



THE GOVERNMENT OF LIBERIA

THE LIBERIAN NATIONAL DECENTRALIZATION AND LOCAL DEVELOPMENT PROGRAM (LDLD)

"As we savor the new dawn of hope and expectation, I pledge to bring the Government closer to the people"

Project Document

Summary

The LDLD is a national program of innovations for supporting local government and its management, established with support from the United Nations Capital Development Fund (UNCDF) and United Nations Development Program (UNDP). It features the setting up of a capital investment and local development fund, to support Liberia's efforts in reversing historic tendencies within its centralized system of administration. This national program, based on four strategic focus areas, aims to strengthen policy and strategy development, system and institutional development, while promoting local sector-specific investments, and in the process, shall ensure the effective management of Liberia's innovations in restoring local government and its. Specifically, the program outputs are:

- Establishing Liberia's decentralization policy and its legal framework
- Elaborating and strengthening procedures, processes and systems for effective public expenditure management at the County, District and Sub-district levels;
- Launching of a District/ County Fund, designed to establish a generic fiscal framework for programming inter-governmental transfers, being part of the national system of public expenditure management
- The resultant effective management of the LDLD program, whose processes shall promote Liberia's quest for decentralization

Launching the national program intends to prepare Liberia's departure from short-term relief and emergency programming, currently set against a backdrop of systemic local government service delivery weaknesses. As returnees resettle, their livelihoods partially restored, much needs to be done to meet the growing demand for public services and improvements in management. Community based programs and their implementation require a coordinative capacity in reinvigorating Liberia's local government management and system of administration.

Establishing a national decentralization policy will require national consensus building that results in the adoption of the legal and regulatory framework to enhance the functioning of sub national governments. Introducing effective local public management expenditure systems that enable Counties and Districts to improve their roles in delivering basic services and in the coordination and support for local economic development. The program will pilot a local investment package linked to the participatory planning processes, which will form the basis of a reinvigorated developmental local government system. Thus, the LDLD intends to go beyond the scope of supporting basic needs and improve and strengthen capacities for rural and urban development.

The national program will cover 15 Counties, to support the shaping of policies and systems that underpin decentralization and local development. The program will pilot a local development program, initially based in 3 counties, and shall install a County and District financing facility, intended to demonstrate, through learning by doing, the full cycle of public expenditure management. The three counties will generate lessons that shall structure policies of the national program. This national program is estimated at \$50 million, of which \$ 5 million has been committed UNCDF and UNDP, with partial support from the government's annual allocations to the County, with parallel funding estimated at \$15 million over the 5-year duration.

The expected results include: the full adoption of policies to strengthen fiscal decentralization, administrative and governance systems in Liberia, installation of adequate organizational capacities and systems to promote pro-poor infrastructure and service delivery, local economic development and sustainable resources' management.

¹ H.E. Ellen Johnson-Sirleaf, Presidential Inaugural Speech, January 16, 2006

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SIGNATURE PAGE

Country: The Republic of Liberia

UNDAF Outcome(s)/Indicator(s): Strengthening Governance and Poverty Reduction

Expected Outcome(s)/Indicator (s): _____
SRF/MYFF goal and service line

Expected Output(s)/Indicator(s):

- 1) The establishment of Liberia's local government legal framework and adoption of a national decentralization policy;
- 2) Elaboration and establishment of procedures, processes and systems for effective public expenditure management and infrastructure delivery;
- 3) Introducing the District/County Fund, the framework for programming inter-governmental fiscal transfers, intended to promote sector-wide investments;
- 4) Effectively manage the program

Implementing partner:
(Designated institution for execution)

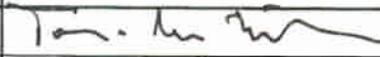
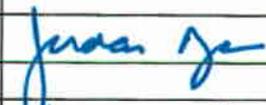
The Ministry of Internal Affairs

Other Partners:
(Formerly implementing agencies)

UNDP, UNCDF, Others

Program Period:	<u>CCF period 2007-2010</u>
Program Component:	<u>Governance</u>
Project Title:	<u>Liberian National Decentralization & Local Development Program (LDLD)</u>
Project Code:	_____
Project Duration:	<u>2007-2011</u>

Total budget:	\$5.0 million _____
Allocated resources:	\$ million _____
	• Government contribution: in kind _____
	• Regular _____
	• Other: (including in-kind contributions) _____
UNDP	\$ 2.5 million
UNCDF	\$ 2.5 million

Agreed by	Signature and Print Name	Date
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Acronyms

CDC	Clan Development Committee	
CBO	Community Based Organization	
CBRP	Community Based Recovery Program	
CDF	County Development Fund	
CDG	County Development Grant	
CEP	Community Empowerment Project	
CLCC	County Level Coordinating Committees	
CTA	Chief Technical Advisor	
DC	District Commissioner	
DDC	District Development Committee	
COUNTY/DISTRICT DEVELOPMENT FUNDS		District Development Fund
DDP	District Development Plan	
DLCC	District Level Coordination Committees	
GDP	Gross Domestic Product	
GRC	Governance Reform Commission	
GoL	Government of Liberia	
IPRS	Interim Poverty Reduction Strategy	
LDLD	Liberian Decentralization and Local Development Program	
MoF	Ministry of Finance	
MIA	Ministry of Internal Affairs	
MIS	Management Information System	
MPEA	Ministry of Planning and Economic Affairs	
MCCs	Ministerial Coordinating Committees	
NCC	National Coordination Committee	
NGO	Non-governmental Organization	
NTGL	National Transitional Government of Liberia	
PRSP	Poverty Reduction Strategy Paper	
PEM	Public Expenditure Management	
PMU	Program Management Unit	
SCC	Sector Coordinating Committee	
TSU	Technical Support Unit	
UNCDF	United Nations Capital Development Fund	
UNDP	United Nations Development Program	
V-MAC	Village/Sub-District Management Advisory Committee	

I. SITUATION ANALYSIS

1.1 The successful democratic elections held in October and November 2005 marked a new beginning for Liberia, with the election of Mrs. Ellen Johnson Sirleaf as Africa's first female president. This marked the end of a 14 year protracted civil conflict and the installation of a government of National Unity in 2006 with a determination to break with the past and start afresh, a new beginning. Impacts of the devastation and wanton destruction of social and economic life, with physical infrastructure, continues to haunt the new order, as years of anarchy were accompanied by gruesome violence in which more than a quarter million people lost their lives, and displaced an estimated one third of the nation's current population of 3 million. This legacy has created challenges that must be addressed, as outlined in the Interim Poverty Reduction Strategy (IPRS)².

1.2 The origins of the Liberian conflict have been separated into two categories (IPRS 2006): (a) marginalization; and (b) economic collapse. Historically the indigenous population has been systematically excluded and marginalized from institutions of political governance and access to key economic assets. Political power was centralized, thereby breeding corruption and confined the decision-making processes within the elite at the center. Marginalization was also perpetuated by urban biased policies of successive administrations, which concentrated infrastructure and basic services in Monrovia and other main urban centers and excluded the rural hinterlands.

1.3 The economic collapse was directly linked to the nature of the Liberian economy, which was and continues to be dependent on natural resources – iron ore, harvest timber, and rubber plantations. This natural resource economy was negatively affected by a fall in prices in the 1970s, which compounded an increase in inflation and unemployment. The failure of the economy to grow triggered economic hardships which resulted in the growth of illicit trade in gold and diamonds and an environment conducive to rebel groups recruiting freely from the vast pool of the unemployed youth. The economic collapse was compounded by the state collapse resulting in political and economic breakdown.

1.4 The key challenges faced by the Liberian economy include:

- *High levels of absolute and relative poverty in both the rural and urban sectors:* According to a 2001 UNDP survey, 86% of the rural population are estimated to be poor and, of those, 64 percent live in extreme poverty in towns that used to be prosperous from mining and rubber concessions; 85 percent of the latter households are poor and 6.4 percent live in severe poverty (IPRS 2006).
- *Food insecurity:* According to the GOL Food Security and Nutrition Survey 2006, 40 percent of the population is highly vulnerable and 41 percent is moderately vulnerable to food insecurity. All of Liberia's fifteen counties have high to extremely high chronic malnutrition rates (IPRS 2006). The lack of production for several consecutive years during the conflict has greatly worsened the situation.
- *Weak infrastructure:* Virtually all public infrastructure was severely damaged – schools, hospitals, clinics, and roads; roads and bridges are severely damaged and farm to market access is difficult and near to impossible during the rainy season. Only 32 percent of the population has access to safe drinking water and only 24 percent to sanitary facilities (IPRS 2006).
- *Poor state of basic social services:* Only 41 percent of the population has access to health care facilities and this indicator is much worse for rural areas. Over 50 percent of the children and youth are out of school and the war destroyed 70 percent of the schools across Liberia (IPRS 2006).
- *Poor governance:* There was severe weakening of institutions and human capacity as a result of the war and this is very severe for sub-national institutions where local governments became non- operational and defunct. Civil society, which used to be vibrant including -tribal associations, sports groups, and women-run

² The Government of Liberia, Interim Poverty Reduction Strategy, 2006

and community-based organizations were severely disrupted by war (IPRS 2006) and will take years to revive.

1.5 The IPRS 2006 proposes four pillars to address these main challenges facing the economy: (a) Enhancing national security, (b) Revitalizing the economy, (c) Strengthening governance and the rule of law, and (d) Rehabilitating infrastructure and basic services. This forms the basis on which the LDLD will be developed. In particular, the strengthening of governance and the rule of law will focus on decentralizing political governance and social responsibilities, ensuring that local authorities understand and can manage the new responsibilities. The local authorities will be at the forefront of rehabilitating infrastructure and basic services, including restoring transport facilities and services, restoring electricity, providing water and sanitation, and enhancing investments in education and health.

Public Sector Reform and Decentralization Challenges

1.6 Liberia adopted its first constitution in 1847 and has evolved as a constitutional republic, a unitary sovereign state politically sub-divided into counties for administrative purposes. The government has 3 branches: the legislative, the Executive and the Judiciary with clear separation of powers, checks and balances. The roles and responsibilities of the sub national spheres of government are not clearly articulated, thus reinforcing the centralized structure of Liberia's Government.

1.7 The majority of functions for administering and managing the economy are vested at the center, and exercised through sector ministries and parastatal bodies. Whilst some ministries have tended to deconcentrate, the majority of cases demonstrate a skewed relationship with sub-national levels, limiting the extent to which the devolution of functions to counties and other lower tiers of government is made visible. Whereas the national legislature has powers to create new counties and other political subdivisions, it is the Executive, which has overwhelming powers to appoint the County Superintendents, County Officials and District officials who serve lower political subdivisions. This is the key issue that reinforces the top-down relationship between Liberia's central and local governments, and excludes the localities from decision-making.

1.8 In the Liberia Local Government Capacity Assessment study (2006) UNDP/GRC, and the UNCDF concept paper (2006), the key challenges of sub national spheres of government were highlighted, and among them were: the highly centralized political and administrative system; lack of clarity of roles and functions of sub national levels of government; exclusion of local governments from national planning and budgeting processes; and the inability to access locally generated fiscal resources, against a backdrop of an archaic management system, whose human resource capacities are weak.

1.9 More specifically, in terms of centre –local relationships, the following challenges were noted: Weak Ministry of Internal Affairs (MIA) and other sector ministries, with no clear lines of authority and accountability with the different layers of local government; lack of a clear framework for the planning of fiscal and economic affairs at the local government level. Noteworthy is the limited capacity for citizen participation in both national and local governance. The central challenge is therefore to build capacity at both central and local levels, to put in place a system and policies that promote national decentralization and local development. This is a holistic challenge requiring a comprehensive approach to system and institutional building.

II. STRATEGY

2.1 The proposed LDLD fully supports the GOL in implementing the IPRS 2006 –2008 and will primarily focus on key elements of institution development and investment reflected in pillars 3 & 4 of the Interim Poverty Reduction Strategy.

In terms of Empowering Local Governance, the IPRS 2006 states that:

"The government is clear on its commitment to decentralize decision making and resource allocation to county and municipal governments. A key element of this is empowering and engaging communities, especially the poor and vulnerable within those, in the reconstruction process, in local governance and in addressing the root causes of poverty —"

The aim is to build trust between the government and the governed; to ensure this and successful decentralization happens, emphasis will be placed on building county and local government capacity"

2.2 In an effort to strengthen current UNDP and indeed UN 's support to the Liberian government, and in line with UNCDF's mandate to support capital investments in the least developed countries, the LDLD program is designed to provide support to the GOL, through its key national and local government institutions to reform and support the drive towards the decentralization of decision making and in promoting local development. This is justified as Liberia shifts its emphasis from early recovery to the setting of its long-term base for sustainable development.

2.3 Thus, the proposed LDLD program will strengthen the capacity of the GOL through the Ministry of Internal Affairs (MIA) by providing the necessary leadership and coordination that builds a system of participatory local governance and its relevant local government institutions throughout Liberia. The MIA will steer, in close collaboration with the Governance Reform Commission (GRC), Ministry of Finance, and Ministry of Planning and Economic Affairs (MPEA), the adoption of a decentralization policy and building of the sub-national system from the County level downwards in terms of planning, financing, and local implementation of development.

2.4 The national program, over all, will be launched to cover all 15 counties and will focus on capacity building and strengthening reflected in outputs 1 & 2 of the proposed program. The Government of Liberia argued strongly for putting a national program in place at the beginning rather than initially focusing on a few pilot initiatives. Their rationale was that piloting and testing new ideas and system arrangements had to be done with a clear and agreed overarching framework for decentralization. Therefore within the national program specific piloting could be undertaken, in select counties in an effort to pilot and test the establishment of appropriate systems and procedures for the County and District levels, and the setting up Public Expenditure M (PEM).

Public Expenditure Management includes the whole cycle of planning, financing, budgeting and implementing local and national development. This requires careful calibration and detailed design taking into account the broader national systems and procedures. It was agreed that the proposed LDLD District funds and investments would focus on three counties and their respective districts (based on a nationally agreed criteria, the most critical being levels of population and that of poverty, economic potential, besides the geographic position, taking into account market and access to transport and the proximity to Monrovia). The selection of the initial three Counties has been made based on a study of district potentials with assistance from MPEA and MIA. The piloting in the agreed three counties will utilize the standard UNCDF methodology which has been globally tested to channel district funds through the Counties, develop the participatory planning procedures, undertake the prioritization of projects, budget and implement within the framework of an annual planning cycle linked to the national planning and budgeting cycle. This process will require strong collaborative support from Ministry of Planning and Economic Affairs supporting the planning processes; Ministry of Finance (Budget Control) supporting the budgeting and resource allocation formulas; Governance Reform Commission (GRC) supporting the broad decentralization policy agenda and the Ministry of Internal Affairs as the key implementing technical ministry.

2.5 The Government of Liberia will take the lead to politically champion the program within the government and ensure that the legislature adopts the necessary laws that will make Decentralization and Local Development a reality. More specifically is the adoption of the National Decentralization policy and charting the roadmap for its implementation; the reform of existing laws particularly the local government laws, centre – local regulatory framework; budget rules and regulations and sector activity laws (mining, forestry). The roles of the GRC and the Executive mansion are particularly critical in achieving this objective.

The Ministry of Finance (Budget Bureau) is key in the elaboration of a fiscal decentralization system, which reflects the desire by the Government of Liberia to empower the sub national spheres of government. Currently the Government of Liberia has begun providing County Funds (block grant to each county) annually through the budget. This is projected to grow over the next 5 years to an average of \$3 million a year (\$ 200,000 per county). This needs to be programmed and be linked to the proposed District Development Fund proposed for LDLD. Ultimately, these unconditional grants have to be linked to the sector conditional grants, which will be the source of recurrent funding for infrastructures built (schools, water points and health centers).

2.6 UNDP and UNCDF funding will provide the technical support for national capacity building, and work with the government partners to build a system that promotes fiscal and administrative decentralization in Liberia. The technical support will ensure that the policy is in place and the relevant national laws and regulations put in place. The proposed District Development Fund will support the District Planning Process, and fund the projects identified through the local government planning process. These local sector investments form the pillar of the learning by doing process, which links the villages, the clans and the Districts. Currently the District Development Committees have no investment funds to program and rely on activities of NGOs who involve them in the identification stages but not in the implementation process. This is the building block for the decentralization program in Liberia.

The LDLD program will also assist in the mobilization of the key development partners to establish sector wide support for Decentralization and local development, placing emphasis on policy coherence, pooled funding and agreeing to a set of common targets and indicators. Immediately following the launch of the program by the Government of Liberia, a major partners conference has to be organized to ensure that the "rules of the game" are agreed on and understood. There must be a clear understanding of the transition from the immediate post conflict towards a much more sustainable development path.

2.7 Currently one of the key programs in place is the County Support Program, which has deployed County Support teams in all the 15 counties to resuscitate the local public institutions focusing on the counties and districts. It is a UN wide effort, spearheaded by the UN Civil Affairs Division and UNDP to build a coherent approach in supporting and rebuilding government capacities at county levels. This process puts a premium on rationalization and ensuring that partners provide coordinated support for local administration through support to the County level and capacity to lead lower units of government. More specifically they provide logistical support to the County and District teams, provide administrative support and help central government in its monitoring role. It is also part of the peacekeeping role to ensure that the civil authorities are revived and functional. The proposed LDLD will complement and deepen CST support by focusing on public expenditure management support at the county and district levels, providing the tools to make investment a reality. While the CST is the early recovery process that secures the system, the LDLD will build and strengthen the systems and institutions for the long-term sustainability.

- The national program has been estimated to cost no less than \$50 million over a 5-year period taking into account the expansion to 15 counties from the initial 3 counties. The program will be supported initially by UNDP and UNCDF, jointly providing \$5 million over five years. The Liberian government has indicated a contribution of about \$15 million over the next five years, through its support to the County level at \$3m per year. The budget gap of \$30 million will be mobilized over the next five years, to ensure that the phasing-in of additional Counties that is consistent with the envisioned program. The Government of Liberia is committed to mobilizing the funding for the national decentralization program attracting the various development partners operating in Liberia.
- The program will cover four strategic areas of focus: (A) Policy and Strategy development: in which the main output is the adoption and implementation of the decentralization policy and the legal framework; (B). System and Institutional Development: in which the main output is: Establishment and elaboration of procedures, processes and systems for effective public expenditure management and infrastructure/service delivery (C) Sector Investments for Local Development: in which the main output is District and sub district investments are implemented (D) Effective program management in which the main output is the timely provision of inputs and effective utilization of resources for LDLD, given that the LDLD will establish the pilot system on which the national fiscal transfer mechanism will be strengthened.
- To launch the program, the sequencing is based on the envisioned scope of support to: a) 15 counties targeted to establish Strategic Areas I & II, as part of the national program, and b) 3 pilot Counties to extend their scope of work to include Strategic Area III, targeting sector investments. The sequencing of the program will be based on a three-year program cycle, to comply with the budgeted levels of resources available at the outset. 3 pilot Counties will establish the investment program over the first cycle (a cycle is the first 3 years of investments), with a minimal level of the allocated annual level, no less than \$200,000 per County, disbursed over the first tranche. Budget replenishments will be based on performance criteria to be established. Funding replenishment shall take into account the demonstration of good management, and compliance with program procedures being set up. The phasing-in of the next three Counties will depend on the lessons drawn from the mid-term reviews

and technical backstopping of the existing pilot, with a view to improving the program implementation arrangements.

STRATEGIC FOCUS AREA I: POLICY AND STRATEGY DEVELOPMENT FOR STRENGTHENING GOVERNANCE

This strategic focus area is largely reflected in pillar (3) of the Interim Poverty Reduction Strategy 2006, which centrally focuses on redefining and refocusing the mandates, structures and functions of public institutions. Embedded in the strategic area is the objective of decentralizing political governance and social responsibilities. The proposed output ensures that a consensus has been achieved in terms of a Liberian policy and program for decentralization and that the necessary legal framework is established or reformed from the existing system.

2.8.1 Output 1: Decentralization policy and the legal framework established.

2.8.1. The LDLD will support the GOL to define and operationalize a national decentralization policy, which reverses the historic centralization of the state and strengthens the functioning of the sub-national spheres of government – counties, districts, towns, and villages. This calls for a legal framework within the Unitary State that clearly defines the roles and responsibilities of these different entities. (Counties, Districts, Towns, Clans and Villages)

2.8.2 The LDLD will support the work of the GOL through the key actors – GRC, MIA, MPEA, and Ministry of Finance – to undertake the improvement of the system. The target is to have in place several frameworks - a legal outline for formalizing local governments' roles and functions, another for fiscal aspects and that for the decentralization of sector management of programs, as well as in setting up an efficient and effective civil service.

Envisioned are the following activities:

- Creating a nationwide platform for dialogue that rekindles public discussions on decentralization and the adoption of a national strategy through district, county and national forums and preparation of detailed studies of existing systems and sharing other international experiences
- Drafting and adoption of the Government of Liberia's policy, and related legal and regulatory framework for sub national participatory planning, budgeting and program implementation, with a view to strengthening the County and District management aspects.
- Detailed studies and adoption of Fiscal Decentralization policy through articulation of the modus operandi of the full County and District fiscal management, and clearly defining inter-governmental fiscal relationships endorsed at all levels (Annex on COUNTY/DISTRICT DEVELOPMENT FUNDS).
- Adoption of sectoral decentralization policies and articulating their interaction with local governments through amendment of existing laws and regulations. (Balancing deconcentration with devolution)
- Establishment of the local civil service and equipping it with the relevant technical and administrative capacities.
- Strengthening the capacities of the Ministry of Internal Affairs as the lead technical body to spearhead the reform

The activities of output 1 cover all the 15 counties and will involve the significant interaction and involvement of all the key ministries, national legislature and the Executive mansion. The three counties, which will pilot the local development investment cycle, will form a laboratory to generate lessons. This is particularly relevant for District and sub district planning which will engage in the annual planning cycle.

STRATEGIC FOCUS AREA II: SYSTEM AND INSTITUTIONAL DEVELOPMENT

This strategic focus area is embedded in pillar 2 of the Interim Poverty Reduction Strategy whose objective focuses on revitalizing the economy, and includes strengthening fiscal policy and financial management, capacity development including systems, processes and institutions. It also builds on pillars (3) and (4) strengthening of Governance and the rule of law; and Rehabilitating Infrastructure and basic services. This is the hub of institution building for decentralized governance

2.8.3 Output 2: Establishment and elaboration of procedures, processes and systems for subnational government institutions

The current Liberian local government system and its institutional framework are designed in a very top down manner, which inhibits local participation in development and makes local governments institutions ineffective. There is therefore a need to review the general organization and function of the system to empower local government institutions and development actors. There is need to restructure and strengthen the bottom up structures and prosedures.

The following activities are envisaged for output 2:

1. Defining and activating planning, financing and implementation roles of counties, districts, villages, towns and clans
2. Building the capacity, mission and function of the Ministry of Internal Affairs towards promoting developmental local government and the linking it with the other sector ministries.
3. Elaborating the fiscal and financial management responsibilities of the different levels of local government, and their relationships with the Ministry of Finance and design systems for District, County and Sector funding (Budget Control)
4. Supporting reform and reorganization of the local government system to remove intra local government duplication and promoting efficiency through clearly defined criteria of the different jurisdictions (cities, districts and counties)
5. Supporting and building capacities of institutions of local governance (including civil society), which promote participatory development including County Development Committees, District development Committees, Clan Development Committees.
6. Instituting the annual planning and budgeting process and strengthening the role of the elected and local institutions
7. Promoting best practices in Local Public Expenditure Management through developing a variety of accountability mechanisms and participatory planning exercises.
8. Establishing and strengthening District and County level Information Management systems, through effective interaction with all the development actors operating in the localities.

STRATEGIC FOCUS AREA III: INVESTMENTS FOR LOCAL DEVELOPMENT

The implementation of LDLD has to ultimately yield results in the form of concrete investments for local development. The fourth pillar of the Liberia Interim Poverty Reduction Strategy focuses on rehabilitating infrastructure and delivering basic services. This includes a range of sectoral investments planned, implemented and monitored by local governments, and reflecting the comparative advantage of the different levels of local governments

Output 3: Local investment projects implemented at county and district levels

2.8.4. Decentralization policy has to ultimately show results in the form of local investments, which help to address poverty and improve the prosperity of communities. . The proposed District Development Funding system will complement complement GOL County Development Funds and Sector Funds, and is designed to strengthen the capacities of Counties and Districts (local Governments) to respond to and address the long term management responsibilities that address changes and challenges to local development.

2.8.5. The current Liberian system of funding local development is largely being driven by the Non – Governmental and Community sectors responding to the immediate post war crisis. The proposed LDLD is designed to shift the focus towards developmental local governments and to strengthen State capacity for the delivery of infrastructure and services. This will promote long-term development and give responsibilities to the democratically elected bodies that have to collaborate with the other non-state actors.

The envisaged activities for output 3 are centered on implementation of the basic components of local public expenditure management cycle which include: strategic planning; investment programming, budgeting; implementation and procurement; assets management; accounting and financial reporting; internal controls and monitoring; evaluation and audit. The institutional arrangements in Liberia points to the need for a simultaneous focus are County and District local authorities.

2.8.6. The 15 Counties have an average of 9 districts each and they are the main public sector organizational entity with capacity for local strategic planning. The Districts are currently institutionally fragile and will require significant capacity building for them to play an effective role in local investment programming. The program will pilot the local public investment Expenditure management in three Counties selected by Government (Ministry of Internal Affairs) based on a criteria agreed by the government key stakeholders –Governance Reform Commission, Ministry Of Planning and Economic Affairs and Ministry of Finance.

1. Preparation and implementation of strategic County and District Development Plans (3-5 years)
2. Preparation and implementation of Annual County and District investment plans
3. Allocation of County and District Development Grants (combining Government County Grants and the Program District grants)
4. Developing and implementing minimum conditions of access and engaging counties and district local authorities in the planning and implementation processes
5. Developing local level accountability mechanisms for management of investment programs.
6. Undertake piloting in 3 counties and providing the District Development Funds to demonstrate the full cycle of the Public Expenditure Management (PEM) cycle
7. Prepare local training manuals for planning, budgeting, implementing, tendering, costing and building the capacities of the local governments.
8. Agree and establish investment menus at Village, Town, District and County levels in order to guide and strengthen the participatory planning processes

More specifically at District and sub district levels, output 3 envisions the following targets:

- Conducting baseline reviews of infrastructure, service delivery and coverage in all pilot cases at the District level, as the main input into the local participatory planning and budgeting process.
- The setting up of the County/District Development Funds at the County level as the mechanism for allocating externally supported fiscal transfers to Districts, and provide pilot Districts with yearly "indicative planning ceilings".
- Developing guidelines for County/District Development Funds, detailing management structures, conditions of access and fund administration procedures, consistent with an improved fiscal transfer system.

- Negotiating with other ongoing programs (World Bank's, EU, USAID, GTZ, etc) to assist the pilot options for local government management in their elements of support to Districts.
- The LDLD will be based on the premise of extending the local government reform agenda, in support of the State's wider reform agenda in extending its fiscal management, with a focus on sub-national government institutions. It establishes a national development perspective, built on strong macro-economic and sector policies and, highlighting a significant role for local governments in Liberia's system of public management and administration.

STRATEGIC FOCUS AREA IV: EFFECTIVE PROGRAM MANAGEMENT

2.8.5 This strategic focus area is on ensuring that the program is effectively and efficiently implemented. The Government of Liberia, UNDP, UNCDF, UN and other development partners will regularly convene and through annual tripartite meetings review the program. They should also convene donor roundtables to fundraise for the program and ensure donor interest and harmonization.

Output 4: To ensure the proper utilization of resources and effective management of LDLD

To achieve output 4, the following activities are envisaged

- Set up the Programme Management Unit and its team at MIA, with its management focal points in the Counties, for effective management.
- Establish the policy support function of GRC, Ministry of Planning and Economic Affairs, Ministry of Finance and other sector Ministries
- Effectively manage the annual work-plan, monitor and report as required
- Ensure effective financial management
- Support and finance the technical missions from HQ and the County offices
- Setting up an M&E system

The LDLD is a complex program which will on one hand seek to pilot local public expenditure management in 3 counties and at the same time satisfy the desire by the Liberian Government to establish a National program covering 15 counties within the 5 year time frame. Whilst the current resources for the program will adequately pilot the three counties, there is a funding gap, which the Government and Development have indicated a desire to address the funding gap within the program timeframe. It is also likely that the interest of the other donors will be stimulated and generate investments for the rolling up of the national program.

2.9. Expected End of Project Situation

The LDLD initiative will be the piloting of a national effort that facilitates the move towards decentralized governance and the strengthening of sub-national government and its administrative capacity. The proposed 5-year program will:

- Support the determination of the decentralization model and policy for Liberia;
- Rationalize and strengthen the capacities of sub-national governments and governance: counties, districts, municipalities, cities, towns, villages and the criteria for establishing each level;
- Strengthened mechanisms for accountability, efficiency and collaboration between politicians, local administrators, local council officials, and communities;
- Define and consolidate the nature of central – local government fiscal relationships at each level: county, district; municipalities and villages will be clarified, with roles articulated, and functions strengthened;

- The UNCDF block grant will pilot and test the planning and investment system at county and district levels (initially in 3 Counties) to ensure that financial management in local governments are made consistent with reforms at the national level, while making sure that the available flows of funds from the central government to local government and vice-versa is efficient;
- Promote the capacities of Counties, Districts, and other lower entities to mobilize local resources and improve public expenditure management in general;
- Build human resources policies for local government.
- Mobilize resources for the national program and establish long term intergovernmental fiscal arrangements for districts and counties.

RESULTS AND RESOURCES FRAMEWORK

<p>Intended Outcome: Strengthening of Local Governance, with the immediate objective of establishing Liberia's decentralization strategy</p>
<p>Outcome indicator as stated in the Country Program Results and Resources Framework, including baseline and target: Local Government management system is re-established, functional; District Development Plans approved, projects being implemented</p>
<p>Applicable MYFF Service Line(s): 1.2 Poverty reduction, localization of MDGs as a major policy, in attaining national targets 1.3. Community reconstruction and management program, including micro-finance aspects 2.6. Decentralization, local governance, and to promotion of rural – urban linkages in employment creation, economic stimulation</p>
<p>Partnership Strategy The LDLD will be established at three levels of governance, each with a PMU, with responsibilities that differ in role and function, given the program elements. The main PMU will be based at an executive level, within the president's office, with the operational arm in the MIA, as the main coordinating entity for the LDLD. UNDP, UNCDF, and other potential partners will jointly fund the program.</p>
<p>Project title and ID: The Liberia Decentralization and Local Development (LDLD) program</p>
<p>Project Summary</p>
<p>Goal The LDLD program is designed to support the country's efforts to speed the transition from reconstruction to long-term development by establishing innovative solutions to local governance and to reverse the historic patterns of centralized development</p>
<p>Objective The main objective is to promote the adoption of policies that establish and strengthen fiscal decentralization, administrative and local governance systems in Liberia, as the LDLD installs an adequate organizational capacity to management systems that promote pro-poor infrastructure and service delivery, while stimulating local economic development and sustainable resources' management.</p>
<p>STRATEGIC AREA I: Promote policy and strategy development - The LDLD will support the GOL to define and operationalize a national decentralization policy which reverses the historic centralization of the state and strengthens the functioning of the sub-national spheres of government – counties, districts, towns, and villages</p>
<p>STRATEGIC AREA II: System and Institutional Development – support for the establishment and elaboration of procedures, processes and systems for effective public expenditure management and infrastructure/service delivery</p>
<p>STRATEGIC AREA III: Sectoral Investments and Local Development – to stimulate local economic development by promoting local investments in infrastructure and services, with a view to address poverty in improving prospects for long-term growth and communities prosperity</p>
<p>STRATEGIC AREA IV Ensure effective program management</p>

SUMMARY BUDGET

STRATEGIC FOCUS AREAS AND OUTPUTS		Year 1	Y2	Y3	Y4	Y5	Totals
Strategic Area I. POLICY AND STRATEGY DEVELOPMENT							
1.1 The LDLD is launched - a process for establishing the Liberian National framework for Decentralization and local government capacity building, a collaboration of the MPEA/MIA/GRC.	65	45	5	5	0	5	\$ 125
1.2 The preparation of specialized papers and review of local government management and administrative policies for the decentralization policy to be adopted. In addition prepare support of the preparation of National fiscal policy articulated in the legal framework established.	20	90	10	0	0	0	\$ 120
1.3 Elaboration of sector Decentralization	5	70	40	35	5	5	\$ 155
1.4 An in-depth review of Liberia's requirements for local government capacity building is done, and its wide management development strategy designed	0	70	60	40	40	40	\$ 210
Sub-Total	\$ 90	\$ 275	\$ 115	\$ 80	\$ 50	\$ 50	\$ 610
Strategic Area II. SYSTEM AND INSTITUTIONAL DEVELOPMENT							
2.1 The local government management, its defined procedures, processes and systems for effective public expenditure management are reviewed, implemented, to formalize new roles, functions	35	55	20	20	0	0	\$ 130
2.2 The PEM procedures are institutionalized through the county/district planning process and structures in pilot Counties: the I.D.I.D operations manual	10	50	30	30	30	30	\$ 150
2.3 Local and national development planning are made consistent, public expenditure management is articulated, in place	25	75	75	45	20	20	\$ 240
Sub-Total	\$ 70	\$ 180	\$ 125	\$ 95	\$ 50	\$ 50	\$ 520

Strategic Area III. SECTOR INVESTMENTS AND DEVELOPMENT						
3.1 The local development fund (DDF/County Fund) is established as the basis for the inter-government fiscal transfer system, institutionalized by the LDLD program operational manual	25	320	615	900	1200	\$ 3060
3.2 The county/district accountability system, articulate links to the national budgetary cycle established	20	45	45	45	45	\$ 200
3.3 Access to, quality and extent of infrastructure and service delivery improved in line with county and district plans	20	65	35	10	0	\$ 130
Sub-Total	\$ 65	\$ 430	\$ 695	\$ 955	\$ 1245	\$ 3390
Strategic Area IV. PROGRAMME MANAGEMENT						
4.1 Program Management Team recruited (1 CTA and 3 experts)						
4.2 3 Work-plans prepared, implemented, regularly updated	110	310	260	210	160	1050
4.3 75% of targets set in AWP accomplished by the end of the year						
4.4 DDF established, located at the County treasury, its system of transfer made functional.						
4.2.1 MIS system established at PMU, and County level.						
4.2.2 Communication and Media strategy						
4.2.3 Quarterly, and annual reports prepared	10	25	25	25	15	100
Sub-Total	120	335	285	235	175	1150
Total Estimates	346	1220	1220	1365	1520	6670

STRATEGIC FOCUS AREA I: POLICY AND STRATEGY DEVELOPMENT								
INTENDED OUTPUTS	OUTPUT TARGETS	INDICATIVE ACTIVITIES	DONORS	2007 ('000)	2008 ('000)	2009 ('000)	2010 ('000)	2011 ('000)
1.Liberia's Decentralization policy and the legal framework established	1.1 The LDLD is launched - a process for establishing the Liberian National framework for Decentralization and local government capacity building, a collaboration of the MPEA/MIA/GRC.	1.1.1 Establish the nationwide platform for dialogue that rekindles public discussions on decentralization and the adoption of a national strategy (donors, sector ministries and counties)	UNDP GOL	10	10	0	0	0
		1.1.2 Engage consultants for the background technical review papers and for the Launching Conference; follow-up meetings	UNDP/UNCDF	25	15	0	0	0
		1.1.3 Host 3 regional consultations and 1 National conference; annual donor roundtable, annual meetings	UNDP/GOL	30	20	5	5	5
	1.2 The preparation of background papers and review of local government management and administrative policies, the basis for decentralized governance is completed, the Decentralization policy adopted. The Fiscal Policy articulated in the legal framework established	1.1.4 Drafting and adoption of the Government of Liberia's decentralization policy, and related legal framework	UNCDF UNDP GOL	0	30	0	0	0
		1.1.5 Engage international and local consultants for the Fiscal Policy study and review	UNCDF	20	20	0	0	0
	1.3 Elaboration of Sector Decentralization	1.3.1 Review, articulate the modus operandi of the full County and District fiscal management, and clearly define inter-governmental fiscal relationships	EU/UNDP/UNCDF	0	40	20	20	0
		1.3.2 Prepare sector decentralization policy and guidelines	EU/UNDP/UNCDF	0	15	15	10	0

STRATEGIC FOCUS AREA I: POLICY AND STRATEGY DEVELOPMENT									
INTENDED OUTPUTS	OUTPUT TARGETS	INDICATIVE ACTIVITIES	DONORS	2007	2008	2009	2010	2011	
		1.3.3 Support the National Inter-Ministerial Steering Committee for Decentralization, County platforms for consultations	UNCDF GOL	0	15	5	5	5	
	1.4 An in-depth review of Liberia's requirements for local government capacity building is done, and its wide management development strategy designed	1.4.1 Design capacity building for the counties, districts and selected sector ministries on decentralized governance (experts to prepare modules)	EU/UNDP/UNCDF	0	20	20	20	20	
		1.4.2 Re-establishment of the local civil service and determining technical and administrative capacities.	UNDP	0	20	20	0	0	
		1.4.3 Design the capacity building strategy for the LDLD, train specific cadres, upgrade skills	UNDP	0	30	20	20	20	

STRATEGIC FOCUS AREA II: SYSTEM AND INSTITUTIONAL DEVELOPMENT								
INTENDED OUTPUTS	OUTPUT TARGETS (YEARS)	INDICATIVE ACTIVITIES	DONORS ('000)	2007 ('000)	2008 ('000)	2009 ('000)	2010 ('000)	2011 ('000)
2. Establishment and elaboration of procedures, processes and systems for effective public expenditure management and infrastructure service delivery.	2.1 The local government management, its defined procedures, processes and systems for effective public expenditure management are reviewed, implemented, to formalize new roles, functions	2.1.1 Redefine the role, mission and function of the Ministry of Internal	UNDP	10	20	0	0	0
		2.1.2 Planning, financing and implementation manuals for counties, districts, villages, towns and clans prepared	UNFCU	10	20	20	20	0
		2.1.3 Review and recommend fiscal and financial management responsibilities in line with fiscal policy	UNCDF	15	15	0	0	0
	2.2 The PEM procedures are institutionalized through the county/district planning process and structures in pilot Counties; the LDLD operations manual	2.2.1 Remove duplication and promote efficiency of local government through clearly defined criteria of the different jurisdictions (cities, districts and counties)	UNDP	10	20	0	0	0
		2.2.2 Support and build capacities of institutions of local governance (including civil society and private sector) which promote participatory development	UNDP	0	15	15	15	15
		2.2.3 Strengthening annual planning and budgeting, and setting up the local M & E system	UNDP	0	15	15	15	15

STRATEGIC FOCUS AREA II: SYSTEM AND INSTITUTIONAL DEVELOPMENT

INTENDED OUTPUTS	OUTPUT TARGETS (YEARS)	INDICATIVE ACTIVITIES	DONORS	2007	2008	2009	2010	2011
	2.3 Local and national development planning are made consistent, public expenditure management is articulated, in place	2.3.1 Participatory methods of planning and the management of resources elaborated and ultimately defining functions in local public expenditure management in the 3 counties	UNDP	10	20	20	10	10
		2.3.2 Training and capacity building for Districts by the County management team for 3 pilot counties.	UNDP	15	15	15	0	0
		2.3.3 Strengthen sector reviews and social audits by refining the existing database under the CST program, transform it into the County Management Information System that supports the budgeting process	UNDP	0	15	15	10	10
		2.3.4 Design the training program for MIS, to link national, county and district level.	UNCDF/NIMAC	0	25	25	25	0

STRATEGIC FOCUS AREA III: SECTOR INVESTMENTS & LOCAL DEVELOPMENT								
INTENDED OUTPUTS	OUTPUT TARGETS (YEARS)	INDICATIVE ACTIVITIES	DONORS	2007 ('000)	2008 ('000)	2009 ('000)	2010 ('000)	2011 ('000)
3. Local investment projects implemented	3.1 The local development fund (DDF/County Fund) is established as the basis for the inter-government fiscal transfer system, institutionalized by the LDLD program operational manual	3.1.1 Designing the County and District fund and the operational guidelines detailing the management structure, conditions of access and fund administration procedures, consistent with an improved fiscal transfer system	UNCDF	25	20	15	0	0
		3.1.2 Set up the County/District Funds in the three pilot Counties, designed to be the mechanism for allocating externally supported fiscal transfers to Districts	UNCDF	0	300	600	900	1,200
	3.2 The County/District Development Funds's accountability system, articulate links to the national budgetary cycle established	3.2.1 Support to training in basic financial management skills, the establishing norms and standards for County/District Funds funds, expenditure monitoring and controls	UNCDF	0	25	25	25	25
3.2.2 Design and launch the training program for managing the county and district funds and involve local DDC's and NGOs in the participatory budget training		UNDP/UNCDF	20	20	20	20	20	
3.3 Access to, quality and extent of infrastructure and service delivery improved according to the	3.3.1 Engage consultants to conduct baseline reviews of infrastructure, service delivery framework and coverage in 3 pilot counties	UNDP	10	30	0	0	0	

STRATEGIC FOCUS AREA III: SECTOR INVESTMENTS & LOCAL DEVELOPMENT								
INTENDED OUTPUTS	OUTPUT TARGETS (YEARS)	INDICATIVE ACTIVITIES	DONORS	2007	2008	2009	2010	2011
		3.3.2 Design specific investment window to support local economic development	UNCDF	10	25	25	0	0
		3.3.3 Establish public private partnerships (PPP) in infrastructure management and service delivery, set up the coordinating system for these at county and district level	UNCDF	0	10	10	10	0

STRATEGIC FOCUS AREA IV: MANAGEMENT ³								
INTENDED	OUTPUT TARGETS (YEARS)	INDICATIVE ACTIVITIES	DONORS	2007 (000)	2008 (000)	2009 (000)	2010 (000)	2011 (000)
4.1 Maintain effective program management and implementation	4.6 Program Management recruited (1 CTA and 3 experts)	1.1.1. Establish the Main PMU at MIA, staffed with Local Government and Decentralization 1.1.2. Provide resources in managing PMU operations 1.1.3.	UNDP	100	300	250	200	150
	4.7 3 Work-plans prepared, implemented, regularly updated 4.8 75% of targets set in AWP accomplished by the end of the year 4.9 County/District Funds established, located at the County treasury, its system of transfer made functional.	4.2.1 Establish PMU antennas in the 3 pilot counties, at the County Development Superintendent's premises, managed by the CST Team Leader 4.3.1 Provide transport and key support for management of the program costs 4.3.2 CST Team Leader as local program coordinator to ensure effective management of program, liaison with the HQ at PMU 4.3.3 Annual work-plans effectively managed 4.9.1 Steer the management of the fiscal transfer and accounting mechanism being developed, its rationalization, alignment with the national budgetary system 4.9.2 CST Team to provide logistics and security arrangements in operationalizing the COUNTY/DISTRICT DEVELOPMENT FUNDS/County Development Fund, securing the process of extending local system of management in distant/rural locations	UNDP/GOL	10	10	10	10	10
4.2 Ensure effective monitoring and evaluation	4.2.4 MIS system established at PMU, and County level 4.2.5 Communication and Media strategy formulated 4.2.6 Quarterly, and annual reports prepared	4.2.1.1 M & E strategy and system formulated, its implementation ongoing 4.2.1.2 Communication and media strategy for the LDLD established, with support from participating donors, NGOs 4.2.1.3 Regularize the M & E reporting system, program accountability methods 4.2.1.4	UNDP	10	25	25	25	15

³ Full budgets factored in the processes in Strategic Outputs, Strategic Areas I, II, III

III. RISKS AND RISK MITIGATION EFFORTS

3.1 There are four key risks that have been identified for the LDLD: political commitment; low human resource and administrative capacities; resurgence of tensions and socio-political conflicts; and lack of commitment on the part of development partners.

3.2 - Lack of political will and commitment is a major stumbling block for decentralization everywhere. The challenge in Liberia is to ensure that all key stakeholders are on board and there is adequate consultation at all levels. Current commitment to reverse the highly centralized system is high and therefore the risk is **low**.

3.3 - Low Human Resource and administrative capacities exist at all levels and this poses a major risk for the LDLD. Whilst the LDLD focus is on capacity building it is important to achieve some quick wins to reduce the risks of decentralization being viewed as an impossible task. The current risk is **high**.

3.4 - Resurgence of local tensions and socio-political conflicts are a major threat to decentralization, which can be easily seen as promoting ethnic differentiation rather than the cohesiveness of a central system. It is important that decentralization is viewed as a peace building mechanism that promotes development. This threat is **medium to high**.

3.5 Support of development partners is a key input to decentralization and local development. There is need to build sector-wide support under the government's leadership in order to attract the interest of all key donors. If the process is viewed as belonging to the United Nations (UN) there is a major risk to the process in mobilizing resources. The current threat is **medium** given that most development partners are still focused on the immediate post conflict recovery.

. The LDLD design has considered these risks and has program safeguards, among them:

- **Management risks** - MIA's limited experience and institutional capacity may jeopardize program implementation. In mitigating the situation, the following are support provisions to circumvent the risk.
 - Mitigation - In executing projects of this nature, questions relate to extending assistance by establishing decentralization and/or local government management entities with strong Technical Support Units (TSUs) for managing local government reforms, towards decentralization.
 - The program intends to set in motion the internal systems needed for long-term and sustainable public management for sub-national level governance, thus a Chief Technical Adviser is to be engaged, based at the PMU, the PMU for decentralization in the MIA, with additional antennas using existing UNV support in participating local governments. (**See Annexes**)
 - Coordination will be a critical element for successful program implementation, which shall be a major aspect of linking its ongoing policy and development planning capacity building (the LDLD System of Coordination shall link communities to national and local government), establishing the needed framework and methods for strengthening participatory governance.
 - In extending participation, civil society will be solicited in various capacity building activities, with Non-governmental Organizations (NGOs) as the interim solution for rebuilding democratic elements and empowering communities.
- **Political risks** - relate to the decentralization process, a long-term process in development, whose continued success depends both on government leadership and on how civil society may shape it, given the aftermath of the elections and the forthcoming municipal elections.
 - Mitigation - sustainable decentralization entails the adoption of new policies and new relationships with civil society, the program will engage stakeholders in involving NGOs in its implementation, formulate a public relations and marketing plan to stimulate broad-based national dialogue, establishing participatory platforms at all levels, across ongoing efforts.
 - In the establishment of a High Level Inter-Ministerial Committee at the Apex is intended to directly engage the government, linking ongoing local government dialogue to the highest level.

IV. MANAGEMENT

Implementation Arrangements and Roles

4.1 The LDLD's management is premised on the strengthening of the center - local dynamics and building capacities of the different spheres of government to promote decentralized governance. At the central level the key actors will include all the key national ministries who have to embrace the traditional advantages of decentralization to improve efficiency, transparency and responsiveness of local service provision compared to the traditional centralized arrangement.

Government of Liberia

- At the apex, the LDLD will establish the Inter-Ministerial Steering Committee for decentralization, which is envisioned to be under the guidance of the GRC, to function as the main hub for the LDLD's intrinsic political support, the conduit for *promoting* decentralized governance within the central government ministries. The Committee shall be the coordinating entity that promotes wide program changes among specific sector ministries.
- The MIA will be the central technical and coordinating hub through the PMU, which will provide support to counties, districts, clans and villages and liaise with all the key technical branches of government.
- The MPEA provides planning support and will build capacities to make the national planning calendar a reality.
- The Ministry of Finance is responsible for the overall budgeting and allocation of resources annually.
- The MIA shall execute the project, with support provided via the PMU based at its main office in Monrovia. The PMU will be led by the Chief Technical Advisor (CTA - **see Annex 2: TOR - CTA**), with assistance from a Technical Team of specialists in Local Government planning and management, fiscal decentralization, municipal finance, infrastructure and service delivery, in conjunction with MIA staff and with support from their counterparts in MPEA and MoF, with the GRC.
- At the County level, the focal point will be based at the Superintendent's office, to be made up of the Development Superintendent with his team of officers, with the accounting officer in charge of the Treasury. In addition, the County Support Teams will assist in the management of the portfolio of programs to be extended to the districts.
- At the lower level, the focal points will be established at the District Commissioner's (DC) offices. As may be required, other elements in program implementation may be contracted to local NGOs, in an effort to extend participation.
- Nationally, a **system of Committees** will be established with a view to connecting the local government and decentralization policy debate surrounding the project's implementation, with a view to widen the debate to speed up the policy agenda (see Annex).

Development Partners

- UNDP shall monitor the program and will ensure the effective management of the LDLD. It is the coordinating entity on the ground ensuring coordination with all UN entities. With assistance from the UN family, UNDP shall steer the establishment of the PMU and in recruiting staff, and will monitor and coordinate with the County aspect through the CST. In addition, UNDP will ensure timely disbursement of funding, while monitoring implementation.
- UNCDF will provide technical support and invest resources for the programme. This will allow for the necessary resources for establishing the County/District Fund.
- Other donors - with time, it is anticipated that lessons learned will be replicated in the expansion of the pilot phase to the national level, with demonstrable successes that attract additional support from key donors, among which are the World Bank, USAID, EU, DFID, GTZ and others working in local government management elsewhere.

- -UN County Support Team – UNMIL will provide the technical and logistical support to the CST programme, resources of which will be used as an input in the implementation of this project.
- - LACE/World Bank – involved in community infrastructure with a focus on local communities from village to clan level. New phase of project includes up scaling to district and county level and will be working with DDC's.
- European Union – involved in providing support to development of sector policy for decentralization and capacity and institutional development.
- Other donor which support local development include World Bank, USAID and GTZ and they will be consulted on the way forward for LDLD.

V. MONITORING & EVALUATION

5.1 The Project baseline data mapping and survey

To establish the basis of planning and management for the county, district and village level, and in a bid to set out the monitoring and evaluation outlook that informs regularly on the design and progress of the project, the program will conduct an evaluation of the institutional set up, administrative system, and capacity in the counties and the districts. The survey's results shall be made in advance of the full project start-up, and will be used to inform on the detailed technical inputs required at program inception.

Monitoring and evaluation of activities

In the start-up phase of the project, the CTA with the support of UNCDF shall be responsible for the design of the project's monitoring and evaluation system (ME), which will:

- Avail stakeholders with information on project progress against assigned outputs and activities. This aspect of the ME will provide quantitative indicators enabling stakeholders to assess the project's progress;
- Provide "process" indicators, those which track the quality of the processes and procedures of the implementation effort, and their likely impact on service delivery shall also be established. The ME will identify additional qualitative indicators, many of which are likely to require periodic surveys and the use of participatory methodologies;
- Ensure that the UNDP and UNCDF reporting requirements are adequately met.

Mid term and final evaluations/reviews

A mid term evaluation/review (MTE) shall be undertaken within 18 months after the project has been established, to coincide with completion of the first planning and budgeting cycle and partial completion of the second planning and budgeting cycle. The MTE is intended to:

- Assess overall project progress;
- Evaluate and (if necessary) fine tune arrangements for planning and budgeting;
- Financing and implementation of the project;
- Examine project management arrangements to ensure adequacy;
- For consistency with the attainment of assigned project outcomes and
- Implementation of agreed project activities.

VI. THE LEGAL CONTEXT

6.1 This LDLD project document shall be the instrument referred to in Article 1 of the Standard Basic Assistance Agreement between the Government of Sierra Leone and the UNDP, signed between the two established parties on of 1977. The host country-implementing agency shall, for the purposes of the Standard Basic Agreement, refer to the Government co-operating agency described In the Agreement. The following types of revisions may be made to this project document under the signature of the UNDP Resident Representative only, provided assurance is given that the other signatories of the project document have no objection to the proposed changes:

- Revisions in, or addition of, any of the annexes of the project document;
- Revisions which do not involve significant changes in the outcomes, outputs or
- Activities of the project, but are caused by the rearrangement of inputs
- Already agreed to or by cost increases due to inflation; and
- Mandatory annual revisions that rephrase the delivery of agreed project

Inputs or increased expert or other costs due to inflation or taken into account
Agency expenditure flexibility

ANNEX 1: Criteria for Geographic Selection

The Criteria for Selection - Given the requirements for establishing the aforementioned process for any district, there is a need to set up a programmed with which to launch its pilot. With programmed budget constraints, the pilot programmed will entail the establishment of a project to install a district-focused planning process in three distinct districts. The results will provide the basis on which to phase-in subsequent districts each year. Districts to be included in the initial test program will be selected based of the following:

- Economic development potential
 - Level of population, state, and extent of welfare, poverty
 - Extent of the natural resource base (agriculture, mining) capacity
 - Employment generation and income earning potential
 - Existing modes of communication
- Existence of a functional DDC, that it is effective, i.e.
 - Effectiveness is defined by the number of meetings held over the past six month period
 - Number of projects identified and are ongoing
 - Member capacity to attend regularly scheduled meetings
 - Caliber of ad-hoc and in-kind assistance to its members
- Management capacity of the district
 - Available staffing capacity
 - Nature of support to the ongoing implementation process
 - Extent to which clans, chiefdoms are involved
- Level of poverty and state of gender balance
 - Leadership of women in key positions
 - Support to major aspects of income generating activities
 - Level and state of poverty
 - Number of widows/orphans, as indicators of poverty.

ANNEX 2: TOR - CTA

Background

The LDLD is designed to address three major objectives of: 1) enhancing local government policy and strategy development, 2) strengthening system and institutional development, as well as 3) investing in sector development with the ultimate objective of contributing to the Government's poverty reduction program. Essentially, the activities of the LDLD intend to support the overall agenda for reforming the local government management system towards Liberia's adoption of a decentralization program. The CTA's role will entail a scope of work that assists in the strengthening the MIA, the training aspects in the participatory PEM, of which the planning and budgeting elements are the focus, and to supervise the work program formulated in strengthening the local government units, at the County and District levels. The program builds on UNDP's ongoing support to the establishment of the DDCs under its Community Based Recovery Program (CBRP) and shall be installed on a pilot basis, with the intention of phasing in the rest of Liberia's Counties and their Districts. The budget outlook is estimated initially at \$5 million, over three years, with the possibilities of expansion. The current effort will be financed by the UNDP, in collaboration with the UNCDF.

Duties and Responsibilities

Under the overall supervision of the Minister of Internal Affairs, the CTA will supervise and manage the implementation of the LDLD, taking into consideration the institutional framework and the existing legislation, Government objectives, plans and strategies. The CTA will also work under the guidance of the Inter-Ministerial Steering Committee for Local Government Reforms (to be established, with the CTA's support).

Major Tasks

The major tasks of the Chief Technical Adviser will entail:

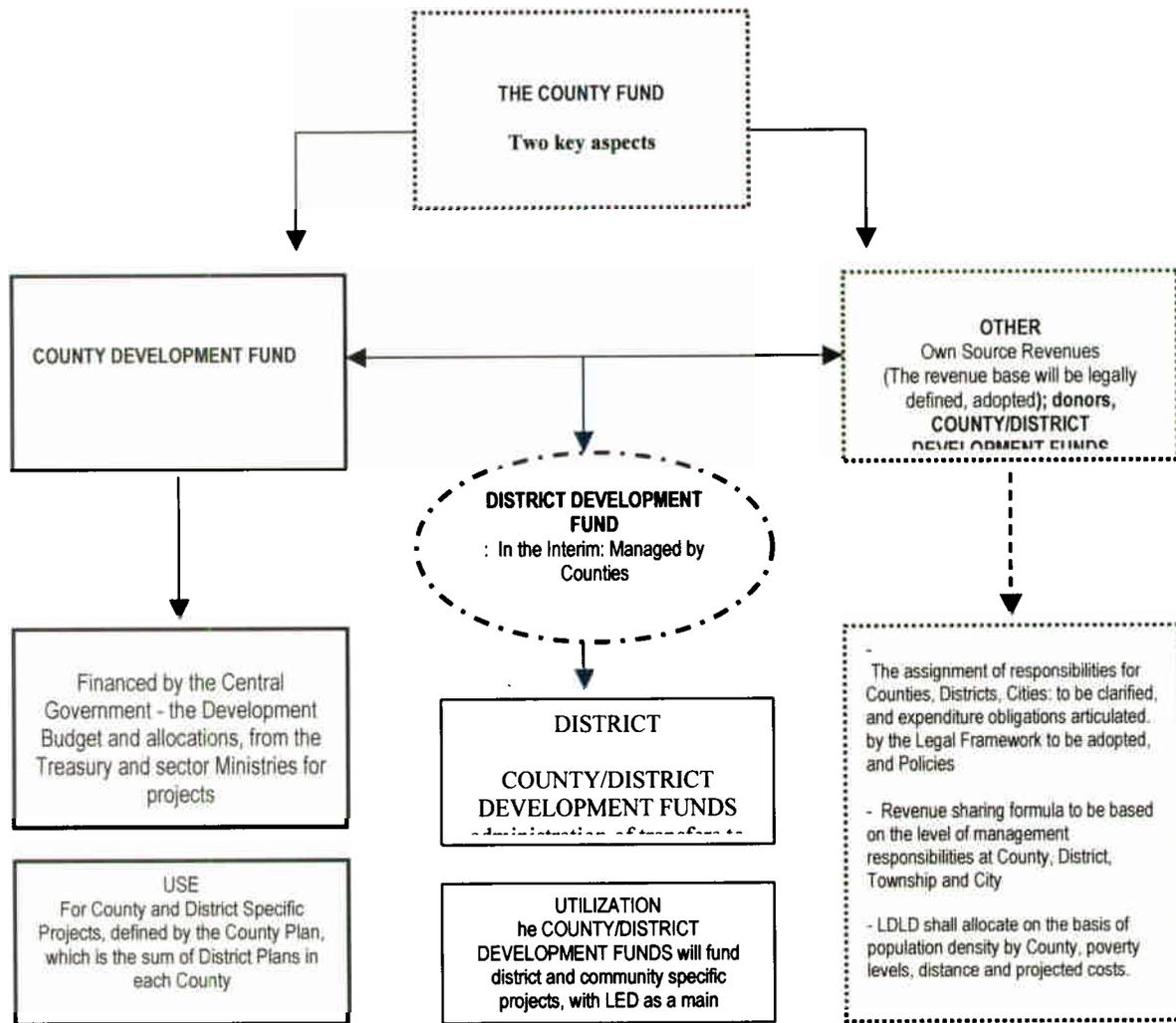
1. Managing the daily and routine operations of the program;
2. Supervision of project personnel and consultants, preparation of work plans, progress reports and budget revisions;
3. Liaison with Government institutions, international organizations, and development cooperating agencies;
4. Assisting the MIA in strengthening selected aspects of its management capacity;
5. Providing leadership and strategic thinking to ensure that program activities focus on critical areas of support;
6. Drafting terms of reference for national and international consultants, as well as in the identification of consultants, while also being responsible for monitoring and reviewing assignments;
7. Informing the Steering Committee regularly on progress made in the implementation of the program;
8. Providing support to the MIA and the County/District local governments in the mobilization of additional resources for capacity development of public administration institutions;
9. The Planning and coordination of the LDLD's monitoring missions;
10. In the preparation and submission of the Annual Progress Report to the Government and the executing agency for review;
11. Preparation of the Terminal Report for the program;
12. Coordination and collaboration with other programs or projects implemented by other UN agencies and development partners within the LDLD's framework;
13. The coordination and support in the final independent evaluation at the end of the program.

Required Skills and Experience

A post-graduate degree in public administration, business management, political science, public expenditure, and financial management or related discipline is desirable, with at least 12 years' work experience, including consulting, in Local Government management and reforms in the public sector. Experience in the design and/or implementation of local economic development with administrative reform programs is highly recommended, with a good grasp of *change management concepts and approaches*, with an experience in conducting training, including facilitation skills. A solid background in economic and/or regional/urban/rural planning, system development and organizational skills will be a major asset. Excellent verbal communication and written skills, with proficiency in English is mandatory. Equally, experience in participatory approaches to problem solving in public organizations will be an asset, given the outlook in planning and budgeting using these techniques. Previous work experience in advisory positions and/or capacity development in technical cooperation related to the public sector in developing countries required. Proficiency in the following software applications is crucial: Microsoft Word, Excel, and Power point.

ANNEX 3: The COUNTY/DISTRICT DEVELOPMENT FUNDS Local Development Fund - Investment Menu

The Fiscal Mechanism



Investment Menu

The types of projects to be financed by the COUNTY/DISTRICT DEVELOPMENT FUNDS shall be one of the following:

- a. District Specific projects – these are sourced from the following:
 - i. Community specific – village, neighborhood levels.
 - ii. District specific – these are those that can serve the needs of various communities, targeting a larger segment of its population – e.g. district clinics, which serve the district-wide population, and access roads linking different communities. In the selection of district-level projects targeting larger populations in multiple communities will be required to prove that a particular project is a priority by all, in which case the project in excess of \$100,000 will be required to provide at least 50 percent of the initial investment costs as matching funds; the LDLD will avail resources to complete the project.
- b. County Specific projects – these are identified by the County government, with the intention of serving its larger population based in all its districts – these tend to be much too large for such a budget, unless otherwise agreed to by the entire district system of planning – e.g. a larger County Hospital; in which case it may exceed the level of allocations and would not qualify. To qualify for projects, which exceed \$100,000, the County must be in a position to finance the required 50 percent of this type of project, as its matching fund. Details of the allocation limits for large-scale projects will be refined later.

2. The typical LDF investments are of developmental value and target poverty reduction, initially, with priority for the following:
 - a. Establishing the offices and setting up the system of planning and its management
 - b. Providing the technical assistance in project definition by the private sector, NGOs – supervision of studies by NGOs, research, community and district consultations, etc.
 - c. Social and economic investments in sector specific target areas (to be defined by the District Plan)
 - d. Support to the LED elements made in the plan preparation, of priority activities
3. Specific LED Projects might include, for example:
 - a. Small Generators (capacity to be defined by costing made by the project plans)
 - b. Establishment of small scale artisanal business ventures, in setting up cooperatives; for training and skills improvement
 - c. Providing training that improves access to agricultural marketing and its opportunities
 - d. Bus-parks and taxi ranks to enhance revenue mobilization by the District/County
 - e. Establishing markets and warehouses to be managed by the County and District/village
4. The County and District Offices will establish accounts with the PMU in Monrovia, in the absence of a viable banking system at the district level. Replenishment of the COUNTY/DISTRICT DEVELOPMENT FUNDS will be based on performance.

COUNTY/DISTRICT DEVELOPMENT FUNDS Program Allocations

The COUNTY/DISTRICT DEVELOPMENT FUNDS is the LDLD Local Development Fund that shall be equally allocated to the District by the County level, based on a number of criteria that shall be made to capture the principle of equity in its allocation, transparency in its management and distribution. Initially, the local development grant is shared evenly among the three Counties in the pilot LDLD, each of which shall be allocated a fixed amount totaling 10 percent of its share, to cover its administrative expenditures. Onward transfers of the funds to the lower level unit (District) shall be equally shared on the basis of the LDLD distribution formula (to be agreed upon by the LDLD management, to ensure that allocation formula is transparent). The initial allocation will provide for establishing the district's participatory planning system, finance the research and community consultations made part of the process. The District Plan shall provide the types of projects to be financed at the lower level. Budgetary aspects of the

The COUNTY/DISTRICT DEVELOPMENT FUNDS shall be made available through the UNDP's Program Management for the utilization by the LDLD as follows:

5. The fund shall be managed by the County Treasurer, with support from the TSU for decentralization, to be established as the main PMU for the program, in the MIA, within the Research and Development Planning Section. At the County level, the COUNTY/DISTRICT DEVELOPMENT FUNDS/County Treasury serves the purpose of implementing the government's management of diverse aspects of local development management. It derives from the Ministry of Finance and will be reporting to the Ministry of Finance.
6. The Main PMU CTA, with direct assistance from the MIA's Director of Development Planning shall be in charge of ensuring daily management of the program and that allocations are directed as envisioned
7. 10 percent of the total annual COUNTY/DISTRICT DEVELOPMENT FUNDS level allocated to the district shall be the standard payment to a County, to offset its management and oversight of District program
8. The LDLD will provide the County and District with basic logistics and with a minimum salary for a number of staff for the first year, with declining levels of support thereafter (to be defined and articulated by the program management, in Year 1, resources permitting).
9. Onward transfers to lower levels of government may be made either by opting to establish the Statutory District as the conduit for channeling the resources or through the regular Administrative District, with suggestions. The criteria for allocating the onward transfers to lower units of the districts will be based on simple population levels and other agreed principles that capture the levels of poverty, need, or a community's capacity to manage funds. In the interim, *population* will be used.
10. A fixed grant totaling 3 percent of each project implemented will accrue to the administrative district, or 3 percent to the Statutory District, as its management fee (to be refined, based on the potential project portfolio). The choice of selecting the location of the COUNTY/DISTRICT DEVELOPMENT FUNDS Local Development Fund shall be based on criteria to be developed in programming of its vast resources (see chart on the next page, for the four options in its management).

Allocations: (See Table).

ANNEX 4: The Decentralization Committee System Outline and Terms of Reference

THE INTER-GOVERNMENTAL COORDINATING SYSTEM IN LIBERIA'S DECENTRALIZATION AND LOCAL DEVELOPMENT REFORMS

Coordination is a major element in the administration of development and shall play a major role in shaping the outcome of the decentralization program proposed as a UNCDF supported initiative. To implement an effective program, there is a need to establish a variety of platforms and regular foras for meeting to exchange information, discuss progress, and address major questions arising from the management of programs. There are various levels of coordination, with different platforms and roles for key players in moulding the pace and character of the program proposed for strengthening the development of local government institutions in Liberia. A system of major committees established at various government institutions is needed to ensure effective management of the decentralized approach to development.

Ministries, with their own roles and functions, shall need to focus on their specific sector management questions that pertain to regular flow of work while at the same time merging these concerns with ongoing decentralization program priorities for the local government managed elements. To effectively begin the synchronization of sector programming with envisioned management of a decentralized approach will require the establishment of a system of coordination, the critical strategy through which checks-and- balances in the national scope of the LDLD's administration is maximized, to influence the outcome of policies and programs proposed. The system of coordination proposed seeks to establish a national mechanism that ultimately works to institutionalize the process of decentralization. High-level committees, assigned with specific roles and functions shall be appropriately organized and managed to administer the implementation of policies and programs that arise from the implementation of the decentralized program envisioned in the LDLD.

Among the most important of these Committees shall be:

1. The High Level Inter-Ministerial Steering Committee on Decentralization (MSC)

- a. **Role** - Its main role is to coordinate the strategic elements in programming the rest of the agenda for decentralization
 - i. Another major task is to lead the program for reforming the extensive resource management questions (financial and human aspects) pertaining to decentralization, with particular reference to reforming the local aspects of the Liberian civil service and its current PEM improvement agenda
- b. **Composition**
 - i. The Head of Cabinet (Secretary or an equally prominent position) will act as chair
 - ii. Head of Administration in the Ministry of Finance and Economic Planning (these are supposed to be merged into the main ministry, as anticipated)
 - iii. Head of Administration in the MIA
 - iv. A member of the Development Management team at the Executive Mansion
 - v. Head of the Governance Reform Committee

This Committee shall regularly meet to coordinate policy matters pertaining to decentralization and appraise the status of implementation, with a view to decision making at the highest level of government. Policies made on the basis of these decisions are made for reference to the cabinet, and the ultimate approval.

2. The LDLD National Coordination Committee (NCC)

- a. This Committee shall function under the guidance of the Ministerial Committee, which essentially manages the administration of Local Government Management reforms, based on the ongoing devolution of Ministerial functions. It will be made up of the following:
 - i. The Executive Mansion
 1. Cabinet office
 2. County administration and internal security
 3. Personnel management and administration
 - ii. The Ministry of Finance
 1. Budget and procurement affairs
 2. The Accountant General
 - iii. MPEA
 1. Development planning and policy making in the general sense of economic management
 - iv. The MIA
 1. County and district administration
 2. The physical planning and management of rural development

The role of this Committee shall be to monitor and coordinate the implementation of the LDLD, with a view to addressing major policy constraints and implementation lags. This Committee shall make recommendations based on wide views, for the actions taken by the Ministerial Committee in policy and management reforms.

3. The LDLD Program Management Advisory Committee (P-MAC)

- a. This Committee shall be within the Executive Mansion

- b. Its role is to be responsible overall for the implementation of the program and its policy management, and shall provide guidance to the lower level (County, District and Ministerial) system of coordinating committees for decentralization

4. The Ministerial Coordinating Committees (MCCs)

- a. Each Ministry shall establish its Sector Coordinating Committee (SCC) at the highest office in administration, and will be composed of:
 - i. Administrative Head in the Ministry
 - ii. Section heads in each ministry
- b. **Envisioned Role of each Ministry's SCC**
 - i. Provide County and District management teams guidance on the management of a Ministry's policies and programs pertaining to the proposed National Plan and Strategic Vision for Liberia
 - ii. Guidance shall be made through regular meetings, policy papers, seminars, and official circulars, as need be
 - iii. Regular communication channels shall be set up and the system of information management will be established by the DDCs as the District Management Information Centres (D-MICs)
 - iv. The SCCs shall regularly update information and inform the MCC on the progress of sector programs under implementation in specific locations
 - v. Another major responsibility is the monitoring of sector budget and expenditure management at the County and District levels, as an effort to strengthen sector programs

This Committee shall meet at least three times annually to comply with the expectations of the decentralization program.

5. County Level Coordinating Committees (CLCC)

- a. The County shall set up an Evaluation and Monitoring Facility as part of its PMU, under the direction of the County Superintendent. The Committee shall be made up of:
 - i. The County Superintendent – Chair
 - ii. The County Planning Officer – Secretary
 - iii. Sector Ministry Heads
 - iv. DCs
 - v. Legislative Representatives
 - vi. The Development Superintendent

6. District Level Coordination Committees (DLCC)

- a. A District Executive and Advisory Committee made up of the chiefs and key officials at the district level, will be established to provide counsel and advise on related program issues, with meetings held on a quarterly basis
- b. In addition to the DDCs, the district shall set up the village/sub-district and village level committees as envisioned, with roles and functions (outlined in the Annexes)

7. Village/Sub-District Management Advisory Committee (V-MAC)

- a. The Village/a sub district Level Management Committee existing shall be made into the main conduit through which participation will take place, with additional support provided through the services of a non-government organization (NGO), sub-contracted to undertake the extension of management training, see ToR in Annex 2.

MAP: LIBERIA'S COUNTIES



Liberia Counties and Districts



- National Capital
- County Capital
- Country boundary
- International boundary
- County
- District
- Ocean

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Boundaries depicted do not represent official endorsement by the Government of Liberia or by the United Nations. Many boundaries were derived from small scaled maps and will be updated as soon as better information is available.

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LDLD Final County Phasing, by Rank

Phase I

- Gbarpolu County
- River Gee County
- Margibi County

Phase II

- Bomi County
- Grand Gedeh County
- Grand Bassa County

Phase III

- Sinoe County
- Bong County
- Grand Cape mount County

Phase IV

- Lofa County
- Grand Kru County
- Nimba County

Phase V

- Maryland County
- Rivercess County
- Montserrado County