

2022 CCA UPDATE

**COMMON COUNTRY ANALYSIS (CCA) UPDATE
REPORT**

UNITED NATIONS COUNTRY TEAM IN LIBERIA (UNCT)

FEBRUARY 16, 2022

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Macro- and micro-Economic Environment

- ❖ Available data shows that there is an increase in extreme poverty and overall poverty rate exacerbated by the outbreak of the COVID-19 pandemic. The CCA Update reveals that economy is not providing the required levels of economic growth, although endowed with natural capital.
- ❖ **Health, education, gender, energy, climate, and economy**, which are integral to human development, continue to face headwinds.
- ❖ A sense of unfulfilled expectations of peace dividends (owing in large measure due to COVID-19) will dominate the political landscape moving into the next electoral cycle.

Implications Of these Changes to the UNCT Programming

- ❖ These changes render the development landscape more complex with a need for a combination of short-term quick impact actions while also laying long-term foundations for sustaining progress on SDG1.
- ❖ **Need for UN programming that shifts the narrative of:**
 - high food expenditure; high out-of-pocket health expenditure; reversals in primary education completion rates; high energy costs; binding constraints against women within the socio-economic and political landscape, poor connectivity to the different counties and one of the sharpest declines in minimum real wages (2010-2019)
 - there is a need for UN programming that shifts the poorly diversified and high commodity dependency economic model into a sustainable, gender responsive economic model.

Implications to UNSDCF

- ❖ CF that has ability to meet the complex demands of mounting SDG1 challenge within a context of extremely limited government's fiscal space.
- ❖ CF that has ability to leverage comparative advantages of the country; addresses the binding constraints of SDG2, SDG3, SDG4, SDG5, SDG7, SDG9, SDG13, SDG17 to change the SDG1, SDG8, SDG16 narrative.
- ❖ HDI analysis reveals GNI Per Capita (2017 PPP USD) is witnessing regression even prior to COVID-19. The annual real GDP growth rate has slowed, and this calls for a recalibrated, gender inclusive and sustainable economic model (SDG8) to facilitate growth.

Development/Country's Context

1. **The recalibration and mid-term review of the Pro-Poor Agenda for Prosperity and Development (PAPD) was done with a focus on economic recovery and strengthening resilience to health risks¹.** As part of the recalibration process, the government revised high-level national targets and identified priorities within the revised national targets. One of the priorities is annual GDP growth. Considering the impact of COVID-19, the revised national target is to increase annual GDP growth to 2 percent. UNDP's Human Development Index analysis reveals GNI Per Capita (2017 PPP USD) is witnessing regression even prior to COVID-19². Data from 2010-2019 reveals that country witnessed one of the sharpest declines in real minimum wages in Africa region³. Foreign Direct Investment which formed integral part of the growth narrative in the post conflict period, has been coming down significantly⁴ and the employment generation from the concessions driven economic model is not commensurate with the expectations⁵. A combination of these trends calls for a matching recalibration of the economic model towards a more gender inclusive (SDG5) and sustainable (SDG13) economic model that can support prioritization of the government. Developing consensus on such a recalibration of economic model can be a critical contribution towards 2030.
2. **2023 elections are scheduled to take place in the context of many shifting narratives.** The 2017 elections truly represent a milestone towards deepening political stability. Embedded within this landmark milestone is also heavy expectations of the citizens towards peace dividends. The 2019 outbreak of COVID-19 was a major disruptor to the effective implementation and translation of plans into credible outcomes for the poorest of the poor, especially increase in extreme poverty will dominate the electoral landscape. Complementing the existing UN peacebuilding engagements, strengthening national prevention capacities with a focus on infrastructures for peace that facilitate continuous internal dialogue amongst the different political stakeholders with a specific eye on the 2023 electoral events will be vital for progress towards 2030.

¹ CCA Consultations with the Honorable Minister also confirmed the economic recovery focus with resilience to health risks.

² 2020 Human Development Report, The Next Frontier: Human Development and the Anthropocene, Briefing Note for countries on the 2020 HDR, Liberia

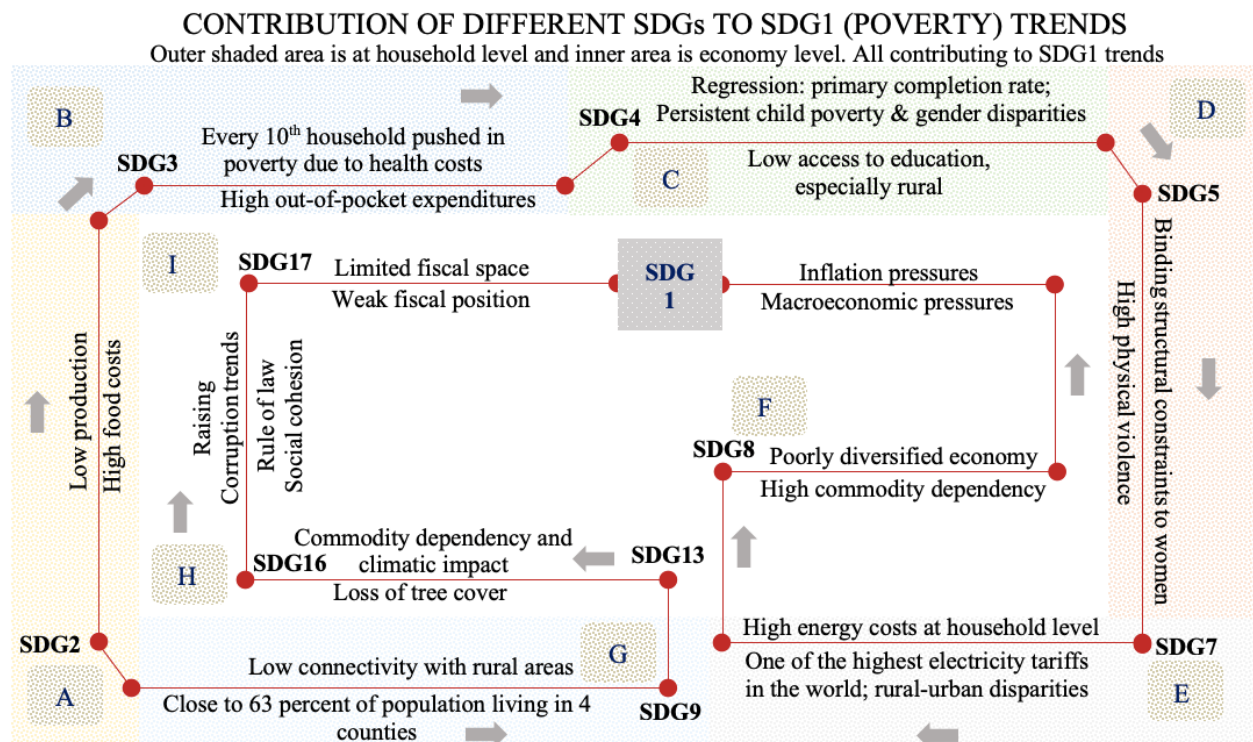
³ 2020-2021 Global Wage Report: Wages and Minimum Wages in the time of COVID-19. ILO

⁴ World Bank, World Development Indicators Database

⁵ World Bank Group. 2018. Republic of Liberia From Growth to Development : Priorities for Sustainably Reducing Poverty and Achieving Middle-Income Status by 2030. Systematic Country Diagnostic. World Bank, Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/29880> License: CC BY 3.0 IGO



- SDG1 patterns are shaped by factors that can be classified as impacting at household level as well as at economy. SDG2, SDG3, SDG4, SDG5, SDG7, SDG8 have important binding constraints at household level that contribute to overall SDG1 trends. Similarly, SDG8, SDG13, SDG16, SDG17 have important economy wide constraints that contribute to SDG1 trends, as shown below. Addressing these key constraints will be vital for progress towards the 2030 Agenda.



- The combination of high food costs, out of pocket health expenditures, energy costs, low access to economic assets for women and poor rural connectivity are critical narratives shaping SDG1 trends. Rice is Liberia's staple food, but over 90 percent of the country's rice needs is met through imports at an estimated cost of about 80 million USD per year⁶. The reliance in imports to meet the food requirements is growing⁷ and is a major risk to progress on 2030 Agenda. Population concentration and rural connectivity (SDG9) are also core binding constraints influencing SDG2 and SDG1 progress. With one of the longest coastlines in the West Africa region, and fisheries contributing to 10 percent of the country's GDP and coastal areas hosting approximately 58 percent of the country's population, yet reliance on imports of fish to meet the demand, evidences to need for unlocking the developmental potential of this sector. It not only generates more revenue but also saves on import costs to the government. Forests' formal contribution to the economy runs between 9-10 percent of GDP. However informal share is estimated to be even larger and is a key source of resilience at household level⁸. Leveraging the large 'natural capital' in a sustainable manner will be critical for recovery from COVID-19 as well as sustaining progress on SDGs. Reducing high food costs with a greater focus on production will be essential for progress on SDGs.
- Education is a critical accelerator to change the overall slow SDG progress.** Addressing the current trends of disparities between boys and girls and enhancing quality of education will be necessary to meet the human capital needs of the economy. The primary constraint to education as an accelerator is the regression noticed in the primary completion rates. Rural connectivity, high child poverty, and child labour all combine to form powerful narratives that stymie progress on all SDGs. Mitigating the reversals in primary completion rates together with reducing disparities between boys and girls will be essential for progress on the SDGs. Income plays a key role in the SDG4 trends.
- The SDG1 narrative is heavily influenced by exposure of country to the health risks.** Repeated exposure to health risks (as seen during the EVD and COVID-19 outbreaks) is a significant impediment to economic growth, which contributes to overall poverty trends. Extreme poverty incidence is expected to increase to pre-2012 levels during the two consecutive years (2019-2020) of economic contraction⁹. WHO's National Health

⁶ 2021 FAO Enhancing the Production Capacity of Smallholder Rice Farmers in Liberia. (Accessed at: <http://www.fao.org/3/cb5004en/cb5004en.pdf>)

⁷ Op Cit - 2020 Voluntary National Review

⁸ 2021 World Bank: Harnessing Forests as pathways to prosperity in Liberia: Policy Note © World Bank

⁹ World Bank, Macro Poverty Outlook October 2021 Liberia.

(Accessed on: <https://thedocs.worldbank.org/en/doc/bae48ff2f6fc5a869546775b3f010735-0500062021/related/mpo-lbr.pdf>)

Observatory notes that 86 percent of households pay at the point of service to receive healthcare and on an annual basis, 15 percent of all households incur catastrophic health expenditures¹⁰ (CHE – defined by WHO – health expenditure greater than or equal to 40 percent of a household’s non-subsistence income i.e. income available after basic needs have been met¹¹). This percentage rises to 25 percent for the poorest quintile. Every year, health expenditures are estimated to push every tenth poorest household into poverty¹². Connectivity is an inherent dimension influencing trends with rural geographies facing binding constraints to accessing healthcare especially sexual and reproductive health services. While registering significant gains in the fight against HIV/AIDS, increasing prevalence rates amongst specific population segments will be a critical narrative to consider moving forward.

7. **Women and girls face further compounding factors that act as structural impediments to unlocking the development potential for sustainable human development.** Women from households at the top of the income distribution enjoy ample opportunities in both the public and private sectors, and Liberian women have risen to top positions in the government¹³. However, girls and women in rural areas and poor urban communities have very little access to quality education, healthcare, and employment options¹⁴. 41 percent of females and 30 percent males aged 6 and older have no formal education¹⁵ (a declining trend among females from 56 percent in 2017 to 41 percent in 2020 but still very high), and girls in rural areas have a net attendance rate of 35 percent for primary and 13 percent for secondary level, compared to 53 percent and 34 percent for girls in urban areas respectively¹⁶. Women’s participation in key areas of agriculture, mainly cash crop production and natural resources is constrained by a rigid gender division of labour¹⁷. Men usually dominate cash crop production, mainly through commercial farming¹⁸. A similar disparity also exists in wage earnings. A higher proportion of women fall into the lower earning work categories¹⁹ and as shown from PAPD analysis, as wage incomes rise the share of women relative to their male counterparts falls. As shown by the 2021 DHS, 60 percent of women aged 15–49 have experienced physical violence and 33 percent experienced physical violence in the 12 months preceding the survey evidencing the high levels of physical violence against women and girls. The proportion of women who have experienced physical violence since the age 15 has increased from 44 percent in 2007 to 60 percent in 2019–2020²⁰.
8. **Liberia’s electricity tariffs are among the highest in the world and poor rural households rely on expensive informal electricity providers or other sources of energy such as kerosene and charcoal²¹.** In 2019, an estimated 28 percent of the total population has access to electricity²². Although it has increased from 3 percent in 2007 to 28 percent by 2019 it remains a fundamental structural impediment there are disparities between urban and rural access to electricity. Energy resources are important resources to enhance the efficiency and productivity capacities of people and act as accelerators for unlocking the growth potential of people and economy. However, with electricity tariffs among the highest in the world it adds significantly to the costs at the household level making energy together with high food and health care an integral part of SDG1 trends. On the other hand, the manufacturing sector remains constrained due to high energy costs limiting expansion²³ (SDG8, SDG 11) and contributes to rising informality.
9. **The country’s economic structure is heavily reliant on primary commodities.** Compared to a decade prior, Liberia’s economy has become less complex, worsening 41 positions and worsening complexity is driven by a lack of diversification of exports²⁴. Low human capital stock (SDG3,4) combined with infrastructure challenges (SDG7, 9) and limited economic opportunities, slow the movement of labour among sectors thus resulting in slow structural transformation (SDG8).

Most of the workers of working age are in labour force and employed, but most of the workers depend on precarious low earning jobs in the informal sector²⁵. The labour force participation rate (employed and

¹⁰ Op-Cit - 2021 Ministry of Health and WHO, National Health Observation Report

¹¹ 2005 WHO Technical Brief for Policymakers No.2, Designing health financing systems to reduce catastrophic health expenditure. Accessed at: https://www.who.int/health_financing/documents/pb_e_05_2-cata_sys.pdf. Accessed on November 5, 2021

¹² 2016 Liberia Household Income and Expenditure Survey (HIES) as quoted in Ministry of Health and WHO, National Health Observation Report.

¹³ World Bank Group Country Partnership Framework FY19-24

¹⁴ Op-Cit World Bank Group Country Partnership Framework FY19-24

¹⁵ Liberia Institute of Statistics and Geo-Information Services (LISGIS), Ministry of Health [Liberia], and ICF. Liberia Demographic and Health Survey 2019-20. Pp 362

¹⁶ Op-Cit 2021 UN Women, Liberia Country Gender Equality Profile Issue Paper

¹⁷ 2018 FAO and ECOWAS Commission. National Gender Profile of Agriculture and Rural Livelihoods-Liberia. Country Gender Assessment Series, Monrovia.

¹⁸ Op-Cit - 2018 FAO and ECOWAS Commission. National Gender Profile of Agriculture and Rural Livelihoods-Liberia

¹⁹ Op-Cit 2018 Republic of Liberia: Pro-poor Agenda for Prosperity and Development (PAPD)

²⁰ Liberia Institute of Statistics and Geo-Information Services (LISGIS), Ministry of Health [Liberia], and ICF. 2021. Liberia Demographic and Health Survey 2019-20

²¹ Op-Cit World Bank, From Growth to Development: Priorities for Sustainably Reducing Poverty and Achieving Middle-Income Status by 2030

²² Energy Progress Report: IEA, IRENA, WHO, World Bank, UN Statistics Division, World Bank, ESMAP

²³ Op-Cit World Bank, From Growth to Development: Priorities for Sustainably Reducing Poverty and Achieving Middle-Income Status by 2030

²⁴ Atlas of Economic Complexity, Harvard Kennedy School of Government

²⁵ 2020 World Bank Recovery of Economic Activity for Liberian Informal Sector Employment: Project Information Document. Accessed at: <https://documents1.worldbank.org/curated/en/217161608683473253/pdf/Project-Information-Document-Recovery-of-Economic-Activity-for-Liberian-Informal-Sector-Employment-P174417.pdf>

unemployed) increased from 69.1 percent in 2007 to 75.3 percent in 2016²⁶. Women are significantly less likely (almost 10 percentage points lower) to be in labour force compared to men²⁷. Only 3.1 percent of the labour force is unemployed²⁸, however, access to decent jobs with high and sustainable earnings that can shift the poverty narrative is the issue²⁹. In Africa between 2010 and 2019, real minimum wages increased in 28 countries and decreased in 16 countries and Liberia witnessed sharpest declines in real minimum wages with an average annual decrease of 14.2 percent³⁰ evidencing to the overall reduced household incomes.

Some of the critical growth concerns that need further policy consideration are: (1) concessions driven economic model showing visible signs of regression as evidenced by low employment generation, low capex expansions, slowing Foreign Direct Investment flows; (2) narrow export base; (3) disparities in wage earnings between men and women; (4) high demographic concentration in select regions; (5) revised Nationally Determined Contribution commitments; (6) large 'natural capital' and yet high levels of poverty and extreme poverty; (7) inflation pressures. Driven in large measure due to COVID-19, the proportion of households falling below the extreme poverty line is estimated at 51.0 percent in 2020, up from 38.6 percent in 2014³¹. Changing the narrative of extreme poverty requires a recalibration of the economic model to ensure that economic growth is achieved and sustained. Economic growth is the centerpiece of the progress towards the 2030 Agenda.

- 10. Anthropogenic impacts on the climate (SDG13, 14) have a direct impact on poverty, food security, economic growth and disaster resilience.** State of Environment Report calculates the annual deforestation rate to be 0.31 percent. The impact of forest cover loss (SDG 15) on poverty (SDG1) is direct given that wood and charcoal serve as primary cooking fuel for nearly 98 percent of the country's population and this includes 43.8 percent of households using charcoal (70.3 percent in urban areas and 9 percent in rural areas) and 54 percent using wood (26 percent in urban areas and 90 percent in rural areas). Most importantly, in addition to the food (SDG2), health (SDG3), electricity expenditures (SDG7), the average annual charcoal expenditure per household was estimated to be at USD 171 or 22 percent (as per latest data established by USAID in 2015).

The revised 2021 NDC, which commits to reduce economy-wide greenhouse gas emissions by 64 percent below the projected business-as-usual level by 2030 through a combination of unconditional GHG reductions of 10 percent below BAU (resulting in absolute emissions of level of 11,87Gg CO₂e in 2030) and additional 54 percent reduction conditional on international support (which would result in absolute emissions level of 4.537Gg CO₂e in 2030) is a critical commitment to mitigating climate change³².

Adopting a gender inclusive and sustainable economic growth model that can further consolidate the revised NDC prioritisation is the logical next step critical to sustaining progress on SDGs. With the population expected to be between 4.8 and 4.9 million by 2023³³, economically active population (EAP) is expected to grow from 1.6 million in 2018 to nearly 2 million in 2023³⁴. Finding economic opportunities within the context of a poorly diversified economy (SDG8), increasing food insecurity (SDG2), low human capital (SDG3,4), gender imbalances (SDG5) will be critical and a lack of it can be a powerful narrative against poverty (SDG 1), peace and stability (SDG16).

- 11. Equitable and inclusive progress on SDGs will be vital for peace, social cohesion (SDG16).** There is a broad consensus³⁵ that poverty, socio-economic inequalities acted as root causes of conflict in Liberia. SCORE Liberia 2021 analysis of assessing opportunities and threats three years after UNMILs departure finds that 'in the four-year period from late 2016 to early 2021, Liberians have not perceived a significant change in their social and economic situation'. The report further highlights that the 'indicators selected to monitor progress in the Pro-Poor Agenda for Prosperity and Development (PAPD) have not changed sufficiently to show that there is a discernible peace dividend. The overall social cohesion score for 2021 is the same as 2016 at 6.1 out of 10 – a medium low level social cohesion'. Regression in trends of corruption control and rule of law between 2015-2020 is a key narrative to create an enabling and equitable environment.

²⁶ Op-Cit 2020 World Bank Recovery of Economic Activity for Liberian Informal Sector Employment: Project Information Document

²⁷ Op-Cit 2020 World Bank Recovery of Economic Activity for Liberian Informal Sector Employment: Project Information Document

²⁸ <https://ilostat.ilo.org/data/country-profiles/>

²⁹ Op-Cit 2020 World Bank Recovery of Economic Activity for Liberian Informal Sector Employment: Project Information Document

³⁰ 2020-2021 Global Wage Report: Wages and Minimum Wages in the time of COVID-19. ILO

³¹ 2021 World Bank Economic Update Second Edition, Finding Fiscal Space

³² 2021 Environment Protection Agency, Liberia's revised Nationally Determined Contribution (NDC). Accessed at: [https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Liberia%20First/Liberia%20Updated%20NDC_RL_FINAL%20\(002\).pdf](https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Liberia%20First/Liberia%20Updated%20NDC_RL_FINAL%20(002).pdf).

³³ 2018 Republic of Liberia: Pro-poor Agenda for Prosperity and Development (PAPD)

³⁴ Op-Cit 2018 Republic of Liberia: Pro-poor Agenda for Prosperity and Development (PAPD)

³⁵ As stated in the 2017 Liberia Government and UN Draft: Sustaining Peace and Securing Development Liberia Peacebuilding Plan on the basis of the references to the messages from the Truth and Reconciliation Commission (2009) and the Agenda for Transformation (2012)

12. **The country entered COVID-19 from a weak fiscal position, and COVID-19 further exacerbated the weak fiscal position of the government.** Fiscal deficit (total government borrowing requirements including interest payments) widened from 4.8 percent of GDP in FY 2018 to 6.2 percent in FY 2019 and primary deficit (total government borrowing requirements excluding interest payments) increased from 4.2 percent of GDP to 5.1 percent of GDP³⁶. Both indicators have more than doubled since FY 2016³⁷. Domestic revenue mobilization remained weak and 12.0 percent tax-to-GDP ratio in FY 2019 is well below the Sub-Saharan Africa and ECOWAS averages³⁸. Within the context of increasing fiscal deficit and low domestic revenue mobilisation is high public sector wage bill accounting for close to 70 percent of domestic revenue in FY2019³⁹. Between 2014 and 2019, public debt almost tripled reaching to 52.4 percent of GDP⁴⁰.
13. **Critical opportunities to raise domestic revenues for increasing investments into SDGs do exist and some of the big-ticket sources include:**
- Corporate income tax revenues: the country has one of the lowest corporate income tax revenues to GDP. This is tied closely to the concessions driven economic and recalibrating towards a more gender inclusive, sustainable economic model that can leverage the large natural capital is a potential long-term solution to generate necessary domestic resources for SDGs;
 - Longest coastline in West Africa can be leveraged as a source of resilience and revenue by focussing on improving production and reducing import bill on fisheries;
 - Addressing binding constraints to agriculture performance and improving production can save reduce the import bill for food. Estimates show that just on the import of rice, the government spends close to 80 million USD per year;
 - Remittances represent an important source of revenue with estimates suggesting close to 24 percent of GDP revenues. IOM analysis reveals a very strong diaspora resource available to the country which is relatively untapped. For instance, IOM analysis shows close to 86,000 Liberians living in just 6 states of the USA amongst which 6000 doctors are available. Developing partnerships with the Diaspora is a powerful source of technology transfer and can be a transformative solution to sustain progress on SDGs;
 - Current spending amounted to 20.5 percent of GDP on average between 2015-2019 in contrast to average of 14.9 percent in least developed countries (defined as per UN classification) suggests significant scope in improving current spending. Wage bill is the main component;
 - With extractives sector estimated to have generated USD 79.63 million in total revenues in FY 2018/2019, increasing transparency as well as mitigating the impact of COVID-19 will be critical;
 - Forests are a key source of revenue and resilience.
14. Binding constraints to SDG progress exist at household and economy levels. Addressing these constraints will be critical and leveraging the large natural capital in the sustainable manner and building human capital needs of the country around a gender inclusive and sustainable economic model will be vital for sustaining progress on SDGs.

MID-TERM REVIEW AND RECALIBRATION

15. **In 2021, midterm review and recalibration of Pro-Poor Agenda for Prosperity and Development (PAPD) was done with a focus on economic recovery and health-risk informed economic planning⁴¹.** As part of the recalibration, the government revised high-level national targets and identified priorities within the revised national targets (Annexure 1). CCA Update notes that the prioritization from recalibration process is a balanced mix of focus on human capital development, economic growth, infrastructure development, access to justice and increasing transparency. One of the priorities is the annual GDP growth and considering the impact of COVID-19, revised national target is to increase annual GDP growth to 2 percent. UNDP's HDI analysis reveals GNI Per Capita (2017 PPP USD) is witnessing regression even prior to COVID-19⁴². Data from 2010-2019 reveals that country witnessed one of the sharpest declines in real minimum wages in Africa region⁴³. Foreign Direct Investment which formed integral part of the growth narrative in the post conflict period, has been coming down significantly⁴⁴ and the employment generation from the concessions driven economic model is not commensurate with the expectations⁴⁵.

³⁶ World Bank. 2020. Liberia Economic Update, June 2020 : The COVID-19 Crisis in Liberia - Projected Impact and Policy Options for a Robust Recovery. World Bank, Monrovia. © World Bank. <https://openknowledge.worldbank.org/handle/10986/34271> License: CC BY 3.0 IGO

³⁷ Op-Cit 2020 World Bank, Liberia Economic Update: The COVID-19 Crisis in Liberia - Projected Impact and Policy Options for a Robust Recovery

³⁸ Op-Cit 2020 World Bank, Liberia Economic Update: The COVID-19 Crisis in Liberia - Projected Impact and Policy Options for a Robust Recovery

³⁹ Op-Cit 2020 World Bank, Liberia Economic Update: The COVID-19 Crisis in Liberia - Projected Impact and Policy Options for a Robust Recovery

⁴⁰ Op-Cit 2020 World Bank, Liberia Economic Update: The COVID-19 Crisis in Liberia - Projected Impact and Policy Options for a Robust Recovery

⁴¹ CCA Consultations with the Honorable Minister also confirmed the economic recovery focus with resilience to health risks

⁴² 2020 Human Development Report, The Next Frontier: Human Development and the Anthropocene, Briefing Note for countries on the 2020 HDR, Liberia

⁴³ 2020-2021 Global Wage Report: Wages and Minimum Wages in the time of COVID-19. ILO.

⁴⁴ World Bank, World Development Indicators Database

⁴⁵ World Bank Group. 2018. Republic of Liberia From Growth to Development : Priorities for Sustainably Reducing Poverty and Achieving Middle-Income Status by 2030. Systematic Country Diagnostic. World Bank, Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/29880> License: CC BY 3.0 IGO

A forward look towards 2030: As envisaged at the beginning of the PAPD, the aim was to increase the annual real GDP growth rate from 3.2 percent to 5.8 percent. COVID-19 has disrupted this target. The Update notes that the targeted 2 percent annual growth rate (SDG8.1) is not enough to sustain progress towards 2030. The annual real GDP growth rate is the centerpiece of the country's progress towards 2030. A combination of trends as noted above calls for a matching recalibration towards a more gender inclusive (SDG5) and sustainable (SDG13) economic model that can support the prioritization of the government. **CF implications:** Nurturing consensus amongst key leadership on recalibration towards a more gender inclusive (SDG5) and sustainable (SDG13) economic model that can facilitate structural transformation, creates decent jobs, resilient to health and commodity shocks, reduces food import dependency, expands export base, includes rural geographies and leverages coastline and forests for further economic growth is needed.

2023 ELECTIONS

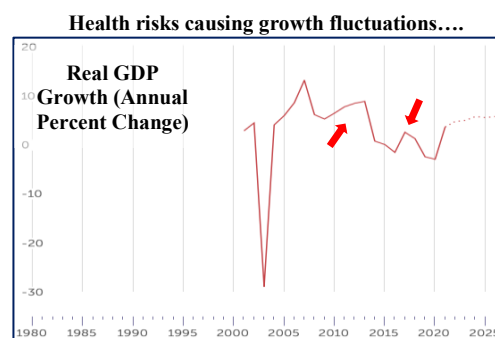
16. **2023 elections are scheduled to take place in the context of many shifting narratives.** Most importantly, the changing voter pulse reflected in the recently concluded Senate elections; COVID-19 induced challenges to the socio-economic landscape of an estimated increase in poverty and extreme poverty levels; the slow pace of structural transformation and its impact on job opportunities for youth and vulnerable; increasing urbanization within a highly informal economy; burning issues of land conflicts, corruption trends and the continued high incidence of violence against women. The National Elections Commission (NEC) notes the presence of three conditions as critical for the implementation of its Strategic Plan 2018-2024: (1) political and economic stability to foster peace and inclusive participation of citizens; (2) availability of resources from national government to fund electoral activities; (3) Retention of a cadre of skilled and highly motivated workforce to implement the plan⁴⁶. Country is currently experiencing two consecutive years of recession with volatile economic landscape. This impacts two out of the three conditions as identified above by the NEC.

A forward look towards 2030: 2017 elections truly represent a milestone. Embedded within this landmark milestone is also heavy expectations of the citizens. The 2019 outbreak of COVID-19 is a major disruptor to effective translation of plans into credible outcomes for the poor. The SCORE 2021 (July) provides evidence that 'in the four-year period from late 2016 to early 2021 Liberians have not perceived a significant change in their social and economic situation. Indicators selected to monitor progress in the Pro-Poor Agenda for Prosperity and Development (PAPD) have not changed sufficiently to show that there is a discernible peace dividend'. The 2023 elections will happen within the context of unfulfilled expectations, which can be a test of the institutional bench strength of the country. **CF implications:** The Update notes that, complementing the existing peacebuilding engagements of the UN, strengthening national prevention capacities with focus on infrastructures for peace that facilitate continuous internal dialogue amongst the different political stakeholders with a specific eye on the 2023 electoral events will be vital for progress towards 2030.

POVERTY: A COMPLEX INTERFACE

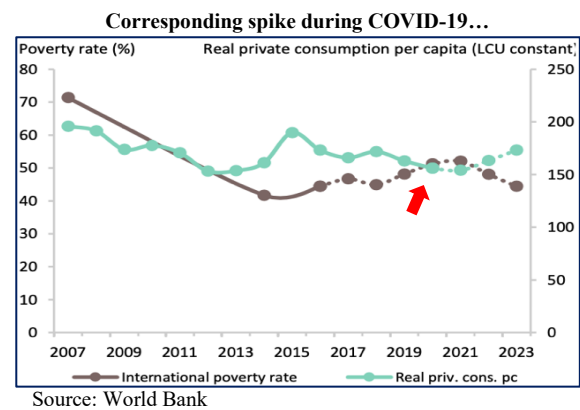
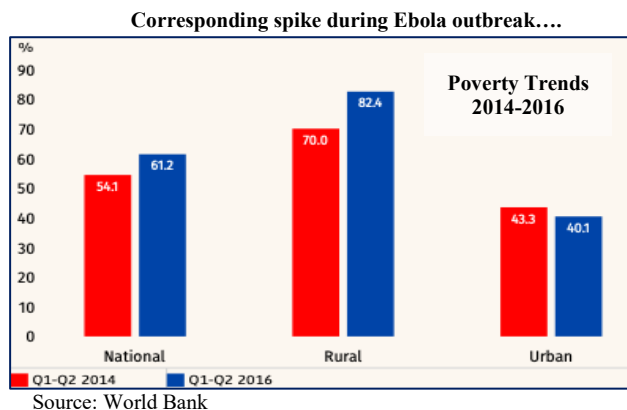
17. **The SDG1 narrative is heavily influenced by exposure of country to the health risks (SDG3).** The population living below the income poverty line of PPP 1.9 USD per day is 44.4 percent (or 2 million poor), while the national poverty line is 50.9 percent (or 2.3 million poor). The 2021 UNDP multidimensional poverty index establishes 52.3 percent as multi-dimensional poor, which translates into 2.6 million poor. Importantly, in 2019, the number of multidimensional poor was estimated at 2.5 million. UNDP estimates population in severe multidimensional poverty is 24.9 percent and population vulnerable to multidimensional poverty is 23.3 percent.

Update notes that repeated exposure to the health risks is a major impediment to economic growth which in turn is contributing to the overall poverty trends. This is evidenced by spikes in poverty trends as seen during the EVD outbreak and as suggested by estimates of the COVID-19 impact wherein containment measures and lockdowns were a major mitigation measure in both instances. Extreme poverty incidence is expected to increase to pre-2012 levels during the two consecutive years



⁴⁶ Strategic Plan 2018-2024, The National Election Commission of Liberia

(2019-2020) of economic contraction⁴⁷. The proportion of households falling below extreme poverty line is estimated at 51.0 percent, up from 38.6 percent in 2014⁴⁸. Evidence provided by the SCORE 2021 shows a significant drop in socioeconomic progress from a 5.9 score in 2018 to 3.4 in 2021.



While health risks pose a significant risk, poverty and extreme poverty are shaped by an interface of multiple narratives. This is evidenced by the historical poverty trends as noted in the PAPD estimates: levels of poverty are highest in households where head of household is self-employed in agriculture; male headed households (52.3 percent) have slightly higher poverty levels than female⁴⁹ (46.3 percent); and highest levels of poverty (66 percent) are experienced in households where the head had no education and with primary education the proportion falls to 58.7 percent and 43.8 percent with secondary education.

Demographic Trends

18. **Liberia is experiencing an average annual rate of population change (percent, 2015-2020) of 2.5 percent⁵⁰.** As observed between 2007 to 2014, when the country's poverty rate reduced, the actual number of poor increased by 8 percent due to population growth⁵¹. With the population expected to be between 4.8 and 4.9 million by 2023,⁵² economically active population (EAP) is expected to grow from 1.6 million in 2018 to nearly 2 million* in 2023⁵³. Finding economic opportunities within a poorly diversified economy (SDG8), increasing food insecurity (SDG2), low human capital (SDG3,4), gender imbalances (SDG5) will be critical for unlocking developmental and demographic dividends and lack of it can be a powerful narrative against peace and stability (SDG16). Population projections (as shown) establish that there will be increasing internal migration from rural to urban areas. While rural-urban migration is reflective of the structural transformation process, this Update notes that rapid urbanization (SDG11) is not delivering decent jobs and economic opportunities, as evidenced by the PAPD projections showing informal employment to grow further without significant job creation effort.

A Forward look towards 2030: Pre-COVID poverty rates are twice as high in rural areas, with rural poverty accounting for 71.6 percent compared to 31.5 percent in urban areas⁵⁴. However, as noticed from the Government and UN rapid assessment, 'impact of COVID-19 is expected to be greater in urban areas, where it is estimated that poverty will increase by 10.9 percent in contrast to 4.7 percent increase in rural areas and the majority of new poor are expected to be from urban areas'⁵⁵. The Update notes that COVID-19 increases the complexity of the SDG1 trends with its impact on urban poverty. However, the pre-COVID rural poverty trends are dominant narrative because of the structural challenges across different SDGs as discussed below. **CF implications:** SDG 1 progress requires attention to binding constraints at household level and at level of economy.

Social Protection

19. **The country entered COVID-19 with low social protection coverage⁵⁶.** In January 2020, via a Presidential Endorsement, the national household social registry as a principal mechanism for identifying and targeting

⁴⁷ World Bank, Macro Poverty Outlook October 2021 Liberia.

(Accessed on: <https://thedocs.worldbank.org/en/doc/bae48ff2fefe5a869546775b3f010735-0500062021/related/mpo-lbr.pdf>)

⁴⁸ 2021 World Bank Economic Update Second Edition, Finding Fiscal Space.

(Accessed at: <https://www.worldbank.org/en/news/feature/2021/11/24/liberia-sustaining-prudent-microeconomic-policies-and-expanding-fiscal-space>)

⁴⁹ 2018 Republic of Liberia: Pro-poor Agenda for Prosperity and Development (PAPD) (Page 8)

(Accessed: <https://www.mfdp.gov.lr/index.php/docs/national-development-plan/pro-poor-agenda-for-prosperity-and-development-papd>)

⁵⁰ UNFPA World Population Dashboard.

(Accessed at: <https://www.unfpa.org/data/world-population/LR>)

⁵¹ Op-Cit 2018, World Bank, From Growth to Development: Priorities for Sustainably Reducing Poverty and Achieving Middle-Income Status by 2030

⁵² Op-Cit 2018 Republic of Liberia: Pro-poor Agenda for Prosperity and Development (PAPD)

⁵³ Op-Cit 2018 Republic of Liberia: Pro-poor Agenda for Prosperity and Development (PAPD). * Gender disaggregation is unavailable.

⁵⁴ 2020, Liberia, Voluntary National Review on the implementation status of the 2030 Agenda for sustainable development

⁵⁵ 2020, Government of Liberia and UN, Rapid Assessment of COVID-19 impact and roadmap for recovery in Liberia

⁵⁶ ILO estimates show 'population covered by at least one social protection benefit' to be at 6.2 percent. Year: 2020

beneficiaries of social protection programmes was adopted. At the time of the launch of PAPD, the government planned to channel public investment into social protection from 0 percent to 2 percent of GDP by 2023. This goal seems to be an impossible task, as evidenced by the recalibration process which revised this high-level national target as: ‘Interlinkages with PWD and gender advocacy groups for sustaining the investment levels. PAPD indicated a detailed target based social protection roll out and as part of recalibration a significant departure can be noticed (Annexure 1: revised targets following recalibration).

A forward look towards 2030: Responding to the COVID-19 impact, the Government and the development partners rolled out multi-dimensional responses providing much needed lifesaving support. However, it is vital to see social protection as a powerful tool against poverty, inequities and hence it needs to be financed from domestic resources so as to ensure institutionalization. Update notes strong evidence exists to establish incomes impact at household level driving SDG 1 trends and COVID-19 induced raise in extreme poverty. **CF implications:** The Update notes that there is extremely limited fiscal space, however social protection building resilience at household level and long-term human capital will be necessary given the high poverty rates and lack of it is a binding constraint for progress on all SDGs with deep implications for peace and social cohesion. CF supporting measures to raise domestic resources and generating political consensus for deploying social protection is critical.

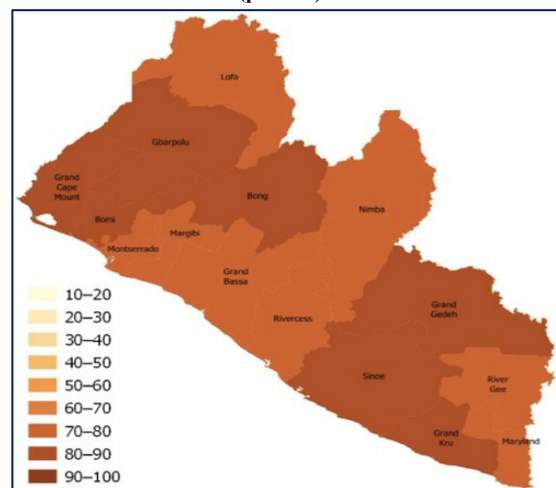
FOOD SECURITY

20. SDG2 is a key narrative influencing SDG1 with household food expenditure at 60 percent of total income⁵⁷; purchases constituting 65 percent of food consumption in rural areas (LISGIS 2016) and 85.3 percent of female headed households experiencing moderate or severe food insecurity⁵⁸. Results from the Food Insecurity Experience Scale by FAO suggest that the prevalence of severe food insecurity in the national population of Liberia in 2020, measured with reference to the experiences that occurred in the 12 months preceding the survey, was 37.3 percent, while the combined prevalence of moderate and severe food insecurity reached 80.6percent⁵⁹. Food insecurity is highest in female-headed households⁶⁰. This is despite the country is well suited for agricultural production and employs nearly 80 percent of the labour force, nearly 50-60 percent of food is imported⁶¹.

According to the 2016 National Household Income and Expenditure Survey, nearly 65 percent of total food consumption in rural areas comes from purchases, with remaining 35 percent coming from home production (LISGIS,2016)⁶². Only a third of rice consumed in the country is produced and rely on international markets for atleast six months in a typical year⁶³ and households are highly reliant on food markets which are often inaccessible during rainy season or lean period⁶⁴. Second main staple, Cassava, is widely cultivated and used as a food security crop, but the market network is severely limited⁶⁵. Dependency on imports to meet the food requirements, is increasing⁶⁶ and Update notes that this is a key risk for progress towards 2030 Agenda. Rice is Liberia’s staple food but over 90 percent of the country’s rice needs is imported at a cost of about 80 Million USD per year⁶⁷.

One of the key indicators within the SDG2 is the agriculture orientation index (which is defined as the agriculture share of the government expenditures divided by the agriculture share of GDP) which as shown below (in red, Source: FAOSTAT) is low. AoI evidences that historically agriculture as a sector is receiving low domestic allocations (values greater than 1 reflects high orientation towards agriculture and less than 1

Prevalence of moderate or severe food insecurity (percent)



Source: FAO

⁵⁷ Op-Cit 2020 Voluntary National Review

⁵⁸ FAO. 2021. Liberia Agricultural livelihoods and food security in the context of COVID-19: Monitoring Report – January 2021. Rome. <https://doi.org/10.4060/cb3618en>

⁵⁹ Boero, V., Cafiero, C., Gheri, F., Kepple, A.W., Rosero Moncayo, J. & Viviani, S. 2021. Access to food in 2020. Results of twenty national surveys using the Food Insecurity Experience Scale (FIES). Rome. FAO. <https://doi.org/10.4060/cb5623en>

⁶⁰ Op-Cit FAO. 2021. Liberia Agricultural livelihoods and food security in the context of COVID-19: Monitoring Report – January 2021

⁶¹ FAO. 2021. Strengthening the enabling environment for responsible investment in agriculture and food systems – Evidence from Liberia. Rome. <https://doi.org/10.4060/cb2131en>

⁶² Op-Cit FAO. 2021. Strengthening the enabling environment for responsible investment in agriculture and food system-Evidence from Liberia

⁶³ Op-Cit FAO. 2021 Strengthening the enabling environment for responsible investment in agriculture and food systems-Evidence from Liberia

⁶⁴ Op-Cit 2020 Voluntary National Review

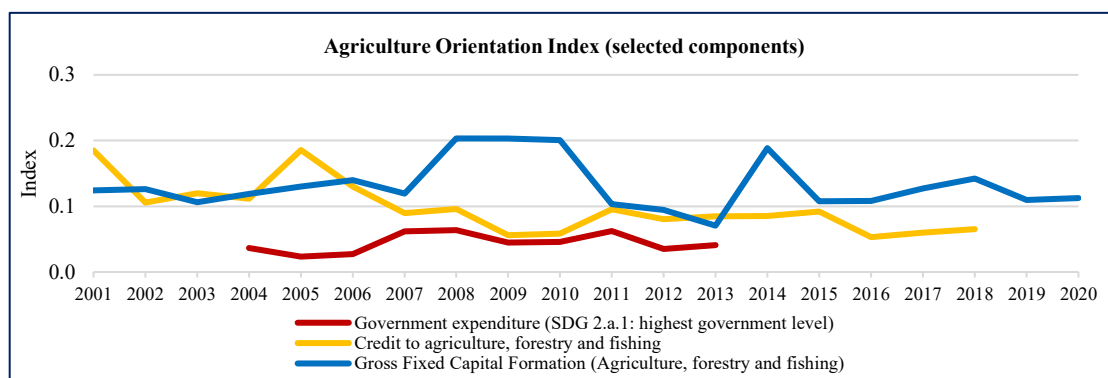
⁶⁵ Op-Cit FAO. 2021 Strengthening the enabling environment for responsible investment in agriculture and food systems-Evidence from Liberia

⁶⁶ Op-Cit - 2020 Voluntary National Review

⁶⁷ 2021 FAO Enhancing the Production Capacity of Smallholder Rice Farmers in Liberia

(Accessed at: <http://www.fao.org/3/cb5004en/cb5004en.pdf>)

reflects lower orientation) and FY 2019/2020 and 2020/2021 budget figures out of 11 sectors established that Agriculture has the lowest allocations (FY 2019/2020: 4,339,548 out of 518,005,273 and FY2020/2021: 6,425,415 out of 570,111,173).



Source: FAOSTAT

Areas with poor connectivity face additional risks of food insecurity. Cost and affordability of food (SDG2) has important implications for poverty (SDG1) and human capital development (SDG3 and 4) and as shown cost and affordability of diet makes for a significant binding constraint.

	Cost and affordability of energy sufficient diet	Cost and affordability of nutrient adequate diet	Cost and affordability of healthy diet
Cost (USD)	0.97	2.96	5.45
Percent food expenditure	127.3	387.9	714.9
Percent population cannot afford	24.3	85.9	97.8

Source: The State of Food Security and Nutrition in World

21. **Population concentration and rural connectivity (SDG9) are also core binding constraints influencing SDG2 and SDG1 progress.** It is estimated that 90 percent of the total population lives within two hours of a major city and close to 63 percent of the population living in just four counties comprising of 2 regions of Montserrado and North Central statistical regions⁶⁸. There is clear evidence to suggest that crop production is high where proximity to domestic markets, especially Monrovia, is high⁶⁹ (as shown below). Market accessibility – defined according to the market capacity with transport and other constraints taken into account – is high around Monrovia; corridors of Monrovia-Ganta and Monrovia – Bo Waterside making counties of Bong, Bomi and Grand Cape Mount more integrated than northern and southeastern regions⁷⁰. Transport costs are estimated to be high – more than 10 USD per ton making it difficult for people to get their produce to the markets and earn a profitable livelihood out of agriculture⁷¹.

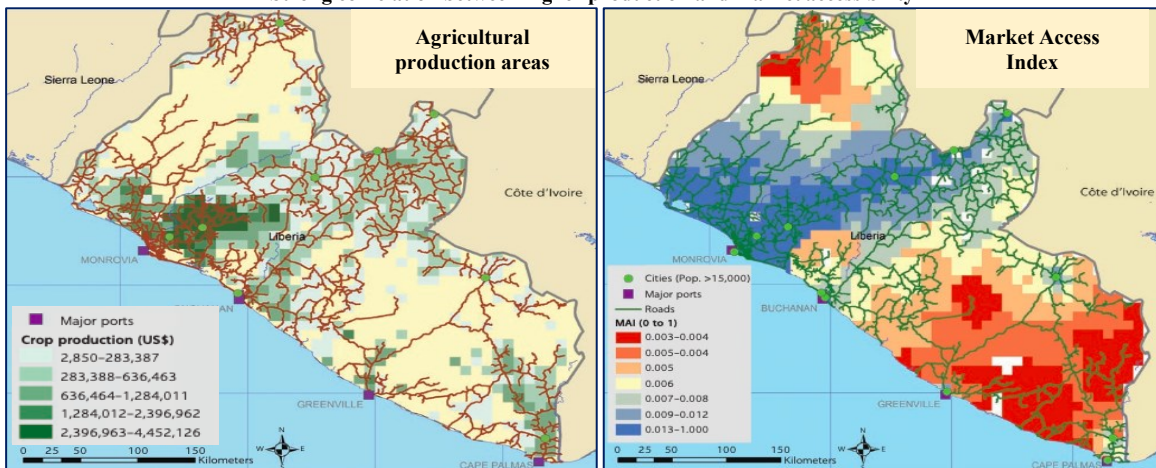
⁶⁸ Iimi, Atsushi, and Kulwinder Rao. 2018. Spatial Analysis of Liberia's Transport Connectivity and Potential Growth. International Development in Focus. Washington, DC: World Bank. doi:10.1596/978-1-4648-1286-6. License: Creative Commons Attribution CC BY 3.0 IGO

⁶⁹ Op-Cit Iimi, Atsushi, and Kulwinder Rao. 2018. Spatial Analysis of Liberia's Transport Connectivity and Potential Growth

⁷⁰ Op-Cit Iimi, Atsushi, and Kulwinder Rao. 2018. Spatial Analysis of Liberia's Transport Connectivity and Potential Growth

⁷¹ Op-Cit Iimi, Atsushi, and Kulwinder Rao. 2018. Spatial Analysis of Liberia's Transport Connectivity and Potential Growth

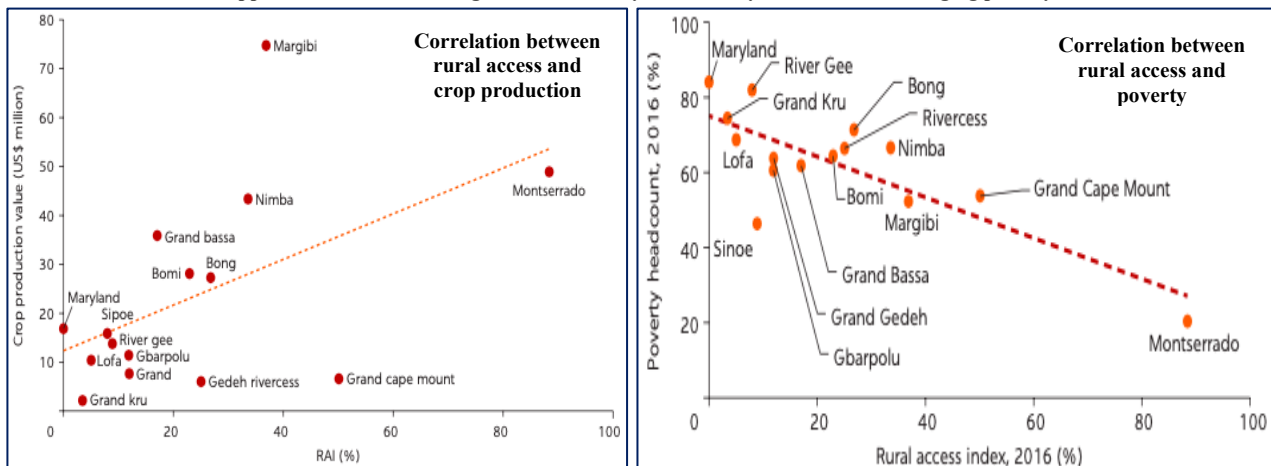
Strong correlation between higher production and market accessibility



Source: World Bank

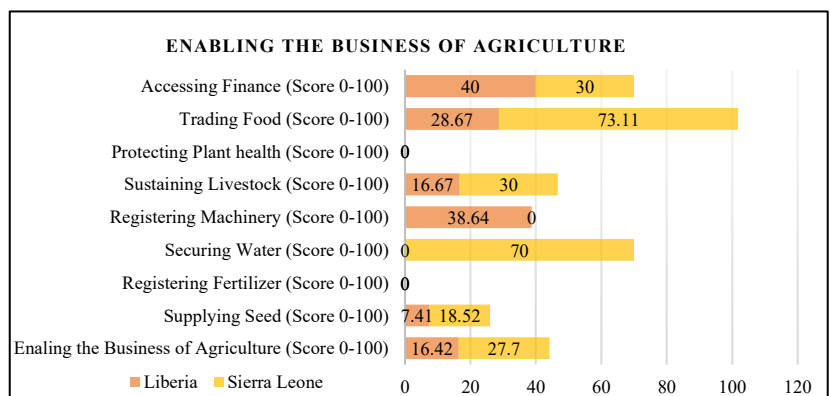
On the basis of the 2016 LISGIS and Rural Access Index, analysis by the World Bank⁷² into the Poverty headcount and RAI shows the following correlation: South-eastern part of the country has especially low transportation access and a very high poverty rate.

Opportunities for increasing rural community connectivity contributes to changing poverty trends....



Source: World Bank

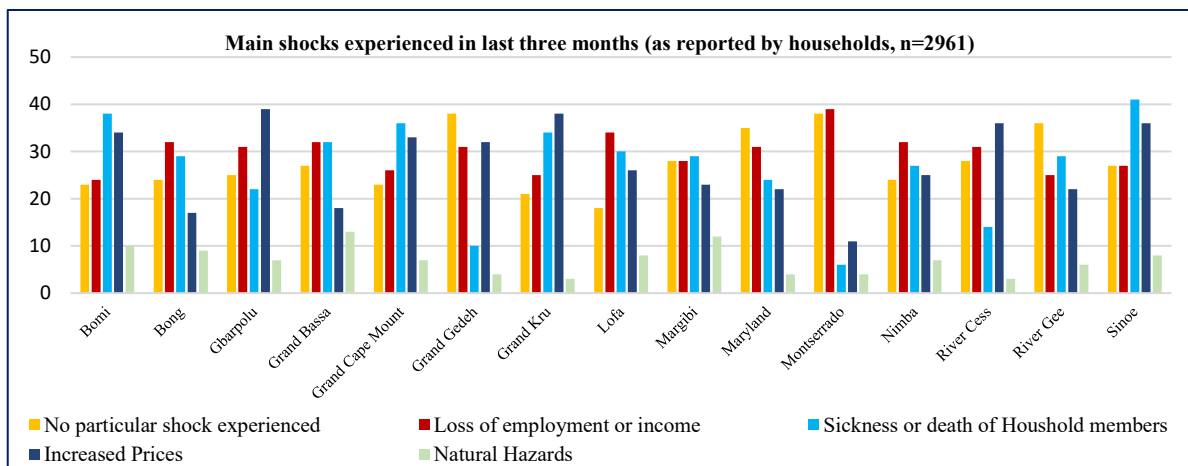
22. **The regulatory environment is an important dimension to promoting agriculture.** World Bank analysis ‘enabling the business of agriculture’ finds that amongst the low-income countries, Liberia has the least favourable regulatory environment for farmers. Some of the key measures employed for the analysis are presented in comparison to Sierra Leone to draw further conclusions on the need to address the binding constraints. Indicators associated with supply of seed, sustaining livestock, trading food are some of the binding constraints on the regulatory environment side that needs to be addressed. Farmer seed needs are met through imports and personal seed stocks⁷³. Prices of seeds and their imports are significantly higher in Liberia, compared to other West African countries⁷⁴.



Source: World Bank

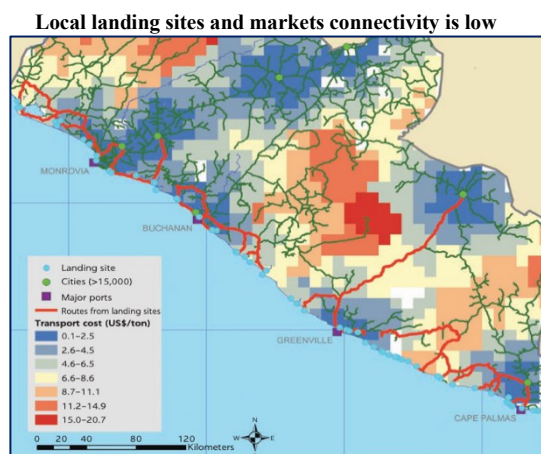
⁷² Op Cit Iimi, Atsushi, and Kulwinder Rao. 2018. Spatial Analysis of Liberia’s Transport Connectivity and Potential Growth
⁷³ Op-Cit FAO 2021. Liberia. Agricultural Livelihoods and Food Security in the Context of COVID-19: Monitoring Report – January 2021
⁷⁴ Op-Cit FAO 2021. Liberia. Agricultural Livelihoods and Food Security in the Context of COVID-19: Monitoring Report – January 2021

23. **Stunting or chronic malnutrition (SDG2) remains a persistent public health concern with deep implications for progress on SDG3,4.** The 2021 Demographic and Health Survey results show the prevalence of stunting among children under 5 years of age is at 29.8 percent while 10 percent are severely stunted. Stunting is more common among boys (32 percent) than girls (28 percent). The stunting prevalence can be classified as ‘very high’ based on the WHO-UNICEF threshold of ≥ 30 percent. Stunting rates vary by county, with urban areas accounting for 25 percent and rural areas accounting for 35 percent⁷⁵. Overall 3 percent of children aged 6-23 months were fed a minimum acceptable diet (in the 24 hours prior to the DHS survey⁷⁶). One of the reasons for this persistent trend which has deeper implications for human capital development is low production and high food expenditure at household level.
24. **COVID-19 induced agricultural and food insecurity shocks reveal SDG2 impact on SDG1 and SDG3,4.** Monitoring agricultural livelihoods, food security and production within the context of COVID-19 pandemic in high priority food crisis countries, FAO survey at the county level reveals that, out of surveyed households (n=2961), seven out of ten households reported affected by shocks between April-September 2020. 27 percent of surveyed households reported facing multiple shocks with 6 percent facing three or more types of shocks. Nature of shocks – as shown – is associated with incomes and health with all counties reporting them as high. Households reporting multiple shocks of loss of employment, incomes; sickness or death and increased prices all combine to create binding constraints for SDG1. Head of household’s gender disaggregation reveals income oriented shocks to be high.



Source: FAO

25. **A 570 kilometer long coastline and a continental shelf averaging 34 kms in width extending 200 nautical miles off-shore from the geographical baseline providing an area of about 20,000km² of fishing grounds⁷⁷.** Sector contributes to an estimated 10 percent of the country’s GDP and coastal areas host approximately 58 percent of the country’s population⁷⁸. In 2017, total marine production was reported to be around 12,600 tonnes and the estimated inland fishery production was 2200 tonnes⁷⁹. The last estimate of employment data (sex and age disaggregation unavailable) from 2017 was a total of 35,504 people in both fisheries and aquaculture with 1460 people engaged in inland fishing and 33, 222 in marine fisheries and in aquaculture⁸⁰. Fish accounts for 20 percent of animal protein supply⁸¹.



Source: World Bank

The country has a long coastline yet there is a lot of untapped potential as evidenced by: (1) Fish import to meet the local demand; (2) Per capita fish consumption decreased from about 15 kg in the pre-war period to

⁷⁵ Op-Cit - 2020 Voluntary National Review

⁷⁶ 2021 Liberia Institute of Statistics and Geo-Information Services (LISGIS), Ministry of Health [Liberia], and ICF. Liberia Demographic and Health Survey 2019-20. Monrovia, Liberia and Rockville, Maryland, USA: Liberia Institute of Statistics and Geo-Information Services (LISGIS), Ministry of Health, and ICF

⁷⁷ 2018. Liberia. Risk Assessment, Platform for Agricultural Risk Management (hosted by IFAD)

⁷⁸ Op-Cit FAO 2021. Liberia / Agricultural livelihoods and food security in the context of COVID-19: Monitoring Report – January 2021

⁷⁹ Op-Cit FAO. 2021. Strengthening the enabling environment for responsible investment in agriculture and food systems – Evidence from Liberia. Rome.

⁸⁰ Op-Cit FAO 2021. Strengthening the enabling environment for responsible investment in agriculture and food systems – Evidence from Liberia.

⁸¹ Op-Cit FAO. 2021. Strengthening the enabling environment for responsible investment in agriculture and food systems – Evidence from Liberia

an estimated 6.0 kg in 2016 and (3) 2017 exports of fish and fishery products were valued at USD 0.6 million while imports were estimated at USD 7.3 million. While SDG9 is a key narrative within binding constraints associated with agriculture, it is also a key narrative to the fisheries sub-sector as evidenced by map showing connectivity of landing sites to cities with greater than 15,000 population⁸². Given the perishable nature of product, limited market connectivity, storage are critical constraints.

26. **In 2019, 38 percent of women are employed in agriculture**⁸³ and play a vital role in the food production, marketing and food trading systems of the country. As established through the 2021 DHS, 74.9 percent of women earn cash payments for non-agricultural work while 22.6 percent of women working in agriculture earn cash payments. The Update notes that this creates a compounding burden on top of some of the norms that limit the capacities of women. 2018 Land Rights Act giving equal protection and provision for land rights creates foundations for unlocking the developmental potential of women however implementation will be critical for sustainable development journey.
27. **The formal (measured) forest contribution to the economy runs between 9-10 percent of GDP and forestry is the fourth largest contributor to the economy**⁸⁴. However, informal and largely unmeasured forest activities provide an important source of jobs and incomes for rural Liberians (For instance, informal chainsaw milling sector provides between 19,000 and 24,000 permanent jobs with an annual revenue generation estimated to be at USD 31- 41 million or about three to four percent of GDP; charcoal industry is estimated to employ 28,000 people (disaggregation unavailable) on a ‘full-time basis’⁸⁵. In 2019, 47.5 percent of the households lived in proximity to forests and were heavily reliant on them for both direct consumption and source of income, with forestry representing prominent source of income (37 percent) followed by crops (32 percent) and non-farm wages (8 percent)⁸⁶. The 2018-2019 National Household Forestry Survey conducted in all 15 counties estimated that the average annual income of forest-proximate households is USD 780 which is substantially lower than the average annual household income of USD 2440 and within the households living in close proximity to forests, it is female headed households that represent the poorest of the poor as evidenced by average income of USD 604 in comparison to USD 780 in other non-female headed households⁸⁷.

LNOB PERSPECTIVE

FOOD SECURITY AND DRIVERS OF EXCLUSION

1. *Geographical dimensions*: Based on severe food insecurity, most food insecure counties are Maryland (39.8; ± 14.3) and Grand Gedeh (39.7; ± 12.0)⁸⁸. Other counties as Sinoe (39.0; ± 15.4); Gbarpolu (39.0; ± 18.1) are also experiencing severe food insecurity patterns. Montserrado has 34.3 percent of prevalence of food insecurity (severe). As discussed above, connectivity is a key narrative within the geographical dimensions of LNOB given the strong evidence between higher production and connectivity and also connectivity and poverty trends.
2. *Gender dimensions*: Female-headed households have the highest levels of food insecurity. High costs at household level for food is a major impediment for progress on SDG1.
3. *Socio-economic dimensions*: Poverty is highest in households where the head of household is self-employed in Agriculture (PAPD 2018). Causal labourers who depend on daily wages for work are a specific population segment that is impacted owing to lockdowns and containment measures put forward following COVID-19 protocols. From the SDG 2 LNOB perspective, fishing communities, forest proximate households and female headed households represent the core group.
4. *Vulnerability to shocks*: Households food expenditure contributes to poverty and the population currently living below extreme poverty and poverty lines are highly vulnerable to household food expenditure shocks. During EVD and as noticed during COVID-19 spike in food prices was noticed owing to heavy reliance on imports to meet demand.
5. *Data disaggregation*: Disaggregated data especially on people living with disabilities, causal labour, and other key vulnerable groups from SDG2 perspective is limited.

⁸² Op Cit Iimi, Atsushi, and Kulwinder Rao. 2018. Spatial Analysis of Liberia’s Transport Connectivity and Potential Growth

⁸³ 2021 UN Women Liberia Country Gender Equality Profile

⁸⁴ 2021 World Bank: Harnessing Forests as pathways to prosperity in Liberia: Policy Note © World Bank

⁸⁵ Op-Cit 2021 World Bank: Harnessing Forests as pathways to prosperity in Liberia: Policy Note © World Bank

⁸⁶ Op-Cit 2021 World Bank: Harnessing Forests as pathways to prosperity in Liberia: Policy Note © World Bank

⁸⁷ Op-Cit 2021 World Bank: Harnessing Forests as pathways to prosperity in Liberia: Policy Note © World Bank

⁸⁸ Op-cit Boero, V., Cafiero, C., Gheri, F., Kepple, A.W., Rosero Moncayo, J. & Viviani, S. 2021. Access to food in 2020. Results of twenty national surveys using the Food Insecurity Experience Scale (FIES)

FOOD SECURITY AND SOURCES OF RESILIENCE

1. *Potential for production:* Geographies with connectivity and access to markets, as described above, provide evidence to the potential for increasing food production within the country and thus increase incomes at household level. Costs on import of food if channelled into building connectivity for rural areas can offer a better premium in building resilience.
2. *Forests:* Forests act as a source of resilience against economic and health shocks and deploying forests to strengthen aligning to revised Nationally Determined Contributions is a key source of building resilience to food price and low production shocks.
3. *Gender:* Binding constraints to women participation in agriculture (including all the sub-sectors) with focus on improving access to credit and marketing is a key source of building resilience to shocks at the household level.
4. *Coastline:* This Update notes that there is a lot of untapped potential in the fisheries which could save a lot of government domestic resources while also building household resilience. Studies into the use of the coast as a potential transport and connectivity solution to mitigate the poor connectivity and use the existing port networks not only as gateways for trade within the region and global levels but also within the country need to be explored further.

A forward look towards 2030: Recalibration of PAPD process set a revised high level national target: ‘By 2023, increase agriculture contribution from 26 percent to 29 percent of real GDP’. This is revised from the original target of increasing agriculture contribution from 26 percent to 35 percent of real GDP. This Update notes that notwithstanding the challenges posed by the global, regional and national circumstances owing to COVID-19, as identified through the COVID-19 impact assessment it is agriculture that is estimated to show some degree of resilience to the impact of COVID-19 and it is vital to capitalise on this resilience and address the binding constraints. Given that a large segment of the population is engaged in agriculture and fisheries, it is progress on SDG2 that can change the pathway of SDG1. SDG9 is a key accelerator for SDG2. In addition to the focus of PAPD to improve connectivity via road network, leveraging one of the longest coastlines in the West Africa region for improving connectivity via the coast needs to be explored to reduce the high transport costs. In addition to SDG9, focusing on SDG5 with explicit attention to improving access to economic resources leveraging favourable legal framework will be a vital strategy to move forward.

Reducing the high cost of food expenditure at household level and increasing production is a necessity for progress on SDGs. The annual government expenditure for the import of just one product, rice, is close to 80 Million USD and increasing production is the only option to reduce the high food expenditure at the household level by leveraging the fertile soils of the country and the large youth⁸⁹ and female population. As expressed in the FGD (FGD organised by UNICEF with youth), the younger generations orientation towards agriculture along with addressing some core binding constraints to SDG2 and SDG5 will be critical for progress on all SDGs. **CF implications:** COVID-19 recovery is highly contingent on the extent to which household resilience to food insecurity is strengthened. Reducing the food costs and increasing production will be critical. Coastline and forests are sources of revenue, resilience and leveraging the same for national development is critical.

EDUCATION

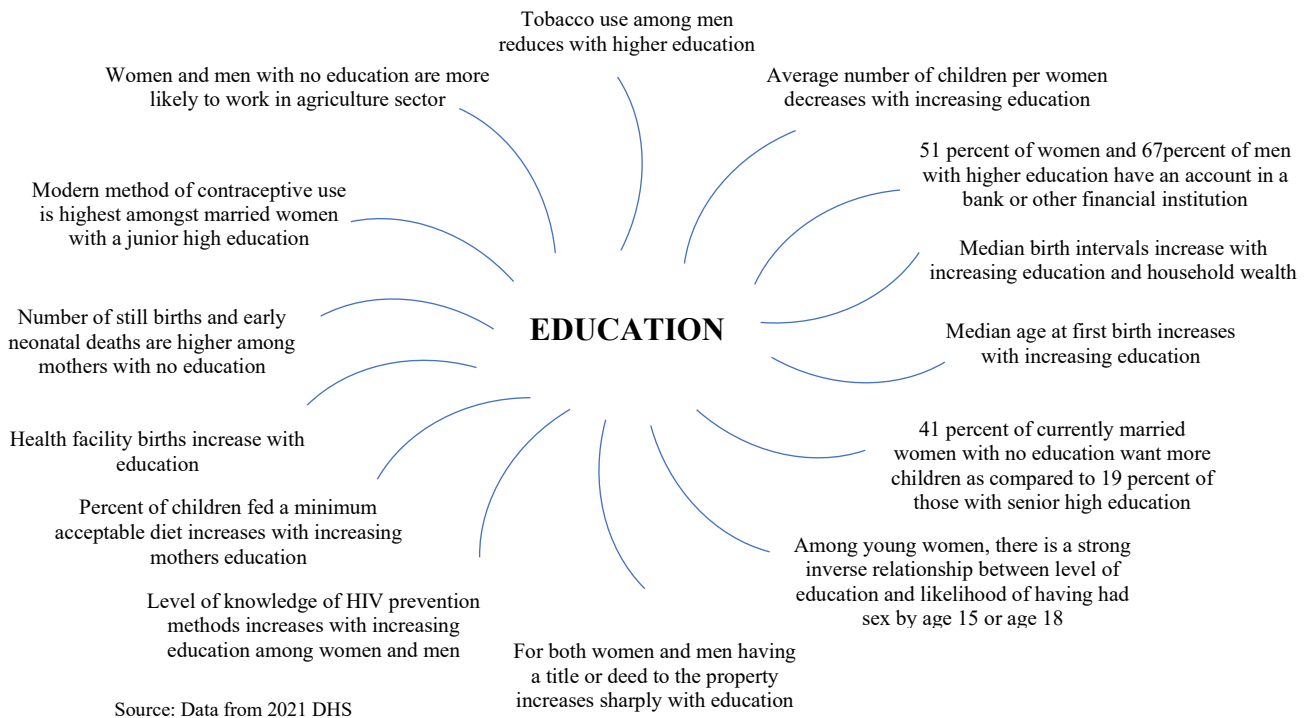
28. Education (SDG4) has a multidimensional impact on poverty, employment, and rural-urban trends.

Women and men with no education (56 percent and 66 percent respectively) are more likely than those with education beyond senior high school (2 percent and 4 percent respectively) to work in the agricultural sector. These trends demonstrate that agriculture sector absorbs large segments of the population owing to low educational levels and employment is in large measure represented by own-account workers. Some of the above-mentioned key binding constraints within the agriculture sector are effectively translated as binding constraints on the production capacities of relatively large segments of population.

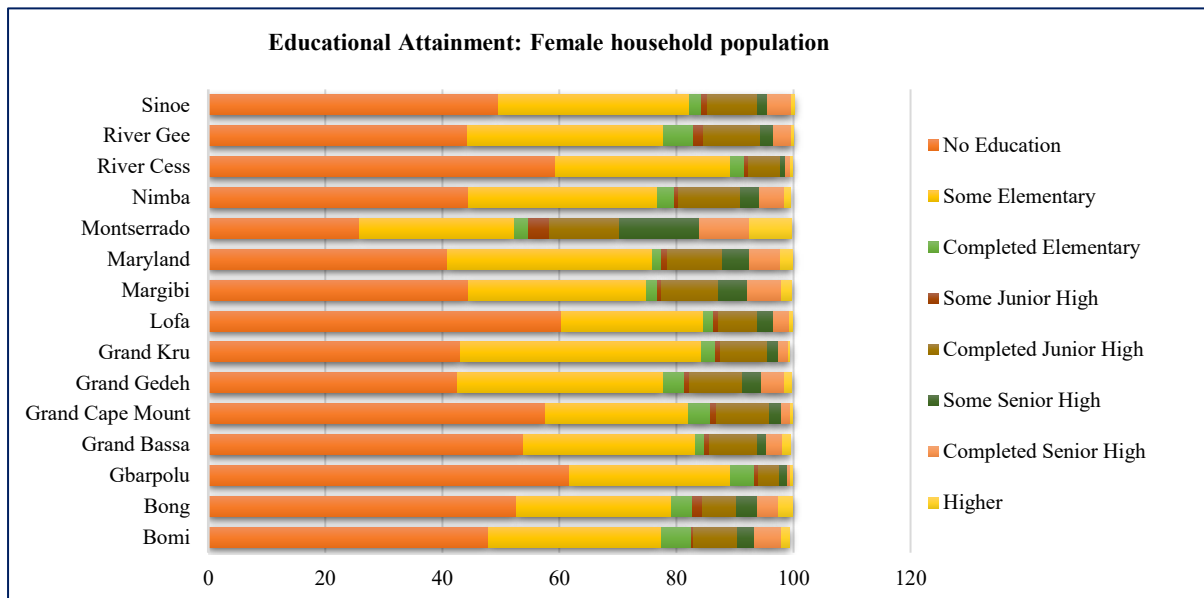
This Update notes that while the agriculture sector is fundamental to sustainable progress on SDGs given that a large segment of the population is engaged in agriculture and addressing the binding constraints to agriculture will in fact be addressing the binding constraints to production capacities of large segment of population, it is education which plays a critical transformative role in shaping the human capital needs of the country.

Overwhelming evidence emerging from the 2021 DHS, as summarised below, establishes the transformative role of education in sustainable development journey of the country.

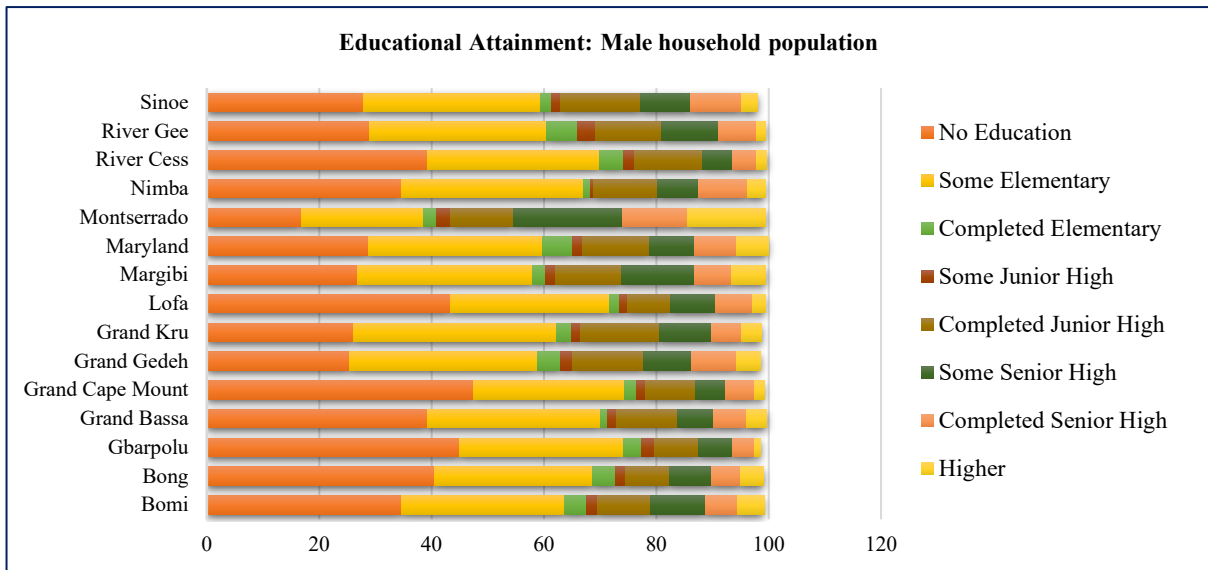
⁸⁹ The revised national youth policy (2012-2017) definition of youth is from ages 15 to 35



29. **Half of the population has completed less than the median number of years of schooling and half of the population has completed more than the median number of years of schooling**⁹⁰. 2021 DHS establishes that 41 percent of females and 30 percent of males age 6 and older have never had any formal education. Twenty-nine percent of females and 27 percent of males have not completed elementary schooling⁹¹. The percentage of males aged 6 and older with no education declined from 39 percent in 2007 to 30 percent in 2019-20 and among females, the percentage decreased from 56 percent to 41 percent⁹².



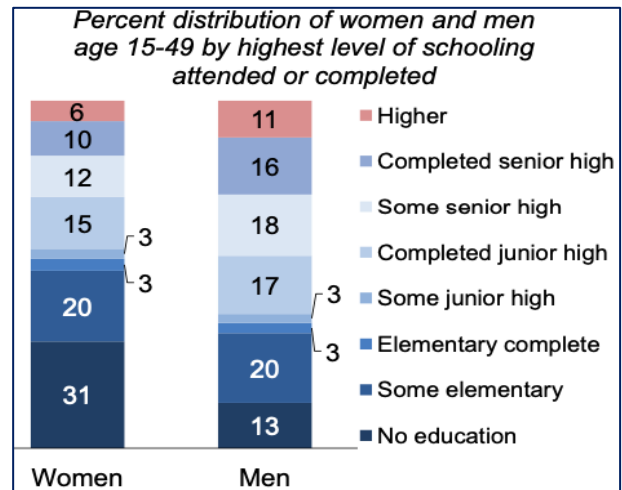
⁹⁰ Op-Cit 2021 Liberia Institute of Statistics and Geo-Information Services (LISGIS), Ministry of Health [Liberia], and ICF. Liberia Demographic and Health Survey 2019-20. Monrovia
⁹¹ Op-Cit Op-Cit 2021 Liberia Institute of Statistics and Geo-Information Services (LISGIS), Ministry of Health [Liberia], and ICF. Liberia Demographic and Health Survey 2019-20. Monrovia
⁹² Op-Cit Op-Cit 2021 Liberia Institute of Statistics and Geo-Information Services (LISGIS), Ministry of Health [Liberia], and ICF. Liberia Demographic and Health Survey 2019-20. Monrovia



Source: Data from 2021 DHS

Men have higher educational attainment than women, with a median number of years of schooling completed among men being 6.6 while in women it is 4.8. As shown, women face twin disadvantages over men in the form of both starting education (as evidenced by marked differences between men and women) and progressing towards completion of senior high and higher levels.

In addition, urban and rural disparities amongst women demonstrate to the more pronounced disadvantages faced by women and girls in the rural population: 21 percent of urban women have no education as compared to 47 percent of rural women. 9 percent of women in urban areas have completed education beyond senior high level while only 1 percent of women in rural areas have completed beyond senior high level. As highlighted through the UN-Women Gender Equality Profile, data on the potential barriers hindering access to education for girls is not exhaustive or comprehensive⁹³.

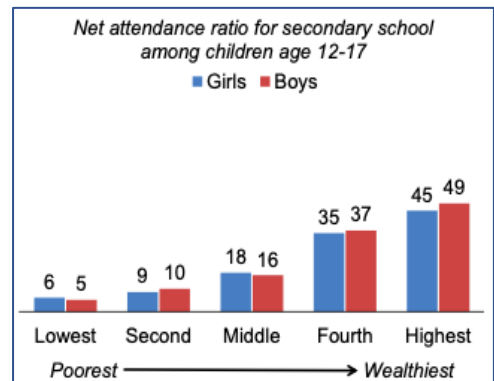


Source: 2021 DHS

30. The attendance ratio(s) and household wealth nexus provide deeper insights into the nextgen human capital constraints.

The primary school Net Attendance Ratio (NAR – defined as percentage of the school-age population that attends primary or secondary school) for children aged 6-11 is 43 percent (41 percent for girls and 45 percent for boys). The primary school attendance ratio varies by county, ranging from 26 percent in River Cess to 57 percent in Montserrado. The high school NAR drops to 26 percent (25 percent for boys and 26 percent for girls). Secondary school NARs differ by 22 percent depending on place of residence: 34 percent in urban and 12 percent in rural. Household wealth is at the heart of these trends, as evidenced by 45 percent of girls and 49 percent of boys in the highest quintile and just 6 percent of girls and 5 percent of boys in secondary school⁹⁴.

Secondary School attendance by household wealth



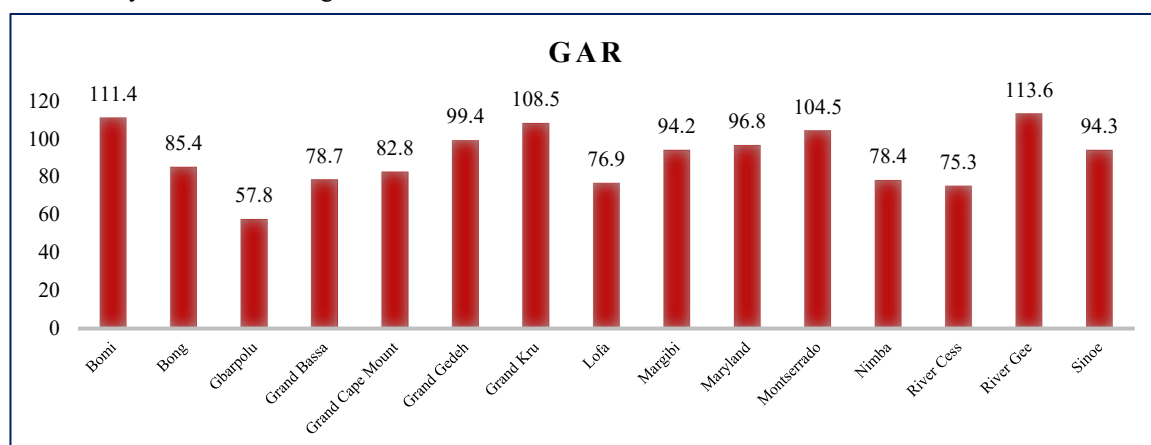
Source: 2021 DHS

The gross attendance ratio (GAR) – defined as a value of more than 100 percent indicating that a significant number of students

⁹³ Op Cit 2021 UN Women Liberia Country Gender Equality Profile (page 37)

⁹⁴ Op-Cit 2021 Liberia Institute of Statistics and Geo-Information Services (LISGIS), Ministry of Health [Liberia]and ICF. Liberia Demographic and Health Survey 2019-20

fall outside the official age range for that level of education – for Liberia at the primary level is 91 percent, with no gender difference (91 percent for both boys and girls) and 52 percent at the secondary level. However, cross-county variations are high as shown below:

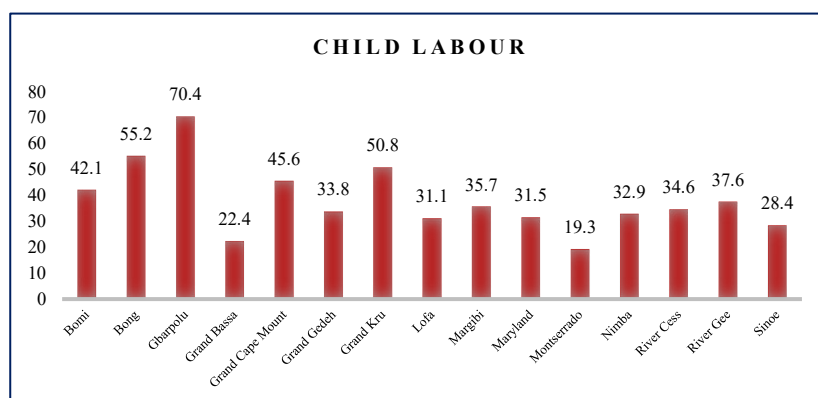


Source: 2021 DHS

The 2016 ESA identifies River Gee (98 percent), Rivercess (97 percent) and Sinoe (92 percent) as some of the worst performing rural counties with over-age, and 2021 DHS establishes that River Gee GAR increased to 113.6 percent, Sinoe to 94.3 percent and River Cess decreased to 75.3. GAR per county firmly evidences the average trends as above with 8 counties showing GAR more than 90. Montserrado, which hosts the capital city, has a GAR of 104.3. Given the central role of the capital city in the economy (SDG8) and urbanisation (SDG 11), higher than 100 GAR for Montserrado county is a critical trend of importance to SDG 8, SDG5 and SDG1 progress.

While over-age is a challenge, the number of children out of school is another key dimension. PAPD estimates that approximately 17 percent of children are out-of-school. This combined with the primary school net attendance ratio of 43 percent (6-11 years old) underlines that both ECE and primary school are vital for creating nextgen human capital needs of the country as it is 'about kind of education that children receive that will enable the youth, children to shape the economy of the country' (as quoted during CCA consultations).

31. **Given that poverty and income are important binding constraints to children’s education, child poverty and child labour are key narratives of SDG4 with implications for SDG1, SDG5, SDG10.** Although the recent estimates of child poverty in Liberia are unavailable (Voluntary National Review 2020), a 2014 UNICEF analysis estimated that 63.4 percent of the children in the country suffer from multidimensional poverty which is much higher than the national averages (VNR 2020). UNICEF is currently in the process of updating this analysis which provides greater insights into the child poverty situation in the country. As noted in the VNR, 2020, ‘available evidence also suggests that households with higher numbers of children are more likely to experience poverty. Poor households tend to have higher dependency ratios than non-poor households, meaning they have a greater number of children and elderly persons per working-age adult. Fertility rates are highest in rural areas where poverty is concentrated’.

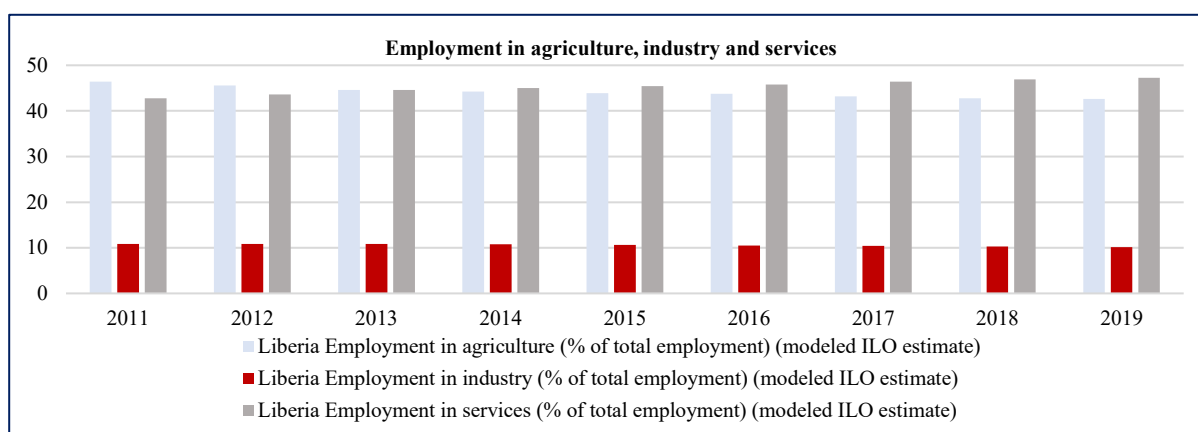


Source: Data from 2021 DHS

2021 DHS establishes that relatively large proportions of children are reported as engaging in some type of economic activity for an employer outside the home or in a family business. Close to 30 percent of children aged 5-11, 49 percent of children aged 12-14 and 60 percent of children aged 15-17 are involved in some economic activity or the other. However, only 11 percent of children aged 12-14 and 3 percent of children aged 15-17 were working longer jobs than what is considered appropriate for their age. Rural children aged 5-11 are more likely than urban counterparts to be engaged in economic activity beyond what is considered

appropriate for their age (38 percent versus 24 percent. Definition as per the DHS survey). Child labour was estimated to be at 31.7 percent (34.4 female and 29.3 male) in effect meaning one out of three children are engaged in child labour (2021 DHS). There is a strong correlation between child labour and wealth – in the lowest quintile, 47 percent and highest quintile, 19.1 percent. This demonstrates poverty as a key narrative within primary education as well as importance of social protection to support next generation human capital.

32. **Binding constraints on human capital are creating headwinds to structural transformation.** PAPD identifies structural transformation as an important outcome. SDG4 contributes to the needs of the economy by building labour force that has adequate education and job skills as required by the economy, which ultimately contributes to the structural transformation. As evidenced below, employment in industry has remained more or less the same over the period from 2011 to 2019 and contributes least to employment.



Source: 2021 DHS

Update notes, building on the FGD with the youth and consultations, primary education plays central role in building a labour force that is skilled. It is estimated that more than half of the labour force has not completed primary school and literacy rates are well below the levels of comparable countries⁹⁵. Primary education trends (between 2011 and the latest available data of 2017) show that both the total number of pupils enrolled and completion rates are seeing a regression (as shown).

Series	2011	2014	2017
Primary Education, Pupils ⁹⁶	674,534	683,977	635,478
Primary Completion Rate, Total (Percent of relevant age group) ⁹⁷	66.8	60	60.59
Primary Completion Rate, Male (Percent of relevant age group)	72.51	64.91	63.06
Primary Completion Rate, Female (Percent of relevant age group)	61.04	54.94	58.04

Source: World Development Indicators, World Bank

These trends provide part of the explanation to the large self-employment component present in the overall employment. According to education sector review, many young people (especially women) are taking up self-employment because of the inability to find a wage or salaried job (40.8 percent) and pressure from family (13.4 percent) (SWTS 2013). Latest estimates from PAPD establishes, nearly 80 percent of the economically active population is in informal employment and PAPD projections show informal employment will grow from 1.3 million in 2018 to 1.6 million by 2023 without significant intervention in job creation. Update notes that focus on primary education (SDG4) is a critical area for SDG8, SDG5, SDG11 given the regression trends as noticed and its implications to informality of economy.

33. **COVID-19 mitigation measures negatively impact the learning and has multi-dimensional impacts on sustainable development narrative of the country.** Ministry of Education identifies following COVID-19 impact on education and learning: (1) interruption of learning and assessment due to school closures. Impact is expected to be high amongst poor and rural communities which have fewer opportunities to learn at home. Girls, pre-school children learning is most impacted; (2) reduced access to school feeding; (3) reduced access to WASH; (4) loss of income for teachers; (5) higher economic and social burden on parents; (6) probability of increased teen age pregnancy, sexual abuse and GBV.

⁹⁵ Op-Cit 2018, World Bank, From Growth to Development: Priorities for Sustainably Reducing Poverty and Achieving Middle-Income Status by 2030

⁹⁶ Defined as total number of pupils enrolled at primary level in public and private schools

⁹⁷ Also called gross intake ratio is the number of new entrants (enrolments minus repeaters) in the last grade of primary education, regardless of age, divided by the population at the entrance age for the last grade of primary education

LNOB PERSPECTIVE:

EDUCATION AND DRIVERS OF EXCLUSION

1. *Geographical dimension:* Children living in low population density and low connectivity geographies; and forest proximate households are more likely to have never been enrolled in school. Of the regions – south central region has the lowest educational attainment of the female household population⁹⁸.
2. *Gender dimension:* Significant variations between boys and girls in SDG4 trends persist.
3. *Socio-economic dimension:* Children living in households experiencing extreme poverty; households dependent on forests as a primary source of livelihood; households headed by youth and children; children engaged in child labour considered unfit for their age; children not enrolled in school and children in female headed households are core groups from the SDG4 LNOB perspective. Child poverty is a significant challenge and the lack of income opportunities on one hand and family household size of 4.5 makes it necessary to engage in child labour. Children currently engaged in child labour beyond permissible limits represent a key population segment from the SDG4 lens. Similarly, given the disparity in secondary education between boys and girls, girls dropping out of school, especially at secondary level, is a key population segment from the SDG4 lens.
4. *Data:* Gaps in data availability especially on different barriers to access to education for girls and People with Disabilities is critical gap to be addressed.

EDUCATION AS A SOURCE OF RESILIENCE

1. Education is key to building resilience across all the SDGs. Its impact on SDG1, SDG2, SDG3, SDG5 and SDG8 is especially high, making it a central pillar for building resilience.
2. Emphasis on primary education with measures to reduce the regression in primary education enrollment is perhaps one of the foundational measures for building the human capital requirements of the country.

A forward look towards 2030: 2021 DHS highlights the central role education is currently playing in the sustainable development journey of the country. Building on this evidence, education needs to be prioritized with focus on primary education and with specific attention to girls. Poverty and income (SDG1) at household level are important to country's SDG4 trends. This impacts the skills and thus have a greater impact on SDG8. With significant differences between boys' and girls' educational attainment, poor SDG4 outcomes reinforce the binding constraints on women and girls (SDG5). Binding constraints on human capital are creating headwinds to structural transformation. It is estimated that more than half of the labour force has not completed primary school and literacy rates are well below the levels of comparable countries. High child poverty and child labour are extremely serious trends with implications for the human rights dimensions of children. In line with international human rights obligations, it is important to have targeted strategies that address child poverty. **CF implications:** addressing the regression in primary completion rates, disparities between boys and girls and child poverty will be critical. Raising domestic resources to deploy social protection support to the children living in poverty, reducing child labour will be essential.

HEALTH

34. **Due to high health-care costs (SDG3), every tenth poorest household is pushed into poverty.** According to the 2018 Service Availability Assessment, public health facilities account for 59 percent of all available health care facilities, followed by private for-profit (34 percent), NGO not-for-private (2 percent) and faith based (5 percent)⁹⁹. Health density (facilities per 10,000 people) is 1.95 (compared to 1.7 in 2016) however with a total fertility rate of 4.2 children per female¹⁰⁰, the demand for public health facilities is only going to increase further. And the combination of rising food expenditures at household level together with the COVID-19 induced slowdown in the economy limits the population's ability to access private-for-profit services and will drive demand for public health facilities even further.

Managing Authorities for Health Facilities in Liberia, 2018)



Source: Service Availability and Readiness Assessment (SARA) and Quality of Care (QoC)

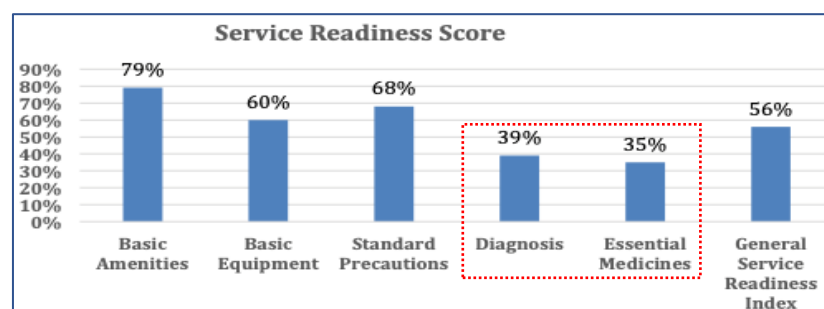
The core health workforce across counties shows a varying picture, with the counties of Bomi and Montserrado registering above the WHO recommended core workforce density of 14.4 per 10,000 population and 14.0 per 10,000 population respectively and the counties of Rivercess, Gbarpolu, Grand Bassa, Grand Cape Mount registering less than the recommended workforce density.

⁹⁸ Op-Cit 2021 Liberia Institute of Statistics and Geo-Information Services (LISGIS), Ministry of Health [Liberia]and ICF. Liberia Demographic and Health Survey 2019-20

⁹⁹ 2018 Service Availability and Readiness Assessment (SARA) and Quality of Care (QoC) The Global Fund, GAVI Alliance and World Health Organisation.

¹⁰⁰ 2021 Ministry of Health, Situation Analysis for the National Health Policy and Plan 2022-2030

Readiness or capacity of health facilities to offer required health services, measured by General Service readiness Index in 2018, stood at 56 percent against 53 percent in 2016. Service readiness score is derived on the basis of the following key elements: basic amenities; basic equipment; standard precautions; diagnosis; and essential medicines. From a poverty perspective, both the cost of diagnosis and essential medicines can be a key driver for increasing exposure to debt given the low incomes at the household level and high food expenditures. Dependency on markets for the diagnosis and medicines adds a layer of vulnerability to the poor in the form of increased out-of-pocket-expenditures. WHO and Ministry of Health’s National Health Observatory (NHO) analysis (September 2021) establishes that out-of-pocket payments remain high in Liberia and is estimated at 53 percent of total health expenditures – higher than the acceptable 15-20 percent WHO benchmark¹⁰¹.



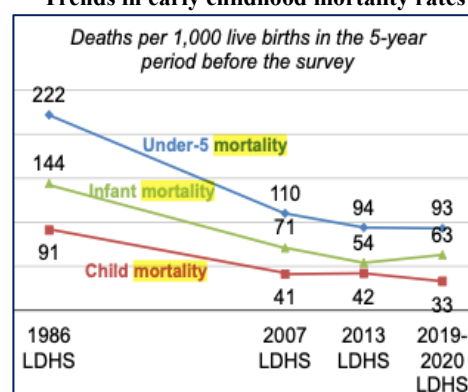
Source: SARA 2018

The World Bank’s 2018 data establishes that the out-of-pocket expenditures (percent of current health expenditure, 2018) stood at 41.8 percent¹⁰². NHO further shows that 86 percent of households pay at the point of service to receive healthcare and on an annual basis, 15 percent of all households incur catastrophic health expenditures¹⁰³ (CHE – defined by WHO – health expenditure greater than or equal to 40 percent of a household’s non-subsistence income i.e. income available after basic needs have been met¹⁰⁴). This percentage rises to 25 percent for the poorest quintile. It is estimated that every tenth poorest household is pushed into poverty every year due to health expenditures¹⁰⁵ and is mostly attributable to the fact that patients at primary health facility are given prescriptions to get medications from private pharmacies due to the stock-out of essential medicines at health facilities. Only 4 percent of women and 7 percent of men age 15-49 have health insurance and those who do, the majority of women and men have employer-based insurance¹⁰⁶. As identified under in SDG8, with a high informal economy, access to insurance is limited for a large segment of society, increasing the poor’s risks of exclusion.

35. A combination of trends centred around: incomes, education, connectivity, and COVID-19 play key role in shaping progress on SDG3.

2021 DHS establishes under-5 mortality rate as 93 deaths per 1000 live births in the last 5 years preceding the survey, while child mortality was 33 deaths per 1000 live births and infant mortality was 63 deaths per 1000 live births, the neonatal mortality rate was 37 deaths per 1000 live births and the post-neonatal mortality rate was 25 deaths per 1000. Trends establish that infant mortality increased from 54 deaths per 1000 live births in 2013 to 64 deaths per 1000 live births in 2019-2020. On the other hand, child mortality decreased from 43 to 33 deaths per 1000 live births, while under 5 mortality remained in general unchanged. It is critical to note that infant, child, and under-5 mortality are lower in urban areas (57, 30 and 85 deaths per 1000 live births respectively) than in rural areas (69, 36 and 102 deaths per 1000 live births). One of the key reasons for the evolving trends is the steady increase in health facility births from 37 percent in 2007 to 80 percent in 2019-2020. Education and wealth play a key role, with evidence indicating that 89 percent of women with a higher education deliver in a health facility, as do 84 percent of those in wealthiest households (compared to 74 percent in the poorest households).

Trends in early childhood mortality rates



Source: 2021 DHS

¹⁰¹ 2021 Ministry of Health and WHO, National Health Observation Report.

¹⁰² World Bank, Data Bank, Health, Nutrition and Population Statistics, Series: Out-of-pocket expenditure (Percent of current health expenditure). (Accessed at: <https://databank.worldbank.org/source/health-nutrition-and-population-statistics>)

¹⁰³ Op-Cit - 2021 Ministry of Health and WHO, National Health Observation Report

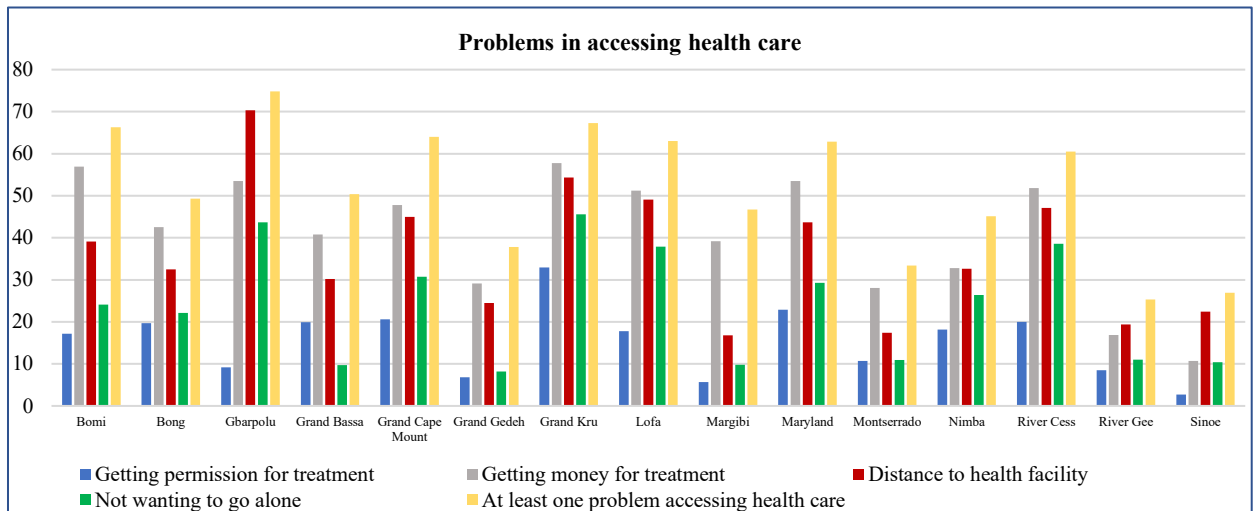
¹⁰⁴ 2005 WHO Technical Brief for Policymakers No.2, Designing health financing systems to reduce catastrophic health expenditure.

(Accessed at: https://www.who.int/health_financing/documents/pb_e_05_2-cata_svcs.pdf)

¹⁰⁵ 2016 Liberia Household Income and Expenditure Survey (HIES) as quoted in Ministry of Health and WHO, National Health Observation Report.

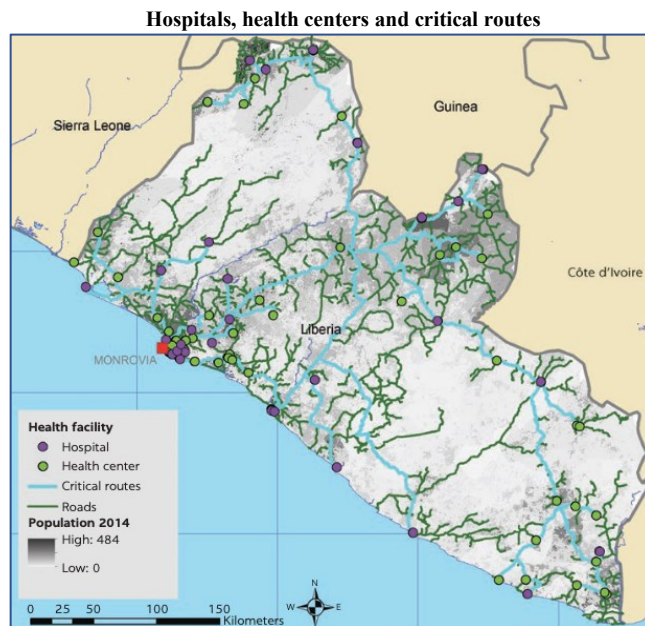
¹⁰⁶ Op-Cit 2021 Liberia Institute of Statistics and Geo-Information Services (LISGIS), Ministry of Health [Liberia]and ICF. Liberia Demographic and Health Survey 2019-

Liberia is among the countries with the highest maternal deaths in the world with the 2021 DHS showing a maternal mortality ratio for the 7-year period prior to the 2021 DHS to be estimated at 742 maternal deaths per 100,000 live births – i.e. for every 1000 births about seven women die during pregnancy, during child birth or within 42 days of the end of a pregnancy. Health facility delivery amongst counties ranged from just 50 percent in Gbarpolu to 96 percent in Lofa. Postpartum haemorrhage is the leading cause of maternal deaths and only 4 percent of health centres offering blood transfusion services (according to SARA 2018). Furthermore, according to 2021 DHS, nearly half (45 percent) of women aged 15-49 report atleast one problem in accessing health care, with the most commonly reported issues being money for treatment and distance to health facility (as shown below). Women living in rural areas are more likely to report at least one problem in accessing health care than those in urban areas (59 percent versus 36 percent).



Source: Data from 2021 DHS

Update notes – just as connectivity is a key narrative within SDG2, it is also a key narrative within SDG3. Given the country’s medical supplies rely on foreign aid, which passes through Monrovia, connectivity of major health facilities to Monrovia is of particular importance. It is estimated that two-thirds of major health facilities are not connected due to poor road conditions¹⁰⁷– as illustrated below:



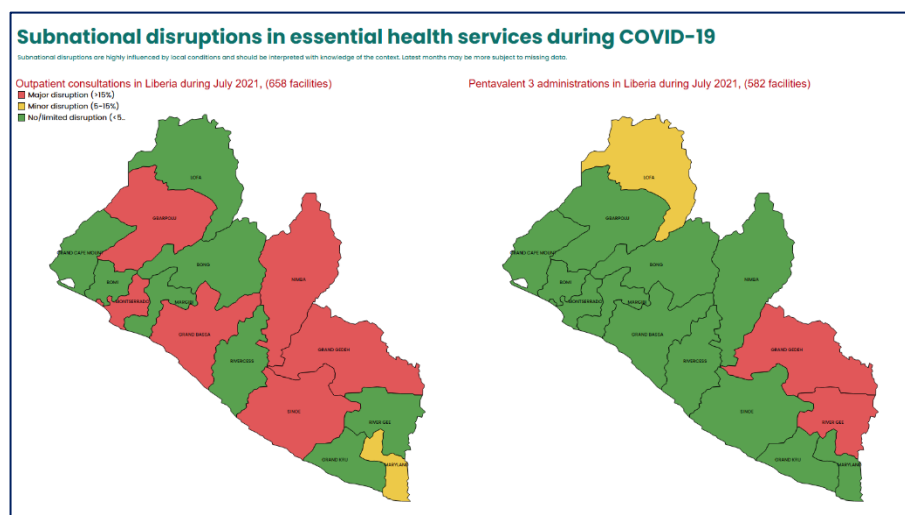
Source: World Bank

The COVID-19 impact on these trends is likely to be negative¹⁰⁸. Volumes of essential maternal and reproductive health services in Liberia are lower than expected as of July 2021, with substantial disruptions

¹⁰⁷ Op Cit 2018 Iimi, Atsushi, and Kulwinder Rao. Spatial Analysis of Liberia’s Transport Connectivity and Potential Growth

¹⁰⁸ Op-Cit 2021 Ministry of Health, Situational Analysis for the National Health Policy and Plan 2022-2030

in outpatient services down by 17 percent, family planning consultations down by 36 percent, PNC1 down by 21 percent and ANC1 down by 19 percent¹⁰⁹. Despite the COVID-19 burden, vaccinations are at or above nationally expected volumes, though evidence of disruptions in child vaccination in Grand Gedeh, River Gee is recorded, and Lofa experiencing lower than expected levels of Penta 3 vaccinations since December 2020¹¹⁰.



Source: IBBSS 2018

36. **Registering significant gains, the HIV epidemic is ‘.....both low levels generalised in the wider population and also concentrated amongst key populations’ with an estimated 35000 (UNAIDS Spectrum estimates 2020) persons living with HIV and a national prevalence of 2.1 percent¹¹¹.** IBBSS 2013 and 2018 highlights the HIV prevalence is shaped to a large extent by the trends in the specific population groups as shown below:

Key Population	HIV Prevalence		Percent Change
	IBBSS 2013 (percent)	IBBSS 2018(percent)	
Uniformed service personnel	5	17.6	252
Transport workers	4.6	14.4	200
People who inject drugs	4.8	9.6	92
Men who have sex with men	19.8	37.9	91.4
Female sex workers	9.8	16.7	70.4
Miners	3.8	3.8	0
Transgender		27.6	
Inmates		5.6	
Mobile traders	4.5	3.8	-33.3

Source: Integrated bio-behavioural surveillance survey report of key populations in Liberia (IBBSS, 2018)

The South-Central region which includes Montserrado, Margibi and Bomi counties has highest prevalence rates of 2.75 percent amongst all the counties¹¹². Southern border regions are showing higher HIV prevalence indicating trans-border mobility¹¹³.

An important response strategy to the HIV epidemic has been access to diagnostics services. As shown in the graph, 52 percent of health facilities offer HIV services, 65 percent provide PMTCT services and 91 percent of hospitals have diagnostics capacity (SARA 2018).

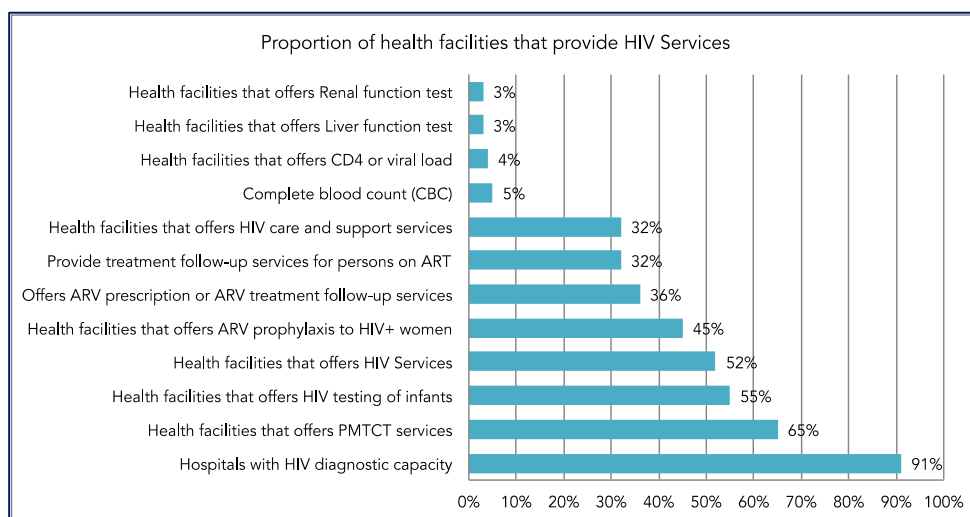
¹⁰⁹ Op-Cit 2021 Ministry of Health, Situational Analysis for the National Health Policy and Plan 2022-2030

¹¹⁰ Op-Cit 2021 Ministry of Health, Situational Analysis for the National Health Policy and Plan 2022-2030

¹¹¹ 2019 Integrated Bio-behavioural surveillance survey report of key populations in Liberia (IBBSS, 2018)

¹¹² Op-Cit 2019 Integrated Bio-behavioural surveillance survey report of key populations in Liberia (IBBSS, 2018)

¹¹³ Op-Cit 2019 Integrated Bio-behavioural surveillance survey report of key populations in Liberia (IBBSS, 2018)



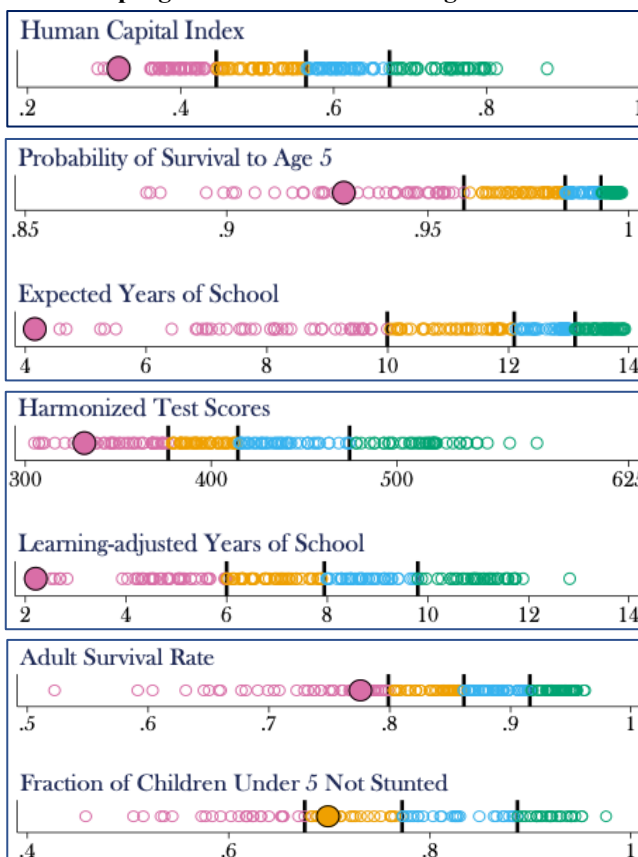
Source: WHO NHO 2021

However, a critical insight developed during the EVD outbreak that could potentially span out during COVID-19 is that before the Ebola outbreak, more than 70% of approximately 30,000 HIV patients had access to treatment. 144 HIV/AIDS care centres were operational. However due to EVD close to 60% had closed due to a shortage of health workers and fear of Ebola transmission which increased risk of an increase in the number of HIV cases as new HIV-positive patients might not be identified and this could lead to further transmission of the virus (IRIN,2014; UNAIDS, 2014). Specific data on COVID-19 impact on HIV services is not yet estimated however is expected to follow similar pattern given the similarity in response measures.

37. Both health and education (SDG3, 4) trends have important implications for the human capital stock available to the country to make definitive and sustainable progress towards the 2030 Agenda. Human

Capital Index (HCI scale of 0-1), which is a measure to show the productivity of the nextgen workers relative to the benchmark of complete education and full health, reveals that Liberia has an HCI of 0.30 which means that a child born in 2020 in Liberia will be 32 percent as productive when they grows up as they could be if they enjoyed complete education and full health. This is lower than the average of the Sub-Saharan Africa region and low-income countries.

The World Bank's HCI identifies: 93 out of 100 children born in Liberia survive to age 5; a child starting school at age 4 can expect to complete 4.2 years of school by the 18th birthday; students score 332 on a scale where 625 represents advanced attainment and 330 represents minimum attainment; Factoring in what children actually learn, expected years of schooling is only 2.2 years; 78 percent of 15 year old survive till age 60 (proxy statistic for range of health risks) and 30 out of 100 children are stunted with risks to cognitive and physical limitations. These trends are further corroborated by 2021 DHS which establishes that overall, 21% of children age 5-17 are engaged in economic activities at or above the threshold for their age, while 11 percent are engaged in household work at or above age-specific limit. Therefore, one out of three (32%) children are engaged in child labour¹¹⁴.



Source: World Bank

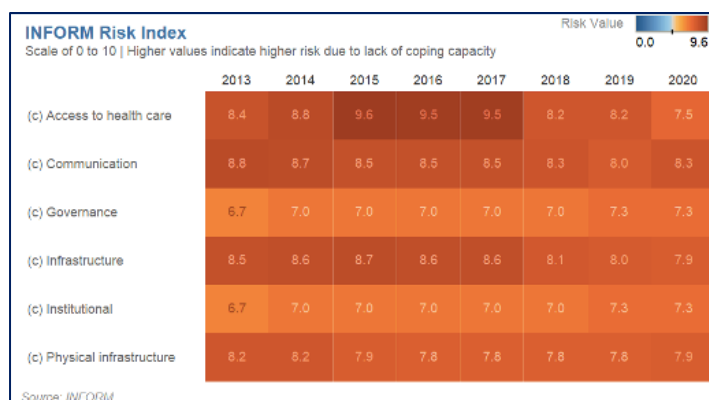
¹¹⁴ Op-Cit 2021 Liberia Institute of Statistics and Geo-Information Services (LISGIS), Ministry of Health [Liberia]and ICF. Liberia Demographic and Health Survey 2019-20 Pp 362

**LNOB PERSPECTIVE:
HEALTH AND DRIVERS OF EXCLUSION**

1. *Socio-economic dimension:* High out-of-pocket expenditure especially in accessing diagnosis and medicines is a key socio-economic driver of exclusion. Lack of income at household level is a key factor in accessing healthcare. When combined with high food expenditures, high out-of-pocket within the context of low insurance is a critical impediment. As evidenced during the EVD outbreak, the cost of medicines usually increases at the time of outbreaks which further exacerbates risks at the household level. Thus, households in extreme poverty and poverty (including people living with disabilities, minorities) are a core group from the LNOB perspective with respect to health.
2. *Gender dimension:* Access to reproductive health services has an inherent income dimension. With SDG 4 trends showing a marked difference between men and women – it is translated as a driver of exclusion for SDG3 with women having no education as having lesser access to reproductive services. Thus, young women aged 15-25 and women in rural areas with low educational attainment constitute a core group from the SDG 3 LNOB perspective.
3. *Vulnerable Groups:* Difference in HIV/AIDS prevalence rates in specific population groups between 2013 and 2018 with an increase in some groups by almost 200 percent (as described above) is a worrisome trend. Groups like the uniformed service personnel; transport workers; People who inject drugs; Men who have sex with men; Female sex workers; Miners; Transgender and Prison inmates constitute core groups from HIV LNOB perspective.
4. *Geographical dimension:* In addition to income at household level, distance to a health facility is a key factor in accessing health care services. Connectivity challenges, as seen impacting the SDG2 trends are also relevant to understanding SDG 3 trends. Given the country’s medical supply relies passes through Monrovia, connectivity of major health facilities to Monrovia is of particular importance. It is estimated that two-thirds of major health facilities are not connected because of poor road conditions¹¹⁵.

Nexus between access to healthcare and infrastructure can be further evidenced from the INFORM risk index.

Country has 143 unofficial border crossing points (UNODC Consultation) and building prevention and tracing capacities for potential health risks within the counties sharing international border is a critical geographical dimension for consideration in responding to the health risks.



HEALTH AS A SOURCE OF RESILIENCE

1. Evidence from EVD and COVID-19 outbreaks establish country’s economic growth is highly contingent on the exposure to the health risks and building resilience to the health risks is foundational to the progress on SDGs. Significant gains registered in the health systems since the end of civil war and the lessons learnt from EVD and COVID-19 outbreaks provide a firm foundation to further strengthen the institutional bench-strength of the health institutions at national and community levels.

A forward look towards 2030 Agenda: Health risks represent a core cross-border dimension for the country and high health related expenditures at household level is a key narrative driving SDG1 trends. With evidence to show that every tenth poorest household is pushed into poverty due to high health costs and importantly the households experiencing catastrophic health expenditures is highest in the poorest health quintile, impact of SDG3 as a key narrative in SDG1 is quite high. Given the high role of imports in healthcare, any regional health risks immediately impact in the form of rising prices and lowering economic growth. **CF implications:** There is a cross-border as well as household level expenditure dimension to consider in SDG 3 impact on SDG 1 trends. Update notes without resilience to health risks, country will not have a sustainable path towards 2030. Border counties ability to respond to the cross-border health risks is extremely central for sustainability. Reducing out-of-pocket expenditures is also central given that the lowest health quintile households experiencing greater exposure to catastrophic health expenditures. SDG9 and SDG5 are accelerators for progress on SDG3.

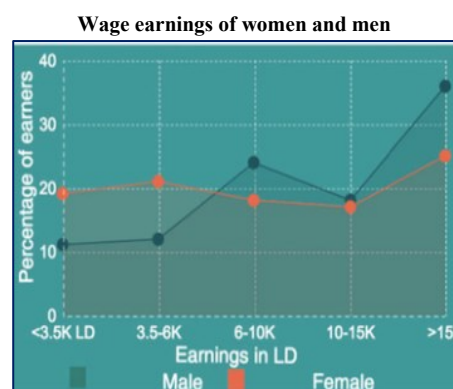
¹¹⁵ Op-Cit 2018 Iimi, Atsushi, and Kulwinder Rao. 2018. Spatial Analysis of Liberia’s Transport Connectivity and Potential Growth

GENDER

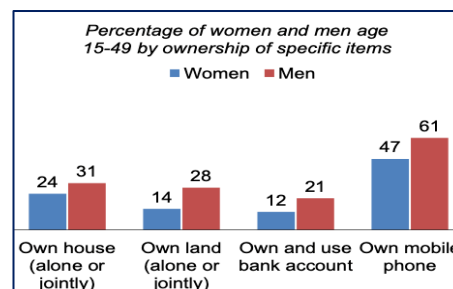
38. **Women and girls face further compounding factors that act as structural impediments for sustainable human development.** Liberia has the distinction of having the first female head of state on the continent. However, gender inequality in socio-economic-political spheres is a reality as evidenced through varying human development trends across SDGs.

Women from households at the top of the income distribution enjoy ample opportunities in both the public and private sectors, and Liberian women have risen to top positions in the government¹¹⁶. However, girls and women in rural areas and poor urban communities have very little access to quality education, healthcare, and employment options¹¹⁷. 41 percent of females and 30 percent males aged 6 and older have no formal education¹¹⁸ (a declining trend among females from 56 percent in 2017 to 41 percent in 2020 but still very high), and girls in rural areas have a net attendance rate of 35 percent for primary education and 13 percent for secondary level, compared to 53 percent and 34 percent for girls in urban areas respectively¹¹⁹.

In 2019, 38 percent of women were employed in agriculture¹²⁰ and as demonstrated by 2021 DHS women employed in agriculture are more likely than women employed in non-agricultural work to not receive cash payments: 74.9 percent of women earn cash payments for non-agricultural work while 22.6 percent of women working in agriculture earn cash payments. It is critical to note that 79 percent of women working in agriculture are self-employed, 17.3 percent are employed by a family member and 30.7 percent are employed by a non-family member¹²¹. Women's participation in key areas of agriculture, mainly cash crop production and natural resources, is, however, constrained by a rigid gender division of labour¹²². Men usually dominate cash crop production, mainly through commercial farming¹²³. The inability of female-headed households to contribute to communal labour inhibits them from using the land, as this is generally the reason given by community leaders for not granting women access to land¹²⁴. A similar disparity also exists in wage earnings. A higher proportion of women fall into the lower earning work categories¹²⁵. As shown from PAPD analysis, as wage incomes rise the share of women relative to their male counterparts falls.



Source: PAPD



Source: 2021 DHS

Ownership of and control over assets are key to financial empowerment and overall 31 percent of men and 24 percent of women own a house while 28 percent men and 14 percent of women own land¹²⁶. Women and men in rural areas are more likely to own a house (38% and 43%, respectively) than those in urban areas (15% and 23%, respectively)¹²⁷. Similarly, rural women and men are more likely to own land (23% and 42%, respectively) than urban women and men (8% and 20%, respectively)¹²⁸. Furthermore, within urban areas, women and men in Greater Monrovia are much less likely to either own either a house or land than those in other urban areas. In either urban or rural settings, access to economic assets for women is a binding constraint.

Update notes access to assets, for both men and women, has an important socio-economic development dimension. It is estimated less than 20 percent of total land in the country has a proper title and is registered¹²⁹. Of the 16 percent of women and men who own land, 76 percent of women and 78 percent of men do not have a title or deed of ownership¹³⁰. This is a key binding constraint for SDG8 given the limited ability to raise finances for entrepreneurship and also limits banks role in developing financial products that can unlock the developmental potential of people.

¹¹⁶ FY19-24 World Bank Group Country Partnership Framework

¹¹⁷ Op-Cit World Bank Group Country Partnership Framework

¹¹⁸ Op-Cit 2021 Liberia Institute of Statistics and Geo-Information Services (LISGIS), Ministry of Health [Liberia]and ICF. Liberia Demographic and Health Survey 2019-20 Pp 362

¹¹⁹ Op-Cit 2021 UN Women, Liberia Country Gender Equality Profile Issue Paper

¹²⁰ Op-Cit 2021 UN Women, Liberia Country Gender Equality Profile Issue Paper

¹²¹ AFDB Socio-Economic Database. Accessed at: <https://dataportal.opendataforafrica.org/bbkawj/afdb-socio-economic-database-1960-2019>

¹²² 2018 FAO and ECOWAS Commission. National Gender Profile of Agriculture and Rural Livelihoods-Liberia. Country Gender Assessment Series, Monrovia

¹²³ Op-Cit - 2018 FAO and ECOWAS Commission. National Gender Profile of Agriculture and Rural Livelihoods-Liberia

¹²⁴ Op-Cit - 2018 FAO and ECOWAS Commission. National Gender Profile of Agriculture and Rural Livelihoods-Liberia

¹²⁵ Op-Cit 2018 Republic of Liberia: Pro-poor Agenda for Prosperity and Development (PAPD)

¹²⁶ Op-Cit 2021 Liberia Institute of Statistics and Geo-Information Services (LISGIS), Ministry of Health [Liberia]and ICF. Liberia Demographic and Health Survey 2019-20

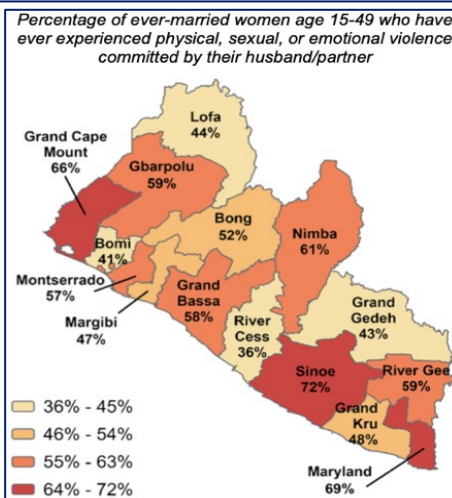
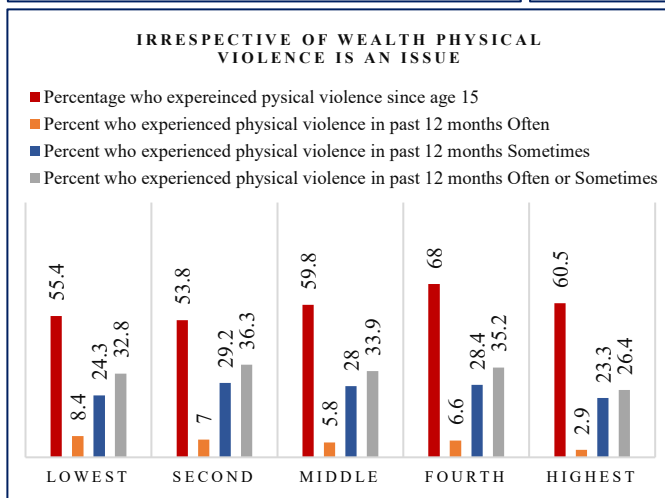
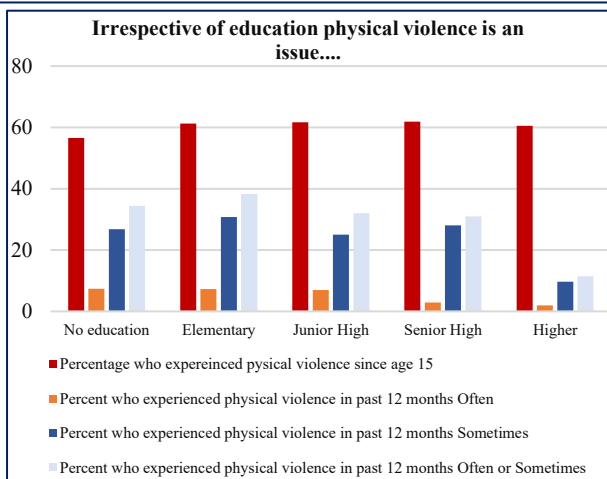
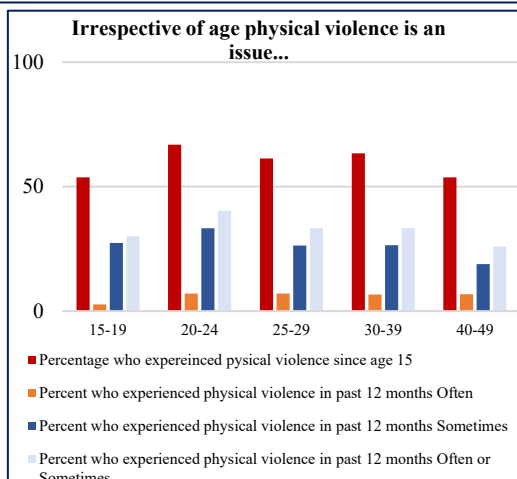
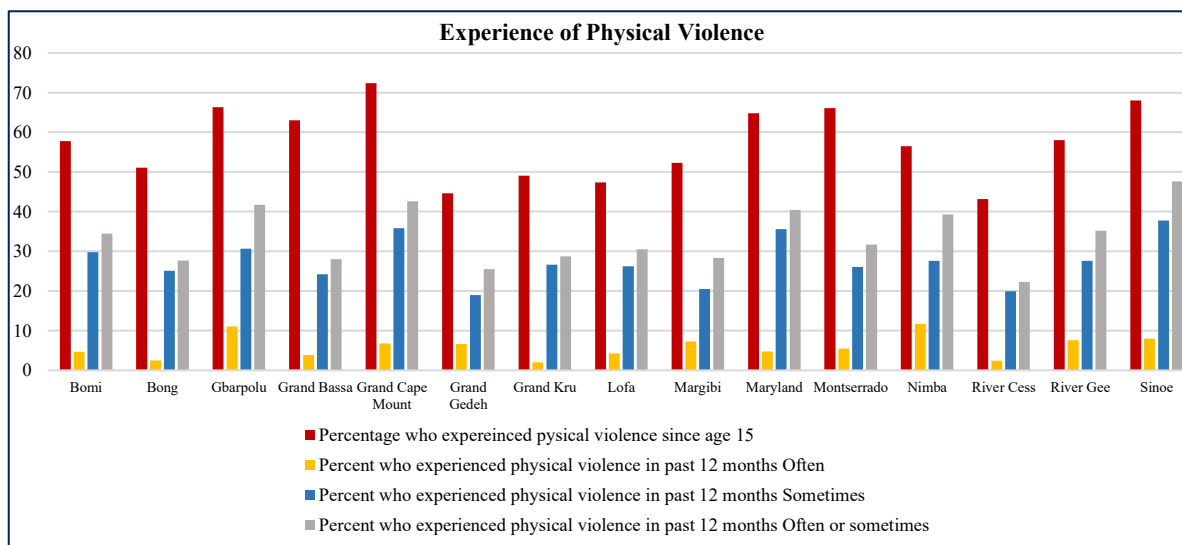
¹²⁷ Op-Cit 2021 Liberia Institute of Statistics and Geo-Information Services (LISGIS), Ministry of Health [Liberia]and ICF. Liberia Demographic and Health Survey 2019-20

¹²⁸ Op-Cit 2021 Liberia Institute of Statistics and Geo-Information Services (LISGIS), Ministry of Health [Liberia]and ICF. Liberia Demographic and Health Survey 2019-20

¹²⁹ Op-Cit UN Women, Liberia Country Gender Equality Profile Issue Paper

¹³⁰ Op-Cit UN Women, Liberia Country Gender Equality Profile Issue Paper

39. **Experiencing violence may begin at a very early age in Liberia, especially for young girls¹³¹.** As shown by the 2021 DHS, 60 percent of women aged 15-49 have experienced physical violence and 33 percent experienced physical violence in the 12 months preceding the survey evidencing the high levels of physical violence against women and girls. The proportion of women who have experienced physical violence since the age 15 has increased from 44 percent in 2007 to 60 percent in 2019-2020¹³².



Source: 2021 DHS

Also, 9 percent of women and girls aged 15-49 report experiencing sexual violence and 5 percent have experienced sexual violence in the past 12 months and importantly, 5 percent experienced sexual violence

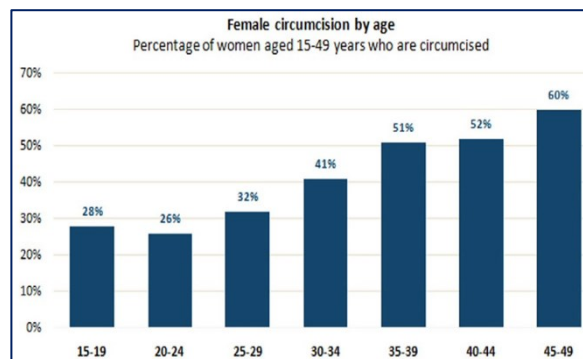
¹³¹ Op-Cit 2021 UN WOMEN Liberia Country Gender Equality Profile

¹³² Op-Cit 2021 Liberia Institute of Statistics and Geo-Information Services, Ministry of Health [Liberia]and ICF. Liberia Demographic and Health Survey 2019-20

even before the age of 18. By county, prevalence of spousal violence is highest in Sinoe (72 percent) and lowest in River Cess (36 percent) and one out of two women in the wealthiest quintile has experienced some form of spousal violence. This trend needs to be understood within the wider trends of low rates of reporting.

The practise of Female Genital Mutilation (FGM) is common and widespread among the population. 2021 DHS establishes, 60 percent of women belonging to the age group of 45-49 years have undergone FGM. Critically, higher percentages are noted in women and girls between the ages of 15-19 in comparison to 20-24 is a concern evidencing the fact that this harmful practise is not seeing a decline even in younger generation.

FGM rates are as high as 78 percent in Gbarpolu, 71 percent in Grand Cape Mount, and 68 percent in Lofa. Opinions regarding the continuation of the practise vary greatly by the region where it is perpetrated. For instance, in Grand Kru, where only 3 percent of women aged 15-49 years have undergone FGM, 84 percent of women do not want the practice to continue, whereas in Grand Cape Mount — the county that has one of the highest rates of FGM — only 25 percent of women do not want it to continue.



Source: UN WOMEN

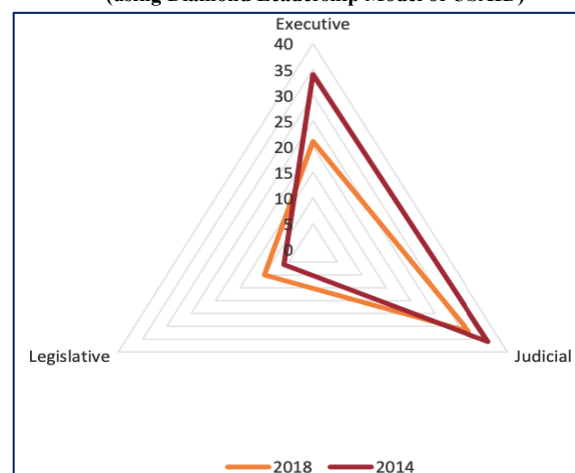
40. 2021 DHS establishes that while one in every three children are engaged in child labour, girls (34 percent) are more likely than boys (29 percent) to be involved in child labour, and the percentage of children in child labour beyond their age decreases with household wealth. The percentage of children aged 5-11 engaged in an inappropriate amount of economic activity is highest in Gbarpolu (54 percent) and lowest in Montserrado (14 percent). Among children aged 12-14, the percentage is highest in Bong (35 percent) and lowest in Nimba (2 percent).

Gender	Children involved in economic activities for a total number of hours during last week (definition as per DHS)		Children involved in household chores for a total number of hours during last week (definition as per DHS)		Total Child Labour
	Below age-specific threshold	At or above age-specific threshold	Below age-specific threshold	At or above age-specific threshold	
Male	58	19.9	39.8	9.4	29.3
Female	61.4	22.4	48.9	11.9	34.3
Urban	59.1	16.3	40.2	10	26.4
Rural	60.2	27.7	49.4	11.2	38.9

Source: 2021 DHS

41. **Women in leadership trends, comparing 2014-2018, shows that in 2014 there was higher representation of women in the judiciary and executive branch, but less in the legislative branch. In 2018, this trend changed into lower positions in the judiciary, executive with a slight improvement in the legislative branch**¹³³. As of June 2018, at the national level, women held three of nineteen cabinet posts however the representation is higher at deputy minister and assistant minister positions¹³⁴. For each of the 15 counties, led by an appointed superintendent, three are held by women, and out of 30 mayoral positions, 10 are held by women and of the 26 parties registered with the National Elections Commission, one is headed by a woman¹³⁵. Of the 5 judges on the Supreme Court, two are women and of the 16 Circuit Court judges, five are women. Between 2014 and 2018, score comparisons show that in 2018 there is a marked decrease in women

Liberia Score Comparison 2014 and 2018 (using Diamond Leadership Model of USAID)



Source: USAID and NDI

¹³³ 2018 USAID and NDI Report on Women's Empowerment in Liberia. (Accessed at: <https://www.ndi.org/sites/default/files/VWYL%20DLM%20Report-Final.v.int%20%281%29.pdf>)
¹³⁴ Op- Cit 2018 USAID and NDI Report on Women's Empowerment in Liberia
¹³⁵ Op- Cit 2018 USAID and NDI Report on Women's Empowerment in Liberia

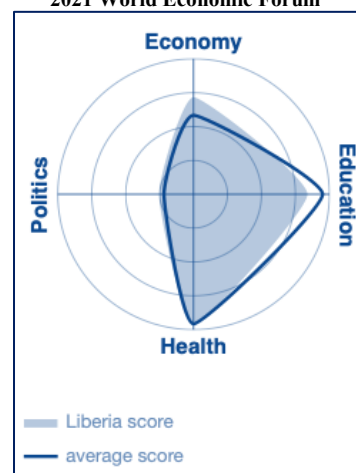
in the executive and a slight increase in women in the legislative arm, as shown¹³⁶. The World Economic Forum's 2021 Global Gender Gap Index establishes that it is health and education (SDG3, SDG4) areas that are experiencing the highest gender gaps, as shown. In education attainment, health and survival categories, the country is ranked 142 and 136 out of 156 countries while in economic participation and political empowerment categories, the country is ranked 53 and 55 out of 156 countries respectively.

LNOB PERSPECTIVE

GENDER AND DRIVERS OF EXCLUSION

1. *Geographical dimension:* Women in low income rural and urban households have less access to education. Similarly, households within geographies with poor connectivity, and forest proximate households who are more likely to have never been enrolled in school face higher risks due to geographical dimensions. Of the regions – south central region has the lowest educational attainment of the female household population and is also the region that is experiencing higher prevalence of HIV amongst the different counties.
2. *Social Dimension:* Women facing physical and SGBV is quite high and violence is a core social dimension that has important implications for the protection of human rights.
3. *Economic dimension:* Female-headed households have the highest levels of food insecurity. Causal labour who depend on daily wages for work are a specific population segment that is impacted owing to lockdowns and containment measures put forward following COVID-19 protocols. From the SDG 5 LNOB perspective: female headed households living in extreme poverty, women in fishing communities, women in forest proximate households (especially female headed households) and households living in urban slums who derive livelihood from services oriented informal work and female sex workers represent the core group. Disparities in the wages between and men and high women engagements in low earning work categories is a critical exclusion trend.

Global Gender Gap Index (Liberia Score)
2021 World Economic Forum



		2006 score	2021 score	
Global Gender Gap Index	n/a	-	94	0.693
Economic participation and opportunity	n/a	-	53	0.717
Educational attainment	n/a	-	142	0.839
Health and survival	n/a	-	136	0.962
Political empowerment	n/a	-	55	0.255

GENDER AND DRIVERS OF RESILIENCE

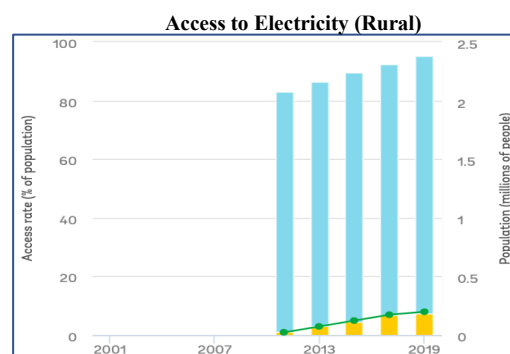
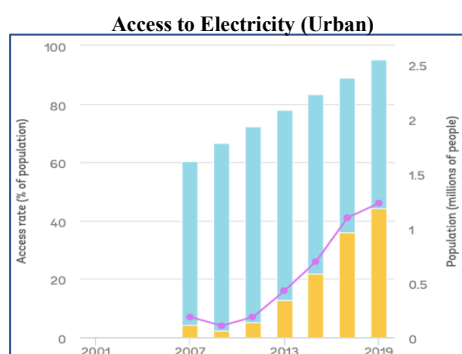
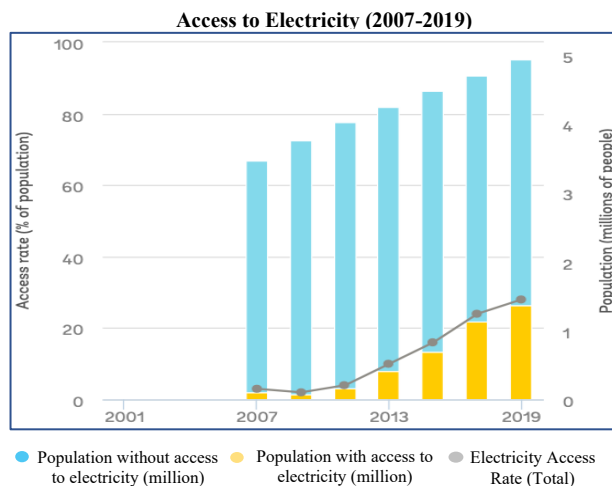
1. Women represent a key driving force within the economy and work against many discriminatory practices and constraints. Unlocking the developmental potential of women in agriculture, fisheries, and mining will create deeper opportunities for building resilience to the shocks that the country faces.

A forward look towards 2030: As established through SCORE 2021, there is an increase in the rejection of violence against women and also FGM between the 2018 and 2021 scores. This is an encouraging trend that need accompaniment so as to further strengthen the same. Access to economic resources and accompanying financial products that are tailored to meeting the requirements of women is a must for unlocking the SDG5 as an accelerator for shaping the SDG trends in the country. SDG4 trends are one of the fundamental binding constraints for progress on SDG5. Update identifies that changing the SDG5 narrative requires SDG4 as more access to education especially primary level is necessary for unlocking the human capital potential of women. Evidence to disparities in wages can be addressed by facilitating great access to economic opportunities to women and upholding the legal provisions of equal opportunity as provided in the Constitution. SDG8 is a key driver for changing the wage disparities. Considering the COVID-19 impact on services sector and evidence that female headed households experiencing highest food insecurity, supporting through social protection mechanism that can raise the incomes at the household level is a critical strategy to empower rural women to move out of poverty. Maternal mortality rates continue to be high evidencing to the need for further effort in creating solutions to improve access to health care and services. High-out-of-pocket expenditures makes it a binding constraint for women with low incomes. **CF Implications:** Update notes that addressing the binding constraints to women in rural areas and higher women presence in low wage-earning work categories is critical for progress on all SDGs. Access to education, financial and economic assets, addressing binding constraints in agriculture, access to opportunities in service sector with decent wages all lay foundations for unlocking the developmental potential for sustaining progress on SDGs.

¹³⁶ Op- Cit 2018 USAID and NDI Report on Women's Empowerment in Liberia

ENERGY, GROWTH, CLIMATE

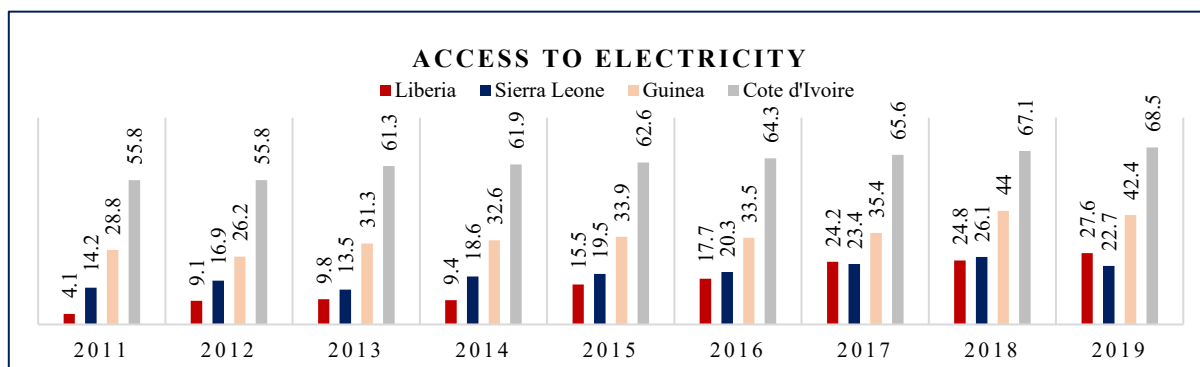
42. Liberia's electricity tariffs are among the highest in the world and poor rural households rely on expensive informal electricity providers or other sources of energy such as kerosene and charcoal¹³⁷. In 2019, an estimated 28 percent of the total population has access to electricity¹³⁸. Although it has increased from 3 percent in 2007 to 28 percent by 2019 it remains a fundamental structural impediment. There are visible disparities between urban and rural access to electricity. As shown in SDG1, with nearly 80 percent of economically active population in informal employment, and Pro-poor Agenda for Prosperity and Development projections showing informal employment will grow from 1.3 million in 2018 to 1.6 million by 2023 without significant intervention in job creation, access to energy for the rural population is a critical mitigating factor against increasing informality space in economy. Energy resources are important resources to enhance the efficiency and productivity capacities of people and act as accelerators for unlocking the growth potential of people. However, with electricity tariffs among the highest in the world it adds up significantly to the costs at the household level. High energy costs can be a binding constraint to productivity and with already high food and health expenditures at household level, energy costs greatly influence the SDG1 trends. On the other hand, the manufacturing sector remains constrained due to high energy costs limiting expansion¹³⁹ (SDG8, SDG 11) and contributes to rising informality.



● Population without access to electricity (million) ● Population with access to electricity (million) ● Electricity Access Rate (Urban) ● Electricity Access Rate (Rural)

Source: IEA, IRENA, UN Statistical Division, World Bank, WHO And Energy Sector Management Assistance Programme

As shown above, access to electricity is showing progress however to support the PAPD structural transformation and to diversify the economy, it is critical to further increase access. A comparison of the countries within the region establishes further the need to improve on access to electricity.



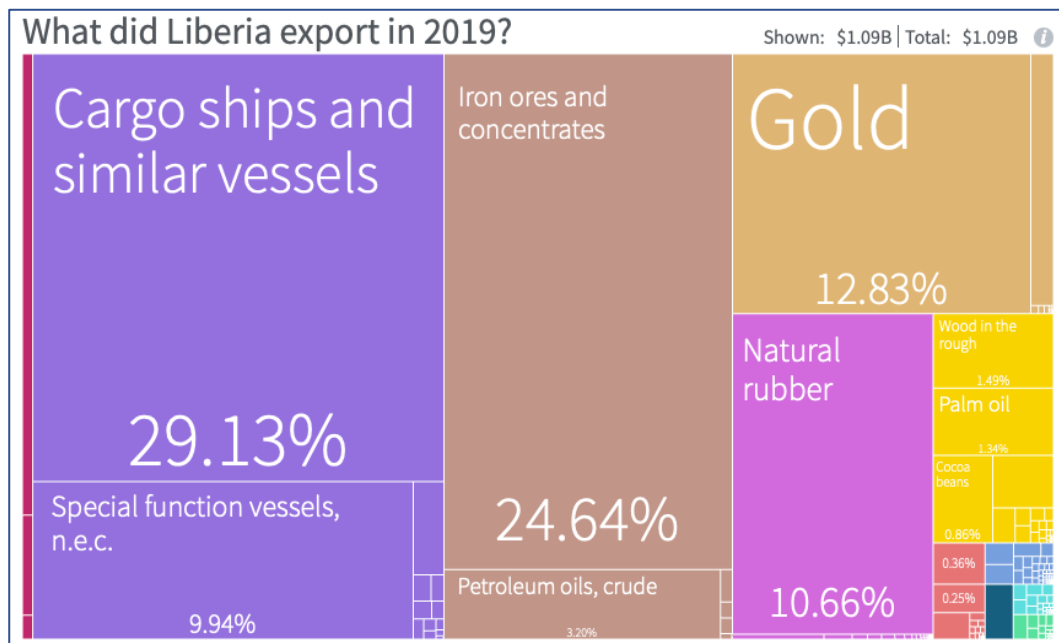
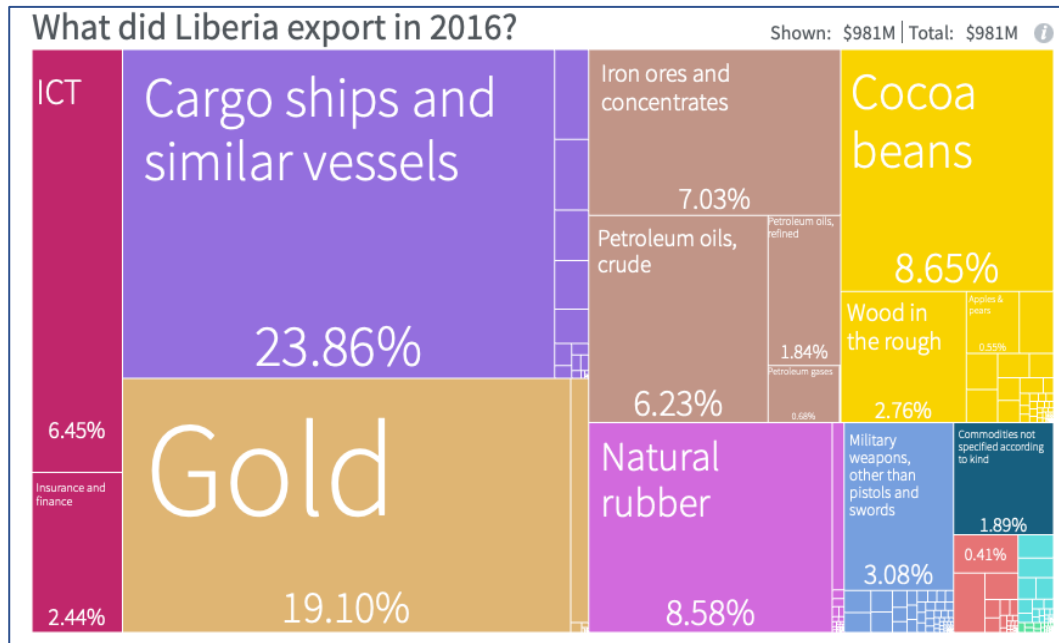
Source: WDI

¹³⁷ Op-Cit 2018, World Bank, From Growth to Development: Priorities for Sustainably Reducing Poverty and Achieving Middle-Income Status by 2030

¹³⁸ Energy Progress Report: IEA, IRENA, WHO, World Bank, UN Statistics Division, World Bank, ESMAP

¹³⁹ Op-Cit 2018, World Bank, From Growth to Development: Priorities for Sustainably Reducing Poverty and Achieving Middle-Income Status by 2030

43. **The country economic structure is heavily reliant on primary commodities.** A comparison of exports between 2016 and 2019¹⁴⁰ shows that primary commodities of gold, iron ore, petroleum oils, crude, cocoa beans form the bulk of exports¹⁴¹ and services associated with ships and vessels is also a contributor to the service exports of the country. ICT, insurance services and finance have come down between 2016 and 2019. Compared to a decade prior, Liberia's economy has become less complex, worsening 41 positions and worsening complexity is driven by lack of diversification of exports¹⁴². Low human capital stock (SDG3,4), combined with infrastructure challenges (SDG7, 9) and limited economic opportunities slow the movement of labour between sectors resulting in slowing of structural transformation (SDG8).



Source: Atlas of Economic Complexity

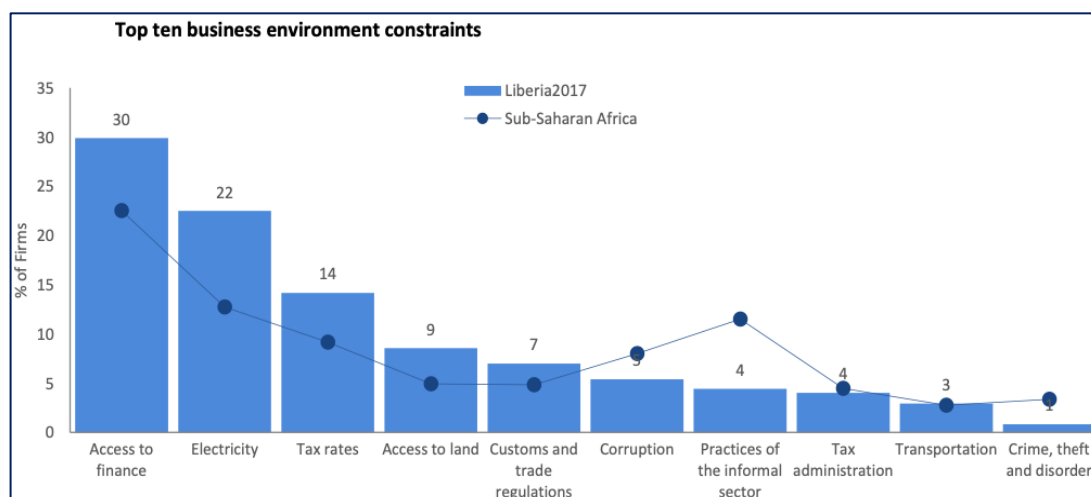
High electricity tariffs (SDG7) makes it impossible for enterprises to expand and contribute to more formal jobs.

¹⁴⁰ Atlas of Economic Complexity, Harvard Kennedy School of Government. (Accessed at: <https://atlas.cid.harvard.edu/countries/125>)

¹⁴¹ Op-Cit Atlas of Economic Complexity, Harvard Kennedy School of Government

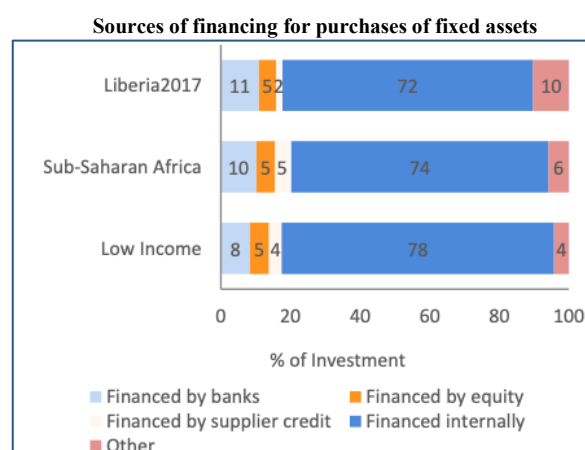
¹⁴² Op-Cit Atlas of Economic Complexity, Harvard Kennedy School of Government

44. **Economic opportunities improve with private sector operations and there are binding constraints for private sector operations.** As discussed under SDG3 and SDG4, human capital is one of the foundational binding constraints. In addition, enterprises operating in the country identify the top 10 business environment constraints as follows. Of the top 10 constraints, access to finance, electricity, tax rates, access to land, and transportation are top binding constraints to the enterprises in the country¹⁴³ which impacts private sector footprint significantly.



Source: World Bank

Access to finance is the top constraint for enterprises and is reflective of the need to develop financial markets that can facilitate access to working capital and facilitate expansion and purchases of fixed assets for enterprises. Enterprises report that the main sources of purchasing of fixed assets are financed internally¹⁴⁴. Although reliance on internal sources of financing is less in comparison to the SSA and low-income countries it is still very high which creates a binding constraint for structural change in the economy. As discussed under SDG2, SDG5 – it is lack of land title and registration that limits the ability to raise more finances by firms which can then be channelled as capex investments to raise productivity and expand further.



Source: World Bank

A critical gender dimension within enterprises is that the percent of firms with female participation in ownership, percent of firms with female top manager and percent of permanent full-time production workers that are female is above the SSA levels¹⁴⁵. However, a critical area from SDG1 perspective is proportion of permanent full-time workers that are female (SDG5) is less than the SSA levels. Disparities in SDG3 and SDG4 between men and women explain much of this difference and act as binding constraints on SDG5 progress.

45. **The COVID-19 pandemic is exerting a deeply negative impact on economic activity and employment, particularly nonfarm self-employment in urban areas**¹⁴⁶. Production of major commodities has slowed, while consumption has weakened. Major firms in the agriculture, mining, and manufacturing sectors have reduced their workforces, citing the slowdown in activity due to COVID-19 coupled with other structural factors¹⁴⁷. Rubber output fell by 27.1 percent (YoY), in the first four months of 2020, as operations slowed and agricultural employment declined¹⁴⁸. During the same period, iron ore output fell by 18.0 percent (YoY), while international iron ore prices declined by 11.5 percent between January and April 2020 before recovering

¹⁴³ 2017 World Bank Enterprises Survey -Liberia.

(Accessed at <https://www.enterprisesurveys.org/content/dam/enterprisesurveys/documents/country-profiles/Liberia-2017.pdf>)

¹⁴⁴ Op-Cit 2017 World Bank Enterprises Survey -Liberia

¹⁴⁵ Op-Cit 2017 World Bank Enterprises Survey -Liberia

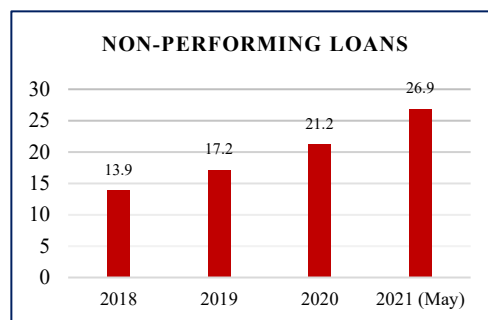
¹⁴⁶ World Bank. 2020. Liberia Economic Update, June 2020 : The COVID-19 Crisis in Liberia - Projected Impact and Policy Options for a Robust Recovery. World Bank, Monrovia. © World Bank. <https://openknowledge.worldbank.org/handle/10986/34271> License: CC BY 3.0 IGO

¹⁴⁷ Op-Cit 2020 World Bank, Liberia Economic Update: The COVID-19 Crisis in Liberia - Projected Impact and Policy Options for a Robust Recovery

¹⁴⁸ Op-Cit 2020 World Bank, Liberia Economic Update: The COVID-19 Crisis in Liberia - Projected Impact and Policy Options for a Robust Recovery

marginally in May¹⁴⁹. Despite rising gold prices, output in the gold sector declined during the first two months of 2020¹⁵⁰. Production of the two most important manufactured goods, cement and beverages, declined by 10.1 percent (y/y) and 46.7 percent (y/y), respectively, between January and April (2020) due to the decline in service-sector output and weakening consumption¹⁵¹. The microfinance institution (MFI) subsector, which caters to entrepreneurs, microenterprises, and small businesses, was severely impacted by the EVD outbreak, and the COVID-19 pandemic is likely to have a similarly negative effect¹⁵². In the context of increasing defaults and diminished economic activity, lending from banks and nonbank financial institutions (NBFIs), including MFIs, is likely to decrease¹⁵³.

It is critical to note that even prior to COVID-19 financial sector vulnerabilities intensified in 2019 itself, as evidenced by the growing average nonperforming loan ratio which rose from 13.9 percent in December 2018 to 17.2 percent in December 2019¹⁵⁴ and during COVID-19 increased to 21.2 percent at the end of December 2020¹⁵⁵. The Monetary Policy Committee of the Central Bank noted that there is a 5.6 percent increase in non-performing loans to 26.9 percent (May 2021) posing a significant financial stability risk¹⁵⁶. This is 16.9 percent higher than the tolerable limits¹⁵⁷. Central Bank notes that there is an increased frequency of cash withdrawals from commercial banks and a minimum incentive to mobilise savings.



Source: Central Bank of Liberia and World Bank

46. **Structural impediments to the private sector are present even prior to the COVID-19 impact which are further exacerbated by the COVID-19 impact.** The regulatory environment that guides the operations of the local firms as reflected by the Ease of Doing Business¹⁵⁸ (World Bank) identifies that ease of doing business is influenced greatly by the impediments of ‘dealing with construction permits’, ‘getting electricity’, ‘registering property’, ‘trading across borders’, ‘enforcing contracts’ (scores out of 100).



Source: World Bank

47. **Most of the workers of working age are in labour force and employed, but most of the workers depend on precarious low earning jobs in the informal sector¹⁵⁹.** The labour force participation rate (employed and unemployed) increased from 69.1 percent in 2007 to 75.3 percent in 2016¹⁶⁰. Women are significantly less likely (almost 10 percentage points lower) to be in labour force compared to men¹⁶¹. Only 3.1 percent of

¹⁴⁹ Op-Cit 2020 World Bank, Liberia Economic Update: The COVID-19 Crisis in Liberia - Projected Impact and Policy Options for a Robust Recovery

¹⁵⁰ Op-Cit 2020 World Bank, Liberia Economic Update: The COVID-19 Crisis in Liberia - Projected Impact and Policy Options for a Robust Recovery

¹⁵¹ Op-Cit 2020 World Bank, Liberia Economic Update: The COVID-19 Crisis in Liberia - Projected Impact and Policy Options for a Robust Recovery

¹⁵² Op-Cit 2020 World Bank, Liberia Economic Update: The COVID-19 Crisis in Liberia - Projected Impact and Policy Options for a Robust Recovery

¹⁵³ Op-Cit 2020 World Bank, Liberia Economic Update: The COVID-19 Crisis in Liberia - Projected Impact and Policy Options for a Robust Recovery

¹⁵⁴ Op-Cit 2020 World Bank, Liberia Economic Update: The COVID-19 Crisis in Liberia - Projected Impact and Policy Options for a Robust Recovery

¹⁵⁵ 2021 Central Bank of Liberia Policy Statement. Accessed at: https://www.cbl.org.lr/doc/Policy_Statement.pdf

¹⁵⁶ 2021 Central Bank of Liberia Communique No.7 Monetary Policy Decisions by the Board of Governors. Accessed at: <https://www.cbl.org.lr/doc/Communique%20May%2019%202021.%20PDF.pdf>

¹⁵⁷ 2021 Central Bank of Liberia, The Regulator: CBL moves to ease liquidity challenges. Accessed at: https://www.cbl.org.lr/doc/regulator_06_june_2021.pdf

¹⁵⁸ 2020 World Bank. Ease of Doing Business – Liberia. Accessed at: <https://www.doingbusiness.org/content/dam/doingBusiness/country/L/Liberia/LBR.pdf>

¹⁵⁹ 2020 World Bank Recovery of Economic Activity for Liberian Informal Sector Employment: Project Information Document. Accessed at: <https://documents1.worldbank.org/curated/en/217161608683473253/pdf/Project-Information-Documents-Recovery-of-Economic-Activity-for-Liberian-Informal-Sector-Employment-P174417.pdf>

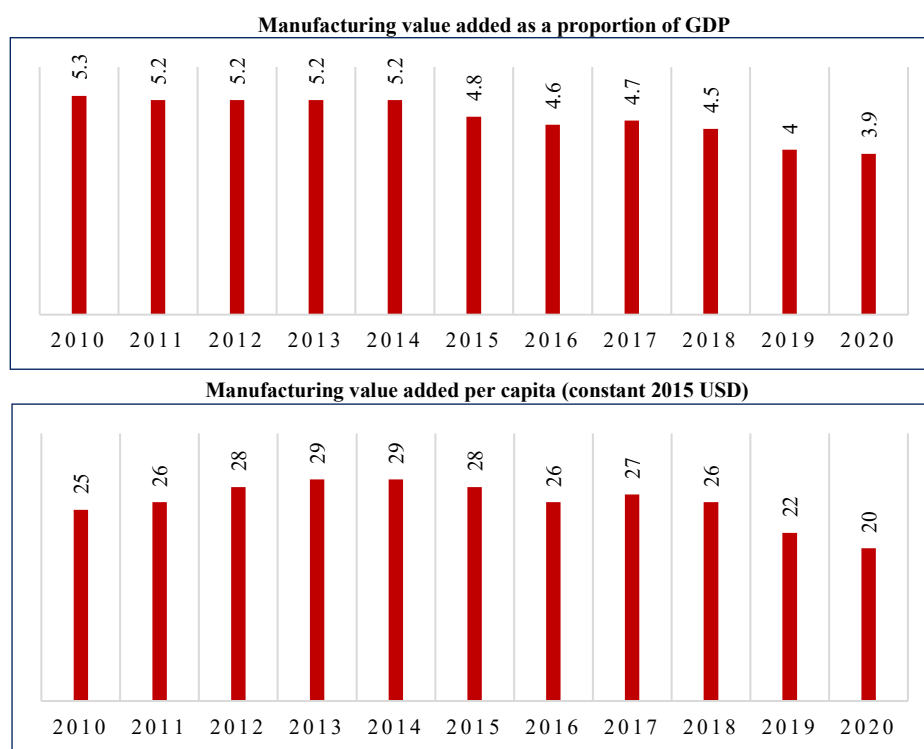
¹⁶⁰ Op-Cit 2020 World Bank Recovery of Economic Activity for Liberian Informal Sector Employment: Project Information Document

¹⁶¹ Op-Cit 2020 World Bank Recovery of Economic Activity for Liberian Informal Sector Employment: Project Information Document

the labour force are unemployed¹⁶², however, access to decent jobs with high and sustainable earnings that can shift the poverty narrative is the issue¹⁶³. Three out of four are self-employed in agriculture (36 percent of all employment) or non-agricultural activities (almost 40 percent) and only 20 percent of workers have access to wage employment which can provide higher and stable earnings¹⁶⁴. Self-employment has shifted more decisively out of agriculture into non-agricultural activities reflecting an urbanisation of employment especially among young people¹⁶⁵. On the other hand, in Africa between 2010 and 2019, real minimum wages increased in 28 countries and decreased in 16 countries and Liberia witnessed sharpest declines in real minimum wages with an average annual decrease of 14.2 percent¹⁶⁶ evidencing to the overall reduced household incomes. Labour income share as a percent of GDP (on the basis of the ILO modelled estimates¹⁶⁷) evidence to the almost stagnant pattern, as shown below, identifying the quality of employment to generate decent wages is an issue for sustainable development journey of the country.

Labour income share as a percent of GDP (Percent)-Annual (SDG10.4.1)							
2010	2011	2012	2013	2014	2015	2016	2017
39.5	39.3	39.1	38.9	39.1	39.1	39.1	38.9

Manufacturing value added as a proportion of GDP and per capita has been declining even prior to COVID-19, and this has been further exacerbated by COVID-19 induced lockdowns. Vulnerable and precarious employment is in large measure driven by less manufacturing space within the economy and human capital is one of the key drivers for the shrinking manufacturing space.



Data Source: UNIDO

Foreign Direct Investment played a key role in the post conflict Liberia. Land concessions to international firms and other investment incentives played a significant role in the FDI inflows¹⁶⁸ in the post conflict period. It is estimated that ‘concession agreements cover over 40 percent of Liberia’s territory and affect close to 30 percent of rural population’¹⁶⁹. However, since 2014 onwards FDI net inflows (percent of GDP) have seen a sharp decline falling to just 2.8 percent in 2019¹⁷⁰. Employment opportunities with concession companies are not yet commensurate with published forecasts and concession-related employment is generally restricted to unskilled labour and seasonal work¹⁷¹ but the LEITI’s 12th EITI Report shows that the government generated

¹⁶² <https://ilostat.ilo.org/data/country-profiles/>

¹⁶³ Op-Cit 2020 World Bank Recovery of Economic Activity for Liberian Informal Sector Employment: Project Information Document

¹⁶⁴ Op-Cit 2020 World Bank Recovery of Economic Activity for Liberian Informal Sector Employment: Project Information Document

¹⁶⁵ Op-Cit 2020 World Bank Recovery of Economic Activity for Liberian Informal Sector Employment: Project Information Document

¹⁶⁶ Op-Cit 2020-2021 Global Wage Report: Wages and Minimum Wages in the time of COVID-19. ILO.

¹⁶⁷ https://www.ilo.org/shinyapps/bulkexplorer38/?lang=en&segment=indicator&id=EMP_TEMP_SEX_EDU_NB_A

¹⁶⁸ Op-Cit 2018, World Bank, From Growth to Development: Priorities for Sustainably Reducing Poverty and Achieving Middle-Income Status by 2030

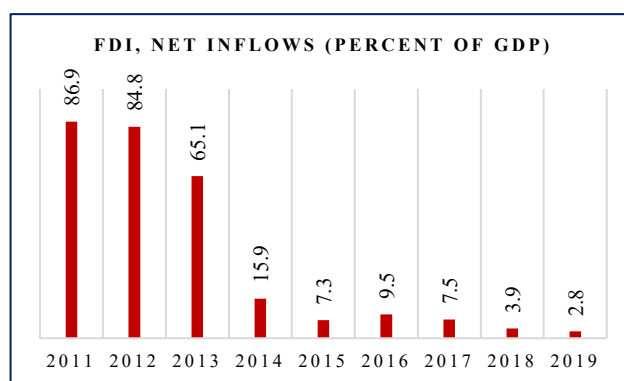
¹⁶⁹ Op-Cit 2018, World Bank, From Growth to Development: Priorities for Sustainably Reducing Poverty and Achieving Middle-Income Status by 2030

¹⁷⁰ Op-Cit World Bank, World Development Indicators Database

¹⁷¹ Op-Cit 2018, World Bank, From Growth to Development: Priorities for Sustainably Reducing Poverty and Achieving Middle-Income Status by 2030

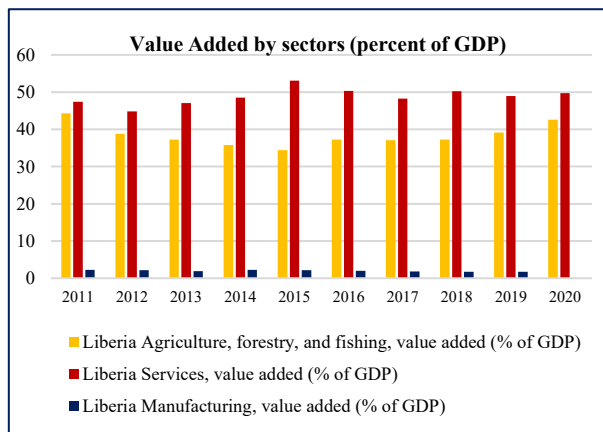
USD 79.63 million in total revenues from the extractive sector in FY 2018/2019 which is a net increase of 15.4 percent in comparison to 2017/2018¹⁷² (although owing to COVID-19 in the first half of 2020 extractive sector revenues dropped by 12.2 percent).

This pre-COVID-19 trend is however negatively impacted by COVID-19. The UN system analysis of the COVID-19 impact reveals that the impact is expected to be greater in urban areas, with an estimated poverty increase of 10.9 percent in contrast to a 4.7 percent increase in rural areas and the majority of the new poor are expected to be from urban areas¹⁷³. Montserrado county is predicted to be most affected, with poverty headcount estimated to increase by 3.9 percentage points and female headed households also expected to experience higher levels of poverty – 3.4 percentage points increase in contrast to 2.4 percentage points for male-headed households¹⁷⁴.

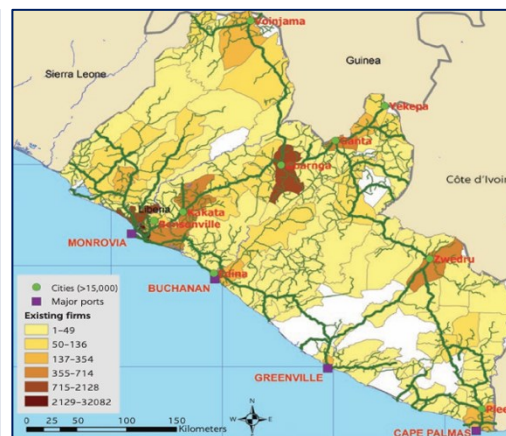


Data Source: WDI

48. **The capital city is defining the urbanisation patterns (SDG 11) as there is high concentration of economic activities in and around the capital city.** The services sector expanded the most in the composition of GDP. As seen from the services value added (percent of GDP), it has increased constantly and remains the mainstay of the economy. Some of the key segments include: trade, hospitality services, transportation, communications etc. The increasing services contribution to the economy is evidence of the changing structure of the economy. However, three dimensions have an important bearing on this trend of services dominated urban development: (1) as described above, employment is informal and highly vulnerable; (2) just as the exports are highly concentrated, so also is urbanisation trends due to high concentration of firms and enterprises in and around capital city (as shown below from World Bank analysis); (3) COVID-19 has had powerful impact in the urban areas with estimates showing an increase in poverty in urban areas by almost 10.9 percent. COVID-19 exposes the vulnerable employment patterns which is a critical area moving forward.



Source: WDI



Source: World Bank

Uneven development, i.e concentration of wealth and development in urban areas especially around the capital city is driving the urbanisation patterns in the country. As identified in the VNR, such a pattern has led to a lack of societal cohesion as noticed during the years of conflict and addressing uneven development is a key pathway for the 2030 Agenda. In this regard, diversifying economic activities into the rural areas is critical for the sustainable development narrative of the country. Evidence of the high correlation between rural access to crop production and poverty reduction as discussed above provides a firm foundation for the need to diversify into rural areas. Economic opportunities act as a magnet for internal migration, and firms are vehicles for translating economic opportunities for the poor, youth and women into incomes. Spatial analysis of the geographical location of the firms/enterprises reveals a very high concentration of firms in and around Monrovia, as shown. Diversifying the firms into other geographies with the right enabling environment and infrastructure is necessary so as to create income opportunities across different geographies.

¹⁷² <https://citi.org/liberia#reconciled-revenues-by-top-5-companies> and <http://www.leiti.org.lr>

¹⁷³ 2020 Rapid Assessment of COVID-10 impact and roadmap for recovery in Liberia

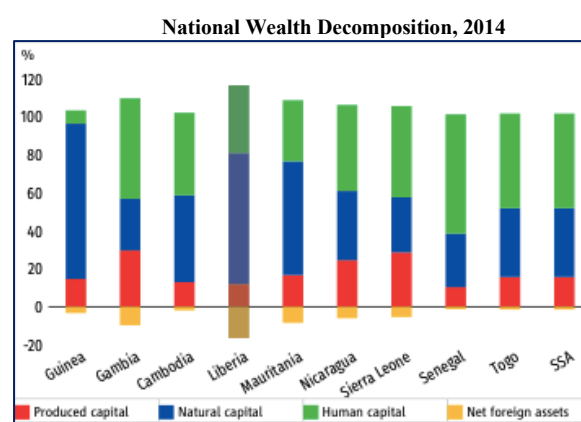
¹⁷⁴ Op-Cit - 2020 Rapid Assessment of COVID-10 impact and roadmap for recovery in Liberia.

(Accessed at: <https://datapopalliance.org/publications/rapid-assessment-of-covid-19-impact-and-roadmap-for-recovery-in-liberia/>)

SCORE 2021 results proffer further insights into the changing pulse against peace and this Update notes that disillusionment against the peace dividends can be a powerful narrative against cohesion (SDG16).

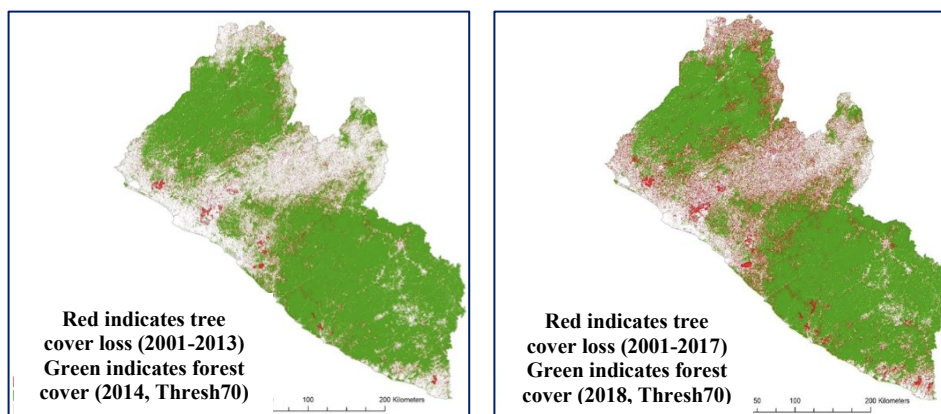
49. **While geographies in and around the capital are key economic and demographic agglomeration points, coastal regions and forests are also key economic and demographic agglomeration points.** Nearly 58 percent of total population live within 40 miles of coast¹⁷⁵. Fisheries contribute significantly to the country’s GDP (about 10%) and employ close to 40,000 people, of which 60% are women¹⁷⁶. Despite the rich fishing resources with an area of 186 322 km2 of Exclusive Economic Zone (EEZs) Liberia is a net importer of fish. In 2017, the estimated exports of fish and fishery products were valued at USD 0.6 million while imports were estimated at USD 7.3 million¹⁷⁷. In 2017, the total marine production was reported to be at around 12,600 tonnes and the estimated inland fishery production was 2200 tonnes¹⁷⁸. The country forestry provided 10 percent of GDP in 2016 and over one third of population lives in forested areas where forests provide a large share of formal employment and support informal income generating activities such as chainsaw milling and charcoal production¹⁷⁹. Annual revenue by chainsaw milling alone is estimated at USD 31-41 million or about 3-4 percent of GDP and employs close to 19,000 to 24,000 workers¹⁸⁰. Enhancing the fisheries sector as an engine for growth together with deployment of coastline towards enhancing connectivity (cabotage) between rural and urban centres in addition to improving the unpaved road network will create new opportunities for enhancing production in agriculture sector.

50. **Anthropogenic impacts on the climate (SDG13, 14) have a direct impact on poverty, food security, economic growth and disaster resilience.** World Bank’s analysis of the Wealth of Nations establish that country has high stocks of ‘natural capital’ and leveraging this capital for sustainable development holds a central promise. Throughout the history, the country has depended almost exclusively on its natural forests (emphasis added: coasts, subsistence agriculture) to meet the needs of the burgeoning human population and this Update notes that this dependency will continue further into the near future and this makes the impact of the climate a central piece of the sustainable development journey of the country.



Source: World Bank

According to the State of Environment report¹⁸¹ about 45 percent or 4,329,000 hectare of the country is forested of which 4.0 percent (175,000) is classified as primary forest – the most bio-diverse and carbon-dense form of forest. In addition, about 8000 ha is under tree plantation. Evidence of forest cover between 1990 to 2010 shows that country lost on average 30,000 ha of forest per year accounting for approximately 12.2 percent of forest cover or 600,000 ha (FAO, 2011). This trend continues further and as shown below the difference between ‘tree cover loss of 2001-2013’ to ‘tree cover loss of 2001-2017’ is quite a telling impact.



Source: EPA. SoER

¹⁷⁵ 2020 Global Environment Facility Project titled: Enhancing the resilience of vulnerable coastal communities in Sinoe county of Liberia. Accessed at: https://www.thegef.org/sites/default/files/web-documents/10376_CCA_PIF.pdf

¹⁷⁶ AfDB Country Strategy Paper 2019-2023 Accessed at: <https://www.afdb.org/en/documents/liberia-bank-group-country-strategy-paper-2019-2023-country-strategy-papers>

¹⁷⁷ FAO. 2021. Strengthening the enabling environment for responsible investment in agriculture and food systems – Evidence from Liberia

¹⁷⁸ Op Cit FAO. 2021. Strengthening the enabling environment for responsible investment in agriculture and food systems – Evidence from Liberia

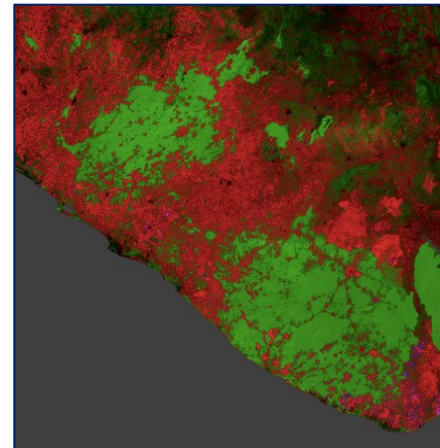
¹⁷⁹ Op-Cit FY19-24World Bank Group Country Partnership Framework

¹⁸⁰ Op-Cit FY19-24World Bank Group Country Partnership Framework

¹⁸¹ EPA 2019a, State of the Environment Report (SoER) 2007-2018. Environmental Protection Agency: Monrovia

Updated mapping of 2020¹⁸² (results from time series analysis of Landsat images) establishes this trend to have continued further and although a different mapping framework was applied, it does establish the trend with regard to tree cover loss.

State of Environment Report calculates the annual deforestation rate to be 0.31 percent and attributes large areas of tree cover loss along the coast to recent clearing for oil palm; and the band of tree loss in the centre of country extending from outside of Monrovia to the middle is driven by rubber plantations; and patches of tree cover loss scattered through central corridor is due to small scale agriculture, charcoal production and local timber harvesting (CI, 2017). The impact of forest cover loss (SDG 15) on poverty (SDG1) is direct given that wood and charcoal serve as primary cooking fuel for nearly 98 percent of the country's population and this includes 43.8 percent of households using charcoal (70.3 percent in urban areas and 9 percent in rural areas) and 54 percent using wood (26 percent in urban areas and 90 percent in rural areas). Most importantly, in addition to the food (SDG2), health (SDG3), electricity expenditures (SDG7), the average annual charcoal expenditure per household was estimated to be at USD 171 or 22 percent (as per latest data established by USAID in 2015).



Source: Global Forest Change

51. **The revised 2021 NDC, which commits to reduce economy-wide greenhouse gas emissions by 64 percent below the projected business-as-usual level by 2030 through a combination of unconditional GHG reductions of 10 percent below BAU (resulting in absolute emissions of level of 11,87Gg CO₂e in 2030) and additional 54 percent reduction conditional on international support (which would result in absolute emissions level of 4.537Gg CO₂e in 2030) is a critical commitment to mitigating climate change¹⁸³.** As part of the revisions to the NDC (supported by UNDP), the identified sectors of agriculture, forests, coastal zones, fisheries, health, transport, industry, energy and waste plus the urban green corridors are all the sectors contributing to the production capital of the country. This Update notes that the revised 2021 NDC provides a roadmap for a sustainable development journey however the disconnect between revised 2021 NDC and the recalibrated PAPD along with a renewed focus on gender and youth (within the NDC targets given the very high role of women and youth across all the production related sectors) needs to be covered as urgently as possible so as to facilitate a whole of government approach towards achieving the NDC targets which in turn greatly shapes the future economic growth potential of the country.
52. **Dependency of the economy on commodities for growth and the consequent impact on the climate is a key narrative within the economy-climate nexus.** Episodes of high economic growth have always had a favourable international commodity prices for the key products of the economy: iron ore, rubber and gold. Addressing the basic commodity driven nature of the economy and the impact of extractives on climate will be a critical factor in shaping the NDC processes moving forward. On the other hand, building resilience to the volatile commodity prices which impact the growth potential of the country requires climate centric development planning and policies.

LNOD PERSPECTIVE:

ENERGY, GROWTH, CLIMATE AND DRIVERS OF EXCLUSION

1. *Geographical dimension:* (1) Rural and urban geographies access to electricity – although is increasing – remains a major structural impediment to both growth and social cohesion among different counties. (2) Firms and enterprises are highly concentrated around the capital city which makes it difficult for the private sector to be an engine for decent jobs. (3) Coastal regions and forests especially declining forest tree cover and its impact on poverty.
2. *Gender dimension:* Given the primary role of women at the household level – access to low energy sources is a binding constraint. Access to economic assets to women is limited. While services as a sector has large footprint in the economy, proportion of permanent full-time workers that are female is low.
3. *Economic dimension:* (1) A highly concentrated exports and commodity-dependent economy vulnerable to price volatility. (2) Enterprises' access to finance, electricity and tax structures limiting their impact on private sector led growth. (3) Bank NPLs and its impact on financial stability of the banks and hence on the overall economy. (4) The steepest decreases in minimum real wages. (5) Declining FDI. (6) Increasing land conflicts (7) Low rural access to energy sources as electricity.

¹⁸² Global Forest Change, University of Maryland, Department of Geographical Sciences Published by Hansen, Potapov, Moore, Hancher et al. <https://glad.earthengine.app/view/global-forest-change#d1=0;old=off;bl=off;lon=-8.558959960937491;lat=6.488661280023797;zoom=7>

¹⁸³ 2021 Environment Protection Agency, Liberia's revised Nationally Determined Contribution (NDC). Accessed at: [https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Liberia%20First/Liberia%20Updated%20NDC_RL_FINAL%20\(002\).pdf](https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Liberia%20First/Liberia%20Updated%20NDC_RL_FINAL%20(002).pdf).

An economic dimension with critical importance from LNOB perspective is country's vulnerability to inflation pressures. There is clear evidence to suggest that whenever there is impact of health risks, inflation tends to spike. Similarly owing to high dependency on imports of essential food, any regional imbalance translates as higher inflation on country. This vulnerability impacts poor households the most. This Update notes that country's vulnerabilities to inflation is a key trend against the progress on SDGs.

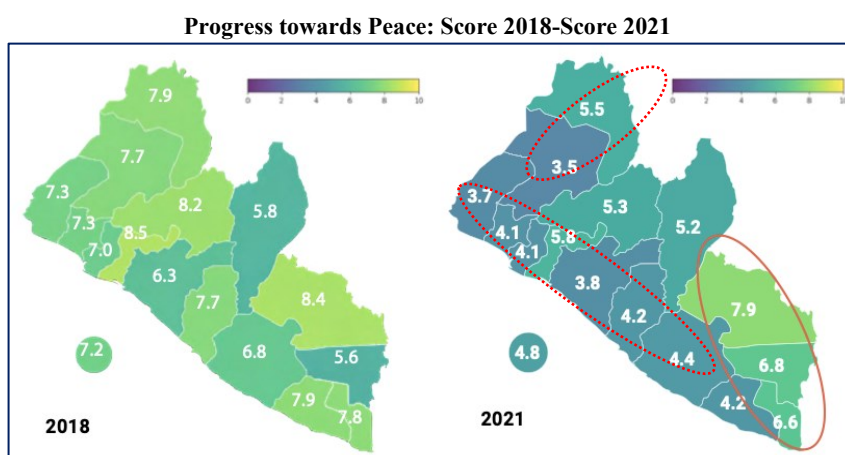
ENERGY, GROWTH, CLIMATE AND SOURCES OF RESILIENCE

1. The 'Natural capital' of the country is high and leveraging this to the benefit of the most vulnerable is the core source of resilience. Financial resources generated by the extractive sector and channeled to address the binding constraints of SDG1, SDG2, SDG2, SDG4, SDG5, SDG7, SDG9 will be extremely critical for progress on SDGs.
2. The percent of firms with female participation in ownership, percent of firms with female top manager and percent of permanent full-time production workers that are female are above the SSA levels. This is an extremely critical trend that must be nurtured further and expanded to the level of workers as well.
3. The revised NDC establishes a solid foundation for leveraging the 'natural capital' in the most economical and climate friendly manner and translating into action is critical going forward.

A forward look to 2030: The proportion of households falling below the extreme poverty line is estimated at 51.0 percent in 2020, up from 38.6 percent in 2014¹⁸⁴. Eradicating extreme poverty is a central commitment under SDGs and it has direct impact on the *leave no one behind* aspiration. Changing the narrative of extreme poverty requires a recalibration of the economic model to ensure that economic growth is achieved and sustained. Economic growth is the centerpiece of the progress towards SDGs. Given the size of the economy and the demand structure, promotion of exports to generate growth is a necessity. Update notes that (1) concessions driven economic model is showing visible signs of regression as evidenced by low employment generation, low capex expansions, slowing FDI flows; (2) economic diversification is narrow as evidenced by loss of complexity of the economy driven in large measure by lack of diversification of exports; (3) disparities in wage earnings between men and women; (4) demographic concentration within 2 statistical regions; (5) revised NDC commitments; (6) large 'natural capital' and yet high levels of poverty and extreme poverty; (7) inflation pressures – all identify the need for a recalibrated economic model that can support support SDG5, SDG13, structural transformation, creates decent jobs, expand export base, resilience to volatile commodity markets, include rural geographies and can leverage coastline, forests as assets for further economic growth. **CF implications:** Developing consensus on recalibrated sustainable and gender inclusive economic model that can provide resilience to health risks as well as addressing structural factors contributing to slow-down in growth even prior to COVID-19 is vital for moving forward. Economy even prior to COVID-19 has significantly slowed and COVID-19 further pushed the economy into recession.

SOCIAL COHESION, GOVERNANCE

53. **Equitable and inclusive progress on SDGs will be vital for peace, social cohesion (SDG16).** There is a broad consensus¹⁸⁵ that poverty, socio-economic inequalities acted as root causes of conflict in Liberia. SCORE Liberia 2021 analysis of assessing opportunities and threats three years after UNMILs departure finds that 'in the four year period from late 2016 to early 2021, Liberians have not perceived a significant change in their social and economic situation'. The report further highlights that the 'indicators selected to monitor progress in the Pro-



Source: UNDP, SeeD and Liberia PBO – Social Cohesion and Reconciliation Index for Liberia 2021
 Analysis is based on three indicators of: Progress towards peace; socioeconomic progress and enhanced personal safety. Progress towards peace indicator assesses inter-communal and inter-personal capacities to develop peaceful relations. Socio economic progress measures people's perceptions of improvement in livelihood opportunities and enhanced personal safety assesses whether people feel respected, free and secure in daily life

¹⁸⁴ World Bank. 2021. Republic of Liberia Economic Update, June 2021 : Finding Fiscal Space. World Bank, Washington, DC. © World Bank <https://openknowledge.worldbank.org/handle/10986/36619> License: CC BY 3.0 IGO

¹⁸⁵ As stated in the 2017 Liberia Government and UN Draft: Sustaining Peace and Securing Development Liberia Peacebuilding Plan on the basis of the references to the messages from the Truth and Reconciliation Commission (2009) and the Agenda for Transformation (2012)

Poor Agenda for Prosperity and Development (PAPD) have not changed sufficiently to show that there is a discernible peace dividend. The overall social cohesion score for 2021 is the same as 2016 at 6.1 out of 10 – a medium low level social cohesion’.

SCORE analysis further points to the decline in indicators constituting progress towards peace has been accompanied by ‘...perceptions of earning power and quality of essential human development services – health and education have worsened as have people’s perceptions of respect for human dignity, personal freedom and personal security’. Aligning to the above analysis, SDG trends especially SDG1, SDG4, SDG5, SDG8 which have a higher say in the earnings and incomes and socio-economic development are showing clear signs of the impact of COVID-19. Update notes that the SCORE 2021 results in and around capital city and along the coast (a trend also evidenced from the Rapid Assessment results of the UN on the impact of COVID-19 which estimated the potential increase in poverty in urban areas vis-à-vis rural areas) underscores the loss of earnings/incomes impact on peace. With capital city acting as nerve-centre for the services sector upon which large segment of youth and women are directly deriving livelihoods – mitigating the losses of incomes and improving quality services is a key narrative within the sustainable development journey of the country. Wider governance context greatly influences the quality of services and as shown below regression in trends of regulatory quality, rule of law and control of corruption between 2015-2020 is a key narrative within the overall sustainable development of the country to create an enabling and equitable environment.

Indicator	Year	Number of Sources	Governance (-2.5 to +2.5)	Percentile Rank	Standard Error
Voice and Accountability	2015	15	-0.23	38.42	0.12
	2016	14	-0.10	42.86	0.12
	2017	15	0.05	47.78	0.12
	2018	15	-0.03	44.44	0.12
	2019	14	-0.07	43.00	0.12
	2020	14	-0.08	43.00	0.12
Political Stability and Absence of Violence/ Terrorism	2015	8	-0.82	20.48	0.20
	2016	7	-0.44	29.52	0.21
	2017	8	-0.33	32.86	0.21
	2018	8	-0.21	38.68	0.21
	2019	7	-0.33	33.96	0.22
	2020	7	-0.37	33.96	0.22
Government Effectiveness	2015	12	-1.36	7.69	0.18
	2016	11	-1.28	8.65	0.18
	2017	11	-1.33	8.65	0.18
	2018	11	-1.34	9.13	0.19
	2019	10	-1.37	8.65	0.21
	2020	10	-1.41	8.65	0.21
Regulatory Quality	2015	11	-0.87	21.15	0.17
	2016	10	-0.95	15.87	0.17
	2017	10	-0.94	15.38	0.17
	2018	10	-0.96	14.42	0.17
	2019	9	-0.98	13.46	0.17
	2020	9	-1.00	13.46	0.18
Rule of Law	2015	16	-0.86	19.71	0.14
	2016	14	-0.95	17.31	0.16
	2017	14	-0.95	15.87	0.15
	2018	14	-0.99	16.83	0.14
	2019	13	-1.00	16.35	0.15
	2020	13	-1.03	14.90	0.14

Control of Corruption	2015	15	-0.65	30.29	0.13
	2016	14	-0.72	25.48	0.14
	2017	14	-0.67	26.92	0.13
	2018	14	-0.85	20.67	0.13
	2019	13	-0.89	19.23	0.14
	2020	13	-0.87	19.71	0.14

Source: WDI

2020 Ibrahim Index provides a more detailed view on the opportunities to consolidate and constraints to address within the wider governance context which has a bearing on the services.

54. **Threats to peace and stability arising out of sub-regional level trends is low.** The 2017 Liberia Peacebuilding Plan identified that ‘with peace and stability in Côte d’Ivoire, Guinea and Sierra Leone, it is likely that the regional situation will continue to be propitious for the continuation of peace in Liberia’ and this Update notes that threats to this position are minimal to downside in 2021. However, in addition to health risks as a key cross-border dimension, another critical cross-border dimension is the increasing vulnerability to money laundering and related crimes. According to the Anti-Money Laundering/Countering Financing of Terrorism (AML/CFT Act) there are 21 predicate offences to money and on the basis of analysis of information from various law enforcement agencies, Ministry of Finance and Development Planning analysis¹⁸⁶ establishes the following predicate offences and the corresponding money laundering ratings:

Predicate Offense	ML/Rating			
	High	Medium	Low	Rank/ Priority
Corruption and bribery	High			1
Illicit trafficking in narcotic drugs and psychotropic substances	High			2
Robbery/Theft		Medium		7
Tax evasion	High			3
Trafficking in human beings and migrants smuggling	High			5
Counterfeiting and piracy of products		Medium		6
Currency counterfeiting	High			4
Terrorism including terrorist financing			Low	8
Overall money laundering threat	High			

As can be noticed, combination of corruption and bribery, illicit trafficking and tax evasion are critical priorities from money laundering perspective and with deep implications to creating conducive policy environment for sustaining progress on SDGs.

DOMESTIC RESOURCES FOR SDGs

55. **Update identifies a number of ‘forward looks’ with implications to financial resources. However, it is equally important to note that fiscal position of the government is quite constrained and hence SDG17 is a key SDG for building domestic resources to meet the investment needs across the different SDGs.** Transformative approach as identified in the PAPD hinges a lot on the Pillar 2 of PAPD. As can be evidenced from FY 2020/2021 budget, pillar 2 receives the lowest domestic resources of just 12.5 percent of total FY 2020/2021 budget. however, donor-off budget spending is highest on pillar 2 of PAPD with estimated 51 percent of allocation. This context requires a strong aid coordination system to ensure PAPD prioritisation.

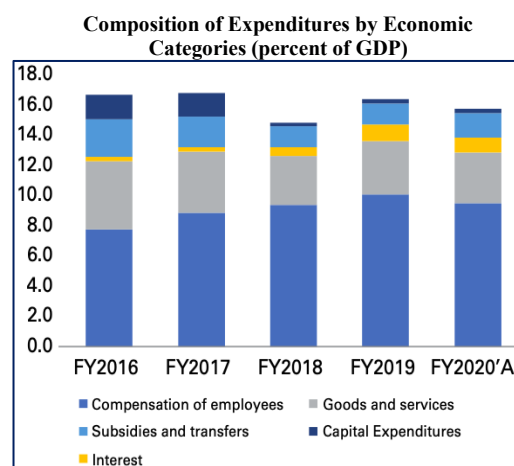
Expenditure distribution by PAPD pillars	Percent share of total budget FY 2020/21	Donor-off budget spending
Pillar 1: Power to People (Health, Education, Social Development services)	29.1 percent	25 percent
Pillar 2: Economy and Jobs (Energy and Environment, Agriculture, Industry and Commerce)	12.5 percent	51 percent
Pillar 3: Sustaining Peace (Security and RoL)	14.8 percent	0 percent

¹⁸⁶ 2019 Ministry of Finance and Development Planning, National Risk Assessment on Money Laundering and Terrorist Financing, Accessed at: <https://mfdp.gov.lr/index.php/component/edocman/publications/national-risk-assessment-on-money-laundering-terrorist-financing?Itemid=1115>

Pillar 4: Governance & Transparency (Public Administration, Municipal Government, Transparency & Accountability)	43.6 percent (33.6 percent going into public administration including wage bill)	23 percent
Source: Factsheet ¹⁸⁷		

Domestic resources flowing into the pillar 2 is critical for sustainable development and supplementing the donor resources in the most effective way.

56. **The country entered COVID-19 from a weak fiscal position and COVID-19 further exacerbated the weak fiscal position of the government.** Fiscal deficit (total government borrowing requirements including interest payments) widened from 4.8 percent of GDP in FY 2018 to 6.2 percent in FY 2019 and primary deficit (total government borrowing requirements excluding interest payments) increased from 4.2 percent of GDP to 5.1 percent of GDP¹⁸⁸. Both indicators have more than doubled since FY 2016¹⁸⁹. Domestic revenue mobilization remained weak and 12.0 percent tax-to-GDP ratio in FY 2019 is well below the SSA and ECOWAS averages¹⁹⁰. Within the context of increasing fiscal deficit and low domestic revenue mobilisation is high public sector wage bill accounting for close to 70 percent of domestic revenue in FY2019¹⁹¹. As shown, while there is tapering on wage bill it still is quite high and is crowding out capital expenditures as well. Between 2014 and 2019, public debt almost tripled reaching to 52.4 percent of GDP¹⁹².



Source: GoL, IMF/World Bank Staff estimates
Note: On-budget central government expenditures

COVID-19 has exacerbated the challenging macroeconomic context further by delivering a 2-year continuous recession. Real GDP contracted by an estimated 3.0 percent in 2020 compared to projected growth of 1.6 percent prior to COVID-19 outbreak¹⁹³.

57. There are critical opportunities to raise domestic revenues for increasing investments into SDGs and some of the big-ticket opportunities include:
- Corporate income tax revenues: country has one of the lowest corporate income tax revenues to GDP. This is tied closely to the concessions driven economic and recalibrating towards a more gender inclusive, sustainable economic model that can leverage the large natural capital is a potential long-term solution to generate necessary domestic resources for SDGs;
 - Longest coastline in West Africa can be leveraged as a source of resilience and revenue by focussing on improving production and reducing import bill on fisheries;
 - Addressing binding constraints to agriculture performance and improving production can save reducing the import bill on food. Estimates show on just import of rice, government spends close to 80 million USD per year;
 - Remittances represent an important source of revenue with estimates suggesting close to 24 percent of GDP revenues. IOM analysis reveals a very strong diaspora resource available to the country which is relatively untapped. For instance, IOM analysis shows close to 86,000 Liberians living in just 6 states of the USA amongst which 6000 doctors are available. Developing partnerships with the Diaspora is a powerful source of technology transfer and can be a transformative solution to sustain progress on SDGs;
 - Current spending amounted to 20.5 percent of GDP on average between 2015-2019 in contrast to average of 14.9 percent in least developed countries (defined as per UN classification) suggests significant scope in improving current spending. Wage bill is the main component;
 - With extractives sector estimated to have generated USD 79.63 million in total revenues in FY 2018/2019, increasing transparency as well as mitigating the impact of COVID-19 will be critical;
 - Forests are a key source of revenue and resilience.

¹⁸⁷ <https://www.mfdp.gov.lr/index.php/docs/acts/budget-fact-sheet/fy-2020-21-draft-national-budget-fact-sheet>

¹⁸⁸ World Bank. 2020. Liberia Economic Update, June 2020 : The COVID-19 Crisis in Liberia - Projected Impact and Policy Options for a Robust Recovery. World Bank, Monrovia. © World Bank. <https://openknowledge.worldbank.org/handle/10986/34271> License: CC BY 3.0 IGO

¹⁸⁹ Op-Cit World Bank. 2020. Liberia Economic Update, June 2020

¹⁹⁰ Op-Cit World Bank. 2020. Liberia Economic Update, June 2020

¹⁹¹ Op-Cit World Bank. 2020. Liberia Economic Update, June 2020

¹⁹² Op-Cit World Bank. 2020. Liberia Economic Update, June 2020

¹⁹³ Op-Cit World Bank. 2021. Republic of Liberia Economic Update, June 2021 : Finding Fiscal Space

ANNEXURE 1

PRIORITISATION EMERGING FROM MIDTERM REVIEW AND RECALIBRATION OF PAPD

(For purposes of the CCA Update, out of the total of ‘5 priorities and other priorities’ only priorities listed as ‘priority one, priority two, priority three and the corresponding SDG Indicator is listed)

PRIORITY ONE	SDG	PRIORITY TWO	SDG	PRIORITY THREE	SDG
Pillar 1 Sector: Education					
ECE and PRIMARY (Ages 3-12): Raise Net Enrolment Rate (NER) to 65% by 2023; Ensure all students achieve basic literacy and numeracy by Grade 6	4.2.1	By 2023, increase the proportion of appropriately qualified and trained teachers in specific subject matter areas to 60%	4.3.1	SENIOR HIGH (Ages 16-18): 70% of WASSCE takers pass with a score of Division 1-6 by 2023	4.1.1
Pillar 1 Sector: Health					
Maternal mortality ratio: 568 per 100,000 live births by 2023	3.1.1	95% of outbreaks responded to within WHO recommended response time (24 to 48 hours) after notification	3.5.1	50 percent of public facilities reporting no stock out of essential medicines by 2023	3.8.1
Pillar 1 Sector: Gender					
Improve access to health services for women and girls and ensure the reduction of SGBV incidence by 15% by 2023 through the provision of appropriate support services and access to justice	6.0.0	35,500 women, girls and people living with disabilities to be empowered and have access to productive resources, enrolled and retained in schools, and are participating in decision making and empowered in political participation in the 15 counties over the next 3 years at all levels and sectors	5.0.0	Extremely poor and food insecure households receiving social cash transfers	2.1.2
Pillar 1 Sector: Youth					
30,000 targeted youth aged 15-35 half of which are women to benefit from labor and income generating programs and opportunities by 2023	Goal 8				
Pillar 2 Sector: Economic Growth					
By 2023, increase annual GDP growth to 2%	8.1	16,282 jobs to be created	10.1.1	By 2023, All 15 counties have county service centers where business registration is done	
Pillar 2 Sector: Agriculture and Forestry					
By 2023, increase agriculture contribution from 26% to 29% of real GDP	2.1.1	Increase fisheries contribution from 3% to 6% of the GDP	2.1.1	Increase forestry contribution from 9% to 10% of real GDP	2.1
Pillar 2 Sector: Energy and Environment					
Access to power from baseline 10% to 25% (2023)	7.1.0	By 2023, full implementation of the National Environmental Policy	13.1	Reduce cost from 0.36 to 0.25kwh	7.1.0
Pillar 2 Sector: Infrastructure Development					

By 2023: 517 km roads connecting all county capitals, 200km of urban roads, 83km secondary road constructed and paved	9.1	30% access to fiber optic backbone	9.1.0	Flights and vessels passengers and containers of ship per year Volume and value of cargoes increase in revenue by 25%	9.1
Pillar 3 Sector: Peace and Reconciliation					
Proportion of BCR detainees held without trail	16.6.0	SCORE Index rating for violent tendencies disaggregated by county, gender (percentage)	16.6.0	SCORE Index rating for civic trust and coexistence disaggregated by county, gender (percentage)	16.7.0
Pillar 3 Sector: Judiciary and Rule of Law					
		Share of people that are satisfied with the quality of judicial system or rule of law available to their household (% of people satisfied and very satisfied, disaggregated by county)	16.3.0	Annual rate (percentage) of adjudication of cases	16.6.0
Pillar 3: Sector: Security and National Defence					
10% reduction in violent crimes	16.2.0	Share of people that are satisfied with their protection against crime/their safety (% of people satisfied and very satisfied disaggregated by county, gender) increases from 69.4% to 75%	16.6.0		
Pillar 4: Sector: Building a more capable state					
An established, functional, effective and service oriented Civil Service Commission	16.7.0	Improve tax administration for revenue-generation increases of at least 10% per annum	17.1.0	By 2023, strengthening land tenure security and improved land information management system by 30% to include urban land use policy to address informal settlement and sustainable cities developed	1.4.0
Pillar 4: Sector: Reducing Corruption					
By 2023, increase government agencies audited (external) from 75% to 80% and increase internal audit presence in government from 52% to 85% and set up an e-procurement system deployed to 50 MACs	16.6.0	By 2023, the cases prosecuted by LACC, through MoJ increased from 20% to 60%	16.5.0	By 2023, increase citizens and residents' registration in the national biometric database from 5% (22,312) to 50% and Deploy an integrated management system that will automate the voter registration and post-voting processes through a coordination framework between NIR and NEC	16.9.0



ANNEXURE 2 MULTIDIMENSIONAL RISK ANALYSIS

SDG	RISKS AND CHALLENGES	DESCRIPTION	IMPACT	LIKELIHOOD	EARLY WARNING INDICATORS
			HIGH/ MEDIUM /LOW	HIGH/ MEDIUM/ LOW	
SDG 8	Economic Growth and stability	COVID-19 induced impact on economic growth, mounting fiscal deficit and debt will create new challenges to macroeconomic stability	High	High	Delayed vaccinations; Slow economic recovery in primary commodity prices
All SDGs	Political stability	Next cycle of elections will take place within the context of an extremely challenging economic context.	High	High	SCORE results
All SDGs	Democratic space	Risks are to the downside	Low	Low	SCORE results
All SDGs	Social cohesion, gender equality and non-discrimination	Translating peace into actual improvements to the quality of life and standards is key for social cohesion. High violence trends against women is high.	High	High	SCORE results
SDG 8 SDG9 SDG 10	Regional and global influences	Health risks such as outbreaks are central to the economic and human development. Risks of ML is rated high	High	High	Resurgence in COVID-19 infections or other outbreaks as EVD
All SDGs	Internal security	Risks are to the downside	Low	Low	SCORE results
SDG16	Justice and Rule of Law	Worsening corruption trends; Worsening rule of law trends especially perceptions on independence and transparency in judiciary; Low enforcement of laws	High	High	Mo Ibrahim scores
All SDGs	Infrastructure and access to social services	Lack of access and connectivity is a binding constraint with impact across all SDGs	High	High	Domestic resources to improving infrastructure
SDG 10	Displacement and Migration	High internal migration from rural to urban	High	High	Social cohesion within the urban centers and urban poverty trends
SDG 3	Public Health	Health risks such as outbreaks are central to the economic and human development. COVID-19 induced reduction in access to sexual and reproductive health services	High	High	Further reduction in access to services from the current assessment levels (as identified above)
SDG 2	Food Security, Agriculture and Land	High reliance on imports to meet food requirements Increasing land conflicts Country is not self-sufficient in food production and is dependant on food imports. Fresh wave of COVID-19 imposed lockdowns might cause inflationary pressures on food items which will result in greater impact on the vulnerable segments of the population.	High	High	Inflation of food items Number of land conflicts reported across counties
SDG 13	Environment and Climate	Impact on vulnerable groups and productive sectors of economy	High	High	Increased occurrence of climatic extremes

