# GOVERNMENT OF LIBERIA

# FISCAL OUTTURN REPORT FOR THE THIRD QUARTER

FISCAL YEAR 2017/2018

JULY 1, 2017 – MARCH 31, 2018

**MINISTRY OF FINANCE & DEVELOPMENT PLANNING (MFDP)**

**MARCH 2018**

This document is prepared in accordance with Section 36.4 of the Public Financial Management (PFM) Act, which requires that the Minister of Finance provides a report to the President, the National Legislature and the general public outlining the budget execution and the revenue collections. Section 13.4 requires that this document outlines any use of the Contingency Fund. Section 26.3 requires that cumulative budget reallocations be reported.

"[T]he Minister shall produce a consolidated quarterly report comparing budget execution and revenue collections to the estimates contained in the National Budget. This report shall be available to the President, the Legislature and the general public within forty five days of the end of the quarter" – Government of Liberia, Public Financial Management Act (2009).

"Fiscal data should be reported on a gross basis, distinguishing between revenue, expenditure and financing; with expenditure classified by economic, functional, and administrative category" – IMF Code of Good Practice on Fiscal Transparency.

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## ACRONYMS

| AfT | Agenda for Transformation |
|---|---|
| CBL | Central Bank of Liberia |
| ESRP | Economic Stabilization and Recovery Plan |
| EVD | Ebola Virus Disease |
| FX | Foreign Exchange |
| GDP | Gross Domestic Product |
| GoL | Government of Liberia |
| HFO | High Fuel Oil |
| IDA | International Development Association |
| IMF | International Monetary Fund |
| M&As | Ministries and Agencies |
| MFDP | Ministry of Finance and Development Planning |
| MTEF | Medium Term Expenditure Framework |
| PSIP | Public Sector Investment Plan |
| WAPP | West Africa Power Pool |
| WASH | Water Sanitation and Hygiene |
| UNMIL | United Nations Mission in Liberia |
| USD | United States Dollars |

# DEFINITIONS

| | |
|---|---|
| **Allotment** | An authorization issued to an implementing M&A to incur obligations for specified amounts contained in a legislative appropriation. |
| **Appropriation** | An authorization made by law or legislative enactment directing payment out of government funds under specified conditions or for specific purposes. |
| **Cash** | Checks cashed or other payments from the consolidated account. |
| **Cash Surplus/Deficit** | Revenue minus Expenditure minus net Acquisition of Assets (capital expenditure). |
| **Commitment** | Payment request processed through appropriation, allotment, and stamped with pledge of disbursement. |
| **Net Cash from operating activities** | Revenue minus Expenditure (not including Capital). |

## EXECUTIVE SUMMARY

Liberia's post-Ebola macroeconomic environment remains challenging on account of persistent commodity price decline, the on-going UNMIL drawdown, exchange rate deprecation, and election-induced uncertainty; thus the combination of the aforementioned factors have greatly affected the country's growth. However, there is prospect of a growth rebound as economic activities are projected to increase in the medium term. Real GDP is estimated to grow at 3.9 percent in 2018, from 2.5 percent projected in 2017, driven mainly by the agriculture, mining, and services sectors. As the country transitions from one government to the next, the anticipated spending increase on reprioritized infrastructural projects could restore confidence that economic activities will pick-up over the medium term. The post-election period is also expected to stimulate aggregate demand as investors' confidence increases.

Liberia current account deficit deteriorated by 6.5 percent at the end of December of 2017 to US$346.5 million from a deficit of US$325.40 million registered in the previous year for the same period. The downward adjustment in current account balance was significantly due to deterioration in secondary account, coupled with increase in payment to the rest of the world.

The Liberian dollar exchange rate, on average, depreciated by 25.0 percent to L$125.50/US$1.00 at the end of December 2017, compared to L$100.40/US$1.00 registered in the same quarter a year ago. The relative depreciation in the Liberian-US dollars exchange rate is mainly explained by a fall in the supply of US dollar due to UNMIL drawdown and a combination of other factors.

The draft national budget for FY2017/18 reflecting the amount of US$526.5 million was submitted by the Executive Branch of Government to the National Legislature on April 30, 2017 for consideration and ratification for the fiscal period beginning July 1, 2017 and ending June 30, 2018. The National Legislature finally approved a fiscal instrument of US$563.6 million which shows a 6.1 percent decrease compared to FY2016/17 approved budget of US$600.2 million but a 7.0 percent increase compared to the draft submission for FY2017/18. The amount approved by the National Legislature accounts for L$61.4 billion at the Central Bank of Liberia average exchange rate of L$109.00 to US$1.00 for the three months period immediately preceding the approval of this budget. Following a successful transition in January 2018 as a result of the 2017 Presidential and Legislative Elections, the new government revised the approved budget from US$563.6 million to US$536.2 million which reflects a 4.9 percent downward adjustment.

Total core revenue collected by the Government of Liberia at the end of the third quarter of FY2017/18 amounts to US$298.8 million. This represents 55.7 percent of the revised resource envelope. Of the collected amount, tax revenues amounted to US$260.5 million which accounts for 87.2 percent while non-tax revenues and grants accounted for US$28.8 million and US$9.5 million thereby reflecting 9.6 percent and 3.2 percent respectively. Compared to the same period of the previous fiscal year, core revenue experienced a decrease of 16.2 percent mainly on account of a fall in revenue from non-tax revenue and specifically from property income sources.

Of the approved budgetary appropriation of US$563.5 million which has been revised downward to US$536.2 million, US$465.1 million was allotted at the end of the third quarter of FY2017/2018, of which US$341.3 million was committed.

## SECTION 1: MACROECONOMIC DEVELOPMENTS

The Government of Liberia is committed to a strong pro-poor agenda, following a peaceful transfer of power in late January 2017. To keep development on par with existing policies and programs, and to incorporate the shift in priorities after recent democratic transition, the new Administration has developed a recast budget for 2017/18, responding mainly to the need to expand basic social services while improving essential infrastructures to accelerate effective service-delivery. There are on-going consultations to develop a comprehensive roadmap that will guide development planning and programs. The Pro-Poor Agenda for Prosperity and Development (PAPD) is a successor framework to the reprioritized Agenda for Transformation (AfT), and is expected to guide the next phase of development planning, beginning in July 2018, in line with Liberia Rising 2030 and African Union's Agenda 2063.
Despites emerging efforts to expand basic socio-economic services to the poorest segments of the population across the country, the government understands that the painful legacies of the twin shocks, Ebola outbreak and commodity price decline, are still lurking around, and will

continue to exert concerted strategies to ameliorate their enduring effects. The Ebola crisis left a devastating humanitarian impact and affected the speed of economic activity, amidst deteriorating global commodity price. These shocks, combined with the withdrawal of UNMIL peace keeping operations, have thus undermined growth, contributing in part to a reduction in net foreign exchange inflows which has put more pressures on domestic exchange rate and the reserves of the Central Bank of Liberia.

Real GDP growth is project at 3.9 percent in 2018, up from 2.5 percent projected in 2017, but far below the pre-Ebola average growth rate of 7.1 percent, from 2009-2013. There are also existing challenges facing resource mobilization, ranging from external borrowing, domestic revenue collection, to donor support aid. Borrowing space has been reduced, while the country's debt levels have been increasing steadily. Domestic revenue envelope is relatively low, and the need to expand domestic investment is increasing. Aid level, inflated by post conflict emergency support and the front-loading of donor support projects during the Ebola outbreak, have been trending downward although it remains partly substantial.

However, there is prospect of growth rebound, particularly in the medium term, as economic activities are projected to increase. The end of Ebola outbreak, the anticipated increase in global commodity prices, and the planned implementation of good policies-including efforts to support private sector development by prioritizing the construction of new roads, the maintenance of existing roads and the expansion of energy supply would push growth upward throughout the medium term to an expected average growth rate of around 7.0 percent.

Based on available data from the CBL, Consumer prices, at end-January 2018, remain in double digits averaging at 15.4 percent, up from 13.9 percent at end-December 2017. The year-on-year (headline) inflation increased by 1.5 percent; attributable to the increasing price of food and non-alcoholic beverages, both domestic and imported food, transportation, imported fuels, and the pass-through effect of Liberian dollar exchange rate depreciation.

The current account balance, including grants, is expected to deteriorate further from 26.1 percent of GDP in 2017 to 30.1 percent in 2018, but is projected to narrow down moderately in 2019 to 25.7 percent, respectively. Throughout the medium term, there are relatively slight improvements in current account balances, the gross official reserves, and CBL's net foreign exchange position as economic activities increase.

Liberia current account deficit deteriorated by 6.5 percent at the end-December of 2017 to US$346.5 million from a deficit of US$325.40 million registered in the previous year for the same period. The downward adjustment in current account balance was significantly due to deterioration in secondary account, coupled with increase in payment to the rest of the world.

The Liberian dollar exchange rate, in relation to the US dollar, depreciated by 2.2 percent to L$131.79.85/US$1.00 at end-March 2018, from L$128.90/US$1.00 registered at the end-February 2018. The continual depreciation of the Liberian dollar is driven mainly by the shortage of foreign exchange reserve to strengthen the value of domestic currency and the excess demand for foreign current to make import payments.

In the midst of macroeconomic and resource mobilization constraints, the government is committed to improving the investment climate to spur private sector growth; connect and expand markets; while mobilizing significant amounts of additional domestic resources to increase fiscal space to respond mainly to growing public service demands and expenditure pressures. To reduce the risk of debt distress, which is currently positioned at a moderate level, the government intends to negotiate attractive terms and conditions for future debt contract payments. In addition, the government will continue to promote youth employment to improve greater standard of livings, and at the same time improving governance to ensure effective fiscal transparency and accountability. The Ministry of Finance and Development Planning will also maintain coordination with the Central Bank of Liberia to promote macroeconomic stability and sustain growth.

With the ambition to promote investment spending, consistent with the government's pro-poor agenda, it is particularly essential to increase the levels of macroeconomic and debt stability since the persistent effects of instability conflicts with the goal of poverty reduction as it would disproportionately fall on the most vulnerable segments of the Liberian population. The government will however ensure that such conflict is avoided by tackling the actual challenges facing development in Liberia rather than focusing merely on their surfaced symptoms.

## SECTION 2: BUDGET FY2017/18

The Government of Liberia has demonstrated strong commitments over the years to attain prudent management of available resources. The government adopted a Medium Term Expenditure Framework (MTEF) budgeting since FY2012/13 with a desire of achieving greater macroeconomic stability and public investment through fiscal discipline. The budget is characterized by priorities and strategies stipulated in the Government's medium and long term development plans which are intended to stimulate the economy and place it on a trajectory of sustained growth and development.

The use of the MTEF budgetary process informs and improves the inter- and intra-sectoral allocation of resources based on priorities set in the refocused *Agenda for Transformation* (*AfT*) and its successor plans the Pro-poor Agenda, thereby linking the MTEF to the Country's medium term development plan. It furthermore ensures greater budgetary predictability for line Ministries and Agencies (M&As) and Commissions, and the efficient use of public funds; and renders the budget more predictable, comprehensive, transparent, and capable of producing measurable results.

The FY2017/18 approved National Budget which was revised in February 2018 by the newly inducted government substantially highlights crucial national priorities, particularly expenditures that are geared towards achieving the *Pro Poor* objectives of the Government.

### Public Sector Investment Program

The fiscal framework for FY2017/18 prioritizes GoL's spending on key programs that have the potential to stimulate economic recovery and diversify economic growth. In an effort to enhance macroeconomic stability and expand the corridors of economic growth and development, the budget focuses on programs which were necessary to address existing impacts of the Ebola epidemic, recover output and growth, strengthen resilience and reduce vulnerability, and invests in critically needed infrastructure in order to ensure that the economic recovery creates jobs and improves welfare conditions in Liberia. In the context of its national development agenda, the Government's Public Sector Investment Plans are grouped in two categories:

A. National High Priority Level Projects: These are national investment priorities designed to meet the goals and objectives of the AfT, and are ranked as follows:

- Priority 1: Ports, Energy, Transport and Information Technology – these include the rehabilitation of the Mt. Coffee Hydroelectric Dam, the West African Power Pool (WAPP), the Heavy Fuel Oil (HFO) Plant, the development and maintenance of major roads, and the installation of the fiber optic backbone in Liberia;
- Priority 2: Health – to support programs and projects implemented by the Ministry of Health;
- Priority 3: Education – to enhance education levels and develop human capacity;
- Priority 4: UNMIL Drawdown – to ensure that national security is enhanced and sustained;
- Priority 5: Capacity Development in line with the National Capacity Development Strategy;
- Priority 6: WASH – supporting and enhancing access to clean water, sanitation and hygiene;
- Priority 7: Youth Empowerment – to create jobs for new entrants into the country's labor force through gainful employment generation;
- Priority 8: Reconciliation – to promote national unity among Liberians;
- Priority 9: Agriculture – to promote agricultural rehabilitation for smallholder farmers and rural entrepreneurs; and
- Priority 10: Economic Enhancement – to provide support for domestic investment and activities that enhance economic growth and poverty reduction.

B. Sector Level Investment Projects: These are projects developed by M&As to meet specific AfT objectives aimed at:

- Maintaining the stability and sustainability of financial systems;

- Promoting equitable access to infrastructure and basic social services;
- Improving the standard of living for the majority of Liberians; and
- Facilitating economic development and growth.

Sector-level projects are selected based on social and economic returns such as the impact on job creation, revenue generation and contribution to public good and sector goals that are consistent with the AfT and their geographical distribution. However, the FY2017/18 National Budget highlights recovery after the public health crisis and tends to focus health, education, agriculture and infrastructure in line with the Government's Economic Stabilization and Recovery Plan.

## Stages of the MTEF Budget Process

The MTEF budgetary process and structure encompasses the following phases:

- Strategic Phase –M&As present plans and strategies linking resources to policy priorities based on the Agenda for Transformation;
- Operational Phase – M&As prepare their detailed budgets and
- Budgeting Phase – the budget is structured into the eleven economic sectors consisting of groups of M&As that share common functions. It is also disaggregated into policy areas based on groups of administrative departments and projects within M&As that have common functions.

## Fiscal Measures

The focus of the FY2017/18 approved national budget is on the GoL's commitment to the implementation of its medium and long term development plans geared towards recovery output and growth, strengthening resilience, reducing vulnerability, and keeping its ongoing development agenda on course. Thus, the budget was guided by a number of fiscal measures or principles to ensure the effective and efficient use of the available resources. These measures are divided into two parts, fiscal rules and fiscal targets:

### Fiscal Rules

The government of Liberia established fiscal rules in its Public Financial Management (PFM) Act of 2009 and other regulations supplementary to the PFM Act that imposes long-lasting constraint on budgetary aggregates. It is intended to correct distorted inducements and to contain pressures to overspending so as to ensure fiscal discipline and debt sustainability.

- Prioritizing debt repayment, compensation and other non-discretionary payments to prevent the buildup of arrears;
- Prioritizing payment of counterpart funding, i.e. Government's portion of funding for high-impact projects that leverages external financing for much-needed national infrastructure;
- All borrowing must be undertaken for the purposes of investment, consistent with the Public Sector Investment Plan (PSIP);
- Total debt stock must not exceed 60 percent of previous calendar year's GDP as contained in the PFM Regulations;
- 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.

## Fiscal Targets

The government of Liberia established fiscal targets for a fiscal year/the MTEF period to complements its fiscal policy set in the Public Financial Management (PFM) Act of 2009 and other regulations supplementary to the PFM Act that imposes constraint on budgetary aggregates. It is intended to correct distorted incentives and to contain pressures to overspending so as to ensure fiscal discipline and debt sustainability.

1. **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 on approval of PPCC;
    - 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; and
- Consultancy contracts shall not be for a period more than a Fiscal Year (or 12 months).

**2. Travel Restrictions**

- The revised travel ordinance shall be reintroduced in Fiscal Year 2017/18;
- No more than two persons shall constitute a 'cabinet delegation' (i.e. a delegation led by a cabinet minister) except in cases where expansion of the delegation is approved by the President;
- 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 a 10 days in advance to avoid exorbitant ticket charges or travel will not be funded, unless approved exceptionally by the President for travel of a cabinet minister;
- Except for the Vice President, Speaker, Pro-Tempore, Chief Justice and Foreign Minister who shall travel by business class, all travels shall be by economy class;
- Total GoL funded representation at any program/event held outside Liberia shall not exceed 5 persons unless special events expressly approved by the President; and
- Total number of days spent abroad for which per diem shall be paid by the GoL shall not exceed seven (7) unless for special events expressly approved by the President.

**3. Fuel**

- There shall be no personal fuel allowance for any employee. Fuel allowances shall not exceed the following limits for operational use by:

- office of the Head of entity : maximum 250 gallons
- office of Deputy Head of entity : maximum 200 gallons
- office of principal assistants : maximum 150 gallons
- other units within the entity : maximum 100 gallons

**4. Scratch Cards**

- Scratch card shall be provided (using post-pay where applicable) only for operational purposes and not as personal allowances and the following limits should not be exceeded:
  - For operational use of the office of the Head of entity : maximum $500
  - For operational of the office of Deputy Head of entity : maximum $375
  - For operational use of the office of principal assistants : maximum $250
  - For operational use of other units within the entity : maximum $125

**5. 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 curtail printing costs. Unless otherwise required by Law, the number of printed copies should not exceed 50.

**6. Foreign Training/Workshop**

- For the fiscal year 2017/18, there shall be absolutely no foreign training, workshop or study tour except otherwise funded by an external agency. This does not apply to foreign scholarships based on national capacity development strategy and managed by the Inter-Ministerial Scholarship Committee; and
- 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.

**7. Hiring Freeze**

- With the exception of the Ministry of Health, Ministry of Education and security personnel already in training as part of the UNMIL drawdown, there shall be no new hiring of staff into the public service; and

- Exceptions may be granted for direct replacement of employees who have resigned or been pensioned provided there is no upward adjustment of salary or benefits for the position.

**8. 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.

**9. 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; and
- In cases where board has performed exceptionally and bonus is being paid, such proposal should be made to the President for approval.

**10. 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; and
- Maintenance of Government, mentioned above, shall be the sole responsibility of GSA.

**11. Purchase of New Vehicles/Fleet Management Policy**

- The existing restriction on the purchase of vehicles shall hereby be enforced;

- There is hereby imposed a freeze on the sale of Government-owned vehicles, including vehicles of public enterprises, under the GSA fleet management policy or other related policies to political appointees;
- 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 same time maintained and insured by the owner; and
- 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.

**12. 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; and
- Ministries and Agencies should also make arrangement and be prepared to receive salary and wages in Liberian Dollars. The ratios will be determined based on liquidity position of the Government.

## MTEF Budget Sectors

The formulation of the budget on a sector-specific basis highlights the policy direction of the budget and simplifies the budgetary process. This guides the GoL in measuring the impact of the budget on different sectors, and improves the coordination among M&As within each sector during the budget preparation and execution processes thereby creating a credible budget. The MTEF budget is divided into the following sectors:

- Agriculture
- Education
- Energy and Environment
- Health
- Industry and Commerce
- Municipal Government

- Infrastructure & Basic Services
- Public Administration
- Security and Rule of Law
- Social Development Services
- Transparency and Accountability

## FY2017/2018 Appropriations

The draft national budget of FY2017/18 reflecting the amount of US$526.5 million was submitted by the Executive Branch of Government to the National Legislature on April 30, 2017 for consideration and ratification for the fiscal period beginning July 1, 2017 and ending June 30, 2018. The National Legislature finally approved a fiscal instrument of US$563.6 million which shows a 6.1 percent decrease, compared to FY2016/17 approved budget of US$600.2 million but a 7.0 percent increase compared to the draft submission for FY2017/18. Following a successful transition in January 2018 as a result of the 2017 Presidential and Legislative Elections, the new government revised the approved budget from US$563.6 million to US$536.2 million which reflects a 4.9 percent downward adjustment. **Table 1** shows a breakdown of the revised appropriations for the FY2017/18 budget by sector and economic classification, compared to sector and economic classification total for the approved appropriation and economic classification totals for the FY2016/17 budget.

The GoL revised appropriated wage bill for FY2017/18 budget amounts to US$309.4 million which accounts for 57.7 percent of the revised budget compared to 52.8 percent of the approved appropriated wage bill and 47.8 percent of the FY2016/17 budgeted wage bill. Thus the revised wage bill has been increased by 3.9 percent and 7.8 percent compared to the approved budget and the FY2016/17 budget respectively.

Appropriation for capital expenditure including PSIP spending for FY2017/18 amounts to US$12.6 million; this accounts for 2.3 percent of the revised budget but a decrease of 80.2 percent compared to the approved budget and a decrease of 86.1 percent compared to FY2016/17 appropriations for capital expenditure and PSIP spending.

Appropriations for the use of goods and services account for 23.1 percent of the revised FY2017/18 budget (US$123.9 million), compared to 18.3 percent of the Approved budget and 21.5 percent to FY2016/17 which increased by 20.1 percent compared to the approved budget.

## Table 1: Revised Budgetary Appropriation - FY2017/18 (millions USD)

| | | | Revised Budget | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Budget Sectors | **Approved Budget** | Compensation of employees | Use of goods and services | Capital Spending | Interest | Grants | Social benefits | Unspecified/ PSIP [1] | Total |
| FY17/18 | Agriculture | 6.3 | 3.1 | 2.1 | - | - | 0.1 | - | - | 5.3 |
| | Education | 82.8 | 50.6 | 12.0 | - | - | 19.2 | - | - | 81.8 |
| | Energy and Environment | 13.4 | 8.1 | 6.1 | - | - | 1.0 | - | - | 15.2 |
| | Health | 77.1 | 36.5 | 7.1 | - | - | 29.4 | - | - | 73.1 |
| | Industry and Commerce | 7.7 | 4.8 | 3.1 | - | - | 0.0 | - | - | 8.0 |
| | Infrastructure and Basic Services | 38.8 | 7.1 | 9.6 | - | - | 0.0 | - | - | 16.8 |
| | Municipal Government | 19.3 | 8.7 | 3.7 | - | - | 5.0 | - | - | 17.3 |
| | Public Administration | 175.8 | 96.6 | 35.1 | 1.6 | 23.1 | 9.5 | - | 11.0 | 176.9 |
| | Security and Rule of Law | 86.0 | 62.4 | 25.0 | - | - | - | - | - | 87.4 |
| | Social Development Services | 11.8 | 4.6 | 1.9 | - | - | 2.1 | 1.0 | 0.0 | 9.6 |
| | Transparency and Accountability | 44.6 | 26.9 | 17.9 | - | - | - | - | - | 44.8 |
| | Total | 563.5 | 309.4 | 123.9 | 1.6 | 23.1 | 66.3 | 1.0 | 11.0 | 536.2 |
| **Approved Budget** | | | 297.8 | 103.2 | 0.1 | 30.0 | 68.0 | 1.0 | 63.5 | 563.5 |
| FY16/17 | Total | | 287.0 | 129.0 | 10.9 | 12.7 | 79.2 | 1.7 | 79.7 | 600.2 |

**Source**: FY2016/17 and FY2017/18 National Budgets

Appropriations for the provision of grants account for 12.4 percent of the revised national budget for FY2017/18, compared to 12.1 of the approved budget and 13.2 percent of FY2016/17 budget thus resulting to a decrease by 2.5 percent.

Based on economic classification and using the revised national budget, appropriations for compensation of employees registered an increase of 7.8 percent in the current fiscal year budget compared to the FY2016/17 budget; similarly, the use of goods and services has decreased by 4.0 percent; capital spending, including appropriations for PSIP, shows a decrease of 86.1 percent; appropriation for the provision of grants shows a decrease of 16.3 percent; appropriations for interest increased by 81.9 percent compared to the FY2016/17 budget; while appropriation for social benefits decreased by 41.2 percent.

On the Sectoral basis, appropriations for agriculture account for 1.0 percent (US$5.3 million) of the revised budget and 1.1 percent (US$6.3 million) of the approved FY2017/18 budget, representing a decrease of 15.8 percent.

Appropriations for Education account for 15.3 percent (US$81.8 million) of the revised budget and 14.7 percent (US$82.8 million) of the approved FY2017/18 budget, representing a decrease of 1.2 percent.

Appropriations for Energy and Environment account for 2.8 percent (US$15.2 million) of the revised budget compared to 2.4 percent (US$13.4 million) of the approved FY2017/18 budget, representing an increase of 13.7 percent.

Appropriations for Health for the revised FY2017/18 budget account for 13.6 percent (US$73.1 million) compared to 13.7 percent budget (US$77.1 million) of the approved. This represents a decrease of 5.1 percent.

Appropriations for Industry and Commerce for the revised FY2017/18 budget account for 1.5 percent (US$8.0 million) compared to 1.4 percent (US$7.7 million) of the approved budget, representing an increase of 4.6 percent.

Appropriations for the provision of Infrastructure and Basic Services for the revised budget account for 3.1 percent (US$16.8 million) compared to 6.9 percent (US$38.8 million) FY2017/18 approved budget; this represents a decrease of 56.7 percent.

Appropriations for Municipal Government for FY2017/18 revised budget account for 3.2 percent (US$17.3 million) compared to 3.4 percent (US$19.3 million) for FY2017/18 approved budget, representing a decrease of 10.3 percent.

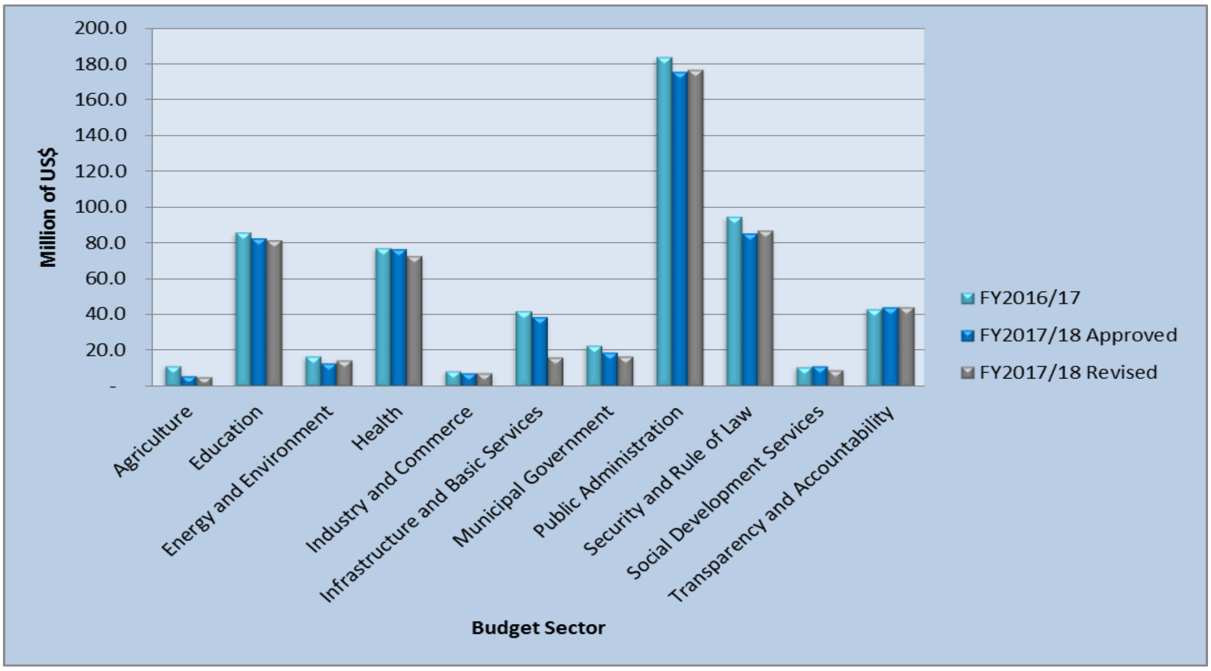
Appropriations for Public Administration account for 33.0 percent (US$176.9 million) for the revised budget compared to 31.2 percent (US$175.8 million) of the approved FY2017/18 budget. This represents an increase of 0.6 percent.

Appropriations for Security and Rule of Law account for 16.3 percent (US$87.4 million) of the revised budget compared to 15.3 percent (US$86.0 million) of the approved FY2017/18 budget, representing an increase of 1.6 percent.

In the revised FY2017/18 budget, appropriations for the Social Development Services Sector account for 1.8 percent (US$9.6 million) compared to 2.1 percent (US$11.8 million) of the approved budget. This represents a decrease of 18.7 percent.

Appropriations for the Transparency and Accountability Sector account for 8.4 percent (US$44.8 million) for the revised budget compared to 7.9 percent (US$44.6 million) of the approved FY2017/18 budget representing an increase of 0.4 percent.

**Figure 1: Comparative Analysis of Budgetary Appropriations**




**Source**: FY2016/17 and FY2017/18 National Budgets

## SECTION 3: OUTTURN AND DEVELOPMENTS

This section provides information on the status of revenue collection and budget execution against the National Budget.

### GOVERNMENT FINANCE STATISTICS (GFS)

Government Finance Statistics (GFS) is the government balance sheet, which displays the economic activities of the government covering revenues, expenditures, deficit/surplus, transactions in assets, transactions in liabilities and other economic flows. GFS forms the basis for fiscal monitoring by international monetary institutions, most notably the IMF.

**Table 2: GFS Table, JULY 1, 2017 – MARCH 31, 2018**

| | Approved Budget | Revised Budget | Cash |
|---|---|---|---|
| Total revenue plus grants | 556.7 | 516.2 | 298.8 |
| Total revenue | 501.8 | 445.0 | 289.4 |
| Tax | 401.3 | 369.6 | 260.5 |
| Non- Tax | 100.5 | 75.3 | 28.8 |
| Grants | 54.9 | 71.2 | 9.5 |
| **Expenditure (Commitment)** | **563.5** | **536.2** | **341.0** |
| Recurrent Expenditure | 500.0 | 523.6 | 340.2 |
| Compensation of employees | 297.8 | 309.4 | 178.5 |
| Use of goods and services | 103.2 | 123.9 | 71.1 |
| Interest | 30.0 | 23.1 | 3.0 |
| Grants | 68.0 | 66.3 | 31.9 |
| Social benefits | 1.0 | 1.0 | 0.8 |
| Financial Asset | - | - | 55.0 |
| Capital expenditure | 63.5 | 12.6 | 0.8 |
| Spending on capital (Incl. PSIP)* | 63.5 | 12.6 | 0.8 |
| Overall balance | (6.8) | -20.0 | (42.1) |
| | | | |
| Financing | 6.8 | 20.0 | 42.1 |
| Accounts Cash (+/-) | 1.8 | - | 21.4 |
| Amortization | - | - | 0.0 |
| Domestic Borrowing | - | - | - |
| Foreign Borrowing | 5.0 | 20.0 | 20.7 |
| World Bank-IDA | - | - | 20.7 |
| International Monetary Fund (IMF) | - | - | - |

**Source**: Department of Budget and Fiscal Affairs, Ministry of Finance and Development Planning (MFDP)
*Capital spending of US$12.6 million includes PSIP appropriations of US$11.0 million which are not classified until the point of execution

Table 2 provides cumulative information of the GoL's Finance Statistics on a commitment basis as at the end of the third quarter of FY2017/18. This includes all commitment expenditure for the period of July 1, 2017 to March 31, 2018.

The government of Liberia realized US$298.8 million at the end of the third quarter of FY2017/18 as total revenue plus grant excluding borrowing which accounts for 53.7 percent and 57.9 percent of total approved and revised budgeted core revenue respectively and 53.0 percent and 55.7 percent of the total approved and revised resource envelope respectively. On the other hand, the government of Liberia spent US$341.0 million to finance its programs which accounts for 66.1 percent of total revised budgeted core revenue and 63.6 percent of the total revised resource envelope. The US$341.0 million expenditure against US$298.8 million revenue resulted to a deficit of US$42.1 million in the overall balance.

## FLOW OF FUNDS

The flow of funds table describes financial flows within the public sector; basically, it highlights how revenues finance expenditures.

Total flow of funds realize by the Government of Liberia at the end of the third quarter of FY2017/18 amounts to US$319.5 million which accounts for 56.7 percent of the approved resource envelope of which tax revenues accounts for 81.5 percent while non-tax revenues, grants and borrowing account for 9.0 percent, 3.0 percent and 6.5 percent respectively. **Table 3** and **Figure 2** show the flow of funds for FY2017/18 as at March 31, 2018. Compared to the same period for FY2016/17, total inflow of funds at the end of the third quarter of FY2017/18 decreased by 18.7 percent whereas expenditure on the commitment bases also decreased by 7.0 percent.

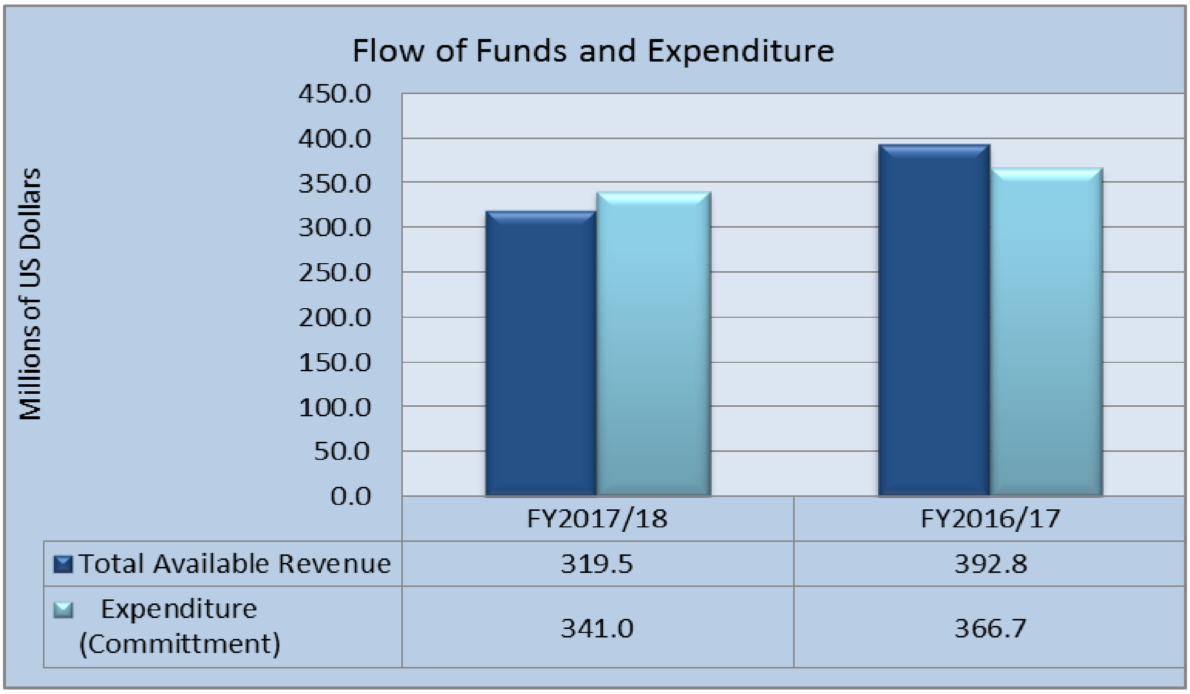
**Table 3: Flow of Funds (JULY 1, 2017 – MARCH 31, 2018) (millions USD)**

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | FY 17/18 TOTAL | FY 16/17 Q3 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Available Revenue | 35.0 | 33.0 | 30.6 | 35.1 | 26.7 | 29.9 | 40.0 | 29.3 | 39.2 | 319.5 | 392.8 |
| Revenue | 35.0 | 33.0 | 30.6 | 35.1 | 26.7 | 29.9 | 40.0 | 29.3 | 39.2 | 298.8 | 356.5 |
| Collected Revenue | 32.3 | 33.0 | 30.6 | 32.9 | 26.7 | 29.9 | 40.0 | 29.3 | 34.6 | 289.4 | 330.8 |
| Tax | 30.1 | 29.8 | 26.8 | 30.0 | 24.6 | 26.9 | 35.8 | 26.6 | 29.9 | 260.5 | 272.8 |
| Non-Tax | 2.3 | 3.2 | 3.8 | 2.9 | 2.1 | 3.0 | 4.2 | 2.7 | 4.6 | 28.8 | 58.0 |
| Grants | 2.7 | 0.0 | 0.0 | 2.1 | 0.0 | 0.0 | 0.0 | 0.0 | 4.7 | 9.5 | 25.7 |
| Borrowing | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 20.7 | 20.7 | 36.3 |
| Carry Forward | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Expenditure (Committment) | 27.2 | 53.0 | 44.8 | 47.4 | 35.9 | 32.9 | 45.9 | 24.0 | 29.8 | 341.0 | 366.7 |
| Compensation of Employees | 21.0 | 25.5 | 20.3 | 20.6 | 19.0 | 15.4 | 26.0 | 15.3 | 15.3 | 178.5 | 157.5 |
| Use of Goods and Services | 2.2 | 6.0 | 15.3 | 9.7 | 8.3 | 9.3 | 8.4 | 5.6 | 6.2 | 71.1 | 97.4 |
| Capital Spending | 0.0 | 0.0 | 0.1 | 0.1 | 0.0 | 0.1 | 0.5 | 0.0 | 0.0 | 0.8 | 16.2 |
| Interest | 0.0 | 0.8 | 1.8 | 0.0 | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 | 3.0 | 6.4 |
| Grants | 0.6 | 8.2 | 3.8 | 2.7 | 5.1 | 2.8 | 3.2 | 1.0 | 4.6 | 31.9 | 44.9 |
| Social Benefits | 0.0 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 | 0.8 | 1.0 |
| Financial Asset | 3.4 | 12.4 | 3.3 | 14.3 | 3.0 | 5.2 | 7.7 | 2.0 | 3.6 | 55.0 | 43.3 |
| Projected Balance at Month End | 7.7 | -20.0 | -14.1 | -12.4 | -9.2 | -3.0 | -5.9 | 5.3 | 9.5 | -42.1 | 0.7 |
| Including Carry Forward | 7.7 | -20.0 | -14.1 | -12.4 | -9.2 | -3.0 | -5.9 | 5.3 | 9.5 | -42.1 | 0.7 |
| Including Grants | 7.7 | -20.0 | -14.1 | -12.4 | -9.2 | -3.0 | -5.9 | 5.3 | 9.5 | -42.1 | 0.7 |
| Excluding Grants | 5.1 | -20.0 | -14.1 | -14.5 | -9.2 | -3.0 | -5.9 | 5.3 | 4.8 | -51.6 | -24.9 |
| Financing | 0.0 | -20.0 | -14.1 | -12.4 | -9.2 | -3.0 | -5.9 | 0.0 | 0.0 | -64.7 | -16.0 |
| Required | 0.0 | -20.0 | -14.1 | -12.4 | -9.2 | -3.0 | -5.9 | 0.0 | 0.0 | -58.7 | -16.0 |
| Identified | -7.7 | 20.0 | 14.1 | 12.4 | 9.2 | 3.0 | 5.9 | -5.3 | -9.5 | 42.1 | -0.7 |
| Accounts cash | -7.7 | 20.0 | 14.1 | 12.4 | 9.2 | 3.0 | 5.9 | -5.3 | -9.5 | 51.0 | -0.7 |
| Commercial | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Concessional | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| T-Bills | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| CBL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

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

**Figure 2: Quarter Three Comparative Analysis of Flow of Funds & Expenditure**

**Figure 2: Quarter Three Comparative Analysis of Flow of Funds & Expenditure**




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

## REVENUE

The approved revenue envelope for FY2017/18 is US$563.5 million which has been revised downward to US$536.2 million reflecting a decrease of 4.8 percent, of which core revenue (Tax, non-tax and grant) amounts to US$516.2 million thereby reflecting a deficit of US$20.0 million.

Of the total revised resource envelope, core revenue accounts for 96.3 percent, of which tax revenues, non-tax revenue, and grants account for 71.6 percent, 14.6 percent and 13.8 percent respectively. ***Taxes on international trade (49.6 percent)*** and ***taxes on incomes & profits (34.0 percent)*** account for a significant portion of tax revenue projections; while ***property income taxes (67.7 percent)*** and ***administrative fees (27.9 percent)*** combined account for nearly one hundred percent of non-tax revenues projection.

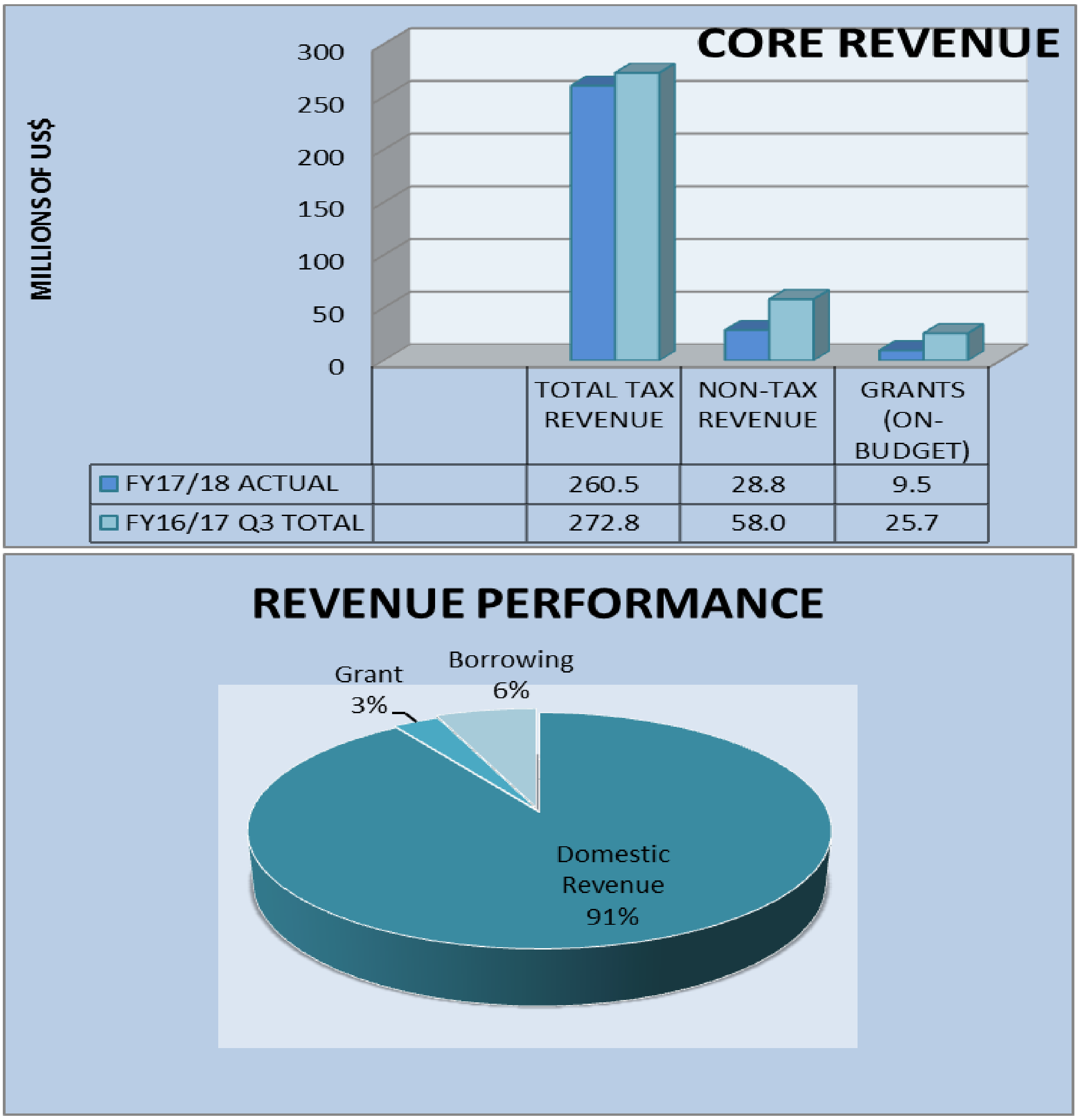
**Table 4: Revenue Performance (JULY 1, 2017 – MARCH 31, 2018 (millions USD)**

| Category (US$m) | FY17/18 Approved Budget | FY17/18 Adjusted Budget | Quarter I | | | Quarter II | | | Quarter III | | | FY17/18 Actual Q3 | FY16/17 Actual _Q3 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | | |
| Grand Total Revenue | 563.5 | 536.2 | 35.0 | 33.0 | 30.6 | 35.1 | 26.7 | 29.9 | 40.0 | 29.3 | 59.9 | 319.5 | 392.8 |
| TOTAL CORE REVENUE | 556.7 | 516.2 | 35.0 | 33.0 | 30.6 | 35.1 | 26.7 | 29.9 | 40.0 | 29.3 | 39.2 | 298.8 | 356.5 |
| TOTAL TAX REVENUE | 401.3 | 369.6 | 30.1 | 29.8 | 26.8 | 30.0 | 24.6 | 26.9 | 35.8 | 26.6 | 29.9 | 260.5 | 272.8 |
| Taxes On Income & Profits | 147.8 | 125.6 | 11.1 | 7.8 | 9.1 | 12.5 | 8.7 | 8.7 | 12.9 | 8.7 | 11.1 | 90.6 | 101.3 |
| Property Taxes | 7.7 | 6.5 | 0.3 | 0.3 | 0.1 | 0.2 | 0.1 | 0.1 | 0.3 | 0.5 | 0.7 | 2.6 | 2.9 |
| Taxes On Goods And Services | 53.8 | 52.1 | 3.2 | 3.1 | 2.7 | 2.8 | 2.3 | 2.9 | 4.5 | 2.4 | 7.1 | 30.9 | 33.3 |
| Taxes On International Trade | 189.9 | 183.4 | 15.4 | 18.7 | 14.9 | 14.5 | 13.5 | 15.3 | 16.4 | 15.0 | 11.0 | 134.7 | 132.1 |
| Other Taxes | 2.1 | 2.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.6 | 0.1 | 0.1 | 1.7 | 3.2 |
| NON-TAX REVENUE | 100.5 | 75.3 | 2.3 | 3.2 | 3.8 | 2.9 | 2.1 | 3.0 | 4.2 | 2.7 | 4.6 | 28.8 | 58.0 |
| Property Income | 74.3 | 51.0 | 1.1 | 1.9 | 2.5 | 1.4 | 1.0 | 1.9 | 2.7 | 1.4 | 2.8 | 16.8 | 44.8 |
| Administrative Fees | 23.5 | 21.0 | 1.1 | 1.2 | 1.1 | 1.3 | 1.0 | 1.0 | 1.5 | 1.3 | 1.8 | 11.3 | 10.9 |
| Fines, Penalties and Forefeits | 2.7 | 3.4 | 0.0 | 0.2 | 0.3 | 0.2 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.8 | 1.4 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.9 |
| GRANTS (ON-BUDGET) | 54.9 | 71.2 | 2.7 | 0.0 | 0.0 | 2.1 | 0.0 | 0.0 | 0.0 | 0.0 | 4.7 | 9.5 | 25.7 |
| From Foreign Governments | 9.3 | 61.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 4.7 | 4.7 | 0.0 |
| From International Organizations | 45.6 | 10.0 | 2.7 | 0.0 | 0.0 | 2.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 4.8 | 25.7 |
| BORROWINGS | 5.0 | 20.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 20.7 | 20.7 | 36.3 |
| Domestic | 0.0 | 20.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Extenal | 5.0 | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 20.7 | 20.7 | 36.3 |
| CARRY FORWARD | 1.8 | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

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

Total core revenue collected by the Government of Liberia at the end of the third quarter of FY2017/18 amounts to US$298.8 million. This represents 55.7 percent of the revised resource envelope. Of the collected amount, tax revenues amounted to US$260.5 million which accounts for 87.2 percent while non-tax revenues and grants accounted for US$28.8 million and US$9.5 million thereby reflecting 9.6 percent and 3.2 percent respectively. Compared to the same period of the previous fiscal year, core revenue experienced a decrease of 16.2 percent mainly on account of a fall in revenue from non-tax revenue and specifically from property income sources. **Table 4** provides breakdown of GoL resource envelope for FY2017/18.

**Figure 3: Quarter Three Comparative Analysis of Revenue Performance**




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

## TAX EXPENDITURES[1]

Tax expenditures are wavier granted to public spending entities and private enterprises intended to promote investment support within government policy objective in various sector

[1] This section contains tax expenditures data for the second quarter of FY2017/18 as said information was not available as of the time of the preparation of this document. Thus this section will be updated in the annual fiscal outturn.

of the economy- mining, public transport, agriculture, forestry, education and health during the fiscal year.

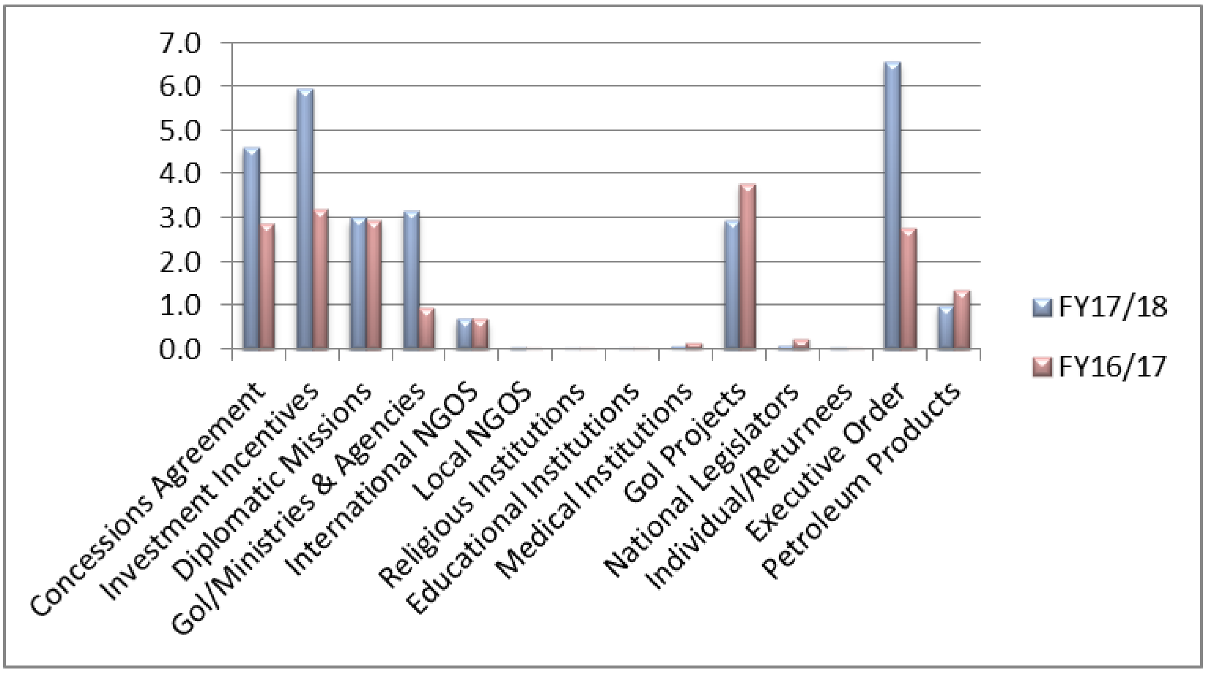
During the first half of the fiscal year under review, total tax expenditures amounted to US$60.5 thousand compared to US$37.8 thousand for the previous fiscal period of FY2016/17; thus representing an increase of 60.0 percent. Of the exempted amount, Executive Order accounts for 31.3 percent; Concessions Agreement 19.7 percent; Investment Incentive 16.5 percent; ; GoL Ministries, Agencies & Public Corporations account for 10.1 percent; GoL Projects 8.0 percent; Diplomatic Missions accounts for 7.7 percent; ; the other sectors account for 6.6 percent.

**Table 5: Tax Expenditure Summary (July 1, 2017 – December 31, 2017 (Thousands USD)**

| | Q1 | Q2 | FY17/18 TOTAL | FY16/17 Total |
|---|---|---|---|---|
| Concessions Agreement | 4.6 | 7.3 | 11.9 | 5.4 |
| Investment Incentives | 5.9 | 4.1 | 10.0 | 5.7 |
| Diplomatic Missions | 3.0 | 1.7 | 4.7 | 4.6 |
| GOL/Ministries & Agencies | 3.2 | 2.9 | 6.1 | 4.7 |
| International NGOS | 0.7 | 0.8 | 1.5 | 1.3 |
| Local NGOS | 0.1 | 0.0 | 0.1 | 0.1 |
| Religious Institutions | 0.0 | 0.0 | 0.1 | 0.0 |
| Educational Institutions | 0.0 | 0.0 | 0.1 | 0.1 |
| Medical Institutions | 0.1 | 0.0 | 0.1 | 0.2 |
| Gol Projects | 2.9 | 1.9 | 4.9 | 5.8 |
| National Legislators | 0.1 | 0.1 | 0.2 | 0.4 |
| Individual/Returnees | 0.1 | 0.0 | 0.1 | 0.0 |
| Executive Order | 6.6 | 12.4 | 19.0 | 6.6 |
| Judiciary | 0.0 | 0.0 | 0.0 | - |
| Petroleum Products | 1.0 | 1.0 | 2.0 | 2.9 |
| **Total** | **28.3** | **32.2** | **60.5** | **37.8** |

Source: Liberia Revenue Authority, LRA

**Figure 4: Comparative Analysis of Tax Expenditure for FY2016/17 and FY2017/18**




**Source**: Liberia Revenue Authority, LRA

## FINANCING[2]

The Government of Liberia continues to consolidate funding both on- and off-budget to finance Public Sector Investment Programs (PSIP) across all sectors of the country so as to address the infrastructure deficit facing the country.

Total disbursement of off-budget aid and loan at the end of the first half of FY2017/18 through various modalities for projects in various sectors amounts to US$254.5 million; of which grants account for about 85.8 percent while loans account for 14.2 percent. Thus the realized external amount accounts for 35.4 percent of the projected amount of US$718.5 million. This is driven mainly by disbursements made to the Health (23.5 percent), Energy and Environment sector (21.9 percent), and the Infrastructure and Basic Services sector (17.0 percent) amongst others as evident by Table 6.

[2] This section contains financing data for the second quarter of FY2017/18 as said information was not available as of the time of the preparation of this document. Thus this section will be updated in the annual fiscal outturn.

**Table 6: FY2017/18 Aid Disbursement by Sectors (July 1, 2017 – December 31, 2017)**

| Budget Sectors | FY2017/18 Projection | | | % Share | Disbursment at end Dec. | | | % Share | Rate of |
|---|---|---|---|---|---|---|---|---|---|
| | Grant | Loan | Total | of Disb. | Grant | Loan | Total | of Disb. | Disb. to |
| AGRICULTURE | 55.6 | 15.6 | 71.2 | 9.9 | 16.8 | 3.0 | 19.8 | 7.8 | 27.8 |
| EDUCATION | 32.0 | - | 32.0 | 4.4 | 11.0 | - | 11.0 | 4.3 | 34.3 |
| ENERGY AND ENVIRONMENT | 141.0 | 18.0 | 159.0 | 22.1 | 44.1 | 11.5 | 55.7 | 21.9 | 35.0 |
| HEALTH | 83.8 | 5.0 | 88.8 | 12.4 | 56.3 | 3.4 | 59.7 | 23.5 | 67.3 |
| INDUSTRY AND COMMERCE | 5.3 | - | 5.3 | 0.7 | 4.4 | - | 4.4 | 1.7 | 83.0 |
| INFRASTRACTURE AND BASIC SERVICES | 108.3 | 86.1 | 194.4 | 27.0 | 28.8 | 14.5 | 43.3 | 17.0 | 22.3 |
| MUNICIPAL GOVERNMENT | 3.4 | - | 3.4 | 0.5 | 5.2 | - | 5.2 | 2.0 | 153.3 |
| PUBLIC ADMINISTRATION | 60.4 | 20.9 | 81.3 | 11.3 | 10.4 | 1.8 | 12.3 | 4.8 | 15.1 |
| SECURITY AND RULE OF LAW | 16.8 | - | 16.8 | 2.3 | 15.3 | - | 15.3 | 6.0 | 90.8 |
| SOCIAL DEVELOPMENT SERVICES | 41.1 | 5.5 | 46.5 | 6.5 | 19.9 | 1.9 | 21.8 | 8.6 | 46.8 |
| TRANSPARENCY AND ACCOUNTABILITY | 19.9 | - | 19.9 | 2.8 | 6.2 | | 6.2 | 2.4 | 31.0 |
| **Grand Total** | **567.5** | **151.0** | **718.5** | **100.0** | **218.3** | **36.2** | **254.5** | **100.0** | **35.4** |

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

Aligned to the Government's medium term development plan – as evident by Table 7 – the Agenda for Transformation (AfT), Economic Transformation accounts for 48.4 percent; followed by Human Development 27.8 percent; Governance and Public Institutions 9.3 percent; Cross-cutting 8.6 percent; and Peace, Security and Rule of Law pillar recorded the least disbursement accounting for 6.0 percent.

**Table 7: Aid Disbursement by AfT Pillars (July 1, 2017 - December 31, 2017)**

| **AfT Pillars** | FY2017/18 Projection | | | % Share | Disbursment at end Dec. | | | % share | Rate of |
|---|---|---|---|---|---|---|---|---|---|
| | Grant | Loan | Total | of Disb. | Grant | Loan | Total | of Disb. | Disb. to |
| Cross-cutting - 5 | 41.1 | 5.5 | 46.5 | 6.5 | 19.9 | 1.9 | 21.8 | 8.6 | 46.8 |
| Economic Transformation- 2 | 310.2 | 119.7 | 429.8 | 59.8 | 94.1 | 29.1 | 123.1 | 48.4 | 28.6 |
| Governance and Public Institutions - 4 | 83.7 | 20.9 | 104.5 | 14.5 | 21.7 | 1.8 | 23.6 | 9.3 | 22.6 |
| Human Development- 3 | 115.8 | 5.0 | 120.8 | 16.8 | 67.3 | 3.4 | 70.7 | 27.8 | 58.5 |
| Peace, Security and Rule of Law - 1 | 16.8 | - | 16.8 | 2.3 | 15.3 | - | 15.3 | 6.0 | 90.8 |
| **Grand Total** | **567.5** | **151.0** | **718.5** | **100.0** | **218.3** | **36.2** | **254.5** | **100.0** | **35.4** |

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

## Table 8: Aid Projection/Disbursement by Development Partners

| Development Partners | FY2017/18 Projection | | | % Share | Disbursment at end Dec. | | | % Share | Rate of |
|---|---|---|---|---|---|---|---|---|---|
| | Grant | Loan | Total | of Proj. | Grant | Loan | Total | of Disb. | Disb. to |
| **Off Budget Support** | | | | | | | | | |
| Abu-Dhabi Fund | - | 5.0 | 5.0 | 0.7 | - | - | - | - | - |
| African Development Bank | 14.1 | 15.4 | 29.5 | 4.4 | 15.8 | 11.3 | 27.1 | 10.6 | 91.7 |
| BADEA | - | 10.0 | 10.0 | 1.5 | - | 3.8 | 3.8 | - | 38.5 |
| China | 40.0 | - | 40.0 | 6.0 | - | - | - | - | - |
| China EXIM Bank | - | 25.0 | 25.0 | 3.7 | - | - | - | - | - |
| European Union | 65.2 | - | 65.2 | 9.8 | 3.8 | - | 3.8 | 1.5 | 5.8 |
| Germany | 39.8 | - | 39.8 | 6.0 | 14.9 | - | 14.9 | 5.9 | 37.4 |
| Global Fund | - | - | - | - | 5.4 | - | 5.4 | | |
| IFAD | 1.0 | 6.5 | 7.5 | 1.1 | 0.2 | 1.4 | 1.5 | 0.6 | 20.3 |
| International Development Association | 67.5 | 37.1 | 104.6 | 15.6 | 34.8 | 19.7 | 54.6 | 21.4 | 52.1 |
| Ireland | 4.6 | - | 4.6 | 0.7 | 1.3 | - | 1.3 | - | 28.2 |
| Japan | 33.1 | - | 33.1 | 5.0 | 6.5 | - | 6.5 | - | 19.6 |
| Kuwait | - | 7.0 | 7.0 | 1.0 | - | - | - | - | - |
| Millennium Challenge Corporation | 77.2 | - | 77.2 | 11.5 | 24.6 | - | 24.6 | 9.7 | 31.9 |
| Norway | 2.6 | - | 2.6 | 0.4 | 2.1 | - | 2.1 | 2 | 78.7 |
| OFID | - | 5.0 | 5.0 | 0.7 | - | - | - | - | - |
| SAUDI FUND FOR DEVELOPMENT | - | 20.0 | 20.0 | 3.0 | - | - | - | - | - |
| Sweden | 17.1 | - | 17.1 | 2.6 | 20.0 | - | 20.0 | 7.8 | 117.0 |
| UN Women | - | - | - | 0.0 | 0.7 | - | 0.7 | - | - |
| United Nations Children Fund | 32.1 | - | 32.1 | 4.8 | 6.6 | - | 6.6 | 2.6 | 20.7 |
| UNHCR | - | - | - | - | 1.4 | | 1.4 | 0.6 | |
| United Nations Population Fund | 3.4 | - | 3.4 | 0.5 | - | - | - | - | - |
| UNOPS | - | - | - | - | 1.7 | - | 1.7 | - | - |
| USAID | 129.6 | - | 129.6 | 19.4 | 75.8 | - | 75.8 | 29.8 | 58.5 |
| World Food Programme | 10.4 | - | 10.4 | 1.6 | 2.7 | - | 2.7 | - | 25.6 |
| Department For International Developme | - | - | - | - | 2.2 | | | | |
| United Nations Peace Building | - | - | - | - | 0.6 | | | | |
| **Total** | **537.8** | **131.0** | **668.8** | **100.0** | **218.3** | **36.2** | **254.5** | **92.6** | **38.1** |
| **Budget Support** | | | | | | | | | |
| European Union | 12.7 | 0.0 | 12.7 | 25.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| International Development Association | 0.0 | 20.0 | 20.0 | 40.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Norway | 4.3 | 0.0 | 4.3 | 8.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| USAID | 12.7 | 0.0 | 12.7 | 25.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total** | **29.7** | **20.0** | **49.7** | **100.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |
| **Grand Total** | **567.5** | **151.0** | **718.5** | | **218.3** | **36.2** | **254.5** | | **35.4** |

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

Total off-budget disbursements of US$254.5 million to various sectors are support from a number of development partners. This reflects 38.1 percent of the annual off-budget aid projection for FY2017/18 and 35.4 percent of total aid projection. Interestingly, there was no on budget support for the period under review.  Table 8 above shows a detail of aid by development partners.

## BUDGET EXECUTION

About 86.7 percent of the Revised Budget was allotted at the end of the third quarter of FY2017/18. On a commitment basis, 63.7 percent of the revised budget was executed as at the end of the third quarter of FY2017/18 compared to 60.6 per cent of the approved budget and 61.1 percent in FY2016/2017. Budget execution during the course of the period under review performed lower than expected due to delay in the passage of the national budget couple with circumstances surrounding delay for the 2017 run-off presidential election. Smooth transition has occurred from one government to another; with commitment from the new government to improve the living standard of the Liberian people particularly with the introduction of its Pro-poor Agenda the economy is being revitalized thereby leading to improvement in budget execution.

Of the approved budgetary appropriation of US$563.5 million which has been revised downward to US$536.2 million, US$465.1 million was allotted at the end of the third quarter of FY2017/2018, of which US$341.3 million was committed. Compensation of employees, the use of goods and services and grants accounted for a significant portion of budget execution. On the sector basis, Public Administration, Security and Rule of Law, Transparency and Accountability, Education, and Health accounted for substantial portion of budget execution at end March 2018. Of the total revised budgetary appropriation, 86.7 percent was allotted at the end of the third quarter in March 2018, out of which 73.4 percent was committed. The committed amount represents 63.7 percent of the total revised budgetary appropriations. Table 9 and 10 shows a summary breakdown of GoL allotment and commitment by sector and by economic classification respectively at the end of the third quarter of FY2017/18, compared to the same period in the previous fiscal year.

## Table 9: Third Quarter Budgetary Allotment (in millions USD)

| | Budget Sectors | Compensation of employees | Use of goods and services | Capital Spending | Interest | Grants | Social benefits | Unspecified | Total |
|---|---|---|---|---|---|---|---|---|---|
| FY17/18_Q3 | Agriculture | 2.3 | 1.8 | | - | 0.6 | - | - | 4.8 |
| | Education | 46.0 | 10.6 | | - | 10.8 | - | 6.0 | 73.3 |
| | Energy and Environment | 7.3 | 3.7 | | - | 0.2 | - | - | 11.2 |
| | Health | 29.9 | 11.2 | - | - | 8.5 | - | 1.0 | 50.5 |
| | Industry and Commerce | 3.0 | 2.1 | | - | 1.0 | - | - | 6.1 |
| | Infrastructure and Basic Services | 5.0 | 4.0 | 1.4 | - | 0.8 | - | 1.6 | 12.8 |
| | Municipal Government | 7.9 | 3.0 | | - | 1.9 | - | - | 12.8 |
| | Public Administration | 109.9 | 34.9 | - | 8.4 | 8.8 | - | - | 162.0 |
| | Security and Rule of Law | 58.7 | 13.0 | | - | - | - | 10.3 | 81.9 |
| | Social Development Services | 4.7 | 1.9 | - | - | 0.6 | 0.8 | - | 7.9 |
| | Transparency and Accountability | 17.9 | 3.2 | - | - | - | - | 20.9 | 42.0 |
| | **Total** | **292.6** | **89.2** | **1.4** | **8.4** | **33.0** | **0.8** | **39.7** | **465.1** |
| FY16/17_Q3 | **Total** | **206.6** | **118.0** | **27.2** | **7.0** | **52.5** | **0.7** | **-** | **412.0** |

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

## Table 10: Third Quarter Commitment (millions USD)

| | Budget Sectors | Compensation of employees | Use of goods and services | Capital Spending | Interest | Grants | Social benefits | Financial Asset | Total |
|---|---|---|---|---|---|---|---|---|---|
| FY17/18_Q3 | Agriculture | 2.3 | 1.0 | - | - | | | - | 3.3 |
| | Education | 20.9 | 9.0 | - | - | 7.0 | | 2.7 | 39.5 |
| | Energy and Environment | 5.7 | 3.6 | - | - | 0.9 | | | 10.2 |
| | Health | 14.0 | 9.4 | - | - | 8.9 | | | 32.3 |
| | Industry and Commerce | 2.9 | 1.2 | - | - | 0.8 | | - | 4.9 |
| | Infrastructure and Basic Services | 4.9 | 1.9 | | - | 1.6 | | | 8.4 |
| | Municipal Government | 5.0 | 2.0 | - | - | 0.9 | | - | 7.9 |
| | Public Administration | 57.4 | 16.5 | 0.8 | 2.9 | 9.9 | | 11.0 | 98.5 |
| | Security and Rule of Law | 37.3 | 17.0 | - | - | 1.2 | | 19.9 | 75.3 |
| | Social Development Services | 3.1 | 1.9 | - | - | 0.4 | 0.8 | - | 6.2 |
| | Transparency and Accountability | 25.1 | 7.7 | - | - | 0.8 | | 21.4 | 55.0 |
| | **Total** | **178.5** | **71.1** | **0.8** | **2.9** | **32.4** | **0.8** | **54.9** | **341.3** |
| FY16/17_Q3 | **Total** | **157.4** | **97.5** | **16.1** | **6.4** | **45.2** | **0.9** | **43.0** | **366.8** |

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

## ECONOMIC CLASIFICATION

**Table 11: Third Quarter Summary of Budget Execution: Economic Classification (in Millions USD)**

| | Budget | Allotment | Commitment |
|---|---|---|---|
| Compensation of employees | 309.4 | 292.6 | 178.5 |
| Use of goods and services | 123.9 | 89.2 | 71.1 |
| Capital Spending | 12.6 | 1.4 | 0.8 |
| Interest | 23.1 | 8.4 | 2.9 |
| Grants | 66.3 | 33.0 | 32.4 |
| Social benefits | 1.0 | 0.8 | 0.8 |
| Funding Gap/Unspecified | | 39.7 | 54.9 |
| **Total** | **536.2** | **465.1** | **341.3** |

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

**Table 12: Third Quarter Summary of Budget Execution: Economic Classification (in Percent)**

| | Allotment (% of Budget) | Commitment (% of Allotment) | Commitment (% of Budget) |
|---|---|---|---|
| Compensation of employees | 94.6 | 61.0 | 57.7 |
| Use of goods and services | 72.0 | 79.7 | 57.4 |
| Capital Spending | 10.9 | 56.1 | 6.1 |
| Interest | 36.3 | 35.1 | 12.8 |
| Grants | 49.8 | 98.1 | 48.9 |
| Social benefits | 84.3 | 95.3 | 80.3 |
| **Total** | **86.7** | **73.4** | **63.7** |

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

**Compensation of employees**: An allotment of 94.6 per cent was issued from the total revised budgetary appropriation for compensation of employees at the end of the third quarter of FY2017/18 out of which 61.0 per cent was committed. Commitment issued also accounts for 57.7 per cent of revised budgetary appropriation for compensation of employees. During the period under review, compensation of employees accounted for 52.3 percent of the total commitment issued compared to 42.9 percent for end March 2017, thus representing an increase of 13.4 percent.

Allotments for the use of **goods and services** accounted for 72.0 per cent of total revised appreciation for goods and services for FY2017/18 out of which 79.7 per cent was committed. Commitment accounted for 57.4 per cent of total revised appropriation for use of goods and services. Use of goods and services accounts for 20.8 percent of total commitment compared to 26.6 percent for end March 2017, thus representing a decrease of 27.1 percent.

Allotment for **capital spending** accounts for 10.9 per cent of total revised appropriation for capital spending for FY2017/18. Of this, 56.1 per cent was committed for the period under review. Commitment accounts for 6.1 percent of total revised appropriation for capital spending. Of the total commitment issued, 0.2 percent accounts for Capital Spending compared to 4.4 percent for the same period in 2017, thus reflecting a decrease of 95.2 per cent.

Allotment for **interest** accounts for 36.3 per cent of total revised budgeted appropriation for interest for FY2017/18 out of which 35.1 per cent was committed. 12.8 per cent of total revised appropriation for interest was committed at the end of FY2017/18. Interest accounts for 0.9 per cent of total commitment issued compare to 1.8 per cent issued for the same period in 2017, thus reflecting a decrease of 54.3 per cent.

Allotment for the provision of **grants** accounts for 49.8 per cent of total revised appreciation for grants for FY2017/18 out of which 98.1 per cent was committed. 48.9 per cent of total revised appropriation for grants was committed at the end of the period under review. Grant accounts for 9.5 per cent of total commitment issues compared to 12.3 percent at end March 2017, thus representing a decrease of 28.4 percent.

Allotment for social benefits accounts for 84.3 per cent of total revised budgeted appropriation for social benefits for FY2017/18 out of which 95.3 per cent was committed. 80.3 per cent of total revised appropriation for social benefits was committed at the end of the third quarter for FY2017/18. Social benefits account for 0.2 per cent of total commitment issued compare to 0.3 per cent issued for the same period in 2017, thus representing a decrease of 18.8 per cent.

### Budget Sectors

An allotment of 90.4 per cent was issued from the total revised budgetary appropriation for FY2017/18 for the agricultural sector out of which 67.7 per cent was committed. Commitment accounts for 61.2 per cent of total revised budgetary appreciation for the sector. The agricultural sector accounts for 1.0 per cent of total commitment issued compare to 1.4 per cent for the same period in FY2016/17, thus reflecting a decrease of 38.5 per cent.

Allotment for education accounts for 89.6 per cent of total revised appropriation for the educational sector for FY2017/18 out of which 53.9 per cent was committed. 48.3 per cent of total revised budgetary appreciation for education was committed at the end of the third quarter for FY2017/18. This sector accounts for 11.6 per cent of total commitment issued compare to 11.8 per cent issued for the same period in FY2016/17 reflecting a decrease of 8.6 per cent.

**Table 13: Third Quarter Summary of Budget Execution: Budget Sectors (in millions USD)**

| Budget Sectors | Budget | Allotment | Commitment |
|---|---|---|---|
| Agriculture | 5.3 | 4.8 | 3.3 |
| Education | 81.8 | 73.3 | 39.5 |
| Energy and Environment | 15.2 | 11.2 | 10.2 |
| Health | 73.1 | 50.5 | 32.3 |
| Industry and Commerce | 8.0 | 6.1 | 4.9 |
| Infrastructure and Basic Services | 16.8 | 12.8 | 8.4 |
| Municipal Government | 17.3 | 12.8 | 7.9 |
| Public Administration | 176.9 | 162.0 | 98.5 |
| Security and Rule of Law | 87.4 | 81.9 | 75.3 |
| Social Development Services | 9.6 | 7.9 | 6.2 |
| Transparency and Accountability | 44.8 | 42.0 | 55.0 |
| **Total** | **536.2** | **465.1** | **341.3** |

Source: Departments of the Ministry of Finance & Development Planning

Energy and Environment sector reported an allotment of 73.6 per cent of total revised appropriation for the sector for FY2017/18. Of this amount, 90.9 per cent was committed. 66.9 per cent of total revised budgetary appropriation for the sector was committed at the end of the period under review. This sector accounts for 3.0 per cent of total commitment issued compare to 3.7 per cent issued for the same period in FY2017/18, thus showing a decrease of 25.8 per cent.

Allotment for health accounts for 69.1 per cent of total revised appropriation for the health sector for FY2017/18 out of which 64.0 per cent was committed. 44.2 per cent of total revised budgetary appreciation for health was committed at the end of the third quarter for FY2017/18. The sector accounts for 9.5 per cent of total commitment issued compare to 11.4 per cent issued for the same period in FY2016/17 reflecting a decrease of 22.6 per cent.

Industry and Commerce sector revealed an allotment of 76.6 per cent of total revised appropriation for the sector for FY2017/18. Of this amount, 79.2 per cent was committed. 60.7 per cent of total revised budgetary appropriation for the sector was committed at the end of the period under review. This sector accounts for 1.4 per cent of total commitment issued compare to 1.4 per cent issued for the same period in FY2017/18, thus revealing a decrease of 6.6 per cent.

Allotment for the infrastructure and basic services sector accounts for 75.9 per cent of total revised appropriation for the infrastructure and basic services sector for FY2017/18 out of which 65.5 per cent was committed. 49.7 per cent of total revised budgetary appreciation for infrastructure and basic services was committed at the end of the third quarter of FY2017/18. The sector accounts for 2.4 per cent of total commitment issued compare to 8.4 per cent issued for the same period in FY2016/17 reflecting a decrease of 72.9 per cent.

Municipal government sector reported an allotment of 73.7 per cent of total revised appropriation for the sector for FY2017/18. Of this amount, 61.7 per cent was committed. 45.5 per cent of total revised budgetary appropriation for the sector was committed at the end of the period under review. This sector accounts for 2.3 per cent of total commitment issued compare to 3.1 per cent issued for the same period in FY2016/17, thus revealing a decrease of 30.1 per cent.

**Table 14: Third Quarter Summary of Budget Execution: Budget Sectors (in percent)**

| Budget Sectors | Allotment (% of Budget) | Commitment (% of Allotment) | Commitment (% of Budget) |
|---|---|---|---|
| Agriculture | 90.4 | 67.7 | 61.2 |
| Education | 89.6 | 53.9 | 48.3 |
| Energy and Environment | 73.6 | 90.9 | 66.9 |
| Health | 69.1 | 64.0 | 44.2 |
| Industry and Commerce | 76.6 | 79.2 | 60.7 |
| Infrastructure and Basic Services | 75.9 | 65.5 | 49.7 |
| Municipal Government | 73.7 | 61.7 | 45.5 |
| Public Administration | 91.5 | 60.8 | 55.7 |
| Security and Rule of Law | 93.7 | 91.9 | 86.1 |
| Social Development Services | 82.2 | 78.3 | 64.4 |
| Transparency and Accountability | 93.7 | 131.2 | 122.9 |
| **Total** | **86.7** | **73.4** | **63.7** |

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

Allotment for public administration accounts for 91.5 per cent of total revised appropriation for the sector for FY2017/18 out of which 60.8 per cent was committed. 55.7 per cent of total revised budgetary appreciation for public administration was committed at the end of the third quarter for FY2017/18. The sector accounts for 28.9 per cent of total commitment issued compare to 31.7 per cent issued for the same period in FY2016/17 reflecting a decrease of 15.4 per cent.

Security and Rule of Law sector reported an allotment of 93.7 per cent of total revised budgetary appropriation for the sector for FY2017/18. Of this amount, 91.9 per cent was committed. 86.1 per cent of total revised budgetary appropriation for the sector was committed at the end of the period under review. This sector accounts for 22.1 per cent of total commitment issued compare to 17.4 per cent issued for the same period in FY2016/17, thus revealing an increase of 17.7 per cent.

Allotment for social development services account for 82.2 per cent of total revised appropriation for the sector for FY2017/18 out of which 78.3 per cent was committed. 64.4 per cent of total revised budgetary appreciation for social development services was committed at the end of the third quarter of FY2017/18. The sector accounts for 1.8 per cent of total commitment issued compare to 1.7 per cent issued for the same period in FY2016/17 reflecting a decrease of 0.8 per cent.

Transparency and accountability sector reported an allotment of 93.7 per cent of total revised budgetary appropriation for the sector for FY2017/18. Of this amount, 131.2 per cent was committed. 122.9 per cent of total revised budgetary appropriation for the sector was committed at the end of the period under review. This sector accounts for 16.1 per cent of total commitment issued compare to 7.9 per cent issued for the same period in FY2016/17, thus revealing an increase of 90.3 per cent.

## PUBLIC DEBT

The Government of Liberia total public debt stock as at end-March 2018 is US$914.8 million. Of the total debt stock, domestic debt accounts for US$265.8 million (29.1 percent) compared to US$268.3 million at end March 2017, thus representing a decrease of 0.01 percent; while external debt accounts for US$649.0 million (70.9 percent) compared to US$556.2 million at end-March 2017 thus representing an increase of 0.2 percent. Compared to the same period of last fiscal year, total debt stock shows an increase of 11.0 percent.

**Table 15: Public Debt Stock as at end-March 2018**

| US$ millions | End Mar FY17/18 | End Mar FY16/17 |
|---|---|---|
| Domestic Debt Details | | |
| CBL | 255.8 | 258.2 |
| LBDI | 0.0 | 0.0 |
| ECOBANK | 0.0 | 0.0 |
| Infrastructure Loan | 10.0 | 10.0 |
| **Total Financial Institution** | **265.8** | **268.2** |
| | | |
| Supplier's Credit | 0.0 | 0.0 |
| Other (Court Debt) | 0.0 | 0.1 |
| **Total Domestic Debt (end of period)** | **265.8** | **268.3** |
| | | |
| External Debt Details | | |
| Disbursed Outstanding Debt (period start) | 611.3 | 503.4 |
| Disbursements | 36.7 | 52.8 |
| Principal Repayments | 0.0 | -2.4 |
| Net Flows On Debt Stock | 648.0 | 553.8 |
| Interest Payments | 4.6 | 6.5 |
| Exchange rate / other adjustments | 1.0 | 2.4 |
| Total Debt Service | 4.6 | 8.9 |
| **Total External Debt (end of period)** | **649.0** | **556.2** |
| **TOTAL PUBLIC DEBT STOCK** | **914.8** | **824.5** |

**Source**: Department of Economic Management, MFDP

Total debt service amounted to US$5.9 million at the end of the period under review compared to US$12.3 million for the corresponding period of 2017; thus representing a decrease of 52.4 percent. Of the total debt service, domestic debt service amounted to US$1.3 million or 22.2 percent (interest repayment accounts for 100 percent; meaning principal repayment accounts for zero percent) compared to US$3.4 million for the corresponding period of 2017 thus representing a decrease of 0.6 percent. External debt service payment amounted to US$4.6 million or 77.8 percent (interest repayment accounts for 100 percent; meaning principal repayment accounts for zero percent) compared to US$8.9 million for the corresponding period of 2017 thus indicating a decrease of 0.5 percent.

**Table 16: Public Debt Service as at end-March 2018**

| US$ millions | End Mar FY17/18 | End Mar FY16/17 |
|---|---|---|
| Domestic Debt Service Details | | |
| Principal | 0.0 | 0.6 |
| Interest | 1.3 | 2.8 |
| **Total Domestic Debt Service** | **1.3** | **3.4** |
| | | |
| External Debt Service Details | | |
| Principal | 0.0 | 2.4 |
| Interest | 4.6 | 6.5 |
| **Total External Debt Service** | **4.6** | **8.9** |
| **Total Debt Service** | **5.9** | **12.3** |

Source**: Department of Economic Management, MFDP**

## SECTION 4: PROSPECTS AND CHALLENGES

During the quarter under review the pace of economic activities was slower-than-expected. The key contributing factors for the underperformance of the economy have been the UNMIL drawdown which has reduced domestic demand and has increased the fiscal pressures on the government as the government has had to increase spending in the security sector and civil administration in various counties. As a consequence of the UNMIL drawdown, there has been deterioration in the supply of foreign exchange due to shortage of US dollars during the last quarter of 2017 thereby spiking inflationary pressures and posing a serious risk to both internal and external balance. The persistent fall in the global prices of the nation's key commodity exports coupled with the increase in the global prices of petroleum which has fed into the increase in the prices of commodities on the domestic market.

Moreover, the persistent depreciation of the exchange rate has increased the revenue intake in Liberia dollars but increased expenditures in United States dollars thereby resulting into a liquidity crisis. At the time of the passage of the National Budget, the exchange rate was L$109.00 for US$1, however, as at end March 2018, the exchange rate moved to around L$131.79 for US$1.00.

Finally, the uncertainties that surrounded the just-ended general and presidential elections particularly with delay in the run-off elections as a result of court action also seem to have stifled demand and muddled domestic and foreign investment.

In the midst of these circumstances, the New Government Liberia which was inducted at the beginning of the quarter under review has committed itself to maintaining macroeconomic stability through the implementation of a number of fiscal measures, coupled with the implementations of interventions stipulated in the Government's Pro-poor Agenda to accelerate the pace of recovery.

GoL and its partners remain committed to revitalizing the economy through the provision of funding and technical assistance for the implementation of public investment projects like the RIA runway and terminal, the Mount Coffee Hydro Plant, ongoing road, etc. Furthermore, the Government remains focus on its policy interventions in terms of maintaining macroeconomic stability, instituting measures to enhance domestic resource mobilization and ensure efficient and effective delivery of services.

The FY2017/18 Approved National Budget of US$563.5 million has been revised to US$536.2 to tailor key national development outputs including on-going roads, energy, agriculture, and security sector projects. We have already achieved one major objective by conducting free, fair and transparent general and presidential elections.