

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: PIDA21902

Project Name	Youth Opportunities Project (P146827)
Region	AFRICA
Country	Liberia
Sector(s)	Other social services (100%)
Theme(s)	Social Safety Nets/Social Assistance & Social Care Services (30%), Improving labor markets (70%)
Lending Instrument	Investment Project Financing
Project ID	P146827
Borrower(s)	Government of Liberia
Implementing Agency	Ministry of Finance
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	13-Feb-2015
Date PID Approved/Disclosed	10-Mar-2015
Estimated Date of Appraisal Completion	10-Mar-2015
Estimated Date of Board Approval	30-Apr-2015
Appraisal Review Decision (from Decision Note)	

I. Project Context

Country Context

1. Before the Ebola outbreak in mid-2014, Liberia had experienced substantial growth since the end of the fourteen year conflict in 2003. Conditions for private sector engagement and investment had improved, and Gross Domestic Product (GDP) was growing. GDP growth had peaked in 2008/09 at over 9 percent per year. The service and commerce sectors, including construction, retailing and hospitality, were the leading contributors to the economy, while agriculture remained the single largest source of employment in the country. Iron ore mining and other concessional sectors, such as palm and rubber production, also contributed to GDP growth. Liberia had also attracted reinvestments into its traditional sectors in forestry, rubber and mining. As a result, exports increased from US\$175 million in 2006 to US\$295.2 million in 2011.

2. Despite achievements of recent years, high levels of poverty and underemployment, combined with low human capital, still remain significant challenges in the country. Around 300,000 households (48 percent) are classified as being in extreme poverty. The country is ranked 174th out of 186 countries in the international 2012 Human Development Index. An estimated 85 percent of the active work force has only vulnerable employment – without access to a pension,

insurance policies, sickness benefits or job security. Approximately 4,300 children are classified as orphans, and 92,000 people (mainly adults) live with disabilities. Liberia also has a relatively high urban density – in 2008, 48.7 percent of all households lived in urban areas. In rural areas, a significant portion of the labor force is in traditional small-scale agriculture and family work.

3. Liberia has a history of conflict that ended 14 years ago. This impacted negatively on youth opportunities and behavior. These youth were exposed to a wide range of traumatic experiences, including forced recruitment into armed groups, violence and victimization, in addition to the daily stresses of poverty and insecurity. In addition to unresolved trauma, other psychosocial impacts include poor work ethics, poor sexual and reproductive health choices, including high rates of teenage pregnancy and related care-taking burdens of female and male youth. These constraints impact their ability to communicate and collaborate effectively in a work environment. A growing body of evidence, much of it from post-conflict countries, suggests that exposure to such stresses – especially when it is chronic - can have an enduring impact on physiology and brain function. The effects are particularly dire for the development of non-cognitive skills, such as the ability to regulate emotions, focus attention, problem-solve, or multi-task. Some research suggests these non-cognitive skills may be even more critical for human capital formation than intellectual skills because they form the foundation for lifelong learning capabilities. There are also indications of significant mistrust between youth and government, leading to challenges in uptake of government-sponsored youth employment support programs.

Sectoral and institutional Context

4. Liberia's National Youth Policy defines youth as persons aged between 15 and 35 years. This age group constitutes nearly half of the total labor force in Liberia and 35 percent of the population. With more than 60 percent of the population under 24, the youth proportion of the population, as well as their share in the labor market, will continue to grow. It is estimated that an additional 50,000 young people join the labor force every year. Nearly one-third of the youth in the labor force have little or no schooling. They thus remain unprepared to take advantage of economic opportunities in the country. Available research estimates that almost seventy percent of Liberian youth believe that they lack the skills or experience needed to find a job. For existing household enterprises managed by youth, the quality of outputs is very poor.

5. Out of the total labor force, the formal sector employs only 17 percent, while the informal sector, characterized by significant underemployment, low productivity, and low wages, employs 78.5 percent. Although the 2010 Labor Force Survey reported a national unemployment rate of 3.7 percent, approximately 80 percent of Liberians and 82 percent of youth aged 25-34 are self-employed, either as own-account workers or contributing family members. The ILO defines the sum of these two categories as vulnerable employment. The high prevalence of vulnerable employment stems primarily from the fact that a large majority of Liberians in the labor force cannot afford to be unemployed and consequently work for themselves or other family members.

6. Young women experience particular difficulty in attaining remunerated work in the labor market. The 2010 Labor Force Survey found that while women have roughly equal rates of employment as men, they are under-represented in terms of paid employment, with only 24 percent of paid jobs held by women. A more recent labor market transitions survey focused specifically on youth identified a 13 percentage point gap in unemployment rates between young men and young women, with young women much more likely to be unemployed. 90 percent of females are

vulnerably employed (either as own-account workers or contributing family members), compared with 72 percent of males and 61 percent of males aged 35-64. Young women also face additional family obligations; one in three Liberian adolescent girls has had a child.

7. Self-employed youth report their biggest business challenge to be insufficient financial resources. Formal credit and finance is extremely difficult to obtain for most individuals and small businesses. Many banks are generally reluctant to expand credit to SMEs on account of weak contract enforcement. About 35 percent of small-scale firms, 27 percent of medium-scale firms, and 30 percent of large-scale firms view access to finance as a major constraint, according to Enterprise Surveys. The World Bank's Inclusive Growth Diagnostics notes that "an almost complete lack of credit for SMEs and individual entrepreneurs severely limits the possibility of many low income Liberians undertaking potentially profitable economic activities.

9. In 2013, the President of Liberia launched a new National Vision, Liberia Rising 2030, as well as an interim five-year strategy, the Agenda for Transformation (AfT), to promote its development goals. Youth Empowerment is under the Cross-Cutting Pillar of the AfT, which aims to mainstream cross cutting issues across all sectors for society's overall productivity and well-being, with particular emphasis on the vulnerable segment of the country's population (specifically youth, women, children, and persons with disability). The strategy foresees that investments in technical and vocational education would ensure that the youth have the skills to respond to job opportunities, including those arising from foreign investment. The AfT further commits to facilitating the generation of economic opportunities with a special focus on rural areas. This would be achieved by expanding infrastructure (particularly roads and electricity), and information, communication and technology (ICT) throughout the country, and increasing focus on agriculture, practical skills and vocational education programs.

10. The AfT also includes a Human Development pillar, which identifies Social Protection as a key aspect of the government's development agenda. The government's aim for this sector is to build a social protection system for improved protection of the poorest and most vulnerable households and groups from poverty, deprivation and hunger, and enhanced resilience to risks and shocks. The National Social Protection Policy and Strategy, approved in August 2013, further contributes to the AfT's aim of promoting shared and equitable economic growth in Liberia. The Policy's objective is to "build a social protection system that tackles extreme poverty, vulnerability and inequality in Liberia whilst contributing to economic growth and peace and security, through social protection programs which improve food security, access to health and education and enable the working poor to access improved income." The SP Policy and Strategy (2012-2017) also recognizes poor coordination of the sector and the need to build an effective and sustainable Social Protection system that builds resilience and is capable of responding to future income shocks. The strategy thus provides a framework for improved coordination of social protection interventions in the country.

11. The World Bank has also developed a knowledge base on social protection, youth employment, and vulnerable youth in Liberia. World Bank financing has supported the Government in social protection, labor, and education interventions through the Community Empowerment Projects (CEP) I and II, the CfWTEP, the YES Project, and the EPAG Project, among others. Other youth employment interventions are also being implemented in the country, however, the sector remains challenged by poor coordination among implementing partners, inadequate systems and weak capacity to systematically track sector-wide results.

II. Proposed Development Objectives

The Project Development Objective is to improve access to income generation opportunities for targeted youth and strengthen the government's capacity to implement its cash transfer program.

III. Project Description**Component Name**

Pre-Employment Social Support and Household Enterprises for Urban Youth

Comments (optional)**Component Name**

Productive Public Works for Rural Youth and Life Skills Support

Comments (optional)**Component Name**

Capacity and Systems Building for Cash Transfer

Comments (optional)**Component Name**

Project Implementation and Coordination

Comments (optional)**IV. Financing (in USD Million)**

Total Project Cost:	10.00	Total Bank Financing:	10.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			10.00
Total			10.00

V. Implementation**VI. Safeguard Policies (including public consultation)**

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04		x
Forests OP/BP 4.36		x
Pest Management OP 4.09		x
Physical Cultural Resources OP/BP 4.11		x
Indigenous Peoples OP/BP 4.10		x

Involuntary Resettlement OP/BP 4.12	x	
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)

VII. Contact point

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