

Managing a crisis: Ebola in Liberia



A Presentation by

Alieu Fuad Nyei

Ministry of Finance & Development Planning

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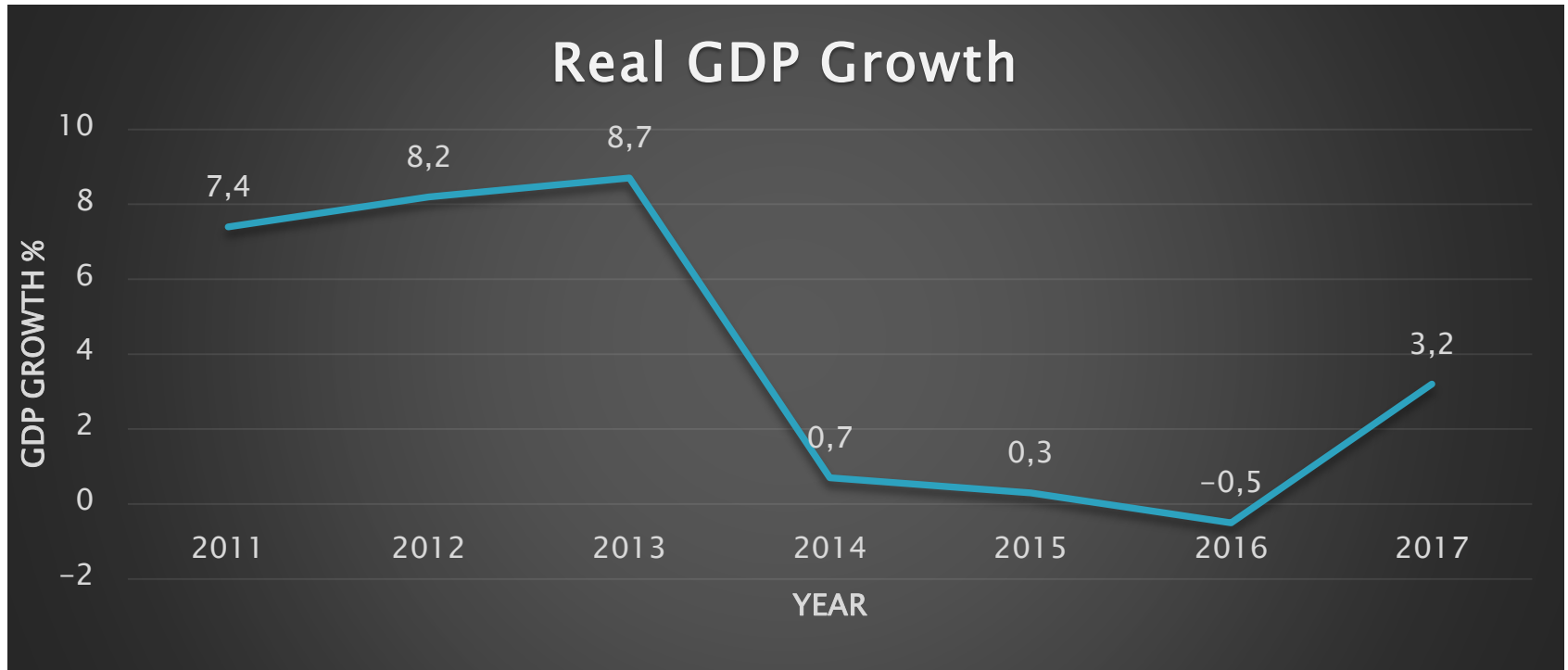
OUTLINE

- ▶ Macroeconomic Context
- ▶ Weathering the Crisis
- ▶ Slow Recovery Post Ebola
- ▶ Building Fiscal Resilience



MACRO-ECONOMIC CONTEXT

Ebola spread to Liberia in March 2014 but became a public health emergency in July 2014 due to a surge in new cases.

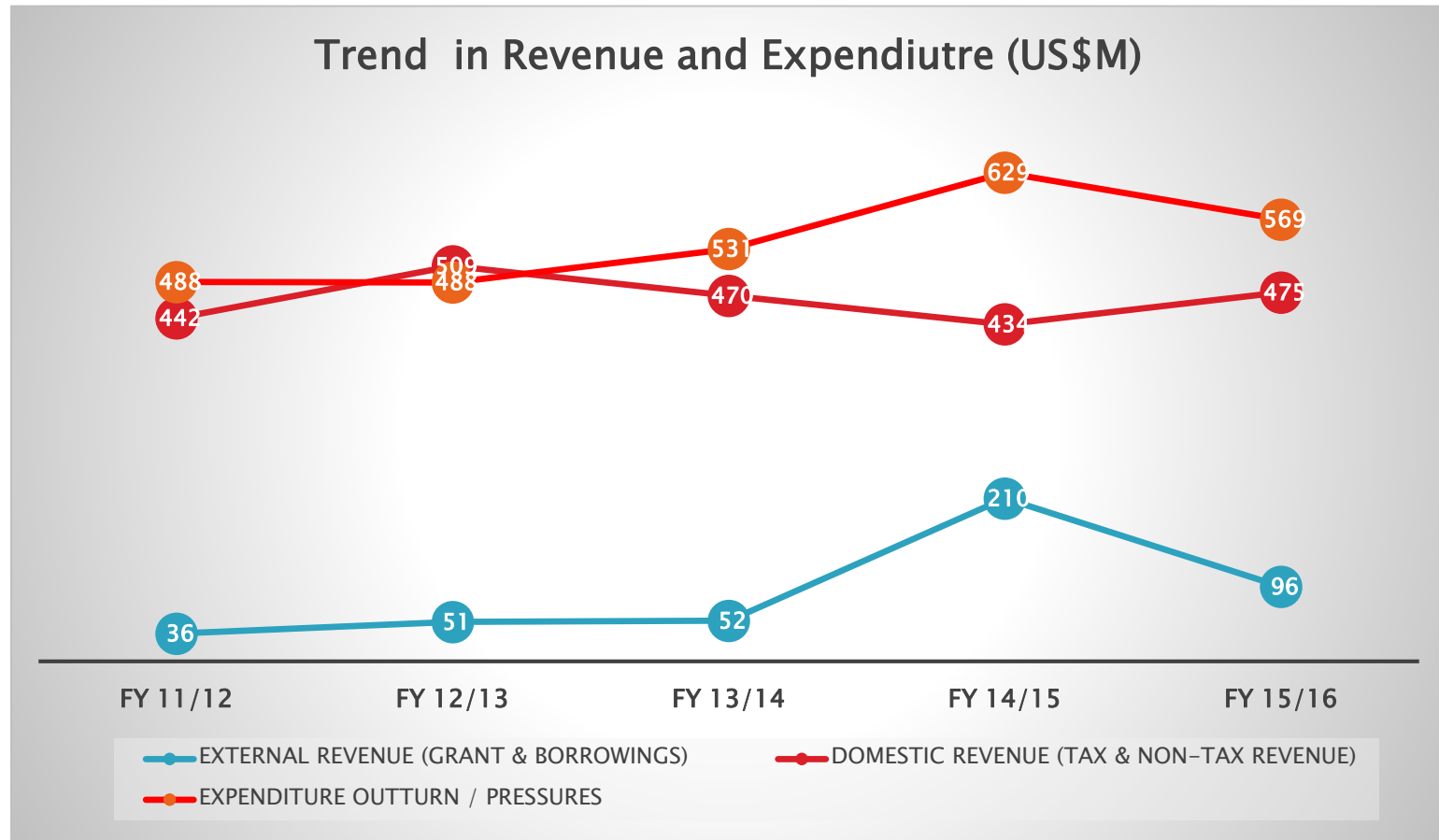


Economic Growth declined to less than 1% in 2014 and fell to negative at end 2016



MACRO-ECONOMIC CONTEXT CONT'D

Domestic revenue declined by 8% but external revenue (mainly grants) increased by over 300% allowing GoL to increase public spending.



WEATHERING THE CRISIS

- ▶ *Containing the Ebola outbreak required huge financing, far beyond the reach of public resources. Therefore, a clearly defined and costed strategy was necessary to attract donor financing.*

- ▶ *Ebola Response Strategy Defined*
 - Develop the National Ebola Response Strategy
 - Set-up a National Ebola Trust Fund
 - Develop the Economic Stabilization and Recovery Program (ESRP)

- ▶ *Strong Parliamentary engagement*
 - Draft budget already submitted to Legislature when crisis became severe in July, 2014
 - Suspended all capital investment projects except those directly linked to Ebola fight
 - Cutback on recurrent operations of ministries and agencies as more than half of the civil service stayed home.
 - Increased allocations to Health, Infrastructure and Security sectors
 - Budget approved in December 2014



WEATHERING THE CRISIS CONT'D

▶ *Tax Policy Measure(s)*

- Executive order suspending duties on imported supplies for the fight against Ebola

▶ *Targeted Public Spending*

- On-budget disbursement to Health sector increased by 60%
- Security Sector spending went up by 26% due to acquisition of logistics for response
- Infrastructure spending went up by more than 100% to avert bank failures

▶ *Strong Engagement within GoL, Donors, General Public*

- Regular meetings of cabinet and the Economic Management Team to provide fiscal updates and adopt or review existing policy measures
- Regular meeting with budget and finance officers in Ministries and Agencies on adopted policy measures
- Regular press briefings, meetings with media executives, civil society, youth and student leaders



SLOW RECOVERY POST EBOLA

- ▶ *Liberia was declared Ebola free in June 2015.*
- ▶ *Fiscal Impacts for FY2015/16*
 - Foreign aid which insulated public spending reduced by half.
 - The fall in prices of iron ore and rubber globally reduced capital investment; hence revenue from mineral royalties declined by 67%
 - Other risks to revenue included the drawdown of UNMIL and the Elections of 2017
 - Budget estimates revised downward by 70m after risk profiling of budget (

However,

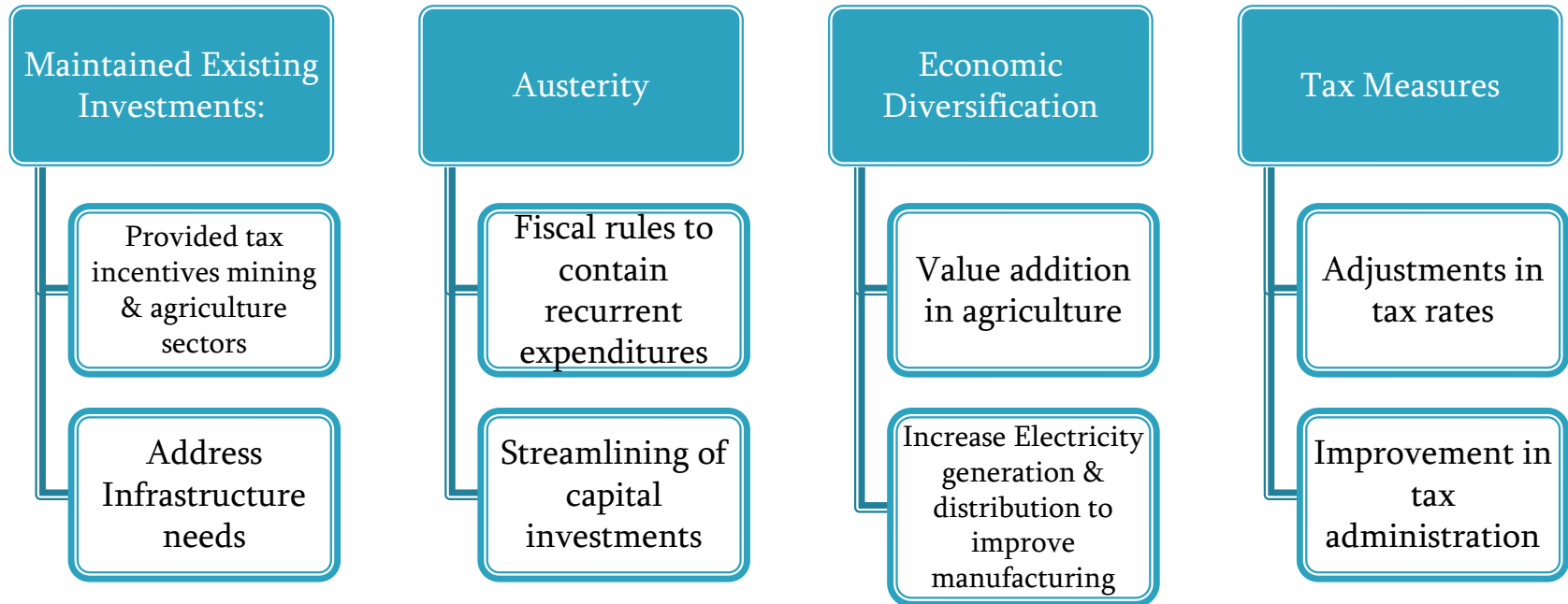
- ▶ *Budgetary pressures keep growing*
 - Migrating health workers previously paid by partners to the GoL payroll.
 - Elections budget
 - Huge security financing cost with UNMIL transition

Therefore,

- ▶ *The FY2015/16 budget*
 - Reduced to \$622m from prior year estimate of \$635m
 - Reduced recurrent purchases of goods and services by about 35%
 - But compensation of employees keeps growing



BUILDING FISCAL RESILIENCE



THANK YOU

