CHALLENGES FACING FRAGILE STATES IN THE USE OF COUNTRY PUBLIC FINANCIAL MANAGEMENT SYSTEMS FOR DONOR-FINANCED PROJECTS: THE CASE OF LIBERIA

by

Christopher Kwame Sokpor

ZHENHU JIN, PhD, Faculty Mentor and Chair

DANIELLE BABB, PhD, Committee Member

CHARLOTTE NEUHAUSER, PhD, Committee Member

Barbara Butts Williams, PhD, Dean, School of Business and Technology

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Abstract

This study employed a qualitative case study methodology to examine some of the challenges that are hindering the fragile state of Liberia from benefiting from the use of country public financial management (PFM) systems for donor-financed projects. The study also examined the effects that these challenges pose to the fragile state. It then explored recommended strategies and policies to resolve the challenges. The data for the study was collected from 15 participants through individual in-depth interviews. The cases of the 15 participants were cross-analyzed based on 4 themes and 13 patterns that arose from the participants' data for the challenges, 4 themes and 6 patterns that emerged from the effects of the challenges, and 5 themes and 13 patterns that emerged from the recommended strategies and policies of the participants. The findings revealed the cardinal or major challenges that, as the participants pointed out, obstruct or hinder the effective use of country PFM systems for donor-financed projects in Liberia. Amid the challenges, some were directly linked to government and others to donors. Moreover, the study observed that some of the challenges were interrelated. In addition, the findings also showed the effects that these challenges could pose to the country's future prospect in regards to country PFM systems use. The study then examined the various recommended strategies and policies for government and donors alike that could help solve the challenges the fragile state faces. The findings of this study fill a gap in practical research on fragile states, specifically Liberia, with regards to country PFM systems and add valuable information on how to effectively and efficiently deal with challenges for eventual full PFM adoption.

Dedication

This dissertation is dedicated to my darling, understanding, and supportive wife, Mrs. Edem Sokpor; my children, Princess Elolo Yaa Sokpor and Prince Bubune Yao Sokpor; and my parents, Mr. Marcus Anani Sokpor and Ms. Florence Yaa Atepor, as well as my in-laws, Rev. and Mrs. Kusorgbor, for their unflinching support and encouragement.

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CHAPTER 1. INTRODUCTION

Introduction to the Problem

Whilst there exist vast literature on using country public financial management (PFM) systems as propagated by the Paris Declaration of 2005 and the Accra Agenda of 2008, little is known regarding the challenges experienced in using such reforms. Thus, this presents an excellent opportunity to discover whether the introduction of the usage of country public financial management systems for donor-funded projects is working and what some of the challenges are that fragile states are facing with the implementation. According to Brinkerhoff (2010), the citizens of fragile states usually are split into ethnic, religious, or class-based groups, with numerous accounts of mistrust, grievances, and sometimes violent conflict. The author noted that they usually do not have the ability to work together, find a middle ground, and trust each other. Once these capability shortages become large, states head on the road to failure, breakdown, and conflict. Therefore, states that are recovering need to recognize and pursue pathways to rejuvenating capability and filling deficits, and to prevent the risks of going back. The author noted that for most fragile states, the main challenges they face in using country systems derives from the lack of transparency and accountability; as transparency is also very vital to ensuring there is accountability. Carter (2008) noted that transparency and accountability call for those decisions to be clear and communicated to the community at large. According to Wyeth (2012), international aid that goes towards the needs of fragile states constitutes for about 30% of the overall Official Development Assistance flows. However, the author notes that the achievement of a solitary Millennium Development Goal by any fragile state has not been possible.

According to The World Bank (2011a), there have been key challenges facing the fragile state, Liberia, in adopting the country PFM system. First is the influence of political economy, social, and cultural issues as a PFM reform process is mainly a win–win situation from a political economic point of view. Second, formal systems of public administration continue to suffer from a hierarchical system of capture by elite interests. Third, the creation of a dual political system at the founding of the state—the one providing for the elite settler community that dominated national governance and politics generally, and the other catering to native Liberians in the hinterland—continues to affect delivery of government services. The majority of services are concentrated in Monrovia, and county governments have no control over expenditure. All these factors have contributed to a weak governance environment, undermining efforts to decentralize and posing significant risks to the emergence of a culture of good governance in Liberia.

More seriously, The World Bank (2011a) noted that the political economy of Liberia presents a set of issues that undermine the emergence of a culture of good governance. Also, there is low progress in reforms in other governance areas as implementation of PFM reforms requires robust institutions, systems and skilled staff, all eroded during the conflict years. In addition, there is insufficient coordination with other PFM reforms as the activities under the project complement PFM reform-related activities being implemented by other donors (World Bank, 2011a).

Background of the Study

This paper specifically highlights Liberia as a case study because, as a nation just coming from the horrors of civil war, there seems to be a bright future ahead. With the election of a seasoned World Bank financial expert and with the backing of the great powers—the United States, Germany, and Great Britain, amongst others, the opportunities for donor funds for this nation seems endless. Also, as is with the case of most countries in Africa rebuilding after the terrors of civil war, the story of Liberia, a fragile state, seems appropriate in representing the other fragile states in the region. Pointing out Liberia as a case study will help to provide a vivid understanding of some of the challenges Liberia as a fragile state faces in country PFM systems implementation.

The World Bank (2011a) defined *country systems* as a state's usual institutional procedures and methods for financial management. For example, on fund flow and payment, it means the usage of the government's financial systems. For the purposes of accounting, it includes the usage of government's regular chart of accounts and accounting system. For funds flow and accounting this will mean using the government's budget and public expenditure management system. For auditing, it implies using the country's regular audit procedures; and, it means using the country's regular rules and procedures, manuals, and internal control structures for internal controls purposes (World Bank, 2011a).

The World Bank (2011a) noted that years of development experience indicates that sustaining donor's efforts are undermined when they regularly sidestep country systems usage because that is what enables recipient states to manage their own future. When donors learn to enable recipient nations to use country systems, there are inherent benefits which include developing the capacity to be able to manage development resources and create programs that are sustainable. For the purposes of the aforementioned, the Paris Declaration of 2005 obligates partner countries to thoroughly strengthen their country systems and to ensure that they are used as frequently as possible (World Bank, 2011a). In addition, the Global Partnership on using country systems was formed to expedite the employment of these commitments. This partnership aims to fast-track the progress of donors in using country systems to aid the effective strengthening of these systems and include more stakeholders in this process. Channeling aid through country systems helps strengthen them while improving alignment, reducing transaction costs, and increasing accountability for development initiatives (World Bank, 2011a).

Also, the Paris Declaration of 2005 posits that the usage of state institutions and systems for the purposes of managing aid, including PFM, accounting, auditing, procurement, amongst others, leads to the effectiveness of aid through the strengthening of partnering state's ability to improve, implement and provide justification for their policies. Over several years, The World Bank has been promoting the strengthening and usage of country PFM systems at all levels; that is, international, corporate, regional, and country (World Bank, 2011a). The World Bank (2011a) further noted that using country systems is key to furthering country leadership and ownership of aid management and ensuring the sustainability of long-term development results. Peterson (2011) noted that a country's PFM systems should in no condition be jeopardized or put at risk as it is the tool for managing financial risk. The basic objectives of PFM are (a) to collect sufficient resources from the economy in an efficient and effective manner that minimizes harm to economic activities, (b) to allocate resources in accordance with government priorities, and (c) to utilize resources in an effective an efficient manner to ensure that services are delivered, and programs implemented, cost-effectively (World Bank, 2010).

Statement of the Problem

Following the Paris Declaration on the use of country systems for donor-funded projects, it was noticed that Liberia, as a fragile state, was experiencing some of the same challenges that other conflict-affected countries were experiencing. Hence, it was presumed that developing countries have less challenges in the use of country systems for donor funds than fragile states. Therefore, bringing the awareness of these challenges to Liberia as a conflict-affected country became the intention of this study. Also, the Paris Declaration of 2005 posited that the usage of state institutions and systems for the purposes of managing aid, including PFM, accounting, auditing, and procurement, amongst others, leads to the effectiveness of aid through the strengthening of partnering state's ability to improve, implement and provide justification for their plans. Over several years, The World Bank had been promoting the strengthening and usage of country PFM systems at all levels; that is, international, corporate, regional, and country (World Bank, 2011a). The World Bank (2011a) further noted that using country systems is key to furthering country leadership and ownership of aid management and ensuring the sustainability of long-term development results. The basic objectives of PFM are (a) to collect sufficient resources from the economy in an efficient and effective manner that minimizes harm to economic activity, (b) to allocate resources in accordance with government priorities, and (c) to utilize resources in an effective an efficient manner to ensure that services are delivered, and programs implemented, cost-effectively (World Bank, 2010). Therefore from the foregoing, previous studies conducted on the fragile state, Liberia, looked at the issue from a different angle. However, this study examined the challenges or barriers that were obstructing Liberia's usage of the country PFM systems for donor-funded projects from the perspectives of the major stakeholders in the nation which included: government officials, donor partners, consultants, professionals and academicians. Thus, this study will benefit practitioners who would want to delve into this subject at a later time by giving those findings that were derived from the major stakeholders from the fragile state, Liberia.

Purpose of the Study

Therefore, the purpose of this research or study was to determine some of the challenges Liberia, as a fragile state, is facing in adopting country PFM systems, which, according to the Paris Declaration of 2005 and the Accra Agenda for Action of 2008, are required for managing donor-funded projects. In other words, the purpose of this study was to simply identify some of the challenges that are obstructing Liberia's ability to successfully adopt country PFM systems for donor-financed projects. Thus, the study sought to discover whether the introduction of the usage of country PFM systems for donor-funded projects was working and what challenges fragile states was facing with the implementation.

To achieve the above, this was done through the use of qualitative methodologies in obtaining data for supporting the analysis. Specifically, the qualitative methodology that was used was a case study of Liberia as a fragile state. This study sought to provide the government of Liberia and donors with some of the challenges that Liberia, as a fragile state, is facing in the adoption of the country PFM systems and what arrangements and structures to put in place to curb these challenges. In other words, the results of this study will provide some insight to policy makers in Liberia on some of the challenges that PFM systems is facing in an effort to properly allocate donor funds.

Rationale

The rationale for choosing this design is that it is the most appropriate for this qualitative methods study as it helps in answering the main research question. Blaikie (2000) noted that the most crucial and probably the most challenging aspect of a research design is framing the research questions. Therefore, being able to form the research questions makes it promising and easy in selecting the research strategies and methods. Put another way, the foundation or pillar on which a research project is built is the research questions (Blaikie, 2000).

The study made use of interviews. In this study, efforts were made to not make the interview questions too long and complex so as to get them all answered by the participants. In addition, the total number of hours spent observing; and the setting for the recording was recorded also. With this data, the research question, “What are some of the challenges that Liberia as a fragile state is facing or hindering Liberia from benefitting from the use of the country PFM systems for donor-funded projects?” was competently answered.

With regards to how the selection procedures and sample size were consistent with the research question, Onwuegbuzie and Teddlie (2003) posited that writers should explicitly state their study’s sampling design which comprises of providing information about the sample size, scheme, and its characteristics. As sampling designs usually play a crucial part in the determination of justifiable generalizations, this study ensured that the justifiable generalizations are in tune with the research question which sought to know if the challenges fragile states faced are preventing them from enjoying the benefits of adopting the country systems.

Research Questions

The main research question for this study was, “What are some of the challenges that Liberia as a fragile state is facing or hindering Liberia from benefitting from the use of the country PFM systems for donor-funded projects?

The main research question was addressed by investigating the following research sub-questions:

1. What are the effects of the challenges facing Liberia as a fragile state towards the use of country systems?
2. What are the strategic and policy recommendations needed in dealing with these challenges?

Significance of the Study

Even though, according to the Paris Declaration of 2005 and the Accra Agenda for Action 2008, all nations are required to use the country systems in accounting, monitoring and executing donor-funded projects, there are a lot of challenges fragile states are faced with. This study thus provides an excellent opportunity to discover some of these challenges for donor-financed projects in Liberia. The significance of this study is that the outcome is expected to help policy-makers to put in the needed structures to aid the implementation of the usage of country PFM systems for donor-financed projects.

Definition of Terms

Challenge. The view that an undertaking or a situation is more than a person’s ability. Therefore, it usually needs a person to employ extra resources. If handled properly, a challenge can prompt encouraging sensations; otherwise, it may create fear and doubt (Neill, 2005).

Country Systems. The World Bank (2011b) defined *country systems* as a state's usual institutional procedures and methods for financial management. For example, on fund flow and payment, it means the usage of the government's financial systems. For the purposes of accounting, it includes the usage of government's regular chart of accounts and accounting system. For funds flow and accounting, this will mean using the government's budget and public expenditure management system. For auditing, it implies using the country's regular audit procedures; and, it means using the country's regular rules and procedures, manuals and internal control structures for internal controls purposes (World Bank, 2011b).

Fragile states. States that generally have low living standards and inadequate absorptive tendencies as perceived by donors are fragile states (Feeny & McGillivray, 2009). Feeny and McGillivray (2009) noted that other ways these nations are called include, but not limited to, failing or weak states, poorly performing countries, difficult partnership countries, and low-income countries under stress or sometimes failed states (Feeny & McGillivray, 2009). According to the Organization for Economic Co-operation and Development (2010), they are categorized as recovering, declining, and collapsed states. A major characteristic of such states may be weak capacity despite the desire to reform (Feeny & McGillivray, 2009).

*Public Financial M*anagement *(PFM) S*ystem. Public financial management is simply, the administration of funds used to deliver public services. This is a unique field within the larger discipline of financial management, focused on delivering services effectively and efficiently as possible to maximize benefits to residents of a country. Peterson (2011) noted that a country's PFM systems should in no condition be jeopardized or put at risk as it is the tool for managing financial risk.

Assumptions and Limitations

The theoretical assumption of this study was that with some of the challenges faced in adopting the country systems, this study proved that there would be great rewards or benefits when governments take the initiative to do all they can to adopt the country systems for donor-funded projects. This empirical study employed a qualitative research design that was used to answer the research questions posed by this qualitative methods study.

This study had some minor limitations with the sampling procedures. Initially, I intended on getting a larger sample but because of the schedule of those contacted, only about half of those contacted could give assurance of being available. Also, I, intending to cut on cost and time, wanted to assign participants to groups but this was not possible. Lastly, the sampling method used has some level of validity and precision problems.

Theoretical/Conceptual Framework

This study explained and advanced on the significance and benefits of having a good and dynamic country PFM system by using the case of the fragile state, Liberia. The theoretical issues of transparency, accountability, and fiduciary risk were examined.

The World Bank (1998) noted that decisions on transparency and accountability along the results and the costs, should be available, clear, and communicated to the wider community; and those who make them should be held accountable for the authority given them to make these decisions. In the same vein, Chan (2003) posited that the aim of government with regards to financial reporting should be to defend the public treasury by averting and discovering corruption, assisting all-encompassing financial management of public funds, and therefore helping to release their public accountability roles.

Another challenge that fragile states face is fiduciary risk. The World Bank has two objectives in attempting to understand fiduciary risks. Its development objective focuses on enhancing development effectiveness of public spending through strengthening PFM systems in client countries.

Organization of the Remainder of the Study

This research study is categorized into five unique chapters. The first, made up of the introduction, gives a background to the study. The topics that are discussed in this chapter include the introduction to the problem, background to the study, statement of the problem, purpose of the study, rationale of the study, research question, significance of the study, definition of terms, assumptions and limitations, the theoretical or conceptual framework of the study, and the organization of the remainder of the study. The next chapter, Chapter 2, is the literature review. In this chapter, some of the issues that are deliberated are arranged under these headings, namely: country Public Financial Management Systems, Aid-On-Budget, Transparency, Accountability, and Fiduciary Risk, amongst others. Chapter 3 discusses the methodology of the research study by describing how the study was conducted. It briefly repeats issues such as the problem statement, purpose, rationale, and the research question along with the research sub-questions stemming from the research question. The chapter then explains the specific approaches and methods that are employed in the study. The qualitative approach used for the study is expounded upon along with reasons for its use. Also, the chapter explains the sources of data and population for the study as well as the sampling approaches employed to choose the sample for the study. The instruments that are used to measure the variables being investigated were explicitly explained as well as the data collection methods that were used. Also, topics concerning data validity are also discussed and then the chapter closes by discussing the study's ethical implications. Finally, Chapter 4 presents the research study's results, and Chapter 5, which closes the study, presents the discussion of the findings, conclusion and recommendations.

CHAPTER 2. LITERATURE REVIEW

Introduction

The purpose of this study was to simply identify some of the challenges that are obstructing Liberia's ability to successfully adopt country PFM systems for donor-financed projects. The emphasis of this literature review was based on understanding of what fragile states are, how Liberia fits into this category, what country PFM systems are, how they are supposed to help donors allocate aid properly especially with the introduction of the provisions contained in the New Deal for fragile states, the challenges of using or adopting these country systems, amongst others. The study reviewed works dating back 12 years ago that contributed to the challenges involved in country systems ownership. Also, most of the literatures used were from 2001 to 2012 and these articles dealt with issues surrounding fragile states, country public financial management systems challenges, the specific case of Liberia, amongst others. Other articles that were used contributed to the purpose of the study by examining other issues surrounding the use of country PFM systems. The theoretical framework in the previous chapter provided for the review of the relevant literature pertaining to the challenges that fragile states encounter in using country PFM systems for donor-financed projects which will be dealt with in this chapter.

Fragile States: What Are They?

According to Brinkerhoff (2010), there are various ways of defining fragile states, however, all the definitions point to the key issue of discrepancies in capacity. That is, the governments of these states are not able to provide basic security for their citizens, they also cannot provide the necessary social amenities and economic opportunities; and as a result, they are unable to get sufficient acceptability to retain the confidence and trust of their citizens. The citizens of fragile states usually are split into ethnic, religious, or class-based groups, with numerous accounts of mistrust, grievance and sometimes violent conflict. Brinkerhoff (2010) noted that they usually do not have the ability to work together, find a middle ground and trust each other. Once these capability shortages become large, states head on the road to failure, breakdown, and conflict. Therefore, states that are recovering need to recognize and pursue pathways to rejuvenating capability and filling deficits, and to prevent the risks of going back. The author noted that for most fragile states, the main challenges they face in using country systems derives from the lack of transparency and accountability; as transparency is also very vital to ensuring there is accountability (Brinkerhoff, 2010).

Fragile states refers to states that generally have low living standards and inadequate absorptive tendencies as perceived by donors (Feeny & McGillivray, 2009). The authors noted that other ways these nations are called include failing or weak states, poorly performing countries, difficult partnership countries, and low-income countries under stress or sometimes failed states (Feeny & McGillivray, 2009). According to the Organization for Economic Co-Operation and Development (OECD, 2010), they are categorized as recovering, declining, and collapsed states. A major characteristic of such states may be weak capacity despite the desire to reform (Feeny & McGillivray, 2009). Although observing that there are other ways of defining and classifying fragile states, the Feeny and McGillivray (2009) stay with The World Bank and OECD in calling a state fragile if it falls at the bottom two quintiles of the Country Policy and Institutional Assessment scores.

Further, The World Bank uses Country Policy and Institutional Assessment scores in a formula to decide the various stages of aid that will be apportioned to states with low incomes. To do this, the Country Policy and Institutional Assessment uses 20 criteria grouped into four clusters to rate the policies and institutional performances of a state: (a) economic supervision, (b) organizational policies, (c) procedures for social inclusion, and (d) management of public sector and establishments. The World Bank staff scores each criteria on a scale of 1 to 6; on this scale, low marks signify poor ratings and vice versa.

Likewise, the Department for International Development (DFID) in the United Kingdom uses four categories by which it groups fragile states into the ensuing four groupings: (a) Monterrey states, with both capability and commitment to improve development and lessen poverty; (b) willing and weak states, which have the commitment but not the capability to improve development and lessen poverty; (c) strong but indifferent states, with capability but without the political will to develop ; and (d) weak–weak states, without either the capability or political will to develop (Feeny & McGillivray, 2009).

Similarly, Besley and Persson (2011) noted that donors are gradually beginning to address expansion policy effects of the pervasiveness of fragile states in certain of the world's underprivileged countries. And this has led to a steady change in attention towards the particular difficulties that arise in such states. As a consequence, efforts are being directed in putting policies into place to deal with and improve the situations of fragile states. Typically, Besley and Persson (2011) noted that development agencies are not certain about the specific basis on which to classify a state as being fragile. For instance, the U.S. Agency for International Development (2005) makes use of two criteria, with each being appropriate to classify states as fragile based on crisis and vulnerability. The agency noted that the latter, vulnerability, speaks of states that are not able to or are not willing to guarantee adequate security and the provision of basic social services to a good proportion of their population through the government in question. With the former, crisis refers to states whose governing authorities do not exercise operational control over its own territory or are not willing or able to provide significant services to portions of their populations, and there is probably none or weak governments, and thus the populace are at the risk of violent conflict (Besley & Persson, 2011).

According to Stovring, Mag, and Pol (2011), no other issue than the accountability issue, seems to depict the core of the state's fragility. The accountability mechanism between ruler and ruled in the fragile state produces a mix of security, representation and service delivery, that does not fine-tune a state oriented towards service delivery. Evidently for the fragile state, the public sector reform models contain considerable offer in terms of systems of accountability. The rationale behind models for public sector reform is at variance with the principles governing the neo patrimonial state. For instance, regulatory reform is preconditioned on principles of equal playing field and equal competition conditions. The market in the fragile state is different to the ones in the mature economies on which the reform models were constructed. The issue identified is whether the state provide general infrastructure for a competitive market or whether the state should deliver a specific direction for a growth strategy (Stovring et al., 2011).

OECD (2008) noted that for fragile states to make any level of progress in meeting the Millennium Development Goals, top priority should be given to the delivery of basic public services. That is, reinforcing the delivery of vital services to these states can significantly lead to long-term progress which will culminate into effective state building that will also lead to state government's legitimacy. The secretariat also notes that fragile states undergo significant discrepancies in governance or natural or external factors such as conflict and natural disasters. According to the secretariat, loss of territorial control, conflict, and political instability, amongst others, are the effects of fragility. Hence, quality and the accessibility if basic but essential services such as education and healthcare are a crucial measure of governance (OECD, 2008). The secretariat notes that service delivery, the access to which points out well-governed society suffers in fragile states. That is, the decline of these services can in most cases lead to lose of support for the governing authorities (OECD, 2008).

According to Deutscher (2009a), with fragile states, to advance variation and scale-up aid short of unnecessarily experiencing unnecessary costs, more donors are needed. Deutscher (2009b) noted that the OECD Development Assistance Committee Fragile States Group has identified four country categories in which the level of aid flows needs to be monitored: (a) states that acquire less aid than would be needed as compare to those like policy and institutional performance evaluations, (b) states that have elevated levels of need and weak governance, (c) states whose aid levels are improving and thus requires continued international support, and (d) states that have limited access to donors. Deutscher (2009a) purported that for donors to adequately know the impact of their aid on fragile states, policies and priorities should be changed to make impact on how aid flows predictability.

The Case of Liberia

According to The World Bank (2011a), the fragile state of Liberia had a per capita GDP of US$262 in 2010, and this puts it as one of the world's poorest states. From the same source, it is estimated that 64% of the population, or more than 1.5 million Liberians, live beneath the poverty line of the state, with the remaining 48% living in extreme poverty. As a consequence, about one fifth of children under 5 years old are malnourished and almost two fifths are stunted. Gender-based violence is Liberia is very high with 39% of girls age 15 to 19 having experienced physical violence. The overall literacy rate in Liberia is only 57% but it is substantially higher for men (66%) than for women (49%). However, as the ratio of girls to boys attending schools is rising, the reported levels of literacy are now equal for boys and girls in the youngest group (World Bank, 2011a).

Many working age persons are still unemployed and countless are underemployed. Under the Civil Service Reform Strategy (2008–2011), a number of actions to address this situation will be implemented: (a) mainstreaming gender equity; (b) devising an affirmative action program; (c) establishing a civil service-wide sexual harassment policy; (d) deploying gender officers in each ministry, agency, and commission; and (e) providing special attention to women in training and mentoring (World Bank, 2011a).

Poor governance and 14 years of brutal conflict, starting in 1989, destroyed lives, key institutions, infrastructure, and grounded the Liberian economy to a halt. Major infrastructure including roads, generation and transmission of electricity, railroads, potable drinking water, and sewage facilities were utterly destroyed. Schools and hospitals were damaged or destroyed and key social services were also severely disrupted. The origin of the conflict is largely blamed on the exclusion and marginalization of a great part of the Liberian populace from state power and the economic wealth from the country's natural resources. Poor economic governance and weak PFM in particular allowed public resources to be utilized for the benefit of a small group of the political elite which heightened inequality and social instability. The social discontent erupted into a brutal civil war in 1989. A 1995 peace agreement led to the election of Charles Taylor as president in 1997 but did not last long as fighting broke out again in 1999. The 2003 Accra Comprehensive Peace Accords and deployment of a 15,000-strong United Nations peacekeeping force and the support of the donor community have provided much-needed space to lay a solid foundation for recovery, including establishing a strong governance framework, rebuilding infrastructure and delivering essential social services. Expectations from the population for concrete peace dividends remain very high while government faces many challenges in fulfilling these expectations (World Bank, 2011b).

The strong post-conflict recovery continued into 2008 but the global crisis towards the end of 2008 through most of 2009 created substantial challenges for Liberia's fledgling economy. At the macro level, the global crisis resulted in a much weaker economy than envisaged under the government's Poverty Reduction Strategy framework.

The weaker growth resulted in substantial job losses in an economy in which unemployment and underemployment is already relatively high. Although exports fell, the effect of the global economic crisis on the balance of payments was somewhat mitigated by the reduction in imports as well as marginal improvements on the services and income accounts. Total tax revenues for FY09/10 are estimated to be nearly US$18 million lower than projected under the Poverty Reduction Strategy largely as a result of lower international trade taxes and lower income and profit taxes reflecting the impact of the global crisis (World Bank, 2011b).

The country is now at an inflection point, moving from the transitional post-conflict recovery phase to laying the foundations for long-term development. The government's main focus is on sustaining economic growth—developing major transport corridors to open up trade and commerce, revitalizing agriculture, and getting energy infrastructure up and running. Employment generation is also a key priority for the government to ensure that women, men, girls, and boys in Liberia experience the tangible benefits of peace and reform. Moreover, this priority has received heightened consideration in the wake of the negative effects of the recent global economic crisis on employment in key sectors in Liberia. On the policy side, the government is focusing on consolidating economic governance reforms, moving beyond the transitional Governance and Economic Management Assistance Program, which ended at highly indebted poor country completion point in June 2010 (World Bank, 2011a).

Presidential and legislative elections were held in October and November 2011, following the referendum held in August 2011. Although Liberia has made notable progress on many fronts, the country remains fragile with substantial political and socioeconomic risks. There is also concern that the increase in political patronage, the controversial Truth and Reconciliation Commission report, which recommended disqualification of some candidates, as well as neighboring political instability could all be substantial risk factors in the country's drive towards sustained stability (World Bank, 2011a).

Public Financial Management Systems

Peterson (2011) noted that the restructuring of public financial management (PFM) in Africa is misdirected. Peterson cited Richard Allen, who attributed this to the use of too many methods for this misdirection and thus thwarting attention to the significant issue of understanding the certainties on the ground. Peterson (2011) compared this to the use of *summits* and not about *plateaus*; and the drive behind summiting is foreign aid and the subsequent linking of reform that is long term to that of disbursement done in the short term is not wise and ordained to fail. According to Peterson (2011), the reform or restructuring that took place in Ethiopia was only possible after 12 years of building a financial plateau with unproductive control to one that is of international standards. Peterson (2011) noted that, it is these guides of PFM reforms in Africa which are now forgotten and probably abandoned that has led to the misdirection being experienced by the continent. From the foregoing, the author noted that the current crisis is mismanaging fiscal risk in and amongst the private and public sectors. Peterson (2011) noted that a state's PFM system is the tool use for managing fiscal risk and thus should certainly not be positioned to encounter more risk. Therefore, Peterson (2011) stressed that focusing on fiscal summits and not on plateaus in Africa has caused significant harm and have not worked; thus, the experience from Ethiopian paves the way and direct engagement in reform that made plateaus while managing risk- and this confirms that there are no easy ways to make progress in Africa (Peterson, 2011).

Moreover, Peterson (2011) posited that the tenacity of reform is not evaluated critically but it is normally assumed. Unfortunately, in Africa, Peterson (2011) noted that envisaging a PFM reform consists of making an attempt of the summits of global best practice instead of fusing the fundamentals of an organization's fiscal plateau. It was noted that Ethiopia's reform was successful because the best strategies of reform were recognized and focused on and there was significant upgrading of systems that already existed and judicious modifications. Further, Peterson (2011) noted that proprietorship is a central concept for consideration generally in public sector reform and specifically in PFM reform. That is, managing public fund is vital for autonomy, and thus inappropriate for external or foreign aid to request PFM systems change. According to Peterson (2011), governments can ask for funding, which, however, is very different from external aid. Significant to the issue is the fact that the continent's core PFM problem is not systems but their execution (Lienert, 2002; Stevens, 2004). From another perspective, Peterson (2011) noted that the concern of foreign aid is largely about the establishing of new methods or systems and the tight spots of sequencing methods. Therefore, aid organizations' decisions to make use of government fiscal or financial systems to deliver grants and loans which should be dualistic with the suitable yardsticks put in place. Peterson (2011) noted that proprietorship or ownership ought to be the outlining variable of a fiscal reform, and it suggests intellectual and physical property. Therefore, to seize property and ownership qualities, PFM system being perceived as a plateau should be used as PFM constituent of sovereignty. The resolve of reforming PFM should be the creation of a PFM plateau with varying systems of financial control which are sufficiently implemented and sustained with the resources of government (Peterson, 2011).

Furthermore, Peterson (2011) purported that a plateau should be government-owned property that goes beyond PFM and includes government structure and administration; hence, PFM reform that is successful is allied with government needs and fits within these structures. According to Peterson (2011), by means of being available, the comparison should help specialists decipher, and certainly envisage, the complex collection of PFM systems, practices, and quality. As being wide ranging, the comparison should incorporate the key relationships between portions and the whole. As a result of the importance, the comparison should lead the practitioner to the country PFM's strengths and weaknesses. Moreover, the Peterson (2011) noted that by way of a point of retreat, it strains the need to identify what occurs and the need to institute financial control fundamentals. These basics can be seen through the metaphorical lens as geology, as a landscape, as a place, as an environmental quality, as elevation, and lastly as layers with each explaining a different aspect of how to achieve PFM reform success.

Lastly, Peterson (2011) noted that the view of a plateau clearly shows the intrinsic worth of a PFM reform structure, which consists of identify–advance–sustain. Peterson (2011) again stressed that seeing the building of transformation as a plateau and not a summit, agreed with Weick's (1984) *small wins* methodology to implementing civic policy successfully. According to Peterson (2011), instituting a plateau of fiscal control is crucial because a serious challenge that hinders the effective establishment of PFM systems is decentralization.

Again, according to Peterson (2011), there are four duties conducting reform in the public sector: identify, develop, change, and sustain. Peterson (2011) stated that it can be argued that the major difficultly with public sector reform in Africa stems from that perception of reform as perpetual change and disregarding the other responsibilities of reform. Notable to these tasks include identifying, understanding and valuing what which exists, and this is often the first and most disused step in the reform process. Peterson (2011) purported that, most frequently, developing states' governments do not appreciate the strengths of their systems and on listening to outsiders, are hurried to change them. From the foregoing, therefore, the best reforms are focused on constantly improving instead of changing, are quicker, economical, minimally risky, and less disrupting of tasks done daily. Most notably, it should be noted that reform based on improvement ensures that governments endure in managing and operating PFM reforms (Peterson, 2011).

According to Peterson (2011), transformation should be passed out prudently and defensible in terms of enhancing PFM yields' quality. Equally with climbing, the considerably greater risk of altering instead of refining PFM necessitates clear instructions to manage risk while avoiding failure. Peterson (2011) posited that two rules were crucial to this reform succeeding. The first was to make the existing system up-to-date. That is, presenting a new financials while previous ones have accumulated and have not been dealt with can lead to both systems failing. Second, the main reform rule that was monitored was putting the requisite setup needed in place to support and supplement the already existing systems which could later be used to maintain the new systems. Lastly, sustaining a reform is very crucial to effectively implementing systems, and this is

Africa's PFM reform weak link (Lienert, 2002); and, poor composition of expenditure which broadly reflects the PFM problem is the shortage of means for sustaining existing PFM systems (Peterson, 2011).

Finally, Peterson (2011) posited that to successfully be able to reform the public sector is to be aligned to the four facilitators of reform; and thus, if the alignment is noble, good things will surely take place. The author noted that the central management assignment of the Decentralization Support Activity project during the course of the Ethiopian reform was to preserve respectable alignment under swiftly fluctuating situations. The building of fiscal plateaus at the bottom and feeblest level of government instead of summiting from the highest and most proficient level was the key alignment of this transportation or reform (Peterson, 2011).

Similarly, the World Bank (2010) noted that PFM supports the effective and accountable use of public resources and helps to underpin fiscal discipline. Fiscal discipline means that there is effective control of the budget by setting ceilings on expenditure. It requires overall expenditure control, without which it is impossible to achieve effective prioritization and implementation of policy priorities and programs. The basic objectives of PFM are (a) to collect sufficient resources from the economy in an efficient and effective manner that minimizes harm to economic activity, (b) to allocate resources in accordance with government priorities, and (c) to utilize resources in an effective an efficient manner to ensure that services are delivered, and programs implemented, cost-effectively. The financial management cycle shows the order of the different processes. These processes include the following activities:

- Planning and budget formulation: As well as allocation of the state's own resources, there must be coordination with development partners on the activities they will fund and implement in the state.
- Budget execution: Management of financial operations (revenue, commitments and payments, procurement, controls, and cash management)
- Accounting and reporting
- Internal audit and evaluation

The History of Country Systems

Pallas and Wood (2009) noted that since the early 1980s, regardless of steering country procurement assessment reports, it was lately in the 1990s that The World Bank came to realize that the foundation of essential lapses in the transparency and efficiency of its fiduciary role was public procurement. The gaps led to maladministration and corruption allegations that had been happening during the course of The World Bank's tasks and $170 billion in lending over half a century. In some circumstances, Pallas and Wood noted that The World Bank could not authenticate whether its projects followed its set guidelines and breakdowns in its internal control systems. When some of these shortcomings came to the fore, such as the irregular use of procurement procedures and the subsequent absence of satisfactory post-procurement evaluation, The World Bank was forced to present superior management controls for public procurement. Despite some significant improvements after this introduction of superior control systems, the direct influence on borrower behavior was limited (U.S. Government Accountability Office, 2000). Pallas and Wood (2009) posited that when The World Bank realized that corruption was on the rise especially in its development discourse, it decided that the best way to fight this would be to build the capacity of institutions. In so doing, they decided to focus on some key areas which included (a) PFM, (b) national competitive bidding, (c) international competitive bidding, (d) environmental and social safeguards, and (e) consultant selection.

Further, Pallas and Wood (2009) noted that the United Nations International Conference on Financing for Development in 2002 came up with a consensus by donors to commit to increasing and restructuring the manner in which aid was given, address the issue of governance and economic growth through direct foreign investment called the *Monterrey Consensus* (United Nations Economic and Social Affairs, 2004). The OECD Development Assistance Committee responded by setting up in 2003 what it called a *working party* on making aid effective. In doing this, the OECD Development Assistance Committee had embraced The World Bank's principle of developing institutional capacity and thus joined them to set standards that will be able to quantify the performance of procurement systems. These systems, which were set up to administrate how goods and services were purchased, had an effect on almost every aid expenditure that was not directly supported by the budget. Also, the systems comprised of the procedures for bidding, the managing of funds for expenditure, and agreements that would be agreed between those buying and selling goods. Therefore, these systems signified a strategic means of addressing various significant issues, which ranged from transparency through financial management to laws of commerce (Pallas & Wood, 2009).

According to Pallas and Wood (2009), the new Joint Venture for Procurement in 2004 began setting a benchmarking tool that will be used to assess those who received aid in various states. Right after the foregoing, the working party that intended on making aid delivery more effective, organized a meeting in 2005 with multilateral development banks, nongovernmental organizations and their state representatives, and development agencies, which resulted in forming the Paris Declaration on Aid Effectiveness. This declaration was a declaration by those who would sign it to strive towards harmonizing their aid practices, encouraging indigenous proprietorship of development, and improved the usage of country systems (Pallas & Wood, 2009).

2005 Proposal

Pallas and Wood (2009) purported that the third version benchmarking tool used by the OECD Development Assistance Committee was what the proposal in 2005 depended heavily on. Reason for the dependency was that this version rated a state's procurement systems using 77 sub-indicators. With this version, The World Bank categorized about a third as *mandatory*, which meant that state's systems were required to meet every criteria that were specified and the remaining two thirds were categorized as being *standard*, which gave low scores to states that agreed to deal with outstanding issues in their procurement systems. As to whether a state's system would be chosen for the pilot stage was contingent on its ability to both meet all the sub-indicators under mandatory and attain a certain percentage of the standard sub-indicators. With this requirement, The World Bank maintained that these measures were rigorous enough to be considered comparable to its prevailing guidelines for international competitive bidding.

On the other hand, according to Pallas and Wood (2009), stakeholders from the private sector opposed the proposal and indicated that it did not adequately deal with previous financial and management risk issues. Also, the proposal was condemned on the basis that it would not be able to meet the objectives of dealing with corruption and increasing the impact of development because it was too lax. Despite its withdrawal, further deliberations that occurred in 2006 and 2007 drew The World Bank closer to its goal of using country systems. The World Bank in 2007 was equipped with the OECD's Development Assistance Committee revised benchmarking tool for procurement and thus reissued the proposal again to pilot country systems; and after several discussions, the proposal was agreed upon in 2008 by the board (Pallas & Wood, 2009).

Current Policy

Pallas and Wood (2009) purported that the final version of the policy has a number of modifications aimed at answering the previous condemnations. That is, the new version of the OECD Development Assistance Committee benchmarking tool called the *OECD-DAC 4* measured related financial and legal structures and how strong the procurement systems of borrowers were. Thus, those nations that met The World Bank's required scores would be assessed based on their own policies, guidelines, and related laws on a paragraph-by-paragraph basis similar to The World Bank's existing standards. Also, the authors noted that nations would be tested using an exercise on risk appraisal that is aimed at knowing what would prevent countries from properly implementing their own policies. Imbedded in the new policy is the idea that a preliminary pilot phase consisting of eight countries would be tested; and thereafter, states that meet The World Bank's requirements will be included. Pallas and Wood (2009) stated that the period for evaluating the pilot phase is not yet known but it is known that the policy was given and accepted by The World Bank Board on April 24, 2008. Nonetheless, it is noted that the new policy and even the OECD-DAC 4 have been objected to and there are concerns that it is even weaker than the previous one. For those representing industries, they noted that the third version considered more sub-indicators than the fourth version and thus they graded them less strictly (Pallas & Wood, 2009).

Lastly, Pallas and Wood (2009) noted that the introduction of extra features especially those that had to do with the tools of risk assessment and the testing of equivalence led The World Bank to claim that most of the concerns earlier raised had been met, but which was not the case. To address this issue, The World Bank classified and termed as confidential some of the elements of the final policy; but however, distributed most of the finalized policy to the general public in March 2008 (Pallas & Wood, 2009).

Using Country Systems

The World Bank (2011b) defined *country systems* as a state's usual institutional procedures and methods for financial management. For example, on fund flow and payment, it means the usage of the government's financial systems. For the purposes of accounting, it includes the usage of government's regular chart of accounts and accounting system. For funds flow and accounting this will mean using the government's Budget and Public Expenditure Management System. For auditing, it implies using the country's regular audit procedures; and, it means using the country's regular rules and procedures, manuals and internal control structures for internal controls purposes (World Bank, 2011b).

Why Is Strengthening and Using Country Systems So Important for Aid Effectiveness?

The World Bank (2011b) noted that years of development experience indicates that sustaining donors' efforts are undermined when they regularly sidestep country systems usage because that is what enables recipient states to manage their own future. When donors learn to enable recipient nations to use country systems, there are inherent benefits which include developing the capacity to be able to manage development resources and create programs that are sustainable. For the purposes of the aforementioned, the Paris Declaration of 2005 obligated partner countries to thoroughly strengthen their country systems and to ensure that they were used as frequently as possible (World Bank, 2011b). In addition, the Global Partnership on using country systems was formed to expedite the employment of these commitments. This partnership aimed to fast track the progress of donors in using country systems to aid the effective strengthening of these systems and include more stakeholders in this process. Channeling aid through country systems helps strengthen them while improving alignment, reducing transaction costs, and increasing accountability for development initiatives (World Bank, 2011b). With the introduction of two technical task forces under the Global Partnership to deliver key technical guidance to experts in donor and partner state organizations, achieving these commitments was very feasible based on PFM procurement (World Bank, 2011b).

Country-Level Initiatives

According to The World Bank (2011b), the Global Partnership helps some country level initiatives that are currently on-going to forge a compromise amongst states on priority country systems and local donors, outline the possible steps and recommendations by shared government–donor to help the consolidation and usage of country systems and lastly institute solid steps towards fulfilling those recommendations (World Bank, 2011b).

Also, the Paris Declaration of 2005 posited that the usage of state institutions and systems for the purposes of managing aid, including PFM, accounting, auditing, and procurement, amongst others, leads to the effectiveness of aid through the strengthening of partner state's ability to improve, implement and provide justification for their guidelines. Over several years, The World Bank has been promoting the strengthening and usage of country PFM systems at all levels; that is, international, corporate, regional, and country (World Bank, 2011b). The World Bank (2011b) further noted that using country systems is key to furthering country leadership and ownership of aid management and ensuring the sustainability of long-term development results. There are additional commitments on PFM and procurement, regarding diagnostic reviews, long-term reform and capacity-building initiatives, and progressively increasing use of country systems. Donors also agree to avoid creating dedicated structures for managing aid-financed activities (World Bank, 2011b).

Most of the improvements in the use of country systems was a result of the increased use of budget support, which automatically uses country systems. There is disturbing evidence that improvements in country systems are not translating into increased use by donors, suggesting that donor decisions are being influenced by other factors, including their domestic accountability requirements and appetite for risk (World Bank, 2011b).

In recognition that this rate of progress was inadequate, the participants at Accra agreed to strengthen the commitments. The usage of country systems has been agreed upon by donors as the principal or default option for managing public sector activities. If they decide to select any other option, they should assess their position regularly and then transparently state the rationale for choosing the specific options. Donors also agree to prepare transparent strategies for meeting their pledges on the use of country systems, and provide guidance to staff and internal incentives that support the use of country systems. One key area of progress in recent years has been the development of objective tools for assessing the quality of country systems according to agreed international standards. Joint reviews enable developing countries and donors gain a common understanding of the strengths and weakness of country systems, and facilitate a joint approach to achieving the Paris targets (World Bank, 2011b).

Traditionally, many donors have insisted on creating dedicated structures for managing aid projects, using their own rules on financial management and procurement, to ensure their funds are used for the intended purposes. Although this may lower the fiduciary risk, it tends to undermine country capacity and represents a missed opportunity to strengthen the partner's systems for managing all of its development resources, whether or not aid-financed. In the Paris Declaration, donors made a commitment to increasing their use of country systems for handling aid to the best degree possible. However, progress in this key area has been slow, due both to the time it takes to strengthen country systems and to continuing donor concerns about fiduciary risk. There are many compelling arguments for using country systems for aid delivery. The goal is for developing countries to make better use of all of their development resources, not just aid. Channeling aid through country systems helps strengthen them while improving alignment, reducing transaction costs, and increasing accountability for development initiatives. However, it also entails greater risks for donors that their funds will not reach the intended beneficiaries. Some donors view the greater fiduciary risk included in the use of country systems as an acceptable tradeoff for the greater development benefits. Others are still bound by rules and procedures that require them to impose their own fiduciary controls (World Bank, 2011b).

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The World Bank (2011b) noted that using country systems is key to furthering country leadership and ownership of aid management and ensuring the sustainability of long-term development results. The PD survey tracks the use of country PFM and procurement systems to measure progress. The World Bank's policy framework provides for the use of partner countries' PFM systems and institutions when The Bank has assessed these systems and found them adequate. The existence of widely accepted international standards of accounting and auditing facilitates such assessments. Regarding procurement, The Bank's procurement guidelines permit the use of national systems for national competitive bidding if they meet the core tests of transparency, economy, and efficiency; and if these are largely are consistent with World Bank procurement guidelines. However, there is no framework for using country systems for international competitive bidding and there are no widely accepted international standards for procurement (World Bank, 2011b).

Country Public Financial Management Systems

Joint Assessments

According to The World Bank (2011b), in the Accra Agenda for Action of 2008, there were partner states and their development partners who are committed to conducting joint assessments of country systems and reform programs to improve those systems. With public financial management (PFM) systems, The Bank has participated prominently in the endeavor of the Public Expenditure and Financial Accountability (PEFA) program, a multi-donor partnership to promote an integrated and harmonized approach to the assessment of partner country PFM systems. The PEFA assessment has become an international standard tool for in-country dialogue to inform PFM reforms and improvement programs. The reports of the PEFA mostly are used as a vital basis of information in assessing the fiduciary risk of PFM systems. More than 220 PEFA assessments in over 120 countries have been conducted (the bank and European Union have taken the lead on 85% of these). Although recognizing the positive aspects, the recent evaluation of the PEFA program points out a few areas of concern. PEFA assessments are also not designed to provide enough detail to judge whether to use country PFM systems (World Bank, 2011b).

Efforts to Further the Use of Country Public Financial Management Systems

Over several years, The World Bank has been promoting the strengthening and usage of country PFM systems at all levels including corporate, international, regional, and country. At the international level, The World Bank partners with global accounting and auditing organizations to facilitate partner countries' access to international accounting, auditing, and related standards, and to promote collaboration on capacity development initiatives. The World Bank also co-chairs the OECD's Development Assistance Committee sponsored task team on public financial management (PFM), which formulated the 2011 Manila Consensus on PFM and is finalizing a set of technical tools and guidelines to help further the use of country PFM systems (World Bank, 2011b).

At the corporate level, the policies of The World Bank encourage the using those country PFM systems that The World Bank has assessed as being appropriate. To support implementation of these policies, The World Bank provides guidance to staff including, for example, on documenting the country assistance strategy and the strategy regarding the use of country systems; developing an internal system to measure and monitor World Bank use of different country PFM system components; how to integrate PEFA assessments; disseminating good practices to help manage risk and enhance the usage of country PFM systems in diverse contexts; and strengthening the competencies of financial management sector staff. The Accra Agenda for Action required development partners to transparently state the rationale if they do not use country systems—the World Bank's financial management manual confirms that The World Bank uses country PFM systems when they are adequate, and if a decision is made not to use country PFM systems, the reasons for the decision should be documented (World Bank, 2011b).

At the regional and country levels, financial management staff have developed a growing number of customized initiatives:

- Structured dialogue to assess risks, integrated mitigation measures, and agreement on actions to improve PFM systems in the Africa region
- Agreements to upgrade financial reporting structures and use national financial management procedures for project accounts and reporting in the East Asia and Pacific region
- Development and use of a reporting template to engage clients on increasing use of PFM system components in the Europe and Central Asia region
- Harmonization with other development partners on audit and financial reporting arrangements in the Latin America and Caribbean region

- Use of national budget execution processes in regions of North Africa and the Middle East

- Use of sector-wide approaches to mainstream financial management arrangements in the South Asia region

Sector-wide approaches to using country PFM systems have been increasingly adopted at the national and subnational levels (e.g., in Bangladesh, Brazil, India, and Pakistan) and recently in results-focused operations in Europe and Central Asia. Recognizing country PFM systems use is not an offer of all-or-nothing, staff have also implemented methods to address the usage of specific PFM components: state budgeting systems in Rwanda, treasury accounts in Vietnam, the accounting system in Colombia, the internal audit function in Sri Lanka, and knowledge transfer from China to Mongolia to foster participation of the supreme audit institution in audits of bank-financed projects (World Bank, 2011b).

Supporting Public Financial Management System Capacity Development

A decisive factor in increasing country public financial management (PFM) systems use is the superiority attached to those systems and the related institutions. The World Bank supports partner countries' efforts to build PFM capacity through analytic and advisory services, including a comprehensive body of PFM diagnostic work and, increasingly, provision of tailored knowledge services; development policy operations to support critical policy-level PFM actions; and technical assistance loans and grants to support implementation of PFM reforms. The bank often provides such support in coordination with other development partners (World Bank, 2011b).

Tikk and Almann (2011) noted that to know if integrating budget and financial accounting systems based on varying principles of accounting can likely enhance financial management efficiency, the use of interviews and modeling, contingency theory, and systems approach. They noted that merging these systems is likely to lead to midterm semantic and organizational interacting information system to be used in every managerial levels in every organization in real time through the development of information technology infrastructures from Estonian perspective. The findings indicated that the real-world operation of current financial accounting systems and budget systems needed a drastic reshuffle of financial accounting in public institutions from the highest echelon of authority to the bottom by the financial institutions in the country studied. That is, this drastic reshuffle exemplified a significant change in paradigm. Therefore, the formation of the new financial accounting system was put into law through legal regulation and this resulted in the accounting legislation of Estonia conforming to that of the European Union's regulations and directives (Tikk & Almann, 2011).

In addition, Tikk and Almann (2011) found out that the conversion of financial accounting and budget systems using basically the identical principles of accounting would eventually result in emergent, unified and qualitatively high level new systems. Also, this is a way for acquiring information that is comprehensive about the planning and use of assets, liabilities, revenues and expenses at all management levels. Therefore, preparing every budget and financial statement in harmony with cohesive principles requests for plausible amendments and alterations in methodological procedures and diverse legal acts. Moreover, the authors noted that the financial systems that are internal and external provides an impulse to every administrative fields (Tikk & Almann, 2011).

The Compendium of Country Examples (2009) posited that planning and implementing the activities of procurement involves the alignment of public procurement processes with PFM. That is, with the direct interconnectivities that exist between these two public section utilities, creating the best situation for all is very easy. Therefore, establishing procedures that are clear and which align financial management to procurement helps to create enhanced credibility, whereas, on the other hand, transparency, checks, and balances that are internal are very beneficial in fighting corruption (Compendium of Country Examples, 2009).

Aid-on-Budget

According to Carter (2008), the term *aid-on-budget* is a vague term that does not have a definition that is clear but is mostly used along with other expressions meaning: reflected on budget and captured in the budget, amongst others. Thus, the term involves a wide range of experiences referring to how aid is captured. Therefore, the appearance of such aid only appears for information purposes in the budget; and those not included into the account of the general treasury and thus cannot be ordinarily disbursed through government financial channels will be called *parallel aid.* In the same vein, including parallel aid in the budget signifies a bit of aid management alignment with partner state procedures and country systems and thus are dissimilar to how government systems integrate aid in their budgets (Carter, 2008).

Quality of Country Financial Management Planning and Aid-On-Budget

According to The World Bank (2011b), most countries are making good progress on introducing more strategic approaches to budget planning processes, which are critical to the effective use of resources. In addition, The World Bank (2011b) noted that nearly 80% of surveyed countries have established medium-term fiscal frameworks, generally in consultation with The World Bank and the International Monetary Fund as part of the policy dialogue and PFM reform programs. However, the aid-on-budget survey indicated only modest progress in implementing effective medium-term budgeting. Around 50% of country teams reported the existence of a medium-term budget framework, but qualitative observations by most country teams (as well as PEFA reports) indicate continuing problems in establishing effective fiscal discipline within such a framework (World Bank, 2011b).

Crucial elements for successful medium-term budget framework implementation are (a) establishing effective budget ceilings for annual budget preparation and (b) establishing forward estimates that are based on realistic cost and policy assumptions. Too often the preconditions for establishing such a disciplined process are not in place, and the requirement to make the needed institutional changes is underestimated. In this context, it is not surprising that less than one quarter of the teams report any progress in establishing a medium-term performance framework (World Bank, 2011b).

Further, The World Bank (2011b) noted that its financial management framework encourages the use of regular country financial management systems and institutions in World Bank–financed projects. The default position is that country financial management systems that are assessed to be adequate should, subject to incorporating any measure that strengthens capacity that may be desired, be used for implementing World Bank–funded operations. A given project could use some or all of the elements of the country financial management system. However, there is not yet a clear World Bank–wide set of policies that link the PEFA assessment and other diagnostics, including fiduciary risk assessment, PFM projects, and others in a coherent country strategy.

International actors have been faulted for applying cookie-cutter approaches to complex problems in vastly diverse environments, even as thinking on the challenges posed by conflict and fragility has evolved (Wyeth, 2012). In the past several years, Wyeth (2012) noted, there have been a number of milestones in seeking a structured international response to the failures of development assistance to meet challenges of fragility. Building on the Paris Declaration of 2005 on Aid Effectiveness, in 2007, the OECD countries certified some agreed Principles for Good International Engagement in Fragile States and Situations to monitor aid to fragile states. Nevertheless, these were top-down reform efforts; even though these principles were created with good intentions, their creation was done by and for donors. This situation is similar to the Washington Consensus, which administered policies of development in the 1980s, the initial discussion on making aid effective comprised mostly of outsiders identifying the problem, recommending the solution, and taking the responsibility for carrying out the implementation (Wyeth, 2012).

According to Wyeth (2012), this started to change during the Third High Level Forum on Aid Effectiveness, that was held in 2008 in Accra, Ghana, in which developing states played a more active role in the preparations, and civil society groups across the developed and developing world were widely consulted. On the fragile-states front, perhaps the most significant development to come out of Accra was the establishing the International Dialogue on Peacebuilding and State-building. The dialogue brings donor and recipient countries together to devise a realistic set of objectives on state-building and peace-building to deal with the primary causes of fragility and conflict. Those who partook in the dialogue included OECD donors, civil society representatives, nontraditional donors, regional and international organizations, and most significantly, those representing conflict-affected and fragile states (Wyeth, 2012).

The main document that was prepared after the dialog meeting, called the Dili Declaration, re-emphasized these subjects and impressed on fragile states and donors to work hand-in-hand to come up with an International Action Plan on Peacebuilding and State-building. A major milestone in this process was the outcome of the second international dialog meeting held in June 2011 in Monrovia, which resulted in a breakthrough treaty on five provisional peace-building and state-building objectives as prerequisites to work towards the achievement of Millennium Development Goals in fragile and conflict-affected countries—namely, security, economic foundations, justice, legitimate politics, and revenue and services (Wyeth, 2012).

According to Wyeth (2012), the fundamental challenge facing fragile states is a crisis of legitimacy and a breakdown in the relationship between state and society. At their core, state-building and peace-building are long-term, messy, domestic political processes. Although much of the aid effectiveness discourse has taken the flavor of a technical policy discussion, the international dialog between donors and fragile states is a deeply political discussion. In addition, the author posits that the fact that the real work of developing national strategies for peace-building and state-building, prioritizing among competing goals, and allocating scarce resources against those priorities is carried out by national ministries of planning, finance, and unity and reconciliation rather than the ministries of foreign affairs that staff the United Nations missions (Wyeth, 2012).

Deutscher (2009b) noted that based upon the pressing request made at the Third High Level Forum on making aid effective, there was need for the development community to clearly make enhancements in instruments of cooperation. This is to ensure the strategic relevance of development policy and its contribution to addressing the great challenges ahead. According to Deutscher (2009b), a key concern of globalization is the obvious dwindling of national government's scope to form and execute independent policies. That is, donors are finding that their options for making a difference—although always limited—are dwindling fast; and developing countries are finding that more and more of the factors that determine their development prospects are shifting beyond their control.

Deutscher (2009b) cautioned that policies that are not coherent can hurt developing countries and undermine development policy aimed at improving the lives of some of the world's poorest people. That is, the author noted that even if it is agreed that a joint international effort is needed to achieve development goals, this alone will not be enough as such an effort will fail if it is not built on well-designed, mutually supportive and coherent policies that go beyond aid. Putting it differently, policies that promote progress in various sectors without contradicting or undercutting the common objective to achieve sustainable and broad-based development in partner countries (Deutscher, 2009b).

Donor-Financed Projects: Delivering Effectively

According to Wyeth (2012), the entire fragile-states agenda suffers from critical gaps between policy and practice. Despite the laudable commitments made since 2005, a recent independent evaluation of the Paris Declaration concluded that partner governments have come further in implementing the Paris commitments than donors, with the least progress made on managing for development results and mutual accountability. Donors fared no better in the latest monitoring survey of the principles of fragile states, which showed international performance to be seriously off track in eight out of the 10 principles. Further, Wyeth (2012) noted that critics increasingly argue that aid cannot be discussed in isolation from the broader financial context of trade policy, foreign direct investment, migration policy, and other conversations.

Renzio (2006) noted that there are suspicions on the effective previous flows of aid in minimizing poverty and enhancing economic growth. Conversely, the author noted that skeptics have qualms about the further increase of aid dependence of beneficiary countries, especially considering the misrepresentations it can cause. Also, these misrepresentations cover macroeconomic disproportions all the way to utter corruption and mismanagement (Renzio, 2006).

Further, Renzio (2006) noted that the advocates of aid respond by noting that probable remedies lie in using new modalities that are reliant on the usage of national procedures and systems. For those who are poised on the success of aid their argument is based on better coordination by donors and the ownership of development policies by indigenous governments. That is, directing funds through the budgets of recipient nations addresses the aforementioned issues and this is even sanctioned by the United Nations Millennium Project and the Commission for Africa. Therefore, it is proposed that countries that are documented to perform well and have stronger institutions should be given the direct support they need to address the issues in their various countries as it will strengthen domestic mechanisms of accountability (Renzio, 2006).

On the other hand, Renzio (2006) posited that reliance on country systems and procedures springs up questions regarding their forcefulness, capability to prevent corruption and leakage, deliver objectives and address accountability pressures. In recent years however, instruments and methodologies for assessing PFM systems have risen significantly that it has now added to current short-and-long-term technical assistance (Renzio, 2006).

Abbink and Ellman (2010) asserted that donor groups are reliant on mediators to help derive, identify and select benefits for suitable beneficiaries. Conversely, Aldasoro, Nunnenkamp, and Thiele (2010) noted the proliferation of aid, the absence of coordination, and donor fragmentation are serious glitches that are ruining aid effectiveness (Bigsten, 2006). From another perspective, Barakat (2009) stated that environments that had experienced conflict make donor funding complicated as a result of weak institutions and ethnic rivalries resulting to insecurity, amongst others. The author noted that donors have used several means and avenues to guarantee that the essential features of post-conflict situations are mirrored strategies of reconstruction, financing designs and the manner of aid management (Barakat, 2009).

Challenges Facing Fragile States

Transparency and Accountability

Carter (2008) noted that transparency is very vital in ensuring that sound budgeting and financial management exist in any system. Carter (2008) stated that a significant factor that pushed world leaders to factor the role of inappropriate information on budget in contributing to vulnerability was as a result of the global financial crises that occurred during the late 1990s; thus, a consensus on improving fiscal transparency that would serve as the a driving force for enhancing fiscal management was reached.

Akinbuli (2012) pointed out that current democratic governance sees public accountability as its hallmark because democracy is still a procedure that holds those in power accountable for their actions and omissions. Therefore, public accountability is the basic tenet of democracy (Cook, 1998). Specifically, accountability in the public sector throughout the world is being given serious attention in view of the fact that the government is the highest spender of public fund. Those in authorities assume fiduciary status with the attendant responsibilities requiring them to render their stewardship accounts to those for whom the authority is held in trust. It is the right of citizens to demand and know the activities of their elected public officers and the elected public officers ought to voluntarily give account of their stewardship to the public (Akinbuli, 2012).

Akinbuli (2012) posited that accountability consists of a social relationship wherein a party is obligated to explain and defend their actions to another important party. In addition, the author noted that despite being a vague concept to define, it exists where there is some kind of relationship between an individual or a group, and there is oversight of the actions of each individual or group by each other. From the foregoing, it can be said that accountability comprises of the ability to answer and enforce an action. The former involves government obligation, the ability of its officials and departments to make information readily accessible and to defend these institutions tasked with ensuring accountability. The latter recommends those institutions responsible for accountability and the general public to be able to authorize or sanction parties that have offended or help them conform (Akinbuli, 2012).

In addition, Akinbuli (2012) noted that public accountability demands a public official to account for their use of state resources and methods of performance or rendering an account of their activities to someone who has the power to ask for it and also evaluate and reward ones performance; and according to Onochie (2001), the duty to truthfully and transparently do one's duty, the obligation to allow access to information by which the quality of such services can be evaluated and being responsible and answerable to someone for some action.

The World Bank (1998) noted that decisions on transparency and accountability along the results and the costs, should be available, clear and communicated to the wider community; and those who make them should be held accountable for the authority given them to make these decisions. In the same vein, Chan (2003) posited that the aim of government with regards to financial reporting should be to defend the public treasury by averting and discovering corruption, assisting all-encompassing financial management of public funds, and therefore helping to release their public accountability roles.

Fiduciary Risk

Another challenge that fragile states face is fiduciary risk. The Independent Evaluation Group (2008) noted that The World Bank does not define the term *fiduciary risk* and the country procurement assessment reviews and country financial accountability assessments have been The World Bank's primary instruments to diagnose and understand country-level fiduciary risks and issues related to financial management and procurement. Country financial accountability assessments and country procurement assessment reviews are diagnostic tools that help to identify threats to using World Bank loan proceeds caused by flaws in borrower financial management and procurement systems, and thus helps The World Bank to fulfill the fiduciary obligations imposed by its articles. The World Bank has two objectives in attempting to understand fiduciary risks. Its development objective focuses on enhancing development effectiveness of public spending through strengthening PFM systems in client countries. It also uses this knowledge to further its fiduciary objective, which is to safeguard World Bank assistance from immediate risks through improvement of design and arrangements of World Bank assistance. The two objectives are distinct, although closely related. In the medium or long term, the achievement of development objectives will reduce fiduciary risks to World Bank assistance. However, the fiduciary objective focuses on safeguarding World Bank assistance from immediate or current risks to World Bank assistance (Independent Evaluation Group, 2008).

The G7+

The G7+ (n.d.) was organized to work in connection with the private sector, civil society, and international actors; the media; and people across nations, regions, and borders to restructure and reinvent a new pattern for international arrangement. At a crucial time in universal dynamics, The G7+ intends to impact international policy through establishing ideologies of peace-building and state-building. Also, the overarching goal of this group is to halt conflict, build states and eliminate poverty using pioneering development approaches that are harmonized to the country perspective and aligned to the national agenda while being led by the state and its populace (The G7+, n.d.).

The New Deal for Engagement in Fragile States

To provide a background for the setting up of the New Deal, the International Dialogue on Peacebuilding and Statebuilding (n.d.) highlighted these facts: (a) People living in fragile and conflict-affected countries constitute about 1.5 billion of the world's population; (b) Approximately 70% of fragile states have experienced conflict since 1989; (c) Achieving fundamental changes in governance would probably take between 20 to 40 years; (d) Fragile and conflict-affected countries are offered about 30% of Official Development Assistance; and (e) The achievement of the Millennium Development Goals by these countries is far away.

Consequently, the International Dialogue on Peacebuilding and Statebuilding (n.d.) noted that the present ways of working in fragile states required grave upgrading. That is, transitioning from being a fragile state is an extensive, political effort that necessitates both country proprietorship and leadership; and the practices of political dialogue have mostly fallen short as a result of the nonexistence of confidence, all-inclusiveness, and leadership. Therefore, global partners are capable of sidestepping national actors and welfares, providing aid in exceedingly technocratic methods that misjudge the significance of harmonizing with the state and local situations, and support short-term results over medium-to-long-term sustainable results gotten as a result of building systems and capabilities. This has, thus, necessitated a New Deal for engaging with fragile states (International Dialogue on Peacebuilding and Statebuilding, n.d.).

According to the International Dialogue on Peacebuilding and Statebuilding (n.d.), the New Deal for Engagement in Fragile States was certified at the Fourth High Level Forum on Aid Effectiveness in 2011 by 40 states and multilateral organizations, Liberia included. The New Deal appeals for a new standard for approaching and addressing situations of fragility through focusing on the key causes and manifestations thereof. The New Deal also focuses on key commitments that the government and their international and local partners, including civil society, must make in order to achieve success. These include supporting political dialog, national visions, transparency, and strengthening of capacity.

To enhance the use and strengthening of country systems, efforts will be made to mutually identify supervision and accountability procedures. For those governments which will benefit from donors, strides will be made to take all practical measures to build up their PFM systems from the ground level upward and to be transparent in the process. In so doing, related fiduciary and administrative capacities will be built within state institutions at both local and state level and global partners will augment the percentage of aid given through country systems on the foundation of procedures and objectives mutually established at the state level. In addition, beneficiary governments will try to find ways to increase the proportion of public expenditure financed by domestic returns (International Dialogue on Peacebuilding and Statebuilding, n.d.).

Summary

In summary, the purpose of this literature review was to highlight some of the issues concerning what fragile states are, how Liberia fits into this category, what country PFM systems are, how they are supposed to help donors allocate aid properly especially with the introduction of the provisions contained in the New Deal for fragile states, the challenges of using or adopting these country systems, amongst others.

From the analysis, this study discovered that an adequate knowledge of using the country systems comes with numerous benefits to both governments in fragile states and donors as it will help to overcome the challenges that these states face. In addition, this paper has underscored the importance and workings of aid policies, poverty reduction, development policies, and the challenges as well from the Paris Declaration of 2005 through to the Accra Agenda for Action of 2008 and finally to the New Deal for fragile states signed in the latter part of 2012.

CHAPTER 3. METHODOLOGY

According to The World Bank (2011a), there have been key challenges facing the fragile state, Liberia, in adopting the country public financial management (PFM) system. First is the influence of political, economic, social, and cultural issues as a PFM reform process is mainly a win–win situation from a political economic point of view. Second, there is low progress in reforms in other governance areas as implementation of PFM reforms requires robust institutions, systems and skilled staff, all eroded during the conflict years. Third, there is insufficient coordination with other PFM reforms as the activities under the project complement PFM reform-related activities being implemented by other donors. Fourth, there are direct project-related risks. Other problem areas are those that deal with systemic corruption, state capture, and patronage (World Bank, 2011a).

Therefore, the purpose of this study was to determine some of the challenges Liberia as a fragile state is facing in adopting the country PFM systems which, according to the Paris Declaration of 2005 and the Accra Agenda for Action of 2008, are required for managing donor-funded projects. In other words, this study's purpose was to simply identify some of the challenges that are obstructing Liberia's ability to successfully adopt country PFM systems for donor-financed projects. Thus, the study sought to discover whether the introduction of the usage of country PFM systems for donor-funded projects is working and what challenges fragile states are facing with the implementation.

This was done through the use of qualitative methodologies in obtaining data for supporting the analysis. Specifically, the qualitative methodology used was a case study of Liberia as a fragile state. The findings of this study provided the government of Liberia and donors with the some of the challenges that Liberia as a fragile state is facing in the adoption of the country PFM systems and what arrangements and structures to put in place to curb these challenges. In other words, the study provided some insight to policy-makers in Liberia on some of the challenges that PFM systems is facing in an effort to properly allocate donor funds.

Research Questions

The main research question for this study was, "What are some of the challenges that Liberia as a fragile state is facing or hindering Liberia from benefitting from the use of the country PFM systems for donor-funded projects?"

The main research question was addressed by investigating the following research sub-questions:

1. What are the effects of the challenges facing Liberia as a fragile state towards the use of country systems?
2. What are the strategic and policy recommendations needed in dealing with these challenges?

Research Design

Babbie (2008) noted that research design comprises conclusions concerning what subject is to be considered and learned amid what population, for what purpose, and with what research methods. The research design for this study was qualitative research design. Qualitative research design is considered a rough sketch to be filled in by the researcher as the study continues (Devers & Frankel, 2000). Blaikie (2000) posited that the most crucial and probably the most challenging aspect of a research design is framing the research questions. Therefore, being able to form the research questions makes it promising and easy in selecting the research strategies and methods. Put another way, the foundation or pillar on which a research project is built is the research questions (Blaikie, 2000). In the same vein, Devers and Frankel (2000) asserted that after an initial question has been formulated and resources recognized and safeguarded, the design can be compared to a theoretical drawing; that is, the design had taken shape devoid of specific individuals, groups, organizations, or locations in mind. Further, they noted that specifying the research design necessitates that the researcher understands and ponders the inimitable features of particular research subjects and the settings in which they are situated. Principally, they note that the researcher must ensure that the design is tangible by developing a sampling frame (which are standards used for selecting sites and/or subjects) proficient to answering the research question(s), pinpointing specific subjects or sites and obtaining their involvement in the study (Devers & Frankel, 2000).

The qualitative approach used for this study was case study. Case study is well defined as a thorough, rigorous study of a precise issue on written and circumscribed, occurrences carried out in real-life circumstances (Yin, 2003). That is, Yin (2003) asserted that case study is used to acquire understanding of appropriate occurrences about an individual, group, political, or public, or a situation in which these share a certain present-day phenomenon. Further, Stake (2000) recognized three categories of case study: intrinsic, instrumental, and collective. The category of case study that this study employed, known as *instrumental case study*, involves having an interest in a specific case with a view to examine the case so as to make it easy to understand (Stake, 2000). That is, the particular case is essential because it unearths information about the occurrences of concern, which may not itself be the situation; but instead, it may be some other outer interest.

Regarding the ontological, epistemological and procedural positions, it was contended that the procedure used by case study promotes research integration. Case study research can employ numerous approaches to collect data to discover or comprehend the case (Creswell, 1994), facilitating a rich, meticulous portrayal of the solitary unit of interest. Gomm and Hammersley (2000) stated that there are four scopes to the question of generalization from case studies which are the applicability to the wider population of the extent of conclusions relating to specific events, assumption of relations in circumstances to embrace amid circumstances, generalization of specific cases to a broader population, and the extent to which the cases are distinct. Thus, the study used the case of Liberia, a fragile state, to provide knowledge to other fragile states on some of the challenges and how to resolve the challenges of adoption of country systems for donor-funded projects.

The study used interviews. Therefore, in this study, efforts were made to not make the interview questions too long and complex so as to get them all answered by the participants. With this data, the research question, "are some of the challenges the fragile state, Liberia, faces hindering it from benefitting from the usage of the country PFM systems for donor-financed projects?" were competently answered.

This study collected data from interviews. This researcher observed and listened, conducting interviews as part of the investigation. In this study, the interview questions (see Appendix A) were open-ended. The questions were tested for bias, clarity, face validity, and sequence.

In acquiring the qualitative data for analysis, data collected during interviews were tape recorded with the permission of participants and then written down into word files by the researcher. At the outset, the written down data were reviewed in their entirety to obtain a sense of the overall data. Lastly, the final stage involved generating sense from the data, which involved the creative and intellectual work of exploring how themes emerged are interconnected as well as their connectivity to ideas acknowledged by the literature or that were earlier held. These qualitative data analysis procedures have been justified by Swanson and Holton (2005) as sufficient to achieve the hope of qualitative research which is perceive things that others and the world may not perceive. Using multiple participants, which is an effort to triangulate the issue, increases the trustworthiness of the findings. Therefore, the qualitative methodology was used to understand how the adoption and implementation of country systems has impacted on governmental accountability of donor funds in Liberia.

Sample

The data used for this study were drawn from donor publications and issues and from various official government reports and publications, amongst others. In this study, this researcher collected data from interviews and the interviews entailed several open-ended questions (see Appendix A). The population that used for this research specifically included government officials, professionals, academics, and donors from local and international consultants and government offices working within project implementation units in Liberia.

With regards to how the selection procedures and sample size were consistent with the research question, Onwuegbuzie and Teddlie (2003) posited that writers should explicitly state their study's sampling design which comprised of giving facts about the size of the sample, the scheme along with its characteristics. As sampling designs usually played a crucial part in the determination of justifiable generalizations, this study ensured that the justifiable generalizations were in tune with the research question, which sought to determine if the challenges fragile states faced were preventing them from enjoying the benefits of adopting the country systems.

The sample frame used for this study was government officials, professionals, academics, and donors and a sample of staff from the institutions these stakeholders worked. The sample size used was about 15 staff from the various institutions that the above-named stakeholders worked. Onwuegbuzie and Teddlie (2003) posited that writers should create unambiguous the study's sampling design, which comprised providing facts about the sample size, scheme, and characteristics. Onwuegbuzie and Teddlie (2003) noted that sampling designs perform an essential role in defining the sort of justifiable generalities; thus, authors and researchers should determine the individuals, groups, activities, contexts, amongst others, to which the inferences/meta inferences are envisioned to relate (Onwuegbuzie & Teddlie, 2003).

Further, the study employed purposive sampling. According to Tongco (2007), the purposive sampling technique is the careful choice of an informer as a result of the qualities the informer holds. Because purposive sampling is a nonrandom procedure, the researcher chooses what needs to be identified and sets out to find people who can and are willing to provide the information based on their knowledge or experience (Bernard, 2002, Lewis & Sheppard, 2006). It is noted that numerous scholars over the years have indicated that purposive sampling is a real world and proficient tool when used properly, and can be just as effective as, and even more efficient than, random sampling (Tongco, 2007). Also, Tongco (2007) noted that purposive sampling, when used appropriately, is more efficient than random sampling in real-world field circumstances because the random member of a community may not be as well-informed and vigilant as an expert informer (Tongco, 2007). Another advantage proposed is that this technique is especially useful when there is not sufficient funds and other resources. In addition, Tongco (2007) noted that purposive sampling can be more representative than randomization relating to time, struggle and cost needed in finding informers. In purposive sampling, interpreting results is incomplete to the population being studied; and for the study to be valid for a long time, it should be repetitive for validation in a different population with the constant use of a non-probability method (Bernard, 2002). Lastly, it is significant to clearly state the bias when the study's results are examined and understood so as not to misinform people into concluding broad deductions (Bernard, 2002).

Setting

The setting of this study occurred in Liberia. Though not a national of this country, this researcher has worked long in Liberia (over 5 years) and has observed, interacted, and participated actively with major stakeholders within both the donor community and the government sector. Specifically with the study, most of the interactions that have occurred with the various individuals and groups centered on the challenges that they could point out as inhibiting the effective use of country PFM systems for donor-financed projects. These interactions have given this researcher a sense of appreciation for the level of maturity and the depth of knowledge on the issue that those with whom these interactions occurred possessed.

Field Testing

A field test for the purpose of fine tuning the interview questions and invitation documents was conducted using three experts from the field of donor funded projects and public financial management systems. These experts all possessed PhD degrees, two of the experts are Chartered Accountants and also hold certifications as Public Financial Management (PFM) among others and had significant experience in donor PFM implementation. The third expert is the Country Representative of one of the donor offices in Liberia. The purpose of the field test was to appraise the effectiveness of the documents supporting the invitation and the interview questions and processes. Based on the field test results, minor updates to better clarify some sections of the invitation letter and additional questions were added to the list of questions used in the interview process. For the list of questions used in the interview process, some additional questions were added in order to gather all relevant data from participants.

Instrumentation/Measures

This researcher served as the instrument in this study and collected data from interviews. This study used a digital device (audio-tape) for collecting data. Fernandez and Griffiths (2007) claimed that digital know-how has delivered a new technique of documenting qualitative interviews, exceeding the clarity and usefulness of storing data than that of orthodox tape recorders. They noted that the benefits of digital recorders are numerous and include grander sound, elasticity, long duration recording times, amongst others, that advance the efficiency and precision of qualitative interviews. By using the gains that technology proposes, researchers can improve the quality and lessen costs connected with producing qualitative data (Fernandez & Griffiths, 2007).

Data Collection

In this study, this researcher collected data from interviews. The interview questions were examined for bias, sequence, clarity, and face validity. In conducting the interview, this researcher carefully observed and listened as the participants answered the interview questions. With observation, Joan and Fisher (2005) noted that this data collection method is an outstanding approach used to determine comportments and provides pointers of the impact of programs that might be more trustworthy than data gained by enquiring from people. With the interview, the study used standardized, open-ended interviews. With the uniform, flexible interview, all the interviewees answered the same flexible questions. In addition, this study used digital devices for collecting data. Fernandez and Griffiths (2007) claimed that digital know-how has delivered a novel qualitative interview by these devices. Fernandez and Griffiths (2007) noted that the benefits of digital recorders are abundant and comprises grander sound, elasticity, amongst other that advances qualitative interview efficiency and precision. This new class overpowers the shortcomings of analogue recording and prevents the purchase of costly voice recorders. By using the rewards offered by technology, researchers can improve the quality and lessen the charges connected with producing qualitative data (Fernandez & Griffiths, 2007).

In conducting this research, this researcher and each participant met in a designated place possibly at their offices or at a private hall and at a time agreed by all. To ensure that the privacy of participants was protected, this researcher ensured that no one apart from the participants was aware of the research, its participants and venue prior to the time of data collection. Also, for those participants whose interviews were conducted in their offices, efforts were made to avoid any intrusion during sessions by strictly commanding their secretaries (for government officials, donors, etc.) to absolutely not allow anyone enter their offices upon seeing us (this was ultimately discussed between me and the participants). For those participants whose interviews were conducted in an arranged private room, a *Do Not Disturb* sign was posted on the door and personnel assigned there to prevent anyone from entering. This researcher ensured that the office/private hall was adequately prepared for the intended purpose. Also, this researcher ensured that all the materials needed for the data collection and analysis such as the digital audiotapes, interview questions, and so on were provided. Then, this researcher tried to put participants at ease and checked their understanding of the requirements of the procedure. If the participant did not understand the procedures or had unrealistic expectations in terms of the outcome of it, this researcher ensured that these issues were discussed and resolved. Participants were instructed that they could walk away anytime as the procedure was voluntary. When all other issues were resolved, this researcher commenced with the interview for at most an hour. Upon completion, the participant was verbally appreciated for their desire to sit for the interview; and the interview was deemed to be finished.

Data Analysis

Data analysis basically involves thinking about the data, looking for the central tendency, looking for the variation and striving for falsifiability, validity, and parsimony. In acquiring the qualitative data for analysis, data collected during interviews were audio-taped with the permission of participants and then written down into Microsoft Word files. Initially, the written down data were reviewed in its entirety to obtain a sense of the overall data. This researcher also integrated the notes that were taken during the interview with the transcripts. The notes mostly consisted of the nonverbal expressions that were shown by the participant during the interview. To ensure that the transcription was accurate, this researcher checked the transcripts with the audio recording and made adjustments where necessary. Lastly, the final stage involved generating meaning from the data, which involved the creative and intellectual work of exploring how the themes that had emerged were connected to each other as well as how they may be connected to ideas documented by the literature or that were previously held. Thus, the data from the interviews were used to answer the research questions (see Appendix C). The results from the qualitative data were used to understand how the adoption and implementation of country systems has impacted on governmental accountability of donor funds in Liberia. These qualitative data analysis procedures have been justified by Swanson and Holton (2005) as sufficient to achieve the hope of qualitative research which is perceive things that others and the world may not perceive.

Validity and Reliability

According to Flyvbjerg (2006), in case study, there is general prejudice toward confirmation but the assumed shortage of qualitative methods such as case study presumably allows more occasion for researchers' idiosyncratic and uninformed decision apart from other methods. The research strength is based on the data from the sample frame selected for the interview which involved the major stakeholders in the country being studied and which was collected to answer the research questions. The units of analysis of this study included government officials, professionals, donors and academics from various donor-funded projects, government offices, and so on. Dolma (2010) noted that unit of analysis can be simply defined as the entity that is being examined in a scientific research and determining or being familiar with the unit of analysis of the research has a crucial role in any research effort. With the social sciences, individuals are most commonly used as the units of analysis. Dolma (2010) noted that an issue that can have irreparable hostile effects or can cause the termination of a research project is the realization that the unit of analysis is different than the one intended. In addition, researchers should consider that inclinations on sampling methods or level of analysis would intensely affect how the methods of analysis are applied, the validity and the generalizability of the research findings (Dolma, 2010).

Abowitz and Toole (2010) noted that in social science methods, the expressions concept and construct, which are often used interchangeably, refer to the theoretical labels for qualities or characteristics that occur logically, at the theoretical level, but are not directly evident, such as job satisfaction, leadership, amongst others. With data collection, the following were used to identify and observe the constructs and variables: (a) studying and reviewing existing systems and (b) identifying some of the challenges by conducting interviews. In this study, efforts were made to not make the interview questions too many and complex so as to get them all answered by the participants.

Ethical Considerations

In using employees as participants in research, this researcher ensured that the principles of anonymity, confidentiality, and informed consent were adhered to. Most of these principles can be followed easily as working in the same place would ensure that there is relative ease in getting cooperation. However, maintaining anonymity can be a serious task and also misgivings as to the validity of the assertions of the researcher in conducting the research can also be probable risks or challenges in conducting research in an organization. This study took due account of all these and sought permission for use of official documents as well as voluntary consent from all participants through the informed consent form. Shaibu (2007) noted that gaining approval from an integrity evaluation board does not necessarily warrant that all the ethical philosophies will be observed. Also, Shaibu (2007) stressed that, even though wide-ranging philosophies may relate, there probably may necessitate the need to fine-tune the cultural certainties and background of the research site. That is, philosophies concerning the comparative significance of moral requests such as individual liberation differs across cultures. Shaibu noted that in moral principles, anonymity means that personalities are protected when they decide to partake or not partake in research. In addition, the principles of anonymity and confidentiality associated with research may be challenging to uphold when casual social systems make a person's situation well-known (Shaibu, 2007). Also, Sperry and Pies (2010) posited that confidentiality is not a simple ethical thought and anything apart from a dualistic selection amid protecting it and rupturing it; instead, confidentiality is a difficult, multidimensional paradigm with numerous glooms of implication. Yet, a vital ethical thought comprising concealment is defending the participant's right to privacy (Sperry & Pies, 2010).

For the purpose of minimizing any risk associated with the execution of tasks, the organizations being researched, and the employees of the organization or other persons recruited for collection data, the consent of the various line ministries and agencies was properly obtained by completing the Capella University Institutional Review Board process. Chermack and Passmore (as cited in Swanson & Holton, 2005) noted that the basic ethical standards that are suitable for the conduct of research are the principles of beneficence, justice and respect of persons. These principles will be maintained in the conduct of this study by ensuring that selected individual's privacy will be kept confidential. In addition, the Academy of Management (n.d.) required that all researchers conducting research to guarantee the avoidance of probable bias and conflict of interest as much as possible. That is, it is noted that any presence of conflict of interest or bias will blight the credibility of the conclusion and the reliability of the research. In addition, during the data collection procedures, efforts will be made to respect the principle of beneficence. In addition, Shaibu (2007) purported that for research in a non-Western country like Liberia, informed consent should not be molded using Western values as there is a need to identify a multiplicity of principles. Therefore, when merging African and Western principles of decision making, a person should react in African context, or, react to the distinctiveness of diverse cultures, while valuing the central worldwide ideals for guiding research (Crigger, Holcomb, & Weiss, 2001).

CHAPTER 4. RESULTS

This chapter presented the data collection and data analysis processes for this study and a summary of the findings on the challenges facing Liberia as a fragile state in the use of country public financial management (PFM) systems for donor-financed projects. This chapter started with an overview of the study. Then it provided a brief introduction of the research participants, followed by a presentation of data collection, data analysis, and key findings.

Role of the Researcher

This researcher is a chartered accountant and financial consultant and has been working as the unit head of a nonprofit project financial management unit in Liberia for more than 6 years. The unit is responsible for providing most donor-funded projects (including the World Bank Projects African Development Bank, Swedish International Development Cooperation Agency, United Kingdom’s Department for International Development, United Nations Children’s Fund, and U.S. Agency for International Development) in Liberia with financial management services. Prior to working for the government of Liberia for nearly 7 years, this researcher worked as a senior auditor and a consultant at KPMG Ghana (a firm of chartered accountants and management consultants). Over the years, this researcher has been an adjunct lecturer in business-related programs including accounting, taxation, finance, auditing, management information systems, and cost accounting with the Institute of Chartered Accountants

Ghana. Currently, this researcher is an adjunct lecturer and examiner in taxation, economics, financial management, and information systems at the Liberian Institute of Certified Public Accountants as well as a part-time lecturer in financial management at the University of Liberia.

This researcher's experience at the nonprofit project financial management unit and KPMG Ghana as a chartered accountant and a financial consultant has not only given a sound and firm grounding in accounting but also taught this researcher the invaluable skills to manage, lead, and collaborate effectively with people.

As a unit head at the nonprofit project financial management unit, this researcher has acquired different skills and knowledge to develop and maintain those services. This researcher's job duties include: recruiting, training, and mentoring accountants; drawing down and disbursing donor funds; producing interim financial reports; arranging for external audits of all donor funds; building and maintaining good and healthy relationship with donors and the government of Liberia; and providing overall leadership of the unit.

Following the Paris Declaration on the use of country systems for donor-funded projects, this researcher noticed that Liberia, as a fragile state, was experiencing some of the same challenges that other conflict-affected countries were; hence, it could be presumed developing countries have less challenges in the use of country systems for donor funds than fragile states. Therefore, bringing the awareness of these challenges to Liberia as a conflict-affected country has become one of this researcher's intentions. In order to achieve that goal, this researcher has to explore what challenges Liberia as a fragile state is facing towards the use of country PFM for donor-financed projects. In this study, this researcher was responsible for recruiting and interviewing the participants, transcribing and analyzing the collected data, and at the end of the analysis, presenting the findings.

Because the data collection and data analysis were conducted by this researcher alone, this study could encounter the issue of subjectivity. Qualitative studies, as with any other studies in social science, involve large factor of personal judgment on the part of researchers (Denzin & Lincoln, 2005). As the only researcher of this study, during the research process, this researcher tried to make every effort to uphold objectivity. However, the identity of being a financial management consultant for donor-funded projects may manifest some of this researcher's own values and biases that might have impacted both the data collection and data analysis processes of the study.

Description of Population Sample

This researcher recruited the participants through the Internet and personal contact. This researcher started the data analysis process after each interview which was conducted at the participants' offices. The sample was made up of 15 participants (N = 15) because after interviewing the 15 participants, the data reached the saturation point. That means no more new information could be discovered from the interviews. Among the participants, four of them work at the Ministry of Finance in Liberia, two work with World Bank, another two work with African Development Bank Office in Liberia, four work with various line ministries and agencies as consultants and three are academicians. All participants completed the study, and they also confirmed with the researcher after the study that the data collection and the data transcription reflected their position accurately.

In order to ensure the confidential nature of personal information obtained from the interview, the identity of the participants was coded by assigning pseudonyms of *P1* for Participant 1, *P2* for Participant 2, *P3* for Participant 3, and so on. The participants ranged in age from 30 to 56 with an average age of 40.6.

The demography of the participants based on their gender and their occupations is listed in Table 1. The total number of participants was 15 and the distribution by gender constituted 87% for male and 13% for female. However, the demography based on the occupation was mixed.

Table 1. Participant Demographics: Gender and Industry

	Demographic	N
Gender	Male	13
	Female	2
	Total	15
Industry	Government	4
	Donors	4
	Education	3
	Consulting	4
	Total	15

Description of Participants

Participant 1 (P1) was a 37-year-old male Liberian. He had his education in and outside of Liberia. He is currently a member of senior management team and plays a very critical role within one of the ministries in Liberia.

Participant 2 (P2) was a 30-year-old male Liberian and chartered accountant. He is a financial management specialist at one of the biggest ministries in Liberia. P2 worked with donors in the area of financial management.

Participant 3 (P3) was a 43-year-old male Liberian and received his university degree in accounting in Liberia. He started his career with one of the international accounting firms in Liberia.

Participant 4 (P4) was a 44-year-old female Liberian and received her university degree in accounting in Liberia. She is currently the finance director of a multi-donor project at one of the government ministries in Liberia.

Participant 5 (P5) was a 38-year-old male non-Liberian. He is a member of the American Institute of Certified Public Accountants and a holder of first and second degree in accounting and finance and is a senior staff of one of the donor partners.

Participant 6 (P6) was a 50-year-old male Liberian and an accounting graduate from one of the universities in Liberia. He is a chartered accountant by profession and has to his credit over 20 years working experience in and out of Liberia.

Participant 7 (P7) was a 40-year-old male Liberian and received his university degree in accounting in Liberia. He also obtained two master's degrees from a U.S. university.

Participant 8 (P8) was a 33-year-old male Liberian. He possesses both first and second degrees in accounting and financial management respectively from universities in Liberia.

Participant 9 (P9) was a 33-year-old male Liberian, chartered accountant, and master degree holder in financial management. P6 is also a financial management specialist and tax consultant.

Participant 10 (P10) was a 38-year-old female Liberian. She possesses both a first and second degree from one of the universities in Liberia. She is a member of top management of one of the higher educational institutions in Liberia.

Participant 11 (P11) was a 55-year-old male Liberian. He possesses his first degree from one of the universities in Liberia and a second degree from outside Liberia. He is a member of top management at one of the prestigious learning institutions of Liberia.

Participant 12 (P12) was a 42-year-old male non-Liberian. He is a chartered accountant and a certified information systems auditor with an MBA in finance. He is a PFM specialist.

Participant 13 (P13) was a 36-year-old male American. He works with one of the donor partners in Liberia as a human protection specialist of the human development section, which covers health, education, and social protection.

Participant 14 (P14) was a 42-year-old male non-Liberian working with one of the donor partners in Liberia for the past 3 years as a member of top management in addition to several years' experience with the same donor partners.

Participant 15 (P15) was a 48-year-old male Liberian and possesses a degree in accounting from one of the universities in Liberia and also obtained two master's degrees in the United States.

Research Methodology and Data Analysis

Interviews

This study was conducted in Monrovia, Liberia. Each participant of this study was interviewed independently in person. The interviews occurred in offices arranged by the researcher or the participants. If the participants found the office inconvenient, they were allowed to suggest for a change in the location. When the participants attended their first interview, this researcher first explained to them the purpose of the research study, and the process and procedures taken in the interview. Also, this researcher took this opportunity to answer any questions asked by the participants in order to clear any doubt. After the participants notified that they had no further questions, this researcher presented to the participants the informed consent form, which included asking the participants for permission to audio-record the interviews among other clauses. Each interview lasted about 1.5 hours.

In order to recognize the audio record of the interviews for future transcription and data analysis, this researcher began each interview by putting the date and time of the interview and the participant's code name on the audio record. The participant on their own freewill answered a series of preset questions which related to the challenges facing Liberia as a fragile state towards the use of country PFM for donor-funded projects, the effects of these challenges as well as strategic and policy recommendations needed in dealing with those challenges. The participants were allowed to refuse to answer any of the interview questions. In addition to the preset questions, this researcher also in some instances asked some follow-up questions only when it was strongly believed that the questions could help explore the issues that are related to the research (see Appendix C).

Transcription

After the interviews, this researcher transcribed the audio recording from each interview into a Microsoft Word document. This researcher also integrated the notes that were taken during the interview with the transcripts. The notes mostly consisted of the nonverbal expressions that were shown by the participant during the interview. To ensure that the transcription was accurate, this researcher checked the transcripts with the audio recording and made adjustments where necessary. When the transcription of an interview was completed, the original MP3 audio recording was encrypted with password protection (alphanumeric), and then burned into and stored on a compact disc and external hard drive. The compact disc and external hard drive was then stored in a safe box.

Talk is a skill to express oneself articulately and to communicate freely with others by word of mouth (Kawulich, 2005). Hence, it was important for the researcher to capture as much as what the participants tried to express in the interviews by documenting the interviews only word for word as well as the changes of the tone. Additionally, this researcher also added the documented nonverbal data such as gestures from the participants during the interviews into the transcripts in order to provide a more complete picture of the participants' expressions.

Triangulation

Triangulation is an approach to estimate or approximate validity in qualitative studies (Patton, 2002). The data for this study were collected from more than one research participant and participants received the same set of questions during the interviews. Their responses to the questions indicated that they provided similar answers to most of the questions during the interviews. This similarity supports the validity of the data collected. The use of various data sources provides triangulation in this study and this researcher used the field notes which were taken during each interview as an additional source of data.

Also, these sources also supplemented the rich and solid description of the case study (Baxter & Jack, 2008). After the transcription, this researcher sent an e-mail and also arranged a meeting with each of the participants and presented the transcripts of the interviews to the corresponding participant. This procedure was to confirm the data collected, which is a form of triangulation (Creswell, 2007). The objective of this procedure was to allow the participants of the study to check if the transcripts accurately reflected their responses to the interview questions. The participant took this opportunity to review the transcripts and confirm their acceptance of their feedback after making some adjustments and corrections. After reviewing and providing some modifications to the transcripts, all 15 participants accepted the transcription and confirmed that the transcripts accurately reflected their responses in the interviews. Then, these transcripts were loaded into the NVivo software to conduct the analysis.

Emerging themes

This researcher used the NVivo 10 software to assist in viewing the emerging themes, topics or ideas as well as their content. The software also assisted the researcher in understanding how and where content is being assigned and fine tuning this. In other words, with the help of the NVivo software, the researcher was able to drill down the data, organize and explore the data, identify relationships, use diagrams to show patterns in the information and identify themes, topics or ideas.

All transcripts from the participant interviewed were loaded into the software. Each line of text in each transcript was reviewed by the researcher as the horizons were recognized within the NVivo 10 software. "A horizon represents a unit of textural meaning" (Moustakas, 1994, p. 97). As each line of text was reviewed, this researcher detached any irrelevant and redundant statements aided by the functionality in the NVivo 10 software. What remained were the statements that provided the horizons. This researcher compared and merged the views to establish the list of themes that can be found in Table 2 (see also Appendix B for the themes by the number of horizons).

Cross-Case Analysis of Challenges

This section addressed the main research question, "What are some of the challenges that Liberia as a fragile state is facing or hindering Liberia from benefitting from the use of the country PFM systems for donor-funded projects?" Subsequently following the individual within-case analysis (see appendix C), this researcher conducted a cross-case analysis using thematic analysis. "Thematic analysis involves the searching across a data set—be that a number of interviews or focus groups, or a range of texts—to find repeated patterns of meanings" (Braun & Clarke, 2006, p. 86). To arrive at themes that are shared by most of the participants and to follow the patterns of these themes, the individual cases of each participant were reviewed together. For the challenges that the participants perceived that hindered the use of country PFM systems, four themes and 13 patterns were derived and combined from the interview data of the participants. For the challenges, the following themes and patterns were identified:

- Theme 1: Capacity Challenge
    - Pattern 1A: Lack of capacity building opportunities
    - Pattern 1B: Lack of adequate skills and human resource
    - Pattern 1C: Weak educational system
    - Pattern 1D: Donor financial management undermines efforts to build capacity

- Theme 2: Integrity and Ethical Challenges
    - Pattern 2A: Dealing with moral or ethical issues
    - Pattern 2B: Lack of integrity in the financial system
- Theme 3: System Weakness Challenge
    - Pattern 3A: Weak budget process
    - Pattern 3B: Weak governance
    - Pattern 3C: Deficiency in monitoring and evaluating systems
    - Pattern 3D: Weak internal control framework
    - Pattern 3E: General system weakness
- Theme 4: Risk Challenge
    - Pattern 4A: Challenges lead to fiduciary risk
    - Pattern 4B: Risk in maintaining current systems

Each of the individual patterns was supported by the quotes derived from the participants during the interviews. Table 2 below listed the various themes, the number of supporting participants, and the number of horizons. The listing of themes by horizons by each participant can be seen in Appendix B.

Table 2. List of Themes

Cases/ Themes	Number of Supporting Participants	Number of Horizons
A. Case Analysis for Challenges		
Capacity	13	95
Integrity and Ethical challenge	12	48
System Weakness	15	585
Risk	15	51
B. Case Analysis for Effects of Challenges		
Decline of Confidence in Systems	15	317
Persistent Ethical and Integrity challenge	15	135
Poor Budget Performance	15	261
Stagnation in Growth	3	12
C. Case Analysis for Recommended Strategies and Policies		
Capacity Building	14	135
Overhaul of Educational System	15	596
Government Engagement with Donors	15	466
Strengthening Government PFM Systems	15	637
Strict Adherence to Policies and Guidelines	15	45

Theme 1: Capacity Challenge

About 13 of the participants, constituting 87% of the total participants acknowledged that the cardinal challenge that the effective adoption of country PFM systems faced was the challenge of capacity. This overarching assertion was made by the government officials, academicians, donors and consultants alike. Although some possible causes of the capacity problem were identified to have been caused by the civil crisis, the root of the problem was identified to be with the general educational system. This theme consisted of four patterns: lack of capacity-building opportunities, lack of adequate skills and human resource, weak educational system, and donor financial management undermines efforts to build capacity.

Pattern 1A: Lack of capacity-building opportunities. Some of the participants observed (nationals and foreigners alike) that capacity-building opportunities were limited in every aspect of the government's undertakings (see Table 2). According to P15, "if the state adopt their own system of reporting and yet cannot visibly tell their own people how the funds given for capacity building was used, it deprives the state of the potential to develop." This pattern resonated with most participants as they noted that government had not adequately invested in training the human resource of the country. P14 stated that "it does not serve any good just on improving systems on paper when there are not people who are able to manage the systems."

Specifically, some participants identified that the area of financial management needed more trained personnel to manage the financial systems as the eventual intention is to effectively use the country's own systems. P11 posited that the "financial management system should not only be in the central ministries; it should cut across the nation. Government have to build the skills and knowledge base of the practitioners for them to effectively utilize the system." Also, they noted that lack of capacity building opportunities plays a key role in making sure that the system is highly nonfunctional.

Pattern 1B: Lack of adequate skills and human resource. Majority of participants noted that aside the lack of capacity-building opportunities; the number and type of capacity-building structures put in place were limited. That is, adequate number of skilled man power with specialized skills were lacking. Therefore, some participants noted that the inefficiency or inadequate number of persons with specialized skills made the sustainability and maintenance of the system of country systems will be difficult to achieve. P9 stated that "the country does not have enough trained professionals in the field of managing financial management systems, thus, most of the time only the few individuals who have knowledge in this field are used over and over again."

In addition, some of the participants also acknowledged the fact that most of the current financial managers are not well-trained although there have been a lot of efforts in the past couple of years to build that capacity, notably, the PFM School that has been established as also is the case with the Liberia Institute of Certified Public Accountants to train accountants. According to P5,

> If one considers the PFM process all the way from budget preparation to the time the legislature actually hears an audit report that is prepared by the GAC, it will be realized that Liberia continues to have challenges in terms of the number of qualified people to do the work.

There is a huge capacity challenge. Similarly, some participants (especially donors and consultants) noted that another challenge is the issue of capacity for adopting donor financial management systems. In other words, there is the urgent need for the human resource to be able to work or run both the donor and country systems.

Pattern 1C: Weak educational system. The participants further acknowledged that the fundamental challenge of capacity was down to the weak educational system that has been adopted after the war. According to P7,

> The President rightly stated the educational system in Liberia has become a mess. As compared to the Liberian educational system of the 80s, the existing educational system lacks competition and attitude from this generation to pursue quality education. . . . During those days, when you score 95%, you are not happy because the competition was high because there were other students scoring 96% and 98%.

Pattern 1D: Donor financial management undermines efforts to build capacity. The participants also acknowledged that the perception of the superiority of the donor system as compared to country systems undermines the ability of the state to build the capacity of its own system. Reason given is that one will be limited to their own country systems and thus will not be able to work with other international systems. P2 noted that

> If the Comptroller and Accountant General rely more on project implementation units to account and report, there are less chances or lesser opportunities for him to be able to prepare much more consolidated financial statements which as a result undermines capacity building.

Thus, this issue was identified to hinder the use of country PFM, and thus killing the impetus to build capacity across the country.

Theme 2: Integrity and Ethical Challenges

A good number of participants, about 12 constituting 80% of total number, acknowledged that issues surrounding integrity and ethics significantly hindered the effective adoption and implementation of country PFM systems for donor-financed projects in the country. These challenges were recognized by most participants (see Table 2). This theme consisted of two patterns: dealing with moral or ethical issues and lack of integrity in the financial system.

Pattern 2A: Dealing with moral or ethical issues. The challenges that some of the participants identified under this theme have to do with dealing with moral or ethical issues in terms of proper transparency and accountability. According to P9,

> Given the current problems with the banks and other areas in which there are reports of frequent misappropriation of funds, theft, and fraud, there is need for greater efforts to inculcate ethical and social responsibility into the minds of Liberians. This particular challenge, poses serious challenge to the adoption of country systems.

Also, some participants revealed that there was no full disclosure to the public which leads to transparency problems. This challenge of transparency was said to impede the progress of the country in achieving set targets over the years. This challenge was even known to affect the budget process especially its preparation, content and oversight.

From another position, some participants pointed out that Liberia, as a society, has the tendency to reward unethical behavior. P9 further notes that "You will find out that somebody has an ethical violation at Bank X and all of a sudden you find the person working at Bank B or from Ministry X to Ministry B. Some people go on national radio and back these individuals saying these individuals are using their money to help people. Moreover, Liberians elect some of these individuals to high profile positions." People who society is supposed to condemn for ethical violations are been hailed as heroes and heroines.

Pattern 2B: Lack of integrity in the financial system. Also, some participants stated that the lack or absence of financial managers with integrity, and who are capable and able to do the job will pose serious challenges. Specifically, most funds will be misapplied and at the end government will be asked to refund those money. According to P6, "since the leadership lacks integrity, it is going to be a major setback to the reform process." Thus, some of the participants emphasized that there is an urgent need for honesty, integrity and people who are committed and able to do the work and implement the system according to how it is laid down.

Theme 3: System Weakness Challenge

For this theme, all 15, constituting 100% of the participants, recognized that there is tremendous weakness in the government systems which includes the PFM reform (see Table 2 and Table B1). That is, generally, the systems used by government are noted to be dysfunctional or if functional, operating below expectation. The participants (especially government officials and academicians) contribute this to incompetence of past and present governments and also as a result of the civil crisis. This theme consisted of five patterns: weak budget process, weak governance, deficiency in monitoring and evaluating systems, weak internal control framework, and general system weakness.

Pattern 3A: Weak budget process. With this challenge, some participants contended that there is substantial weaknesses in the entire budget process to qualify them even as being credible. They acknowledged that although, some work has been done, the process is still a lot of way off in terms of getting there. Some participants noted that ministries and agencies lack the capacity to produce sector strategy that are linked with overall national development priorities as contained in the agenda for transformation and as a result the budget in effect makes no sense. According to P2,

> Due to delays in the annual budgeting process, there are differences and inconsistencies between the outturns and original budget estimates. . . . The government does not follow the timelines for the annual budgeting processes and for the past 3 years or so, the budget has been adopted late by the legislators, which results in a sloppy execution of the budget due to long and unnecessary delays.

Pattern 3B: Weak governance. With this challenge, some of the participants stated that there is weakness in governance. Some participants revealed that this lack of effective institutions to fight corruption poses a challenge to the efficient adoption of country PFM system. P12 added that

> Reforming a PFM system also requires commitment and political will from the stakeholders, especially the politicians. While there is a lot of talk about political commitment to PFM Reform, the actual work that needs to be done leaves a lot to be desired.

This weakness, according to some participants, is embedded even in the judiciary system's ability to really enforce the rule of law. P6 noted that,

> As you are aware, in public finance there are three pillars: you need legislative backing, public value and capacity. If the legislative backing is not strong, even if something has a public value for it to reach its goal, it becomes a challenge.

Also, some participants included in this weak governance pattern, the lack of requisite infrastructure needed for effective adoption and the absence of which in various ministries and agencies leaves the state to lag behind other states.

Moreover, some participants pointed to political influence and lack of patriotism as weaknesses in the governance structure of the state in PFM adoption. According to P6, "if somebody comes (to work in government), you might train them but they may end up leaving to go somewhere else (outside government) and not stay there" and P2 added that "ministries and agencies have less freedom to plan and execute their budgets because of political interference." Additionally, other weak governance challenges that were pointed out were the non-involvement of some policy makers writing policy guidelines and the alignment of these policies with the overall aspiration of the agenda for transformation.

Pattern 3C: Deficiency in monitoring and evaluating systems. Some participants also recognized another challenge which involves measuring the level of the funding and the usage of the funding and monitoring and evaluating systems for achieving specific deliverables. According to P15, "when the state receives funds and cannot account for it because there are no means of monitoring or evaluating the deliverables, it defeats the purpose of instituting the use of country systems." Thus, the participants noted that there is no mechanism in place to monitor the use of the systems and this causes deficiency in the system. P4 noted that "sometimes, government puts its own systems in place and most often, these systems are not followed or complied with."

Pattern 3D: Weak internal control framework. Some participants stated that there were internal institutional challenges which include assessing computerized systems, decentralization, and the challenge relating to political interference. Some of the participants stressed that institutional arrangements mean, for instance, staff who are not satisfied with current salary or who see some discrepancies in remuneration. Also, some participants maintained that in countries like Liberia, the PFM system is still weak in terms of control issues. That is, the internal control framework is not strong so there is a possibility that donor funds could be misused if appropriate control mechanism is not in place to deal with these issues.

Pattern 3E: General system weakness. Generally, most participants indicated that another challenge recognized is government not understanding its own country systems and their ineffective adoption.

P13 noted that

> There needs to be a thorough understanding of country systems by the government and its people because as much as there is a strong push for the use of country systems, if even the people in the country do not understand their systems, then it is a challenge. Thus, it is one thing understanding their systems and then understanding the donor systems before having to merge those two.

According to P13,

> Considering the period the country have gone through war, the systems that existed have become ineffective and they are fragmented pieces of systems that existed years which have not been improved upon nor have been renewed but are lacking a lot of components.

In addition, P5 purported that included in the general system weakness is the challenge of complying with complying with regulations and laws, saying "The PFM law has been passed but the compliance rate is very low. For instance, line ministries are required to submit their budget execution report to the Ministry of Finance on a quarterly basis and on a monthly basis; that is not been done. They are supposed to prepare financial statement; that is also not been done. When it comes to the cash management process, they are supposed to prepare cash plans but the cash plans that are prepared are not realistic. The procurement plans that are prepared are also not realistic."

It was noted that internal controls challenges still persist because things people are supposed to comply with in the ordinary course of doing transactions are still a challenge.

According to P5, "when states have institutions such as the Ministry of Finance, and there is the Comptroller and Accountant General, and if one steps outside the Ministry of Finance, there are institutions like the General Audit Commission, the Internal Audit Secretariat and the Legislature, these institutions, although continuing to improve, still have significant challenges in terms of their effectiveness in terms of delivering on their mandate."

Theme 4: Risk Challenge

With this theme, 100% of the participants noted that several risk factors were posing serious challenges in the adoption of country PFM systems. The impact of these risks casts a shadow on the effective adoption and efficient implementation of country PFM systems. This theme consisted of two patterns: challenges lead to fiduciary risk and risk in maintaining current systems.

Pattern 4A: Challenges lead to fiduciary risk. Some participants noted that fiduciary risk posed stern challenges with the adoption of country systems. These participants made two divergent analyses about the challenges that Liberia faces as it pertains to fiduciary risk: (a) fiduciary risk as it pertains to budget support, which are flows that go through the budget and go through the government budget execution, and (b) fiduciary risk as it relates to project finance. These analysis involve projects that were prepared and executed outside the budget.

Pattern 4B: Risk in maintaining current systems. In addition, some participants declared that in the event in which efforts have been made to sustain and maintain the current systems, there are inherent challenges or risks involved which includes the change of government. That is, the risk is that when a particular government uses country systems and then when that government changes, new systems are introduced and when this happens it leads to the country sliding backwards in its previous endeavors, willingness to share these and other risks poses another challenge.

Cross-Case Analysis of Effects of Challenges

From the cross case analysis on the challenges hindering the fragile state, from successfully adopting country PFM systems, this researcher examined the impact or the effects these challenges had on the future prospects of the nation. Thus, this section addressed the first research sub-question, "What are the effects of the challenges facing Liberia as a fragile state towards the use of country systems?" To determine these prospects, four themes and six patterns emerged that were shared by most of the participants from the interview. For the effects of the challenges, these themes and patterns were identified:

- Theme 1: Decline of Confidence in Systems
  - Pattern 1A: Little confidence in country systems
  - Pattern 1B: Continuation of donor systems
  - Pattern 1C: Inconsistencies with policy commitments
- Theme 2: Persistent Ethical and Integrity Challenges
  - Pattern 2A: Poor accountability and transparency in systems

- Theme 3: Poor Budget Performance
    - Pattern 3A: Non-comprehensive or below-par budgets
- Theme 4: Stagnation in Growth
    - Pattern 4A: Slow growth rate

Theme 1: Decline of Confidence in Systems

With the challenges previously discussed, their effects on the adoption of country PFM systems are numerous. However, the immediate effect is that it causes a decline in the confidence of people about the whole country systems and this was attested by all the participants (see Table 2 and Appendix B-Table B1). This decline has the net effect of permanently inhibiting the effective adoption and implementation of country systems. This theme consisted of three patterns: little confidence in country systems, continuation of donor systems, and inconsistencies with policy commitments.

Pattern 1A: Little confidence in country systems. Most of the participants acknowledged that effects of the challenges discussed previously can lead to undermining the confidence placed in country PFM systems. According to P2, "the inconsistencies between policy commitments leads to the undermining of the democracy; the citizenry loses trust in the intent of the government; and thus, there is little or no confidence in the country systems." These effects can turn out to stay for the long-term which poses serious difficulties for the adoption of country systems. That is, effects posed by these challenges, if not tackled on a timely basis, could become entrenched and in the long run instead of having a transition from donor supported arrangements to the use of country system, then the state will continue to have donor arrangements been utilized in the long run which is a situation that one does not want to have. P5 noted that

> There will be very little, if any, confidence in the system that they can deliver . . . and there is always going to be this turbulence in terms of people's perception because as a leader when you want change and try to enforce it, it leads to something more chaotic and you have to manage it.

Pattern 1B: Continuation of donor systems. Also, according to P5, another effect of the challenges discussed could lead to having a situation in which donors continue to ring fence their projects because they are not comfortable with the arrangement that exists and so they will like to find a way to make sure that the funds they are advancing to the government are actually used for their intended purposes. P5 noted that

> These challenges if not tackled on a timely basis will become entrenched and in the long run instead of having a transition from donor supported arrangements to the use of country system, then the state will continue to have donor arrangements been utilized in the long run which is a situation that one does not want to have.

Pattern 1C: Inconsistencies with policy commitments. Several participants stated that the effects they perceived of the challenges discussed could pose to the adoption of country PFM systems are perpetual inconsistencies with policy commitments. According to P2, "government have policies but there are a lot of inconsistencies between policy commitments as expressed in the agenda for transformation as against the actual deliverables and tangibles." Also, another effect is that the enforcement of the reforms is going to be a problem which could cause the government to go back to business as usual; in which the systems will be there but they would not want to follow it. Another effect is that it can cause reluctance in the donor community to embrace the use of country systems in Liberia. That is, donors will still feel that there is a need to strengthen the country PFM system before they can completely commit to the use of the country systems; thus leading to the partial use of country systems.

Theme 2: Persistent Ethical and Integrity Challenges

All the 15 participants acknowledged that the effects of the challenges on issues surrounding integrity and ethics is to make them persistent and entrenched in the system, thus, significantly hindering the effective adoption and implementation of country PFM systems for donor-financed projects in the country (see Table 2). These challenges were recognized by majority of the participants. This theme consisted of the pattern of poor accountability and transparency systems.

Pattern 2A: Poor accountability and transparency systems. Some participants asserted that the inability of the government to produce credible reports and stick to their policy commitments resulted in poor accountability because a non-comprehensive budget results in little or no accountability. This effect also leads to capacity problems; hence, for instance, if there are less experienced people and people who are not qualified for certain positions and they occupy those positions, because it takes time to learn on the job, things will not go as it ought to.

Another effect that the challenges could pose is the nonexistence of a well-managed system which eventually causes corruption and unethical conduct to breed in the society and which will make people discontent and cause them to take matters into their hands. Moreover, some participants noted another effect of the challenges discussed is that the targets set out by donors for specific funds disbursed are not achieved and most of these funds usually go unaccounted for and leakages are created. According to P14,

> Sometimes, leakages do not mean that someone is taking money out of the coffers; however, it means pretending to be able to do certain job and because the systems are weak, that person will be able to easily mislead everybody. At the end, the money disbursed will not result in any developmental result and nobody will be held responsible.

Theme 3: Poor Budget Performance

As a consequence of the challenges discussed earlier, it was known that constant poor budget performance will result and which will inhibit the adoption and use of country PFM systems. This poor performance of the budget has the net effect of causing civil unrest in the country and 100% of the participants acknowledged this (see Table 2). This theme consisted of the pattern of non-comprehensive or below-par budgets.

Pattern 3A: Non-comprehensive or below-par budgets. Some participants noted that the effects of the challenges discussed especially with the budget planning, preparation and implementation, usually leads to below-par or poor performing budgets. That is, there is the likelihood that the entire planning and budgeting process could continue performing very poorly as these challenges persist. P2 noted that "lack of realism and credibility in the budget most at times leads to non-comprehensive budgets. As a result of that, there are non-comprehensive reports arising from such budgets."

Theme 4: Stagnation in Growth

About 20% of the participants acknowledged the fact that the effects of the challenges posed the problem of stagnation in overall growth in the economy which eventually leads to the difficulties in adopting country PFM systems. This theme consisted of the pattern of slow growth rate.

Pattern 4A: Slow growth rate. Most participants recognized that the effects of the challenges discussed can lead to slow growth rate in the national economy; and thus, a slower rate of growth or slower rate of improvement in the entire reform process. This situation can result also in making the country to lag behind others in the use of country systems and subsequently in overall development. P8 noted that,

> As a result of these challenges, in some cases at times, the country may pass by some important grants or loans that should have benefited the country; but did not, because the system is not yet fully matured to respond to those and in effect, the state is not being able to move forward.

Further, the participants stated that another effect is that the challenges previously identified causes the persistent level of poverty to increase or remain stagnant without any improvement. This challenge of persistent poverty affects all the people, the economy, and the general quality of life of the people, and in effect it deprives ordinary people of easy access to electricity, water, good roads, amongst others.

Cross-Case Analysis of Strategies, Policies, and Recommendations

This final section for the cross-case analysis addressed the second research sub-question, "What are the strategic and policy recommendations needed in dealing with these challenges?" For the recommended strategies and policies that the participants suggested for dealing with the challenges, five themes and 13 patterns emerged from the participants' interview data. These themes were identified as

- Theme 1: Capacity Building
  - Pattern 1A: Adequate investment in capacity building
  - Pattern 1B: Strengthening the knowledge base of financial officer
  - Pattern 1C: Setting capacity appropriately
  - Pattern 1D: Learning from others
- Theme 2: Overhaul of Entire Educational System
  - Pattern 2A: Replace unqualified lecturers in the universities
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- Theme 3: Government Should Engage the Donors
    - Pattern 3A: Develop a holistic and coordinated approach
    - Pattern 3B: Initiate dialogs with the donors
    - Pattern 3C: Customize and harmonize donor and PFM systems
- Theme 4: Strengthening Government PFM System
    - Pattern 4A: Building the foundation of PFM system
    - Pattern 4B: Monitoring and supporting the government PFM system
- Theme 5: Strict Adherence to Policies and Guidelines
    - Pattern 5A: Overall public acceptance of the country PFM
    - Pattern 5B: Address governance issues

Theme 1: Capacity Building

To majority of the participants (about 93%), capacity building should be the priority of a fragile state like Liberia that is recovering from a long period of civil war in which it witnessed the massive loss of its human resources base; that was the strategy put forward by the participants (see Table 2). As Liberia aims to implement several reforms, it is necessary to train the human resources of the country because it does not serve any good to just improve the systems on paper when there are only a handful of people equipped to manage the systems.

Donors should also champion the cause of building the capacity of the locals so that the system can be well-managed in their absence. Capacity has to be built at several levels; especially at the level of the practitioners. Those who are really using the systems—the accountants and the financial officers—should be well-trained. The politicians need to be given an orientation to understand that the rules to these systems need to be followed. This theme consisted of four patterns: adequate investment in capacity building, strengthening the knowledge base of financial officers, setting capacity appropriately, and learning from others.

Pattern 1A: Adequate investment in capacity building. Government should adequately invest in both short-and-long-term capacity building programs that will make those trained to be confident in running the country systems effectively and efficiently. Anything other than capacity building will lead to the country lagging behind other fragile states. According to P4, "government should make long-term investments by building the capacity of the ordinary people so as to ensure that the human resource ascends to an appreciable standard." P4 mentioned, "Once the capacity of people are built and they are paid well, it helps to enable them work better and it also increases their own confidence and builds their integrity." P6 also noted that in the long term, government should build institutions like the tax institute, where people go and learn all about tax issues that will increase the knowledge base of the citizenry.

Pattern 1B: Strengthening the knowledge base of financial officers. With the task of implementing reforms left with financial managers, participants recommended that the practitioners be equipped to cope with the knowledge demands of the PFM reforms. P8 suggested that "government, especially the policy makers in the financial management area, should build the capacity of financial managers." P8 further added that "that there is the need for a very strong unit that deals with the financial management of almost all of the projects to be established. These units should be well versed with procedures on donor-funded projects." In effect, those who are required to do hands-on job with the system need to have adequate knowledge of the system. According to P8,

> Government should build the capacity of the staff and provide adequate training and logistics for the staff and also make sure that the necessary equipment and materials that are needed for the work to be done. A lot of funds can go into that area of PFM reform and additional funding can go to incorporate a lot of people to do training.

Pattern 1C: Setting capacity appropriately. After building the capacity of the necessary individuals and staff, they should be placed in their required positions to effect or implement the job(s) for which they were trained; this is what the participants called "setting capacity appropriately." P10 added that "government needs to train more young people to become good financial managers of donor funds so that they would take strategic areas in the government and enhance financial management from there." This is so because, as P2 explained,

> Most of the aid conditionalities are linked to PFM; that calls for government to have a sense of setting capacity appropriately before agreeing to some of these conditionalities to ensure the availability of skilled staff to efficiently and effectively manage these aids.

Pattern 1D: Learning from others. The building of capacity also extends to studying the ongoing reforms in other countries in the West African sub-region. P14 asserted that,

> Since some donors are convinced that they have the best financial management practices and perhaps will not listen to countries that are doing well with their systems, it is important to identify those countries where assessment shows that things are going well and see why things are going well.
>
> Further, P14 stated that,
>
> Instead of pushing always on improvements on paper, creating new entities, putting in place systems, new bodies, etc., it will be prudent to see how financial management is done in other countries and find ways of adopting those good systems.

In addition to the previously discussed, government and the donors should collaborate for knowledge transfer, P14 stressed that "there should be transfer of knowledge between donors and state government; thus, if a donor project uses donor PFM, maybe, what the donor could do is transfer knowledge to the national PFM."

Theme 2: Overhaul of Entire Educational System

Education is the mainstay of any economy; if the citizenry are educated, they will see through the many reforms that the government wishes to implement alongside the donors. This theme was emphasized emphatically by all the participants (see Appendix B-Table B1). With the massive loss of human capacity during the civil war, the remnant educators; both educated and flimsily educated have taken to the classrooms to impart the new generation as well as current generation. This has left few educated individuals, prompting P7 to recommend the overhaul of the entire instructional database of the country, from primary schools to universities. Thus, P7 posited that "the credentials of teaching staff should be vetted and background checks of people should be done well." There are many Liberian professors out of the country who need to be invited back to the country to help contribute in the educational sector.

P7 further advised donors to

> Tell Liberian professors who have had student loans with the United States government and other governments to waive the student loans of these professors with the agreement of them coming back home to Liberia to manage the funds these donors have given to Liberia.

The ordinary Liberian is not too proactive or innovative as compared to their colleagues in other neighboring countries and the main reason is because of the foundation and the system of education that exists in this country. P9 also offered a similar advice to the donor in terms of assisting Liberia to rebuild their educational system: "Donors should help carry on a serious reform of the educational system so that in the long term, the country will be able to stand on its own." This theme consisted of two patterns: replace unqualified lecturers in the universities and revise the university curriculum.

Pattern 2A: Replace unqualified lecturers in the universities. The lack of qualified lecturers in the country, P7 stated, has seen unqualified and “self-proclaimed” lecturers take to the classroom to impart to the new generation as well as the current generation. The concern here is, “How can someone who is not equipped teach another person?” P7 recommended that “the unqualified lecturers in the universities should be weeded out and replaced by the competent Liberian lecturers who will bring ethics into the classroom and breed the new generation of this country.” Those qualified Liberian lecturers who are returning to the country should be offered modern residential quarters so that they cannot miss the luxurious lives they have had in those advanced countries. Lastly, P7 stated that “with that, you will have a lot of qualified Liberians around the world returning home to contribute.”

Pattern 2B: Revise the university curriculum. The next short-term or medium-term strategy proposed by the participants is that the university curriculum for all tertiary institutions should be revised with financial management courses being included to ensure onward effectiveness of the PFM systems. P9 added that because, indirectly, the government had achieved some level of harmonization, efforts now should be directed to making such systems as the International Public Sector Accounting System based on cash basis very effective and making the public aware of such a system.

To achieve this, P9 suggested that this system should be included in the curriculum of universities and colleges so that young graduates stepping out of these institutions will have some first-hand knowledge on the use of these systems. P9 stated that

> The system should be built within the curriculum of our higher educational institutions. The financial systems should be part of the training curriculum in the universities and other higher educational institutions so that upon completing these institutions, those coming out will be well-versed in the usage of the system. The government should be responsible enough to take the initiative and seek the donors help thereafter.

Additionally, P6 claimed that there should be a national resource center to readily provide the public with information to cater for the need of the public.

Theme 3: Government Should Engage Donors

For these challenges to be overturned, the government should engage the donors. This theme was echoed by all 15 participants (see Appendix B-Table B1). P2 explained that "there should be more engagement and ownership on the part of the government as a means of curbing the challenges they face." The participants asserted that there should be more engagement to first of all implement sustainable reform initiatives and this should be initiated by the government because it is their own. Government efforts in engaging donors are commendable but a better engagement through the Aid Management Unit, which is working with donors to harmonize the reporting arrangements for donor inflows and the Project Financial Management Unit should be fostered. P12 asserted that "this will ensure that the donor will at least be able to explain to the government which challenging areas they believe they could use and areas that they could not use." This theme consisted of three patterns: develop a holistic and coordinated approach, initiate dialogs with the donors, and customize and harmonize donor and PFM systems.

Pattern 3A: Develop a holistic and coordinated approach. A holistic approach from national systems that are fully capable and responsive that can win the confidence of donors to bring aid-on-budget and improve budget support to the country is also another strategy. This approach should revolve not only around PFM but also around bringing all the actors together and strengthening the judiciary to strengthen the legislative processes that are related to the PFM. P2 noted that "ultimately, they strengthen the national budget process and public expenditure." P2 added that "another strategy to adopt is the coordinated approach."

It is also suggested that government needs to establish institutions; for example, the PFM Reforms Coordination Unit in the Ministry of Finance, but there are other institutions across various ministries and agencies so there is the need to have a coordinated approach in terms of institutions dealing with the donors so that the flow of information in determining priorities are coordinated across government. According to P12,

> There need to be a centralized institution or mechanism that coordinates all donors' activities across government to ensure that the donors are aligned to the government priorities and the government through these institutionalized mechanisms to articulate its priorities so that the two can now coordinate in terms of implementing activities so that there is no duplication of efforts across government with different reporting requirements and different activities scattered all over the place.

Pattern 3B: Initiate dialogs with the donors. The way forward for most challenges lie in conversations. The participants recommended that government have conversations with their partners. According to P7,

> Donors should discuss aid priorities with the government. They should tell the government "this is their money, where do you want this money to go" despite the fact that they have other plans to use this money in a particular sector of the economy. When they have these conversations and come up with one understanding, they can have it implemented—whether they want the money to be channeled through the national budget so be it.

Government and donors should meet and discuss what they think will be best for the country; because the mutual goal of donors and government is to enable the country to have a very good financial system. Both parties should sit and discuss the necessity of the changes and the new ideas and blend them together. P1 suggested that "donors should be willing to be more engaging; to test the system and be mutually accountable." By so doing, it becomes relatively easy to track what government is doing but it is not that easy to track what the donors are doing, hence the need for goal congruence. The collaboration between government and donors will lead to better output delivery in the long run.

Pattern 3C: Customize and harmonize donor and PFM systems. Government should copy and align some of the best practices out there within the donor community to fit them within their country context. According to P2, "The institutions government build as well as the legal framework they establish along with best practice have to be contextualized to fit our local context because every setting/environment has its own context." This is vital as they strive to implement donor funds and align their system to the donor system. P12 explained that government should put in place a task force or a team. This team should consist of a representative from the donor community so that there are both government representation and the donor community representation. P12 noted that

> It should be a bi-skilled team so that they can carry out a review of the government of Liberia's PFM systems and strengthen where there are weaknesses or where there are gaps compared to what the donor expect to see in terms of the PFM systems.

This task force or team should identify those gaps and come up with an action plan on how those gaps can be filled. P6 also added another dimension; donors should have a common pool of donor support and have one level of organization that will have a registry under the donor themselves that will ensure a unique execution of projects.

Theme 4: Strengthening Government PFM System

Here, the participants were keen on the donors' responsibility; they asserted that donors needed to come to the realization that if they do not use the country's own arrangements, their continual usage of their own arrangement will not strengthen the government's own arrangement. Hence, donors should have to come to that realization and begin to work with the government. This theme was overwhelmingly acknowledged by all the participants and it constituted the highest number of horizons (see Table 2 and Appendix b-Table B1). P5 recommended that "donors should provide arrangements within the government to do specific PFM tasks." For instance, when it comes to audit, whereas donors are not executing their donor-financed projects through the government's own budget, they could use the GAC to conduct their audit.

Similarly, when it comes to internal controls, they could use the Internal Audit Secretariat to do the internal audit reviews on donor-financed projects. In addition, they could actually look at the overall PFM arrangement and look at institutions that are functioning and leverage on their mandates to do the donors' work. When these are done, there is confidence from the locals in their own systems. This theme consisted of two patterns: building the foundation of PFM system, and monitoring and supporting the government PFM system.

Pattern 4A: Building the foundation of PFM system. Building government PFM systems entails a lot of work but it is highly necessary to curb these challenges. When building such systems, there are several issues that need to be considered, including budget process, cash planning, treasury single account, accountability, self-accounting units, and decentralization. According to P11,

> Government need to look at the two systems; put them side by side and try to see the similarities and the differences. At this stage, government should dwell more on the similarities because when they look at the similarities there can be convergence of interest—together, they can see the similarities between their systems and agree that they can work together; but where one system seem to have more than the other, they have to make adjustments and see how they can improve on the country systems since in the final analysis it is the country systems that is supposed to deliver the goods.

Participants also noted that the credibility of the budget and the reliability of the budget to budget execution in terms of accounting and reporting, cash management, treasury management, aid management and debt management in that sense are functioning properly. That is, the government institutions responsible for the previously discussed functions should be properly functioning. P5 added that,

> In the short term, government needs to work on its reporting because, whereas the execution happens outside the budget, all these donor-financed projects have accounting systems and they do quarterly reporting to the donors concerned. The government then should make a concerted effort to bring those projects onto the [integrated financial management information system] on an export basis so that they can actually have record of the expenditure on donor projects.

Pattern 4B: Monitoring and supporting the government PFM system. The participants noted that in the short and long term, there should be strict monitoring of PFM systems aimed at improving these PFM systems and cleansing them of progress retarding tendencies so as to enable the state to match the international standards of other countries. It is also necessary to make sure that the system works. P12 suggested that

> Government need the donor community to deploy staff within their country office with the right skills mix to support the government in terms of availing, informing and monitoring the funds to ensure that they are going through the country systems. The staff deployed should also ensure that the funds are traceable and being utilized for the activities they are earmarked for.

Theme 5: Strict Adherence to Policies and Guidelines

The setting of clear rules by the government, according to all 15 participants, is essential in instilling that there is discipline in the government (see Table 2). Reforms are guided by policies and guidelines and when these policies are not adhered tom, there are several challenges that arise. Government should be committed to making sure that its stakeholder comply with the reform policies.

The participants also suggested that the government must open up itself to new ideas. That is, as state leaders travel, observe, and experience other systems, they could help change current systems that are faulty to more refined ones. According to P9,

> In the long term, government should put strategies in place to be able to sustain some of the donor-funded systems, policies, and procedures. This is because donors will not always be around to provide funds; government should also plan strategies that will enable that which has been established to be sustained in the long run.

This theme consisted of two patterns: overall public acceptance of the country PFM and address governance issues.

Pattern 5A: Overall public acceptance of the country PFM. Participants added that there should be more engagement and ownership on the part of the government to implement sustainable reform initiative for the benefit of the citizenry. P2 added that "government should encourage ownership and political support for the reforms because the citizens see most reforms as foreign and want to have less interaction with them."

Moreover, there are some of these donor-driven reform initiatives that get nowhere. These attitudes towards the PFM Reform Agenda need to be expunged. P6 noted that "government should carry out more awareness to the people. People should not struggle and worry on where to get information." Information regarding the reforms should be made public so that the citizens understand what is unfolding. Politicians should also get involved at all level of the reforms and ensure complete compliance with the timelines and processes. Government should also inculcate transparency in the process.

Pattern 5B: Address governance issues. Participants recommended that there should be strong political will by government to set rules and instill discipline in whatever national systems that have been developed so far even as the reform process continues. P2 further suggested that "there should be a lot of effort on the part of the government to work and implement the reforms."

Government has to be focused and choose what it is capable of doing in the short term and come out with specific outputs that can be used as feedback. P12 posited that,

> While the citizens acknowledge that government has taken steps to put in place the institutions to fight corruption, the citizens need to see actions in terms of prosecuting those government officials who are found corrupt and if possible, resources that have been misappropriated should be recovered and put to use. There is a need to actually fight corruption and this should be institutionalized.

P7 also noted that with the system in place—the Liberian Anti-Corruption Commission, GAC, and the various commissions being established—the mandate of those commissions should be guided judiciously and they should be empowered to do their jobs. When that happens, people should know the consequences of their actions and inactions and the system will be well-guided.

Summary

Chapter 4 presented the data collected from the interviews conducted with 15 participants among whom were consultants, donors, government officials, and academicians. From the cross-case analysis, four major themes were obtained from the interview and which sought to answer the main research question of the study: “What are the challenges, if any, facing the adoption of the PFM for donor projects in Liberia?” The first theme discovered that most of the participants acknowledged that the cardinal challenge that the effective adoption of country PFM systems faced was the challenge of capacity. Although some possible causes of the capacity problem was identified to have been caused by the civil crisis, the root of the problem was identified to be with the general educational system.

The second theme showed that the participants acknowledged that issues surrounding integrity and ethics significantly hindered the effective adoption and implementation of country PFM systems for donor-financed projects in the country.

Also, from the third theme, the participants also recognized that there is tremendous weakness in the government systems which include the PFM reform. That is, generally, the systems used by government are noted to be dysfunctional or if functional, operating below expectation. It was discovered from the interview data that these challenges consisted of weak budget process, weak governance, deficiency in monitoring and evaluating systems, weak internal control framework, and general system weakness. Lastly, for the first cross-case analysis, the fourth theme observed that a good number of participants noted that several risk factors were posing serious challenges in the adoption of country PFM systems. The impact of these risks casts a shadow on the effective adoption and efficient implementation of country PFM systems. From the data collected, the challenges for this final part consisted of challenges that lead to fiduciary risk and risks in maintaining current systems.

For the second part of the cross-case analysis, four major themes emerged from the data collected from the participant's interview with reference to the question: "What are the effects of these challenges facing the adoption of the PFM for donor projects in Liberia?" The first theme identified the effects of the challenges on the adoption of country public PFM systems as it causes a decline in the confidence of people about the whole country systems. This decline has the net effect of permanently inhibiting the effective adoption and implementation of country systems. From the interview data collected, the effects of the challenges consisted of little confidence in country systems, continuation of donor systems, and inconsistencies with policy commitments. The second theme that emerged stated that the participants acknowledged that the effects of the challenges on issues surrounding integrity and ethics is to make them persistent and entrenched in the system, thus, significantly hindering the effective adoption and implementation of country PFM systems for donor-financed projects in the country. These challenges were recognized by majority of the participants. The data from the interview participants revealed the effects of the challenges consisted of poor accountability and transparency systems.

In addition, the third theme that emerged noted that as a consequence of the challenges discussed earlier, it was known that constant poor budget performance will result which will inhibit the adoption and use of country PFM systems. This poor performance of the budget has the net effect of causing civil unrest in the country. The participant's interview data collected consisted of non-comprehensive or below-par budgets. Finally, the fourth theme that emerged stated that majority of the participants acknowledged the fact that the effects of the challenges posed the problem of stagnation in overall growth in the economy which eventually leads to the difficulties in adopting country PFM systems. From the interview data collected from participants, the effects of the challenges under this theme consisted of slow growth rate.

For the third and final part of the cross-case analysis, five major themes emerged from the participants' interview data concerning the third question: "What strategies or policies would you recommend to the government and donors in order to have a successful implementation of country PFM?" The first theme stated that, to the majority of the participants, capacity building should be the priority of a fragile state like Liberia that is recovering from a long period of civil war in which it witnessed the massive loss of its human resources base; that was the strategy put forward by the participants. For the second theme that emerged, the participants acknowledged that education is the mainstay of any economy; with the massive loss of human capacity in the civil war, the remnant educators, both educated and flimsily educated have taken to the classrooms to impart the new generation as well as current generation. This has left the country with few educated individuals prompting a participant to recommend the overhaul of the entire instructional database of the country, from primary schools to universities.

In addition, for the third theme that emerged, the participants noted that for the challenges discussed earlier to be overturned, the government should engage the donors. The participants asserted that there should be more engagement to first of all implement sustainable reform initiatives and this should be initiated by the government because it is their own. Moreover, for the fourth theme that emerged, the participants were keen on the donors' responsibility; they asserted that donors needed to come to the realization that if they do not use the country's own arrangements, their continual usage of their own arrangement will not strengthen the government's own arrangement.

The last and final theme that emerged stated that the setting of clear rules by the government, according to the participants, is essential in instilling discipline in the government. Reforms are guided by policies and guidelines and when these policies are not adhered to, there are several challenges that could arise. Government should be committed to making sure that its stakeholders comply with the reform policies. From the data collected from the interview participants, the strategies and policies recommended consisted of overall public acceptance of the country PFM and the addressing of governance issues.

Chapter 5 presents a thorough discussion of the results of the data. It also presents the limitations of the study and the recommendations for future research on the subject.

CHAPTER 5. DISCUSSION, IMPLICATIONS AND RECOMMENDATIONS

Introduction

This study investigated some of the challenges that Liberia, as a fragile state, is facing or hindering Liberia from benefitting from the use of the country public financial management (PFM) systems for donor-funded projects. This study acknowledged the cardinal challenges, noted the possible effects of these challenges and then obtained proposed recommendations of strategies and policies that should be put in place to resolve these challenges. The qualitative case study approach was able to collect rich data that were provided by the participants who consisted of donors, government officials, consultants and academicians who shared their experiences about the challenges, effects of challenges hindering successful country PFM systems adoption and recommended strategies and polices for resolving these challenges in Liberia. This chapter interprets and discusses the results of the study as it relates to the main research questions, followed by discussing the limitations and suggesting recommendations. This chapter is organized in several sections. The first section presents a brief summary of the results of the study. The second section then presents a discussion of the results and shows how they reflect the literature on this topic. The last three sections discuss the conclusions and limitations of the study, and following immediately are the recommendations for further research in this area.

Summary of the Results

The results of this qualitative case study revealed some of the challenges that, Liberia, as a fragile state has been facing from benefitting from the use of the country PFM systems for donor-funded projects, the effects of these challenges and the recommend strategies and policies that should be put in place to deal with the challenges. From the data collected from the interview conducted, several themes and patterns emanated on the challenges, their effects and recommended remedial strategies and policies (see Table 2, Appendix B and C). Because using a case study methodology has the advantage of providing rich data about real-life people and situations, it was used to answer the research questions of the study by discovering each participants' perspective that might provide greater insight and understanding of the participant's experiences. This study strived to answer the main research question: "What are some of the challenges that Liberia as a fragile state is facing or hindering Liberia from benefitting from the use of the country PFM systems for donor-funded projects?" Also, the participants were asked what are the effects of these challenges and what strategies and policies could they recommend to donors and the government to deal with those challenges.

The findings of the first research question revealed that Liberia experienced a wide range of challenges in striving to effectively use country PFM systems for donor-funded projects. These challenges comprised of capacity challenge, integrity and ethical challenges, system weakness challenge, and risk challenge. Firstly, with the capacity challenge, the overarching assertion made by the government officials, academicians, donors and consultants alike concerning this main challenge was the challenge of capacity. Data derived from the interview pointed out that the challenges consisted of lack of capacity-building opportunities, lack of adequate skills and human resource, weak educational system, and donor financial management undermines efforts to build capacity.

Secondly, the participants acknowledged that issues surrounding integrity and ethics significantly hindered the effective adoption and implementation of country PFM systems for donor-financed projects in the country. These challenges were recognized by most participants. Data collected from this consisted of dealing with moral or ethical issues and lack of integrity in the financial system.

Thirdly, the participants also recognized that there is tremendous weakness in the government systems that includes the PFM reform. That is, generally, the systems used by government are noted to be dysfunctional or if functional, operating below expectation. The participants (especially government officials and academicians) contributed this to incompetence of past and present governments and also as a result of the civil crisis. It was discovered from the interview data that these challenges consisted of weak budget process, weak governance, deficiency in monitoring and evaluating systems, weak internal control framework, and general system weakness.

Lastly, a good number of participants noted that several risk factors were posing serious challenges in the adoption of country PFM systems. The impact of these risks casted a shadow on the effective adoption and efficient implementation of country PFM systems. From the data collected, the challenges for this final part consisted of challenges that lead to fiduciary risk and risks in maintaining current systems.

With regards to the question, "What are the effects of the challenges facing the adoption of the PFM for donor projects in Liberia?" the participants recognized four major effects. The first identified the effects of the challenges on the adoption of country PFM systems as it causes a decline in the confidence of people about the whole country systems. This decline had the net effect of permanently inhibiting the effective adoption and implementation of country systems.

Secondly, the participants acknowledged that the effects of the challenges on issues surrounding integrity and ethics are to make them persistent and entrenched in the system, thus, significantly hindering the effective adoption and implementation of country PFM systems for donor-financed projects in the country. These challenges were recognized by majority of the participants. The data from the interview participants revealed the effects of the challenges consisted of poor accountability and transparency systems.

In addition, the participants acknowledged that as a consequence of the challenges discussed earlier, it was known that constant poor budget performance that resulted would inhibit the adoption and use of country PFM systems. This poor performance of the budget has the net effect of causing civil unrest in the country. The participant's interview data collected consisted of non-comprehensive or below-par budgets.

Finally, majority of the participants acknowledged the fact that the effects of the challenges posed the problem of stagnation in overall growth in the economy which eventually leads to the difficulties in adopting country PFM systems. From the interview data collected from participants, the effects of the challenges under this theme consisted of slow growth rate.

For the third and final question, “What strategies or policies would you recommend to the government and donors in order to have a successful implementation of country PFM?” five main recommended strategies and policies were proposed. The first stated that, to the majority of the participants, capacity building should be the priority of a fragile state like Liberia that is recovering from a long period of civil war in which it witnessed the massive loss of its human resource base. That is, capacity has to be built at several levels, especially at the level of the practitioners. Those who are really using the systems—the accountants and the financial officers—should be well trained. The politicians need to be given an orientation to understand that the rules to these systems need to be followed.

Secondly, the participants acknowledged that education is the mainstay of any economy; if the citizenry are educated, they will see through the many reforms that the government wishes to implement alongside the donors. With the massive loss of human capacity in the civil war, the remnant educators, both educated and flimsily educated have taken to the classrooms to impart the new generation as well as current generation. This has left the country with few educated individuals prompting a participant to recommend the overhaul of the entire instructional database of the country, from primary schools to universities.

Thirdly, the participants noted that for the challenges discussed earlier to be overturned, the government should engage the donors. The participants asserted that there should be more engagement to first of all implement sustainable reform initiatives and this should be initiated by the government because it is their own.

Moreover, the participants were keen on the donors' responsibility; they asserted that donors needed to come to the realization that if they did not use the country's own arrangements, their continual usage of their own arrangement will not strengthen the government's own arrangement. Hence, donors should have to come to that realization and begin to work with the government.

Lastly, the participants pinpointed that the setting of clear rules by the government, according to the participants, is essential in instilling discipline in the government. Reforms are guided by policies and guidelines and when these policies are not adhered tom, there are several challenges that arise. Government should be committed to making sure that its stakeholders comply with the reform policies.

Discussion of the Results

This study investigated some of the challenges that were hindering Liberia as a fragile state from benefitting from the use of country PFM systems. Also, the study investigated the effects of these challenges and also recommended strategies and policies that were proposed to deal with these challenges. In capturing the situational context of the target population in-depth, the study employed a case study methodology along with within-case and cross-case analysis.

The study identified some of the challenges that were hindering Liberia as a fragile state from benefitting from the use of country PFM systems from data collected from 15 participants who were interviewed. For the research question on the challenges, a total of four themes and 13 patterns emerged from the data collected from the interview participants. The cross analysis revealed that the challenges covered a wide range of areas, which were categorized as the capacity challenge, integrity and ethical challenge, system weakness challenge, and risk challenge.

This study disclosed some of the challenges that were hindering Liberia as a fragile state from benefitting from the use of country PFM systems were interrelated. Firstly, with the capacity challenge, the overarching assertion made by the government officials, academicians, donors and consultants alike concerning this main challenge was the challenge of capacity. Although some possible causes of the capacity problem was identified to have been caused by the civil crisis, the root of the problem was identified to be with the general educational system of the state. It was observed from this challenge that this resulted from the lack of capacity-building opportunities, the lack of adequate skills and human resource, the weak educational system in the country, and the challenge of donor financial management undermining efforts to build capacity. The integrity and ethics challenge significantly hindered the effective adoption and implementation of country PFM systems for donor-financed projects in the country because of dealing with moral or ethical issues challenges and lack of integrity in the financial system. There was recognized in the government system, a tremendous weakness in the government systems which includes the PFM reform. That is, generally, the systems used by government are noted to be dysfunctional or if functional, operating below expectation. Lastly, it was revealed that there were several risk factors posing serious challenges in the adoption of country PFM systems and the impact of these risks casted a shadow on the effective adoption and efficient implementation of country PFM systems.

In addition to the challenges, the study identified the effects of the challenges that were revealed from data collected from the 15 participants who were interviewed. For the question on the effects of the challenges, four themes and six patterns emerged that were shared by most of the participants. The cross analysis revealed that the challenges covered a wide range of areas, which were categorized as decline in confidence of systems, persistent ethical and integrity challenges, poor budget performance and stagnation in growth.

This study disclosed the effects of the challenges that were hindering Liberia as a fragile state from benefitting from the use of country PFM systems to be very detrimental to the future prospects of the country. With the decline of confidence in systems, the effects of the challenges had the net effect of permanently inhibiting the effective adoption and implementation of country systems. It was also acknowledged that the effects of the challenges on issues surrounding integrity and ethics are to make them persistent and entrenched in the system, thus, significantly hindering the effective adoption and implementation of country PFM systems for donor-financed projects in the country. As a consequence of the challenges discussed earlier, it was known that constant poor budget performance that resulted would inhibit the adoption and use of country PFM systems; and thus, has the net effect of causing civil unrest in the country. Finally, the majority consented that the effects of the challenges posed the problem of stagnation in overall growth in the economy which eventually led to the difficulties in adopting country PFM systems.

Finally, this study identified the recommended strategies and polices for dealing with the challenges that were revealed from data collected from the 15 participants who were interviewed. For the question on the recommended strategies and policies for dealing with the challenges, five themes and 13 patterns emerged that were shared by most of the participants. The cross analysis revealed that these recommendations covered a wide range of areas, which were categorized as capacity building, an overhaul of the entire educational system, government should engage the donors, strengthening government PFM systems and strict adherence to policies and guidelines.

This study disclosed the recommended strategies and policies for dealing with some of the challenges that were hindering Liberia as a fragile state from benefitting from the use of country PFM systems to be seriously considered by government and donors alike to ensure the effective adoption of country PFM and efficient allocation of aid. Firstly, it was recommended that capacity building should be the priority of a fragile state like Liberia that is recovering from a long period of civil war in which it witnessed the massive loss of it human resources base. It was acknowledged that because education is the mainstay of any economy; if the citizenry are educated, they will see through the many reforms that the government wishes to implement alongside the donors. With the massive loss of human capacity in the civil war, the remnant educators, both educated and flimsily educated have taken to the classrooms to impart the new generation as well as current generation. Moreover, the government was encouraged to fully engage the donors to implement sustainable reform initiatives and this should be initiated by the government because it is their own. Donors were exposed to the realization that if they did not use the country's own arrangements, their continual usage of their own arrangement will not strengthen the government's own arrangement. Lastly, government was encouraged to set clear rules which is essential in instilling discipline in the government, because reforms are guided by policies and guidelines.

Implications of the Study Results

The implications of the results of this study showed the challenges the fragile state, Liberia faced in effectively adopting the use of country PFM systems, the effects of these challenges and recommended strategies and policies needed to resolve these challenges. The challenges comprised of capacity challenge, integrity and ethical challenges, system weakness challenge and risk challenge.

Main Research Question

For the challenges that the participants perceived that hindered the use of country PFM systems and which was the main research question, four themes and 13 patterns were derived and combined from the interview data of the participants. From the findings, it was observed that most of the findings of the study were interrelated: capacity challenge resulted in a weakness in the system, and integrity and ethical challenges also posed risks to the country's intention to adopt country PFM systems.

Theme 1: Capacity Challenge. Capacity, according to Brown, Lafond, and Macintyre (2001), involves the skill required to ensure that objectives are met. Most of the participants acknowledged that the cardinal challenge that the effective adoption of country PFM systems faced was the challenge of capacity. This overarching assertion was made by the government officials, academicians, donors and consultants alike. Although some possible causes of the capacity problem was identified to have been caused by the civil crisis, the root of the problem was identified to be with the general educational system. According to Feeny and McGillivray (2009), a major characteristic of fragile states may be weak capacity despite the desire to reform. Likewise, the Department for International Development (DFID) in the United Kingdom uses four categories by which it groups fragile states into the ensuing four groupings: (a) Monterrey states, with both capability and commitment to improve development and lessen poverty; (b) willing and weak states, which have the commitment but not the capability to improve development and lessen poverty; (c) strong but indifferent states, with capability but without the political will to develop; and (d) weak–weak states, without either the capability or political will to develop (Feeny & McGillivray, 2009).This theme consisted of four patterns: lack of capacity-building opportunities, lack of adequate skills and human resource, weak educational system, and donor financial management undermines efforts to build capacity. Once these capability shortages become large, states head on the road to failure, breakdown, and conflict. Therefore, states that are recovering need to recognize and pursue pathways to rejuvenating capability and filling deficits, and to prevent the risks of going back (Brinkerhoff, 2010).

Delving into the capacity challenge, the participants pointed out that there is a lack of capacity-building opportunities in the agenda of the government. According to Brown et al. (2001), if capacity is well defined as the skill required to ensure that objectives are met, then capacity building is a practice that advances the ability of individual, group, system or organization to meet its aims or perform better. In the same vein, Fullan (2010a) noted that capacity building has proven to be a vital element of any effective reform process, development strategy, inventiveness, or intervention. Therefore, when there is no resolute, focused, and persistent capacity building, it proves that implementation will be a shallow at worst and irregular at best, in which any learning achievements are likely to be short-lived (Fullan, 2010b). Therefore, from the interview, most of the participants observed (nationals and foreigners alike) that capacity-building opportunities were limited in every aspect of the government's undertakings.

Specifically, most participants identified that the area of financial management needed more trained personnel to manage the financial systems as the eventual intention is to effectively use the country's own systems.

Moreover, the lack of adequate skills and human resource was identified during the interview process. That is, majority of participants noted that aside the lack of capacity-building opportunities, the number and type of capacity-building structures put in place were limited. That is, the adequate number of skilled man power with specialized skills were lacking. Baillie, Bjarnholt, Gruber, and Hughes (2008) noted that as capacity building involves improving the skills of people and institutions in managing resources through training and education. In addition, it was further acknowledged that the fundamental challenge of capacity was down to the weak educational system that has been adopted after the war. According to Fullan (2011), the letdown of educational reform exertions is most of the time described by a dismal failure to ruminate and assume, with any rigor or robustness, the process of implementation.

Lastly, with the challenge of capacity, it was acknowledged that donor financial management undermines efforts to build capacity. Kedir (2011) posited that donor arrangements with fragile states takes diverse forms aiming at the lack of policy consistency which is not unforeseen in multifaceted settings coupled with mixed donor priorities and purposes. In addition, free-riding by certain donors in a group intended at developing the capacity of fragile states is another probable source of coordination failure (Kedir, 2011). From the interview, the participants acknowledged that the perception of the superiority of the donor system as compared to country systems undermines the ability of the state to build the capacity of its own systems. Reason given is that one will be limited to one's own country system and thus will not be able to work with other international systems.

Theme 2: Integrity and Ethical Challenges. Robinson, Davidsson, van der Mescht, and Court (2007) noted that ethics deals with making right choices and because there are a lot of interest groups, there exists many perspectives as to what is right; indicating that there is obviously no single right way. Therefore, government as an entrepreneur needs to select and partake in the best course of deed under the conditions. Thus, as entrepreneurs, government is recurrently confronted with choices that generate pressures between their need to be dealing with moral or ethical issues and their desire to enrich a select few to the detriment of the general populace. From the study, it was acknowledged that issues surrounding integrity and ethics significantly hindered the effective adoption and implementation of country PFM systems for donor-financed projects in the country. These challenges were recognized by most participants. Brinkerhoff (2010) noted that for most fragile states, the main challenges they face in using country systems derives from the lack of transparency and accountability; as transparency is also very vital to ensuring there is accountability.

Moreover, the challenges that some of the participants identified under this theme has to do with dealing with moral or ethical issues in terms of proper transparency and accountability. According to International Dialogue on Peacebuilding and State-building (n.d.), concerted efforts should be made to ensure more transparent use of aid through supervision in partnership with the Development Assistance Committee, which will ensure global assistance will be tracked against individual goals and the flow of resources to fragile states. Also, there should be support for the better transparency of financial systems in such a way that is consistent to capability and settings that are concurrent with International Aid Transparency Initiative compatible standards. Lastly, the commitments should build on the Paris Declaration and Accra Agenda for Action by soliciting the perspectives of citizens on domestic resources, transparency and aid (International Dialogue on Peacebuilding and Statebuilding, n.d.).

Furthermore, Akinbuli (2012) pointed out that current democratic governance sees public accountability as its hallmark because democracy is still a procedure that holds those in power accountable for their actions and omissions. Therefore, public accountability is the basic tenet of democracy (Cook, 1998). Specifically, accountability in the public sector throughout the world is being given serious attention in view of the fact that the government is the highest spender of public fund. Those in authority assume fiduciary status with the attendant responsibilities requiring them to render their stewardship accounts to those for whom the authority is held in trust. It is the right of citizens to demand and know the activities of their elected public officers and the elected public officers ought to voluntarily give account of their stewardship to the public. Akinbuli posited that accountability consists of a social relationship wherein a party is obligated to explain and defend their actions to another important party. In addition, the author notes that despite being a vague concept to define, it exists where there is some kind of relationship between an individual or a group, and there is oversight of the actions of each individual or group by each other. From the foregoing, it can be said that accountability comprises of the ability to answer and enforce an action. The former involves government obligation, the ability of its officials and departments to make information readily accessible and to defend those institutions tasked with ensuring accountability to the general public. The latter recommends those institutions responsible for accountability and the general public to be able to authorize or sanction parties that have offended or help them conform (Akinbuli, 2012). From the study, the lack of integrity in financial system was highlighted by government officials, donors, academicians, and consultants alike. Also, some participants purported that the lack or absence of financial managers with integrity, and who are capable and able to do the job will pose serious challenges. Specifically, most funds will be misapplied and at the end government will be asked to refund those funds.

Theme 3: System Weakness Challenge. Under this theme, the participants recognized that there is tremendous weakness in the government systems which includes the PFM reform. That is, generally, the systems used by government are noted to be dysfunctional or if functional, operating below expectation. The participants (especially government officials and academicians) contribute this to incompetence of past and present governments and also as a result of the civil crisis. According to Kaplan (2009), the injustice and poor governance that weakens fragile states can be mapped out to several factors that have joined to disengage countries from their surroundings, governments from their populations, and the privileged from their subjects. That is, whereas a vigorous country uses local identities, capacities, and institutions to help its growth, fragile states' recognized prevailing arrangements emasculates all of these indigenous resources (Kaplan, 2009).

According to Okpara (2011), effective enforcement of existing laws and regulations constitutes a major challenge for the development and implementation of corporate governance. Meeting this challenge requires recognition that the structure and capacity of regulatory and judicial frameworks are integral parts of the corporate governance environment. From the study, some participants note that there is substantial weaknesses in the entire budget process to qualify them even as being credible. They acknowledged that although some work has been done, the process is still a lot of way off in terms of achieving it.

In addition, some of the participants stated that there is weakness in governance. It was thus pointed out that this lack of effective institutions to fight corruption poses a challenge to the efficient adoption of country PFM system. Some participants also recognized another challenge which involves measuring the level of the funding and the usage of the funding and monitoring and evaluating systems for achieving specific deliverables.

It was noted from the study again that there were internal institutional challenges which include assessing computerized systems, decentralization, and the challenge relating to political interference. Consequently, a fragile state cannot influence its people’s pasts and customs to build effective formal establishments with extensive legality; nor can it lure the public investment entrenched in unified groups to help political, economic, and social contact; and nor is it able to engage the customary governing capacities of its citizens to steer the affairs of the country (Kaplan, 2009). According to Edelman, Schuster, and Kapp (2011), financial organizations should take note of both internal threats (employee deeds or errors) and external threats (customer scams and manipulations). That is, fraud patterns, stealing/misappropriation, and money laundering activities derived from illicit activities are instances of assessing risk when developing internal controls.

Theme 4: Risk Challenge. Risk, as a challenge, poses great threats to the effective adoption of country PFM systems. From the study, a good number of participants noted that several risk factors were posing serious challenges in the adoption of country PFM systems. The impact of these risks were, thus, casting a shadow on the effective adoption and efficient implementation of country PFM systems. This theme consisted of two patterns: challenges lead to fiduciary risk and risk in maintaining current systems. There are risks of engaging as it is noted that the danger in this situation can offset utmost risks of engagement. Lack of efforts made to pinpoint context-specific or combined donor risk-alleviation tactics, necessitates diverse methods that cannot manage risk and develop capacity. Also, there exists the lack of joint assessments of the specific risks connected with working in fragile positions not efficiently conducted and the identification and joint non-use devices to moderate and better manage risks in order to build the capability and enhanced use of country systems, while increasing investments for peace-building and state-building priorities and cutting aid volatility (International Dialogue on Peacebuilding and Statebuilding, n.d.). To add, the study discovered that in the event in which efforts have been made to sustain and maintain the current systems, there are inherent challenges or risks involved which includes the change of government. That is, the risk is that when a particular government uses country systems and then when that government changes, new systems are introduced and when this happens it leads to the country sliding backwards in its previous endeavors. Willingness to share these and other risks poses another challenge.

The Independent Evaluation Group (2008) noted that The World Bank has two objectives in attempting to understand fiduciary risks. Its development objective focuses on enhancing development effectiveness of public spending through strengthening PFM systems in client countries. It also uses this knowledge to further its fiduciary objective, which is to safeguard World Bank assistance from immediate risks through improvement of design and arrangements of World Bank assistance. The two objectives are distinct, although closely related. In the medium or long term, the achievement of development objectives will reduce fiduciary risks to World Bank assistance. However, the fiduciary objective focuses on safeguarding World Bank assistance from immediate or current risks to World Bank assistance (Independent Evaluation Group, 2008). From the study, some participants made two divergent analyses about the challenges that Liberia faces as it pertains to fiduciary risk: (a) fiduciary risk as it pertains to budget support, which are flows that go through the budget and go through the government budget execution; and (b) fiduciary risk as it relates to project finance. These analysis involved projects that were prepared and executed outside the budget.

Research Sub-Question 1

Research sub-question 1 dealt with the effects of some challenges the fragile state, Liberia faced in effectively benefitting from the use of country PFM systems for donor-financed projects. Here, the study identified four themes and six patterns from the data collected during the interview of the participants.

Theme 1: Decline of Confidence in Systems. With the challenges previously discussed, their effect on the adoption of country PFM system are numerous. However, the immediate effect is that it causes a decline in the confidence of people about the entire country systems. This decline has the net effect of permanently inhibiting the effective adoption and implementation of country systems. This theme consisted of three patterns: little confidence in country systems, continuation of donor systems, and inconsistencies with policy commitments.

The findings from the study acknowledged that effects of the challenges discussed previously can lead to undermining the confidence placed in country PFM systems. Collier et al. (2003) noted that control is critical because in fragile states, reconciliation and growth are not definite if the attention is only on ending conflicts. Therefore, there needs to be a system/fundamental change in the way institutions and assets are administered to benefit citizens in post-conflict situations. From the foregoing, incompetence to deliver and apportion public goods can result to degeneration to conflict (Collier et al., 2003). Therefore, the study's participants stated that another effect they perceived posed a challenge to the adoption of country PFM systems is perpetual inconsistencies with policy commitments.

Country ownership is identified as a remedy to aid chaos and is hailed by donors (Sandler, 2004). However, there is a shortcoming to the probable feasibility of this solution chiefly in fragile states, in which institutions are frail or nonexistent to deal with the difficulty of aid directed at capacity building (Kedir, 2011). Therefore, in a setting in which local institutions are not well-functioning, country ownership cannot be followed. Thus, from the study, a participant from the donor community noted that another effect of the challenges discussed could lead to having a situation in which donors continue to ring fence their projects because they are not comfortable with the arrangements that exist and so they will like to find a way to make sure that the funds they are advancing to the government are actually used for their intended purposes.

Theme 2: Persistent Ethical and Integrity Challenges. The participants acknowledged that the effects of the challenges on issues surrounding integrity and ethics is to make them persistent and entrenched in the system, thus, significantly hindering the effective adoption and implementation of country PFM systems for donor-financed projects in the country. From Akinbuli's (2012) assertion on public accountability, when there is no public accountability demand from public officials to account for their use of state resources and methods of performance or rendering an account of their activities to those who have the power to ask for it; and also evaluate and reward their performance, it could lead to persistent ethical and integrity issues that will derail the goal of achieving country ownership of PFM. In the same vein, Onochie (2001) noted that the absence of duty to truthfully and transparently do one's duty, the obligation to allow access to information by which the quality of such services can be evaluated and being responsible and answerable to someone for some action, also results in transparency and accountability problems which hinders the progress of the state. These challenges were recognized by majority of the participants. This theme consisted of the pattern of poor accountability and transparency systems.

Findings from the study showed that the participants asserted that the inability of the government to produce credible reports and stick to their policy commitments results in poor accountability because a non-comprehensive budget results in little or no accountability. Taking a contrary or opposite perspective on Chan (2003), when the aim of government with regards to financial reporting is not to defend the public treasury by averting and discovering corruption, assisting all-encompassing financial management of public funds, and therefore helping to release their public accountability roles, it could potentially lead to poor and persistent accountability and transparency problems within systems.

Theme 3: Poor Budget Performance. As a consequence of the challenges discussed earlier, it was shown that constant poor budget performance will result which will inhibit the adoption and use of country PFM systems. This poor performance of the budget has the net effect of causing civil unrest in the country. This theme consisted of the pattern of non-comprehensive or below-par budgets.

Some participants noted that the effects of the challenges discussed, especially with the budget planning, preparation, and implementation, usually leads to below-par or poor performing budgets. That is, there is the likelihood that the entire planning and budgeting process could continue performing very poorly as these challenges persist. The World Bank (2010) noted that public financial management (PFM) supports the effective and accountable use of public resources and helps to underpin fiscal discipline. Fiscal discipline means that there is effective control of the budget by setting ceilings on expenditure. It requires overall expenditure control, without which it is impossible to achieve effective prioritization and implementation of policy priorities and programs. When the situation is contrary to what the World Bank posited, there is a probability that the budget will consistently perform very poorly, thus, inhibiting the progress of the state.

***Theme 4: Stagnation in Growth*.** Majority of the participants acknowledged the fact the effects of the challenges posed the problem of stagnation in overall growth in the economy which eventually leads to the difficulties in adopting country PFM systems. Using Renzio's (2006) assertions, the effects of the challenges previously discussed poses challenges on the effective previous flows of aid in minimizing poverty and enhancing economic growth, which indicates a bad omen for adopting country PFM systems.

In the same vein, when there are deficient delivery systems of goods and services and the facilitation of changes in national policies, poverty reduction would be almost impossible and there will be stagnation in the economy without any significant growth (Smoke & Winters, 2011). From the study, most participants recognized that effects of the challenges discussed can lead to slow growth rate in the national economy; and thus, a slower rate of growth or slower rate of improvement in the whole reform process. This situation can make the country to lag behind others in the use of country systems and subsequently in overall development.

Research Sub-Question 2

For Research sub-question 2, which dealt with the recommended strategies and policies that the participants suggested for dealing with some of the challenges hindering Liberia from benefitting from the use of country PFM systems, five themes and 13 patterns emerged from the participants' interview data.

Theme 1: Capacity Building. To majority of the participants, capacity building should be the priority of a fragile state like Liberia that is recovering from a long period of civil war in which it witnessed the massive loss of it human resources base. As Liberia aims to implement several reforms, it is necessary to train the human resource of the country because it does not serve any good to just improve the systems on paper when there are only a handful of people equipped to manage the systems. According to Baillie et al. (2008), capacity building is a continuous process through which individuals, groups, organizations, amongst others increase their aptitudes to perform fundamental functions, resolve problems, describe and accomplish goals, and understand and deal with development needs in a far-reaching context and viable manner. That is, the authors note that because capacity building is an indefinite process, which is continues as a result of changing situations which constrain practitioners and organizations to consistently identify and meet new challenges, it is impossible to have a single product or output of capacity building (Baillie et al., 2008). From the study, most participants agreed that government should adequately invest in both short-and-long-term capacity building programs that will make those trained to be confident in running the country systems effectively and efficiently. Anything other than capacity building will lead to the country lagging behind other fragile states. In achieving this, they note that because the task of implementing PFM reforms are left with financial managers, then practitioners should be equipped to cope with the knowledge demands of the PFM reforms. Further, after building the capacity of the necessary individuals and staff, they should be placed in their required positions to effect or implement the job(s) for which they were trained; this is what the participants called "setting capacity appropriately." Also, some participants stated that the building of capacity also extends to studying the on-going reforms in other countries in the West African sub-region.

In addition to the previously discussed, to further the capacity building potential of the state, government and donors should collaborate for knowledge transfer. That is, there should be transfer of knowledge between donors and state government; thus, if a donor project uses donor PFM, maybe, what the donor could do is transfer knowledge to the national PFM. From the foregoing, to be able to achieve capacity building, there should be successful capacity-building partnerships which enhances both parties' capacity to efficiently work together (Baillie et al., 2008). Therefore, capacity building partnership should consist of a varied association with a common vision, be able to converse competently and gladly interchange existing assets and skills (Baillie et al., 2008). This partnership should exist between government and donors alike to achieve set objectives.

Theme 2: Overhaul of Entire Educational System. Education is the mainstay of any economy; if the citizenry are educated, they will see through the many reforms that the government wishes to implement along with the donors. With the massive loss of human capacity in the civil war, the remnant educators, both educated and flimsily educated have taken to the classrooms to impart the new generation as well as current generation. The failure of most educational reform efforts is characterized by a dismal failure to reflect and commence, with any exactitude or vigor, the process of implementation (Fullan, 2011). It is not adequate anymore to have the best change agenda or ideas for invention or transformation, it is vital that there is a persuasive and effective way of implementing them (Harris, 2011). According to Creative Associates (2006), the main concern for education in fragile states should include (a) a speedy rollout of basic teacher training workshops to construct a teacher training system, (b) speedy conveyance of useful materials obtainable for students and teachers and to construct an appropriate curriculum and quality textbook distribution and procurement system, (c) speedy processes to rejoin families and communities with their schools and to institutionalize the relationships of school and community, and (d) speedy help to communities in discovering healthy and safe places to teach and to chart schools and set construction procedures and standards.

In addition, some of the participants suggested that the lack of qualified lecturers in the country has seen unqualified and "self-proclaimed" lecturers taken to the classroom to impart knowledge to the current generation. Harris (2011) purported that continually refining the quality of teachers and teaching is a vital characteristic of every high-performing educational system. Nonetheless, enhancements in the quality of teachers and the teaching methods does not come about by just creating communities but it is what those professional communities focus on that is of significance. Therefore, when there is no clear focus on the needs of the learner, there is a threat that professional learning communities will be little more than sloppily joined or aligned groups which cannot secure significant change or development. Similarly, better functioning systems tend to concentrate on a trivial number of aspiring goals and develop the capacity to provide them (Fullan, 2010a; Levin, 2010). These objectives have a tendency to be clearly linked to the enhancement of professional practice so as to increase student learning. If the quality of an education system cannot outdo the quality of the teachers, then unless what teachers do in classrooms should be changed, student learning outcomes are unlikely to change (Mourshed, 2010). Therefore, safeguarding long-lasting educational improvement is therefore basically, but not absolutely, a case of improving learning and teaching.

Also, some participants proposed a short-term or medium-term strategy to revise the entire educational system with emphasis on all tertiary institutions. The revision should include financial management courses to ensure onward effectiveness of the PFM system. According to Rose and Greeley (2006), consideration should be given to curriculum development which can be very vital to ensure that conditions do not deteriorate, and ensure students receive an education that supports values related to forbearance and social cohesion, amongst others. Also, the authors note that it is significant to implement curriculum reform progressively to ensure nationwide consensus is obtained. Moreover, Rose and Greeley (2006) noted that the process of planning curriculum reform is an important part of state-building; and thus, needs to be considered as a national obligation in post-conflict situations encompassing diverse stakeholders, rather than as a nongovernmental organization's task for rapid results.

Lastly, to achieve the proposed recommendations previously discussed, Rose and Greeley (2006) posited that education mediations can contribute to reversal by supporting policy procedures that diminishes fragility and encourages pro–poor development.

Theme 3: Government Should Engage Donors. For these challenges to be overturned, the government should engage the donors. The participants asserted that there should be more engagement to first of all implement sustainable reform initiatives and this should be initiated by the government because it is their own. A holistic approach from national systems that are fully capable and responsive that can win the confidence of donors to bring aid-on-budget and improve budget support to the country is also another strategy.

The way forward for most challenges lie in dialog. The participants recommended that government should have dialog with their partners. By so doing it becomes relatively easy to track what government is doing but it is not that easy to track what the donors are doing, hence the need for goal congruence. The collaboration between government and donors will lead to better output delivery in the long run. According to Kedir (2011), donors can synchronize their individual Africa tactic reports and give precedence to infrastructure instead of concentrating wholly on the social agenda in the past. Therefore, financial systems should combat the culture of corruption, avoid fungibility, defend helpless groups in society, and focus on restoration as well as disbanding ex-combatants with work provisions.

Again, the participants proposed that government should copy and align some of the best practices out there within the donor community to fit them within their country context. Donors should have a common pool of donor support and have one level of organization that will have a registry under the donor themselves that will ensure a unique execution of projects. Irrespective of development level, for aid to be effective, donors should have a shared agenda with the government of the recipient country on what Birdsall (2004) called the *seven deadly sins*. These so-called deadly sins consist of

> impatience (the limited commitment to build institutional capacity); envy (collusion and coordination failure); ignorance (or the failure to monitor and evaluate in a synchronized manner); pride (failure to exit or the absence of an exit strategy in interventions); sloth (pretending participation is sufficient for ownership); greed (unreliable as well as stringy/inadequate transfers); and foolishness (the tendency to under-fund global and regional public goods). (p. 3)

Theme 4: Strengthening Government PFM System. Here, the participants were keen on the donors' responsibility; they suggested that donors need to come to the realization that if they do not use the country's own arrangements, their continual usage of their own arrangements will not strengthen the government's own arrangements. Hence, donors should have to come to that realization and begin to work with the government. In Africa, the targets of the Millennium Development Goals can only be met if donors resolutely act and influentially to form the capacity of financial systems (Collier, Hoeffler, & Rohner, 2007). Therefore, the support of donors to fragile states is valuable along with strong political will by recipients and reliable indigenous development efforts. Carment, Samy, and Prest (2008) proposed a framework that considers authority, capacity, and legitimacy that can monitor aid distribution in financial systems. The authors thus argued that aid allocation efforts failing to abide by the authority–capacity–legitimacy framework is more likely to prompt state failure.

Building government PFM systems entails a lot of work, but it is highly necessary to curb these challenges. When building such systems there are several issues that need to be considered including budget process, cash planning, treasury single account, accountability, self-accounting units, and decentralization. Again, Kedir (2011) asserted that because capacity building in financial systems consists of investments not only in improving governance arrangements and quality of organizations but also in delivery of services and poverty reduction investments; hence, regarding local policy priorities, without imagining ex-ante good governance, states' susceptibility and need are the significant standards to synchronize and allocate capacity building support to fragile African states. Thus, the support given by donors should create an equilibrium between the central and local authorities.

The participants noted that in the short and long term, there should be strict monitoring of PFM systems aimed at improving these PFM systems and cleansing them of progress-retarding tendencies so as to enable the state to match the international standards of other countries. The Organization for Economic Co-Operation and Development (2010) noted that there is a need to concentrate on three significant principles of engagement, which include (a) Do no harm—International actors should strive to avoid activities that destabilize state institution-building such as sidestepping national budget procedures or setting high salaries, and so on; (b) Mix and sequence aid instruments to fit the context—A mix of instruments is necessary like long-term support to health, education, and other basic services as required in a country; and (c) Act fast—Assistance to fragile states must be fast so as to react to changing circumstances on the ground.

Theme 5: Strict Adherence to Policies and Guidelines. The setting of clear rules by the government, according to the participants, is essential in instilling discipline in the government. Reforms are guided by policies and guidelines and when these policies are not adhered to, there are several challenges that arise. Government should be committed to making sure that its stakeholders comply with the reform policies. Kaplan (2009) posited that states work effectively when they are a rational reflection of their principal socio-political, historical, geographical, economic environments, and human resource, and when they are deeply combined with the societies they purport to represent are able to bind the informal institutions and loyalties of their citizens. Thus, states will work better if they are organized around unified population groups able to capitalize on their common interests and kinships. Also, foreign support needs to supplement and buttress local capacities and institutions and be self-controlled enough to avoid undermining or distorting locally driven engagements, especially with the tendency of so many international programs to focus on financial aid targets, poverty reduction targets, and the import of standard and typically central state models.

Participants added that there should be more engagement and ownership on the part of the government to implement sustainable reform initiative for the benefit of the citizenry. Kaplan (2009) noted that the key to fixing fragile states is, therefore, to deeply enmesh government within society. People in Africa, the Middle East, Latin America, Central Asia, and elsewhere have enormous political, socioeconomic, and cultural resources built up over centuries that can serve as the foundation for political, economic, and social development.

Lastly, Kedir (2011) posited that for sustainable development, African states should bring about their own capacity building reforms without recourse or heavy dependence on outside support. Therefore, from a study conducted by Kedir, financial systems should evade incomplete engagement with donors. Because harmonization of aid for capacity building is improbable to succeed when donors give diverse messages, there is a need to incorporate the separate Africa strategy reports and exploit their complimentarity. From the study, the participants recommended that there should be strong political will by government to set rules and instill discipline in whatever national systems that have been developed so far even as the reform process continues.

Limitations

The study used a case study approach, which may not generalize to the entire population. In case study, there is general bias toward verification but the assumed deficiency of the case study and other qualitative methods is that they presumably allow more room for the researcher's idiosyncratic and uninformed judgment than other methods. The participants were recruited in Monrovia, Liberia, and they consisted of government officials, consultants, donors and academicians; thus, comprising of the major stakeholders in the country with knowledge on country systems. Also, the total the number of participants, which is 15, is not a significantly higher number for the findings of the study to be replicated all over the country. Initially, this researcher intended on getting a larger sample but because of the schedule of those contacted, only about half of those contacted could give assurance of being available. Also, this researcher intended to cut on cost and time and wanted to assign participants to groups but this was not possible. Lastly, the sampling method (purposive sampling) used has some level of validity and precision problems. Because case study examines a phenomenon that is highly personal, the interpretation of the findings could be subjective.

Recommendations

The findings of this study discovered various challenges, effects of those challenges, and recommended strategies and policies for country PFM adoption in the capital city of Liberia, Monrovia. Several recommendations can be considered when conducting future studies. First, a study with a larger sample size may allow researchers to apply the findings to a larger population. Secondly, the study of the country PFM systems adoption challenges may allow researchers to compare the findings generated with the findings of the study. Also, studies that focus on some particular themes in-depth may allow researchers to explore different themes in more detail.

The following implications are suggested in order to help deal with the challenges that is hindering Liberia as a fragile state from benefitting from the use of country PFM systems. Firstly, the Liberian government and its donor partners should make capacity building the priority as the nation is still recovering from a long period of civil war in which it witnessed the massive loss of its human resources base. Also, because education is the mainstay of any economy, the government and donors alike should ensure that the right educational system is put in place and that the requisite qualified teachers are employed to impart knowledge in diverse fields, specifically in the use of financial management systems. Moreover, the government should fully engage the donors to implement sustainable reform initiatives and this should be initiated by the government. Donors should also realize that if they do not use the country's own arrangements, their continual usage of their own arrangements will not strengthen the government's own arrangements. Lastly, the government should set clear rules which is essential in instilling discipline in the government, because reforms are guided by policies and guidelines.

Conclusion

This study set out to understand some of the challenges that hinders the fragile state, Liberia, from benefitting from the use of country PFM systems, assessed the effects of those challenges, and recommended strategies and policies that could lead to the eventual effective adoption of country PFM systems. The results of the analysis showed that the challenges inhibiting the effective adoption of country systems in Liberia comprised of capacity challenges, ethical and integrity challenges, system weakness challenges, and risk challenges. The study then showed that the effects of the challenges included: decline of confidence in systems, persistent ethical and integrity challenges, poor budget performance, and stagnation in growth. Finally, the study then recommended strategies and policies for dealing with the challenges which included: capacity building, an overhaul of the entire educational system, government engagement with donors, strengthening government PFM systems, and strict adherence to policies and guidelines. In the future, further studies can be directed by researchers using a larger sample size to create more illustrative findings for the population. Also, investigators or researchers could concentrate on discovering precise themes revealed from this study in order to obtain more detailed information.

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APPENDIX A. INTERVIEW QUESTIONS

The main research question for this study was, "What are some of the challenges that Liberia as a fragile state is facing or hindering Liberia from benefitting from the use of the country PFM systems for donor-funded projects?"

The main research question was addressed by investigating the following research sub-questions:

1. What are the effects of the challenges facing Liberia as a fragile state towards the use of country systems?

2. What are the strategic and policy recommendations needed in dealing with these challenges?

Questions used during the Interview Process

1. Can you tell me what you understand by the phrase Use of Country Systems?
2. What are the perceptions of Liberian Stakeholders about the use of Country PFM Systems for Donor financed projects?
3. What is your overall impression about the Liberia's Country PFM reform?
4. What do you think is the Key difference between Country PFM and Donor FM?
5. What are the advantages and disadvantages for adopting Use of Country PFM as opposed to Donor Financial Systems?
6. Do you support the use of Country PFM for Donor projects?
7. What do you consider as the benefits for using Country PFM Systems in Liberia?
8. What is your perception of adopting the Aid on Budget as a way of reducing fiduciary risk in Liberia?
9. What are the key challenges (if any) facing the adoption of Country PFM for Donor projects in Liberia?
10. What do you think are the effects of these challenges?
11. What strategies and policies would you recommend to (i) the Government, and (ii) Donors

in order to have a successful implementation to achieve the objectives of the use of Country Systems?

12. What do you think we can do to harmonize the Country's PFM and the Donor FM systems in order to make it easier for the implementation of the donor funded projects?
13. What are the immediate short and long-term tasks that Government of Liberia will need to address to have an operational Country PFM for Donor projects?

APPENDIX B. THEMES BY NUMBER OF HORIZONS

Case/theme	No. of horizons	Participant														
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
A. Case Analysis for Challenges																
Capacity	95	4	17	6	6	6	3	4	9	5	1	9	14	0	0	11
Integrity and Ethical Challenge	48	5	0	1	7	8	1	5	3	6	0	1	3	5	3	0
System Weakness	585	21	24	36	80	24	19	39	41	35	36	48	63	41	22	56
Risk	51	10	3	4	1	8	1	1	2	4	1	1	3	2	6	4
Total	779	40	44	47	94	46	24	49	55	50	38	59	83	48	31	71
B. Case Analysis for Effects of Challenges																
Decline of Confidence in Systems	317	23	27	22	28	28	11	12	9	15	10	26	34	25	34	13
Persistent Ethical and Integrity challenges	135	9	16	4	14	16	9	9	6	8	6	4	16	8	6	4
Poor Budget Performance	261	16	46	18	11	54	14	12	9	9	5	8	30	5	8	16
Stagnation in Growth	12	0	0	0	0	2	9	0	0	0	0	0	0	1	0	0
Total	725	48	89	44	53	100	43	33	24	32	21	38	80	39	48	33
C. Case Analysis for Recommended Strategies and Policies																
Capacity Building	135	9	23	7	6	7	6	4	9	7	2	15	22	1	0	17
Overhaul of Educational System	596	20	25	36	80	24	16	49	41	39	36	49	62	41	22	56
Government Engagement With Donors	466	29	42	27	16	63	28	22	21	31	11	9	81	23	24	39

Case/theme	No. of horizons	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
		Participant														
C. Case Analysis for Recommended Strategies and Policies *(continued)*																
Strengthening Government PFM Systems	637	38	73	28	28	96	31	29	34	37	19	18	129	20	27	30
Strict Adherence to Policies and Guidelines	45	9	7	2	4	1	1	2	1	4	1	1	6	1	1	4
Total	1879	105	170	100	134	191	82	106	106	118	69	92	300	86	74	146

APPENDIX C. INDIVIDUAL PARTICIPANT INTERVIEWS

The following is a summary of the participants' interviews. The names of the participants were changed so that their identity was protected.

Participant 1

Participant 1 (P1) is a 37-year-old male Liberian. He had his education in and outside of Liberia. He is currently a member of senior management team and plays a very critical role within one of the ministries in Liberia. He has vast experience in the area of donor arrangements and workings. He represented Liberia several times during workshops, conferences and seminars in the area of use of country systems in and outside of Liberia.

Participant 1: Within-case emerging themes of challenges.

Inadequacies in the system. P1 noted that in Liberia for instance, procurement continues to be a major problem. However, on the national side and the donor side there have been efforts to improve this challenge. P1 mentioned that one of the characteristics of most fragile states is that developing the policies and regulatory frameworks is relatively the easiest part. P1 further stated that in Liberia, the government developed the Public Procurement and Concession Commission Act, but to what extent is that really utilized and enforced. P1 said it is obvious that several things have to happen together in order to strengthen the system. On PFM issues, P1 mentioned that revenue forecasting remains a significant challenge to the budgeting process and public expenditure tracking. P1 believed that these challenges exist and concerted efforts are needed to work on them together.

Exposing of fiduciary risk. P1 stated that there is the need to acknowledge the fact that a lot of work needs to be done in the system that exposes them to fiduciary risk. P1 mentioned however that, there is a lot of effort made towards improving the system.

Willingness to share risk. P1 stated that for most donors, it is a matter of the point at which donors get comfortable enough to use the country systems. P1 argued that from the position of a fragile state, donors have to be willing to share the risk. So, even as they undertake and implement these reform initiatives, there has to be some incentives. P1 said, donors could bring some amount of aid-on-budget or increase budget support by a certain percentage and have mutual accountability. According to P1, donors should be aware of how they deliver because they are looking up to donors to meet their own share of commitments. P1 disclosed that one of the biggest challenges is the willingness of donors to share the risk.

Participant 1: Within-case emerging themes of effects of challenges.

Need for improvement in budget process. Commenting on the effects of these challenges especially with the budget planning, preparation and implementation, P1 noted that the delivery has frequently, for the past post-conflict years, been below par. That is, the entire planning and budgeting process has been performing very poorly as a result of these challenges.

Participant 1: Within-case emerging themes of strategies or policies recommended.

For country/government.

Ensuring existence of strong political will. P1 recommended that there should be a strong political will to set rules and instill discipline in whatever national system has been developed so far even as the reform process continues.

Setting clear rules. P1 recommended that setting clear rules and instilling that discipline on the government side is key to having effective and efficient country PFM systems.

Developing capacities and technical policies. Additionally, P1 noted that working continually on developing the capacities and technical policies will assist them to be able to deliver.

Recommending holistic approach. P1 recommended a holistic approach from national systems that are fully capable and responsive and that can win the confidence of donors to bring aid-on-budget and improve budget support to the country. According to P1, this approach should revolve not only around PFM but also around bringing all the actors together and strengthening the judiciary to strengthen the legislative processes that are related to the PFM. P1 believed that this will ultimately strengthen the national budget process and public expenditure.

Collaboration, transfer of knowledge, and setting of benchmarks. P1 recommended collaboration amongst donors and national government on the delivery end. P1 suggested that there should be transfer of knowledge between donors and government; thus, if a donor project uses donor PFM, maybe, what the donor could do is to transfer knowledge to the national PFM and gradually see if they can phase out that donor PFM thereby empowering the national PFM to take over the task in subsequent projects. Moreover, P1 again recommended that state government could set benchmarks and definite triggers setting long-term targets that can be achieved in both in the short and long term.

For donors.

Encourage donors to be willing to share risk. P4 recommended that donors should be willing to share risk.

Be more engaging. P1 recommended that donors should be willing to be more engaging by creating a platform in which they can work with the government.

Ensuring mutual accountability exists. P1 stated that donors should be willing to test the system and be mutually accountable. P1 noted that it is relatively easy to track what government is doing but it is not that easy to track what the donors are doing and if there should be goal congruence, then donors should work on the mutual accountability issue.

Collaborate on delivery end. P1 also suggested collaboration amongst donors and national government on the delivery end in the long term.

Transferring of knowledge. Also, P1 recommended there should be transfer of knowledge between donors and state government; thus, if a donor project uses donor PFM, P1 suggested that what that donor could do is transfer knowledge to the national PFM team and gradually see if they can phase out that donor PFM thereby empowering the national PFM team to take over the task in subsequent projects by using their own country systems.

Set benchmarks and triggers. P1 again recommended that donors could set benchmarks and definite triggers to establish, for instance, Project Implementation Units for specific purposes and expect to be able to implement these targets in about 2 to 3 years on the national side.

Additional information. P1 gave some vital information about a New Deal that came out of a high level forum on aid effectiveness. P1 posited that the history of the

New Deal is that most conflict affected and fragile states realize that they are in a unique position given the structural weaknesses in their systems and that they need to engage with donors differently. To this end, they organized themselves into a group called G7+, a group of fragile and conflicted-affected states. According to P1, what the New Deal basically advocates is that, for all these reforms to achieve development goals there must be the following access basis: peace-building and state-building. P1 mentioned that this is in recognition of the facts that the state can carry out the PFM reform and think about restructuring the economy.

P1 also mentioned that, if the underlining factors are not strengthening in the state and reinforcing the legitimacy of the state, ultimately all these reforms could end up just reversing the gains that are made on the peace side. So, P1 stated that the New Deal is based on five peace-building and state-building goals and these are the goals at the actual operational level. These goals include advocating for trust principles, transparency, risk sharing, use of country systems, and so on, which is significantly not different from what came out of the Paris Declaration or Accra Agenda for Action. Therefore, P1 stated that with the New Deal this time around, fragile states want more and specific attention paid to their fragility.

Participant 2

Participant 2 (P2) is a 30-year-old male Liberian and chartered accountant. He is a financial management specialist at one of the biggest ministries in Liberia. He has worked for a number of international accounting firms in and outside of Liberia and also worked with donors in the area of financial management

Participant 2: Within-case emerging themes of challenges.

Capacity to manage PFM issues. P2 noted that capacity issues are the number one challenge for adopting Country PFM System in managing donor resources. P2 stressed that government lack the adequate human resources to manage PFM system.

Donor financial management undermines effort to build capacity. P2 asserted that donor financial management undermines the effort to build capacity. P2 gave a practical example to explain this point; for example, if the comptroller and accountant general rely more on project implementation units to account and report, there are less chances or lesser opportunities for him to be able to prepare much more consolidated financial statements which as a result undermines capacity building. P2 thinks that if country PFM is practiced and fostered, it will build capacity across the country.

Existence of weak budget process/ annual credible budget. P2 further explained that ministries and agencies lack the capacity to produce sector strategy that are linked to overall national development priorities as contained in the agenda for transformation. Due to this challenge, the budget in effect makes no sense. P2 further explained that government has to make sure with the way they manage their internal resources before they can bring more aid unto the budget. P2 also added that due to delays in the annual budgeting process there are differences/inconsistencies between the outturns and original budget estimates.

Emphasizing transparency. P2 also stressed that the donors have to be satisfied that the process is done in a transparent manner. P2 added that the budget process should be credible enough and government should be clear and precise about everything they do and have effective oversight.

Sloppy execution. P2 noted that the government does not follow the timelines for the annual budgeting processes. P2 added that, for the past 3 years or so, the budget has been adopted late by the legislators which results in a sloppy execution of the budget due to long and unnecessary delays.

Interfering with political systems. P2 added that political interference as to how things are done when it comes to managing resources is a major challenge facing fragile states. P2 mentioned that this is something the citizenry needs to talk about; the arrangements they have in place. P2 further explained that ministries and agencies have less freedom to plan and execute their budgets because of political interference. P2 again mentioned that, the way in which institutions in government are run needs to be professionalized. According to P2, people have to be much more focused and capital projects need to be focused and result driven; these are some of the initiatives the citizenry looks forward to. Additionally, P2 stated that policy makers should be involved in the process, but up to the extent of writing policy guidelines. These should be aligned with the overall aspiration of the agenda for transformation.

Lack of Ownership. P2 explained that lack of ownership in some of the reform processes is another challenge facing fragile states. P2 added that when there is an initiative driven by the donors and there is lack of ownership, these reforms tend to fail.

Participant 2: Within-case emerging themes of effects of challenges.

Lack of comprehensive budget. P2 noted that lack of realism and credibility in the budget most at times leads to non-comprehensive budgets. As a result of that, there are non-comprehensive reports arising from such budgets. Moreover, P2 added that there is less scrutiny on the contents of the budget.

Inconsistencies between policy commitments. P2 added that government has policies but there are a lot of inconsistencies between policy commitments as expressed in the agenda for transformation as against the actual derivable and tangibles.

Lack of democratic environment. P2 explained that the inconsistencies between policy commitments leads to the undermining of the democracy; the citizenry loses trust in the intent of the government.

Low confidence in country system. P2 added that whenever government go short on their commitments, the citizens lose confidence in the government and they have little or no confidence in the country systems.

Lack of accountability. P2 asserted that the inability of the government to produce credible reports and stick to their policies commitments results in poor accountability because a non-comprehensive budget results in little or no accountability.

Inefficiency in service delivery across country. P2 further added that the inability of the government to commit to their policies as well as the unnecessary delays associated with the budget process results in the inefficient delivery of services across the country.

Participant 2: Within-case emerging themes of strategies or policies recommended.

For country/government.

Engagement, ownership, and political support for PFM reforms. P2 noted that there should be more engagement and ownership on the part of the government as a means of curbing the challenges they face. P2 asserted that there should be more engagement to first of all implement sustainable reform initiatives and this should be initiated by the government because it is their own. P2 stressed that the government have to be willing to work closely alongside the donors and engage them regularly for a smooth adoption of the country PFM.

P2 added that the government should encourage ownership and political support for a lot of the reforms; this is because the citizens see most reforms as foreign and want to have less interaction with them. Moreover, according to P2, some of these donor-driven reform initiatives get nowhere. These attitudes towards the PFM reform agenda need to be expunged and politicians should also get involved at all level of the reforms and ensure complete compliance with the timelines and processes.

Concentrate on building foundation and strengthening PFM system. P2 also stated that the government should concentrate on building the foundation and strengthening PFM systems. According to P2, this is because when the foundation for the adoption of the country system is built adequately with the requisite knowledge base, the PFM systems will be strengthened.

Put right people on job. P2 noted that for the PFM system to be adequately managed, there is the need to look at putting the right people on the job because reform starts with people. P2 mentioned that to implement the reforms sustainably, the government needs to have the right people with the right skills.

Carry out reforms incrementally. P2 explained that government should have building blocks in most of their reform initiatives and they should not be too ambitious. P2 stated that when government carefully takes time in building their PFM system step by step, they will be able to bring more aid on the budget. There is a need for government to engage the donors so that the reforms are carried out gradually. P2 also added that harmonizing the country's PFM and the donor PFM has to be a gradual process. This should follow a step-by-step process and not happen at once.

Set capacity appropriately. P2 added that government should set capacity appropriately. This is so because, most of the aid conditionalities are linked to PFM; that calls for government to have a sense of setting capacity appropriately before agreeing to some of these conditionalities to ensure the availability of skilled staff to efficiently and effectively manage these aids. P2 identified that for capacity to be set appropriately, capacity needs to be strengthened to be able to cope with the knowledge demands of the PFM reforms.

Revisit aid coordination policy. P2 explained that government should adopt the Aid Coordination Policy from 2009, though P2 was unsure of its existence. P2 added that the Aid Coordination Policy from 2009 contained policies; including issues of neutral accountability, that were very clear on what needed to be done on one side of the government and the other side of the donor partners as it relates to aid. P2 mentioned that the feedback process will be necessary to correct output issues in the short run and then setup what needs to be done beyond the medium term.

Government must be sincere and serious on PFM reforms. P2 noted that there should be a lot of effort on the part of the government to work and implement the reforms. P2 mentioned that the reforms should not be driven by the need to channel in more resources to the budget or into the country because at the end of the day when their PFM systems are improved, they get to improve service deliverable functions across government for the effective management of their resources.

P2 noted that the government has to be really focused and choose what it is capable of doing in the short term and come out with specific outputs that can be used as feedback. These outputs should be realistic.

Customize some best practices within the donor community. P2 added that government should copy and align some of the best practices out there within the donor community to fit them within their country context. According to P2, the institutions government build as well as the legal framework they establish along with best practice have to be contextualized to fit the local context because every setting/environment has its own context. This is key as they strive to implement donor funds and align government systems to that of the donors.

Improve budget process. P2 explained that there is a need to improve upon the budgeting skills of the officers who have the responsibility of budgeting and the planning officers as well. He stated that, if government can get their annual budgets out in a creditable manner, they will make a great impact and get their PFM systems up and running to absorb more aid resources.

P2 added that there is a need to streamline the budgeting and planning processes and get the agencies across government involved in the processes. P2 also mentioned that, there should be more participation instead of the process just being dominated by the Ministry of Finance as it is currently. P2 further added that getting ministries and agencies involved in the budgeting processes will allow the government to produce reliable budgets which is a major problem in the country.

P2 added that all PFM starts with the budget; government can have transparent, credible budget system, accounting and reporting, as well as scrutiny and other oversight functions. PFM reforms can be easily implemented if these processes and systems are followed.

Alignment of ministries and agencies programs with agenda for transformation. P2 also noted that there is the need for the Ministry of Finance to closely engage the ministries and agencies when they are planning their projects and other programs aligned to the aid agenda for transformation.

Planning for procurement systems. P2 added that the area of procurement is one area that the government can make some quick changes. P2 recommended that government ministries and agencies should have early procurement plans just alongside the time the draft budget is submitted to the legislature. These procurement plans have to be revised when the budget is adopted. P2 advised that more training should be done across ministries and agencies on procurement.

Additional information. P2 mentioned that, with the revised PFM reform strategy, most of the initiatives are geared towards strengthening the rudiments underlining the basic PFM systems as it relates to having fully functional systems for accounting. This entails having the government to produce annual credible budgets. However, according to P2, instead of adopting more sophisticated reform, the government should be looking at how to strengthen the accounting and basic reconciliation, revenue and disbursements and put stringent commitment control in place as it relates to expenditure management. P2 confirmed that these are some of the things that are currently being put in place.

Participant 3

Participant 3 (P3) is a 43-year-old male Liberian and received his university degree in accounting in Liberia. He started his career with one of the international accounting firms in Liberia. He has served as the head of internal audit for several ministries and commercial banks.

Participant 3: Within-case emerging themes of challenges.

Lack of capacity-building opportunities. P3 identified a major challenge that arises in the use of country systems to be capacity building. That is, P3 noted that the lack of capable personnel is a major setback in achieving the use of country systems because the absence of such personnel will create a vacuum in which all kinds of unethical acts will be perpetuated.

Lack of transparency. P3 identified transparency as another challenge. P3 noted that this has been a major problem for some time now. He mentioned that, those positioned in authority are mostly not sincere with funds given by donors for the benefit of all. This attitude, according to P3, has impeded the progress of the country in achieving set targets over the years.

Participant 3: Within-case emerging themes of effects of challenges.

Targets cannot be achieved. One of the effects of the identified challenges, according to P3, is that targets or plans are either not achieved or not achieved on time and in the right way. As public servants, the performance of those in authority can be known by tangible achievements and/or output. P3 mentioned that, if what is to be done is intangible, the ordinary person on the street should be able to know, through credible reports on what has been done.

Participant 3: Within-case emerging themes of strategies or policies recommended.

For country/government.

Deal with bureaucracy. P3 suggested that frantic efforts should be made by government to eliminate bureaucratic tendencies that have the propensity to thwart or discourage donors from achieving their targets. He added that government should put in place, regulations that restrict unhealthy bureaucratic tendencies, especially those directed towards donors.

Monitor PFM systems. In the short and long term, P3 noted that there should be strict monitoring of PFM systems aimed at improving these PFM systems and cleansing them of progress-retarding tendencies so as to enable the state to match the international standards of other countries.

Use expenditure and accountability tools for financial management. P3 again suggested that government should efficiently use the expenditure and financial accountability tool at its disposal to the fullest. P3 mentioned that, with this tool, government can make arrangements to regularly assess how public funding has been expended on a regular basis, see the controls that are in place, and observe the processes being used. Based on the results, both government and donors get an idea of how public funding has been expended. The use of the expenditure and accountability tools measures the financial performance of government regularly and assesses risks in the PFM system; ranking high risk, low risk and medium risk areas.

For donors.

Strengthen financial systems. P3 suggested that donors should strive to strengthen the financial system through human resource capacity building.

Transition of donor funds done through budget. Also, P3 added that there should be a transition of donor funds to be done through a budget. According to P3, budget and programs can be treated in a separate way but when it comes to projects, donors should work along with government systems to see how they can improve the PFM systems.

Mutual cooperation between donors and state on harmonization. In addition, P3 suggested that donors and government should mutually cooperate to ensure that they can forge greater harmonization of their goals and objectives for the country in terms of country PFM systems reform.

Additional information. P3 noted that there is a combination of several factors when they consider PFM reforms; one school of thought believes that the donor funding using other donor procedures are more bureaucratic than using country systems. P3 perceived that the use of the country systems is a step in the right direction but it must be managed to ensure the effectiveness of the financial management system. Further, P3 stated that the state is making significant progress with the PFM reform process. However, there are still challenges inherent in the PFM reform process. P3 noted that the system should be run in such a way that it meets both government and donor requirements.

P3 noted that with aid-on-budget, the risk involved has made this process to not be used for its intended purpose. P3 noted that because fiduciary risk occurs when funding given by donors are not properly handled, it impedes the process of aid-on-budget.

Participant 4

Participant 4 (P4) is a 44-year-old female Liberian and received her university degree in accounting in Liberia. She is currently the finance director of a multi-donor project at one of the government ministries in Liberia. Prior to working with the government, she also worked as grants coordinator with one of the donor agencies in Liberia. She has a lot of experience in the area of donor financial management.

Participant 4: Within-case emerging themes of challenges.

Deficiency in monitoring of systems. P4 noted that one of the challenges identified in using country PFM systems is deficiency in monitoring of the system. That is, whenever there is a break in the system and there is no mechanism in place to monitor the use of the system, it causes a deficiency. P4 stated that sometimes government puts its own systems in place and most often these systems are not followed or complied with.

Lack of capacity. P4 noted again that another challenge is the issue of capacity for adopting donor financial management systems. That is, there is the urgent need for the human resource to be able to work or run the system.

Lack of integrity in the system. In addition, P4 added that, the issue of integrity is a serious challenge that the nation is faced with at the moment. There is an urgent need for honesty, integrity and people who are committed and able to do the work and implement the system according to processes and procedures.

Participant 4: Within-case emerging themes of effects of challenges.

Engaging in corruption. P4 mentioned that, it can be observed from newspapers every day that people are consistently singing songs about corruption. P4 noted that this effect is as a result of the challenges earlier stated. According to P4, although government cannot entirely eradicate corruption, there can be measures put in place to control how widespread it currently is. This effect, P4 noted is an integrity problem which also leads to the capacity problem. She further noted that, if less experienced people and people who are not qualified for certain positions, occupy them in the government, it takes time to learn on the job and things will not go as it ought to.

Persistent level of poverty. Also, P4 stated that another effect is that the challenges previously identified causes the persistent level of poverty to increase or remain stagnant without any improvement. This effect of persistent poverty affects the economy and the general quality of life of the people.

Inaccessibility to electricity, water, good roads, and so on. In addition, P4 revealed that the effect of the challenges of the use of country systems is that it deprives ordinary people of easy access to electricity, water, good roads, amongst others.

Participant 4: Within-case emerging themes of strategies or policies recommended.

For country/government.

Strengthening government systems. According to P4, one important recommendation that government should adhere to is look into all the already existing systems, sit down and brainstorm on measures that can be put forward to ensure these systems are strengthened.

Adequate investment in capacity building. P4 added that another recommendation is to make long-term investments by building the capacity of the ordinary people so as to ensure that the human resource ascends to an appreciable standard. She disclosed that, once the capacity of people are built and they are paid well, it will motivate them work better and it also increases their own confidence and builds their integrity.

Monitoring of systems. P4 emphasized that, monitoring of government systems, ensuring that these systems work is very crucial. P4 explained that even if the donor system is adopted for use but there is no proper mechanism in place to ensure that the system works, the system will eventually break down.

Ensuring effectiveness of financial management system. In the short term, P4 recommended that government should strive to ensure that the present financial management systems are effective.

Ensuring government follows its own rules. P4 noted that one of the things the government could do right now is to ensure that they follow their own set rules and ensure that there is no exception to the rules.

For donors.

Monitoring of systems. P4 recommended that donors should initiate strategies that will help monitor government institutions that receive funds. She added that, using the country systems, donors can hold government accountable because the donor is there to monitor and provide oversight to ensure that the money is channeled properly.

Additional information. P4 asserted that there is a mixed feeling for the use of country systems. P4 further stated that some people think that using country systems will be good for Liberia whereas others think that the nation is not yet ready to use its own country systems. With the latter, P4 asserted that the general perception is that for being a fragile state, the use of the systems of others is acceptable for now but it should gradually phase out and lead to the use of Liberia's own systems. To achieve this however, involves putting a lot of other systems and structures put into place to be able to use the country's own systems. P4 noted that some appreciable level of progress has been made in the area of PFM reform but there is still a lot to do which needs the commitment of stakeholders involved in implementing the systems.

Participant 5

Participant 5 (P5) is a 38-year-old male non-Liberian. He is a member of the American Institute of Certified Public Accountants and a holder of first and second degrees in accounting and finance. Prior to working with one of the donors in Liberia, P5 worked as a consultant with the private sector in the United States and his specialization and expertise is in area of PFM.

Participant 5: Within-case emerging themes of challenges.

Challenges lead to fiduciary risk. P5 made two divergent analyses about the challenges that Liberia faces as it pertains to fiduciary risk: (a) fiduciary risk as it pertains to budget support, which are flows that go through the budget and go through the government budget execution; and (b) fiduciary risk as it relates to project finance; that is, projects that are prepared and executed outside the budget.

Hiring of consultants leads to high transaction cost. P5 noted that transaction cost is very high. He mentioned that, one will have to hire consultants and set up project implementation units, and then, strive to provide operational budget for the project implementation units that ordinarily should not exist; all of these would be cost to the government.

Lack of confidence in systems. According to P5, if state institutions do not implement the donor recommended arrangements well, they will tend to undermine the country's own arrangement; and, then people would not have confidence in the country's own arrangements and would continue to rely on the donor arrangement.

Lack of comprehensiveness of data. P5 noted that another significant challenge is the lack of comprehensiveness in terms of reporting on the sources of revenue as well as comprehensiveness of the data.

Lack of qualified personnel. Also, P5 noted that if one considers the PFM process all the way from budget preparation to the time the legislature actually hears on an audit report that is prepared by the General Auditing Commission (GAC), it will be realized that Liberia continues to have challenges in terms of qualified people to do the work. There is a huge capacity challenge, P5 disclosed. Capacity deficit continues to be a major stumbling block to the use of country systems. Although, there have been a lot of efforts in the past couple of years to build that capacity, notably, the PFM School that has been established is one effort in said direction and also there is support to the Liberia Institute of Certified Public Accountants to train accountants. Moreover, there is support to the University of Liberia to help improve upon the accountancy program at the university. These are all efforts that are on-going to help beef up the capacity situation in Liberia. Despite all these concerted efforts, capacity continues to be a challenge though some work has been done in this area, the progress is still very slow.

Control environment and low rate of compliance. P5 revealed that people are yet to come to terms with complying with regulations and laws. According to P5, the PFM law has been passed but the compliance rate is very low. For instance, line ministries are required to submit their budget execution reports to the Ministry of Finance on a quarterly basis and on a monthly basis; that is not been done. He further added that, ministries and agencies are supposed to prepare financial statements; that is also not been done. When it comes to the cash management process, ministries and agencies are supposed to prepare cash plans but the cash plans that are prepared are not realistic. The procurement plans that are prepared are also not realistic. In terms of compliance with the regulatory requirements, there continues to be a challenge in that area. P5 emphasized that, one can extend the same scenario to even basic things such as internal controls; things people are supposed to comply with in the ordinary course of doing transactions. The compliance rate continues to be a major challenge.

Effectiveness of institutions to perform their mandates. P5 noted the challenge of effectiveness of institutions that are mandated to do tasks in the PFM realm. He stressed that, for instance, the state has institutions such as the Ministry of Finance and there is the comptroller and accountant general, and if one steps outside the Ministry of Finance, there are institutions like the General Audit Commission, Internal Audit Secretariat, and Legislature. P5 mentioned that, these institutions, although continuing to improve, still have significant challenges in terms of their effectiveness in terms of delivering on their mandate. This is another area in which there is still a lot of work to be done.

Weak budget process. With this challenge, P5 stated that, the budget department has not been able to prepare a budget that one will consider as being credible. He noted that, although, the country has done some work, they are still a lot of work to be done. In effect, institutions that are tasked with doing PFM related work are still very weak and that is quite normal in a fragile environment.

Participant 5: Within-case emerging themes of effects of challenges.

Donors ring fence projects. P5 asserted that having a situation in which donors continue to ring fence their projects because they are not comfortable with the arrangements that exist and so would like to find a way to make sure that the funds they are advancing to the government are actually used for their intended purposes.

Little confidence in the country system. P5 noted that another underlining effect that can be caused by the challenges previously identified is that there will be very little, if any, confidence in the systems in terms of delivery.

Donor arrangements continue to exist. P5 also stated that, these challenges if not tackled on a timely basis will become entrenched and in the long run instead of having a transition from donor supported arrangements to the use of country systems, the state will continue to have donor arrangements been utilized in the long run which is a situation that one does not want to have.

Participant 5: Within-case emerging themes of strategies or policies recommended.

For country/government.

Implement PFM reform strategy. P5 indicated that Liberia has a very comprehensive PFM reform strategy and a midterm review of this strategy is ongoing. Thus, P5 noted that if there is the will power to follow through on the priorities that have been articulated in the strategy and fully comply with the provisions of the law, the state will make significant strides in terms of moving forward.

Enhancing credibility of budget, transparency, and accounting framework. P5 noted that in terms of recommendations, they range all the way from enhancing the credibility of the budget and the reliability of the budget to budget execution in terms of accounting, and reporting to cash management, treasury management, aid management, debt management in that sense. P5 emphasized that, looking at the provisions of the PFM reform strategy in those areas and moving on from there to enhancing the transparency and accountability framework, in this case, one will be looking at the GAC, the Legislature, Public Procurement Concession Commission, non-state actors in that regard and making sure that these institutions are functioning properly. P5 pointed out that there is already a robust PFM support program that exists which is the integrated PFM reform program as well as other types of subsidiary supports that are seeking to tackle these constraints. P5 recommended that government should look at these areas that have already been identified and follow through on them.

Engaging with donors through aid management unit and project financial management unit. P5 purported that government efforts in engaging donors is commendable but stresses that better engagement through the Aid Management Unit and Project Financial Management Unit which is working with donors to harmonize the reporting arrangements for donor inflows; and, working with donors at the time the projects are coming into Liberia.

Reporting: Integrating into Integrated Financial Management Information Systems. According to P5, in the short term, government needs to work on its reporting because, whereas the execution happens outside the budget, all these donor-financed projects have accounting systems and they do quarterly reporting to the donors concerned. He suggested that the government then should make a concerted effort to bring those projects onto the integrated financial management information systems on an export basis so that they can actually have record of the expenditure on donor projects. Probably in the not-too-distant future, they can actually have a comprehensive consolidated financial statement or consolidated final account which includes donor-financed projects. P5 added that, if they can accomplish this within the next year, it would be a major accomplishment for Liberia because there are a lot of countries implementing such systems but have not even gotten there yet, so if Liberia can achieve that, especially with donor-financed projects on their integrated financial management information systems on an export basis, it would be a major milestone forward. P5 concludes on this point that this should be given number one priority in terms of reporting.

Improve budget process. P5 recommended that government should work hard on the budget process because for donors to put their money in the budget, the budget has to be credible. Even more so, if donors are to even start thinking about using the budgetary process for the execution of their financed project, it means that government should have done a great job. P5 added that, this should be the next critical area that government should focus by ensuring to enhance the budget preparatory process in making the budget more credible, realistic and reliable. This will enable donors not to hold back their funds because of fear that it will not be sufficiently accounted for.

Improve cash planning. P5 noted that in the short and medium term, cash planning is a critical area government needs to improve upon because that has impact on the allotment process and budget execution. P5 reiterated that cash planning continues to be an area that is offering a lot of weaknesses and that has antecedents in procurement plans that are prepared by the government because if government do not prepare good procurement plans, they cannot prepare good cash plans. So, concerted efforts have to be put in this area in the medium term.

Use treasury single account. P5 noted also that in the medium term, government should be moving towards the use of treasury single account which will help them to manage their own finances properly.

Use systems that enable accountability. In the long term, P5 put forward that; there are issues in the area of accountability, specifically in terms of ensuring that the budget is scrutinized on a timely basis. According to P5, after the budget has been executed and when audits have been prepared, the government should hold public hearings on the audit. And the other issues such as the government's plan to go into fiscal decentralization in the counties, that would be an issue that need to be tackled going forward. P5 added that progress has been made on the integrated financial management information systems and encouraged the country to continue to work towards that in making sure that integrated financial management information systems are rolled out to all line ministries and agencies.

Assisting to become self-accounting units. Also, P5 pointed out that government should assist line ministries and agencies to become self-accounting units because, presently all the accounting is done at the accounting services unit (ASU) at the Ministry of Finance. The line ministries and agencies do not have the opportunity to account for themselves.

Need for decentralization. P5 further noted that in the long term, there needs to be a situation in which all government entities around the country are able to prepare their own financial statements. According to P5, in terms of revenue, progress has already been made on the implemented systems, but these systems need to be expanded to cover more revenue sources. With some level of progress achieved with customs revenue, concession revenue that is still not covered by some of the systems which is a huge chunk of the revenue coming to the government hence that translates into the operationalization of the Liberia Revenue Authority, which is also being worked on.

Upfront discussion with institutions to harmonize donor and country systems. According to P5, there has to be an upfront discussion on the issues of harmonizing donor and country systems. For instance, if the donor believes that the GAC will work, then they should use the GAC. This is necessary so that there is an upfront agreement as to the institutions the country is going to use which would be a very good way to start to get donors to use country PFM.

For donors.

Strengthening government systems. P5 recommended that donors need to come to the realization that if they do not use the country's own arrangements, their continual usage of their own arrangements will not strengthen the government's own arrangements. Hence, donors should have to come to that realization and begin to work with the government.

Ensuring institutions use government systems. P5 noted that donors should provide arrangements within the government to do specific PFM tasks which should be done by those institutions. P5 emphasized that, for instance, when it comes to audit, whereas donors are not executing their donor-financed projects through the government's own budget, they could use the GAC to conduct their audit. Similarly, when it comes to internal controls, they could use the International Auditing Standards to do the internal audit reviews on donor-financed projects. In addition, they could actually look at the overall PFM arrangement and look at institutions that are functioning and leverage on their mandates to do the donors' work. Therefore, P5 disclosed that by so doing, there will be an incremental approach to using country system as opposed to just waiting for an all-inclusive big bang approach in which everything is thought to be fine but cannot be guaranteed.

Additional information. P5 noted that standard international procedures validate the use of country systems as the default arrangement. However, certain structures have to be in place that will lead to donor states and institutions to use the country systems.

P5 further noted that in terms of bringing aid-on-budget, Liberia has actually made some strides. That is, it was observed in the last budget that the government actually provided for a substantial amount in terms of aid inflow projections and then there was also budget support from some top donor institutions provided for in the budget. P5 added that the challenge is executing the aid through the government's arrangement; however, the government is taking steps towards doing that but they are not quite there yet.

P5 identified three aspects of budge execution, which include (a) bringing the aid-on-budget which is showing the inflows that are coming, (b) executing the aid through the budgetary process, and (c) reporting on the expenditures. P5 noted that Liberia has accomplished the first one which is just showing how much is coming and, according to

P5, what the execution process actually means is that the aid that is coming from the donors will go through the budget cycle through the allotment process.

Moreover, P5 noted that in terms of reporting, Liberia is actually trying to do that by bringing the expenditure data on an export basis into the integrated financial management information systems. That is, if government has a system in place in which although the expenditure occurs outside the budget system, they are able to upload the information or do the recording in the government treasury system and then they can actually report it. Further, P5 indicated that some progress has been made in terms of reporting but the execution is the challenge and the reporting aspect too; notwithstanding, some action is being taken on that. P5 confirmed that the sequencing of the reform actions are right because the execution will happen last because it is the most difficult. He also mentioned that, it will be difficult as a donor to go through an allotment process in which one knows there are delays that can impact the program delivery.

Participant 6

Participant 6 (P6) is a 50-year-old male Liberian and accounting graduate from one of the universities in Liberia. He is chartered accountant by profession and has to his credit over 20 years working experience in and out of Liberia. He also earned from one of the universities, a master's degree in public administration with emphasis in PFM. As part of his career path, P6 served the government for several years.

Participant 6: Within-case emerging themes of challenges.

Capacity constraint and slow pace of implementation. P6 asserted that because some of the donors are well educated, they come in with good ideas and systems but when donors use the bottom-top approach, then it becomes clear that there are capacity constraints which tend to slow the speed at which they would want to implement projects and programs.

Inability to complete projects due to funding gap. P6 added that another challenge is the inability to complete the project because if the donor funding is minimum and people are learning systems at a slow rate, the people might not be able to quickly develop and projects will not be completed.

Lack of patriotism. P6 also indicated that Liberians are not patriotic to their own country. He elaborated by adding that, people are trained to work with the government systems and after acquiring the skills, they leave to join the private sector.

Educating users of systems. P6 also mentioned that educating the users of the systems is a challenge. The people who using the new PFM system are not educated enough to manage the system.

Weakness in judiciary system. P6 indicated that weakness in the judiciary system to really enforce the rule of law is one major challenge affecting the use of country systems. He added that, in public finance, there are three pillars: legislative backing, public value, and capacity. P6 stressed that, if the legislative backing is not strong, even if projects have a public value to reach its goal, it becomes a challenge.

Corruption retards reform. P6 stated that corruption among public officials and lack of trust in those who are supposed to lead the reforms is another challenge. He asserted that because the leadership lacks integrity, there will be setback in the reform process.

Participant 6: Within-case emerging themes of effects of challenges.

Difficulty in enforcing. P6 noted that one of the effects of the previously discussed challenges is that the enforcement of the reforms is going to be a problem.

Slow rate of growth. P6 added that there is going to be a slower rate of growth or slower rate of improvement in the whole reform process.

Turbulence in terms of people's perception. In addition, P6 indicated that there is always going to be this turbulence in terms of people's perception because as a leader when one wants change and tries to enforce it, it leads to something more chaotic and thus has to be managed.

Participant 6: Within-case emerging themes of strategies or policies recommended.

For country/government.

Conducting of awareness about country. P6 suggested that the government should carry out more awareness to the people of Liberia. He added that, for example, the government has now made information accessible because Liberia has now adopted the freedom of information act but that needs to be made practical. P6 further added that people should not struggle and worry about where to get information; there should be a resource center where people can go in and get any copy of the laws for their use. He further stated that one of the weaknesses of the government is the information mechanism.

Make use of resources on the ground. P6 added that government should start making good use of the resources they have on the ground. He mentioned that the government has to utilize people who really know the system to help the country.

Government should ensure there is transparency. P6 asserted that government should continue to have the level of transparency they have in terms of the freedom and people involvement in the situation.

Tweak crafted laws to country setting. P6 purported that Liberia is being built out of its old state, as such, when crafting a law, it is necessary that they start from the donors perceptive so that when they are amending they can have it cleared by the donors.

Build institutions. P6 also noted that in the long term, government should build institutions like the tax institute, where people can go and learn all about tax issues.

Establish national Resource Center. P6 further added that there should be a national resource center to readily provide the public with information of all kinds including the law.

For donors.

Have common pool for donor support. P6 noted that the donors should have a common pool of donor support and have one level of organization that will have a registry under the donors themselves so as to reduce or eliminate waste of resources.

Issue conditionalities. P6 suggested that the donor should work on helping the government when it comes to the corruption. They should set some conditionalities that will really make sure that government is quite clear on those areas that they want to improve, especially when it comes to finance.

Additional information. P6 added that the overall perception of the use of country systems as a PFM reform is that it is not quite positive because the public complains that the donors are imposing things on them to do. According to P6, one of the key complaints or perceptions is that the Liberians have a problem in which they think that foreigners are coming to take over their economy and their people do not have the ability to get involved.

Participant 7

Participant 7 (P7) is a 40-year-old male Liberian and received his university degree in accounting in Liberia. He also obtained two master's degrees from a university in the United States. He later returned to Liberia after his education and is now a member of top management of one of the higher educational institutions in Liberia and also lectures on a part time arrangement with two universities in Liberia.

Participant 7: Within-case emerging themes of challenges.

Lack of adequate skills and human resource. P7 noted that the lack of the required well-trained, skillful human capacity in the country is a major challenge. P7 added that government may want a system, but the issue is that they do not have the necessary skills set to manage such systems. He indicated that government should not forget that the country is far back in terms of human capacity due to the civil war. There was intellectual flight and some of their scholars were killed. Owing to that, P7 disclosed that even if government identifies a system to be implemented, they lack the necessary capacity to run or maintain the system. P7 further noted that government still needs some donors and international partners and experts to run the system in which they can reach a considerable level before the locals can take charge.

Weak educational system. P7 mentioned that as the President rightly stated in her speech, the educational system in Liberia has become a mess. P7 further noted that as compared to the Liberian educational system of the 1980s, the existing educational system lacks competition and attitude from the current generation to pursue quality education. P7 explained with an example that during those days, when a student scored 95%, that student would not be happy because the competition was high, with other students scoring 96% to 98%. According to P7, this shows the kind of major challenges the country is experiencing in implementing these kinds of reform.

Lack of ethics. P7 noted that another challenge in Liberia is the issue of ethics. P7 added that Liberians reward unethical behavior in the society. P7 further explained that, it will be reported that somebody committed an ethical violation at bank or ministry X and then that person will work at another bank or ministry B. Some people go on national radio and defend these individuals, saying these individuals are using their money to help people. Moreover, P7 added that Liberians elect some of these individuals to high profile positions. People whom society is supposed to condemn for ethical violations are been hailed as heroes and heroines. P7 concluded on this point by stating that, these challenges to the reforms are much deeper as a country and Liberia has a long way to go and a lot of catching up to do.

Participant 7: Within-case emerging themes of effects of challenges.

Lack of a well-managed system. P7 also noted that these challenges result in the lack of a well-managed system. This is because the lack of these systems causes corruption and unethical conduct to bread in the society which will make people discontent and cause them to take laws into their own hands.

Imbalance of wealth and power leads to civil unrest. P7 added that due to the lack of imbalance of wealth and power distribution, there may be demonstrations which will ultimately lead to civil unrest.

Participant 7: Within-case emerging themes of strategies or policies recommended.

For country/government.

Overhaul of entire instructional database of the country. P7 recommended the overhaul of the entire instructional database of the country; from primary schools to universities. The credentials of teaching staff should be vetted and background checks of lecturers should be done well. P7 added that there are a lot of Liberian professors out of the country who need to be invited back to the country to help contribute to the training and development of students. P7 further advised that donors should inform Liberian professors to pay their student loans with the U.S. government and other governments to waive the student loans of these professors with the agreement to come to Liberia to manage the funds these donors have given to Liberia.

Attractive incentives for returning professors. P7 also noted that the returning professors should also be offered up-to-date residential quarters so that they cannot miss the luxurious lives they have had in those advanced countries. With that, government will have a lot of qualified Liberians around the world returning home to contribute.

Weeding out unqualified lecturers in universities. P7 suggested that the unqualified lecturers in the universities should be weeded out and replaced by competent Liberian lecturers who will bring ethics into the classroom and breed the new generation for the country.

Empower commissions to run properly. P7 also noted that with the systems in place—the Liberian Anti-Corruption Commission, GAC, and various commissions being established, the mandate of those commissions should be guided judiciously and they should be empowered to do their jobs. P7 stated that when that happens, people should know the consequences of their actions and inactions and the systems will be well-guided.

Conversations with their partners. P7 also recommended that there should be conversations between Liberians and the donor partners. Donors should discuss aid priorities with the government. P7 added that when two parties have these conversations and come up with one understanding, then they can have it implemented—whether they want the money to be channeled through the national budget or not.

Copy positively from sub-region. P7 added that there are a lot of reforms going on in the sub-region. As such, they need to look in their sub-region and positively copy from other countries and improve upon a lot of things.

Additional information. P7 feels that Liberians should take ownership of their own PFM reforms because at the end of the day, there will be an exit of the donor partners and it will be left to Liberians to manage their own affairs. According to P7, the perception of the Liberians is the need to have a system on the ground and Liberians need to understand how to manage this system; notwithstanding, Liberians need to decide on how they intend to manage the system as per their own way of life or their culture so that when their donor partners should have exited, the systems will remain and the initial aims and objectives of the donors still be achieved.

P7 also noted that the use of country PFM allows the training of young Liberians locally and these young Liberians should be assigned to key ministries and agencies as financial experts; this is currently happening. At the end of the day, the country systems will reign and the state will have the nationals to take ownership of their system and run the system when donors and partners have left.

Participant 8

Participant 8 (P8) is a 33-year-old male Liberian. He possesses both first and second degrees in accounting and financial management from universities in Liberia. He is currently the senior project accountant for one of the donor-funded projects in Liberia.

Participant 8: Within-case emerging themes of challenges.

Lack of human capacity building. According to P8, one of the key challenges of using country systems is the need for capacity. P8 added that, most of the current financial managers are not well-trained as some are also not directly involved with working with donor systems. Thus, raising funds to train people will also be a challenge for the government.

Need for infrastructure. Also, P8 noted that the need for infrastructure is also a challenge because to adopt country PFM systems to account for donor funds, some form of infrastructure should be established at various ministries and agencies to receive those donor funds. P8 added that, this will help to adequately report or prepare reports on time because most donor-funded project reports are time-based. He further added that in the absence of the needed infrastructure, the state might be lagging behind other states.

Ensuring there is fiscal integrity. In addition, P8 stated that the lack or absence of financial managers with integrity, capability and ability to do the job will pose serious challenges. He revealed specifically that, most funds will be misapplied and at the end, the government will be asked to refund these funds.

Participant 8: Within-case emerging themes of effects of challenges.

Other countries progress while Liberia lags behind. The most significant point that P8 identified to be an effect of the challenges is that, while other countries are moving forward using their own country systems for the donor-funded projects, Liberia is still struggling and lagging behind. Also, P8 stated that as a result of these challenges, in some cases, the country missed out on some important grants or loans that should have benefited the country because the systems are not yet fully matured to respond to donor requirements.

Participant 8: Within-case emerging themes of strategies or policies recommended.

For country/government.

Build capacity of financial managers. One of the strategies that P8 recommended is for the government, especially the policy makers in the financial management area, to build the capacity of financial managers. Also, P8 noted that there is the need for a very strong unit that will deal with the financial management for almost all the projects. These units should be well-versed with procedures on donor-funded projects. In addition to that, P8 stated that government should build the capacity of the staff and provide adequate training and logistics for the staff and also make sure that the necessary equipment and materials that are needed for the work to be done are available. According to P8, lots of funds can go into that area of PFM reforms and additional funding should be set aside to train staff.

Automate PFM systems. P8 mentioned that one can improve on and move towards the automation of the system.

Short-term appraisal of Integrated Financial Management Information System applicability to country PFM systems. P8 posited that the government needs to study on how well the integrated financial management information system responds to the financial management needs of the country and also do a pilot of some donor projects by using the government systems to do International Public Sector Accounting Standards report in line with what donors want. He further suggested that, in the long term, the country should invest in training, system development, and also to strengthen the government's audit unit.

Additional information. P8 noted that putting aid-on-budget is a good thing but if the aid is received through the government budget, then there should be proper accountability. He stated that, reason is that, because that is an area in which the fiduciary risk comes in, receiving funds from the donor through the national budget needs to be properly accounted for and the funds need to go directly to the targeted areas. P8 pointed out that to mitigate fiduciary risk, there is a need for strong fiduciary measures to be in placed in order to properly account for funds.

P8 noted that the perception across government somehow varies on the PFM reform. Those stakeholders in the area of financial management opt for the use of country systems. On the other hand, others prefer gradually moving to the use of country systems. With the former, P8 noted that they opt that government should immediately adopt country systems right away.

However, for P8, it will take some time because the financial management systems across government which used to be manual and with vital information relating to aids and donor-funded project not readily available, needs time to transition to the full use of country PFM systems. In addition, P8 notes that the reform process as a whole is taking shape as evidenced by the large inflow of funds coming into the country and lots of projects being undertaken.

Participant 9

Participant 9 (P9) is a 33-year-old male Liberian, chartered accountant, and a master degree holder in financial management. P9 is also a financial management specialist and tax consultant. He previously worked with one of the donor partners in Liberia. He also worked with international audit firm in and outside of Liberia.

Participant 9: Within-case emerging themes of challenges.

Lack of capacity. According to P9, one of the key challenges of country PFM systems has to do with capacity. That is, P9 noted that the country does not have enough trained professionals in the field of financial management systems, thus, most of the time only few individuals who have knowledge in this field are used over and over again.

Difficulty in sustaining systems. The next challenge P9 identified is about the sustainability of the systems. He explained that, the ability to sustain and maintain the country systems will be difficult to achieve because the personnel required to achieve this are not many, hence it makes it almost impossible to sustain the use of country systems.

Dealing with moral or ethical issues. Another challenge P9 identified has to do with moral or ethical issues in terms of proper transparency and accountability. P9 identified this as the key challenge that the country faces in adopting country systems. According to P9, given the current problems with the commercial banks and other sectors in which there are reports of frequent misappropriation of funds, theft, and fraud, there is need for greater efforts to inculcate ethical and moral responsibility into the minds of Liberians.

This particular challenge, P9 noted, poses serious challenge to the adoption of country systems.

Participant 9: Within-case emerging themes of effects of challenges.

Majority of donor funds go unaccounted for. P9 mentioned that an effect of the challenges discussed is that the targets set out by donors for specific funds disbursed are not achieved and most of these funds usually go unaccounted for. This arises, according to P9, because of the lack of transparency and accountability in the current systems.

Donors do not achieve their objectives. P9 disclosed that, another effect is that, donors are deceived into believing that their objectives are being achieved but most of the times, this is not true. P9 pointed out some projects undertaken by government with funds being provided by donors that have proven to be counterproductive and said that instead of mitigating the problem on the ground, challenges have even made the situation worse.

Participant 9: Within-case emerging themes of strategies or policies recommended.

For country/government.

Make awareness on country systems in educational institutions. P9 thus recommended that because, indirectly, the government has achieved some level of harmonization, efforts now should be directed to making such systems as the international public sector accounting system based on cash basis very effective and making the public aware of such a system. To achieve this, P9 suggested that this system should be included into the curriculum of universities and colleges so that young graduates stepping out of these institutions will have some firsthand knowledge on the use of these systems. The awareness of this and other systems, according to P9, should be done in the short and medium term. P9 suggested that government should be responsible enough to take the initiative and seek donor help thereafter.

Revise university curriculum. The next short or medium-term strategy proposed by P9 is that the university curriculum for all tertiary institutions should be revised with financial management courses being included to ensure onward effectiveness of the PFM system.

Establish polices and strategies to sustain donor-funded systems. In the long term, P9 noted that government should put strategies in place to be able to sustain some of the donor-funded systems, policies, and procedures. The reason given by P9 is that because donors will not always be around to provide funds, government should plan strategies that will enable them sustain that which has been established in the long-run.

For donors

Help government achieve vision 2030 target in financial management. With regards to the donors, P9 suggested that donors should intervene in the achieving of the country's own vision as it relates to financial management, the vision 2030. He added that, donors can achieve this by using their sophisticated systems and keying them into the government systems to make it capable of achieving the targets set out in the vision 2030 in the not-too-distant future.

Help improve educational system. One of the areas P9 believed should be prioritized is the educational system. P9 posited that the ordinary Liberian is not too proactive or innovative as compared to their colleagues in other neighboring countries and the main reason is because of the foundation and the system of education that exists in the country.

Therefore, P9 suggested that donors should help carry on a serious reform of the educational system so that in the long term, the country will be able to stand on its own.

Additional information. According to P9, more than two thirds of Liberian stakeholders believe that donors should be using their own country systems. That is, they believe that the country should manage the funds that come from the donors through the national budgetary system. However, P9 perceived the inherent challenges in preparing the national budget, getting it approved by both houses of parliament, and approving it on time. He added that efforts should be made by both government and donors to address this so as to ensure that the PFM reforms achieve their targets.

On a more positive note, P9 thinks that government and its donor partners have done very well in bringing experienced professionals to train Liberians to be able to take up the financial management tasks through the establishment of institutions geared towards financial management. Also, the establishment of treasury management amongst other financial control and accountability systems by government and donors is very laudable.

Participant 10

Participant 10 (P10) is a 38-year-old female Liberian. She possesses both first and second degrees from one of the universities in Liberia. She is a member of top management of one of the higher educational institutions in Liberia.

Participant 10: Within-case emerging themes of challenges.

Government will not know what others are doing. P10 noted that a challenge of country systems is that government has inadequate knowledge on what other countries are doing as only the state's system is being used. Thus, comparatively, P10 perceived that because the donor system can be used worldwide, it is better than country systems because given that one will be limited to use one's own country systems, international systems cannot be used easily.

Lack of transparency. Another key challenge P10 gave is the transparency problem. To explain, P10 noted that when one uses a system that is used worldwide, it will be transparent but using one that is limited to one state will have inherent transparency issues.

Ease in perpetuating fraud. Again, P10 noted that compared with donor systems, another challenge of using country systems is that, perpetuating fraud within this system will be much easier.

Limitation of scope. Moreover, P10 posited that another challenge of using country systems is that it hampers the state, that is, the state will be limited in its thinking and horizon.

Participant 10: Within-case emerging themes of effects of challenges.

Inadequate impact of donor funds. From the previously discussed challenges, P10 purported that the effects that these challenges will have is that the impact of donor funds on the state will be minimal. This eventually will lead to the path of stagnation and increase in poverty.

Participant 10: Within-case emerging themes of strategies or policies recommended.

For country/government.

Develop new ideas. P10 suggested that the government must open up itself to new ideas. She added that, as state leaders travel, observe and experience other systems, they can help change current systems that are faulty to more refined ones.

Mutual partnership to ensure goal congruence. Also, P10 suggested that one of the things that government and donors can do is to meet and discuss what they think will be best for the country. That is, because the mutual goal of donors and government is to enable the country to have a very good financial system, both parties should sit and discuss the necessity of the changes and their new ideas and blend them together.

Need for more capacity building opportunities. Furthermore, P10 noted that the government needs to train more young people to become good financial managers of donor funds so that they would be able to occupy strategic areas in the government and enhance financial management practices.

For donors.

Help build human capacity. To the donors, P10 suggested that donors should assist in improving country systems through capacity building of the human resource of the state.

Introduce new systems for financial management. Also, P10 suggested that donors should introduce new and improved systems such as improved procurement and financial management systems and institutions.

Mutual partnership to ensure goal congruence. As with the government, P10 suggested that one of the things that donors and government can do is to meet and discuss what they think will be best for the country. That is, because the mutual goal of donors and government is to enable the country to have a very good financial system, both parties should sit and discuss the necessities of the changes and the new ideas and blend them together.

Additional information. P10 perceived that most stakeholders want to use the country systems because they will easily understand it and be able to work with them efficiently. Conversely, instituting new or foreign systems will be difficult to understand and work with. In addition, P10 noted that the entire PFM reform is a great thing as it is helping in the drive to fight corruption and enlightening financiers to be better financial custodians of donor funds.

Again, P10 noted that aid-on-budget helps to ensure greater accountability of donor funds. However, in its absence, P10 noted that funds allocated for specific projects will be misused, go unnoticed and remain unaccounted for.

Participant 11

Participant 11 (P11) is a 55-year-old male Liberian. He possesses his first degree from one of the universities in Liberia and his second degree from outside Liberia. He is a member of top management at one of the prestigious learning institutions in Liberia. He is also a senior lecturer at one of the universities in Liberia on a part-time arrangement. He has been lecturing for several years.

Participant 11: Within-case emerging themes of challenges.

Delays in reform process. P11 noted that with the upcoming new system (donor PFM), there will be delays which will be caused by readjusting to this new system.

Irrelevant features of donor system. P11 also added that, there were some features of the donor system that may not be relevant to the local dynamics, thus making it a challenge.

Lack of capacity building priorities. P11 explained that capacity building is one of the key challenges. P11 added that financial management system should not only be in the central ministries but also cut across the nation. So, government has to build the skills and knowledge base of the practitioners for them to effectively utilize the system. However, when people are not educated or do not have the relevant skills and knowledge about the system, the system will just be there and the right thing will not be done as require by the system. Some people will want to use short cuts instead of going by the system. Capacity building plays a key role in making sure that the system is highly functional.

Compensation structure must be revised. P11 further noted that the compensation structure needs to be revisited. People who are playing with sensitive instruments need some level of satisfaction so that their commitment will not be undermined by the problems they face individually. Government needs to find a way to ensure that people who are supposed to ensure that the PFM system is adhered to or followed adequately have the relevant means so that their professional character will not be undermined.

Participant 11: Within-case emerging themes of effects of challenges.

Not adhering to systems procedures. P11 added that the challenges will cause the government to go back to business as usual; that is, the systems would be there but they would not want to adhere to it, but instead resort to doing something else.

Participant 11: Within-case emerging themes of strategies or policies recommended.

For country/government.

Capacity building at all levels. P11 noted that capacity had to be built at several levels; especially at the level of the practitioners, those who are really using the systems—the accountants and the financial officers—should be well-trained. The politicians need to be given an orientation to understand that the rules to these systems should be followed. When the politicians and the civil servants are on the same wavelength, the system is protected.

Revamp educational system curriculum. P11 also added that the curriculum of the entire educational system should to be revisited and revamped. The system should be built within the curriculum of higher educational institutions. The financial system should be part of the training curriculum in the universities and other higher education institutions so that upon completing these institutions, those coming out will be well versed in the usage of the system.

Examine similarities and differences between donor and country PFM. P11 explained that government should look at the two systems, put them side by side and try to assess the similarities and the differences. At this stage, government should dwell more on the similarities because when they look at the similarities there can be convergence of interest—together, they can see the similarities between their systems and agree that they can work together; but in which one system seemed to have more than the other, they had to make adjustments and see how they could improve on the country systems because in the final analysis, it is the country systems that is supposed to yield the intended results.

Intensive capacity building efforts and awareness creation. P11 also declared that there should be intensive capacity building efforts and awareness creation so that the ordinary citizen can be aware of the country systems that are in place. There should be intensive capacity building across government; from the top to the bottom, so that everybody understands the system, especially those practitioners who are using the system to do their work.

For donors

Donors must insist on the use of country systems. P11 further revealed that although it is true that the donors have taxpayers' money and these funds must do those things that the taxpayers expect, donors must insist that the system that is in place must be followed to ensure that value for money is realized. In an instance in which the system in place is not working, they must insist on the improvement of the system before funding is released.

Additional information. P11 purported that most donor countries felt that Liberia does not have systems. Even if they even had systems, they are dysfunctional. So they preferred imposing their systems on Liberia. Instead of donors conducting research to find out the lapses in the systems and find remedial solutions to them; they rather sought to impose their systems on Liberia. P11 contended that from a capacity building perspective, Liberia should continue to build the capacity of public financial managers so that they will understand and utilize them.

Participant 12

Participant 12 (P12) is a 42-year-old male non Liberian. He is a chartered accountant and a certified information systems auditor with an MBA in finance. He is a

PFM specialist. He specializes in PFM reforms and implementations and assisting the government of Liberia toward the use the country systems.

Participant 12: Within-case emerging themes of challenges.

Lack of timely information. P12 asserted that there was a lack of timely information from the donors in terms of information on aid forecast and aid that is actually disbursed. That is, the government is not able to reliably predict how much money is going to come from the donors and how the moneys are being disbursed. In that case, it became difficult to bring those aids onto the country systems because the donors were not providing adequate and timely information to facilitate the government to be able to use this information.

Lack of capacity. P12 stressed that they had capacity challenges in terms of human resources. That is, they do not have adequate skilled man power within the government institutions to be able to support the use of these funds so that they are not misused or misappropriated.

Lack of controls. P12 also noted that there is lack of controls (adequate controls needed to be put in place). For country PFM systems to be properly utilized, government should make sure that the PFM is sound and effective and able to execute donor funds without leakages. To do that, postwar countries like Liberia should invest some funds to reform the PFM systems. Given the scarcity of human resources in a country like Liberia, the human resources envelop are more and the priorities are many; hence, there was not sufficient money to invest in strengthening the PFM system to support the use of country systems. The availability of adequate financial resources should be channeled towards strengthening the PFM systems to support the use of country systems.

Weak governance issues. P12 explained that weak governance is also a challenge. P12 added that lack of effective institutions to fight corruption was also another challenge to the adoption of country PFM system. Reforming a PFM system also required commitment and political will from the stakeholders, especially the politicians. Although there is a lot of talk about political commitment to PFM reform, the actual work that needs to be done leaves a lot to be desired.

Weak internal control framework. P12 claimed that in countries like Liberia, the PFM system is still weak in terms of control issues. The internal control framework is not strong so there is a possibility that donor funds could be misused if appropriate control mechanisms are not in place.

Participant 12: Within-case emerging themes of effects of challenges.

Reluctance on the part of donors. P12 noted that the challenges had caused reluctance in the donor community to embrace the use of country systems in Liberia. They still felt that there is a need to strengthen the country PFM systems before they can completely commit to the use of country systems; hence, there is partial use of country systems. For example, the European Union and Asian Development Bank have put money/aid-on-budget which is the use of country systems but as a result of the opinion that the country's systems are still weak, they normally attached conditions before these funds are released. Some of these conditions are considered within government to be intrusive and the feeling that if one gave money then why they would attach all these conditions. The intention of the donor is to help use these conditions to strengthen the PFM systems so that they could actually minimize fiduciary risks.

Participant 12: Within-case emerging themes of strategies or policies recommended.

For country/government.

Government should show genuine commitment. P12 asserted that government should show commitment both in talking and by demonstration. P12 added that it is not enough to talk about strengthening PFM reform systems without actions. Government should demonstrate the commitments on the ground to follow through with the reforms and make sure that these reforms were being implemented as agreed with the donors and various stakeholders within the government.

Governance issues should be addressed and improved. P12 pointed out that although the citizens acknowledged that government has taken steps to put in place the institutions to fight corruption, the citizens want to see actions in terms of prosecuting those government officials who are found corrupt and if possible, resources that have been misappropriated should be recovered and put to proper use. There is a need to actually fight corruption and this should be institutionalized and not pursued by the President only speaking on radio but institutions should be empowered to actually fight corruption.

Establishing conducive legal and regulatory framework. P12 also suggested that government needs to put in place a conducive legal and regulatory framework that incorporates best practice and international standards so that it can strengthen the country PFM systems. For example, government has adopted the International Public Sector Accounting Standards but these have only been used to produce consolidated financial statements. P12 indicated that the public needs to see these reforms extended to ministries and agencies to produce regular and timely financial statements. This legal and regulatory framework which incorporates best practice and international standards will help to strengthen the PFM environment and which will ultimately lead to effectiveness in the use of country systems.

Adopt coordinated approach. P12 also noted that another strategy to adopt is the coordinated approach. P12 contends that government needs to establish institutions. For example, the PFM Reforms Coordination Unit in the Ministry of Finance exits but there are other institutions across various ministries and agencies; so there is the need to have a coordinated approach in terms of institutions dealing with the donors so that the flow of information in determining priorities are coordinated across government.

For instance, when it is found out that the Reforms Coordination Unit within the Ministry of Finance is not coordinating the entire reform across the entire government, there should be a centralized institution or mechanism which coordinates all donor activities across government to ensure that the donors are aligned to the government priorities and the government through these institutionalized mechanisms articulate its priorities so that the two can now coordinate in terms of implementing activities. This will ensure that there is no duplication of efforts across government with different reporting requirements.

Setting up task force. P12 further suggested that government should put in place a task force or a team. This team should consist of a representative from the donor community, so that there are both government representation and the donor community representation. It should be a bi-skilled team so that they can carry out a review of the government of Liberia's PFM systems and establish where there are weaknesses or where there are gaps compared to what the donors expect to see in terms of the PFM systems.

This task force or team should identify those gaps and come up with an action plan on how those gaps can be filled.

Also, where there are quick resolutions—for example, putting aid-on-budget, they need to provide the information so that it can be incorporated in the budget and submitted as part of the national budget for approval. With other areas, for example, putting in place a control framework in which government needs to recruit internal auditors, train them and deploy them, P12 noted that these will take time. In effect, there are quick resolutions that are short term and long term items and those action plans should spell out those items and the time frames when they should be implemented. It should be agreed upon by both the government and the donors. P12 felt that the action plan should get endorsement at the highest level of government so that there is political will to implement these action plans.

For donors.

Provision of information on aid flow. P12 disclosed that government need the donors to start providing information on aid flow in terms of aid forecast and actual disbursement in a timely, predictable and regular manner so that government can be able to confidently predict that these funds are now allocated and can now be able to program its activities with reasonably fair accuracy.

Support of government and its systems. P12 recommended that government need the donor community to deploy staff within their country office with the right skills mix to support the government in terms of availing, informing and monitoring the funds to ensure that they are going through the country systems. The staff deployed should also ensure that the funds are traceable and being utilized for the activities they are earmarked for. It is critical that country offices are staffed with key human resources who can help government in executing this work.

Continuous dialog between government and donors. P12 also professed that there should be dialogue between the government and the donor especially in terms of strategic national priorities. P12 added that there should be continuous dialog between the government and the donors to determine what the priorities are so that they can align their aid flows to the government.

Also, there is the need for constant engagement throughout the fiscal year as well as the medium term and the long term. The donors also need to improve upon their communication as well. There is a feeling that when donors come, they demand and do not create an equal-to-equal environment for dialog or communication; as such, the donors need to find a better way of communicating to government in terms of what they need and what they are providing.

Additional information. P12 declared that Liberia as a country has not made significant progress in the use of country system to execute donor projects. There is a concern actually that a significant portion of the resources in Liberia, even more than the national budget, are executed outside country systems. P12 posited that Liberia has just come from a conflict of 14 years and has taken significant steps in terms of reforming its PFM systems. Liberia has also streamlined revenue administration; though there are still some challenges in revenue collection and management, but it is a significant improvement compared to where they had been. In addition, Liberia has implemented an integrated financial management information system which would help in accounting, reporting, and accountability. Also, Liberia has seen the government adopt International

Public Sector Accounting Standards which is part of best practice accounting and will help in improving transparency and accountability.

Furthermore, the government has also made some improvements at the GAC. The GAC is now able to perform its statutory roles although it has some challenges in terms of capacity. However, they are able to actually carry out audits and report to the legislature. The government has also put in place an audit secretariat which is responsible for monitoring the internal control framework within government. A number of auditors have been recruited and deployed at various ministries that should also strengthen the PFM systems. Notwithstanding, there are still challenges and a lot of work needs to be done in PFM reforms.

Participant 13

Participant 13 (P13) is a 36-year-old male American. He works with one of the donor partners in Liberia as a human protection specialist of the human development section. He possesses two master's degrees in international affairs and economics from a U.S. university. He has also worked with the United Nations as a consultant.

Participant 13: Within-case emerging themes of challenges.

Slows down donor effectiveness. P13 noted that one of the main challenges is the slowing down of donor effectiveness. That is, it hindered their progress because they were not designed to work with the kind of systems that are inherently limited.

Takes a new learning curve for donors. P13 mentioned that another challenge is that it takes a new learning curve for donors; that is, it is a system that they are not really comfortable with. Also, P13 stated that it is a system that has not really being tested against the rigidity of their systems, so having to work with it can be a challenge.

Ensuring proper understanding of country systems. Moreover, P13 revealed that another challenge is government not understanding its own country systems. That is, P13 noted that there needs to be a thorough understanding of country systems by the government and its people because in as much as there is a strong push for the use of country systems, if even the people in the country do not understand their systems, then it is a challenge. Thus, it is one thing understanding their systems and then understanding the donor systems before having to merge those two. Moreover, P13 pointed out that there is a need to understand the country systems properly, to operationalize it effectively and try to make it not only reach its optimum but also simple and much more effective.

Existing systems have become ineffective. According to P13, another challenge for the use of these systems is that considering the period the country had gone through war, the systems that existed had become ineffective. P13 posited that they could not be termed as systems anymore because they are fragmented pieces of systems that existed years which have not been improved upon nor have been renewed but are lacking a lot of components. Thus, the challenge there will be having to mend these systems first before one could understand what they were designed to do.

Participant 13: Within-case emerging themes of effects of challenges.

Leads to slow donor-fund disbursement. P13 noted that the effects of the previously mentioned challenges were enormous. Key among them was the effect on aid management as project were slowed in terms of disbursement of funds. For them, development objectives are being met but at a slower pace. Thus, P13 stated that when targets or goals are not been met at their preferred time, it had cost implications and caused stigma.

Participant 13: Within-case emerging themes of strategies or policies recommended.

For country/government.

Willingness to learn and understand donor and country systems. P13 recommended that government should understand that because the country is still a fragile state, its system should to be rebuilt from the scratch. That is, the government needs to understand that donor funds are not going to last forever so there should be the urgency to move things and there should be priorities with time bounds. In the short term, P13 suggested that government needs to prioritize country systems and it an issue of urgency. Usually in post-conflict states, P13 indicated that there are issues of conflict in priorities and they tend to drop significant issues down the list as they go by; for instance, having an open budget or ensuring transparency in which people can see what is happening with donor funds.

Mutual understanding between government and donors. P13 again suggested that there should be a form of understanding between the government and donors in which both parties understand that not only is it a priority but also donors must help the country to build and effectively manage their own systems.

For donors.

Simplification of donor financial management system. P13 purported that donors should simplify the country's own financial management systems adequately. In doing this, P13 posited that this simplification should not be done it a way that it takes away what they are meant to do or how they are meant to work. Rather, P13 stated that donors should strive to make the integration into country systems much easier.

Donors should be open-minded. In addition, P13 asserted that donors should be open-minded and not try to impose on fragile states the way their system worked but try to emerge and learn the government systems as fast as possible.

Additional information. P13 stated that there are always two sides to perception of country systems as a reform; that is, there are those who would advocate for the use of country systems to be aligned with donor funding to sort of create that synergy and there are people who are totally against it for the fact that it does not test the rigidity or the effectiveness of the systems. From P13's own perspective, there are still more miles to cover in terms of ensuring the effectiveness of the country systems, especially PFM. P13 noted that both government and donors should learn a lot from these kinds of challenges in improving the PFM reform.

P13 emphasized that in terms of bringing aid-on-budget, it is a good idea but support of the idea goes with some reservations or some caveats. One of those caveats is that until it can be seen by all that the effectiveness of country systems tests the rigidity of those systems and mends all of those gaps that are existing in the country systems, it can be highly risky inserting donor funding into the country's budget. Hence, P13 purported that the aforementioned proposition is highly risky and until government can manage what they have, adding to it might prove counterproductive.

Participant 14

Participant 14 (P14) is a 42-year-old non-Liberian male working with one of the donor partners in Liberia for the past 3 years as a member of top management. He previously worked outside Liberia with the same donor partner and has a lot of experience regarding donor systems.

Participant 14: Within-case emerging themes of challenges.

Lack of or dysfunctional institutional arrangements. P14 stated that the key challenges that is perceived has to do with institutional arrangements. With this point, P14 noted that systems are not bad because for some time now, the existing systems have been improving but the institutional arrangements that should serve as the foundation for the implementation of these systems is not yet there. When P14 spoke of institutional arrangements, it included staff who are not satisfied with current salary or who see some discrepancies in remuneration.

Those institutional challenges also include assessing computerized systems, decentralization and the challenge relating to political interference. For P14, those three or four aspects meant that even if the systems are good, they will not be implemented or complied with until the country solve those problems (staff remuneration, access to modern computerized systems, less political interference, and decentralization). With decentralization, P14 stressed that government needs to make sure that everything it does or the change brought in the country can reach at least the capital cities of each county as a minimum and then they will reach districts gradually.

Lack of experts in financial management. P14 declared again that Liberia lacked sufficient experts with knowledge and practical experience in financial management. Presently, financial management personnel are still under training and they are obtaining their training in diverse financial management systems which poses some challenges.

Occurrence of risk with change of government. Another challenge P14 identified was the risk of not maintaining the same systems when there is a change of government. That is, the risk is that when a particular government uses country systems and then when that government changes, new systems are introduced. When this happens, P14 noted that it led to the country sliding backwards in its previous endeavors.

Participant 14: Within-case emerging themes of effects of challenges.

Leads to leakages. According to P14, the effects of the aforementioned challenges could lead to many leakages. P14 stressed that sometimes leakages do not mean that someone is taking money out of the coffers; however, it means pretending to be able to do certain tasks and because the systems are weak, that person will be able to easily mislead everybody. At the end, the money disbursed will not result in any development and nobody will be held responsible.

Participant 14: Within-case emerging themes of strategies or policies recommended.

For country/government.

Focus should be on training or capacity building. P14 recommended that the first and foremost thing to be considered is investment in training the human resource of the country. P14 revealed that it does not serve any good just improving systems on paper when there are there are lacking individuals who are able to manage the systems. To be able to stop those leakages straight away, P14 suggested that government should concentrate on the internal audit secretariats that are now placed in several line ministries and agencies. Reason is that they will be able to identify the leakages and stop them right there. The effect of this is just to make sure that when money is spent, the value is derived in support of the development. So the first step is to place internal auditors in all big and important government bodies; and then, train young Liberians in financial management and let them be exposed. They can start from ministries and then be placed in counties and when they are in the counties, they should be given incentives and let them be held accountable for all their undertakings.

Learning from others. Also, P14 noted that because some donors are convinced that they have the best financial management systems, it is important to identify those countries in which assessment shows that things are going well and observe how they can learn from them. P14 stressed that instead of pushing always on improvements on paper, creating new entities, putting in place systems, new bodies, and so on, it will be prudent to see how financial management is done in other countries and find ways of adopting the good systems.

Ensuring current reforms are properly guided. In the short term, P14 noted that the first recommendation is to ensure that the current reforms are properly guided by the entire government. Emphatically, P14 noted that PFM reform systems could not be guided only at the Ministry of Finance because PFM reform systems will be used by the entire government and somehow there should be annual meetings in which all ministries, public companies, or districts or counties are involved with the entire reform process. To ensure this, P14 noted that there should be political will, acceptance and approval about what is being done in the reform process. Thus, P14 concluded this point by stating that in the not-too-distant future, efforts should be made to get all the government structures involved in those reforms.

Request for adaptive financial systems from donors. In addition, P14 noted that because Liberia is a well-known fragile state with a good reputation due to many things, the government could ask donors to allow them adopt their financial systems with or let them use some adaptive financial systems that take into account their fragility. In the long term, because the systems lack good audit structures and institutions that are capable of producing reports every 2 weeks, more training in financial management and even at the private sector level should be prioritized.

Additional information. P14 declared that from experience, it is perceived that many Liberians involved in the development activities especially those involved with government activities think that the use of country systems is quite good and they would like to use them. Perhaps, P14 noted that what they did not consider is the enforcement of the rules and regulations in place. P14 noted that, granted that the government has good systems in place but when they are not used properly, the results or outcome will be minimal.

P14 also considered Liberia as a good listener from donors. From previous working experience in similar situations as Liberia, P14 stated that there are those countries that do not listen to donors but rather strive to do their own things without considering the donor propositions. The challenge P14 identified though is the lack of personnel or knowledgeable number of persons who understood when the reform should be implemented.

Participant 15

Participant 15 (P15) is a 48-year-old male Liberian and possesses a degree in accounting from one of the universities in Liberia and also obtained two masters in the United States. He served the government in the area of financial management in one of the ministries and currently works with one of the donor partners in Liberia.

Participant 15: Within-case emerging themes of challenges.

Lack of transparency. P15 stated that a possible challenge of using country systems is that when there is no full disclosure to the public, it leads to transparency problems. Hence, P15 posited that when not guided by any rules from the donors, there are possibilities in which accountability to the public will be non-existent.

Lack of capacity-building opportunities. Another challenge P15 noted is the fact that with government using its own systems, capacity building opportunities were limited. Thus, P15 indicated that if the state adopts her own system of reporting and yet cannot visibly tell their own people how the funds given for capacity building was used, it deprives the state of the potential to develop.

Lack of proper monitoring and evaluation systems. Moreover, P15 declared that another challenge involved measuring the level of the funding and the usage of the funding for achieving specific deliverables. Thus, when the state receives funds and cannot account for it because there are no means of monitoring or evaluating the deliverables, it defeats the purpose of instituting the use of country systems.

Participant 15: Within-case emerging themes of effects of challenges.

Leads to stagnation. In effect, P15 stressed that if the issues previously discussed are not mitigated it could lead to the state not being able to move forward. Thus, this situation will not reflect the expectation of donors and the purpose of their funding will not be seen in the nation.

Lack of accountability. Another effect identified by P15 is that once government does not invest in capacity building, more donor funds will be used without any accountability.

Participant 15: Within-case emerging themes of strategies or policies recommended.

For country/government.

Establish national dialog with stakeholders. P15 recommended first and foremost that the country should seek out an opportunity for national dialog with stakeholders, institutions, financial experts and within all the geological locations and territorial confinements. The reason P15 stressed is that the implementation of this process relies on every sector, every revenue generating sector in the country and every expenditure sector in the country; so government needs to speak with every political sub-division to the correctness of the system.

Promote capacity building. Also, P15 suggested that government should invest in both short- and long-term capacity building programs that will make those trained to be confident in running the country systems effectively and efficiently. Anything other than capacity building would lead to the country lagging behind other fragile states. Thus, in developing these capacity building programs, financial management, international public sector accounting systems, and so on, should be given priority as government introduces courses in the various universities. In addition, P15 noted that upon taking up these courses and graduating, the graduates should be taken to the various ministries in which they can apply their skills and gain more experience.

Moreover, P15 encouraged the government to introduce these courses and make them mandatory in all universities. Also, the P15 noted that the course content should be developed the government's own financial house, the Ministry of Finance, the budget bureau, the house standing committee on finance, the Liberian Institute of Certified

Public Accountants, the Liberia Institute of Public Administration, amongst other credible state institutions. The funding for such institutions, according to P15, should be placed into the national budget. In so doing, P15 notes that measures will be put in place to ensure that these institutions are accountable and they will be tasked with producing the best.

For donors.

Prioritizing accountability and consistency. For donors, P15 noted that they should ensure that the requisite requirements are put in place to monitor their funds and ensure their effective use. Thus, if government systems are deficient in certain areas, funds should not be allocated to such sectors until enough has been done by government or both parties to improve the situation. P15 also stated that whatever came from government in terms of reports should be accountable and consistent.

Provide guidance and oversight. In addition to the previously discussed, P15 suggested that donors should ensure that they guide and provide oversight in the entire process. That is, those with the experience, technical know-how with previous experiences in their countries, should be tasked with this responsibility. In providing this guidance and oversight, P15 posited that donors should fully be involved in whatever programs that are being designed to strengthen the use of country systems to ensure that all loopholes are closed.

Additional information. According to P15, prior to the introduction of systems such as the international public sector accounting systems and the international financial reporting standards, government institutions did not know the specific reporting formats to use. So, with the introduction of this system, government institutions now have an idea how the format for their reporting should be. This has helped to regulate and control donor funds coming in and net effect has been some substantial level of transparency and accountability. Further, P15 noted that despite the gains made with the PFM reform, aligning this with capacity building is a step in the right direction. Therefore, P15 indicated that when the expatriates who have been helping to strengthen the system are gone, competent Liberians should be able to take over. P15 professed here that the issue of aid-on-budget is good but only to the level at which fiduciary risk can be minimized and a good monitoring system is put in place. Thus, once the state has a good monitoring system in place that would be able to guide and measure the level to which aid is expended, this will lead to reducing the level of risk in the financial transactions.

APPENDIX D. STATEMENT OF ORIGINAL WORK

Academic Honesty Policy

Capella University's Academic Honesty Policy (3.01.01) holds learners accountable for the integrity of work they submit, which includes but is not limited to discussion postings, assignments, comprehensive exams, and the dissertation or capstone project.

Established in the Policy are the expectations for original work, rationale for the policy, definition of terms that pertain to academic honesty and original work, and disciplinary consequences of academic dishonesty. Also stated in the Policy is the expectation that learners will follow APA rules for citing another person's ideas or works.

The following standards for original work and definition of plagiarism are discussed in the Policy:

> Learners are expected to be the sole authors of their work and to acknowledge the authorship of others' work through proper citation and reference. Use of another person's ideas, including another learner's, without proper reference or citation constitutes plagiarism and academic dishonesty and is prohibited conduct. (p. 1)
>
> Plagiarism is one example of academic dishonesty. Plagiarism is presenting someone else's ideas or work as your own. Plagiarism also includes copying verbatim or rephrasing ideas without properly acknowledging the source by author, date, and publication medium. (p. 2)

Capella University's Research Misconduct Policy (3.03.06) holds learners accountable for research integrity. What constitutes research misconduct is discussed in the Policy:

> Research misconduct includes but is not limited to falsification, fabrication, plagiarism, misappropriation, or other practices that seriously deviate from those that are commonly accepted within the academic community for proposing, conducting, or reviewing research, or in reporting research results. (p. 1)

Learners failing to abide by these policies are subject to consequences, including but not limited to dismissal or revocation of the degree.

Statement of Original Work and Signature

I have read, understood, and abided by Capella University's Academic Honesty Policy (3.01.01) and Research Misconduct Policy (3.03.06), including the Policy Statements, Rationale and Definitions.

I attest that this dissertation or capstone project is my own work. Where I have used the ideas or words of others, I have paraphrased, summarized, or used direct quotes following the guidelines set forth in the APA *Publication Manual*.

Mentor name and school: Zhenhu Jin, PhD, School of Business and Technology

Learner signature and date: Christopher Kwame Sokpor, January 31, 2014