget Support working group with Government and in-country donors, chaired the PFM donor coordination group from 2015 to 2017, and has supported the development of the Government's PFM Reform Strategy for 2017-2021. COLR has further held economic overview presentations, including for the Liberia Development Conference in February 2017, delivered speeches on revenue mobilization, regularly updates partners on economic developments, and the AEO is often cited by the Government and media. The Bank has participated in dialogue on the Government's Agriculture Strategy and played a key role in dialogue on gender issues. Project level assistance has been improved with regular dialogue and workshops on fiduciary issues and supporting feasibility studies.

Table 3: Non-Lending Program

Product	Indicative Year	Status
Liberia Infrastructure and Growth Flagship Report (Canadian Trust Fund)	2013	2013
Fiduciary Risk Assessment	2013	2013
Gender Profile	2013	2014
Fiduciary Clinic	2013	2013
Capacity Building Support for LISGIS (FSF)	2013	2013
Transforming Lives through Microfinance in Liberia	2013	2013
Country Portfolio Review	2014	2014
African Economic Outlook Liberia Chapter	Annual	Annual
Study on Increasing Returns from Natural Resources	2014	Not achieved
PEFA	2015-17	2016
Policy Options while Managing Low Commodity Prices and the Transition	2017	2017
Fiduciary Clinic	2017	exp. 2018
Country Systems Assessment	2017	exp. 2018
CSP Addendum and Eligibility for Fragile States Facility	Not programmed	2014
Developing Technical Capacity in the Energy Sector Study	Not programmed	2014
Impact of Ebola on Liberian Businesses (supported through USAID SMI-L)	Not programmed	2015
Gender Perspectives on Ebola	Not programmed	2015
West African Monitor Chapters	Not programmed	2014 &2015

32. ***Collaboration with Development Partners: The AfDB continues strong collaboration with development partners.*** It participates in sector groups, including for PFM, for which it chaired the group from 2015 to 2017, the Budget Support Working Group, energy, transportation, agriculture, and Water, Sanitation, and Hygiene (WASH) groups. It participates in regular cross-agency donor coordination meetings. Liberia has also benefitted from increased co-financing from other donors. This includes the European Union Africa Infrastructure Trust Fund, Global Environmental Facility, Governance Trust Fund, Korean Africa Economic Cooperation Trust Fund, U.S. Department of State, and Canadian Trust Fund.

33. **Key Issues in CSP Implementation**: Implementation of the CSP was adversely affected by various issues. Weak capacity, particularly in coordination across M&As, has slowed the preparation and implementation of projects and preparatory studies, requiring high levels of

[44] The UN Country Team is chaired by the UN Mission in Liberia and serves as a forum for donor coordination since the end of the war. UNMIL mandates ends March 30, 2018.

oversight, particularly towards the end of the administration. The small and poorly capacitated private sector often has not performed up to standards and contractual obligations. The lengthy and unpredictable ratification process has slowed project launching. Further, additional approval layers in project disbursement approval process introduced by the MFDP in early 2017 continue to negatively impact on disbursement. Continued selectivity will be necessary to ensure sufficient oversight and dialogue in selected sectors.

IV. Country Portfolio Performance Review

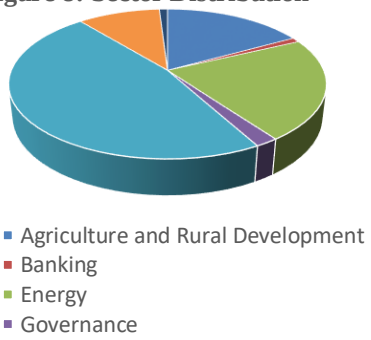
34. Country Portfolio Performance Review Process: The last CPPR (2016) was combined with the Country Strategy Paper Mid-Term Review which was approved by CODE in September 2016. This 2017 CPPR process includes a review of the implementation of the 2016 Country Portfolio Improvement Plan (CPIP); review of various supervision mission aide memoires and other reports, including the quarterly progress reports, project completion reports, data generated from SAP/IPR, and mostly crucially, through the Portfolio Review Meeting that was held in November, 2017. Discussions with individual projects were held to review each project's implementation progress and performance. Areas covered included quality at entry, procurement, monitoring and evaluation, financial management, among others. Additionally, the Bank in Liberia has over the past two years accumulated information and data from the portfolio progress review meetings that are held quarterly.

35. Portfolio Composition and Size of Ongoing Operations: The Bank's total cumulative commitments of approved projects in Liberia since its first intervention in 1967, to date is USD 1.125 billion (UA 814.65 million).

36. The Bank Group's portfolio in Liberia (on-going operations) as at end of December 2017 comprises 11 operations amounting to UA 247.44 million. The portfolio is made up of entirely public sector operations (without any private sector operations), while at CPPR 2016, there were 19 public and 2 private operations. The portfolio consists of eight (8) national operations representing 59% of the portfolio value, and three (3) multinational projects accounting for the remaining 41%.

37. The portfolio is spread over seven sectors (Figure 8) and is heavily invested in infrastructure, predominantly roads, energy, and water & sanitation, amounting to a total of UA 201.29 million or 82.4% of the total commitments. This portfolio is also aligned to Liberia's *Agenda for Transformation* (2013 – 2017) priorities, through pillars 2 and 3 (infrastructure and, governance and accountability). The transport sector accounted for the largest share of the portfolio (49%), followed by energy (23%), agriculture and rural development (14%), water and sanitation (11%), and governance

Figure 8: Sector Distribution



(3%). The Portfolio has three multi-sector trust funds that include the Technical Assistance and Capacity Building to Liberia Institute of Statistics Geo-Information Services (LISGIS) (UA 0.5 million), the Program of Assistance to Trade Support Institutions in Liberia (PATSIL) (UA0.66 million) and the Liberia Youth Entrepreneurship and Employment Project (YEEP) (UA 1.74 million). The average project size is UA 22.1 million. In order to realise more impact in reinforcing the Hi5s, going forward the office will consolidate operations into fewer larger projects for impact.

38. The composition of the portfolio (emphasizing infrastructure and governance) is aligned to and consistent with the two pillars of Liberia's CSP (2013-2017): (i) *Promoting inclusive economic growth through transformative infrastructure investments*, and (ii) *Enhancing governance and the efficient management of resources.* It also supports the mid-term national development agenda, the *Agenda for Transformation,* under its pillar II: *Economic Transformation* and Pillar IV: *Governance and Public Institutions,* as well as the long term 2030 agenda entitled "Liberia Rising: Achieving Middle Income Status.

39. The portfolio contributes strongly to four of the five of the Bank's High Fives: Feed Africa accounts for 18%, the Light up and Power Africa accounts for 22%, Improve the quality of Life for Africans account for 15%, and Integrate Africa with a 41% share. The energy, roads and agriculture sector projects contributes to the fifth Hi 5, "Industrialise Africa".

40. The portfolio currently has no private sector operations. The one private sector operations at the CPPR 2016, the Maryland Oil Palm Project (MOPP) was cancelled in early 2017 due to; (i) changes in the project structures, (ii) unsuccessful negotiations on the security package, in particular on the corporate guarantee for the out-grower scheme, and, (ii) the lapse of time of more than 2 years following board approval. In April 2017, the Liberian government asked the Bank to support financial institutions in trade financing. The Bank has since identified three Commercial Banks for financing, and the project went to the Board in May 2018. The major lesson learnt from cancellation of the MOPP is that, while private sector investment is required for the Liberian economy to get the lift it needs, there remains a number of bottlenecks that need addressing. For agriculture, this includes clarification on land tenure and ownership. During the past 4 years, Liberia has been working to reform land law administration and practices. In 2016 the Liberian Land Authority (LLA) was established to consolidate land administration, develop land policy, and implement programs in support of land governance. The Bank is working with other developments partners to build and strengthen the capacity of the LLA. Through the Africa Natural Resources Center (ECNR), the Bank is developing a project to support the LLA.

41. A total of eight (8) operations and two Trust Funds totalling UA 88.81 million exited the portfolio between end of 2016 and end of December 2017. This includes two projects that were cancelled; the Maryland Oil Palm Plantation Project (a private sector project valued at UA 13.01 million) and the Post-Ebola Recovery Social Investment Fund (PERSIF) (UA2.5 million). Four projects were successfully completed. The number of closed projects and status of the Project Completion Reports (PCRs) are shown in Table 5.

Table 5: Projects that exited the portifolio between end 2016 and end December 2017

R#	Project	Apprd Amt (UA mil)	Date Closed	% disb	PCR
1	Agriculture Sector Rehabilitation Project (ASRP)	12.50	30.6.2017	98	Done
2	Integrated Public Financial Management Reform	3.00	30.3.2017	100	Done
3	Fostering Innovative Sanitation and Hygiene	0.90	20.6.2017	73	Done
4	Maryland Oil Palm Plantation Project	13.01	Cancelled	0	NA
5	Post-Ebola Recovery Social Investment Fund	1.98	Cancelled	0	NA
6	West Africa Monetary Zone Payment System Devpt	5.00	31.12.2016	100	NA*
7	Regional Project to Strengthen West Africa's Public Health Systems in Response to Ebola Crisis	12.00	31.03.2017	100	Done**
8	Ebola Budget Support – Fight Back Program (EFBP) / Cote d'Ivoire, Guinea, Liberia and Sierra Leone	40.00	31.12.2016	100	Not done
	Multisector Trust Funds				
	TA to Promoting local participatory governance for County Development Funds	0.18	31.12.2016	100	Done
	TA to Capacity Building and Technical Support to the National Housing Authority	0.24	31.12.2016	100	Done
	Total	**88.81**			

42. ***Portfolio Quality and Performance***

As at December 2017, the overall the portfolio is rated 3.0, (on a scale of 1 – 4) and is just marginally satisfactory, and maintaining the same rating obtained at CPPR 2016, albeit lower this time. The average Implementation Progress rating is 3.1 while the average Development Objective rating is 3.0. The portfolio has no Problematic Project (PP) but has one potentially problematic project (PPP), namely the SAPEC. The Bank's portfolio at risk (PAR)[5] is 14% and commitments at risk (CAR) is UA34.08 million. Number of aging Projects increased by one from 2016 to 2017. The average age of the overall ongoing portfolio marginally increased to 3.6 years in 2017 from 3.1 years in 2016.

Table 6: Trends in Key Performance Indicators

Indicator	2014	2016	Dec 2017
Overall Portfolio rating	3.10	3.00	3.00
Implementation Progress rating (IP)	2	3	3.1
Development Objective rating (DO)	3.3	3	3
Potentially Problem Projects (number)	0	0	1
Problem Projects (number)	0	0	0
Ageing projects (number)	0	1	0
Average age of the portfolio (years)	2.4	3.1	3.6
Laps of time - approval to signing (mnths)	6	5	4
Laps of time - approval to 1st disbursement (av.mnths)	7.4	9	9.0
Disbursement Rate (%)	21	49.6	27
Average size projects (MUA)	12.3	14.5	17.3
Projects managed from Liberia Country office (%)	24	30	46

43. The key performance indicators at CPPR 2017 show mixed results but remained generally similar to those of CPPR 2016. Indicators such as meeting conditions precedent to effectiveness

[5] The percentage of the number of projects at risk to the total number of rated operations

and first disbursements for the projects improved in 2017, the disbursement rate, aging projects, problem and potentially problematic projects have remained marginally the same. Indicators for lapse of time from approval to signing new projects, average project size and number of projects managed from the country office have marginally improved. The LEEAP, approved in December 2016 took 9 months to be ratified by the legislature. The Project was ratified in August 2017. The time taken to process disbursement requests on the government side has increased due to the introduction of additional review layers in the Ministry of Finance and Development Planning in early 2017. There were improvements in performance in contract management due to close assistance and follow-ups by the procurement expert based at COLR. Amongst the recommendations includes further improvements in contract management, supervision of infrastructure projects and timely fulfilment of the conditions precedent to first disbursement.

44. The average size of the project portfolio was UA 22.1 million in 2017, an increase from the average size of UA 14.5 million at CPPR (2016). The project size in 2016 had also slightly increased from the previous years' (2014 & 2015) average size of UA 14.1 million The portfolio has an average age of 3.6 years, compared to 3.1 years during the 2016 CPPR.

45. Liberia's portfolio consists of eight (8) national operations representing 59% of the portfolio value, and three (3) multinational projects accounting for the remaining 41%. The average project size for the national public sector projects is UA 19.8 million, whereas that for multinational operations is UA 50.9 million. The difference in average size between national and multinational projects demonstrates the value of multinational projects to small PBA recipient countries such as Liberia. The average disbursement rate for the national projects is 38%, and 21% for multinational projects. On average, it took at least 1.5 years from approval for the three multinational projects in Liberia to either attain effectiveness or undertake the first disbursement. The reasons for the start-up delays are described below.

46. The overall cumulative disbursement of the portfolio as at end April 2018 stands at 33% down from 49.6% at CPPR 2016. This drop is as a result of a number of projects that exited the portfolio that included the Ebola projects that had very high disbursement rates, and the recent approval of two projects; the UA 31.38million for the Liberia Energy Efficiency Access Project (LEEAP) and the Integrated Public Finance Management Reform Project (IPFMRP) Phase II. In general, most of the projects in the portfolio have a low disbursement rate, although for a portfolio with an average age of 3.6 years, the disbursement rate should be higher than it is now. The GoL requested and obtained extensions to the project implementation periods for three projects; SAPEC 54.9%), FTHRP (disb. 46.2%), (and UWSSP disb. 86%).

47. Out of the 11 operations eligible for field supervision in 2017, two (2) projects were supervised once and eight (8) were supervised twice, while a desk supervision was undertaken on one project. The share of projects supervised twice a year increased from 29% in 2015 to 80% at the end of 2016, and ended on 72% in 2017. The quality of supervision sometimes suffered due to inadequate skill mix of such missions, due particularly to conflicting mission schedules and relocation of task managers to other hubs. Also delays in rating projects in SAP after each supervision was identified as an issue going forward. This will be improved through better mission programming

48. *Quality at entry and implementation issues*: The Bank has worked closely with the GoL to ensure quality at entry of new operations. The Bank has approved two loans since the last CPPR in 2016; LEEAP in December 2016 and IPFMRP II in January 2017. While the IPFMRP was signed and became effective in June 2017, the LEAP Project was only ratified by the legislature in August 2017 and only became effective in November 2017. The delay in ratifying the LEEAP project was due to Liberia's lack of borrowing space resulting from a worsening debt sustainability ratio. Therefore this challenge of projects in Liberia experiencing delays in fulfilling conditions precedent to effectiveness and first disbursement continues. Going forward, better assessment of government borrowing capacity will need to be confirmed as a pre-condition for the Board approving projects financed with loans to avoid ratification delays.

Table 7: Co-financing and leveraging effect

Project	Bank Contribution (ADF, TSF) UAm	Co-Financier	Co-finance UAm
SAPEC	4	GAFSP	29.08
LEEAP	13.62	EU-AITF	8.05
		NTF	7.06
		GEF	1.86
FTHRP	22.23	NTF	1.36
IPFMRP	6.26	WB	14.34
CLSG	26.06	WB	88.57
		KfW	26.27
YEEP	0.7	TF	1.00
Trust Funds	0	various	2.00
TOTAL	**72.17**		**179.59**

49. *Portfolio sources for financing*: Current operations in Liberia are financed from both Bank-alone resources as well as through co-financing. Bank resources are drawn from a mixture of ADF, NTF, and TSF grants and loans, and numerous trust funds. The loans make up 49% of financing, while 51% of the operations are financed through grants. These breakdown as follows: ADF (loans and grants) 57%; TSF (grants and loans) 20%, NTF (loans) 5% and the rest, 5%, are financed through trust funds.

50. The portfolio comprises co-financed projects with the following Development Partners; the World Bank, EU, KfW Development Bank, EU-Africa Infrastructure Trust Fund (EU-AITF) and the Global Environmental Facility (GEF). The Bank has leveraged a total of UA UA179.59 million from an investment of UA72 million under these co-financing arrangements. In these cases, the Bank is fully responsible for implementation of the Projects. Overall, the performances of co-financiers have been satisfactory.

51. Generally, the Liberian portfolio's implementation challenges could be clustered in 5 areas: (i) start up delays, (ii) procurement delays (iii) slow disbursements, (iv) poor contract management and administration, and (v) a lack of effective project exit (closure) strategy. Underlying all these issues is the weak and inadequate capacity in project management in Liberia in general and in the public sector in particular. This is being addressed through a mix of Technical Assistance (TA) and oversight to implementing agencies, provided on a continuous basis. The Liberian Country Office (COLR) has been central in this especially in providing capacity support in procurement and disbursement processes, while the Bank's statistics department has been building capacity and providing TA in data generation and M&E. As the Bank knowledge of Liberia has been improving, projects are increasingly better tailored to local conditions in their design. All projects have been audited and the Audit Reports submitted to the Bank.

52. ***Devolution of project management to COLR***: The share of operations task managed from COLR increased from 30% (CPPR 2016) to 46% in 2017, above the Bank's target of 40%. However this figure does not include the large value infrastructure projects in the energy,

agriculture and transport sectors whose performance have a significant impact on portfolio outlook.. Moving forward more operations should be task managed from COLR.

53. ***Use of country systems**:* The Bank in 2018 will evaluate, through SNFI, the progress in the use of Liberia's country systems in light of the recently approved Bank procurement rules and procedures. Based on the outcome of the assessment, recommendations will be made on the use of country systems for specific projects and transactions.

54. ***Review of Implementation of the 2016 Country Portfolio Improvement Plan (CPIP)***: The 2016 CPIP was implemented between September 2016 and December 2017. A lot of progress was made in meeting the 2016 CPIP recommendations (details in Annex 7.). The recommendations around resolving all issues that impacted projects due to the outbreak of the Ebola has been achieved; issues around capacity have also been substantially addressed although this continues to be an on-going concern. The portfolio has also addressed fully the need for all infrastructure projects to recently do design and feasibility studies as the basis for appraisals. A number of major challenges remain, and include the following: (i) non-adherence to approved work plans; limited capacities in contract management (although improvements have been noted in 2017); (ii) delays in ratifying loan agreements; (iii) lack of project closure strategy and plans, and (iv) delays in justification of use of advances under the Special Accounts. Other issues include the quality of projects' engineering designs; limited implementation capacity and contract management; and delays in acquiring right of way and payment of project affected people.

55. ***Recommendation for the 2017 Country Portfolio Improvement Plan***: At the end of the CPPR Process, the Bank and GoL came up with a portfolio improvement plan (Annex 6). Key issues of the 2016 CPIP not achieved, and assessed to still be relevant were included in the 2017 CPIP. Key recommendations include intensifying training in procurement and close follow-up and mentoring in PIUs, and investing in contract and project management. Bank to provide all the necessary support; Bank should apply sanctions to incentivise justifications of special account advances.

V. Lessons Learned during CSP implementation

56. *The CSP update process, and the Mid-Term Review the year before, drew several important lessons, which include:*

- Need for high-level dialogue and regular interaction through a strong Country Office presence. The AfDB should continue to coordinate closely with development partners and Government on key economic policy, institutional reform, and strategic issues.
- A strong country office is critical for continuous dialogue at the policy and project level, and sufficient expertise and flexibility is needed in the field office, which should be actively supported by sector task teams.
- Applying a fragility lens continues to be necessary in strategic considerations, programming, project design, and implementation.
- TSF and regional funding, as well as co-financing has continued to provide vital support to CSP implementation. Governance, institutional, and capacity issues affecting various sectors, including the private sector, strongly affect project implementation. This calls for

stronger regular monitoring and addressing issues holistically. Expected outcomes and timelines should consider these constraints. Support aimed at addressing capacity constraints must be pragmatic in application and tailored to the beneficiary institution.

- The AfDB's regional approach has supported increased integration, perspectives, and financing, however it has faced some challenges to design and manage complex projects.
- The Bank should continue to generate knowledge and advisory products to inform lending activities and contribute to policy dialogue and country programming.

VI. Update of CSP to 2018

57. **Justification for CSP Update:** With the peaceful change in administration, the new administration is expected to roll out its Development Strategy and Agenda for the country to replace the previous administration's Agenda for Transformation (2012-2017) which expired at the end of 2017. The new administration has undertaken to develop a new Development Strategy by the end of 2018.

58. In his maiden State of the Nation address to the Joint Assembly on 22nd January 2018, His Excellency, the President spelt out **four Pillars** that will underpin his Development Agenda;

- ***Pillar I*** - *Power to the People*: To focus on education, health and sanitation, gender equality, youth empowerment through skills training, job creation and expansion of sports.
- ***Pillar II*** – *Economy and Jobs*: To focus on achieving sustainable growth through agricultural expansion, addressing infrastructure deficits particularly road construction and provision of affordable electricity.
- ***Pillar III*** – *Sustaining Peace*: To create new processes and avenues to ensure that all people are fully reconciled;
- ***Pillar IV*** – *Governance and Transparency*: To focus on decentralization of institutions and systems of governance, increase accountability of public officials and reduce the incidence of corruption.

59. **Relevance of CSP Pillars and Strategy for the Update Period 2018:** The Bank's country strategy has supported Liberia in addressing key development challenges, which will continue into the new administration. The Bank's strategy and pillars to support Liberia's transformation towards a stable, inclusive economy remain highly relevant. The Bank therefore proposes to maintain the strategic focus of the CSP and its two pillars until the end of 2018; Pillar I: Promoting inclusive economic growth through transformative infrastructure investments, and, Pillar II: Enhancing governance and the efficient management of resources.

60. The Bank's strategy is supporting progress in scaling up investment and implementation of the Bank's TYS through the High 5s Priorities. Specifically, the Bank's current investments are strong in the sectors that contribute to the High 5s, namely; road transport, energy, water and Sanitation and agriculture. These, when combined and completed, will significantly impact an estimated 1.5 million Liberians. In sum, the Portfolio in Liberia is directly contributing to 4 of the 5 high fives, and indirectly to the fifth one, the "Industrialize Africa.

61. Key fragility factors that contributed to the past conflict are still well entrenched, including: economic exclusion and marginalization of the indigenous population, a fragmented society, youth unemployment and disempowerment in a country where more than 70% of the population is under the age of 35. Further, the mismanagement of natural resources and concessions functioning as enclaves without supporting broader development, limited trust in the state, and continued security risks.

62. **Country resources and indicative pipeline:** Since 2016, ADF resources for Liberia have been loans and grant, with a discount factor applied. The ADF-14 indicative resource allocation is UA 17.12 million from the ADF window and UA 17.08 million from TSF. An indicative allocation of funding for ADF-14 is presented in table 8 below, while the Indicative Operations Pipeline is annexed in Annex 9:

Table 8: Liberia Indicative Country Allocation ADF - 14 (UA million)

Project	Approval	ADF Loan	ADF Grant	TSF Loan	TSF Grant	Bank total	Other	Total
Budget Support	2018	0	3.00		4.00	7.00		7.00
MRU Road Transport Program Phase 2	2018	4.40	2.8	9.15	3.93	20.28	9.00	29.28
Scaling Up Renewable Energy Program (SREP)	2019		2.00			2	16.91	18.91
LIRSAL - Agric. De-Risk Lending	2019	4.70	0.30			5		5
Indicative ADF-14		**9.10**	**8.10**	**9.15**	**7.93**	**34.28**	**25.91**	**60.19**

63. Additional projects in Pillar I in energy and transportation infrastructure are in the pipeline to support this pillar. The Mano River Union Trade Facilitation Program Phase 2 will be presented for board consideration in third quarter 2018. The Bank is supporting the Government to develop renewable energy infrastructure, especially in off-grid rural areas. The Bank has facilitated access to a grant totaling UA 16.8 million (US$23.25 million) from the Scaling up Renewable Energy Program under the Climate Investment Fund. The funds will be used to develop a hydropower plant in Nimba County, which will add 7,000 new connections and 9.34MW of installed capacity. This will be presented to the Board in the first quarter of 2019. Under Pillar II, a Budget Support is going to the Board in the second quarter 2018. This operation will support government efforts to improve transparency and accountability in public finance management, and enhance private sector competitiveness in Liberia. It will focus on wage bill management, increasing capital expenditure, improving information on contingent expenditure, and generally to improve the budgeting process.

64. A Project, “Scaling Up the participation of SMEFs in the secondary wood processing industry of Liberia” with FAPA and TSF financing was approved in April 2018. Two private sector projects are under preparation in 2018; (i) A Trade Finance Project in the sum of US$ 20 million (approved in May 2018) and (ii) A Partial Credit Guarantee support to the National Social Security and Welfare Corporation (NASSCORP) in the sum of US$ 10 million. A Project to support agriculture transformation will be prepared in 2019, and this will combine elements of Risk-Sharing Facility to enable increased lending to the Agriculture, development of value chains for a selected crops and as well as activities to enable youth and targeted entrepreneurs to develop their entrepreneurial capacity in the agriculture sector. The Bank has already carried out a joint AfDB-AGRA identification mission. The AfDB plans to commit up to UA 5.0 million (US$6.9 million) to the project and is discussing co-financing with other donors.

65. Expected outcomes in pillar I include reduced travel time between regions and in urban areas, reduced vehicle operating costs, better access of rural areas to main highways, and improved road sector governance and maintenance, which will support increased commercial activity, access to markets, service delivery, and agricultural production. For the energy sector, increased electricity access rate and reliability, increased volume of energy trade, and reduced cost of electricity. Projects to support Pillar II will contribute to increased access to financial services for micro, small, and medium enterprises (MSMEs), especially women and agriculture.

66. ***Country Dialogue Issues:*** Country dialogue will focus on the implementation of the extended CSP to achieve the High 5 priorities, and the provision of support to the new administration. Specifically the dialogue will look at ways to support the incoming administration in their institutional capacity building, their governance reforms, and the development of their poverty reduction strategy and development agenda. It will also prioritize regional integration in the Mano River Union; consider measures to improve investment climate and reforms; support value addition and productivity in the agriculture sector; and address issues to improve portfolio quality and project design. The Bank also will ensure that the preparation of the new Development Strategy and Agenda is closely followed up with the Government.

67. **Risks and Mitigation Measures**: The CSP identified several risks, which remain highly relevant, are outlined below.

Insecurity and a return to conflict	
Probability of risk: moderate	Mitigation Measure
Increased insecurity could result from internal or external tension arising from the 2017 elections, corruption, or lack of benefits and opportunities reaching excluded areas. This is heightened by the drawdown of UNMIL forces and low capacity and funding for the security sector. Perceived insecurity could also reduce investor interest.	Dialogue will support the timely identification of emerging security needs. Governance programs support increased transparency to reduce real and perceived corruption, and improve service delivery. Infrastructure investments are targeted in excluded areas to reduce exclusion, defuse tensions, and support economic diversification. *Impact from these measures: moderate*
Capacity and implementation risks	
Probability of risk: high	Mitigation measures
Capacity and implementation risks are significant, particularly for coordination across M&As, and the limited human and institutional capacity of implementing agencies will be tested during the change in administrations.	Continued close dialogue and project monitoring due to the LRFO presence to support program implementation. Bank projects include capacity-building components, which are increasingly better targeted and coordinated. Fragility and capacity assessments are a component of every project design. *Impact from these measures: moderate*
Vulnerability to International Shocks	
Probability of risk: moderate	Mitigation measures
International shocks, including a further decrease in commodity prices and lower donor support, could affect strategy implementation, especially with the economy largely undiversified, and a high level of reliance on overseas development assistance. A drop in revenues could also affect program implementation.	The CSP's focus on reducing exclusion through infrastructure investments and increasing transparency and PFM efficiency through governance reforms and capacity building, supports economic diversification and also would reduce internal and regional tensions. *Impact from these measures: moderate*
Re-emergence of EVD on a broad scale	
Probability of risk: low	Mitigation Measure
While a re-emergence of the EVD virus on a broad scale is unlikely, it could disrupt society, the economy, government services, and the implementation of Bank	Country dialogue will help ensure the health sector receives sufficient ongoing support. Governance programs support improved PFM, including healthcare worker payments.

program. However, there have been several subsequent flare-ups of the virus since its initial containment, which have been quickly controlled.	Infrastructure investments, by supporting increased national integration, also support improved health service delivery. *Impact from these measures: moderate*
Vulnerability to Climate Change Risk	
Probability of risk: moderate	Mitigation measures
Climate change could affect the implementation of the strategy and increase the vulnerability of the infrastructure development and economy.	Projects are being designed to be climate resilient and appropriate policy, legal and institutional mechanisms are being supported to address climate change challenges. *Impact from these measures: low*

VII. Conclusion and Recommendations

68. **Conclusion**: Liberia has witnessed a peaceful democratic transfer of power, the first time in 74 years, while recovering from the EVD outbreak and overcoming commodity price shock by diversifying the economy through an improvement in productivity and value addition in the agricultural sector.

69. The new administration is expected to articulate its Development vision and strategy that shall replace the previous administration's Agenda for Transformation (2012-2017) which expired in end, 2017. However, a new development strategy is not expected to be fully developed until the end of 2018.

70. The Bank's strategic focus to address these challenges has been appropriate, and progress has been broadly satisfactory, particularly given the delay caused by the EVD outbreak. The Bank proposes to extend the CSP and its pillars until end 2018 and continue its program to help develop Liberia's infrastructure, particularly roads and energy in rural areas, as well as improve the business environment for long-term economic growth.

71. **Recommendation:** The Committee on Operations and Development Effectiveness (CODE) is invited to consider and approve the Combined CSP 2013-2017 Update to end 2018 and CPPR 2017 for Liberia.

Annex 1: CSP Results Framework

Agenda for Transformation Goals	Issues hindering the achievement of Goals	FINAL OUTCOMES (expected by 2018)	FINAL OUTPUTS (expected by 2018)	OUTCOMES (expected by 2017)	ACTUAL OUTPUTS (expected by 2017)	ADB Interventions expected to be ongoing during the CSP period
PILLAR I - Promoting inclusive economic growth through transformative infrastructure investments.						
Energy Sector Increase affordable access to electricity by households and enterprises, including vulnerable groups. Improve energy policy formulation and implementation, with expanded multi-stakeholder involvement. Increase access to liquid fuels and to alternate electric energy technology for offgrid areas, including increased development of hydropower & renewable energy	Power infrastructure is derelict or non-existent in the capital, provincial cities, and rural areas, leading to low and/or no access to electricity services. Transmission lines outside Monrovia no longer exist. The cost of electricity is too high. Hydropower and other generation options are lower-cost power options, but require expanded investment. Environmental concerns call for development of modern hydropower and renewable energy sources	Increased reliability of energy supply and access to electric power with reduced costs Electricity access rate increased: from 2% to 25% nationwide Update: Initial target not correct, adjusted to 11% Increased volume of energy trade: 80MW or 560 GWh Reduced Cost of electricity: from 51 cents to 30 cents Update: target 40 cents	- Increased inter-connected networks: 560 km 225kV line 4 substations Updated: Works commenced - Telecommunication 560 km Fiber Optic line Update: Works commenced - Increased rural communities electrified: 0 to 300 (100,000 ppl) Update: Works commenced - Increase nr households connected: Monrovia: 17,000(2013) to 87,000 Rural: 0(2013) to 14,000 Update: Urban target maintained, rural works commenced - 150 permanent jobs created at 4 substations & managing renewable	Implementation of the 225 KV transmission line started Partially met: delayed	Contractors recruited for CLSG project done: Pre- WAPP & governments personnel trained (9% of female staff trained) On goingt Provisional report available for master plan Master plan was removed as a project component	<u>Approved:</u> CLSG Interconnection 2013 and Electrification of communities along the CLSG line Energy Access Project 2015 <u>Proposed:</u> Sustainable Renewable Energy Program (SREP) 2019 Partners: WB, EU, Germany, Norway, JICA, USAID, MCC

			energy site(20% women, 30% youth) - Gender responsive Energy Master Plan Update: Master plan removed -40 ppl trained CLSG -Renewable energy generates 5 MW Update: PIU in place			
Transportation Sector Increase accessibility, reduce transport costs (including maintenance of roads and vehicles), and improve safety, improve road connections between all regions of Liberia, especially for southeast counties.	Long travel distance and high transport and maintenance cost due to inadequate accessibility between counties in the South East. There is poor maintenance of roads, especially in secondary and feeder roads.	Reduced travel time between regions and in urban areas (by 33%-40%) Travel time between Fish Town and Harper of 2-3 hours (2013) reduced to 1-2 hours Reduced avg Vehicle Operating Costs (VOC) per vehicle-km by 25% by 2017 on FT – H Better access of rural areas to main highway corridors.	146km primary roads (FT – H) upgraded to bitumen (paved) standard Update: 70km primary roads (FT – H) upgraded to bitumen (paved) standard 400 km feeder roads rehabilitated Update: 100km feeder roads rehabilitated 15,000 man-months of labor in feeder road rehab, 30% women, 60% youth 1000 jobs created in construction, 500 maintenance primary roads (25% women, 60% youth)	Reduced travel time between regions and in urban areas (5%) Partially met – ASRP 27 km rehab, FT-H 67km maintenance Reduced Average Vehicle Operating Costs (VOC) travel costs (5%) Not met: No change – FT-H Better access of rural areas to main highway corridor Partially met – 80 of 100km (ASRP & SAPEC)	130 km Gravel Improvement (FT-H)) Met: Completion of 80 km of maintenance 25km Bitumen Improvement (FT–H): 100km Feeder Roads rehabilitated Partially met: ASRP – 27 km complete, SAPEC – recruitment for 270 km ongoing 5,000 man-months of labor in feeder road rehab, 30% women Not met – measurement not available 500 jobs created in construction, 250 maintenance primary roads (25% women) Met, although <10% women Legislation process establishing Roads	<u>Ongoing:</u> Labor Based Public Works Project (FT-H Road Rehab.) Agriculture Sector Rehabilitation Project (ASRP) 2011-2015 Smallholder Agric. Productivity Enhancement & Commercialization Project (SAPEC) 2013-2017 <u>Approved:</u> Fish Town – Harper (FT-H) Road Paving Project 2013 MRU Trade Corridor 2014 Maryland OPP 2013 <u>Proposed:</u> MRU Trade Corridor 2017

		Improved Road sector governance and maintenance Update: improved frameworks for road sector governance and maintenance	Roads Authority and Road Fund established and operational Update: Road Fund Act approved	Implementation Arrangements for the establishment of the Roads Authority and Road Fund finalized Partially met: Not yet submitted to Legislature	Authority and Road Fund finalized by Legislature Partially met: Draft has been circulated but not yet submitted to Legislature.	Partners: WB, EU, Germany (KFW & GIZ), Norway, JICA, USAID, MCC, DFID, SIDA (Sweden)

PILLAR II – Enhancing governance and the efficient management of resources.						
Public Financial Management *& Transparency:* Strengthen and increase transparency and accountability of public institutions to ensure revenues and government assets are well managed, monitored, and free from corruption	Weak processes and systems to manage revenues, budgeting and expenditure management, procurement practices and contract administration, granting concessions, combined with ineffective processes for control of corruption and limited oversight and management capacity in the government, private sector and civil society.	<u>Improved transparency:</u> Increased transparency and predictability in the budget process	In-year budget executions, with detailed fiscal outturns produced quarterly and published outturns and budget reports on the website plus outreach areas (i.e. county community halls)	In-year Budget execution reports and end-year financial statements posted to MoF in a timely basis increasing transparency Substantially met: Reports are posted and transparency has improved, but timeliness is not consistent.	In-year budget executions, with detailed fiscal outturns produced quarterly and end-year financial statements produced (no more than 45 days after the quarter) Substantially met: For FY12/13 and FY13/14 draft consolidated fund accounts were prepared w/in 6 mos. of end FY. Quarterly fiscal outturns have been produced but often after stipulated 45 days.	<u>Ongoing:</u> Economic Governance and Competiveness (Budget) Support Program (EGCSP) 2011-15 Integrated Public Financial Management Reform Program (IPFMRP) 2012-16 LEITI Support Regional integration and Growth Flagship Study 2013 African Legal Support Facility (ALSF) <u>Approved:</u> Ebola Fight Back Budget Support Program 2014
		Scope, Nature and Follow up of External Audit, PI-26 from D+ to C+; Legislative Scrutiny of External Audit - PI-28 from D to C	No. of financial and procurement audit reports produced Baseline: 30% Target: 80%	External audit reports prepared & released timely & Govt. follow up of Legislative recommendations strengthened Partially met: Audit reports preparation improved, although	GAC completes audits of all M&As within 6 months of the end of the fiscal year Partially met: GAC audited & submitted to Legislature audit reports for FY10/11-FY12/13 consolidated	FSF/GTF Support: Governance Commission, LEITI, Promoting Participatory Governance Through Engagement Of Youth To Improve Transparency And Accountability Of

				timeliness still an issue in addition to poor monitoring and a weak follow up regime regarding audit recommendations	fund accounts but not w/in 6 mos. Audit for FY13/14 consolidated fund account still in draft form & expected to be issued to Legislature 2016Q1. GAC indicates that M&As face challenges in finalizing draft consolidated fund accounts & retrieval of audit documents which delay the audit.	Development Funds In Local Communities, YEEP <u>Proposed:</u> ISP 2016-2018 PEFA 2016 Partners: WB, EU, USAID, SIDA (Sweden), IMF
		Improved procurement through increased compliance w/ PPCA & its provision by all MAC & SOE	%age of MACs & SOEs procurement compliant, base 50%, target 100% (MACs), 75% (SOEs)	Increased transparency of government procurement practices Partially met –Limited contract award transparency but increased transparency of procurement plans.	Publish and advertise contracts by M&As on an annual basis Not met: PPCC website last has contract awards for FY2012/13, and posted 10 EOI or prequalification documents in 2015. PPCC has posted most M&A procurement plans online for FY15/16.	
		Strengthened participation of civil society in policy dialogue and monitoring of Government revenues	Number of recommended policy reforms taken on board by Government	Strengthened participation of civil society in policy dialogue and monitoring of Government revenues Met: LEITI, IPFMRP outcomes shown some progress. GTF/IAA delayed	Number of events in which CS actively participate in policy dialogue and production of report with recommendations Met: CSOs provided inputs in preparation of LEITI 6th report and Beneficiary	

				LEITI: strengthened capacity of five CSOs through TA. IPFMRP strengthened CSO participation. GTF/IAA: built the capacity of 100 youth mainly young women in 13 counties	Ownership disclosure report. GTF/IAA project: simplification and summarization of the SDF & SDF with over 200 copies produced. IPFMRP: CSOs & OBI distributed budget information in counties	
Improved business environment						
Promote and sustain private sector development through enhanced economic competitiveness and diversification, increased value addition and an improved administrative and policy environment.	Current regulations and their implementation are onerous, including for trade Financing for productive investments for MSMEs is limited	Improved business environment: DB ranking improvement from 149 of 185 (2013) Update: DB ranking improvement from 179 of 189 (2016) Increased access to Financial services for MSMEs, especially women	2-3 reforms related to DB indicators per year (TBD in 2015 Mid-term Review) Update: Reduction in time for import & export of goods and Time required for approving IPD & EPD Access Bank: 16,000 loans outstanding (>=50% women entrepreneurs)	Construction: 23 procedures (2013) to 20; Property Registration: 10 procedures (2013) to 8; Days to import/export 28 & 15 (2013) to 20 & 10 Partially met: Construction 22 procs; Property 10 procs; Days to import 17 (217 + 192 hours), export 15.8 (193 + 186 hours) Improved access to financing, especially to women entrepreneurs Met	Streamlined procedures and requirements for: - construction permit, - property registration and 75% of import and export permit documents processed by ASYCUDA Partially met: Land Policy & related Acts prepared but not ratified; procedural simplifications for importing & exporting Access Bank: 13,000 loans outstanding (10,256 Feb 2013) (>=50% women entrepreneurs, 60.5% Feb 2013) Met: 12,728 outstanding micro, 268 SME, women 65% (2015 December)	<u>Ongoing:</u> EGCSP 2011-2015 Access Bank WAMZ Payment Systems Regional integration and Growth Flagship Study 2013 <u>Approved:</u> PATSIL 2013 -2016 Maryland OPP 2013 Budget Support 2014-2017 YEEP 2015 Partners: WB, IFC, Norway, USAID, SIDA (Sweden), JICA

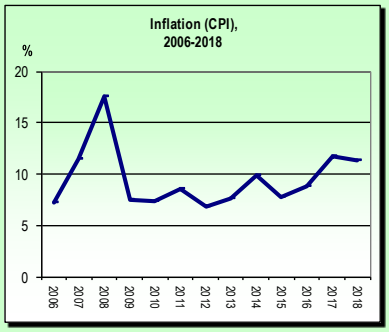
Annex 2: Liberia – Donor Division of Labor

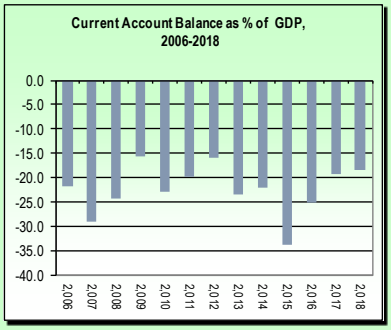
	Pillar I Peace, Security, and Rule of Law				Pillar II Economic Transformation								Pillar III Human Development				Pillar IV Governance and Public Institutions		
							Infrastructure												
Partner	Security	Peace and Reconcilliation	Justice and Rule of Law	Judicial Reform	Private Sector Development	Macroeconomic Issues	Other	Energy	Roads	Agriculture and Food Security	Forestry	Mineral Development & Management	Education	Health and Social Welfare	Social Protection	Water and Sanitation	Political Governance	Public Sector Modernization & Reform	Economic Governance
AfDB					■			■	■	■						■		■	■
China																			
EU*		■				■		■	■	■	■		■	■	■		■	■	■
France		■												■	■				
Denmark																			
DFID/UK									■		■			■					
Germany								■	■	■	■								
Ireland														■	■	■			
Norway	■				■				■						■				
SIDA/Sweden	■		■		■	■			■	■			■		■		■	■	■
JICA									■	■				■					
United States	■		■		■			■	■	■	■		■	■	■	■	■	■	■
World Bank**			■		■	■	■	■	■	■	■	■	■	■	■	■		■	■
UN Systems																			
UNDP																			
UNMIL	■	■	■																
UNICEF													■	■	■				
UNHCR															■				
WFP									■	■			■						
WHO														■					
FAO																			
UNWomen															■				
UNESCO																			
UNAIDS														■					

Annex 3: Selected Macroeconomic Indicators

Liberia

Indicators	Unit	2000	2013	2014	2015	2016	2017 (e)	2018 (p)
National Accounts								
GNI at Current Prices	Million US $	434	1,589	1,627	1,711	1,708	...	...
GNI per Capita	US$	150	370	370	380	370	...	...
GDP at Current Prices	Million US $	661	1,937	2,052	2,135	2,046	2,653	2,966
GDP at 2000 Constant prices	Million US $	661	1,035	1,042	1,042	1,025	1,049	1,086
Real GDP Growth Rate	%	0.0	8.7	0.7	0.0	-1.6	2.3	3.5
Real per Capita GDP Growth Rate	%	-5.2	6.0	-1.7	-2.4	-4.0	-0.2	1.0
Gross Domestic Investment	% GDP	23.5	57.1	22.7	15.3	11.2	10.8	10.2
Public Investment	% GDP	12.7	7.0	7.6	5.6	4.5	4.3	4.0
Private Investment	% GDP	10.8	50.2	15.1	9.7	6.7	6.5	6.2
Gross National Savings	% GDP	...	...	...	...	...	...	...
Prices and Money								
Inflation (CPI)	%	5.3	7.6	9.9	7.7	8.8	11.7	11.3
Exchange Rate (Annual Average)	local currency/US$	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Monetary Growth (M2)	%	-97.1	21.8	4.6	14.1	6.1	7.1	...
Money and Quasi Money as % of GDP	%	9.2	874.5	863.0	946.6	1047.8	865.6	...
Government Finance								
Total Revenue and Grants	% GDP	15.0	30.2	27.3	31.4	30.9	30.8	32.6
Total Expenditure and Net Lending	% GDP	14.7	31.8	29.2	39.5	40.3	34.9	36.6
Overall Deficit (-) / Surplus (+)	% GDP	0.3	-1.6	-1.9	-8.1	-9.4	-4.1	-4.0
External Sector								
Exports Volume Growth (Goods)	%	...	-5.3	16.4	-3.6	-11.9	-6.7	-0.2
Imports Volume Growth (Goods)	%	...	-7.1	75.3	6.8	-15.9	-24.4	-11.6
Terms of Trade Growth	%	...	10.4	-8.1	-26.4	15.1	8.8	-8.5
Current Account Balance	Million US $	-93	-458	-454	-721	-517	-514	-550
Current Account Balance	% GDP	-14.0	-23.6	-22.1	-33.8	-25.3	-19.4	-18.5
External Reserves	months of imports	0.0	2.1	1.7	1.9	2.3	2.8	3.1
Debt and Financial Flows								
Debt Service	% exports	0.4	1.7	3.3	4.7	4.4	5.3	6.1
External Debt	% GDP	386.0	7.5	11.5	16.3	20.1	24.7	28.7
Net Total Financial Flows	Million US $	632	-1,840	846	1,858	155	...	...
Net Official Development Assistance	Million US $	67	536	750	1,094	815	...	...
Net Foreign Direct Investment	Million US $	21	1,061	277	512	453	...	...



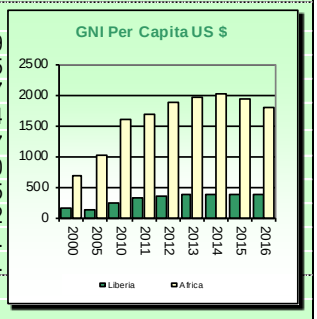


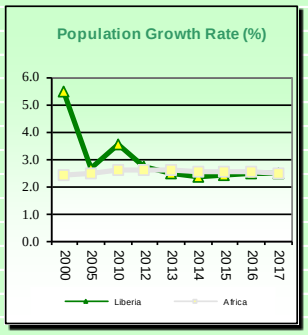
Source : AfDB Statistics Department; IMF: World Economic Outlook,April 2018 and International Financial Statistics, April 2018;
AfDB Statistics Department: Development Data Portal Database, April 2018. United Nations: OECD, Reporting System Division.

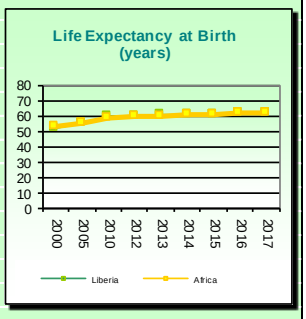
Notes: … Data Not Available (e) Estimations (p) Projections Last Update: May 2018

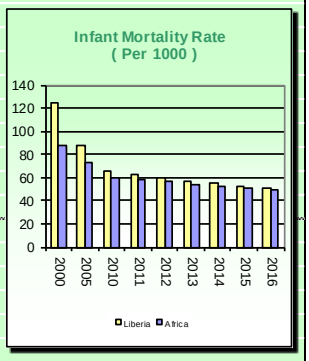
Annex 4: Comparative Socio-economic Indicators

	Year	Liberia	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km²)	2017	111	30,067	80,386	53,939
Total Population (millions)	2017	4.7	1,184.5	5,945.0	1,401.5
Urban Population (% of Total)	2017	50.5	39.7	47.0	80.7
Population Density (per Km²)	2017	49.1	40.3	78.5	25.4
GNI per Capita (US $)	2016	370	2 045	4 226	38 317
Labor Force Participation *- Total (%)	2017	61.0	66.3	67.7	72.0
Labor Force Participation **- Female (%)	2017	57.9	56.5	53.0	64.5
Sex Ratio (per 100 female)	2017	101.8	0.801	0.506	0.792
Human Develop. Index (Rank among 187 countries)	2015	177	...	...	...
Popul. Living Below $ 1.90 a Day (% of Population)	2014	38.6	39.6	17.0	...
Demographic Indicators					
Population Growth Rate - Total (%)	2017	2.5	2.6	1.3	0.6
Population Growth Rate - Urban (%)	2017	3.3	3.6	2.6	0.8
Population < 15 years (%)	2017	41.7	41.0	28.3	17.3
Population 15-24 years (%)	2017	19.6	3.5	6.2	16.0
Population >= 65 years (%)	2017	3.0	80.1	54.6	50.5
Dependency Ratio (%)	2017	80.9	100.1	102.8	97.4
Female Population 15-49 years (% of total population)	2017	23.7	24.0	25.8	23.0
Life Expectancy at Birth - Total (years)	2017	61.9	61.2	68.9	79.1
Life Expectancy at Birth - Female (years)	2017	62.9	62.6	70.8	82.1
Crude Birth Rate (per 1,000)	2017	33.8	34.8	21.0	11.6
Crude Death Rate (per 1,000)	2017	8.2	9.3	7.7	8.8
Infant Mortality Rate (per 1,000)	2016	51.2	52.2	35.2	5.8
Child Mortality Rate (per 1,000)	2016	67.4	75.5	47.3	6.8
Total Fertility Rate (per woman)	2017	4.5	4.6	2.6	1.7
Maternal Mortality Rate (per 100,000)	2015	725.0	411.3	230.0	22.0
Women Using Contraception (%)	2017	21.2	35.3	62.1	...
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2010	2.3	46.9	118.1	308.0
Nurses and midwives (per 100,000 people)	2010	45.6	133.4	202.9	857.4
Births attended by Trained Health Personnel (%)	2013	61.1	50.6	67.7	...
Access to Safe Water (% of Population)	2015	75.6	71.6	89.1	99.0
Access to Sanitation (% of Population)	2015	16.9	51.3	57	69
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2016	1.6	39.4	60.8	96.3
Incidence of Tuberculosis (per 100,000)	2016	308.0	3.8	1.2	...
Child Immunization Against Tuberculosis (%)	2016	97.0	245.9	149.0	22.0
Child Immunization Against Measles (%)	2016	80.0	84.1	90.0	...
Underweight Children (% of children under 5 years)	2013	15.3	76.0	82.7	93.9
Prevalence of stunding	2013	32.1	20.8	17.0	0.9
Prevalence of undernourishment (% of pop.)	2015	42.8	2 621	2 335	3 416
Public Expenditure on Health (as % of GDP)	2014	3.2	2.7	3.1	7.3
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2015	94.1	106.4	109.4	101.3
Primary School - Female	2015	89.3	102.6	107.6	101.1
Secondary School - Total	2015	37.4	54.6	69.0	100.2
Secondary School - Female	2015	32.6	51.4	67.7	99.9
Primary School Female Teaching Staff (% of Total)	2015	13.1	45.1	58.1	81.6
Adult literacy Rate - Total (%)	2007	42.9	61.8	80.4	99.2
Adult literacy Rate - Male (%)	2007	60.8	70.7	85.9	99.3
Adult literacy Rate - Female (%)	2007	27.0	53.4	75.2	99.0
Percentage of GDP Spent on Education	2012	2.8	5.3	4.3	5.5
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2015	5.2	8.6	11.9	9.4
Agricultural Land (as % of land area)	2015	28.0	43.2	43.4	30.0
Forest (As % of Land Area)	2015	43.4	23.3	28.0	34.5
Per Capita CO2 Emissions (metric tons)	2014	0.2	1.1	3.0	11.6









Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators; UNAIDS; UNSD; WHO, UNICEF, UNDP; Country Reports. *last update : May 2018*

*Note : n.a. : Not Applicable ; ... : Data Not Available. * Labor force participation rate, total (% of total population ages 15+)*
*** Labor force participation rate, female (% of female population ages 15+)*

Annex 5: Progress toward Sustainable Development Goals

Liberia

	2000[1]	2010[2]	2016[3]
Goal 1: End poverty in all its forms everywhere			
Proportion of population living below the international poverty	...	...	...
Proportion of population living below the national poverty line (%)	...	...	...
Proportion of employed population below the international	...	...	...
Proportion of employed population below the international	...	...	...
Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture			
Prevalence of undernourishment (%)	...	...	...
Prevalence of stunting among children under 5 years of age	45.3	41.8	...
Prevalence of stunting among children under 5 years of age	...	0.0	...
Total official flows (official development assistance plus	4.5	15.1	...
Goal 3: Ensure healthy lives and promote well-being for all at all ages			
Under-five mortality rate (per 1 000)	183.9	89.3	67.4
Maternal mortality ratio (per 100 000)	1270.0	811.0	...
Total net official development assistance to medical research and	7.4	49.0	...
Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all			
Proportion of children and young people at the end of primary	...	...	...
Proportion of children and young people at the end of primary	...	...	...
Gender parity index of teachers in primary education who are trained	...	...	...
Goal 5: Achieve gender equality and empower all women and girls			
Proportion of women aged 20-24 years who were married or in a	...	...	...
Proportion of girls and women aged 15-49 years who have	...	...	...
Proportion of seats held by women in national parliaments (%)	...	12.5	11.0
Goal 6. Ensure availability and sustainable management of water and sanitation for all			
Proportion of population using safely managed drinking water	62.4	71.1	...
Proportion of population using safely managed drinking water	13.1	15.6	...
Level of water stress: freshwater withdrawal as a proportion of	...	...	...
Total official flows for water supply and sanitation (Constant	0.1	8.1	...
Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all			
Proportion of population with access to electricity (%)	0.6	4.1	...
Proportion of population with primary reliance on clean fuels and	...	5.0	...
Renewable energy share in the total final energy consumption (%)	98.5	108.1	...
Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all			
Unemployment rate, (aged 15 over) (%)	...	...	...
Unemployment rate, (aged 15-24) (%)	...	...	...
Proportion of children aged 5-17 years engaged in child labour	...	...	...

	2000[1]	2010[2]	2016[3]
Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation			
Manufacturing value added per capita (Constant 2010 US $)	0.6	14.4	...
Manufacturing value added per capita (Constant 2010 US $)	6.9	6.4	...
Total official international support to infrastructure	0.2	103.7	...
Goal 10: Reduce inequality within and among countries			
Labour share of GDP, comprising wages and social	12.8	...	...
Total resource flows for development (US $ Millions)	631.6	2380.0	...
Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable			
Proportion of urban population living in slums (%)	...	...	...
Annual mean levels of fine particulate matter (PM2.5) in	...	...	...
Goal 12: Ensure sustainable consumption and production patterns			
Total material footprint (Thousands of metrics tons)	2348	4181	...
Total material footprint (Thousands of metrics tons)	0.8	1.1	...
Total domestic material consumption (Thousands of	4657	9112	...
Goal 13: Take urgent action to combat climate change and its impacts			
Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development			
Coverage of protected areas in relation to marine areas (%)	0.0	0.0	0.0
Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat			
Coverage by protected areas of important sites for mountain	0.0	0.0	0.0
Proportion of important sites for terrestrial biodiversity that are	0.0	0.0	0.0
Red List Index	0.9	0.9	0.9
Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and			
Proportion of children under 5 years of age whose births have	...	...	...
Unsentenced detainees as a proportion of overall prison	...	...	...
Goal 17: Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development			
Volume of remittances (in United States dollars) as a	...	2.4	...
Debt service as a proportion of exports of goods and services	...	0.8	...
Total amount of all resources made available to strengthen	...	410.5	...
Proportion of individuals using the Internet (%)	0.0	2.3	...

Sources : ADB Statistics Department Databases; United Nations Statistical Division, Online Database on Sustainable Development Goals (https://unstats.un.org/sdgs/).

Annex 6: Liberia Portfolio Status as at April 30, 2018

	Project Name	Date Approved	Closing Date	Amount Approved (UAm)	Disb. Rate (%)
Multinational Projects					
1	MRU Road Construction and Facilitation Project	18.12.2014	30.06.2020	76.88	27.00
2	CLSG-Rural Electrification -Liberia	06.11.2013	31.10.2020	8.10	0.60
3	CLSG Electricity Interconnection Project	06.11.2013	31.10.2020	16.84	6.90
National Projects					
4	Liberia Energy Efficiency and Access Project	13.12.2016	31.12.2020	31.38	0.20
5	Institutional Support for the Integrated Public Finance Management Project Phase II	30.01.2017	31.12.2019	6.26	16.00
6	Paving Fishtown - Harper Road Phase I	04.09.2013	31.12.2019	42.04	36.00
7	Smallholder Agriculture Productivity Enhancement and Commercialization Project (SAPEC)	02.05.2012	31.12.2019	33.08	52.00
8	Urban Water and Sanitation Project	18.05.2010	31.05.2018	26.09	84.00
9	Technical Assistance and Capacity Building to LISGIS	11.11.2013	30.03.2018	0.50	100.00
10	Program of Assistance to Trade Support Institutions in Liberia	10.10.2013	30.06.2019	0.66	48.00
11	Liberia Youth Entrepreneurship and Employment Project	04.05.2016	30.06.2019	1.74	10.00

Annex 7: 2017 Country Portfolio Improvement Plan

	Issue	**Proposed action Required**	**Responsible**	**Time line**
1	Delayed procurement and non-adherence to approved work plans	Intensify trainings in procurement and close follow-up and mentoring	COLR	- Continuous and -Q2 &4 scheduled trainings
2	limited capacities in contract management	PIUs to invest in training in contract management. Bank to provide all the necessary support	EAs/Projects	
3	Delays in ratifying and/or signing loan/grant agreements	Dialogue with GoL /legislature on the implication of delayed processing	COLR	Continuous. Also during the ADB week in 2018
4	Weak/a lack of project exit strategy and plans for project closure	Projects to build-in exit strategy to ensure sustainability	PIUS/MFDP/COLR	
5	Delays in granting no objections from the Bank side	Bank to adhere to own KPIs	COLR/RDGW	
6	Delays in justification of use of advances under the Special Accounts	Apply Bank sanction rules as an incentive to justify on time. Also undertake regular trainings	Projects/PFMU	
7	Quality of some projects' Engineering designs;	Projects should only go to the Board once all engineering designs have been approved	EAs	
8	Limited implementation capacity and contract management	PIUs/GoL should invest in project management training	EAs/Projects	
9	Delays in acquiring Right of way and payment of project affected people	GoL to improve coordination of all relevant agencies	EAs	

Annex 8: 2016 Country Portfolio Improvement Plan Implementation Status

General and Cross-cutting Challenges of Portfolio	Issues	Action Required/Indicator	Responsibility	Timeline	Progress/achievement
Impact of Ebola	1.1 Implementation delays due to Ebola Virus Disease (average delays of 8 months for infrastructure projects) 1.2 Limited international interest to bid for jobs due to EVD 1.3 Preparedness for any future EVD outbreaks	1.1 Affected Projects to request for extensions. **Indicator: # of projects granted extensions by end 1QTR 2016** 1.2 Continuous development of local contractors to meet tender requirements; **Indicator: # of local firms trained in 2016, 2017** 1.3 Continued Bank and donors' support to GoL EVD management and mitigation measures through awareness and other measures. **Indicator: # of projects with EVD awareness activities**	GoL/PIU GoL/Public Procurement Agency Bank, donors, GoL	On-going On-going On-going	Total of 4 projects that really needed extension were granted. MPW leading the initiative in the roads sector. This will be long term. On-going. The Bank and donors still engaged in support.
Capacity Issues in Ministries and SOE (especially)	2.1 Capacity constraints in SOEs compromising Project Implementation 2.2 Low capacity and inadequate skills of PIU staff	2.1 GoL/SOE should make best use of the Projects' institutional capacity building support 2.1.2 Government should implement and follow through recommended institutional and restructuring reforms. 2.2 Bank should work more closely with government and other development partners, and support government's agenda on the National Capacity Development Strategy **Indicator: # of new projects with staff training component**	Govt/SOE Bank and GoL Bank	On-going and all new projects (CLGS) On-going.	Remains an issue. Misplacement/misallocation of project trained staff All new Bank projects in 2016 (LEEAP, IPFMRP, YEEP) have Capacity Development components
Project design flaws due to outdated	3. Time-lapse between project feasibilities/design and implementation leading	3.1 Revise cost estimates, project goals, objectives and activities where necessary and conduct early project review / MTR to correct design flaws. No Project should be appraised based on feasibility and/or designs studies older than 3 years.	Bank and Government	2016 on-going	SAPEC undertook an MTR end of 2016; project components

feasibility/design studies	to cost overruns and some components and activities becoming irrelevant overtime	Bank and government should endeavor to continuously work on cutting time lag between project preparation and implementation. Indicator: **# of new operations with studies and detailed designs are completed before appraisal** **# projects undertaking MTRs**	For all existing and new projects		revised and costing updated. UWSS costings revised and updated in May 2017. Ongoing activity.
Project supervision and monitoring	4.1 Few projects were supervised during the EVD 4.2 Inadequate project monitoring by government	4.1 All projects expected to be supervised at least twice per year with improved quality and length of supervision. Mission teams to reflect the required mix of skills **Indicator: 29% (2015) baseline** **60% (2016)** **80% (2017)** 4.2 Support Aid Management Division to enhance monitoring role. **Indicator: Hold quarterly progress meetings for Bank financed projects**	Bank Gol/MFDP ;PIUs,Bank	2016, 2017 First meeting in 2nd QTR 2016	70% or projects supervised twice in 2017. Expcted tp reach 80% by year end. Portfolio Progress Review meetings have been held every quarter since inception in April 2016.
Procurement and Contract Management	5.1 Delays in procurement process in several projects	5.1.1 Disseminate the New Bank Procurement Policy. As a transition going forward resulting from the new policy, a large number of procurement cases will no longer have to go to the Bank for review and or 'no-objection' as they will be handled through the national procurement systems of Liberia once assessed and found suitable; 5.1.2 Training of PIU's in revised new Bank procurement rules and procedures; review procurement modes for certain activities; support all PIUs to develop and update procurement plans for use as management tools; ensure each project has a procurement officer or incentives are provided for effective centralized procurement units. **Indicator: # trainings in procurement in 2016 (1); 2017 (1)** **: mentoring: # of project staff mentored/year**	Bank and PIU's	2016 and On-going On a regular basis	

Disbursement and Financial Management	6.1 Delays between approval and first disbursement) 6.2 Low Annual disbursement ratio (currently (2015) at 14% 6.3 Delays in Submission of Annual Audit Report	6.1 Ensure timely request by PIU approval by government, as well as timely response by Bank **Indicator: 16months (2015)** **10 months (2016)** **6 months (2017)** 6.2 Continue training and sensitization of PIUs in justifying expenditure and replenishment request processes; sensitize and motivate government authorities to expedite process of approving replenishment requests. **Indicator: 14 % (2015** **20% (2016)** **25% (2017)** 6.3 Timely recruitment of external auditors to lead to timely submission of Audit Reports to the Bank **Indicator: 45% (2015)** **88% (2016)** **100% (2017**)	Bank, Governmen t and PIU. Bank and PIU's PIUs	On-going On-going 2016,2017	85% projects audited in 2016; 80% audited as August 2017
GoL/donor Coordination	7.1 Lack of a platform for PIUs (implementing AfDB and other donor financed projects) to share project experiences and lessons 7.2 Uncoordinated donor activities placing enormous demands on GoL time and resources	7.1 Bank should, in collaboration with other donors, support GoL to set up mechanisms for sharing progress and learning. As a start, this will take the form of quarterly progress meetings, to be called and chaired by MFDP **Indicator: Coordination mechanism set-up. First meeting held** 7.2 Donors should endeavor to undertake joint missions and reviews. There is a need for enhance harmonization and alignment in line with Paris Declaration, through a MoU between GoL on one hand and the donors on the other. **Indicator: MoU agreed between GoL and donors**	AfDB, with other donors GoL and all donors including AfDB	2nd qtr 2016 and onwards June 2017	Coordination in Agriculture and Energy done. Preps underway in road sector

Annex 9: Liberia Fragility Assessment

1. Context

1.1 While Liberia has experienced steady consolidation of its peace and stability in the aftermath of a long period of conflict, it continues to face many challenges and fragility risk factors. The country has undergone a steady but positive state and democratic consolidation following the 14-year civil war. Two democratic elections took place in 2005 and 2011 with the next elections scheduled for 2017.

1.2 The 2017 presidential elections marked the end of the President Ellen Johnson Sirleaf's second six-year presidential term. President's Johnson's party holds a minority in the Legislature and the transition to the next regime is not without risks. The 2011 elections were accompanied by political tensions with the opposition boycotting the second round of elections and instances of violence reported, and continuing challenges to state legitimacy, weaknesses in political rights, civil liberties, and freedom of the press.

1.3 The security situation has improved steadily although tensions continue to exist primarily arising from land disputes including on land allocated to palm oil farming concessions.. As outlined in the indicators in table 1 below (data from the Ibrahim Governance Index), since the commencement of the current CSP (2013-2017), Liberia's scores on rule of law, accountability, personal safety and national security have improved with the most substantial change (+6.5) being in accountability. However, human and political rights, and gender have been trending downwards, with gender undergoing the most decline (-4.8).

Table 1. Liberia: Ibrahim Index Indicators on Rule of Law and Human Rights (2015)

Liberia Ibrahim Index Indicators	2014	Change since 2013 Δ	Africa average	Rank / 54
Overall Score	**50.7**	**+1.1**	**50.1**	**26**
Safety & Rule Of Law	**55.6**	**+2.6**	**51.3**	**23**
Rule Of Law	49.5	+1.3	50.8	31
Accountability	41.2	+6.5	35.5	18
Personal Safety	49.1	+1.8	44.0	24
National Security	82.8	+0.6	74.8	25
Participation & Human Rights	**56.2**	**-1.9**	**49.3**	**21**
Participation	65.1	0.0	45.9	17
Rights	46.2	-0.8	47.3	32
Gender	57.3	-4.8	54.8	25

1.4 Like many countries that suffered long term conflict, Liberia has had to completely rebuild its justice and security sectors. The state continues to face problems of human and financial resource gaps, lack of infrastructure and equipment needed to make the security and justice sector effective. The State is now fully responsible for security following the withdrawal of

UNMIL security forces. The UNMIL drawdown created operational gaps in the functions of the security apparatus in Liberia particularly in the role of the Liberia National Police, (LNP).

1.5 Liberia faces many social and economic challenges including extreme poverty, fierce competition for limited resources, perceived elite corruption, leading to significant public dissatisfaction with the government's low capacity to improve the living standards of the broader population. State legitimacy and a positive relationship between the state and its citizens depend highly on the state's capacity to deliver basic social services and needs such as water, sanitation, schools and health. In Liberia, there were very high expectations at the end of the war that a democratic dispensation would address the rampant unemployment, tackle corruption, and improve service delivery. The Liberian state suffers limited institution capacity to meet these expectations, and has a poorly trained civil service, low incentives for state service provision and limited infrastructure. This is particularly a challenge in the justice and security sectors.

Table 2: Liberia: Ibrahim Index Indicators on Economic Opportunity and Human Development (2015)

Liberia Ibrahim Index Indicators	**2014**	**Change since 2013 Δ**	**Africa average**	**Rank / 54**
Sustainable Economic Opportunity	**39.9**	**+2.0**	**43.2**	**34**
Public Management	46.1	-0.8	46.0	28
Business Environment	42.8	+6.7	40.7	28
Infrastructure	27.0	+2.3	36.5	35
Rural Sector	43.8	0.0	50.5	38
Human Development	**50.9**	**+1.8**	**56.4**	**37**
Welfare	44.9	-1.0	50.9	38
Education	44.2	-0.5	48.8	28
Health	63.7	+6.9	69.9	40

1.6 Despite this, as indicated in the table 2 above, there have been improvements in infrastructure (+2.3), in the business environment (+6.7), since the beginning of the current CSP. The figures for improvement in the business environment are however expected to be negative in the 2016 index due to the impact of the Ebola Virus Pandemic which reduced FDI, and dramatically curtailed investment activities in the country. With the pandemic now under control, the positive trend that had emerged could be reestablished but this would require substantial financial and technical support. On the negative trend, education, public management and welfare had all decreased. Health, which had a marked positive increase in the data used has been drastically affected by the Ebola virus epidemic and is expected to be in the negative in the next Index ranking.

1.7 Indeed, the epidemic, and the rapid manner in which it spread throughout the country and the region demonstrated the fragility and vulnerability of health systems, infrastructure – roads, electricity, water and sanitation. The pandemic also brought to the fore the realities of overcentralized governance with inadequate accountability systems, fear and mistrust of state

institutions by the population,, the sub-optimal organization and management of health services, made worse by inadequate numbers of qualified health workers as well as poor logistics, health information, surveillance, governance and drug supply systems. Going forward, these are challenges that need to be addressed urgently in the short term and effectively over the long term.

2. Key fragility Risks

2.1 Political Risks

- **Weak State Legitimacy and Poor State- Citizen relationship**
  The state suffers from the perception of tolerating corruption, and mismanagement of natural resources and concessions, with the perception that the beneficiaries are elite enclaves, and that the country's wealth is not being used to support broader development or help the ordinary person. The Moore Stephens Post Award Process Audit also reported that 64 out of 68 concession contracts awarded in the extractive sector during the same period were inconsistent with applicable concession laws of Liberia. These contracts were awarded to extractive companies operating in the forestry, oil, agriculture and mining sectors in Liberia. These are also questions about the management of revenues from the natural resource sector. These perceptions weaken the state-citizen relationship and create challenges to legitimacy, and weaken public trust in the state. This was particularly evidenced by the heavy criticism by the public and slow rate of acceptance of government initiatives and approaches (especially those related to containment and quarantine) during the Ebola crisis.

- **Regional Dynamics**
  The Mano River region has experienced intermittent conflict and political instability during the last three decades, while the region has stabilized, and armed movements largely disbanded, unstable regions have historically faced significant challenges in sustaining peace and stability unless social and economic progress is made. Addressing regional inequalities, especially in terms of infrastructural development and in-country inequalities and exclusion will be critical in ensuring a durable peace in the region, and sustainable and equitable development for all.

2.2 Social Risks

- **Youth Unemployment**
  Liberia is one of the youngest countries in Africa with youth, officially defined as those individuals between the ages of 15 and 35 years, comprising roughly 78% of the population with the median age being 18 years. Just under half of the population is male. Massive unemployment is a significant social driver of fragility. r. The lack of economic and employment opportunities poses a risk of youth being engaged in negative activities including organized and urban crime, and regional armed groups. Youths also tend to have high level of homelessness, and increased risk of drug and alcohol abuse if not gainfully engaged

- **Perceptions of Exclusion**
  Public discourse in Liberia is accompanied by discontentment and concerns about the perceived and real cases of exclusion and marginalization of segments of the population. The Liberian nation comprises descendants of freed slaves from the United States and descendants of indigenous groups that were living in the country at the time of the returning slave diaspora. In the years since then there are perception of exclusion of the indigenous peoples and lack of adequate access to basic social services. These grievances partly contributed to the conflict that broke out in Liberia and lasted during most of the 1990s. The country has low levels of social cohesion arising from pre- and post-war perceptions of inequalities, rural to urban migration, fragmentation of families as a consequence of the war and long periods of displacement, psycho-socio challenges related to post conflict trauma have all added to previously existing social challenges.

- **Land Disputes**
  Liberia like many other African countries suffers from land disputes arising from inadequate land tenure frameworks and laws, and worsened by concession agreements that sometimes displace communities and individuals while not adequately compensating them. In the aftermath of the war, land and property disputes continue to create social tension. Land tenure challenges often generate social grievances and can be a potential risk for conflict. The land tenure issues in Liberia need to be addressed and concession making made more sensitive to community needs even as the country seeks to develop its natural resources.

2.3 Economic Risks

- **Poor Economic Governance and Accountability**
  A major challenge in Liberia is the perception that key economic governance structures lack efficiency and accountability. There is particular need to address the weaknesses of Liberia's public financial management, and more specifically the effective and transparent management of natural resource revenues so as to reduce public discontentment about corruption and mismanagement.

- **Lack of adequate infrastructure.**
  Liberia has limited physical infrastructure in almost every sector including sanitation, water provision, health, education, and energy and road networks outside Monrovia. This constrains the growth of the economy including in the most promising sectors for growth and employment such as the agriculture and manufacturing sectors. . In addition, as evidenced by the Ebola crisis, it impedes the provision of basic social services, leaving many without basic health, sanitation or education. The lack of an adequate energy infrastructure in particularly constrains business development activities (as businesses are unable to function effectively due to high cost of energy) to the health sector (as medications storage and certain types of health care (incubators, high dependency machines) are impeded by lack of regular and reliable energy)

- **Limited private sector development and an undiversified economy**
  Liberia's economy is highly dependent on the extractive sectors and aid-reliant service industries. Private sector development is limited outside of the extractive industry and a small service industry mainly geared towards the aid community. A key limiting factor to the

diversification of the economy has been the low skills base in the population. Other constrains have been a lack of infrastructure; particularly energy and roads, land tenure issues, including lack of secure property rights; and limited access to credit especially for women and youth.

- **Weak human and institutional capacity**
  The long period of conflict left Liberia with limited human and institutional capacity as thousands of the most qualified personnel left for the diaspora and many of those who remained suffered from interrupted schooling, leaving them without employable skills. Despite the efforts made to address this gap, the education system remains weak, and often unaffordable for most. This has left the Liberian public sector with significant human and institutional capacity gaps which impede the capacity of the state to provide effective public service delivery. Human resource constraints affect critical sectors including the health sector as evidenced by the difficulties in managing the Ebola outbreak and the limited numbers of doctors and nurses available to respond. While governance reforms have improved institutional performance, significant challenges and a critical need is civil service reform and the building of the capacity of existing staff in order to better undertake their roles.

Annex 10: Indicative Operations Pipeline

	Project Name	Approval	Amount (UA m)
1	Budget Support	2018	7.04
2	MRU Road Transport Program Phase 2	2018	46.3
3	Scaling Up Renewable Energy Program (SREP)	2019	18.91
4	Trade Finance Facility	2018	14.08
5	Support to NASSCORP	2019	4.92
6	LIRSAL - Risk Sharing (Agriculture)	2019	4.78
7	Liberia ENABLE Youth Project	2019	To be determined