

EU Cooperation with Politically-fragile Countries
Experiences from Liberia

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Preface

ECDPM work on selectivity and performance criteria for the future of ACP-EU¹ cooperation shows that there is a grey area between “suspension” and “positive measures” that needs to be rationalised in EU development policy, particularly when countries are plagued with conflict (Bossuyt and de Jong, 1997). Few observers and operators understand the complexities and opportunities which such crisis interventions present. This report is a contribution to ongoing ECDPM research to understand these situations and to suggest appropriate cooperation policies and instruments.

This lack of understanding has meant that many donor efforts to align their aid disbursements to performance criteria actually punish poor and conflict ridden populations - arguably a majority in Africa.

In cases where EU aid is suspended, where political and institutional criteria of development were applied, needs criteria came second to merits. Countries like Sudan and Congo Kinshasa have been abandoned by a suspension of the Lomé cooperation. Too often this led to situations where only humanitarian aid was forthcoming, and this was often subordinated to short term planning so that it was not sustainable, consultative nor comprehensive. This may have led to EC Humanitarian Office (ECHO) projects which, even though they were well-designed and implemented, had detrimental effects. They were launched in a context which really required rehabilitation assistance, but where none was forthcoming.

In the text the term “rehabilitation assistance” is used as shorthand for aid that is much more than a return to the *status quo ante*. I believe that it needs to be based on a radical understanding of risk management, accompanied by a comprehensive multi-sectoral assistance. Both these conditions were typically visible in Liberia.

The paper examines the management side of rehabilitation assistance. We do not examine the type of assistance given, which is of course equally important. Even more importantly, we do not cover the political analysis that guided the definition of the “optimal end state”. Indeed, “grey zone” rehabilitation assistance includes an important political judgement. This political dimension carries more weight than in humanitarian aid, or development aid, whose activities are either defined by technical assessments of medical/nutritional needs, or through State-to-State cooperation, respectively (although the decision to become involved or not is of course political in all cases). In this case, the European Commission (EC) made a coherent judgement about the actors, and what was desirable to achieve - a judgement that was endorsed by the EU. This “common foreign policy” provided the necessary platform for extensive rehabilitation activities.

What can we learn from the EC's management of rehabilitation in Liberia? First, an effective in-country management system based on informed and rapid decision making was put into place. Less tangibly perhaps, the EC remained “engaged” - it persevered and retained a firm commitment to its aim to transform all possible risks to a situation of stability.

So what does “engagement” mean in aid bureaucracy terms? Instead of demanding that minimal conditions be met before funds were allocated, this attitude sought to ensure that the minimal conditions emerged by providing targeted, closely-controlled resources (human or financial). This required a non-confrontational approach, and a willingness to work at a great level of detail, deep in a society wracked by crisis. It also required the cultivation of trust. First, of the operational staff by staff in the Commission; second, among the various EU actors and specialised agencies; and third, of the local actors. There is one qualification: Contrary to what is often assumed, “engagement” did not imply narrow coordination, nor integration into potentially misguided multilateral efforts.

¹ The Lomé Convention is an aid and trade agreement between the 15 Member States of the European Union (EU) and 71 African, Caribbean and Pacific (ACP) countries.

As noted in a recent evaluation of the Lomé Convention, "The experiences of the Liberia programme are likely to have a significant relevance in considerations on future reforms to the systems and procedures for the management of EC aid" (Investment Development Consultancy, 1998). This is also our conviction.

Commissioned studies provide researchers with an opportunity to discover often previously hidden realities. They force us to look at these realities in ways we would not necessarily have chosen. In some fortunate cases this results in something which comes close to a revelation, the discovery of a precious piece of information.

This occurred to me in the case of Liberia. In the course of an evaluation I was struck by the degree to which the Commission had managed to break away from the heaviness which often affects its work. It had proved to be much more agile and effective than it is usually credited for, and in very adverse conditions. This paper tries to explain how it was accomplished.

The Crisis in Liberia

Liberia was created in 1847 through the efforts of freed slaves and religious societies coming from the United States. From the start, the relationship with the local population was marked by authoritarianism, and, until 1980, when Master Sergeant Samuel Doe took over, American Liberians (a small minority) ruled the country from towns situated along the coast. Nepotism and corruption increased after the coup by Doe, in spite of strong international involvement and high levels of development assistance, particularly from the United States. Ethnicity became increasingly politicised during this period, particularly the opposition to the regime in Nimba County (which became the base of the Taylor's National Patriotic Front of Liberia - NPFL). By the late 1980's, abuses and mismanagement had reached a climax, and groups in exile began to organise an insurgency.

The civil war broke out at Christmas 1989, and followed three main phases, separated by lulls in the fighting: December 1989 to November 1990 (first ceasefire after intervention by an African peace-keeping force), which Liberians call "the first war" (Outram, 1998); the second war, from October 1992 until July 1993 (Cotonou ceasefire); and from the end of 1993 until September 1994 the fighting gradually flared up, with the so-called third war ending in August 1996 (Abuja II Accords).

During the war, UN humanitarian agencies estimate that some 80% of the 2.5 million population was forced to flee for prolonged periods of time, and that 150,000 people may have died from acts of violence. The personalities, ambitions and actions of national political actors have been determining factors of the course of the conflict, but community level involvement has also been important - by providing local support for factions, accompanied by varying levels of coercion. International interventions also played a critical role as they attempted, sometimes, to preserve some neutrality while in others taking sides with one or other faction.

The Protagonists

The most influential group of international actors actually intervened militarily inside Liberia, or provided direct support to such interventions. This group includes the ECOMOG² contributing countries, mainly Nigeria (plus Gambia, Ghana, Guinea, Mali, Sierra Leone, Côte d'Ivoire, Burkina Faso, Uganda, Senegal, Tanzania which all provided contingents at different times in the conflict). This group also includes the United States, the UN through a military observers group

² In October 1990, the Cease-fire Monitoring Group or Observer Group (ECOMOG) was set up by the Economic Community of West African States (ECOWAS) as a military force.

(UNOMIL, numbering 200 at its peak in 1997), and the EC, which, in 1997, indirectly funded some ECOMOG contingents and supported their logistics at the time of the elections.

A second group of “non-military” international actors consisted of the ECn through its Aid Coordination Office, the US government through the US Agency for International Development and Food for Peace, the UN High Commissioner for Refugees (UNHCR), UN Development Programme and UN Office for Project Services, and the World Food Programme (WFP). Large NGO programmes were also active, mainly the International Committee of the Red Cross (ICRC), Médecins Sans Frontières (MSF), Action Contre la Faim, Save the Children Fund, Catholic Relief Services, and Lutheran World Service. These actors roughly constituted four distinct policy groupings (EC, US, UN and NGOs), whose views on the correct approach to the situation at times violently diverged. The European Commission, in particular, adopted a very articulate and differentiated view, as will be seen later.

In Liberia, there has always been a thriving private sector, both of a business or a charity nature, which has surrounded and linked these foreign actors to the national reality. Liberian society is also currently riven by issues of ethnicity, but this should be understood in the context of the violence of the Doe era, and subsequent mobilisation strategies by the factions. Identity in Liberia is neither fixed nor perennial (Atkinson, 1997). It is clear that the isolation (physical, economic and political) which increased with the conflict helped to make the cleavages in the vibrant private sector nearly insurmountable.

However the conflict in Liberia revolved primarily around the State and its potential for economic redistribution. Above all, the State grants legitimacy, and control of access to funds raised through taxation. The central government has become the crowning form of a new type of social organisation in which military hierarchy, predatory business practice, and ethnocentric solidarity are inter-mingled.

These are the three modes of organisation through which observers explain the effectiveness of today’s global cartels of organised crime (Ziegler, 1998). This combination is clearly present in the operations of the factions and commercial actors in Liberia. While in the past, these three logics of association (capitalistic, military and ethnic) were rarely combined, they are increasingly so in the process we call “globalisation”, and singularly in Liberia. This social organisation poses a direct challenge to traditional development practice (Bayart et al, 1997) and many observers question the appropriateness of State-centred cooperation when the State itself buttresses this destructive elements.

Stability and its Risks

The conflict ended its third cycle of violence in August 1996, after a particularly devastating attack on Monrovia in April of that year, and the realisation by all that the war simply could not be won on a military basis. There was a profound distrust among the faction leaders regarding the sincerity of the commitment by others parties to the implementation of the Abuja II Accords. Concerted efforts by ECOMOG and the EC’s Aid Coordination Office led to a new momentum, closely supported by other EU actors - in particular the Netherlands, France and Denmark (APT Consult, 1998). This culminated in a demobilisation process and national elections on 19 July 1998. These were declared free and fair by a large contingent of EU observers, and resulted in the creation of a new government under Charles Taylor, enshrined in a very large majority of votes.

At an April 1998 donor conference in Paris, a global aid package was approved for Liberia, to which the EC committed \$US 105 million to be used by the end of 1999. The government has since gone through a series of small crises linked to the intimidation of political opponents (which peaked in September 1998) and the instability in Sierra Leone. The country has however proved to be more stable than expected, and it has retained the trust of the donor community.

The Liberian government has ratified the fourth Lomé Convention, and it has claimed its entitlements under the National Indicative Programme (NIP). However approval of the NIP depends on the finalisation of an international enquiry on the events in September, and final arrangements are not expected until the end of 1999, when the current programming phase runs out³. The Aid Coordination Office has not yet been turned into a full-fledged EC Delegation, and there is currently no Commission official in post in the country. The EC representative to Liberia will reside in Abidjan from January 1999.

A considerable amount of work still needs to be done to heal the wounds of war, both spiritual/political and economic. A sense of normality and confidence must be fostered, while sufficient control of project execution is retained by external (i.e. foreign) actors. This requires a presence in the country, and a dialogue of quality with interlocutors in all positions in the state and the society. This appears to be the course adopted by the EC, a course made possible by the management systems it has gradually put into place.

Concerns still exist regarding the political sustainability of the ruling coalition, and the impartiality of some political leaders regarding certain business interests. The public sector budget remains severely limited, creating a constant temptation on the part of civil servants to supplement their income, or the reach of their policies, through informal, even illicit means.

Serious problems also remain in the independence of the judicial system, and in the presence of independent armed forces in the country. Furthermore, a problem particular to Liberia has emerged: the propensity of many individuals to sue foreign NGOs and employers on dubious grounds as a means to obtain settlement money. At the same time, the proximity of the war in Sierra Leone and the prevalence of hidden weapons in the country place a large question mark over the sustainability of many of the achievements to date.

An Unusual European Commission Strategy

Liberia was one of the first signatories of the Lomé Convention in 1975, and the volumes of disbursement reflected the low stage of development achieved. In 1990, the EC Delegation was closed and all personnel were evacuated. The unspent monies in the 4th, 5th and 6th European Development Fund were left untouched, as the central government disintegrated. In 1992, most of the projects were closed down.

The geographic unit (based in DG VIII in Brussels, but whose personnel frequently visited Liberia) slowly built up a network of contacts among the officials and faction leaders, and they put together a team of consultants who knew the country. Emergency aid was provided through ICRC, FAO and MSF, mostly in and around Monrovia, i.e. in the ECOMOG areas. Some projects in the south-east of the country were carried out from Côte d'Ivoire. Consultants visiting Liberia to monitor the projects were based in the US Embassy, until a more permanent office was established in the former Italian Embassy in May 1994. This inaugurated a much more structured period of work for the Commission.

By early 1994, the first elements of a strategy had emerged. It centred on supporting the implementation of the Cotonou peace agreements of July 1993. This would be done by addressing all the political and economic risks posed to that implementation. This relied on two basic principles: Preserving a neutral approach, while stimulating some key services and infrastructures.

³ If the enquiry concludes that the government was guilty of genocidal acts against the Krahn and Article 5 of Lomé IV was not respected, then the NIP could be suspended. In this case, a new rehabilitation programme would be introduced by the Commission.

Launching the Programmes

At that time, there was a small governmental structure in Monrovia, essentially a “faction” and the heir to the previous government of Samuel Doe. This meant that the EC could not rely on central government structures, but instead had to adopt a small quick impact project approach at the community level. To this end, the Minister of Planning of the government of the time was approached by the Commission, and, in a key decision, was sent a draft letter proposing that the responsibilities of the National Authorising Officer (the Minister of Planning) be delegated to the Commission’s Chief Authorising Officer.

This was accepted by the authorities in Monrovia and signed, "until such times as we can re-establish full relations with the EC". In the same letter, the Commission was asked to open an office in Monrovia, thus officialising the absence of a Delegation. This meant that there could be no EC official in Monrovia, which in turn gave the geographic unit in Brussels a central responsibility equal only, in Brussels terms, to that found in ECHO.

The “financing conditions” (a term contrasting with the classical "financing agreement") which enshrined this arrangement named the recipient of aid as the “People of Liberia”, thus providing the focus of a proper rehabilitation strategy: the communities, rather than the state. This arrangement enabled the geographic unit to operate with a significantly enhanced budget (the unused NIP from EDF 4, 5 and 6). Before that, it could only draw on Article 255 (a global allocation from Lomé funds which, like ECHO, can be drawn on the basis of a project proposal of modest scale) and some budget lines.

The geographic unit of the European Commission provided two tranches of funding between 1994 and 1998. The first was the Rehabilitation Programme for Liberia, drawn up in March 1994, which amounted to 21.8 million ECU. The second was the so-called Second Rehabilitation Programme, which amounted to 27 million ECU, and began in February 1998. All these programmes were drawn up in close consultation with the local authorities, but above all reflected the strategic intent of the Commission, i.e. to reduce all types of risks to peace in Liberia. To respond flexibly to the constantly changing nature of the risks, ancillary strategies were drawn up on a project by project basis by EC officials in Brussels or technical assistants in and around the country.

In addition to these funds from the geographic unit of DGVIII, two other services disbursed money in Liberia: ECHO and the Food Aid and Food Security Unit of DGVIII. ECHO concentrated on the health sector and on refugees from Sierra Leone. Between February 1994 and February 1998, the Commission allocated 70.465 million ECU to Liberia and the Liberian refugee programmes in Côte d'Ivoire, of which 21.665 million ECU was from the food aid and humanitarian aid services (APT Consult, 1998).

Innovations

A particular feature of the Liberia programme was that the staff employed by these two services worked out of the same offices as those of the geographic unit. Even though there was never a hierarchy between technical assistants in Liberia (six companies were working under contract in the EC offices at any one time), they adopted a closely integrated approach, led from the geographic unit in Brussels. This was readily accepted by all.

Another innovation introduced by the EC was to push for a field presence, with continuity in personnel and an integrated approach to needs. It became apparent that not all international actors agreed with the analyses carried out by the EC, and that the quality of the projects varied greatly from one agency to the next. There began to be a consensus in the Aid Coordination Office (of the EC) that if there were gaps in addressing the needs, the EC could not refuse to fill them on the basis that it was not mandated to do so. If these gaps in some ways posed a threat to

the achievement of the objectives of the programmes as a whole, then they had to be addressed. In June 1996, for example, when most aid agencies were thinking of closing down their operations in the country, or restricting their activities to life-saving only, the EC decided to challenge the status quo and open up offices in the Counties. The team also established a logistical infrastructure for the overall relief effort.

The coherence of the overall programme was pushed to a very high level by these innovations. It was further helped by project decisions from the EDF Committee of Member States in Brussels. The EDF Committee approved the first and second rehabilitation programmes in which only general objectives were identifiable, rather than specific activities. Such an occurrence highlights the most unique element of the operation, from the point of view of the EC: the purposefulness of the Desk Officer, which was matched by the level of trust inspired by him in colleagues and partners alike.

Execution of the projects also gradually changed hands. The EC considered that the UN and NGOs were too reactive, suffered from a high staff turnover, and were unwilling to allow the EC to participate in selecting personnel. In contrast, the EC bidding process allowed it to overcome these constraints, and to improve its operational control. By 1997, most projects financed by the geographic unit were carried out by commercial contractors⁴. Even though disagreements occurred with the aid agencies, channels of communication remained relatively open. In Brussels the Commission established coordination fora at first with the other services in an informal way (this has successfully been multiplied into the so-called Country Task Forces) and then opened them up to NGOs.

Content of the Programmes

The programmes were built around the need to establish some stability and to target obstacles to the peace process. Identification of needs was done as part of the Rehabilitation Programme proposals, and was constantly refined and adjusted. The EC did not feel constrained by the fact that some other actor claimed to be responsible for aspects of the relief and rehabilitation activities undertaken: If these activities were not effective and they represented a key priority, then the EC became involved.

The structure established was to concentrate most resources in the Aid Coordination Office in Monrovia, and in a truck yard outside Monrovia where the logistics fleet was gradually built up. Teams of technical assistants worked in the Aid Coordination Office (their number oscillated from 4 to 18 for the expatriates) and had clear terms of reference and sectors of activity, reflecting the division of responsibility between the contractors, itself a reflection of the contracts established with the Commission. There was no hierarchy other than that between the companies and the geographic and food or humanitarian aid services in Brussels. Cooperation was of a high quality, even though important information did not always travel across the borders of the projects.

The main areas of activity were: Micro-projects, with a focus on re-integration of combatants, income generation and rural development, the rehabilitation of roads and bridges, and the management of the trucking operation; health and the management of the delivery of medical supplies; food security assistance; water and sanitation; humanitarian aid; refugee programmes based in Abidjan,

⁴ The factors favouring commercial implementing bodies were:

- their ability to elaborate a strategy that corresponded with the general objectives of the Commission, and not to a pre-existing mandate or agenda;
- their ability to present project proposals which featured individuals, and to commit these individuals if the project was approved;
- their willingness to remain in the country for prolonged periods of time, and to give personnel elements of a career structure.

Some projects were set up in response to an evolving situation - including democracy support/election monitoring, technical assistance to Ministries, and rehabilitation of the ports.

The management of the Office was handled by a small administrative team experienced in EC procedures, and recruited locally.

The Commission developed a novel way of planning in emergencies by launching rehabilitation activities even at the peak emergency times. It allowed ECHO to concentrate on its most important function, that of palliative support, pending the return of local management capacity. There was never a rigid division of labour among the implementing bodies, be they NGOs or companies, but instead a deliberate will to decentralise decisions as much as possible to the project site. The term activity would in fact be more appropriate than that of "project" in describing the structure of the work.

Rehabilitation, as it was conceived, was much more than an intermediary stage between relief and development, where it is often described as a bastardised version of development. It was instead the primary means of intervention, with the unique aim to support the efforts of the population to adapt to the changing situation, and supporting the peace settlement. As seen in Liberia, this uniqueness is characterised by having activities that were:

- Rapid in execution and impact, visible at the community level, acting as a catalyst for community efforts, and guided by a strong expatriate presence but keen to strengthen local institutions;
- Palliative but adaptive, in the sense that they sought to allow communities to reduce risks arising from crises, and to adapt to them in the best possible terms;
- Placed within a comprehensive country strategy, which refused to specialise in a sector, and took into account the needs as they appeared locally. They were designed in a long term political perspective with extensions possible.

Risk reduction was the overall objective of rehabilitation activities. It included such unusual initiatives as holding a confidence building cum conflict resolution workshop in the Aid Coordination Office. This brought together leaders such as George Boley and Charles Taylor, so as to secure the commitment of all the parties to demobilisation in October 1996 (this workshop has since been identified as the starting point of the return to some normality in Liberia). Diplomatic coordination was also used to threaten some reluctant warlords that an international tribunal for crimes against humanity in Liberia would be established.

There are unfortunately no indicators with which to measure the performance of the EC initiatives⁵, and evidence has to be collected on the basis of assessments by people who were present when the projects took place. The assessments show that the EC was not appreciated by most traditional aid operators, mainly because of its lack of interest in the niceties of coordination, but that a grudging respect was given to the quality of its execution of the activities it set out to do. More important, many Liberian and foreign observers have said the Abuja II Accords would have failed without the support provided by the Commission to the 1997 election process, and the country would still be at war. This support could only have been provided by an independent actor (i.e. separate from ECOMOG, bilateral donors or the factions) with a large operational platform and experience comparable to the one established by the Commission.

Operational Control Dilemmas

Many operators in Liberia comment on the difficulty of keeping resources in the projects when

⁵ This is since being corrected by the Commission, which is working to improve its logical framework for the planning of rehabilitation activities, and in particular the identification of indicators for the reduction of political and security risks.

cooperating with local partners. Business acumen and individualism - combined with the destruction of war - make Liberia a high risk country for any investment. The EC has been extremely demanding in its efforts to increase accountability (for example by withholding water delivery to the Presidential mansion when bills were not paid to the water authority). From alterations made to the NAO system to the control of boots in rehabilitated swamps, experience has shown that such control can contribute to increased sustainability in the long run.

There is a point beyond which a programme aiming at re-launching development cannot go. Rehabilitation aims to allow a society to function in a new environment, post crisis, on its own. There is a point when the kind of control exercised in an emergency operation must be released, and the keys handed over to the counterpart. In fact there is a temptation, for an efficiency minded aid worker, to run a country on behalf of the hosts. The EC has been walking a fine line, preserving, for example, a tight control over expenditures in the parastatals with whom it works (keeping a double signature escrow account, directly paying part of the salaries into a pension fund, and another fixed percentage as income tax to the government).

This has been a balancing act which has affected the work of the EC, and exposed it to considerable tension in its dealings with its Liberian partners. This pressure has mounted as the coherence and legitimacy of the state has strengthened in 1998. Decisions have been made in a very pragmatic fashion, based on personalities and institutions. Currently, there are three models of a good local cooperation with public bodies, with the Ministry of Planning (which currently has a "resident" technical assistant), the Liberia Water and Sewer Corporation and the National Drug Service. This cooperation is based on constant contact and clear accounting. Significant resources have been exchanged with the counterparts. This would appear to be a far cry from the broad brush generalities in the conditionalities imposed by the International Financial Institutions. It seeks not to humiliate nor to sanction, but to rebuild habits of saving and investing in the future, built on trust and long term planning.

CFSP

The Liberia programme also highlights some of the difficulties encountered in trying to separate the policy areas belonging to pillar one of the external relations of the EU from those belonging to pillar two. The political role of the EU has increased since 1993, with substantial inputs were made to the political process from April 1996. The EU, with the US, was instrumental in ensuring that strict sanctions targeted at faction leadership were included in the Abuja II accord. These sanctions included the threat to set up a war crimes tribunal, to freeze bank accounts, and to restrict the travel of those failing to adhere to the provisions of the accord. These are widely seen as having been crucial in enticing many leaders towards the peace process.

The Commission addressed this by participating actively in some of the CFSP Committee meetings. Such participation is often welcomed by the Member States, who feel marginalised from some of the countries where diplomatic representation is restricted by instability. It is however rare for the Commission to avail itself of the possibility. The EDF Committee and the Africa Working Group in Brussels were used by the DGVIII geographical and policy units to formulate and approve new policy orientations, increasing the coherence of the EU policy making. The Liberia evaluation has noted that:

"The objectives, results and impact of the activities have been highly coherent with EU goals, and improved the complementarity of all EU and Commission initiatives. In many cases the EU member states have made use of the project structures set up by the EC as platforms for their own interventions. Embassies in the region have expressed their approbation for the quality of information and dialogue coming from the EC. As such, the activities clearly represent a single operation taking place within an **unusual** degree of EU policy **coherence**." (APT Consult, 1998a)

In Liberia, the Commission also benefited from the low profile nature of the crisis. To intervene there, as one Commission official put it, was more a question of good conscience for the EU Member States than a pursuit of national interest.

For different reasons, the UK and France, who have important stakes in the region, preferred that multilateral instruments take the lead. The Netherlands and Denmark were happy that a platform had been created by the Commission, and provided their political support and some project funding to the re-establishment of democracy (even though their contributions came too late, the presence of the Commission allowed these gaps to be closed and the resources were efficiently used after the elections). The use of the Italian Embassy allowed the Commission to host the significant logistical and management functions which derived from its work. At different times, and according to the circumstances, the aid coordination team could claim to be acting on behalf of the EC, or the EU, or the international community. This, in the factionalised context of Liberia, was an important asset.

A Dynamic Internal Decision Making Process

Focus on Project Execution

To react in a more effective way to situational changes in Liberia, the Commission also established a faster system for decision making than is usual. The pivotal difference with many other country programmes carried out by the EC was the priority given to small projects. The focus on the implementation level, on the agency of execution, on the elimination of bottlenecks, goes counter to the normal organisational culture. The Commission is more used to large structural programmes and careful co-decision with a strong local government. In Liberia this was simply not possible.

The subsequent section draws heavily from the aforementioned DGVIII evaluation, and subsequent interviews with the geographic unit. It goes into the detail of bureaucratic warfare, but this detail has proved to be devilishly important for the overall effectiveness. For example the faster than usual DGVIII decision making process favoured cooperation with ECHO, making the division of labour and the handover of a project from one service to the other much easier.

The acceleration of the decision making process has been undeniable (although the introduction of the "Service Commun Relex" could complicate matters). The total number of people who intervene in financial decisions in DGVIII can reach 21. Many of these do not in fact read the entire document nor necessarily need to fully understand the context of the decision. Their role is more a verification that certain forms have been respected. Procedures established to accelerate the process were to identify each one of these individuals, and either take the documents for signature by hand, or arrange for copies to be reviewed, so that two or more signatures could be obtained simultaneously.

The approval process has been concentrated on the essential services foreseen in the Commission regulations (the geographic units, some of the technical units, the financial and legal services). At the heart of this vital process of simplification was of course a fundamental act of trust - trust among colleagues in the integrity and professional know how of the most important actors, i.e. those working in contact with Liberia. This contrasts very favourably with the frequent preference in large organisations to reduce the risk of error by multiplying the number of decision makers.

Financial Management

Paradoxically, some of the controls were increased at the request of the geographic unit. This was particularly the case for financial control. This Directorate (DG XX) carries out routine

verifications on a sample of financial transactions (a procedure called “sondage”). Due to the complexity of the situation, this sondage was implemented for absolutely all decisions related to Liberia, (for example the delegation of authority for the management of the EDF from the NAO, or the disfunctions in the local banking system, the escrow account with one signature given by project personnel in Monrovia, etc.). It is quite remarkable that this control did not delay the decision making as significantly as other “loops” in the flow of documents. It takes one week for DGXX to clear a request, when it may take two to three weeks for the transaction to be processed by the Banking system.

The NIP funds were made available in what is described by the financial service as a cascade system. All the money available under the EDF (allocated on the basis of indicators agreed in the Lomé Convention) was set aside upstream of the decision making process. The money in practice remains within the Member State bank accounts, but is clearly earmarked for a specific destination - DGVIII in Liberia. The General Financing Conditions and the Rehabilitation Programme detailed the nature and aims of the activities. This document included some project descriptions on a sectoral basis, which served as the legal basis for subsequent project proposals. Approval was obtained relatively quickly through the EDF Committee.

The financing conditions and the annexed rehabilitation plan served as a general map for the approach adopted in the country. This allowed agreement and awareness between the different partners, but also a great amount of flexibility. Even though amounts are quoted next to each sector, it is in practice impossible to relate them to the secondary commitments in the “Livre des Comptes par Pays”, which is the main accounting system used by DGVIII. All partners and the EDF Committee agreed to the primary commitment at the top of the cascade, and the only step required of DGVIII was to let the money trickle (or pour) down the following stages of commitment in accordance with Commission procedures. These secondary commitments, which may cut across different sectors (such as support to democracy or micro-projects), are in fact the individual projects that make up the programme. They are answerable only to the (informed) judgement of the geographical unit.

This allowed DGVIII to adjust the objectives and the types of activities to fit better to the evolution of the situation in Liberia. At short notice (45 days on average) the geographic unit was able to redirect the “cascade” of funding into new programmes, and from there to specific projects.

This flexibility was simply not available through the budget lines. It appears that the mobilisation of funds through the community budget lines requires from 6 months to 1 year. This was incompatible with the speed of events in Liberia, and with the strategic coherence which DGVIII sought for the country rehabilitation programme. Access to Article 255 funding was slightly easier because the accelerated Lomé procedures could be used. The procedures that the Commission imposed on itself for the handling of the Community budget appear to be much heavier than those of the EDF, particularly when DGVIII is mandated to act on behalf of the government, as in Liberia. There is also an added transparency in the EDF funding in that the financing conditions agreed in Liberia formed an explicit contract with the local partners. This does not exist in the procedures for the budget lines, where the notification is through a cover letter referring only to the standard regulations.

Financial management did not always perform to the level required. The reliance on small and dynamic operators (NGOs, companies) often meant that insufficient funds were available at the beginning of an operation, due to the payment system in the Commission. Many of the activities were carried out on the strength of bank guarantees to the implementing companies, and these were at times woefully insufficient. This was compounded by the inadequacy of the banking system in a country which had collapsed. The urgency of setting up the operation was at times matched only by the risk of loss of assets. This cash flow problem placed the personnel under considerable pressure, even at personal risk.

Personnel Management

The scope given to project personnel in Liberia compares in a striking way with the lack of trust shown to them in a normal Delegation structure. In classic EC operations, project personnel are kept separate from officials, and may not even be included in evacuation plans. The opposite was quite apparent in Liberia, where most observers were not aware of the cleavages which could have separated the Aid Coordination Office from the Commission (apart for the one glaring absence of an official with authority to state the position of the EC in public fora).

Communications were also unprecedented with the Liberia team. Telephone conversations took place up to three times a day, and all requests were always answered. Until 1997, the geographic unit gave personal numbers to staff in the field so that calls could be made after work hours, and even during holidays. The unit identified reduced airline rates to allow more frequent trips to Monrovia from Brussels (four instead of the two foreseen by budgets). Three lines of communication had to be used: High Frequency radio, satellite telephone, and of course telephone landlines. This was seen as such a priority that sufficient funding was made available, securing the good performance recorded across all sectors.

The central element in DGVIII thus became the personnel of the geographic unit, working in alliance with the other three "operational" services. They ensured that the single most significant cause of delay was eliminated (faulty paperwork by project personnel in the field), that unnecessary steps for clearance were relaxed, and that information was quickly passed on from all sides. They negotiated the constraints thanks to a relatively good knowledge of conditions on the ground (at least compared to headquarters personnel in other international organisations dealing with Liberia), and of the complexities of Commission and European Union structures. Finally they managed to convey to their colleagues and counterparts some of the urgency of particular actions (even to the point of using photographs).

Extrapolation of the Findings

Political Response and Criteria

The depth of hopelessness into which Liberia had descended in 1992 presented the geographic unit of the Commission with both a reason to withdraw, and an imperative to intervene. The resulting decisions and activities have shown that in some ways it did both. It allowed some of its agencies and a group of motivated officials to approach the remnants of the government as well as civil society to establish a novel relationship, and to simplify the procedures for management. At the same time, it did not become as involved in this crisis as it has done in Angola or Rwanda, and individuals have been obliged to work in a very unorthodox and exposed way. There has been a lack of institutional focus in the Commission on Liberia, which has meant that many of the innovations have not been analysed in depth.

Despite the absence of a resident Delegation, the EC has had a significant influence on the peace process and on the early stages of recovery from the civil war, as noted in the recent external global evaluation of the Lomé Convention (Investment Development Consultancy, 1998). The decentralisation to the field and the local partners was matched by a recentralisation of management to specific key individuals in the geographic and financial services of the Commission, and a deliberate connection established to the EU foreign policy process. The policy dialogue was sustained throughout all the crises, at times in dangerous circumstances, through contacts with all the significant protagonists, embracing individuals as diverse as World Bank officials and community war lords, or the mercenaries of the ECOMOG-supporting "Pacific Architects and Engineers". Even though the neutrality of the EC was put in doubt at certain times by outside observers, contact with any party was never lost.

The importance of the EC in Liberia is underscored by the trust it was given by the European Member States, the importance of its contributions (it was the largest contributor at the donor pledging conference in April 1998), and the depth of its expertise and continuity in personnel. Few aid agencies could boast to have the level of understanding and the extensive field presence of the EC. Few could also claim to have consulted the European member states so extensively throughout the crisis. This has led the World Bank to ask the EC to take a lead role in the reconstruction of Liberia.

Such a role has allowed the EC to become involved in extremely sensitive issues at the political level, in particular regarding the freedom of passage and safety of humanitarian operations, the testing of the willingness of all the parties to demobilise in 1996, the supervision of the election process, and later in its insistence on certain standards of legal independence and respect for human rights. In some cases there was some confusion as to whether individuals were speaking with the proper authority or not, an issue further compounded by the limited responsibility given to the Commission in international relations. The result was that local actors found the EC to be a permanent and principled interlocutor. The most notable illustration of this was the 1994 decision by the Minister of Planning, to "decentralise" the operational decision making of the National Authorising Officer to the Chief Authorising Officer in the Commission.

Thanks to this unusual place in the international and national efforts, the EC became *de facto* able to carry out conflict prevention and peace building⁶. This stemmed directly from its concern to ensure the re-launching of development in Liberia, and was an extension of its aid programme. There are different ways to understand risks, which correspond to what can and should be addressed by policy instruments during crisis. In the general literature these cover:

- food insecurity, which includes access to a minimal resource base;
- health and natural hazards, setting up emergency preparedness and health security systems;
- disruption of social integrity, trust, kinship support, occasionally placed under the convenient label of social capital or community security;
- war and general insecurity, politically motivated exclusion, or what are generally called political or security risks.

In Liberia, general insecurity was identified as one of the most important risks to be targeted by the EC. This general objective is fully compatible with the text of the Lomé Convention, with Commission Declarations and Council Resolutions (in particular the Declaration on coherence annexed to the Amsterdam Treaty).

Concentration on "root" political and security risks was very relevant in project terms in that they often lead to the emergence of other risks. By focusing on that level, as well as on the others (more traditional to aid programmes) the EC has ensured greater sustainability for all its aid projects. Such targeting of security risks separated the EC from the rest of the foreign aid community. Most aid agencies limited their role to risk reduction relating to food and health security; some addressed the disintegration of social capital, for example through children centres.

The Aid Concept

The European Community's rehabilitation activities took place under very particular conditions - characterised by grave weaknesses in the administration of public services, recent large-scale

⁶ Conflict prevention is understood here as synonymous with peace-building, and refers to activities that reduce risks in a long term perspective. Understanding conflict prevention in relation to risk links it to classical aid objectives (other formulations used by the EC, such as supporting non-violent change, form an uneasy relationship with power politics, which do not fit well with aid objectives). The definition of a risk immediately assumes the existence of a referent ("a risk for...") and as a result eliminates the illusion that crisis prevention is universally desirable. Its value depends on the subject formulating the policy.

displacement and return of communities, and the disruption of economic activity and infrastructure. Moreover, the political environment was very polarised. Weapons were, and are, easily available, and the military or para-military groups which used them, only just demobilised, if at all.

Rehabilitation took place in the aftermath of an emergency, but clearly in what could have become the phase before a new one. Risk was endemic, and of a multiple nature. Even though the crisis may not have been visible, it remained severe during those times when rehabilitation assistance was provided. The reduction of risk is achieved either through a reduction of vulnerability (e.g. the aim of the food economy approach to food aid, the rehabilitation of water and electricity systems, for the sake of public health) or by targeting the sources of risk themselves (mafia-like structures which combine military, business and ethnic rationales, for example).

Although the EC often identified rehabilitation as related to the elimination of risk in project proposals (the Liberia Rehabilitation Programme aims to stimulate economic fundamentals, to restore key services, to assist the peace process, and to prevent a deterioration in living standards), EU general documents are much looser in their definitions. This deserves some examination, as it has practical consequences for the utilisation of rehabilitation funding.

Rehabilitation is rarely mentioned as such in the Lomé Convention. However it clearly falls within the general objectives of the Convention, as for example under Article 5, which states that “ACP-EC co-operation contributes to the elimination of obstacles which impede the full enjoyment by individuals and peoples of their economic, social, cultural and political rights”. It is mentioned specifically in Article 257, and described as coming after an emergency. The National Indicative Programme can be called on, it explains, although the specific procedures are not clarified.

Article 255 also deals with rehabilitation assistance, although it is not described as such. The objectives of “Article 255 assistance” are self-sufficiency and socio-economic reintegration. In all cases, the decision to use the rehabilitation budget lines or the NIP for rehabilitation has always been linked to Article 255.

The Regulation (2258/96) governing the rehabilitation budget lines is not more explicit. Rehabilitation is little more than an insurance of coherence between relief and development. Although the Regulation mentions the need for “a specific financial framework with considerable financial resources”, the amounts that have been allocated, and the number of countries which have used the budget lines suggests a weakness in the relevance of the instrument to the problems experienced by EC aid managers.

The key Commission Communication COM (96) 153 “Linking Relief Rehabilitation and Development” defines rehabilitation as “an intermediate strategy of institutional reform and reinforcement, of reconstruction and improvement of infrastructure and services, supporting the initiatives of the population concerned, towards the resumption of sustainable development”. This is a very broad description⁷. By defining what it does rather than what it seeks to avoid (what problem it seeks to address), the Commission fails to provide guidance for the application of the instruments.

Rehabilitation aid appears to EC aid managers as an instrument which can be called on in relation to a crisis, but whose specific role is not clear. Rehabilitation financing in the Commission seems to exist for historical and institutional motives, rather than operational ones (through budget lines). The problems which managers face are much more specific than the need to ensure a handover, an intermediate form of aid between ECHO type assistance and the normal instruments

⁷ It should be mentioned that most other donors do not even distinguish rehabilitation assistance from other similar types of aid, mainly emergency aid and rural development or reconstruction programmes. The OECD does not discriminate between rehabilitation and other aid in its statistics.

of the Lomé Convention.

In fact the “interim” concept seems to overlook particular problems that are specific to politically fragile countries and humanitarian crises. They include insecurity for any serious form of investment, the need to establish minimum services in a short space of time with inadequate local means, the need to build for the future without becoming entangled in the structural implications of a particular conflict. Very often, normal development instruments take an excessively long time to become operational, and cannot tackle these problems.

Lessons for the Post-Lomé Negotiators

Avoid the suspension of aid

The decision to continue a development cooperation programme or to suspend it is often political. In Liberia, it was not suspended, but rather interrupted because of war. The consequence was that there was never any antagonism in the relations between the Commission and the authorities that emerged. This is a key condition in the subsequent success of the programmes undertaken. Since there could be no normal democratic and administrative accountability in Liberia in the context of warfare, the entire political dialogue was concentrated on a single question: how best could aid programmes respond to the needs in a flexible and effective manner?

This apparently anodine question in fact allowed the Commission to obtain a degree of leverage in an extremely wide range of issues. Using the procedures and norms contained in the Lomé Convention, the Commission undertook to address or assist security, electoral, human rights, key public service, foreign policy and productive sectors of the country. It came into contact by seeking to reduce the risks posed to development objectives. It practically never met with a refusal to cooperate, but on the contrary was welcomed. An important facilitating factor, apart from a very committed form of engagement on the part of the EC, was that there were very few other actors present.

Do not demand but ensure minimal conditions

The Liberia case suggests that, in cases where the risks to the success of aid programmes are such that the normal terms of the Lomé Convention do not apply, it is beneficial to adopt a completely different focus. Instead of demanding that minimal conditions be met before funds are allocated, it is better to ensure that these minimal conditions emerge by providing resources (human or financial). This requires a non-confrontational approach, and a willingness to work on the details, deep in a society wracked by crisis. It also requires the cultivation of trust - between operational staff and their colleagues in the Commission, among EU actors and specialised agencies, and with local actors.

Trust is based on enduring personal relations. For this reason the ability to travel to distant places, to remain in post over many years, as well as to deliver on commitments, must be placed very high in the priorities of rehabilitation aid. The willingness to speak one's mind, to adopt an articulated if critical position in reference to local realities is another.

Trust can be fostered also within the Commission. This could be done by:

- providing information on the practices of other geographical desks confronted with similar problems of political fragility (Palestine, Afghanistan, Haïti, Somalia come to mind),
- providing logical frameworks and frameworks of indicators and objectives to plan and assess activities,
- providing a contractual structure to deploy and support teams with the right qualifications, possibly a body comparable but better than the now defunct Agence Européenne de

Coopération.

Use all the tools

Using this window of opportunity (lack of any policy of conditionality, ease of access to all the key actors) the Commission made systematic use of all the available tools. Some have been described in depth earlier, and will only be named here:

- A strategic concept of rehabilitation as a risk-reducing form of assistance
- Close cooperation and mutual control between the EC and its local partners
- Simplified decision making processes within established DGVIII procedures
- A team based concept of personnel management, with a priority given to selection and support
- Support and orientation from CFSP, based on the use of European Council Committees and contacts with Embassies in the region
- Resort to commercial contractors rather than NGOs and UN agencies to ensure close compatibility of the projects with EC objectives.

All this was made possible by a single-minded focus on aid performance, and a generous interpretation of the constraints on performance that could be addressed through new aid projects.

Articulate an institutional focus and "engagement" to prevent crisis

This has been a rare operation in Commission terms. The EU needs to reflect more deeply on the particular conditions that prevail in a protracted crisis, and what it can do to contribute to resolve them. This may mean changing the Commission instruments. Otherwise, it runs the risk that its resources will be under-utilised, and that the most needy will drop out of view.

The Commission needs to develop a proper institutional focus on crisis and rehabilitation activities. This may not necessarily mean creating a new Regulation and a new service, although that should certainly be considered as a possibility. In some ways, there appears to be a need to codify and normalise the state of exception described above⁸ to better replicate the results.

The evaluation of rehabilitation activities (APT Consult, 1998a) noted that some 25 ACP countries had used funds available in the two rehabilitation budget lines 3210 (for southern Africa) and 6410 (for developing countries). This seems to reflect the total number of ACP countries that could be considered "politically fragile". However, these numbers are misleading. Among the 25 countries, 48.5% of the funding has gone to two countries (Angola and Mozambique), and another 21% to Haiti and Rwanda. If one adds to this the considerable funding going from the NIP into rehabilitation in Somalia and Liberia, one can conclude that rehabilitation has only significantly concerned a total of six countries.

This small number of countries concerned with rehabilitation actions means that a large part of the needs are not being covered. In ACP countries, significant numbers of individuals live in a state of chronic crisis. These include particular population groups (Papua New Guinea, Nigeria, Ethiopia), but also entire countries. One can think of situations such as those which prevail in Sudan, the Democratic Republic of Congo (Congo-Kinshasa), or Sierra Leone. It would appear

⁸ The Liberia programme benefited from the fact that there was always a possibility that the ongoing activities could turn into standard NIP activities, and that the geographic unit which led the strategy was part of the Directorate General for Development (DGVIII). It lent an air of respectability and depth to the actions undertaken when, apart from the Commission and the US Mission, only emergency aid agencies and isolated Special Representatives of the UN Secretary General were present. In fact, within the Commission and some informed circles in the EU, few knew or supported the work.

that the proportions are much higher than those reflected in the disbursements. The underlying cause of these constraints could be a relatively unstructured and unclear policy definition. As a result, the cost to managers of calling on the rehabilitation budget lines is not justified by additional benefits.

This lack of use of the appropriate budget lines could even be increasing in recent years, as the NIP monies drawn from the EDF, or even food security assistance, are increasingly used as convenient tools for rehabilitation, but without an "official" rehabilitation concept. Indeed this is contrasted with the purposeful use of the EDF funds in Liberia (echoed it would seem in Somalia and Haiti), which is possible because of the flexibility in management afforded by the EDF procedures. This point is further reinforced by the evaluation of Article 255 aid of the Lomé Convention (COWI, 1997).

Great risks were courted by the EC in Liberia. So far, they have paid off. If the European Union is to seriously assist countries placed outside the classical situation foreseen in the Lomé Convention, it should closely examine the precedent it has set in Liberia, capitalise on the successes, and avoid the dangers.

Prepare a dedicated text in the next Convention

The Directorate General for Development argues persuasively that all the work performed in Liberia was clearly situated within the Lomé Convention procedures and mandates. The only innovation, they argue, was that the National Authorising Officer delegated her authority to the Commission to design and implement projects in some key sectors and for a limited period of time. But even that, they argue, is foreseen in the Convention. All the rest, goes this school of thought, belongs to Commission management, and does not even affect the EDF and Community procedures. It is a question of good quality assurance.

And yet it would be logical to enshrine the four preceding recommendations into a specific text in the re-negotiated Convention. This would ensure that the Commission pays attention to the model it established in Liberia, that this model is known in countries similarly affected, and above all would act as an encouragement to innovative bureaucrats to carry out similar programmes in the ambiguous and unrewarding "grey zones".

This new text could for example appear somewhere in the vicinity of the current Article 251 (co-financing), maybe even absorb Article 255. It could include the following mentions:

- A mention of the special circumstances created by crisis, in particular the difficulty for the public administration to carry out its tasks, the consequently growing needs of the population for quick impact projects, which are sustainable, and a focus on institutional development;
- The undesirability, in these circumstances, of suspending aid as it could be in a more classical situation, and the need to preserve or even increase the deployment of EC aid personnel (project personnel as well as officials);
- The absolute priority to be given to the pursuit of stability and the rule of law, and consequently the need for a form of aid which seeks to reduce vulnerability, and which contributes to peace (i.e. rehabilitation), in harmony with EU Common Foreign and Security Policy and the political aims of the new Convention;
- The possibility given to the National Authorising Officer to delegate his or her authority to the Commission, for a determined period of time, and consequently for the Commission to use EDF funds for these activities;

The additional funding could come from Article 255 (which fulfils a similar if undefined role) and possibly micro-projects (Article 252). This would ideally be used in tandem with relevant

Community budget lines, in particular for NGO co-financing, rehabilitation, and democracy.

Such a practice would in effect result in the creation of a new instrument, but not necessarily a new service within the Commission. In fact it would appear preferable that the geographic units and Delegations of what is currently DGVIII remain fully involved in their design, execution and evaluation. It is clear that the Commission must ensure that a special regime for accountability and human resource management be put in place. Importantly, the current “Service Commun Relex” has a unit dedicated to rehabilitation. This could provide the institutional support to Desk Officers that is required by such unusual work.

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