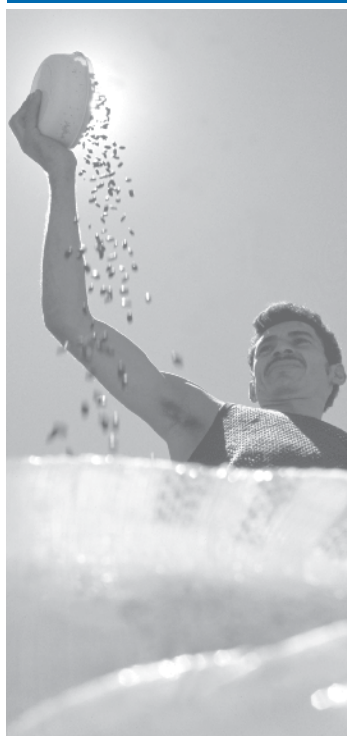


Liberia

A Diagnostic of Social Protection

Andrea Borgarello, Laura Figazzolo and Emily Weedon

Africa Social Safety Net and Social Protection Assessment Series



December 2011



THE WORLD BANK

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Until recently, most countries in Africa implemented safety nets and social protection programs only on an ad hoc basis. In the wake of the global economic, food and fuel price crises starting in 2008, however, policymakers in Africa began to increasingly view safety nets as core instruments for reducing poverty, addressing inequality, and helping poor and vulnerable households to manage risk more effectively. During FY2009-2013, to support governments in their quest to understand better how to improve the efficiency and effectiveness of safety nets in their countries, the World Bank's Africa Region undertook social safety net or social protection assessments in a number of countries in Sub-Saharan Africa. By 2014 assessments have been completed or are under preparation for over 25 countries in sub-Saharan Africa. These assessments analyze the status of social protection programs and safety nets, their strengths and weaknesses and identify areas for improvement, all with the aim of helping governments and donors to strengthen African safety net systems and social protection programs to protect and promote poor and vulnerable people. They were all carried-out with the explicit aim of informing governments' social protection policies and programs. With the results of analytical work like these assessments and other types of support, safety nets and social protection programs are rapidly changing across Africa. For a cross-country regional review, please see "[Reducing Poverty and Investing in People: The New Role of Safety Nets in Africa](#)," which pulls together the findings and lessons learned from these assessments and other recent studies of safety net programs in Africa.

Abstract

Safety Nets are limited in Liberia and, although as a share of GDP, expenditures are higher than the regional average, the average benefit amount is equal to only 7-20 percent of the poverty line. The current system focuses on the country's most vulnerable populations but that the system is fragmented. Food insecurity is mainly addressed through food transfers aimed at preventing starvation and malnutrition. Unemployed people, including the large portion of the population engaged in informal employment, are targeted primarily by public works. Scaling-up Liberia's safety nets would require significant investments, which are not viable at the moment given the country's financial constraints. Efforts should hence focus on improving the overall safety net system within the existing budget.

JEL Classification: I32, I38, J32, H53

Key Words: social protection, systems, safety nets, social assistance, welfare, administration, public policy, public sector reform, developing countries

ABBREVIATIONS AND ACRONYMS

ACDI/VOCA	Agricultural Cooperative Development International/ Volunteers in Overseas Cooperative Assistance
ART	Anti-Retroviral Therapy
CfWTEP	Cash for Work Temporary Employment Project
CFSNS	Comprehensive Food Security and Nutrition Survey
CSPC	Community Social Protection Committee
CSB	Corn-soy Blend
CT	Cash Transfer
CWIQ	Core Welfare Indicator Questionnaire
DfID	Department for International Development (UK)
EU	European Union
FAO	Food and Agriculture Organization
FFT	Food-for-Training
FFW	Food-for-Work
GAM	Global Acute Malnutrition
GDP	Gross Domestic Product
GoL	Government of Liberia
HH	Household
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
IDP	Internally Displaced Person
ILO	International Labour Organization
IMF	International Monetary Fund
LD	Liberian Dollars
LFS	Labor Force Survey
LISGIS	Liberia Institute of Statistics and Geo-Information Services
MCHN	Mother and Child Health Nutrition
MOA	Ministry of Agriculture
MOCI	Ministry of Commerce and Industry
MOD	Ministry of Defense
MOE	Ministry of Education
MOF	Ministry of Finance
MOGD	Ministry of Gender and Development
MOHSW	Ministry of Health and Social Welfare
MOL	Ministry of Labor
MOPEA	Ministry of Planning and Economic Affairs
MOYS	Ministry of Youth and Sports
NCHS	National Center for Health Statistics
NGO	Non-governmental Organization
NSWP	National Social Welfare Policy

OVC	Orphans and Vulnerable Children
PL	Poverty Line
PRRO	Protracted Relief and Recovery Operation
PRS(P)	Poverty Reduction Strategy (Paper)
PSNP	Productive Safety Net Program (Ethiopia)
PWP	Public Works Programs
SAM	Severe Acute Malnutrition
SFP	Supplementary Feeding Program
STC	Save the Children
TFC	Therapeutic Feeding Center
TFP	Therapeutic Feeding Program
UN	United Nations
UNDP	United Nations Development Program
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNMIL	United Nations Mission in Liberia
USAID	United States Agency for International Development
USD	United States Dollars
VAM	Vulnerability Analysis and Mapping
WB	World Bank
WFP	World Food Programme
WHO	World Health Organization

ACKNOWLEDGEMENTS

This diagnostic was developed by the World Bank in order to help the Government of Liberia to define a sound social protection strategy. The study was conducted under the auspices of the Liberian Ministry for Planning and Economic Affairs and involved consultations with a broad spectrum of national and international stakeholders. In parallel, the Government of Liberia is developing a Social Protection Sector Plan as one piece of the Human Development pillar (which also focuses on education, health, and water and sanitation) of the new Poverty Reduction Strategy (PRS II). This working paper is meant to enhance understanding of social protection in Liberia and to contribute to the broader national dialogue on a national strategy for social protection.

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The responsibility for any opinions expressed or errors is solely that of the authors.

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EXECUTIVE SUMMARY

In recent years, the Government of Liberia has launched efforts to develop a coordinated strategy for social protection. Indeed, social protection will be one of the key policy issues addressed within the Human Development pillar of the Poverty Reduction Strategy (PRS) II. The Ministry of Planning and Economic Affairs (MOPEA) is the lead ministry in the development of the PRS II, a final draft of which is expected in June 2012. MOPEA, through the National Social Protection Secretariat, is also the lead agency in the development of a National Social Protection Strategy, which is expected in early 2012 and is a key element of the Social Protection Sector Plan in the PRS II. The research presented here analyzes the social protection sector in Liberia in support of this policy development.

Ongoing social protection (SP) interventions in Liberia provide a strong foundation on which the government can build a comprehensive, inclusive, and responsive national SP system. At present, SP spending including donor partner support equals approximately 1.6 percent of gross domestic product (GDP), but these programs are not sufficiently coordinated to realize the full potential of such interventions. International best practice suggests that SP programs tend to perform better if they are coordinated in several important ways. In drafting the National Social Protection Strategy, the government should focus on reducing the fragmentation of the system and increasing the coverage and impact of SP programs by creating more fiscal space to fund them and by adopting a multi-sectoral approach to social safety nets.

Poverty and Vulnerability in Liberia

In Liberia, the incidence of poverty was estimated to be 63.8 percent in 2007, with extreme poverty at 47.9 percent (Government of Liberia, 2007). Poverty is predominantly a rural phenomenon. The poorest households seem to be those where the head is self-employed in agriculture, as poverty tends to decrease as the level of education of the head of household increases. Poverty also is strongly linked to age, with young people being generally poorer than adults. The South Eastern A and the North Western regions of the country have the highest percentages of people living in poverty.

Opportunities to engage productively in economic activities are limited. Vulnerable employment is estimated at 77.9 percent (LISGIS, 2010).¹ There are households with able-bodied adults who cannot find any productive employment to generate a decent income. In Liberia, formal sector employees number about 195,000 people, only about 5 percent of the population. Almost 70 percent of people active in the labor market are employed in the

¹ The Labor Force Survey (LFS) defines vulnerable employment “as those workers whose status in employment is given as being own-account work or contributing family member, while the vulnerable employment rate is obtained by calculating this sum as a proportion of the total employment” (LISGIS, 2010).

informal sector, while the latest data indicate that nearly a quarter of the population (approximately 850,000 people) is underemployed.

In addition to limited opportunities for income-generation, vulnerability to poverty is strongly correlated with food insecurity. The latest Comprehensive Food Security and Nutrition Survey (CFSNS) from 2010 found that 13 percent of Liberian households were food-insecure and that 28 percent of the population is vulnerable to food insecurity. In Liberia, food insecurity is both transitory, in that it occurs particularly to the rainy season, and chronic, since it is often due to low productivity and production in rural communities. Liberia depends heavily on imports of rice as its main staple food.

Defining Social Protection and Social Safety Nets

In the World Bank Social Protection Discussion Paper 9904, Holzmann and Jorgensen defined social protection as consisting of public interventions meant to assist individuals, households, and communities to manage income risks (Holzmann and Jorgensen, 1999:4-6). Through this assistance, social protection aims to contribute to poverty reduction and equitable, sustainable growth, specifically by focusing on: (i) protection to ensure adequate support to the poor; (ii) prevention to provide security to vulnerable people; and (iii) promotion to increase the chances for them to raise their productivity and their incomes.

As defined by the World Bank, social protection interventions typically include: (a) social assistance programs, such as cash or in-kind transfers to alleviate poverty, often termed social safety nets (SSNs); (b) social insurance programs, such as contributory programs, (in other words, pensions, unemployment benefits, and health insurance); and (c) labor regulations and active labor market programs, such as education and training, credit, and employment services.

Overview of Social Protection in Liberia

In Liberia, spending on social protection programming is relatively substantial, but the sector is highly dependent on donor financing and consists of a fragmented group of uncoordinated, often small-scale interventions. Current spending levels on social protection interventions represent approximately 1.6 percent of GDP (1.5 percent of GDP when only considering SSN programs). As a share of GDP, this is higher than average for the West Africa region. However, the GDP of Liberia remains low as the country is still recovering from the recent conflict. The government is also heavily reliant on international donors, the support from whom is included in this statistic. Between 2008 and 2010, donor financing represented 93.8 percent of all SSN expenditures.

Regarding social insurance programs, the government established the National Social Security and Welfare Corporation (NASSCORP) in 1975 to provide social protection for job-related injuries, occupational illnesses, invalidity, and old age retirement. Currently, NASSCORP operates two schemes: the Employment Injury Scheme (EIS), launched in 1980,

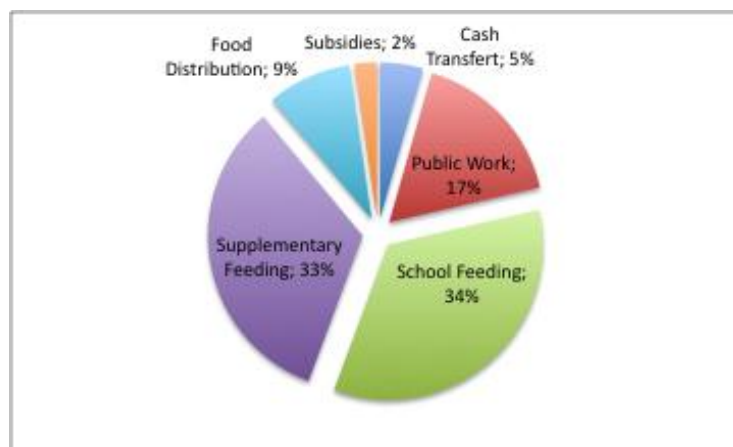
and the National Pension Scheme (NPS), introduced in 1988. Our analysis of the financial situation of NASSCORP reveals that its schemes, as they are currently set up, are sustainable in the short term. However, despite the fact that the number of contributing enrollees remains stable, the growing number of beneficiaries and increasing costs is likely to cause the system to incur large deficits in the medium term.

The social assistance programs that are currently being implemented in Liberia that can be considered to be SSNs include: (i) cash transfers and near-cash transfers; (ii) public works in which the poor work in return for food or cash; (iii) in-kind food transfers such as school feeding and take-home rations, nutritional supplementary feedings, and food distribution during lean seasons; and (iv) general subsidies, often on food, energy, housing, or utilities, designed to benefit households.

The financing for the SSN programs in Liberia is heavily donor-dependent. The World Food Programme (WFP) is the largest donor in the sector, funding 60 percent of the SSN programs, with a focus on food security and rural development that includes both food transfers and public works. The U.S. Agency for International Development (USAID) and the United Nations Children’s Fund (UNICEF) are other important development partners, accounting for 20 percent of the overall investment in SSN. USAID and UNICEF also concentrate largely on food security interventions, although—with funding from the European Union and the Japanese International Cooperation Agency—UNICEF supported the government’s launch in 2010 of a Social Cash Transfer targeted to labor-constrained poor households. World Bank support represents about 6 percent of the sector and is focused on public works.

The figure below gives an overview of the percentages of total SSN spending by type of intervention. Within these totals, government spending represents approximately 6 percent of the total, split fairly equally between cash transfers, public works, and subsidies.

Spending on SSN Interventions by Type



Source: Authors’ calculations from project documents and direct interviews.

Coverage of Social Safety Nets in Liberia

This study estimates that ongoing SSN interventions reached approximately 830,000 beneficiaries in 2010. In a simple comparison to the 2008 census, this represents around 24 percent of the population; however, this percentage likely over-estimates the coverage of SSN, as overlap between these interventions is very likely. For instance, geographical overlap of different interventions is possible, particularly considering that school feeding programs provide universal coverage in many counties and that limited coordination between programs allows for individual attempts to enroll in multiple programs. Limited administrative data and program impact evaluations also prevent any calculation of what percentage of these 830,000 beneficiaries is poor or vulnerable. Moreover, the total average benefit amount covers only between 7 percent and 20 percent of the poverty line.

In terms of categorical targeting, SSN in Liberia currently focus primarily on two groups — the food-insecure and the unemployed. Liberia’s emphasis on food security reflects the country context as 41 percent of the population is severely food-insecure or vulnerable to food insecurity, 39 percent of children are stunted, and 19 percent are underweight (MOA, 2010 and USAID, 2010). A second group of beneficiaries consists of unemployed people, who are currently targeted primarily by public works programs. The term *unemployment* is intended here also to cover the ample portion of the population that is underemployed or engaged in vulnerable employment. Again, this categorical targeting reflects the Liberian context. In particular, informally self-employed people have very high poverty rates, and households whose head is self-employed in agriculture (approximately the 33 percent of the population) constitute 72 percent of the poor.

Regarding geographic coverage, SSN programs in Liberia are fairly equally distributed at the regional level, as outlined in the table below. The most covered area of the country appears to be the North Central region with 25 projects altogether, although the poorest regions are

the North Western and the South Eastern A, where the share of poverty exceeds 76 percent. The higher population densities in the North Central region compared with the North Western and South Eastern regions may explain some of the slightly disproportional coverage in that region.

Geographical Coverage of Main SSN Programs in Liberia

Regions	Population	Poverty %	Extreme Poverty %	Number of SSN projects	Main type of SSN projects
Greater Monrovia	1,010,970	48.5	22.7	4	Public works
North Central	1,067,121	68.1	57.6	25	In-kind food transfers
North Western	294,849	76.3	62.2	18	Cash and near-cash transfers
South Central	558,364	58.9	42.2	16	All types
South Eastern A	296,940	76.7	60.9	16	In-kind food transfers
South Eastern B	260,828	67.2	53.7	13	In-kind food transfers

Source: Author's calculations based on project documents, 2008 Census, and 2007 PRS.

Options for the Allocation of Social Safety Net Spending

Increasing Coverage by Increasing Coordination

Given the government's limited national budget, this study examines scenarios for reallocating the current level of funding within a more coordinated and targeted SSN framework rather than by increasing the overall amount of financing. Options for creating additional fiscal space for SSN exist. However, the government and donor partners spend approximately 1.5 percent of Liberia's GDP on SSN annually (US\$23,620,051), which is above the regional average and relatively high considering the country's many competing demands for resources. The following table highlights three different possible coverage levels that could be achieved with spending that does not exceed 1 percent of GDP. To reflect the continued relevance of food assistance in Liberia, the approximately 0.5 percent of GDP allocated to school feeding programs is not accounted for in this reallocation exercise. It is assumed that the funding for school feeding, at this current level of 0.5

percent of GDP, will remain a critical government priority going forward and will not be reallocated.

Options for Scaling Up the SSN Programs

Type of SSN program	SCENARIO 1 100% Contribution of the Benefit Level to Extreme Poverty	SCENARIO 2 100% Coverage of the Extreme Poor	SCENARIO 3 50% Extreme Poor & 50% Contribution to Extreme Poverty
Beneficiaries (% of extreme poor)	324,776 (25.1)	1,295,295 (100)	647,648 (50)
Transfer/household/month (% of extreme poverty line)	US\$17 (100)	US\$4.25 (25.1)	US\$8.5 (50)
Transfer expenditure (annual)	US\$12,991,028		
Input and overhead expenditure (20% annual)	US\$2,598,206		
Total cost of transfers (annual)	US\$15,589,234		
% of GDP	1.5% minus school feeding (34% of 1.5%) = around 1% GDP		

Source: Simulations created by the authors.

Note: The population of extreme poor is estimated to be 1,295,295 people based on the 2007 PRS. A transfer equal to 20 percent of the extreme poverty line is estimated to represent full coverage of the poverty gap. Since the 2007 PRS sets the extreme poverty line at approximately US\$200, this would be equal to US\$40 per person per year or US\$17 per household per month (with an average household size of five people as established by the 2008 Census data).

The choice between the different types of interventions depends on the government's priorities. Ongoing and future evaluations of SSN programming in Liberia could help to inform this decision by providing relevant information about the benefits of different types of programs as well as providing information to help the government to decide between increasing coverage or the value of the benefit. Regardless of how these decisions are made, there is a need to design a better, more coordinated framework for safety net programs by developing a common mechanism for targeting, delivering payments, and administering the different SP projects run by various stakeholders.

The Productive Safety Nets Program (PSNP) in Ethiopia is a useful case study of successful coordination between donor partners and a government. Under the PSNP, donors have pooled their financing—both cash and in-kind contributions—and their technical advice in support of this single program led by the government. This approach harmonizes all SSN

efforts in Ethiopia and enhances the supervision and monitoring of the program while avoiding excessive transaction costs for the government and donors.

Multi-sectoral Approaches

Given Liberia's constrained resources, SSNs that combine more than one objective and are cross-sectoral could have a broader impact than those with a narrower focus. For example, cash transfers can encourage human capital formation, such as education or nutrition, while public works can provide much-needed employment opportunities while creating much-needed small-scale infrastructure in local communities. In Liberia, the government's latest initiative in this direction aims to exploit links between food security programming and agricultural productivity. Through support for small-scale farmers to rehabilitate agricultural assets and rural infrastructure and offering guaranteed market opportunities for smallholder farmers to sell their harvests.

Cash versus Food Transfer Programming

Currently, there is a huge disproportion within the country between food and cash transfers, both in terms of expenditure and coverage. Food-related social safety nets receive the biggest share of expenditure, a total of 76 percent of funding—divided into school feeding (34 percent of overall spending on SSN), supplementary feeding programs (33 percent), and food distribution (9 percent). Meanwhile cash transfers account for only 5 percent of total expenditures. Similarly, school feeding covers 37 percent of all current SSN beneficiaries, nutrition programs cover 31 percent, and targeted food distribution covers 25 percent, while cash transfers only cover 1 percent. This policy choice, in part, reflects Liberia's high and widespread food insecurity.

Although food transfers are common in humanitarian and post-conflict contexts, there have been some recent examples of cash transfers being successfully delivered in conflict-

affected environments. Cash is increasingly being used as a complement to in-kind transfers in humanitarian assistance to support the transition from relief to recovery. Moreover, in situations of chronic food insecurity, emergency food distribution can be an expensive and inefficient response to hunger. If well-designed, cash transfers can constitute a timelier, more predictable, and more flexible alternative. Plus they can yield net positive effects on local agricultural production and market development (DfID, 2011).

Therefore, the government might wish to consider gradually increasing the use of cash transfers in the Liberian context, taking into consideration the following factors (Grosh et al, 2008):

- The functioning of local food markets and how this is reflected in the prices of staple foods.
- The level of transaction costs, both for the program and for beneficiaries.
- The preferences of beneficiaries, which may vary depending on circumstances as the greater flexibility afforded to households by cash transfers can be both a positive and negative trait.

These considerations reinforce the complementarity of food and cash transfers and also suggest the possibility of adopting programs in which participants may change one kind of benefit for another as their household circumstances evolve. This has been successfully adopted in the Ethiopian PSNP.

Returns to Safety Net Investments

With regard to the rationale behind allocating scarce government and donor partner resources to SSN, there are many international evaluations of social protection systems that demonstrate the positive returns to investments in productive SSNs. In 2010 and 2011, the

International Labour Organization (ILO), the UK Department for International Development (DfID), and the Independent Evaluation Group of the World Bank each released studies of international evidence on the positive impact of social safety net programs. The ILO reported that non-contributory cash transfers “make a significant contribution to addressing poverty and vulnerability among the poor and poorest households in developing countries.” This research highlighted the positive impact that SSNs had had on human development indicators, employment, economic productivity, and consumption as well as on social inclusion and cohesion. Beneficiary households were found to have had greater access to health services and higher consumption levels, to have been able to make productive investments, and to be experiencing less income variability. Nevertheless, while these reports pointed to long-term improvements in household welfare, more research is needed to ascertain the sustainability of these outcomes, particularly in terms of breaking the intergenerational cycle of poverty.

Liberia’s Cash-for-Work Temporary Employment Project provides a limited example of the potential of such programming to reduce poverty in the Liberian context. The project created temporary employment for 17,000 vulnerable Liberians in all 15 counties and transferred over US\$2 million to these households. While this is a small program in comparison to the needs outlined above, the results of two project assessments are encouraging. For example, the evaluations have found an average reduction in the poverty gap of 27 percent, from 17.2 percent to 12.6 percent for the 1,100 beneficiaries surveyed. Additional ongoing impact evaluations in Liberia promise to provide further information about the effectiveness of SSN programming in contributing to poverty alleviation.

Lessons from Informal Support Systems in Liberia

The disparity between the vulnerability of Liberians and the scope of formal social protection mechanisms highlights why households have to rely on informal coping mechanisms. Liberia has a pervasive system of family and community networks, ranging

intra-family transfers to rotating savings clubs, through which households manage chronic poverty and mitigate shocks. These informal systems depend on the social capital that exists within families and communities and can leverage these ties to reduce the transaction costs typically involved in formal sector insurance, loans, and other safety net mechanisms. Because communities have detailed knowledge of their members, this makes it relatively cheap and easy for them to accurately identify individual needs. The very low costs of these systems are critical to their effectiveness. However, in Liberia, where poverty levels are estimated to be as high as 64 percent, there are inherent limitations within systems of mutual support. For example, they cannot cope with covariate shocks, which limit both person-to-person transfers and the ability of community organizations to respond simultaneously to numerous demands.

Moreover, research conducted for this diagnostic found that the most vulnerable were often excluded from these community networks that might have helped to improve their standard of living or guard against household shocks. The most common reason given by focus group members as to why they did not participate in any monetary community groups was their inability to afford membership. Moreover, social pressure is crucial for enforcing the regulations that govern community organizations. The severe treatment meted out to non-payers coupled with the high interest rates for credit further limit the participation of poorer community members who are uncertain about their ability to make regular payments. These lessons reinforce the importance of developing a well-targeted social protection sector in Liberia. While extensive informal social support systems do exist, barriers to entry increase in direct correlation to the depth of a household's poverty and only reinforce the need for outside intervention.

Overview of Conclusions and Recommendations

The government's creation of a National Social Protection Secretariat and its commitment to adopting a National Social Protection Strategy is an important step in strengthening this

sector. In drafting the strategy, the government should focus on reducing the fragmentation of the system and increasing coverage and impact of SP programs by creating more fiscal space and by adopting a multi-sectoral approach to SSNs.

First, the National SP Secretariat should begin, through the National SP Strategy, to develop clearer institutional arrangements and more robust design, implementation, and monitoring mechanisms to encourage complementarity and coordination between programs. These mechanisms are an important first step in building capacity to overcome the current fragmentation of the sector, including integrating donor financing within a national framework. At the same time, the development of capacity at the local level would ensure *more effective implementation of national policies.*

Second, considering the country's fiscal constraints, the government should be realistic about the possibilities of creating additional fiscal space for SP. Four basic options could be considered: (i) the reallocation of expenditures both within and between sectors; (ii) better integration of donor financing in the national budget planning processes and improved coordination by the government of external resources; (iii) borrowing; and (iv) increasing domestic revenue either by raising revenue more efficiently or by accelerating economic growth.

Third, the different types of intervention should be defined within a holistic national framework. To leverage the impact of social protection interventions, the government could gradually move toward a more integrated system of SSNs to reap the benefits of the economies of scale that such a multi-sectoral approach can yield. Policymakers could also consider implementing SSNs that combine more than one objective. In addition, gradually increasing cash transfer and public works programming could be an effective way to scale up coverage and to directly address two main dimensions of vulnerability in Liberia: food insecurity and unemployment.

Fourth, a *more effective system of targeting SSN interventions* could significantly increase their ultimate impact on poverty. In Liberia, the most effective strategy would seem to be the adoption of multiple targeting mechanisms, with an emphasis on transparency and a strong role for beneficiaries in overseeing the programs. The creation of a common comprehensive database of all SSN interventions could also help to ensure accurate targeting and to avoid any unintended overlaps in coverage.

Finally, and in broader terms, *social assistance and social insurance interventions should be developed simultaneously but with different time horizons*. Social assistance programs are critical in the short and medium term to reduce pockets of extreme poverty or vulnerability within the country. However, as the economy develops and the private sector expands, social insurance schemes can increase their coverage to provide social protection and security to a larger portion of the population.

The following table provides an overview of the recommendations provided here and suggests key actions and a timeline for their adoption.

OVERVIEW OF KEY SOCIAL PROTECTION POLICY RECOMMENDATIONS FOR LIBERIA				
Policy Recommendations	Actions and Timeframe		Actors	Monitoring Indicators
	2012	2013		
Policy Objective 1: Strengthen Liberia’s National Social Protection System				
Adopt a national social protection strategy to provide an overall framework for a social protection system.	<ul style="list-style-type: none">• Draft the national SP strategy with input from relevant line ministries.• Hold national consultations with line ministries, local government, and civil society on the draft.• Finalize and present the strategy to Cabinet for its approval.	<ul style="list-style-type: none">• Continue holding regular meeting of the NSPSC to evaluate progress toward the objectives of the national SP strategy.• Begin consultations with donors regarding the adoption of a multi-donor pool for SP financing.	Cabinet, ministries, NSPSC, civil society and donor partners	Adoption of a national social protection strategy
Develop a robust national monitoring and evaluation system to facilitate informed policy decisions.	<ul style="list-style-type: none">• Build capacity in the NSPSC to monitoring ongoing Government and donor implemented SP interventions.• Invest in a database management software capacity.	<ul style="list-style-type: none">• Develop a common registry of beneficiaries of at least a few key interventions.• Establish minimum reporting requirements for ongoing SP interventions.• Begin implementing systematic monitoring of ongoing SP interventions.• Transmit annual program evaluation to relevant line ministries at end of FY.	NSPSC and implementing ministries, agencies, NGOs and donor partners	Annual monitoring reports
Build local-level capacity for the implementation of social protection interventions to improve the quality of service delivery.		<ul style="list-style-type: none">• Couple county and district staff with Government and donor partner staff currently implementing social protection interventions.• County and district staff report to NSPSC regarding progress of interventions in their locations.	Local government staff and Implementing ministries, agencies, NGOs and donor partners	Assessment reports to NSPSC

Policy Objective 2: Support the Poor and Vulnerable in Attaining an Improved Standard of Living				
Develop a strategy for the expansion of fiscal space for social protection interventions.	<ul style="list-style-type: none"> Hold consultations with relevant line ministries, NGOs, and donor partners to review the possible means through which to increase or reallocate SP spending, as identified in this report. 	<ul style="list-style-type: none"> Determine levels of financing available to scale-up key interventions as outlined in the national SP strategy. 	NSPSC and implementing ministries, agencies, NGOs and donor partners	NSPSC work plan
Review type and quantity of benefits provided under ongoing social protection interventions.		<ul style="list-style-type: none"> Hold consultations with relevant line ministries, NGOs, and donor partners to review type and level of benefits based on national M&E database. Create an action plan to revise, as necessary, type and level of benefits based on the objectives of the national SP strategy. 	NSPSC and implementing ministries, agencies, NGOs and donor partners	NSPSC work plan
Identify improvements in the targeting of ongoing social protection interventions to reach poor and vulnerable people more effectively.		<ul style="list-style-type: none"> Hold consultations with relevant line ministries, NGOs, and donor partners to review beneficiary coverage based on national M&E database. Create an action plan to reach identified populations in keeping with the national SP strategy. 	NSPSC and implementing ministries, agencies, NGOs and donor partners	NSPSC work plan
Continue efforts to review the pension and employment disability schemes offered through NASSCORP.	<ul style="list-style-type: none"> Finalize the internal assessment of the ongoing contributory schemes within NASSCORP, particularly in regards to financial sustainability. 	<ul style="list-style-type: none"> Hold consultations regarding the possible expansion of NASSCORP's pension coverage (likely through a new scheme) to the informal sector. 	NASSCORP	Assessment report to NSPSC

I. INTRODUCTION

Rationale and Objectives

In recent years, the Government of Liberia has launched efforts to develop a coordinated strategy for social protection. Indeed, in the Poverty Reduction Strategy (PRS) II, social protection will be one of the key policy issues to be addressed within the Human Development pillar. Neither the first PRS nor other main policy documents mention any social protection interventions. Furthermore, until recently, only a limited number of programs specifically targeted extremely poor households, which in 2010 were estimated to total 340,000.

The Ministry of Planning and Economic Affairs (MOPEA) is the lead ministry in the development of the PRS II, a final draft of which is expected in June 2012. MOPEA, through the National Social Protection Secretariat, is also the lead agency for the development of a National Social Protection Strategy, the draft of which is expected in early 2012. This will be followed by the formulation of a policy and plan of action that will be a key element of the Social Protection Sector Plan in the PRS II. The donor community, with UNICEF as the lead agency for human development, is actively involved in the drafting of both planning documents.

To support this strategy development, the objective of this paper is to inform the development of an integrated, national social protection strategy targeting the needs of “the most neglected categories of households in Liberia” (UN, 2008). The analysis that follows considers the current state of the social protection system of Liberia by responding to the following key questions.

- What are the core elements of the formal social safety net system in Liberia and what is the cost to the government?

- What are the respective benefits and limitations of contributory systems and non-contributory systems, as well as the types of programs available in both areas, within the Liberian context?
- What is the overall institutional approach to ensure that SP programs work? Is it to establish new institutions, reform existing arrangements that are not working, or a combination of both?
- What are the cost implications of the different programmatic and institutional framework options presented and what are the repercussions of each in regard to sustainability?

On this basis, this document presents recommendations for an effective social protection strategy, highlighting key policy and budgetary implications for the government.

Defining Social Protection

The World Bank defines social protection as public interventions meant to assist individuals, households, and communities to manage income risks (Holzman and Jorgensen, 1999:4-6). The objectives of these interventions are a subset of the overall development objective of promoting economically sustainable participatory development with poverty reduction. As such, social protection aims to contribute to poverty reduction, manage individual risks, and promote equitable and sustainable growth in three ways: (i) protection to ensure adequate support to the poor; (ii) prevention to provide security to vulnerable people; and (iii) promotion to increase the chances for them to raise their productivity and their incomes.

This report adopts the definitions developed by the World Bank, which are explained in detail in Chapter 3. Broadly speaking, a social protection system involves: (a) social assistance programs, which consist of cash or in-kind transfers to alleviate poverty; (b) social insurance programs, which consist of mandatory (contributory) social insurance programs such as pensions, unemployment benefits, or health insurance; and (c) labor regulations and active labor market programs (such as education and training, credit, and

employment services). In general, social protection programs tend to perform better if the sector is well-coordinated and integrated.

Methodology of the Study

The present study was completed using existing poverty analysis, administrative data, and household survey data and in close collaboration with various ministries as well as with donors engaged in social protection. The main sources of data used in this report are the Core Welfare Indicators Questionnaire (CWIQ) surveys, the Risk and Vulnerability Assessment, and the latest Food Security and Nutrition Survey. The PRS I has been a tremendous source of information related to the overall context of the country. These data were supplemented by programmatic reports from development partners such as UNICEF, the WFP, and USAID.

Inventories and documents of the various existing social safety net programs (funded by the government, international organizations/bilateral donors, and NGOs) were analyzed. Administrative data and existing program evaluations have been used to assess the outreach and effectiveness of the programs and their relevance to the risks faced by vulnerable households. However, the available information is not always definitive or complete. Specifically, little information is available on the performance and monitoring of the various projects, and few impact assessments have been conducted.

Field research was carried out to identify informal social protection mechanisms. This included 20 focus group discussions and 40 individual interviews in 10 localities in five counties. Bomi, Montserrado (specifically Greater Monrovia), Nimba, Grand Gedeh, and Maryland were selected to represent all of the major regions within the country and each of the food insecurity categories outlined in the 2010 CFSNS. Given the scope of the research, it was not possible to develop a representative sample size so community members, localities, and counties were selected based on specific characteristics rather than at

random. The findings, therefore, reflect only the reported behavior of the small cross-section of Liberians that we interviewed and cannot be extrapolated to the population at large.

Structure of the Report

This report is organized as follows. After this introductory first chapter, Chapter 2 presents the profile of poverty and vulnerability in Liberia, focusing on both income poverty and economic vulnerability. Chapter 3 defines social protection and presents the theoretical role of social protection as a strategic policy option to address vulnerability and poverty, with a focus on the national institutional framework. Chapter 4 discusses current spending in social protection programs, while Chapter 5 reviews the existing contributory programs. Chapter 6 outlines the existing non-contributory programs, including the various actors (the government, technical and financial partners, and civil society organizations), the main programs, and the financial resources allocated to them. The chapter also analyzes their relevance, effectiveness, and efficiency in order to identify best practices. Chapter 7 details the current coverage of SSNs in Liberia. Chapter 8 presents possible options for increasing or reallocating the spending on SSNs in Liberia. Chapter 9 suggests a multi-sectoral approach to SSNs, including an analysis of the complementarity of food and cash transfers. Chapter 10 provides an overview of the field research conducted on the coping mechanisms and informal social protection networks used by Liberian households. Finally, Chapter 11 provides key policy recommendations for increasing the effectiveness of existing social safety nets and the ability of the sector to protect the poor and vulnerable and respond to future crises.

II. POVERTY AND VULNERABILITY IN LIBERIA

Socioeconomic and Macroeconomic Context

Liberia's remarkable economic growth since 2006 is greatly associated with the Government's pursuit of policies aimed at promoting economic revitalization and development. GDP is estimated to have increased steadily between 2006 and 2008 and, though it declined to 2.8 percent in 2009 following the global financial crisis, it grew to 5.0 percent in 2010 and is projected to be 6.1 percent in 2011. The Emergency Food Security and Market Assessment (Government of Liberia, 2011) stated that growth is driven predominately by the mining, agriculture, forestry, manufacturing, and service sectors. The country's inflationary pressures decreased throughout 2009 with consumer price inflation averaging 7.4 percent, far below the average rate of 17.5 percent in 2008. This growth has resulted in an increase in per capita GDP from US\$190 in 2007 to US\$262 in 2010. However, with the national poverty line estimated to be 63.8 percent (as of 2007), the challenge facing Liberia remains great.

The Nature and Extent of Poverty within the Country

As noted above, in 2007, 63.8 percent of the population of Liberia was estimated to be poor, with 47.9 percent being extremely poor. The Poverty Reduction Strategy (Government of Liberia, 2007) presented a concise profile of poverty on the basis of the data on consumption provided by the CWIQ 2007. The rural poverty line² (PL) is estimated

² The consumption poverty line is defined in terms of the cost of basic needs. It derives, first, from the cost of a food basket providing 2,400 kcal per day per adult equivalent, and computes, second, the non-food spending of households whose food expenditures are within 5 percent of the food poverty line. The total poverty line (PL) is the sum of the food and the non-food poverty lines, while the food poverty line represents the basis for measuring "extreme" poverty.

at US\$357 per year, while the urban PL is at US\$504 per year.³ The food PL, which defines extreme poverty, is US\$0.67 per day per adult equivalent, or US\$242 per year.

Box 1: Some Definitions Related to Poverty and Vulnerability

Three dimensions are usually taken into account in poverty analysis: its incidence, its depth, and its persistency. The *incidence* of poverty is the proportion of poor households or individuals whose consumption (or income) is below the defined poverty line (in Liberia, the rural PL is US\$357 US per year and the urban PL is US\$504 per year).

- The *depth (or gap)* of poverty measures households' or individuals' distance from the poverty line and assesses the resources needed to enable all of the poor to rise out of poverty.
- The *persistency* of poverty makes it possible to identify the poor as being in either:
 - *Chronic poverty* = people who lack the assets to earn sufficient income in year t and in year $(t+1)$, that is even in good years.
 - *Transitory poverty* = people who earn sufficient income in good years but who fall into poverty, at least temporarily, as a result of idiosyncratic or covariate shocks ranging from an illness in the household or the loss of a job to drought or macroeconomic crisis; that is, a person can be poor in year t , but not in $t+1$ and vice versa.
- *Vulnerability* to poverty is defined as the probability of falling into poverty in the period $(t+1)$ due to their limited capacity to guard against the risk of falling into a state of poverty. *Vulnerable groups*, commonly include – but are not limited to – inhabitants of food-insecurity areas, the disabled, the elderly, orphans, the displaced, refugees, and asylum seekers.

Source: Grosh et al (2008) and authors.

The Poverty Reduction Strategy of 2007 noted that 1.7 million Liberians live in poverty, while 1.3 million in extreme poverty. Poverty is predominantly a rural phenomenon, with Liberia having a rural poverty incidence of 67.7 percent (1,286,159 people) and a rural extreme poverty incidence of 56.3 percent (1,063,952 people). The South Eastern A and the North Western regions of the country contain the highest percentage of people living in poverty; however, despite their lower poverty rates, Greater Monrovia and the North Central region have the largest absolute number of people living in poverty.

³ Calculated per individual, not per household.

**Table 1: Percentages of National and Regional Poverty
and Extreme Poverty Shares in Liberia**

	National %	Urban %	Rural %
Poverty	63.8	55.1	67.7
Extreme Poverty	47.9	29.0	56.3
Regions	Poverty %	Extreme Poverty %	
Greater Monrovia	48.5	22.7	
North Central	68.1	57.6	
North Western	76.3	62.2	
South Central	58.9	42.2	
South Eastern A	76.7	60.9	
South Eastern B	67.2	53.7	

Source: Government of Liberia (2007).

Table 2 below presents the poverty profile of Liberia as of 2007. It is of grave concern that the highest poverty shares can be found among the youngest groups of the population. Almost one-third of the population is between 0 and 9 years of age (789,770), with 63.3 percent (499,925 people) of them living in poverty. Almost one-fourth of the population is between 10 and 19 years old (645,929 people), and the share of poverty for this group is 67.4 percent (higher than the national poverty indicator, accounting for 435,356 people). Households with male heads account for three-quarters of the total number of households, with a poverty share of 64.6 percent. The education level of the head influences poverty within the household. In 42.2 percent of households, the head does not have any formal education, and the poverty share for these households is as high as 72.6 percent. The share of poverty tends to decrease as the level of education of the head increases (although only a very small percentage of the population has completed secondary or tertiary education). Accordingly, the poorest households seem to be those where the head is self-employed in agriculture (with a poverty share of 72.0 percent), while households whose head is employed in the public sector tend to be better-off (49.1 percent of them live in poverty).

Table 2: Population Shares of Poverty in Liberia (%)

Age of individuals (parenthetical figures show percentage of population)	Poverty (63.8%)
Less than 10 (29.1%)	63.3
10 thru 19 (23.8%)	67.4
Gender of head	
Male (74.3%)	64.6
Female (25.7%)	61.6
Marital status of head	
Monogamous (63.7%)	65.4
Widowed, divorced, separated (11.8%)	68.8
Polygamous (6.3%)	73.0
Education level of head	
None (42.2%)	72.6
Completed primary (3.9%)	70.3
Some secondary (21%)	62.5
Socioeconomic group of head	
Self-agriculture (33.3%)	72.0
Self-other (19.8%)	59.0
Public (13.9%)	49.1

Source: Government of Liberia (2007).

The 2008 National Population and Housing Census (LISGIS, 2011a) collected data on some indicators used as proxies for assessing poverty in terms of the characteristics of the household heads.⁴

Households that lack all of these three essential items (a mattress, other furniture, and a radio) were classified as poor, which came to about 85 percent of all Liberian households (LISGIS, 2011a). The situation appears to be worse for rural dwellers, since 93 percent of them did not own any of the essential items compared to 78 percent for urban residents. The high percentage of households with no essential amenities is a result of the general

⁴ Specifically, the questionnaire included questions about ownership of amenities such as furniture, mattresses, radios, televisions, cell phones, motorcycles, vehicles, and refrigerators and about the main construction materials of the housing unit (its outer walls, roof, and floor). It also asked about the household's main sources of drinking water and fuel for lighting and cooking, about which human waste disposal system was used by household members, how much time it took to get from home to the nearest health facility, and the economic activities of the household's members. These answers were divided into several categories (ownership of essential amenities, housing, sanitary conditions, water, education, health services, and agriculture) for the measurement and estimation of unmet basic needs.

aftermath of the civil conflict and its devastating consequences in terms of displacement. The majority of displaced persons used to have agriculture as their principal occupation, but their displacement meant a drastic reduction in their ability to produce food and other crops and, consequently, a reduction in their income.

The geographical distribution of this essential asset deficiency also suggests that poverty is widespread. Greater Monrovia had 76 percent essential asset deficiency, whereas the remaining counties—with the exception of Maryland (which also had 76 percent)—had over 80 percent. The county with the highest essential asset deficiency is Nimba, with 95 percent, followed by Bomi, with 94 percent. Nimba was one of the hardest hit counties during the civil war, and this may have contributed to the lack of ownership of amenities by its residents. In the case of Bomi, the only mining company that used to be the key source of employment in the county has collapsed, leaving a sizeable number of household heads unemployed (LISGIS, 2011a).

Households headed by illiterate individuals have a higher level of essential asset deficiency than those whose heads are literate. Households whose heads are young (aged under 25 years old) or elderly (over 65 years old) also have higher essential asset deficiencies than other age groups. Essential asset deficiencies are also higher in households whose heads are not in paid employment than those in other categories, especially those household heads who are labor-constrained, household workers, or contributing family workers. In addition, households whose family members are engaged in food crop cultivation (rice, plantain, and cassava) generally have a higher essential asset deficiency than those who engage in livestock and chicken rearing or fishing (LISGIS, 2011a). These findings from the 2008 census are in keeping with those of the CWIQ 2007 on which the first PRS was based.

According to the 2008 Census, the overall literacy rate is 57 percent, but it is much higher for males (66 percent) than for females (49 percent). The urban literacy rate (72 percent) is 30 points higher than the rural rate (42 percent), with a substantial urban-rural difference in

rates even among the youngest age group. In terms of the proportion of the population that has attended school, there appears to be a greatly improving pattern over time. Whereas only 25 percent of those aged 65 and over said they had ever attended school, the proportion having attended school increased to 84 percent (473,000 people) for those aged between 15 and 24 years old. According to the data collected by the CWIQ 2007, at the national level the primary school net enrollment rate is 37.3 percent, while in secondary schools, the corresponding figure is 15.2 percent (LISGIS Education, 2007). Enrollment rates are lower in rural areas than in urban areas; they are also lower among poorer households (those in the lower of five quintiles of consumption per equivalent adult). Enrollment rates remain slightly lower for girls than for boys, but recent efforts to improve girls' education have helped to reduce the gap so that the differences now are relatively small at the primary level. However, differences at the secondary level remain substantial. The lack of proper infrastructure and teachers, the lack of security in the country, and the high cost of education because of user fees led to a sharp decline in enrollment in the early part of this decade, especially for girls (MOE, 2005).

In terms of the labor force, the currently active population includes all those who are currently employed as well as those who are currently unemployed (and actively looking for work). Considering all ages, there are about 1.3 million people in the Liberian labor force, in both the formal and informal sectors. The comparable figure for the adult population (aged 15 and over) is about 1.1 million, with approximately equal numbers of males and females, and slightly more in rural areas than in urban areas. The great majority of the labor force is in the productive period between the ages of 25 to 54, but there are a surprising number of younger people as well, particularly in rural areas. At the national level, skilled agricultural workers constitute the largest group (400,000). In rural areas, subsistence farmers predominate (316,000), with agricultural, forestry, and fishery laborers (87,000) also constituting a substantial group. Most of the occupational groups are more likely to be found in urban than rural areas, except for skilled agricultural workers. In Liberia, paid employees number about 195,000 people, of whom 84,000 are in Greater Monrovia. The

largest formal sector employment is in education, with approximately 24,000 male and 10,000 female professionals. The 50,000 people employed by government benefit from various favorable conditions. Three-quarters reported that their employer contributes to a pension or retirement fund for them, half receive paid leave, and a similar proportion gets medical benefits.

There are almost three-quarters of a million people engaged in informal employment in Liberia, which accounts for 68 percent of all employment. There are more women than men in informal employment, and informal employment is more common in rural areas, where 75 percent of all employment is informal. Most of the informal employment is provided in just two sectors – agriculture, with over half of total informal employment, and wholesale/retail trade, with more than one-quarter. The latter is the main sector of female informal employment. The rate of informal employment across counties varies from a rate of just over 60 percent in Montserrado, Nimba, and Margibi up to over 80 percent in Grand Gedeh, Lofa, and River Gee.

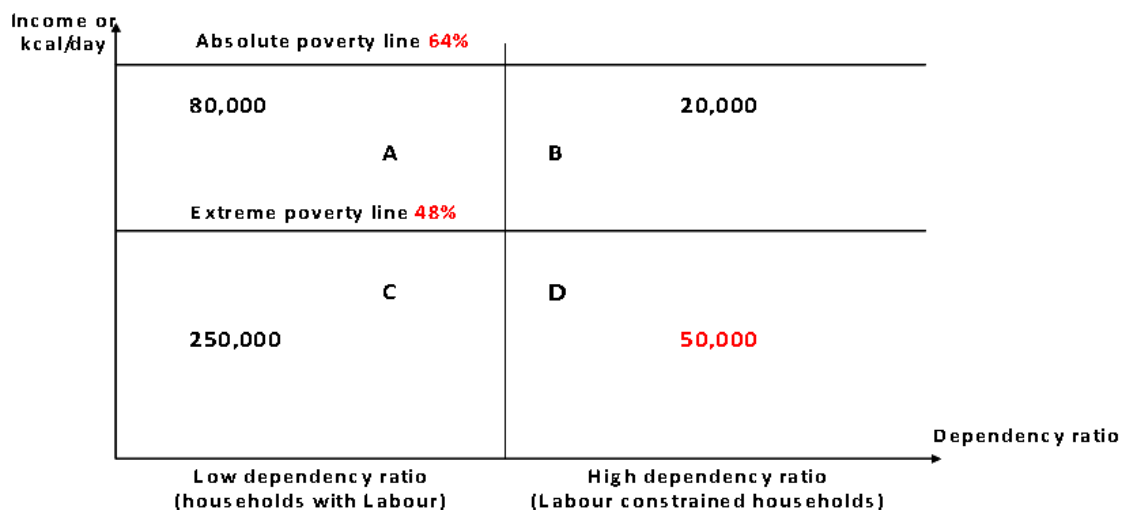
According to preliminary findings from the Labor Force Survey (LFS) of 2010, the overall adult unemployment rate (meaning people actively looking for work) is 3.7 percent. Younger people are more likely to be unemployed than older people. Urban rates are more than twice as high as rural rates, with the figure being particularly high for young people aged between 15 and 24 years old. The most frequent action taken to find work is to seek assistance from friends or relatives, an approach more often adopted by females than by males.

In its preliminary findings, the 2010 LFS also attempts to measure the extent of under-employment in the country, in other words, any sort of employment that is in some sense unsatisfactory from the point of view of the worker. There are three factors that indicate under-employment contributory factors: (i) the person may be working insufficient hours; (ii) they may be receiving insufficient compensation; or (ii) they may feel the job makes

insufficient use of their skills. Time-related under-employment (referred to as “visible” under-employment) is concerned with the first of these three factors and can be measured in terms of the hours a person works. The other two factors (referred to as “invisible” under-employment) are much more difficult to quantify. An estimated 80,000 workers in Liberia would like to work more hours (more males than females), and more than 250,000 workers would like to earn more.

A 2008 UN report on social protection estimated that approximately one-sixth of the extreme poor households in Liberia (50,000) are labor-constrained and, as a result, experience chronic extreme poverty (UN, 2008). As such, they cannot participate in self-help or labor-based programs. Single mothers with a large number of children, households headed by disabled people, and child-headed households also belong to this category. The remaining 250,000 households are poor because of a combination of transitory factors caused by unemployment or under-employment. These are households with able-bodied adults who have no access to productive employment (see Figure 1).

Figure 1: Groups of Poor Households in Liberia



Source: UNICEF, 2008.

Trend in Vulnerability and Risk Analysis

Vulnerability to poverty is the likelihood of a household falling into poverty because its income falls below a predefined poverty line. This quantitative approach to vulnerability requires estimating probability as well as selecting a poverty line. Furthermore, it involves choosing a probability threshold below which people should be considered vulnerable. Intuitively, this threshold occurs when the probability of being poor in the future exceeds 50 percent. People should be considered vulnerable in this case since they are more likely than not to fall into poverty in the future (Pritchett et al, 2000).

Vulnerable people use various coping strategies to try and guard themselves against risks. For example, accumulating assets—including cash, livestock and other goods—as well as investing in their education, health, and family and social networks helps people to cope with shocks and insure themselves against falling into poverty. Hence, asset accumulation should be considered as a major factor in risk management. However, in some particularly poor (rural) areas, households have limited opportunities to accumulate assets because of a persistent lack of infrastructure and means. In these areas, poverty is deep, and the vulnerability associated with shocks is at its highest. In this context, vulnerability can be defined as a person's chronic inability to accumulate durable goods and to develop the capacity to rise out of poverty. In such circumstances, households tend to manage risk by engaging in low-risk but often low-output activities. However, these mitigation strategies can be costly. Low-risk activities and assets with low returns can perpetuate a household's poverty over the long term. Furthermore, these strategies are often unsuccessful in fully guarding households against the impact of shocks, which involve serious losses of assets, capacity, and health, thereby further limiting the possibility that they will rise out of poverty.

Liberia's high levels of vulnerability are partly due to income disparities that already existed before the war and are partly the result of many years of armed conflict. As a 2008 UN

report on social protection in Liberia emphasized, “In addition to income poverty, which is reflected in the high number of absolutely poor and extremely poor households, the country also suffers from scarcity of social services (education, health, water, and sanitation) and from the inadequacy of physical infrastructure (especially roads), of economic infrastructure (financial services like rural banks), and of administrative and security related infrastructure” (UN, 2008).

Moreover, vulnerability to poverty is strongly correlated with food insecurity. As Liberia imports more than two-thirds of its food requirements, it is strongly dependent on international markets and is highly vulnerable to high food price shocks. According to the 2010 CFSNS, 13 percent of all Liberians have poor food consumption and dietary diversity, meaning that an estimated 368,000 Liberians can be considered to be severely food-insecure. In addition, 28 percent (about 850,000 people) have borderline food consumption, meaning that they are moderately vulnerable to food insecurity. Finally, 59 percent are considered to have adequate consumption and can be considered to be food-secure (about 1,776,000 people). USAID (2010) found that 39 percent of children are stunted and 19 percent are underweight.

The 2010 CFSNS further confirms these high levels of food insecurity in regional terms. The highest levels of food insecurity among households can be found in the counties of Bomi (73.6 percent), Grand Kru (78.2 percent), Maryland (72.5 percent), and, above all, River Gee (82.5 percent), while the most well-off area is Greater Monrovia, where household food insecurity is only 7.8 percent. In addition to these counties, transitory food insecurity greatly affects the population of those regions that become inaccessible during the rainy season (May to October) due to a lack of infrastructure, especially roads. Regions in the South East cannot receive any food supply during those months and, as a result, suffer from malnutrition and severe hunger.

Finally, vulnerability concerns the usual groups – children, women, the elderly, people living with disabilities, and people affected by HIV/AIDS. In addition, specifically in Liberia, social protection must address large groups of the population suffering from specific problems as a result of the war, including internally displaced people, people who fled to neighboring countries and have now been repatriated, ex-combatants, orphans, former child soldiers, and women who were abducted or exposed to sexual violence. These groups suffer from income poverty and war-related traumas and thus require interventions in the areas of psychosocial support, basic education, vocational training, and employment in order to become self-reliant and to be integrated into the community.

Box 2: Liberian Households Most Likely to be Food-insecure

- Households headed by widows/widowers.
- Households headed by the elderly (over 60 years old) - the prevalence of poor food consumption in this age group is estimated to be 22 percent in rural areas.
- Households with a chronically sick or disabled member - almost one-quarter of households with a chronically ill person have poor food consumption in rural areas.
- Families living in poorly constructed houses - in urban areas, the likelihood that a household with poor food consumption lives in non-durable housing is three to five times as high as for food-secure households.
- Households within the lower wealth categories, which is indicative of their limited asset base and resilience to shocks.
- Households involved in just one or two income activities rather than several - the prevalence of poor food consumption drops from 15 percent for households engaged in one or two income activities to only 9 percent for those with three income activities and to 6 percent for households involved in four or more.
- Households in rural areas that depend on agricultural activities - more than 20 percent of these households have poor food consumption.
- The unemployed, self employed, or casually employed.
- Households headed by a person with no or limited education.

Source: Data from the 2010 CFSNS.

Chronic and Transitory Poverty in Liberia

Based on the analysis presented above, to be effective, the social protection strategy must target the most vulnerable part of the population – primarily rural people living in the most inaccessible regions of the country, usually within labor-constrained households, or within households whose head is self-employed in agriculture and does not earn enough to be able to feed his or her family adequately. The typical Liberian poor person is young (usually under 20 years of age) and is particularly badly off if the head of household has not had any kind of education. Two key factors contributing to make some groups particularly vulnerable: (i) *food insecurity* and (ii) *the lack of able-bodied working persons* likely to make a decent living for the entire family (such as households in rural areas that depend on agricultural activities such as crop production, charcoal production, rubber tapping, and palm oil production).

Transitory food insecurity is often the result of difficulties in accessing particularly remote counties because of, for example, poor road conditions, especially in the rainy season.

Chronic food insecurity is largely due to low productivity and production among rural communities. People living in the South East (in River Gee, Grand Kru, and Maryland) and in Bomi in the North West are particularly food-insecure. The South East counties tend to be chronically food-insecure, while transitory food insecurity is, for example, often experienced in rural Montserrado. Ironically, food insecurity is more common within agrarian communities because of widespread low agricultural productivity and production.

Malnutrition, more broadly, is also partly caused by poor access to health, water and sanitation services as well as inadequate care of mothers, infants, and young children.

Moreover, although rice production tripled between 2005 and 2009, national demand for this staple persists and had been compounded by above average population growth in recent years. These factors have meant that Liberia is highly dependent on unstable world food markets and have increased Liberians' vulnerability to food insecurity. Households

cope by consuming less preferred foods, limiting their food intake, reducing the number of their daily meals, or borrowing food. These coping strategies together limited access to safe drinking water, inadequate sanitation, rudimentary health services, and low educational achievements are all causally related to chronic malnutrition among children (WFP, 2010a).

The inability to work can also be *transitory* when it is caused by unemployment or under-employment and can therefore be addressed with appropriate policies. On the contrary, households can be structurally labor-constrained and, as such, may be *chronically* unable to work. This is the case, for example, for single mothers with a large number of children or households headed by people with disabilities, the chronically ill, or children. This second group of households requires directly targeted interventions because they are very dependent on external help and cannot actively respond to interventions designed to increase their productivity.

III. STRATEGIC ROLE OF THE SOCIAL PROTECTION SYSTEM

Consolidated Theory of Social Protection Systems

Most countries implement anti-poverty or risk management policies and programs that are classified as a social protection system. Although the term “system” conveys the idea of interconnected programs that are achieving interrelated functions, the reality in most countries is that programs are fragmented and operate with little or no coordination. Integrating these systems would reduce overlaps and duplication in the coverage of beneficiaries, thereby helping to increase the efficiency of targeting and systematically allocate often limited resources to populations in need. A well-coordinated system would also increase efficiency and ultimately lead to programs having a greater impact by leveraging economies of scale between similar interventions. Nevertheless, there are several questions regarding how countries at different levels of economic and institutional development should proceed in order to move toward a more integrated social protection system. The potential benefits from integration will depend on the types of social protection programs that countries have in place.

There is a general consensus in the literature about the core functions of a social protection system. Most publications define three such functions: (i) protecting income and consumption from shocks such as disease, unemployment, or disability in old age; (ii) preventing and combating poverty and deprivation by ensuring widespread access to a basic set of goods and services; and (iii) improving individuals' earnings opportunities by promoting investments in human capital, opening access to credit, and making labor markets (the main source of income for most people) work better.

A satisfactory SP system should involve:

- *Inclusion*: Identifying the coverage gaps and working to ensure the inclusion of the most vulnerable in the SP system and to eliminate any overlaps and redundancies.
- *Equity*: Ensuring that fiscal resources are equitably distributed and will achieve horizontal equity in the ratio of contributions to benefits among workers with similar levels of income.
- *Sustainability*: Ensuring fiscal sustainability under different scenarios of demographics and rules.
- *Incentive compatibility*: Devising program rules that create incentives for workers (individually or, if appropriate, at community level) to work, save, and participate in insurance (avoiding adverse selection and perverse incentives to work less and to save less and to seek informal work) and to participate in human capital enhancement programs, as well as incentives for SP insurers and service providers to enroll all workers in the system (avoiding risk selection).
- *Focus on results*: Establishing clear goals and a well-articulated program for reaching those goals that includes effective monitoring and evaluation systems.

In general, social protection programs tend to perform better in the context of a well-coordinated and integrated sector. A social protection system traditionally consists of programs in three categories:

- *Social insurance programs* (such as pensions, unemployment benefits, and health insurance), which are mainly associated with preventing abrupt reductions in

consumption as a result of an income shock or an increase in expenditures. If individuals become unemployed, for instance, they receive unemployment benefits and, if they or covered family members fall ill, part of their health expenditures is covered.

- *Social assistance programs*, which are mainly related to the poverty alleviation and prevention functions and thus involve the provision of protective transfers to categories of the poor and vulnerable such as the disabled.
- *Active labor market programs* (such as education and training, credit, and employment services) and *labor regulations* that focus on increasing earnings opportunities and making labor markets function more efficiently. These types of policies are not considered in the present study.

The development of adequate social protection programs is often correlated with a country's general level of economic development. This is a natural consequence of the fact that the possibilities for social protection depend in large part on the savings capacity of individuals and countries. As per capita income rises, there is more opportunity for sustainable programs to be created. However, it has become clear that those low-income countries that have successfully developed social protection systems to reduce vulnerability and inequality and to build human capital have been able to grow faster than other countries that have preferred to postpone the development of protective and redistributive SP systems.

Box 3: Building Social Protection Systems in Africa

The World Bank has identified three priorities for building an effective social protection system:

- A long-term vision and policy coherence in terms of instruments, financing mechanisms, and institutional arrangements.
- Integration, harmonization, and coordination of different programs and functions.
- The establishment of basic administrative tools.

Source: World Bank (2011b).

Social protection programs are only one part of a broader poverty reduction strategy. They interact with and work alongside of health and education services, the provision of utilities and roads, and other policies aimed at reducing poverty and managing risk. Reducing poverty requires ensuring people's access to consumption and food security, health, education, rights, security, dignity, and decent work. It also requires dedicated efforts to empower the poor by strengthening their voice and fostering democratic accountability.

Social Protection in Low-income and Fragile Countries

In low-income countries and fragile situations, such as post-conflict states, policymakers have to develop an effective social protection strategy in the context of strong socioeconomic and political economy constraints and, as such, must take into consideration a range of specific factors. First, countries in fragile situations tend to be highly exposed to shocks and risks. Liberia's fragility is caused by the existence of large displaced populations, the large numbers of orphans, widows, and people with both physical and psychological disabilities, the need to reintegrate ex-combatants and child soldiers into society, economic risks such as the price of imported goods, and the lack of infrastructure and capacity to react promptly to natural disasters. Therefore, policymakers need to have developed a sound preliminary understanding of the entire context before proceeding to design an SP strategy. Second, a large proportion of the population may live in rural areas, where infrastructure and basic service delivery are particularly weak, which hinders projects from reaching their intended beneficiaries. Third, most households work in the informal sector

where social protection entitlement programs do not traditionally exist. Fourth, economic crises and natural disasters disproportionately affect the most vulnerable in these contexts, putting an enormous stress on the SP system to respond promptly and effectively. Finally, accountability mechanisms, such as civil society monitoring, are often less well developed in these countries. All of these factors, combined with an often insecure environment and a limited state capacity in financial and logistical terms, pose additional challenges for low-income countries and fragile states.

However, in these countries where social safety nets are less entrenched, policymakers have great potential to guide the development of effective SP interventions. Well-designed interventions can gradually redress the balance for historically marginalized segments of the population. For example, labor-intensive programs can be a stabilizing force providing employment and income to those with no alternative livelihoods, while at the same time creating valuable productive infrastructure.

Social safety nets, given their non-contributory nature, are likely to be the dominant social protection approach in low-income and fragile countries due to the prevalence of the informal sector among other factors. As countries develop and their implementation and financial capacity increases as the formal economy expands, social insurance and employment assistance are likely to gradually become more feasible. Implementing social assistance non-contributory programs (or social safety nets) are therefore preferable in the short and medium term if these programs are complemented by the slower but consistent, development of well-structured social insurance programs (contributory systems).

This report briefly discusses Liberia's current contributory programs and focuses on its non-contributory programs, which are referred to from here onwards as social safety nets (SSNs). Any analysis of the active labor market policies is beyond the scope of this paper.

Box 4: High Stresses and Weak Institutions in Fragile States

Countries in fragile, violent situations differ greatly from stable economies and this must be borne in mind when devising the institutional arrangements for social protection in these countries. First, there is a preliminary need to restore confidence in collective action before embarking on any wider institutional transformations. Second, these states need to transform their institutions so that they can provide citizens with security, justice, and jobs. Third, the governments of these states need to enter into regional and international agreements to tackle external challenges such as drug and human trafficking, money laundering, and the illicit exploitation of resources. Finally, the external support from donors and development partners needed to rebuild institutions and finance their development must be embedded in national policies and carefully monitored by a strong national leadership.

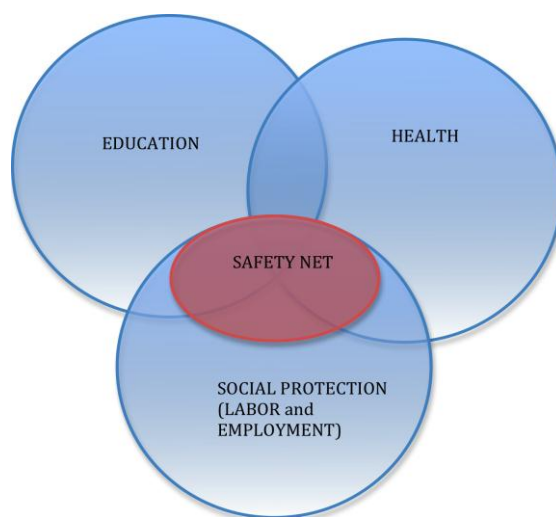
Source: World Bank (2011a).

Liberia is a post-conflict state and, as emphasized above, is characterized by severe deprivation and vulnerability, the absence of basic infrastructure, weak administrative systems, low levels of social cohesion, and an uncoordinated range of support operations. Formal social protection systems rarely offer complete coverage and inevitably exclude parts of the population. A variety of traditional or “informal” ways of providing social protection within households, groups, and networks fill some of the gaps left by formal social protection interventions and distribute risk within a community. As community-based mechanisms for providing social protection are part of the overall social protection system in developing countries, it is important to understand what types of informal social support networks exist and their relevance for social protection program design—an analysis that will be done in Chapter 10.

Defining Social Safety Nets

In this report, SSNs refer to non-contributory programs of social assistance targeted, in some manner, to the poor or vulnerable. Figure 2 shows the intersection between SSNs and the traditional social sectors.

Figure 2: Conceptual Intersection between the Different Social Sectors and Safety Nets



The most common types of SSN programs can be classified as follows (Grosh et al, 2008): (i) cash transfers such as child benefit, family allowances, and social pensions, and near-cash transfers such as food stamps and commodity vouchers; (ii) public works in which the poor/vulnerable work in return for food or cash; (iii) in-kind food transfers such as school feeding and take-home rations; (iv) general subsidies meant to benefit households, often for food, energy, housing, or utilities; and (v) programs that protect and enhance human capital and access to basic services (these include transfers in cash or in kind to poor/vulnerable households in return for their compliance with conditions related to education and/or health and fee waivers for health services and education scholarships).

SSNs, as previously defined, aim to increase and stabilize consumption. They also support the use of basic social services, either directly or indirectly by lowering the cost of food and other basic commodities and essential services. Because this report is concerned only with SSNs, income-generating activities and other livelihood programs fall outside its scope. Such programs are important poverty reduction instruments but may not ensure a direct increase in consumption and are therefore not classified as social safety net programs.

In developing countries, there are usually three basic ways to provide SSN transfers: (i) formal mechanisms that are run by the government and are prescribed by law; (ii) semi-formal support provided by UN agencies or NGOs; and (iii) informal mechanisms supplied by households and communities. Chapters 5 and 6 discuss formal and semi-formal support respectively, while Chapter 10 addresses informal support networks on which Liberians households rely.

Institutional Arrangements for Social Protection

Six domestic legal instruments and six international conventions (signed by the Government of Liberia, although not all have been ratified) provide the legal framework for social welfare and social protection. The relevant national laws are: (i) the 1972 Executive Law regarding the duties and responsibilities of the MOHSW; (ii) the 1972 Judiciary Law; (iii) the 1973 Domestic Relations Law; (iv) the 1975 Public Health Law; (v) the 2005 Act establishing the Commission on Disabilities; and (vi) the 2005 Rape Law. The international and regional conventions are: (i) the International Covenant on Economic, Social, and Cultural Rights (which came into force 1976); (ii) the African Charter on Human and People's Rights (ratified); (iii) the African Charter on the Rights and Welfare of the Child; (iv) the Convention on the Rights of the Child (ratified); (v) the Convention on the Elimination of All Forms of Discrimination Against Women (ratified); and (vi) the Convention on the Rights of Persons with Disability (ratified). In addition, the recently passed Children's Law and the Adoption Law, once signed into law by the President, will update and amend the relevant sections of domestic law regarding children's rights and will aim to attain international standards for adoptions.

There are a number of key actors in the social welfare and social protection sectors at the ministerial level. In particular, the Ministry of Health and Social Welfare is responsible for coordinating social welfare and for delivering health services, including mental health services. The Ministry of Education is responsible for delivering education services. The

Ministry of Justice and the judiciary oversee the delivery of legal services to juveniles in contact with the law or in need of legal services. The Ministry of Gender and Development carries out advocacy work and strategic responses to gender and children's issues. The Ministry of Planning and Economic Affairs has established a National Social Protection Steering Committee with a remit to coordinate the various governmental, donors, and other development partners within this sector. The Committee is also tasked with developing a comprehensive National Social Protection Strategy, Policy, and Plan of Action. This will lay the foundation for the creation of an effective social protection system with a robust monitoring and evaluation system. There is also a range of national commissions whose mandates cover key social welfare and protection areas, including reintegration, refugees, and disabilities, as well as the National Social Security and Welfare Corporation, responsible for the administration of social security and social insurance schemes for formal sector workers.

At the local level, county and district government authorities are involved in delivering services as are local and international NGOs, local volunteers, and development workers, as well as community-based organizations (informal and formal organizations that assist with activities in their neighborhoods and communities).

Coordination mechanisms at both the central and local levels appear to be almost non-existent. On the one hand, it is difficult to clearly understand where the actual responsibilities for the different issues lie; on the other hand, the lack of capacity at the local level makes it difficult to decentralize decision-making and deliver services effectively. Information and data constraints further complicate good coordination as well as implementation.

Overall, the system of social welfare and social protection in Liberia seems to be highly fragmented, with no clear policy guidance either in political or in administrative terms. Complex institutional arrangements coupled with weak capacity make it difficult to organize

the social protection sector in Liberia, thus limiting the sophistication of any interventions that might be introduced.

IV. SPENDING ON SOCIAL SECTORS AND SOCIAL PROTECTION

Overall Spending on the Social Sectors

This chapter provides an overview of the expenditures recorded in the Government of Liberia's budget in the different social sectors, of which (as specified in the previous section) social protection is only one component.⁵ The overall investment budget of the government in the social sector is around one-fifth of the total budget.

Table 3: Shares of Social Sector Spending in the Budget (US\$)

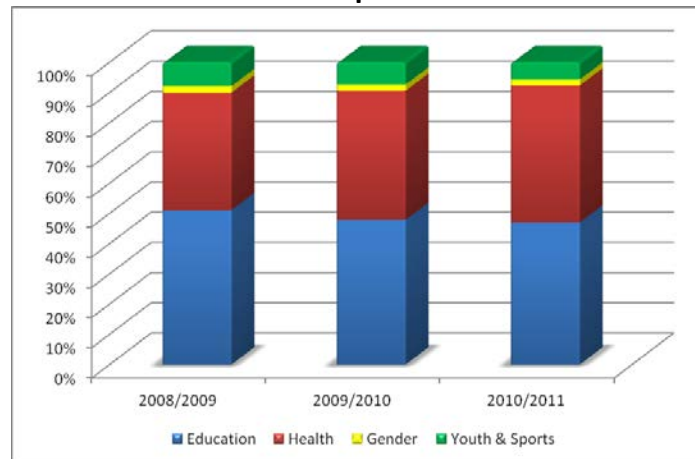
Social Service Sector	2008/2009	2009/2010	2010/2011	Avg. 2008-2010
Education	24,941,259	28,408,992	33,659,737	29,003,329
Health & Social Welfare	18,992,740	25,356,723	32,480,992	25,610,152
Gender & Development	1,049,234	1,226,433	1,417,899	1,231,189
Youth & Sports	3,855,344	4,377,099	4,090,795	4,107,746
Total Social Sector Ex.	48,838,577	59,369,247	71,649,423	59,952,416
% of National Budget	19.5%	19.0%	19.4%	19.3%

Source: MOF.

The education subsector received the largest share of the allocation to the social services sectors with an average of 48 percent, followed by the health sector with 43 percent, youth and sports with 7 percent, and gender with just 2 percent. These calculations are based on allocations to the above-mentioned ministries and therefore do not include government expenditures in some areas of social protection, such as public works, pensions, or general subsidies.

⁵ This analysis does not take into account possible future steps made viable by the June 2011 decision of the IMF to enable an immediate disbursement in an amount equal to about US\$7 million, bringing total disbursements under the arrangement to about US\$379.7 million. The IMF also approved the government's request for an extension of the arrangement through March 2012, and an augmentation of access of about US\$13 million, equivalent to about 6.9 percent of quota, bringing total access under the arrangement to about US\$394 million (<http://www.imf.org/external/np/sec/pr/2011/pr11258.htm>).

Figure 3: Government of Liberia's Expenditures on Social Services, 2008-2010



Despite some recent improvements, Liberia's education system remains weak. The majority of school buildings were destroyed during the war, and the surviving schools lack textbooks and basic materials. Many teachers have no training and their attendance is low, primarily because of their salaries are very poor and irregularly paid. Moreover, school attendance and achievement vary substantially between urban and rural areas. Despite the government's policy to provide free primary education, costs remain a huge barrier for many households since poor families often cannot cover basic fees, let alone the costs of uniforms and materials. The net primary enrollment rate in 2007 was 37.3 percent, far below the target set by the MDGs for 2015.

Health remains a major issue, too, in spite of the growing public spending in the sector. As in the case of schools, many health facilities were destroyed during the war, with the result that Liberians have very little physical and financial access to the few available health services. Even if some indicators have improved after the end of the war and with the restoration of some basic services, maternal mortality remains high, and the prevalence of preventable diseases and of malaria is still high (66 percent malaria prevalence among children under the age of 5). Within the MOHSW allocations, expenditures on social welfare represent only a very small proportion of the budget – US\$930,000 out of almost US\$17 million in 2009, and only US\$370,000 in 2010, within a total budget of over US\$20 million.

Overall Spending on Social Protection

As noted above, social protection is one sub-sector of the social services provided within Liberia. The following analysis provides an overview of spending by the government and its development partners on contributory and non-contributory programs, as defined in Chapters 5 and 6. It also looks at categories of beneficiaries with the objective of characterizing the availability and quality of services and to determine what improvements should be made to the system.

On the contributory side, the Government of Liberia established the National Social Security and Welfare Corporation (NASSCORP) in 1975 to provide social protection for job-related injuries, occupational illnesses, invalidity, and old age. NASSCORP operates two contributory schemes, the Employment Injury Scheme (EIS), launched in 1980, and the National Pension Scheme (NPS), introduced in 1988. Information on the combined expenditures under these two schemes is provided in Table 4.

In terms of non-contributory schemes, social safety nets can be classified in five groups, as previously defined: (i) cash transfers and near-cash transfers; (ii) public works in which the poor/vulnerable work for food or cash; (iii) in-kind food transfers, which include school feeding and take-home rations, supplementary feeding to poor/vulnerable households subject to compliance with health-related conditions, and general food distribution in case of emergencies; (iv) general subsidies for food, energy, housing, or utilities; and (v) fee waivers for health and education.

Table 4: Main Social Protection Programs in Liberia

NON-CONTRIBUTORY		Budget US\$				
Programs	Institutions	2008	2009	2010	2011	Average 2008-11
Cash Transfers						
	MOGD/EU/UNICEF/JICA			500,000	500,000	500,000
	STC (AR, KV, OVC)	12,000	22,500		340,000	124,833
	MOHSW			480,000	400,000	440,000
Public Works						
	MOL (NBE)	120,000	720,000	280,000	80,000	500,000
	LACE (YES)			1,500,000	1,500,000	1,500,000
	WFP (FFW PRRO)		875,422	2,626,267	1,750,845	2,188,556
In Kind/Food Transfers						
School feedings	WFP (PRRO)		4,083,200	12,249,599	8,166,399	8,166,399
Take-home rations	WFP (PRRO)		233,820	701,460	467,640	467,640
Nutritional support	USAID (LAUNCH)			2,000,000	2,000,000	2,000,000
	MOHSW/UNICEF/EU/USAID				3,600,000	3,942,308
	WFP (PRRO)		979,706	2,939,118	1,959,412	1,959,412
Food distribution	WFP (PRRO)		467,640	1,402,920	935,280	935,280
	WFP (EMOP)			49,983	1,318,870	684,426
Subsidies †						
Transport subsidies	MOF	480,000	580,512	600,000	n.a.	553,504
Total		612,000	7,962,800	25,329,347	23,360,754	23,620,051
CONTRIBUTORY						
EIS + NPS		n.a.	1,317,690	2,380,039	n.a.	1,848,865
SP CONTRIBUTORY & NON-CONTRIBUTORY						
Total (US\$)		612,000	9,280,490	27,709,386	23,360,754	25,468,916

Source: Authors' calculations from project documents and direct interviews.

Notes: †These figures for subsidies do not reflect the forgone incomes of the suspension of the rice import tax, which was lifted in 2008 as part of the Government's response to the global food price crisis. They also do not include subsidies for fuel and electricity (as precise costs are not available) or expenditures on fee waivers for health and education (as these are included in internal ministry allocations).

The first and second rows of Table 5 show the shares of expenditures on non-contributory programs as a percentage of GDP and as a percentage of the government budget respectively. The third and fourth rows show the combined expenditures on contributory and non-contributory programs both as a share of GDP and as a share of the government budget. There was a positive trend from 2008 to 2010, which slightly slowed down in 2011, but this slowdown may have resulted from the lack of data for expenditures on contributory programs for that year (2011).

Table 5: Shares of GDP and State Budget of Non-contributory and Contributory Programs

	2008	2009	2010	2011	Average 2008-11
%GDP (non-contributory)	0.3%	1.1%	2.5%	2.2%	1.5%
%Budget (non-contributory)	1.2%	3.2%	7.2%	5.9%	4.4%
%GDP (contributory + non-contributory)	0.3%	1.2%	2.8%	2.2%	1.6%
%Budget (contributory + non-contributory)	1.2%	3.6%	7.8%	5.9%	4.6%

Source: Calculations of the authors.

However, financing for SSN programs is heavily donor-dependent and, as a result, the figures in Table 5 above may be misleading. Between 2008 and 2010, the external financing share of total SSN financing averaged 93.8 percent of total expenditures (see Table 6). The WFP appears to play the biggest role, funding more than half of the SSN programs with a focus on food security and rural development (for smallholder farmers). USAID and UNICEF (funded by the EU and JICA) are the other important development partners, accounting for a fifth of all investment in SSNs.

Table 6: Funding for Social Protection Programs by Source, Average 2008-2011

Source of Financing	Amount (US\$ millions)	Shares
Government (without Subsidies)	1.5	6.2%
DPS	22.5	93.8%
USAID	2.0	8.3%
World Bank (LACE)	1.5	6.2%
WFP	14.4	60%
EU/JICA	4.4	18.3%
Save the Children	0.03	0.01%
Total	24.0	100%

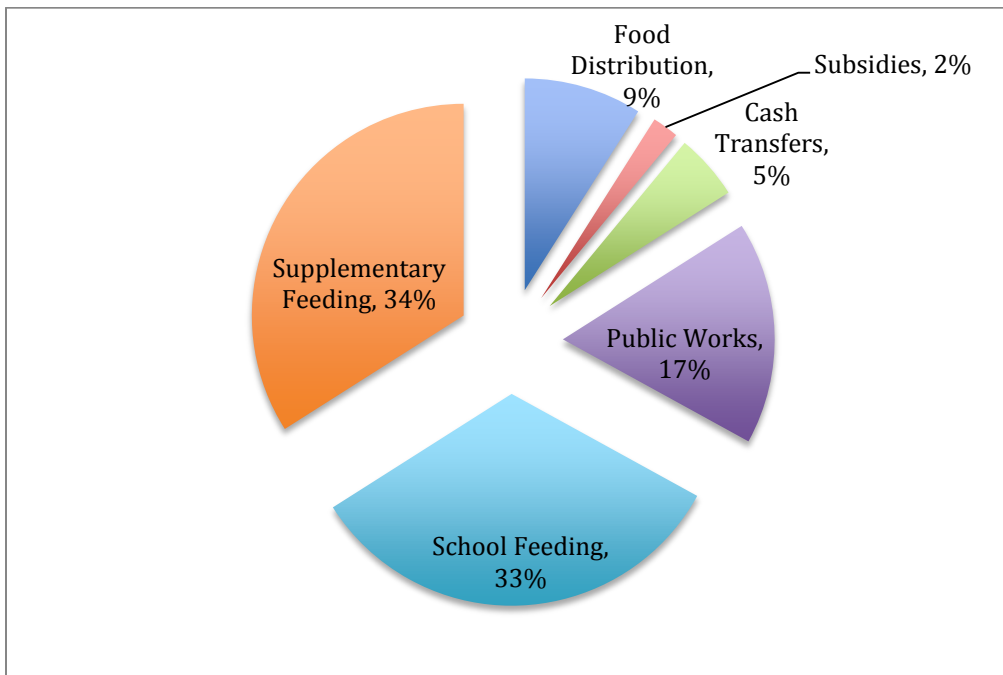
Source: Calculations of the authors.

Note: For some DPS, the data are for 2011 rather than 2010 because of a lack of data for 2010.

Finally, Figure 4 below shows the shares of SSN interventions divided by sector. Food-related social safety nets receive the biggest share of expenditures, divided into school feeding (34 percent of spending on SSNs), supplementary feeding programs (33 percent), and food distribution (9 percent). Public works' interventions account for about 17 percent

of the overall spending, while cash transfers for only 5 percent. As such, the various food transfer programs account for approximately three-quarters of all SSN interventions. This disproportion has to do with the deep need for food distribution within the country in recent years, both as a result of the overall socioeconomic breakdown and the spread of poverty caused by the war and as a consequence of the recent food price shock.

Figure 4: Sectors of Interventions in Social Safety Nets



Source: Authors' calculations from project documents and direct interviews

Table 7: Donor and Government Priorities by Program

	Government	Donors
Cash Transfers	29%	3%
Public Work	33%	16%
School Feeding	0%	37%
Supplementary Feeding	0%	36%
Food Distribution	0%	7%
Subsidies†	37%	0%
	100%	100%

Source: Calculations of the authors.

Notes: †The figure only represents the available data on the allocation for transport subsidies.

Spending patterns reveal different priorities between the government and donor partners. Donors tend to give priority to food-based programs. Based on the available data, targeted food distribution, nutrition, and school feeding programs (all food-based programs) represented 94 percent of total SSN spending on average between 2008 and 2010. The government tends to spend more on public works programs (through the MOL) and in cash transfers, mainly targeting children (MOHSW).

The analysis of the current breakdown of the various types of SP interventions implemented in Liberia at the moment will be discussed in more detail later in the paper.

The Role of Donor Support

Given that Liberia has such a strong dependency on external aid, it is essential that donor financing in Liberia be well-coordinated and duly integrated within the national strategy. This sort of strong dependency on external assistance is quite common in fragile situations, but, without proper coordination mechanisms, the proliferation of donor investments and different stakeholders on the ground can result in duplication of efforts and overlap of beneficiaries. However, there are examples in Sub-Saharan Africa, even in post-conflict countries, where governments and their donor partners have been able to ensure that donor funding is consistent with the country's SP agenda.

In Liberia, the priorities and investments of both donors and the government often seem to go in different directions, as shown in Table 7, yet this need not necessarily prevent external aid being consistent with national policy in the future. As has been seen in Ethiopia, it is possible to design institutional arrangements that ensure smooth governance throughout the entire SP system.

Box 5: Donor Harmonization in Ethiopia

In Ethiopia, donor agencies have pooled their financing—both cash and in-kind contributions—and their technical advice in support of a single program led by the government, the Productive Safety Nets Program (PSNP). This approach harmonizes donor efforts in Ethiopia and enhances the supervision and monitoring of the program, while avoiding excessive transaction costs for the government and donor agencies. The rights, obligations, and coordination arrangements of this government-donor partnership are spelled out in a Memorandum of Understanding.

Several joint bodies administer the program, which minimizes costs. The Joint Coordination Committee (JCC) oversees the implementation of the program by monitoring progress towards its goals and providing technical guidance on specific components or cross-cutting issues. The JCC is chaired by the State Minister for the Disaster Management and Food Security Sector and includes representatives of all donor partners. The PSNP Donor Working Group harmonizes donor support and is chaired by each donor in turn on a six-month rotating basis. A Donor Coordination Team supports the Working Group and manages the research and technical assistance commissioned for the program. Donor contributions to the PSNP are channeled through a World Bank-administered Multi-donor Trust Fund and pooled government accounts. Donors also commit resources to another trust fund to finance technical advice to the government.

Source: Wiseman et al (2010).

V. REVIEW OF CONTRIBUTORY PROGRAMS

In 1975 the Government of Liberia established the *National Social Security & Welfare Corporation (NASSCORP)* to provide social protection for job-related injuries, occupational illnesses, invalidity, and old age. NASSCORP is a tripartite institution comprising the government, employers, and employees. As noted in Chapter 4, NASSCORP operates two contributory schemes, the Employment Injury Scheme (EIS), launched in 1980, and the National Pension Scheme (NPS), introduced in 1988. The Social Welfare Scheme has not been launched yet. In 2010, NASSCORP was providing benefits to 3,029 people, only 4.4 percent of its total enrollment of 69,080 people (NASSCORP, 2010).

While the NPS covers both public and private entities in the formal sector that have more than five employees, the EIS covers all contributors. The contribution level is 7.75 percent, 6 percent of which goes to the NPS (3 percent paid by workers and 3 percent by employers) while the remaining 1.75 percent goes to the EIS (paid by employers). Through the NPS, beneficiaries receive a pension of 25 percent of their salary for 100 months, which is then increased by 1 percent every 10 additional months. In case of injuries on the job, beneficiaries receive medical benefits for two weeks as a temporary disability payment, which becomes permanent at the end of the two weeks after the approval of a medical board that defines the degree of disability (the permanent disability benefit covers 30 percent of the beneficiary's salary).

Table 8 below offers a picture of the financial situation of NASSCORP in January to September 2010. The agency is autonomous in terms of budget, in spite of the fact that the government appoints its management.

Table 8: Financial Situation of NASSCORP (Jan to Sep 2010)

2010	Category	US\$	% GDP†	% State Budget*
Income		8,906,984	0.75	2.7
	Contributions	7,298,688	0.62	2.2
	Investments	1,726,456	0.15	0.5
Expenditures		5,731,042	0.48	1.7
	Benefits (over 3,000 beneficiaries)	2,396,567	0.2	0.7
	Operations and administration	3,334,475	0.28	1.0

Source: NASSCORP (2010).

Notes: †GDP (2010): US\$1.175.3 million.

*State Budget: US\$329.8 million.

NASSCORP covers a very low percentage of people engaged in economic activities within the country. First of all, it is meant only for the formal sector, which constitutes less than 20 percent of the overall Liberian economy. Second, in spite of being mandatory, the scheme covers only a small proportion of workers in the formal sector. However, enrollments have grown in the last five years, bringing the total up from 60,000 in 2005 to 69,080 in 2010. NASSCORP's schemes represent the only contributory social program in Liberia.⁶

At the same time, according to its 2009 report, the institution paid LD.95,532,496 to beneficiaries, which represents a doubling of paid-out benefits in the space of just one year. This contrasts starkly with an increase in contributors of only 1.2 percent over that same period. This highlights one of the main challenges that NASSCORP faces: how to maintain sustainability in the long run. Given the fact that the current benefit level is inadequate to meet the needs of contributors, NASSCORP is reviewing its contribution levels. The results of this review are due at the end of 2011.

⁶ NASSCORP does not cover military or paramilitary personnel, who are instead covered by the Ministry of Defense. Civil servants are covered both by the NASSCORP scheme and by a pension scheme provided by the MOF through the Civil Service Agency. Neither the MOD or MOF schemes are contributory.

VI. REVIEW OF SELECTED ONGOING NON-CONTRIBUTORY PROGRAMS

Table 9 summarizes the largest SSN programs found in Liberia, dividing them by funding and implementing agency. This chapter reviews the main features of these programs in terms of: (i) their objectives and description; (ii) their targeting and number of actual beneficiaries; (iii) the funding agencies and costs of the project; (iv) the project's strengths and weaknesses; and (v) whether these programs are sustainable or not in the long run.

Table 9: Main Social Safety Net Programs in Liberia

PROGRAM	Agency	Donor	Target Group	Number of Beneficiaries	Region
(1) Cash and near-cash transfers					
Social Cash Transfer <i>Cash transfers to extremely poor and labor-constrained HH</i>	MOGD/MOPEA	EU/JICA/UNICEF	Ultra-poor, labor constrained HH	1,900 HH	Bomi (expansion to Maryland and Grand Kru planned for 2012)
OVC <i>Cash transfers to orphanages</i>	MOHSW	MOHSW	Orphanages	118 orphanages (2010)	---
AR/KV/OVC <i>Cash transfers to young mothers for starting up income-generating activities</i>	STC	STC	Young mothers, OVC	75 girls (AR), 150 girls (KV) and 2,000 HH (OVC)	Bomi, Montserrado, Gbarpolu, Margibi, Bong, Grand Cape Mount
(2) Cash for Work/Public works					
LEEP/LEAP <i>Short-term employment in public works</i>	MOL	MOL	Former combatants	153,000 individuals (2006-2009)	---
Vacation Job <i>Short-term internship/employment for students</i>	ICYE	MOL	Students grade 10+	6,000 ind. (2009) and 10,000 ind. (2010)	Monrovia
NBD <i>Public works employment before national festivities</i>	MOL	MOL	Unemployed people	---	All counties

YES <i>Short-term employment and training to young unemployed</i>	LACE	WB	Vulnerable young people	45,000 ind.	All counties
LAR <i>Food for work of rehabilitation of farmland assets</i>	MOA, selected NGOs (GTZ, Concern, Samaritan Purse, CARE, etc.)	WFP	Poor food-insecure rural households	5,600 HH (first year) 7,400 HH (intended)	Lofa, Bong and Nimba
P4P <i>Creation of market opportunities for smallholder farmers by purchasing their rice</i>	MOA, CDA, LPMC, FAO, SOCODEVI, etc.	WFP	Smallholder farmers	40,000 farmers	Lofa, Bong and Nimba
(3) In-kind food transfers					
School feeding	MOE School Feeding Unit, PTA-unit, County/District Education Officers, Parent Teacher Associations (PTAs) at community level, NRC, etc.	WFP	Primary school children	300,000 children	Lofa, Gbarpolu, Nimba, Bong, Rivercess, Grand Bassa and Bomi
Lean season safety net <i>Food transfers in seasons of higher food insecurity</i>	MOA, PTAs, women's groups, MOE, community groups, etc.	WFP	School enrolled children from vulnerable families plus vulnerable households who do not have children enrolled in school	200,000 enrolled children and 14,000 HH who do not have kids in school	Rivercess, Bong, Grand Bassa
Supplementary feeding <i>Supplementary food rations for selected malnourished groups of the population</i>	MOHSW, UNICEF, UNAIDS, WHO, ACF, UNDP, etc.	WFP, UNICEF	Malnourished pregnant women and all teenage pregnant mothers (15-19 years); children under 5 and caretakers of severely malnourished children; TB and HIV/AIDS affected patients	7,500 pregnant and lactating women and their children, 12,000 children and their caretakers and over 3,200 severely malnourished children	All counties

LAUNCH <i>Interventions focused on building the technical, management, and business skills of farmers</i>	ACDI/VOCA	USAID	Vulnerable rural pop	10,800 farmers; 19,294 pregnant or lactating women; 25,161 children under 2 years of age; 131,675 other family members – Total in 5 yrs 186,885 people	Rural areas
Food For Peace Strategic Plan <i>Food distribution for the population at risk of food insecurity</i>	USAID	USAID	Population at risk of food insecurity	---	---
Life-saving nutrition interventions <i>Emergency nutritional materials for the refugee influx from Ivory Coast</i>	UNICEF and WFP	ECHO/USAID	Refugees and host populations	Over 70,000 children screened for malnutrition and over 2,000 children treated for malnutrition	Nimba, Grand Gedeh, Maryland and River Gee
EMOP <i>Emergency operation for the refugee influx from Ivory Coast</i>	CARITAS, SEARCH, Liberia National Red Cross Society, Samaritan's Purse and Norwegian Refugee Council	WFP	Refugees and host populations	88,000 refugees, 11,500 ind. within host pop. and 2,000 malnourished children	Buutuo and Loguatu border in Nimba county and the vicinity of the Toe Town border crossing in Grand Gedeh county
(4) General Subsidies					
Food price subsidies <i>On imported rice</i>	MOA/MOF	MOA/MOF	All population	---	All counties

Cash and Near-cash Transfers

International evidence shows that social cash transfers can have a positive impact on education, health, nutrition, food security, and overall poverty reduction (Grosh et al., 2008). Cash transfers have the potential to enable the poor to manage social risks and to generate a range of positive effects. First, by providing cash income, they directly reduce both income and expenditure poverty over the short term. Second, given typical consumption patterns, poor households allocate a significant proportion of their expenditure to food, thus improving their nutritional outcomes. Depending on how it is allocated within the household, much of this spending is likely to benefit children. In most cases, social transfers will also support children's human capital accumulation, particularly in terms of increased school attendance and better educational outcomes as well as increased access to primary health care. In addition, there is growing evidence that social cash transfers contribute to pro-poor and inclusive economic growth, thus contributing to long-term poverty reduction, particularly by breaking the inter-generational transmission of deprivation. This is discussed further in Chapter 8.

The Social Cash Transfer Program

Valuable lessons can be learned from the *Social Cash Transfer program*, which is implemented by the government in partnership with UNICEF with funding provided by the European Union and the Government of Japan. The National Social Cash Transfer Secretariat (SCT Secretariat), which is within the Ministry of Gender and Development, administers the program, and the National Social Protection Steering Committee, housed in the MOPEA, oversees it.

The scheme has the following objectives: (i) reducing poverty, hunger, and starvation in all households in Bomi county that are extremely poor and also labor-constrained; (ii) increasing school enrollment and attendance and improving the health and nutrition of

children living in target group households; and (iii) generating information about the feasibility, cost-effectiveness, and impact of a social cash transfer scheme managed by a county administration (UNICEF, 2010a).

Bomi County was selected on the basis of a variety of a socioeconomic and food vulnerability data indicating severe poverty and destitution. In terms of beneficiaries, the scheme benefits approximately 1,900 households. This figure represents universal coverage of the target population within the county and represents approximately 10 percent of the county's total population of 83,033 people, living in 20,508 households.

The program was launched in February 2010 and, by August 2010 the program had established Community Social Protection Committees (CSPCs) and had completed the targeting and approval cycle in 19 village clusters, representing 12 of Bomi's 18 clans. As of September 2011, 1,417 families in the county were receiving transfers, following the completion of community training implemented by the program. A total of more than 6,000 individuals are now benefitting directly from the program, of whom 54 percent are children (UNICEF, 2011). As of September 2010, 25 percent of those children were enrolled in primary schools, while 6 percent were enrolled in secondary schools (UNICEF, 2010a). Eco Bank, a commercial bank in Liberia, delivers monthly transfers at pay points accessible to each village cluster. These payments are facilitated by a well-structured system of beneficiary cards and bank identification cards developed as part of the program.

One of the main challenges that program designers had to address was its targeting procedures. The program began by using community-based targeting, which initially proved very effective. However, as the coverage area expanded, residents of communities that were already benefitting would coach other communities on how to respond in order to be accepted into the program, which resulted in very high inclusion errors. In order to mitigate this problem, a new targeting mechanism has been adopted that involves two rounds of household interviews. Households that have been determined to be labor-constrained on

the first visit are then visited for a second time to determine whether they can be classified as ultra-poor. This determination is based on information such as the condition of their dwelling, the household's possessions, and its eating patterns. According to these interviews, a list of presumptively eligible households is then reviewed and approved by the county social protection committee.

Households receive monthly transfers according to their size, with an additional sum for each child enrolled in school. The program is not conditional on school enrollment, but this additional allowance is intended to provide an incentive in favor of education while at the same time discouraging child labor and providing caregivers with additional resources to cover schooling-related costs (of, for example, clothing, exercise books, and pencils). A three-person household receives US\$20 per month, plus a sum of US\$2 for each child enrolled in primary school, and US\$4 for every child enrolled in secondary school. These monthly amounts are shown in Table 10.

Table 10: Monthly Transfers to Beneficiaries, Social Cash Transfer Program

Transfer Amount (Liberian Dollars and US Dollars)	
1 person HH	700 (US\$10)
2 person HH	1,050 LD (US\$15)
3 person HH	1,400 LD (US\$20)
4 person HH	1,750 LD (US\$25)
Additional amount for each child in primary school	150 LD (US\$2)
Additional amount for each child in secondary school	300 (US\$4)
<i>Average payment per HH in Bomi</i>	<i>1,750 LD (US\$25)</i>

Source: UNICEF (2011).

With continuing support from the European Union and UNICEF, the government intends to launch the Social Cash Transfer program in the country's South Eastern region in 2012, beginning with an initial target of 3,100 ultra-poor, labor-constrained households in Maryland and Grand Kru counties.

Anecdotal evidence from interviews with beneficiaries and CSPC members collected throughout September 2010 and May 2011 indicate that beneficiaries are using the transfers mainly for educational expenses and home improvements (repairing their roofs for the rainy season) and for buying food. Also, some beneficiaries are hiring labor to plant cassava, buying small livestock, and investing in petty trading. The program's impact in terms of poverty reduction, food security, and school enrollment and attendance appears to be significant (UNICEF, 2010b). A comprehensive evaluation of the SCT program is being undertaken by Boston University with the support of UNICEF and is expected to be completed in 2012.

It is worth highlighting that one of the project's great strengths is the new targeting mechanism described above. Although time-consuming and costly, it is proving to be effective in reducing inclusion errors and in ensuring the accuracy of targeting. The mechanism constitutes a good practice that should be replicated in other projects, and if it were shared among several different projects, this would help to offset the costs of implementing it.

The program was originally designed to use local administrative structures for efficiency, but these structures are either still not in place or are not capable of implementing the program. In particular, integration of the program within the county administration and links to other sectors at the county level are weak and sector representatives participate only sporadically in meetings of the Social Protection Sub-Committee. As in many programs throughout the country, the SCT program initially relied on volunteers from among community members and chiefs, but these people are now asking to be paid for their services, which is an ongoing cross-sectoral challenge.

The MOHSW Support Stipend to Orphanages

The MOHSW is a key player in the social welfare sector, particularly in targeting orphanages with a basic package of social services and a cash transfer of US\$6 per month per child. The ultimate objective of the MOHSW, as part of its alternative family care approach, is the de-institutionalization of children and, where appropriate, their reunification with their families or next of kin through community- and family-based programs. In terms of beneficiaries, 118 orphanages have been targeted so far, for a total of 5,000 children, and a further 2,500 children are expected to be covered in 2011. In 2010, 500 children out of the 5,000 targeted were reunited with their families. The MOHSW budgeted US\$480,000 for this program in 2010. This amount was reduced to US\$400,000 in 2011, which accounts for all of the government's spending on cash transfers.

MOHSW research suggests that only 80 percent of the children in these orphanages actually have no parents. The ministry has recently launched an accreditation assessment procedure, carried out by the Independent Accreditation Team for Welfare Institutions in Liberia, to assess and accredit orphanages. Before being accredited, the institution must aim to achieve 15 objectives (including such requirements that all children living in the institution should be accounted for and that contact between the children and their families is encouraged) and meet 21 basic requirements such as keeping a register of all children and being located in a safe area) (MOHWS, 2010). Accreditations are valid for one year, meaning that the process has to be repeated after 12 months. This new system, if duly implemented in spite of the lack of local staff and capacity, can promote more accurate targeting.

Save the Children's Cash Transfer Interventions

Save the Children is an NGO that is active in providing cash transfers, mostly through three components funded predominantly by USAID: (i) Action R, which targeted girl mothers; (ii) a project in Kingsville providing economic support to young out-of-school mothers; and (iii) educating and protecting vulnerable children in family settings and targeting orphans and vulnerable children (OVC).

The *first program*, Action R, was implemented between 2006 and 2008 and mainly targeted girl mothers associated with armed groups in Montserrado, Bomi, and Grand Bassa counties. The overall objective was to reintegrate these young mothers into the economy by providing them with financial support to engage in income-generating activities in both rural and urban settings. The project benefitted 75 individuals and 100 groups over three years, each of them receiving a grant for starting up economic activities—mainly, textiles, petty trade, and small business. In 2008, this project transferred a total of US\$12,000 to beneficiaries.

The *second program* was implemented in Montserrado County in 2009 and 2010 and supported young mothers who had dropped out of school. Save the Children provided an integrated framework based on raising health awareness, training, school construction, and a cash transfer. About 150 girls in three communities received a grant of US\$150 each, for a total transfer amount of US\$22,500.

The *third program*, focusing on educating and protecting OVC in family settings, began issuing cash transfers in December 2011 and will last four years, in cooperation with the MOHSW as a further development of its project on orphanages. The project assists OVC by providing the household in which they live with a US\$150 cash grant, as well as an unconditional transfer of US\$20 per month to support the family's economic activities for a period of three to six months. The project mainly aims to reunite orphans, particularly

street children, with their families, and to strengthen those families economically to prevent them from breaking apart. Furthermore, the program supports families that have been reunited with their children with the items needed to keep them in school (uniforms, books, and other necessities). About 2,000 families in six counties (Bomi, Montserrado, Gbarpolu, Margibi, Bong, and Nimba) will be targeted based on a case-by-case assessment by the MOHSW.

In spite of their limited scope and scale and the difficulty of ensuring accurate targeting, the programs managed by Save the Children have been able to address specific short-term needs of particular vulnerable groups, such as young mothers or orphans, providing them with an opportunity to escape the vulnerability exacerbated after the war by the lack of income-generating activities.

Cash for Work

Cash-for-work or public works programs (PWPs) are extensively used in developing countries to reach a great number of beneficiaries.⁷ This type of intervention is particularly relevant to places with high unemployment and under-employment, as it provides critical and reliable short-term income for vulnerable households, especially in seasons where decent wage work is especially hard to find. Liberia's high rates of unemployment and under-employment among young people make it an exceptionally appropriate place to implement this kind of SSN.

⁷ For example, in India, where the National Rural Employment Guarantee Program provides a guarantee of 100 days of work per household, in Ethiopia, where the PSNP program employs some 1.2 million people annually for an average of 150 days each, and in Malawi and Zimbabwe, where cash for work interventions manage to cover about 300,000 to 400,000 people per year.

Table 11: Overview of Public Works Programs in Liberia

Program	Beneficiaries	Working Time	Wage
<i>LEEP/LEAP</i>	153,000 (2006-2009)	8-hour working day – short-term	US\$3 for unskilled workers US\$5 for skilled workers
<i>VACATION JOB</i>	6,000 (2009) 10,000 (2010)	8-hour working day – short-term	US\$100 for public works US\$150 for private sector
<i>NBD</i>	---	8-hour working day – short-term	US\$3 for unskilled workers US\$5 for skilled workers
<i>YES Community Works</i>	45,000	8-hour working day – short-term with life skills training	US\$3 for unskilled workers US\$5 for skilled workers
<i>LAR</i>	5,600 HH (first year) 7,400 HH (intended)	(Food for work)	Daily family ration of 2 kg cereals, 0.4 kg pulses and 0.125 kg vitamin A-enriched vegetable oil (or cash equivalent)

Source: MOL, WFP, and LACE project documents.

The Ministry of Labor's Public Works Projects

The Ministry of Labor (MOL) is the key institutional player as far as cash-for-work programs are concerned, mainly through three projects: (i) the Liberia Emergency Employment Program/Liberia Employment Action Program (LEEP/LEAP); (ii) the Vacation Job Program through the Interministerial Committee on Youth Employment; and (iii) National Beautification Days (NBD). As outlined in its 2009 National Employment Policy, the MOL has adopted a twofold approach to unemployment. In the first approach, the ministry has been scaling up emergency unemployment schemes and coordinating them through the government. Second, it has been encouraging sustainable productive employment through technical and vocational education and training (TVET), putting production incentives in place in agriculture, promoting small and medium-sized enterprises, and integrating informal sector activities into the formal economy in the long run. The objective of its cash-for-works projects is to fulfill the first of these policies. All projects are community-based and self-targeting, although differences exist among them.

The LEEP/LEAP begins with the community, which—before it can benefit from the project—must apply for approval from the county-level superintendent, the labor commissioner, and

the district representative. The program is primarily targeted to former combatants whom it employs to work on community works and labor-intensive projects in return for US\$3 for unskilled workers and US\$5 for skilled workers for an eight-hour working day. Between 2006 and 2009, 153,000 jobs were provided, for a budget of US\$120,000 in both 2008 and 2009, which was reduced to US\$80,000 annually in 2010 and 2011.

The Vacation Job Program has provided internships (monitored by the participating employers) and community service jobs (with groups monitored by student supervisors) for students in grade 10 or above. Before being enrolled, students have to provide a written application and a letter of reference from a community leader or their school. After being enrolled and having performed their short-term job, students receive US\$100 (US\$150 in the private sector). All work takes place in Greater Monrovia during the students' summer vacation. In 2009, the program targeted 10,000 students but succeeded in enrolling only 6,000 people. In 2010, 2,000 students were targeted and duly reached. The budget for the program was US\$600,000 in 2009 and was reduced to US\$200,000 in 2010.

The National Beautification Program (NBD) runs annually in parallel with works necessary for national celebrations. The target demographic is similar to that for LEEP/LEAP and provides the same compensation – US\$3 for unskilled workers and US\$5 for skilled workers. Most beneficiaries are unskilled workers and work mainly on simple road maintenance and the cleaning of public spaces. The NBD is community-based, and county authorities and local town chiefs select the beneficiaries, which makes it difficult to estimate the total number of beneficiaries each year.

While these projects are proving to be effective in transferring much-needed income to vulnerable households, little is known on the extent to which beneficiaries use the wages that they gain from short-term employment to reduce their vulnerability by saving for the future or investing in productive assets.

The vacation job program has a dual impact. For those students placed in internships, it provides experience that may be critical in helping them to secure formal sector employment after they graduate. Moreover, while the majority of beneficiaries work in community services (rather than formal sector internships), this income is critical in allowing students to afford their school fees for secondary education and tuition fees for private second and all tertiary education.

The YES Project

Liberia Youth, Employment, Skills (YES) is a government project with financial support from the World Bank. Its objective is to expand the access of poor and young Liberians to temporary employment programs and to increase the employability of young people. It does so through two complementary components. The first component (Community Works) aims to provide immediate support to vulnerable households by providing them with temporary employment and is implemented by the Liberia Agency for Community Empowerment (LACE). The second component (Skills Development) provides formal and informal skills training with the purpose of making young people more employable and increasing their employment. This component is implemented under the supervision of the Ministry of Youth and Sports (MOYS).

The Community Works component scales up the pilot Cash-for-Work Temporary Employment Project (CfWTEP) implemented by LACE between 2008 and 2010. Developed as a response to the 2008 food price crisis, the CfWTEP provided 17,000 Liberians with 40 days of temporary low-skilled employment on such tasks as clearing along the roadside and backfilling of potholes. The two impact assessments of this pilot project showed very good results in terms of targeting with 80 percent of participants being in the lowest three quintiles. This corresponds with the country's 63.8 percent poverty rate. However, targeting of the first quintile (in other words, the poorest of the poor) was less successful. Only 14.5 percent of participants were drawn from the first quintile, whereas 41.5 percent and 28.5

percent were from the second and third quintiles respectively. The assessments also highlighted a 93 percent increase in the net income of participants during the year of participation, even after taking into account foregone income, and the long-lasting impact it had in terms of households' use of these resources to invest in fixed assets, farming, and non-farming activities.

In addition, the payment arrangements for the community works component were particularly effective, especially given the design and operational challenges faced by any safety net program. The careful design of the payment system at the outset of the project resulted in timely, accurate, and predictable payments under this program. The project partnered with a commercial bank (Eco Bank) that not only had branches throughout the country but had the ability to make deliver the payments to those places where a local branch was not available. Eco Bank was able to make payments both on-site and off-site. To ensure the accuracy of the process, a range of payment instruments was introduced, including contracts for the workers, a daily attendance sheet, monthly payroll sheets, and photo identification cards to ensure transparency (Making Enterprises, 2011).

Based on these positive results, the YES Community Works is being expanded on the CfWTEP model to cover 45,000 Liberians. One significant change from the CfWTEP is that, instead of 40 days of work, the project now provides beneficiaries with 32 days of work and eight days of basic life skills training. The training was added to reinforce lessons learned from the YES Community Works activities focusing on budgeting and managing money, health issues, workplace habits and conduct, making a living, personal identity, and looking for work and new opportunities. In addition, the YES Community Works component is introducing a quota for youths (75 percent of beneficiaries) and aims to increase the target of female participation to 50 percent. Under the CfWTEP, the target was 30 percent, but in fact the total enrollment of women was 46 percent.

Participants are being selected on the basis of the following conditions: (i) they are at-risk adults between the ages of 18 and 35 (75 percent as noted above); (ii) they do not hold a public office and are not on the payroll of any public or private entity; and (iii) they are vulnerable, defined as being from a household with more than six members that does not own land. Under the CfWTEP, the third criterion was more generic. The specific definitions regarding vulnerability have been added to increase transparency. During the enrollment period, all potential beneficiaries (self-selected) will be required to undergo a short interview to determine their level of vulnerability. This information will be recorded and kept as a supplement to the baseline data collected for the project's impact evaluation.

The Community Works budget is US\$7.5 million. Approximately 72 percent of the budget is allocated to workers' wages. Skilled workers are paid US\$5 per day, and unskilled workers are paid US\$3 per day.

A major strength of the CfWTEP was its accurate system for paying beneficiaries. The introduction of contracts for workers, daily attendance sheets, monthly payroll sheets, and, above all, identification cards with photos have proven to be particularly successful in making the process fully transparent.

Despite the fact that 80 percent of beneficiaries of the CfWTEP were from the bottom three quintiles, the project did have difficulty in reaching the lowest quintile. While this may be attributable to the lack of able-bodied adults in these households, the YES Community Works should aim to improve on this. The use of potential beneficiary surveys is intended to help, but this system should be complemented by community targeting in which key members of each community have a say in which households are the most vulnerable. The combination of the two (survey *and* community targeting) is more likely than using each alone to prevent inclusion errors.

The WFP Livelihood Asset Rehabilitation (LAR)

Food security and livelihood support activities are implemented in the North West and Central counties through the Livelihood Asset Rehabilitation (LAR) program, which is implemented by the WFP. Food is provided to smallholder farmers in return for their work on rehabilitating agricultural assets including smallholder irrigation structures and related community infrastructure such as roads, with a focus on rice production. This component supports the Purchase for Progress (P4P) initiative (described in detail below) to increase productivity and incomes through the direct purchase of rice. While rice production in Liberia remains inadequate to meet national requirements, at the sub-national level, several districts are already producing surpluses beyond local needs. Livelihood asset rehabilitation, along with P4P, aims at enabling poor households and communities to achieve sustainable increases in rice production by rehabilitating farmlands and increasing access to markets. The focus is on households who have not been able to expand their cultivated areas beyond 1 hectare because of poverty. Particular attention is being paid to women and to female-headed households, which have been identified as being among the most vulnerable groups.

LAR activities cover Lofa, Bong, and Nimba counties and target: (i) poor food-insecure rural households living in communities identified by P4P for project expansion and (ii) poor food-insecure households participating in the government's seed multiplication project. During the first year, the project is targeting 5,600 rural households, with the intention of expanding to 7,400 households in the second year.

Households are chosen on the basis of their lack of access to food markets or their inability to produce food. In general, targeting is based on food insecurity analysis from the CFSNS. However, in those communities where poverty is widespread and, therefore, there is very high demand for participation in the project, households are selected on the basis of a WFP-developed profile of poverty in those particular communities.

LAR beneficiaries receive a daily family ration composed of 2 kilograms of cereals, 0.4 kilograms of pulses, and 0.125 kilograms of vitamin A-enriched vegetable oil per day, or its cash equivalent. The Ministry of Agriculture (MOA), including county/district agricultural coordinators, the Food and Agricultural Organization (FAO), and various NGOs (including GTI, Concern, Samaritan Purse, and CARE) are responsible for implementing the project.

The LAR intervention must be considered within the framework of the WFP's operational program in Liberia, which will be discussed later on. Within the context of all of the WFP's support to Liberia, the initiative appears to be sustainable in the long run.

Box 6: Public Works Programs—Elements Required for Reaching the Poor

In contexts where poverty targeting is particularly challenging and where financial and administrative capacity is limited, relying on self-targeting (by setting the wage rate below the market wage) can be attractive. However, this is only possible if the market wage is above the legal minimum wage. If the minimum wage is equal to or above the market wage and restrictive employment laws prevent setting the wage below the minimum level, the possibility of using self-targeting is hindered so other targeting mechanisms will need to be introduced. The use of pure self-selection might also not be sufficient for reaching vulnerable groups in poor areas or when demand for participation is very high, in which case some form of employment rationing will be needed. Separate mechanisms to target specific at-risk populations may also be appropriate. In addition, setting the program wage too low also risks excluding poor households that have higher opportunity costs of labor—if the program wage is below the reservation wage – or risks failing to achieve a specific program objective (such as a nutrition objective if the program wage is far below the cost of the minimum consumption basket). It is crucial to ensure that the program wage is set in accordance with the project's goals.

Providing quality public goods is also crucial. Based on international experience, public works should only be promoted as a social safety net instrument if the public goods that they generate have a positive impact on the community and are built at a cost similar to that incurred when using hired contractors. They should not be introduced solely as a way to provide social transfers to the “deserving” poor. (If that is the objective, then a straight cash transfer program could be considered.) The public works involved may be related to traditional infrastructure or they may be public environmental improvement projects (for example, sanitation projects to combat malaria or natural disaster risk reduction projects). They can also be social activities (such as South Africa’s home-based care workers and early childhood development workers) or economic activities (small businesses and cooperatives, for example). If the public goods that are produced are relevant, well-executed, and maintained, they can play an important role in alleviating constraints to higher returns for poor people, regardless of their participation in the program. The WFP has promoted synergies between food-for-work public works programs and school feeding and nutrition programs, for example, in building classrooms, storage rooms, latrines, and other similar projects.

To address chronic poverty, public works programs should run throughout the year with varying degrees of intensity. A program that operates only during the agricultural slack seasons when the opportunity cost of labor is low would enable poor households to smooth their consumption but would give them no assurance of being able to find a job whenever needed. A program operating throughout the year with varying degrees of intensity will provide both “insurance” and “consumption smoothing” for poor households. In countries with widespread unemployment and under-employment, standard short-term public works programs have proved incapable of lifting the chronic poor out of poverty. Brazil, Argentina, India, and Bangladesh have all operated good practice programs that served the functions of assurance, consumption-smoothing, and poverty reduction. To ensure additional coverage, the number of days worked can be rationed and a rotation system applied. For instance, the program in India provides a legal guarantee of 100 days of employment a year to any rural household willing to do public work for a statutory minimum wage. Ethiopia assists over 7 million chronically food-insecure people—about 10 percent of the population—through its Productive Safety Net Program’s employment schemes and food or cash transfers. Highly labor-intensive public works projects can also be effectively used in the aftermath of natural disasters to rehabilitate and reconstruct damaged or destroyed infrastructure.

Source: Grosh et al (2008) and del Ninno et al (2009).

In-kind Food Transfers

Food transfer projects are meant to temporarily reduce severe food insecurity among the most vulnerable. They are designed to be a transitory, short-term intervention rather than a long-term coordinated strategy for addressing food insecurity in Liberia. Food insecurity is caused by many complex challenges in the agricultural, health, and education sectors as well as by the country's lack of road infrastructure. Therefore, it requires an integrated approach and careful interventions that do not undermine market-oriented development efforts or create dependency among beneficiaries. Nevertheless, food transfer interventions are particularly relevant in the context of the high food insecurity (both temporary and chronic) that has characterized Liberia in recent years. Table 12 describes the various in-kind food transfers that currently exist in Liberia.

Table 12: Overview of In-kind Transfers in Liberia

Type of intervention	Project	Development Partner
<i>Food distribution</i>	LAUNCH	USAID
	Lean season safety nets	WFP
<i>Emergency food and nutritional support distribution</i>	Program for Refugees	UNICEF
	Immediate Emergency Response Operation	WFP
<i>Nutrition support</i>	MCHN, Supplementary feeding, Support to therapeutic feeding caretakers	WFP/UNICEF
<i>School feeding</i>	School feeding intervention	WFP
<i>Food market opportunities and capacity building</i>	Purchase for Progress (P4P)	WFP
	Food for Peace for Strategic Plan	USAID

Sources: USAID, WFP, and UNICEF project documents.

Food Distribution

USAID LAUNCH Program. In June 2010, USAID awarded ACDI/VOCA, a private international development non-profit, a five-year US\$40 million Title II Multi-Year Assistance Program in Liberia to implement the Liberian Agricultural Upgrading, Nutrition, and Child Health (LAUNCH) program, with the aim of reducing food insecurity among vulnerable rural populations. On this basis, ACDI/VOCA, working with Project Concern International, John Snow Inc., and Making Cents International, is implementing the project in Bong and Nimba

counties. As part of LAUNCH, 42,200 metric tons of food commodities will be shipped to Liberia to support the program's objective both through monetization and direct distribution (USAID, 2010).

The *first component* of the project aims to increase the availability of and access to food. ACDI/VOCA will train Liberian farmers on how to use environmentally sustainable production techniques, improve post-harvest practices, integrate cash crops into smallholder farms, increase access to savings and credit, and develop business skills. Working through farmer associations, LAUNCH plans to build the technical and management capacity of approximately 10,800 farmers. Moreover, the project intends to use a value chain approach to help farmers to identify market opportunities and circumvent constraints. The program targets commodity value chains such as rice, cocoa, horticulture, and poultry. It also works with private sector businesses and formal financial institutions to implement market-oriented strategies to increase beneficiaries' access to products, services, and markets.

The *second component* aims to reduce chronic malnutrition in vulnerable women and children, focusing on prevention, the early identification and treatment of acute malnutrition, and the promotion of high-impact health and nutrition interventions at the household, community, and facility levels. Households receiving supplementary food rations will be included in the agriculture and livelihoods activities. Over the life of the program, the aim is to reach 19,294 pregnant or lactating women, 25,161 children under 2 years of age, and 131,675 other family members with supplementary food rations. Direct distribution of 7,700 metric tons of corn-soy blend packets, bulgur wheat, yellow peas, and vegetable oil is also intended to help mothers to care for the health and nutrition of their families.

Third, LAUNCH aims to increase young people's access to education by developing community capacity to support education and by enhancing young people's access to livelihood-related education that will increase their employability. The project also wants to

create youth agropreneurs – individuals who adopt a commercial approach to agriculture and small business/micro-enterprise development (USAID, 2010). The agropreneurs will be trained in basic business skills such as analyzing business trends, understanding value chains, and identifying opportunities to add value to goods or services. Graduates of this training will be eligible for small micro-grants to help them to start small farms, micro-enterprises, or other complementary, rural-based small business activities such as providing inputs and services to farmers.

The project targets communities that have been identified by the government as being particularly food-insecure. Coverage of the second and third components is universal within the targeted communities. During its five years of implementation, the program aims to directly benefit around 186,885 people, including farmers, pregnant or lactating women, children, and other family members. The project's budget is US\$8 million per year.

According to USAID staff operating within the country, the key challenge for implementation concerns the lack of capacity at the local level, specifically capacity to manage targeting and distribution. This hinders the overall effectiveness of the programs, with the consequence that loopholes of food insecurity continue to exist among the target populations.

The WFP Framework for Intervention: Lean Season Safety Nets. The WFP is a key player in food distribution through its Protracted Relief and Recovery Operation (PRRO), which contributes to Liberia's ongoing recovery by rebuilding rural livelihoods, reducing malnutrition, and strengthening national capacity to reduce hunger.

The PRRO works in four major areas: (i) livelihood asset rehabilitation (LAR) described above; (ii) school feeding and lean season safety nets; (iii) nutrition interventions; and (iv) capacity building, including local purchases of rice through Purchase for Progress (P4P). The current PRRO is meant to last from September 2009 to August 2011, targeting 660,000

beneficiaries for an overall cost of US\$39,838,729 and the distribution of 30,784 metric tons of food (the WFP's food costs are US\$14,092,852) (WFP, 2009).

In particular, lean season safety nets are a way to mitigate the impact of high food prices on vulnerable rural households and prevent them from resorting to depleting their assets.

Given the restricted access to markets in many areas and Liberia's high dependency on rice imports, the WFP uses schools in districts in the most food-insecure counties as the venue for distributing family rations (WFP, 2009).

In terms of beneficiaries, the intervention provides 200,000 enrolled children from vulnerable families with a one-off family ration at the beginning of the school vacation, which coincides with the lean season in Liberia. The distribution of family rations through schools also targets an estimated 14,000 vulnerable households who do not have any children enrolled in school. These beneficiaries are identified by parent-teacher associations and the local community.

The lean season family ration provided through schools comprises 25 kilograms of cereals, giving 1,750 kcal per beneficiary.

Emergency Food and Distribution of Nutritional Supplies

The recent political crisis in Ivory Coast, which began in November 2010, escalated into a serious and complex humanitarian situation in Liberia. The presence of over 170,000 Ivoirians, a vast majority of them children and women, put extreme pressure on resources and basic services in the local host communities. Despite the resolution of the electoral dispute in Ivory Coast, large numbers of Ivoirians remain in Liberia, both for issues of safety and security and because the earlier unrest interrupted agricultural activities, meaning that the refugees do not have any harvests to return to back home. Various assessments have found high levels of acute malnutrition among refugee children as well as in host

communities, who also have to deal with issues of sexual exploitation and recruitment by armed groups. The number of people who are particularly at risk—adolescent girls, pregnant and lactating mothers, child-headed households and single mothers—is high.

UNICEF Program for Refugees. In this context, UNICEF is working to prevent nutritional deprivation, thereby reducing child morbidity and mortality rates and ensuring the continued adequate growth and development of children affected by the crisis. With a budget of approximately US\$1,200,000, UNICEF's interventions aim to prevent and treat malnutrition in children in both refugee and host populations through the distribution of ready-to-use high energy and micronutrient dense foods, the supplementary feeding of moderately malnourished children, and the provision of nutrition support, including food supplementation, to pregnant and lactating women and HIV-affected families.

As a result, over 70,000 children have been screened for malnutrition and over 2,000 received treatment for severe and moderate malnutrition, including the use of ready-to-use high energy and micronutrient dense foods.

The WFP Immediate Emergency Response Operation. The WFP is responding to the refugee crisis in two phases. First, the Immediate Emergency Response Operation (IR-EMOP) is intended to cover a short period only, at a cost of almost US\$500,000. It targets villages within and around the Buutuo and Loguatuo border axis in Nimba county and the vicinity of the Toe Town border crossing in Grand Gedeh county.

The purpose of the IR-EMOP is to address the immediate and urgent food needs of an estimated 15,000 beneficiaries for a period of 45 days, including 13,500 refugees (56 percent female) and 1,500 vulnerable people among the host population (49 percent female). Each registered family receives a 45-day food distribution ration of 0.555 kilograms per day per person consisting of cereals (bulgur wheat or maize), pulses, cooking oil, corn-soy blend, and iodized salt. A five-day ration of high-energy biscuits is provided to 4,000 of

the most vulnerable refugees at 250 kilograms per person per day (WFP, 2010b). For implementation purposes, the WFP has established partnerships with local and international NGOs such as CARITAS, SEARCH, Liberia National Red Cross Society, Samaritan's Purse, and the Norwegian Refugee Council.

Following the IR-EMOP, the longer term EMOP aims to provide emergency assistance to the refugees and host population by: (i) improving the food security and nutrition situation of Ivoirian refugees and vulnerable host community populations in Liberia that have been adversely affected by the refugee influx and (ii) stabilizing acute malnutrition rates among under-5 children in the refugee and host populations. Target beneficiaries are Ivoirian refugees who have so far opted to remain in border areas among Liberian communities, as well as vulnerable, food-insecure households among the host population affected by the refugee crisis. The project is intended to last from February to July 2011 for a total budget of US\$7,913,218.

The EMOP has three components (WFP, 2011b):

(1) *General food distribution (GFD)* targets both refugees and vulnerable host population groups. In-kind food transfers are preferable to cash-based transfers at this time considering that local rice and cassava prices have already risen, that cash may further fuel inflation, and that food availability on local markets decreases at the start of the lean season in April. Moreover, cash may be more attractive than food for the food-insecure and poor Ivoirians living across the border, thus representing a "pull factor" for more refugees. Finally, the injection of cash in the local economy may induce host communities to sell more of their food stocks, in effect bringing forward the lean season. All refugees registered with UNHCR, the UN Refugee Agency, (50,000 are anticipated) will benefit from GFD, together with vulnerable and food-insecure households in host communities in Nimba and Grand Gedeh. A planning figure of 20 percent of the host population targeted for GFD has been adopted (10,000 beneficiaries).

(2) A seven-day supply of *emergency rations* of high energy biscuits (HEB) are distributed to an anticipated 25,000 newly arriving refugees as a rapid response to their food needs pending their first receipt of GFD rations. This component did not target the existing 25,000 refugees who had arrived in Liberia prior to the introduction of the emergency rations and had already started receiving GFD through the IR-EMOP.

(3) *The Supplementary Feeding Program (SFP)* targets 2,000 moderately malnourished children under the age of 5 from the refugee and host populations in feeding centers established and managed by the government, UN partners, and specialized NGOs.

Nutrition Support

Initiatives of nutrition support are carried out by the WFP within the framework of the PRRO described above. Interventions are divided into various projects targeting different groups of people.

Maternal and child health nutrition (MCHN) activities target counties with critical chronic malnutrition rates, defined as a stunting rate among children under the age of 5 that is higher than 40 percent. Community-level mother support groups and the county health teams identify malnourished pregnant and lactating women and all teenage pregnant mothers (aged 15 to 19 years old) and refer them to the WFP. As for beneficiaries, the program assists 7,500 pregnant and lactating women and their children aged 6 to 24 months old.

Supplementary feeding is generally implemented in areas identified as having high pockets of acute malnutrition, where 12,000 children under the age of 5 (with weight-for-height below 80 percent of the median) are targeted, along with 4,800 caretakers of severely malnourished children. In addition, over 3,200 severely malnourished children have received therapeutic foods.

Support for therapeutic feeding is granted to tuberculosis and HIV/AIDS-affected patients. Vulnerable TB patients on directly observed treatment short-course (DOTS) therapy are eligible to receive food support for the intensive in-patient phase of treatment (two months) and the subsequent outpatient phase of treatment (seven months). The receipt of this food assistance is conditional upon the patient participating in the treatment programs, with the exit criterion being the completion of treatment. Finally, HIV/AIDS activities provide malnourished and food-insecure people on anti-retro viral therapy (ART) with nine months of therapeutic feeding in line with the National Strategy Framework for People Living with HIV.

For the MCHN activity, corn-soy blend (CSB), vitamin A-fortified vegetable oil, and sugar are provided on a monthly basis. Women receive food during pregnancy and for six months after delivery, while infants receive a ration from the age of 6 months to 24 months. Moderately acute malnourished children under the age of 5 receive CSB, vitamin A-fortified vegetable oil, and sugar on a monthly basis. Therapeutic feeding provides full individual daily rations of 2,100 kcal, composed of cereals, pulses, CSB, oil, and salt. An individual daily ration of 1,933 kcal (comprising 0.37 kilograms of cereals, 0.04 kilograms of pulses, 0.05 kilograms of CSB, 0.025 kilograms of vegetable oil, and 0.02 kilograms of sugar) is provided to TB in-patients and out-patients on DOTS treatment. A daily individual ration, providing 1,933 kcal (comprising cereals, pulses, CSB, vegetable oil, and sugar), is provided to people living with HIV who are on ART.

UNICEF is working with the MOHSW to strengthen the delivery of nutrition activities and to reduce the burden of morbidity and mortality due to malnutrition for Liberian women and children. As part of this ongoing work, efforts are underway to increase the national capacity to identify and manage severe acute malnutrition (SAM). This work takes place through community-based nutrition facilities for the outpatient treatment of children suffering from SAM. Training for a broad range of community volunteers and medical staff

to improve their ability to identify, monitor, and treat malnutrition and its health consequences complements this treatment.

School Feeding

The WFP is the key player in Liberia as far as school feeding is concerned. In 2010, its program of school feeding targeted more than 300,000 primary school children in the most food-insecure counties, while school feeding in Greater Monrovia was phased out because of an improvement in the nutritional status of children in that area. All beneficiary children receive daily nutritious meals, while girls also receive take-home rations as an incentive for their families to keep them in school, thus reducing the primary education gender gap.

Specifically, the school feeding activities of the PRRO, targeting 303,000 primary school children, is implemented in the counties where more than 45 percent of households have poor or borderline food consumption, namely Lofa, Gbarpolu, Nimba, Bong, Rivercess, Grand Bassa, and Bomi counties. The girls' take-home rations target 2,000 girls each year in counties where the gender gap is 15 percent or more. A monthly family ration is distributed to girls enrolled in grades 4 to 6 who attend at least 80 percent of all school days per month. For school feeding, a cooked mid-morning meal is provided each school day, composed of cereals, pulses, vitamin A-enriched vegetable oil, and iodized salt. Girls receive a monthly take-home family ration of 25 kilograms of cereals and 1.83 kilograms of vitamin A-enriched vegetable oil.

School feeding is managed by the WFP in coordination with specialized NGO partners that have helped to build the capacity of the MOE's school feeding unit at the central, county, and district levels by transferring logistics equipment (light vehicles and motorcycles) to the MOE and providing relevant training. The WFP's school feeding activities are coordinated with the activities of UNICEF and the MOE.

Box 7: A Debate and Rethinking of School Feeding

Despite the existence of much global evidence on the positive impact of school feeding, further research is required to assess the longer-term relative merits of in-school feeding versus take-home rations or other social safety net instruments (such as conditional cash transfers). School feeding programs may increase school attendance, cognition, and educational achievement, particularly if supported by complementary actions such as de-worming and micronutrient fortification or supplementation (Bundy et al, 2009). In discussing the effectiveness of school feeding modalities, Bundy et al (2009) recognized the need for more and better data on the cost-effectiveness of the available school feeding approaches.

School feeding programs may not reach the poorest and most vulnerable, especially in the poorest areas, where school enrollment is low. First, the poor are less likely to be in school than the non-poor. Second, it is extremely difficult to target benefits to the poor within a school except with take-home rations, which are not that different from conditional cash transfers. Third, school feeding activities are expensive and need to be geographically targeted, but then the program does not provide benefits to the majority of the poor who live in the areas that are not covered.

Food assistance programs could be better linked to local production. Increasingly, local purchasing has been promoted, and links between food assistance programs and support programs for small farmers have been established. Globally, local procurement is being evaluated as a way to make programs sustainable and, at the same time, to use the purchasing power of the program as a force multiplier and a stimulus for the local agricultural economy (Bundy et al, 2009). In 2009, the WFP introduced the Purchase for Progress (P4P) program, which aims to procure a significant amount of food from associations of small farmers.

Sources: Bundy et al (2009).

Food Market Opportunities and Capacity Building

The WFP Purchase for Progress (P4P) Initiative. The WFP P4P aims to create market opportunities for smallholder farmers, mainly by purchasing their rice surpluses for use in the girls' take-home rations in the school feeding program. The initiative is a pilot project being implemented over five years (from 2009 to 2014) that aims to reach 25,000 beneficiaries in Lofa, Bong, and Nimba counties initially and will then be expanded to cover a total of 40,000 small-scale farmers and their families.

By the end of 2009, the WFP had procured a total of 257 metric tons of local rice across the three counties, and, as of August 2010, farmers had received payment for a total of 192,385 metric tons of milled and packaged parboiled rice. By August 2010, up to 200 metric tons of the high quality local rice purchased from local smallholder farmers under the P4P initiative

had been distributed to a total of 2,666 girls attending primary schools in three counties for three months.

Payment has been made to individual farmers, largely women, for a total of over 497 metric tons (9,940 50 kilogram bags) of paddy rice sold via P4P. Farmers receive US\$17 for each bag of paddy rice, and payments to date total over US\$168,980. Additionally, the WFP pays US\$6.45 to farmer cooperatives (four cooperatives have been created to date) for processing and handling the rice. Hence, a bag of 35 kilograms of cleaned rice totals US\$23.45, or US\$0.67 per kilogram (WFP, 2010b).

Broadly speaking, the main implementation challenges for the WFP programs concern weak logistical capacity at the local level, coupled with the inability to mobilize local financial resources (for example, to pay farmers under the P4P). These issues hinder the overall effectiveness of the project.

In spite of this, the link between the different components of the PRRO (LAR, P4P, and the take-home rations) is remarkable as together the various interventions achieve a greater overall impact on the counties and communities where they are implemented. As such, it represents a good practice that should be scaled up nationally. Moreover, this well-interconnected system is able encourages the long-term sustainability of the overall WFP policy framework in Liberia.

USAID Food for Peace Strategic Plan. Besides LAUNCH, USAID is also actively working to reduce food insecurity in Liberia through its Food For Peace (FFP) Strategic Plan. This initiative focuses on reducing the risk of and vulnerability to food insecurity shocks (including natural, economic, social, health, and political shocks) and on protecting and building human and livelihood assets. The FFP Strategic Plan is designed to meet the needs of both the chronically food-insecure, who suffer from persistent food insecurity, and the transitorily food-insecure, who have a temporary inability to meet their food needs or

smooth their consumption levels. As such, it is more than a short-term intervention. Its two intermediate aims are: (i) to enhance global leadership in reducing food insecurity and (ii) to increase the impact of food security initiatives in the field (USAID, 2009).

Key target groups under the FFP Strategic Plan are those populations at risk of food insecurity because of their physiological status, socioeconomic status, or physical security, and/or people whose ability to cope has been temporarily overcome by a shock. In addition to enhancing the capabilities of vulnerable individuals, households, and communities, the FFP Strategic Plan focuses on building the capacity of partners in the field to increase the impact and sustainability of food security programming (USAID, 2009). This is also done by importing food commodities that are not produced locally and selling them in the market at a lower price (oil, for example) to inject additional money in the market. In 2011, the Plan includes food distribution for refugees from Ivory Coast and Guinea. The budget for the FY2010 was around US\$20 million.

General Subsidies

The MOF subsidizes fuel, food commodities, and electricity (for some entities) and, at a more minor level, public transportation in Monrovia. It is difficult to give a precise estimation of the annual costs of subsidies to the government because of a lack of data, and it is also not feasible to estimate the actual number of beneficiaries. As far as electricity is concerned, the MOF recently granted the Liberian Electricity Corporation US\$500,000 to provide free electricity to hospitals and for streetlights in Monrovia. Also fuel is duty free for NGOs, schools, health centers, and religious institutions. The cost of approximately five years of government subsidies on fuel is around US\$20 million. Finally, the MOF subsidizes public transportation in Monrovia through its support to the National Transit Authority and through the provision, together with the Indian government, of 33 buses (25 from the Indian government and eight buses provided by the Government of Liberia). All children

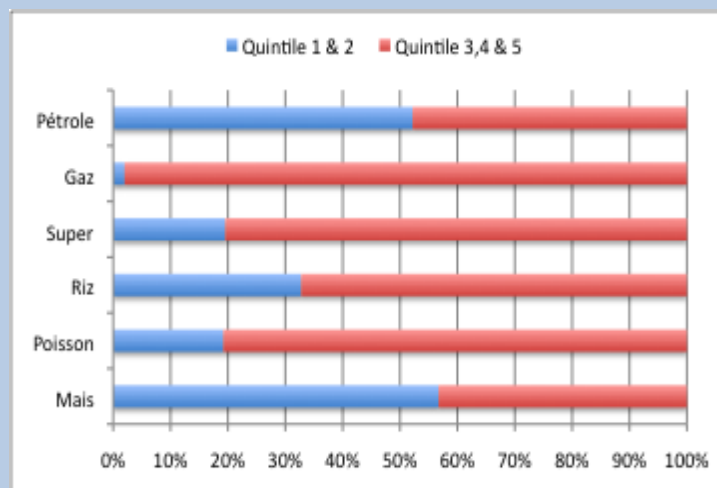
wearing a school uniform in Monrovia are allowed to travel on public transportation without charge.

The government also removed its import duties on rice in 2008. The import tax of US\$2.25 per 50 kilogram bag was lifted by executive order as an attempt by the government's to mitigate the domestic impact of the global food price crisis. According to the Ministry of Commerce, approximately 6 million bags of rice were imported in 2008, the estimated revenue from which would have been US\$13.5 million. As with the general subsidies, it is not possible to estimate the number of beneficiaries of this policy. However, across West Africa, such policies are controversial because of their high costs and their typically limited general benefit.

Box 8: The Impact of Price Subsidies on the Poor in Cameroon

The Government of Cameroon spends approximately 1.4 percent of its GDP on import tax and energy subsidies (Borgarello, 2011). Zamo (2010) estimated that the poverty index fell by 2.6 points between 2006 and 2009 as a direct effect of subsidies. This was mainly due to the subsidies on maize and kerosene, which, as the "inferior goods," are consumed proportionally more by the poor than by other segments of the population. Other subsidies have disproportionately benefitted the rich given their higher consumption levels. According to Zamo (2010), for example, only 20 percent and 30 percent of fish and wheat grant recipients respectively belong to the poorest 40 percent of the population. The figure below highlights this in more detail.

Distribution of Subsidies across Quintiles of the Consumption Distribution in Cameroon, 2008



Source: Zamo (2010).

Fee Waivers for Health and Education

The government has implemented fee waivers for both health and education. As outlined in the 2008 Basic Package of Health and Social Welfare Services (BPHS), the Minister of Health suspended user fees for “the foreseeable future” in recognition of the country’s pervasive levels of poverty and to encourage more equitable access to the health care system. The BPHS is designed to guarantee basic services to all Liberians (including maternal and newborn health, child health, reproductive and adolescent health, communicable disease control, mental health, and emergency care) by ensuring the provision of appropriately trained health staff, adequate health facilities, and essential medicines. In the National Health and Social Welfare Policy and Plan 2011-2021, the Ministry estimated that it will spend US\$8.87 million annually on health infrastructure and an annually increasing amount on drugs, starting with an estimated US\$25 million in 2012 and rising to US\$55 million by 2021. These estimates include both government budgetary allocations and donor financing.

In addition, the MOF subsidizes specific health institutions. In Monrovia, JFK Hospital received US\$5.2 million from the government in 2009, US\$5.6 million in 2010, and US\$6.1 million in 2011. Similarly, the Phoebe Hospital (in Bong county) received US\$392,000 in 2009, US\$551,000 in 2010, and US\$1.1 million in 2011. Indeed, all welfare institutions are given some form of subsidy as are the major private hospitals.

As far as education is concerned, public schools are subsidized at the primary and secondary levels. However, families are responsible for paying registration fees, which typically cover the difference between the funding provided to a school by the government and the actual operating costs of that school and are distinct from other education expenses, such as uniforms and books. These fees can range from a few hundred to a few thousand Liberian dollars, and as such can be prohibitively expensive for many households. Regarding higher education, university students are normally responsible for paying their own tuition fees.

For example, a full course load of 21 credits at the University of Liberia can range between US\$45 and US\$100 per semester. Medical schools are fully subsidized.

Box 9: The Debate over User Fees

Globally, user fees have increasingly come into question. Research in Mali, Burkina Faso, and elsewhere has shown that user fees reduced the access of vulnerable populations to health services, leading to a reduction in service use, particularly among women and the poorest groups (Ridde and Haddad, 2009). In its 2008 annual report, the World Health Organization (WHO) urged countries to “resist the temptation to rely on user fees” (WHO, 2009). James et al (2005) estimated that more than 230,000 children’s lives could be saved each year if fees were abolished in 20 African countries. An increasing number of donors support governments who are willing to abolish user fees for basic health services (Ridde and Haddad, 2009).

While research clearly supports the abolition of user fees, there is little consensus about how best to implement this policy. A recent study of the effect of removing direct payments for health care on usage rates and health outcomes in Ghanaian children showed that pre-payment schemes are not pro-poor because the worst-off are rarely enrolled (Ansah et al, 2009 cited in Ridde and Haddad, 2009). Also, Ridde and Haddad (2009) stressed that local health insurance has had limited success in Africa, where the coverage, after more than 15 years of promotion by their organizations, remains very low (5 percent). The authors also point out the considerable gap between “the enthusiasm generated by pre-payment schemes and the scientific evidence to support their use.” Nevertheless, as long as there is no evidence that health insurance schemes are ineffective, the authors call for keeping the protection of families against catastrophic health care costs and the removal of financial barriers to health care as a top priority in the health sector.

More generally, the abolition of user fees requires solving three problems. The last two are often forgotten by policymakers. The first problem is how to replace this revenue and ensure that the new revenue is actually received by health facilities. User fees can be an important direct source of funding for health facilities. Research shows that government allocations are rarely received by facilities and, even when they are, they are often much delayed. Indeed it is precisely because many health facilities were not receiving their budget allocations that user fees were introduced in the 1990s. This dilemma underscores the need for fiscal devolution, but it also highlights the lack of capacity for such devolution at the local level in many African countries.

The second point is that user fees create an incentive for health facilities to provide quality services to attract as many patients as possible. Thus, removing user fees also requires establishing new incentive mechanisms. To date, the most promising solution is making funding for facilities conditional on their results as has been successfully implemented in Burundi.

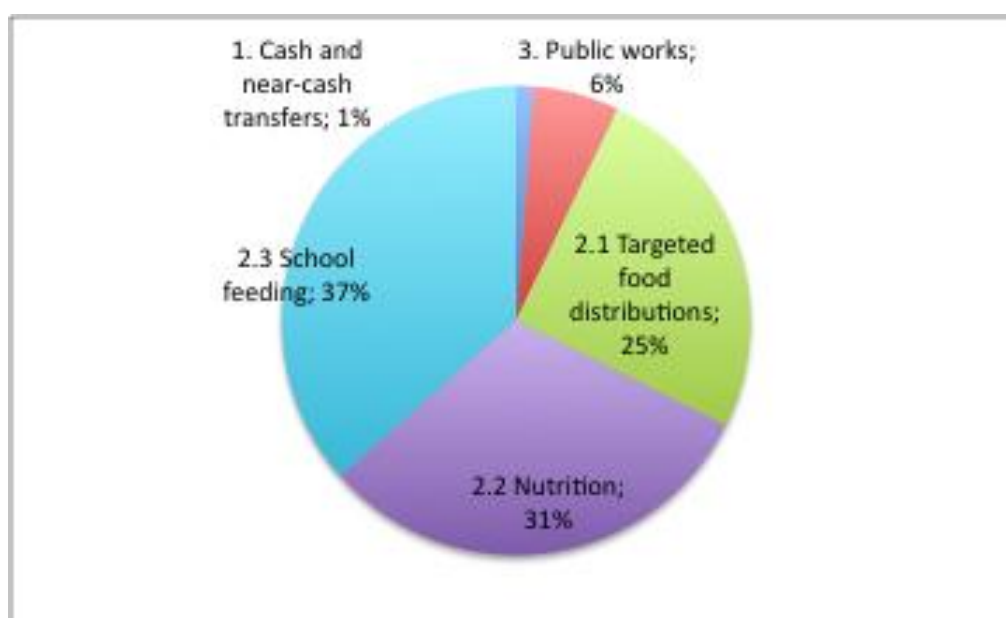
Finally, abolishing user fees does not solve the problem of the limited access of the poor to health care. Even when user charges are completely free (as in Sierra Leone since 2010), this tends to benefit urban populations more than rural ones. The fee exemption programs are usually very inefficient because they disproportionately fund the rich, who are more likely to live in the city with easy access to care in comparison with the poor whose poverty may prevent them from paying for the transportation needed to reach the nearest health facility. In this situation, health insurance targeted specifically to poor populations may be a more progressive way to provide health services.

Source: World Bank (2011c).

VII. COVERAGE OF SOCIAL SAFETY NETS AT THE NATIONAL LEVEL

Looking at overall coverage of SSNs in Liberia, food-related programs cover 93 percent of total of beneficiaries of SSN interventions. In particular, school feeding covers 37 percent of all beneficiaries, nutrition programs cover 31 percent, and targeted food distribution covers 25 percent. Conversely, cash transfers only cover 1 percent of the total beneficiaries of existing SSNs.

Figure 5: Annual Number of Beneficiaries of Existing Social Safety Net Programs, 2009



Source: Authors' calculations.

Categorical Coverage

In terms of categories of beneficiaries, the current system seems to focus on the part of the population that faces *food insecurity*, mainly by attempting to reduce starvation and malnutrition among households, children, and refugees. This reflects national needs since 13 percent of the population can be considered to be severely food-insecure, while an additional 28 percent are vulnerable to food insecurity (MOA, 2010). In addition, 39 percent of children are stunted and 19 percent are underweight (USAID, 2010). As previously

discussed, transitory food insecurity is often due to the difficulties involved in accessing particularly remote counties, while chronic food insecurity is related to low productivity and production in rural communities. Food insecurity and malnutrition, more broadly, are also related to poor access to health, water and sanitation services as well as inadequate care of mothers, infants, and young children. Therefore, food insecurity is a key dimension of vulnerability in Liberia, especially when coupled with the fact that many households find it impossible to perform income-generating activities.

The second big share of beneficiaries appears to be *unemployed people*, currently addressed primarily by public works programs. The term “unemployment” as used in this report also covers the ample portion of the population who are under-employed or are engaged in vulnerable employment. Almost three-quarters of a million people belong to this group in Liberia, most commonly in rural areas (where 75 percent of all employment is informal), mainly in agriculture and wholesale/retail trade. Informally self-employed people have very high poverty rates. For example, households whose head is self-employed in agriculture (approximately 33 percent of the population) have a poverty share of 72.0 percent, while households whose head is self-employed in other sectors within the informal economy have a poverty rate of 59 percent. In addition, the informal nature of their employment makes these people more vulnerable to shocks as they are not covered by contributory SP schemes. The seasonality of this employment, particularly in agriculture, further contributes to their vulnerability.

Together these two groups (food-insecure people and unemployed people) represent the largest vulnerable group in Liberia. The country’s current SSN projects reflect this as they have consistently focused on these two areas of vulnerability. However, the disproportion between the coverage of the two groups is quite remarkable—only 6 percent of total beneficiaries are covered by public work programs compared with the 93 percent that are covered by various kinds of nutrition interventions.

Geographical Coverage

Table 13 highlights the regional coverage of the different SSN programs in comparison to the regional poverty shares in order to assess if those regions with the most poverty are those that do actually benefit from SSN interventions.

The most covered area of the country appears to be the North Central region, (the counties of Bong, Lofa, and Nimba) with 25 projects altogether (Bong and Nimba, in particular, are benefitting from nine interventions each). The poorest regions are the North Western and the South Eastern A regions, where the share of poverty in each region exceeds 76 percent, while the percentage of extreme poverty is, respectively, 62.2 percent and 60.9 percent. Within the South Eastern A region, Sinoe county appears to have been particularly overlooked, as it contains only four interventions. This can perhaps be explained by the fact that, in spite of being very poor, Sinoe is one of the least populated counties of Liberia, with a density of only 27 inhabitants per square kilometer according to the latest Census, far below the national density average of 93 people per square kilometer.⁸

**Table 13: Geographical Coverage of the Main Social Safety Net Programs
Compared to Regional Poverty**

Regions	Poverty %	Extreme Poverty %	Number of SSN projects	Main type of SSN projects
Greater Monrovia	48.5	22.7	4	Cash for Work/Public Works
North Central	68.1	57.6	25	In-kind food transfers
North Western	76.3	62.2	18	Cash and near-cash transfers
South Central	58.9	42.2	16	All types
South Eastern A	76.7	60.9	16	In-kind food transfers
South Eastern B	67.2	53.7	13	In-kind food transfers

Source: Author's calculations based on project documents and data from 2007 PRS.

Regarding the types of projects that have been implemented, the main difference seems to lie in the very nature of each county. Greater Monrovia, the only real urban area of the

⁸ The least populated county is Gbarpolu, with only 22 people per square kilometer.

country, has mostly been served by public works projects, while rural areas tend mainly to be served by transfers, both in food and in cash.

Coverage of the Poor at the National Level

To understand the extent of SSN coverage compared to the population as a whole, it is necessary to compare total enrollment figures with the number of poor and extreme poor within the country. Moreover, such percentages will not be useful without an idea of the benefit's size. The percentage of the poverty line actually covered by the amount of the transfer (in US dollars) per beneficiary can be calculated simply by dividing the overall budget spent on each single intervention (or category) by the number of beneficiaries of those interventions. Table 14 shows these results as a share of the poverty line.

Table 14: Beneficiaries and Budgetary Allocations by Program in Liberia, 2010

Program	Number of Beneficiaries (2010)	Annual Budget US\$ (2010)	US\$ per Beneficiary per Year	% of Rural Poverty Line (US\$357 per year)	% of Urban Poverty Line (US\$504 per year)
1. Cash and near-cash transfers	10,333	1,320,000	127.7	36%	25%
2. Food transfers	771,235	23,285,388	30.2	8%	6%
2.1 Food distributions	209,500	2,154,363	10.3	3%	2%
2.2 Nutrition	258,735	8,881,426	34.3	10%	7%
2.3 School feeding	303,000	12,249,599	40.4	11%	8%
3. Public works	49,000	3,906,267	79.7	22%	16%
Total	830,568	28,511,655	34.3	10%	7%

Source: Authors' calculations.

The coverage of existing social safety net programs is limited compared to the extent of need in Liberia. Assuming no overlaps between programs and excluding general subsidies, the theoretical estimate of the total number of beneficiaries is 830,568 individuals in 2010, that is, about 23.8 percent of the total population of Liberia as reported in the 2008 Census. However, this figure over-estimates the coverage of SSNs as some overlap between these interventions is very likely. For instance, several interventions possibly overlap

geographically, especially given that the school feeding programs provide universal coverage in many counties. Moreover, because no detailed and coordinated procedures yet exist for identifying and storing information on beneficiaries, some individuals may attempt to enroll in several programs in order to be entitled to multiple benefits. This issue will be addressed in more detail in Chapter 8. Additionally, overlaps can also result because of the lack of coordination among many different programs running in parallel. This problem is amplified by Liberia's post-conflict status as the government is still struggling to rebuild and organize its institutions.

Furthermore, coverage rates are only one aspect of the overall picture and need to be complemented by information on the value of the benefits being provided as well as on program targeting. In Table 14, the amount spent per beneficiary gives an indication of the value of the benefit provided by each SSN. The size of the benefit only amounts to 10 percent and 7 percent of the urban and rural poverty lines respectively. The budgetary allocation per person, however, is significantly higher for cash transfers and public works than for food transfers. Program details such as geographic coverage or administrative costs are not taken into account in the above calculations and could affect the benefit size. Nevertheless, international studies have repeatedly shown that the administrative costs of food distribution are higher than those of cash transfers in most cases.

VIII. OPTIONS FOR THE ALLOCATION OF SOCIAL SAFETY NET RESOURCES

The government faces many critical and competing demands on its small national budget—from income support for the poor to promoting education for girls to increasing the still limited stock of public physical capital. These constraints are compounded by the recent recurrent international price and financial crises and must be considered within the context of the development of a National Social Protection Strategy.

The purpose of this chapter is to discuss the various options available for increasing the effectiveness of SSNs in reducing poverty in Liberia without increasing their current budgetary allocation. The first section presents three possible ways to improve the targeting and coordinated coverage of the extreme poor in Liberia through cash transfer interventions within the budget currently allocated to SSNs. The second section suggests tools for improving the design and the allocation of funding for SSNs, again within existing budgetary constraints. The third section highlights international evidence on the returns to investments in SSN interventions. This exercise is intended to give a brief overview of this topic with the goal of yielding some insights into a new design for SSN programs. A more thorough analysis should be done before proceeding to make any actual policy choices.

Increasing the Coverage of Extreme Poor Households

The following scenarios assess the possible coverage and benefit levels that could be achieved by reallocating the current level of funding, which is above the regional average, under a more coordinated and targeted SSN framework. At present, the government and donor partners spend approximately 1.5 percent of Liberia's GDP on SSN annually (US\$23,620,051). The scenarios assume the adoption of a general cash transfer (which, in practice, could combine CCTs, PWP, and similar interventions) that would comprise approximately 66 percent of the total SSN portfolio (US\$15,589,234). To reflect the ongoing relevance of food assistance in Liberia, this exercise does not take school feeding programs

into account in total SSN spending. Assuming overhead costs of 20 percent (see Box 10), the actual amount available for transfers is therefore reduced to US\$12,991,028.

As presented in Table 15, the three scenarios are based on full coverage of the poverty gap, full coverage of the extreme poor, and a mixed scenario in which half of the extreme poor are provided with a benefit equal to half of the poverty gap.⁹ Under the first scenario, *full* coverage of the poverty gap would be achieved for 324,776 beneficiaries (25.1 percent of all extreme poor) based on the current level of financing. The second scenario aims to target *all* extreme poor, who would receive US\$10.00 per person per year, the equivalent of US\$4.25 per household per month. Alternatively, scenario three presents coverage of *50 percent* of the extreme poor (647,648 people) who would get the *50 percent* of the needed contribution to extreme poverty, either US\$20 per person per year or US\$8.5 per household per month.

⁹ As calculated in the 2007 PRS, the population of extreme poor is 1,295,295 people. A transfer equal to 20 percent of the extreme poverty line is assumed to represent full coverage of the poverty gap. Since the 2007 PRS sets the extreme poverty line at approximately US\$200, this would be equal to US\$40 per person per year or US\$17 per household per month (with an average household size of five people as established by the 2008 Census).

Table 15: Options for Scaling Up Social Safety Net Programs

Type of SSN program	SCENARIO 1 100% Contribution of the Benefit Level to Extreme Poverty	SCENARIO 2 100% Coverage of the Extreme Poor	SCENARIO 3 50% Extreme Poor & 50% Contribution to Extreme Poverty
Cash transfers			
Beneficiaries – Extreme poor	324,776 (25.1%)	1,295,295 (100%)	647,648 (50%)
Transfer/household/month (20% EXPL, US\$)	17	4.25	8.5
Transfer/person/year (20% EXPL, US\$)	40 (100%)	10.00 (25.1%)	20.00 (50%)
Total available for transfers (US\$ per year)	12,991,028		
Taking into account 20% inputs	2,598,206		
Total cost of transfers (US\$ per year)	15,589,234		
% of GDP	1.5% minus school feeding (34% of 1.5%) = around 1% GDP		

Source: Authors' simulations.

The choice between the different types of intervention obviously depends on the government's priorities. In the end, it is a choice between targeting all the extreme poor within the country with a small transfer of money or covering the entire poverty gap for a quarter of the extreme poor. The third option takes a more balanced approach between quantity and quality. Both ongoing and future evaluations of SSN programming in Liberia could help to inform this decision by providing relevant information about the advantages of wide coverage versus high benefits.

All of these options imply the need to coordinate the targeting mechanism, the delivery of benefits, and the administrative costs of all the different SP projects run by various stakeholders (donors, the government and NGOs)—which will be discussed in Chapter 9. This kind of long-term coordination would need to replace the current *ad hoc* interventions that do not provide a secure safety net for households.

Box 10: Administrative Costs in Some Social Programs

Before planning SSN interventions, it is important to take into account operational costs, which increase budgetary requirements. Summarized below are some of the administrative costs of international and national programs for reference.

	Administrative costs (% of budget)	Other costs (% of budget)
Cash Transfers in AFRICA		
CT Ethiopia	17.2%	
HIMO Ethiopia	17.2%	(capital) 15%
CT Malawi	15%	15%
CT Kenya pilot	40%	
CT Kenya (OEV) extension	25%	
LIBERIA		
WFP (FT - PRRO)	24.6%	(indirect) 6.5%
LACE (CfWTEP)	11.1%	(assets) 14.1%

Source: Summary by the authors.

Creating Fiscal Space for Social Safety Nets

Given that financial resources are limited in Liberia, increasing SSN coverage raises the issue of fiscal space. Four basic options are usually considered for creating fiscal space: (i) reallocating expenditures within the existing budget; (ii) increasing donor financing on concessional terms; (iii) borrowing; and (iv) increasing domestic revenue either through taxation or through increased revenue collection. The advantages and disadvantages of each are summarized in Table 16.

Table 16: Options for Increasing Safety Net Budgets - Advantages and Disadvantages

Financing methods	Advantages	Disadvantages
Reallocation of expenditure	<ul style="list-style-type: none"> Finances programs within budget constraints Increases overall productivity of government outlays Increases efficiency by cutting into unproductive expenditure Feasible in the short term on a small-scale basis particularly if “low hanging fruit” can be identified for cuts 	<ul style="list-style-type: none"> No additional funds in total budget Depending on the amounts to be freed up, this option might require a significant commitment from the government to implement trade-offs Could be difficult to implement if large-scale reallocations were necessary, which would require a detailed analysis of public expenditure programs and a medium-term commitment from the government
Donor financing	<ul style="list-style-type: none"> Concessional financing or grants Increases the overall envelope 	<ul style="list-style-type: none"> Budget support required for more flexible use of funds Funding would be cyclical and likely to decline in the medium term Donor coordination issues Needs significant increase in fresh budget support Needs a significant and durable donor commitment toward harmonization and continuity for gradual or larger-scale programs
Borrowing	<ul style="list-style-type: none"> Finances temporary expansion of programs during crisis Less reliance on donors 	<ul style="list-style-type: none"> Liberia at risk of debt distress Would need to meet IMF’s conditions Long-term negative impact on growth More expensive than concessional financing
Increased domestic revenue	<ul style="list-style-type: none"> May be more sustainable than other options Need to be through improved tax management Would provide secured financing in the short-term May have redistributive effect 	<ul style="list-style-type: none"> If done through increased taxation, economic costs may have direct and indirect effects on the economy, which could harm economic growth and ultimately the poor; needs tax incidence analysis Tax increase may have limited returns given Liberia’s narrow fiscal base and low revenue to GDP ratio, may be politically unpopular, and may hurt the poor.

Source: World Bank (2011c).

As suggested within the table, a *reallocation of expenditures* should be considered.

Rationalization, consolidation, and reallocation can occur both within and between sectors (DfID, 2011). In Liberia, in particular, despite recent increases, there is a need to further expand public resources for education and health. At the same time, funds can be found to

finance effective transfer schemes by cutting back on inefficient expenditures in other sectors (DfID, 2011). Cutting back on inefficient expenditures might also yield savings (IMF, 2010). Nevertheless, while this reprioritization may be the best option in the short or medium term, achieving it can be difficult mainly because of political competition for funds between sectors.

Fiscal space can also be gained by better integrating *donor* investment in the overall budget planning at national level (World Bank, 2008 and DfID, 2011). In the medium term, the budget will need to grow considerably in order to reduce poverty. However, the World Bank recently estimated that there will still be large shortfalls in the budget resources needed to alleviate poverty in Liberia (World Bank, 2008). This makes it even more essential, on the one hand, to improve the allocation and increase the technical efficiency of expenditures and, on the other hand, to secure greater external assistance (DfID, 2011). In the context of limited domestic financing, donor support is vital.

The government should consolidate and deepen its ongoing public financial management reform efforts to: (i) increase its absorption capacity; (ii) increase the efficiency of its public expenditure; and (iii) attract more direct budget support from donors. At present, most donor financing is project-based and implemented outside government agencies, which makes coordinating and managing public development programs a challenge. Additionally, external development assistance tends to flow in an unreliable and inflexible manner, which threatens the long-term sustainability of interventions and does not help to build national institution capacity. Moreover, donor support may entail high transaction costs (DfID, 2011).

The government should therefore attempt to persuade donors to gradually channel a larger share of their assistance through the national budget to enable the government to assume greater responsibility for providing essential public services (World Bank, 2008). One possibility would be to reallocate resources from the provision of emergency humanitarian

assistance to the supply of regular and predictable investments in a coordinated national strategy (DfID, 2011). On its side, the government should also ensure that donor assistance is integrated more effectively into its national budget following the example of the multi-donor supported Ethiopian PSNP (DfID, 2011).

Following the HIPC completion point reached in June 2010, Liberia has a low risk of debt distress, which means that *borrowing* is now an additional option for the government. Liberia's recent agreement with the Paris Club creditors on the full cancellation of its remaining debt will further reduce its debt vulnerability, and the debt buyback funded by the World Bank-managed Debt Reduction Facility was completed in November 2010. Moreover, the Debt Management Committee is fully operational and, over the coming months, intends to issue guidelines for new borrowing and government guarantee requests. In this context, there is scope for domestic or external borrowing in the medium term. However, this option will only be feasible if the government manages to demonstrate to politicians and their constituencies the economic returns of investing in SSNs. The common tendency, in fact, is for governments to use debt financing only for those forms of public expenditures that are clearly (economically) productive and therefore will enable the government to repay the debt (DfID, 2011). The productive returns to SSN investments are discussed in a subsequent section.

Increasing domestic revenue is the fourth option that the government consider, either by increasing the efficiency of revenue generation (more revenue as a percentage of GDP) or by accelerating economic growth. At present, government revenue is insufficient to meet Liberia's poverty reduction needs and, as noted above, the country remains heavily dependent on donor resources. At the same time, the government itself is attempting to strengthen its coordinating and regulatory roles and to contribute to improvements in basic social service delivery, both of which require a substantial mobilization of human and financial resources. Therefore, it would be appropriate to consider revising the revenue code, especially since a further cut in revenues has been caused by a recent fiscal reform

aimed at countering the perception that the tax burden on the private sector is large. In response to the perceived over-taxation of formal sector enterprises, the government recently reduced corporate income tax rates from 35 percent to 25 percent in 2009-2010 (IMF, 2010). The critical problem in Liberia is how to expand the tax base when formal employment represents only a small share of economic activity within the country.

Improving Targeting

A more effective system of targeting of SSN can increase the impact of such interventions, particularly in a low-income country such as Liberia, where careful targeting is necessary for allocating the limited national budget. A number of critical issues should be considered in choosing among targeting approaches. First, given the data constraints and the limited administrative capacity of low-income countries, targeting methods have to be kept simple. For example, the Ethiopian PSNP combines different simple methods (geographic, community-based, and self-selection) to minimize inclusion errors. Second, even after successfully applying a targeting method, excess demand can persist in a country with such a high rate of poverty. Involving the community in identifying households eligible for the benefit may, in this case, be a locally acceptable option. Alternatively as in the cash-for-work program in Sierra Leone, beneficiaries could be regularly rotated to increase the total number of people who can benefit. Finally, while in devising SSN strategies policymakers tend to take into account the direct costs of targeting, they should also bear in mind the indirect, beneficiary-related costs, including incentive costs (does the project reduce willingness to work among beneficiaries?), social costs (does participation in the program stigmatize beneficiaries, thus reducing their willingness to take part?), and private costs (such as the costs of transport to enroll in the project or the costs of compliance). Even when a targeting system has been well-designed and implemented, it may need fine-tuning over time.

Various targeting systems are discussed below in the Liberian context.

No targeting or universal targeting. It is generally quite expensive to adopt interventions that benefit the entire population. The ILO has estimated that a minimum package of universal benefits would cost 4 to 11 percent of GDP in most countries. General subsidies such as fee exemptions or price subsidies reach their target group and eliminate the administrative costs of targeting but at the cost of using public resources to subsidize some people who would have been able to pay without hardship. Such subsidies should be limited to situations where they address a clear constraint for a substantial portion of the population and where the absence of subsidies would increase poverty rates.

Geographic targeting can perform quite well when the poor are concentrated in a particular area but is less effective when the poor and rich live in close proximity to each other. In Liberia, geographic targeting is therefore mostly useful in identifying broad zones for interventions, although ideally it should be supplemented with additional criteria to identify beneficiaries within specific areas. For instance, geographic targeting has generally been used in Liberia's food security and labor-intensive public works programs to identify the areas most in need of these interventions, and beneficiaries from within those areas are then chosen by their socioeconomic characteristics or by self-targeting. As shown in Table 13, this approach can be misleading. In Liberia, the area with the most SSN interventions appears to be the North Central region (Bong, Lofa, and Nimba), notwithstanding the fact that the largest shares of poverty are to be found in the North Western and the South Eastern A regions.

Categorical targeting uses household characteristics such as occupation, sector of activity, education levels, health status, and gender to identify target groups. Unskilled workers, single parents, orphans, the homeless, and people with disabilities are all groups who are generally vulnerable. However, not all people in a single category are equally at risk. The administrative burden involved in precise targeting is high, as is the risk of misidentification.

Regrettably, when such programs are discretionary, they are often subject to abuse. In Liberia, categorical targeting has been largely used in cash and food transfer SSNs and has often led to inclusion errors. One example is the first phase of the Social Cash Transfer program, which began by using community-based targeting to identify labor-constrained households but had to adopt a more sophisticated method because, as the coverage area expanded, residents of communities that were already benefitting would coach other communities on how to respond in order to be eligible for the program, which resulted in very high inclusion errors.

Community targeting leverages the knowledge that community members tend to have about each other's circumstances to identify potential beneficiaries. If well-designed, it can ensure that the process of identifying beneficiaries is transparent and that eligibility is in line with community perceptions of poverty. However, if monitoring and oversight are insufficient, this approach can also lead to high inclusion errors, as noted in the case of the Social Cash Transfer program above. There is also a need for transparency regarding program benefits and eligibility criteria in order to prevent elite capture.

Self-targeting targets the poor most effectively if the benefit offered is of interest only to the poor. Liberia's public works and food-for-work projects use this method. However, if the wage rate for these programs is set too high or if the quality of the food offered is too good, then the non-poor may also be tempted to participate. As a result, the poorest may not benefit at all or the program's benefits may be diluted by being shared by a wider range of beneficiaries than intended. Therefore, to be effective in reaching the poor, such programs must be carefully designed.

Given the pros and cons of each approach, the most effective strategy seems to be to adopt multiple targeting mechanisms. Good targeting is highly context-specific (DfID, 2011) and therefore requires a careful assessment of: (i) the distribution of poverty within the country or region where interventions are to be implemented, (ii) the likely costs of targeting; (iii)

the likelihood of the method being political acceptable to different groups of the population: and (iv) how it relates to the specific program's objectives (see Box 11).

Generally speaking, the most effective tools are transparency and a strong beneficiary role in the oversight and management of programs, coupled with a continuous review of experiences and exchanges of information between program organizers. The creation of a common comprehensive database that contains information about the beneficiaries of all SSN interventions would help to make targeting more accurate and to avoid overlaps. This would enable policymakers and program designers and managers to crosscheck data between programs, especially if this database were also coordinated with other public databases such as tax and civil registries.

Box 11: Steps for Better Targeting

Which steps need to be followed to ensure accurate targeting?

Need for a global view. The targeting method should be chosen only after a careful assessment of the options and their pros and cons. Programs should be planned and monitored carefully, if necessary with donor support, and their impact on the ground should be evaluated. A clear priority is to ensure that information on safety net flows is constantly collected so that policymakers can have a complete picture of exactly who is receiving safety net benefits

Redirection of the flow of resources towards the poor and categorically vulnerable. Once a fuller picture is in place, the most important step is to find the best method for increasing the flow of transfers to poorest districts and households, taking into account the needs identified by the risk and vulnerability analysis, any social protection gaps, and participatory feedback from communities. There are many ways to do this, the most obvious being to rapidly expand any successful programs in the poorest districts.

Access to adequate in-depth information. Data on and maps of poverty, malnutrition, natural disasters, infrastructure, and education and health indicators provide valuable information for targeting purposes. While these need to be updated regularly, the Government of Liberia is on the right track. At the central level, this information is relatively accessible, but information is harder to obtain for those working in a decentralized administration or in smaller programs in the counties. Additionally, even when more information becomes available about the distribution of poverty at the local level, this information is often not sufficiently disaggregated for fine targeting because of the high costs involved in collecting disaggregated data. However, there are participatory methods that can be used to gather local information and these need to be used more systematically.

Discretion in the choice of beneficiaries. In situations of weak governance when local implementers of a program have the discretion to identify beneficiaries, problems can arise. In some cases, beneficiaries may be chosen without transparency, in other cases, benefits may be withheld from potential beneficiaries to avoid raising expectations among others. Potential beneficiaries are often unaware that they may be eligible for benefits, while in other cases overly generous benefits may give beneficiaries an incentive to leave otherwise productive work to attempt to become eligible for an attractive SSN. This is largely a question of effective governance, supervision, and information sharing at the local level.

Source: Authors.

The Case for Investing in Social Safety Nets

Although there is a dearth of national-level data on the impact of ongoing SSN programs in Liberia, international evaluations of social protection systems have highlighted the potentially high positive returns to investing in such interventions. Moreover, political support for such spending can best be achieved by emphasizing the considerable impact such programs can have in terms of poverty alleviation.

Short- and Long-term Development Impact of Cash Transfers

In 2010, the ILO reported that non-contributory cash transfers “make a significant contribution to addressing poverty and vulnerability among the poor and poorest households in developing countries” (ILO, 2010). The ILO, which takes a rights-based approach to social protection programming, highlighted the positive impact that such transfers have had internationally on human development indicators, employment, economic productivity, and consumption, as well as on social inclusion and cohesion.

Social transfer programs are effective in improving nutrition, both in the short term by enhancing households’ nutritional status and in the long term by improving the quality of beneficiaries’ food intake. This has particularly long-lasting effects for pregnant women and newborns. More and better food intake has an immediate impact on the poverty of households, enabling them to cope with contingencies, which in turn has a positive effect on their *food security*. Transfers also increase their direct access to health services through the provision of additional resources to pay for needed treatments and indirectly enhance the overall health status of beneficiaries through higher and better consumption levels, with particularly remarkable improvements in maternal and child health. Schooling is also positively affected by social transfer programs, either through specific targeting or through the indirect effects of pure transfers in countries with a decent level of school infrastructure, which can lead to an increased demand for education services.

Social transfers also enable beneficiaries to make productive investments by saving and investing a fraction of their grant. Regular transfers enable households with limited liquidity to reallocate their productive resources and to protect their existing assets and accumulate more. Additionally, in combination with other interventions, social transfers can help the poor to access basic financial services for the first time in their lives. In Kenyan Hunger Safety Net Program, the DfID has partnered with Equity Bank to help the poor to access financial services under the rigorous supervision of Oxford Policy Management. In Zambia,

the Kalomo Social Cash Transfer Scheme resulted in four times more households engaging in investment activities and a doubling of the amounts invested (World Bank, 2011b). Whether this immediate economic benefit will lead to the long-term financial inclusion of beneficiaries will depend on local circumstances and the efficiency of the program's design (DfID, 2011).

At the same time, to the extent that social transfers lift credit and childcare constraints, they allow members of the household to work, thus increasing their *labor supply*, especially if they are also provided with services to help them to access employment opportunities. In South Africa, households receiving the Old Age Pension have labor force participation rates that are 11 to 12 percent higher than non-beneficiary households, and employment rates that are 8 to 15 percent higher because a pension received by one household member enables other unemployed household members to find a job (Vincent and Cull, 2009 and World Bank, 2011b). This contradicts the widespread view that transfers in developing countries create disincentives to work and save. The spillover effect that transfers have of stimulating local production and trade has been documented too. In Namibia, many grocery shops emerged even in the smallest villages in response to the increased demand generated by the social pension programs. In remote rural locations in South Africa, on the day that transfers are delivered, traders bring their wares to the village and moneylenders come to lend or collect their money.

In 2011, the DfID released a report that echoed the ILO's findings on the positive impact of cash transfers in terms of reduced inequality and depth of poverty, increased access to health and education, greater accumulation of productive assets, and women's empowerment. The World Bank came to similar conclusions in its *Africa Social Protection Strategy 2012-2022* (World Bank, 2011b). In the strategy, the Bank analyzed the positive impact of SSNs at the micro level (household), at the meso level (labor, local markets, and infrastructure), and at the macro level (broad economic growth at the national level).

A 2011 report by the Independent Evaluation Group of the World Bank (IEG, 2011) also emphasized the positive short-term effects of cash transfers on human capital, poverty status, consumption, and productive investments, emphasizing in particular their potential to enhance households' levels of human and physical capital to increase their long-term earnings. As the report points out, investing in the human capital of the poor may help them break out of the intergenerational poverty trap, even though the actual long-term sustainability of their development outcomes is an area that needs further research. So far, only a few studies have investigated the long-term effects of SSN interventions, but there is some evidence that the immediate improvements in welfare they yield may be sustainable over time. This finding is confirmed by the ILO report, which highlights the medium- and longer-term effects of cash transfers that appear to outlast a household's participation in a specific program.

In addition, the IEG emphasized the valuable indirect effects of some programs that can have a long-term development impact. These indirect effects involve remittances and other private transfers, marriage, sexual behavior, and fertility, the reallocation of resources within the household and female empowerment, and credit markets and spillovers. For instance, by keeping girls in school longer, cash transfers encourage them to adopt safer sexual practices and often to delay childbirth and early marriage. Programs that increase women's control over family resources give them more decision-making power within their households. The injection of cash into local communities leads to increasing savings, thus potentially increasing the credit available to non-participant households. There is also some evidence of a so-called "demonstration effect" whereby the behavior of beneficiary households in terms of, for example, enrolling their children in school or using health services regularly tends to be emulated by non-beneficiary ones. This rise in demand means that cash transfer interventions need to be complemented by efforts to increase the availability of local services and to improve their quality to ensure that the transfers' benefits sustained over time (DfID, 2011).

It is difficult to evaluate the actual impact of cash transfers on *aggregate growth*. These interventions are usually aimed at the poorest, who by definition contribute very little to the overall formal economy, even if well-designed programs can help them to participate in markets from which they have previously been excluded (DfID, 2011). However, cash transfers may support long-term growth by alleviating poverty and inequality and by mitigating the worst effects of economic adjustments and crisis. Additionally, they are usually helpful in terms of maintaining social stability, which is a precondition for growth.

Preliminary Evidence from Liberia

Within the Liberian context, the LACE-implemented Cash-for-Work Temporary Employment Project provides some limited evidence of the effects of such programming on poverty alleviation. The project created temporary employment for 17,000 vulnerable Liberians in all 15 counties and transferred over US\$2 million to these beneficiaries. While this is a small program in comparison to the needs outlined above, the results of two assessments of the project are encouraging. The project resulted in a 27 percent reduction in the poverty gap, from 17.2 percent to 12.6 percent, for the 1,100 beneficiaries surveyed. In addition, the sampled participants reported spending 31 percent of their project wages on education, 28 percent on living expenses, and 22 percent on investments. This suggests not only a short-term increase in household consumption but also possible longer-term effects including the ability to pay school fees and to make agricultural, small business, and household investments. These outcomes were achieved with a total investment of US\$3 million, or approximately US\$176 per beneficiary.¹⁰

¹⁰ The difference between the total investment for this intervention (US\$3 million) and the total amount of cash transferred to beneficiaries (over US\$2 million) includes the costs of tools and other inputs for the public works, NGO facilitators, payment arrangements, and administrative costs.

Additional ongoing impact evaluations, particularly of the Social Cash Transfer program, whose results are expected in January 2012, promise to provide further information about the effectiveness of SSN programming in terms of reducing poverty.

Political and Fiscal Risks of Social Safety Nets

In considering options for investing in SSN interventions, it is important to mention that they involve a unique set of fiscal, political, and institutional risks that can hinder their effectiveness (IEG, 2011).

Fiscal risks are particularly relevant for low-income countries such as Liberia, which do not have the redistributive capacity to support SSN programs on their own and, as such, are heavily donor-dependent. The short-term risk for these countries is a reduction of external investment, while, in the longer run, they need to ensure that donor support is consistent with their national strategy and budget for poverty alleviation, following the good examples of Rwanda and Ethiopia (see respectively Box 12 and Box 5). Moreover, SSNs are relatively new in many countries and therefore tend not to have separate budget heads or well defined institutional arrangements. As a result, they tend to be susceptible to political changes that can jeopardize the creation of fiscal space in their favor (DfID, 2011). A particular additional issue that may create fiscal pressure involves the difficulty in scaling back a program that has been expanded. For instance, if a crisis response intervention has been implemented with no clear plans to scale it back after the crisis, there can be strong political pressures to maintain its benefits. Including a plan for scaling down the program after the crisis is over in its original design would reduce this political risk (IEG, 2011).

Obviously, building the credibility of SSN interventions by showing that they are accountable, transparent, and fair and that they result in positive outcomes boosts domestic political support for these programs, thus ensuring their political and institutional sustainability over time (IEG, 2011 and DfID, 2011).

IX. ADOPTING A MULTI-SECTORAL APPROACH TO SOCIAL SAFETY NETS

Given Liberia's constrained resources, the National Social Protection Strategy should emphasize the need for SSNs to combine more than one objective. This will make it possible to take advantage of the economies of scale that can be achieved by spanning several sectors. There is increasing recognition that this is key to ensuring that SSNs have a sustainable impact in terms of helping households to rise out of poverty (DfID, 2011). Especially in contexts such as Liberia where poverty is highly dynamic, SP interventions need to have multiple objectives. For example, cash transfers should also develop human capital (by including education or nutrition conditions) or be paid in return for building small-scale infrastructure for productive purposes.

As its stage of development permits, Liberia should gradually move towards a more integrated and coherent system of SSNs. The government is already moving in this direction with its recent initiatives to exploit links between food security programming and agricultural productivity, specifically by: (i) supporting the rehabilitation/creation of agricultural assets and rural infrastructure through the provision of targeted productive SSNs including labor-based food/cash/voucher-for-work schemes and (ii) creating market opportunities for smallholder farmers to sell their agricultural products. In particular, the MOA is trying to facilitate sharing of experiences among stakeholders operating within the sector, with the ultimate goal of establishing guiding principles for the coordination and harmonization of the different interventions focused on food security and agricultural productivity.

The following section suggests two (incremental) steps that could be taken towards a successful multi-sectoral integration of the SSN system in Liberia. These steps should be considered in the perspective of the current efforts of the Government of Liberia to encourage greater coordination and integration within SSN programming. As part of the

implementation of a large-scale cash and in-kind transfer or of a regular seasonal public work program, basic systems should be established for identifying beneficiaries, targeting, record-keeping, making payments. These systems could then be used as a platform for extending the delivery of services to the provision of micro-insurance or health insurance initiatives and providing pensions to informal sector workers.

Achieving Greater Complementarity between Food and Cash Transfers

Currently, there is a huge disproportion within the country between food and cash transfers, in terms of both expenditure and coverage. As Figure 4 in Chapter 4 shows, food-related social safety nets receive the largest share of expenditure, a total of 76 percent of funding—divided into school feeding (34 percent of overall spending on SSNs), supplementary feeding programs (33 percent), and food distribution (9 percent)—while cash transfers account for only 5 percent of total expenditures. Similarly, school feeding covers 37 percent of total beneficiaries, nutrition programs cover 31 percent, and targeted food distribution covers 25 percent, while cash transfers only cover 1 percent of the total beneficiaries of existing SSNs (Figure 5).

The choice between cash and food transfers depends on how much food is usually available in the local market. If there is not enough food available to buy, then providing the poor with cash transfers will be counter-productive. In Liberia, two issues must be considered, as highlighted at the beginning of this document. First, Liberia imports most of its food because of its limited domestic agriculture production. In addition, even when food is available, transporting it to local markets in remote rural areas, where most of the beneficiaries live, becomes a major problem in the rainy season (May to October). This is the reason why there is a current preference for food transfers in Liberia as a way to address its widespread food insecurity.

Liberia is not exceptional in this respect as food transfers in humanitarian and post-conflict situations have been typical. However, there have been recent experiences of cash transfers being successfully delivered in conflict-affected environments, such as Zimbabwe (DfID, 2011). Cash is increasingly being used as a complement or alternative to in-kind transfers in humanitarian assistance, supporting the transition from relief to recovery. Recent cases include the small cash transfers given to drought-affected pastoralists in Somalia or Save the Children's food and cash transfers to drought-affected households in Swaziland in 2007-8. Moreover, in situations of chronic food insecurity where the annual number of food-insecure households is largely predictable, emergency food distribution is an expensive and inefficient response to hunger. On the contrary, institutionalized cash transfers constitute a timelier, more predictable, and more flexible alternative. Plus, they generally have net positive effects on local agricultural production and market development (DfID, 2011). The Ethiopian PSNP was developed precisely in order to replace inefficient food aid raised by means of annual emergency appeals with an institutionalized transfer system in which beneficiaries may choose how much of their benefit to receive in cash and how much in food.

Given this evidence, it is recommended that the government gradually increase the use of cash transfers. However, program designers should keep in mind four key considerations as to the most appropriate criteria for deciding how much to distribute in the form of food rations and how much as cash (Grosh et al, 2008).

The first consideration, as seen above, is the *functioning of local food markets* (including access, transport, and storage) and how this is reflected in the prices of staples. In the early stages of a country's economic development when the national market is still fragmented or monopolistic or simply not able to respond to the provision of cash, this can increase prices, thus reducing the value of the transfer and causing additional hardship to those poor households that do not receive any transfers (Grosh et al, 2008). This is often the case in remote areas. However, as markets become better integrated throughout the country, cash

transfers can generate increased demand that can, in turn, increase the supply of food by local producers (DfID, 2011 and ILO, 2010). Moreover, transfers in cash have an advantage because of the private sector's ability to move food and other goods more efficiently than the public sector. Furthermore, cash can have a positive impact on small trade and other newly developed economic activities. A close monitoring of prices and market integration in Liberia is thereby needed to assess the actual chances that cash transfers will have a positive impact on the local food supply.

Second, as highlighted in the previous section, the level of *transaction costs* both for the program and for beneficiaries should be taken into account. From the perspective of program managers, food distribution in Liberia is more expensive as it takes time to organize, requires storage and transport, and is subject to losses and pilferage. Generally, the public sector tends not to be efficient at keeping costs down, but, in places where marketing and transport channels are not developed, the public sector is the only stakeholder that can provide adequate supplies in local markets, even if at a high cost. Beneficiaries' transaction costs should be considered, too. These include the time and expense of going to local markets, which mount up if the markets are far away, hard to access (for instance in the rainy season) or unsafe—which can be an issue in countries where infrastructure is not very well-developed, as in Liberia. There is a lack of evidence on the costs of nationwide cash transfer schemes in low-income countries. However, cash transfers typically have operational and administrative costs of between 10 percent and 20 percent, while the cost of food distribution can reach as high as 40 percent including transportation, distribution, and administration. Cash transfer programs, though, cannot use self-targeting, because cash is attractive to everybody, whether rich or poor, and the need to administer a targeting method is likely to increase the operational costs of a cash transfer program. For food distribution, self-targeting can work because the goods that are distributed can be of a quality that is too “inferior” to attract the non-poor. Nevertheless, in the Liberian context, cash transfers can be easier to organize and less costly in terms of time and money for both the program providers and beneficiaries. For example, the government

might decide to go into partnership with a private entity with the ability to make mobile payments throughout the country, as it has contracted with Eco Bank to make both the on-site and off-site payments in the Social Cash Transfer program.

A third aspect, emphasized earlier, concerns the actual *impact of cash transfers on nutrition*. The traditional literature indicates that small food transfers result in higher food consumption than cash transfers (del Ninno and Dorosh, 2003 and Fraker, 1990) and that these transfers induce households to choose an intra-household distribution and consumption patterns that have a positive impact on the nutrition of children. However, recent evidence—for instance from the Ethiopian PSNP or from Malawi’s Cash Transfer program—shows that the impact of cash transfers on hunger has been most pronounced in low-income countries where poverty is generally more severe (DfID, 2011 and ILO, 2010). Very poor households are more likely to consume food and to eat good food if they receive a small transfer as they seem to spend their additional income on increasing the quantity and improving the quality of the food that they consume. As reported by the DfID (2011), surveys conducted in sub-Saharan Africa found that, in six out of seven countries reviewed, the primary use of cash transfers was to buy food. This additional food consumption translates, in the longer run, in the improvement of nutritional indicators for vulnerable groups. For example, in Lesotho, almost half of all pensioners reported they never went hungry after the introduction of the old age pension compared to 19 percent before (Vincent and Cull, 2009; ILO, 2010; World Bank, 2011b; and DfID, 2011). This might become the case of Liberia as well, especially if cash transfers are targeted to food-insecure households.

The fourth and final consideration to be borne in mind is that *beneficiary preferences may vary depending on circumstances*. Even though beneficiaries may prefer cash simply because it is more flexible, they still want to maximize the amount of the transfer and their control over it, a factor that may make food preferable to them, especially to women (see Ahmed et al, 2007 on Bangladesh and Sharma, 2006 on Sri Lanka). However, once food

insecurity has been addressed, transfers of cash can enable poor households to manage the risks associated with the unavailability of financial resources. Their income poverty is reduced in the short term, while they become able to afford to make investments in their human capital, particularly by enrolling and keeping their children in school enrollments and by availing themselves regularly of basic health services (DfID, 2011 and ILO, 2010), thus addressing two key dimensions of vulnerability in Liberia. In the long run, this contributes to a more inclusive and pro-poor economic growth (Grosh et al, 2008).

The Instrumental Use of Public Works Programs

Even though public works programs (PWP) differ from the generic definition of a cash transfer, they can be considered to be a particular form of cash transfer because they include multiple objectives (the construction of infrastructure in addition to income transfers), they are often seasonal or *ad hoc*, and they can provide transfers in kind (food-for-work) rather than in cash (cash-for-work) (DfID, 2011). What is important is that, in spite of the type of transfer chosen—in cash, in kind or, even better, as highlighted in the previous chapter, as a combination of the two—PWPs are likely to have a positive impact in terms of alleviating poverty. In fact, they can increase food security and reduce poverty, first, by providing poor households with transfers in return for work and, second, by constructing infrastructure that can potentially be used to further the development of economic activities (and to reduce seasonal food insecurity in some areas).

Specifically in Liberia, as noted above, two project assessments of the Liberian CfWTEP have yielded encouraging results regarding the impact of PWPs on the well-being of beneficiary households. Among the 1,100 beneficiaries surveyed, the program reduced the poverty gap by 27 percent. In addition, the sampled participants reported spending 31 percent of their wages on education, 28 percent on living expenses, and 22 percent investments in paying of school fees and making productive and household investments, which suggests not only short-term benefits for household consumption but also possible longer-term positive

effects on human capital. In Ethiopia, PWPs under the PSNP have created vital infrastructure. On top of the direct benefit of the cash transfer to program participants, the irrigation systems built through the program have helped to improve soil and water management and to reduce vulnerability to drought for the beneficiary communities as a whole.

In both cases, the effectiveness of PWPs was due to their sophisticated institutional design, which substantially smoothed their implementation and ensured to a considerable extent the achievement of the project's objectives. For instance, a major strength of the CfWTEP has been building an accurate system for paying beneficiaries, which has proven particularly successful in making the process fully transparent. In Ethiopia, a well defined institutional system has been put in place to give beneficiaries the flexibility to choose whether to receive either food or cash transfers. Such flexibility has proven extremely helpful in improving government responses to rapidly changing food prices.

Specifically, how effective a PWP can be as an SSN usually depends on four institutional design factors (DfID, 2011 and IEG, 2011): (i) clearly defining how it is going to effectively, accurately, and transparently target benefits to the poor; (ii) setting the wage rate appropriately so that it provides adequate income support for participants while not discouraging them from seeking other work or attracting the non-poor to apply; (iii) ensuring that beneficiaries are paid their transfers in a timely manner; and (iv) factors influencing the project's labor intensity such as the percentage of the labor cost in the overall cost of the project and the need to provide an adequate budget to ensure that the assets created are of decent quality. For PWPs to address chronic poverty, the duration of employment must be sufficiently long or beneficiaries should be given repeated opportunities to participate.

If well-designed and systematically arranged in institutional terms, public works can be instrumental in increasing food security and as a catalyst for further economic and social development. As shown by the UN (2008), in Liberia approximately 250,000 households are poor because of unemployment or under-employment, that is, they are households that contain able-bodied adults who have no access to productive employment. If these households get access to skills training, productive assets, and employment through well-designed PWPs, they may be able to graduate from poverty and food insecurity. Investing in larger-scale PWPs is hence an option worth considering if Liberia wants to build an integrated and multi-dimensional SSN system.

X. INFORMAL SUPPORT SYSTEMS IN LIBERIA

The disparity between the considerable vulnerability of Liberians and the limited scope of formal social protection mechanisms highlights the need for households to rely on informal coping mechanisms. Liberia has a pervasive system of family and community networks through which households attempt to manage chronic poverty and mitigate shocks. To better understand these coping mechanisms, the team preparing this diagnostic carried out 20 focus group discussions and 40 individual interviews in 10 localities in five counties.

Given the scope of the research, it was not possible to develop a representative sample of sufficient size, so community members, localities, and counties were selected based on specific characteristics rather than at random. The aim was to encompass the widest possible range of different coping mechanisms by engaging as diverse a range of poor and vulnerable populations as possible. However, the research cannot be extrapolated to the population at large because the findings reflect only the reported behavior of the small cross-section of Liberians interviewed.

Bomi, Montserrado (specifically Greater Monrovia), Nimba, Grand Gedeh, and Maryland were selected to represent all of the major regions within the country and each of the food insecurity categories outlined in the 2010 CFSNS. Given the focus of the research on poor households, two counties from the most food-insecure category were selected, while one from each of the other three levels of food-insecurity was included.

Individual Coping Mechanisms

Dietary Adjustments

In the 10 localities, dietary adjustments were the most frequent response to insufficient incomes. Specifically, in both the male and female focus groups, respondents universally

reported substituting cheaper foodstuffs for their normal fare in order to feed their families. Rice was replaced most commonly with cassava as well as with other grains and starchy vegetables, including bulgur wheat, farina, plantain, eddoes, yam, and breadfruit. Communities also reported eating greens from various tubers and cabbage. In five localities, respondents specifically noted that children were given priority in consuming rice when only limited quantities are available. Respondents in all 10 localities also reported reducing their overall food intake by having either fewer or smaller meals.

Seasonal fluctuations in consumption were frequently reported as rice becomes more scarce and, therefore, more expensive as the next harvest season approaches. In addition, as further discussed below, the consumption of households was closely tied to more immediate successes or failures, such as finding contract labor or selling all one's goods at the market. Because of the instability of incomes, many households reported that they had to work most of the day until they were able to earn enough money to buy food. People also reported going without food altogether in all 10 localities. The Liberian phrase for this ("drink water and lay down") highlights the productivity lost as a result of this extreme but seemingly common coping mechanism. The inability to work due to this lack of energy increases the likelihood that households will fall deeper into poverty and—despite the efforts reported by parents to protect their children from this practice—that stunting and malnutrition will contribute to intergenerational poverty. Also, it was only in two urban communities in Greater Monrovia that this coping mechanism was reported as a response primarily in the hungry season.

Expenditure Reduction

This research targeted poor households, so it follows that their options in terms of reducing their expenditure are limited. The most commonly reported means of reducing expenditure was withdrawing their children from school. Although the government has established free elementary education, as previously discussed, additional mandatory expenses often mean

that households cannot afford to let their children continue in school or enroll in the first place. In nine localities, one to five people per community reported that financial constraints prevented their children from attending school, representing approximately 10 percent of the sample. This is one of the clearest connections between household coping mechanisms and the intergenerational transfer of poverty. Even if children are able to attend school in years when their family is more prosperous, these disruptions to their schooling will have lasting effects on the overall level and quality of education that they receive.

Fostering also was reported in nine of the ten communities and appeared to be an option that parents used to maintain higher standards of living for their children. Indeed, in many communities, fostering was a seasonal practice, done only during those periods when food was scarce. Education was given as another main reason for fostering, in that extended family or friends would assume the costs associated with the child's schooling. In addition, respondents from one community, where 25 percent of households reported fostering, explained that many people there sent their children to live with relatives because the local school quality was so low. The interviews included both households who had sent their children outside the community and those who were themselves fostering children.

Informal Safety Nets

Informal Transfers

Informal transfers of food, other in-kind donations, and cash seem to be relatively frequent. Every community reported that people shared or borrowed food in a reciprocal manner, with only the men's focus group in West Point, Monrovia, reporting that food was available through credit alone. Also, while transfers of food and other in-kind donations were the most common, communities also reported giving one another cash transfers, between 50 and 150 LD, or less than US\$2. Although the average amounts of these transfers seem small,

this can represent a significant transfer considering that a cup of rice rarely costs more than 25 LD. The reciprocity associated with these transfers was universal, with people noting that they would help their family and friends and vice versa whenever they were able.

In addition, about 20 percent of the people interviewed also reported receiving or giving charity. Family was the most common source of such transfers, but in some cases people also received money from church leaders, petty traders in local markets, and friends within the community. These transfers were larger amounts—ranging from around 500 LD to, in one instance, 7,450 LD—and were seemingly given without any expectation of later reciprocity. While the reciprocal transfers largely centered on daily consumption needs, people reported a range of reasons for seeking or giving charity. Charity was used for food, transportation, school fees, and medical expenses, in addition to helping while someone was sick and paying for agricultural day laborers. In-kind charity consisted mostly of food, although one man reported receiving livestock from a friend and one woman had given her sister rice to plant her farm.

Finally, only one person in the focus groups reported receiving remittances. This is in keeping with national data showing that remittance flows are regressive in nature. The 2010 CFSNS showed that on average 5.2 percent of the population receives remittances. However, when disaggregated for food security, the data showed that 7.7 percent of food-secure households receive remittances while this figure drops to only 1.5 percent for the food-insecure. Gallup surveys conducted in 2009 and 2010 found that 18 percent of the population had received remittances in the previous 12 months. While presenting a higher overall estimate, these data showed that such transfers are skewed toward urban households, 27 percent of which receive remittances and which are typically—as noted previously—better-off than rural households, 15 percent of which receive remittances.

Income Generation

Liberia's prevailing high rates of poverty limit the degree to which income generation can be used as a coping mechanism. In neither the focus groups nor the individual interviews did respondents report selling their household assets or livestock in order to generate income. Furthermore, for those households engaged in farming cash crops, this activity was their primary source of income, not an alternative livelihood available in times of need. Farming communities did highlight that, prior to the rice harvest, they relied on their smaller gardens growing cassava, peppers, bitter balls, and other crops to both eat and sell. Only in one instance did a respondent note that his family sometimes had to sell food that they would have otherwise eaten in order to afford other necessities for the household. Fewer than 15 percent of respondents reported saving money.

The most commonly reported ways of generating income were contract labor, foraging, and borrowing either money or salable goods. Although this was reported in eight of the 10 localities, the ability to find contract labor was perceived as somewhat of a luxury. Throughout the focus groups, there was a pervasive willingness to work, but, as evidenced by the high rates of vulnerable employment in the country, the opportunities for any type of paid employment in Liberia are limited. In all but one of the rural localities, foraging was a common means by which to raise additional income. Palm oil, palm wine, charcoal, thatch, and firewood were all harvested and/or processed for sale.

Lastly, borrowing money or goods (referred to by Liberians as "crediting") was reported frequently in all 10 localities. Among the focus groups and individual interviews, over 100 individual loans were reported, approximately half of which were taken within the previous year. In five of the 10 communities, people reported that they had borrowed money from family, friends, co-workers, or the church in times of need. Most of these loans ranged from 500 to 1,500 LD; however, three people reported borrowing amounts around 3,000 LD and two people credited 15,000 LD each for family funeral expenses. Of the 33 people who

reported borrowing through this relatively informal channel, only three loans were repaid with interest, two at 25 percent and one at 50 percent.

In four localities, people reported that they could credit goods (such as rice and charcoal) to sell for income generation. The loan would be repaid in cash from the person's earnings and were reported in some cases to carry interest (typically 20 percent) and, in other instances, to be interest-free. One woman reported that the challenge with this credit was that, if she was late in her repayments, she could not go to the market for fear of seeing her creditor and thus had an even more difficult time earning money to clear her debts.

The reasons people gave for taking loans paralleled both the shocks that households faced and the reasons why they sought charity from friends and family. In eight of the 10 localities, people credited money for health-related costs. Loans for schools fees, business or farm expenses, and food were taken in seven of 10 localities. Respondents in five localities reported borrowing for funeral expenses, four for transportation, two for home repairs or improvements, and in one urban community for rent.

Rotating Savings and Credit Associations

Rotating savings and credit associations (RoSCAs) are known to have existed in West Africa, specifically Nigeria, as early as the 16th century. Hans Seibel has argued that they are the "earliest evidence of financial institutions in Africa" (Seibel, 2004). Indeed, of the people included in this study who reported that they had savings, 85 percent of the total saved was held in one of the community-based savings organizations described here.

In Liberia, as elsewhere, RoSCAs encompass a wide diversity of savings and credit options. This report focuses on three distinct types of RoSCAs. First, the traditional *susu* clubs are predominately community-organized RoSCAs. Second, savings and credit clubs are also community-organized groups; however, they are annually based, rather than rotational, and

use this capital to provide credit to members and (qualified) non-members alike. At the year's end, club members' savings are returned with their share of the club's earned interest from these credits. Third, Liberians refer to "Nigerian" *susu* in which a single person engages with individuals to collect and hold regular savings from them for a set fee, typically paid at enrollment, through purchasing a *susu* card, or when the savings are withdrawn.¹¹ In all three types of RoSCA, the contribution amounts and frequency vary significantly.

Traditional *susu* clubs were the most commonly reported community savings mechanisms. *Susu* clubs do not enable members to earn interest on their savings, but this rotational savings arrangement gives members access to a relatively large amount of money, as one person receives the total member contributions once during each rotation. Six out of 10 communities—both urban and rural—had active clubs, and 13 percent of people were members of at least one *susu* club. The size of the group and the size and frequency of the contribution varied. Among the people interviewed, some belonged to clubs with monthly contributions while others made daily contributions. The size of these contributions ranged from 40 to 175 LD. Smaller clubs (in terms of the size of both membership and contributions) tended to be organized among a group of friends, and it was reported that prominent, wealthy community members typically started and managed the larger clubs.

Savings and credit clubs were reported in only three of the 10 communities, and only two interviewees (one man and one woman, both in Zlehtown) reported belonging to this type of club.¹² Both people belonged to clubs with weekly contributions. The man deposited 100 LD per week while the woman deposited 500 LD per week. The majority of respondents said that they could not afford the regular contributions over the course of a year required by this type of club. Nevertheless, the team's research highlighted the well-established

¹¹ Seibel (2001) describes both Ghana and Ivory Coast as having daily deposit collection *susu* that they term *anago* and *nago* respectively, which are both Nigerian words.

¹² The one woman was interviewed specifically because the focus group participants identified her as belonging both to a traditional *susu* and to savings and credit clubs. She had stalls in the local market.

regulations that communities have developed to govern the savings and credit clubs. In Zlehtown, where each of the community's 10 quarters has its own club, the focus group discussions revealed that there are a variety of officers within each club. All positions within the club are decided by election, but each club has a wealthy or otherwise respected patron (a "big man") who oversees the club's functioning and holds ultimate control. The interviewees all agreed that membership was open to anyone able to make his or her contributions reliably. This meant that anyone who failed to make regularly payments in the previous year's club was ineligible to rejoin.

Nigerian *susu* clubs appear to be most prevalent in peri-urban and urban areas as they were reported only in the one peri-urban and two of three urban communities included in this research. In Buzzi Quarters, Monrovia (urban) and Coopers Town, Bomi (peri-urban), it was the only option for savings that people reported, whereas people in Ganta, Nimba (urban) reported participating equally in traditional and Nigerian *susu*. All of the respondents who reported participating in Nigerian *susu* were female. Compared to the RoSCAs described above, Nigerian *susu* appear to offer participants the most flexibility. Members reported that they were allowed to decide on the size of their contributions—although always less than 100 LD—and their frequency, which ranged from daily to monthly.

Overall RoSCAs primarily provide a savings function for their members, though they also offer risk mitigation to varying degrees. The Nigerian *susu* provide the greatest insurance in times of crisis as participants can—at least in theory—withdraw their contributions when needed. To a lesser degree, savings and credit clubs also provide such a function by offering credit. These clubs were the most frequently reported source of loans taken by respondents and, therefore, serve as an important source of capital, notwithstanding their high interest rates. *Susu* clubs do not offer participants any risk mitigation services.

Labor Cooperatives

Labor co-operatives, known as *kuu* groups in Liberia, are a rotational community group in which members benefit from pooling their labor rather than their savings. All of the four of the 10 communities with *kuu* groups were—logically—rural and dependent on agriculture. This represents 75 percent of the rural communities involved in the research. Two communities had *kuu* groups whose membership was either all men or all women, but there were also mixed gender groups.

The communities with *kuu* groups all reported having multiple such organizations, but, much like the *susu* clubs, the size and formality of the *kuu* groups varied. Some groups were organized relatively informally among a small number of friends who were sharing their respective workloads. By contrast, in Wlewien, Maryland, each quarter had its own *kuu* group, suggesting that there was some degree of management at the community level. Overall, in communities that had *kuu* groups, significantly more focus group participants mentioned belonging to them than to RoSCAs.

Kuu activities varied both between and within communities. The simplest groups worked on one another's farms throughout the planting and harvesting seasons. Others worked not only their own land but also hired out their labor to others within the community. In one case, the daily wage for the group was approximately 500 LD. In addition, one *kuu* group in Graie, Nimba, raised chickens communally to sell eggs at market. The groups that raised money—either through their labor or sales—frequently reported contributing to a group emergency savings pool, the money for which was withheld before the earnings were divided between members. Furthermore, in the case of a death in a member's family, the groups reported collecting additional money to help with associated expenses.

Lessons for Formal Social Protection Sector Development

Informal support systems depend on the social capital that exists within families and communities that can be leveraged to reduce the transaction costs typical of formal sector insurance, loans, and other safety net mechanisms. The detailed knowledge that a community has of its members makes it possible to identify those in need cheaply and accurately. The very low or non-existent cost of participating in these systems is critical to their efficacy within the communities. However, in Liberia, where poverty levels are estimated to be 64 percent, there are some inherent limitations within these systems of mutual support. Most notably, these systems cannot cope with covariate shocks, which limit both person-to-person transfers and the ability of community organizations to respond to numerous demands simultaneously. Respondents reported that it was harder to expect support through the community during the rainy season because work opportunities and food were limited for everybody.

The inability to afford membership was the most common explanation for why focus group members did not participate in any monetary community groups. This highlights another inherent weakness in the system of intra-community support. Those people who are the most vulnerable are likely to be unable to access the support. Moreover, social pressure is critical to the enforcement of the regulations that govern community organizations, allowing the organization to take severe action against any members or creditors for non-compliance. The severe penalties for non-payment, coupled with the high interest rates for credit, further limit the participation of poorer community members who are likely to be less certain about their ability to make regular payments.

These lessons highlight the importance of developing a well-targeted social protection sector in Liberia. While extensive informal social support systems do exist, barriers to entry increase in direct correlation to the depth of a household's poverty, which thereby only increases the need for outside intervention. Moreover, the pervasive willingness of

Liberians to work and the lack of employment opportunities highlight the appropriateness of introducing public works interventions in the Liberian context. Such programs could be particularly relevant if timed to coincide with the rainy season when food prices are highest and little work is available.

XI. CONCLUSIONS AND RECOMMENDATIONS

Conclusions

In Liberia, the incidence of poverty was estimated at 63.8 percent in 2007, with extreme poverty at 47.9 percent (Government of Liberia, 2007). Poverty is predominantly a rural phenomenon. The South East and the North West of the country are proportionately the poorest regions of the country. The share of poverty tends to decrease as the levels of education of the head of household increases. The poorest households seem to be those where the head is self-employed in agriculture. Finally, poverty is strongly linked to age, with young people being generally poorer than adults.

Opportunities to engage productively in economic activities are limited, with vulnerable employment estimated at 77.9 percent. There are many households with able-bodied adults who have no access to productive employment to generate a decent income. In Liberia, only about 195,000 people work in the formal sector, of whom 84,000 are in Greater Monrovia. Almost 70 percent of people who are active in the labor market are employed in the informal sector, while the latest data indicate that there are approximately 850,000 under-employed people in the country.

Vulnerability also is strongly correlated with food insecurity. Food insecurity greatly affects the Liberian population due to the country's lack of infrastructure, principally roads, especially during the rainy season (May to October). Moreover, Liberia heavily depends on imports of rice as its main staple food. The 2010 CFSNS found that 13 percent of Liberian households were food-insecure, while an additional 28 percent of the population was vulnerable to food insecurity. The main coping strategy adopted by food-insecure households is to reduce their food consumption either by limiting their food intake or reducing the number of their daily meals. In Liberia, food insecurity is both *transitory*, that

is, short-term and due to seasonal factors, and *chronic*, when it is related to low productivity and production in rural communities.

These critical poverty conditions demand a broad social protection system. This system should involve, in a coordinated and interactive manner, three aspects: (i) social assistance programs, in other words, cash or in-kind transfers to alleviate poverty; (ii) social insurance programs, in other words, mandatory (contributory) social insurance programs including pensions, unemployment benefits, and health insurance; and (iii) labor regulations and active labor market programs (education and training, credit, employment services).

Overall, the current system of social welfare and social protection is highly fragmented, with no clear policy guidance either in political or in administrative terms. Complex institutional arrangements coupled with weak capacity make it difficult to organize the social protection sector in Liberia, thus limiting the sophistication of any interventions that might be introduced.

NASSCORP implements contributory programs to provide social protection for job-related injuries, occupational illnesses, invalidity, and old age. While 69,080 people are enrolled in NASSCORP, between January and September 2010, only 3,029 people received benefits. The institution is at present in a positive financial situation, but, according to the last available report, the institution doubled the amount of benefits that it paid out in one year while only increasing its contributions by 1.2 percent.

The non-contributory programs implemented within the country and identified in this study as social safety nets (SSNs) are primarily: (i) cash transfers and near-cash transfers; (ii) public works in which the poor work for food or cash; (iii) in-kind food transfers such as school feeding and take-home rations, nutritional supplementary feedings, and food distribution during the lean season; and (iv) (to a minor extent) general subsidies meant to benefit households, often for food, energy, housing, or utilities.

SSNs in Liberia account for a budget equal to 1.5 percent of the GDP. As a share of GDP, expenses on Liberian SSN are higher than the regional West African average. However, the GDP of Liberia remains low as the country is still recovering from the recent conflict. As such, the government is heavily reliant on international donors, the support from whom is included in this figure, rendering it somewhat misleading. Indeed, between 2008 and 2010, donor financing represented 93.8 percent of all SSN expenditures.

National coverage of all programs is around 24 percent of the total population, but this calculation is probably over-estimated given the inherent assumption that there is no overlap of beneficiaries between the various programs analyzed. Furthermore, *the total benefit amount covers only between 7 and 20 percent of the poverty line*, depending on the area and the programs. In terms of categories of beneficiaries, the current SSN system focuses on *food insecurity*, mainly addressing starvation and malnutrition with food distribution, and on *unemployment* (also covering informal employment), addressed by public works programs.

The analysis identified three SSN programs as good practice in Liberia.

1. *The P4P program*, because it aims at ensuring self-sustainability and overcoming both transitory and chronic food insecurity in the long run.
2. *The Social Cash Transfer program*, as there is anecdotal evidence of its positive impact on poverty reduction, food security, and school enrollment and attendance.
3. *The YES Community Works program*, a noteworthy intervention in terms of both its effectiveness and coverage.

Scaling up Liberia's existing social safety net would require considerable investment, which is not a currently viable solution. However, evidence from programmatic impact evaluations suggests that this sort of programming can have a significant impact in terms of poverty alleviation. Given the constraints on financial resources in Liberia, *efforts should focus on*

improving the overall SSN system within the available 1.5 percent of GDP budget following the following recommendations.

General Recommendations

A comprehensive National Social Protection Strategy should be developed that focuses on reducing the fragmentation of the system, creating fiscal space for SP, and increasing coverage by taking a multi-sectoral approach to SSN.

First, the *National SP Secretariat should begin by developing clearer and smoother institutional arrangements and more robust design, implementation, and monitoring mechanisms* in order to foster coordination between programs. Such systems are an important first step in building the government's capacity to overcome the current fragmentation of responsibility of the system. This also concerns Liberia's extensive external aid, as increasing coordination will make it essential that *donor financing should be coordinated with and integrated within the national strategy*. This should result in greater predictability and sustainability of funding to the whole system, thus making it possible to fight chronic, long-term poverty systemically rather than through continuous but irregular emergency interventions.

Box 12: Embedding Social Protection within National Priorities in Rwanda

The Vision 2020 Umurenge Program (VUP) in Rwanda is one of the most notable examples of a program that is entirely rooted in the national development strategy, with the strong commitment of the central government. This has led all donors to align their activities with the government's strategy, thus avoiding fragmentation. The government's efforts to strengthen social protection culminated in 2011 with the adoption of a national social protection strategy. Rwanda already had a well-developed set of social protection programs, including universal health insurance (covering 91 percent of the population), free education, and social transfers such as a pension scheme, the VUP, a program of support for survivors of genocide, and the "one cow per family" program. The administration of these benefits is decentralized under the supervision of the government. Over the medium term, the government aims to reinforce existing programs and establish a universal old age grant for people over the age of 65. The government allocated about 4.7 percent of the budget to the social protection sector in 2009/2010, an amount that is expected to reach 4.9 percent in 2010/2011 and 5.1 percent in 2011/2012.

Source: European Union (2010).

At the same time, in terms of *capacity building*, the development of better skills at the local level would *enable local authorities to more effectively implement national policies*. In fact, all stakeholders denounce the gap in capacity between the central and the local level, which presents relevant and widespread implementation issues. If not properly addressed, this gap risks hindering the government's national decentralization plan.

Second, *given Liberia's current resource constraints, the government must be realistic in its creation of additional fiscal space for SP funding*. Four basic options are available to be considered: (i) the rationalization and reallocation of expenditure both within and between sectors, under existing fiscal constraints; (ii) better integration of donor financing within national budget planning and more coordination of external resources with government expenditures; (iii) borrowing to the extent that this is feasible in terms of debt distress and that the government can prove the economic returns to borrowing in order to invest in SSNs; and (iv) increasing domestic revenue either by raising more revenue as a percentage of GDP or by accelerating economic growth.

Third, the *types of interventions* should be defined within a holistic national framework. In the perspective of a possible budget reallocation among SSN sectors, the new strategy could also consider *SSNs that combine more than one objective*. As its stage of development permits, Liberia could gradually move towards a more integrated system of SSNs to take advantage of the economies of scale that such a multi-sectoral approach can yield. Two incremental steps would be effective in terms of increasing coverage as they would directly and indirectly address the two main dimensions of vulnerability in Liberia, food insecurity and unemployment.

- *A gradual increase in cash transfers*, keeping in mind (i) how food markets function (access, transport, and storage), and how they can be affected by cash transfers, triggering a local increase in the food supply; (ii) the level of transaction costs both for

the program and for beneficiaries as, in Liberia, cash transfers are proving less expensive, in terms of operational costs, than food transfers, and cash transfers can be easier to organize and also less costly in terms of time; (iii) the positive impact of cash transfers on nutrition, since very poor households seem to be likely to spend their additional income in increasing the quantity and improving the quality of the food that they consume, which translates, in the longer run, in better nutritional indicators for vulnerable groups; (iv) beneficiary preferences, considering that, once food insecurity has been addressed, transfers of cash will enable poor households to invest in human capital accumulation by enrolling and keeping their children in school enrollments and by availing themselves regularly of basic health services (DfID, 2011)—two key dimensions of vulnerability in Liberia.

- *Increased investment in large-scale public works programs*, which, if well-designed and systematically arranged in institutional terms, can increase food security and act as a catalyst for furthering economic and social development. This is particularly relevant in Liberia where approximately 250,000 households are poor because, even if they contain able-bodied adults, they have no access to productive employment. If these households can be given access to skills training, productive assets, and employment through well-designed public work programs, they may be able to graduate from poverty and food insecurity. While the LACE-implemented Cash-for-Work Temporary Employment Project is a small program in comparison to the country's needs, two project assessments have been encouraging about the positive impact that the project seems to be having on vulnerable households, including a reduction in the poverty gap of 27 percent.

Fourth, a *more effective system for targeting SSN interventions* can also significantly magnify their ultimate impact in terms of reducing poverty. In Liberia, the most effective strategy seems to be to adopt multiple targeting mechanisms, with an emphasis on

transparency and a strong role for beneficiaries in the oversight and management of programs, coupled with continuous reviews of experiences and exchanges of information about approaches among program organizers. For instance, creating a common comprehensive database that contains information about the beneficiaries of all SSN interventions would help to make targeting more accurate and to avoid overlaps. This would enable policymakers and program designers and managers to crosscheck data between programs, especially if this database were also coordinated with other public databases such as tax records and civil registries.

Box 13: Complementarity between Priorities for Safety Nets in Africa and in Liberia

On the basis of its recent review of the experience of SSN in African countries, in July 2011 the World Bank has identified key priorities for its *Africa Social Protection Strategy 2012-2022* that are absolutely in line with those identified within this paper:

1. *Reform food aid systems to deliver a predictable safety net.* In countries (and areas) that are already receiving regular inflows of food aid, this should be transformed into a predictable coherent SSN, which can have a significantly greater positive impact on chronically food-insecure households than emergency food aid. There can also be significant cost savings associated with shifting to cash transfers.
2. *Consolidate and scale up national cash transfers.* Experiences with cash transfers in African countries demonstrate that this instrument can be very effective. These interventions, which tend to be small, short-term pilots, need to be scaled-up into national programs through the establishment of robust targeting, governance, and accountability mechanisms.
3. *Expand the use of regular and predictable public works to reduce chronic poverty.* To reduce chronic poverty, public works programs should provide regular employment, replacing the current tendency to provide a single short episode of temporary employment that is more appropriate for responding to temporary disruptions in the labor market or other shocks.
4. *Support the creation of quality assets through public works.* Public works programs have the additional benefit of being investments in community assets that can support local economic growth and poverty reduction. Therefore, resources and technical skills are required to ensure that the infrastructure is of adequate quality and that the project is integrated into local investment planning.
5. *Integrate school feeding programs into national education policies.* School feeding programs can be effective when alternative SSN interventions are limited, but their targeting should be improved and their cost-effectiveness increased. These programs need to be the responsibility of the Ministry of Education and integrated into national education policies to be sustainable.
6. *Building long-term scalability.* The food, fuel, and financial crisis of 2008 demonstrated the vital role that SSNs play in mitigating the impact of shocks on vulnerable households. Governments need to put in place the prerequisites for scaling up their programs effectively, such as robust early warning systems and contingency processes that prepare potential public works in advance to be activated in times of crisis.
7. *Ensuring immediate crisis response capability.* Many countries have established humanitarian response systems underpinned by early warning systems, which could be enhanced and complemented by simplified SSN designs that are more easily implemented and therefore can help to enable a rapid response of the program in times of urgent need.

Source: World Bank (2011b).

Finally, and in broader terms, *the contributory and non-contributory interventions should be developed simultaneously but with different time horizons*. Non-contributory programs are essential in the short and medium term to tackle pockets of extreme poverty or vulnerability within the country because the Liberian economy is largely informal and, in consequence, only a small share of the labor force can take part in contributory schemes. However, as the economy develops, contributory schemes can expand their coverage and actually provide the function of social protection and security for which they were originally designed.

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Abstract

This assessment provides recommendations to help the government of Sierra Leone to put its Social Protection Policy into action. Ten years after civil war, and in the aftermath of the global crises, the key challenge for Sierra Leone in the area of social protection is to move from ad hoc emergency interventions towards a national social protection system. The assessment reviews current programs in light of risks and vulnerabilities faced by Sierra Leoneans during different stages of life. It concludes that to achieve the vision of the Social Protection Policy, it will be necessary to (a) fill program gaps while eliminating fragmentation; (b) develop effective mechanisms to maximize the poverty impact of interventions; and (c) strengthen institutional and coordination arrangements.

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