



The World Bank  
Fragile States: The LICUS  
Initiative

# **Liberia's Governance and Economic Management Assistance Programme (GEMAP)**

**A joint review by the Department of Peacekeeping Operations'  
Peacekeeping Best Practices Section  
and the World Bank's Fragile States Group**

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This report is an independent review and does not reflect the views of the UN or the World Bank. The authors of this report, Laura Bailey (World Bank Fragile States Group) and Renata Dwan (DPKO Peacekeeping Best Practices Section), would like to thank all those in Monrovia and elsewhere who gave their time and input to assist in the preparation of this review. Any errors are the authors alone.

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## Acronyms

AU	African Union
CBL	Central Bank of Liberia
CMC	Cash Management Committee
CPA	Comprehensive Peace Agreement
DPKO	Department of Peacekeeping Operations (UN)
EC	European Commission
ECOWAS	Economic Community of West African States
EGAP	Economic Governance and Action Plan
EGSC	Economic Governance Steering Committee
EITI	Extractive Industries Transparency Initiative
EU	European Union
GAO	General Auditing Office
GEMAP	Governance and Economic Management Assistance Programme
HIPC	Highly Indebted Poor Countries
ICG-MRG	International Contact Group on the Mano River Basin
ICGL	International Contact Group on Liberia
IFI	International Financial Institutions
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
IMPP	Integrated Mission Planning Process
LEGAP	Liberia Governance and Economic Management Assistance Programme
MOF	Ministry of Finance
NTGL	National Transitional Government of Liberia
RFTF	Results Focused Transitional Framework
SOE	State-owned enterprise
TA	Technical Assistance
UNMIL	United Nations Mission in Liberia
USAID	United States Agency for International Development

## Executive Summary

- In September 2005, the National Transitional Government of Liberia and Liberia's international partners – the United Nations, World Bank, European Commission/European Union, International Monetary Fund, Ghana, Nigeria, United States, Economic Community of West African States and the African Union signed a Governance and Economic Management Assistance Programme for Liberia. The Security Council welcomed GEMAP in resolution 1626 of 19 September 2005.
- GEMAP is a response to international concern at mismanagement of public finances in post-conflict Liberia and the threat it potentially represented to the implementation of the peace process underway since August 2003. It originated among international donors and was based on a shared diagnosis of Liberia's problems and an analysis of options for actions based on development assistance experiences in other, mainly African, countries.
- GEMAP is a program of wide scope that targets revenue collection, expenditure controls and government procurement and concession practices. Its key features are the provision of international experts with co-signature authority and management contracts in selected ministries and state-owned enterprises; authoritative oversight mechanisms; linkage to the peace implementation process and to UN Security Council sanctions.
- The proposal for robust external intervention in economic governance was controversial and negotiation of the plan was difficult. The process illustrated how International Financial Institutions (IFIs) need to better understand the political nature and dynamics of the processes in which they are engaged and how the UN needs to develop better understanding of its role in post-conflict governance. The main lessons from the elaboration and negotiation of GEMAP are:
  - Robust economic interventions are highly political and should be understood and approached as such.
  - The engagement of headquarters and capitals is required in the negotiation of initiatives.
  - A united international approach is crucial: the significance of empirical data as a basis for diagnosis and in building support for joint action should be considered.
  - Careful analysis should be given to the motivations of national authorities in the crafting of incentives and threats: the impact of potential Security Council sanctions on individuals should not be underestimated.
  - An inclusive stance with stakeholders highlights the role of civil society both in building national constituencies of support as well as in securing regional and international backing.
  - Communication strategies are necessary and should emphasize robust measures as a step enabling restoration of sovereign authority, not a constraint to such restoration.
  - The timing of a robust intervention is important in a post-conflict transition process. A basic level of security and its oversight by international peacekeepers is a prerequisite.
  - The initiation and planning of a robust intervention should address implementation design and management so as to enable timely operationalisation.

## I. Introduction

*The Governance and Economic Management Assistance Programme (GEMAP) was a response to serious corruption and mismanagement of public finance in Liberia.*

In May 2005 Liberia's international partners initiated a robust action plan to address economic governance in Liberia. The Governance and Economic Management Assistance Programme (GEMAP) as it came to be known, was signed between the National Transitional Government of Liberia (NTGL) and Liberia's international partners – UN, World Bank, EC/EU, IMF, Ghana, Nigeria, USA, ECOWAS and the AU.

GEMAP was a response to serious corruption and mismanagement of public finances in post-conflict Liberia, the extent of which, in the view of international donors, threatened Liberia's current transition and prospects for stable peace. GEMAP targets public finance management and accountability in Liberia and, in particular, revenue collection, expenditure controls and government procurement and concession practices. It does this through a set of comprehensive international controls including the placing of international experts with co-signature authority in selected government ministries, agencies and state-owned enterprises (SOE); international management contracts for selected institutions and an international administrator in the Central Bank. It provides for the establishment of an Anti-Corruption Commission to enforce the law and a Steering Committee, chaired by the Head of State with a representative of Liberia's international partners as deputy, to oversee implementation. The United Nations Security Council has welcomed GEMAP, noted its links to peace implementation and the lifting of sanctions, and undertaken to regularly review its progress.

*GEMAP is an innovational and technically complex plan with potentially precedent-setting implications for other countries.*

GEMAP is an innovative and technically complex plan that is seen by many as a potentially effective response to the challenges of post-conflict transition. It can be seen as a possible compromise between two unpalatable policy options for international actors in post conflict situations: imposition of temporary international trusteeship, or the exercise of full range of action by a transition regime drawn from leaders of former warring parties, in which considerations of popular legitimacy, competence or commitment may be secondary. Because of this, GEMAP is seen to have potentially precedent-setting implications for other post-conflict countries.

*This review examines how GEMAP came into being and what considerations it may raise for other post-conflict contexts.*

For these reasons, the UN's Department of Peacekeeping Operations and the World Bank decided to undertake a joint review of the process in which GEMAP came into being with a view to identifying lessons for possible consideration in other post-conflict context. The review examines the factors that led to the introduction of a robust governance plan and the lengthy negotiations that preceded its agreement. It explores the key features of GEMAP and its innovation as a plan. Finally, it identifies possible considerations for potential initiatives in other post-conflict contexts. It does not assess GEMAP's implementation: that exercise is necessary but can only be undertaken after a sufficient period of implementation has passed.

## II. The origins of GEMAP

### The initiation of the post-conflict transition in Liberia

*Violent conflict, mismanagement and corruption left Liberia economically destroyed and impoverished.*

The Comprehensive Peace Agreement (CPA) of 18 August 2003 ended fourteen years of violent conflict in Liberia. The CPA followed the resignation of Charles Taylor, former rebel warlord and, after 1997, elected president. Decades of corruption, mismanagement and violence left Liberia, a country rich in natural resources with a long, accessible coastline, economically destroyed. Over 80 percent of its estimated 3 million people were thought to live below the poverty line with unemployment estimated at around 85 percent.<sup>1</sup>

*The Comprehensive Peace Agreement of 2003 reflected concerns about economic governance and provided for oversight bodies as well as technical assistance to the transitional government's management of public finances.*

The ECOWAS-brokered peace agreement reflected the political and economic realities of the shattered country. It provides for a national transitional government (NTGL) drawn primarily from the former warring parties, and established a timetable for transition to an elected administration in January 2006. The agreement prohibits the NTGL Chairman and his principal ministers, as well as the Chief Justice and associate Judges from contesting for office. The CPA also provides for the creation of a Governance Reform Commission to assist transparent and accountable public sector management as well as a Contract and Monopolies Commission to ensure that all commitments entered into by the transitional government were legitimate and acceptable. Neither body has executive authority or enforcement capacity. Significantly, the peace agreement calls on the UN, regional organizations and the international financial institutions to assign international experts to provide technical assistance to the NTGL, 'especially for the functioning of its ministries and parastatals'.

*The UN Security Council also recognized the crucial role of economic governance for Liberia's stability.*

Recognition of the centrality of good economic governance for Liberia's future stability was also evident in the decision of the United Nations Security Council to maintain existing sanctions on the import of diamonds and timber from Liberia and link their termination to the successful implementation of the CPA.<sup>2</sup> The mandate of the UN peacekeeping mission in Liberia, UNMIL, included assistance to the transitional government to restore proper administration of natural resources and in the consolidation of governmental institutions.

*Initially the NTGL showed commitment to good governance, encouraging a positive donor response and the establishment of the Results Focused Transitional Framework (RFTF).*

Despite the magnitude of the challenges, there was initial enthusiasm that the NTGL was willing to take the steps necessary to initiate substantive governance reforms. One of the first acts of NTGL Chairman, Charles Gyude Bryant, was Executive Order No. 2, centralizing revenue authority in the Finance Ministry and government accounts at the Central Bank. Bryant also requested the European Commission (EC) to carry out an audit of government with a view to uncovering the scope of corruption under the Taylor administration. The IMF undertook an Assessment Mission to Liberia in December 2003 to look at technical assistance needs and issued an upbeat report that included proposed concessions on the treatment of Liberia's huge debt arrears. At the Liberia Reconstruction Conference in February 2004, donors pledged USD 520 million in assistance for the transition period. A comprehensive reconstruction framework – the Results Focused Transitional Framework (RFTF) – established nine clusters of activity. The World Bank and the IMF took the lead on governance, economic management and institutional development, with the EC responsible for, inter alia, financial management.

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<sup>1</sup>Figures cited in International Crisis Group, *Rebuilding Liberia: Prospects and Perils*, Africa Report no. 75, 30 January 2004

<sup>2</sup> UN sanctions also included an arms embargo and a travel ban on individuals identified as threat to the peace process in Liberia.

*By the second half of 2004 there was growing international concern about the NTGL's commitment to governance reform.*

*An EC audit completed in early 2005 exposed the dramatic extent of mismanagement of public finances in Liberia.*

*There was concern that the issue of corruption threatened the country's fragile peace.*

*Donor discussions concluded that the gravity of the situation called for forceful international intervention, but that a new model of assistance was needed.*

### **Catalysts for GEMAP**

By mid-2004, doubts were being raised about the commitment of the NTGL to governance reform. Poor choices in public finance management were delaying RFTF delivery and economic recovery remained sluggish. Reports of widespread corruption were appearing in the Liberian media and the various factions within the NTGL accused each other of siphoning off state finances for personal gain, increasing fears for the stability of the peace process. With mounting evidence of government manipulation of the public coffers, donors were increasingly hesitant about putting resources directly under NTGL control. In December 2004, the International Crisis Group called for a radical international approach in Liberia, proposing that this should include international assumption of responsibility for revenue collection.

A significant catalyst for donor action was the completion of the EC audits in early 2005. Although the EC systems and financial audits of the Central Bank of Liberia and five state-owned enterprises (Bureau of Maritime Affairs, National Port Authority, Roberts International Airport, Liberia Petroleum Refining Company and the Forestry Development Authority) were not originally intended to be a review of the NTGL's governance record, the lack of documentation and accounts from the Taylor regime meant that the audits focused primarily on the post-CPA period. The results were the most comprehensive empirical evidence to date of the extent of corruption in Liberia; so dramatic were the data that the EC did not immediately release them for fear of the reaction they might provoke.

There were good grounds for concern at the fragility of peace. The threat of government meltdown over concession scandals in early 2005 required ECOWAS mediation and the initiation of an investigation of allegations of corruption. The ECOWAS investigation was hampered by the resistance of the judiciary; Liberia's Supreme Court eventually decided in favor of the ECOWAS process after a Liberian civil society organization filed an *amicus* brief on behalf of the investigation. At the March meeting of the International Contact Group on the Mano River Basin (ICG-MRB) the possibility of the deployment of judges from the subregion to assist law enforcement in Liberia was raised.

The EC shared the audit results with the IMF, the World Bank and the US, joining a dialogue already underway between the US Embassy in Monrovia, and USAID, State Department and Treasury officials in Washington on how donors might respond to the gravity of corruption in Liberia. Discussions centered on the form and substance of a potential intervention to improve revenue collection, budget execution and law enforcement. The US inter-agency discussion reviewed experiences of similar interventions in Angola, Chad and Sierra Leone, and even the option of a UN protectorate before concluding the necessary Security Council mandate would be difficult to obtain. The conclusion was that no one model could be replicated in Liberia and that a mix of interventions would be necessary for a considerable period of time. Expectations were that the NTGL would initially resist but that Bryant himself would agree, as he had already privately called on the US to take a more intrusive approach. Those involved in the Washington discussions believed that the Liberian public would fully support a forceful international intervention.

USAID, in particular, was motivated by a sense of *déjà-vû*. In 1988, it sponsored a Liberia Economic Stabilization Support Project to improve revenue collection and expenditure control including through the provision of 17 experts with financial control over government accounts in the Ministry of Finance and the National Bank. The project failed after less than a year, in part because the Liberian executive failed to commit to the overhaul of public finance management and actively contributed to circumventing controls set up by

the project, and in part because the international experts were concentrated in the Ministry of Finance.<sup>3</sup>

*Despite shared consensus on the scope of the problem, there was hesitation about initiating action. The US, World Bank, IMF and EC chose the annual RFTF meeting to discuss economic governance problems with ECOWAS and the UN.*

Despite US, World Bank, IMF and EC consensus on the scope of the problem, there was hesitation about initiating action. In part, this reflected recognition of the unique and highly sensitive nature of what was being proposed and the potential political as well as financial consequences it could entail for sponsors. The US, particularly the State Department, was insistent that any move had to be multilateral and wanted the World Bank to be a lead actor. The Bank, for its part, was hesitant about the degree of political interpretation to which such potential action might be subject, and felt it would be best led by key bilateral donors with the backing of the UN Security Council. The IMF, meanwhile, had just announced its withdrawal from further consultations with Liberia after a disappointing mission. The significance of the EC audits was the potential they raised for concerted multilateral intervention based on empirical evidence. At a meeting in Washington in April, the four institutions agreed to use the upcoming Annual Technical Meeting of the RFTF in Copenhagen to initiate a separate discussion with ECOWAS and the United Nations. In anticipation, the EC shared the audit results with both organizations, having already forwarded them, some weeks previously, to the NTGL Chairman.

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<sup>3</sup> USAID, Final Report on Liberia Economic Stabilization Support Project, December 1989.

### III. The negotiation of GEMAP

#### From Copenhagen to Niamey: the elaboration of GEMAP's core elements

*In Copenhagen the NTGL acknowledged the need for a robust international role. It called upon the World Bank, IMF and US to provide assistance in improving capacity in public finance management.*

*International partners agreed on the need to develop an economic governance action plan.*

*It was agreed that Security Council endorsement of an action plan was required. The World Bank would elaborate technical components, the EC the political framework of the plan.*

*The political framework elaborated by the EC provoked concern in the subregion....*

***Frustration as the spur for a robust plan of action:*** The annual review of RFTF progress in Copenhagen on 9-10 May was a grim occasion. Speaker after speaker focused on corruption as the main reason for Liberia's lack of recovery, so much so that the leader of the NTGL delegation, Minister of Planning and Economic Affairs Christian Herbert, felt obliged to intervene a second time to assure donors that the NTGL accepted the need for a more robust international role in public finance management. He characterized the problem as lack of capacity and asserted that there was no resistance to international experts coming in to work alongside counterparts in line ministries. Herbert called on the World Bank, the IMF and the US to provide this assistance.<sup>4</sup>

This admission may have spurred international partners to support the development of an action plan for economic governance when they met alone the following day. In preparation, the USAID representative had drafted a preliminary outline document for forceful international action focused on capturing revenues and expenditure control. The World Bank and the IMF jointly added some technical elements that reflected an awareness of the sensitivities involved in such proposals and stressed that such action would have to be accompanied by capacity-building in all areas with clear milestones to allow the gradual devolution of key functions to Liberians. There was general consensus on this outline as a way forward at the 11 May meeting.

The scope and potential duration of the proposed intervention led those present to conclude that the action plan should be submitted for Security Council endorsement and UNMIL's mandate adjusted to enable the mission to implement relevant aspects of the plan. It was agreed that the World Bank should take the lead in further developing the technical aspects of the plan while the EC would draft its political framework, for presentation at the NTGL-ECOWAS-UN Coordination Mechanism meeting in Abjua two weeks later.

***The action shifts to Monrovia:*** The four initiators of the action plan came away from Copenhagen with the belief that there was international, if not NTGL, consensus on the need for robust intervention. The initial strong reaction from Chairman Bryant to the meeting's forceful communiqué did not cause concern. A US intercession led Bryant to request, in writing, the US to take the lead in designing a program for economic governance, a copy of which the US shared with international partners.

On the eve of the NTGL-ECOWAS-UN meeting, the EC delegation in Monrovia shared its draft political framework for the plan with international partners, and the text was circulated at the meeting in Abuja the following day.<sup>5</sup> Notwithstanding a relatively positive response by Minister Herbert and the meeting's general endorsement of a plan, the draft provoked unease among some national and regional players. The aggressive tone of the document, 'The Government...will be requested to support this initiative', was at odds with diplomatic practice; substantively, it raised concerns for some about possible infringement on sovereignty, and there was particular concern in the subregion at endorsement of a plan by

<sup>4</sup> RIMCO Support Office, Summary of the Annual Technical Meeting of the Results Focused Transitional Framework, Copenhagen, 9-10 May 2005.

<sup>5</sup> The text was circulated by the World Bank, which was exceptionally invited to attend the Abuja meeting because of the planned discussion on economic governance. The EC was not present.

the Security Council, on the grounds that once the Council imposed certain measures, it would prove difficult to lift them.

*...which mounted when the draft Economic Governance and Action Plan (EGAP) was presented to international partners.*

These doubts mounted when the US Ambassador in Monrovia presented international partners with a consolidated Economic Governance and Action Plan (EGAP) one week later. The plan had seven areas of intervention:

- Ring-fencing of key revenue generating entities
- Improved budgeting and management controls
- Executive management of key institutions including the Central Bank of Liberia, the Ministry of Finance and State-owned Enterprises
- Management oversight and technical assistance for government concessions and contracts, including a review of all concessions signed under the NTGL
- Revised procurement process, including an externally managed centralized agency
- Judicial reform and anti-corruption measures, including through the introduction of judges from the sub-region
- Capacity building through liaison with RFTF mechanisms.

To ensure enforcement, an oversight body was proposed to be co-chaired by the Government of Liberia and a representative of the international partners, and would include a representative of Liberian civil society. In this initial draft, the Economic Governance Steering Committee would have veto power over “any government policy” and would report to the CPA International Monitoring Committee.

*Subregional partners were concerned about possible precedent-setting implications and the timing of the initiative.*

**Discussions in the subregion:** International partners’ discussions of EGAP were complicated by the need to appropriately accommodate ECOWAS’ role as arbiter of the CPA. There was concern among subregional actors that the EGAP proposal was deflecting attention away from the implementation of the CPA timetable and could potentially undermine it. ECOWAS acknowledged the severity of corruption but some believed that with five months to go to elections, this was not the appropriate time to tackle it. There was also frustration among some subregional representatives who felt that a broader and more substantive consultation process would have been more effective.

*Lack of consensus among international partners delayed the presentation of EGAP to the NTGL....*

The ECOWAS political hurdle proved substantial. Throughout June, New York, Washington, Brussels and other European capitals lobbied the subregion for support, complicating what was supposed to be the main focus of effort, namely, securing Liberian assent to the plan. Given that the NTGL knew the debates were ongoing, some Monrovia-based representatives argued that the EGAP text should be immediately presented to the NTGL and other national stakeholders. The view from the capitals, however, was that ECOWAS support on the detailed substance was a prerequisite for any formal approach to Bryant’s administration and that no approach could be made to the wider Liberian public before the NTGL was presented with EGAP. As a result, no formal or public discussion of EGAP was initiated in Monrovia.

*NTGL capitalized on this...*

The NTGL, inevitably, capitalized on tensions between partners. It accused international actors of seeking to impose a *de facto* trusteeship on Liberia, launching an active press campaign that singled out the United Nations, the most prominent international presence in

... and launched a counter-plan which rejected the EGAP's key elements.

*The transition from technical drafting to political negotiation presented a challenge for IFIs.*

*The UN, although the target of anti-EGAP press campaigns in Liberia, was reluctant to adopt a leadership role in the negotiation of EGAP*

*This was partly a function of the lack of a wider strategy on the role of UN peacekeeping in governance reform...*

Liberia, for criticism.<sup>6</sup> On 27 June, two days before the international donors formally submitted EGAP to NTGL, the transitional administration presented a counter-proposal, the Liberia Governance and Economic Management Assistance Programme (LEGAP). This plan rejected the concept of international co-signature authority, called for an audit of donor expenditures, and proposed international technical assistance and capacity-building in each of the areas identified in EGAP. It opposed the introduction of foreign judges, noting that this was prohibited in the Liberian Constitution. UN Security Council endorsement was not envisaged.

***A challenge for the IFIs:*** The key international specialists on the ground, who had filled in the political as well as technical elements of the framework set out in Copenhagen, faced a challenge in transitioning from their role as drafters of a detailed, technical plan to the role of negotiators in a political process that had to accommodate the perspectives and concerns of a diverse set of stakeholders. For the World Bank and the IMF, the highly technical focus of their work processes, and the leadership role they had taken on by virtue of their expertise in the subject area, converged with the political nature and potential implications of EGAP. As is often the case in post-conflict settings, the IFIs' need to maintain focus on technical mandates while acknowledging and responding to the political context in which reform takes place called for different skill sets, processes and discourse. Moreover, the degree of frustration at the level of corruption in Liberia also generated strong emotional reactions, compounding the challenges involved in negotiating a consent-based agreement. It may also have contributed to a tendency to view a technically strong intervention as the only option for discussion and reluctance to negotiate on its substance.

***The UN dilemma:*** The controversy over EGAP also raised challenges for the UN. It had been a marginal player in what was seen as a technical economic plan, with its input focused primarily on the Security Council endorsement element of the draft. While many at Headquarters and in UNMIL supported the EGAP initiative, there was a sense that its political handling was weak and could damage the fragile transition process as well as the credibility of UNMIL, the target of anti-EGAP press campaigns. Yet the mission was reluctant to assume a more active political role to break the deadlock, or to encourage Liberian public debate of issues of corruption through the popular Radio UNMIL. This was in part a function of changing leadership (UNMIL was without a head of mission between June and August) and a commitment to repair previously strained relations with ECOWAS. It also reflected the general UN inclination for a consensus approach in post-conflict contexts and a preference to avoid controversial strategies, notwithstanding the scope of Chapter VII peacekeeping operations which was reflected in UNMIL's extensive mandate and in the 15,000 UN troops deployed in Liberia.

UN hesitation was also a function of the absence of a wider strategy on the role of UN peacekeeping in post-conflict governance and public finance management reform. In mid-June the mission undertook a preliminary assessment of the possible roles of UNMIL and UNDP in EGAP implementation, focusing on the activities of UNMIL civil affairs and judicial support elements and noting that much more could be done by UNMIL personnel already working in Liberian ministries if the UNMIL mandate were increased beyond monitoring and advice. The first formal discussion of EGAP in UN Headquarters took place on 15 June where it was agreed that while an innovative and interesting initiative, UNMIL's

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<sup>6</sup> See, for example, 'Consider Economic Governance Plan...Annans Tells Security Council', 'Trusteeship Ludicrous, Unrealistic...Aspirant Demands Accountability from UN', *The News*, 27 June 2005, p.1; 'Against Quasi-Trusteeship for Liberia: Amos Sawyer talks tough', *Heritage*, 27 June 2005, p. 1.

*...while the Security Council recognized the need for comprehensive action.*

role in EGAP should be within the context of its existing mandate. The Secretariat's caution was not necessarily a reflection of the mood in the Security Council where there was recognition that Liberia's dismal governance record required comprehensive action. Although the importance of respecting Liberian sovereignty was underscored, it was not a contentious issue. The 21 June Security Council resolution referred to EGAP, noting its linkage to CPA implementation and to the lifting of sanctions, and expressed its intention to consider, as appropriate, the plan.

*With high-level intervention, ECOWAS support was secured, paving the way for the establishment of a joint international-NTGL working group to elaborate a GEMAP.*

The Security Council's positive indication may have contributed to the decision of the highest levels of the UN Secretariat to engage more actively in the negotiation of EGAP, to good effect. At the request of UNMIL, UN Secretary-General Kofi Annan intervened personally in discussions with ECOWAS as well as with individual African leaders before and during the AU Summit in Libya on 4-5 July, while UNMIL senior staff lobbied ECOWAS representatives in Monrovia and neighboring Ghana. ECOWAS agreed to back EGAP, and at the ICG-MRB meeting in Niamey, Niger, on 19 July, participants agreed to establish a joint technical working group to harmonize the international and Liberian plans into a Governance and Economic Management Assistance Programme to be submitted to the UN Security Council.

*After difficult technical discussions, a draft plan was submitted to NTGL with a deadline and threats of aid withdrawal if no agreement was reached.*

#### **From Niamey to Accra: Securing NTGL agreement to GEMAP**

The joint technical discussions that began immediately in Monrovia were bad-tempered. The international drafting team (WB, EC, US, UNMIL) was frustrated by the NTGL side's attempt to water down the combined text that had been prepared, and with Bryant's mixed messages on what was acceptable to NTGL. On 3 August, the EC, on behalf of the ICGL, submitted the latest version of the negotiated text to Bryant with a one-week deadline for agreement and insisted that all further discussions took place directly with the Chairman. For the first time, donors warned of possible suspension of aid if agreement was not reached.<sup>7</sup>

*The NTGL opposed submission of GEMAP to the Security Council and demanded an exit strategy from GEMAP.*

The NTGL response identified two outstanding areas of disagreement. The first was the proposed submission of GEMAP for Security Council endorsement. The NTGL argued this was tantamount to imposition of GEMAP and that it would mean there would be no clear exit from the plan. The second issue was the international recruitment of the Chief Administrator of the Central Bank of Liberia (CBL), which, the NTGL alleged, contravened the Bank's governing acts. Even as discussion on these two points continued, Bryant informed the ICGL that he had submitted the text to the NTLA and the Chief Justice for their review, a sudden step that was seen by international partners as another delay tactic. NTGL subsequently introduced a new demand for a clearly defined exit strategy from GEMAP.

*The international partners concluded that the NTGL was playing for time...*

Efforts to meet these concerns – a US suggestion that the Security Council merely be informed of GEMAP in the Secretary-General's regular reports, IMF assurance that the CBL Chief Administrator was consistent with the Bank's legislation, and a proposed exit strategy that would link GEMAP's termination to Liberia making successful progress through the debt relief process (the HIPC completion point) – were presented to Bryant on 17 August, to no avail. International partners in Monrovia concluded that the only remaining choice was external pressure on Bryant personally. In the subsequent weeks, Bryant received calls from Washington, New York, Brussels and other European capitals. Threats of

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<sup>7</sup> The EC went furthest, transmitting a personal letter from Commissioner Louis Michel to Chairman Bryant which stated that continued development funds were contingent on implementation of GEMAP.

*...and increased pressure on the NTGL leadership to agree to the plan.*

*GEMAP was finally signed, in some confusion, on 9 September 2005.*

*Implementation was slow in the final months of the NTGL. The elected government of President Ellen Johnson Sirleaf declared its commitment to GEMAP.*

withdrawal of foreign assistance grew more specific: the US, notably, warned that it would be forced to reexamine its support for security sector reform in Liberia, unless the government could demonstrate the necessary fiscal responsibility required to maintain an army. Only during this final deadlock was any serious effort made to communicate to the Liberian public the substance and significance of GEMAP. The EC prepared a press article to clarify the perspective of the international community as to the purpose of GEMAP, as well as the possibility of funding withdrawal if GEMAP was not agreed. It appeared, at this late stage, to have little impact for or against GEMAP among the Liberian public. On 9 September, with most tactics exhausted, Chairman Bryant signed the GEMAP text before promptly departing the country without initialing the annexes that set out how GEMAP would be implemented. He traveled to Ghana en route to the World Summit at the UN, where representatives from the international partners as well as NTGL caught up with him with the finalized annexes for signature. GEMAP, which began life as a crisis initiative in Copenhagen, was concluded somewhat chaotically in Accra four months later.

In the final months of the NTGL and against the backdrop of national elections that led to victory at the polls for Ellen Johnson Sirleaf, GEMAP implementation proceeded at a slow pace. The Economic Governance Steering Committee (EGSC) held its inaugural meeting on 26 October; a GEMAP technical team was joined by national representatives in November and civil society in January 2006. The technical team's work focused on drafting terms of reference for international experts, management contracts and reviews, and a memorandum of understanding on the establishment and operation of SOE escrow accounts. In mid-February, the IMF-recruited Chief Administrator of the CBL arrived in Monrovia. The new Liberian administration has declared its commitment to implement the plan out of desire to 'render GEMAP non-applicable in a reasonable period of time'.<sup>8</sup>

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<sup>8</sup> From the last paragraph of the section entitled "Corruption" from the Inaugural Speech of Ellen Johnson Sirleaf on January 17, 2006.

## IV. Summary of GEMAP's development

To capture how the plan for a robust intervention in the economic governance of Liberia developed, and how its particular elements evolved in that process, it may be useful to summarize the key components of the draft papers and plans between March/April and September 2005.

### Early drafts

**US White Paper.** The short discussion paper titled “Liberia: options for increased involvement” developed by US Treasury, State Department, and USAID in early April 2005 and shared with the Bank and the IMF was a pragmatic and non-combative document that diagnosed three sets of problems: revenue management, fiscal/expenditure management, and enforcement and called for intrusive measures to include assistance from EU, US, Bank, and IMF, with ECOWAS as mediator. No role for the UN is referenced. The significance of this informal discussion paper was the review it included of previous interventions in developing countries.

*An early US White Paper identified the problem and reviewed previous interventions in developing countries.*

**“Non-paper”.** In the margins of the Copenhagen meeting, USAID drafted a preliminary approach to a more forceful option for addressing corruption based on: capturing revenues, expenditure controls, operating structure, enforcement, and funding. It proposed both immediate measures, to cover the last 8 months of NTGL, and structural measures to transcend the lifespan of the NTGL. The World Bank and the IMF added further details of what these measures could include resulting in a two-page document that said the investment by international community was at risk and presented a partnership to move ahead. The plan did not specifically mention executive authority or veto power.

*A USAID-initiated Non-paper outlined an approach to address corruption for discussion at Copenhagen.*

### EGAP

First formal iteration of a plan: The EGAP was presented as the united view of “the Group” (UN, EU, ECOWAS, US, supported by IMF and Bank) regarding “serious concerns regarding Liberia’s economic governance”. Strong imperative language is used, including “veto” and “must”. The draft referenced the EC audits, referred to the ECOWAS investigation process, and identified economic governance failure as a threat to the CPA. The proposed EGAP measures were linked to the continued operation of RFTF. An Economic Governance Steering Committee was proposed as to oversee EGAP, to be co-chaired by the government and a representative of international partners, and hold veto power over “any government policy, contract, concession, travel advance, waivers on duties/taxes, disbursements”. EGAP was to be submitted to the UN Security Council for consideration, and the Security Council was “expected” to support EGAP by “giving the necessary mandate to UNMIL”. The draft made the link between implementation of EGAP and the lifting of UN sanctions.

*The first EGAP draft included strong imperative language, provided for a steering committee with veto power, Security Council endorsement and an amendment to UNMIL’s mandate.*

### LEGAP

The NTGL presented an alternative plan, to “affirm that the peace process is on course”. It referred to EGAP as a plan that gave foreign experts authority to veto and over-ride constitutional and statutory powers, amounting to “de-facto trusteeship/receivership”. As a counter-proposal, the document proposed a program of assistance to strengthen and expand ongoing technical assistance and advice, including the provision of additional experts in selected institutions. It argued that it is “important at this stage in the peace process that interventions do not infringe or undermine national sovereignty... (*which*) would endanger the peace process”, and cited Article 7 of CPA as limiting the international community’s role.

*LEGAP, a counter-proposal by the NTGL, criticized EGAP as de-facto trusteeship and proposed increased technical assistance...*

LEGAP called for an audit of donors' expenditures of pledged money. It critiqued the June 2005 UN Panel of Experts report as erroneous and implied that EGAP was based on "wrong" perceptions of the international community about Liberia. No governing body or oversight mechanism was proposed.

**GEMAP (as signed)**

The final GEMAP document was negotiated throughout late July and August by EGAP drafters and the NTGL technical team. The agreed signed document is presented as a joint solution agreed by the NTGL and international partners (UN, EU, ECOWAS, AU, US, IMF, World Bank). It references the CPA and UN Security Council Resolution 1509, identifies poor fiscal management as a threat to achieving RFTF targets that also undermines donor support for a longer term assistance program. It references the EC audits, the Auditor General findings on foreign travel, and the ECOWAS investigation and concludes that "there should be a more robust approach to economic governance, with immediate and firm remedial efforts".

The six components of GEMAP, which are further detailed in a series of GEMAP Annexes, are:

1. financial management and accountability: international experts with binding co-signature authority, management contracts for State-Owned Enterprises
2. improving budgeting and expenditure management: changed business processes, IFMIS, international experts with binding co-signature authority
3. improving procurement practices and granting of concessions: changes in transparency requirements, support to implementation of IMPP, support to CMC, help Liberia joining EITI and Kimberley Process
4. establishing effective processes to control corruption: establish Anti-Corruption Commission, provide international legal experts as advisors to Liberian judiciary
5. supporting key institutions: international experts in GAO with binding co-signature authority, contract for External Audit Agent, technical assistance to the Ministry of Finance and the Governance Reform Commission
6. capacity building: items 1-5 to be accompanied by a plan and resources to enable capacity building, noting that it would specify the activities planned for building local capacity, a timeline for measuring results through improved service delivery, and an exit strategy

GEMAP affirms RFTF as the overarching framework for donor coordination, links EGSC to RFTF institutions, and previews replacing RFTF with an Interim Poverty Reduction Strategy. The role and function of the EGSC is detailed in a separate annex which notes that EGSC will guide and monitor the implementation and will be chaired by the Liberian head of state, with a representative of the international community serving as deputy chair. A representative of civil society is included in the EGSC. No technical implementation mechanism is proposed in the document. The document closes with a statement about performance and exit strategy, promising that GEMAP will be reviewed annually to assess progress against benchmarks, results, and resource needs and that is envisaged to terminate after 36 months unless Liberia's debt status does not improve.

*GEMAP is a robust action plan for economic governance which is linked to the successful implementation of the Comprehensive Peace Agreement and the lifting of UN sanctions on Liberia.*

*It has six components, which are detailed in a series of annexes...*

*GEMAP has a powerful oversight body....*

*....and is linked to existing frameworks for donor coordination.*

## V. GEMAP as an innovative policy initiative

Three aspects of GEMAP are particularly striking. The first is the scope of the action plan; the second is the relative consistency of its key features; the third is the plan's relative lack of detail on funding and implementation.

### Scope

GEMAP stands out in terms of the scope and intrusiveness of multilateral international engagement in public finance management in a sovereign country. It targets the collection of revenues and the management of expenditure but also addresses government procurement and concessions practices, judicial processes, transparency and accountability of key government institutions and state-owned enterprises, and local capacity-building. This reflects the reality that corruption can only be addressed through a comprehensive, holistic strategy. However, it also raises questions as to the capacity of a targeted action plan, involving multiple partners, to successfully address such a comprehensive agenda in a limited timeframe. It also raises questions about how GEMAP relates to the economic development and recovery programs already in place.

*The scope and intrusiveness of external engagement in GEMAP is distinctive.*

### Key features

Many of the GEMAP's key features were present in the first think-piece prepared during US inter-agency discussions for subsequent consultation; these remained, more or less intact, throughout the negotiations. This suggests that although the actual EGAP/GEMAP texts were quickly drafted, they were the product of a longer discussion among key international actors that was based on a shared diagnosis and technical analysis of other development assistance experiences. Interestingly, however, there is no consensus among individuals interviewed for this study as to the relative technical importance of GEMAP's different components and what one feature is most crucial.

*The relative consistency of its key features throughout reflects a shared diagnosis of past experiences..*

***Financial management interventions:*** The key features of robust intervention in the management of public finances in Liberia include: international experts with binding co-signature authority in selected institutions, agencies and ministries; international management contracts for state-owned enterprises (SOEs); international Chief Administrator of the Central Bank of Liberia; international-led Resource Management Unit to manage payment processes and an Integrated Financial Management Information Systems, or IFMIS; international-led Technical Secretariat for the existing Cash Management Committee; executive authority to the CPA-established Contract and Monopolies Commission to review concessions, contracts and licenses.

*Intervention in the management of public finances is a key component, through co-signature experts and international management contracts.*

***Oversight and dispute resolution mechanisms:*** Another key feature of GEMAP is the oversight arrangement for the program. A tripartite steering committee, made up of Liberian government ministries, international donors and a civil society representative was a component of the action plan from the outset. Its scope and form, however, evolved substantially during negotiations. The final agreed structure of the EGSC provides for the Head of State as Chair, with a representative of the international partners serving as deputy. EGSC's functions are to monitor GEMAP implementation and to arbitrate, in the case of disagreements over decisions taken. The Chair has final authority in cases where arbitration does not succeed. EGSC meets fortnightly and its observations and decisions are made publicly available. The significance of EGSC as an oversight mechanism arguably increases as the scope of the judicial enforcement dimension of the plan narrowed. An additional external oversight mechanism is provided through the Security Council's decision to be

*Oversight and dispute resolution mechanisms is another significant feature, through the EGSC. Regular review by the UN Security Council provides an additional oversight mechanism.*

updated regularly on GEMAP implementation as part of the UN Secretariat's regular reporting on the situation in Liberia.

*GEMAP makes a linkage between economic governance and the success of the peace process...*

**Linkage to peace implementation processes:** GEMAP makes an explicit linkage between economic governance and the success of the peace process in Liberia. Although the final text makes no reference to UN Security Council endorsement, it notes that GEMAP will improve the application of UN Security Council resolution 1509 with regards to sanctions. The Security Council made explicit the linkage between economic governance and the lifting of sanctions in resolutions 1607 and 1626.

*...and to wider economic recovery as targeted by the RFTF.*

**Linkage to wider economic recovery:** GEMAP's initiators presented the plan as a necessary measure to ensure that the RFTF achieves its targets and enables a transition to a Poverty Reduction Strategy. The final text underscores that GEMAP does not replace RFTF as the main plan for international assistance to recovery and development. Nevertheless, GEMAP emerged as a reaction to the perceived failure of the consensus-based RFTF, and opinions differ on the extent to which GEMAP impacts on the RFTF and its continued implementation.

### **Implementation**

*GEMAP contains little detail about implementation and funding...*

For an ambitious plan, the GEMAP document provides relatively little detail on how it was to be implemented and funded. The reference to a termination date of after 36 months, unless Liberia failed to reach the HIPC Completion Point, was only inserted after vigorous NTGL insistence. Notwithstanding the World Bank/IMF's initial underscoring of the need for a plan to include benchmarks for transfer of responsibilities, the GEMAP provides no detail on benchmarking targets or mechanisms. It was only after the signing of GEMAP that attention focused on implementation. The absence of a detailed road map for the operational implementation of GEMAP may have been a contributing factor in the pace of GEMAP implementation during its first six months.

*... key donors agreed that they would cover GEMAP funding through reallocation of existing resources.*

GEMAP resourcing is not addressed in the text and does not appear to have been a substantial point of discussion among the ICGL or with NTGL. The understanding among the four main donors was that GEMAP would not result in the establishment of a specific funding mechanism but that donors would divide among them responsibility for the funding of specific GEMAP tasks, understood as primarily the funding of the various proposed international co-signature experts. The donors indicated that such funds would be covered by reallocation of existing resources and would not initially require new funding streams.

## VI. **Lessons for learning? Thinking about GEMAP's potential applicability to other post-conflict contexts.**

*Lessons can be drawn on the process by which GEMAP came into existence.*

It is too early, at this point, to assess GEMAP's impact. Observations can only be drawn about the process by which it came into being, how this process shaped GEMAP's substance and, as already is apparent, its implementation. What these observations demonstrate is the complexity involved in robust external intervention in the economic governance in post-conflict and/or fragile state contexts and the particular conjunction of conditions required for it to be put in place. A number of these considerations may be useful in thinking about the relevance of GEMAP to other country situations.

### **Economic governance is a political as well as a technical process.....**

*Economic governance is a political as well as technical process. A political strategy, the tone of texts, and an appropriate level of detail are key.*

One of the most notable aspects of the GEMAP story is the consensus on the gravity of the problem of corruption in post-conflict Liberia. There was agreement that a response would have to be comprehensive. Few among the international partners, the NTGL, or Liberian civil society seriously questioned the technical analysis or soundness of the solutions proposed. Rather, key sponsors were criticized for failing to approach GEMAP as a political process. As an initiative introduced in a political context, GEMAP required a political strategy to secure the support of all stakeholders involved, encompassing consultation, calibrated tactics and use of incentives and disincentives. A second lesson from the "technical-political" tension is that the language and tone of texts are important. Third, the level of technical detail required in a political document might be considered: less specific detail may facilitate negotiation processes.

### **.....requiring sustained engagement of headquarters and national capitals**

*A robust plan requires the sustained engagement of headquarters and national capitals.*

A political approach underscores the need for sustained engagement of headquarters and national capitals in robust intervention initiatives. GEMAP was initiated in Copenhagen, presented to partners in Abuja and raised at the Security Council in New York before it was formally presented to the NTGL, yet its detailed elaboration and negotiation was left, for the most part, in the hands of mid-level officials in Monrovia. When HQ and capitals did intervene, it often resulted in breakthroughs, but only after considerable time and goodwill had been expended. One reason for the lack of timely HQ engagement may have been the sense of ownership of the plan felt by key sponsors resident in Monrovia; another factor could have been reluctance among international HQs and national capitals to be seen to be a "driver" for robust external intervention. The lesson of GEMAP is that headquarters engagement is critical. The Security Council's consideration of GEMAP potentially paves the way for greater acceptability of international attention to economic governance in post-conflict contexts.

*The Security Council's consideration of GEMAP is potentially significant for future international attention.*

### **International unity is a precondition as well as constraint for robust intervention**

*A common diagnosis and commitment to action is crucial....*

The single most powerful factor in the introduction and eventual signing of the GEMAP was the unity of Liberia's international partners. The establishment of a shared diagnosis was aided by the data produced by the EC financial audits; the significance of detailed empirical evidence in building an objective case for intervention is a consideration to be kept in mind in other contexts. However, obtaining and maintaining unity among international partners meant ensuring that EGAP/GEMAP reflected multilateral ownership, and this proved difficult, particularly with regard to regional partners. Earlier and wider consultation with subregional actors might have indicated their particular perspectives on the issue of corruption and enabled those perspectives to be better reflected in the draft. Informal discussions with subregional actors on the proposed framework may also have addressed

*...which can be facilitated by detailed empirical evidence....*

*..and inclusive  
onsultation processes.*

worries about GEMAP's potential as a precedent for action elsewhere in the region. More effort could have been made to define a particular role for subregional actors, or encourage them to define one for themselves, in the negotiations and implementation planning process. A potential lesson for other contexts is the importance of bringing in all international actors, especially regional actors, and preventing any impression of robust intervention being a reflection only of donor interests. This requires extensive consultations and may impact the time required in the development of a robust economic intervention initiative.

### **The importance of engaging with a wide range of national stakeholders in a transitional context**

*Engaging with a wide  
range of national  
stakeholders is  
essential, including  
government entities...*

NTGL opposition to a robust anti-corruption strategy was predictable. The EGAP/GEMAP threatened to interrupt lucrative personal incomes for individuals and threatened many of them with public embarrassment if not judicial investigation. Approaching their final months in power, with no chance of participating in the subsequent government, there was little incentive for senior NTGL leadership to take a different stance. At a very basic level, NTGL assent was always going to be reluctant.

*...and a broad range of  
civil society  
representatives.*

In order to prevent NTGL from using nationalist rhetoric to stoke public support for its position, it was important for other Liberian stakeholders to come out in support of EGAP/GEMAP. Such potential stakeholders existed: Liberia has an active and articulate civil society and Liberian civil society is a signee of the Comprehensive Peace Agreement. A number of local non-government organizations focus exclusively on anti-corruption and actively lobbied for governance reform.<sup>9</sup> A more active and earlier engagement with civil society could have encouraged public debate about corruption and helped in creating an enabling environment for the introduction and negotiation of GEMAP. While caution in appearing to circumvent national authorities is an important consideration, international partners could have done much more to facilitate public debate on economic governance as well as to build more informal, off-line strands of support among key actors. Pending elections made the engagement of civil society actors even more important, as it enabled EGAP/GEMAP to be taken up as a topic by election candidates.

*Civil society support  
helps establish an  
enabling environment  
for the negotiation and  
implementation of an*

The GEMAP experience suggests that civil society is important in helping to create an enabling environment for the negotiation and implementation of robust intervention initiatives, within the host country as well as internationally. Active civil society support could also be important in ensuring that implementation of a robust intervention initiative is actively pursued by government authorities.

*A communication and  
information strategy is  
a prerequisite to  
effective outreach –  
UN mission Radio is  
potentially significant*

### **Communication strategy as a crucial element in outreach and awareness-raising**

Outreach to a wide range of Liberian stakeholders required a communication and information strategy. This aspect was not addressed in the design and initial discussions of the EGAP/GEMAP and was raised only when NTGL opposition to the proposed plan was entrenched. A general information campaign effort on the significance of governance for peace and prosperity in Liberia could have contributed to establishing a supportive public environment. Once negotiations were underway, outreach to the Liberian media could have assisted public understanding of what was being proposed. In this context, UNMIL could have played a facilitating role, given its mandate to assist effective public information and promote understanding of the peace process through Radio UNMIL. One consideration for other post-conflict contexts is the importance of translating the technical elements of a plan

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<sup>9</sup> Other potential stakeholders included educational institutions, particularly given Liberia's high youth population, religious leaders, the press, as well as Liberia's significant diaspora.

like GEMAP into clear and practical terms that are meaningful to a wider public and articulate what such an initiative potentially means for the security and livelihood of people and their families. Such initiatives should be presented as a way of enabling the (re-) assumption of sovereignty, rather than constraining it.

### **Carrots and sticks in the negotiation of economic governance interventions**

There were few appealing incentives available to offer NTGL, short of amnesty from future action by the envisaged Anti-Corruption Commission, or the assurance that implementation would not begin before its departure – neither of which were palatable options. Perhaps early and sustained engagement of reform-inclined NTGL members would have encouraged a greater sense of ownership, but an initiative that is a reaction to lack of compliance by national authorities is unlikely to be wholly ‘owned’ by it.

*While there few appealing incentives available to effect compliance of national authorities...*

In the context of a non-reform-minded government, the threat of punitive measures is likely to be more significant than promises of assistance. In the case of the NTGL, two threats appeared to play a deciding role. The first was the US threat to withhold security sector reform assistance: while the EC warned that it would withhold a planned aid package, and the World Bank signaled it might follow the IMF’s walk-away, the US threat had particular resonance for Liberia’s leadership. The second was the potential travel ban on Chairman Bryant and his senior officials. NTGL was vociferously opposed to the link between existing Security Council sanctions and the GEMAP but the idea, never made explicit, that failure to sign GEMAP might result in similar travel restrictions being imposed appeared to play a key role in Bryant’s individual calculations. The symbolic as well as the practical significance for individual elites of UN sanctions in such contexts is noteworthy. It underscores the potential of more active UN Security Council engagement in issues of economic governance in post-conflict countries, not only to legitimate robust external intervention, but to provide an important incentive and/or disincentive in negotiations.

*...threats targeted at individuals, in particular potential UN Security Council travel bans, were particularly effective.*

### **Capacity-building as a carrot but for whom and how?**

The issue of capacity-building was a lightning rod for opponents of GEMAP, and critics from a range of perspectives maintain that a comprehensive package of donor support for capacity-building would have made the plan more palatable at home and abroad. In its absence EGAP/GEMAP appeared to some as ‘punishment’, and was liable to interpretation as a narrow reflection of donor frustration at the NTGL rather than a broad commitment to support governance in Liberia. NTGL’s presentation in LEGAP for a program of equipment, per diems, renovated offices, and training packages further ensured that understandings of capacity building would remain contested. Tensions were compounded by the lack of detailed discussion among international partners as to strategies for the delivery of capacity-building in the required areas. Some proponents of GEMAP maintained, for example, that the presence of international experts of itself is a substantial capacity-building contribution, while others argued that a focused capacity-building component with performance-linked benchmarks for transition of authority should accompany robust intervention, either within the intervention framework or as a component of an adapted, linked development strategy.

*The capacity building dimension of robust initiatives is a politically and substantively important component that merits focused discussion.*

The capacity-building dimension is a politically and substantively important issue to consider in thinking about robust initiatives. For a reform-minded government, increased capacity-building assistance may be a powerful incentive to help the government strengthen its domestic position. For regional and international actors, the provision of capacity-building may be important as a symbol of the commitment of all partners to engage in

comprehensive reform, as well as a practical means of ensuring the longer-term sustainability of economic governance.

### **Economic governance intervention and the challenge of keeping targets focused and limited**

*Ring-fencing selected key targets in the economy...*

EGAP/GEMAP demonstrates the challenge of ring-fencing discrete aspects of national public finances. The most feasible target is natural resource revenue generators – mines, forests – and key infrastructure installations such as ports and key transit points. The international security presence may be required to back up externally-recruited management of key targets and to deter violent opposition to the imposition of controls. In countries where natural resources are not a central source of revenue generation, it may be more difficult to identify and isolate key targets for ring-fencing.

*...and focusing attention on a few key tools of expenditure management are a challenge.*

Targeting revenue collection gives rise to the question of expenditure management, given its impact on local populations and the provision of goods and services. This in turn opens up the potential scope of any intervention. Within national institutions, the Ministry of Finance and the Central Bank are clear targets for priority attention but other ministries, particularly those involved in service delivery, may also require focused attention. The potential for expansion of the scope of a robust action plan raises questions of cost and feasibility for what is intended to be a limited, ‘emergency’ type intervention.

*Post-conflict recovery frameworks should include entry points for possible operational economic governance components*

As a general consideration, it may be valuable for operational economic governance components to be included in joint post-conflict recovery frameworks from the outset, at least in a general manner to keep open the possibility for targeted consensual interventions if required. Where a robust intervention is subsequently introduced, it would be worth considering the extent to which it can build, as much as possible, on existing frameworks and institutions.

### **Significance of oversight mechanisms for a robust intervention initiative**

*Powerful oversight mechanisms are significant in ensuring that implementation does take place. The authority of an oversight body must be clearly established.*

GEMAP’s most innovative aspect, arguably, is its oversight component. EGSC is significant in the seniority of its composition and in its real authority over governance reform. All ICGL partners are represented. The principle it encompasses of civil society being an equal participant in governance oversight is noteworthy, even if in practice, EGSC remains largely a national government – international partner forum. The commitment to make public and accessible the decisions of the EGSC offers a potential useful way of maintaining active communication with a wide range of national stakeholders. The fact that EGSC meets fortnightly and has a technical Secretariat offers the prospect of a genuine operational body. At the international level, the Security Council’s regular review of GEMAP provides another, less direct, oversight mechanism.

*High-profile oversight is particularly important where national authorities evidence little commitment to governance reform.*

The purpose of a powerful oversight mechanism is to ensure implementation of an agreed plan. EGSC was particularly important for Liberia given that the national leadership was identified as a central source of the corruption problem and guaranteed to be recalcitrant about GEMAP implementation. In the context of a government committed to governance reform, the need for a powerful oversight mechanism may be less pressing, at least as the main driver for the implementation process and may not require the high profile that EGSC has had. A technical, operational secretariat is crucial in coordinating multiple parallel activities across the public finance system, as well as monitoring and evaluating progress in implementation.

### **Enforcement mechanisms: potential judicial elements in an economic governance initiative**

Early discussions among sponsors regarded judicial enforcement as a necessary element of a robust plan of action to address governance and thought in terms of the creation of an Anti-Corruption body/authority. This proposal was not fleshed out, however, and the judicial dimension of EGAP focused, almost exclusively, on the unfeasible proposal to have judges from the subregion serve in Liberian courts. The final GEMAP text and annexes provide relatively little detail on the composition, function, authority and funding of the Anti-Corruption commission or how its establishment relates to wider strategies for rule of law reform in Liberia. The GEMAP experience points to the importance of having legal and judicial expertise involved in the drafting of programs that address economic governance.

*Legal and judicial expertise in the drafting of an economic governance action plan is important.*

A wider question relates to how judicial reform might be successfully addressed in a targeted and limited plan. Judicial and criminal accountability is critical to sustainable governance reform. At the same time anti-corruption strategies, as experiences in Sierra Leone and elsewhere have demonstrated, are not easily separable from a wider strategy of reform of the rule of law. The GEMAP experience indicates that far more consideration is required on how economic governance strategies can satisfactorily include and/or align with the complex and comprehensive area of legal and judicial reform.

*More consideration is required on the integration of judicial and criminal accountability into a targeted plan.*

### **Considerations of timing**

Timing is an important consideration in any robust intervention. The greatest scope for external intervention in a sovereign state is immediately after the conclusion of conflict, in the elaboration of an internationally-brokered peace process. Many argue that peace agreements should include provisions for natural resource management where necessary, as well as mechanisms to safeguard good governance in the post-conflict transition state. The CPA, for example, included a number of mechanisms and possible points of entry for external action, with its governance reform and contract monopolies commissions, and provisions for international experts to assist in the administration of ministries. But the scope and robustness of a peace agreement is a function of the political and security context in which it is negotiated. It represents an alternative to armed violence and a compromise among combatants and it may not always be possible to include elements that may well be interpreted as constraining the actions of participants.

*Internationally brokered peace processes are the best entry point for external intervention, yet peace agreements themselves may not always be the appropriate tools for provisions on economic governance.*

Equally important is the willingness of international partners to impose conditions on incoming transitional authorities or to engage as comprehensively as the terms of a peace agreement might permit. In the context of an initial transition phase, security is a dominant consideration – corruption can threaten stability, but so too can aggressively punitive action against a fragile transitional government. A basic degree of security is essential, both to deter potential violent opposition to a robust intervention as well as to provide security for the individuals involved in implementing unpopular decisions. Waiting too long to act, however, may increase the reluctance of an outgoing regime to engage and risks overlap with elections, a particularly time-consuming and politically sensitive moment in the transition process. The importance of sending early signals about governance expectations, and of stressing that partnership between transitional authorities and international partners is a compact with obligations on both sides, should not be overlooked. Where intervention is proposed, timing issues should be carefully considered.

*Timing is important. Intervention should not threaten stability in an initial transition phase. However, waiting too long may increase the reluctance of local political stakeholders.*

### **The devil is in the implementation details**

Although this study is not focused on implementation evaluation, the first six months of GEMAP post-signing do offer some factors for possible consideration in other situations.

*An early evaluation of GEMAP implementation shows...*

*...that implementation must be addressed at the outset; practical considerations follow; as well as the negotiation of technical aspects in detail or in principle – depending on the sensitivities.*

*The negotiation process may affect implementation of a robust intervention.*

*Where shaky government commitment is predictable, strategies for negotiating opposition should be considered at an early stage.*

First, implementation needs to be addressed at the outset of any robust intervention initiative. It sends an important signal as to the ‘emergency’ nature of the intervention and to its limited time duration, particularly where issues of benchmarking and exit strategy are included. Second, practical issues of funding, implementation structures and management may be addressed in the design phase in order to facilitate roll-out of the agreed program. Some technical elements, such as terms of reference for internationally-recruited staff or mechanisms to ensure the accountability of the procedure, might be also discussed with all stakeholders during negotiations. Where the sensitivity of negotiations at the political level preclude detailed discussions of technical drafts, it may be useful to address general principles for implementation strategy, roles and responsibilities in a technical forum.

The GEMAP experience demonstrates that the process through which negotiations take place affects the launch and implementation of a robust economic governance intervention. Economic governance reform needs the engagement of national leadership and where government commitment has been difficult to obtain, similar, if not greater recalcitrance on implementation can be expected. If a robust economic governance intervention is understood as a deterrence strategy, or a temporary, limited stopgap, this may not be too much of a concern. If, however, the international initiative aims to ring-fence comprehensive areas of revenue collection and expenditure control, as GEMAP does, then strategies for negotiating continued opposition or delay on the part of national authorities, and for encouraging national reform-minded constituencies during the implementation phase, should be considered at an early stage in the process.

## VII. Conclusion

*GEMAP's innovation is in highlighting the significance of economic governance in the successful transition from conflict to stable peace.*

GEMAP is characterized widely as a highly innovative plan. For some, that underscores its *sui generis* nature, for others, it suggests its potential as a model for other contexts. This review of GEMAP and the process by which it came into being illustrates that the issues of governance that GEMAP seeks to address are not singular to Liberia but a feature of many post-conflict and fragile states. Liberia's distinctiveness lies in the scope of the corruption challenge, rather than its substance. The review also demonstrates that, while GEMAP is a technically complex plan, its substance is drawn from experiences and models of development assistance undertaken in Liberia and elsewhere over the past decade. Where GEMAP's innovation, and potentially greatest contribution lies, is in highlighting the significance of economic governance in the post-conflict transition of a state to stable peace and in reflecting the emerging international recognition of governance as a 'political/security' as much as a 'development' issue. In so doing, it suggests that successful peacekeeping and peacebuilding interventions may require greater international willingness to set principles, expectations and conditions on the administration of the state by national authorities and to monitor the implementation of a jointly agreed program for post-conflict transition.

*The GEMAP experience demonstrates the political and technical challenges of intervention in economic governance issues.*

The GEMAP experience, however, demonstrates that external intervention in economic governance issues presents many political as well as technical challenges. It illustrates the complex interlinkage between domestic, regional and international considerations in developing and negotiating such plans. It testifies to the importance of national buy-in, not only to enable the introduction of a plan, but to effectively implement it. The story of GEMAP also points to the very distinct conjunction of factors present in Liberia in 2005, many of which have been identified in course of this review. Such factors may not be easily reproduced in other post-conflict and/or fragile state contexts. For that reason, it will be important to monitor GEMAP implementation and assess its record in assisting economic governance reform in Liberia after a sufficient period of implementation has passed. This review, therefore, is the first part of a wider exercise.

*Further review of GEMAP is required.*

### Annex A: Overview of evolution of various drafts

	USG white paper	“non”- paper zero draft	Copenhagen revision	EGAP	LEGAP	GEMAP
Timing Authorship Tone	April 2005 (post-Stockholm) “Liberia – options for increased involvement” US Treasury, State, and USAID pragmatic but not combative; “intrusive” measures to include assistance from EU, US, Bank, and IMF, with ECOWAS as mediator	April 2005 US	May 9-11, 2005 US, IMF, Bank  respectful; starts by saying the “investment by intl community is at risk”; presents this as a “partnership to move ahead”	developed immediately post-Copenhagen based on “non-paper” formally presented 26 May in Abuja presented as united view of “serious concerns regarding Liberia’s economic governance” on the part of “the Group” = UN, EU, ECOWAS, and US, supported by IMF and Bank strong language including “veto” and “must”	dated June 27 2005, Ministry of Foreign Affairs, NGTL “by this paper, NGTL seeks to affirm that the peace process is on course” refers to EGAP w/o reference to acronym; says “the Group” desires a plan that infuses foreign experts with authority to veto and override constitutional and statutory powers, “de-facto trusteeship/ receivership”	evolved through iterative drafting process post-Niamey (late July-August, EGAP drafters worked with NTGL team document is presented as a joint solution agreed by NGTL and “international partners = UN, EU, ECOWAS, AU, US, IMF, Bank” signed by 3 from NTGL and 2 from ICGL
Scope	diagnoses three sets of problems: revenue mgt, fiscal/ expenditure mgt, enforcement  presents a range of examples from intl experience, discusses 5 “modules” with differing levels of intervention, tied with a discussion of incentive& implementing structures  rough cost estimates, initial large USG \$ contribution then Bank support thru lending after arrears	prelim approach to a “more forceful option for addressing corruption”  5 elements – capturing revenues – expenditure controls – operating structure – enforcement – funding	diagnoses – “gross mismanagement – poor policy – endemic corruption”  calls for international community to address problems and Liberians to generate political will “to do their part”	references empirical basis of EC audits and refers to ECOWAS investigation process (not details on substance)  identifies econ governance failure as threat to ACPA  links EGAP measures to RFTF and affirms RFTF to “continue as one of the operative documents”, donors “will continue to support it during its lifetime”	1. program that “strengthens and expands ongoing TA, financing support, and advisory services and infusion of addl experts in selected institutions” 2. “important at this stage in peace process that interventions do not infringe or undermine natl sovereignty... would endanger peace process” 3. cites Article 7 of ACPA as limits to IC role 4. in discussion of <i>principles</i> (section 3), rejects exec authority in foreign hands, calls for audit of donors’ exps of pledged money, a la EC audits on Liberian SOEs 5. in Section 4, critiques June 2005 UN Panel of Experts report, links “erroneous” report with bad SC decision (implies EGAP based in “wrong” perceptions of int’l community)	references ACPA and SC res 1509  identifies poor fiscal management as a threat to achieving RFTF targets, undermines donor support for IPRSP  cites conclusion that “there should be a more robust approach to economic governance, with immediate and firm remedial efforts”  references results of EC audits, Auditor General findings on foreign travel, and ECOWAS investigation

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	are cleared					
Substantive Elements	<p>1. <u>Management module</u>: management contracts for revenue collection</p> <p>2. <u>Offshore module</u>: capture revenues from key industries and parastatals in offshore escrow accounts, with expenditures made from the account monitored by intl community and Liberian civil society</p> <p>3. <u>Supervisory module</u>: control/supervision of budget &amp; exp functions by World Bank w/in ministries and CBL, including “veto power”</p> <p>4. <u>Enabling module</u>: capacity building over long-term to develop policies and procedures at the bureaucratic and institutional levels</p> <p>5. <u>Monitoring module</u>: expenditure oversight thru hiring of monitoring agent á la Bank in Afghanistan, reporting to donors</p>	<p>A. Immediate measures ( to cover last 8 months of NGTL)</p> <ul style="list-style-type: none"> <li>– no new contracts or concessions to be awarded</li> <li>– clarity+transparency on interim public procurement</li> <li>– include Liberia under EITI</li> <li>– secretariat for CMCo with intl oversight</li> <li>– “decision” by intl on port managmnt</li> <li>– sanctions against individual malfeasance</li> </ul> <p>B. Structural measures (to transcend lifespan of NGTL)</p> <ul style="list-style-type: none"> <li>– reform of CBL w/ expat GenManager</li> <li>– expat executive intl TA at MoFinance</li> <li>– expat Auditor General at GAO</li> <li>– intl oversight of bidding mechanisms</li> <li>– donor oversight of public procurement</li> </ul>	<ul style="list-style-type: none"> <li>– management contract for Natl Ports Authority</li> <li>– management contract for customs</li> <li>– reform on MOF processes including CMC payment procedures</li> <li>– Central Bank: conformance with strict procedures</li> <li>– policy reforms on procurement process</li> <li>– independent monitoring</li> </ul> <p>** no mention of executive authority or “veto power”</p>	<ul style="list-style-type: none"> <li>○ <u>securing Liberia’s revenue base</u> (ring-fencing key revenue generating entities)</li> <li>○ <u>improving budgeting and management controls</u> (CMCo)</li> <li>○ <u>revised procurement process</u> (new procurement law, externally managed centralized agency with strong oversight)</li> <li>○ <u>management oversight and TA</u> (advisory non-executive positions for oversight of concessions/contracts, review of all NTGL concessions)</li> <li>○ <u>judicial revival</u> (bring in foreign judges, set up independent Anti-C Commission, and give full enforcement power to GRC and CMC “as per ACPA.”</li> <li>○ <u>executive management of key institutions</u> (Chief Administrator of CBL w/</li> </ul>	<ul style="list-style-type: none"> <li>○ <u>research and attention to issues of political governance</u> (“substantial resources to investigate socio-political root causes of protracted poor economic governance”)</li> <li>○ <u>secure Liberia’s revenue and income base</u> (deploy international experts and technical advisors, establish escrow accounts)</li> <li>○ <u>improve budgeting and expenditure management</u> (build capacity, reform and streamline protocols, provide IFMIS, material support to EFMC and CMCo)</li> <li>○ <u>improve procurement practices and granting of concessions</u> (new laws, e-procurement process, use of media, additional experts, increased financial support)</li> <li>○ <u>establish effective judicial processes to control corruption</u> (renovate and construct facilities, training, upgrade compensation, research and harmonization of laws, legal observers from Liberia and other countries)</li> </ul>	<ul style="list-style-type: none"> <li>○ <u>financial management and accountability</u>: intl experts w/ binding co-signature authority, mgmt contracts for SOEs, Chief Adminis-trator for CBL</li> <li>○ <u>improving budgeting and expenditure management</u>: changed business processes, addition of IFMIS, intl experts with binding co-signature authority, support to CMCo</li> <li>○ <u>improving procurement practices and granting of concessions</u>: changes in transparency reqs, support to impl of IMPP, support to CMCo, help Liberia join EITI and Kimberley Process</li> <li>○ <u>establishing effective processes to control corruption</u>: establish Anti-Corruption Commission, provide intl legal experts as advisors to Liberian judiciary</li> <li>○ <u>supporting key institutions</u>: intl experts in GAO &amp; CBL w/ binding co-signature, contract for External Audit Agent to support GAO, TA to MOF</li> </ul>

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	on agreed benchmarks of performance			<p>executive authority, executive authority in SOEs, mgmt contracts)</p> <ul style="list-style-type: none"> <li>○ <u>capacity building</u> (efforts in points 1-6 to be “accompanied by efforts to enable medium-term planning &amp; capacity building”, this to happen through liaison with RIMCO on RFTF and subsequent strategies</li> </ul>	<ul style="list-style-type: none"> <li>○ <u>support to key institutions</u> (TA and material support to MOF, CBL, GAO, GRC, MPEA, BOB, Natl Planning Council; external audit agents GRC GAO &amp; CMC)</li> <li>○ <u>capacity building</u> (renovation of buildings, changes in wage structure, code of conduct, scholarships and study tours, building awareness of public sector re: respect for public property, time management)</li> <li>○ <u>RFTF</u> (coordinate resource allocation, establish institutional audits, replace RFTF with I-PRSP)</li> </ul> <p>* in mobilizing TA to be paid by bilateral and multilateral institutions, called for them to “deliberately attract/encourage Liberian professionals at home and in diaspora”</p>	<p>and GRC</p> <ul style="list-style-type: none"> <li>○ <u>capacity building</u>: items 1-5 “will be accompanied by a plan and resources to enable major progress for capacity building; plan will specify the activities planned for building local capacity, the timeline for measuring results through improved service delivery, and the exit strategy</li> <li>– <u>donor coordination</u>: affirms RFTF as overarching framework and RIMCO Support Office as info clearing house, previews replacing RFTF w/ I-PRSP</li> <li>– <u>program implementation</u>: GEMAP to be guided and monitored by EGSC (see box below)</li> <li>– <u>performance and exit strategy</u>: reviewed annually to “assess progress against benchmarks, results, and resource needs &amp; modifications made accordingly”; will terminate after 36 months unless HIPC Completion Point has not yet been reached</li> </ul>

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Governance Structure				<ul style="list-style-type: none"> <li>– EGSC as new oversight steering body; to report to CPA’s IMC, which in turn reports to ICGL</li> <li>– co-chaired by GOL and a rep of international partners</li> <li>– “veto power” over any government policy, contract, concession, travel advance, waivers on duties/taxes, disbursements</li> <li>– UN, ECOWAS, EU, US, IMF, Bank</li> <li>– MOF, CBL, CMC, GRC</li> <li>– one rep from civil society planned</li> <li>– life of 3 years; decision to be taken by ICGL in consultation with Bank and Fund w/ regard to “future necessity and functioning” of EGSC</li> </ul>	no governing body proposed	<p>EGSC chaired by Liberian head of state; deputy chair is representative of development partner. Liberian members: Ministers of Finance and Planning and Justice, Governor of Central Bank, Chairs of CMC and GRC, and one rep nominated by civil society. International members: local heads of AU, EC, ECOWAS, Ghana, IMF, Nigeria, UN, US and World Bank</p> <p>*Note: GEMAP Tech Team not mentioned in document but functions as both technical support and secretariat since October 2005.</p>
Process including links to UN processes				EGAP “to be submitted to the UN Security Council for consideration”; UNSC “expected” to support EGAP by “giving necessary mandate to UNMIL” “successful implementation of EGAP will contribute to discussions on lifting UNSC sanctions on diamonds and timber”		The final agreed GEMAP is referred to in UNSC Res 1626 (19 Sept 05) and Res 1647 (20 Dec 05) with specific linkages made to implementing GEMAP as way forward on lifting sanctions

## **Annex B: List of persons interviewed**

Alan Doss, United Nations Mission in Liberia (UNMIL), Monrovia

Luiz da Costa, UNMIL

Comfort Ero, UNMIL

Jeremy Farrell, UNMIL

Jonathan Papoulidis, UNMIL

Alfred Kofi A. Fofie, UNMIL

Christine Koerner, UNMIL

Raisedon Zenenga, UN DPKO HQ

Cleophas Torori, UNDP Liberia

Kamil Kamaluddeen, UNDP Liberia

Elisabeth Oduor-Noah, UNDP Liberia

Marie Dimond, UNDP New York

Mats Karlsson, World Bank, Washington DC

Luigi Giovine, World Bank, Monrovia

Eric Nelson, World Bank

Serge Christiane, European Commission, Brussels

Geoff Rudd, EC delegation, Monrovia

Chris Gabelle, EC delegation, Monrovia

Ambassador Donald Booth, Embassy of the USA, Monrovia

Matt Butler Chessen, Embassy of the USA, Monrovia

Alex Severens, US Treasury Dept, Washington DC

Carol Grigsby, USAID, Washington DC

Arnim Schwidrowski, International Monetary Fund, (formerly in Monrovia)

Roosevelt Jayjay, ECOWAS Liaison Office, Monrovia

Olabisi Dare, African Union Liaison Office, Monrovia

Ambassador Eineje E. Onubu, Embassy of Nigeria, Monrovia

Sam A. Adelemi, Embassy of Nigeria, Monrovia

Ambassador Maj-Gen F. Adu-Amanfoh, Embassy of Ghana, Monrovia

J. Ofoiu Appiah, Embassy of Ghana, Monrovia

O. Natty B. Davis, former National Transitional Government of Liberia, Monrovia

Christian Herbert, former NTGL, Monrovia

Wilson Tarpeh, NTGL Technical Team for GEMAP negotiations, Monrovia

Senator Blame Nelson, NTGL Technical Team for GEMAP negotiations, Monrovia

Sidi Diawara, National Democratic Institute, Monrovia

Jasper Cunmeh, Center for Transparency and Accountability Liberia (CENTAL)

Aloysious Toe, Foundation for Human Rights and Democracy, Monrovia