

1. JCAS Data

Country: Liberia

JCAS Year: FY09

JCAS Period: FY09 – FY11

JCASCR Review Period: FY09 – FY12

Date of this review: 7/16/2013

2. Executive Summary

- i. This review examines the implementation of the FY09-FY11 Joint Country Assistance Strategy (JCAS) of FY09 and the JCAS Progress Report (JCASPR) of FY11, and assesses the JCAS Completion Report (JCASCR). The JCAS was a joint strategy of IDA, IFC and African Development Bank (AfDB); the JCASPR was endorsed by IDA, IFC and MIGA. This review covers the joint program of the three WBG institutions. As IEG has reviewed in detail the Liberia JCAS program in the Liberia Country Program Evaluation, which was presented to the CODE Sub-Committee on September 7, 2012, this is an abridged review prepared at the request of OPCS.
- ii. The overarching objective of the JCAS was to support Liberia's transition from post-conflict recovery to long-term development. The JCAS was organized around three pillars: (i) rebuilding core state functions and institutions; (ii) rehabilitating infrastructure to jump-start economic growth; and (iii) facilitating pro-poor growth. The JCAS also identified three cross-cutting themes: capacity development, gender equity and environmental sustainability. The 2011 JCASPR maintained the strategic approach of the JCAS, expanded the assistance program, revised the results framework, and extended the coverage period to June 2012.
- iii. IEG rates the overall outcome of WBG support as moderately satisfactory concurring with the JCASCR. Progress has been impressive on core state functions and institutional capacity development, but modest among line ministries. Reform of the civil service is well advanced, and corruption has diminished. With respect to the second pillar, solid gains have been made in transport, waste management and power, but not on water reforms. Progress has been modest generally on facilitating pro-poor growth, except on administrative reforms, social protection and on the extractive industries transparency initiative. In addition, the mainstreaming of the cross-cutting themes, especially gender, will need a clearer strategic vision and implementation plan.
- iv. IEG rates WBG performance as *Moderately Satisfactory*, thus, agreeing with the JCASCR rating. IDA delivered a large program of lending and non-lending services. The program was well aligned with country goals and harmonized with those of other development partners. Interventions were adequate for the most part. The results framework could have been improved with a greater realism on the goals to be achieved within the fixed time horizon and with a greater care in the selection of outcome indicators. The program design could have been significantly strengthened by developing more procurement capacity in public agencies, which would have permitted more progress in crucial areas such as agriculture and transport. Furthermore, tangible results framework was needed on mainstreaming gender, capacity building, and environmental sustainability. IFC provided key advisory services to help improve the investment climate and reduce cost of doing business. Its investment in financial institutions and trade finance gave Liberia added liquidity and a boost in investor confidence. Through a political risk guarantee for foreign investors, MIGA helped promote foreign direct investments and capital inflows to the economy with the prospect of skill development for Liberians and foreign exchange generation in the future.
- v. The JCASCR offers 6 lessons for the next JCAS without providing much specificity. IEG concurs with the broad directions outlined in those lessons and underscores the following

JCASCR Reviewed by:	Peer Reviewed by:	CASCR Review Coordinator
Chad Leechor, Senior Evaluation Officer, IEGCC	Carla Pazce, Consultant, IEGCC	Xiaolun Sun, Senior Evaluation Officer, IEGCC

additional points. First, in developing the capacity of public sector agencies in fragile and conflict states, an integrated package of policy advice, financial and technical assistance as well as logistical support, can help deliver results more effectively. Second, the “concession model” that has been traditionally applied in mining, forestry and plantations needs to be assessed. A key question is to what extent such concessions are pro-poor when they often involve pitting local communities with limited capacity against far more sophisticated operators.

3. WBG Strategy Summary

Overview of JCAS Relevance:

Country Context:

1. The JCAS was prepared at a time when Liberia was recovering from the devastation of a civil war that ended in 2003. Between 1989 and 1995, real GDP contracted by nearly 90 percent. Liberia successfully managed a democratic transition and elected a new president in 2006. During the JCAS period, the government maintained prudent fiscal and monetary policies against the backdrop of rising commodity prices, while pursuing a full scale rebuilding of administrative capacity and physical infrastructure. The economy gradually stabilized. From 2009 to 2012, GDP grew an average of 7 percent per year while inflation fell back to single digit levels. Nearly all of the external debt, which stood at \$4.8 billion in 2003, was cancelled after Liberia reached the HIPC completion point in 2010. After iron ore exports resumed in 2011, growth estimates for 2012 are around 9 percent. However, 84 percent of the population lives under the poverty line. Moreover, Liberia ranks near the bottom of the UN's Human Development Index and is unlikely to meet many of its Millennium Development Goals.
2. The Liberia Poverty Reduction Strategy (PRS) for 2008-2011 defined the government's action plan for development and laid out a framework for organizing donor assistance. The strategy had four pillars: (i) peace and security; (ii) economic revitalization; (iii) governance and rule of law; and (iv) infrastructure and basic services. Six cross-cutting issues were identified: gender equity; environment; HIV and AIDS; peace building; children and youth; and monitoring and evaluation.

Objectives of the WBG Strategy:

3. The overarching objective of the JCAS was to support Liberia's transition from post-conflict recovery to long-term development. The JCAS objectives were organized under three pillars: (i) rebuilding core state functions and institutions; (ii) rehabilitating infrastructure to jump-start economic growth; and (iii) facilitating pro-poor growth. The JCAS also identified three cross-cutting themes: capacity development, gender equity, and environmental sustainability. The JCASPR maintained the strategic approach of the JCAS, expanded the assistance program, revised the results framework, and extended the JCAS period to June 2012.

Relevance of the WBG Strategy:

4. **Congruence with Country Context and Country Program.** The program of assistance was timely and well aligned with the country goals. Given the strong presence of other development partners in the social sectors, the Bank focused most of its support in other areas, such as public financial management and infrastructure. Since 2006, the government has shown exceptional ownership of the program, utilizing the PRS as a monitoring and accountability instrument, both internally with different ministries and with partners.
5. **Relevance of Design.** The initial scope of the strategy was modest but appropriate. The JCASPR enlarged the scope of the strategy, increasing the emphasis on human capital investments and transport, as a result of the WBG's ability to mobilize more financing and heightened government concerns in this area. Additional analytical work was envisioned in the JCASPR to support the elaboration of the government's Poverty Reduction Strategy II. Although the WBG has tried to fill some

gaps with analytical work (e.g. land tenure), two significant areas could have been brought into a sharper strategic focus. One concerns institutional arrangements spanning the entire value chain of Liberia's main natural resources to ensure that the wealth translates into service delivery for the benefit of all. The second concerns efforts to tackle the pervasive unemployment or under-employment, especially among youth.

6. **Strength of the Results Framework.** The JCAS included a detailed results framework that identified the outcomes (mostly of intermediate nature) to be achieved, as well as the activities of the WBG (and the AfDB) that were expected to help bring them to fruition. The JCASPR revised the JCAS results framework to create a leaner version, and extended the program by one year. Primary education was added as a component and some indicator targets were revised. The results chain provided in both the JCAS and JCASPR was appropriate. The outcome indicators were generally quantifiable, and most of them had a baseline. While the JCASCR reported actual values for all outcome indicators, progress was not monitored for some indicators in the CASPR.

7. **Risk Identification and Mitigation.** The JCAS identified the risks related to external shocks, insecurity, social instability, limited country capacity, corruption, failure to gain political support for reforms, and the government's capacity to address environmental issues. The political and security-related risks indicated above did not materialize in a scale that would disrupt project implementation. Capacity constraints imposed a sizeable risk that was to be mitigated by support at project implementation level, portfolio supporting civil service reforms and World Bank Institute support. Progress was achieved but for procurement capacity constraints, in particular, no mitigating measures were in place and delays affected project implementation. As discussed in the CPE, the WBG did not prioritize public procurement issues which caused delays in meeting project milestones, mainly in infrastructure projects.

Overview of JCAS Implementation:

Lending and Investments:

8. Total financing of \$727 million, including IDA and Trust Funds, during the JCAS period significantly exceeded the amount envisaged (\$338 million) in the JCAS. Nearly all of the planned projects were delivered (26 out of 29), while a large number of unplanned projects, including budget support and West Africa regional projects, were added as more resources became available after the debt relief in August 2010. Net commitments of the IFC amounted to \$16 million and a guarantee of \$121 million was extended by MIGA.

Analytic and Advisory Activities and Services

9. A large number of non-lending services (studies, policy briefs or notes, technical assistance and IFC advisory services) were delivered, far exceeding the modest number and scope envisaged in the JCAS. Contributions were made by sector staff across the WBG. By and large, the activities were in response to specific requests of the Government or development partners, and the outputs have been much appreciated by in-country stakeholders and have led to the establishment of new institutions (e.g., Land Commission, Liberia Extractive Industries Transparency Initiative) and practices (e.g., business registry; chain-of-custody system in forestry).

Partnerships and Development Partner Coordination

10. The WBG has played a key role in the alignment and harmonization of external assistance, under the leadership of the President of Liberia in her capacity as the Chair of the Liberia Reconstruction and Development Committee -- a key mechanism for coordination. As discussed in the CPE, the role of the WBG in aid coordination has helped the WBG establish a relevant program of assistance, with clear ownership of the Government and firm support of other partners. Positive aspects of WBG leadership include the high value of its analytical work and policy advice which had considerable impact on the programs of other partners; and the key role of leading coordination on

different sectors despite the reduced size of WBG's financial support. As indicated in the CPE, more engagement was expected from the WBG than what was possible given its budget and staff capacity constraints.

Safeguards and Fiduciary Issues

11. In 2010, the Inspection Panel received a request related to the Development Forestry Sector Management Project. After reviewing the case, the Panel decided not to conduct a full inspection. No INT investigation was reported in the JCASCR.

Overview of Achievement by Objective:

Pillar I: Rebuilding core state functions and institutions

12. **Improved efficiency of budget preparation and execution and enhanced revenue administration.** Significant progress has been made. The budget is now prepared on time, published and cast in a medium-term context. Revenue collections have risen dramatically. Public spending grew from 11 percent of gross domestic product (GDP) to 27 percent with improved controls over 2004-2011. However, the capacity in line ministries remains weak, especially in the crucial procurement function. The reliance on a parallel system (project management units and consultants) remains high. Bank assistance was provided through a comprehensive package of policy advice, technical assistance and budget support. Key operations included the series of Re-engagement and Reform Support Programs (RRSP in 2009, 2010, 2011) and the Economic Governance and Institutional Reform Project (EGIRP 2008). The WBG also conducted a variety of economic and sector work, including the 2009 Public Expenditure Management and Financial Accountability Review (World Bank 2009).

13. **Increased professionalization and improved HR management of civil service.** Civil service reform has shown good progress. The Civil Service Reform Strategy has been completed, and implementation is underway. Restructuring has taken place in nine ministries and the Civil Service Agency, resulting in a reduction of employees by 11,000 in four years, including the removal of ghost workers. The work on linking biometric IDs to the human resource information system has yet to be completed. Paying for the cost of the Senior Executive Service remains a challenge. WBG support was provided through the Senior Executive Service project which helped with the recruitment of qualified individuals from abroad. The Bank also provided a variety of grant support to capacity development programs for civil servants. The EGIRP supported the implementation of the biometric system.

14. IEG rates the outcome of WBG support under Pillar I as *Moderately Satisfactory*.

Pillar II: Rehabilitating infrastructure to jump-start economic growth

15. The pillar had the following sub-objectives: transport; energy; and water and sanitation.

16. **Transport:** Many small sub-projects assisted in transporting farm products and replacing the key bridge crossings. Most projects experienced delays or cost overruns. The National Transport Policy and Strategy is in place, but the Infrastructure Implementation Unit remains weak. Maintenance now gets more attention, but sustainability has yet to be achieved. The World Bank Group assisted the Ministry of Public Works in expanding the stable portion of the road network. It has also urged the government to consider a Road Fund as an essential element in securing a sustainable stream of funding for maintenance needs within 5 years. The Liberia Road Asset Management Project, one of the largest projects in the portfolio, has experienced some delays in the procurement.

17. **Energy:** Private management was brought into the power sector. A management contract was awarded in mid-2011 to an international firm. An electricity connection program has begun. The International Finance Corporation (IFC) provided technical assistance on using a management contract to run the electricity corporation for five years. The World Bank Group has assisted Liberia in

making plans for sustainability, and in introducing a national energy policy.

18. **Water and Sanitation:** The urban projects which covered basic urban services in Monrovia have made good progress, except for the water projects and water sector reforms. The solid waste project has exceeded targets in some areas. The World Bank Group supported multiple interventions including a one-time major clean-up in Monrovia. The World Bank Group's new urban sanitation project has now expanded access to the solid waste collection service through technical assistance to the Monrovia City Corporation.

19. IEG rates the outcome of WBG support under Pillar II as *Moderately Satisfactory*.

Pillar III: Facilitating pro-poor growth

20. The pillar had the following sub-objectives: agriculture and fisheries; mining; forest management; investment climate; and human development.

21. **Agriculture.** Expected improvements in food and tree crop output and productivity have been delayed. The World Bank Group's support has been ineffective due to procurement and institutional problems. However, a new fishery project shows promise. The World Bank Group's main contributions have been analytical work carried out with the Food and Agriculture Organization and the International Fund for Agricultural Development, including policy and technical support to the Ministry of Agriculture for smallholders, coastal fisheries, and land tenure issues.

22. **Mining.** Iron ore exports resumed late in 2011 at a level below the Country Assistance Strategy target. New large-scale mining concessions show good prospects. Greater attention is still needed to artisanal mining which generates higher employment. World Bank Group support to the Extractive Industries Transparency Initiative (EITI) process has been positive, as has its assistance to reform legislation and the regulatory regime in the mining sector, including concession arrangements. Efforts to improve harmonization in mining among Manu River Union countries have yet to show results.

23. **Forestry.** Residents of the regions near forest concessions have seen little benefit from the assistance of the WBG. Food insecurity is very high and virtually none of the local residents are employed in commercial forestry. Nonetheless, the World Bank Group has been effective in helping the government introduce regulatory reforms that helped lift the United Nations sanctions. Support for the Liberian EITI and a nationwide chain-of-custody system that tracks timber harvests have increased transparency. However, the WBG's assistance has been neither pro-poor nor supportive of growth.

24. **Improved business and investment climate.** The cost of doing business has been reduced in the areas of starting a business, obtaining credit, dealing with construction permits, and trading across borders. New business registration increased during 2007–11. The banking system experienced growth in both deposits and private sector credit. The World Bank Group played a key role in the relevant reforms. The IFC-led program was the main instrument in supporting the design and implementation of the reforms, including public-private sector dialogue. The IFC investments in three commercial banks, including the first microfinance bank, contributed to the banking system.

25. **Human development.** In the education sector, Liberia completed its first Sector Plan implementation and won a \$40 million Education-For-All/Fast Track Initiative (EFA/FTI) grant for primary education. However, much remains to be done to rebuild Liberia's education system. The World Bank Group drew on trust funds for its support and helped secure the EFA/FTI grant. It has yet to help rebuild the sector, including expanding post-basic education and institutional development. Regarding social protection, early interventions produced positive results. Access to food improved during the recent food crises. The WBG helped strengthen social protection including improving the capacity of the community organizer Liberia Agency for Community Empowerment and providing supplemental funding for food security. Today, it is supporting the development of the National Social Protection System.

26. IEG rates the outcome of WBG support under Pillar III as *Moderately Unsatisfactory*.

Cross-cutting themes: Mainstreaming of corporate priorities

27. The three corporate priorities to be mainstreamed in all operations of the WBG were: capacity development; gender equality; and environmental sustainability.

28. **Capacity building.** Capacity development in the civil service, including budgeting, financial management, and the oversight of institutions has been significant. However, the achievements in building capacity at the sector level thus far have been modest. The World Bank Group has provided an integrated package, encompassing strategy, training and logistics to develop the capacity of the core public sector agencies. At the sector level, the efforts are largely ad hoc and not part of a strategic vision.

29. **Gender equality.** The World Bank Group’s Analytic and Advisory Activities and lending operations informed gender policy in Liberia. The Economic Empowerment of Adolescent Girls (EPAG) project is showing positive results. However, the assistance focused only on women’s economic empowerment and did not address pressing issues, such as gender gaps in education, health and, most notably, gender-based violence. The World Bank Group provided technical support to the Ministry of Gender, including the integration of gender issues in the Poverty Reduction Strategy. The EPAG project has assisted high-school graduates to enter the job market or to start a business.

30. **Environmental sustainability.** Little progress has been made due to limited World Bank Group engagement. Weaknesses in environmental management and institutions persist. The World Bank Group carried out analytical work on the environment and mining regulations. Support to Environmental Protection Agency has been provided, but on a modest scale.

31. IEG rates the outcome of WBG support to cross-cutting themes as *Moderately Unsatisfactory*.

Objectives	IEG Rating
Pillar I: Rebuilding core state functions	Moderately Satisfactory
Pillar II: Rehabilitating infrastructure	Moderately Satisfactory
Pillar III: Facilitating pro-poor growth	Moderately Unsatisfactory
Pillar IV: Cross-cutting Themes	Moderately Unsatisfactory

4. Overall IEG Assessment

	JCASCR Rating	IEG Rating
Overall Outcome:	<i>Moderately Satisfactory</i>	<i>Moderately Satisfactory</i>
WBG Performance:	<i>Moderately Satisfactory</i>	<i>Moderately Satisfactory</i>

Overall outcome:

32. IEG rates the overall outcome of WBG support as *moderately satisfactory*. Progress has been impressive on core state functions and institutional capacity development, but modest among line ministries. Reform of the civil service is well advanced, and corruption has diminished. With respect to the second pillar, solid gains have been made in transport, waste management and power, but not on water reforms. Progress has been modest generally on facilitating pro-poor growth, except on administrative reforms, social protection and on the extractive industries transparency initiative. In addition, the mainstreaming of the cross-cutting themes, especially gender, will need a clearer strategic vision and implementation plan.

WBG Performance:

33. IEG rates WBG performance as *Moderately Satisfactory*, thus, agreeing with the JCASCR rating. IDA delivered a large program of lending and non-lending services. The program was well

aligned with country goals and harmonized with those of other development partners. Interventions were adequate for the most part. The results framework could have been improved with a greater realism on the goals to be achieved within the fixed time horizon and with a greater care in the selection of outcome indicators. The program design could have been significantly strengthened by developing more procurement capacity in public agencies, which would have permitted more progress in crucial areas such as agriculture and transport. Furthermore, tangible results framework was needed on mainstreaming gender, capacity building, and environmental sustainability. IFC provided key advisory services to help improve the investment climate and reduce cost of doing business. Its investment in financial institutions and trade finance gave Liberia added liquidity and a boost in investor confidence. Through a political risk guarantee for foreign investors, MIGA helped promote foreign direct investments and capital inflows to the economy with the prospect of skill development for Liberians and foreign exchange generation in the future.

5. *Assessment of JCAS Completion Report*

34. The JCASCR presents a fair and adequate assessment of the outcomes of WBG assistance in Liberia. The presentation is balanced and concise, providing adequate analysis and information on all major topics, with a proper focus on outcomes and results framework. However, the JCASCR analysis focuses mainly on the results as measured by the JCAS results matrix. It could have better informed on the link between these results and the outcomes the JCAS supported. The lessons raised issues and possibilities for the future but could have been more specific.

6. *Findings and Lessons*

35. The JCASCR offers 6 lessons for the next JCAS without providing much specificity. IEG concurs with the broad directions outlined in those lessons and underscores the following additional points. First, in developing the capacity of public sector agencies in fragile and conflict states, an integrated package of policy advice, financial and technical assistance as well as logistical support, can help deliver results more effectively. Second, the “concession model” that has been traditionally applied in mining, forestry and plantations needs to be assessed. A key question is to what extent such concessions are pro-poor when they often involve pitting local communities with limited capacity against far more sophisticated operators.