POST CONFLICT
PUBLIC FINANCIAL MANAGEMENT REFORM

The Case of Liberia

ICGFM 2015 Winter Conference
December 7, 2015

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Overview

➢ Background & Context

➢ Big Bang and Big Push Together

➢ One System

➢ Methodology and Approach

➢ Government's Perspective

Background

- Est. & independent 1847
- 43,000 square miles
- 4.4 million people
- GDP $2 billion
- GDP Growth 0.5% (2014)
- Revenue maritime, iron ore and rubber
- 1989-2003 civil conflict lost 250,000 displaced 1 million
- Breakdown of national governance, structures & systems

- GOL established Civil Service did not have requisite skills, competencies and work culture to deliver responsive, effective & efficient services to the public (2010 National Capacity Development Strategy)

- Existing civil servants traumatized, lacked effective supervision and many placed by faction leaders

- Two key legislations demonstrated commitment to PFM transparency & accountability

  - ➤ Public Procurement and Concessions Act, 2005, and amended in 2010
  - ➤ Public Financial Management Act enacted in 2009, with related regulations for implementation in 2010

- Implementation dependent, largely, on civil servants with little or no capacity

BIG BANG & BIG PUSH TOGETHER

- USAID-GEMS objective

  Support 14 GOL entities to more effectively, accountably and inclusively govern, by performing management systems more effectively

- Five implementing objectives

- Different technical disciplines

- All PFM performance improvement related

Objective 1

Management systems and key organizational functions – (a) financial management, (b) human resources, (c) procurement, (d) assets management – conform with international best practice standards through improved capacity.

Objective 2

Capacity of the Liberia Institute for Public Administration is enhanced in a sustainable manner.

Objective 3

Participating GOL institutions use ICT more effectively to further Liberia's development objectives

Objective 4

Management of natural resource concessions is more efficient, effective, and transparent

Objective 5

GOL supports and utilizes expanded electronic payment systems, utilizing mobile technologies where feasible.

Big Bang

Effective implementation of the substance, and not just the form, of the Public Financial Management Reform, requires simultaneous reform and implementation in finance, procurement, human resources and assets management

Big Push

Effective coordination, substantial, comprehensive and long term donor support with appropriate technical assistance to design and implement post conflict inter-related management reforms

- USAID-GEMS five project objectives managed as one system with inter-relationships and sub-systems

- Key management systems within Objective 1 primary sub-system

- Objectives achieved by supporting the Government of Liberia's own initiatives to improve performance through strengthening capacity in the public sector.

ONE SYSTEM

- Reform implementation simultaneous, integrated and across Government

- Responsible entities for management systems
  - ➢ Civil Service Agency
  - ➢ Public Procurement and Concessions Commission and
  - ➢ General Services Agency.
  - ➢ Ministry of Finance and Development Planning

- All inextricably linked to Liberia's public financial management performance.

Civil Service Agency

Recruit and manage civil servants, 49% of the recurrent cost in the National Budget.

- USAID-GEMS supported the CSA in the development of:
  - ➢ Job descriptions for positions in 33 MACs
  - ➢ Employee performance management system and manual
  - ➢ Merit based recruitment processes and manual
  - ➢ Job grading and classification for civil service jobs
  - ➢ Service delivery charter and
  - ➢ Mechanisms to pay civil servants via mobile money
- Effective & efficient implementation directly correlated to the Government's ability to manage public finances.

Public Procurement & Concession Commission

Regulate public procurement to obtain best value for public expenditures. 91% of the recurrent budget and all Public Sector Investment expended through a procurement processes.

- USAID-GEMS also supported the PPCC in the development of the following;
  - ➢ Procurement manuals
  - ➢ Procurement planning clinics and hearings
  - ➢ Framework contracting
  - ➢ Non-consulting services contracting
  - ➢ Compliance monitoring templates
- Fair, transparent and competitive procurement processes directly correlated to the Government's ability to manage public finances.

General Services Agency

Monitor and manage Government's fixed and movable assets. Assets registry and inventory information is necessary for disposal and budgeting for replacement, management and maintenance.

- USAID-GEMS supported the GSA in the development of;
  - A fleet management policy and guidelines,
  - Vehicle and motorbike operations guidelines,
  - Assets, building and generator management and maintenance guidelines, and
  - Disposal guidelines

- Effective and efficient implementation directly correlated to Government's ability to manage public finances.

Ministry of Finance & Development Planning

Receive, disburse, account and report on all Government and donor finances, among other things.

- USAID-GEMS supported MFDP to:
  - ➢ Modify quarterly and annual financial reporting templates,
  - ➢ Integrate donor project funding into financial reports,
  - ➢ Include Government Financial Statistics (GFS) Budget Summary Tables in the National Budget,
  - ➢ Develop customized Financial Policies and Procedures Manuals for each MAC

- Consolidated financial reports and MFDP ability to manage public finances is dependent upon the quality of the work performed by key central management agencies with the various sector entities.

METHODOLOGY & APPROACH

- Five year project horizon to support one system management reform implementation. - Five years was not enough.

- Challenge was to encourage a fundamental shift in relationships, while building capacity and improving performance.
  - ➤ How donor projects relate to each other within the same GOL institution,
  - ➤ How Government institutions relate to each other, and
  - ➤ How technical assistants relate to Government partners.

Donor Project Relationships

- Donor projects primary focus is service delivery or a singular cross cutting reform

- Donor projects scope was mapped to USAID-GEMS scope to determine synergies and overlaps.

- Most only marginal responsibility for management systems support.

- Projects focused on service delivery put little emphasis on the management systems and considered relating to the central management agencies as burdensome.

- Effective implementation required building capacity within the central management agencies to own their management system

How Government Institutions Relate to Each Other

- Leaders recognized necessary linkages but rarely had conversations about how they should work together to improve performance or resolve challenges

- Deliberately convened meetings for leaders across Government to allow them to address relationship challenges which impacted performance improvement of management systems

- Approach often delayed implementation, but enhanced understanding of inter-dependencies and facilitated accelerated performance and commitment

- Governance Commission facilitated 'Governance Conversations' and Senior Advisory Groups of GOL leaders in each project objective

- Objective 1 Senior Advisory Group instrumental in the entities considering functions as one system with different components.

How Technical Assistants relate to Government Partners

Sustainable capacity building of GOL partners critical to success

The project established the following seven fundamental principles:

- Build capacity to improve performance
- Build capacity by On-the-Job training, enabling partners to learn by doing
- Ensure a manual, handbook or Standard Operating Procedures document is available or developed for future reference
- Improved performance requires basic tools to work with
- Improved performance must be measurable, monitored and demonstrated in work outcomes
- A relationship of trust with counterparts is a critical success factor and takes time
- Remain agile and adapt solutions to the root causes and challenges that arise

- On-the-job training capacity building approach not readily received by GOL technical partners

- Took months to build trust before advisors allowed to work next to them and transform approach to performing functions, through **learning by doing**, using manuals as base training documents.

- Key element - Provision of basic technology, tools to work, which enabled efficiencies across the management systems of each MAC.

- Project has met or exceeded nearly 75% of targeted outcomes, even in a year dominated by the Ebola Virus Disease.

GOVERNMENT'S PERSPECTIVE

The Governance Commission

Created by Act of Legislation in 2007 under the comprehensive peace agreement (the CPA) that marked the end of the country's 14 years of civil war

- Governance Commission promotes a system of governance that is inclusive, participatory, just and accountable, which encompasses a merit-based and transparent system of public administration and management of public institutions and national resources.

- Champions and leads governance reforms with central objective to energize political, economic and social development through the practice of good governance at all levels of governance.

Governance Commission has five mandate areas with five commissioners.
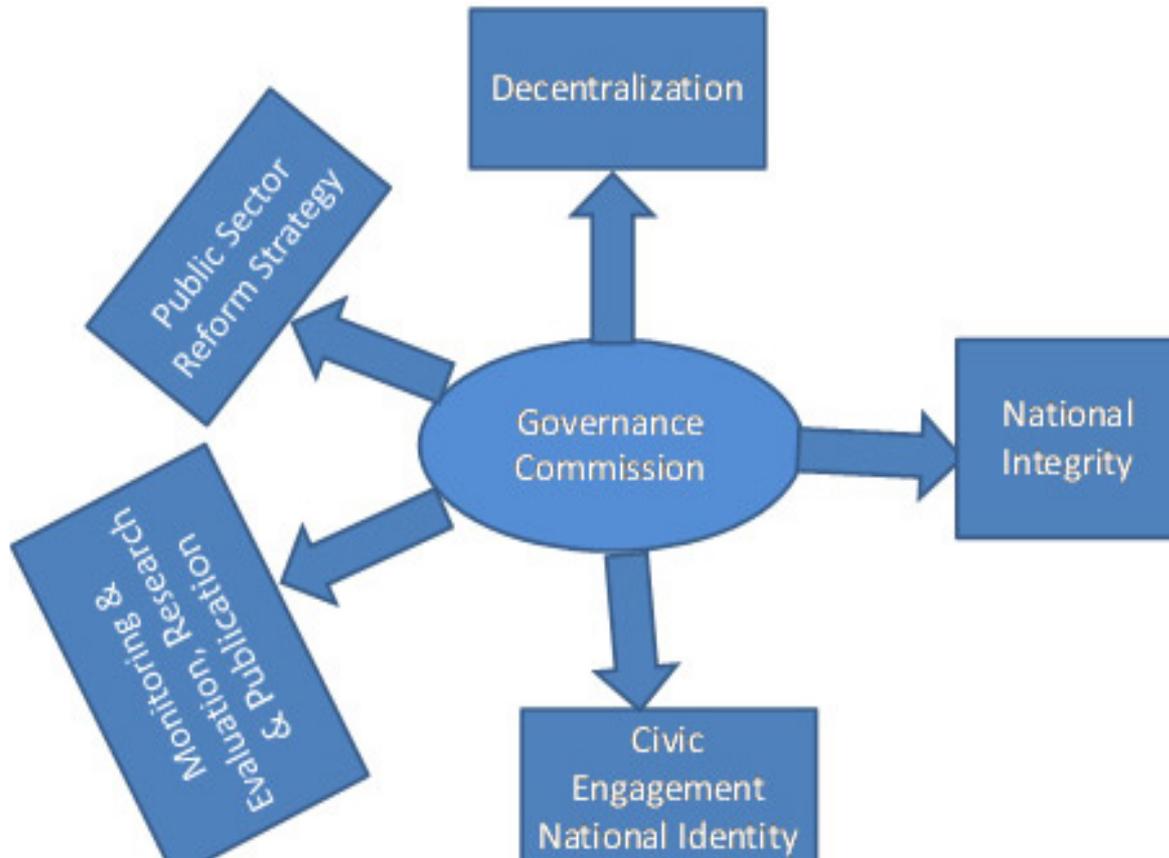
- USAID-GEMS support to the GC that of a true partner

- GC has highly qualified and motivated technical team in core mandate areas, before USAID-GEMS, attention to management systems was substantively weak

- Performance assessment of management systems and agreement reached on solutions for challenges prior to any implementation

- Assessment revealed, financial management done manually, procurement procedures ad-hoc, human resource management rudimentary and assets management non-existent

- Project's continuous dialogue with Senior Management emphasized the importance of these systems to efficient and effective operations

- Advisors developed work plans for each management area

- Provided weekly on the job training or formal training to improve performance

- Impact of transparent procurement processes, HR practices and assets management on financial position regularly emphasized.

- One example, improvement of generator management and maintenance resulted in reduction in expenditures on fuel and repairs, freeing these funds for other critical activities.

- GC grown from the state of "no assets management system" to a "developed comprehensive assets register," with an updated vehicle and generators maintenance schedule, **enabling information for budgeting and planning.**

- USAID-GEMS installed accounting software & built the capacity of the comptroller in its implementation

- GC specific Financial Policies and Procedures Manual was approved by management and implemented

- Monthly, quarterly and annual financial statements prepared for internal use and reports submitted to the Ministry of Finance on a timely basis using the software

- Performance improvement success resulted in the financial management area of the GC graduating from regular USAID-GEMS on the job training

- Financial information enables the GC to make informed decisions and manage more effectively.

- Training and development in employee performance management, job descriptions standardization and guidance on job grading and merit based recruitment offered improved staff management

- Public procurement legislation was implemented without adequate training in the roles of End Users, Bid Evaluation Panels and Procurement Committees.

- The training and support made the procurement legislation practical and realistic.

- The GC recruited a procurement officer and with capacity building training provided procurement transformed

- Governance Commission considers it important that Liberia not return to projects which silo management system reforms to a particular Ministry, Agency or Commission instead of across them in an integrated manner.

- Needed management system performance improvements only established at 14 of 69 entities at the center of Government

- Remaining 55 entities need to be completed before considering fully introducing at decentralized level which is central to country's Vision 2030 development plan

- Chairman of the Governance Commission compared the effectiveness of the USAID-GEMS approach only to Peace Corp in its ability to build capacity and deliver results.

- Leadership of entities supported by USAID-GEMS, noted the hands on approach to capacity building allowed them to learn by doing, even when they made mistakes and it took weeks or months to grasps a concept

- The approach engendered necessary ownership within and across Government which enhanced sustainability.

Capacity building led by USAID-GEMS provides the Government of Liberia the needed direction in fostering the Vision 2030 Statement

"One People One Nation, United for Peace and Sustainable Development."

THANK   YOU