

## SUMMARY

# Annual Action Programme 2016 in favour of Liberia for Agriculture and for support to the General Auditing Commission of Liberia to be financed from the European Development Fund

### 1. Identification

EDF allocation	11 <sup>th</sup> European Development Fund
Total cost	EU contribution: EUR 35 000 000 Co-financing by grant beneficiaries in agriculture: EUR 2 800 000 Contribution from GAC: EUR 70 000
Basic act	Council Regulation (EU) 2015/322 of March 2015 on the implementation of the 11 <sup>th</sup> European Development Fund

### 2. Liberia background

Liberia remains one of the poorest countries in the world with low human development, weak state capacity, and a high dependence on international donors. 54% of Liberians are living in poverty, especially in rural areas (70% compared to urban 43%). More than 2.1 million (or 49%) of Liberians were unable to meet their basic food and non-food needs in 2014.

The Ebola outbreak in 2014 negatively affected economic growth with reduced investment, creating gaps in an already strained national budget. While the country is returning to its pre-Ebola situation it faces economic and budgetary constraints due to a fall in commodity prices on which the economy of Liberia relies.

Agriculture is important for the economy of Liberia, but its potential remains largely untapped. The sector is dominated by traditional subsistence farming characterized by labour intensive- shifting (slash and burn) cultivation and low technologies. Commercial agricultural activities are dominated by large scale plantation estates of rubber and oil palm.

Governance, justice and public institutions remain weak. Although there has been good progress on public financial management reform, much still needs to be achieved in the fight against corruption and to improve transparency and accountability.

### 3. Summary of the Action Programme

#### 3.1. Background

This annual action programme concerns two actions: The EU Liberia Agriculture Programme (EULAP) and support to the General Auditing Commission (GAC) of Liberia.

**EULAP** addresses both the economic and the food security aspects of the agriculture sector. Economically, Liberian farmers cannot produce efficiently and sustainably, the market fails to connect farmers to consumers, and government struggles to deliver and implement policies. The main impediments to agricultural development and food and nutrition security include but are not limited to the lack of engagement between private sector with the non-concessionary agricultural sector; absence of support for modern agricultural inputs; limited access to credit; poor rural infrastructure; weak regulation to encourage private sector; weak

knowledge of farming technologies and insufficient extension services; and insecure land tenure system.

The **GAC** project is to improve accountability and transparency in the management of public resources, providing assurance to citizens and legislature that public money has been properly and wisely spent thereby contributing to poverty reduction. The project will assist the GAC in becoming a modern, credible and independent Supreme Audit Institution by supporting it to comply with new legal provisions improving the quality and impact of its audits and its management and administration. The project will also strengthen the relationships of GAC with its main stakeholders (legislature, other integrity institutions, etc.) to improve the impact and efficiency of its activities.

### **3.2. Cooperation related policy of Liberia**

The National development plan, the “Agenda for transformation” (AfT) for the period 2012-2018 addresses the main challenges for economic and social development in Liberia, focusing on security, growth, social issues and civil service reform. The Government of Liberia has shown commitment in implementing the plan, but is hampered by the institutional capacity to coordinate and follow-up on implementation.

**EULAP:** Liberia's policy on agriculture and food security is laid down in the Food and Agriculture Policy and Strategy (2009), the Liberia Agriculture Sector Investment Programme (LASIP), the Revised National Food Security and Nutrition Strategy, the National Export Strategy (2014), the Investment Promotion Strategy and more recently, the Liberia Agricultural Transformation Agenda (LATA, 2016). Following a decision by the Government of Liberia, LATA was developed as a two year action plan to focus on agricultural development along selected priority value chains. Top priorities are rubber, cocoa, oil palm, and fisheries (aquaculture / marine fish).

**GAC:** The Government adopted a Public Finance Management (PFM) Strategy and Action Plan 2011-2016 as the framework for the re-introduction of the necessary institutions, processes and procedures meant to enhance the PFM systems. The PFM Strategy has seven priorities with the GAC falling under component 4 Enhancing Transparency and Accountability. In the last years the PFM Strategy has produced results and progress as shown by improvements in 16 indicators in the July 2016 Public expenditure and financial accountability (PEFA) assessment. A new PFM Strategy is in its initial development stages.

### **3.3. Coherence with the programming documents**

The EU's allocation to Liberia under multiannual National Indicative Programme (NIP) for the period 2014-20 is EUR 279 000 000 of which EUR 108 000 000 are for good governance and EUR 30 000 000 for agriculture and food security. The 11<sup>th</sup> EDF support in the Governance Sector has so far been delivered largely through Budget Support. The NIP foresees support to the GAC as a fundamental accompanying measure to budget support.

### **3.4. Identified actions**

**EULAP:** Overall objective: Reduce poverty, increase resilience against shocks in the rural areas and improve food and nutrition security in Liberia.

Specific objective 1: Increased productivity of small-scale cocoa production and commercialisation. The underlying action will promote economic opportunities for smallholder farmers through the development of a sustainable cocoa value chain.

Specific objective 2: Improve productivity and sustainability of nutrition sensitive agriculture at the level of small scale producers. This specific objective will promote increased

smallholder productivity and diversification through development and implementation of community-based agricultural development plans, comprising in particular support for value-adding and diversification, as well as addressing the position of women in the communities.

Specific objective 3: Competitive and environmentally sustainable value chain for coastal and inland fishery. The action under this specific objective supports the development of a competitive, efficient and sustainable fisheries value chain with private investment and linkages to markets.

Specific objective 4: Agricultural policies supporting small-scale farming approved at political level and enacted at production level. This objective supports the institutional capacity of the Ministry of Agriculture to design and deliver Food Security and Sustainable Agriculture policies in Liberia within the context of the LATA.

**GAC:** Main objective: Assist in the process of improving accountability and transparency in the management of public resources providing assurance to citizens and the legislature that public money has been properly and wisely spent thereby ultimately reducing poverty.

Specific objective 1: Assist the GAC in becoming a modern, credible and independent Supreme Audit Institution as defined in INTOSAI<sup>1</sup> standards and AFROSAI<sup>2</sup> guidelines by supporting GAC to comply with the provisions in the GAC Act, 2014 improve the quality and impact of its public external audit and its key management and administration functions.

Specific objective 2: Strengthen and improve the relationships of GAC with its main stakeholders so as to improve the overall impact and efficiency of its activities.

### 3.5. Expected results

**Agenda 2030:** EULAP contributes to the SDG<sup>3</sup> 1 (targets 1.4 and 1.5), and 2 (targets 2.1, 2.2 and 2.3). The support to GAC contributes to the progressive achievement of SDG target 16, but also promotes progress towards ending poverty in all its forms everywhere.

**Gender:** Gender mainstreaming will be a significant objective for activities under EULAP. A specific Gender Analysis of the agriculture sector will be carried out to guide the design of specific activities in support of women and women's groups. Support to the GAC will contribute to the strategic objectives of the National Gender Policy of the Government of Liberia: Specific trainings will be offered to GAC staff on gender mainstreaming, and gender equality. In addition, the action will encourage GAC engaging with women groups.

**Human rights:** Support to the GAC promotes equal access for all Liberians to the services provided by GAC. GAC plays a key role in enhancing government accountability and transparency in the management of public resources in Liberia providing assurance to citizens and the legislature that public money has been properly spent.

**Environment:** Climate change adaptation will be a significant objective of the EULAP. Improved climate change resilience in Liberia will be supported through the introduction of climate smart agriculture practices.

### 3.6. Past EU assistance and lessons learnt

**EULAP:** The EU has extensive experience in implementing agriculture and food security projects through international NGOs and UN agencies. Past initiatives focusing on smallholder farmers have proven that, given the right incentives and support, smallholders are able to increase and diversify their production.

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<sup>1</sup> International Organisation of Supreme Audit Institutions

<sup>2</sup> African Organisation of Supreme Audit Institutions

<sup>3</sup> Sustainable Development Goals

Other lessons from EU supported interventions showed that projects, despite their relative success, failed to have impact on a national scale due to their relative small size. Hence, focus will be on larger interventions on the basis of a proven concept and with a close government involvement. Additionally, recent experiences have shown that activities should address the entire value chain, and not be limited to production improvement or value addition only.

Cash transfers supported interventions have provided critical support in post-war Liberia, but are not a viable means to support long-term agricultural development. Successes have been achieved in recent interventions with village saving loans combined with income generating activities. Cash for work schemes are also proving successful in improving access to markets.

**GAC:** Under 9th EDF the EC financed the Auditor General's position until April 2011 and supported the preparation of a first GAC strategic plan. A 10th EDF project provided long term technical assistance including capacity building and specialised training.

During 9th and 10<sup>th</sup> EDF support projects the GAC office underwent three major reorganisations and there were many changes at senior management level so that previous projects did not have complete buy-in and commitment to change was insufficient.

With the Auditor General appointed in 2014 for a period of seven years until 2021 a change agent is in place. She has spearheaded the new GAC strategic plan 2016-2020 and the Staff building and professionalization strategy 2016-2019, on which this project will build, ensuring the necessary ownership and leadership of the programme.

### **3.7. Complementary actions/donor coordination**

**EULAP** builds on the EU's and other donors' experience in supporting agricultural development and food security in post conflict Liberia. The main platforms for donor coordination are the monthly Agriculture Donors Working Group (ADWG), and the Food Security Technical Committee. There are a limited number of donors (United States Agency for International Cooperation (USAID), Swedish International Aid Agency (SIDA<sup>o</sup>, African Development Bank (AfDB) and World Bank/International Finance Corporation (WB/IFC) active in agricultural development. UN Agencies (Food and Agriculture Organization (FAO), International Fund for Agricultural Development (IFAD), World Food Program (WFP)) implement a vast array of donor funded programmes.

There are clear synergies with EU actions such as the Food and Nutrition Security Impact, Resilience, Sustainability and Transformation (FIRST) partnership programme. Two additional NGO grants (EUR 3 000 000) to continue supporting food security are being awarded. Other complementary EU-funded projects include the Global Climate Change Alliance+; CSO 2016 grants to support land rights; Road connectivity (10<sup>th</sup> EDF) and electricity (11<sup>th</sup> EDF) projects; support to the Voluntary Partnership Agreement for forestry (Environment budget line) and the Sustainable Fisheries Partnership Agreement.

At present, no other donor supports the GAC directly. The GAC has received support from the Integrated Public Financial Reform Project (IPFMRP) which operates via a trust fund overseen by the World Bank with USAID, Sweden, Afdb and the EU contributing. Specifically, under its component 3 (enhancing Transparency and Accountability) the IPMFRP supported GAC in carrying out training on procurement audit, information system audit, revenue audit, public and environmental audit, oil and gas audit. The GAC project is also complementary to the State Building Contract.

### **4. . Communication and visibility**

Both programmes include a specific budget for communication and visibility.

For **EULAP** the most important message in the communication strategy is that EU actions as a whole contribute to the development of the country. Detailed communications will be made by implementing agencies.

For the **GAC** the visibility funds may be used for the improvement of the relationships with stakeholders and media e.g. workshops and related materials or improvements of the website.

## **5. Cost and financing**

### **EU Liberia Agriculture Programme**

Sustainable cocoa value chain – direct management/grant	EUR 8 500 000
Rural development through sustainable agriculture – direct management/grant	EUR 12 000 000
Sustainable fisheries value chain – indirect management/World Bank	EUR 7 000 000
Capacity building for the Ministry of Agriculture – indirect management/Food and Agriculture Organisation	EUR 2 000 000
Evaluation	EUR 250 000
Communication & Visibility	EUR 250 000
<b>Total EU contribution to the measure</b>	<b>EUR 30 000 000</b>

### **Support to the General Auditing Commission of Liberia**

Long-term technical assistance (indirect management)	EUR 1 800 000
Programme Estimates (indirect management)	EUR 3 000 000
Of which for visibility	EUR 10 000
Evaluation and audit	EUR 200 000
<b>Total EU contribution to the measure</b>	<b>EUR 5 000 000</b>

The Committee is invited to give its opinion on the attached Annual Action Programme 2016 in favour of Liberia for the EU Liberia Agriculture programme (EULAP) and for support to the General Auditing Commission.



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This action is financed by the European Union

## ANNEX 1

of the Commission Decision on the Annual Action Programme 2016 in favour of the Republic of Liberia to be financed from the 11<sup>th</sup> European Development Fund

### Action Document for the EU Liberia Agriculture Programme (EULAP)

#### INFORMATION FOR POTENTIAL GRANT APPLICANTS

##### WORK PROGRAMME FOR GRANTS

This document constitutes the work programme for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012), applicable to the EDF in accordance with Article 37 of the Regulation (EU) 2015/323, in the following section concerning grants awarded directly without a call for proposal: 5.4.1 Grant – direct Award (direct management)

<b>1. Title/basic act/ CRIS number</b>	EU Liberia Agriculture Programme (EULAP) CRIS number: LR/FED/039-293 financed under the 11 <sup>th</sup> European Development Fund	
<b>2. Zone benefiting from the action/location</b>	Republic of Liberia	
<b>3. Programming document</b>	National Indicative Programme (NIP) for the Republic of Liberia for the period 2014-2020	
<b>4. Sector of concentration/ thematic area</b>	Sector 4: Agriculture	DEV. Aid: YES <sup>1</sup>
<b>5. Amounts concerned</b>	Total estimated cost: EUR 32 777 777. Total amount of EDF contribution EUR 30 000 000. This action might be co-financed by potential grant beneficiaries for an indicative amount of EUR 2 777 777.	

<sup>1</sup> Official Development Aid is administered with the promotion of the economic development and welfare of developing countries as its main objective.

<b>6. Aid modality(ies) and implementation modality(ies)</b>	Project Modality Direct management –grants – Direct award Indirect management with the World Bank (WB) and the Food and Agricultural Organisation (FAO)			
<b>7. a) DAC code(s)</b>	31120			
<b>b) Main Delivery Channel</b>	21 000 International Organisations and NGOs			
<b>8. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Participation development/good governance	<input type="checkbox"/>	X	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	X
	Gender equality (including Women In Development)	<input type="checkbox"/>	X	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	X	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input type="checkbox"/>	X
	<b>9. Global Public Goods and Challenges (GPGC) thematic flagships</b>	Food and nutrition security & Sustainable Agriculture		
<b>10. Sustainable Development Goals (SDGs)</b>	This action contributes to SDG 1 (targets 1.4 and 1.5), and 2 (targets 2.1,2.2 and 2.3)			

#### SUMMARY

Liberia has a significant agricultural & fisheries potential. However, despite this potential, rural poverty remains worryingly high and approximately half of the population is either food insecure or highly vulnerable to food shortages. A long civil conflict, the recent Ebola

outbreak, and the lack of support for agricultural development are to blame for the current situation.

Rubber and palm oil have traditionally been the only form of commercial agriculture in Liberia and are currently struggling to cope with declining international prices. A lot of the food currently consumed in the country is imported, the rest is produced by smallholders with little or no access at all to inputs, credit and extension services. Donor funded projects need to be further scaled up to have a durable impact on the country's food safety and resilience to shocks.

The general objective of this action is to reduce poverty, to increase income and resilience against shocks in the rural areas and to improve food and nutrition security in Liberia.

The specific objectives are linked to the four components, as follows:

- Productivity of small-scale cocoa production has increased and commercialisation is ensured (Component 1. Sustainable cocoa value chain – direct management/grant);
- Productivity and sustainability of nutrition sensitive agriculture at the level of small scale producers has improved (Component 2. Rural development through sustainable agriculture – direct management/grant);
- Agricultural policies supporting small-scale farming are approved at political level and enacted at production level (Component 3. Sustainable fisheries value chain - indirect management/WB);
- A competitive and environmentally sustainable value chain for coastal and inland fishery is operational (Component 4. Capacity building for the Ministry of Agriculture – indirect management/Food and Agriculture Organisation (FAO)).

The proposed action is fully integrated into the EU Economic Partnership Agreement Development Programme (PAPED).

## **1 CONTEXT**

### **1.1 Sector/Country/Regional context/Thematic area**

54% of Liberians are living in poverty, especially in rural areas. More than 2.1 million (or 49%) of Liberians were unable to meet their basic food and non-food needs in 2014. 21 % of households have a poor or borderline food consumption score and that the western and southern parts (7 counties) are the worse affected areas by food insecurity.

Liberia's agriculture sector is dominated by traditional subsistence farming systems on uplands that are characterised by labour intensive- shifting (slash and burn) cultivation, low technologies, and use of rudimentary inputs, resulting in low productivity. The farming systems are primarily forest based and they cover the largest portion of cultivated land area, are concentrated in the central belt of the country, and account for almost half (50%) of the total land area and almost 90% of arable land.

Small acreages of tree crops are maintained for generating cash income while rice, intercropped with vegetables and other food crops, occupy the major portion of cultivated land (about 87%), which is on upland. A secondary root and tuber based farming system (involving some cereals) is concentrated in the northern region, and a third farming system occurs in the coastal belt with fishing as a major activity complemented with mixed cropping.

Commercial agricultural activities are dominated by large scale plantation estates of rubber and oil palm. Coffee and cocoa are produced mainly by smallholders and exclusively for

export. Productivity is generally very low while value addition is limited to rubber. There are about 30 000 cocoa smallholder farmers in the country producing less than 50kg/ha, far less compared to Ghana (450kg/ha) and Cote d'Ivoire (650kg/ha). If the sector is well developed and the export potential is tapped; it would increase foreign exchange, create employment opportunities for the youth and boost the economy. Beside the plantation estates, very little commercial investment has been made in the agriculture sector. The country's heavy reliance on a limited number of export products is a major challenge under the current context of international low commodity prices and the growth outlook for the coming years remains weak.

The livestock sub-sector was decimated as a result of years of civil conflicts, and has hardly recovered. The same goes for the fisheries sub-sector. The latter sub-sector being of crucial importance, as fish contributes to the animal protein needs of an estimated 80 percent of the population, it employs mostly small-scale artisanal fishers, and has good potential for growth, since only about 6.8% of sustainable yield is harvested annually.

Land and water resources are abundant and offer potential for significant expansion of agricultural production. Significant potential for irrigation exists (estimated at about 600,000 hectares), with less than 1% of it presently developed.

The Ebola Virus Disease outbreak had particularly strong implications in terms of food security in the country due to pre-existing vulnerabilities and limited room for coping mechanisms.

### ***1.1.1 Public Policy Assessment and EU Policy Framework***

The EU Agenda for Change<sup>2</sup> (2011) underlines the importance of "insulating developing countries from shocks (such as scarcity of resources and supply, price volatility) and thus help provide the foundations for sustainable growth". In line with these principles and with the objectives outlined in the National Indicative Programme, the proposed action supports sustainable agriculture as an economic sector that can have a high impact on development outcomes, focusing on smallholder agriculture and rural livelihoods, formation of producer groups, the supply and marketing chain, and government efforts to facilitate responsible private investment across the value chain.

The proposed action is also in line with the principles of the 2013 Communication "Enhancing Maternal and Child Nutrition in external assistance: an EU policy framework", the 2010 policy on food security, the 2011 policy on food assistance and the 2012 Communication on the EU Approach to Resilience. The EU also supports the Global Alliance for Resilience (AGIR), and the Scale Up Nutrition Movement. Liberia is an active member of both these initiatives.

At country level, Liberia's policy on agriculture and food security is laid down in the Food and Agriculture Policy and Strategy (2009), the Liberia Agriculture Sector Investment Programme (LASIP), the Revised National Food Security and Nutrition Strategy, the National Export Strategy (2014), the Investment Promotion Strategy and more recently, the Liberia Agricultural Transformation Agenda (LATA, 2016). LATA is the intermediate action plan for the next two years with focus on agricultural development along selected priority value chains through a market based approach. Top priorities under LATA are rubber, cocoa, oil palm, and

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<sup>2 2</sup> [http://ec.europa.eu/europeaid/policies/european-development-policy/agenda-change\\_en](http://ec.europa.eu/europeaid/policies/european-development-policy/agenda-change_en)

fisheries (aquaculture/marine fish). The EU and Liberia share a common view on priorities in the EU – Liberia National Indicative Programme 2014-2020.

Agriculture (enhancing resilience to increasing rainfall variability through the diversification of crop cultivation and small ruminants rearing) is a priority area for adaptation based on Liberia's National Adaptation Program of Action as part of the Intended National Determined Contribution to the United Nations Framework Convention on Climate Change (UNFCCC). The long-term adaptation initiatives include fisheries.

The EU has two relevant bilateral agreements with Liberia: The EU-Liberia Voluntary Partnership Agreements for forestry and the EU-Liberia Sustainable Fisheries Partnership Agreement.

### ***1.1.2 Stakeholder analysis***

The key stakeholders for the implementation of the EU agricultural programmes are the farmers of Liberia, as the main actors on which developing the agriculture sector is dependent, but they are not a uniform group. The Liberian agriculture sector involves both large concession areas and smallholders, the latter being involved in the production of staple food as of cash/tree crops. Farmer groups and cooperatives exist, including for fisheries and cocoa, but they suffer of a chronic lack of skills and organisation.

The private sector at all stages of the value chain is essential for improvement of agriculture markets, value added production and exports. The domestic agro-processing sector however is limited due to a difficult business environment and insufficient policies which have hampered both domestic and foreign investment.

At the level of decision making and policy development, the ministry of agriculture and its agencies are the main channel for development of agricultural policies and strategies. The ministry has severe staff and budgetary constraints. They face serious challenges especially in developing, implementing and monitoring agricultural policies, as well as in delivering key services like plant health and extension. The Bureau of National Fisheries is the agency of the ministry of agriculture responsible for both rules and regulations governing the fisheries sector, and implementation and enforcement, as well as the overall development of the sector. It faces identical challenges as the ministry of agriculture, and relies to a large extent on support from donors, the UN Mission in Liberia and the EU (through the sector contribution under the Sustainable Fisheries Partnership Agreement).

The ministry of commerce and industry is involved with a view of developing agriculture as a business.

### ***1.1.3 Priority areas for support/problem analysis***

The principal current constraints to a vibrant agricultural sector and food security in Liberia are:

- Limited engagement of the private sector with the non-concessionary agricultural sector suffering from low productivity, limited market access, limited skills, and unfavourable policies.
- Absence of support system for modern inputs (improved seeds, fertilizer, and implements).
- Little or no access to credit for small farmers, processors, agro dealers, and other actors in the value chain.
- Limited rural infrastructure, especially access roads and storage facilities.
- Insufficient regulations to encourage private sector involvement.

- Low levels of knowledge of modern farming technologies and centralised and insufficient public extension service.
- Insecure, diffuse, and conflict-ridden land tenure system.
- Food insecurity is particularly prevalent in the South-East. Vulnerable groups are disproportionately affected.

A particular source of concern is the level of illegal fisheries in Liberia's water and the lack of regulation and/or enforcement of rules in the fisheries sector, threatening the economic perspectives for the sector. Climate change poses an additional threat to the livelihood and survival of smallholder farmers and their families in rural Liberia. Farming is entirely rain-fed and is adversely affected by erratic rainfall patterns, high temperatures and extreme weather events.

## 1.2 Other areas of assessment

N/A.

## 2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Change of government sector policies, in particular in light of the elections in 2017.	M	Secure strong support from general population, private sector, and donor community through information campaigns.
Political instability and insecurity linked to the planned UN Mission in Liberia (UNMIL) drawdown.	M	EU and other donors' support for the stabilisation process.
Further decrease of world market prices for export crops, destabilizing Liberian economy, and limiting government budgets.	M	Encourage diversification of the agricultural economy and stimulate value addition within programmes to mitigate risks.
Implementation delays caused by limited capacity of government to handle procedures.	H	Capacity building and technical assistance.
Insecurity of land ownership preventing farmers to plan on a longer term basis in the area of operations.	M	Free, Prior and Informed Consent (FPIC) being done by Land Commission to reduce problems associated with land ownership problems.
Resistance and limited buy-in from farmers.	M	Need robust farmer education; training; strengthening of farmers' based organizations FBOs and Farmers' Cooperatives.
Limited capacity and coordination within and between Government agencies impede implementation	M	Ministry of Agriculture (MOA) established the Programme Management Unit in 2010 that coordinates the

of Government reforms.		implementation of all donor funded projects, including African Development Bank AfDB, World Bank, IFAD and GEF/ United Nations Development Programme UNDP projects.
Lack of access to markets due to bad road conditions undermines farmers' efforts.	H	EU and other donors' support to infrastructures.
Climate changes require adaptation of farming techniques and expose farmers to greater weather related risks.	H	Some measures are being piloted by MoA under a climate change adaptation programme. Further actions will be looked at as part of the Global Climate Change Alliance.
<b>Assumptions</b>		
<ul style="list-style-type: none"> <li>- Government of Liberia will undertake reforms necessary for the development of the agriculture sector (tariffs for agricultural inputs, agribusiness hubs, land act) as part of the Action Plan.</li> <li>- Improvement of Road and transport infrastructure in Liberia important for agriculture will not be affected by budgetary constraints or otherwise.</li> <li>- Improving nutrition security will partly be realised through income effects (lower prices of food or higher income allows people to buy better food).</li> <li>- Donors, NGOs, ministry of agriculture extension work together effectively.</li> </ul>		

### 3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

#### 3.1 Lessons learnt

The EU has an extensive experience in implementing agriculture and food security projects in post-war Liberia funded by the EDF and the food security thematic budget line, implemented mostly by international NGOs and UN agencies. The identification process has leveraged this experience through site visits and review of evaluation reports and Results Oriented Monitoring.

The private sector in Liberia comprises mostly poor smallholder farmers that are responsible for most of the domestic food production.

Rural poverty in Liberia affects 67% of a rural population of 2.2 million, most of them smallholders lacking financial capacity and knowledge to upscale their economic activities. They are also more vulnerable to food insecurity and more likely to be affected by climate change. They need to increase their land and labour productivity in order to make their way out of poverty and to ensure sufficient staple food supplies for themselves and for an increasing urban population. A number of successful initiatives supported by the EU have proven that, given the right incentives and support, smallholders are able to increase and diversify their production according to market opportunities and consumers demand and to build more climate and economic-resilient production systems.

Focus on larger interventions on the basis of a proven concept and with a close government involvement.

Lessons from past and current EU interventions in agriculture show that projects, despite their relative success, failed to have impact on a national scale due to their relative small size. One specific recommendation from a successful project on cassava was to scale up activities for any future intervention. Following that recommendation means that new activities need to be based on proven concepts used in previous activities, but scaled up and focused on a limited number of sectors/food commodities.

#### Integrated approach to agricultural development.

Recent experiences have shown that activities should address the entire value chain, and not be limited to production improvement or value addition only. Activities either need to be embedded within a larger framework of activities within a certain region, or seek to promote and encompass the entire value chains to have longer term impact.

#### Sustainability requires going beyond social transfers.

Cash transfers provided critical support in highly vulnerable communities and contained food insecurity in crisis and post-crisis situations in Liberia, but are not a viable mean to support long-term agricultural development in Liberia, due to the high risk of aid dependency. Village saving loans and cash for work schemes have been more successful in that respect. Encouraging private sector investment and entrepreneurship will also ensure sustainability.

### **3.2 Complementarity, synergy and donor coordination**

The main donor platform in Liberia is the Cooperating Partners Group; at sector level the monthly Agriculture Donors Working Group (ADWG), chaired by the ministry of agriculture, is the main platform for coordination between government and donors. Food security coordination takes place through the Food security technical committee, also maintained by the ministry of agriculture and supported by FAO.

Apart from the EU, there are a limited number of other donors active in agricultural development, which are United States International Development Aid (USAID), Swedish International Development Aid (SIDA), AfDB and World Bank/International Finance Corporation (WB/IFC). The ministry of agriculture, through its project management unit (PMU) has oversight of activities of donor funded projects in the ministry. There are no EU Member States agencies implementing directly agricultural programmes in the country.

As far as other EU funded actions are concerned there are clear synergies with the Food and nutrition security Impact, Resilience, Sustainability and Transformation (FIRST) partnership programme implemented by FAO with the purpose of providing a policy assistance mechanism for improved food security and nutrition and sustainable agriculture. Under FIRST, a long term Policy Officer will be embedded in the ministry of agriculture. The EU has also provided support to smallholders through a number of projects funded by the Food Security budget line and implemented by NGOs, targeting rice, cassava, livestock and vegetables. Two additional NGO grants (EUR 3 000 000 in total) to continue supporting food security are being awarded under PRO-ACT (Global Public Goods and Challenges). Other complementary EU-funded projects include the Global Climate Change Alliance + (EUR 6 000 000), CSO 2016 grants to support land rights, and Road connectivity (10<sup>th</sup> EDF NIP) and electricity (11<sup>th</sup> EDF NIP) projects.

The country also benefits from projects in support of the Voluntary Partnership Agreement for forestry (Environment budget line) and from specific sector support under the Sustainable Fisheries Partnership Agreement (SFPA).

The action is also fully integrated and complementary with the projects that will be supported under the 11<sup>th</sup> EDF Regional Indicative Programme for ECOWAS, in particular in priority

areas 2 ( Regional Economic Integration and Support for Trade), and 1& 3 (Resilience, Food and nutrition security and Natural Resources).

### **3.3 Cross-cutting issues**

Women comprise over half of the agriculture workforce and about two-thirds of the trade and commerce workforce in Liberia. Their role in agriculture is important, particularly in food crops, where they produce over half of the output; their production of cash crops is limited. Access to resources and markets is also significantly constrained—across the population—but women, because of their multiple economic and domestic activities are particularly affected. Gender mainstreaming will be a significant objective for activities under the action. The EU is in the process of contracting a specific Gender Analysis of the agriculture sector in Liberia in order to guide the design of specific activities in support of women and women’s groups.

As described in 1.1.3 above, Liberian agriculture is extremely vulnerable to climate change, and at the same time one of the main drivers of deforestation. Slash and burn farming and absence of any form of water management are still common practice among smallholder farmers in Liberia. Climate change adaptation will be a significant objective of this action. Improved climate change resilience will be supported through the introduction of climate smart agriculture practices such as the introduction of climate resilient crops, intercropping and agroforestry systems together with pest control, water management and prevention of soil degradation and erosion to reduce pressure on land use and agriculture-induced deforestation. The support provided to Liberia under the Global Climate Change Alliance+ (GCCA+) will be key to identify activities in line with the agricultural adaptation actions outlined in the Intended National Determined Contribution document (2015).

## **4 DESCRIPTION OF THE ACTION**

### **4.1 Objectives/results**

This programme is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDG Goal 2 "Zero Hunger – End hunger, achieve food security and improved nutrition and promote sustainable agriculture", but also promotes progress towards Goal 14 "Life Below Water – Conserve and sustainably use the oceans, seas and marine resources for sustainable development". This does not imply a commitment by the country benefiting from this programme.

Thus, the overall objective of the programme is to reduce poverty, to increase income and resilience against shocks in the rural areas and to improve food and nutrition security in Liberia.

In line with the SDGs, the Liberia Agricultural Transformation Agenda and the EU-Liberia NIP 2014-2020, the specific objectives of the action are to :

- SO. 1: Productivity of small-scale cocoa production has increased and commercialisation ensured;
- SO2: Productivity and sustainability of nutrition sensitive agriculture at the level of small scale producers has improved;
- SO3: A competitive and environmentally sustainable value chain for coastal and inland fishery is operational;
- SO4: Agricultural policies supporting small-scale farming are approved at political level and enacted at production level.

Further details on the expected results are provided in the following sections and in the Annex (LogFrame). The action is also integrated into the regional EPA Development Programme (PAPED) and contributes to the priorities identified by the Government of Liberia for the "Development of priority value chains".

#### **4.2 Main activities**

The action has 4 components. Each component contributes to a specific objective.

##### **Component 1 – Sustainable cocoa value chain**

This component promotes economic opportunities for smallholder farmers through the development of a sustainable cocoa value chain in Liberia.

The action will contribute to the attainment of the goal of the cocoa component of the Liberia Agriculture Transformation Agenda (LATA): achieve economic diversification and economic growth by enabling the cocoa sector to meet its potential. In addition, cultivation of cacao – within sustainable, biologically diverse agroforestry systems - can help in the preservation of rain forest remnants and the development of forest links and move small holder farmers into a more favourable economy.

The activities under the component include:

- Implementation of a cocoa intensification package for increased productivity adopted (e.g. productivity of 50kg/ha increased to 250kg/ha);
- Enhancement of the capacity of national institutions and other stakeholders to promote sustainable cocoa production;
- Develop quality control systems and robust chain of custody for the production of good quality cocoa;
- Improve the governance of cooperatives in order to facilitate access to finance for the cooperatives;
- Link producer groups to access sustainably produced cocoa markets;
- Attract value chain investors;
- Identify needs and build capacity of actors across the value chain;
- Create economic opportunities for women and youth along the cocoa production chain.

The activities will engage smallholder farmers through existing organisations and cooperatives, as well as private companies already operating in the sector and will encourage value chain investors to develop the sector as applicable. They will focus primarily in the traditional cocoa-producing counties of Lofa and Nimba but might possibly be expanded to neighbouring counties.

##### **Component 2 – Rural development through diversification and sustainable agriculture**

This component promotes increased smallholder productivity and diversification to improve resilience and food security. The activities under the component include :

- Development and implementation of community-based agricultural development plans, comprising in particular support for value-adding through sustainable intensification and diversification and addressing the position of women in the communities;
- Support to value addition through improved post-harvest handling;
- Improve linkages to the market, also through farmers' groups and cooperatives, business development services for agro-dealers and other actors across the value chains;
- Improve access to finance and technology for farmers through development of 'one-stop-shop' service centers;

- Improve availability of nutritious food and income generation through integrated Aquaculture, vegetable and poultry/small ruminants productions;
- Identify and develop strategic domestic and regional value chains;
- Introduce sustainable and socially appropriate adaptive measures to increase resilience of agriculturally dependent communities to climate change.

The activities will focus on the most food insecure counties, including the South-Eastern counties.

### **Component 3 – Sustainable fisheries value chain**

In line with the Liberia Agriculture Transformation Agenda (LATA), this component supports the development of a competitive, efficient and sustainable fisheries value chain (inland and aquaculture) with private investment and linkages to markets. The program will support WB West African Regional Fishery Program (WARFP) phase 2 (through a contribution agreement of EUR 7 000 000) which has the following objectives: (i) Strengthening Governance of Fisheries Management, (ii) Improving Conditions for Sustainable Value Chain Development; and (iii) Strengthening Community Capacity.

The activities under the component include:

- Strengthening Governance of Fisheries Management - support to the ministry of agriculture, Bureau of National Fisheries to (i) develop management plans for fisheries and long-term management strategies that enhance ecological and economic sustainability; (ii) implement fishery policies, regulations and international agreements; (iii) improve surveillance capacity and strengthen Mano River cooperation for surveillance;
- Improving Conditions for Sustainable Value Chain Development - support to (i) improved post-harvest handling and market access for coastal fishing communities; (ii) development of integrated aquaculture farming; and (iii) the construction and operation plan of a central wholesale fish market in Monrovia;
- Strengthening Community Capacity – support (i) a new pilot community-led fishery management site possibly in Buchanan; (ii) economy of selected fisheries communities and implication for small scale fisheries management;(iii) community fisheries data collection in all coastal counties and iv) developing further linkages between fishing communities and markets and ensure integration within large scale development of fisheries sector.

The component will support marine fisheries in the coastal area as well as inland fisheries and aquaculture. Prioritisation based on available budget will be defined in negotiation with the implementing partner.

### **Component 4 – Capacity building for the ministry of agriculture**

This component supports the institutional capacity of the ministry of agriculture to design and deliver Food Security and Sustainable Agriculture (FSSA) policies in Liberia within the context of the Liberia Agricultural Transformation Agenda (LATA).

In order to maximise complementarity and consistency, the activities under this component will be designed with the support of the Policy Officer allocated to the ministry of agriculture under the EU/FAO FIRST partnership programme. It is expected that they will include:

- Advise MoA and other government stakeholders in raising public attention on food security issues, agricultural value chain development, the gender dimension of agriculture and SDG2 in Liberia;

- Support MoA and other stakeholders in programming, planning and coordinating the execution of the Liberia Agricultural Transformation Agenda and subsequent governmental program;
- Technical assistance to improve the policy and institutional framework of Food and nutrition security, Sustainable Agriculture and Agriculture as a business;
- Support MoA and the Liberia Institute of Statistics and Geo-Information Services (LISGIS) in establishing a Food Security and Nutrition Information System;
- Support for the Central Agricultural Research Institute (CARI) on applied research through a research grant and other technical cooperation;
- Establishment of early warning and emergency preparedness, contingency planning and coordination mechanisms;
- Support implementation of domestic policies and other initiatives including the Comprehensive Africa Agriculture Development Program CAADP, Cadre Harmonisé, Global Alliance for Resilience (AGIR), ECOWAS Agricultural Policy, Maputo Declaration;
- Supporting the ministry of agriculture in developing, implementing and monitoring the national Agriculture Investment Plan, including by strengthening decentralized services.

The activities of this component will be implemented countrywide.

### **4.3 Intervention logic**

As was described in section 1.1.3 the agricultural economy of Liberia faces challenges at all levels. Farmers cannot produce efficiently and sustainably, the market fails to connect farmers to consumers, and government struggles to deliver and implement policies. The agriculture sector is not able to feed the population or generate sufficient income for the people of Liberia. On this basis the overall objective of the action is to reduce poverty, increase resilience against shocks in the rural areas and improve food and nutrition security in Liberia.

From this overall objective different elements can be distinguished, which will be reflected in the specific objectives and components. Firstly, improving the functioning of the agricultural market and improving productivity. This needs to be addressed in an integrated way encompassing the entire value-chain (lessons learnt section 3.1). Secondly, any intervention will need to focus on improving smallholder farmers and small-scale fishers' productivity as the foundation of the agriculture sector (lessons learnt from previous activities). Thirdly, in order to safeguard the long term perspectives for agriculture and to address negative externalities, environmental sustainability is key to the specific components of the action a.o. through the promotion of sustainable agricultural practices and climate resilient production systems. Finally, the choice for particular value-chains and subsectors will need to balance economic development and Food and nutrition security as both the EU-Liberia National Indicative Programme and LATA are based on objectives of economic development and ensuring food and nutrition security in Liberia.

From that perspective, the components are linked to the overall as follows. Components 1 and 3 contribute to poverty reduction and increased food security through supporting the development of sustainable cocoa and fisheries value chains. Component 2 also promotes sustainable intensification and diversification of agricultural activities targeting communities in the most food insecure areas. Component 4 is horizontal and supports the ministry of agriculture in its role of designing and implementing Food Security and Sustainable Agriculture (FSSA) policies. The selected interventions aim at a balanced and integrated approach where both agricultural economic development and Food and Nutrition Security are addressed in conjunction.

## **5 IMPLEMENTATION**

### **5.1 Financing agreement**

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement<sup>3</sup>.

### **5.2 Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendments in the sense of Article 9(4) of Regulation (EU) 2015/322.

### **5.3 Implementation of the budget support component**

N/A.

### **5.4 Implementation modalities**

#### **5.4.1 Grant: direct award to NGO or International Organisation (direct management)**

*Applicable to Component 1 – Sustainable cocoa value chain and Component 2 – Rural development through sustainable agriculture*

(a) Objectives of the grant, fields of intervention, priorities of the year and expected results

#### ***Component 1 - Sustainable cocoa value chain***

The actions under this component will seek to improve the livelihoods for smallholder farmers and other actors in the cocoa value chain as well as to enhance institutional capacity for a sustainable cocoa sector in Liberia. Activities to be implemented through the awarded grant will aim at:

- increasing productivity for cocoa farmers, improve quality control systems, and promote cocoa certification;
- improving policies for a sustainable cocoa sector, which improve the position of women and youth, and increase capacity of public institutions and other stakeholders in the sector;
- creating better market linkages to attract investment, to facilitate access to finance, or to have access to sustainably produced cocoa markets.

#### ***Component 2 – Rural development through sustainable agriculture***

The actions under this component will seek to increase resilience and food security in the most food insecure areas of Liberia. Activities to be implemented through the awarded grant will aim at:

- enhancing the capacities of vulnerable communities and people to improve their food crises resilience, and to sustainably produce and access food;

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<sup>3</sup>Partnership Agreement between the members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Member States of the other part"

- developing and improve the necessary pre-conditions for vulnerable communities to increase productivity, including transfer of technology, extension services and availability of inputs through service centres, improved access to finance, and better access to markets.

(b) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because of the crisis situation of the Country.

An assessment of the security situation and the operational conditions in Liberia was produced by the Delegation in June 2016. On this basis the European Commission has granted the use of flexible procedures applicable to cases of crisis situation, as defined in Article 190(2) RAP, until 30/06/2017.

Furthermore, recent experience has demonstrated that there is only a very limited number of NGOs with the technical and financial capacity to implement EU grants in Liberia. A large part of these NGOs have recently joined in a Food Security Consortium to implement jointly a grant awarded under PROACT.

(c) Eligibility conditions

The potential beneficiaries of funding should be international organisations or NGO's with an established operational presence in Liberia. They should have proven experience in successfully managing EU grants of similar size in Liberia.

(d) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(e) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 90%, given the high costs of operations in the remote areas, and the limited financial capacity of most organisations working on food security in Liberia.

In accordance with Article 192 of Regulation (EU, Euratom) No 966/2012 applicable in accordance with Article 37 of regulation (EU) 2015/323, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(f) Indicative trimester to conclude the grant agreement

Second trimester of 2017.

#### **5.4.2 Indirect management with an international organisation.**

##### ***5.4.2.1 Indirect management with the World Bank (WB).***

A part of this action, *Component 3 – Sustainable fisheries value chain* may be implemented in indirect management with the World Bank (WB) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012 applicable in accordance with Article 17 of Regulation (EU) 2015/323. This implementation entails support to the development of a sustainable fisheries sector in Liberia as outlined in the relevant section of 4.2 above.

This implementation modality is justified because the WB plays a central role in the development of the fisheries sector in Liberia, and is recognised as such by the Government of Liberia. WB at this moment is the best positioned organisation for delivering an integrated approach which addresses legal framework and economic development as a necessary condition for the development of a sustainable fisheries sector in Liberia.

The entrusted entity would carry out the following budget-implementation tasks: procurement of technical assistance services, equipment and works, grants to civil society organisations and Public Private Partnerships with private operators as it might be required for the implementation of the activities.

#### ***5.4.2.2 Indirect management with the Food and Agricultural Organisation (FAO).***

A part of this action, ***Component 4 – Capacity building for the Ministry of Agriculture*** - of this action may be implemented in indirect management with the Food and Agricultural Organisation (FAO) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012 applicable in accordance with Article 17 of Regulation (EU) 2015/323. This implementation entails the provision of institutional capacity to the ministry of agriculture to design and deliver Food Security and Sustainable Agriculture (FSSA) policies in Liberia.

This implementation is justified because FAO has the specific policy mandate, the capability, and the organisational structure in Liberia (field offices in the respective counties) for this intervention which requires close cooperation with the responsible entities within the Ministry of Agriculture.

The entrusted entity would carry out the following budget-implementation tasks: procurement of technical assistance services, equipment and works, grants to civil society organisations and Public Private Partnerships with private operators as it might be required for the implementation of the activities.

### **5.5 Scope of geographical eligibility for procurement and grants**

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

## 5.6 Indicative budget

	<b>EU contribution (amount in EUR)</b>	<b>Indicative third party contribution (amount in EUR)</b>
<b>5.4.1. - Direct grant with NGO or International Organisation (direct management)</b>	<b>20 500 000</b>	<b>2 277 777</b>
Component 1 – Sustainable cocoa value chain	8 500 000	944 444
Component 2 - Rural development through sustainable agriculture	12 000 000	1 333 333
<b>5.4.2. - Indirect management with an international organisation</b>	<b>9 000 000</b>	<b>N.A.</b>
5.4.2.1 - Component 3 – Sustainable fisheries value chain - Indirect management with WB	7 000 000	N.A.
5.4.2.2 - Component 4 – Capacity building for the Ministry of Agriculture - Indirect management with FAO	2 000 000	N.A.
5.9 – Evaluation, 5.10 – Audit	250 000	N.A.
5.11 – Communication and visibility	250 000	N.A.
<b>Totals</b>	<b>30 000 000</b>	<b>2 277 777</b>

## 5.7 Organisational set-up and responsibilities

The ministry of agriculture will provide strategic directions for the overall implementation of the programme in coordination with the EU Delegation.

The coordination will be embedded in the existing Project Management Unit of the ministry and in the coordination structures of the Liberia Agricultural Transformation Agenda (LATA).

The EU delegation and the ministry of agriculture will meet on a six monthly basis to discuss progress of activities with implementing agencies, and the NAO in light of the Liberia Agriculture Transformation Agenda.

Each individual component will have a Steering Committee to discuss progress on a quarterly basis between Government/NAO, EU Delegation and implementing partners.

## **5.8 Performance monitoring and reporting**

The ministry of agriculture will lead overall monitoring and evaluation of the programme within the framework of the Liberia Agricultural Transformation Agenda (LATA). As the LATA has only recently been adopted, the ministry of agriculture and donors within the Agriculture Donor Working Group will have to decide how and when to collect data. EU Support might be provided under Component 3 of the action.

The day-to-day technical and financial monitoring of the implementation of individual activities under this action will be a continuous process and part of the implementing partners' responsibilities. To this aim, the implementing partners shall establish a permanent internal, technical and financial monitoring and evaluation system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

At component level, baseline data will be collected at the inception stage of each action under the responsibility of the implementing agency, and will be financed out of the specific component budgets. Baseline values for component 1&2 will be negotiated as part of the direct grant award, and for component 3 & 4 during negotiation of the contribution agreement. As indicated below under 5.9; specific budget is foreseen for mid-term and final evaluation, which could be undertaken for the whole of the action or at component level.

## **5.9 Evaluation**

Having regard to the importance of the action, a mid-term evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

It will be carried out for learning purposes, in particular with respect to the contribution of EULAP to the Liberia Agriculture Transformation Agenda and the overall Agenda for Change.

The Commission shall inform the implementing partner at least 45 days in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, two contracts for evaluation services shall be concluded under a framework contract in 2019 and 2021.

### **5.10 Audit**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, four contracts for audit services shall be concluded under a framework contract in trimester 2/2020 – trimester 1/2021.

### **5.11 Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

The EU Delegation will procure communication and visibility services through a dedicated service contract in direct management. The budget allocated for this purpose is EUR 250 000. Specific activities will be designed on the basis of a communication and visibility plan to be developed by the selected contractor.

## **6. PRE-CONDITIONS**

N/A.

Appendix - Indicative Logframe matrix

## APPENDIX I - INDICATIVE LOGFRAME MATRIX

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant. During the identification, the NIP performance indicators were reviewed and matched with the new Government of Liberia's own targets. The indicative logframe below reflects the updated situation. Indicators, baseline and targets will be refined during the formulation phase. NIP indicators are flagged with an asterisk

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	OO: to reduce poverty, to increase income and resilience against shocks in the rural areas and to improve food and nutrition security in Liberia (SDG Goal 2 Zero Hunger – End hunger, achieve food security and improved nutrition and promote sustainable agriculture)	1. Poverty rate (country) 2. Rural poverty rate 3. Extreme poverty (country) 4. Extreme poverty (rural) 5. Food poverty (country) 6. Food poverty (rural) 7. Percentage of households reporting food shortage in the last 12 months 8. Dietary diversification rate 9. Average Calorie Intake 10 - Increased domestic sales and exports of agricultural products*	1. 54.1% (2014) 2. 70% (2014) 3. 18.5% (2014) 4. 27.4% (2014) 5. 45% (2014) 6. 52.8% (2014)  2014: 7. 49% - country 41.6% - urban 60.3% - rural 48.1% - male headed 51.3 – female headed 8. to be determined (tbd) 9. tbd 10. tbd	To be determined during inception phase	Household Income and Expenditure Survey	

<b>Specific objective(s): Outcome(s)</b>	SO. 1: Productivity of small-scale cocoa production is increased and commercialisation ensured	1.1: Increase of cocoa production at farm level per unit of land over time 1.2: Quantity of cocoa commercialised and prices obtained over time 1.3: Average productivity	To be determined during inception phase	To be determined during inception phase	1.1, 1.3, 2.1 macro economic statistics/Liberian Institute of Statistics and Geo- Information Services (LISGIS)	Political and economic stability; Natural disasters
	SO.2: Productivity and sustainability of nutrition sensitive agriculture at the level of small-scale producers improved.	2.1: Total yield 2.2: Degree of crop diversification 2.3: share of nutrition sensitive crops produced 2.4 sustainable production of agricultural products* 2.5 Agricultural land area under sustainable agriculture practices			[1.2, 2.3, 2.4, 2.5, 3.1, 3.2, 4.1, 4.2]Programme and project reports  [2.2, 4.3] Liberia Food Security Survey/Assessment	
	SO.3: A competitive and environmentally sustainable value chain for coastal and inland fisheries is operational	3.1: Quantity of fish and fish products commercialised 3.2 Prices obtained over time				
	SO.4: Agricultural policies supporting small-scale farming are approved at political level and enacted at production level.	4.1: Extent to which policies address needs of small producers 4.2 Increased access to agricultural extension services, like training, and access to improved inputs * 4.3 Improved perennial national mechanisms for monitoring malnutrition*				
<b>Outputs</b>	1.1: Small-scale farmers use cocoa intensification package correctly	1.1.1: Number of farmers using package 1.1.2 Number of Services providers (such as spray service providers and pruning gangs, etc) trained 1.1.3 Average productivity	1.1.1: 0 (2016)  1.1.2: 0  1.1.3: 50kg/ha (2016)	1.1.1: tbd (2021)  1.1.2: 300 (2021)  1.1.3: 250kg/ha (2021)	[1.1.1, 1.1.2, 1.2.1, 1.2.2, 1.2.3, 1.2.4, 1.3.2]: Programme and project reports  [1.3.3,1.3.4] Reports of sectorial cocoa working group,	Political and economic stability; Natural disasters; Liberia Agricultural Transformation Agenda implementation
	1.2: Private companies / cooperatives /	1.2.1: Quantity of quality graded	1.2.1: tbd	1.2.1: tbd (2021)		

	farmers unions are successfully commercializing cocoa products bought at producer level.	cocoa procured 1.2.2 financial turnover increased 1.2.3: Number of farmer associations formed, trained and linked to markets 1.2.4 Farmers selling sustainably certified cocoa on the international market	1.2.2: tbd 1.2.3: 0  1.2.4: 0	1.2.2: tbd (2021) 1.2.3: 10 (2021) 1.2.4: 3 000 (2021)	[1.1.3, 1.3.1] LISGIS agriculture statistics -	World market price stability/increase for Cocoa beans
	1.3: Quality control and certification system operational for cocoa production.	1.3.1: Quantity of quality certified cocoa increased over time 1.3.2: Cocoa extension and certification specialists (master trainers) 1.3.3: status of a national quality control framework and standard 1.3.4: Status of a public private partnership platform	1.3.1: tbd  1.3.2: 0  1.3.3: No quality control framework 1.3.4: 0	1.3.1: tbd (2021) 1.3.2: 50 (2021) 1.3.3: Established and operational (2021) 1.3.4: Created and functioning (2021)		
	2.1: Recommendations for climate-resilient agricultural production formulated and adopted by small-scale farmers	2.1.1: Number of farmers applying recommendations	2.1.1: 0	2.1.1: tbd	[2.1.1] LATA monitoring reports	Same as above
	2.2 Small-scale producers have access and use supportive services and inputs for climate-resilient agriculture	2.2.1 Share of households reporting production/sale of specific crops  2.2.2 Share of rural households raising livestock	2.2.1 2014 (%): Cassava (38.9/19.4) Rice (32/5.6) Pepper (32.1/18.5) Bitterballs (26.3/14.6) Corn (27/14.3) Plantain (26.5/16.5) 2.2.2: 2014 (%) Sheep 8.6, Goat 16.9, Chicken 54.6, Cow 0.5	2.2.1 Increase of sale %  2.2.2 Increased share of diversification including livestock production	[2.2.1, 2.2.2] Household Income and Expenditure Survey	Smallholder in most food insecure regions receptive to change  Road infrastructure sufficient to connect farmers to markets, locally and nationally

			Swine 4.1			
	3.1: Government provides support to fishers and ensures control to protect environment and interests of small-scale fishers.	3.1.1: Fish resources remain stable over time	3.1.1: tbd	3.1.1: tbd	[3.1.1] WB Stock Assessment	Same as above
	3.2 Bottlenecks hampering productive and sustainable fish value chain (e.g. sustainable catch, processing, demand driven marketing etc.) are addressed by the competent actors	3.2.1: Increase of value added to fish production over time 3.2.2 Harper surveillance station completed and equipped 3.2.3 Wholesale fish market in Monrovia built and operational 3.2.4 Pilot community-led fishery management site developed (possibly in Buchanan)	3.2.1: tbd 3.2.2: 0 (2014)  3.2.3: no wholesale fishmarket  3.2.4: N/A	3.2.1: tbd 3.2.2: completed and functioning (2021) 3.2.3: wholesale fishmarket operational 3.2.4 new site developed	[3.2.1, 3.2.2, 3.2.3, 3.2.4] Programme and project reports  [3.3.1, 3.3.2] Programme and project reports	Increased production by artisanal fisheries leads to increased fish consumption among population  Improved regulatory and enforcement framework allows artisanal fishers to better and sustainably reap benefits from fisheries
	3.3: Monitoring established providing fact based information and data for further development of the fisheries sector.	3.3.1: Quality data available and accessible to the public 3.3.2 Community fisheries data collection in all coastal counties	3.3.1: no reliable data  3.3.2: Pilot (2016)	3.3.1: reliable data available and accessible 3.3.2: Operational in 9 coastal counties (2021)		
	4.1: Government staff is better qualified and actively engaged in policy formulation	4.1.1: LATA implemented 4.1.2: successful formulation of coherent and aligned Food Security and Sustainable Agriculture (FSSA) policies in Liberia	4.1.1: No implementation  4.1.2: absence of well aligned policies	4.1.1: LATA implemented  4.1.2: FSSA policies aligned and coherent	[4.1.1]: Report of Agriculture Donor Working Group  [4.1.2, 4.2.1, 4.3.1, 4.3.1] Reports of Food Security Technical Committee	Sufficient capacity and knowledge at other government agencies to engage and cooperate with MoA
	4.2: Annual programmes to enact agricultural support strategies/guidelines are formulated, budgeted and broken down to county levels	4.2.1: Status of annual programmes	4.2.1: No annual programmes (2016)	4.2.1: Annual programmes in place and budgeted (2021)		
	4.3: A monitoring system is collecting data on agricultural production, marketing and on the implementation of the programme.	4.3.1: Food Security and Nutrition Information System established 4.3.2: Early warning and emergency preparedness mechanisms established	4.3.1 no system in place (2016)  4.3.2: no mechanism in place (2016)	4.3.1 system in place (2021)  4.3.2: mechanism in place (2021)		



**EN**

This action is financed by the European Union

**ANNEX 2**

**of the Commission Decision on the Annual Action Programme 2016 in favour of the Republic of Liberia to be financed from the 11<sup>th</sup> European Development Fund**

**Action Document for Support to the General Auditing Commission**

<b>1. Title/basic act/ CRIS number</b>	Support to the General Auditing Commission CRIS number: LR/FED/037-672 financed under the 11 <sup>th</sup> European Development Fund	
<b>2. Zone benefiting from the action/location</b>	Liberia  The action shall be carried out at the following location : General Auditing Commission Headquarters in Monrovia and other selected locations	
<b>3. Programming document</b>	National Indicative Programme (NIP) for the Republic of Liberia for the period 2014-2020	
<b>4. Sector of concentration/ thematic area</b>	Governance	DEV. Aid: YES <sup>1</sup>
<b>5. Amounts concerned</b>	Total estimated cost: EUR 5 070 000  Total amount of EDF contribution EUR 5 000 000  This action is co-financed in joint co-financing by the Republic of Liberia for an amount of EUR 70 000	
<b>6. Aid modality(ies) and implementation modality(ies)</b>	Project Modality  Indirect management with the Government of Liberia	
<b>7 a) DAC code(s)</b>	1511 Public Financial management	
<b>b) Main Delivery</b>	10000 Public Sector Institution, 12000 Recipient Government	

<sup>1</sup> Official Development Aid is administered with the promotion of the economic development and welfare of developing countries as its main objective.

<b>Channel</b>				
<b>8. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	X
	Aid to environment	X	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	X	<input type="checkbox"/>	<input type="checkbox"/>
	Trade Development	X	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	x	<input type="checkbox"/>	<input type="checkbox"/>
	<b>9. Global Public Goods and Challenges (GPGC) thematic flagships</b>	N/A		
<b>10. SDGs</b>	<p>Main Sustainable Development Goals (SDG) on the basis of section 4.1: "Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels"</p> <p>Secondary SDG Goal(s) on the basis of section 4.1: "To end poverty in all its forms everywhere."</p>			

## **SUMMARY**

This project's main objective is to assist in the process of improving accountability and transparency in the management of public resources in Liberia, providing assurance to citizens and the legislature that public money has been properly and wisely spent thereby ultimately contributing to poverty reduction.

Specifically, the project will assist the General Auditing Commission of Liberia (GAC) in becoming a modern, credible and independent Supreme Audit Institution as defined in INTOSAI (International Organisation of Supreme Audit Institutions) standards and AFROSAI African Organisation of Supreme Audit Institutions) guidelines by supporting it to comply with the provisions in the General Auditing Commission (GAC) Act, 2014 improve the quality and impact of its public external audit and its key management and administration functions. The project will also strengthen and improve the relationships of GAC with its main stakeholders (Legislature, other Integrity institutions, etc.) so as to improve the overall impact and efficiency of its activities.

This project builds upon and draws lessons from previous EU support and is an important accompanying measure to budget support operations. Designed with and anchored in the GAC's Strategy and Capacity Building Plan, the project will further build on the track record, commitment and willingness of the incumbent Auditor General, who is expected to remain in

office for the project' duration and has demonstrated commitment and willingness to reform and improve the institution and set an example for the transparency and accountability in the use of public funds in Liberia.

The implementation modalities the project will combine an international technical assistance service contract with programme estimates to a.o. allow the GAC to finance the professional qualifications programmes, audit training (through African Organisation of English-speaking Supreme Audit Institutions AFROSAI-E) for audit and key administrative functions and improving relations and services of the GAC with and to all stakeholders.

## **1 CONTEXT**

### **1.1 Sector/Country/Regional context/Thematic area**

Although Liberia has enjoyed relative peace and stability since the end of the war in 2003, it remains one of the poorest countries in the world with one of the lowest levels of human development, weak state capacity, and a high level of dependence on international donors.

Economic growth averaged 7.6% from 2007 to 2013, and helped reduce extreme poverty incidence. But the overall incidence of poverty remains high. The Ebola outbreak in 2014 negatively affected the economic growth with reduced investment and foreign companies' presence, and created important gaps in the national budget. The country is returning to its pre-Ebola situation but faces severe economic and budgetary constraints due to a sharp fall in international commodity prices, underlining the need to improve resilience against shocks including through improved use of public funds, economic expansion and investment.

Governance, justice and public institutions remain weak. Although there has been good progress on public financial management reform, much still needs to be achieved in the fight against corruption and to improve transparency and accountability. There is a wide perception that economic growth is not equally benefiting all Liberians.

The National Development Plan the “Agenda for Transformation” (AfT) for the period 2012-2018 addresses the main challenges for economic and social development in Liberia, focusing on security, growth, social issues and civil service reform. The Government of Liberia has shown commitment and ownership in implementing the plan, but is hampered by the institutional capacity to coordinate and follow-up on implementation. In 2015, following the end of the Ebola outbreak, the government reprioritised the AfT to align better to the post-Ebola situation, United Nations Mission in Liberia (UNMIL) drawdown in 2016 and the 2017 elections.

#### ***1.1.1 Public Policy Assessment and EU Policy Framework***

The objective of the EU's relationship with the Republic of Liberia is to support the transition from a post conflict situation characterised by structural poverty and governance challenges towards a sustainable and inclusive development path. The multiannual National Indicative Programme is based on the AfT and the New deal for engagement in fragile states. The EU's allocation to Liberia in the period 2014-20 is EUR 279 000 000 of which EUR 108 000 000 for good governance which includes support for the improvement in public sector financial management. The 11<sup>th</sup> EDF support in the governance sector has so far been delivered largely through a State building contract (budget support). This is complemented by a specific commitment supporting PFM (Public Financial Reform) reforms implemented by the World Bank. The National Indicative Programme (PIN) has also foreseen continued support to the General auditing Commission (GAC), the Supreme audit Institution of Liberia, in order to

promote accountability and transparency in the management of public resources as a fundamental accompanying measure to budget support.

The Government has adopted a PFM Strategy and Action Plan 2011-2016 as the framework for the re-introduction of the necessary institutions, processes and procedures meant to enhance the PFM systems in Liberia. The PFM Strategy has seven priorities with the GAC falling under component 4 Enhancing transparency and accountability. In the last years the PFM Strategy has shown results and progress as shown by improvements in 16 indicators in the 2016 Public Expenditure and Financial Accountability (PEFA) indicators using the 2011 version of the PEFA framework. A new PFM Strategy is in its initial development stages.

The General auditing commission (GAC) is the Supreme audit Institution (SAI) of Liberia which as an INTOSAI member should aim to promote accountability and transparency in public financial management and to provide assurance that the government has incurred expenditure in line with the law and the intentions of the legislature and demonstrated good value for money in the use of public resources. The GAC is a constitutional body established by chapter 89 of the 1984 Constitution. It was originally established under chapter 53 of the Executive Law of 1972 as the General Auditing Office. The law was amended in 2005 reinforcing GAC as a separate autonomous commission. In 2007, with the appointment of its first Auditor General after the Liberian conflicts, the GAC became operational. However, most of the provisions of the 1972 law remained in place, which required GAC to undertake now outdated practices of continuous audits, examinations of all transactions, naming public officials in audit reports and undertaking special investigations.

A revised GAC Act to repeal chapter 53 of the Executive Law of 1972 and all amendments to make the Commission a modern SAI came into effect in 2014 (developed with EU support). According to the 2014 GAC Act part 3 the GAC is an autonomous public commission which includes among other financial autonomy from Government: The Auditor General submits the budget of the GAC directly to the legislature for review and approval with a copy to the ministry of finance and development.

In the PEFA of July 2016 (under indicator PI26i<sup>2</sup> scope nature and follow-up of external audit the GAC) improved in the dimension of scope and nature from C to B thanks to greater compliance with the International standards for supreme audit Institutions. As regards indicator PI26ii<sup>3</sup> the dimension on timeliness of submitting audits of the consolidated government accounts performance fell mainly due to capacity constraints, with many ministries & agencies (M&As) not having submitted their financial statements for consolidation. The indicator on Government's follow-up on audit recommendations has somewhat improved with the help of the Internal audit Agency (which uses an audit tracker system to follow recommendations of both internal and external audits). While some ministries such as the ministry of public works have developed strategies and action plans to tackle the identified deficiencies, others still need to develop a system to address weaknesses. The key pending action item for the GAC under the PFM Strategy was its own audit which was concluded April 2016 with publication expected soon.

The GAC has a portfolio of almost 600 public sector clients and GAC interpreted the previous legislation as requiring them to audit each of them every year. This was an impossible task and was never achieved. The new Act gave the Auditor General more flexibility in what and

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<sup>2</sup> 2011 version of the PEFA framework

<sup>3</sup> 2011 version of the PEFA framework

when to audit. The Act requires the GAC to audit the consolidated financial statements every year and any other public body that is required under law to produce financial statements, e.g. State-owned Enterprises, but the General Auditor (GA) has the freedom to choose what else to audit.

GAC audited the consolidated fund and accountability statements and produced reports for the periods 2010-11, 2011-12, 2012-13 and 2013-14 and made some positive recommendations. From January to June 2016 the GAC produced already 26 audit reports among other on the ministry of finance (2011 – 2014), the Liberia Maritime Authority (2007 – 2012) and the Liberia extractive industries transparency initiative (2013 – 2015). Additional twenty-eight (28) procurement audits are being finalised for publication. The GAC has also commenced audit on the FY 2014/15 consolidated accounts, which was submitted to the AG on January 25, 2016. In 2015 the GAC published 15 audit reports including on the Social Development Fund (2011 – 2013) in four counties, the Liberia Anti-corruption Commission (2010 – 2013), the Ebola Trust Fund and two special audits on the ministry of public works (the latter two at the EU's and IMF specific request). In 2014 the GAC presented 17 audits e.g. on the Social Development Fund (2011 – 2013) in five counties, the ministry of public works (2009 – 2012), and the General services agency (2006 – 2011).

For the future the GAC in June 2016 launched its Strategic plan for 2016 – 2020 as required in the 2014 GAC Act. In the Strategic Plan the GAC develops its vision, mission, core values, strategic goals, outcomes, and assesses the capacities needed to achieve this. Strategic goals are: greater impact of GAC's audit recommendations, increased trust in GAC as a credible organisation and higher performance. The GAC wants to achieve the following outcomes: enhanced performance accountability and transparency, increased audit coverage for financial, performance and compliance audits, quality audits published on time, as well as more effective stakeholder engagement. In order to achieve these outcomes and strategic goals the GAC requires capacity in terms of resources, infrastructure, appropriate working environment, organisational systems and professional staff development and establishes eight indicators for which baselines and targets will be established during the first year of the strategic plan.

As regards human resources the GAC has developed a detailed Staff professionalisation and capacity building strategy for the years 2016 – 2019 in which the GAC describes capacity needs and presents detailed costs for training related to audit qualifications. Both the Strategic and the Capacity building plan include an M&E framework that has been used for the design of the project.

### ***1.1.2 Stakeholder analysis***

The GAC of Liberia is the main project target and has extensively participated in the project formulation at senior management level. The NAO has also participated in the formulation. The GAC has a budget of close to USD 6 000 000 during the last financial years and future projections range between 5 700 000 and 6 000 000 (approx. 90% of which is spent on salaries and recurrent costs leaving little room for capacity building).

Although a considerable number of audit staff has advanced degrees in various disciplines, the number of professionally qualified staff remains low. According to the Staff professionalisation and capacity building strategy of a total of 240 staff members who took the staff placement exams; 33% scored less than 40% in the area of accounting skills, while only 13% scored more than 80%. The new GAC Act of 2014 requires the GAC to undertake performance auditing but only a dozen of personnel is assigned to this due to lack of qualified

staff. There are further shortcomings in the qualifications of staff in administration, public finance, IT, human resources and asset management. The objective of the GAC is that within the next four years at least 60% of staff has professional certifications in their area of work. The overall cost for the Staff Professionalisation and Capacity Building Strategy is at USD 1 200 000.

**National Legislature:** The Legislature is a key stakeholder in terms of following up on GAC reports. Its Public accounts and audit Committee (PAAC) needs to respond to GAC reports in a timely manner and act accordingly on the findings in those reports by holding public officials to account. According to the PEFA of July 2016 the Legislature's public accounts and audit Committee (PAAC) has met about 25 times and has examined 15 audit reports in the last three fiscal years. The 15 members of the PAAC are supported by the PAC Secretariat which has 17 staff members and is receiving support from the World Bank PFM Project. Overall, of the 84 audit reports that the PAC secretariat has analysed, the legislature has scrutinised only 21 and published recommendations in 2014 and 2015. PEFA scores on legislative scrutiny of external audit have improved but remains low at D+<sup>4</sup>.

**Auditees:** Government ministries and agencies have a responsibility to cooperate with the GAC and provide GAC with information and records it needs to carry out audits as required by the Act. They should also implement recommendations. In turn GAC needs to manage its relationships with auditees in a professional manner. There needs to be close cooperation with the ministry of finance and development planning (MFDP) to ensure improvements arising from audits are made and that wider issues arising from those audits are fully considered by MFDP and the Comptroller & Accountant General, including agreements on formats of accounts and the appropriateness of accounting policies. According to the PEFA of July 2016 there is not much evidence of the government's follow-up of GAC audit recommendations. However, the Internal Audit Agency has established an audit tracker where it keeps track of recommendations of both internal and external audits. Still there is much need for improvement in the follow-up is given by auditees to the GAC recommendations.

**Civil Society:** Media occasionally uses GAC audits for stories with often significant impact on civil society. Audit reports on Ebola expenditure or ministry of public works and the National oil company have triggered extensive press and civil society agitation and the GAC and its current AG can be credited for having provided the basis for a minimum level of transparency, although at the price of much pressure on the institution and yet to be seen concrete follow up by other integrity institutions. The project and future civil society organisations (CSO) actions on public accountability will target improved capacity of the GAC to engage productively with media and CSOs.

**AFROSAI:** GAC is a member of the African organisation of English-speaking supreme audit institutions (AFROSAI-E), the regional group of INTOSAI (International organisation of supreme audit institutions), and in charge of promoting cooperation between English speaking African SAIs through studies, training and exchanges of ideas. AFROSAI has established a working relation with the GAC and a source of capacity building resources will be used that are adapted to the country's context.

**Integrity institutions:** Potential fraud and corruption issues unveiled by GAC reports need to be referred to the Liberia Anti-Corruption Commission (LACC), ministry of justice, Financial intelligence Unit. GAC should also take opportunities of working closer with the Internal

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<sup>4</sup> 2011 version of the PEFA framework

Audit Agency (IAA) and Public procurement and concessions commission (PPCC) in areas of mutual interest. These will be targeted through the project's "Strengthened relationships with stakeholders" component.

Development partners in PFM will have an important role to play in championing accountability and good governance issues.

### ***1.1.3 Priority areas for support/problem analysis***

The choice and focus on external audit function needs within the PFM sector needs to be seen in the context of donor coordination and aid effectiveness as well as in the specific Liberian context. The core PFM reform strategy is supported in a rather coherent manner by most donors through a single project, the \$ 28 550 000 Integrated public financial reform project (IPFMRP) implemented by the World Bank and to which the EU also contributes to since 2015. The project will end in 2017. This programme is focused on support to the Government and notably the introduction of a modern integrated financial management information system (IFMIS), from which the GAC benefits from.

In this context the EU has been providing support to the GAC, an independent institution, in EDF 9 and 10 and has already announced support in the NIP 11<sup>th</sup> EDF. The aim is to build and consolidate a critical institution that is not receiving much partners support. EU support constitutes also a critical accompanying measure to the credibility of budget support. The last PEFA shows some progress in the work of the GAC. Importantly, the incumbent Auditor General (a "change agent") has demonstrated commitment and willingness to reform and improve the institution and set an example for the transparency and accountability in the use of public funds in Liberia (through e.g. a number of key audits on use of Ebola related funds or the GAC's first ever audit). These provide a unique opportunity to consolidate and extend its positive impact on other Liberian Institutions and public life.

Concerning specific problem/challenges for the external audit and the GAC, firstly, while the GAC manages to deliver basic audit functions it was seen as a poorly performing SAI in the 2012 INTOSAI peer review. It has not undertaken many audits of the type required or compliant with international audit standards. Currently, GAC is at level 2 of AFROSAI-E implementing guidelines. Since it's re-establishment in 2007 the GAC has not been able to undertake the type of audits required by INTOSAI i.e. financial and performance audits in meaningful numbers mainly due to the inability of government and its agencies to produce financial statements either at all or that meet international accounting standards and performance audit is at an early stage of development. One of the major challenges facing the GAC in this regard is the shortage of qualified accountants in the public sector. For example GAC has not been able to identify suitable candidates to fill positions mainly because most staff does not possess professional accountancy qualifications which are a requirement for holding those positions.

Secondly, the 2014 GAC Act has added new challenges to the GAC that they did not have before so as to become a modern SAI. As an independent commission it needs to modernise its administration functions. As an autonomous body they will need to develop modern HR policies, procedures and practices to maximise the benefit from staff inputs etc. Therefore, GAC needs to engage professionally qualified staff in the HR, finance, legal and internal audit areas to meet the new requirements of being an independent body.

Thirdly, GAC work has suffered in the past from difficulties in the relationships it has with "clients" who often see GAC as only being there to find fault or criticise or even to find

evidence of fraudulent or corrupt practices. The naming of public officials in public reports has also caused tensions and individuals felt they did not have the opportunity to defend themselves. This approach needs to be somewhat improved to allow the GAC to become a driving force for positive change. Therefore, the GAC needs to raise its profile with key stakeholders (as described in the previous section) so all interested parties clearly understand the role of the new GA and also GAC can discuss and integrate in its work how to better contribute to their respective functions.

Therefore, the main problems to be addressed are deficiencies in management and administrative and HR functions, poor relationships with clients, capacity in under taking core audit functions.

In consequence, the main priority areas include assisting GAC in implementing the provisions of the GAC Act, 2014 and the development of the core administration functions of Human Resources (HR), including performance management, and planning and budgeting. In line with the GAC Staff professionalisation and capacity building strategy, key priorities include supporting the development of the core audit functions of financial audit (with a focus on basic functions such as auditing reliability of financial reports, regularity of transactions and basic control systems, whereas due to its complexity performance audit will be targeted by the project only as second priority possibly as a pilot) , as well as compliance and strengthening core and middle management capabilities. Additional priorities include improving working relations of GAC with key stakeholders, improving the services provided to PAC and supporting the professional development of staff.

**1.2 Other areas of assessment**

N/A.

**2 RISKS AND ASSUMPTIONS**

<b>Risks</b>	<b>Risk level (H/M/L)</b>	<b>Mitigating measures</b>
The Executive branch does not support the financial independence of GAC in contravention of the 2014 Act	M	Political and policy dialogue to raise the profile of the issue to persuade government to support the programme. Workshops will also emphasise the importance of the issue to stakeholders
Change of GAC leadership during the project that is not committed to it	M	Engage with new leadership to ensure project ownership and eventual redefinition to accommodate management priorities
GAC staff are not committed to reform or change and reluctant to participate	M	Change management committee should emphasise the importance of the actions and why staff should support it. Using AFROSAI E trained trainers should help create an enabling environment where individuals can learn, use of PEs should reinforce ownership
GAC staff do not have the capacity to fully benefit from training programmes	M	A supportive learning environment will be established. Also using AFROSAI E trainers will help breakdown perceived barriers and staff will have access to counterparts if necessary.
<b>Assumptions</b>		
Main assumptions are as follows:		

- (1) the Government of Liberia remains strongly committed to the public financial management reform programme and establishing modern and effective management and control procedures in order to enhance accountability, transparency, effectiveness and efficiency in the use of public resources;
- (2) the staffing of the GAC is appropriate to the needs and functions that the GAC is supposed to carry out and GAC senior management fully buy-in to and take full ownership of the project;
- (3) GAC will ensure sustainability and continuity by putting in place measures to enable GAC take responsibility for the key project components and activities during and after the technical assistance;
- (4) the project related staff, both national and international, will work closely in a harmonious, supportive manner to realize the activities.

### **3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES**

#### **3.1 Lessons learnt**

During the previous 9<sup>th</sup> and 10<sup>th</sup> EDF support projects the GAC office underwent three major reorganisations and there were many changes at senior management level. Commitment to change was insufficient to put to optimal use the technical and financial capacities provided by the projects and to create the enabling environment to enable the successive projects to fully achieve the set objectives. Moreover, previous projects did not benefit from complete buy-in by the beneficiary from top to bottom.

Specific achievements made under earlier EC support to GAC have been identified, such as (1) On the job training for auditors (basic and advanced) as one of the main components contributing to the professional development of the auditors. (2) Certification activities were initiated but there is still a need to continue training substantive staff with professional accreditation (3) A human resources management system is in place but needs further implementation support (4) Auditors apply training materials, manuals and documents, but more practice and tutoring still required. (5) There is a Code of Conduct for all staff as well as a Code of Ethics for auditors (adopted from INTOSAI). A technical assistance project under the 9th EDF support provided the linkage to previous EU support. Under 9th EDF the EC financed the Auditor General's position until April 2011, since then it falls under the responsibility of the Government of Liberia to fund the position. Another noteworthy contribution was support to the preparation of a first Strategic Plan which enabled GAC to establish benchmarks to guide and gage its progress thus allowing for a more complete and targeted approach to future EC support. The progress made in PFM reform has been further recognised by the EC's decision to grant budget support to Liberia. A ROM report of September 2009 concluded that earlier EC technical assistance to GAC had mostly achieved intended results and had received high visibility.

During the EDF10 project the long term technical assistance (LTTA) did provide specific inputs on capacity building and specialised training, however the trainings and trainers were not always fully adapted to the specific needs of GAC. In this new project, all capacity development activities will be aligned with the GAC Staff professionalisation and capacity building strategy, and follow the AGs wishes to make more extensive use of other regional expertise (which has proved better adapted to the Liberian context) through AFROSAI-E which offers opportunities to source training experts and materials such as template manuals and are better suited for capacity building amongst peers that have an established professional relationship with the GAC.

More recently the current leadership of the AG, appointed in 2014 took a leading role in re-establishing and reforming the GAC providing the needed strategic direction improved performance and produced several audits that have greatly increased transparency in the use of public funds and set a public example (including the first ever audit on the GAC itself and critical public areas such as the Ebola period expenditures). Thus the "change agent" necessary for the crucial reforms of the GAC seems to be in place and with the GAC Act possibly for a period of seven years, until 2021. The AG has spearheaded the new GAC strategic plan 2016-2020 and the Staff building and professionalisation strategy 2016-2019, on which the new project will build, also ensuring the proper ownership and leadership by GAC under this proposed project.

Despite the commendable progress so far, there is still considerable work to be done to strengthen the external audit function in Liberia. The monitoring of the public financial system rests on the existence of a robust, credible and sustainable SAI. The project therefore seeks to build upon past experiences and achievements, and continues to promote overall and specific objectives that formed the basis of previous support from the EU and other donors. There is need to ensure long-term institutional sustainability by consolidating GAC's structures and processes and strengthening GAC in the areas of INTOSAI attributes. Indirectly the project should aim, within its sphere of mandate and activity, to assist GAC address some of the external factors presently limiting its effectiveness as set out in the above Sector context.

Eventually, based on a clear request by the AG taken in all understanding of its management and financial implications and in order to provide greater ownership to the GAC and simplify the financial management, the PEs will now be managed by the GAC (to contrary of the EDF10 project where PEs were managed by LTTA), with support from LTTA and National Authorizing Officer (NAO) on EDF procedures. There will also be a greater focus on needs analysis, while regional TAs will increase their share of support through AFROSAI-E.

### **3.2 Complementarity, synergy and donor coordination**

As well as receiving support from the 9<sup>th</sup>, 10<sup>th</sup>, GAC has also received support by the Integrated Public Financial Reform Project (IPFMRP). The IPFMRP objectives are improved budget coverage, fiscal policy management, financial control, and oversight of government finances of Liberia. In addition, to the roll-out of Integrated Financial Management Information System (IFMIS) the IPFMRP works together with key players in governance and public finance management including the GAC. Since its inception in 2012 the IPFMRP received a total allocation of \$ 28 550 000 of which GAC was allocated \$ 3 530 000.

This funding ran in tandem with the EUR 3 800 000 allocated to GAC under the 10<sup>th</sup> EDF, (although the amount finally allocated was around EUR 826 000 of funding that could not be used due to administrative difficulties that cannot be attributed to the GAC). Specifically, under its component 3 (enhancing Transparency and Accountability) the IPMFRP supported GAC in carrying out training to GAC staff on procurement audit, information system audit, revenue audit, public and environmental audit, oil and gas audit. During the previous EDF project, all PE activities were coordinated with the funds available from IPFMRP. In fact, when Programme Estimate (PE) funds became unavailable, the IPFMRP was re-directed to support some of the activities that should have been in the PE, both ensuring complementarity and coherence with the GAC TA. With the milestone of the audit by Kenyan auditors of the GAC being achieved there are no further action items for the GAC in the workplan of the remaining year of the IPFMRP so no overlaps can be expected.

The IPFMRP funding is operated via a trust fund overseen by the World Bank and the EU is since January 2016 also a contributor to this programme (although not specifically of the GAC support component as the EU support is focused on the components of civil society oversight and strengthening financial management in security and justice institutions). The IPFMRP has been extended to the end of June 2017. Further complementarities will be monitored by the GAC and will be discussed in the Project Steering Committee, where World Bank will be invited as observers, and in the PFM donor coordination group. No other donor supports the GAC directly (contrary to what happens in other PFM areas e.g. the Liberia Revenue Authority receives support from more than a dozen partners)

The IPFMRP remains the main channel of donor support to PFM reforms in Liberia, with contributors being United States Agency for International Development (USAID), Sweden, African Development Bank (AfDB) and the EU. The EU under EDF10 and Sweden also provide funds to International Monetary Fund's (IMF) PFM programme support, a small fund of TA for development of the PFM strategy, fiscal decentralisation and the PFM Reforms Coordination Unit (RCU). African Development Bank is currently developing a USD 5 000 000 PFM support project that will support the Liberia revenue Authority (LRA) and strengthening oversight of State-owned enterprises (SoE), among others. The LRA is also receiving support in customs enhancement (by EU), tax revenues (by USAID), natural resources (by Gesellschaft für Internationale Zusammenarbeit (GIZ), IT data centre and baggage scanners (by UNDP), Automated SYstem for CUstoms DAta (ASYCUDA) (by AfDB), large tax division (by IMF), tax inspectors without borders (by OECD).

Moreover, the GAC project can be considered as complementary to the State Building Contract which supports the reform process in Public Finance Management (PFM). PFM is a crucial dimension of the budget support operation under the SBC, as this is a key area of policy dialogue and is assessed under the general conditions with each disbursement. In addition, one of the indicators of the special conditions is linked to public procurement, an area that the GAC reviews in its audits.

Overall donor coordination on PFM matters will remain a duty of the PFM coordination group, which meets once per month.

### **3.3 Cross-cutting issues**

The project will contribute to the strategic objectives of the National Gender Policy of the Government of Liberia : firstly, specific trainings on gender mainstreaming will be offered to GAC staff, and specific trainings will be alert to the issue of gender equality and promote it during training, in particular the professionalisation component. Secondly, GAC has a policy of equal treatment for men and women in terms of recruitment, training, promotion etc. There are no significant barriers for women at the GAC in terms of GAC policies, but different levels of education can hinder access for women to management positions. The project will be mindful of more structural barriers to achieving equality between men and women. Finally, under the component of strengthening relations with other stakeholders the project will try to engage with civil society groups, including women's groups.

The project promotes basic working of the human rights based approach: the components on civil society engagement and PAC involvement will promote the widest possible engagement in GAC work. That all Liberian have equal access to all the services provided by GAC, and more broadly, to demand accountability of Liberian public institutions and transparency and access to information are core principles underlying the interventions. Accountability and

transparency of public funds remain core issues of concern for all Liberians, and the credibility and strengthening of GAC audit capacity and independence will contribute to strengthen this. GAC is one of three independent commissions foreseen in the Liberian constitution and play a key role in enhancing government accountability and transparency, and the project will improve accountability and transparency in the management of public resources in Liberia providing assurance to citizens and the legislature that public money has been properly and wisely spent.

There are no real environmental issues to be addressed by the project other than the normal challenges facing Liberia, although the training programmes will include training on environmental audit as part of performance audit including how to audit measures put in place by government to protect the environment such as Liberian Extractive Industries Transparency Initiative (LEITI).

## **4 DESCRIPTION OF THE ACTION**

### **4.1 Objectives/results**

This project's main objective is to assist in the process of improving accountability and transparency in the management of public resources in Liberia providing assurance to citizens and the legislature that public money has been properly and wisely spent thereby ultimately contributing to poverty reduction.

This programme is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDG target 16: "Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels", but also promotes progress towards Goal(s) to end poverty in all its forms everywhere. This does not imply a commitment by the country benefiting from this programme.

The first specific objective is to assist the GAC in its efforts of becoming a modern, credible and independent Supreme Audit Institution as defined in INTOSAI standards and AFROSAI guidelines by supporting GAC to comply with the provisions in the GAC Act, 2014 improve the quality and impact of its public external audit and its key management and administration functions

The second specific objective is to strengthen and improve the relationships of GAC with its main stakeholders so as to improve the overall impact and efficiency of its activities.

### **4.2 Main activities**

#### **Component 1: GAC makes progress in becoming a credible and effective SAI**

Under this component the project will support the implementation of the provisions of the GAC Act of 2014 and implementation of the GAC Strategic Plan, specifically Strategic Objective 1 (Greater impact of GACs audit recommendations) and Strategic Objective 3 (High performing GAC), as well as the GAC's Staff professionalisation and capacity Building strategy 2016-2019 with special focus on gender equality.

Result 1.1: The provisions of the GAC Act 2014 are implemented

- Assist GAC in preparing regulations which underpin the provisions of the Act;
- Support regular review of GAC's strategic plan to reflect any new developments or changes in circumstances including identifying and managing risks;

- Support in planning and budgeting systems to enable the preparation of realistic budgets which are approved by the legislature without any major amendments;
- Develop a proper and objective appraisal system based on competences and meeting objectives for strengthened staff performance;
- Support to the HR department to be modernised to reflect the needs of an independent and autonomous commission and employer.

Result 1.2: GAC's management capabilities are strengthened

- Coaching and mentoring on technical and leadership issues;
- Strengthening of internal communication channels and reporting;
- Future leaders are identified and developed through training and coaching;
- Management training schemes are identified and supported;
- Support to the development of an automated time recording system to monitor time usage by staff to improve budgeting and management oversight.

Result 1.3: GAC's audit capabilities are improved

- Provision of specialised trainings (some mentioned below) and exchange visits will be conducted through the [African organisation of English-speaking supreme audit institutions \(AFROSAI-E\)](#);
- Support and financing for professional accreditation for audit;
- Support in developing performance audit and identification of suitable career paths for staff working on performance audit;
- Support for financial audit, including compliance audit, to meet international auditing standards, leading to improvements in accountability in public bodies, including State Owned Enterprise;
- Technical support and advice to the GAC's audit of the government's consolidated financial statements;
- Audit manuals and guidance are reviewed and updated;
- Support for the establishment of effective quality assurance arrangements across all audit specialisms which demonstrate continuous improvement;
- Training in the application of Computer Assisted Audit Techniques (CAATs) to enable them to undertake audits more timely and effectively.

Result 1.4: Office infrastructure is improved to meet the requirements of a modern SAI

- Upgrading of corporate IT systems, including GAC website;
- Provision of training materials;
- Provision of software and hardware;
- Develop and implement asset management system.

## **Component 2: Strengthened relationships with stakeholders**

Under this component the focus of activities relates to the GAC strategic plan goal 2 (Increased trust in GAC as a credible organisation), specifically on the Legislature, most notably the Public accounts and audit Committee (PAAC), but also other key stakeholders to explain the new role of the GAC and its aims and objectives, and also to strengthening the working relationships with the PAC Secretariat in facilitating and improving their hearings and reports.

Result 2.1: Services to the legislature and the Public Accounts and Audit Committee (PAAC) are improved

- Workshops which raise the profile of the GAC will be arranged for the Legislature, including PAAC and other key stakeholders;

- Support trainings common for the GAC and PAAC, and strengthening working relationships between the PAAC and GAC to facilitate improved PAC Secretariat hearings and reports.

Result 2.2: GAC's profile with stakeholders is improved

- Development and implementation of a communications strategy including the GAC website to make the media aware of the need for accurate reporting and the significance of findings and recommendations;
- Workshops which will enhance the image of the GAC, will be held to explain the role of the GAC and issues of mutual interest including its relationships with such bodies as the Anti-Corruption Commission, Internal Audit Agency, Public Procurement and Concessions Commission, as well as civil society and women's organisations.

Result 2.3: Relationships with auditees are improved

- Client relations will be improved through the development of a client relations strategy based on trust and mutual respect and training given to staff.

### **4.3 Intervention logic**

The logic behind this support is to contribute to improved transparency and accountability in Liberia by enabling the GAC move towards becoming a modern and credible SAI (as defined in INTOSAI standards and AFROSAI guidelines) through full implementation of the GAC Act, 2014 and implementation of GAC Strategic Plan: this happens both by strengthening GAC internally in building its capacity to perform its functions (component 1) and externally by building up its credibility among stakeholders (component 2). The main outcome should be that GAC is seen and works as an organisation that promotes accountability and is respected by key stakeholders, thereby contributing to strengthening good financial management of public finances in Liberia.

If the GAC Act is not implemented or respected then GAC will not develop as it should and the support should be doing as much as it can to raise the profile of the GAC and setting out the importance of an independent SAI. An effective GAC will deliver good quality audits and reports which should lead to significant improvements in accountability and the management of public resources. If the GAC is respected by auditees, they will be more inclined to implement audit recommendations ensuring that public money is spent more transparently and more efficiently on services for citizens. If the PAAC completes its role of legislative oversight seriously and professionally, this will reinforce the GAC's recommendations and subsequently follow-up by auditees.

This support will build on previous EU support programmes and lessons learned. It will notably build on the track record, commitment and willingness of the incumbent Auditor General, which is expected to remain in office for the project's duration, although the project should work with any possible successor as it builds on the organisation's own plans and strategies.

This support will be an important component of the good governance part of the National Indicative Programme 2014-20 and a critical accompanying measure to any present or future budget support. It will serve to underpin the objectives of the good governance agenda. Improvements brought about by better public external audit will only be seen over time as the effect of the training and professionalisation becomes evident.

## **5 IMPLEMENTATION**

### **5.1 Financing agreement**

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement<sup>5</sup>.

### **5.2 Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 48 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute a non-substantial amendment in the sense of Article 9(4) of Regulation (EU) 2015/322.

### **5.3 Implementation of the budget support component**

N/A

### **5.4 Implementation modalities**

#### **5.4.1 Indirect management with the partner country**

This action with the objective of assisting in the process of improving accountability and transparency in the management of public resources in Liberia providing assurance to citizens and the legislature that public money has been properly and wisely spent, may be implemented in indirect management with the Government of Liberia in accordance with Article 58(1)(c) of the Regulation (EU, Euratom) No 966/2012 applicable in accordance with Article 17 of Regulation (EU) 2015/323 according to the following modalities.

The republic of Liberia will act as the contracting authority for the procurement and grant procedures. The Commission will control ex ante all the procurement procedures except in cases where programme estimates are applied, under which the Commission applies ex ante control for procurement contracts above EUR 100 000 (or lower, based on a risk assessment) and may apply ex post control for procurement contracts up to that threshold. The Commission will control ex ante the grant procedures for all grant contracts.

Payments are executed by the Commission except in cases where programmes estimates are applied, under which payments are executed by the partner country for ordinary operating costs, direct labour and contracts below EUR 300 000 for procurement and up to EUR 300 000 for grants.

The financial contribution partially covers, for an amount of EUR 130 000, the ordinary operating costs incurred under the programme estimates.

In accordance with Article 190(2)(b) of Regulation (EU, Euratom) No 966/2012 and Article 262(3) of Delegated Regulation (EU) No 1268/2012 applicable in accordance with Article 36 of the Regulation (EU) 2015/323 and Article 19c(1) of Annex IV to the ACP-EU Partnership

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<sup>5</sup> Partnership Agreement between the members of the African, Caribbean and Pacific Group of States of the one part and the European Community and its Member States of the other part.

Agreement, the partner country shall apply procurement rules of Chapter 3 of Title IV of Part Two of Regulation (EU, Euratom) No 966/2012. These rules, as well as rules on grant procedures in accordance with Article 193 of Regulation (EU, Euratom) No 966/2012 applicable in accordance with Article 17 of Regulation (EU) No 2015/323, will be laid down in the financing agreement concluded with the partner country.

### 5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

### 5.6 Indicative budget

	<b>EU contribution (amount in EUR)</b>	<b>Indicative Government of Liberia contribution (amount in EUR)</b>
<b>5.4.1 – Indirect management with Liberia composed of</b>	<b>3 800 000</b>	<b>70 000</b>
<i>Technical Assistance out of which</i>	<i>1 800 000</i>	
<i>- long term technical assistance</i>	<i>1 650 000</i>	
<i>- short and medium term technical assistance</i>	<i>150 000</i>	
<b>Programme Estimates*</b>	<b>3 000 000</b>	<b>70 000</b>
5.9 – Evaluation, 5.10 - Audit	200 000	N.A.
<b>Totals</b>	<b>5 000 000</b>	<b>70 000</b>

\* This amount includes EUR 10 000 for project visibility

### 5.7 Organisational set-up and responsibilities

The Contracting Authority of the Project will be the National Authorising Officer. The General Auditing Commission of Liberia will have overall responsibility for the implementation of the project.

The technical assistance team (TAT) will work under the supervision of the Auditor General, who will be supported by a Project Management Unit of the GAC to oversee the work of the TA, whose outputs will be defined in the Terms of Reference (ToRs). The TAT will be expected, in the inception phase, to work with the Project Management of the GAC to refine the indicators in the logframe, and establish all the necessary baselines, targets and other monitoring and evaluation procedures for the duration of the project.

A Project Steering Committee (PSC) shall be established, in order to ensure that the commitments from both partners are respected and that the implementation for the project is undertaken in a timely and effective manner. The Project Steering Committee will include:

- The Auditor General (Chairperson);
- Representatives from the TA service contractor;
- NAO representative;
- EU Delegation representative;
- Representatives from relevant institutions/organisations financially supporting GAC (as observers); and
- Other relevant GAC or designated technical support staff including PE imprest administrator and imprest accounting officer.

The Project Steering Committee shall meet at least twice a year to check the progress made in the implementation of the project and discuss the orientations to be taken. However, if problems arise, special steering committee meetings may convene to resolve these difficulties. The role of the PSC is to be a forum where an exchange of views can be made between the project stakeholders on the implementation and progress of the action. The Steering Committee may decide to invite other stakeholders if appropriate.

## **5.8 Performance monitoring and reporting**

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

## **5.9 Evaluation**

Having regard to the nature of the action, a mid-term and final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

It will be carried out for problem solving and learning purposes, in particular with respect to progress on project objectives and the working relationship between the implementing partner and the beneficiary.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that lessons were learned and acted upon arising from the mid-term review and to determine whether or not objectives were achieved.

The Commission shall inform the implementing partner at least 3 months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, two contracts for evaluation services shall be concluded under a framework contract in February 2018 and February 2020.

#### **5.10 Audit**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, one contract for audit services shall be concluded during the period of closure of the financing agreement.

#### **5.11 Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

### **6 PRE-CONDITIONS**

N.A.

Appendix – indicative logframe matrix

## APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY) <sup>6</sup>

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	Improving accountability and transparency in the management of public resources in Liberia providing assurance to citizens and the legislature that public money has been properly and wisely spent	1. PEFA score for indicator PI 26	1. PI 26 D+ in 2016	1. PI 26 C score in 2020	1. PEFA indicator PI26, PEFA self-assessment, IPFMRP review mission reports, quarterly reports by PFM Reform Coordination Unit in ministry of finance and development planning, GAC annual report, project report, INTOSAI reviews, audit on GAC	GAC Reforms supported by the Legislature and the Executive
		2. PEFA score for indicator PI28	2. PI 28 D+ in 2016	2. PI 28 C score in 2020	2. PEFA indicator PI28, PEFA self-assessment, IPFMRP review mission reports, quarterly reports by PFM Reform	

<sup>6</sup> Mark indicators aligned with the relevant programming document mark with '\*' and indicators aligned to the EU Results Framework with '\*\*'.

		(Public Finance Management, taxation, transparency and oversight of the budget)**			Coordination Unit in ministry of finance and development planning, GAC annual report, project report, INTOSAI reviews, audit on GAC	
<b>Specific objective(s): Outcome(s)</b>	<p>Specific Objectives 1: to assist the GAC in its efforts of becoming a modern, credible and independent Supreme Audit Institution as defined in INTOSAI standards and AFROSAI guidelines by supporting GAC to comply with the provisions in the GAC Act, 2014 improve the quality and impact of its public external audit and its key management and administration functions</p> <p>Specific objective 2: to strengthen and improve the relationships of GAC with its main stakeholders so as to improve the overall impact and efficiency of its activities.</p>	<p>1. PEFA score for indicator PI 26 dimension (i):</p> <p>2. Development level of AFROSAI-E Institutional Capacity Building Framework-</p> <p>3. PEFA score for indicator PI26 dimension (ii)</p>	<p>1. PI 26 dimension (i) B score in 2016</p> <p>2. level 2 of AFROSAI-E implementing guidelines in 2016</p> <p>3. D score in 2016 PI 26 dimension (ii)</p>	<p>1. B+ score in PI26i by 2020</p> <p>2. level 2 of AFROSAI-E guidelines fully implemented and preparations for level 3</p> <p>3. (C score in PI26 (ii) by 2020</p>	<p>1. PEFA indicator PI26 dimension (i), PEFA self-assessment, IPFMRP review mission reports, quarterly reports by PFM Reform Coordination Unit in ministry of finance and development planning , GAC annual report, project report, INTOSAI reviews, audit on GAC</p> <p>2. GAC annual report, project report, INTOSAI reviews</p> <p>3. PEFA indicator PI26 dimension ii, PEFA self-assessment, IPFMRP</p>	<p>GAC Reforms supported by the Legislature and the Executive</p> <p>GAC Reforms supported by the Legislature and the Executive</p>

					review mission reports, quarterly reports by PFM Reform Coordination Unit in ministry of finance and development planning, GAC annual report, project report, audit on GAC	
<b>Outputs</b>	Result 1.1: Provisions of the GAC Act 2014 are implemented	1.1.1. Status of GAC Regulations consistent with the 2014 GAC Act section 6.4	1.1.1. GAC prepared outline draft regulations – in 2016	1.1.1. Regulations drafted by GAC, approved by legislature and implemented by 2021	1.1.1. Regulations available on GAC website, GAC annual report, project report	GAC Reforms supported by the Legislature
		1.1.2. Status of Operational planning and budgeting systems meeting the requirements of the 2014 GAC Act Part 3	1.1.2. Current systems in place but need developing to meet the requirements of the new Act	1.1.2. Operational planning and budget system established and functioning by 2021	1.1.2. GAC annual report, project report, audits on the GAC, INTOSAI peer review	
	Result 1.2: GAC's management capabilities are strengthened	1.2.1 Number of staff certified in Human Resources Certification Programme	1.2.1 Baseline disaggregated by gender TBC by 2018	1.2.1 10 professionals and 4 senior professionals certified by 2021	1.2.1 GAC HR database, GAC annual report, project report	
		1.2.2 Number of staff having received a diploma from the Liberia Institute of Public Administration	1.2.2 Baseline disaggregated by gender TBC by 2018	1.2.2 18 staff received a LIPA diploma by 2021	1.2.2 GAC HR database, GAC annual report, project report	
	Result 1.3: GAC's audit capabilities	1.3.1 Share of GAC Staff	1.3.1 Baseline	1.3.1 At least 60%	1.3.1 GAC HR	

	are improved	professionally certified as accountants	disaggregated by gender TBC by 2017	of responsible staff professionally certified – by 2021	database, GAC annual report, project report	
	Result 1.4: Office infrastructure is improved to meet the requirements of a modern SAI	1.4.1 Status of Asset management system	1.4.1. Asset management system not functional	1.4.1 Items to modernise IT infrastructure are procured and incorporated in asset management system by 2019	1.4.1 GAC asset database, project report	
	Result 2.1: Services to the legislature and the Public Audit and Accounts Committee (PAAC) are improved	2.1.1 PEFA score for indicator PI 28 and dimension ii	2.1.1 scores for PI28 and dimension ii both D in 2016	2.1.1 PI28ii at C score by 2020	2.1.1 PEFA indicator PI28, PEFA self-assessment, IPFMRP mission review reports, quarterly reports by PFM Reform Coordination Unit of the ministry of finance and development, GAC annual report, project report, INTOSAI reviews	
	Result 2.2: GAC's profile with stakeholders is improved	2.2.1. Status of strategy on communications	2.2.1 no communications strategy in 2016	2.2.1 Communications strategy in place	2.2.1 GAC annual report, project reports	
		2.2. 2. Number and quality of media reporting on audit reports	2.2.2 Media reports inaccurately on GAC reports	2.2.2 quality of media reporting improved (more accurate)	2.2.2 GAC press reviews	
	Result 2.3: Relationships with auditees are improved	2.3.1 PEFA indicator PI 26 dimension (iii) and	2.3.1 PI26iii score D and PI28iii	2.3.1 PI 26iii score C and PI28iii C+ or	2.3.1 PEFA, IPFMRP review	

		PEFA indicator PI 28 dimension (iii)	score C	better by 2020	missions, GAC audit database, GAC website, Internal Audit Agency recommendation tracker, PEFA and IPFMRP review mission reports, project reports	
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Note: All PEFA indicators relate to 2011 version of the PEFA framework.