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## **Liberia: Poverty Reduction Strategy Paper—Annual Progress Report**

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Republic of Liberia

## LIFT LIBERIA POVERTY REDUCTION STRATEGY

# FINAL REPORT

A Results-Focused Assessment

**(June 2008 – December 2011)**

Prepared for the Government of Liberia  
Ministry of Planning & Economic Affairs  
With the support of the United Nations Development Program

Photo & Design: LRDC Communications Office

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## ACKNOWLEDGMENTS

This independent assessment of the Liberia Poverty Reduction Strategy (PRS) also constitutes the third and final Annual Progress Report. The government of Liberia decided to commission an independent assessment, unlike the previous two years, in order to get an objective appraisal of the PRS. In addition to collecting, collating and analyzing data on implementation from the four PRS pillars, a stakeholder survey was conducted to get a sense of the public's perception about the impact of implementation of the PRS. A set of hypotheses based on the goals and major objectives of the four pillars articulated in the PRS, was designed to be tested in the stakeholder survey.

The team from the LRDC Secretariat, led by Deputy National Coordinator Dr. James F. Kollie, designed the hypotheses with technical assistance from the World Bank, for which we are grateful. The four PRS Pillar Chairs, which include the Ministers of Defense, Finance, and Public Works, as well as the Director-General of the Civil Service Agency, continued to play a pivotal role in facilitating the task of data compilation on each pillar. Sub-Pillar Chairs and the Pillar Technical Advisors also played important roles in providing capacity and mobilizing the resources necessary to complete this report, which was prepared by Dr. Steven Webb, a consultant hired by the United Nations Development Program (UNDP). The report was prepared under the direct guidance of the Hon. Amara M. Konneh, Minister of Planning and Economic Affairs and National Coordinator of the LRDC. Additional thanks to the MPEA PRS Annual Progress Report Team headed by Dr James F. Kollie. They are Theophilus Addey, National Program Specialist, LRDC; Joseph Zangar Bright, PTA-GRL; Frederick Gbemie, PTA-SEC; Jesse B. Korboi, PTA-IBS; Romell A. Watson, PTA-ERC; Japu Taylor, PA-GRL; Kevin Marvey, PA-SEC; Kpadeh Sumo, PA-IBS; Sedia Williams, PA-ERC; Cleopatra Watkins-Johnson, PA-Crosscutting and Derek Reeves, researcher. These MPEA staff members played key roles in data collection, editing the zero draft and finalizing it for publication.

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Several outcomes observed in the process of compiling the report indicate that though many challenges remain, significant progress was made in the period. We are confident that having laid the right foundation, we can deliver on the ultimate goal of improving the lives of the Liberian People with the continuous support of the Government of Liberia, the people of Liberia and our development partners if we remain on the right trajectory.

## Abbreviations & Acronyms

ATM	Automated teller machine
BIN	Bureau of Immigration and Naturalization
BPHS	Basic package of health service
CDA	County Development Agendas
CORR	Bureau of Corrections
CPIA	Country Policy and Institutional Assessment (World Bank)
CUS	Bureau of Customs
CWIQ	Core Welfare Indicators Questionnaire
DFID	Department for International Development (US)
DPT	Diphtheria, polio, typhoid (immunization)
DVD	Digital videodisc
EC	European Community
EITI	Extractive Industries Transparency Initiative
EmONC	Emergency obstetric and neo-natal care (p 25)
GDP	Gross domestic product
GOL	Government of Liberia
GTZ	Gesellschaft fuer Technische Zusammenarbeit
HIPC	Highly indebted poor country (debt forgiveness program)
HRMIS	Human resource management information system
IBS	Infrastructure and Basic Services
IDA	International Development Association (World Bank Group)
IFMIS	Integrated financial management information system
IMF	International Monetary Fund
LEAP	Liberia Employment Assistance Program
LNP	Liberian National Police
LRDC	Liberian Reconstruction and Development Committee
LRTF	Liberian Reconstruction Trust Fund
MDA	Mineral development agreement
MOCI	Ministry of Commerce and Industry
MOD	Ministry of Defense
MOF	Ministry of Finance
MOFA	Ministry of Foreign Affairs
MOHSP	Ministry of Health and Social Protection
MOJ	Ministry of Justice
MOPEA	Ministry of Planning and Economic Affairs
MTEF	Medium-term expenditure framework
MTMF	Medium-term macroeconomic framework
NASSCORP	National Social Security & Welfare Corporation
NEP	National Employment Policy
NFS	National Fire Service
NIC	National Investment Commission
NSA	National Security Agency
PRS	Poverty Reduction Strategy
SH	Stakeholder (Survey)
SOE	State-owned enterprise
SWG	Sector working group
SSS	Special Security Service

UK	United Kingdom
UNDP	United Nations Development Program
UNMIL	United Nations Mission in Liberia
US	United States
VCR	videocassette recorder
WHO	World Health Organization

## Executive Summary

*Lift Liberia*, the first poverty reduction strategy (PRS-1, 2008), delivered a lot of outputs to the country in the period 2008-2011. About two-thirds of what was planned was done. Much of what was needed and what was done were preparatory measures — developing detailed plans, building capacity, passing laws, building or rebuilding parts of institutional and physical systems, and rehabilitating or repairing infrastructure.

Although these outputs have not achieved all the desired outcomes described or implied in the PRS document of 2008, there have been undeniably positive developments: peace was sustained; economic growth continued, especially in the urban areas; poverty declined; some physical infrastructure improved; coverage of health and education services expanded by most measures; and some aspects of governance improved. Looking in detail, one sees a mix of outcomes as well as a great promise for the future.

Some fully satisfactory outcomes for 2008-2011 include macroeconomic stability with low inflation, essentially balanced budgets, and major reduction of external debt. The financial sector expanded in size and range of services, and banks have more sound balance sheets.

In some sectors, the interventions were partly completed, and outcomes are partly satisfactory — health, water and sanitation, business and private sector, and civil service reform. In other sectors like mining, even though several deliverables were completed outcomes are delayed due to temporary technical problems, global financial crisis, and some political uncertainty around the 2011 elections. Reforms in these sectors need to continue, but the trajectory seems headed in the right direction.

In some other areas, the outcomes were only marginally positive: the transition to Liberian agencies handling security, basic education, roads, environment, and labor protection. In these areas, the less than satisfactory outcomes, despite the majority of deliverables being complete, indicate the need for more attention and perhaps some rethinking of strategy in the next development plan. In crime prevention, for example, the perceptions are mostly positive, but the statistical evidence is ambiguous, and the crime prevention agencies struggled with organizational challenges and perceived corruption.

In a few areas, outcomes were unsatisfactory, indicating the need for more attention and perhaps a revised strategy in the next development plan: electric power, prompt delivery of justice, and decentralization. It is however noted that while there was not much devolution of decision making authority to locally elected officials, there was some deconcentration of functions from central agencies, sometimes with a mandate to address local concerns.

In terms of lessons on formulating and implementing a poverty reduction strategy, the focus on deliverables was good for accountability and for getting some things done. Outcomes were indicated in the text of PRS-1 but only implicitly linked to the deliverables. More explicit consideration of desired outcomes from the start could have helped draw attention to some useful cross-sector coordination, but would probably not have made a huge difference for outcomes in the initial stages, when so many things needed to be done. For the next stage of progress in Liberia, however, the need to show

substantial achievement in intermediate to final outcomes will require better cross-sector coordination, for which a results focused approach in the design stage will be useful.

Getting budget allocations and external funding for the PRS programs aligned in advance of the launch would probably have increased the success rates, especially in the first year.

## Introduction

This report assesses the design, implementation, and effectiveness of Liberia's first Poverty Reduction Strategy—*Lift Liberia*—over the years 2008-2011, specifically the three fiscal years from July 2008 to December 2011. It is thus not an assessment of the whole first term of the elected government, 2006-12, or of the whole recovery process since 2003.

As the first chapter of the PRS noted, Liberia had already made substantial progress by 2008, “laying the foundation for rapid, inclusive and sustainable growth in the years to come” (PRS 2008, p. 19). The growth strategy of PRS-1 had three prongs: “rebuilding roads and other critical infrastructure; reviving the traditional engines of growth in mining, minerals, forestry, and agriculture; and establishing a competitive environment to help diversify the economy over the medium term” (p. 21).

## Defining the PRS

The PRS organized its objectives and planned activities into four pillars. The Peace and security pillar concerned what the government's military and crime prevention agencies would do to build their capacity to take over defense and security functions from the UN forces. The Economic Revitalization pillar concerned what the government economic regulation and support ministries and agencies would do to revive and stimulate private sector led growth. The Governance and Rule of Law pillar concerned reform of public sector agencies, other than what was covered in the other pillars, and ensuring the rule of law. The Infrastructure and Basic Services (IBS) pillar concerned government provision of physical infrastructure and social services, mainly health and education. There was also a quasi-pillar for cross cutting issues, particularly capacity building and gender equality. The Economic Revitalization and IBS pillars had explicit subdivisions into sectors, which contained the major content of the pillars' programs.

The PRS described the objectives for each pillar and sector, often with numerical projections, and these were essentially the intended outcomes. Also for each pillar or sector in Economic Revitalization and IBS there was a matrix of actions to be taken. These were seen as important steps toward the objectives, although there was not an explicit results chain linking these deliverables with the outcome objectives. In the 2008 PRS document, the action matrices listed the agencies that should undertake the planned actions, often with several agencies being asked to do the similar training or capacity building, and the timeframe for doing them was specified but not always in detail.

The government also prepared County Development Agendas (CDAs) for each of the 15 counties, in consultation with local leaders in each county. These agendas drew from the national PRS and adapted the priorities to the local circumstances and needs. This assessment does not evaluate the extent to which the process of deconcentrating the service delivery ministries (Education, Health, Public Works, etc.), which was also going on during 2008-11, utilized the CDAs to guide the activity of the county branches of the ministries.

In the last quarter of 2009, after the first year of the PRS, the annual review found that implementation was slow relative to potential as only 20 percent of deliverables had been completed overall. Consequently, in an intensive effort with World Bank Institute and UNDP support, the LRDC team in MOPEA reorganized the PRS actions into more detailed lists of deliverables, specifying which agency was responsible for each deliverable (usually only one agency per deliverable) and in which 90-day period the action should be done. This tactic effectively prompted more actions, and the second annual review in the last quarter of 2010 found that the majority (over 80%) of the 90-day deliverables due had been done. The MOPEA also developed an internet-based tracking tool to monitor these deliverables. It is available publically—an enhancement to transparency and accountability.

## Funding for the PRS

The Lift Liberia PRS was not only a plan for government action but also a framework for organizing donor assistance. In 2008, when the plan was written, the funding for the implementation was not yet pledged. The cost of implementing the PRS was estimated at US\$1.6 billion with commitments of US\$500 million from the national budget and the remainder provided by Liberia's development partners. The Ministry of Finance set up an Aid Management Unit that has been requesting and collating information on donor flows since FY 2009-10. Table 1 shows the actual funding that has come, mapped into the PRS pillars. Infrastructure and basic social services has received by far the largest donor flows, with over half of the total here. These data do not reflect the cost of the UNMIL troops, however, nor of the military assistance provided directly by the US government through Dyncorp, which go for peace and security purposes but were not explicitly part of the PRS.

**Table 1: Reported Donor Flows by Pillar (US \$ millions)**

PILLAR	2009-10	2010-11
Peace and Security	1.59	9.49
Economic Revitalization	55.37	65.72
Infrastructure and Basic services	258.92	240.32
Governance and Rule of Law	39.84	110.32
<b>TOTAL</b>	<b>355.72</b>	<b>425.85</b>

Source: Ministry of Finance, Aid Management Unit.

It is also useful to see the sources of aid according to donor. Table 2 shows the figures for fiscal 2009/10. (The annual report for 2010/11 has not been released yet). Although these are the best available data, they are not complete. Some donors, such as the US do not report all of the aid flows, and they have the largest share of donor-executed projects. Quarterly reports for 2010/11 indicate that budget support and GOL executed funding has grown somewhat, but the US funding also increased strongly in 2010/11 (including \$25.5 million to Peace and Security Pillar) yet it remains all non-GOL executed, and underreported. It is understandable that some activities will remain directly under the execution of donors, but Liberians want to take more responsibility for their own

country, to have essentially all aid reported to the Ministry of Finance, and to have more of the aid projects executed by GOL or to come as budget support. To this end, several efforts by GoL, supported by development partners, to develop its capacity for public financial management are ongoing.

**Table 2: Reported Donor flows by Donor and Modality, 2009-10**

	Budg et Supp.	Pooled fund/LRTF	Trust funds	GOL executed	Non-GOL executed	Total by partner	<i>shares</i>
<b>AfrDevBank</b>				13.8	16.4	30.2	8%
<b>Denmark</b>					5.8	5.8	2%
<b>DFID/UK</b>		4			13.7	17.7	5%
<b>EC</b>	8.6				32.5	41.1	12%
<b>Germany</b>		14.1			3.9	18	5%
<b>Ireland</b>			2		4.7	6.7	2%
<b>Sweden</b>		5.6		0.2	19.4	25.2	7%
<b>TOTAL</b>	8.6	23.7	2	0.2	80	114.5	33%
<b>Foundations</b>					3.5	3.5	1%
		2.5		11.1	12.4	26	7%
<b>Norway</b>							
<b>US</b>					116.1	116.1	28%
<b>World Bank</b>	4	8		59.2	6.5	77.7	22%
<b>UN</b>			3		41.7	44.7	13%
<b>TOTAL</b>	12.6	34.2	5.0	84.3	219.6	355.7	100%
<b>Shares</b>	4%	10%	1%	24%	62%	100%	

Source: Ministry of Finance, Aid Management Unit.

## Measures of Achievements

Each area of the PRS sectors has its own set of issues; therefore, for each of the major sectors, we discuss outputs, outcomes, perceptions and explanations from interviews, etc. With inputs from the various implementing ministries and other agencies, the MOPEA tracks the delivery of outputs and reports these on an internet tracking tool, (<http://www.liftliberia.gov.lr/dtt/reports/report.php>). It tells the numbers of actions completed, on-track for delivery, and off-track. There is also a presentation with text summarizing the content of each deliverable and telling what has been done so far. Discussions with a few ministries indicate that the information on the web is usually consistent with latest ministry data. In the absence of extensive field research, we do not have information on the quality of the deliverables (construction, training, etc.). In each major sector, we note the most significant deliverables that were completed or not.

The outcomes variables were not always defined ex ante in the PRS document, nor were target values usually specified, but in most cases it is intuitively clear which ones apply to the pillar and sector in question. We used various sources to get information on the outcomes, and their quality varies, as discussed in the text.

What people perceive happened is important also, because sustaining the program depends on people believing in it. We particularly want to see how people perceive the change during the years since 2008. A stakeholder survey (SH Survey) conducted in September-October 2011 asks specifically what changes people perceive since 2008. Because people's memory of 2008 may differ from how they felt at the time (and because the pre-election circumstance may affect people's responses) we also look at other sources, namely the CWIQ survey of 2007 and 2010, the Afro-Barometer survey in 2008, and the Vinck et al *Survey on Attitudes about Security*, from 2011.

## Achievements by Pillar and Sector

### Peace and Security

Assuring the continuation of peace and improvement of security are both necessary and essential conditions for the success of the poverty reduction strategy.

Pillar Goal: *To create a secured and peaceful environment both domestically and in the sub-region that is conducive to sustainable, inclusive, and equitable growth and development.* Key outcomes include: (a) enhanced security of Liberia; (b) increased public confidence in security officers and institutions; and (c) improved protection against crimes.

In the initial transition period after the peace settlement in 2003, the UN forces handled almost all security, and the goals of the Peace and Security pillar have centered on preparing the nation's own security forces to take over. About dozen ministries and agencies are responsible for various deliverables, including Ministries of Defense, of Justice and of Gender Diversity, the Armed Forces of Liberia, the Liberian National Police, National Fire Service, and the Bureaus of Customs and of Corrections and Rehabilitation. Initially this pillar had 23 deliverables, many with a list of agencies to deliver, but after the 2009 review, these were split out into 94 deliverables, divided by agencies in order to increase accountability. Overall, 67 percent have been completed and 33 percent ongoing.<sup>1</sup> Table 3 shows completion rates according to the agency responsible and to the topic area. All of the deliverables were essential preparatory actions, building the capacity and organization to deliver results.

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<sup>1</sup> The MOPEA deliverables tracking tool is based on the lists of deliverables worked up after the first annual progress report, which is similar to the lists of deliverables the 2008 PRS document but is often more detailed and agency specific.

**Table 3: Peace and Security Deliverables - completion rate by agency and by topic**

<b>Agency</b>	<b>Percent complete</b>	<b>Ongoing</b>
<b>Bureau of Immigration and Naturalization (BIN)</b>	67%	23%
<b>Bureau of Correction (CORR)</b>	78%	22%
<b>Bureau of Customs (CUS)</b>	44%	56%
<b>Liberia National Police (LNP)</b>	73%	27%
<b>Ministry of Defense (MOD)</b>	54%	46%
<b>Ministry of Justice (MOJ)</b>	50%	50%
<b>National Fire Service (NFS)</b>	64%	36%
<b>National Security Agency (NSA)</b>	80%	20%
<b>Special Security Services (SSS)</b>	78%	22%
<b>Other</b>	66%	24%

**Classification of Interventions by topic**

<b>Topic</b>	<b>Percent complete</b>
<b>Training &amp; curriculum</b>	63%
<b>Personnel &amp; deployment</b>	65%
<b>Operational procedures and other</b>	78%

Source: MOPEA Deliverables Tracking System

The Stakeholder (SH) Survey gave evidence of reduced crime. To the question “In the past 3 years, do you think that the crime rate has changed?” 64 percent of respondents said it had decreased, and only 27 percent said Increased; urban and rural response rates for Decreased were about the same. Similarly, to the statement “Since 2008, security has improved remarkably” 27 percent completely agreed and 44 percent partly agreed. Another source of evidence for results in this pillar is statistics on reported crimes, which are available from the police on a monthly basis since November 2008. Until mid 2009 reported crime rates increased and until the last quarter of 2010 most months had rates considerably above the rates of 12 months before. From the last quarter of 2010 through early 2011, the rates were substantially above those of the year before (Liberia National Police, Policy and Research). It is important however, to exercise caution in interpreting this, since statistics on reported crime reflect the true incidence of crime (going up is bad) multiplied by the fraction of times that people trust the police enough to report a crime (going up is a good thing). One interpretation that reconciles the SH Survey with the police reports is that actual occurrence of crime was falling, but trust in the police was rising faster.

There is some evidence for people’s perception of the police, which did not improve a lot. In 2008, 30 percent of Afro-Barometer respondents said they did Not trust the police at All, 37 percent said they trusted the police Just a Little, 16 percent said Somewhat, and only 16 percent said A Lot. In early 2011, “Perceptions of the police appeared to be mixed and varied across counties. One in three respondents (34%) stated that nobody provides security in their locality, indicating that they did not feel protected by the police. However, another third (33%) did mention police protection, and overall police were the

most frequently cited source of security. Other formal actors in the security sector were seldom mentioned, including UNMIL or UN Police (4%) and the military (1%). On the other hand, informal actors such as community watch teams (26%), individuals themselves (myself, my family 15%), or local defense groups (9%) were frequently mentioned.” (Vinck et al, p. 54-55) These findings suggest limited progress toward the objective of having Liberian police handle more of the domestic security functions and of having the citizens trust them. Local informal organizations seem more important and trusted, which has implications for the decentralization agenda.

The Vinck survey revealed some problems with the quality of security services delivered. “Among those who had contact with the police, over half (56%) reported having had to pay something, most frequently for the police to investigate their case (29%) or simply to file their complaint (29%).” This does not seem much different from 2008 when 52 percent of Afro-Barometer respondents said that most or all police were involved in corruption, and 39 percent thought some police were corrupt (p.21). “The results on the outcomes of disputes show also that land disputes are on average more difficult to resolve. While over five out of six non- land disputes experienced since the war had been resolved (83%), only half the farm land-grabbing cases had been solved (53%), and about two-thirds of land disputes over boundaries or inheritance had been resolved (respectively 64% and 66% of the disputes).” (Vinck et al. 2011, p. 61)

## Economic Revitalization

**Pillar Goal:** *To firmly establish a stable and secured macroeconomic environment and to be on an irreversible path toward rapid, inclusive and sustainable growth and development.* Growth outcomes would occur in various strategic sectors: mining, financial services, agriculture, forestry and private Sector. These would contribute to increased public revenues and expenditures and to increased employment.

Overall indicators show clear signs of the economy revitalizing since the economic collapse in 2003 and before. See table 4 below. Although GDP growth declined from 7.1 percent in 2008 to 4.6 percent in 2009, due to the international economic crisis, it rebounded to 5.6 percent in 2010 and a 7 percent growth is projected in 2011. Except for 2008, these rates are sufficient to noticeably improve general economic conditions and help reduce poverty.

Peoples’ perceptions indicate that this has happened. The SH Survey found that 54 percent of respondents thought the economic conditions were good or very good, while only 19 percent thought they were bad or very bad. Urban responses were about 10 percent more favorable than the rural responds, but both were overall favorable. The CWIQ household survey in 2007 found 51 percent of households considered themselves living in poverty and 9.7 percent living in extreme poverty. By 2010, this situation had improved to 37 percent and 8.9 percent, respectively (CWIQ 2011, p. 125). Thus the economy improved during the PRS period, although not as fast as planners had hoped.

**Table 4: Real output growth rates**

	2003	2004	2005	2006	2007	2008	2009	2010	2011( proj)
<b>GDP growth</b>	-31%	2.6%	5.3%	7.8%	9.4%	7.1%	4.6%	5.6%	6.9%
<b>Agriculture &amp; fishery</b>	-38.5	7.5	6.0	4.4	8.9	6.0	6.4	3.8	3.6
<b>Forestry</b>	-36.8	-40.3	-6.2	2.9	1.0	29.4	1.4	11.6	1.9
<b>Mining and Quarrying</b>	56.7	49.5	-15.0	0.0	289.8	109.4	6.8	8.6	171.7
<b>Manufacturing</b>	-11.8	97.7	8.2	16.0	12.9	-16.7	-3.8	3.1	4.8
<b>Services</b>	-7.9	19.2	9.9	12.0	10.4	7.6	6.9	5.9	5.8
<b>Real GDP, non-mining (IMF staff estimates)</b>	-31.3	2.6	5.3	7.8	9.4	6.3	4.6	5.3	4.6

Source: IMF 2011

To understand the basis for these overall outcomes, we look to the achievements in the individual sectors or areas identified in the MOPEA tracking tool. Table 5 shows the completion rates for deliverable in the various sector of the economy.

**Table 5: Completion rates for deliverables in the Economic Revitalization Pillar**

Sectors	Total deliverables	Percent:	
		Ongoing (%)	Completed (%)
<b>Growth and Macroeconomics</b>	17	12	88
<b>Agriculture</b>	29	48	52
<b>Banking And Financial Services</b>	12	0	100
<b>Business And Other Services</b>	15	47	53
<b>Fishing</b>	1	0	100
<b>Forestry</b>	3	0	100
<b>Environmental (and labor) protection</b>	22	41	59
<b>Industry</b>	6	17	83
<b>Mineral Resources and Mining</b>	13	8	92
<b>Total</b>	118	31	69

Source: MOPEA Deliverables Tracking System

### Growth and Macroeconomics

Stable macroeconomic and fiscal policy is essential to the framework for revitalizing the various sectors of the economy, as recognized clearly in the PRS document. “A stable macroeconomic environment is critical to the achievement of rapid, inclusive and sustainable economic growth. Without macroeconomic stability, it will be difficult to attract investment, create jobs, generate revenues and reduce poverty. The Government’s main macroeconomic goals therefore are to implement sound fiscal, monetary, trade and exchange rate policies that foster competition, maintain price stability, create

employment opportunities, and encourage private sector investment in order to provide the foundation for rapid, inclusive, and sustainable growth. Specifically, it will aim to reduce consumer price inflation to 7.0 percent by 2011, increase Government revenues to 27 percent of GDP, and maintain broad stability in the exchange rate. It also will aim to complete the HIPC debt relief process during the PRS period, resulting in the cancellation of the majority of Liberia's external debts." (PRS1, p. 124)

There were also 17 specific institutional deliverables for the Growth and Macroeconomic part of the Economic Revitalization pillar, of which 15 have been completed. In the tax and customs area, these include: Revise the Revenue Code and the Investment Code to improve investment climate, maximize revenue and facilitate trade; Comprehensively overhaul the Bureau of Customs and Excise with respect to structures, staffing, procedures, processes and practices; Implement a customs automation system; Amend the Revenue Code with respect to corporate and personal tax reduction and tax elimination; and Revise the Policies and procedures for mineral and forestry taxation. In the fiscal management area, the completed deliverables include: Enact a new comprehensive PFM law to address weaknesses in budget preparation, budget execution and cash planning, GoL banking arrangements, debt and guarantee management; The 2010 Budget Framework Paper established the basis for Medium Term Macro-fiscal Framework (MTMF) as well as set the stage for Medium Term Expenditure Framework (MTEF); the pilot phase of the IFMIS (Integrated Financial Management Information System) was operationalized in the MoF and CSA in July 2011 but further work is required to effectively integrate other ministries and agencies. The two significant and incomplete deliverables are: to implement a new Tax Administration System and to move from a general sales tax to a value-added tax.

Liberia has attained many of the intended outcomes in the macroeconomic policy area: The exchange rate moved from L\$63/US\$ in mid 2008 to L\$73/US\$ in mid 2011; it depreciated sharply in early 2009, due to the global financial crisis, but has been steady since. Consumer price inflation was 7.3% in 2008 and was between 1.2% and 4.5% in the two subsequent years, although it rose to annual rate over 10 percent in August 2011. Tax revenues have been over 20 percent of GDP and increasing strongly in absolute terms and as a share of GDP. The deficit has been eliminated or kept under 1% of GDP (after international transfers; IMF 2011, CIA). The country eliminated most of its external debt with the successful completion of the HIPC program.

## Agriculture

Agriculture employs a large share of the workforce, and growth in that sector will be crucial for effective poverty reduction. Hence it is appropriate that almost a third of the deliverables in the economic revitalization pillar are for the agriculture sector. There are two main outcome objectives for the sector:

1. Increased sales and shipments of agricultural production to urban and export markets.
2. Increased agricultural production of food supply to rural families—improved subsistence farming.

The most significant fully completed deliverables pertain to provision of technical and material inputs to farmers to stimulate increased production:

- Support the replanting of smallholder tree crop farms by providing training on best practices (use of improved seed and stock varieties, etc.), improving technical services, and mandating out-grower schemes in agricultural concession agreements
- Transfer appropriate technology to farmer via research and extension. Eight have been furnished and made operational.
- Provide strategic farm inputs, e.g., fertilizer and high yield varieties of seeds and stocks, at affordable prices, carefully targeting the most needy on a time-limited basis so as to mitigate disruptions to input markets

The most significant agricultural deliverables that are still lagging by half or more concern land records and titling, for example: “Develop and implement records management system at the national and local level so that land records are available to verify claims and expedite land transactions.” “Pilot a land registration system in an area outside central Monrovia that is primarily held under fee simple.” This is a serious shortcoming for the goals of both improved production and more equitable growth.

For results, the available production data largely pertain to the first objective, market production, which is summarized in Table 6. Since the 38 percent fall of agriculture production in 2003, recovery has been slow and still incomplete. Individual product lines have had sporadic spurts, between years of slow growth and a few declines. The deceleration of agriculture output growth in 2010 and 2011 is notable. However, although agriculture growth rate has decreased in the last years, growth is still positive. The Economic Corridors study and anecdotal evidence suggest that the initial emphasis on providing inputs to stimulate production brought farmers up against constraints in storage, transport and marketing, leading them to pull back on production after they encountered difficulty in selling their produce. This highlights the significance of the road problem identifying the need for better coordination across pillars in the future.

**Table 6: Agricultural Output growth (percent change)**

	2004	2005	2006	2007	2008	2009	2010	2011, proj
<b>Rubber</b>	82.7	24.6	-25.0	29.1	-27.2	-5.0	-4.5	1.5
<b>Cocoa</b>	274.5	-47.7	5.0	5.0	25.5	15.0	187.6	3.0
<b>Coffee</b>	1.0	2.0	2.0	2.0	2.0	2.0	306.2	5.0
<b>Rice</b>		-10	15	10	30	12	4	4
<b>Palm oil</b>								
<b>Total market Agriculture production</b>	7.5	6.0	4.4	8.9	6.0	6.4	3.8	3.6

Source: estimates, IMF 2011.

Firestone, the largest producer in the rubber sector, has replanted many acres in recent years, but these trees are less than five years old and not yet producing. Their investment since 2004 totals over US\$104 million and the company employs over 6500 Liberian workers. This, including new investment in worker housing, indicates a substantial corporate commitment and is a reliable predictor of increased output over the next five-year PRS period. Firestone and one or two other firms have also been active in purchasing latex from independent farms, stimulating output from them. It is generally lower quality (hence, getting a lower price) and

produced with less efficiency compared to the more scientific methods on the Firestone plantations. Since 2008, Firestone has provided over 2.2 million seedlings free to independent farmers and purchased over \$158 million worth of rubber from them (Firestone website).

There are no statistical production data on subsistence farming and of produce for local markets, but anecdotal evidence points to output growth, perhaps on a trajectory similar to rice—rapid in the immediate post-war years, then slowing (in the PRS period). Not all of this is due to Government interventions, under PRS-1 or otherwise. The SH Survey found that 62 percent of rural respondents and 56 percent of urbanites completely disagreed with the statement “Government interventions since 2008 have increased agricultural production.” 30 percent agreed partly or fully. Some evidence on subsistence production also comes from food security indicators for rural households in the household survey. In the SH Survey, 42 percent of rural respondents (40 percent national) said that they completely disagreed with the statement “As a result of implementing the PRS since 2008, food security for rural and urban households has increased/improved.” 40 percent agreed partly and 11 percent completely, indicated a mixed result that still leaves many hungry. This is consistent with the survey result that 56 percent of households had only one meal per day, and 34 percent had only two.<sup>2</sup> Rural responses were somewhat more negative than the urban ones. In the CWIQ survey, the households that experience difficulty in satisfying food needs often or always declined from 30 percent in 2007 to 22 percent in 2010 nationally, with improvement in all but two counties. The “Sometimes” response also declined from 54 to 45 percent (Table 10.23).

Processing of local food products, to make something saleable on urban markets has not happened to a large extent. Lack of storage and transport is part of the problem, although they could be developed. “Producers of vegetables and fruits [Nimba County] can only sell ‘fresh, in-season’ goods due to the unavailability of coolers or cold storages. ...The villagers complained that though they sell to markets in Monrovia and to Cuttington University, a lot of their produce rot due to lack of processing and storage facilities” (Corridor Study 2011, p. 36). Lack of affordable electricity is also a binding constraint, as the market would not bear a mark-up high enough to cover the cost of electricity from individual firms’ generators. “Aspects of production, processing and marketing need to be addressed simultaneously. Improved roads mainly enable and facilitate the marketing component of a crop, less so than its production and processing. It is not only on-farm activities and ‘access’ concerns that need to be improved, but also the often peri-urban activities related to processing and marketing, for it is in or near trading centers that large warehouses will be built, and palm oil processing equipment is manufactured, for instance” (Corridor Study 2011, p.19).

## Mining

Iron ore has the largest potential value for mineral production and fiscal revenue in the near term. The most important completed deliverables in this area include: “Review and amend the new Minerals and Mining Law to be consistent with the National Mining Policy, Public Procurement and Concession Act, the new Forestry Law, the Extractive Industries Transparency Initiative (EITI), Kimberly Process, and the Revenue Code.” And “Enter into Mineral Development Agreements (MDAs) based on the Model MDA

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<sup>2</sup> One meal per day does not necessarily mean misery, since 46 percent of those reporting only one meal a day said that overall economic conditions were Fairly good or Very good.

for the Western Cluster, Bong Mines, Kitomo, Goe Fantro, and Amlib projects.”

The Model MDA is in the Revenue Code, approved by the Cabinet and Legislature and waiting publication.

Outcomes hoped for this sector comprise increased exports and concession revenue and increased demand by the concession areas for labor, goods and services from the domestic economy. The exports and revenue outcomes are occurring, but late. The 2008 PRS projected shipment of 2-4 million tons by 2010, with production reaching almost 12 percent of GDP (p. 65). ArcelorMittal’s new mining plant, built at the cost of over \$1.5 billion and located near Buchanan, has the capacity to produce 1.0 million metric ton of iron ore per annum in the first phase, with plans to increase to four million ton of iron ore per year in 2012 (This Day Live website, 18.10.2011). Exports started in September 2011, although not yet at a high level, due to some problems with water in the ore. Future growth and concession revenues from Mittal, BHP Billiton and eventually other firms are expected; Severstal plans to spend up to \$3.5 billion at the Putu Range in Liberia. Mittal has already made substantial investments in its port facilities, but other firms seem to be waiting until after the elections to make tangible commitments. One cannot count the growth outcomes of the mineral sector as achieved yet, but the prospects for the near future are positive.

Mining concession operations are highly closed enclaves, not creating much demand in local markets. Workers at Arcelor-Mittal are almost all ex-patriots who live in self-contained compounds and meet all of their needs with imports, so workers rarely even go outside the compound gates.<sup>3</sup> As stipulated in the concessions agreements, mining firms make modest contributions to the local Social Development Fund; the largest is US\$3m per year from Arcelor-Mittal, which goes to funds in three different counties. Other firms making contributions to Social Development Funds include BHP Billiton and the National Oil Company. This is a good requirement but not a substitute for making sustainable backward linkages to stimulate local productive activity. Changing this situation is not simply a matter of changing practices by the concession companies, as difficult changes on the Liberian side would also be necessary. Bringing Liberians into the workforce would require having a critical mass of workers with reliability in attendance, punctuality etc., comparable to that of the ex-pats. It may be easier to build up the necessary quality and reliability among local suppliers of food and other supplies. Given the limited volume of actual exports and the enclave character of the operations, it is not surprising that the SH Survey found that 46 percent of respondents completely disagreed with the statement “Your community is directly benefitting from the concessions agreements signed and ratified by the government since 2008.” 26 percent partly agreed and 8 percent fully agreed.

### Banking and Financial Services

Growth in all sectors beyond subsistence agriculture depends on availability of banking and financial services. All 12 of the scheduled deliverables for the sector were completed. Important measures include:

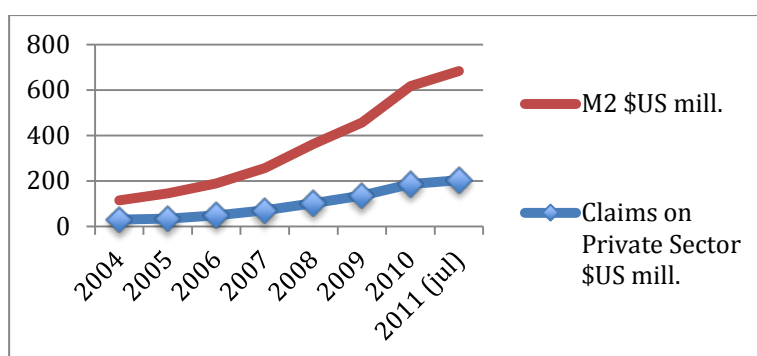
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<sup>3</sup> Firestone in the rubber sector is a notable exception. They buy rubber from independent growers as well as using their own. Most of their rubber tapers are local population. Although many live in company housing, local markets presumably supply most of their food and other day-to-day needs.

- Two commercial banks, ECOBANK and UBA have been given approval to offer debit cards, Visa Cards, and ATM services.
- In support of the new Financial Institution act and the Enabling Act, the President's office has issued an official communication to the Central Bank of Liberia to enforce its mandate to regulate all banks and non-banks financial institutions.
- The Acts establishing the commercial court and commercial court were passed by the national legislature in 2010.
- The draft of the leasing regulations for banks and non-banks financial institutions have been completed and submitted to be published in the Official gazette.

On the outcome of increasing availability of credit to the private sector overall, there has been considerable progress, as shown in figure 1. Concerning credit to micro, small and medium enterprises, there has been rapid growth in micro-credits. The number of such micro-finance lenders has increased from three in 2006 to eight in 2010, including the AccessBank Liberia Ltd., with the number of borrowers growing from 300 to 50,000 over the same period (Central Bank of Liberia, 2010 Annual Report, p. 49).

**Figure 1: Money Supply (M2) and Credit to the Private Sector**



Source: Central Bank of Liberia

The capital adequacy ratio (ratio of a bank's capital to its risks) at end-September 2010 stood at 27.4 percent, from 12.0 percent at end-December, 2006. The ratio of non-performing loans to total loans declined to 25.1 percent, from 42.0 percent; total assets rising to L\$35,570 million, from L\$9,211 million; and deposits increasing to L\$25,409 million, from L\$6,408 million during the same period. (Central Bank of Liberia)

### Business and Other Services

This area of the pillar corresponds to what the 2008 PRS document called "Stimulating Private Sector Investment and Development in Downstream Production, Manufacturing, Trade and Services." About half of the intended deliverables were completed, with significant ones including the following:

- Revised Investment Code has been passed by the National Legislature with the input of various stakeholders in the business community.
- Streamlined Business registration process has been developed and synchronized with One-Stop-Shop procedures of line ministries (MOCI, MOF, MOFA) that affect business registration.

- The one-stop-shop for customs clearing has been completed and is in use at the Freeport of Monrovia.

Two of the significant deliverables are still ongoing and not yet completed.

- Reorient the function of the NIC from a regulatory role to investment facilitation and attraction function and reorganize and train staff accordingly.
- Draft and pass legislation to effect rationalization, dissolution, privatization, or other needed regulatory controls for each SOE/parastatal/agency. Finalize restructuring and implement plans for SOEs, parastatals and regulatory agencies that are not being dissolved or privatized.

It seems that it was more difficult to complete the internally oriented reforms in the public sector than to do private-sector oriented reforms, for which there was some popular demand.

The intended outcomes in this part of the pillar are to have private-sector growth in the non-primary sectors. Data on outcomes in business development show that business registrations accelerated since 2008, especially for Liberian businesses. See Table 7.

**Table 7: Business Registration**

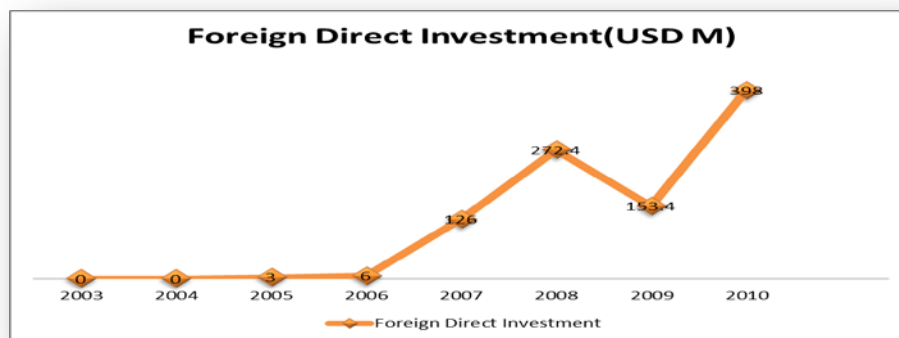
	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011*</i>
<b>Liberian Businesses (Old)</b>	3960	3510	3966	3564	4709	3432
<b>Liberian Businesses (New)</b>	734	1045	2198	2897	2330	3806
<b>Non – Liberian Businesses (Old)</b>	415	610	711	822	1007	1126
<b>Non – Liberian Businesses (New)</b>	148	172	221	162	247	390
<b>TOTAL REGISTRATION</b>	5257	5337	7096	7445	8293	8754

Source: Ministry of Commerce and Industry.

\*2011 is estimated as two times the number of registrations January – June.

Foreign direct investment has also grown, as shown in figure 2. The dip in 2009 resulted from the global downturn and the strong recovery in 2010 shows that the economy is likely to continue attracting international investment.

Figure 2: Foreign direct investment in Liberia (US\$ million)



Source: MOPEA.

Despite these aggregate indicators of some success, the perception and perhaps the reality in many locales is less favorable. In the SH Survey, 49 percent answered Yes and 42 percent answered No to the question “Have government policies in the last 3 years enabled you or members of your community to set up and operate small business?”

### Employment and workplace protection

This area is important for assuring that GDP growth results in improved life conditions and moves Liberia toward true middle-income status. Some deliverables in this area are not substantial—organizing conferences and workshops and training small numbers of persons—but there are some substantive and completed deliverables:

- National Bureau of Employment (merger of BES and LEAP) established and formally launched with a six-month work plan.
- The National Employment Policy (NEP) was approved by Cabinet in November 2009
- Community based job creation is ongoing; 217,120 short term jobs were created from 2006 to 2010, of which the Ministry of Labor provided 15 percent.

Some other deliverables in this area are still ongoing, however: Provide skills training for MSMEs to promote the transition from the informal to the formal economy, and Conduct 30 workshops (2 in each county) on HIV and AIDS in the workplace.

Outcomes of this section of the pillar would be better jobs and fewer job-related injuries. Data on these outcomes were not directly available. There has been progress in job creation, with up to 93,000 new jobs in the PRS period 2008-10, as shown in Table 8. Most of the new jobs are in the palm oil sector and are informal, and thus effectively not subject to labor regulation or monitoring. (In some cases, the jobs numbers are those projected with investment projects, but are not the actual jobs already created.) This compares with total employment in 2010 of 1,091,000 and 42,000 unemployed. Only 19

percent of labor is in the formal sector (Labor Force Survey 2010)<sup>4</sup>. Enrollment (and payment of contributions) in the social security administration rose from 60,000 in 2008 to 75,000 in 2010—almost half of formal sector employment (NASSCORP 2010).

**Table 8: Job Creation by Sector**—actual and projected for approved projects.

SECTOR	2006	2007	2008	2009	2010	TOTAL
Mining	3,000		200	3,000	6,700	<b>12,900</b>
Agriculture		220			3,000	<b>3,220</b>
Hotels	300	160	100	400		<b>960</b>
Industries		700	70	300	200	<b>1,270</b>
Oil Palm		10,000		70,000		<b>80,000</b>
Forestry				500	2,000	<b>2,500</b>
Petroleum				1,200		<b>1,200</b>
Finance		10	100	200	100	<b>410</b>
NIC Invest. Incentives Contracts	734	2,033	2,287	1,570	1,392	<b>8,016</b>
Infrastructure					250	<b>250</b>
<b>TOTAL</b>	<b>4,034</b>	<b>13,123</b>	<b>2,757</b>	<b>77,170</b>	<b>13,642</b>	<b>110,726</b>

Source: National Investment Commission

Africa's unemployed youths actually possess skills that are similar to those in other developing or even developed economies, according to one expert: "The skills issue is not the real problem. The problem is about productivity.... Africa needs to create an environment that promotes the productive use of the skills available. We have to stop

<sup>4</sup> [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/presentation/wcms\\_156366.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/presentation/wcms_156366.pdf)

Standard international definitions have been used for the measurement of all key variables. For instance, a person is considered as currently employed if they have done any work at all (paid or unpaid) during a short reference period (last week). A person doing as little as one hour's work therefore counts as being employed. This definition is used so that the contribution of all work activity can be measured, since it contributes to the overall productivity of the country.

looking at the big corporations as the only private sector—the small guys working on the streets are also private sector.”<sup>5</sup> This diagnosis seems to apply to Liberia.

## Land and Environment

This area of the pillar is closely linked with the agriculture and mining sector; in the deliverables tracking system it was merged with workplace protection. Important completed deliverables include:

- Community Rights Law was passed in October 2010. Subsequent empowering of local communities is ongoing.
- Policies and regulations on bush-meat, wood energy and other non-wood forest products have been developed and currently being implemented.

Some major deliverables are incomplete and still ongoing, however:

- Develop a new Wildlife Management Law and raise awareness on the hunting ban on protected species and other unsound practices.
- Work to conduct social and biological surveys of proposed protected areas and allocate up to 950,000 hectares to the National Protected Area Network with at least 100,000 allocated per year as consistent with the suitability study.
- Manage existing protected areas (Nimba Nature Reserve and Sapo National Park) totaling 193,500 hectares, in accordance with the National Forest Reform Law and FDA regulations.

Outcomes would include better environment protection from mining and agriculture, and expansion of settlement in rainforest areas. On environmental policy the World Bank’s CPIA rating shows some improvement from 2008 to 2010, rising from 2.0 to 2.5 out of 5, although this still indicates a lot of shortcomings.<sup>6</sup>

## Infrastructure and Basic Services

The pillar for infrastructure and basic social services mainly concerns the government’s provision of inputs for stronger economic growth and improved social indicators, both of which Liberia needs in order to achieve its aspiration of becoming a true middle-income country.

**Pillar Goal:** *To rehabilitate infrastructure and rebuild systems to deliver basic services in order to create the conditions and linkages needed to achieve broad-based growth and poverty reduction.* Thus the outcome hypothesis to be tested is that Infrastructure and Basic Services interventions have contributed significantly to the rehabilitation of basic infrastructure (roads, bridges, ports, power, public buildings, etc) and has strengthened systems and capacities to improve access to basic services (health, education, water and sanitation), thereby contributing to inclusive growth and poverty reduction. Available evidence verifies the hypothesis for some areas (health, sanitation, ports, public

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<sup>5</sup> Levy, Santiago 2011. “Africa Needs Growth that Delivers Jobs,” processed.

<sup>6</sup> Appendix A summarizes the derivation and use of the World Bank’s Country Policy and Institutional Assessment and gives a complete list of CPIA ratings since they started for Liberia in 2008.

buildings, and bridges), is partial for others (roads, water, education), and is not met for power.

Overall, the completion rate of deliverables in Infrastructure and Basic Services (IBS) was 57 percent, (see Table 9). To understand the significance and reasons for this, we look at the various sectors, where the completion rate varied from 31 percent in water and sanitation to 68 percent in education.

**Table 9: Implementation of IBS actions—2008-11**

	Status	Completed	Ongoing	Total # of deliverables
<b>Total</b>		<b>57%</b>	<b>43%</b>	<b>187</b>
<b>Communications</b>		<b>55%</b>	<b>45%</b>	<b>20</b>
<b>Education</b>		<b>68%</b>	<b>32%</b>	<b>34</b>
<b>Energy(electric)</b>		<b>60%</b>	<b>40%</b>	<b>20</b>
<b>Health</b>		<b>66%</b>	<b>34%</b>	<b>35</b>
<b>Transport &amp; Storage</b>		<b>64%</b>	<b>36%</b>	<b>56</b>
<b>Water &amp; Sanitation</b>		<b>31%</b>	<b>79%</b>	<b>22</b>

Source: MOPEA Deliverables Tracking System

## Energy

Lack of electricity generation was identified as the main constraint in the energy sector and as one of the main constraints to overall all economic revitalization. The main action to address this problem was not completed: “Increase electricity generation by 35 MW.” (This is actually an intermediate outcome, a step toward the result outcome of increased availability and reliability of electricity supply to customers. It might usefully have been disaggregated into the necessary steps to increase electricity generation.) Three of the four outputs for electricity transmission and distribution were completed, bringing some benefits in the Monrovia area, where there is some central electric generation. Most of the other completed deliveries were preparatory—assessments, etc. and might be continued in the coming years.

For outcomes—access to electricity—we have evidence from the CWIQ surveys in 2007 and 2010 and from the SH Survey.<sup>7</sup> As the main source of energy for lighting, there was growth of two to five fold in the number of households that use the main grid and generators, as shown in Table 10. The share of households having refrigerators is about the same as those with access to the grid for lighting; less than 3 percent of Liberian households nationwide have refrigerators, with the rate being about 6 percent in Greater Monrovia. About 11 percent of households nationwide have generators, and about 27 percent in Monrovia and 3.6 percent in rural areas, with similar percentages of households in each category having a TV or a VCR or DVD. (CWIQ 2010, p. 83, 123) In the 2011 SH Survey, a year later, 25 percent of urban respondents said that there was

<sup>7</sup> These data from surveys may differ from the customer information base of the Liberia Electric Corporation.

an electrical grid in their area that most houses could access, but only 2 percent in rural areas.

In summary, progress has been made in access to electricity from a very low starting point, but much remains to be done in providing power to drive the economy for Liberia to reach the goal of middle-income status. This affects not only the comfort of households but also the ability of firms to profitably enter small-scale manufacturing, which would be an important way to generate employment and growth, as discussed above.

**Table 10: Main source of households' energy for lighting (percent)**

	2007	2010
<b>Main electrical grid</b>		
Nationwide	0.6	2.8
Rural	0.4	0.8
Urban	1.0	5.1
Greater Monrovia	1.5	6.8
<b>Generator</b>		
Nationwide	1.7	4.8
Rural	0.3	1.9
Urban	4.7	8.1
Greater Monrovia	5.9	11.2

Source: CWIQ 2010, p. 123

## Transport and Storage –Roads

Transport is a multifaceted “sector”, with several significant subsectors and different agencies responsible—roads, ports, airports, urban transport, etc. With support from GTZ the government prepared a Transport Sector Strategy, which has yet to be finally approved and released. Roads were identified as the most important transport subsector, and PRS-1 identified four strategic objectives:

“Ensure that all primary roads are pliable year-round, while aggressively opening secondary feeder roads around the country....Build or reconstruct 1187 miles of primary roads and 300 miles of all-weather secondary roads ...to connect the headquarters of the fifteen counties....Work in partnership with mining, logging and agricultural companies to undertake rehabilitation of feeder roads as part of concession agreements and encourage the construction ...at minimum LPW standards.

Rehabilitate roads in Monrovia and the capitals of the 15 counties.”

Rebuild the [public and private] capacity for sustained construction and maintenance of roads and bridges. ...” (pp. 99-100)

The Ministry of Public Works has responsibility for roads; Table 11 reports the status of its deliverables as of August 2011. Different categories of roads were earmarked for the PRS period including laterite roads (graded dirt roads), paved roads and feeder roads. The roads subsector faced several challenges. The high cost of paved roads, coupled with complicated procurement requirements, resulted in substantial lags in road construction initially. Laterite roads comprised the great majority of the targets but tend to deteriorate quickly in the rainy season.

**Table 11: Status of PRS Development Targets in the Road sub-sector (2008 – 2011)**

ROADS	2006 baseline	PRS OUTPUT Targets (2008 – 2011)	Total Completed	Percent completed
Primary Paved Roads	734 mi.*	100 miles	100 miles	100%
Primary Laterite Roads	1130 mi.	1,187 miles	1,187 miles	100%
Secondary Laterite Roads	2350 mi	300 miles	300 miles	100%
Urban Laterite Roads	*	150 miles	150 miles	100%
Urban Paved Roads	*	69 miles	69 miles	100%
Feeder Roads	5702 mi.	400 miles	400 miles	100%

For 2006, Primary includes Urban.

Source: MOPEA Deliverables Tracking System; Min of Public Works.

Outcomes in the road subsector involve people's access to roads, their usability, and travel times, and survey data indicate some improvements, although they are only available on some aspects of road access. The CWIQ Survey 2010 has data on access to roads. About 45 percent of households—nationwide, rural and urban— have access to an all-season road within 5 Km, and 57 percent with access to any road within 5Km.<sup>8</sup> Presumably these numbers have gone up since 2007, but we do not have comparative data to show how much. The SH Survey found that 38 percent of respondents answered No to the question “Has the government done any construction or repair of roads in your community?” but 60 percent answered Yes—indicating some progress but with wide geographic variation. Yes's greatly outnumbered No's in Lofa and Margibi counties, but No's equaled or predominated in Bomi, Bong, Bassa and Cape Mount.

## Water and Sanitation

In terms of deliverables, water and sanitation are categorized as infrastructure under the responsibility of Public Works, but they also have direct implications for health. Only 31 percent of the water and sanitation deliverables were completed. The four of the seven deliverables completed were of a preparatory nature—studies, etc. Of the physical deliverables with direct social benefit—rehabilitating water systems, building and up-grading latrines— only two were completed, with the numbers of facilities indicated in the PRS deliverables. The Ministry of Public Works, according to interviews, focused its resources more on roads than the water sectors.

Despite the low record of deliverables in the water and sanitation area, there were some positive outcomes. The sources differ on the magnitude of the improvement. According to the Ministry of Health, the share of households with access to clean water increased from 67 to 75 percent, 2007 to 2009, but wide disparities remain between urban and rural households (MOHSW 2011, p. 6-7). The 2010 CWIQ survey found that the percent of households with access to an improved water source increased from 52 percent in 2007 to

<sup>8</sup> CWIQ 2010, p. 88. It seems anomalous that the rates are so similar for urban and rural, with the rural having slightly better access than the urban households.

57 percent in 2010, with all of the improvement coming in urban areas, while rural access stayed at 49 percent. Access to sanitary toilet facilities rose from 39 percent to 50 percent nationwide, with improvement in rural as well as urban areas (CWIQ 2010, p. 120-1). The SH Survey in 2011 asked what source of safe drinking water has the government developed for your community since 2008? Only 19 percent said None, with about the same figure for urban and rural; 62 percent said Wells with hand pumps, 7 percent Piped water, 10 percent Open wells, and 2 percent Natural spring water. In the same survey, 47 percent said Yes, sanitation has improved in the community in the past three years, and 50 percent said No. Sanitation improvements were about 8 percent more frequent in urban than in rural areas.

## Education

In the view of most persons interviewed, better education for today's children is the most important action for improving the country's future. The intended outcomes for education concern the coverage of service, in terms of enrollment and attendance, and the quality of education received by students. The PRS document specified goals of raising the primary school net enrolment rate to 44.8 percent and raising the ratio of girls to boys to .98 in primary schools and to .83 in secondary (p.112).

The 34 deliverables in the education sector mostly focused on increasing the quantity and quality of inputs of teachers, curriculum and physical infrastructure. Of the 34 deliverables, two thirds were completed. Key ones included:

- Review and revise of the salaries of teachers and introduce salary scales based on qualification, experience, performance, position/responsibility, teaching subject, and place of teaching. This salary scale was established, with new salaries set to match the qualifications listed.
- The payroll verification process was completed in all the fifteen counties. An in-house head count of employees against GAC report completed.
- Seven deliverables concern construction, rehabilitation, and furnishing of schools; they were all completed. The one major deliverable for teacher training was completed.
- The new secondary school curriculum was aligned with the West African Examination Council, to allow Liberian students to take the common West African exam.

Ongoing deliverables include: Commence annual pre-notified inspection of schools and publish reports for public consumption every 2 years; (MOPEA Deliverables Tracking System).

To see results, the data on coverage come both from the Ministry of Education and from the 2010 CWIQ household survey. Between 2007 and 2010, some indicators of coverage showed improvement; the gross rates of male and female secondary enrollment, female primary enrollment, and female youth literacy all rose by five to ten percentage points. Net enrollment rates are less than half of the gross rates, indicating large numbers of older students going back to earlier grades, at least partly because they missed them during the war years. It also indicates that most primary school-aged children are still not in school, and the primary net enrollment rates declined from 2007 to 2010—a significant failure. Female net enrollment rates did better than male, however, so that now the female

net rates are higher at primary and secondary levels. See Table 12. The National School Census Reports in Table 13 show lower enrollment rates at the secondary level than the CWIQ, especially the net enrollment rates. The percent of adults who have completed secondary school remains unchanged, at only 11 percent. Those who have completed university education did rise from 12 to 15 percent, but this may reflect more the return of émigrés (to some extent attracted by the PRS reforms) than the achievement of the domestic education system. Hence, the improvement in education sector inputs, delivered under PRS-1, have yet to bear much fruit in terms of coverage.

**Table 12: Education indicators in household surveys**

	2007	2010
<b>Primary Gross enrollment rate (GRI) –Male</b>	88%	89%
<b>Primary GRI –Female</b>	84%	89%
<b>Primary Net enrollment rate (NRI) –Male</b>	37%	32%
<b>Primary NRI –Female</b>	37%	33%
<b>Secondary school GRI –male</b>	57%	65%
<b>Secondary school GRI –female</b>	44%	51%
<b>Secondary school Net RI –male</b>	16%	17%
<b>Secondary school Net RI –female</b>	14%	18%
<b>Highest grade attained (6 yrs. and older):</b>		
<b>Vocational/Tech tertiary</b>	2.7%	2.2%
<b>University</b>	12%	15%
<b>Senior secondary</b>	11%	11%
<b>None</b>	40%	40%
<b>Percent of children age 6-17 who never attended school</b>	16%	23%
<b>Youth literacy (read and write, age 16-24) –Male</b>	81%	83%
<b>Youth literacy –Female</b>	65%	71%

Source: CWIQ 2010, pp. 109-117.

**Table 13: Summary of Education Activity**

	2008	2009
<b>Total Students, Pre-primary through Senior High School</b>	1,265,513	1,406,659
<b>Junior High School (Gross ER)</b>	40%	48%
<b>Junior High School (Net ER)</b>	5%	7%
<b>Senior High School (Gross ER)</b>	24%	30%
<b>Senior High School (Net ER)</b>	6%	7%

Source: National School Census Reports, 2008, 2010

The SH Survey provides positive evidence of results in improving the quality of education. To the question “As a result of government policies in the last 3 years, has your community benefitted from improvement of trained teachers?” 68 percent said Yes and 24 percent No, with more positive results in rural areas (perhaps because they started from a lower base or due to the level of education of the population itself). “As a result of government policies in the last 3 years has your community benefitted from improvement in the supply of books and other educational materials?” – 52 percent answered Yes and 41 percent No. “Has your community benefitted from improvements in school buildings?” 83 percent said Yes and 16 percent No. One can also see the training of teachers as to some extent an outcome in itself, since these persons are receiving education in the form of their training. Here the record of implementing the training deliverable is evidence of a positive outcome.

## Health

In the health sector, the PRS document stated the Government’s goals of having at least 70 percent of health facilities in each county providing the Basic Package of Health Services, of reducing child mortality by 10 to 15 percent, and of reducing maternal mortality by 5 to 10 percent (p.109). In terms of specific deliverables, two thirds of the planned actions are reported as completed. According to the Ministry of Health officials, the shortfall was due to over-ambitious goals relative to the capacity and financing constraints. Most of the fully completed actions were in areas of core planning and establishing units, on which the health program can build in the future. Two important preparatory actions-- National Health Financing Policy and Strategic Plan and the operating procedures for the National Human Resource policy and plan are still ongoing and some steps had been taken on them. Of the deliverables that are still ongoing, all but 5 are over half completed, and many are around 80 percent completed. For instance, for the following deliverable—“Establish 50 basic Emergency Obstetric Care Centers and strengthen comprehensive Emergency Obstetric Care services in 15 hospitals”—60 percent was delivered: “15 health centers and 30 clinics in 15 counties are providing basic EMONC and 11 hospitals are providing comprehensive EMONC. National EMONC need assessment completed in 312 health facilities throughout the country.” It seems that there was substantial delivery of many outputs, even if they fell short of the target. Per capita spending on health rose from about \$20 per capita in 2007 to about \$28 in 2009. Immunization (DPT) rates for infants, which had fallen to about 35 percent in 2004, rose to 60 percent in 2005-07 and to 65 percent in 2008-09 (WHO, <http://www.who.int/gho/countries/lbr.pdf>). Despite this increase, discrepancies in data sources highlight further needs to improve the data information system for routine immunization. Eighty percent of functioning government facilities were credited for provision of the BPHS (basic package of health services) in 2010, up from 36 percent in 2008” (MOHSW 2011, p. 8).

Besides the numerical accomplishments and shortfalls for some deliverables, there was a problem with geographic distribution: “Some very small capacity hospitals are serving large catchment populations with inadequate resources, while some hospitals are too large for the populations they serve resulting in limited access, inefficient outreach and low motivation for staff. The inefficiency in resource allocation (human, material and financial) to the secondary level of service delivery undermines the ability to improve the overall quality of care.” (MOHSW 201, p. 9) Also at the primary level, there were distribution problems; in the SH Survey 34 percent of respondents in urban areas and 40

percent in rural areas said that there was no health clinic in their area. Access to health care has further expanded into the community level with the use of generalized Community Health Volunteers (gCHVs) specializing in case management of uncomplicated childhood diseases such as malaria, diarrhea and respiratory infections. Although gCHVs have treated and referred hundreds of cases in rural areas, there is need to revitalize the entire mechanism to ensure maximum efficiency and sustainability.

The desired outcome of better health has shown some positive trends during the PRS period. The under-five prevalence of malaria, the country's most problematic disease, has declined from 66 to 25 percent since 2005 (MOHSW 2011, p. 6-7). Under-5 child mortality has declined from about 140 per 1000 in 2005, to 112 in 2009 and 105 in 2010. (WHO – op.cit.). The infant mortality rate declined from 78 per 1000 live births in 2006 to 73 in 2010, and the maternal mortality rate declined from 990 per 100,000 live births in 2006 to 89 in 2010. These improvements exceeded the outcome goals set in the PRS document, even though they are not as much as one might expect, given that the share of births attended by health professionals rose from 46 percent to 65 percent (Min of Health and Social Welfare).

Public perceptions were positive with qualifications; in the SH Survey, to the statement “As a result of government policies in the last 3 years, basic health care services have increased for rural and urban households” 21 percent completely agreed, 21 percent completely disagreed, and 52 percent partially agreed. 72 percent thought water-borne diseases had declined since 2008, compared with 24 percent who thought they had increased. Health care also improved in affordability, with the share of households reporting Never or Seldom having difficulty meeting health-bills rising from 34 percent in 2007 to 45 percent in 2010 (CWIQ 2010, p. 131). As mentioned above, access to clean water and especially to improved sanitation facilities also increased between 2007 and 2010 (CWIQ 2010, pp. 120-121). In the Human Development Index for Liberia, health is the one area where Liberia's score was in the middle-income range. Compared to possible negative counterfactual outcomes, it was important that the public health system prevented any serious disease outbreaks during the PRS period.

Malnutrition impacts on child survival, growth and development and it is also a key underlying cause for maternal mortality and adverse birth outcomes. In the past five years, acute malnutrition has been reduced to 5% but chronic malnutrition remains an enduring problem at 42%. Poor breastfeeding and a lack of optimum complementary feedings practices are the key reasons for the high level of malnutrition. Anaemia in young children (60%) and pregnant women (39%) remains very high.

Lack of adequate human resource is a key bottleneck to effectively scale up nutrition interventions at a rapid pace. A national food security and nutrition strategy was developed in 2007. The newly developed Essential Package of Health Service plan now has a very strong nutrition component with a focus to reduce chronic malnutrition in children below two years of age. As per the plan, the Government aims to roll out the Essential Nutrition Package in at least 75% of health facilities by 2015, including training of community volunteers with strong social mobilization activities. In order to reduce malnutrition in a sustained manner, there is also need for multi-sectoral approach to address underlying causes of malnutrition holistically with community based interventions and by strengthening linkages with food security, livelihood and social protection measures.

## Governance and Rule of Law

**Pillar Goal:** *To work in partnership with all citizens to build and operate effective institutions and systems that will strengthen peace and promote and uphold democratic governance, accountability, and justice for all.* More reliable rule of law also contributes to economic revitalization.

Governance and rule of law is a multifaceted area with many agencies responsible for deliverables. Some of the intended outcomes in the governance area would have direct benefits to citizens, while other governance outcomes aim more at increasing the efficiency of the public or private sector, with thus indirect effects for the possible benefit of citizens. Four areas of intended outcome seem most prominent in the Governance and rule of law agenda: reform of judicial and criminal proceedings, decentralization to empower local citizens, civil service reform, and anti-corruption. Although the pillar was not divided into sectors, Table 14 shows the completion rates according to which government agency was responsible for various 90-day deliverables.

**Table 14: Governance and Rule of Law pillar completion rates, according to agency**

Ministry, Agency or Corporation	Total PRS deliverables	Completed	Ongoing	Percent Complete
Ministry of Justice	14	10	4	71%
Judiciary	7	4	3	57%
Governance Commission	5	4	1	80%
Ministry of Gender and Development	2	2	0	100%
Ministry of Planning and Economic Affairs	2	1	1	50%
General Services Agency	5	3	2	60%
Ministry of Internal Affairs	5	1	4	20%
Civil Service Agency	8	5	3	63%
Min. of Information, Culture and Tourism	1	1	0	100%
Ministry of Youth and Sports	1	1	0	100%
National Elections Commission	1	0	1	0%
Human Rights Commission	1	0	1	0%
<b>Total Pillar percentage</b>	<b>52</b>	<b>32</b>	<b>24</b>	<b>62%</b>

Source: MOPEA Deliverables Tracking System

The justice area—for which the Judiciary and Ministry of Justice share responsibilities—had 21 deliverables, 63 percent of which have been completed. Some important ones completed include:

- Devise and implement effective national and county-level case management systems to ensure effective transfer of cases and evidence between the different criminal justice institutions, improve the basis for prosecutorial decisions, and increase the speed at which cases are brought to a conclusion. County Attorneys have been assigned in all 15 counties. Public defenders have been hired and deployed all around the country. Magistrate sittings are now being held at the Monrovia Central Prison (MCP) to reduce pre-trial detention.
- Develop a national and county-level case management system.
- Major training deliverables were also completed.

“The James A.A. Pierre Judicial Training Institute is spearheading the initiative to provide systematic and sustained training, capacity building and reorientation of judicial and support personnel. In the two years since the Institute was established it has implemented over twenty trainings. The most significant of these trainings involves the Professional Magistrate Training Program. The PMTP is the first effort in more than twenty-years to replenish the ranks of magistrates with 61 magistrates graduating from the program in June 2011.” (Judiciary SWG 2011, p. 3)

Ongoing deliverables in the justice area included:

Develop a national framework for the practice of informal, customary system of justice to ensure that it conforms to human rights standards including gender equality, upholds the rule of law, and compliments the formal justice sector. And strengthen the juvenile justice system with a particular focus on diversion programs for youth.

The outcome intended by these actions is to have more prompt and fair treatment in the justice system, especially for more vulnerable groups. Despite the on-going efforts reported in the deliverables tracking system, perceptions of justice are mixed. In the SH Survey, to the question “Has the administration of transparent justice improved in your community since 2008?” responses split evenly—46 percent No and 46 percent Yes. This is consistent with the Judiciary sector working group background paper, which notes: “Case backlog in circuit courts is estimated at ninety percent, while only four percent of cases on the docket of circuit courts are fully tried within a year. Pre-trial detainees constitute ninety percent of all prison inmates. Flaws in record keeping practices exacerbate corruption risks, creating an environment where evidence and case files are hard to track and sometimes may disappear altogether. Moreover, the lack of effective coordination mechanisms between the actors and institutions in the justice chain (police, prosecutions, defense, courts, prisons, and social services) causes further delays and inefficiencies.... A significant portion of the magisterial courts on the roster of the Judiciary do not seem to be functioning. Many of the magisterial and circuit courts have very low case flows.... At present, access to justice is limited within the system as only one circuit court judge operates in most counties, and a number of specialized courts work only in Montserrado. Overall, the justice system is perceived as slow and inefficient.” (Judiciary SWG 2011, p. 4-5). For property rights and rule-based

governance in Liberia, the World Bank's CPIA rating remained at 2.5 out of 5, 2008-10 (See Appendix A).

In summary, the deliverables in PRS-1 have started to improve the quality and increase quantity of inputs to the justice sector, but not much has materialized yet in the way of outcomes, because some critical binding constraints remain.

## Decentralization

The PRS document states, “Decentralization of power, decision-making and government authority will improve governance over time, increase transparency of government processes, enhance accountability and ultimately result in better delivery of services...” (p. 86). The decentralization agenda as reflected in the deliverables of Liberia's PRS 1 seems aimed at two outcomes—giving citizens more say about the priorities and methods for local service delivery and improving the efficiency of those services. The term decentralization in Liberia often refers to both true decentralization and to what is called deconcentration elsewhere—the distinction being that decentralization means giving decision power to locally elected officials whereas deconcentration gives decision power to officials stationed at the local level but appointed at the center. Deconcentration has often been a step leading to decentralization, as in Latin America and parts of South Asia. Deconcentration itself can bring benefits of having officials that know the local situation better and respond to views of the local population. Deconcentration can also be implemented by a central administration without recourse to the legal basis for decentralized political and fiscal administrations, which requires legislative concurrence. A lot depends on what incentives the central government sets for its deconcentrated branches.

At least 80 percent of deliverables were completed including some key deliverables for the decentralization team. Develop and endorse a National Decentralization Policy for Executive and Legislature review. Develop and begin to execute a strategic implementation plan for decentralization, and create the necessary capacity to harmonize national and local government structures, including statutory and traditional structures and administrative boundaries.

A key action to move toward true decentralization still remains to be done, however: “Develop and implement action plan to increase the capacity of the National Elections Commission to manage sub-national elections.”

As Liberians explore the concept further, they may become more aware of the problems some countries have had with rapid decentralization and may more consciously consider a gradual alternative that starts with deconcentration (Giugale and Webb 2000; Rojas 2003; World Bank 2006).

In terms of outcomes since 2008, there has been some deconcentration, but not real decentralization. The government has set up county-level branches of service-delivery ministries, such as Education, Health and Social Welfare, and Public Works, and county development offices seek to improve coordination among the various ministry offices at the county level. We have some anecdotal evidence on how the deconcentration is working, in Gran Bassa County. The County Social Development Fund gets annual donations from three of the large firms operating there, some of whom also make

donation to other counties where they operate. In health, there seems to be substantial authority delegated to the county health offices, who can hire and fire workers and have successfully promoted professionalization of the health workforce. In education, there seems to be less effective deconcentration of authority, and the county education office reported problems in getting enough teachers to match the increased enrollment and construction of new schools. (This report seems incongruous with the statistics from CWIQ 2010 showing stagnant or declining enrollment rates in Grand Bassa.) In public works, some schools and clinics have been constructed, but construction has gone very slowly for roads in Grand Bassa, which is a major constraint for economic development and access to social services.

## Civil Service

Many aspects of the PRS would benefit from improvements in the civil service. Improving the effectiveness of the civil service is important for delivering infrastructure and basic social services, for collecting taxes, and for encouraging private sector development. Getting the appropriate size of the civil service is important for keeping the wage bill affordable while allowing pay scales to attract and keep necessary talent. These reforms are difficult to achieve.<sup>9</sup> Liberia is a favorable exception thus far, where mainly DfID has been supporting the civil service reform strategy.

Completed:

Complete a comprehensive Civil Service Reform Strategy (CSRS); Complete the rationalization and restructuring of 9 ministries and the CSA. This led to reducing the numbers of civil service employees from 45,000 in 2006 to 34,000 in 2010. Establish framework for linking the biometric ID system and 15 line ministries and agencies to the HRMIS module of IFMIS.

Some deliverables, however, are still ongoing: Complete the review of the mandates and functions of 18 government ministries and the CSA; and Develop and enact Code of Conduct for all public servants.

Desired outcomes for the public sector would be greater efficiency. The reduced numbers of personnel gives reason for optimism, and it is an intermediate outcome indicator. There are some relevant international ratings pertaining to public sector administrative efficiency, but mainly for the end of the period. In the World Bank's CPIA section for Quality of Public Administration in Liberia went up from 2.0 in 2008 to 2.5 in 2010, but still there is much room for improvement.

## Anti-Corruption and Transparency

Reducing corruption and increasing transparency were important goals of this pillar. Liberia completed one of the deliverables for this theme—"Finalize the structure and mandate of, and establish by legislation, the Anti-Corruption Commission adequately resourced with capacities to monitor and ensure greater transparency and accountability in the prudent use of national assets and resources and address corruption effectively. But the other deliverable is yet to be completed, however: "Develop and enact a Freedom of

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<sup>9</sup> Looking worldwide, most civil service reform programs supported by the World Bank lending have not succeeded. World Bank IEG 2008, 2011.

Information Act and Whistle Blower Statute, Broadcasting regulations and National Public Broadcasting Service Act.” International evidence indicates that transparency and access to information are more effective against corruption than anti-corruption laws and commissions, since the latter require good judiciaries and strong will at the top to succeed (Fjeldstad 2008; World Bank IEG 2008). Nonetheless, each nation’s program should be judged on its outcome.

Thus far, according to international surveys, Liberia has made some progress against corruption, although much remains to be done. In 2007, the Transparency International Corruption Perception Index was 2.1 (on a 1-10 scale, with a 90 percent confidence interval of 1.8-2.4), and by 2010 Liberia’s score had improved to 3.3 (2.6-4.3 confidence interval).<sup>10</sup> This was the same score as for India and Jamaica and ahead of The Gambia, Mexico, Zambia, and many others. The CPIA rating for Transparency, accountability & corruption in the public sector remained at 3.0 for 2008 to 2010. Perceptions in the country are less favorable. The SHG Survey asked “Has the government really addressed the issue of corruption?” 33 percent said Yes, and 55 percent said No.

### Cross-cutting

The two main cross-cutting issues assessed here are capacity building and gender equality. The deliverable tracking system did not separate them out as a category, but they show up frequently.

In every pillar and almost every sector there were a number of deliverables aimed at capacity building. They seem to have had above average rates of completion. Indeed, an overall pattern is that the capacity building actions seem to have been taken even when some of the more output-oriented deliverables were not. There is not enough evidence to say whether the capacity building efforts during PRS-1 had much success in improving performance of government organizations. This is not particularly a criticism, but rather inherent in the logic of public sector led reforms, since governments need to build some capacity before they can accomplish their ultimate goals. It now stands as a challenge for the next phase of the government’s program to use this capacity to achieve the desired outcomes in the various sectors. That will also provide some evidence on whether the capacity building has been sufficient and effective to lead to some improvement in performance. In any case, there is no doubt that serious gaps remain, and further monitoring is needed to determine if the PRS-1 practices for capacity building should be continued and expanded, or perhaps changed to become more effective.

Gender equality is especially prominent in three aspects of the PRS. First, in the training objective of the peace and security pillar, every agency put gender awareness modules into their training agendas. And there are many women now in the security agencies, which is certainly a change from the past. As to outcomes, the short time series on crime statistics do not show a clear decline in sexual assaults, but rather show that these crimes went up from 2009 to 2010 and since then have declined, which is the same trend as for overall crime (LNP Policy and Research).

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<sup>10</sup> [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/](http://www.transparency.org/policy_research/surveys_indices/cpi/) ; in 2005, Liberia’s score was 2.2.

Second, gender equality shows up in the health sector, where there has been marked improvement in availability of health care for pregnant women and more modest improvement in the maternal death rates. Third, in the education sector there has been some improvement in female enrollment rates, usually more improvement than for the same categories of males, but female enrollment rates remain below those of males and for both groups the net enrollment rates are low. As an overall indicator, the CPIA for gender equality in Liberia rose from 2.0 to 2.5 from 2008 to 2010.

## Summary of Pillar and Sector Deliveries, Outcomes and Perceptions

Table 15 summarizes the findings across the pillars and major sectors. Sector by sector the outcomes are mixed, but the aggregate measures of economic performance are good for economic growth and better for macroeconomic stability and poverty reduction. Capacity building deliverables in public sector agencies are mostly complete, which may pay off with improved performance in coming years. In the mineral and tree crop sectors there has been some investment and more seems ready to come once the election clarifies the political trajectory, so exports and revenues from those sectors could grow quickly and make up for the lags behind expectations during the PRS 1 period.

**Table 15: Summary of Pillar and Sector Deliveries, Outcomes and Perceptions**

Pillar/ Sector	Percent of Deliverables Completed	Outcomes	Perceptions (CWIQ; SH Survey)
Peace and Security	67%	No outbreaks of major violence. Mixed evidence on actual crime.	Crime rates perceived to the last quarterlast quarter. Trust in police little changed.
Economic Revitalization	69%	Favorable in aggregate, but some sectors lagging. GDP growth positive in all years, projected to recover to 7% in 2011. Poverty declined from 64% in 2007 to 56% in 2011 of the population with less than \$1 per day.	Perceptions of the general economy improved and of being poor declined from 61% households in 2007 to 46% in 2010.
<b>Macroeconomic stability and financial management</b>	88%	Good. Low inflation and fiscal deficits (after grants). Improved financial management	
<b>Agriculture</b>	52%	Growth positive but slowing since 2007.	Food security improving.
<b>Mining</b>	92%	Some investment and output restarted, but exports delayed. Most investors waiting for more political certainty.	
<b>Banking and financial sector</b>	100%	Banking sector expanded and capital base stronger.	
<b>Business and private sector</b>	53%	Strong growth in number	Evenly mixed

		of firm registrations, employment, and FDI.	opinions on positive role of government policies.
<b>Environment &amp; labor protection</b>	59%	CPIA indicates modest progress from a low base for both environment and labor protection.	
Infrastructure & Basic Services	57%	Mixed.	
<b>Energy</b>	60%	Small progress, none on hydro. Most areas still have no power.	Some progress perceived, but gaps still glaring.
<b>Transport – Roads</b>	64%	Lots of laterite roads, some done directly by donors. Little progress on paved roads except near Monrovia.	Regionally mixed perception of government's improvements to roads.
<b>Water and sanitation</b>	31%	Substantial progress in urban access to clean water and in improved sanitation also in some rural areas.	Positive- most respondents saw improvement.
<b>Education</b>	68%	Gross enrollment increased somewhat, more for girls. Net enrollment rates remain very low and declined in some areas.	Most people saw improved inputs, especially buildings and teacher training.
<b>Health</b>	66%	Gains against malaria, water-borne disease, maternal and infant mortality. Improved immunization.	Qualified perception of improved government health services. Affordability improved.
Governance and rule of law	41%		
<b>Justice</b>	63%	Despite training and other preparations, little progress yet in getting justice more quickly.	No improvement in perception.
<b>Decentralization</b>	45%	Little decentralization of authority, but some effective deconcentration of national ministry representatives.	
<b>Civil service</b>	65%	Reduced CS numbers by 20%; CPIA indicates improved quality of public administration.	
<b>Anti-corruption</b>	50%	Took some formal steps to increase transparency, but institutional reform is slow.	Perception of corruption improved slightly but still very poor.

## Lessons Learnt

Regardless of the details of what happened in the various pillars and sectors, there is no doubt that overall Liberia has changed for the better since PRS-1 was designed in 2008. Thus, we look at two categories of lessons: a) Those for Liberia today as it looks to prepare PRS-2 Liberia Rising, a 5-year program for 2012-17, and: b) those for other countries in immediate post conflict situations, as Liberia was in 2008.

For preparing PRS-2, there are positive lessons from the PRS-experience.

- Keep the attention to deliverables to have accountability and short-term monitoring—rapid results works— while using outcome-based thinking in two ways. First, focusing on outcomes helps to design the choice of deliverables so that they fit together for achieving the priorities of Liberia. Second, monitor outcomes on an annual basis can help to identify problems with the program and make mid-term adjustments if necessary.
- Rethink decentralization, building on the progress that has started with deconcentration and county development agendas in PRS-1 and considering the possible lack of commitment of non-administration actors.

Learning from the problem areas of PRS-1, the main lesson is to give more attention to cross-pillar and cross-sector coordination to address shortcomings that resulted in one sector because of shortcomings in another:

- Shortcomings with roads contributed to the problems in a variety of sectors, especially agriculture and education.
- Shortcomings in electric generation also created multiple problems elsewhere, especially for development of agro industry and other small businesses.
- Problems with land rights and titling hindered progress with agriculture and business development.

Thinking through the results chain leading to the priority outcomes could help to make planning take more systematic account of such cross-sectoral linkages.

The performance during PRS 1, especially in the first years, would probably have been better if the donor funding had been arranged for the PRS programs in advance.

Liberia is moving beyond the post-conflict and fragile-state categories, but some positive lessons from PRS-1 are relevant to countries at similar situations to that of Liberia in 2008.

- Use international security assistance as much as necessary to restrain domestic violence. Otherwise domestic institutions have no chance to develop.
- Assure basic preventive health-care measures so that disease outbreaks do not derail economic and institutional recovery.

Rebuild elementary transport and communications linkages to enable initial restoration of markets and of public services.

## Appendix A: World Bank Country Performance and Institutions Assessment (CPIA) Liberia

The World Bank has based allocation of funds from the International Development Association (IDA) on country performance since the late 1970s. Every year, it systematically rates all the borrower countries, giving each one a score on the Country Policy and Institutional Assessment (CPIA). Such an approach supports decisions based on criteria such as better value for money and positive incentives for recipients. Originally shared only with the country concerned, the worldwide results have been published since 2006 for the IDA countries, although not for the others. Liberia's CPIA was resumed in 2008. The results follow.

	Category	2008	2009	2010
1	Macroeconomic management	3.0	3.5	3.5
2	Fiscal policy	3.0	3.5	3.5
3	Debt policy	2.0	2.5	3.0
4	Trade	3.0	3.0	3.0
5	Financial sector	2.5	2.5	2.5
6	Business regulatory environment	3.0	3.0	3.0
7	Gender equality	2.0	2.5	2.5
8	Equity of public resource use	3.0	3.0	3.5
9	Building human resources	2.0	2.5	2.5
	Health and nutrition	2.0		2.5
	Education	2.0		2.5
10	Social protection & labor	2.0	2.5	2.5
11	Policy & institutions for environmental sustainability	2.0	2.0	2.5
12	Property rights & rule-based governance	2.5	2.5	2.5
13	Quality of budgetary & financial mgt.	2.5	2.5	2.5
14	Efficiency of revenue mobilization	3.0	3.5	3.5
15	Quality of public administration	2.0	2.5	2.5
16	Transparency, accountability & corruption in public sector	3.0	3.0	3.0

## Appendix B: Stakeholder Survey

The Stakeholder Survey was undertaken by Making Enterprises, Inc., in September-October 2011. 1458 persons were interviewed, in nine of the 15 counties, with the distribution shown below. The respondents were chosen randomly in each country, with the numbers per country varying with the size of the county. Respondents were 39 percent in urban areas and 61 percent rural, with some from each county. Male and female had equal representation.

57 questions covered a wide range of issues, mostly related to the perception of change during the PRS-1 period (2008-11) on the objectives of the PRS.

County	Population	Sample
Montserrado	1,118,241	559
Bomi	84,119	42
Grand Cape Mount	127,076	64
Gbarpolu	83,388	42
Margibi	209,923	105
Grand Bassa	221,693	111
Lofa	276,863	138
Bong	33,481	167
Nimba	462,026	231
TOTAL	3,476,608	1,458

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