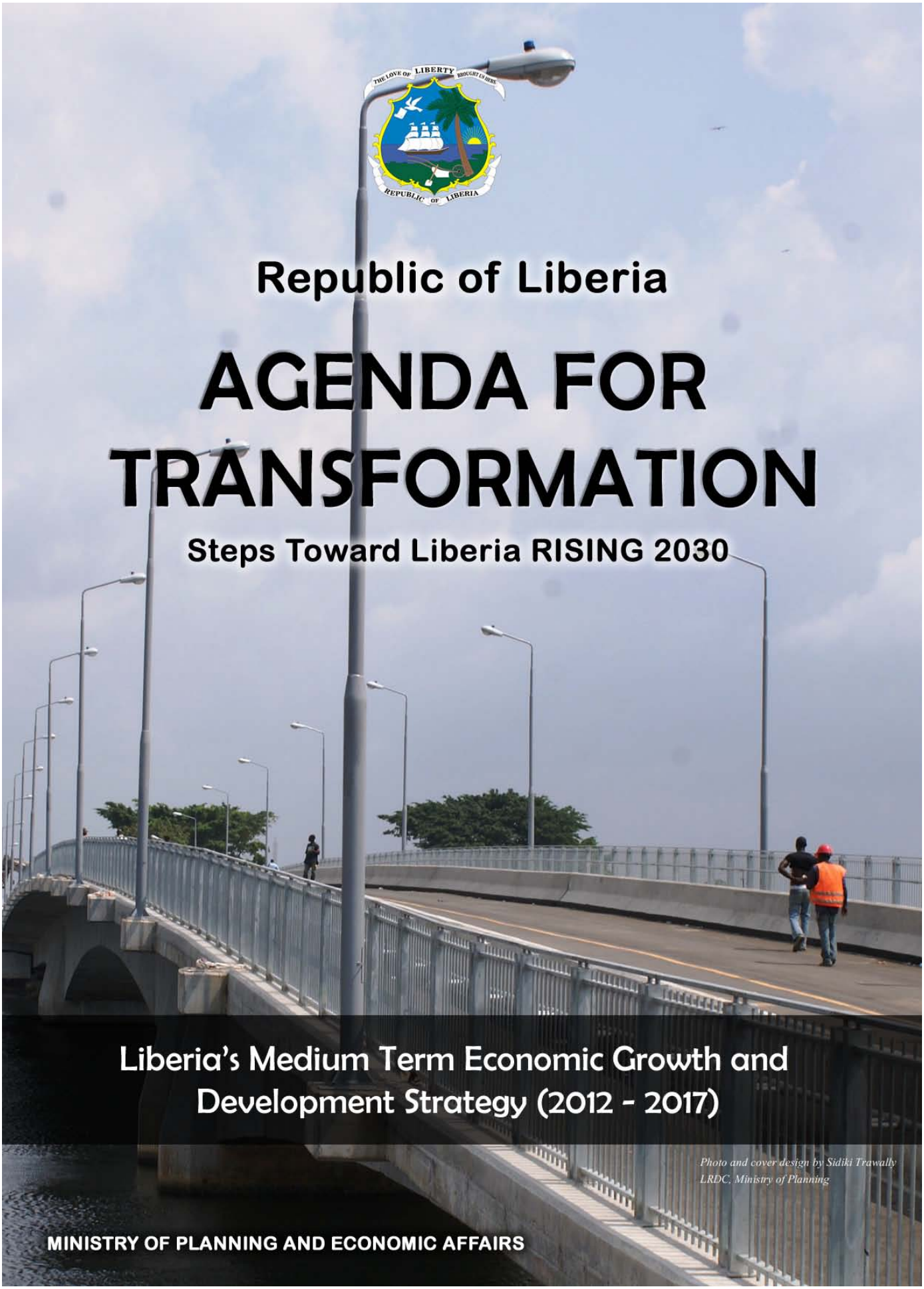

Republic of Liberia

AGENDA FOR TRANSFORMATION

Steps Toward Liberia RISING 2030

Liberia's Medium Term Economic Growth and Development Strategy (2012 - 2017)

Photo and cover design by Sidiki Trawally
LRDC, Ministry of Planning

MINISTRY OF PLANNING AND ECONOMIC AFFAIRS

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ACRONYMS

ABE	Alternative Basic Education
AFL	Armed Forces of Liberia
AfT	Agenda for Transformation
BPHS	Basic Package of Health Services
BRC	Business Reform Commission
CBL	Central Bank of Liberia
CSA	Civil Service Agency
DOD	Department of Defense
ECCD	Early child care and development
ECOWAS	Economic Community of West African States
EPA	Environmental Protection Agency
FCPF	Forest Carbon Partnership Facility
FDA	Forestry Development Authority
FDI	Foreign direct investment
GAC	General Auditing Commission
GBV	Gender based violence
GC	Governance Commission
GDP	Gross Domestic Product
GNI	Gross National Income
GOL	Government of Liberia
GSA	General Services Administration
HIPC	Highly Indebted Poor Countries Initiative
ICT	Information and communications technology
IMF	International Monetary Fund
INHRC	Independent National Human Rights Commission
KWH	Kilowatt hour
LACC	Liberian Anti-corruption Commission
LC	Land Commission
LD	Liberian dollar
LDA	Liberia Development Alliance
LDHS	Liberia Demographic & Health Survey
LEITI	Liberia Extractive Industries Transparency Initiative

LGS	Liberian Geological Survey
LIC	Low-income country
LIPA	Liberia Institute of Public Administration
LISGIS	Liberia Institute for Statistics and GeoInformation Services
LNP	Liberia National Police
LTA	Liberia Telecommunications Authority
LTC	Liberia Telecommunications Corporation
LWSC	Liberia Water and Sewer Corporation
M&A	Ministries and Agencies
M&E	Monitoring and evaluation
MCC	Monrovia City Corporation
MDA	Mineral Development Agreement
MDG	Millennium Development Goals
MIA	Ministry of Internal Affairs
MOCI	Ministry of Commerce and Industry
MOE	Ministry of Education
MOF	Ministry of Finance
MOGD	Ministry of Gender and Development
MOHSW	Ministry of Health and Social Welfare
MIA	Ministry of Internal Affairs
MOJ	Ministry of Justice
MOL	Ministry of Labor
MOT	Ministry of Transport
MOU	Memorandum of Understanding
MOYS	Ministry of Youth and Sports
MLME	Ministry of Lands, Mines and Energy
MPEA	Ministry of Planning and Economic Affairs
MPT	Ministry of Post and Telecommunications
MPW	Ministry of Public Works
MSME	Micro, small and medium enterprises
MTEF	Medium-term Economic Framework
MW	Megawatt
NCHE	National Commission for Higher Education
NCDS	National Capacity Development Strategy

NGO	Non-governmental organization
NHPP	National Health Policy and Plan
NIC	National Investment Commission
NOCAL	National Oil Company of Liberia
NPA	National Port Authority
NSC	National Security Council
NSL	National Standards Lab
NWRSB	National Water Resource and Sanitation Board
OVC	Orphans and other vulnerable children
PFM	Public financial management
PLWHA	People living with HIV and AIDS
PMTCT	Prevention of mother-to-child transmission
PPCA	Public Procurement and Concessions Act
PPCC	Public Procurement and Concessions Commission
PPP	Public-private partnerships
PRS	Poverty Reduction Strategy
PSIP	Public Sector Investment Plan
PWD	Persons with disabilities
PTA	Parent Teacher Association
SEZ	Special economic zones
SME	Small and medium enterprise
SOE	State-owned enterprises
SWG	Sector-working group
TOKKTEN	Transfer of Knowledge through Expatriate Nationals
TRC	Truth and Reconciliation Commission
TTI	Teacher training institutes
TVET	Technical and Vocational Education and Training
UNDP	United Nations Development Programme
UNMIL	United Nations Mission in Liberia
WAPP	West Africa Power Pool
WASH	Water, Sanitation and Hygiene

EXECUTIVE SUMMARY

The *Agenda for Transformation* (AfT) is the Government of Liberia's five-year development strategy. It follows the *Lift Liberia* Poverty Reduction Strategy (PRS), which raised Liberia from post-conflict emergency reconstruction and positioned it for future growth. The AfT in itself will—in its five year timeframe—not be able to achieve all that Liberia is poised to do. Rather it is the first step in achieving the goals set out in *Liberia Rising* 2030, Liberia's long-term vision of socio-economic development. The AfT sets out precise goals and objectives that Liberia will achieve in the next five years in order to take the necessary steps toward its long-term goals, which are to become a more prosperous and a more inclusive society. This AfT supports the principles of the Paris Declaration, Accra Action Plan, and the New Deal for Engagement in Fragile States, to which Liberia is a signatory of these three donor frameworks.

The initial chapters of the AfT, Chapters 1 and 2 in Section I, highlight the history from which Liberia has emerged, the work that has been done in the reconstruction phase, and the vision of where Liberia is heading. Chapters 3 and 4 describe the internal and external context of the AfT. Chapter 3 reviews the features of geography, population and poverty in Liberia while Chapter 4 highlights the regional and global trends and the subsequent opportunities and risks that they pose to Liberia's development agenda.

In Section II, Chapter 5 outlines the process of developing this strategy, its relation to other strategic plans, including the Vision 2030, and the collaborative process from which it emerged. Chapter 6 reviews the accomplishments and lessons learned from the predecessor to the *AfT*, the first PRS of Liberia. Informed by those lessons of the past, this chapter also outlines key principles that are internalized in the AfT and in its strategic choices. Chapter 7 describes the objectives of the AfT, and describes the structure of the strategy.

Chapters 8 through 12 in Section III constitute the heart of the strategy. They describe the specific goals and objectives across five pillars that Liberia plans to achieve in the next five years and the constraints that it will need to overcome to do so. Chapters 13 and 14 in Section IV discuss the costing and funding of the strategy. Chapter 15 discusses its monitoring and evaluation (M&E) framework. Finally, Section V describes the risks to the realization of the strategy and how they can be mitigated.

Ultimately, the success of the AfT will entail taking deliberate and calculated steps to ensure that priority interventions and resources are directed at the strategic objectives identified in a transparent, effective and coordinated way. The goal is to put the country on a path of sustainable and equitable growth and to create the right environment as Liberia transforms toward its long-term vision of becoming a more equal, just, secure and prosperous society.

SECTION I: HISTORY, FUTURE VISION, CURRENT CONTEXT

CHAPTER 1. FROM RECOVERY TO INCLUSIVE GROWTH AND WEALTH CREATION

1.1 INTRODUCTION

Liberia is on the rise. Since 2003, the country has enjoyed peace, two democratic elections and nearly a decade of economic recovery. During this time, the Government of Liberia (GOL), development partners, and civil society have been dedicated to further recovery and reconstruction and to ensure that Liberians felt the benefits of peace. Several short- and medium-term development plans were implemented, ranging from the 150 Action Plan (2006) to the Interim Poverty Reduction Strategy (2007) and the complete *Lift Liberia* Poverty Reduction Strategy (2008–2011). These strategies and plans eased some of the immediate hardships Liberians suffered as a result of the war and contributed in meaningful ways to the relative stability that Liberia enjoys. Images from the Liberia of today—crops growing in replanted fields; traders doing business in the markets of Monrovia; cars driving through clean and repaired streets; children rushing to school in their uniforms—are all clear signs that recovery has taken hold.

However, the severe destruction to the fabric of Liberian society and economy means that there is much to be done in order to transition from recovery to prosperity—and Liberia remains one of the lowest-income countries in the world. The Government of Liberia is now embarking on this medium-term economic growth and development strategy, an AfT, in order to guide development activities over the next five years (2012–2017). It will provide the roadmap for Liberia's transformation from post-conflict recovery toward its long-term vision of becoming an inclusive middle-income country by 2030.

This chapter reviews the historical issues of growth and inequality that fueled the conflict in Liberia. It then reviews the progress that Liberia has made in establishing the foundations for more inclusive growth during its recovery and reconstruction phase with the help of the *Lift Liberia* PRS. It then summarizes the constraints to inclusive growth and wealth creation growth that remain to be addressed, which the AfT will tackle.

1.2 HISTORICAL ISSUES AROUND GROWTH AND INEQUALITY IN LIBERIA

By 2013, Liberia will have crossed the 10-year milestone within which post-conflict countries face an omnipresent threat (50% chance) of relapsing into violent conflict.[1] In order to permanently move beyond that threat, the future growth and development of Liberia must be shared widely with its benefits spread across the population. Liberia is determined not to repeat the mistakes of its past, when income inequality and socio-political marginalization fueled a brutal conflict that shook society for 14 years.

In the decades preceding the start of instability in the late 1970s, Liberia's growth record was remarkable. The country had grown at an average rate of more than 7% annually during 1955–1975. By 1980, Liberia's gross domestic product (GDP) per capita had reached a peak of USD $1,765 (purchasing power parity, constant terms), bringing the country close to middle-income threshold. Despite eight years of strong growth since the peace settlement, today's average level of GDP per capita is USD $310 -- still well below that historical peak. However, a number of isolated sectors drove that early growth. By the early 1970s and 1980s, iron ore accounted for more than half of Liberia's export earnings; rubber and other cash crops accounted for 15% of all value added.[2]

While this growth delivered results on top-line statistics, it also masked serious problems of poverty and inequality in much of the country. In 1970, less than 20% of the labor force was employed in the formal modern sector, while 74% was employed in low-productivity agriculture. Concessions employed only 7% of workers, despite the large share in GDP and exports. Wage inequalities across the sectors were stark: in 1974, per capita GDP in the agricultural economy was less than USD $120 per year, compared to almost USD $900 in the cash-crop economy and an estimated USD $2,500 in the concessions sector.[3] A mere 3.9% of the population controlled more than 60% of income and a large share of the benefits from enclave sectors was repatriated by foreign investors. Human capital levels were extremely low, with only 25% of the labor force (above age 15) literate. The average level of educational achievement in the country as a whole was only 1.3 years.

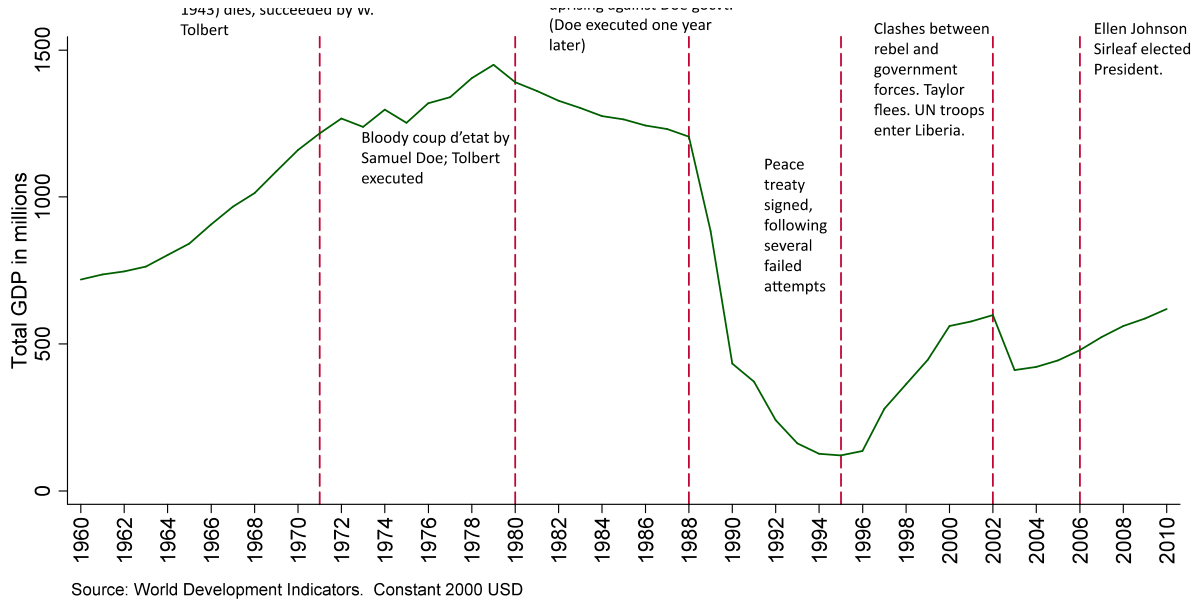
By the 1970s, the GOL tried to counteract these trends, but the efforts were too little, too late. With the global decline in commodity prices during the late 1970s, expected revenue flows from natural resource rents failed to materialize and the government's fiscal position deteriorated. Liberia began a long-term economic decline, which was exacerbated by a subsequent military coup and ultimately outright civil conflict (Figure 1.1). Following the signing of the 2003 peace agreement, the country has grown steadily and boasts significant opportunities for growth with well-managed reactivation of the iron ore and cash crop sectors and prospects for the discovery of commercial quantities of oil. The prospect of Liberia reaching middle-income status is becoming a reality once again.

[1] World Bank, 'Crisis Impact: Fragile and Conflict-Affected Countries Face Greater Risks', http://go.worldbank.org/3DUSQ99Y30

[2] http://www.liberianembassyus.org/index.php?page=about-liberia

[3] Reference World Bank growth diagnostic

Figure 1.1: Key Events in History and Real GDP



However, Liberia has learned from its recent history that economic growth alone will not be sufficient unless matched by developments that diversify the economy; create productive employment for a large number of citizens; and spread the benefits of growth across Liberia. These lessons are recognized in the *Lift Liberia* PRS that both fueled growth in the traditional economic sectors (notably, iron ore, timber, rubber) and had the goal of *creating the foundations for sustainable and inclusive growth*. The first PRS sought to achieve specific objectives in four broad areas: Expanding peace and security; revitalizing the economy; strengthening governance and the rule of law; and rehabilitating infrastructure and delivering basic services. Significant achievements were made in each of these areas, which have created the foundations for growth that the AfT will continue to build on.

1.3 ACHIEVEMENTS OF THE RECOVERY PHASE—THE FOUNDATIONS FOR INCLUSIVE GROWTH

Starting from a state of post-conflict instability, weak state institutions, and an economy left in shambles by decades of looting and neglect, the *Lift Liberia* PRS achieved significant success and reforms. Perhaps the most critical achievement has been the maintenance of peace and security. Following 17 years of war, Liberians have been able to achieve a level of reconciliation that has allowed society to function peacefully. Further, two relatively peaceful, democratic elections have been held (2005 and 2011). This success reflects hard work on the part of the citizens but also the government's actions to strengthen social cohesion; build capacities to manage tensions without outbreaks of violence; promote reconciliation; and gradually lessen political polarization. As part of the PRS, Liberian security institutions, primarily the Armed Forces of Liberia (AFL) and the Liberia National Police (LNP) were rebuilt and reformed into professional and capable organizations. Although challenges remain and Liberia continues to rely on the support of a large force of United Nations peacekeepers, the country will take full responsibility for maintenance of security over the coming years. This peace and security has allowed

Liberians to return to their farms, start businesses, return to their country from abroad, and to witness leading global firms invest in their country.

To revitalize the economy, the three-pronged economic strategy of the PRS focused on 1) rebuilding critical infrastructure; 2) reviving traditional resource sectors; and 3) establishing a competitive business environment. Initial actions in these areas have set the stage for near term growth. Infrastructure and basic services saw more than USD $500 million of direct investment with key pieces of infrastructure renovated or reconstructed (including airports, ports and roads). During the PRS, nearly 2,500 kilometers of paved and laterite roads were reconstructed or rehabilitated; electrical generation capacity increased from practically zero to 23 megawatt (MW); 48 kilometers of power transmission and distribution lines were constructed or renewed; and implementation on the regional West Africa Power Pool (WAPP) cross-border electrification project began. To revive traditional economic sectors, Liberia attracted leading global firms that have begun to reinvest in forestry, rubber and mining. As a result, exports increased from USD $175 million in 2006 to USD $295.2 million in 2011. In addition, Liberia attracted foreign direct investment (FDI) in several non-traditional sectors including petroleum, oil palm, hotels, finance, industry and infrastructure. In total, FDI is poised to invest roughly USD $16 billion and create more than 100,000 jobs over several years.

However, these investments alone will not suffice to diversify the Liberian economy, nor create jobs for the roughly 500,000 Liberians who will graduate from schools in the next five to 10 years. Therefore, the government has worked to establish a competitive business environment for firms in Liberia. It reformed the Tax Code and the Investment Code, making them more competitive and beneficial to growth. It streamlined business registration processes; established a One-Stop-Shop for customs clearing; and started implementing proactive industrial policies as a way of facilitating the growth of local micro small and medium enterprises (MSME). The government prioritized a stable macroeconomic environment, which is also conducive to growth. Further, it maintained a cash-based balanced budget; significantly increased government revenue; moved toward multi-year financial planning; and achieved USD $4.9 billion of cumulative debt relief under the Heavily Indebted Poor Countries (HIPC) initiative. These actions and their follow-up in the coming years are creating the right incentives for further growth in employment, GDP and public and private investment.

The government also focused strong efforts on improving governance, strengthening justice and restoring confidence in the rule of law. During the PRS period, it created the Liberia Anti-Corruption Commission (LACC), the Public Procurement and Concession Commission (PPCC) and the Liberia Extractive Industries Transparency Initiative (LEITI). To make government institutions more transparent, capable and oriented toward service delivery, the government created a comprehensive Civil Service Reform Strategy, which reduced the number of civil service employees, and rationalized the functions and mandates of a number of ministries and agencies (M&As). The delivery of justice improved as the government developed and implemented a national and county-level case management system; deployed public defenders throughout the country; and replenished the ranks of trained magistrates for the first time in 20 years. Policies that increasingly put power in the hands of local communities are taking hold with the passing of the Community Rights Law, endorsement of a National Decentralization Policy, and the creation of county-level branches for government service-delivery.

The PRS also focused on building the capacity of health, education and social services—improving institutions and service delivery. To improve education, a large number of schools were constructed or rehabilitated and furnished, while teachers were trained and received salaries that matched their

qualifications. School curricula were modernized and aligned with West African standards. In the health sector, functioning health facilities increased from 354 to 550; health workers increased from approximately 5,000 to more than 8,000; and the number of facilities credited for provision of services increased. These investments are beginning to show results in increased school enrollment at all levels; increased levels of schooling and training for teachers; and substantially improved health outcomes.

The *Lift Liberia* PRS and Liberian Government made great strides toward recovery, but it did not meet all of its goals as a result of the enormous institutional and human capacity deficits. Moreover, in the process of addressing institutional concerns, some important opportunities for achieving immediate measurable results were missed. This AfT places greater focus on interventions to target the most pressing problems and binding constraints, while capitalizing on the lessons learned from the *Lift Liberia* PRS.

1.4 REMAINING CONSTRAINTS TO GROWTH

To reach its targeted levels of growth, Liberia will need continued and high levels of investment. As a result of underinvestment during the civil war, combined with the depreciation and destruction of public and private infrastructure, the value of capital stock per unit of labor in Liberia has substantially declined. Currently, the average Liberian worker has about one quarter of the value of capital stock that he or she had prior to 1980.[4] In order to understand the main constraints to higher investment in the country, a growth diagnostic was performed on the Liberian economy. Key remaining challenges to stimulating increased investment and growth include:

- Weak infrastructure—especially roads and power. The World Bank's *Doing Business* survey of Liberian firms shows that 59% identify electricity as a major constraint and 39% identify transportation as a major constraint.[5] Despite the fact that infrastructure programs received the largest amount of funding during the PRS, most of the country is connected only though seasonal laterite roads and occasional electricity. Poor roads limit the ability of farmers to get their goods to markets and constrain some of Liberia's most promising sectors—agriculture, tree crops and forestry. Formal electricity is confined to the capital and power tariffs are USD $0.43 per kilowatt hour (KWH) on average, which is three times higher than the Sub-Saharan African average. Private businesses must rely on their own generators at high costs—a serious constraint to small-scale manufacturing and industrial MSME.

- Difficulty in accessing finance. This constraint is particularly binding for manufacturing and agricultural MSME. Due to a high incidence of non-performing loans, high informality and low financial literacy among borrowers, Liberian banks are risk-averse. Most loans are short-term and extended for trading and other service activities. Loans to manufacturing and agricultural activities, which are needed to fuel the emerging micro, small and medium enterprises (MSME) sector, account for less than 10% of bank loans. Although the government has been easing registration procedures in order to make it more attractive for small businesses to formalize, the majority of firms still exist in the informal sector, limiting their ability to access finance. As a result, only 10% of firms used banks to finance investment in 2009. In the *Doing Business* survey, 40% of Liberian firms cite finance as the

[4] Reference Liberia Growth Diagnostic, World Bank

[5] Enterprise Surveys (http://www.enterprisesurveys.org), The World Bank. Results based on a survey of 150 firms conducted in September 2008- February 2009.

number one constraint of the business environment, compared to roughly 20% in Sub-Saharan Africa and 16% globally.

- Difficulty in launching new export activities, due to missing inputs (also known as coordination failures). Diversifying Liberia's economy beyond the traditional resource-dependent export products and toward a greater variety of agricultural, small-scale manufacturing and services products is a key priority. Although numerous studies have shown that Liberia has comparative advantage in exporting cocoa, coffee and other tree crops, semi-processed agricultural goods and light manufactured textiles, these value chains are still weak and key inputs are missing—such as affordable fertilizer, farm-to-market transportation, cold-storage and affordable electricity. A number of donor, NGO, private sector and government initiatives have been working to address such gaps, but the coordination of these activities remains inadequate.

- Weak and unclear property rights. Land ownership in Liberia has a complex and confusing history, with land rights oscillating between communities and the state. Today, less than 20% of the country's total land is privately deeded and registered. During the PRS-1, the government adopted the Community Rights Law (2006) and the Community Right Act (2009) in order to better formalize community ownership. Despite these attempts, land rights remain poorly defined with many rural lands having overlapping and unresolved ownership. Implementing records management and land registration systems for rural property—a deliverable from the PRS—remains an outstanding priority. In the *Doing Business 2012* indicators, Liberia is ranked 176th out of 183 countries in terms of ease and cost of registering property. Commercial contract enforcement is also a challenge. To address this problem, the government established a separate Commercial Court to help clear the backlog of cases and improve contract enforcement in 2011.

Other challenges to growth and inclusiveness include:

- Low levels of human development. Years of war interrupted schooling for many citizens, resulting in low educational achievements. Further, the war interrupted people's ability to acquire practical work experience, and there is a general lack of management skills, entrepreneurship skills, business- and financial literacy, all of which are essential for the growth of MSME. The education system is still rebuilding and struggling to deliver quality practical and vocational training. Private training and educational support services are still in their infancy. A discrepancy between demand and supply of skills may become even more apparent as jobs are created that require specialized skill training (e.g., specialized personnel in mining, agricultural processing, tourism). The Liberian civil service also faces capacity constraints.

- High administrative and regulatory costs. Although the government has reduced red tape, MSME continue to face unnecessary legal and regulatory burdens and are subject to onerous licensing regimes. The costs of getting permits, paying taxes and trading across borders are still high. Petty corruption (payments for licenses, bribes at check-points, etc.) adds additional burdens.

- Continued risks regarding security and stability. The risk of instability arises both from the threat of internal tensions and external conflicts in neighboring countries. Maintaining peace and security is a *sine qua non* when it comes to attracting domestic and foreign investment and stimulating growth in the long run. As Liberia transitions to taking responsibility for domestic security from UNMIL, significant investment will be needed to maintain a stable and peaceful environment, conducive to the growth of economic activities.

As Liberia moves into its next five-year period of development, the country plans to make significant progress on easing each of these constraints, while prioritizing some over others (e.g., electricity and road infrastructure will be the top priority in the immediate term). Overall, the government's goal is to achieve double-digit rates of economic growth, which is ambitious but achievable if investment continues. If so, Liberia will be well on the path toward the goals of its Vision 2030 as described in more detail in Chapter 2.

Table 1.1: Remaining Constraints to Growth: Diagnostics Matrix

Potential Constraint	Traditional Export Sectors (e.g., concessions, large-scale agriculture)	Non Traditional Tradable Sectors (e.g., small-scale agriculture, manufacturing, tourism, services)
Geography	Not binding. Excellent location, favorable climate, rich in natural resources.	
Infrastructure	Not binding. Can be circumvented through private provision.	Binding. High cost/lack of access to electricity and roads reduces competitiveness of otherwise potentially attractive sectors.
Human capital	A problem, but not currently binding. Traditional sectors can circumvent by importing skilled labor.	A problem, but not currently binding. A lack of education and skills, especially among the population that missed out on schooling during the war. However, unemployment and underemployment among more educated is also high.
Macro risks	Not binding, although risks related to exposure to shocks in international commodity prices will need to be monitored and managed.	Not binding. Future risks related to revenue volatility, commodity price volatility, real exchange rate appreciation and Dutch Disease need to be monitored and managed.
Micro risks	Not binding, but land tenure issues and lack of clarity on land-use policy, including clarity on the concession process, constitute areas of future risk.	Binding. Clarity and security of property rights is an area of concern.
Information externalities	Not binding. Businesses are aware of what opportunities are within reach.	
Coordination externalities	Not binding for large corporations.	Binding, as new activities that require a different set of inputs and skills than what is available generally fail to emerge, especially for MSME in the agriculture sector, processing and manufacturing.
Lack of international finance	Not binding. Liberia is funded to a high degree by external sources and increases in such funding could encounter a limit in absorptive capacity.	
Lack of local finance	Not binding. Capital accumulation by banks has been growing and reserves are sufficient.	
Poor financial intermediation	Not binding for large enterprises that can self-provide finance or source finance internationally.	Binding, banks have capital but are unwilling extend credit (especially long-term loans) to the agriculture and manufacturing sectors due to high perceived risk of non-payment, poor recourse.

Source: Adapted and modified from the Liberia Growth Diagnostic, World Bank, 2011.

CHAPTER 2. LIBERIA RISING 2030—ACHIEVING MIDDLE INCOME STATUS

2.1 INTRODUCTION

Liberia has an aspiration to become a middle-income country by the year 2030. As discussed in Chapter 1, Liberia was on the cusp of becoming a middle-income country by the 1980s; it was one of the highest-income countries in Africa. But years of conflict have reversed the country's development. As part of its development agenda, the government is currently leading the development of *Liberia RISING 2030*, a visioning exercise that includes the perspectives of diverse stakeholders from Liberian society and takes a broad view of Liberia's economic, political, social and human development over an 18-year timeframe (2012–2030). While the visioning process is still underway, the aspiration of becoming a middle-income country characterized by prosperity and inclusion by 2030 is already emerging.

Chapter 2 outlines this vision and defines what middle income means in the Liberian context; it then describes the path that Liberia must follow to reach this goal. The chapter concludes by describing the experiences of a number of other countries as they made their way to middle income.

2.2 A VISION OF MIDDLE INCOME IN THE CONTEXT OF LIBERIA

While there is no strict definition of "middle income" status, it is often defined as per capita income of more than USD $1,000 (in constant terms).[6] Starting out at its current level of income per capita, the technical goal of crossing this middle-income threshold means that Liberia needs to grow at an average rate of approximately 9% per year from 2012 until 2030. This goal is ambitious, but not unachievable. From 2006 until 2010, Liberia's GDP grew at 7% on average and this was before major export activities and investments had been rekindled. Moreover, a number of low income countries that transitioned to middle income during the last decade achieved average gross national income (GNI) per capita growth rate of 9% or higher over an 18-year period, including a number of African countries (Angola, Cote d'Ivoire, Cameroon, Congo, Lesotho and Equatorial Guinea). Several countries in Asia that crossed to middle income in the last decade (including Indonesia, China and Vietnam) had an even faster average 18-year growth—showing what is possible.

While Liberia will use the GNI per capita threshold of roughly USD $1,000 as an overarching target for its economic development, the country must also meet other targets of economic, political, social and human development as well. By 2030, the country aims to have a peaceful and inclusive political system, a diversified economy, stable institutions, and healthy, capable citizens who can enjoy these changes. Streamlined and efficient, the government will earn its legitimacy by providing efficient services to all Liberians, making intelligent investments in public goods and working consciously to equalize economic opportunities, while relying increasingly on market forces and proper regulation. Working with traditional systems, the government will administer and enforce justice and rule of law.

[6] The World Bank defined middle-income countries as those with a GNI per capita level above $1,005 and below $12,275. Gross National Income (GNI) comprises the total value of all goods and services generated by a country in one year (its GDP) plus the net income from domestic factors of production used abroad (notably interest and dividends) minus the income of foreign factors of production operating in a country. The World Bank measures GNI according to the Atlas method, which adjusts for exchange rate fluctuations and reports each country's income in real U.S. dollars. (http://data.worldbank.org/about/country-classifications).

The goal is to have a vibrant economy; one in which more than half of the workforce is employed in the formal sector. This is led—but not dominated by—the concessions economy, which is integrated into a prosperous Liberian economy. Liberians are successful managers and are entrepreneurs by choice. People trust that contracts and business agreements will be honored, all of which are supported by transparent, fair and efficient Commercial Courts. Agriculture continues to provide the majority of jobs; to produce the majority of non-resource exports; and to bring food security to Liberians. Manufacturing firms also thrive, mostly focused on serving Liberia and the sub-region, but also for labor-intensive exports. Services for export, including call centers and back office tasks, have begun to prosper. A special economic zone in Buchanan permits complex activities to service the extractive sector in the sub-region, while also acting as a staging ground for institutional reforms at the national level. Buchanan has established itself as the finance and business service capital of the sub-region, and opens its arms to international businesses. Smaller commercial zones on the borders with Guinea, Sierra Leone and Ivory Coast serve as bridges of peace and prosperity, backstopping a broader regional integration of tariffs and infrastructure. The macro-economy is stable, with taxes and expenditures simple, efficient and transparent.

Liberia's renewable resources are well managed and resource rents are monitored and taxed efficiently. Their spending is insulated from short-term political influence through strong institutions that serve the national interest. Financed directly and through public-private partnerships (PPP), the construction and maintenance of quality infrastructure and their management reduces transport and energy costs for non-resource sectors and makes dependence on foreign aid and loans no longer necessary. Health and education standards approach regional benchmarks in a mutually motivating effort between public and private provision and partnerships. Liberians are saving, confidently, for their own futures and average incomes in have reached the middle-income threshold.

2.3 THE PATH TO MIDDLE INCOME

Including Liberia, currently there are 35 low-income countries (LICs) in the world, of which 26 are Sub-Saharan African countries.[7] In recent years, many LICs have experienced rapid growth and are quickly approaching the middle-income threshold. Liberia is currently among the poorest countries in this group—although in 1979, it was the third wealthiest and on par with many other countries that have since crossed over into middle-income. Table 2.1 shows the 33 countries that have crossed from low- to middle-income status during the period 2000–2011.[8]

Table 2.1: Countries that Crossed into Middle-Income, 2000–2011

Period	Country Name	Total
2000–2002	China, Equatorial Guinea, Honduras, Syria	4
2003–2005	Angola, Azerbaijan, Bhutan, Congo, Rep., Georgia, Indonesia, Turkmenistan	7
2006–2008	Cameroon, Ghana, India, Lesotho, Moldova, Mongolia, Nicaragua, Nigeria, Papua New Guinea, Sao Tome & Principe, Sudan, Timor-Leste	12
2009–2011	Cote d'Ivoire, Lao PDR, Mauritania, Pakistan, Senegal, Solomon Islands, Uzbekistan, Vietnam, Yemen, Zambia	10

Source: World Development Indicators (WDI). Sub-Saharan African countries underlined.

[7] Per the World Bank definition of "low-income" of GNI per capita (Atlas method) of less than US$1,005.

[8] Countries shown in the first year in which their GNI per capita exceeded the threshold of US$1,005. Data from the World Bank World Development Indicators. July, 2011.

This large number of transitions is a result of exceptional short-term growth combined sustained long-term growth in a number of countries. Due to a favorable external environment, the majority of these countries experienced an average growth rate of more than 10% per year during the 2000s. Over the 18-year period (comparable to the time in which Liberia aspires to reach middle income), the average growth of the whole group was 7.1%, ranging from 1.5% in the Solomon Islands to 22.7% in Equatorial Guinea.

What are some of the lessons that Liberia can draw from the experience of these countries? While there was no "silver-bullet" that can explain the transition to middle income for all, some broad similarities exist:

Favorable external environment. Strong global demand and high prices for primary commodities in the years leading up to the late 2000s improved terms of trade and fueled income growth.[9] Some of the strongest performers overall, in terms of average GNI per capita growth, were resource-intensive economies: Equatorial Guinea, Angola, Azerbaijan and Turkmenistan, each with share of resource rents in GDP of more than 50%. However, a number of these countries also saw reversals in their terms of trade starting in 2008, which illustrates the risks associated with the boom-bust nature of commodity prices for resource-exporting countries.

Improvements in the business environment. The 2000s gave birth to a number of new indicators for tracking and benchmarking country performance on measures of the business environment[10] and many countries took up reform agendas. Almost all countries that transition to middle income achieved positive improvements in the absolute level of their business environment and governance indicators. For example, Ghana, Lesotho and Senegal achieved significant improvement in business reform indicators. Congo, Cote d'Ivoire and Nigeria achieved significant improvement in governance indicators.

Gains in human development. The Human Development Index (HDI) measures life expectancy, educational attainment and income. Each crossover country experienced an improvement in the HDI during the 2000s, even after excluding GNI per capita from the index to focus on the other measures of performance.[11] The best performers improved the HDI by more than 15% cumulatively and include Yemen, Indonesia, Pakistan, Senegal and India. Other top performers on this measure included Mongolia, Nicaragua, Solomon Islands, Lao and Honduras. Overall, the short-term growth of these countries was on average less than that of the resource-intensive economies. However, resource-intensive countries were less likely to enact reforms that were as significant.

Dividends of sustained peace. Nine of the 33 countries that transitioned had experienced a period of war in the 15 years leading up to 2005, but were not at war in 2010. These countries experienced somewhat higher average short run GNI/capita growth compared to the group as a whole; however, they had significantly lower average 18-year growth. This suggests some effect of conflict recovery or a "peace dividend" in the short term but not in the long term.

Table 2.2 shows selected economic and development indicators for low-income countries, for the group of countries that crossed to middle income in the last decade and for Liberia. It suggests that Liberia

[9] The commodity prices index for all commodities published by the International Monetary Fund marked an increase from 63.2 in 2002 to 152.2 in 2010 (with 2005=100). Source: International Finance Statistics (IFS).

[10] For example, the World Bank Doing Business index and Enterprise survey; the Global Competitiveness Report of the World Economic Forum, the index of Economic Freedom by the Heritage Foundation and others.

[11] The only exception was Lesotho where the HDI declined due to a recorded decrease in average life expectancy.

needs to play catch-up on many economic indicators in order to reach middle-income status, including its level of GNI per capita, share of industry and services in GDP, domestic taxes and savings. One advantage is Liberia's competitiveness on the doing-business indicators (including a low tax rate) with many LICs and MICs—however, its infrastructure is a clear disadvantage compared to other countries.

Population indicators show that Liberia has a significantly lower population density than its peers, while fertility is higher than other countries. Moderate population growth is an important factor in achieving higher per capita wealth. Health and education indicators show that Liberia is lagging behind its peers on most indicators, but not by a far margin. In fact, statistics suggest that the country already has a higher youth literacy rate compared to LIC peers. If concentrated efforts and recent trends in progress in health and education indicators continue, Liberia can expect to catch up.

Table 2.2: Liberia, LICs, and countries that crossed to Middle Income

Outcome	Liberia (2010)	LICs, avg. (2010)	Crossover cos., avg.(2000-2010)
Economic indicators			
GNI per capita (current US$)	200.0	507.8	1,110.3
Manufacturing, value added (percent of GDP)	12.7	9.4	11.9
Industry, value added (percent of GDP)	16.8	22.0	37.4
Services, value added (percent of GDP)	21.9	45.8	42.9
Agriculture, value added (percent of GDP)	61.3	32.2	19.4
Inflation, consumer prices (annual percent)	5.9	check	8.5
External debt stocks (percent of GNI)	29.4	54.4	46.9
Net ODA received (percent of GNI)	69.9	16.0	8.0
Tax revenue (percent of GDP)	31.9	11.7	16.1
Taxes on international trade (percent of revenue)	38.6	17.3	10.6
Gross capital formation (percent of GDP)	20.0	21.9	28.2
Gross savings (percent of GNI)	(2.7)	14.7	24.7
Total natural resources rents (percent of GDP)	15.6	6.0	22.6
Price of exports vs. imports (2000 = 100)	147.4	106.4	127.0
Business indicators			
Cost to export (US$ per container)	1,232.0	2,187.3	1,371.5
Domestic credit to private sector (percent of GDP)	16.0	19.5	25.8
Interest rate spread (lending rate - deposit rate, percent)	10.1	33.8	12.3
Firms using banks to finance investment (percent firms)	10.1	11.6	19.7
Informal payments to public officials (percent of firms)	55.2	40.0	41.4
Strength of legal rights (0=weak to 10=strong)	4.0	4.7	4.6
Total tax rate (percent of commercial profits)	43.7	82.6	46.2

Outcome	Liberia (2010)	LICs, avg. (2010)	Crossover cos., avg.(2000-2010)
Infrastructure			
Electric power consumption (kWh per capita)	-	381.6	660.1
Passenger cars (per 1,000 people)	2.0	12.7	26.2
Internet users (per 100 people)	0.5	4.3	6.5
Population			
Population density (people per sq. km of land area)	41.5	136.0	80.7
Fertility rate, total (births per woman)	5.3	4.7	3.7
Population growth (annual percent)	4.0	2.3	1.9
Population ages 0-14 (percent of total)	43.5	40.8	36.4
Rural population (percent of total population)	38.5	68.3	58.2
Education			
Literacy rate, adult (percent of people ages 15+)	59.1	61.6	76.3
Literacy rate, youth (percent of people ages 15-24)	75.6	73.3	85.6
Trained teachers in primary education (percent of total)	40.2	73.8	82.0
School enrollment, secondary (percent gross)	–	37.2	51.0
School enrollment, tertiary (percent gross)	–	6.4	12.8
Public spending on education, total (percent of GDP)			4.4
Health			
Life expectancy at birth, total (years)	55.5	56.2	62.3
Mortality rate, under-5 (per 1,000)	102.6	109.4	75.2
Prevalence of HIV (percent of population ages 15-49)	1.5	3.0	2.5
Improved water source (percent of population w/ access)	68.0	65.2	73.6
Improved sanitation (percent of population w/ access)	17.0	33.4	50.6
Health expenditure, total (percent of GDP)	13.2	6.3	5.5
Public Administration			
Quality of public administration (1=low to 6=high)	2.5	2.8	3.0
Military expenditure (percent of GDP)	0.8	1.8	2.1
Proportion seats held by women in parliament (percent)	12.5	18.0	13.6

Outcome	Liberia (2010)	LICs, avg. (2010)	Crossover cos., avg.(2000-2010)
Poverty and Employment			
Poverty headcount ratio at $2 a day (purchasing power parity) (percent pop.)	94.8	74.3	48.6
Poverty headcount ratio at $1.25 (purchasing power parity) (percent pop.)	83.7	50.7	25.1
GINI index (0=equal, 100 = unequal)	38.2	40.1	39.1
Employment to population ratio, 15+, total (percent)	67.1	70.4	59.3

Source: World Development Indicators. For Liberia and LICs, data presented is 2010 or most recently available data. For crossover countries, data is for the year in which the country first became middle-income or closest to that year for which data is available.

Before this paper discusses the goals and the objectives needed for Liberia to reach middle income, it is important to discuss its starting point—the internal context of poverty, geography and population. External environments are also critical to defining the opportunities and risks to countries' development agendas, as shown in the experience of countries that have transitioned to middle income. Therefore, the next two chapters focus on the internal and external context of Liberia. Chapter 3 explores internal population, geography and poverty while Chapter 4 examines the external opportunities and threats that are likely to affect development in Liberia.

CHAPTER 3. GEOGRAPHY, POVERTY AND POPULATION

3.1 INTRODUCTION

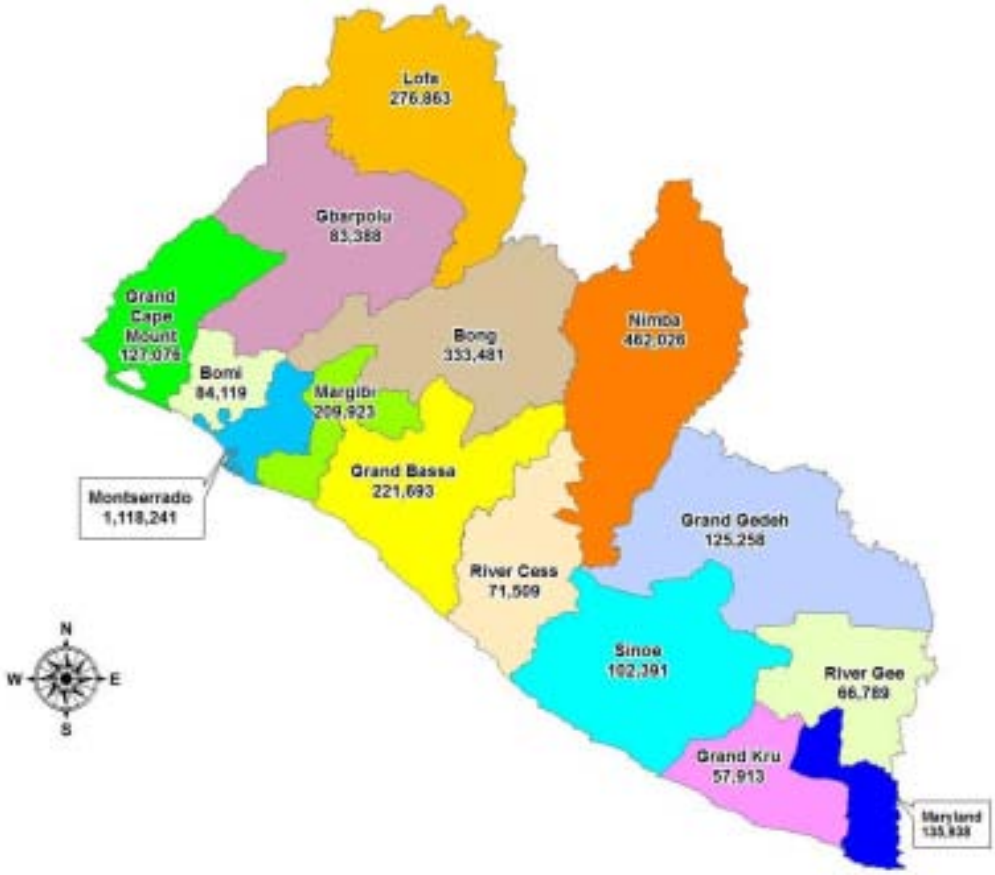
Despite achievements of recent years, Liberia remains one of the poorest nations in the world as it recovers from decades of conflict. Both a challenge and an opportunity, more than 50% of its population is comprised of young adults—aged between 15 and 34 years. While this population is highly urbanized and increasingly educated, high population growth and urbanization exert pressure on available resources (basic services, infrastructure and jobs) and must influence strategic decisions. Considering future trends in population is critical as some estimates show the population doubling by 2038. Finally, understanding what it means to be poor in the Liberian context and which regions and groups are most vulnerable to poverty informs the strategic choices of this AfT, whose purpose is to provide greater access to opportunity and improve livelihoods for all Liberians.

3.2 GEOGRAPHY AND DEMOGRAPHICS IN LIBERIA

The Republic of Liberia occupies about 37,420 square miles and is located on the western bulge of Africa; bordered by Guinea to the north, Cote D'Ivoire to the east, Sierra Leone to the west and the Atlantic Ocean to the south. It is the oldest independent nation on the west coast of Africa and consists of 17 ethnic groups, including indigenous populations and descendants of repatriated American slaves who founded modern Liberia in 1822. The capital Monrovia is the seat of the central government and the country is further divided into 15 administrative divisions known as counties: Bomi, Bong, Gparbolu, Grand Bassa, Grand Cape Mount, Grand Gedeh, Grand Kru, Lofa, Margibi, Maryland, Montserrado, Nimba, River Cess, River Gee, and Sinoe (Figure 3.1). By far the most populous is Montserrado County, which houses the capital, followed by Nimba, Lofa and Grand Bassa counties.

Liberia's topography features coastal lagoons and mangrove marshlands, rain forest and mountainous plateaus. Liberia's coast runs 350 miles and is home to some of the the country's largest cities and conducive to fishing and tourism. The rain forest occupies roughly 45% of Liberia's land and is the source of its timber resources. The plateaus are cultivated for agriculture (27% of land) and the mountains (including Mount Nimba and Putu Mountain) are home to mineral resources—especially iron ore, gold and diamonds. Liberia also has significant hydraulic resources including the Cavalla River, the St John River and the St Paul River, conducive for the development of hydro-electricity.

Figure 3.1: Counties in Liberia and the Spatial Distribution of Population, 2008



3.3 LIBERIA'S POPULATION

Liberia's population has a number of notable features including 1) A high rate of fertility; 2) an extremely high ratio of youth; 3) a high degree of urbanization; and 4) relatively high literacy and education levels among the youth. Table 3.1 shows the population trend over the past five decades. According to the 2008 census, the population of Liberia was close to 3.5 million. While overall population density is still relatively low, population growth rates are high. The population grew at an average rate of 3.3% annually between 1962 and 1974 and 3.4% during 1974 and 1984. Between 1984 and 2008, average growth was 2.1%, reflecting the population exodus and losses during the civil war.

Table 3.1: The Population trends of Liberia, 1962–2008 (census statistics)

	1962	1974	1984	2008
Population	1,016,443	1,503,368	2,101,628	3,489,072
Population change	-	486,925	598,260	1,387,444
Average annual increase	-	40,577	59,826	57,810
Percentage increase (total)	-	48	40	66
Average annual rate of growth	-	3.3	3.4	2.1
Sex ratio (male to female)	-	-	102.0	102.3

Fertility levels, while below the levels of the 1980s, are still very high. There is some evidence that the fertility rate has declined from 7.1 in 1984 to 5.8 in 2008. During this time, infant mortality was reduced almost by half, from 144 deaths per 1,000 live births in 1984 to 78 deaths per 1,000 live births in 2008. Because of these trends, Liberia's population is very young with 42% below the age of 15. The result is a lot of pressure on the provision of health care, education, housing, food, transportation and employment. Even if fertility levels decrease, the existing dynamic means that the dependency ratio will remain high for years to come and Liberia is unlikely to see a demographic dividend in the next several decades.

During the civil war, Liberia saw a large internal migration from rural to urban areas; its urbanization is now much higher than other low-income countries. As of 2008, 48.7% of households lived in urban areas and 51.3% lived in rural areas. Despite the high urban density (especially Monrovia), people are reluctant to return to rural areas where there is more poverty and fewer economic opportunities. Table 3.2 shows the rural-urban dichotomy of Liberia. While fertility averages 4.9 children per mother in urban areas, the rural area average is 6.5 per mother. Infant mortality is higher in rural areas (84/1000) compared to urban areas (68/1000) and both maternal and under age 5 mortality rates are higher in rural areas. Literacy is also lower among the rural population.

Table 3.2: Select Demographic Features of Liberia by County

	Fertility (children/ woman)	Population Growth Rate (average 1984-2008)	Mortality			Literacy Rate (adults)	Total Population
			Infant (per 1000 births)	Maternal (per 100,000 births)	Under-5 (per 1000 children)		
Bomi	6.6	0.9	109	967	171	45.8	82,036
Bong	5.9	1.0	76	909	115	39.1	328,919
Gbarpolu	6.7	2.3	74	586	117	40.7	83,758
G.Bassa	6.1	1.4	101	854	160	35.6	224,839
G.Cape Mount	6.1	2.0	100	1,679	154	40.5	129,055
G.Gedeh	6.3	2.9	65	744	81	42.8	126,146
G.Kru	7.9	0.4	92	923	132	50.6	57,106
Lofa	6.2	1.3	93	1,114	136	40.4	270,114
Margibi	5.5	1.1	78	633	117	54.2	199,689
Maryland	6.5	2.8	72	1,934	81	58.9	136,404
Montserrasdo	4.8	3.5	70	615	98	72.6	1,144,856
Nimba	6.2	1.7	64	1,052	95	56.3	468,088
Rivercess	6.4	2.3	72	681	108	38.0	65,862
Rivergee	7.8	2.2	62	435	86	53.8	67,318
Sinoe	6.9	2.1	70	1,274	99	49.7	104,932
Liberia	5.8	2.1	78	890	119	55.9	3,476,608
Urban	4.9		68	686	95	70.4	1,633,824
Rural	6.5		84	1,057	125	57.9	1,842,889

(LISGIS 2008 Population & Housing Census)

A Brief History of the Population Program in Liberia and Available Sources of Data

Prior to the war, Liberia had undertaken censuses in 1962, 1974 and 1984; however, the statistics from these are either extremely scarce or completely lost. Since the end of the war, the country conducted the Liberia Demographic & Health Survey (LDHS) in 2007 and the National Population and Housing Census in 2008. Because there are no complete population registers and surveys have not been conducted on a regular basis, the resulting demographic statistics must be interpreted with a degree of caution.

In order to ensure an effective integration of population variables into national development planning, the Liberian Government created the National Committee on Population Activities (NCPA) in 1983 and the National Population Commission (NPC) in 1988. The NCP developed an institutional framework for coordinating population activities in the country known as the National Population Commission, comprising twenty public and private agencies. The commission formulated a policy known as "National Policy on Population for Social and Development" in 1988, which was subsequently revised in 2005.

3.4 DIMENSIONS OF POVERTY IN LIBERIA

Many approaches are used in measuring poverty among people. One such approach is the income and consumption expenditure approach—this approach defines a threshold at which those individuals or households living below it are considered poor. A threshold of USD $1 a day indicates that 64% of the Liberian population lives on less. This varies from 68% in rural areas to 55% in urban areas.

The 2008 census employed two additional ways to determine poverty. The first concept is the Unmet Basic Needs (UBN) Index, which gauges the extent to which households and individuals strive to satisfy their basic needs. The goods and services included in this index are quality of housing, ownership of assets, access to health services, safe water, solid waste management system, literacy and unemployment status of the household head among others. The UBN approach shows that poverty is widespread in Liberia. According to the census, Rivercess County had the highest proportion of households with unmet basic needs (82%), followed by Grand Kru County (78%) and Gbarpolu and Rivergee (75% each). These counties are geographically isolated with poor road conditions; lack basic social services; and are less intense in concession and other vibrant economic activities.

Table: 3.3: Distribution of Poor Population by County

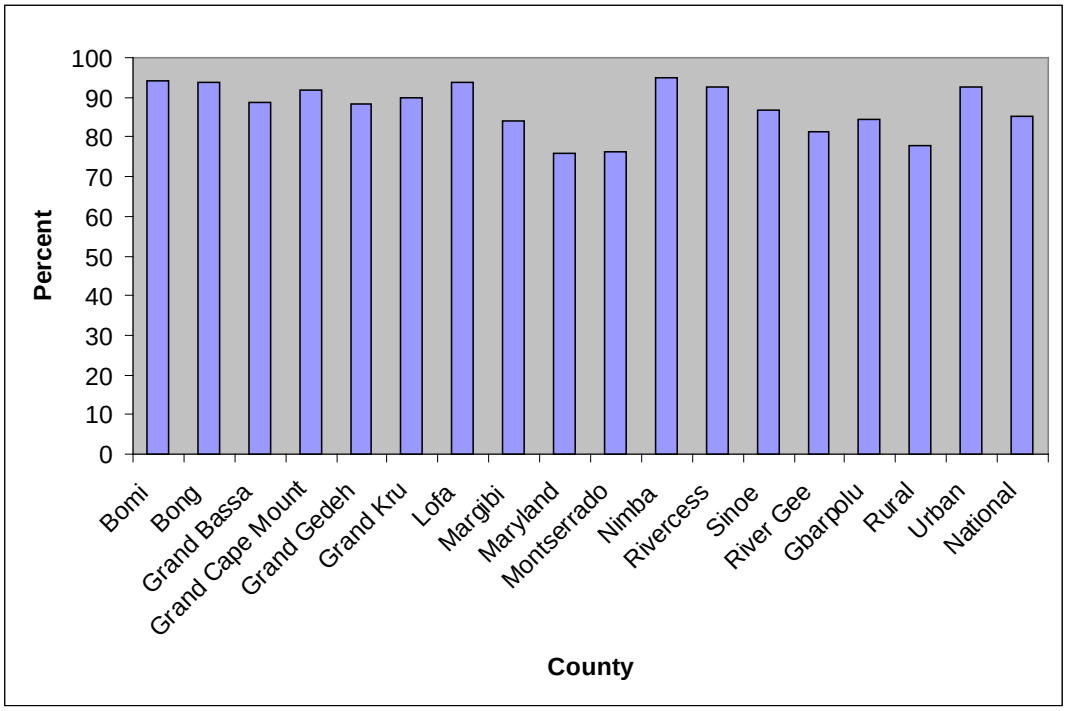
County	UBN	Population	Number of Poor
Bomi	69.6	82,032	57,094
Bong	71.8	328,107	235,540
Grand Bassa	74.0	213,480	157,975
Grand Cape Mount	72.2	124,540	89,933
Grand Gedeh	71.7	123,372	88,504
Grand Kru	78.4	57,402	45,003
Lofa	73.0	273,031	199,415
Margibi	60.7	207,437	125,862
Maryland	63.7	134,778	85,854

County	UBN	Population	Number of Poor
Montserrado	45.4	1,093,150	495,743
Nimba	65.7	452,110	297,037
Rivercess	82.3	69,905	57,523
Sinoe	73.7	101,306	74,637
River Gee	74.7	63,843	47,659
Gbarpolu	75.0	81,385	61,018
Rural	74.6	1,602,408	1,194,996
Urban	47.7	1,819,347	868,511
National	61.5	3,405,877	2,095,892

(LISGIS, 2008)

Another proxy used in poverty analysis is "essential asset" and "non-essential asset" deficiency. Non-essential asset deficiency entails the absence of items such as a vehicle, television or mobile phone, while essential deficiency means the absence of a mattress, basic furniture or radio. According to 2008 census figures, essential assets deficiency in Liberia was about 85% on average. Non-essential assets deficiency was about 96%. Nimba, Bong, Grand Cape Mount, Bomi and Rivercess counties were found to have the highest essential assets deficiency, all with a ratio of more than 90% deficiency. Of the remaining counties, only Montserrado and Maryland counties had a less than 80% deficiency (Figure 3.2).

Figure 3.2: Percentage of Households with Essential Assets Deficiency by County



3.5. OTHER DIMENSIONS OF POVERTY

Lack of access to infrastructure represents another dimension of poverty. Electricity deficiency for both lighting and cooking stands at about 95% in Liberia. Pipe-borne water as main source of drinking water is low and water deficiency is about 61%. The incidence of improper waste disposal is very high with 87% of households having no access to flush toilets on a regular basis.

Unemployment and under-employment is another proxy for poverty. According to the 2008 census, of the 2,834,733 Liberians of working age, 37.5% (1,062,924) were employed, 10.6% (299,889) were unemployed and 51.9% were inactive. Those considered inactive are most often in school or attending to household duties. The relatively moderate rate of official unemployment masks a much larger problem of high job informality and vulnerable employment. According to the 2010 Liberia Labor Force Survey, 68% of employed Liberians work in the informal sector without regular wages and benefits. Over half of the employed population is self-employed or provides non-wage labor within their households. In rural areas, a significant portion of the labor force is in traditional small-scale agriculture and family work rather than cash crop production. More than half of those employed are uneducated, which leads to low productivity and low wages. Overall, Liberia faces the dual challenge of improving the quality and productivity of work for those with vulnerable employment and of creating work for young people who will enter the labor force in the coming years.

Lack of access to education is also a facet of poverty. Many Liberians' education was interrupted by war. Among the population older than age 15, only 19% have attained some level of primary education, while 15% have attained some level of secondary education. However, the number of students completing primary and secondary education has increased over the years; as a result, youth today are significantly more educated than previously. According to the 2008 census, 69% of the population between the ages of 15 and 24 are literate.[12] This is fairly high among African countries. However, large disparities continue to exist between urban and rural areas and among the different regions of Liberia. While urban dwellers have an average literacy rate of 70%, about 58% of their rural counterparts are literate. At the county level, literacy rates range from a low of 36% in Grand Bassa to a high of 73% in Montserrado. Quality of education remains another concern. As of the 2007/2008 National School Census Report, only 41% of the teachers in Liberia were trained. However, teacher training institutions are currently operating and increasing the number of teachers with formal training.

Years of conflict also disrupted the health care delivery system, with poor access to health care being yet another dimension of poverty. While the health sector is transitioning from emergency to development—data from the Ministry of Health and Social Welfare (2009) showed a significant increase in the number of health facilities in Liberia, including those managed by the state, NGOs and private individuals and organizations—a large percentage of the population, especially the rural and urban poor, still has limited access to health and social welfare. The result is poor health outcomes, in particular a high incidence of malaria, accounting for 69% of the total most prevalent diseases cases in 2009; high maternal mortality; and high child mortality. The government has sought to establish a package of free basic health care of acceptable quality, the Basic Package of Health Services (BPHS), and make it available in 70% of the health facilities by 2010. However, lack of access to health care services remains a concern.

[12] According to the 2010 Liberia Labor Force Survey, the literacy rate among those in the 15–24 year age bracket was 79.3 percent.

3.6. DEMOGRAPHIC PROJECTIONS

A recent analysis of population trends in Liberia, commissioned as part of the Vision 2030 process, created projections of population variables to facilitate strategy development and planning. The key determinant of population levels and trends is inevitably how fast fertility is reduced. Assuming that fertility levels fall from current levels of 5.2 in 2008 to 2.4 (low scenario), 3.5 (medium scenario), or 4.2 (high scenario) by 2038, the population of Liberia is likely to grow anywhere from 53% to 90% in total (Table 3.4).

Table 3.4: Total Population—Under Three Different Fertility Scenarios, 2008–2038

Year	Low	Medium	High
2008	3,492,563	3,492,563	3,492,563
2018	4,217,685	4,382,387	4,405,151
2028	4,853,604	5,312,861	5,428,245
2038	5,347,245	6,264,192	6,600,037

Source: Retrospective Analysis of the Liberian People, *Ministry of Planning and Economic Affairs* (2011).

An important contributor to reducing fertility is the rate of female employment—since women's fertility levels drop in response to high levels of employment. Under current projections, the demographic dividend is not likely to occur in Liberia until about 2050. At that time, the working-age population will have grown to at least 4 million. If Liberians enjoy high employment rates and women have fewer children, there will be a significant shift in the age structure of the population. If employment levels are low (particularly for women), fertility moderation may not materialize, which will lead to higher population growth and greater demand on resources.

Table 3.5: Working-age Population Under Three Different Fertility Scenarios, 2008–2038

Year	Low	Medium	High
2008	1,916,979	1,916,979	1,916,979
2018	2,518,497	2,518,497	2,518,497
2028	3,136,426	3,195,731	3,200,704
2038	3,653,670	3,924,601	3,981,286

Source: Retrospective Analysis of the Liberian People, *Ministry of Planning and Economic Affairs* (2011).

Closely tied to employment and fertility rates is education. Thus, the provision of universal primary education offers a solid foundation to improve household decision-making and job opportunities in a way that promotes socioeconomic development and reduces fertility levels. Recognizing the importance of education of boys and girls, the GOL is already committed to boosting primary school enrolment through its "free and compulsory primary school" policy. Table 3.6 shows a projection of education-

sector requirements based on assumptions of medium fertility and 100% enrolment by 2015 (MDG target of universal primary education).

Table 3.6: Educational Sector Indicators Under Medium Fertility Scenario, 2008–2038

Indicator	2008	2018	2038
Children of primary school age	564,734	670,010	828,199
Primary teachers required	7,969	14,889	18,404
Children of Secondary school age	469,415	571,525	767,391
Secondary school teachers required	2,691	6,553	8,799

Source: Retrospective Analysis of the Liberian People, *Ministry of Planning and Economic Affairs* (2011).

Table 3.7: Health Sector Indicators Under Medium Fertility Scenario, 2008–2038

Needs	Projection	2008	2013	2018	2023	2028
Physicians required	Current situation	113	128	142	157	173
	WHO level[1]	699	787	881	976	1073
Nurses required	Current situation	1399	1573	1756	1941	2129
	WHO level[2]	4989	5624	6295	6974	7663
Health Centers required (Private & Public)		467	525	586	648	711
Hospitals required		31	35	39	43	47
Additional Annual Health Expenditure in US million dollars		101.3	113.9	127.1	140.5	142.3
Population at high risk in millions		1.4	1.6	1.8	1.9	2.1

[1] Estimation of Physicians required, based on WHO Doctor Patient Ratio of 1:5000
Estimation of Nurses required, based on WHO Nurse Patient Ratio of 1:700

Source: Retrospective Analysis of the Liberian People, *Ministry of Planning and Economic Affairs* (2011).

As discussed, Liberia's current fertility rates are high and available resources to meet the population's basic needs are inadequate. Moreover, there is little evidence that the current high dependency ratio will dramatically change in the next several decades, due to the inherent population momentum due to earlier periods of high fertility. High population growth will stretch demand for basic social services for years to come. In order to counteract these trends, Liberia needs to increase the provision of basic social services and stimulate job growth, while simultaneously reducing fertility levels through education and economic opportunities for girls and young women. Liberia will also need to increase economic opportunities in its rural areas to counter high rural-to-urban migration.

Section III of this strategy identifies how to address these trends, including the need to improve basic service delivery; create economic opportunities rural and urban areas; improve human development outcomes; and prioritize the education and empowerment of women and girls.

CHAPTER 4. CHAPTER 5. EXTERNAL ENVIRONMENT—OPPORTUNITIES AND CHALLENGES

4.1 INTRODUCTION

The last decade has seen a number of developing countries rise to the global stage of political and economic power, most notably Brazil, Russia, India and China (BRICS). Their rise has in turn affected global supply and demand for resources, capital and labor. As a resource-rich country on the African continent, Liberia can expect to leverage the strong global demand for resources and the appetites of investors to invest—both in export sectors, such as resources and agriculture and in non-traded sectors, such as infrastructure, local retail, telecommunications and finance. Rapid expansion of investment in mining and infrastructure can drive the kind of GDP growth that Liberia needs to reach the middle-income threshold. However, in order for such growth to be sustainable, the Liberian government will need to carefully manage the negative side effects of openness and the internal social, demographic and political risks that can result. This chapter highlights the opportunities and challenges of Liberia's external environment.

4.2. OPPORTUNITIES POSED BY THE EXTERNAL ENVIRONMENT

A strong demand for resources and agriculture: Global demand for primary resources and food is driven primarily by global population and income growth. According to the United Nations, the world population is expected to grow from 7.0 billion in 2011 to 9.3 billion in 2050.[13] The Food and Agriculture Organization (FAO) estimates that global food production needs to increase roughly 50% from current levels in order to meet future demand for food by 2050.[14] In addition, the world's incomes per capita will continue to grow at about 4% for the foreseeable future.[15] Sub-Saharan Africa is projected to grow between 5 and 6% per year.

As a result of these trends, prices of petroleum, minerals, grains and other basic materials have been high since the early 2000s. On the supply side, agricultural yields have reached a plateau in many of the world's food producing regions. Established sources of energy and minerals are also becoming less productive and global companies are turning to new sources—Liberia can harness these trends. Among African countries, Liberia currently has one of the lowest agricultural yields and lowest intensities of land use, meaning that there is an opportunity for farmers to increase productivity. Liberia is also rich in iron ore and other minerals. It has already signed agreements that are posed to contribute more than $10 billion of investment into the mining sector over the next few years. Oil exploration activities on the shores of Liberia are also underway. Well-managed investments in these areas have the potential to propel Liberia's growth and fund diversification and development in other areas of the economy.

The globalization of investment: In the last two decades, global foreign investment flows have increased more than fivefold, from USD $207 billion in 1990 to USD $1.2 trillion in 2010.[16] Foreign investment to

[13]United Nations: *World Population Prospects. The 2010 Revision*. New York. Baseline projections assume that fertility rates stabilize at replacement-level (close to 2 per children per woman). An actual result in which fertility rates are just a half child higher could lead to a total population of 10.6 billion in 2050 and 15.8 billion in 2100.

[14] Food and Agriculture Organization of the United Nations: FAO Investment Centre.

[15] International Monetary Fund: *World Economic Outlook*. September 2011.

[16] UNCTAD. www.unctadstat.unctad.org.

Africa increased from USD $11 billion in 2000 to USD $55 billion in 2010, surpassing both aid and remittances. Given the potential for growth that followed the many years of underinvestment, direct foreign investment to Liberia rose from virtually nothing to USD $1.3 billion in 2006–2010. And the benefits of foreign investment go beyond just capital. Foreign investment can bring management methods, skills, technology, new industries and sectors, and a productive "know-how" and facilitate the growth of other industries. It can also serve to create demand for upstream and downstream local products and services, stimulating the growth of local enterprises. It brings tax revenue to governments, which can be used for various development priorities. Liberia has already embarked on programs that seek to connect its local businesses and entrepreneurs with large concessionaires in order to foster linkages and multiply the benefits of their presence it the country. This represents an opportunity for continued growth, as the government is committed to continue such initiatives under the current development agenda.

New actors: BRIC, among others, have increasingly expanded their global footprint. From 1990 through 2008, Asia's share of Sub-Saharan trade doubled, while Western Europe's portion declined from 51 to 28%.[17] Today, countries in Sub-Saharan Africa conduct half of their trade with developing regions (South-South). China accounts for about 40% of global metal consumption and 18% of energy consumption. It also is home to the world's largest reserves of capital, which it is increasingly investing abroad. The rise of China and other major actors, and competition among them for resources and markets, has increased the opportunities for governments to negotiate mutual beneficial agreements, such investments in local infrastructure. Since 2005, China's monetary commitments to infrastructure in Africa have exceeded those of the World Bank.[18]

Philanthropic organizations, NGOs, social enterprises and other partnerships are also experimenting with more creative development models. While these actors still account for a small share of total capital flows to developing countries, they face fewer constraints and thus can more easily innovate, test new models and scale up proven successes. Liberia has already attracted significant investment by enterprises from China and other emerging economies, as well as provided open doors to a host of developmental and social enterprises.

Technological innovations: New innovations in technology are continuously creating opportunities to enhance domestic and global governance. For example, recent years have witnessed international efforts to price and trade rights to environmental externalities. Developed countries have plans to spend billions of dollars to sequester carbon by reducing emissions from deforestation and forest degradation. Many developing countries, due to their less intense use of land and lower agricultural productivity, face relatively lesser costs of environmental abatement. Liberia is in a position to benefit from abatement programs due to its vast forest reserves if these markets develop. African countries are also implementing biometric identification technology, which can enable direct transfers from governments to citizens and thus improve economic governance. Liberia is well positioned to experiment with such technologies. Finally, with advancements in information technologies, citizens have more and better ways both to shape and oversee their governments.

Regional integration: Compared to other regions of the world, African countries are still not highly integrated with one other. Trade between African countries represents just 12% of the continent's total

[17] McKinsey Global Institute.

[18] McKinsey Global Institute.

exports and imports, compared to 21% for Latin America and 39% for Asia.[19] Expanding intra-African trade and creating larger regional markets provides opportunities for future growth. In the Economic Community Of West African States (ECOWAS), intra-regional trade accounts for approximately 10%.[20] However, the community is taking steps toward increasing cooperation and decreasing barriers with the goal of creating a single market by 2030. Regional infrastructure projects are also on the rise. Liberia is partnering with Sierra Leone, Ivory Coast and Guinea on the West African Power Pool (WAPP), a USD $500 million regional power transmission and distribution project expected to decrease the cost and increase the year-round availability of power. The ECOWAS countries are also working toward a regional Road Transport and Transit Facilitation program, which includes the planned development of integrated border posts and a West African regional interconnecting railway network.

4.3. CHALLENGES POSED BY THE EXTERNAL ENVIRONMENT

Volatile commodity prices: Commodity boom and bust cycles have been pronounced in recent years. A commodity boom and the following "food crisis" reached a peak in 2008, when prices for staples doubled or tripled. From the perspective of food- and commodity-importing countries such as Liberia, increased volatility can endanger food security, exacerbate poverty and even lead to unrest. The GOL counteracted the 2008 price increase in rice relatively well though proactive policies that limited exports and mark-ups on rice. However, it is critical that governments keep close watch on global trends in demand and prices, ready to proactively counteract large volatilities. Liberia's natural advantages as a food producer and the strategy to strengthen agriculture in this AfT will help to reduce shocks in the medium term for Liberian households.

From a producer's perspective, current prospects of high commodity prices are largely favorable to the terms of trade. Historically however, commodity prices have shown a tendency to decline in real terms.[21] The current prospects of high prices depend heavily on the assumption of continued growth in primarily China. Careful macroeconomic management in times of plenty and a watch on tendencies in other markets are warranted to detect any slowdown and permit early and gradual adjustments. Liberia is wise to learn from its past, where its reliance on iron ore exports exposed vulnerabilities when the iron prices plummeted in the late 1970s. In the long run, greater diversification of exports is a steadier way for countries to become less exposed to commodity price swings.

[19] McKinsey Global Institute.

[20] The Economic Community of West African States (ECOWAS) was founded in 1975 and has 15 member states. Its primary aim is to promote economic integration across the West African region.

[21] International Monetary Fund: *Beyond the Curse: Policies to Harness the Power of Natural Resources*. November 2011.

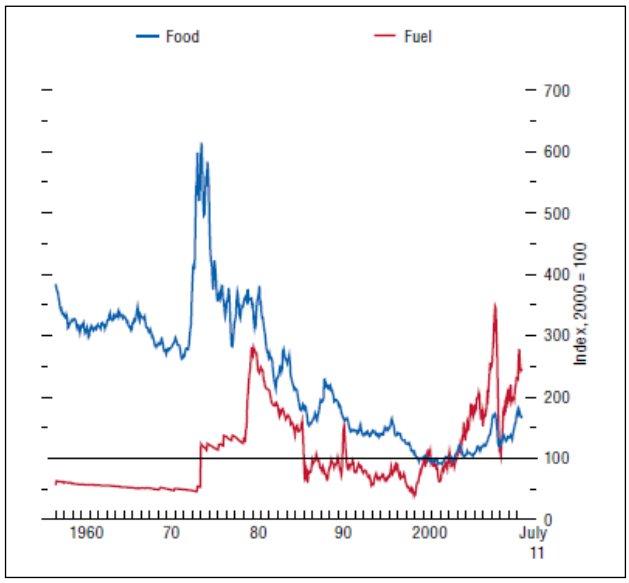
World Commodity Prices, 1957–2011 (real terms)

Trends in Global Food and Commodity Prices

The figure to the right shows that food and fuel prices have been rising starkly since 2000. In 2010 food prices were 80 percent higher and fuel prices 175 percent higher than a decade prior. However, the figure also shows that in many ways, the year 2000 was an historical low point after prices had declined for several decades.

The historical trends clearly show that international food and energy price movement can be dramatic and very difficult to predict. Price forecasts, such as price futures, have been shown to be inaccurate predictors. Swings in international prices affect domestic prices of foods and commodities, though not one-for-one. The average size of the "pass-though" has been estimated at 0.38 for developing economies, but the actual effect in a given country will depend on how import-dependent that country is. Liberia, as a net importer of rice and fuel, is exposed to fluctuations in the prices of those goods.

Source: International Monetary Fund: *World Economic Outlook*. September 2011.



Volatile capital flows: International capital can also be a source of volatility. Both private and donor inflows to developing countries tend to be pro-cyclical, rising in good times and falling in bad times. For example, global FDI inflows decreased by 12 and 32% in 2008 and 2009 respectively, before growing again by 5% in 2010. The volatility of external capital can exacerbate business cycles and increase turmoil. Having the right institutional capacity to manage inflows of international capital represents a challenge for many developing counties. In the stage of negotiations, increasingly sophisticated investors are competing for limited opportunities, which can give rise to grounds for corruption or a "race to the bottom" on agreed terms. At the same time, international governance mechanisms in this area are still in their infancy.

Foreign direct investment can also cause backlash from civil society if communities are left out of the process. In Liberia, a retrospective analysis completed for Vision 2030 show that questions around land ownership and management of concessions represent one of the major sources of conflict historically.[22] Other parts of this strategy describe the Liberian Government's plans to counteract these risks by investing in pubic goods, furthering the domestic private sector and saving for downturns.

Regional instability: The Mano River Union remains fragile. Liberia's immediate neighbors are at varying stages of recovery from conflict—as Guinea adjusts to the passing of its longtime ruler in 2008 and Ivory Coast deals with the recent conflict surrounding its disputed election. Beyond political conflict, organized regional crime (including trafficking) is also a threat to regional peace and security. The sub-region is still seen as one of the most volatile on the continent and more than 16,000 United Nations peacekeeping troops remain stationed in Cote d'Ivoire and Liberia. Joint security issues also arise from the movement of refugees and fighters across borders. Liberia has repeatedly seen evidence that regional instability quickly tends to spill over, in terms of refugees and violence. This strategy acknowledges the importance of securing Liberia's borders and describes the government's strategy for collaborating with its neighbors on topics of joint security and joint economic interest.

[22] Liberia Retrospective Analysis

SECTION II: MEDIUM TERM GROWTH AND DEVELOPMENT STRATEGY

CHAPTER 5. DEVELOPING LIBERIA'S GROWTH STRATEGY—METHOD AND PROCESS

5.1 INTRODUCTION

The development of Liberia's medium economic growth and development strategy was institutionally anchored in the Liberia Reconstruction and Development Committee (LRDC) at the Ministry of Planning and Economic Affairs. The primary reason for using the LRDC structure to coordinate the formulation of the strategy was the fact that the new strategy needed to be based on the gains made as well as the unfinished agenda and lessons learned from the implementation of the *Lift Liberia* PRS, which was also housed inside the LRDC. In addition, the LRDC, as part of the Ministry of Planning and Economic Affairs, has the statutory mandate to coordinate development planning and to lead monitoring and evaluation (M&E), in coordination with the Liberia Institute for Statistics and GeoInformation Services (LISGIS). Moreover, the implementation structure used for the *Lift Liberia* PRS proved suitable in bringing together key actors—the government, private sector, civil society and international development partners—to develop the new medium-term growth and development strategy. The relevant actors, who had been working together over the years on reform issues, came together to examine outstanding challenges and key areas of interventions needed to achieve sustained and inclusive growth and development.

Because it was strategically important to link this medium-term growth and development strategy to a long-term national vision, this strategy was developed simultaneously with *Liberia RISING 2030*. The Ministry of Planning and Economic Affairs (MPEA) and the Governance Commission (GC), both of which have statutory mandates for long-term planning in the context of a national vision, served as the institutional anchors for *Liberia RISING 2030*. Liberia's development partners and a broad range of civil society actors also supported these efforts. This chapter describes the process of developing *Liberia RISING 2030* and the AfT, which is the action plan for the first five years.

5.2 THE NATIONAL VISION: *LIBERIA RISING 2030*

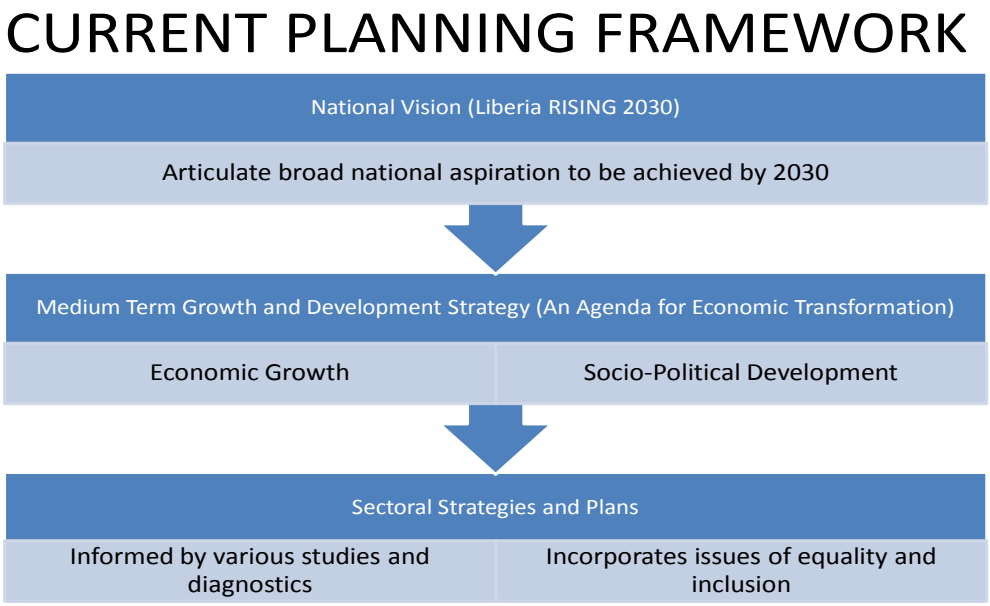
The exercise of developing the national vision began as a concept note for long-term planning. Since this was the first such exercise in Liberia, the highest level of political buy-in was necessary and achieved through a cabinet endorsement of the concept note. Further, initial consultations were held with stakeholders representing a broad spectrum of Liberian society. Political party leaders, youth and student groups, religious groups, civil society organizations, government agencies, private sector and development partners, among others, were included in the consultations. The national vision task force and secretariat were established in February 2011, and undertook a retrospective analysis of Liberia's past to explore its various variables and actors and to identify critical trends and dynamics in society.

From the initial consultations to the development of the study, what emerged was the desire to transform Liberia into a middle-income country with equal opportunities and access to all by the year 2030. A national vision steering committee, consisting of eminent Liberian citizens from various parts of

the country, provided oversight to the process and promoted dialogue among all stakeholders in order to build consensus on a shared vision. Using the findings from the retrospective and situational analyses, several scenarios were constructed of possible futures for Liberia. The baseline studies, including the retrospective analysis and the scenarios, were taken to the Liberian people in nationwide consultations. Regional conferences discussed the findings of the retrospective analysis and scenarios and were followed by strategy formulation.

While *Liberia RISING 2030* sets the broad aspiration for the country, the AfT defines the initial steps toward that vision. It provides the medium-term planning framework to guide public investment programs and ensure inclusive growth, to reduce marginalization and build human, social and physical capital. It operationalizes the vision by outlining the major priorities and interventions required for growth and wealth creation in Liberia. Give that the national Vision and the AfT were developed simultaneously, provisions will be made for annual reviews of the AfT to ensure that it remains consistent with the national Vision.

Figure 5.1: Relationship Between Planning Tools



5.3 MEDIUM-TERM GROWTH AND DEVELOPMENT STRATEGY DEVELOPMENT PROCESS

Developing Liberia's medium-term growth strategy required intense intra-sectoral and cross-sectoral coordination to ensure that the process benefited from synergy and complementarities between sectors. It was vital to ensure that various actors (partners and government) within each sector had a shared understanding of the challenges and opportunities within their own sector as well as the linkages between their work and those of others across sectors. To achieve this level of cooperation, 25 sector working groups (SWGs) analyzed and formulated sector plans. Each SWG followed a common results-focused approach, emphasizing outcomes and capacity development, rather than the output-focused approach in the PRS. The SWGs were led by government M&As and co-led by one development partner

designated for each sector. They analyzed sector-specific plans and strategies and used other relevant information as inputs to develop a results framework; it followed a participatory process to formulate clear goals, constraints, strategic objectives, agents of change, intermediate outcomes and priority interventions to be included in the medium-term strategy. There was special attention to identify the roles of non-state actors who could work with the relevant state actors, working as agents of change. Each SWG articulated one vision/goal statement, from which the pillar goals were developed. Each sector's goals were consistent with the broader goals of the national vision. In addition, the SWGs prepared monitoring plans that included measurable outcome indicators and targets to enable monitoring of progress toward the goals and outcome targets.

The SWGs delivered reports that were then consolidated to ensure that strategies in various sectors were coherent and mutually complementary. The SWG coordinators then reviewed the consolidated reports for validation and confirmation. If the representations were not considered fair, they were revisited and corrected, or justifications were made to the sectoral actors.

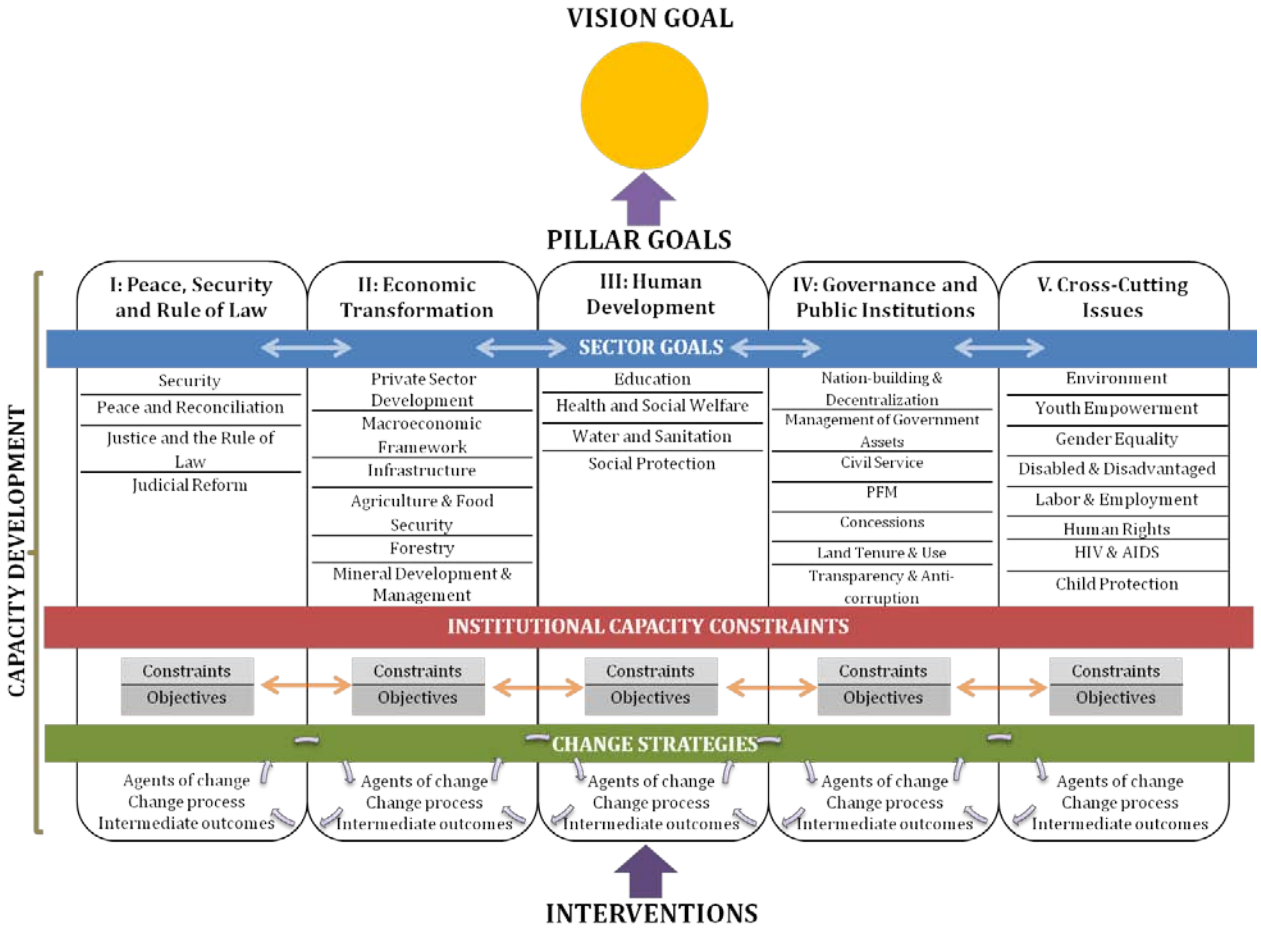
Another important aspect of the formulation process has been the alignment of the medium term expenditure framework with the AfT. In order to facilitate a strong linkage, the MTEF exercise formulated prioritization criteria (overall, and by sector) to guide the selection of the priority interventions, in line with a sound results chain. The overall prioritization criteria included:

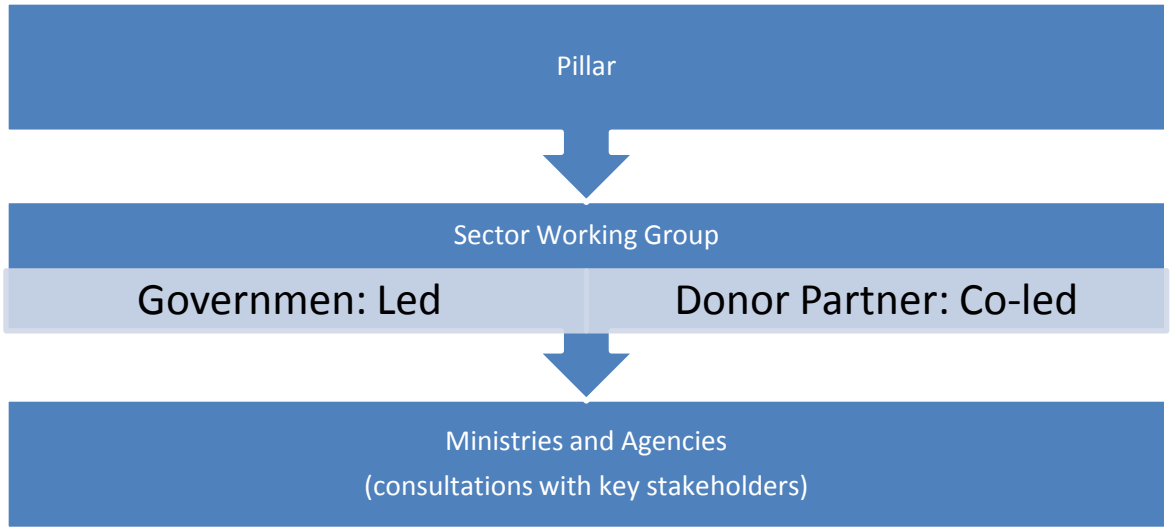
1. Alignment with AfT Goals, Objectives and Outcome Indicators (RF), and Budget Framework Paper/priorities, with focus on "transformative" interventions;
2. Appropriateness of Public-Private-CSO sector roles & Public-public Partnerships
3. Potential Socio-Economic Benefits and Synergy (based on available info, including economic returns, inclusive benefits, emerging benefits from PRS 1, "synergy" with other pillars/sub-pillars with additional benefits stimulated, women, youth and vulnerable groups)
4. Strength of Stakeholder Priorities/Consensus (from PRS I, other)
5. Past Performance and Capacity of Implementing Agencies
6. Balance in recurrent & capital expenditures and in geographical allocations (vis-à-vis benefits)

To foster national consensus on a shared vision of national development, the government built on the experience of the PRS to organize a comprehensive participatory consultative process held throughout the country. The government also solicited and incorporated contributions from M&As, the legislature, the Judiciary, donors, civil society and private sector. To avoid interfering with elections in the second half of 2011, consultations with the wider population were scheduled post-election. Because the growth strategy was developed in tandem with the national vision, the major issues from the draft growth strategy report containing the sector plans and priorities were taken to nationwide consultations, together with the findings of the retrospective analysis and the possible scenarios of the national vision exercise. The national consultations were held across all administrative districts in the country. This allowed the general population to participate in developing the national agenda. It also gave an opportunity to harness the reconciliation efforts ongoing in the country, especially after a charged election period. The relevant feedback from the consultations has been incorporated in this document. Annex 3 summarizes some of the key themes/messages arising from the consultations. Figure 2 illustrates the framework used for formulating the results framework and the linkages with the various

components and implied results chain underlying the AfT. Further details on the linkages with the monitoring plan are contained in Chapter 15.

Figure 5.2: Results Framework for the Agenda for Transformation





CHAPTER 6. REVIEW OF EXPERIENCES AND LESSONS LEARNED FROM THE *LIFT LIBERIA* PRS

6.1 INTRODUCTION

Four pillars guided the *Lift Liberia* PRS of 2008–2011; these include 1) Peace and Security; 2) Economic Revitalization; 3) Governance and Rule of Law; and 4) Infrastructure and Basic Services. The program delivered more than 400 outputs and met two-thirds of its goals. Peace was sustained; economic growth continued, especially in urban areas; poverty declined; some physical infrastructure was improved; coverage of health and education services was expanded on most measures; and various aspects of governance improved. However, many of the PRS deliverables comprised preparatory measures such as devising detailed strategies and plans; building capacity; formulating policies and passing laws; and building or rebuilding parts of institutional and physical/infrastructural systems. Although these developments are undeniably encouraging, the outputs did not achieve all of the desired outcomes of the PRS.

This chapter describes the lessons learned from the process of the PRS, which needed to pay more attention to *results,* in addition to *deliverables;* to *prioritize* interventions; and to achieve *quick-wins.* Lesson from the PRS show the need for more attention to *coordination* and *capacity development* (institutional, human and financial capacity) to achieve all of its goals. The final section of this chapter details a number of principles that have been internalized into the AfT as a result of these lessons.

6.2 SUMMARY OF LESSONS LEARNED FROM THE *LIFT LIBERIA* PRS

A recent review of the accomplishments of the PRS[23] shows many "fully satisfactory" outcomes, including the maintenance of macroeconomic stability with low inflation; the maintenance of a balanced budget; and the reduction of external debt. Outcomes were "partly satisfactory" in the sectors of health, water and sanitation, the business and private sectors and civil service reform. There were also areas in which outcomes were "marginally positive" including the transition of security to Liberian agencies; delivery of basic education; improvement of roads; environmental issues; labor protection; and crime prevention. These disappointing outcomes, despite the majority of deliverables completed, indicate a need to rethink strategy. Finally, in a few areas—electric power, prompt delivery of justice, and decentralization—outcomes were "unsatisfactory," indicating the need for more attention and a revised strategy.

While the PRS met a large number of deliverable targets, it sometimes failed to deliver visible results to ordinary Liberians. Meanwhile, the anxiety and expectations of the citizenry have grown while the pressure on government to deliver immediate results and dividends of peace have increased. The AfT recognizes the urgency to deliver quick and tangible changes in the lives of Liberians and recognizes the following important lessons from the PRS:

Focus more on results—not just deliverables—and delve deeper into underlying factors that constrain or enable results: While the attention on *deliverables* should be continued, in order to facilitate accountability and

[23] An evaluation of the *Lift Liberia* PRS was carried out in September of 2011 by an independent international expert, working in close collaboration with senior staff from the Ministry of Planning and Economic Development. (see Lift Liberia Poverty Reduction Strategy: Final Report – A Results Focused Assessment)

short-term monitoring, the primary focus should be on development *results*. It is important to complement a focus on processes with *outcome*-based thinking for at least two reasons. First, a focus on outcomes helps to inform the choice of deliverables—so they fit together and ensure that the priorities of Liberia are achieved. Thinking through the results chain that leads to both the priority outcomes and relevant intermediate milestones ensures that the planning and annual budget processes take a more systematic account of such cross-sectoral linkages. Second, defining measurable outcomes in addition to deliverables facilitates M&E, which helps to identify critical problems and allows for midterm adjustments as necessary to ensure that the outcomes are achieved.

Monitoring and evaluation: The M&E system should be more robust and focus on outcomes that are in line with a results-focus approach. Baselines, targets and measureable indicators must be agreed upon in advance and tracked. Further, proactive management reviews and guidance should support M&E in coordination effectiveness.

Prioritize interventions and complement strategy with realistic financing plans: The development strategy and proposed programs/interventions must be carefully prioritized and complement an explicit and realistic financing plan and overall public expenditure budget. During the PRS, especially in the first two years, a serious "gap" existed between the strategic agenda and available financing. Aligning national budget allocations and external funding for the ambitious PRS programs/outputs would have increased the success rates. The government's introduction of the Medium-Term Expenditure Framework (MTEF) 2012 has helped align the strategy and budget in the AfT.

Align stakeholder actions across sectors and pillars: Cross-pillar and cross-sector *coordination* needs more attention. The PRS showed that shortcomings in one sector are often interrelated with shortcomings from another. For example, shortcomings in the availability of roads and electricity contributed to the difficulty of achieving targets in a variety of other sectors, especially agriculture, small business development, and social service delivery (education, health, sanitation). Problems with formalizing land rights and ownership held back progress in agricultural and business development. Stronger cross-sectoral policy coordination within the government and with private sector counterparts, combined with stronger alignment and harmonizing with donor assistance should lead to better results.

6.3 IMPLICATIONS FOR THE AGENDA FOR TRANSFORMATION

The lessons learned during the implementation of the PRS, coupled with various studies, strategies, and review missions all serve to inform the AfT. It will seek to overcome the shortcomings of the PRS by being tightly results-focused, strategic, and catalytic so as to transform the national economy in a way that allows ordinary Liberians begin to experience, in a more tangible way, the benefits of inclusive growth and development.

- This strategy builds on the gains made and lessons learned from the *Lift Liberia* PRS;
  - This strategy is more **results-focused** and highlights institutional constraints on both demand and supply sides that need to be addressed to achieve national goals;
  - This strategy recognizes that **internal and external funding** needs to be allocated for each program / project and tightly aligned to the prioritized desired results;
  - This strategy embeds **coordination and capacity development** throughout as a critical component in achieving transformational change and advancing results;

- This strategy is better informed by **evidenced-based** diagnostics, studies, reviews, policies, and sectoral strategies, which have been discussed with various stakeholders;
  - This strategy benefits from a **retrospective analysis** of Liberia's past;
  - This strategy benefits from discussions of a **High Level Economic Forum** that brought together key policymakers, development partners, international experts, and private citizens to review all major analytical studies on Liberia and to explore the strategic options for Liberia as we envision a middle income country where growth is inclusive and development is sustainable;
  - The strategy also benefits from **extensive national consultations** and validations performed as part of the Vision 2030, in which thousands of Liberian citizens from a variety of economic strata and geographic regions participated and expressed their desires for what they wish to see in the future of the county;
- This strategy recognizes that the achievement of middle income status by 2030 is possible but that **GDP growth is not a panacea** to Liberia's development challenges;
  - This strategy addresses the **socio-political dimensions** of growth and development;
  - This strategy recognizes the importance of **security** to growth and development;
  - This strategy acknowledges that growth can have a significant impact on reducing **inequality**; however, that this effect can be amplified through policy measures focused on growing inclusiveness;
  - This strategy recognizes that Liberia's growth needs to be **endogenous** and that Liberia's domestic tax base needs to be expanded;
- This strategy recognizes that Liberia should not attempt to address all shortcomings at once but acknowledges the need to **prioritize investment.** One or two key constraints should be identified, prioritized and removed, while also addressing other important, but second level constraints;
  - This strategy acknowledges that major investments in **infrastructure** (energy, roads, information communications technology [ICT]) are necessary to unlocking growth but a conscious effort should be taken to ensure inclusiveness in their provision;
  - This strategy recognizes that investment in **energy**, to unlock the urban economy, has the greatest return on investment and should be prioritized;
  - This strategy recognizes that investments in **human development** (education, health and social protection) should be prioritized so as to address capacity and inclusiveness;
- This strategy recognizes the **importance of the private sector and civil society** and that **coordination** among government and various actors are critical if Liberia is to achieve its development goals;
- This strategy recognizes that the **concession economy** will continue to be the major driver of economic growth in the short term but that it requires a different model of administration than in the past;

- This strategy recognizes that **natural resource rents MUST be managed** properly to prevent "resource curse" or "Dutch disease" and to ensure that local communities benefit;

- This strategy recognizes that the economy has to be **diversified** in the medium and long term if growth is to benefit all and lead to true development;
  - This strategy recognizes that Government needs to **support small and medium enterprises** (enabling policy regime, regulation, finance etc.) as well as **smallholder farmers** (supporting roads, logistics, finance, etc.).
  - This strategy recognizes that regulatory regimes need to be appropriate so that more **informal sector businesses** can move into the formal economy and so that local businesses can benefit from government procurement of goods and services.

With these principles in mind, the next chapter will summarize concisely the goals and the key objectives of the AfT as well as the structure of the strategy, which will be provided in full in Chapters 8 through 12 in Section III.

CHAPTER 7. OBJECTIVES AND STRUCTURE OF THE GROWTH STRATEGY

7.1 INTRODUCTION

It's well known that development is incremental and Liberia is no exception. With the AfT, the GOL will focus on generating growth rates in order to achieve its vision of middle-income status by 2030. However, the goal is not only to further growth, but to also ensure that it can be sustained and ultimately lead to a more *inclusive* society. Thus, the strategy encompasses not only economic growth but also inclusion, equity, justice, peace, reconciliation, human development and good governance.

This chapter outlines the objectives of the AfT and its structure, which will be supported by four main pillars: 1) Peace, Security and Rule of Law; 2) Economic Transformation; 3) Governance and Pubic Institutions; and 4) Human Development. A fifth pillar on Cross-Cutting Issues supports these core foundations.

7.2 OBJECTIVES OF THE AGENDA FOR TRANSFORMATION

The AfT builds on the gains made in the PRS and addresses the remaining constraints to growth so that Liberia can achieve middle-income status by 2030. Beyond income growth, this strategy also supports initiatives that allow a greater proportion of the population to share in the growth and experience better quality of life. Liberia's history and political economy of development demonstrates that economic growth alone is insufficient to bring about the transformation needed. Therefore, in addition to *wealth creation*, the second key objective is to increase *inclusiveness* for a more equal and just society. Three groups of outcome indicators will measure progress toward these objectives:

1. *Per capita income and consumption measures:* As discussed in Chapter 2, Liberia will need to average about 9% real GDP growth annually over the next 18 years to achieve the middle-income benchmark of USD $1,000 per capita. Over the next five years, growth should meet this pace if present commodity price levels remain steady.
2. Millennium Development Goal (MDG) indicators.
3. Census indicators of unmet basic needs.

In order to achieve its overarching goal of wealth creation and poverty reduction, the AfT will focus over the next five years on achieving key objectives across four main pillars:

1. Peace, Security and Rule of Law

- Through determined, incremental change over the first five years, Liberia will continue to professionalize its security institutions (national army and law enforcement), equipping them to take over responsibility of security in Liberia and share leadership for security in the sub-region.
- The government will strengthen reconciliation of various segments of Liberian society. It will invest in institutions that help manage cleavages and resolve conflicts in a peaceful manner (e.g., palaver huts programs) and address issues raised by the Truth and Reconciliation Commission (TRC). The nation will evaluate its symbols and narratives, recognizing the brutalities of the past and actively promoting reconciliation. While a single national identity is being built, public

institutions will take care to achieve fair representation and to empower local and community organizations.

- Access to justice will be expanded; the credibility, transparency and operational efficiency of the Judiciary will be strengthened; commercial and traditional governance will be integrated into the formal justice system with clearly delimited responsibilities.

2. Infrastructure and Economic Transformation

- In order to transform and diversity its economy, one of the Liberian Government's key objectives is to improve infrastructure—including that for energy, roads and bridges, sea and air ports, post and telecommunications, public buildings and affordable housing. Together with strategic partners, the government will continue to finance and assist in the procurement and management of infrastructure projects, including year-round power production and distribution; the rehabilitation of the Mount Coffee Hydro Plant; expanded access to piped water and sewer systems in high-density areas; and pavement of main roads.

- To transform the power sector and improve critical infrastructure, this strategy utilizes partnerships with donors, PPPs, appropriate investments from state-owned enterprises (SOE) and the government, investments along development corridors, special economic zones (SEZ), regional partnerships, and other arrangements. Whenever feasible, infrastructure investments will be labor intensive to provide jobs.

- The government will also focus efforts on transforming and diversifying the domestic private sector. While activity in resource-based sectors will be encouraged, the government will also encourage the growth and formalization of MSME, and remove constraints affecting them, including constraints related to infrastructure, finance, skills, regulation and property rights.

- The government will pay particular attention to improving the results of the smallholder agricultural, fishing and forestry sectors. It will work to increase agricultural productivity, access to markets and availability of intermediate inputs for these sectors with the objective of furthering local food security and exports.

- The government will seek to promote the growth of Liberian exports, employing export processing zones, improved trade agreements and better customs.

- Started in the PRS, conservative macroeconomic management and consistent, incremental improvements in fiscal, monetary and banking policies will be continued and strengthened.

3. Human Development

- The government will work to assure equitable access to free basic education for all children and youth. It will also focus on improving the quality of basic education by soliciting greater community involvement and oversight, as well as increasing the training of teachers.

- Liberian youth are the most valuable asset of the country. Thus, a key objective is to develop skills among youth that make them increasingly employable and productive. Investments in technical and vocational education, as well as other secondary and tertiary education, can ensure that Liberians have the skills to respond to job opportunities, including those arising from foreign investment. Investments that nurture business acumen, managerial training and entrepreneurship skills will equip people with the capabilities to create their own small businesses.

- Investments will be made to increase access to and use of health, family planning and social welfare services, especially for vulnerable populations.
- The government will continue its tradition of partnering with donors, the private sector, religious institutions, community-level organizations and NGOs to provide decentralized delivery and oversight of education and health care services. Incentives will be aligned to encourage and reward good performance.
- The government will work to increase access to safe water supplies, sanitation and waste management, and to and improve hygiene practices, including for the poorest and most vulnerable communities.

4. Governance and Public Institutions

- The government will recast its relationship with citizens and all government functions will be geared to provide services to the population.
- The government will engage with citizens to 1) build and operate responsive democratic institutions at national and local levels; and 2) strengthen good governance and peace-building. Decentralization will start with "de-concentration" or localizing the provision of essential government services in each county and strengthening the role of local organizations and leaders in deciding investment priorities and monitoring outputs.
- The government will continue to enhance civil service and strengthen government institutions. Employment in the public sector will be based on merit, and various groups of society will be fairly represented in politics at the national and local levels.
- To maximize resources available for the public good, the government will enhance economic governance by building institutional capacity of revenue-oriented ministries to ensure that revenues are managed, monitored and used for the development of Liberia.
- Institutions such as LEITI and the new Bureau of Concessions will monitor compliance under fiscal and non-fiscal obligations of concessionaires, and encourage development of linkages with the local economy. Revenues received and expenditures made will be audited and made public. Institutions to monitor compliance and punish corruption and violations will be strengthened.
- Continuing efforts of the PRS, the government will continue to clarify rights and responsibilities of stakeholders in regards to land ownership and simplify the systems of land administration and management systems.
- Institutions that oversee and promote government transparency and accountability, with particular focus on lessening corruption at all levels, will be strengthened.

Overarching goal: Achieve greater inclusiveness: Instability and conflict remain the primary risk to long-term wealth creation in Liberia. To minimize this risk, the government must include *all citizens* in the growth process and give them a stake in ensuring stability. The challenge will be to turn away from the traditional practice of concentrating wealth and power in the elite and in Monrovia. To do so, the government will strive to meet the following objectives:

Generate economic opportunities with a special focus on rural areas, youth and women: Productive employment is an unquestionable avenue toward raising people out of poverty and giving them a stake in

development. While the government can provide a small share of manual employment through public works projects, the majority of jobs must be generated through higher-productivity agricultural activities and MSME. The government will support such job creation by implementing strategies for the development of agriculture; by increasing focus on practical skill and vocational education programs; and by expanding infrastructure, electricity and ICT throughout the country. A special focus will be on job creation for youth and women— who are currently underrepresented in formal employment—in order to empower them to be full participants in all aspects of Liberian society.

Continue to increase access to education, especially in rural areas and among girls: Educated citizens are more likely to escape poverty; educated mothers have lower levels of fertility and children with better development outcomes. The government has implemented a policy of free and compulsory basic education; however, more effort is needed to ensure that these services reach distant rural areas and that achievements among boys and girls are equalized. Therefore, the government will continue to broaden access and improve quality of public and private education.

Institute social safety nets: While the government will make all efforts to improve the opportunities available to citizens, it will also seek to institute safety nets for those at high risk for sliding into poverty—especially persons with disabilities and at-risk children.

Broaden and deepen provision of services: Beyond efficiency, the government must be more responsive and seek to equalize opportunities across counties. One such way is apply the taxes generated from natural resource activities across *all counties* to improve infrastructure and government services. Policy will also cater to the many Liberians in the informal sector— not only to formal business.

7.3 HE STRUCTURE OF THE AGENDA FOR TRANSFORMATION

The four pillars—Peace, Security, and the Rule of Law, Economic Transformation, Human Development, and Governance and Public Institutions—present the core foundations for generating wealth and inclusive growth; the fifth cross-cutting pillar summarizes issues that need to be taken into consideration in all other pillars. Each pillar contains a number of sub-pillars, as shown in Figure 7.1. The core of the strategy is detailed in Chapters 8 through 12 and addresses each of these pillars—stating the overall goal, each sub-pillar and its goal, and the current constraints to reaching these goals, and the objectives across each sub-pillar that are designed to address these constraints. The future change process and the agents of change, the outcome indicators and the priority interventions are also discussed. Each chapter closes with a summary of the goals, objectives and outcome indicators.

The pillars are mutually reinforcing and progress in one area will facilitate progress in another. For example, peace and security and the rule of law are prerequisites for sustained economic transformation. Likewise, peace and national security will be threatened if governance and public institutions do not deliver on their promise of transparency, inclusiveness and fairness. Sustainable peace also depends on the ability to create inclusive economic opportunities and deliver basic social services throughout the country. On the other hand, the ability to achieve economic transformation will depend on meeting targets of human development. Basic infrastructure is required for broad-based growth and delivery of services nationwide and also provides the basis for decentralized governance systems. Governance and the rule of law provide the institutional base for strong economic performance as well as the justice needed to ensure that grievances are settled within the political system and not through violence. The linkages between the pillars are numerous—and progress across all is required to achieve inclusive wealth creation.

CHAPTER 8. PILLAR I—PEACE, JUSTICE, SECURITY AND RULE OF LAW

Liberia today enjoys a level of peace and security that is unprecedented over its last three decades. The nation's past has shown how the vicious cycle of poverty, marginalization and inequity can drive conflict and further poverty, but this cycle has been broken over the last eight years of peace. Ongoing social and economic development and the quality of life of all Liberians depends on safeguarding and continuing to strengthen the peace and security the country currently enjoys. In fact, the achievement of the goals within this strategy depends on the continuation of Liberia's current trajectory toward a safer society.

Goal: Create an atmosphere of peaceful co-existence based on reconciliation and conflict resolution and providing security, access to justice, and rule of law to all.

The government will continue to address the key sources of conflict and insecurity, protecting the citizens of Liberia from violence and crime; delivering justice and upholding the rule of law; reconciling all Liberian people and together building a more peaceful and more secure nation. Recognizing the strong interrelationships between poverty, unemployment, lack of investor confidence, crime, justice, insecurity and conflict, the government will also use this Agenda for Transformation (AfT) to coordinate all activities for peace and security into one development framework. This strategy recognizes that food insecurity, economic and health insecurity, and political ostracism—especially of volatile youth—can cause crime, violence and political instability. The government will protect Liberians from these types of insecurities, while emphasizing the importance of human rights, good governance and access to economic opportunity, education and health care for all, which is discussed in Chapters 9 through 12.

The prevalence of conflict and crime in recent years has decreased in actuality as well as in stakeholder perceptions. The perceptions of police and judicial fairness and access to justice are also more favorable, but still need much improvement. Though the threat of an armed conflict has declined, crimes such as armed robbery and rape, and vigilantism still threaten individual and community security (Liberia PRS Assessment, 2011, p. 12-13).

Notwithstanding broad-based efforts at reform, Liberian experiences of crime, security and justice remain marred in some cases by arbitrary arrest and detention, harsh prison conditions and prolonged pre-trial detention. These denials of due process continue alongside reportsof ritual killings, mob violence and certain customary justice practices that violate human rights. The impact of these failures is aggravated by substandard practices such as judicial inefficiency, corruption and the limitation of true reconciliation across society, which remains one of the greatest threats to Liberia's long-term peace and stability.

Key challenges that are now faced in the path toward achieving the pillar goals set out above include:

- Operational inefficiencies of Liberian security agencies, caused by a lack of human capacity, insufficient coordination across the sector, and the centralization of justice and security provision in and around Monrovia.
- Endemic corruption, the culture of impunity and the lack of accountability that still plague the sector and undermine the integrity and credibility of legal, justice and security institutions.

- The time pressure and resource gap created by the anticipated withdrawal of the United Nations Mission, which is still the main security provider in Liberia.

Overcoming these challenges will require the commitment of political and social leaders; significant increases in domestic financing for the budget; changes in long-established social norms and values; enhanced participation across society and especially from marginalized groups such as women, children and youth; and the creation of mechanisms and motivation for Liberians to demand accountability. None of these things are easy and all will require difficult decisions and trade-offs. True peace and security are outcomes of a social contract between citizens and the state in which both sides have rights and responsibilities.

The AfT sets out goals for each of the four sectors within Pillar I: Security, Peace and Reconciliation, Justice and Rule of Law, and Judicial Reform. Achieving these goals will better protect Liberians against crime violence and corruption; further, public confidence in justice and the rule of law will grow as basic rights are protected. Everyone, including marginalized groups such as women and youth, will participate in decision-making in a free and fair society. These peace and security goals will also help Liberia to achieve the broader Peace building and State building Goals set out in the New Deal for Engagement in Fragile States.

As Liberia transitions from cultivating to maintaining peace and security, it will enhance social development and economic opportunity, making all Liberians feel more secure. Key elements to achieve these objectives are summarized in Table 8.2.

Table 8.1: Sector Goals for Peace and Security

A. SECURITY: Maintain a secure and safe environment to enable sustainable socio-economic growth and development.
B. PEACE AND RECONCILIATION: Ensure long term peace and stability through managing tensions in society to reduce the risk of future conflict, increasing social cohesion and ensuring that the principles of human rights are upheld.
C. JUSTICE AND RULE OF LAW: Build the effectiveness and integrity of legal institutions, increase equitable access to justice and strengthen the rule of law for the social and economic benefit of all Liberians
D. JUDICIAL REFORM: Protect the rights and dignity of all through a strengthened, credible and independent Judiciary delivering transparent justice

Key cross-cutting issues of relevance to Pillar I include gender equality, child protection, youth empowerment, human rights and labor and employment. These issues are integrated throughout this chapter as appropriate and are elaborated in Chapter 12.

8.1 SECURITY

Liberia's security has improved. Ten years ago, security forces intimidated and terrorized the population, intervened in political processes and disregarded the rule of law. Today, the police force, armed forces and all other security forces are being restored into professional and capable institutions. Through the first PRS, the government exerted immense efforts to effectively address the negative attributes of the security sector, such as the absence of accountability, weak oversight, gross abuse of human rights, lack of professionalism, inadequate resources, lack of good governance and the absence of strategies and programs for the sector. Building on these efforts, the focus is now on sustaining and augmenting

progress made in creating a secure environment, and continuing to build viable national security structures that are responsive to the security needs of the Liberian population.

Goal: Maintain a secure and safe environment to enable sustainable socio-economic growth and development.

Constraints: Liberian security agencies have yet to demonstrate that they will be ready to fully execute the domestic security functions from the United Nations Mission in Liberia (UNMIL) upon its departure. The civilian security services have significant operational inefficiencies and limited capacities to deliver; and national defense institutions have limited ability to respond to external threats. Inadequate institutional arrangements within the security sector inhibit proper and prompt functioning. Further, legitimacy is lacking in few instances due to the absence of appropriate policies and legal framework to underpin the required reforms. A multiplicity of actors, insufficient budgetary support, and inadequate coordination undermines the ability of the sector to deliver security services. The public and civil society do not hold the security services accountable, and the absence of civilian oversight, consultation and communication create distrust among civilian-security relations.

Strategic objectives: The first objective is to maintain the current security situation and the nation's territorial integrity and ensure their sustainability during and after the process of UNMIL withdrawal. Presently, the general population enjoys security protection largely dependent upon UNMIL resources and expertise. During the five years of the AfT, UNMIL will transfer most, if not all, of the responsibilities for providing security to the Liberian government. The new Liberian security architecture will be consolidated and able to assume this responsibility. Given the importance of this process, the Liberian security sector will require considerable financial and technical support in order to facilitate a smooth transition.

This will require increasing operational effectiveness; reducing corrupt practices of the Liberian security agencies; building synergy between the security and justice sectors; and more effectively coordinating donor aid to the security sector. Achieving these objectives will contribute to the third objective of increasing the accountability and legitimacy of national security institutions and the public's confidence in them.

Agents and process for change: Many domestic and international agencies carry out security functions in Liberia, each with a different area of focus. Some of these allocations will change as the UNMIL draws down from 2012 to 2017. The ultimate arbiter of allocating responsibility is the National Security Council (NSC). In areas in which Liberian agencies currently have full responsibility, like fire-fighting, this will continue. In areas where UNMIL has a large role at present, the corresponding Liberian agencies will present strategic transition plans, which the NSC will review for inter-agency compatibility.

The Liberia National Police (LNP), the Armed Forces of Liberia (AFL) under the Ministry of Defense (MOD) and other domestic security forces will continue to expand their capacity and lead role, assuming more responsibility from UNMIL. The Armed Forces of Liberia will implement measures, identified during the 150 Days, to reduce high turnover. The NSC, reporting directly to the Executive Mansion, will work with UNMIL and Liberian agencies to assure continued and improved security during the transition. Active Civilian Oversight Boards (COBs) will provide meaningful accountability of all national security institutions.

The Executive Protection Services (EPS) will develop and implement a strategic plan; the Drug Enforcement Agency (DEA) will be fundamentally reformed and develop a National Drug Prevention and Protection Strategy to curtail the proliferation and trafficking of illicit and dangerous drugs through Liberia's territories. The Liberia National Fire Service (LNFS) will develop and implement a National Fire

Prevention and Protection Strategy. The Bureau of Corrections and Rehabilitation, Customs and Excise, the Maritime Police, Liberia Sea Port Police, the Liberia Anti-Corruption Commission (LACC) investigating unit, and the Monrovia City Police will all be reformed to align with the National Security Strategy of Liberia.

Outcome indicators (by end 2017): Current levels of security will continue after the UNMIL peacekeeping mission leaves. Crime rates will have declined. Statistics on illegal entry and smuggling will show improved security of international borders and entry points; fewer [unlicensed] small arms and light weapons will be in circulation outside of official security force; surveys will show increased access to and public confidence in security services in all regions of Liberia.

Priority interventions: Many rural Liberians already express a preference for national providers of security (especially the police) over international ones, reflecting the progress made toward the objectives outlined above. To build on this success, the government will create an enabling national security framework to regulate and coordinate municipal, corporate, concessional private and other investigative security related institutions; strengthen domestic, regional and international cooperation; engage constructively with member states of Mara River Union, ECOWAS, and the African Union to support lasting peace in the region and curtail transnational organized crime.

To strengthen community relations government increase oversight of national security agencies by COBs and increase community participation in security matters. Laws and policy to address key issues such as gun control will be revised and the presence of security forces across Liberia will be increased using regional justice and security hubs.

To increase public confidence in the security forces GoL will recruit qualified security personnel via transparent and equitable vetting processes to reflect Liberia's diverse ethnic, gender and religious representation and train personnel in line with international standards, promoting accountability, ethical behavior and professional conduct under democratic civilian control.

In the wake of the UNMIL drawdown, GoL will improve strategic planning and medium-term budgeting processes with sustainability plans to manage recurring costs, develop human and institutional capacity, invest in necessary logistics and infrastructure, and improve salaries and incentives.

Specific to the police force, the LNP will:

- Expand the pilot program, launched during the 150 Days, to attract better quality officers to the police force and increase public confidence in the police. Train and equip an additional 1,500 officers; increase the overall strength of LNP, including backfilling vacancies created when raising ERU (500) and PSU (1,000). This increase will enable higher visibility in communities and increased capacity to respond to serious incidents and violent crimes.
- Expand and strengthen Women and Child Protection Units.
- Significantly increase salaries for LNP officers and personnel to meet their basic needs to improve performance and productivity and decrease corruption in the service.[24]
- Provide additional mobility equipment to improve police response time and visibility; and link police facilities and patrols via improved communications, including links between LNP command structures and 911 lines to increase access to the police service during emergencies. A maintenance and usage-monitoring strategy will be developed to guide against unwanted use and depreciation of police equipment.
- Develop community policing; hold regular community-security forums in every county; support community watch teams and police regular foot patrols in communities.

The Armed Forces of Liberia will:

- Be restructured to undertake at least two missions simultaneously.
- Recruit, train and equip 350 soldiers to strengthen the Liberia National Coast Guard to police Liberia's territorial waters and Exclusive Economic Zone against illegal fishing and other illegal activities as well as conduct search and rescue missions.
- Increase the Engineering Company to battalion size to contribute to development through its enhanced Military Aid to Civil Authority program.
- Increase territorial defense with wider nationwide deployment, increased protection for territorial waters, and an operational Military Response Center.
- Raise salaries, renovate barracks, provide communication equipment and other hardware to enable operational readiness, improve health care services, and build court-marshal capacity.

The Bureau of Immigration and Naturalization will rationalize, augment and enhance the effectiveness of the force through structural reform, including the following actions:

- Train and equip officers, including armed Special Border Patrol Unit officers, to manage effectively the 36 official border posts of Liberia.
- Develop a National Border Management Strategy to ensure that Liberia's land, sea and air borders are effectively managed by all relevant agencies.

[24] Chapter 11 elaborates on the anti-corruption agenda.

- Provide increased salaries, logistics, communication and office equipment, infrastructure and accommodation to increase performance and productivity of BIN officers.

8.2 PEACE AND RECONCILIATION

Reconciliation remains an indispensable goal for cultivating and protecting Liberia's still-fragile peace. The civil war opened and exacerbated social cleavages that must be bridged—inter-tribal tensions must be resolved and economic, social and political exclusion and marginalization must be addressed. The goal of this development strategy is to increase the equity and fairness necessary to build prolonged peace.

Over the last six years, the GOL has been committed to lasting and durable peace by addressing root causes of conflict—the conflict factors—in the country while also increasing social, economic and legal justice to reduce the risk of further conflict and build a stable democracy. It has implemented numerous programs for achieving stable and sustainable peace and strengthening capacity to manage and resolve conflict. Peace-building initiatives have tackled a range of sectors, factors and attitudes, seeking to strengthen national and local capacities; change attitudes and promote reconciliation; and develop and disseminate conflict-sensitive approaches toward reform throughout Liberia.

Despite these advancements, intra-communal cohesion and trust—both important indicators of reconciliation—are still lacking to some extent. Some communities remain fragmented and perceptions of entitlement and legitimacy are often distorted. Reform and conflict resolution mechanisms at local and national levels do not adequately address inter-ethnic, inter-religious and inter-generational tensions over natural resource management and long-term secure access to land. These remain critical challenges to peace and reconciliation.

Youth leadership in peace-building and development initiatives at the community level has been strong—and requires support to continue the momentum that these youth have established. Most peace-building activities continue to depend heavily on international actors for finance and implementation.

Goal: To ensure long-term peace and stability through 1) managing tensions in society to reduce the risk of future conflict; 2) increasing social cohesion; and 3) ensuring that the principles of human rights are upheld.

Constraints: True peace-building and reconciliation cannot be achieved through government efforts alone—it requires a multifaceted approach throughout all elements of society and must grow organically over time. One challenge is the current lack of consensus on the definition, mandate, methodology and approach to sustainable peace and reconciliation. Further, current conflict prevention efforts will need to be better coordinated with more emphasis placed on local resolution processes. Another challenge is the divisive historical identities that underpin ongoing social cleavages in Liberia—genuine opportunities to participate in peace-building, reconciliation and political processes must be created for everyone, particularly marginalized groups such as unemployed youth and women. The political system at various levels must continue to develop and mature so that political parties can work together and demonstrate multipartite commitment to advance dialogue and joint action for reconciliation and peace-building and, for true sustainable peace-building, real progress must be made in implementing the recommendations of the Truth and Reconciliation Commission (TRC). True reconciliation in Liberia is currently hindered by inadequate accountability for human rights violations committed during the civil war—and this still need to be addressed.

Strategic objectives: The GOL will engage civil society and all partners to support the most critical transformation in the country's history—from a fragile post-conflict nation uncomfortable with its past to a stable, unified nation with a vibrant future. Current political, social and institutional barriers to

reconciliation will be broken down to enable effective peace-building. Interpersonal reconciliation will be strengthened through community-level conflict prevention and resolution, with a focused effort on engaging marginalized groups, particularly dispossessed youth. Government agencies at national and sub-national levels will strengthen their capacity for conflict management through training, conflict analysis and research. Accountability will be increased and impunity decreased, and Liberians will enjoy a shared positive national identity.

Agents and process for change: The government and the Independent National Human Rights Commission (INHRC), with strong support from the Governance Commission, the National Reconciliation Task Force (launched during the 150 Days), political parties, religious groups, traditional and community leaders, civil society and the media will establish a forum for interactive dialogue between the relevant political actors and social groups. This will decrease the possibility that the process become politicized and ensure consensus and a common commitment to support policy and strategy on key issues. The Ministry of Internal Affairs (MIA) will assure that the INHRC and Governance Commission initiate and complete the agenda above, working with the other organizations to foster national unity.

Outcome indicators (by end 2017): By the end of 2017, peace will continue to prevail across Liberia with few fewer incidents of organized violence or community conflict that escalates to violence. Communities will have the skills to resolve conflict without violence. Surveys will show that more Liberians understand their commonality and shared history will be taught in all schools. Issues raised in the TRC report will be resolved, as evidenced in surveys, and marginalized groups (particularly unemployed youth) will be constructively engaged in society as evidenced by voting and employment data.

Priority interventions: Measures to ensure strategic long-term peace-building and reconciliation include the following: Develop and implement a National Peace-building and Reconciliation Strategy. Strengthen institutional support and ensure sustainable funding for effective peace-building programs, while simultaneously improving coordination of activities and developing a consistent, intensive approach to managing conflicts—avoiding duplication and inconsistency, reducing gaps and promoting synergies. Establish Alternative Dispute Resolution mechanisms—that include traditional chiefs—to handle land and civil disputes and to establish clear, enforceable guidelines for managing disputes that escalate into violence. Establish and fund the national Palaver Huts program, which was launched in the 150 Days, at county and regional levels across Liberia to strengthen local dispute resolution practices through truth-telling and a high level of participation by the general public. Establish reliable baseline information and progress indicators to monitor and evaluate outcomes and impact.

Through interventions outlined in Pillar 4 (Governance), the government will also pursue political reconciliation and procedural justice; it will ensure 1) fair and equitable treatment in making and implementing decisions and compromise; and 2) inclusivity in the sharing of power, responsibility and resources. Under Pillar 2, government efforts will support the delivery of economic justice, supporting a more fair distribution of wealth and opportunity and creating more employment opportunities, particularly for youth populations. Under Pillar 3, education and the eradication of illiteracy will also reduce the risk for conflict.

8.3 JUSTICE AND RULE OF LAW

Since the civil war, Liberia has made progress in re-establishing the rule of law and increasing access to justice. Institutional and legislative reform and human capacity development have strengthened the

effectiveness and integrity of legal and judicial institutions and helped protect human rights. However, ore progress is needed and the Law Reform Commission has been reviewing the formal and traditional laws.

Corruption continues to be a major concern while the population's perception of the justice system remains poor. While improvements have been made to court infrastructure, many courts remain housed in substandard facilities and lack basic equipment. Administrative policies and practices remain inconsistent and ad-hoc, including record keeping and case management. Case backlog in courts is high and the length of pretrial detention remains excessive. Justice agencies need to revamp their human resource and performance-management systems; to create clear and transparent recruitment procedures; to introduce performance standards and a performance appraisal system; and to build staff capacity.

An effective justice system is vital to addressing Liberia's most significant security threat—the growth in crime. It is also essential to economic revitalization because it can provide a framework for resolving contractual and property disputes, increasing commercial certainty and promoting private sector growth. Efforts to defeat corruption also depend on effective action through the courts and more equal access to justice will decrease social marginalization.

Liberia's Justice and Rule of Law sector includes prosecutors, public defenders, legal aid practitioners and corrections officials. It also includes the court, of course, which the next section discusses in detail. Institutions such as the Louis Arthur Grimes School of Law, the James A.A. Pierre Judicial Institute, the Liberia National Bar Association and the Liberian National Police Training Academy play a major role in shaping the direction and effectiveness of the country's legal system. Traditional justice providers, such as tribal and village chiefs, also play an important role in the arbitration of disputes. To extend the rule of law nationally, linkages between these institutions will be strengthened.

Goal: To build the effectiveness and integrity of legal institutions, to increase equitable access to justice and to strengthen the rule of law for the social and economic benefit of all Liberians.

Constraints: Access to justice is limited by inadequate capacity and inefficiencies in laws, practices and procedures that inhibit the proper and prompt functioning of the justice sector; it is also restricted by the limited understanding of legal rights and responsibilities among the Liberian public. Even when Liberians possess knowledge of the law, they do not always seek out formal justice because the time and cost involved are perceived to outweigh the potential benefits of engagement with the system. Vulnerable and marginalized groups within society face particular barriers—and women and their families suffer emotionally, socially and economically because of inadequate capacity for the prevention of and response to gender issues. As these situations persist, rule of law is undermined by inconsistencies maintained through the dual justice system in which conflicting traditional and statutory systems of law exist in parallel. Compounding these issues, incidences of misconduct, corruption and lack of accountability undermine the effectiveness, integrity and credibility of the justice system.

Strategic objectives: The government will increase equitable access to justice, particularly for remote or marginalized populations. The operational quality, efficiency and integrity of the justice system will be improved, corruption will be reduced, and the formal statutory rule of law will be strengthened and the cost of using it reduced. Public confidence in the justice system and fair rule of law will be increased by strengthening accountability and reducing incidences of misconduct, corruption and unprofessionalism.

Agents and process for change: The Ministry of Justice (MOJ), in consultation with the Judiciary and MIA, will coordinate efforts of the Law Reform Commission, the Liberian National Bar Association, LACC and the Judicial Inquiry Commission, traditional leaders and civil society. The Judiciary will collaborate with the Ministry of Public Works (MPW) to plan the expansion and upgrading of court facilities in under-served areas and will collaborate with the MOJ to improve case management and record keeping. The MIA

will lead a consultation process on recommendations from the Law Reform Commission, and the legislature will pass laws needed to harmonize traditional and formal laws. The MOJ and the Bar Association will conduct public awareness campaigns to increase knowledge of laws and citizens' rights and responsibilities.

Outcome indicators (by end 2017): Surveys will show reduced corruption in the justice system and increased public confidence. The case backlog will be significantly reduced and a much higher proportion of cases on the docket will be fully tried within a year. Thus, the number of inmates in pretrial detention will be greatly reduced. An electronic centralized resource will hold all court records and case management data. Traditional leaders will appropriately handle and report on increased numbers of cases. All segments of the population both geographically and demographically will have ready access to courts and judicial personnel.

Priority interventions: Priorities for the justice and rule of law sector are designed to focus on the poorest and most vulnerable and the specific needs of children. Implementing the Law Reform Commission's report on informal traditional and formal statutory systems of justice will be key to clearly define the scope of the traditional system and to reduce conflicts between the two systems. Strengthen the jury duty system, based on the new Jury Law. Increase access to legal aid—not limited to formal legal proceedings, but also advisory services to assist in obtaining benefits and services—and a framework to encourage the provision of legal assistance by civil society and legal professionals in civil cases, as well as support to victims of crime. Increase legal and justice services for vulnerable and marginalized members of society, especially women, children and youth, and for the rehabilitative and preventive aspects of justice, with emphasis on community responsibility. Make investments to improve conditions in detention and prison facilities, in compliance with international human rights standards, and complete the construction of a new central prison in Montserrado (started in the 150 Days). Extend the probation program beyond the two original counties, to reduce prison over- crowding. Introduce more efficient systems for case management and gathering and preserving evidence.

8.4 JUDICIAL REFORM

The Liberian Judiciary has made significant progress in reforming judicial institutions over the past few years. To address staffing and skills gaps within judicial institutions, the James A.A. Pierre Judicial Institute was established and has developed a number of training programs for judicial and support staff, including a one year course of study for the training of professional magistrates. An assessment of judicial infrastructure identified and prioritized outstanding infrastructural and operational tools required for the effective functioning of all legal and judicial institutions, and a number of new facilities have been constructed.

However, a shortage of qualified judges, magistrates and court support staff remains and working conditions for most judicial and support staff are inadequate. The court system is skewed relative to the present geographic and demographic distributions in Liberia, which impedes access to justice. Statutes concerning the location of courts hinder the Judiciary from improving the location of courts and their staffing. Many of the magisterial courts on the roster of the Judiciary are not functioning or have very low case flows, while others are over-burdened.

Goal: Protect the rights and dignity of all Liberians through a strengthened, credible and independent Judiciary that delivers transparent and timely justice in the courts.

Constraints: The Liberian Judiciary suffers from low public confidence due to perceived lack of independence from other branches of government and from political influences. Credibility and effectiveness is further undermined by limited human capacity, inadequacy of accounting and auditing and

the current legal framework, which does not assure access to justice for all, particularly the most vulnerable.

Strategic objectives: Faced with these significant challenges, the medium-term objectives of judicial reform are to build the credibility of an independent Judiciary; to increase access to justice through a revised legal framework and sound and responsive financial management with the Judiciary Financial Autonomy Act; and to enhance the effectiveness of the Judiciary through investment in strategic and sustained human resource development. As the branch of government with a constitutional mandate to interpret the laws of Liberia, the Judiciary's perceived and real neutrality and independence is an absolute priority.

Agents and process for change: The Judiciary will take the lead in directing its own reform in keeping with the need to enhance its independence. It will do so in consultation with the Law Reform Commission and the Executive and Legislature, and with support from the Judicial Institute and the Louis Arthur Grimes School of Law. The Ministry of Finance (MOF) will provide technical assistance to implement the new financial management system.

Outcome indicators (by end 2017): Access to justice will be increased, with circuit, magisterial and specialized courts established in each county. There will be an increased range and number of cases handled by magisterial courts and by specialized courts; increased remittance of revenue by 90 percent to the court system; increased availability of adequately staffed and effectively functioning courts for all geographic and demographic segments of the population.

Priority interventions: Strengthen the capacity of the Judiciary's administration and staff by providing systematic and sustained training, capacity building and reorientation of judicial and support personnel through the James A.A. Pierre Judicial Institute; and rationalizing staffing and location of courts based on the geographic, demographic and justice needs of the country. Improve working conditions and resources for Judiciary staff so that talented individuals are drawn to Judiciary employment and provide a high level of service. This will be achieved through regularized remuneration systems for judicial and support staff; provision of attractive pay packages to attract and retain qualified staff; clear and transparent recruitment procedures and staff performance management. Increase the number of cases that can be efficiently and effectively handled by the courts by expanding the jurisdiction of magistrates' court; reforming the Jury Law; establishing a legal framework for institutionalizing specialized courts where needed; and increasing the number of circuit court judges and public defenders to ensure that there are two or more public defenders per county. These measures will lead to a reduction in the caseload of circuit courts and increase access to justice. Establish a Judiciary accountability and oversight system to reduce corruption risk, drive efficiency improvements and build public confidence. Revise the judicial organization to minimize opportunities for corruption. Develop an effective financial management system that supports decentralization and revenue generation—updating obsolete fee schedules and allowing judicial and support staff to receive their salaries outside of Monrovia. A Financial Management Plan will outline the collection of revenue as well as establish rules, guidelines and mechanisms for the management of finances—making it transparent, credible and in accord with internationally accepted accounting and reporting standards.

8.5 CAPACITY DEVELOPMENT NEEDS AND OPPORTUNITIES FOR SECURITY SECTOR

The locally created results framework that underpins the peace, security and rule of law pillar presents common capacity constraints and challenges at the institutional level involving both state and non-state actors, including:

- Incompatibility of social norms and values involving divisive historical identities, inconsistencies generated through a dual justice system;
- Lack of demand for accountability, including lack of parliamentary and civilian oversight over security issues;
- Unclear stakeholder rights and responsibilities as reflected in a lack of consensus by diverse actors on the approach to sustainable peace and reconciliation;
- Various operational inefficiencies at various levels, involving lack of coordination of conflict prevention and resolution efforts, overlapping service provision, inefficient practices in the service sector inhibiting its functioning, limited human capacities of judicial services.

Accordingly, the AfT design process has identified priority "transformational" type of interventions aimed at empowering local agents of change (involving CSOs, legislature, government sector) to achieve enhanced peace and security intermediate outcomes, including:

- Developing new know-how and improved consensus for enhanced peace and reconciliation (e.g., updating Liberia history curriculum and content of Liberian civic education, promoting public understanding and consensus of a harmonized justice system);
- Raising awareness and knowledge of legal information, strengthening coalitions and networks to better monitor security agencies and justice activities (e.g., installing civil oversight Boards for all security agencies; bringing CSOs together to provide more effective oversight; organizing community forums on security; providing civil education);
- Enhancing know-how, institutional teamwork and collaboration on peace and security activities, and which could enhance operational efficiencies of the security sector (e.g., mapping of existing security activities; providing conflict monitoring; supporting community peace communities; enhanced investigative skills on security matters)

Table 8.2: Goals, Strategic Objectives and Outcomes for Peace and Security Sectors by 2017

***Sector Goal:* Create an atmosphere of peaceful co-existence based on reconciliation and conflict resolution and provide security, access to justice and rule of law to all.**		
Sector Goals	**Strategic Objectives**	**Outcome Indicators by 2017**
A. Security Maintain a secure and safe environment to enable sustainable socio-economic growth and development.	1. Maintain security nationwide and protect territorial integrity during and after UNMIL transition. 2. Improve sustained operational effectiveness, including enhanced coordination, and reduce corruption in Liberian security agencies. 3. Increase public confidence in oversight, accountability, professionalization, and legitimacy of the security sector.	• Continued current levels of security will continue after the UNMIL peacekeeping mission leaves with improved security of international borders and entry points and effective control of small arms and light weapons • Reduced rates of crime and corruption and increased access to security services in all regions of Liberia.

Sector Goal: **Create an atmosphere of peaceful co-existence based on reconciliation and conflict resolution and provide security, access to justice and rule of law to all.**		
Sector Goals	**Strategic Objectives**	**Outcome Indicators by 2017**
		• Increased public confidence in government's ability to maintain safe and secure environment.
B. Peace and Reconciliation Ensure long-term peace and stability by reducing societal tensions, increasing social cohesion, and upholding human rights.	1. Expand access to and engagement of women, marginalized groups and especially youth to social and economic opportunities and participation in peace-building leadership roles. 2. Strengthen commitment, coordination, roles and effectiveness of government and CSO – based institutions for conflict prevention and resolution and removal of barriers to reconciliation and effective peacebuilding including addressing issues in the TRC report. 3. Enhance national identity.	• Increased participation in peacebuilding, reconciliation at national and local levels and enhanced leadership roles by marginalized groups, especially women and youth • Fewer incidents of organized violence and community conflict that escalates to violence. • Improved understanding of the history and commonality of Liberia by ALL Liberians towards national unity
C. Justice and Rule of Law Build the effectiveness and integrity of legal institutions, increase equitable access to justice, and strengthen the rule of law for all.	1. Strengthen statutory rule of law and clarify its interface with traditional justice systems. 2. Strengthen integrity of the justice system and reduce corruption and human rights violations, especially of women and children in the justice system. 3. Increase equitable and prompt access to justice for all, including vulnerable groups.	• Increased consistency and complementarity of the dual justice systems, increased public understanding and confidence of statutory law and its relation to traditional systems • Improved perception of reduced corruption within the justice system and reduced case backlog and waiting time to access justice. • Increased access to justice by vulnerable groups including women and children.
D. Judicial Reform Protect the rights and dignity of all through a strengthened, credible and independent Judiciary that delivers fair, timely and	1. Increase access to justice through revision of the statutory legal framework for the Judiciary. 2. Build the credibility and	• Increased range and number of cases handled by magisterial courts and by courts in all districts. • Increased public confidence in the credibility,

***Sector Goal:* Create an atmosphere of peaceful co-existence based on reconciliation and conflict resolution and provide security, access to justice and rule of law to all.**		
Sector Goals	**Strategic Objectives**	**Outcome Indicators by 2017**
transparent justice.	transparency of an independent Judiciary. 3. Enhance operational efficiency of Judiciary through improved human resources and financial management with the Judiciary Financial Autonomy Act.	transparency and independence of the judiciary. • Increased capacity and availability of adequate staff and effective functioning courts in all districts and improved audit reports and results

CHAPTER 9. PILLAR II—ECONOMIC TRANSFORMATION

Liberia's economy—after experiencing gradual decline from the mid 1970s to the later 1980s—suffered one of the steepest collapses in recorded modern economic history, with GDP per capita falling by about 90% from 1987 to 1994 (World Bank, 2011b, p. 5). This was due in large part to the civil war, which disrupted all normal economic activities. However it is also important to recognize that the structural composition of the economy— heavily dependent on extractive industries (iron ore, forestry, etc.) owned by foreign nationals—compounded the effects of the civil war as these foreign nationals often closed their operations and fled the country.

The lack of strong indigenous ownership of the economy, coupled with the massive destruction of infrastructure (power plants, transmission lines, roads, bridges, etc.), made the economic collapse more devastating for ordinary Liberians, as basic commodities became very expensive and the income base disappeared. High prices combined with no household income placed a lot of pressure on the government to move quickly to revitalize the economy and provide hope to Liberians—and it was the primary preoccupation of the government during the PRS.

Revitalizing the economy meant resuscitating traditional engines (i.e., attracting massive FDI in the mining, forestry and agricultural sectors). But while the government was able to effectively revitalize the economy, it was not sufficient to improve the income base of ordinary Liberians and thus improve their livelihoods. Now the challenge is to transform the economy in both substance and form so that it benefits locals while also shielding itself from exogenous and endogenous shocks.

Goal: To transform the economy so that it meets the demands of Liberians through development of the domestic private sector—using resources leveraged from FDI in mining and plantations; providing employment for a youthful population; investing in infrastructure for economic growth; addressing fiscal and monetary issues for macroeconomic stability; and improving agriculture and forestry to expand the economy for rural participation and food security.

This strategy includes both the productive sectors that will grow the economy and government policy and infrastructure programs to support these sectors. Essential to this economic transformation (which was limited during PRS), is the growth of employment and output in agriculture, small-scale mining and forestry, agro-processing and other industries that produce import-substitutes and could potentially reach export levels. Development of these sectors, along with commercial and service enterprises, is necessary for making GDP growth translate into wealth creation that reduces poverty through employment and private enterprise.

Ideally, households and individuals will have more opportunity to work or engage in their own enterprises, leading to improved income and the opportunity to purchase desired consumption. To support provision of public services and infrastructure, the private economy and concessions will generate tax and royalty revenue for the public sector. In some cases the concession agreements will go further, stipulating that PPPs provide infrastructure and worker training. The sectors with important concessions, include large-scale mineral extraction and export (iron, possibly petroleum); plantation agriculture (rubber, palm oil); and large-scale forestry. As discussed in the latter part of this chapter, these sectors also include many small-holders, some of whom need government assistance with capacity building, marketing and infrastructure.

A major challenge for Liberia is that it avoids growing its GDP primarily through mineral exports from enclaves that do not offer improvement for everyday livelihoods. The temptation entrapping many but not all resource rich countries is to spend most of the concessions revenue on marginally productive

government-generated employment and consumption subsidies.[25] Past experience elsewhere and in Liberia has shown that this type of dual economy does not support equitable or sustainable development. Liberia plans to avoid this by stimulating private sector growth in more labor-intensive areas. The government cannot efficiently engage in these productive activities directly. Rather, it is creating an enabling environment by providing an appropriate legal and regulatory framework and by using the tax and royalty revenues from concessions to finance the electric-power and transport infrastructure, education and training, and other inputs that the private sector needs. While the priority interventions listed below focus on government policies and programs, it's important to recognize that economic transformation and sustainable growth rely on the actions of private entrepreneurs, farmers and concessionaires who respond to the interventions.

Table 9.1 shows such a results chain for Pillar II. The middle column shows the essential core—growth in the private productive sectors; the column on the left shows the government's programs that enable and encourage this private sector development with the private sector, not the government, acting as the main source of employment (important for economic growth and political sustainability). As quality employment becomes more available, Liberians will begin to see the private sector as the source of their livelihoods, which will build political support for business-friendly policies. The column on the right shows the intended results of Pillar II—increases in quality employment and household incomes. Government revenues from the mineral sector and increasingly the private sector are essential to the feedback loop to make this transformation self-sustaining.

Table 9.1: Economic Transformation Pillar Results Chain

Government Programs and PPPs		Private Sector Results		Overall Pillar Results
• Appropriate regulatory and legal environment. • International trade opportunities. • Macroeconomic stability and financial sector services. • Economic infrastructure. • Education and training.	→	• Investment and growth of output and exports: • Small and medium, enterprises • Industry, • Agriculture, • Forestry, and • Mining.	→	• Growth of quality employment, business opportunities, and household income • Government revenue → *funding for infrastructure and HD programs.*

[25] This problem is often called Dutch Disease, because it arose during the boom with North Sea natural gas in Holland during the 1970s. Recent research has shown that this problem is common but avoidable with good policies.

The main challenge of generating income outside of the concessions and the public sector relate closely to the cross-cutting issues elaborated on in Chapter 12. The link to Labor and Employment is critical because increased earnings will allow Liberia's growth to lead to poverty reduction and the creation of a middle-income society. And this connects with six other cross-cutting issues: Gender Equality, Human Rights, Youth Empowerment, Prevention of Child Abuse, and Fair Treatment of Those with HIV/AIDS or with Disabilities. Environment is also a cross-cutting issue of concern, particularly for the mining and forestry sectors.

Table 9.2 summarizes the goals within each sector. Table 9.3 at the end of this chapter summarizes the strategic objectives and specific outcomes for achieving these goals by 2017.

Table 9.2: Sector Goals for Economic Transformation

A. PRIVATE SECTOR DEVELOPMENT: Promote and sustain private sector development through enhanced economic competitiveness and diversification, increased value addition and an improved administrative and policy environment
1. *MSME growth and financing*: To ensure rapid growth of MSMEs that will lead to increased employment and wealth creation and reduced poverty. 2. *Industrial development*: Facilitate growth of industries producing tradable goods. 3. *Regulatory environment:* Reduce impediments to expansion of employment and production, especially of tradable goods, and assure worker safety and environmental protection. 4. *Property rights and Contract enforcement:* Enforce real property rights, intellectual property rights and other contractual rights to attract investment by Liberians and foreigners. 5. *International trade:* facilitate agricultural and small and medium enterprise (SME) exports as well as the import of goods for investment and consumption.
B. MACROECONOMIC ISSUES: To maintain fiscal, monetary, trade and exchange rate policies that entrench macroeconomic stability and support efficient public expenditure management, expand inclusive private-sector growth and job creation.
1. *Macroeconomic and debt management*: Continue sound fiscal policy and debt management and improve transparency on spending and revenues. 2. *Monetary:* Avoid high inflation and exchange rate volatility and develop a growth-enhancing financial system.
C. INFRASTRUCTURE
1) Energy: Increase access to renewable energy services and affordable power for community and economic transformation. 2) Roads and bridges: Improve accessibility 'year round' and connectivity of roads and bridges. 3) Transport: Ensure that Liberians nationwide have reliable, safe, affordable and efficient transport services. 4) Post and telecom: Facilitate universal access, transparency and reliability of low-cost postal, telecom and ICT services nationwide. 5) Housing sector: Expand access to affordable housing for low income household in all counties. 6) Public housing and buildings: Rebuild and rehab public and community buildings and household-level infrastructure.

D. AGRICULTURE and FOOD SECURITY
1. Promote a robust, competitive and modernized agriculture sector supportive of sustainable economic growth and development.
E. FORESTRY:
1. Integrate community, conservation and commercial aspects of forestry to sustainably contribute to reducing poverty, improving livelihoods and the quality of rural life, and increasing the ecological services provided by forests.
F. MINERAL DEVELOPMENT and MANAGEMEN:
1. Promote a sustainable, transparent, and well-managed exploitation of Liberia's mineral resources and an equitable distribution of the benefits among citizens

9.1. PRIVATE-SECTOR DEVELOPMENT

Growth of private-sector businesses, outside the primary sectors, will be critical for the type of wealth creation that leads to poverty-reduction and economic growth over the next five years. Achieving middle-income status will depend on this, no matter how much GDP is generated from large mines and plantations. This section discusses the prospects and needs for the MSMEs and industrial aspects of the private sector and how the government will improve the private sector environment—improving access to financing, regulatory environment, property rights, contract enforcement and international trade opportunities. The over aching goal of the Private Sector is *to promote and sustain private sector development through enhanced economic competitiveness and diversification, increased value addition and an improved administrative and policy environment.*

MSME Growth and Financing

Commerce and small businesses—MSME— are at the heart of our country's private sector. Local traders, welding shops and market women generate economic opportunities for themselves, their families, and their local communities and make a significant, but often unaccounted for, contribution to the Liberian economy. MSME will most likely be the main entry point to the labor market for the youth and disadvantaged, especially those who lack formal education. MSME grew in employment and output between 2008 and 2011, but not as rapidly as hoped. Because of the establishment of a One-Stop-Shop for registry and other measures, MSME registrations in the formal sector have accelerated, especially for Liberian-owned businesses, although they remain a minority. Government assistance seems to have helped some firms, but not all. In the 2011 Stakeholder Survey, 49 percent of respondents answered "Yes" and 42 percent answered "No" when asked "Have government policies in the last three years enabled you or members of your community to set up and operate small business?" The number of microfinance lenders increased from three (3) in 2006 to eight(8) in 2010, including AccessBank Liberia Ltd.; the number of deposits and borrowers grew from 300 to 50,000 over the same period.

Goal: To ensure rapid growth of MSMEs that will lead to increased employment and wealth creation and reduced poverty.

Constraints: MSME often stay out of the formal sector because excessive regulations and a rigid fiscal regime far outweighs the perceived benefits of formality. But then, these enterprises face more difficulty

in getting credit and receive less protection of their property rights. Their workers are left unregulated and often face unhealthy conditions. Staying in the informal sector thus traps the enterprises in a low equilibrium of small scale and low returns, creating a 'hand to mouth' existence. Lack of credit as a constraint to expansion was cited by over 70 percent of MSMEs. Further, banks are inexperienced in lending to MSME (typically not in the formal sector) and are reluctant to lend because legal claims for loan repayment are difficult to enforce. Without deposit mobilization schemes, banks have no history established with potential borrowers, and such borrowers have insufficient equity to absorb normal income fluctuations that may otherwise lead a solvent enterprise to loan default due to temporary illiquidity. MSME owners and managers typically lack knowledge of the technology and business practices that are needed to expand and create more jobs and wealth. They too often lack access to markets and information.

Strategic objectives: The government's policy for industry focuses on 1) Improving options for industry to employ Liberian workers, including under-represented groups. 2) Providing access to technology and infrastructure, and streamline regulations to increase competiveness of new and existing industrial enterprises. 3) Improving access to sustainable financing for industry. 4) Increasing entrepreneurial capacity for industry.

Agents and process of change: The National Investment Commission (NIC) and the MOCI will work together to establish the National Industrial Development & Financing Organization, which will report to the MOCI. The legislature will pass the appropriate laws and MOCI will issue the accompanying regulations. The MOCI, NIC and NIDFO will work with Liberian business associations, government organizations (the legislature, MOF, Central Bank of Liberia [CBL], MLME and Land Commission), and international partners (IFC and the UNDP) to assure that the planned measures are implemented and to monitor their results. The Ministry of Agriculture (MOA) will also support expansion of food processing industries.

Outcome indicators (by 2017): Growth of industrial value-added products and increased employment of Liberian workers, including women, youth and people with disabilities and HIV/AIDS. More registered industrial firms will be in operation, and they will have increased investment and equity accumulation.

Priority interventions: The government will carry out the National Jobs Creation Plan, launched during the 150 Days and build capacity of Liberians by collaborating with the private sector on demand-driven skills training and development. It will provide incentives to businesses to provide employment and training to Liberian staff in technical areas. The government will conduct regular dialogue with private-sector representatives, concerning their labor needs and the supply constraints and assuring that graduates have the skills needed by the market. This reflects an important link with the education sector in the HD pillar and with the cross-cutting issue of Labor and Employment.

In alignment with the African Union Action Plan, the NIDFO will provide support services to nascent industries through a combination of business incubation, incentives, financing, training and information/outreach programs. (The government will implement regulations to assure that the NDIFO and other industrial support arrangements are not captured by political or patronage interests and do not subsidize enterprises that are inefficient or persistently lose money.) It will complete the regulatory framework for bank and non-bank leasing operations and expedite information flows and institutional processes for investors to start leasing. The Central Bank will work with the Liberian Bankers' Association and others to fast track full implementation of the commercial code and commercial court, to reduce loan defaults to near zero; to end informal payments to bank employees for faster service; to introduce publicized "fast lane" fees to expedite loan processing; and to develop a training curriculum for MSMEs that would help them prepare their projects for appraisal by banks.

The government will also identify linkages between local industries and other priority sectors (like agriculture); examine how Liberian industries can fit into local, regional and global value chains; and provide corresponding services. The government will have a competition law developed and implemented to prevent monopolistic and restrictive trade practices that could damage the overall economy, and to ensure more competitive prices and help to improve the quality of products. To mitigate the problems of land property rights and infrastructure provision, while working on longer-term solutions, the government will establish and expand areas for industrial production and processing, such as export processing zones, industrial estates and SEZ. It will track and measure the impact fiscal incentives have on industries and adapt them accordingly.

Regulatory Environment

Issues in the regulatory environment include both the rules for entering the formal sector and the implementation of regulations for firms in the formal sector. During the first PRS, the Ministry of Commerce streamlined procedures for registering firms with measures like the One-Stop-Shop and the Business Reform Committee (BRC). The number of registrations annually grew from around 5,000 in 2006–07 to over 8000 in 2010–11. Now, the challenge is to increase the advantages of being registered in the formal sector. Regulations still get strong complaints in surveys (PRS Assessment, 2011). The rights of workers will be protected when the Decent Wage Bill is enforced. Product regulations currently do not ensure that Liberian products are adequately standardized and reliable for domestic and international markets. Consumers right are not adequately protected, thus the MoCI will, during the AfT period, build and strengthen the capacity of its consumer protection unit.

Goal: To reduce impediments to the expansion of employment and production, especially of tradable goods, and assure worker safety and environment protection.

Constraints: Current regulations and their implementation are onerous, often with frequent inspections and opportunities for officials to request bribes. Yet, these regulations do not adequately assure the safety of products, certify their quality or protect the safety of workers. It is also difficult for firms to officially close when conditions make it necessary to do so.

Strategic objectives: Revise regulations—and especially their implementation and cost—to enhance the legal/ regulatory framework of the commercial and industrial sectors within the country in a manner that would establish a more stable and predictable commercial environment inducing and supporting sustainable economic development. To review and update regulations where necessary and their implementation, to ensure safe working conditions and fair treatment for all categories of workers. Harmonization of regulations and inspection procedures across government agencies will be essential.

Agents and process of change: The MOCI will work with the BRC, NIC, MOL to propose appropriate law reforms and revise regulations to make it easier to establish industrial enterprises and facilitate the expansion of MSMEs into the formal industrial sector.
National Standards Laboratory will also help industrial expansion from the demand side, both domestic and international, by assuring that Liberian products meet good quality standards. MOCI will assure compatibility among the inputs from MOL, BRC and other stakeholders, and will coordinate monitoring inputs from them.

Outcome indicators (by 2017): Improvements in Doing Business and other international ratings of Liberia's business climate. Other indicators include the growth of exports from non-concession sectors and of

domestic production that competes with imports; improved satisfaction with Liberian products by domestic consumers; and improved environmental compliance and treatment of workers.

Priority interventions: To achieve the overall objective of increasing growth and employment, the government will improve the regulatory environment for private enterprises, large and small. To reduce the time and money to register informal enterprises and petty traders, key ministries and agencies will continue to streamline the administrative processes for incorporating companies and formalizing businesses (e.g., business registration). When firms join the formal sector, the wider society also benefits through increased tax revenue and more compliance with regulations, including labor conditions, gender equality, food safety and environmental protection. The BRC will continue to work to address ambiguities and overlaps in government regulations. Government ministries and agencies will streamline and coordinate inspections and licensing requirements. They will reduce the number of government agencies carrying out inspections per month at any enterprise—from about 13 now to less than seven for large enterprises and two or less for SMEs.

The National Standards Lab (NSL) will be ISO certified and adopt international standards for key products. The capacity and skills of the NSL staff will be strengthened to enforce those standards. The MOL will review and revise the labor regulations and their implementation, so that employers can hire adult workers freely, without formal or informal restraint and so that previously disadvantaged groups get an equal chance for hiring. Laws and effective regulation to guard the rights of these groups—women, youth, those with HIV/AIDS and other disabilities, will be enforced.

The government will work with business associations so that they can raise awareness of the value of formalization and encourage their members to do so. Government, donors and business associations will collaborate to identify and eliminate administrative procedures that unnecessarily increase cost of production and trading.

Regulatory Environment

Currently, the cost and risk of investment by domestic and foreign firms remain high due to uncertainty of land claims, leasing arrangements and other contracts. Liberian-owned enterprises that do not have international venues in which to enforce their claims are often at a greater disadvantage.

Goal: Ensure that real property rights, intellectual property rights and other contractual rights are respected and enforced so that Liberian and foreign investment becomes more attractive and increases.

Constraints: Current regulations and their implementation are onerous, often with frequent inspections and opportunities for officials to request bribes. Yet, these regulations do not adequately assure the safety of products, certify their quality or protect the safety of workers. It is also difficult for firms to officially close when conditions make it necessary to do so.

Strategic objectives: Revise regulations—and especially their implementation and cost—so as to increase the benefits of being in the formal sector to make Liberian products more competitive internationally and with imports; to assure safe working conditions and fair treatment for all categories of workers; and to protect consumer health and rights. Harmonization of regulations and inspection procedures across government agencies will be essential.

Agents and process of change: The Land Commission will work with MOJ and MLME to identify the legal and regulatory changes needed to make property rights more clear and secure for all classes of investors—domestic MSMEs, tribal and community groups, as well as larger domestic and foreign

enterprises. Given that the present property claims overlap at times, clarification will force some groups to accept losses, relative to what they thought they had, so the President and other political leaders will discuss these difficult decisions and arrange appropriate compensation in some cases. The Land Commission and MOJ will recommend changes; the President will decide what recommendations to follow and direct MOJ and MLME on implementation.

Outcome indicators by 2017: There will be increased public and private investment in businesses, infrastructure and agriculture. There will also be an increased number of property rights and contracts cases resolved. Surveys will show that Liberians believe there are clearer definitions and better protection of communal and private land claims, including claims by women.

Priority interventions: The government will establish and operate both a commercial code to govern transactions and a commercial court that can enforce commercial contracts. The government will also upgrade the courts and institute a small-claims court to settle such claims expeditiously. To increase the reliability and duration of lease options, for both domestic and foreign-owned enterprises, the government will establish and implement a system for cost effective dispute resolution for leases. It will also run an awareness campaign to improve public understanding of contractual rights and obligations and to change attitudes towards compliance.

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Property Rights and Contract Enforcement

Currently, there is high cost and risk of investment by domestic and foreign firms due to uncertainty of land claims, leasing arrangements and other contracts. Liberian-owned enterprises that do not have international venues in which to enforce their claims are often at a greater disadvantage.

Goal: Ensure that real property rights, intellectual property rights and other contractual rights are respected and enforced so that Liberian and foreign investment becomes more attractive and increases.

Constraints: Land tenure is unclear and insecure because of poor records and conflicts between formal and traditional concepts of land claims. Leases and other contracts have uncertain enforceability, due to ambiguity of laws and problems with the courts as discussed in Chapter11. Corruption in both public and private sector entities discourages investment by foreign and domestic enterprises.

Strategic objectives: To strengthen laws and the implementing institutions that enforce property rights, including intellectual property and commercial contractual rights. Contract enforcement through courts and arbitration would further enhance the value of being in the formal sector. Making enforcement of contracts and property rights available to more SMEs will encourage them to move into the formal sector.

Agents and process of change: The Land Commission will work with MOJ to MOLME to identify the legal and regulatory changes needed to make property rights more clear and secure for all classes of investors—domestic SMEs and tribal and community groups as well as larger domestic and foreign enterprises. Given that the present property claims overlap at times, clarification will force some groups to accept losses, relative to what they thought they had, so the President and other political leaders will discuss these difficult decisions and arrange appropriate compensation in some cases. The Land Commission and MOJ will recommend changes; the President will decide what recommendations to follow and direct MOJ and MOLME on implementation.

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Trade—Regional and International Integration

Liberia imports about three times as much as it exports, which has been possible largely due to aid inflows. A third of MSME in the country and essentially all large firms reported to having sold to or bought from a foreign buyer/seller (National Export Strategy 2011, p. 2). This shows that Liberian firms have connections with international markets, but they still rarely use these connections for trade in an export direction. This is expected to change in the next five years as Liberia increases its exports from both concessions and agriculture and industry—and as aid flows taper off. Imports come both by sea, mainly through the Monrovia port, and by land at border crossings, particularly with Guinea. The Bureau of Customs and Excise (in MOF) has been implementing reforms and strengthening its programs, including automation of procedures at the three most active ports of entry, which has expedited trade and increased revenues to the treasury.

Goal: Facilitate agriculture, MSMEs exports as well as the import of goods for investment and consumption.

Constraints: The inadequate capacity to produce products for trade; inadequate transport infrastructure to link (potential) producers with international trade via sea and the land border crossings; inadequate knowledge by MSMEs about international markets; cumbersome regulations that impede international trade; and unfinished agreements with regional and international trade partners. The first three constraints are addressed in other sections of this chapter.

Strategic objectives: 1) Promote Liberian products for international markets. 2) Facilitate exports (e.g., through special export processing zones; improved trade agreements; and training for entrepreneurs, including women. 3) Make customs and border-control measures more efficient.

Outcome indicators (by 2017): Increased exports from agriculture, agro-industry and manufacturing. Reduced time to clear imports and exports through customs. Reduced time to get rebates of taxes and duties paid on inputs used for producing exports. Reduced smuggling.

Priority interventions: The government has developed a National Export Strategy (2011) "with the aim of reviving the export sector and creating sustainable employment for a vast proportion of the Liberian population." To encourage production for export and increase the availability of areas for industrial production and processing for international markets, the government will establish a new special economic zone with infrastructure and utilities; it will also rezone the Gardnersville industrial park and Industrial Free Zone at the Monrovia Freeport area to previous use as a SEZ. To improve the international environment for Liberia's exports and imports, MOCI will advance Liberia's trade negotiations with EU, WTO and other trading partners. It will further the harmonization of tariffs with ECOWAS. These processes will be paced to allow time for Liberia to develop its own industrial potential. To make its products more attractive, MOCI will improve enforcement of product standards and quality control, and the government will enact a New Customs Code. Increased enforcement and improved monitoring of local-content requirements will reduce smuggling. The government will continue to streamline the process of trading across borders and dealing with trade officials—automating customs procedures at all the ports of entry—in order to increase the amount of legal trading and duty collected, while improving control against illicit trade.

9.2 MACROECONOMIC ISSUES—FISCAL AND MONETARY

Liberia followed sound macroeconomic policy from 2008 to 2011. The government will now maintain and build on this record while at the same time using fiscal and monetary policies to give more support to private-sector growth. Achieving that growth, discussed in the previous section, will be essential to avoid social and political discontent that could undermine the public's support for prudent macroeconomic management.

Goal: To maintain fiscal, monetary, trade and exchange rate policies that entrench macroeconomic stability and support efficient public expenditure management, expand inclusive private-sector growth and job creation.

Fiscal and Debt Management

During PRS, the government pursued sound fiscal policy and debt management, achieving balanced budgets and negotiating major reductions of public debt as documented in recent International Monetary Fun (IMF) reports. With the debt reduction operations, public external debt declined from 191% of GDP in 2009 to under 12% in 2010; domestic debt is around 27% of GDP and projected to decline. Total revenue has been 25–30% of GDP, with taxes on incomes and international trade each contributing a third (IMF 2011, pp. 17, 21). Introducing the Integrated Financial Management Information System improved internal knowledge and external transparency about spending and revenues. Nonetheless, the macro-stability remains vulnerable to shocks and fiscal institutions are not yet robust. Public investment has been low, varying between 3.5 and 6% of GDP.

Goal: Maintain sustainable fiscal balances and debt levels, while improving the transparency, accountability and efficiency of public expenditure and raising more public revenues.

Constraints: There is weak capacity for financial management and monitoring in spending ministries. Government revenues may be variable and uncertain due to world-price fluctuations on concessions

revenue and variability in international aid flow as development partners face their own budget uncertainties. Liberia's tax laws and revenue collection institutions require further strengthening.

Strategic objectives: Strengthen institutions for fiscal planning, accountability and transparency. Prepare fiscal arrangements to support "de-concentration" and phased decentralization of government. Strengthen revenue inflows and administration.

Agents and process of change: The MOF will continue working with international partners, particularly the IMF and World Bank, to assure that the macroeconomic policy remains sound and is properly integrated with the domestic budgeting strategy and realistic projections of financial support from the numerous development partners. The Aid Management Unit in MOF, established in 2010, will continue to improve the projections and reporting of donor financing. The Department of Revenue (in MOF) will strengthen tax collection capacity, increase revenue, and consult with business associations to assure that this is done without excessive compliance costs for private enterprises. The MIA and MOF will work with the emerging subnational government institutions to assure that their activity is well integrated with the overall budget framework and reporting. The MOF will bring the MPEA and LDA fully into its organization, thus unifying the domestic planning and external dialogue on budgets and donor support.

Outcome indicators (by 2017): Indicators include increased investment as a share of public spending; a sustainable structure and level of public debt—especially floating debt and arrears, which are often early warnings of fiscal problems; and collection of revenue will grow to match expenditures. Other indicators will be reduced time between the end of the fiscal year and the publication of audited accounts and decreased differences between the initial approved budget and the final audited budget statement.

Priority interventions: To sustain the pace of progress, the government will improve its financial programming with the introduction of a Medium-Term Expenditure Framework, described in the economic governance section of Chapter 11. A Budget Framework Paper will outline the projected evolution of the government budget constraints given growth projections, revenue scenarios and debt servicing requirements. Within these constraints, the MOF and MPEA will use the MTEF exercise to work with line ministries and agencies to make rolling three-year plans for investment and recurrent spending that are fiscally sustainable and in line with the Agenda for Transformation priorities. The President and MACs will establish strict adherence with the Budget Framework Paper. To ensure wise use of Liberia's revenue from concessions—essentially sale of national assets—the government will increase its share of spending for public investment, thus creating new productive national assets.

In order to avoid excess dependence on concessions revenues and external assistance, the government will strengthen its systems for collecting revenue from the domestic economy. It will simplify tax administration and revise tax incentives to reflect the concerns and constraints of businesses. It will also increase the portion of taxes processed electronically.

As the government moves forward with its de-concentration and decentralization plans, discussed in Chapter 11, it will establish treasury units in all 15 counties, both for disbursement of expenditure and for receipt of tax payments. These will be consistent with on-going programs to pay salaries through bank accounts and have more tax payments made electronically.

Priority interventions: To sustain the pace of progress, the government will improve its financial programming with the introduction of a Medium-Term Expenditure Framework, described in the economic governance section of Chapter 12. A Budget Framework Paper will outline the projected

evolution of the government budget constraints given growth projections, revenue scenarios and debt servicing requirements. Within these constraints, the MOF and MoPEA will use the MTEF exercise to work with line M&As to make rolling three-year plans for investment and recurrent spending that are fiscally sustainable and in line with the AfT priorities. The President and ministries will establish strict adherence with the Budget Framework Paper. To ensure wise use of Liberia's revenue from concessions—essentially sale of national assets—the government will increase its share of spending for public investment, thus creating new productive national assets.

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Monetary

Liberia has an important advantage of a good—although short—record of conservative monetary policy. During the first PRS, it achieved low inflation and a stable exchange rate, and the dual currency system has worked well for Liberia. Extensive and official use of the U.S. dollar has provided an effective nominal anchor to the low-inflation policy of the U.S. Federal Reserve, while the Central Bank of Liberia (CBL) has managed the supply of Liberian dollars so that the exchange rate in the auction market has been stable but not fixed, and inflation averaged less than 5 percent during the PRS period (2008-2011). Liberia's banking system has improved since 2005, with the number of commercial banks rising to eight; and the minimum capital requirement was increased from USD $2 million in 2006 to USD $10 million since December 2010. Nonetheless, the banks remain weak and reluctant to lend to the private sector; returns on assets and on equity are barely above zero. Non-performing loans (NPL) have declined from three-fifths of bank portfolios in the early 2000s to less than one-quarter, all of which are fully provisioned as of August 2011, but the NPL ratio is still higher than regional comparators (IMF 2011, pp. 8-9).

Goal: To avoid high inflation and exchange rate volatility and develop a growth enhancing financial system.

Constraints: There is fragile confidence in the money and banking systems. Banks' balance sheets are still weak, which discourages them from making longer-term loans that businesses need to expand, especially small and new businesses.

Strategic objectives: To continue conservative aggregate monetary policy; strengthen bank supervision; and encourage gradual expansion of bank lending and other services to MSMEs and underserved communities.

Agents and process of change: The CBL will build its institutional capacity to manage the markets for foreign exchange and government bonds as well as regulate commercial banks. The CBL will work with MOF, MOCI, commercial banks and business associations to ensure that banks are properly regulated and that their operations are consistent with sound aggregate monetary policy. The IMF and World Bank will provide technical assistance as appropriate.

Outcome indicators (by 2017): Stable aggregate price indices and exchange rate. Commercial banks will enjoy adequate capital to loan ratios and reduction in the stock of NPLs. MSMEs will use banks more for deposits and be granted more loans. An increased share of households and MSMEs will use banking and other financial services.

Priority interventions: The CBL will continue to maintain adequate foreign exchange reserves and keep the exchange rate stable. The CBL will strive to implement a risk-based framework for financial supervision. The MOF and Central Bank will introduce the framework for a treasury-bill market. The CBL will continue a credit line for commercial banks' on-lending to SMEs and will implement the proposals for modest credit lines to non-governmental microfinance institutions and to the Afri-Land Bank for smallholder tree crops with them bearing the credit risk.

9.3 INFRASTRUCTURE

Most of Liberia's infrastructure was destroyed or simply deteriorated beyond use during its years of conflict. While rebuilding was a priority during PRS and the preceding transition period, the majority of work remains to be done.

With the emerging economic activities in mining, logging and agriculture, concessions will account for a significant portion of the country's infrastructure needs going forward. They will need around 30 percent of feeder roads, 80 percent of power, and over 90 percent of port services and railways. The government will make sure that the concession agreements take due consideration of its fiscal and infrastructure needs, as well as the needs of the private sector and small-scale agriculture and forestry.

At the Economic Forum in September 2011, it was agreed to 1) explore channels for multi–stakeholder dialogue on infrastructure with the view of identifying win-win PPPs; 2) introduce a coordination mechanism among concessionaires and the government to avoid sub-optimal investment decisions for rail and energy; 3) prioritize the resolution of road and port bottlenecks affecting small concessioners; 4) pursue PPPs to implement this strategy; and 5) collaborate on regional infrastructure projects such as the West Africa Power Project and Trans-West African Coastal Highway.

Power and Energy

Inadequate electricity remains a crippling constraint for MSME and industrial development. Essentially, the entire infrastructure for generation and distribution of electricity was destroyed during the war. With costs of power currently over USD $0.50 per KWH, most manufacturing and processing projects are economically infeasible. Investments in power have projected economic rates of return of 15 to 30 percent per annum. During the first PRS, the power sector made little progress beginning from a very low starting point. There is still a long way to go to supply electricity to most of the economy, which is essential to reach the goal of middle-income status.

Goals: Increase access to renewable energy services and affordable power for community and economic transformation.

Constraints: The high capital cost of investment; lack of knowledge about alternatives; and poor coordination between government agencies (especially the LPRC and National Oil Company of Liberia [NOCAL]), international donors and international investors.

Strategic Objectives: To supply affordable power from the grid to MSMEs, industries and households in urban areas, while supporting alternative modes of generation that can extend electricity to off-grid areas using small-scale thermal-, solar- and hydro-technologies. This will also entail consolidating the decision making process in the government, improving donor coordination, utilizing PPPs, and securing agreement from mining companies to invest in (or otherwise support) power generation and transmission from which other users can also buy power. The energy sector will increase its environmental sustainability, including reduced use of charcoal and wood for fuel.

Agents and process of change: The Energy Technical Committee, Liberian Electrical Company and the Rural Electrification Agency (RREA) will work with development partners to plan, finance and carry out the reconstruction and rehabilitation to key power infrastructure for centralized generation and decentralized rural power supply. Large mining enterprises will also play a role as major customers, sources of finance and perhaps as implementers of power supply for themselves and communities near the mines. Since much of the financing for energy investment will come from development partners and international mineral companies, decisions on design and implementation will be made jointly, through an iterative process that started in the first PRS and the 150 Days. Chevron, now exploring for off-shore oil and natural gas, will also play a meaningful role if they find deposits. Even if these do not come on-line until after 2017, they could have a major impact sooner on energy planning and investment.

Outcome indicators (by 2017): More households and enterprises will have access to electric power at reduced costs and increased reliability. There will also be increased safe access to petroleum fuel outside Monrovia and more access to fuel that doesn't contribute to deforestation.

Priority interventions: Power sector investments planned under the AfT, include rehabilitation of the Mount Coffee Hydro-electric plant; addition of back-up heavy fuel oil generation capacity for the dry season; completion of the main transmission backbones and distribution facilities; and connection with the West African Power Pool. The estimated cost of these investments totals more than USD $500 million from PPPs and international partners. The government will also arrange the installation of solar lights in over 10,000 villages.

As the main consumers of power in Liberia, mining companies will examine, together with the government, the possibilities of building hydro- and heavy-fuel thermal generating plants. Because most of these facilities' output will be used by mining operations—as the power provisions of the concession agreements are finalized—they will be encouraged to build extra capacity and provide electricity to local enterprises and communities and eventually to the national grid at cost recovery prices.

Since most communities will remain off the grid in the immediate future, the government will support them in developing alternative options with small-scale thermal- hydro- and solar-energy. Currently, experiments with agriculture biomass for small diesel generators are being conducted; as success emerges from such pilots, the government will support their replication.

Transport Services

Ports and airports— offering international connections beyond the region—made considerable progress during the first PRS, mostly due to PPPs. Public transport remains minimal, especially beyond the Monrovia areas. The Ministry of Transport (MOT) and MPW, along with international partners, have prepared a comprehensive Transport Master Plan for the next five years and beyond, which also addresses roads and bridges.

Goal: Ensure that Liberians nationwide have increased safe, reliable, accessible, affordable and efficient transport services

Constraints: Institutional limitations are the primary constraint to overall transport improvements. The MPW and MOT lack adequate technical and management capacity to deal with operations and management and private-sector contractors. Coordination between MPW, MOT and with other stakeholders in the sector remains a challenge.

Strategic objectives: 1) Improve transport sector policy, assignment of functions, and planning—including coordination among government agencies and with neighboring countries.
2) Improve the efficiency, transparency, environmental sustainability and safety of transport services nationwide, including alternate modes (e.g., rail and water). 3) Provide hydrological and meteorological services to reduce disruptions of transportation services. 4) Continued improvement of management and facilities at sea and airports.

Agents and process of change: MOT has the lead for this sector. For seaports and airports, the main commercial users—mineral export and shipping companies and airlines— will continue to work in PPPs with the government port authorities; their needs will be help guide investment decisions. Highway and urban transport operators will coordinate with MOT to improve services.

Outcome indicators (by 2017): More efficient and affordable rural and urban transport services in a range of modalities; increased public availability and accuracy of information on transport, hydrological and meteorological issues; and increased traffic volume and reduced turnaround time at sea and air ports.

Priority interventions: The National Transit Authority launched an initiative in the 150 days to expand its national bus network, including the building of a new bus terminal and purchasing additional buses for its fleet. For seaports and airports, main users have better access to financing than the government and can internalize costs or charge user fees, thus the MOT will continue to work through PPPs to upgrade and expand facilities. To develop Liberia's potential as a regional trade hub, the government will implement the Airport Master Plan; complete the dredging of Greenville ports; and extend the marginal wharf at the Monrovia Freeport.

Roads and Bridges

Roads and bridges are Liberia's domestic arteries for delivery of public services and nearly all economic activity—except ore exports. Reconstruction and rehabilitation—over USD $500 million of investment during the first PRS including donor funding—has restored minimum usability to most of the network. But transport costs remain high, averaging $.20 per ton kilometer, due to poor road conditions and at times unusable bridges. About 95 percent of the road mileage rehabilitated or completed in the first PRS was for laterite roads, and not paved roads, which entail high annual maintenance costs. The MPW and MOT along with international partners have prepared a Transport Master Plan for the next five years and beyond. This plan contains full estimates of road construction and maintenance costs.

Goal: Improve accessibility "Year Round" and connectivity of roads and bridges.

Constraints: The cost of constructing or rehabilitating asphalt-paved roads is about 16 times higher than laterite (dirt) roads, but the latter deteriorate quickly and have annual maintenance costs of over one-third the initial investment. In parts of the country with low population density and economic activity,

the cost per passenger-kilometer or per freight ton-kilometer of usage is extremely high. These low-density, high-cost road areas are also where poverty rates are highest; accessibility for counties in the southeast is particularly inadequate. The MPW and MOT lack adequate technical and contracting capacity as well as institutional capacity arrangements when dealing with operations and management and private-sector contractors.

Strategic objectives: 1) Improve road connections between all regions of Liberia, especially for southeast counties; open more secondary and feeder roads; and keep roads usable year round. 2) Enhance operational efficiency through improved planning and procurement, including by strengthening the private road construction and maintenance sector, collaboration with concessionaires, and use of labor-intensive technologies that help reduce unemployment. 3) Ensure participation from transport stakeholders and communities in road construction planning and monitoring to enhance accountability. The sector strategy will encourage a competitive private road construction and maintenance sector to reduce cost, and coordinate rural road development with agricultural development plans so that increased production can get to markets. The sector strategy will also explore alternative technology for rural road development, such as concrete block construction.

Agents and process of change: MPW will continue to lead on the roads and bridges. It has developed a medium-term investment and maintenance plan for roads and bridges, working with international development partners. The latter will probably fund much of the investment and some of the maintenance, at least in the early years, while the government budget will cover an increasing share of maintenance costs.

Outcome indicators (by 2017): There will be more roads in good condition throughout the year; reduced travel time and cost between regions and in urban areas; better access of rural areas to main highway corridors, and reduced traffic accidents per passenger mile. Procurement of road construction and maintenance will be more cost effective, and will use increased labor intensity of roadwork where appropriate. Surveys will indicate an increased sense of community ownership and satisfaction with road services.

Priority interventions: For roads and bridges, MPW will follow the Transport Master Plan to construct and rehabilitate segments of the nationwide network over the next five years and implement a strong maintenance plan. Primary roads will use a mix of laterite and paved construction; the more expensive paved roads will depend on the availability of funding, including those from donors. Secondary roads and feeder roads will use laterite construction, with trial use of concrete block paving. Employment intensive techniques are already in use in some areas in order to create jobs along with the road rehabilitation and maintenance; this will continue. MPW will coordinate with agencies for water, sewerage, electricity, and internet in order to ensure that new roads are not torn up by installation of utilities infrastructure. MOT will strengthen the institutional framework and capacity to promote road safety.

Public Housing and Buildings

The destruction and depreciation of infrastructure during the war, combined with recent population growth, means that the stock of low-income housing is inadequate to meet demand.

Goal: Expand access to affordable housing for low income households in all counties.

Constraints: The government currently lacks adequate capacity to carry out urban construction and related infrastructure work. Unclear legal claims to land tenure make investment outcomes uncertain, as discussed above.

Strategic objectives: 1) Expand access to affordable housing, including for low-income groups and women. 2) Improve housing policy, clarifying public- and private-sector roles and assuring fiscal affordability and community participation. 3) Reduce government's costly use of rental buildings by restoring and upgrading public buildings. 4) Encourage employment-intensive techniques where appropriate for construction and site preparation.

Agents and process of change: The National Housing Authority (NHA) will sensitize the population, business leaders and legislators on the importance of affordable housing. The NHA, local authorities, Shelter Afrique, the Central Bank and private-sector partners will work together to increase the availability of housing finance in ways that involve the private sector and do not increase fiscal and financial risk to the public sector. The Land Commission and local authorities will make appropriate zoning arrangements. The MPW, MOJ and local authorities will work together to implement the new zoning laws. The nature of involvement by local authorities will evolve as Liberia's decentralization program is implemented. The General Services Agency and MPW will coordinate on issues of public buildings.

Outcome indicators (by 2017): Increased number of low-income housing units and communities built in each county, with more pro-poor allocation of public housing. Increased numbers of public buildings restored and upgraded, and reduced outlays for renting buildings.

Priority interventions: To continue programs started during the 150 Days, the NHA will negotiate and acquire substantial land acreage in each county and in the Monrovia area and then construct affordable housing units. The Commercial Court will implement the Mortgage Chapter of the new Commercial Code. Shelter Afrique will sign on-lending agreements with local banks for credit lines, and major employers will channel monthly payrolls of mortgagees through employee bank accounts. The government will rehabilitate and maintain at least 25 public buildings.

Information and Communications Technology (ICT) and Post

During the first PRS, the government established key organizations to manage and operate the ICT and Post sector: the Ministry of Post and Telecommunications (MPT) was made to handle only policy and policy-related matters; the Liberia Telecommunications Authority (LTA) was given an independent regulatory mandate; and the Liberia Telecommunications Corporation (LIBTELCO) remained the national operator. In the meantime, lacking a clear national vision for the expansion of ICT/telecommunications, licenses were granted in the absence of sound regulation, resulting in market dominance by a few mobile phone operators and Internet service providers (ISPs). Nonetheless, access to cell phones is high, with over 50 percent of Liberian households owning one in 2010 (80 percent in the Monrovia area), and the prices are reasonable by international standards (CWIQ, 2010). The absence of broadband access compels ISPs to provide limited and poor quality services at high cost via satellite link. The submarine fiber-optic cable around West Africa has reached Liberia, making for a huge potential improvement in service, but it has not yet been linked with installations onshore.

Goal: To facilitate universal access, transparency, reliable and low cost postal, telecom and ICT services nationwide.

Constraints: Until 2012, the lack of broadband electronic linkage was a major constraint. Performance of the sector has also been constrained by limited financial and human resources in key agencies, inadequate telecommunications and postal infrastructure, and low levels of ICT penetration and literacy. The rapid evolution of alternatives to the traditional postal system and its high potential cost has made prioritization decisions essential.

Strategic objectives: Upgrade domestic and international Internet connectivity through efficient utilization of the international fiber-optic link. Regulate Internet and cell phone industries so that the private companies compete and provide efficient, secure and affordable service throughout the country. Develop the Liberian Postal System as a semi-autonomous corporation with a realistic mandate and a sound financial basis.

Agents and process of change: The MPT will lead the prioritization process, especially concerning postal services. The Liberia Telecommunications Authority, Liberia Telecommunications Corporation, and private companies in the sector will provide inputs and implement many of the details for the telecom and Internet development. This will also involve post offices, since they will offer Internet services especially for the poor and those living in remote areas. The government, through LTA, will provide the regulatory framework for private-sector provision of cell phone and Internet services. MPW and the GSA will participate in construction, equipping and staffing the post offices once political decisions have been made concerning the scope of mandate and financing for that service. Once the legislature and MOF decide on the medium-term resource envelope for traditional postal services, MPT will work with MPW and GSA to carry out the corresponding construction, equipping and staffing.

Outcome indicators: By 2017 there will be improved coverage and quality of internet and phone services, and the start of mail delivery, with fiscal sustainability and surveys indicating customers' satisfaction.

Priority interventions: To utilize the West Africa fiber-optic cable, the government will support deployment of national fiber infrastructure, linking the country to international high-speed broadband access. The government will implement regulations, pricing and complementary infrastructure to make access available to wide circles of society. The MPT will coordinate with MPW to assure the installation of underground fiber optic cable does not reverse the benefits of road construction and rehabilitation. The MPT will implement the plan, produced during the 150 Days, to convert the Liberia Telecommunications Corporation (LIBTELCO) into a PPP.

The government will develop a National Postal Policy and implementation plan that recognizes the nation's needs, the latest developments in communication technology, and the overall budget constraints and priorities. The plan will include development of the necessary address and information systems and the needs for infrastructure, equipment and personnel.

9.4 AGRICULTURE AND FOOD SECURITY

As the largest source of employment and a source of food for its people, agriculture is central to Liberia's vision of economic transformation for wealth creation that leads to poverty reduction. The

sector grew around 6 percent annually in 2008–09 but less than 4 percent annually in 2010–11, not as rapidly as expected or as in the initial post-2003 years. Despite the abundance of land and water, making multiple crops per year feasible and favorable to export, less than 5 percent of the land is under permanent cultivation, and less than 1 percent is irrigated. Large plantations with concessions produce most of the rubber and palm oil, but they also offer opportunities for small-holders to sell their output to the larger concerns. Firestone is a prime example, with large plantations, and also buying smoked rubber from individual farmers with some trees of their own. The small operations generally have lower efficiency and quality of tree care. Fisheries and animal husbandry are lagging and did not grow much during the first PRS (CWIQ, 2010). Less than half of the population today is food secured (Stakeholder Survey, 2011). To inform the future growth and development of the agriculture sector, the government adopted the Cooperative Development Act/Law 2010 and an accompanying Liberia Cooperative Development Regulations of 2010. These documents have provided the enabling institutional and legal environment for the development of autonomous, viable and demand driven cooperative organizations.

Goal: To promote a robust, competitive and modernized agriculture sector supportive of sustainable economic growth and development.

Constraints: Small-holder farmers have low productivity due to inadequate inputs of fertilizer, irrigation, quality seed and breeding stock; they also lack adequate credit, machinery and infrastructure for transport, storage and marketing. This is related to the general absence of a food processing industry to prepare their products for wider domestic and eventually international markets. Small-scale farmers and fishers typically lack knowledge of market conditions, technology and best practices. Uncertainty of land tenure also discourages investment, adoption of improved techniques and economies of scale.

Strategic objectives: 1) Increase agricultural productivity, value-added and environmental sustainability, especially for small-holders, including women and youth. 2) Increase integration of small-holder agriculture with domestic and international markets. 3) Increase fishery production in a sustainable manner. 4) Increase access to machinery, fertilizer, storage, credit, training, technical assistance, market information and improved technologies, and related services, including through farmer groups and nuclear farms. 5) Increase access to land and security of tenure. 6) Improve nutrition for all Liberians.

Agents and process of change: MOA will provide technical assistance and informational encouragement for small-holders to organize cooperatives or to align themselves with nuclear farms, where feasible, in order to more efficiently participate in markets for inputs and outputs. Cooperatives and nuclear farms will become the main conduit for socio-economic development in agriculture, contributing to improved livelihoods and poverty reduction. The MOA will work with local farm organizations and plantation operators to decide jointly on the mode of intervention that will be most effective in each area.

Outcome indicators (by 2017): Increased productivity, output, domestic sales and exports of agricultural products—crops, livestock and tree products. Increased overall and irrigated crop-production acreage. Increased volume and value of fishery output. Reduced rice import bill. Rising incomes of small-holders and fishers. Improved household nutrition, especially for vulnerable households. Increased number and viability of agriculture and fishery associations, with participation of women and youth.

Priority interventions: MOA will evaluate and further implement the successful features of the program, started during the 150 Days, to purchase designated food crops from small farmers to create jobs, revitalize agriculture and extend soft loans to farmers. MOA programs will continue to address the training needs of farmers with research and extension services and improve small-holders' access to

credit and agricultural machinery through cooperatives, nuclear farms[26] and rental services. Since improved agriculture technologies are a public good, especially for small-holders, MOA will sponsor research that is relevant to them. MPW will address the infrastructure needs for transportation. Storage and trucking will come from the private sector and cooperatives, which the government will encourage with appropriate regulations, along with improved roads. The government will also develop product standards to be at par with those of competing imports and will promote their adoption. Liberia will develop its agro-industry to enhance penetration in domestic markets, increase food security for the population and reach overseas markets.

The MOA in partnership with other stakeholders will work on the following: regulation and inspection; maintenance of strategic food reserves; provision of market information; and financing the control of pests and farm diseases. The government will promote the formation of cooperative societies and nuclear farms in various aspects of agriculture in order disseminate production and marketing information, to improve irrigation, and to facilitate the purchase of seeds and fertilizer, rental of machines, marketing, storage, credit and other agriculture related activities, such as transportation. Rather than subsidizing these services and intermediate inputs, the government is initiating the supply process so that volumes grow to the point where unit prices at delivery are close enough to world prices so that Liberian farmers can compete with imports.

For the rubber and palm oil subsectors, the government will support technical assistance to small producers, perhaps in partnership with the large enterprises that have considerable technical expertise and can function as nuclear farms. Regulations of the plantation side will assure environmental sustainability and proper treatment of workers.

The fisheries subsector will focus on community-based resource management, thereby improving catches in a sustainable way. The government will promote aquaculture development and restock natural water bodies with fish seed. It will work with private entrepreneurs to develop more efficient processing facilities and improved distribution networks. It will continue active participation in the ongoing West Africa Regional Fisheries Program to reduce illegal fishing offshore and improve regulatory framework.

9.5 FORESTRY—DEVELOPMENT AND PROTECTION

Liberia's forests are of global importance to conservation—the country possesses over 40 percent of the Upper Guinea rainforests in coastal West Africa—and they are also a vital source of food, medicines, building materials and ecosystem services. Bush meat, charcoal and wood planks are vital to the livelihoods of rural Liberians and provide income to hunters, charcoal makers, sawyers, intermediate buyers and market agents for international markets.

The forestry sector has the potential to significantly contribute to poverty reduction and economic growth—including from international carbon financing opportunities—but it is currently recovering from decades of mismanagement and abuses that culminated in UN sanctions against the export of Liberian timber from 2003 to 2006. Significant policy, legal and institutional reforms led to the lifting of UN sanctions, and a new roadmap for forest sector development, the 2007 National Forest Strategy, was developed to broaden and balance commercial aspects with community and conservation objectives (the 3-C approach).

[26] Nuclear farms are large farms, say for tree crops, which will provide technical, marketing and credit services to smallholders that grow the same crops in the surrounding area.

Since 2007 there has been limited recovery of production primarily for domestic use—informal production of lumber, charcoal and fuel wood. Less than 2 percent of the estimated timber production was exported from 2007–11. During 2007–9, the Forestry Development Authority (FDA), in collaboration with international and local CSOs and the World Bank, conducted a Strategic Environment Assessment of the forestry sector. The assessment noted an under-valuation of forest economic benefits and financial opportunities, such that forest management decisions tend to be biased towards commercial logging and stakeholder groups who benefit from logging. This forest policy strategy missed potential revenue generating and carbon-financing opportunities and undervalued non-timber forest products and services.

Goal: To integrate the community, conservation and commercial aspects (3-C strategy) of forestry to contribute sustainably to reducing poverty, improving livelihoods and the quality of rural life and increasing the ecological services provided by Liberia's forests.

Constraints: An overemphasis on the commercial and export opportunities of the forestry sector; a largely unregulated informal forestry sector; the government's inadequate monitoring and regulatory capacity; lack of adequate transport infrastructure; unclear land-use rights in forest areas; and insufficient stakeholder engagement and public understanding of the importance of sustainable forest management. Inconsistent policies and lack of coordination with neighboring countries have also contributed to problems.

Strategic objectives: 1) Develop community and private-sector forest enterprises to increase incomes, provide jobs for communities, including women and youth, and increase government revenues. 2) Expand sustainably harvested forest flora and fauna production for domestic and export markets through improved user rights, increased community participation and sustainable forest management. 3) Minimize illegal harvesting of forest resources; assimilate, strengthen the informal forestry sector and strengthen trans-border conservation through collaborative agreements with neighboring countries. 4) Build technical capacity of and improve coordination among government agencies, arboreal communities and civil society.

Agents and process for change: The FDA will collaborate with the LEITI, Environmental Protection Agency (EPA) and Forest Carbon Partnership Facility (FCPF) to create the capacity to monitor and regulate the forestry sector and inform the public about expansion of the forestry sector and its impact on society and the environment. The FDA, Land Commission, MLME and the courts will coordinate efforts to resolve land allocation issues, such as between timber concessionaires and local communities. FDA will work with MPW, NPA and MPEA to improve transport infrastructure for forestry production, taking into account the growth corridors for other economic sectors.

Outcome indicators (by 2017): Increased number of viable community and private-sector forestry enterprises. Increased forest production, exports, value-added and employment, including of youth, women and other vulnerable groups as confirmed by the Timber chain-of-custody. Increased revenue to government, as confirmed by LEITI and including carbon credits. Increased forest area under legal protection and reduced illegal harvesting of forest resources, deforestation and trade of forest products (including across international borders), as confirmed by the Forest Monitoring Program implemented through the FCPF. Increased involvement and effectiveness of community groups in forestry management.

Priority interventions: To implement the 3-C approach in the next five years, the government will: 1) Ensure sustainable and effective commercial production from existing forest areas already under license (1.1 million hectares) and bring into production the remaining forest areas designated in the Forest

Strategy for commercial use (1.3 million hectares) through production arrangements that clarify tenure and ownership, and assure equitable benefit sharing among all stakeholders and greater opportunity for community co-management of commercial forests. 2) Expand protection up to 1.3 million hectares of forest through a landscape-scale approach to the conservation of forests and forest ecosystem services. 3) Adopt sustainable forest management arrangements for production, conservation and protection that recognize and build upon community land and forest resource rights, maintain biodiversity, minimize economic dislocation and ensure the equitable sharing of benefits among forest communities, while enhancing their role in forest governance and management. It will comply fully with the Voluntary Partnership Agreement Enhancement, using the timber chain-of-custody for all production. The government will develop collaborative agreements with neighboring countries for the establishment of trans-boundary conservation areas and agreeing on common management practices.

The FDA will strengthen its implementation capacity through improved financing and revenue retention arrangements (including fiscal reforms to the current concession system) and through the appointment of a second Deputy Managing Director who is responsible for FDA's forestry program. The FDA will work with LISGIS to maintain an updated database of forest management information and will share it in a timely manner with international and national universities, research institutions, companies and other stakeholders—especially outside of Monrovia. It will strengthen its institutional and personnel capacities for sustainable forest management and those of EPA, local training and academic institutions, and other forest related stakeholders. Public awareness programs and training, including in schools, will better inform the public about the role of the FDA, the benefits of the 3-C approach, forestry laws and regulations, and the importance and benefits of sustainable forest management.

Recognizing that rural livelihoods are intrinsically linked to these forests, the FDA will undertake a consultative review of the proposed protected area program, seeking to maximize the opportunities for multiple use and co-management and minimize economic dislocation to affected communities.

9.6 MINERAL DEVELOPMENT AND MANAGEMENT

Liberia has great mineral wealth—iron ore, gold, diamonds and potentially oil and natural gas currently under exploration. The challenge is to use them for the common good, rather than enrichment for the elite, as was often the case in the past. The large-scale part of the mineral extraction sector made significant progress during the first PRS by attracting local and foreign investors and yielding fiscal revenue. However, providing more employment and capacity building for Liberians as well as domestic purchases of inputs at the large enterprises remains problematic. Informal small-scale mining, mainly gold and diamonds, has also grown although its size is not well recorded. Due to inefficient practices, recovery from alluvial gravels for gold is minimal, currently 30-40 percent. Additionally, health and environmental hazards from mercury and other substances are substantial. The government recently established a regulatory framework for environmental management and sustainable development in the mineral extraction sector.

Goal: To promote sustainable, transparent and well-managed exploitation of Liberia's mineral resources and an equitable distribution of the benefits among citizens.

Constraints: The extreme enclave nature of the iron ore mining and off-shore petroleum operations; the dispersion and informal traditions of informal mining sector; and the weakness of government information systems and monitoring capacity for the mining sector. The absence of uniform mining regulations and standardized enforcement mechanisms hinders effective monitoring by the Inspectorate Bureau at the MLME and makes it difficult to bring concessions into compliance. Overlapping of strategic functions contributes to poor coordination between agencies involved with the sector. Although

regulations for exploration exist, the Liberian Geological Survey (LGS) lacks the logistical capacity to monitor concessions. The small-scale, informal mining sector operates in diverse and uncertain locations, which makes it difficult to monitor or control. Further, LGS lacks capacity to keep a database on production of gold, diamonds and other minerals.

Strategic objectives: To spread the benefits of the concessions beyond the mining enclaves, regulations will assure that mining operations observe environmental and worker-safety regulations, including elimination of child labor. Mining operations will contribute to fiscal revenue and the expansion of employment and enterprises in the rest of the economy. The government will continue to follow the rules of LEITI and will strengthen CSOs monitoring of concession agreements, mineral revenues and regulatory compliance to assure fiscal transparency. It will set regulations and negotiate the terms of concessions so that the mining companies' investments in power and transport (rail) infrastructure will allow other sectors to also use some of the facilities on a cost-sharing basis. Strengthening the small-scale mining sector will help reduce poverty by providing job opportunities, income and commercial activities as well as reduce urban in-migration.

Agents and process for change: The National Bureau of Concessions will negotiate concessions with mining and energy companies and, along with LEITI and the Inspectorate Bureau at MLME, will monitor their implementation (as detailed in Chapter 11). Development partners will provide training and technical assistance to the two bureaus to enable them carry out their mandates. For large concessions, the Bureau of Concessions will coordinate with MOF and the Executive Mansion, due to the fiscal importance of mining revenues, and with the Land Commission and MIA, due to the importance of managing territorial claims between concessions and indigenous communities. For small-scale mining, the MLME will take the lead in formulating and implementing regulations, in coordination with the EPA and MIA, which will work with rural communities in mineral areas.

Outcome indicators (by 2017): Mineral exports and concessions revenue to the government will grow, with this being fully reported on the LEITI website and elsewhere. There will be fewer instances of environmental degradation and worker safety problems. Agreements will exist for other users to share some of the electric generation and rail transport infrastructure built for the mining sector; electric power sharing will have begun. More small-scale miners will register their operations, pay required taxes and comply with regulations. Inspections will increase, with reduced corruption, as evidenced in surveys.

Priority interventions: The government will encourage small-scale miners to organize into cooperatives and provide them with safety and environmental awareness training and other technical assistance, so that they operate legally, safely and efficiently. Improvements require training and support, as well as enforcement of existing codes. Key challenges are to 1) make cooperatives and government involvement attractive to the presently independent miners; and 2) prevent this government regulation from leading to inefficiency and corruption.

The government will improve monitoring mechanisms and inter-agency coordination and provide more adequate logistical and human resource support to monitoring agencies, including MLME, LISGIS, Bureau of Concessions, Land Commission, and EPA. To acquire adequate data on the mineral resources and mining activities, the government will conduct a five-year geological and mineral exploration program to strengthen its bargaining power in negotiations with concessionaires—to increase revenue, employment and infrastructure development.27

[27] The only reliable data on the mineral potential of the country come from exploration in the early 1970s by the Liberian Geological Survey (LGS, now part of LISGIS) and the United States Geological Survey. LISGIS needs to authenticate the limited data now being provided by private exploration companies.

For the large-scale operations, the concessions agreements will contain environment protection conditions, and the government will call on international help to monitor and enforce compliance. LEITI will also address compliance, as well as the issues of transparency on management of revenue streams. The government will conduct public information campaigns and develop regulations and sanctions to keep environmental abuses in check.

9.7 CAPACITY DEVELOPMENT NEEDS AND OPPORTUNITIES FOR ECONOMIC TRANSFORMATION SECTORS

The locally created results framework that underpins the economic transformation pillar presents common capacity constraints and challenges at the institutional level involving both state and non-state actors, involving primarily:

- Weak achievement of outcomes as reflected in limited access to finance, low productivity levels in all production sectors;
- Weak operational efficiencies as shown in unclear, outdated and overlapping roles of MACs, and archaic organizational structures, deficient infrastructure (especially involving roads and energy);
- Lack of clarity of stakeholder rights and responsibilities, resulting in poor land use, poor accountability of MACs;
- Weak commitment of political and social leaders to developing, approving, implementing, monitoring and evaluating key economic policies, strategies, and regulations.

Accordingly, the AfT design process has identified priority "transformational" type of interventions aimed at empowering strategic local agents of change (involving private sector, CSOs, government sector) who would help achieve enhanced intermediate outcomes and economic sector goals, including:

- Developing and disseminating new know-how for promoting enhanced economic performance by diverse stakeholders (e.g., expanding access to finance; generation, dissemination adoption of enhanced MSMEs and agricultural technologies; establishment of commercial courts; improving land administration systems);
- Promoting in a participatory, transparent and inclusive manner the formulation, implementation, monitoring and evaluation of improved and updated policies and strategies covering all economic sectors, which could be enhanced and made accountable by strengthened MACs, pubic-private partnerships, and well organized and strengthened non-state networks, coalitions and public awareness campaigns (e.g., MSMEs, agriculture, forestry, energy, roads and transport, mining).

Table 9.3: Summary Matrix for Economic Transformation

Pillar Goal: Transform the economy to meet the demands of Liberians by developing the domestic private sector; providing employment for a youthful population; investing in infrastructure for economic growth, including with resources leveraged from the FDI in mining and plantations; addressing fiscal and monetary issues for macroeconomic stability; and improving agriculture and forestry to expand the economy for rural participation and food security.		
Sector/Area Goal	**Strategic Objectives**	**Outcome Indicators (by 2017)**
A. PRIVATE SECTOR DEVELOPMENT: *Promote and sustain PSD through economic competitiveness and diversification, increased value addition, and an improved administrative and policy environment.*		
MSME Growth and Financing	1. Encourage and facilitate MSME	• Increased number of

Pillar Goal: Transform the economy to meet the demands of Liberians by developing the domestic private sector; providing employment for a youthful population; investing in infrastructure for economic growth, including with resources leveraged from the FDI in mining and plantations; addressing fiscal and monetary issues for macroeconomic stability; and improving agriculture and forestry to expand the economy for rural participation and food security.		
Sector/Area Goal	**Strategic Objectives**	**Outcome Indicators (by 2017)**
Quickly develop MSME so that they increase quality employment and wealth and reduce poverty.	to move to the formal sector. 2. Increase access to financial services for MSME. 3. Expand access to key marketing and infrastructure services, especially electric power.	MSME registered and operational, including those headed by women. • Increased incomes of MSME owners and employees. • Increased sustainable financing and equity-building deposit mobilization for MSME.
Industrial Development Growth of industries producing competitive tradable goods.	1. Improve options for industry to employ Liberian workers, including under-represented groups. 2. Provide access to technology and infrastructure and streamline regulations to increase competiveness of new and existing industrial enterprises. 3. Improve access to sustainable financing for industry.	• Growth of industrial investment, value added and employment of Liberian workers including women, youth and disadvantaged groups. • Increased number of registered industrial firms in operation. • Increased local equity for the financing for industry.

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Sector/Area Goal	**Strategic Objectives**	**Outcome Indicators (by 2017)**
Regulatory Environment Reduce impediments to expansion of employment and production, especially of tradable goods, and assure workers safety and environmental protection	1. Streamline regulations to reduce the cost of entering the formal sector and increase the benefits of being in the formal sector. 2. Enable Liberian products to be more competitive with imports and for export. 3. Assure safe working conditions, fair treatment for workers, protection of children and compliance with environmental standards.	• Improvements in *Doing Business* and other ratings of business climate. • Growth of exports both from non-concession sectors and domestic production that competes with imports. • Improved satisfaction with Liberian products by domestic consumers. • Improved environmental compliance and conditions of workers.
Property Rights and Contract Enforcement Enforce real property rights, intellectual property rights and other contractual rights to attract investment by Liberians and foreigners.	1. Clarify and transparently enforce property rights and commercial contracts through strengthened laws and implementing institutions, namely courts and arbitration. Make contract enforcement available to more MSME.	• Increased public and private investment in business, infrastructure, and agriculture. • Increased numbers of contract and property rights cases resolved. • Surveys show perceptions of clearer definition and protection of communal and private land claims, including claims of women.

Pillar Goal: Transform the economy to meet the demands of Liberians by developing the domestic private sector; providing employment for a youthful population; investing in infrastructure for economic growth, including with resources leveraged from the FDI in mining and plantations; addressing fiscal and monetary issues for macroeconomic stability; and improving agriculture and forestry to expand the economy for rural participation and food security.		
Sector/Area Goal	**Strategic Objectives**	**Outcome Indicators (by 2017)**
International Trade Facilitate and promote exports from agriculture, industry and SMEs, and imports of goods for investment and consumption.	1. Promote Liberian products for international markets. 2. Facilitate exports (e.g., through special export processing zones, improved trade agreements, and training for entrepreneurs, including women). 3. Make customs and border-control measures more efficient.	• Increased exports from agriculture, agro-industry and manufacturing. • Reduced time to clear imports and exports through customs. • Reduced smuggling.
B. MACROECONOMIC ISSUES: To maintain fiscal, monetary, trade and exchange rate policies that entrench macroeconomic stability and support efficient public expenditure, private-sector growth and job creation.		
Macroeconomic and Debt Management Continue sound fiscal policy, public expenditure and debt management, and improve efficacy and transparency of spending and revenues, including from natural resources.	1. Improve planning, transparency and efficiency of public expenditure management. 2. Strengthen administration of taxes and royalties and increase revenues. 3. Keep debt low and long term.	• Increased investment as a share of public spending. • Increased revenue collection. • Sustainable structure and level of public debt.
Monetary Avoid high inflation and exchange rate volatility and develop a growth-enhancing and inclusive financial system.	1. Keep inflation low and the exchange rate stable. 2. Strengthen and expand the financial system in order to improve access to credit and asset accumulation by the domestic private sector, including MSME, agriculture, women, youth, and PWDs.	• Stable price indices and exchange rate. • Adequate capital to loan ratios and reduced NPLs at commercial banks. • Growth of deposits from and loans to MSME. • Increased share of households and MSME using banking services.

Pillar Goal: Transform the economy to meet the demands of Liberians by developing the domestic private sector; providing employment for a youthful population; investing in infrastructure for economic growth, including with resources leveraged from the FDI in mining and plantations; addressing fiscal and monetary issues for macroeconomic stability; and improving agriculture and forestry to expand the economy for rural participation and food security.		
Sector/Area Goal	**Strategic Objectives**	**Outcome Indicators (by 2017)**
C. INFRASTRUCTURE		
Power and Energy Increase access to modern energy services and affordable power for community and economic transformation.	1. Increase affordable access to the electricity grid in population and production centers, including to women. 2. Improve energy policy with involvement of the government, private sector, CSOs and donors. 3. Increase environmental sustainability, including reduced use of charcoal and wood for fuel.	• More households and enterprises with access to electric power, with reduced costs and increased reliability. • Increased safe access to petroleum fuel outside Monrovia • Reduced deforestation for fuel.
Transport Services Ensure that all Liberians have more reliable, safe, accessible, affordable and efficient transport services.	1. Improve transport sector policy, assign functions and planning, including coordination among government agencies and with neighboring countries. 2. Improve the efficiency, transparency, environmental sustainability, and safety of transport services nationwide, including alternate modes (e.g., rail and water). 3. Continued improvement of management and facilities at sea ports and airports.	• More efficient and affordable rural and urban transport services in a range of modalities. • Increased traffic volume and reduced turnaround time at sea ports and airports.

Pillar Goal: Transform the economy to meet the demands of Liberians by developing the domestic private sector; providing employment for a youthful population; investing in infrastructure for economic growth, including with resources leveraged from the FDI in mining and plantations; addressing fiscal and monetary issues for macroeconomic stability; and improving agriculture and forestry to expand the economy for rural participation and food security.		
Sector/Area Goal	**Strategic Objectives**	**Outcome Indicators (by 2017)**
Roads and Bridges Improve accessibility 'year round' and connectivity of roads and bridges.	1. Improve road connections between all regions of Liberia, especially for southeast counties; open more secondary and feeder roads; and keep roads usable year-round 2. Enhance operational efficiency through improved planning and procurement, including by strengthening the private road construction and maintenance sector; collaboration with concessionaires; and use of labor-intensive technologies that reduce unemployment. 3. Ensure participation from transport stakeholders and communities in road construction planning and monitoring to enhance accountability.	• Increased share of roads in good condition. • Reduced travel time between regions and in urban areas. • Better access of rural areas to main highway corridors. • Improved efficiency in procurement of road construction and maintenance, with increased labor intensity where appropriate. • Surveys will indicate an increased community sense of ownership and satisfaction with road services.
Post and Telecom Facilitate universal access to postal, telecom and ICT services that are transparent, reliable and low-cost nationwide.	1. Improve domestic and international Internet broadband connectivity 2. Promote efficient, secure and affordable phone service throughout the country. 3. Develop the Liberian Postal System as a semi-autonomous corporation with a realistic mandate and a sound financial basis.	• Improved coverage and quality of Internet and phone services. • Start of mail delivery, with customers' satisfaction and fiscal affordability.

Pillar Goal: Transform the economy to meet the demands of Liberians by developing the domestic private sector; providing employment for a youthful population; investing in infrastructure for economic growth, including with resources leveraged from the FDI in mining and plantations; addressing fiscal and monetary issues for macroeconomic stability; and improving agriculture and forestry to expand the economy for rural participation and food security.		
Sector/Area Goal	**Strategic Objectives**	**Outcome Indicators (by 2017)**
Public Housing and Buildings Expand access to affordable housing for low-income households nationally and in all counties. Rebuild public buildings, strengthen urban infrastructure and improve city planning.	1. Expand access to affordable housing, including for low-income groups and women. 2. Improve housing policy, clarifying public- and private-sector roles and assuring fiscal affordability and community participation. 3. Reduce government's costly use of rental buildings by restoring and upgrading public buildings. 4. Encourage employment-intensive techniques where appropriate for construction and site preparation.	• Increased number of low-income housing units and communities built in each county. • Increased pro-poor allocation of public housing. • Increased number of public buildings restored and upgraded, reducing government outlays for building rentals.
D. AGRICULTURE, FOOD SECURITY and NUTRITION		
Promote a robust, competitive and modernized agriculture sector supportive of sustainable economic growth and development	1. Increase agricultural productivity, value-added and environmental sustainability, especially for smallholders including women and youth. 2. Increase integration of smallholder agriculture with domestic and international markets. 3. Increase fishery production in a sustainable manner. 4. Increase access to machinery, fertilizer, storage, credit, training, technical assistance, market information, and improved technologies and related services—through farmer groups and nuclear farms.	• Increased agriculture productivity, output, domestic sales and exports (crops, poultry, livestock and tree products). • Increased overall and irrigated crop-production acreage. • Increased volume and value of fishery output. • Reduced rice import bill. • Increased incomes of smallholders and fishers.

Pillar Goal: Transform the economy to meet the demands of Liberians by developing the domestic private sector; providing employment for a youthful population; investing in infrastructure for economic growth, including with resources leveraged from the FDI in mining and plantations; addressing fiscal and monetary issues for macroeconomic stability; and improving agriculture and forestry to expand the economy for rural participation and food security.		
Sector/Area Goal	**Strategic Objectives**	**Outcome Indicators (by 2017)**
E. FORESTRY		
To integrate the community, conservation and commercial aspects (3 C strategy) of forestry to contribute sustainably to reducing poverty, improving livelihoods and the quality of rural life, and increasing the ecological services provided by Liberia's forests	1. Develop community and private-sector forest enterprises to increase incomes, provide jobs including for women and youth, and increase government revenues. 2. Expand sustainably harvested forest flora and fauna for domestic and export markets, through improved user rights, increased community participation in decision-making and sustainable forest management. 3. Minimize illegal harvesting of forest resources and assimilate and strengthen the informal forestry sector.	• Increased number of viable community and private-sector forestry enterprises. • Increased forest production, exports, value-added, and employment including of youth, women and other vulnerable groups. • Reduced illegal harvesting and trade of forest products, including across international borders.

Pillar Goal: Transform the economy to meet the demands of Liberians by developing the domestic private sector; providing employment for a youthful population; investing in infrastructure for economic growth, including with resources leveraged from the FDI in mining and plantations; addressing fiscal and monetary issues for macroeconomic stability; and improving agriculture and forestry to expand the economy for rural participation and food security.		
Sector/Area Goal	**Strategic Objectives**	**Outcome Indicators (by 2017)**
F. MINERAL DEVELOPMENT ANDMANAGEMENT		
Promote sustainable, transparent and well-managed exploitation of Liberia's mineral resources and an equitable distribution of the benefits among all Liberians.	1. Increase fiscal revenue, with full reporting to LEITI. 2. Improve regulatory system and compliance of mineral production, with increased transparency and CSO monitoring of concession agreements, mineral revenues and regulatory compliance for environment and worker safety, including elimination of child labor. 3. Strengthen small-scale mining, with more quality employment opportunities.	• Increased mineral exports and concessions revenue to the government, with increased transparency through LEITI. • Increased quality of and compliance with mineral regulations, and fewer instances of environmental degradation and worker safety problems. • More small-scale miners will register, pay taxes, and comply with regulations.

CHAPTER 10. PILLAR III—HUMAN DEVELOPMENT

Human development is central to Liberia's transformation agenda, which seeks to provide opportunities for all.

Goal: To improve quality of life by investing in more accessible and higher quality education; affordable and accessible quality healthcare; social protection for vulnerable citizens; and expanded access to healthy and environmentally-friendly water and sanitation services.

This human development agenda includes pragmatic economic priorities for human development as well as rights-based imperatives, in order to have an impact in the short term and set the stage for medium- to long-term improvements. The pragmatic priorities for economic growth and transformation concern building human resources in knowledge and skills that people need to be productive citizens. Investing in human development will create a pool of qualified and trained Liberians to support economic growth and to benefit from it. The rights-based dimension reflects people's rights to basic services as part of the process of social inclusion for nation building. No one left behind.

Table 10.1 lists the goals for each sector in Pillar III—education, health and social welfare, social protection, and water and sanitation. The indicators in these sectors are prominent in the HDI and the MDG as key dimensions of Liberia's goal of becoming a middle-income country. This chapter discusses each sector and closes with Table 10.2 summarizing the goals, strategic objectives, and outcomes to be evidenced for the four HD sectors. While there is some repetition of the HDI and MDG variables, it is important to discuss them specifically in the context of the corresponding sector strategies.

Table 10.1: Sector Goals for Human Development

A. EDUCATION (MoE): Ensure equal access to a high quality free and compulsory basic education and a variety of post-basic education and training opportunities that lead to an improved livelihood.
B. EDUCATION (NCHE): Ensure equal access to a high quality free and compulsory basic education and a variety of post-basic education and training opportunities that lead to an improved livelihood and/or tertiary education.
C. HEALTH AND SOCIAL WELFARE: To improve the health & social welfare status of the population of Liberia on an equitable basis.
D. SOCIAL PROTECTION: Build a social protection system for improved protection of the poorest and most vulnerable households and groups from poverty, deprivation and hunger, and enhanced resilience to risks and shocks.
E. WATER AND SANITATION: Increase access to safe water supply and sanitation and improve hygiene practices.

10.1 EDUCATION

Education is a high priority for Liberia, both to assure that today's school-age children get educated and to provide for the large population of older youth who missed out on school during the war. While laudable efforts are being made to give the latter some form of training, the conventional approach used in most cases can be ineffective. Most young people have "tasted life" and do not want to return to the classroom. These youths have shown survival skills and the potential for experiential learning and making decision on their own. Training needs to recognize and build on these skills, rather than overlooking

these youth who lack formal education. In post-crisis situations, the UNICEF concept of Talent Academies offers one positive avenue for youth.

The *Five-Year (2012–2017)* Medium-term Plan for Education Reform and Development in Liberia focuses on restoring basic education (grades 1-9) through expanding access and improving the quality of education by rebuilding facilities, providing learning materials, training teachers and introducing accelerated learning for over-aged learners. The 2009 Education Sector Plan calls for a free and compulsory nine-year basic education, comprising six years of primary and three years of junior secondary education. In addition, the Education Reform Act of 2011 and the draft Technical and Vocational Education and Training (TVET) Policy of 2011 provide a framework that includes pre-primary/early childhood education as well as post-basic education and skills development. Currently, a high percentage of children and adolescents are not in school, having either dropped out or never started. Liberian schools have a high percentage of over-aged learners (60 percent) and low efficiency in terms of repetition and poor learning achievement. A high percentage of the population is illiterate and unskilled, and the programs for adult basic education and training have been weak.

Goal: The goal of the education sector is to ensure equal access to a high-quality free and compulsory basic education and to a variety of post-basic education and training opportunities that lead to an improved livelihood and/or tertiary education.

Constraints: Inadequate resources and lack of capacity (both teachers and managers) to provide basic education services to all communities, especially remote rural ones; a centralized system that is inequitable, inefficient and unaccountable to beneficiaries; lack of school readiness for many children, especially those from disadvantaged backgrounds; a challenging backlog of out-of-school children and adolescents who need alternative education services; a fragmented and dysfunctional TVET subsector that does not address the skills required by young people in Liberia; weak provision of adult literacy or adult basic education and training programs; and a higher education subsector that needs reform in order to provide appropriate leadership.

Strategic objectives: 1) Assure equitable access to free basic education for all children and youth, including girls and the disabled, with improved outcomes. 2) Improve quality, relevance and accessibility of secondary, tertiary, vocational/technical education programs, and to alternative basic education programs for out-of-school adolescents and youth. 3) Efficiently strengthen educational services and information management at the national level, with focus at the community level. 4) Improve Parent-Teacher Associations (PTA) and national oversight, standards and coordination to ensure quality education, including non-government early child care and development (ECCD) programs for children aged 0 to 5 years. 5) Increase numbers and improve competencies of teachers in formal schools and alternative basic education programs.

Agents and process for change: The MOE and MIA will work with all counties and districts to implement the Education Reform Act of 2011. This includes establishing a network of county and district education offices and school boards to strengthen service delivery and local management. The MOE will liaise with LISGIS to develop the data systems to implement the M&E process for the sector. It will work with early childhood development providers, CSOs and community leaders to develop quality programs to prepare children for first grade. It will work with regional teacher training institutes (TTIs) to improve the skills and performance standards of teachers at all levels, especially the secondary level. The MOE will establish the National Council of Higher Education and implement an accreditation process for TTIs and other institutions of higher education. It will work with the TTIs to procure textbooks, to

implement programs to improve teaching standards, and to include alternate basic education (ABE) and TVET. It will establish a TVET commission and support implementation of a TVET policy to improve coordination and quality in those programs. The MOE will work with the Ministry of Gender and Development (MOGD) to improve access to school for all school-age children, especially girls and those in disadvantaged communities.

The MOE will work with MPW, the country education boards and CSOs to build or rehabilitate school buildings and basic utilities. The National Commission for Higher Education (NCHE) and higher education institutes will partner with the private sector to extend post-secondary services in underserved regions.

Outcome indicators (by 2017): Successful implementation will result in a reformed higher education subsector, providing leadership for excellence in a decentralized education system that delivers quality basic education services and TVET programs to all learners. Key indicators include: Increased net and gross enrollment rates and completion rates for male and females at every education level, especially in counties with initially low rates. Improved performance on standardized tests at all school levels and counties. Increased numbers of teachers with certified training. An increased number of schools that meet the minimum standards for safety, sanitary facilities and educational materials. Increased percent of both female and male graduates from vocational and higher education institutions that secure a job in their field.

Priority interventions: Expanding public provision of basic education while enabling more private, faith-based and community-based provision (including ECCD); setting standards and providing quality assurance; sensitization, advocacy and communication with parents and other stakeholders, including nutrition promotion; strengthening collaboration and coordination between education providers and beneficiary communities; training and accreditation of teachers/instructors at all levels and ECCD caregivers; establishing and supporting teacher resource centers; development of assessment indicators; improving teacher education/training programs and facilitating continuous professional development. Also, as part of the decentralization process outlined in Chapter 12, the MOE will establish county education offices and county and district resource centers in all 15 counties—training key staff at these levels, building capacity of PTAs, as well as training supervisors in quality assurance monitoring, evaluation and accountability. Key technical functions like curriculum development, research and testing and examinations will be moved from the central MOE and into specialist centers as part of a de-concentration process. The government will integrate ABE into teacher education programs to provide qualified teachers who can implement valuable ABE. Support will also be provided for placement of ABE learners into workforce schemes. As started in the 150 Days, the government will rehabilitate and expand facilities and options for vocational and technical training, and will develop an interactive information system to link young Liberians with available TVET programs and employment options, as well as to link employers with TVET programs and trainees. The NCHE will work to provide incentives for private providers of higher education (including community colleges) to extend higher education programs to counties in underserved regions. In order to provide further options for higher education, the NCHE will develop a policy for distance learning in higher education.

10.2 HEALTH AND SOCIAL WELFARE

Like other sectors in Liberia, the health and social welfare sector was crippled during the years of civil conflict—in terms of facilities destroyed, loss of skilled personnel and lack of supplies. Since 2003 the sector has made a steady recovery and progressed from emergency status to reconstruction and normal

development. Key indicators of health and social welfare in the population and for system performance have improved, especially during the first PRS when 63 percent of sector deliverables were achieved through the National Health Policy and Plan (NHPP). The NHPP was designed to restore basic health services that had been destroyed during the conflict, and so lay the foundations for a system that can provide accessible and affordable quality health care services to all Liberians.

Under NHPP, child health improved markedly. Under-5 mortality rates declined and under-5 malaria prevalence fell to 32 percent in 2011 from 66 percent in 2005. The number of functional health facilities increased by 64 percent, from 354 to 550, and facilities offering the Basic Package of Health Services (BPHS) increased from 36 percent in 2008 to 84 percent in 2011. The workforce also increased from around 5,000 to about 8,000. However these gains remain skewed in favor of urban populations and those who can afford private health care provisions. For instance, 85 percent of urban households are within one hour's walk of a health facility while two-thirds of rural households travel more than an hour to reach a health facility. For childbirth, 63 percent of deliveries in urban areas are facility-based compared with 25 percent in rural areas; similarly 77 percent of urban deliveries are by a skilled service provider compared with only 32 percent of rural deliveries. Other health and social welfare problems persist despite the achievements of the NHPP. More than 40 percent of children suffer from chronic malnutrition, largely due to poor feeding practices. Up to 30 percent of under-5 deaths are attributed to malnutrition, which also deprives surviving children of optimum development. Generally there is low coverage, low quality, unpredictable financing, and poor use of health services. Malaria still accounts for 38 percent of the outpatient attendance and 42 percent of inpatient deaths in Liberia. About 4,300 children are classified as orphans and around 92,000 people (mainly adults) are living with disabilities (MOHSW statistics).

In 2011, the MOH published the National Health and Social Welfare Policy and Plan 2011–2021 (NHSWPP), which sets the sector strategy for 2012–17 and beyond.

Goal: To Improve the health & social welfare status of the population of Liberia on an equitable basis.

Constraints: The nation's health, nutrition and social welfare system crumbled during the civil war; the health-sector work force is still depleted; poor road conditions hamper delivery of services and supplies; financing is unpredictable due to low budget allocations and uncertain development partner funding; and there is imbalance between the size and staffing of facilities and the catchment populations they are supposed to serve. Current workforce growth is skewed towards nurses and nursing aides, and there is low retention of skilled workers due to unattractive conditions of service.

Strategic objectives: The NHSWPP sets out three strategic objectives for health:[28] 1) Increase access to and utilization of quality health and social welfare services delivered close to communities endowed with the necessary resources and offering a comprehensive package of interventions of proven effectiveness. 2) Make health and social welfare services more responsive to people's needs, demands and expectations by transferring management and decision making to lower administration levels ensuring a fair degree of equity. 3) Make health care and social protection available to all of Liberia's population, regardless of an individual's position in society, at a cost that is affordable to the country.

Agents and process for change: The Ministry of Health and Social Welfare (MOHSW) will lead in implementing plans for expanded staffing (coordinated with Civil Service Agency) and facilities (coordinated with MPW). The MOHSW will also coordinate with county health teams to build networks of community health volunteers and to increase awareness of the availability and need to use

[28] The social welfare dimensions are discussed in following section.

community health facilities and programs, such as immunization, insecticide-treated bed nets, trained and certified midwives, and emergency care for children with fever. The MOHSW will work with the National Drug Service to assure the efficient flow of medical supplies to all health service points and facilities.

Priority interventions: The government will establish a decentralized network for health services comprising health service points for populations of less than 3,500 within 5 kilometers; health clinics for populations between 3,500 and 12,000; health centers serving populations up to 40,000; and county hospitals for up to 200,000. It will provide primary health care (including nutrition promotion) at health service points; plus in-patient, emergency and basic OB-GYN services at health clinics; plus general surgery, pediatrics, and general medicine at the level of county hospitals; plus tertiary services at the four regional referral hospitals and the national referral hospital—JFK. It will also increase and retain qualified health workers by providing more attractive pay and working conditions, including incentives for those working in difficult locations. Government will deploy social workers at health facilities in rural areas and contract out institution-based social services. Extending the program from the 150 Days, MOHSW will equip 150 health clinics with solar refrigerators, assuring the stability of vaccines.

10.3 SOCIAL PROTECTION

Social protection is a new and relatively under-developed policy area in Liberia and it is a long way from reaching those most in need. As a country recovering from more than 15 years of civil conflict, the need for social protection in Liberia is large and multi-faceted. Around 300,000 households (48 percent) are classified as being in extreme poverty, and a further 16 percent are below the absolute poverty line with the risk of slipping into extreme poverty. An estimated 85 percent of the active work force has only vulnerable employment—without access to a pension, insurance policies, sickness benefits or job security. Vulnerable groups, such as people living with HIV/AIDS (PLHIV), persons with disabilities and orphaned children, face risks of violence, exploitation, discrimination, abuse and neglect. About 4,300 children are classified as orphans, and 92,000 people (mainly adults) live with disabilities.29Other vulnerable groups also need attention: children and adolescents in contact with the law or subject to unlawful child labor and those trafficked for various purposes.

In 2010, a National Steering Committee for Social Protection was established, chaired by the Minister of Planning and Economic Affairs and having a secretariat housed there. In 2012 a draft national social protection policy and strategy was developed after a broad based, participatory consultative process involving a wide range of stakeholders. To date, most intervention programs in this sector have been supported by development partners, but the government is aware of the need to make appropriate budget allocations in order to take national ownership of programs in this sector. However, in the short term donor support especially for building an efficient and effective social protection system with the capacity for an efficient and effective delivery of social protection services will be critical. Elements of social protection interventions (e.g., abolishing school fees, school feeding and health fee waivers) are already in place through other sectors and for other reasons than extreme poverty and vulnerability. Government will use this multi-sector approach to support and finance social protection interventions, which have the rationales that go beyond the need to address extreme poverty and vulnerability. Still, the social protection programs will serve as the bulwark of government's commitment to protect very vulnerable households against the worst effects of economic turbulence.

[29]Figazzolo, Laura and Andrea Borgarello 2011. "A Diagnostic of Social Protection in Liberia", World Bank August, processed.

Liberia is piloting a Social Cash Transfer program (SCT) in Bomi County to provide cash to households that are labor constrained and below the poverty line. It is currently donor funded and administered by UNICEF under the Ministry of Gender and Development. Following a major evaluation, the Government will consider mechanism to scale up this scheme and others, such as micro-credits and public works to assist the most vulnerable households improve their livelihood and graduate from extreme poverty. Meanwhile, additional funding has now been obtained to extend the program to Maryland County and eventually to Grand Kru County. Such safety net initiatives are critical for signaling the nation's concern and strengthening the social contract.

Goal: Build a social protection system for improved protection of the poorest and most vulnerable households and groups from poverty, deprivation and hunger, and enhanced resilience to risks and shocks.

Constraints: Outside of a small cadre of social workers, there is no trained pool of workers dedicated to social protection. Responsibility for service delivery is dispersed across different ministries and agencies. The most vulnerable households are typically without labor and tend to be susceptible to hunger, malnutrition and food insecurity, as well as not having access to other basic services. These households are typically in remote locations that are inaccessible for much of the year. They are also likely to suffer from limited local food production and high price volatility, resulting in double jeopardy for the most vulnerable.

Strategic objectives: 1) To adopt a clear and comprehensive policy and fiscally sustainable system for social protection by the government to benefit the poorest and most vulnerable HHs and groups. 2) Improve social service capacity and operations nationally and at county level, including participation of CSOs and communities. 3) Increase employment readiness, especially of youth, by promoting behavioural changes. 4) Improve livelihoods of extreme poor, youth and most vulnerable HHs and groups.

Agents and process for change: An Inter-Ministerial Committee of various ministries and key stakeholders will be formed to oversee social protection programs and increase public awareness of their benefits. The MPEA will chair and will continue to play a central role, along with the MOGD, MHSW, MOE, MYS and key donor partners. They will work with the legislature and NGOs to review legislation on social protection entitlement and programs and to build a consensus on the changes needed for an effective strategy and resource mobilization required to build a robust social protection system. Youth groups, in conjunction with formal private-sector employers, will collaborate on creating the training youth need to increase their professionalism and employment readiness. Informal workers from the poorest and most vulnerable households and groups will be supported to access social insurance and other schemes, including support for lean season 'safety nets' to mitigate the impact of seasonal shortages and high food prices on vulnerable rural and urban households.
Outcome indicators (by 2017): There will be fewer households in extreme poverty or with inadequate nutrition. More poor, vulnerable households and groups, especially women, youth and children will have access to and utilize basic social services and social insurance. The social protection system and programs will be fiscally sustainable.

Priority interventions: The government will adopt a national social protection policy and develop an implementation plan with a resource mobilization strategy. Coordination will be strengthened and a national database established to register and track beneficiaries of social protection interventions. It will support a range of social protection programs, including expanding the pilot cash transfer program started in the 150 Days, and implementing food-for-work schemes, and micro-credit programs. These will be designed to enable and motivate poor households to graduate from social cash transfer to a

micro-credit scheme, as their circumstances change, or to enable individuals to progress from food-for-work to cash-paying jobs. Food supplementation programs will also be supported for children, pregnant women, and those affected by HIV and other illnesses such as TB in the most food insecure areas. The government will also support school meals, provision of seeds and gardening tools to communities, school gardens, and poverty-targeted exemptions to save the vulnerable from paying user fees for public services such as health care. Government will establish official links between social workers and service delivery institutions, so they can negotiate access or entitlement for individuals/households to the social protection services they need. Government will also encourage higher education institutions to provide training of professionals to address the needs of poor and vulnerable Liberians.

10.4 WATER, SANITATION AND HYGIENE (WASH)

The already weak water, sanitation and hygiene (WASH) infrastructure in Liberia suffered deep destruction and collapse in many areas during the civil war. In Monrovia, household connections to piped water fell to one tenth of pre-conflict levels. With some recovery since 2003, an estimated 62 percent of the Liberian population now has access to protected water sources, mainly wells or boreholes with hand pumps, springs and harvested rainwater. Only a third of the population has access to water sources with adequate yield all year round, however. Water safety is also threatened by unsafe storage practices, with an estimated 63 percent of households storing water in open containers, risking contamination.

The situation for sanitation is worse, with only 25 percent of households (53 percent urban and 17 percent rural) having access to improved sanitation. This threatens the gains from access to protected water sources. The prevalence of open defecation (77 percent of rural households and 30percent of urban households) and lack of solid waste disposal or sewerage systems, poor drainage and poor disposal of garbage all pose contamination threats to drinking water. This has intensified the sense of squalor and poor quality of life, particularly for Liberians living in urban slum areas. Also, 43 percent of households in Liberia do not practice hand washing with soap, while 62 percent do not wash hands after using the toilet and a further 68 percent reported that they do not wash hands before eating. These trends put the health of communities at risk (especially under-5 children and the elderly) and erode the quality of life for Liberians through the following: lack of clean water for drinking and personal hygiene; the debilitating impact of water-borne diseases; the time spent (by women and girls) in fetching water; and the general malaise of living in environmental squalor.[30]

In Monrovia a solid waste disposal program has made reasonable progress, including establishment of an environmentally acceptable landfill, but the rest of the country has no disposal program. It will be critical to develop a comprehensive policy on solid waste for Liberia, as well as to set up a National Water Resources and Sanitation Board to address the fragmentation in this sector.

In 2011, Liberia issued its official WASH Compact: Water and Sanitation for All: A Global Framework for Action, on which this section is based.

Goal: To increase access to safe water supply and sanitation and improve hygiene practices.

Constraints: Lack of financing for infrastructure investments has hindered improvement of water supply, waste disposal, garbage disposal and drainage. There is limited human resource and technical capacity in

[30] Yarngo, George K. 2011. "Water, Sanitation and Hygiene Sector", Liberia MPW, June. Processed.

WASH, and there is no board or similar body to coordinate the operations of the sector. Service coverage needs to be multi-dimensional so that advances in an area like water supply are not compromised by negative trends in other areas like solid waste disposal or hygiene behavior. Many communities are resistant to change of health habits and practices; they adhere to unsafe hygiene practices due to cultural traditions and lack of means to change. When people lack clean water, soap or solid waste disposal, they find it difficult to change their hygiene behavior, even when they are aware of good practices.

Strategic objectives: 1) Manage, expand and sustain Liberia's WASH services through a clear, functional and inclusive WASH governance structure and with strengthened operational guidelines, training and financing. 2) Expand equitable access to environmentally-friendly and sustainable water, sanitation services and solid waste management—including for the poorest and most vulnerable communities. 3) Increase safe hygiene practices (e.g., hand washing and reduced open defecation), and strengthening community organizations and schools. 4) Improve WASH sector capacity and engagement with stakeholders, and strengthen WASH monitoring and information management systems. The following are based on the four commitments in Liberia's 2011 WASH Compact: Establish and strengthen institutional capacity; ensure equity and prioritized service provision; develop a monitoring system; and improve sector financing mechanisms.

Agents and process for change: The government will establish and make functional the National Water Resource and Sanitation Board (NWRSB), which will implement sector policy and provide technical support to municipalities and rural water and sanitation boards. The NWRSB will coordinate WASH sector activities of Liberia Water and Sanitation Commission, MPW, MOE and MOLME, and will work with them on institutional capacity building. Further, NWRSB will strengthen its own M&E units and will establish information management systems that feed information to the national WASH Information Center. The NWRSB will also work with MOE, the Liberia Water and Sewer Corporation (LWSC), CSOs and municipalities to educate households on safe hygiene practices. CSOs will advocate for sufficient attention and funding for the sector.

Outcome Indicators by 2017: A major increase in the share of households, institutions and communities both urban and rural that have access to improved WASH facilities. Infection rates from water-borne diseases, malaria and other environment-related diseases will decline. Disposal of solid waste in unmanaged sites (like streams and backyards) will decline.

Priority interventions: The NWRSB will be established with a clear mandate, adequate personnel, appropriate training and sustainable financing. The NWRSB and its subsidiaries (National Water, Sanitation and Hygiene Promotion Committee, Water Supply and Sanitation Commission, Rural Water Supply and Sanitation Bureau, and Directorate of Community Mobilization and Hygiene Promotion) will implement and monitor appropriate WASH standards and regulation protocols. At national and county levels, government will establish and implement a prioritized sector investment plan to increase water and sanitation services (including for liquid and solid waste). Government in collaboration with donors will establish a pooled funding mechanism for the sector. It will strengthen the entities and institutions responsible for providing WASH services, especially at the municipal level. It will also support WASH services in schools and health facilities, including information and advisory services to improve hygiene behaviors.

10.5 IMPLICATIONS OF THE HUMAN DEVELOPMENT STRATEGY FOR OTHER PILLARS

Each of the four human development sectors includes the need for capacity building. Planning at Liberia's universities and other higher education institutions will aim to fill the need for training of teachers, administrators and other education specialists; training of doctors, nurses, nutritionists and other health personnel; training of staff for social protection; and training of staff for WASH.

A more comprehensive and cost effective approach to human development will require exploiting the synergies between sectors. In this regard, the government will support such measures as school meals; nutrition promotion and WASH education in schools; school vegetable gardens; improved WASH infrastructure and practices in health care facilities; health checks in schools and use of mobile health clinics to serve schools and their catchment communities; and information and advisory services in health care facilities. These measures will strengthen the internal coherence within Pillar III, by exploiting the synergies that exist across contributing sectors.

All of the pillars have important synergies with each other—and they especially exist between the Human Development and Economic Transformation sectors. A healthy workforce with good and relevant education and training are essential to reducing poverty through employment and growth. From the labor demand side, expanding MSME, industries and the rest of the private sector will generate further employment opportunities, particularly for youth, and will increase the incentive for them to utilize education opportunities. Talent Academies will help utilize the technical and entrepreneurial untapped potential of Liberia's young people. Regulation and appropriate incentives that move informal businesses into the formal economy will improve the working conditions and health insurance for workers. From a public finance perspective, funding for the HD agenda will depend on economic transformation that generates tax and royalty revenue for the government to pay for its programs in the long run.

10.6 CAPACITY DEVELOPMENT NEEDS AND OPPORTUNITIES FOR HUMAN DEVELOPMENT

The results framework that underpins the human development pillar presents common capacity constraints and challenges at the institutional level involving both state and non-state actors, involving primarily:

- Weak achievement of outcomes as reflected in low access to and performance indicators in education (at all levels), health, social protection coverage (especially of very poor households), water supply and sanitation;
- Weak operational efficiencies as shown in poor quality of provision and coordination of educational, health, social protection, water supply and sanitation services, reflecting inadequate numbers and quality of human resources;
- Lack of clarity of stakeholder rights and responsibilities, as reflected in limited participation of local communities in assessing and overseeing human development programs, and weak governance structures (particularly involving water supply and sanitation institutions and services);
- Weak compatibility of social norms and values, as reflected in poor health seeking behaviors due to cultural practices (e.g., unsafe child delivery practices, adherence to unsafe hygiene practices).

Accordingly, the AfT design process has identified priority "transformational" type of interventions aimed at empowering strategic local agents of change (involving private sector, CSOs, government sector) who would help achieve enhanced intermediate outcomes, and thereby more likely to achieve the medium term sector goals, including:

- Providing responsive and effective training programs at various levels (national, county) which would lead to enhanced skills and know-how in key aspects of HD programs (e.g., enhanced capacity to develop and implement education curriculum reforms; customized training programs at national and local levels for teachers, health workers/service providers, social protection services, water supply and sanitation technical and administrative staff; enhanced human capacities to manage service performance tracking and management information systems in all HD sectors);
- Carrying out programs/activities which will increase community awareness of the importance and benefits of accessing enhanced educational, health, social protection, water supply/sanitation services, including the National Youth Capacity Development Initiative;

Imparting programs/activities which will strengthen community leaders and CSO-based networks and coalitions (including their establishment, where needed) to promote enhanced and more accountable HD programs/services, at all levels, including greater non-state participation in the formulation, implementation and monitoring of enhanced HD policies and programs;

Table 10.2: Goals, Objectives and Outcome Indicators for HD Sectors

Pillar Goal: To improve quality of life by investing in more accessible and higher quality education; affordable and accessible quality healthcare; social protection for vulnerable citizens; and expanded access to healthy and environmentally-friendly water and sanitation services.		
Sector Goal	**Strategic Objectives**	**Outcome Indicators by 2017**
A. EDUCATION		
Ensure equal access to a high quality, free and compulsory basic education and a variety of post-basic education and training opportunities that lead to an improved livelihood.	1) Assure equitable access to free basic education for all children and youth, including girls and the disabled, with improved outcomes. 2) Improve quality, relevance, and accessibility of secondary, vocational/technical education, programs and to alternative basic education programs for out-of-school adolescents and youth. 3) Strengthen decentralized educational services and supporting information management systems, at national and community levels. 4) Improve PTA and national oversight, standards, coordination and monitoring mechanisms to ensure quality education, including non-government ECCD programs for children aged 0-to-5 years. 5) Increase numbers and improve competencies of teachers in formal schools and alternative basic education programs.	• Increased net and gross enrollment rates and completion rates for male and females at every education level, especially in counties with initial low rates. • Improved performance on standardized tests at all school levels and counties. • Increased numbers of teachers with certified training. • Increased numbers of schools that meet minimum standards for safety, sanitary facilities and educational materials • An increased percent of both female and male graduates from vocational and higher education institutions will secure a job in their field.

Pillar Goal: To improve quality of life by investing in more accessible and higher quality education; affordable and accessible quality healthcare; social protection for vulnerable citizens; and expanded access to healthy and environmentally-friendly water and sanitation services.		
Sector Goal	**Strategic Objectives**	**Outcome Indicators by 2017**
B. EDUCATION (NCHE) Ensure equal access to a high quality free and compulsory basic education and a variety of post-basic education and training opportunities that lead to an improved livelihood and/or tertiary education	1) Ensure the quality and relevance of higher education and TVET learning in Liberian context.	• Increased net and gross enrollment rates and completion rates for male and females at every higher education level, especially in counties with initially low rates
B. HEALTH AND SOCIAL WELFARE		
Improve the health, nutrition, and social welfare status of the population of Liberia on an equitable basis.	1. Increase access to and utilization of a comprehensive package of quality health services of proven effectiveness, delivered close to the community, endowed with the necessary resources and supported by effective systems. 2. Make health service more responsive to people's needs, demands and expectations by transferring management and decision-making to lower administrative levels. 3. Make health care available to all people in Liberia, regardless of their position in society, and at a cost that is affordable to the country.	• Increased access to and use of comprehensive health and social welfare services, especially in rural areas and by vulnerable populations. • Reduced mortality and stunting by 25% and increased immunization coverage by 25% for the under-5 population • Reduced maternal mortality rate by 25%. • Reduced HIV and AIDS incidence to below 1.5% and a mitigated impact on the well-being of infected and affected persons, especially women and girls. • Increased share (and ideally all) of infants are protected from HIV/AIDS by PMTCT interventions. • Increased numbers of qualified health workers trained, recruited, deployed and retained in the service, including at community levels. • Increased share (and ideally all) of health

Pillar Goal: To improve quality of life by investing in more accessible and higher quality education; affordable and accessible quality healthcare; social protection for vulnerable citizens; and expanded access to healthy and environmentally-friendly water and sanitation services.		
Sector Goal	**Strategic Objectives**	**Outcome Indicators by 2017**
		facilities have adequate basic supplies. • Increased financial sustainability of health system. • Increased life expectancy • De-concentrated (decentralized) health system. • Reduced out-of-pocket spending. • Increased financial protection
C. SOCIAL PROTECTION		
Protect the poorest and most vulnerable households and groups from poverty, deprivation and hunger; support them in attaining a minimum standard of living.	1. Develop and implement a comprehensive policy and fiscally sustainable system for social protection to benefit the poorest and most vulnerable households and groups. 2. Improve social service capacity and operations at national and at county levels, including participation of CSOs and communities. 3. Increase the share of children living with families; improve conditions in child care institutions; and increase participation in social insurance programs. 4. Improve livelihoods and increase employment readiness of extreme poor, youth and vulnerable households through increased opportunities for income generation and employment.	• Reduced number of households in Liberia in extreme poverty and/or with inadequate nutrition. • Budget sustainability of social protection system and programs. • Increased access and participation rates of poor and vulnerable households to basic social services and social insurance. • Fewer incidents of abuse and exploitation of women, children, youth and disabled • Increased employment rates and earned income for youth and women in the poorest and most vulnerable households.

Pillar Goal: To improve quality of life by investing in more accessible and higher quality education; affordable and accessible quality healthcare; social protection for vulnerable citizens; and expanded access to healthy and environmentally-friendly water and sanitation services.		
Sector Goal	**Strategic Objectives**	**Outcome Indicators by 2017**
D. WATER AND SANITATION		
Increase access to safe water supply and sanitation and improve hygiene practices	1. Manage, expand and sustain Liberia's WASH services through a clear, functional and inclusive WASH governance structure and with strengthened operational guidelines, training and financing. 2. Expand equitable access to environmentally-friendly and sustainable water, sanitation services and solid waste management—including for the poorest and most vulnerable communities. 3. Increase safe hygiene practices (e.g., hand washing and reduced open defecation) by working with community organizations and schools. 4. Improve WASH sector monitoring capacity and communication of results.	• Increased share of households, both urban and rural, that have adequate quality WASH services, including in the poorest and most vulnerable communities. • Reduced infection rates from diarrhea and water-borne diseases. • Reduced disposal of solid waste in unmanaged sites (like streams or backyards).

CHAPTER 11. PILLAR IV—GOVERNANCE AND PUBLIC INSTITUTIONS

The Liberian Government introduced governance in the 'Lift Liberia' PRS by noting that "the series of crises that besieged the Liberian nation over the last quarter century—from war and mismanagement to human rights abuses and deepening poverty—can be blamed largely on poor governance and disrespect for the rule of law." Despite the marked improvement and economic recovery and growth over the past five years, the economic growth would be unbalanced or unsustainable without reforms to governance and public institutions. Liberians' will to address poverty is diluted when the government is unable to translate popular will into action, or unable to allocate and manage public resources to deliver efficient and accountable services according to these priorities.

Goal: In partnership with citizens, create transparent, accountable and responsive public institutions that contribute to economic and social development as well as inclusive and participatory governance systems.

A number of reforms proposed during PRS stalled in implementation due to lack of alignment between government and donors; weak coordination and aid effectiveness; and weak commitment of political and social actors to take ownership and leadership of the reform process. These factors have served as major crosscutting constraints to the translation of policies into effective actions. As civil society has a key role in furthering the governance strategy under the Agenda for Transformation, and the legislature and local populations all have an important role to play in the process, a central pillar objective is to create an imperative for change and build national ownership of the governance reform agenda. To do this, government will seek to assure a multi-path communication plan that is essential for securing active engagement by key actors to ensure progress on key reforms. The MIA will lead these efforts, which is its closest listening post to local government under the centralization required by the 1986 Constitution, and by the GC. This latter entity must develop closer relations among the people, the legislature and the administration. The result must be a broadly shared understanding of the need for reforms and an extended will to implement such reforms, leading to public ownership and commitment to the PRS objectives.

Despite the strides of the Liberian government and people in establishing and solidifying good governance under PRS, governance remains a challenge that requires urgent and well-coordinated attention by various stakeholders—government, civil society, the private sector and development partners. Table 11.1 summarizes the sector goals of Pillar IV.

Table 11.1: Goals for Governance and Public Sector Modernization

Pillar Goal: In partnership with citizens, create transparent, accountable and responsive public institutions that contribute to economic and social development as well as inclusive and participatory governance systems.
A. POLITICAL GOVERNANCE
Nation-building and Decentralization: Engage with citizens to ensure equitable, peaceful, transparent and inclusive democratic institutions and enhanced political governance at national and local levels.

Pillar Goal: In partnership with citizens, create transparent, accountable and responsive public institutions that contribute to economic and social development as well as inclusive and participatory governance systems.
B. PUBLIC SECTOR MODERNIZATION AND REFORM
Civil Service: Independent, accountable, merit-based and performance oriented, well-structured public sector with improved service delivery
C. ECONOMIC GOVERNANCE
Public Financial Management& Transparency: Strengthen public institutions to ensure revenues and government assets are well managed, free from corruption and monitored and increase transparency and accountability of public and private institutions.
Land Tenure and Use: Develop comprehensive national land tenure, including land use system, that will provide equitable access to land and security of tenure so as to facilitate inclusive, sustained growth and development, ensure peace and security and provide sustainable management of the environment
Concessions: Improve the negotiation, management and monitoring of concessions to ensure they contribute effectively to broad based economic and social development

11.1 POLITICAL GOVERNANCE

Despite the strides of the Government and people of Liberia in establishing and solidifying good governance under PRS, governance still remains a big challenge. A partially successful national referendum and a turbulent second round of national and local elections demonstrate slow but steady progress toward democratic processes. Political governance in this pillar focuses on Nation-Building and Decentralization.

Nation-Building and Decentralization

Government has approved and launched a policy on decentralization and local governance aimed at facilitating popular participation, local initiative, greater transparency and accountability, especially in the provision of public goods and services. The policy, when codified, will also permit greater personal and economic freedom throughout the country. The government has begun the process of de-concentration of some services to local levels. Since the transition from civil war, the government has progressively devolved previously centralized decision and budgetary authority to MACs.

Sub-pillar Goal: Engage with citizens to ensure equitable, peaceful, transparent and inclusive democratic institutions and enhanced political governance at national and local levels.

Constraints: Decentralization is perforce a major, long-term undertaking. Until now responsiveness has been constrained by legitimacy: the participation of all stakeholders (including women and youth) is a challenge. The government is highly centralized, while at the local level there are too many small and fragmented political units that, for want of capacity and a clear mandate, would not support political and fiscal decentralization. As a nation, we must draw together diverse identities that have led to social cleavages, reduce barriers that exclude segments of the population for economic and socio-political life, and thereby reduce incentives for conflict at the local and national levels described in Chapter 6 (Pillar I).

This process must begin at the local level where our citizens live and continue upwards to the national scene. The first PRS only partially succeeded at this and it must be continued.

Within the existing social and constitutional framework, decentralization efforts in PRS were constrained by the 1986 Constitution, which does not provide a legal framework for decentralization measures. Getting such a legal framework will require a broad public debate to build support for constitutional amendment which is a challenge that is outside the manageable interest of the government but that must be led by it. Many communities, however, lack the necessary information, and many citizens lack the civic education required to contribute to this debate. Proponents of incremental change could face a possible national fatigue with the referendum process. Also, judging from international experience, initial steps of reform may create interest groups that could oppose further steps that were originally envisioned. Finally, the decentralization process would be challenged even in its initial stages by the lack of physical and human infrastructure, management capability and service delivery systems in the counties.
As an emerging democracy, more remains to be done to improve citizens' participation in the democratic processes.

Strategic objectives: The Strategic objective for this theme is to prepare for decentralization of administrative and fiscal capacity within Vision 2030. Decentralization is political (electoral), fiscal and administrative devolving both power and resources to local government unit. To accomplish this goal requires political will and leadership and involvement of the citizenry to achieve amendments to the constitution. De-concentration, devolution of budget execution and service provision to the local level, is within administration power and has begun under PRS with the Ministry of Education, the establishment of regional security hubs in parallel with UNMIL's five regional justice and security hubs, and preparatory steps for the Ministry of Health. The strategy will continue under the AfT with Health, Security, and other functions, though specific steps will depend upon whether the electorate permits decentralization through reform of the 1986 Constitution. The development of local accountability for local public investment, service delivery and asset management is further constrained by the lack of harmonization of significant county and local boundaries.
Agents and process of change: Change involves preparing for decentralization of administrative and fiscal capacity, electoral reforms and constitutional review within Vision 2030. The Ministry of Internal Affairs will lead the implementation of the decentralization program informed by the decentralization policy, strategic plans, and the Local Government Act.

The National Election Commission in will work to promote and ensure free, fair and transparent elections, and active citizens' participation in collaboration with civil society groups.

The Governance Commission will continue to promote awareness, acceptance and observance of good governance within both the public and private sectors; through the conceptualization and design of policies and programs, in consultation and/or collaboration with other public and private institutions.

Outcome indicators (by 2017): The interventions will increase citizens' participation in social and economic development, which will be shown by increased rates of voting and employment as indicators of citizen participation in social and economic development. There will also be substantial rates of participation in the review and amendment of the constitution and implementing legislation across all counties by citizens and CSOs. Surveys will show that more citizens have information available on public policy issues, including decentralization; that citizens in all counties have an increased sense of shared nationhood and national identity; citizens will have a sense of increased participation in public service delivery decisions and that local service delivery agencies are responsive to their needs.

Priority interventions: Under this overarching strategy, the government will progressively build the responsiveness and capacity of local government in the process of delegation of authority and de-concentration of each MAC. As a result of these interventions, an informed electorate may support fiscal, administrative and political decentralization.

To complement the preparations for decentralization, in the next five years the decentralization program will seek to develop or provide the physical and human infrastructure that will support the process of decentralization. This includes the physical infrastructure for de-concentrated MACs, new local housing units for de-concentrated civil servants, and an agreement on county strategies to improve the skill base of local employees. Counties will be encouraged with the assistance of the MIA and GC to prepare their own roadmaps for de-concentrated service delivery, as initial steps in the transition to local shared governance. The result will be new systems, processes and procedures for planning and public financial management in each county. This will be supported in the long term by the design and establishment of new courses and a university-level degree program in local governance that will to provide the qualified staff for devolved authority and capacity development in the counties.

Engagement with citizens will have several key outcomes. The overriding result will be to enhance the shared nationhood and national identity among all Liberians. In arriving at this within the AfT period, this strategy seeks to improve citizen participation in social and economic development. Regarding more specific interventions, the result will be a new understanding of recommendations to amend the constitution to encourage citizen participation leading to draft legislation, raised awareness around the benefits of boundary harmonization as well as harmonization of fragmented political and administrative units to support viable decentralized social and economic development. The capacity building will prepare the way for decentralized civic and political engagement by the young and through them, future generations.

11.2 PUBLIC SECTOR MODERNIZATION AND REFORM

Government must have a strong and capable public sector in order to fulfill its task of upholding the rights of the Liberian people and increasing the welfare of the nation. In order to achieve the development goals identified throughout this strategy the government must invest in the ongoing development of a modern and capable public sector and continue to build its own institutional and human capacity in order to improve the quality and the distribution of services delivered to all Liberians.

Civil Service

Mismanagement of public institutions and years of the civil crisis created severe deficiencies in the capacity of the Liberian public sector and eroded the public's confidence in their government's commitment and ability to serve the people.

Significant progress has been made over recent years to repair these deficiencies and the civil service has benefitted from fundamental reform and development during PRS, but much more remains to be done. Through implementation of the PRS the mandates and functions reviews of 12 key ministries and a commission were completed and there was a significant "right sizing" and rationalization of the civil service.

On a separate track, key ministries such as Finance and Health have undertaken significant internal reforms. Human resource practices were widely professionalized and civil service standards, policies and procedures were renewed. An overarching strategy for civil service reform was drafted and for the first time in decades a clear trajectory for civil service reform was set. A far-reaching public financial management strategy (for 2011-14) was developed and implementation is underway.

Sub-pillar Goal: Independent, accountable, merit-based and performance oriented, well-structured public sector with improved service delivery.

Constraints: Liberia still has a long way to travel along this trajectory. Several of the reform initiatives currently under implementation have neither a comprehensive framework to establish priorities and to achieve synergies and leverage their complementarities, nor planning linkages to assure that the budget as executed reflects AfT priorities, within existing resource limits. Despite the measures taken under PRS, overlapping mandates, unclear functions, weak organizational structures and politicized staff configurations continue to impede effective delivery of services, impede focus on priorities, and bloat an underperforming civil service. Attempts to address these constraints are further hampered by human resource practices featuring weak professional requirements and uneven compliance among MACs, by salary structures and rewards that are low and rarely linked to performance and by gender discrimination and sexual harassment that limit the participation of women in the civil service. Service delivery systems are vulnerable to corruption, recipients frequently must offer bribes to receive public services, and sanctions against such behavior are ineffective. Finally, performance reforms and efficiency gains achieved under PRS, for the most part, have not yet been extended to state-owned enterprises and autonomous agencies that serve the Liberian public; this is particularly true with respect to public financial management.

Strategic Objectives: To build on the successes of public service reform so far, to continue to develop the capacity of the civil service, and to professionalize and modernize the public sector in order to enhance the quality of life of the Liberian people on a sustained basis. This strategy aims to achieve these objectives by creating a public sector that is increasingly:

- Independent from inappropriate influences;
- Responsive to the needs of the people;
- Effective at delivering results;
- Efficient in making best use of resources; and
- Performance-orientated - improving service delivery by focusing on the needs of the public as customers.

To meet this challenge, the GoL will build upon the solid foundations of reform that have already been put in place under PRS. First, the GoL will ensure that current and planned reforms are implemented so that their full benefits can be realized. Second, the performance of the current civil service must be managed to increase productivity of the service and reduce incidences of corruption across the public sector. In order to continue to modernize human resource practices, the GoL will continue to support the recruitment and development of skilled civil servants and ensure gender equity across the public sector. Finally, government will seek to increase the efficiency and effectiveness of autonomous agencies and state-owned enterprises through a rigorous overhaul of their operational frameworks.

Outcomes indicators (by 2017): All ministries, public agencies and SOEs will have published their strategies and organizational charts and adopted measurable and transparent indicators of operational performance. All ministries have instituted merit-based recruitment and promotion. Civil service pay scale has been rationalized and is published. All civil service appointments are publically advertised, and appointments and promotions show improved balance in terms of gender, age (youth), disabilities and tribal origin.

*Priority interventions: T*o assure reforms, political and social leaders are committed to implement significant changes to long established structures and systems and deeply embedded norms. To this end, the professionalization of the positions of Assistant Ministers to upgraded positions of Heads of Departments and the establishment of the position of Principal Administrative Officer (the highest civil servant in the civil service) in all MACs based on merit will be completed. And the mandates and function reviews of the remaining----- MACs will also be completed.

The GC in collaboration with CSA and LIPA will develop a comprehensive framework to guide the public sector reform process in order to take advantage of complementarities and achieve synergies.
To improve Civil Service productivity, the government will continue to raise the bar for performance standards and will build a robust system for managing under-performance. At the same time, a coordinated effort across government of the institutions, including civil society organizations, concerned with the improvement of integrity in the public sector will reduce the likelihood of Liberians encountering petty corruption and bribery. In order to build upon progress already made to remove institutional barriers hindering high performance, continued restructuring and right-sizing and implementation of the recommendation of the mandates and functions reviews, will remove any persisting duplications in the organization of ministries and agencies and ensure that the entire public sector is as lean and streamlined as possible. Capacity development is required in recruitment, career development, and both formal and in-service training to fit new mandates and defined functions.
Investment in the development of management skills will bring a multiplier effect to capacity building initiatives across the civil service. Full benefit of the human resource management information system developed under PRS will be realized through coordinated effort to ensure its universal application. At the same time, the success of programs such as the Senior Executive Service (SES) and Transfer of Knowledge through Expatriate Nationals (TOKTEN) will be sustained through their integration into the standard civil service.
In autonomous agencies and SOEs, as sole shareholder, the government will impose a thorough review of the business processes and financial management of all SOEs. Detailed action plans, including the option of privatization, will set the way forward for each organization and implementation of these plans will be closely monitored.

Modern PFM techniques and controls will be further extended from the MOF to the MACs and particularly to the SOEs, assuring that public resources are managed according to the PFM Law. Overall, the confusion that persists in some areas of the public sector will be replaced by a fresh landscape in which every role, unit and organization will be defined and necessary for the efficient delivery of government services, and where participants are rewarded based on their performance.

11.3 ECONOMIC GOVERNANCE

The Economic Governance sub-pillar addresses four shortcomings found during the implementation of PRS. The effort for public resource allocation to more closely track priorities of the poverty reduction strategy is paying off, but the budget process is still needs to be harmonized with the AfT. Second, disagreements on rights to land tenure and land use have risen as a result of local migrations, repatriation following the civil war, and the rapid increase in concessions on traditionally held lands. These must be resolved in order to reduce the potential for conflict (Pillar I) and to assure a secure environment for investments in land improvement (Pillar II). Third, improved economic governance should assure that concession agreements support broader development processes and respect environmental and other regulations. Fourth, corruption at small and large scales has undermined people's trust in government, diverted resources from their efficient use and hindered delivery of public services.

The nation's priorities for governance reform address two major themes: the focus and integrity of the collection and use of public funds to address the objectives of the PRS, and the management of the country's natural resources—minerals, forests and land—for the benefit of all its citizens.[31]

Public Financial Management

Public finances should efficiently address the priorities of the Agenda for Transformation with a minimum of waste and diversion to other purposes, public or private. Under the first PRS, the government has produced a four-year PFM Reform Strategy and Action Plan (2011), intended to improve budget credibility and assure consistency between the strategy and services delivered to the public; to improve budget coverage and budget execution; to strengthen revenue mobilization and revenue administration; to enhance transparency and accountability in PFM, including legislative oversight and the GAC; to enhance controls and respect for the PFM legal framework to sanction non-compliance; and to strengthen treasury management to increase efficiency in service delivery, enhance the value of financial resources, and reduce waste. While much Progress was made in laying a foundation in addressing the above key issues, there is a need to consolidate and implement the strategies to generate tangible outcomes.

The Liberian people want personal honesty and well-performing agencies in government, in addition to personal accountability and professional integrity within the public service. The capacity of citizens to hold economic and government agents accountable is very weak, and requires strengthening. The stakeholder survey for the PRS evaluation (2011) showed that 55 percent of the respondents felt that the government needs to do more to address the issue of corruption.

Under the Public Procurement and Concessions Act (PPCA), procurement devolves to MACs. The GSA is responsible for asset management, while the PPCC is responsible for assuring that procurement regulations have been followed. GSA continues to retrospectively catalogue assets already acquired, but has yet to establish systems for recording and tracking assets newly procured. Some of these issues were addressed under the PRS, but there is a large unfinished agenda as part of the broader objective for more efficient use of public resources.

Sector Goal: Strengthen public institutions to ensure revenues and government assets are well managed, free from corruption and monitored and increase transparency and accountability of public and private institutions.

Constraints: PFM reform is constrained by lack of clarity in defining rights and responsibilities for public financial management reform; underlying weaknesses in public revenue generation, including deficient systems, accountability mechanisms, and bribery; lack of clarity of mission of MACs; weakness in operational efficiency of MACs and SOEs, especially their operations at sub- national levels; and inadequate adaptability of HR.

Despite the advance of the 2010 Freedom of Information Act, deterrence and prosecution of corruption remain weak. There are concerns about weak processes and systems to manage public revenues, budgeting and expenditure management, procurement practices and granting concessions— combined with ineffective processes for control of corruption and limited oversight and management capacity in the government and private sector. The provisions of the PPCA are not being implemented properly at the regional and county levels, and funds are not being spent in line with the principles of transparency and value for money. Procurement has not improved sufficiently, with poor understanding and enforcement of the PPCA among ministries and agencies. This makes it difficult for the PPCC to

[31] Chapter 10 discusses an important element of economic governance—the regulatory regime for encouraging private sector development while protecting the public interest.

undertake its regulatory function and monitor compliance in a meaningful way. While public concern about corruption is high, CSOs are too weak to mobilize this issue as pressure for public and private reform. The systems of justice and regulatory control have also been too weak to take on the corruption problem.

Currently MACs lack systems and guidance to track assets, resulting in risks of accountability and corruption; misuse and damage of vehicles pose a particular concern. PPCC continues to be directly involved in the procurement process, responding to "no objection" requests rather than concentrating on its oversight role of training, guiding and auditing decentralized procurement agencies.

Strategic objectives: To advance PFM and anti-corruption reforms among revenue-generating MACs; to strengthen domestic revenue mobilization and administration by strengthening the department responsible for collection of national revenues, including those due to the State from all revenue generating agencies, public corporations and concessions; to enhance the clarity of missions and operational efficiencies of MACs and SOE at national and sub-national levels, including the efficiency, performance-based incentives of public servants/human resources; to improve procurement through increased compliance. Advance public financial management and anti-corruption reforms and capacities among government and private sector organizations at all levels. To strengthen the effective implementation and coordination of corruption investigation and enforcement by LACC; and expand community role and capacities in monitoring public and private corruption with the PPCA; and to improve oversight of PFM at the regional and county levels and by CSOs. To improve the decentralized and accountable management of government assets.

Agents and process of change: Achieving more efficient, transparent and accountability public financial management reform and enhanced performance will require the formulation and effective implementation of a PFM action plan and institutional assessment. This should include introduction of improved financial procedures and mechanisms (including audit and financial controls of MACs and SOEs) for both public revenues and expenditures, at central and local levels. This will require determining, approving and implementing the required organizational reforms of the relevant agencies—especially involving the MOF (the Revenue Department, Public Expenditure Department, and also at the county level)—and the possible establishment and strengthening of a Revenue Authority with enhanced skills and know-how of staff. On the demand side, the government will conduct education campaigns to increase public awareness and encourage CSOs to monitor public expenditures and revenue collection.

The legislature will improve oversight of budget formulation and implementation, while a strengthened legal system and strengthened GACs will improve the effective implementation and coordination of corruption investigations by LACC and MOJ including capacity building in forensic accounting to establish probable cause in the pursuit of corruption judgments. The capacity of the department of Economic Affairs at the MOJ will be built to also support this. Revenue-oriented ministries and agencies as well as state owned enterprises—especially MOF, and NBOC—will gain new understanding around financial management and anti-corruption reform needs and establish new processes and systems accordingly. The reform needs will then be implemented in coordination with LIPA and other relevant actors to establish joint programs and actions plan to build skills and know-how to implement the required new systems and processes. Through these steps, reforms for good financial management and anti-corruption will be addressed, combined with the implementation of improved M&E mechanisms. The PPCC will develop and carry out monitoring and information sharing activities that will provide understanding of training and other support needs of officials and agencies in public financial management at the county and regional levels. It will develop a communications campaign to raise awareness of the PPCA and motivation for compliance; and will also conduct post procurement audits to ensure compliance. The PPCC with findings from the audits and communication campaign will

develop an updated policy to ensure enhanced capacities and compliance of ministries and agencies to the PPCA.

The LACC will conduct needs assessment and develop a collaborative roadmap/strategy to strengthen corruption investigative techniques with partners. LACC will use the action plan to enhance the skills of key personnel and agencies to strengthen corruption investigation. This will include support to the MOJ to prosecute LACC cases. LACC will also work with partners to communicate good practices and lessons learned. Education and training of key CSO and community groups will build awareness and motivation for local collective action to hold the government and private sector accountable for corruption.

Given the nature of this strategic and cross-cutting theme, numerous public sector agencies will implement priority interventions to achieve the above objectives and goals. These include MOF, which will provide overall coordination in close collaboration with the MOJ, LACC, NBoC, LIPA, State Owned Enterprises (FDA, LPRC, RIA), ministries that expend the largest percentage of the national budget (e.g., MPW, education, health), PPCC, the Enforcement and Prosecution Unit of the GAC and legislative bodies (to enhance budget oversight and accountability). In addition, strategic CSOs will be actively engaged to carry out and coordinate demand-side aspects of anti-corruption interventions.
To address the difficulty of tracking government assets, particularly those in counties, procurement systems, ministerial procurement entities, the GSA and their regulator, PPCC together will establish and carry out enhanced systems and procedures to manage assets, including vehicle loans, throughout Liberia. These actions will contribute to improved service delivery for its citizens. Establishing the correct roles and functions of the PPCC, MAC procurement agencies and GSA will involve providing appropriate training and organizational guidance. PPCC will provide overall coordination, with active collaboration of relevant organizations in regions and counties.

Outcomes indicators (by 2017): A reduced discrepancy between the initial budget and final outcome for revenue and expenditure in all MACs. Increased shares of MACs that publish regular and timely audits of accounts and management. Also, an increased compliance with an enhanced PPCA. Increased domestic revenue mobilization (including payments due from all revenue generating agencies, public corporations and concessions). Published indicators of operational efficiency of MACs and SOEs show improvement. Increased press coverage on public financial management and corruption issues—publishing of the results of corruption investigation by LACC. An increased number and conviction rate of corruption investigations by LACC. An increased percent of lawsuits that address "whistleblowing" and corruption accusations are increasingly decided in favour of the whistleblower. Surveys show enhanced roles and capacities of CSOs and community groups in monitoring corruption in public and private sectors.The activities will lead to enhanced operational and implemented procedures for improved procurement and management of government assets—particularly vehicles—in place at central and eventually local levels; surveys will report that stakeholders perceive improved delivery of key property procurement and management.

Land Tenure and Use

Land tenure and use continue to impede broad-based growth and social welfare. Conflicts continue and are even increasing under traditional systems that are based on the right to use—but not damage—communal lands both within and between ethnic groups—an effect of mobile populations and shifting cultivation. Conflicts are also arising between land ownership (including use under traditional systems) and western lease-holding contracts as agricultural and mineral concessions are reintroduced with little or no reference to existing land use (see next section). According to recent research, traditional village

land disputes have increased greatly while other forms of conflict have fallen. Finally, the development of local governance and autonomy is limited by ill-defined property, district and county borders.

> *"We think that government needs to tell the people to stop spoiling our farm land by cutting down all the trees. We just see them coming how they come we don't know"***—Martha Sunshine** *(participant from: Yarpah Town, Nyorwein district, Rivercess County)*

The nationwide consultations on the national vision reveal that the broadly held view amongst Liberians is that land belongs to the people and as such local people should be major stakeholders in all land decisions particularly, the governance of land. Concessions are broadly seen to restrict access to land for villagers and thereby to reduce possibilities for agriculture. Several suggestions ranging from using tribal certificates obtained from the elders as a prerequisite for private land ownership to restricting the size of property holdings and developing women and youth land schemes were propounded during the consultations.

The numerous issues around land, both at the national and sub-national levels regarding, traditional and tribal claims, concessions for mining and forestry, environment and habitat protection, underscore the need to thoroughly explore the dynamics of land governance institutions and study in particular how decentralization of land governance could influence relations of governance, the legitimacy of local land tenure institutions, and the resolution of local land conflicts. Obviously such an exercise is highly political and will require multi party interaction beyond the scope of the AfT. In the AfT, the lead government M&As are urged to fully engage all stakeholders in developing the appropriate policies to address this all important issue.

Goal: To develop a comprehensive national land-tenure and land-use system that will provide equitable access to land and security of tenure so as to facilitate inclusive sustained growth and development, to ensure peace and security and to provide sustainable management of the environment.

Constraints: Analysis and consensus among diverse stakeholders point to three types of land-tenure constraints. First, mutually inconsistent land policies: the absence of an up-to-date national land policy has rendered the existing land laws grossly inadequate to cope with the country's development goals and challenges. Current policies on public, communal and private lands have conflicting provisions with the constitution and other laws that do not reflect current conditions and realities, resulting in land disputes. Second, there is lack of clarity of stakeholder rights and responsibilities. Policies to promote sustainable land use and investment are non-existent or unclear, and the existing regulatory framework for negotiating land investment is weak. Third is administrative complexity as outmoded systems of land administration and management has resulted in multiple sales of land, encroachment, boundary claims and various other land disputes at the national and local levels.

Strategic objectives: 1) To review and regularize existing policies and legislation with the aim of removing those in conflict with the constitution or with current laws and treaties. 2) To formulate, approve and carry out enhanced land use policies and strategies that clarify stakeholder rights and responsibilities, and improve sustainable investment in land. 3) To simplify and ease the systems of land administration and management systems.

Agents of change and change process: The Land Commission (LC) in consultation with local and national stakeholders will improve the policy regime on public, communal and private lands to regularize the conflicting laws and regulations. Mapping and boundary demarcation will permit improved investment security and provide land administration appropriate to Liberia. And the LC will develop collaborative processes for land dispute and information at the community level. Increasing introduction of cadastral data will rationalize databases among the LC, National Bureau of Concessions (NBC), MIA, Ministry of Lands, Mines and Energy (MLME), MOA, FDA and the registry of tribal certificates.

Outcome indicators (by 2017): Increased proportion of urban and agricultural land will be economically utilized. Reduced conflict over land, including between private individuals and with concessionaires, as well as between counties. Reduced average time and steps required to obtain an official record of who has claim to a parcel of land.

Priority interventions: Lands Commissions (LC) will develop consistent policies on public, private and communal land in consultation with stakeholders and consistent with the Constitution and current laws and treaties. The LC will conduct mapping and boundary demarcation that permits investment security. It will provide land administration appropriate to Liberia, including a record management system at the national and local levels common to all LCs responsible for allocating and monitoring property rights, land use and concessions. It will also develop and make functional a collaborative system for land information and dispute resolution at the community level.

Concessions

Liberia is blessed with abundant natural resources that can support broad-based economic development, although many are concentrated by geographic distribution (minerals) or economies of organization (plantation agriculture). The history of Liberia gives Liberians legitimate concerns toward the development of these natural resources, and the AfT seeks to avoid the recreation of an enclave economy that brings little benefit to the local population.

Under the first PRS, the government improved the concessions process, leading to standardized treatment concerning respect for national labor; environmental and other laws; third party access to concession infrastructure; and opportunities for linkages between export-oriented enclave concessions and the rest of the economy. The creation of the National Bureau of Concessions (NBoC) enlarges government's authority in the concessions process to provide enhanced negotiation (and due diligence) capability; and to provide monitoring and compliance to assure that concessions meet criteria of a public good, including fairness and the cost-benefit balance. However, it must develop these capacities. Under the second PRS, the legal framework will be simplified, standardized and codified, and non-government stakeholders (particularly affected community groups) will be brought into monitoring; processes will be developed for fiscal, social and environmental reporting on concessions.[32]

Goal: To improve the negotiation, management and monitoring of concessions to ensure they effectively contribute to broad-based economic and social development. Concessions agreements will be taken in the interest and for the benefit of the people of Liberia, not just the private parties seeking profitable activities.

[32] Policies to establish linkages between private concessions and public infrastructure in order to leverage the concession investment for public good are discussed in Chapters 10-11.

Constraints: First, there is lack of clarity of stakeholder rights and responsibilities in concessions involving the State. A weak enabling environment for concessions management significantly impairs progress in the economic governance sector. The main challenge is the lack of clear agreement on defined roles and responsibilities of sector M&As and other partners for monitoring and managing concessions. Second, there is a lack of transparency of information to stakeholders on concessions. There are no mechanisms to effectively negotiate or monitor the compliance of government/concessionaires with concession agreements. In addition, the government, CSOs and communities are not monitoring the impact of concession agreements. At the negotiation stage, the information available is highly asymmetric, with the concessioner holding a monopoly on data and no local hearings to validate concession terms or ascertain compliance with existing land rights. Further, post-award monitoring for compliance is difficult because the NBoC lacks audit skills in non-financial compliance, and the ministries responsible (health, education, environment) have not yet issued standards applicable to concessions and concession-holders. As a result, compliance is haphazard and there are no data showing the extent to which the concessions contribute to broad-based economic and social development. Local residents claim they are denied access to communal and public lands, and that some concessions remain fallow while villages lack arable land. Thus, the public has little confidence in the process in terms of fairness, integrity and cost/ benefit of concession agreements.

Strategic objectives: 1) Streamline and clarify concessions policy with legislation that delineates roles and responsibilities of sector ministries; and codify the model concessions agreement accordingly. 2) Use LEITI and other means to improve the transparency of information on concession agreements to ensure public confidence in the process. 3) Strengthen the administrative apparatus of new NBC to perform due diligence, to negotiate concessions and to enforce them transparently.

Agents and process of change: Current concessions policy will be reviewed with empowered stakeholders to develop action steps to streamline and renew the policy. The legal framework and roles and responsibilities of each stakeholder will be agreed on to amend the policy, and a memorandum of understanding between ministries and agencies will clarify the allocation of responsibility for carrying out concession management. An up-to-date concessions negotiation and monitoring process will be established with government and non-governmental stakeholders, including local residents. Skills of government staff dedicated to concession management, especially the NBOC (newly established in 2012), will be built so they can coordinate and monitor the new process and compliance. New public information sharing, reporting and feedback processes will also be established to ensure public confidence is built, and community groups and CSOs will participate in monitoring the activities and compliance of concession holders. The legal framework will be simplified, standardized and codified. Processes will be developed and implemented for fiscal, social and environmental reporting on concessions; and there will be enhanced policies to establish linkages between private concessions and public infrastructure in order to leverage the concession investment for public good. NBOC will play a key role in carrying out and coordinating the above activities, working in close collaboration with diverse community groups and CSOs (especially located in the concession areas).

Outcome indicators (by 2017): Concession revenues have increased strongly. The terms of all concession agreements, revenues, and compliance status of concession agreements have been made publically available on a timely basis. Surveys reveal improved public awareness and increased public confidence in the concessions agreements and process.

Priority interventions: An enhanced concessions policy and enabling legislation will be formulated, approved and implemented, and a sound memorandum of understanding between ministries and agencies

responsible for carrying out concession management developed and implemented. Model concessions agreement developed under PRS will be codified in all agreements going forward. Community groups and CSOs will be fully engaged in concession monitoring; dedicated NBOC staff will be trained to conduct and manage due diligence process, negotiate concessions and transparently to enforce them. For monitoring, government will publish reports on public perceptions of the transparency of the concession process and on community benefits.

11.4 CAPACITY DEVELOPMENT NEEDS AND OPPORTUNITIES FOR ENHANCED GOVERNANCE

The locally created results framework that underpins the governance pillar presents common capacity challenges at institutional level and to empower local actors from government and non-government. Multi-stakeholder capacity development interventions should be directed to empower local agents of change (covering government, legislative and non-government sectors), including in areas of:

- Demand for accountability, especially from CSOs.
- Transparency of information to stakeholders.
- Ambiguity of stakeholders' rights and responsibilities.
- Operational inefficiencies of organizations and weak service delivery outcomes.
- Financial difficulties and misconduct.

The following transformative capacity development interventions involving the governance pillar will contribute to intermediate outcomes, which will empower local actors to address the above constraints:

- Strengthen strategic networks and coalitions of CSOs to work together with government to promote enhanced transparency and accountability, communication, and public information in addressing many of the above governance-related issues.

- Increase awareness, understanding and impart relevant skills and know-how to be more effective in addressing strategic governance-related issues, including: strategies toward decentralization of and enhanced quality of public services; promoting greater national identity; public financial management reforms; civil service reforms; planning, budgeting and monitoring processes; enhanced transparency and anti-corruption actions, including investigative skills and follow-up actions to ensure transparent and consistent enforcement; more transparent and socially beneficial concession agreements and compliance; improved public procurement planning and compliance; enhanced land administration processes.

Table 11.2: Goals, Objectives and Outcome Indicators for Governance Sector

Sector Goals	Strategic Objectives	Outcome Indicators by 2017
Goal: In partnership with citizens, create transparent, accountable and responsive public institutions that contribute to economic and social development as well as inclusive and participatory governance systems.		
Nation-building and Decentralization Engage with citizens to ensure equitable, peaceful, transparent and inclusive democratic institutions and enhanced political governance at national and local levels.	1. Improve citizen participation in social and economic development, as well as responsiveness of local government. 2. Engage citizens in decentralization and strengthen capacity to implement de-concentration and eventual decentralization at the local and administrative level, strengthening local demand for viable decentralized social and economic development. 3. Enhance notions of shared nationhood and national identity among Liberians.	• Increased rates of voting and employment as indicators of citizen participation in social and economic development. • Surveys will show that more citizens share an increased sense of shared nationhood and national identity—and have information available on public policy issues, including decentralization. • Substantial rates of participation in all counties by citizens and CSOs in the review and amendment of the constitution and implementing legislation. • Citizens in all counties have an increased sense of participation in public service delivery decisions and local service delivery agencies are perceived as responsive to their needs.

Sector Goals	Strategic Objectives	Outcome Indicators by 2017
Goal: In partnership with citizens, create transparent, accountable and responsive public institutions that contribute to economic and social development as well as inclusive and participatory governance systems.		
Civil Service Independent, accountable, merit-based and performance oriented, well-structured public sector with improved service delivery	1. Advance reforms in the public sector based on a strategy that includes vision, mandates and functions of ministries, agencies and SOE. 2. Improve the operational performance and effectiveness of the ministries, autonomous agencies and SOE. 3. Ensure a modern, professional, motivated and productive public sector workforce. 4. Ensure equal opportunity based on gender, age (youth), and disabilities at all levels of the civil service.	• All ministries, public agencies and SOE have published their strategies and organizational charts and adopted measurable and transparent indicators of operational performance. • Civil service pay scale has been rationalized and is published; all civil service appointments are publically advertised; and all ministries have instituted merit-based recruitment and promotion. • Civil service appointments and promotions show improved balance in terms of gender, age (youth), disabilities and tribal origin.

Sector Goals	Strategic Objectives	**Outcome Indicators by 2017**
Goal: To create transparent, accountable and responsive public institutions, in partnership with Liberian citizens, that contribute to economic and social development as well as inclusive and participatory governance systems.		
Public Financial Management & Transparency Strengthen public institutions to ensure revenues and government assets are well managed, free from corruption and monitored and increase transparency and accountability of public and private institutions.	1) Advance PFM and anti-corruption reforms especially among revenue-generating MACs. 2) Strengthen domestic revenue mobilization and administration for collection of national revenues, including those due to the State from all revenue-generating agencies, public corporations and concessions. 3) Enhance the clarity of missions and operational efficiencies of MACs and SOEs, including the performance-based incentives of public servants and human resources. 4) Improve procurement through increased compliance with the PPCA for all MACs and SOEs. 5) Improve oversight of PFM	• Reduced discrepancies between the initial budget and final outcome for revenue and expenditure in all MACs, especially among revenue-generating ones. • Increased share of MACs, including at the regional and county levels that publish regular and timely audits of accounts and management. • Increased compliance with an enhanced PPCA, including an increased share of procurement that is done with public announcement and competitive bidding. • Increased domestic revenue mobilization (including those due the State from all revenue generating agencies, public corporations and concessions). • Published indicators of operational efficiency of MACs and SOE show

	at the regional and county levels and by CSOs. 6) Improve the decentralized and accountable management of government assets and roles, as well as guidance for the decentralized management of government assets nationally and across all counties. 7) Advance public financial management and anti-corruption reforms and capacities among government and private-sector organizations at all levels. 8) Strengthen the authority and effectiveness of LACC for implementation of corruption investigation and enforcement. 9) Expand the roles and capacities of CSOs and community groups in monitoring public and private corruption.	improvement. • All public sector assets—land, buildings and equipment (particularly vehicles)—are catalogued and this information is available to legislators, local officials and the public. • Surveys show improved delivery of key services by GSA offices throughout Liberia, including in all counties • Increased press coverage on PFM and corruption issues. • Increased number and conviction rate of corruption investigations by LACC. • Increased share of lawsuits that address "whistle blowing" and these corruption accusations are decided in favour of the whistleblower. • Surveys show enhanced role and capacities of CSOs and community groups in monitoring public and private corruption
Land Tenure and Use Develop comprehensive national land tenure, including a land use system, that provides equitable access to land and security of tenure so as to facilitate inclusive, sustained growth and development, ensure peace and security, and provide sustainable management of the environment.	1) In a consultative manner, formulate, approve and carry out enhanced land use policies and strategies that clarify rights and responsibilities of stakeholders, including women, and improve sustainable investment in land. 2) Improve the alignment of land policies on public, communal and private lands and related laws with the Constitution, current laws or treaties, and current conditions	• Increased proportion of urban and agricultural land formally titled (with an increasing share to women) and economically utilized. • Reduced numbers of land conflicts, including between private individuals and concessionaires. • Reduced average time and number of steps to obtain an official title to a parcel of land.

	and realities. 3) Simplify and ease the systems of land administration and management systems.	
Sector Goals	**Strategic Objectives**	**Outcome Indicators by 2017**
Goal: To create transparent, accountable and responsive public institutions, in partnership with Liberian citizens, that contribute to economic and social development as well as inclusive and participatory governance systems.		
Concessions Improve the negotiation, management and monitoring of the concessions to ensure they effectively contribute to broad-based economic and social development.	*1.* Streamline and clarify concessions policy to enable legislation that delineates roles and responsibilities of sector ministries; and codify the model concessions agreement, in line with the updated concessions policy. *2.* Use LEITI and other means to improve the transparency of information on concession agreements to ensure public confidence in the process. *3.* Strengthen the administrative apparatus of the newly created NBoC to perform due diligence, to negotiate concessions and to enforce them transparently.	• Local hearings are part of the concession granting process. • Concession revenues have increased strongly. • The terms of all concession agreements, revenues and compliance status have been made publically available on a timely basis. • Surveys reveal improved public awareness and increased public confidence in the concessions agreements and process.

CHAPTER 12. PILLAR V—CROSS-CUTTING ISSUES

While all facets of Liberia's social and economic development are interlinked, eight in particular are cross-cutting and do not belong in any one of the four pillars. Of the eight issues, four refer to particular demographic groups: women and girls (Gender), children (Child Protection), Persons with Disabilities, and Youth (Empowerment). The other four do not refer to any particular segment of the country's population, but have implications for society's overall productivity and well being: Environment, Human Rights, Labor and Employment, HIV/AIDS (Table 12.1).[33] Conflict Prevention, an issue that also cuts across all pillars is discussed in the Peace, Security and Rule of Law Pillar. Developmental Capacity is discussed as an integral part of the whole growth and development process and is thus incorporated already into all four pillars.

Table 12.1: Goals for Cross-Cutting Issues

Pillar Goal: **Mainstreaming Cross Cutting Issues across all sectors for society's overall productivity and well-being, with particular emphasis on the vulnerable segment of the country's population (Women, Children, People with Disabilities and Youth)** **For Specific Population Groups:**
A. GENDER EQUALITY: Improve the socio-economic and political status and capacity of women in Liberia.
B. CHILD PROTECTION: Ensure the protection of children's rights; shield them from the effects of vulnerability and discrimination; and provide a safe environment where they can realize their full potential.
C. DISABILITY: Improve access to equitable social, political, and economic opportunities and provide full and equal enjoyment of all human rights and fundamental freedoms for PWD
D. YOUTH EMPOWERMENT: To empower young people as full participants in all aspects of Liberian society.
For all of society:
E. ENVIRONMENT: Improve management of the environment to ensure that it contributes to sustained economic development and growth in all sectors and at all levels.
F. HIV/AIDS: Reduce the spread of HIV and AIDS and mitigate its impact on persons living with HIV and AIDS (PLHIV) and their families.
G. HUMAN RIGHTS: To combat human rights abuses and advance the welfare of all Liberians, irrespective of sex, ethnicity, geographical location, political affiliation and socioeconomic condition.
H. LABOR AND EMPLOYMENT: To promote the sustainable creation of decent jobs for Liberian men, women and youth, including the people with disabilities

[33] PRS identified five categories of CCIs: Gender Equity, Peace Building, Environment, HIV and AIDS, and Children and Youth.

As shown in Fig 12.1, The population-specific CCIs entail special poverty problems, as poverty rates are higher among marginalized women, abused and abandoned children, the disempowered youth and the neglected disabled. Various physical and social barriers exclude these segments of the population from Liberia's economic and sociopolitical life, thus compounding their poverty.[34] Further, poverty is thus associated with level of education, with rural dwelling, with agriculture as an occupation, and with age among others. The poverty among these segments of the poor are referred to as "special poverty problems" because, if 300,000 households of able-bodied Liberians are extremely poor, then what can we say about the marginalized, the abused, the disempowered and the forgotten?

Figure 12.1: Cross-cutting Issues: Special Poverty Problems

The CCIs constitute components of resources needed for growth and development; if they are addressed, they constitute human and material resources to be mobilized for further growth and development, while if ignored, they can undermine the process. Among the shortcomings of Liberia's first PRS, was the failure to comprehensively address CCIs.The CCIs did not receive significant attention at the implementation stage as evidenced in the review of the strategy. In the review, only gender and the environment were mentioned. The government and its development partners are thus ensuring that the AfT more comprehensively addresses this shortcoming.

12.1 GENDER EQUALITY

The paradox in Liberia is that women have weaker influence in the marketplace and the political arena, although they constitute the majority of the active labor force in agriculture—particularly in food production—and form extensive networks in the informal sector where they are noted for their entrepreneurial abilities and creative skills. The culture of patriarchy pervades Liberian society, beginning in the family with men as heads-of-households, and serves as the model for organizing society—its economy, politics and socio-cultural life. If the participation of women in society and economy is held back, Liberia as a whole is worse off.

> Wealth creation is a *variable sum* game; the amount of wealth in a society is not fixed. Not only is the empowerment of the poor in wealth creation *not* a threat to the wealthy, it leads to more wealth creation, hence an increase in the amount of wealth created.

National Economic Forum, 12-13, September.

During the first PRS, the Government, NGOs, community- and faith-based organizations, the private sector and donors collaborated in efforts to address gender inequalities. Women's participation in the security sector increased; the availability of health care for pregnant women improved; and female school enrollment rates improved, although they are still below those of males. While gender-based crime rates rose between 2009 and 2010, they have since declined.

Goal: Improve the socio-economic and political status and capacity of women in Liberia.

Constraints: Ingrained cultural biases against women and girls are at the root of their marginalization. Women's participation in high offices and in the formal sector, although improving, is still limited. Hence, they face constraints in articulating gender issues at the national level. Some men have a zero-sum mentality, believing that any economic and sociopolitical gains that accrue to women are a loss to them. Women's ability to fully participate in agriculture and the MSMEs is constrained by their limited access to productive resources such as land for agriculture, start-up credit and professional knowledge. About 60 percent of Liberian small-scale fishers are women, but their effective participation in this sector is constrained by high operating costs and a lack of infrastructure for marketing and preservation.

Strategic Objectives: 1) Improve the capacity of women to respond to gender-based violence and traditional practices 2) Increase women's participation in the community decision-making process3) Strengthen women participation in income generation and employment opportunities in agriculture, fisheries and MSMEs and formal sector.

Priority Interventions (with reference to the main corresponding pillar):

Security and Rule of Law: Review and update existing gender policies, including the security and justice sectors. Include appropriate treatment of gender issues in the training of security and Judiciary personnel.

Economic Transformation: Review and update programs to increase private-sector employment of women in all sectors, particularly in the formal sector and decision-making positions. Review the existing Code of Conduct to provide safe working environments for women. Create programs to ensure that women with entrepreneurial ability have access to start-up capital and credit. Women in agriculture should be assisted in a program to access land, have their title registered, and inherit their husband's land if he dies. Scale up cash-for-work schemes for women in areas such as waste management and tree planting, and public work schemes like road construction will be modified to assure inclusion of women. Design a program to mainstream both men and women in the regional trade agreements.

Human Development: Design and implement plans to assist women, particularly pregnant and nursing mothers, to have access to the healthcare they need. Increase the enrollment of female students at all levels of education. In collaboration with women's groups and community leaders, the government will launch awareness campaigns in schools and mass media on gender issues, such as teenage pregnancy and HIV/AIDS.

Governance: The Government will create mechanisms within MACs to monitor the representation, performance and welfare of women and girls in all sectors to be developed. Disaggregate national data on all sectors to reflect issues facing women and girls, men and boys.

Agents and process of change: The MOGD; microfinance firms; rule of law and security sector institutions; community leaders; relevant CSOs (e.g., Farmers 'Associations/Cooperatives); and relevant development partners will work together to design and implement these activities. The government will draw on the gender mapping analysis done by the African Women's Development Fund. The process of change will involve the participation of women in the public sector through new human rights' policies, the creation of skilled women professionals, increased recruitment of women into positions of decision-making and design and implementation of public awareness programs on the rights of women and girls.

Outcome indicators (by 2017): increased participation of women in the formal sector, especially in managerial positions, the security sector, and as judges; improvement in the access by women to land, inputs and credit in agriculture and MSMES; reduced incidence of GBV and increased prosecution rates in cases of GBV; reduced incidence of traditional practices harmful to women and girls; increased girls and women's access to health services and enrollment in schools and colleges; disappearance of gender-bias in school curricula and instructional materials; increased participation of women in community councils.

12.2 . CHILD PROTECTION

The inclusion of child protection as a CCI recognizes that children are especially vulnerable to a variety of forms of violence, exploitation, discrimination, abuse, neglect and other rights violations. Violations of children's rights take place in every country and are under-recognized and under-reported barriers to child survival and development. They are exacerbated in post-conflict environments where official and community-based systems for the prevention of and response to violations have broken down.

Some of the persistent protection issues facing boys and girls in Liberia include exploitative labor practices, harmful traditional practices, general physical abuse, and sexual exploitation, abuse and rape. Certain groups are much more vulnerable than others, including boys and girls living in out-of-home situations (especially those in informal foster settings and institutions); children in contact with the law (including as victims and witnesses of crime, under the supervision of the court, or when accused of offenses); children with disabilities; and boys and girls living on the street. In addition to the physical dangers they face, children living in these situations are significantly less likely to be enrolled in school; to receive treatment for medical and nutritional problems; or to have access to financial resources necessary to survive. This, in turn, can lead to risky behaviors and negative coping strategies, including transactional sex and criminal activity.

One of the primary drivers behind many of these vulnerabilities and negative outcomes is the common practice of sending children to Monrovia for further education. These children are separated from their own families and frequently placed with distant relatives or acquaintances. Despite familial intent for education, these boys and girls are frequently instead exploited in domestic service, hard labor and other commercial activities. They are also frequent victims of the rights violations mentioned above. Unless—and until—the serious gaps in educational access and quality in outlying counties are rectified, these problems will continue.

In addressing the vulnerabilities and discrimination that children face and designing appropriate child protection responses throughout all pillars, it is essential to not only consider the potential impact of policies on children, but to acknowledge and address the different vulnerabilities and forms of discrimination faced by girls and boys.

> Child trafficking is a road to modern-day child slavery—the most assured route to the other forms of child abuse—the practice sets the most vulnerable in the society against adults whose duty it is to

Goal: To ensure the protection of children's rights, shield them from the effects of vulnerability and discrimination, and provide a safe environment where they can realize their full potential.

Constraints: In the first PRS, issues of child protection were largely ignored, thus creating gaps in the government's response and financial commitments to this area. While some progress has been made, particularly in the area of war-affected youth, serious capacity constraints remain within implementing ministries and partners—particularly in the areas of social workers, psychological-social support professions, probation officers and health care workers. Planning in this area is also severely constrained by the inadequacy and unreliability of protection-related data, especially regarding violations of children's rights and children living in out-of-home placements. Organizational constraints include divided mandates between MACs; poor coordination among government, development partners, and civil society protection agencies; and the absence of an independent oversight body.

*Strategic objectives:*1) Enhance ownership and adoption of a national policy for children's rights2)Enhance monitoring and reporting system for improved policies to properly address children's rights and violations3)Enhance technical and managerial skills of child protection practitioners to secure a protective environment for children

Priority interventions: Implement the new Children's Law (2012) and ensure that its promises are realized, including campaigning for national awareness raising; establishing a National Council for Children's Well-Being; and providing adequate resources to the Child Rights Advancement Fund established under the bill. To improve inter-agency coordination, the government will develop a national system for protecting children's rights, with independent monitoring and reporting. Draft and submit comprehensive legislation addressing national and international adoption and alternative care frameworks for children living away from their parents. Revise labor statutes to comply with international best practices regarding child labor. Establish effective measures and programs to rehabilitate and protect the rights of children in conflict with the law, finding practical alternatives to detention and incarceration. In the area of capacity and awareness, the government will integrate child justice into training programs (both pre-service and in-service phase) of Judiciary, probation, prison and police personnel. This will include standards and codes of conduct for dealing with children in contact with the law; standards for selection and recruitment of staff; and standards of practice for law enforcement, Judiciary, prisons management and staff, lawyers, social workers, paralegals and other professionals. Develop and institutionalize a social work program to attract and train qualified social workers to deal with protection of children and other vulnerable groups. Create a comprehensive system for monitoring, tracking and supporting children in informal care settings through the creation of a foster care system and complementary support systems. Implement and sustain nationwide efforts to achieve universal birth registration.

Agents and process of change: The Ministry of Health and Social Welfare (MHSW) and relevant ministries, community leaders, CSOs (including religion-based ones) and development partners will act as change agents to promote awareness on progress concerning the rights and welfare of the children of Liberia. The domestication of all ratified documents regarding children will also happen.

Outcome indicators (by 2017): There will be reduced violation of children's rights, as indicated by reduced incidence of female genital mutilation; reduced rates of under-12 labor-force participation; reduced numbers of those under 18 in prison; increased provision and utilization rates of education and health services for children, especially in areas outside Monrovia; reduced under-12 mortality rates; and increased percent of births formally registered.

12.3 PERSONS WITH DISABILITIES

Disability is a special concern to Liberia as a post-conflict country. The civil war caused not only deaths, but also led to impairments such as loss of limbs, loss of sight and trauma. According to a 1997 UNICEF study, already 16 percent of the population of Liberia was considered disabled—of that number, 61 percent physically disabled, 24 percent blind, 7 percent deaf, and 8 percent with mental disabilities. The situation surely worsened with the civil war, but there is lack of current data.
Disability leads to special poverty problems. Persons with disability cannot easily do physical work to help themselves. They suffer from negative public attitudes, and accurate information on them is hard to compile. The PWDs have limited access to basic services, particularly education and healthcare. Due to limited national and community-based funding, PWDs often cannot access public buildings and the information that could help them improve their lives.

Goal: To improve access of PWDs to more equitable opportunities in society and provide full and equal enjoyment of all human rights and fundamental freedoms for PWDs with respect for their inherent dignity.

Constraints: There are cultural biases against PWDs as well as many physical and logistical barriers to their accessing economic, social, cultural, medical and educational facilities and opportunities. Existing building and transport infrastructure rarely provides access and retrofitting will entail costly investment. Even new building codes are not friendly to PWDs. There are few special education instructors and facilities, and no funds exist for occupational training for PWDs. Their views are not reflected in national policies and there is a lack of adequate data on them. Families of PWDs have difficulty improving their life chances and are limited by above-average rates of illiteracy, unemployment and underemployment, below-average occupational mobility, nutritional status and immunization coverage. The lack of access to information and resources, and the social marginalization of PWDs reflect the social, cultural and economic barriers against them.

Strategic objectives: 1) Ensure multi-stakeholder ownership of a coherent and comprehensive national policy and strategies for PWDs 2) Improved access by PWDs to basic social services and skill development. 3) Protect children and women with disabilities from exploitation, violence and abuse. 4) Improve society's perceptions of PWDs

Priority interventions: To conduct a comprehensive review of national legislation, including the National Commission on Disabilities Act. To ensure the application of the UN Convention on the Rights of Persons with Disabilities in the national legal framework. To strengthen government capacity to collect, analyze and disseminate national- and county-level data on the situation of PWDs. A National Accessibility Plan will be established with clear targets, including preferential treatment for access to public places and transportation.Programs willeducate the public against being violent and abusive to PWDs, particularly women and girls with disabilities. Develop guidelines to ensure that PWDs have access to enterprise and skills development as well as social services such as healthcare. Assure adequate training on community-based rehabilitation (CBR) strategies and programs of professionals in the social welfare and health system, and the incorporation of persons with disabilities in the CBR teams in rural areas.A National Braille Printing Center will be established. Develop policies and guidelines against the discrimination against pregnant women with disabilities and HIV/AIDS and PWDs in general.

Agents and process of change: The MHSW, in collaboration with other relevant ministries and NCD, CSOs, community leaders and development partners will implement the above. The NCD, in partnership with the relevant MACs, CSOs and development partners, will design legal, education, health, economic and socio-cultural programs to meet the needs of PWDs.

Outcome indicators (by 2017): Reduced rates of poverty and unemployment among PWDs; Increased access by PWDs to basic services (health, education, job training, and social protection), with necessary adaptation to meet the needs of PWDs (for example, medical practitioners trained to treat PWDs, special education teachers and publications in Braille); Increased share of commercial, medical, educational and public facilities with improved access for PWDs;Inclusion of PWDs categories in national statistics.

12.4 YOUTH EMPOWERMENT

Youth is a socially and culturally constructed category that has more to do with socio-economic achievement and behavior than with age. In Liberia, the age of youth is defined as between the ages of 15 and 35, reflecting the great obstacles that young people face when transitioning into adulthood in a complex environment characterized by fragility, underdevelopment and the legacies of war. With 75 percent of Liberia's 3.5 million below the age of 35, youth encompasses a wide segment of the population. Therefore, addressing the heterogeneous needs and challenges facing youth are fundamental. Liberia's future will be determined by harnessing the energy and creativity of its large youth population and ensuring that they are directed towards reconciliation, sustained peace and national development. This will require concentrated and holistic attention and investment, addressing the lack of educational opportunities, lack of access to health services—particularly sexual/reproductive and mental health, limited livelihood and job opportunities, and security risks they face through daily life. While ensuring their basic needs are critical, so is creating the conditions for inclusion—allowing youth to be at the forefront of political and civic engagement and integrated into decision-making structures and processes in a meaningful way at all levels of society.

If the needs of youth are not met, Liberia will become an even more inequitable society, where those who are able to quickly transition into adulthood will have opportunities, and those who face obstacles will be marginalized for life. Poverty reduction must be infused with peace-building strategies and civic engagement, with youth playing a strong leadership role in the processes of reconciliation and nation building.

Goal: To empower young people as full participants in all aspects of Liberian society.

Constraints: During the civil war, young people were among the most affected as both perpetrators of violence and as survivors. The legacies of this involvement and underlying factors—including limited access to social services (education and health) and employment/livelihood opportunities—that are left in its wake must be addressed to ensure continued peace and stability in Liberia. In the post-violence context, high-risk youth are those who continue to encounter difficulties reintegrating into their communities and securing livelihoods, due to limited skills acquisition and opportunities.

Youth are often considered a homogenous and undifferentiated group. The reality is they are highly heterogeneous with varied needs and reasons for underdeveloped capacities, which limit their contributions to Liberia's progress and development. A continued lack of engagement and lack of opportunities creates frustration and anger among youth; lack of channels and forums for them to voice their concerns and interests leaves them vulnerable to manipulation towards political violence, social unrest and criminal behavior. Therefore attention to youth education, access to resources, political and civic participation, and addressing legacies of the war—particularly with regard to disability and mental (psychosocial) health—are absolutely fundamental to achieving sustained peace, security and reconciliation in Liberia.

Particular constraints that the sector faces within this context include a lack of stakeholder participation as valid decision-makers in society, limited availability of information for youth populations, the limited adaptability of provision to the needs of the sector, the weakness of coordination and delivery of youth-focused activities and limited operational effectiveness due to a lack of resources. These constraints limit

the achievement by youth, as they continue to face obstacles in accessing the labor, education and social service opportunities that would empower them to become fully active members of the Liberian society.

Strategic Objectives: 1) Strengthen the role of youth at national and community levels in decision-making, conflict management and reconciliation. 2) Improve private-sector employment opportunities for youth 3) Increase youth access to and utilization of health, education and ICT services.
Priority interventions: Implementation of the National Youth Policy, initiated during the 150 Days, will strengthen coordination, communication and decentralized representation at the county level in order to better engage local communities. Young people are already playing a critical role in peace-building in communities across the country—managing and mediating conflict and becoming specialists in Alternative Dispute Resolution (ADR). This role will be encouraged, supported and professionalized in order to address the strain and limited capacity of the formal justice system when it comes to resolving civil matters and increasing community social cohesion. Youth are to play a strong role in sociopolitical and individual-community level efforts to increase social cohesion through dialogue and political engagement. Youth-led Peace Committees, advocacy campaigns and civic engagement will be strengthened. 'Diversion' programs will be created that keep first time and nonviolent youth offenders out of the criminal justice and corrections system, with rehabilitation centers established for drug offenders and juvenile delinquents (or special programs to address this need provided through youth centers). Increased opportunities will be made available for both formal and informal education programs including literacy, numeracy, life skills, vocational training and work readiness preparation. The national and local governments will support Boy Scouts and Girl Scouts, re-launched during the 150 Days.

Building capacity of existing youth organizations will ensure that they adopt an inclusive and democratic approach. The management capacity, training expertise and resources available at youth centers across the country will also be developed. Access to business skills training will be provided to young entrepreneurs, while companies will be incentivized to partner with youth for local promotion and sales of branded products following the micro franchise model. Finance institutions will be engaged to increase youth access to loans and microfinance by developing youth-friendly lending criteria. Agricultural training will be paired with land reform, access to markets and business development in order to make the agriculture sector more profitable and thus more appealing to youth.
Agents and process of change: The National Youth Advisor to the President, appointed during the 150 Days, will coordinate the efforts of the Ministry of Youth and Sports (MOYS), MOGD, microfinance firms, youth groups and centers, relevant CSOs (e.g., FLY), community leaders and relevant development partners to act as change agents. In partnership with the relevant ministries and agencies, as well as CSOs and development partners, the MOYS will design legal, education, health, economic and socio-cultural programs to meet the needs for the empowerment of the youth.

Outcome indicators (by 2017): Rates of employment, voting and formal-sector participation by youth increased. Surveys show reduced perceptions and incidence of youth disengagement, disillusionment and psychological difficulties. There is increased youth access and utilization of health and education services. Reduced crime rates among youth.

12.5 THE ENVIRONMENT

The Liberian economy is largely dependent on extractive industries including timber, rubber, minerals and agriculture. Thus, environment and natural resources clearly underpin Liberia's social and economic development. The environment is the base for mineral wealth and as such, must therefore be effectively managed to ensure sustainable livelihoods and economic development and growth. The link between environment and development and poverty must be appreciated if Liberia is to achieve sustainable development. Unsustainable use of the environment and natural resources can lead to depletion of

resources or environmental disaster that may have negative consequences on livelihood sources, especially for the poor and thus exacerbate poverty. It may also reverse or slow down economic growth wherein the poor will be hardest hit.

In Liberia, as elsewhere in Africa, the poor generally depend on natural ecosystems for their livelihoods and live in the most fragile and degraded rural and urban areas. Most of these communities are directly dependent on the use and trade of natural resources for their livelihoods. And yet very little policy support exists to enhance these natural resource based livelihoods. Sustainable development depends in large measure on successfully integrating the environment into economic planning and decision-making. Insufficient understanding of the contribution of environment and natural resources to growth and poverty reduction has led to limited investment in the environmental sector leading to environmental degradation that threatens sustained economic growth and livelihoods.

Liberia faces numerous environmental challenges that have the potential to derail the nation's development initiatives and impact its ability to achieve the MDGs. These challenges include tropical rain forest deforestation; soil erosion; loss of biodiversity; coastal erosion and pollution of coastal waters from raw sewage; mangrove draining and reclamation in urban areas; sewage and solid waste disposal and management; and numerous climate change related issues—loss of productive land and infrastructure along the coast and sea intrusion into fresh water supply are increasingly a problem in post-conflict Liberia. It is vital that current sector strategies and plans fully integrate poverty, environment and development linkages. The institutions must also be strengthened through capacity building programs, stronger cross-sectoral coordination mechanisms, and an improved M&E framework.

Goal: To improve management of the environment to ensure it contributes to sustained economic development and growth in all sectors and at all levels.

Constraints: The environment sector is severely hampered by weak environmental governance, including limited compliance and enforcement capacity; lack of national environmental quality standards and relevant regulatory tools; limited implementation of environmental policy due to conflicting roles of governing bodies; low budget support; the weak link of environmental management to Liberia's economic development; weak public awareness and public participation in the promotion of environmental sustainability related to critical environmental issues (particularly climate change, waste management and conservation);poor inter-agency coordination in the areas of effective Environmental Impact Assessment (EIA), harmonized sectoral environmental laws and policies, and environmental reporting; uncoordinated land use policy and practice that hinders the sustainability of agriculture and food security; inadequate trained personnel; and lack of requisite logistics and infrastructure, particularly in the area of monitoring and assessment.

Strategic Objectives: 1) Develop and implement clear environmental policies and quality standards to guide environmental management, including a National Plan for a Low Carbon, Climate Resilient Economy.2) Strengthen ownership and capacity of government agencies, the private sector and CSOs to understand and monitor environmental policies and regulations. 3) Strengthen ownership and participation of communities in decentralize natural resource management and decision-making on environmental issues.

Priority interventions: Develop environmental quality standards and regulatory tools. Harmonize environmental laws and policies to ensure improved environmental management; gap analysis of sectoral environmental laws and policies. Undertake scientific and institutional frameworks for environmental management. Establish an environmental court as required by the EPA Act. Create environmental awareness, training and education programs through media, schools, NGOs and print education. Develop a public awareness strategy and embark on a sustained public awareness campaign. Recruit and

train a critical mass of professionals in key areas for effective environmental management. Strengthen Environmental Units in all line ministries through training and improved coordination. Develop a system to collect and disseminate environmental information and data; and preparation of the State of the Environment Report and National Environmental Action Plan.

Agents and process of change: EPA, relevant MACs, CSOs, agro-business and mining communities, infrastructure developers, community leaders, and development partners will act as agents of change. The change process will involve a cross-sectoral assessment of the personnel and institutional capacity, quality of baseline data, and the legal and framework for environmental management.

Outcome indicators (by 2017): Surveys show improved public understanding and support for environmental issues and policies. Newly collected data on environmental issue shows improvements in key indicators, like forest cover, diversity of flora and fauna and the quality of water, especially in urban areas and near mining activity.

12.6 HIV/AIDS

HIV/AIDS remains a challenge to Africa and to Liberia's recovery and development. The civil war led to internal displacement of thousands and disrupted delivery of basic health services. It increased the vulnerability of people to all manner of diseases, including HIV/AIDS. Today, about 38,000 Liberians are known to be living with HIV/AIDS. Women and girls are at higher risk of contracting HIV infection, with an HIV rate of 1.8 percent, compared to 1.2 percent among men. The gender difference in HIV rates is stronger in younger age groups, with HIV rates among women aged 15 to 24 three times higher as among men in the same group.

There are complex inter-relationships between poverty and HIV/AIDS. While poverty is a source of vulnerability (particularly in urban areas and among women and youth), HIV/AIDS intensifies poverty since it undermines the productive capability of its victims. It diminishes the human capital of a country and puts extra burdens on the national health budget. Due to the high costs of drug therapy, extreme poverty and lack of an adequate national strategy, HIV-positive people in Liberia have little optimism. Thus, combating HIV/AIDs requires both preventing new infections and reducing the impact on those already infected.

Goal: Reduce the spread of HIV and AIDS and mitigate its impact on persons living with HIV and AIDS and their families.

Constraints: Lack of interest and improper use of condoms; vulnerability of women and girls as a result rape; inadequate and unaffordable basic socioeconomic services among PLHIV and orphans and vulnerable children (OVC); vulnerability of women and girls due to traditional practices such as genital mutilation; lack of adequate information on HIV/AIDS in the education sector; limited resources and skills among caregivers; limited reproductive health facilities to prevent mother-to-child transmission (PMTCT); and low utilization and/or coverage for voluntary, counseling and testing (VCT) services in the general population. Further, the presence in Liberia of two types of HIV virus makes two different treatment regimens necessary.

Strategic objectives: 1)To decrease risky behavior by increasing knowledge of HIV/AIDS among traditional, religious and community leaders.2)Improve society's perceptions and acceptance of PLHIV 3)To improve the quality and coverage of health treatment, social support, employment and economic opportunities for HIV-affected persons
Priority interventions: Create a program on information education and behavior change communications (IEC/BCC) in uncovered areas and strengthen the capacity to implement it in covered areas. Establish

and equip HIV/AIDS committees on youth and other group-at-risk in all districts and counties and provide materials and training for peer educators. Establish condom drop-in centers for most-at-risk; youth and drama teams and radio awareness programs will also be developed in these areas. Conduct qualitative surveys on HIV messaging with special emphasis on targeted youth and sensitize significant individuals (such as traditional and religious leaders and community elders) on HIV/AIDS, using the existing community social structures. Train personnel to manage the comprehensive condom programs (CCPs) and provide home-based care to support to PLHIV and OVC; this will include medical treatment, social protection services, and psycho-social counseling. Provide training facilities for income-generating skills to PLHIV and their families. To this end, the government will conduct assessment needs, particularly of food security, to ascertain the level of vulnerability of PLHIV to household needs. As part of the effort, the government will expand feeding programs for infants and young children exposed to HIV, and will pay a particular attention to the enrollment and education of infected children and sensitize teachers and fellow students on the psychological needs of these children.

Agents and process of change: The MHSW, NACP, CSOs, youth leaders, community leaders, religious groups, community FM radios and development partners will act as agents of change. There are various processes that can lower the incidence of HIV/AIDS and improve the living conditions of the PLHIV. For example, government agencies and other stakeholders, such as the PLHIV support groups, can form a coalition to plan social welfare strategies and programs for PLHIV, OVC and their families. These will include awareness-raising through public education, employment generation, social insurance and education support.

Outcome indicators (by 2017): Infection rates decline for HIV/AIDS. PLHIV are enrolled at all levels of the educational system at rates comparable to other school-going Liberians. Rates of poverty and unemployment among PLHIV decline toward the national averages. Surveys show reduced discrimination and stigma against PLHIV.

12.7 HUMAN RIGHTS

Human rights encompasses the "inherent dignity and the equal and inalienable rights of all members of the human family." These are key words of the Universal Declaration of Human Rights passed at the UN in 1948. Thus, issues of human rights, as now understood both nationally and globally, refer to a broad range of civil, economic and political rights—including freedom of assembly, freedom of thought and expression, and the right to participate in the governance of one's country. These rights, which include the rights to education and health care, the right to work, the right to participate in the cultural life of the community in which one lives and the right to personal security, are indispensable.

Human rights violations in Liberia take many forms, including police abuse, intimidation of detainees, harsh prison conditions, denial of due process, arbitrary arrest and detention, and violence against women and children. Other human rights violations involve traditional practices such as female genital mutilation and trial by ordeal. The intensity of these violations are supported and aggravated by substandard practices such as judicial inefficiency and lengthy pretrial procedures and vices like corruption.

Goal: To combat human rights abuses and advance the welfare of all Liberians, irrespective of sex, ethnicity, geographical location, political affiliation, religion, disability and socioeconomic condition.

Constraints: There is low accountability within the security sector; a culture of impunity within the criminal justice system; weak capacity to monitor abuses and prosecute perpetrators; persistent

traditional practices that particularly affect the rights of women and children; discrepancies between statutory and customary laws; and ignorance on the part of victims about their rights.

Strategic objectives: 1) Adopt comprehensive and inclusive policies to protect the human rights of all Liberians. 2) To strengthen accountability and enforcement mechanisms for human rights violations during and since the civil war in order to promote peace and reconciliation and curtail the culture of impunity. 3) Strengthen commitments and awareness communities and CSOs to advance human rights, particularly for vulnerable groups

Priority interventions: Review security training manuals, upgrade human rights modules and review customary laws and to ensure that they conform to the provisions of the national Constitution. Sensitize actors in the criminal justice system (judges, police, prosecutors, defense counsels) on the rights of defendants. Train more judicial and security personnel and increase their employment. Assure that criminal cases are decided at statutory courts, not traditional courts, and create awareness and sensitize policy-makers and community leaders on the effect of discrimination based on sex, age or ethnicity. Review school curricula and sensitize teachers on human rights issues in terms of their instructional languages and materials at all levels of the educational system. Initiate nationwide awareness programs that will involve the Palaver Hut Program on the issues of human rights and review the TRC recommendations on accountability (Extraordinary Criminal Court, Domestic Criminal Prosecutions and Economic Crimes Investigation and Prosecution).

Agents and process of change: MOJ,MGD and relevant MACs, CSOs, community leaders and development partners will act as agents of change. The change process will involve the training and recruitment of personnel for the Judiciary and the sensitization of traditional leaders, the national legislature and stakeholders involved in the creation of a national legal instrument for the fair treatment of all Liberians.

Outcome indicators (by 2017): Reduced incidence of trafficking of women and children. Increased prosecution and penalization of those committing human rights abuses, including trafficking in humans. Decreased backlog of cases pending trial and reduced average time that the accused stay in jail while awaiting trial.

12.8 LABOR AND EMPLOYMENT

The majority of Liberians consider reducing unemployment to be the most important measure government should take to improve their household living standards (CWIQ, 2010). Thus, creating enough jobs for all Liberians to be gainfully employed and work their way out of poverty is one of the government's top priorities.

A great deal has already been achieved. The successful macroeconomic and business environment reforms of the past few years have opened the way for the sustained growth of the Liberian economy, which will enable the private sector to generate more and better employment. Investments in infrastructure such as energy, roads and ports has and will continue to support this growth; and support to the development of key sectors such as agriculture and MSMEs has created of more jobs in these areas. At the same time, concession agreements that have been negotiated are expected to create roughly 100,000 new jobs; direct employment has been provided through schemes such as the Liberian Employment Action Program and the Labor-Intensive Public Works Program; numerous vocational training programs have successfully developed marketable skills in key sectors of the workforce; a

National Employment Policy has been developed; and the National Labor Force and Manpower Survey has provided critical information on the current state of labor and employment in Liberia.

To build on these successes and scale up interventions for a significant impact on unemployment, every sector across the government and partner system must now work together. Peace and security must be protected and consolidated in order to provide a stable and safe environment conducive to economic growth. Human development must plan for and provide the skills and capabilities needed by a growing and diversifying economy. Good governance must be in place to support the transparency and meticulous management required for the ongoing transformation of the Liberian economy and for the development of infrastructure that will enable the private sector to create more jobs. Labor and employment are therefore critical cross-cutting elements within this strategy. Each pillar contains objectives and interventions that are specifically targeted to support job creation; this section serves only to highlight the key issues and specify those objectives and interventions that will be followed alongside the activities under each pillar.

Goal: To promote the sustainable creation of decent jobs for Liberian men, women and youth, including the physically challenged.

Constraints: The challenge for labor and employment in Liberia is vast in scale. Unemployment is high and of those with jobs, only a small proportion is employed in the formal sector, with a larger proportion in the insecure informal sector. Rapid population growth will continue to contribute to current high levels of unemployment, while issues such as lack of skills and access to finance will continue to limit opportunities for employment. In tackling these challenges, the approach must be both holistic and flexible to provide both direct formal employment in the short term and support private-sector growth to provide indirect employment over the longer term.

Specific constraints include a lack of stakeholder participation in mechanisms to secure jobs and incomes for workers in both the formal and informal sectors; operational inefficiency resulting in weak policies due to a lack of adequate data and information; a lack of clear mandate and coordination between relevant agencies; and limited access to employment opportunities in the formal sector due to a lack of relevant technical and modern skills.

Strategic objectives: 1) Support an enabling environment for increased private-sector employment at fair wages, especially for women, youth and disabled. 2) Provide short-term unemployment for those in extreme poverty 3) Ensure that the education and training system prepares the labor force to meet the skill needs of the economy

Priority interventions: To develop and implement plans to remove bottlenecks to job creation in priority growth sectors (wood manufacturing, garments, fisheries, construction and agriculture) .Ensure all concession agreements include defined targets for employment creation, skills development and requirements to support local businesses, and monitor delivery to ensure that these targets are met. Focus on MSME development through increased access to finance (including through investigation of mobile-telephone banking). Scale up the Labor-Intensive Public Works Program and build the Community-Driven Development program (CDD), with focus on productive infrastructure. Improve TVET provision through close collaboration with the private sector through PPPs and apprenticeships (ensuring demand-led skills development linked to the needs of employers in the market).Promote workers' rights and compensation.A newly appointed Job Creation Lead (tzar) will drive efforts across sectors, working alongside a new Job Creation Development Partner Group. A National Job Creation Conference will serve to raise the profile of this goal

Agents and process of change: The MOL and the other relevant MACs, the private sector and development partners will act as agents of change. In collaboration with the relevant MACs,

stakeholders and active public-private sector partnership, the MOL will promote national employment policy and programs to improve the quality of the nation's labor stock and create the needed jobs and absorb them.
Outcome indicators (by 2017): Reduced unemployment rates in Liberia for men and women of all age groups, including those with special needs. An increased share of the labor force will be employed in the formal sector. An increased share of workers will enjoy improved working conditions, including access to health insurance.

12.9 CAPACITY DEVELOPMENT NEEDS AND OPPORTUNITIES FOR ENHANCED CROSS-CUTTING STRATEGIES

The locally created results framework that underpins the cross-cutting pillar presents common capacity constraints and challenges at the institutional level involving both state and non-state actors, involving primarily:

- Weak achievement of outcomes as reflected in below average access to key services and their outcomes by vulnerable groups (such as youth, persons with disabilities), also associated with lagging mainstreaming of CCIs in virtually all key sector policies and programs;
- Pervasive operational efficiencies in all CC themes as shown in poor quality of provision and coordination of services, especially involving gender, youth, environmental, human rights; this, in turn, reflects weak technical, administrative and managerial capacities in addressing specific needs and issues of the CC themes;
- Lack of clarity of stakeholder rights and responsibilities, as reflected in weak institutional coordination, unclear policies and mechanisms to enable effective participation by especially non-state actors at the national and local levels;
- Weak compatibility of social norms and values, as reflected in harmful traditional practices involving child labor; early/forced marriage, unsafe sexual practices, environmental degradation;
- Limited stakeholder participation in planning and decision-making processes, especially involving women, youth, natural resource/environmental management

Accordingly, the AfT design process has identified priority "transformational" type of interventions aimed at empowering strategic local agents of change (involving private sector, CSOs, government sector) who would help achieve enhanced intermediate outcomes covering all CCIs, and thereby more likely to achieve the medium term goals for each of the CCIs, including:

- Providing relevant training and thematic workshops at national and local levels to enhance the skills and know-how of technical and management staff to better address the wide diversity of CCIs, many of which could benefit neglected vulnerable groups (e.g., needs assessments of various CCIs; women's empowerment programs; home-based care for HIV patients; environmental impact assessments; collection and management of agro-meteorological information; appropriate climate change strategies and interventions; skills development programs, especially for youth);
- Disseminating key information, sensitizing and motivating key leaders at the national and local levels through various means (radio, television, community dialogues) to increase awareness of harmful

traditional practices which are harmful to specific population groups (e.g., child labor; early/forced marriage, unsafe sexual practices, environmental/forestry degradation);

- Establishing and strengthening coalitions and networks of CSOs at national and local levels which could work together to address key CCIs (e.g., youth and women empowerment issues; human rights and links to security services; environmental degradation issues, especially in the economic sectors of energy, forestry, mining, agriculture; joint formulation, implementation and monitoring of key CCI policies and supporting programs; public expenditure tracking surveys)

Table 12.2: Summary Matrix for Cross-Cutting Issues

Goal	Strategic Objectives	Outcome indicators by 2017
GENDER EQUALITY		
Improve the socio-economic and political status and capacity of women in Liberia.	1. Improve the capacity of women to respond to gender-based violence and traditional practices 2. Increase women's participation in the community decision-making process 3. Strengthen women participation in income generation and employment opportunities in agriculture, fisheries and MSMEs and formal sector.	• Decrease in the incidence of traditional practices harmful to women and girls through awareness in schools, communities, villages etc. • Increased in the number of women participation in all sectors • Increased in the number of women having access to and other aspects of services.
CHILD PROTECTION		
Ensure the protection of children's rights, shield them from the effects of vulnerability and discrimination, and provide a safe environment where they can realize their full potential.	1. Enhance ownership and adoption of a national policy for children's rights 2. Enhance monitoring and reporting system for improved policies to properly address children's rights and violations 3. Enhance technical and managerial skills of child protection practitioners to secure a protective environment for children	• Alignment of national policy and legislation with international standards • Children rights violations are being monitored and reported through an effective system • Child protection practitioner are capable and equipped to address child protection issues

Goal	Strategic Objectives	Outcome indicators by 2017
DISABLED		
Improve access of persons with disabilities (PWDs) to more equitable opportunities in society; provide full and equal enjoyment of all human rights and fundamental freedoms for PWD for the respect of their inherent dignity.	1. Ensure multi-stakeholder ownership of a coherent and comprehensive national policy and strategies for PWDs 2. Improved access by PWDs to basic social services and skill development. 3. Protect children and women with disabilities from exploitation, violence and abuse. 4. Improve society's perceptions of PWDs	• Adopted and implemented action plan on national policy for PWDs • Increased access by PWDs to basic services (health, education, job training and social protection), with necessary adaptation to meet the needs of PWD.For example, medical practitioners trained to treat PWD, special education teachers, and publications in Braille. • Inclusion of PWDs categories in national statistics
YOUTH EMPOWERMENT		
To empower young people as full participants in all aspects of Liberian society.	1) Strengthen the role of youth at national and community levels in decision-making, conflict management and reconciliation. 2) Improve private-sector employment opportunities for youth. 3) Increase youth access to health, education and ICT services.	• Increase leadership role of youth in communities decision making • Increased rate of employment, voting and formal sector participation by youth. • Increased and established communities based youth facilities equipped with ICT resources
ENVIRONMENT		
To improve management of the environment to ensure it is protected and contributes to sustained	1. Develop and implement clear environmental policies and quality standards to guide environmental management, including a National Plan for a	• New know-how to formulate Liberians climate change policy framework • Improved public understanding and support for addressing

Goal	Strategic Objectives	Outcome indicators by 2017
economic development and growth in all sectors and at all levels	Low Carbon, Climate Resilient Economy. 2. Strengthen ownership and capacity of government agencies, the private sector and CSOs to understand and monitor environmental policies and regulations. 3. Strengthen ownership and participation of communities in decentralize natural resource management and decision-making on environmental issues.	environmental issues and policies • Enhance awareness participation and capacities of MACs and CSOs to engage in all aspect of environmental policy
HIV/AIDS		
Reduce the spread of HIV and AIDS and mitigate its impact on persons living with HIV and AIDS and their families and societies.	1. To decrease risky behavior by increasing knowledge of HIV/AIDS among traditional, religious and community leaders. 2. Improve society's perceptions and acceptance of PLHIV 3. To improve the quality and coverage of health treatment, social support, employment and economic opportunities for HIV-affected persons	Infection rates decline for HIV/AIDS. • Reduced discrimination and stigma against PLWHA • PLHIV are enrolled at all levels of the educational system at rates comparable to other school-going Liberians. • Rates of poverty and unemployment among PLWHA decline toward the national averages.
HUMAN RIGHTS		
To combat human rights abuses and advance the welfare of all Liberians, irrespective of sex, ethnicity, geographical location, political affiliation and socioeconomic condition.	1. Adopt comprehensive and inclusive policies to protect the human rights of all Liberians 2. To strengthen accountability and enforcement mechanisms for human rights violations during and since the civil war in order to promote peace and reconciliation and curtail the culture of impunity. 3. Strengthen commitments and awareness of communities and CSOs to advance human rights, particularly for vulnerable groups	• Approved and implement policies and regulations. • Increased number of cases of HR issues reported and resolved • Increased prosecution and penalization of those and committing human rights abuses, including trafficking in humans. • Discouraged or curtailed culture of impunity.

Goal	Strategic Objectives	Outcome indicators by 2017
LABOR AND EMPLOYMENT		
Promote the sustainable creation of decent jobs for Liberian men, women and youth, including the physically challenged.	1. Support an enabling environment for increased private-sector employment at fair wages, especially for women, youth and disabled 2. Provide short-term unemployment for those in extreme poverty 3. Ensure that the education and training system prepares the labor force to meet the skill needs of the economy	• Reduce unemployment rate in Liberia • Increased share of labor force employed in the formal sector • Increased share of Liberian with employment skills demanded in the labor market.

12.10 CROSS-CUTTING ISSUES AND THE STRATEGY PILLARS

While programs on the CCIs can be designed as free-standing ones and implemented as such, in some cases, their goals must be directly aligned with the targets and policy objectives of the pillars that have implications for them.

Figure 12.2 and Table 12.3 below present the individual CCIs and the implications they have for each of the four pillars. They show the linkages between the CCIs and the pillars of 1) Peace, Security and Rule of Law; 2) Economic Transformation; 3) Human Development; and 4) Governance and Public institutions.

Table 12.3: Summary Matrix of Cross-Cutting Issues and the Growth and Development Pillars

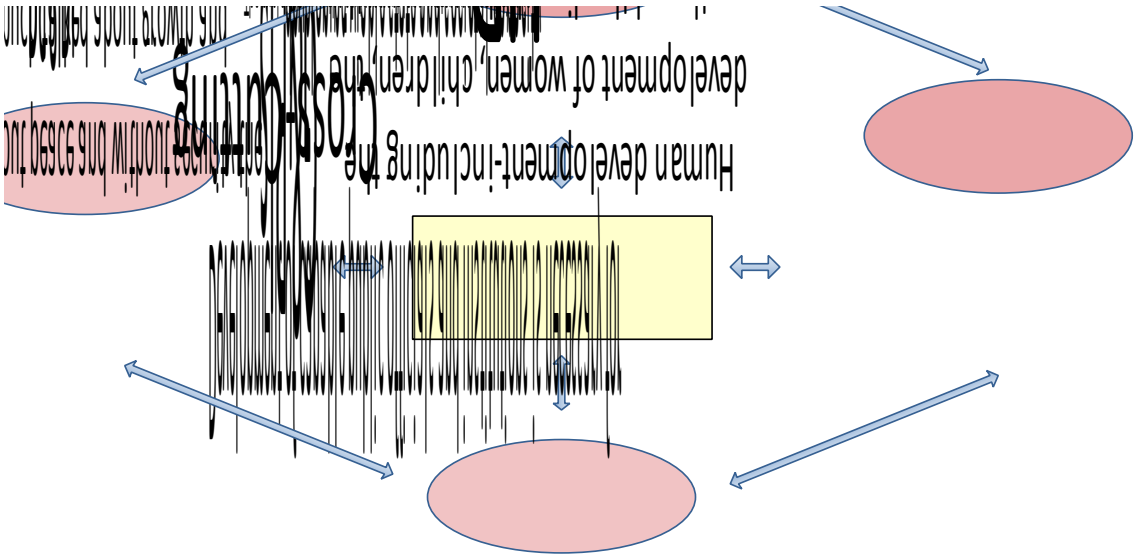
Cross-Cutting Issues/The Pillars	Integration of Cross-Cutting Issues into Pillars
GENDER EQUALITY *Peace, Security and Rule of Law*	• Women to participate in peace-building and in leadership roles; human rights of women to be protected.
Economic Transformation	• Increase women's capacity in MSME and increase the number of MSME registered and operational in women's name; increase employment of women in industries; women's rights and claims to forest resources and rights to property be clarified, better defined and protected; improve women's access to credit to boost their participation in agriculture and MSME; promote women's access to entrepreneurial training to increase their participation in export trade; increase women's access to affordable electricity; increase value addition in agriculture to women and improve their access to food and nutrition.
Human Development	• Improve enrollment of women and girls at all levels of the

Cross-Cutting Issues/The Pillars	Integration of Cross-Cutting Issues into Pillars
Governance and Public Institutions	educational system; increase access for all women and girls living with HIV/AIDS; improve women's access to the benefits of social protection, especially in income generation; expand women's access to affordable health care, potable water and improved solid waste management. • Improve opportunities for women to have access to all levels of public offices; clarify women's rights in land for sustainable investment in land.
CHILD PROTECTION *Peace, Security and Rule of Law* *Economic Transformation* *Human Development* *Governance and Public Institutions*	• Justice system to protect and ensure human rights of children. • Protection of children against abuse in wake of economic transformation; ensure elimination of child labor. • Improve and ensure children's enrollment in schools and access to basic education; improve health care for children and for children living with HIV/AIDS; improve condition in childcare institutions; Protect children from solid wastes and other environmental hazards. • Legislature to review and strengthen laws/policies protecting children.
DISABLED *Peace, Security and Rule of Law* *Economic Transformation* *Human Development* *Governance and Public Institutions*	• For the disabled, expand their access to economic opportunities and participation in peace-building and leadership roles; improve their human rights. • Increase the capacity of those with disabilities in MSME and increase the number of MSME registered and operational in their name; increase employment of PWD in industries; PWD rights and claims to property be clarified, better defined and protected; improve PWD access to credit to boost their participation in MSME; promote PWD access to entrepreneurial training to increase their participation in export trade; increase PWD access to affordable electricity; expand opportunities for PWD to improve their access to food and nutrition. • Improve enrollment of PWD at all levels of the educational system; increase access for PWD living with HIV/AIDS; improve PWD access to the benefits of social protection, especially in income generation; expand PWD access to affordable health care, potable water and proper solid waste management. • Improve opportunities for PWD to have access to all levels of public offices; improve PWD access to all public facilities, clarify PWD rights in land for sustainable investment in land.

Cross-Cutting Issues/The Pillars	Integration of Cross-Cutting Issues into Pillars
YOUTH EMPOWERMENT *Peace, Security and Rule of Law* *Economic Transformation* *Human Development* *Governance and Public Institutions*	• For youth, expand access to economic opportunities and participation in peace-building and leadership roles; improve their human rights. • Increase youth's capacity in MSME and increase the number of MSME registered and operational in the name of the youth; increase employment of the youth in industries; youth's rights to forest resources and rights and claims to property be clarified, better defined and protected; improve youth's access to credit to boost their participation in agriculture and MSME; promote youth's access to entrepreneurial training to increase their participation in export trade; increase youth's access to affordable electricity; expand opportunities for the youth to improve their access to food and nutrition. • Improve enrollment of the youth at all levels of professional training; increase access for the youth members living with HIV/AIDS; improve youth's access to the benefits of social protection, especially in income generation; expand youth's access to affordable health care. • Improve opportunities for youth to have access to public offices; clarify youth's rights in land for sustainable investment in land.
ENVIRONMENT *Peace, Security and Rule of Law* *Economic Transformation* *Human Development* *Governance and Public Institutions*	• Outlaw solid wastes dumping in poor neighborhoods to assure poor people's human rights, especially for women and the disabled. • A clearer definition of land rights for sustainable land management practice; environmentally sustainable energy use to reduce deforestation; environmentally sustainable land use for transportation and agriculture; expand sustainable flora and fauna production; enhanced environmental protection in mining. • Environmentally sustainable water use and sanitation services and solid waste management. • Strengthened public institutions and legal framework for sustainable environmental governance.
HIV/AIDS *Peace, Security and Rule of Law* *Economic Transformation* *Human Development*	• Protection of the human rights of PLWHA. • Increase employment of PLWHA in industries; expand PLWHA access to credit to boost their participation in agriculture and MSME. • Increase access to the use of health, family planning and social welfare services for HIV/AIDS; expand to social protection for PLWHA.

Cross-Cutting Issues/The Pillars	Integration of Cross-Cutting Issues into Pillars
HUMAN RIGHTS *Peace, Security and Rule of Law* *Economic Transformation* *Governance and Public Institutions*	• • Strengthen integrity of the justice system to reduce human violations. • Strengthen the regulatory environment to eliminate child labor. • Review existing legal framework and enact new laws to protect human rights of all, especially for women, disabled and PLWHA.
LABOR AND EMPLOYMENT *Economic Transformation* *Governance and Public Institutions*	• • Promote growth of industry and industrial value addition and employment of workers; increase entrepreneurial capacity in MSME to increase employment; increase private road construction and maintenance and use labor-intensive technologies to help reduce employment. • Labor policy reviewed and improved; safety regulation strengthened.

Figure 12.2: Cross-cutting Issues and the Growth and Development Pillars



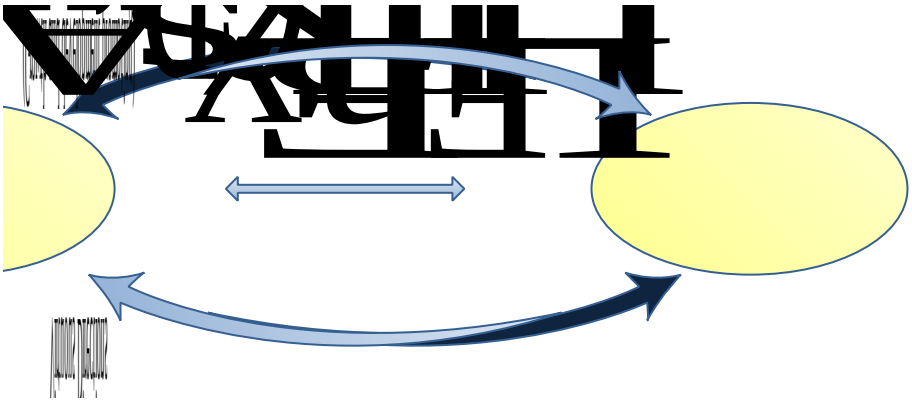
PS&RL: Peace, Security and Rule and Law; ET: Economic Transformation; HD: Human Development; and G&PIs: Governance and Public Institutions.

Like their implications for the four pillars discussed above, CCIs have implications for one another as shown in Figure 12.3 (this should be kept in mind for policy design and policy implementation). While all

are related, only the most obvious are represented in Figure 12.3. Based on Table 12.1, the intra-CCIs implications are discussed for specific population groups and the society in general.

Figure 12.3: Categories of Cross-cutting Issues and Nature of Interactions: Human and Non-human Issues

Perverse Directions
(Debilitating and hindrance to growth and development)



Virtuous Directions:
(Growth and development promoting)

GE: Gender Equality; CP: Child Protection; YE: Youth Empowerment D: Disabled; Env: The Environment; H/A: HIV/AIDS; HRs: Human Rights; LE: Labor and Employment; CPrv: Conflict Prevention.

12.11 CONCLUSION

Given the multifaceted and polycentric nature of CCIs, policies meant to address them will be designed as joint programs. They will 1) involve the collaboration of more than one ministry and/or agency; 2) take into account not only the technical knowledge required for their design, but also the understanding of the socio-cultural norms and practices in which they are embedded; 3) take into account the fact that their effective incorporation into the strategy requires adequate developmental capacity at both state and local levels; and 4) be dealt with at two-levels of linkages—linkages between the CCIs and the pillars (shown Fig 12.2) and linkages within the CCIs (shown in Fig 12.3).

There are risks and possible constraints in the financing, implementation, M&E of the CCIs. For example, cultural orientations of the general public can work against attempts to improve gender equality. Also, weak capacity within the government and Liberian society as a whole would probably hinder the implementation, M&E of the cross-cutting programs under the strategy.

CHAPTER 13. MACROECONOMIC POLICY FRAMEWORK

13.1 MACROECONOMIC OVERVIEW

The world economy is in a slow recovery from the 2008 financial crisis. Job growth in the US has been low, and economic growth in the European economies has been low or negative. The Eurozone continues to make efforts to reduce Government spending and debt levels, while growth in China has slowed slightly.

Economic growth in Africa has been reasonable—in fact, between 2001 and 2010, six of the world's 10 fastest-growing economies were in sub-Saharan Africa with growth of 4.9% on average in Africa (although this did decrease to 3.4% in 2011). The economies of Africa have some of the youngest populations in the world and a rapidly growing working age population, making job growth a key concern for all African economies. African economies however remain dependent on commodity exports, making them vulnerable to international price movements.

The reductions in the budgets of European economies to meet new fiscal deficit targets is likely to put constraints on the money available for international development efforts; as well as the money available for investment into international organizations such as the World Bank or other development funds. This will reduce access to less expensive project financing for developing countries and slow down capital investment funding from external sources.

13.2 LIBERIAN ECONOMIC OVERVIEW

The Liberian economy has been estimated at about USD $1.1 billion in 2008 and around USD $1.7 billion in 2012; this level of growth reflects the impact that Government policies have been able to have in even a short period—rebuilding of road networks have allowed businesses to access markets and suppliers; rebuilding of telecommunications and electrical infrastructure have allowed job creation and improved standards of living; and the restarting of Government operations and automated systems have increased the ease of interaction of people with Government and improved effectiveness.

In the past, the Liberian economy has been largely concessions based, with rubber and iron ore providing much of the foreign currency. Today, we have restarted these operations and intend to move away from a purely extractive economy, which has led to inequality and unfairness in the past. We will instead build an economy where the benefits of natural resources are shared, and where we concentrate on education as a means of promoting better incomes and lives.

Macroeconomic Data

The Liberian economy has seen a strong recovery from the declines of the 1990s and early 2000s; with one of the stronger growth rates in the world. This growth has been made possible with the creation of a stable macroeconomic environment; the building of easier business registration processes; the signing of concession contracts; and the efforts in each sector to ensure training, capital investment and the promotion of greater economic activity. The Liberian Government committed during the PRS period to ensure that investment levels remain high and to undertake efforts to increase Government investment (fiscal rules on investment levels, controlling recurrent spending and allowing M&As to bid for investment projects) and increase private investment.

The Table 13.1 outlines the overall economic activity expected during the first MTEF and the PRS period.

Table 13.1: Overall Economic Activity Expected during the first MTEF and the AfT Period

	Past	AfT First MTEF				
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
RGDP—2008 USD	1398.0	1502.8	1595.8	1698.9	1812.6	1924.7
NGDP						
Basic Prices	1472.4	1574.8	1664.2	1760.8	1869.7	2016.9
Market Prices	1597.0	1718.4	1826.8	1942.6	2070.5	2236.8
Output—NGDP MP						
Agriculture	691.7	702.4	725.8	755.0	785.2	829.8
Manufacturing	203.5	241.6	257.2	278.0	305.1	330.8
Services	701.8	774.5	843.8	909.6	980.2	1076.2
Expenditure						
Consumption	1214.5	1572.1	1457.1	1573.6	1699.4	1890.2
Investment	560.0	437.4	364.9	406.2	454.8	450.6
Government	516.4	647.2	669.7	731.5	778.5	803.4
Recurrent	480.6	485.4	502.3	548.6	583.9	602.6
Capital	35.8	161.8	167.4	182.9	194.6	200.9
Imports	-1129.0	-1617.0	-1565.0	-1848.8	-2150.4	-2403.0
Exports	435.0	681.0	883.8	1071.8	1288.2	1495.5

GDP Growth and Levels

An average fiscal year real GDP growth rate of around 6.6% is anticipated during the AfT period. However, the GoL will target a rate of 1.7% higher in order to achieve middle income by 2030. The level of investment anticipated with the current growth rate is around USD $600 million per year; and achieving the targeted growth rate would require around USD $150 million additional investment per year. This is easily achievable through both the additional investment likely under the PRS; the current expansion of Government investment; and the likely promotion of private investment as a result of the expansion of road and power networks.

Some of the larger impact is likely to come in the latter years of the AfT because 1) borrowing is being phased in; and 2) large projects like WAPP, Mount Coffee or road expansion will see more impact later on.

Macroeconomic assumptions:

- Continued expansion of concession activity, including the commencement of forestry activity during the PRS period.
- Expansion in the level of home-grown food stuffs, reducing reliance on imports from international markets
- Expansion in electricity generation with the start-up of the HFO plant; however Mount Coffee is not included in the current assumption, so there is additional scope for growth once electricity costs fall.
- We have not included estimates for oil extraction since it is difficult to estimate a likely impact or timeline.

Inflation and Money

The expected inflation rates are set out in Table **13.2**; in the long run these are expected to moderate to around 5%.

Table 13.2: Expected Inflation Rates

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
CPI Inflation	5.9%	7.7%	5.4%	5.8%	5.5%	5.2%
GDP Deflator	5.5%	9.3%	0.5%	-0.3%	0.5%	-0.7%

The inflation rate is largely driven by changes in the cost of international food and fuel prices; this increases the likelihood of shocks to inflation and sudden changes in the rates. However, in part because of an increase in local production, the inflation rate and sensitivity to international price movements has moderated. However, it is still an area that the Government intends to improve upon.

Fuel prices influence the costs of electricity and transport, which in turn influences the costs of most economic activities. Food prices influence all people, and make up a large component of the consumption basket as well as influencing wage decisions.

Money supply is expected to grow at above 10% over the next few years (this is an aggregation of LD and US money supply). The larger aggregates of money supply are also expected to grow—at around 15% over the next few years. It is assumed that larger aggregates will grow at a fast rate as the access to the banking sector expands.

Trade and Currency

We expect in the longer term to see an expansion of exports as the Greenville Port becomes operational and allows increased exports of timber. The improvement in the amount of iron ore exports through the Buchannan port will also see greater overall exports.

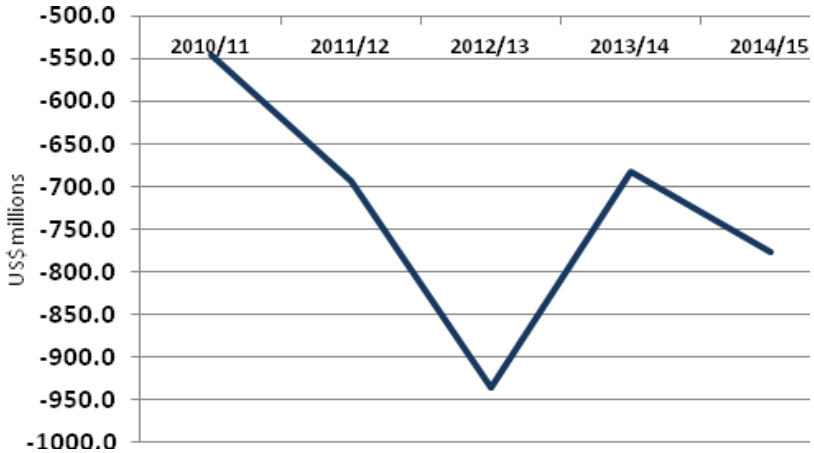
Table 13.3 below shows the values of export and imports forecasted over the PRS period; the value of imports are expected to slowly increase in the immediate future in line with past performance; however, they will increase eventually at a slower rate than the rate of increase in exports.

Table 13.3: The Values of Exports and Imports Forecasted over the PRS Period

	2011/12	2012/13	2013/14	2014/15
Imports	1129.0	1617.0	1565.0	1848.8
Exports	435.0	681.0	883.8	1071.8

The value of net exports is shown in the chart below; the large increase in exports is assumed to align with further concession activity and forestry exports beginning with the completion of the Greenville Port dredging. The increase in imports reflects the ongoing high level of partner activity in Liberia.

Figure 13. Value of Net Eports



The full balance of payments data is set out in Table 13.4 and highlights the expected drawdown in UNMIL contributions.

Table 13.4: Full Balance of Payments Data

	Past	PRS MTEF				
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Imports	-1129.0	-1617.0	-1565.0	-1848.8	-2150.4	-2403.0
Exports	435.0	681.0	883.8	1071.8	1288.2	1495.5
Current Transfers (net)	1007.5	1178.5	859.0	811.2	791.5	728.0
Income (net)	-141.0	-288.5	-394.3	-430.5	-528.9	-612.3
Services (net)	-817.5	-860.0	-856.0	-874.9	-899.9	-919.7
UNMIL	-380.0	-304.0	-237.8	-177.3	-109.0	-42.9
Private	-437.5	-556.0	-618.3	-697.5	-791.0	-876.8

	Past	PRS MTEF				
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Current Account	**-645.0**	**-906.0**	**-1072.5**	**-1271.2**	**-1499.6**	**-1711.4**
HIPC Debt Relief	0.0	0.0	0.0	0.0	0.0	0.0
FDI (net)	626.0	862.0	1008.8	1209.8	1416.2	1613.5
Portfolio (net)	0.0	0.0	0.0	0.0	0.0	0.0
Other Investment (net)	28.0	54.0	68.5	80.5	100.1	121.4
SDR	0.0	0.0	0.0	0.0	0.0	0.0
Amortization	-5.0	-6.0	-6.0	-6.0	-6.0	-6.0
Disbursements	17.0	40.0	63.5	86.5	106.1	127.4
Private financing (net)	16.0	20.0	11.0	0.0	0.0	0.0
Capital Account	**654.0**	**916.0**	**1077.3**	**1290.3**	**1516.2**	**1734.9**
Change in Reserves	-20.5	-13.5	-4.8	-19.0	-16.6	-23.5
Net use of Fund Credit	10.5	3.5	0.0	0.0	0.0	0.0
Exceptional	0.0	0.0	0.0	0.0	0.0	0.0
Financing	-10.0	-10.0	-4.8	-19.0	-16.6	-23.5
Overall	-1.0	0.0	0.0	0.0	0.0	0.0
Errors and Omissions	**-1.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

The values for remittances are taken from IMF and CBL datasets; the imports and exports value are IMF estimates. Portfolio investment is assumed to be zero, and FDI is assumed to increase as more concessions begin to increase activity. Current transfers include remittances and the money transferred to fund UNMIL operations; this is expected to decrease with the UNMIL drawdown.

13.3 WORLD OUTLOOK

The world economy is likely to see a prolonged period of slower growth; with a weak recovery in developed economies and relatively stronger recovery in the emerging economies. This is likely to prompt an effort toward growth-supporting policies.

Commodity prices are unlikely to continue to grow as quickly as they have in recent years, partially because of slow growth in the West and slowing growth in China; which is likely to impact many of the commodity exporting markets, reducing slightly the incomes from those industries.

The international financial crisis has had less impact on African economies, partially because of the separation of the African financial system from that of Europe and America. In 2010, the average growth in Africa was around 4.9%, above the world average of 4.2% and well above the Eurozone average of 1.9%. The African outlook is likely to be impacted by the nature of developments in Libya and the rest of North Africa.

Youth unemployment continues to be a key concern in Africa, and not least because it is a leading cause of unrest in the region. Given the rapidly growing populations of many African countries, the likely demographic conditions will place future pressure on social security systems and labor markets. A flexible labor market will be critical to adopting new workers, as will a competent education system in order to provide young workers the skills they require. The number of Africans between ages 15 and 24 is expected to double by 2045; and the number of working age people is expected to continue to rise according to the *African Economic Outlook*.

Overall growth in Africa will strengthen as the North African economies begin to grow at faster rates, with growth in many already back to the performance before the financial crisis. The continent is also expected to move to diversify exports-largely commodities, to react to fluctuations in international prices—and more second stage processing and tourism should occur in the future.

13.4 LIBERIAN SOURCES OF GROWTH

The Government recognizes the importance of moving from the traditional sources of growth—concessions and exporting natural resources—and toward using the income we generate from concessions to promote industry and business here in Liberia.

Agriculture and Fisheries

This sector makes up a large contribution to Liberian GDP, as would be expected, and employs the majority of the Liberian workforce growing staples of cassava and rice. The Government has worked with partners to promote increased efficiency in the food production sector: working to rebuild infrastructure and signing agreements with large producers (ADA/LAP) to bring new technologies and processes to rice production and other interventions. These include:

- Collaboration between the MOA, the International Fund for Agricultural Development and the African Development Bank on a USD $24 million project to rehabilitate feeder roads and agricultural infrastructure, and cultivate 1,600 hectares of swamp rice.
- Decentralizing the MOA and opening offices in the counties.
- Inland fishing development efforts.
- Smallholder training in rubber culture techniques and training for tree-crop farmers.

The Government recognizes that key to poverty reduction is increasing the ability of Liberians to grow food domestically and therefore invested in ensuring farmers will have the training and capital necessary. A likely source of additional sector growth is the transition from upland to lowland rain-fed rice farming, which typically increases yields. We forecast roughly 5% growth in this sector under normal circumstances, given a typical rate of growth in yield and land dedicated to farming. Access to credit is another area where the Government is intervening for smallholder farmers to get capital for farming.

Forestry

One of Liberia's most abundant resources is its forest, covering 4.3 million hectares or 45% of the country (Forest Resources Association, 2010). This sector has seen strong growth in recent years, and the Government intends to invest in preparing ports and road infrastructure (including the Greenville Port) to facilitate further expansions of the sector. The Government has set aside resources for the rehabilitation of the Greenville Port and connecting roads in the FY 2011–12 Budget. This will likely

mean that this sector will see strong growth over the next few years before eventually settling to a growth rate of around 5%. The Government is undertaking, along with partners, a number of efforts to improve forestry governance and forestry management and monitoring.

Mining and Panning

The Government recently signed an MOU with the Government of Brazil to cooperate in, amongst others, the areas of energy and mining. In recent years, this sector has played an extremely small role in the economy, despite the existence of multiple concessions for iron ore (Mittal), gold (Hummingbird) and others. Given Liberia's enormous wealth of natural resources, once these companies become operational this sector will become a larger component of the economy, generating significant export and government revenues. The Government has plans to undertake national geological mapping to determine the full size of these resources and combat illegal mining.

Manufacturing

Recognizing that the manufacturing sector has not seen the levels of growth evident in other sectors—and the importance of building this secondary industry in order to add value to Liberia's natural resources and support local incomes—the Government has worked to meet the requirements of the AGOA textile treaty with the US. Growth in this sector in 2010 was similar to that of the general growth of the population. Improved infrastructure could support the growth of secondary industries providing better access to external markets. In this vein, the Government has recently signed an agreement with the World Bank for the construction of a 249-kilometer road between Red Light and the Guinea Border worth USS $249 million. The Government also has a number of other efforts underway to improve opportunities for manufacturers in Liberia, including:

- 25% of both Government goods and services expenditure and of furniture expenditure must go to local producers.
- The Government is funding two SEZs in Montserrado and Grand Bassa, which should help attract new manufacturers to Liberia.
- The Government is funding warehouses and showrooms for furniture manufacturers to allow them to showcase and store work and allowing for mass manufacturing to develop.

Services

The service sector has seen robust growth and remained fairly consistently producing around a third of the GDP. Within the broad service sector, it is estimated that Government service provision, transport and trade and hotels comprise the largest contributions. Each of these sub-sectors is estimated to have seen annual growth in 2010 of around 5%. In the banking sector, the Government continues to oversee the expansion of banking facilities. Once the new Ecobank and First International Bank of Liberia branches are opened in Grand Kru and Sinoe, 11 of the 15 counties will have access to banking facilities. Banks' capital adequacy ratios remain above the minimum required.

- The Government plans to construct a strip mall to modernize shopping facilities and allow retailers a secure environment.
- The Government intends to work to promote business linkages and allow businesses access to the information they need to gain the services they require.

13.5 LIBERIAN SOURCES OF RISK

Price

A price shock could involve a change in the price of major imports, a price change in goods produced in Liberia, or changes in the prices of primary materials for production. It could also involve a price change for exports. These include:

- Potential increases in the cost of everyday consumer items, especially rice, would cause a large rise in inflation. This would additionally provide fiscal risk: no additional income (the rice levy is waived), but a potential requirement for subsidy.
- An increase in fuel prices would cause general increases in the cost of production and, because of the wider requirement for fuel for all electricity costs, this could feed through into higher costs and lower output throughout the economy.

Export

This section outlines risks that impact exports or the export sector, which tend to include physical risks for exports not price or production related:

- An extended time needed to rehabilitate Greenville and the roads leading to lower forestry exports.
- Variance in iron ore production (lower international prices or fewer available shipments due to transportation concerns).

Production

This section outlines risks that impact production, including physical risks to production, risks to required imports or to the prices of required imports if it feeds through into production risks. These include:

- Downturn in iron ore production.
- Downturn in agriculture production: lower productivity improvements or lower amounts of land available for expansion.

Impact of Different Shocks

The Government recognizes the importance of ensuring economic stability and a consistent, predictable macro-environment for business investment. With this in mind, the key risks set out above provide us with a list of key indicators for monitoring so that contingency plans can be prepared in advance. These indicators will be monitored in monthly reports.

13.6 ECONOMIC POLICY

The Table 13.5 below shows the overall estimated revenue over time. The borrowing level shown reflects the borrowing that is feasible under a sustainable debt path; the borrowing level in the MTEF budget (2012/13) book reflects the level of borrowing that is desired in order to achieve all the project investment aims. Additional sources of financing and support (for example, donors) will have to be found to meet these intended investments and any other investments required for the PRS.

Table 13.5: Overall Estimated Revenue Over Time

	Past	PRS MTEF				
	2011/12	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**
Total Revenue and Grants	**511.4**	**566.7**	**557.8**	**584.0**	**608.5**	**653.4**
Total Revenue	342.9	497.3	511.6	563.5	591.7	636.7
Tax	283.5	443.3	443.0	484.9	514.0	553.7
Non Tax	59.3	53.9	68.6	78.6	77.7	82.9
Grants	48.0	45.1	32.8	13.2	16.7	16.7
Contingent	120.6	24.4	13.4	7.3	0.0	0.0
Borrowing Target (Phased)	5.0	140.0	180.0	200.0	170.0	150.0
Currently Planned Borrowing*	5.0	137.9	180.0	200.0	170.0	150.0
O/W IDA—Projects		57.9	68.1	52.5	0.0	0.0
Investment Requirement**	595.9	599.2	532.3	589.0	649.5	651.5
Government Investment***	35.8	161.8	167.4	182.9	194.6	200.9
Private Investment and Aid Investment (Non-IDA)	560.0	379.5	296.8	353.7	454.8	450.6
PRS						
Estimated Cost of PRS	0	809.5	1033.5	1147.5	970.1	1243.6
Govt. contribution (in PSIP)	0	249.7	244.8	287.2	317.1	304.9
P1	0	109.3	111.9	147.5	170.0	150.0
P2	0	20.0	20.0	20.0	20.0	20.0
P3	0	24.0	10.0	10.0	10.0	10.0
P4	0	5.0	5.0	5.0	5.0	5.0
S	0	91.5	97.9	104.7	112.1	119.9
Recurrent aligned with PRS	0	48.5	50.2	54.9	58.4	60.3
Total PRS—*from Govt*	0	298.3	295.0	342.1	375.4	365.2
Share of Budget	0	0.4	0.4	0.4	0.5	0.5
Gap - for Donor[35] Conference	0	511.2	738.5	805.4	594.7	878.5

[35] Tentative figures—may change.

13.7 FISCAL PERFORMANCE

Revenue has grown consistently throughout the current Government's tenure; the budget has risen from USD $80 million in 2006 USD $516 million in the 2011/12 budget. This increase of 5.45 times is a result of widening the tax base, finding new sources of revenue, and strong economic growth. When the current Government first took office, the tax base comprised few sources of revenue and now it is gathered from multiple sources—including increased grants, increased contribution of concessions to Government, and a strengthened domestic tax base.

Donor support has increased through grants revenue—from USD $1 million annually to 40.3 million in 2010/11 and with USD $39 million budgeted for 2011/12. This is a testament to the Government's success in convincing donors of our ability to spend money on Government services. We expect to see further increases in budget support over time. Non-tax revenue, by its nature, has been more variable. But as the Government has negotiated more concession contracts and increased revenue from fees and registrations, we have seen increases here as well. Tax revenue has consistently grown—usually above the general growth of the economy—the result of the increased formalization of economic activity.

The Government also recognizes the importance of investment at this stage in development and is committed to ensuring that it borrows to invest in key projects that are deemed beneficial for the economy. This Government maintained a cash-based balanced budget under the terms of the HIPC agreement and is now able to borrow again. It intends to do so with a due respect for the importance of sustainable finance.

13.8 FISCAL RULES

While setting out policies intended to foster development in the country, the Government also sets out fiscal rules each year in the Budget Framework Paper in order to guide the country's spending, debt acquisition and fiscal activity. In the first MTEF period, these rules included:

Rules Guiding Borrowing

- All borrowing must be undertaken for the purposes of investment, consistent with the Public Sector Investment Plan (**PSIP**).
- Total debt stock must not exceed 60% of previous calendar year's GDP as contained in the PFM regulations.
- Prior to new borrowing being undertaken, a Debt Sustainability Analysis must be carried out and presented to the Debt Management Committee to ensure debt rules are not breached.

Rules Guiding Spending

- Twenty five percent of the budget should be capital—of which a minimum of 10% should be expenditure on the energy sector.
- No more than 34% of the budget will be on personnel costs.
- At least 25% of GoL spending will be on goods and services provided by Liberian businesses.
- At least 25% of GoL spending on furniture should be from capable local manufacturers.
- Transfers from investment to recurrent: no more than 5% of M&A investment appropriations in a given year will be transferred to recurrent.

- No more than 15% of capital projects should be administrative overhead.
- Contingent revenue will be placed into an annex and aligned with specific projects.

Fiscal Policy for the Economy

This Government will maintain a policy of working with donors and encouraging more donors to bring money into the Government budget as grants. The Government also recognizes that donor financing may not be sufficient to fund new infrastructure projects and will work with private enterprise to ensure their involvement in Government projects. The Government also expects additional revenue from the enclave sector in the future as more infrastructure is built and more exports are possible.

Assuming tax revenue grows in line with the economy, and grant and non-tax revenue remain more or less consistent, the Government expects to see a revenue profile that will meet most of its investment aims assuming that the growth of recurrent spending is controlled. The FY 2011/12 budget contains a large amount of contingent revenue, which to date (as of the second quarter) has seen a successful rate of outturn. The Government will continue to tie uncertain revenue to specific projects in a budget annex and fund its first priority (infrastructure and energy projects) through borrowing. Recurrent can be funded by stable sources of revenue, ensuring that M&As both have the funding they need available to operate while also saving through efficiency measures.

Monetary Policy for the Economy

The Government's monetary policy will continue to be one of price stabilization and attempts to promote access to the banking sector. The CBL will use exchange rates as the primary indicator of monetary conditions and also ensure that price stability is maintained through exchange rate stability. Maintaining the value of the Liberia dollar ensures that those who are paid in Liberian dollars do not suffer from a slowly diminishing real income as the value of the Liberian dollar decreases relative to the price of goods purchased on the international markets.

The Government will ensure that money supply growth remains stable and that it maintains sufficient international reserves to insure against major trade shocks. The goal is to maintain the level of CPI inflation at around 5% and maintain Liberia's performance in the West African Monetary Zone convergence criteria (on inflation, deficits, reserves and other measures affecting monetary stability).

CHAPTER 14. IMPLEMENTATION STRATEGY

Chapters 8–11, detailing each pillar, provide strategic and implementation plans for each sector, typically led by the (MDA) corresponding to that sector. This chapter describes the plan for overall AfT implementation and coordination across sectors and outlines the role of the major actors in the implementation framework. Given the immense interest expressed by diverse stakeholders during the participatory phase of the process, implementation and coordination design will be flexible to accommodate the diversity of institutions at various levels (national, county, district, etc.) in implementing the AfT.

Low capacity of public and private institutions was identified as a binding constraint to the effective and timely implementation of the Lift Liberia PRS. Several strategic interventions were undertaken and are on-going in order to address the acute capacity challenges. These include the TOKTEN program, Senior Executive Service program and scholarships for tertiary degrees. Civil service reform efforts, with adjustment to pay structures and other incentives, will also help to alleviate the capacity problem. The GoL has developed a National Capacity Development Program that will be rolled out in the AfT to comprehensively build capacity. This is particularly significant in light of plans to implement the decentralization policy and the need to strengthen the planning, budgetary and implementation capacities of county and district workers.

14.1 ORGANIZATIONS LEADING AFT IMPLEMENTATION

The implementation of interventions in each sector will be the responsibility of the various MDAs. The coordination and M&E of implementation of the AfT at the national level will be led by the Liberia Development Alliance (LDA) steering committee and the LDA Secretariat.

A. The LDA steering committee is chaired by the President and comprised of cabinet ministers, the LRDC National Coordinator, key donor partners and representatives of key private sector and civil society groups that are part of the LDA. The steering committee will meet every quarter. At the start of each fiscal year, the committee will review and approve (with amendments as necessary) the deliverable plans submitted by the MDAs, as described below. At each of the quarterly meetings, it will review the progress reported by MDAs in implementing the plans, as described below, utilizing the monitoring indicators as a key input.

B. The LDA Secretariat will be situated within MOPEA and eventually a proposed Planning Department of the merged Ministry of Finance and Planning. The LDA Secretariat is headed by the National Coordinator of LDA and includes pillar teams, headed by the pillar technical advisors, who convene regular multi-stakeholder Sector Working Groups (SWG) under each pillar. The Secretariat will collect the annually-updated implementation plans from all the MDAs and check that they are consistent with the AfT and with the three-year MTEF, as revised each fiscal year. It will collect the quarterly implementation reports from MDAs and check the consistency of the evidence for progress. The LDA Secretariat will prepare summary reports of this information to submit to the LRDC steering committee meetings, highlighting where there are delays or other constraints that merit management attention and capacity development.

C. Linkage with the Aid Coordination Framework and Arrangements: The Government is concluding a National Aid Policy that will include enhanced arrangements and arrangements for Government's

leadership in development partner coordination, in line with the principles of the Paris Declaration, the Accra Agenda for Action and the New Deal for Engagement in Fragile States.

14.2 THE NEW DEAL FOR ENGAGEMENT IN FRAGILE STATES

Liberia's Vision 2030 and the AfT are aligned with the principles of the "New Deal for Engagement in Fragile States," a new framework for international support for fragile states and endorsed at the Fourth High-Level Forum on Aid Effectiveness in November 2011. The New Deal articulates a set of peace-building and state-building Goals (PSGs) that precede the MDGs and lay the foundations for sustained development and wealth creation in fragile contexts. The five goals include 1) legitimate politics, 2) security, 3) justice, 4) economic foundations, and 5) revenue and services.

To date, 35 countries and six international agencies have endorsed the New Deal. Liberia was a key participant in the creation of the New Deal and is a pilot country for its implementation. The key donors active in Liberia are fully committed to supporting the New Deal and enabling its focus on genuine country leadership and ownership.

Recognizing that Liberia's road from recovery to inclusive growth and wealth creation is dependent on maintaining peace and building state functions, the AfT's four pillars are strongly aligned with the five PSGs.

To achieve the PSGs, the parties to the New Deal have committed to **FOCUS** on new ways of engaging with fragile states and building mutual **TRUST** by providing aid and managing resources more effectively.

Liberia's Vision 2030 and AfT constitutes its New Deal one vision, one plan (FOCUS principle 2) and articulates the priorities to which development partners should target their support. Over the coming years, Liberia and its development partners will use the New Deal framework to undertake further activities and reforms to improve the effectiveness of aid, as well as prioritize the peace-building and state-building goals to achieve better and more sustainable development results for Liberia.

Figure 14.1: Pillar Alignment with the New Deal PSGs

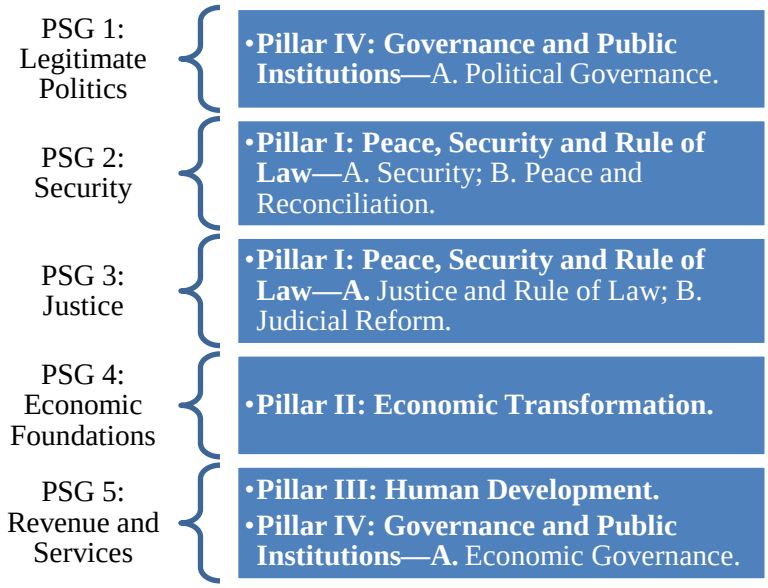


Table 14.1: New Deal FOCUS and TRUST Principles

FOCUS: A new country-owned, country-led way of engaging through	**TRUST:** A set of commitments to achieve better results
• **F**ragility assessment • **O**ne vision, one plan • **C**ompact • **U**se country systems • **S**upport political dialogue and leadership	• **T**ransparency • **R**isk sharing and risk management • **U**se and strengthen country systems • **S**trengthen capacities • **T**imely and predictable aid

14.3 INSTITUTIONAL FRAMEWORK FOR IMPLEMENTING THE AFT

Interventions and Time-bound Outcomes and Deliverables

In order for the AfT to achieve outcomes prescribed within each pillar—which will be monitored and evaluated according to procedures described in Chapter 15—it is essential for MDAs to implement the interventions of the AfT in a systematic, effective and timely fashion.

It is useful to distinguish several categories of interventions:

- Projects in the 2012–15 MTEF are essentially parts of the public investment program.
- Projects to be undertaken in 2015–17 involve future MTEFs. These will be incorporated into the planning and implementation process in the later years, but it is important to identify their transformative design features and bring them online as the AfT program unfolds.
- Projects to be funded by development partners. During the AfT, an increasing proportion of the funding from development partners will be channeled through the budget and MTEF, but there will still be some projects directly funded and implemented by development partners (especially involving grants).
- Some interventions are reforms to policy and the regulatory regime that do not require investment budget allocation (or just a modest amount, such as for capacity development) since the implementation of these actions is the part of the regular activity of MDAs and should be covered in their recurrent budget.
- Measures to be funded and carried out by private sector and CSOs. Liberian actors—including pubic-private-CSO partnerships—will undertake some actions in the AfT and increasing their contributions and effectiveness will be critical for achieving the goals.

MDAs will produce and update (every 12 months) their deliverable plans. Deliverable plans are a rolling series of 180-day (6-month) commitments for delivering steps in the priority interventions as outlined within each pillar. Plans will cover a two-year period—through the current and next budget period in the MTEF. The LRDC Secretariat team will review these plans for consistency with the AfT as well as proper coordination with other MDA plans. Infrastructure plans, for instance, are critical to support the objectives of other MDAs and the private sector. Also infrastructure plans need to be coordinated across sectors (e.g., road improvement projects are done before, not after, water and sanitation projects that tear up roads; rural roads will be rehabilitated in areas where there are agricultural value chain programs).

Implementation Reporting

MDAs will report every quarter—at a minimum—to the LRDC Secretariat on progress in delivering the planned interventions. Preparing these reports first informs the management teams of MDAs so they are aware of the teams' achievements. Each quarter, the LRDC Secretariat will collate the reports for presentation with a summary to the LRDC Steering Committee. Then, the implementation reports will be made public so that the public is informed on what is happening and can decide how to participate.

In the annual budget discussions and updates of the MTEF and in determining the allocation of the public investment budget, the Cabinet (the core of the LRDC Steering Committee) will consider the success rates of each MDA in meeting its commitments for deliverables. As elaborated in Chapter 15, the LRDC Steering Committee will also consider the evidence for how well the outcome objectives and targets of the sector are being achieved. If the outcomes are poor and the promised interventions are not being delivered, then appropriate measures can be taken to bring in management that will carry out the program. If the planned interventions are being delivered, but the desired outcome results are not being achieved, then the investment budgets of the corresponding MDAs might be re-focused and, if necessary, cut or otherwise reallocated.

Overall, the system for identifying and reporting on specific and time-bound deliverables—a successful feature of the PRS 1—will continue as an important complement to the M&E process.

Capacity Development for Enhanced Implementation

Effective and timely implementation by diverse stakeholders—state and non-state change agents at various levels—will be enhanced through well-designed capacity development interventions. These are highlighted in the results framework of AfT (see Annex XX) and summarized in each of the pillar chapters. The updated MTEF and annual workplan and budget of each MDA should include updated capacity development activities, which should also be complemented by the detailed implementation plan of the National Capacity Development Plan.

CHAPTER 15. MONITORING AND EVALUATION STRATEGY

This chapter provides an overview of the main components of the M&E strategy to track and assess the AfT at various levels: short-term progress toward strategic outputs and value for money as well as strong linkages with the budgetary process; medium-term progress toward measureable priority outcomes and goals (by the end of 2017, while also considering key milestones); and emerging longer-term impacts toward the Lift Liberia 2030 Vision. These different levels of the results-focused approach of the AfT constitute critical elements for facilitating evidenced-based, transparent and participatory decision-making processes. Annexes 1 and 2 provide the results framework and the monitoring plan for each pillar and component sectors, with key measureable outcome indicators. Further details and an operational roadmap will be provided in an M&E plan with related capacity development interventions, which will be prepared and finalized later in 2011 to help ensure a functional system involving key actors at various levels, in line with the strategy outlined below.

First, it is useful to ensure a common understanding of key M&E concepts, as summarized below.

- *Monitoring:* a continuous process of systematic data collection to inform managers and key stakeholders on progress in relation to planned inputs, activities and outputs, as well as the use of allocated resources. Monitoring is structured around measureable indicators, which assess performance at the input, intervention/output or outcome levels. Indicator targets provide the benchmarks against which progress is monitored. The M&E plan highlights the different levels of indicators required for an integrated framework, namely: 1) Output and outcome monitoring—tracking whether results are occurring in relation to goals and strategic objectives among the target population. 2) Non-financial performance monitoring—tracking performance in relation to interventions and projects that are location specific. 3) Financial implementation monitoring—addressing whether budgets have been released and spent according to approved allocations.

- *Evaluation:* an independent assessment of a policy, program or project and its contribution to the intended goals and objectives. Evaluations determine the relevance, impact, effectiveness, efficiency and sustainability of interventions and the contributions of implementing bodies. Evaluations should feed into management and decision-making processes and make essential contributions to managing for results. There are different types of evaluations, such as impact evaluations, value for money audits and public expenditure reviews.

- *Control:* includes internal and external processes, such as financial, procurement, management and organizational audits consistent with the Public Financial Management Act (2009) and supporting regulations. Control mechanisms and processes are intended to facilitate achievement of the strategic outputs and outcomes.

15.1 PRS I M&E EXPERIENCE: KEY CHALLENGES AND LESSONS

The evaluation of PRS I highlighted a number of key challenges and lessons involving M&E design. These challenges constrained the capacity of the M&E system for PRS I and undermined the successful implementation of an integrated national M&E strategy. The identified capacity constraints continue to date and include the following:

- There was an absence of an integrated and locally-derived M&E strategy and operational plan; and there were unclear institutional arrangements and roles at various levels. Weaknesses included the lack of sufficient linkages with M&As' M&E systems/units to ensure a unified and functional national M&E system, and inadequate human resources and poor incentives for achieving effective M&E results.
- There was a weak statistical database and system, and relatively little attention to addressing these foundational constraints until the latter stages of PRS 1. Existing weaknesses contributing to the inadequacy of the comprehensive statistical systems required to support the AfT results-focused requirements included: [36]
  - A lack of harmonized statistical methods, standards and classifications within the system, due in part to the absence of the appropriate legal and institutional framework to promote collaboration and coordination across sectors.
  - Separate mandates for data collection activities and statistical production, which undermine the incentive to coordinate for an integrated system.
  - The inadequate infrastructure and resources in key line ministries, which compromise the quality and scope of statistical production, analysis, and dissemination.
  - Inadequate office and storage space with weak logistics arrangements, and deficient technological infrastructure (e.g., Internet connectivity, computers, statistical software and packages, data archiving, storage and retrieval facility).
  - Poor working conditions, which make it difficult to attract and retain qualified, experienced professional and technical staff.
- There was an overemphasis on tracking inputs and outputs, stemming from the need to provide key infrastructure and services to a nation recovering from a protracted conflict. The PRS I tracking system of key indicators was mostly output-focused with little effort to develop a more strategic outcome focus. This was due primarily to the absence of a comprehensive results framework to underpin the design of PRS I.
- The M&E demands and requirements came primarily from the LRDC steering committee that met infrequently and from donors, with little demands from CSOs and private sector. This dynamic exhibited weak linkages to a results-focused agenda and to the annual budgetary process. Accordingly, there is a need to broaden the demand for and users of an effective and results-focused agenda and corresponding M&E system, coupled with relevant capacity development interventions at the institutional and technical staff levels. The absence of a culture of accountability (although improving at the top leadership level) has weakened the demand at various levels for an effective M&E system; a system that needs to be empowered and driven by enhanced political will and commitment at all levels.

[36] These statistical system constraints are based on those outlined in the National Statistical Development Strategy (prepared by LISGIS, 2008).

These lessons gained during the implementation of PRS 1 highlight the preconditions for the successful implementation of the AfT M&E strategy:

- Political will and commitment to transparency, accountability and results at various levels of Government.
- A coherent and updated results framework of AfT for each pillar and sector.
- A paradigm shift to embrace change and a results-focused approach to transformation.
- Rationalization and alignment of roles and responsibilities amongst relevant stakeholders, in line with the arrangements outlined above.
- Establishment of an enhanced incentive system to promote compliance and effective implementation the M&E system.
- Increased M&E capacity development and an enhanced statistical support system at various levels.
- Expanded human and financial resources to implement the improved M&E system.

15.2 POLICY FRAMEWORK AND GUIDING PRINCIPLES OF AN ENHANCED M&E STRATEGY

The policy goals and targets for the AfT are ambitious but necessary. As stated throughout this report, this includes core areas of promoting sustained high and inclusive economic growth and employment opportunities; expanded access to strategic infrastructure (especially energy and roads) and other key services (notably education, health, water supply and sewage, social protection); substantial investments in people (especially youth); and strengthening a broad-based private sector. This results-focused policy and investment orientation requires an effective M&E system as a tool to help achieve the policy goals of the AfT.

The national M&E strategy for Liberia is being designed based on the following guiding principles:

- *Managing for results:* The focus will be on the expected outcomes/results of a public policy or program to emphasize the need for all interventions to contribute to improvements in Liberians' lives and welfare.
- *Accountability:* Institutions and accounting officers will be held answerable based on the agreed interventions and outputs and outcomes. There will be complementary reforms to strengthen accountability through performance contracts for the heads of selected M&As. Relevant performance information will be generated to inform key decisions in the planning and budgeting cycles.
- *Demand driven:* There will be one integrated M&E system, with different levels of data produced to meet the needs of key decisionmakers, multiple users and diverse stakeholders.
- *Data-driven:* Performance information, particularly statistical data, will be provided in a sound, reliable and timely way. This will require the active engagement of and support to LISGIS to produce the data required. M&As' capacity will also be strengthened to produce periodic reports with information on financial and non-financial performance.

- *Ownership:* M&E should be guided by national priorities, which will involve strengthening the capacity of sector M&As and county authorities. To promote transparency and partnership, development partners are encouraged to collaborate with and support government in all aspects and phases of the M&E plan. This will help minimize duplication, use resources for M&E more effectively and promote synergies between and within sectors and stakeholders.
- *Ethics and integrity:* Impartiality and compliance with international standards should be promoted to ensure the credibility of the national M&E system.

15.3 OBJECTIVES OF AN INTEGRATED RESULTS-FOCUSED M&E STRATEGY

The primary objective of an enhanced M&E strategy is to support the effective and timely tracking and assessment of the results-focused objectives and interventions of the AfT, thereby contributing to enhanced achievement of its goals and the 2030 Vision.

The specific objectives of the M&E strategy and subsequent operational plan aim to:

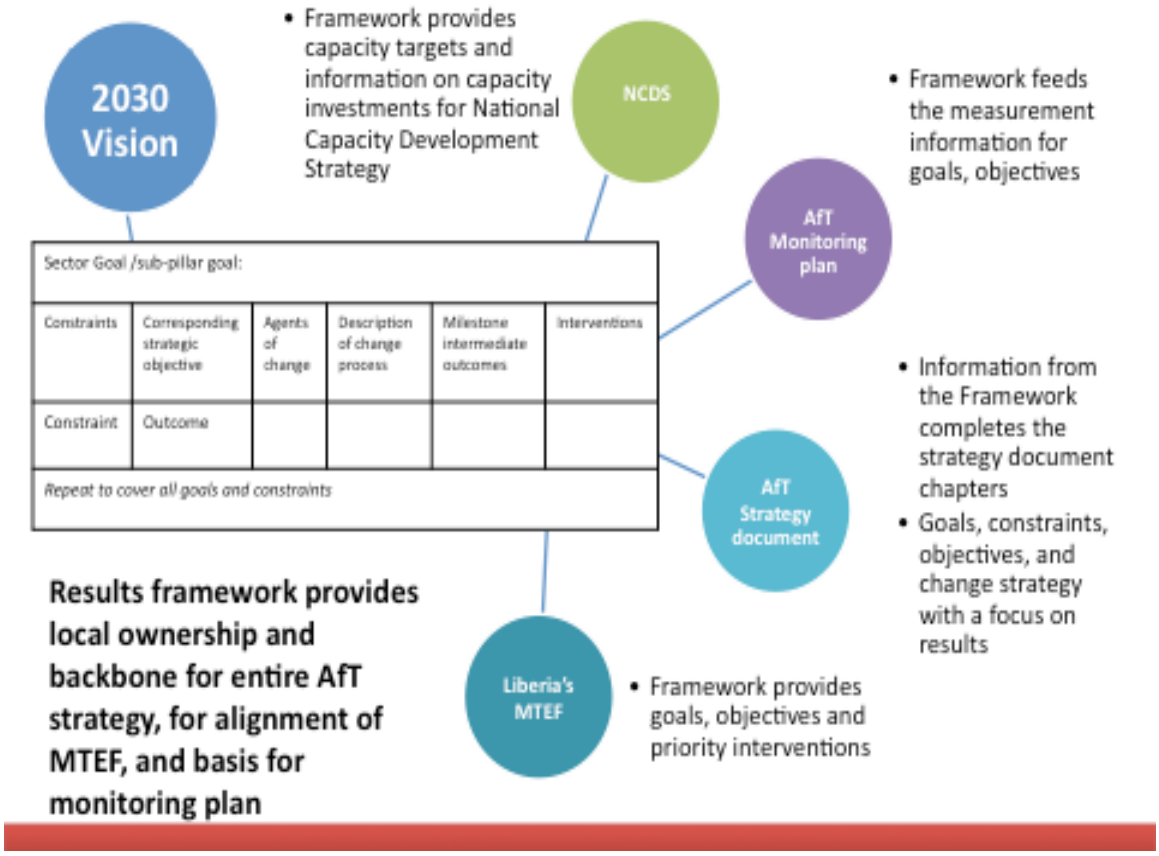
- Ensure a focus on results by embedding M&E in the management culture and practices of sectors (particularly for the lead ministries and agencies), and county authorities, in the context of a phased decentralization.
- Provide an early warning system to address potentially problematic areas or processes of AfT implementation which may need corrective actions.
- Promote and institutionalize a coordinated, harmonized and integrated M&E system by ensuring a strong linkage and alignment between the inputs and planned outputs in the national budget (through the Medium Term Expenditure Framework/MTEF process), and the goals, strategic objectives and outcomes outlined in the in the AfT.
- Clarify the roles and responsibilities of various M&As and other stakeholders involved in the M&E of public programs, as well as monitoring of strategic activities carried out by non-state actors.
- Enhance evidence-based decision-making by key actors, including the Executive and the Legislature, and enable effective participation by other key stakeholders (including private sector and CSOs). Performance information and timely reports will be used to support policy-making, especially budget decisions, and to help M&As in their policy formulation and implementation of key programs/projects.
- Strengthen transparency and accountability, to foster partnerships and learning relationships and processes by M&As. This will improve the confidence of the Liberian people in the commitment and capacity of the Executive and the Legislature to hold ministries and agencies and county authorities to account for delivering value-for-money results which will benefit directly the majority of the Liberian population.
- Enhance institutional and technical commitment and capacities to manage and carry out an effective and demand-driven M&E system.

15.4 LINKS BETWEEN MTEF/BUDGET AND AFT MONITORING

A participatory process by ministries and agencies was used to align and link the MTEF and the AfT. The MTEF-AfT alignment exercise also provided an opportunity for establishing and agreeing on an integrated and coordinated M&E framework to track short-term outputs as well as the more strategic outcome indicators. This will help ensure that the national budget and the MTEF processes are moving toward achieving the overall results contained in the enhanced AfT.

As illustrated in Figure 1, the AfT preparation process has resulted in strengthening key linkages between the Vision 2030, the AfT strategy, Liberia's National Capacity Development Strategy (NCDS), the MTEF and an integrated monitoring plan.

Figure 15.1 Integrated Aft-MTEF-NCDS Monitoring and Planning



Results information is needed at the project, program and policy levels. All concerned organizations need to coordinate in sharing data. The results framework provides the unifying structure for guiding monitoring for different purposes. Task managers responsible for overseeing the delivery of interventions will focus on tracking inputs, activities and outputs in relevant workplans for budget accountability whereas senior managers will focus on results—measuring progress in achieving strategic objectives/outcomes and longer term development goals. In turn, both levels of monitoring will inform directly Liberia's National Capacity Development Strategy, highlighting what crosscutting capacity development interventions are warranted.

15.5 SCOPE AND DESIGN OF THE INTEGRATED M&E SYSTEM

The design of the M&E strategy is based on a results chain that has been customized to fit Liberia's requirements. Figure 2 illustrates the various levels that have informed the AfT results framework, including short-term intermediate capacity outcomes and medium-term outcomes, which provides the core of the enhanced M&E system. This approach not only places emphasis on a results-focus, but also emphasizes strong linkages with NCDS through identifying measureable intermediate capacity outcomes (ICOs) as an integral part of the results framework for the AfT. Accordingly, AfT has monitorable linkages with and supports NCDS in three ways:

- Monitors capacity changes: AfT provides outcomes to measure capacity development.
- Manages capacity resources: AfT provides outputs to track capacity development investments.
- Plans capacity development: AfT provides planning information to identify priority interventions and programmatic support for capacity development, including support from the National Capacity Development Fund (i.e., specific projects for capacity development that will have indicators that can be tracked).

Figure 15.2. The Results Chain for Liberia

Operationally, the scope of the M&E strategy will cover key aspects of the AfT including: 1) implementation (i.e., inputs, activities and outputs); 2) strategic results, in terms of measureable outcomes; 3) strategic relevance of programs and activities; 4) efficiency, in terms of allocative (between sectors) and technical (implementation/value for money) aspects; 5) effectiveness; and 6) assessment of the impacts of AfT results and their sustainability.

Based on the information derived from the sector strategies, the results framework (see Annex 1) and the monitoring plan (see Annex 2) for the AfT complement each other by providing an operational roadmap of the results chain; strengthening the linkages and alignment between the MTEF and the AfT; and identifying the information requirements and flows for realizing a results-focused approach to

development. As outlined above, the thrust of the M&E strategy is to develop an integrated and coordinated M&E plan, which will support the requirements of both the AfT and the MTEF. Accordingly, the monitoring plan is based on the results framework, and enables the identification of the SMART outcome indicators, baseline information, target outcomes, data sources and methods, and reporting frequency. Where there is full consistency between the AfT and MTEF indicators, these will be highlighted, and reported on through the newly developed budget management tool. Figure 3 illustrates the overall integrated M&E framework, which is underpinned by the results framework for each pillar and its component sector, and shows how the key elements are inter-related in accordance with the results chain analysis.

Figure 15.3: Overview of the Integrated M&E System

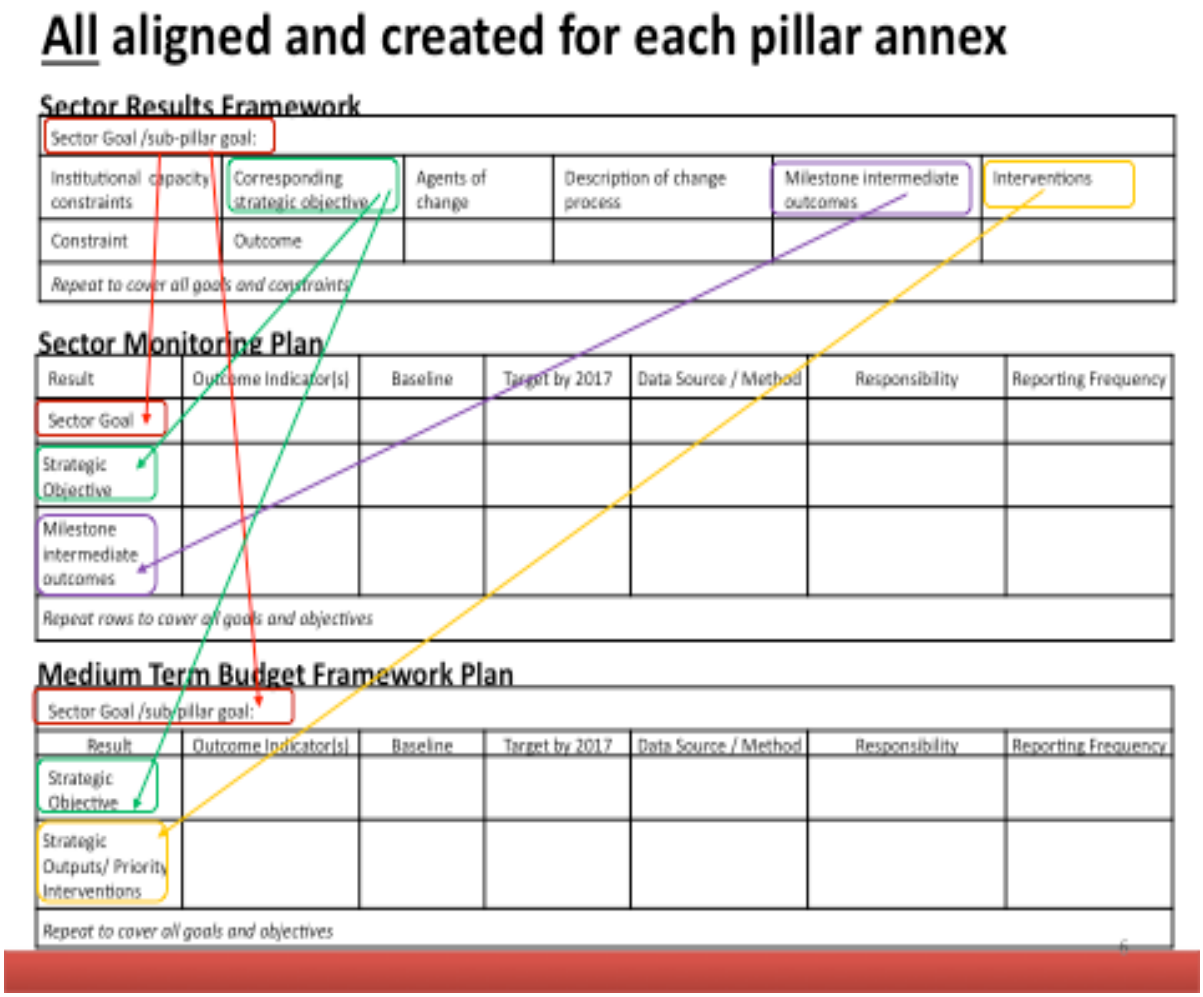


Table 15. 1: Medium Term Budget Frame Work Plan

Sector Goal	Indicator	Baseline	Target (by year)	Unit Cost (ref. target)	Total Budgetary Cost (by year and total)
Result					
Strategic Objective					
Outcomes					
Outputs					
Priority Interventions *- By Govt.* *- By Non-state actors/change agents*					
Repeat to cover….etc…					

15.6 MAIN CONTENT AND FUNCTION OF THE MONITORING PLAN

The AfT monitoring plan will focus explicitly on outcomes at the goal and strategic objective levels. The main content will include:

- Core set of "SMART" [37] indicators to report on annually.
- Baseline and target values for each indicator against which progress can be tracked.
- The method or data source used for identifying current values for each indicator.
- The agency or department responsible for monitoring each indicator and the expected frequency for which indicator information will be reported.

This monitoring plan will be part of a more comprehensive M&E plan in a separate document that will also include the following information:

- Clear roles and responsibilities for all key M&E stakeholders—LRDC/AfT, MoF, LISGIS, ministry and agency M&E units, and county-level M&E units (see above table).
- An operational plan for M&E activities, including dissemination (how the information will be shared with stakeholders and used for program improvements); this plan will be prepared and launched during the second part of 2011.
- The detailed budget for enhancing the required M&E infrastructure and activities; it is important that there is adequate budgetary provision at the national and M&A levels, starting in FY13.

[37] Good practice calls for designing and implementing SMART indicators: specific; measureable; attributable; realistic; and time bound. The AfT monitoring plan is based on these criteria.

The formulation of the monitoring plan has resulted in a comprehensive list of SMART outcome indicators; further operationalization of the monitoring plan will derive a smaller number of CORE indicators (about 100) that will be identified, agreed upon and emphasized in implementing the monitoring plan and production of key reports. [38]

15.7 GEOGRAPHICAL AND STAKEHOLDER ASPECTS

The AfT monitoring will be implemented at various geographic and sector levels. A strategic approach will be developed to ensure that needed data are entered into the monitoring system to be aggregated for overall reporting. Key geographical levels include:

- National level: aggregating M&E results to the national level, based on the measureable outcome indicators and evaluations.
- Local/county level: disaggregating key variables and stakeholders to the local level.

Data will be disaggregated by key stakeholder groups, including:

- Beneficiary target groups, including gender, youth, people with disabilities and other low income groups.
- Private sector, especially small and medium scale (agriculture, SMEs, others).
- Civil society organizations.
- Donor partners.

15.8 EVALUATION ASPECTS

The broader M&E plan (separate document) will specify how the M&E system will carry out analytical studies of selected and strategic themes to assess the strategic relevance, efficiency, effectiveness and impacts of the AFT. These studies will be carried out primarily by independent institutions, based on clear terms of reference, supervised and guided by the relevant government M&As (including steering groups, as relevant) to ensure quality and responsive evaluation outputs.

15.9 THE M&E INSTITUTIONAL ARRANGEMENTS AND ROLES

Approach and principles:

- The national M&E strategy will build on and strengthen existing M&E arrangements and capacities of central and sectoral M&As, including clarification and coordination of roles, based on an updated assessment and detailed operational plan, to be guided by relevant decisionmakers and users.
- Statistical systems and the corresponding data collection activities by M&As will build on and improve, as necessary, existing institutional statistical systems, under the overall coordination of LISGIS, which will have a central role in the whole process.

[38] The following criteria are being used to derive the core set of outcome indicators to enable a manageable and strategically focused monitoring plan: reflect the high priority changes needed to achieve the overall goal of the AfT; reflect a spread of beneficiaries across government and non-government; represent all of the major constraint areas impeding the achievement of the pillar goal; cover critical interrelationships by encompassing objectives that relate to and support each other to address a goal (such as the community vs. public sector)

- The scope and improvements will be carried out in a phased manner, according to the available institutional capacities and resources, thereby emphasizing the need to focus on strategic priorities and a manageable M&E system.

15.10 INSTITUTIONAL FRAMEWORK: ROLES AND RESPONSIBILITIES

Overall framework: Based on the existing and required institutional mandates and AfT requirements, the following roles and responsibilities are envisioned:

Table 15.2: Framework Roles and Responsibilities

Level and key Institutions	Main roles/ functions (further details will be provided in separate TORs for each group)	Composition
A) National level		
1) LRDC Steering Committee	• Scrutinizes overall progress of M&As in meeting strategic goals and objectives of AfT, based on measureable outcomes. • Assures transparency and accountability in the application of public funds. • Provides overall policy direction to M&As to meet AfT goals and objectives, as well as helping to resolve inter-sectoral and inter-ministerial constraints to meeting key goals and objectives. • Helps to promote an enhanced culture of transparency and importance of functional M&E systems in M&As.	Cabinet members of the Executive branch of Government, chaired by the President.
2).Core Ministries **- MOPEA** **- MOF** President's Office	• MOPEA, through the LRDC Secretariat and in close collaboration with the MOF, LISGIS, and the President's Office (monitoring unit) will provide: overall technical coordination and technical standardization; formulation of the results framework, the monitoring plans, supported by measureable outcome indicators; annual AfT progress and results reports; midterm evaluation and evaluation report. • Lead M&As are required to lead on M&E functions for the sector, and provide regular updates to the relevant SWG. This includes planning and budgeting for M&E, and working closely with LISGIS in the production and utilization of statistical data. • Lead M&As should ensure the required management and statistical information system is in place and functioning; and ensure M&E findings are used in the sector to improve performance and achievement of the strategic objectives.	Minister of MOPEA, who is also the Minister of MOF. The LRDC Technical Secretariat, comprised of a highly qualified and motivated Deputy Director and multi-disciplinary team. The minister of each lead M&A.

Level and key Institutions	Main roles/ functions (further details will be provided in separate TORs for each group)	Composition
3) Sectoral M&As	• Produce results-oriented budget policy notes, aligned to the AfT. This will be developed and updated on an annual basis using the results chain from the AfT. • Participate proactively in the SWGs of the AfT, which should also support the MTEF and annual budgetary planning and execution aspects • Ensure quality and timely M&E activities of the relevant sectors, as one of the key users of the M&E outputs/results.	Senior technical level officials from the relevant M&As, designated (in writing) by the relevant minister, covering planning, M&E, and financial/administrative units of each M&A. To the extent possible, these same officials should also be centrally involved and responsible for the MTEF and annual budgetary processes.
4) National M&E Steering Committee	• Provides technical oversight responsibility on the implementation of M&E for the AfT, through assessing the periodic M&E reports; • Recommends actions to improve key policy and institutional level constraints affecting implementation and coordination of the AfT M&E system, to ensure reliable and timely statistical information is being generated to track and assess key outputs and outcomes of the AfT. • Facilitates the interface between the M&E technical working group and the LRDC/AfT Steering Committee. • It is envisioned that this committee would meet about four times each year, well timed to support the budgetary planning and allocation processes and prior to each meeting of the AfT Steering Committee.	The Deputy Minister of Planning and Economic Affairs will chair the Steering Committee. Senior level sectoral technical officials (usually the Head of Planning Department/Unit), to be designated by each relevant minister, representing the following M&As: Ministry of Finance. LRDC (will provide the technical secretariat). Technical coordinator of each SWG which also represents the lead M&A. LISGIS. GAC. CSA. Representative(s) from private sector (umbrella organization). Representative(s) from CSO(s). Representative(s) from major donor partners (2).
5) LISGIS	• Ensures production, harmonization/standardization, publication and dissemination of statistical information at the national and county levels, such as periodic surveys (and relevant additional surveys/questions), which will inform progress on outcomes and impacts to support the strategic requirements of AfT (e.g. Core Welfare Indicator Questionnaire, National Accounts Survey, Liberia Demography and Health Survey, the Liberia Household Survey, and the Labor Force Survey).	Director General of LISGIs, as well as designated senior technical staff.

Level and key Institutions	Main roles/ functions (further details will be provided in separate TORs for each group)	Composition
	• Coordinates with the National M&E Steering Committee, sectors and lead ministries to ensure demand and utilization of all statistics produced, including agreement on methods and survey. • Provides technical backstopping and capacity development of the M&E units of M&As (especially the lead M&As).	
6) National M&E Unit	• The National M&E unit, as part of the AfT Technical Secretariat, will be responsible for coordinating M&E activities across the public sector. The main activities will include: • Analyze and consolidate M&E reports emanating from M&As, county levels, to produce periodic AfT performance and results-focused reports, which show progress toward targets at the output and outcome levels. These will be provided to relevant decisionmakers, including the M&E Steering Committee, the LRDC Steering Committee, the Legislature, and other key stakeholders. • Monitoring non-financial performance and emerging impacts of selected large investment projects on periodic basis. This will be complemented with innovative monitoring and stakeholder or beneficiary feedback mechanisms and methods (including public expenditure tracking systems, beneficiary impact assessments). • Highlight constraints toward progress and recommend actions to improve implementation of the *AfT*, for the consideration by the M&E Steering Committee. • Provide technical backstopping and capacity development of the M&E units of the M&As.	Composition of the unit will include the required statistical, sectoral and M&E specialists, based on clear TOR. An experienced officer will provide overall technical leadership.

Level and key Institutions	Main roles/ functions (further details will be provided in separate TORs for each group)	Composition
B) Local/County Government		
	• County authorities (sub-offices of M&As, which will include specific M&E responsibilities) will be responsible for monitoring implementation of front-line service delivery at the county and district levels. These functions will involve preparing periodic reports (every quarter) of implementation and achievement of planning outputs and outcomes, identifying relevant implementation bottlenecks. The reports will be submitted to National M&E Unit, which will consolidate the results, and crosscheck the accuracy and reliability of the information.	Senior level technical officers at the county and district levels (to be designated), based on clear TOR.
C) Private Sector		
	• They will focus on providing and facilitating relevant information, which involves the role of the private sector in the implementation of the AfT and achievement of the relevant outcome indicators. Research activities by academic institutions and consultant entities, which contribute to the M&E system, especially independent evaluation reports, will also provide an important role. Representatives from the private sector will also participate actively in the AfT National Steering Committee, the AfT M&E Steering, and the M&E Working Group.	Selected representatives from the private sector (representing umbrella organizations, and especially small- and medium-scale enterprises and entities) that carry out independent evaluations to support the needs of AfT.
D) CSOs		
	• They will focus on providing and facilitating relevant information that involves the role of CSOs in the implementation of the AfT and achievement of the relevant outcome indicators. Representatives from CSOs will also participate actively in the AfT National Steering Committee, the AfT M&E Steering, and the M&E Working Group.	Selected representatives from CSOs (representing umbrella organizations at the national and county levels, diverse stakeholders, and from different parts of the country to ensure inclusiveness).
E) Development Partners		
	• They will provide technical and financial support to the M&E strategy and operational plan; ensure integration of DP monitoring frameworks into Government systems, and capacity development for M&E.	Selected representatives (usually M&E specialists) from DPs, especially those that providing technical and financial support to the AfT M&E system.

15.11 PROGRESS REPORTING, REVIEWS AND COMMUNICATION STRATEGIES

Reporting will be the shared responsibility of the M&As, LISGIS, local government entities and the LRDC Secretariat. The monitoring plans, which were based on well-designed templates (see Annex 2) and developed by participating M&As as part of the design of the AfT, is providing the main basis for the progress reporting of AfT. Monitoring will be undertaken on a quarterly basis by M&As, county authorities, with the active technical support of LISGIS, and coordinated by the National M&E Unit. The LRDC Secretariat, with the technical support of the M&E Unit, will:

- Prepare quarterly (especially at the output level through the MTEF process) semester and annual progress reports, which will focus on analyzing progress toward meeting strategic output and outcome (on an annual basis) targets, operational-level alignment between the MTEF/annual budget and the AfT. For the annual report, there would be an assessment of the linkages between strategic outputs and outcomes, in accordance with approved annual work/budget plans, identifying key policy and institutional level constraints and recommended actions needed to meet relevant measureable AfT goals. The semester level outcome progress reports will be submitted to the LRDC Steering Committee and provide the main basis for their semester review meeting.

- Carry out a comprehensive midterm assessment (by early 2015), which will take a more in-depth and analytical approach to assessing progress toward meeting the pillar/sectoral goals and outcome targets (vis-à-vis the baseline figures and end-of-period targets). It is envisioned this will include an analytical performance assessment of selected strategic programs, especially involving key infrastructure (energy and roads); targeted access to basic social services (education, health, water supply and sanitation); and economic activities of key sectors. The midterm report will be submitted to the LRDC Steering Committee to facilitate their decisions and further guidance to ensure the achievement of the targeted outcome goals and objectives of the AfT. The report will also distributed to key stakeholders to enable their inputs and continued participation.

- Arrange for an independent final evaluation, immediately prior to its completion, focusing on analyzing the emerging impacts of key sector goals and objectives. This evaluation needs to ensure it provides key inputs for the design of the next phase of the AfT. The evaluation report will be disseminated widely to key stakeholders, starting with the AfT Steering Committee.

Accordingly, M&E reporting will include the following aspects:

Measurable outcome indicators, with a focus on a core number, will result from preparing the detailed monitoring plans. These are presented in the previous pillar chapters, in accordance with supporting the sector goals and strategic objectives (summarized in Annex 2). The main types of financial outcome indicators will include aggregate per capita GDP, distribution of income, and consumption for key stakeholder groups. Non-financial outcome indicators will be drawn from and complemented by the Human Development Index for Liberia, progress toward the MDGs for Liberia, and the access of households to securing key infrastructure and social services.

15.12 UTILIZATION, COMMUNICATION AND DISSEMINATION STRATEGY

The operationalization of the M&E strategy would produce and disseminate evidence to better inform public policy management by the relevant authorities, more effective utilization and management of resources, and strengthen multi-stakeholder participation in the implementation of the AfT. To ensure performance information is effectively used, the GoL will ensure the following:

- Regular progress and performance reports are prepared and disseminated by the relevant M&As. These will be provided to decisionmakers as outlined above, especially in time to support the planning and budgeting calendar and decision-making processes.
- All M&As will be held accountable for the use of public resources as required by the PFM Act 2009, and therefore the M&E information also will be utilized to inform the assessment of the performance contracts of key authorities.
- Summarized versions will be available to all stakeholders, once the reports have been reviewed and approved.
- The M&E plan will outline further detailed activities to ensure transparent dissemination and communication of the findings, with the aim of promoting more active multi-stakeholder participation toward achieving key AfT goals and objectives, as well as generating feedback to make needed adjustments.

CHAPTER 16. RISKS AND MITIGATION STRATEGIES

The AfT details the Government's plans for accelerating the evolution of the Liberian society and economy over the next five years. However, the plans are not without internal and external risks, including those outside Government control. The strategies detailed in the pillars of this Agenda seek to directly or indirectly mitigate these risks. This section of the Agenda will highlight some of the most serious or likely risks that Liberia is exposed to as well as the Government's actions that will seek to reduce the likelihood of these risks. Even though risks cannot be fully controlled, it may be possible to mitigate their adverse effects on the economy and society.

Security risks: By some accounts, post-conflict nations face a roughly 50% chance of relapsing into violence within one decade following the end of conflict. By 2013, Liberia will have crossed the 10-year mark since the end of its long civil war. Although peace prevails, both internal and external threats to security and peace remain. Internally, efforts at reconciliation are ongoing; however, the risks of renewed tensions between different factions of society are still present. While peace is fragile, renewed internal conflicts could be triggered by various events that are beyond the government's direct control, such as further economic crises, one-off acts of individual violence, turmoil in the political sphere, or accentuated instability in some of the neighboring countries that may entail cross-border activities.

Liberia is a young democracy and the threat of instability during periods of elections is real. Already during 2011, Liberia saw a heightened level of risk, acts of group vandalism, and sporadic violence in the run-up to, and aftermath of, the elections. Although the 2017 presidential election will come outside the formal AfT period, it may have a higher risk of violence than the 2011 election, and preventive measures will need to start during the AfT period. Rapid and inclusive economic growth and formal-sector job creation will not reach every citizen for at least a generation, and the gap between expectations and reality may contribute to mass mobilization for extra-electoral political acts. While democracy is still fragile, sudden non-democratic takeovers of power (such as those recently witnessed in Liberia's wealthier neighbor Mali) represent a real risk. If they come to pass, non-democratic takeovers of power could endanger the institutional and economic gains made during years of peace.

In addition to internal risks, there are also risks of spillover of regional conflicts. The recent instability following disputed elections in the Ivory Coast has sent significant numbers of refugees into Liberia, which puts strain on the already difficult economic situation of border regions. Further, armed militias and rebel groups look to operate in these regions. These forces have been known to damage private property, ignite raids, attack security personnel, and attack and intimidate local villagers. The trafficking of goods and persons across the borders also poses risks to stability and security. The groups in charge of such activities can react dangerously to government efforts to limit or control their illegal activity. All of these risks decrease the opportunity for the local population to fruitfully participate in economic recovery, investment, and growth.

In the midst of these risks, Liberia will be faced with taking over full responsibility for its security as substantial UNMIL forces, stationed in Liberia since 2003, execute their strategy of gradual drawdown. While Liberia has made significant gains in reforming its armed forces, the military

and especially the police are still in need of continued reforms and strengthening. If the UNMIL drawdown proceeds too quickly and the local forces are not deemed able to fully take over responsibility, Liberia's internal and regional security could become jeopardized and crime and violence could increase. At the same time, if Liberia's military is too strong and unchecked, the risk of a non-democratic regime increases.

These various risks to peace and security have the ability to erode Liberia's achievement of its economic and development goals. Perceived insecurity and the threat of conflict reduce significantly the likelihood of productive investment, both foreign and domestic. For multinational companies, security risks increase the cost and reduce the likelihood of investment due to the heightened threat of expropriation or loss of investment. For SMEs, farmers and regular Liberians, security risks also decrease the likelihood of investing in expanding one's farm or businesses because the perceived benefits of investment are less certain and subject to theft or vandalism. At their worst, security risks can threaten the hard-gained benefits of peace and lead to renewed disruptive conflict and loss of life.

Political economy risks: Liberia is a heterogeneous society and internal political economy issues are complex. At various points in Liberia's history, numerous cleavages have been made salient and strategically used by political leaders to either maintain power or destabilize it. These include regional divisions, ethnic and religious identities, political affiliation, generational differences, socio-economic status, misuse of concession agreements involving Liberia's rich natural resource base.

Competition over natural resources: Across the world, countries that rely on natural resources for a large share of economic activity face a greater risk of internal instability, as groups in society and external actors compete to extract rents and control the benefits stemming from the resource. Thus, political competition is likely to be heightened in Liberia as revenues from extractive and natural resources increasingly come on line. Risks could arise if such competition is motivated by the desire to use Government as a way to extract rent rather than to administer for the common good. Political economic tensions that are kindled by the presence of large-scale extractive industries can lead to the expected resource investment not taking place due to an increase in the perception of political risk.

Interest groups politics and reform: The AfT hinges on continued and accelerated political, economic and bureaucratic reform. The history of countries around the world demonstrates that reform is difficult. Powerful actors in domestic politics often benefit from the status quo, having established positions of influence and channels for rent extraction. Even when growth proceeds as expected, it is likely to transform Liberian society and empower some segments relatively more than others. As growth leads to an evolution of interest groups, their resulting interests may not align with the government's reform agenda. For example, if market power becomes concentrated in the hands of a few, they may seek to block the entry of new companies. Some interest groups may prefer weak rules and space for corruption over transparent rules and a competitive business environment. Such pressures give rise to the risk that growth can lead to weaker rules and institutions and a less, rather than more inclusive society, and more corruption.

Deficient checks and balances: As Liberia rebuilds its democracy, its political institutions are still being developed. Liberia is in the process of balancing power between the Executive, Legislative and Judiciary branches of Government as well as undertaking a gradual de-concentration and decentralization from the capital to the counties and districts. Achieving collaboration among

these three branches of government in pursuit of a comprehensive reform agenda to support the implementation of the AfT may at times prove difficult. Moreover, the unfinished process of decentralization introduces a dilemma to the central government institutions in that they must play a strong coordinating role to manage the Agenda while at the same time not over-centralizing decision-making, which risks reducing the perceived legitimacy of the reforms.

Macroeconomic and budgetary/financing risks: Liberia's economy remains undiversified. For the foreseeable future, iron ore, rubber, timber, palm oil and potentially oil are likely to account for the majority of the country's export basket and a significant share of government revenues. While the prices of these commodities on international markets are currently near all-time highs, a reversal in these trends would see export earnings and government revenue in Liberia fall below targets that are reflected in this Agenda. This scenario would adversely impact the Government's ability to invest through expanded budgetary resources and achieve the growth and outcome targets in various other sectors. A related risk is a shortfall in the funding from donors, especially on concessional terms.

Moreover, the relatively high prices of commodities are providing the incentives for multinational companies to invest in the development of these resources. Liberia' projections of high growth in top-line GDP and government revenue hinge on a handful of major investments taking place as envisioned. A fall or sustained delay in this process, whether due to lower commodity prices, increased perceived risk in Liberia, or other factors, would see a departure from assumed growth targets. Moreover, Liberia's development strategy hinges on geological features—specifically, the reopening of iron ore mines and the likely discovery of commercial quantities of petroleum. If for some reason, the minerals are not present in commercial quantities or they become uneconomical to extract, growth would be less robust than expected.

On the other hand, booming revenues from the concession sectors—mining, plantations and possibly oil—could divert attention and resources away from SMEs and industries that produce for export and for competition with imports. This would leave Liberia under the resource curse and prevent it from attaining the envisioned middle-income status.

In addition to shocks to its exports, Liberia can also suffer as a result in increases in the prices of its key imports, most notably petroleum and rice. For example, in 2008 Liberia saw a sudden surge in the cost of imported rice and petroleum. Such sharp increases in the prices of staple goods can threaten livelihoods of the most vulnerable segments of society and can lead to pressure to deviate from stated policies or even unrest, as Liberia saw in the 1970s. For as long as Liberia is dependent on imports for some of its staple consumption goods, this risk will prevail.

Finally, given the depth of its current account deficit, Liberia depends on the continued availability of external financing, including donor funds, concessional loans and foreign investments. While government revenues are projected to increase, they still represent a small proportion (about 50%) of the investments required to bring infrastructure, social services and other government services to projected standards. Continued investment by development partners and foreign investors will be required to reach required targets. Volatility in the international economy, such as that which continues in 2012, can significantly increase the costs and decrease the availability of external finance for both governments and companies operating in developing countries. A lack of available financing could force the country to reduce its

imports and investments in key infrastructure, which are currently one of the key drivers of the growth envisioned in the Agenda.

Capacity and implementation risks: The AfT makes significant demands on various parts of government as well as non-state change agents. The agenda of reform is ambitious and will require substantial coordination within the various parts of the Government and between Government, development partners, civil society and the private sector. However, both human and institutional capacity, including intra-and inter-sector coordination capacities, are still low. Institutions for collaboration and coordination tools are still being built and tested. In 2012, for the first time, Liberia formulated a multi-year budget (i.e., MTEF). However, there were capacity weaknesses to identify and formulation "transformative" priority interventions. The M&E strategy will switch from input management to outcome management. This change requires more capacity for data collection and technical analysis, which does not already exist in the public sector. If collaboration, administration and continued monitoring activities are not managed successfully, both the financial and the operational targets envisaged in the Agenda may not be achieved.

Moreover, as a larger resource pool comes on line with the realization of resource revenues, fiduciary management issues will become more relevant. First, the financial management of a larger resource pool will increase the incentives for corruption and malpractice. Second, large procurement contracts related to the envisaged infrastructure investments will also raise opportunities for corruption. If mismanagement and corruption are perceived to be on the rise, the risk is that social tensions will be rekindled. A retrospective analysis of Liberia's history has identified the historic problems and vicious cycle related to economic management of concessions, corruption and lack of state capacity as among the key drivers of previous instances of conflict in Liberia.

Natural and environmental risks: While non-traditional economic sectors are expected to grow and contribute to sustainable growth in the future, currently, most of Liberia's economy relies intensively on the use of land and extraction of natural resources. These activities pose significant environmental risks and challenges to sustainability. Lack of institutional capacity to design and enforce ecosystem management measures for activities in forestry and the exporting of timber can lead to deforestation, threatening biodiversity and the survival of the rainforest. Underdeveloped or inappropriate farming practices can cause soil erosion, leading to low yields and unsustainable land management and productivity. Large mines threaten land and river pollution. Development of offshore petroleum activities can lead to pollution of coastal waters from oil residues and spills, threatening coastal residents, tourism, and fishing industries.

Liberia is also subject to external environmental threats that are beyond its control. Global climate change and induced sea level increases could put at risk the livelihoods of already vulnerable coastal populations and the local fishing industry. Sea erosion in Buchanan, one of Liberia's key commercial cities, could limit its promise as a service hub. Increasingly unpredictable weather patterns could lead to challenges for farming households and to greater risk of natural disasters.

Interactions among risks: The various risks outlined above do not exist in isolation—rather they are highly interactive. For example, issues surrounding poor natural resource revenue management could raise social tensions and lead to security risks. Political economy issues that cause poor incentives to economic diversification and SME creation could heighten the country's

exposure to a few resources and increase its vulnerability to macroeconomic shocks. Low state capacity to manage resource revenues and citizen expectations for development and reform could raise political security risks. Unexpected environmental dangers, for example, could adversely affect farming output and the availability of local food, which could translate into heightened macroeconomic shocks and volatility. Therefore, the mitigation strategies are also often cross-cutting. They will be discussed next.

16.1 MITIGATION STRATEGIES

To reduce the likelihood of the risks to peace and security, the Government will pursue the goals outlined in the Peace, Security and Rule of Law Pillar. It will support strategic interventions that include continuing the process of reconciliation, strengthening the armed forces and the police force, and continuing efforts at regional collaboration in security matters. That said, the AfT is clear that economic transformation, as well as human development and improved governance, will serve to lower the risks of conflict and insecurity.

Strategies to lessen the political economic risks are embedded in each pillar as well as in the cross-cutting issues. The Government will work to empower diverse sectors of society and change agents, including of women, marginalized groups, youth and community-level organizations. It will continue to conduct development planning and budgetary processes in a consultative manner. To lessen the risks of infighting related to resource control, the government will work to strengthen the institutions in charge of negotiating and overseeing concessions contracts and associated revenues. Transparency, accountability and information sharing will be prioritized in every aspect of national revenues and expenditures. The country will work to continue the strengthening of the democratic process and the institutions that preserve democracy, such as the National Election Commission and independent media. Decentralization and the distribution of power between central and regional levels of government will continue.

In order to reduce macroeconomic risks, the Agenda envisages a host of activities that will have additional benefits in reducing political economic and security risks. Diversifying the economy will be a top priority, which will additionally de-concentrate economic power from the resource sectors and the government agencies that license natural resource activity. The Government will continue to support SMEs and new and viable export activities, offering a competitive fiscal, business and regulatory environment. Maintaining a competitive real exchange rate will be critical, and the policies to achieve this involves directing public spending toward infrastructure and human capital development that will enable expanding production of tradable goods and services—for export or to replace imports. Agricultural development, enhanced competitiveness and modernization can improve the diversification of the economy, reduce poverty and improve food security (and hence risks on the import side), while limiting the damage to the rainforest. Liberia will continue to seek cooperation from external partners, but will manage the risk of reduced aid or investment by engaging with various counterparties in both the public and private sectors so as to assure redundant sources of foreign exchange for development purposes. The Government will also continue focus on developing its domestic revenue base, and increase its own capacity to utilize domestic revenues for project finance.

The Agenda works alongside the National Capacity Development Strategy to manage risks of implementation related to capacity to deliver on the goals and outcomes of this document. The Government, in collaboration with non-state actors, will continue to work on growing its own

capacity to manage resources and deliver goods and services to the population. It will bring on external support to assist in the effective monitoring and evaluation of the strategy, so as to manage most effectively for results while building internal capacity in this area. Most importantly, the Government will work with its partners to ensure that Liberian institutions—rather than parallel, donor-funded systems—are playing a leading role in implementation and the transformation processes. It will also designate "lead" ministry for each of the pillars and sectors to help ensure effective coordination and accountability.

A focus on the environment will be integrated in all aspects of decision-making, as the cross-cutting chapter makes clear. Beyond its people, Liberia's greatest asset is its land and economic growth both increases the pressure on the land as well as increases its value. The cross-cutting pillar outlines appropriate strategies to enhanced environmental sustainability of all of its interventions. Table 16.1 highlights these risks and mitigation measures and lead responsibility.

Table 16.1: Summary of Main Risks and Mitigation Measures

Main Risks	Mitigation Strategies	Main Responsibility
1. Security	Pillar 1 objectives and interventions.	MOJ, in close collaboration with other key relevant agencies.
2. Political economy	Mainstream appropriate measures in each pillar and cross-cutting strategies, guided by an enhanced "fragility lens."	Lead pillar institutions.
3. Competition over natural resources	Enhanced concession reforms, transparency and compliance	Land Commission, Governance Commission
4. Interest groups, politics and slow reforms	Accelerate civil service reform, with greater accountability to moving key reforms	President's Office, Civil Service Agency.
5. Deficient checks and balances	Political and institutional reforms and capacity development measures across three branches.	Governance Commission, Legislature, MPEA
6. Macroeconomic, budgetary alignment/allocations, and financing gap	Sound monetary, fiscal and regulatory/investment policy environment; economic diversification; inclusive promotion of SMEs; financing strategy and operational plan; budgetary priorities and processes.	The MOF.
7. Capacity and implementation risks	Formulation and implementation of capacity development operational plan and activities, for both state and non-state change agents.	NCDU and LDA Secretariat.
8. Natural and environmental risks	Mainstreaming and implementation of environmental strategies.	Lead Pillar Institutions.