

## Liberia: Transitioning from Post-Conflict to Long-Term Development. Investing in Human Capital to Achieve Pro-Poor Growth

**S**ince 2003, Liberia has achieved great progress in the face of considerable difficulties and risks. It has held democratic elections, reestablished a public financial management system, begun rebuilding public sector institutions, reestablished the delivery of some essential public services, and laid the foundations of a local government system. These efforts culminated in June 2010 when official creditors agreed to US\$2.7 billion of Liberia's debt.

### **Challenge**

Liberia has made enormous strides since achieving peace in 2003. But following 14 years of civil war, the country faces monumental challenges in completely rebuilding state institutions, shattered national infrastructure, restarting service delivery, and above all helping individual citizens contribute to economic growth and the rebuilding of the state.

Liberia remains one of the poorest countries in the world, with extremely low development indicators. Health and education services were primarily provided by non-governmental organizations (NGOs) during the war years. The government faces significant institutional, monetary, and capacity challenges in getting service delivery up and running.

Liberia has the potential for strong economic growth, given its reconstruction boom, but economic recovery has been heavily impacted by the global economic crisis. Growth has slowed considerably to 4.6 percent in 2009, but is expected to rebound to 8.5 percent by 2011. Per capita public spending remains one of the lowest in the world in Fiscal Year 2009/10), making Liberia highly dependent on foreign aid. Low capacity for revenue generation compounds this situation.

## Approach

In Liberia, the International Development Association (IDA) is focusing on three main fronts: (i) rebuilding core state functions and institutions; (ii) rehabilitating infrastructure to jump-start economic growth; and (iii) facilitating pro-poor growth in addition to pursuing crosscutting objectives of capacity development, gender equality, and the environment.

Building on successful efforts to date, the Bank is focusing on a mix of budget support and investment lending to help Liberia put in place basic economic governance reforms, including public financial management, procurement reform, and civil service reform. Comprehensive assistance to the Ministry of Finance's Resource Management Unit encompasses the following modules to improve economic governance:

- Financing for the Ministry of Finance's Financial Management Training School;
- Specialized technical assistance for the Public Procurement Concession Commission;
- Support to the Liberian Agency for Community Empowerment for the implementation

- of investment programs in sectors such as education, health and urban works;
- Support for the consolidation and strengthening of Liberia's tax administration reform efforts by implementing a new computerized integrated tax administration system;
- Physical infrastructure and hardware (a data center and local and wide area networks) for coordinating the government's financial management information systems;
- Support to the Liberia Extractive Industries Transparency Initiative (LEITI) through financial management and governance of the mining sector, in coordination with technical support provided by EITI Multi Donor Trust Fund;
- Support to the Ministry of Lands, Mines and Energy on managing mineral resources;
- Training, support and equipment for the General Auditing Commission in order to strengthen the government's external audit function and strengthen the capacity of the Ways and Means Committees to ensure proper scrutiny of the execution of the budget;
- Establishing a human resources management information system;
- And support to the Liberia Institute of Public Administration for civil servant and legislator training.

In basic services, the Bank is working to build both institutional and policy capacity, while also facilitating community participation in prioritizing reconstruction needs. In the critical transport sector, the Bank is working in an environment with extremely limited local contracting capacity. It is using innovative approaches to attract the first private sector companies to Liberia in many years while simultaneously working to develop the nascent local contracting industry to

allow use of local firms and labor in future endeavors. The Bank is also working to ensure growth is accessible to all citizens, with projects in smallholder agriculture, employment generation, and vocational training and skills building, to allow citizens to take advantage of employment opportunities as economic growth accelerates.

## Results

### Economic Governance

Implementation of the Liberia Economic Governance and Institution Reform Project (EGIRP) has contributed to improved transparency and accountability in the Liberian public financial management. It has minimized the risk of fraud in the check-writing process, improved internal controls over the budget execution, improved timeliness of salary payments to local government employees, improved foreign aid management through setting up an Aid Coordination Unit and a monitoring system to monitor aid flows, improved quality and timeliness of the government financial reports, and audited government accounts by the General Auditing Commission after 25 years. Moreover, the project has contributed to successful publication and dissemination of two validation reports of payments to and revenues received by the government for extractive industries for 2009 and 2010 conducted by the Liberia Extractive Industries Transparency Initiative (LEITI). The LEITI has helped earn Liberia an international award from the world Extractive Industries Transparency Initiative secretariat in Oslo, Norway, for rapid progress toward compliance with the program’s guidelines.

## Infrastructure

Major road corridors have been rehabilitated or repaired. Nearly a tenth of the Liberia road network, 842 kms, has been worked on during the last several years.

Road rehabilitated/repared	km
Primary laterite roads	641
City Streets	24
Monrovia-Buchanan	83
Pleebo-Barclayville	79
CT-BT	15
Total	842

This includes road links from Monrovia to Bokay Town, two major corridors comprising the “backbone” of the country, as well as Monrovia city streets. The rehabilitation of these roads allows for more efficient and affordable transportation and set the stage for economic development. The IDA projects are also setting the stage for heightened donor harmonization; allowing the Liberia Reconstruction Trust Fund—a multi-donor trust fund administered by the World Bank—to scale up further roads reconstruction. Two major bridges and multiple smaller river crossings are or will be rehabilitated by the IDA program. Finally, emergency civil works at the Freeport of Monrovia in the form of paving of a container stacking yard and access roads to be completed by the end of September 2010, coupled with a much-needed reform program of the National Port Authority, will increase the efficiency of transporting goods in and out of the country’s only major seaport. The Port concession and improvement in facilities

will lead to at least a doubling of the number of containers handled.

Water supply has improved raising access to safe water in urban areas to 57 percent. Ongoing improvements to the distribution network (February 2010-February 2011) continue to add more than 39,000 m of new transmission pipelines and 45 public standpipes in Monrovia, estimated to benefit as many as 81,000 Monrovia residents. Designs for rehabilitation of Monrovia's water treatment plant have been finalized under IDA funding, while construction will be financed by the African Development Bank.

A new, multi-donor funded solid waste project became effective, coexisting with and building on the rudimentary solid waste management system earlier established under IDA. Under these projects Monrovia has seen collection of more than 200,000 tons of solid waste since 2007; development of additional sanitary landfill cells with enhanced environmental protection; and improvements to the collection system resulting in a cleaner city, with additional improvements on the way. IDA also financed rehabilitation of the City Hall, which has a theater that can be used by the community as a cultural center and source of revenue for the city.

### **Community Empowerment and Job Creation**

The second Community Empowerment project, which seeks to involve local communities in the reconstruction of vital social infrastructure with a focus on local decision-making and labor, was launched in June 2007. IDA's US\$11-million grant is complemented by EUR8.5 million in co-financing from the

European Commission. The project is implemented by the Liberian Agency for Community Empowerment (LACE), a community-development authority established under the Bank's early post-conflict program in Liberia. As of June 2010, LACE has completed 155 subprojects—including markets, health clinics, schools, bridges and culverts, as well as water and sanitation facilities—under the first and second Community Empowerment projects. The project also is having an important impact in building ownership and capacity at the local level. To date, under both projects, approximately 2,750 community members have received training on the project management, including social mobilization, procurement, monitoring and evaluation, as well as on conflict resolution and reconciliation. Prior to the close of the second Community Empowerment project in June 2012, LACE anticipates benefitting an estimated additional 230 communities.

The Cash for Work Temporary Employment project has provided short term public works employment for 17,000 people in all 15 Liberian counties since its inception in October 2008. Given the importance of employment in reducing poverty, the World Bank recently approved the expansion of this initiative to provide temporary employment to 45,000 people through funding from the Crisis Response Window and Africa Catalytic Growth Fund over the coming three years (July 2010 to June 2013). In addition to 40 days of temporary employment, these 45,000 participants will receive life skills training, which will include lessons on self-promotion, investment, and further human development opportunities. A second component of this project will provide extensive technical and vocational training to 4,500 Liberians.

## Health and Education

The US\$8.5 million emergency Health System Reconstruction project in 2007 has been supporting the Ministry of Health and Social Welfare to strengthen the policy framework and selected management functions of the Ministry and to improve pre-service training and selected components of the basic package of health services. To date, 46 clinical teachers have been placed in various counties, mostly outside of Monrovia to improve maternal and child health outcomes, the first year of nurse anesthetist training program at the Tubman National Institute of Medical Arts (TNIMA) has been successfully completed, and teaching laboratories at A. M. Dogliotti College of Medicine have been rehabilitated. Medical and laboratory equipment as well as information technology equipment for better management of health information system have been, or are being, distributed throughout the country. IDA has also been supporting development of policies and strategies in the areas of health financing, human resources for health and decentralization; and capacity development of selected management functions of the Ministry.

## Bank Contribution

The Bank currently has US\$212 million in commitments with another US\$400 million of Bank-managed projects in the pipeline from various financing sources. With the completion of the Liberia Country Assistance Strategy, the Bank's three-year annual IDA allocation is approximately US\$138 million. The existing portfolio includes US\$136.6 million in infrastructure and basic services (road rehabilitation, port rehabilitation, energy, water urban works, health, education and community-driven development projects);

US\$19.8 million for economic revitalization projects (forestry, public financial management, procurement reform and budget support); and US\$4.7 million for governance and judicial reform.

## Partners

Total official development assistance to Liberia is estimated at US\$357 million for 2007. The largest donor is the United States government, which provided almost US\$100 million, followed by the combined contribution of UN agencies (at almost US\$90 million), and the World Bank at about US\$40 million in 2007. In addition to official development assistance, Liberia receives significant support from private foundations including the Soros Foundation, the William J. Clinton Foundation, and the Bill and Melinda Gates Foundation. The Government of Liberia coordinates this aid through the Liberia Reconstruction and Development Committee, which provides a platform for dialogue between the government and development partners, and is organized around the four pillars of its poverty reduction strategy. In addition, there is strong donor coordination at the operational level. Donors concentrate in a few key areas, aligning their support and sending common messages to government. For example, the US, the World Bank, the African Development Bank, the European Commission (EC), and the International Monetary Fund all support fundamental economic governance reforms, but ensure that their programs are mutually reinforcing. The World Bank is the leading donor for roads but strongly coordinates its activities in this area with the UN, and the EC, Germany, Norway, Sweden, Ireland, and the UK are pooling resources through the World Bank-managed Liberia Reconstruction and Development Trust Fund for infrastructure.

## Moving Forward

As Liberia moves from the immediate post-conflict era to a long-term development phase, the Bank is supporting a comprehensive program of intensified dialogue, analytical, and strategic work to underpin the medium term growth agenda: pro-poor economic growth, employment generation, capacity building, and mining/growth corridors. This also includes sector-specific strategy work such as a National Energy Plan and an Energy

Sector Master Plan, as well as a national roads strategy, an education and vocational training strategy, among other things. At the same time, the Bank will continue its work to help Liberia deepen and sustain its core governance reform program, ensure increased employment opportunities for citizens, and improve management of basic service delivery.

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<http://www.worldbank.org/ida>