

THE IMPACT OF PROPOSED US FOREIGN ASSISTANCE CUTS:

LIBERIA'S DEMOCRACY & GOVERNANCE SECTOR



Summary findings

The US is the largest supporter of Liberia's democracy, rule of law, and governance sector. It works with a wide variety of stakeholders in the country, including civil society, independent media, political parties, and government officials. The FY '19 budget proposal requests a 66% cut to democracy and governance assistance to Liberia. Such a withdrawal would potentially:

- Endanger existing US achievements in institution-strengthening – especially in light of the election of a new and inexperienced government – and erode the ability of the justice sector, media, and civil society to hold the government accountable and to tackle corruption.
- Reduce Liberia's ability to move its plan to decentralize government authority and services forward. This would have ramifications for some of Liberia's most vulnerable populations and negatively affect the government's ability to strengthen domestic revenue generation.
- With three democracy and governance programs not set to close until 2019 or 2020, significant cuts now would limit or end future results of these established programs. It would also severely limit options for the US to support new democracy and governance programs in the future.

PROJECT OBJECTIVE: To assess, using existing aid information, research, and in-country interviews, the impact of the US foreign assistance cuts proposed in the FY '19 budget. We undertook case studies in four countries – Cambodia, Liberia, Nicaragua, and Senegal – focusing on an important sector in each country. For Liberia, we looked at US investments in the democracy and governance sector.

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ABOUT THESE CASE STUDIES:

These countries were selected according to criteria informed by desk research, expert interviews, and analysis. In each country we focused on one sector and visited each country, conducting a number of interviews with a range of stakeholders. We utilized a common methodology for each to ensure a consistent approach with each country. For more information on our methodology visit: www.publishwhatyoufund.org/projects/us-foreign-assistance.

ABOUT PUBLISH WHAT YOU FUND: Publish What You Fund is the global campaign for aid transparency. We envisage a world where aid and development information is transparent, available, and used for effective decision-making, public accountability, and lasting change for all citizens.

Background

Liberia's economy has struggled since 2014 and continues to be highly dependent on foreign aid.

- In 2014, the Ebola epidemic killed 4,806 in Liberia.¹ It was also hit hard by the global commodities price shock, as prices for core Liberian exports – rubber and iron ore – plummeted. While growth was at 7% in 2013, it reduced to just 0.7% in 2014, stalled in 2015, and went into recession in 2016. Liberia continues to lag behind its regional counterparts, with the 5th lowest GDP growth in Sub-Saharan Africa.²
- Liberia is the second most aid dependent country in the world. Net Official Development Assistance (ODA) currently accounts for 44.8% of Liberia's GNI.³
- The two civil wars in Liberia (1989 to 2003) killed hundreds of thousands, displaced millions, devastated the economy and destroyed much national infrastructure and livelihoods.⁴

Despite a fragile economy, Liberia has made significant governance progress. Institution building and decentralization of power are current public priorities.

- Following two peaceful elections, presidential and lower house elections were held in 2017. This resulted in the first peaceful transfer of power to an opposition party in 73 years.
- Significant progress has been made in building Liberia's institutions and public capacity, but they remain weak and struggle with corruption. Strengthening institutions, including the civil service and court system, is a developmental priority of the government.

- In response to a highly centralized governance structure, the previous Liberian government began a decentralization agenda in 2004. Recent successes include the establishment of County Service Centers (CSCs) in all 15 of Liberia's counties to improve people's access to basic government services. Further progress has been delayed until Liberia's Senate passes the Local Government Act, which – among other things – will enable the counties and districts to raise their own revenue for development through CSC activities, as well as give greater control to local government over use of the County Social Development Fund (CSDF), which are governments appropriated funds to be used to develop areas outside of the capital city, Monrovia.

“Before the election, if you stopped someone in the street they didn't say who they wanted to win. They said they just want peace. That's why the peaceful transition was so important.”

As the largest donor in Liberia, US assistance plays a central role in the country's development. In addition to emergency assistance, the US prioritizes its democracy and governance work.

- The US is the largest donor in Liberia and for FY '16 spent \$438.1m. Of this, \$150.4m went to Ebola-related programs. US spending in Liberia represents just 1% of total US foreign assistance spent in 2016. Although incomplete, figures suggest FY '17 spending to Liberia will be around \$266m. The decrease is largely due to a significant reduction of emergency relief.⁵

- Democracy and governance have remained clear priorities for the US in Liberia. USAID includes “more effective, accountable, and inclusive governance” as its first development objective in its Country Development Cooperation Strategy.⁶ Excluding Ebola-related work, the governance sector has typically been the largest or second largest sector for US investments to Liberia. In this area, USAID aims to:
 - improve and strengthen both public sector management capacity and the capacity of legal professionals.
 - increase the quality of independent and reliable information available to the general public by strengthening civil society organizations and the media.
 - build the capacity of targeted government institutions to improve domestic resource mobilization.

EXAMPLE USAID PROGRAMS IN LIBERIA

A2JP: Access to Justice Program • 2016 - 2018

A2JP seeks to strengthen access to justice for historically marginalized rural citizens with the goal of creating a functional and responsive justice system consistent with local needs, practices, and human rights standards. One of the main aspects of this program is the training of community justice advisers, who work in rural communities to provide free legal information and dispute resolution. So far, they have deployed advisors to over 470 communities in eight counties and are working with the National Council of Chiefs and Elders to strengthen its capacity for dispute resolution.

LEGIT: Local Empowerment for Government Inclusion and Transparency • 2016 - 2019

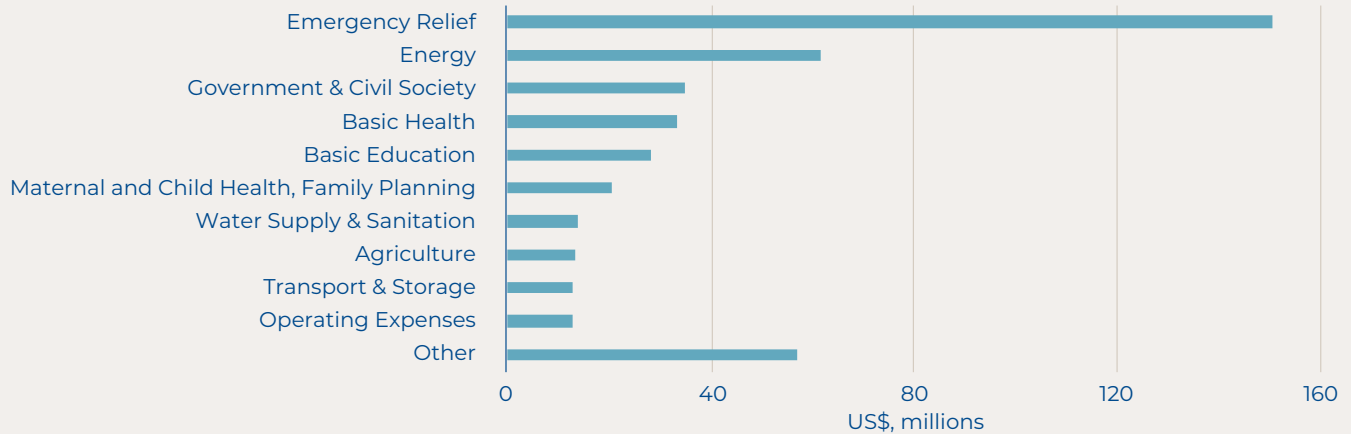
LEGIT is supporting the Liberian Government to solidify the process of decentralization by facilitating the transfer of authority from the national government to counties and cities, thus enhancing citizen participation in governance and building capacity for government officials. It is working with three county administrations and three city governments to improve overall capacity and coordination avenues for citizen engagement and oversight of the central government’s activities.

LAVI: Liberia Accountability and Voice Initiative • 2015 - 2020

LAVI seeks to improve the citizen-state relationship in Liberia by supporting coalitions and advocacy campaigns that promote public sector accountability. It brings together diverse stakeholders, including civil society organizations, to form coalitions around themes that include improving natural resource management and enhancing the education system. Among other achievements, it has founded the National Resource Management (NRM) Coalition to advocate for and scrutinize reforms to the Country Social Development Funds (CSDF), trained 18 Liberian businesses and a large number of non-government organizations to function as service providers and launched a co-working space, technology hub, and online community to stimulate discussions relating to issue-based reform.

LMD: Liberia Media Development • 2015 - 2020

The primary goal of this program is to increase citizens’ access to independent and reliable information, therefore empowering them to engage in well-informed public debate and discussion. LMD is working with the Press Union and legal community on media law reform; with 21 community radio stations in all 15 counties to upgrade their capacity to disseminate information to the general public; young journalists to improve their ability to evaluate the government’s budget processes and expenditures; and with the National Media Council and local media outlets to enforce codes of standards.

US DISBURSEMENTS TO LIBERIA BY SECTOR (\$), 2016

Source: USAID Foreign Aid Explorer

The impact of a US withdrawal

The FY '19 budget request proposes cutting bilateral assistance to Liberia by 62%. This includes a 66% cut to democracy and governance.⁷ Implementing this could slow or reverse existing US achievements in strengthening state institutions and significantly reduce available support to the legal services, media, and civil society to hold the government accountable. This will also make it harder to tackle the persistent issue of corruption.

The peaceful transfer of power between political parties following the 2017 election was a promising indicator of Liberia's progress. However, the election resulted in a 60% turnover of the legislature, as well as an overhaul of senior and mid-level leadership in government ministries and agencies. Consequently, many key posts are now filled by people who lack either governance experience or the needed technical skills.

Several interviewees — across all stakeholder groups, including the government — noted that this is a particularly crucial time for Liberia and precisely the wrong time to reduce support. With diminished support, the government's

capacity to manage the machinery of state, generate its own resources, and tackle corruption faces a significant risk of backsliding. This would not only undermine the impact of US investments to date, but also slow the implementation of Liberia's strategic development plans. If achievements are to be retained or strengthened, similar levels of foreign assistance must be directed to government capacity-building. A number of people noted the important role of the recently closed USAID program, Governance and Economic Management Assistance Program (GEMAP) had in moving the government's reforms forward. Two other recent USAID programs, Governance and Economic Management Support (GEMS) and the USAID contribution to the President's Young Professionals program (PYPP), were also noted as the sort of programs needed now more than ever. Among other achievements, these programs were noted for their success in improving the overall accounting, budgeting, and collection processes of the central government. This helped the government to raise domestic revenue by 37%, roll-out an automated accounting system to help tackle corruption, and the mentoring of young graduates in key civil positions.

“There’s not been a lot of carry-over when positions change hands. There’s not a whole lot of information shared and nothing for the newcomer. There’s a lack of capacity in so far as knowing how to run government. To be honest, programs which have previously closed really need to return.”

Corruption continues to be of concern, particularly as it hinders Liberia’s development. While other donors are helping to address corruption in Liberia, the US is both the largest and considered the most trusted by the Liberian government. A reduction of funding risks the few accountability mechanisms that function across a number of sectors which in turn will diminish public trust in the government. This includes:

Unlike other donors, the US takes a multi-sectoral approach, understanding that the links between various sectors strengthens the overall governance of Liberia. USAID supports:

- the legal sector to strengthen its ability to prevent, investigate, and prosecute corruption, including within the justice sector itself. It is currently working in 470 communities to support some of the most vulnerable to gain access to free and independent legal support.
- civil society and the government to improve fiscal responsibility and transparency to improve efficiency and tackle corruption. With civil society, it is working at a community level to foster links between groups as well as providing capacity training to monitor and evaluate the government’s budget and spending. Concurrently, it is working with seven Ministries to reform payroll and ensure monthly validations to tackle corruption, as well as to improve the quality and timeliness of the overall budget, the predictability of government salaries, recruitment and promotion practices, and the creation of defined career tracks.

- the media, where USAID is currently working to professionalize its services, adhere to journalistic standards and ethics, strengthen the legal environment for free media, and improve the Liberia Information Commission’s responsiveness to requests for information from citizens and media institutions.

Progress in tackling corruption has been made. The government of Liberia has, for example, strengthened its budgeting process, made its budget and spending accounts more transparent, as well as reformed payroll management to remove “ghost workers”. Despite this progress, interviewees noted that any celebrations of success must be tempered with the acceptance that pervasive issues persist, particularly as the Liberia Anti-Corruption Commission remains hampered by a lack of autonomy,⁸ resources, and capacity.

“The fact that people are talking about it [corruption] means that we have moved from one step to another. Largely due to US support, people are bringing the issue up. We have a Whistleblower Act, we have a number of legislative bills, and we have set up a number of [watchdog] institutions.”

USAID’s Civil Society and Media programs were also highlighted as among USAID’s greater successes. The Liberia Accountability Voice Initiative (LAVI) and the Liberia Media Development (LMD) programs are working directly with civil society and the media to increase accountability in Liberia. A study conducted by USAID’s LAVI found that citizens across the country were concerned that county development funds were being misdirected or embezzled by government officials. To address this, LAVI supported the organization of candidate debates in every district for the first time, and broadcast them on community radio stations.

In each of the debates, candidates were asked how they would approach management issues of the County Social Development Fund (CSDF) if elected. Since the election, civil society organizations supported by USAID programs have started campaign-promise initiatives, which track these public statements by candidates on CSDF management and monitor their progress. These sort of multi-dimensional approaches were highly praised across the spectrum of stakeholders.

Moreover, a sharp reduction would disrupt the donors' coordinated strategies. Interviews with government officials and other donors discussed the fact that US assistance in Liberia's democracy and governance sector is a collaborative effort to address Liberian government priorities while also avoiding duplication. The European Union, for example, primarily provides assistance through direct budget support, while the US provides technical support, such as public financial management, domestic resource mobilization, and assists these institutions in achieving the performance indicators set by other donors. While other donors stated that they will consider Liberia's greatest development needs in making their own strategy decisions, they will not be able to fill a sharp withdrawal by the US.

“USAID is working on the core requirements of good governance at the local level. This work is fundamentally important for empowering local communities and ensuring transparent use of resources.”

While Liberia's formal decentralization of power agenda has stalled, significant progress has been made with the devolution of local services. These are considered critical to developing Liberia's rural areas. A US reduction may slow down this process and further slow the formal decentralization agenda.

The US has been a key supporter of Liberia's decentralization agenda, which some consider essential to ensure areas outside of the capital city develop, thus enabling people to access basic services and assist the central government in raising domestic revenue. Several interviewees highlighted that a sudden and significant reduction of work in this area from the US may undermine this agenda.

At present, there are two parts to Liberia's decentralization agenda. The formal decentralization agenda relates to the devolution of authority from the central government to the counties. This is currently still awaiting passage through Liberia's Congress. In the interim, USAID has been working with partners to build the capacity of Liberian institutions, such as the country governments, to better prepare them for increased responsibilities. If this agenda is implemented without a US presence, these institutions could be left with little or no support. Non-functioning institutions would worsen the situation rather than improve it.

As Liberia awaits formal approval for devolving power out of the capital, USAID and partners have also been working alongside the government to move some basic services to rural counties. Providing access to basic services is critical, given high poverty rates and the cost of travel to Monrovia. This allows those that are too poor to travel to Monrovia to register for a birth certificate or health card and to access health clinics free of charge. It also offers a place for businesses to register, meaning the local government can increase its tax collection and resource mobilization. While few noted this as particularly attention-grabbing work, it was considered instrumental to ensuring some of Liberia's most vulnerable have access to basic services.

“This work doesn’t get the headlines but it’s important. What use is a health clinic in an impoverished part of Liberia if those who need it most can’t access it?”

Notes

1. Center for Disease Control and Prevention (2018), Ebola Case Count. Access at: www.cdc.gov/vhf/ebola/outbreaks/2014-west-africa/case-counts.html.
2. World Bank (2016), World Development Indicators.
3. Ibid.
4. Herbert, Sian (2014), Conflict Analysis of Liberia, Governance and Social Development Resource Centre.
5. USAID’s Foreign Aid Explorer FY ’17 data does not yet include spending by the Department of State, Department of Defense or Department of Health and Human Services. In FY ’16 their combined spending was \$39.1m. Source: USAID (2018), USAID Foreign Aid Explorer, see: <https://explorer.usaid.gov>.
6. USAID (2019), Liberia Country Development Cooperation Strategy.
7. When compared to FY ’16 levels. Department of State (2018), Foreignassistance.gov, see: <https://foreignassistance.gov/>.
8. LACC, as well as many other Integrity Institutions, are funded through Government of Liberia. This allegedly restricts their authority to scrutinize government misconduct.