BUDGET FRAMEWORK PAPER FOR FY2020/2021

Submitted to the National Legislature of the Republic of Liberia on the 30th April 2020 at the Capitol Hill, Monrovia, Liberia

In addition to external sources, this ***Budget Framework Paper*** is amassed using the latest accessible statistics from various departments within the Ministry of Finance and Development Planning. Some of the resources contained in this document are subject to contemporary change.

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ACRONYMS

AfT	Agenda for Transformation
BFP	Budget Framework Paper
CSA	Civil Service Agency
COVID-19	Coronavirus Disease
CSM	Civil Service Management
DMU	Debt Management Unit
DBDP	Department of Budget and Development Planning
ESRP	Economic Stabilization and Recovery Planning
EVD	Ebola Virus Disease
GDP	Gross Domestic Product
GoL	Government of Liberia
IFMIS	Integrated Financial Management Information System
IAA	Internal Audit Agency
LIPA	Liberia Institute of Public Administration
LRA	Liberia Revenue Authority
M&As	Ministries and Agencies
MFDP	Ministry of Finance and Development Planning
MTDS	Medium Term Debt Strategy
MTEF	Medium Term Expenditure Framework
MTFF	Medium Term Fiscal Framework
PAPD	Pro-Poor Agenda for Prosperity and Development
PFM	Public Financial Management
PSIP	Public Sector Investment Plan
WEO	World Economic Outlook

FORWARD

This Government was placed in authority on the back of the people's mandate to build a capable state that is united in purpose and filled with hope and prosperity. In two years of managing the country's finances, we have managed to successfully lay the foundation, albeit with some grave whirlwinds, for an era of sustained prosperity. Since 2014, the economy recovery has been slowed and challenging. Upon assuming the mantle of authority, the Government completed and consummated the Pro-Poor Agenda for Prosperity and Development (PAPD) – an ambitious plan to build more capable and trusted state institutions that will lead to a stable, resilient, and inclusive nation and provide greater income security to an additional one million Liberians; and reduce absolute poverty through sustained and inclusive economic growth driven by robust investments in agriculture, infrastructure, human resource development, and in social protection.

Notwithstanding, these gains were achieved under a tumultuous macroeconomic climate. There still remain substantial challenges to a host of key macroeconomic variables. These challenges are seen in the form of rising price level, falling prices of our major exports, the loss in foreign exchange inflow due to the total drawdown of UNMIL, global trade, political tensions and the deadly Coronavirus of 2019 in the world are expected to be meaningful in their respective impacts on the local economy– dampening the prospect of growth as well as increasing the fiscal pressure on the limited resource envelope. Shielding the economy from these provoking down-side risks will require effective implementation of the national policy agenda, steady fiscal consolidation to mitigate debt and recurrent expenditure vulnerabilities –mainly in compensation– and advancing revenue mobilization. These policy efforts are assiduously mapped onto the 2020/21 budget through this Budget Framework Paper.

A major challenge facing the country at this time is curbing the rapid spread of the coronavirus disease which has crippled economic activities and has constrained our fiscal space – reducing revenues while ballooning expenditures. To mitigate these challenges, interventions in critical sectors such as health, agriculture and infrastructures especially roads, and social development are considered the priorities in the 2020/21 budget. For the upcoming fiscal year, the draft budget for FY2020/21 serves as our instrument for effecting these efforts and drawing-down on the targets set forth in the PAPD. We cannot achieve our development targets without the instrumentalities of our development partners. Our international partners have reaffirmed their firmed commitment to pooling in their resources and expertise to support our cause. Over the past few years, the IMF's Extended Credit Facility (ECF) and Rapid Credit Facility (RCF) arrangements have been very instrumental in dealing with the balance of payment gap created by existing macroeconomic shocks.

The 2020/21 budget is derived from a rigorous and conservative economic exercise that will ensure budget credibility and reflect our commitment to the prosperity and security of the Liberian people. The more of the PAPD's targets we delivered the soonest, we believe, the more united, secured and prosperous we will be as a nation. It is our hope that the Legislature invites us for timely dialogue, if relevant, concerning the intuitions that fed into the formulation of the budget for the purpose of improving or considering alternative logical framework(s) consistent with the national development plan to optimize the gains we can derive from our limited resources. Because we believe —In union strong, success is sure; when we stand together as a country, we cannot fail!

Hon. Samuel D. Tweah
Minister of Finance & Development Planning (MFDP)
April 2020

EXECUTIVE SUMMARY

1. The MTEF procedure has three main objectives: allotting resources in line with national priorities; guaranteeing fiscal discipline by projecting what resources the public sector can generate; and ensuring national resources are used resourcefully to improve life's standard and the qualities of lives. To strengthen the link between national priorities set out in the national development plan (the Pro-Poor Agenda for Prosperity and Development) and the budget, the MTEF sets out two separate phases of the budgetary preparation process: **the strategic phase and the operational phase**. The strategic phase is used to review high-level priorities and strategies before detailed resource allocation is undertaken. The operational phase of the budget preparation involves the allocation of resources to sectors and various spending entities/units of government and concludes with the passing of the national budget by the national legislature. The Budget Framework Paper (BFP) is the final output of the strategic phase of the budget.

2. The BFP brings together into a single document three key elements of significance to the budget:
    a. **OVERVIEW OF THE ECONOMY AND FISCAL TRENDS**: This provides an assessment of recent macroeconomic and fiscal performances and a macroeconomic outlook for the coming years. The outlook presents in a clear tone economic assumptions underlying the forecasts of the resource envelope, particularly tax and non-tax revenue as well as the context for choices about expenditure in the budget.

    b. **MEDIUM TERM FISCAL FRAMEWORK (MTFF):** This establishes the resource envelope available over the three-year period of the MTEF. It is prepared to capture all sources of revenue (tax revenue and non-tax revenue), grants from donors, and any likely borrowings (both domestic and external). The MTFF also sets out any fiscal rules that the government has agreed to abide by and provides an overview of fiscal risks, from both the expenditure and revenue perspectives.

    c. **THE MEDIUM-TERM EXPENDITURE:** The Medium-Term Expenditure Framework (MTEF) presents the Government's policy priorities and how, given the resource envelope identified in the MTFF, these will be reflected in the national budget.

3. The MTEF is designed to draw consistent linkages between the medium and the long-term policy objectives as set out in the Pro-Poor Agenda, its successor plans and the Vision 2030, government policy direction and the framework for resource allocation – the national budget. The Pro-Poor Agenda and its successor plan, as part of the Liberia Rising 2030 provide the overall roadmap for achieving the objectives of the country's medium-term economic growth and development strategy. Launched in October 2019, the Pro-Poor Agenda comprises four pillars: Power to the people, Economy and jobs, Sustaining the Peace, and Governance and Transparency.

4. To protect public safety, the proposed fiscal framework for FY2020/21 prioritizes spending on health to curtail the spread of the coronavirus disease. Moreover, to stimulate economic growth, it also prioritizes spending on key government programs that have the potential to spur Pro-Poor economic growth and to create the enabling political and social economic environment for businesses to thrive must be worthwhile and sustainable.

5. The Liberian economy faces emerging and existing challenges that could undermine the formidable tasks of delivering on the PAPD, ensuring effective macroeconomic management, debt stability, and

smooth recovery from shocks that undermined the country's growth prospects over the years. Other challenges include severe macroeconomic imbalances, low economic development, poor private sector development and poor public service delivery and the COVID-19 severe impact. Thus, the current macroeconomic environment is challenging especially given the slow recovery from the adverse macroeconomic challenges that have beset the economy in times past. With these inhibiting challenges, real GDP growth rate over the course of 2020 is projected to contract at 2.5 percent-similar value realized in 2019. Pre-Covid-19 value for 2020 was projected at 0.5 percent.

6. For the administration of the affairs of the state over the course of July 1, 2019 to June 30, 2020, a budget of US$525.9 million was approved and passed into law representing a decrease of 7.8 percent compared to the approved budget for the previous fiscal year – FY2018/2019. The approved budget for FY2019/20 also represents a 9.3 percent increase compared to the FY2018/19 outturn of US$481.0 million. Of the approved budget for FY2019/20, domestic revenue (tax plus non-tax revenues) accounts for US$465.1 million representing 88.4 percent of the resource envelope while external resources (grants plus foreign borrowing) account for US$60.8 million representing 11.6 percent. Total revenue collected at the end of the third quarter of FY2019/20 amounts to US$371.4 million. This represents approximately 62.3 percent of the total revenue and grants but 70.6 percent of the approved resource envelope. Of the collected amount, tax revenues amounted to US$247.5 million representing 66.6 percent; nontax revenues accounted for US$72.5 million representing about 19.5 percent of actual collection; grants accounted for US$7.4 million representing about 2.0 percent of the revenue collected; and borrowing accounted for US$44.0 million representing about 11.8 percent.

7. The Government of Liberia continues to consolidate funding both on and off-budget to finance Public Sector Investment Programs (PSIPs) across all sectors. Total revised aid projected for FY2019/20 – both grants and loans amounts to US$403.9 million. Of the projected amount, grants account for US$268.6 million (66.5 percent of total projection) while loans account for US$135.3 million (33.5 percent). Total aid disbursed at the end of the third quarter of FY2019/20 in the form of both grants and loan, as evidenced by Table 6, amounts to US$61.5 million, of which grants account for US$39.7 million, thus representing 64.6 percent and loans account for US$21.7 million representing 35.4 percent. Hence disbursement rate at the end of the third quarter of FY2019/20 is 15.2 percent with grant recording a disbursement rate of 14.8 percent while loans recording a disbursement rate of 16.1 percent.

8. The approved national budget for FY2019/2020 amounted to US$525.9 million representing a decrease of 7.8 percent compared to FY2018/19 approved budget but an increase of 9.3 percent compared to the outturn for FY2018/19. Given the global health pandemic as a result of the outbreak of the coronavirus disease and the measures put in place to curtail the spread of the disease, the expenditures in the national budget had to be reallocated to reflect the additional funding pressures. However, the fall in domestic economic activities constrained the Government's fiscal space. As a consequence, expenditures were adjusted downwards by 2.4 percent to US$513.0 million. At the end of the third quarter of FY2019/20 allotment accounted for 73.6 percent of the National Budget of which 89.6 percent was committed. On a commitment basis, 65.9 percent of the approved budget was executed at the end of the period under review.

9. The total public debt stock as at end- March 2020 is US$1,503.1 million compared to US$1,064.0 million at end- March 2019, thus representing an increase of 41.3 percent. Total debt service amounted to US$15.1 million at the end of the period under review compared to US$14.2 million for the corresponding of the previous fiscal year thus representing an increase of about 106.1 percent.

10. The projected resource envelope for FY2020/21 stands at US$535.5 million representing an increase of 1.9 percent compared to the estimated outturn for FY2019/20 and also an increase of 1.8 percent compared to the approved budget for FY2019/20. However, the expenditure portfolio for the administration of the affairs of the state over the course of FY2020/2021 is estimated at US$535.5 million, representing an increase of 1.8 percent compared to the approved budget for FY2019/20 and also increases of 3.4 percent and 4.7 percent compared to the recast budget and the estimated expenditure outturn for FY2019/20 respectively.

11. For the outer years in the medium term, that is FY2021/22 and FY2022/23, expenditures are projected at US$530.8 million and US$539.6 million respectively. Expenditures for FY2021/22 are projected to decrease by 0.9 percent compared to FY2020/21 whereas expenditures FY2022/23 are projected to increase by 0.8 percent.

LEGISLATIVE REQUIRMENTS

Set out below are the requirements for the Budget Framework Paper as enshrined in section 11 of the PFM law of 2009 and its associated regulations in part D.6.

12. The Proposed National Budget to be presented to the Legislature shall be accompanied by the budget framework paper, outlined in Section 11 of the Public Finance Management Act of 2009 updated to reflect the draft budget submitted to the Legislature.

13. The budget framework paper shall contain the following:
    a. An analysis of the economic and fiscal trends, and the assumptions underlying the medium term macroeconomic and fiscal framework of the budget;
    b. An explanation of the government's policy priorities and how these are reflected in the budget;
    c. A statement of key fiscal risks that may affect budget execution;
    d. The essential features of the medium-term expenditure framework, where this has been prepared;
    e. A summary statement of revenues and expenditure performance, using the main economic categories identified in Section 8(d) of the Public Finance Management Act of 2009, for the last two years showing the surplus or deficit in each of the years, and indicating the use to which it was put (in the case of surplus) or the means of financing (in the case of deficit);
    f. A summary statement of revenues and expenditures, using the main economic categories identified in Section 8(d) of the Public Finance Management Act of 2009, for the three years showing the projected surplus or deficit in each of the years, and indicating the use to which it will be put (in the case of surplus) or the means of financing (in the case of deficit);
    g. A summary statement of off-budget donor funding showing names of project and program, funding-agency, recipient government agency, disbursements effected in the previous financial year, projected disbursement in the following financial year;
    h. A summary statement of the performance of State-Owned Enterprises and their annual financial plans for the following year showing revenues, expenditures and changes in net worth;
    i. Summary statement of the performance of public corporations and Special Funds showing incomes accruing to them including any donor funding, cash flow statement, outstanding debt

if any that includes arrears to vendors and borrowing requirements for the following financial year;

j. A summary statement of budgetary implications of new legislations on the proposed budget as well as the financial implication over the two outer years, consistent with the provisions of Section 19 of the Public Finance Management Act of 2009.

14. The detailed annual budget estimates shall show the previous budget year outturns, the current year original budget as well as the year-to-date outturn based on available data, and projected outturns.

15. The detailed estimates, which will include both revenues and expenditures, will be structured according to the classifications specified in Section 8(d) of Public Finance Management Act of 2009. The detailed estimates will include overall as well as agency level summaries by the various classifications utilized in the budget.

BUDGETARY PROCESS AND AGENDA

BUDGETARY PROCESS

16. The Budget process is guided by the Medium-Term Expenditure Framework (MTEF) with three main objectives:
    - **a.** ***allocating resources consistent with national priorities;***
    - **b.** ***ensuring efficient use of national resources; and***
    - **c.** ***assuring fiscal discipline by spending what the public sector can afford.***

17. The MTEF sets out separate phases of the budget process to guide the inter-linkages between the national development agenda (PAPD) and the priorities earmarked in the national budget for a given fiscal period. The strategic and operational phases support the budget preparation process. During the strategic phase of the budget process, high-level national priorities and spending strategies are reviewed in line with sector objectives before detailed resource allocation is carried out. The operational phase of the budget preparation allocates resources to various budget sectors and spending entities/units, and concludes with the passing of the national budget by the national legislature.

18. The Budget Framework Paper (BFP) is the final output of the strategic phase of the budget. The framework paper is written in accordance with Section 11 of the Public Financial Management Act of 2009. It is intended to facilitate consultation with the National Legislature on revenue and expenditure priorities. The BFP brings together into a single document three key elements of importance to the budget:
    - d. **Overview of the economy and fiscal trends** –this provides an assessment of recent macroeconomic and fiscal performances and a macroeconomic outlook for the coming years. The outlook presents in a clear tone economic assumptions underlying the forecasts of the resource envelope, particularly tax and non-tax revenue, and provides the context for choices about expenditure in the budget.

    - e. **Medium-Term Fiscal Framework (MTFF)** – this establishes the resource envelope available over the three-year period of the MTEF. It is prepared to capture all sources of revenue (tax revenue and non-tax revenue), grants from donors, and any likely borrowings (both domestic and external). The MTFF also sets out any fiscal rules that the government has agreed to abide by and an overview of fiscal risks, from both the expenditure and revenue perspectives; and

f. **Government expenditure plans and priorities** (the Medium Term Expenditure Framework) this presents the Government's policy priorities and how, given the resource envelope identified in the Medium Term Fiscal Framework, these will be reflected in the budget.

19. The GoL has continued to improve its public financial management processes based on lessons learned from the implementation of its first round of MTEF budget and on current realities of the global decline in the prices of primary products. Prominent amongst the institutional reforms undertaken over the last few years are:

PUBLIC FINANCIAL MANAGEMENT REFORMS

Robust Legislative and Regulatory Framework

20. The Amendments to the PFM Act of 2009 has been passed by both Houses of the National Legislature. These changes considered lessons learned from implementing the Act since 2009 and to harmonize it with existing complementary laws, like the IAA Law for effective PFM implementation. In October 2019, the President of Liberia signed into law the Amendments and Restatement to the PFM Law of 2009. Rationale for the Amendment of the PFM Law
    i. The 2009 PFM Law provides the legal basis for regulating the management of the nation's financial resources.
    ii. Since it was passed into law, many lessons have been learned on how to further improve public resource management (e.g. the role of the CAG, Heads of M&As, harmonizing fiscal year with the ECOWAS sub-region and strengthening sanctions).
    iii. Harmonizing inconsistencies with other laws (e.g. MFDP Act, IAA Act, etc.)
    iv. Hence, updating the Law to reflect post 2009 PFM Law implementation became imperative.
    v. The MFDP & other relevant Agencies reviewed the Law and have proposed amendments to the PFM Law (2009).
    vi. These proposed amendments are expected to further strengthen the financial & budget management functions and oversight.

Key Areas of Proposed Amendments

21. **General provisions, Key PFM concepts & Principles: Example, regularity, Value for Money**
    A. Authority & Responsibility for budget and PFM
        i. New Powers for the Finance Minister
        ii. Comptroller & Accountant General
        iii. Heads of Ministries & Agencies

    B. Budget Preparation and Approval
        i. Supplementary budget & Mid-year review

    C. Budget Execution and Implementation
        i. Withdrawal from the Consolidated Fund

D. Borrowing, Public Debt Government Guarantees and Aid

  i. Powers of the Government to borrow

E. Accounting & Reporting

  i. Powers & Authority of the Auditor General
  ii. Provisions for strengthening Internal Controls & Audit (Part VIII),
  iii. State Owned Enterprises Administration (Part X) and Sanctions for breaches have been proposed

22. **Credible Budget to Support Service Delivery**
    a. Planning & Forecasting: MTFF has improved due to improved forecasting via increased capacity building but sustenance remains an issue.
    b. Budget Formulation, the Budget Department of the Ministry of Finance & Development Planning held a series of engagements on the MTEF Process as means of re-igniting the process since its inception in early 2013. Representatives attended the validation exercise from various Ministries and Agencies. The draft strategy is a culmination of lessons learnt from the earlier MTEF implementation efforts with the new strategy will be rolled out during the 2021 budget preparation process.
    c. PSIPS are being prepared and monitored by the PIU.
    d. Gender Budgeting: National Policy launched on March 7, 2019. Implementation set to commence in FY19/20.

23. **Revenue Mobilization**
    a. Natural Resource Tax Unit (NRTU) is presently facing challenges in attracting resources from the Sector.
    b. Two (2) independent Consultants presently undertaking audits/field works of the Sector.
    c. Staff of the Unit presently embedded with the auditors as a means of transfer of knowledge
    d. Auditors will independently conduct field works in the future.
    e. Introduction of the Compliance Clustering System (CCS) to manage taxpayers based on their geographic location. Rationale: The CCS will augment efforts by the LRA to build relationship and enforce compliance through clusters or zones. It will enable the LRA to know their clients better and to understand the compliance behavior of taxpayers in any particular tax group, deliver taxpayer services at reasonable cost and enhance education in respect to taxpayers' obligations.
    f. Passage of the Revised Customs Code by the National Legislature. The code, will reduce bottlenecks at the CBOs and help to improve the business climate as it incorporates the World Customs Organization Trade Facilitation Agreement.
    g. Migration to Year 2 of the ECOWAS Common External Tariff
    h. Comprehensive Audit of the GSM and Natural Resources Sector is ongoing. The audit is expected to build the capacity of the LRA team and improved reporting and revenue from the sector.
    i. Development and launch of Mobile Applications for Issuance of Tax Identification and registration of Properties. These applications are expected to boost compliance and subsequently increase the revenue base.

24. **Robust & Linked PFM Systems and Processes**

a. IFMIS Data Center Upgraded and FreeBalance application Migrated on the platform;
b. The Budget Module Implementation is currently a work in progress. The configuration of the system and training of staff on the system has been complete, and awaiting deployment and go-live. The team was able to successfully configure and produce the text copy of the draft budget book. The full installation of the module, including final user acceptance testing and user and system administration training, are expected to be completed by January 2019;
c. IFMIS IT Infrastructure Assessed. Report to feed in the final IFMIS Strategy and the final strategy will use as a guide to further interventions in the IFMIS infrastructure; and
d. Debt management system and ASYCUDA and SIGTAS are been used for debt and revenue management respectively.

25. **Comprehensive & Transparent Financial Reporting**
    a. All of the autonomous agencies use IFRS for reporting and a significant number of them do report to the MFDP through a special Unit at the ministry known as the State Owned Enterprise (SOE) unit
    b. Currently we are above the 50% mark in terms of M&As preparing & submitting financial reports as required by the PFM Act. However, more need to be done in terms of routine refresher training and technical support for M&As
    c. The revised and approved PFM Act of 2019 speaks to the minimum qualifications of the CAG. A Consultant is being recruited to review the current PFM Regulations for all necessary amendments one of which is the setting of minimum qualification for Financial Controllers/Finance Officers at the various M&As
    d. The FY 2018/19 1st quarter Budget Performance Report and 2nd quarter Budget Performance Report also published.
    e. Treasury Single Account Concept Paper revised. A Circular has been issued by the Comptroller Accountant General for the closure of all dormant accounts.
    f. EDMS is being redesigned, taking into account GoL business processes. It is expected to be delivered March, 2020.
    g. The Fiscal Risk Strategy for SOEs was developed in March 2019. This activity is supported by IMF-AFRITEC West 2 TA Mission.

26. **External Scrutiny**
    a. The Non-State Actor Secretariat conducted capacity building for Civil Society Organizations in Ganta and Buchanan for increased role or participation in the budget process.
    b. A two-day crash training for CSO representatives was held January of 2020. The training exposed participants to the Budget Option Paper (BOP), the budget call circular amongst others. During the training participants critiqued past Budget Options Papers and identified key areas that they hoped the paper could cover.
    c. A one-day consultative meeting was held with CSOs focusing on increasing their awareness about the budget process and the current opportunity that has been made available by government to institutionalize their participation.

POLICY AGENDA

27. The Pro-Poor Agenda for Prosperity and Development (PAPD) is a five-year plan crafted and adopted by the Government of Liberia that will guide the next course of development planning and implementation. Like FY2018/19, over the medium term, the PAPD) will remain the overall roadmap for Liberia's economic growth and development strategy. The PAPD and the Liberia Rising 2030 provide the overall roadmap for the country's medium to long term economic growth and development strategy.

28. The PAPD was preceded by the Agenda for Transformation which was launched in December 2012. The Agenda for Transformation (AfT) also had a five-year horizon and comprised five pillars: Peace, Security and the Rule of Law; Economic Transformation; Human Development; Governance and Public Institutions; and Crosscutting Issues. The PAPD is informed by lessons learned from the implementation of the AfT, which was informed by the implementation of the Poverty Reduction Strategy (PRS, 2008-2011). The PAPD has four strategic pillars: **Power to the People; Economy and Jobs; Sustaining the Peace; and Governance and Transparency.**

29. The PAPD reflects this administration's agenda which is centered on the people, providing economic empowerment, strengthening capacity, and making Liberia a unique investment destination through robust public-private partnership. The PAPD also incorporates national identity as aligned to ECOWAS Vision 2020, the African Union's Agenda 2063, and the Global Sustainable Development Goals (SDGs). It intends to promote economic growth and development in a way that will provide support for the most vulnerable segment of the population, by providing greater income security, improving standard of living, creating jobs, and investing in public infrastructures and private sector development.

30. Top on the Government's agenda is the financing of PAPD for the FY2020/21. These include:
    a. Delivering/financing the PAPD;
    b. Crafting policy to gauge and mitigate the impact of the Coronavirus pandemic on the economy
    c. Ensuring prudent/effective demand management policies;
    d. Guaranteeing debt management stability;
    e. Containing recurrent expenditures, particularly the wage bill, so as to create savings for investment in PSIP
    f. Financing of infrastructures including health, education, security, and the likes.
    g. Financing sustainable diversification programs in relevant sectors in order to increase job creation, output and income

31. However, the implementation of the PAPD has been interrupted by the outbreak of the coronavirus pandemic which has constrained economic activities which consequently narrowed the Government's fiscal space – reducing revenues while ballooning expenditures. Curtailing the spread of the disease remains the major priority over the ensuing fiscal year and beyond.

MACROECONOMIC ENVIRONMENT & OUTLOOK

GLOBAL ECONOMIC OUTLOOK

32. Prior to the outbreak of the deadly pandemic – COVID-19 – global economic growth based on the January 20, 2020 World Economic Outlook (WEO) was projected at 3.3 percent in 2020 up from 2.9 percent in 2019 and to increase further to 3.4 percent in 2021. The projected growth was on account of a boost in market sentiments based on signs that manufacturing activity and global trade are bottoming out, a broad-based shift toward accommodative monetary policy, intermittent favorable news on US-China trade negotiations and diminished fears of a no-deal Brexit.

33. Following the outbreak of the deadly pandemic which has placed severe stress on health systems worldwide and the attending measures (isolation, lockdowns and widespread closures) to slow the spread of the virus, there has been a severe impact on economic activity. As a consequence, based on the April 6, 2020 WEO, global growth has been projected to contract sharply by -3.0 percent in 2020 a change of -6.3 percent compared to the January 2020 WEO but to rebound to 5.8 percent in 2021 representing a change of 2.4 percent compared to the January 2020 WEO.

34. As the economic fallout from the COVID-19 pandemic and the Great Lockdown has become more severe, many governments have stepped up their emergency lifelines to protect people, preserve jobs, and prevent bankruptcies. The steep contraction in economic activity and fiscal revenues, along with the sizable fiscal support, has further stretched public finances, with global public debt projected to reach more than 100 percent of GDP this year. As the lockdowns are unwound in many countries, policy focus needs to shift toward facilitating recovery, although uncertainty about the containment of the pandemic remains, and elevated debt could constrain the scope and effectiveness of further fiscal support.

35. Amidst this, global growth based on the June 2020 WEO is projected at –4.9 percent in 2020, 1.9 percentage points below the April 2020 WEO forecast. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.4 percent which reflects a 0.4 percentage point below the April 2020 WEO. Thus, this pandemic is having acute adverse impact on low-income households thereby jeopardizing the significant progress made in reducing extreme poverty in the world since the 1990s.

36. Growth in the advanced economy group is projected at –8.0 percent in 2020, 1.9 percentage points lower than in the April 2020 WEO. There appears to have been a deeper hit to activity in the first half of the year than anticipated, with signs of voluntary distancing even before lockdowns were imposed. This also suggests a more gradual recovery in the second half as fear of contagion is likely to continue. Synchronized deep downturns are foreseen in the United States (–8.0 percent); Japan (–5.8 percent); the United Kingdom (–10.2 percent); Germany (–7.8 percent); France (–12.5 percent); Italy and Spain (–12.8 percent each). In 2021 the advanced economy growth rate is projected to strengthen to 4.8 percent, leaving 2021 GDP for the group about 4 percent below its 2019 level.

37. Among emerging market and developing economies, the hit to activity from domestic disruptions is projected closer to the downside scenario envisaged in April, more than offsetting the improvement in financial market sentiment. The downgrade also reflects larger spillovers from weaker external demand. The downward revision to growth prospects for emerging market and developing economies over 2020–

21 (2.8 percentage points) exceeds the revision for advanced economies (1.8 percentage points). Excluding China, the downward revision for emerging market and developing economies over 2020–21 is 3.6 percentage points. Overall, growth in the group of emerging market and developing economies is forecast at –3.0 percent in 2020, 2 percentage points below the April 2020 WEO forecast.

38. Latin America, where most countries are still struggling to contain infections, the two largest economies, Brazil and Mexico, are projected to contract by 9.1 and 10.5 percent, respectively, in 2020.

39. In sub-Saharan African countries, the outlook for 2020–21 is considerably worse than expected in April and subject to much uncertainty. It reflects a weaker external environment and measures to contain the COVID-19 outbreak, which has been accelerating in the past few weeks. Economic activity this year is now projected to contract by some 3.2 percent, markedly worse than the 1.6 percent contraction anticipated in April. Growth is projected to recover to 3.4 percent in 2021 subject to the continued gradual easing of restrictions that has started in recent weeks and, importantly, if the region avoids the same epidemic dynamics that have played out elsewhere. Across country groupings, growth is expected to fall the most in tourism-dependent and resource-intensive countries. Growth in non-resource intensive countries is expected to come to a near standstill.

    g. In *South Africa*, activity is projected to contract by 8.0 percent in 2020 (by 2.2 percentage points deeper compared to the April 2020 Regional Economic Outlook: Sub-Saharan Africa). The economy is projected to rebound by 3.5 percent in 2021 on the back of improving business activity and confidence as the authorities make progress in implementing policies to boost growth and stabilize public debt; and

    h. In *Nigeria*, the economic contraction is projected to deepen to 5.4 percent in 2020 (down by 2.0 percentage points from the April 2020 Regional Economic Outlook: Sub- Saharan Africa) as the country was hit hard by plummeting oil prices, lower oil production quota and declining activity. Growth is projected to recover to 2.6 percent in 2021 with rising oil prices and increasing production.

40. Regional policies should remain focused on safeguarding public health, supporting people and businesses (tourism, transportation, and manufacturing) hardest hit by the crisis, and facilitating the recovery.

41. Global trade will suffer a deep contraction this year of –11.9 percent, reflecting considerably weaker demand for goods and services, including tourism. Consistent with the gradual pickup in domestic demand next year, trade growth is expected to increase to 8 percent. Weaker demand, the collapse in cross-border tourism, and supply dislocations related to shutdowns (exacerbated in some cases by trade restrictions) are contributing factors to global trade contraction.

42. Inflation projections have generally been revised downward, with larger cuts typically in 2020 and for advanced economies with inflation of 0.3 percent in 2020 down from 1.4 percent in 2019. This generally reflects a combination of weaker activity and lower commodity prices, although in some cases partially offset by the effect of exchange rate depreciation on import prices. Inflation is expected to rise gradually in 2021, consistent with the projected pickup in activity. Nonetheless, the inflation outlook remains muted, reflecting expectations of persistently weak aggregate demand.

43. As shown in Table 2, oil prices can be expected to remain generally low in 2020. There may be an occasional spike to $50 or less per barrel, but average prices in 2020 are likely to be at or below the 2019

level. Average petroleum spot prices per barrel are estimated at $36.20 in 2020 and $37.50 in 2021. Oil futures curves indicate that prices are expected to increase thereafter toward $46, still about 25 percent below the 2019 average.

44. The London Interbank Offered Rate (LIBOR) on US dollar deposits (six months) is projected to worsen in 2020 to 0.9 percent down from 2.3 percent in 2019 reflecting the adverse consequences the pandemic has had on the US economy while with respect to the LIBOR on Euro deposits (three months), conditions are projected to unchanged at -0.4 percent for both 2019 and 2020.

45. Financial policy priorities in response to the crisis need to be mindful of the inter-temporal risk implications of this response. The unprecedented use of unconventional tools has undoubtedly cushioned the impact of the pandemic on the global economy and lessened the immediate danger faced by the global financial system. However, care needs to be taken to avoid a further buildup of vulnerabilities in an environment of easy financial conditions. Once the recovery is firmly underway, policymakers should urgently address financial fragilities that could sow the seeds of future problems and put growth at risk in the medium term.

46. Technology tensions between countries are unlikely to be resolved unless they cooperate to curtail cross-border cyber-attacks and solve outstanding issues concerning intellectual property rights and technology transfer. Failure to work out trade and technology conflicts will undermine confidence further, weaken investment, and lead to rising job losses already a major problem; over a longer horizon, this would inhibit productivity growth and slow increases in living standards and quality. Countries urgently need to cooperate on curbing greenhouse temperature with an approach that ensures appropriate burden-sharing across and within borders.

47. Similarly, to the April 2020 WEO projections, there is pervasive uncertainty around this forecast. The forecast depends on the depth of the contraction in the second quarter of 2020 (for which complete data are not yet available) as well as the magnitude and persistence of the adverse shock. These elements, in turn, depend on several uncertain factors, including:
    i. The length of the pandemic and required lockdowns
    ii. Voluntary social distancing, which will affect spending
    iii. Displaced workers' ability to secure employment, possibly in different sectors
    iv. Scarring from firm closures and unemployed workers exiting the workforce, which may make it more difficult for activity to bounce back once the pandemic fades
    v. The impact of changes to strengthen workplace safety—such as staggered work shifts, enhanced hygiene and cleaning between shifts, new workplace practices relating to proximity of personnel on production lines—which incur business costs
    vi. Global supply chain reconfigurations that affect productivity as companies try to enhance their resilience to supply disruptions
    vii. The extent of cross-border spillovers from weaker external demand as well as funding shortfalls
    viii. Eventual resolution of the current disconnect between asset valuations and prospects for economic activity (as highlighted in the June 2020 *GFSR Update*)
    ix. The extent of cross-border spillovers from weaker external demand as well as funding shortfalls
    x. Eventual resolution of the current disconnect between asset valuations and prospects for economic activity (as highlighted in the June 2020 *GFSR Update*)

DOMESTIC ECONOMIC OUTLOOK

48. The Liberian economy faces emerging and existing challenges that could undermine the formidable tasks of delivering on the PAPD, ensuring effective macroeconomic management, debt stability, and smooth recovery from shocks that undermined the country's growth prospects over the years. Other challenges include severe macroeconomic imbalances, low economic development, poor private sector development and poor public service delivery and the COVID-19 severe impact. Thus, the current macroeconomic environment is challenging especially given the slow recovery from the adverse macroeconomic challenges that have beset the economy in times past.

49. With these inhibiting challenges, real GDP growth rate over the course of 2020 is projected to contract at 2.5 percent from the pre COVID-19 projection of a growth rate of 0.5 percent. Hence, the slump in growth in 2020 is similar to that of 2019. However, nominal GDP is projected to improve in 2020 to a slump of 5.5 percent up from a slump of 7.3 percent in 2019. However, a rebound in nominal GDP growth is projected over the medium term. Table 1 summaries up to the medium-term period sectoral GDP growth rates.

Table 1: Selected Medium-Term Macroeconomic Indicators

	2018	2019	2020	2021	2022	2023
Real GDP	1.2	-2.5	-2.5	4.0	4.4	5.0
Agriculture & Fisheries	3.1	2.0	2.3	3.5	3.0	4.7
Forestry	-6.3	-7.6	-0.3	2.0	4.3	5.5
Mining and panning	24.2	13.2	9.7	6.8	6.0	5.5
Manufacturing	-5.7	-7.6	1.6	5.6	4.8	5.3
Services	-2.2	-5.2	-1.7	3.6	4.8	4.8
Nominal non-mining per capita GDP (US. dollars)	660.0	619.0	588.0	573.0	578.0	593.0
Nominal GDP	3,263.9	3,024.3	2,858.4	2,854.2	3,052.5	3,230.0
Nominal GDP growth (%)	0.6	-7.3	-5.5	-0.1	6.9	5.8
Inflation						
Consumer price growth (average, %)	21.2	28.0	21.3	13.5	11.0	8.5
Consumer price (end of period)	28.5	27.5	15.0	12.0	10.0	7.0
Interest Rate*						
Lending Rate (%)	12.8	12.4	N/A	N/A	N/A	N/A
Saving Rate (%)	2.1	2.1	N/A	N/A	N/A	N/A

***Source**: Ministry of Finance & Development Planning, Central Bank of Liberia and IMF Staff Estimates and Projections*
***Note**: * the Central Bank of Liberia does not have a forecast of the interest rate*

50. Considerably, the medium-term growth prospect will be driven mainly by the mining and panning sector, which is projected at 9.7 percent down from 13.2 percent recorded in 2019. The projected decline in the mining sector is on account of the anticipated decline in the price of iron ore, one of the country's major export commodities. The Agriculture and Fisheries sector is expected to grow at 2.3 percent in 2020, which represents a 0.3 percent growth compared to the growth in 2019. Also the Manufacturing sector is projected to record a modest growth of 1.6 percent, up from 7.6 percent decline realized in 2019. Although the services sector is expected to record a contraction of 1.7 percent in 2020, this represents a stark improvement on the contraction of 5.2 percent realized in 2019. On the overall, the medium term growth prospect of Liberia is promising as the economy is projected to grow at 4.0 percent and 4.2 percent respectively in 2021 and 2022. As evident by **Table 1**, agriculture & fisheries and mining

& panning sectors are the only positive growth sectors probably in the medium term. All other sectors are shrinking.

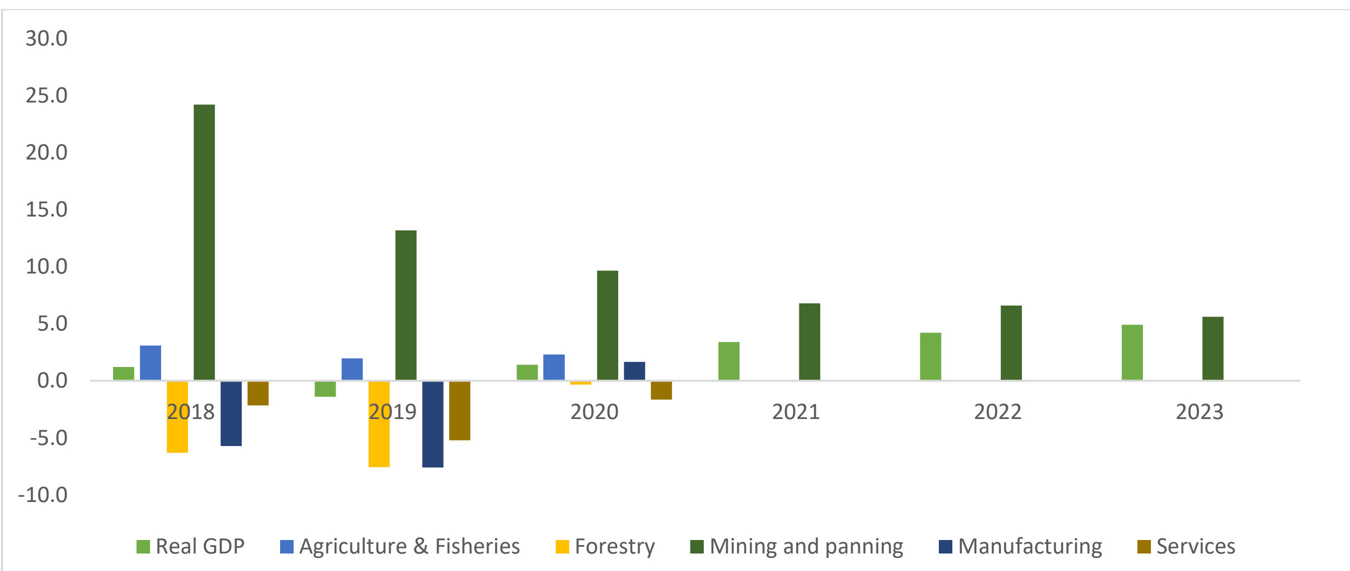
51. The massive depreciation of the exchange rate is having a pass through effect on the general price level. Inflation as measured by the change in the consumer price index is projected at 17.6 percent in 2020 (period average) compare to 15.0 percent in 2019 (period average)— a 17 percentage point increment. Interest rates are projected to remain relatively stable in the medium term as they have been in the past.

52. As percentage of GDP, government overall fiscal balance excluding grants is projected in 2020 as a deficit of 19.9 percent, which is the same when compared what was recorded in 2019. Including grants, it is projected at a deficit of 4.7 percent of GDP in 2020 compared to a deficit of 6.1 percent of GDP recorded in 2019.

53. Total public debt as of end May 2020 is projected at US$1.514 billion. In FY 2019/20, the Government has proposed to borrow US$7.2 million as financing gap. As percent of GDP, total public debt stock is projected at 46.8 percent in FY2020/21. This is very much distressing for an economy that is plagued by macroeconomic imbalance, poor service delivery, low economic development and Covid-19 challenges. It will also suppress PSIP expenditure and FDI.

54. In terms of real sectorial growth rate, **Figure 1** summarizes the data. Besides the mining and panning sector which is the chief driver of the economy now, the agriculture & fisheries sector will contribute significantly. Other sectors might relatively improve as economic activities expand during the medium-term period, but for now they are shrinking. This is worrisome because this fall will definitely shrink government coffer amidst its growing fiscal space and huge debt.

Figure 1: Medium term sectoral GDP growth rate



55. Through trade and financial channels, Liberia is exposed to global inward shocks. Changes in commodity prices, as seen in Table 2, will affect foreign exchange receipts since indeed the mining sector is the chief driver of the economy during the medium-term period. Besides, it accounts for significant exports of the economy. On the other hand, the inflows of remittances from Liberian Diasporas serve

as an important income source for financial sector stabilization since surrendered remittances are some funding source for the central bank's foreign exchange to intervene in the foreign markets.

56. Current account balance is likely to marginally improve in 2020 to a deficit of 20.8 percent of GDP compared to a deficit of 22.3 percent of GDP recorded in 2019. It is expected to improve in the medium term. Gross international reserves are expected to rise to US$332 million in 2020 from US$292 million recorded in 2019.

Table 2: Trends in Medium Term Global Commodities Prices

Prices					
Commodity	Units	2018	2019	Q1 2020	Q2 2020
	Some Liberia key export commodities				
Iron Ore	$/dmt	69.8	93.8	90.8	80.1
Rubber	$/kg	1.57	1.64	1.6	1.77
Logs	$/cum	413.5	391.9	385.9	400
Sawnwood	$/cum	640	611.8	613.7	717
Cocoa	$/kg	2.29	2.34	2.55	2.41
Coffee, Arabica	$/kg	2.93	2.88	3.13	4.35
Gold	$/toz	1269	1392	1583	1699.5
Palm Oil	$/mt	639	602	725	591.5
	Some Liberia key import commodities				
Crude Oil, avg.	$/bbl	68.3	61.4	49.1	25.7
Groundnut Oil	$/mt	1446	1412	1393	1555.5
Chicken meat	$/kg	2.24	2	1.91	1.4
Rice	$/mt	421	418	466	537
Sugar, World	$/kg	0.28	0.28	0.3	0.4
Beef meat	$/kg	4.2	4.76	4.74	4.76

***Source**: World Bank commodity prices*

57. Credit to private sector as percentage of GDP in 2020 was -11.3 percent in 2019. It is expected to improve to -0.8 percent of GDP in 2021 and 4.5 percent of GDP in 2021. In term of GDP, it is projected to be -2.5 percent in the medium term. Very troublesome in the economy is the alarming depreciation of the Liberia Dollar which is depressing the standard of life of Liberians. Because government has not yet succeeded in its strive to increase its foreign exchange reserve at CBL through attracting potential investors, its monetary policy intervention in the foreign exchange auction is impaired resulting into increasing price pressures. Prudent demand management policies are needed to mitigate/curb this protracted exchange rate delinquency.

58. In nominal term, GDP growth overtime has remained relatively stable and has seen some level of diversification across sectors. The growth in nominal GDP overtime has been driven mainly by the mining and panning sector. For example, in 2018, it was US$3264 but excluding the mining and panning value, it was US$660 in per capita term. In 2019, it was US$3146, again excluding the mining and panning value, it was US$619 in per capita term. In 2020, it will be US$3070, again excluding the mining and

panning value, it will be US$588 in per capita term. The significant of this is that, unless other sectors of the Liberian Economy is stimulated to grow sustainably, the welfare of Liberians will never improve.

59. The services sector has shown the largest growth rate in nominal GDP over time, followed by the agricultural and fisheries sector. The forestry sector has grown moderately followed by the manufacturing sector. The mining and panning sector seems to be gradually recovering from its current deteriorating conditions, although records the lowest contribution to nominal GDP over time. However, there exist significant downside risks.

REVENUE AND DEVELOPMENT PARTNERS' SUPPORT OUTTRUN FOR FY2019/20

REVENUE BREAKDOWN FOR FY2019/20

60. For the administration of the affairs of the state over the course of July 1, 2019 to June 30, 2020, a budget of US$525.9 million was approved and passed into law representing a decrease of 7.8 percent compared to the approved budget for the previous fiscal year – FY2018/2019. The approved budget for FY2019/20 also represents a 9.3 percent increase compared to the FY2018/19 outturn of US$481.0 million.

61. Of the approved budget for FY2019/20, domestic revenue (tax plus non-tax revenues) accounts for US$465.1 million representing 88.4 percent of the resource envelope while external resources (grants plus foreign borrowing) account for US$60.8 million representing 11.6 percent. Thus, FY2019/20 revenue can be broken down into the following categories:
    a. Tax revenue accounted for US$377.9 million representing 71.9 percent. Compared to tax revenue of US$402.0 million in the approved budget for FY2018/19 represents a decrease of 6.0 percent. However, compared to tax revenue for FY2018/2019 outturn, there was a decrease of 4.1 percent;
    b. Non-tax revenue accounted for US$87.2 million representing 16.6 percent. Compared to non-tax revenue of US$104.2 million in the approved budget for FY2018/19 represents a decrease of 16.3 percent. However, compared to non-tax revenue for FY2018/2019 outturn, there was an increase of 17.6 percent
    c. Grants accounted for US$20.8 million representing about 4.0 percent. Compared to grants of US$51.3 million in the approved budget for FY2018/19 represents a decrease of 59.5 percent. However, compared to grant for FY2018/2019 outturn, there was an increase of 64.4 percent; and
    d. Borrowing (externally) accounted for US$40.0 million representing 7.6 percent. However, compared to borrowing (domestically) of US$12.5 million in the approved budget for FY2018/19 represents an increase of 218.8 percent. However, borrowings did not materialize for FY2018/19.

62. The outbreak of the coronavirus disease and the attending measures put in place to combat the spread of the disease rendered the recast budget inconsistent with the prevailing realities. As a consequence, another forecast on the resource envelope for FY2019/2020 was conducted. From this exercise, the resource envelope was placed at US$518.0 million representing a decrease of 1.5 percent compared to the original approved budget. Of the post recast revenue envelope,
    a. Tax Revenue amounted to US$313.3 million thus representing a decrease of 17.1 percent compared to the original approved national budget mainly on account of 8.9 percent fall in taxes

on income & profits; a 41.3 percent fall in real property tax; a 13.4 percent fall in goods & services tax; and a 24.4 percent fall in taxes on international trade.

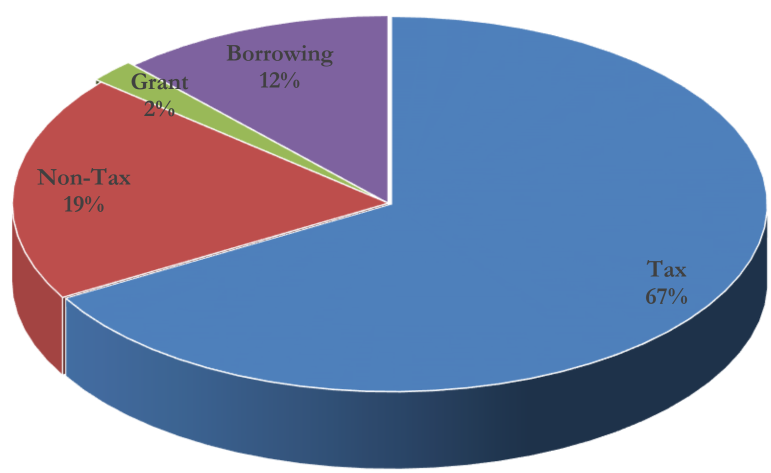
b. Non-Tax Revenue amounted to US$82.2 million representing a decrease of 5.7 percent compared to the original approved national budget mainly on account of a 32.7 percent fall in administrative fees; also a 73.0 percent fall in fines, penalties & forfeits; despite increases of 0.9 percent in property income (driven mostly by royalties and rents) and 100 percent in miscellaneous fees.

c. External resources (grants and loans) amounted to US$123.4 million representing an increase of about 103.0 percent compared to the original approved national budget on account of an increase of 180.0 percent in loans despite a decrease of 45.1 percent in grants.

THIRD QUARTER REVENUE PERFORMANCE FOR FY2019/20

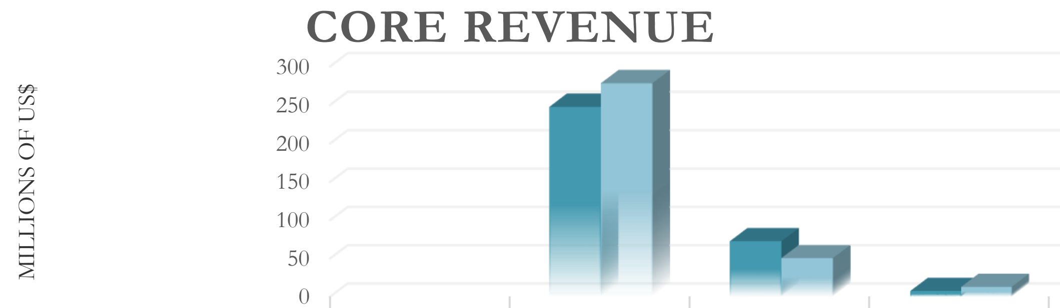
83. Total revenue collected at the end of the third quarter of FY2019/20 amounts to US$371.4 million. This represents approximately 62.3 percent of the total revenue and grants but 70.6 percent of the approved resource envelope. Of the collected amount as depicted by Figure 2, tax revenues amounted to US$247.5 million representing 66.6 percent; nontax revenues accounted for US$72.5 million representing about 19.5 percent of actual collection; grants accounted for US$7.4 million representing about 2.0 percent of the revenue collected; and borrowing accounted for US$44.0 million representing about 11.8 percent.

Figure 2: THIRD Quarter Revenue Performance for the FY2019/2020



84. Compared to the same period of the previous fiscal year as depicted in Figure 3, revenue experienced a decrease of 4.1 percent mainly on account of a fall of 11.0 percent in tax revenue (mainly on account of decreases of 16.5 percent in property taxes and 16.8 percent on taxes on international trade) despite an increase of 43.8 percent in non-tax revenue mainly from property income with an increase of 66.0 percent. Table 4 provides breakdown of the GoL resource envelope for FY2019/20.

Figure 3: Comparative Analysis of Revenue Performance for FY19/20 and FY18/19



	TOTAL TAX REVENUE	NON-TAX REVENUE	GRANTS (ON-BUDGET)
FY19/20 Q3 ACTUAL	247.5302183	72.45905239	7.40946385
FY18/19 Q3 ACTUAL	278.2	50.4	12.7

DEVELOPMENT PARTNERS' REPORT

85. The Government of Liberia continues to consolidate funding both on and off-budget to finance Public Sector Investment Programs (PSIPs) across all sectors. Total revised aid projected for FY2019/20 – both grants and loans – as evidenced by Table 3 amounts to US$403.9 million. Of the projected amount, grants account for US$268.6 million (66.5 percent of total projection) while loans account for US$135.3 million (33.5 percent).

86. Total aid disbursed at the end of the third quarter of FY2019/20 in the form of both grants and loan, as evidenced by Table 6, amounts to US$61.5 million, of which grants account for US$39.7 million, thus representing 64.6 percent and loans account for US$21.7 million representing 35.4 percent. Hence disbursement rate at the end of the third quarter of FY2019/20 is 15.2 percent with grant recording a disbursement rate of 14.8 percent while loans recording a disbursement rate of 16.1 percent.

87. Aid from ***bilateral sources*** (which includes both loan and grant) has been projected at US$157.4 million, thus representing 39.0 percent of the total aid projection. Of the projected aid from bilateral sources, grants accounted for entire amount. The total aid disbursed from bilateral sources amounted to US$19.1 million, representing 31.1 percent of the total amount disbursed thus far; of which grants accounted for the entire amount. Thus, 12.1 percent of the projected aid from bilateral sources has been disbursed.

88. Similarly, aid from ***multilateral sources*** (which includes both loan and grant) has been projected at US$246.5 million, thus representing 61.0 percent of the total aid projection. Of the projected aid from multilateral sources, grants account for US$111.2 million (45.1 percent) while loans account for US$135.3 million (54.9 percent). The total aid disbursed from multilateral sources amounted to US$42.4 million, representing 68.9 percent of the total amount disbursed thus far; of which grants account for US$20.6 million which represent 48.6 percent of the total multilateral disbursement, while loans account for US$21.7 million representing 51.4 percent of the disbursement. Thus, 17.2 percent of the projected aid from multilateral sources has been disbursed.

89. Of the US$39.7 million grant received, US$19.1 million (48.1 percent) comes from bilateral sources while US$20.6 million (51.9 percent) is from multilateral sources. On the other hand, the US$21.7 million loans received was sourced from multilateral institutions.

Table 3: Aid Disbursement by Donor Type (in millions USD) at March 31, 2020

Donor Type	FY2019/20 Projection			% Share of Proj.	Actual Disbursement Q3			% Share of Disb.	Rate of Disb. to Proj.
	Grant	Loan	Total		Grant	Loan	Total		
Bilateral	157.4		157.4	39.0	19.1	-	19.1	31.1	12.1
Multilateral	111.2	135.3	246.5	61.0	20.6	21.7	42.4	68.9	17.2
Grand Total	**268.6**	**135.3**	**403.9**	**100.0**	**39.7**	**21.7**	**61.5**	**100.0**	**15.2**

Source: *Department of Economic Management, Ministry of Finance and Development Planning*

90. Table 4 provides information on the total projected aid as well as the total aid disbursed (both grant and loan) to the eleven budget sectors. The ***Agriculture sector*** accounts for US$20.9 million representing 5.2 percent of the total aid projections; of which grants account for US$9.2 million (44.0 percent) while loans account for US$11.7 million (56.0 percent). Disbursement to the sector amounted to US$5.1 million representing 8.2 percent of the total aid disbursed; of which grants account for US$4.7 million thus representing 92.5 percent, while loans account for 0.3 million representing 7.8 percent. Thus, 24.2 percent of the projected aid for the sector has been disbursed.

91. The ***Education sector*** accounts for US$12.6 million, representing 3.1 percent of the total aid projections; of which grants account for the entire amount. Disbursement to the sector amounted to US$4.3 million representing 7.0 percent of the total aid disbursed; of which grants accounted for the entire amount. Thus 33.9 percent of the projected aid for the sector has been disbursed.

92. The ***Energy & Environment sector*** accounts for US$107.0 million representing 26.5 percent of the total aid projections; of which grants account for US$75.4 million (70.5 percent) while loans account for US$31.6 million (29.5 percent). Disbursement to the sector amounted to US$17.1 million representing 27.9 percent of the total aid disbursed; of which grants account for US$2.3 million thus representing 13.5 percent, while loans account for US$14.8 million, representing 86.5 percent. Thus 16.0 percent of the projected aid for the sector has been disbursed.

Table 4: Aid Disbursement by Budget Sector (in millions USD) at March 31, 2020

Budget Sectors	FY2019/20 Projection			% Share of Proj.	Actual Disbursement Q3			% Share of Disb.	Rate of Disb. to Proj.
	Grant	Loan	Total		Grant	Loan	Total		
AGRICULTURE	9.2	11.7	20.9	5.2	4.7	0.3	5.1	8.2	24.2
EDUCATION	12.6	-	12.6	3.1	4.3	-	4.3	7.0	33.9
ENERGY AND ENVIRONMENT	75.4	31.6	107.0	26.5	2.3	14.8	17.1	27.9	16.0
HEALTH	71.5	7.3	78.8	19.5	8.3	2.0	10.3	16.8	13.1
INDUSTRY AND COMMERCE	1.2	-	1.2	0.3	0.2	-	0.2	0.4	18.3
INFRASTRACTURE AND BASIC SERVICES	33.3	37.5	70.8	17.5	7.3	3.6	10.8	17.6	15.3

MUNICIPAL GOVERNMENT	5.4	-	5.4	1.3	1.4	-	1.4	2.3	25.6
PUBLIC ADMINISTRATION	13.8	40.9	54.7	13.5	5.7	-	5.7	9.3	10.4
SECURITY AND RULE OF LAW	11.1	-	11.1	2.7	0.8	-	0.8	1.3	7.1
SOCIAL DEVELOPMENT SERVICES	28.2	6.2	34.5	8.5	2.7	0.96	3.7	6.0	10.7
TRANSPARENCY AND ACCOUNTABILITY	6.8	-	6.8	1.7	2.1	-	2.1	3.4	30.5
Grand Total	**268.6**	**135.3**	**403.9**	**100.0**	**39.7**	**21.7**	**61.5**	**100.0**	**15.2**

Source: *Department of Economic Management, Ministry of Finance and Development Planning*

93. The ***Health sector*** accounts for US$78.8 million representing 19.5 percent of the total aid projections; of which grants account for US$71.5 million (90.7 percent) while loans account for US$7.3 million (9.2 percent). Disbursement to the sector amounted to US$10.3 million representing 16.8 percent of the total aid disbursed; of which grants account for US$8.3 million thus representing 80.5 percent of the total aid disbursed, while loans accounts for US$2.0 million representing 19.4 percent. Thus 13.1 percent of the projected aid for the sector has been disbursed.

94. The ***Industry & Commerce sector*** accounts for US$1.2 million, representing 0.3 percent of the total aid projections; of which grants account for the entire amount. Disbursement to the sector amounted to US$0.2 million representing 0.4 percent of the total aid disbursed; of which grants account for the entire amount. Thus 18.3 percent of the projected aid for the sector has been disbursed.

95. The ***Infrastructure & Basic Services sector*** accounts for US$70.8 million, representing 17.5 percent of the total aid projections; of which grants account for US$33.3 million (47.0 percent) while loans account for US$37.5 million (52.9 percent). Disbursement to the sector amounted to US$10.8 million representing 17.6 percent of the total aid disbursed; of which grants account for US$7.3 million thus representing 67.6 percent, while loans account for US$3.6 million representing 32.4 percent. Thus 15.3 percent of the projected aid for the sector has been disbursed.

96. The ***Municipal Government sector*** accounts for US$5.4 million, representing 1.3 percent of the total aid projections; of which grants account for the entire amount. Disbursement to the sector amounted to US$1.4 million representing 2.3 percent of the total aid disbursed; of which grants accounted for the entire amount. Thus 25.6 percent of the projected aid for the sector has been disbursed.

97. The ***Public Administration sector*** accounts for US$54.7 million representing 13.5 percent of the total aid projections; out of which grants account for US$13.8 million (25.2 percent) while loans account for US$40.9 million (74.8 percent). Disbursement to the sector amounted to US$5.7 million representing 9.3 percent of the total aid disbursed; of which grants accounted for the entire amount. Thus 10.4 percent of the projected aid for the sector has been disbursed.

98. The ***Security & Rule of Law sector*** accounts for US$11.1 million, representing 2.7 percent of the total aid projections; of which grants account for the entire amount. Disbursement to the sector amounted to US$0.8 million representing 1.3 percent of the total aid disbursed; of which grants accounted for the entire amount. Thus 7.1 percent of the projected aid for the sector has been disbursed.

99. The ***Social Development Services sector*** accounts for US$34.5 million, representing 8.5 percent of the total aid projections; of which grants account for US$28.2 million representing 81.7 percent and loan accounts for US$6.2 million representing 18.3 percent. Disbursement to the sector amounted to US$3.7 million representing 6.0 percent of the total aid disbursed; of which grants account for US$2.7 million thus representing 73.0 percent, while loans account for US$0.96 million representing 27.0 percent. Thus 10.7 percent of the projected aid for the sector has been disbursed.

100. The ***Transparency & Accountability sector*** accounts for US$6.8 million, representing 1.7 percent of the total aid projections; of which grants account for the entire amount. Disbursement to the sector amounted to US$2.1 million representing 3.4 percent of the total aid disbursed; of which grants accounted for the entire amount. Thus 30.5 percent of the projected aid for the sector has been disbursed.

101. Table 5 provides information on the total projected aid as well as the total aid disbursed (both grant and loan) by aid modality. The ***Budget Support*** accounts for US$20.3 million, representing 5.0 percent of the total aid projections; of which grants account for the entire amount. Disbursement during the period amounted to US$4.1 million thus representing 6.7 percent of the total aid disbursed, while grants accounted for the entire amount.

Table 5: Aid Disbursement by Modality (in millions USD) at March 31, 2020

Aid Modalities	FY2019/20 Projection			% Share of Proj.	Actual Disbursement Q3			% Share of Disb.	Rate of Disb. to Proj.
	Grant	Loan	Total		Grant	Loan	Total		
Budget Support	20.3	-	20.3	5.0	4.1	-	4.1	6.7	0.0
Project/Program Aid	244.3	135.3	379.6	94.0	32.1	21.7	53.8	87.5	14.2
Trust Fund	4.0	-	4.0	1.0	3.6	-	3.6	-	89.5
Grand Total	**268.6**	**135.3**	**403.9**	**100.0**	**39.7**	**21.7**	**61.5**	**94.2**	**15.2**

Source: *Department of Economic Management, Ministry of Finance and Development Planning*

102. The ***Project/Program Aid*** accounts for US$379.6 million, representing 94.0 percent of the total aid projections; of which grants account for US$244.3 million (64.4 percent) while loans account for US$135.3 million (35.6 percent). Disbursement to the sector amounted to US$53.8 million representing 87.5 percent of the total aid disbursed; of which grants account for US$32.1 million, thus representing 60.0 percent, while loans account for US$21.7 million representing 40.3 percent. Thus, 14.2 percent of the projected aid for the modality has been disbursed.

103. The ***Trust Fund*** accounts for US$40.0 million, representing 1.0 percent of the total aid projections; of which grants account for the entire amount. Disbursement during the period amounted to US$3.6 million thus representing 5.9 percent of the total disbursement. Grants account for the entire amount disbursed to Trust Fund. Thus, 89.5 percent of the projected aid for the modality has been disbursed.

104. Table 6 provides information on the total projected aid as well as the total aid disbursed (both grant and loan) by pillars in the Country's medium-term development plan titled "The Pro-Poor Agenda for Prosperity and Development (PAPD).

Table 6: Aid Disbursement by PAPD Pillar (in millions USD) at March 31, 2020

PAPD Pillars	FY2019/20 Projection			% Share of Proj.	Actual Disbursement Q3			% share of Disb.	Rate of Disb. to Proj.
	Grant	Loan	Total		Grant	Loan	Total		
Power to the People	112.4	13.5	125.9	31.2	15.3	3.0	18.3	29.7	14.5
Economic and Jobs	119.1	80.9	199.9	49.5	14.5	18.8	33.3	54.1	16.6
Sustaining the Peace	11.1	-	11.1	2.7	0.8	-	0.8	1.3	7.1
Governance and Transparency	26.1	40.9	67.0	16.6	9.2	-	9.2	14.9	13.7
Grand Total	**268.6**	**135.3**	**403.9**	**100.0**	**39.7**	**21.7**	**61.5**	**100.0**	**15.2**

Source: *Department of Economic Management, Ministry of Finance and Development Planning*

105. The ***Power to the People Pillar*** accounts for US$125.9 million, representing (31.2 percent) of the total aid projections; of which grants account for US$112.4 million (89.3 percent) while loans account for US$13.5 million (10.7 percent). Disbursement to the pillar amounted to US$18.3 million representing 29.7 percent of the total aid disbursed; of which grants accounted US$15.3 million thus representing 83.6 percent, while loans to the pillar accounts for US$3.0 million representing 16.4 percent of the total aid disbursed. Thus 14.5 percent of the projected aid for the pillar has been disbursed.

106. The ***Economy & Jobs Pillar*** accounts for US$199.9 million, representing 49.5 percent of the total aid projections; of which grants account for US$119.1 million (60.0 percent) while loans account for US$80.9 million (40.4 percent). Disbursement to the pillar amounted to US$33.3 million representing 54.1 percent of the total aid disbursed; of which grants account for US$14.5 million thus representing 43.5 percent, while loans account for US$18.8 million representing 56.5 percent. Thus, 16.6 percent of the projected aid for the pillar has been disbursed.

107. The ***Sustaining the Peace Pillar*** accounts for US$11.1 million, representing 2.7 percent of the total aid projections; of which grants account for the entire amount. Disbursement to the pillar amounted to US$0.8 million representing 1.3 percent of the total aid disbursed; of which grants accounted for the entire amount. Thus, 7.1 percent of the projected aid for the pillar has been disbursed.

108. The ***Governance & Transparency Pillar*** accounts for US$67.0 million, representing 16.6 percent of the total aid projections; of which grants accounted for US$26.1 million representing 39.0 percent and loan accounts for US$40.9 million representing 61.0 percent. Disbursement to the pillar amounted to US$9.2 million representing 14.9 percent of the total aid disbursed; of which grants accounted for the entire amount. Thus, 13.7 percent of the projected aid for the pillar has been disbursed.

109. Table 7 provides information on the total projected aid as well as the total aid disbursed (both grant and loan) by development partner. An analysis of Table 7 shows that the highest off-budget aid projection comes from the International Development Association (IDA) followed by the United States Agency International Development (USAID). However, the highest disbursement has been from the African Development Bank.

Table 7: Aid Disbursement by Development Partner (in millions USD) at March 31, 2020

Development Partners	FY2019/20 Projection		Disbursement at end March 2020		

	Grant	Loan	Total	% Share of Proj.	Grant	Loan	Total	% Share of Disb.	Rate of Disb. to Proj.
Off Budget Support									
African Development Bank	8.8	42.4	51.3	13.4	3.0	4.3	7	12.7	14.2
France	-	-	-	-	1		1	3	
European Union		-	-	-	4.9	-	5	8.6	
Germany	38.8	-	38.8	10.1		-	-	-	-
Global Fund	-	-	-	-	2.0	-	2	3.5	
IFAD	-	7.4	7.4	1.9	-	-	-	-	-
International Development Association	81.0	81.5	162.5	42.4	6.6	17.4	24	41.9	14.8
Japan	10.0	-	10.0	2.6	0.4	-	0	-	4.2
Millennium Challenge Corporation	1.0	-	1.0	0.3	-	-	-	-	-
Norway	0.6	-	0.6	0.2		-	-	-	-
OFID	-	4.0	4.0	1.0	-	-	-	-	-
Sweden	22.6	-	22.6	5.9		-	-	-	-
United Nations Children Fund	5.2	-	5.2	1.4		-	-	-	-
UNHCR	2.0	-	2.0	0.5		-	-	-	-
USAID	78.2	-	78.2	20.4	17.2	-	17	30.0	22.0
Total	**248.3**	**135.3**	**383.6**	**100.0**	**35.6**	**21.7**	**57.4**	**99.3**	**55.2**
Budget Support									
European Union	10.1	0.0	10.1	49.8	0.0	0.0	0.0	0.2	0.1
African Development Bank	4.0		4.0		4.1		4.1		102.5
USAID	6.2	0.0	6.2	30.5		0.0	0.0	-	0.0
Total	**20.3**	**0.0**	**20.3**	**80.3**	**4.1**	**0.0**	**4.1**	**0.2**	**102.6**
Grand Total	**268.6**	**135.3**	**403.9**	**100.0**	**39.7**	**21.7**	**61.5**	**100.0**	**15.2**

Source: *Department of Economic Management, Ministry of Finance & Development Planning*

EXPENDITURE BREAKDOWN AND OUTTURN FOR FY2019/20

110. The approved national budget for FY2019/2020 amounted to US$525.9 million representing a decrease of 7.8 percent compared to FY2018/19 approved budget but an increase of 9.3 percent compared to the outturn for FY2018/19. Of the approved budget for FY2019/20,

i. **Wage bill** amounts to US$296.9 million accounting for 60.3 percent of recurrent spending but 56.5 percent of total expenditures. Compared to the previous fiscal year (FY2018/19) where the wage bill accounted for 55.6 percent of the budget, there has been a decrease of 6.3 percent in the wage bill which can be attributed to the harmonization process of payroll for government M&As.
ii. **Goods & services** amount to US$77.0 million accounting for 14.6 percent of the FY2019/20 budget, compared to US$92.1 million accounting for 16.2 percent of the FY2018/19 budget; thus there has been a decrease of 16.4 percent on account of the austerity measures being pursued by the Government.

iii. **Interest and other charges** amount to US$62.9 million representing about 12.0 percent of FY2019/20 approved budget compared to US$30.0 million, representing 5.3 percent of FY2018/19 approved budget; thus, there has been an increase of about 110.0 percent on account of increasing debt service obligations.
iv. **Grants** amount to US$54.1 million representing 10.3 percent of FY2019/20 approved budget compared to US$56.4 million, representing 9.9 percent of FY2018/19 approved budget; thus there has been a decrease of 4.1 percent.
v. **S*ocial benefits*** amount to US$1.5 million representing about 0.3 percent of FY2019/20 approved budget compared to US$0.4 million, representing 0.07 percent of FY2018/19 approved budget; thus, this represents an increase of 375.0 percent.
vi. ***PSIP*** amount to US$33.5 million representing 6.4 percent of FY2019/20 approved budget compared to US$74.3 million, representing 13.0 percent of FY2018/19 approved budget; thus, this represents a decrease of 54.9 percent.

111. In terms of the budget sectors, FY2019/20 expenditures were appropriated as follow:

i. **Agriculture Sector** account for 1.1 percent of FY2019/20 budget (US$5.7 million), compared to 1.0 percent of the FY2018/19 budget (US$5.7 million), thus appropriations to the sector remained constant;
ii. **Education Sector** account for 15.5 percent of FY2019/20 budget (US$81.3 million) compared to about 14.9 percent of FY2018/19 budget (US$84.7 million); thus, this represents a decrease of 4.0 percent;
iii. **Energy and Environment Sector** represent 2.2 percent of the FY2019/20 budget (US$11.8) compared to about 2.5 percent of FY2018/19 budget (US$14.3 million), representing a decrease of 17.5 percent;
iv. **Health Sector** for FY2019/20 account for 14.5 percent of the budget (US$76.4 million) compared to 13.7 percent of FY2018/19 budget (US$77.9 million). This represents a decrease of 1.9 percent;
v. **Industry and Commerce Sector** for FY2019/20 amount to US$6.1 million accounting for 1.2 percent compared to US$7.1 million representing 1.2 percent of FY2018/19 budget; thus, this represents a decrease of 14.1 percent;
vi. **Infrastructure and Basic Services Sector** for FY2019/20 amount to US$33.2 million accounting for 6.3 percent of the total appropriation compared to US$33.3 million representing 5.8 percent of the FY2018/19 budget; this represents a decrease of 0.3 percent;
vii. **Municipal Government Sector** for FY2019/20 amount to US$21.0 million accounting for about 4.0 percent compared to 3.7 percent in FY2018/19 (US$20.3 million), representing an increase of 3.4 percent;
viii. **Public Administration Sector** amount to US$183.7 million accounting for 34.9 percent of FY2019/20 budget compared to US$198.7 million representing 34.9 percent of FY2018/19 budget. This represents a decrease of 7.5 percent;
ix. **Security and Rule of Law Sector** amount to US$76.5 million accounting for 14.5 percent of FY2019/20 budget compared to US$91.4 million representing 16.0 percent of FY2018/19 budget; thus, this represents a decrease of 16.3 percent;
x. **Social Development Services Sector** amount to US$10.4 million accounting for about 2.0 percent of FY2019/20 budget compared to US$11.4 million representing about 2.0 percent of FY2018/19 budget; thus, this represents a decrease of 8.8 percent; and
xi. **Transparency and Accountability Sector** amount to US$19.8 million accounting for 3.8 percent of FY2019/20 budget compared to US$25.3 million representing 4.4 percent of FY2018/19 budget; thus, this represents a decrease of 21.7 percent.

112. Given the global health pandemic as a result of the outbreak of the coronavirus disease and the measures put in place to curtail the spread of the disease, the expenditures in the national budget had to be reallocated to reflect the additional funding pressures. However, the fall in domestic economic activities constrained the Government's fiscal space. As a consequence, expenditures were adjusted downwards by 1.6 percent to US$518.0 million. Of the revised expenditures,

i. Primary expenditures accounted for US$449.0 million representing a decrease of 3.6 percent compared to the original approved primary expenditures;
ii. Debt service accounted for US$69.0 million representing an increase of 14.2 percent compared to the original approved debt service.

113. Of the revised primary expenditures,

i. Compensation of employees remained unchanged at US$297.0 million accounting for 66.1 percent of the revised primary expenditures but 57.3 percent of the revised expenditures;
ii. Use of goods & services increased by 10.4 percent to US$121.0 million with said expenditure item accounting for 27.0 percent of the revised primary expenditures but 23.4 percent of the revised total expenditures;
iii. Grants decreased by 40.5 percent to US$30.0 million with said expenditure item accounting for 6.7 percent of the revised primary expenditures but 5.8 percent of the revised total expenditures; and
iv. Capital expenditure decreased by 88.7 percent to US$1.0 million with said expenditure item accounting for 0.2 percent of the revised primary expenditures but about 0.2 percent of the revised total expenditures.

114. Of the revised debt service,

i. Interest payments remained unchanged at US$31.0 million accounting for 44.1 percent of the total revised debt service but 5.9 percent of the total revised expenditures;
ii. Principal repayment (net) increased by 2.7 percent to US$31.0 million accounting for 44.1 percent of total revised debt service but 2.7 percent of the total revised expenditures;
iii. Arrears clearance increased by 100 percent to US$8.0 million accounting for 11.6 of the revised total debt service but 1.5 percent of the revised total expenditures.

THIRD QUARTER EXPENDITURE OUTTURN FOR FY2019/20

115. At the end of the third quarter of FY2019/20 allotment accounted for 73.6 percent of the National Budget of which 89.6 percent was committed. On a commitment basis, 65.9 percent of the approved budget was executed at the end of the period under review.

ALLOTMENTS

116. Of the approved budgetary appropriation of US$525.9 million as evident by Table 8, US$387.2 million was allotted at the end of the third quarter of FY2019/2020 which compared to the corresponding period for the previous fiscal year (FY2018/2019) represents an increase of 134.6 percent. Therefore, total allotment issued out during the period under review account for 73.6 percent of the total approved expenditures.

Table 8: Budgetary Allotment -JULY 1, 2019 -- MARCH 31, 2020 - (in millions USD)

	Budget Sectors	Compensation of employees	Use of goods and services	Capital Spending	Interest	Grants	Social benefits	Unspecified	Total
FY19/20 - Q3	Public Administration	86.9	13.6		45.1	-		-	145.6
	Municipal Government	3.2	2.9		-	3.6		-	9.7
	Transparency and Accountability	10.6	4.0	-	-		-	1.5	16.1
	Security and Rule of Law	44.2	16.7			6.8		-	67.7
	Health	35.6	8.7	-	-	6.4		-	50.7
	Social Development Services	2.3	1.3	-	-		2.4	-	5.9
	Education	49.3	4.6		-	7.5		-	61.3
	Energy and Environment	5.5	4.2					-	9.7
	Agriculture	2.7	0.9					-	3.6
	Infrastructure and Basic Service	9.5	2.1			0.5		-	12.1
	Industry and Commerce	1.7	3.0	-	-		-		4.7
	Total	**251.5**	**62.0**	**-**	**45.1**	**24.8**	**2.4**	**1.5**	**387.2**
FY18 /19- Q3	**Total**	**162.8**	**61.4**	**5.2**	**12.3**	**20.2**	**1.6**	**21.9**	**285.4**

***Source**: Department of Budget and Fiscal Affairs, Ministry of Finance & Development Planning*

COMMITMENT

117. Total commitment issued out to Ministries, Agencies and Commissions (MACs) as evident by Table 9 during the third quarter under review amounted to US$346.8 million compared to US$238.9 million recorded for the same period in FY2018/19; thus representing an increase of 144.2 percent. Therefore, total commitment issued out during the period under review account for 65.9 percent of the total approved budgeted expenditure.

Table 9: Budgetary Commitment - JULY 1, 2019 -- MARCH 31, 2020 - (in millions USD)

	Budget Sectors	Compensation of employees	Use of goods and services	Capital Spending	Interest	Grants	Social benefits	Financial Asset	Total
FY19/20_Q2	Public Administration	40.8	15.3		27.9	8.4		38.1	130.6
	Municipal Government	5.5	2.5	-	-	0.6		-	8.5
	Transparency and Accountability	5.7	1.9	-	-			7.8	15.5
	Security and Rule of Law	36.6	9.8	-	-			8.9	55.3
	Health	36.5	1.3	-	-	5.4		1.3	44.5
	Social Development Services	1.7	0.9	-		-	2.3		4.9
	Education	44.4	5.1	-	-	3.6		0.4	53.5
	Energy and Environment	4.9	1.7			1.0			7.6
	Agriculture	1.5	0.8	-	-	0.5			2.8
	Infrastructure and Basic Service	12.2	6.8	0.2		-			19.3
	Industry and Commerce	2.6	1.8	-	-				4.3
	Total	**192.5**	**47.9**	**0.2**	**27.9**	**19.6**	**2.3**	**56.5**	346.8
FY18/1	**Total**	**145.0**	**49.1**	**4.9**	**8.8**	**17.5**	**1.3**	**12.2**	**238.9**

***Source**: Department of Fiscal Affairs, Ministry of Finance and Development Planning*

ECONOMIC CLASSIFICATION

118. Based on economic classification, budget execution during the third quarter of FY2019/20 as evident by Table 10 (which provides details on budget execution in millions of dollars) and Table 11 (which provides details on budget execution in percent) is as follows:

a. Allotments for compensation of employees accounted for 84.7 percent of the total appropriation for compensation of employees. Of the allotted amount for compensation of employees, 76.5 percent was committed thus representing 64.8 percent of the appropriations for compensation of employees;
b. Allotments for the use of goods and services accounted for 80.5 percent of total appropriation for the use of goods and services for FY2019/20 out of which 77.2 percent was committed. Commitment accounted for 62.2 percent of total appropriation for goods and services;
c. Allotment for interest accounts for 71.7 percent of total budgeted appropriation for interest for FY2019/20out of which 61.9 percent was committed. Thus, 44.4 percent of the total appropriation for interest was committed at the end of the FY2019/20;
d. Allotment for the provision of grants accounts for 45.8 percent of total appropriation for grants for FY2019/20 out of which 79.0 percent was committed. Thus, 36.2 percent of total appropriation for grants was committed at the end of the FY2019/2020; and
e. Allotment for social benefits accounts for 156.9 percent of total budgeted appropriation for social benefits for FY2019/20 out of which 97.1 percent was committed. Thus, 152.3 percent of total appropriation for social benefits was committed at the end of the FY2019/20.

Table 10: Summary of Budget Execution: Economic Classification – JULY 1, 2019 - MARCH 31, 2020 - (in millions USD)

	Budget	Allotment	Commitment
Compensation of employees	296.9	251.5	192.5
Use of goods and services	77.0	62.0	47.9
Capital Spending	-	-	0.2
Interest	62.9	45.1	27.9
Grants	54.1	24.8	19.6
Social benefits	1.5	2.4	2.3
Funding Gap	33.5	1.5	56.5
Total	**525.9**	**387.2**	**346.8**

Source: *Departments of the Ministry of Finance & Development Planning*

Table 11: Summary of Budget Execution: Economic Classification - JULY 1, 2019 -- MARCH 31, 2020 - (in percent)

	Allotment (% of Budget)	Commitment (% of Allotment)	Commitment (% of Budget)
Compensation of employees	84.7	76.5	64.8
Use of goods and services	80.5	77.2	62.2
Capital Spending	-	-	-
Interest	71.7	61.9	44.4

Grants	45.8	79.0	36.2
Social benefits	156.9	97.1	152.3
Total	**73.6**	**89.6**	**65.9**

Source: *Departments of the Ministry of Finance & Development Planning*

BUDGET SECTORS

119. Based on the eleven (11) budget sectors, budget execution during the third quarter of FY2019/20 as evident by evident by Table 12 (which provides details on budget execution in millions of dollars) and Table 13 (which provides details on budget execution in percent) is as follows:

a. Allotment for the ***Agriculture Sector*** accounts for 1.1 percent of the total budgetary appropriation for the sector for FY2019/20 out of which 77.8 percent was committed. Commitment accounts for 49.3 percent of total budgetary appreciation for the sector;
b. Allotment for ***Education Sector*** accounts for 15.5 percent of total appropriation for the educational sector for FY2019/20 out of which 87.3 percent was committed. Thus, 65.9 percent of total budgetary appropriation for the Education Sector was committed at the end of the third quarter for FY2019/20;
c. ***Energy and Environment sector*** reported an allotment of 82.3 percent of total appropriation for the sector for FY2019/20 out of which 78.3 percent was committed. Thus, 64.5 percent of total budgetary appropriation for the sector was committed at the end of the period under review;
d. Allotment for ***Health Sector*** accounts for 66.3 percent of total appropriation for the Health Sector for FY2019/20 out of which 87.8 percent was committed. Thus, 58.2 percent of total budgetary appropriation for health was committed at the end of the third quarter for FY2019/20;
e. ***Industry and Commerce sector*** revealed an allotment of 76.6 percent of total appropriation for the sector for FY2019/20 out of which 92.5 percent was committed. Thus, 70.9 percent of total budgetary appropriation for the sector was committed at the end of the period under review;
f. Allotment for the ***infrastructure and basic services sector*** accounts for 36.4 percent of total appropriation for the infrastructure and basic services sector for FY2019/20 out of which 158.9 percent was committed. Thus, 57.9 percent of total budgetary appropriation for infrastructure and basic services was committed at the end of the third quarter for FY2019/20;
g. ***Municipal government sector*** reported an allotment of 46.3 percent of total appropriation for the sector for FY2019/20 out of which 87.8 percent was committed. Thus, 40.6 percent of total budgetary appropriation for the sector was committed at the end of the period under review;
h. Allotment for ***public administration sector*** accounts for 79.3 percent of total appropriation for the sector for FY2019/20 out of which 89.7 percent was committed. Thus, 71.1 percent of total budgetary appropriation for public administration was committed at the end of the third quarter for FY2019/20;
i. ***Security and Rule of Law sector*** reported an allotment of 88.5 percent of total budgetary appropriation for the sector for FY2019/20 out of which 81.7 percent was committed. Thus, 72.3 percent of total budgetary appropriation for the sector was committed at the end of the period under review;
j. Allotment for ***social development services*** **sector** accounts for 57.0 percent of total appropriation for the sector for FY2019/20 out of which 82.3 percent was committed. Thus,

46.9 percent of total budgetary appropriation for social development services was committed at the end of the third quarter for FY2019/20; and

k. ***Transparency and accountability sector*** reported an allotment of 81.4 percent of total budgetary appropriation for the sector for FY2019/20 out of which 96.1 percent was committed. Thus, 78.2 percent of total budgetary appropriation for the sector was committed at the end of the period under review.

Table 12: Summary of Budget Execution: Budget Sectors – JULY 1, 2019 – MARCH 31, 2020 - (in millions USD)

Budget Sectors	Budget	Allotment	Commitment
Agriculture	5.7	3.6	2.8
Education	81.3	61.3	53.5
Energy and Environment	11.8	9.7	7.6
Health	76.4	50.7	44.5
Industry and Commerce	6.1	4.7	4.3
Infrastructure and Basic Services	33.2	12.1	19.3
Municipal Government	21.0	9.7	8.5
Public Administration	183.7	145.6	130.6
Security and Rule of Law	76.5	67.7	55.3
Social Development Services	10.4	5.9	4.9
Transparency and Accountability	19.8	16.1	15.5
Total	**525.9**	**387.2**	**346.8**

Source*: Departments of the Ministry of Finance & Development Planning*

Table 13: Summary of Budget Execution: Budget Sectors – JULY 1, 2019 -- MARCH 31, 2020- (in percent)

Budget Sectors	Allotment (% of Budget)	Commitment (% of Allotment)	Commitment (% of Budget)
Agriculture	1.1	77.8	49.3
Education	15.5	87.3	65.9
Energy and Environment	82.3	78.3	64.5
Health	66.3	87.8	58.2
Industry and Commerce	76.6	92.5	70.9
Infrastructure and Basic Services	36.4	158.9	57.9
Municipal Government	46.3	87.8	40.6
Public Administration	79.3	89.7	71.1
Security and Rule of Law	88.5	81.7	72.3
Social Development Services	57.0	82.3	46.9
Transparency and Accountability	81.4	96.1	78.2
Total	**73.6**	**89.6**	**65.9**

Source: *Departments of the Ministry of Finance & Development Planning*

HISTORICAL EXPENDITURE TRENDS

120. Expenditure trends per the approved budget from FY2005/06 to FY2019/20 as evident by Table 14 shown a year-on-year average of US$421.1 million against year-on-year disbursement of US$405.7 million presenting an execution rate of 84.7 percent of the approved budget over the fifteen years' period of central government operation.

121. Similarly, recent five years' expenditure trends per approved budget FY2015/16 to FY2019/20 show a year-on-year average of US$507.5 million against year-on-year disbursement of US$508.3 million representing an execution rate of 71.7 percent of the approved budget for the period mentioned.

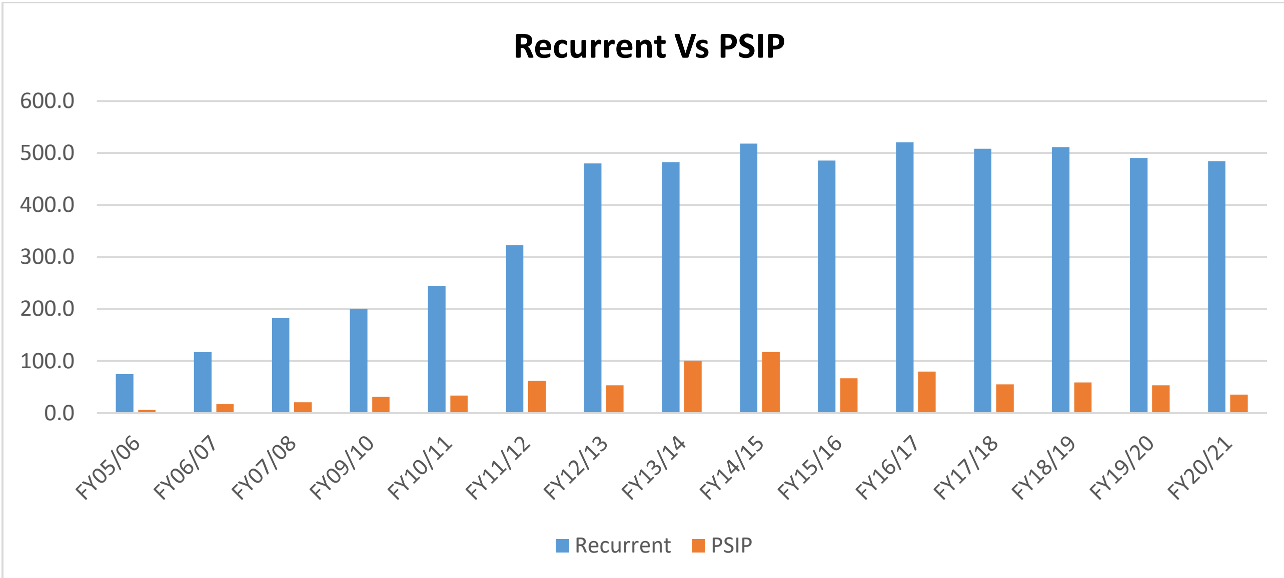
122. However, expenditure dropped by 9.1 percent (US$52.1 million) against approved resource envelope in FY2018/19 largely on account of the depreciation in the Liberian dollar vis-a-vis the US dollar and the unstable inflation rate experienced in the last quarter of 2019. On the contrary, spending rose by 6.2 percent year-on-year down from US$487.5 million in June 2018 up US$518.0 million end June 2019.

Table 14: Trends in budget execution (in millions of USD)

Fiscal Year	Approved Budget	Disbursement	Execution Rate
FY 2005/06	97.8	81.1	82.9
FY 2006/07	135	134.6	99.7
FY 2007/08	199.4	202.9	101.8
FY 2008/09	298.1	231.5	77.7
FY 2009/10	372	277.6	74.6
FY 2010/11	369.4	384.6	104.1
FY 2011/12	516.4	485.7	94.1
FY 2012/13	672.1	593.5	88.3
FY 2013/14	582.9	530.6	91
FY 2014/15	635.2	621.7	97.9
FY 2015/16	622.7	556.2	89.3
FY2016/17	600.2	545.7	90.9
FY2017/18	563.6	487.5	86.5
FY2018/19	570.1	518.0	90.9
FY2019/20	525.9	434.0	0.83*
FY2020/21	520.1	520.1	100**

Source: *The Ministry of Finance and Development Planning*
**ongoing fiscal period and ** forecast*

Figure 4: Trends in Recurrent expenditure and PSIP from FY2005/06 to FY2020/21, (in million USD)



Source: *Ministry of Finance and Development, Liberia*

FINANCING

BORROWING

123. To finance its funding gap, central government borrowing activity especially domestic resources has been through the CBL. To ensure this, it has made significant progress in advancing the operationalization of the Treasury bill issuances which appears to be the primary formal domestic debt market in Liberia since the completion of the HIPC debt-relief program.

124. For recording and analyzing debt statistics, the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS) framework is still being used.

125. The financing of development programs through borrowing is still being guided by the Medium Term Debt Strategy (MTDS) though it expired in July 2014. Over the medium term FY2019/20 to FY2021/22, central government operations will continue to be guided by prudent fiscal measures adopted on borrowing during the execution of the approved MTEF budget as follows:

a. All borrowing must be undertaken for the purposes of investment, consistent with the Public Sector Investment Plan (PSIP) in support of the Pro-poor Agenda for Prosperity and Development (PAPD);
b. Total debt stock must not exceed 60 percent of previous calendar year's GDP as contained in the PFM Regulations; and
c. Prior to new borrowing being undertaken, a Debt Sustainability Analysis (DSA) must be carried out and presented to the Debt Management Committee (DMC) to ensure debt rules are not breached.

126. In the context of individual loans:

a. Concessional loans are those with a grant element of above thirty-five (35) percent and in IDA terms, above 50 percent; and
b. Commercial loans are those with a grant element below thirty-five (35) percent.

127. The total public debt stock as at end- March 2020 as evident by Table 15 is US$1,503.1 million compared to US$1,064.0 million at end- March 2019, thus representing an increase of 41.3 percent. Of the total debt stock at end March 2020, domestic debt accounts for US$604.4 million (40.2 percent of the total debt stock as at end March 2020) compared to US$264.9 million (representing percent of end March 2019 total debt stock) at end March 2019; thus representing an increase of percent on account of the inclusion of the debts owed to Commercial Banks and the IMF on-lending from the CBL. On the other hand, external debt amounts to US$898.7 million (59.8 percent of the total debt stock at end March 2020) compared to US$799.1 million (75.1 percent of the total debt stock at end March 2019) representing an increase of 12.5 percent.

Table 15: Public Debt Stock as at end- MARCH 31, 2020 (in millions USD

DEBT STOCK		
Domestic Debt Details	**End Mar FY19/20**	**End Mar FY18/19**
Disbursed Outstanding Debt (start of period)	**419.8**	**264.9**
CBL	302.9	254.5
Commercial Banks	65.2	10.0
Private Placement	51.5	0.0
Other (Court Debt)	0.2	0.4
Disbursements	184.6	0.0
Principal Repayments	0.0	0.0
Net Flows On Debt Stock	604.4	264.9
Interest Payments	1.4	0.0
Exchange rate / other adjustments	0.0	0.0
Total Debt Service	**1.4**	**0.0**
Total Domestic Debt (end of period)	**604.4**	**264.9**
External Debt Details		
Disbursed Outstanding Debt (period start)	850.1	776.4
Disbursements	48.6	23.0
Principal Repayments	-0.1	-0.9
Net Flows On Debt Stock	898.7	798.5
Interest Payments	1.4	1.7
Exchange rate / other adjustments	0.0	0.6
Total Debt Service	1.5	2.6
Total External Debt (end of period)	**898.7**	**799.1**
TOTAL DEBT STOCK (USD millions)	**1503.1**	**1064.0**

Source: *Department of Economic Management, MFDP*

128. Total debt service as evidenced by Table 16 amounted to US$15.1 million at the end of the period under review compared to US$14.2 million for the corresponding of the previous fiscal year thus representing an increase of about 106.1 percent.

129. Of the total debt service, domestic debt service amounted to US$7.7 million or 50.9 percent (interest payment accounts for 81.8 percent while principal repayment accounts for 18.2 percent) compared to US$4.5 million or 31.2 percent (interest payment accounts for 59.1 percent while principal repayment accounts for 40.9 percent) for the corresponding period of the previous fiscal year thus showing an increase of about 75.0 percent.

130. External debt service payment amounted to US$7.4 million or 49.0 percent (interest payment accounts for 55.5 percent while principal repayment accounts for 44.6 percent) compared to US$9.7 million or 68.8 percent (interest payment accounts for 72.2 percent while principal repayment accounts for 27.8 percent) for the corresponding period of the previous fiscal year thus showing a decrease of about 23.7 percent. The percentages are calculated on the cumulative basis.

Table 16: Public Debt Service as at end-MARCH 31, 2020 (in millions USD)

DEBT SERVICE (US$M)		
Domestic Debt Service Details	**End Mar FY19/20**	**End Mar FY18/19**
Principal	1.4	1.9
Interest	6.3	2.6
Total Domestic Debt Service	**7.7**	**4.5**
External Debt Service Details		
Principal	3.3	2.7
Interest	4.1	7.0
Total External Debt Service	**7.4**	**9.7**
Total Debt Service (USD millions)	**15.1**	**14.2**

Source: *Department of Economic Management, MFDP*

TREASURY BILLS ISSUANCE AND REDEMPTION

131. Financing the Pro-Poor Agenda for Development and Prosperity (PADP) is challenging because of acute reduction in external resources, the depreciations in the Liberian dollar, volatilities in government revenue as a result of fluctuations in the global market prices of Liberia key primary commodities, high unemployment rates (especially youth), among others

132. As a monetary policy instrument used by the CBL to manage the Liberian liquidity, the CBL in collaboration with the MFDP in FY2019/20 as evident by Table 17 issued from October 2018 to February 2019 US$2.362 million worth of T-bills. Including interest, this amount will increase to US$2.480 million dollars.

Table 17: Treasury Bills Issued and Redeemed (in Liberian Dollars)

Date	*Maturity Date*	*Interest (5%)*	*Principle*	*Status*
5-Apr-18	5-Jul-18	20,839.04	416,780.89	Redeemed
3-May-18	5-Aug-18	21,375.87	427,517.33	Redeemed
7-Jun-18	6-Sep-18	22,258.71	445,174.23	Redeemed
2-Aug-18	2-Nov-18	23,953.66	479,073.25	Redeemed
6-Sep-18	6-Dec-18	21,811.53	436,230.65	Redeemed
4-Oct-18	3-Jan-19	24,692.51	493,850.13	Redeemed
2-Nov-18	1-Feb-19	24,731.54	494,630.82	Redeemed
6-Dec-18	7-Mar-19	25,248.96	504,979.22	Redeemed
3-Jan-19	4-Apr-19	17,923.66	358,473.22	Redeemed
7-Feb-19	9-May-19	25,504.52	510,090.46	Redeemed
Total		**228,340.01**	**4,566,800.19**	

***Source**: Ministry of Finance and Development Planning*

MTEF ASSUMPTIONS[1]

133. Revenue projection is based on the latest available economic assumptions and adjustment to historical trends based on revenue performance in the current fiscal year and expectations for concession revenues. Besides, revenue projection also depends on the working of the various sectors of the economy.

134. We continue the implementation of revenue measures introduced in the previous fiscal year (FY2019/20) for FY2020/21. In addition, we are implementing the following:

a. Imposition of an excise tax of 30 cents per gallon on fuel which is projected to generate US$25.0 million; and
b. Ensuring that 100.0 percent of all revenues accruing to the Liberian Maritime Authority (LMA) and the Liberian Telecommunications Authority (LTA) from all sources are collected by, and flow directly to, the Liberian Revenue Authority consolidated account.

DOMESTIC RESOURCE MOBILIZATION

135. Domestic revenue mobilization is categorized under the following eight (8) major economic sectors.

FORESTRY SECTOR

136. Total revenue projected for forest and forest related activities is US$4.1 million dollars. This amount slightly surpassed the previous year's projection by US$0.6 million. Property income is US$3.7 million while taxes and fees constitutes US$0.27 million. The global health pandemic poses a major risk

[1] MTEF Revenue assumptions are contained in Revenue Forecasts that are published as an addendum to the budget

as sector experts predict a drastic fall in global demand, especially from China which imports more than a third of the commodity.

137. In comparison to 2018/19 outturn, clearly forestry revenue has been on the decline due to several administrative factors that have been helped by the deadly Corona Virus. In 2018/19, taxes and fees accounted for US$1.5 million. The amount declined to an estimated US$0.25 million in 2019/20. As at March 31, 2020, revenue performance was at US$4.1 million or 122.0 percent above the annual forecast.

138. Prior to that, the forecast was adjusted downward due to the impact of COVD-19. End of year estimate is US$4.9 million. Other applicable taxes and administrative fees are estimated to fall below projections. Ten (10) active concessionaires are expected to drive the sector for FY20/21. Without the reissuance of Executive Order 89 (EO-89) which reduced stumpage and export fee from 10 percent to 6 percent for Class A Species and the end of the FIDERA (Forestry Industry Development & Empowerment Regime Act) which suspended payment on Bid Premium for three years beginning October 2017, the sector was expected to experience a revival. This hope is however dependent on how fast the world recovers from the COVID- 19.

AGRICULTURE SECTOR

139. Given the micro indicators at the time, the FY-2019/20 Budget assumed a revenue forecast of US$16.0 million, a slight 2.0 percent decrease below the previous year's outturn. Revenue performance review at midyear necessitated a slight upward revision to the forecast. This was before the coming in of COVID-19. Revenue forecast was again readjusted in the wake of COVID-19 from US$16.2 million to US$13.9 million on account of slowdown of economic activities during the health crisis.

140. Revenue performance in the agriculture sector for fiscal year 2019/20 at March -31, was US$12.4 million and is expected to reach US$13.9 million by the close of the fiscal period. Taxes expect to constitute US$11.3 million or 81.0 percent of revenue from the sector. The key driver is income taxes – US$9.8 million or 71 percent, which itself is driven by withholding from salaries and wages (US$6.4 million or 46.0 percent).

141. A very important point to note is that revenue performance would have been much lower had it not been for a US$2 million receipt not budgeted for. About 81.0 percent of projection is expected to be actualized by end June 2020. This has been helped by a US$2.0 million receipt on account of Signature Bonus from Mano Palm Oil Industries for acquisition of 100.0 percent stake in Sime Darby Plantation Liberia, which is a one-off payment that was not projected for in 2019/20 approved fiscal budget but was captured in the recast budget.

142. Revenue forecast for the agriculture sector for fiscal year 2020/21 is US$13.1 million. Revenue projection is about 19.0 percent below the previous year's approved budget and 6.0 percent below the yearend estimate. About 96.0 percent or US$12.5 million of this amount is on account of agriculture related taxes in the form of income (withholdings from salary/wages), trade, goods and services, and real property taxes. Revenue performance in the sector had been doing fairly good in line with projection for 2019/20 fiscal year until the emergence of COVID-19.

143. **Rubber**: Prices for Natural Rubber (NR) has been experiencing a crisis since 2017 due to unfavorable demand-supply fundamentals and was not likely to recover in 2019 according to industry analysts. The strength of the dollar and rising crude oil prices were driving down demand. To further

worsen situation, the global Corona Virus health crisis is projected to have a more compelling impact on global demand and further drive down prices, which will eventually lead to lower production. Production in 2018 peak at 73.6 metric tons and was projected to fall by 3.0 percent in 2019 and a steady rise in 2020 and 2021 before COVID-19. Projection in 2020 and 2021 has been revised downwards due to COVID-19.

144. Rubber was projected to account for 62.0 percent of Agriculture sector revenue in 2019/20. Actual performance shows 55.0 percent. The global health crisis which began in China, a key market for the commodity is responsible for the drop in revenue. Average projected production for FY-20/21 is 69.1 metric tons or 69.0 million kilograms. Note that annual production numbers were revised downwards by 5 percent on account of COVID_19. Projected price is US$1.62 per kilogram netting an estimated annual revenue of US$111.5 million dollars. Government revenue from rubber is projected at US$8.7 million for FY-20/21 mainly from income and profits taxes. When matched against approved budget of US$10.5 million, revenue declined by 23.0 percent.

145. The Oil palm industry in Liberia most recently had been dominated by two major concessions; Sime Darby Plantation Liberia (SDPL) in the Northwestern belt and Golden Veroleum Liberia (GVL) in the Southeastern belt. Not so surprisingly, in FY-19/20, Same Darby Bhd divested its entire stake in SDPL to Mano Palm Oil Industries (MPOI), As of this writing, details of the transactions between the parties were still being worked out. Sime Darby Bhd had said in its annual report of 2018, that the company had spent over $200 million on its Liberian operations and had not broken even, coming under pressure from its board to reconsider the investment.

146. The company signed a 63-year concession in 2009 to develop 220,000 hectares of land in northwest Liberia into oil palm and rubber plantations. Up until the divestiture, only 10,000 hectares or about just 5 percent had been developed due to factors including access to land, the ebola outbreak and stricter environmental standards. The company filed $27 million impairment on its Liberian operations for its financial year ending 2018. Golden Veroleum (Liberia) has developed as of December 31, 2017, approximately 16,800 hectares of palm, just about 8 percent of its 220,000 hectares under concession. Palm Oil will account for US$6.3 million dollars which reflects a marginal increase of 1 percent when compared to the previous Year's and also a sizable increase of 10.0 percent when compared to the end of year estimate. There are other smaller players including Libinco Oil Palm, Equatorial Palm Oil, and Maryland Oil Palm.

MINING SECTOR

147. Given the drop in demand from one of the world's biggest consumers (China), and other micro indicators at the time, the FY-2019/20 Budget assumed a revenue forecast of US$35.5 million, an 8 percent decrease below the previous year's outturn. Revenue performance review at midyear couple with new information regarding production and policy on Advanced Pricing Agreement or APA, an upward revision to the forecast was imminent. Note however while it was good from the iron ore perspective, it wasn't that good from the gold side.

148. The recast budget assumed a 41 percent increase above the approved budget from US$35.5 million to US$50.1 million mainly on account of iron ore production and given the new APA. This was before the coming in of COVID-19. Revenue forecast was again realigned in the wake of COVID-19 from US$50.1 million to US$45.9 million on account of slowdown of economic activities during the health crisis. Revenue performance as at March -31, 2020, was US$37.2 million and is expected to reach US$47.1 million by the close of the fiscal period. Taxes at March-31 was US$13.2 million or 36.0 percent

and expected to reach US$18.2 million by end June 2020. The key driver is income taxes – US$10.5 million or 28.0 percent, which itself is driven by withholding from salaries and wages (US$9.1 million). Sector specific revenue in the form of royalties and rents rose above the approved budget by 77.0 percent as at March 31 and also reached 68.0 percent of the Recast Budget. This is due to signature bonus of US$7.0 million for rail transport agreement from Euro-Nimba and US$1.5 million from Hummingbird Resources.

149. These amounts were not part of the Approved Budget but partially included in the Recast. Revenue estimate by end of year from mining is US$47.1 million of which US$34.8 is on account of iron ore and US$11.5 is on account of gold. US$0.7 million is on account of diamond and other mining which includes sand and quarry mining. Revenue forecast for mining fiscal year 2019/20 is US$39.7 million. Taxes expect to constitute US$20.6 million or 52.0 percent of revenue from the sector. Revenue forecast is 16 percent below the year end estimates. The key driver is income taxes – US$12.6 million or 32.0 percent, which itself is driven by withholding from salaries and wages (US$11 million or 28.0 percent). Royalties and rents account for US$18.1 million or 46.0 percent.

150. Revenue forecast from iron ore is US$28.3 million which is 18.0 percent more than what was achieved in 2018/19 and 22.0 percent less than what is expected in 2019/20. The forecast assumes caution in the wake of COVID-19. Tax revenue, which is driven by income taxes and Social Development Contribution, is expected to account for US$15.5 million or 55.0 percent while nontax revenue driven by royalties is expected to contribute U$12.7 million or 45.0 percent. From analysis of revenue in 2019/20, it can clearly be seen that non-tax revenue will unusually account for more of iron revenue than tax. This is due to one-off signature bonus that is not recurrent in 2020/21.

151. Revenue forecast from Gold is US$10.7 million which is 23.0 percent lower than what was achieved in 2018/19 and 7.0 percent lower than what is expected in 2019/20. Although the forecast assumes higher production, a more cautious gold price reflected in the New Liberty Financial model is considered, which explains the low revenue projection. Tax revenue, which is driven by income taxes, is expected to account for US$5.0 million or 47.0 percent while nontax revenue driven by royalties is expected to contribute US$5.7 million or 53.0 percent. From analysis of revenue in 2019/20, it can clearly be seen that non-tax revenue will account for more of gold revenue than tax. Although this is a pattern, but included also in nontax revenue estimate is a one-off signature bonus that is non recurrent in 2020/21.

MANUFACTURING SECTOR

152. The manufacturing sector is subdivided into two subsectors: Manufacturing of beverages and spirits and manufacturing of light industrial products including cement and flour. Monrovia Breweries is the most significant producer of alcoholic beverages in Liberia in terms of revenue. Light industries include producers of cement, aluminum and glass wares, plastic and rubber products, paints, biscuits and confectionaries, soap, detergents, and other chemicals, and flour. Given the economic outlook for 2019/20 fiscal year, revenue forecast from the sector was put at US$24.1 million or 9.0 percent below the outturn for 2018/19.

153. A midyear performance review of that forecast revised the budget downwards to US$21.1 million. At the end of the third quarter, revenue performance from manufacturing had reached US$18.2 million or 76.0 percent of the approved budget and 86.0 percent of the revised budget. Performance is driven largely by increase production of cement. Manufacturing was well on course to achieve its budget target had it not been for the health crisis which has necessitated a lower end of year estimate of US$22.1

million. From an industry perspective, beverages and spirits at QIII accounted for US$7.2 million in all taxes and is expected to reach US$9.4 million at year end. Income taxes account for US$0.8 million of which corporate income tax is US$0.36 million and salary and wages is US$0.27 million.

154. Income taxes are expected to reach US$0.9 million by year end. US$4.9 million was achieved in domestic goods and services taxes, of which sales tax is US$2.0 million and excise tax is US$2.8 million. Goods and Services tax is expected to reach nearly US$7.0 million by year end. At QIII, US$1.2 million was on account of customs duties paid on dutiable and non-exempt inputs, and administrative fees and fines accounted for US$0.15 million. Light industrial manufacturing is expected to account for US$12.7 million at year end, of which US$7.2 million or 57.0 percent is on income taxes of which more than 50.0 percent of that is from corporate profit taxes from cement production.

155. At QII, US$11.0 million had been actualized. Goods and Services will account for US$2.8 million or 23.0 percent, while customs duties and related charges will account for US$2.2 million or 18.0 percent. Revenue forecast for fiscal year 2020/21 is US$23.7 million. This is a 7.0 percent increase over the estimate. US$10.3 million is on account of beverages and spirit and US$13.4 million on account of light industries. Tax revenue is projected at US$23.3 million or 98.0 percent of revenue from manufacturing sector. Corporate profit tax is US$6.0 million of which US$5.6 million or 93.0 percent of that amount is expected from light industries. Corporate profit tax is driven by increase in cement production. Goods and Service tax is US$ 10.6 million of which sales tax is US$5.4 million or 23.0 percent of sector revenue and Excise is US$5.1 million or 22.0 percent.

SERVICES SECTOR

156. One of the largest economic sector contribution to the FY-2020/21 budget is the service industry with a forecast of US$46.3 million. Sub-components of the sector include:

a. Banking & Non-Banking Financial Services
b. Telecommunications
c. Hotel and Restaurant Services
d. Airline Ticketing and Reservation Services
e. Consultancy and Professional Services
f. Shipping and Stevedoring Services
g. Construction Services

157. ***Banking and non-banking financial services*** include the nine commercial banks and the Central Bank of Liberia, fifteen insurance companies and two microfinance institutions. Banking and non-banking financial services accounts for 27.0 percent of service sector revenue. The approved 2019/20 was US$12.7 million or 6.0 percent below the previous year's outturn. The decline is attributed to salary and wage withholdings falling by 35.0 percent below the previous year's outturn as that year's receipt may have had backlog payments that are non-recurrent. Midyear revenue performance review precipitated a recast of the budget by 25.0 percent from US$12.7 million to US$9.5 million. Revenue performance at third quarter was US$9.9 million, 5.0 percent more than the recast budget. Despite the strong QIII performance, revenue estimate in Quarter IV is just US$1.4 million considering the effect of COVID-19. Total estimate is US$11.3 million. Income and profit taxes account for US$11.1 million or 98.0 percent of the subsector's revenue. Revenue forecast for FY2020/21 from banking and financial services sector is US$11.9 million or 5.0 percent above the end of year estimate.

158. ***Telecommunication services*** account for the largest share of service sector revenue – US$23.5 million or 50.0 percent. The approved 2019/20 was US$54.4 million or 6.0 percent above the previous

year's outturn. The rise is on account of government's annual share of rents from telecos. Profit tax projection declined slightly due to ongoing price adjustments in the sector which also affected sales tax projection as well. The traditional revenue shares for government as rents including licenses is US$8.2 million. Government share was projected at 61.0 percent of sector revenue. Given economic circumstances, the budget was revised downwards by 13.0 percent by midyear to US$22.9 million. Revenue performance at third quarter was US$15.8 million or 60.0 percent of the approved budget. Low revenue performance at Quarter III, helped by COVID-19 precipitated a much lower yearend estimate of US$20.1 million or 88.0 percent of the revised budget. Income and profit taxes account for US$4.2 million while goods and services account for US$11.7 million. Notable non performing revenue line is royalty and rents. Performance shows just 19.0 percent of approved budget at QIII. Revenue forecast for fiscal year 2020/21 is US$23.5 million. This is a 17.0 percent increase over the estimate. US$9.5 million is on sales tax and US$7.6 million on account of royalties and rents. Tax revenue is projected at US$15.7 million or 67.0 percent of revenue from telecoms sector. The rest of 33.0 percent is principally on account of royalties and rents.

159. Revenues from ***Hotels and Restaurant*** in the budget for 2019/20 was US$2.2 million or 4.0 percent of the service sector revenue. The 2019/20 budget was however still revised downward to US$1.6 million due to low performance in QI and QII. Actual revenue performance at March 31, 2020 showed US$1.2 million or 78.0 percent of the recast budget. Year-end estimate is at US$1.5 million. Revenue forecast for 2020/21 is US$1.7 million or 16.0 percent increase over the estimate. Revenue in this subsector is driven by income and profit taxes – US$0.58 million, and goods and services tax which is predominantly anchored by sales tax of US$0.58 million.

160. Revenue from ***Travels/ Airline Ticketing and Reservation*** subsector for FY2019/20 was US$1.5 million or 4.0 percent of service sector revenue. The 2019/20 budget was however still revised downward to US$1.1 million due to low performance in QI and QII. Actual revenue performance at March 31, 2020 showed US$0.57 million or 48.0 percent of the recast budget. Yearend estimate is US$0.65 million. Revenue forecast for 2020/21 is US$0.68 million or 5.0 percent increase over the estimate. Revenue in this subsector is driven by income and profit taxes – US$0.17 million, and goods and services tax which is predominantly anchored by sales tax of US$0.49 million.

161. Revenue from ***consultancy and professional services*** is an important component of service industry revenue that requires more policy intervention to ensure its full revenue potential. Budget for 2019/20 was US$3.4 million or 6.0 percent of service sector revenue. The 2019/20 budget was revised downward by 25.0 percent to US$2.5 million due to low performance in QI and QII. Contrary to assumptions underpinning the FY2019/20 recast budget, performance at end of QIII was quite impressive. Revenue reached US$3.2 million or 27.0 percent more than the revised budget. Revenue estimate at yearend is US$3.7 million. Revenue forecast for 2020/21 is US$3.9 million or 5.0 percent increase over the estimate. Revenue in this subsector is driven by income and profit taxes – US$0.78 million, and Customs services (Pre-shipment services) of US$3.0 million.

162. Revenue from ***Shipping/Stevedoring Services*** for FY2019/20 was US$7.0 million or 13.0 percent of service sector revenue. The 2019/20 budget was revised downward by 25.0 percent to US$2.5 million due to low performance in QI and QII. Revenue performance at end of QIII reached US$3.2 million or 61.0 percent of the recast budget. Revenue estimate at yearend is US$3.6 million. Revenue forecast for 2020/21 is US$3.8 million or 5.0 percent increase over the estimate. Revenue in this subsector is driven by income and profit taxes – US$3.6 million. APM Terminal is the key player in the sector.

163. Revenue from ***construction*** for FY2019/20 was US$0.97 million or less than 2.0 percent of service sector revenue. The 2019/20 budget was revised downward to US$0.73 million due to low performance in QI and QII. Revenue performance at end of QIII reached US$0.75 million surpassing the recast budget by 4.0 percent. Revenue estimate at yearend is US$0.86 million. Revenue forecast for FY2020/21 is US$0.9 million or 5.0 percent increase over the estimate. Revenue in this subsector is driven by income and profit taxes – US$0.5 million.

PETROLEUM TRADE SECTOR

164. Revenue from the petroleum trade sector for FY2019/20 was US$63.4 million or 4.0 percent more than the previous year's outturn. The 2019/20 budget was revised downward to US$58.4 million due to low performance and low economic activities in QI and QII. Revenue performance at end of QIII reached US$42.3 million or 73.0 percent of the recast budget. Revenue estimate at yearend is US$53.1 million or 91.0 percent of the recast budget.

165. Revenue forecast for FY2020/21 is US$65.4 million or 23.0 percent increase over the estimate. Revenue in this subsector is driven by Customs activities (US$38.3 million), which include the import duties (US$13.1 million), sales tax (US$11.2 million) and excise tax (US$14 million). Excise tax on petroleum import, which is a new tax policy measure being introduced with the FY-2020/21 Budget, levy US$0.30 per gallon of petroleum product imported. Before now there is no excise tax on fuel, which is subject to a separate road fund fee. Excise on fuel is being imposed to help shield the revenue base amidst the decline in commodity prices and also in keeping with best practice in imposing excise as sin tax for environmental pollution. The rate would be as follow:

a. US$.30/Gal-Automotive Gas Oil (AGO)
b. US$.30/Gal-Premium Motor Spirit (PMS)

166. Although the measure is aimed at generating around US$30 million based on the import volume forecast of 100 million gallons of products, the revenue forecast is cautiously derived based on perceived implementation challenges and operationalization concerns given that this is a new measure. Another important revenue stream is the Road Fund Levy of US$25.0 million hinged on the same assumption of projected import volume.

GENERAL BUSINESS SECTOR

167. General business sector is subdivided into six categories: - Large importers of essential goods, fisheries, supermarkets, pharmacies, building material stores, and vehicle sales and repair. Revenues from the sector for FY2019/20 was US$52.7 million or 15.0 percent more than the previous year's outturn. The 2019/20 budget was revised downward by 15.0 percent to US$45.1 million due to low performance and low economic activities in QI and QII.

168. Revenue performance at end of QIII reached US$30.4 million or 67.0 percent of the recast budget. Revenue estimate at yearend is US$33.5 million or 74.0 percent of the recast budget. Revenue forecast for FY2020/21 is US$34.7 million or just 3.0 percent increase over the estimate. Revenue in this subsector is driven by income taxes – US$6.8 million of which corporate income tax is US$4.6 million. Customs activities (US$26.7 million), of which customs duties is US$11.5 million, customs charges - US$12 million, and Excise US$3.1 million account largely for the rest.

PUBLIC CORPORATIONS AND STATE-OWNED ENTERPRISES

169. There are 14 legal public corporations and state-owned enterprises reflected in this year's revenue forecast based on their significance in terms of revenue contributions. Revenue from the sector for FY2019/20 was US$33.2 million or a significant 17.0 percent more than the previous year's outturn. The 2019/20 budget was revised downward by 11.0 percent to US$29.4 million due to low performance and low economic activities in QI and QII. Liberia Maritime Authority was US$12.1 million or 37.0 percent followed by National Port Authority, US$8.7 million or 26.0 percent, Liberia Petroleum Refining Company, US$4.5 million, and the Liberia Revenue Authority, US$3.3 million. Revenue performance at end of QIII for FY2019/20 reached US$14.3 million or 49.0 percent of the recast budget. Revenue estimate at yearend is US$20.3 million or 77.0 percent of the recast budget.

170. Revenue forecast for FY2020/21 is US$20.0 million or a 14.0 percent decrease below the estimate. Revenue in this sector is driven by income taxes – US$3.5 million, Goods and Services of which Liberia Maritime Authority, US$10.5 million, and SOE's budget support, US$6.0 million.

PUBLIC SECTOR WAGE WITHHOLDING ON WAGE BILL

171. For FY2020/21, the public sector contribution through the civil service is projected at US$30.1 million.

ADMINISTRATIVE FEES, FINES, PENALTIES AND FORFEITS

172. Administrative fees are service charges from sector ministries and agencies offering such administrative services as issuing passports, medical certificates, permits, licenses, etc. Administrative fees are projected at US$11.9 million for which the following four sector ministries are responsible to contribute US$9.9 million 84.0 percent of the total.

   a. Ministry of Foreign Affairs accounts for US$2.6 million mainly on account of passport fees and consulate fees.
   b. Liberia Immigration Services is projected at US$2.8 million. Key administrative services provided include issuance of permits for residency and regularization of status of legal foreign residents in the country.
   c. Liberia Business Registry is projected at US$0.94 million for re-registration fees of businesses and domestic incorporation filling fees.
   d. Ministry of Labor is projected at US$3.5 million mainly on issuance of permits for migrant workers. All other sector ministries and agencies will account for the rest of US$2.0 million.

173. FINES AND FORFEITS are projected to amount to US$0.42 million.

SMALL AND MEDIUM ENTERPRISES SECTOR

174. SMEs contribution to the national revenue basket is perhaps the most significant of all and is reflective of the general health of the economy. SMEs comprise of income generating activities of small businesses and self-employed, small rubber farmers and their likes from which withholding taxes are held, real property owners, owners of motor vehicles, individual professional licenses, importers of

goods on small and medium scale, and recipients of government services such as passports, birth and health certificates, etc. from government ministries and agencies.

175. Revenue from the sector for FY2019/20 was US$150.9 million or about 2.0 percent lower than the previous year's outturn due to economic slowdown. The 2019/20 budget was further revised downward by 3.0 percent to US$145.9 million due to low performance and low economic activities in QI and QII. Revenue performance at end of QIII reached US$105.1 million or 72.0 percent of the recast budget. Revenue estimate at yearend is US$157.4 million or 6.0 percent more than the recast budget.

176. Revenue forecast for FY2020/21 is US$129.8 million or 82.4 percent below the estimate. Revenue in this subsector is driven by income taxes – US$30.2 million, Real Property tax is US$4.6 million, Customs activities (US$79.5 million), Goods & Services, US$5.8 million and Administrative fees and fines US$9.2 million.

MEDIUM TERM FISCAL FRAMEWORK, FY2019/20—FY2021/22

177. Despite the slow pace of economic recovery since the impact of the deadly EVD crisis in Liberia, average real GDP growth rate during the medium term period is expected to deteriorate until swift measures are employed to reduce or mitigate the effects of the deadly pandemic which has engulfed the world. Upon these measures, government needs to diversify the economy in order to reduce her reliance on the extractive sector. Besides, this will enhance government revenue mobilization as well as make the economy resilience to external shocks, reduce unemployment rate and restore relative stability in the national currency.

178. To establish total resource envelope and expenditure ceilings for the three outer years covered by the Medium Term Fiscal Framework (MTFF), latest economic data from the Extended Credit Facility, the Fiscal table, and the Medium Term Fiscal Framework were used.

179. The estimated outturn for FY2019/20 stands at US$525.5 million representing a decrease of US$0.4 million compared to the approved budget of US$525.9 million for FY2019/20. The estimated outturn for FY2019/20 resource envelope is distributed as follows:

a. Tax revenues account for US$336.2 million compared to US$377.9 million for the approved budget for FY2019/20 and US$394.2 million for FY2018/19 outturn;
b. Non-tax revenues account for US$81.9 million compared to US$87.2 million for the approved budget for FY2019/20 and US$74.2 million for FY2018/19 outturn; and
c. External resources account for US$107.4 million compared to US$60.8 million (with US$20.8 million in core and US$60.0 million in contingent) for the approved budget for FY2019/20 and US$12.7 million for FY2018/19 outturn.

180. The projected resource envelope for FY2020/21 stands at US$535.5 million representing an increase of 1.9 percent compared to the estimated outturn for FY2019/20 and also an increase of 1.8 percent compared to the approved budget for FY2019/20. Of the projected resource envelope,

i. Domestic revenue is entirely core and it is projected at US$407.5 million representing a decrease of 12.4 percent compared to the approved budget for FY2019/20. However, compared to the estimated outturn for FY2019/20, domestic revenue is projected to decrease by 2.5 percent;
ii. External resources are projected at US$118.0 million (with US$6.0 million in core and US$112.0 million in contingent) representing an increase of 94.1 percent compared to

the approved budget for FY2019/20. However, compared to the estimated outturn for FY2019/20, external resources are projected to increase by 9.9 percent;

iii. Given revenue over-performance for FY2019/20, we anticipate a revenue carry forward of US$10.0 million to FY2020/21.

181. Of the proposed domestic revenue for FY2020/21,

a. Tax revenue for FY2020/21 is projected at US$333.6 million, representing a decrease of 11.7 percent compared to the approved budget for FY2019/20. However, compared to the estimated outturn for FY2019/20, tax revenue has decreased by 0.8 percent; and
b. Non Tax revenue for FY2020/21 is projected at US$73.9 million, representing a decrease of 15.3 percent compared to the approved budget for FY2019/20. However, compared to the estimated outturn for FY2019/20, non-tax revenue has decreased by 9.8 percent.

182. Of the proposed tax revenue for FY2020/21,

i. Taxes on Incomes & Profits are projected at US$126.7 million representing a decrease of 13.5 percent compared to the approved budget for FY2019/20. However, compared to the estimated outturn for FY2019/20, taxes on incomes & profits are projected to decrease by 13.4 percent;
ii. Real Property Tax is projected at US$5.2 million representing a decrease of 3.7 percent compared to the approved budget for FY2019/20. However, compared to the estimated outturn for FY2019/20, real property tax is projected to increase by 23.8 percent;
iii. Goods & Services Tax (GST) driven mainly by maritime revenue and motor vehicle tax is projected at US$38.6 million representing a decrease of 16.1 percent compared to the approved budget for FY2019/20. However, compared to the estimated outturn for FY2019/20, goods & services tax is projected to increase by 4.4 percent;
iv. Taxes on International Trade are projected at US$158.2 million representing a decrease of 10.6 percent compared to the approved budget for FY2019/20. However, compared to the estimated outturn for FY2019/20, taxes on international trade are projected to increase by 8.7 percent; and
v. Other taxes are projected at US$4.7 million representing an increase of 46.9 percent compared to the approved budget for FY2019/20. However, compared to the estimated outturn for FY2019/20, other taxes are projected to increase also by 50.0 percent.

183. Of the proposed non tax revenue for FY2020/21,

i. Property income is projected at US$61.2 million representing a decrease of 12.6 percent compared to the approved budget for FY2019/20. However, compared to the estimated outturn for FY2019/20, property income is projected to decrease by 10.7 percent;
ii. Administrative Fees are projected at US$11.9 million representing a decrease of 26.5 percent compared to the approved budget for FY2019/20. However, compared to the estimated outturn for FY2019/20, administrative fees are projected to decrease by 5.8 percent;
iii. Fines, Penalties & Forfeits are projected at about US$0.5 million representing a decrease of 50.0 percent compared to the approved budget for FY2019/20. However, compared to the estimated outturn for FY2019/20, fines, penalties & forfeits are projected to increase by 84.8 percent; and
iv. Miscellaneous income is projected at US$0.3 million representing an increase of 100.0 percent compared to the approved budget for FY2019/20. However, compared to the estimated outturn for FY2019/20, miscellaneous income is projected to decrease by about 39.0 percent.

184. Of the proposed external resources (grants and/or loans) for FY2020/21,

i. Core external resources are projected at US$6.0 million representing a decrease of 71.1 percent compared to the approved budget for FY2019/20. However, compared to the estimated outturn for FY2019/20, core external resources are projected to decrease by 94.4 percent; and
ii. Contingent external resources are projected at US$112.0 million representing an increase of 180.0 percent compared to the approved budget for FY2019/20. However, compared to the estimated outturn for FY2019/20, contingent external resources increased by 100.0 percent.

185. The outer years[2] of the medium term project indicative resource envelopes are subject to change based on the prevailing macroeconomic environment over the course of FY2020/21. With that being said; the projected resource envelope for FY2021/22 stands at US$530.8 million while for FY2022/23 it stands at US$539.6 million.

MEDIUM TERM EXPENDITURE FRAMEWORK

EXPENDITURE PRIORITIES

186. Despite the prevailing macroeconomic outlook which is constraining the Government's already narrow fiscal space our expenditure priorities keep increasing. Moreover, the outbreak of the deadly coronavirus disease and the attending measures put in place to curb the spread of the disease is having a huge toll on the economy: constraining economic activities while narrowing the Government's fiscal space. Government has categorized its expenditure into a non-discretionary component which includes debt service and compensation of employees and a discretionary component which includes goods & services, the road fund, PSIP, social benefits, grants & subsidies and social development fund.

187. The rapid increase in recurrent spending, specifically the wage bill, is posing a significant challenge to allocating funding to implement infrastructure projects to stimulate private sector led growth and development. Over the years, we have implemented fiscal rules and measures – as outlined in Appendix I – to curb the increase in recurrent spending. However, the Government has inaugurated a comprehensively restructured civil service wage system with the intent of freeing up resources for productive spending. It has been designed to effect significant savings while improving vertical and horizontal equity in compensation and transparency.

188. The expenditure priorities over the ensuing fiscal year (FY2020/21) are as follow:

a. Financing the Government's response to curtailing the rapid spread of the contagious coronavirus disease
b. Meeting the Country's debt service obligations and also clearing arrears to vendors
c. Financing the conduct of the ensuing mid-term senatorial elections
d. Timely payment of the compensation of public sector employees
e. Prioritizing the implementation of the following PSIP projects
    i. Humanitarian outreach;
    ii. Relocation of petty traders from the Waterside general market;

[2] Detailed breakdown of the outer years' revenue envelope is provided in Appendix II

iii. Provision of loans to vulnerable small and medium enterprises;
iv. Establishing a disaster relief fund;
v. Funding a landfill and urban sanitation program;
vi. Provision of security as it relates to the COVID-19 pandemic;
vii. Continuing of the Judiciary project and the renovation of the executive mansion;
viii. Electrification of military barracks; and
ix. Financing rice production and the provision of support to smallholder farmers.

189. The expenditure policies of the Government of Liberia require that the first call for the budget is the full servicing of non-discretionary spending in the following order:

i. Debt, both foreign and domestic,
ii. Compensation and Compensation Related,
iii. Contractual obligations such as office rental and utilities, and
iv. Legal settlements such as court judgements.

190. After this non-discretionary spending, the next priority is the funding of essential Government operations. FY2020/21 sees an exceptional focus on operational health spending, including grants to health facilities, as the Government funds its response to the impact of Coronavirus.

191. After these critical functions are funded, the Government uses the remainder to fund its Public Sector Investment Programme (PSIP) as outlined in the national development plan, which in FY2020/21 includes US$29.0 million for infrastructure both through the Road Fund (US$26 million) and directly for construction of the Junk River Bridge (US$3 million). In addition to infrastructure, the Government has funded the mid-term Senatorial election, Census and other national priorities.

DRAFT BUDGET FOR FY2020/21 AND THE MEDIUM TERM

192. Given the prevailing macroeconomic environment of the country and in compliance with the principle of balanced budget, the expenditure portfolio for the administration of the affairs of the state over the course of FY2020/2021 is estimated at US$535.5 million, representing an increase of 1.8 percent compared to the approved budget for FY2019/20 and also increases of 3.4 percent and 4.7 percent compared to the recast budget and the estimated expenditure outturn for FY2019/20 respectively.

193. Of the total proposed expenditure for FY2020/21,

i. Recurrent expenditure accounts for US$480.3 million representing 89.7 percent of the total expenditures. Compared to the approved budget for FY2019/20, this represents a decrease of 2.1 percent. Whereas compared to the recast budget and the estimated outturn for FY2019/20, this represents increases of 3.3 percent and 4.4 percent respectively; while
ii. Expenditure on the public sector investment plan accounts for about US$55.2 million or 10.3 percent of the total expenditures. Compared to the approved budget for FY2019/20, this represents an increase of 55.7 percent. Whereas compared to the recast budget and the estimated outturn for FY2019/20, this represents an increases of 2.9 percent and 4.0 percent respectively.

194. For the outer years[3] in the medium term, that is FY2021/22 and FY2022/23, expenditures are projected at US$530.8 million and US$539.6 million respectively. Expenditures for FY2021/22 are projected to decrease by 0.9 percent compared to FY2020/21 whereas expenditures FY2022/23 are projected to increase by 0.8 percent.

i. Recurrent expenditures are projected at US$471.9 million and US$501.9 million for FY2021/22 and FY2022/23 respectively representing a decrease of 1.7 percent for FY2021/22 compared to FY2020/21 but an increase of 4.5 percent for FY2022/23 compared to FY2020/21; while
ii. Capital expenditures (spending on PSIP) are projected at about US$59.0 million and US$37.7 million for FY2021/22 and FY2022/23 respectively representing an increase of 6.9 percent for FY2021/22 compared to FY2020/21 but a decrease of 31.7 percent for FY2022/23 compared to FY2020/21.

PROPOSED RECURRENT SPENDING FOR FY2020/21

195. For the proposed recurrent spending for FY2020/21,

i. Core recurrent spending amounted to US$368.3 million which when compared to the approved budget for FY2019/20 represents a decrease of 18.2 percent. However, compared to the recast budget and the projected outturn for FY2019/20, this represents decreases of 20.9 percent and 19.9 percent respectively; while
ii. Contingent recurrent spending amounted to US$112.0 million which when compared to the approved budget for FY2019/20 represents an increase of 180.0 percent. However, compared to the recast budget for FY2019/20, this represents an increase of 100.0 percent respectively.

196. Of the core recurrent spending for FY2020/21 budget,

i. Compensation of employees is projected at US$291.9 million which when compared to the approved budget for FY2019/20 represents a decrease of 1.7 percent. Whereas, compared to the recast budget and the estimated outturn for FY2019/20, this represents decreases of about 1.2 percent each;
ii. Grant is projected at US$13.6 million which when compared to the approved budget for FY2019/20 represents a decrease of 76.4 percent. Whereas, compared to the recast budget and the estimated outturn for FY2019/20, this represents decreases of about 54.2 percent and about 54.0 percent respectively;
iii. Social benefit is projected at US$2.0 million which when compared to the approved budget for FY2019/20 represents an increase of 36.9 percent. Whereas, compared to the recast budget and the estimated outturn for FY2019/20, this represents decreases of about 24.3 percent each;
iv. Use of Goods & Services is projected at US$25.5 million which when compared to the approved budget for FY2019/20 represents a decrease of 20.8 percent. This represents a decrease of 60.9 percent compared to the recast for FY2019/20 and also a decrease of 60.4 percent when compared to the estimated outturn for FY2019/20;
v. Expenditures on the provision of subsidies for FY2020/21 are projected at US$0.8 million compared to the US$0.9 million for the approved budget for FY2019/20 thus

[3] Appendix III provides a detailed breakdown of expenditures in the outer years' budget

representing a decrease of 11.1 percent. Moreover, compared to the recast and the estimated outturn for FY2019/20, this represents increases of 82.5 percent each;

vi. Expenditures for servicing domestic liabilities for FY2020/2021 have been projected at US$5.1 million representing a decrease of 85.7 percent compared to the approved budget for FY2019/20. Moreover, compared to the recast and the estimated outturn for FY2019/20, this represents decreases of 88.4 percent and 87.2 percent respectively;

vii. Expenditures for servicing foreign liabilities for FY2020/2021 have been projected at US$28.8 million representing an increase of 14.7 percent compared to the approved budget for FY2019/20. Moreover, compared to the recast and the estimated outturn for FY2019/20, this represents increases of 13.1 percent and 14.9 percent respectively; and

viii. Expenditures for non-financial assets for FY2020/2021 have been projected at US$0.5 million representing an increase of 137.6 percent compared to the approved budget for FY2019/20. Moreover, compared to the recast and the estimated outturn for FY2019/20, this represents increases of 78.3 percent each.

197. Of the contingent recurrent spending for FY2020/21 budget,

i. Use of Goods & Services is projected at US$40.0 million which when compared to the approved budget for FY2019/20 shows an increase of 100.0 percent. This also increases by 100.0 percent each compared to the recast for FY2019/20 and for the estimated outturn for FY2019/20;

ii. Grant is projected at US$32.0 million which when compared to the approved budget for FY2019/20 represents an increase of 100.0 percent with the same increase occurring for the recast budget and the estimated outturn for FY2019/20; and

iii. Expenditures for servicing domestic liabilities for FY2020/2021 have been projected at US$40.0 million which when compared to the approved budget for FY2019/20 represents an increase of 100.0 percent with the same increase occurring for the recast budget and the estimated outturn for FY2019/20.

PROPOSED PUBLIC SECTOR INVESTMENT PLAN (PSIP) FOR FY2020/21

198. Of the proposed PSIP spending for FY2020/21,

i. US$3.7 million for the Public Administration sector for the renovation of the Executive Mansion (US$1.0 million), for humanitarian outreach (US$0.7 million), for transport equipment (US$1.0 million), and for the conduct of the National Population and Housing Census (US$1.0 million);

ii. US$2.3 million for the Municipal and Local Government sector of which US$0.5 million is for disaster fund, US$0.5 million is for the landfill and urban sanitation project and US$1.3 million for the relocation of petty traders from the Waterside general market;

iii. US$8.0 million for the Transparency and Accountability sector for the conduct of elections;

iv. US$1.5 million for the Security and Rule of Law sector to finance the Judiciary project (US$1.0 million) and for security for COVID (US$0.5 million);

v. US$1.5 million for the Health Sector;

vi. US$4.6 million for the Youth Development and Social Protection Services 0f which US$3.6 million is for LACE Special Project while US$1.0 million is for the cleaning of beach and waterways;

vii. US$1.0 million for the Energy & Environment sector of which US$0.5 million each for the electrification of military barracks and rehabilitation of street lights;
viii. US$1.65 million for the agriculture sector for support to rice production and small holder farmers; and
ix. US$29.0 million for the infrastructure sector of which US$26.0 million is for the Road Fund and US$3.0 million for the construction of the Junk River Bridge.

MEDIUM TERM DEBT AND DEBT SERVICE

199. The total public debt stock as at end- March 2020 as evident by Table 15 is US$1,503.1 million compared to US$1,064.0 million at end- March 2019, thus representing an increase of 41.3 percent. Of the total debt stock at end March 2020, domestic debt accounts for US$604.4 million (40.2 percent of the total debt stock as at end March 2020) compared to US$264.9 million (representing percent of end March 2019 total debt stock) at end March 2019; thus representing an increase of percent on account of the inclusion of the debts owed to Commercial Banks and the IMF on-lending from the CBL. On the other hand, external debt amounts to US$898.7 million (59.8 percent of the total debt stock at end March 2020) compared to US$799.1 million (75.1 percent of the total debt stock at end March 2019) representing an increase of 12.5 percent.

200. The Government recognizes the importance of maintaining debt sustainability in the medium term. The Government commits itself to refrain from additional central bank financing and the buildup of arrears. Moreover, the Government has developed a high preference for concessional financing as it recognizes that the borrowing space is limited and sensitive to the terms of new loans. In this regard, the Government expressed its commitment to remain below the ceiling on non-concessional borrowing and refrain from nontransparent collateralized agreements, while ensuring that new debt is contracted transparently. However, given its stated commitment to fulfill its Pro-Poor Agenda, the Government continues to emphasize the pressing need to move forward with the country's development agenda and expressed the hope that the international community would provide the current administration with assistance in meeting these needs through provision of budget support, project grants, and financing for infrastructure projects.

201. The Government remains committed to limiting contraction of loans on non-concessional terms, refraining from nontransparent collateralized agreements, and ensuring that new debt is contracted transparently. The Government recognizes that a slight worsening of borrowing terms, or a further weakening of monitoring capacity, could move our country into high-risk of debt distress. However, given the need to expedite the accumulation of infrastructure and human capital, the Government plans to disburse an average of $50.0 million per year on non-concessional terms while giving due consideration to the terms of said borrowing and the country's absorption capacity.

202. Total Debt service for FY2020/21 is projected at US$73.9 million of which principal repayment amount to US$41.8 million, interest payment amount to US$26.6 million while subscriptions & other payables amount to US$5.5 million. Of the principal repayment, domestic principal repayment amount to US$28.5 million while external principal repayment amount to US$13.3 million. Moreover, of the interest payments, domestic interest payment amount to US$16.6 million while external interest repayment amounted to about US$10.0 million. Appendix IV provides a detailed breakdown of the proposed debt service over the medium term.

APPENDIX I: FISCAL RULES

Allotment Requirements

- No ministry and agency shall be eligible to receive allotments for goods and services (Account Code 22) unless they have submitted a Procurement Plan to the Public Procurement Commission (PPC) and the PPC has approved the plan. Ministries and agencies will update their Procurement Plans periodically as necessary to ensure more accurate allotment requests.
- No ministry and agency shall be eligible to receive allotments for activity (All Accounts) unless they have submitted a spending plan to the Department of Budget in the MFDP and the Department of Budget has approved the said plan.
- Ministries and agencies shall update their spending plans on a monthly basis to ensure more accurate allotment requests. If there are no substantial changes to the spending plan, then the ministry or agency should still report to the General Department of Budget that the spending plan has not been changed.
- No payments shall be made for any expenditure that does not have sufficient allotment. This includes salary payments. Therefore, it is incumbent that ministries and agencies request quarterly allotments for salaries prior to the respective monthly payroll cycles in the quarter. Ministries and agencies that do not submit such allotment request will be penalized and all payments for good and salaries (Code 22) will be suspended.

Advance Requirements

- Selected ministries and agencies are entitled to receive advances and make use of bank accounts. However, these privileges are contingent upon timely reporting and maintenance of accounting records. Therefore, payments for ministries and agencies will be suspended except for salaries if expenditure reports on the use of outstanding advances are not provided and entered into IFMIS 25 days after the end of each month.

Expenditure Reporting

- All ministries and agencies are required to provide quarterly and monthly financial statements as per the PFM regulations. If ministries and agencies do not provide the required reports within 25 days after the reporting cycle, then payments for non-salary expenditures will be suspended.

Bank Reconciliations

- In order to support better financial reporting and cash management, ministries and agencies managing their own bank accounts are required to provide monthly bank reconciliations to the CAG's Office of Financial Reporting 5 days after the end of the month. If these ministries and agencies do not provide the required reconciliations by the reporting deadline than payments for non-salary expenditures will be suspended.

MFDP Checks

In order to support cash management, checks issued by the MFDP's Comptroller and Accountant General's Office shall expire 6 months after they have been issued. Accordingly, the consequences are as follows:

- If the check was issued to make payment for legally binding obligation of the government as evidenced by an approved Local Purchase Order (LPO) then the payment voucher will have to be resubmitted for payment.
- If the check was issued to make payment for an expenditure without an approved LPO, then both the voucher and payment will be cancelled.

Lease Obligations and Other High Value Contracts

- Ministries are not to execute lease contracts unless funds have been specifically appropriated for the specific lease contract under Account Codes – 221301 Land Rental and Lease, 221302 Residential Property Rental and Lease and 221303 Office Buildings Rental and Lease.
- This condition shall also apply to other high value contracts, e.g. Equipment Leases (221304) or Consulting Services (221701).
- Failure to comply with this fiscal rule may result in penalties and reductions in future allotments.

Consultancy Services

- The remuneration for individual-based consultancy contracts shall not exceed the remuneration of the principal deputy of the institution. In exceptional cases where there is a compelling need, this rule may be relaxed based PPCC approval.
- Consultancy contracts shall not be approved for positions in the civil service structure for which skills can be readily found in an institution.
- Consultancy contracts must be task-based and must clearly include knowledge transfer provisions so that civil servants are trained to take up the task on the expiry of the contract.
- Consultancy contracts for individuals should not be approved for any recurrent tasks within an institution except for specialized units (e.g. Presidential Delivery Unit, ECOWAS Secretariat, etc.) without statutory existence and in such a case, presidential approval will be required. However, this does not affect contracts already in force.
- The duration of consultancy contracts shall not exceed a period more than one fiscal year (12 months).

Travel Restrictions

- The maximum number of persons for a cabinet delegation shall be three (3) and exclusively four (4) for the Ministries of State and Foreign Affairs except in cases where expansion of the delegation is approved by the President.
- Except for the Vice President, Speaker, Pro Tempore, Chief Justice, Foreign Affairs and Finance Ministers, who shall travel by Business Class, all travels shall be by economy class.
- Any change to travel plans unless expressly approved by a competent authority (i.e., the President or Head of Institution) shall be the full responsibility of the traveler.

- Travels should be properly planned at least 10 days in advance to avoid exorbitant ticket charges or travel may not be funded, unless approved exceptionally by the President for travel of a cabinet minister.
- Total government funded representation at any program/event held outside Liberia shall not exceed 5 persons unless expressly approved by the President.
- Total number of days spent abroad for which per diem shall be paid by the Government shall not exceed seven (7) unless for special programs/events expressly approved by the President.

Wages and Salary Reduction

- The maximum salary payable to any official in the Executive Branch of Government shall not exceed US$ 7,861.00 including State Owned Enterprises (SOEs) and Autonomous Agencies.
- As per Cabinet decree, total compensation (wages and salaries) as defined by the following account codes
    - **211101** Basic Salary - Civil Service
    - **211102** Basic Salary - Military Service
    - **211103** Basic Salary - Paramilitary Service
    - **211104** Honorarium
    - **211110** General Allowance
    - **211116** Special Allowance

  shall be reduced in 2018/19 relative to 2017/18 by the following percentages:

SALARY CUT THRESHOLDS SCHEDULE			
1.	1001 to 1,500 USD	(3.5%)	Not less than $1,001
2.	1,501 to 2,500 USD	(5%)	Not less than $1,501
3.	2,500 to 5,000 USD	(7.5%)	Not less than $2,500
4.	5,001 to 7,861 USD	(10%)	Not less than $5,001
5.	Above 7,861 USD	Aligned to Ministerial Payroll	

Example #1:

If the total compensation of a government official was $2,400 at the beginning of 2017/18 in 2018/19 their total compensation will be $2,280.

Example #2:

If the total compensation of a government official was $5,050 at the beginning of 2017/18 in 2018/19 their total compensation will be $5,001.

Fuel

In view of Government's current austerity measures affecting fuel and scratch cards intended to create savings for government, fuel and scratch cards allowances shall not exceed the following limits for operational use by:

- Office of the Head of Entity Maximum 150 gallons per month

- Office of the Deputy Head of Entity Maximum 125 gallons
- Office of Principal assistants Maximum 100 gallons
- Other Units within the entity Maximum 100 gallons

Scratch Cards (per month)

- For operational use of the office of the Head of entity Maximum $200
- For operational use of the Office of the Deputy Head of Entity Maximum $175
- For operational use of the Office of Principal Assistants Maximum $150
- For operational use of the Units within the entity Maximum $125

Printing and Publication

- Ministries, Agencies, Commissions and Authorities are encouraged to use electronic means such as emailing and publication of documents on their websites rather than physically printing documents to restrain printing costs. Unless otherwise required by Law, the number of printed copies should not exceed 50.

Foreign Training/Workshop

- For the fiscal year 2018/2019, the GOL may partially fund trainings, workshops, and study tours that are otherwise funded by external agencies. This does not apply to foreign scholarships based on national capacity development strategy and managed by the Inter-Ministerial Scholarship Committee.
- Ministries/Agencies/Authorities/Commissions are encouraged to conduct local training and workshops in their conference rooms or Government-owned facilities preferably where minimum rental fees are required and pay special attention to catering costs.

Air Ticket Cost

- All ministries and Agencies shall liaise with the Financial Regulation Unit in determining the cost of air ticket for the assurance of comparison with International Air Ticket Prices.

Hiring

- Hiring of individuals into public office shall be done through a competitive vetting process in conjunction with the Civil Service Authority (CSA).

Purchase of Locally Processed Rice

- All on-budget purchases of rice shall be restricted to locally processed rice. This includes but not limited to purchases by the AFL, Police Training Academy, the Bureau of Correction and Independence Day or special holidays rice bonuses.

Purchase of Locally processed furniture and fixture

- All on-budget purchases below US$25,000 for furniture and fixture shall be restricted to locally produced furniture and fixture.

State Owned Enterprises (SOEs) Pay

- Where board fees are paid to board members, there shall be no sitting fees.

- Cabinet Ministers occupying either statutory or appointed board positions on public corporations or autonomous agencies shall not be entitled to board or sitting fees.
- Boards are required to present proposal for Board fees to the President for approval. Commissions without oversight boards are required to submit compensation proposal of senior management for approval by the President.
- In cases where board has performed exceptionally and bonus is being paid, such proposal should be made to the President for approval.

Vehicle Maintenance & Repair

- Government will only be responsible to maintain and insure utility vehicles and vehicles assigned to presidential appointees provided those vehicles have not been purchased under the fleet management program in which case it becomes the responsibility of the owner.
- Maintenance of Government vehicles, mentioned above, shall be the sole responsibility of GSA clarify.

Purchase of New Vehicles/Fleet Management Policy

- GSA shall design a unique vehicle purchase scheme for vehicles that have completely deteriorated beyond effective use and not in working condition for auction/sale.
- GSA shall design a special vehicle turn over mechanism to avoid government vehicle possession by individuals leaving the employ of government and those leaving government.
- GSA shall design a special vehicle purchase scheme for political appointees who do not currently have assigned vehicle and have never benefited from the fleet management program.
- The vehicle purchase scheme shall be offered to civil servants all across the public service with the agreement that vehicles purchased will be used for government business and at the same time maintained and insured by the owner.
- However, vehicles determined by the GSA to have completely deteriorated beyond effective use and are not in working condition for which the cost of repair is prohibitively high shall be auctioned by the GSA.

Currency Payment

- All Ministries and Agencies should ensure that contract for the purchase of goods or services should be made flexible to accommodate payment in Liberian Dollars as and when necessitated by liquidity conditions.
- Ministries and Agencies should also make arrangements and be prepared to receive salary and wages in Liberian Dollars. The ratios will be determined based on liquidity position of the government.

APPENDIX II: DETAILED REVENUE FISCAL TABLE

REVENUE FISCAL TABLE - FY2020/21 - FY2022/23								
FISCAL YEAR 2020/21 - GRAND SUMMARY OF NATIONAL RESOURCE ENVALOPE								
CODE	Description	FY2018/19 Outturn	APPROVED FY2019/20 BUDGET	LATEST RECAST BUDGET	FY2019/20 REVENUE ESTIMATE	FY2020/21 DRAFT BUDGET	FY2021/22 BUDGET FORECAST	FY2022/23 BUDGET FORECAST
1	TOTAL REVENUE ENVELOPE	482,385	525,907	518,911	525,522	535,452	530,840	539,577
(1 A)	(A) Domestic Revenue (Core Budget)	469,735	465,107	395,502	418,113	407,452	412,840	421,577
(1 B)	(B) Domestic Revenue (Contingent Budget)	-	-	-	-	-	-	-
	Total Domestic Revenue	469,735	465,107	395,502	418,113	407,452	412,840	421,577
(1C)	Total External resources	12,650	60,800	123,409	107,409	118,000	118,000	118,000
(1 D)	(E) Unspent Cash Carry-forward	-	-	-	-	10,000	-	-
	Total Cash Carry-Forward	-	-	-	-	10,000	-	-
11	Tax Revenue	388,832	377,905	313,255	336,226	333,563	332,247	340,538
111	Taxes on Income and Profits	161,819	146,401	133,320	146,258	126,742	123,975	125,215
112	Real Property Tax	5,001	5,355	3,145	4,212	5,239	3,256	3,288
113	Goods and Services Tax	41,807	45,978	39,820	36,988	38,605	38,798	39,186
11461	o/w Maritime Revenue	8,075	12,000	12,000	7,023	10,500	11,000	12,000
11451	o/w Motor Vehicle Tax	7,085	6,995	5,345	6,057	5,412	6,000	6,500
115	Taxes on International Trade	173,743	177,015	133,814	145,612	158,243	163,062	169,693
11511	Import Duties	85,449	87,917	64,758	72,127	71,140	61,049	61,659
115114	o/w ECOWAS Trade Levy	4,283	4,634	4,021	3,326	3,328	3,791	3,829
11512	Other Customs Charges on Imports	78,948	81,555	59,405	65,293	65,316	57,164	57,735
11513	Excise Duties	8,863	7,129	9,182	7,509	21,211	39,271	39,664
115139	o/w Excise tax on petroleum (imported)	-	-	1,500	30	14,000	30,000	30,000
1152	Export Fees	438	414	468	684	576	579	585
116	Other Taxes (SDF)	6,462	3,156	3,156	3,156	4,734	3,156	3,156

14	**Non-Tax Revenues**	80,903	87,202	82,247	81,887	73,889	80,594	81,040
141	**Property Income**	62,313	69,966	70,601	68,487	61,185	68,681	69,007
1412	**O/w SOE Budget Support**	5,341	12,730	7,830	4,830	6,000	6,000	6,000
141701	**O/w Road Fund**	25,720	29,300	26,752	26,518	25,000	30,000	30,000
1415	**O/w Royalties and Rents**	31,252	27,936	36,020	37,139	30,185	32,681	33,007
14153	Forestry	5,037	2,100	4,717	4,690	3,788	3,807	3,845
14154	Agriculture	971	800	2,422	2,310	310	831	839
14155	Mining	13,326	16,514	26,816	27,673	18,166	20,082	20,283
14156	Petroleum	-	-	-	-	-	-	-
14157	Intangible Non-produced Assets	3,477	8,227	2,025	2,371	7,650	7,688	7,765
1416	**O/w Other Property Income**	123	102	39	95	271	272	275
142	**Administrative Fees**	15,830	16,194	10,896	12,667	11,930	11,135	11,247
143	**Fines, Penalties & Forfeits**	2,552	1,042	281	264	488	490	495
144	**Miscellaneous**	208	-	469	469	286	287	290
15	**Contingent Domestic Revenue**	-	-	-	-	-	-	-
151	**Tax Revenue**							
152	**Non-Tax Revenue**							
16	**External Resources**	12,650	60,800	123,409	107,409	118,000	118,000	118,000
161	**External Resources (Core Budget)**	12,650	20,800	11,409	11,409	6,000	6,000	6,000
162	**External Resources (Contingent Budget)**		40,000	112,000	96,000	112,000	112,000	112,000
17	**Cash Carry-forward**	-	-	-	-	10,000	-	-
171	**Unspent Cash Carry-forward**					10,000		

APPENDIX III: FULL FISCAL TABLE

	FY2018/19 Actual USD Million	FY2019/20 Recast Budget USD Million	FY2019/20 Est Outturn USD Million	FY2020/21 Forecast USD Million	FY2021/22 Forecast USD Million	FY2022/23 Forecast USD Million
RESOURCE ENVELOPE	**482,385**	**518,911**	**525,522**	**535,452**	**530,840**	**539,577**
TOTAL REVENUE + GRANTS + CONTINGENT REVENUE	**482,385**	**518,911**	**525,522**	**535,452**	**530,840**	**539,577**
CORE REVENUE	**469,735**	**518,911**	**525,522**	**423,452**	**418,840**	**427,577**
TAX REVENUE	**388,832**	**313,255**	**336,226**	**333,563**	**332,247**	**340,538**
NON TAX REVENUE	**80,903**	**82,247**	**81,887**	**73,889**	**80,594**	**81,040**
CARRY FORWARD				**10,000**		
EXTERNAL RESOURCES (GRANTS & LOANS)	**12,650**	**123,409**	**107,409**	**6,000**	**6,000**	**6,000**
European Union	7,003	13,409	13,409	-	6,000	6,000
Other International Organizations/USAID	5,647	-	-	-	-	-
World Bank -- IDA		40,000	40,000			
IMF Loan		49,000	49,000			
French Government	-	-	-	6,000	-	-
African Development Bank		20,000	4,000	-	-	-
Senegal	-	1,000	1,000	**-**	**-**	**-**
TOTAL CONTINGENT REVENUE	**-**	**-**	**-**	**112,000**	**112,000**	**112,000**
CONTINGENT REVENUE (External Grants and Loans)	**-**	**-**	**-**	**112,000**	**112,000**	**112,000**
Loan (World bank -IDA)	-	-	-	65,000	40,000	40,000
IMF Loan		-	-	38,000	72,000	72,000
European Union	-	-	-	9,000		
UNFUNDED GAP/SURPLUS	**(57,768)**	**-**	**12,478**	**-**	**-**	**-**
TOTAL EXPENDITURE (RECURRENT & PSIP)	**540,153**	**518,911**	**513,044**	**535,452**	**530,840**	**539,577**
TOTAL RECURRENT	**523,009**	**465,268**	**459,968**	**480,252**	**471,857**	**501,887**
CORE RECURRENT	**523,009**	**465,268**	**459,968**	**368,252**	**471,857**	**501,887**
COMPENSATION	314,992	295,365	295,365	291,879	291,879	291,879

GRANTS	46,521	29,743	29,543	13,603	59,225	59,225
SOCIAL BENEFITS	1,277	2,698	2,698	2,042	2,042	2,042
USE OF GOODS AND SERVICES	113,151	65,046	64,276	25,463	66,000	94,288
SUBSIDY	1,189	459	459	838	838	2,580
DOMESTIC LIABILITIES	7,184	44,108	40,176	5,135	22,001	22,001
FOREIGN LIABILITIES	19,238	25,423	25,025	28,765	29,872	29,872
NON-FINANCIAL ASSETS	19,456	2,425	2,425	526		
CONTINGENT RECURRENT	**-**	**-**	**-**	**112,000**	**-**	**-**
USE OF GOODS AND SERVICES	-	-	-	40,000		
GRANTS	-	**-**	-	32,000		
DOMESTIC LIABILITIES	-			40,000		
PSIP	**17,144**	**53,643**	**53,076**	**55,200**	**58,983**	**37,690**
Core PSIP	**17,144**	**53,643**	**53,076**	**55,200**	**58,983**	**37,690**
SECTOR PROJECTS	**17,144**	**53,643**	**53,076**	**55,200**	**-**	**-**
Public Administration	**7,987**	**500**	**500**	**3,700**	**-**	**-**
National Population Census 2018	1,977	-	-	1,000	-	-
Renovation of Executive Mansion	6,010	-	-	1,000	-	-
Humanitarian Outreach	-	500	500	700	-	-
Transport Equipment	-	-	-	1,000		
Municipal and Local Government	**1,950**	**1,242**	**1,242**	**2,250**	**-**	**-**
MCC Clean Cities Campaign	875	367	367	-	-	-
PCC Clean Cities Campaign	400	500	500	-		
Waterside Petty-Trader Relocation	-	-	-	1,250		
Landfill and Urban Sanitation Project	675	375	375	500	-	-
Disaster Fund	-	-	-	500	-	-
Transparency and Accountability	**-**	**5,034**	**5,034**	**8,000**	**-**	**-**
Elections	-	5,034	5,034	8,000		
Security and Rule of Law	**631**	**891**	**891**	**1,500**	**-**	**-**
Security COVID	-	500	500	500		
Election Security	256	271	271			
Judiciary Project	-	120	120	1,000		
Health Sector	-	**27,500**	**26,933**	**1,500**	**-**	**-**

Global Fund Program	-	230	230	-		
CORONA VIRUS	-	27,270	26,703	1,500		
Youth Development and Social Protection Services	**2,185**	**1,531**	**1,531**	**4,600**	**-**	**-**
LACE Special Project	716	299	299	3,600		
On-going Roads	-	660	660			
Beach & Waterways	-	573	573	1,000		
Education Sector	**1,757**	**-**	**-**	**-**	**-**	**-**
Construction of Dormitories, Staff Housing and Cafeteria facilities : Nimba	400	-	-	-		
MCSS Renovation	201	-	-	-		
Energy and Environment	**-**	**2,000**	**2,000**	**1,000**	**-**	**-**
Street Lights	-	-	-	500		
Electrification of Military Barracks	-	-	-	500		
CORONA VIRUS	-	2,000	2,000	-		
Agriculture Sector	**142**	**-**	**-**	**1,650**	**-**	**-**
Rice Production & Support to Smallholder Farmers	-	-	-	1,650		
Infrastructure Sector	**2,491**	**12,945**	**12,945**	**29,000**	**-**	**-**
Construction of Pro-Poor Housing Units	700	-	-	-		
National Postal Address System	198	75	75	-	-	-
Construction of Junk River Bridge	-	-	-	3,000		
National Road Fund	1,593	12,870	12,870	26,000	-	-
Industry and Commerce	**-**	**2,000**	**2,000**	**2,000**	**-**	**-**
Vulnerable Small Business Loan Assistance & Support Program				2,000		
CORONA VIRUS		2,000	2,000			
National Priority Projects (NPP)	**-**	**-**	**-**		**58,983**	**37,690**
National Priority Projects (NPP)	-	-	-		58,983	37,690
Contingent PSIP	**-**	**-**	**-**		**-**	**-**

APPENDIX IV: MEDIUM TERM DEBT SERVICE

Projections	FY2020-21			FY2021-22			FY2022-23		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
Total Debt Service Projection (USD)	**41,762,935.03**	**26,611,820.78**	**73,900,000.00**	**30,183,257.40**	**32,559,631.40**	**63,375,212.53**	**34,646,174.34**	**32,726,498.64**	**68,004,996.71**
Domestic Debt	**28,505,234.53**	**16,629,989.74**	**45,135,224.27**	**14,739,848.50**	**21,462,806.53**	**36,202,655.03**	**13,073,181.84**	**20,990,107.94**	**34,063,289.78**
Central Bank of Liberia	**-**	**14,104,296.00**	**14,104,296.00**	**-**	**19,499,313.52**	**19,499,313.52**	**-**	**19,499,313.52**	**19,499,313.52**
Capital Note	-	-	-	-	-	-	-	-	-
Long Term Loan LRD	-	-	-	-	-	-	-	-	-
Long Term Loan USD	-	-	-	-	-	-	-	-	-
IMF Credit Facility	-	-	-	-	-	-	-	-	-
CBL R&C Loans[1]	-	14,104,296.00	14,104,296.00	-	19,499,313.52	19,499,313.52	-	19,499,313.52	19,499,313.52
Commercial Banks	**17,455,386.08**	**2,525,693.74**	**19,981,079.82**	**10,984,131.50**	**1,963,493.01**	**12,947,624.51**	**9,317,464.84**	**1,490,794.42**	**10,808,259.26**
Promissory Notes	9,317,464.84	2,236,191.58	11,553,656.42	9,317,464.84	1,863,493.02	11,180,957.86	9,317,464.84	1,490,794.42	10,808,259.26
Treasury Bills[2]	-	-	-	-	-	-	-	-	-
Treasury Bonds[3]	8,137,921.24	289,502.16	8,427,423.40	1,666,666.66	99,999.99	1,766,666.65	-	-	-
Other Institutions	**3,370,717.00**	**-**	**3,370,717.00**	**3,370,717.00**	**-**	**3,370,717.00**	**3,370,717.00**	**-**	**3,370,717.00**
NASSCORP[4]	3,370,717.00	-	3,370,717.00	3,370,717.00	-		3,370,717.00	-	3,370,717.00
Srimex	-	-	-	-	-		-	-	-
Claims and Arrears	**7,679,131.45**	**-**	**7,679,131.45**	**385,000.00**	**-**	**385,000.00**	**385,000.00**	**-**	**385,000.00**
Court Debt[5]	7,679,131.45	-	7,679,131.45	385,000.00	-	385,000.00	385,000.00	-	385,000.00
Non-court Claims	-	-	-	-	-	-	-	-	-
External	**13,257,700.50**	**9,981,831.04**	**23,239,531.54**	**15,443,408.90**	**11,096,824.87**	**26,540,233.77**	**21,572,992.50**	**11,736,390.70**	**33,309,383.20**
Multilateral	**10,893,127.20**	**7,853,177.17**	**18,746,304.37**	**13,905,387.50**	**8,878,250.72**	**22,783,638.22**	**18,137,944.40**	**9,430,436.45**	**27,568,380.85**
World Bank[6]	741,104.60	4,039,542.70	4,780,647.30	5,077,247.30	4,464,318.97	9,541,566.27	10,548,594.30	4,572,997.40	15,121,591.70
International Monetary Fund	-	-	-	-	-	-	-	-	-
AfDB Group[7]	448,432.40	1,434,294.78	1,882,727.18	448,432.40	1,947,101.54	2,395,533.94	448,432.40	2,230,365.24	2,678,797.64
BADEA[8]	516,392.80	154,956.58	671,349.38	516,392.80	244,568.58	760,961.38	516,392.80	308,847.30	825,240.10
IFAD[9]	239,095.90	199,771.20	438,867.10	478,191.80	265,984.20	744,176.00	801,995.90	281,991.10	1,083,987.00
OFID[10]	886,420.00	217,094.70	1,103,514.70	1,553,086.70	323,184.60	1,876,271.30	2,219,753.40	302,575.10	2,522,328.50
EIB/EU[11]	3,445,085.00	745,543.90	4,190,628.90	3,445,085.00	693,565.00	4,138,650.00	3,445,085.00	643,616.10	4,088,701.10
ECOWAS/EBID	135,396.50	606,882.56	742,279.06	146,351.50	847,912.19	994,263.69	157,690.60	1,090,044.21	1,247,734.81

Africa Export-Import Bank[12]	4,481,200.00	455,090.75	4,936,290.75	2,240,600.00	91,615.64	2,332,215.64	-	-	-
Bilateral	**2,364,573.30**	**2,128,653.87**	**4,493,227.17**	**1,538,021.40**	**2,218,574.15**	**3,756,595.55**	**3,435,048.10**	**2,305,954.25**	**5,741,002.35**
Government of China	473,448.10	-	473,448.10	946,896.20	-	946,896.20	946,896.20	-	946,896.20
Government of Kuwait[13]	591,125.20	443,665.50	1,034,790.70	591,125.20	492,566.00	1,083,691.20	591,125.20	506,649.30	1,097,774.50
Saudi Fund[14]	-	561,723.80	561,723.80	-	628,880.40	628,880.40	-	702,177.20	702,177.20
India Exim Bank[15]	-	24,018.75	24,018.75	-	23,953.13	23,953.13	675,000.00	23,953.13	698,953.13
China Exim Bank[16]	-	1,073,174.62	1,073,174.62	-	1,073,174.62	1,073,174.62	1,222,026.70	1,073,174.62	2,295,201.32
Government of Taiwan[17]	1,300,000.00	26,071.20	1,326,071.20	-	-	-	-	-	-
Subscriptions & Other Payables	**5,525,244.19**	**-**	**5,525,244.19**	**632,323.73**	**-**	**632,323.73**	**632,323.73**	**-**	**632,323.73**
EBID Subscription-Prop -Plan[18]	2,796,474.40	-	2,796,474.40	-	-	-	-	-	-
ADB Subscription-Agreed Plan[19]	632,222.21	-	632,222.21	632,323.73	-	632,323.73	632,323.73	-	632,323.73
French Embassy	450,050.00	-	450,050.00	-	-	-	-	-	-
GOL Subscription to IBRD	1,035,098.30	-	1,035,098.30	-	-	-	-	-	-
Development Finance International	-	-	-	-	-	-	-	-	-
INTERPOL (€289,945.12)	611,399.28	-	611,399.28	-	-	-	-	-	-