



**The World Bank**

Liberia Rural Economic Transformation Project Additional Financing (P179359)

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# Project Information Document (PID)

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Appraisal Stage | Date Prepared/Updated: 07-Dec-2022 | Report No: PIDA34878

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

Country Liberia	Project ID P179359	Project Name Liberia Rural Economic Transformation Project Additional Financing	Parent Project ID (if any) P175263
Parent Project Name Liberia: Rural Economic Transformation Project	Region WESTERN AND CENTRAL AFRICA	Estimated Appraisal Date 30-Nov-2022	Estimated Board Date 22-Dec-2022
Practice Area (Lead) Agriculture and Food	Financing Instrument Investment Project Financing	Borrower(s) Ministry of Agriculture, Republic of Liberia	Implementing Agency Ministry of Agriculture

Proposed Development Objective(s) Parent

To improve productivity and market access for small holder farmers and agri-enterprises for selected value chains in project participating counties.

## Components

Improving the Enabling Environment for Agribusiness Development  
Enhancing Competitiveness and Market Access through Productive Alliances  
Agri-Marketing and Road Infrastructure Investments  
Project Coordination and Management and Contingency Emergency Response  
Support to Food Security

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

Total Project Cost	30.00
Total Financing	30.00
of which IBRD/IDA	30.00
Financing Gap	0.00

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

International Development Association (IDA)	30.00
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IDA Credit

30.00

Environmental and Social Risk Classification

Substantial

Other Decision (as needed)

## B. Introduction and Context

### Country Context

1. **Liberia's economy is only beginning to recover from a prolonged period of weak performance attributable to repeated exogenous shocks.** Numerous crises affected Liberia between 2014 and 2020 including the Ebola outbreak, iron ore and rubber price collapses, the economic impact of the drawdown of United Nations peacekeeping forces, extreme weather events, and the COVID-19 pandemic. During this period, the economy contracted by 0.4 percent per year on average, and per capita Gross Domestic Product (GDP) declined by 12.3 percent cumulatively. As a result, the poverty rate rose to an estimated 52 percent by 2021, erasing nearly half of the progress achieved through Liberia's "peace dividend" from 2004 to 2014. Non-monetary poverty indicators, including access to healthcare, education, and basic utilities, remain low by regional and international standards. The Ukraine crisis is adding further strains on the country, but real GDP is estimated to have grown by 4.2 percent in 2021 and is projected to expand by 4.8 percent on average over 2022-23, thanks to domestic revenue gains and spending consolidation.

### Sectoral and Institutional Context

2. **Agriculture is the engine of economic growth and poverty alleviation in Liberia, but agricultural productivity remains low.** The sector is the main source of livelihoods for more than 70 percent of the population. The country is endowed with a favorable climate and soils and has the potential to significantly increase productivity of the main staple crops (i.e., rice and cassava), as well as a wide variety of other crops. At 1.48 Mt/ha, rice yields are well below those in other countries in the region (e.g., 2.9 Mt/ha in Côte d'Ivoire and Ghana). Cassava yields stand at 8.1 Mt/ha, also below yields in neighboring countries (e.g., 23.0 Mt/ha in Ghana and 14.5 Mt/ha in Sierra Leone).<sup>1</sup> Productivity in the sector is undermined by low quality of agricultural inputs (seeds, fertilizers, and equipment) and limited access to markets and advisory services.

3. **Multiple global crises<sup>2</sup> have exacerbated the already fragile food security situation in Liberia.** The recent World Food Program (WFP) hunger map indicates that 1.7 million Liberians (about 37 percent of the population) have insufficient food consumption.<sup>3</sup> Additionally, 4.3 percent of children under-five face acute malnutrition while 30.1 percent of these under-five children face chronic malnutrition. Admissions for moderate acute malnutrition in children and nursing women increased by over 10 percent between

<sup>1</sup> FAO Statistics. Liberia's average rice yield is roughly half the regional average of 2.5 Mt/ha and far below the global average of 4.25 Mt/ha.

<sup>2</sup> Navigating Multiple Crises, Staying the Course on Long-term Development: The World Bank Group's Response to the Crises Affecting Developing Countries (English). Washington, D.C.: World Bank Group.

<sup>3</sup> WFP HungerMap<sup>LIVE</sup> Liberia May 2022. <https://hungermap.wfp.org>.



December 2021 and January 2022 and admissions for severe acute malnutrition in children and nursing women increased by over 3 percent between December 2021 and January 2022 and were 13 percent higher than the January 2021 level.<sup>4</sup>

**4. Global commodity price inflation (especially for fuel, food, and fertilizer), the overall global negative supply shock created by the war in Ukraine, and depreciation of the local currency<sup>5</sup> have deteriorated the food security situation in Liberia.** In February 2022, Liberia's Consumer Price Index (CPI) stood 9 percent higher than its January 2021 level. In May 2022, the price of rice in the capital Monrovia was almost 20 percent higher than in January 2021, and that of cassava was over 46 percent higher than its January 2021 level. Between May 2021 and May 2022, across 25 percent of Liberia's districts, cassava and rice prices rose by 24 percent and 9.5 percent, respectively.<sup>6</sup> Additionally, because of an increase in fertilizer prices, Liberia is expected to use less fertilizers and as a result, the country's rice production is projected to fall by 3 percent in 2023 compared to the 2017 - 2020 average.<sup>7</sup>

**5. Climate change is exacerbating the challenges facing Liberia's agriculture sector.** Data from the Climate Change Vulnerability Index shows that Liberia is among the top 20 most vulnerable countries in Africa. Major climate-related changes predicted in the coming decades include an increase in average temperature of 1–2 degrees Celsius, changing rainfall patterns, and more frequent extreme weather events such as floods and droughts. In recent years, unpredictable rainfall patterns have contributed to a decline in agricultural productivity and increasing temperatures have diminished the availability of water for food production. Climate-related pests and diseases alongside inadequate storage impose high pre- and post-harvest losses, which average about 40 percent per year for food crops.

### C. Proposed Development Objective(s)

Original PDO

6. To improve productivity and market access for small holder farmers and agri-enterprises for selected value chains in project participating counties.

Current PDO

7. No change is proposed to the project development objective under the AF.

Key Results

- (i) Farmers reached with agricultural assets or services
- (ii) Farmers adopting improved agricultural technology
- (iii) Number of direct project beneficiaries
- (iv) Reduction in food insecure people in program targeted areas (New)

<sup>4</sup> Report of the Regional Consultation of the Food and Nutrition Situation in the Sahel and West Africa. Dakar, Senegal, 28 - 30 March 2022. Permanent Interstate Committee for Drought Control (CILSS) and Food Crisis Prevention Network (RPCA)

<sup>5</sup> Exchange rate depreciation as has led to increase in prices of food imports and decline in absolute amounts of food imports flowing into the country.

<sup>6</sup> <https://microdata.worldbank.org/index.php/catalog/4498>

<sup>7</sup> Assessment of the Risks and Impact of the Russian- Ukrainian Crisis on Food Security in the ECOWAS Region – Key Findings. ECOWAS, FAO, WFP.



#### D. Project Description<sup>8</sup>

**10. Component 1: Improving the Enabling Environment for Agribusiness Development (US\$3.0 million):** The objective of this Component is to improve the enabling environment for agribusiness development in Liberia through the following interventions: (i) building the capacity of public agribusiness services to deliver quality services to private investors, including smallholder farmers; (ii) enhancing value chain coordination and public-private dialogue; and (iii) supporting agricultural research and development and extension.

**11. Component 2: Enhancing Competitiveness and Market Access through Productive Alliances (US\$18.0 million):** The aim of this Component is to support smallholders and commercially oriented farmers to improve their capacity, operate competitively, and establish more reliable linkages with buyers. Component 2 provides matching grants to farmers to support pre-investment activities that are designed to pave the way for the development of proposals for investment subprojects.

**12. Component 3: Agri-Marketing and Road Infrastructure Investments (US\$31.5 million):** This Component aims to improve access to markets through the rehabilitation of roads in the Southeastern Corridor in Liberia, including construction of short-span critical cross-drainage structures, and modernization of selected agri-markets. No change is proposed to this component.

**13. Component 4: Project Coordination and Management and Contingency Emergency Response (US\$6.5 million):** This Component will support: (i) establishing appropriate coordination, Monitoring and Evaluation (M&E), and communication regarding project implementation; and (ii) ensuring that the Government of Liberia is better equipped to respond to crises and emergencies.

**14. Component 5: Support to Food Security (US\$30.0 million).** The objective of this Component is to stimulate a supply response to overcome the short-run food deficit in the country. It will finance the following interventions: (i) support for increased food production (including support for inputs, mechanization, advisory services, etc.) with the view to preserve and strengthen the productive capacity of farming households to enable continued and expanded production of key staple foods, both for own consumption and the market; (ii) support to rural community Infrastructure Interventions through a labor-intensive cash-for-work program intended to allow eligible participants to access cash for food purchases. The focus of the program will be on the development or rehabilitation of a positive list of community infrastructure - as prioritized in community plans - that is linked to increased agricultural production, improved livelihoods, as well as those infrastructure that foster adaptation to climate change.; and (iii) support to strengthening food crisis prevention and monitoring systems including food security early warning and response services, acquisition of decision support tools and methods, inter-institutional coordination for production and dissemination of basic, actionable early crisis warnings, updating and (iv) modernizing inventory and warehousing capacities in the country, and construction of two (8) standard 5,000-ton grain steel storage facilities (close to major production areas) as part of the national food reserve system.

<sup>8</sup> Project costs include those of the parent project



## Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

## Summary of Assessment of Environmental and Social Risks and Impacts

15. **Environmental Risk:** The Matching Grants (MGs) under Component 2 of the project will drive interventions along the value chains of cassava, rubber, poultry, and piggery, some of which could have adverse impacts on the environment and people. This intervention could include bushland clearing, farmland expansion, and provision of processing and storage facilities. Potential environmental risks and impacts could include deforestation, forest degradation, soil erosion, loss of natural habitat, depletion of biodiversity and may exacerbate climate change problems. Poor livestock hygiene could expose workers and communities to health risks including zoonotic diseases. Poorly managed animal manure may produce odor, attract pests, and may contribute to emissions of greenhouse gases. The connection of project infrastructure to the grid might require an extension of powerlines which could lead to vegetation clearance and/or continuous trimming of undergrowth. These could have minimum impacts on native plant populations and wildlife. Also, installation of electric poles could result in minimum disturbances to soil inhabiting organisms.

16. The project proposes to prioritize climate-smart interventions and will explore the feasibility of using renewable energy, e.g., solar to power the processing and storage facilities. The production of targeted commodities may entail the use of pesticides and exposure to occupational health and safety risks. Processing of commodities may generate waste (both solid waste and effluent) which could contaminate surface and ground water causing eutrophication. Effluents from processing facilities may contain high levels of biochemical oxygen demand and chemical oxygen demand which may be carried to surface and ground water leading to eutrophication and death of aquatic life. Also, solid waste from processing facilities could generate odor and attract pests. Potential surface water contamination from effluents and pesticides from farming activities could transcend communities and may have far reaching consequences. The project design includes innovations to counteract some of these potential adverse impacts. For instance, the project will embark on climate-smart agricultural practices such as mulching, cover cropping, drip irrigation etc., to conserve soil and water. The MGs could support interventions that convert poultry/piggery manure into organic fertilizers to help reduce the project's carbon footprint.

17. Given that the agriculture-related programs and the risks and impacts cannot be determined yet until the subproject details have been identified, the Borrower has prepared an Environment and Social Management Framework (ESMF) that sets out the principles, rules, guidelines, and procedures for examining the potential environmental and social risks and impacts. The ESMF has been cleared by the Bank and disclosed in-country on 04/28/2021 and on the Bank's external website on 04/30/2021. The ESMF includes a checklist for screening of E&S risks for sub-projects and measures and plans to reduce and mitigate adverse risks and impacts.



18. Regarding the use of agrochemicals and pesticides in crop and livestock production systems, the project has drafted a standalone integrated pest management plan (IPMP) expected to be completed, approved, and disclosed before Effectiveness. In subprojects likely to result in significant risks and impacts, a site-specific instrument such as Environmental and Social Screening of ESIA and/or Environmental and Social Management Plan (ESMP) will be prepared, consulted upon, and disclosed before commencement of the subprojects.

19. Depending on the screening outcomes, the Project may support successful grantees, to prepare site-specific Environment and Social (E&S) instruments where necessary. An Environmental and Social Impact Assessment and Environmental and Social Management Plan was prepared for the 40 km under parent project. Both the Environment and Social Impact Assessment (ESIA) and Environment and Social Management Plan (ESMP) were cleared by the Bank and respectively disclosed in-country and on the Bank's external website on 04/30/2021 and 05/1/2021. The ESIA and ESMP will be updated to include findings of the pending Biodiversity Field Survey under the parent project.

20. **Social risks:** The overall social risk is rated substantial. The project Component 1 social risks include risk of agitations within communities if selection of beneficiaries to participate in the subproject activities is not transparent. Risk of exclusion of poor and vulnerable groups (e.g., women, youth, and people with disabilities) and elite capture of project benefits. Similarly, risks and impacts associated with temporary and permanent land acquisition for rural agribusiness infrastructure are anticipated under component 3. Use of child and forced labor, SEA/SH risks, labor influx and risks of disease transmission (e.g., STDs and COVID-19 infections) are also anticipated given the country context, social sensitivity issues and the capacity of the implementing agencies to manage the project risks. At this stage, the exact sites related to Component 2 activities and Component 3 activities on market infrastructure are not known. In the absence of information on specific locations, detailed design, and the socioeconomic status of people likely to be impacted by the activities, it is difficult to determine the extent and magnitude of likely socioeconomic impacts. These are major gaps that need to be identified and addressed upon identifying subproject locations and conducting E&S screening of the sites using the screening checklist in the existing ESMF of the parent project. The ESMF, Resettlement Policy Framework (RPF), Stakeholder Engagement Plan (SEP) and LMP shall be applicable to cover the risks and impacts. Similarly, the ESIA and ESMP will be updated upon completion of a biodiversity field survey prior to the completion of designs and commencement of civil works under the parent project. The risks related to Gender Based Violence (GBV) are addressed under ESS1 and ESS2 and as indicated in the Environment and Social Commitment Plan (ESCP), a GBV/SEA/SH Action Plan share be prepared and adopted 3 months after project effectiveness and implemented throughout project implementation.

21. These instruments shall be disclosed in-country and on the Bank external website. The ESCP is updated to document material measures and actions that are required to achieve compliance with the ESSs. The key social risks identified under the parent project are still valid. However, the Gender Gap Analysis flagged that women in Liberia face structural bottlenecks than men and this limit their upward mobility along agrifood value chains including weaker influence in the marketplace, limited access to credit and land etc. While the Bank due diligence exercise carried out for the parent project was limited by the prevailing travel restrictions, the convergence of the potential risks and impacts likely to emerge as a result of the project interventions were reasonable and presented a realistic picture of what might happen in various subproject locations. However, the social risks and impacts flagged under the parent project need further validation. This will be achieved through stakeholders' consultations in targeted counties in general and with affected people in particular during implementation. This will be



supplemented by site-specific Social Impact Assessments to be carried out in each of the targeted counties to assist in further determination of the social risks and impacts of the project, including the extent of the: a) security threats or violence in the project intervention areas; b) project affecting vulnerable groups etc.

#### **E. Implementation**

##### Institutional and Implementation Arrangements

22. The Ministry of Agriculture (MoA) will be the main entity responsible for project implementation. A Project Implementation Unit (PIU) at the MoA will have overall responsibility over the coordination, supervision, fiduciary, and environmental and social safeguards compliance, as well as monitoring and evaluation. The PIU staffing will be strengthened with the competitive recruitment of a food security specialist to support strengthening of early warning systems and food security crisis preparedness planning. Consultants would also be recruited to support the PIU staff on a need-basis.

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