

By Cheechiay Jablasone

Liberia, with its population of nearly 3 million and civil service of 47,000, subsisted on a budget of 5.1 billion Liberian dollars (US\$85) million from July 2005 to June 2006. Why? Because most of the government's revenue vanished into the pockets of its own employees.

An example: Most of this West African state's revenue comes from tariffs on imports, but securing this revenue is difficult due to leakage in a customs system which financial experts say lacks accountability mechanisms.

The country currently draws its revenue from four public corporations: the National Port Authority, Roberts International Airport, the Maritime Program and the Liberia Petroleum Refinery Company, which now only provides storage facilities for importers.

Due to "weak management and operational systems" at most of these corporations, and abuse of the "letter" payment system under the transitional government, Liberia's international partners—the United States, United Nations, European Union, African Union, Economic Community of West African States, International Monetary Fund and World Bank—expressed serious concerns about the country's economic governance.

These concerns resulted in the creation of the Governance and Economic Management Assistance Program, which aims to reorganize Liberia's financial system. GEMAP experts are currently working to improve budgeting, expenditure management and procurement practices, in addition to overseeing concession granting and reorganizing the tax system.

The program assigns a chief IMF administrator with executive authority to the Central Bank of Liberia. Controllers with co-signing authority are also assigned to each of the four public corporations as well as to the Forestry Development Authority, a large agency currently prevented from generating revenue by a forestry policy review.

A series of audits of state-owned enterprises by the European Union and an investigation by the Economic Community of West African States in the second

quarter of 2005 brought some degree of sanity to the transitional government. However, the present administration sees GEMAP as a tool in curbing corruption and not an end to corruption in itself.

Corruption pervades the tax system. The minister of finance disclosed in June 2006 that charitable organizations were abusing their duty-free privilege by importing items into the country duty free and then commercializing them. The duty-free exemption has since been suspended and is now under review.

But while the government vigorously pursues tax collection, sources at the customs commission say most appointed officials who previously resided in the United States refuse to pay a three-percent duty imposed on their personal effects. A junior official at the government procurement office who imported his personal effects refused to pay a duty amounting to just 21,148 dollars (US\$351).

While the government's housecleaning effort marches on, some are finding new ways to sidestep it. As I joked over lunch with a procurement office employee from a local government ministry that the Governance and Economic Management Assistance Program had finally stymied corruption, he told me how GEMAP regulations are regularly bypassed by employees who swap budget line items such as gasoline and maintenance services. He said several of his bosses collect cash and gasoline supplies from vendors for their own purposes, knowing financial experts would have no way of tracking how exhaustible supplies are used.

A former colleague who now works in the accounts section at another government ministry also explained to me how "unscrupulous" people doing business with the government increase—sometimes even double—profit margins by swapping cheaper goods for budget items or discounting government services in exchange for cash they pocket.

Engaging in corruption under the present administration could be quite a risky venture. In May 2006, President Ellen Johnson-Sirleaf dismissed four junior officials from the health, commerce and transport ministries for "improprieties."

Two of the officials, one from the health ministry and another from the transport ministry, challenged their dismissals. Though the government has promised to turn the officials over for prosecution, they have yet to be tried.

The coming years should test the government's "zero tolerance" approach toward fighting corruption. In its first six months, Liberia's new House and Senate have yet to ratify the United Nations and African Union conventions on corruption.

While waiting for the Senate's ratification of these conventions, in spring 2006 the Governance Reform Commission initiated a national anti-corruption strategy policy session with government officials and civil society organizations, producing a National Anti-Corruption Strategy Policy Paper.

The policy paper outlines several steps for combating corruption: ratifying the UN and AU conventions; introducing a code of conduct for public servants; encouraging participation across civil society; improving expenditure control in central and local governments as well as state corporations; and ensuring accountable and transparent financial management.

It also calls for the government to implement transparent procurement and contracting practices, develop an efficient and independent general auditing office, and strengthen the public accounts committee and other, related committees in the legislature that provide oversight and compliance.

The strategy paper also calls for "Reviewing existing laws and enacting anti-corruption legislation which will establish an independent anti-corruption institution."

The document already faces legal and statutory battles, especially regarding its recommendation to establish an independent anti-corruption commission. As Liberia's justice minister has said, her office holds sole prosecutorial power in the government, meaning an independent prosecutor cannot be installed in absence of an amendment or repeal of the laws establishing the ministry.

In the face of the public debate the strategy paper will likely generate, if it goes before the legislators that leave for break on August 31, to return next January, the justice ministry will retain responsibility for prosecuting corruption charges.

Following a wave of public pressure, the government agreed to prosecute former officials linked to corrupt practices, claiming it was gathering evidence to pass on to the justice ministry. Gyude Bryant, head of the transitional government, was named along with several other government officials in a 2005 Economic Community of West African States report as likely to have engaged in misappropriations of public finances.

Regardless of GEMAP's short term gains, President Sirleaf has termed corruption in the country "systemic." This is no longer about control mechanisms; it's about a change of attitude.

Even in the face of rigid financial control mechanisms, Liberia's bloated civil service still needs improvement. At least 7,500 civil servants are "ghosts," according to the Civil Service Agency, meaning they only exist on government payrolls so corrupt officials can take their monthly salary.

With average monthly salaries at 850 dollars (US\$15), the Liberian government loses about 12.8 million dollars (US\$100,000) to government corruption each month. Soon, salaries for the lowest-paid civil servants are expected to climb to between 1,567 dollars (US\$26) and 1,808 dollars (US\$30). To prevent the creation of more ghosts due to these new salaries, the government will reduce its workforce of 47,000 to 35,000. About 5,000 employees are expected to be pensioned, while the rest are "ghosts," according to the CSA.

Petty corruption is also widespread in Liberia, especially in the form of bribery for processing documents like passports, drivers' licenses and birth certificates. The Center for Transparency and Accountability in Liberia says such forms of corruption are common due to the lack of "procedural information" at government agencies.

The government and its partners have thus far only been able to look at controlling expenditures and revenue collection: Nothing is being done so far to install such procedural guidelines at government agencies. This is the next step in Liberia's fight against corruption.