

**African Forum and Network on Debt and  
Development**



**A CRITICAL ASSESSMENT OF AID  
MANAGEMENT AND DONOR  
HARMONISATION IN LIBERIA**

**A CASE STUDY**

## Preface

Although donors argue that they have changed their approach and that conditionality has been replaced by ‘country ownership’, poverty reduction and pro-poor growth strategies, experience on the ground seems to suggest otherwise. Lack of harmonization and alignment of policies, procedures and programs among various donors’ agencies continue to mar effective aid delivery to recipient governments who in turn have been eluded by the key concepts of inclusiveness, popular participation and ‘good governance’.

Problems of economic governance and ineffective utilization of development assistance have ranged from poor or no consultation with the intended beneficiaries; lack of coordination between various government agencies, the failure to harmonize policies, programs and procedures harmonization and alignment, poor project design within parastatals, public or private enterprises; to poor monitoring of foreign funded projects and consequently in indebtedness and poverty..

This international agenda has evolved over time, and hopefully will continue to evolve. Its principal manifestation at this time is the Paris Declaration of March 2005. The Paris Declaration on Aid Effectiveness represents a landmark achievement for the international community, which brings together a number of key principles and commitments in a coherent way. It includes a framework for mutual accountability, and identifies a number of indicators for tracking progress on the part of donors and partner countries. At the same time, there is a general recognition that the *Paris Declaration* is a crucial component of a larger aid effectiveness agenda that could engage civil society actors in a more direct manner. The power of the Paris Declaration is its focus on a limited number of general principles for action. As such, the Paris Declaration is not intended to provide operational instructions for how to achieve specific development results. The Paris Declaration is therefore limited in terms of the stated purpose of aid effectiveness in that it does not, and cannot, by itself, tell us how to reduce poverty, improve democratic governance, or promote greater gender equality.

As development actors, CSOs share an interest in the concept of aid effectiveness as an important one for keeping development efforts on-track, for drawing attention to outcome and impact level results, and for drawing lessons of good practice from accumulated experience. The shared pursuit of aid effectiveness provides a legitimate entry point for dialogue among all development cooperation actors, including CSOs. This case study by AFRODAD is but one of the civil society contributions to monitoring and tracking Aid effectiveness in Sub-Saharan Africa, which by and large constitutes the bulk of aid beneficiaries. We do hope that the thoughts and ideas shared by this case study will help enlighten issues and move the continent and its development partners step a head.



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## **LIST OF ABBREVIATIONS and ACRONYMS**

|        |   |
|--------|---|
| ECA    | Economic Commission for Africa                    |
| CSO    | Civil Society Organisation                        |
| GCA    | Global Coalition for Africa                       |
| GEMAP  | Governance Economic Management Assistance Program |
| GESC   | Governing Economic Steering Committee             |
| GoL    | Government of Liberia                             |
| INGOS  | International Non-Governmental Organizations      |
| I-PRSP | Interim Poverty Reduction Strategy Paper          |
| LRDC   | Liberia reconstruction Development                |
| NGOs   | Non-governmental Organizations                    |
| NPC    | National Planning Council                         |
| OAU    | Organization for African Unity                    |
| RFTF   | Results focused Transitional Framework            |
| SADC   | Southern African Development community            |
| SPA    | Special Program for Africa                        |
| UN     | United Nations                                    |
| UNDAF  | United Nations Development Assistance Framework   |
| UNDP   | United Nations Development Program                |
| US     | United States                                     |

## **1 EXECUTIVE SUMMARY**

This study is a critical assessment of how Liberia is implementing the desired mechanisms for improved effectiveness of aid. It seeks to determine how funds and knowledge are transmitted to Liberia and how recipients and donors are interacting in such processes. It is an examination of how aid is being delivered and coordinated at country level with particular focus ownership of national priorities and mutual accountability.

The study elaborates on national ownership both regarding development of national planning strategies and improving capacity of local institutions to improve participation. It is followed by a description of efforts made towards improving public financial management and procurement systems. There is also a review of the partnerships being re-kindled with the international community, multilateral and bilateral donors, with an emphasis that these partnerships are now supportive of country-led initiatives. Finally there is a concluding section with recommendations.

## **2 INTRODUCTION**

### **2.1 Background**

The Paris Declaration whose focus was on aid effectiveness, followed up on other declarations earlier adopted such as the High-Level Forum on Harmonization in Rome in February 2003 and the core principles put forward at the Marrakech Rounds Table on Managing for Development Results held February 2004. The Paris Conference also agreed on six key points to ensure aid effectiveness. The Paris Declaration called on signatories 1) to strengthen partner countries' national development strategies and associated operational frameworks (e.g.) planning budget, and performance assessment framework; 2) to increase alignment of aid with partner countries-priorities, systems and procedures and helping to strengthen their capacities; 3) to eliminate duplication of effort and make donor activities as cost effective as possible; 4) to reform and simplify donor policies and procedures to encourage collaborative behavior and progressive alignment with partner countries-priorities, systems and procedures; 5) to define measures and standards of performance and accountability of partner country systems in public financial management, procurement, fiduciary safeguards, and environmental assessments in line with broadly accepted good practices and their quick and widespread application.

The Paris Declaration considered better aid as one that is effective. This requires partner countries like Liberia and its donors to establish a forum for the purpose of coordinating agreed initiatives and the harmonization of outstanding development issues. Such a forum would hammer out mutually acceptable common strategies and procedures for managing aid.

In the face of mounting criticisms donor countries must begin to rethink deeply their aid strategies, moderate conditionalities, encourage participatory discussion on development issues with recipient countries to ensure harmonization of development programs. With respect to the aid architecture, the harmonization of aid is important because (a) most developing countries rely greatly on development assistance for the attainment of economic growth and development, b) aid is certainly not a permanent scheme, (c) the needs of developing countries are diverse, d) they know and understand best what their actual situations are and needs are, e) people tend to cooperate when they are treated with respect, especially when they participate in matters which would affect their lives. In the face of multiple and diverse sources of aid harmonization is even most important and requires mechanisms which facilitate coordination and an opportunity for the harmonization of the whole range of issues surrounding development assistance.

### **2.2 Objectives of the Study**

This study is a critical assessment of how Liberia is implementing the desired mechanisms for improved effectiveness of aid. It seeks to determine how funds and knowledge are transmitted to Liberia and how recipients and donors are interacting in such processes. It is an examination of how aid is being delivered and coordinated at country level with particular focus ownership of national priorities and mutual accountability.

The specific objectives of the study are:

- To assess the current salient aid facts (requirements and availabilities) and policies about the quality of aid and its effectiveness in the context of a possible large increase of aid to Africa.
- To recommend ways of making aid management and delivery effective to poverty reduction and development to Africa.
- To influence public policy makers and donor agencies to put in place national mechanisms of translating international donor commitments on Aid to the national levels.

### **2.3 Methodology**

This study has adopted the participatory approach which allows for the inclusion of all stakeholders at all levels in an assessment exercise. Its strength lies in its capacity to motivate and encourage, open and frank inter-actions of stakeholders.

Accordingly, discussions were held with all categories of stakeholders some of whom actually were directly involved and participated in drafting key aid “solicitation” documents and the management and implementation of development programs and projects. Meetings were held with several heads of key economic agencies of Government as well as donor community, the NGOs both local and international. We also spoke with a cross section of civil society organizations. We were also granted audience by the Deputy Ministers for Planning and Regional Planning, and Economic Affairs and Policy, respectively, as well as Hon. Francis Carbah former Minister of Planning and Economic Affairs.

We also obtained primary and secondary resource materials from virtually every stakeholder we spoke with and where specific information were not provided the study resorted to the use of questionnaires already prepared in advance of the meetings. In some situations where others thought to be knowledgeable preferred to be overly cautious, or remain silent, or did not want to volunteer information, we employ indirect and other unconventional methods.

### **3 PARTNER COUNTRY OWNERSHIP**

#### **3.1 International Coordination and Harmonization**

Coordination and harmonization occurs at different levels at the international coordination levels. The first level is often large meeting in which consensus are reached on outstanding issues. Most of these meetings are sectorally focused such as the ones held on the environment in 1992, on population in Cairo in 1994, on Gender in Beijing in 1995 and that of the Copenhagen meeting in 1995.

The second level deals with more permanent institutional arrangements that work on systemic and implementation issues. For instance, OECD/DAC, the Special Program for Africa (SPA), the Paris Club as well as the UNDP and the World Bank which are engaged in improving aid coordination and therefore harmonization. There are also regional bodies such as the Global Coalition for Africa (GCA), the Southern African Development Community (SADC), the Economic Commission for Africa (ECA), and the Organization of African Unity (OAU), now the African Union all of whom are engaged in coordination and harmonization.

Although the aforementioned served very useful purposes, there is, however, another level – the country level – which conducts itself at the country level and determines the extent to which aid flows are successful in respect of the expected desirable impact. In most countries Governments have established specific or indirect bodies usually chaired by the Ministry of Planning and Economic Affairs or Finance. The purpose and membership of such meetings vary and are held at a time normally convenient to participating stakeholders. Some hold weekly, monthly or quarterly meetings. These meetings are preceded by an agenda and background documents to enable stakeholders adequately prepare before the meetings

Still, in some developing countries forums are organized in which donors, ministries or special task force jointly work on issues such as Sector budget support, Sector policies, and Implementation and Management problems. Coordination meetings by extension are also fora in which stakeholders come to adopt common policies, procedures and enhanced aid delivery and management.

#### **3.2 Liberia's National Planning Framework**

In 1961 an act was passed which created the National Planning Council (NRC) and subsequently amended in 1963 and 1972. The purpose of the act, besides the creation of NPC was to establish the legal basis and generate the highest political support and through its structure and mechanisms enhance social and Economic development in Liberia. In both the original and the amended versions. The drafters (a) created a structure and (b) defined the role of each stakeholder.

The various amendments established a structure within the council to ensure the approbation and implementation, at the highest political level, of policy decisions it took. To this end, it established an Executive committee and several technical Sub-committees. The Act and subsequent amendments also defined the functions of the Executive committee in this manner. “The Executive Committee shall exercise all the powers of the National Planning Council between



Meetings of the council subject to the approval of the President". The functions of the National Planning Council are:

- To provide general policy guidelines to all agencies of the Government in the formulation of plans for national development;
- to review for the approval or disapproval of recommendations made by the heads of the various Ministries and Agencies of Government or by committees and commission of the council on: i) External assistance program and investments proposals both foreign and domestic, involving Government concessions of government participation in such programs; ii) Allowances for development programs and projects to be Included in the budget for the ensuing year; ii) Proposals for new development programs and projects or changes in existing programs and projects.
- To approve the annual development budget to be included in the national budget for submission to the legislators;
- To require that special investigations and evaluation of programs and projects to be made by appropriate agencies of Government and non-governmental Organizations; and
- To establish economic development priorities.

The act also defined the composition and tasks of the technical sub-committee as consisting of personnel representing and designated by the Ministries and heads of Agencies that are members of the Executive Committee. It further said the task of the technical sub-committee "shall be to assist the Executive Committee in the in the performance of its work, as directed by the Executive Committee. Strangely, after the 1986 coup and immediately after the approbation of the 2<sup>nd</sup> Socio-economic development plan, the NPC was made inactive until 1997 when the Taylor government came to power.

The NPC was immediately reactivated thinking that by its reactivation it would send a strong signal to donors that the administration was unreservedly committed to development and by this action enable government attract foreign assistance. But as even the thought of reactivating the NPC was being practical zed, the international community had conceived an alternative plan and was on the verge of its implementation, save the appropriate time.

The Paris Donor Conference, held in 1988, became the proper place and time. Donors at the pledging conference made it absolutely clear that funds pledged for the reconstruction of the country would be channeled through non-governmental organizations chosen by them. This action of donors did not leave the NPC any role to play in the management of the funds.

During the various transitional Governments attempts were made to supplant the National Planning Council by various bodies, one of which is the "Reintegration Committee" (REMCO), because it was argued that the country had just emerged from war and that all national efforts should be directed at reconciliation and reintegration and that it should be reflected in the name of bodies such as the NPC. This proposal, however, did not succeed.

In 2000 a new 2 year transitional Government came to power as the result of the Accra Comprehensive Peace Agreement (CPA). Its mandate was to prepare the country for democratic

elections and initiate reconstruction activities. A donor conference was again organized and held in Paris. Prior to the conference a background document i.e. Result Focus Transitional Framework (RFTF) was prepared by the Government of Liberia with the assistance of International partners. The “Result Focus Transitional Framework (RFTF) was largely formulated by Government and donors but with donors in the “drivers’ seat”. The RFTF is actually a modification of the NPC.

Like the National Planning Committee (NPC), the RFTF structure provided for an executive body, which was referred to as the Economic Governance Steering Committee (EGSC). It was chaired by the President of Liberia and its membership was the Resident Representative of Secretary-General, the World Bank Country Coordinator and the Ministry of Planning and Economic Affairs, the MPEA served as its Secretary. It also had technical Sub-Committee. It created a Secretariat or a Support Office situated at the Ministry of Planning & Economic Affairs. The function of the “Support Office” was to “undertake policy and aid coordination and monitoring and evaluation. The support office was answerable to the Minister of Planning and Economic Affairs who served as the Secretary to the Economic Governance Steering committee (EGSC).

What appears to be a replacement to the NPC has been again created by the current government. The Liberia Reconstruction and Development committee (LRDC) is virtually a substitute to the National Planning Council and following the pattern of the NPC is chaired by the President and co-Chair by the US ambassador to Liberia. Nearly all-major donors are represented on this body. It is said that the creation of the LRDC is necessary due to the lack of capacity in government as well as its inability to “handle exigency as expediently as possible”.

It is clear that it was created as the result of donors demand for representation and a voice in forums in which decisions regarding the utilization of funds which were provided for national reconstruction and development are decided. LRDC being one of such bodies is therefore understandably the logical place donors insisted and considered a natural place to be. The LRDC is responsible, amongst other, vetting and adopting policy actions emanating from the interim poverty Reduction strategy paper (IPRSP. The IPRSP has become the substitute to a national socio-economic development plan.

Another parallel structure, the Economic Governance Management Assistance Program (GEMAP) was created and has the responsibility to approve financial management policies and practices formulated and submitted to it by GEMAP experts. It is chaired by the President and is made up of virtually all expatriate financial experts as well as the very donors sitting on the LRDC.

Through out this chapter what has emerged is the pre-eminence of donors’ participation in key social and economic decision-making bodies. There is no reason that explains their presence in these bodies other than dictating policies and directing economic development in Liberia. What knowledgeable people and political commentators have said about these arrangements, particularly, after the civil war, is that it is a type of relationship highly indistinguishable from a trusteeship or receivership.

### 3.3 National Social and Economic Priorities

The Government's program to revive the economy, improve the living standards of the people and build a peaceful, stable and democratic society rests on four pillars, which are priority sectors. The Interim Poverty Reduction Strategy Paper (I-PRSP) for 2006 – 2008 identifies them as follows:

- **Enhancement of National Security.** Consolidate the peace by advancing the reform of the security sector through the development of sound overall policy and legislated institution restructuring;
- **Revitalization of Economy.** Revitalizing agriculture by stimulating traditional export sectors such as rubber and three crops and laying the basic for national food security by supporting resettlement of farmers and providing seeds, tools and a revitalized extension services; Strengthen the environment for private sector growth through reform of the tax and incentive system and by minimizing red tap and unnecessary regulations.’’
- **Rebuilding of Infrastructure and Basic Social Services.** Rebuilt the economic and social infrastructure, with emphasis on the nation's road network
- **Promote good governance and the rule of law** enhancing public financial management systems and strengthening the pillars of integrity as a means of fighting corruption and improving system of accountability;

As can be seen national security is listed as the forefront of the priority sectors because, as a post conflict society in which during its fourteen years of civic war all of its security apparatus were fragmented along ethnic lines, a restoration of a security sector with a national character is considered vital for the sustenance of durable peace. The security sector reform includes redundancy or perhaps retirement, training and equipping the military.

The principle of ownership also speaks to the degree to which national development planning frameworks integrate civil society organizations. National development plans are meant to be as broad-based and democratic as possible. In this regard, the Liberian National Decentralisation and Local Development Programme was launched in June 2007 in conjunction with the United Nations Development Programme to strengthen the capacity of government through the Ministry of Internal Affairs and the relevant local institutions. It is meant to install a county and district financing facility indeed to demonstrate the full cycle of public expenditure management, equipping Liberia with the legal framework it needs to achieve real ownership.

#### **4 PUBLIC FINANCIAL MANAGEMENT AND PROCUREMENT SYSTEMS**

Liberia has taken steps to improve its financial management systems consistent with the donor-supported Governance and Economic Management Assistance Program (GEMAP). They have recruited experts working with the main revenue generating agencies and at the Central Bank of Liberia. A program for reviewing all concessions, contracts, and licenses granted under the previous transitional government (a benchmark for end-April) was approved by the steering committee of the GEMAP in May 2006. In addition, substantial progress has been made in developing a national anti-corruption strategy. A draft anti-corruption policy paper that lays out the main elements of an anti-corruption strategy has been completed and is being reviewed in consultation with donors. The government has also implemented a number of anti-corruption measures, including requiring incoming ministers to declare their assets, drafting a code of conduct for the civil service, publishing an ECOWAS audit of the previous government, and preparing for judicial action against officials named in that audit.

Liberia submitted a balanced budget proposal for the 2006/07 fiscal year to the legislature, which was approved in August of 2006. It has also committed to implement a balanced cash-based budget and avoid the accumulation of further domestic arrears. In order to do so, it has strengthened the role of the Cash Management Committee, a crucial element of our commitment control system. This has been achieved by ensuring that the Bureau of the Budget does not make allotments that exceed revenues and that line ministries do not make commitments that exceed their allotments. We have also made a public announcement that, to be valid, all government purchase orders must be stamped with a special seal from the Bureau of General Accounting.

Country has made efforts towards broadening and deepening its tax base. It has initiated more comprehensive implementation of pre-shipment inspections of all imports and exports, a strengthening of the large tax payer unit, and the elimination of non-cash methods for the settlement of tax obligations. It has also developed a strategy to deal with overdue tax obligations, which entailed the identification of businesses with overdue obligations, the amounts involved, the period covered, and reasons for delayed settlement.

## **5 COUNTRY LED PARTNERSHIP**

### **5.1 Aid Delivery in a Post-Conflict Nation**

Donor agencies have adopted special procedures to assist operational departments and country directors in formulating and implementing programmes in conflict-affected countries. Collecting information is an important part of the process. Studying the conflict assists in developing sensitivity, and strengthening knowledge generation, best practices capacity and peacekeeping missions worldwide. Areas of emphasis in a post-conflict context include education, international governance of trade in primary commodities, community-driven development, best practices in needs assessments and the use of multi-donor trust funds.

War has complicated for Liberia what are already challenging issues for developing countries; debt and development. The task for Liberia following the civil and regional wars was to normalize relations with multilateral donors. This generally requires the following steps:

1. The indebted country must form an internationally recognised government, which would thus articulate a functioning voice in the aid management process.
2. The government must establish the political will domestically to normalize relations and build capacity for debt management. With a democratically elected parliament and government in Liberia now, there is hope that efficient guidelines will be put in place to better manage future loans. The best guarantee for success will be to create conditions that will enable civil society and Parliament to interact in order to control and manage how future debts will be used.
3. The country should undertake debt reconciliation to establish the actual level of debt, its nature, and the lenders of the outstanding stock of external debt. It is estimated that the country's debt stock is approximately \$3 billion, 600% of GDP, most of it being arrears. The verification of the stock of the government's domestic debt is a challenging task. Liberia has appointed an inter-ministerial vetting committee to verify smaller claims and selected, through international tender, an external auditor to verify the larger claims.
4. The country has to re-establish relations with international financial institutions like the IMF in the hopes of rebuilding confidence. Liberia has re-established communication with donors. In February of 2007, there was a Partner Forum held in the US in order to review the progress made by the GoL, give feedback on the I-PRSP, and to discuss Liberia's financing needs.
5. The government must develop a national debt management policy and implement it with its partners, and then enter into debt relief negotiations with its donors. Donors have not come up with clear assistance strategy, very likely preferring to see GOL's move in shaping up the economic, political and social framework under which it will operate. Because of this, it will be premature to discuss meaningfully the strategy of donor assistance at this stage. However, some observations concerning the orientation of certain

donor assistance are discussed below based on general information available on this subject.

## **5.2 Multilateral Donors**

The World Bank (WB) and the International Monetary Fund (IMF) are now holding policy related discussions with GoL, and are keen to assist in mapping out the way forward on this subject. The current WB support to the country aims at reducing the emergency-induced stress, with most of its assistance directed towards improvements in infrastructure. Among the most recent grants and loans:

- An IDA grant of US\$5 million was announced in June 2007 to support of the Second Community Empowerment Project, which aims to improve poor rural communities' access to basic services. The European Union has also pledged Euro8.5 million to the project.
- Another in November 2006 of \$8.5 million for infrastructural regeneration focusing on the critical areas of the international airport and the Port of Monrovia.
- Another in October 2006 of \$16.5 million, which is meant to be directed towards both rural roads and urban infrastructure.
- Another in June 2006 of US\$30 million, which is an emergency grant with a focus on expanding water supply services.

## **5.3 Bilateral Donors**

Most of the bilateral donors are financing the emergency programme, primarily through the specialized UN agencies or non-governmental organizations (NGOs). The UN Development Assistance Framework is an agreement signed in May 2007. It is a coordinated joint UN agency response to the articulated national priorities. The agencies and the GoL are meant to engage in joint programming in the areas of health, food security, and youth and gender issues.

Traditional bilateral donors, such as the United States, have agreed to cancel its debt, provided the country begins the HIPC process, beginning with the formulation of the PRSP. The United States Agency for International Development (USAID) is the largest single bilateral donor in Liberia. For the past two years, it has been involved in providing crucial assistance under its community revitalization and reintegration strategic objective, which aimed at enhancing good governance and the peace process, as well as creating economic and social conditions for the reintegration of people within their communities and rehabilitating infrastructure. In 2006, this support was on the scale of US\$85 million towards the re-integration efforts.

Other important bilateral donors currently involved in relief efforts include Denmark, Sweden, Norway, the Netherlands, Ireland, Spain, France and Italy. The People's Democratic Republic of China is also an important bilateral donor, and is currently involved in the supply of farm tools and equipment to farmers, and proposes to provide technical assistance by assigning specialized personnel to teach the Liberian farming communities. It also intends to facilitate Chinese private sector investment in the agricultural sector.

## 6 RESULTS ORIENTATION

At a higher level when a sovereign realizes his inability to exclusively achieve established objective he normally would appeal for assistance from bilateral or multilateral sources. One of the important factors that appeal to donors is often the purpose or the end result for the assistance. This act of whatever type is associated with a purpose and it is these purposes which beneficiaries including donors want to see delivered or provided in a way as to effect the desirable change or improvement of a particular situation.

The anticipated objective may not be achieved because of the way development assistance is managed by donors and recipient countries. The Paris Declaration on Aid effectiveness which defines results orientation as a process of “managing and implementing aid in a way that focuses on the desired results and the use of information to improve decision-making” outlines a number of steps which it believes would remove the factors responsible for the poor results of development assistance and enhance its effectiveness. To this end, it proposes, and of relevance to the Liberian situation, the following:

- Strengthening the linkages between national development strategies and annual and multi-annual budget process; and
- Endeavor to establish results oriented reporting and assessment frameworks that monitors program against key dimensions of the national and sector development strategies and that these frameworks should track a manageable number of indicators for which data are cost effectively available.

The declaration further spells out principles to which donors must be committed to:

- Link country program and resources to results and align them with effective partner country performance assessment framework, refraining from requesting the introduction of performance indicator of performance that is consistent with pauper national strategies;
- Work with partner countries to rely, as far as possible on partner Countries’ result-oriented reporting and monitoring frameworks;
- Harmonize their monitoring and reporting requirements, and, until they can rely more extensively on partner countries to the maximum extent possible on joint formats for periodic meetings.

Unlike previous Liberian Government regimes, the Ellen Johnson-Sirleaf administration wants to be judged by its capacity to deliver. It has, therefore, published on two occasions what it considered “deliverables” which it sets itself to achieve. There is no doubt however, with the level of involvement of the international community in every economic decision making body results will be achieved from the various projects and program they support. What one cannot be sure of, however, is whether the results will effect the desirable socio-economic improvements in the lives of the people.

The lack of confidence and the subsequent channeling of aid through NGOs during the Taylor and particularly the Bryant regime using the RFTF as a basis for funding as opposed to direct budget support created a major problem: Firstly, although funds were released to NGOs based on the reconstruction program and the RFTF, NGOs did not feel and were not accountable to

government. Secondly, the behavior of both the donors and NGOs suggested a parallel management of development activities. Thirdly, in spite of its presence at the Ministry of Planning and Economic Affairs, the RFTF Implementation Committee (RIMCO), “operated independently and lacked the desired capacity and institutional strength to effectively track down support as well as oversee implementation, monitoring and evaluation and evaluation,” fourthly, “the Ministry of finance was also prevented from playing a substantial role in the administration of the funds.”

In May 2005 a meeting for the purpose of reviewing the RFTF was held in Copenhagen and on the basis of performance recommended the reduction of the ten original guiding clusters to six. The six clusters were security, Governance and the role of law, Management and coordination, social development and community revitalization. According to the final report of the RFTF covering the period of January 2004 to March 2006 it shows the following sectoral support for the six sectors.

**Table 6.1 Donor Support to the RFTF**

| <b>CLUSTER</b>   | <b>PLEDGES</b>           | <b>CONTRIBUTIONS</b>   | <b>DISBURSEMENT</b> |
|--|--------------------------|------------------------|---------------------|
| Security   | US\$48,734,372           | US\$14,734,967         | US\$14,734,967      |
| Governance and<br>The role of Law                        | 110,042,376              | 80,9621,471            | 53,149,405          |
| Elections  | 32,787,076               | 32,787,076             | 24,741,684          |
| Social<br>development<br>and community<br>revitalisation | 794,880,030              | 713,098,834            | 554,528,228         |
| Infrastructure   | 57,523,834               | 49,153,250             | 17,677,112          |
| Economic<br>Management<br>and<br>Coordination            | 55,679,805               | 55,679,805             | 27,207,519          |
|  | <b>US\$1,099,648,084</b> | <b>US\$946,416,402</b> | <b>692,038,915</b>  |

On 2006 May the Ministry of Planning & Economic Affairs collaboration with the UNDP mounted a partner profile for the purpose of capturing the total amount of assistance to the RFTF during the period 2004-2006. It also requested for information on contributions that donors would make in 2007. The following tables contain figures that were provided by donors in the questionnaires used to obtain the information indicated below.



**Table 6.2 Donor Assistance Captured in Partner Profile Questionnaires**

| NO. | DONOR        | 2004               | 2005               | 2006               | 2007               | TOTAL                |
|-----|--------------|--------------------|--------------------|--------------------|--------------------|----------------------|
| 1   | ADB          | 500,000            |                    | 145,000            | 3,600,000          | 4,245,000            |
| 2   | CANADA       |                    | 737,552            | 0                  | 0                  | 739,552              |
| 3   | DANEMERK     | 2,100,000          | 1,800,000          | 1,000,000          | 1,500,000          | 7,000,000            |
| 4   | ECHO         | 15,941,497         | 23,595,908         | 21,180,000         | 0                  | 60,717,405           |
| 5   | Germany      | 4,480,000          | 12,960,000         | 7,790,000          | 4,900,000          | 30,130,000           |
| 6   | GFTAM        | 5,061,000          | 9,160,511          | 8,970,000          | 0                  | 23,192,099           |
| 7   | Irish AID    | 2,257,587          | 3,674,977          | 5,623,988          | 0                  | 11,550,522           |
| 8   | Japan        | 11,940,000         | 8,850,000          | 0                  | 0                  | 20,790,000           |
| 9   | OSI          | 0                  | 0                  | 1,000,000          | 0                  | 1,000,000            |
| 10  | OTI          | 10,500,000         | 1,500,000          | 4,500,000          | 7,000,000          | 23,500,000           |
| 11  | Spain        | 0                  | 145,955            | 0                  | 0                  | 145,985              |
| 12  | Sweden       | 12,703,804         | 14,500,000         | 14,000,000         | 0                  | 41,203,804           |
| 13  | Switzerland  | 2,950,000          | 2,850,000          | 5,500,000          | 5,500,000          | 16,800,000           |
| 14  | U.S.A        | 236,118,000        | 130,761,000        | 199,213,000        | 89,945,000         | 656,036,500          |
| 15  | UNDP         | 6,602,463          | 3,224,124          | 7,700,000          | 0                  | 14,526,587           |
| 16  | UNEP         | 200,000            | 200,000            | 300,000            | 300,000            | 11,000,000           |
| 17  | UNESCO       | 0                  | 1,050,000          | 0                  | 0                  | 1,050,000            |
| 18  | UNFAO        | 307,900            | 0                  | 801,000            | 0                  | 1,108,000            |
| 19  | UNHCR        | 11,474,204         | 16,610,800         | 11,854,962         | 0                  | 39,939,956           |
| 20  | WFP          | 36,000,00          | 45,400,000         | 50,000,000         | 33,000,000         | 163,400,000          |
| 21  | WHO          | 4,500,000          | 3,271,000          | 2,715,000          | 2,715,000          | 13,201,488           |
| 22  | WORLD BANK   | 1,900,000          | 15,500,000         | 67,800,000         | 0                  | 85,200,000           |
|     | <b>TOTAL</b> | <b>363,530,455</b> | <b>295,744,345</b> | <b>407,692,998</b> | <b>148,460,000</b> | <b>1,216,417,798</b> |

The information obtained from donors as indicated in the table certainly shows discrepancies and therefore need to be reconciled. The official explanation for these discrepancies is attributed to the nature and way in which assistance is channel. It is, however, not sufficient to explain irreconciliation away as it is done on such important matter with out suggesting specific official institutional measures that have been set in motion to develop an effective and efficient aid coordination mechanism particularly at the Ministries of Planning and Finance.

Development activities either funded by donors' funds or by domestic resources are expected to produce desirable results. Hence, results are often both a function of donors and recipient countries. Or are they not? The nature of the results or perhaps the appropriateness of the kind of results that development assistance provide may be a function of foreign objectives which development advocacy and practitioners may never be able to influence in the foreseeable future.

There is no evidence of an exit strategy in reducing its dependency on aid with respect to future national planning initiatives. It is rather concerned with the revival of the economy, rebuilding the devastated infrastructure, and the provision of basic social services such as schools health services to the extent that development assistance will be needed to perhaps the next three decade unless some economic financial miracle occur.

## 7 CONCLUSIONS AND RECOMMENDATIONS

### 7.1 Conclusion

Liberia's backwardness and we chose "backwardness" deliberately, because it is believed that the backwardness of the country is intentional since Liberia does not need to rely on external assistance to carry on the necessary development and improvement of the country and its people but "it remains an underdeveloped country for rather special reasons unlike most other African countries. Liberia is capable of financing extremely ambitious program of economic development from domestic resources" (Clower, Et all, 1966). Notwithstanding Liberia's external debt stood at approximately three billion United States Dollars before the civil crisis. The question that then comes to mind is:

1. What went wrong with the capacity of the Country to be able to exclusively finance her development?
2. Where did all the resources go?

"The underlying difficulty is that the transitional leaders of Liberia have not permitted those changes necessary to develop the society and its economy". (Clower Et al, 1966)

Liberians do not have any sense of nationalism and therefore a love for the country. It seems that successive Liberian Government leadership often has misplaced loyalty – loyalty found for different countries and cultures.

It is against this background that one needs to construe the persistent inactivity and dormancy of the National Planning Council which under normal situation would be expected to define the development focus and agenda for the country. It would conduct itself in a way as to ensure national ownership of development programs.

The current situation in the country makes it even most difficult as the country is being subjected to what observers consider a "disguise receivership". Although Government officials including the President sit in major economic decision-making bodies, donor representatives such as US Ambassador are also members and because they exercise immense influence it is highly probable that decisions can hardly be made without donors' arm twisting and assertive conditionality.

In fact, the recent completed Interim Poverty Reduction Strategy Paper (IPRSP) – a substitute to national development plan – was donor driven, if not imposed. It was written to satisfy the requirements of donors. It was done with haste and approbated in New York with minimum involvement or participation of the Liberian society. It is argued that the ground work for more aid to Liberia was laid.

The IPRSP proposes to focus on four thematic areas or pillars on which it is claimed that the program rest. A set of inter-related sectors/clusters are placed under each pillar. It is at these pillars and clusters levels civil society organizations (CSOs) are allowed to participate. The reality of the situation, however, is that most CSOs would have preferred an extensive and deeper involvement commencing from the formation or conception of the IPRSP rather than at the pillar or cluster levels.

Neither are CSOs involved in the budgetary process. The bureau of the budget is answerable to the Ministry of Finance. It does its work with the cooperation of a budget committee consisting of the Ministries of Finance, Planning and State for presidential Affairs. It also includes the General Services Agency. The committee is chaired by the Ministry of Finance, while the Bureau of the Budget serves as the secretariat.

The responsibility of the committee is to review all draft budgets. It also informs the various ministries and agencies of government about budget ceiling that is set based on revenue forecast. Because the principal actors in the budget formulation process are agencies of government, the whole process is seen exclusively as a government prerogative. Others even content that to involve CSOs will complicate the matter more due to their seeming lack of understanding and appreciation of the workings of the government. Additionally it is said that CSOs do not have national leadership and as a result they operate independently without an umbrella national leadership. Thus, each of them may want to be represented at the budget formulation process. This could also be a nightmare. Unless they conduct themselves for the better, CSOs' participation in the budgetary process could be realized within the next decade.

At no time, in the history of the country, has it experienced an astronomical rise in foreign assistance and foreign direct investment as was in the Tubman Administration (1944 – 1970) and the Samuel K. Doe Era (1980 – 1990), respectively.

Millions of dollars kept flowing, particularly, during the Tubman Administration and the Doe Administration at a time of unprecedented corruption and misrule, Tubman became President in the 1940s during the cold war and competition between the two ideological blocs was fierce to the extent that the West was always willing to dish out money to regimes which it saw as its ally and with an anti-communist/socialist agenda. Tubman in Liberia became an anti-communist crusader and therefore the “Curly Hair Boys” of the Americans, in spite of his twenty-seven years of misrule, corruption and governance of exclusion.

Doe who came to power in a military coup also took up the anti-communist crusade and therefore became a natural ally of the West. It is even said that the Doe regime benefited from more assistance than any Liberian regime before his.

The relationship however, became sour with the West, particularly, the Americans and the Doe Government, as was reflected in the gradual decline in aid and the subsequent imposition of conditional ties, prominent of which is the Brook Amendments. The Brook Amendment is an Act which essentially bars countries who default on U.S. debt from receiving U.S. aid. The Doe Administration defaulted and a decline in U.S. aid was initiated.

Also during the Taylor years, virtually every assistance was tied to some conditions including funds raised at the Donors Pledging Conference held both at Paris and New York. The Ellen Johnson Sirleaf Government has yet to receive direct budget support. In spite of the euphoric support which greeted her ascendancy to the presidency, pledges of development assistance are not forthcoming as expected and this is becoming of concern to the government.

The attempt to make aid effective by advocacy groups development practitioners and recipient countries could continue to be an academic exercise if the political context and the foreign policy objectives of donors and powerful countries are not fully understood and minimized. My experience seems to suggest that the foreign policy objectives i.e., political, military, etc. in most cases over ride the publicly known objectives of trying to improve the social and economic situation of recipient countries for which it is claimed aid is given.

## **7.2 Recommendations**

It seems to be that the way development assistance is managed by both donors and recipient countries is influenced by political objectives, in most instances. If aid is provided to achieve political ends, then the overtly stated social and economic objective, for the granting of aid is not a priority to donors. Aware, politicians in recipient countries preys upon the aid knowing fully well that they may never be held accountable. The following, therefore, constitute this paper's recommendations:

1. To make aid effective the political objectives of donors countries must fully be understood as they certainly affect the end results of aid;
2. Build the capacity of government agencies responsible for economic cooperation, so that they know aid policies of donors and enhance their negotiating capabilities;
3. NGOs must be made truly transparent since most donors prefer them over and above the management and implementation of donor assistance;
4. Budget support of aid recipient countries has to be examined. It provides corrupt and visionless leaders resources to siphon off; and
5. Efforts to deal with the effectiveness of aid should not be treated as yet another set of academic debates saturated with impracticable concepts that could add to another set of academic clichés.

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