



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 30-Nov-2020 | Report No: PIDA30700

**BASIC INFORMATION****A. Basic Project Data**

Country Liberia	Project ID P174417	Project Name Recovery of Economic Activity for Liberian Informal Sector Employment	Parent Project ID (if any)
Region AFRICA WEST	Estimated Appraisal Date 14-Dec-2020	Estimated Board Date 26-Feb-2021	Practice Area (Lead) Social Protection & Jobs
Financing Instrument Investment Project Financing	Borrower(s) Republic of Liberia	Implementing Agency Ministry of Youth and Sports, Liberia Agency for Community Empowerment	

Proposed Development Objective(s)

The objective is to increase access to income earning opportunities for the vulnerable in the informal sector in response to the COVID-19 crisis in Liberia.

For the purpose of this PDO, “vulnerable” refers to individuals belonging to households that are poor or are at risk of falling into poverty due to the impact of COVID-19 on their livelihoods. These are defined as households in the three poorest quintiles of national consumption distribution.

Components

Grant Support to Vulnerable Households to Revive or Start Small Businesses
Temporary Employment Support and Employability Development for Vulnerable Workers
Program Implementation, Capacity Building and Coordination
Contingency Emergency Response Component

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	10.00
Total Financing	10.00
of which IBRD/IDA	10.00
Financing Gap	0.00



DETAILS

World Bank Group Financing

International Development Association (IDA)	10.00
IDA Credit	5.00
IDA Grant	5.00

Environmental and Social Risk Classification

Substantial

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

- Poverty remains widespread in Liberia, and is now on the rise.** With a gross national income per capita of just US\$600 in 2018, Liberia is among the ten poorest countries in the world. According to the 2016 household survey data, more than half of the population (50.9 percent) was living in poverty. Poverty was more than twice as high in rural areas (71.6 percent) as in urban areas (31.5 percent). The national headcount poverty rate increased to an estimated 55.5 percent in 2019, reflecting negative per capita GDP growth rates and rising inflation.¹ Non-monetary poverty indicators, including access to healthcare, education, and basic utilities, are also low by regional and international standards, with especially acute rural/urban and gender disparities.
- Along with pervasive poverty, Liberia faces the challenge of exceptionally weak human capital outcomes among its youthful and fast-growing population.** More than one third (35 percent) of Liberia’s population is below the age of 25. Due to the high fertility rates (4.3 births per woman), Liberia’s population is projected to continue to expand for years to come. At the same time, it is estimated that a child born in Liberia today will only achieve a third (32 percent) of her/his full potential when reaching 18 years old compared to a child who enjoyed complete education and health. This is lower than the averages for Sub-Saharan Africa region (40 percent) or low-income countries (38 percent).²

¹ World Bank. 2020a. The COVID-19 Crisis in Liberia: Projected Impact and Policy Options for a Robust Recovery. World Bank, Monrovia.

² World Bank. 2020b. The Human Capital Index 2020 Update: Human Capital in the Time of COVID-19. World Bank, Washington, DC.



3. **The COVID-19 pandemic poses a major threat to the Liberian economy and its people.** When the global pandemic emerged in early 2020, Liberia was already facing a challenging domestic and external environment. Weak consumption and declining output had caused the Liberian economy to contract by an estimated 2.3 percent in 2019. Meanwhile, the inflation rate reached 27 percent, eroding consumer purchasing power and undermining household welfare. Liberia reported its first confirmed case of COVID-19 on March 16, 2020.³ The country is especially vulnerable to the effects of COVID-19 due to fragility, weak public health and social protection systems and high levels of food insecurity and malnutrition. Poverty rates are projected to increase by as much as 10 to 13 percentage points as per capita income contracts and food prices rise.⁴ An additional 335,000 to 526,000 Liberians are now at risk of falling into poverty.
4. **The pandemic and government-imposed containment measures hit urban informal sector enterprises and workers particularly hard.** As in other countries, urban areas are the epicenter of COVID-19 infections, with a majority of cases recorded in Montserrado country⁵, which hosts the capital city of Monrovia. The urban informal non-farm sector was heavily impacted by social distancing rules and curfews imposed by the Government of Liberia (GoL) to prevent the spread of the disease. As a majority of the informal workers rely on daily economic activities such as street selling and other casual labor activities to make ends meet, the imposition of curfews and social distancing as well as spillover effects from reduced economic activity overall are likely to have significantly impacted their livelihoods. Small informal enterprises were classified as nonessential entities by the GoL during the early stages of the pandemic and have therefore been hard hit by revenue loss from prolonged closure. The pandemic may force such firms out of business in the short- to medium-term if they do not have access to formal credit or other forms of financial assistance as indeed, few currently do.
5. **Rising COVID-19 cases in major crop producing areas are hindering farming activities, limiting food market activities, and disrupting transport systems, and are raising food insecurity in Liberia.** Although urban areas, by virtue of population density, have seen more infections, rural areas are not insulated from the impact of COVID-19.⁶ Disruptions to the production of rice – Liberia’s main staple food – as well as cassava production is contributing to food shortages and subsequent increases in the prices of staples consumed by the poor and vulnerable.⁷ Liberia is also highly dependent on imported food products. Increases in food prices – the major expense for poor and vulnerable households – underpin the expected increase in poverty rates.
6. **Liberia is highly vulnerable to environmental degradation and the effects of climate change.** Coastal flooding, erosion and sea-level rise pose especially serious risks. Liberia’s coastline includes many of its most densely populated and economically vibrant areas (e.g. the capital city of Monrovia and major port city of Buchanan), as well as numerous informal settlements composed of extremely poor households with little ability to either minimize their exposure to natural disasters or cope with the effects of environmental shocks (e.g. West Point in Monrovia). Communities most vulnerable to rising sea levels are

³ The total number of confirmed cases is 1,551 as of November 19, 2020 and there have been 82 confirmed deaths; though the actual number of cases and fatalities may be a lot higher due to low prevalence of testing. Source: National Public Health Institute of Liberia (NPHIL).

⁴ World Bank. 2020a, op. cit.

⁵ About 70 percent as of November 19, 2020. Source: NPHIL.

⁶ World Bank. 2020a. Op. cit.

⁷ World Bank Liberia Food Security Update, mimeo.



also the most prone to suffer from COVID-19 (high density, high informality, lack of access to WASH and other services). Food security and agricultural livelihoods are threatened by increasing unpredictability in temperatures and rainfall. To mitigate the impact of climate change on coastal zones, the government will need to develop and implement policies to strengthen coastal management, construct sea walls and other infrastructure, conserve ecologically vital mangrove ecosystems, facilitate environmental technology transfer, and build institutional capacity for risk monitoring and oversight. An integrated approach to mitigating impacts of the climate change can both support COVID-19 recovery and help build resilience at the household and community levels. The climate and disaster risk screening has indicated that the key risks for the project include flooding and sea level rise.⁸

- 7. The government's response to COVID-19 was swift but its social protection measures have so far been primarily focused on food distribution.** Drawing on its experience during the 2014-15 Ebola Virus Disease outbreak, Liberia was among the first countries to introduce airport screening measures. A stay-at-home order was introduced on April 10, 2020, and the government simultaneously announced a stimulus effort designed to mitigate the lockdown's adverse effects on household welfare. Some of the key measures included the US\$30 million COVID-19 Household Food Support Program (COHFSP) implemented by the World Food Program (WFP), which provides one-off food supplies to poor and vulnerable households, and the provision of free electricity and water. The package also included a wholesale settlement of loans to market women and petty traders, but this has yet to materialize. The COHFSP was meant to be a time limited program initially planned for the first 30 to 60 days of the lockdown. The program started food distribution on a pilot basis in late May and the distribution is currently ongoing in various communities. In addition, the Ministry of Gender, Children, and Social Protection (MGCSP) plans to pilot an emergency urban cash transfer to approximately 15,000 households as part of the Liberia Social Safety Nets Project (LSSN, P155293) Additional Financing, approved by the World Bank on November 16, 2020.

Sectoral and Institutional Context

- 8. The majority of the working age population in Liberia is in the labor force and employed, but most workers depend on precarious low earning jobs in the informal sector.** The labor force participation rate (those who are employed and unemployed) increased from 69.1 percent in 2007 to 75.3 percent in 2016. Women are significantly less likely (almost 10 percentage points lower) to be in the labor force compared to men. Only 3.2 percent of the labor force are unemployed, underscoring that unemployment is not an issue *per se* in the Liberian labor market, as most cannot afford to be unemployed. However, most Liberians lack access to good job opportunities which could offer sufficiently high and sustainable earnings to shift them out of poverty. Three out of four are self-employed in agriculture (36 percent of all employment) or non-agricultural activities (almost 40 percent). Only 20 percent of workers have access to wage employment, which tends to provide higher and more stable earnings. Although the share of wage work remained relatively stable between 2010 and 2016, self-employment has shifted more decisively out of agricultural and into non-agricultural activities, reflecting an urbanization of employment, especially among young people.

⁸ The overall risk is rated as Moderate.



9. **Women are less likely to work than men and more likely to be in vulnerable forms of employment and low productivity activities.** Almost one third of men (31.7 percent) in Liberia are in wage employment⁹, compared to only 8.7 percent of women. The remainder of Liberian women are employed in agricultural and non-agricultural self-employment and unpaid work.¹⁰ Women are overrepresented in low-productivity and low earning sectors, most specifically farming and retail trade/commerce. Gender disparities are even more pronounced in urban areas, such as Greater Monrovia, where only 19 percent of women are in wage employment compared to 55 percent among men. Women's lack of opportunities outside of low-productivity sectors and in self-employment render their livelihoods highly vulnerable to shocks.
10. **Employment in Liberia is largely informal, most of it in the form of self-employment in agriculture or unregistered non-farm enterprises.** Some 87 percent of all employment in Liberia is informal. Youth (ages 15-24) and women are more likely to be in the informal sector compared to non-youth (ages 25-64) and men - 95 percent of female workers and 97 percent of youth workers were in the informal sector in 2016. Informality is lower in urban than in rural areas but still reaches 84 percent of total employment.
11. **Poor households in Greater Monrovia depend on earnings from informal non-farm household enterprises and have likely been heavily affected by COVID-19.** Vulnerable households are here defined as those whose consumption levels fall in the three bottom quintiles of the population.¹¹ Out of all vulnerable households, two thirds (65.3 percent) own non-farm enterprises. These enterprises in general tend to be small (on average, two working age persons) and have low revenues/profits, making, about US\$23 per month per capita in profits.¹² Virtually all of them are informal; only 1 percent are officially registered.¹³ Household enterprises for the most part operate in wholesale and retail (80 percent), a sector dominated by female workers which also tends to be one of the least profitable (less than half of average profits), and that has been heavily affected by reduced economic activity and lockdown measures. Youth working in unpaid employment most likely are contributing members to these household enterprises and likely to depend on them as sources of livelihoods. About 75 percent of all households operate only one enterprise. These undiversified households - some 30,000 - are even more likely to be vulnerable to economic contraction as their enterprises generally have significantly lower revenues and profits than enterprises in households operating more than one business, are not likely to have accumulated savings, and have little recourse to private or public safety nets.
12. **The COVID-19 crisis is also impacting livelihoods and economic activities in rural areas.** While the immediate impact of COVID-19 lockdown measures and drop in demand was felt more acutely in urban areas, rural areas remain at risk, especially if the economic downturn remains protracted. Rural areas host the majority of the extreme poor households and food insecurity is endemic, rendering rural populations highly vulnerable to shocks affecting agricultural production and food-related supply chains. Liberia's high

⁹ These results are prior to COVID-19.

¹⁰ 2016 HIES data does not allow to distinguish between self-employment and unpaid work in agriculture.

¹¹ Given that national poverty rates reached 55 percent in 2019 and may well have increased since, it is reasonable to count the bottom 60 percent of the population as poor and vulnerable. Since poverty is higher in rural than in urban areas, higher share of rural households will be below the national 60 percent cut-of than in urban areas.

¹² These figures are directly derived from 2016 HIES data and have not been adjusted for inflation. As a result, they represent lower-bound estimates.

¹³ Enterprises are registered by the GoL on the Liberia Business Register. The registered enterprises are issued a certificate and a corresponding identification number.



dependence on food imports tends to further increase food insecurity. On the production and labor market side, restrictions of inter-district transportation, disruptions to transports systems and cross-border flows, and limited market hour affect producers as well as consumers negatively.

13. **Given limited fiscal space and the negative impact of a sustained economic downturn even prior to the COVID-19 shock, the Government has not been able to provide substantive support to the informal sector.** As seen above, as part of the COVID-19 response, the GoL announced one measure targeting the informal sector traders (the wholesale settlement of micro-finance loans to market women and petty traders). To date, however, this remains to be implemented. The Government also plans to implement other emergency measures, such as a limited scale up of the cash transfer program in Greater Monrovia and a gradual scale up in rural areas. Given low fiscal space and limited institutional capacity, the cash transfer programs cover only an estimated four percent of the population, however.¹⁴
14. **Several youth employment and employability programs, small business start-up and business development support programs, and cash for work programs, have been implemented in recent years in Liberia.** The African Development Bank (AFDB) and the Agence Française de Développement (AFD) have financed projects focusing on promoting business start-up and employability of youth in disadvantaged rural and urban areas.¹⁵ United Nations Industrial Development Organization (UNIDO) and the European Union are engaged in programs aiming at developing labor market relevant skills. The World Bank's Youth Opportunities Project (YOP, P146827), co-financed by the Swedish International Development Cooperation Agency (Sida), contains business start-up support and training, and cash-for-work components, in urban and rural areas, respectively. Due to COVID-19, the program has been adapted to meet implementation challenges due to travel restrictions as well as emergency needs resulting from the pandemic. A large number of international NGOs are also active in this area.
15. **Several donor initiatives are also focusing on COVID-19 response.** In particular, the United States Agency for International Development (USAID) is planning to provide unconditional cash transfers for vulnerable populations targeting market traders, micro enterprises, and small businesses, as well as farmers and Ebola survivors in Bong, Grand Bassa, Lofa, Margibi, Montserrado and Nimba Counties. It's a COVID emergency response planned for a period of 4 months as of October 2020 and implemented by GiveDirectly. The GoL is coordinating these efforts to ensure there are no overlaps in coverage in Montserrado county, in particular, through a use of the common Liberia Household Social Registry intake instrument.¹⁶

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

The objective is to increase access to income earning opportunities for the vulnerable in the informal sector in response to the COVID-19 crisis in Liberia.

¹⁴ Gentilini, Ugo; Almenfi, Mohamed; Orton, Ian; Dale, Pamela. 2020. Social Protection and Jobs Responses to COVID-19: A Real-Time Review of Country Measures. World Bank, Washington, DC. <https://openknowledge.worldbank.org/handle/10986/33635>

¹⁵ The Youth Entrepreneurship and Employment Project (YEEP) (AfDB), and Liberia Employment & Entrepreneurship Programme (LEEP) (AFD).

¹⁶ Coordination is being led by the MGCSP, and National Social Safety Nets Secretariat, in particular, that is leading the roll out of the Liberia Household Social Registry.



For the purpose of this PDO, “vulnerable” refers to individuals belonging to households that are poor or are at risk of falling into poverty due to the impact of COVID-19 on their livelihoods. These are defined as households in the three poorest quintiles of national consumption distribution.

Key Results

- i. Number of small businesses that are invested in by beneficiary households (and % female-led)
- ii. Number of individuals completing the business skills training (and % female)
- iii. Number of project beneficiaries of the labor-intensive public works program (and % female)
- iv. Number of project beneficiaries completing the Life Skills and Employability training (and % female)

D. Project Description

16. The project will have the following four components: i) Grant Support to Vulnerable Households to Revive or Start Small Businesses; ii) Temporary Employment Support and Employability Development for Vulnerable Workers, including labor-intensive public works and life skills and employability training; iii) Program Implementation, Capacity Building and Coordination; and iv) Contingency Emergency Response Component.

- **Component 1: Grant Support to Vulnerable Households to Revive or Start Small Businesses**

17. Building on the implementation track record of Small Business Support (SBS) under YOP (see Box 2) as well as previous interventions, Component 1 will provide support to non-farm enterprises (*small businesses*) in the urban informal sector operated by vulnerable households. Specifically, Component 1 will protect livelihoods by providing support to small businesses that would likely have survived had COVID-19 not struck, and that could be expected to continue to provide livelihoods once the pandemic has passed. Thus, Component 1 will help sustain – or limit reductions in – living standards of vulnerable households who rely on these small businesses as their main source of income. A secondary effect of protecting livelihoods will be to sustain local demand for products and services. For operational purposes, *small businesses* are defined as non-farm enterprises with five workers or less.

18. The overall purpose of this component is to counter the effects of COVID-19 on these enterprises by preserving and if possible, scaling up operations. Specifically, it will provide: i) business maintenance and recovery/development grants, and ii) business skills training to existing informal non-farm enterprises. In a second stage (at a time when COVID-19 may have waned and the economy is on the recovery track), the project will expand to providing technical support and grants to start new enterprises in the informal sector in urban area as well as rural areas.

19. There is substantial international evidence that comprehensive intervention packages addressing multiple constraints (financing, skills, market access, etc.) are more effective in serving the needs of the more vulnerable, including ultra-poor, and women. The YOP SBS activity identified several key constraints to productivity and earnings growth. In view of the comprehensive range of impediments facing microenterprises in Liberia, this component will finance:



- **Business skills training.** These will include business skills and development training, and personalized business support.
 - **Cash grants for existing small businesses.** By focusing on enterprises in vulnerable households, the component will target small businesses which may not be eligible for other sources of financing such as microcredit or credit from the commercial banks due to the lack of collateral or other requirements such as business registration. The grants will serve as ‘seed funds’ to unlock potential access to finance through a combination of technical assistance and support for investments needed to make the enterprises eligible for more formal access to finance channels.
20. In a second stage Component 1 will add start-up funding to its objectives. Building on the lessons learned from YOP and experiences from other countries, the project will actively promote engagement of women in higher productivity (often ‘male-dominated’) sectors to promote higher earnings among women. Again, best practice in the form of providing information on earning opportunities from different activities to women and the community at large, involving role models, and providing male mentors, will be incorporated in the design. For start-ups, the project will aim to support overall diversification into different sectors to avoid over-establishment in a few sectors and excessive competition.
21. This component will build and improve on the SBS, implemented under YOP in the following way:
- a) *Incorporate international best practice on delivering training to small businesses.* While business training delivered under YOP was generally found to be helpful by the beneficiaries, recent evidence on what works best for business training delivery warrants piloting different models. Based on best practice, the services in the second phase of Component 1 will include personal initiative and growth mind-set trainings, self-efficacy, rule-of-thumbs approaches to basic business skills, the use of role models, as well as cost effective measures of providing coaching/mentoring, by involving peers from the local community.
 - b) *Seek to proactively maximize potential positive environmental impacts and ensure that activities supported minimize the project’s negative environmental impact.* The project will aim to minimize risks which could arise from supporting types of activities that may use environmentally damaging technologies. The Bank team will work with the implementation agencies to prepare a negative/exclusion list to avoid substantial to high risk activities. It will proactively assign priority to beneficiaries starting or expanding businesses that may affect the environment in a positive manner or contribute to climate risk mitigation: for example, trash recycling businesses or other small business in the Water, Sanitation and Hygiene (WASH) sector, solar panels or other innovative solutions.
22. Each small business will be able to access a grant of US\$900, which will be released in tranches upon completing specific milestones. The size of the grant has been determined by looking at the average expenditures and profits of enterprises of households in the bottom three quintiles and will be confirmed during appraisal.¹⁷ These grants are expected to be used for investment in inputs or assets, as well as on other costs such as remuneration for workers engaged in the enterprise. The first grant tranche will be of US\$600, the second of the remaining US\$300. While the first tranche will be conditional on orientation

¹⁷ Expenditures for enterprises in households whose consumption falls into the three bottom quintiles of the national consumption distribution are estimated at around US\$250 (2016 HIES, inflated to 2020 values). The grant also covers a third of average profits, which gives around US\$50 per month.



attendance which will cover fundamentals of business running, the second tranche will be conditional on proof of funds being used for businesses, as well as additional training which will be provided based on profiling small business needs during orientation. The details of eligibility criteria, targeting process, and other requirements in order for eligible businesses to participate will be specified in the Project Operational Manual (POM).

23. **Gender.** This Component will also contribute to closing gender gaps in the labor market between men and women by ensuring that at least 50 percent of household representatives selected to receive the business grant on behalf of the household are women. In addition, in later phases of project implementation, a special grant window will be open exclusively for women in the target group who are interested in starting a new small business, with an emphasis on increasing female entrepreneurship in male-dominated fields (although women with viable business plans for traditional areas will also be eligible under the rest of the grant program). This will be informed by female empowerment approach developed under the Liberia Female Empowerment (LiFE) analytical work program.

24. **Beyond promoting female crossovers to male dominated field, the project can also improve productivity and earnings of female-owned small businesses, e.g. in the fisheries sector.** As women are important players in the fisheries sector in Liberia, particularly in the post-harvest sector, the project could support such women-owned business who meet eligibility criteria with grant support under Component 1. In addition to standard business skills training, including financial management, which will be available to all beneficiaries, this Component could finance sector-specific capacity development activities (training and demonstration on better product handling, especially in fish smoking and drying technology as well as packaging to enhance shelf-life). It will also support trainings in business development, and other capacity development activities that could enhance the leadership skills of women in the fishery sector. These activities will be further assessed during appraisal in collaboration with the Environment, Natural Resources and Blue Economy Global Practice (ENB) Global Practice colleagues.
 - **Component 2: Temporary Employment Support and Employability Development for Vulnerable Workers (US\$5,280,000)**

25. Component 2 will provide temporary employment and employability development for vulnerable workers struggling to find gainful employment and opportunities during and after the COVID-19 crisis through community-based public works activities. It will seek to: i) sustain consumption levels of vulnerable households; ii) build employability and life skills of individuals from vulnerable households to improve economic inclusion and increase wellbeing; and iii) increase economic, environmental and social benefits for communities by strengthening community assets. Labor-intensive public works (LIPW) in urban areas will facilitate reentry into productive employment while improving environment and general living conditions for the poor and vulnerable in urban areas.

26. The design of the component builds on a long history of cash-for-work programs in Liberia, which has been utilized by the Government to address employment challenges following the civil war as well as economic crises such as the food, fuel, and financial crisis. These programs have also been used to address chronic under-employment challenges by aiming to promote productive inclusion, in particular by combining (short) training modules with work opportunities. Given the protracted nature of COVID-19 crisis and the resultant economic downturn in Liberia, this intervention will allow the Government to



mitigate risks of unemployment and underemployment, especially among youth in urban areas, and may thus contribute to social cohesion. By providing communities with the means to identify and undertake common small-scale labor-intensive community projects, the component will seek to contribute to environmental resilience and climate change adaptation, increased productive opportunities, improved health and hygiene, and social cohesion.

27. Building on the lessons learned from Liberia and elsewhere, the temporary income support (wages) provided via public works will be complemented with a series of life skills and other employability trainings tailored to the needs of beneficiaries. These life skills trainings will aim to ensure that beneficiaries can productively (re)enter the labor market following their program participation and to strengthen other aspects of wellbeing, including mental and physical health, that directly improve wellbeing and indirectly improve productivity and employability/earnings capacity of individuals.
28. Activities under this component target individuals aged 18 or above, from vulnerable households, that are either actively seeking employment, or are working in the informal sector. To maximize program benefit and avoid dead-weight losses, the project will seek to promote self-targeting by the most vulnerable with few other earning opportunities, such that workers with sufficient level of earnings in their current activity are not attracted to the program. This implies setting a wage that can be accepted as a reasonable compensation for work but that is low enough not to divert non-vulnerable workers from their normal activities.¹⁸ This wage has been estimated at US\$4 per day, based on previous experience from public works programs in Liberia as well as comparisons with wages based on survey data. In case of oversubscription, public lotteries (observing COVID-19 protocols) will be held to select beneficiaries – a common practice accepted as fair by communities in Liberia as experienced in YOP and similar past projects. Following the experience of YOP, to promote financial inclusion all beneficiaries will be enrolled and paid via mobile money and/or bank accounts.
29. Project-financed activities will be small-scale, quickly executable, labor intensive, suited to low skill individuals and sustainable in terms of use, maintenance, and environmental concerns. They should also add significant value to the community by improving, *inter alia*, living spaces, small-scale infrastructure, safety, sanitation and hygiene, through e.g. street sweeping and cleaning, drainage clearance, painting of public buildings and street walls, painting of crosswalks, rehabilitation of recreational spaces, building of separate sanitation facilities for women and men, etc.¹⁹ Although small in scale, such activities could have significant indirect effects on community cohesion, health outcomes, and local entrepreneurship. The project will explore to possibility of aligning some activities with the GoL-funded program “Reclaiming Liberia Beaches and Waterways Program”. Activities will also include service-oriented public works which may not require significant capital investments but may have broader positive impact on the community (e.g. providing basic care/services to the vulnerable, such as elderly or disabled, in the communities, childcare, etc.). Project activities may include services to the project itself, such as childcare services which

¹⁸ Under normal circumstances, cash for work interventions set wages just below the prevailing market wage in order to ensure self-selection of program beneficiaries, as well as to prevent wage substitution and other market distorting effects. For a detailed discussion of this issue and some of the challenges related to wage setting, see: Andrews, C., Backiny-Yetna, P., Garin, E., Weedon, E.; Wodon, Q., Zampaglione, G. 2011. Liberia’s Cash for Work Temporary Employment Project: responding to crisis in low income, fragile countries (English). Social Protection discussion paper; no. SP 1114 Washington, D.C.: World Bank Group.

¹⁹ Please note that the list of financed activities will be finalized during project preparation in close consultation with the Urban GP colleagues working on the Monrovia Integrated Development Project to ensure that these activities do not undermine the development of private sector provision of these services in the long run.



are needed to maximize female participation in the public works activity.

30. The works or services will be localized and selected with the participation of the communities as much as possible to ascertain community ownership. As has been the case in YOP, the project will work with community facilitators (CF) and community oversight committees (COCs) to develop ideas for activities and vet them. However, the project will have a few 'shovel ready' projects identified during the project preparation and prior to effectiveness to ensure this component implementation can start as soon as possible. The focus will be on monitoring of outcomes and adjustments in design, as needed, to make sure implementation can be agile in a fast-evolving context.
31. The implementation of the project will follow occupational health and safety standards developed for this purpose. Under a prolonged COVID-19 scenario, the project will ensure safety of participants by ensuring that sick participants do not participate, using small teams and shift work, establishing guidelines for social distancing at work, establish procedures for sharing spaces, work tools and equipment, provide access to hygiene material, and sanitation facilities and establish links with local health facilities for referrals. COVID-related information will also be provided in connection with training (see below).
32. **Life Skills and Employability training** will be offered to all beneficiaries that take part in the LIPW program. The curriculum will build on life skills curriculum delivered under YOP and will be updated to reflect COVID-compliant protocols for functioning in the labor market and conducting business in a safe manner. It would cover personal initiative, leadership, self-efficacy, confidence, time management, basic financial literacy, sexual and reproductive health, sexual exploitation and abuse (SEA) and sexual harassment (SH) at the workplace, and COVID-19 related material.
33. Additional demand-driven options will include business management training, functional literacy, job readiness skills and counselling, etc. Beneficiaries participating in this component will also have the opportunity to participate in Component 1 activities, if they have business ideas/entrepreneurship potential. Life Skills and Employability training will build on the existing initiatives such as the YEZ platform developed under the Liberia Youth Employability and Empowerment Platform and will aim to link beneficiaries, youth and non-youth alike, with job readiness training (to include behavioral nudges for finding and keeping a job), internships, jobs and other income-generating opportunities.
34. **Gender.** This component will aim to address key gender gaps that exist in Liberia's labor market. One in three working age men in Liberia is a wage employee, compared to less than one in ten working age women. A wide wage gap also exists between wage employees with men earning US\$173 per month and women earning US\$128 per month, on average. The LIPW component will contribute to closing these gaps by ensuring that at least 50 percent of LIPW beneficiaries are women and by paying them equal wages to men. In addition, specific provisions will be made to help women overcome barriers to their participation in labor market activities, including the provision of safe childcare and private sanitation facilities at public works sites and during the various training programs. The curriculum for the life skills training will also include specific focus on areas such as sexual and reproductive health and self-esteem, that serve to increase female empowerment and their physical and mental health. A grievance redress mechanism (GRM), following a survivor-centered approach, will also be put in place to collect, record, and respond to sexual harassment and other gender-focused complaints that may arise. The GRM would also be used for overall project-related issues, including social and environment safeguards related.



- **Component 3: Capacity Building and Project Implementation and Coordination**

35. This objective of this component is to support: i) capacity building at all levels for Government and other actors for the coordination, design, and implementation of the project; ii) the administrative, technical, and financial management of the project by Project Implementation Unit (PIU); iii) the coordination among all institutional partners to ensure the efficient flow of information among all actors and coordination with the private sector; iv) the establishment of monitoring and evaluation mechanism of the project's results and impact; and v) the development of communication activities to publicize and disseminate project results, best practices, and success stories. This component will have two sub-components: *Sub-component 3a: Capacity Building and Project Implementation and Coordination for Ministry of Youth and Sports (MYS)*; and *Sub-component 3b: Capacity Building and Project Implementation and Coordination for Liberia Agency for Community Empowerment (LACE)*.
36. ***Sub-component 3a: Capacity Building and Project Implementation and Coordination for MYS.*** The component will support capacity and systems building to key stakeholders at all levels of the project. This will involve continuing and building on the efforts undertaken during the YOP to strengthen the capacity of the MYS to coordinate different activities and different actors to increase implementation capacity. More specifically, capacity building will involve technical assistance (TA) to support training community structures, involved in project implementation, in critical areas such as community organization, project identification, beneficiary selection, and monitoring and evaluations. This sub-component will also finance: i) preparation of project operational procedures and guidelines; ii) training for project staff, implementing agencies and service providers; and (iii) monitoring and evaluation systems.
37. ***Sub-component 3b: Capacity Building and Project Implementation and Coordination for LACE.*** Likewise, the component will provide capacity and systems building for LACE for the implementation of Component 1, again building on the experiences from YOP. More specifically, capacity building will involve technical assistance (TA) to support training community structures, involved in project implementation, in critical areas such as community organization, project identification, beneficiary selection, and monitoring and evaluations. The sub-component will also support activities to ensure effective project coordination and implementation of the component implemented by LACE. This subcomponent will support activities related to project management and coordination. This includes staff related costs, equipment, vehicles, fuel, office space, and communications costs, and incremental project-related operating costs under LACE for the implementation of the support to vulnerable households in the informal sector.

- **Component 4: Contingency Emergency Response Component (CERC)**

38. Component 4 would be a Contingent Emergency Response Component (CERC). This is a provisional zero amount component to allow for rapid reallocation of loan proceeds from other project components during an emergency.
39. The CERC component is included under the project for situations of urgent need of assistance. In the event of an eligible crisis or emergency, the project will contribute to providing an immediate and effective response to such crisis or emergency. This will allow for the rapid reallocation of project funds in the event of future natural or man-made disaster or crisis that has caused or is likely to imminently cause a major adverse economic and/or social impact during the life of the project. A zero-value component has been included to ensure funds can be deployed through the project, depending on the specific needs that may



arise. In the event of such an emergency, this component would allow the Government to request the World Bank to re-categorize and reallocate financing from other project components to cover emergency response and recovery costs if approved by the Bank.

Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Assessment of Environmental and Social Risks and Impacts

- 40. In view of the type, location, sensitivity, and scale of proposed project activities, the nature and magnitude of the potential environmental and social risks and impacts and the E&S capacity of the Borrower, the overall Environmental & Social risks are classified as *Substantial*. The summary of screening of E&S risks and impacts is given below:
- 41. The project is expected to achieve beneficial environmental impacts. Component 2, labor-intensive public works, will focus on community activities that improve the local urban environment such as solid waste management (including through street and beach cleaning), building sanitation facilities, drainage clearance, painting of public buildings, and rehabilitation of public spaces. These activities are expected to improve air and water quality as well as aesthetics of the urban environment. Improved environmental health and sanitation structures will improve water quality, help reduce the prevalence of water- and insect borne diseases which are major causes of ill health and morbidity in urban areas. Improved solid waste management reduces the need for burning of solid waste, which carries serious health hazards. Rehabilitated green spaces could contribute to bio-diversity improvement by careful selection and organization of planting activities. Urban parks are an effective tool for mitigating noise and air pollution. Life skills training may include information related to environmental protection and climate change. Component 1, supporting small businesses, will seek to identify small businesses (and, at a later stage, business plans for start-up) whose activities are expected to have positive impacts on environment.
- 42. Conversely, there is a risk for negative environmental impact if environmental aspects are not weighed into the choice of activities. The project does not involve activities with a high potential for harming the environment. Environmental problems could nonetheless arise if activities supported in component 1 or encompassed in public works activities under component 2 in fact contribute to pollution of land, ground, surface water (including ocean), or air pollution. These risks will be mitigated as follows (i) The Bank team will work with the implementation agencies to prepare a negative/exclusion list to avoid substantial to high risk activities supported under Component 1 (small businesses) or Component 2 (public works) (ii) the project will consider assigning priority to those enterprises which are likely to have a positive impact on the environment or contribute to climate risk mitigation (iii) The project will work with communities to foster community owned activities with environmental benefits by raising awareness on environmental protection. Considering potential risks and Borrower’s capacity, the environmental risk of the project is considered *Moderate*.
- 43. The project is expected to have significant positive social impacts. The project is designed to improve



socio-economic outcomes/mitigate the impact of Covid-19 on these outcomes, including (i) preserve consumption levels of vulnerable households affected by COVID-19 by sustaining earning opportunities (ii) preserve and strengthen human capital development from both health and education perspective (iii) foster improvements in employment and earnings outcomes over the medium-to-longer term by avoid firm destruction, building labor market relevant skills, improving local infrastructure and spurring innovative entrepreneurship (iv) improve physical and psychological well-being by improving the urban environment of poor communities (v) by life skills training, improve a range of social, physical and mental aspects of wellbeing including health resilience to COVID-19 and other diseases, strengthened self-image and self-efficacy, and social cohesion (vi) contributing to strengthening the socio-economic situation of women, by focusing specifically on targeting women beneficiaries.

44. There are, however, potential social risks associated with the project, partly due to COVID-19. These include (i) low uptake/participation among women due to social norms regarding family responsibilities such as taking care of siblings and handling household tasks, (ii) low uptake of the most vulnerable households and individuals (including disabled and elderly) because of health risks associated with economic activity during the COVID-19 pandemic, because of limited access to the project, or because of insufficiently precise targeting of the project, (iii) lack of community engagement, (iv) “elite capture” of resources for public works through inadequate or non-representative community organization/engagement, (v) resentment from applicants not approved by the project or communities not selected and emergence of social conflict resulting from favoritism and lack of transparency, (vi) increased vulnerability of women to SEA/SH by the authorities or by co-workers in public works.
45. Slippage in COVID-protocol could also result in a surge in infections. The project will require COVID-19 related training and protocol to avoid the spread of the cases at various levels. The MYS/LACE will make sure the POM includes COVID protocol for project implementation. Ensuring protocol enforcement may pose challenges since intended beneficiaries may be reluctant to follow the same, however without such measure, the project intervention may be subject to the pandemic and create an obstacle to project progress and achievement. Nonetheless, the employment opportunity and financial assistance may motivate the targeted beneficiaries to follow the mandated precautions. The social risk for the project is rated Substantial based on the capacity of the Borrower and the nature of anticipated social risks associated with the proposed project.

E. Implementation

Institutional and Implementation Arrangements

46. **The project will be implemented by the MYS and LACE.** MYS will be responsible for overall project coordination and implementation of Component 2 (Temporary Employment Support and Employability Development for Vulnerable Workers) while LACE will be primarily responsible for implementation of Component 1 (Grant Support to Vulnerable Households to Revive or Start Small Businesses).
47. **The MYS will take the overall responsibility of ensuring the effective implementation of this project.** MYS is in charge of the youth agenda and by virtue of job creation being at the top of this agenda, it has also played a leading role in rallying various governmental and non-governmental stakeholders on the issue of job creation. For effective implementation, MYS will outsource execution of one of the activities to LACE which has more experience with interventions targeting micro- and small enterprises (SBS) under YOP. MYS has experience of implementing public works projects in Greater Monrovia under the Liberia



Youth Employment Program (LYEP) and its Beach and Waterways Cleaning Program (see Box 4 above). MYS will take the lead on inter-ministerial coordination with other government agencies relevant to the job creation agenda.

48. **LACE has an established track record of delivering employment focused programs in Liberia.** LACE is a not-for-profit and autonomous agency, established by the GoL in 2004 and is accountable to the Executive Branch of the government. LACE’s mandate is to improve living standards for poor communities while promoting community-inclusive development processes. LACE has a history of implementing a series of employment projects financed by the World Bank, including the Community Empowerment Projects I and II, the Youth Employment Support Project (YES), and Cash for Work Temporary Employment Project (CfWTEP). More recently, LACE has been implementing SBS and a rural public works program under YOP.
49. **Project Management Team (PMT).** Following experience of YOP, there will be a single PMT consisting of consultants hired by MYS and LACE to oversee the overall implementation of the project. The PMT will coordinate project implementation, including organizing regular Project Steering Committee meetings. The PMT will also be responsible for developing all guidelines, establishing appraisal mechanisms, and working collaboratively with the implementing agencies to ensure consistent and regular flow of information between internal and external audiences. The PMT will comprise coordinator, key technical staff (monitoring and evaluation officer, program officer), fiduciary specialists (financial management officer, procurement officer) who will be responsible for all financial management and procurement related activities under the project, and safeguards specialists (environmental officer and social safeguards officer) to support, monitor and report on implementation of the Environmental and Social Commitment Plan (ESCP). Implementing agencies will contract experienced/qualified non-governmental organizations (NGOs), local firms, or other organizations to support implementation of some aspects of the activities, especially those related to non-financial support provided to the enterprises, life-skills training and other support under the public works.
50. **Project Steering Committee (PSC).** The PSC will be established to provide oversight to the project implementation. The PSC will be responsible for approving the Annual Work Plans and Budgets (AWP&B) and taking action on issues that require high-level decisions. The PSC will be chaired by the minister for MYS or a designee, and comprise, *inter alia*: representatives of MYS, LACE and MFDP. Detailed composition of PSC and its functions will be defined in the POM.

CONTACT POINT

World Bank

Victoria Strokova
Senior Economist

Mack Capehart Mulbah
Senior Social Protection Specialist

Borrower/Client/Recipient



Republic of Liberia
Samuel D. Tweah Jr.
Minister of Finance
dtweah@mfdp.gov.lr

Implementing Agencies

Ministry of Youth and Sports
D. Zeogar Wilson
Minister
zeogarw@yahoo.com

Liberia Agency for Community Empowerment
Quiwu Yeke
Executive Director
qyeke@laceonline.org

FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

APPROVAL

Task Team Leader(s):	Victoria Strokova Mack Capehart Mulbah
----------------------	-------------------------------------------

Approved By

Practice Manager/Manager:		
Country Director:	Anne Tully	22-Dec-2020