

Post-War Reconstruction in Liberia: The Governance and Economic Management Assistance Program (GEMAP)

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The signing of the Accra Comprehensive Peace Accord (ACPA) and the subsequent departure of Charles Taylor ended the civil war in Liberia between the Government of Liberia (GOL,) and the two rebel factions – Liberia United for Reconciliation and Democracy (LURD) and the Movement for Democracy in Liberia (MODEL.) With this end to open large scale violence, Liberia began its difficult journey towards durable peace. This paper considers the challenges of economic reconstruction amidst rampant corruption in Liberia's post-war environment from 2003 to 2006. Specifically, this paper will focus on several of the Governance and Economic Management Assistance Program's (GEMAP) most impactful provisions, and theorize how these initiatives might be applied to future post-conflict situations.

The discussion in the paper is structured as follows: it starts by locating this paper conceptually in some of the literature on corruption and economic reconstruction in post-conflict countries. From there, the paper discusses Liberia's post-war environment, the role of Liberia's first post-war transitional government in the early days of reconstruction and peace, and subsequent efforts of the new democratically elected Government and international partners to combat corruption through the Governance and Economic Management Assistance Program (GEMAP). The paper concludes with an examination of some of the features of GEMAP that promoted good economic governance and their applicability in other settings.

From Civil War to Reconstruction: International Patterns and Liberia

For a number of years now, corruption² has been identified within the literature on post-conflict reconstruction as problematic. Corruption in this paper can be classified as either of the 'grand' kind, such as public mis-procurements or non-transparent and uncompetitive privatization processes, or of the 'petty' kind, such as what can typify the day to day rent-seeking of bureaucrats within government bodies. Central to most understandings on the subject, corruption is problematic (for all countries) because it is a hindrance to economic growth. As shown in empirical studies, corruption is negatively correlated to per capita GDP, inward flows of foreign direct investment, and the quality of legal systems (Hooper and Kim 2007; Jain 2001; Lambsdorff 1999)³.

Corruption is by no means unique to post-conflict countries, but countries recovering from conflict, where state institutions have been severely weakened or have collapsed or where

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² In this paper we follow a generally accepted definition of corruption as the use of public resources or public position for private gain.

³ Hooper and Kim also find that in some cases FDI flow *increases* are associated with greater opacity in accounting and regulatory rules, suggesting some firms may be attracted to the possibility of higher profits from unofficial channels of investment.

corruption is a blockage to reconstruction and peace, are perhaps especially vulnerable. Numerous examples exist of how rife corruption is in post-war reconstruction periods, such as has been observed in Cambodia, Lebanon, Angola, Sierra Leone, Bosnia, Iraq, and as discussed further below, Liberia (Large 2004; DeVine 2004). Corruption as a feature of countries recovering from conflict becomes integral to reconstruction efforts when functioning as a root cause of a conflict or as a key factor perpetuating the war economy of a conflict. Corruption of the petty kind can stimulate a sense of grievance at the microlevel of communities, such as in blocked access to economic, political, or even education opportunities, or when exploitation in social relations erodes the linkage between ability, hard work, and reward (Large 2004, quoting Richards 2003). Corruption of the grand kind can contribute to conflict when competition for control of resource extraction industries through state apparatuses by aspiring elites fails. Factions may perceive the opportunity of resource capture or creating a monopoly through violence as an attractive alternative for achieving their economic goals (Le Billon 2003; Collier 2000). Within the context of reconstruction efforts, corruption is perhaps best viewed as symptomatic of the institutional failures or underlying opportunism of ‘conflict entrepreneurs’, and not as the disease itself. This is important to reconstruction efforts that must address the exceptional circumstances of the causes of conflict, where barriers to economic growth take a particularly salient quality.

It is widely acknowledged that the majority of violent conflicts⁴ world-wide since the end of the Cold War have been within states rather than between states. Approximately 90% of the casualties in civil conflicts are women and children (Gantzel 1997; UNDP 1994). Recent literature on contemporary violent conflict and war reject notions of conflict as a regressive collapse into chaos driven by mechanistic forces. Instead, while violent conflict and war have definite discoverable causes, they are viewed as organic processes involving a range of players who constitute new and competing arrangements of power, legitimacy, and livelihood. These players include governments, rebel groups, local warlords and strongmen, ethnic groups, and criminal organizations, as well as donors, NGOs, private companies, and private security forces. Market deregulation, structural adjustment programs, and foreign aid have created a context in which governments, rebel or militia groups, criminal, and terrorist networks can control aid, populations, territories, resources, and illicit trade for profitable ends. Violent conflict often involves attrition, terror, and human rights abuses against civilians. Violence is frequently carried out by the youngest members of a population, facilitated at times by the media (e.g. Kellow and Steeves 1999) and an abundant and accessible supply of small arms. In these contexts of conflict, power and legitimacy is based on violent control rather than popular consent (Macrae 2002; Duffield 2001; Kaldor 1999; Holsti 1996).

Liberia’s civil conflict exemplifies the type of post-Cold War internal conflicts described above. Established as a republic by freed U.S. slaves in 1847, Liberia’s government was dominated by Americo-Liberian descendents of the original settlers through the True Whig Party. In 1980, Samuel Doe staged a successful *coup d’etat* that ended 133 years of de facto one party rule by Americo-Liberians. While Liberia did not develop significantly outside of the capital Monrovia, the Doe regime of the 1980s worsened conditions in the country. Under Doe’s

⁴ Though the term can have a wider meaning, conflict in this proposal is defined as i) political violence, ii) ethnic violence, and iii) civil conflict. Synonyms of this last definition used in this proposal include ‘internal conflict’, ‘armed conflict’, or ‘violent conflict’.

administration, the favoritism of the Krahn ethnic group in combination of human rights abuses and worsening corruption led to growing dissatisfaction among the majority of Liberians. Liberia's civil war began in 1989 as a purportedly revolutionary war, but degenerated into a brutal conflict where extremes of predation and violence, economic warlordism, and multiple factions emerged in a condition of chaos. Although a brief peace prevailed after the 1997 special elections that brought Charles Taylor to power out of fear of further war, fighting eventually resumed until 2003.

The lasting effects of Liberia's post-war devastation were large. Approximately 450,000 Liberians were displaced as refugees or IDPs, and an additional 103,019 Liberians registered with the UN as combatants, including 11,282 child combatants⁵. The health and education sectors were devastated as facilities were destroyed and staff killed or displaced. The under-five infant mortality rate was estimated as one of the highest in the world, at 196 per 1000 live births. Maternal mortality was likewise one of the highest in the world at an estimated 578 per 100,000 live births. The national literacy rate was thought to be 37% and net primary enrolment was around 35%. The widespread destruction of homes and public facilities meant that electricity and water utilities were essentially non-functioning through-out the country. GDP contracted by 30% in 2003, and per capita GDP in 2004 was approximately US\$116 (IMF 2005). Over 85% of Liberia's estimated 3.5 million people were unemployed. Equally devastating was the history of mismanagement of government services that will require systemic reform to improve performance and restore public trust.

Consistent with the rise in the number and intensity of civil conflicts since the end of the Cold War, post-war reconstruction of failed states has developed during this period into a sophisticated and complex industry (Paris 1997)⁶. The contemporary menu of reconstruction assistance (separate from humanitarian assistance) through UN, bilateral, multilateral, NGO, and reconstituted national government activities includes reforms in the security sector (e.g. DDR processes; reforming and training the military, police, and intelligence services; restoration and training of the judicial branch), in the political system (e.g. drafting a new constitution; drafting new laws; elections support; parliamentary strengthening; support for civil society and the media as facets of a functioning democracy), and in the economy (e.g. restoration and training for the macroeconomic and public finance system; support for the resumption of private sector and market activity) to name but a few (Ottaway 2002).

Liberia is no less an example of this range of reconstruction efforts by the international community, and will likely continue with this support for a number of years to come. At present, Liberia hosts a 15,000 strong UN peacekeeping mission (United Nations Mission in Liberia – UNMIL) that is maintaining security. The international community has spent approximately US\$ 4.2 billion between 2003 and 2006, in part implemented through approximately 130 INGOs and 390 NGOs⁷ working in nearly all sectors. Central to the reconstruction efforts in Liberia of the

⁵ National Commission on Disarmament, Demobilization, Rehabilitation and Reintegration (NCDDRR) and UNMIL. Fortnightly DDRR Consolidated Report for Phases 1, 2 & 3. Status of Disarmament and Demobilization Activities as at 1/16/2005.

⁶ Paris in his article refers to some of the substantial literature on post-war reconstruction that had already developed by the late 1990s. This literature has not diminished since his article.

⁷ Information obtained March 13, 2007 from

http://www.humanitarianinfo.org/Liberia/coordination/contacts/docs/Contact%20List_20060606_Today.pdf

last four years has been economic reforms that address the failures of public institutions to stem corruption. As noted above, corruption is a root cause of Liberia's recent conflict, and bringing corruption under control is key to facilitating longer term economic growth that will, along with the range of reconstruction interventions currently under implementation, help consolidate a lasting peace.

Liberia is no less an example of this range of reconstruction efforts by the international community, and will likely continue with this support for a number of years to come. Central to the reconstruction efforts in Liberia of the last four years has been economic reforms that address the failures of public institutions to stem corruption. As noted above, corruption is a root cause of Liberia's recent conflict, and bringing corruption under control is key to facilitating longer term economic growth that will, along with the range of reconstruction interventions currently under implementation, help consolidate a lasting peace.

The Failure of Good Governance in Liberia's Post-War Environment

First Attempts to Start Economic Reforms

Charles Taylor left Liberia in August 11, 2003, and after a brief administration by Vice President Moses Blah, rule was turned over to the National Transitional Government of Liberia (NTGL) on October 14, 2003. According to the terms of the Accra Comprehensive Peace Accord (ACPA,) each of the factions – GOL, LURD and MODEL – were allocated a share of the leadership positions in Ministries, Agencies, State Owned Enterprises (SOEs), and the National Transitional Legislative Assembly. Civil Society was also allocated a small number of positions. This power-sharing arrangement insured broad representation of all factions across the government.

The NTGL took over a deeply troubled government system. Decades of mismanagement of public resources had eroded most institutional controls, while Taylor's kleptocratic rule had further reduced the country to his personal possession. In particular, Liberia's forests were exploited in "arms for timber sales", for which the UN Security Council imposed sanctions banning the export of timber (in addition to diamonds) and the import of weapons. In a condition of such decay, the public service was demoralized, low in capacity, and riddled with corruption. As rebel factions gained ground, Taylor's government increasingly directed expenditures towards military ends at the cost of civil servant salaries. Liberia's civil servants increased their rent seeking activities in government processes in order to extract a living wage. As a matter of entitlement, key officials in revenue generating entities became wealthy through graft and theft of revenue. As a result, the national budget contracted from \$300 million in 1980 to US\$48 million in 2003. Relations with International Financial Institutions were poor and deteriorating. Liberia was under UN sanctions on diamond and timber exports because those revenues had been instrumental in promoting conflict in the region. Given these challenges, in addition to the grave humanitarian challenges, the immediate focus of the NTGL and the International Community was on stabilizing the country, delivering emergency humanitarian assistance, empowering the NTGL and mobilizing the UN peacekeeping mission. Broad capacity within the government to execute responsible governance simply did not exist.

Economic Governance Concerns Rise to a Crisis Level

The NTGL demonstrated promising performance on economic governance during its first months in office. The IMF initially reported substantially improved relations after the NTGL took power in October 2003 and their 2004 Article IV consultation report was promising (IMF 2004). The NTGL took key first steps to boost revenue, restore an orderly budget process and address key governance issues. In November 2003 Bryant issued Executive Order No. 2 that designated the Ministry of Finance the central revenue authority, with all revenue to be deposited in the Central Bank. Bryant also supported the previous request by the IMF to allow audits of the Central Bank of Liberia, as well as key state owned revenue generating enterprises (the National Port Authority, Roberts International Airport, Bureau of Maritime Affairs, Liberia Petroleum refining Company and the Forestry Development Authority). The EC agreed to finance these audits, which were not intended to be forensic audits, but rather to focus on operational and accounting systems and procedures. These steps were impressive signs considering the manifold challenges the NTGL faced, and some hoped that continued reforms would allow Liberia to progress to an IMF Staff Monitored Program in 2005.

By early 2005, it became increasingly clear that such optimism was unfounded. While considerable progress had been made on the security and humanitarian fronts, the economic situation was stagnant or even regressive. A number of factors combined to draw attention to Liberia's failures of economic governance. Contracts and concessions were a primary concern, with a number of contracts signed that did not seem to be in the national interest. One example was a contract signed with a Chinese company for the disposal of state assets at excessively lopsided prices, the most notable being the disposal of scrap iron ore at deeply discounted prices. A further example was a contract with a company called WAMCO, which granted the company the exclusive rights to all minerals from roughly 1/3 of the country (with an option for the remainder). The NTGL initially denied that this contract was signed, but it was later exposed and ultimately annulled.

The EC audits collectively revealed a composite picture of gross systemic, procedural, and human resource incapacity in a context of irregular operating conditions due to the conflict, but most alarmingly, due to lack of information and documentation prior to October 2003, was forced to focus on the period from October 2003 onwards – thereby highlighting large scale mismanagement and abuse of financial resources during the NTGL period itself. In addition to the loss of talented staff, almost all records were claimed to be unavailable (looted or destroyed). This context created a ripe opportunity for massive systemic mismanagement and corruption, a complex relationship that resulted in institutional deficiencies that made it difficult for auditors to render opinions on the financial records.

In addition to the EC funded audits, ECOWAS dispatched a corruption investigation team, but faced its own frustrations by the repeated stonewalling by the NTGL. The ECOWAS investigators were enjoined through a suit by the Liberian Institute of Chartered Accountants which claimed that auditing the government was the sole prerogative of Liberian auditing agencies. This suit initially prevailed, despite the fact that the ECOWAS team was performing criminal investigations, not financial audits. The lawsuit was resolved after several weeks delay.

Even with this obstacle cleared, the ECOWAS investigators reported a significant lack of cooperation from members of the NTGL.

The IMF added to these reports and efforts with its own assessment, crystallizing many of the concerns of the international community. As reflected in the ongoing audit and investigative work, their 2005 Article IV consultation review observed that the initially strong pace of progress had weakened. They cited deficit spending at the Central Bank of Liberia, low donor confidence in Liberia's key economic institutions, slow donor disbursements due to low confidence in Liberian institutions, uneven support for reform by the factions, buildup of sizable domestic arrears in 2004, slow implementation of and lack of oversight over the contract with BIVAC for customs pre-shipment inspection, excessive import duty exemptions, poor functioning of the cash-management committee established to discipline government spending, and a lack of progress in meeting the conditions necessary for the lifting sanctions on diamond and timber exports. The IMF also cited concerns with sales of scrap iron ore, abuse of foreign travel, and other governance deficiencies requiring immediate attention. The IMF noted that strengthening economic governance was indispensable for Liberia's medium-term recovery.

Civil society and individual actors also reported specific incidents of corruption, and they were often as frustrated as the international community about the lack of accountability. There was also considerable anecdotal evidence that the culture of corruption was strong throughout the transitional period. In fact, the last six months of the NTGL was known within government as 'rush hour' - the last chance for transitional officials to reap their fortunes.

A Constrained Executive

Chairman Gyude Bryant's ability to take action against corruption within his government was constrained by structural factors. The ACPA granted him the power of Chairman, rather than President, and his ability to remove a Minister or Managing Director for corruption or incompetence was subject to debate. However, as Bryant's power grew with the wane of the influence and cohesiveness of the factional alliances, he suspended both the former Managing Director and the Deputy Director of the National Social Security Corporation (NASCORP) in mid-2005. But this was an isolated action against a marginal actor and possibly taken in response to intense international pressure to take action on corruption.

Bryant also faced practical limitations to acting against corruption. The ACPA specifically prohibited the Chairman and Ministers from running for office in the 2005 election. Therefore, Bryant and his administration had no incentive to vigorously pursue corruption, and moreover feared security threats. Knowing they would not be able to return to lucrative positions within the next government, many officials of the NTGL administration (including in the legislative assembly)⁸ took advantage of their limited time to loot. The still tenuous security situation meant that strong action against a faction leader could invite personal retribution, or provoke a response that threatened the security of the nation. This threat was highlighted in April 2005, when Speaker of the House and LURD commander George Dweh was indefinitely suspended by the NTLA after he was accused of diverting US\$ 92,000 of legislative member salaries and

⁸ Most infamously, nearly all vehicles assigned to NTLA member offices by the government 'disappeared' at the close of the NTLA term of office, a large scale theft by members that was to the public an open secret.

allowances. The suspension provoked several melees at the Capitol Building, and UNMIL went on high alert after a group of ex-rebel generals wrote a threatening letter supporting Dweh. Members of Dweh's tribe, the Krahn, also threatened to expose Gyude Bryant for corruption as retaliation for the suspension. The situation was only de-fused after ECOWAS agreed to send in a team of corruption investigators to investigate all of the charges.⁹

Nonetheless, given how Bryant's influence within his own administration as executive head steadily grew as former factions diminished in power and UN security took tighter hold on the country, Bryant clearly chose not to act within his structural limits and test the practical constraints he faced with attempts at reforms. By early 2005, there was a growing consensus among international partners that, unless something was done, the NTGL would saddle the future elected government with considerable domestic debt, a large number of concessions and contracts outside the public interest, and a system of economic governance designed to benefit the few rather than govern responsibly for the many.

Enabling the Executive to Push a Reform Agenda: The Emergence of GEMAP

The International Community's Response

In May 2005, the international community organized a one day meeting in Copenhagen at the tail end of a scheduled donor coordination conference on the RFTF to discuss possible solutions to Liberia's deficiencies in economic governance. The USG, EC, IMF and World Bank (the primary donors in Liberia,) circulated a short proposal of options for donor intervention and assistance drawn from models implemented elsewhere in the world. The international partners agreed that Liberia's deficiencies in economic governance had been a key contributor to the 14 year civil war, and that continued inattention to the issue was a long-term risk to the peace process and on-going or planned donor assistance. The conference concluded with unanimity that a new plan had to be developed, and the details were assigned to a technical drafting team for development.. Crucial to future acceptance of the GEMAP was the fact that other donor partners were present at this meeting – ECOWAS, Ghana, Nigeria and several European bilateral donors, as well as the UN – represented by both UNMIL and UNDP

Over a period of four months following the conference, the initial plan went through a number of drafts, all of which were the subject of intense debate and resistance from the NTGL¹⁰. After considerable pressure on Bryant from the international partners, the NTGL and the International Contact Group on Liberia (ICGL)¹¹ signed the Governance and Economic Management Assistance Program (GEMAP) on September 9, 2005. GEMAP's provisions target key points along the length of the revenue stream, from revenue capture to auditing, in an attempt to bring greater control over the country's public finances, as follows:

⁹ Interestingly, the ECOWAS investigation report spent a considerable period of time 'being translated' and was not available to President Sirleaf when she took office in January 2006, over 6 months after the investigators departed Liberia. Sirleaf insisted on access to the report, and it now forms the basis for a number of prosecutions of NTGL officials.

¹⁰ The intricacies of developing and negotiating GEMAP are explored in detail in (Dwan and Bailey 2006).

¹¹ Consisting of the United States, European Commission, Ghana, Nigeria, France, UK, Germany, Sweden, African Union, World Bank and ECOWAS.

- Securing Liberia's Revenue Base – Protecting the funds flowing into the government accounts from key revenue-generating institutions, as well as customs charges, fees, and taxes, through the establishment of transparent and accountable financial systems and procedures, building capacity, and reinforcing transparency with internationally recruited technical assistance and oversight.
- Improving Budgeting and Expenditure Management – Strengthening and clarifying the budget formulation and execution procedures well as the financial management processes of Liberian government expenditure by building capacity, putting clear and robust procedures and systems in place, and making information on the budget and spending publicly available.
- Improving Procurement Practices and Granting of Concessions – Ensuring that all government procurement, concessions, contracts, and licensing are undertaken openly, transparently, and according to international standards, so that the people of Liberia get the best value for their money.
- Establishing Processes to Control Corruption – Putting mechanisms in place to detect and prevent corruption in both the public and private sector.
- Supporting Key Institutions of Government – Strengthening of institutions that are key to promoting and sustaining accountable government and good financial management, such as the General Auditing Commission, the General Services Agency, the Governance Reform Commission, and the Public Procurement and Concessions Commission.
- Capacity Building – Building capacity of Liberian institutions and professionals to make good governance reforms permanent and sustainable.

The institutional elements of GEMAP are structured as a steering committee called the Economic Governance Steering Committee (EGSC) and a corresponding technical team. The EGSC is chaired by the President and is comprised of representatives of those Government ministries and agencies, as well as the main members of the international community, engaged in the GEMAP program. The technical team is similarly comprised, but chaired by the US Government. The modalities of implementation are worked out by the technical team, with the EGSC acting as final arbitrating and decision making body for courses of action.

Features of GEMAP: Strengths and Weaknesses

Political Will

GEMAP's proponents admit that, despite the intrusive, watchdog aspects of the program, it could not succeed without the political support of the Executive. The failed USAID-OPIX program of 1987 demonstrated that an uncooperative President could easily channel revenue around the experts. The international community had no recourse but to decrease aid and subsequently terminate the program. Faced with an uncooperative President, GEMAP would simply serve as a tripwire to inform the international community that the government was not cooperating on reform.

In the case of GEMAP, President Ellen Johnson Sirleaf has strongly supported the program from her first days in office, despite not openly endorsing GEMAP during the first round of Presidential elections.. In her inaugural speech in January 2006, President Sirleaf emphasized her commitment to governance reform and improved fiduciary management, but promised to “render GEMAP non-applicable in a reasonable period of time.” President Sirleaf and others within her administration may not like the particular arrangements of GEMAP, but she has defended the program as something consistent with her own reform agenda, indicating that Liberia’s particular situation, especially its severe capacity limitations, makes the program necessary in the short-term.

Sovereignty, the Incentives of Reform, and the Value of Oversight

GEMAP has faced significant criticism as an intrusion on Liberian sovereignty due to the co-signing aspects and the arbitration mechanism of the EGSC. The international community argued that the imposition is minor, especially since the executive retains control over all decisions of the EGSC.¹² In fact, GEMAP gives President Sirleaf an added tool for reform; the ability to resist the perpetuation of corrupt practices by civil servants and entrenched elements of the business community.

Chairman Bryant and President Sirleaf faced similar dilemmas: ‘How does one advance a pro-reform agenda when the very elements that constitute your power base may be adversely effected by those reforms?’ However, their circumstances are markedly different. Bryant faced pressure to cooperate with the factions, and cracking down on one of their representatives could have posed personal risk to himself. Bryant came from the business community, and alienating his peers might have made it difficult for him to return to that community once he left office. Bryant also was prohibited from contesting the Presidency by the ACPA, so cracking down on corruption would not build him a constituency which would prolong his term of office. Considering these choices, many rational actors would have focused on the more limited goals of maintaining the peace and ensuring that elections were held on time.

President Sirleaf faces different challenges and different incentives. Although she indicated during her campaign that she would only serve one term, she does have the legal option to run again. If she chose not to run, a successful presidency would enhance the fortunes of any successor from her party. Sirleaf’s support also stems from a different source. Where Bryant’s legitimacy came from the ACPA and the factions, Sirleaf’s key supporters are members of the Liberian business community. They provided financial and logistical support for her campaign, and continue to support her objectives.

The challenge is that some of these interests continue to be entrenched in the ‘old’ way of doing business- that is, single source deals, non-competitive bidding, kickbacks and similar mechanisms consistent with patronage systems of support. President Sirleaf’s challenge is to

¹² It is ironic that concerns about territorial sovereignty are raised with regard to the introduction of twenty-three co-signing financial experts, but not for the over 15,000 UN soldiers who are the providers of security, and the numerous NGOs who are the providers of health services in the face the Liberian states’ inability to provide such services for its citizens itself.

negotiate the trade-off between pushing forward the reforms that are necessary for legitimizing her rule through Liberian development and maintaining continued donor support, without alienating (or prosecuting) the very power base that supports her. GEMAP provides the Executive a political ‘excuse’ for enacting necessary reforms that may be adverse to her supporters’ interests. If the pressure for such reforms is seen as coming from the international community, President Sirleaf has political cover for enacting reform without taking direct blame. This is a delicate balancing act between differently aligned and often contradictory interests.

Impact on the Public and Private Behavior Regarding Corruption

The very existence of GEMAP itself, as well as the broad and high-level representation on the EGSC, has sent a strong signal to government and the Liberian people that economic governance concerns take a very high priority for the international community. After years of mismanagement and corruption, GEMAP provides the public with a tangible reason to restore confidence in the Government. In the short-term, international financial co-signers such as those in SOEs offer the public an immediate sense that order and probity is being restored to the day to day functions of SOEs. Into the medium-term, as the Government makes progress in reforms under GEMAP, it ‘certifies’ its new trustworthiness, an important signal not just to the public, but also to the private sector – including foreign investors.

The GEMAP program, combined with President Sirleaf’s strong pro-reform agenda and endorsements of GEMAP, caused an immediate change in the public discourse on corruption. GEMAP provided responsible government workers an excuse for resisting the inevitable ‘corruption culture’ pressures that skew bureaucratic decisions toward rent-seeking. “GEMAP is watching,” became a common statement for avoiding doing things the old way. This has not been limited to the public sector. Private businesses now often count both international agencies and the government among their clients. Long accustomed to governmental self-dealing, many are encouraged by a new procurement law and the presence of international financial co-signers on the GEMAP supported Cash Management Committee in the Ministry of Finance to insist on proper documentation when supplying Ministries or Agencies. The reputational risk of becoming known as supportive of corruption has ‘incentivised’ new behavior. Whether as an excuse for doing the right thing, or out of a fear of newfound accountability, the effect has been positive thus far.

Donor vs. Government Implementation: The Discursive Game of Capacity as Inaction

Despite the above positive features of GEMAP, there are a some serious hindrances. The new Government in Liberia is a complex, and even at times, contradictory mix of actors whose motives and commitment to reform can be equally complex. In the course of implementation, donors were often blamed for delays in implementing GEMAP, some of which was deserved. The major donor partners (USG, EC, World Bank,) all faced considerable lag between their decisions to proceed with funding and staffing GEMAP positions, and the arrival of the experts themselves. These organizations must improve their ability to respond to immediate needs and providing rapid staffing in post-conflict situations, lest they find themselves responding to events well past the opportunities for action.

At the same time, some of the blame for delay rests with the government. Both the NTGL and the Sirleaf administration noted difficulties in implementation due to weak or non-existent capacity. In some cases, delays were due to non-compliance. The reality of low capacity among some government actors was used skillfully at times to justify non-compliance. When at times pressed to make changes, low capacity could be cited as the reason not to comply¹³. Donors, under pressure from their headquarters to maintain progress and under pressure from the Sirleaf administration to deliver results that would “support the peace”, inevitably adopted a greater share of the burden of implementation. This had the perverse effect of minimizing opportunities for Liberian capacity building, and allowed the Government to disclaim ownership of attempted changes. This shifting burden further stretched donor efforts and exacerbated existing bureaucratic delays, opening up room for further criticism of GEMAP from detractors and weakened donor credibility in demands for reform.

This is a major lesson to take for any future GEMAP-style program. The very capacity limitations which necessitated GEMAP genuinely inhibited the Government’s ability to partner in its implementation. But at the same time, this lack of capacity was used to mask non-compliance, giving political opportunity to the Government to criticize. In the short to medium term, donors must overcome their own administrative obstacles that cause delays, and further, they must be ready for the discursive dynamic of low capacity and non-compliance.

Public Procurement

Flaws in public procurement have been at the heart of corruption in Liberia, and reforms in this area have met the greatest resistance. A number of examples from 2006 provide insight into some of the challenges in making change.

Low capacity on the part of donors and government, or its claims thereof, created an additional dynamic to that mentioned above that undermined GEMAP. The Cash Management Committee within the Ministry of Finance has the task of verifying vouchers submitted by Ministries and Agencies to ensure spending is in line with budget allotments. The Cash Management Committee routinely sent back vouchers that were improperly completed, with guidance with how to correct errors¹⁴. This invariably caused delays in Ministries and Agencies obtaining funds. As the end of the 2005-2006 fiscal year closed (end of June 2006), Ministries and Agencies flooded the Cash Management Committee with vouchers, seeking exceptions to the Public Procurement and Concessions Act (PPCA)¹⁵ for their purchases. The logic was that the exceptional circumstances of the end of the fiscal year and the need to expedite expenditures crucial to Liberia’s reconstruction permitted a circumvention of the PPCA and automatic approval of vouchers without the usual scrutiny. This logic and dynamic has been observed in other post-conflict states (Galtung 2004), and in every country such exceptionalism is symptomatic of the corruption that weakened institutions in the first place.

¹³ As some observed, at the same time there was amazing capacity for corrupt practices despite claims of low capacity.

¹⁴ According to the Cash Management Committee, through guidance and training workshops, the number of incorrectly completed vouchers declined over the course of 2006.

¹⁵ Procurement reform in Liberia included the passage into law of the Public Procurement and Concessions Act (PPCA), which created a Public Procurement and Concessions Committee (PPCC) that is to build the capacity of spending Ministries and Agencies to conform to the new law.

Conflicts of interest in public procurement revealed imperfect progress towards reducing corruption in Liberia's public sector. In 2005, the NTGL executed a number of contracts with companies for offshore oil exploration. Under GEMAP, these contracts were to be reviewed in a multi-donor funded contract and concession review to determine if they were in the national interest. However, officials at the National Oil Company of Liberia (NOCAL) ignored public notices to submit contract and procurement documentation related to the contracts for review by the Contract and Concession Review Committee (CCRC)¹⁶. They renegotiated three of the contracts, and presented them to the President for transmission to the Legislature for ratification. The President unwittingly submitted them to the Legislature, not knowing that they contained a number of flaws.

The review of the oil contracts revealed several issues. The process by which the contracts were issued was not open, fair and transparent. The renegotiated contracts also violated a number of sections of the Liberian Petroleum Law. Additionally, members of Sirleaf's government, some of whom were advising her on the current contracts, had been involved in the matter in other capacities, raising issues of conflict of interest. When the President learned of these concerns in an EGSC meeting, she immediately pledged to withdraw the oil contracts from the Legislature, and threatened to scrap them all and re-bid all exploration contracts if the concession review revealed significant concerns.

Conflicts of interest also became an issue when Sirleaf's government determined that it had to reassert authority in the Guthrie Rubber Plantation. Guthrie was once a thriving rubber plantation, but had been taken over by ex-combatants in 2003¹⁷. Elements of the LURD command structure ran Guthrie, and many of the workers there were ex-bush fighters. They were not trained in proper rubber harvesting, resulting in 'slaughter tapping'¹⁸ of the trees that threatened to destroy the entire plantation and the sustainability of future crops. Also, the combination of the extraction of economic resources by a paramilitary command structure operating the plantation echoed ominously of the 'arms for timber' and 'arms for diamonds' nexus that resulted in UN sanctions on those Liberia.

The Government of Liberia took over the Guthrie Plantation with the assistance of UNMIL, and turned management of the plantation on a fee collecting basis over to the Rubber Planters Association of Liberia (RPAL), a non-profit association of firms active in the rubber sector. They were granted commercial management rights for the plantation via a contract arrangement signed between the Minister of Agriculture and the president of the RPAL. The contract did not go through the normal procurement channels as required by the Public Procurement and Concessions Act (PPCA), but was awarded on a sole source basis. What made this misprocurement questionable was that the Chair of the Public Procurement and Concessions

¹⁶ The Contracts and Concessions Review process was extremely difficult to complete, again because of donor delays, but also Government subterfuge at times. Members of the CCRC (both Government and international) were at various times harassed to conclude with findings favorable to one of the parties concerned, and even received death threats.

¹⁷ The ex-combatants came from different parts of Africa, and included former fighters from Liberia, Sierra Leone, Cote D'Ivoire, and even the DRC.

¹⁸ Slaughter tapping is when deeper panel cuts are made in the bark of a rubber tree, with little attention to the health of the underlying cambium. This method is normally used one or two years prior to felling a tree for new planting. As a general practice, it is lethal for the sustainability of a plantation.

Committee (PPCC), who is responsible for ensuring Government compliance with the procurement was also the President of the RPAL. Faced with the choice between his role as Chair of the PPCC and of president of the RPAL, he chose to support a profitable venture that benefited his Association over strict adherence to the rule of law. When challenged at the technical team meeting, the Government countered that the arrangement was for ‘national security’ and thus did not fall under the normal procurement procedures, and the matter was to be dropped.¹⁹

Lessons Learned: Applicability of GEMAP Elsewhere

GEMAP style arrangements may not be appropriate for all post-conflict situations. Contemplation of such a program must be considered in light of the rather cynical, but realistic questions of ‘How much corruption is tolerable as the price of peace? Will ex-combatant leaders give up their struggle if they have no opportunity to profit from their years of struggle?’.

- *Collaboration*: As has been noted elsewhere (Dwan and Bailey 2006), GEMAP’s viability is only made possible by close donor collaboration in implementation around an agreed reform agenda. This cannot be emphasized enough. The gulf between reform objectives as agreed upon between the NTGL (and subsequently the Sirleaf administration) and the international partners, and what GEMAP actually became through implementation was challenged from the onset of the program. This gulf was vulnerable to widening because of the capacity and non-compliance dynamic discussed above. Close collaboration between the main donors supporting GEMAP was crucial to maintaining an appropriate pressure for agreed upon reforms.
- *Donor administrative responsiveness*: Internal donor administrative processes that are a significant cause of delay in bringing resources to bear on urgent anti-corruption reforms can subvert the overall reform agenda. Donor demands that the Government take measures against corruption were severely undercut at times when donors could not respond in a timely fashion. Donor organizations must improve their ability to rapidly staff positions in post-conflict situations.
- *Political vs. Technical*: Economic reformers in post-conflict countries have grappled with this trade-off for some time. In Bosnia, reforms to the investment climate in a context charged with ethnic tensions resulted in technical solutions opening space for later political discussions. GEMAP is inherently both political and technical, in the very least because of its structure. At the level of implementation technical considerations were often rejected in favor of political approaches. This could be negative when sound technical guidance was rejected, but was also often the means by which any progress by either the international community or the President was made. Donors can offer reform-minded leaders technical guidance through a reform structure such as in GEMAP that can be used to create the political space needed to resist corruption among those whose support the leader depends.

¹⁹ In fact, the PPCA has provision for national security exceptions, and with that provision there is no reason for why this or any procurement should be conducted outside the law.

- *Capacity as integral to corruption:* Detractors of GEMAP criticized the program for not building Liberian capacity, saying that long-term movements away from corruption depended on building national capacity. While this is correct, lack of capacity was used at times to excuse non-compliance and shirk responsibility for implementing change. Donors should not let themselves be drawn into doing the work that Governments should do to address corruption and improve governance.
- *Avoiding GEMAP-style concession reviews, ab initio:* Much of the time and resources spent on GEMAP involved a retrospective review of the contracts and concessions signed by the NTGL. Many of these contracts were suspect and in the interest of the few rather than the many. In future transitional governments, the powers of State should be more tightly constrained so that contracting power does not extend beyond the lifetime of the transition. Some might argue that this inhibits economic development that is often critical in post-conflict situations. The authors would counter that few responsible, high-quality companies are going to choose to make significant investments in post-conflict environments. Attracting cowboy investors who often flaunt the law is not in the interest of a sustainable peace. All long-term investments should be subject to responsible scrutiny and some form of checks and balances from an accountable government. This scrutiny is more easily and justifiably done at the time of contract execution, rather than on a retrospective basis. Elected governments should not be saddled with the sins of transitional regimes, and provisions prohibiting long-term contracting should be built into future peace agreements.²⁰

²⁰ Similarly, the drafters of future peace agreements should consider limiting transitional governments' ability to generate domestic debt through receipts payable. The NTGL left with over \$20 million in new domestic arrears. This is nearly 25% of the annual budget, and represented a sizable burden for President Sifleaf's government which had to assess, vet and pay the debt.

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