

**PROJECT INFORMATION DOCUMENT (PID)
CONCEPT STAGE**

Report No.: AB3111

Project Name	Community Empowerment II
Region	AFRICA
Sector	Other social services (40%); Primary education (30%); Health (30%)
Project ID	P105683
Borrower(s)	GOVERNMENT OF LIBERIA
Implementing Agency	Liberia Agency for Community Empowerment (LACE)
Environment Category	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
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1. Country and Sector Background

Since the end of 15-years of war in 2003, Liberia has undergone profound changes. The newly established government has made progress in restoring some basic services and infrastructure, and in creating the mechanisms to support human rights, good governance and economic growth. In 2006, for instance, Liberia's GDP growth rate was 7.8%, and 5.3% in 2005, while it was negative (-31%) when the conflict ended in 2003. Despite positive developments, Liberians are worst off today than they were 25 years ago. Progress is naturally limited by the magnitude of devastation caused during years of conflict. Governance and social cohesion have been major victims of the long war. Moreover, war-related spending and destruction of community infrastructure channeled resources away from provisions for basic services.

Local governance institutions in Liberia have been debilitated as a result of the widespread civil conflict. At county and district levels, physical infrastructure was severely damaged or destroyed. More profoundly, the "institutional space" for local decision-making by government officials and local collective action and partnerships involving local people has been undermined by population dislocation, by weakness of local economic and social capital, and by widespread dependence on humanitarian relief and assistance provided by external agencies.

Liberia's basic health indicators are amongst the lowest in the world. Infant and under-five mortality rates are 157 and 235 per 1,000 live births, respectively. In all 15 counties across the country chronic malnutrition rates are extremely high. Of children below five-years-old, 39% are stunted, 27% are underweight and 7% are wasted. Inadequacy of health infrastructure throughout Liberia is portrayed by a mere 41% of the population having access to health care facilities. Of the 325 health facilities that did exist, 16 remained functioning by the end of the war. Moreover, only 10% of communities surveyed by a recent national survey (CFSNS 2006) reported having a health care facility within their community.

Liberia's education system has been one of the weakest in Sub-Saharan Africa due to lack of adequate resources, poor infrastructure, and inadequate expenditures from national budgets. Moreover, in spite of the Government's Free and Compulsory Primary Education (FACPEL) initiative, "fees" are levied in part to provide for learning and teaching materials. As a result, over half of Liberian children and youth are estimated to be out of school; the drop out rate is high with only 35% of boys and 27% of girls reaching grade five; and illiteracy is estimated at 70% of the total population. The weakened education system has limited the process for new capacity formation, including human resource capacity and civic leadership skills, which is further compounded by a lack of essential tools and logistic necessary for institutions to function.

The plundering of the Liberian economy during the conflict has resulted in excessively high levels of unemployment, particularly amongst youth, internally displaced persons (IDPs) and refugees. Formal sector employment is currently estimated at 120,000 or just 4% of the population, and nearly 50% of these workers are employed by the public sector. The dominance of the informal economy means that the majority of workers are employed in low-income or no-income generating activities such as agriculture or subsistence farming, petty production and trade. Moreover, with an income poverty rate of 80% of total households and a severe poverty rate of 64% of rural households, the creation of job opportunities as a part of Liberia's post-conflict strategy is critical to ensuring sustainable peace and stability.

2. Bank activities in support of community rehabilitation

On August 25, 2004, the Bank's Board of Directors approved the establishment of a trust fund for Liberia. Subsequently, on October 13, 2004, the Bank Board of Governors approved the transfer from IBRD surplus, US\$25 million to the Trust Fund for Liberia (TFLIB), established and administered by IDA. In accordance with the Country Re-engagement Note (CRN), proceeds from the TFLIB were allocated among the following key sectors: a) infrastructure; b) economic management and public sector reform; and c) community-driven development (CDD). Additional resources from the LICUS TF have financed technical assistance for institution building and small investments in these priority areas.

Bank activities in Liberia supporting community rehabilitation were conceived into two overlapping stages. Under the first operation (TF053366), implemented by Mercy Corps and closed on October 31, 2006. the LICUS Trust Fund financed a US\$1.17 million project to 1) prepare a Rapid Social Assessment (RSA); 2) support the creation of the Liberia Agency for Community Empowerment (LACE); and 3) implement at least 30 community subprojects. Under a second operation, a US\$6 million grant from the TFLIB (TF054782-LB) financed the

implementation by LACE of the Liberia Community Empowerment Project (CEP). CEP was declared effective in June 30, 2005, and its closing date is August 24, 2007.

LACE was established in 2004 by the Act of the National Legislature as a not-for-profit organization that operates like a private sector entity. The objectives of the Agency are to improve the living standards of poor communities through the provisions and strengthening of basic social services and to promote a community-based approach in sub-project identification, preparation, implementation, administration and maintenance. Its history, albeit short, as the implementing agency for CEP reflects considerable success in a difficult environment. The agency has established itself as an effective provider of resources and methodological support for participatory, community-based infrastructure reconstruction and development investment in post-conflict Liberia. LACE focuses on community empowerment at the core of its approach to strengthening governance.

Thus far, CEP has made satisfactory progress meeting its project development objectives (100 subprojects by closing date), particularly in supporting beneficiary needs through its subproject component. According to the most recent estimates, almost 80 subprojects are under implementation benefiting some 125,000 people. Subprojects include 35 primary schools, 10 health centers, one birth/maternity center, 12 new market buildings, 13 small bridges, 6 wells, and 1 disability center. The project has also increased community access to and use of social and economic services. Student enrollment in completed school facilities has risen dramatically and in some cases increases have been three- to- four fold. A newly build community clinic, with LACE support, recorded at least 28 patients per day since it began operations in late November 2006. Recently constructed community markets are enhancing economic and commercial activities in the area by attracting more marketers and increasing income of farm families. Through the project capacity-building component, more than 700 project management team members have been trained in 80 communities in 11 counties. As of early 2007, it is estimated that by the end of the implementation of the current portfolio more than 150,000 day-jobs will have been created.

3. Objectives

Building on the progress made by the current CEP operation, the Project Development Objectives for CEP II will be to continue assisting war affected communities to restore infrastructure and services and to build the capacity for collective action.

Progress towards achieving the project outcomes will be measured by:

- Ensuring that communities have benefited from social mobilization and facilitation using highly participatory methodologies and that community-based organizations (CBOs) are inclusive and well represented;
- Completion of at least 350 sub-projects (breakdown by type, location, etc.);
- At least 90% of subprojects undertaken reflect the priorities of targeted communities and beneficiaries, and are implemented in collaboration with local authorities, both at the district and county level;
- Impact of subprojects in job creation is significant.

4. Rationale for Bank Involvement

A CDD approach for Liberia is one of the key instruments to support economic and social recovery, and to develop the underpinning for strong local governance. The Bank has a clear comparative advantage in the area of community development, given its extensive involvement in supporting a CDD approach under the current CEP and in other post-conflict countries. This has translated into the achievement of quick and tangible results on the ground where communities are given the financial resources to undertake activities which respond to their own priorities. Research shows that projects that support building social capital in the aftermath of conflict are well positioned to have sustainable and positive impact both directly on community well-being and instrumentally on building long-term peace.

The selection of a community-based Project Management Committee (PMC) aims to ensure accountability to community members through the delegation of authority to beneficiary representatives, oversight of resource management and sub-project implementation, and the promotion of transparency in resource use.

While this approach has been effective within the scope of the subproject cycle, it has had less impact on the broader range of governance and development challenges. More specifically, LACE's existing planning methods do not systematically link community subproject identification and approval to the county development superintendent, district commissioners and local sectoral officers, especially in health and education. LACE is now in a position to build on its organizational capital to broaden and deepen the scope of its work in all counties in Liberia in support of a more comprehensive approach to local governance. This will require significant enhancement of LACE's planning methods, its organizational capacities, and subproject management cycle.

In alignment with the Government plans, national and international development partners have requested that LACE's activities be further strengthened to expand to all counties in Liberia, while keeping unchanged its overall mandate and implementation approach. In fact, the Government and major donors, including USAID and the European Union (EU) have expressed a positive view of LACE's work. EU has expressed interest in supporting community driven development in Liberia by providing co-financing to a future project of the Bank in support of LACE. In addition, the German cooperation has expressed interest in supporting LACE.

The rationale for Bank involvement can be summarized as follow: a) scaling up of a successful model of community development; b) catalyze donor support around a single delivery mechanism supporting communities; c) respond to the challenge of local government development; d) provide support to job-creation.

5. Description

As CEP II builds on the approach taken during the first phase of the Project, it will develop local capacity for collective action by enhancing the involvement of local government, at the district

and county levels, in the decision-making processes. The Project will support collaboration between local government and communities to work towards a participatory planning and implementation approach in local development. The project will also support job-creation by adopting labor-intensive approaches to community investments, and by financing income generating activities (IGA). CEP II will be implemented from October 1, 2007 to December 31, 2010 and will include the following components:

- 1) **Community Driven Program (15.75m).** Provides support to all counties, to fund demand-driven processes to restore social and economic infrastructure and services using community mobilization and collective action to select, implement, and maintain small-scale sub-projects. Funds will be channeled directly to communities based on a participatory needs assessment. Communities will be assisted by Community Facilitators (CF) and Engineer Consultants (EC).
- 2) **Capacity Building Program (2m)** Funds training programs for communities, local authorities, and other key stakeholders to enable them to play a lead role in identification, design, and implementation of community-based activities as a means of ensuring greater sustainability. As has been done in the past, NGOs will be recruited to prepare the various training modalities (such as basic book keeping, procurement, sub-project operations and maintenance) and will organize “hands-on training” on various topics for beneficiary communities on a needs basis.
- 3) **Project Management (2.25m)** Includes (a) M&E system which would gather data from the community, regional and central levels; (b) Information, Education, and Communication (IEC); (c) financial, technical and management audits; (d) technical assistance for social and beneficiary assessments, community mobilization, and environmental studies; and (e) expenditure for the efficient operations of LACE.

6. Financing (preliminary)

Source:	(\$m.)
Borrower/Recipient	2
IDA Grant	5.0
European Union	13.0
Total	20.0

The Project is expected to be co-financed by the EU through a EURO 10 million grant, managed by the World Bank. CEP has been co-financed by the Government with approximately US\$200,000 and has implemented projects financed by other sources, in particular by the Liberia Education Trust (LET) and by a Bank financed project, the SAPO Park project. It is expected

that the Project will receive a similar or even higher support from the Government during the second phase and the team estimates at 10% future additional contributions.

7. Implementation

The implementing agency of CEP II will be the Liberian Agency for Community Empowerment (LACE), and the Project implementation period will be of 3 years.

Institutional Arrangements: LACE is an autonomous institution but accountable to the President of the Republic. It is governed by a nine-member Board of Directors, with representatives of Ministries, civil society and development partners. The Board provides overall policy guidance and formulates policies. The day to day business of the Agency is run by the Executive Director and his staff, in accordance with the Operation Manual and the Manual of Administrative, Accounting and Financial Procedures of the Agency.

LACE finances sub-projects of poor communities and disburses to those communities funds provided for them in support of poverty reduction. The Agency does not implement community sub-projects, but co-operate with communities or other implementing bodies; it assists community-based organizations develop their technical and managerial capabilities in all aspects of sub-project activities.

The proposed institutional arrangements are based on best practices gleaned from other post-conflict countries where government institutions were virtually non-existent. LACE will be responsible for overall project implementation, coordination, and M&E. The strengthening of LACE is based on the urgency to quickly scale-up CDD activities in Liberia. Such structures in other post-conflict settings have been very efficient in channeling funds and other inputs to community groups.

Flow of Funds. Funds will be channeled directly from LACE to the beneficiary communities. The Operational Manual (OM) includes a sample sub-grant agreement detailing this process. The PMC of the beneficiary CBO will receive the funds from the IDA special account which will be deposited into its bank account opened strictly for this purpose.

Accountabilities for Financial Reporting. The Division of Finance of LACE is headed by the FD. This Division is responsible for financial accounting, management and control. The FD will report to the LACE Executive Director. Detailed financial and internal control procedures are described in a Manual of Administrative, Accounting and Financial Procedures which will also be approved by LACE's Board. Financial management will be monitored by an Internal Audit department reporting directly to the Executive Director. LACE's financial management will be supported by a computerized accounting system which is integrated into the Management Information System. The system will be flexible enough to enable preparation of Financial Monitoring Reports (FMR) on a quarterly and annual basis. As of January 2007, LACE has complied with fiduciary requirements, has prepared and successfully processed 17 withdrawal

applications and an independent financial audit was completed. The Bank has assessed FM procedures as satisfactory. During a recent mission, a World Bank team found that there is scope for LACE to improve its capacity in procurement management and contract management.

Monitoring and Evaluations. LACE will be responsible for gathering data on the Project's outcome and results indicators. Due to the post-conflict nature of this operation, it is envisaged that there will be a focus on measuring output indicators. The OM defines 12 output/outcome indicators to be monitored, including number of sub-projects successfully completed by sector, by county, by district, number of beneficiaries targeted, rating by community of sub-project effect on the burden of women, etc.

Beneficiary assessments will be carried out for a sample number of sub-projects supported by an inter-disciplinary team composed of LACE staff and other stakeholders. LACE has prepared an Environmental and Social Management Framework which has been reviewed and accepted by the Bank. A Resettlement Policy Framework is being finalized. Impact of sub-projects on the environment, targeted marginalized groups and women will also be covered under such assessments. Management/technical audits will also be carried out on an annual basis to look at the quality of the architectural drawings, the quality of the works, the support that communities received from LACE and from intermediary and the timely availability of funds at the community level, and proper accounting of funds by communities.

8. Sustainability

The Government of Liberia has made a commitment to decentralize decision-making and resource allocation to local government, both at the county and municipal levels, thereby empowering them to effectively take control of local issues and development processes. Moreover, its support of the expansion of the Project and LACE, has been demonstrated by its initial willingness to establish LACE, by its commitment to provide some level of counterpart funding to the Agency, and by its support expressed during recent international conferences (Liberia Partners' Forum – February 13-15, 2007) and in bilateral meeting with the World Bank.

Other factors that are critical to the sustainability of the Project include:

- Building the social capital in war devastated communities should be carried out in parallel with any infrastructure investment;
- Supporting the creation of an enabling environment strengthens local government structures as they emerge, and providing them with the necessary resources allows them to gradually become key interlocutors in fostering and supporting community-driven initiatives;
- Community Facilitation process needs to focus on training beneficiaries to properly maintain infrastructure while also keeping options open to put into place cost recovery schemes (e.g. collection of user fees for water projects);
- Beneficiary contributions need to be real, but not necessarily in cash, to ensure that communities are fully on board and committed to the sub-projects;
- Intermediaries working towards producing community-level results must systematically do so in a manner that strengthens the capacities of local administration at the county and

district levels and enhances prospects for sustainability of public investments and services;

- The involvement of Government authorities – at both the central and local level – is key to ensure long term sustainability, co-financing of recurrent costs, and appropriate staffing of the health centers and schools in particular;
- Subprojects will need to have an impact on economic recovery of the community also by supporting creation of temporary jobs and supporting income generating activities.

9. Lessons Learned from Past Operations in the Country/Sector

Understanding of Social Context and Causes of Conflict. International best practices in post-conflict situations suggests that a CDD project can only be properly designed if funding agencies and other stakeholders have a strong understanding of the root causes of the conflict and the necessary peace-making activities, (e.g. programs to promote trust between all community members) which need to be put in place. A Rapid Social Assessment and its subsequent update (November 2006) provide an in-depth understanding of community structures in Liberia, and issues critical to the successful reintegration of communities, of vulnerable and marginalized groups, and of youth. The proposed interventions have been designed to support reconciliation at the community level.

Linking Local Governance to Community Assistance. Many externally funded projects have adopted a community focus in order to ensure that benefits reach the household level as quickly as possible. As in the case of LACE, the evident success of these programs does not mitigate the importance of gradually increasing their linkages to public institutions at the local level. Rather than shifting from community-driven approaches to conventional public management approaches, community approaches should be introduced into how local authorities plan and manage investments and services, and thus to capitalize on the positive experiences and learning for the donor dominated post-conflict stage as Liberia moves towards a more endogenous governance regime at the local level.

Sustainability. Community-based projects require a participatory process that ensures that local and central government supports community involvement throughout the project cycle and beyond. This should lead to community commitment for proper operation and maintenance of completed sub-projects and towards eventual self-reliance in advocating for assistance to supporting needs and accessing resources. Experiences from other countries (Sierra Leone, Rwanda, Burundi) shows that even the poorest communities can and do contribute substantial resources and are capable, albeit with some support, to select, design, and implement their priority proposed sub-projects.

10. Safeguard Policies (including public consultation)

An update of the ISDS is under preparation

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