



EVALUATION

PAY AND PAYROLL PROCESSES IN THE GOVERNMENT OF LIBERIA

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ABSTRACT

At the request of the United States Agency for International Development (USAID) in Liberia, Liberia Strategic Analysis (LSA) contracted an independent team to evaluate pay and payroll processes and related performance management across the Government of Liberia (GOL). This evaluation addresses the following questions:

1. *Building on recent donor interventions, what are the current gaps in pay and payroll processes and related key performance management in Liberian Government institutions, with specific focus on the Ministry of Education and Ministry of Health?*
2. *What are the ways in which USAID can work with the GOL to address these gaps?*
3. *What institution-building measures, relating to pay and payroll management, can be implemented to facilitate GOL ownership and sustainability of reforms beyond donor assistance?*

This evaluation uses a mixed-methods methodology, including review and analysis of 200+ documents, interviews and focus group discussions with 90+ GOL stakeholders at the central and regional levels, and direct observation of GOL processes.

The following evaluation findings critically affect pay and payroll processes:

- A lack of overarching governance accountability structures across the GOL;
- Significant issues with payroll integrity and centralized payroll management processes;
- Gaps in data integrity across almost all GOL data systems examined during the evaluation;¹
- Delays and accountability issues in salary disbursement;
- Performance management initiatives across GOL not achieving strong results; and
- Multiple uncoordinated and fragmented donor interventions that have not sufficiently impelled the GOL to fix the core structural issues required to bring pay and payroll processes in line with best practices.

This evaluation explores critical financial incentives for the GOL that underpin a flawed, inflated payroll and undermine the required reforms to bring pay and payroll processes in line with international best practices. As a benchmark for further USAID assistance to the GOL, it is recommended that GOL implement the 2014 Medium-Term Pay Reform Strategy, including eliminating allowance schedules. The GOL must eliminate the incentives for retaining a faulty payroll and find political will at the highest levels to succeed in reforming pay and payroll processes.

¹ The Ministry of Health maintains extensive databases with management controls and systems for maintaining data integrity, which is exceptional among GOL institutions. However, these systems are specific to the Ministry of Health and are not compatible with the Human Resource Management Information System, the database used by the Civil Service Agency.

Cover photo: Biometric Center for Civil Service Administration, Monrovia, Liberia

Photo credit: Helen Dean, January 2018

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DISCLAIMER

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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ACRONYMS

AfT	Agenda for Transformation
CDCS	Country Development Cooperation Strategy
CSA	Civil Service Agency
CSMS	Civil Service Management System
CSRS	Civil Service Reform Strategy
DG	Democracy and Governance
DO	Direct Observation
DLI	Disbursement Linked Indicator
EFT	Electronic Funds Transfer
EMIS	Education Management Information System
FARA	Fixed Amount Reimbursement Agreement
FGD	Focus Group Discussion
G2P	Government-to-Person
GAC	General Auditing Commission
GC	Governance Commission
GEMS	Governance and Economic Management Support
GOL	Government of Liberia
HRMIS	Human Resource Management Information System
IAA	Internal Audit Agency
ICT	Information and Communication Technologies
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
IPF	Investment Project Financing
IPFMRP	Integrated Public Financial Management Reform Project
KII	Key Informant Interview
LD	Liberian Dollars
LIMPAC	Liberia Macroeconomic Policy Analysis Center
LIPA	Liberia Institute of Public Administration
LISGIS	Liberia Institute of Statistics and Geo-Information Services
LOE	Level of Effort
LSA	Liberia Strategic Analysis
M&E	Monitoring & Evaluation
MACs	Ministries, Agencies and Commissions

MFDP	Ministry of Finance and Development Planning
MOE	Ministry of Education
MOGCSP	Ministry of Gender, Children, and Social Protection
MOH	Ministry of Health
MTPRS	Medium-Term Pay Reform Strategy
NGO	Non-Governmental Organization
OCR	Optical Character Recognition
OPL	Official Personnel Listing
PAD	Project Appraisal Document
PAN	Personnel Action Notification
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PIU	Project Implementation Unit
PMP	Performance Management Plan
PSMP	Public Sector Modernization Project
SI	Social Impact, Inc.
SOW	Statement of Work
USAID	United States Agency for International Development
USD	United States Dollars

I. EXECUTIVE SUMMARY

PURPOSE

This evaluation was conducted to (i) evaluate the management of pay and payroll processes and related performance management across the Government of Liberia (GOL), (ii) identify gaps within these processes, and (iii) provide recommendations to remedy these gaps. These recommendations address both what the GOL needs to do and how the United States Agency for International Development (USAID) can provide technical assistance to support GOL efforts.

BACKGROUND

This evaluation comprehensively examines the efficiencies of pay and payroll management on the central level, as managed and supervised across the GOL by the Ministry of Finance and Development Planning (MFDP) and the Civil Service Agency (CSA). The MFDP has the mandate to disburse pay and salary for all GOL civil servants. The CSA has the mandate to manage, coordinate, and oversee pay and payroll processes across all Ministries, Agencies, and Commissions (MACs). In addition to examining pay and payroll management on the central level, the evaluation focuses specifically on pay and payroll processes within the Ministry of Health (MOH) and the Ministry of Education (MOE), the GOL's two largest service-providing entities. The evaluation also covers the oversight and management roles of relevant government agencies involved in pay and payroll administration: the Governance Commission, the General Auditing Commission (GAC), the Internal Audit Agency (IAA), and the Liberia Institute of Public Administration (LIPA).

EVALUATION QUESTIONS

The following evaluation questions informed the design of instruments and analysis tools used to collect findings and formulate conclusions and recommendations. USAID developed these questions, then fine-tuned and validated them during planning meetings with the Liberia Strategic Analysis (LSA) activity to ensure that they were clear and feasible.

1. *Building on recent donor interventions, what are the current gaps in pay and payroll processes and related key performance management in Liberian Government institutions?*
 - *Specific focus will be on the MOE and the MOH, as two of the largest service delivery GOL institutions in Liberia. Overall findings will be applicable to all GOL institutions.*
2. *What are the ways in which USAID can work with the GOL to address these gaps?*
 - *Provide specific opportunities and recommendations (both programmatic and diplomatic) for immediate, medium, and long-term solutions. These should be prioritized and include key benchmarks for GOL to facilitate sustainability of potential donor reform commitments.*
 - *What are the anticipated proposed results/impact of these solutions?*
3. *What institution-building measures, relating to pay and payroll management, can be implemented to facilitate GOL ownership and sustainability of reforms beyond donor assistance?*
 - *Provide recommendations on the most effective mechanisms to implement the suggested institution-building measures.*

METHODS

To answer each of the specific evaluation questions, this evaluation uses a tailored mixed-methods strategy. This strategy draws on various qualitative information sources and appropriate analysis techniques. The evaluation's

evidence base was derived from direct observation (DO) of ministerial personnel and processes involving pay and payroll management, key informant interviews (KIIs), focus group discussions (FGDs), and more than 200 documents, reports, and strategies. Evaluators met with more than 90 stakeholders involved in pay and payroll processes, including more than 60 senior and technical personnel within the GOL. Data collection focused on the central ministerial level, especially MOH, MOE, CSA, and MFDP. However, field visits to two rural locations within Grand Bassa County allowed evaluators to collect information on how pay and payroll processes are being implemented at county and district levels for both MOE and MOH. FGDs and KIIs conducted during these field visits provided insight into experiences of rural GOL employees in receiving payments and salaries.

Based on observations and the information they collected, the evaluators undertook a process mapping exercise to depict the workflow sequences involved in managing and processing payroll and allowance payments.² The resulting process map is in Annex G.

FINDINGS AND CONCLUSIONS

The body of this report includes sub-findings for each key finding and describes the evidence for each sub-finding. The report also analyzes how these findings relate to best practices in public financial management and specifically pay and payroll reform, in addition to a full description of how the implications of these findings affect the various measures needed for reform.

Key Finding One: A lack of overarching governance coordination and accountability structures across the GOL is critically affecting pay and payroll management. There is no government-wide management structure or framework within the GOL for coordinating efforts among MACs or for managing reform commitments across the GOL. The bodies tasked with managing and disseminating pay and payroll processes (CSA and MFDP) are not effectively or accountably performing their duties. The Governance Commission has a policy and oversight role within the GOL, but its level of authority as an equal entity among the other MACs constrains its ability to implement government-wide reforms. Currently, there is no management structure within the GOL to hold MACs to account or to otherwise coordinate the implementation of government-wide reforms. This governance gap has specific bearing on pay and payroll processes as a government-wide issue.

Conclusion One: Continued initiatives to reform pay and payroll systems will likely continue to yield weak results in the absence of an overarching governance structure in the GOL to manage this reform. A governance structure is needed to hold CSA and MFDP accountable for implementing their payroll management duties and to coordinate and hold MACs accountable in making progress toward unified payroll reform commitments.

Key Finding Two: There are significant issues with payroll integrity and the centralized payroll management processes. There are two separate systems of remuneration throughout GOL: the official government payroll, and a parallel non-transparent, non-merit-based remuneration system referred to as 'allowances'. Allowances are discretionary sums paid to nearly all MACs. As cited in the 2014 Pay Reform Strategy, the total paid in allowances across the GOL was equivalent to 69 percent of the entire remuneration budget, with the official GOL salary comprising 31 percent. The official GOL payroll is deliberately maintained with errors, and the payroll management processes intentionally promulgate systemic inaccuracies relating to political and financial incentives. The processes and systems utilized for payroll management and maintenance are largely manual, administratively cumbersome, and inefficient. Weak supervision, accountability, and dissemination of protocols by CSA has resulted in systemic inefficiencies, redundancies, and wide variances of practices and processes in terms of how payroll management is being handled by MACs.

² Allowance payments are a parallel and unregulated remuneration scheme paid to virtually all GOL institutions (but not to all GOL employees), as discussed below.

In summary, the institutionalization of faulty and non-merit-based payroll practices over the course of many years has resulted in the GOL payroll being fundamentally flawed, with systemic misgrading and misappropriation of salary structures relative to positions employees hold. Consequently, the GOL payroll does not have integrity and does not represent the GOL workforce.

Conclusion Two: The previous decade of pay and payroll reform initiatives, funded by USAID and other donors, has achieved few sustained results because of political incentives to maintain practices that keep payroll systemically flawed. Allowances serve as government-sanctioned opportunities for systemic favoritism, graft, and unregulated leveraging. Efforts to reform pay and payroll processes (either from the side of the GOL or the donor side) have not addressed allowances, one of the most critical areas needing reform to align with best practices.

Although there have been good systems, processes, and procedures developed to help the GOL institute accountable and sound payroll management, particularly those introduced by the Governance and Economic Management Support (GEMS) project, few of these have been rolled out, fully implemented, or accountably sustained by the GOL.³ Payroll reform initiatives, including payroll cleaning exercises, will likely continue to have limited sustained results unless there is centralized political will for reform. This requires a real commitment to eliminate the underlying incentives for keeping the payroll faulty and to tackle the central, core issues needed to achieve payroll reform.

Key Finding Three: The evaluation found gaps in data integrity across almost all the examined GOL data systems and data repositories. There are multiple data repositories in use relating to the official GOL payroll and production of allowance schedules.⁴ These include ministry-specific Personnel Listings (nominal lists); paper-based employee files (“one employee, one file”); biometric databases (two separate, incompatible databases at MOE and CSA); allowance schedules across MACs and multiple accompanying spreadsheets; and the civil service databases (Civil Service Management System and Integrated Financial Management Information System). None of these are complete or secure, nor do they have integrity to accurately reflect the persons working across GOL. Data are too often siloed without linkages or compatibility between systems, causing duplication and errors.

Conclusion Three: There is no accurate or sound data source (or even data repository) from which the GOL payroll can be drawn, making payroll reforms complicated and costly. Despite multiple and prolonged donor investments in data systems, including several biometric systems, none provide a useable, reliable, and accurate base from which civil service or payroll data can be drawn.

Key Finding Four: Salary disbursement faces logistical challenges, delays, errors, and a lack of accountability. Because Liberia lacks banking infrastructure, civil servants who work outside Monrovia must travel long distances and incur significant costs to retrieve their salaries. This issue is particularly acute for the MOE and the MOH because they have many field-based employees. Civil servants who have travelled to Monrovia or a regional capital where banks are located sometimes wait for days for to retrieve their salaries because banks, owing to endemic liquidity issues, are not always able to respond to the surge during the monthly salary disbursement.

Further, accountability gaps result from the lack of electronic funds transfers, the use of manual processes when issuing and disbursing salaries, and the lack of internal or external controls within these processes.

Conclusion Four: The GOL is not exercising good stewardship, transparency, or accountability in its handling of payment of salaries to civil servants. Many civil servants, particularly those in MOE and MOH, are not receiving timely or accurate salaries because of poor payment systems and accountability controls.

³ These include the pay and grading system and the performance management system designed by GEMS. These issues are discussed below in Section IV, Key Finding 2.

⁴ The term ‘data repository,’ as opposed to ‘database,’ refers specifically to an incompatible/non-linkable repository of data, including both hard-copy/paper-based data repositories and standalone, Excel-based data.

This causes significant personal hardships, negatively affecting workplace productivity and overarching GOL service delivery. Civil servants are the backbone of the country. When they suffer under a flawed payroll system, the negative impact multiplies across the country.

Key Finding Five: Performance management initiatives across the GOL are not achieving strong results. The foundation of a sound performance management system is equity and merit-based performance assessments that are correspondingly linked to merit-based remuneration and advancement systems. The systemic mis-hiring and misallocation of persons relative to pay and grade has created an environment that institutionally lacks equity, accountability, transparency, and merit. This, coupled with off-salary allowances that are markedly disproportionate to rank and qualifications, creates an environment in which the basis of performance management systems is challenged. The few performance management initiatives that are occurring possess structures and reported results that please donor audiences but that do not reflect on-the-ground realities.

Conclusion Five: Because inequitable hiring and payment practices are institutionalized across the GOL, the current fragmented performance management initiatives—which require equity and merit-based foundations—only reward and entrench existing inequities and distortions.

Key Finding Six: Multiple uncoordinated and fragmented donor interventions are not sufficiently impelling the GOL to fix the core structural issues required to align pay and payroll processes with best practices. There are many donor-funded initiatives funding pay and payroll reform, involving significant amounts of expenditure and energy across the GOL, but these mainly focus on downstream or piecemeal processes.⁵ These uncoordinated efforts neither engage nor incentivize the GOL to effectively address the core, structural problems preventing pay and payroll reform.

Conclusion Six: The many inappropriately targeted donor efforts directed toward pay and payroll reform distract MACs in a pantomime of reform through piecemeal, downstream initiatives instead of creating partnerships, benchmarks, or conditionalities with the GOL around the core issues needing to be addressed to achieve sustained reform. Because interventions do not target political incentives at the highest level for keeping the payroll faulty, the current inequities in payroll management will likely continue unless addressed. A coordinated, focused approach with GOL implementation and partnership requirements will be more likely to succeed in improving the flawed pay and payroll process.

RECOMMENDATIONS

1. The GOL needs to consolidate and demonstrate true political will to reform pay and payroll processes if any real, sustained reforms are to be achieved.
2. The 2014 Medium-Term Pay Reform Strategy (MTPRS) outlines many of the needed commitments to effectively reform pay and payroll processes and lays the foundation necessary for other reform activities. This strategy should be updated, including an action plan with results-based markers for achieving it. The strategy should prioritize:
 - Eliminating the non-transparent, non-merit-based allowance schedules;
 - Fully implementing pay and grading systems throughout the GOL.
3. USAID can support the GOL's consolidation of political will by setting full implementation of the MTPRS, including complete elimination of allowances, as a benchmark or conditionality for further technical assistance. This can be officially mandated through a Memorandum of Understanding, a conditionality agreement, a bilateral agreement, or a similar diplomatic/political instrument.

⁵ For example, there are multiple donor-funded 'payroll cleaning' exercises, as discussed in Section IV, Finding 6.

4. An administrative unit or entity with pan-government oversight needs to be established under the Office of the President (or, in the short-term, a Presidentially-appointed task force) to manage and oversee reform to pay and payroll processes. USAID can provide support and encouragement for the new Government to establish this entity and can provide technical assistance, such as the formulation of Terms of References, administrative mandate, work plans, and so on. It is highly recommended that major donors working on pay and payroll reform, including USAID, act as strategic advisors to the unit to develop a coordinated approach.
5. A strategic, phased implementation plan or action plan for pay and payroll reform needs to be fully articulated to facilitate operationalization of the MTPRS. The action plan needs to be realistic, time-bound, costed, and based on GOL commitments. Donors, including USAID, need to consolidate efforts and coordination activities around this plan.

This plan must include an articulated, centralized sub-plan for configuring the GOL's Information and Communication Technologies (ICT) and data systems needs (which are not covered in the MTPRS). The entire data processing system, including all systems involved in pay and payroll management, needs to be revamped, rationalized, standardized, and optimized to bring efficiency, accountability, transparency, and usability to the GOL's ICT sector. As a prerequisite or corequisite to this, new data collection repositories need to be developed from scratch and maintained with integrity to provide a base from which to draw civil service and payroll data. The ICT plan needs to take into consideration the on-the-ground realities of the GOL in terms of fiscal, technological, and infrastructure limitations. USAID has a strong history of providing support for these processes, as they have for MOH, once the other prerequisites and commitments for payroll reform have been demonstrated by GOL.

6. After the phased plan of action is formulated, MACs will need strengthened capacity to implement it. The CSA needs to be invigorated and its capacity strengthened to more accountably and effectively manage and steward pay and payroll processing and the civil service. But capacity strengthening must come with increased accountability. The Presidentially-mandated unit (detailed in Recommendation 4), working with a Project Implementation Unit, can manage and coordinate implementation efforts between CSA and MACs. USAID has a strong history in Liberia and elsewhere in providing such capacity-building and coordination assistance.
7. Regarding salary disbursement, USAID should expand its "*mSTAR Mobile Money*" pilot, incorporating continued support to the fledgling agent networks, empowering them to build the capacity of local agents, particularly where there are limited to no banking facilities. USAID can provide an abundance of support in this area, drawing from the solid experience implementing *mSTAR* and other mobile money initiatives in various African contexts. Success of the mobile money program will likely be enhanced by providing incentives for other telecom providers to operate in Liberia.
8. Full implementation of pay and grading systems (as outlined in Recommendation 2) is a prerequisite not only for pay and payroll reform but also for equitable performance management. After pay and grade structures have been fully implemented, USAID can help the GOL implement a full-fledged, equity-based, and accountable performance management system.
9. Donors urgently need to develop a strategy to coordinate joint GOL-donor interventions in general and, critically, interventions targeting pay and payroll reform. The donor community needs to provide an accountability mechanism for the GOL to implement its commitments. This can be effected through various means, including a Steering Committee or Task Force that supervises the implementation of the Pay and Payroll Reform Action Plan.
10. The GOL should develop an updated Agenda for Transformation (Aft) or national development strategy. The new strategy must include a results-based action or implementation plan for its operationalization. USAID should consider helping support this as a key development priority.

II. INTRODUCTION

CONTEXT

Social Impact (SI) is an international development consulting firm whose mission is to create dramatic improvements in the performance of organizations and programs working to enhance the social and economic well-being of people around the world. The United States Agency for International Development (USAID)/Liberia contracted SI to implement the five-year Liberia Strategic Analysis (LSA) activity.

Through LSA, SI evaluated the pay and payroll processes of the Government of Liberia (GOL). USAID requested this evaluation in view of the support it has been providing to the public financial reform sector, especially its assistance supporting pay and payroll reform under multiple initiatives, including the Public Sector Modernization Project (PSMP).

ACTIVITY BACKGROUND

This evaluation builds on the GOL's commitment to reform and strengthen the institutions and processes involved in public administration and Public Financial Management (PFM), as well as on USAID's partnership with and assistance to the GOL in achieving these goals. The foundation for this evaluation comprises the following commitments, strategies, and initiatives:

- GOL's Agenda for Transformation (Aft, 2012–2017);
- GOL's Civil Service Reform Strategy (CSRS, 2008–2011);
- GOL's Public Financial Management Reform Strategy (PFMRS, 2017–2020);
- GOL's Medium Term Pay Reform Strategy; (2014–2018).
- The USAID, World-Bank, and Swedish Embassy-funded Public Sector Modernization Project (PSMP, 2014–2019);
- The USAID-funded Governance and Economic Management Support Project (GEMS, 2011–2016); and
- The USAID, World Bank, and Swedish Embassy-funded Integrated Public Financial Management Reform Project (IPFMRP, 2012–2016).

This evaluation builds on USAID's commitment to work with the GOL in supporting effective and transparent government institutions, a commitment falling under the larger framework of USAID's support for Democracy and Governance (DG) in Liberia. This evaluation is part of a long-standing partnership to support the GOL's efforts to create and sustain a modern and robust civil service.⁶

This evaluation especially builds on PSMP, a current initiative of USAID, the Embassy of Sweden, and the World Bank, via a Multi-Donor Trust Fund. PSMP has four main components: (1) Improved Pay Management; (2) Strengthened Payroll Management; (3) Improved Performance; and (4) Project and Program Coordination. This evaluation identifies the existing gaps in pay and payroll management, as well as in the related performance management of these processes, in light of the progress being achieved under Components 1, 2, and 3 of PSMP.

EVALUATION PURPOSE AND AUDIENCE

USAID requested this evaluation to (i) evaluate the management of pay and payroll processes and related performance management across the GOL, (ii) identify gaps within these processes, and (iii) provide recommendations to remedy these gaps. These recommendations address both what the GOL needs to do and how USAID can provide technical assistance to support the GOL's efforts.

⁶ As detailed on USAID/Liberia's website at <https://www.usaid.gov/liberia/democracy-human-rights-and-governance>.

EVALUATION QUESTIONS

USAID provided the following questions to inform information gathering and analysis for this evaluation:⁷

1. *Building on recent donor interventions, what are the current gaps in pay and payroll processes and related key performance management in Liberian Government institutions?*
 - *Specific focus will be on the Ministry of Education (MOE) and the Ministry of Health (MOH), as two of the largest service delivery GOL institutions in Liberia. Overall findings will be applicable to all GOL institutions.*
2. *What are the ways in which USAID can work with the GOL to address these gaps?*
 - *Provide specific opportunities and recommendations (both programmatic and diplomatic) for immediate, medium, and long-term solutions. These should be prioritized and include key benchmarks for GOL to facilitate sustainability of potential donor reform commitments.*
 - *What are the anticipated proposed results/impact of these solutions?*
3. *What institution-building measures, relating to pay and payroll management, can be implemented to facilitate GOL ownership and sustainability of reforms beyond donor assistance?*
 - *Provide recommendations on the most effective mechanisms to implement the suggested institution-building measures.*

⁷ These questions were redesigned from the original SOW together with USAID through an in-person meeting on January 9, 2018, and refined and approved via e-mail on January 12.

III. METHODOLOGY

OVERVIEW

To answer all of the evaluation questions, LSA developed a tailored mixed-methods strategy, drawing on various qualitative information sources and appropriate analysis techniques. The evaluation's evidence base includes an extensive document review (over 200 reports, laws, regulations, strategies, assessments, and other documents and related data), direct observation (DO) of ministerial processes, process mapping of pay and payment systems within the GOL, 72 key informant interviews (KIIs),⁸ and five focus group discussions (FGDs), two of which were field-based. The information gleaned from these sources provided a substantial portion of this evaluation's findings.

The evaluation focuses on MOE and MOH as illustrative case studies, exploring how they handle pay and payroll issues and tracking precisely how payroll additions are effected from new employee applications through salary disbursement. The evaluation focused on these Ministries, Agencies, and Commissions (MACs) because they are the largest service delivery ministries in the GOL, with the largest payrolls, and they have received significant assistance from USAID and other donors. Additionally, these ministries have the largest contractor and project payments. Moreover, as the evaluation discovered, they have the largest allowance pay-outs. Hence, by analyzing MOE and MOH, the evaluation could gain insight into how far payroll issues occur across GOL.

DESIGN

Data Collection Methods

The data collection methods for this evaluation included document review, DO, KIIs, FGDs, gap analysis, and process mapping.

Document Review

In-depth review and analysis of all relevant data, documents, and reports that could inform this evaluation included (but was not limited to) the following documents:⁹

- Relevant legal frameworks, policies, and procedures relating to pay and payroll management;
- All relevant GOL reports pertaining to PFM, with specific focus on pay and payroll management and related performance management of these processes;
- Organizational charts for GOL ministries and agencies with specific focus on pay and payroll management functions;
- All relevant reporting relating to PSMP;
- A selection of relevant data and evidence sources as listed in the PSMP Results Framework and Monitoring Plan, which included:
 - Evidence of standard salary structures across all ministries;
 - Evidence of grading structures, survey reports, Human Resource Management Information System (HRMIS) reports;
 - Samples of payroll reports from the Integrated Financial Management Information System (IFMIS); and
 - A selection of personnel files at MOH and MOE;
- Relevant manuals and operational descriptions of payroll processes, including the HR Policy Manual and operational guides within the Ministry of Finance and Development Planning (MFDP);
- Internal and external audit plans and reports produced relating to payroll management conducted within MOH and MOE;
- Reports from overlapping donor-funded projects operating in the PFM arena, such as the USAID Fixed Amount Reimbursement Agreement (FARA); and

⁸ Of the 72 key informants, 50 were male and 22 were female.

⁹ Annex A lists all documents reviewed for this report.

- Independent evaluations, diagnostics, and assessments conducted by international organizations relating to public administration and pay and payroll management within GOL.

Direct Observation (DO)

Evaluators directly observed and recorded the processes involved in pay and payroll management, including all relevant logistical, operational, and personnel processes involved in these operations.

Key Informant Interviews (KIIs)

More than 70 stakeholders provided KIIs. Most key informants were senior and technical GOL personnel. Other related key informants were from Liberian public institutions, implementing partners, and donors. County and regional-level civil servants also provided interviews. The KIIs were semi-structured, informed by findings obtained from the desk review and from following up on key areas of relevance to the evaluation. Annex B provides an example of questions formulated for KIIs. Interviewers followed a sequence of questions structured to systematically cover the material.

Focus Group Discussions (FGDs)

Evaluators conducted a health worker and a teacher FGD in Grand Bassa County. These FGDs helped assess how low- to mid-level civil servants experience the efficiency and effectiveness of salary disbursement in MOH and MOE. An additional FGD with members of the Civil Service Agency (CSA) included ten managers and implementers of PSMP. Additional FGDs covered representatives from the Liberia Institute of Public Administration (LIPA) and from the Liberia Institute of Statistics and Geo-Information Services (LISGIS). These FGDs were semi-structured to encourage flexibility and a natural flow of discussion. Evaluators recorded FGD results in standardized FGD protocol forms (see Annex B), facilitating results analysis.

Geographic Sampling

Site visits in two districts in Grand Bassa County helped evaluators meet multiple objectives. Because Grand Bassa is relatively close to Monrovia, FGDs conducted with groups of teachers and health workers there did not require excessive travel from the capital. Grand Bassa also houses one of four regional CSA offices, allowing evaluators to assess payroll systems and biometric verification processes¹⁰ and conduct KIIs with GOL staff working there. Evaluators could also visit MOE and MOH county offices in Grand Bassa and interview members of their staff.

DATA ANALYSIS

Review of Qualitative Data and Systems Involved

The effectiveness of the pay, payroll management, and related performance management systems largely depends on the structure and strength of monitoring and evaluation (M&E) mechanisms and other potential management systems and compliance mechanisms. Therefore, evaluators reviewed and assessed all relevant available qualitative and output data relating to pay and payroll management, including M&E data and independent audit reports. The quality and integrity of data is important, but it is as, if not more, important to evaluate the systems and processes in place for GOL to capture, report, and use data gathered. The evaluation focused especially on the strength and effectiveness of the M&E systems in place in MOE and MOH. After identifying and assessing all potential and actual gaps in processes relating to pay and payroll management against best international practices, the evaluators formulated recommendations to mitigate them. The evaluation also examined whether GOL policies and standards (relating to pay and payroll management) were being implemented across MACs and with what results.

Additionally, the evaluation assessed the sustainability of reforms begun under the PSMP initiative, especially the effectiveness of its employed funding mechanisms. To achieve this, evaluators sampled data from each relevant component of PSMP to see how well current payroll management systems function. For example, by comparing a

¹⁰ As part of the pay and payroll reform process, the GOL reportedly rolled out biometric verification (through PSMP) in four regional offices. Field visits and KIIs with CSA employees at the central CSA Biometric Center and with CSA officials in Grand Bassa County showed that this is not currently occurring (see Section IV, Finding 3.a).

sample of personnel files against the HRMIS computer records, evaluators could validate the “one employee, one file” standard implemented under PSMP. Additionally, evaluators sampled and assessed payroll data from the Civil Service Management System.

Finally, a process mapping flowchart mapped out all the operational, sequential, and human resource processes involved in producing and managing payroll.¹¹ This flowchart covered all relevant processes from submission of personnel applications from MACs to CSA, through payroll processing by the MFDP, through salary disbursement to banks.

LIMITATIONS

The evaluation faced the following limitations:

- Significant changes to the evaluation’s Scope of Work after desk reviews;
- Limited availability or access to data and reporting related to pay and payroll management to PSMP progress, and to the official GOL payroll and allowance spreadsheets;¹²
- Significant and critical discrepancies between official reporting on pay and payroll management and the situation found on the ground;
- Serious challenges in obtaining quantitative data from the GOL, including data on numbers of personnel within the civil service, persons on the official payroll and allowance lists, etc.;
- Challenges in determining the integrity of GOL documents provided during the evaluation, particularly the official GOL payrolls and allowance spreadsheets;¹³
- Challenges in accessing senior-level GOL stakeholders, due to government transition and replacement of ministerial personnel.

Annex C discusses these limitations in more detail.

¹¹ See Annex G.

¹² PSMP progress reporting and data pertaining to results frameworks were either unavailable or not provided, despite multiple requests. However, all available reporting was extensively reviewed, including all official World Bank reports in the form of Aide-Memoires, PADs, project reports, and the December 2017 GAC audit of PSMP.

¹³ When official GOL payrolls and “official allowance spreadsheets” were provided, they were in unprotected Excel spreadsheets. Some of these documents had GOL seals and were titled; others were missing GOL official seals, titles, and had limited fields of information. This was particularly true of official salaries and allowances requested from CSA, MFDP, MOE, and MOH. In some cases, documents were missing top-level rows where information on salaries or allowances of senior-level personnel should appear. It is unclear whether information was deliberately altered, or if the apparent discrepancies are a result of faulty record-keeping or other issues. The extent of any potential alterations cannot be ascertained and, hence, the integrity of the data on GOL salaries and allowances, as provided to the evaluators, cannot be determined.

IV. FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

QUESTION ONE: GAPS IN PAY AND PAYROLL PROCESSES

The first evaluation question identifies and analyzes the gaps in pay and payroll processes across the Liberian Government:

1. *Building on recent donor interventions, what are the current gaps in pay and payroll processes and related key performance management in Liberian Government institutions?
Specific focus will be on the MOE and the MOH, as two of the largest service delivery GOL institutions in Liberia. Overall findings will be applicable to all GOL institutions.*

Findings and Conclusions

The following six major thematic areas contain fundamental gaps affecting pay and payroll processes across the GOL. This section examines each of the six areas, listed below, through an analysis of the specific sub-findings relating to each:

I. Gaps in overarching governance structures across GOL

A lack of overarching governance coordination and accountability structures across the GOL is critically affecting pay and payroll management. There are fundamental gaps in government-wide management, coordination, and accountability, with specific impact on pay and payroll management. There is no cross-government management structure or system within the GOL for coordinating efforts among MACs or for managing reform commitments across the GOL.¹⁴ Direct observation and interviews with MFDP, CSA, MOE, and MOH revealed that government processes are largely vertical and siloed down from the minister or director of each individual ministry or institution.¹⁵ Analyses of MAC processes and interviews with GOL stakeholders at different levels provided evidence that MACs have articulated bureaucratic processes. However, there is insufficient management structure to oversee the coordination, accountability, and efficiency of these processes. An example of this can be seen in how the MFDP handles payroll errors. There is no centralized process employed by the MFDP for reconciling or checking that once salary checks are provided to the banks (for the payment of 14,000 civil servants and thousands of contractors), the banks are disbursing the same amounts to employees.¹⁶ Hence, these fragmented, paper-heavy processes within the MACs result in ongoing inefficiencies, rather than a coordinated contribution to service delivery goals.

The lack of a governance structure to oversee reform and the related deficiencies in systems management are evident on the ministerial level and even more so on the national level. The Governance Commission has a policy and oversight role within the GOL, but its level of authority as an equal entity among the other MACs constrains

¹⁴ While there are a few agencies tasked with increasing accountability among other MACs, such as the Governance Commission, General Auditing Commission, and Internal Audit Agency, their efforts have resulted in little sustained change. The Governance Commission is a policy body that does not have the authority to oversee or implement reform commitments across the government (for further elaboration, see footnote 18). The two audit agencies also lack the mandate to render pan-governmental reform; rather, they provide reports for each MAC.

¹⁵ Review of documents on the GOL governance structures and review of MAC organigrams confirmed this.

¹⁶ When asked how potential errors come to MFDP's attention, they indicated that the employee should lodge complaints at the MFDP. When considered against best practices, there should be a process in place to check the accountability of the dissemination of millions of dollars. As a result of not having a central process for conducting salary reconciliation, MFDP has an entire department of personnel whose full-time job it is to respond to employees' allegations of salary errors. However, since the ministry can only investigate in-person inquiries, requests are investigated only for those who can who travel to Monrovia and lodge their requests in person.

its ability to implement government-wide reforms. Currently, there is no management structure within the GOL to hold MACs to account or to otherwise coordinate the implementation of pan-government reforms.¹⁷ This contributes to the government's weak progress in achieving national reform commitments, such as the socio-economic goals articulated in the Liberian country development strategy, the Agenda for Transformation (AfT).

As pay and payroll management involves coordination of processes across the government, it is similarly affected by the lack of central governance structure within GOL. The previous decade of pay and payroll reform initiatives, funded by USAID and a host of donors, has largely targeted the operational level. These efforts have been met with few sustained results. While this evaluation looks specifically at the gaps in pay and payroll processes within the MOH and the MOE, the identified gaps relate not only to procedures and systems within these specific ministries but also to the deficiencies in overarching governance structures across GOL. For example, CSA and MFDP are responsible for overseeing pay and payroll processes and disseminating pay, respectively. However, if these agencies are not performing their responsibilities as they should (as explored further in Section 2, subsection 2.e), there is no centralized oversight agency or governance structure that can call them to task or pressure them to more effectively carry out their duties.

Conclusion:

One reason reforms to pay and payroll management have had few results is that there is no overarching governance structure to provide accountability, management, and coordination for these processes. Where management structures and entities do not effectively carry out their responsibilities in pay and payroll management, these deficiencies are exacerbated because no entity has overarching authority to enforce MACs' compliance or coordinate government-wide reforms. A governance structure is needed to hold CSA and MFDP accountable for implementing their payroll management duties and to coordinate and hold MACs accountable in making progress toward unified payroll reform commitments. Without overarching governance structures in the GOL to manage and oversee the implementation and effective management of pay and payroll processes across MACs, further work in pay and payroll reform is unlikely to achieve different results.

2. Gaps in Payroll and Payroll Management Processes

There are significant issues with payroll integrity and the centralized payroll management processes. There are fundamental and critical gaps in the integrity and maintenance of the GOL payroll and in the management of payroll processes. The below-listed findings address the overarching areas in which these gaps are most apparent.

2.a. Two separate remuneration systems exist throughout the GOL: official government payroll and discretionary allowances;

2.b. The official GOL payroll is neither complete nor an accurate reflection of persons working for the government;

2.c. Official GOL payroll and payroll management processes intentionally maintain inaccuracies;

2.d. Official payroll processes are all manual, administratively cumbersome, and inefficient;

¹⁷ Evidence for this finding drew from the mandate of the Governance Commission, reports and data on GOL administration, and reports from the Governance Commission and other bodies. While the mandate posits it with both the authority to formulate policy and to implement pan-GOL reform strategies, it does not have hierarchical authority for the implementation or enforcement of this authority. KIIIs with the Governance Commission concurred that a structure with governance-wide authority to implement reform is lacking within the GOL. Many policy recommendations on pan-GOL reform emanate from the Governance Commission but are not implemented due to not having the requisite authority to direct efforts of the MACs.

2.e. Official practices and policies are fragmented, not standardized, and are implemented weakly;

2.f. PFM reform efforts undertaken by PSMP have not been effective in producing sustained reforms in payroll management or payment processes within the GOL.

2.a. Two separate remuneration systems exist throughout the GOL: official government payroll and discretionary allowances. Despite years of payroll reform initiatives, including PSMP, Governance and Economic Management Support (GEMS), and IPFMRP I, there are still two distinct remuneration systems in place throughout the GOL: the official GOL salaries and allowances. These two remuneration systems are disseminated, separately, by the MFDP to every MAC.¹⁸ The official GOL salary (also called the ‘basic salary’) is administered through CSA and is generally paid in Liberian Dollars (LD).¹⁹ Allowances are a completely discretionary, non-merit-based, non-transparent system of remuneration that is separate from, and more than twice the aggregate size of, official GOL salary totals. The sum total paid in allowances across the GOL was equivalent to 69 percent of the entire remuneration budget, with the official GOL salary comprising 31 percent, as cited in the 2014 Pay Reform Strategy.²⁰ Three years later, in 2017, a World Bank-funded study,²¹ undertaken by the Liberia Macroeconomic Policy Analysis Center (LIMPAC) in conjunction with the MFDP, revealed that allowances still constituted 67 percent of total remuneration paid out by GOL. This is illustrated in Annex H. Ministries vary widely in how much they pay via official salaries versus payroll. For example, as shown in Annex F, in 2017, allowances comprised 38 percent of total remuneration compensation for the MOH, 86 percent for CSA, and 5 percent for MOE.²²

Allowance payments are disconnected from the official payroll and personnel systems. They are independent of any formal pay and grading structures, not regulated by GOL payroll management structures, including CSA, and not subject to as many internal or external control systems as payroll would be. For example, payroll cleaning does not include an examination of those being paid allowances, and so this statistic is, critically, overlooked. The allowances are provided as a lump sum to each MAC,²³ and they are disseminated to MAC personnel at the exclusive discretion of the minister or director. The allowance payments are, in many cases,²⁴ exponentially higher than a person’s official salary.²⁵ Additionally, they are paid primarily in United States Dollars (USD).²⁶

Not everyone on the GOL payroll receives allowances, and not everyone on the allowances lists is on the GOL payroll. Because the allowance schedules do not include the same data fields as the GOL payroll, conducting a cross comparison of data is exceedingly difficult. Also, because the allowance schedules contain limited identifiers, excluding payroll identification numbers, positions, departments, or job titles, it is virtually impossible to determine which of the persons receiving allowances are officially part of the GOL civil service cadre. The LIMPAC study indicated that the official GOL payroll constitutes only a small percentage of those persons actually working for the GOL, since it does not include a vast number of contractors and other service providers who are paid through the allowance schedules or other non-regulated or off-budget mechanisms. Moreover, according to the LIMPAC

¹⁸ See footnote 23.

¹⁹ With the exception of CSA and MFDP which receive their official GOL salaries in USD.

²⁰ Medium-Term Pay Reform Strategy, 2014.

²¹ Merger of Discretionary Allowances and Base Pay for Civil Service. Technical Team of the MFDP and CSA. November 2017.

²² Republic of Liberia National Budget document, 2016/17.

²³ Allowances are disseminated to all MACs with the exception of MFDP and CSA which report to have eliminated allowances or ‘collapsed’ allowances into official GOL salary structures. However, even within these two MACs, the evaluators found evidence that allowances are still being received as discussed further in this evaluation.

²⁴ This is based upon information shared by GOL stakeholders via KIIs. Additionally, the evaluators were provided with GOL payroll and allowance schedules for MOH and MOE for November 2017. A cross-comparison of payments across both schedules provides evidence of allowance payments of two to five times the GOL salary for a number of personnel.

²⁵ Several GOL stakeholders interviewed cited the cases of ministerial secretaries and/or drivers making \$2,000 or more per month on the allowance schedules, although their official GOL salary might be as low as \$200 per month.

²⁶ The allowances have been paid, for the last several months, via a breakdown of 80% in paid in USD and 20% in LD.

study, 60 percent of GOL remuneration is distributed in the form of allowances to non-graded, non-employees of the GOL.²⁷

Allowances were initially designed under the Johnson-Sirleaf Administration to attract or incentivize persons to serve in the highest levels of government. However, over the years, what was initially established as a small discretionary fund has been extended and expanded into an unregulated, non-transparent parallel remuneration scheme that has no relationship to official capacity or service delivery. Because the allowances are provided at the discretion of the MAC ministers/directors, allowance recipients often include secretaries, drivers, and other support personnel of the minister/director. Many senior GOL stakeholders interviewed point to the fact that some allowance recipients may have no official relationship—in terms of providing services—to the GOL at all.

Payroll reform initiatives have targeted only the official GOL payroll and not allowances, which are the larger and non-transparent portion of remuneration. This includes all USAID-funded payroll cleaning and verification exercises, as well as both the internal and external audit exercises conducted by GOL's Internal Audit Agency (IAA) and the General Auditing Commission (GAC).

Conclusions: The two separate remuneration systems in place, specifically the allowances, are highly inequitable, non-transparent, non-merit-based, and not reflective of the GOL's commitment to transparency and accountability in public financial processes, as espoused in the country's 2009 Public Finance Management Act. Allowances serve as government-sanctioned opportunities for systemic favoritism, graft, and unregulated leveraging. Efforts to reform pay and payroll processes (both from the GOL and donor sides) have not addressed the allowances. This is potentially the most critical area needing reform to bring GOL practices in line with best practices.

Given donor support in providing salary payments and/or salary supplements to workers across GOL, because of the government's inability or unwillingness to pay civil servant salaries, this paradox is glaring. The GOL claims not to have resources to pay basic salaries to persons on the lowest end of the civil service scale, particularly teachers and health workers. Yet, at the same time, the GOL is paying out vast sums—twice the amount disseminated in salaries—in unregulated, non-transparent allowance schemes. This raises questions about (i) the GOL's political will to reform pay and payroll practices, (ii) its commitment to reform financial practices, and (iii) its commitment to fairly pay its workers. It also puts into question the value of continuing donor support to GOL salary payments.

2.b. The official GOL payroll is neither complete nor an accurate reflection of persons working for the government. According to normative standards for pay and payroll management, a government's payroll should reflect the total number of persons working across government. This should include the official cadre of civil servants as well as any other personnel who might be contracted as service providers, such as contractors, advisors, and consultants.²⁸

In Liberia, there are serious unaccounted-for discrepancies among the number of persons on the official government payroll, the number of persons listed in government personnel records, the number of persons registered within the civil service, and the number of persons actually working across the GOL. According to CSA, there are 44,000 civil servants currently employed in Liberia. Since all officially-registered civil servants are furnished with employee payroll ID numbers and are supposed to be receiving an official GOL salary, there should at least be as many persons on the payroll as there are civil servants.²⁹ Yet, there are 36,764 persons on the official

²⁷ This figure is distinct from the previously-cited figure. The previously-cited figure of 69% is referring to the percentage of GOL's total remuneration budget that is being *distributed* in allowances (as opposed to salaries.) This second figure, 60%, refers to the fact that 60% of GOL remuneration is *received* in the form of allowances by persons *not officially employed* by the GOL. So, allowances represent 69% of the total disseminated remuneration budget, in addition to the fact that the remuneration is distributed inequitably, with 60% of remuneration recipients being non-GOL employees.

²⁸ Depending on the country's legislative framework, contractors may not be reflected on the same payroll as civil servants, but their hiring and payment should still be under the jurisdiction of the CSA and/or the MFDP, in accordance with legislative requirements.

²⁹ In addition to however many additional persons who may be employed on a contract basis.

GOL payroll, over 7,000 fewer than the registered number of civil servants. While this discrepancy was probed, none of the senior GOL stakeholders interviewed were able to provide information to account for this differential.

There is no reliable data on the total number of persons actually working across the GOL. The recent World Bank-funded, LIMPAC/MFDP study estimates that a total of 70,000 persons are working or providing services to the GOL. While there may be some validity to a figure as high as 70,000 employees, the LIMPAC analysis raises questions of data integrity, since they derive this figure by combining the total number of persons on the GOL payroll with the total number of persons on the allowance schedules across all MACs. Their analysis does not factor in double-counting or the number of persons on the allowance schedules who are also GOL employees. A more accurate analysis would involve a cross-comparison of these data sets and take measures to mitigate possibilities of double-counting.³⁰ However, as pointed out above, since the allowance schedules do not use the same data fields as the GOL payroll nor do they contain unique identifiers, this poses serious challenges to cross-comparison of data sets. It further cannot be assumed that persons on the allowance schedules are working or providing services to the GOL, an assumption made by the LIMPAC study. Since some of the allowance schedules contain only the persons' names and bank account numbers, without reference to job titles, department assignments, or designations of services provided, it is even more challenging to ascertain the degree to which allowance recipients are providing services, if at all, to the GOL.

In summary, there are significant discrepancies between the data sets pertaining to the number of persons on the official GOL payroll, the number of registered civil servants, and the number of persons in place working or providing services to the GOL. The extent of these discrepancies cannot be fully determined at this time, owing to the lack of integrity around data and data sources.³¹ However, there is ample evidence to validate that the GOL official payroll is neither an accurate reflection of the number of civil servants within GOL nor does it represent the total number of persons in post and working across the government.³²

Conclusions:

In order to rectify payroll issues within the GOL, it is critical to have reliable and timely data both on the number of official GOL civil servants and on all other persons providing services to the government. In the absence of this data, payroll reform will be nearly impossible to achieve. At its core, the fundamental problem is the lack of centralized management of the civil service and lack of sufficient controls being exerted on the civil service payroll system.

Specifically, there is no methodology or system in place for identifying or establishing pay relating to graded posts for *all* employees within the civil service, nor for establishing how many posts at particular grades and pay spines there should be within each ministry within the budgeted allotment. Relatedly, there is no means for defining a link between a civil servant and his or her particular post, so no means of producing an accurate establishment register.³³ Therefore, there is no instrument for exercising effective management and control over the workforce and payroll. The problem is also fundamentally political, as the lack of political will to establish sufficient control over the payroll system and allowances perpetuates the aforementioned problems and facilitates patronage practices across GOL.

³⁰ Although data fields between the GOL payroll and the allowance schedules are not identical, it is still possible to cross-compare via names and other similarities.

³¹ A full analysis on data integrity is provided further under Finding 3.

³² There is at least the previously-mentioned 7,000+ person discrepancy in officially-cited figures between the 44,000 civil servants and the 36,764 persons on the official GOL payroll. Additionally, reports from donors and audit agencies that have conducted field assessments indicate even larger discrepancies between the number of personnel working and the number of personnel receiving official GOL salaries.

³³ An establishment register is a calculation made to determine the right number of staff to be hired at the right grades and with the right mix of skills. This requires a calculation of how many actual staff there are in which posts with which grades. CSA are unable to calculate this per MAC or for the whole of government.

2.c. Official GOL payroll and payroll management processes intentionally maintain inaccuracies.

Through its data collection and analysis, the evaluation found pervasive and institutionalized inaccuracies in both the management and maintenance of the official GOL payroll. There is intentional, systematized misgrading of new hires, retention of persons known to no longer be working, and institutionalized misallocation of positions and related pay scales. Relatedly, there is systemic misappropriation of salary payments relative to positions in which civil servants are working. The rationale for the systematic perpetuation of these inaccuracies is related to issues of wage control, department and budgetary interests, and pension considerations.

For at least the past five years, official GOL hiring practices involve the systemic hiring and paying of persons not in accordance to the designated job or position they are supposed to perform. The principal reason for the institutionalization of these faulty practices, as cited by dozens of senior GOL stakeholders,³⁴ relates to the budgetary wage freeze across the GOL. As a result of this freeze, which has been instituted since 2013, MACs cannot request additional budgets to bring on new personnel. As annual budgetary allotments for MACs are related to the number of personnel employed, any loss of personnel within a particular ministry is the equivalent of lost revenue. Hence, even in cases where persons are known to have left their jobs, died, or retired, their names are often intentionally maintained on the payrolls in order to not forfeit budgetary allotments. Additionally, because the GOL does not have a robust pension plan for government employees or the budget to implement a full pension program for retirees, KII with various Human Resource Departments acknowledged that within many MACs, persons who are over the age of 65 and known to be no longer working are nevertheless retained on the GOL payroll on humanitarian grounds, because of the inadequate pension options.³⁵

Additionally, the wage freeze has institutionalized several non-merit-based hiring practices and deliberate misgrading within the MACs. Given the critical financial disincentives for MACs to delete persons from the payroll and incur budget loss, the GOL has officially instituted the practice of only accepting new employment applications when petitions are simultaneously filed for payroll deletions. Hence, CSA will only accept a Personnel Action Notification (PAN) for a new applicant (an 'Addition' to the civil service) when it is simultaneously accompanied by an application for a personnel 'Deletion.' Moreover, the new applicant must be willing to accept precisely the same grade and position of whichever deletion is being filed for, in terms of vacancy options. To clarify, new potential civil service applicants can only be considered if they are willing to replace the very persons being removed from the civil service. For example, within the MOE, there is a constant need for new teachers owing to population growth needs. However, if a vacancy arises for a cleaner or janitor because that person has abandoned post, the application for the cleaner to be *deleted* from the civil service registry and payroll is accompanied by the application for the teacher-to-be to the civil service register. The teacher must be willing to be hired at precisely the same grade, pay, and post as the cleaner even though he or she will be serving in a teaching position. Similarly, if there is a need to hire an unskilled worker or laborer, but the only vacancy that arises is for someone in a supervisory capacity, the laborer is hired under the position of supervisor and paid as such.

Senior GOL stakeholders indicated that this practice is systematic, officially-endorsed, and being conducted across all MACs, in order to maintain slated budget allotments on the payroll. That said, the results of these intentional misalignments in hiring and grading are particularly acute within MOH and MOE. The reason for this is that these two ministries not only have the highest numbers of service providers across all GOL institutions, but they must be responsive to increasing personnel because of changing field needs and population demands.³⁶ Hence, while these two ministries are constantly in need of new employees, the skewed hiring practices in place have resulted in vast numbers of teachers and health workers being hired and paid in positions and grades not commensurate with their actual positions or qualifications. In Grand Bassa County, one school registrar estimated that 65 percent or more of the teachers in the given district were not being paid the official teachers' salaries. In addition, the large numbers of teachers remaining on the supplementary payroll (4,290 reported in January 2018) and the large

³⁴ Information on this practice was substantiated by dozens of interviews with senior ministerial staff in all the MACs evaluated, including CSA, MFDP, MOH, and MOE.

³⁵ It is recognized that a national pension program is in the works and has been partially rolled out. However, the finding that pensioners are being deliberately retained on GOL salary schedules was shared by several senior GOL stakeholders.

³⁶ These two ministries have growing service provision needs, based, at the very least, on Liberia's population growth of between 3% and 4% annually.

number of volunteers (8,000 reported in 2016³⁷) adds an additional dimension to this statistic. Of a total of 24,793 teachers, 13,603 are receiving payment via the official payroll³⁸ and according to the official teachers' rates—54 percent of teachers. Volunteers comprise 27.8 percent of the workforce. This varies across the counties, and volunteers have probably increased since 2016.

In summary, the institutionalization of these practices over the course of many years has resulted in the GOL payroll being replete with entrenched and systemic errors involving misgrading and misalignment of personnel across all the MACs. Payroll cleaning exercises, undertaken by the GOL and by the donor community, including USAID, have largely been ineffective. These exercises have documented the removal of hundreds—and sometimes even thousands—of names from the payroll. Yet, analyses of the GOL payroll, undertaken months and years after cleaning exercises have been completed, have found the net number of names on the payroll to be almost unchanged. This is evidenced in the 2017 IAA MOH audit reports, which longitudinally document the results of MOH payroll cleaning exercises, as well as in other reports. Since the wage freeze does not allow new hires unless accompanied by deletions, the “cleaned names” must have been added back to the payroll before the budgetary cycle could reflect the deletions.

Conclusions:

Payroll integrity cannot be maintained while the incentives for retaining a faulty and erroneous payroll are so politically and financially compelling. Cleaning exercises will continue to have little sustained results unless and until: (i) there is political will to truly reform the entire payroll and payroll processes and (ii) the underlying incentives for keeping the payroll faulty are mitigated or eliminated.

2.d. Official payroll processes are all manual, extremely complex, administratively cumbersome, and inefficient. The official systems involving pay and payroll management are so complex, convoluted, and bureaucratic that it is nearly impossible to follow the trajectory of the filing of a single application for a person being added to the GOL payroll. The entire process, from application, to acceptance by CSA, to being officially added to the GOL payroll, can take several months in a best-case scenario. In reality, the majority of GOL stakeholders interviewed concurred that it can take one year or more for a new applicant to be approved by CSA and officially added to the GOL payroll. As discussed previously, there first must be an opening, and when vacancies are known, these are not often advertised because of the financial penalties MACs incur for deletions. Openings within the MACs are often kept “under wraps” unless or until a new application is filed simultaneous to the deletion notification.

The reality for both the MOH and the MOE is that thousands of persons are working as volunteers for extended periods of time within clinics and schools while waiting for official openings to become available. Many of these volunteers end up offering their services without compensation for months and even years, essentially queuing up on the chance that they will be selected for any opening that may occur. Moreover, there is no tracking system in place within the ministries to determine where a personnel application is once it has been filed or, relatedly, to determine in which department there may be bottlenecks. The only tracking number is the payroll ID number, and this is not added until the person has been successfully incorporated onto the payroll. While the application is being processed, it may be at any number of departments within the MACs or at CSA. Evaluators consistently saw piles of Personnel Action Notification (PAN) applications waiting to be adjudicated in all central offices. Many of these had filing dates of at least six months prior to the site visit. Additionally, nine signatures of authorization are required to bring a single PAN application onto the payroll. In the event that signatories are out-of-country or unavailable, there is no official recourse for these authorizations to be adjudicated by designated signees.

For the MOE and the MOH, employees are frequently transferred at the behest of the ministries from one County to another to respond to field-based demands. These personnel changes can take six months to over a year to be reflected on the payroll. The person is not paid until they are re-added to the payroll in the new location they are working. Finally, if an application for a new addition to the payroll—or even for a MAC-mandated change of

³⁷ Ministry of Education Annual Report 2016.

³⁸ The 13,603 teachers paid was derived from the MOE payroll report for January 2018, obtained from MOE.

location for someone already in the system—takes longer than one budget year, the application gets discarded and a new application must be filed.

Conclusions:

Real workforce needs currently cannot be accommodated in a timely or equitable manner by the GOL given the profound delays and inefficiencies of the system. The current forced volunteerism of those waiting for an opening creates a fertile environment for payoffs and favoritism. It is also creating a system of de-facto wage theft and labor exploitation, particularly across the MOE, with widespread deleterious consequences on service delivery. The fact that all payroll processes and management are conducted manually and without adequate internal controls invites widespread errors at best and provides a conducive, unchecked environment for fraud and corruption at worst. Payroll cleaning exercises will continue to be ineffective as long as systems remain in place that favor the perpetuation of these issues.

2.e. Official practices and policies are fragmented, not standardized, and implemented weakly.

The CSA is charged with managing the human resource delivery system for all civil servants across the GOL, including pay and payroll processes for the civil service.³⁹ However, weak implementation of CSA's authority has contributed to the systemic deficiencies in pay and payroll management. The Public Financial Management Act of 2009, the CSA Financial Management Manual, and the Performance Management Manual all support CSA's governance of pay and payroll management and provide guidance for how pay and payroll management processes should be implemented, both on the central level and within MACs.⁴⁰ However, dissemination of guidance and ensuring compliance with GOL regulations across MACs has not been effective. As observed via direct examination of MAC processes, review of documents, and confirmed in KIIs, the evaluation found that GOL staff are not adequately aware of the regulations, standards, or procedures relating to pay and payroll management. Copies of the appropriate guidance documents are widely unavailable to GOL personnel, either at the central or the field level.⁴¹

KIIs with HR department staff revealed that employees are using a mix of forms, spreadsheets, and processes from their own MAC, from CSA, and/or from donors—or have created their own forms, spreadsheets, or databases. This lack of standardization was evident in the case of payments and procedures relating to allowances, found through examining multiple spreadsheets from various sources, that staff across GOL have created their own spreadsheets and databases.

For example, MOH has several spreadsheets listing all data relating to employees, contractors, and volunteers by County and facility, whereas the MOE has separate databases listing a variety of information about teachers, volunteers, contractors, and administrative staff. In most cases, review of these spreadsheets evidenced that they are not complete and are not routinely updated, resulting in a lack of integrity for most of the data, and these effectively constitute parallel systems.

Moreover, CSA has not been able to formulate related processes and standard operating procedures to optimize pay and payroll management across the ministries and agencies. In some cases, where standard procedures have been developed, they have not been effectively disseminated to the MACs. In other cases, the supporting administrative protocols have not been developed to facilitate unified implementation of these regulations. For example, the Civil Service Human Resources Policy Manual created by GEMS was not rolled out by CSA to ensure that the appropriate HR staff across MACs were trained, knowledgeable, and able to implement the procedures outlined in the manual.

The lack of centrally-disseminated management tools and guidance from CSA has resulted in innumerable payroll processes and different financial management processes, policies, systems, forms, formats, and templates that are

³⁹ In accordance with the Act establishing the Civil Service Agency and the Civil Service Agency's Service Delivery Charter (2015).

⁴⁰ All manuals relating to payroll management and payroll, as well as financial management and HR, were created by GEMS.

⁴¹ With specific reference to CSA, MOE, and MOH, based on field visits to regional MACs offices within Grand Bassa County.

in use throughout the GOL. The disconnect between payroll management and financial management practices further entrenches the lack of uniformity around payroll procedures, allowances, performance management, and human resources across the GOL.

Finally, even where there is evidence that some standard procedures and processes are in place, such as in the case of additions and deletions of staff to the payroll, either at CSA or in the MACs' HR departments, many key informants identified that directors, deputy ministers, and ministers can bypass these procedures. For example, they can put additional staff on the payroll without obtaining authorizations, without interviews, and without evidence of qualifications, as per regulations.

Interviews with the IAA substantiated these findings, revealing that CSA has not established systems and methodologies for creating the data that should be routinely reconciled to the payroll, or for verifying data that is submitted to them. This is one reason why the many attempts at payroll cleaning have been unsuccessful to date. Additionally, since there are so few standardized systems, it makes it very difficult to apply standard controls and audit trails to payroll processing, much less conduct payroll audits. IAA personnel at the MACs do not review the payroll on a timely basis because the payroll is simply not consolidated according to best practice.

CSA is not currently managing the overall legal and regulatory framework relating to human resource management within the GOL and does not ensure that HR departments comply with official procedures, processes, and policies, nor does it ensure that all processes are the same across all HR departments. As an example, it is not clear within the GOL which entity is responsible for payroll cleaning and making the required changes, and as a result, payroll cleaning is constantly underway by various entities, donors, IAA, MACs, and GAC, but payrolls remain incomplete and full of inconsistencies and errors. This is largely because these are non-standard spreadsheets with insufficient security controls built into them.⁴²

Conclusions:

While there is an overall framework within which official policies and procedures and regulations have been drafted and are in place for payroll, employment, performance management, and financial processes, these policies and practices are not standardized, transparent, complete, or being complied with. Moreover, they do not represent the policies and procedures, particularly those relating to the management of pay and allowances, that are actually being followed throughout the GOL, as these emanate from a wide variety of sources, including MFDP, donors, CSA, and MACs. Although CSA is nominally in charge of payroll management, it has not ensured standardization of processes nor compliance with regulations and procedures.

This lack of standardization, incomplete and inconsistent implementation, and non-compliance across GOL undermines the integrity of the payroll and remains a central impediment to effective payroll management and control.

2.f. PFM reform efforts undertaken by PSMP have not been effective in producing sustained reforms in payroll management or payment processes within the GOL. The PSMP was launched in 2015 with the objective of reforming pay and payroll management systems throughout the GOL. After extensive examination of the entirety of the pay and payroll management systems, this evaluation found that the gaps in the systems identified in the Medium-Term Pay Reform Strategy (MTPRS) are still in place, as documented above in Finding 2.

These ongoing gaps include:

- Payroll and allowances systems that are maintained independently and are distorting real employee numbers;
- Multiple other standalone data systems that are likewise maintained independently, not linked, or contributing to overarching management processes and are further distorting real employee numbers;
- Lack of effective payroll discipline, coupled with weak internal controls;
- Pay and grading systems that have not been fully rolled out and implemented throughout the GOL;

⁴² For example, of the more than 10 spreadsheets obtained from MOE, CSA, and MOH staff, none had any security controls, passwords, summary reports, or basic controls to prevent errors, duplications, mistyping, corruption, etc.

- Biometric system data that is neither complete nor accurate and not capable of being integrated with the Civil Service Management System (CSMS);
- Weak to nonexistent establishment control of payroll management and processes; and
- Lack of effective management of the GOL wage bill in general, per PSMP Component 2: Strengthened Payroll Management.⁴³

Recent USAID investments laid a foundation for sustained reform to pay and payroll processes to take place. Examples include:

- Contributions of the GEMS initiative:
 - The design of the performance management system for GOL employees.
 - The design of the pay and grading system.
- The mobile money payment systems for payment of teachers by the *mSTAR* initiative.

Unfortunately, there has not been concerted effort on the part of the GOL to embrace these. Few have been fully implemented or sustained.

PSMP worked mainly downstream on a number of fragmented, peripheral issues that had few results, as the core issues remained unresolved. Few sustained reforms to pay and payroll management are possible until: (i) the allowance schemes in all MACs have been eliminated; (ii) new systems and processes are created at the central level to create and maintain an accurate payroll; and (iii) the political and financial incentives that contribute to the perpetuation of the flawed practices are eliminated. PSMP has not been able to achieve this.

In the MACs where PSMP reports having eliminated allowances, there is evidence that these agencies are still receiving allowances from MFDP, but perhaps involving fewer employees.⁴⁴ Additionally, in reviewing MFDP records, it is apparent that CSA has addressed their reported collapse of the allowances and salaries by hiring more personnel and providing senior-level officials with significantly higher official salaries rates, with a substantial amount of senior staff receiving over \$2,000 USD monthly. In the October 2014 CSA payroll (pre-salary collapse), there were 131 employees, and the wage bill was \$1,494,587 LD (gross salary), which was equivalent to \$16,245 USD at the time.⁴⁵ On the November 2017 GOL salary (after the reported salary and allowance collapse), there were 186 employees, and the total sum of salaries was \$176,885 USD. This demonstrates a greater need for oversight and accountability in the way salaries and allowances are collapsed: (i) to ensure accountability, discipline, and merit in determining how the salaries are adjusted and applied to personnel; (ii) so that reported measures, such as the elimination of allowances, is verified by third-party monitoring; and (iii) so that the wage bill is sustainable for the GOL.

Conclusions:

After three years of PSMP implementation, the CSA has had no major change in the systems that are in place to resolve the above issues. After extensive, independent payroll cleaning attempts conducted by CSA, IAA, MOE, and MOH, payroll numbers remain unverifiable. Moreover, CSA is unable to produce reliable employee numbers, either by data on the number of persons in post or the number of persons actually being paid. Nor can CSA produce a reliable figure per MAC of persons having been paid according to their grade. After three years, only two MACs—the MFDP and the CSA—report to have combined pay and allowances and to have implemented appropriate pay and grading systems. These two MACs are, however, not on the GOL payroll system, since the

⁴³ Component 2 of PSMP encompasses payroll management, meaning establishment posts updated, biometric ID cards issued, supplementary payrolls deleted, payrolls audited, ghost workers deleted, payrolls completed with all workers, etc. These have not been achieved to date. In particular, the biometric database retains several unresolvable issues.

⁴⁴ There is significant reporting, both in the GOL and in donor reports, that both CSA and MFDP have eliminated their allowances and have had their pay and allowance schedules combined. This was also reiterated during KIIs. However, examination of the actual budget data shows that CSA continues to receive substantial allowances, which largely are distributed to certain political appointees. This information is also confirmed in the December 2017 World Bank/LIMPAC report.

⁴⁵ According to Oanda conversion software using currency rates for October 2014.

HRMIS is not yet configured to incorporate employees either paid in USD or those who have been allotted to the pay or grading system.⁴⁶

However, the most significant impediment to reform of pay and payroll management processes remains the two parallel remuneration systems within GOL—the official payroll and the allowances scheme. If the allowance schemes were abolished and the pay and grading scheme was rolled out across the GOL, then the reform of systems and processes could begin. Under the current impasse, PSMP is only able to work on the periphery, dealing with various side issues and systems that have no effect on the main objectives of the program.

3. Gaps in Data Integrity and Data Systems

The evaluation found gaps in data integrity across almost all of the examined GOL data systems and data repositories. This section describes the entirety of payroll data sources and systems related to remuneration of employees and non-employees across GOL. Currently GOL maintains a mixed paper and electronics personnel records system. The repositories⁴⁷ reviewed include ministry-specific Personnel Listings (nominal lists); paper-based employee files (“one employee, one file”); biometric databases (two separate, incompatible databases at MOE and CSA); allowance schedules across MACs and multiple accompanying spreadsheets; and the Civil Service databases (CSMS and IFMIS). This section describes these systems and findings related to them as follows:

3.a. Personnel Listings;

3.b. Paper-Based Files;

3.c. Biometric Databases;

3.d. Allowance Schedules;

3.e. Payments by MACs to Employees Directly;

3.f. MACs Reporting to Have Combined Salaries and Allowances; and

3.g. Approach to, and Management of, ICT and IT Systems.

Introduction: This section focuses heavily on data systems maintained by CSA, which was established by a legislative act in 1973 as the executive agency responsible for managing GOL’s civil service. Its functions include planning and forming the civil service through establishing and maintaining an effective human resource management information system (HRMIS) developed to generate all the information needed for establishment control over all GOL employees and payroll data. The MFDP is responsible for payment systems and payment disbursements using the payroll data.

CSA maintains a computerized HRMIS within the Department of Pay, Benefits, and Pensions. The HRMIS CSMS is a module of the IFMIS platform, maintained in the MFDP. The IFMIS is a software platform called ‘Free Balance Accountability Systems.’ The CSMS is a web-based Human Resource management system and payroll system that maintains information about each employee on the payroll, including the payroll ID number, name, position, sex, salary amount in LD, date of birth, date of employment, location, and tax deductions. The payroll data is generated from the data and data sources that CSA maintains and is fed into the IFMIS through the CSMS. The MFDP uses this data to generate the payroll and to pay employees.

3.a. Personnel Listings. Each MAC HR department maintains a spreadsheet, known as the Official Personnel Listing (OPL), that is submitted for approval once a year through the ministry HR, CSA, and the MFDP for budget approval. The OPL is one of CSA’s methods of establishment control, as it represents one of the key sources of control data meant to verify the payroll. Key issues with the OPL include:

⁴⁶ See Section 3.e. for detailed information.

⁴⁷ A data repository, as opposed to a database, is specifically to a incompatible/non-linkable repository of data, including both paper-based data repositories and standalone, Excel-based data.

- The format and content of each OPL varies wildly across the MACs, since CSA has not standardized them;⁴⁸
- Each MAC maintains its own personnel records management system in addition to the OPL;
- CSA does not attempt to cross check MAC OPLs with its own records;
- Since spreadsheets are not standardized, they cannot be integrated for cross checking, and thus information has to be rekeyed manually;
- Each OPL has been designed for different purposes, and fields are not consistent across MACs;
- Spreadsheets have no security controls and therefore lack integrity;
- OPLs are not effectively updated or scrutinized either by CSA or by MACs; and
- OPLs are not reconciled regularly with the payroll and contain inconsistencies, duplications, and inaccuracies.⁴⁹

The OPL is used for different purposes in different ministries. The KIIs revealed that many employees, including CSA employees, are not clear on what the official use of the OPL is. For example, there are large differences between the number of staff on the GOL payroll and the number of staff on the OPL in every ministry. The MOE final report for 2016, for example, stated, “The workforce and payroll initiatives undertaken by MOE in 2016 have resulted in the creation of one central database to track all staff information. For the first time in five years, MOE prepared and submitted a comprehensive OPL for 15 counties to CSA.”⁵⁰ Other documents indicated that there are at least five spreadsheets, listing different information on each one, none of which are comprehensive and all of which contain inaccuracies and unverifiable data. The IAA, for instance, indicated the following in correspondence:

- There are staff on the personnel listings, with corresponding payroll IDs, who are not listed on the payroll;
- There are staff on the payroll who are not on the personnel listing;
- There are staff working who are on neither the payroll nor the OPL;⁵¹ and
- In many instances, the personnel listing is not updated or maintained accurately.

3.b. Paper-Based Files. Based on KIIs, all OPLs are kept on various computers and laptops in the HR departments of each ministry and are intended to be checked against original documentation on each employee held at the county, district, and central levels. Files on each employee are held manually in paper-based files. These files should hold the complete paper trail on each employee, including copies of qualifications, tests the employee has completed, birth certificates, employment letters, and PAN indicator changes to the status of an employee, such as transfers, hiring, dismissal, promotions, and so on. On a monthly basis, each HR department in the MAC informs CSA of any additions or deletions to the previous month’s payroll by submitting manual PANs. KIIs evidenced that these manual forms can take from three months to one year or more to travel from the MACs to CSA and to become reflected in the payroll.

On a monthly basis, CSA sends a copy of the previous month’s payroll to each HR department at each MAC. It is important to note that this is only the official GOL payroll spreadsheet, which is a copy of the actual payroll from the CSMS in Excel format. The format of the spreadsheet contains limited fields: Payroll ID, name of employee, location, and bank account details. Each HR department of the MAC verifies the payroll details of each employee manually against their records of any additions and deletions, rather than against the OPL, and sends any outstanding PANs to CSA for modification to the payroll. CSA checks the PANs manually (against the hard copy)

⁴⁸ MOH maintains extensive databases under its own “IHRIS” Integrated Human Resource Information System. The MOE also has multiple unconnected spreadsheets and databases.

⁴⁹ In an examination of the MOH OPL, for example, several double listings were discovered, involving the names of employees who receive official GOL salary and allowances. This appears to be related to the fact that the payment streams for distribution of allowances and for paying GOL payroll are completely different, with cross comparison being difficult because there are not unique personal identifiers.

⁵⁰ Ministry of Education Liberia—Final Report for 2016/2017, as available on the MOE website.

⁵¹ A recent payroll audit of MOH by IAA listed 3,118 discrepancies between the OPL and the verified number of personnel, and 2,179 between the payroll and those verified.

and modifies the data in the CSMS after internal approval. The CSA generates a hard copy of the payroll and takes it to the MFDP data department for signing and approval. GOL payroll employees are paid only in LD.

An examination of documents and interviews indicated that despite recent attention to establishing complete and up-to-date official paper-based personnel records for each employee by PSMP, such files were either incomplete or did not exist.⁵² Paper-based files are the primary source of legally verifiable information, but GOL is not maintaining the minimum necessary information. As stated by the IAA, “Across the country, a significant number of employees have incomplete files, and PANs, which are so important, were missing from most of their files.”⁵³

PSMP implemented the “one employee, one file” reform to enhance administrative efficiency of human resource management and, relatedly, to provide accountability to the administration of pay and payroll management. The initiative moved CSA from having no systematic records kept on civil servants to a paper record system for GOL employees. At its core, the system remains a manual standalone filing system that is neither linked to any other data source nor backed up through copies or scans.

The emphasis on updating and creating standalone paper files with employees’ information is a good administrative step for offices to know who is working for them. However, the “one employee, one file” system currently does not have the ability to create linkages between this filing system and a civil service data repository or the payroll process since there are no electronic copies. If an employees’ file is damaged or lost, there is no way the information can be retrieved. The current system is limited in its ability to contribute to management efficiencies of civil service administration, tracking of personnel, or of payroll management.

3.c. Biometric Databases. In addition to the paper-based files, OPL spreadsheets, and CSMS, CSA maintains a biometric database in Monrovia, a system launched in 2011 that has been heavily supported by the PSMP initiative. The biometric database system captures fingerprint scans and photographs of employees and issues a plastic ID with the data embedded in the card. The CSA Biometric Department also stores copies of documents for employees for future scanning into the system, but in the meantime, the data is keyed manually into the database for each employee. Senior CSA officials indicate that they believe that the biometric system could provide complete validation of all employees in the future.⁵⁴ However, this would not appear to be possible with the current system as it is incompatible with IFMIS/CSMS.⁵⁵

Additional key issues include the following:

- The database is incomplete: It contains 30,000 files of the 44,000 civil service employees with photos and fingerprints only, with no actual personnel data;
- The biometric system was built upon 2008 data that was neither complete nor verified source data integrity;
- No effective or efficient protocols have been put in place for ensuring that the data is complete and accurate;
- No adequate security protocols are in place for protecting and backing up the data;
- The system cannot be used in the mobile capacity in which it was envisioned⁵⁶ and now sits, virtually dormant, in CSA/Monrovia (insufficient materials and infrastructure to scan employees outside of the capital);

⁵² Of 3,029 random employee records of MOH examined by IAA in 2017, only 74 were complete, 335 did not exist, and 2,620 were incomplete (IAA payroll audit of MOH, December 2017.)

⁵³ IAA Payroll Audit of MOH, December 2017.

⁵⁴ Under the PSMP, the IPFMRP-I, and the Fourth Poverty Reduction Support Development Policy Operation (PRSDPO IV), the biometrics are touted as the “be all and end all” of payroll verification.

⁵⁵ This finding is based on the evaluation’s analysis and affirmed by key informants.

⁵⁶ This is related to a host of reasons, including the lack of electricity in the regions. It was envisioned that the system would operate via solar panels. Dozens of floor-to-ceiling solar panels sit unused in the biometric center in Monrovia. The biometric team expressed that they have not conducted mobile registration in nearly two years and are not currently processing biometric cards because the cost of producing the cards is too high.

- The system cannot use Optical Character Recognition (OCR) technology to scan employee data information; data is entered manually from paper-based files;
- The database does not integrate with any other GOL systems, nor can it ever integrate; the software is proprietary, and the fields are not compatible with IFMIS/CSMS;⁵⁷
- Since the database does not integrate with the CSMS, all data checks, data entry, and cross comparison has to be keyed manually;
- No biometric scanners or readers exist anywhere in the GOL, so the usefulness of this biodata is limited; the only utility of the system is to provide photo IDs;
- IAA audits have shown that personnel records kept have duplications, are inaccurate, incomplete, and not updated on a timely basis;
- The system is expensive to maintain and use (cost of cards, equipment, ink, etc.); the operation and maintenance is not sustainable for GOL; hence, the system lies dormant, waiting for a new tranche of donor funding; and
- The number of cards produced per year is currently at fewer than a thousand;⁵⁸ There are more than 20,000 cards left to produce.

The sustainability of donor investments is challenged by discrepancies between the reported and actual results, as verified by interviews and the review of the data, processes, technology, and outputs at the data center. Even if linkages were in place, most ministries visited during the evaluation had limited electricity, even less reliable internet service, and biometric data readers have not yet been installed.

Many of the GOL stakeholders interviewed expressed a fondness for the biometric cards and a desire for the system to be rolled out. However, when this issue was probed, stakeholders did not cite the incentive of increased management efficiencies, but rather pointed to the fact that there are few government-issued IDs in Liberia. The biometric card serves as an official ID but is also viewed as a source of pride by demonstrating employment within the GOL. The December 2017 GAC report indicated that the costs of the biometric system were \$400,000 over the six-month audit period. In terms of return on investment and sustainability, this indicates a significant expense for a system that merely functions to produce standalone ID cards.

3.d. Allowance Schedules. Allowance schedules of payments made to employees and non-employees of the individual MACs are spreadsheets maintained by each MAC and submitted separately as a journal voucher raised by the IFMIS—if the MAC has the IFMIS capability—with a hard copy printout to the MFDP each month. The voucher lists the total payments to be raised by check to each bank. These schedules are not reviewed or managed by CSA and therefore constitute a parallel system. The MFDP pays each recipient by direct deposit to the bank of choice by raising individual checks each month to banks in the capital. Key issues included:

- Schedules include some employees and some non-employees, and non-employees have no files;
- In the MOH, allowances are being used to hire additional staff off payroll to compensate for staff shortages and inadequacies of the current payroll systems;
- Schedules are not reviewed by CSA, bypassing the CSMS;
- Schedules are not cross-checked against OPLs or employee files, and duplications and double counting are prevalent;
- Allowance payments to non-employees are not part of payroll audits, so a large percentage of expenditures is not reviewed by auditors
- Each MAC has its own format for these spreadsheets and its own internal approval mechanism;
- MFDP manually rekeys all information, and cross-checking is not possible with non-employees; and
- Allowances are typically paid in a combination of USD and LD.

⁵⁷ These findings were provided key informants and confirmed by reports and assessment of the technology and systems at the center.

⁵⁸ PSMP Mid-Year Report—Progress of Implementation, January–June 2017.

3.e. Payments by MACs to Employees Directly. At some MACs, such as the MOH, payments are made directly from MAC bank accounts to employees using pool funding or external funding from donors such as the Global Fund or the Pool Fund. The MOH has its own payroll system, Norming PSA, which generates HR and payroll information in the same way as the HRMIS in CSA. The MFDP in this case does not make the payments, and the approvals for payments are created within the MOH. CSA holds little to no data on these individuals, unless the MAC reports the employee on the OPL, hampering accountability and transparency.

The MOE also has its own payroll systems for payments to employees funded by donors or funded partly by donors/NGOs such as Action Aid, Global Partnership for Education, USAID, and the EU. Payments are made directly from MOE bank accounts to employees using spreadsheets created by the Controller of the MOE. CSA once again holds no data on these individuals.

3.f. MACs Reporting Having Combined Salaries and Allowances. Two MACs, the MFDP and the CSA, reported that they eliminated their allowance schedules by “collapsing” their salaries and allowances, beginning in 2014. These MACs have had the articulated pay and grading system (created by CSA under GEMS in 2014) applied to their salaries. Hence, they are effectively being paid at their grades. However, because the CSMS is not configured to *accept* the grading system, the payment processes for these MACs can no longer be processed through the CSA’s official system. The payments for these MACs are processed by journal voucher through the IFMIS, hence bypassing the internal systems controls as well as the oversight and approval of CSA. So, though technically these employees are on the GOL payroll and have GOL payroll IDs, the salaries are not processed through the CSMS. These employees are also paid in a combination of USD and LD, the ratio in the last year being 80 percent USD and 20 percent LD.

First, these reform initiatives were decided upon and commenced prior to the launch of PSMP. Second and most importantly, while CSA is reporting having eliminated allowance schedules, 80 percent of the total remuneration for that agency is still being distributed to select personnel via allowance schedules (2017 MFDP/LIMPAC study). Third, while the elimination of the allowances is a desired reform, doing it in such a way that bypasses internal controls and CSA’s legislatively-endorsed oversight forfeits the potential reform gains. Fourth, the intended wage reduction, increased savings, and fiscal accountability from eliminating the allowances have not been realized through the way that CSA and MFDP have implemented these measures. After collapsing these salary streams, CSA and MFDP have adopted the new pay and grade system and now have the highest levels of remuneration (in terms of remuneration for senior executive staff) across all MACs. This was a difficult issue to probe because of the innate sensitivity around sharing this information. However, analysis gleaned through KIIs with senior CSA and MFDP officials and comparison of payroll data between 2014 and 2017 indicates that while some personnel at CSA may have only benefitted from modest salary increases, many in the senior levels benefitted significantly. Moreover, despite the “hiring freeze,” CSA managed to increase its personnel from 131 prior to the collapse to nearly 200 after the salary collapse.⁵⁹ Hence any potential fiscal savings from eliminating the allowance schedules was offset by CSA’s nearly doubling personnel numbers and paying persons at the highest levels disproportionately high salaries.

3.g. Approach to and Management of ICT and IT Systems. ICT comprises the application of all technologies including hardware, software, business processes, wireless, data, communications, transactions, and computing. Although ICT has been recognized by the GOL as a critical tool to achieve national transformation and development and payroll systems have been identified in the Public Expenditure and Financial Accountability (PEFA) Assessment 2016⁶⁰ as constituting the most significant weakness in the whole PFM system, critical gaps remain:

- All government offices visited both at central and district levels had no reliable internet or power, making it difficult to manage, send, exchange, save, or back up data reliably.

⁵⁹ The evaluators were provided with CSA payroll from October 2014, prior to the salary and allowance collapse and compared the number of personnel to the November 2017 CSA payroll, after the reported salary/allowance collapse.

⁶⁰ “Public Expenditure and Financial Accountability Assessment (PEFA) on Liberia’s Public Financial Management Systems,” 2016.

- Internet connectivity issues throughout the GOL often cause downtimes that impact timely input of transactions into IFMIS, CSMS, and all other database packages being used across MACs.
- There are many standalone, non-integrated, and incompatible data systems across the GOL that relate to payroll management, payment systems, and human resource management systems. Some of these are not functioning effectively, will never function, are duplicates of other systems throughout the GOL, or were simply outdated before coming into use.
- In some MACs, such as the MOH, the data is entered manually into a database before being printed out and combined with the paper systems again in order to send the data to CSA, because CSA and the MOH have incompatible systems. Then, many electronic copies of payrolls are physically exchanged among MACs, CSA, and MFDP several times before the payroll is approved. What software systems there are, are often underused or misused, resulting in time-consuming, inaccurate, and slow processes that are ineffective and costly.
- Databases and data repositories at all levels of the GOL are incomplete, lack security controls and backups, and allow ad hoc manipulation of payroll lists and personnel data. Excel-based tools pose a high risk of data loss, errors, and manipulation.
- Manual processes are duplicative at all stages of personnel, management processing, and payroll processing and run in parallel to IT systems.
- Regular reconciliations between personnel lists and the payroll are not performed because databases are incompatible. Necessary internal controls have not been designed, and consequently, the processes are not comprehensively managed.
- Data is held in multiple unconnected, fragmented repositories, even within CSA, and there is no ICT strategy for the CSA to be able to develop a logical approach to assessing its own needs, much less share, collaborate, and store documents from across GOL, as is necessary for them to do. Other more advanced ministries such as MOH have developed ICT policies and strategies for data management and have gone on to assess their needs and create appropriate databases and systems relating to health information systems, human resource management systems, finance, and payroll systems. These systems, however, are not compatible with any systems the CSA has, including the CSMS.
- MFDP has restricted the MACs' use of IFMIS to the budget module only for the time being because of capacity issues at both MFDP and the MACs. The result of this is that all data has to be moved manually from one system to another, a time-consuming process that constrains data accuracy and inhibits collaboration and data sharing.
- The CSMS is not currently configured appropriately in line with the pay and grading structures that have been established, nor does it have the capability to retain sufficient HR data per employee that would enable it to be a fully featured HRMIS and records management system.
- There are no manuals for the CSMS available for staff to consult to understand the technical and operating complexities involved. Moreover, given their lack of understanding of the system and lack of training, the staff do not have the capacity to fully utilize and operate the systems effectively and to detect errors.
- CSA has weak capacity in ICT, particularly in data processing and data management, which has also inhibited the development of effective systems. There are the twin issues of lack of capacity coupled with improper hiring and placement of persons. That is, many persons in management posts who require basic data management skills and database understanding were found to not possess the fundamental skills to conduct these duties. In some cases, these apparent deficiencies were reported to be so gaping that neither skills building nor training could rectify these issues.⁶¹
- There was little to no understanding of the implications of keeping data in silos or of the errors and security issues implicit in using paper-based systems. To the contrary, almost everyone interviewed—even those in charge of big data—expressed enthusiasm around the goal of extending the use of the current systems, despite the fact that these systems are non-integrated, not-secured, lacking data and systems integrity, and lacking usability as envisioned. There is a keen lack of basic understanding that comprehensive integrated systems are the foundation for CSA to be able to perform its functions.

⁶¹ These assessments were made via KIIs, based on the ability of personnel to answer basic questions about data management practices or systems controls, etc.

- At least one other biometric database was found, rather serendipitously, during the observation at the MOE. This biometric database was also funded by USAID (through the Liberia Teacher Training Program, beginning in 2015) in an attempt to validate the identification of teachers. This was started but neither completed nor, it appears, properly maintained once the activity ended.

Conclusions:

There are many payroll- and personnel management-related ICT systems across GOL, lacking effective oversight and controls by CSA or any one body. The systems involve multiple entities, are primarily manual, requiring a high level of human intervention at each data entry stage, are duplicative, and rely on outdated and inefficient processes and systems that have multiple redundancies. The key salient conclusions are:

- Incomplete, overlapping, insecure, inaccurate, and duplicative records management systems and a lack of centrally managed, adequate, and regular reconciliations between payrolls and personnel databases are undermining payroll integrity (3.a. and 3.b.).
- Ineffective use of technology, such as multiple biometric data systems, are not appropriate for the current technological conditions and capacities in-country. Without “readability,” there are enormous challenges in incorporating them effectively into any meaningful personnel verification process (3.c.).
- Multiple approvals and processes exist at each level of payroll controls. Even where some automation is present, paper copies continue to be used, resulting in significant inefficiencies and delays in processing (3.e.).
- Databases are not linked across the GOL, undermining completeness and accuracy of personnel records, creating silos of information, and hampering timely submission of data (3.c.).
- The risks of payroll abuse and fraud are high because allowances and some salaries are processed outside CSMS, making it difficult to apply appropriate internal controls, as well as undermining CSA’s ability to consolidate data across GOL regarding personnel and payroll management (3.d.).
- Because payroll data is not consolidated, IAA at all levels is unable to carry out timely payroll audits. IAA at all MACs are unable to access IFMIS data to carry out transaction compliance reviews (3.b.).
- The IFMIS and CSMS original configuration design and rollout were supported under IPFMRP-I support to the MFDP, but little attention has been paid to laying the foundations for these systems throughout GOL, through establishing appropriate legal and regulatory frameworks and working through the design of business processes that provide automated, seamless, and unified processes throughout the GOL (3.g.).
- It is not clear which ministry should take the lead on standardizing ICT systems and developing ICT policies.⁶² There is no whole-of-government strategy for the development of ICT, and the quality of service and infrastructure in the MACs to take this on is poor (3.g.).
- MFDP is not ensuring data needs across MACs are being met when it comes to the implementation of the IFMIS across GOL. The IFMIS is not being rolled out systematically in line with an effective step-by-step strategy, and this ensures duplication of effort, the prolonged use of duplicative manual processes, and waste of scarce resources at all levels. The IFMIS is a modular system that can be rolled out across GOL and can be used for HR management, performance management, time management, database management, among others. Instead, MACs are installing their own payroll and HR systems that are not interoperable with other systems (3.g.).

4. Gaps in Salary Disbursement

Salary disbursement faces logistical challenges, delays, errors, and a lack of accountability. This section describes findings on the relationship between the banking system and salary disbursement, and its effect on civil servants.

⁶² The GOL did develop a National Telecommunications and ICT policy for 2010–2015 and promulgated the establishment of a national ICT for Development Steering Committee, a National ICT Governing Board, and a Chief Information Office, located at the National Post and Telecommunications Ministry.

- 4.a. Lack of Banking Infrastructure;**
- 4.b. Liquidity Issues;**
- 4.c. Lack of Electronic Funds Transfers Capabilities;**
- 4.d. Lack of Effective Communications and Accountability Systems;**
- 4.e. Impact on Workers and GOL Service Delivery.**

4.a. Lack of Banking Infrastructure. The GOL and the individual MACs pay all of their workers, consultants, etc., through multiple payment streams, (as described in Section 3.a.). However, potential efficiency gains to be expected through the use of banking systems are not being achieved. Few banks have a presence in country, and the number of these has been decreasing over several years due to liquidity issues. The banks that remain are largely located in Monrovia, with a scant presence in some of the regional capitals.

4.b. Liquidity Issues. Secondly, there are endemic liquidity issues in Liberia due to lack of monetary reserves and a climate of increasing fiduciary risk. Hence, it is difficult for banks—particularly those outside of Monrovia—to maintain adequate supplies of cash to respond, on a monthly basis, to the enormous GOL disbursement that has to be accommodated over a short timeframe.

4.c. Lack of Electronic Funds Transfers Capabilities. To date, there is no technological capacity within the Liberian banking infrastructure to conduct Electronic Funds Transfers (EFTs). All banking transactions are done via *checks that are physically taken to bank branches in Monrovia*. In order for disbursements to be paid, the MFDP or individual MACs issue *checks* to each of the banks where employees, consultants, etc., have accounts. Recipients can access their payments either centrally or in counties where banks exist.

4.d. Lack of Effective Communications and Accountability Systems. Because of the lack of EFTs and the duplicative manual processes, involving thousands of disbursements monthly, there is significant opportunity for manual errors to occur throughout the system. Senior stakeholders at the MFDP all shared that the banks do not provide any reconciliation or accounting receipts back to the MFDP to reconcile the disbursements they issue to employees and other consultants.⁶³

There is also no accountability or communications at the disbursement level. Staff are not issued pay slips. They are simply disbursed cash. Further complicating the issue is that the disbursements vary from month to month owing to exchange rate⁶⁴ fluctuations, tax and insurances deductions, and a variety of other factors. Additionally, because employees and consultants receive disbursements in both USD and LD, they are all required to hold bank accounts in both currencies. Allowances are disbursed separately from salaries, and so there are varying payments schedules for both. There is no transparency by the MFDP in providing basic information to workers on what they are expected to receive in remuneration and how their disbursements have been calculated. In July 2016, health workers went on strike to protest unexplained deductions from their payments.

4.e. Impact on Workers and GOL Service Delivery. Because of the scarcity of banks, GOL workers outside of Monrovia, and especially those outside of regional centers, must travel long distances to retrieve monthly

⁶³ When questioned as to why reconciliation paperwork is neither received nor demanded from the banks and about the system for ensuring accountability, MFDP personnel indicated that it is the responsibility of the persons receiving their disbursements to bring any errors/discrepancies to their attention.

⁶⁴ Salaries are paid in LD, but allowances in USD and LD, and the amount paid is determined against a USD exchange rate set by CSA and MFDP that fluctuates and is not pegged to the country’s official exchange rate. Additionally, the ratio of LD to USD also fluctuates depending on cash reserves, so currently it is 80/20 USD/LD, but in 2017, it changed three times in the year.

payments. Many persons report traveling two to four full days monthly to obtain salaries. This is particularly true for workers in MOE and MOH that have the largest presence of field-based personnel among the MACs.⁶⁵

After traveling long distances, it is frequently the case that banks are short of cash, have software, hardware, or infrastructure issues and either cannot issue any payment or can only issue a partial payment. This causes further hardships for civil servants, particularly in MOE and MOH, who sometimes wait for days for their salaries to be disbursed. Moreover, because no pay slips are issued, it is impossible for workers to reconcile what they were supposed to receive with what they actually receive. The cumulative effects of this are extreme personal hardships for the individual worker and significant efficiency losses in terms of workplace efficiency and government service delivery for GOL.⁶⁶

Conclusions:

The GOL is not exercising good stewardship, transparency, or accountability in its handling of payment of salaries to civil servants. Many civil servants, particularly those in MOE and MOH, are not receiving timely or accurate salaries because of poor payment systems and a lack of accountability controls. This is resulting in significant personal hardship with negative effects on workplace productivity and overarching GOL service delivery. As critical service providers across the country, when civil servants suffer from the impact of a flawed payroll system, the negative impact is multiplied across the population.

5. Gaps in Performance Management

Performance management initiatives across the GOL are not achieving strong results. The performance management initiatives being implemented in GOL are largely results reported on paper that do not reflect actual practices or tenets of performance management. The governance environment has institutionalized lack of equity, accountability, transparency, and merit with entrenched misappropriation of hiring and payment practices, including systemic off-salary payments that are highly disproportionate to rank, qualifications, and position. The few performance management initiatives that are occurring were found to be based on structures that would please the donor audiences, and reported results do not reflect realities pertaining to actual merit-based performance.

The discrepancies in the misallocation of jobs and salaries make conducting accurate performance management difficult. When checking performance management reports against actual results, there was little to no correlation. In one example, staff supposedly involved in automating records were rated on their computer skills. However, the staff in question said that no one in their division had a computer or access to a computer, and that no automation was taking place. To fulfill donor reporting requirements under PSMP, however, they had signed the performance management assessment asserting that they were exercising “good computer skills and conducting automated processing of personnel forms.”

Conclusions:

Conducting accurate performance management of pay and payroll processes in Liberia requires equity and merit-based foundations. Given the institutionalized inequities and intentional misappropriations within personnel and payment practices, including systemic off-salary payments that are highly disproportionate to rank, qualifications, and position, carrying out this monitoring effectively is difficult. Under the current conditions, performance management exercises can only serve to report existing inequities and distortions.

6. Gaps in Donor Involvement

⁶⁵ A report by FHI 360, “Health Workers’ Payment Streams in Liberia,” in August 2016 goes into more detail on the many issues surrounding payment streams and the impact on health workers. The implications are the same for all MACs and their employees and contractors.

⁶⁶ *mSTAR – Liberia. Understanding the Mobile Money in Civil Servant Payments – Contextual Analysis. October 2016.*

Multiple uncoordinated and fragmented donor interventions are not sufficiently impelling the GOL to fix the core structural issues required to bring pay and payroll processes in line with best practices. For more than a decade, there have been a myriad of uncoordinated and fragmented interventions occurring across the GOL, funded by a host of donors with the objective of “reform pay and payroll processes.” These have been mainly conducted as piecemeal efforts and focused on downstream processes. Reform initiatives have failed to target the core, structural issues that must be addressed in order to reform pay and payroll processes. For example, as mentioned previously, the 2014 MTPRS distinctly laid out the necessary steps for reforming pay and payroll processes. However, the strategy has not been implemented as articulated, nor have donor efforts engaged the GOL toward its implementation. As an example, there is no articulated operational or action plan (timebound, with responsible parties and costs) for its achievement. Donor efforts have neither engaged, assisted, nor incentivized the GOL to address the core structural issues. Instead, they have created a fragmented, disjointed series of parallel processes that are not achieving concrete results in the areas that matter most.

Conclusion:

Donor involvement in building data repositories to rectify pay and payroll issues has not contributed to a cohesive solution that can be built upon.

The multitude of fragmented donor efforts directed toward pay and pay reform are focused on piecemeal downstream initiatives instead of creating partnerships, benchmarks, or conditionalities with the GOL around the real core issues needing to be addressed to achieve sustained reform.

QUESTION TWO: RECOMMENDATIONS FOR USAID

The second question addresses ways in which USAID can work with the GOL to facilitate reform in pay and payroll management.

2. *What are the ways in which USAID can work with the GOL to address these gaps?*
 - *Provide specific opportunities and recommendations (both programmatic and diplomatic) for immediate, medium, and long-term solutions. These should be prioritized and include key benchmarks for GOL to facilitate sustainability of potential donor reform commitments.*
 - *What are the anticipated proposed results/impact of these solutions?*

Diplomatic Recommendations

The following benchmarks need to be put in place for further initiatives and assistance in PFM to achieve positive results.

Enhancing Governance, Coordination, and Accountability Structures across the GOL

- 1. Establishment of a Presidentially-Mandated Unit for Pay and Pay Reform;***
- 2. Implementation of Liberia’s 2014 Medium-Term Pay Reform Strategy.***

USAID should help GOL formulate a realistic operational or implementation plan for the 2014 MTPRS. Per the MTPRS, the following reforms need to be undertaken:

- a. Collapsing of Salaries and Allowances across all MACs; and
- b. Rolling out of pay and grading systems throughout GOL.

The MTPRS should not only be revisited and revamped, but in the light of the considerable weaknesses in national payment processes, a Ministerial-Level Task Force should be created to consider the constraints identified in this area, develop a strategy for the national payment system, and conduct a detailed review of the legal and regulatory

framework for payments. It is highly recommended that major donors working in this area at present, including USAID, act as strategic advisors to the Task Force in order to develop a coordinated approach and to consider funding for next steps.

Once an agreement has been reached, capacity within GOL will need to be strengthened within the MACs and at the Task Force, PIU, and managerial levels. GOL has had difficulties in forging policy coherence and coordinating implementation of initiatives, not least at coordination and implementation of change and reform efforts even within Steering Committees, Reform Committees, and Task Forces. It is recommended that the GOL consider the creation of a unit under the President that can coordinate and drive policy priorities, and in the short term, a Task Force. USAID has a strong history of providing support in these areas and may wish to consider targeted support to such a Task Force or Unit, particularly in light of the handover of authority to a Transitional Government in which many new political posts have been appointed and created.

Similarly, it is recommended that the GOL develop an updated AfT and that USAID consider mechanisms for supporting development of this important priority. This needs to be accompanied by a results-based action or implementation plan to operationalize the national strategy.

Fortifying the Integrity of the GOL Payroll and of the Payroll Processes/Management

In the 2014 MTRPS, the GOL articulated its vision and commitment for comprehensive pay and payroll reform, in line with international best practices. In light of the findings presented in this report, it is strongly suggested that USAID adopt a strategic approach to hinge future interventions in this arena upon GOL's full implementation of the MTRPS. If USAID sets the GOL's implementation of the MTRPS as a benchmark or conditionality for ongoing PFM support, this should galvanize the GOL to make the needed political decisions to eliminate the allowance schedules and begin the critical reform commitments needed to bring true reform to pay and payroll management. Indeed, the strategy should be to make eliminating the allowances a prerequisite to any further interventions, including the recommendations raised in this report.

USAID should consider a range of interventions to help GOL consolidate political will around this commitment:

- Offer to set up a bilateral or multilateral task force to facilitate the redrafting or redesign of the MTRPS, along with funds to hire a consultant to carry out the work;
- Offer funds or programmatic work to set up a new Project Implementation Unit (PIU) outside of CSA and take on the recommendations listed in this report linked to the redefining of the MTRPS and ongoing work;
- A Memorandum of Understanding with considerations for targeted funding; and
- A Conditionality Agreement with considerations for further work and funding.

Programmatic Recommendations

It is recommended that once the conditionality outlined above is met, USAID provide technical assistance to rationalizing and streamlining pay and payroll processing in terms of providing an interim database and assisting in verifying existing HR payroll information and audit recommendations. In the meantime, it is recommended that USAID focus its efforts centrally on pay and payroll management issues, rather than continuing any sectoral attempts to verify data through sponsoring separate payroll audits, as they have been doing at the MOH or MOE. Moreover, USAID can provide support for CSA to more vigorously perform their duties as the management body of the civil service. The capacity of CSA needs to be strengthened for it to effectively develop and implement processes and procedures relating to managing and maintaining the payroll and data, per its mandate.

Fortifying Data Integrity and Data Systems across GOL

One of the major constraints to developing streamlined pay and payroll processes is the lack of a professionally configured and developed HRMIS and IFMIS that meets the needs of the GOL. In the short term, USAID should consider assistance to GOL/CSA along the lines of the Fixed Amount Reimbursement Agreement (FARA) with the MOH, in which consultants were hired to do a comprehensive ICT and MIS needs assessment throughout the

ministry and come up with a full strategy to address these needs. It is essential that CSA develop an HRMIS and accompanying ICT strategy to perform its functions as the overarching HR manager of the civil service. Unfortunately, the MTPRS did not adequately consider these aspects when developing its pay and payroll reform, and as a result, CSA is struggling to cope with even basic data management processes. MACs such as MOH are more advanced in almost all aspects of records and database management, finding themselves compromised when having to exchange manual records with CSA, rather than performing simple data exchanges through email or flash drives.

Improving Salary Disbursement

USAID has been undertaking a pilot mobile money program in the *mSTAR* activity for the last three years. In the short term, although there remain considerable drawbacks to rolling out mobile money payments as an alternative to payments by check to national banks, it is recommended that the *mSTAR* mobile money pilot should be expanded. This expansion should incorporate an additional focus on continuing to support the fledgling agent network and empowering them to support and build the capacity of local agents, particularly in areas where there are limited to no banking facilities. Success of the mobile money program will likely be enhanced by providing incentives for other telecom providers to operate in Liberia.⁶⁷

Setting the Stage for Accountable Performance Management Systems

Accountable performance management requires equity- and merit-based foundations in order to be effective. Any fragmented performance management initiatives, such as those currently occurring under PSMP, are further entrenching and incentivizing the current levels of inequities and distortions within the pay and grading systems. Initiatives such as the articulated pay and grading structures must be rolled out and implemented across MACs to enable the effective and precise tracking of their results. Once the pay and grade structures have been fully established and implemented, verification exercises will need to take place to ensure that persons are being transparently and accountably hired, remunerated, and evaluated according to their qualifications, position, and merit. Having such structures firmly in place and verification achieved to ensure effectiveness and accountability will help GOL implement a full-fledged, accurate performance management system.

Strategically-Aligned Donor Coordination

A joint approach to analysis by donors is important for understanding political drivers and policy priorities that motivate governments and can create traction. Now more than ever, during the Transitional Government, is the time for donors to coalesce around joint priorities, tackle the monitoring of key benchmarks, and exchange information. In these circumstances, a coordinated approach is key, and it is recommended that USAID sponsor or suggest to other donors a Steering Committee or Donor Task Force that is focused on joint or shared analyses and information sharing, identification of priorities for reform, and support to GOL on shared initiatives or agreed priorities.

QUESTION THREE: RECOMMENDATIONS FOR GOL

The third evaluation question analyzes the specific measures that need to be taken by the GOL to implement and sustain reforms to pay and payroll management.

3. *What institution-building measures, relating to pay and payroll management, can be implemented to facilitate GOL ownership and sustainability of reforms beyond donor assistance?*
 - *Provide recommendations on the most effective mechanisms to implement the suggested institution-building measures.*

⁶⁷ Currently, the limited number of service providers in Liberia does not engender robust market competition or a customer-driven approach.

I. Establish overarching governance, coordination, and accountability structures across the GOL.

First, there must be high-level political will for reform of pay and payroll processes to occur. For the past several years, there has been a display of political unwillingness at the top levels of government for enacting the structural reforms that are critically needed to reform pay and payroll processes. There have not been sufficient incentives for galvanizing such political will since the financial and political rewards are so high for *not making reforms to pay and payroll processes*. The new government provides an opportunity for a fresh start and to reinvigorate previous commitments around pay and payroll reforms through a centrally-directed, results-oriented approach to the reform goals.

I.a. Establish a Presidentially-Mandated Unit to Oversee Reform.

GOL lacks a central oversight agency that can provide political impetus and leadership for pan-government reforms such as the MTPRS, and that can establish accountability mechanisms that are critically lacking. Once sufficient political will is demonstrated for these reforms, a Governance or Performance Management Unit or department needs to be established within the Office of the President, independent of CSA, to serve as a central oversight agency to provide political impetus and leadership for pan-government reform processes. This Unit or Department should be responsible for coordinating efforts across the MACs, including reforms to the pay and payroll systems. In the interim, a Presidentially-authorized Task Force can be created to do the same. Members should be drawn from appropriate MACs and permanent proxies identified in the event high-level members are not able to attend. However, it is important, ultimately, that this structure be legally and administratively established with an appropriate legislative mandate to avoid issues with accountability or favoritism.

I.b. Enact the Civil Service Commission Law.

The Civil Service Commission Law is yet to be enacted. The Law would establish the CSA as the agency mandated to oversee and regulate compensation in the civil service. It is recommended that GOL enact the law in order to establish the complete and appropriate regulatory environment and empower the CSA.

A follow-on AfT (or similar country-wide development strategy) should also be developed first to lay out how the country is going to address development priorities, given the expiration of the AfT, the new Administration, and the current fiscal constraints. The AfT needs to be followed by a results-based action or implementation plan for its operationalization.

2. Address Gaps in Payroll Integrity, Processes, and Management.

2.a. Implement the 2014 Medium Term Pay Reform Strategy.

Under the new Transitional Government, the GOL has an opportunity to identify, assess, and redefine the gaps in pay and payroll management, as highlighted in this report. In the 2014 MTPRS, the GOL articulated a very strong commitment for comprehensive pay and payroll reform, in line with international best practice. It is highly recommended that the Transitional Government revisit the mechanisms, structures, and reforms that were proposed under this strategy, such as: (i) establishment of the High-Level Task Force on Wage Bill Management; (ii) elimination of the informal allowances schemes; (iii) institution of the full menu of pay and grading reforms across GOL; (iv) establishment of the Civil Service Reform Directorate (CSR); and (v) establishment of the High Level Task Force for overseeing compensation.

The revised MTPRS should be redeveloped and brought up to date to reflect the changes of the previous four years. It needs to be operationalized via a comprehensive, prioritized implementation plan that clearly identifies the entities responsible for each component and stipulates the specific verification benchmarks relating to implementation. Given the lack of implementation of the MTPRS to date, it is recommended that a PIU be established outside of the key agencies involved in the reform and staffed with appropriately experienced and qualified individuals with international experience. Undertaking a revision and recommitment to the MTPRS will also likely require hiring external consultants to bring a new perspective to the task.

Implementation of the strategy without this commitment risks encountering the same constraints facing the current strategy under PSMP. This is a long-term reform strategy, but it will require short-term solutions to ensure

certain fiduciary risks and financial/organizational issues are mitigated. Some of these risks and recommended remedies are highlighted below.

2.b. Fully Implement the MTPRS Commitment on Elimination of the Allowance Schedules.

Over the short term, the GOL needs to establish measures to limit the use of discretionary allowances, such as limiting them to specified periods of time, or limiting them to serve as a “sign-on” bonuses during the recruitment process, etc. Also, it needs to be emphasized that currently there is no management of the allowance schedules. Moreover, because of the challenges in cross comparison of data between the official GOL payroll and the allowance schedules, the persons on the allowance schedules cannot simply be rolled into the GOL payroll. That risks both double-counting and the absorption of persons who may have no relationship to the GOL. According to the LIMPAC study, 60 percent of persons which are receiving allowances are not government employees. Although the LIMPAC analysis would benefit from further verification, it is clear that the dataset of persons on the allowance schedules is undeniably large, and their relationship to the GOL, as potential service providers, will need full verification.

2.c. Fully Implement the MTPRS Commitment on Establishment and Implementation of Full Pay and Grading Schedules.

In December 2017, CSA completed the finalization of pay scales for Grades 1–10. Implementation and rollout of the pay scales across GOL is an imperative and necessary reform to establish equity, accountability in hiring, and payroll processes. Rolling out the pay and grading system across GOL will take time, and it will require an implementation plan that has sub-components for each sector. Technologically, for example, large upgrades will be required, as these reforms *cannot* be implemented without a considerable reconfiguration of the HRMIS and IFMIS.

3. Address Gaps in Data Integrity and Data Systems across GOL.

3.a. Develop Data Tracking Solutions.

The current technological and operational constraints are recognized as serious challenges to data management. Given the extremely poor to nonexistent internet connections even at central ministerial levels, it is foreseeable that many procedures will continue to be done manually in the near future. At the very least, CSA needs to develop a tracking system for identifying and tagging/filing documents that will enable HR personnel to trace transactions such as additions, deletions, and transfers once they have been initiated. This system must be standardized and instituted across all MACs. Even if this is a simple document management spreadsheet to be issued across all HR functions, it will then be possible to track files and documents. This will facilitate accountability and efficiency until online processes can be established.

3.b. Digitize and Standardize All GOL Data.

Related to 2.b., the GOL should develop and digitally standardize all templates, worksheets, and spreadsheets being used across HR functions in the MACs such that all the documents can be integrated and combined. As a matter of best practice, all HR functions should have the same documents, hold the same records, and utilize standardized processes for work management. CSA should hold master copies of all the files and ensure that the fields cannot be adapted, modified, or changed. Currently, each MAC has several spreadsheets and databases that are not standardized or developed by CSA, and consequently cannot be imported, integrated, or queried.

3.c. Fully Implement Pay and Grading across the MACs.

It is recommended that CSA complete the classification of all employees across GOL within the proposed pay scales as a matter of priority. As HRMIS cannot currently be used as the comprehensive database of all employees, in the short-term, it is recommended that an ICT/payroll consultant be contracted to assist with the development of a civil service database. This should be housed within the CSA, and the CSA should have full jurisdiction over this database. This database should serve as a comprehensive representation of persons providing services across the GOL. The database should contain fields to identify whether an employee has been correctly verified as an employee and on what date. It should provide all necessary data to be able to identify all links between a civil servant and a particular post, at a particular grade, with an exact location and what is being paid to that unique

employee. It should include a unique identifier for each employee, according to that specific grade, and the date the employee attained that grade (seniority).

The database should also include all relevant payroll data, such as amount paid per year and per month, corresponding to the person's grade and rank, as well as all information on taxes being deducted, insurances, pension availability, etc. Therefore, the database must have tables linking to posts, grades, pay, allowances, locations, etc. This includes civil servants, as well as consultants, contractors, those paid by donors, those paid only via the allowance schedules, those serving as volunteers, etc. The construction of this database will require the consolidation of multiple spreadsheets and data repositories across the GOL.

3.d. Utilize Information Gleaned from Past Payroll Cleaning Exercises.

It is recommended that CSA obtain copies of all independently verified payroll cleanup exercises that have been done in the last 18 months and use this data to help populate the database being developed by the consultant. CSA should then contract independent consultants to conduct a payroll audit of all employees within the civil service using the database as a basis for verification and conducting visits to sites where there are significant queries or errors. For example, the recent MOH/IAA audit identified thousands of ghost and questionable employees, even though an audit had been carried out earlier by MOH. In the short term, CSA should develop a follow-up procedure to ensure that all changes to the payroll as a result of audits are followed up and acted upon by HR staff in the MACs.

3.e. Strengthen CSA Management and Accountability.

It is recommended that CSA maintain strict control over the addition and deletion of employees from the HRMIS and, in the short term, the additional database. This is because there is evidence that CSA has been unable to maintain this control over who is paid, who is deleted, and who is added, and MACs are bypassing currently manual processes to add back persons who have been deleted or adding persons who have not been verified as current employees. It is recommended that as part of the reconfiguration of the MTPRS, attention be paid to developing internal control systems for pay and payroll systems that meet international standards. Under the current manual systems, it is almost impossible to maintain internal controls over these areas, particularly as the bypassing of regulations is being carried out as the normal process.

CSA should develop legal definitions and minimum standards of what constitutes an employee, what records are to be held on each employee (paper based and digital) and how that employee is to be paid. Such definitions need to be developed in the short and long term as part of the legal and regulatory framework that is necessary for CSA to function.

In the short term, GOL needs to capitalize on gains that have been made since 2014, such as completed grading within certain MACs, the establishment of financial and HR manuals, and HR policies and procedures. In many cases the foundation exists, but this report has highlighted constraints and gaps in several areas. For example, CSA should streamline and rationalize several procedures for hiring and deleting staff by:

- Standardizing and issuing all documents as templates;
- Rolling out all current HR policies and procedures and ensuring staff are trained to utilize all procedures;
- Streamlining and condensing top-heavy bureaucratic procedures with a view to automating them in the near future;
- Reducing the number of authorizations per each personnel application and each document;
- Authorizing/designating alternates for each necessary signature;
- Considering the scanning of documents if possible, especially in large MACs such as MOE and MOH.

3.f. Institute Necessary Technological Requirements.

The CSA HRMIS utilizes the proprietary *Free Balance* module. The software utilized under *Free Balance* is not currently configured in line with the pay and grading structures that have been established, nor does it have the capability to retain sufficient HR data per employee that would enable it to be a fully featured HRMIS and records management system. CSA requires a fully featured HRMIS, and the *Free Balance* platform can be configured and enhanced to provide these features, and more.

It is recommended that GOL commission a technical review of the data management needs of CSA with regard to HR data management, ICT and infrastructure, ICT policies and strategies, and pay, payment, and payroll management processes. The review should be conducted with a view to develop an overarching ICT and HRMIS strategy, followed by a plan to develop ICT and HRMIS systems according to these needs, including costing, staffing, and training. Beyond the CSA, the current HRMIS is part of the GOL IFMIS, and any changes to the HRMIS need to be configured through the IFMIS. Given the many constraints around pay, payroll management, and HR data management throughout GOL, such a review is critical. The review must take account of current databases, spreadsheets, and standalone systems/biometric systems that are scattered around CSA and that feed payroll and HR data into CSA/HRMIS/any other systems. Consideration should also be made of the many manual systems currently in place throughout CSA and MACs with regard to the management of HR/payroll/pay and the civil service, with recommendations as to how these might be optimized, improved, eliminated, and automated.

4. Address Gaps in Salary Disbursement.

It should be recognized that the MTPRS did not consider payment systems to employees as a target of strategic reform, although GOL includes access to finance as a policy goal for the Central Bank of Liberia, as set out in the Liberia Financial Inclusion Strategy (2014–2019). Given the many constraints in the country that impact the payment of salaries to GOL employees, the lack of a National Payments System core infrastructure, and the prospective savings to GOL that could be made by improving these systems, there is an operational foundation available from the analyses of payment systems that have been conducted for USAID under the *mSTAR* activity and the Leaderships in Public Financial Management (LPFM II) activity. It is recommended that the World Bank Guidelines for the Development of National Payment Programs be integrated into this foundation for developing the strategy and reviewing the legal and regulatory frameworks.

As noted in the report “Review of Government-to-Person (G2P) Payments in Liberia,” mobile money payments by themselves cannot solve the huge range of problems surrounding the national payments system or replace the current payments system completely. An emphasis on providing targeted support in rural areas in the short to medium term through already existing interventions will at least ameliorate some of the issues while attempts are being made to construct a strategic approach targeting the national payment system. Secondary to this recommendation, but equally important, is the need for employees to have an ID that uniquely identifies them. Given the difficulties with the Payroll ID as a unique identifier, the proliferation of biometric databases and biometric cards, and the problems surrounding identification of bank customers, it is recommended that GOL continue and step up its efforts to introduce a National ID.

5. Improve Performance Management.

Under the current circumstances, whereby there is no one comprehensive CSA database detailing establishment, grades, scales, and employees, and where employees are not paid at their grades, further performance management initiatives and efforts should not be rolled out until these conditions are met. The political situation has made it difficult to develop a whole-of-government approach to pay and payroll reform; therefore, piecemeal efforts are being undertaken in all areas. Performance management cannot be undertaken for some employees and not others, or merit based for some and not others. It is recommended, however, that CSA select one ministry or sector that has few employees and pilot the already developed performance management system across that one area. For example, in the Ministry of Gender, Children, and Social Protection (MOGCSP), the pay and grading has been completed, there are few employees, and there is a foundation for carrying out the performance management system. CSA can monitor the pilot and work with LIPA to refine and further develop the training and overall management of the approach. It is recommended that CSA validate and verify comprehensively the payroll and all employee data for the ministry before the pilot begins, as the ministry is not on the HRMIS, and staff are paid exclusively through MFDP, bypassing any controls of the CSA.

UTILIZATION PLAN

On a macro level, USAID has expressed its intention to use the findings and the recommendations from this evaluation to inform the development of a strong and relevant follow-on Country Development Cooperation

Strategy (CDCS) for Liberia. On a programmatic level, USAID/Liberia intends to use the evaluation findings to engage in strategic and effective investment in Liberia's governance and public administration sector and to formulate focused initiatives that are specifically designed to help the GOL remedy identified needs. On a more technical level, the findings in this assessment will help guide the potential future use of this funding mechanism.

Equally important, this evaluation is also intended to serve as a guide to engage with the new GOL in transitional planning. It is anticipated that this evaluation will help the GOL more effectively meet its commitment to strengthen the effectiveness of pay and payroll management and to improve the related performance management of the bodies involved in these processes.

ANNEX A: FULL LISTING OF REFERENCES, DATA, AND REPORTS UTILIZED

GOL Reports

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ANNEX B: DATA COLLECTION INSTRUMENTS

KII with CSA Officials (Template)

Name:

Title:

Ministry/Agency

Date:

Gender: M F

Thank you for taking time from your day to meet with us. Liberia Strategic Analysis (LSA) has been engaged by USAID/Liberia to take stock of the pay and payroll management processes in the GOL. The purpose of this evaluation is to document progress and lessons learned to date from recent reforms of the civil service systems, to collect data regarding the specific processes of payroll management and any potential gaps, and to inform the design of future USAID country programs of a similar nature.

To be clear, we are not evaluating you or your office/Agency in any way. Your answers will not have any impact on your involvement with CSA. Your opinions are important to us, and we will not include your name in our records or in our report; we hope that you will feel free to share your information and opinions with us. Our conversation will last about 45-60 minutes. We will take notes of our discussion.

Start with an overview of the evaluation's purpose and objectives

- 1) What are your responsibilities at the CSA?
- 2) What has been your involvement with payroll management activities, specifically?
- 3) Can you describe your activities as they relate to the GOL's payroll reform strategy?
- 4) Can you describe the impact upon pay and payroll management that has been achieved through the programmatic assistance provided by PSMP?
 - Can you describe any specific positive results that pertain to pay or payroll management?
 - What issues/ challenges/ weaknesses still need to be met (in these areas) in your opinion?
 - Can you highlight any gaps that need to be prioritized?
 - Do you have any specific concerns relating to payroll management and its specific outputs?
 - Do you have ideas or recommendations for specific reforms, measures or changes for improving the pay and payroll management processes?
- 5) What is the process by which your work (as it pertains to pay / payroll) is checked and assessed?
 - Are there any verification processes (independent or otherwise) to confirm that someone in your position is doing their job correctly?
 - What is the process by which mistakes/ errors are checked for and corrected?
- 6) Is there any process in place by which your performance on the job is evaluated?
 - Is it systematic? How often does it occur?
- 7) Are you involved in formulating the annual/quarterly workplans and activities?
- 8) How do you follow up with your manager regarding your day to day activities?
- 9) How do you report your activities on a daily/weekly/monthly/quarterly basis?
- 10) Do you know what are the other activities being undertaken by the PSMP program and are you being kept informed of progress?

FGD with MOE Personnel/Teachers at Gorblee High School, Grand Bassa County (Template)

[Respondents to fill out an attendance sheet that will include name/ contact details/ gender/ job title]

Thank you for taking time from your day to meet with us. Liberia Strategic Analysis (LSA) has been engaged by USAID/Liberia to conduct an evaluation of the pay and payroll processes across the Government of Liberia, on behalf of USAID. The purpose of this evaluation is to identify and evaluate the issues involving pay and payroll processes across the Government of Liberia and to identify potential ways in which these processes can be improved.

To be clear we are not evaluating you or your work in any way. Your opinions are important to us and we will not include your name in our records or in our report; we hope that you will feel free to share your information and opinions with us. Our conversation will last about 45-60 minutes. The aim of the evaluation is to provide the GoL and USAID with a series of recommendations for how pay and payroll processes can be improved. We will take notes of our discussion (or record the conversation with their permission).

- 1) How many of you receive a monthly salary from the Government of Liberia (official GOL salary)?
 - How many of you receive allowances or incentives but no GOL salary?
 - How many of you receive both a GOL salary in addition to some form of allowance or incentive?

- 2) What are your experiences in receiving your salary payment?
 - Where do you have to go to pick up your salary?
 - How is it paid?
 - How much time away from work is involved in picking up the salary?
 - Do you receive the same (amount) of salary monthly?
 - Do you receive the amount you are supposed to be getting paid?
 - (If no): How do you know if there has been a mistake?

- 3) Have your experiences in receiving your salary gotten worse or better in the last 2 years? How?

- 4) What are some of the challenges you experience in getting paid or retrieving your salary?

- 5) When these _____ (situations/ challenges) occur, what do you do to try to resolve this?

- 6) What effect does this have on your work?

- 7) What are some ways the payment system could be improved?
 - What could MoE do to improve the situation?

- 8) Do you have any other recommendations for how the GOL could improve payment systems (specifically payment of salaries) going forward?

Thank you very much for sharing your thoughts and experiences. Do you have any questions for us? Are there other comments that you wish to make?

ANNEX C: EVALUATION METHODS AND LIMITATIONS

Evaluation Design

Data Collection Methods

The data collection methods undertaken for this evaluation included the following:

Document Review: In-depth review and analysis was undertaken of all relevant data, documents and reports that could inform this evaluation, including (but not limited to) the following listing:

- All relevant GOL reports pertaining to PFM, with specific focus on pay and payroll management and related performance management of these processes;
- Organizational charts for GOL Ministries and agencies with specific focus on pay and payroll management functions;
- All relevant reporting relating to PSMP;
- A selection of relevant data and evidence sources as listed in the PSMP Results Framework and Monitoring Plan;
 - Evidence of standard salary structures across all Ministries; evidence of grading structures, survey reports, Human Resource Management Information System (HRMIS) reports; samples of payroll reports from the IFMIS, a selection of personnel files at MOH and MOE;
- Relevant manuals and operational descriptions of payroll processes, including the HR Policy; Manual, operational guides within the Ministry of Finance and Development Planning (MFDP);
- Relevant legal framework, policies and procedures relating to pay and payroll management;
- Internal and external audit plans and reports produced relating to payroll management conducted within the MOH and the MOE;
- Reports from overlapping donor-funded projects operating in the PFM arena, such as the USAID Fixed Amount Reimbursement Agreement (FARA).
- Independent evaluations, diagnostics and assessments conducted by international organizations relating to public administration, pay and payroll management within GOL.

Direct Observation: Observation was undertaken and chronicling of the processes involved in pay and payroll management, including reporting on all relevant logistic, operational and personnel processes involved in these operations.

- KIs: Informational interviews were conducted with more than 70 stakeholders. The majority of the KIs were conducted with GOL personnel, including Deputy Ministers, national GOL advisors and technical staff, senior and mid-level managers and technical directors at the central MAC level, and members of the Internal Reform Committee at MOE. Other related stakeholders were also interviewed including persons from Liberian public institutions, implementing partners, and donors. County and regional-level civil servants were also interviewed, including officials from CSA, MOE, and MOH. The interviews were semi-structured, informed by findings obtained from the desk review and following up on key areas of relevance to the evaluation. Annex B provides an example of questions formulated for a KI conducted with the CSA. The sequencing and structuring of the questions served to guide the systematic coverage of material.
- FGDs: Two FGDs were conducted with groups of health workers and teachers (separately) in Grand Bassa County. These which helped assess the efficiency and effectiveness of the salary disbursement processes as experienced by low to mid-level civil servants in the MOH and the MOE. An additional FGD was conducted with members of the CSA, with a focus on those persons who are serving as managers and implementers of PSMP. These interviews were semi-structured to encourage flexibility and a natural flow of discussion. The FGD results were recorded in standardized FGD protocol forms created by the team (see Annex B), facilitating analyses of results.
- Process Mapping: A process mapping flowchart was developed which mapped out all the operational, sequential and human resource processes involved in the production and management of payroll. This

mapping covered all relevant processes from the point of initial salary requests from the Ministries to MFDP through the point of salary disbursement at the county level.

- Gap Analysis: All potential and actual gaps in all processes relating to pay and payroll management were identified and assessed against best international practices.

KIIs and FGDs: Scheduled vs Achieved

The table below illustrates the grouping of respondents by category and the number of KIIs and FGDs the team committed to conduct, as specified in the Inception Report, versus the number of KIIs and FGDs actually conducted.

Informant Category	# of KIIs Targeted	# of KIIs Completed	Total # of FGDs Targeted	Total # of FGDs Completed
CSA	3	14	0	1
Regional Office	2	2	1	0
HRMIS	1	2		
LIPA	2	0	0	1
GC	2	2		
MOE	3	9	1	1
MOH	3	8	1	1
MFDP	2	14		
IFMIS	1	2		
USAID	3	2		
GEMS	1	1		
mStar	1	1		
World Bank	1	1		
Swedish Embassy	1	0		
EU	1	1		
IAA	1	4		
GAC	1	3		
PFM Reform Coordination Unit	1	0		
Internal Reform Committee (MOE)	0	1		
Banks	0	2		
LISGIS	0	0	0	1
Liberia National Identification Registry	0	1		
Other GOL Officials/ Advisors	0	2		
Total	30	72	2	5

For CSA, 14 KIIs were conducted. Additionally, one large CSA/ PSMP Focus Group Discussion was organized, involving 12 persons. This FGD took the place of the one scheduled for CSA Regional Office. (The one scheduled for the regional office was not possible to conduct as there were only 2 persons at the Grand Bassa Regional Office during the team's visit; information was gathered from both of these persons via KIIs.)

For LIPA, 2 KIIs were envisioned, but instead, one FGD was organized, involving 7 LIPA employees. Sufficient information was gained in the FGD such that the 2 KIIs were not needed.

For Governance Commission, similarly, two KIIs were envisioned, but one large FGD was organized instead, involving five employees. Sufficient information was gathered during this to render the need for additional KIIs unnecessary.

For USAID, three KIIs were envisioned; however, two were conducted due to the inability of the third USAID stakeholder to attend scheduled interview due to illness.

For the Swedish Embassy, an KII was scheduled, but could not be achieved due to a logistic issue on the Embassy's end. Due to limitations in timing, it was not able to be rescheduled.

Review of Qualitative Data and Systems Involved

The effectiveness of the pay, payroll management, and related performance management systems largely depends on the structure and strength of M&E mechanisms and other potential management systems and compliance mechanisms. For this reason, all relevant available qualitative and output data relating to pay and payroll management was reviewed and assessed, including M&E data and independent audit reports. The quality and integrity of data and reporting was assessed, but of equal or greater importance was the evaluation of the systems and processes in place for GOL to capture, report and utilize data gathered. Particular focus was on assessing the strength and effectiveness of the M&E systems in place in the two targeted Ministries. Gaps were noted and recommendations formulated for their mitigation. The evaluation also examined whether GOL policies and standards (relating to pay and payroll management) were being implemented across the Ministries and with what results.

It was intended that as part of this evaluation would look at the sustainability reforms begun under the PSMP initiative with specific regard of the effectiveness of the funding mechanisms employed under this initiative. To achieve this, the team endeavored to analyze a sample of data from each relevant project component of PSMP to evaluate the strength of payroll management systems currently in place in view of the reforms initiated by the project. For example, a sampling of manual personnel files was compared against the HRMIS computer records to validate the "one employee, one file" standard that has been implemented under the project. Additionally, payroll data from the Civil Service Management System was sampled and assessed. However, gaining any reports on progress achieved under the program proved to be difficult. Multiple requests for PSMP progress reporting and data pertaining to results frameworks, or any progress reporting, was either unavailable or unwilling to be provided.

LIMITATIONS

The evaluation team anticipated the following series of potential constraints, biases and/or risks in undertaking this evaluation. These possible limitations and mitigation strategies for overcoming them are outlined in this table.

Constraint/Bias	Result	Mitigation Strategy
HRMIS and IFMIS data may not be reliable or valid.	Decisions will be made based on unreliable and/ or incorrect information.	Examine the data collection and retention methods and definitions wherever possible, requesting information about how data was validated to assess its quality before incorporating it into the evaluation findings.
Respondents may be biased or not feel comfortable to speak freely.	Qualitative data will be inaccurate or information withheld that is essential to the evaluation.	Explain to each respondent LSA's relationship to the evaluation and to USAID, ensuring anonymity of information shared.
Lack of control/ comparison mechanism when examining effectiveness of IDF mechanism.	Data gleaned from this evaluation on the performance of the IDF mechanism is not necessarily related to the	The evaluation will note the fact that information gained on IDF's performance in PSMP does not correlate, necessarily, to the mechanism's potential effectiveness on a meta-level. That is, the mechanism's effectiveness is

Constraint/Bias	Result	Mitigation Strategy
	effectiveness of the mechanism implemented in other contexts.	intrinsically affected by management and implementation factors as well as political will of the operating arena. The evaluation will lay out this caveat.
Respondents interviewed may not be representative of the group or may not be generalizable.	Information gathered will be accurate from the respondents' point of view but not represent reality for a significant number of other stakeholders.	Triangulate data to promote more reliable information that is used for analysis and interview a representative sample of the population to ensure sufficient data are gathered to reach theory saturation.
Respondents, particularly senior GOL Ministerial officials, may express biased, inaccurately positive views about the efficiencies of the pay, payroll or performance management system within GOL.	Information gathered may not represent the reality of pay and payroll management, as experienced by significant numbers of lower-ranking civil servants.	Triangulate data to promote more reliable information that is used for analysis and interview a sample of civil servants of various levels to ensure sufficient data are gathered to reach theory saturation. Hold focus groups with lower-level civil servants, outside of Monrovia, to be informed about their perspectives.
Respondents may not cooperate fully, which could limit the amount of information available to inform conclusions.	Data will not be available to inform the evaluation.	Providing structured introductions to help respondents understand the purpose of the evaluation, being flexible with potential respondents' schedules to enable easy scheduling, ensuring sufficient number of potential respondents to ensure sufficient contacts are reached.
Critical data not provided and/or not provided in a timely manner.	Depending on the extent to which this occurs, it could handicap the team's ability to produce a valid and accurate evaluation or address specific components of the evaluation. This would have knock-on effects on the team's ability to formulate cogent and targeted recommendations which are most relevant for GOL.	The team will exercise persistence and due diligence in seeking out the necessary data and reporting which is needed to effectively inform all aspects of this evaluation. This includes requesting data and reporting from multiple stakeholders, engaging in thorough web-research to explore all possible sources. In the cases that critical information is not furnished after multiple requests and thorough research, the team will engage the Mission to leverage greater authority. In the event that this option does not produce the data needed, information gaps will be noted.
Political distractions and/or upheaval within the GOL entities with the incoming new Administration and possible change over in GOL Ministers.	Difficulty scheduling meetings and/or unproductive meetings with critical GOL personnel, resulting in limited qualitative data.	The team will exercise persistence and due diligence in seeking meetings with all critical GOL stakeholders whose input is needed to inform this evaluation. In the cases that critical GOL stakeholders remain persistently unavailable and/or distracted, the team will engage the Mission to leverage greater authority. In the event that this does not work, information gaps will be noted.

ANNEX D: EVALUATION STATEMENT OF WORK

The Scope of Work for this evaluation was revised to focus on the following specific questions.⁶⁸ These informed the design of instruments and analysis tools which were utilized to glean the overall findings and to formulate the conclusions and the recommendations detailed within this report. The questions were developed by USAID and were fine-tuned and validated during planning meetings between USAID and the Liberian Strategic Analysis to ensure clarity and feasibility.

These are as follows:

1. *Building on recent donor interventions, what are the current gaps in pay and payroll processes and related key performance management in Liberian Government institutions?*
 - *Specific focus will be on the MOE and the MOH, as two of the largest service delivery GOL institutions in Liberia. Overall findings will be applicable to all GOL institutions.*
2. *What are the ways in which USAID can work with the GOL to address these gaps?*
 - *Provide specific opportunities and recommendations (both programmatic and diplomatic) for immediate, medium, and long-term solutions. These should be prioritized and include key benchmarks for GOL to facilitate sustainability of potential donor reform commitments.*
 - *What are the anticipated proposed results/impact of these solutions?*
3. *What institution-building measures, relating to pay and payroll management, can be implemented to facilitate GOL ownership and sustainability of reforms beyond donor assistance?*
 - *Provide recommendations on the most effective mechanisms to implement the suggested institution-building measures.*

Evaluation Team composition:

The evaluation team was composed of two individuals: one team leader and one senior technical expert. Evaluation support, in terms of logistics, operational and administrative support, was provided from LSA as needed.

Team Leader/Senior Evaluation Specialist: Elizabeth Dvorak Little was responsible for coordinating the activities of the evaluation team and served as the main point of contact between USAID, LSA, and stakeholders. Ms. Dvorak Little was responsible for the approval of the final evaluation design. She oversaw the development of evaluation instruments, integrated the findings of the senior technical expert and coordinated the preparation of the final reports. The Team Leader brings to the project more than 15 years of experience in the administration of multi-faceted governance strengthening interventions in developing countries as well as a strong background in civil service, financial reform and public financial management. She has in-depth knowledge of the various donor funding mechanisms, having served as Donor Liaison and Policy Advisor to several governments. Additionally, Ms. Dvorak Little has significant experience in managing multi-disciplinary teams and in developing and conducting qualitative evaluations in a variety of global contexts. She has a proven track record of conceptualizing, designing and structuring evaluation activities and of producing high quality evaluation reports for USAID and for other donors.

Financial Management Advisor: Helen Dean is an economist with strong public financial management and public administration reform expertise. She has a proven track record of more than 20+ years of experience working with and/or evaluating civil service reform activities in developing contexts throughout Africa. Ms. Dean has demonstrated experience in the design and implementation of disbursement analysis, including data collection instruments and sampling methodologies, and in the modeling of a variety of governance-related factors. She

⁶⁸ These questions were re-designed from the original SOW together with USAID through an in-person meeting on January 9, 2018 and refined and approved via e-mail on January 12, 2018.

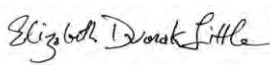
provided technical context and advice on the analysis of financial systems and disbursement processes. She holds an advanced degree in Marketing and Business Management as well as Humanitarian Assistance.

LSA provided evaluation support as needed, particularly in the setting up of interviews and in the collecting of qualitative data. This role was filled by Ishmael Flomo, the DG Monitoring & Evaluation Specialist.

ANNEX E: DISCLOSURE OF ANY CONFLICTS OF INTEREST

Name	Elizabeth Dvorak Little
Title	Performance Management Specialist/ Team Leader
Organization	Social Impact
Evaluation Position?	<input checked="" type="checkbox"/> Team Leader <input type="checkbox"/> Team member
Evaluation Award Number (contract or other instrument)	Liberia Strategic Analysis L034
USAID Project(s) Evaluated (Include project name(s), implementer name(s) and award number(s), if applicable)	Public Sector Modernization Project
I have real or potential conflicts of interest to disclose.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If yes answered above, I disclose the following facts: <i>Real or potential conflicts of interest may include, but are not limited to:</i> <ol style="list-style-type: none"> 1. Close family member who is an employee of the USAID operating unit managing the project(s) being evaluated or the implementing organization(s) whose project(s) are being evaluated. 2. Financial interest that is direct, or is significant though indirect, in the implementing organization(s) whose projects are being evaluated or in the outcome of the evaluation. 3. Current or previous direct or significant though indirect experience with the project(s) being evaluated, including involvement in the project design or previous iterations of the project. 4. Current or previous work experience or seeking employment with the USAID operating unit managing the evaluation or the implementing organization(s) whose project(s) are being evaluated. 5. Current or previous work experience with an organization that may be seen as an industry competitor with the implementing organization(s) whose project(s) are being evaluated. 6. Preconceived ideas toward individuals, groups, organizations, or objectives of the particular projects and organizations being evaluated that could bias the evaluation. 	

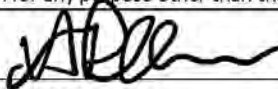
I certify (1) that I have completed this disclosure form fully and to the best of my ability and (2) that I will update this disclosure form promptly if relevant circumstances change. If I gain access to proprietary information of other companies, then I agree to protect their information from unauthorized use or disclosure for as long as it remains proprietary and refrain from using the information for any purpose other than that for which it was furnished.

Signature	
Date	4 Jan 2018

Disclosure of Conflict of Interest for USAID Evaluation Team Members

Name	Helen Dean
Title	Financial Management Advisor
Organization	Social Impact
Evaluation Position?	<input type="checkbox"/> Team Leader <input checked="" type="checkbox"/> Team member x
Evaluation Award Number (contract or other instrument)	Liberia Strategic Analysis L034
USAID Project(s) Evaluated (Include project name(s), implementer name(s) and award number(s), if applicable)	
I have real or potential conflicts of interest to disclose.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>If yes answered above, I disclose the following facts: <i>Real or potential conflicts of interest may include, but are not limited to:</i></p> <ol style="list-style-type: none"> 1. <i>Close family member who is an employee of the USAID operating unit managing the project(s) being evaluated or the implementing organization(s) whose project(s) are being evaluated.</i> 2. <i>Financial interest that is direct, or is significant though indirect, in the implementing organization(s) whose projects are being evaluated or in the outcome of the evaluation.</i> 3. <i>Current or previous direct or significant though indirect experience with the project(s) being evaluated, including involvement in the project design or previous iterations of the project.</i> 4. <i>Current or previous work experience or seeking employment with the USAID operating unit managing the evaluation or the implementing organization(s) whose project(s) are being evaluated.</i> 5. <i>Current or previous work experience with an organization that may be seen as an industry competitor with the implementing organization(s) whose project(s) are being evaluated.</i> 6. <i>Preconceived ideas toward individuals, groups, organizations, or objectives of the particular projects and organizations being evaluated that could bias the evaluation.</i> 	

I certify (1) that I have completed this disclosure form fully and to the best of my ability and (2) that I will update this disclosure form promptly if relevant circumstances change. If I gain access to proprietary information of other companies, then I agree to protect their information from unauthorized use or disclosure for as long as it remains proprietary and refrain from using the information for any purpose other than that for which it was furnished.

Signature	
Date	01/10/2018

ANNEX F: ANALYSIS OF OFFICIAL GOL PAYROLL VERSUS ALLOWANCES FOR MOE AND MOH

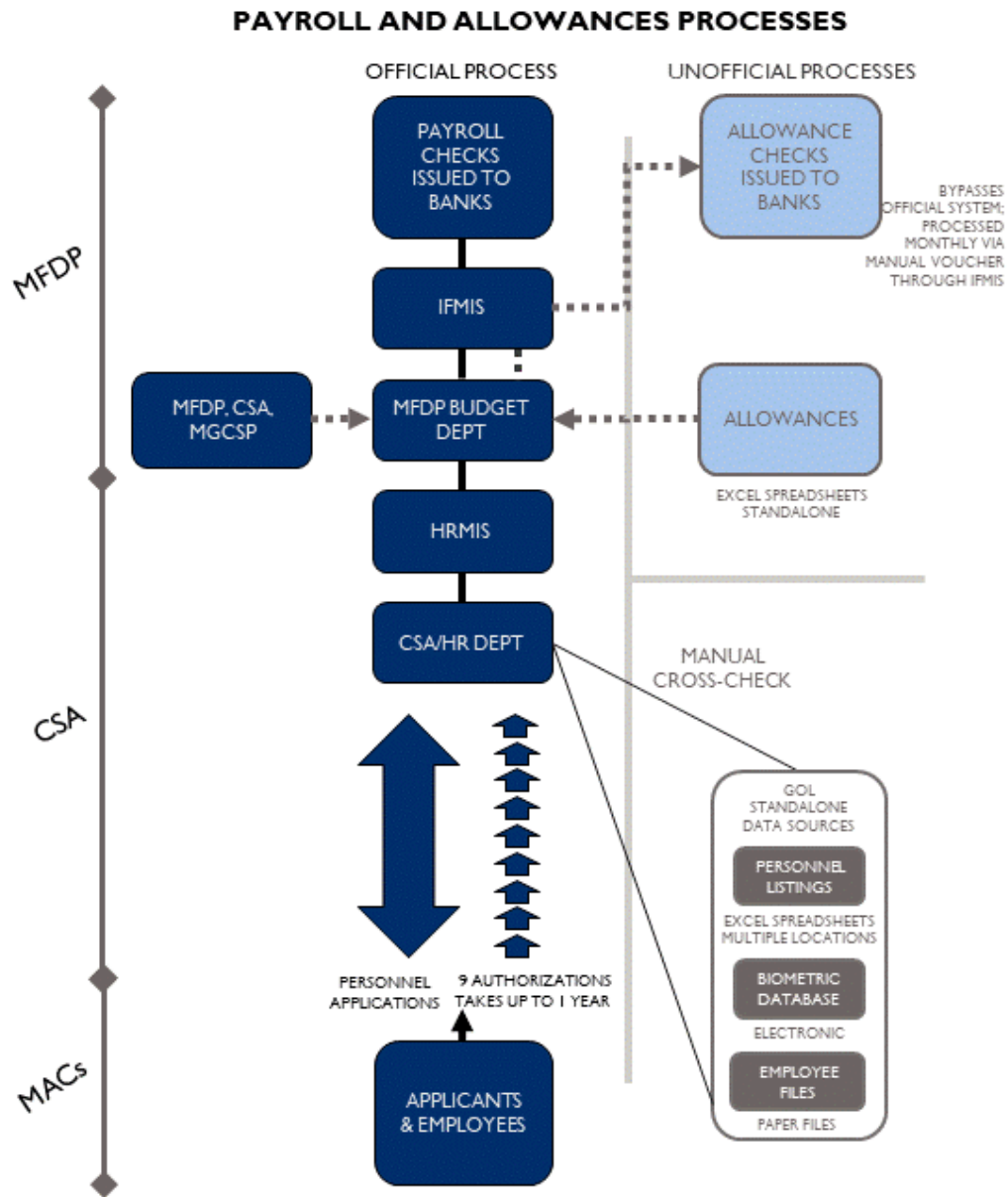
The table below shows an analysis of the various allowance schedules for the two MACs that have reportedly collapsed their allowances and GOL salary - the MFDP and the CSA - against the MOH and the MOE in which there remain two separate streams of allowances and GOL salaries.

Financial Year		MOH	CSA	MOE	MFDP
USD					
2014/15	Salary	11,950,168	222,194	32,774,829	1,703,078
	Allowances	9,515,277	14,392,563	1,669,219	6,400,002
	Total Compensation	21,465,445	14,836,951	34,444,048	8,103,080
	Allowances as % of Total	44%	97%	5%	79%
2015/16	Salary	13,086,672	2,203,115	30,242,218	8,427,271
	Allowances	10,876,275	13,924,690	1,663,455	0
	Total Compensation	23,963,947	16,127,805	31,905,673	8,427,271
	Allowances as % of Total	45%	86%	5%	N/A
2016/17	Salary	15,581,158	2,204,668	32,774,856	9,448,232
	Allowances	9,700,239	13,357,347	1,666,148	-
	Total Compensation	25,281,397	15,562,015	34,441,004	9,448,232
	Allowances as % of Total	38%	86%	5%	0%

Source: Republic of Liberia National Budget document, 2016/17

As can be seen from the above analysis, allowances as a percentage of total compensation varies widely across the MACs. In the case of the MOE, allowances comprise 5% of total remuneration compensation, yet in the case of CSA, allowances comprise more than 80% of the total compensation. This is a particularly interesting finding as it is directly contradictory to CSA's reporting that they have 'fully eliminated' their allowances and have collapsed salaries and allowances, beginning in 2014/15. In the MOH, approximately 38-44% of their total remuneration compensation is distributed in allowances. MFDP data shows that their allowances were fully merged (collapsed into a single GOL salary stream) in FY 2015/16.

ANNEX G: FLOW CHART DEMONSTRATING PAYROLL AND ALLOWANCES PROCESSING IN GOL



Process Details: Payroll

1. County and central HR staff at each MAC submit paper-based documentation each month detailing additions and deletions (changes) to the official payroll to the MAC central HR. Timeframe for this to be affected (reflected on the payroll) can be from 3 months to 18 months.
2. CSA generates a hard and soft copy of the payroll each month and sends to HR at each MAC. Each MAC verifies against the previous month's payroll and, if there are changes, they send the authorized PAN forms and accompanying documentation for each employee in hard copy to the CSA.
3. CSA verifies documents in hard copy and manually cross-checks against the biometric database hard copies and against the Official Personnel Listing (OPL) hard copies. If any inconsistencies are found, CSA sends documents back to originator.

4. CSA updates the HRMIS manually with the hard copies of the documents, generates hard copies of each MAC's payroll, and sends for authorization to the MFDP. MFDP prints hard copy of payroll and sends back to CSA for cross-check with soft copy.
5. Once cross-checked, CSA makes any changes and sends hard copy back to MFDP. MFDP sorts into checks per MAC and per bank and prints checks. Checks are then taken to banks.

Process Details: Allowances

1. HR staff at each MAC generate a hard copy and soft copy payroll list from allowances spreadsheet authorized by Deputy Minister.
2. MAC Finance Department enters a journal voucher in the IFMIS and sends a hard copy of voucher plus payroll and soft copy of payroll to MFDP with authorizations.
3. MFDP EDP Department verifies hard copies against IFMIS, sorts into checks per MAC and per bank, prints checks, and takes checks to bank.

Process Details for MACs Not on Payroll (MFDP, CSA, and MGCSP)

1. HR staff at each MAC generates hard and soft copy payroll list from payroll list, checking manually against PANs and the OPLs for each employee for changes.
2. Each MAC's Finance Department enters journal vouchers in IFMIS, sends a hard and soft copy of the payroll plus a hard copy of the voucher to MFDP with authorizations.
3. MFDP EDP Department verifies hard copies against IFMIS, sorts into checks per MAC and per bank, prints checks, and takes checks to bank.

ANNEX H: COMPARISON OF GRADED AND NON-GRADED STAFF ACROSS GOL

Comparison of GOL Payroll and Salary Payments vs Allowances as of November 2017.⁶⁹

Total Number Graded Staff Across GOL	Total Monthly Salary USD Paid by MFDP (USD)	Total Monthly Allowances Paid by MFDP (USD)	Total Collapsed	% of Total Workforce	% of Total Wage Bill	Allowances as % of total wage bill
36,924	6,488,515	2,411,255	8,899,771	51.5	39%	27%
Total Ungraded and Unclassified	Total salary for MFDP and CSA	Total Allowances of Non-Employees USD	Total Collapsed	% of Total Workforce		
33,823	903,642	12,863,118	13,766,760	48.5	61%	N/A
Total						
70,747	7,392,157	15,274,373	22,666,531			67%

This table shows the number of graded staff that CSA has classified to date (November 2017) (36,924) as 51.5% of the total workforce that represents all those being paid through the GOL salary system (CSMS), plus 33,823, at 48.5% of the workforce, representing those unclassified, ungraded staff who are not on the CSMS system (MOH and CSA) plus those who are paid allowances only and are not employees of the GOL.

Thus, it can be seen that allowances as a total of the monthly wage bill represent 67%, and that 48.5% of the total workforce is not processed through the CSMS. Additionally, at least \$12.9 million USD monthly is spent on non-employees of the GOL, staff who have not been recruited through the civil service and are largely recruited through heads of MACs. Note that this data does not include employees paid by other sources, such as donors. Therefore, the number of 70,747 staff is likely to be higher.

This data was adapted from a report carried out by LIMPAC, at MFDP, using data provided to them by CSA. It should be noted that this data is likely to contain duplications, errors, and double counting, given CSA's inability to produce clean payroll data and allowances data. However, the data is used here to illustrate the need to eliminate the allowance schemes that are being used to bypass GOL civil service employment regulations and processes and to illustrate the huge number of workers who are not employees of GOL.

⁶⁹ Data obtained and adapted from "Merger of Discretionary Allowances and Base Pay for Civil Service. Technical Team of the MFDP and CSA". November 2017.

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