### Project Context

#### Country Context

1. Liberia has made progress in post-war reconstruction and recovery after a decade and a half of conflict. Following the signing of the Accra Peace Accords (APA) in 2003, the National Transitional Government of Liberia (NTGL) was formed to manage the affairs of state pending the first post conflict general elections held in 2005. Supported by several donors, the NTGL focused on undertaking post conflict reconstruction based on the Results Focused Transition Framework (RFTF) beginning 2004. Strengthening governance, including efforts to address capacity shortage in the government, was among the nine key areas in the Framework. The Governance Reform Commission (later Governance Commission), one of the four commissions under the Accords, was given the responsibility of managing these reforms. While the Interim Government (2003-2005) focused on short term post crisis measures to consolidate peace and stabilize the country, the 2005 elections and the return to multi-party democracy provided the necessary conditions for long term reconstruction program under President Ellen Johnson-Sirleaf.

2. The newly elected government embarked on instituting measures to improve the overall governance and accountability environment. In 2005 donor partners and the NTGL signed the Governance and Economic Management Program (GEMAP). Its objective was to ensure better fiscal and economic governance. It formed the basis for donor engagement in economic governance over the following five years. In 2009 the Civil Service Reform Strategy was approved to address...
the decline of the Civil Service during the war, and as a foundation for its modernization. And, in 2012 the National Policy on Local Governance and Decentralization was launched to provide the foundation for improved presence of the state at the local level.

3. Immediate post conflict interventions were interrupted by declining macroeconomic conditions occasioned by the global financial crisis in 2008-2009. In 2010 the economy picked up making impressive gains in 2011 and 2012. These gains were largely the result of renewed demand for Liberia’s exports and increased foreign direct investment. Output is estimated to grow by 8.8 percent in 2012, up from 6.4 percent in 2011 and 6.1 percent in 2010, bolstered by strong exports (rubber, forestry, and iron ore), increased foreign direct investment related to concessions, and expansion of construction activities. The agriculture and services sectors were the leading growth sectors up to 2010 but with the resumption of iron ore mining in 2011, the mining sector’s contribution to GDP has almost tripled (from 4.5 percent in 2011 to 12 percent in 2012).

4. Liberia’s persistent fragility exposes these gains to potential reversal. With the on-going UNMIL draw down and a fragile peace in the Mano River Union region, improved prospects of natural resource endowments and associated revenues remain matters of concern as potential conflict drivers. Additionally the increasing youth bulge and high levels of vulnerability calls for greater attention to governance and institutional reforms to address historical inequalities. In addition to improving state effectiveness in service delivery, there is need to improve citizen satisfaction, voice and accountability. Going forward the government would have to address persistent institutional barriers by taking action to institutionalize meritocratic practices and professionalism: introduce establishment control, wage bill and payroll control, leadership development and performance management; undertake pay reform, and restructure and right size ministries and agencies. These would be important first steps in ensuring that civil servants are not only held accountable for performance and service delivery, but are also properly remunerated and managed in a fair manner.

5. In 2012, the Government of Liberia (GoL) adopted its second full Poverty Reduction Strategy (PRS)—Agenda for Transformation- to be implemented over a five year period. Governance is one of the key pillars of the PRS, covering decentralization, public sector reform and modernization, economic governance and capacity building. Under the governance pillar, priority interventions include, among others: “raising the bar for performance standards and building a robust system for managing performance and improving integrity in the public sector”.

**Sectoral and institutional Context**

6. The decline of the Liberian Civil Service started in the 1980s. This was the result of political turmoil that preceded the full blown conflict that would engulf the West African nation for much of the 1990s and the first years of the 21st Century. Political interference, low wages, poor motivation, weakening capacity and loss of confidence in key institutions responsible for managing the Civil Service e.g. the Civil Service Agency (CSA) and the Liberia Institute of Public Administration (LIPA), tilted the Civil Service towards its inevitable collapse that was only accelerated, and worsened, by the onset of civil war.

7. A decade and a half of civil conflict destroyed the institutional structure of an already poorly managed Civil Service. During the conflict, many experienced and qualified professional staff left because salaries fell to very low levels. The payroll on the other hand, was bloated with excessive numbers of unskilled staff added during successive years of transitional governments. The upper and middle levels of technical staff disappeared, and the few qualified public officers who remained in their posts during the civil war were effectively de-skilled. Moreover, the Civil Service Agency (CSA) lost control of, and has since struggled to regain its statutory role of
recruitment. It has, additionally, found it difficult to enforce compliance with personnel management policy across the Civil Service.

8. The task of rebuilding the post conflict Liberian Civil Service commenced immediately after the signing of the Accra Peace Accords in 2003 (Annex 7). It was formalized in 2008 with the approval of the Civil Service Reform Strategy (CSRS), 2008-2011. Initially intended for implementation over a three year period, the CSRS was no doubt unrealistic both in its ambition and design. It is therefore, unsurprising that much of what the CSRS envisaged has remained largely unaccomplished. This has not been the result of overt resistance to reforms- as is the case in many fragile state contexts - but largely the result of a combination of factors including the low capacity, poor funding availability, poor coordination and even more fundamentally, the low starting point post conflict. These problems, to a large extent, persist, and the Civil Service Reform Strategy remains as relevant as it was five years ago.

9. Modest progress has been made in revitalizing key Civil Service management functions. A Pay Reform Strategy developed in 2010 provided the basis for grading civil servants; progress has been made in reconstructing employee records through biometric technology; a Human Resource Information Management System (HRMIS) has recently been launched to manage both the payroll and personnel records; there has been increased collaboration among key stakeholders, namely the Civil Service Agency (CSA), Governance Commission (GC) and Liberia Institute of Public Administration (LIPA), and civil servants are routinely paid better, and on time, relative to 2005 where the monthly salary was as low as US$15, and routinely unpaid. Efforts are also underway to reform Civil Service pension to be able to support retirees, some of whom remain in active service due to lack of pension benefits.

10. But many challenges still remain: The current structure of the Civil Service is plagued by a number of structural and institutional weaknesses including low pay, poor alignment between skills and functions, inadequate human resource management processes, weak payroll controls and political interference. They are also exacerbated by the inability of CSA to assert itself in the execution of its constitutional mandate, low quality of its own staff, poor remuneration, low budget and lack of essential equipment to perform its function. This has, inevitably led to the emergence of a hybrid Civil Service, with non-civil servants performing line functions in a number of ministries e.g. Ministry of Health and Social Welfare.

II. Proposed Development Objectives
To improve pay and performance management in participating ministries, and strengthen payroll management in the Civil Service in Liberia.

III. Project Description
Component Name
Improved Pay Management
Comments (optional)

Component Name
Strengthened Payroll Management
Comments (optional)

Component Name
Improved Performance
Comments (optional)

Component Name
Project and Program Coordination
Comments (optional)

IV. Financing (in USD Million)

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V. Implementation

VI. Safeguard Policies (including public consultation)

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Comments (optional)

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