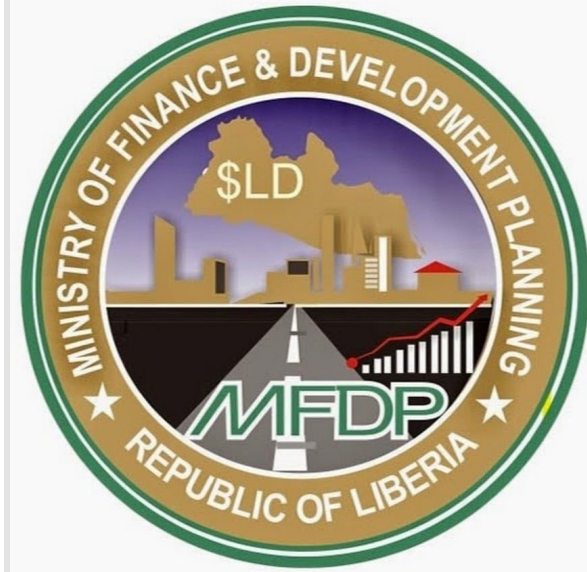


# INCREASING DEBT VULNERABILITIES AND/OR DISTRESS AND THE POTENTIAL FOR DEFAULTS BY SOME AFRICAN SOVEREIGNS

- Case of Liberia

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MINISTRY OF FINANCE & DEVELOPMENT  
PLANNING

# OUTLINE

- Overview
- Court Debt
- Trend in Court Debt Stock & Service
- SOE Contingent Liabilities
- Gov't Interventions

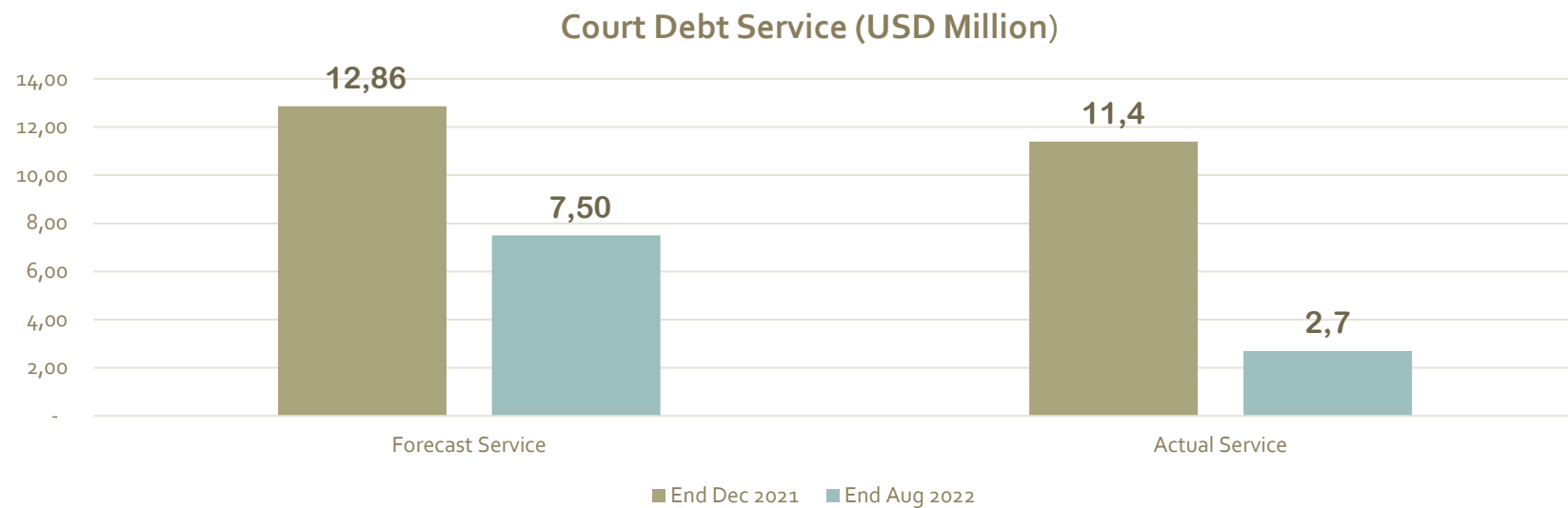
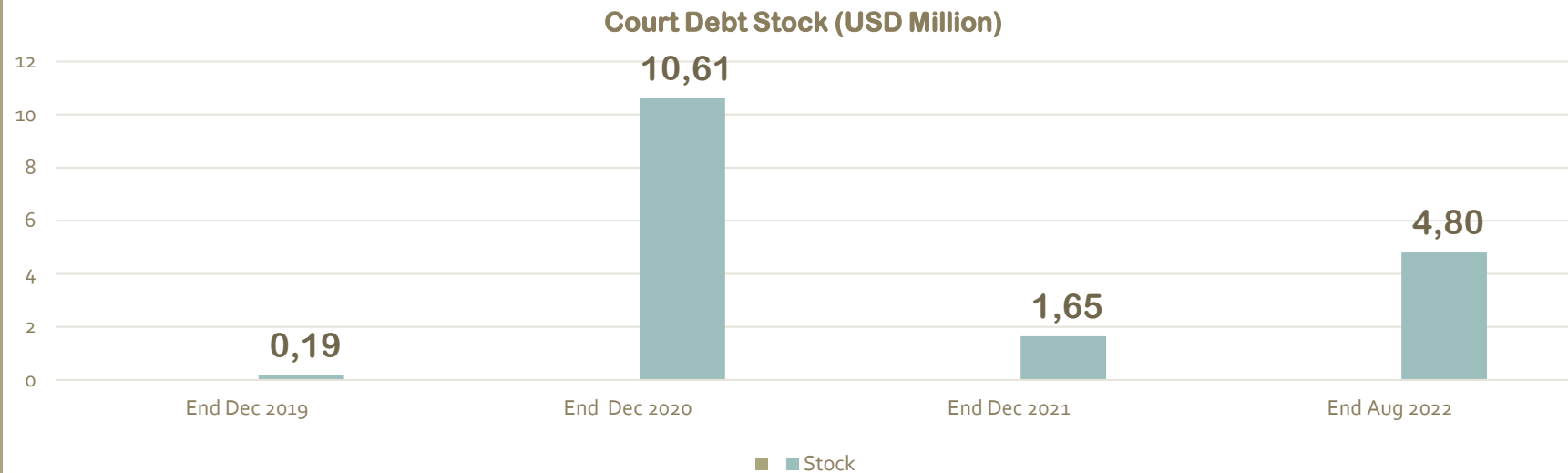
# Overview

- *In Liberia, court debt and SOEs' contingent liabilities are primary sources of vulnerability to the country's debt portfolio;*
- *In 2006, the government conducted a comprehensive audit on all domestic debt (done by KPMG Ghana), where certain claims were validated for payment while other claims were invalid and contestable for which the government made no budgetary provision to settle.*
- *However, some claimants contended that they were out of country during the audit exercise and therefore, the government should consider their claims for settlement.*
- *Claimants under said categories are challenging the outcome from the KPMG Audit through the court process and once the court rules in their favor, settlement become binding on the government.*
- *On the other hand, SOEs are not current in meeting their quarterly reporting requirement as prescribed in Section 41 of the PFM Act.*
- *This is creating serious challenge for the DMU to keep track of SOEs' obligations.*

## Court Debt

- Claimants who contended that they were out of the country (Liberia) during the KPMG Audit process are challenging the outcome from the KPMG Audit.
- Also, some of the claimants with invalid and contestable claims are challenging the audit.
- These claims continue to become source of vulnerabilities thus impacting the domestic debt stock and creating extra budgetary cost to government.
- Forecasting court debt service over the medium term are based on estimates and historical patterns which presented risks in the past except for last fiscal year, FY2021 and perhaps the current FY.

# Trend in Court Debt Stock & Service



## SOE Contingent Liabilities

- Total SOEs' contingent liabilities amounted to US\$ 881.59 as at December 2021. This data is based on the last report received by the DMU.
- Pursuant to section 41.5 of the Amended and Restatement Public Financial Management Act of Liberia, SOEs are required to report quarterly to the Minister.
- However, these reports which contain SOEs liabilities have not been available through the SOE Unit at the Ministry of Finance and Development Planning (MFDP), the unit responsible for collecting the quarterly SOEs reports.

Summary: SOE  
Contingent Liability

Institution	Domestic	External	Total	%
LiMA	5.98	0.00	5.98	0.70
LTC	12.83	0.00	12.83	1.50
LPRC	13.70	0.00	13.70	1.60
NOCAL	8.10	0.00	8.10	0.90
LEC	113.72	466.52	580.25	65.80
NPA	10.89	58.85	69.74	7.90
LTA	3.58	0.00	3.58	0.40
LAA/RIA	10.96	137.96	148.92	16.90
NASSCORP	3.45	22.47	25.93	2.90
LWSC	8.74	0.00	8.74	1.00
NaFAA	0.87	0.00	0.87	0.10
NTA	1.00	0.00	1.00	0.10
NHA	0.46	0.00	0.46	0.10
FDA	1.42	0.00	1.42	0.20
LBS	0.07	0.00	0.07	0.00
<b>TOTAL</b>	<b>195.79</b>	<b>685.81</b>	<b>881.59</b>	<b>100</b>

# Government's Interventions

- The Minister of Finance has mandated that all SOEs directly report quarterly obligations to the DMU.
- The DMU has been able to build direct relationships with staffs responsible for SOE reporting
- Regarding court debt, the government is conducting another audit of the domestic debt and come up with a cutoff period where debt coming after said period will not be considered for payment.
- This is done through the Debt Management Committee (DMC) which the Ministry of Justice is a member.





**THANKS FOR YOUR  
AUDIENCE**