

The World Bank
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Report No: 53626-LR

PROJECT APPRAISAL DOCUMENT

ON

A PROPOSED GRANT

IN THE AMOUNT OF

US\$10.0 MILLION FROM THE AFRICA CATALYTIC GROWTH FUND AND
SDR 4.0 MILLION (US\$6.0 MILLION EQUIVALENT)
FROM THE IDA CRISIS RESPONSE WINDOW

TO THE

REPUBLIC OF LIBERIA

FOR A

LIBERIA YOUTH, EMPLOYMENT, SKILLS PROJECT

June 3, 2010

AFTHD
Education and Social Protection Units
Country Department AFCW1
Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective: March 31, 2010)

Currency Unit	=	Liberia Dollar (LRD)
LRD 1.00	=	US\$0.01
SDR 1.00	=	US\$1.52

FISCAL YEAR

July 1 - June 30

ABBREVIATIONS AND ACRONYMS

AfDB	African Development Bank
ACGF	Africa Catalytic Growth Fund
AITB	Agricultural Industrial Training Bureau
BDS	Business Development Support
CAS	Country Assistance Strategy
CESLY	Core Education Skills for Liberian Youth
CF	Catalytic Fund
CfWTEP	Cash for Work Temporary Employment Project
CBO	Community-Based Organization
CEP	Community Empowerment Project
CESLY	Core Education Skills for Liberian Youth
CPPR	Country Portfolio Performance Review
CQS	Consultant Qualification Selection
CRW	Crisis Response Window
CWIQ	Core Welfare Indicators Questionnaire
DA	Designated Account
EDC	Education Development Center
EGIRP	Economic Governance and Institutional Reform Project
EITI++	Extractive Industries Transparency Initiative Plus Plus
EMSF	Environmental Management and Social Framework
EPAG	Economic Empowerment of Adolescent Girls
FBS	Fixed Budget Solution
FDI	Foreign Direct Investment
FM	Financial Management
GEMAP	Economic Management Program
GoL	Government of Liberia
IA	Implementing Agency
IDA	International Development Association
ILO	International Labor Organization
IP	Implementing Partner
IPA	International Procurement Agency
ISA	International Standards of Auditing
IUFR/IFR	Interim Unaudited Financial Reports/Interim Financial Reports
LACE	Liberia Agency for Community Empowerment
LCS	Least-Cost Selection
LGA	Local Government Authority
LOIC	Liberia Opportunity and Industrialization Center
LRDC	Liberia Reconstruction and Development Committee
LRTF	Liberia Reconstruction Trust Fund

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M&E	Monitoring and Evaluation
MAAFP	Manual of Administrative, Accounting and Financial Procedures
MoA	Ministry of Agriculture
MoC	Ministry of Commerce
MoE	Ministry of Education
MoF	Ministry of Finance
MoL	Ministry of Labor
MoPEA	Ministry of Planning and Economic Affairs
MoPW	Ministry of Public Works
MOU	Memorandum of Understanding
MoYS	Ministry of Youth and Sports
MSE	Micro and Small Enterprise
MTR	Mid-Term Review
NCB	National Competitive Bidding
NGO	Non-Government Organization
ODA	Overseas Development Administration
OM	Operation Manual
P4P	Pay for Performance
PCPI	Post-Conflict Performance Indicator
PDO	Project Development Objectives
PEMFAR	Public Expenditure Management and Financial Accountability Review
PFMU	Project Financial Management Unit
PIU	Project Implementation Unit
PMC	Project Management Committee
PRS	Poverty Reduction Strategy
PPCC	Public Procurement and Concessions Committee
PSNP	Productive Safety Nets Project
QCBS	Quality and Cost-Based Selection
RFP	Request for Proposal
SIL	Specific Investment Loan
SME	Small and Medium Enterprise
SRFP	Standard Request for Proposal
SoE	Statement of Expenditure
SoW	Scope of Work
TA	Technical Assistance
ToR	Terms of Reference
ToT	Training of Trainers
TTL	Task Team Leaders
TVET	Technical and Vocational Education and Training
UN	United Nations
UNCT	United Nations Country Team
UNICEF	United Nations Children's Fund
UNOPS	United Nations Office for Project Services
USAID	United States Agency for International Development
WFP	World Food Program
YES	Liberia Youth, Employment, Skills Project
YMCA	Young Men's Christian Association

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Vice President	:	Obiageli K. Ezekwesili
Country Director	:	Ishac Diwan
Country Manager	:	Ohene Owusu Nyanin
Sector Director	:	Tawhid Nawaz
Sector Managers	:	Christopher Thomas Lynne D. Sherburne-Benz
Task Team Leaders	:	Giuseppe Zampaglione Peter Darvas

LIBERIA
LIBERIA YOUTH, EMPLOYMENT, SKILLS PROJECT

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LIBERIA
LIBERIA YOUTH, EMPLOYMENT, SKILLS PROJECT

PROJECT APPRAISAL DOCUMENT

AFRICA
AFTSP/AFTED

Date: June 3, 2010	Co-Team Leaders: Giuseppe Zampaglione and Peter Darvas
Country Director: Ishac Diwan	Sectors: Social Protection/Education
Sector Director: Tawhid Nawaz	Themes: Social Safety Nets (53%) and Vocational Training (47%)
Sector Managers: Christopher Thomas Lynne Sherburne-Benz	Environmental category: B
Project ID: P121686	
Lending Instrument: SIL	

Project Financing Data			
<input type="checkbox"/> Loan <input type="checkbox"/> Credit <input checked="" type="checkbox"/> Grant <input type="checkbox"/> Guarantee <input type="checkbox"/> Other:			
For Loans/Credits/Others:			
Total Bank financing (US\$m): 16.00			
Proposed terms: Grant			
Financing Plan (US\$m)			
Source	Local	Foreign	Total
BORROWER/RECIPIENT	0.00	0.00	0.00
International Development Association (IDA) – Crisis Response Window (CRW)	6.00	0.00	6.00
Africa Catalytic Growth Fund (ACGF)	10.00	0.00	10.00
Total:	16.00	0.00	16.00
Recipient:			
Republic of Liberia Ministry of Finance Board Street Monrovia, Liberia			
Responsible Agencies:			
Liberia Agency for Community Empowerment (LACE) Capitol By-Pass Horton Avenue Monrovia, Liberia Tel: 231-7-087916			
Project Financial Management Unit (PFMU) Ministry of Finance Board Street Monrovia, Liberia			

Disbursement Plan			
<i>FY</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
ACGF Annual	0.75	2.75	6.5
CRW Annual	2.75	2.75	0.5
Total Annual	3.50	5.50	7.0
ACGF Cumulative	0.75	3.50	10.0
CRW Cumulative	2.75	5.50	6.0
Total Cumulative	3.50	9.0	16.00

Does the project depart from the CAS in content or other significant respects? <i>Ref. PAD I.C.</i>	[] Yes [X] No
Does the project require any exceptions from Bank policies? <i>Ref. PAD IV.G.</i>	[] Yes [X] No
Have these been approved by Bank management?	[] Yes [] No
Does the project include any critical risks rated “substantial” or “high”? <i>Ref. PAD III.E.</i>	[X] Yes [] No
Does the project meet the Regional criteria for readiness for implementation? <i>Ref. PAD IV.G.</i>	[X] Yes [] No

Project Development Objective *Ref. PAD II.B, Technical Annex 3*
The proposed Project Development Objective (PDO) is to expand access of poor and young Liberians to temporary employment programs and to improve youth employability, in support of the Government of Liberia’s response to the employment crisis.

Project Description *Ref. PAD II.C, Technical Annex 4*
Component 1: Community Works. This component will focus on bridging the temporary unemployment gap created by the global financial crisis and will build on an ongoing successful project financed by the World Bank and implemented by the Liberia Agency for Community Empowerment (LACE). It will finance community-based public works that will create temporary employment and income opportunities for the poor and youth in particular. This component will also support government capacity building on monitoring and supervision in the area of temporary employment and finance an assessment of the impact of the program.
Component 2: Employment through Skills Training. This component will finance formal and informal skills training programs with the purpose of improving employability and employment and will support institutional development for Technical and Vocational Education Training (TVET) especially for certification, policy development, M&E project management, and impact assessment.

Which safeguard policies are triggered, if any? *Ref. PAD IV.F, Technical Annex 10*
This project triggers safeguard Op 4.01 (Environmental Assessment).

Significant, non-standard conditions, if any, for: *Ref. PAD III.F*

Conditions of Effectiveness:

Under the CRW Financing Agreement

- The Subsidiary Grant Agreement has been amended and executed on behalf of the Recipient and LACE, in a manner satisfactory to the Association;
- The LACE Operational Manual has been amended in form and substance satisfactory to the Association.

Under the ACGF Grant Agreement

- The Management Agency Agreement has been executed on behalf of the Recipient and the Management Agent;
- The CRW Financing Agreement has been executed and delivered and all conditions of disbursement have been fulfilled.

Conditions of Disbursement:

Under the CRW Financing Agreement:

None.

Under the ACGF Grant Agreement:

Component 1:

None.

Component 2:

- Under Category two (2) the Management Agent Operation Manual is prepared in form and substance satisfactory to the Association.

Other Covenants:

Under the CRW Financing Agreement:

For the purposes of Part 1 of the Project the Recipient shall cause LACE to: (a) ensure that the wage rates applicable to the services of temporary workers employed under the Subprojects under Part 1 of the Project shall not exceed US\$ 3 equivalent per day for unskilled work, and US\$ 5 equivalent per day for skilled work, nor shall the term of employment exceed a period of 40 days maximum; and (b) in close consultation with the Association, review said amount at a date to be determined by agreement between the Recipient and the Association for a mid-term review of the Project, taking into consideration the findings of an independent assessment that LACE will conduct by that date and adjust as necessary in a manner satisfactory to the Association.

Under the ACGF Grant Agreement:

None.

I. STRATEGIC CONTEXT AND RATIONALE

A. Country and Sector Issues

1. **Liberia is at an inflection point, moving from transitional post-conflict recovery to laying the foundations for long-term development.** The Liberian economy, institutions, and human capacity suffered the gradual and deep destruction of a protracted civil war, the origins of which correlate with a spiraling pattern of bad governance, reckless political and economic interest, regional instability, and the marginalization of huge sectors of society. Young Liberians and the rural populace were hit especially hard.

2. **Remarkable progress in the post-conflict economy and political process has moved the country to this turning point.** The elections of 2005 ushered in a democratic government intent on redirecting the economy by creating broad ownership of the political structure. Since its election, the government has set in motion a challenging reform agenda centered on its Poverty Reduction Strategy (PRS) as complemented by important reforms to improve economic governance, overall transparency, economic growth, and social development. In the space of three years, from 2005 to 2008, Liberia's economy has witnessed a steady uptrend with an average growth rate of 7.4 percent. Furthermore, Foreign Direct Investments (FDI) have increased, particularly among the mining, rubber, and – more recently – forestry sectors.

3. **Despite this progress, the situation in Liberia remains fragile and exposed to the global crisis.** Current per capita Gross Domestic Product (GDP) is estimated at US\$222, and an estimated 63.8 percent of Liberia 3.5 million people live below the poverty line, with 47.9 percent living in extreme poverty. Furthermore, the main revenue sources of the GoL's cash-based budget are subject to the fluctuations of international markets which have been impacted by the crisis. Exports of natural resources are the main source of revenue for the GoL: international trade taxes account for 50 percent of Liberia's tax revenue, but commodity prices have declined significantly due to the crises. Revenues from rubber exports, which account for nearly 80% of Liberian exports, have been hit by a 60 percent decline in the international market price for rubber. Moreover, FDIs, which account for 24 percent of GDP, are encountering difficulties to secure financing due to the financial crisis, especially since FDIs in Liberia are targeted towards exporting natural resources which have seen a decline in international prices. Recent growth has been adversely affected by the global crisis, with GDP growth slowing to 4.9 percent in 2009.

4. **The global crisis exacerbates existing youth vulnerabilities.** With 75 percent of the population under 35 years, a large segment of the society came of age in the midst of a disrupted, if not destroyed, education system; lack of education and skills likely will relegate them to low-productivity, low-wage jobs. The governance gains, economic growth, and overall peace dividends achieved by the people of Liberia and its government are too great to risk dislocating the vitality of a productive citizenry. Cohesion, peace, and economic prosperity need not succumb to social strife for lack of meaningful income opportunities, crime and violence due to prolonged unemployment, and cronyism and corruption resulting from opaque practices.

5. **Poverty reduction and peace stabilization require new employment opportunities, and necessitate accelerated structural changes in the economy.** Estimates on the rate of

unemployment, underemployment, and unpaid work vary between 20 and 30 percent of the working-age population. The vast majority of the employed are engaged in very low paying jobs thereby underpinning the cycles of poverty or extreme poverty. The current economic structure limits the creation of new, more productive jobs, given the prevalence of low-yield agriculture and the limited size of the formal sector. In addition, this sector has been hit by the global financial crisis, in particular by the fall in international demand for commodities and the slowdown in FDI. The creation of temporary employment opportunities, for the youth in particular, will support the emergency response to the repercussions of the financial crisis on the economic and social texture of the country.

6. Communities are key to solving the youth crisis and have been integral to the peace process and post-war rehabilitation. Despite the nascent (and limited) state capacity, a fragile business environment, and widespread poverty, Liberian communities have provided leadership to youth, identified local development priorities, ensured transparency, mobilized resources, and supported the vulnerable, the poor, and the young. Liberian communities are fundamental to economic and social development, and to new and better jobs targeted to its young citizens.

7. To complement this local ingenuity and to address chronic youth un- and under-employment, international experience indicates the need to provide non-cognitive, basic, and technical skills training, including a well-functioning technical and vocational education and training (TVET) system. Vocational skills training programs and training and re-training in basic literacy, numeracy, and non-cognitive skills can assist in recuperating the loss of basic skills and workforce readiness and help increase youth employability. This, in turn, requires the increased capacity of and incentives for providers and employers, quality assurance, certification of training services and providers, and a more effective TVET system.

8. Overall, the TVET system is highly fragmented among several ministries, has no accreditation or certification system in place, and is cost-prohibitive. The informal, private apprenticeship system is aligned with demand; however, it lacks resources and clear standards. Comprehensive TVET reform is necessary to reorient public and private TVET providers into a sustainable, demand-driven system.

B. Rationale for Bank and ACGF Involvement

9. Liberia provides a strong example of donor coordination at the operational level. Consistent with a fragile-states approach, donors concentrate in a few key areas, aligning their support and sending common messages to the government. For example, the World Bank (the Bank) is the leading donor for roads but strongly coordinates its activities in this area with the United Nations (UN), and it relies on the United Nations Development Program (UNDP) to administer more than US\$20.0 million in Bank grant funding. In rehabilitation of infrastructure, the European Commission (EC) channels resources through the Bank-managed Liberia Reconstruction Trust Fund (LRTF) for infrastructure and through the Community Empowerment Project II (CEP II). The Bank also has signed the UN Joint Program for Employment and Empowerment of Young Women and Men in Liberia, which aims to increase access to productive employment and equal opportunities for sustainable livelihoods, especially for vulnerable groups and in consideration of conflict factors.

10. **The President and the Government of Liberia have placed strategic priority on youth employment and TVET and have asked development partners for support in these areas.** The Office of the President, the government, and development partners have undertaken steps to generate immediate employment and develop skills for youth. These include preparation of the National Employment Policy and a number of emergency employment programs including the Cash for Work Temporary Employment Project (CfWTEP) financed by the World Bank Food Price Crisis Response initiative and the government recent Liberia Jobs and Opportunities Initiative. The Bank and other UN partners are supporting analytical work and technical assistance in areas of skills development, youth employment, and secondary and vocational education. Bilateral donors provide significant support in developing skills training and employment pilots. Although promising, these activities remain limited in scope and in their impact on institutional capacity, as well as fragmented in targeting. The government has requested a more coordinated and cohesive approach to donor partners and Liberian agencies. The Liberia Youth, Employment, Skills (YES) Project will facilitate more effective coordination by working through existing bodies, such as the LACE Board of Directors and the UN Joint Program for Employment and Empowerment of Young Women and Men in Liberia, as well as providing technical assistance to support Government efforts to create national coordination bodies for both social protection and skills development.

11. **The Bank has a comparative advantage in bridging short-term, temporary employment opportunities for the youth with the longer-term agenda on employability, skills development, and TVET system reform.** The success of Liberia's efforts to transition from post-conflict recovery to long-term development will depend on the government's ability to rebuild core state functions and institutions and to rehabilitate infrastructure to deliver basic services while ensuring that growth is sustained and that the peace dividend is increasingly shared. In the short term, the government is focusing on providing to young poor Liberians temporary employment opportunities to respond to the current employment crisis. Such opportunities improve incomes, develop practicable skills, and engage inactive segments of the population in productive works that respond to some specific social and economic priorities of poor communities, a benefit that lessens the risk of instability. The Bank has a competitive advantage in this area as it has been engaged in the innovative, fast-disbursing, and overall successful CfWTEP and has financed a successful community-driven development project (Community Empowerment Project (CEP)). To develop medium- and long-term solutions, the Bank has started a dialogue with the government on the social protection, safety nets, and cash transfers and has been a major player in the longer-term reform agenda on TVET.

12. **The Crisis Response Window (CRW) serves as an ideal mechanism to address short-term emergency issues while also undertaking longer-term activities,** such as improving employability through skills development. Even though the latter requires more lengthy activities, it also has an emergency nature as only through adequate skills development can Liberia sustainably overcome the current employment crisis. In pursuing these immediate and medium-term objectives, the Youth, Employment, Skills project supports the Government of Liberia transition from a focus on post-conflict reconstruction to an emphasis on development efforts with a longer time horizon. Furthermore, the scalability of the project's activities encourages the crowding in of additional donor financing to magnify their impact on growth and employment in Liberia.

The ACGF also has an ability to act quickly, to innovate and to address short term issues within a longer term program. ACGF support for Liberia was based on Liberia's qualification as a transformation country, on the projects ability to contribute to shared growth and employment, and on the catalytic affect of ACGF support.¹ In particular:

- **Transformational Country.** In 2005, Liberia, after more than a decade of violent conflict and following a two year transitional government, emerged with a democratically elected government headed by President Ellen Johnson Sirleaf. Liberia's transition is based on a sound and sustained reform program, a credible strategy for shared growth, and a good record of utilizing aid. Liberia's progress is evidenced by its improved Post Conflict Performance Indicator (PCPI) rating which increased from 3.9 in 2007, to 4.1 in 2008.
- **Strategy for Shared Growth.** Notwithstanding the recent progress, the situation in Liberia remains fragile with significant political and socio-economic risks. Under-employment and non-paid employment rates are high while many of the unemployed have little or no marketable skills not having had the benefits of schooling or training during the 14-year conflict.
- **New mechanisms to foster growth.** The ACGF forms part of a larger program to create a fertile environment and catalyze additional support for longer-term sustainable employment growth in Liberia by harnessing public and private sector mechanisms to maximize employment for productive purposes.
- **Catalytic effect of ACGF support.** Furthermore, the scalability of the project's activities encourages the crowding in of additional donor financing to magnify their impact on growth and employment in Liberia.

C. Higher Level Objectives to which the Project Contributes

13. **Addressing issues of youth employment, income generation, and improved employability is consistent with the government's Poverty Reduction Strategy (PRS) and with the Country Assistance Strategy (CAS).** The PRS recognizes that lack of immediate income opportunities, inadequate skills, and high unemployment are key challenges in building the foundation for rapid, inclusive, and sustainable growth. Providing skills to the displaced and marginalized is essential to sustain peace. Furthermore, rapid and private sector-driven growth requires skilled laborers who can apply modern technologies as well as maintain and service the rehabilitated infrastructure. The joint CAS of the Bank and the AfDB is fully aligned to the PRS and pursues three strategic themes: (i) rebuilding core state functions and institutions; (ii) rehabilitating infrastructure to jump-start economic growth; and (iii) facilitating pro-poor growth. The strategy also pursues the crosscutting objective of capacity development.

¹ For additional information see Liberia proposal for ACGF support. All comments by the Steering Committee of the ACGF have been incorporated into the project design.

II. PROJECT DESCRIPTION

A. Lending Instrument

14. The project will be implemented as a Specific Investment Loan (SIL), following OP/BP10.00. The SIL is the most appropriate instrument to use to support the Government of Liberia, since other interventions are very limited or being designed, and a programmatic approach would only be suitable when those interventions are coherently included in one Social Protection Strategy and/or TVET Strategy, which is one of the objectives of the proposed project. The total value of the proposed project is US\$16.0 million equivalent.

15. The ACGF Steering Committee approved up to US\$10.0 million to finance the project on the basis of a proposal to enter preparation. The Steering Committee approved the grant due to the fact that: (i) Liberia is a transformation country with a sound sustained reform program in place, a credible strategy for shared growth, and a good record for the utilization of aid; (ii) the operation has a clear focus on results—specifically employment generation—and the implementation arrangements are sufficiently strong to strengthen institutions so that efforts are sustainable; and (iii) the operation has the potential to catalyze additional support for a longer-term sustainable solution to the youth employment issues in Liberia.

16. At the end of 2009, the World Bank management approved a US\$6.0 million equivalent of additional financing to the YES Project from the recently established Crisis Response Window. This mechanism will allow the project to address the immediate needs of youth and other poor Liberians whose vulnerabilities have been exacerbated by the global crisis. Funding from the Crisis Response Window will provide a much needed influx of cash in the most affected communities while providing some of the most affected individuals with skills that can help them avoid the worst effects of future crises.

B. Proposed Development Objective and Key Indicators

17. **The proposed Project Development Objective (PDO) is to expand access of poor and young Liberians to temporary employment programs and to improve youth employability, in support of the Government of Liberia’s response to the employment crisis.** This will be achieved by scaling up existing temporary employment programs, ensuring that they are well grounded in communities, and demonstrating how job-oriented and demand-driven skills development can lead effectively to employment and improved productivity in the private sector and by strengthening institutional capacity for TVET providers and regulators. The project will use a number of key performance indicators to assess the progress toward the PDO, including those outlined below (for a full list of indicators, see Annex 3).

Key Indicators	Baseline ²	Target
Direct project beneficiaries (number)	0	49,500

² For Component 1, the baseline is calculated on the preliminary results of the quantitative assessment of the on-going CfwTEP.

Female project beneficiaries (%)	0	48
Beneficiaries of public works program (number)	0	45,000
Net income gain of targeted participants in year of participation (%)	NA	75%
Persons participating and completing skills development programs and receiving certification (number)	0	4,500
Board of Certification and Accreditation for TVET is established (yes/no)	No	Yes

18. **The proposed project will create additional short-term jobs for the youth, finance demand-driven skills development programs serving the informal and formal economy, and lay the foundations of a stronger and demand-driven institutional framework for TVET.** This project will be catalytic to the larger PRS program objectives in following ways. First, the project will create additional income opportunities, in particular for the youth and through active mobilization of communities. It is envisaged that temporary jobs will help mitigate the impact of the current financial and economic global crisis and its repercussions on the poorest segments of society in Liberia. It also will help mitigate the risk of social unrest resulting from frustration over prolonged unemployment. In this regard, the project will help to extend the window of stability that is required for other elements of the broader program to succeed in demonstrating expected peace dividends. Second, the project will provide many poor and young Liberians with second chance opportunity to get trained and acquire some basic and non-cognitive skills. In the medium term, this will help increase earnings and labor productivity, which remain low compared with other countries in the region. Third, to complement the PRS's reliance on private sector development, skills training programs initiated by the project will demonstrate how: (i) a better balance between training and work experience can improve employability; (ii) a combination with business development helps more effective and sustainable employment and opens up to new business opportunities; and (iii) more active involvement of industries in training makes curricula more relevant. Finally, in line with the National Capacity Development Strategy, the project will support the design and launching of a new institutional framework for TVET.

C. Project Components

19. To accomplish the project development objectives, the project is structured around two components:

- **Component 1: Community Works.** This component will focus on bridging the temporary unemployment gap created by the global financial crisis. This phase will build on the ongoing successful CfWTEP, financed by the World Bank and implemented by the Liberia Agency for Community Empowerment (LACE) and will increase income opportunities for the poor and the youth in particular. The emphasis will be on community-based public works, which can address some of the immediate economic and social needs of poor communities. This component will also support government capacity

building on monitoring and supervision in the area of temporary employment and finance an assessment of the impact of the program.

- **Component 2: Employment through Skills Training.** This component will finance formal and informal skills training programs with the purpose of improving youth employability and employment and support institutional development for TVET especially for certification, policy development, monitoring and evaluation (M&E) project management, and impact assessment. The TVET institutional development activities will be leveraged to benefit the skills development programs.

Component 1: Community Works (US\$8.5 million)

20. **The proposed component 1 responds to the current youth employment crisis by creating temporary employment via community-based public works activities.** This intervention builds and improves upon an ongoing project and will include two sub-components. The first sub-component focuses on the implementation of public works projects with the goal of engaging 45,000 Liberians in temporary employment with a particular emphasis on targeting youth at risk. The second sub-component aims to build the government's capacity to undertake and coordinate similar activities.

Sub-Component 1.1. Temporary Employment through Community-Based Public Works Activities (US\$7.5 million)

21. **Sub-component 1.1 will scale up the ongoing Cash for Work Temporary Employment Project--**implemented by LACE--that provides direct short-term employment via public works projects. The CFWTEP has been supported by a US\$3.0 million grant from the Food Price Crisis Response Trust Fund. Under the ongoing program, 17,000 temporary jobs are being created in both urban and rural areas. The program is now entering in its final stages and as of February 2010, it has benefited more than 13,000 Liberians. Under the CFWTEP, the number of projects per county was determined on the base of the 2006 Comprehensive Food and Nutrition Survey. Local government authorities (LGAs) were consulted to determine which communities within each county would participate in the project. Local non-governmental organizations (NGOs), in coordination with the LGAs, then began the process of sensitizing communities to public works activities and enrolling participants. Targeting was conducted primarily on a first-come first-serve basis with some input from the LGAs when demand for employment substantially outweighed the available jobs. Local NGOs were then responsible for designating one supervisor for project site to control attendance, distribute tools, and identification cards, and verify the completion of tasks. The local NGOs also prepared the payment information, based on its attendance records, to send to LACE for approval. A commercial bank facilitated the payment of worker salaries based on the information received from LACE and the provision by participants of their identification cards. With some adjustments, this implementation approach will be retained by the new project, which will target 45,000 vulnerable persons throughout Liberia's 15 counties.

22. **Sub-component 1.1 includes a non-cognitive skills module to reinforce basic life skills and workforce readiness behaviors provided by the overall experience of participating in the public works activities.** Operational details on how this will work will be

discussed in the Operation Manual. The proposed design is to add one day of training in non-cognitive skills during each week of work. This time will be paid at the same wage as a working day. The training will be linked as much as possible to the experience beneficiaries have during the project, including modules on basic work-related behaviors, attitudes in the workplace, and simple concepts of punctuality, professionalism, respect, and teamwork. The training will also include sessions on identity, highlighting self-awareness, social service, civic engagement, and budgeting and managing money. The latter session would be held in conjunction with participant payments. Non-cognitive skills modules will emphasize work carried out under sub-component 1.1 as a civic responsibility that contributes to the development of beneficiary communities. As part of the design, the project will build the capacity of LACE to implement these activities.

23. This sub-component will also strengthen the impact of temporary employment projects by focusing on community priorities and increasing work productivity through improved work supervision. Public works activities carried out under the current CfWTEP have focused on brushing feeder roads, collecting waste, rehabilitating farmland, and small repairs of roads. Under the new project, the aim will be to increase the community participation in project selection to ensure that projects respond to community needs. The emphasis will also be on productivity of these activities by ensuring that specific tasks are completed according to specific standards detailed in the Operation Manual and within a certain period of time. This will be done by improving monitoring and reporting activities, including increased work supervision, by focusing on these issues in the first training module of the program and by providing additional support to local implementers, local NGOs in particular. Additionally, if the government or other partners, including LACE under its other projects, can supply required material inputs, the project activities could also include other activities building useful and long-lasting social assets such as planting trees, replacement or laying culverts, painting public buildings and street walls (particularly needed after the rainy season), painting cross walks, and small rehabilitation of schools, health posts, community centers, and public markets. To reinforce behaviors that promote civic engagement and community-building, participants in this part of the program will be called ‘community workers.’

Sub-Component 1.2 Capacity Building for the Coordination and Monitoring of Public Works Activities (US\$1.0 million)

24. Sub-component 1.2 will provide technical assistance to the government to better coordinate temporary employment activities. Despite being limited in number and value, public works projects currently require stronger coordination. Sub-component 1.2 will help the government in improving coordination among government and donor programs by focusing on both policy and technical issues, such as level of salary, type of training, daily versus task-based wages, and medium- to long-term exit strategies from donor-financed projects. The long-term objective of this effort is to build the capacity within the government to coordinate, monitor, and orient a public works program as part of a full system of protection for the poor against systemic crises. A system that can be expanded when certain crises triggers are breached. The Ministry of Planning and Economic Affairs in coordination with the Ministry of Labor and of Public Works will lead this dialogue and coordinate activities among major actors and will be the main beneficiary of targeted technical assistance provided through this sub-component. This sub-component will also support South-South learning initiatives through participation in workshops, field visits, and ad hoc missions to countries implementing similar projects.

25. **This sub-component will also finance an independent impact assessment of the temporary employment activities conducted under component 1** based on two subsequent studies (at mid-term review and completion). The impact assessment will collect information on issues such as the net income gains of beneficiary households, the impact and use of these additional resources, targeting effectiveness of the project, and potential job substitutions effects. In addition, the assessment will focus on the relevance and impact of the life skills trainings activities provided under sub-component 1.1. The impact assessment will build on the recent qualitative and quantitative assessments, expand their focus, and ensure that the recommendations will find immediate implementation as part of the ongoing project.

26. **In addition, this sub-component will undertake a feasibility study to assess the possibility of and potential benefits from including private contractors, trained in labor intensive techniques, to implement some of the public works activities.** Over the coming years, Liberia's labor market will likely witness extensive demand for labor intensive works in areas such as road maintenance, waste collection, rehabilitation of sidewalks, forestry, and agriculture. The feasibility study would help understand the extent to which sub-component 1.1 can assist to incubate private contractors specializing in labor intensive works by allowing them to gain practical experience implementing such works, as well as possibly by providing some training in this area. Based on the challenges, opportunities, and operational implications identified by the study, a revision of the current implementation arrangements could be adopted to include contractors gradually in the project creating a hybrid approach through which LACE relied on both local NGOs and private contractors to implement sub-component 1.1.

Component 2: Employment through Skills Training (US\$ 7.5 million)

27. **This component will finance formal and informal skills training programs with the purpose of improving youth employability and employment and will support institutional development for TVET**—especially for policy development, institutional capacity building (including certification), and project management. Through these activities, this project will support small businesses and stimulate demand for skills among these businesses thus contributing to improved earnings and employment. The project will start building the skills base in Liberia that can be used to further economic growth. Finally, through the TVET institutional development activities, the project will start developing the foundations of an efficient, sustainable, and demand-driven skills development program. Developing such a program takes at least a decade; during the three-year operation, the project can only take the initial steps and these steps will be identified so that they leverage the impact of the skills development activities financed by the project.

28. Component 2 has the potential to catalyze activities leading to employment in several ways. First, building a system that allows growing small businesses can catalyze the growth of the economy in sectors that are most likely to create jobs for the poorest. Focusing on the improvement of skills that are in demand can also have this same effect, and it can also catalyze the transformation of TVET activities to meet emerging needs. Finally, the creation of a simple, effective, demand-driven skills development system is likely to attract additional resources and participation of government and private sector partners.

Sub-Component 2.1 Skills Development Programs (US\$6.0 million)

29. **This sub-component will finance skills development activities toward enhancing employability and improving employment of youth through the provision of key skills in high demand, both in the micro and small enterprises (MSEs) and in the large industries.** The component will improve the economic relevance, cost-efficiency, and effectiveness of selected training programs. The purpose of these activities is to stimulate skills-based development in designated geographical areas (that will be identified during the preparation of the Operation Manual for component 2) and to demonstrate how skills training leads to increased employability and employment through activities that closely link employers with training provision and with business development. The programs will focus on sectors and businesses that have the economic potential to grow and to provide additional employment in key pillars of the Liberian economy. These include (i) the informal sector comprising the MSEs in manufacturing and services as well as small-scale agribusinesses and fisheries, and (ii) the formal sector in particular with the medium to large enterprises mostly in mining and forestry, as well as in agriculture. Evaluation of the lessons learned from the training programs will provide feedback and information for the medium- and long-term skills development strategy.

(a) Informal Sector

30. **In the informal sector, the project will draw on lessons learned from previous years of NGO and community-based initiatives.** Accordingly, the programs will stimulate demand and supply of skills by focusing on the business owners, expanding their business and technical capabilities, and establishing apprenticeship-type training that combines vocational training with work under the supervision of the owners/master craftsman. Facilitation between apprentices, businesses, and training centers will be carried out by selected local NGOs. The NGOs will work closely with the identified communities where there is a potential for economic growth, productivity gains, and employment among the key MSE enterprises. Programs in these sectors will target designated geographical locations, townships, and communities. These trainings also may focus on the development of small contractors (or community cooperatives) that specialize in labor intensive works. Such efforts would link with component 1 increasing the pool of contractors which LACE -- if determined appropriate by the proposed feasibility study -- could rely on to implement some of the activities to be undertaken through sub-component 1.1.

(b) Formal Sector

31. **In the formal sector, the project will start programs to serve the skill needs of the medium-size but also the larger industries** mostly in mining and agriculture as well as in forestry in rural areas and in construction industry in the urban areas. In these sectors the demand already exists for large-scale employment in the low- and mid-level technical areas. Oftentimes, however, especially at mid-level, these enterprises are forced to import trained technicians in the absence of quality skills supply. The project will assist the establishment of better linkages between the industry and the formal training centers; support these training centers to restructure their services to make them more demand-driven and improve the quality of training; and facilitate agreements between the centers and the enterprises to develop partnerships. The industries will be encouraged to determine training content and standards and to use training facilities. Training centers will benefit from accessing new technologies, from training of trainer schemes and improved employment opportunities for graduates. The project will support improved capacities of designated training centers but on the basis of demand. This activity will

start with one or two centers and further centers will be added as additional donor funding is generated and as the results, effectiveness of the process, and initial outputs and outcomes are assessed.

Sub-Component 2.2 TVET Institutional Development (US\$1.5 million)

32. **This sub-component will assist in the building of institutional and policy framework with the long term objective of creating an efficient demand-driven TVET system** that integrates both public and private sector service providers within a certification system that recognizes competency and skills development linked to job demand. It will build capacities for (i) skills training providers and (ii) the governmental agencies responsible for strategic planning, policy development, certification, monitoring, and assessment in the TVET sector to assure skills training is more relevant, efficient, and sustainable. During the three-year operation, the project will not cover all aspects of a TVET reform. Instead, it will focus on some essential policies and institutional capacities that help monitor and maintain quality, responsiveness, and cost-efficiency. The project will also have flexibility to provide technical assistance to new TVET institutions and policies that are being planned by the government, such as the Commission for TVET or the TVET Fund.

- (a) **TVET policy development:** This activity will provide technical support to the policies that the government has planned for TVET, including the establishment of a cross-sectoral TVET Commission to steer TVET programs across sectors and the TVET Fund, which will provide demand-driven financing of skills development and the financing of public and private sector providers as well as allow future donor financing to be efficiently channeled toward the long-term skills development strategy. The component will also finance studies in understanding the needs of the lost generation, including hosting conferences, connecting with international researchers for evaluations into what works. It will also provide assistance to assess the impact of the project on those employed, on their future employability, income increase, and overall employment situation.
- (b) **TVET institutional capacity building:** This activity will focus on the capacities of the government and of the training providers. On the governmental level, it will improve the capacity of the Agricultural Industrial Training Bureau (AITB) to create a system of certifications and to set standards and certification of a number of TVET skills and courses. AITB will also receive support to improve its physical facility, including equipment for running efficient testing and certification services. On the level of the training providers, it will provide training of trainers and training for improving institutional management.
- (c) **Project Management.** Project management will be the responsibility of a Management agent to be selected by the Recipient under a competitive bidding procedure, in conformity with qualifying criteria and terms of reference agreed with IDA. The selected agency within this responsibility will also be mandated to build such capacities in the host governmental institution, likely the Ministry of Youth and Sports. The purpose is to mainstream the activities piloted through the project into a coherent skills development program and sustain them through scaled-up operations beyond the three years. The sub-

component will also develop an M&E system for monitoring skills demand and supply in relation to labor market and employment trends.

D. Lessons Learned and Reflected in the Project Design

33. **There is a long list of lessons learned in implementing similar projects in Liberia and other parts of the world.** The following are some key lessons learned and reflected in the design of the project:

- (a) **Targeting in countries with high poverty rates is challenging but can be done.** Projects targeting the poorest, those most affected by recent crises who are unemployed or underemployed, require the use of a combination of factors, such as poverty indicators/criteria, wage rate, and community involvement, to promote effective targeting.
- (b) **Engaging employers and the private sector in defining skill competencies is key to success in training.** Employers are best positioned to define and anticipate the skills needed by workers and are therefore consulted by training providers in determining the skills to be offered and the development of competency standards for guiding the design of curricula and instructional materials.
- (c) **Managing expectations is important in employment and skills programs.** Communities and participants need to understand the constraints in creating long-term employment. Selection mechanisms need to be clear and mechanisms to address complaints coming from participants and non-participants must also be simple, transparent and clearly explained.
- (d) In countries with low productivity, a distorted labor market, and relatively low demand for skills, **stimulating demand is as important as adjusting supply to meet demand.**
- (e) **The creation of demand-driven services can only be achieved by targeting a selected number of skills** and working through a limited number of service providers. Once the mechanisms are established, the key programs can be scaled up by moving to new regions and involving additional service providers.
- (f) **Competition among public and private training institutions** promotes flexibility, cost-efficiency, and market-driven skills.
- (g) **Introducing non-cognitive skills alongside work opportunities and vocational and technical skills training is key.** Non-cognitive skills provide youth with an ability for effective skills in communication, knowledge of how to resolve conflicts peacefully, awareness of health risks, understanding of acceptable workplace norms and behavior, and knowledge of how to search for employment. Similarly, employability needs to involve work and practical experience to assist learning and to gradually eliminate a culture of dependency.

- (h) **Experience shows the importance of having a solid governance mechanism in place to manage the TVET system**, ensuring a transparent decision-making process on funds allocation and a certification and quality control system.

E. Alternatives Considered and Reasons for Rejection

34. Regarding temporary employment, three options were considered but were rejected for different reasons.

- (a) **Use of micro-credit and small business development.** An alternative considered was to have a strong focus on micro-credit and small business development. While there is a need for additional schemes supporting small businesses through an initiative providing micro-credit to small enterprises, the team believes that other projects, programs, and private schemes are better positioned to address this need.
- (b) **Prepare a labor-intensive rehabilitation project focusing exclusively on roads rehabilitation.** While it is clear that the road network requires rehabilitation and maintenance, a series of projects either existing or under preparation focus specifically on this sector, contracting out to both local and/or international companies on a large-scale and through labor intensive approaches. Moreover, roads rehabilitation is not necessarily the top priority of communities. This does not mean that component 1 will not focus on this sector if this is the need expressed by communities and local government authorities, and to fill potential gaps. The project will keep the flexibility of intervening in other sectors where needs are articulated by the communities and are unmet.
- (c) **Develop a project that focuses primarily on urban areas.** Although urban areas have high levels of unemployment, poverty levels are much more acute in rural areas. The project approach is to target both areas and follow the main geographical targeting approach used under the current Community Empowerment Project II but with some corrections in particular by introducing targeting criteria based on extreme poverty criteria.

35. Regarding skills development, three equally valid options were considered, each with slightly different rationale, strong relevance, and differing risk implications.

- (a) **A supply-driven program could have aimed to rehabilitate the ailing public training providers** through improved facilities, renewed machinery, strengthened curriculum, and retrained staff. In fact, the rehabilitation of the sector will have to take place to some extent. However, a key problem is the high unit costs of TVET provisions, making such an approach unsustainable. The reason for rejection of this approach was that in the present economic state of Liberia, addition of semi-skilled and skilled persons to the labor force who may or may not be employed afterwards is likely to heighten social tensions, which are already present. Additionally, a supply-driven approach has the problem of being financed on a sustainable basis.
- (b) **A fully demand-driven approach, which only finances activities where there is tangible demand for training,** could have been pursued through the development of a TVET fund. In fact, part of the TVET policy agenda is a skills training fund that is designed to give a feasible demand-driven financing option. This helps stimulate more

cost-efficient operations and strong private sector involvement. However, two problems constrain the full application of a TVET fund, namely the lack of demand especially for higher skills and a competitive and sector-neutral system of TVET financing requires standards in terms of certification and qualifications.

- (c) **A third option for skills development could have focused on developing a full TVET system with standards, certification for trainees, qualification for providers, and demand-driven financing.** However, such a system takes years to develop and does not stimulate increases in demand.

36. To a large extent, the proposed project will combine the approaches detailed above.

III. IMPLEMENTATION

A. Partnership Arrangements

37. **The project will be part of a larger program to create a fertile environment for catalyzing youth employment growth in Liberia** harnessing public, non-governmental, community, and private sector mechanisms to maximize unused labor for productive purposes and ensuring the creation of appropriate skills to meet demand. To this end, the project is designed and will be implemented to foster partnership with the communities, government, private sector, UN agencies, local and international NGOs, and LGSs. The following ministries are key partners of this project: Planning and Economic Affairs (MoPEA), Public Works (MoPW), Labor (MoL), Education (MoE), and Ministry of Youth and Sports (MoYS). UN agencies include the International Labor Organization (ILO), World Food Program (WFP), and United Nations Children's Fund (UNICEF). Government agencies include Liberia Agency for Community Empowerment (LACE) and Agricultural Industrial Training Bureau (AITB).

38. The project will partner, exchange information, and seek strategy alignment with the Government of Liberia's Jobs and Opportunities Initiative, which aims to create 8,000 temporary jobs by June 2010 and with other Bank projects including the Extractive Industries Transparency Initiative Plus Plus Project (EITI++) on extractive industries, the Economic Empowerment of Adolescent Girls Project (EPAG), and technical assistance and project activities in the forestry and fisheries sectors. (For a project list and possible synergies with the Liberia YES Project see the attachment to Annex 2.)

B. Institutional and Implementation Arrangements

Overall Implementation Arrangements

39. The Ministry of Planning and Economic Affairs will be the main counterpart ministry on component 1 of this project. The LACE will be implementing component 1. A Management agent will be selected for component 2, with a National Commission for Technical Vocational Education and Training, composed of government agencies, employers, and employee representatives, providing oversight. The Government of Liberia will determine the rules of business and the chairmanship and deputy chairmanship of the Committee, as well as relevant terms and conditions.

Component 1

40. **The implementation of component 1 will be the responsibility of LACE.** LACE was established in 2004 by the Government of Liberia and with support of the Bank. LACE has a remarkable record in community development (completed more than 150 community sub-projects), and has built its own capacity and that of communities and local government authorities. LACE has become a major player in local development in Liberia, thanks to its full Liberian status, the strong support of the government, its governance structure (the Board of LACE includes donors, civil society, and the government), and having a portfolio of completed and ongoing projects of more than US\$25.0 million, of which US\$14.0 million is from the Bank and more than US\$11.0 million is from the European Union.

41. **With some adjustments, sub-component 1.1 will follow the project cycle of the CfwTEP, through which LACE serves implementing partner; local NGOs will oversee the day-to-day operations of the project; and local government authorities (LGAs) will provide input regarding the location and types of interventions undertaken.** Under this sub-component, it is proposed that the geographic allocation of projects is based on a measure of extreme poverty (such as number of extreme poor or poverty gap in each county). Selection of participants will be based on a set of criteria/filters to ensure that young people, the poor, and the poorest are benefiting from the program. Supervision of the public works activities also will be increased, with five supervisors per project site instead of one as under the CfwTEP. In addition, the inclusion of basic life skills training will require the retention of a national NGO to conduct a training of trainers (ToT). The ToT will be conducted for the local NGOs, which will designate specific staff to conduct the life skills trainings and hire additional support if necessary to undertake this responsibility.

42. **Sub-component 1.2 will be implemented by LACE to the benefit of the Ministry of Planning and Economic Affairs and of other ministries and to implement the independent impact assessment.** The Ministry of Planning and Economic Affairs (MoPEA) chairs the inter-ministerial steering committee established to co-ordinate the implementation of the Liberia Jobs and Opportunities Initiative. Resources under this sub-component will support MoPEA and other ministries and agencies to improve monitoring and evaluation and to ensure that public works programs become a main instrument of the social protection policy that will be drafted by the Social Protection Steering Committee that the government is currently establishing.

Component 2

43. The Ministry of Finance will carry key fiduciary responsibilities for component 2 including undertaking the selection of the Management agent, while still assuring appropriate government oversight for the implementation of component 2. A National Commission for Technical and Vocational Education and Training is being proposed to be set up under the Chairmanship of the Vice President of the Republic of Liberia. This national commission will provide oversight of the implementation of component 2 and will also develop its own management and technical capacities to take over the implementation of the activities of component 2 upon project closing. Overall implementation of component 2 will be carried out by a Management agent to be selected under a competitive bidding procedure by the Ministry of Finance, with support from its Project Financial Management Unit (PFMU), in conformity with

qualifying criteria and terms of reference agreed with the Association. The Ministry of Finance will also receive additional technical assistance as needed for carrying out appropriate fiduciary and oversight functions

44. The Management agent will oversee implementation of sub-components 2.1 and 2.2 and provide guidance to the NGOs, government agencies, and skills providers selected to implement both sub-components. All other details of the implementation arrangements for component 2 below will be part of the Terms of Reference (ToR) for the Management agent and of the project Operational Manual.

45. Sub-component 2.1 will be executed through sub-contracts between the Management agent and: (i) NGOs that will conduct informal sector training and capacity building activities; and (ii) selected service providers of skills development in the public sector that will take responsibility for meeting the demand for skills the large industries.

46. Sub-component 2.2 will be implemented through sub-contracts between the Management agent and: (i) AITB; and (ii) selected providers of skills development in the public sector, as well as (iii) technical assistance providers for TVET. (Details of the implementation of component 2 are in Annex 6.)

C. Monitoring and Evaluation of Outcomes/Results

47. **Monitoring and evaluation arrangements are an important element of project design and they respond to the pilot nature of this operation, in particular of Component 2.** Sufficient resources have been allocated under both components to carry out regular monitoring activities and to conduct periodic evaluations of the project components' implementation and outcomes. The evaluation of the impact of the project is an important aspect of the project and, in the case of component 1, will expand upon the evaluation conducted under the CfWTEP. In the case of component 2, evaluation of project outcomes and results will benefit from best practices in Liberia and the region and from experiences from similar operations. For both components, it is envisaged that at least three supervision missions per year will be conducted by the World Bank in the first two years of project implementation, followed by supervision missions conducted at least twice a year for the remainder of the project implementation period. Implementation support and supervision will focus on performance of the implementing entities in managing the project and in progress towards achieving the PDO. Indicators will allow specific disaggregation and monitoring, in particular data will be analyzed by gender to show women representation.

48. **Component 1: Responsibility of M&E activities under Component 1 will rest with LACE and the MoPEA.** The implementation and monitoring arrangements of the ongoing CfWTEP are detailed in the CfWTEP Operation Manual, which will be updated to ensure that current targeting is improved and monitoring of new approaches, such as the basic skills training modules, is also included. Primary items of monitoring will also include number of participants (by age and gender), areas of intervention, type of works, and productivity of work. Community facilitators/NGOs will report on a monthly basis to LACE on all project implementation indicators, and LACE will report on a quarterly basis to its Board of Directors and to the Social Protection Steering Committee, once established, with regards to its progress toward key

indicators under this component. Information will be consolidated in yearly reports that will also be available on the LACE website (www.lace.org.lr). LACE will recruit a national or international consulting firm to analyze the impact of the project on poor households.

49. **Component 2: The PFMU and the Management Agent will share responsibility for M&E activities under Component 2.** During the first quarter of project implementation, the selected management agent will develop a project monitoring plan that will include details on monitoring and evaluation activities. The project monitoring plan will include the tools that will be used to gather and analyze information, as well as how the information will be reported. The Management Agent will also submit a proposed timeline for reporting; reporting on indicators will be required at least twice every year. Information included in the reports will have to include recruitment of trainees and their performance and dropout rates. The management agent will have to conduct tracer studies on a regular basis to establish the indicators of employment and employability. Monitoring will cover detailed feedback from employers, inclusive of large industries, on the performance of trainees hired and the necessary skills augmentation. The PFMU will hire an M&E consultant at least three times during the project implementation period. The M&E consultant will ensure the quality of M&E activities carried out by the Management Agent and will also provide information on the management agent's fiduciary capacity and activities. The responsibility for M&E will be transferred from the PFMU to a selected ministry once this ministry has the capacity to monitor skills development activities.

D. Sustainability

Component 1

50. **There are at least three types of sustainability concerns that the project design has tried to address:** sustainability and impact of the temporary employment scheme, sustainability of the services and infrastructures supported under the project, and sustainability of institutional arrangements to provide public works and skills development services in the longer run, after the closure of the project.

51. **From the perspective of participants in the temporary employment program (component 1), sustainability is measured by his/her ability to: (i) increase the household available income; (ii) increase human development investments, in particular in education and health; and (iii) improve his/her basic life skills and work readiness.** Results from a recent survey indicate that the ongoing CfWTEP has had significant impact on (i) and (ii). The life skills aspect will be added under this project to ensure greater sustainability from the household livelihood perspective.

52. **In terms of sustainability of the infrastructure built and services provided, component 1 uses a participative approach that ensures the community ownership of the assets created.** It also involves the different relevant governmental and non-governmental agencies in the development, execution, and operation of these sub-projects. To ensure the sustainability of providing such services in the future, the main host and responsible agency in the project is LACE; it can carry activities beyond the life of the project. **The new reporting and supervision arrangements, with the Ministry of Planning playing a key role, will**

ensure longer-term sustainability of the project through increased coordination on public works interventions between LACE and the government.

Component 2

53. **The second project component on skills development includes training programs implementing new approaches to promote youth employability and institutional arrangements** that help standardize training, create policy incentives, sustainable financing, and monitoring arrangements. The lessons from the training programs will guide future policy development by the government under component 2 and possible scaling up of this program by government and private sector agencies. The project includes activities that ensure the building of the institutional capacity and knowledge of the government and Commission in particular, which is the body mandated with coordinating TVET activities. Establishing demand-driven programs, strengthening the capacities of selected training providers, and starting with certification of programs are part of a bottom-up approach to build institutional capacities, providing a strong foundation to overall sustainability.

54. **Component 2 addresses the sustainability of: (i) skills developed by participants, (ii) training centers, and (iii) TVET institutions and their capacity to implement TVET policies.** Component 2 addresses the issue of sustainability in the skills obtained by participants by ensuring that participants use them through on-the-job training. The quality of skills developed in this type of program is also expected to remain consistent in the long term because of the certification, monitoring, and assessment mechanisms that will be embedded in TVET institutions strengthened through the component. Addressing concerns with the sustainability of TVET institutions and training centers will be one of the main focus points in component 2.2. The government's commitment and ownership of the project is clear from the high level of involvement during the preparation stage and the full participation in all details of the project. The government's commitment to enhancing and expanding the social safety net in Liberia and TVET agenda is also clear from the increasing attention and awareness that has developed in the last few years.

E. Critical Risks and Possible Controversial Aspects

55. **The country and sector level risks, as well as the operation-specific risks, are high; however, through mitigation measures, the rating of residual risk is moderate.** Although the security situation in Liberia, the country's limited overall capacity, and its limited coordination of policy on temporary employment and skills development pose significant risk to implementation, the Liberia YES Project is designed to improve upon each of these areas. Additionally, mitigation measures in the areas of project design, financial management, social safeguards, and sustainability will be adopted. A description of specific risks and mitigation measures is detailed in the following table.

	Description of Risk	Rating of Risk	Mitigation Measures	Rating of Residual Risk
I. Country Level Risks				
Security situation	The security situation in Liberia remains fragile not only because of ever-present risk of reversing achievements made toward peace and democracy but also because of organized and semi-organized crime that is spreading in absence of employment opportunities, strong domestic government, and efficient social services.	High	In contributing to temporary employment and skills development in Liberia, this project will contribute to the mitigation of the security risk factors.	Substantial
Implementation capacity	Implementation capacity is generally weak in Liberia reflecting in part the low level of skills within the public sector. An additional project increases the implementation and supervision burdens on a limited number of agencies.	High	For component 1, the operation relies on implementation mechanisms that have already been tested through CfWTEP. Component 2 will rely on the expertise of the selected Management agent and service providers, and will provide additional capacity to these partners through its activities.	Substantial
II. Sector-Level Risks				
Sector policies	Despite the limited number and scope of ongoing public works programs, these interventions lack a framework for coordination. In addition, there is little coordination among the various TVET providers and the TVET structure is highly fragmented among several ministries.	Substantial	Components 1 and 2 aim to foster coordination within their respective sectors. MoPEA will serve as the main counterpart ministry for component 1. For component 2, an inter-ministerial committee, including the government, employers, and employee representatives, will provide oversight to the Management agent.	Moderate
III. Operation-Specific Risks				
Design	Under component 1, there is the risk of political manipulation of participants. That is, there is likely to be pressure to	Substantial	To mitigate this risk, the project has supported the design of targeting instruments that will be further refined during the	Moderate

	Description of Risk	Rating of Risk	Mitigation Measures	Rating of Residual Risk
	either include non-eligible individuals in or exclude eligible ones from participating in the project		revision of the Operation Manual. The Operation Manual will also include mechanisms for complaints and disputes at different levels of implementation (individual, community)	
Design	Component 2 involves the partnership between the public sector, private sector, and service providers. This is a new approach for Liberia, one that is constrained by a context of limited institutional capacity and social capital.	Substantial	The project will aim to mitigate this risk by drawing on the experiences and lessons learned from similar arrangements in other countries, as well as a review of the limited experiences in Liberia. Component 2 will also rely on an inter-ministerial committee, which will provide project oversight. Comprised of the government, employers, and employee representatives, the committee in envisioned helping improve coordination between the public sector, private sector, and service providers.	Moderate
Design	Component 2 has the additional risk that the large-scale employment in the formal sectors will not materialize as expected.	High	The project will mitigate this risk by expanding the focus of component 2 beyond the large firms and establishing additional skills training programs for MSEs. This risk will be assessed throughout implementation.	Substantial
Design	Component 2 involves the participation of a number of institutions and government levels. This may cause delays in implementation, because entities may not be clear about their specific roles, responsibilities, and accountabilities.	High	To mitigate this risk, the Operation Manual for component 2 will carefully describe these roles and the interactions among the different entities. The Team will engage closely with all stakeholders, especially during project preparation.	Moderate

	Description of Risk	Rating of Risk	Mitigation Measures	Rating of Residual Risk
			Furthermore, the Team will conduct close monitoring and supervision during implementation.	
Financial management	Component 1 has high fiduciary risks since it involves cash payments. Under component 2, fiduciary risks are mainly associated with the transfer of resources to service providers.	Substantial	Risk under component 1 is mitigated by well-established financial management arrangements under CfWTEP whereby a commercial bank, acceptable to the Association (EcoBank) currently is managing the payments to beneficiaries. To mitigate the risks under component 2, a Management agent will be selected that can meet Bank regulations. A financial management assessment will be carried out to ensure that the selected Management agent procedures minimize these risks. The Operation Manuals of components 1 and 2 will further address fiduciary compliance.	Moderate
Social safeguards (targeting)	With a large population of unemployed and vulnerable persons, demand for social interventions is high. This creates the potential for frustration among communities and individuals that are not involved in the project.	High	The project will ensure that a consultative process is followed for the identification of the social and economic activities undertaken. The Operation Manual for component 1 also will address the targeting and identification of communities where the project will operate.	Substantial
Social safeguards (health/safety)	The nature of the work undertaken by component 1 may necessitate the use of ear protection, protective headgear and gloves, masks, and safety shoes.	Moderate	The Operation Manual for component 1 will address any and all such requirements.	Low
Sustainability	Component 1 is designed as a temporary intervention to	High	To bolster the medium- and long-term impact of the	Moderate

	Description of Risk	Rating of Risk	Mitigation Measures	Rating of Residual Risk
	provide employment to vulnerable Liberians and therefore does not address unemployment over the medium and long term.		project, component 1 will include basic skills training to increase the employability of project beneficiaries and the construction of small infrastructures to benefit the broader community. Additionally, component 2 is focused on improving medium- and long-term employability.	
IV. Overall Risk (including Reputational Risks)				
		High		Moderate

F. Loan/Credit Conditions and Covenants

Conditions of Effectiveness:

56. Under the CRW Financing Agreement

- The Subsidiary Grant Agreement has been amended and executed on behalf of the Recipient and LACE, in a manner satisfactory to the Association;
- The LACE Operational Manual has been amended in form and substance satisfactory to the Association.

57. Under the ACGF Grant Agreement

- The Management Agency Agreement has been executed on behalf of the Recipient and the Management Agent;
- The CRW Financing Agreement has been executed and delivered and all conditions of disbursement have been fulfilled.

Conditions of Disbursement:

58. Under the CRW Financing Agreement: None.

59. Under the ACGF Financing Agreement

- under Category (2) (Consultants' services, goods, works, vehicles, Training and Workshops, and Incremental Operating Costs in respect of activities under Component 2 of the Project (TVET Component)), an operational manual (the management agent Operational Manual) must have been prepared in form and substance satisfactory to the World Bank.

Other Covenants:

60. Under the CRW Financing Agreement:

- For the purposes of Part 1 of the Project the Recipient shall cause LACE to: (a) ensure that the wage rates applicable to the services of temporary workers employed under the Subprojects under Part 1 of the Project shall not exceed US\$ 3 equivalent per day for unskilled work, and US\$ 5 equivalent per day for skilled work, nor shall the term of employment exceed a period of 40 days maximum; and (b) in close consultation with the Association, review said amount at a date to be determined by agreement between the Recipient and the Association for a mid-term review of the Project, taking into consideration the findings of an independent assessment that LACE will conduct by that date and adjust as necessary in a manner satisfactory to the Association.

61. Under the ACGF Grant Agreement:

- None.

IV. APPRAISAL SUMMARY

A. Economic and Financial Analyses

62. **Component 1 of the project will be highly cost-effective compared to international comparators.** This is due to the high labor intensity of activities, the effective geographical and household level targeting, and the low foregone income from participation. The estimated cost-effectiveness of the wage transfer on the current CfWTEP is 0.51, meaning that it costs US\$1.96 to transfer US\$1.00 in net wage benefit to a CfWTEP beneficiary. It is projected that, despite the inclusion of non-cognitive skills training in the Liberia YES Project, the overall cost-effectiveness will not be reduced because of anticipated operational improvements. Among other changes, the labor intensity of the project is projected to increase to 72 percent thereby further improving the cost-effectiveness.

63. **US\$8.5 million has been allocated to component 1 of the Liberia YES Project.** Based on the planned allocation of US\$2.5 million per year over three years for sub-component 1.1, this represents 0.3 percent of GDP (based on the 2008 estimate of nominal GDP of US\$840 million). It should also be noted, that the government has allocated resources for a similar program, the Liberia Jobs and Opportunities Initiative that targets youth and aims to involve 8,000 beneficiaries between December 2009 and July 2010. The estimated budget of this initiative is US\$2.0 million.

64. **Under component 2.1, roughly 4,500 people will participate in skills development, including training ranging from 72 days to 1.5 years** and structured practical experience ranging from part-time employment to internships. Since most of the participants are either unemployed or under-employed with practically no earnings, the skills development activities will not substitute for unearned income. Nevertheless, calculating with an average income of US\$222 per year (less than US\$20 per month), the participants who gain paid employment or

self-employment in the informal sector are expected to increase their earnings by at least US\$45-50 per month, or at least US\$540 per year. Participants who become employed in the concessions are expected to earn approximately US\$80-100 per month, as much as US\$1,000 per year. Equally important is the increased earnings of an estimated 200 to 240 micro and small business owners. Estimates of present earnings are difficult to calculate given the erratic nature of demand; however, based on a rough estimate of US\$40-50 present earnings per month, the increased earnings could range from US\$80-600 per month.

65. **The rough unit cost estimates for skills development are about US\$150 per month, total unit costs would range between US\$600 for a four-month internship to US\$1,800 for an 18-month formal training course.** Accordingly, the costs of individual training are recovered in two to three years through increased earnings while the total costs of activities (including business development support) of about US\$190 per month will be recovered within a year through the increased earnings of the MSEs. Similar calculations cannot be made for the concessions for which the gains should be estimated based on difference between the costs of importing skilled labor versus training local labor.

66. **Component 2.2 is designed to build the organizational capacities for skills development within the government and of training providers.** Toward this objective, it will focus on training trainers and training supply managers, building a certification system, and creating incentives for an efficient and effective skills development system. As a result, in the medium to long term, component 2.2 aims to make skills development more efficient, the duration of training shorter, the costs of increasing productivity lower as the transition period between training and work will be shorter (through work integrated into training), the costs of training shared between public (government and donor funds) and private (employers and employees), and the private sector involved in the provision of skills training. The economic impact of both skills development components will have to be continuously monitored.

B. Technical

67. **Two assessments of CfWTEP have supported the technical design of component 1.** A team co-lead by the Human Development Network (Development Dialogue on Values and Ethics and Social Protection Team), the Sustainable Development VP (Social Development Department), and the AFR Social Protection Unit has carried out a quantitative and a qualitative assessment of CfWTEP. The two assessments are complementary in design and the preliminary results provide information regarding CfWTEP's impact on poverty, the targeting effectiveness, and the appropriateness of the wage rate.

68. **Preliminary findings from the quantitative survey suggest that the targeting of the program was effective with an estimated 80 percent of the target group being either poor or extremely poor.** Additionally, more than 56 percent of participants came from the first two quintiles, both of which are classified as extremely poor as based on the definition from the CWIQ conducted in Liberia in 2007. Furthermore, the assessments found that participants were able to invest approximately 25 percent of their income and spend more than 30 percent of project income on education-related expenses.

69. **The findings of the quantitative assessment also suggested a substantial impact on poverty** with a reduction in the poverty headcount (P0) of 8.6 percent from 74.1 percent before the program to 67.7 percent after the program as shown in Table 2 below. More significantly, the poverty gap (P1) reduced by 27 percent, from 17.2 percent to 12.6 percent.

	P0	P1	P2
Before the program	74.1	17.2	5.9
After the program	67.7	12.6	3.8

Note: P0 = poverty headcount; P1 = poverty gap; and P2 = square poverty gap.

70. **The wage rate of US\$3.00 per day was found to be relatively high, specifically in comparison with prevailing wage rates.** The assessments suggest that flexibility exists to reduce the wage rate under component 1, thereby allowing the program to increase its coverage from 45,000 to 52,500 participants. The option of reducing the wage rate to increase the coverage of the program was carefully considered. One important issue is that other programs, including those funded by the government, are paying a wage rate of US\$3.00 a day. Reducing the wage rate would create a misalignment between component 1 and other similar projects operating in Liberia and could create significant tensions, especially at the community level. Such a wage differential could result in accusation by communities that part of their wages was being unfairly withheld, an accusation that could seriously undermine program implementation. Moreover, capacity is a major implementation constraint in Liberia. Already moving from 8,500 participants a year (under the current program) to 15,000 (with the proposed project at a wage of US\$3.00 a day) will be an important challenge for LACE and local NGOs supporting the program. Moving even further to 17,500 beneficiaries a year (wage rate at US\$2.50) will most likely put the implementation mechanism under severe pressure and at serious risk of failure. Given the strong political economy and capacity arguments against reducing the wage rate, the appraisal of the project has confirmed the US\$3.00 a day. This wage rate will be included in the legal agreement and will require Bank no-objection for any change.

71. **Component 1 will introduce life skills training for all participants.** Each participant will receive training for one day per week throughout the project, subsequently receiving eight days of training on non-cognitive skills. The modules will focus on influencing attitudes and behavior, rather than technical or vocational skills, and will link as much as possible to the overall experience participants will have on the program. Reinforcing activities undertaken during the project could improve beneficiaries' willingness to work collaboratively with their communities, to invest their earnings more productively, and to improve basic work-related behaviors, such as punctuality and teamwork. As such, the aim of the trainings is not primarily to increase the likelihood of participants securing future employment but rather to provide them with basic skills that could be useful in their daily lives. The curriculum will be based on Core Education Skills for Liberian Youth (CESLY) curriculum that is currently being developed by the Ministry of Education with support of United States Agency for International Development (USAID). The local NGOs will recruit trainers to conduct these trainings. A training of trainers will be conducted prior to the implementation of component 1.

72. The planned skills development activities under component 2 will draw on both Liberian and global lessons and will include the following technical characteristics. Under component 2, the project will adopt a coherent approach to piloting skills development programs and building adequate governmental and institutional capacities. The component will be based on the principle of demand-driven skills development and the performance of the activities and of the system will be measured by their impact on creating employment, improving employability, and productivity.

73. Given the high costs of skills development, a secondary objective for both components is to present options that are sustainable; sustainability requires efficient operations, shared costs, and private sector participation (more on this in PAD 2/F). Global and local lessons show that effective and sustainable improvements in employment and productivity require the incorporation of business development support (BDS) into skills development. Without BDS, the private sector's stake is not increased, demand for skills and employment remains low, and skills development does not become sustainable.

74. As a general tendency, the economic sectors with the most potential to grow require shorter duration of training, the combination of training with work and practical experience, and—through this experience—certain non-cognitive skills that help make the newly developed employees workforce ready. Employment and productivity have the potential to expand at two extremes: in the informal sectors and in the largest concessions to be established to focus on natural resources including mining, forestry, rubber, and tree-crops. In addition, construction, services, and small crafts show growth potential. While in the medium to long term higher skills will be required to maximize the benefits of these industries, there is a potential, in the short term, to improve employment for the semi-skilled and those who gain a basic level of skills (certificate levels 2 and 3).

75. The role of the informal sector is critical both in employment and in skills development services. Therefore, capacity building requires that informal and private as well as public services are structured, regulated, monitored, and stimulated in ways that do not discriminate the private sector. As part of these requirements, the project will help establish a qualification and certification system that is sector neutral (public and private) and in which various levels of certifications are built upon one another so that individual workers can develop skills gradually through sequences of training and work.

76. Many of the assumptions and approaches informing component 1 and 2 will be monitored, tested, and appraised through extensive and independent assessments that will be carried out at specific intervals during project implementation. In particular, the relevance for increased employability, earning, and job opportunities of both non-cognitive and technical and vocational skills development will be tested. Well-designed quantitative assessments will provide important information on component 1 especially, while focus group techniques, qualitative analyses, institutional assessments and tracer studies will provide important information on the impact of component 2 in particular.

C. Fiduciary

77. **For component 1, LACE will be responsible for financial management (FM) and will employ the processes and procedures developed for other Bank-funded projects,** amended as necessary. LACE will capture project transactions separately, maintain the records of these transactions, and prepare reports in accordance with the relevant Financing Agreement for submission to the Bank. For component 2, the Ministry of Finance will be responsible to assure adequate FM capacities through a contract with a Management agent with adequate FM capacities, through reviewing the FM capacities of the preferred agency prior to entering into the management agency agreement, and through regular oversight over the FM practices of the Management agent. The Ministry of Finance may request from the project additional technical assistance to assist its oversight activities. The Management agent will record and maintain transaction details of the two sub-components as the basis for preparing reports as may be required by the agreement to be signed between the Management agent and the government. LACE and the component 2 Management Agent, on behalf of the government, will prepare quarterly un-audited financial reports (IUFRI/IFR) for submission to the Bank within 45 days of the end of each calendar quarter. Independent and qualified auditors, acceptable to the Bank, will carry out annual financial audits of the project.

78. **The World Bank has conducted financial assessments of LACE** throughout its implementation of previous Bank-financed projects, including the recent FM supervision mission of LACE conducted in December 2009, **which reconfirmed that LACE's FM system meets the minimum standards required by the Bank.** The report recommended a number of actions, which LACE is currently undertaking, to address shortcomings in its FM system. A formal FM assessment will be conducted for the Management agent selected under Component 2 by the Ministry of Finance with technical assistance to be received (as and when needed) from the Bank. If deemed necessary, the FM system at the selected Management agent will be assessed periodically during project implementation with the view to ensure adherence to the Bank's disbursement procedures and the institution of adequate FM system. **The FM risk rating for the project is at no more than Moderate.**

79. Procurement of goods and works and selection of consultants will be conducted in accordance with: (i) the World Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated May 2004, revised in October 2006 and May 2010; (ii) World Bank's "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004, revised in October 2006 and May 2010; (iii) Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants, dated October 15, 2006 and the provisions stipulated in the Financing Agreement, and (iv) the provisions stipulated in the Grant and Financing Agreements. In addition, for each contract to be financed by the project, the different procurement methods or consultant selection methods, the need for pre-qualification, estimated costs, prior review requirements, and time frame are agreed between the government and the Bank in the procurement plan. The procurement plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

D. Social

80. **Based on CfWTEP, component 1 will continue to have a high degree of participation of key stakeholders, specifically in its implementation.** In all 15 counties, local NGOs are responsible for liaising with communities and local government authorities. They also play an important role in the screening and selection of beneficiaries, which produced very good results in terms of targeting under CfWTEP. One risk of component 1 is that it may create discontent among vulnerable members of the community who are not selected, given constraints on project size, to participate in the public works intervention. The transparency of the selection process is critical in this regard and the Operation Manual will detail improvements in the targeting and recruitment toward this end. The social impacts of this project on participants will be monitored through a mid-term review that will consist of both a qualitative and quantitative element.

81. **Beneficiaries of components 1 and 2 will not only have an opportunity to earn an income and learn a skill that will improve their chances of gaining remunerative employment, but the project will also help them better adapt to the post-war environment and prepare to attain and retain a job.** As post-conflict Liberia transitions from crisis mitigation toward sustainable development, the projects designed to support the process need to be appropriately modified. For example, the psychosocial support needs of Liberian youth today are different from those immediately following the disarmament, demobilization, and reinsertion process. The term "youth" as defined by the international donor community actually refers to young adults currently less than 35 years old. Liberians in that age group were teenagers or young children when the conflict began. Most were internally displaced, refugees, combatants, or street children who received no structure, no discipline, and no education for almost two decades. As the country has stabilized, the adverse effects of the conflict on both non-cognitive and cognitive development of the country's youth have become more apparent.

82. **Experience with this youth population has demonstrated that many have simply not learned how to learn.** Although physically mature, the development of their cognitive skills was hindered and possibly continues to be impaired by poor nutrition, and their environment provided no creative or intellectual stimulation. As a result, their problem-solving, perceptual, conceptual resource, and critical thinking skills are often demonstrably weak. Their ability to process and retain new information is impaired. Their memory has often not been exercised, and their attention span is short; both dramatically reduce their retention rate. For some, even the concept of time is ambiguous; they often cannot time, or they also might not be able to guess their age accurately. As a result, teaching beneficiaries simply to arrive at work on time requires a learning curve. Self-discipline is particularly challenging after decades without rules. Conflict management in the workplace is an issue for these youth, as minor disputes can still result in physical brawls. Their linguistic limitations can limit expression and comprehension. Instilling the discipline required for a Liberian young adult to invest time and energy into self-improvement is difficult, as beneficiaries, accustomed to day-to-day survival, struggle to grasp the concept of future.

83. **These behavioral tendencies and learning disabilities are becoming more evident as the country recovers and accurately defines this population as "at-risk."** Simultaneously, the country's expectations for and investments in the development of this youth population continue

to increase. In order to reach this population effectively and maximize success, this program will incorporate a workforce readiness component that includes techniques designed to address these specific learning disabilities.

84. Several social risks have been identified in this project and mitigating measures have been planned. One potential risk is that selection of participants could be perceived as inequitable, and could become a source of conflict in communities. Selection of geographic locations could also be perceived as unfair. Distribution of opportunities among men and women may also be an issue. Mitigation measures to address these potential risks are included in the design: participants and geographic locations are being selected transparently, and efforts will be made to raise funds with the purpose of including a greater number of interested Liberians. Communications campaigns will inform potential beneficiaries of project activities and will explain targeting mechanisms. Local community and civil society participation are also built into both components.

E. Environment

85. **The project is not expected to have adverse environmental impacts on human populations or environmentally important areas.** An environmental evaluation of the CfWTEP, conducted in January 2009 and then repeated in November 2009, found no apparent negative impact of the project. Component 1 will operate under environmental conditions in the urban and rural areas similar to those in which the current CfWTEP is being implemented and, therefore, is expected to have limited environmental risk.

86. **Component 2 supports skills development activities with no apparent impact on the environment.** They include no civil works; however, some rehabilitation activities for skills training providers are envisioned. Furthermore, although environmental risk foreseen under the project is minimal, it will nonetheless make provision for safety and health concerns in the Operation Manuals for both components 1 and 2.

F. Safeguard Policies

87. **In accordance with the World Bank's Safeguard Policy on Environmental Assessment, the Liberia YES Project has been classified as a category B project.** The project is expected to have limited and reversible adverse impacts on human populations or environmentally areas, which are site-specific and can be relatively easily mitigated in most cases. The assessment of category B projects requires examination of the project's potential negative and positive environmental and social impacts and identification of measures needed to prevent, minimize, mitigate, or compensate for adverse impacts and improve environmental performance. This project triggers safeguard Op 4.01 (Environmental Assessment) and an ESMF is already available and being used by LACE in the implementation of CEP II sub-projects.

88. This project is not expected to trigger OP 4.12 (Involuntary Resettlement). Under component 1, the public works envisioned are similar to those under the CfWTEP, which have not resulted in the taking of land or the restriction of access and have not had a negative impact on livelihoods. As noted above, these activities focus on the cleaning and clearing of public areas, including roads. If the government or other development partners contribute material

inputs to the project to build community assets, this would require assessing if OP 4.12 is triggered and could potentially mandate the development of a full or abbreviated Resettlement Action Plan guided by the existing LACE Resettlement Policy Framework (RPF) dated January 2007. Under component 2, rehabilitation of some TVET centers is envisioned; however, these activities are not foreseen to trigger OP 4.12. Should more extensive works be required to upgrade these structures sufficiently, the project will re-assess OP 4.12 and the appropriate safeguards measures undertaken prior to construction.

Table 3: Safeguard Policies Triggered by the Project

	Yes	No
<u>Environmental Assessment (OP/BP 4.01)</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Natural Habitats (<u>OP/BP 4.04</u>)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pest Management (<u>OP 4.09</u>)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Physical Cultural Resources (<u>OP/BP 4.11</u>)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Involuntary Resettlement (<u>OP/BP 4.12</u>)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Indigenous Peoples (<u>OP/BP 4.10</u>)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Forests (<u>OP/BP 4.36</u>)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Safety of Dams (<u>OP/BP 4.37</u>)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects in Disputed Areas (<u>OP/BP 7.60</u>)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects on International Waterways (<u>OP/BP 7.50</u>)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

G. Policy Exceptions and Readiness

89. **No exceptions are envisaged.** Involvement of government counterparts, implementing agencies, and donor partners in project preparation and appraisal has been significant. Conditions of effectiveness and disbursement have been designed to ensure compliance with Bank implementation and fiduciary requirements. There are no conditions of disbursement under Component 1. For Component 2, disbursement is contingent on the preparation of the Management Agent Operation Manual in form and substance satisfactory to the Association. Preparation of this document will begin immediately following the finalization of the selection and contracting of the Management Agent.

Annex 1: Country and Sector or Program Background

Liberia Youth, Employment, Skills Project

1. **After more than a decade of devastating civil conflict, Liberia has made remarkable progress in the rehabilitation of its economy.** Poor governance and nearly a decade and a half of conflict, which ended in 2003, have left Liberia's economy, institutions, and human capacity completely devastated. The origins of the conflict lay in a spiraling pattern of bad governance, reckless political and economic interest, regional instability, and the exclusion and marginalization of huge sectors of society from economic and social life, youth and rural populations in particular. Since 2006, after the election of a new democratic government, the country has arrived at an inflection point, moving from the transitional post-conflict recovery phase to laying the foundations for long-term development. In the years following the end of the war, Liberia's economy has witnessed a steady uptrend with an average growth rate between 2005 and 2008 of 7.4 percent.

2. **Liberia has put in motion a challenging reform agenda centered on the PRS and on important reforms to improve economic governance, overall transparency, economic growth, and social development.** Liberia finalized the drafting of its first full Poverty Reduction Strategy (PRS) in March 2008, which sets out the government's priority agenda for the three-year period from April 2008 to June 2011. The PRS is built around four pillars that represent the core strategic areas of intervention: peace and security, economic revitalization, governance and rule of law, and infrastructure and basic services. In addition, six priority crosscutting themes were mainstreamed through the pillar strategies, including gender equity, peace-building, environmental issues, HIV and AIDS, children and youth, and monitoring and evaluation. Preliminary indications on the implementation of the PRS are that the government has made good progress on its priority objectives. Liberia's overall rating on the Post-Conflict Performance Indicator (PCPI) improved from 3.9 in 2007 to 4.1 in 2008.

3. **Opportunities to achieve a sharp increase in growth are well defined and based on Liberia's endowment of natural resources.** The government's macroeconomic framework – anchored on sound fiscal, monetary, trade, and exchange policies to foster competition, maintain price stability, and encourage private sector investment – provides a foundation for rapid and sustained growth to increase youth employment and reduce poverty. Based on its substantial endowment of natural resources including diamonds, gold, iron ore, rubber, and palm oil, Liberia's prospects and opportunities for rapid growth in the medium to long term are good. Since the end of the war, foreign direct investment (FDI) to Liberia has increased, in particular with regards to the mining and rubber sectors. More recently, the government has signed several concessions for the forestry sector.

4. **The donor community has played a key role in this process by providing generous financial and technical assistance.** Total official development assistance to Liberia is estimated at US\$357 million for 2007, which was nearly half of Liberia's GDP in that year and excludes UNMIL's peacekeeping operations. The largest donor is the United States, which provided almost US\$100 million, followed by the combined contribution of the UN agencies, at almost US\$90 million, and the World Bank, at about US\$40 million in 2007. In addition to the Overseas Development Administration (ODA), Liberia receives significant support from private

foundations including the Soros Foundation, Clinton Foundation, and Gates Foundation. The bulk of aid to date has been dedicated to security sector reform and infrastructure, followed by health and education. Development assistance is coordinated through the Liberia Reconstruction and Development Committee (LRDC), which was established in 2006. Cooperation among lead donors has been strong, but aid coordination and information vis-à-vis the government has been less so, and is being strengthened.

5. **Despite this progress, the situation in Liberia remains fragile and exposed to the global crisis.** Current per capita GDP is estimated at US\$222, and an estimated 63.8 percent of the 3.5 million Liberians live below the poverty line, with 47.9 percent living in extreme poverty. More than two-thirds of rural population lives in poverty, compared to 55 percent for the urban population. Moreover, human development indicators remain significantly below Sub-Saharan averages: UNICEF estimates that more than 15 percent of children die within the first year of their lives, ranking Liberia's infant and under-5 mortality rates among the five worst in the world. In the short term, growth has been adversely affected by the global crisis that delayed investment plans in the mining and forestry sector. In fact, the global crisis has slowed GDP growth from 7.1 percent in 2008 to 4.9 percent in 2009. However, growth is expected to rise to 7.5 percent in 2010 and further to 10.3 percent in 2011 on the expectation of an improving global economy and a resumption of the planned FDI.

6. **The Liberia population is overwhelmingly young, has limited education, and is employed in low-productivity, low-wage jobs.** Approximately 75 percent of the Liberian population is under 35 years of age, over half is under 20 years, and 30 percent is under 10 years. These figures imply that an average household is likely to have a high number of dependents. Data from the Core Welfare Indicator Questionnaire suggest a strong correlation between the number of household members, level of poverty, and unemployment/underemployment. Households with these characteristics are highly vulnerable to both covariate and idiosyncratic shocks. A young population combined with a 2.5 percent per annum population growth also implies that, over the coming years, a large number of youths will join the labor market looking for jobs that can lift them out of poverty. Moreover, in Liberia there is a large cohort of people whose education and skills development have been adversely affected by a decade and a half of disruption of the country's educational and vocational training system and who are likely to be involved in low-productivity, low-wage jobs. Youth unemployment and underemployment are particularly high in urban areas, due to increased urbanization, lack of economic opportunities, and the return of refugees after the end of the conflict.

7. **Poverty reduction and peace stabilization require new employment opportunities for the youth, but these are hampered by the slow pace of change in the structure of the economy.** Estimates on the rate of unemployment, underemployment, and unpaid work vary between 20 and 30 percent of the working-age population. This implies that between 70 and 80 percent of Liberians have jobs, but the vast majority are very low paying thereby keeping families in poverty or extreme poverty. The poor tend to be underemployed, unemployed, or have low-quality jobs, to the extent that a key element of the poverty reduction agenda, as endorsed in the PRSP, is the creation of new jobs. However, the current economic structure limits the creation of such jobs, since it is highly dependent on low-productivity agriculture and since the formal export-oriented sector is small compared to the rest of the economy (circa 20 percent of the total labor force). In addition, this sector has been hit by the global financial crisis,

in particular by the fall in international demand for commodities and the slowdown in FDI that has delayed employment creation. The creation of employment opportunities, for the youth in particular, will help mitigate the risk of social unrest and criminal activities resulting from frustration over prolonged unemployment, low salaries, and unmet expectations in participating to the peace dividend.

8. **Addressing youth unemployment requires the provision of non-cognitive, basic, and technical skills trainings, including a well-functioning Technical and Vocational Education and Training (TVET) system.** Most young Liberians lack basic skills and workforce readiness as the civil war prevented them from pursuing formal education. Those who acquired some literacy could not complement the work-related skills due to the absence of formal skills development. Those who did acquire some skills predominantly did so through informal apprenticeships, but this had limited impact on employment and productivity. The response to the need for new and better-paid jobs includes vocational skills training programs as well as training and re-training in basic literacy, numeracy, and non-cognitive skills. It also requires an increased capacity of and incentives for providers and employers, quality assurance and certification of training services and providers, and a more generally effective TVET system.

9. **The Liberia TVET system is facing formidable challenges, including dilapidated infrastructures, lack of standards and financing, and overall inefficiency.** The system is constrained by missing or outdated teaching materials and machinery and dilapidated infrastructure. The majority of public institutions are under-funded, inefficient, and unable to meet the demand of the labor market in terms of skills and curricula. Overall, the TVET system is highly fragmented among several ministries, has no accreditation or certification system in place, and is cost-prohibitive. Most TVET institutions have neither the resources nor the plans to renew training programs, retrain staff, and rehabilitate their infrastructure in absence of proper links with industries or effective donor support. The informal apprenticeship system is private and consequently aligned with demand; however, it lacks resources and clear and reliable standards and needs to be supported, enhanced, and preserved. These challenges require a certification system that makes informal apprenticeship an integral part of the Liberia TVET system with the aim of improving the quality of public institutions and apprenticeship training, through incentives, capacity building, and recognition of previously acquired learning and skills.

Annex 2: Major Related Projects Financed by the Bank and/or other Agencies

Liberia Youth, Employment, Skills Project

1. The President and the Government of Liberia have placed strategic priority on youth, employment, and skills development and have asked for donor support in these areas. The Office of the President, the government, and development partners have undertaken steps to generate immediate employment and develop skills, including the preparation of the National Employment Policy. The government also launched the Liberia Jobs and Opportunities Initiative, overseen by the Inter-Ministerial Committee on Job Creation. This Initiative aims to create 8,000 jobs for youth in and around Monrovia between December 2009 and July 2010. As of February 2010, the Cash for Work Temporary Employment Project (CfWTEP), financed by the Food Price Crisis Response Initiative, had created 13,000 temporary jobs for vulnerable persons throughout Liberia's 15 counties. By the end of 2010, it is expected to reach an additional 4,000 beneficiaries with a total cash transfer of US\$2.04 million. Component 1 of the Liberia Youth, Employment, Skills Project (YES) will build and improve upon CfWTEP.

2. On skills development, the government created the National Working Group of Technical and Vocational Education and Training (TVET), which drafted new legislation to govern Liberia's TVET system, including the establishment of a TVET Commission to oversee and coordinate skills development within the country. A collaborative project between the government, the World Bank, Denmark, and the Nike Foundation, the Economic Empowerment of Adolescent Girls (EPAG) encourages the productive employment of adolescent girls through skills training and business development services. The World Bank and other UN partners also are supporting analytical work and technical assistance in areas of skills development, youth employment, and secondary and vocational education. This includes the UN Joint Program for Employment and Empowerment of Young Women and Men in Liberia, a major component of which is skills development for youth. In addition, bilateral donors provide significant support in developing skills training and employment pilots. USAID currently is supporting the Ministry of Education in drafting the Core Education Skills for Liberian Youth (CESLY), a curriculum designed to teach youth basic life skills, including finding employment, starting a small business, or pursuing further training or formal education.

3. Although promising, these activities remain limited in scope and in their impact on institutional capacity, as well as fragmented in targeting. At the government's request for increased coordinated, the Liberia YES Project will encourage a more cohesive approach to youth, employment, and skills development. Under component 1, LACE will report to its Board of Directors and to the Ministry of Planning and Economic Affairs, which chairs the Inter-Ministerial Steering Committee on Job Creation. For the life skills training modules, component 1 anticipates coordinating with the CESLY project on the curricula adopted and the local NGO designated to provide the training of trainers. Under component 2, the selected Management agent will be chosen based on their expertise and track record working on similar initiatives. Component 2 will also rely on an inter-ministerial committee to provide project oversight. Comprised of government, employer, and employee representatives, the committee is envisioned to help improve coordination between the public sector, private sector, and service providers.

Annex 2: Major Related Projects Financed by the World Bank and/or other Agencies

Lead Agency	Project Name	Timeline	Amount	Funding Entity	Activities/Objectives	Potential Synergies
World Bank	Community Empowerment Project II	06/15/2007 – 06/30/2012	US\$19.0 million	World Bank, European Union	<ul style="list-style-type: none"> - Invests in community-selected sub-projects and in capacity building at the community and local government levels - Aims to create 17,000 temporary jobs in all 15 counties through additional financing 	<ul style="list-style-type: none"> - Component 1 will build and improve upon the temporary jobs component, Cash for Work Temporary Employment Project (CFWTEP), implemented under this project - The design of component 1 has benefited from two ongoing assessments of CFWTEP - Component 1 will also benefit from the institutional capacity of LACE as developed under this projects
	Agriculture and Infrastructure Development Project	07/31/2007 – 12/31/2011	US\$68.5 million	World Bank, European Union	<ul style="list-style-type: none"> - Supports government efforts in reestablishing basic infrastructure and in reviving the agriculture sector - Targets small-holder tree crop farmers in Bong, Lofa, and Nimba counties through additional financing 	<ul style="list-style-type: none"> - Component 1 will contribute to the broad objectives of this project through its public works activities and will coordinate regarding the location and type of intervention, as well as lessons learned
	Emergency Infrastructure Development Project	08/08/2006 – 06/30/2011	US\$54.7 million	World Bank	<ul style="list-style-type: none"> - Assists the government in reconstructing parts of the devastated infrastructure by restoring vital transport links throughout the country and by restoring and expanding potable water supply services 	<ul style="list-style-type: none"> - Component 1 will contribute to the broad objectives of this project through its public works activities and will coordinate regarding the location and type of intervention, as well as lessons learned

Lead Agency	Project Name	Timeline	Amount	Funding Entity	Activities/Objectives	Potential Synergies
	Urban and Rural Infrastructure Rehabilitation Project	04/21/2009 – 12/13/2014	US\$53.2 million	World Bank	<ul style="list-style-type: none"> - Supports the rehabilitation of key roads, bridges, and fuel unloading facilities in both urban and rural areas - Assists with the maintenance of rural roads repaired under previous projects 	<ul style="list-style-type: none"> - Component 1 will contribute to the broad objectives of this project through its public works activities and will coordinate regarding the location and type of intervention, as well as lessons learned
	Liberia Infrastructure Rehabilitation Project	06/25/2009 – 09/30/2010	US\$8.5 million	World Bank	<ul style="list-style-type: none"> - Supports government efforts in improving its basic infrastructure in order to: (i) create an enabling environment for incremental economic growth; (ii) allow access to basic services; and (iii) build the capacity for planning and managing development projects 	<ul style="list-style-type: none"> - Component 1 will contribute to the broad objectives of this project through its public works activities and will coordinate regarding the location and type of intervention, as well as lessons learned
	Emergency Monrovia Urban Sanitation Project	11/11/2009 – 12/31/2013	US\$18.4 million	World Bank	<ul style="list-style-type: none"> - Expands solid waste management system, including transfer stations; builds capacity of municipality; and promote awareness through public campaigns 	<ul style="list-style-type: none"> - Component 1 will contribute to the broad objectives of this project through its public works activities and will coordinate regarding the location and type of intervention, as well as lessons learned
	Forestry Sector Management	10/02/2006 – 09/30/2010	US\$2.0 million	World Bank	<ul style="list-style-type: none"> - Assists Liberia in harnessing the potential of the forestry sector to reduce poverty in a sustainable manner, integrate forests effectively into sustainable economic development, and 	<ul style="list-style-type: none"> - Component 2 anticipates developing a training module in the forestry sector that would parallel the objectives and enhance the achievements of this project

Lead Agency	Project Name	Timeline	Amount	Funding Entity	Activities/Objectives	Potential Synergies
					<p>protect the vital local and global environmental services and values of forests</p> <ul style="list-style-type: none"> - Aims to improve the performance of national institutions to make the forest sector vibrant and sustainable 	
	Liberia Extractive Industries Transparency Initiative II	10/27/2009 – 04/30/2011	US\$170,000	World Bank	<ul style="list-style-type: none"> - Supports government efforts to consolidate and embed EITI into national processes for the oil, gas, mining, and forestry sectors to ensure increased transparency of payments and revenues; and promoting greater transparency and accountability in the operations of extractive industries 	<ul style="list-style-type: none"> - Component 2 anticipates developing a training module in the mining and forestry sectors that would parallel the objectives and enhance the achievements of this project
	West Africa Regional Fisheries Program	11/24/2009 – 12/15/2014	US\$47.5 million	World Bank	<ul style="list-style-type: none"> - Aims to sustainably increase income from fisheries resources in West Africa by reducing illegal fishing, strengthening the countries' capacity to sustainably govern and manage their fisheries, and increasing the value and profitability generated by fish resources and the proportion of that value 	<ul style="list-style-type: none"> - Component 2 anticipates developing a training module in the fisheries sector that would parallel the objectives and enhance the achievements of this project

Lead Agency	Project Name	Timeline	Amount	Funding Entity	Activities/Objectives	Potential Synergies
UNICEF	Pilot Social Cash Transfer Project		US\$2.0 million	UNICEF	<p>captured by the countries</p> <ul style="list-style-type: none"> - Targets 2,000 households in Bomi county that are classified as both extreme poor and labor constrained (approximately 10% of all households in the target areas) - Aims to lift beneficiary households out of extreme poverty by raising consumption, improving food security, enhancing school attendance, and improving child health and nutrition 	<ul style="list-style-type: none"> - Component 1 will coordinate with this project to ensure harmonization between these social protection interventions and to benefit from lessons on project implementation and impact
WFP	Food Support for Vulnerable Women and Children	06/10/2008 – 12/31/2010	US\$4.0 million	World Bank	<ul style="list-style-type: none"> - Provides focused school feeding (one meal per day plus take-home rations) to 69,600 students in southeastern Liberia - Provides food supplements for pregnant and lactating women - Transfers cash to smallholder farmers through direct procurement of locally produced food commodities for use in school feeding programs. 	<ul style="list-style-type: none"> - Component 1 will coordinate with this project to ensure harmonization between these social protection interventions and to benefit from lessons on project implementation and impact - Component 1 will coordinate with this project to ensure harmonization between these social protection interventions and to benefit from lessons on project implementation and impact
Ministry of Youth and Sports	Purchase for Progress (P4P) UN Joint Program for Employment	01/01/2009 – 12/31/2011	US\$27.6 million requested	World Bank, Denmark, ILO	<ul style="list-style-type: none"> - Empowers youth by providing them with the necessary life skills, 	<ul style="list-style-type: none"> - Component 1 will contribute to the broad objectives of the Joint Program, to which to the

Lead Agency	Project Name	Timeline	Amount	Funding Entity	Activities/Objectives	Potential Synergies
	and Empowerment of Young Women and Men in Liberia		US\$8.7 million available		vocational training, and employment support services - Aims to enable youth to become productive citizens and offer them the opportunity to make significant contributions to the country's reconstruction	World Bank is signatory
Ministry of Planning and Economic Affairs	Liberia Jobs and Opportunities Initiative	12/21/2009 – 07/01/2010	Current balance US\$355,000 (funds allocated on a rolling basis)	Government of Liberia	- Aims to create 8,000 temporary jobs for youth in Greater Monrovia	- Component 1 will coordinate closely with the Initiative, both to adopt a combatable project design and to report to the government on progress against key objectives
	Social Protection Secretariat and Steering Committee	N/A	N/A	N/A	- Aims to create a national strategy regarding social protection, and to develop a framework to foster cooperation and to encourage coordination among social protection interventions in Liberia - Yet to be established	- Component 1 will fall under the umbrella of the Secretariat, once it is established - MOPEA will serve as the main counterpart ministry for component 1
	National Capacity Development Strategy		US\$450,000	UNDP	- Aims to provide a cohesive framework to coordinate capacity development initiatives, including matching supply of capacity to current/emerging demand and strengthening capacity for service delivery	- Component 2 will coordinate closely with MOPEA as building capacity in the TVET sector is a central focus of the Strategy
Ministry of	Core Education	09/01/2009 –	US\$13.0	USAID	- Focuses on developing a	- Component 1 will adopt

Lead Agency	Project Name	Timeline	Amount	Funding Entity	Activities/Objectives	Potential Synergies
Education	Skills for Liberian Youth Project	08/31/2011	million		curriculum to teach youth basic life skills, including finding employment, starting a small business, or pursuing further training or formal education	relevant modules from CESLY for the trainings undertaken, assuming that the modules are finalized prior to implementation
Ministry of Gender and Development	Economic Empowerment of Adolescent Girls Project	11/04/2008 – 12/31/2010	US\$2.7 million	World Bank, Nike Foundation, Denmark	<ul style="list-style-type: none"> - Encourages productive employment of adolescent girls through skills training and business development services - Provides skills training to approximately 2,500 adolescent girls and young women in Montserrado and Margibi counties 	<ul style="list-style-type: none"> - Components 1 will benefit from the basic life skills curricula developed under this project - Component 2 will benefit technical training curricula as well as from reviewing the implementation design of the project

Annex 3: Results Framework and Monitoring
Liberia Youth, Employment, Skills Project

A. Results Framework

PDO	Outcome Indicators	Use of Outcome Information
The proposed Project Development Objective (PDO) is to expand access of poor and young Liberians to temporary employment programs and to improve youth employability, in support of the Government of Liberia's response to the employment crisis	<ul style="list-style-type: none"> • Direct project beneficiaries (number) • Female project beneficiaries (%) • Beneficiaries of Community Works Program (number) • Net income gain of targeted participants in year of participation (%) • Persons participating and completing skills development programs and receiving certification (number) • Board of Certification and Accreditation for TVET is established (yes/no) 	<p>Gauge access to temporary employment programs and additional income gained by the poor and young Liberians through the project.</p> <p>Demonstrate how skills development leads to improved employability and sustainable employment</p>
Intermediate Outcomes	Intermediate Outcome Indicators	Use of Intermediate Outcome Monitoring
Component 1		
Increased access of poor and young people to additional income from temporary employment	<ul style="list-style-type: none"> • Days of temporary employment created (number) • Women participation (%) • Youth participation (under 35 y/o) (%) • Beneficiaries below the poverty line (%) • Beneficiaries unemployed (or inactive) before project (%) 	Track progress in implementation of community works to improve targeting efficiency and reduce leakages
Improved efficiency of the community works programs	<ul style="list-style-type: none"> • Total costs allocated to participants' wages 	Track efficiency of community works program
Provision of public works services to beneficiary communities in a timely and satisfactory manner	<ul style="list-style-type: none"> • Public works schemes completed with satisfactory quality (%) • Public works schemes completed within a specific period of time (%) 	Track progress of workers productivity and project efficiency
Increased access to basic life skills training	<ul style="list-style-type: none"> • Beneficiaries trained in basic life skills (number) • Trainers educated in basic life skills training (number) 	Track progress in implementation of basic life skills training
Component 2		
Provision of business development support to improve productivity and to strengthen sustainability of the resulting increases in	<ul style="list-style-type: none"> • Business owners participating and completing business development training (number) 	Tracks progress of productivity improvements for targeted MSEs

employment		
Increased access to skills development opportunities	<ul style="list-style-type: none"> • Beneficiaries trained (number) • Women participation (%) • Youth participation (under 35 y/o) (%) 	Track progress of implementation of skills development activities
Quality and relevance of training improves	<ul style="list-style-type: none"> • Trainers and institutional leaders for skills development providers trained (number) • Training providers meeting specified performance criteria (%) • Employers satisfied with the quality of the students (%) 	Tracks progress in improving the quality and relevance of skills development programs
Institutional framework for TVET development established	<ul style="list-style-type: none"> • Board of Certification and Accreditation is established 	

B. Arrangements for Results Monitoring

	Baseline ³	Target Values			Frequency and Data Collection
		Yr1	Yr2	Yr3	
Project Outcome Indicators					
Direct project beneficiaries (number)	0	16,500	33,500	49,500	Quarterly reports from implementing partner (IP)
Female project beneficiaries (%)	0	47	47	48	Quarterly reports from implementing partner (IP)
Beneficiaries of Community Works Program (number)	0	15,000	30,000	45,000	Quarterly reports from implementing partner (IP)
Net income gain of targeted participants in year of participation (%)	NA	75	75	75	Mid-term and impact assessments
Persons participating and completing skills development programs and receiving certification (number)	0	1,500	2,000	1,000	Mid-term and impact assessments
Board of Certification and Accreditation for TVET is established (yes/no)	No	Yes	Yes	Yes	Supervision mission (2-3 per year)
Results Outcome Indicators by Component					
Component 1					
Days of temporary employment created (number)	0	600,000	1,200,000	1,800,000	Quarterly reports from IP
Women participation (%)	46	50	50	50	Quarterly reports from IP
Youth participation (under 35 y/o) (%)	60	75	75	75	Quarterly reports from IP
Beneficiaries below the poverty line (%)	80	85	85	85	Mid-term and impact assessments
Beneficiaries unemployed (or inactive) before project (%)	76	80	80	80	Mid-term and impact assessments
Total costs allocated to participants' wages (%)	68	72	72	72	Quarterly reports from IP
Public works schemes completed with satisfactory quality (%)	NA	75	80	85	Quarterly reports from IP; Mid-term and impact

³ For Component 1, the baseline is calculated on the preliminary results of the quantitative assessment of the ongoing CfWTEP

					assessments
Public works schemes completed within a specific period of time (%)	NA	80	85	85	Quarterly reports from IP; Mid-term and impact assessments
Beneficiaries trained in basic life skills (number)	0	15,000	30,000	45,000	Quarterly reports from IP
Trainers educated in basic life skills training (number)	0	200	200	200	Quarterly reports from IP
Component 2					
Business owners participating and completing business development training (number)	0	50	150	250	Quarterly reports from IP
Women participation (%)	0	25	25	25	Quarterly reports from IP
Youth participation (under 35 y/o)	0	75	75	75	Quarterly reports from IP
Trainers and institutional leaders for skills development providers trained (number)	0	0	100	200	Quarterly reports from IP
Training providers meeting specified performance criteria (%)	0	75	75	80	Impact assessments
Employers satisfied with the quality of the students (%)	0	75	75	80	Impact assessments

Annex 4: Detailed Project Description

Liberia Youth, Employment, Skills Project

Component 1: Community Works

1. The proposed component 1 **responds to the current employment crisis by creating temporary employment via community-based public works activities**. This component will focus on bridging the temporary unemployment gap created by the global financial crisis. This phase will build on an ongoing successful project financed by the World Bank (the Bank) and implemented by the Liberia Agency for Community Empowerment (LACE). This component will finance community-based public works that will create temporary employment and income opportunities for the poor and the youth in particular (sub-component 1.1). This component will also support government capacity building in monitoring and supervision in the area of temporary employment and finance an assessment of the impact of the program (sub-component 1.2).

2. **Sub-component 1.1 will scale up the ongoing Cash for Work Temporary Employment Project (CfWTEP), implemented by LACE**, albeit with a number of amendments and improvements. With the support of a US\$3 million grant from the Food Price Crisis Response Trust Fund, the current CfWTEP provides direct, short-term employment to 17,000 project participants via low-skills public works projects, such as cleaning public areas and filling potholes. The program is now entering its final stages and, as for February 2010, has benefitted more than 13,000 Liberians.

CfWTEP Project Cycle

3. LACE served as the implementing partner for the ongoing CfWTEP, coordinating with a network of local NGOs, or Community Facilitators (CFs), to oversee the day-to-day operations of the project, as well as Local Government Authorities (LGAs) to provide input about the locations and types of interventions undertaken. Launched in response to the food price crisis, the CfWTEP based the number of project beneficiaries per county on the 2006 Comprehensive Food and Nutrition Survey. LACE then worked with LGAs to determine which communities within each county would participate in the project. Each of Liberia's 15 counties participated in the project; however, those areas with the greatest levels of food insecurity were allocated higher enrolment quotas.

4. Following community selection, the CFs began the processes of sensitizing communities about the project, talking with community members and leaders as well as placing radio adverts regarding the project. These messages outlined the details of the public works activities, specifically the 40-day timeline and US\$3 per day wage rate. Moreover, they included information about eligibility to participate in the project and the importance of community involvement in the intervention.

5. The CFs also conducted participant enrolment, including reviewing registration information and issuing identification cards. Community members were ineligible to participate if they were less than 18 years old, were pregnant, or were employed by a public entity. Boarder targeting principles included ensuring inclusion of the maximum number of vulnerable

households, paying attention to remote or isolated settlements, and facilitating the participation of people who could not take part in heavy labor. In addition to these criteria, enrolment was conducted primarily on a first-come first-serve basis with some input from the LGAs, based on these principles, when demand for employment substantially outweighed the available jobs.

6. The types of works undertaken were selected based on community needs, as determined by the communities, the LGAs, and LACE. They adhered to the guidelines outlined in the CfWTEP Operation Manual, including that the project provide a public good or service, benefit the broader community, and not adversely affect the environment or have negative social consequences. Common tasks included cleaning public spaces and basic road maintenance, such as filling potholes, clearing brush, and cleaning drainages. LACE purchased tools for the community based on the type of work selected.

7. Working with a designated site supervisor, the CFs oversaw the day-to-day implementation of the public works activities to control attendance, distribute tools daily, and verify the completion of tasks. Participants received daily tasks for completion but had flexibility regarding the time at which these tasks were undertaken to minimize interference with other responsibilities, such as farming, childcare, and other household duties. Throughout implementation, the CFs also submitted bi-weekly monitoring reports to LACE.

8. Based on attendance records, the CFs prepared the payment information for review and approval by LACE. A commercial bank facilitated the payment of worker salaries based on the information received from LACE and the provision by participants of their identification cards at the nearest bank branch. In more remote areas, bank employees would travel to the project site to distribute payments. Assuming full participation, participants received two payments of US\$60—once every four weeks—during the project.

9. Upon project completion in a community, LACE distributed the tools to individual participants or community leaders to facilitate their use by the entire community. During project follow-up, LACE observed that the tools turned over to the communities were often used to continue the types of works undertaken through the project. Based on this, it began distributed tools uniquely in this manner to encourage more widespread benefits from this investment.

Scale and Geographic Targeting

10. Sub-component 1.1 will focus on temporary employment throughout Liberia's 15 counties and will aim to create 45,000 temporary jobs over three years. Under CfWTEP, the geographical allocation of jobs was based on the results of the 2006 Comprehensive Food and Nutrition Survey. Under the Liberia YES Project, it is proposed that this allocation primarily is based on the number of extreme poor in each region and county, as illustrated in Table 1. The final geographical allocation will be prepared by LACE and its Board in accordance with this preliminary allocation as well as taking into consideration additional criteria, such as depth of poverty and access to services in specific areas, subject to review and approval by the World Bank.

11. The number of extreme poor in each region is estimated by combining the poverty headcount figures of the five regions and Greater Monrovia from the 2007 Core Welfare

Indicators Questionnaire (CWIQ) with the preliminary results of county populations from the 2008 census. This methodology assumes that the poverty headcount did not change significantly between the 2007 QWIC survey and the 2008 census. Each geographic area is then allocated a share of the 90 planned projects (500 workers per project) directly proportional to the number of extreme poor in that particular area. Since poverty data is available only at the regional level, and not by county, this approach assumes that poverty is equally distributed among the counties within a region. This assumption may be invalid, thus the final distribution of project within a region may need to be adjusted during project implementation based on other available information. Moreover, as soon as the data on poverty gaps by region and county are available and no later than mid-term review (MTR), an adjustment to the distribution of projects can be made, also on the basis of the implementation performance by county.

Table 1: Proposed Geographical Distribution of Projects Based on CWEQ 2007 and 2008 Census

Region	Poverty Headcount (%)	Population (2008 Census)	Estimated No. of Extreme Poor	Percent of Extreme Poor	Share of 90 Planned Projects	Suggested Distribution of Projects
Greater Monrovia	22.7	1,010,970	229,490	14.5%	13.05	13
North Central	57.6	1,067,121	614,662	38.8%	34.92	35
<i>Bong</i>		328,919	189,457	12.0%	10.8	11
<i>Lofa</i>		270,114	155,586	9.8%	8.82	9
<i>Nimba</i>		468,088	269,619	17.0%	15.3	15
North Western	62.2	294,849	183,396	11.6%	10.44	11
<i>Bomi</i>		82,036	51,026	3.2%	2.88	3
<i>Gbapolu</i>		83,758	52,097	3.3%	2.97	3
<i>Grand Cape Mt.</i>		129,055	80,272	5.1%	4.59	5
South Central	42.2	558,364	235,630	14.9%	13.41	13
<i>Grand Bassa</i>		224,839	94,882	6.0%	5.4	5
<i>Margibi</i>		199,689	84,269	5.3%	4.77	5
<i>Montserrado (excl. Monrovia)</i>		133,836	56,479	3.6%	3.24	3
South Eastern A	60.9	296,940	180,836	11.4%	10.26	10
<i>River Cess</i>		65,862	40,110	2.5%	2.25	2
<i>Sinoe</i>		104,932	63,904	4.0%	3.6	4
<i>Grand Gedeh</i>		126,146	76,823	4.8%	4.32	4
South Eastern B	53.7	260,828	140,065	8.8%	7.92	8
<i>Grand Kru</i>		57,106	30,666	1.9%	1.71	2
<i>Maryland</i>		136,404	73,249	4.6%	4.14	4
<i>River Gee</i>		67,318	36,150	2.3%	2.07	2
Totals		3,489,072	1,584,079	100.0%		90

12. Within each county, the location of projects and targeting of specific communities is conducted in consultation with the county superintendent and on a high level of social mobilization and interaction with local NGOs, civic groups, and youth groups. One project employing 500 participants may be spread over as many as 10 communities in some rural areas.

Youth Participation

13. Efforts to reach out to the Liberian youth is an integral aspect of this component and one of high priority, given that young Liberians comprise 75 percent of the population and form the backbone of future economic and social growth. Their participation, involvement, improvement of skills, community socialization, and participation in community services and the creation of local useful social assets is a meaningful instrument of empowerment and inclusion. This can lead to increased participation of the youth in peaceful and constructive social and economic dynamics, diverting them from non-constructive and even destructive and violent options. The targeting of youth under the current program was mixed and results differed among counties and income quintiles. On average almost 60 percent (59.1) of the participants were less than 35 years old, while 40 percent (31.9) were 35 years old and older. In particular 12.4 percent were less than 24; 46.7 percent were in the 25-34 age bracket; 23.7 were between 35 and 44; and 17.2 percent were above 44. Recognizing the predominately youth focus of the project, this sub-component will stipulate that at least 75 percent of the participants will be younger than 35 years old. This approach also will ensure that vulnerable people of over 35 years old will also be included in the program.

Participation of Women and Pregnant Women

14. As of February 2010, CfWTEP has exceeded its target of at least 30 percent participation by women with approximately 45 percent of participants being female. Further, in some communities and counties, the majority of participants were women. Given these results, sub-component 1.1 of the Liberia YES Project will set a target of 50 percent participation by women.

15. In order to facilitate a higher participation rate of women, provisions will be made for women with small children to participate. If there are two or more women on a project with small children who have been selected, one woman will be tasked with looking after these small children, while the other(s) will then be able to work. The woman looking after the children will be paid the same rate as the other unskilled workers on the project.

16. Liberia's new labor law (currently in draft) is expected to prohibit the exclusion of pregnant women from the workforce with a provision that pregnant women be assigned appropriate duties. To anticipate this change, component 1 will include pregnant women, a change from the participant requirements under CfWTEP. It will be the responsibility of NGOs to support project implementation and ensure that pregnant women are assigned light and appropriate tasks for their condition. This and related issues will be discussed in more detail in the Operation Manual.

Daily Wage Rate

17. The current program provides 40 days of employment to each participant and pays a daily wage of US\$3, resulting in a total transfer of US\$120 to each participant. The results of the quantitative and qualitative surveys indicate that the wage rate is relatively high, particularly when considered in relation to the prevailing wage rates, The latter were found to be very low, approximately US\$1 a day. It would therefore not be feasible to drastically reduce the rate that was used under CfWTEP.

18. The project is currently designed to pay US\$3 a day, as under CfWTEP. In so doing, it will align with the practices of the current government and development partners and avoid distorting other programs.

19. Annex 11 discusses the implications of reducing the wage rate from US\$3 to US\$2.50.

Timeframe

20. Because of the climate of Liberia, most of the projects will have to be implemented around the dry season, which lasts from around October until April and effectively creates a six-month window for implementation. The intense rains that occur throughout the remainder of the year effectively prohibit implementation of the works proposed under sub-component 1.1.

21. It should be noted, however, that the period from July to September is referred to as the “hungry season” in areas where subsistence agriculture predominates, given the scarcity of food in this period of the farming cycle. In these areas, the project will therefore plan to have projects running as close to this period as possible.

Table 2: Proposed Implementation Schedule

	Period	Number of Projects	Number of Participants
1	September to December 2010	10	5,000
2	January to July 2011	20	10,000
3	September to December 2011	10	5,000
4	January to July 2012	20	10,000
5	September to December 2012	10	5,000
6	January to June 2013	20	10,000
	Totals	90	45,000

Training

22. Sub-component 1.1 of the Liberia YES Project aims to introduce a life skills training component focused on basic skills, based on the topics listed below, to increase its sustainability. These areas were chosen since evidence indicates that life skills training is most effective if the topics are directly related to the experiences of participants at the time of the training.

Table 3: Illustrative Topics for Life Skills Training Modules

	Module	Description
1	Introductory Session	Introduction of the project/training objectives and participants/trainer
2	Myself and my community	Self awareness/confidence and participants' roles within the community
3	Making a living	Understand that skills and effort are an important part of making a living
4	Managing money	Learn basic money management skills, including simple budgeting tools
5	My workplace	Understand the importance of one's behavior in the workplace and when interacting with others
6	My health	Learn about preventing common illnesses through good hygiene measures and about how to prevent HIV/AIDS
7	My future	Apply the training lessons toward setting goals for the future and review other training/employment opportunities
8	Closing Session	Review of training sessions, evaluation of the project, and handing out of certificates

23. For each week of employment, one day will be dedicated to life skills training. As a result, participants will work 32 days and receive eight days of training. All participants will be required to participate in the training. The same rate will be paid for life skills training and working day, and both will be paid based on attendance (i.e., days absent will not be paid).

24. Training will be provided through local NGOs contracted by LACE. Most of the NGOs contracted under CfWTEP have experience in training and, if selected again, should prove adequate. Nonetheless, this will represent a significant increase on the scale of activities for the local NGOs.

25. The curriculum for the life skills component will partially be based on the national Core Education Skills for Liberian Youth (CESLY) curriculum that is currently being developed by the Ministry of Education with the support of USAID. The YMCA will be the lead NGO facilitating this curriculum for the government and is scheduled to begin implementation in September 2010. Discussions are underway with the YMCA to conduct the training of trainers for the local NGOs selected under sub-component 1.1. Depending on the implementation schedule of the 90 projects, approximately 225 trainers will need to be recruited and trained.

Activities

26. The activities undertaken in component 1 of the Liberia YES Project will be similar to CfWTEP, with the main requirements of activities being that they are highly labor-intensive and beneficial to the community. The activities and their location will be determined in consultation with county officials and local communities. Possible activities include:

- Clearing of brush along roads or on non-private agricultural land (or for any other purpose that would serve a community or public need);

- Rock breaking for the roads;
- Cleaning of culverts;
- Clearing drains along roads;
- Filling of potholes and erosion gullies;
- Improving walking paths and trails, constructing steps and railing on steep sections; and
- Cleaning and sweeping streets and other public spaces like markets, recreational spaces, and schools yards.

27. In addition, if required, material inputs would be provided by the government, LACE and its other programs, or other agencies. Activities may also include:

- Planting trees;
- Replacing or laying culverts;
- Painting public buildings and street walls (particularly needed after the rainy season);
- Painting cross walks; and
- Small rehabilitation of schools, health posts, community centers, and public markets.

28. Many of these activities, which are normally considered part of standard rehabilitation and maintenance work, have not been undertaken in Liberia because of the absence of funding or institutional structures to manage such activities. It was therefore suggested that the Liberia YES Project continue with activities similar to CfWTEP.

29. Under the Liberia YES Project, strong emphasis will be placed on completing tasks and increasing work productivity. Under CfWTEP, work is done on a task basis, with individual or group tasks set each day and eligibility for pay contingent on completion of the task. Tasks generally take five to six hours to complete, which enables participants to continue with other livelihood activities or attend to their domestic commitments. Under component 1, increasing overall productivity and ensuring that all the projects achieve minimum productivity standards will be a primary focus. Component 1 will increase the number of supervisors on each project from 1 per 500 to 1 per 100 participants to allow for improved management of assigned tasks. Improvements also will be made in the Operation Manual and reporting templates to ensure better reporting on program productivity and outputs.

Payment of Participants

30. Participants will continue to be paid through a local bank. Under CfWTEP, local banks were contracted to make the payments to all program participants. Participants and implementers considered this a highly successful part of the program. All participants were issued a program identification card with which they were able to collect their payments. When possible, participants collected their pay at local bank branches; however, for more remote areas, the bank sent representatives to participating communities once a month to make payment. Results from the quantitative survey show that for 94 percent of participants this was their first ever interaction with a bank.

Tools

31. The program budget provides for the procurement of tools within Liberia to be purchased through national competitive bidding (NCB). The types of tools provided will depend on the type of work activity upon which the community agrees. In order to improve program efficiency, if another project is implemented afterward in the same area, the tools will be re-used for the subsequent project. If no additional projects are planned for a given area, the tools will be handed over to local community structures to continue with similar activities or to the participants if no appropriate local community structure exists.

Sub-Component 1.2

32. Sub-component 1.2 will provide technical assistance to the government to better coordinate and provide oversight for temporary employment activities. Despite being limited in number and value, public works projects currently require stronger coordination. In the short term, sub-component 1.2 will help the government improve coordination among government and donor programs by focusing on both policy and technical issues, including level of salary, type of training, and daily versus task-based wages. Over the medium and longer term, the technical assistance provided under sub-component 1.2 will assist the government in the development of a social protection policy for Liberia. The aim of this policy would be the creation of system that can be expanded as necessary when certain crises triggers are breached to provide a full system of protection for the poor. A sustainable public works program—coordinated and monitored by the government—would be one important element of such a system.

33. The Ministry of Planning and Economic Affairs (MoPEA) will lead this dialogue and coordinate activities among major actors within the government. As the lead ministry involved in the Liberia Jobs and Opportunities Initiative as well as its role in establishing the Social Protection Steering Committee, MoPEA is well positioned for this role and will be the primary beneficiary of the targeted technical assistance. The Ministries of Labor (MoL) and Public Works (MoPW), as key stakeholders in the Liberia Jobs and Opportunities Initiative, will also benefit. Such technical assistance may include the support of South-South learning initiatives through participation in workshops, field visits, and ad hoc missions to countries implementing similar projects for staff at LACE as well as MoPEA, MoPW, MoL, and other involved partners.

34. An independent impact assessment of the temporary employment activities conducted under component 1 will be financed too. LACE will recruit a national or international firm to conduct a comprehensive assessment of the impact of the activities (e.g., net income gains of beneficiary households, the impact of this influx of resources, and potential job substitutions effects). Two other important aspects will be assessing the relevance and impact of the life skills trainings activities provided under sub-component 1.1. and the implementation effectiveness of component 1. This will include, among other issues, assessing the targeting mechanisms implemented, the inclusion of women and youth, and the project's cost-effectiveness. The impact assessment will build on the recent qualitative and quantitative assessments, expand their focus, and ensure that the recommendations will find immediate implementation as part of the ongoing project. Wherever possible it will use the information from the two CfWTEP assessments to serve as baseline data.

Component 2: Employment through Skills Training

35. Component 2 will finance formal and informal skills training programs with the purpose of improving employability and employment in selected economic sub-sectors as well as support capacity building activities in the area of TVET. Capacity building will support: (i) the central level to regulate, finance, and monitor skills development and (ii) the service providers to improve the quality, relevance, and management of skills development services. Capacity building of institutions will be a catalyst to benefit the skills development programs.

Sub-Component 2.1: Skills Development Programs

36. **This sub-component will finance formal and informal skills training programs with the purpose of improving employability and employment in selected economic sub-sectors.** It will compile lessons learned from recent vocational training, apprenticeship, internship, and other workforce development programs, as well as enterprise development and business incubation projects in an effort to stimulate employment generation to create opportunities for those trained. The challenges in Liberia are comprehensive, and both demand and supply for skilled labor is weak. As a result, the proposed intervention takes a holistic approach that will stimulate demand for skilled labor while developing a cadre of individuals with appropriate skills.

Scale and Geographical Targeting

37. **The sub-component will finance formal and informal skills training programs for at least 4,500 Liberian youth and young adults with the purpose of improving employability and employment in selected economic sub-sectors.** The geographical areas where these activities will take place will be determined during the preparation of the Operation Manual for component 2.

38. For the project to be successful, links between the private sector, training providers, and students must be strong. These relationships need to be built and strengthened, and it may be necessary for some of these to be formalized. All activities under Component 2 of the Liberia YES project must therefore focus on (1) increasing the capacity of the private sector to create employment; (2) be based on sound assessments of both labor market demands and projected demands and of the skills necessary to help meet the demand; and (3) developing close coordination between the private sector, TVET policies and institutions, training providers, and training participants. The private sector focus will require tangible support and incentives to be provided to the targeted businesses. It is expected that some 3 to 500 micro and small businesses will participate in the project to assure that 2,700 trainees gain remunerative employment as a result of the project.

39. The locations will be selected based on their potential to expand or develop employment opportunities in both the formal and informal sectors. A preliminary assessment of potential locations has identified the greater Monrovia area, Bong County, Grand Bassa County, and Grand Cape Mount County for implementation of this component.

Table 1: Proposed Initial Geographical Distribution of Projects Based on 2008 Census

Region	Population (2008 Census)	Share of the Planned Projects
Montserrat – Greater Monrovia	1,010,970	23%
North Central – Bong	328,919	32%
North Western - Grand Cape Mount	129,055	15%
South Central – Grand Bassa	224,839	30%
Total Population of Liberia	3,489,072	100%

40. Skills to increase employability in Monrovia are essential because of several factors. First, those living in the capital are unlikely to be able to provide food for them and their families based on subsistence agriculture. Employment income may be one of the few options for individuals to access goods. Secondly, migration into Monrovia during and soon after the civil war has meant that individuals and families are removed from support systems and need to rely on their own income. Urban migration has created a mismatch between skills and employment opportunities. Thirdly, the concentration of unemployed youth in Monrovia has implications for the country's stability. As emphasized in component 1 of this project, unemployed youth have been shown to be a factor for increased vulnerability to conflict; unmet expectations for employment among this group increase medium-term risks for the country. The hope of the program is to instill new habits and engender stability, particularly among the youth.

41. Three of the four potential geographic locations are outside of Monrovia in an effort to stimulate economic opportunity outside of the country's capital. This will help discourage migration into the capital, which is currently managing a higher population that it can adequately support. These sites could have the potential to drive designated sectors of the economy. Robertsport, the capital of Cape Mount County, has links to the fishing sector. Gbarnga in Bong County and Buchanan in Grand Bassa County are both rural locations with agricultural businesses and are among the most populated counties (i.e., they have the population that will support our targets) as well as growing and dynamic business communities. Buchanan also needs services surrounding the port area. The four locations together could provide the population base that will allow the project to meet its target.

42. These potential locations of component 2 are also sites targeted for component 1, supporting project cohesiveness. This will allow for the possibility of component 1 participants with adequate preparation to obtain additional skills training that could lead to more secure employment. Relationships developed through component 2 could also be used to link up unskilled laborers from component 1 to employment.

43. Training Centers will be located in county capitals and are expected to attract and support the training needs for Liberians within the radius of several hours. Training is expected to be provided by the Liberia Opportunity and Industrialization Centers (LOIC). The project will assist the development of the relevant training courses in these LOICs. Through this arrangement, the project expects to be able to reach interested individuals in the urban centers as well as a large number of individuals coming from rural communities.

Beneficiary Selection

44. Informal sector beneficiaries will be selected based on criteria that will be determined during the preparation of the Operation Manual for component 2. Youth organizations and business associations will be consulted in order to ensure that criteria meet the needs for both groups. Local NGOs will inform communities of the criteria and will interview youth interested in participating in training activities. For training in the formal sector, the training providers, in consultation with the ministries of Youth and Sports and of Labor will play lead roles in the beneficiary selection process, which includes recruitment, screening, and selection.

45. Local implementing partners will take into consideration the following criteria for beneficiary selection:

- At-risk youth and young adults between the ages of 18 and 25 will be prioritized during beneficiary selection. Youth and young adults who have attended prior trainings and have not succeeded in finding employment will be a particularly important group to include, especially because frustration due to unmet expectations could have repercussions for violence and crime.
- Liberians who own or used to own enterprises will also be targeted. Targeting this group cannot only improve the skills and income of the direct beneficiaries but can increase employment opportunities for the targeted youth.
- The project will encourage participation of women in non-traditional roles, as well as traditional roles.
- It is expected that over half of the beneficiaries in the beginner-level programs targeting the informal sector will be illiterate, and most will not have had formal education, previous training, or work experience. As a result, the selection criteria will focus more on a willingness to participate and an interest to learn while agreeing to adhere to the project rules.
- For the formal sector, a higher level of skills may be needed that allow the individual to learn how to carry out more complex tasks.

Activities

46. Skills development activities will be differentiated by the level of certification, three types of target groups, targeted economic sectors, and skills development providers. Skills development is expected to be conducted through public providers, such as the LOIC and the Booker T. Washington Institute, supported by relevant ministries, and facilitated by private service providers such as local NGOs.

Level of training	Duration of Training	Number of Participants
1: Beginner – Informal	6 months	1,500
2: Intermediate – Informal	4 months	1,500
3: Intermediate – Formal	9 - 12 months	750
4: Advanced – Formal	24 months	500
Total		4,500

47. **Training for Employment in the Informal Sector.** The informal sector consists mostly of micro and small businesses. In the Liberian context, these can range widely and could include businesses in manufacturing (carpentry, tailoring), farms, fishing, and services (electrical repairs, etc.). The project will outsource an initial assessment that will identify and pre-select potential private sector partners for the informal sectors. The assessment team will also assess the skills needed in these sectors, and will establish a baseline for participation in each of the training types.

48. Training for employment in these sectors is relatively short, lasting from four to nine months, and includes significant practical work experience, which will be critical to effective workforce development and sustainable employment results. Trainees will be required to participate in an apprenticeship within participating micro and small businesses. Typically, trainees will receive training for two to four days a week at a designated training center and will spend the rest of the week at the selected businesses as interns.

49. This structure will be required for two specific reasons. First, Liberia's youth population has received little or no formal education, requiring that theoretical training be reinforced with practical and kinesthetic work experience. Second, emphasizing the importance of work ethic will demonstrate practically a critical workforce readiness skill. In addition, the owners of businesses will also receive business development support including technical and business training. This support is designed, first, to help businesses begin to recover from setbacks caused by the conflict and second, to leverage their growth in order to generate employment opportunities for the trainees.

50. The owners of businesses will also receive business development support, including technical and business training, provision of tools and materials, and development of a business plan. This support is expected to help the businesses expand and create employment, as well as provide incentives for participation. Training courses will be available to business owners and designated managers and will cover topics covering business management skills, record keeping, pricing, hiring employees, input supply, etc. The program will also help businesses prepare three-year business plans. This exercise will help business owners consider longer-term goals, as well as the steps required to meet those goals. The instructors will help business owners evaluate which expansion mechanism could be most effectively leveraged and which, if any, credit opportunities might be appropriate and available. The program will not offer credit. Tools and materials will be provided through the project that will be used by the apprentices during training and will remain with the business after the program. As a consequence, the businesses' production capacity increases during the training at little or no cost to the business. After the training cycle, it is expected, first, that the businesses will have more work and will need additional human resources to meet demand and second, that the graduated apprentices will be well positioned to fill those employment opportunities.

51. Out of the 3,000 trainees, some 2,000-2,200 trainees are expected to gain full-time employment either through these businesses or through self-employment – increasing their income by over 100 percent, relative to the average earnings of Liberians (US\$20 per month).

52. **Training for Employment in the Formal Sector.** Between 1,250 and 1,500 trainees will participate in formal training in key skill areas in high demand by the formal sectors, mostly by the medium to large enterprises in addition and on top of the ongoing training activities in the formal training institutions. Effectively, the project will expand training in the selected skill areas and also improve the quality and relevance while shortening the duration and integrating these programs into a modular training system (to be developed as part of the TVET reform described below).

53. The formal sector is still underdeveloped in Liberia, which means that it will be important to assess which parts of this sector will thrive as the economy grows and what skills will be needed. Currently, the forestry, agriculture, and mining sectors seem to be growing rapidly, but adequate assessments of their ability to absorb labor are lacking. The project will aim to provide skills for those parts of the formal sector most capable of employing Liberians. To meet this aim, the focal point will be on middle and some larger enterprises that have a larger capacity to absorb skilled workers in some targeted technical and vocational skill areas including, among others, skills related to construction (plumbing, electrical works, etc.), forestry (surveyors), and mining (machinists), among others.

54. Skills development will include longer durations of training, lasting from 12 to 24 months, and complemented by practical experience to be provided by the training institutions at the beginning and by medium and large enterprises at later stages. The Management agent and its service providers will help negotiate internship opportunities. Enterprises that agree to participate will be requested to provide job descriptions and minimum educational requirements. Those job descriptions will help determine the beneficiary selection criteria and will ensure that the training curriculum is demand-driven, subsequently increasing the employability of the trainees.

55. Participating businesses will provide a Scope of Work (SOW) for the interns and will sign a memorandum of understanding (MOU) stipulating that the tasks of the interns will be limited to those detailed in the SOW. The internships will be part time and limited to the duration of the training. The NGO will closely monitor internships, visiting interns on-site. Also, companies will not be allowed to request interns in subsequent training cycles to fill the same jobs as the first group of interns unless the previous interns received employment. In this way, the Management agent and its service providers will help mitigate the risk of businesses taking advantage of the program to use unpaid interns in lieu of paid employees.

56. **Non-Cognitive Skills Training.** Training programs in component 2 will include non-cognitive skills training, similar to the life skills training in component 1, but at a slightly higher skill level and focused on supporting effective and sustainable workforce development. The curriculum for this activity will be developed jointly by components 1 and 2.

57. **Expanding Capacity for Training.** The project will select one or two training institutions whose capacities will be improved and expanded. Funding will be provided partially based on the additional number of trainees and partially to cover the costs of initial investments/capacity improvements (investment ceilings will also be guided by the unit costs to assure sustainability). Activities required to expand the capacity of training institutions will be designed according to the estimated need. Needs assessments will take place together with local training institutions, local government representatives, and small and medium enterprises (SME).

General Training Details for both Informal and Formal Sector Programs

58. *Apprenticeships and Internships:* For the purpose of this program, an apprenticeship is defined as neither on-the-job training experience available to unskilled persons who have had neither previous vocational training nor related work experience. The apprenticeship will provide kinesthetic learning, practical work experience, and an application of non-cognitive skills required for the workplace. Most apprentices who complete the program will seek and be best prepared for employment in the informal sector; however, it is expected that the training received in the program will prepare some graduates for semi-skilled employment opportunities in the formal sector. The apprenticeships will be part time and will be limited to the duration of the accompanying training program. NGOs and trainers will conduct frequent visits to supervise the apprenticeship sites in order to support the process and guide the learning experience.

59. Internships, on the other hand, are available only to those participants with previous vocational training or formal education, thus semi-skilled or skilled persons. The internship is intended to provide practical work experience for semi-skilled and skilled participants, as many of the employers in Liberia question the quality of the training programs and are hesitant to hire youth without work experience. The internship will be part time, as participants will also receive training to improve upon their existing skill set. The internship will not exceed the duration of the accompanying training program. Businesses receiving interns will provide a scope of work (SOW) and sign a memorandum of understanding (MOU) agreeing that the task of interns will be limited to those agreed upon in the SOW. In this way, the program will ensure that the internship will strengthen the relevant skill set.

60. Neither apprenticeships nor internships are considered employment, nor should they be seen as an end result counting toward the targeted remunerative employment. Rather, both are critical components integrated into the comprehensive skills development program conducted in this project. Youth participating in training for both the formal and informal sectors will be required to apprentice/intern part-time for the duration of the training. The inclusion of internships and apprenticeships will accomplish two objectives. First, participation in part-time internships and apprenticeships during training cycles will provide invaluable practical applications of theoretical training, kinesthetic learning, and an application of the non-cognitive skills required for the workplace. Second, the internships and apprenticeships will provide a link to employment opportunities in both the informal and formal sectors. It is expected that, as businesses in both the formal and informal sector expand and require additional employees, they will consider first those youth who trained to work in their shops.

61. *Trade Sectors:* Final selection of training programs offered will be determined after the assessment conducted by the Management agent, in coordination with the National Commission of TVET and other relevant government ministries, but it is expected to include businesses in manufacturing (carpentry, tailoring), farms, fishing, and services (electrical repairs, etc.). Farms will be considered businesses, and programs will be developed in collaboration with the Ministry of Agriculture (MoA) to develop skilled agricultural laborers. Training areas of emphasis for food crops will include nursery development and transplanting, post-harvest care and storage, farm-as-business, and processing/preservation. Training areas of emphasis for tree crops will include proper techniques for pruning, ring weeding, harvesting, tree tapping, post-harvest care and storage, farm-as-business, and processing/preservation.

62. **Benefits and Subsidies.** The program will not pay beneficiaries for participation in training activities. Participating businesses that benefit from the work of trainees, however, will be encouraged to compensate these participants for their work based on the type of work carried out and the capacity and skill level of the trainee.

63. Lunch will be provided daily both at the training center and the location of the apprenticeship/internship. This perk is expected to provide additional motivation for regular attendance, as, for most, this lunch might be the only meal that they have for the entire day.

64. Trainees participating in Monrovia will receive a transport subsidy that will be prorated based on attendance. In other training locations, participants from outside county capitals will also receive transport subsidies. Payment of these subsidies will be the responsibility of the training centers or the participating business.

65. **Tools and Materials.** Procurement will be managed by the Management agent. The types of tools provided will be relevant to the trade sectors offered in the training. Ownership of the tools and materials will be transferred to the training centers, which will be expected to develop a plan for monitoring their use and for replacement of damaged tools.

66. As part of the project's focus on TVET reform, a TVET Fund will be established (discussed below) and this Fund will likely set up incentives for the businesses that receive trainees, apprentices, and interns. The rationale behind these incentives is that the TVET Fund will be mandated to stimulate demand in addition to improving supply.

Timeframe

67. The following is a tentative timeframe for the implementation of this component.
- The first two months of the project will be dedicated to selecting local implementing partners, assessing their capacities, and creating plans for implementation of project activities.
 - Between the first and the sixth month, a partner will be identified and will carry out the assessment of private sector partners and needed skills.
 - Training sessions are to start approximately in the eighth month of project implementation.
 - Training centers will be encouraged to develop timelines so that the majority of classroom-based or conceptual training takes place during the rainy season (May to September). This will enable participants to continue carrying out agricultural activities during the dry season. Because most economic activities also pick up speed during the dry season, participants ending their training at the end of the rainy season are also likely to find less lag time between training and employment.

Sub-component 2.2: Capacity Building

68. **The Capacity Building sub-component will assist in developing policies and building institutional capacities with the medium-term objective of creating a demand-driven TVET system.** That is, one that integrates both public and private sector service providers within a

certification system linking competency and skills development to job demand. To make skills training more relevant, efficient, and sustainable, it will build capacities among (i) skills training providers and (ii) the governmental agencies responsible for regulating the sector. This component will also include project implementation, which will be designed to build the capacity of the selected ministry to implement similar programs and projects in the future.

69. By the end of the project, the component will have built government capacity to develop solid and practical TVET policies adequate for Liberia's population and adaptable to the country's changing conditions.

70. The Government of Liberia is planning to establish a National Commission of TVET. When that is established, it is expected that technical assistance to build policy, regulatory, quality assurance and management capacities at that level. Until then, the capacity building needs to focus on the key ministries; in particular the Ministry of Youth and Sports, Ministry of Planning, and Ministry of Education are considered equal partners in this project and should help guide decision-making.

71. **TVET policy development:** This will provide technical support to the policies that the government has planned for TVET, including the establishment of a cross-sectoral TVET Commission to steer TVET programs across sectors and the TVET Fund, which will provide demand-driven financing of skills development, financing of public and private sector providers and will allow future donor financing to be efficiently channeled toward the long-term skills development strategy. The component will also finance studies in understanding the needs of the lost generation, for example by hosting conferences and connecting with international researchers for evaluations into what works. It will also provide assistance to assessing the impact of the project on those employed and on their future employability, income increase, and overall employment situation.

72. **TVET institutional capacity building:** This activity will focus on the capacities of the government and of the training providers. On the governmental level, it will improve the capacity of the Agricultural Industrial Training Bureau (AITB) to create a system of certifications and to set standards and certification for a number of TVET skills and courses. AITB will also receive support to improve its physical facility, including equipment for running efficient testing and certification services. Regarding the training providers, it will provide training of trainers and training for improving institutional management.

73. The two underlying principles of the institutional capacity building sub-component are, that (i) capacity building needs to reflect the strategic direction that TVET stakeholders are taking in reforming the sector and (ii) institutional capacity building will be leveraged to benefit the skills development programs.

74. **Skills training providers include public and private training institutions, NGOs, and enterprises.** They provide diverse skills training programs and face different types of capacity challenges. The purpose of the capacity building for the providers is to support them in improving their relevance, quality, and efficiency of service delivery. The two key areas are training content and institutional management; therefore, the component will include training of trainers and training of institutional and business management.

75. Capacity building for the training institutions has to be tangible and sustainable. Tangibility requires that in the participating institutions both physical and human capacities need to be improved. This requires assessment of the institutions, planning for investments and increased scale and scope of training, rehabilitation of facilities (when necessary) and improved equipments as well as training of the staff. Sustainability requires that the support to the training providers is based on realistic unit costs, strategic planning includes the costs of investments and their recurrent implications, resources include state, donor, corporate and user-based funds.

76. **Training of trainers.** The project will improve the relevance and quality of programs through the introduction of modular and competency-based training and certification systems in selected skill areas and trades, which will also coincide with the training programs provided by subcomponent 2.1. Trainers need to receive updated technical skills, a better combination of technical and life skills, and a better combination of training and work practice, career guidance, and certification systems.

77. **Training of institutional and business management.** Managers of local service providers will need to develop management skills including strategic planning, resource management, diversification of services, private sector partnerships with businesses, recruitment of trainees and financial management and procurement.

78. **Physical capacity improvements.** In addition, one or two institutions, which will be involved in training programs will be given support to physical improvements, including equipment and minor rehabilitation of physical infrastructure. This capacity building has the potential to expand its outreach to a larger number of service providers, both private and public over the long run.

79. **Certification and quality assurance.** This activity will improve the capacity of the Agricultural Industrial Training Bureau (AITB) to create a system of certifications and to set standards and certification of a number of TVET skills and courses. AITB will also receive support to improve its physical facility, including equipment for running efficient testing and certification services.

80. **Project management.** While project management will be the Management agent's responsibility, the agency will also be mandated to build such capacities in the host governmental institution, likely the Ministry of Youth and Sports. The purpose is to mainstream the activities piloted through the project into a coherent skills development program and sustain them through scaled-up operations beyond the three years. The sub-component will also develop a monitoring and evaluation system for monitoring skills demand and supply in relation to labor market and employment trends.

81. The component will improve the scope and scale of skills development programs in designated locations and in selected training fields. These improvements will have to be done in a sustainable manner. Increased number of training should be financed at a level that is comparable for ongoing programs. The recurrent implications of necessary investments into improved quality should be included in the financing arrangements and efforts need to be taken to offset the increased costs by improving effectiveness (measured in employment and in

earnings) and by improved efficiency (including shorter duration of training) as well as by shared costs (through fees and through public private partnerships).

Annex 5: Project Costs

Liberia Youth, Employment, Skills Project

Component 1

1. The total project cost of this first component is US\$8.5 million, with US\$7.5 million allocated to sub-component 1.1 and US\$1 million allocated to sub-component 1.2. For sub-component 1.1, the budget is based on providing work and training to 500 people at a time, as this is generally how contracts are awarded by LACE to the local NGOs. Based on the planned output of 45,000 temporary jobs of 40 days, a total of 90 projects would be implemented across the country. The breakdown of this budget is provided in the table below.

COMPONENT 1						
Sub-Component 1.1						
	Number	Unit Price	Cost per Project	Total (90 Projects)	Percent of Total	
1 Wages						
1.1	Unskilled work days – 495 for 40 days	19,800	3	59,400	5,346,000	71.28%
1.2	Skilled work days (supervisors) – 5 for 40 days	200	5	1,000	90,000	1.20%
2 Direct Program Costs						
2.1	Tools	1	4,000	4,000	360,000	4.80%
2.2	Delivery of tools	1	1,000	1,000	90,000	
2.3	Fees for payments of beneficiaries (to commercial bank)	1	2,000	2,000	180,000	2.40%
2.4	Printing (ID cards, certificates, contracts)	500	2	1,000	90,000	1.20%
2.5	Training of trainers (500 per trainer)	4	100	400	36,000	0.48%
3 Local NGO						
3.1	Management	1	2,350	2,350	211,500	2.82%
3.2	Local transport	1	1,100	1,100	99,000	1.32%
3.3	Trainer days-4 trainers 40 days	160	10	1,600	144,000	1.92%
4 LACE						
4.1	LACE (10% of total budget)	1	8,333	8,333	750,000	10.00%
5 Unallocated costs						
5.1	Unallocated Costs (contingency)				103,5000	1.38%
Total – Sub-component 1.1			83,333	7,500,000	100.00%	
Sub-Component 1.2						
	Number	Unit Price		Total (3 years)		
6 Technical Assistance						
6.1	Public works consultant (daily rate)	100	700		70,000	
6.2	Social protection consultant (daily rate)	100	700		70,000	
6.3	M&E consultant (daily rate)	100	700		70,000	
6.4	Consultant travel expenses (roundtrip flights, 3 persons)	10	10,000		100,000	
6.5	(Per diem/subsistence)	300	200		60,000	
6.6	South-South learning				70,000	
6.7	Additional operating costs				200,000	
6.7	Goods				60,000	
7 Impact Assessment						
7.1	Two impact assessments				300,000	
Total – Sub-component 1.2					1,000,000	
TOTAL FOR COMPONENT 1					8,500,000	

Component 2

2. The total project cost of this first component is US\$7.50 million. The breakdown of the estimated budget is provided in the table below.

Item	Estimated Costs per Component	Total	% of Total
Skills Development Programs		4,500,000	60.00
<i>Formal Sector</i>	<i>1,400,000</i>		<i>18.67</i>
Informal Sector	2,500,000		33.33
<i>Facilitation</i>	<i>600,000</i>		<i>8.00</i>
TVET Institutional Development		1,100,000	14.67
<i>Technical Assistance</i>	<i>800,000</i>		
Training of Trainers	120,000		
<i>Inputs</i>	<i>30,000</i>		
Provision for TVET Fund	150,000		
<i>Project Management Costs</i>		<i>980,000</i>	<i>13.07</i>
Operational and Backstopping		420,000	5.60
			<i>18.67</i>
Total Project Management & Operational Costs		7,000,000	
<i>Government TA for M&E</i>		<i>500,000</i>	<i>6.67</i>

3. The budget will support two sub-components, Skills Development and Institutional Capacity Building, plus project management and assistance to Government for M&E. The budget will fund capacity building to public training centers, certification and accreditation institutions, private service providers, and at least 136 trainers. For skills development, the budget will cover the cost of training and subsidized apprenticeships and internships to over 4,500 people at different skill levels for both the formal and informal sectors over 31 months. It is expected that at least 65 percent of those trained will gain remunerative employment.

Annex 6: Implementation Arrangements

Liberia Youth, Employment, Skills Project

Component 1: Community Works

1. The implementation arrangements for sub-component 1.1 will remain similar to those of the current Cash for Work Temporary Employment Project (CfWTEP); however, to improve coordination and communication with the Government of Liberia (the government) and to accommodate some of the amendments in the program some changes are being proposed. For sub-component 1.2, LACE will retain an international specialists and/or firms to provide technical assistance to the government and conduct an impact assessment of the public works activities.

2. The Ministry of Planning and Economic Affairs will be the main counterpart ministry on this project, and in particular of component 1.

Sub-Component 1.1

Government of Liberia

3. The Ministry of Planning and Economic Affairs (MoPEA) chairs the existing Inter-Ministerial Steering Committee on Job Creation, which was established to coordinate the implementation of the Liberia Jobs and Opportunities Initiative. The Committee includes representatives from the Ministries of Labour, Youth and Sports, Public Works, and Finance, and the Monrovia City Corporation.

4. Under sub-component 1.1, it is proposed that the Liberia Agency for Community Empowerment (LACE) report to this Committee so as to:

- Inform the government on progress of project execution;
- Enable the government to communicate effectively the achievements of the project as part of the overall national efforts to create temporary jobs; and
- Improve coordination among programs and exchange on best practices on technical issues such as wage level, targeting strategies, and payment mechanisms.

5. The government is currently in the process of setting up a Social Protection Steering Committee. This will be an Inter-Ministerial Committee, chaired by MoPEA, that will prepare the National Social Protection Strategy and coordinate donor- and government- financed activities on non-contributory safety nets such as cash transfers, conditional cash transfers, labor-intensive public works schemes, school feeding programs, and other measures aiming to support the most vulnerable sectors of society, protecting them from temporary shocks and supporting their livelihood). Once established, it is proposed that LACE report to the Social Protection Steering Committee on the temporary employment component in order to ensure that it forms part of the government's overall Social Protection Strategy.

Liberia Agency for Community Empowerment (LACE)

6. The Liberia Agency for Community Empowerment will implement component 1. On implementation, LACE will continue relying on local NGOs to support the teams of workers, control attendance, verify work execution, decide type of works, and distribute tools as well as use a commercial bank to make payments to participants. LACE was established in 2004 by the government, with the support of the Bank, has a remarkable record in community development (completed more than 150 community sub-projects), and has built its own capacity and that of communities and local government authorities. LACE has become a major player in local development in Liberia, thanks to its full Liberian status, the strong support of the government, its governance structure (the Board of LACE includes donors, civil society, and the government), and having now a portfolio of completed and ongoing projects of more than US\$25 million, of which US\$14 million is from the Bank and more than US\$11 million is from the European Union. LACE has a staff of more than 30 people, including financial specialists, procurement specialists, and monitoring and evaluation (M&E) officers.

7. The LACE Board shall be responsible for providing overall guidance on the management and implementation of the community works activities and oversight of the work of LACE, including review the annual work plans, budgets, and key project reports as required under this project.

8. The implementation and monitoring arrangements of the ongoing CfWTEP are detailed in its own Operation Manual, the LACE Manual of Administrative, Accounting, and Financial Procedures (MAAFP), and other manuals including the Environmental and Social Mitigation Framework. The CfWTEP manual is being updated to ensure that current targeting is improved, basic skills training sessions are introduced, and measures to ensure minimum productivity standards are improved.

9. LACE as the overall implementing agent will be responsible for:

- Managing all other implementing partners, namely the local NGOs, a service provider for the training of trainers (YMCA), commercial banks, and a tool supplier;
- Liaising with the government, both at the central level but also with the county authorities;
- Working with the local NGOs on the targeting and recruiting of beneficiaries and selection of appropriate work activities;
- Issuing ID cards and contracts to all program participants;
- Overseeing the local NGOs, managing the provision of tools, and collecting progress reports, work activities, and required payments;
- Verifying work, attendance, and productivity records; and
- Enabling payment of participants by commercial banks by providing these records to them.

10. The increased scale of the program, the introduction of the training component, and its extension for another two years will require some changes to the existing implementation arrangements.

Local NGOs

11. The role of the local NGO, referred to as the community facilitator, will be expanded to include the training of beneficiaries. They will remain responsible for:

- Creating awareness in beneficiary communities about the project;
- Implementing the recruitment process with the support of LACE;
- Day-to-day management of the projects, including managing work activities and taking attendance;
- Liaising and coordinating with local government authorities; and
- Reporting to LACE on a monthly basis.

12. The local NGOs, their scope of work, and hence the value of the contract will be increased significantly and a different procurement process may be required. And while the 16 local NGOs that were involved in the first phase will have a good chance of being selected again given their experience and good performance to date, it cannot be assumed that they will all be successful in getting contracts for this second phase.

13. Furthermore, as the local NGOs will be required to conduct the life skills training sessions, one requirement for their selection will be that they do have some experience in managing and conducting training.

Training of Trainers Service Providers

14. Before the local NGOs will be able to conduct the life skills training, their trainers will have to be trained. Currently, it is envisaged that this will be done by the YMCA, which in partnership with the Ministry of Education, USAID, and Education Development Center will engage in a number of such training-of-trainers activities in the coming months to train its own staff to handle 10,000 youth. They have indicated that they could also provide some additional training to the staff of local NGOs.

Commercial Bank

15. A primary Liberian commercial bank will be selected to conduct the payment of beneficiaries. This commercial bank will pay participants through its local branches or if this is not feasible, go into the field. While in the original project bi-weekly payments were planned, it turned out that in rural areas this was not feasible. Monthly payments may thus be required.

Tool Supplier

16. Through national competitive bidding (NCB), LACE will procure a supplier for all of the tools requisite to the Liberia YES Project. Given that the tools will be required over a two-year

period and will have to be distributed to projects all over the country, the supplier will have to be able to provide the required quantity and selection of tools at different times and, if possible, deliver them to project sites. In geographically challenging areas, it may be that LACE will remain responsible for the distribution of tools to some of these areas. Detailed options for tools distribution will be outlined in the Operation Manual.

Local Government Authorities

17. Cooperation with local government authorities (LGA) is an important factor in ensuring the success of the program. Together with LACE and local NGOs, LGAs will be involved in:

- Deciding on the specific communities where projects will be implemented;
- Advising on the nature of activities to be part of the project in consultation with the communities; and
- Ensuring that the project is coordinated with other projects being implemented by other agencies, ministries, and NGOs within the county.

Communities

18. Communities will play an important role in all aspects of project implementation and, in particular, on:

- Advising on the type of works that are needed by the community;
- Providing support in identifying the most vulnerable members of the community, the poorest and the young;
- Ensuring transparency in selecting participants and exerting a peer review role on the decisions made at all levels of project implementation;
- Reporting to LACE all major problems and issues arising during project implementation, in particular on beneficiary selection and type of works;
- Mobilizing additional resources to implement parts of the activities that cannot be financed by the project due to lack of resources, but which are seen as a priority;
- Liaising with LGAs and local NGOs on all issues of project implementation; and
- Ensuring an overall peaceful and constructive environment for the implementation of the project, by providing leadership and promoting fairness and transparency.

Sub-Component 1.2

Government of Liberia

19. Given its role as chair of the Inter-Ministerial Steering Committee on Job Creation and in developing the Social Protection Steering Committee, the Ministry of Planning Economic Affairs (MoPEA) will be the main beneficiary of the technical assistance provided under sub-component 1.2. The Ministries of Labor (MoL) and Public Works (MoPW) will also receive assistance as necessary. Through this assistance, it is expected that these ministries will enhance the

coordination of ongoing public works interventions as well as their synergies with other social protection programs.

Liberia Agency for Community Empowerment (LACE)

20. LACE will serve as the implementing partner for sub-component 1.2. In this capacity, LACE will be responsible for the hiring, through standard procurement procedures, of:

- An international public works specialist to provide technical assistance to the Ministries of Planning and Economic Affairs (MoPEA), Labor (MoL), and Public Works (MoPW) to assist in improving coordination among government and donor programs by focusing on both policy and technical issues, covering issues such as level of salary, type of training, and daily versus task-based wages;
- An international social protection specialist to provide technical assistance to MoPEA to assist with the development of a social protection policy for Liberia;
- An international monitoring and evaluation specialist to provide technical assistance to MoPEA in strengthening their capacity to assess the impact of public works projects as well as other social protection interventions; and
- A national or international firm to conduct an impact assessment of the activities implemented under sub-component 1.1.

21. In this role, LACE will be responsible for the management and oversight of these individuals and firms. All contracts will be executed by LACE, which will also verify the satisfactory completion of tasks as specified in the Terms of Reference (ToR) and make payments according to the terms of the contract. Its oversight role will include the review of all work plans, progress updates, and final reports. Such materials will then be submitted to the Bank for comment and feedback. LACE will also facilitate any South-South learning initiatives undertaken through sub-component 1.2.

Component 2: Employment through Skills Training

22. The implementation arrangements will take into account successful implementation strategies and lessons learned from similar donor interventions reviewed in the assessment, modified, and improved for the purpose of this project.

23. The Ministry of Finance, with support from PMFU, will select a Management agent to implement component 2. Given that there is a list of international organizations and NGOs with experience in Liberia in TVET policy as well as in skills training, the recommended action is to select the agency in line with Bank procurement policies. The selected agency will demonstrate capacities to procure goods, services and minor works, financial management capacities, capacities to engage in subcontracting larger numbers of NGOs, other TA providers and individual consultants, carry out training and capacity building in TVET and develop Government capacities.

24. The selected Management agent will undertake the following:
- Overall responsibility for timely implementation of component 2 and regular reporting to the government and the Bank;
 - Developing an Operation Manual and submitting it to the Bank for review;
 - Providing technical direction to the implementation;
 - Overseeing the selection of key implementing partners, including government agencies, public, private, and NGO service providers and consultants;
 - Overseeing the implementation of the activities by the key implementing partners and making any adjustments as necessary;
 - Selecting and overseeing any consultant work related to component 2;
 - Providing all procurement and financial management services necessary during the implementation and at project closing;
 - Serving as the first agency to which parties may turn for mediation in case of disagreements, miscommunication, and conflicts;
 - Developing and maintaining a monitoring and evaluation mechanism for component 2 and providing regular progress reports;
 - Selecting an independent consultant to carry out assessments during and at the end of project implementation;
 - Preparing and coordinating all implementation support missions for the Bank;
 - Organizing and managing a mid-term review for project implementation to be held 15-18 months following project effectiveness; and
 - Developing the project implementation capacities of the host institution so it can gradually take over project implementation.
25. The Management agent for component 2 will be selected based on its experience implementing similar programs, its management and fiduciary capacities and its costs. The selected agency will provide relevant resources to support the project objectives, including technical expertise, training manuals, and training materials; and it will have a direct role in implementing the institutional capacity and building the sub-component through its core staff and the selection and supervision of consultants.

Government Agencies

26. This project will be implemented in collaboration with the Ministries of Youth and Sports (MoYS), Labor (MoL), Education (MoE) Planning and Economic Affairs (MoPEA), Commerce (MoC), Finance (MoF), and Agriculture (MoA). The government also has a draft law to create a National Commission for TVET with the participation of these government agencies plus the private sector under the chairmanship of the Vice-President of Liberia. Once operational, this Commission will play a key steering role; until then, a Project Steering Committee with cross-governmental participation will provide strategic guidance through annual and mid-term reviews.

MoYS will play a key role in beneficiary selection for the formal sector. The key role will include hosting the PIU, assigning individuals to serve as “shadow” implementers, participating in meetings, and acquiring the necessary technical and fiduciary expertise to gradually take on management responsibility.

27. Albeit limited, both MoYS and MoL have worked in some job placement capacity since the 1970s, organizing apprenticeships and linking qualified youth to hiring organizations. Inadequate funding has restricted both ministry programs. However, the MoYS in particular has demonstrated experience recruiting, screening, administering, and reviewing aptitude tests and selecting participants. This project will support and improve upon their existing processes, expanding their capacity to include higher skills-level beneficiaries as well.

28. The Ministry of Agriculture (MoA) will play a key role in the development of appropriate training curriculum to help trainees meet the growing demand for skilled agricultural laborers. The project will work with the MoA to develop a process by which it obtains information from the private sector to ensure skills development is demand-driven.

29. The Agricultural and Industrial Training Board (AITB) will develop certification and test materials for the new training programs. This process will be supported by the technical assistance provided by the Management agent, intended to work with AITB to improve upon the existing certifications and training materials, develop the new training curriculum, and build the appropriate accreditation system.

30. Training for both the informal and the formal sectors will be provided by public institutions. However, it is envisaged that a later stage provision of these services will be decided on a more competitive basis and if competent private providers emerge, they will be eligible to provide skills development services. During project implementation, the training providers will be pre-selected by the Management agent according to their capacities and location. Training for the informal sector is expected to be provided by the Liberia Opportunity and Industrialization Centers (LOICs).

Role of NGOs

31. NGO, other agencies and individual consultants will be selected for facilitation, training, provision of goods and services by the Management agent. The role of the NGOs include:

- Select participating MSE businesses;
- Recruit and assess participating youth;
- Conduct community awareness;
- Participate in financial, administrative, and organizational management capacity building;
- Help youth select appropriate training;
- Provide ongoing psychosocial support to participating youth as needed;
- Supervise the trainers and training sessions;
- Record and report monthly income of businesses, as well as any income of trainees;

- Coordinate with other actors as directed by the Management agent; and
- Work closely with the Management agent to modify the execution strategy as deemed appropriate during project implementation.

32. The role of other service providers include delivering goods, engaging in minor rehabilitation works, providing consultant services and training.

Role of Participating Micro-and-Small Businesses in the Informal Sector

33. Informal Sector: For this project, at least 125 microenterprises and small businesses will be selected and recruited to participate in an incubated expansion for a six-month period. Selected businesses will agree to employ youth as apprentices for the duration of their training. The trainees will be required to work three days per week in order to remain in the training program. The business will receive the required trade tools that will allow the apprentices to continue work. Business owners and managers will participate in business development training, including the development of a three-year business plan. Businesses will be under no obligation to employ the apprentices or interns at the end of the training. However, it is expected that the support provided during the program will allow the business to expand to a point that will require employees, and the trainees will be best positioned to fill those positions. The apprentices will not be paid by the program, and the financial arrangement between the business owner and the apprentices will be agreed between them; business owners will be encouraged to pay apprentices fairly for services rendered. Business owners will also be required to provide monthly income statements, as their income change will be easier to track than that of the trainees. Businesses will sign Memorandums of Understanding establishing understanding of an agreement with project expectations.

Role of Participating Businesses in the Formal Sector

34. Formal Sector: Depending to firm sizes and absorption capacity, approximately 30 to 50 formal business organizations will be invited to participate in the program. The process will be similar to the informal sector with two key differences. First, beneficiaries in this component will have received previous training but will have little or no practical work experience, either due to lack of job placement resources or to the inadequacy of their previous training. Second, the project will not provide business development support to the partner organizations in the formal sector. As a requirement for participation, project beneficiaries will be required to secure a part-time internship with the participating organizations. The Management agent and relevant ministries will work to negotiate internship opportunities with the businesses. Participating medium and large enterprises will be expected to provide job descriptions that will become the basis for the recruitment, screening, and selection process. Once beneficiaries are selected, businesses will be encouraged to interview participants and provide feedback to the Management agent; businesses are not required to accept proposed participants.

35. After the interns are approved, organizations will be expected to provide a job description and sign a Memorandum of Understanding with the Management agent establishing understanding of an agreement with the project expectations. The MOU will explain that the interns' relationship with the participating business will fall within all relevant labor laws and that their professional duties will fall within the job description provided. For the program

duration, the businesses are expected to assign a supervisor to the interns who will need to record attendance. The supervisors are encouraged to treat the interns as employees, expect acceptable workplace behaviour, compensate interns fairly when appropriate, and provide regular feedback to interns and the Management agent. Businesses are not obligated to pay interns, nor are they under obligation to hire interns at the end of the program. However, fair compensation should be negotiated between the business and intern and reported, and the supervisors will be expected to provide feedback on interns, including reasons for any who may not be hired at the end of the program.

36. Each of the actors in turn, shall have the following specific focus of actions, and a set of procedural guidelines for carrying out those actions.

Project Implementation Timeline

Activity	Timeline
<ol style="list-style-type: none"> 1. Select Management agent. 2. Carry out fiduciary capacity assessment for Management agent. 3. Contracting arrangements with Management agent completed. 4. MOU between ministries concerned, Management agent, and the focal organizations – AITB and selected public sector service provider, in regard to detailing of interventions, investments, roles, and responsibilities – completed. 	Effectiveness
<ol style="list-style-type: none"> 1. Contracting arrangements with private sector service providers for providing skills training in informal sector – completed. 2. TA for AITB and selected public sector service provider – procured and placed. 3. Assessment and procurement of goods for workshops and offices in both AITB and premises of selected public sector service provider – completed. 4. Design of civil works for renovation and rehabilitation of workshops and other facilities on the campus of selected service provider – completed. 5. Design and conduct one training of trainers program in selected skills area. 6. MOU between industries and selected service provider, MOU between industry and AITB, regarding involvement of industry in various matters of skills development – completed. 7. Final selection of trades for pilots – completed. 8. Estimates of local trainer resource requirements, completed. 9. Initial design for skills programs for the informal sector – completed. 10. Commencement of skills training in the informal sector for two groups of trainees in two different locations. 11. Commencement of skills training for the larger industries for one group of 150 students. 12. Capacity building workshop for management staff of public sector providers and NGOs on financial, administrative, and organizational management best practices – completed. 	Effectiveness + 6 months
<ol style="list-style-type: none"> 1. Completion of at least six programs for trainees in the informal sector covering all identified localities, in total. 2. Completion of at least one six-month training cycle for trainees for employment in the formal sector. 3. Completion of at least one internship cycle for trainees for employment in 	Effectiveness + 12 months

<p>the formal sector.</p> <ol style="list-style-type: none"> 4. Completion of civil works and goods procurement. 5. Placement of first group of trainees in the large industries. 6. Placement of first two groups of trainees in informal sector. 7. Conduct training for trainers programs for each of the four sites. 8. Publication and promulgation of at least two sets of updated training standards and three competency-based course modules. 	
<ol style="list-style-type: none"> 1. Ongoing training programs for both formal and informal sectors including training-of-trainers programs. 2. Continued placement of graduated trainees for employment in informal sector. 3. Continued placement of graduated trainees for employment in formal sector. 4. Continue solicitation of feedback about project effectiveness and recommendations for improvement from graduated trainees and business community. 5. TA to assist AITB in putting in place improved certification system and other regulatory mechanisms. 6. Ongoing publication and promulgation of training standards and competency-based course design modules, as well as instructor guidelines. 	Effectiveness + 24 months
<ol style="list-style-type: none"> 1. TVET Fund governance structure finalized and MOUs entered into AITB certifying courses of skills training on regular basis and for both public and private providers. 2. AITB operating on the basis of enhanced mandate with regard to certification and creating certified public courses. 3. Initial work for development of qualification framework for TVET started. 4. Comprehensive M&E system for TVET designed and initial implementation steps taken. 5. Indicators as per results framework achieved. 	Effectiveness + 36 months

Monitoring and Evaluation

37. Monitoring and evaluation (M&E) for the project will be carried out by an expert who will be recruited by the selected Management agent to detail the system. The Management agent will collate data on an ongoing basis. Primary items of monitoring will include the recruitment of trainees and their performance and dropout rates. Tracer studies will also be conducted on a regular basis to establish the indicators of employment and employability. Monitoring will cover detailed feedback from employers, inclusive of large industries, on the performance of trainees hired and the necessary skills augmentation. The Management agent will play a key central role as the processing and clearinghouse of reports. It will also be responsible for submission of necessary reports both to the oversight committee and also to the IDA.

38. At least three supervision missions per year will be conducted by the World Bank in the first two years of project implementation, followed by supervision missions conducted at least twice a year for the remainder of the project implementation period. Supervision teams will include procurement, financial management, and safeguards specialists in addition to the task team leader and the technical specialists. Implementation support and supervision, through missions as well as direct involvement by the Liberia Country Office, will, in particular, focus on performance of the implementing entity in managing contracts, procurement, safeguards, and

technical and financial management, as well as in completing the agreed upon implementation plans.

Annex 7: Financial Management and Disbursement Arrangements

Liberia Youth, Employment, Skills Project

Country Context

1. A Public Expenditure Management and Financial Accountability Review (PEMFAR) were conducted in 2007 and included an analysis of Liberia's PFM strengths and weaknesses. The findings from the PEMFAR showed that the government had taken considerable actions to improve public financial management since 2006. Government revenues have increased several folds since 2002/03, and expenditure controls have been strengthened through the establishment of the cash management committee and the interim commitment control system. However, the government still needs to address weaknesses in its financial management systems, specifically within the areas of the legal and regulatory framework; internal and external audit functions; procurement and concessions; budget planning, formulation and execution; accounting, recording and reporting; human resources and payroll management; cash and debt management and aid management.
2. The government's developmental and poverty reduction priorities are anchored in the Poverty Reduction Strategy which is generally aligned with the budget although there is no formal poverty reduction expenditure tracking systems. The Inter-Ministerial Budget Committee coordinates the budget cycle and consults with spending ministries early in the budgeting process. All revenues are by law deposited into a revenue bank account at the Central Bank and expenditure from this account is strictly in accordance with annual cash plans and allotments. However, majority of donor expenditure is project-based and not executed through the government budget.
3. The country lacks a sufficient number of qualified accountants to serve the public and private sector. A Project Financial Management Unit (PFMU) in the Ministry of Finance (MoF) provides centralized project financial management for donor projects. An International Procurement Agency (IPA) is also in place in MoF to handle procurement but its contract has expired in April 2010. The PFMU is staffed with qualified consultants with experience in managing donor-funded projects. Fiduciary risks for donor-funded projects are mitigated by the use of the PFMU, which has internal controls and procedures and practices acceptable to the Bank.
4. The lack of qualified PFM personnel is a major constraint to implement PFM reforms to address the weaknesses identified in the PEMFAR. At the moment key agencies such as the MoF use external experts under the Governance and Economic Management Program (GEMAP) and Bank's technical assistance provided to the Resource Management Unit.
5. The government is making progress in PFM reforms. The Cabinet approved the Internal Audit Strategy in June 2008 that will see the establishment of an internal audit cadre and a charter clarifying the roles and responsibilities for internal controls. The MoF has moved from a single entry recording system to an interim accounting system that is now used to prepare budget out-turn reports. The interim system provides a foundation for migrating to IFMIS that will eventually handle all the accounting and recording for the consolidated funds with arrangements

to capture and report on donor-funded projects. A PFM Law and its enabling regulations and manuals are being prepared that will further strengthen the legal and regulatory framework.

Project Risk Assessment and Mitigation

6. The table below shows the results of the risk assessment identified during the financial management (FM) assessment that may hinder the achievement of project objectives, together with risk mitigating recommendations on how the project management team could address these risks.

7. The Risk Assessment and Mitigation table below shows the results of the risk assessment from the Risk Rating Summary. This identifies the key risks that the project may face in achieving its objectives and provides a basis for determining how they should be addressed.

Type of Risk	Risk Rating	Risk Mitigating Measures/Remarks	Residual Risk Rating	Conditions for Negotiation or Effectiveness (Yes/No)
Inherent Risk				
Country Level The PEMFAR assessment conducted in 2007 identified weakness in the country financial management systems with specific reference to Internal audit, external audit, legal and regulatory framework, budgeting, procurement and concession and cash and debt management	H	This risk is being addressed through the various support by the Bank and other donors to enhance the public financial management system through the various financial management reforms the preparation of the <i>Financial Management Act, Public Procurement Act</i> , set up of cash management committee, interim commitments control systems, budget committee is being set up.	S	No
Entity Level The host Ministry of Planning and Economic Affairs (MoPEA) has limited hands-on experience managing Bank-funded projects. This, coupled with the ministry's extensive portfolio, may affect the achievement of the overall objective of the YES and the monitoring and evaluation process.	H	MoPEA will provide oversight and coordination for the project, while delegating project implementation to specific, task-oriented agencies. LACE shall be used to implement component 1 of the project. LACE has been implementing bank-funded projects over the last several years. Its FM systems have been approved by the Bank. The Management agent for Component 2 will be required to	M	No

Type of Risk	Risk Rating	Risk Mitigating Measures/Remarks	Residual Risk Rating	Conditions for Negotiation or Effectiveness (Yes/No)
		have appropriate FM systems.		
Project Level Aspects of the project involve payments and resource transfer to persons and entities who may be residing in the rural areas of Liberia. Given the general security environment the resources could be vulnerable to attack.	H	The project will use established financial institutions, acceptable to the Bank and where they have presence in an area, to manage payments for work and transfer of resources for execution of project activities.	S	No
Overall Inherent Risk	H		S	
Control Risk				
Budgeting LACE and the component 2 Management agent may have difficulty in accurately estimating costs of project activities. Activity costs could easily be over-run and could result in overall project cost over-run.	S	This risk could be mitigated through documenting the process of preparation, execution and monitoring of the annual work plan and budget. In addition the conduct of periodic price surveys would provide the appropriate information on which to base cost estimates. LACE and the component 2 Management agent are expected to have sufficient experience to manage this challenge.	M	No
Accounting The Chart of Accounts of LACE and the component 2 Management agent may not be properly aligned for project accounting. This may lead to weaknesses in project accounting and reporting on project activities.	S	LACE and the component 2 Management agent will be assisted to structure their Chart of Accounts to appropriately accommodate project activities for data capture and reporting in formats required by the relevant financing agreements/contracts. Implementing agencies will be encouraged to keep project records at location.	M	No
Internal Controls/Internal Auditing Processes, procedures, rules	S	LACE has commenced recruitment process for an	M	No

Type of Risk	Risk Rating	Risk Mitigating Measures/Remarks	Residual Risk Rating	Conditions for Negotiation or Effectiveness (Yes/No)
and regulations may not be followed by operatives and sometimes even management staff.		Internal Auditor after the incumbent departed. The prospective will be required to review all transactions in line with approved manual of operations and enforce same. In addition, the effectiveness of the internal audit function at LACE will be assessed regularly by the Bank FMS during supervision missions.		
Funds Flow Preparation of withdrawal application and timely submission may affect the flow of funds to the implementing agencies.	S	LACE and a commercial bank (EcoBank) used in the implementation of the CfWTEP are entirely familiar with Bank's disbursement procedures and should be able to handle its component without difficulty. The Management agent for Component 2 will be assisted with initial training and the provision of the disbursement manual for their study and reference. This should help them to withdraw funds directly in a timely manner through HQ.	M	No
Financial Reporting Quality and timeliness in submitting IFRs and other reports.	S	The implementing agencies will be provided with generic project financial report templates to facilitate timeliness and assure quality of reports.	M	No
Auditing A weak audit environment is prevalent in Liberia and this might affect the quality of audit report received and hence their acceptability to the Bank. The identified risk will also affect the audit report submission in the financial covenant.	S	Terms of Reference for the external auditors will be prepared by the implementing agencies for the review of the Bank and be discussed at negotiations. To ensure timeliness of audit compliance, the procurement process for engaging acceptable auditors will commence four	M	No

Type of Risk	Risk Rating	Risk Mitigating Measures/Remarks	Residual Risk Rating	Conditions for Negotiation or Effectiveness (Yes/No)
		months after effectiveness.		
Overall Control Risk	S		M	
Overall Risk Rating	S	Implementation of recommendations	M	

Weaknesses

8. The FM Supervision report of December 2009 recorded weaknesses in some areas of financial management at LACE and made recommendations for actions to be taken by LACE management, including

- Fill the currently Vacant Internal Auditor Position;
- Complete the Fixed Assets Register; and
- Reformat of IFRs to provide adequate information for effective decision-making.

Agreed Actions

9. The table below lists specific actions, which if successfully implemented, would strengthen financial management at LACE and provide greater assurance for the reliance on the financial management system for this and subsequent project implementation assignments.

Project Financial Management

10. **Component 1:** LACE will employ the processes and procedures it has developed over the period it has implemented the social projects, CEP-I, CEP-II, and Cash for Work, amended as necessary and approved by the task team leader (TTL). The transactions of the project will be captured separately from other projects under its management, maintain the records of these transactions and prepare reports in accordance with the relevant Financing Agreement for submission to the Bank.

11. **Component 2:** Under the selection criteria which must be satisfactory to IDA, the Ministry of Finance will be able to ensure that the Management agent to has adequate and time-tested processes and procedures for implementing and recording the activities for the two sub-components. The agency will record and maintain transaction details of the two components as a basis for preparing reports as may be required by the management agency agreement to be signed between Management agent and Government of Liberia, through the Ministry of Finance.

Issues and Agreed Actions	Agency	Date
1. Follow up on the Assets Register and ensure it is implemented as soon as possible and reported on in the next audit report	Director of Finance, LACE	June 2010
2. Reformat IFR according to sample contents provided	Director of Finance, LACE	June 2010
3. Complete the recruitment of an Internal auditor	Director of Finance, LACE	June 2010

Funds Flow and Disbursement Arrangements

Component 1

12. **Funds Flow.** Under the project, LACE will establish a Designated Account with a Commercial Bank acceptable to the IDA. The Designated Account will be maintained in US dollars to receive disbursements from the Loan Account opened by the Bank on behalf of the Government of Liberia. An initial advance will be disbursed into the Designated Accounts on request and subject to compliance with conditions that will be specified in a Financing Agreement and additional instructions that will be provided in a Disbursement Letter.

13. The implementing entity will execute the activity budgets as approved in respect of the project component and activities and make payments for approved and authorized transactions to contractors, suppliers and service providers. As detailed in Graph 2: Funds Flow – Component 1, this includes authorization of a commercial bank to make direct payments to project beneficiaries. Under CfWTEP, LACE leveraged the network of regional branches of a commercial bank to efficiently and transparently pay the project beneficiaries. After approving payroll information, LACE authorized transfer of the total beneficiary payroll for a given project site from its designated account to the regional branch nearest the site where project beneficiaries collected their wages. LACE envisions following a similar procedure under component 1.

14. The LACE will be responsible for making replenishment request to the World Bank in accordance with the Bank’s disbursement policies and procedures.

15. The Bank will receive withdrawal application with support documentation (including summary sheets, bank statement and reconciliation statement, transaction documents including contracts), where appropriate. The Bank will disburse the amount requested out of the Grant if documentation is acceptable and transactions are eligible.

16. **Disbursement Arrangements:** Expenditure under component 1 (implemented by LACE) will be financed from both financing sources, i.e. first from CRW up to US\$ 6 million and thereafter from ACGF up to US\$ 2.5 million. LACE as the implementing entity will maintain a designated account for each source of financing. Expenditures under the second component will be financed entirely from ACGF and will be disbursed by reimbursement or direct payment methods only.

17. Further instructions on this disbursement process, including designated account ceilings and reporting arrangements, will be detailed in a disbursement letter. Disbursement letters will be issued separately for each financing source.

18. The proceeds of the grant would be disbursed over a period using transaction-based disbursement. For a period of four (4) months after the closing date of the Grant, disbursements for expenditures incurred prior to the closing date will be allowed. The following disbursement methods will be available to the project:

a) Advance and Use of Statement of Expenditures (SOEs)

The Recipient will open a Grant Designated Account (DA) for the project. The designated account for the project funds will be opened at commercial bank, under terms and conditions satisfactory to the IDA and maintained in US dollars. The carrying amount of the DA will be specified in the Disbursement Letter to be issued separately.

Disbursements for all expenditures would be against full documentation, except for items below a threshold to be determined at appraisal for which disbursements would be based on SOEs. Supporting documentation for SOEs shall be retained by LACE and the component 2 Management agent for review by IDA missions and external auditors.

b) Direct Payments

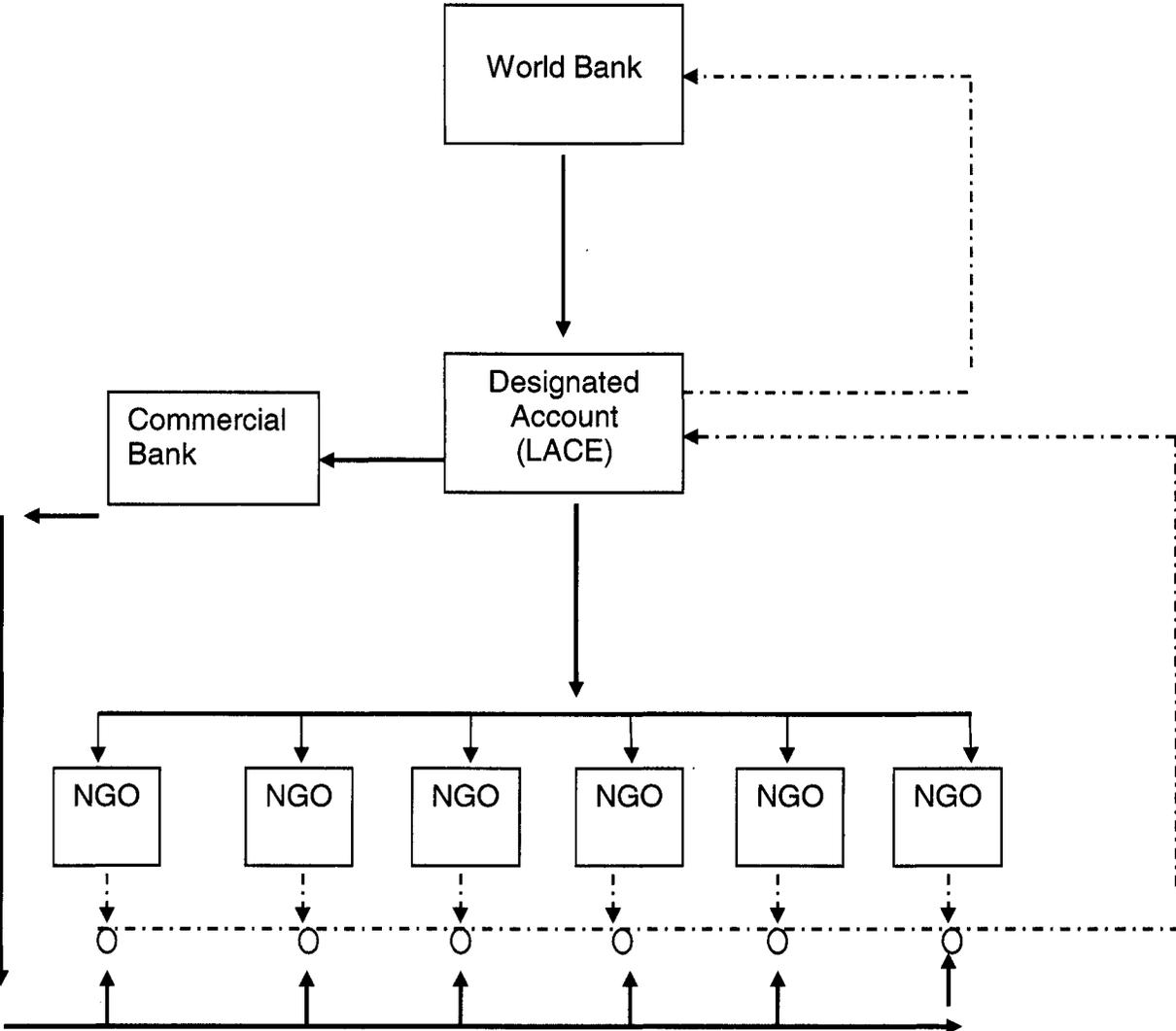
The Bank may make payments direct to a third party (i.e., consultants, contractors, and suppliers) at the request of the recipient in a prescribed format to the Bank for eligible expenditure incurred under the project.

Component 2

19. **Funds Flow.** The selected Management agent will prepare project annual work plan and budget for discussion and approval by the Ministry of Finance in consultation with the Ministry of Youth and Sports, the Ministry of Education, and the Ministry of Planning and Economic Affairs until the Commission on TVET is established and by the Commission on TVET thereafter.

20. **Disbursement.** Disbursement to the Management agent by reimbursement, advance or direct payment methods only.

Graph 2. - Funds Flow – Component 1



- > Flow of Funds
- - - - -> Information/Documents Flow
- Beneficiaries

Financial Reporting Arrangements

21. For component 1 LACE; and for component 2 the Management agent, on behalf of the Ministry of Finance (MoF), will prepare quarterly Interim (un-audited) Financial Statements or Reports (IUF/IFR) to be submitted to the Bank within 45 days after the end of each calendar quarter. The IFR will comprise the following statements:

- Sources and uses of funds (will provide quarter information and cumulative to date);
- Uses of funds by expenditure category/component (will compare actual expenditures with budget by activity within each component);
- Category disbursement status;
- Schedule of SOE replenishments;
- Schedule of fixed assets (acquired under the loan/credit/grant);
- Bank statements and Bank reconciliation statements;
- Schedule of commitments/ payment status of contracts; and
- Schedule of projected commitments and status of procurement.

22. The IFR will be reviewed and quarterly review report shared with LACE and the component 2 Management agent and filed in Bank's system. These reviews form part of the FM supervision activity and will be part of the overall assessment of FM performance under the Loan.

Auditing

23. Independent and qualified auditors, acceptable to the Bank, would, with the consent of the GAC, be selected to carry out annual financial audit of the project in accordance with Banks procedures for the selection of consultants. The arrangements for the audit of the project must be finalized within six months of the project being declared effective.

24. The annual financial statements, from the implementing agencies, including movements in the designated accounts will be audited in accordance with International Standards of Auditing (ISA) and a single opinion will be issued to cover the project financial statements, Statement of Expenditures (SOEs) and the designated account, in accordance with the Bank's audit policy.

25. The auditors' report and opinions in respect of the financial statements including the management letter would be furnished to the Bank within six months of the close of each fiscal year.

Financial Covenants and Disbursement Conditions

Covenants:

- Submission of quarterly Interim Un-audited Financial Statements (or Report) within forty five (45) days of the end of each quarter; and

- Submission of audited annual Financial Statements and Audit Report (including an audit Management Letter) within six months after the end of the relevant fiscal year.

Disbursement Conditions:

26. Under the CRW Financing Agreement:

- None.

27. Under the ACGF Grant Agreement:

- Component 1: None.
- Component 2: The Management Association Operation Manual is prepared in form and substance satisfactory to the Association.

Supervision Plan

28. During project implementation, intensive Bank supervision will be required in order to ensure that the project financial management arrangements are in place and functioning. The first supervision mission after effectiveness will take the form of an FM specialist visiting MoE. There will be other FM activities, such as a desk review of IFRs and annual audit reports, as part of FM supervision.

Conclusions

29. For component 1, the World Bank has conducted financial assessments of LACE throughout its implementation of previous Bank-financed projects, including the recent FM supervision mission of LACE conducted in December 2009, which reconfirmed that LACE's FM system meets the minimum standards required by the Bank. The report recommended a number of actions, which LACE is currently undertaking, to address some shortcomings in its FM system.

30. For component 2, a formal FM assessment will be conducted for the selected Management agent. Prior to disbursement, a Management agency agreement will be entered into between the Ministry of Finance and a Management agent with the financial management qualifications satisfactory to the World Bank. If deemed necessary, the FM system of the selected Management agent will be assessed periodically during project implementation with the view to ensure adherence to the Bank's disbursement procedures and the institution of adequate FM system.

31. The risk rating for the project was rated at no more than **Moderate**.

Annex 8: Procurement Arrangements

Liberia Youth, Employment, Skills Project

1. For the community works and skills development components, including the institutional capacity building activities under each, the procurement of goods and works and the selection of consultants would be conducted in accordance with (i) the World Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated May 2004, revised in October 2006; (ii) the World Bank "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004, revised in October 2006; (iii) the Guidelines on Preventing and Combating Fraud and Corruption Financed by IBRD Loans and IDA Credits and Grants, dated October 15, 2006; and (iv) the provisions stipulated in the Grant and Financing Agreements. The Government of Liberia shall ensure that the project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.
2. The various items under different expenditure categories to be financed are described below. For each contract to be financed by the Grant, the different procurement methods or consultant selection methods, the need for pre-qualification, estimated costs, prior review requirements, and time frame are agreed between the government and the Bank in the procurement plan. The procurement plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.
3. **Procurement of Works.** Works to be procured by the two components of the project include: (i) minor works that may be associated with the delivery of required services of public value to be executed under cash-for-work mechanism, and (ii) rehabilitation of TVET training centers under the skill development component.
4. The procurement will be done using the Bank's Standard Bidding Documents (SBD) for all International Competitive Bidding (ICB) and National SBD agreed with or satisfactory to the Bank. Contracts below US\$3,000,000 but equal to or above US\$100,000 equivalent per contract will be procured under National Competitive Bidding (NCB). However, relevant NCB works contracts, which are deemed complex and/or have significant risk levels, will be prior-reviewed. Such contracts will be identified in the tables below and also in the procurement plans. While using the NCB, the project must ensure that: (i) foreign bidders shall be allowed to participate in NCB procedures; (ii) bidders shall be given at least one month to submit bids from the date of the invitation to bid or the date of availability of bidding documents, whichever is later; (iii) no domestic preference shall be given for domestic bidders; and (iv) in accordance with paragraph 1.14(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that: (1) the bidders, suppliers, contractors and subcontractors shall permit the Association, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have said accounts and records audited by auditors appointed by the Association; and (2) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to an obstructive practice as defined in paragraph 1.14(a)(v) of the Procurement Guidelines. Contracts estimated to cost less than US\$100,000 equivalent per contract would be procured using shopping procedures based on a model request for quotations satisfactory to the Bank. Direct contracting may be used where necessary, but it will be subject to Bank's no objection. For very

small contract packages, it may be more efficient to adopt Community Based Procurement procedures and details of criteria for using this approach and qualifying criteria for sub projects will be presented in the Operation manuals.

5. **Procurement of Goods.** Goods procured under the two components would include: (i) hand tools, materials, protective clothing, etc. under the community works component; and (ii) office equipment and training materials for the skills development component.

6. The procurement will be done using the Bank's SBD for all ICB and National SBD agreed with or satisfactory to the Bank. Contracts below US\$500,000 but equal to or above US\$50,000 equivalent per contract may be procured under NCB. However, relevant NCB goods contracts, which are deemed complex and/or have significant risk levels, will be prior-reviewed. Such contracts will be identified in the tables below and also in the procurement plans. Again, under the NCB, the project must ensure that: (i) foreign bidders shall be allowed to participate in the NCB procedures; (ii) bidders shall be given at least one month to submit bids from the date of the invitation to bid, or the date of availability of bidding documents, whichever is later; (iii) no domestic preference shall be given for domestic bidders and for domestically manufactured goods; and (iv) in accordance with paragraph 1.14(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that: (1) the bidders, suppliers, contractors and subcontractors shall permit the Association, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have said accounts and records audited by auditors appointed by the Association; and (2) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to an obstructive practice as defined in paragraph 1.14(a)(v) of the Procurement Guidelines. Contracts estimated to cost less than US\$50,000 equivalent per contract would be procured using shopping procedures based on a model request for quotations satisfactory to the Bank. Direct contracting may be used where necessary, subject to Bank's no objection.

7. Alternatively, goods may also be procured from UN Agencies (e.g., United Nations Office for Project Services (UNOPS)) provided that such a contract does not exceed US\$200,000 for each type of goods.

8. **Selection of Consultants.** Consultancy services include: (i) for the community works component: financial services to be offered by Eco Bank with regards to payment of wages for work done and also services to be offered by community facilitators; and (ii) for the skills development component: technical assistance services to be provided by the Management agent to be selected using quality based selection (QBS) with request for proposals issued upon signing minutes of negotiations and services offered by NGOs.

9. Consulting services for both components will also include the hiring of individual international and national consultants to provide technical assistance (TA) and training, NGOs to manage the implementation processes on the ground, and firms to provide necessary inputs. The use of a "pool of experts" or a list of "pre-selected" consulting firms and/or individuals may be an appropriate method for supporting project implementation. Such a method will remain consistent with quality and cost-based selection (QCBS), quality based selection (QBS), fixed budget selection (FBS), consultant qualification selection (CQS), and/or the selection of

individual consultants. No-objection will also be given for sole-sourcing (single-sourcing) of consulting firms and NGOs, where it presents a clear advantage over competition. For all contracts to be awarded following quality and cost-based selection (QCBS), Quality Based Selection (QBS), Least-Cost Selection (LCS), and fixed budget selection (FBS), the Bank's Standard Request for Proposals (SRFP) will be used.

10. Short lists of consultants for services estimated to cost less than US\$100,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

11. Consultancy services estimated to cost above US\$100,000 per contract for firms, and single source selection of consultants (firms and individuals) will be subject to prior review by the Bank. Prior review of the evaluation process of the selection of individual consultants (i.e., comparison of three CVs) will only be carried out in exceptional circumstances, for example when hiring an Advisor for the entire project duration which could result in a substantial contract amount and for the hiring of legal or Procurement Specialist. Such contracts will be identified in the procurement plan.

12. **Training and Workshops.** Training will be carried out on the basis of approved programs on a yearly basis. The programs will identify the general framework of training and similar activities for the year, including the nature and objectives of training and workshops as they relate to the project objectives.

13. **Incremental Operation Costs.** In addition, projects will finance incremental project implementation-related expenditures such as in-country travel, per diem, office supplies, office rentals, utilities, maintenance, consumables, communication costs, etc. These will be financed by the project on a declining basis, and would be procured using the Liberia Public Procurement and Concessions Law, where appropriate.

Assessment of the Capacities of LACE and Ministry of Finance through the Public Finance Management Unit (PFMU) to Implement Procurement for Components 1 and 2

14. The implementing agency for component 1 is the LACE with the overall responsibility of (i) assuring steady progress of the procurement in accordance with an implementation schedule reviewed and approved by the Bank; and (ii) ensuring satisfactory implementation of procurement activities included in all contracts.

15. As of 2010, LACE has mainly implemented two types of projects:

- A first set of projects, were community-driven projects, which included the rehabilitation of local infrastructures, such as schools, health posts, bridges and culverts, and markets. These projects were financed from three different sources:
- US\$6 million to complete 100 sub-projects was from the Trust Fund for Liberia, which closed on December 31, 2008;
- US\$5 million to complete 80 sub-projects from a special IDA pre-arrears allocation, which is currently underway and is estimated to be fully disbursed by June 30, 2010; and

- Euro8.5 million to complete 180 sub-projects as co-financing from the European Union, currently underway and expected to be fully disbursed by December 31, 2011.

All these activities required significant procurement activities both by the communities with the assistance of LACE and by LACE itself.

16. A second set of projects, were financed by the Food Price Crisis Response initiatives with a US\$3 million grant to provide to 17,000 poor Liberians a temporary job opportunity, which would increase significantly their annual income. This project is now close to completion, local NGOs had an important role in selecting, informing, organizing, monitoring of works, and verifying the attendance of workers. A commercial bank acceptable to the Bank was then in charge of making the payments. The procurement activities under this second set of projects were limited to the selection of the community facilitators and to the selection of the commercial bank. In both cases the LACE has opted to sole sourcing given its clear advantage over competition. Community facilitators already working in the area and which had a proven track record in similar assignments were most suitable.

17. A review of the capacity of LACE and of selected community-based organizations (CBO) to handle and monitor procurement exclusively under the first type of projects was carried out as part of the broader assessment of the capacity in the country to implement Bank projects. The assessment was undertaken by the Bank Procurement Unit in FY05. At the time of this initial assessment, there was very little or no procurement capacity in LACE and the implementing CBOs. To mitigate procurement risks at the project implementation level, training in procurement was provided to staff of both LACE and the CBOs. In response to the assessment, and to manage and provide guidance for procurement, LACE recruited a procurement specialist, with qualifications acceptable to IDA, to: (i) plan and process all procurement done centrally for all components; (ii) assist Project Management Committees (PMC) to prepare procurement plans for their respective sub-projects; (iii) monitor the implementation of the procurement plans; and (iv) train PMC staff in the use of procurement procedures agreed under the project, including compliance with World Bank Procurement Guidelines.

18. However, in the context of the implementation of projects of the first type, procurement capacity within LACE remains weak due to weak procurement planning, filing, and management, particularly for goods and services, where compliance with Bank no objection procedures is required and also evaluation of bids for works contracts in general. This situation is worsened by the fact that the position of the procurement specialist for LACE became vacant as of January 1, 2010 and is yet to be filled. Further, during mid-term review (MTR) of CEP I (January 2010), the Bank team found that there is still scope for LACE to improve its capacity in procurement and contract management. The Board of LACE requested the Bank to assist with and support the efforts toward strengthening of procurement and contract management in LACE.

19. Under the concluding phase of CEP II and in order to further strengthen LACE and mitigate the risks at CBOs level, LACE will recruit a new procurement specialist based in Monrovia. Focal officers in the CBOs with relevant qualifications and experience will be identified and trained in procurement under community participation strategies. Following this, to the extent that the Engineers to be based in the Monrovia HQ, Lofa, Bong, and the Southeast

Region counties have divisional responsibilities for respective counties within Liberia, these Engineers shall also be trained in procurement and contract management, and their capacities built continually, in order to offer additional procurement support to the CBOs within their areas of coverage. It is recommended that a procurement specialist be hired for at least six months with a main task to mentor the procurement training director of LACE and with an additional responsibility to manage the project. During a recently concluded MTR the following action plan was approved and is currently being implemented.

Task	Responsibility	Deadline	Comment
1. Create the Procurement Department	LACE	Completed	
2. Recruitment of the Head of the Procurement Department and Recruitment of Assistant Procurement #1	LACE/Bank	Completed	To be financed by LACE regular budget
3. Recruitment of Assistant Procurement #2	LACE/Bank	TBD	Depending on the availability of fund
4. Training of procurement staff	LACE/Outside consultant	July 31, 2010	To be financed by LACE regular budget, EGIRP, and other sources (TF)
5. International consultant to support LACE	Bank - LACE	June 30, 2010	To be financed by Bank (EGIRP or other sources)
6. Regular procurement supervision missions	Bank	June 30, 2010	At least four times a year To be financed by BB
7. Procurement audit	Bank	June 30, 2010	Twice a year To be financed by BB
8. Section 8.3 of the Operation Manual to be revised	LACE and Bank	May 30, 2010	First draft prepared by LACE

20. While the above measures apply in particular to the implementation of the first type of projects – the community-driven projects – the strengthening of procurement capacity at LACE will have a positive impact on the new project the YES, although as mentioned above procurement activities under the new project will be limited to hiring local and experienced community facilitators, procuring and distributing tools, and selecting and contracting a commercial bank to make payments and international consultants to carry out the mid-term review and final impact assessments.

21. The overall project risk for procurement is **High**.

No	Key Risks	Mitigation Actions	Institution	Date
1	Lack of presence of	Contracting of an international procurement specialist to mentor the procurement training	LACE	By 15 June 2010

No	Key Risks	Mitigation Actions	Institution	Date
	reliable and competent procurement capacity in LACE	director of LACE and with an additional responsibility to manage the project Further training of community facilitators and Project Management Committees (PMC) in the application of the procurement procedures.		Soon after recruitment of the international procurement specialist
2	Inadequate monitoring.	Intensive monitoring and supervision at critical stages of project execution to be identified in the Project Operation Manual.	LACE/ Bank	From onset of project and ongoing
5	Strengthen Ownership	LACE to facilitate the organization of public social accountability forums with public to review project activities and implementation progress.	LACE/ MoPEA/ Civil Society DAs	Ongoing
6		Carry out Social Audits annually.	LACE/Bank	Once every two years 2010
7		Publication of procurement plans, advertisements for procurement opportunities, and contract awards at county office notice boards and in the Public Procurement and Concessions Committee (PPCC) Bulletin.	LACE/Counties/PPCC	Ongoing
8		Continuous sensitization, strong M&E.	LACE	Ongoing

22. The measures above are mostly related with the first type of projects implemented by LACE – the community-driven projects – and have little implications for the Liberia YES Project, and component 1 in particular.

23. The implementation of component 2 of the project will form part of a larger program to create a fertile environment for catalyzing employment growth in Liberia harnessing public and private sector mechanisms to maximize unused labor for productive purposes and ensuring the creation of appropriate skills to meet demand. To this end, the project is designed and will be implemented to foster partnership with the government, the private sector, UN agencies, and local and international NGOs. The component 2 management agent will assure synergy with the government's TVET reform agenda and with related youth, employment and skills development activities sponsored and/or implemented by other DPs and NGOs. The following ministries are key partners of this project: Planning and Economic Affairs (MoPEA), Public Works (MoPW), Labor (MoL), Education (MoE), Youth and Sports (MoYS). UN agencies include ILO, WFP, and UNICEF.

24. The Ministry of Finance (MoF) through the Project Financial Management Unit (PFMU) will ensure effective oversight for the implementation of the component by a Management Agent (MA) to be hired through the project. In this regard, the PFMU will (i) provide overall guidance on the management and implementation of Part 2 of the Project; (ii) provide oversight of the

work of the MA; (iii) review the MA Annual Work Plans and Project Reports and other reports to be prepared.

25. The Procurement Specialist assessed the capacity of PFMU with a view to ascertaining its capacity to manage the procurement and supervision of the MA. It was found out that the PFMU, though has vast experience in Bank financed projects, is overloaded with financial management activities and will require additional staff to take up the additional responsibility envisaged under component 2. As a minimum, MoF will hire an experienced International Technical Specialist with management experience and knowledge of World Bank procurement procedures to complement the existing staff. The complementary staff requirement will reviewed throughout the implementation of the component and will be revised as necessary. The Management agent will report to a newly created National Commission of TVET and – prior to its creation – to an intergovernmental steering group headed by the vice president and a designated ministry, which will play a key role in supervising implementation in coordinating the strategic approaches of these components and carrying out monitoring and evaluation functions. The designated ministry will also host a monitoring and evaluation (M&E) unit. This arrangement will be in place until a board for industrial relations eventually becomes part of the proposed national commission for TVET.

26. The overall project risk for procurement is **High**.

Key Risk	Risk Mitigation Actions	By Whom	By When
Lack of Technical, and sufficient procurement staff (Component 2 Coordinator) at PFMU	Contracting of an International Technical Expert with World Bank procurement knowledge and management experience to manage technical input requirements of the component	MoF supported by PFMU	June 30, 2010

Procurement Plan

27. Eighteen-month procurement plans for project implementation under components 1 and 2 will be prepared to reflect project implementation plans. Thresholds, the procurement methods and prior review requirement will be the same for the new activities as under the original CEP II projects.

Frequency of Procurement Supervision

28. In addition, it is recommended to carry out supervision missions to conduct post-review of contracts which are not subject to the above prior review requirements on a frequency of two-three procurement supervision missions each year, to visit the field and to carry out a post-review of procurement actions. The procurement post-reviews should cover at least 20 percent of contracts subject to post-review.

Post-reviews consist of reviewing technical, financial, and procurement reports carried out by the Borrower’s executing agencies and/or consultants selected and hired under the Bank project according to procedures acceptable to the Bank.

29. **Procurement Audits.** Not later than three months after the end of each financial year, the Loan recipient will submit to the Bank a procurement audit report prepared by consultants selected in accordance with the guidelines for selection of consultants, based on the ToR approved by the Bank and incorporated in the Operation manuals. The audits would: (i) verify that the procurement and contracting procedures and processes followed for the projects were in accordance with the Financing Agreement; (ii) verify technical compliance, physical completion and price competitiveness of each contract in the selected representative sample; (iii) review and comment on contract administration and management issues as dealt with by participating agencies; (iv) review capacity of participating agencies in handling procurement efficiently; and (v) identify improvements in the procurement process in the light of any identified deficiencies. The Borrower and IDA will review all thresholds stated in this section on an annual basis. Amendments may be agreed upon based on performance and actual values of procurement implemented. Amendments to the FA may be proposed accordingly.

30. **Procurement Management Reports.** The IAs will, every quarter, submit procurement management reports to IDA. The format and content of procurement management reports will be agreed between the Bank and each IA within one month of effectiveness.

31. **Publication of Awards and Debriefing.** The results of the bidding process for all ICB and NCB for goods and works, and also for consultant contracts estimated at US\$200,000 and above, in response to paragraphs 2.60 and 2.65, and 3.4 of the World Bank’s “Guidelines: Procurement under IBRD Loans and IDA Credits” dated May 2004 and revised in October 2006; and paragraphs 2.28 and 2.29 of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” dated May 2004 and revised in October 2006 shall be published.

32. **Fraud and Corruption.** All procuring entities as well as bidders and service providers (i.e., suppliers, contractors and consultants) shall observe the highest standard of ethics during the procurement and execution of contracts financed under the project in accordance with paragraphs 1.14 of the Procurement Guidelines and paragraphs 1.22 of the Consultants Guidelines

Details of the Procurement Arrangements Involving International Competition

(1) Goods, Works, and Non-Consulting Services

1. List of contract packages to be procured following ICB and direct contracting:

Component 1

Table 1: Works *

1	2	3	4	5	6	7	8
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No.	Contract (Description)	Estimated Cost (US\$ million)	Procurement Method	P-Q	Domestic Preference (Yes/No)	Review by Bank (Prior/Post)	Expected Bid Opening Date

* ICB works contracts estimated to cost above US\$3.0 million per contract and all direct contracting will be subject to prior review by the Bank. None envisioned as of project preparation.

Table 2: Goods **

1	2	3	4	5	6	7	8
No.	Contract (Description)	Estimated Cost (US\$ million)	Procurement Method	P-Q	Domestic Preference (Yes/No)	Review by Bank (Prior/Post)	Expected Bid Opening Date
	TOOLS for cash for work	0.360	NCB	No	No	Prior	TBD

** ICB goods contracts estimated to cost above US\$500,000.00 per contract and all direct contracting will be subject to prior review by the Bank. However, the above NCB contracts have been identified for prior review.

Table 3: Non-Consulting Services ***

1	2	3	4	5	6	7	8
No.	Contract (Description)	Estimated Cost (US\$ million)	Procurement Method	P-Q	Domestic Preference (Yes/No)	Review by Bank (Prior/Post)	Expected Bid Opening Date
	Banking service for payment of wages by Eco Bank	0.090	Single source	No	No	Prior	TBD

*** ICB contracts estimated to cost above US\$500,000 for non-consulting service per contract and all direct contracting will be subject to prior review by the Bank. None envisaged as at project preparation; however, the above single contract has been identified for prior review.

(2) Consulting Services

2. List of consulting assignments with short-list of international firms.

Table 4: Consulting Services

1	2	3	4	5	6
No.	Description of Services	Estimated Cost (US\$ million)	Selection Method	Review by Bank (Prior/Post)	Expected Proposals Submission Date
1	15 Local NGOs to serve as community facilitators and conduct the life skills training under component 2	0.10	CQS	Prior	TBD

Table 5: List of International Individual Consultants (IC)

1	2	3	4	5	6
No.	Description of Assignment	Estimated Cost (US\$ million)	Selection Method	Review by Bank (Prior/Post)	Expected EOI Submission Date
1	Public works consultant	0.07	IC	Prior	TBD
2	Social protection consultant	0.07	IC	Prior	TBD
3	M&E consultant	0.07	IC	Prior	TBD

3. All contracts not subject to prior review will be post reviewed.

Component 2

Table 6: Works ****

1	2	3	4	5	6	7	8
No.	Contract (Description)	Estimated Cost (US\$ million)	Procurement Method	P-Q	Domestic Preference (Yes/No)	Review by Bank (Prior/Post)	Expected Bid Opening Date
1	Civil works for AITB	0.05	NCB	No	No	Post	TBD
2	Civil works for public service provider	0.15	NCB	No	No	Post	TBD

**** ICB works contracts estimated to cost above US\$3.0 million per contract and all direct contracting will be subject to prior review by the Bank. No ICB contracts envisaged at preparation; however, the above NCB contracts shall be prior reviewed.

Table 7: Goods *****

1	2	3	4	5	6	7	8
No.	Contract (Description)	Estimated Cost (US\$ Million)	Procurement Method	P-Q	Domestic Preference (Yes/No)	Review by Bank (Prior/Post)	Expected Bid Opening Date
1	Computers (50) and servers (4)	0.07	NCB	No	No	Post	TBD
2	Equipment for workshops	0.25	NCB	No	No	Post	TBD

3	Furniture and fixture	0.05	NCB	No	No	Post	TBD
4	Vehicles (5No.)	0.125	NCB	No	No	Post	TBD
5	Other office furniture	0.025	NCB	No	No	Post	TBD

***** ICB contracts estimated to cost above US\$500,000 for goods per contract and all direct contracting will be subject to prior review by the Bank.

(3) Consulting Services

- List of consulting assignments with short-list of international firms.

Table 8: Consulting Services

1	2	3	4	5	6
No.	Description of Services	Estimated Cost (US\$ million)	Selection Method	Review by Bank (Prior/Post)	Expected Proposals Submission Date
1	International Agency/NGO/Private Consulting firm providing Management agent Activities for component 2 based on a Terms of Reference agreed between the recipient and IDA	5.5	QCBS/QBS ¹	Prior	August 15, 2010
2	NGO/Private Institution for providing skills training, business training and employment generation services for 2 selected sites (1)	0.650	QCBS/QBS ¹	Prior	Aug 30, 2010
3	NGO/Private Institution for providing skills training, business training and employment generation services for 2 selected sites (2)	0.550	QCBS/QBS ¹	Prior	Aug 30, 2010
4	NGO/Private Institution or individual consultant to provide fiduciary support to the Ministry of Finance	0.450	QBS or IC	Prior	Aug 15, 2010

¹ The selection method should comply Bank guidelines and should keep eligibility open for private consultants, NGOs and other international agencies.

- All contracts not subject to prior review will be post reviewed.

Annex 9: Economic and Financial Analysis

Liberia Youth, Employment, Skills Project

Economic Analysis

Component 1

1. Given the difficulties of accurately quantifying the benefits of the proposed temporary employment component of the Liberia Youth, Employment, Skills (YES) Project, a full cost-benefit analysis is not applicable and this analysis will be limited in demonstrating its cost-effectiveness. The basis for this analysis will be the performance of the current Cash for Work Temporary Employment Project (CfWTEP) which, while still underway, has provided insight into actual project costs. In addition, the preliminary results of a quantitative survey of the existing program are also providing a good insight into project cost-effectiveness. The design of component 1 is largely based on the CfWTEP. The main difference is the introduction of the life skills training component and operational and targeting improvements, which are meant to improve its overall cost-effectiveness.

Program Impact on Households

2. The results of the quantitative assessment of the exiting CfWTEP are very encouraging regarding both the short- and long-term impact of the program on households. The results of how project income was used for instance indicated that as much as 30 percent of the income of participants was spent on education and 25 percent on various types of investments (See table 1 below). This implies that the program is not only achieving short-term impacts, but is also having some longer-term impact on the targeted households. The relatively high share of the income used for education and investments is in part possible because of the wage rate of US\$3 a day, which may be considered high for an emergency program aiming to address food insecurity. Yet, given that the program only provides one single episode of employment to participants, a relatively high wage rate that allows not only for increased temporary consumptions but also some level of investment may be warranted.

Table 1: Use of the Income from CfWTEP

	Relation to Head		Gender		All
	Head of	Other	Male	Female	Total
Education	31.2	30.2	32.4	29.3	31.0
Healthcare	8.5	8.3	8.1	8.8	8.4
Living expenses	28.8	25.3	27.4	28.5	28.0
Funeral	1.2	1.4	1.5	0.9	1.2
Celebration	0.7	2.2	1.2	0.9	1.1
Investment farm	8.3	8.1	7.3	9.4	8.2
Investment, non-farm	6.5	4.3	7.3	4.5	6.0
Debt repayment	2.3	8.0	2.7	4.7	3.6
Transfer	1.1	2.2	1.4	1.3	1.3
Repairing the house	8.8	6.2	7.9	8.6	8.2
Acquiring hh assets	2.7	3.6	2.7	3.1	2.9
Total	100.0	100.0	100.0	100.0	100.0

Source: Preliminary results of the quantitative assessment of the Liberia CfWTEP.

Cost-Effectiveness of the CfWTEP and Liberia YES Projects

3. The program will be highly cost-effective compared to international comparators. This is due to its high labor intensity of activities, the effective geographical and household level targeting, and the low foregone income from participation.

4. To estimate the “cost-effectiveness ratio” or the relative efficiency of converting program funding to income benefit for the poor, this analysis adapts the methodology developed in Ravallion (1998).⁴ The calculation is based on only three variables as other data on the benefits of the infrastructure outputs are not available. Some estimates in this regard will be made however. The three variables are:

5. **Labor Intensity** (The share of all wages paid in total public works costs). Labor intensity of CfWTEP was 68 percent. This is good by international standards. Other public works programs show rates of around 60 percent in India (National Rural Employment Guarantee Scheme), 70 percent in Korea’s public works program, 85 percent in the Productive Safety Net Program in Ethiopia, 40-50 percent in Argentina’s *Trabajar* Program, and 60-70 percent in Bangladesh’s Food for Work Program. There are two caveats to this nevertheless. The first is that these programs are of a much larger scale than the program in Liberia. The second is that the government contribution in terms of project management in Liberia is zero. This is important as in most other programs the cost of government officials managing the program is not fully factored into the project costs thus enabling higher labor intensities to be achieved.

6. **Wage Targeting Performance** (The proportion of the wages paid out that goes to poor workers). By using different matching approaches for analyzing the results of the quantitative survey, it was found that between 71 and 85 percent of the households benefiting from the program were from the first three income quintiles. The findings of the previous Core Welfare

⁴ Ravallion. 1998. Appraising Workfare. World Bank Policy Research Working Paper No. 1995. Washington DC: World Bank.

Indicators Questionnaire (CWIQ) survey found that all those in the first three quintiles in Liberia are classified as poor, as 63 percent of the entire population was found to be living below the poverty line. When taking this into account, it is estimated that between 74 and 86 percent of program participants were below the poverty line. For the purposes of the assessment the average value of 80 percent will be used. This compares fairly well with the Ethiopian Productive Safety Net Project (PSNP), for instance, where it was found that 87 percent of beneficiaries were among the target group. It was estimated that 70-80 percent of Argentina's *Trabajar* Program beneficiaries were under the national poverty line.

7. **Net Wage Gain** (Share of the gross wages received by the poor after taking into account any foregone income). Because of the high wage paid, extreme poverty, and lack of other income opportunities in Liberia, the quantitative survey found that the net wage gain of the CfWTEP was very high. Approximately 75 percent participants had no other income or employment before the program and so the foregone earnings were very low. The net wage gain was found to be 93 percent. In comparison, a finding from India estimated net gain at 75 percent. In comparison, a study of Argentina found that net wage gain was only 50 percent as there were more work alternatives available. Overall cost-effectiveness is thus:

$$\text{Cost-effectiveness of the wage transfer: Labor intensity (.68)* wage targeting performance (.80)* net wage gain (0.93) = 0.51.}$$

8. The estimated cost-effectiveness of the wage transfer on the current CfWTEP is 0.51, so the total cost of transferring US\$1 in net wage benefit to a food insecure person through CfWTEP is US\$1.96, which includes the US\$1 in net wage. A 0.51 overall cost-effectiveness is somewhat lower than for instance Ethiopia's PSNP where the cost-effectiveness of the wage transfer was also about 0.55. It is projected that despite the inclusion of training in the Liberia YES Project, the overall effectiveness will not be reduced because of anticipated operational improvements and improved targeting. As mentioned earlier no data is available regarding the benefits of the infrastructure provided and improved reporting on this aspect will be one of the key improvements of the Liberia YES Project. Nonetheless given the effective targeting in the CfWTEP and the fact that projects are generally located within the communities participants are from, it can be assumed that a fair amount of the benefits accrue to the poor. If it is assumed that the same program participants are beneficiaries of the infrastructure maintenance outputs then a value 0.80 can be retained as a measure of the effectiveness of the infrastructure benefiting the poor.

9. If a low benefit-cost ratio on the project activities of only 0.50 is assumed then the cost-effectiveness ratio for the infrastructure-program activities can be estimated at $0.80*0.50 = 0.40$ implying that it takes US\$2.50 to transfer US\$1 of infrastructure benefit to the participants. The Ethiopia PSNP requires US\$2.13 to transfer US\$1 of infrastructure benefit to the poor. The cost-effectiveness analysis can be further developed by looking at the design of component 1 in comparison with the key design features of public works programs. This is done in the table below.

Best-Practice Design Feature	CfWTEP/YES Performance
Wage rate no higher than prevailing market wage for unskilled manual labor	Poor – Wage rates are higher than the prevailing market wage rate. Yet, given the size of the program and the Liberian conditions, the risks of negatively impacting the local labor market are very small.
Restrictions on eligibility should be avoided	Fair – There are few restrictions for participation but given that the wage rate cannot be used as an effective targeting mechanism, screening processes to identify the most vulnerable are applied
Program should be targeted to poor areas, as indicated by a credible "poverty map"	Good - Program is geographically targeted based on the number of extreme poor in all counties
The labor intensity (share of wage bill in total cost) should be as high as possible	Good – Program will achieve 72% labor intensity, which compares well with other programs
Assets created are of maximum value to poor people in those areas. Any assets that largely benefit the non-poor should require co-financing from the beneficiaries	Good – Program focuses on maintenance of assets but they were generally located within poor communities and work activities were generally identified by the communities themselves
Public works should be synchronized to the timing of agricultural slack seasons	Fair – There are practical difficulties with this approach as the slack season (hungry season as referred to in Liberia) coincides with the peak of the rainy season when project implementation is difficult
Encourage female participation. Women can benefit from piece rates or task-based wages; sometimes wages in the form of food have attracted more women to work sites. Provision of childcare can improve female participation.	Fair – Female participation will be around 50%, current restrictions on the participation of pregnant women will be lifted and childcare services will be considered.
Transaction costs to the poor are kept low— one important means to accomplish this is through locating project sites close to villages.	Excellent – Projects are all located within walking distance of communities.
To ensure appropriate mediation of NGOs for protecting the rights of the poor <i>vis -à-vis</i> program managers	Good – Program is implemented by strong local NGOs that have demonstrably paid adequate attention to the needs of the poor
The program should focus on asset maintenance	Good – Program focuses almost exclusively on the maintenance of assets

Source: Ravallion (1999 and 2000) and Subbarao (1997) as compiled in "Systemic Shocks and Social Protection: Role and Effectiveness of Public Works Programs" by K. Subbarao. Social Protection Discussion Paper No. 302, January 2003, World Bank.

Fiscal Impact and Sustainability

10. Over three years, US\$7.5 million has been allocated to the temporary employment component of the Liberia YES Project. Based on the planned implementation period of three year, this represents 0.45 percent of GDP (based on 2008 estimate of nominal GDP of US\$840 million). Furthermore, it will be equivalent to about 1.05 percent of government expenditure. While it is not expected that the government will sustain the program from its own revenue sources, it is encouraging that through donor support the CfWTEP will essentially be able to continue as part of YES for another two years. It should also be noted, that the government has from its own resources commenced the implementation of a similar program, the Liberia Jobs

and Opportunities Initiative. This program targets youth and will reach 8,000 beneficiaries between December 2009 and July 2010. The estimated budget of this initiative is US\$2 million.

Annex 10: Safeguard Policy Issues

Liberia Youth, Employment, Skills Project

Environmental risks foreseen under the project are limited.

1. An environmental evaluation of the CfWTEP, conducted in January 2009, found no apparent negative impact of the project. The activities undertaken primarily include the basic road maintenance, such as clearing brush and filling potholes, as well as the cleaning and clearing of public areas. However, if the government or other development partners contribute material inputs to the project, component 1 may also undertake other activities building or improving community assets such as replacing or laying culverts, painting public buildings, and minor rehabilitation of public schools, health clinics, community centers, and markets. Prior to any such construction, the project will conduct an assessment of potential environmental impacts. In addition, some works undertaken may require the provision of ear protection, protective headgear and gloves, masks, and safety shoes to workers to mitigate safety and health concerns. These and other environmental risks and mitigation measures will be assessed in the Environmental and Social Screening and Assessment Framework (ESSAF). In addition, screening tools, mitigation measures, and an outline of the roles and responsibilities of each agency in safeguards monitoring and supervision will be elaborated in the new version of the Operation Manual for component 1.

2. It is not expected that the training projects financed under component 2 will trigger specific environmental concerns. In any case, there are sufficient tools developed for other Bank-financed, skills development projects in Liberia that can be adapted to suit specific activity requirements that may arise from the different envisaged skill development programs to be undertaken in this project.

Social Policies

3. **The environmental category assigned to the project is B. This implies that impacts are likely to occur but such impacts can be mitigated or avoided altogether.** From the social safeguards perspective, the project does not at this moment trigger OP 4.12 due to the fact that the activities envisaged under both components 1 and 2 are not likely to result in any form of land take, restriction of access to assets or impact negatively on livelihoods. However, it has been noted that in the event that there are new considerations for project activities under any of the components that could result in scenarios for involuntary resettlement, the necessary safeguards activities will be completed before construction.

4. Although the project does not trigger OP 4.12, the implementing agency, LACE has an existing Resettlement Policy Framework (RPF) prepared and disclosed in 2007 for its current and ongoing activities under the Community Empowerment Project II. The RPF outlines the principles of resettlement, the legal and administrative set up for land acquisition, entitlements for different PAPs, grievance redress mechanisms including the role of different stakeholders. In the event that this RPF will be needed, it will have to be revised to reflect the situations and conditions under which the YES project would be implemented.

Capacity for delivering on safeguards implementation is strong within the implementing agency. The LACE has an institutionalized structure for implementing and monitoring safeguards from the project level to the community level with identifiable focal persons with clear responsibilities and reporting lines. There will be continuous discussion of safeguards issues as socially sustainable activity during implementation.

Annex 11: Component 1 - Wage Rate Assessment

Liberia Youth, Employment, Skills Project

1. When assessing the opportunity of reducing the wage rate from US\$3 to US\$2.50 a day, there are a number of factors to be considered and each is discussed in more detail below.

Political Economy

2. One set of factors in deciding the wage rate is of a political nature. In particular, the Liberia Jobs and Opportunities Initiative in December 2009 by the GoL is significant as it represents a commitment of Government of Liberia to prioritize employment creation from its own resources. This program pays a wage rate of US\$3 a day. The scheme plans to create 8,000 temporary jobs for youth. The appraisal team was strongly advised by the government and partners to keep the temporary employment project component aligned with the government's own initiatives. Furthermore, similar programs are being implemented in Liberia by the World Food Program, United Nations Development Program (UNDP), and United Nations Mission in Liberia (UNMIL) and they are currently all paying a wage rate of US\$3 a day.

3. In addition, if the Liberia YES Project were to be the only one paying less than US\$3 this would also create difficulties with communities that may feel short-changed and may result in accusations of LACE holding back some of the funds due to the communities, undermining the relationship between communities and the implementing agency even before the start of the implementation of the project.

Self-Targeting

4. One important reason for wages of these types of public works programs to be kept low is to enable the wage rate to function as a self-targeting mechanism. However, despite the relatively high wage rate in the CfWTEP the targeting was still found to be effective. In fact, the CfWTEP did not rely on the wage rate as the primary targeting mechanism, rather on community involvement in the selection of participants, geographical targeting, and some eligibility criteria such as the condition of being unemployed. Under the CfWTEP this approach led to good targeting with 80 percent of program beneficiaries classified as poor or extremely poor. Lowering the wage rate to a level of US\$2.50 would not make the wage rate a much more effective targeting mechanism, as it would still be above the market wage rate. Effective targeting would still primarily depend on the additional targeting and recruitment activities that are part of the project. From the perspective of improving the targeting therefore, setting the wage at either US\$2.50 or US\$3.00 is not critical.

Labor Market Distortions and Substitution

5. Another factor often considered in keeping the wage rate low is the substitution effect and the possible impact on local wage rates. In some areas the high wage rate may encourage people to leave other activities to join the program as it is seen as more attractive. Furthermore, if the wage rate is much higher than local wage rate, it may also create an upward pressure on local wage rates, which may impact employers in the agricultural sector in particular. However, given the high degree of labor surplus in Liberia, this effect is expected to be limited. The results of the

quantitative survey showed that 76 percent of participants were either not active or unemployed prior to the program. It also showed that the substitution effect was very low and found that total cost of participation in the program was only LBD 575 (US\$7.99), which includes income foregone. It is also important to note in this regard that the program provides a once-off opportunity to participants, as those who have previously participated would not be eligible if a second project was implemented in their community. This will limit the impact on overall wage levels because it does not increase the bargaining power of participants, as the program only provides an alternative to other employment on a once-off basis and for a limited duration.

Coverage

6. If the wage rate is reduced to US\$2.50, a total of 52,500 instead of 45,000 people would be reached by the program. Given the large number of poor people and the relatively small percentage of the poor the program can reach, extending coverage as much as possible would be the more equitable approach. This would be an argument in favor of reducing the wage rate to US\$2.50.

Additional Work Executed

7. Another argument in favor of reducing the wage rate would be the total work outputs of the program would increase. Approximately 17 percent more tasks would be completed resulting in more streets being cleaned, drains cleared, potholes filled, etc. as a result of reducing the wage rate to US\$ 2.50.

Capacity

8. One argument against increasing the number of beneficiaries is the weak in-country capacity to implement development project. Scaling up the current CfWTEP from 17,000 beneficiaries in two years to 45,000 people in three years and adding the non-cognitive skills training module will already be quite a challenge. Increasing the number of beneficiaries even further, to 52,500, may be unrealistic given the country context and given that scaling-up capacity is something difficult to achieve in Liberia, as many projects have shown.

Impact on Beneficiaries

9. The assessments done to date on the CfWTEP do indicate that the even though the transfer is of a short-term duration, many participants were also able to use their income for investments such as education, farm inputs, household assets, home improvements, or entry into informal economic activities. Their ability to do so is at least partially due to the relatively high wage rate. It can be expected therefore that reducing the wage rate would reduce the ability of participants to make investments in two ways. Firstly, one could expect that a lower percentage of participants would be able to use the income to make investments, although this effect may be limited as it has been found that in other programs where the wage rate was much lower, people were still able to make some investments. The more significant impact would probably be on the actual size of the investments and the percentage of total income actually used for investment.

Program Cost-Effectiveness

10. Reducing the wage rate would also have an impact on the program cost-effectiveness. As discussed in Annex 9, the cost-effectiveness of the program is estimated to be such that it costs US\$1.96, including the wage, to transfer US\$1 to a poor person. If the wage rate was reduced, the net wage gain of the program would also be reduced which in turn would reduce the cost-effectiveness. Assuming the labor intensity and targeting effectiveness of the program were maintained, the cost-effectiveness of the program would be reduced to 0.50 increasing the cost of transferring US\$1 to a poor person to US\$2. This is so because the fixed costs of making the transfer to a poor person would not be reduced by decreasing the wage rate. Furthermore because this program is essentially a once-off transfer as participants are not allowed to participate in the program more than once, there is an argument in favor of keeping the wage level at US\$3.

11. The table below summarizes the argument for and against reducing the wage rate from US\$3 to US\$2.50.

Table 1: Arguments for and against Reducing the Wage Rate to US\$2.50

	In Favor of Reducing Rate to US\$2.50	In Favor of Maintaining the Wage Rate at US\$3.00
Impact of Final Choice – Important		
Political Economy		Would create tensions with other programs because of misaligned wage rates
Coverage	52,500 instead of 45,000 people could benefit from the program	
Capacity		Weak local implementation capacity will be a major challenge to expand the number of participants above the 45,000 target
Work outputs	17% more work could be executed by the project	
Impact on beneficiaries		Reduced ability of beneficiaries to invest
Impact of Final Choice --Not So Important		
Self-Targeting	A small improvement on the targeting of the extreme poor could be expected	
Labor Market Distortions	Substitution effect would be reduced slightly	
Program Cost-Effectiveness		Small reduction in program cost-effectiveness

Annex 12: Institutional Capacity Assessment for Skills Development

Liberia Youth, Employment, Skills Project

1. *Agricultural Industrial Training Bureau (AITB)*. Currently, this institution has a total of 35 staff, of which 20 are technical staff. AITB has been testing and certifying students since 1996, on a continuous basis. Since 2000, AITB has almost exclusively tested students graduating from skills programs sponsored by USAID. The institution is primarily funded by the government (budget for 2009-2010 US\$260,000, previous year US\$135,720), though it charges a testing fee of US\$35-50 per student. On the day of the review of the institution, 492 students were being tested through decentralized testing venues, and the trades being tested included plumbing, auto-mechanic, metalworking, carpentry, cosmetology, tailoring, baking, repair of two-stroke engines, weaving, arts and crafts, and fisheries. The technical officers of the AITB are engaged not only in developing and conducting tests and evaluations; some also are engaged in curriculum development while others are developing monitoring and evaluation. By the very fact that in a country like Liberia no other competing institution has been set up, testifies to the level of satisfaction with the level of performance of AITB. Apart from the above, AITB has been the chair of the National Working Committee on TVET, which has now produced the draft of the proposed TVET law and policy. Under the draft law, the AITB will become the executive arm of the proposed TVET Commission.

2. Under the circumstances, the assessment considered the capability of the AITB to act as a regulator under a more rigorous regime than now, and to act as the driver for development of standards for training and a qualifications framework for TVET. It was noted in this connection that the AITB has already developed several sets of training standards with local expert support. However, the Bureau has not made efforts to effectively publicize and enforce these standards. Part of the reason is that the machinery at the command of the AITB is much too small. The second reason is that although the Government of Liberia has not created any other institution for certification, the mandate of the AITB does not clearly state any legal consequences for those who do not get their students or courses certified/tested by the AITB.

3. It was noted that though the technical staff of the AITB have basic qualifications and experience, they have not been exposed to developments in their area of expertise for nearly a decade. They also are not privy to current practice in the development of training standards in specific skills, and related matters. However, there is a level of commitment among the technical staff that is commendable. There is also a level of commitment at the level of the director general of the institutions and his deputy directors general. This appeared to be a sufficiently strong foundation upon which a planned development effort may rest.

4. The assessment revealed that for as AITB is concerned, actions need to be taken directed toward: (i) strengthening and standardizing certification system for VET courses; (ii) improving existing training standards and developing new ones for selected skills and courses; (iii) improving the quality of technical inputs and training in teaching methodology for trainers; (iv) improving administrative and regulatory systems; and (v) taking the first steps for development of qualifications framework for TVET. From the assessment it appears that there is sufficient ground for investing in TA for AITB itself and for strengthening the regulatory system for certification through it.

5. *Public Sector Service Providers.* While the choice of the public sector service provider would be a matter of recommendation from the government, an assessment needs to be made primarily with regard to willingness, commitment, and capacity. As regards willingness and commitment, these were assumed to be the purview of the government itself, although some indications as to commitment and willingness were available from the extensive discussions held with various institutions. So far as capacity is concerned, it was decided to adopt certain criteria for the purpose. The criteria chosen were (i) continuous history of service provision in a number of skills; (ii) presence throughout the country; and (iii) established credentials in terms of conducting courses funded by foreign donors and complying with their requirements in terms of minimum training standards as well as fiduciary matters. Three public sector service providers were assessed as to their capacity to implement actions as per project design. The three institutions were the Liberia Organization for Industrialization Center (LOIC), the Forestry Training Institute (FTI), and the Booker Washington Institute (BWI). Details of these are provided below.

6. *Assessment of Liberia Organization for Industrialization Center (LOIC).* The LOIC was established in 1977, basically as a not-for-profit organization. However, the government, in terms of nominees of the Ministry of Planning and Economic Affairs (MoPEA), Ministry of Education (MoE), Ministry of Youth and Sports (MoYS), has a sizeable presence on its Board and for all practical purposes, dictates what LOIC does. It was initially supported by the United States, LOIC has provided training continuously on various skills since 1977, except for a gap of three years. It has been variously supported during this period by German as well as EU through programmatic funding. Currently, LOIC has six centers in the country, which run concurrently and are housed in their own campuses. Total current enrolment is 672 distributed among its different centers. LOIC has trained more than 40,000 persons since inception. The current staff structure of LOIC center-wise is shown in the following table.

LOIC Center	Management Staff	Technical and Training Staff		Other Staff	Total
		Technical	Counselling and Life-Skills Guidance		
Central Administration	10		1 (Counselling Coordinator)	12	23
Monrovia	3	7	3	2	15
Ganta	2	8	3	3	16
Gbarnga	3	10	2	4	19
Bopolu	3	5	1	2	11
Tubmanburg	3	10	3	3	19
Buchanan	3	7	3	3	16

7. It may be seen from the above that the organization is fairly lean, and technical staff outnumber others in every center. LOIC offers training programs in eight to ten trades, including carpentry, plumbing, metalworking, etc. All such programs used to be for a 12 plus 6 month period (12 months practical and theoretical training and 6 months on-the-job training in industry). Courses currently being offered are for nine months, sponsored by UNDP. LOIC has a clear program for life-skills training integrated with training on skills. The training programs

themselves have a 90 percent practical and 10 percent theoretical content. The 12-month program was designed (and conducted) with a three-month career guidance and life skills training component. In that sense, LOIC might be said to have anticipated a number of social development issues as they are related to skills training; and although LOIC has its own courses, the workshops are inadequately equipped. For that reason certain courses have had to be discontinued. For instance, they used to offer a course on refrigeration and air-conditioning but have had to discontinue it for lack of equipment.

8. This institution, nevertheless, is assessed as reasonably capable of conducting pilot skills development training in selected trades. Discussions were also held with them as to their willingness to turn one or two of their centers into specialized ones to cater to the formal sector, for instance. There was no resistance to this idea. So too, this institution has the advantage that AITB is also represented on its Board and therefore the enforcement of certification standards as well as training standards is not likely to pose difficulties. The financial management capacity is reasonably adequate but procurement capacity needs to be strengthened. Most importantly, there is a pool of trainers who can be the core group for the proposed pilots.

9. *Forestry Training Institute (FTI)*. The FTI is located approximately two and a half hour's drive from Monrovia. It trains persons who have completed their first college degree, in Forestry. Training is provided on a range of subjects, from surveying to Botany to Zoology. Basically, the Institute trains people for occupations as forest rangers and forestry professionals. The course is for two years and the class size is 50. The Institute has not had a continuous history of producing graduates. The infrastructure is dilapidated; there are no furniture and fixtures to speak of; and there is no library although a room is marked for that purpose. The number of teachers is quite limited and whether their knowledge is up to date could not immediately be determined. It seemed likely that it is not. In any case the number of graduates is very small, and the government allocates it a very limited budget of US\$70,000 per year, which is considered insufficient to provide quality training.

10. One option for this institute is to unbundle its course into a number of six-month, short-term courses and offer the same to people who are not graduates. Another option that is worthy of consideration is using it as a center for the development of courses primarily. The Institute may continue to conduct its two-year course – aimed not only at developing forestry professionals but with the addition of certain optional modules – the development of trainers in forestry management. The unbundled courses developed at the center could then be taken to the doorstep of the various Forest concessionaires and Forestry companies, where such courses would be taught by the people who have been trained at the FTI. However, strategic development of the FTI is not a short-term action, and while there is potential for this institute to diversify in terms of course structures and durations, this program can be taken up as a separate prong of the overall capacity development strategy, in subsequent phases of the project

11. *Booker T. Washington Institute*. Located in Kakata, this institution has a history of pioneering vocational education in Liberia, and has substantial training and other resources in a number of disciplines. It is one of the pioneering institutions in a number of fields in the country. Generally, courses are for longer duration and much more intensive than in other institutions. As such, it has the inherent capacity to absorb investments. However, inquiries revealed a lack of willingness to engage in activities that are not direct offshoots of their currently running

programs and therefore commitment becomes a matter that needs to be gone into in depth. However, considering its capacity, this institution – if it demonstrates willingness and commitment – can serve as the center for training of trainers programs, which would normally be at a higher level than those for first- or second-level trainees in skills development programs offered by other institutions.

12. Another major component of implementation comprises the training pilots in the informal sector. The project proposes to address this matter through contracting out the training tasks to private service providers such as NGOs. It is not immediately possible to rate NGO capacity directly. However, indirect evidence is available from the fact that a large number of programs funded by USAID, among others, do rely on NGOs to deliver skills training. The Ministry of Education is also developing a whole program of life-skills training to be provided as part of general technical training. This kind of training will also be provided by NGOs. On balance, if adequate precautions are taken at the time of formulation of Terms of Reference, and at the time of contract, it is believed that contracting out of pilots to NGOs will not have high risk. Of necessity, such contracting out will have to be supported by adequate monitoring and evaluation mechanisms.

13. However, NGOs are also likely to be in need of capacity development both in the matter of Business and Technical Skills. It is suggested that some integrated programs for trainers of both public and private service providers be organized under the supervision of the AITB to assure a level of standardization in terms of training content and training delivery. A few programs for NGOs to improve their business skills should also be conducted. These issues need to be clearly included in the project design.

Annex 13: Project Preparation and Supervision

Liberia Youth, Employment, Skills Project

Preparation Schedule

	Planned	Actual
PCN Review	December 9, 2009	December 9, 2009
Initial PID to PIC		
Initial ISDS to PIC		
Appraisal	January 20–February 3, 2010	January 20–February 3, 2010
Negotiations	May 7, 2010	May 10, 2010
Board/RVP Approval	June 22, 2010	
Planned date of Effectiveness	July 10, 2010	
Planned date of Mid-Term Review	May 20, 2012	
Planned date of Closing	June 30, 2013	

Key institutions responsible for preparation of the project:

Government of Liberia
Liberia Agency for Community Empowerment (LACE)

Bank staff and consultants who worked on the project included:

Name	UPI	Title	Unit
Giuseppe Zampaglione	111841	Senior Operations Officer	AFTSP
Peter Darvas	78030	Senior Education Economist	AFTED
Victoria Gyllerup	265277	Senior Operations Officer	AFTRL
Maikel Lieuw-Kie-Song		Public Works Consultant	
John Nyaga	98772	Senior Financial Management Specialist	AFTFM
Allan Rotman	96319	Lead Procurement Specialist	AFTPC
Baba Imoru Abdulai	330392	Procurement Specialist	AFTPC
Jonathan Pavluk	22992	Senior Counsel	LEGAF
Michelle Rebosio	347915	SDV Consultant	SDV
Rajiv Sondhi	231534	Senior Finance Officer	CTRFC
Nyaneba Nkrumah	190613	Senior Natural Resources Management Specialist	AFTEN
Beatrix Allah-Mensa	266580	Social Development Specialist	AFTCS
Bappaditya Chakravarty	294783	Consultant	SASDT
Emily Weedon	353039	Social Protection Consultant	AFTSP
Josiane Luchmun	13870	Program Assistant	AFTSP
Rose-Claire Pakabomba	206875	Language Program Assistant	AFTED

Bank funds expended to date on project preparation:

1. Bank resources: \$136,464.45
2. Trust funds: \$32,145.69
3. Total: \$168,610.14

Estimated approval and supervision costs:

1. Remaining costs to approval: \$50,000.00
2. Estimated annual supervision cost: \$75,000.00

Annex 14: Documents in the Project File

Liberia Youth, Employment, Skills Project

Government Documents

1. Republic of Liberia: Ministry of Planning and Economic Affairs: Liberia's Vision for Accelerating Growth – Development Corridors Desk Study, Undated.

World Bank Documents

2. A Framework for the Study of Skills Development in the Informal Sector of Sub-Saharan Africa, July 4, 2009.
3. Liberia Employment and Pro-Poor Growth, September 9, 2009 – Draft.
4. Active Labor Market Programs for Youth in Africa: A Framework for Engagement, October 5, 2009.
5. Working Out of Poverty Job Creation and the Quality of Growth in Africa, Undated.
6. Youth Employment in Africa – Harnessing the Power of the Private Sector to Create Sustainable, Work Opportunities for Africa's Youth – A Discussion Note, February 2010.

Studies and Assessments

7. International Labor Organization: A Rapid Impact Assessment of the Global Economic Crisis on Liberia, August 2009.
8. Joint Publication – Government of Liberia, European Commission, and UN Liberia: Bulletin 2 – Liberia Market Price Monitor – A Monthly Price Analysis of Food and Other Essential Commodities, October 2009.
9. National Youth Employment Agency (APEJ): Case Study No. 6: APEJ Internship Program, Undated.
10. Nii Moi Thopson: Growth and Employment Prospects in Liberia, June 23, 2008.
11. Overseas Development Institute: Natural Resource Perspectives –A Typology for Public Works Programming, December 2008.
12. Ravi Kanbur, Cornell University: Systemic Crises and the Social Protection System: Three Proposals for World Bank Action, April 2009.
13. Ravi Kanbur, Cornell University: Macro Crises and Targeting Transfers to the Poor, April 2009 – *Draft*.

Annex 15: Statement of Loans and Credits

Liberia Youth, Employment, Skills Project

Project ID	FY	Purpose	Original Amount in US\$ Millions				Cancel.	Undisb.	Difference between Expected and Actual Disbursements	
			IBRD	IDA	SF	GEF			Orig.	Frm. Rev'd
P113099	2009	LR-Urban and Rural Infra. Rehab. Project	0.00	44.00	0.00	0.00	0.00	41.37	0.98	0.00
P104716	2008	LR-Agric. & Infra. Dev. Proj. ERL (FY08)	0.00	53.00	0.00	0.00	0.00	30.02	1.49	1.49
P107248	2008	LR-Econ. Gov. & Instit. Ref. TAL (FY08)	0.00	11.00	0.00	0.00	0.00	5.69	1.27	0.00
P105683	2007	LR-Comm. Empowerment II	0.00	5.00	0.00	0.00	0.00	0.14	-2.06	0.00
P105282	2007	LR-Health Systems Reconstr.	0.00	8.50	0.00	0.00	0.00	4.14	1.47	-0.29
P100160	2006	LR-Emergency Infrastructure ERL (FY06)	0.00	54.70	0.00	0.00	0.00	9.90	-22.39	-3.63
Total:			0.00	176.20	0.00	0.00	0.00	91.26	-19.24	-2.43

Liberia Youth, Employment, Skills Project

STATEMENT OF IFC's

Held and Disbursed Portfolio

In Millions of US Dollars

FY Approval	Company	Committed IFC				Disbursed IFC			
		Loan	Equity	Quasi	Partic.	Loan	Equity	Quasi	Partic.
	Total portfolio:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

FY Approval	Company	Approvals Pending Commitment			
		Loan	Equity	Quasi	Partic.
	Total pending commitment:	0.00	0.00	0.00	0.00

Annex 16: Country at a Glance

Liberia Youth, Employment, Skills Project

Liberia at a glance

12/9/09

POVERTY and SOCIAL

2008

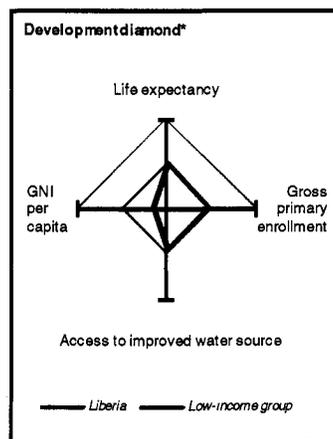
	Liberia	Sub-Saharan Africa	Low-income
Population, mid-year (millions)	3.8	818	973
GNI per capita (Atlas method, US\$)	170	1,082	524
GNI (Atlas method, US\$ billions)	0.64	885	510

Average annual growth, 2002-08

	Liberia	Sub-Saharan Africa	Low-income
Population (%)	3.6	2.5	2.1
Labor force (%)	4.0	2.8	2.7

Most recent estimate (latest year available, 2002-08)

	Liberia	Sub-Saharan Africa	Low-income
Poverty (% of population below national poverty line)	..	..	..
Urban population (% of total population)	58	36	29
Life expectancy at birth (years)	58	52	59
Infant mortality (per 1,000 live births)	100	89	78
Child malnutrition (% of children under 5)	20	27	28
Access to an improved water source (% of population)	64	58	67
Literacy (% of population age 15+)	56	62	64
Gross primary enrollment (% of school-age population)	91	98	98
Male	96	103	102
Female	86	93	95

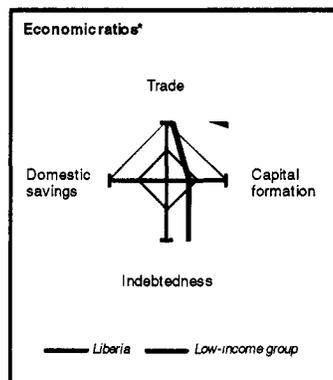


KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1988	1998	2007	2008
GDP (US\$ billions)	1.0	0.36	0.73	0.84
Gross capital formation/GDP	..	..	20.0	20.0
Exports of goods and services/GDP	..	10.8	28.3	31.1
Gross domestic savings/GDP	..	..	-142.5	-121.5
Gross national savings/GDP	..	..	-126.8	..
Current account balance/GDP	..	..	0.0	0.0
Interest payments/GDP	1.2	0.1	50.4	62.3
Total debt/GDP	177.4	715.4	502.3	416.7
Total debt service/exports	..	2.6	256.8	5228.7
Present value of debt/GDP	..	..	630.3	227.7
Present value of debt/exports	..	..	1895.2	10940.8

(average annual growth)

	1988-98	1998-08	2007	2008	2008-12
GDP	-14.3	1.3	9.4	7.1	..
GDP per capita	-14.4	-2.6	4.7	2.4	..
Exports of goods and services	..	..	..	..	..

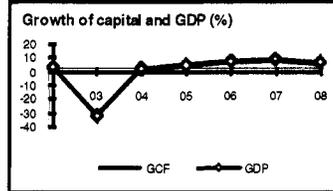


STRUCTURE of the ECONOMY

(% of GDP)	1988	1998	2007	2008
Agriculture	38.1	78.6	55.0	61.3
Industry	23.9	7.1	18.9	16.8
Manufacturing	..	4.8	13.2	12.7
Services	38.0	14.3	26.1	21.9
Household final consumption expenditure	..	..	228.0	202.3
General gov't final consumption expenditure	..	..	14.6	19.3
Imports of goods and services	..	39.3	190.9	172.6

(average annual growth)

	1988-98	1998-08	2007	2008
Agriculture
Industry
Manufacturing
Services
Household final consumption expenditure
General gov't final consumption expenditure
Gross capital formation
Imports of goods and services



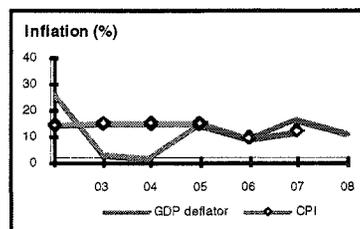
Note: 2008 data are preliminary estimates.

This table was produced from the Development Economics LDB database.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

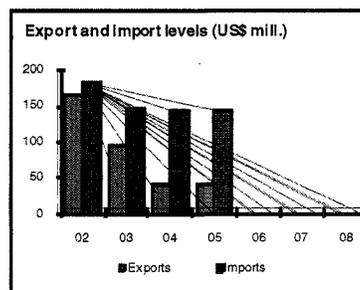
PRICES and GOVERNMENT FINANCE

	1988	1998	2007	2008
Domestic prices (% change)				
Consumer prices	9.6	..	11.7	..
Implicit GDP deflator	9.0	3,789.2	16.0	10.4
Government finance (% of GDP, includes current grants)				
Current revenue	..	..	0.0	0.0
Current budget balance	..	..	0.0	0.0
Overall surplus/deficit	..	..	0.0	0.0



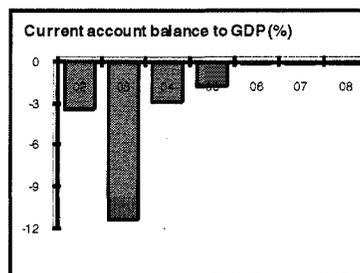
TRADE

(US\$ millions)	1988	1998	2007	2008
Total exports (fob)	0	0
n.a.	0	0
Manufactures	0
Total imports (cif)	0	0
Food	0	0
Fuel and energy	0	0
Capital goods	0	0
Export price index (2000=100)
Import price index (2000=100)
Terms of trade (2000=100)



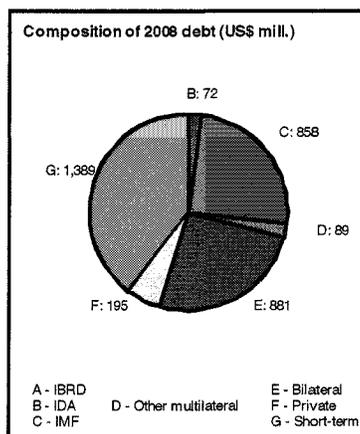
BALANCE of PAYMENTS

(US\$ millions)	1988	1998	2007	2008
Exports of goods and services	..	39	0	0
Imports of goods and services	..	142	0	0
Resource balance	..	-103	0	0
Net income	-151	-39	0	0
Net current transfers	..	..	..	..
Current account balance	..	..	0	0
Financing items (net)	..	..	0	0
Changes in net reserves	15	0	0	0
Memo:				
Reserves including gold (US\$ millions)	..	..	0	..
Conversion rate (DEC, local/US\$)	1.0	41.5	61.3	63.7



EXTERNAL DEBT and RESOURCE FLOWS

(US\$ millions)	1988	1998	2007	2008
Total debt outstanding and disbursed	1,842	2,573	3,692	3,484
IBRD	134	143	0	0
IDA	102	105	77	72
Total debt service	24	1	628	910
IBRD	0	0	455	0
IDA	0	0	53	5
Composition of net resource flows				
Official grants	23	60	727	1,245
Official creditors	5	0	-256	-37
Private creditors	0	0	0	0
Foreign direct investment (net inflows)	290	190	132	144
Portfolio equity (net inflows)	0	0	0	0
World Bank program				
Commitments	0	0	0	0
Disbursements	1	0	0	0
Principal repayments	0	0	198	4
Net flows	1	0	-198	-4
Interest payments	0	0	310	1
Net transfers	0	0	-508	-5



Note: This table was produced from the Development Economics LDB database.

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MAP SECTION



LIBERIA

- SELECTED CITIES AND TOWNS
- ⊙ COUNTY CAPITALS
- ⊕ NATIONAL CAPITAL
- RIVERS
- MAIN ROADS
- RAILROADS
- COUNTY BOUNDARIES
- INTERNATIONAL BOUNDARIES

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0 20 40 60 80 100 Kilometers
0 20 40 60 Miles