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LIBERIA



FY 2021

Approved Special National Budget

About BudgIT Liberia

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Source: Liberia's Ministry of Finance & Development Planning

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**Why do we have a
Special Budget?**

Overview

The Government of Liberia, through the Ministry of Finance and Development Planning, approved a 347.9 USD million Special Budget for the period of July 1 to December 31, 2021, to transition to a full calendar year as mandated by amendment and restatement of the Public Financial Management law Act of 2019, which requires a change in the fiscal calendar to be revised from July 31 to June 30 to January 1 to December 31.


The Special Budget 2021 contains the budget component, explaining how the Government will raise the money (revenue) and spend (expenditure) on public services, Government, and debt management. Despite the negative impact of the COVID-19 pandemic on Liberia's economy, the Government projects a positive macroeconomic outlook for the industrial sector, with an increase in iron ore and rubber production in the first half of the year.

The Government also received

 **The Government managed to implement a firm monetary policy that strengthened the Liberian dollar and subsequently decreased Inflation rates from over 20% in 2020 to 10% in March 2021.**

international financial support from the International Monetary Fund (IFM) and other donor grants, which slightly strengthened the gross international reserves, net remittances and could boost the country's Gross Domestic Products (GDP) at a projection of 3.6% in 2021. The Government expects to generate US\$347.9 million for the Special Budget from domestic revenue sources. Tax revenue makes up the most significant contribution of US\$217.1 million (62.4%), mainly from taxes from income and profit, international trades, and goods and services. While the non-tax revenue estimates stand at US\$97.7 million (28.1%), mainly from property income taxes.

and services. While the non-tax revenue estimates stand at US\$97.7 million (28.1%), mainly from property income taxes. The Government plans to spend its entire revenue generation for the six months, and the total expenditure is estimated at a sum of US\$347.9 million with an 89.8% allocation for the recurrent expenditure (US\$312.3million) and capital expenditure (PSIP) at a tiny fraction of 10.2% totaling \$35.6 million.

 **The biggest expenditure component is the compensation of employees, and it stands at US\$148.3 million (47.5%) while the least component at US\$1.1 million (0.3%) for subsidy payments.**

The Public Sector Investment Plan (PSIP) represents 10.2% of the Special Budget at US\$35.6 million, and this sum will go towards counterpart funding,

road fund, and the completion of ongoing projects such as the installation of street lights. The Government plans to prioritize ongoing projects with at least 75% completion rates. In the Special Budget, the Government allocated funds for different sectors, and the Public Administration Sector was allocated US\$143.5million, a total of 41.3% of the entire budget. These funds will go towards compensations, legal obligations and, domestic and foreign debt services. The next biggest spending plans in this section are the Security and Rule of Law Sector at US\$44.8 million, the Education Sector at US\$40.2million, and the Health Sector at US\$40.9 million.



Fiscal Framework



Total Budget
\$347.9m



\$33.1m

**Cash Carry
Forward**



\$314.8m

**Total Projected
Revenue**

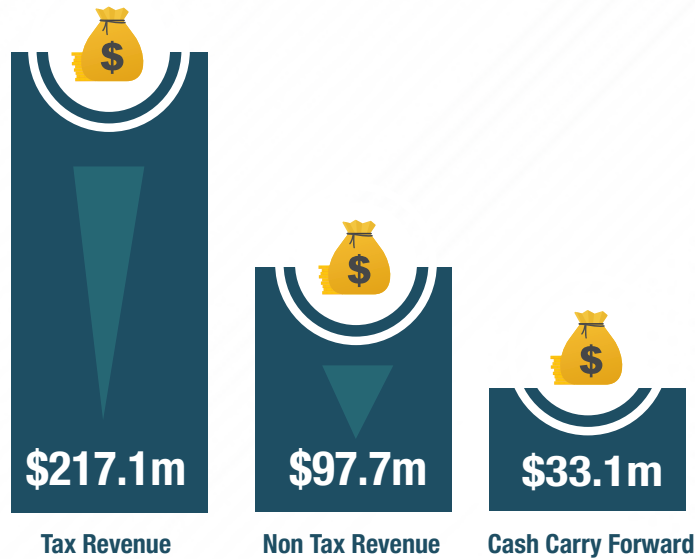


How Will The Government Source For Revenue?

Revenue is the amount of money the Government believes it will generate on behalf of the citizens during a fiscal year. The Government does not have its own money; they source and depend on taxes from citizens and businesses, receive grants from foreign governments, and often borrow money to finance the budget deficit.



Revenue Summary



Breakdown of Tax Revenue

Tax revenue is estimated to contribute \$217.1m, accounting for 62.4% of the total revenue.



Taxes on International trade

The significant contributor to tax revenue will be from taxes on international trade, which is projected to be \$103.9m and accounted for 47.9% of the total tax revenue.



Breakdown of Non-Tax Revenue

Non-Tax Revenue is estimated to contribute \$97.7m to the approved budget, a 76% increase above the draft budgeted amount and accounted for 28.1% of total approved revenue.



The significant contributor to non-tax revenue will be from property income, which is projected to be \$89.6m and accounted for 91.7% of the total tax revenue.

Cash Carry Forward



Cash Carry Forward is unspent cash from the recast budget from the previous fiscal year, which is projected to contribute \$33.1m to the approved budget, an increase of approximately 74.2% over the draft budgeted amount and accounted for 9.5% of the total approved revenue.



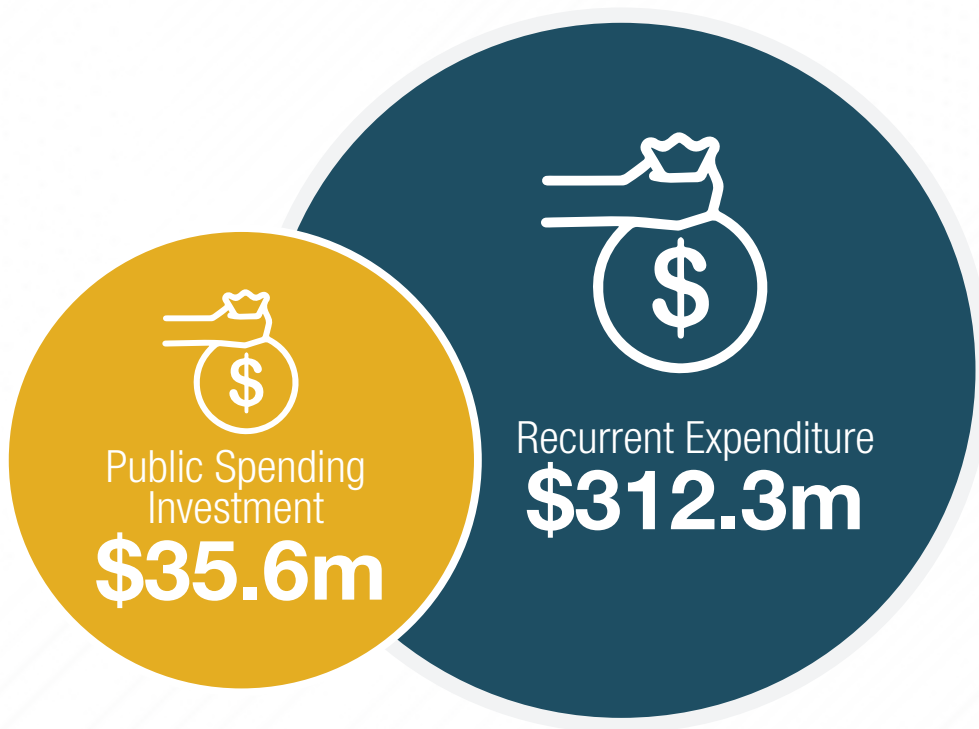
Where Will The Money Go To?

Expenditure is how the Government plans to spend the generated money based on citizens' needs and improvement. It has two(2) major parts :
Recurrent Expenditure and Public Spending Investment plans.



Expenditure Summary

The Liberia Government would be spending \$347.9m in the period under-reviewed, a 15.4% increase over the draft budget of \$301.5m. Recurrent expenses will receive the lion's share of the money, accounting for 89.8% of the overall approved budget. This means that there is less allocation for public spending investment plans.



Recurrent Expenditure

Recurrent Expenditure is the total amount of money spent by the Government on products and services such as salaries, interests, and overhead costs. Recurrent expenditure, including debt services (\$49.9m), was revised upward from \$272.2m to \$312.3m in the approved budget, of which compensation to an employee will take a significant portion of 47.5%.



Breakdown of Recurrent Expenditure



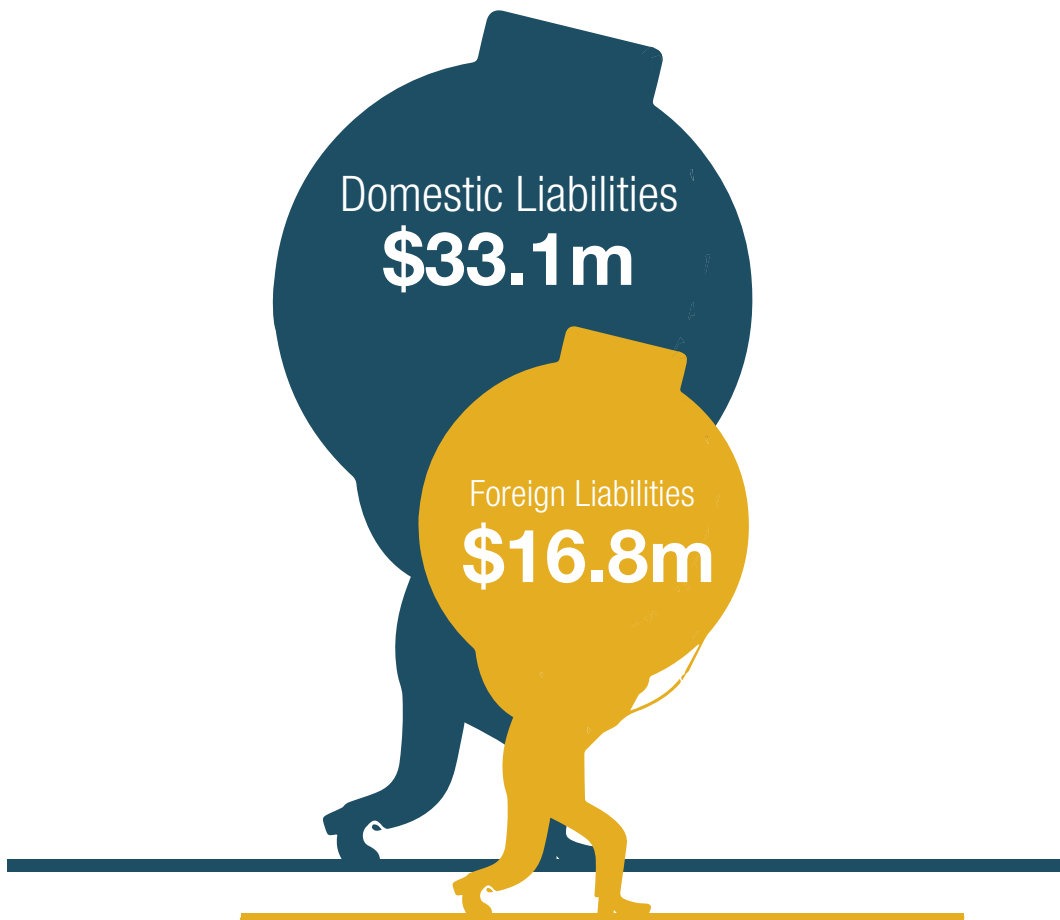
Grants
Grants are government transfers targeted to county development funds, public hospitals, health facilities, etc.

Social Benefits
Key expenditures of social benefits include; benefits for former elected officials, retirement benefits, etc

Public Debt Profile



Total debt service for the special budget is projected at \$49.9m and accounted for 14.3% of the total \$347.9m budget.



Public Spending Investment Plan (PSIP)



This is money spent to get fixed assets and implement projects that will enhance economic growth and the needs of the citizens, such as roads, hospitals, security, etc. The PSIP was revised to \$35.6m from \$29.3m in the draft budget, making up approximately 10% of the total \$347.9m expenditure.

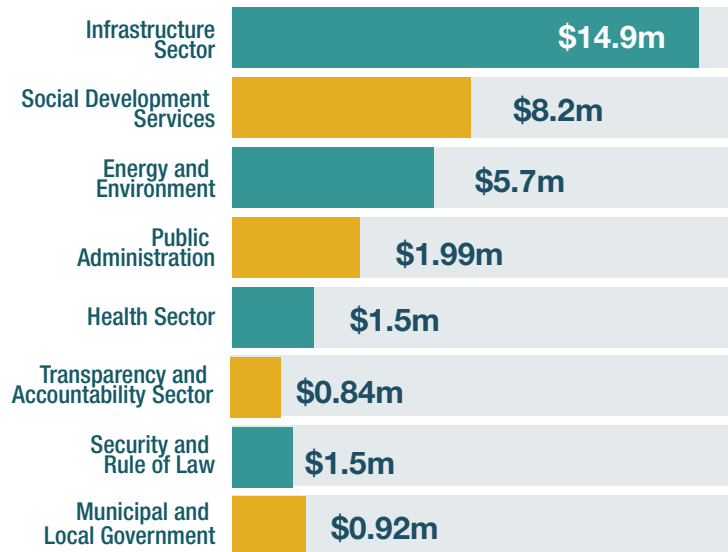


Summary of Public Spending Investment Plan by Sector



Infrastructure Sector

The special budget focuses more on the infrastructure sector, which will receive 41.6% of the total \$35.6m investment allocation.



Education, Industry and Commerce, and Agriculture sectors were all given a zero-dollar investment budget. This means that no public investment will be made in the three sectors mentioned.

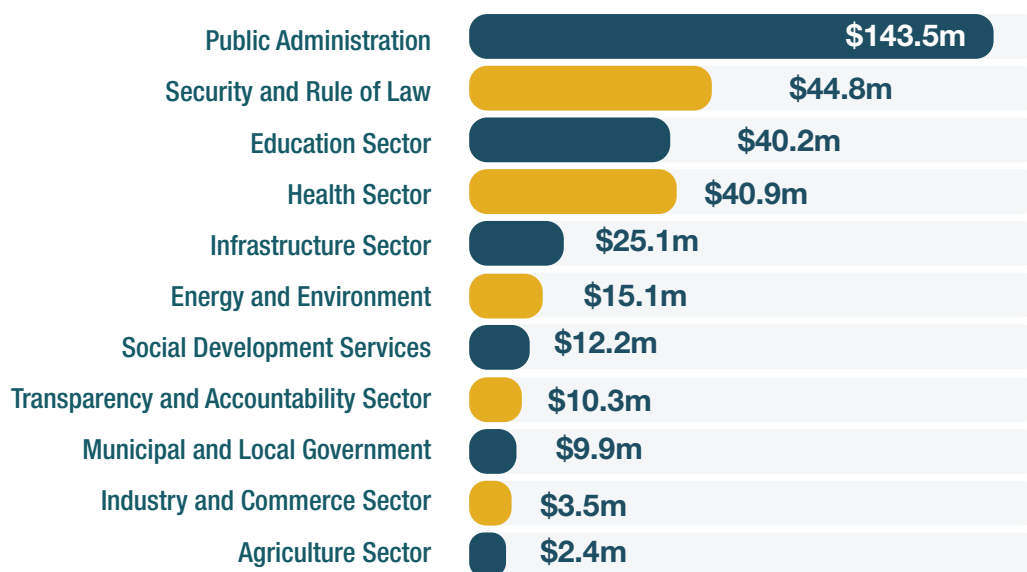
Sectoral Allocation



Sectoral allocation consists of recurrent expenditure and public investment spending plans in the sectors. Public administration will receive a large portion of the funding, accounting for 41.3% of the entire \$347.9m allocations.



Summary of Sectoral Allocation



A blue-tinted photograph of a beach scene. In the center, a young boy stands with his back to the camera, looking out at the ocean. To his left, another person is partially visible, and to his right, a fishing net is spread out on the sand. The background shows waves breaking on the shore under a bright sky.

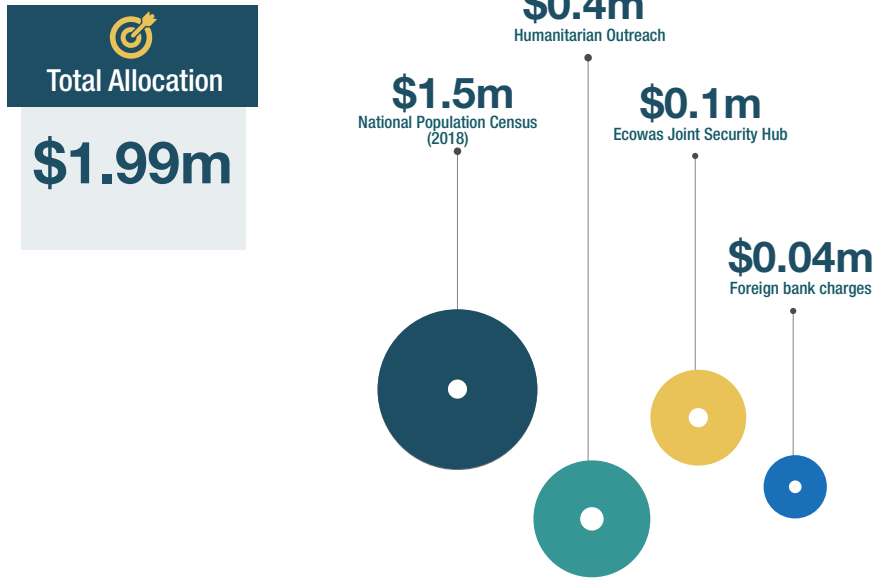
Public Investment Projects

Due to the COVID-19 pandemic and effort to boost the weakened economy, the total amount of \$35.6m available to the public sector investment plan will be used to fund the counterpart projects, national roads, and the completion of ongoing projects.



Breakdown of Public Investment Projects

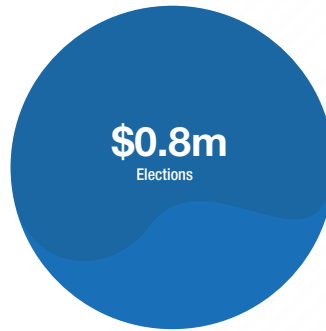
PUBLIC ADMINISTRATION



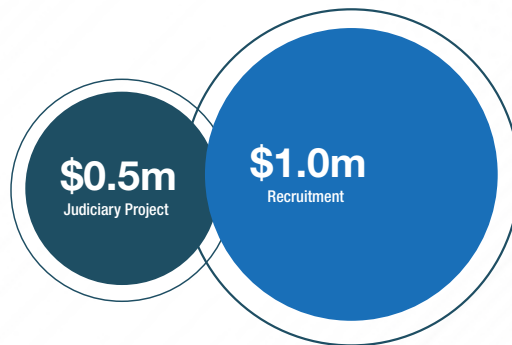
MUNICIPAL AND LOCAL GOVERNMENT



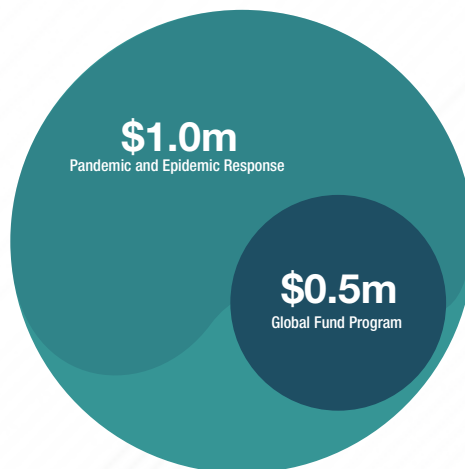
TRANSPARENCY AND ACCOUNTABILITY



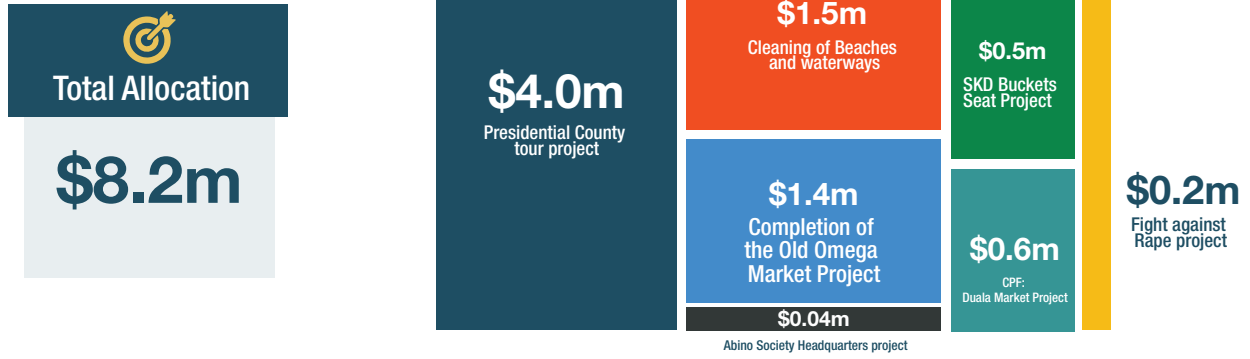
SECURITY AND RULE OF LAW



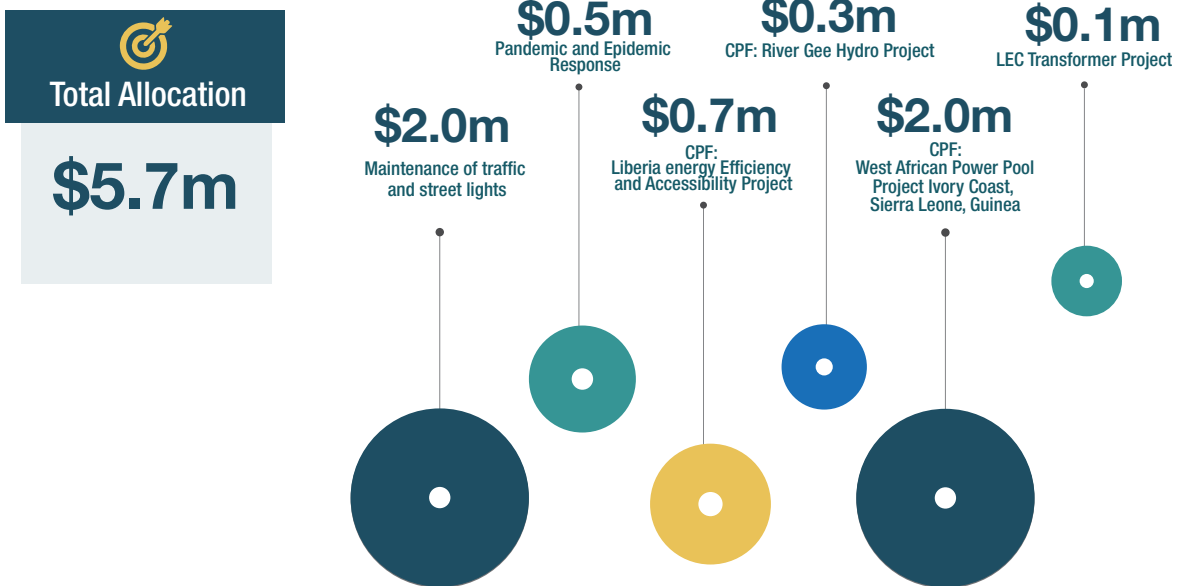
HEALTH SECTOR



SOCIAL DEVELOPMENT SERVICES



ENERGY AND ENVIRONMENT



INFRASTRUCTURE SECTOR



ACRONYMS

CPF	Central Provident Fund
LEC	Liberia Electricity Cooperation
LCAA	Liberia Civil Aviation Authority
SECRAMP	A town located in Nimba County, Liberia.
PSIP	Public spending investment plan

