

Public Financial Management Capacity Building: Post-Conflict Liberia

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Abstract

Capacity building in public financial management has been seen as a priority and pre-condition for peace and economic growth in post-conflict countries. Despite the consensus on its importance, post-conflict public financial management capacity building is a tale of two contrasting ideal types – one that is prescribed, in theory and another that is practised. This duality is used to frame public financial management capacity building in Liberia, an experience that is already being seen as a departure from the existing practices in other post-conflict countries. The article documents the Liberian experience with reference to institutional and individual capacity building. It argues that despite the ‘intrusive’ international engagement, capacity building in Liberia evolved through a slow and incremental process and was closer to the theoretical ideal type of public financial management capacity building. In exploring the trajectory of these initiatives, the article examines the role of democracy, international engagement and national leadership in the reform process.

Between the idea and the reality... between the conception and the creation... falls the shadow²

Ironically, Eliot’s despair with efforts at international reconciliation in the aftermath of World War I, finds a resonance in post-conflict public financial management capacity building efforts. These shadows, between idea and reality, conception and creation in context of public financial management are the subject of our enquiry here.

Public financial management refers to the crucial functions associated with management of public resources and has been recognised as a core capacity for effective and legitimate governance. In the context of post-conflict countries (characterised by weak institutions, high indebtedness, lack of basic infrastructure and low administrative and human capacity), it is seen both as a priority and pre-condition for sustainable peace and economic growth. Capacity building in our field is designed to improve institutional arrangements and management practices for effective financial management. In addition, these reforms are also seen as enabling a wider set of governance reforms. It is thus not surprising that public financial management capacity building forms a central plank of the international development discourse and has been at the core of aid policy debates.³

¹ The views expressed herein are personal views of the author and do not reflect those of the organization to which the author belongs.

² Eliot T.S (1925) Hollow Man in ‘The Complete Poems and Plays 1909-1950’

³ public financial management support is provided by 50 donors with an average of 7 working in each country (Allen & Last, 2007) and almost 25% of Overseas Development Assistance (ODA) is devoted to capacity building (Whyte, 2004).

This heightened awareness provides a backdrop for this article. The choice of theme and country is based on the special characteristics of the reform process in Liberia which, despite being controversial, has been seen as a departure from the existing norms and practice (Pretorius & Pretorius, 2008). The ‘intrusive’ nature of international engagement that identified economic governance as the central issue, the role of democracy and a committed national leadership makes Liberia a unique example to explore.

Scope and Approach

The article is organised in three sections: the first, based on a literature review, establishes post-conflict public financial management capacity building as a tale of disparate ideal types – one that is prescribed and another that is practised. The second section documents the public financial management capacity building experience in Liberia and argues that the Liberian experience is closer to the theoretical model that is preached but rarely practised. The final section, while assessing the Liberian experience in light of the ideal type model, explores some of the reasons underlying its trajectory. The article does not attempt to propose a model for post-conflict public financial management capacity building; instead it questions the existing framework and assumptions that advocate such a ‘model’.

The article describes the actual process of capacity building, adopting a narrative structure with the objective of fleshing out the Liberian experience. The ‘narrative’ is also a response to perceived limitations in existing literature where country studies end up commenting on general theoretical trends without detailing important issues of context, national leadership, indigenous institutions and external technical assistance, which get served as mere platitudes. There is little treatment, in these studies, of ‘how’ these issues were actually handled and operationalised (Whyte, 2004). So, though the reader will be justified in feeling overwhelmed by the details, the narrative allows us to correct this deficiency. The story, we believe, holds the key to an understanding of the circumstances and role of different actors in the process. It also helps in underlining the tenuous links that hold reform processes together and will hopefully lead to a more realistic understanding; as opposed to the prescriptive tenor often associated with public financial management capacity building in post-conflict countries.

Despite the understanding that capacity needs to be ‘built’ at institutional, organizational and individual levels, public financial management literature is generally preoccupied with the first two. The article seeks to correct this imbalance by highlighting capacity building at the level of individuals. In its coverage, the article limits itself to expenditure management with its focus on Ministry of Finance that provided leadership on public financial management issues. The exclusion of revenue administration and audit on one hand and line ministries on the other (not a reflection of their importance) does not however, detract from the conclusions that we draw about the overall reform process in Liberia.

Country Context

The civil war in Liberia that lasted for fourteen years has been one of the most brutal of civil conflicts with serious social and economic consequences.⁴ GDP declined by over 90%, the sharpest in sub-Saharan Africa over the last several decades and one of the biggest since World War II (Radelet, 2007, 3)

⁴ The death toll is estimated at 270,000 with 500,000 dislocated. A historical account is available in Dunn and Byron (1988) and Pham (2004). On impact of the civil war, see Sawyer (2005); Radelet (2007); Ackerman (2009).

with per capita GDP in 2004 reported at US\$116 (IMF 2005a). Government finances collapsed with revenues falling to less than US\$85 million a year between 2000 and 2005, an effective per capita public spending of US\$25, one of the lowest in the world. This was compounded by an external debt burden estimated at about US\$4.5 billion (800% of GDP) with the domestic debt and arrears amounting to US \$304 million (IMF, 2005a). The gross economic mismanagement during this period along with the collapse of government revenue and loss of human resources severely impaired the capacity of public sector in delivering, even basic public services.

The conflict ended in 2003 with President Taylor resigning and conclusion of the Accra Comprehensive Peace Agreement (ACPA), signed between the warring factions.⁵ Peace and governance were sought to be built around the National Transitional Government of Liberia (NTGL) and the UN peace keeping mission (UNMIL).⁶ Despite the initial response to governance issues and the positive donor engagement, NTGL's mismanagement of public finances continued, leading to establishment of the Governance and Economic Assistance Program (GEMAP) that was signed in September 2005. GEMAP provided for oversight over certain economic functions of the state, particularly of revenue collection and expenditure management through placement of international experts with co-signatory authority.⁷ The reform process however, got traction under the new government headed by President Ellen Johnson Sirleaf that came to office in January 2006.

Considering that post-conflict recovery is a long drawn affair, the progress made by Liberia since 2005, has been acknowledged as significant (Held, 2006, 2007; Atkinson, 2008; Reno, 2008; Hope, 2010). The new government not only agreed to the implementation of GEMAP; it also embarked on an ambitious reform program that aimed at overhauling the financial management system and renewing economic activity. The results of this process are reflected in the progressively improving basic economic parameters and effective budget implementation (PEMFAR, Liberia 2008) and are better than those of other post-conflict countries in a corresponding time frame.⁸ In addition, Liberia finalised its first Poverty Reduction Strategy Paper (PRSP), successfully implemented the IMF-supported staff-monitored program, got waiver of its long-standing debt to bilateral/multilateral institutions and significantly, reached the completion point under the enhanced Heavily Indebted Poor Countries (HIPC) which entitles her for further debt relief and financing. For a country that has been in continuous arrears to the IMF for twenty years and had her voting and related rights suspended in 2003, these achievements appear in contrast to other post-conflict countries. During the period, Liberia has significantly improved

⁵ An account of the negotiation process and role of various actors is available in Atkinson (2008).

⁶ Details at <http://unmil.unmissions.org/> accessed 7/2/12. UNMIL with its 25,000 troops represented the highest troop-to-population ratio in the history of peacekeeping.

⁷ For details see <http://www.gemap-liberia.org/> accessed 7/2/12. An account of the circumstances leading to signing of the program that included pressure and threat of international actors is available in Dwan and Bailey (2006), Farrall (2010) and Hope (2010).

⁸ See studies of Uganda, Cambodia, Guatemala, Timor Leste, Afghanistan, Iraq, Kosovo and Palestine (Boyce & Madalene (2007) and that done by Castillo (2008) on post-conflict economic reconstruction.

its governance rankings as per the Worldwide Governance Indicators.⁹ In addition, Liberia, according to the recent Open Budget Survey 2010 has shown substantial improvement in terms of budget transparency and accountability.¹⁰

The article deals with public financial management capacity building initiatives that provided an impetus for some of these achievements. Though it refers to changes introduced by the NTGL government since its installation in 2003, the focus is on public financial management capacity building under the Sirleaf government. Considering the temporal proximity and the fact that most of the reforms are currently underway, this evaluation runs the risk of being labelled presumptive. public financial management capacity building, after all, is an overwhelmingly incremental process. Yet it is a risk worth taking, as the time frame provides an opportunity for exploring public financial management capacity building in the initial post-conflict years, the driving forces underlying these initiatives and the implications this can have in terms of their sustainability.

Building in Post-conflict Countries: Theory and Practice

In theory, there is no difference between theory and practice, but in practice there is”¹¹

This dichotomy is a truism, not unique to our field of inquiry and yet their relationship is significant to us. Given the fact that capacity building and public financial management are both driven by ‘practice’, one would expect a symbiotic relationship between the two. However, literature review suggests a wide divergence between the ideal type models of post-conflict public financial management capacity building as articulated in theory and practised in the field.

Theory

Capacity has been defined as “the ability of people, institutions and societies to perform functions, solve problems and set and achieve objectives” (UNDP, 2002, 2). There is near agreement on this conceptualization and its basic tenets as typified in the ten default principles advocated by UNDP (UNDP, 2003). These guiding principles are echoed in most ‘how to do it’ accounts of post-conflict capacity building (Pugh, 2000; Lopes & Theisohn, 2003; Barakat, 2005; Brinkerhoff, 2007; Hayakawa, 2010). They emphasise the political nature of the process, aimed at building local ownership and consensus through a tailored, incremental approach. And though they acknowledge the urgency of reform in post-conflict countries, the ideal of ‘good enough governance’ (Grindle, 2004) is widely accepted.

Capacity building in our field has been seen as influencing public sector outcomes at three interdependent levels - aggregate fiscal discipline; allocation of resources as per strategic priorities and

⁹ Ranked 185th on control of corruption in 2006, Liberia within two years moved up 72 places to be ranked 113th: http://www.emansion.gov.lr/doc/Liberia_Corruption.pdf; accessed 19/12/11.

¹⁰ As per the report Liberia has increased its score from 3 to 40, the second largest increase after Mongolia. The survey is available at http://internationalbudget.org/wp-content/uploads/2011/06/2010_Full_Report-English.pdf accessed 20/12/11.

¹¹ Jan L.A. van de Snepscheut, quoted by Rosenberg and Stephens (2007); also attributed to Yogi Berra.

efficiency/effectiveness of program and service delivery (World Bank, 1998). An effective public financial management reform strategy however, is not merely a function of these objectives but also their sequencing, which has been recognised as being significant, especially in post-conflict countries. Schick's "getting the basics right" (1998) and the "platform" approach have addressed some of the sequencing issues. The former called for securing the 'basic' rather than focusing on particular techniques. The latter, while recognizing these considerations takes a more holistic approach, aiming to implement (in specific timeframe) a 'package' of measures to achieve increasing levels (platforms) of competence. Despite the fact that a neat sequencing is not always possible (World Bank, 1998) and even the definition of 'basic' has been contested (Stevens, 2004; Allen, 2009), these approaches do underline the importance of context appropriate interventions. These concerns have also been reiterated in the "strengthened approach" that calls for a country led, IFI-donor coordinated, multi-year program aligned to the government's public financial management reform strategy.

There has thus, been a shift in the focus of public financial management reform in post-conflict countries. The World Bank through its Post-Conflict Unit (1997) and the Low Income Countries under Stress (2001) has advocated 'zero generation reforms' with better sequencing in mind. Similarly, the IMF has focused on a three-step, basic process of: creating a proper legal framework; establishing a central fiscal authority and a mechanism for coordinating foreign assistance and designing appropriate tax policies while simultaneously creating simple tax administration and expenditure management arrangements (Gupta et. al., 2004). These considerations have also been reflected in the policies on emergency assistance and more sensitive approaches to the legacy of debt through the HIPC initiative for post-conflict countries.

Despite the agreed goals with reference to fiscal discipline, building an institutional framework and efforts to get spending underway quickly, these approaches do recognise that there is no one-best approach and context is all important (Campos & Pradhan 1998; Gallagher, 2007; Andrews, 2008; Dorotinsky 2008; Allen, 2009). They also agree that post-conflict public financial management capacity building requires not a short but medium- to- long-term approach. The discourse explicitly recognises that given the scarce technical, administrative and managerial implementation capacity in post-conflict countries, a minimalist framework, less than optimal policies, simple and basic customised interventions are avowedly preferred over pre-packaged universal templates.

Practice

This intellectually rational model of public financial management capacity building surprisingly is not the one that is practised. Infact, an overview of the models and a review of the reform experience suggests that it is not possible to relate the two and this in itself is seen as a significant shortcoming (Pretorius & Pretorius, 2008). The practice often is a mosaic of contradictory, irreconcilable elements drawn from different sources in the name of context sensitivity thereby reducing the theoretical model to a set of well meaning but problematic proverbs.

An assessment of the reform experience suggests that progress has been limited and the landscape is dominated by ready-to-implement templates (Wynne, 2005; De Renzio & Dorotinsky, 2007, Schiavo-Campo, 2008). Institutional improvements are thus equated with installation of formal legal arrangements as typified in public financial management and Procurement Laws, semi-autonomous revenue authorities; improvements in budgetary cycle are associated with introduction of new chart of

accounts.¹² Similarly, policy based budgeting is synonymous with development of Medium Term Expenditure Frameworks (MTEF) and Integrated Financial Management Information Systems (IFMIS) despite the recognition that both require a significant amount of capacity and skills, something that post-conflict countries do not possess. This preoccupation with MTEF and IFMIS also disregards the discouraging implementation results from the field (Le Houerou & Taliercio, 2002; Holmes & Evans, 2003; Diamond & Khemani, 2006). Infact, there have been instances of complex initiatives like program and performance budgeting being introduced without ensuring that the basics of budget cycle are in place and working effectively. And though, there are isolated examples of basic simple systems being installed, incongruous and complex interventions are universally promoted.

Andrews (2009) surveying the public financial management landscape in 31 countries across Africa finds evidence of this one-size-fits-all model - with most of them adopting the GFS or COFOG, international accounting standards, creating Treasury Single Accounts, pursuing MTEF, introducing program, performance or activity based budgeting, implementing IFMIS and using ceilings to prepare budgets. These technical public financial management standards have acquired near ‘deliverance’ status in practice. The ubiquity of these reform mechanisms across a varied set of countries, Andrews argues; suggest the presence of an externally imposed model (Andrews, 2010). Further, these technical standards relate only to the “de-jure” public financial management dimensions” – law, regulation and operational procedures (Andrews, 2009) and not the desired outcomes in terms of efficient and effective delivery of public services and the two are at best, only indirectly related. However, given the limited time frame associated with donor funding and the constant pressure (on both donors and client countries) to regularly demonstrate progress, introduction of these de-jure changes have been preferred (in practice) over the long term engagement advocated in theory.

This template approach which does not take cognizance of national capacity and preferences has been questioned in the case of post-conflict Afghanistan (Castillo, 2008; Ashraf et. al, 2007; Barnett et. al. 2007) and Timor Leste (Pires & Michael., 2007). These assessments also point towards a failure to provide enough capacity building and resources to the national governments, thereby creating only an illusion of reform.

Table 1

Public Financial Management Capacity Building: Contrasting Ideal Types	
Theory	Practice
Context and absorptive capacity	Ready-to implement templates
Modest and simple solutions	Complex incongruous technical solutions
Country led strategy	IFI/donor led strategy
Partner national institutions	Lack of involvement of national institutions
Coordinated IFI/donor multi-year program aligned with government strategy	Lack of coordination and patience in donor engagement

Thus, ‘practice’ continues, irrespective of ‘emerging principles’ and ‘new approaches’ which keep repeating messages that have been common knowledge for the last two decades (Whyte, 2004; Pretorius

¹² Benchmarked with Government Finance Statistics (GFS) and Classification of the Functions of Government (COFOG).

& Pretorius, 2008). An exploration of the reasons for this frustrating divergence is beyond the scope of this article; suffice here to say that post-conflict public financial management capacity building is an account of two dissimilar and contrasting ideal types (Table 1), one that draws on the profanity of theory; the other, circumscribed by the reality of its practice.

Building Capacity in Liberia

The experience in Liberia stands in contrast to the practice of public financial management capacity building in other post-conflict countries. Despite the ‘intrusive’ international engagement, capacity building in Liberia has been incremental and mindful of the absorptive capacity of the public sector. It has relied on building and partnering indigenous institutions thereby creating space for development of political consensus around the reform process. These features inform the capacity building initiatives at different levels: institutional capacity that concerns itself with legislation, rules/regulations, institutions and business processes; individual capacity building and management of donor assistance.¹³

Institutional Capacity

The UN/WB Joint Needs Assessment for Liberia (2003-04)¹⁴ recognised that public financial management processes were “out of track” because of weaknesses in the institutional framework (UN/WB, 2004a; 3). Typically, peace accords have served as ‘focusing events’ in post-conflict countries, providing a window of opportunity for changes in the institutional framework. In case of Liberia, the Accra Peace Accord and constant international scrutiny led the NTGL to streamline government revenue in a central account (Executive Order #2, 2003), establishment of the Cash Management Committee (2004) and passage of Public Procurement and Concessions Act (2005). In spite of these initiatives, there were reports of leakages of government revenue, discretion in public expenditure, lack of legislative control of the budget and irregularities in the public procurement process (UN/WB 2004b, IMF, 2005a and 2005b). As a result, the NTGL despite implementing a cash-based budget had accumulated arrears to the tune of US\$12 million by the end of 2004 (IMF, 2005a) and there were concerns about their commitment to the institutional framework that was being instituted.¹⁵

This was to change with the new government (January 2006) that was committed to strengthening this framework and ensuring its implementation. The Ministry of Finance (MOF) framed a set of ‘Interim Financial Rules’ (February 2006) which prescribed the procedures for public spending and formed the basis of approval for all expenditure. These set of 33 rules, though basic in nature, reflected the ‘ground zero’ reality and can only be appreciated in context of the commitment shown by government in implementing them. Given the controversy surrounding foreign travel of senior public officials under the NTGL administration, these rules were followed by the Foreign Travel Ordinance (April 2006). The success in implementing the foreign travel ordinance and the increasing need for government employees

¹³ The framework used corresponds to the one developed by Olander (2007) for assessment and development of public financial management capacity.

¹⁴ This formed the basis for international engagement in Liberia after the Peace Accord.

¹⁵ International consensus on these concerns resulted in the conclusion of the GEMAP agreement (Farrall, 2010, Hope, 2010).

for travel into the hinterland led to the framing of the Domestic Travel Ordinance (January 2007).¹⁶ These rules and regulations had no precedence in Liberia and can neither be traced to the GEMAP agreement nor to the policy recommendations of international actors. They were drafted by MOF with help from external advisors, explicitly on directions from the President's office and are evidence of the initiative shown by the national leadership. The IMF administered Staff Monitored Program started in February 2006 and as per agreed benchmarks, the national government introduced an interim commitment control system (July 2006) to prevent accumulation of any fresh arrears. Interim Commitment Control and Cash Planning Manuals were issued by MOF and training was organized for line ministries to facilitate implementation of these procedures. These initial rules and manuals underwent revision (based on the implementation experience over the following two fiscal years) again on the initiative of the national leadership. The revisions reflected improving capacity across line ministries and laid greater emphasis on internal controls, accountability and reporting of fund utilization by ministries and agencies. Reform to the budget preparation process started with the preparation of budget for fiscal year 2006-07.¹⁷ These included integration of recurrent and development budgets, issuance of budget preparation forms and instructions on budget preparation and presentation.¹⁸ A Budget Transfer Act was also passed to restrict transfers to a maximum of 20% between agencies. This restriction though higher than the internationally acceptable 5-10%, was an improvement, as historically, there had been no formal limits on such transfers. The impact of these changes saw improved documentation and analysis in the budget documents, greater transparency and was reported positively in the IMF/WB reports and other independent surveys. As per the recent Open Budget Survey (2010), Liberia is one of the few countries that have shown substantial improvement in budget transparency - with scores having improved from 3 in (2008) to 40 in (2010). This "remarkable jump", the report argues, is a result of publishing executive budget proposals, in-year reports, mid-year review and audit reports and has been attributed to the deliberate reform effort of the government, support of legislature and activism of the Supreme Audit Institution (OBS, 2010, 43).¹⁹

The budget process though, continued to be fragmented as Bureau of Budget (BOB) responsible for budget preparation was independent of MOF. It is thus not surprising that IFIs were persistent in recommending their merger. Given the political nature of this decision, the government proceeded cautiously - in the interim, strengthening the National Budget Committee (chaired by Minister of Finance) to tide over lack of coordination in the budgetary process. The merger was finally approved by the Legislature in September 2008 and has come out of a consensus that would be crucial in sustaining the reform process. In addition, the earlier rules/regulations and procedures and their implementation experience prepared the grounds for deeper reforms. It also helped build consensus around the introduction of a comprehensive legislation in the form of the Public Financial Management Act that was approved by the legislature in 2009.

¹⁶ The revised versions are available at: <http://www.mof.gov.lr/content.php?sub=76&related=24&res=76&third=76> accessed 28/12/11.

¹⁷ The fiscal year for Liberia is from July 1 to June 30. The new government that assumed office in January 2006 presented and executed a recast budget for the fiscal year 2005-06.

¹⁸ The Budget Allotment Procedures and the Budget Transfer Request Procedures (September 2006)

¹⁹ The report is available at <http://www.internationalbudget.org>

This incremental and consensual approach however, was not visible in the case of procurement reforms despite early approval of Procurement Act in 2005. In any case, the international experience suggests that such legislations in themselves are not enough. Capacity constraints in procurement units (of line ministries) also contributed to a lack of appreciation of the Act.²⁰ Despite the fact that the Act itself was recognized as providing a framework for a sound procurement system (IMF, 2007, Liberia PEMFAR, 2008), implementation was hampered by the delay in issuance of accompanying regulations and implementation manuals. In any case the ‘good’ principles advocated through international procurement norms are circumscribed by the exiting realities of domestic economy.²¹ After all a ‘competitive’ procurement process is contingent on issues that a Act cannot singularly address and the experience in Liberia suggests that it may be worthwhile in initial years to focus more on process changes in terms of increased transparency and accountability.

The MOF in Liberia is responsible for approving all government expenditure. This centralization however, has been mediated through a broad-based committee comprising of the key Ministries.²² So, when the NTGL administration re-established the Cash Management Committee (CMC) in October 2004, it was following an inclusive tradition that had existed prior to the civil war. The new CMC had the Minister of Finance as the Chair with its other members being the DG, BOB, Minister of Planning and Minister of State. This inter-ministerial committee became responsible for approving government expenditure and thus a key institution for budget execution. However, the CMC during the NTGL period was not able to discharge this function in a transparent manner and became the focus of attention under GEMAP. Even though as per GEMAP requirements, the external advisor acted as member of the CMC and had co-signatory powers, he had no role in the decision making process that continued to be arbitrary and non-transparent under NTGL administration.²³

It was the new government that created the operational structure for this engagement through the institution of a technical secretariat in MOF, headed by the public financial management advisor (external) and staffed by the employees seconded by MOF.²⁴ The secretariat functioned as part of Department of Expenditure and along with the existing offices of the Bureau of General Accounting and Comptroller-General helped in instituting a transparent budget execution process - one that came to be acknowledged by international partners (IMF, 2007; PEMFAR, 2008; AfDB, 2008). These assessments,

²⁰ Part of it was also related to the fact that the Act itself was poorly drafted.

²¹ The ‘thresholds’ for national and international bidding, limited number of vendors bidding nationally and the low interest that post-conflict procurement processes could generate regionally or internationally meant that meeting expectations relating to the competitive principle that underlines public procurement is going to be difficult in the short and medium term.

²² During the 1980s, it was the Economic Financial Management Committee (EFMC) consisting of Ministers of Finance, Planning and State, Director General of BOB and GSA, members of Central Bank and the Auditor-General. The EFMC nominated a CMC that included the MOF, DG, BOB and Governor of Central Bank who decided on the broad expenditure priorities and left day to day payments to MOF. This committee functioned till the onset of the civil war.

²³ Note on the functioning of the Cash Management Committee (2005) submitted by World Bank public financial management Advisor to Minister of Finance and EGSC.

²⁴ This Secretariat was responsible for examination /vetting of all payment requests received by MOF before they were put up for approval of CMC and the preparation of the cash availability statement for government.

however, seem to privilege the ‘co-signatory’ aspect of GEMAP over the role and commitment of the national leadership in the successful working of CMC. Notwithstanding the critical role that external advisor had in the process, any a-priori assumption that mere provision of such an advisor can serve as a guarantee is oblivious to the reality of public financial management processes. The success of CMC is attributable to the fact that it was an indigenous institution that the international partners supported through GEMAP, instead of creating a new structure. It also underlined the importance of collaborative institutions which provide a better platform for consensus building in post-conflict countries (also echoed in the inter-ministerial constitution of the National Budget Committee). It is these aspects and the leadership provided by the Minister of Finance that made CMC a transparent and credible institution in the budget execution process.

Changes in public financial management business process have been associated with introduction of computerised information systems and the international experience underscores the importance of going slow, country ownership and user needs (Diamond & Khemani., 2006; Peterson, 2006; Wynne & Mfandaedza, 2010). The initial focus in Liberia was on restarting and stabilizing the manual accounting process with gradual introduction of computerized systems. This was through the implementation of a basic, customized voucher tracking and expenditure reporting system: Liberia Expenditure Control and Accounting Program (LECAP) designed to meet the short term needs of MOF.²⁵ Its capability was gradually enhanced for tracking budgetary allotments, ensuring commitment control, approving payments, printing cheques and undertaking variance analysis (Kumar & Brar, 2008). LECAP was implemented by the in-house IT team in MOF and the then separate BOB through a focused training program for existing employees of these two institutions. It provided good foundations for the introduction of a more sophisticated IFMIS. The Liberia IFMIS Project Paper (World Bank, March, 2008) recognized the importance of this approach in opting for a low cost, simple to operate program that can be implemented in a relatively short period of time.²⁶ This project design along with the concurrent efforts at capacity building, Kumar and Brar (2008) argue, addresses some of the sustainability issues that confront IFMIS projects. The planned introduction of a new chart of accounts (compliant with GFS 2001 and COFOG) alongside IFMIS, it is hoped, will help resolve the related accounting and financial reporting issues.

The effectiveness of this reform strategy that focused on slow and incremental change has been acknowledged by IFIs in case of Liberia, as has been the commitment shown by the national leadership. However, despite these acknowledgements the urgency of pushing big ticket reforms continues. The slow and incremental nature of reforms, sensitive to the absorptive capacity of the country emphasize the importance of building appropriate foundations while creating the right incentives and political support for the reform process. Yet donor documents have an impatient tone; the absence of a Public Financial Management Law was a constant refrain, as was the installation of IFMIS (mentioned as a priority as early as the GEMAP agreement) and the delay in developing MTEF. This refrain is oblivious to what the theory of public financial management capacity building advocates in terms of context appropriate solutions. It also undermines the initiatives undertaken by government and their contribution to the wider reform process. Thus the gap in the passage of Public Financial Management Law (2009),

²⁵ The program was developed by the IT Advisor assigned to MOF and funded by World Bank.

²⁶ More details on the rationale of project design and cross-country experience in implementing IFMIS in other post-conflict countries has been brought out in Kumar and Brar (2008) and IFMIS Project Paper (2008).

planned introduction of IFMIS and MTEF in fiscal year 2011-12 and 2012-13 respectively²⁷ far from being signs of delay, may actually improve the chances of their success; build as they do, on the basic reforms that have gradually been introduced over the last five years.

Building Individual Capacity

The public financial management literature on capacity building while acknowledging the deficient administrative and managerial capacity in post-conflict countries has not paid much attention to individual capacity building. The discussions in country studies are confined to temporary capacity building through deployment of external technical assistance without sufficient attention being paid to the role of training and professional education in improving capacity. The engagement with individual capacity building here is a corrective measure, even as it acknowledges the difficulties in measuring the impact of these ‘soft’ interventions (Boesen & Therkildsen, 2004).

The UN/WB Needs Assessment on Liberia while reporting on weak human resources in civil services emphasized the importance of re-training in the short/medium term and developing training programs for the induction of a “new blood of civil servants” in the long run (UN/WB, 2004a; IMF, 2005b). One of the first initiatives towards this was the establishment of a financial management training school in MOF through World Bank funding. The training programs were however, slow to start partly because of lack of leadership in MOF but also because capacity building was not a priority for the NTGL administration. It is not surprising that only two courses (restricted to MOF employees) were organized during May and July 2005. These programs comprehensive in terms of their content were well received by the target audience. The first of these courses was evaluated by an auditor from CIPFA and got a positive assessment. Despite these positive appraisals, the program could not gather enough support and ownership within MOF and was not extended to line ministries.

It was only under the new government and leadership provided by MOF, that these training programs were intensified both in terms of their content and coverage. The training needs increased in context of new Financial Rules, Travel Ordinances, institution of commitment control system and basic cash planning in the ministries. This demand was met by enhanced technical assistance for MOF. Training programs started targeting staff in line ministries and were delivered through hands-on sessions on implementation of new rules and regulations. The emphasis was on ‘learning through doing’; especially in context of preparation of cash plans and expenditure reporting. The MOF leadership was closely associated and made sure that introduction of these new set of rules was always followed by regular and intensive training. The leadership also saw these programs as a dissemination and consensus building mechanism for the reform agenda. These earlier set of programs were largely delivered by senior government officials, the external TAs working in the MOF and BOB with very limited support from outside trainers.

The initial programs, though well designed and executed, were confined to re-training. Sustaining these initiatives required a medium/long term focus, a credible capacity building program aimed at creating a new cadre of financial managers for government. It was some of these concerns and the success in delivering the earlier programs that led to the establishment of the Financial Management Training

²⁷ <http://www.mof.gov.lr/> accessed 28/12/11

Program (FMTP)²⁸ as a collaborative effort of the MOF, Civil Service Agency (CSA), University of Liberia (UL) and the Liberia Institute of Public Administration (LIPA). The program aimed at identifying and implementing capacity building initiatives in the field of public financial management had two components: (i) recruitment of two batches (30 each) of graduates as trainee civil servants for a two-year Masters Program; (ii) short-term training for serving civil servants.

Sustainability was a key concern and this was reflected in its focus on developing and partnering local and regional institutions. The collaboration amongst the partnering institutions was based on a formal Memorandum of Understanding (MOU, 2006) that clearly specified their roles, relationships and responsibilities. The management structure was headed by the Governing Board (GB) chaired by Minister of Finance with heads of the collaborating institutions serving as members (all in the rank of Cabinet Ministers); and to that extent, it represented the top leadership in government. The GB provided strategic direction and was assisted by one of the public financial management Advisors, full-time Director and Registrar who were responsible for the day-to-day administration of the Program. The collaborative nature of the program was borne out in respect of its key elements: development of curriculum, recruitment of trainees and monitoring.

The selected trainees were treated as civil servants on probation for the duration of program and were provided with monthly stipends and medical insurance. They signed a contract (bond) to serve the government for a minimum period of four years on completion of their training.²⁹ The training infrastructure included class-rooms equipped with modern training aids, computer laboratory with internet access, reading room and a library with adequate text-books for the administered courses.³⁰ The curriculum was designed as per University's degree requirements and approved by their Senate. It was also designed with the aim of preparing the trainees for the Certified Accountancy Technician qualification administered by Association of Accountancy Bodies in West Africa (ABWA) and the program funded the training costs associated with this examination.³¹ In addition, the program sought to balance the academic content with practical inputs through short-term assignments to key Ministries between the academic semesters.³² The engagement of instructors and resource personnel also reflected this priority with the academic content being delivered by University instructors with the practical aspects being handled by government officials, TAs working in different ministries, professionals from the private sector and staff working in international agencies. The curriculum thus aimed to combine university level education and related professional accreditation with on-the-job training as preparation for the trainees' civil service career in PFM. In doing this, FMTP provided trainees with concurrent opportunities at utilizing their newly acquired skills, something that has been considered as crucial for such capacity building initiatives (Godlee, 1995; AusAID, 2004).

²⁸ The program was funded by the World Bank, initially through the LICUS Trust Fund and later through the Economic Governance and Institutional Reform Project (EGIRP).

²⁹ These bonds were administered by Civil Service Agency and vetted by the Ministry of Justice.

³⁰ No academic institution in Liberia then had anything comparable.

³¹ The training was organised by Liberia Institute of Certified Public Accountants (LICPA) a body that was being revived after the war.

³² Trainees were assigned in groups by rotation to different Ministries for a period of eight months over the two-year program.

The short-term programs also benefited from the institutional framework provided by FMTP. If on one hand, they served the purpose of focusing attention on the need for capacity building, their collaborative nature ensured acceptance across government departments. The frequency of programs increased and there was improvement in their content and outreach as they became increasingly responsive to the on-going reform process in Liberia. These training programs and the related institutional changes both contributed significantly to process improvements and qualitatively better internal checks in the expenditure management process (PEMFAR, 2009). Their contribution was also recognized in the independent evaluation report on GEMAP (Morsiani et. al., 2008).

The FMTP had initially provided for two batches of the Masters program and recruitments were done in 2007 and 2008 respectively. On the basis of a mid-term appraisal, it was decided to continue the program and subsequent batches have been recruited. The programs have gone as per schedule and trainees during their on-the-job assignment were well received by the recipient Ministries. The first two batches that graduated were assigned to the Ministries with a commensurate compensation package. Infact a group of trainees have been assigned to the on-going IFMIS project and are expected to play a key role in the implementation of the system. The long-term program is already being seen as the lynchpin for a “new cadre of financial managers schooled in accountability, transparency and ethical leadership in public financial management” and something that the national stakeholders are “proud” of.³³

Given the difficulties in evaluating the results of capacity building initiatives (Lusthaus et. al., 1999; Crisp et. al., 2000), it may be early to reach such optimistic conclusions. After all, the impact of individual capacity building is circumscribed by the broader reform process. It can also be argued that the FMTP through its two-year program sought to create a kind of elitism which may not be conducive for wider civil service reforms. In an ideal world (often ambitious), these parts of the process should dovetail into the broader sectoral reform strategy but then the opposite may also hold true wherein these bits and pieces (like FMTP) can have a cascading effect. As has been argued by Honadle (1981), as long as training needs are defined in a strategic context, selectivity and focus in specific areas can build support for extension and institutionalization of these initiatives. There is evidence that this is happening in Liberia, as capacity building initiatives in areas of procurement and auditing have adopted similar models, partnering LIPA and University of Liberia.

Notwithstanding the donor support for FMTP in terms of funding and direct involvement of public financial management advisors in its design and administration, it was the commitment of government and leadership provided by the Minister of Finance that made a difference. Rist (1992) has argued that the manner of selection of trainees has an impact on the effectiveness and credibility of the program. FMTP benefited immensely from a fair and transparent recruitment process.³⁴ The institutional framework of the MOU recognised inter-institutional dependencies and echoed the designated roles and responsibilities in the overall governance framework. The importance of the institutional and

³³ Dr. C. Williams Allen, Director General, CSA in an interview with AfCOP on 14th February, 2010, available at <http://www.cop-mfdr-africa.org/profiles/blogs/challenges-of-public> accessed 12/1/12

³⁴ Considering that this scale of recruitment had not taken place in Liberia in the last two decades the recruitment process was an accomplishment for the collaborating partners.

accountability framework to the whole process can be gauged by the fact that the recruitment process for the two-year program was initiated twice in 2005 under the NTGL administration but did not get the desired response and in fact could not proceed beyond the issue of advertisements.³⁵

Consensus in collaborative initiatives like FMTP is never a seamless process as decision making tends to be contested and negotiated amongst partners. The collaborating institutions as would be expected wanted to corner the available funding for their respective institutions. There were also questions raised on the 'mandate' of MOF to host such a program. The University or LIPA, in normal situations, would have had a better claim at hosting such a program but Liberia had extenuating circumstances. The University could not have been able to isolate the program from the rest of their activities and that would have affected the program's effectiveness. The University was also expected to launch their MBA program and the Senate saw FMTP (which was going to be affiliated to the same University) as a 'rival' program. LIPA on the other hand was still in the process of re-building itself and was not even able to carry out its normal activities. It was in this context that MOF became the preferred option and it is to the credit of the collaborating institutions that a consensus emerged and has held. The amount of stipend for selected trainees was another sticky issue that required substantial consensus building and maturity. In Liberia, where salary for civil servants was abysmally low³⁶, the GB showed remarkable maturity in pegging the amount at a level that was not de-motivating for the existing civil servants whom the trainees were expected to join. In addition, there were implementation issues - delays in procurement of text books and training aids, recruitment of the support staff, absence of full-time instructors – something that could have been obviated by better planning.

It has been argued that successful capacity building programs need to meet the test of scalability and sustainability (Whyte, 2004). While there is evidence of scalability in the program, it is early to pass a judgment on its sustainability. Yet, in its limited lifetime, one can hypothesize on some issues that may have implications for its sustainability. The first relates to the absorption of trainees into civil services and their assignment to different Ministries. A big group (eleven) from the first batch was assigned to the IFMIS project and there is little doubt that the project will benefit from this. IFMIS however, is a MOF project and this cornering of 'trainees' may not inspire confidence. In a skill-deficient national administration sharing these trainees (skills) across all ministries and departments in an equitable manner would have been a better strategy for sustaining bottom-up interest in the program. Secondly, it would have been beneficial to extend the ABWA technician examination to serving employees of line ministries.³⁷ This accreditation apart from augmenting skills would have enhanced the credibility of the program by providing equal opportunities to existing employees and not favouring the new trainees over them, as has sometimes been argued. Continuity of FMTP also needs to be addressed appropriately. Given the likely rate of attrition, as opportunities in both public and private sector increase, it would be prudent to plan for recruitment of more batches. Further, MOF as a host for the program was only an interim choice in 2006. LIPA with its substantially improved infrastructural facilities and mandate for

³⁵ Issued twice in April and November 2005 they got a response from only 57 applicants.

³⁶ When the program started in 2007 average monthly salaries ranged between US\$40-70. The monthly stipend agreed was US\$100.

³⁷ A screening process, funding the costs of examination and training, an incentive in form of an increment to those successfully clearing the examination could be the modalities for instituting a transparent process for the same.

public sector capacity building should be the ideal choice for hosting the program now.³⁸ Yet there have been no moves in this direction. Crisp et. al (2000) have argued that funding agreements for capacity building should provide clear sustainability mechanisms and to that extent the funding agreement for FMTP would have been better-off incorporating a clause on the continuation of the program through the national budget, as and when donor funding was not available.³⁹

As a capacity building initiative, FMTP meets the criteria of equity, quality and relevance. Its governance structure provided for inbuilt incentives, institutional collaborations and sustainability. In 2006, Liberia neither had a professional accountancy body nor an academic institution focusing on training needs in financial management and FMTP served to meet these gaps both in the short and medium/long terms. The manner of its institution left sufficient policy and operational space for flexibility and learning amongst the national stakeholders. Success of programs like FMTP is often not related to the amount of resources expended but depends more on the leadership and commitment of recipients.⁴⁰ The program provided a platform, not available in post-conflict circumstances, for institutions and professional groups to come together as ‘communities of practice’ across ministries and departments thereby fostering an esprit-de-corps. It is these interactions that help change attitudes and practices and were probably the first steps towards development of professional worker norms.

Managing Donor Assistance

There is no dispute on the desirability of building long-term sustainable capacity but its elusiveness makes it tempting for donors and national governments to opt for temporary measures in post-conflict countries. These have included bypassing weak government capacity through special implementation units (for donor-funded projects), buying and/or building temporary capacity through the use of external technical assistance. The sustainability of these measures, however, has been the subject of intense debate (Hildrebrand, 2002; UNDP, 2002; Whyte, 2004).

Special implementation units are seen as circumventing the national budget and creating parallel systems thereby undermining government capacities. In emphasizing the negative aspects, these assessments disregard the importance of donor funds for recipient countries and the fiduciary assurances required by donors themselves in sustaining the funding stream, considerations that led to the establishment of the Project Financial Management Unit (PFMU) in Liberia.⁴¹ The unit, established initially for World Bank projects, has subsequently evolved as a central unit for financial management of all donor-funded projects. This not only mirrored the central role of MOF in the Liberian public financial management cycle but also helped establish cost efficient and standardized procedures for donor fund management – effective in context of capacity constraints in the public sector. The professional expertise located in the unit has been sourced effectively by MOF in strengthening its own

³⁸ See <http://www.lipa.gov.lr/> accessed 2/1/12.

³⁹ With infrastructure in place, the running costs of the program could easily have been met by government.

⁴⁰ The total cost of FMTP (excluding the cost of TAs) for the first two years was in the range of US\$150,000, insignificant to what has been expended in other countries.

⁴¹ Established in August 2006 as part of MOF, PFMU was supervised by the Deputy Minister for Expenditure.

procurement, internal audit and reporting practices.⁴² The institutional arrangements also ensured MOF ownership and operational control on the Unit much in contrast to the experience in post-conflict Timor Leste or Afghanistan (Pires & Michael, 2007; Ghani et. al, 2007).

Technical assistance, despite its argued limitations in institutionalizing capacity building, has been established as a consistent element of donor assistance in post-conflict countries. The focus thus is on its 'management' rather than questioning its existence. The original approach to building professional capacities is through advisors substituting for missing capacity in short, medium and/or long term period. In most circumstances, TA is limited to an advisory role but in Liberia the 'co-signatory authority' under GEMAP meant operational responsibility. Though all capacity building involves an adjustment of TA relationships (vis-à-vis senior management and national staff), the co-signatory aspect made this adjustment more complex. And it is to the credit of the leadership in MOF and BOB that a 'fit' could be achieved.⁴³ After all TA can do precious little to create country ownership and to that extent the commitment and leadership of senior management was critical.

The institutional framework of GEMAP and concentration of TA activities in budgeting and expenditure helped focus on dimensions central to financial management. The government on its part was able to use TAs to gain early results through formulation of the financial rules, travel ordinances, budget procedures and effective working of the CMC to establish credibility and momentum for the reform process. The operational responsibilities also meant that TAs went beyond their advisory role and could effectively mentor the national staff in these institutions. The submission of work plans and quarterly reports to the TT (and in turn to EGSC) meant that TA assistance was effectively monitored. All these created favourable conditions for actual skill transfer and prepared the national staff to take over operational responsibility in the respective institutions.⁴⁴

Another significant feature of technical assistance in Liberia, despite its co-signatory aspect, was its low intensity. It was provided through limited number of individual consultants which meant that MOF and BOB as recipient institutions were not inundated with external TAs assistance (as in Timor Leste and Afghanistan; Pires & Michael, 2007; Carnahan & Lockhart, 2008). The combined number of TAs in MOF and BOB was limited to four and those engaged had an average tenure of two years. This meant their increased and easier acceptability and impact, better coordination with senior management, making TA management that much easier and cost effective for the government. This nature of engagement also provided space for national ownership to develop and favoured the institutionalization of capacity into structures of the target jurisdiction.

If sequencing is a critical aspect of public financial management capacity building then the strategy that has developed in Liberia is an evolutionary one. The initial focus of the reform process was on the establishment of an effective system for financial control before moving on to the development of a macro-economic framework, policy-based budgeting and multi-year budget framework. The initial

⁴² The PFMU international staffs (as per their contracts) have collaborated with the respective divisions of MOF in capacity building initiatives – extension of the Sun Accounting software for MOF expenditure reporting, working alongside the internal audit and procurement divisions.

⁴³ The same could not be said for the other GEMAP institutions.

⁴⁴ Post-GEMAP, it is the national staffs that have taken over these functions in the CMC and Budget department now.

success of the reform process and implementation experience suggests that a sound foundation has hopefully been laid for the implementation of more comprehensive reforms being introduced through the Public Financial Management Law, IFMIS and MTEF.

Assessing the Underlying Factors

The ideal type, theoretical model for public financial management capacity building, emphasises country context and its absorptive capacity with a premium on optimal solutions that evolve through partnering national institutions and are part of an overall country-led strategy. The story of public financial management capacity building in Liberia, as we have seen, has elements of this model. The initial reforms were built on the existing institutions (as in the CMC) and had an internal focus in terms of establishing rules and regulations suited to the Liberian context. They provided accountability mechanisms that more complex laws and legal institutions have not been able to provide in most post-conflict countries (Collier & Soderbom, 2008; Jensen, 2008). In designing these solutions, emphasis was on local participation and building enduring political consensus (as in BOB and MOF merger). The institutional arrangements ensured that the negative effects associated with managing donor assistance through special implementation units and external technical assistance was mitigated. The individual capacity building initiatives relied on local resources and building in-country institutions thereby encouraging national ownership. Though there are instances of ‘pre-planned project culture’ (PPCC Act and the early mention of IFMIS), the experience in Liberia attests to the fact that countries with low capacity don’t need ‘best practice’ but only better ones (Behn, 2003); and they are better off ‘owning’ less than perfect reform than no ownership of state-of-the-art practices (Pretorius & Pretorius, 2008).

The trajectory of public financial management capacity building process as outlined in the previous sections was made possible by a multiplicity of factors. An assessment of the process thus needs exploration of some of the factors that made them possible. We examine here the importance of the democratic process, nature of international intervention as reflected in GEMAP and role of national leadership in analysing the direction of the reform process.

Democratic Process

The role of democracy in enhancing and consolidating peace and development is increasingly being recognised in the case of Liberia (Held & McGrew, 2007; Atkinson, 2008). The 2005 elections have not only been perceived as the “freest and fairest that Liberia has ever seen” but also as those that broke the mould of post-conflict elections in Africa (Harris, 2006, 378).⁴⁵ In addition, election of Sirleaf, the first woman President in Africa riding on the women’s peace movement, has had obvious implications for gender issues (Ackerman, 2009). The government continues to be inclusive, seeking to bring together competent Liberians (across political lines) in the Cabinet including a number of women.⁴⁶ This democratization has been in sharp contrast to the political processes experienced in East Timor and Afghanistan. Consensus building has been a longer process in the absence of a single party domination but hopefully, a more sustainable one. This is reflected in the slow, albeit significant progress achieved

⁴⁵ In terms of disappearance of rebel forces from the political process and non-domination of a single political party. The fractured mandate in 2005 and 2011 elections has also served as a check on the traditionally strong Executive in Liberia.

⁴⁶ Highlighted in the acclaimed film ‘Iron Ladies of Liberia’ http://www.youtube.com/watch?v=7_sPNLFGz2g accessed 13/11/12

in the budget preparation process, passage of the Public Financial Management Act, Anti Corruption Act and the Freedom of Information Act. The preparation of the Poverty Reduction Strategy (2008) has been commended for its participatory approach, making Liberia the first country where the development agenda for local governments was formulated concurrently with the national PRS (Mukendi, 2010). The government has built on its democratic credentials by strengthening the role of media, civil society and granting independence to the General Auditing Commission. All this has meant increased scrutiny of government functioning which in itself is very encouraging (Mukendi, 2010), a sign more of free press and government's commitment to reform than of the reported increase in corruption.

GEMAP

The international engagement in Liberia has been regarded as a departure from other post-conflict interventions (Dwan & Bailey, 2006; Atkinson, 2008; Call & Wyeth, 2008; McGovern, 2008; Reno, 2008; Pretorius & Pretorius, 2008; Papagianni, 2008; Mukendi, 2010; Hope, 2010). This 'departure' has been seen in terms of the international consensus surrounding GEMAP, its singular focus on financial management and its heavily intrusive nature in the form of external experts with co-signatory authority. However, the preoccupation with 'co-signatory authority' diverts attention from other equally significant aspects of the program. In linking the continuity of GEMAP with Liberia reaching the HIPC completion point (a significant milestone in the reform process) the program ensured a long term commitment of both national and international stakeholders.⁴⁷ The HIPC completion point (and the concomitant reform process) thus became definite goals and part of the agreed vision around which country ownership developed. All this ensured a more broad based support for GEMAP thereby making it politically legitimate, something that has been attested by commentators and public surveys (McGovern, 2008). The relatively long time frame of the program and its emphasis on capacity building made room for an incremental pace of reform in Liberia.

These are matters of design that retrospectively speaking, worked well in Liberia. However, the most significant reason for success of GEMAP has been the strong national leadership that has been able to neutralise the 'heavy footprints' associated with the program. And one would have to agree with the remarks of one of the discussants in an event hosted by United States Institute of Peace (USIP) "If GEMAP were implemented with the group that was in charge of the government (in 2005), we might not have such a positive story to tell today."⁴⁸ The fact that GEMAP was a response to NTGL's performance and was signed by them (just before the elections) ultimately turned out to be significant for its implementation. Sirleaf during her campaign had criticised the program as an affront to Liberia's economic sovereignty⁴⁹ (McGovern, 2008), a stance she changed after assuming office. This change and the early endorsement of GEMAP (in her inauguration speech as a 'necessary intrusion' consistent with her own reform agenda) was a strategic move that not only provided the much needed political space to manoeuvre the reform process but also served to keep the international community engaged with Liberia

⁴⁷ The Technical Team and Economic Governance Steering Committee entrusted with program implementation provided an ideal platform for this.

⁴⁸ At <http://www.usip.org/resources/liberia-s-governance-and-economic-management-assistance-program-necessary-intrusion> accessed 10/2/12.

⁴⁹ While George Weah, her rival candidate supported the program in unequivocal terms.

(Atkinson, 2008). The endorsement, however, was soon to become an active stewardship of the program where in the nature and pace of change was subsequently led and managed by the national leadership.⁵⁰

Leadership

The role and significance of a change leader has been well recognized in context of post-conflict countries. In case of Liberia, the role of President Sirleaf and her team has been similarly acknowledged (Atkinson, 2008, Mukendi, 2010, Hope, 2010). However, leadership cannot merely be explained by the election of a “good person” (Sawyer, 2005, 21) or rest with a mere acknowledgement of its existence. The distinctiveness of the leadership in Liberia resides in its inherent nature and the context that made it possible.

Despite the charisma associated with President Sirleaf, leadership in Liberia has not been of the ‘single heroic figure’ (Heifetz, 1994) but one that is ‘distributed’.⁵¹ Distributed leadership has been seen as residing in people and positions within the organization and as part of the larger network in which the organization is enmeshed and the processes connecting the two without undermining the formal power concentrated in the executive head. In context of the heavy international presence in post-conflict countries, the political space available for national leadership tends to be fluid, shared and often contested. Leadership thus cannot be seen as well defined, planned and stable in definition and location. In Liberia, the fractured electoral mandate and ‘intrusive’ GEMAP meant that leadership was dispersed, fluid and migratory. This leadership pattern, we argue (in hindsight) benefited the change process. It meant that instead of depending on a single individual, the reform process was driven by a shared commitment. These conditions correspond to what has been described as the ‘segmentation phenomenon’ (Thompson, 1967; Weick, 1976) where parts of the organization function autonomously with coupling taking place at different levels: strategic (President and the Cabinet), organizational (MOF and other key departments) and the environmental (engagement of multilateral organizations through GEMAP). These conditions have also been acknowledged by President Sirleaf when arguing that (in post-conflict countries) “...leadership roles and responsibilities are distributed at various levels of decision making” and there is a need to have a delicate balance between these levels while striving for “associated outcomes” (Sirleaf, 2007, 2).

An elaboration of the constituent elements of this distribution and their working is beyond the scope of this article but an awareness of the constraints and autonomy allowed to these different leadership levels is reflected in the working of the Budget Committee, CMC and the other initiatives discussed earlier. The broad based GEMAP oversight mechanisms and monitoring of performance under the IMF programs ensured that these levels performed in a differentiated yet complementary manner. The President and her colleagues with their background in the international civil services definitely facilitated the role of connecting with the network of multilateral agencies and ensured continued international engagement.

⁵⁰ Dr. Sayeh’s assessment at <http://www.usip.org/resources/liberia-s-governance-and-economic-management-assistance-program-necessary-intrusion> accessed 10/2/12

⁵¹ Distributed leadership though extensively studied in the public sector (Dennis et. al, 1996; Gronn, 2002; Bennett et. al, 2003; Van Wart, 2005) has not been used to frame leadership issues in post-conflict countries.

Our analysis of public financial management capacity building initiatives in Liberia has thus to be seen in context of these factors. These also point towards the tenuous links that hold the reform process together and preclude the possibility of any pre-determined strategy. Similar democratic processes, international engagement and national leadership may not yield the same results elsewhere. The manner in which these factors have coalesced can to some extent be attributed to fortuitous circumstances. In Liberia, however, there is evidence of what has been described as “concertive or conjoint action” (Bennett et. al, 2003) of international and national actors where steps initiated by one element are developed by others through “circulation of initiative” (Gronn, 2002). If international intervention led to the institution of GEMAP, the democratic process created the political space for national leadership to wrest this initiative and drive the reform process.

Conclusion

For capacity building to be truly sustainable, it must be indigenous, built on the experience of local people and nurtured by their own social conditions and experience, as well as their dreams and desires.

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This statement speaks of an understanding that clearly seeks the link between indigenisation and sustainability in context of capacity building. At one level, this understanding is commonly shared by the national leadership in most post-conflict countries. In our account of public financial management capacity building in Liberia, however, we have found evidence of this understanding transcending the rhetorical.

It would be presumptuous however, to celebrate, given the track record of reversal in post-conflict countries. The reform process in Liberia is still in its infancy; social economic indices continue to be low, governance structures are acutely centralised and basic security continues to be sustained by UNMIL. HIPC completion point, no doubt will increase the fiscal space available for post-war reconstruction but it will also throw up additional challenges in terms of inclusive growth and sustaining peace. During this period Liberia will also be implementing the ‘next-generation’ public financial management reforms. Liberia’s experience with these reforms, over the next five years will tell us if the foundations that were laid during the initial period were strong enough for these complex interventions to sustain. The experience till now suggests that an incremental, evolutionary approach that is ‘owned’ by the country has better chances of being absorbed and institutionalised.

Stories have often displayed a tendency to become ‘models’ wherein selected elements and characteristics from different sources are given the shape of a structural design for others to ‘emulate’. They have also been the primary tool for bridging the gap between theory and practice. There are signs that GEMAP may be in the process of becoming such a story (Dwan & Bailey, 2006; Pretorius & Pretorius, 2008, Hope, 2010). However to emphasise the role of GEMAP in the Liberian reform process is symptomatic of a limited understanding, an understanding that de rigueur neglects the role of indigenous actors and circumstances. The purpose of our story, on the other hand has been to ward off against this ‘convey-ability’ of ‘models’ by uncovering the processes and institutional mechanisms that lie beneath the renewal of momentum in Liberia. It is this uncovering that gives us an idea of the factors that influence what works, when and how, instead of just a list of what should work.

⁵² Ellen Johnson Sirleaf, President, Republic of Liberia quoted in UNDP (2006).

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