

# **GOVERNMENT OF LIBERIA**

## **FISCAL OUTTURN FOR THE FIRST QUARTER**

FISCAL YEAR 2018/2019

JULY 1, 2018 – SEPTEMBER 30, 2018



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

**SEPTEMBER 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

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

## DEFINITIONS

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

## EXECUTIVE SUMMARY

The Liberian economy is gradually recovering from the slump in economic activities occasioned by the fall in the global prices of the nation's key export commodities – rubber and iron ore – which was further exacerbated by the Ebola outbreak and the UNMIL drawdown. Growth in domestic economic activities over the course of 2018 is projected at 3.0 per cent up from 2.5 per cent in 2017, driven mainly by increased activities in the mining sector with improvements in other sectors of the economy. Growth over the medium term is projected to average around 5.1 per cent with said growth attributed to increased activities in the mining sector on account of favorable global prices for iron ore, diamond and gold. The Government continues to maintain macroeconomic stability through the implementation of a number of fiscal measures aimed at stimulating the economy and placing it on the trajectory of sustained growth and development.

For the quarter under review, the overall inflation averaged at 26.3 percent compared to 24.6 percent recorded during the previous quarter. Core inflation (excluding food and transportation) as at end-September stood at 24.5 percent compared to 20.4 percent at end-June 2018. The slight increase was mainly attributable to increasing prices of imported food items and fuels, driven primarily by a continuous depreciation of the Liberian dollar.

At end-September 2018, Liberia's trade balance recorded a deficit of US\$46.8 million, an improvement from the deficit of US\$50.12 million at end-June 2018. The improvement in the trade balance was significantly due to a reduction in imports on account of a fall in domestic demand for goods and services.

The Liberian dollar, on average, depreciated by about 32.0 percent to L\$154.7/US\$1.00 at the end of September 2018, compared to L\$117.24/US\$1.00 registered in the same period a year ago. Relative to previous quarter (end June-2018) in 2018, the Liberian-US dollars exchange rate depreciated by about 8.0 per cent on average, vastly explained by the increasing demand for foreign currency to service import payment from the rest of the world.

For the administration of the affairs of the state, the National Legislature approved a budget of US\$570.1 million for FY2018/19. This represents an increase of 1.2 percent compared to the FY2017/18 budget of US\$563.6 million and also an increase of 6.3 percent compared to the FY2017/18 recast budget of US\$536.2 million.

Total revenue collected at the end of the first quarter of FY2018/19 amounts to US\$112.1 million. This represents approximately 19.6 percent of the approved resource envelope. Compared to the first quarter of FY2017/18, this represents an increase of 13.6 percent. Of the collected amount, tax revenues amounted to US\$94.1 million (US\$86.7 million for the first quarter of FY2017/18) which accounts for 81.5 per cent while non-tax revenues and grants accounted for US\$13.7 million (US\$9.3 million for the first quarter of FY2017/18) and US\$7.0 million (US\$2.7 million for the first quarter of FY2017/18) thereby reflecting 12.2 percent and 6.2 percent respectively.

Total allotments issued at the end of the first quarter for fiscal year FY2018/2019 amounted to US\$142.4 million, compared to US\$145.2 million for the same period in FY2017/2018; thus

representing a decrease of 1.9 percent. Thus total allotment issued out during the period under review account for 25.0 percent of the total resource envelope.

Total commitment issued out to Ministries, Agencies and Commissions (MACs) at the end of the first quarter of FY2018/19 amounted to US\$101.9 million compared to US\$79.2 million recorded for the same period in FY2017/18; thus representing an increase of 28.7 percent. Hence, total commitments account for 71.6 percent of total allotments and 17.9 percent of the total resource envelope. On the other hand, total commitment accounts for 90.9 percent of total revenue collected at the end of the period under review.

## **SECTION 1: MACROECONOMIC DEVELOPMENTS**

Growth in domestic economic activities over the course of 2018 is projected at 3.0 per cent up from 2.5 per cent in 2017, driven mainly by increased activities in the mining sector with improvements in other sectors of the economy. Growth over the medium term is projected to average around 5.1 per cent with said growth attributed to increased activities in the mining sector on account of favorable global prices for iron ore, diamond and gold. The Government continues to maintain macroeconomic stability through the implementation of a number of fiscal measures aimed at stimulating the economy and placing it on the trajectory of sustained growth and development.

Inflation outlook for 2018 is estimated to remain in double digit, 27.0 percent, up from 13.9 percent recorded in 2017. The attainment of single digit in the medium term will depend largely on exchange rate behavior, government tax policies, and the level of domestic production. For the quarter under review, headline inflation averaged at 26.3 percent at end-September 2018, compared to 24.6 percent recorded during the previous quarter. The slight increase was mainly attributable to increasing prices of imported food items and fuels, driven primarily by a continuous depreciation of the Liberian dollar.

At end-September 2018, Liberia's trade balance recorded a deficit of US\$46.8 million, an improvement from the deficit of US\$50.12 million at end-June 2018. The improvement in the trade balance was significantly due to a reduction in imports on account of a fall in domestic demand for goods and services.

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## **SECTION 2: BUDGET FY2018/19**

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 FY2018/19 national budget is the seventh since the launch of the MTEF and the first since the democratic

political transition. The focus of this budget is consistent with the Government's Pro-poor Agenda for Prosperity and Development (PAPD) which is intended to stimulate the economy for the next five years through a new path of thinking out-of-the-box and acting proactively to open up new horizons for Liberia. To improve people's livelihood, the Government is resolute in devoting resources to and sparing no effort in achieving its development goals.

The use of the MTEF budgetary process informs and improves the inter- and intra-Sectoral allocation of resources based on priorities set in the newly developed PAPD, thereby linking the MTEF to the Country's medium term development agenda. 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 Government of Liberia has developed and launched the Country's medium term (2019-2023) development agenda titled the Pro Poor Agenda for Development and Prosperity (PAPD). The overall objective of the PAPD is to build a more capable and trusted state institutions that lead to a stable, resilient and inclusive nation, embracing its triple heritage and anchored on its African identity. Moreover, it seeks to provide greater income to an additional one million Liberian and reduce absolute poverty by 23.0 per cent across five out of six regions – through sustained and inclusive economic growth driven by skilled investment in agriculture, in infrastructure, in human resource development and in social protection.

The FY2018/19 approved National Budget substantially highlights crucial national priorities as identified in the PAPD, particularly expenditures that are geared towards building a more capable and trusted state institutions that lead to a stable, resilient and inclusive nation, embracing its triple heritage and anchored on its African identity. Moreover, it seeks to provide greater income to an additional one million Liberian and reduce absolute poverty by 23 per cent across five out of six regions – through sustained and inclusive economic growth driven by skilled investment in agriculture, in infrastructure, in human resource development and in social protection.

## Public Sector Investment Program

The fiscal framework of FY2018/19 prioritizes the GoL's spending on key programs that have the potential to diversify economic growth and stimulate economic recovery in a manner that benefits the poor. The budget focuses on programs which were necessary to achieve the following aspirations laid down in the pillars of the PAPD:

- **Pillar One – Power to the People:** The goal of this pillar is to empower Liberians with the tools to gain control of their lives through more equitable provision of opportunities in education, health, youth development and social protection;
- **Pillar Two – Economy and Jobs:** The goal of this pillar is to create a stable macroeconomic environment enabling private sector led economic growth, greater competitiveness, and diversification of the economy;
- **Pillar Three – Sustaining the Peace:** The goal of this pillar is to foster a more peaceful, unified society that enables economic transformation and sustainable development; and
- **Pillar Four – Governance and Transparency:** The goal of this pillar is to create an inclusive and accountable public sector for shared prosperity and sustainable development.

In the context of its national development agenda, the Government's Public Sector Investment Plans are as follow:

- Public Administration – projects include the following: the National Population Census of 2018; Renovation of the Executive Mansion; and Humanitarian Outreach;
- Municipal Government – projects include the following: MCC Clean Cities Campaign; PCC Clean Cities Campaign; and Land Fill & Urban Sanitation Project;
- Security & Rule of Law – the only project is the construction of the Military Hospital;
- Health – projects include the following: expanding and improving mental health services; and improving delivery of medical services at JFD Memorial Hospital;
- Social Protection Services & Youth Development – projects include those targeting high and vulnerable population at risk and the LACE special project;
- Education – projects include construction & establishment of laboratories for 6 Public High Schools; renovation of 69 selected public schools; provision of classroom furniture for public schools; construction of faculty housing units; construction of dormitories, staff housing & cafeteria facilities; supply & provision of water & re-electrification systems at WRITTI; provision of printing equipment for national exams; digital registration system; and WiFi connection for registration systems;
- Agriculture – projects include those targeting the development of rice value chain and the development of improved varieties and seeds of basic food crops (staples);
- Infrastructure & Basic Services – projects include the following: renovation of the executive lodge terminal; road construction with asphalt pavement; construction of pro poor housing units; national postal address system; and NTA capacity development project.

## 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 FY2018/19 approved national budget is the GoL's commitment to the implementation of its Pro-poor Agenda for Prosperity and Development (PAPD) which is geared towards sustainable economic recovery and poverty reduction. 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 17/18;
- 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 thereby creating a credible budget. The MTEF budget is divided into the following sectors:

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- Agriculture
- Education
- Energy and Environment
- Health
- Industry and Commerce
- Municipal Government
- Transparency and Accountability
- Infrastructure & Basic Services
- Public Administration
- Security and Rule of Law
- Social Development Services

## FY2018/2019 Appropriations

For the administration of the affairs of the state over the course of July 1, 2018 to June 30, 2019, a budget of US\$570.1 million approved and passed into law. Of the approved budget, tax revenue accounted for US\$391.3 million; non-tax revenue, US\$106.3 million; grants, loans and other sources accounted for US\$51.3 million; anticipated bridge financing from the CBL accounted for US\$12.6 million; and contingent revenue of US\$8.5 million. Domestic revenue (tax plus non-tax including contingent revenue) accounts for US\$506.2 million representing 88.8 per cent of the resource envelope. Of the approved expenditure outlay for FY2018/19 of US\$570.1 million, recurrent expenditures account for US\$511.4 million (89.7 per cent) while Public Sector Investment Plan (PSIP) expenditures account for US\$58.7 million (10.3 percent).

### *Economic Classification*

A significant driver of recurrent spending is the wage bill which accounts for US\$317.1 million accounting for 62.0 per cent of recurrent spending but 55.6 per cent of total expenditures compared to 57.7 percent of the FY2017/18 budget. The increased wage bill which represents a 2.5 percentage change can be partly attributed to the bringing on the payroll of additional health workers and the completion of staffing requirements in some M&As.

Appropriations for goods and services account for 16.2 percent of the FY2018/19 budget, compared to 23.1 percent of the FY2017/18 budget. The decreased appropriation for goods and services which accounts for 25.6 percent can be attributed partly to the Government's effort to cut back on recurrent expenditure of spending entities with exception being on social spending.

Appropriation for capital expenditure for FY2018/19 amounts to US\$15.6 million which represents 2.7 percent of the approved budget compared to US\$1.6 million representing 0.3 percent of FY2017/18 appropriation. This represents a significant increase in capital spending.

**Table 1: Budgetary Appropriation - FY2018/19 (millions USD)**

Budget Sectors	Use of		Capital Spending	Interest	Grants	Subsidies	Social benefits	Unspecified/ PSIP <sup>1</sup>	Total
	Compensation of employees	goods and services							
Agriculture	4.3	1.3	-	-	0.0	-	-	2.1	7.7
Education	51.5	11.0	-	-	16.8	0.7	-	5.5	85.5
Energy and Environment	6.7	5.5	-	-	0.0	0.1	-	-	12.3
Health	51.7	9.9	-	-	17.0	1.5	-	1.6	81.7
Industry and Commerce	5.2	1.9	0.0	-	0.0	-	-	-	7.2
Infrastructure and Basic Services	8.7	5.9	10.6	-	0.6	-	-	31.4	57.2
Municipal Government	11.1	1.9	0.3	-	5.8	-	-	2.0	21.1
Public Administration	92.4	28.5	4.4	30.0	12.1	-	0.0	10.0	177.4
Security and Rule of Law	61.7	22.2	0.3	-	-	-	-	2.0	86.2
Social Development Services	4.8	1.1	-	-	1.6	0.2	-	4.1	11.8
Transparency and Accountability	19.0	3.0	0.0	-	-	-	-	-	22.0
<b>Total</b>	<b>317.1</b>	<b>92.2</b>	<b>15.6</b>	<b>30.0</b>	<b>54.0</b>	<b>2.5</b>	<b>0.0</b>	<b>58.7</b>	<b>570.1</b>
<b>FY17/18</b>									
<b>Total</b>	<b>309.4</b>	<b>123.9</b>	<b>1.6</b>	<b>23.1</b>	<b>66.3</b>		<b>1.0</b>	<b>11.0</b>	<b>536.2</b>

Source: FY2017/18 and FY2018/19 National Budgets

Appropriations for interest and other charges amount to US\$30.0 million representing 5.3 percent of FY2018/19 approved budget compared to US\$23.1 million, representing 4.3 percent of FY2017/18 approved budget. This represents an increase of 29.9 percent.

Appropriations for the provision of grants amount to US\$54.0 million representing 9.5 percent of FY2018/19 approved budget compared to US\$66.3 million, representing 12.4 percent of FY2017/18 approved budget. This represents a decrease of 18.6 percent.

Appropriations for the provision of subsidies amount to US\$2.5 million representing 0.4 percent of FY2018/19 approved budget; this represents an increase of 100 percent compared to FY2017/18 in which there were no subsidies in the budget.

Appropriations for the provision of social benefits amount to US\$0.05 million representing 0.01 percent of FY2018/19 approved budget compared to US\$1.0 million, representing 0.2 percent of FY2017/18 approved budget. This represents a decrease of 95.2 percent.

Appropriations for the implementation of PSIP amount to US\$58.7 million representing 10.3 percent of FY2018/19 approved budget compared to US\$11.0 million, representing 2.1 percent of FY2017/18 approved budget. This represents a significant increase in PSIP appropriation.

### ***Budget Sectors***

On the Sectoral basis, appropriations for agriculture accounts for 1.4 percent of FY2018/19 budget (US\$7.7 million), compared to 1.0 percent of the FY2017/18 budget (US\$5.3 million), representing an increase of 45.1 percent.

Appropriations for Education account for 15.0 percent of FY2018/19 budget (US\$85.5 million) compared to 15.3 percent of FY2017/18 budget (US\$81.8 million), representing an increase of 4.5 percent.

Appropriations for Energy and Environment represent 2.2 percent of the FY2018/19 budget (US\$12.3) compared to about 2.8 percent of FY2017/18 budget (US\$15.2 million), representing a decrease of 18.9 percent.

Appropriations for Health for FY2018/19 account for 14.3 percent of the budget (US\$81.7 million) compared to 13.6 percent of FY2017/18 budget (US\$73.1 million). This represents an increase of 11.8 percent.

Appropriations for Industry and Commerce for FY2018/19 (US\$7.2 million) account for 1.3 percent compared to 1.5 percent of FY2017/18 budget (US\$8.0 million), representing a decrease of 10.7 percent.

Appropriations for the provision of Infrastructure and Basic Services for FY2018/19 (US\$57.2 million) account for 10.0 percent of the total appropriation compared to 3.1 percent of the FY2017/18 budget (US\$16.8 million); this represents an increase of 240.6 percent.

Municipal Government appropriations for FY2018/19 (US\$21.1 million) account for 3.7 percent compared to 3.2 percent in FY2017/18 (US\$17.3 million), representing an increase of 21.9 percent.

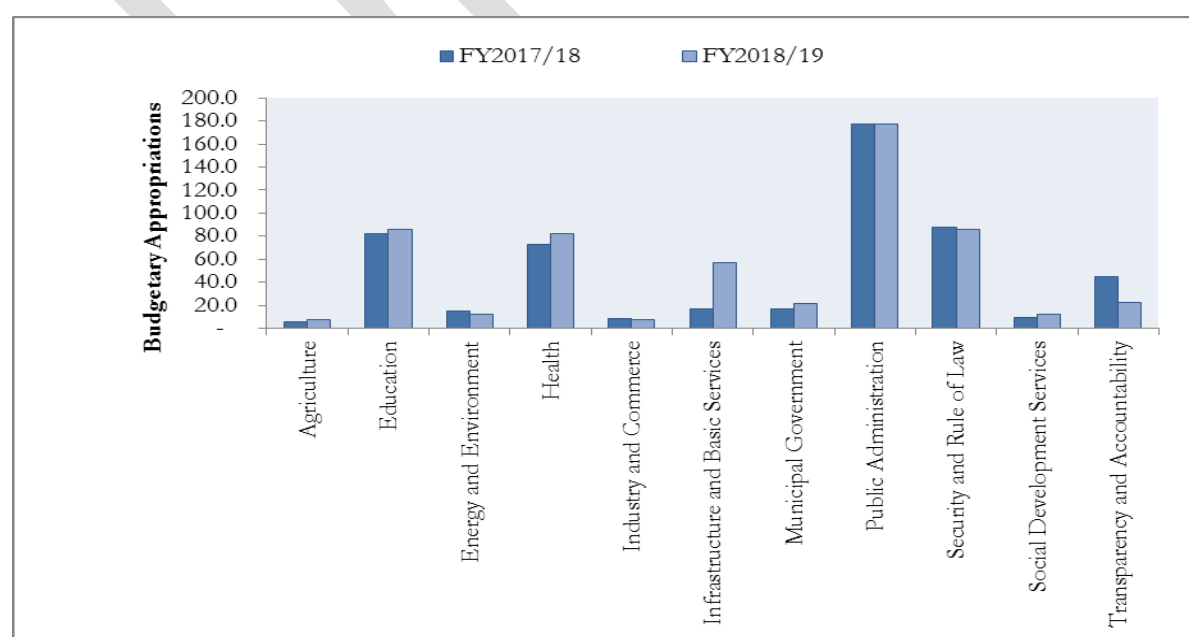
Appropriations for Public Administration account for 31.1 percent of FY2018/19 (US\$177.4 million) budget compared to 33.0 percent of FY2017/18 budget (US\$176.9 million). This represents an increase of 0.3 percent.

Appropriations for Security and Rule of Law account for 15.1 percent of FY2018/19 (US\$86.2 million) budget compared to 16.3 percent in FY2017/18 budget (US\$87.4 million), representing a decrease of 1.4 percent.

In FY2018/19 US\$11.8 million appropriations for the Social Development Services Sector accounts for 2.1 percent compared to 1.8 percent in FY2017/18 budget (US\$9.6 million). This represents an increase of 23.2 percent.

Appropriations for the Transparency and Accountability Sector amounts to 3.9 percent of FY2018/19 (US\$22.0 million) budget compared to 8.4 percent in FY2017/18 budget (US\$44.8 million), representing a decrease of 50.8 percent.

**Figure 1: Comparative Analysis of Budgetary Appropriation for FY2017/18 & FY2018/19**



Source: FY2017/18 and FY2018/19 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 provides cumulative information of the GoL's Finance Statistics as at end of the first quarter of FY2018/19, on a commitment basis. This includes all commitment expenditure for the period of July 1, 2018 - September 30, 2018.

**Table 2: GFS Table (JULY 1, 2018 – SEPTEMBER 30, 2018)**

	Budget	Cash
Total revenue plus grants	557.5	112.1
Total revenue	506.2	105.1
Tax	402.0	91.4
Non- Tax	104.2	13.7
Grants	51.3	7.0
<b>Expenditure (Commitment)</b>	570.1	101.9
Recurrent Expenditure	511.4	101.9
Compensation of employees	317.1	68.9
Use of goods and services	92.2	18.3
Capital Spending	15.6	
Interest	30.0	3.4
Grants	54.0	11.0
Social benefits	0.0	0.2
Subsidies	2.5	-
Capital expenditure (PSIP)	58.7	-
Overall balance	-12.6	10.2
Financing	12.7	(10.2)
Accounts Cash (+/-)	-	-11.4
Amortization	-	1.2
Domestic Borrowing	12.7	-
Foreign Borrowing	-	-
World Bank-IDA	-	-
International Monetary Fund (IMF)	-	-

Total revenue plus grant realized by the government of Liberia amounts to US\$112.1 million at the end of the first quarter for FY2018/19 which represents 19.7 percent of the total resource envelope for FY2018/19. The government of Liberia expended US\$101.9 million to finance its programs which accounts for 17.9 percent of the total resource envelope. The US\$109.1 million expenditure against US\$112.1 million revenue resulted to a surplus of US\$10.2 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.

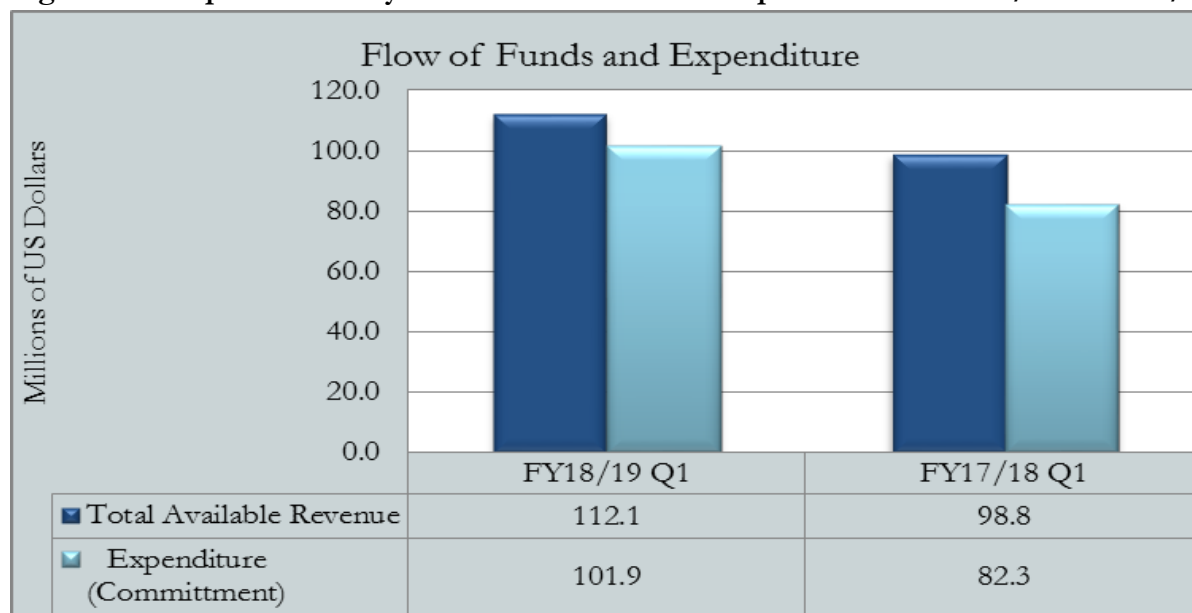
**Table 3: Flow of Funds (JULY 1, 2018 – SEPTEMBER 30, 2018) (millions USD)**

		JULY	AUG	SEP	FY18/19 Q1	FY17/18 Q1
TA	Total Available Revenue	33.6	41.2	37.3	112.1	98.8
R	Revenue	33.6	41.2	37.3	112.1	98.8
CR	Collected Revenue	33.6	41.2	30.3	105.1	96.1
TX	Tax	32.0	33.5	25.9	91.4	86.7
NTX	Non-Tax	1.6	7.7	4.4	13.7	9.4
G	Grants	0.0	0.0	7.0	7.0	2.7
B	Borrowing	0.0	0.0	0.0	0.0	0.0
CF	Carry Forward	0.0	0.0	0.0	0.0	0.0
ECA	Expenditure (Commitment)	24.9	39.6	37.4	101.9	82.3
	Compensation of Employees	22.6	24.2	22.1	68.9	44.6
	Use of Goods and Services	1.1	9.8	7.4	18.3	15.0
	Capital Spending	0.0	0.0	0.0	0.0	0.0
	Interest	0.0	1.8	1.6	3.4	2.2
	Grants	1.2	3.7	6.0	11.0	11.4
	Social Benefits	0.0	0.0	0.2	0.2	0.3
	Financial Asset	0.0	0.0	0.0	0.0	8.8
PBA	Projected Balance at Month End	8.7	1.6	-0.1	10.2	0.0
BCF	Including Carry Forward	8.7	1.6	-0.1	10.2	0.0
BG	Including Grants	8.7	1.6	-0.1	10.2	0.0
BWG	Excluding Grants	8.7	1.6	-7.1	3.2	0.0
	Financing	0.0	0.0	-0.1	-0.1	0.0
FR	Required	0.0	0.0	-0.1	-0.1	0.0
FI	Identified	-8.7	-1.6	0.1	-10.2	0.0
	Accounts cash	-8.7	-1.6	0.1	-10.2	0.0
	Commercial	0.0	0.0	0.0	0.0	0.0
	Concessional	0.0	0.0	0.0	0.0	0.0

T-Bills	0.0	0.0	0.0	0.0	0.0
CBL	0.0	0.0	0.0	0.0	0.0

Source: Department of Fiscal Affairs Ministry of Finance & Development Planning

**Figure 2: Comparative Analysis of Flow of Funds & Expenditure for FY17/18 & FY18/19**



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

The Government of Liberia realized a total flow of funds of US\$112.1 million at the end of the first quarter of FY2018/19 which accounts for 19.7 percent of the approved resource envelope of which tax revenues accounted for 81.5 percent while non-tax revenues and grants account for 12.2 percent and 6.2 percent respectively. Table 3 and Figure 2 above show the performance of inflow of funds for FY2018/19 as at September 30, 2018 compared with the same period for FY2017/18. Compared to the same period for FY2017/18, total inflow of funds increased by 13.5 percent whereas expenditure on the commitment bases increased by 23.8 percent.

## REVENUE

The approved revenue envelope for FY2018/19 is US\$570.1 million, of which core revenue (Tax and non-tax) plus grants amounts to US\$557.4 million thereby reflecting a deficit in the overall balance of US\$12.7 million. Said deficit is expected to be entirely bridge financed by the Central Bank of Liberia (CBL) over the course of the fiscal year.

Of the total resource envelope, core revenue plus grant accounts for 97.7 percent, of which tax revenues, nontax revenue, and grants account for 72.1 percent, 18.7 percent and 9.2 percent, respectively. Taxes on international trade and taxes on incomes and profits account for a significant portion of tax revenue projections; while property income taxes and administrative fees account for more than ninety percent of non-tax revenues projected.

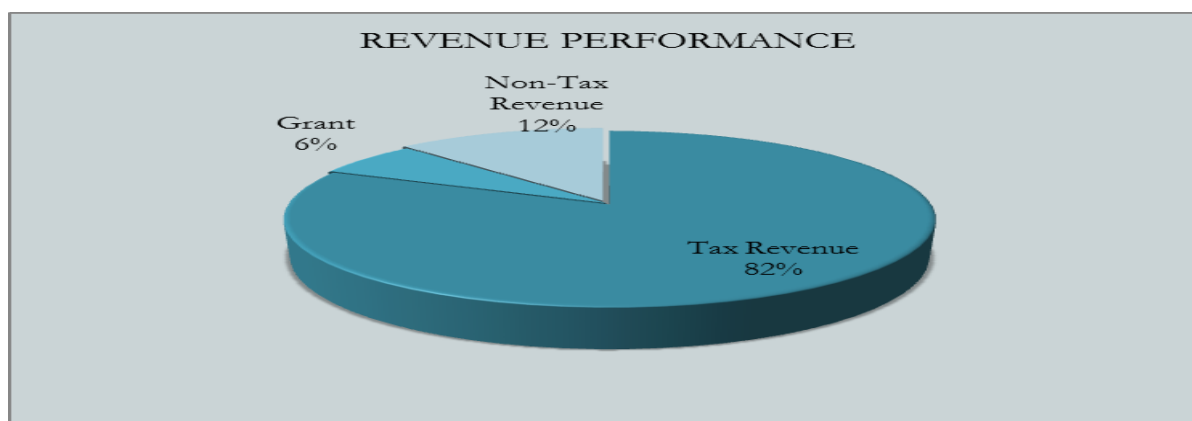
**Table 4: Revenue Performance (JULY 1, 2018 – SEPTEMBER 30, 2018)**

Category (US\$M)	FY18/19 Approved Budget	Quarter I			FY18/19 ACTUAL Q1	FY17/18 ACTUAL_Q1
		JUL	AUG	SEP		
GRAND TOTAL REVENUE INCLUDING BORROWING	570.2	33.6	41.2	37.3	112.1	98.8
TOTAL CORE REVENUE PLUS GRANT	557.5	33.6	41.2	37.3	112.1	98.8
TOTAL TAX REVENUE	402.0	32.0	33.5	25.9	91.4	86.7
Taxes On Income & Profits	146.8	14.1	12.5	8.3	35.0	28.0
Property Taxes	6.5	0.3	0.2	0.1	0.7	0.7
Taxes On Goods And Services	51.5	2.6	3.5	2.6	8.6	9.0
Taxes On International Trade	195.7	15.0	17.2	14.8	47.1	49.0
Other Taxes	1.6	0.0	0.0	0.0	0.0	0.0
NON-TAX REVENUE	104.2	1.6	7.7	4.4	13.7	9.4
Property Income	73.9	0.3	6.2	3.3	9.8	5.5
Administrative Fees	27.0	1.2	1.5	1.1	3.9	3.4
Fines, Penalties and Forfeits	3.3	0.0	0.0	0.0	0.1	0.5
Other	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS (ON-BUDGET)	51.3	0.0	0.0	7.0	7.0	2.7
From Foreign Governments	0.0	0.0	0.0	0.0	0.0	0.0
From International Organizations	51.3	0.0	0.0	7.0	7.0	2.7
BORROWINGS	12.7	0.0	0.0	0.0	0.0	0.0
Domestic	12.7	0.0	0.0	0.0	0.0	0.0
External	0.0	0.0	0.0	0.0	0.0	0.0
CARRY FORWARD	0.0	0.0	0.0	0.0	0.0	0.0

Source: Ministry of Finance & Development Planning

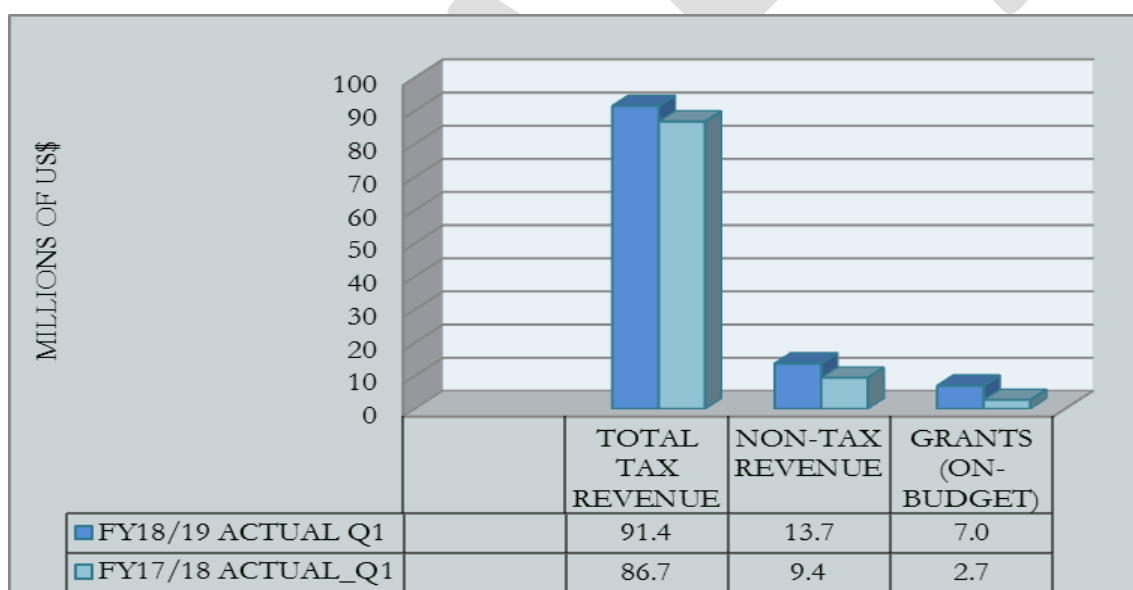
Total revenue collected at the end of the first quarter of FY2018/19 amounts to US\$112.1 million. This represents approximately 19.7 percent of the approved resource envelope. Of the collected amount, tax revenues amounted to US\$91.4 million which accounts for 81.5 percent while nontax revenues and grants accounted for US\$13.7 million and US\$7.0 million thereby reflecting 12.2 percent and 6.2 percent respectively.

**Figure 2: Revenue Performance for the First Quarter**



Compared to the same period of the previous fiscal year, revenue experienced an increase of 13.5 percent mainly on account of growth in domestic revenue generation. Table 4 provides breakdown of the GoL resource envelope for FY2018/19.

**Figure 3: Comparative Analysis of Revenue Performance for FY17/18 and FY18/19**



## TAX EXPENDITURES

Tax expenditures are wavier granted to public spending entities and private enterprises intended to promote investment support within government policy objective in various sector of the economy- mining, public transport, agriculture, forestry, education and health during the fiscal year.

During the first quarter of the fiscal year under review, total tax expenditures amounted to US\$29.1 million compared to US\$28.3 million for the previous fiscal period of FY2017/18; thus

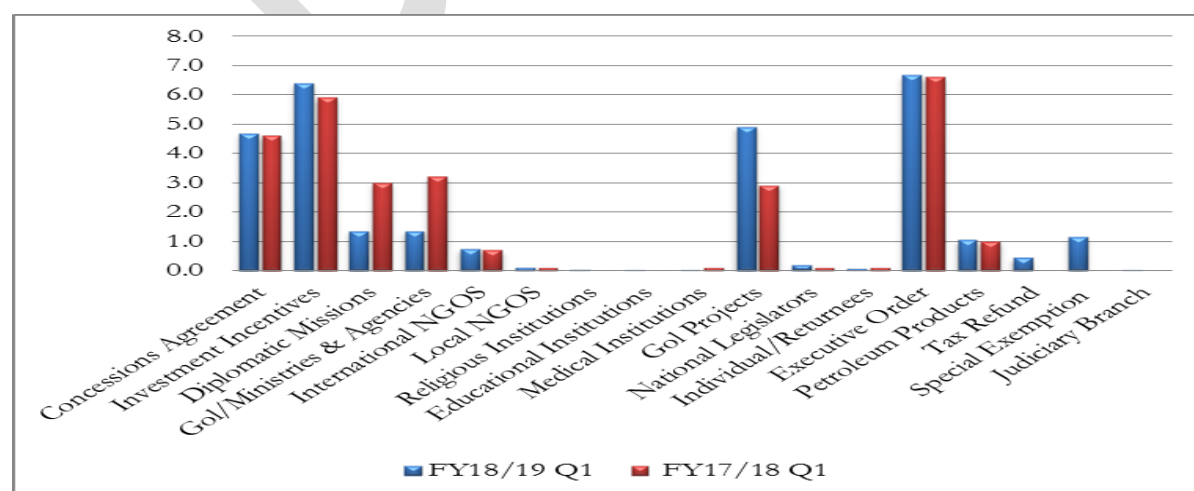
representing a decrease of 2.9 percent. Of the exempted amount, Executive Order accounts for 22.9 percent; Investment Incentive 22.0 percent; GoL Projects 16.8 percent; Concessions Agreement 16.1 percent; GoL Ministries, Agencies & Public Corporations account for 4.6 percent; Diplomatic Missions accounts for 4.6 percent; the other sectors account for 13.1 percent.

**Table 5: Tax Expenditure Summary (July 1, 2018 – September 30, 2018 (millions USD))**

Institution	FY18/19 Q1	FY17/18 Q1
Concessions Agreement	4.7	4.6
Investment Incentives	6.4	5.9
Diplomatic Missions	1.4	3.0
GoL/Ministries & Agencies	1.3	3.2
International NGOS	0.7	0.7
Local NGOS	0.1	0.1
Religious Institutions	0.0	-
Educational Institutions	0.0	-
Medical Institutions	0.0	0.1
GoL Projects	4.9	2.9
National Legislators	0.2	0.1
Individual/Returnees	0.1	0.1
Executive Order	6.7	6.6
Petroleum Products	1.0	1.0
Tax Refund	0.4	-
Special Exemption	1.1	-
Judiciary Branch	0.0	-
<b>Total</b>	<b>29.1</b>	<b>28.3</b>

Source: Liberia Revenue Authority, LRA

**Figure 4: Comparative Analysis of Tax Expenditure for FY2017/18 and FY2018/19**



Source: Liberia Revenue Authority, LRA

## FINANCING

The Government of Liberia continues to consolidate funding both on and off-budget to finance Public Sector Investment Programs (PSIPs) across all sectors. Total aid disbursed during the first quarter in the form of both grants and loan, as evidenced by Table 6, amounts to US\$724.3 million with grants accounting for US\$79.2 million (10.9 percent) while loan accounts for US\$645.1 million (89.1 percent). Aid from bilateral sources (which includes both loan and grant) accounts for US\$664.9 million (91.8 percent) while aid from multilateral sources (which includes both loan and grant) accounts for US\$59.3 million (8.2 percent). Of the grant received, US\$47.9 million (60.5 percent) comes from bilateral sources while US\$31.3 million (39.5 percent) is from multilateral sources. Similarly, of the loan received, US\$617.0 million (95.7 percent) comes from bilateral sources while US\$28.1 million (4.3 percent) comes from multilateral sources.

**Table 6: Aid Disbursement by Donor Type**

Donor Type	FY2018/19 Projection			% Share of Proj.	Actual Disbursement Q1			% Share of Disb.	Rate of Disb. to Proj.
	Grant	Loan	Total		Grant	Loan	Total		
Bilateral	274.5	-	274.5	45.2	47.9	617.0	664.9	91.8	242.2
Multilateral	164.6	168.1	332.6	54.8	31.3	28.1	59.3	8.2	17.8
<b>Grand Total</b>	<b>439.1</b>	<b>168.1</b>	<b>607.1</b>	<b>100.0</b>	<b>79.2</b>	<b>645.1</b>	<b>724.3</b>	<b>100.0</b>	<b>119.3</b>

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

Of the total aid disbursed (both grant and loan) to the eleven budget sectors as evidenced by Table 7, the Infrastructure and Basic Services Sector accounts for the largest share (88.3 percent) followed by the Energy and Environment Sector (4.0 percent) and the Health Sector (2.8 percent). The rest of the other Sectors recorded disbursements of 4.9 percent.

**Table 7: FY2017/18 Aid Disbursement by Sectors (July 1, 2018 – September 30, 2018)**

Budget Sectors	FY2018/19 Projection			% Share of Proj.	Actual Disbursement Q1			% Share of Disb.	Rate of Disb. to Proj.
	Grant	Loan	Total		Grant	Loan	Total		
AGRICULTURE	19.4	17.3	36.8	6.1	2.6	0.7	3.3	0.5	8.9
EDUCATION	21.6	-	21.6	3.6	5.7	-	5.7	0.8	26.1
ENERGY AND ENVIRONMENT	99.3	55.4	154.7	25.5	15.8	13.0	28.9	4.0	18.7
HEALTH	91.2	10.1	101.3	16.7	20.3	-	20.3	2.8	20.1
INDUSTRY AND COMMERCE	5.7	-	5.7	0.9	0.1	2.4	2.6	0.4	45.1
INFRASTRUCTURE AND BASIC SERVICES	90.4	58.4	148.8	24.5	10.8	628.9	639.7	88.3	430.1
MUNICIPAL GOVERNMENT	5.3	-	5.3	0.9	1.5	-	1.5	0.2	28.0
PUBLIC ADMINISTRATION	21.7	25.1	46.8	7.7	13.6	-	13.6	1.9	29.1
SECURITY AND RULE OF LAW	28.4	-	28.4	4.7	1.9	-	1.9	0.3	6.7
SOCIAL DEVELOPMENT SERVICES	43.6	1.8	45.4	7.5	5.2	-	5.2	0.7	11.4
TRANSPARENCY AND ACCOUNTABILITY	12.4	-	12.4	2.0	1.6	-	1.6	0.2	13.1
<b>Grand Total</b>	<b>439.1</b>	<b>168.1</b>	<b>607.1</b>	<b>100.0</b>	<b>79.2</b>	<b>645.1</b>	<b>724.3</b>	<b>100.0</b>	<b>119.3</b>

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

Of the aid projection of US\$607.1 million as evidenced by Table 8, Grants account for US\$439.1 million (72.3 percent) while loans account for US\$168.1 million (27.7 percent). Project/Program

Aid accounts for 84.9 percent of the disbursements; Budget support, 11.0 percent; Trust Fund, 4.0 percent; and Pool Fund, 0.2 percent.

Of the total grants disbursed, Project/Program Aid accounted for US\$54.1 million, representing 68.4 percent of total grant disbursed; Budget Support amounted to US\$19.9 million representing 25.1 percent of total grants disbursed; and Trust Fund amounted to US\$5.1 million representing 6.5 percent.

**Table 8: Aid Disbursement by Modality**

Aid Modalities	FY2018/19 Projection			% Share of Proj.	Actual Disbursement Q1			% Share of Disb.	Rate of Disb. to Proj.
	Grant	Loan	Total		Grant	Loan	Total		
Budget Support	46.6	20.0	66.6	11.0	19.9	-	19.9	2.7	29.9
Pool Fund	1.2	-	1.2	0.2	-	-	-	-	0.0
Project/Program Aid	367.2	148.1	515.2	84.9	54.1	645.1	699.2	96.5	135.7
Trust Fund	24.0	-	24.0	4.0	5.1	-	5.1	0.7	21.4
<b>Grand Total</b>	<b>439.1</b>	<b>168.1</b>	<b>607.1</b>	<b>100.0</b>	<b>79.2</b>	<b>645.1</b>	<b>724.3</b>	<b>100.0</b>	<b>119.3</b>

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

Aligned to the Government's medium term development plan –the PAPD– as evident by Table 9, Power to the People accounts for US\$29.5 million of the grants disbursed, representing a disbursement rate of 37.3 percent; Economy & Jobs account for US\$25.8 million of the grants disbursed, representing a disbursement rate of 32.6 percent; Governance & Transparency account for US\$22.1 million, representing a disbursement rate of 27.9 percent; and Sustaining the Peace accounts for US\$1.7 million of the grants disbursed, representing a disbursement rate of 2.2 percent.

**Table 9: Aid Disbursement by PAPD Pillars (July 1, 2018 - September 30, 2018)**

PAPD Pillars	FY2018/19 Projection			% Share of Proj.	Actual Disbursement Q1			% share of Disb.	Rate of Disb. to Proj.
	Grant	Loan	Total		Grant	Loan	Total		
Power to the People	144.5	11.9	156.4	25.8	29.5	-	29.5	4.1	18.9
Economic and Jobs	197.9	131.1	329.0	54.2	25.8	645.1	670.9	92.6	203.9
Sustaining the Peace	26.7	-	26.7	4.4	1.7	-	1.7	0.2	6.4
Governance and Transparency	70.0	25.1	95.1	15.7	22.1	-	22.1	3.0	23.2
<b>Grand Total</b>	<b>439.1</b>	<b>168.1</b>	<b>607.1</b>	<b>100.0</b>	<b>79.2</b>	<b>645.1</b>	<b>724.3</b>	<b>100.0</b>	<b>119.3</b>

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

Table 10 shows a detail of aid by development partners.

**Table 10: Aid Projection/Disbursement by Development Partners (July 1, 2018 - September 30, 2018)**

Development Partners	FY2018/19 Projection			% Share of Proj.	Disbursement at end September 2018			% Share of Disb.	Rate of Disb. to Proj.
	Grant	Loan	Total		Grant	Loan	Total		
Off Budget Support									
African Development Bank	18.9	79.1	98.0	18	3.6	14.0	17.5	2.5	17.9
BADEA	-	-	-	-	-	1.7	1.7	0.2	-
European Union	4.4	-	4.4	0.8	1.3	-	1.3	0.2	29.4
Germany	40.5	-	40.5	7.5	3.9	-	3.9	0.6	9.7
IFAD	-	6.1	6.1	1.1	-	-	-	-	-
International Development Association	83.9	62.9	146.8	27.2	7.4	13.0	20.4	2.9	13.9
Ireland	1.7	-	1.7	0.3	0.3	-	0.3	0.0	16.4
Japan	15.3	-	15.3	2.8	1.6	-	1.6	0.2	10.2
Kuwait	-	-	-	-	-	616.4	616.4	87.5	-
Millennium Challenge Corporation	39.4	-	39.4	7.3	9.1	-	9.1	1.3	23.0
Norway	1.4	-	1.4	0.3	-	-	-	-	-
Sweden	41.6	-	41.6	7.7	-	-	-	-	-
UNDP	4.0	-	4.0	0.7	1.1	-	1.1	0.2	26.5
United Nations Children Fund	7.2	-	7.2	1.3	5.4	-	5.4	0.8	74.5
United Nations High Commission for Refugees	2.3	-	2.3	0.4	-	-	-	-	-
United Nations Peace Building	8.7	-	8.7	1.6	-	-	-	-	-
United Nations Population Fund	1.2	-	1.2	0.2	-	-	-	-	-
UNODC	2.4	-	2.4	0.4	-	-	-	-	-
USAID	117.7	-	117.7	21.8	25.8	-	25.8	3.7	21.9
World Health Organization	1.8	-	1.8	0.3	-	-	-	-	-
Total	392.4	148.1	540.5	100.0	59.3	645.1	704.4	100.0	130.3
Budget Support									
African Development Bank	4.0	0.0	4.0	6.0	5.6	0.0	5.6	28.2	140.1
European Union	27.3	0.0	27.3	41.0	7.0	0.0	7.0	35.2	25.7
France	0.0	0.0	0.0	0.0	5.6	0.0	5.6	0.8	0.0
International Development Association	0.0	20.0	20.0	30.0	0.0	0.0	0.0	0.0	0.0
USAID	15.3		15.3	23.0	1.7	0.0	1.7	8.5	11.0
Total	46.6	20.0	66.6	100.0	19.9	0.0	19.9	72.6	29.9
Grand Total	439.1	168.1	607.1		79.2	645.1	724.3		119.3

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

## BUDGET EXECUTION

About 25.0 percent of the National Budget was allotted during the course of the first quarter of FY2018/19 of which 71.6 percent was committed. On a commitment basis, about 17.9 percent of the approved budget was executed for the first quarter compared to 25.8 per cent in FY2017/2018.

Of the approved budgetary appropriation of US\$570.1 million, US\$142.4 million was allotted during the first quarter of FY2018/2019, of which US\$101.9 million was committed. Compensation of employees', use of goods and services and grants accounted for a significant portion of budget execution.

**Table 11: Budgetary Allotment (July 1, 2018 -- September 30, 2018) (millions USD)**

	Budget Sectors	Use of							Total
		Compensation of employees	goods and services	Capital Spending	Interest	Grants	Subsidies	Social benefits	Unspecified/ PSIP 1
FY18/19	Agriculture	1.2	0.3	-	-	-	-	-	0.3
	Education	12.6	1.9	-	-	4.2	0.1	-	0.2
	Energy and Environment	1.7	3.2	-	-	-	-	-	-
	Health	12.9	2.3	-	-	2.5	0.4	-	-
	Industry and Commerce	1.3	0.4	0.0	-	-	-	-	-
	Infrastructure and Basic Services	2.2	1.3	1.9	-	1.6	-	-	2.5
	Municipal Government	3.0	0.5	0.0	-	0.3	-	-	0.5
	Public Administration	23.0	11.2	0.1	8.2	4.7	-	0.3	3.8
	Security and Rule of Law	15.4	7.2	-	-	-	-	-	0.2
	Social Development Services	1.2	0.1	-	-	0.3	0.0	-	0.4
	Transparency and Accountability	5.1	2.0	0.0	-	-	-	-	-
	<b>Total</b>	<b>79.6</b>	<b>30.4</b>	<b>2.1</b>	<b>8.2</b>	<b>13.6</b>	<b>0.5</b>	<b>0.3</b>	<b>7.8</b>
FY17/18	<b>Total</b>	<b>86.7</b>	<b>40.4</b>	<b>0.6</b>	<b>2.9</b>	<b>14.3</b>		<b>0.4</b>	<b>-</b>
									<b>145.2</b>

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

On the sector basis, Public Administration, Security and Rule of Law, and Transparency and Accountability account for substantial portion of budget execution for quarter one of FY2018/19. Tables 11 and 12 show a breakdown of GoL allotment and commitment respectively by sector and economic classification at the end of the first quarter of FY2018/19, compared to the same period in the previous fiscal year.

**Table 12: Commitment (July 1, 2018 -- September 30, 2018) (millions USD)**

	Budget Sectors	Compensation of employees	Use of goods and services	Capital Spending	Interest	Grants	Social benefits	Financial Asset	Total
FY18/19_Q1	Agriculture	0.5	0.3	-	-	0.1		-	0.9
	Education	11.6	2.4	-	-	2.0		-	16.0
	Energy and Environment	1.7	1.0	-	-				2.7
	Health	9.9	2.3	-	-	2.7			14.9
	Industry and Commerce	1.0	0.3	-	-			-	1.3
	Infrastructure and Basic Services	2.9	1.2		-				4.2
	Municipal Government	2.0	1.0	-	-	0.2		-	3.2
	Public Administration	20.3	6.2		3.4	5.9			35.8
	Security and Rule of Law	14.9	1.9	-	-				16.7
	Social Development Services	1.1	0.6	-		-	0.2		1.9
	Transparency and Accountability	3.2	1.0	-	-				4.2
	<b>Total</b>	<b>68.9</b>	<b>18.3</b>	<b>-</b>	<b>3.4</b>	<b>11.0</b>	<b>0.2</b>	<b>-</b>	<b>101.9</b>
FY17/18_Q1									
	<b>Total</b>	<b>39.6</b>	<b>11.3</b>		<b>1.0</b>	<b>10.8</b>	<b>0.2</b>	<b>16.3</b>	<b>79.2</b>

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

## Economic Classification

Table 13 provides a summary of budget execution by economic classification in millions of US dollars while Table 14 provides a summary of budget execution by economic classification in percent.

**Table 13: Summary of Budget Execution: Economic Classification (July 1, 2018 -- September 30, 2018) (Millions USD)**

Expenditure Type	Budget	Allotment	Commitment
Compensation of employees	317.1	79.6	68.9
Use of goods and services	92.2	30.4	18.3
Capital Spending	15.6	2.1	-
Interest	30.0	8.2	3.4
Grants	54.0	13.6	11.0
Social benefits	0.0	0.3	0.2
Subsidies	2.5	0.5	-
Unspecified/ PSIP 1	58.7	7.8	-
<b>Total</b>	<b>570.1</b>	<b>142.4</b>	<b>101.9</b>

Source: Departments of the Ministry of Finance & Development Planning

During the period under review, allotments for compensation of employees accounted for 25.1 percent of total appropriation out of which commitment accounted for 86.6 percent during the period under review, **compensation of employees** accounted for 67.6 percent of the total commitment issued compared to 50.0 percent for end September 2017, thus representing an increase of about 74.0 percent.

**Table 14: Summary of Budget Execution by Economic Classification (July 1, 2018 – September 30, 2018)**

Expenditure Type	Allotment (% of Budget)	Commitment (% of Allotment)	Commitment (% of Budget)
Compensation of employees	25.1	86.6	21.7
Use of goods and services	33.0	60.2	19.9
Capital Spending	13.3	-	-
Interest	27.3	41.9	11.5
Grants	25.2	80.7	20.3
Social benefits	549.3	81.3	446.9
Subsidies	22.1	-	-
Unspecified/PSIP 1	13.3	-	-
<b>Total</b>	<b>25.0</b>	<b>71.5</b>	<b>17.9</b>

Source: Departments of the Ministry of Finance & Development Planning

Allotments for the use of **goods and services** accounted for 33.0 per cent of total appreciation for FY2018/19 out of which 60.2 per cent was committed. Commitment accounted for 19.9 per cent of total appropriation for use of goods and services. Use of goods and services accounts for 18.0 percent of total commitment compared to 14.3 percent for end September 2017, thus representing an increase of 62.0 percent.

Allotment for **capital spending** accounts for 13.3 per cent of total appropriation for capital spending for FY2018/19. Of this amount, 0.0 per cent was committed for the period under review.

Allotment for the provision of **grants** accounts for 25.2 per cent of total appropriation for grants for FY2018/19 out of which 80.7 per cent was committed. 20.3 per cent of total appropriation for grants was committed at the end of the period under review. Grant accounts for 10.8 per cent of total commitment issues compared to 13.6 percent at end September 2017, thus representing an increase of 1.9 percent.

Allotment for interest accounts for 27.3 per cent of total budgeted appropriation for interest for FY2018/19 out of which 41.9 per cent was committed. 11.5 per cent of total appropriation for interest was committed at the end of FY2018/19. Interest accounts for 3.4 per cent of total commitment issued compare to 1.3 per cent issued for the same period in 2016, thus reflecting an increase of 231.7 per cent.

Allotment for social benefits accounts for 549.3 per cent of total budgeted appropriation for social benefits for FY2018/19 out of which 81.3 per cent was committed. 446.9 per cent of total appropriation for social benefits was committed at the end of the first quarter for FY2018/19. Social benefits account for 0.2 per cent of total commitment issued compare to 0.2 per cent issued for the same period in 2017, thus representing an increase of 11.1 per cent.

Allotments for subsidies and PSIPs account for 22.1 percent and 13.3 percent of the total budgetary appropriations for subsidies and PSIPs for FY2018/19 respectively.

## Budget Sectors

Table 15 below provides a summary of budget execution by budget sector in millions of US dollars while Table 16 below provides a summary of budget execution by budget sector in percent.

An allotment of 22.7 per cent was issued from the total budgetary appropriation for FY2018/19 for the agricultural sector out of which 54.1 per cent was committed. Commitment accounts for 12.3 per cent of total budgetary appreciation for the sector. The agricultural sector accounts for 0.9 per cent of total commitment issued compare to 1.1 per cent for the same period in FY2017/18, thus reflecting an increase of 9.1 per cent.

Allotment for education accounts for 22.2 per cent of total appropriation for the educational sector for FY2018/19 out of which 84.3 per cent was committed. 18.7 per cent of total budgetary appreciation for education was committed at the end of the first quarter for FY2018/19. This sector accounts for 15.7 per cent of total commitment issued compare to 9.0 per cent issued for the same period in FY2017/18 reflecting an increase of 124.6 per cent.

**Table 15: Summary of Budget Execution: Budget Sectors (July 1, 2018 – September 30, 2018) (Millions USD)**

Budget Sectors	Budget	Allotment	Commitment
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Agriculture	7.7	1.8	0.9
Education	85.5	19.0	16.0
Energy and Environment	12.3	4.9	2.7
Health	81.7	18.1	14.9
Industry and Commerce	7.2	1.7	1.3
Infrastructure and Basic Services	57.2	9.5	4.2
Municipal Government	21.1	4.4	3.2
Public Administration	177.4	51.3	35.8
Security and Rule of Law	86.2	22.7	16.7
Social Development Services	11.8	2.0	1.9
Transparency and Accountability	22.0	7.1	4.2
<b>Total</b>	<b>570.1</b>	<b>142.4</b>	<b>101.9</b>

Source: Departments of the Ministry of Finance & Development Planning

Energy and Environment sector reported an allotment of 39.8 per cent of total appropriation for the sector for FY2018/19. Of this amount, 54.7 per cent was committed. 21.8 per cent of total budgetary appropriation for the sector was committed at the end of the period under review. This sector accounts for 2.6 per cent of total commitment issued compare to 2.3 per cent issued for the same period in FY2017/18, thus showing a decrease of 49.7 per cent.

**Table 16: Summary of Budget Execution: Budget Sectors (July 1, 2018 – Sept. 30, 2018)**

Budget Sectors	Allotment (% of Budget)	Commitment (% of Allotment)	Commitment (% of Budget)
Agriculture	22.7	54.1	12.3
Education	22.2	84.3	18.7
Energy and Environment	39.8	54.7	21.8
Health	22.1	82.5	18.3
Industry and Commerce	24.2	73.7	17.8
Infrastructure and Basic Services	16.6	43.9	7.3
Municipal Government	20.6	74.5	15.4
Public Administration	28.9	69.8	20.2
Security and Rule of Law	26.4	73.7	19.4
Social Development Services	17.0	93.4	15.9
Transparency and Accountability	32.3	59.0	19.1
<b>Total</b>	<b>25.0</b>	<b>71.5</b>	<b>17.9</b>

Source: Departments of the Ministry of Finance & Development Planning

Allotment for health accounts for 22.1 per cent of total appropriation for the health sector for FY2018/19 out of which 82.5 per cent was committed. 18.3 per cent of total budgetary appreciation for health was committed at the end of the first quarter for FY2018/19. The sector accounts for 14.6 per cent of total commitment issued compare to 8.1 per cent issued for the same period in FY2017/18 reflecting an increase of 131.2 per cent.

Industry and Commerce sector revealed an allotment of 24.2 per cent of total appropriation for the sector for FY2018/19. Of this amount, 73.7 per cent was committed. 17.8 per cent of total budgetary appropriation for the sector was committed at the end of the period under review. This sector accounts for 1.3 per cent of total commitment issued compare to 1.0 per cent issued for the same period in FY2017/18, thus revealing an increase of 55.9 per cent.

Allotment for the infrastructure and basic services sector accounts for 16.6 per cent of total appropriation for the infrastructure and basic services sector for FY2018/19 out of which 43.9 per cent was committed. 7.3 per cent of total budgetary appreciation for infrastructure and basic services was committed at the end of the first quarter for FY2018/19. The sector accounts for 4.1 per cent of total commitment issued compare to 2.6 per cent issued for the same period in FY2017/18 reflecting an increase of 99.5 per cent.

Municipal government sector reported an allotment of 20.6 per cent of total appropriation for the sector for FY2018/19. Of this amount, 75.4 per cent was committed. 15.4 per cent of total budgetary appropriation for the sector was committed at the end of the period under review. This sector accounts for 3.2 per cent of total commitment issued compare to 2.5 per cent issued for the same period in FY2017/18, thus revealing an increase of 63.9 per cent.

Allotment for public administration accounts for 28.9 per cent of total appropriation for the sector for FY2018/19 out of which 69.8 per cent was committed. 20.2 per cent of total budgetary appreciation for public administration was committed at the end of the first quarter for FY2018/19. The sector accounts for 35.1 per cent of total commitment issued compare to 35.6 per cent issued for the same period in FY2017/18 reflecting an increase of 27.1 per cent.

Security and Rule of Law sector reported an allotment of 26.4 per cent of total budgetary appropriation for the sector for FY2018/19. Of this amount, 73.7 per cent was committed. 19.4 per cent of total budgetary appropriation for the sector was committed at the end of the period under review. This sector accounts for 16.4 per cent of total commitment issued compare to 20.6 per cent issued for the same period in FY2017/18, thus revealing an increase of 2.5 per cent.

Allotment for social development services account for 17.0 per cent of total appropriation for the sector for FY2018/19 out of which 93.4 per cent was committed. 15.9 per cent of total budgetary appreciation for social development services was committed at the end of the first quarter for FY2018/19. The sector accounts for 1.8 per cent of total commitment issued compare to 1.7 per cent issued for the same period in FY2017/18 reflecting an increase of 37.6 per cent.

Transparency and accountability sector reported an allotment of 32.2 per cent of total budgetary appropriation for the sector for FY2018/19. Of this amount, 59.0 per cent was committed. 19.1 per cent of total budgetary appropriation for the sector was committed at the end of the period under review. This sector accounts for 4.1 per cent of total commitment issued compare to 15.4 per cent issued for the same period in FY2017/18, thus revealing a decrease of 65.6 per cent.

## **PUBLIC DEBT**

The total public debt stock as at end-September 2018 as evidenced by Table 17 is US\$977.0 million. Of the total debt stock, domestic debt accounts for US\$ 265.5 million (27.2 percent), while the external debt accounts for US\$711.5 million (72.8 percent). Compared to the same period of last fiscal year, debt stock shows 12.4 percent increase.

**Table 17: Public Debt Stock as at end-September 2018**

	End Sep FY18/19	End Sep FY17/18
<b>Domestic Debt Details</b>		
CBL	254.8	256.7
LBDI	0.0	0.0
ECOBANK	0.0	0.0
Infrastructure Loan	10.0	10.0
<b>Total Financial Institution</b>	<b>264.8</b>	<b>266.7</b>
Supplier's Credit	0.0	0.0
Other (Court Debt)	0.7	0.1
<b>Total Domestic Debt (end of period)</b>	<b>265.5</b>	<b>266.8</b>
<b>External Debt Details</b>		
Disbursed Outstanding Debt (period start)	676.4	581.9
Disbursements	35.8	20.2
Principal Repayments	-0.4	0.0
Net Flows On Debt Stock	711.8	602.1
Interest Payments	1.5	1.8
Exchange rate / other adjustments	-0.4	
Total Debt Service	1.9	1.8
<b>Total External Debt (end of period)</b>	<b>711.5</b>	<b>602.1</b>
<b>TOTAL DEBT STOCK (USD millions)</b>	<b>977.0</b>	<b>868.9</b>

Source: Department of Economic Management, MFDP

Total debt service as evidenced by Table 18, amounted to US\$3.8 million at the end of the period under review. Of the total debt service, domestic debt service amounted to US\$1.9 million or 50.8 percent (interest repayment accounts for 57.1 percent while principal repayment accounts for 42.9 percent). External debt service payment amounted to US\$1.9 million or 49.2 percent (interest repayment accounts for 80.7 percent while principal repayment accounts for 19.3 percent).

**Table 18: Public Debt Service as at end-September 2018**

US\$ millions	End Sep FY18/19	End Sep FY17/18
<b>Domestic Debt Service Details</b>		
Principal	0.8	-
Interest	1.1	0.9

<b>Total Domestic Debt Service</b>	<b>1.9</b>	<b>0.9</b>
<b>External Debt Service Details</b>		
Principal	0.4	2.1
Interest	1.5	1.15
<b>Total External Debt Service</b>	<b>1.9</b>	<b>3.2</b>
<b>Total Debt Service (USD millions)</b>	<b>3.8</b>	<b>4.1</b>

Source: Department of Economic Management, MFD

## SECTION 4: PROSPECTS AND CHALLENGES

The Liberian economy is gradually recovering from the multiple shocks that have beset the economy since 2014. Recovery has been slower than anticipated and it is constrained by reduced foreign exchange inflows that have led to depreciation of the exchange rate on account of unfavorable developments in the external environment. As a consequence, there has been an acceleration of inflation which has had dire consequences on the Government's fiscal space. The Government has responded to these challenges by instituting fiscal rules and measures to guide budget execution.

Despite, the slower than anticipated recovery, the medium term outlook could be favorable contingent upon the maintenance of debt and macroeconomic stability; the anticipated recovery in the global prices of the Nation's key exports – rubber & iron ore; rising investor confidence; and the scaling up of the implementation of the PAPD and the Domestic Resource Mobilization Strategy.