I. Project Context

Country Context
The Republic of Liberia experienced 14 years of civil war, which destroyed its human capital, institutions and infrastructure including energy sector. In 2006, President Ellen Johnson Sirleaf took office, facing challenges to restore the country from the armed conflict. Although the progress has been substantial: broad price stability has been achieved, structural reforms to reinforce public financial management have been accomplished, poverty has been reduced at the national level, and electricity has been reestablished in key areas of Monrovia. However, much remains to be done. Notwithstanding, the economic growth has been sustained by favorable export prices for rubber, palm oil and, since 2012, exports of iron ore. The economy is expected to remain on a solid upward trend, with real growth in 2012 projected to reach 8.8%, and a projected average growth rate of 6% over the next four years.
**Sectoral and institutional Context**

Almost two decades of civil strife have left Liberia’s electricity infrastructure in tatters. The Government has succeeded in the rehabilitation of services in key areas of Monrovia, but the lack of energy remains as an important obstacle for economic growth and business development.

Funding for the rehabilitation and extension of the distribution network and for new connections has been made available through financing from IDA, GPOBA, the Government of Norway, the EU and USAID. IDA support has been provided through the US$32 million Liberia Electricity System Enhancement Project (LESEP) (including additional financing) as well as an US$10 million Global Program for Output Based Aid (GPOBA) grant for subsidized connections. More recently, the Government has allocated substantial resources for energy generation, transmission and distribution in its National Budget.

The government’s objectives in the power sector have shifted from managing an emergency situation to developing the sector in a sustainable manner by expanding and improving electricity services. The government has an ambitious strategy to increase electricity coverage to 70 percent of the population in Monrovia and 35 percent nationwide by 2030. This strategy builds on initial results achieved in rebuilding the electricity grid after the end of the civil war and on the National Energy Policy.

Implementing the Government’s strategy requires massive investments along the energy value chain (generation, transmission, and distribution). MLME is currently preparing a Least Cost Power Development Plan (LCPDP) to ensure that all the projects in the sector are consistent with the Government’s development strategy. The plan will be ready in the summer of 2013 and will provide a road map for the expansion of the sector over the next two decades.

**Relationship to CAS**

The project is fully aligned with the Country Partnership Strategy (CPS) with Liberia for FY2013-17, currently under preparation. The CPS places a strong priority on expanding electricity services and making them more affordable to businesses and households in order to spur economic growth, job creation, and poverty reduction. The project is also closely aligned with the Africa Strategy which includes competitiveness and employment as its first key pillar.

The project is also fully aligned with the government’s objectives in the electricity sector. Under pillar 2 of GoL’s Agenda for Transformation (the second Poverty Reduction Strategy), the expansion of electricity services and the reduction of the cost of electricity are identified as essential conditions for achieving and sustaining economic transformation. The project focuses on providing support to implement the first phase of the government’s access agenda, which runs from 2013 to 2016. The project further contributes to the government’s strategy of accelerated service expansion to increase electricity coverage and provide reliable power to at least 70 percent of residents in Monrovia and 35 percent of the overall population nationwide by 2030.

**II. Project Development Objectives**

The project development objectives are to increase access to electricity and strengthen institutional capacity in the electricity sector.

**III. Project Description**
Component Name
Component 1: Extension of electricity transmission and distribution systems
Component 2: Construction of facilities for off-loading, transport, and storage of heavy fuel oil (HFO) and support for optimization of HFO procurement
Component 3:.Support for the expansion of supply options and for the strengthening of the sector’s institutional capacity

IV. Financing (in USD Million)

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<td>International Development Association (IDA)</td>
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<tr>
<td>Total</td>
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V. Implementation
There will be two implementing agencies for the project: MLME and LEC. LEC will be responsible for the implementation of Component 1 (expansion of the transmission and distribution network). MLME will be responsible for overall project coordination and the implementation of components 2 (HFO facilities) and 3 (support to strengthen MLME’s institutional capacity). MLME will be responsible for project coordination, including the preparation of regular reports. The proposed arrangement for project implementation aims both to ensure efficiency and to strengthen MLME’s capacity.

VI. Safeguard Policies (including public consultation)

<table>
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<tr>
<th>Safeguard Policies Triggered by the Project</th>
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<td>Environmental Assessment OP/BP 4.01</td>
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<td>Projects in Disputed Areas OP/BP 7.60</td>
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VII. Contact point

World Bank
Contact: Clemencia Torres De Mastl
Title: Senior Energy Specialist
Tel: 458-5042
Email: ctorres@worldbank.org

Borrower/Client/Recipient
Name: Ministry of Lands, Mines, and Energy
Contact:
Title: 
Tel: 2316243490
Email: webmaster@mof.gov.lr

**Implementing Agencies**
Name: Ministry of Lands, Mines and Energy
Contact: H.E. Patrick Sendolo
Title: Minister of Lands, Mines, and Energy
Tel: 2316243490
Email:

Name: Liberia Electricity Corporation (LEC)
Contact: Shahid Mohammad
Title: Chief Executive Officer
Tel: 231880719963
Email: smohammad@mhi.mb.ca

VIII. For more information contact:
The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: http://www.worldbank.org/infoshop