



# Project Information Document (PID)

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Concept Stage | Date Prepared/Updated: 15-Oct-2020 | Report No: PIDC29961

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

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

**Proposed Development Objective(s)**

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

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

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

**DETAILS****World Bank Group Financing**

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



Environmental and Social Risk Classification

Substantial

Concept Review Decision

Track II-The review did authorize the preparation to continue

Other Decision (as needed)

## B. Introduction and Context

### Country Context

- Poverty remains widespread in Liberia, and progress on poverty reduction has been slow.** With a gross national income per capita of just US\$600 in 2018, Liberia is among the ten poorest countries in the world. According to the 2016 household survey data, more than half of the population (50.9 percent) is living in poverty. Poverty is more than two times higher in rural areas (71.6 percent) than in urban areas (31.5 percent). The national headcount poverty rate increased to an estimated 55.5 percent in 2019, reflecting negative per capita GDP growth rates and rising inflation. Non-monetary poverty indicators, including access to healthcare, education, and basic utilities, are also low by regional and international standards, with especially acute rural/urban and gender disparities.
- Along with pervasive poverty, Liberia faces the challenge of particularly weak human capital outcomes among its youthful and fast-growing population.** More than one third (35 percent) of population in Liberia is below the age of 25. Due to the high fertility rates (4.3 births per woman), Liberia's population is projected to continue to expand for years to come. At the same time, it is estimated that a child born in Liberia today will only achieve a third (32 percent) of her/his full potential when reaching 18 years old compared to a child who enjoyed complete education and health.<sup>1</sup> This is lower than the average for Sub-Saharan Africa region and low income countries.
- COVID-19 pandemic poses a major threat to the Liberian economy and its people.** When the global pandemic emerged in early 2020, Liberia was already facing a challenging domestic and external environment. Weak consumption and declining output had caused the Liberian economy to contract by an estimated 2.3 percent in 2019. Meanwhile, the inflation rate reached 27 percent, eroding consumer purchasing power and undermining household welfare. Liberia reported its first confirmed case of COVID-19 on March 16, 2020.<sup>2</sup> The country is especially vulnerable to the effects of COVID-19 due to fragility and pervasive informality, along with weak public health systems, and high levels of food insecurity and malnutrition, which increase the population's vulnerability. Poverty rates are projected to increase by as much as 10 to 13.4 percentage points as per capita income contracts and food prices rise.<sup>3</sup> An additional 335,000 to 526,000 Liberians are now at risk of falling into poverty (see Figure 1 and Figure 2).
- The impact of the pandemic and government-imposed containment measures hit informal sector enterprises and workers particularly hard.** Employment in Liberia remains largely informal (see Box 1 for definition). The informal sector, especially in Montserrado County where the outbreak first occurred, was heavily impacted by social distancing rules and curfews imposed by the Government of Liberia (GoL) to prevent the spread of the

<sup>1</sup> World Bank Human Capital Project, 2020.

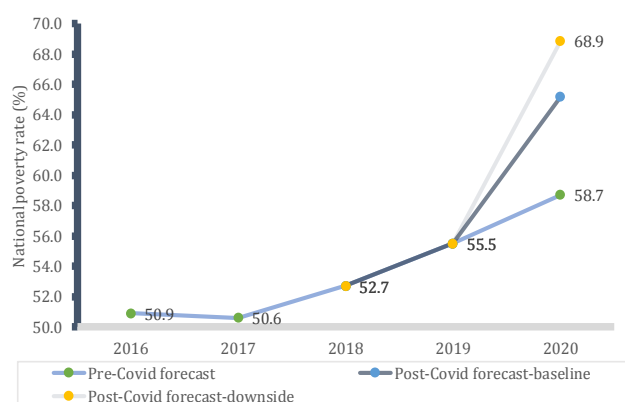
<sup>2</sup> The total number of confirmed cases is 1,343 as of September 30, 2020 and there have been 82 confirmed deaths; though the actual number of cases and fatalities may be a lot higher due to low prevalence of testing.

<sup>3</sup> World Bank (2020) The COVID-19 Crisis in Liberia: Projected Impact and Policy Options for a Robust Recovery.



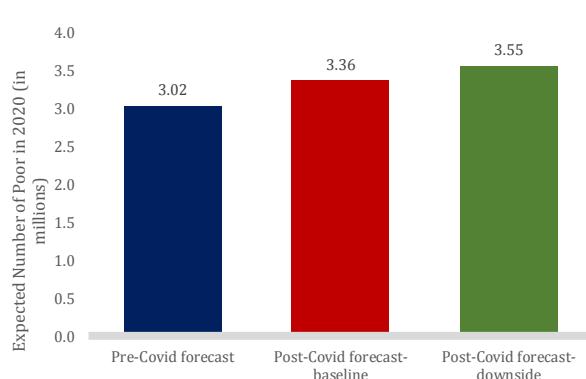
disease. As majority of the informal workers live on a “hand-to-mouth” basis, relying on daily economic activities such as street selling, selling in the marketplaces, and other casual labor activities to make ends meet, the imposition of curfews and social distancing as well as overall spillover effects from reduced economic activities are likely to significantly impact their livelihood. Even small informal enterprises have been hard hit by revenue loss from prolonged closure due to being classified as nonessential entities by the GoL. Businesses in this category may not be able to withstand the impact of this pandemic and will have to close operations in the short- to medium-term if they do not have access to formal credit or other forms of financial assistance. The expected negative impacts of COVID-19 on enterprises prospects will undoubtedly lead to higher poverty. Conversely, support to enterprises to sustain or resume their business will speed up the recovery.

Figure 1: Projected Increase in the National Poverty Rate, Pre- and Post-COVID-19 Forecasts



Source: SSAPOV/GMD database; PovcalNet 2018 and World Bank 2020 forecast.

Figure 2: Projected Number of People Living below the National Poverty Line, Pre- and Post-COVID-19 Forecast



Source: SSAPOV/GMD database; World Bank forecasts, and UNDESA population estimates.

### BOX 1: THE DEFINITION AND MEASUREMENT OF INFORMALITY

According to measurement guidelines set by the International Labour Organization (2013), the designation of informal or formal employment is dependent on the disaggregation of total employment according to the production unit and type of occupation. The former relates to the legal organization and other *enterprise*-related characteristics, while the latter dimension is defined in terms of *status in employment* and other job-related characteristics.<sup>4</sup>

However, survey data often has limitations in the measurement of either the informal sector or informal employment. For example, the Household Income and Expenditure Survey (HIES) data for 2016 does not allow to separate unpaid employment and self-employment of workers involved in agricultural enterprises, while both the data for 2014 and 2016 does not account of measures of social security contributions or if the employment is supplemented by a pension scheme.

As a result, in the survey data the informal sector is determined by the process of elimination (subtracting) of employment, which definitely can be considered formal. In case of our analysis this is:

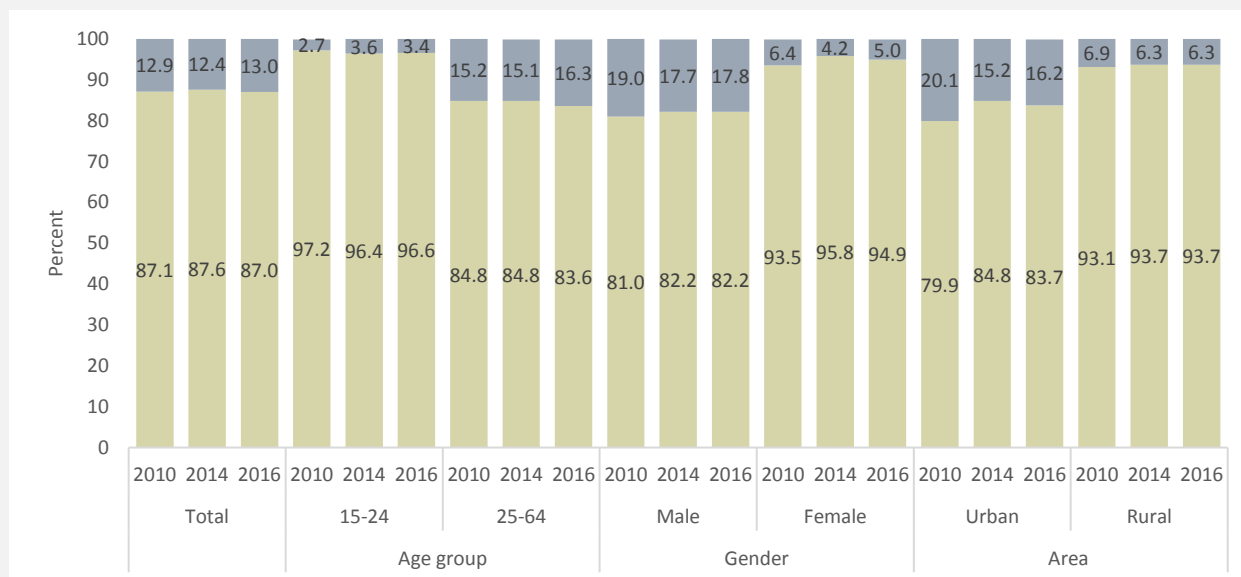
<sup>4</sup> See the following for a graphical representation of the framework used for the measurement of the informal sector and informal employment: <https://ilostat.ilo.org/resources/methods/description-informality/>.



- Waged employment in the public sector.
- Waged employment in the private sector, that is registered (i.e. with a contract).
- Unpaid work and self-employment in non-farming enterprises (NFEs), formally registered.

Based on this definition, formal employment constitutes just 13 percent of the workforce and this share has not changed significantly over the years (Figure 3). The remaining employment is considered informal (about 87 percent).

**Figure 3: Informal sector employment by age group, gender and area of residence of workers**



Source: WB staff calculations, LFS (2010), HIES (2014) and HIES (2016).

- Liberia is highly vulnerable to environmental degradation and the effects of climate change.** Coastal flooding, erosion and sea-level rise pose especially serious risks. Liberia’s coastline includes many of its most densely populated and economically vibrant areas (e.g. the capital city of Monrovia and major port city of Buchanan), as well as numerous informal settlements composed of extremely poor households with little ability to either minimize their exposure to natural disasters or cope with the effects of environmental shocks (e.g. West Point in Monrovia). Communities most vulnerable to the effects of climate change are also the ones the most prone to suffer from economic impacts of COVID-19 (high density, high informality, lack of access to WASH and other services), thus exacerbating their vulnerabilities. To mitigate the impact of climate change, the government will need to develop and implement policies to strengthen coastal management, construct sea walls and other infrastructure, conserve ecologically vital mangrove ecosystems, facilitate environmental technology transfer, and build institutional capacity for risk monitoring and oversight. An integrated approach to mitigating impacts of the climate change can both support COVID-19 recovery and help build resilience at the household and community levels.
- The government’s response to COVID-19 was swift but its social protection measures have so far been primarily focused on food distribution.** Drawing on its experience during the 2014-15 Ebola Virus Disease (EVD) outbreak, Liberia was among the first countries to introduce airport screening measures. A stay-at-home order was introduced on April 10, 2020, and the government launched a stimulus effort designed to mitigate the lockdown’s adverse effects on household welfare. Some of the key measures included: (i) the US\$30 million COVID-19



Household Food Support Program (COHFSP) implemented by the World Food Program, which provides one-off food supplies to poor and vulnerable households; (ii) the provision of free electricity and water; and (iii) the wholesale settlement of loans to market women and petty traders; among others.<sup>5</sup> The COHFSP is meant to be a time limited program initially planned for the first 30 to 60 days of the lockdown. The program started food distribution on a pilot basis in late May and as of September the distribution is currently ongoing in various communities. Unlike many other countries in the world, direct support to informal sector workers has so far been limited.

Sectoral and Institutional Context

7. **Majority of the working age population in Liberia are in the labor force and work, but the quality of the employment is poor.** Labor force participation rate, including those who are employed and unemployed seeking a job, has increased from 69.1 percent in 2007 to 75.3 percent in 2016. Women are significantly less likely (almost 10 percentage points lower) to be in the labor force compared to men. Unemployment is not an issue per se in the Liberian labor market, as most cannot afford to be unemployed. Across all groups unemployment rate is low, and is more of an urban phenomenon, where it increased slightly from 2.4 percent in 2014 to 3.8 percent 2016. However, employment continues to be largely in self-employment and unpaid work. The share of wage employment is small at about 20 percent of all employed (Figure 4). The majority of employed are engaged in self-employment, either as paid or unpaid workers in agriculture (36 percent) or non-agricultural activities (almost 40 percent). The decrease in the share of agricultural activities over time is consistent with urbanization of the population as well as employment, especially among young people (Figure 5).

Figure 4: Employment type, ages 15-64

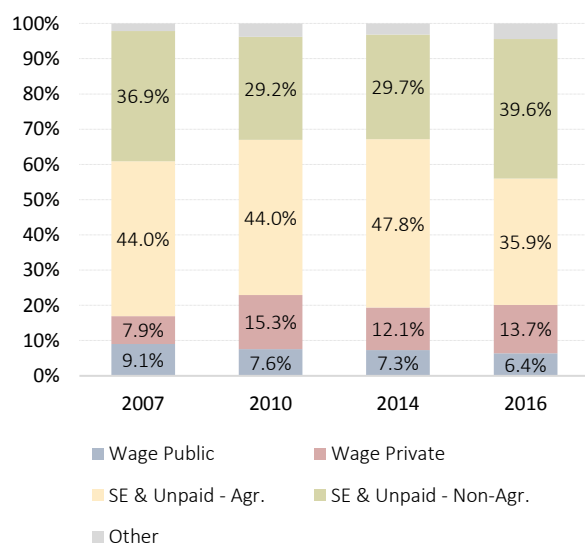
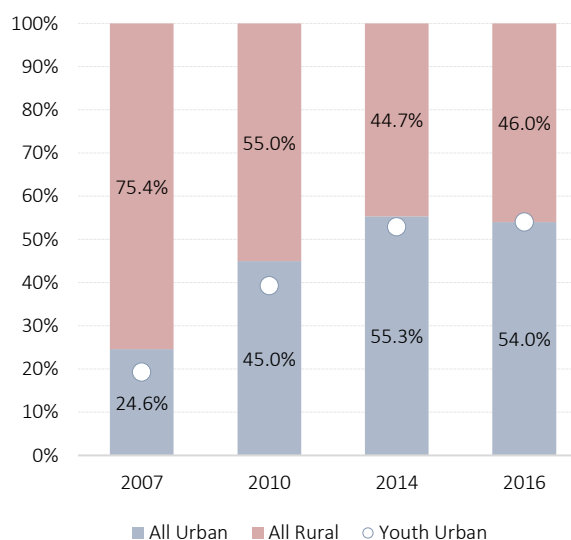


Figure 5: Employment distribution by area, age 15-64



Source: WB staff calculations, CWIQ (2007), LFS (2010), HIES (2014) and HIES (2016).

Note: SE = Self-Employment. Agr. = In agriculture; Non-Agr. = Outside of agriculture.

8. **Employment in Liberia is largely in the informal sector.** The informal sector accounts for 87 percent of waged, unpaid or self-employed workers across Liberia (see Box 1 above). Youth (ages 15-24) and women are more likely

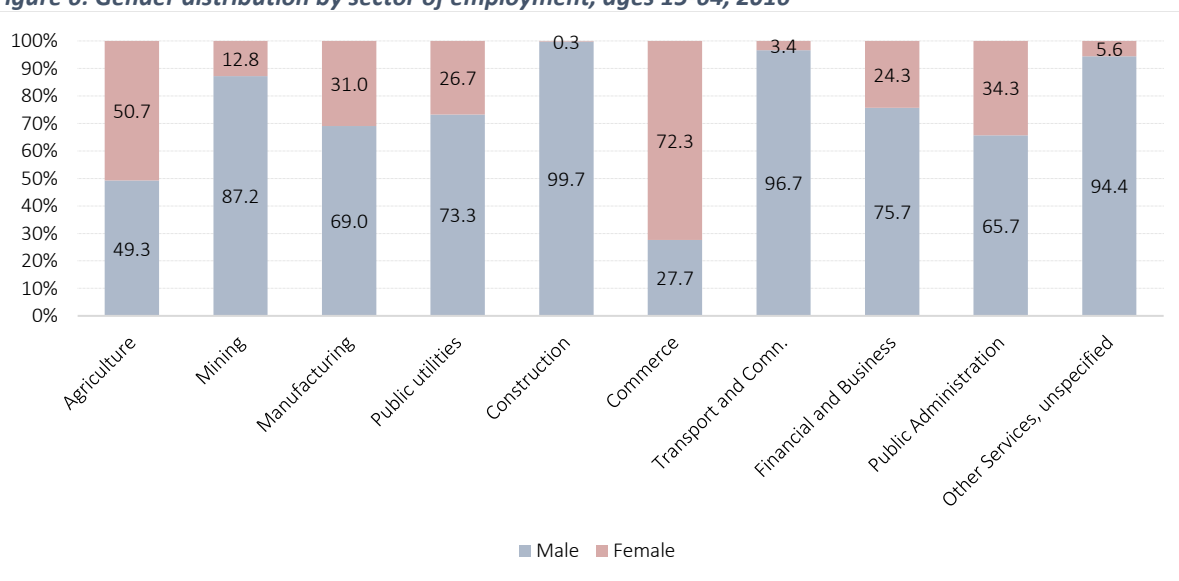
<sup>5</sup> In addition, the Ministry of Gender, Children, and Social Protection plans to pilot an emergency urban cash transfer to approximately 15,000 households as part of the Liberia Social Safety Nets Project (P155293) Additional Financing, currently in the final stages of preparation.



to be in the informal sector, both by about 13 percentage points compared to non-youth (ages 25-64) and men. The share of female workers in the informal sector was 94.9 percent in 2016. While the share of the informal sector employment in rural areas is 10 percent higher than in urban settings, it remains high in urban areas at 83.7 percent. Therefore, the informal sector is a persistent feature of the Liberian economy and policies focusing on the informal sector are more likely to reach the poor and vulnerable.

- 9. **Women are particularly disadvantaged on the labor market.** Not only women are less likely to participate in the labor force, those women who work are overrepresented in non-wage employment. While almost one third of men (31.7 percent) in Liberia have wage employment<sup>6</sup>, which tends to be more secure and higher paid, only 8.7 percent of women are wage employees (Figure 7). The rest of women are employed in agricultural and non-agricultural self-employment and unpaid work.<sup>7</sup> Women are also dramatically overrepresented in low-productivity sectors, such as retail trade/commerce (Figure 6). This affects their earnings, compared to men who are more represented in sectors such as mining, manufacturing, transport, etc. These gender disparities continue to persist even in urban areas, such as in Greater Monrovia, where 18.9 percent of women are in wage employment compared to 55.2 percent among men and 74.1 percent are self-employed and in unpaid employment compared to just 38.7 percent among men. There is a clear gender gap in relation to women’s engagement outside of low-productivity sectors, especially in self-employment, and it is this gender gap that the project will seek to close.<sup>8</sup>

Figure 6: Gender distribution by sector of employment, ages 15-64, 2016



Source: WB staff calculations, HIES (2016).

- 10. **Urban areas, especially Greater Monrovia, have been hit hard by COVID-19 and while labor market outcomes are better compared to the rest of the country, employment continues to be very vulnerable.** The majority of COVID-19 cases so far have been recorded in Montserrado country<sup>9</sup>, which hosts the capital city of Monrovia. While employment outcomes are better, on average, in Greater Monrovia, which includes Monrovia and urban

<sup>6</sup> These results are prior to COVID-19.

<sup>7</sup> 2016 HIES data does not allow to distinguish between self-employment and unpaid work in agriculture.

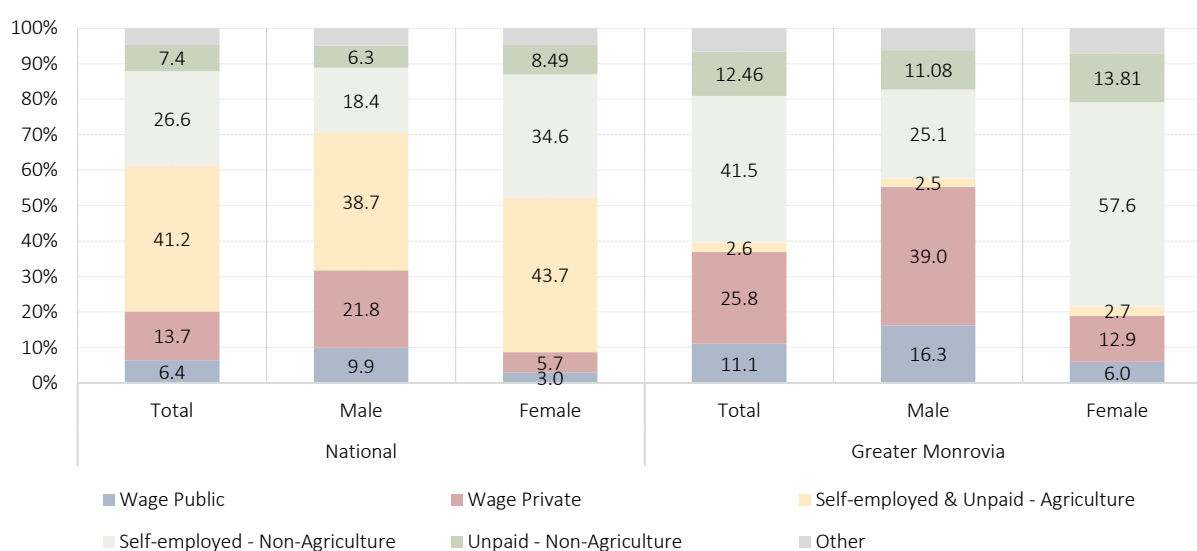
<sup>8</sup> During preparation, other gender gaps will also be considered with respect to, for instance, female-ownership of informal sector enterprises.

<sup>9</sup> About 70 percent as of September 30, 2020.



Montserrado, employment is still concentrated in the informal self-employment or unpaid work sector, particularly, for youth and women. While the share of self-employment is rather consistent across demographic groups, youth (ages 18-35<sup>10</sup>) are more likely to be in unpaid work (almost 15 percent) and less likely to be in wage employment compared to adults. As mentioned before, while employment outcomes (proxied by type of employment) are better in Greater Monrovia (for instance, total share of wage employment is 36.9 percent), a large share of the employed are in vulnerable employment.<sup>11</sup> Vulnerable employment in Greater Monrovia comprises 56.5 percent of the employed population, or approximately 287,000 workers.<sup>12</sup> Female workers are considerably more vulnerable (74.1 percent) in comparison to male workers (38.7 percent). There are approximately 121,000 households with heads ('bread winners') in vulnerable employment, or more than a third (35.7 percent) of all households in Greater Monrovia. These households are considered *vulnerable* for the purposes of the discussion below.<sup>13</sup>

Figure 7: Employment type by gender, National and Greater Monrovia, ages 15-64, 2016



Source: WB staff calculations, HIES (2016).

Note: Other consists of employers or employees/self-employed/unpaid that cannot be categorized, because of lack of information on industry worked or public/private sector.

11. **Most vulnerable households in Greater Monrovia have a non-farm enterprise.** Out of all vulnerable households, 95.4 percent own non-farm enterprises (Table 1). These enterprises in general tend to be small (on average, two working age persons) and have low revenues/profits, making, about US\$55 per month per capita in profits.<sup>14</sup> The youth working in unpaid employment, noted above, most likely are contributing members to these household enterprises and, therefore, are likely to depend on them as sources of livelihoods. Households with just one enterprise, which account for about 75 percent of all households, are more likely to be vulnerable, as they have generally lower revenues and profits, and their collapse could have devastating impacts on these households by

<sup>10</sup> From here onwards, the youth definition is 18-35-year-old, considering 15-17-year olds are not likely to be project beneficiaries, given the fact that a large share of them are still in school, especially in urban areas.

<sup>11</sup> Defined as those either employed on their own account or working as a nonpaid worker or contributing worker for either the family farm or the household's non-agricultural business.

<sup>12</sup> These figures are directly derived from 2016 HIES data and have not been adjusted for the population growth. As a result, they represent lower-bound estimates.

<sup>13</sup> During preparation, additional analysis will be done to fine-tune the definition. However, since the program will not be targeting households, but individuals and enterprises, the next stage of the analysis will focus on targeting criteria focusing on these.

<sup>14</sup> These figures are directly derived from 2016 HIES data and have not been adjusted for inflation. As a result, they represent lower-bound estimates.





pulling them into poverty. It should be noted that almost all of these enterprises are informal with just 1.4 percent being officially registered.<sup>15</sup> Household enterprises for the most part operate in wholesale and retail (71.5 percent), the sector which also tends to be one of the least profitable (less than half of average profits).

**Table 1. Distribution of vulnerable households by ownership of enterprises and their characteristics in Greater Monrovia**

Households	Vulnerable (N)	Distribution (%)	Median Revenue (monthly, USD)	Median Profit (monthly, USD)	Household Size	Working Age Size**	Per-capita profit (monthly, USD)
Total	121,806						
Out of which, with Non-Farming Enterprises*	116,239	95.4%	294.2	116.5	4.1	2.0	55.4
Number of enterprises (non-farming)							
1	87,133	75.0%	275.8	95.3	3.9	1.8	50.0
2	26,224	22.6%	516.0	197.2	4.6	2.3	62.8
3-5	2,883	2.5%	665.7	215.3	7.1	3.8	86.6

Source: World Bank staff calculations, HIES (2016).

Notes: The size of the sample may limit the representativeness, for instance only 10 households in the sample have 3-5 enterprises. Per-capita (PC) profit: average profit / HH Size, in LD). \* Note that the 5.75% of the non-farming enterprises also own farming enterprises. \*\* "Working Age Size" is defined as the number of working age (15-64) adults in the household owning the enterprise(s). 2016 official exchange rate between LD and USD is used for the conversion.

**12. The need to support those in the informal sector has been made more urgent by the ongoing COVID-19 crisis, due to the urban informal sector being disproportionately affected by the COVID-related shocks.** Under normal circumstances, informal sector workers and enterprises are vulnerable to shocks given they have undiversified sources of incomes, low savings and poor access to formal insurance or safety nets. As part of the COVID-19 response, the Government of Liberia announced one measure targeting the informal sector traders (the wholesale settlement of loans to market women and petty traders), however, it has not been implemented to date. Given the low fiscal space, Government has not been able to provide support to broader categories of the informal sector so far.<sup>16</sup> This type of support will be critical to help speed up the economic recovery.

**13. COVID-19 crisis is also impacting livelihoods and economic activities in rural areas.** While the immediate impact of COVID-19 was the most felt in urban areas, especially due to the lockdown measures, the rural areas remain at risk, especially if the economic downturn remains protracted. Rural areas in Liberia host the majority of the extreme poor households. Food insecurity is also endemic in rural areas. This makes households in rural areas particularly vulnerable to and less resilient to shocks. Therefore, support to recovery should be also aimed at promoting productive employment in rural areas as well.

Relationship to CPF

**14. The project is fully aligned with the Liberia Country Partnership Framework (CPF) FY19-FY24.** In particular, the proposed project will contribute to several CPF pillars and objectives. The project will primarily contribute to Pillar II on *Building Human Capital to Seize New Economic Opportunities*, via contributing to the objective of *Improved Earnings Generation Opportunities for Youth and Women* (Objective 5). While the project will not specifically

<sup>15</sup> Enterprises are registered by the GoL on the Liberia Business Register. The registered enterprises are issued a certificate and a corresponding identification number.

<sup>16</sup> <http://documents1.worldbank.org/curated/en/590531592231143435/pdf/Social-Protection-and-Jobs-Responses-to-COVID-19-A-Real-Time-Review-of-Country-Measures-June-12-2020.pdf>



target youth, given country's youthful demographics it is expected by and large to benefit young people working in the informal sector. Owing to strong gender disparities on the labor market, the project will prioritize and adapt interventions to benefit women. At least 50 percent of the beneficiaries will be female. The CPF envisioned that the new World Bank Group (WBG) program will seek to enhance opportunities for self-employment, for example, through improved access to seed financing and entrepreneurship skills development. However, the project is also expected to contribute to other pillars, such as Pillar I (*Strengthening institutions and creating an enabling environment for inclusive and sustainable growth*) by promoting the development of informal sector enterprises through enabling their access to finance and training. Finally, the project will also partially contribute to Pillar III (*Narrowing the Infrastructure Gap to Foster More Equitable Development Nationwide*) by addressing some of the gaps in small-scale infrastructure and access to services through labor-intensive public works.

15. **This project falls under Pillars 2 and 3 of the World Bank Group COVID-19 Crisis Response Approach.** Pillar 2 of the approach is focused on *protecting the poor and vulnerable*. The proposed project will directly support with the objective of supporting employment and productivity for vulnerable households, informal businesses and micro-enterprises by supporting the immediate consumption needs of informal sector workers from low-income households through availing them with temporary employment opportunities. Labor-intensive public works projects using proper safety precautions can support livelihoods, while providing community small-scale infrastructure and resilience. The proposed project's activities will also aim to improve employability and productivity by fulfilling the *putting people back to work* objective of the Resilient Recovery Stage of the WBG response. Finally, by focusing on viable informal sector micro-enterprises, the project will also contribute to Pillar 3 which aims at *ensuring sustainable business growth and job creation*.

### C. Proposed Development Objective(s)

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

#### Key Results (From PCN)

- i. Number of new or existing micro- or small enterprises supported by the project (of which, female-led)
- ii. Percentage of new or existing micro- or small enterprises still operational, at least six months following grant/support (of which, female-led)
- iii. Direct beneficiaries of public works (of which, females)
- iv. Person-days of temporary employment created

### D. Concept Description

16. By building on lessons learned and the implementation capacity and structures of the ongoing Youth Opportunities Project (P146827)<sup>17</sup> as well as lessons from prior employment-focused recovery operations such as Girls Ebola Recovery Livelihood Support (GERLS) Project, **Recovery of Economic Activity for Liberian Informal Sector Employment (REALISE)** project will support vulnerable informal sector enterprises and low-income households operating these enterprises to cope with the economic impact of COVID-19 crisis in Liberia. It will also support economic recovery by promoting the development of new micro- and small enterprises. It will do so through the provision of grants to keep informal sector enterprises operational and help restart economic activity

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<sup>17</sup> Scheduled to close on June 30, 2021.



through technical and financial support to new and existing viable informal micro- and small enterprises. Importantly, it will also provide temporary employment to help informal workers gain access to additional income earning opportunities to help them smoothen their consumption and transition into more productive jobs. In sum, the project will aim to support the poor and vulnerable in urban areas by supporting their economic activities in the informal sector and facilitating their productive inclusion.

17. Initially, the project will focus on an urban area with the greatest concentration of COVID-19 cases, i.e. Greater Monrovia. Other urban areas will be considered during preparation with respect to the need, but also feasibility of implementation. It is proposed to reserve one of the sub-components for rural areas, to be rolled out later during implementation with possible co-financing from other development partners. In particular, *Agence Française de Développement* (AFD) has expressed interested in co-financing a follow-up project to YOP, but their financing may not be available until 2022. In addition, inclusion of this component allows greater flexibility in terms of allocation of resources to areas in more need, including potentially through a Contingency Emergency Response Component (CERC) component.
18. The project will have the following four components:
  - **Component 1: Support to Vulnerable Informal Sector Enterprises**
19. Building on the implementation track record of Small Business Support (SBS) under YOP as well as previous interventions, Component 1 will provide support to vulnerable micro- and small enterprises in the informal sector. Specifically, it will provide: i) business maintenance and recovery/development grants and training to existing informal micro- and small enterprises; and ii) technical support and grants to start new viable micro- and small enterprises in the informal sector in urban areas. The operational distinction between micro- and small enterprises is as follows: informal enterprises with employment size consisting of one person are classified as micro (self-employed/own-account workers) and enterprises with two to five workers as small.<sup>18</sup>
20. Specifically, Component 1 will support vulnerable informal sector micro- and small enterprises to help sustain them during the crisis and ensure their recovery coming out of the crisis. It will address important challenges that they face and promote productive inclusion of households who rely on these enterprises as their main source of income. First, it will provide support to existing micro- and small enterprises who are particularly vulnerable to the economic impacts of the COVID-19 crisis. Second, it will address the constraints related to productivity of these micro- and small enterprises which inhibit their earnings and, therefore, hamper poverty reduction.
21. Based on international evidence that providing a package of training and financing is most effective (especially for women)<sup>19</sup>, this component will finance: (a) a range of support services, including business skills and development training, and mentoring to be delivered on a flexible basis to meet beneficiary needs; and (b) cash grants for new and existing micro- and small enterprises. The grants will aim to reach enterprises which are viable but are not eligible for other sources of financing such as microcredit or credit from the commercial banks due to the lack of collateral or other requirements such as business registration. The grants will serve as ‘seed funds’ to unlock potential access to finance through a combination of technical assistance and support for investments needed to make the enterprises eligible for more formal access to finance channels. Building on the lessons learned from

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<sup>18</sup> These definitions will be confirmed during preparation.

<sup>19</sup> Cho, Yoonyoung, and Maddalena Honorati. 2014. Entrepreneurship Programs in Developing Countries: A Meta Regression Analysis. Labour Economics; World Bank. 2013. Buvinic, Maya, and Rebecca Furst-Nichols. “Promoting Women’s Economic Empowerment - What Works?” World Bank working paper, World Bank, Washington, DC.



YOP and experiences from other countries<sup>20</sup>, the project will actively promote engagement of women in higher productivity (sometimes referred to as ‘male-dominated’) sectors to promote higher earnings among women.

- **Component 2: Temporary Employment Support and Employability Development for Vulnerable Workers**

22. Component 2 will provide temporary employment and employability development for vulnerable workers struggling to find gainful employment and opportunities in the aftermath of COVID-19 crisis. It will build on a long history of cash-for-work programs in Liberia, which has been utilized by the Government to address employment challenges following the civil war as well as economic crises such as the food, fuel, and financial crisis. These programs have also been used to address chronic under-employment challenges by aiming to promote productive inclusion. Given the protracted nature of COVID-19 crisis and the resultant economic downturn in Liberia, this intervention will allow the Government to mitigate risks of unemployment rise, especially among youth in urban areas, which could lead to instability. Building on the lessons learned from Liberia and elsewhere, the temporary employment support provided via public works will be complemented with a series of life skills and other employability trainings tailored to the needs of beneficiaries. These life skills trainings will aim to ensure that beneficiaries can productively (re)enter the labor market following their program participation. Following experience of YOP, to promote financial inclusion all beneficiaries will be enrolled and paid via mobile money and/or bank accounts.

23. This component will consist of the following three sub-components.

- **Sub-Component 2A: Labor-intensive public works in urban areas**

24. This sub-component will finance labor-intensive public works to facilitate reentry into productive employment while improving environment for the poor and vulnerable in urban areas. This component will provide temporary employment through community-based public works activities. It will have a particular focus on targeting vulnerable informal sector workers or other under-employed individuals in urban areas.

25. Project-financed activities will be deliberately small-scale to minimize any negative environmental or social impacts but labor intensive and quickly executable (e.g. street sweeping and cleaning, drainage clearance, painting of public buildings and street walls, painting of crosswalks, rehabilitation of recreational spaces<sup>21</sup>). This will also include service-oriented public works which may not require significant capital investments but may have broader positive impact on the community (e.g. providing basic care/services to the vulnerable, such as elderly or disabled, in the communities, childcare, etc.).

26. The works or services will be localized and selected with the participation of the communities as much as possible to increase community ownership. However, the project will have a few ‘shovel ready’ projects identified during the project preparation and prior to effectiveness to ensure this component implementation can start as soon as possible. The daily wages will be set at a level to ensure self-targeting<sup>22</sup> can be an effective strategy to minimize

<sup>20</sup> Alibhai, S., Buehren, N., Papineni, S., & Pierotti, R. (2017). Crossovers: Female Entrepreneurs Who Enter Male Sectors: Evidence from Ethiopia. The World Bank.

<sup>21</sup> Please note that the list of financed activities will be finalized during project preparation in close consultation with the Urban GP colleagues working on the Monrovia Integrated Development Project to ensure that these activities do not undermine the development of private sector provision of these services in the long run.

<sup>22</sup> Under normal circumstances, cash for work interventions set wages just below the prevailing market wage in order to ensure self-selection of program beneficiaries, as well as to prevent wage substitution and other market distorting effects. For a detailed discussion of this issue and some of the challenges related to wage setting, see: Andrews, C., Backiny-Yetna, P., Garin, E., Weedon, E.; Wodon, Q., Zampaglione, G. 2011. Liberia's Cash for Work Temporary Employment Project:



extensive recruitment/targeting process which may delay implementation.<sup>23</sup> In case of oversubscription, public lotteries will be held to select beneficiaries – a common practice accepted as fair by communities in Liberia as experienced in YOP and similar past projects. The focus will be on monitoring of outcomes and adjustments in design, as needed, to make sure implementation can be agile in a fast-developing context. The range of life skills trainings will serve to address other gaps that the project beneficiaries may have in accessing better employment.

- **Sub-Component 2B: Community Livelihood and Agriculture Support (CLAS) in rural areas**

27. Following on YOP's success in promoting employment and agricultural value addition in rural areas through Community Livelihood and Agriculture Support (CLAS), the project will include a sub-component focusing on rural areas. This component will support livelihood and value-addition opportunities in the agriculture sector for the vulnerable underemployed living in poor and hard to reach communities in rural settings. It will scale up activities under YOP's CLAS and have an emphasis on communal farming and value addition activities to increase beneficiaries' earnings. This sub-component will be phased after Component 1 is set up and running and will be conditional on co-financing from AFD. This sequencing will ensure implementation capacity is not weakened by running too many interventions at the same time.

- **Sub-Component 2C: Employability Development**

28. This sub-component will finance activities aimed at employability development of public works beneficiaries, but also un- and under-employed more generally. All beneficiaries of Sub-components 2A and 2B will complete a Life Skills training<sup>24</sup> and other initiatives aimed at improving their employability. These activities will not be exclusively targeted to public works beneficiaries, however, and will be made available to other un- or under-employed in urban and rural areas. Beneficiaries of this sub-component will be provided with life skills training, but additional demand-driven options will include business management training, functional literacy, job readiness skills and counselling, etc. Beneficiaries participating in this subcomponent will also have the opportunity to participate in Component 1 activities, if they have business ideas/entrepreneurship potential. This sub-component will build on the existing initiatives such as the YEZ platform developed under the Liberia Youth Employability and Empowerment Platform and will aim to link beneficiaries, youth and non-youth alike, with job readiness training (to include behavioral nudges for finding and keeping a job), internships, jobs and other income-generating opportunities.

29. All components will have a strong gender focus aimed to address gender gaps in labor market outcomes as well as mitigate risks of Sexual and Gender-based Violence (SGBV). In particular, all components will have at least 50 percent targets for female participation. This was proven to be possible, and often exceeded, under YOP. Given that women are significantly more likely to be in self-employment and have lower access to wage jobs than men, they are more likely to participate in programs targeting self-employment/entrepreneurship. In addition to ensuring women participate, the project will place special emphasis on improving outcomes for women. Building on lessons learned from YOP, for instance, women will be encouraged to expand into male dominated fields for

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responding to crisis in low income, fragile countries (English). Social Protection discussion paper; no. SP 1114 Washington, D.C.: World Bank Group.

<sup>23</sup> In addition, geographic targeting will be deployed to target vulnerable communities in Greater Monrovia focusing on slum communities, which can benefit, in particular, from such activities. This will be based on a recent targeting exercise conducted for an urban emergency cash transfer program and will be further elaborated on during the preparation.

<sup>24</sup> The curriculum will build on life skills curriculum delivered under YOP and will be updated to reflect COVID-compliant protocols for functioning in the labor market and conducting business and farming in a safe manner. It would cover personal initiative, leadership, self-efficacy, confidence, time management, basic financial literacy, sexual and reproductive health, sexual exploitation, abuse and harassment at the workplace, and COVID-19 related material.



their businesses.<sup>25</sup> Female-specific needs will be considered in the design and implementation of interventions, including needs for safe childcare arrangements during public works and the various training programs. A grievance redress mechanism (GRM), following a survivor-centered approach, will also be put in place to collect, record, and respond to sexual harassment and other gender-focused complaints. The GRM would also be used for overall project-related issues, including social and environment safeguards related.

- **Component 3: Program Implementation, Capacity Building and Coordination**

30. This component will support: (i) Government and other actors capacity strengthening for the coordination, design, and implementation; (ii) the administrative, technical, and financial management of the project by Project Implementation Unit (PIU) under the oversight of Project Steering Committee; (iii) the coordination among all institutional partners to ensure the efficient flow of information among all actors and coordination with the private sector; (iv) the establishment of monitoring and evaluation mechanism of the project’s results and impact; (v) the development of communication activities to publicize and disseminate project results, best practices, and success stories; (vi) impact evaluations.

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

31. Component 4 would be a Contingent Emergency Response Component (CERC). This is a provisional zero amount component to allow for rapid reallocation of loan proceeds from other project components during an emergency.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No
Summary of Screening of Environmental and Social Risks and Impacts	

The type, location, sensitivity, and scale of proposed project activities, nature and magnitude of the potential environmental and social risks and impacts and the E&S capacity of the borrower, the overall Environmental & Social risks classified as Substantial. The summary of screening of E&S risks and Impacts given below:

The project is designed to support small-scale public work interventions which would encompass the following areas: (i) urban greenery (e.g. rehabilitation of recreational spaces, painting of public buildings, street walls and cross-walks,), (ii) waste management (e.g. street sweeping and cleaning, drainage clearance), and service-oriented public works (e.g. providing basic care/services to the vulnerable, such as elderly or disabled, in the communities). Besides, the project will also build on YOP’s success in promoting employment and agricultural value addition in rural areas through Community Livelihood and Agriculture Support (CLAS).

Overall, the project will achieve considerable beneficial environmental impacts because the emphasis on supporting types of activities will be not on just minimizing negative environmental impacts but also on promoting enterprises that will have positive impacts. The beneficial impacts will include cleaner air and improved aesthetics in the beneficiary cities, improved

<sup>25</sup> This will be done though specific behavioral nudges and design features which are being piloted under YOP in collaboration with ideas42.



hygiene condition, flood reduction and better quality of the environment as a result of improved waste management and decline in the prevalence of diseases whose transmission is linked to poor sanitation.

However, the environmental issues could arise from activities that may use environmentally damaging technologies and resources for mainly the activities involved in sub-components 2A & 2B, it may affect the environment adversely. The risks emerging from these activities (including public works, livelihood and value-addition activities in the agriculture sector) are likely to range from pollution of land, ground and surface water (if wastes are improperly disposed of), air pollution/climate contamination (burning of disposed wastes/GHG emission from decomposing waste at waste disposal sites) and harm towards animal and marine life through contamination of the food chain. Given the scale at which these activities will be implemented, the potential adverse risks and impacts on the environment are unlikely to be significant. The project will aim to minimize risks which could arise from supporting types of activities that may use environmentally damaging technologies and/or Component 1 beneficiaries potentially starting or expanding businesses that may affect the environment. The Bank team will work with the implementation agencies to prepare a negative/exclusion list to avoid substantial to high risk activities supported under Component 1. On the other hand, the project will also consider assigning priority to those enterprises which are likely to have a positive impact on the environment or contribute to climate risk mitigation (e.g. solar panels or other innovative solutions). Considering potential risks and borrower capacity, the environmental risk of the project is considered Moderate. The Bank team will work with MYS/LACE to prepare a negative/exclusion list to avoid substantial to high E&S risk activities. The activities will be screened to ensure no businesses will have adverse impacts on the environment. However, this risk classification will be revisited when more details of the project become available toward appraisal. Any change to the classification will be disclosed on the Bank's website.

The likely social risks associated with the project include: i) increased women vulnerability to Sexual Exploitation and Abuse and Sexual Harassment (SEA/H) mainly by authorities in return for official businesses permits/transactions, ii) low participation of women (women headed households and young women) and most vulnerable (disabled and elderly) in the project due to family responsibilities such as taking care of siblings and handling household tasks, iii) limited property/land ownership rights mainly excluding women from owning land and widening the inequality gap that has been further deepened by conflict and pandemics such Ebola and COVID-19, iv) possibilities of the project tumbling to 'elite capture' in which its resources will be directed to benefit few individuals favored by authorities and, v) emergence of social conflict resulting from favoritism and lack of transparency.

Majority of people in Liberia are employed in the informal sector with many limitations, insecurities and challenges. The vulnerable people and uncertain employment and living condition pose challenges at various level to stable and sustainable development as employment is unregulated, unrecognized and of low productivity in nature. Due to COVID-19 related imposed physical distancing, mass isolation and quarantine need for informal sector centric initiatives, the supply chain has been severely affected. Jobs and earnings of especially low-income urban and rural workers are at unprecedentedly distressing levels which are not only have created an intra-family stress and social tension but will also have cascading affects in terms of post COVID-19 restoration and social stability. Gender disparities in labor market participation, disproportionate responsibility for caregiving and household work, low technical skills and gender-based discrimination in the labor market are among the key barriers to women's access to the quality jobs which has worsened due to present pandemic, requiring extreme efforts from all stakeholders to mitigate. Selection of beneficiaries (including ensuring reduction in gender gap, inclusion of the vulnerable) would be a major challenge given the high number of potential candidates which subsequently may give rise to elite capture. Social norms and barriers to female labor force participation (especially in the post COVID phase) would also pose challenges. The access to training and job opportunities as well as supports to restore the lost business and regain jobs may potentially be very limited due to the high demand and less supply, hence many may be excluded and are likely to be left out from the project benefit which may potentially give rise to social conflict and psychological trauma.



Under the current COVID-19 circumstances, people in the urban areas are desperate to find job and put food on the table. This will pose major challenge to the project as its limited resources would likely get overwhelmed by the number of people who would like to benefit from the project. Vulnerable groups may also face challenges in securing benefits from the Project intervention leading to unintended exclusion. They may be kept away from selection, their inherent disproportionate risks and impacts because of their physical vulnerability which would require differentiated mitigation measures will likely get deteriorated. Female beneficiaries may be targeted for Gender-Based Violence (GBV)/ SEA/H by the implementing staffs as well as public authorities. The project will require COVID- 19 related training and protocol to avoid the spread of the cases at various levels. The Ministry of Youth and Sports shall update Project Implementation Manual (PIM) and shall include COVID protocol for project implementation. Ensuring protocol enforcement may pose challenges since intended beneficiaries may be reluctant to follow the same, however without such measure, the project intervention may be subject to the pandemic and create an obstacle to project progress and achievement. Nonetheless, the employment opportunity and financial assistance may motivate the targeted beneficiaries to follow the process. The social risk for the project is rated Substantial based on the E&S capacity of the borrower and the nature of anticipated social risks associated with the proposed project. The social risk rating will be reevaluated as and when more information on the project design and activities will be available.

## **CONTACT POINT**

### **World Bank**

Victoria Strokova, Mack Capehart Mulbah  
Senior Economist

### **Borrower/Client/Recipient**

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

### **Implementing Agencies**

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

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





**FOR MORE INFORMATION CONTACT**

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

**APPROVAL**

Task Team Leader(s):	Victoria Strokova, Mack Capehart Mulbah
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**Approved By**

Practice Manager/Manager:		
Country Director:	Khwima Lawrence Nthara	16-Oct-2020