



GOVERNMENT OF LIBERIA
BUDGET FRAMEWORK PAPER
FY2015/16

This *Budget Framework Paper* is compiled using the latest available information from various departments within the Ministry of Finance and Development Planning in addition to other external sources. Some of the information contained in the document is unaudited or subject to revision.

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ACRONYMS

AfT	Agenda for Transformation
BFP	Budget Framework Paper
CSA	Civil Service Agency
DMU	Debt Management Unit
DBDP	Department of Budget and Development Planning
ESRP	Economic Stabilization and Recovery Plan
EVD	Ebola Virus Disease
GDP	Gross Domestic Product
GoL	Government of Liberia
IFMIS	Integrated Financial Management Information System
LRA	Liberia Revenue Authority
M&As	Ministries and Agencies
MFDP	Ministry of Finance and Development Planning
MTDS	Medium Term Debt Strategy
MTEF	Medium Term Expenditure Framework
MTFF	Medium Term Fiscal Framework
PFM	Public Financial Management
PSIP	Public Sector Investment Plan

FOREWORD

Since the last National Budget was presented to the Legislature, Liberia has had to confront and overcome a devastating health crisis: the Ebola Virus Disease.

The Ebola crisis put inconceivable strain on the Government of Liberia, and resulted in a slowdown in activities across various economic sectors, revenue loss, and increased expenditure demands. In addition, the crisis revealed weaknesses in existing healthcare and wider services-delivery systems, and in the infrastructure and human capacity needed for efficient service delivery.

While the urgent need exists for improving the infrastructure that support our services-delivery system, as well as for implementing the priorities set out in the Agenda for Transformation that are essential for economic transformation and poverty reduction, we also face the challenge of taking responsibility for our own security as the UN Mission to Liberia draws down. This Fiscal Year 2015/16 National Budget is therefore critical, not just for strengthening the recovery of our economy and getting our development agenda back on track, but also strengthening the capacity of the security sector to efficiently perform its duties in the absence of UNMIL.

This National Budget also marks the fourth year of working towards the implementation of Medium Term Expenditure Framework (MTEF) budgeting. The first cycle of the MTEF budgets, from Fiscal Year 2012/13 to 2014/15, scored some successes, with gradual improvements in budgeting systems leading to an initial increase in public investment, and some improvements in service delivery. However, it also faced headwinds, both in terms of revenue risks and growing expenditure pressures, which was exacerbated by the Ebola Virus Disease outbreak in FY2014/15 that limited our ability to adequately deliver on our goals, as set out in the Agenda for Transformation.

In response to the impact of the Ebola crisis, the Government formulated the Economic Stabilization and Recovery Plan, which highlights the investments that have the greatest potential to bring about economic stabilization and recovery in the shortest time possible, create jobs, and improve the lives of our citizens. Implementation of the Recovery Plan commenced in Fiscal Year 2014/2015. The Government and its donor partners have also developed a 7-year Health Investment Plan that sets out a detailed plan for how the health sector can be rebuilt and made more resilient to future crises.

The delivery of this National Budget, therefore, has proved exceptionally challenging, not only due to the severe interruptions to the budget process brought about by the Ebola crisis, but also due to the significant expenditure demands placed on it by the various development plans that remain essential to a better future for Liberia. Nonetheless, the FY2015/16 National Budget manages to provide funding for the critical education, energy, infrastructure, and social protection sectors, the continued implementation of the ESRP, for the Government's portion of the implementation of the Health Investment Plan, and for activities targeted at poverty reduction as part of the refocused Agenda for Transformation.

Amara M. Konneh
Minister of Finance & Development Planning
May 2015

EXECUTIVE SUMMARY

Budget Process

1. The Public Financial Management Law of 2009, coupled with the introduction of the Medium Term Expenditure Framework (MTEF) in FY2012/13, has significantly enhanced the national budget process. FY2015/16 marks the fourth year of the rolling Medium Term Expenditure Framework (MTEF) budget, a process which has three main objectives: to ensure fiscal discipline by spending what the public sector can afford; to allocate resources in line with national priorities; and to ensure those resources are used as efficiently as possible.
2. The Budget Framework Paper (BFP), which is the final product of the strategic phase of the budgeting process, brings together into a single document three key elements of importance to the budget: (i) an overview of the economy and fiscal trends ; (ii) the Medium - Term Fiscal Framework (MTFF); (iii) the Government expenditure plans and priorities: the Medium - Term Expenditure Framework.
3. The Government of Liberia (GoL) has continued to advance its public financial management reforms agenda based on lessons learned from the implementation of its first round of MTEF budgets. Prominent amongst the institutional reforms undertaken are: (a) the enactment of the Liberia Revenue Authority (LRA) and Ministry of Finance and Development Planning (MFDP) Acts; (b) the rollout of IFMIS to 19 government Ministries and Agencies; (c) the development and implementation of the human resources (HR) management module at the Civil Service Agency for personnel management and payroll processing; (d) the completion, approval and subsequent implementation of the Medium Term Debt Strategy (MTDS) for prudent debt management; (e) the establishment of effective internal audit functions in 37 M&As; (f) the completion of the review of the backlog of audit reports by the Public Account Committee; and (g) the deployment of SIGTAS (revenue collection system) in the small, medium and large tax units to strengthen tax compliance.
4. The Agenda for Transformation remains the overall roadmap for Liberia's medium-term economic growth and development strategy. Meanwhile, the Ebola epidemic has necessitated an Economic Stabilization and Recovery Plan that sets out appropriate policies and strategies to stabilize and stimulate the economy in a way that will complement the country's development agenda, along with a 7-year Health Investment Plan to rebuild and make resilient the health sector.

Economic and Fiscal Overview

5. The proposed framework for the FY2015/16 budget has been prepared in a challenging macroeconomic environment. The forecast for global growth has been revised downward, while progress in the local economy is being undermined by the effects of the Ebola epidemic and other exogenous factors.

6. The Liberian economy was originally projected to grow by 5.9 percent in 2014, but it is now estimated to have grown by just 0.7 percent, while a pre-Ebola real GDP growth projection of 6.8 percent for 2015 has now been revised down to 0.9 percent due to the impacts of the Ebola epidemic on all sectors of the economy, and the continued fall in global prices of the country's key export commodities – rubber and iron. Growth in 2016 is, however, more promising, with a projection of 5.7 percent — just 0.2 percentage points below the pre-Ebola forecast.
7. Liberia's key export commodities, especially rubber and iron ore, have seen significant declines in prices since 2013. This, in part, limits the Government's ability to generate revenue for adequate budget execution. And, even though the economy has seen some level of diversification in recent years, the growth outlook for the coming years for all sectors of the economy remains weak.
8. In an effort to stimulate recovery of the economy and place it back on its previous growth path, the proposed fiscal framework of this budget prioritizes spending on social and economic programs in key sectors that have the potential to spur economic growth. .
9. The current account balance is projected to moderately deteriorate in FY2015/16 due to lower exports and increased importation of food, health, and fuel related commodities, but expected to marginally improve in the outer years of the MTEF period.
10. Even though Government has faced enormous fiscal challenges due to weak revenue performance fueled by declines in one-off payments related to concessions, as well as weak domestic demand which was further exacerbated by the EVD outbreak, core revenue has grown steadily since FY2005/06. This reflects prudent fiscal management and improvements in revenue collection efforts. Budget execution has also seen steady improvement due to sustained commitment to the budget planning process, backed by in year decision making and the rollout and utilization of the Integrated Financial Management Information System (IFMIS).
11. The revised revenue projection for FY2014/15 is US\$636.5 million, against the approved national budget of US\$635.2 million. This marginal improvement is the result of higher tax revenue, mainly driven by international trade taxes, although the impact of this positive development has been tempered by underperformance in non-tax revenue – triggered by a decline in royalties due to the slump in world iron ore prices. Meanwhile, although the receipt of US\$31.0 million from the EU State Building Contract is expected to be delayed until FY2015/16, this shortfall was offset by the US\$45.7 million from the disbursement of the IMF Rapid Credit Facility, which was not included in the approved revenue forecast.
12. As of end-March2015, the total revenue collected (excluding borrowing of US\$93.5 million from the IMF and US\$5.0 million of domestic borrowing) amounts to US\$412.5 million. Of this amount, tax revenues accounted for 69.3 percent, while nontax revenues and grants account for 10.1 percent and 20.6 percent, respectively.
13. Development partners continue to provide much-needed assistance through budget support grants (on-budget) and project aid, pooled funds and trust funds (off-budget). In FY2013/14, a total of US\$445.1 million was recorded as aid disbursement, representing 56.7 percent of aid projection. In FY2014/15, off-budget financing (i.e. grants and loans) disbursed for specific

projects in various sectors amounted to US\$460.1 million as at end-March 2015. This represents 56.0 percent of the projected aid for the fiscal year.

Medium Term Fiscal Framework

14. The projected resource envelope for FY2015/16 is US\$604.0 million. This represents a 4.9percent decrease compared to the FY2014/15 approved budget of US\$635.2 million, as a result of falls in non-tax revenue, due to weak natural resource revenues and dividend payments from SOEs, and in budget support (grants and loans) due to the front-loading of support by donors to FY2014/15. Tax revenue, however, is projected to grow strongly, by 19 percent, buoyed by projected strong performance of international trade and property taxes.
15. Tax revenue is expected to total US\$402.9 million (66.7 percent); non-tax revenue US\$62.6 million (10.4 percent); grants US\$66.2 million (11.0 percent); budget support borrowing US\$58.6 million (9.7 percent); and a carryforward from FY2014/15 is projected to be US\$13.6 million (2.3 percent).

Medium Term Expenditure Framework

16. The Medium Term Expenditure Framework for FY2015/16 is based on the resource envelope detailed above, and is expressly informed by the priorities articulated in the Agenda for Transformation, the Economic Stabilization and Recovery Plan, and the Health Investment Plan.
17. The proposed FY2015/16 draft budget of US\$604.0 million consists of US\$503.7 million of recurrent expenditure (including debt principal and interest repayments of US\$32.6 million), and US\$100.4 million of public sector investment program (PSIP) expenditure. In addition, development partners are expected to disburse a US\$629.6 million of grants and loans, excluding budget support, across all sectors.
18. In order to achieve the policy priorities of Government, the following key principles have been applied to guide expenditure claims on the proposed revenue envelope:
 - 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;
 - Agree with spending entities' realistic recurrent budgets that can meet their basic spending needs and reduce the need for in-year budget transfers;
 - Meet the priorities of economic recovery, health recovery, the security needs in response to UNMIL drawdown and other development priorities set out in the AfT through targeted and well-developed PSIP projects.

LEGISLATIVE REQUIREMENTS

The requirements for the Budget Framework Paper are set out in Section 11 of the Public Financial Management Law of 2009 and in Part D.6 of the associated regulations, as below.

D.6. Documents and Contents of Proposed Budget

- 1) The Proposed National Budget to be presented to the Legislature shall be accompanied by the budget framework paper, outlined in Section 11 of the Public Finance Management Act of 2009 updated to reflect the draft budget submitted to the Legislature.
- 2) The budget framework paper shall contain the following:
 - a) An analysis of the economic and fiscal trends, and the assumptions underlying the medium term macroeconomic and fiscal framework of the budget;
 - b) An explanation of the government's policy priorities and how these are reflected in the budget;
 - c) A statement of key fiscal risks that may affect budget execution;
 - d) The essential features of the medium term expenditure framework, where this has been prepared; and
 - e) A summary statement of revenues and expenditure performance, using the main economic categories identified in Section 8(d) of the Public Finance Management Act of 2009, for the last two years showing the surplus or deficit in each of the years, and indicating the use to which it was put (in the case of surplus) or the means of financing (in the case of deficit);
 - f) A summary statement of revenues and expenditures, using the main economic categories identified in Section 8(d) of the Public Finance Management Act of 2009, for the three years showing the projected surplus or deficit in each of the years, and indicating the use to which it will be put (in the case of surplus) or the means of financing (in the case of deficit);
 - g) A summary statement of off-budget donor funding showing name of project and program, funding agency, recipient government agency, disbursements effected in the previous financial year, projected disbursement in the following financial year;
 - h) A summary statement of the performance of State-Owned Enterprises and their annual financial plans for the following year showing revenues, expenditures and changes in net worth;
 - i) summary statement of the performance of public corporations and Special Funds showing incomes accruing to them including any donor funding, cash flow statement, outstanding debt if any that includes arrears to vendors and borrowing requirements for the following financial year;
 - j) A summary statement of budgetary implications of new legislations on the proposed budget as well as the financial implication over the two outer years, consistent with the provisions of Section 19 of the Public Finance Management Act of 2009.
- 3) The detailed annual budget estimates shall show the previous budget year outturns, the current year original budget as well as the year-to-date outturn based on available data, and projected outturns.
- 4) The detailed estimates, which will include both revenues and expenditures, will be structured according to the classifications specified in Section 8(d) of Public Finance Management Act of 2009.
- 5) The detailed estimates will include overall as well as agency level summaries by the various classifications utilized in the budget.

I. BUDGET PROCESS AND AGENDA

BUDGET PROCESS

18. The MTEF process has three main objectives: to ensure fiscal discipline by spending what the public sector can afford; to allocate resources in line with national priorities; and to ensure national resources are used efficiently.
19. To strengthen the link between national priorities as set out in the national development plan and the budget, the MTEF sets out two separate phases of the budget preparation process: a strategic phase and an operational phase. The strategic phase is used to review high-level priorities and strategies before detailed resource allocation is undertaken. The operational phase of the budget preparation involves the allocation of resources to sectors and various spending entities, and concludes with the passing of the national budget by the national legislature.
20. The Budget Framework Paper (BFP) is the final product of the strategic phase of the budget. This fifth edition of the BFP is written in accordance with Section 11 of the Public Financial Management Act, and it is intended to facilitate consultation with the National Legislature on revenue and expenditure priorities for the fiscal year 2015/2016.
21. The BFP brings together into a single document three key elements of importance to the budget:
 - (i) **Overview of the economy and fiscal trends** –this provides an assessment of recent macroeconomic and fiscal performances and a macroeconomic outlook for the coming years. The outlook helps make clear the economic assumptions underlying the forecasts of the resource envelope, particularly tax and non-tax revenue, and provides the context for choices about expenditure in the budget.
 - (ii) **Medium-Term Fiscal Framework (MTFF)** – this establishes the resource envelope available over the three-year period of the MTEF. This is structured to capture all sources of revenue (tax revenue and non-tax revenue), grants from donors, and any likely borrowing (both domestic and external). The MTFF also sets out any fiscal rules that the government has agreed to abide by and an overview of fiscal risks, both on the expenditure and revenue sides.
 - (iii) **Government expenditure plans and priorities: the Medium-Term Expenditure Framework**– this sets out the Government’s policy priorities and how, given the resource envelope identified in the Medium Term Fiscal Framework, these will be reflected in the budget.
22. The GoL has continued to advance its public financial management reforms based on lessons learned from the implementation of its first round of MTEF budgets. Prominent amongst the institutional reforms undertaken over the last year are:
 - The implementation of the Act creating the Ministry of Finance and Development Planning (MFDP), which combined the roles of the now defunct Ministry of Finance and the Ministry of

Planning and Economic Affairs, in order to allow for closer alignment of budget with planning activities;

- The enactment of the Liberia Revenue Authority (LRA) Act and the subsequent operationalization of the new agency on 1 July 2014, marking the official separation and independence of the tax collection functions from the tax policy functions of the MFDP;
- The rollout of IFMIS to 19 M&As, which has helped improve budget execution and timely reporting, and enhanced compliance with basic controls; IFMIS is also assisting in standardizing financial documentation and consolidation of financial reports;
- The development and implementation of the human resources (HR) management module at the Civil Service Agency (CSA) for personnel management and payroll processing. All Liberian dollar salary payments (with the exception of the pension payroll) are now captured printed and paid from the HR management system;
- The completion, approval and subsequent implementation of the Medium-Term Debt Strategy for prudent debt management;
- The establishment of effective internal audit functions in 37 M&As covering approximately 86 percent of the national budget;
- The completion of the review of the backlog of audit reports by the Public Account Committee, which has enhanced legislative scrutiny of Government performance;
- The deployment of SIGTAS (revenue collection system) in the small, medium and large tax units to strengthen tax compliance and to calculate withholding and corporate income tax liabilities; enhance service delivery and quality of customer records; provide access to a variety of online government services such as filing of returns and payments and appointment scheduling; and a reduced tax compliance cost;
- Other institutional reforms such as the Budget Working Group established to coordinate departments involved with the budget planning and preparation process have remained on track.

POLICY AGENDA

23. The MTEF is designed to draw consistent linkages between the medium and long-term policy objectives as set out in the Agenda for Transformation (Aft) and Vision 2030, and the framework for resource allocation – the national budget.

24. Liberia Rising 2030 and the Aft provide the overall roadmap for the country's medium-term economic growth and development strategy. Launched in December 2012, the plan has a five-year horizon and comprises five pillars: Peace, Security and the Rule of Law; Economic Transformation; Human Development; Governance and Public Institutions; and Cross-cutting Issues.

25. During the course of FY2014/15 the challenge of the health crisis necessitated the creation of an Economic Stabilization and Recovery Plan (ESRP), which sets out appropriate policies and strategies to stabilize and stimulate the economy in a way that will complement the country's development agenda. The Government, in collaboration with its development partner, also developed a 7-year Health Investment Plan that provides guidance for how the health sector can be rebuilt and made more resilient for the future.
26. In conjunction with this, and as part of preparation for the FY2015/16 budget, Sector Working Groups were reinitiated and redesigned as a joint budgeting and planning forum in response to the new combined responsibilities of the MFDP. These Sector Working Groups and subsequent AfT Pillar Meetings reviewed the AfT priorities in light of the health crisis and presented a refocused set of priorities that can be delivered over the remaining two years of the AfT.
27. This National Budget provides funding for the continued implementation of the ESRP, the Government's contribution to the implementation of the Health Investment Plan and for implementation of AfT activities targeted at poverty reduction.

II. ECONOMIC AND FISCAL OVERVIEW

In brief

- The proposed framework for the FY2015/16 Budget has been prepared in a challenging macroeconomic environment. Global growth forecast has been revised downward while progress in the local economy has been undermined by the Ebola epidemic and other exogenous factors
- The Liberian economy is estimated to have stagnated in 2014 and is expected to perform below pre-Ebola 2015 projection due to the impact of the epidemic on the sectors of the economy, as well as the continued fall in the global prices of the country's key export commodities – rubber and iron ore.
- Real GDP is estimated at 0.7 per cent for 2014 and projected to be 0.9 per cent in 2015 and at 5.7 in 2016, 0.2 percent below the pre-Ebola growth projection.

GLOBAL MACROECONOMIC OUTLOOK

28. The global economic outlook signals an uneven recovery, largely due to weaker-than-expected global activity, which has prompted the 2015 growth forecast for global output to be revised downward, although it remains slightly above estimated 2014 growth. The downward revision has been driven by worsening geopolitical tensions, stagnation and low potential growth in advanced economies, as well as decline in potential growth in emerging markets.
29. According to the International Monetary Fund (IMF) April 2015 World Economic Outlook (WEO), global growth forecast is 3.5percent in 2015, representing 0.1percentage point increase compared to 2014, and is projected to be 3.8 per cent in 2016. Growth in advanced economies is projected to be 0.6percent in 2015, compared to 0.4percent in 2014; this, in part, is attributed to recoveries in countries which have been affected by geopolitical tensions and/or domestic strife, and an increase in domestic demand.
30. Growth in emerging and developing economies is projected to accelerate to 4.3percent in 2015, compared to 4.6percent in 2014. According to the IMF, this is attributable to an export rebound, but tempered by subdued domestic demand, except for in China. Growth in Sub-Saharan Africa (SSA) is projected to accelerate to 4.5percent in 2015, up from 5.0percent in 2014.
31. World trade volumes are projected to grow by 3.7percent in 2015 compared to 3.4percent in 2014. Imports of advanced economies and developing and emerging markets are estimated to grow by 3.3 percent and 3.5 percent, respectively, in 2015, as compared to 3.3percent and 3.7percent respectively in 2014. Exports of advanced economies are projected to increase by 3.2percent in 2015, compared to 3.3percent in 2014, while exports for emerging markets and developing economies are expected to expand from 5.8percent in 2014 to 3.4percent in 2015.
32. Consumer prices in advanced economies, and emerging market and developing economies are projected to increase by 0.4percent and 5.5percent, respectively, in 2015, compared to 1.4percent and 5.1percent, respectively, in 2014.

33. The oil price is projected to decline substantially in 2015, by 39.6 percent, following a 7.5 percent decline in 2014, whereas the prices of non-fuel commodities are projected to decline by 14.1 percent in 2015, compared to a 4.0 percent decline in 2014.

DOMESTIC ECONOMIC PERFORMANCE AND OUTLOOK

34. The Liberian economy experienced steady growth up to 2013, since 2005. Nonetheless, the current outlook for the economy is becoming increasingly challenging, as key contributors to growth are slowing down. 2014 was expected to bring firm growth with real GDP projected at 5.9 percent. However, real GDP growth in 2014 was recorded at 0.7 percent due to the EVD outbreak which led to lower-than-expected growth in activities in all sectors of the economy – agriculture, mining, manufacturing, and services.

35. Growth in 2015 is expected to marginally improve, compared to 2014, with real GDP growth projected at 0.9. Even so, the economy is poised to get back onto its previous growth path in 2016 as implementation of interventions stipulated in the ESRP get underway to accelerate the pace of the recovery (see Table 1).

TABLE 1: SELECTED ECONOMIC INDICATORS, 2014 – 16

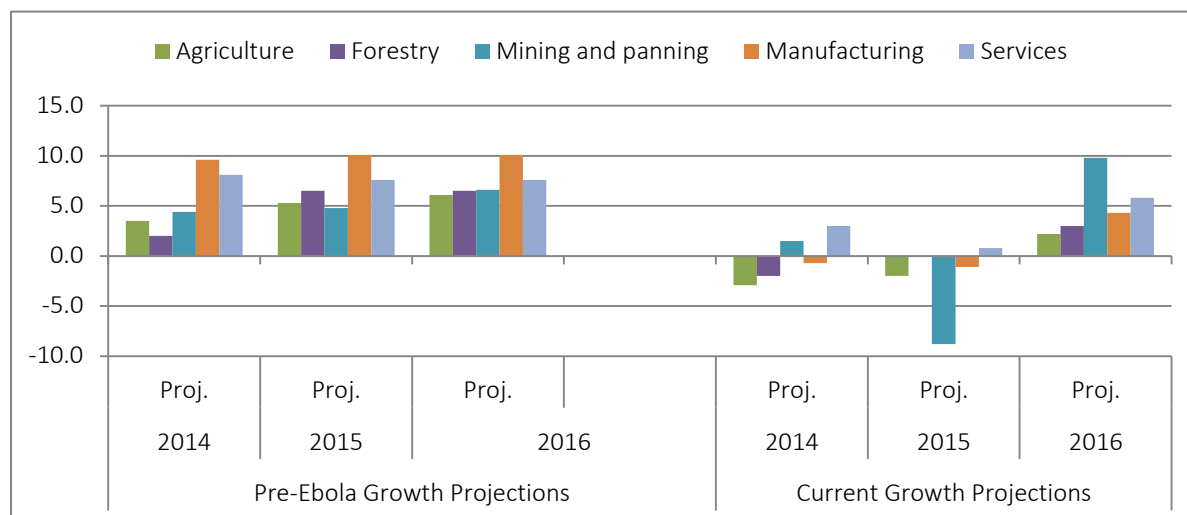
	2014	2015	2016
	Prel.	Proj.	Proj.
(Annual percentage change)			
Real GDP	0.7	0.9	5.7
Consumer prices (annual averages)	9.9	8.0	8.4
(Percent of GDP, fiscal year)			
Current account balances	-28.8	-41.5	-37.6
Gross official reserves (months of imports)	2.5	2.7	2.9

Source: Liberia authorities and IMF staff estimates and projections

36. Despite progress made in maintaining macroeconomic stability in recent years, the Liberian economy remains constrained by both structural and exogenous factors. The productive base of the economy is largely characterized by the export of primary commodities whose prices are determined externally. Furthermore, Liberia is a recipient of large security-related inflows which are expected to fall overtime, and this could expose the economy to external shocks as this source of foreign exchange earning dries out.

37. The EVD hit at a time the economy was already experiencing a series of macroeconomic shocks, including the declining terms of trade (from lower rubber and iron ore prices), reduced aggregate demand due to UNMIL drawdown, infrastructural challenges in the forestry sector, a reduction in remittance inflows, and inflationary pressures. These shocks have, no doubt, been exacerbated by the Ebola-induced declines in economic activity witnessed across all sectors of the economy.

FIGURE 1: EVD IMPACT ON SECTOR GDP GROWTH



Source: Liberia authorities and IMF staff estimates and projections

38. The global decline in the prices of Liberia’s primary export commodities since 2013 has significantly limited the Government’s ability to generate revenue for adequate budget execution.

TABLE 2: WORLD PRICES FOR LIBERIA'S KEY COMMODITY EXPORTS

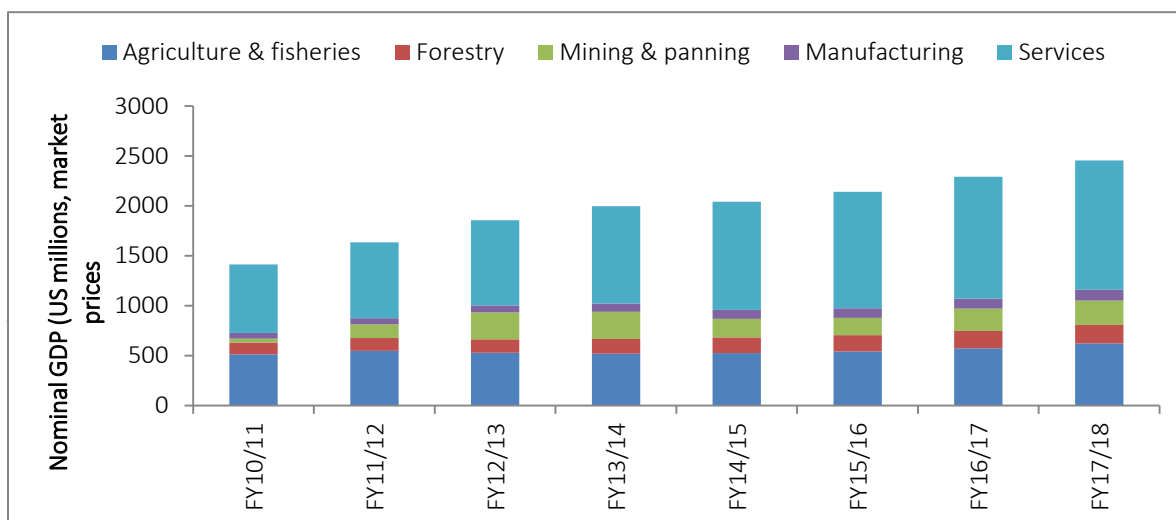
Commodity		Prices			
		2013	2014	Feb. 2015	Mar. 2015
Iron Ore	\$/MT	135.4	96.8	74.0	74.0
Rubber	cts/lb	126.8	88.8	73.5	73.5
Round Log (Hardwood)	\$/M ³	164.5	174.3	177.8	181.5
Round Log (Soft Wood)	\$/M ³	164.5	174.3	177.8	181.5
Sawn Wood (Hard wood)	\$/M ³	301.4	307.3	311.2	302.1
Sawn Wood (Soft Wood)	\$/M ³	301.4	307.3	311.2	302.1

Source: IMF monthly commodity market, March 2015

39. Growth in the economy has seen some level of diversification overtime. The services sector—dominated by trade, transportation, construction, communication, and banking – has become the largest component of nominal GDP. However, agriculture and forestry have shown weak growth, while manufacturing has failed to adequately expand from its current low base.

40. In its efforts to rekindle growth in various sectors of the economy, the Economic Stabilization and Recovery Plan has been developed to guide the Government’s actions in enhancing macroeconomic stability, sustaining investment in infrastructure, expanding the horizons of inclusive growth and development, and most importantly, creating jobs so as to improve welfare conditions in Liberia. Thus, the Fiscal Year 2015/16 National Budget is critical to the stabilization and recovery of the economy.

FIGURE 2: SECTOR COMPOSITION OF NOMINAL GDP



Source: Liberia authorities and IMF Staff estimates

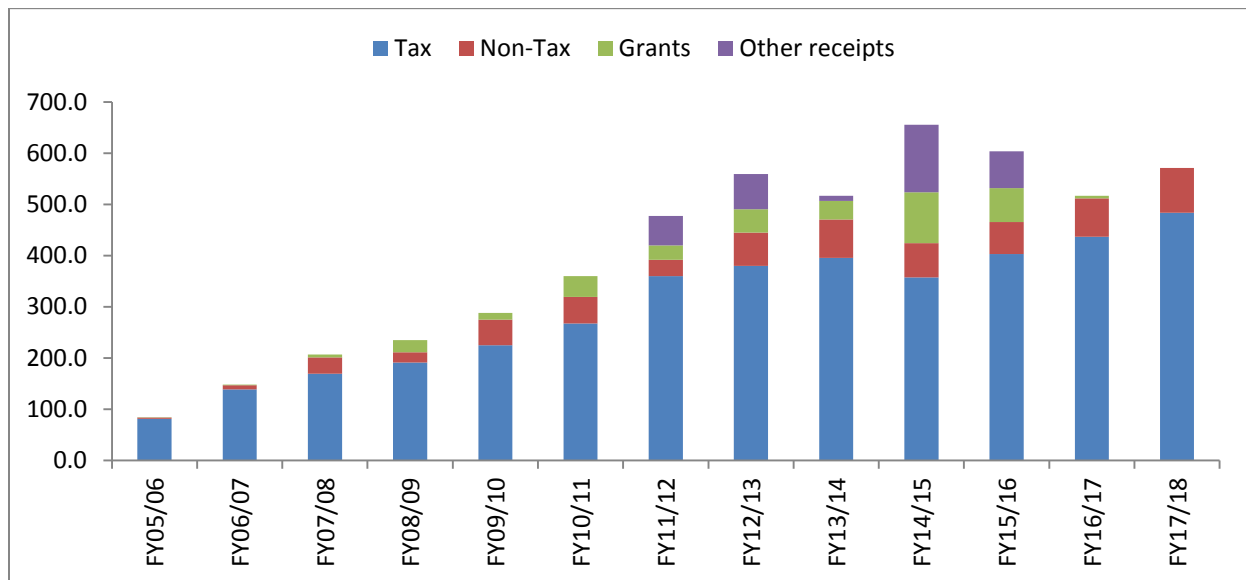
FISCAL PERFORMANCE

41. Since 2012, the Government's fiscal policy has focused on the strategic priorities under the Agenda for Transformation. Efforts have been exerted to contain recurrent spending and improve tax revenue in order to create the needed fiscal space to increase public investment and spur inclusive growth.
42. Core revenue has grown steadily since FY2005/06, reflecting growth in the economy, prudent fiscal management, and improvements in revenue collection efforts. Budget execution has also seen steady improvement due to sustained commitment to the budget planning process, backed by in-year decision-making and the rollout and utilization of the Integrated Financial Management Information System (IFMIS) across M&As.
43. In recent years, declines in one-off payments related to concessions and weak domestic demand has posed enormous fiscal challenges for the Government. This has been further exacerbated by the EVD outbreak. The resulting in-year cuts to M&As' budgets and the stringent measures taken in response to the recent health crisis have partly undermined effective service delivery.
44. Liquidity management has also seen some level of improvement, with strong coordination between the MFDP and the Central Bank of Liberia (CBL), while reform efforts are being exerted toward a Treasury Single Account (TSA) approach for government accounts held at the CBL.

REVENUE AND DEVELOPMENT PARTNERS' SUPPORT

45. Over the years, the Government has embarked on numerous tax policy reforms in its effort to broaden the tax base and improve revenue collection. This has resulted into steady improvement in terms of tax compliance. Revenues have increased significantly with an annual average increase of 17.6percent since FY2006/07. Core revenue collected as at the end of third quarter in FY2014/15 amounted to US\$412.5 million with an end - of - year projection of US\$489.3 million.
46. The revised revenue projection for FY2014/15 is US\$636.5 million, against the approved national budget of US\$635.2 million. This marginal improvement is the result of higher tax revenue, mainly driven by international trade taxes, although the impact of this positive development has been tempered by underperformance in non-tax revenue – triggered by a decline in royalties due to the slump in world iron ore prices. Meanwhile, although the receipt of US\$31.0 million from the EU State Building Contract is expected to be delayed until FY2015/16, this shortfall was offset by the US\$45.7 million from the disbursement of the IMF Rapid Credit Facility, which was not included in the original revenue forecast.
47. The projected resource envelope for FY2015/16 is US\$604.0 million. This represents a 4.9 percent decrease compared to the FY2014/15 approved budget of US\$635.2 million. The decrease is triggered by 40.6percent decline in budget support loans due to the front-loading of loans by development partners in response to the EVD epidemic in FY2014/15.
48. Tax revenue is projected to increase by 18.8percent in FY2015/16 compared to FY2014/15 budget. This is due to a better anticipated performance of international trade taxes, taxes on goods and services, and taxes on income and profits as the country gradually recovers from the EVD crisis.
49. Non-tax revenue is projected to decline significantly, however, due to weak performance of property income (i.e. royalties and rents). This reflects the fall in global iron ore prices.
50. Development partners continue to provide much-needed assistance through budget support grants (on-budget) and project aid (off-budget). Even so, the GoL has acquired concessional financing for development projects through a number of development partners. In FY2013/14, a total of US\$445.1 million was recorded as aid disbursement, representing 56.7 percent of aid projection.
51. Of the amount disbursed, 83.4 percent was delivered through project support and 7.5 percent implemented by Government through the budget, while 7.1 percent and 1.9 percent were delivered through the Trust Fund and Pool Fund mechanisms, respectively.
52. In FY2014/15, off-budget financing (i.e. grants and loans) disbursed for specific projects in various sectors amounted to US\$460.1 million as at end-March 2015. This represents 56.0 percent of the projected aid for the fiscal year.

FIGURE 3: REVENUE BY SOURCE (FY2005/06 - FY2017/18)

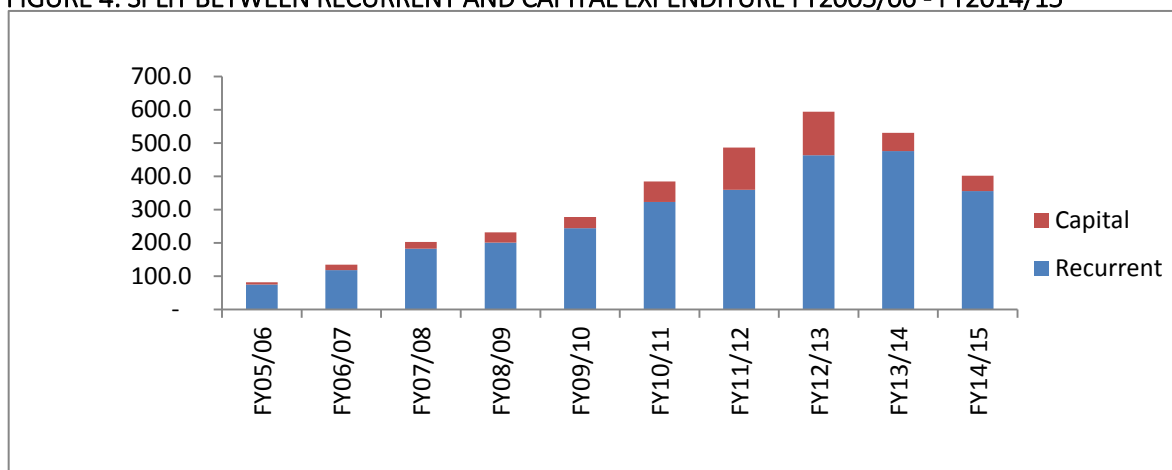


Source: Department of Fiscal Affairs, Ministry of Finance & Development Planning
 Note: FY201/14 – FY2017/18 figures are projections

EXPENDITURE

53. Trends in government expenditure have shown a year-on-year increase since FY2005/06, from US\$81.0 million in FY2005/06 to US\$530.6 million in FY2013/14 – a compound average increase of 26.5 percent per fiscal year.
54. As of the third quarter of FY2014/15, total government expenditure amounted to US\$426.3 million, of which recurrent expenditure accounted for US\$376.6 million (88.35percent of total expenditure), while capital expenditure accounted for the remaining US\$49.7 million (11.65percent).
55. Capital expenditure has been comparatively lower than other spending categories until in the first round of MTEF (FY2012/13 –FY2014/15) budgeting. The Government has recognized the importance of mobilizing resources and improving the implementation capacity within M&As for capital expenditure with the creation of a Public Investment Unit (previously the Project Management Office) within MFDP, which is tasked with evaluating project proposals and tracking Public Sector Investment Plan implementation, and assisting ministries and agencies in making their project proposals compliant with the requirements of the PSIP.

FIGURE 4: SPLIT BETWEEN RECURRENT AND CAPITAL EXPENDITURE FY2005/06 - FY2014/15



Source: Departments of Budget, Fiscal Affairs and Economic Management, Ministry of Finance & Development Planning

Note: FY2014/15 figures are disbursement as at end-March 2015

56. While budget execution has improved in recent years, it continues to experience challenges, including delayed passage of the budget, in-year transfer requests, and a lack of absorptive capacity for project execution, leading to variable execution rates. In FY2013/14, the proportion of disbursement to approved budget amounted to 91.0 per cent, up from 88.3 per cent in FY2012/13. As of the end of the third quarter of FY2014/15, the proportion of disbursement to approved budget stands at 63.2 per cent.

TABLE 3: DISBURSEMENT VERSUS APPROVED BUDGETS FY2005/6 – FY2014/15

	Approved Budget	Disbursement	Execution (%)
FY2005/06	97.8	81.1	82.9
FY2006/07	135.0	134.6	99.7
FY2007/08	199.4	202.9	101.8
FY2008/09	298.1	231.5	77.7
FY2009/10	372.0	277.6	74.6
FY2010/11	369.4	384.6	104.1
FY2011/12	516.4	485.7	94.1
FY2012/13	672.1	593.5	88.3
FY2013/14	582.9	530.6	91.0
FY2014/15*	635.2	426.3	67.1

Source: Ministry of Finance fiscal outturns

* Disbursement as at end of third quarter, March 2015

Note: The approved budget figures for FY2006/07 and FY2010/11 do not include supplemental budgets submitted. All figures are expressed in millions USD

TABLE 4: FY2013/14 DISBURSEMENTS AS AT 31 MARCH 2015 (US\$)

	Approved Budget	Mid-Year performance	End Q3 Performance
Recurrent	518,046,413	274,978,596	376,615,820
o/w Compensation of employees	244,994,641	122,165,350	172,147,912
o/w Goods and services	175,655,579	112,118,638	151,226,202
Public Sector Investment Plan	117,190,782	28,628,019	49,671,407
Grand Total	635,237,195	303,606,615	426,287,227

Source: Ministry of Finance & Development Planning

FINANCING

57. Since the completion of the Highly Indebted Poor Country Program (HIPC) in 2010, the GoL has been able to borrow from both domestic and external sources in a fiscally prudent and sustainable way.

58. In FY2014/15, the Government projected US\$10 million of domestic borrowing and US\$98.6 million of external borrowing:

- US\$47.8 million from the International Monetary Fund (IMF);
- US\$30.8 million from the African Development Bank (AfDB);
- US\$20.0 million from the World Bank International Development Association (WB – IDA);

59. The Government of Liberia, through the Central Bank of Liberia, has continued the issuance of Liberian-dollar denominated Treasury Bills (T-bills) since May 2013. The T-bills are intended to manage short run revenue volatility, and in the long run, develop and expand the money market and provide an additional policy instrument at the disposal of the CBL to manage Liberian-dollar liquidity. From January through April 2015, a total of L\$332.8 million worth of T-bill were issued, representing monthly issuance of between L\$81.7 million and 84.2 million (US\$1.0 million equivalent at prevailing exchange rates).

TABLE 5: TREASURY BILLS ISSUANCE

Auction #	Date	Maturity Date	Value of T-Bill (L\$ millions)	Interest accrued (L\$ million)
1	2-Jan-15	2-Apr-15	81.7	0.84
2	5-Feb-15	7-May-15	84.2	0.84
3	5-Mar-15	4-Jun-15	83.7	0.83
4	2-Apr-15	1-May-15	83.3	0.70
Total			332.8	3.2

III. MEDIUM TERM FISCAL FRAMEWORK: 2015/16 – 2017/18

60. The Medium-Term Fiscal Framework (MTFF) uses the latest economic and fiscal data to establish the resource envelope and expenditure ceilings for the three years covered by the Medium-Term Expenditure Framework (MTEF). FY2015/16 marks the fourth year of rolling MTEF budgets since its adoption in FY2012/13.
61. The MTFF sets out Government's fiscal measures to guide spending and borrowing in a fiscally responsible and sustainable way in order to achieve key policy priorities as set out in the AfT and ESRP.

MEDIUM TERM FISCAL FRAMEWORK

62. The economy is expected to marginally improve in FY2015/16, compared to FY2014/15. The real GDP growth rate in 2015 is projected at 0.9 percent, while growth in 2016 is projected at 5.7 percent.
63. Considering the slow pace of economic activity in various sector of the economy due to the impact of the EVD crisis, the risk of weak domestic demand in the near-term, and further declines in the prices of key primary products – iron and rubber – the government is projecting a highly constrained resource envelope in FY2015/16 as well as in the outer years of FY2016/17 and FY2017/18.
64. The total resource envelope amounts to US\$604.0 million, of which consists of tax revenue of US\$402.9 million (66.7 percent); non-tax revenue of US\$62.6 million (10.4 percent); grants of US\$66.2 million (11.0 percent); borrowing of US\$58.6 million (9.7 percent), and a carryforward of US\$13.6 million (2.3 percent).
65. Of the core revenue of US\$531.8 million, tax revenue – which primarily consists of taxes on international trade, taxes on goods and services, and taxes on income and profits – accounts for 75.8 percent. Non-tax revenue, meanwhile, is expected to fall due to decline in property income as royalties from concessions – especially iron ore – are expected to fall due to falling global prices.
66. Over the medium term, budget support grants and loans are expected to fall as development partners front-loaded their support in response to the EVD crisis.

TABLE 6: MEDIUM TERM FISCAL FRAMEWORK

	FY13/14	FY14/15	FY14/15	FY15/16	FY16/17	FY17/18
US\$ '000s	Actual	Approved	Proj.	Proj.	Proj.	Proj.
Resource Envelope	517,215	635,236	636,453	604,040	516,752	571,110
REVENUE	506,865	526,599	489,293	531,835	516,752	571,110
Core Revenue	506,865	460,799	489,293	531,835	516,752	571,110
Total Tax Revenue	395,924	339,171	372,610	402,965	436,861	483,787
Other Non-Tax Revenue	74,568	62,568	55,967	62,639	74,891	87,322
Grants	36,373	59,061	60,716	66,231	5,000	-
Contingent Revenue	-	65,800	-	-	-	-
BORROWING	10,350	108,637	147,159	58,606	-	-
Budget Support Loans	10,350	98,637	142,159	58,606	-	-
World Bank IDA	10,350	20,000	20,000	30,000	-	-
African Development Bank	-	30,750	28,610	28,606	-	-
IMF (Ad Hoc Augmentation)	-	47,887	47,887	-	-	-
IMF (Rapid Credit Facility)	-	-	45,662	-	-	-
New Domestic Borrowing	-	10,000	5,000	-	-	-
CARRYFORWARD				13,600		
Memo Item: Donor Off-Budget (Grants & Loans)	-	-		629,589	394,138	353,217

MTFF ASSUMPTIONS

67. The revenue forecast is based on the latest economic assumptions and adjustment to historical trends based on revenue performance in the current fiscal year and expectations for concession revenues.

TABLE 7: KEY MACROECONOMIC DATA INPUTS TO REVENUE FORECAST

	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18
	Prel.	Proj.	Proj.	Proj.	Proj.
Real GDP growth (%)*	8.7	0.7	0.9	5.7	6.8
Nominal GDP	1996	2015	2093	2302	2602
Nominal GDP growth (%)	8.0	2.3	4.3	9.2	11.3
Nominal GDP growth excl. mining & panning (%)	9.1	1.4	3.8	10.0	13.1
Agriculture	-1.5	2.9	4.8	6.6	9.1
Forestry	9.9	9.6	6.2	8.8	11.7
Mining and panning	-0.7	-43.8	-26.0	8.4	0.4

Manufacturing	18.6	10.6	7.1	20.6	32.9
Services	14.5	10.9	6.9	11.0	14.5
Consumer price growth (average, %)	8.8	9.0	8.2	8.4	7.9

*Real GDP growth implies annual percentage for the first year of the fiscal period.

Source: Department of Economic Management; IMF ECF Fourth Review

68. The MTEF is based on GDP and inflation projections from the macro-framework agreed with the IMF under the Extended Credit Facility (ECF) program.

BORROWING

69. The Government of Liberia completed the Heavily Indebted Poor Countries (HIPC) debt-relief program in 2010. Since then, the Government has put in place measures to ensure fiscal prudence and sustainability in the context of borrowing over the first three years of MTEF budgets. These fiscal measures have been maintained for the FY2015/16 National Budget, and include the following:

- 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.

19. In the context of individual loans:

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

IV. MEDIUM TERM EXPENDITURE FRAMEWORK

EXPENDITURE PRIORITIES

70. In FY2014/15, the Government put into place a number of fiscal measures to boost expenditure that were crucial in the fight against Ebola, including spending on social welfare services, such as feeding of patients in health facilities and ETUs, as well as providing security, safe drinking water and sanitary supplies to quarantined communities. Government also cut back on non-essential spending by placing a moratorium on all non-essential purchases, such as vehicles and office supplies, reducing fuel and lubricant expenditure by 25% and limiting non-essential foreign and domestic travel.
71. Similar expenditure control policies will be continued in FY2015/16, with the Medium Term Expenditure Framework prioritizing the implementation of the Agenda for Transformation, the Economic Stabilization and Recovery Plan, and the Health Investment Plan, over non-essential spending.
72. The FY2015/16 draft budget proposes US\$604.0 million of total expenditure, of which recurrent expenditure accounts for US\$503.7 million (including debt repayments of US\$32.6 million); Public Sector Investment Plan (PSIP) expenditure accounts for the remaining US\$100.4 million. In addition, development partners are expected to disburse US\$629.6 million of grants and loans, excluding budget support, across all sectors.
73. In order to achieve the policy priorities of Government, the following key principles have been applied to guide expenditure claims on the proposed revenue envelope:
- 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;
 - Agree with spending entities' realistic recurrent budgets that can meet their basic spending needs and reduce the need for in-year budget transfers;
 - Meet the priorities of economic recovery, health recovery, the security needs in response to UNMIL drawdown and other development priorities set out in the AfT through targeted and well-developed PSIP projects.

TABLE 8: FY2015/16 DRAFT BUDGET EXPENDITURE BREAKDOWN

US\$ '000s	FY14/15 Approved Budget	FY15/16 Draft Budget	FY16/17 Projection	FY17/18 Projection
TOTAL EXPENDITURE (RECURRENT & PSIP)	635,236	604,040	516,752	571,110
RECURRENT	526,061	503,669	515,954	528,677
RECURRENT BASELINE	526,061	503,669	515,954	528,677
COMPENSATION	246,713	251,267	251,267	251,267
CONSUMPTION OF FIXED CAPITAL	5,294	10,741	11,321	12,114
GRANTS	80,889	86,389	86,389	86,389
SOCIAL BENEFITS	1,168	1,270	1,270	1,270
USE OF GOODS AND SERVICES	191,999	154,002	165,706	177,637
KEY LINES WITHIN RECURRENT BASELINE	168,452	150,892	142,978	147,876
DEBT PRINCIPAL & ARREARS	35,707	22,606	14,679	17,638
DEBT INTEREST	9,525	9,990	10,003	11,941
GENERAL CLAIMS	26,459	104,144	104,144	104,144
COMPENSATION		24,886	24,886	24,886
GRANTS		12,109	12,109	12,109
INTEREST AND OTHER CHARGES		1,876	1,876	1,876
USE OF GOODS AND SERVICES		51,119	51,119	51,119
SOCIAL DEVELOPMENT CONTRIBUTIONS	14,559	14,153	14,153	14,153
NATIONAL CLAIMS	82,202	-	-	-
PSIP	109,175	100,371	799	42,433
ESRP INTERVENTION I: RECOVERING OUTPUT AND GROWTH	-	19,664	-	-
ESRP INTERVENTION 2: STRENGTHENING RESILIENCE AND REDUCING VULNERABILITY	10,725	19,700	-	-
ESRP INTERVENTION 3: UNDERGIRDING PUBLIC FINANCES AND ENSURING SERVICE DELIVERY		1,350	-	-
COUNTERPART FUNDING	28,139	23,133	-	-
SECTOR PROJECTS	34,038	9,525	-	-

RECURRENT EXPENDITURE

74. The recurrent budget for FY2015/16 is US\$503.7 million (including debt repayment of US\$32.6 million) compared to US\$520.8 million in FY2014/15. This represents 4.3 percent decrease.

75. Recurrent expenditure is broken down, according to economic classification, in the following manner:

- **Compensation:** US\$251.3million (50% of recurrent expenditure); this marks a 1.8 percent *increase* from the US\$246.7 million in the FY14/15 approved budget.
- **Consumption of Fixed Capital:** US\$10.7 million (2.1% of recurrent expenditure); this marks an 102.9 percent *increase* from the US\$5.3 million in the FY14/15 approved budget, and is mainly the result of a reclassification of certain expenditure items to better reflect actual expenditure.
- **Grants:** US\$86.4 million (17.2% of recurrent expenditure); this marks a 6.8 percent *decrease* from the US\$80.9 million in the FY14/15 approved budget. Grants include US\$14.2 million of social development contributions in FY2015/16.
- **Social Benefits:** US\$1.3 million (0.3% of recurrent expenditure); this marks an 8.8 percent *increase* from the US\$1.2 million in the FY14/15 approved budget..
- **Goods and Services:** US\$151.8 million (30.6% of recurrent expenditure); this marks a 19.8 percent *decrease* from the US\$192.0 million in the FY14/15 approved budget.

76. Across these expenditure lines, key areas of expenditure include:

- **Debt Principal and Arrears:** US\$22.6 million. This marks a 36.7 percent *decrease* from the US\$35.7 million in the FY14/15 approved budget.
- **Debt Interest:** US\$10.0 million. This marks a 4.9 percent *increase* from the US\$9.5 million both in the FY14/15 approved budget. This is the result of an increase in interest on external debt due to an increase in the external debt stock; however it has been ameliorated somewhat by the debt waiver received from the IMF as part of support in response to the Ebola crisis.
- **Social Development Contributions:** US\$14.2 million.
- **County Development Funds:** US\$3.0 million. This remains *unchanged* from both the FY14/15 approved budget and for the outturn expected for FY14/15.
- **General Claims:** US\$104.1 million. This marks a 293.6 percent *increase* from the US\$26.5 million in the FY14/15 approved budget. This is partly a result of National Claims having now been subsumed into General Claims as part of streamlining of classifications.
- **National Claims:** Zero. This is down from US\$82.2 million in the FY14/15 approved budget. This is because the US\$32.5 million of targeted funds from FY2014/15 (private sector, health revitalization, agriculture and education) are not present in FY2015/16, with these policy priorities covered within PSIP and other recurrent line, while the remaining lines have been reclassified to be under General Claims.

77. The table below shows how recurrent operational costs are broken down by sector; this excludes debt payments, SDFs, CDFs and other General Claims in order to provide sensible comparisons across sectors.

78. Recurrent expenditure in a number of sectors has increased while others have fallen in response to reprioritization in light of the ESRP, AfT and Health Investment Plan and PSIP projects being taken forward in those sectors. Key changes include:

- an additional US\$14.4 million in the Education sector which includes increases in allocations for sector materials, teacher training institutions, community colleges, and universities;
- an additional US\$15.3 million in the Health sector to bring an initial 2500 workers, out of an estimated 5000, from the NGO sector onto the Government's payroll, along with additional funding for operational costs for the Ministry of Health and major health facilities, and for medicines and other consumable items;
- an additional US\$6.6 million for deconcentration, county capital cities, city mayors, and new fiscal superintendents;

TABLE 9: RECURRENT EXPENDITURE BY SECTOR

Sector	FY14/15 Projected Outturn	FY 15/16 Recurrent Ceiling
Agriculture	4,966,248	5,258,994
Education	63,301,133	77,702,288
Energy and Environment	8,793,984	10,336,326
Health	47,948,711	63,284,530
Industry and Commerce	16,090,865	7,213,781
Infrastructure and Basic Services	9,817,068	12,828,515
Municipal Government	9,058,937	15,614,274
Public Administration	92,590,122	100,558,967
Security and Rule of Law	77,290,578	74,650,362
Social Development Services	6,375,964	9,527,170
Transparency and Accountability	32,711,910	22,550,467
TOTAL	368,945,520	399,525,674

PUBLIC SECTOR INVESTMENT PLAN (PSIP) EXPENDITURE

79. The proposed PSIP portfolio for FY2015/16 is US\$100.4 million, an 8.1 percent decrease compared to the US\$109.2 appropriated for FY2014/15. A set out in Annex III, this is divided among the following areas:

- US\$19.7 million for **ESRP Intervention I** (Recovering Output and Growth). This includes:
 - US\$0.6 million for Agriculture and Agribusiness;
 - US\$1.2 million for Commerce;
 - US\$1.2 million for the National House Project;
 - US\$ 10.95 million for Rural Development Fund projects; and
 - US\$5.7 million for James S. Payne airport, extension of the fiber optic network and for implementation of the road axle law (weight bridges).
- US\$19.7 million for **ESRP Intervention II** (Strengthening Resilience and Reducing Vulnerability). This includes:
 - US\$2.0 million for Water and Sanitation;
 - US\$2.55 million for Education;
 - US\$15.0 million for Security; and
 - US\$0.15 million for Social Protection.
- US\$1.4 million for **ESRP Intervention III** (Undergirding Public Finances and Ensuring Service Delivery). This is focused on deconcentration, and includes:
 - US\$0.5 million for the implementation of deconcentration projects;
 - US\$0.4 million for the establishment of independent driving and motor vehicle registration services; and
 - US\$0.5 million for the National Transit Authority to develop new bus facilities outside of Monrovia.
- US\$23.1 million dollars for the Government to honor its side of **Counterpart Funding** agreements. This includes:
 - US\$10 million for the Government’s share of the financing for the Ganta to Yekepa road;
 - US\$7.3 million for the Liberia Road Asset Management Project (LIBRAMP); and
 - US\$1.5 million for RIA and JSP runways
- US\$27.0 million for Ministry of Public Works **Road Works**. This includes:
 - US\$23.0 million for Ongoing roads; and
 - US\$4.0 million for Road maintenance
- US\$9.5 million for **Sector Projects**, including capacity building,

OUTER YEAR ESTIMATES

80. Although ministries and agencies were not asked to provide detailed budget estimates of the outer years (FY2016/17 and FY2017/18), estimates have been made of the major expenditure categories, using the following approach:

- Compensation was held constant in each of the outer years. Despite growth in basic salaries between FY2012/13 and FY2014/15 of around 7 percent a year, there is currently no firm policy basis on which to project increases and considerable uncertainty, for example due to the expectation that some compensation lines, such as general and special allowance, may be subsumed into basic salaries as the Civil Service Reform Program continues.
- Goods and Services estimates for the outer years are determined by applying the inflation rate to the base year projection. CPI inflation in FY2016/17 is forecast at 7.6% and 7.2% for FY2017/18.
- Capital expenditure is estimated to grow at the rate of real GDP, which for FY2016/17 and FY2017/18 is forecast to be 5.4% and 7.0% respectively.
- The amounts of Grants to spending entities are subject to sector policies and fiscal discretion, about which there is not sufficient information for the outer years. As such, policy has been assumed to be held constant.

ANNEX I: FY2015/16 DEVELOPMENT ASSISTANCE

Table 10: Medium Term Budget Support Projections

Medium Term Budget Support Projections						
Donors	FY2015/2016		FY2016/2017		FY2017/2018	
	Grant	Loan	Grant	Loan	Grant	Loan
African Development Bank		28,605,704				
European Union	47,040,000					
International Development Association		30,000,000				
International Monetary Fund						
Norway	10,000,000		5,000,000			
USAID	9,190,681		-			
Grand Total	66,230,681	58,605,704	5,000,000			

Source: Department of Economic Management, MFDP

Table 11: Medium Term Off-budget Grants & Loans Projections by Development Partners

Donors Projects without Budget Support						
Donors	FY2015/2016		FY2016/2017		FY2017/2018	
	Grant	Loan	Grant	Loan	Grant	Loan
African Development Bank	86,523,600		79,000,000		10,400,000	
BADEA						
Bill & Melinda Gate Foundation						
Denmark	-		-			
Department For International Development	-		-			
European Investment Bank		17,130,454		-		
European Union	9,758,560		43,897,600		35,125,760	
France	-		-			
Germany	50,242,000		31,460,000		9,265,000	
GIZ	-		-			
Global Fund	6,401,574		-			
IFAD	7,060,000	1,070,000	5,500,000	360,000		
India						
India Exim Bank						
International Development Association	47,510,463	77,970,394	26,855,371	54,889,139		
International Monetary Fund						
Ireland	-		-			
Japan	17,000,000		17,000,000			
Kuwait		-		-		
Norway	76,309,700		33,536,000			
Sweden	30,760,914		-			
UNDP	5,787,594					
United Nations Children Fund	28,524,557		26,908,077		25,320,708	
United Nations High Commission for Refugees	3,716,361		-			
United Nations Peace Building	9,683,678		-			
United Nations Population Fund	3,108,000		-			
UNOPS	192,419					
USAID	76,794,953		20,261,869		6,080,964	
World Food Programme	72,687,468		13,548,549			
World Health Organization	1,356,356		-			
Grand Total	533,418,197	96,170,848	297,967,466	55,249,139	86,192,432	

Source: Department of Economic Management, MFDP

ANNEX II: STOCK OF PUBLIC DEBT AND FY2014/15 DEBT SERVICE

Table 12: Public Debt Stock as at end-March 2015

	QTR I	QTR II	QTR III
Domestic Debt Details			
CBL	264.44	264.44	261.94
LBDI	4.65	4.46	2.26
ECOBANK	12.33	4.82	4.74
Infrastructure Loan	10.00	10.00	10.00
Total Financial Institution	291.42	283.72	278.94
Supplier's Credit	1.94	1.94	0.00
Other Arrears	5.00	5.00	5.00
Total Domestic Debt (end of period)	298.36	290.66	283.94
External Debt Details			
Disbursed Outstanding Debt (period start)	354.65	396.47	458.78
Disbursements	43.16	76.97	92.11
Principal Repayments	-0.77	-3.42	0.00
Net Flows On Debt Stock	42.39	73.55	92.11
Interest Payments	0.63	1.24	0.43
Exchange rate / other adjustments	-0.57	-11.24	19.47
Total Debt Service	1.41	4.66	0.43
Total External Debt (end of period)	396.47	458.78	531.42
TOTAL DEBT STOCK	694.83	749.44	815.36

Source: Department of Economic Management

Table 13: Public Debt Service as at end-March 2015

US\$ millions	QTR I	QTR II	QTR III	Total
Domestic Debt Service Details				
Principal	7.1	7.7	0.2	15.0
Interest	0.4	1.1	1.2	2.8
Total Domestic Debt Service	7.5	8.8	1.4	17.8
Domestic External Debt Service Details				
Principal	-	3.4	0.8	4.2
Interest	0.4	1.2	0.6	2.3
Total External Debt Service	0.4	4.7	1.4	6.5
Total Debt Service	8.0	13.5	2.8	24.3

Source: Department of Economic Management

ANNEX III: FY2015/16 FISCAL TABLE

	FY14/15	FY15/16	FY16/17	FY17/18
	Approved Budget	Draft Budget	Projection	Projection
RESOURCE ENVELOPE: REVENUE + BUDGET SUPPORT (GRANTS & LOANS) + UNALLOCATED BORROWING	635,236,000	604,040,520	516,752,225	571,109,794
TOTAL REVENUE + GRANTS	526,557,059	531,834,816	516,752,225	571,109,794
CORE REVENUE	460,757,059	531,834,816	516,752,225	571,109,794
TAX REVENUE	339,127,881	402,964,886	436,861,124	483,787,441
NON-TAX REVENUE	62,568,178	62,639,250	74,891,101	87,322,353
GRANTS	59,061,000	66,230,681	5,000,000	0
CONTINGENT REVENUE	65,800,000	0	0	0
TAX REVENUE	0	0	0	0
NON-TAX REVENUE	15,500,000	0	0	0
GRANTS	50,300,000	0	0	0
EXPENDITURE (ON-BUDGET)	635,236,000	604,040,520	516,752,225	571,109,794
RECURRENT	526,061,438	503,669,395	515,953,565	528,676,889
PSIP	109,174,562	100,371,125	798,660	42,432,905
<i>MEMO: REVENUE less RECURRENT</i>		<i>100,371,125</i>	<i>798,660</i>	<i>42,432,905</i>
REQUIRED FINANCING	108,678,941	72,205,704	-798,660	-42,432,905
IDENTIFIED FINANCING (ON-BUDGET)	108,637,000	72,205,704	0	0
BUDGET SUPPORT LOANS	98,637,000	58,605,704	0	0
African Development Bank	30,750,000	28,605,704	0	0
World Bank-IDA	20,000,000	30,000,000	0	0
IMF ad hoc augmentation	47,887,000	0	0	0
IMF RCF	0	0	0	0
DOMESTIC BORROWING	10,000,000	0	0	0
CARRY FORWARD	0	13,600,000	0	0
IMF RCF	0	13,600,000		
UNFUNDED GAP	0	0	0	0
TOTAL EXPENDITURE (RECURRENT & PSIP)	635,236,000	604,040,520	516,752,225	571,109,794
RECURRENT	526,061,438	503,669,395	515,953,565	528,676,889
RECURRENT BASELINE	526,061,438	503,669,395	515,953,565	528,676,889
COMPENSATION	246,712,792	251,267,286	251,267,286	251,267,286
CONSUMPTION OF FIXED CAPITAL	5,293,522	10,741,354	11,321,387	12,113,884
GRANTS	80,888,904	86,388,956	86,388,956	86,388,956

SOCIAL BENEFITS	1,167,516	1,270,000	1,270,000	1,270,000
USE OF GOODS AND SERVICES	191,998,704	154,001,799	165,705,936	177,636,763
KEY LINES WITHIN RECURRENT BASELINE	168,451,984	150,892,309	142,977,866	147,876,496
DEBT PRINCIPAL & ARREARS	35,707,324	22,605,709	14,678,670	17,638,409
DEBT INTEREST	9,524,553	9,989,916	10,002,512	11,941,403
GENERAL CLAIMS	26,459,192	104,143,721	104,143,721	104,143,721
COMPENSATION		24,885,900	24,885,900	24,885,900
GRANTS		12,109,434	12,109,434	12,109,434
INTEREST AND OTHER CHARGES		1,875,954	1,875,954	1,875,954
USE OF GOODS AND SERVICES		51,119,470	51,119,470	51,119,470
SOCIAL DEVELOPMENT CONTRIBUTIONS	14,558,963	14,152,963	14,152,963	14,152,963
NATIONAL CLAIMS	82,201,951			
PSIP	109,174,562	100,371,125	798,660	42,432,905
ESRP INTERVENTION I: RECOVERING OUTPUT AND GROWTH		19,663,513		
Agriculture / Agri business		613,513		
Rice & Cassava Market Development: storage/processing		613,513		
Commerce		1,200,000		
MOCI - Wood and Cloth Factory		200,000		
MFDP - Private Sector Development		1,000,000		
Infrastructure: Energy, Roads and Transport, Ports		17,850,000		
National Housing Project		1,200,000		
MPW: Rural Development Fund (Housing for Healthcare, Security and Education professionals)		10,950,000		
Installation of Weight Bridge		100,000		
Extension of the Fiber Optic network		600,000		
Liberia Airport Authority- James S. Payne Runway		5,000,000		
ESRP INTERVENTION 2: STRENGTHENING RESILIENCE AND REDUCING VULNERABILITY	10,724,642	19,700,000		
Water and Sanitation		2,000,000		
Ebola response and recovery WASH Implementation plan (MPW)		1,000,000		
Revised Water and Sanitation Expansion Plan (LWSC)		1,000,000		
Education		2,550,000		
Tubman University - construction 8 faculty houses		1,000,000		
TVET curriculum revision and AITB upgrade (AITB)				
BWI - Vocational and Technical Program		1,000,000		
MYS -Klay Vocational Training Center		150,000		
MYS Tumutu Vocational Training Center		400,000		

Social Protection		150,000
MGCSF -Safe Homes for Girls		150,000
Security / UNMIL drawdown		15,000,000
AFL Todee Project Phase II	675,000	
Arms and Ammunition	450,000	
Capacity Support to INCHR	180,000	
Construction of one residential unit for recruits at LNPTA	135,000	
Gbarnga Regional Hub	450,000	
LNP Camp Maintenance and Logistics Acquisition (including uniforms, and salaries for 900 recruits, vehicles, lethal and non-lethal weapons)	1,800,000	
National Security Agency	2,260,000	
Operation and Maintenance of new Engineering Equipment	225,000	
Peacekeeping Operations in Mali (MINUSMA)	360,000	
Prison Rehabilitation and Support Services	416,158	
Purchase of firefighting logistics and training of 75 firefighters	450,000	
Recruit Training for 210 Personnel	225,000	
Rehabilitation of BIN Training Academy in Foya, Lofa County	675,000	
Renovation and Rehabilitation of Police Stations	270,000	
Stipend and food for catering to 900LNP recruits	450,000	
Strengthening Economic Affairs, Codification & Administration	150,984	
Strengthening prosecution (par	315,000	
Training and deployment of 135 DEA agents	112,500	
Training, Deployment and Logistics for 220 EPS agents	450,000	
Training, deployment and Logistics for 422 BIN recruits	675,000	
ESRP INTERVENTION 3: UNDERGIRDING PUBLIC FINANCES AND ENSURING SERVICE DELIVERY		1,350,000
Deconcentration		1,350,000
Deconcentration - MIA		500,000
Establishment of Independent driving and motor vehicle registration services (MOT)		350,000
NTA - Construction of New Buses Facility		500,000
COUNTERPART FUNDING	28,138,920	23,132,612
MOA		600,000

Counterpart funding: Agriculture Sector Rehabilitation Project-Liberia (ASRP-AfDB)		
Counterpart funding: Agriculture Sector Rehabilitation Project-Liberia (ASRP-IFAD) 2. ASRP Extension - (IFAD)		50,000
Counterpart funding: Smallholder Tree Crop Revitalization Support Project (STCRSP-IFAD)		30,000
Counterpart funding: Smallholder Tree Crop Revitalization Support Project (STCRSP-IDA)		370,000
Counterpart funding: West African Agricultural Productivity Project (WAAPP - IDA/Japanese Trust Fund)		120,000
Counterpart funding: Smallholder Agricultural Productivity Enhancement and Commercialization (SAPEC) Project (GAFSP - AfDB)		
Counterpart funding: West Africa Regional Fisheries Project (WARFP)		30,000
LEC		1,400,000
Counterpart funding: (Short Term Energy Project) Monrovia – RIA – Firestone (T&D); Monrovia – Tubmanburg (T&D); Monrovia Consolidation	1,219,000	
Counterpart funding: Mount Coffee Hydro Generation Rehabilitation - Norway	7,500,000	
Counterpart funding: Liberia Accelerated Electricity Expansion Project (LACEEP)		800,000
Counterpart funding: Bushrod Power Generation Expansion Project		600,000
LME		500,000
Counterpart funding: WAPP - Electricity Interconnection Côte d'Ivoire, Liberia, Sierra Leone, and Guinea(LME)	2,200,000	500,000
HFO (BADEA LOAN)	1,200,000	
MPW		17,430,800
Counterpart funding:Ganta to Yekepa (66.8Km)		10,000,000
Counterpart funding: Fishtown-Harper (Harper- Karloken Lot 1) RAP and Fishtown-Karloken (Lot II)	961,106	
Counterpart funding: Liberia Road Asset Management Project (LIBRAMP)		7,280,000
Counterpart funding: Somalia Drive - JICA		50,000
Counterpart funding: Liberia Urban and Rural Infrastructure Rehabilitation Project (URIRP) with Additional Financing	2,200,000	
Counterpart funding: Rural WASH		100,800

program		
LAA		1,500,000
Liberia Civil Aviation Authority- RIA Runway	2,500,000	1,500,000
MoH		
Counterpart funding: FARA with the GOL Ministry of Health Social Welfare	8,478,814	
MCC		1,602,812
Counterpart funding: FISH; Fostering Innovation and Hygiene in Monrovia		211,000
Counterpart funding: Emergency Monrovia Urban Sanitation Project (EMUS)	1,880,000	1,391,812
Governance Commission		99,000
Counterpart funding: Institutional development and capacity building support		99,000
MPW ROADWORKS	36,500,000	27,000,000
Ongoing roads	34,000,000	23,000,000
Road maintenance	2,500,000	4,000,000
SECTOR PROJECTS	34,038,250	9,525,000
MYS - Beach and Waterways	350,000	1,000,000
CSA - Capacity Building	1,500,000	2,000,000
Elections	9,500,000	
Reconciliation	500,000	
MVTC	500,000	
Nimba Community College - Unspecified	38,250	
Renovation of Executive Mansion	3,000,000	3,000,000
Low cost Housing Construction	1,000,000	
LYEP	1,500,000	
Construction of Building/Goods(Foreign Mission)	3,400,000	
Legislative Project- MPW: Rural Development Fund (Housing for Healthcare, Security and Education professionals)	10,950,000	
LWSC - Operation of White Plains Water Treatment Plant	1,000,000	
LACE-Special Project	800,000	
LISGIS - Household Income Expenditure Survey		1,000,000
Conduct the 2015 National Labour Force Survey in partnership with LISGIS (MoL)		250,000
Designing of Plan for the construction and Equipping of a National Library (MOS)		100,000
Land Commission - Zekepa Survey		100,000
Judiciary -New Jury Law		750,000
GSA- Mesurado River Dredging		250,000
MICAT- Fencing the National Culture Center		75,000

MICAT - Renovation of Liberia's National Museum	100,000
MLME - Mineral Buying Unit	350,000
MYS - Fencing of Sport Land in Cape Mont	100,000
Local Content Policy	200,000
National Council of Chief Compound - Construction of Chief Compound	250,000