REPUBLIC OF LIBERIA

THE ECONOMIC STABILIZATION AND RECOVERY PLAN

APRIL 2015

Prepared and formulated through a consultative process with Liberia's Development Partners
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FOREWORD

Just as Liberia was enjoying nearly eleven years of peace, eight years of democratic governance and impressive economic growth, the deadly *Ebola Virus Disease* (EVD) struck in March of 2014 and began destroying and decimating our most priceless and valuable resource, *our people*.

The outbreak struck our nation at a time when enormous efforts were being exerted to rebuild an economy devastated by a fourteen-year civil war. It has resulted in a high fatality rate among victims and particularly our health workers working on the frontline. Major health facilities were closed during the peak of the outbreak and our learning environment was interrupted due to the closure of schools as a means of curtailing the spread of the virus. The outbreak has changed our way of life, challenged our cultural and religious practices, and resulted in the decline of economic and commercial activities and livelihoods. It has also revealed several vulnerabilities to the country’s economic and service delivery systems in ways never contemplated. Most of our service delivery systems, especially the health system, have crumbled demonstrating not only the urgency for rebuilding but also the need for urgent development to enable them to withstand shocks that threaten not only our survival as a Nation but also our sovereignty as a State.

The outbreak has no doubt highlighted the vulnerabilities inherent within our systems but has paradoxically provided us an opportunity to rebuild the fabric of our economic and service delivery systems. Furthermore, it also provides an opportunity to change or re-set some of our priorities and face the stark realities, which this outbreak has so painfully taught us all.

While we seize the opportunity provided us by this outbreak to reform our service delivery systems and transform the structures of our economy, we remain mindful of the existing national development plans and strategies. The **primary aim of this plan is to**
set out the actions that are needed to respond to the EVD epidemic, to stabilize the economy, and get Liberia on a path to inclusive growth.

The Plan, therefore, is intended to highlight investments that have the greatest potential of bringing about economic stabilization and recovery in the shortest time possible, creating jobs, and improving the lives of our citizens.

Ellen Johnson Sirleaf
President, Republic of Liberia
## ACRONYMS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>ABE</td>
<td>Alternative Basic Education</td>
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<td>AfT</td>
<td>Agenda for Transformation</td>
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<tr>
<td>CBL</td>
<td>Central Bank of Liberia</td>
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<td>DFI</td>
<td>Development Finance Institutions</td>
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<td>EMT</td>
<td>Economic Management Team</td>
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<td>ETU</td>
<td>Ebola Treatment Unit</td>
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<td>EVD</td>
<td>Ebola Virus Disease</td>
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<td>FDA</td>
<td>Forestry Development Authority</td>
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<td>FTI</td>
<td>Forestry Training Institute</td>
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<td>FX</td>
<td>Foreign Exchange</td>
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<td>FY</td>
<td>Fiscal Year</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GoL</td>
<td>Government of Liberia</td>
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<td>IFC</td>
<td>International Finance Corporation</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>LBBF</td>
<td>Liberia Better business Forum</td>
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<td>MACs</td>
<td>Ministries, Agencies and Commissions</td>
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<td>MDA</td>
<td>Mineral Development Agreement</td>
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<td>MFDP</td>
<td>Ministry of Finance and Development Planning</td>
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<td>MoA</td>
<td>Ministry of Agriculture</td>
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<td>MoCI</td>
<td>Ministry of Commerce and Industry</td>
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<tr>
<td>MSMEs</td>
<td>Micro Small and Medium Enterprises</td>
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<td>NIC</td>
<td>National Investment Commission</td>
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<td>SEZ</td>
<td>Special Economic Zones</td>
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<td>SGS</td>
<td>Société Generalé de Surveillance</td>
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<td>SLAs</td>
<td>Village Savings and Loan Associations</td>
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<td>SME</td>
<td>Small and Medium Enterprises</td>
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<td>TVET</td>
<td>Technical and Vocational Education and Training</td>
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EXECUTIVE SUMMARY

The Ebola Virus Disease (EVD) epidemic continues to take a significant economic and social toll on Liberia. It has negatively impacted household livelihood and welfare across the country, closed schools and hospitals for a significant period of time, led to major delays and cost overruns on key projects, and created many ‘Ebola orphans’.

The purpose of this plan is to define the strategic interventions that will stabilize and spur rapid social and economic recovery while at the same time help to improve the economy’s resilience to any future shocks.

In pursuit of these goals the Government has already taken a number of key actions, to stabilize the economy and limit the impact of the crisis, and is in the process of completing the following:

- reopening of markets and borders to facilitate the resumption of commercial trading activities;
- lobbying actively for airlines to resume international flights to Liberia;
- strengthening of social safety nets, including the provision of cash transfers to support the households most affected by EVD epidemic;
- resumption of the construction of Liberia’s major public infrastructure and private investment projects;
- prioritization of Government payments to goods and services providers through Government ministries and agencies;
- implementing immediately the recovery plans for the Education and Health sectors to safely reopen schools and restore basic healthcare services;
- implementing economic stimulus programs including loan schemes, housing construction projects for low-income earners and ensuring special consideration for 10,000 women whose livelihoods were impacted by EVD; and
- protecting survivors of Ebola, orphans and health workers from stigmatization and discrimination.
Taking these actions quickly and decisively was crucial in the immediate aftermath of the crisis and they are being achieved with the collaboration and support of partners. However these actions are far from sufficient and government now needs to work closely with partners to implement a coherent set of medium term programs to get the country back on a path to inclusive growth. The necessary programs can be separated into three areas:

1. First, implementing a set of programs to respond to and mitigate the effects of the crisis. These are the main focus of this ESRP document.

2. Second, completing the previously agreed and ongoing programs within the pre-Ebola development agenda. Completion of these will require partners to disburse the $1.6bn previously committed but as yet undisbursed funding. Barriers preventing disbursement should be addressed jointly by the Government and Development Partners. Priorities remain Infrastructure/Energy, Agriculture/Private Sector Development, Health, Education and the Social Development (Children and Youth).

3. Third, financing the remaining infrastructure projects which are critical to Liberia’s inclusive growth, for which funding of $1.2 billion is needed but has not been committed: the Gbarnga to Medikorma and Ganta to Fishtown road corridors; Power Transmission & Distribution lines and Via Reservoir.

The first area is the focus of this document. The areas the government and partners need to focus on in response to the crisis are broken down into three strategic intervention areas, which are set out below:

**STRATEGY 1: RECOVERING OUTPUT AND GROWTH**

*The aim of Strategy 1 is to revitalize growth to pre-crisis levels whilst ensuring that it is more inclusive and creates decent jobs, through stimulating private sector growth in value chains sectors that are labor intensive and have most potential for export (e.g. rubber, oil palm, cocoa, fish, and cassava) given Liberia’s comparative advantage and*
potential for diversifying exports. Additionally, addressing the infrastructure deficit and associated cost increases caused by the crisis remains a critical priority of this plan. Including:

1. **Prioritizing access to finance for farmers, SMEs and priority value chains** – through securing commitments to new lending from DFIs and impact investors - and **recapitalizing depleted Savings and Loans Associations (SLAs)** to support the development of value chains and rebuild buffers for rural financing;

2. **Promoting diversification of Liberia’s economy through a) value chain coordination** in rubber, oil palm, cocoa, fish and cassava and b) **attracting 3-5 industrial investments in these value chains**, focusing on processing where possible (these are the value chains in which Liberia has a strong comparative advantage and are in line with the National Exports Strategy and ascension to the WTO);

3. **Increasing support to targeted labor and supplier development programs**, working with TVET for the youth and SMEs, that are aligned to local content policies, priority value chains and growth sectors; and

4. **Financing the costs of delay and overrun on critical infrastructure projects incurred from the EVD crisis.**

**STRATEGY 2: STRENGTHENING RESILIENCE AND REDUCING VULNERABILITY**

1. **Implementing a revised 7-year Health Investment Plan over the next two fiscal years**, in response to the weaknesses exposed by the crisis and to build a more resilient system. Investment is across 9 areas that include workforce development, re-engineered health infrastructure, epidemic preparedness and response, management capacity and enhanced service delivery.

2. **Meeting revised Education investment priorities in response to the crisis** including: to improve the quality of primary, secondary, vocational and Alternative Basic Education (ABE) programs; and to improve functional educational services and management at all levels and ensure a gender responsive education system.
3. **WASH Ebola response and recovery implementation plan** including increasing access to gender friendly WASH services (e.g. 100 high yielding boreholes into communities, health centers and schools and construction of 4 WASH regional centers) as well as revised Water and Sanitation Expansion Plan.

4. Strengthening the response program underway to expand **cash transfers** to at least 50,000 EVD affected households in extreme poverty, as part of building a social protection system to address risks and shocks inclusive of female headed households, women community networks.

5. Ensure adequate investment in **Liberia’s security sector** to ensure the capacity necessary to maintain security and rule of law following UNMIL’s departure in 2016.

**STRATEGY 3: STRENGTHENING PUBLIC FINANCES AND ENSURING SERVICE DELIVERY**

1. **Securing ongoing budget support financing to help replace budget shortfalls** resulting from collapsed revenues over the next two fiscal years and to enable the Government’s public investment program and financing of the ESRP.

2. **De-concentration of** public service delivery across Liberia’s 15 counties ensuring equal access and participation of men and women.

3. Continue to drive **civil service reform priorities**, to continue pay rationalization across key Ministries, optimize the size of the civil service, develop public sector pay and pension reforms and continue to strengthen record management.

Securing funding to cover the gap of implementing the interventions contained within this ESRP in response to the crisis and to complement the existing initiatives underway is expected to cost a total of **US$812 million** between now and 2017. The financing gaps for the three strategic intervention areas are:

- Recovering Output & Growth (US$225 million)
- Strengthening Resilience and Reducing Vulnerability (US$298 million)
- Strengthening Public Finances and Service Delivery (US$289 million).
As discussed above, securing $812 million to implement the above three strategies and respond to the crisis is critical. However the two other areas of support mentioned above are equally important: completing the priority projects which have been started but are not yet complete - this will require greater collaboration with partners to ensure disbursement of the $1.6 billion which has been committed but not yet disbursed and together with the ESRP interventions these will constitute Liberia’s revised development agenda; and securing commitment to the completion of remaining top priority major infrastructure projects to help the country out of poverty which require new commitments of $1.2 billion.
PART I: NATIONAL DEVELOPMENT STRATEGY AND THE ONSET OF EBOLA CRISIS

A). LIBERIA’S SOCIAL ECONOMIC PROGRESS PRE-EBOLA

1. Since the end of the civil war a decade ago, Liberia enjoyed peace and stability, which has led to the conduct of two successive free, fair and transparent democratic elections and achieved significant economic progress. During this time, the Government of Liberia (GoL) and its Development Partners (DPs) have remained committed to strengthening the country’s recovery and reconstruction processes with the objective of translating the benefits of peace, inclusive growth and sustainable development to our citizens.

2. Strategies and plans have been developed and implemented to raise living standards for all Liberians. These plans lay out a program to develop Liberia’s economy, strengthen the rule of law and significantly improve the national security environment, widen the reach and impact of Government services especially in healthcare delivery and in education, rehabilitate infrastructure and improving access to livelihoods for our citizens.

3. With these efforts, Liberia achieved a decade of remarkable socio-economic progress. GDP growth annually averaged over 7 percent from the end of the civil war to 2014, more than doubling GDP. Living standards have improved markedly for many Liberians, and the national poverty rate fell by 11 percentage points between 2007 and 2010 despite the global food price crisis and recession, and is likely to have fallen further since.\(^1\) In recent years, images of crops growing in replanted fields; traders hawking wares in the bustling markets across the country;

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1\(^1\) A comprehensive household welfare survey was completed in 2007, which found 56 per cent of the population living below the national consumption poverty line. Simulations for 2010 found the rate had probably fallen to 45 percent. A new, more comprehensive survey was started in January 2014, but had to be halted in August due to the spread of EVD. LISGIS plans to restart the survey in mid-2015.
busy city roads; uniform-clad children rushing to school—are clear and visible signs that Liberia’s revival has taken hold.

4. **Before the EVD epidemic, there were important gains in provision of education, health services, transport, energy and sanitation, but there is still much more work to do.** 61 per cent of births were attended by skilled health workers in 2013, compared with 46 per cent in 2007, while Liberia’s infant mortality rate declined from 71 to 54 per 1 000 live births between 2007 and 2013. Public service delivery systems are still recovering from the ravages of 14 years of civil war and they remain largely centralized. For example, before the EVD outbreak, about 60 per cent of Liberia’s health workers were in Monrovia, where only a little over one-third of the population resides.²

5. **Even after a decade of progress, Liberia socioeconomic development needs remain significant.** Liberia’s economic growth has been particularly driven by the extractive industries and under-employment remains high, especially among a large youth population. A little under half of the population lived below the national poverty line in 2010, a similar share of children suffered from stunting in 2012, and Liberia still remains among the least developed countries in the world according to the United Nations’ Human Development Index and among the lowest gender equality according to its Gender Inequality Index. At most, **20 per cent** of the workforce is employed formally and about half of these are in the public sector and the remainder largely employed in formal services including hospitality, finance and commerce. The informal sector is dominated by subsistence agriculture supplemented by small-scale cash crop farming in rural areas, and by petty trading especially in urban areas. The risk of history repeating itself in terms of **growth not leading to inclusive and sustainable development** remains high. Liberia’s population is young and growing and urbanizing quickly.³

Over half a million of our citizens will enter prime working age this decade

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² UNDPRBA study on the Socio-Economic impact of EVD, December 2014.
³ Population growth is **2.1 per cent** per annum, with an average fertility rate of **4.81**, half of the population is **18** or younger, while the urban population has grown by over **5 per cent** annually in recent years.
hence there is a sense of urgency on the part of the Government to get our youths adequately prepared for participation in the labor market.

6. **Prior to the EVD epidemic, 2014 was expected to bring continued strong growth and further progress on the Government’s development agenda.** The economy was projected to expand by around **5.9 per cent** in 2014, despite growing headwinds from weakening international prices of Liberia’s key export commodities. Inflation has been moderate and contained, while the exchange rate depreciated gradually. Liberia’s external position has largely reflected the impact of investments in natural resources concession as well as UNMIL. Export growth has been supported by Liberia’s emergence as an iron ore producer, countered by substantial fall-off in rubber exports reflecting not only the decline in international prices but also lower production as trees age. Imports (on a relatively larger base), have been driven by capital goods and fuel for the investment works for future resource production, as well as for UNMIL’s operations. These sources finance Liberia’s deficit in the current account of the balance of payments (approximately **28 per cent** of GDP in 2013).

7. **A key part of the Government’s fiscal policy is to increase fiscal space for critical investments to facilitate broad-based private sector led growth.** In pursuit of the commitment to increase public investment in large-scale infrastructure (transport and power) under the Agenda for Transformation to spur inclusive growth, the Government has sought to contain recurrent spending, improve tax revenue, largely through improved administration, and engage in modest borrowing. The fiscal outturn for FY2013/14 showed a small deficit of **1.2 per cent** of GDP, compared with a deficit of **1.6 per cent** of GDP for the previous fiscal year.

**Liberia’s Development Goals and Strategy**

1. **Prior to the onset of the Ebola crisis Liberia was in the second year of the implementation of its ambitious medium-term development strategy, the**
**Agenda for Transformation (AfT).** The AfT is the first step toward achieving the goals set out in *Liberia RISING 2030*, Liberia’s long-term vision of socio-economic transformation and development. The AfT was effectively the initial roadmap to take Liberia from post-war recovery toward middle-income country status by 2030 (Figure 1).

**Figure 1: From Conflict to Middle Income**

![Figure 1](image)

*Source:* Reproduced from the Agenda for Transformation (AfT) 2012

2. **The AfT was developed through a countrywide participatory process involving extensive consultations.** Consultations were held with students, youth leaders, business communities, women’s organizations, persons with disabilities, religious and traditional leaders, farmers, teachers, health workers, and local community opinion leaders. Its overarching goal of *achieving greater inclusiveness* is supported by four core objectives:

- *Generate economic opportunities focusing on rural areas, youth and women;*
- *Increase access to education, especially in rural areas and among girls;*
- *Build a social protection system;* and
- *Broaden and deepen provision of public services across the country.*

3. **The strategic foundation of the Agenda for Transformation rests on four pillars—Peace, Security and the Rule of Law; Economic Transformation; Human Development; and Governance and Public Institutions** and is buttressed by a fifth cross-cutting pillar of critical issues that must be considered in all other pillars including: gender equality; child protection; the disabled; youth empowerment; Environment; HIV and AIDS; Human Rights and Labor and Employment.
4. Despite non-trivial challenges including limited fiscal space, notable progress has been made across all five pillars of the AfT, and milestones were being **completed**. (Detailed in Appendix.) Nonetheless, major challenges remain to the implementation and the achievement of the AfT goals. The EVD outbreak impacted some sectors more than others but generally slowed the progress in AfT’s implementation.

**B). SOCIO ECONOMIC IMPACT OF EBOLA ON THE LIBERIAN ECONOMY**

5. The impact of the Ebola epidemic on Liberia operates through two broad **channels**. First are the direct and indirect effects of the EVD outbreak, which through sickness or death, removes people either temporarily or permanently from the labor force and disrupt planting and harvesting in agriculture. Health care resources are also consumed in providing care for the infected as well as tracking and monitoring contacts. Second, the behavioral effects resulting from the fear of contagion from personal contact leads to reduced labor force participation, closures of businesses and markets, disruption of transportation services including commercial flights and the disruption of government services, including health services and schools. Protection measures such as the closure of borders and schools had a negative impact on livelihoods affecting a significant portion of women, while school closures put girls at risk, and closed health facilities reduced maternal health.

**Poverty and Vulnerability**

6. The Ebola crisis has eroded some of the gains that Liberia had made in **reducing poverty and vulnerability**. Household incomes have suffered from substantial loss of wage jobs and self-employment activities. The World Bank’s cellphone survey for December 2014 suggests that nearly half of Liberian household heads who were working in the first half of 2014 reported being out of work, with job losses concentrated among urban, private-sector wage-earners.
There is also a disproportionate gender effect: of those working in the first half of 2014, 60 per cent of women versus 40 per cent of men had ceased to work by December. In early October 2014, more than 60 per cent of households reported a decrease in income larger than normal for the time of year.

7. The income shock and higher prices for key staples have resulted in widespread food insecurity and has exhausted buffers. More than nine out of ten households interviewed in December 2014 cited food insecurity as an issue. The number of severely food insecure is estimated to have increased by 170,000 to 630,000. Communities have also exhausted savings accumulated over years in their Village Savings and Loan Associations (VSLA) and other microfinance bodies. To cope with reduced incomes and scarcer goods, many households reported reducing the size of meals and substituting preferred food with lower quality or less expensive food. About one-third of households surveyed in December and January reported having sold assets and sold or slaughtered livestock to cope.

Economic Output, Growth and Prices

8. The outbreak has seriously undermined economic activities and livelihoods throughout the country. Real GDP growth for 2014, which was projected to be around 5.9 per cent has now been revised to below 1 per cent and is expected to further weaken in 2015 (Figure 2).

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5 World Bank mobile-phone survey, various rounds.
6 Liberian authorities and IMF staff estimates, 2014.
9. **The EVD outbreak has had numerous negative effects on economic activity.** Petty traders have been heavily affected, losing their sources of income as markets were closed and regions quarantined. In urban areas, households relying on income from the hospitality sector or from construction work have particularly suffered with EVD-related drops in demand and the withdrawal of contractors and expatriate workers. These effects in turn led to lower consumption and activity, as workers and consumers, fearful of the disease, avoided busy markets, reducing trade and spending in the economy.

10. **However, the response to the epidemic since September 2014 by the Government, its Development Partners, and International Community created temporary income sources for thousands of our citizens involved in the fight against EVD.** Nonetheless, overall conditions remain depressed, with a number of surveys suggesting that employment and livelihood opportunities continued to decline into early 2015. Various estimates suggest that up to half of those working before the epidemic had reduced work by December 2014.\(^7\)

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\(^7\) World Bank reports on Socio-Economic Impact of EVD Epidemic, November 2014 through February 2015; Yale University survey, January 2015.
11. The EVD outbreak’s most severe impact has been on the three sectors of the economy—agriculture, services, and manufacturing—which accounted for nearly 97 per cent of the employed labor force in 2010 (Table 1). The agriculture sector (including forestry), which accounts for about 35 per cent of GDP and employs nearly half of the labor force, was expected to grow by about 2 per cent before the crisis, but is estimated to contract by nearly 3 per cent in 2014, and is expected to slow further in 2015.

12. The services sector, which was expected to grow by 7.3 per cent before the crisis, is estimated to have slowed to 3.0 per cent growth in 2014, and is likely to slow further in 2015. Manufacturing, which had been flagging in the post-war period and was just beginning to show some signs of vibrancy with growth of 9.2 per cent in 2013, had been projected to grow by 9.1 per cent in 2014. However, the Ebola shock has resulted in a contraction in the sector for 2014, which is expected to be carried over into 2015.

| Table 1: Sectoral Impact of the EVD Epidemic on the Liberian Economy |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|
| GDP share | Employment | Average annual growth | 2014 | 2015 |
| Aggregate GDP | 100.0 | 1,692,000 | 7.0 | 5.9 | 0.0 | 6.8 | 11.1 |
| Non-extractive GDP | 86.0 | 1,054,000 | 5.3 | 6.1 | 0.4 | 7.1 | 2.2 |
| Agriculture & forestry | 34.7 | 508,000 | 2.8 | 1.9 | -2.9 | 3.5 | 2.0 |
| Mining* | 14.0 | 19,000 | 70.7 | 4.4 | 0.1 | 4.8 | 6.9 |
| Manufacturing | 4.7 | 70,000 | 3.6 | 9.1 | -0.7 | 10.1 | 1.1 |
| Services | 46.7 | 476,000 | 9.2 | 7.3 | 3.0 | 7.7 | 0.9 |
| Own Transport | 5.0 | 24,000 | 4.8 | 5.0 | 3.0 | 5.0 | 3.0 |
| Own Commerce | 10.4 | 320,000 | 9.9 | 10.4 | 3.0 | 10.4 | 3.0 |
| Own Government | 10.2 | 87,000 | 9.0 | 10.2 | 3.0 | 10.2 | 3.0 |
| Own Construction | 5.5 | 28,000 | 14.9 | 5.5 | 3.0 | 5.5 | 3.0 |

* Mining employment includes utilities

13. The prices of key staples (rice and cassava in particular) spiked early in the epidemic but have moderated since. Movement and market restrictions introduced early in the epidemic led to localized shortages and spikes in prices of key staples, although generally these rises reversed as markets reopened and transport routes resumed. Average 12 month inflation rose from 7.6 per cent in
2013 to nearly 10 per cent in 2014, and moderated below 8 per cent in early 2015, although prices of some goods, notably rice, remain higher than before the epidemic\(^8\). Reports suggest that shortages of income rather than rising prices were the main constraint on households’ ability to buy staples.

14. **The exchange rate between the Liberian dollar and US dollar was relatively stable during the second half of 2014 and early 2015.** This was due, in part, to the lower Government Liberian-dollar expenditures as part of the austerity measures being implemented and increased intervention by the Central Bank of Liberia (CBL) in the foreign exchange market.

15. **Total merchandise exports earnings had been projected to decline in 2014 as iron ore and rubber export values were projected to fall below earlier projections.** Some rubber companies’ operations were slowed during the crisis. The decline in international iron ore prices has had a significant effect on iron ore exports in 2014 and going forward, especially as potential investment and expansion may decrease.

*Impact on the Monetary and Financial Sector*

16. **The Ebola epidemic has had a significant negative impact on the financial sector as well.** Credit to various sectors of the economy declined by 5.3 per cent over the year to end-December 2014. Domestic credit goes largely to the non-enclave sector, such that this has a greater impact on the Agriculture, Manufacturing, Transportation, Storage & Communication, and Trade, Hotel and Restaurant sectors. Weaker economic activity has increased non-performing loans from 15 per cent in July to 19 per cent in January 2015, further squeezing already low bank profitability.

\(^8\) Liberian authorities and IMF staff estimates, 2014.
Additionally there has been an impact on some of the major sources of financing for micro, small, and medium-sized enterprises, and at the rural level. For example, the Savings and Loans Associations - local groups of 25 individuals—including a large proportion of women—pooling savings and providing loans for business activities - have seen reserves and capital depleted due to members’ trading businesses being heavily disrupted due to EVD-related restrictions.

Public Finances and Public Investment

17. The EVD outbreak has severely eroded the Government’s fiscal position. The Government faces a dual-challenge of declining domestic revenue generation due to lower economic activities and increasing spending pressures due to the EVD epidemic. Projected revenue for FY2014/2015 reflects a 13.6 per cent increase from the original forecast of US$559.3 million to about US$635.2 million, due to additional budget support of approximately US$156.6 million in response to the EVD crisis. This increased budget support will help fill the gap created by reduced tax and non-tax revenues, which are expected to amount to US$401 million, well below the US$504.3 million projected before the crisis.
18. **Significant expenditure demands have arisen due to the crisis.** The US$635.2 million approved National Budget includes US$76.2 million of additional expenditure to combat the crisis. This is also being accommodated by austerity measures totaling US$33.4 million including: **40 per cent** reduction in foreign travel across Government; **25 per cent** drop in fuel and lubricant costs, as well as freeze on non-essential purchases such as vehicles, furniture, office supplies, and reduced new spending measures.
PART II: POST-EBOLA ECONOMIC RECOVERY

19. The EVD epidemic and its larger socioeconomic impact on Liberia reveal that the goals, objectives and priorities highlighted in the Government’s medium-term development agenda reflected in the AfT still remain fundamental. Notwithstanding the notable progress that has been made, the EVD epidemic highlighted enduring weaknesses in institutions and infrastructure across the breadth of Liberia, that constrain delivery of basic services including; healthcare, education, sanitation, social protection and transport as well as broad-based economic growth and job creation.

20. More broadly, the crisis exposed Liberia’s vulnerability to external shocks. During the peak of the crisis in August and September of 2014, fragile supply chains providing imported staple foods and energy nearly broke, risking social disruption and economic distress and citizens’ distrust in State institutions and Government service delivery. As the crisis deepened and became more protracted, the need for a comprehensive social protection system became more apparent.

21. Through this prioritized, multi-year plan and complementary sector plans to invest in and strengthen its delivery of public services, the Government is working to address these weaknesses. Investment projects to rebuild Liberia’s transport and energy infrastructure and improve accessibility for communities across the country are underway but much more needs to be achieved. The slow speed in implementation and the problem of absorptive capacity are the main hindrances in achieving these goals. However, efforts are underway to sustainably de-concentrate capacity to implement the Government’s programs from the center to counties and the EVD crisis highlights that these must be a high priority in the recovery plan.

22. The primary aim of this Economic Stabilization and Recovery Plan (ESRP) is to get the economy back on track toward the primary goals of the Agenda
for Transformation. Consequently, the plan will focus on three core objectives that are fully aligned to and consistent with the objectives of the AfT. These objectives focus not only on the immediate direct and indirect social and economic impact of the Ebola epidemic but also are intended to address enduring institutional and infrastructure weaknesses. These three core objectives are:

❖ Revitalize growth to pre-crisis levels whilst ensuring that it is more inclusive and that it creates more and better jobs;

❖ Provide support for the poor and other at-risk groups to strengthen resilience and reduce vulnerability; and

❖ Rebuild and strengthen the capacity to deliver core social services including education, social welfare and health with better coverage in the rural areas.

23. To achieve these core objectives, this ESRP lays out specific, targeted actions, projects and policies that are intended to have a speedy implementation through intensive coordination within government and alignment from our development partners. The three core objectives are supported by the three areas of strategic interventions of the plan which are laid out below and are the areas where Government will, in the immediate short-term, focus its efforts with its own resources and the inputs from stakeholders.

24. Greater economic resilience requires fostering growth beyond the extractive industry, Government spending and aid. To do this, the private sector needs to develop, create jobs and generate positive spillovers. In this plan, the Government intends to facilitate the development of sectors that have a comparative advantage for export (including cocoa, cassava, rubber, oil palm, fish and vegetables) and to improve the functioning of domestic markets (e.g. rice) so that Liberian agro-processing can take hold.

25. There will be a need to open up the manufacturing sector and support the services sector. In this way, both rural Liberians (smallholder farmers) and urban Liberians (job seekers) can improve their livelihoods in a more sustainable way.
This will also reduce the risk of a decline in household livelihoods, for example, in the case of a reduction in concession activity or slowing in donor support.

A) STRATEGIC INTERVENTION I: RECOVERING OF OUTPUT AND GROWTH

26. Policies, actions and projects in this area are intended to support the core objective of revitalizing growth to pre-crisis levels whilst ensuring that it is more inclusive and create more and better jobs. The target is to spur GDP growth from the estimated less than 1 per cent in 2014 to at least the pre-crisis rate of 6 per cent by 2017. Furthermore, it is expected that the level of employment in key sectors will increase through efforts to increase competitiveness, greater exploitation of the value chain and better access to markets, both domestic and external.

27. Private sector development has been and remains a core part of the Government’s strategy for achieving sustained, inclusive economic growth. At the same time, a key lesson from the past is that over-emphasis on growth from the mineral sector lends little support to broad-based poverty reduction and shared prosperity. Therefore, for the ESRP, while the Government is taking steps to improve the business environment for the private sector more generally, it is making especial efforts to stimulate private sector growth in more labor-intensive areas intent on drawing more youth and women into employment. Coincidentally, this also brings the focus to those sectors and sub-sectors where the adverse impact of the Ebola crisis has been greatest, including the agriculture and services sector as well as the hotel, trade and construction sub-sectors.

Private Sector Development

28. Liberia’s accession to the World Trade Organization (WTO) presents an opportunity to reposition trade in the many priorities of the Government thereby
expanding the country’s investment profile. While binding constraints to trade, such as roads, electricity and access to finance, are being addressed through various interventions, trade remains that link with the ability to strengthen Liberia’s potential in the Mano River Union, ECOWAS, and the rest of the world.

29. **To facilitate trade, we must reform our systems and processes and align them with those of the rest of the world.** The reforms expected with WTO accession are in line with those already embraced by the Government of Liberia. Setting the stage for expanding Liberia’s exports requires investment in Sanitary and Phytosanitary measures (SPS) and removing Technical Barriers to Trade (TBT).

30. **At the heart of Liberia’s development agenda is the desire to grow the private sector, increase access to finance and create market access opportunities for SMEs.** Liberia’s accession to the WTO will bring several important advantages in terms of modernizing our domestic private sector, laws and systems which will provide opportunities for SMEs to trade and invest, thus contributing to economic growth and employment.

*Agriculture & Fisheries and Forestry*

*Contribution to GDP (%) = 34.7*

*Employment: = 508,000*

**Strategic Objectives:** (a) To increase agricultural productivity, value-added and environmental sustainability, especially for smallholders, including women and youth; (b) To increase integration of smallholder agriculture with domestic and international markets; and (c) To increase fishery production in a sustainable manner. Increase access to machinery, fertilizer, storage, credit, training, technical assistance, market information, improved technologies and related services.

31. **The impact of the Ebola crisis on the agriculture sector was substantial; arising initially from the abandonment of farms as well as the interruption of the crop cycles and the closure of markets.** Agricultural output for 2014 is
estimated to decline by **2.9 per cent**, compared to **1.3 per cent** growth projected in August 2014. The sector is expected to decline by a further **2.0 per cent** in 2015 and to grow by **2.2 per cent** in 2016, compared to pre-EVD projections of **3.9 per cent** and **6.1 per cent**, respectively. Crop reports suggest that rice and cassava production for 2014 declined⁹ and that crop production and sales have been affected by market closures and transport restrictions.¹⁰ However recent reports suggest the performance may be stronger than initially projected.

32. **The picture of the impact is mixed across the country.** Some areas (e.g. Lofa County) have been expected to experience more significant crop losses, as farmers failed to harvest their crops due to both the health crisis affecting their ability to mobilize labor teams, and to their inability to sell their crops. Production of rice and cassava is expected to return to normal levels in 2015, but unless certain strategic interventions are taken to develop specific value chains (cocoa, rice, cassava, rubber, oil palm, fish and vegetables), growth in the agriculture sector will remain too weak to lift household incomes, draw more workers into the sector and help diversify the economy.

33. **The plan for the agriculture sector envisages immediate interventions and quick impact projects during (FY2014/15) to stabilize the sector and mitigate the output decline in 2015 as well as projects and actions to sustain the recovery and build resilience through the private sector.** These actions/projects are:

**Immediate Stabilization (FY2014/15):**

1.1 **Multiplication and purchase of Foundation and Certified “seed rice” for distribution to farmers:** A total of 54,000 ha will be planted in lowland and upland areas and will require 2,260 MT of rice seeds, for distribution to farmers for the 2015 planting season. It will also include upland and lowland seed multiplication in the country over the next five months of 2014. (US$3,640,000).

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1.2 **Small Ruminants project**: Small ruminants /Poultry production project targeting one hundred (100) women beneficiaries and other people in River Gee County and nearby southeastern counties to provide substitute for the bush meat consumption. (US$824,621);

1.3 **Peri-Urban community garden project** targeting five hundred (500) community dwellers (80 per cent women and 20 per cent men) in Zubah Town and Johnsonville, Montserrado County for livelihood support. (US$276,500).

1.4 **Purchase of Certified Maize seed**: Corn production project for food and feed targeting farmers, farmer groups, and private individuals with lowlands suitable for corn production in Lofa, Nimba, Bong, Grand Bassa, Montserrado, Margibi, Bomi and Cape Mount Counties. (US$546,877).

1.5 **Improve access to food and commodities through conditional cash transfers and food for work programs for Farmers.** This will also include purchase of food crops from farmers who were not able to access markets due to trade disruption. (US$1,080,000)

1.6 **Farm input support including for purchase of Herbicides and Fertilizers for the new planting season.** (US$1,747,170)

1.7 **Support on mechanization for planting of new tree crops.** This is necessary to revitalize the Tree Crop project and compensate loss of income and the initial expenditure incurred by farmers before the Ebola outbreak. (US$2,000,000).

**Recovery and Resilience (FY2015/16 – FY2016/17):**

34. **Disbursement of the remaining US$225.4 million ‘funding gap’ on existing Agriculture sector projects is a delivery challenge which requires donors to engage closely with GoL to identify and overcome bottlenecks.** A number of multi-year projects are already underway with funding from development partners as part of the AfT including: funding from AfDB (total over **US$50 million**) for Smallholder Agricultural Productivity and Commercialization and Agriculture Sector Rehabilitation projects (SAPEC); funding from IFAD (US$16.9 million)
and World Bank (US$23.1 million) for Smallholder Tree Crop Revitalization projects; and USAID funding (US$59.1 million) for Food and Enterprise Development; as well as a number of others. According to Aid Management Unit figures, a total of US$303.1 million has been committed for the period FY2013/14 – 2016/17 of which US$77.8 million had been disbursed between July 2013 and Dec 2014.

35. **However, in addition to this, there is a need to boost economic growth and job creation through Recovery and Resilience interventions** that will facilitate private sector market development and investment and create jobs in those value chains with the greatest export potential (Cocoa, Oil Palm, Rubber and Fisheries) – in line with the National Exports Strategy and Liberia’s ascension to the WTO. These interventions include:

2.1. **Increased access to finance for the agriculture sector** through support to existing and new agriculture lenders/fund (US$50 million). The Government through the MFDP is scoping options to promote increased lending to the sector, primarily through commercial/private lenders. It is seeking commitments from Development Finance Institutions (DFIs) to increase financing available and work to structure schemes that will overcome existing factors constraining provision of credit (see Box 1 below).

2.2. Finance to develop out-grower schemes around existing Oil Palm concessions. (US$10 million)

2.3. Secure private investment into **inland fish infrastructure and also into cold storage transport and facility being developed** in Monrovia by the Government (Bureau of National Fisheries) to support fish processing development as well as fishing ports, training and investment incentives; US$20 million.

2.4. Improve **value chain coordination** for the key crops/markets with potential for agri-business and export (see Manufacturing section below);

2.5. Support investment in storage/processing for **Rice and Cassava Market Development**: (US$15 million);
2.6. Implementation of **Land Commission land reform recommendations** – e.g. around community-based land titling; and

2.7. Establish **Liberia Agriculture Commodity Regulatory Authority**.

36. **The Liberian forestry sector continues to be affected by illegal logging operations.** However, the sector has the potential to generate substantial environmental, social and economic benefits. Efficient monitoring of logging operations has proven to be a major challenge leading to the contracting of the chain of custody to the Société Generalé de Surveillance (SGS).

37. **The forestry sector is expected to stagnate in 2015.** The major challenges to the sector are a lack of capacity of stakeholders and weak governance. However, to halt the destruction of the Liberian forests the Governments of Liberia and of Norway have signed a **US$150 million** partnership agreement aimed at putting an end to the signing of new logging contracts, ensuring more scope for forest-dependent communities to manage their resources and increasing protected forest areas.

**For Recovery and Resilience (FY2015/16 and FY2016/17) in the Forestry sector, we require:**

2.1 Financial support for staffing the Legal Verification Department of the Forestry Development Authority (FDA) to monitor compliance to legal regulations of the forest sector (One benchmarks under the Voluntary Partnership Agreement);

2.2 Conduct Reforestation in Foya District, Lofa County; and

2.3 Strengthen the capacity of Forestry Training Institute (FTI) by increasing staff remuneration, acquire essential tools and maintain existing equipment.

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**Box 1: Private Sector Funding for Smallholder Farmers**

The GoL sought to prioritize private sector financing for smallholder farmers in response to the EVD crisis. Two projects have so far been finalized with the potential
to impact tens of thousands of Liberian farmers:

- An immediate loan from IFC to a Cocoa input supplier will support smallholder cocoa farmers. The supplier currently provides credit for inputs and extension services to about 1,500 cocoa farmers and the IFC facility will support expanded lending to as many as 7,500 smallholder farmers; and
- A further US$25 million of IFC financing has been agreed to be made available for the replanting, refurbishment and replenishment of existing rubber farms. This funding will be made available to farmers at long maturities of between 10-15 years at low interest rates. At least 600 farms are expected to be eligible. The program includes partnership with the Firestone Company as guaranteed off-taker and provider of seedlings and technical assistance.

The Government is seeking additional partners and investors to provide development finance and engage in opportunities within the agricultural sector to both provide a boost in the short term and support private sector development in agriculture.

<table>
<thead>
<tr>
<th>Services</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution to GDP (%)</td>
<td>= 46.7</td>
</tr>
<tr>
<td>Employment:</td>
<td>= 476,000</td>
</tr>
</tbody>
</table>

**Strategic Objectives:** To improve the efficiency and accessibility of services including telecommunication, transport and financial services. To regulate judiciously to lower cost of services to increase the competitiveness of the domestic private sector.

38. **The negative economic effects of the EVD epidemic have been most significant across the services sector.** Traders and transport operators lost incomes as markets were closed. As a consequence, transport restrictions stopped goods from moving around Liberia and into neighboring countries, traders avoided physical body contacts in markets and consumers held back on discretionary spending from July 2014 up to early 2015. Tens of thousands of our citizens engaged in cross border trading lost their sources of incomes as the
borders with Sierra Leone, Guinea and Ivory Coast were closed. Some employees in the service industry were furloughed or given reduced working hours as hotels and restaurants had few or no customers especially during the peak of the epidemic – from August to October 2014.

39. While public servants sent home from the start of August 2014 continued to receive their salaries, teachers working at private schools lost their sources of incomes as the private schools were not collecting fees from students. On the other hand, larger and higher-end accommodation and restaurants benefited from the surge of international assistance from September, although reports suggest conditions remained more difficult than usual for many businesses. Financial and other business services have also been affected by the postponement of investment plans by businesses due to the uncertainty caused by the crisis. As a result of these shocks, the services sector growth rate fell to 1 per cent for 2014 down from the 5.9 per cent originally projected before the crisis.

40. In terms of the immediate response to date, Government has prioritized its purchases of goods and services throughout the EVD crisis (US$95.3 million worth of procurement for the second 6 months of 2014, 24 per cent more than the corresponding period in 2013). Development partners have also provided support by prioritizing local sourcing in their crisis-response related procurements. (e.g., the U.S. Government has spent millions of dollars on Liberian-procured goods and services in their Ebola response). As a result, by December 2014 the number of advertised tender opportunities exceeded those in the previous year, having recovered from a level in August 2014 that was approximately 70 per cent lower than the level for August 2013. The following set of actions, including specific policy actions are intended to facilitate immediate stabilization and rapid recovery in the services sector. It is to be noted that Government has already taken some of these actions including the reopening of markets.

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Immediate Stabilization and Recovery (FY2014/15)

Actions are underway regarding the following key areas of immediate response:

1.1 Reopening of markets and easing the transport restrictions introduced;
1.2 Reviving depleted funds at community/village savings and loans associations (VSLA) and restoring small enterprises and SMEs aimed at stimulating the local economy;
1.3 Lobbying for the return of international flights to Liberia;
1.4 Resuming the rolling out of regular Government and aid spending, as this – together with the recovery of the real sectors - is the key driver of the service sector activities; and
1.5 Implementing an unconditional cash transfer program (see social protection below).

Recovery and Resilience (FY2015/16 and FY2016/17)

2.1 Investment in Sanitary and Phytosanitary measures (SPS) and removing Technical Barriers to Trade (TBT) including National Standards Laboratory to support WTO ascension (cost TBD);
2.2 Develop a policy framework to improve financial inclusion, secure financing for priority value chains, SMEs and the productive sector and broaden the coverage and use of mobile money services and by extension, electronic and mobile banking [Policy action]; and
2.3 Develop and implement a de-dollarization roadmap for the country to facilitate Liberia’s participation in the ECOWAS proposed single currency regime. [Policy action]

The resumption of regular Government and aid spending, as well as that of the mining and agriculture sectors, will contribute towards stabilizing the services sector, while the rolling out of the unconditional cash transfer program will also support the sector by increasing demand in the economy. The
development of a policy framework to improve financial inclusion, the strengthening of savings and loans associations and the development of mobile banking services will help to improve the resilience of the economy. Interventions taken under this plan are expected to lift growth in the services sector to about 7 per cent by 2017.

Manufacturing

\[
\begin{align*}
\text{Contribution to GDP (\%)} & = 4.7 \\
\text{Employment} & = 70,000
\end{align*}
\]

\textit{Strategic Objectives:} To promote Liberian products for international markets. Facilitate exports through special export processing zones; improved trade agreements; and training for entrepreneurs, including women. Make customs and border-control measures more efficient.

42. Real manufacturing output is estimated to have declined by \textbf{0.7 per cent} in 2014 and it is expected to further decline by \textbf{1.1 per cent} in 2015 (down from a pre-EVD projection of \textbf{8.3 per cent growth}). The sector’s growth is expected to increase to \textbf{4.3 per cent} in 2016, relative to a previous projection of \textbf{10.1 per cent}. The decline in 2014 is driven by a reduction in construction activities (due to the pause in mining and other development projects), which led to a fall in the demand for cement and paint.

43. \textbf{Demand for locally produced goods such as beverages also fell due to a reduction in the levels of activities of the hospitality sub-sector, especially during the peak of the epidemic from August to October of 2014.} Processing of agriculture products, such as palm oil soap manufacturing, also slowed due to the closure of agricultural markets. The EVD response from regional and international partners has mitigated some of these effects, through for example, demand for inputs for the construction of Ebola Treatment Units (ETUs). Interventions under this recovery plan, including specific policy actions are intended to stimulate the development of the manufacturing sector, and complement AfT projects/activities already under implementation.
Immediate Stabilization and Recovery (FY2014/15)

1.1 US$2.5 million stimulus for the domestic private sector in FY2014/15 budget; and

1.2 US$10 million for small and medium size businesses (SMEs).

Recovery and Resilience (FY2015/16 and FY2016/17)

2.1 Launch and manage Value Chain Coordination Groups on the priority value chains (rubber, oil palm, cocoa, fish (including aquaculture), cassava and rice) to ensure alignment of support by key Ministries and development partners. Secure partner support to help develop these sectors in a market-based way. This is a key first steps towards implementing Liberia’s National Export Strategy;

2.2 Secure investment in agro-processing through targeted delivery sales pitch to 3-5 industrial, value chain investors in cocoa production and value chain support, aquaculture, fish processing, rubber downstream product processing (including ribbed smoked sheet processing), oil palm processing and cassava processing.

2.3 Two Matching Grant Facilities and Business Plan Competitions for Small Businesses (Ministry of Commerce and Industry via the Japanese Government; National Investment Commission (NIC) via World Bank Enterprise Development Project); link to agro-processing, exports and suppliers to concessions;

2.4 Update and enact the Special Economic Zones Act; [Policy action] and

2.5 Implement the Small Business Act, via 'Wear Your Pride' and 'Eat Your Pride' promotions [Policy action].

44. Targeted youth employment skills training is also critical in building a resilient recovery in the manufacturing sector, for example, the Mercy Corps Prospects youth skills project and the World Bank funded Youth Opportunity project with US$25 million to be disbursed starting in June 2015 (within the Social Development Services AfT sector).
45. **The stimulus and cross-sector Small and Medium Enterprises (SME) support is intended to stabilize the manufacturing sector** while the promotion of industrial and catalytic investment and targeted youth skill development is intended to re-orient the economy towards a sustainable path through the development of the agro-processing sector. The Matching Grant facility and the policy actions are expected to support this strategic effort by stimulating the demand for local goods and providing support to SMEs with potential to become significant job creators. Under the ESRP, manufacturing growth is expected to recover to about 6 percent by 2017.

**Mining and Panning**

*Contribution to GDP (%)* = 14  
*Employment:* = 19,000

**Strategic Objectives:** To spread the benefits of the concessions beyond the mining enclaves; and to ensure that mining operations contribute to fiscal revenue and the expansion of employment - supporting social stability and economic diversification.

46. Mining activities, largely driven by iron ore extraction, are expected to contract by **6.9 per cent** in 2015, as compared to a pre-EVD expected growth rate of **4.8 per cent**. Based on the current trends in global commodities prices, iron ore prices are not expected to recover until at least 2017. Growth in 2016 was projected at **9.8 per cent** reflecting Arcelor Mittal’s plans to increase its production to **15 million tons**. However this expansion may be at risk as prices remain depressed. Prior to EVD outbreak, China Union’s plans were to expand production and exports in 2016, but this is also likely to be delayed. Under the ESRP the Government will take specific policy actions in addition to the strong advocacy role it is already playing to spur the re-start private sector-led activities.

**Immediate Stabilization and Recovery (FY2014/15)**

1.1 Collaboration between actors to return to full investment and operational schedule, by addressing the factors causing the declarations of force
majeure by various contractors, including resumption of international flights, and improved availability of health care delivery services; and


Recovery and Resilience (FY2015/16 and FY2016/17)

2.1 Ensure support for Buchanan Special Economic Zone and Logistics Shore Base focused on empowering Liberian Micro, Small and Medium Enterprises (MSME) suppliers to the mining and the oil sectors and tendering is already underway;

2.2 Targeted labor and supplier development programs (to mining and to the priority agricultural value chains too), working with Technical and Vocational Education and Training (TVET) and MSMEs respectively;

2.3 [Policy action] Formulating investor-friendly local content policy that targets the mining, oil and forestry sectors; and

2.4 [Policy action] Synchronization of all mining regulations in various National Acts to balance investment and local content.

47. The resumption of flights, the end of force majeure and improved health care delivery services will, in part, help to stabilize the mining sector and hence automatically help the recovery to pre-EVD production and investment levels – to the extent that depressed global iron ore prices do not further deter planned investments. The Feasibility Study for the Buchanan Special Economic Zones (SEZ), targeted labor and supplier development programs and the two policy actions are intended to increase the ability of MSMEs to grow and help youths to improve their skills. Under the plan, growth in the mining sector is expected to recover to about 8 percent in 2016 and above 10 percent by 2017.

Critical Support to Infrastructure
48. The lack of adequate infrastructure remains one of the key binding constraints to provision of public services, economic growth and development in Liberia and it constitutes a central part of the Country’s ongoing development agenda. The outbreak of the EVD has adversely affected the implementation of practically all of Liberia’s infrastructure projects. It also highlighted how the absence of functional transport infrastructure stymies crisis response. The government’s efforts to address this deficit stalled as several foreign contractors of government projects declared force majeure and shut down projects. The Government’s objective under the plan is to restart all the work under these priority infrastructure projects and to accelerate delivery of such projects where possible.

Crosscutting actions for Immediate Stabilization (FY2014/15)

1.1 [Policy action] Ending the force majeure invocation by major infrastructure contractors;

1.2 Financing US$36.4 million of payments needed in FY2014/15 for critical public infrastructure projects (including Roads, Energy, Ports and Urban Sanitation) which the GoL has prioritized in the revised National Budget;

1.3 Rolling out an affordable National housing development project (US$4.2 million) for FY2014/15 located in Marshall, Margibi County.

Energy

Strategic Objectives: To supply affordable power from the national grid to public services in health and education, as well as MSMEs, industries and households in urban areas, while supporting alternative modes of generation that can extend electricity to consumers in other areas using small-scale thermal, solar and hydro technologies.

49. With a rate of electrification of less than 2 per cent nationwide (about 7 per cent in Monrovia), and one of the highest electricity tariffs in the world (US$0.49/kWh), expanding access to reliable and affordable electricity supply is among the main priorities of the GoL. While additional generation capacity is
expected to come on line in the next two to three years (48 MW of heavy fuel oil (HFO) based thermal generation and Mt. Coffee hydroelectric plant of 66 MW), the main bottlenecks to an efficient and sustainable development of a national electricity system are: (i) the lack of infrastructure for transmission and distribution; and (ii) an electricity utility in a precarious financial and technical situation, with an area of service limited to Monrovia.

50. Liberia’s Ministry of Lands, Mines and Energy’s (MLME) strategy for the power sector aims to accelerate the expansion of affordable services and bring electricity to 35 per cent of the Liberian population and 70 per cent of people in Monrovia by 2030, including vital public services. MLME’s strategy also aims to achieve the quality and reliability of electricity services required to support the country’s economic growth and social development as foreseen in Liberia’s Agenda for Transformation.

51. For the recovery plan, an integrated approach in the energy sector must address both short and long term electricity supply needs to contribute to economic and social recovery following containment of the EVD. The proposed interventions under the plan include:

**Recovery and Resilience (FY2015/16 and FY2016/17)**

2.1 Secure funding for additional costs incurred due to delays in the implementation of priority Energy projects, specifically the Mt. Coffee (US$100 million); and

2.2 Adopt an integrated approach to address both short-term and long term electricity supply needs.

52. In regard to taking forward the AfT objectives in the Energy sector, there remains a delivery challenge to ensure disbursement of funding already committed to Energy (US$355.6 million outstanding). However further critical priority Energy projects remain in need of funding, including:
- **Additional Transmission & Distribution lines** (Monrovia to Tubmanburg and Monrovia to Firestone – about **US$50 million**) as well as the **Via Reservoir/St Paul river major hydro** project (detailed study and documents being prepared by the EIB, will require at least **US$300 million** investment).

**Road and transport**

**Strategic Objectives:** To improve road connections between all regions in Liberia, especially for the southeast counties; open more secondary and feeder roads connecting rural populations and public services; and keep roads usable year-round.

53. The transport sector in Liberia includes road, civil aviation, and ports. The main entry point by air is the Robert International Airport (RIA) outside Monrovia. The Port of Monrovia is the major port while a few other ports, such as Buchanan and Greenville, are being further developed to accommodate higher cargo volumes. The mainstay of in-country transportation remains the road network of about **10,000** kilometers. Most of the roads are unpaved and unable to provide year-round accessibility to all district or county headquarters. The already generally poor road conditions are exacerbated by extremely high rainfall pattern in the country. Since 2006, Liberia has made significant investments to rebuilt basic transportation infrastructure. Several key roads and bridges have been rebuilt or are being rehabilitated. The Port of Monrovia is currently under a long-term concession arrangement and has performed satisfactorily to date. The EVD outbreak has disrupted all ongoing activities. Major foreign contractors (including the trained workforce) and international consultants have invoked Force Majeure provisions and left the country. As a result, the construction/rehabilitation activities have come to a grinding halt. All ongoing procurement and preparatory services for future planned projects have been put on hold.

**Immediate Stabilization (FY2014/15)**
1.1 The proposed Ministry of Public Works (MPW) road maintenance fund (US$4 million) be targeted towards labor intensive technology;

Recovery and Resilience (FY2015/16 and FY2016/17)

2.1 Secure funding for additional costs incurred due to delays from EVD in the implementation of priority Roads projects (US$27 million).

2.2 Passage and implementation of the Road Axle Load Law to protect Liberia’s road investments (US$5 million).

54. Further, whilst there remains a significant disbursement gap against the external funding already committed to ongoing Roads Infrastructure (US$381.7 million), additional major roads projects that are central to building resilience in the country still lack adequate financing, although these costs are not included in the ESRP total. These roads will allow the Government to develop a complete security foot print as well as agricultural value chains across the country. These include:

- **Gbarnga to Medikorma Road** (250km) opening up North East (Lofa County) towards Guinea) for which feasibility study has recently been completed; and

- **Ganta to Fishtown** to open up the South East corridor to Maryland. Split into two sections: Ganta to Tappita (around 150km; World Bank currently carrying out final stage of detailed feasibility) and Tappita to Fishtown (around 200km; feasibility study with Chinese partners underway).

Information Communication Technology (ICT)

| Strategic Objectives: (a) Upgrade domestic and international internet connectivity through efficient utilization of the international fiber optic link; and (b) Regulate internet and cell phone industries so that private companies compete and provide efficient, secure and affordable service throughout the country. |

55. Liberia’s ability to accelerate its economic development process, gain global competitiveness and improve the well-being of its people depends on the extent to which it can develop, use and sell telecommunications and ICT services in one
form or another. Furthermore, competitively priced ICT services are also critical in facilitating the delivery of important Government services on a decentralized basis.

56. The number of mobile subscriptions grew by **18 per cent** with a record **2,393,634** subscriptions; whereas, internet subscriptions grew by **58 per cent** with a record **159,444** internet subscriptions. This rapid growth is posing a problem to the quality of services delivery from the sector.

**Resilience (FY2015/16 and FY2016/17)**

2.1 Installing the Fiber Optic extension lines to generate jobs while at the same time reducing communications costs and improving connectivity including for public service delivery. This is estimated to cost **US$7 million**.

57. The extension of the fiber optic network will also improve economic resilience by improving the quality and speed of communication while at the same time reducing the cost. It will also facilitate increased delivery of financial services beyond Monrovia.

**B). STRATEGIC INTERVENTION 2: STRENGTHENING RESILIENCE AND REDUCING VULNERABILITY**

**Health**

**Strategic Objectives:** To increase access to and utilization of quality health services delivered close to the communities endowed with the necessary resources and offering a comprehensive package of interventions of proven effectiveness.

58. **Since 2005, the country has made great efforts to rebuild the health system through reform and introduction of the basic package of health services (BPHS)** under the National Health Policy and Plan 2007 – 2011 and later the

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Essential Package of Health Services (EPHS) under the National Health Policy and Plan 2011 - 2021, all of which defined the type of services to be delivered at every level of care, inclusive of the minimum levels of resources required to provide the package, namely infrastructure, equipment, drug availability and human resources.

59. **However, the health system was ill-equipped to effectively respond to the epidemic with the necessary occupational health and safety, and infection prevention and control measures for safe effective health services.** As a result, the epidemic had a 30 times higher risk of infection amongst health workers as compared to the general population, with 372 health workers infected, and 180 deaths as at 18th March 2015. Pre-existing structural vulnerabilities included inadequate and poorly motivated staff, insufficient and unsuitable infrastructure and equipment, weak supply chain and poor quality of care. This led to health facility closures, community distrust and fears, and the fears and refusal of health workers to provide routine health services.

60. **There were disruptions in provision of routine services, with an inability of the system to adequately respond to the epidemic and a loss of community trust in services.** These disruptions have particularly affected women and children as seen with the significant declines in the coverage of life-saving maternal and child health interventions. As the outbreak wanes, there is a need to rebuild the health system in a manner that restructures it, to ensure never again shall it fail to respond effectively to similar threats.

61. **The substantial and wide impacts of the health crisis have highlighted the linkages between health systems resilience and socio-economic development.** This creates an unprecedented impetus to address critical health systems vulnerabilities to build resilience against future shocks, in tandem with broader multi-sector reconstruction and recovery developments. The Government of Liberia has worked with partners to develop a 7-year health systems recovery and resilience plan, which complements the National Health Policy and Plan (2011-2021) and is aimed at providing guidance towards this.
62. **The Plan’s specific objectives are to ensure for Liberia:**

A) Universal access to safe and quality services through improved capacity of the health network for provision of safe, quality Essential Packages of Health Services;

B) A robust Health Emergency Risk Management System through building public health capacity for prevention, preparedness, alert and response for disease outbreaks and other health threats; and

C) An enabling environment and restoring trust in the health authorities’ ability to provide services through community engagement in service delivery and utilization, improved leadership, governance and accountability at all levels.

63. The plan is designed to build on the EVD getting to zero plan focused on rapidly ending the outbreak, and the transition plan focused on restoration of essential health services; repair urgent system vulnerabilities & transition response resources to recovery needs.

64. **A resilient health system is the best economic insurance against losses from new or re-emerging communicable diseases and is also important to avoid the possibility of negative spillovers to or from other countries.** Addressing the inherent health system weakness will contribute to building resilience of the health system that not only seeks to redress the recent impacts of EVD on systems’ functionality and service coverage, but it will also provide health security for the people of Liberia by reducing risks due to epidemics and other health threats, and accelerate progress towards universal health coverage by improving access to safe and quality health services.


The comprehensive 7-year Health Investment Plan is organized across 9 investment areas, with each including cross-cutting cost drivers, to achieve the goal of a resilient Health system. The costs for the period covered by the ESRP to end FY2016/17 are
shown below, inclusive of operating costs. **GoL and partner comments to date are projected as US$363 million leaving an estimated funding gap of US$95 million.**

2.1 Fit for purpose health workforce including bringing contract health workers onto payroll: (US$121 million)
2.2 Re-engineered health infrastructure: (US$115 million)
2.3 Epidemic preparedness and response system: (US$33 million)
2.4 Management capacity for medical supplies and diagnostics: (US$58 million)
2.5 Enhancement of quality service delivery systems (US$111 million)
2.6 Comprehensive information & research management (US$2 million)
2.7 Sustained community engagement (US$5 million)
2.8 Leadership & governance capacity (US$7 million); and
2.9 Efficient Health financing systems (US$4 million).

This plan will deliver: in-service training and technical support; new major projects such as the Health Workforce program on pre-service training and the Liberia Health Equity Fund on National Health Insurance; rehabilitation of existing infrastructure to establish isolation facilities (50), triage (all public health facilities), water and power work, and upgrades and extension of existing facilities, and their associated costs.

**Education**

**Strategic Objectives:** To ensure quality, relevant, and accessible, education for all children and youth at all levels, including the disabled.

65. **Liberian youth are the country’s most valuable asset.** Thus, a key objective is to and enable to our young people to reach their potential whilst also developing skills that make them increasingly employable and productive. Education and training will increase the potential productivity and employability of our youth. Investments in our Technical and Vocational Education Programs, as well as improvement in the quality of our secondary and tertiary education will ensure Liberia’s youth have the skills to meet the labor market needs of the country. This
is especially needed as we move toward becoming a Middle Income Country by 2030. Key emphasis must be basic skills, managerial training, and entrepreneurship skills which would enable them to create their own small businesses.

66. The Ministry of Education, with the endorsement of the legislature published a Five-Year (2012–2017) Medium-term Plan for Education Reform and Development in Liberia which focuses on restoring basic education (grades 1-9) through expanding access and improving the quality of education by rebuilding facilities, providing learning materials, training teachers, and introducing accelerated learning for older learners.

67. The 2009 Education Sector Plan calls for free and compulsory nine-year basic education, comprising six years of primary and three years of junior secondary education. In addition, the Education Reform Act of 2014 and the draft Technical and Vocational Education and Training (TVET) Policy of 2011 provide a framework that includes pre-primary/early childhood education as well as post-basic education and skills development.

68. Currently, a high percentage of children and adolescents are not in school, having either dropped out or never started. Liberian schools have a high percentage of over-aged learners (60 per cent) and low efficiency in terms of repetition and poor learning achievement. Another problem is the large number of uneducated youth in the rural areas. This is disturbing. A high percentage of the population is illiterate and unskilled, and the programs for adult basic education and training must be extended across the country.

69. The constraints of the education sector are: inadequate resources and lack of capacity (both teachers and managers) to provide basic education services to all communities, especially in the rural areas; fewer schools to meet the increased enrollment, a lack of school readiness for many children, especially those from disadvantaged backgrounds; a challenging backlog of out-of-school children and adolescents who need alternative education services; a fragmented and
dysfunctional TVET subsector that does not address the skills required by young people in Liberia; weak provision of adult literacy or adult basic education and training programs; and a higher education subsector that needs reform in order to provide appropriate leadership, and quality education that will enable graduates become employable thereby improving the economic recovery of Liberia. All these issues contribute to slowing the EVD response and increase the risk of future epidemics.

Immediate Stabilization (FY2014/2015)

1.1 Provision of **US$15.2 million (US$6 million)** from FY2014/2015 National budget and **US$3.2 million** from the World Bank and **US$6 million** from the African Development Bank) for the re-opening of public schools, including distributing health kits containing thermometers, chlorine and buckets to every state and private school, as well as providing training in disease prevention for all teachers.


2.1 Improve the quality, relevance, and accessibility of secondary, vocational/technical education programs, and to alternative basic education (ABE) programs for out of school adolescents and youth (US$12.8 million) including:

- National revised school curriculum and curriculum development for TVET and Trade Testing in Basic Trade Areas;
- Recruiting, training and deploying of in-services and contract teachers for lower basic and secondary level of education;
- Strengthen county education management structure for decentralization; and
- Equip nursing demonstration lab and other infrastructure provision.

2.2 Improved functional educational services and management at all levels including tertiary (US$3.3 million):

- Provide school grants to public and community basic level schools (grades 1-12) (US$2.75 million); and
• Construction of the second wing of the Rubber Science Technology building and 8 faculty housing (2-bedrooms each) (US$0.56 million).

**Water, Sanitation and Hygiene (WASH)**

**Strategic Objectives:** To establish and strengthen institutional capacity to manage, expand and sustain Liberia’s WASH services; increase equitable access to environmentally friendly and sustainable water and sanitation services and promote hygiene; and establish Information Management Systems and strengthen monitoring, data collection, communication and sector engagement.

70. **There is an urgent need to address the structural deficiencies in the service delivery systems in the water and sanitation sector that the EVD epidemic highlighted.** Notable progress has been made in improving the enabling environment across all four sub-sectors (urban water, rural water, urban sanitation and rural sanitation). However, Liberia has been less successful in improving the efficient service delivery pathway: effective service development and sustainability.

71. **The access to clean water remains low at 56 per cent in rural areas and 65 per cent in cities, with only 10 per cent of the urban population having access to piped water on their premises.** The majority of the population of Monrovia (with about a third of the population of Liberia) relies on shallow wells for their water supply (about **3,000** private and **500** public wells). Most of these shallows are not protected and about **80 per cent** presents signs of fecal contamination (Water Point Microbiological Testing Report in Monrovia, 2011). This generates significant risks for infections and hampers disease control. The bulk of water supply, sanitation and hygiene promotion implementation in Liberia is still funded by external development partners and implemented by NGOs, especially in rural areas. The government target is to raise clean water supply to **77 per cent** of Liberia’s population by 2017, and to achieve universal access by 2030.
The progress to date and the need for building greater resilience in this sector in light of the vulnerabilities exposed has also been reviewed through the LDA process. WASH is critical to achieving the objectives of the AfT as it cuts across all the sectors in the Human Development Pillar. The Sector has developed three key documents to guide WASH priorities and investments. The impact of EVD outbreak on the sector highlights the need to address constraints critical to providing access to the population for social benefits. Increasing investments in WASH would enable Liberia develop the capacity for hygiene education; hand washing facilities and supplies; and sanitation/waste disposal and treatment needed in case of future outbreaks. Investing in WASH is a means to prevent future disease outbreaks especially in urban areas, where dense population and informal settlements lead to inadequate sanitation and unhygienic conditions that facilitate the rapid increase in the spread of diseases such as Ebola. Immediate actions include making WASH facilities and services available for schools and health centers in the wake of the EVD outbreak.

Recovery and Resilience (FY2015/16 and FY2016/17)

- Ebola response and recovery WASH Implementation plan for FY 2015/16 (US$7,687,999) - Ministry of Public Works. The plan includes:
  - Establishing and strengthening institutional capacity to manage, expand and sustain Liberia’s WASH services (US$1,383,000);
  - Increasing equitable access to environmentally friendly and sustainable WASH services for Ebola response, recovery and prevention including provision of 100 high yielding boreholes into communities, health centres and schools, construction of 4 WASH regional centres and hand pump rehabilitation and replacement (US$1,979,999);
  - Establish Information Management Systems and strengthen monitoring (US$500,000);
• Meet International and Continental Commitments including implementation of associated programs (US$2,560,000); and

• Program Administration and Monitoring & Evaluation (US$1,265,000):

2.2 Liberia Water and Sewer Corporation Revised Water and Sanitation Expansion Plan - FY2015/16 – 2016/17: (US$11,650,000)

• Water projects: Monrovia New Reservoir System and Network Expansion, Outstations New Expansion and Rehabilitation, and Rehabilitation of Ducor Reservoir (US$8,450,000)

• Sanitation Projects: Sewer lift stations and Lines, Outstation sanitation systems (US$3,200,000)

**Social Protection and Welfare**

**Strategic Objectives:** To build a comprehensive and fiscally sustainable social protection system that support the poorest and most vulnerable households and groups in their recovery from the EVD crisis and builds their resilience against risks and future shocks.

73. The livelihoods of the poor have been significantly affected by the crisis due to the fact that their sources of livelihoods (agriculture, vending, Government spending, aid etc) were impacted by the epidemic. Over 3,000 children were orphaned by the EVD outbreak, many caregivers widowed and thousand more losing their income. Family structures have been broken while female-headed households have increased with increasing dependents.

74. Social Welfare infrastructure was ill equipped to respond to the number of separated and orphaned children (i.e. due to quarantine and/or treatment), whose parent, parents or primary caregivers died due to EVD. With only 12 social workers across the country prior to the EVD outbreak, the workforce had to be expanded to 70 social workers and 50 mental health clinicians – across all counties. However, evidence to date in identifying/registering and doing the initial
assessment and subsequent follow-up of these children and their caregivers to check on their psychosocial and physical well-being, including additional health needs clearly demonstrates that the urgent need for additional social workers, PSS specialists and Mental Health Clinicians.

**Immediate Stabilization (FY2014/2015 National Budget)**

1.1 The implementation of an unconditional cash transfers program (initial tranche **US$5.1 million to September 2015**) for extremely poor and EVD-affected populations;

1.2 Work with development partners in providing emergency food aid to vulnerable households and groups in EVD affected areas; and

1.3 Provision of foster care grant as part of building a system in support of alternative care including providing psychosocial support to orphans of the EVD outbreak and other vulnerable children.


75. A number of programs are already underway within the Social Development Services sector of the AfT across a range of objectives including child protection, gender equality, civil society strengthening and governance. In addition the priority for ensuring recovery and building resilience in light of the crisis is:

2.1 Increase coverage of sustainable social transfer programs including cash transfers to at least **50,000** of the most vulnerable households in extreme poverty (up to **US$25 million** annual cost);

2.2 Support for development of social protection system, covering salaries, operation costs and technical assistance (**US$12.6 million**)  

2.3 Consideration of Trust Fund and/or other modality for donor support to sustain foster care grant and psychosocial support to orphans over time (cost TBD).
2.4 Implement plans to create a National Management Disaster capability based on proposals developed by Ministry of Internal Affairs to be further discussed and agreed on by the Government and development partners.

Key interventions within social protection will include:

- Building capacity of sub national coordinating mechanism to register, target and deliver cash transfers, including establishing a coordination mechanism for all cash transfers implementers in the country;
- Establishing and operationalizing coordinating mechanism for all cash transfers implementers in the country; and
- Building an effective Management Information System (MIS) on beneficiary households and those in extreme poverty.

**Security & Rule of Law**

**Strategic Objective:** To maintain the current security situation and the nation’s territorial integrity and ensure their sustainability during and after the process of UNMIL withdrawal, through an improved and decentralized justice and security service, coordination mechanisms, trained and quality security and justice officers and personnel, building institutional and administrative capacity and systems and establishing adequate and appropriate legal, policy, and regulatory frameworks.

76. The foundation for the consolidation of peace and socio economic development in Liberia must be grounded on an effective justice system and enhanced security environment with respect for human rights under the rule of law. Although significant progress has been made in this sector, there are a number of challenges which pose threat to the peace and security of the country and potentially unravel the democratic gains made. These include land disputes, pervasive poverty including in particular massive youth unemployment, and potential electoral violence. There is, therefore, a compelling need for building greater resilience in this sector in light of the vulnerabilities exposed prior to and during the ebola outbreak. The incomplete reforms of the security sector, as well as the low level
of police deployment across the country among other challenges, are serious threats to the consolidation of peace and stability in Liberia.

77. The UN Security Council by resolution 2190 has called on the Liberian Government to assume full security responsibilities from the UN Mission in Liberia (UNMIL) no later than 30 June 2016’. The resolution also urges the Government to make efforts towards reforming the security and justice sectors in order to provide protection to all Liberians.

78. Funding needs for the security sector are not aggregated into the ESRP total however there is a significant funding gap within the AfT, particularly in as far as developing Liberia’s capacity to deliver security following UNMIL’s drawdown. This despite GoL having prioritized funding to this sector through the National Budget including for development and reform of the Judiciary. In response of the UN Security Council resolution the Government has developed its Plan for UNMIL Transition covering 15 institutions and 8 priority areas, with a total cost of US$104.8 million between FY2015/2016 and FY2017/2018. This includes a cost of US$76.2 million for FY2015/2016. The primary source of funding is expected to be the national budget - in the absence of major support from development partners - potentially leading to a reduced fiscal space for national funding of other priority investment initiatives.


Funding requirements for the security sector are grouped as follows:

1.1 Recruitment and training of manpower. The goal is to increase LNP’s capacity to 8,000 staff and to prioritize their training. (US$ 20 million);

1.2 Development and enhancement of infrastructure and logistics, particularly barracks and prisons (US$68 million);

1.3 Improved conditions of service, particularly robust recruitment and transparent remuneration system (US$10 million);
1.4 Regulations, Policy and Frameworks, including the ratification and domestication of the Arms Trade Treaty and the ECOWAS convention on small arms (US$7 million).

C). STRATEGIC INTERVENTION 3: SUSTAINING PUBLIC FINANCES AND ENSURING SERVICE DELIVERY

Public Finances

79. The Government is taking steps to enhance fiscal consolidation to assure the fiscal space to ensure the sustainable delivery of services through:

- Improving revenue administration to increase tax compliance;
- Enhancing economic governance to ensure accountability in the use of public finances; and
- Prioritizing public expenditure to ensure efficiency in the use of the limited resources.

80. Since 2006, the Government has taken important measures to enhance revenue administration. First through the development of a comprehensive revenue code that substantially reduces the discretionary powers in the administration of the code. Second, through the introduction of automation in Customs and inland revenues to increase the efficiency of administration of revenue and mitigate risks to revenue loss and increase tax compliance. Third, the government has recently established the Liberia Revenue Authority (LRA), an autonomous agency with the mandate to consolidate the assessment, collection, auditing and accounting for all national revenues.

81. On economic governance, progress has been made in substantially improving public financial management and procurement and work is ongoing towards further improvement. First, a Public Financial Management (PFM) Act was passed in 2009, which together with its enabling regulations provides a comprehensive framework for the management of public finance. Furthermore, to complement the PFM law, a Public Procurement and Concession Law was passed
in 2009 together with its implementing regulations that provide the basis for Governments procurement to ensure equity, efficiency and effectiveness in the use of public finances and help to ensure value for money.

82. The Public Financial Management Act needs to be revised to further strengthen the integrity of the management of Liberia’s public resources.

83. In addition, the Government has implemented an Integrated Financial Management Information System (IFMIS), which has so far been rolled out to some 19 M&As with plans for further roll out to additional M&As. Furthermore, efforts are being made to bring donor financed projects unto the IFMIS and pilots have been completed in this regard. The Government has been consistent in submitting annual consolidated financial statements to the General Auditing Commission for audit and the passage of such audits to the oversight committee in the Legislature.

84. The EVD epidemic and the ensuing economic crisis has imposed a huge shock on public finances. First, on the revenue side through the sharp reduction in revenues precipitated by the sharp reduction in economic activities. For FY2014/15, ‘core’ revenues (excluding grants) were some US$401 million as compared to the Government’s original forecast of US$504.3 million. On the expenditure side, the substantial needs for the immediate health response as well as the need to stabilize the economy and provide a social protection response substantially increased expenditure beyond the planned level.

85. Given that a robust economic recovery is not expected until 2017, public finances will continue to face challenges including in meeting the proposed resources for this plan. Over the two fiscal years to 2017, domestic revenues are now expected to total US$ 899.8 million, US$240.4 million less than was projected before the EVD epidemic. As a result of this and taking into account both projected external revenues and increased recurrent and investment expenditures following the crisis the current projected financing gaps for the National Budget amount to US$281 million total over the two years.
86. **The ESRP projects implemented in FY2015/16 and after will be as far as possible fully incorporated into the national budget, regardless of their financing sources, to ensure fiscal transparency.** As part of this effort it will be important to clearly identify projects being undertaken by the GoL within the Budget envelope and the ones for which additional financing is being sought or used. Development partners’ close cooperation with the Aid Management Unit will be critical to enable this.

**De-concentration**

87. The EVD crisis clearly highlighted the need to ensure public services are accessible across all of Liberia. The Government’s National De-concentration Platform is intended to improve access for all Liberians to public services and increasing community engagement in national development including citizen’s participation in governance. The goal is to quickly improve access to services, while at the same time conducting the long legal and political processes required for a fully decentralized state. The platform prioritizes a tangible and visible movement of a menu of services under the coordination of the County authorities. These are services that relate to basic state licensing, certification and registration; services required to enable other services to be de-concentrated; and services that cater to the welfare of communities. In the new dispensation of services delivered in a de-concentrated format, the fundamental objective is that mechanisms exist to give authority to local authorities to coordinate, manage and make decisions that are relevant to the local situation. In the short term, financial resources will be managed by each ministry with involvement of County Administration, gradually moving to a medium-term plan to have financial resources managed by Country Administrations.

88. The immediate next steps for rolling out the De-concentration Platform include establishing service centers in selected counties and regions to facilitate the rollout of the services that will be de-concentrated. This requires ensuring that the necessary human capacity is available to manage the process.
The cost of de-concentrated services from July 2015 to June 2018 (3 years), is estimated at **US$8.8 million**. Of this US$4.2 million covers the salaries of 450 staff that need to be recruited. It is important to capture the recurrent implications of this process in the national budget.

**Civil Service Reform**

Liberia continues to carry out reforms of its public sector as a major policy initiative. The Public Sector Reform and Modernization Program is underway, led by the Civil Service Agency, the Governance Commission and the Liberia Institute of Public Administration. **The program focuses on four major components: pay, payroll management, organizational reform and human resource management.** The program has made progress in reforming pay structure, e.g. to ensure these are institutionalized, in deleting ghost workers from payroll and in the electronic storage of human resource files. Special allowances have also been removed and integrated into the payroll.

Going forward, priorities are to continue pay rationalization across key Ministries, optimizing the size of the civil service, develop public sector pay and pension reform policies and continue to strengthen record management frameworks.
PART III: FINANCING AND EXECUTING THE RECOVERY AND BUILDING THE RESILIENCE

Overall Implementation Challenges

92. Since the cessation of hostilities and the ushering in of a democratically elected Government, the country has crafted several development plans and strategies aimed at placing the country on the trajectory of sustained growth and development. However, a major challenge has been the implementation of these development plans and strategies.

93. For example since 2012, the country had over US$400 million of credit financing for projects ratified and signed by the National Legislature for infrastructure investment yet the implementations of projects has been slow, with less than a quarter of this funding actually disbursed as at July 2014. This has been due to a range of factors including the numerous competing national priorities pressuring the Government’s time and resource envelope coupled with capacity constraints in project implementation and procurement delays as well as insufficient coordination between Ministries, Agencies (M&As) and donor partners.

94. The implementation arrangements for this plan build on the arrangements already in place for implementation of the AfT, but also incorporate lessons to improve the implementation mechanism in several ways. It is important to utilize the system already in place to avoid the creation of new institutional frameworks which exacerbate the already weak coordination within government. At the same time, and in tandem with the AfT reprioritization process, the government is focusing on addressing the constraints to implementation. The experience of the implementation of the AfT has identified implementation challenges which the government is currently working to address, including: ministry/agency coordination (including within ministries/agencies), weaknesses in the procurement system; and fund flow constraints.
95. Although substantial progress has been made in improving intra and inter-ministerial coordination, including through the revamping of the Economic Management Team (EMT) and the Liberia Development Alliance, which is responsible for high-level policy coordination, in many cases the speed at which information passes and is acted on has held progress back. Furthermore, it has been suggested that an important lesson from the Ebola crisis is that the over-centralization of decision making reduces the effectiveness of service delivery. Going forward, considerable effort will be made to improve coordination through greater and better use of technology, streamlined and strengthened middle management across ministries and agencies and increasing the level of decentralization/de-concentration.

96. There is also a strong legal and regulatory framework for procurement. However technical capacity to manage the procurement processes across implementing ministries and agencies remains weak. Consequently, there are undue delays in securing goods and services for project implementation in a timely manner, resulting in some cases in the loss of e.g. dry seasons for carrying out infrastructure works. In tandem with the strategy already underway to train and place senior procurement specialists, there are plans to mount, in collaboration with the PPCC, procurement Clinics to target key areas of weaknesses to help speed-up implementation.

97. The challenges with flow of funds for the implementation of projects arise not only from the government side but also from our development partners. On the government side, funds to large projects which often require more "lumpy" financing are adversely affected by the substantial delays in the passage of the budget and such issues are not mitigated by the allowances of the Continuing Resolution which allows monthly expenditure of one-twelfth of the previous year's appropriation. The Executive is working closely with the Legislature to resolve this issue. On the partners’ side, commitments do not always translate readily into disbursements to meet the specific timing of projects and this often leads to delays with additional cost implications. Disbursements have regularly
fallen below 50% of commitments in a given year. Disbursement triggers which are attached to projects, while usefully encouraging certain reforms, can also become a serious barrier to progress. Given that failure to meet such triggers can often be the result of weak implementing capacity, greater efforts between partners and Government is needed to ensure higher percentage of disbursements can be achieved.

98. The implementation lessons, including from the AfT, suggest some broad principles which will be adopted in the implementation of the ESRP to help ensure more effective implementation. These include: greater decentralization of implementation - empowering ministries and agencies as well as local authorities; focusing on improving procurement at the ministry/agency level to increase timely procurement that is transparent, efficient, equitable and delivers value for money; and improving the Liberia Development Alliance coordination system to achieve greater coordination with donors and better alignment of program cycles.

**Implementation Strategy**

99. In order to overcome these challenges, to the extent possible, it is essential for this plan to have a robust and effective implementation mechanism in order to guarantee effective leadership, ensure the effective coordination of roles, and enhance resource mobilization so as to ensure the successful implementation of the plan, in line with the principles set out above.

100. Following the largely successful arrangements put in place to ensure oversight and leadership of the Ebola response achieved through the Presidential Advisory Council on Ebola (PACE), a similar approach is being taken to the implementation of the recovery, with a Presidential Recovery Advisory Council to meet with regular frequency (PERAC).

101. The Presidential Recovery Advisory Council will be chaired by H.E. Madam President endorses and ensures the implementation of this plan; however, the implementation of each of these interventions contained herein will be the
responsibilities of the respective Ministries, Agencies and Commissions (MACs) while secretariat, monitoring, evaluation, and reporting will be the responsibilities of the Presidential Delivery Unit and the Cabinet Secretariat. The Council will be composed of three parts: Economic, Social and Public Finance and Services – corresponding to the three components of this plan. These may be sub-divided as required to ensure enough management attention is devoted to top priorities. For example Infrastructure and Private Sector Development/Agriculture will be separated to ensure sufficient focus priorities such as Mount Coffee, the key roads and access to finance, investment attraction and value chain development.

Figure 4: Implementation Framework
Appendix A: Summary Progress – Implementing of the Agenda for Transformation

After two years of implementation, important programs have been achieved and milestones completed across the five pillars of the AfT.

Under the **Peace Security and Rule of Law Pillar**, major achievements include:

- Established regional hub to provide services in security and rule of law;
- Trained and deployed additional security personnel (including **439 LNP officers**, **972 PSU officers** and **234 BIN officers**);
- Established community policing in all counties;
- Trained and deployed about **300 Magistrates**;
- Developed and began implementing the National Peace building and Reconciliation Roadmap; and
- Established a resource network across the country to address Sexual Gender Based Violence (SGBV).

Under the **Economic Transformation Pillar**, the Government continued its focus on developing infrastructure to transform the Liberian economy and address the binding constraint to investment, growth and job creation. Major achievements under this pillar include the following:

- Began civil works on Mt. Coffee Hydro Electricity Project;
- Began construction of **3 heavy fuel oil electricity generating plants**;
- Commenced the construction of the approximately **249 km** Red Light to Guinea Border Highway;
- Developed a national standards laboratory;
- Reduced business registration steps from six to two and business registration period to **48 hours**;
- Prepared over **12000 ha** of land for Small Holder Tree Crop revitalization in 6 counties; and
- Supported economic empowerment of women and girls across the country by establishing networks of traders and savings and loan schemes.

Under the **Human Development Pillar** there were strides in achieving outcomes for health education and social protection. Major achievements under the pillar were:
• Extended free compulsory basic education from grade 7 to grade 9;
• Completed the construction of **54 basic education schools** and teacher housing;
• Implemented the Education Management Information Systems (EMIS);
• Expanded the pilot social cash transfer program from **1,900 households** to 3,813 households in two of Liberia’s most food insecure counties;
• Trained 2,500 girls and 2000 rural women in business and life skills
• Expanded the coverage of the Basic Package of Health Services (BPHS) from **36 percent** in 2008 to **84 per cent**;
• Reduced under-5 mortality rates and under-5 malaria prevalence to **32 per cent** from **66 per cent** in 2005;
• Increased birth registration rates from **4 per cent** to **25 percent** in 2014;
• Provided pre- and in-service training for health personnel; and
• Rehabilitated **381** boreholes, hand dug wells, kiosk, rain water harvest systems and spring protection systems;

Some of the major achievements under the **Governance and Public Institutions Pillar** include:

• Expanded Integrated Finance Management Information System (IFMIS) to **19** Ministries and Agencies and implemented the Civil Service Management Module (CSM); and
• Developed the Local Governance Act and launched the de-concentration platform.

**Cross Cutting Issues Pillar** major achievements:

• Passed Children’s Bill into law and developed a monitoring system for child protection;
• Equipped institutions to perform Environmental Social Impact assessments;
• Established **27** Environmental Units in **27** GOL line ministries, agencies (M& As) State Own Enterprises (SOEs); and
• Developed and advanced Women’s Minimum Agenda for constitutional review commission.
### Financing Requirements and Gaps

#### INTERVENTION 1: RECOVERING OUTPUT AND GROWTH

<table>
<thead>
<tr>
<th>Pillars/Action/Project</th>
<th>FY 2014/15</th>
<th>FY 2015/16</th>
<th>FY 2016/17</th>
<th>Costs Identified Financing</th>
<th>Financing Gap</th>
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<td>SPS measures and removing Barriers to Trade for WTO; financial inclusion &amp; de-dollarization (cost TBC)</td>
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<td>0.5</td>
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<tr>
<td>Target 3-5 industrial investors in key value chains; value chain coordination; feasibility for agro-processing SEZ in Monrovia</td>
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<tr>
<td>Matching grant facilities; targeted labor supplier development linked to export and growth sectors; support for Buchanan SEZ and Logistics Shore Base</td>
<td>5.0</td>
<td>5.0</td>
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<tr>
<td><strong>Infrastructure: Energy, Roads and Transport, Ports</strong></td>
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<tr>
<td>Funding for additional costs incurred from Ebola for priority projects (e.g. Mount Coffee)</td>
<td>36.4</td>
<td>127.0</td>
<td>0.0</td>
<td>36.4</td>
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<tr>
<td>Road maintenance fund (ongoing cost TBC); Road Axle Load Law Implementation</td>
<td>4.0</td>
<td>5.0</td>
<td>0.0</td>
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<tr>
<td>National Housing Project</td>
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<td>3.2</td>
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<tr>
<td>Extension of the Fiber Optic network</td>
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<td>7.0</td>
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</table>

#### INTERVENTION 2: STRENGTHENING RESILIENCE AND REDUCING VULNERABILITY

<table>
<thead>
<tr>
<th>Pillars/Action/Project</th>
<th>FY 2014/15</th>
<th>FY 2015/16</th>
<th>FY 2016/17</th>
<th>Costs Identified Financing</th>
<th>Financing Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Health</strong></td>
<td></td>
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<tr>
<td>Health Investment Plan</td>
<td>50.8</td>
<td>191.1</td>
<td>196.9</td>
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<td>Ebola response and recovery WASH Implementation plan (MPW)</td>
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<tr>
<td>Revised Water and Sanitation Expansion Plan (LWSC)</td>
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<td>4.9</td>
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<tr>
<td><strong>Education</strong></td>
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<tr>
<td>Enable re-opening of schools</td>
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<tr>
<td>Improve secondary, vocational/technical education programs</td>
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<tr>
<td>Improved functional educational services and management at all levels including tertiary</td>
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<tr>
<td><strong>Social Protection</strong></td>
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<tr>
<td>Increase coverage of sustainable social transfer programs including cash transfers</td>
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<td>Social protection system</td>
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<td>National Disaster Management Agency (TBC)</td>
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<td><strong>Security</strong></td>
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<tr>
<td><strong>INTERVENTION 3: UNDERGIRDING PUBLIC FINANCES AND ENSURING SERVICE DELIVERY</strong></td>
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<tr>
<td><strong>Public Finances</strong></td>
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<td>Projected National Budget Financing Gap</td>
<td>134.0</td>
<td>146.0</td>
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<td>Deconcentration</td>
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<tr>
<td><strong>Total Plan</strong></td>
<td>137.1</td>
<td>668.4</td>
<td>451.7</td>
<td>51.9</td>
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</table>

#### Notes:
- **Government** indicates allocated funds.
- **Donors** indicates external funding.
- **Financing Gap** indicates the shortfall in funding.
- Costs are denominated in millions of dollars.