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THE AFRICAN DEVELOPMENT BANK GROUP

PROJECT APPRAISAL REPORT
FOR
DEBT AND OWNERSHIP TRANSPARENCY TECHNICAL ASSISTANCE PROJECT
(DOT-TAP)

LIBERIA

TSF PILLAR III GRANT: UA 1.0 MILLION

ANTICIPATED VP, RDVP APPROVAL DATE: 30 JUNE 2025

Vice-President	Kevin Chika URAMA, ECVP
Director General	Lamin BARROW, RDGW
Sector Director	Abdoulaye COULIBALY, ECGF
Sector Manager	Kevin LUMBILA, ECGF.1
Country Manager	Yusuf Bob FODAY, ECCE.1/COLR (Acting)
Team Leader	Rômulo CORRÊA, Principal Governance Officer ECGF.1
Task Team*	Andara KAMARA, Senior Governance Officer, ECGF.1 (Co-Task Manager)
	Yusuf Bob FODAY, Senior Country Economist, COLR/ECCE.1
	Clara BARROS, Gender Consultant, AHGC1
	Alex YEANAY, Senior Fragility & Resilience Officer, RDTS
	Biry DIAGANA, Fragility & Resilience Expert, RDTS
	Daniel OSEI-BOAKYE, Senior Procurement Specialist, SNFI.1
	Femi FATOYINBO, Financial Management Officer, SNFI.2
	Sekou Abou KAMARA, Principal Environnemental Officer, SNSC.0
	Stephen Oluwaseun OKE, Principal Legal Counsel - Operations Policy, PGCL.1
	Robert Mugabe OCHIENG, Senior Climate Change & Green Growth Officer, PECG.2
	Lucy KEMBOI, Disbursement Assistant, FIFC3
	Félix BADOLO, Consultant, SNDR3
	John MUVAVARIRWA, Principal Governance Specialist-Illicit Financial Flows, ECGF
	Chidiebere IBE, Senior Capacity Development Office, ECAD2
Peer Reviewers	Carina Sugden, Lead Governance Officer, ECGF
	Eline Okudzeto, Chief Governance Officer, ECGF2/RDGE
	Koudeidiatou Issabre-Sow, Chief Governance Officer, ECGF
	Achille Charles S. Toto Same, Principal Governance Officer, ECGF
	Malek BOUZGARROU, Principal Governance Officer, ECGF.1
	Ibrahim BANGURA, Principal Governance Officer, ECGF.1
	Nontle KABANYANE, Principal Country Programme Officer, RDGS

CURRENCY EQUIVALENTS

Exchange rate on 30/12/2024

Currency Unit	**Equivalent**
1 Unit of Account	1.31534 USD
1 United States Dollar	0.76026 UA
1 Unit of Account	255.63054 Liberian Dollars (LRD)
1 United States Dollar	194.34560 Liberian Dollars (LRD)

FISCAL YEAR

January 1 - December 31

WEIGHTS AND MEASURES

1 Metric ton	2,204.62 Pounds (lbs)
1 Kilogramme (kg)	2.20462 lbs
1 Meter (m)	3.28 Feet (ft)
1 Millimetre (mm)	0.03937 Inch (“)
1 Kilometre (km)	0.62 Mile
1 Hectare (ha)	2.471 Acres

Acronyms/Abbreviations

ADF	African Development Fund
AML/CFT	Anti-Money Laundering/Counter Financing of Terrorism
CSD	Crimes Services Division
CBL	Central Bank of Liberia
CID	Criminal Intelligence Divisions
DRM	Domestic Revenue Mobilization
ECOWAS	Economic Community of West African States
EITI	Extractive Industries Transparency Initiative
EPA	Environmental Protection Agency of Liberia
FATF	Financial Action Task Force
FIA	Financial Intelligence Agency
FIU	Financial/Special Investigations Unit
GIABA	Inter-Governmental Action Group against Money Laundering in West Africa
GoL	Government of Liberia
IFFs	Illicit Financial Flows
IMC	Inter-Ministerial Committee
IPFMRP	Integrated Public Financial Management Reform Project
ISP	Institutional Support Program
LBR	Liberia Business Registry
LEITI	Liberia Extractive Industry Transparency Initiative
LRA	Liberia Revenue Authority
MFDP	Ministry of Finance and Development Planning
ML	Money Laundering
MLA	Mutual Legal Assistance
NRA	National Risk Assessment
NTF	Nigeria Trust Fund
PFM	Public Financial Management
PPSD	Public/Private Sector Dialogue
STRs	Suspicious Transaction Reports
TSF	Transition Support Facility
USAID	United States Agency for International Development

PROJECT INFORMATION SHEET

CLIENT INFORMATION

Project Name	Debt and Ownership Transparency Technical Assistance Project (DOT-TAP)
Sector	Economic Governance
Recipient	Republic of Liberia
Project Instrument	Institutional Support Project
Executing Agency	Ministry of Finance and Development Planning

COUNTRY AND STRATEGIC CONTEXT

Country Strategy Paper Period:	2019-2025
Country Strategy Paper Priorities supported by Project:	Priority Area 2 – Improving economic governance and enhancing private sector development.
Government Program (PRSP, NDP or equivalent):	National Development Plan 2025-2029 - ARREST (Agriculture, Roads, Rule of Law, Education, Sanitation, and Tourism) Agenda for Inclusive Development (AAID)
Project classification:	High 5s: Improving the quality of life for the people of Africa
	SDGs: 17 - Strengthen the means of implementation and revitalize the global partnership for sustainable development
Selectivity Priorities:	[Selectivity Priority/Yes]
Country Performance and Institutional Assessment:	3.6 (2023)
Projects at Risk in the country portfolio:	39 percent of red flagged operations (December 2023)
Eligible allocation balance at time of PAR[1]	UA 4.7 million (PBA - UA 3.1 million and TSF Pillar I UA 1.93 million), January 2025

PROJECT CATEGORISATION

Environmental and Social Risk Categorization	Category 3,
Does the project involve involuntary resettlement?	No
Climate Safeguards Categorization:	Category 3
Fragility Lens Assessment:	Yes
Gender Marker System Categorization:	Category 2

[1] Taking into consideration all other projects in the lending program

ADF/ADB KEY FINANCING INFORMATION:

Source	Amount (millions)	Financing Instrument
	UA	
Transition Support Facility (TSF) Pillar III	1.00	TSF Pillar III Grant
Government Counterpart Contribution	0.00	N/A
Total Project Cost:	1.00	

PROJECT DEVELOPMENT OBJECTIVE AND COMPONENTS

Project Development Objective:	The overarching development objective of the project is to enhance economic governance in Liberia by strengthening public debt transparency and beneficial ownership disclosure frameworks.
Project Components[1]:	**Component 1**: Enhancing Transparency in Debt Management (UA 498,000)
	Component 2: Improving Transparency in Business Ownership (UA 418,000)
	Component 3: Project Management (UA 36,000)

ENVISAGED PROJECT PROCESSING SCHEDULE UP TO CLOSING DATE

Appraisal Mission	21 October 2024
Planned Approval Presentation	31 July 2025
Effectiveness	1 September 2025
Project Implementation Period	01.09.2025 to 31.08.2028
Planned Midterm Review	1.11.2026 to 7.11.2026
Closing Date	30 April 2029

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REPORT AND RECOMMENDATION FOR A PROPOSED GRANT TO THE REPUBLIC OF LIBERIA FOR THE DOMESTIC RESOURCES AND DEBT SUSTAINABILITY TECHNICAL ASSISTANCE PROJECT (DOT-TAP)

Management hereby submits this report and recommendation on a proposed grant of UA 1,000,000 to the Republic of Liberia to finance the Debt and Ownership Transparency Technical Assistance Project.

1 STRATEGIC CONTEXT

A. Country Context, Strategy and Objectives

1. **The proposed operation is fully aligned with the country's national development priorities.** In September 2018, the Government of Liberia (GoL) launched its Pro-poor Agenda for Prosperity and Development (PAPD) 2018-2025. The overall objectives of the PAPD are to build more capable and trusted state institutions that lead to a stable, resilient, and inclusive nation embracing its triple heritage and anchored on its African identity. The activities supported by the proposed project are well aligned with its pillars II, III, and IV.[2] The project is anchored around the GoL's National Development Plan 2025-2029 - ARREST (Agriculture, Roads, Rule of Law, Education, Sanitation, and Tourism) Agenda for Inclusive Development (AAID) and supports the GoL's Public Financial Management Reform Strategy and Action Plan (2023-2026), through its focus area "Continuing Reforms to Support Domestic Resource Mobilization".

2. **The proposed operation is also in full alignment with key Bank strategic documents and policies.** As regards the Bank's Liberia Country Strategy Paper (CSP) 2019-2025, the project is aligned with Priority Area 2 – Improving economic governance and enhancing private sector development. It supports the Bank's Strategy for Economic Governance (SEGA) 2021-2025, particularly with Sub-Pillar 1.1 Domestic Revenue Mobilization, Sub-Pillar 1.3 Debt Management and Transparency, and 3.2 Transparency and E-Government. Furthermore, it is fully aligned with the Bank's Action Plan for the Management and Mitigation of Debt Distress Risks in Africa (2021–2023), strategic objective 3, strengthen RMCs' capability to manage their public debt productively and transparently as well as with Bank's Sustainability Borrowing Policy (2022). Moreover, the project is fully aligned with Priority #1 of the Bank's Strategy for Addressing Fragility and Building Resilience 2022-2026, that *highlights economic and financial governance capacity*. Further, the DOT-TAP is aligned with the Bank's Ten-Year Strategy 2024-2033, the High 5s (Improve the Quality of Life of the People of Africa), and specifically with the Governance and Accountability core operational priority, and the African Development Fund (ADF-16) Pillar I: Strengthening Governance and Economic Resilience, which emphasizes enhancing debt sustainability, improving domestic resource mobilization (DRM), and promoting transparency and accountability. Furthermore, it aligns with the Bank's Private Sector Development Strategy (2021–2025) Pillar 1: Improving the Investment Climate and is consistent with the Bank's Capacity Development Strategy (2021–2025) Pillar 1: Capacity for Effective Economic Policy Formulation and Management.

3. **Finally, the proposed operation is aligned with the Bank's selectivity framework** as set out in *Sharpening the Bank's Strategic Focus: A Proposal to Increase the Bank's Selectivity* document

[2] The PAPD four pillars are: I - Power to the People, which focuses on reducing developmental inequalities to enable prosperity; II - The Economy and Jobs, aimed at ensuring economic stability and job creation through effective resource mobilization and prudent management of economic inclusion; III - Sustaining the Peace, which promotes a cohesive society for sustainable development; and IV - Governance and Transparency, which seeks to build an inclusive and accountable public sector for shared prosperity and sustainable development.

approved in May 2021. This document specifically highlights *Strengthening Economic Governance* as a key Bank comparative advantage, and thus, an area for continued focus for the Bank including through technical assistance.

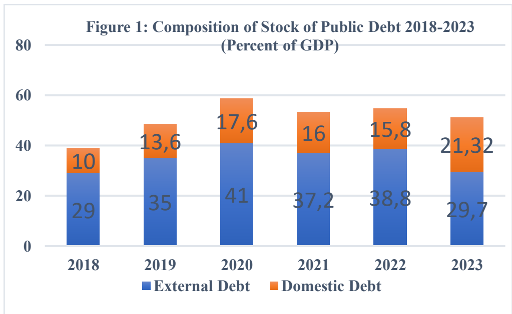
B. Sector and Institutional Context

4. **Political Context.** Liberia has enjoyed nearly two decades of peace and political stability since the second civil war ended in 2003, supported by international aid, institutional reforms, and committed leadership. While vulnerabilities remain such as corruption perception, and disaster vulnerability and strengthening the social contract, the country has made significant progress in re-establishing the rule of law and securing political and civil rights. In 2017, Liberia saw its first peaceful transfer of power since 1944. The 2023 elections saw a high voter turnout, and a peaceful transition to President J. Boakai. The Global Peace Index for Liberia improved from 2.073 in 2010 to 1.827 in 2019 but the ranking deteriorated to 2.025 in 2024, indicating ongoing challenges.

5. **Economic Context.** Liberia is a small, low-income open economy in West Africa with a GDP per capita of US$ 855.2**.** Liberia's economy is largely based on agriculture which accounts for 30 percent of GDP, mining (25 percent), and services (45 percent). Growth faces vulnerabilities derived from commodity price cycles, external shocks, and tax mobilization issues. After a recession in 2019 and 2020, with GDP contracting by 2.5 percent and 3.0 percent, respectively, it recovered to 5.1 percent in 2021, 4.8 percent in 2022, and 4.5 percent in 2023. Economic activity is expected to accelerate to 5.5 percent in 2025, led by agriculture and mining. Inflation dropped from 27.0 percent in 2019 to 7.6 percent in 2022 but rose to 10.5 percent in 2023, due to multiple shocks. International reserve cover has reduced from 4.5 months to 2.3 months of import cover, mainly driven by the decrease in foreign liquid assets, including Special Drawing Rights (SDRs) holdings & reserves.

6. **Fiscal Context and DRM.** Inconsistent public revenues and large fiscal deficits created financing gaps that were bridged by reducing public investment, delaying treasury disbursements and increasing debt, thereby increasing macro vulnerability and limiting the state's capacity to provide public services. The fiscal deficit was estimated at 5.5 percent of GDP in 2023. Liberia's tax-to-GDP ratio was 12.2 percent in 2022, lower than ECOWAS peers (which was 13.8 percent in 2022[3]), a limitation to its development needs. Government funding has relied on declining development partner grants, which fell from 14 percent of GDP in 2018 to 8 percent in 2023.

7. **Debt and Debt Management.** Liberia's public debt escalated from 37.1 percent of GDP in 2018 to 58.8 percent in 2023, driven by increased public investment, declining commodity prices, and global shocks that expanded social spending. Following the IMF-supported Extended Credit Facility (ECF) in 2019, the debt composition shifted: external debt rose from 29 percent of GDP in 2018 to 41 percent in 2020, then decreased to 37.2 percent in 2021, 35.4 percent in 2022, and reached 29.7 percent in 2023. Concurrently, domestic debt increased from 10.0 percent of GDP in 2018 to 21.3 percent in 2023, with the bulk owed to the Central Bank of Liberia (CBL) and a smaller portion held in sovereign bonds by commercial banks. These instruments are used largely for short-term liquidity management, reflecting a shallow market that creates persistent rollover and refinancing risks to the government. Despite commitments to limit external borrowing to concessional loans, absolute external debt has continued to rise due to new multilateral financing Although external borrowing is



Source: AfDB Country Diagnostic Note – Liberia. Computation from Ministry of Finance Annual Budget Report (2022)

[3] OECD, Revenue Statistics in Africa 2024

now largely concessional, with the World Bank and IMF accounting for nearly 50 percent of the portfolio, debt levels continue to rise. The 2024 Debt Sustainability Analysis (DSA) classifies Liberia at moderate risk of external debt distress and high risk overall, reflecting limited shock absorption capacity. Liquidity management is hampered by volatile cash flows, a shallow domestic bond market, and heavy reliance on U.S. dollars, leaving the government vulnerable to interest rate shocks and liquidity shortfalls. Moreover, domestic debt servicing already absorbs about 5.8 percent of GDP in interest payments, highlighting the costly and fragile nature of current borrowing. That adds up to a tendance for arrears accumulation—overdue payments to suppliers, contractors, and other creditors. Although arrears decreased from about US $14.9 million in December 2022 to US $9.9 million by December 2024, largely due to enhanced reporting and validation efforts, their persistence points to deeper governance deficiencies in debt recording, verification, and also on budget execution. Liberia's rising debt burden underscores the urgent need for stronger debt management, domestic revenue mobilization and cheaper source of financing. The government's Medium-Term Debt Management Strategy (2024–2026) aims to keep improving its debt management capacities, improve coordination across fiscal and monetary institutions and deepen the domestic bond market, by extending maturities, and expanding issuance beyond short-term bills. However, fragmented responsibilities and weak institutional capacity remain key constraints. Addressing these through integrated reforms and capacity building is essential to restoring fiscal sustainability.

8. **Governance Context.** The 2024 Ibrahim Index of African Governance ranks Liberia 26th out of 54 countries with a score of 49.1. In the area of Accountability and Transparency, Liberia scores 48.7, reflecting mixed performance. While progress has been made in civic checks and balances (+10.2), disclosure of public records (+11.9), and accessibility of information (+10.1), these gains are offset by a marked deterioration in institutional checks and balances (–15.4) and a decline in the absence of undue influence (–4.7), pointing to limited oversight and accountability mechanisms. Procurement integrity remains a major concern, with a very low score of 14.5 and a sharp decline of –59.2 points since 2014, underscoring systemic corruption risks in public contracting. These governance gaps are further compounded by a poor score of 31.2 in the absence of corruption in the private sector, highlighting persistent vulnerabilities in business conduct and corporate accountability. The business environment is particularly constrained, scoring 43.0, and reflecting regulatory bottlenecks and low investor confidence. Notably, Budgetary and Financial Management has seen a significant decline of –12.5 points over the past decade, now at 50.0, indicating shortcomings in public finance transparency. The Tax Administration Diagnostic Assessment Tool (TADAT) highlights deficiencies in taxpayer registration, and data analysis while the 2015 Global Financial Integrity Report revealed Liberia loses USD 966 million annually (25 percent of GDP) to illicit financial flows (IFFs), primarily from multinational tax evasion and avoidance. While new data is not yet available, the evidence suggest that this is enabled by the gaps in regulation and implementation of beneficial ownership (BO), that would improve the access to information on the individuals who ultimately own or control legal entities in Liberia for taxation purposes.

9. **Beneficial Ownership**. Liberia has advanced BO transparency by enacting 2023 regulations requiring all domestic and foreign entities/businesses to disclose BO information and is in the process of developing a fully flagged public digital BO register under the Liberia Business Registry (LBR)[4]. This initiative will align the country with international standards and promote transparency in corporate ownership, including FATF Recommendations 24 and 25 (which require the collection, verification, and timely updating of BO data), the Open Government Partnership's principles for public, machine-readable registers, and the EITI's extractives-sector disclosure standards. However, challenges remain, including limited mechanisms for verifying data accuracy, weak inter-agency

[4] https://eiti.org/news/liberia-launches-new-digital-beneficial-ownership-register

coordination for enforcing compliance, the need to build capacity within key oversight institutions like the LBR and Financial Intelligence Agency (FIA), and capacity to use the data that is within the BO registry. Raising awareness among private sector stakeholders is crucial for compliance and data quality, while balancing transparency with privacy and data protection concerns is also essential. Addressing these challenges is critical for the effectiveness of Liberia's BO measures.

10. **Private Sector Context**. Liberia's private sector is gradually strengthening and becoming an increasingly important driver for growth. In 2023, foreign direct investment (FDI) amounted to approximately **USD 744 million**, representing around 17.6 percent of GDP, though this marked a decline from the USD 960 million recorded in 2022. Growth in FDI has been closely tied to mining concessions. Despite this, private sector credit remains low: only about 15% of GDP and just under half the average for sub-Saharan Africa, according to IMF/Central Bank data. The private sector, especially micro, small, and medium enterprises (MSMEs), continues to face structural constraints such as high interest rates, limited access to finance, weak infrastructure, and regulatory bottlenecks. The nascent nature of private investment and underdeveloped domestic market mean that Liberia remains vulnerable—heavily reliant on FDI inflows for development capital while domestic finance lags. Strengthening the domestic bond market, improving financial sector intermediation, and enhancing regulatory transparency are necessary conditions for more sustainable business activities.

11. **Government's Reform Priorities.** Considering the above challenges, the GoL in January 2024 deployed the ambitious AAID to boost the private sector, while improving and strengthening economic governance. The agenda aims to help improve macroeconomic stability and the sustainability of the PFM (Public Financial Management), particularly the rule of law system in the medium and long-term. DOT-TAP is underpinned by ARREST's goals "Improving Economic and Financial Governance to Spur Economic Growth and Development".

12. **Social Context.** Liberia is a transition state low-income country with a population of 5.2 million. Per-capita income was estimated at USD680 (2021). Ranking 177th out of 191 countries on the Ranking 177th out of 191 countries on the UNDP Human Development Index (2023), with substantial gender differences in HDI achievements (0.473 for women and 0.547 for men), its estimated poverty rate is of 51 percent in 2021 (World Bank). Only 7 percent of roads are paved and 27 percent of the population having electricity. Youth and gender disparities are significant. In 2021, 14.6 percent of Liberian youth were not in employment, education, or training. The 2022 Gender Inequality Index score was 0.651, placing Liberia 155th out of 162 countries. Approximately 25% of women aged 20–24 were married before age 18, and as of February 2024, women held only 11% of parliamentary seats.

13. **Climate Change Context.** Liberia is highly vulnerable to climate change, facing erosion, flooding, and rain variability. Climate impacts affect agriculture and food security, making Liberia the 9th most vulnerable country to climate change with low readiness to address it, according to the University of Notre Dame.[5] Without adaptation measures, climate change could reduce Liberia's GDP by up to 15% by 2050.[6]

C. Rationale for Bank's Involvement

14. **To mitigate macroeconomic and fiscal risks, Liberia must manage its debt sustainably and improve its investment climate, creating the conditions to open more fiscal room for social investment/public spending.** Challenges such as limited borrowing capacity, tax evasion, avoidance,

[5] https://gain-new.crc.nd.edu/country/liberia

[6] World Bank's 2023 Liberia Country Climate and Development Report

IFFs, and perceived low business transparency are key issues addressed by this project in a sustainable manner.

15. The Bank's comparative advantage in Liberia lies in its longstanding leadership in advancing the public financial management (PFM) and governance agenda through a combination of policy-based operations (PBOs) and institutional support projects (ISPs). Since 2013, the Bank has financed two major ISPs—IPFMRP I (2013–2017) and IPFMRP II (2017–2022)—which laid a solid foundation for improved fiscal governance. These operations supported the rollout of the Integrated Financial Management Information System (IFMIS), the development of a medium-term expenditure framework, enhancements in fiscal reporting and procurement oversight, and the strengthening of debt management functions and SOE monitoring. Building on these achievements, the Bank is currently implementing the Institutional Support for Enhanced Domestic Resource Mobilization Project (ISEDRMP), approved in December 2024. ISEDRMP focuses on digitalizing tax systems, enhancing tax compliance, and strengthening the institutional capacities of key oversight bodies such as the Liberia Revenue Authority (LRA) and the Financial Intelligence Agency (FIA). However, two critical areas remain outside the scope of ISEDRMP: comprehensive reform of public debt management systems and the operationalization of a national beneficial ownership (BO) disclosure framework. These are precisely the gaps that the proposed DOT-TAP is designed to fill. By strengthening debt transparency and establishing a robust BO register, DOT-TAP will directly amplify the results of ISEDRMP—safeguarding the sustainability of revenue gains and ensuring more credible and transparent public borrowing on one hand and increasing corporate accountability, curbing tax evasion, and improving integrity in public procurement on the other. Together, DOT-TAP and ISEDRMP represent a coherent and sequenced approach to economic governance reform.

16. These efforts will (i) be conducted in partnership with the Bank's African Development Institute (ADI), leveraging their Public Finance Management Academy's specialized training on debt reporting, risk analysis, and sustainability and (ii) be backed by the Bank's regional leadership through the African Beneficial Ownership Transparency Network (AfBOTN), which is supporting African countries to align BO reforms with international standards (FATF and EITI). By strengthening debt transparency, the project will enhance fiscal discipline, support more accurate risk assessments, and reduce the risk of arrears through improved planning and monitoring of public liabilities. In parallel, enhanced BO disclosure will reinforce corporate accountability, curb illicit financial flows and tax evasion, and reduce corruption risks—particularly in public procurement—by limiting the misuse of anonymous companies. Together, these reforms will promote more accountable and transparent economic governance, which is essential to restoring public trust, mobilizing domestic resources, and creating a more stable and predictable environment for both public investment and private sector development.

D. Development Partners Coordination

17. The table in Annex 1-3 outlines the development partners' main activities in the project covered areas and shows their complementarity with the proposed project. A PFM Donor Coordination Group, currently chaired by the Government meets monthly with partners including the IMF, World Bank, European Union, USAID, Embassy of Sweden, UNDP, GIZ, Embassy of Norway, the MFDP Reform Coordination Unit (RCU) and other concerned Ministries and Agencies (M&As). With respect to DRM, Debt Management and BO, the Bank is working in close coordination with GIZ, IMF, Sweden and the WB. For instance, the World Bank has provided technical assistance to strengthen Liberia's institutional capacity, including support for developing the Medium-Term Debt Strategy and the Annual Borrowing Plan. Building on this foundation, the DOT-TAP will offer a long-term capacity-building framework to consolidate and institutionalize debt management practices. On BO, GIZ has

supported the Liberia Extractive Industries Transparency Initiative (LEITI) in launching a digital BO register and in implementing the 2023 EITI Standard. Additionally, Liberia is involved in the Opening Extractives programme, led by EITI and Open Ownership. The AfDB has also worked with the EITI and build on its past work and partners' current work by supporting the interoperability of the BO system across key government agencies and promoting decentralization of BO disclosures to strengthen enforcement and expand accessibility beyond the capital. Together, these efforts aim to deepen fiscal transparency, curb illicit financial flows, and enhance domestic resource mobilization.

2 PROJECT DESCRIPTION

A. Project Development Objective

18. The overarching development objective of the project is to enhance economic governance in Liberia by strengthening public debt transparency and beneficial ownership disclosure frameworks. Specifically, the project aims to i) enhance debt management capacity and ii) enhance BO digital registration process and system interoperability.

B. Theory of Change

19. The proposed operation is expected to strengthen fiscal stability in Liberia by addressing two crucial constraints: (i) rapid accumulation of unsustainable debt; and (ii) limited transparency and accountability in business ownership structures. The proposed intervention aims to address these challenges with targeted technical assistance, training or capacity building programs, process improvements, and essential tools to strengthen institutional capacity. That is mainly translated, among other activities, into i) providing specialized training and expertise to enhance the capabilities of key institutions in the debt ecosystem, and ii) technical assistance and capacity building to update and refine the BO procedures and platforms. By strengthening debt transparency, the project will enhance fiscal discipline, improve risk assessments, and reduce the accumulation of arrears through better planning and monitoring of public liabilities. In parallel, enhanced beneficial ownership (BO) disclosure will reinforce corporate accountability and reduce illicit financial flows and tax avoidance—risks often facilitated by opaque ownership structures and weak enforcement. These BO reforms are a key instrument in the fight against tax evasion and revenue leakages and will directly contribute to expanding the tax base and increasing the domestic resources available to finance development, thereby reducing reliance on debt. Conversely, improved debt management—particularly through the clearance of domestic arrears—will help restore confidence in the financial system, stimulate economic activity, and strengthen the financial viability of the private sector. Together, these mutually reinforcing reforms will promote more transparent and accountable economic governance, enabling a virtuous cycle of enhanced revenue mobilization contributing to higher public revenue levels, reduced fiscal risk, and a more conducive environment for sustainable public and private investment.

20. The Theory of Change is based on the following underlying assumptions:

- Sustained political commitment from the Government of Liberia (GoL) to implement and uphold reforms related to debt sustainability and beneficial ownership (BO) transparency and continued collaboration and coordination among key institutions (e.g.: LBR, LRA, FIA, LEITI) to ensure interoperability of systems, effective enforcement of BO regulations and decentralization of services.
- Availability and retention of qualified personnel within the Debt Management Unit (DMU) and Liberia Business Registry (LBR) to absorb technical assistance and apply new tools and procedures.

- Stakeholder buy-in and compliance, including from private sector actors and civil society organizations
- Stable macroeconomic and fiscal environment, allowing the government to prioritize and sustain reforms without major disruptions from external shocks.
- Effective donor coordination and complementary support from development partners to avoid duplication and ensure alignment with broader PFM and governance reforms.

C. Project Components

21. The project comprises three components: (i) Enhancing Transparency in Debt Management; (ii) Improving Transparency in Business Ownership; and (iii) Project management. The first component aims at support the Debt Management Unit (DMU) in its efforts to manage public debt proactively thus rationalizing overall DRM efforts. The second component supports public revenue gains by emphasizing on plugging revenue loopholes through a focus on beneficial ownership system implementation by the Liberian Business Registry (LBR) and its interoperability with other agencies. The last component focus on facilitating and embedding capacity building activities to the project.

Component 1: Enhancing Transparency in Debt Management (UA 498,000)

22. **Objective**: The objective of this component is to enhance staff capacity and operational capacity of the DMU to support the Unit's policy and planning functions.

- ***Sub-component 1.1***: **Enhancing operational capacity of the Debt Management Unit.** This component aims to strengthen the capacity of staff to develop debt management products and utilize existing debt management tools to better design and implement debt management strategies and policies through the following: (i) training in using Commonwealth Meridian; (ii) study tour to countries in the sub-region who use Commonwealth Meridian; (iii); acquisition of laptops and desktop computers; (iv) acquisition of the document module of the Meridian Debt System software; (v) acquisition of office equipment.

- ***Sub-component 1.2***: **Building capacity in developing and publishing policy documents and analytical work.** This component aims to support the Debt Management Unit to produce documents to inform policy and planning strategies through the following: (i) assessment of the government's borrowing capacity through the production of the Debt Sustainability Analysis for 2025; (ii) update of the Medium Term Debt Management Strategy (MTDS) for 2025-2027; and (iii) consultancy and study tour of bond market operations, including thematic issuances (green, gender and social), to countries in the sub-region; (iv) training in Managing Fiscal Risk and Contingency Liabilities, including from State-owned enterprises (SOEs) to better integrate those in debt analysis and reporting routines.

Component 2: Improving Transparency in Business Ownership (UA 418,000)

23. **Objective**: The objective of this component is to strengthen the capacity of institutions to improve transparency and accountability, reduce the risks of corruption, financial crimes, illicit activities and strengthen domestic resource mobilization.

- ***Sub-component 2.1:*** **Enhanced knowledge and capacity to effectively manage and use the Beneficial Ownership Registry.** Use of technology to improve data in Liberia Business Registry (LBR) through: (i) undertaking an interoperability assessment between the BO system and relevant institutions (LRA, FIA, etc), including the possibility of gender disaggregation for better gender policy formulation to; (ii) updating the BO system and; (iii) provide capacity building to LBR staff on how to use the system interface. Moreover, the BO system will generate corporate ownership data that will serve as a direct input into the capacity-building activities supported under the ISEDRMP, particularly in training law enforcement and investigative institutions to effectively use this information in addressing tax evasion, procurement-related corruption, and other illicit practices.

- ***Sub-component 2.2:*** **Effective and harmonised Beneficial Ownership Registry accessible to relevant institutions.** Decentralize and improve transparency and accountability of beneficial ownership through: (i) training decentralized staff in six (6) counties on business registry and beneficial ownership to comply with international standards, (ii) training on BO regulations and systems for CSOs, lawmakers, firms in the extractive sector, business associations, including women-led, and staff of the National Steering Committee and supervisory authorities, (iii) development of beneficial ownership manuals, forms and workbook; (iv) production of abridged version of BO regulations, printing and dissemination; (v) capacity building workshops on beneficial ownership regulations and use of the BO system to government agencies (vi) early on dialogue and dissemination workshops on BO with Civil Society Organizations (CSOs), companies and business associations, including women-led and members of the National Legislature; (vii) acquisition of office equipment for coordinated central and decentralized functions.

Component 3: Project Management (UA 35,900)

24. **Objective:** The objective of this component is to ensure effective coordination, implementation, and monitoring of project activities by strengthening the operational and managerial capacity, and embedding capacity-building support to enhance institutional ownership and sustainability of reforms.. It will: (i) hire one capacity building officer, to be allocated to the MFDP PMU to support the GoL in mapping capacity needs and technical assistance absorption means, supporting preparing ToRs, training programs, workshops and overall dissemination events.

D. Project Cost and Financing Arrangements

25. The estimated total cost of the project, net of taxes and duties, is UA 1 million. Tables (1), (2), (3) and (4) present the estimated project cost by component, expenditure category, financing sources and expenditure schedule, respectively. The Bank will finance UA 1 million (100 percent of project cost) using a TSF Pillar III grant. The project cost includes 6 percent contingencies to address any unforeseen price increases and physical implementation challenges.

Table 1: Estimated Cost of the Project by Component

Components	UA (thousand)			percent of Total Project Cost
	Foreign Currency	Local Currency	Total	
Component 1: Enhancing Transparency in Debt Management	472.8	24.9	497.7	49.8 %
Component 2: Improving Transparency in Business Ownership	347.3	71.1	418.4	41.8 %
Component 3: Project management	34.1	1.8	35.9	3.4 %
Total Base Costs	**854.2**	**97.8**	**952.0**	**95.0 %**
Physical and price contingencies (5%)	42.7	4.9	47.6	5.0 percent
Total Project Costs	**896.9**	**102.7**	**1,000.0**	**100.0 %**

Table 2: Project Sources of Financing

Sources of financing	UA (thousand)			percent of Total Project Cost
	Foreign Currency	Local Currency	Total	
TSF Pillar III	896.9	103.1	1,000.0	100 %
Government of Liberia	-	-	-	
Total Project Costs	**896.9**	**103.1**	**1,000.0**	**100 %**

Table 3: Project Cost by Category of Expenditures

Category	UA (thousand)			percent of Base Total Cost	percent of Total Project cost
	F.C.	L.C.	Total		
Goods	204.5	10.8	215.2	22.6%	21.5 %
Services	615.6	85.3	700.9	73.6%	70.0 %
Operating Costs	34.1	1.8	35.9	3.8%	3.5 %
Total Base Costs	**838.87**	**104.6**	**943.4**	**100.0 percent**	**95.0 %**
Physical and Price contingencies	50.3	6.3	56.6		5.0 %
Total Project Costs	**889.2**	**110.8**	**1,000.0**		**100.0 %**

Table 4: Project Expenditure Schedule

Component	UA (thousand)				
	2025	2026	2027	2028	Total
Component 1	99.5	149.3	199.1	49.8	497.7
Component 2	83.7	125.5	167.4	41.8	418.4
Component 3	7.2	10.8	14.3	3.6	35.9
Total Base Costs	**190.4**	**285.6**	**380.8**	**95.2**	**952.0**
Physical and Price contingencies	9.5	14.3	19.0	4.8	47.6
Total Project Cost	**199.9**	**299.9**	**399.8**	**100.0**	**999.6**

E. Project's Target Area and Population Beneficiaries and Other Stakeholders

26. The direct beneficiaries will be the staff of the DMU and LBR who will be upskilled through access to analytical tools, upgraded systems and procedure manuals and strategies, receive specialized training and benefit from expertise provided from technical assistants (40% female staff). This will also directly benefit the Ministry of Finance and Development Planning (MFDP) and the Ministry of Commerce (MoC). A second tier of beneficiaries will be the Liberia Revenue Authority (LRA), the Financial Intelligence Agency (FIA); the Liberia Extractive Industries and Transparency Initiative (LEITI), given the enhanced data and information files and systems they will have access from the LBR. Indirectly, the proposed project will benefit Liberia's population by addressing debt sustainability challenges, reducing the risk of arrears, and mobilizing financing for critical investments, including those supporting climate resilience and inclusive growth. Improved debt management and transparency in business ownership will enhance resource allocation, promote investments, economic growth and job creation, strengthen governance, and improve public services. Ultimately, these reforms will create fiscal space for essential services and foster greater public confidence in Liberia's institutions.

27. During the project appraisal mission, extensive consultations were held with GoL officials. Discussions were also held with development partners (World Bank (WB), International Monetary Fund (IMF), and the German Agency for International Cooperation (GIZ) to ensure that a harmonized and collaborative approach was taken in support of the GoL's PFM strategy. The Bank took into consideration their current interventions and designed DOT-TAP's activities synergically and highly complementary to theirs, filling in existing assistance gaps. During the appraisal mission, additional consultations were also held with the private sector, civil society and other relevant stakeholders, to solicit their views on the project focus areas. During implementation, the project's approach will provide many opportunities to share project outputs with a wider audience including academia, researchers, journalists and enable them to participate in the projects' activities.

F. Bank Group Experience and Lessons Reflected in Design

28. Since 2012, the Bank has approved two institutional support projects around governance, IPFMRP Phases I & II. Both projects were designed to strengthen the institutional weaknesses in public financial management (PFM) governance. The projects (i) reviewed and proposed amendments to the PFM Law (2009) accepted by the MFDP authorities, (ii) updated IFMIS to a higher version, safer and with better features, followed by (iii) the first ever adoption of an Information Security Policy, promulgated by the MFDP across IFMIS connected ministries and agencies, (iv) upgrading the Commonwealth Meridian Debt Recording System to enhance debt statistical recording and reporting, (v) supporting the development of a new regulatory framework for beneficial ownership (BO) to improve transparency and combat illicit financial flows (IFFs) to reduce tax evasion and avoidance; and (v) establishment of a Revenue Authority, (LRA) in July 2014.

29. Lessons learned from previous operations have been incorporated into the design of DOT-TAP. The project draws on experiences from the Bank's earlier support in Liberia, including IPFMRP Phases I[7] and II[8], the COVID-19 Response Program, ISEDRMP, and the recent CPPR and CSP 2025–2029. Key lessons include: (i) leveraging government commitment to domestic resource mobilization to advance complex reforms in debt and transparency; (ii) integrating institutional capacity building with tailored support, training, and systems upgrades; and (iii) focusing on data interoperability to sustain progress in beneficial ownership transparency. Recognizing capacity constraints, the project will be implemented by the experienced PMU at MFDP, supported by ISEDRMP resources. It also benefits from strong development partner coordination through the PFM Development Partners Group, and is aligned with national reform priorities to ensure ownership and sustainability.

3 PROJECT FEASIBILITY

A. Financial and Economic Analysis

30. While it is difficult to carry out credible and rigorous cost-benefit and financial analyses for an institutional support project, the economic and financial benefits, and ramifications, accruing from the project will be much higher than the UA 1 million total cost of the project. The overarching development objective of the project, which is to enhance economic governance in Liberia by strengthening public debt transparency and beneficial ownership disclosure frameworks., will generate far-reaching positive effects. This will be achieved through increased economic activity, investment, and job creation driven by greater fiscal stability and accountability. More efficient debt management and business registry systems will improve resource allocation, enhance infrastructure

[7] Liberia - IPFMRP– Project Completion Report, ECGF department, September 2018.

[8] End of Project Evaluation and Project Completion Report - Final report (VR2.0), June 2023, Government of Liberia.

and public services, and build public confidence in Liberia’s governance framework. Enhanced transparency in business ownership will attract investment, reduce IFFs, and ensure fair resource distribution. Strengthened financial management systems, including upgraded debt reporting and BO platforms, will reduce corruption risks and mismanagement, helping to stabilize the economy, address macroeconomic imbalances, and unlock Liberia’s economic potential.

Additional Positive Effects

31. The DOT-TAP will support the GoL in its efforts to implement reforms to strengthen domestic revenue mobilization that will make the national budget more robust and its transfer to the executing agencies timely and reliable, enhancing as well as expanding the provision of public services to the overall population. Moreover, improving debt recording, reporting systems, and BO platforms, the project will enhance fiscal discipline, ensure better resource allocation, and enable consistent financing for public services. Strengthening institutional capacity and reducing resource mismanagement will foster trust, transparency, and accountability in the public sector.

B. Environmental and Social Safeguards

Environmental

32. The project has been classified as Category C, indicating no significant environmental impact, in accordance with Section 8, Subsection 4(c) of Liberia's Environmental Protection and Management Law (EPML). This classification is further supported by Chapter IV, Section 4.3 of the Revised Environmental and Social Impact Assessment/Strategic Environmental Assessment Procedural Guidelines issued by the Environmental Protection Agency in 2022. This designation confirms that the project is not expected to cause adverse environmental or social effects and therefore does not require a full Environmental and Social Impact Assessment. The Bank has categorized the project as Category 3 in line with requirements of the Updated Integrated Safeguard System (ISS) as the anticipated environmental and social risks and impacts of the project are low. **There are no required Environmental and Social Impact Assessment (ESIA) documents required to be prepared by the recipient, reviewed and cleared by the Bank, and disclosed by the recipient and Bank prior to approval**. The project will finance institutional support activities which will not involve physical investments or other activities that have the potential to induce adverse environmental and social impacts and risks.

Involuntary Resettlement

33. The project does not involve physical investment or activities that have the potential to induce land acquisition, restrictions on access to land and land use, and involuntary resettlement.

Environmental and Social Compliance

34. The project is compliant and ready for submission for approval, as evidenced by the ESCON in Section 8 (below).

Climate Change and Green Growth

35. The operation focuses on (i) enhancing debt management capacity and (ii) BO registration process with the goal of reducing arrears and debt service, optimizing resources, enhancing accountability, curbing illicit financial flows, fostering public and private investment and generating more taxes. It is, therefore, not directly exposed to physical climate risks, nor will it directly contribute to greenhouse gas (GHG) emissions. The GoL has outlined measures to reduce greenhouse gas emissions and build climate resilience in its Updated Nationally Determined Contributions. It has identifies lack of financial resources as one of the factors limiting implementation of planned climate actions. Improving debt management and reducing illegal financial flows, enhancing domestic

revenue mobilization and creating more fiscal space for debt management and resource mobilization, will be instrumental in enhancing mobilization of internal and external resources for climate action. As shown in Appendix 3-4, the operation is aligned with the Paris Agreement on Climate Change since none of its components/ activities are included in the list of universally non-aligned activities, neither are they inconsistent with the adaptation and mitigation goal of the Agreement and Liberia's Updated NDC.

C. Other Cross-cutting Priorities

Poverty Reduction, Inclusiveness and Job Creation

36. The DOT-TAP will contribute to poverty reduction and inclusiveness by enhancing the Government of Liberia's capacity to mobilize and manage public resources more effectively, thereby expanding fiscal space for essential services and pro-poor investments. Strengthened debt management and improved transparency in business ownership will help reduce leakages, curb illicit financial flows, and build public trust. The project also promotes inclusion through capacity-building activities that target at least 50 percent female participation and support decentralization of services, particularly in the Liberia Business Registry. While not directly creating jobs, the project is expected to foster a more transparent and stable business environment that indirectly supports employment generation and inclusive growth.

Opportunities for Building Resilience

37. Liberia continues to face structural fragility challenges, particularly in the areas of public financial management (PFM), domestic resource mobilization (DRM), and institutional capacity. Chronic fiscal deficits, stemming from a narrow tax base, volatile revenue streams, and declining external grants, have limited the Government of Liberia's (GoL) ability to deliver essential public services and maintain macroeconomic stability. These fiscal constraints are compounded by governance challenges, including pervasive corruption, low levels of transparency, and weak accountability mechanisms. Despite successive reform efforts, institutional and human capacity gaps persist, undermining the effectiveness of the public administration and weakening the implementation of fiscal and regulatory frameworks. These vulnerabilities, exacerbated by the lingering impacts of external shocks such as the Ebola epidemic and COVID-19 pandemic, have placed a considerable strain on the country's economic resilience and its ability to manage public resources effectively. The context calls for targeted interventions to strengthen fiscal governance and institutional accountability.

38. The proposed Domestic Resources and Debt Sustainability Technical Assistance Project (DOT-TAP) is strategically designed to address these fragility drivers by reinforcing Liberia's institutional capacity in debt management and beneficial ownership (BO) transparency. Through comprehensive capacity building, the project will support the upgrade of debt recording and reporting systems, provide specialized training to key staff, and enhance monitoring and analytical frameworks within the Ministry of Finance and Development Planning and other relevant agencies. The project will also strengthen the legal and institutional environment for BO disclosures, improve interoperability across key institutions, and decentralize BO registration processes to ensure wider access and enforcement. By fostering inter-agency coordination and enhancing data systems, the project will reduce revenue leakages, curb illicit financial flows, and bolster fiscal planning. These reforms will ultimately improve the GoL's ability to allocate resources more efficiently, respond to fiscal shocks, and sustain inclusive service delivery, thereby contributing to long-term resilience in alignment with the Bank's 2022–2026 Strategy for Addressing Fragility and Building Resilience in Africa – particularly priority area #1 – Strengthening institutional capacity, and priority area #2 – Building resilient societies.

Gender Equality and Women's Empowerment Promotion

39. This project has been categorized as GEN 2 in the Bank Gender Marker System, as it will have gender equality results at the outcome level. The project will strengthen public institutions to mainstream gender in debt management and transparent business registry and contribute to women's capacity to engage in specific aspects of DRM policy.

40. Debt burden and insufficient DRM negatively impact the fiscal space and condition public spending, whereas men and women in poverty heavily depend on services provided by the State. Women, especially in rural areas, already face significant challenges (heavy burden of unpaid work, exacerbated by the lack of basic infrastructure and public services, as well as the effects of climate change, reduced time and opportunities for paid work, impacting access to revenue, social protection, decision making leverage, social status, and autonomy) and cuts in public spending can particularly impact them. However, the Debt Management Unit does not have skills and tools to conduct gender analysis and mainstream gender in DRM policy. In terms of business registration and BO system, gender-disaggregated data is rarely available and information systems do not cater for this need. Women entrepreneurs require support to register their business, however awareness of gender-specific barriers to registration and how to address them is scarce. Citizen oversight in hampered by limited knowledge on issues of debt and DRM policy. Women tend to have less access to information and oversight forums (ex. lower literacy rates, less access to social and professional networks, etc.), which may limit accountability on gender issues and women's voices.

41. The project will support (i) capacity building on gender policy options, such as gender bonds and bonds with a gender focus (ex. green bonds), (ii) a gender sensitive BO system, (iii) increased capacity of decentralized LBR units to provide gender-inclusive business registration services, (iv) the inclusion of women's associations and representatives in capacity building on BO Regulations, (v) gender sensitive communication products on business registration processes (including BO) and outreach strategy, and (vi) at least 40% of female officials benefiting from capacity building under the project (more details and project Gender Action Plan in Technical Annex 3.3).

4 IMPLEMENTATION

A. Institutional and implementation Arrangements

42. The DOT-TAP will be implemented over 3 years between August 2025 and December 2028 along with the ISEDRMP. The project will be managed by the existing structure of Project Management Unit (PMU), a body within the funding structure of the MFDP and that counts with ISEDRMP operational funding and serves as its Project Implementation Unit (PIU), ensuring complementarity among the two operations. The ISEDRMP funding will also serve to manage the DOT-TAP. The unit is comprised of the following staff: Project Coordinator, Deputy Project Coordinator, Financial Management Specialist, M&E Officer, Procurement Specialist, Accountant, and Assistants. It satisfactorily managed the two previous phases of the IPFMRP during the period 2013-2022 (both phases were funded by the Bank). The unit is further assisted by the Public Financial Management Unit (PFMU) at the MFDP which handles all fiduciary matters. The Project Steering Committee of the ISEDRMP, chaired by the Minister of Finance and Development Planning, will serve as the one for DOT-TAP, to maximize synergies and seek implementation efficiencies. The Minister of Commerce and the Director-General of the Liberian Business Registry shall also join these meetings. It will meet quarterly to provide overall strategic direction to the project. The Project Technical Committee will be made of officials from the DMU and the LBR as the main beneficiaries, as well as officials from the LRA, FIA, LEITI as per their roles in the interoperability of the BO system.

B. Procurement

43. Procurement of goods (including non-consultancy services) and the acquisition of consulting services, financed by the Bank for the Project, will be carried out in accordance with the "Procurement Policy and Methodology for Bank Group Funded Operations" (BPM), dated October 2015 and following the provisions stated in the Financing Agreement. Specifically, procurement would be carried out as indicated below.

44. Bank Procurement Policy and Methodology (BPM): Bank standard PMPs, using the relevant Bank Standard Solicitation Documents (SDDs), will be used for both goods and acquisition of consulting Services as indicated in Annex 4-5 of this document.

45. Procurement responsibility: The existing Project Management Unit (PMU) of the MFDP will be responsible for any procurement planned under the project. Assessment conducted revealed that this Unit is familiar with Bank's financed projects and well-staffed with three (03) experienced procurement experts. Consequently, the risk level set for the capacity of the implementing Unit is Moderate with a recommendation to plan for a refreshment training on contract management issues at ISEDRMP launch.

46. Procurement Risks and Capacity Assessment (PRCA): The assessment of procurement risks at the Country, Sector, and Project levels and of procurement capacity at the Executing Agency (EA) were undertaken for the project and the output have informed the decisions on the procurement regime (Bank's PMP) being used for the various transactions under the project. The appropriate risks mitigation measures have been factored in the entire procurement arrangements of the project and the full details of the procurement arrangements for the implementation of the project is reflected in the procurement section of the Technical Annex (Annex 4-5).

C. Financial Management, Disbursement and Audit

47. The MFDP will execute the proposed project through the PMU of the Ministry. which will oversee the technical implementation of the project. The fiduciary management of the project will be handled by the MFDP PFMU. The PFMU has been constituted by the Government of Liberia (GoL) and supported by development partners in Liberia responsible for managing the fiduciary arrangements of donor funded projects in Liberia. The Director of Finance (head) of the PFMU who is also, a seasoned-chartered accountant, will assign to the project a Financial Management Officer (FMO) and Accounts Officer. The FMO shall be a professionally qualified accountant with vast experience in donor funded projects accounting and skilled in the usage of an accounting software. He/ She will be directly responsible for the financial management function of the project and report to the PFMU Director for quality assurance. To ensure that duties are adequately segregated, the FMO will be supported by an accounts officer and an accounts clerk. Their respective roles on the project will be detailed in their contracts.

48. The PFMU and PMU will work effectively to ensure that the project is implemented successfully and timely. The project will use the existing Sun Accounting System and chart of accounts and projects FM Procedures Manual (FMPM) at the PFMU, for recording and processing accounting transactions and financial reporting. Quarterly, the FMO will generate from the Sun Accounting package, un-audited Interim Financial Reports (IFRs) for submission to the Bank within forty-five (45) days, after the end of each calendar quarter. In harmony with other donor-funded projects and GoL accounting standards, the project will adopt International Public Sector Accounting Standards (IPSAS) to prepare project financial statements (PFS). The assessment recommends the customization and adoption of the existing project implementation manual to guide project implementation and operation. The Internal Audit Agency (IAA) of Liberia will second a staff to the

project who shall carry out of-the-fact checks and periodically review project operations to strengthen the overall control environment.

49. The internal audit reports must be approved by the Director of IAA before submission to the Project Steering Committee (PSC), to be constituted for the project which will ensure timely implementation of all audit recommendations. The PSC shall be responsible for oversight governance and strategic direction of the project as well as approve key documents including, annual workplans and budgets. The annual financial statements of the project shall be audited by the General Auditing Commission (GAC) and the audited financial statements, and accompanying management letter submitted to the Bank no later than six (6) months after the end the financial year. The PFMU is familiar with the contents of both the IFRS and annual financial statements and these shall be further discussed and agreed during project launching.

50. Disbursement: The Bank uses four (4) disbursement methods in disbursing funds to its projects: (i) Direct Payment, (ii) Special Account (RF), (iii) Reimbursement (RP) and Reimbursement Guarantee (RG) methods. The project will use the first three methods: (i) Direct Payment, (ii) Special Account (RF), (iii) Reimbursement method. The Direct payment method will be used for payments against larger contracts signed between project management and contractors/suppliers/service providers. Under the Special Account method, a dedicated USD (United States Dollar) special account will be opened at an acceptable commercial bank to receive advances from the Bank for payment of operating expenses. A local currency account will also be opened at the same commercial banks alongside the SA to receive transfers from the SA for payments of eligible local expenses. Reimbursements will be made for eligible expenses for goods, works, services and operating expenses incurred after prior clearance from the Bank and paid for by the GOL from its own resources. All disbursements shall be in accordance with the Bank's disbursement procedures outlined in the Disbursement Handbook 2020.

51. External Audit: The project annual financial statements (PFS) will be subjected to external audit by the General Auditing Commission (GAC) in line with the PFM Act 2009 and the GAC Act 2014. The audited PFS, together with the auditor's opinion and management letter shall be submitted to the Bank no later than six (6) months after the end of each financial year. The audit shall be conducted using audit terms of reference (TOR) agreed with the Bank. The Bank does not pay audit fees, whenever the audits are performed by the Auditor General, except payments of reasonable agreed incidental audit expenses, which have been duly submitted, reviewed, and accepted by the Bank. The GAC currently audits all Bank financed projects in Liberia and audit reports are usually submitted on time.[9]

52. Overall conclusion: The assessment concluded the overall FM risk is rated substantial and to mitigate this further, the MFDP will: (i) Assign or competitively recruit key staff of the project including a project Coordinator and a Financial Management Officer; (ii) Constitute a PSC to provide strategic direction and oversight governance to the project; (iii) Adopt the existing Sun Accounting Package, Chart of Accounts and FPFM; (iv) Customize and adopt the existing PIM; and (v) IAA assigns a staff to carry out internal audit functions on the project.

D. Monitoring and Evaluation

53. Project implementation is scheduled to span 40 months, from September 2025 to December 2028. The Bank will undertake supervision missions twice annually. The M&E systems will be

[9] The Bank does not pay audit fees, whenever the audits are performed by the Auditor General, except payments of reasonable prior agreed incidental audit expenses, which have been duly submitted, reviewed, and accepted by the Bank. The detailed auditing arrangements are included in the Technical Annex (Annex 4-7).

aligned with the existing Integrated Financial Management Information System (IFMIS), where feasible, using digital tools and enabling gender disaggregation of project indicators. The M&E system will be aligned with the existing Integrated Financial Management Information System (IFMIS), where feasible, using digital tools and enabling gender disaggregation of project indicators. An M&E Officer has been assigned by the MFDP to the PMU. He is trained in Results-Based M&E and successfully handled the M&E duties of the recently ended Bank-sponsored IPFMRP Phase II. He produced eighteen (18) quarterly progress reports out of twenty (20) which were required. The GoL will submit quarterly progress reports on the implementation of the DOT-TAP. The quarterly progress reports will present the status of physical and financial implementation and highlight any problems that might hamper smooth project implementation. The reports will review progress made on each outcome/output indicator of the Results-Based Logical framework (Section 7 below) and include a clear presentation of activities undertaken during the period under review. The reports will also analyse the extent to which the activities undertaken have contributed to the realization of the anticipated results/outputs and project objectives. The quarterly reports will be submitted to the Bank within forty-five (45) days, at the end of every calendar quarter. The reports will also make recommendations to tackle any problems encountered and present time-bound actions/work plans for the following quarter. The PMU will be required to prepare and submit to the Bank a Project Completion Report within six months of the final disbursement, in accordance with the Bank's Policies and Procedures. The Unit satisfactorily conducted the M&E duties of the IPFMRP Phases I and II. It includes an M&E Officer who maintains an excel database on the outputs/outcomes indicators (baseline and observed data), budgeted annual work plans, and the status of implementation of the activities. The monitoring plan included in Annex 4-1 of the Technical Annexes will serve as monitoring tool and the budget allocated to M&E duties is expressed in Annex 2-3. All stakeholders will be part of the steering committee that will validate the annual work plans and review the quarterly and annual progress reports.

E. Governance

54. This proposed operation will contribute to enhancing governance practices through improving debt management and beneficial ownership and strengthening the overall rule-of-law ecosystem. These interventions will be done in complementarity with other DP supports. Governance arrangements have been put in place for project implementation, monitoring, review and audit, as outlined under sections A, B, C and D above. The risks to project governance may arise in procurement decisions, use of project resources and selection of officers to attend training and capacity building. Risks will be mitigated through the preparation of detailed annual work plans and submission of annual procurement plans; and training plans that demonstrate robust processes for contractors and participant selection criteria. These documents will be reviewed and validated by the Bank. Training will be provided to all staff of the PMU and component leaders from the beneficiary institutions to ensure that they are conversant with the Bank's policies and procedures. The Bank's West Africa Regional Development and Business Delivery Office (RDGW) through the Liberia Country Office (COLR) will provide adequate and timely support to implementation through regular desk and field supervision and monitoring, as well as participation in dialogue with national authorities and donors, to continue strengthening coordination mechanisms.

F. Sustainability

55. The DOT-TAP will be directly supporting GoL-owned reforms and was prepared in close collaboration with GoL officials who expressed their needs. The measures supported by the project are derived from the GoL's development plans, and are complementary to those identified in the ISEDRMP. Given GoL's commitment to implement the provisions of these key policy/strategy

documents and given the chronic revenue mobilization issue needed to be overcome to continue providing public services to the population, it is expected that adequate resources will be directed towards them, which is crucial for sustainability. Secondly, the project places huge emphasis on technical assistance. Embedded in each of the TA activities is training and peer learning, which will help to strengthen capacity and ensure knowledge transfer. Over time, adequate capacity will be built across GoL to sustain ongoing and future reforms.

G. Risk Management

56. Annex 4-2 summarizes the key risks and mitigation measures. Key risks identified for the implementation of the proposed operation include: (1) Macroeconomic risks due to Liberia's vulnerability to external shocks, geopolitical tensions, commodity price fluctuations, slowing global growth, and tightening monetary conditions; (2) Weak institutional and human capacity to implement the project activities, which could lead to delays; and (3) Fiduciary risks: the overall residual risk level is deemed “substantial”, and risk mitigation factors have been taken on board.

57. The mitigation measures put in place are: (i) Support initiatives for domestic revenue mobilization, efficient tax collection, improved mining sector governance, reduced corruption and IFFs, and increased delivery and monitoring capacity. Structural reforms for macroeconomic stability will be identified in the forthcoming IMF program that is being negotiated with the GoL; (ii) Provide technical assistance, knowledge transfer, and training to improve civil servants' capacity, with project management by the experienced PMU responsible for successful IPFMRP phases and current implementation of ISEDRMP to also leverage synergies; and (iii) Financial management will be conducted by the PFMU, established at the MFDP, which manages fiduciary aspects of all institutional support projects on PFM and the DOT-TAP will increase its staff capacity .

H. Knowledge Building

58. The proposed project will build knowledge and develop skills in key areas related to debt management, transparency and beneficial ownership. These will be built through a mix technical assistance, and training, with a focus on creating sustainable institutional capacity and absorption of knowledge generated by the DOT-TAP. To this end, knowledge building and sharing will be critical and solutions that leverage existing knowledge were explored in greater detail during appraisal, including the Public Finance Management Academy for Africa (PFMA) of the Bank, peer-to-peer learning through bilateral exchanges and through existing. The DOT-TAP incorporates the peer review recommendations of the Intergovernmental Action Group against Money Laundering in West Africa (GIABA), specifically around Beneficial Ownership to help tackling IFFs. The Bank will capture and transfer its acquired knowledge through the findings of supervision missions, progress reports, and the project completion report. Lessons learned will inform future operations.

5 LEGAL INSTRUMENTS AND AUTHORITY

A. Legal Instrument

59. The legal instrument governing the financing of the project will be a Letter of Agreement (the “Agreement”) between the Republic of Liberia (the “Recipient”) and the African Development Bank (the “Bank”) and the African Development Fund (the “Fund”) (the Bank and the Fund are collectively referred to as the “Fund”) as administrators of TSF, for a TSF Pillar III grant of an amount not exceeding the equivalent of UA 1,000,000 (the “Grant”).

B. Conditions Associated with Fund's Intervention

60. *Conditions precedent to the entry into force of the Agreement*. The entry into force of the Agreement shall be subject to its signature by the Fund and the Recipient.

61. *Condition precedent to first disbursement of the Grant*. In addition to the entry in force of the Agreement, the obligation of the Fund to make the first disbursement of the Grant shall be subject to the fulfilment by the Recipient, to the Fund's satisfaction, of the following condition:

(a) Submission of a written confirmation that the existing Project Management Unit (PMU) in the Executing Agency established in respect of the Integrated Public Financial Management Reform Project (IPFMRP) will function as the Project Implementation Unit (PIU) for this Project (and that the Public Financial Management Unit (PFMU) will perform the Financial Management responsibilities in coordination with the PMU), indicating the names and roles of the whole team, namely: (i) Deputy Project Manager, (ii) Financial Management Specialist (at PFMU), (iii) Monitoring and Evaluation (M&E) Officer; (iv) Procurement Specialist; (v) Project Accountant (at PFMU); and (vi) Assistants, with qualifications and terms of reference acceptable to the Fund; and
(b) Submission of evidence of the designation or competitive recruitment of the Project Manager, with qualifications and terms of reference acceptable to the Fund.

62. *Other Conditions:* The Recipient shall, within three (3) months of the first disbursement of the Grant or such other period as may be approved by the Fund, submit to the Fund:

(a) Evidence of the establishment of a Project Steering Committee (PSC) with a composition as defined in the Institutional and Implementation Arrangements section of this report; and
(b) Evidence of the establishment of a Project Technical Committee with a composition as defined in the *Institutional and Implementation Arrangements* section of this report.

63. *Undertakings*: The Recipient shall:

(a) Adopt, and cause the Executing Agency to, adopt the measures defined in the *Financial Management, Disbursement and Audit* segment of the Implementation section of this report; and
(b) Maintain the existence and functioning of the PIU and PSC, each in a form and with a composition and Terms of Reference acceptable to the Fund, throughout the duration of the Project implementation period.

64. *Other Conditions:* The Recipient shall, within three (3) months of the first disbursement of the Grant or such other period as may be approved by the Fund, submit to the Fund:

(c) Evidence of the establishment of a Project Steering Committee (PSC) with a composition as defined in the Institutional and Implementation Arrangements section of this report; and
(d) Evidence of the establishment of a Project Technical Committee with a composition as defined in the *Institutional and Implementation Arrangements* section of this report.

C. Compliance with Fund Policies

☒ This project complies with all applicable Fund policies.

☐ There are exceptions to Fund policies.

D. African Development Bank Group Independent Recourse Mechanism

65. Communities and individuals who believe that they are adversely affected by an African Development Bank Group (AfDB) supported project, may submit complaints to existing project-level grievance redress mechanisms or to the AfDB's Independent Recourse Mechanism (IRM). The IRM

ensures project affected communities and individuals may submit their complaint to the AfDB's IRM, which determines whether harm occurred, or could occur, as a result of AfDB non-compliance with its policies and procedures. To submit a complaint or request further information please contact: IRM@afdb.org or visit the IRM website, www.irm.afdb.org. Complaints may be submitted at any time after concerns have been brought directly to the AfDB's attention, and Bank Management has been given an opportunity to respond, before reaching out to the IRM.

6 RECOMMENDATION

66. Management recommends that the Vice President for Regional Development, Integration and Business Delivery (RDVP) approves the proposed TSF Pillar III Grant of an amount not exceeding the equivalent of One Million Units of Account (UA 1,000,000), to the Republic of Liberia, for the purposes and subject to the conditions stipulated in this report.

7 RESULTS FRAMEWORK

RESULTS FRAMEWORK					
A	**PROJECT INFORMATION**				
PROJECT NAME AND SAP CODE: Debt and Ownership Transparency Technical Assistance Project (DOT-TAP), P-LR-KF0-014				*COUNTRY/REGION: REPUBLIC OF LIBERIA*	
PROJECT DEVELOPMENT OBJECTIVE: To enhance economic governance in Liberia by strengthening public debt transparency and beneficial ownership disclosure frameworks					
ALIGNMENT INDICATOR (S): Debt/GDP in percent, Mo Ibrahim Governance Index, Gender Inequality Index (GII)					
B	**RESULTS MATRIX**				
RESULTS CHAIN AND INDICATOR DESCRIPTION	**RMF/ADOA INDICATOR**	**UNIT OF MEASUREMENT**	**BASELINE (date)**	**TARGET AT COMPLETION (date)**	**MEANS OF VERIFICATION** e
OUTCOME STATEMENT 1: IMPROVED PUBLIC DEBT MANAGEMENT CAPACITY					
OUTCOME INDICATOR 1.1: Enhanced operational debt management strategies.	☐	Percent	N/A	Yes 2028	Biannual Reports
OUTCOME STATEMENT 2: IMPROVED TRANSPARENCY AND ACCOUNTABILITY					
OUTCOME INDICATOR 2.1: BO registry contains verified data that is published	☐	Yes/No	No	YES	Beneficial Ownership Register Platform Search, EITI reports
COMPONENT 1: ENHANCING TRANSPARENCY IN DEBT MANAGEMENT					
OUTPUT STATEMENT 1.1: Enhancing operational capacity of Debt Management Unit					
OUTPUT INDICATOR 1.1.1: DMU staff trained on use of Commonwealth Meridian (of which number of women)	☐	Number	0 (2024)	30 (of which 12 women) (2028)	Training and project reports
OUTPUT INDICATOR 1.1.2: Debt portfolio reports produced by staff contain extract from the Commonwealth Meridian	☐	NO/YES	NO	YES	Project reports
OUTPUT STATEMENT 1.2: Building capacity in developing and publishing policy documents, analytical work and internal coordination					
OUTPUT INDICATOR 1.2.1: Medium-term Debt Strategy (MTDS) updaded	☐	Yes/No	No 2022	Yes 2026	Drafted copy of MTDS
OUTPUT INDICATOR 1.2.2: Production of Debt Sustainability Analysis for 2025	☐	Yes/No	No 2021	Yes 2026	Publication of annual reports
OUTPUT INDICATOR 1.2.3: DMU staff trained in managing Fiscal Risk and Contingency Liabilities (of which number of women)	☐	Number	0 (2024)	30 (of which 12 women) (2028)	Training and project reports
COMPONENT 2: IMPROVING TRANSPARENCY IN BUSINESS OWNERSHIP					
OUTPUT STATEMENT 2.1: Enhanced knowledge and capacity to effectively manage and use the Beneficial Ownership Registry					
OUTPUT INDICATOR 2.1.1: Staff trained in 6 counties on gender sensitive services for BO regulations (of which number of women)	☐	Number	0 (2024)	40 (of which 16 women) (2028)	Training and project reports
OUTPUT INDICATOR 2.1.2: People trained in BO regulations and system (of which number of women)	☐	Number	0 (2024)	60 (of which 24 women) (2028)	Training and project reports
OUTPUT INDICATOR 2.1.3: BO registry populated with 30% of active entities, and ownership identified by gender.	☐	Yes/No	No (2024)	Yes	LBR Reports, EITI Reports, Project Reports
OUTPUT STATEMENT 2.2: Effective and harmonised Beneficial Ownership Registry accessible to relevant institutions					
OUTPUT INDICATOR 2.2.1: Study on assessment of LBR linkage to other institutions, including gender disaggregation of data	☐	Yes/No	No (2024)	Yes	Approval of study
OUTPUT INDICATOR 2.2.2: Number of institutions using the interface with Liberian Business Registry systems.	☐	Yes/No	0 (2024)	2 (2028)	MoUs between institutions on interface and linkage of systems

8 ENVIRONMENTAL AND SOCIAL COMPLIANCE NOTE (ESCON)

A. Basic Information[10]		
Project Title: DEBT AND OWNERSHIP TRANSPARENCY TECHNICAL ASSISTANCE PROJECT (DOT-TAP)		**Project SAP or TFMS code:** P-LR-KF0-014
Country: Liberia	**Region: RDGW**	**Lending Instrument**: **Project Finance Loan/Grant**
Project Sector*:* **Economic Governance**	**Task Team Leader(s): Romulo CORRÊA**	
Appraisal dates: 21 October 2024		**Estimated Approval Date**: **June 30, 2025**
Environmental Safeguards Officer: Sekou Abou KAMARA		
Social Safeguards Officer: XXXXXXXXX		
Environmental and Social Category: **Category 3**	**Operation type**: **Public Sector Operation**	**Financial Intermediary**: **No**
Categorization date: November 22, 2024	**Categorization in ISTS: December 21, 2024**	**Categorization in SAP: December 21, 2024**
Is this project processed under rapid responses to crises and emergencies?		**No**
Is this project processed under a waiver to Integrated Safeguards System (ISS) requirement(s)?		**No**

B. Disclosure and Compliance Monitoring	
B.1 Mandatory disclosure	
Environmental Assessment/Audit/System/Others: NA.	
Was/Were the document (s) disclosed ***prior to appraisal?***	**NA.**
Date of "in-country" disclosure by the borrower/client	**Click to Set the date**
Date of receipt, by the Bank, of the authorization to disclose	***Click to Set the date***
Date of disclosure by the Bank	***Click to Set the date***
Resettlement Action Plan (RAP)[11]: NA.	
Was/Were the document (s) disclosed ***prior to appraisal?***	**NA.**
Date of "in-country" disclosure by the borrower/client	**Click to Set the date**
Date of receipt, by the Bank, of the authorization to disclose	***Click to Set the date***
Date of disclosure by the Bank	***Click to Set the date***
Stakeholder Engagement Plan (SEP): NA.	
Was/Were the document (s) disclosed ***prior to appraisal?***	**NA.**
Date of "in-country" disclosure by the borrower/client	**Click to Set the date**
Date of receipt, by the Bank, of the authorization to disclose	***Click to Set the date***
Date of disclosure by the Bank	***Click to Set the date***
Pest or Vector Management Plan (PMP/VMP): NA.	
Was/Were the document (s) disclosed ***prior to appraisal?***	**NA.**
Date of "in-country" disclosure by the borrower/client	**Click to Set the date**
Date of receipt, by the Bank, of the authorization to disclose	***Click to Set the date***
Date of disclosure by the Bank	***Click to Set the date***
Vulnerable Peoples Plan (VPP): NA.	
Was the document disclosed ***prior to appraisal?***	**NA.**
Date of "in-country" disclosure by the borrower/client	**Click to Set the date**
Date of receipt, by the Bank, of the authorization to disclose	***Click to Set the date***
Date of disclosure by the Bank	***Click to Set the date***
Riparian Communities Participation Plan (RCPP): NA.	
Was the document disclosed ***prior to appraisal?***	**NA.**
Date of "in-country" disclosure by the borrower/client	**Click to Set the date**
Date of receipt, by the Bank, of the authorization to disclose	***Click to Set the date***
Date of disclosure by the Bank	***Click to Set the date***
Emergency Preparedness & Response Plan (EPRP): NA.	
Was the document disclosed ***prior to appraisal?***	**NA.**
Date of "in-country" disclosure by the borrower/client	**Click to Set the date**
Date of receipt, by the Bank, of the authorization to disclose	***Click to Set the date***
Date of disclosure by the Bank	***Click to Set the date***
Hazardous/Medical Waste Management Plan (HWMP): NA.	
Was the document disclosed ***prior to appraisal?***	**NA.**
Date of "in-country" disclosure by the borrower/client	**Click to Set the date**
Date of receipt, by the Bank, of the authorization to disclose	***Click to Set the date***
Date of disclosure by the Bank	***Click to Set the date***
Riparian notification:	
Was the document disclosed ***prior to appraisal?***	**NA.**
Date of "in-country" disclosure by the borrower/client	**Click to Set the date**

[10] **Note**: *This ESCON shall be appended to project appraisal reports/documents before Senior Management and/or Board approvals.*

[11] *Including Livelihood Restoration Plan*

Date of receipt, by the Bank, of the authorization to disclose	*Click to Set the date*
Date of disclosure by the Bank	*Click to Set the date*
Environmental and Social Management Plan (ESMP) of the financing agreement[12]	
Was the document disclosed ***prior to appraisal?***	**NA.**
Date of "in-country" disclosure by the borrower/client	**Click to Set the date**
Date of receipt, by the Bank, of the authorization to disclose	*Click to Set the date*
Date of disclosure by the Bank	*Click to Set the date*
If in-country disclosure of any of the above documents is not expected, as per the country's legislation, please explain why: xxx	

B.2. Compliance monitoring indicators

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	**NA.**
Have costs related to environmental and social measures, including for the running of the grievance redress mechanism, been included in the project cost?	**NA.**
Is the total amount for the full implementation for the Resettlement of affected people, as integrated in the project costs, effectively mobilized, and secured?[13]	**NA.**
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	**NA.**
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	**NA.**

C. Clearance

Is the project compliant with the Bank's environmental and social safeguards requirements, and can be submitted to Approval? **Yes**

Prepared by	***Name***	***Signature***	***Date***
Environmental Safeguards Officer:	Sekou Abou KAMARA		**May 23, 2025**
Social Safeguards Officer:	xxxxxxxxxxxxx		
Task Team Leader:	Romulo CORRÊA		**May 23, 2025**
Submitted by			
Sector Director:	Kevin LUMBILA OiC for Abdoulaye COULIBALY, ECGF0		June 19, 2025
Cleared by			
Director SNSC:	Maman Sani ISSA		June 26, 2025

[12] As referred to in section III.2.3 of the Bank's Environmental and Social Policy (ESP)

[13] *In case a resettlement action plan (RAP) are not required although ESIA is/are disclosed, attached the image/picture of the project's area/site/landscape to evidence it is free of any encumbrance (simple statement or letter from the borrower does not suffice), in addition to the statement by the borrower/client (Official letter) that it is a public-owned or client-owned land.*