



budgfi

2022

Liberia
Approved
Budget





About BudgIT Liberia

BudgIT Liberia is a civic organization that makes the Liberian budget and public data more understandable and accessible across every literacy span. BudgIT's innovation within the public circle comes with the creative use of government data by either presenting these in simple tweets, interactive formats, or infographic displays. Our primary goal is to use creative technology to intersect citizen engagement with institutional development to drive societal change in Liberia.

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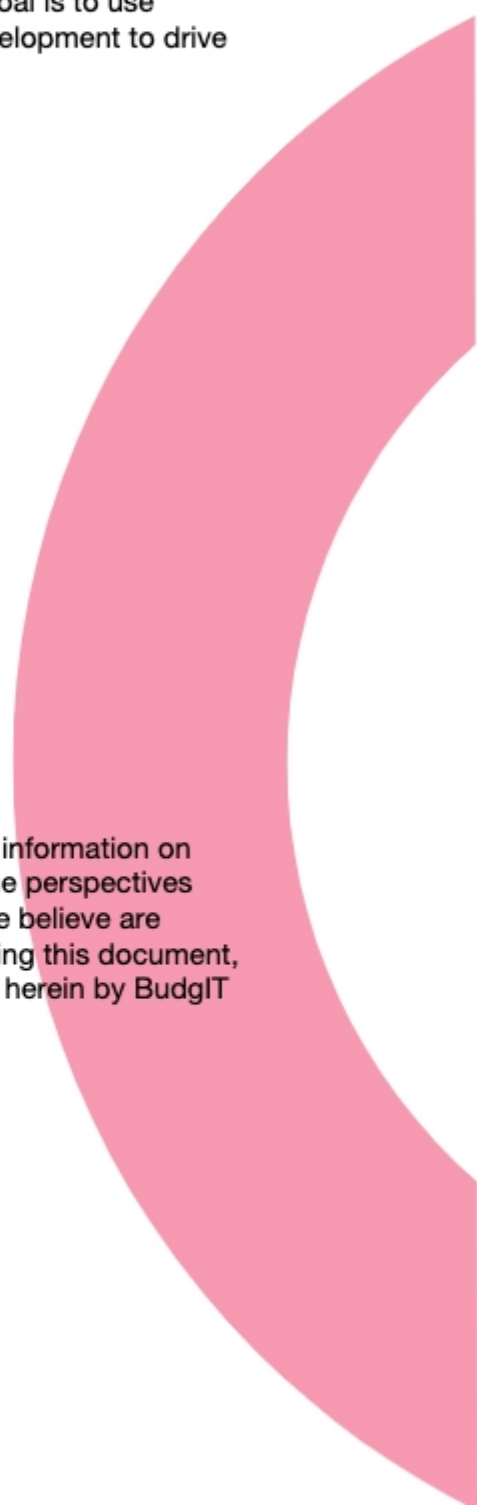
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Source: Liberia's Ministry of Finance & Development Planning

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Abbreviations/Acronyms

GDP	Gross domestic product
PSIP	Public Sector Investment Plan
FY	Fiscal Year
PAPD	Pro-Poor Agenda for Prosperity and Development
CDF	County Development Funds
SDF	Social Development Funds
CSC	Counties Service Centers
CFSA	Country Forest Sharing Agreement
LPRC	Liberia Petroleum Refining Company
NPA	National Port Authority
NAFA	National Fisheries and Aquaculture Authority
M	Million
O/w	Over With - meaning a subtracted percentage (%) of the main source
SOE	State-Owned Enterprise
IMF	International Monetary Fund
RCF	Rapid Credit Facility
IDA	International Development Association
SDF	Social Development Fund





Approved 2022 Budget:

A Quick Review



Following two years of recession and the negative impact of the COVID-19 pandemic on Liberia's economy, The macroeconomics FY2022 are quite ambitious as the market value of all goods and services produced in the country (GDP) is projected to grow by 4.7%, and the average consumer price growth is projected to be 11.8%.

Also, the government forecasts a positive macroeconomic outlook for the industrial sector, with increased iron ore and rubber prices, rising business optimism, and expanding cross-border trade. Reviving activity in the services sector, particularly air travel and hotel and accommodation, is also expected to improve Liberia's economy.

The Government of Liberia, through the Ministry of Finance and Development Planning, approved a US\$786.6 million National Budget for FY2022, which marks the commencement of a new fiscal period (January 1 - December 31) under Section 65(1) of the Amendment and Restatement of the PFM Act of 2009. The FY2021 Special National Budget submission to the National Legislature marked the transition to a full calendar year and the end of the previous fiscal year (July 1, 2021, to December 31, 2021).

The National Budget 2022 contains the budget component, demonstrating the Government's plan to raise the projected revenue and estimated expenditure on public

services, Government, and debt management. The Government expects to generate US\$641.6 million for the National Budget from domestic revenue sources. Tax revenue of US\$492.2 million (63%) makes up the most significant contribution to the overall approved projected revenue, mainly from international trades (US\$227.1 million) accounting for 46%, taxes on income and profit (US\$199.8 million), constituting 41%, and goods and services (US\$55.9 million) constitutes 11% of the total tax revenue respectively with real property and other taxes at 5.9 million. While the non-tax revenue estimates stand at US\$148.4 million (18.9%), mainly from property income taxes.



The total expenditure is estimated at a sum of US\$786.6 million with an allocation for the recurrent expenditure (US\$647.6million) including debt service of US\$105million, and public sector investment plans had a tiny fraction of 17.7% totaling US\$139 million.



2022 Approved Budget Policies



2022 Approved Budget Policies

For this fiscal year, national government fiscal policies focus on ensuring macroeconomic stability, expanding the domestic tax base, and increasing capital investment. The government has adapted existing policies and introduced new policies that guide expenditure allocations to ensure effective service delivery through budgetary control. Policies that inform expenditure allocations are as follows:

- Adjustment of recurrent priority expenditures to optimal level across government.
- Provision of adequate non-discretionary allocations for basic commodities and services such as office supplies and utilities.
- Alignment of the budgetary proposal to key PFM reforms initiatives (performance target). Restoration of personnel management functions to the civil services Agency.
- Earmarking of 0.1% of the PSIP resource envelope for monitoring and evaluation.
- Restricting in-year reallocation to 10% of a spending entity's appropriations.
- Ensuring that all road-related counterpart funding is financed through the National Road Fund.
- Restricting foreign travels to only statutory and executive-mandated travels, with a significant reduction in the size of delegations to no more than three (3), subject to presidential approval.
- Allocation of an additional \$3.4 million for pension payment.
- All projects financed by the World Bank shall not require counterpart funding by the Government of Liberia.



Tax Policy for FY 2022 National Budget

There are no changes in the tax policy for FY2022, except for those tax policy changes reflected in the Fy 2021 National Budget that proposed amendments to select provisions of the Revenue Code. The amendments primarily entail a simplification of the penalty regime, enhancement of the language on records to be kept, increase in the GST rate to 11%, imposition of airport departure tax at \$25 per departing passenger, and standardization of the petroleum excise regulation in the main text of the Liberia Revenue Code (LRC). The overriding objectives of the proposed amendments are to simplify the penalty regime, strengthen the LRA's ability to collect information from taxpayers, shield the revenue base from further erosion and increase revenue collection. Overall, these are all laudable amendments that could yield positive revenue outcomes if thoroughly implemented.

Key Assumptions of the 2022 Budget Framework

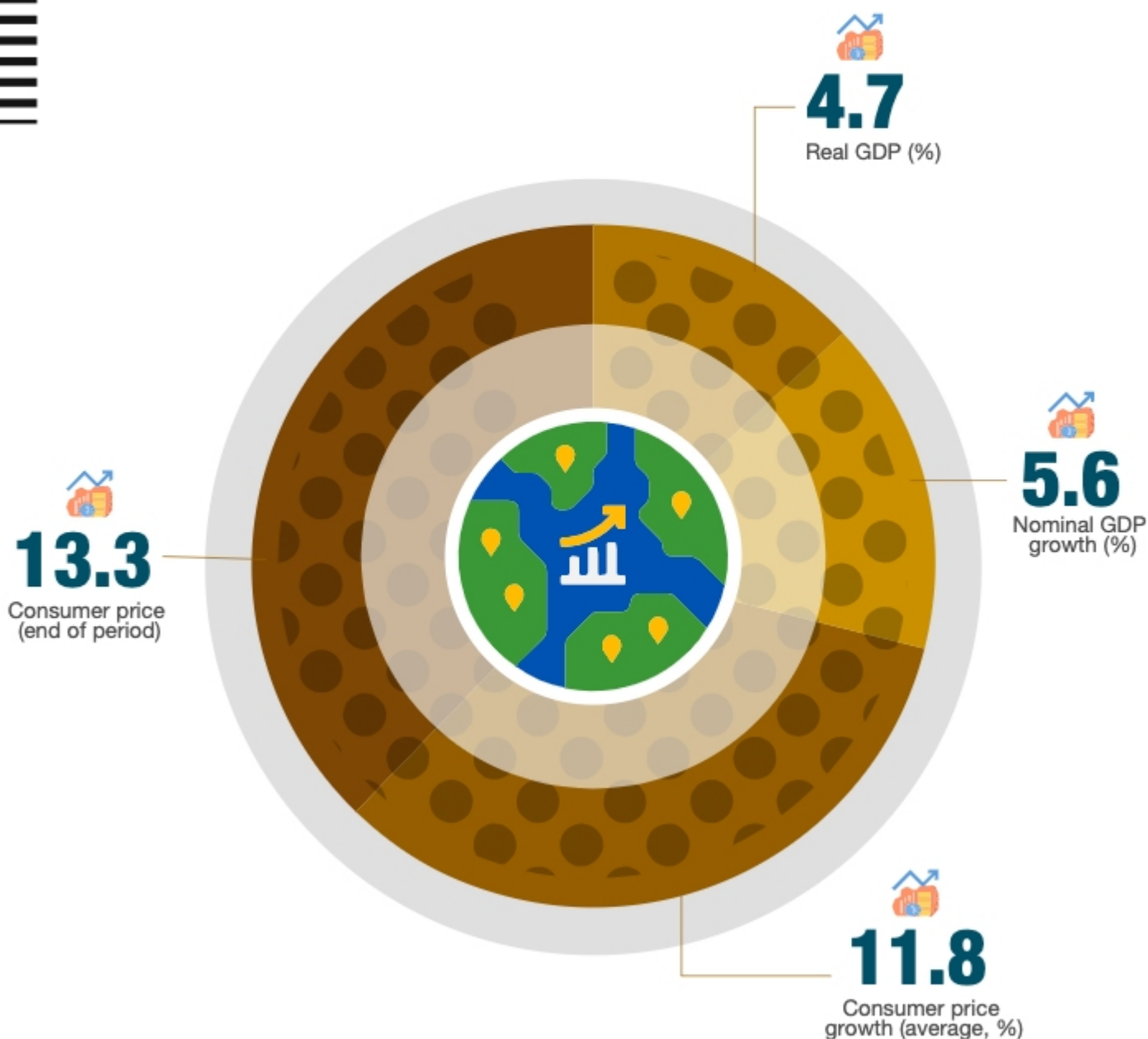


Table 1: Selected Medium-Term Macroeconomic Indicators


2022 Approved Budget Framework




Expenditure


 Recurrent Expenditure Excluding Debt Repayment **\$542.6m**


 Public Sector Investment Plan **\$139m**

 Debt Servicing **\$105m**

Total Expenditure
\$786.6m

 Tax Revenue **\$492.2m**

 Non-Tax Revenue **\$149.4m**

 External Resources **\$145m**

Total Revenue
\$786.6m

Revenue



Revenue

This is the amount of money the government believes it will generate on behalf of the citizens during a fiscal year. The government generates its revenue from two primary sources such as taxes and non-tax. This year, the Liberia Government has projected to earn \$786.6m to run the 2022 expenditure.

Where Will The Resources Come From?

Tax Revenue

Tax revenue includes taxes on individual and corporate incomes, wealth accumulation, and taxes on products and services produced, exported, and imported. Tax revenue is often the most significant source of revenue of government revenue. The 2021 budget projection estimated it as 62.4% of the total revenue, and also stands at a total of \$492.2m (62.7%) of the total projected revenue in 2022.

Total Tax Revenue

\$492.2m



An aerial photograph of a coastal town, likely in a developing region, showing a mix of traditional and modern buildings along a shoreline. The image is overlaid with a semi-transparent blue filter. At the bottom of the page, there is a prominent red brushstroke graphic.

Taxes on International Trade

Taxes On International Trade are money derived through taxes levied on cross-border economic activity, such as import and export duties, earnings from export or import monopolies, exchange gains, and taxes. Taxes on international trade will account for 28.9% of the projected total revenue in 2022.

Total Taxes on International Trade

\$227.1m



\$106m

Import Duties
Include ECOWAS Trade Levy (\$5.9m)

\$96m

Other Customs Charges on imports

\$25m

Excise Duties
Include Excise tax on
petroleum (imported) \$20m

\$0.5m Export Fees

An aerial photograph of a coastal town, likely in a developing region, showing a mix of traditional and modern buildings along a shoreline. The image is overlaid with a semi-transparent blue filter. At the bottom of the page, there is a prominent, thick red brushstroke graphic.

Non-tax Revenue

Non-tax Revenue is a recurring source of revenue for the government that comes from sources other than taxes, such as fees levied on government services. Non-tax revenue of \$149.4m will account for 19% of total government revenue this year.

Total Non Tax Revenue

\$149.4m





Property Revenue

Property revenue is the income generated by owning real estate. It is projected to account for 87% of non-tax revenue, making it the most critical non-tax revenue stream.

Total Non Tax Revenue

\$129.6m



\$8.5m

O/w SOE Budget Support
Includes Inflow from;
Liberia Petroleum Refining Company
(LPRC)¹ - \$3M
National Port Authority (NPA) - \$5M,
National Fisheries and Aquaculture
Authority (NAFAA) - \$0.5m

\$94.8m

O/w Royalties and Rents

\$26.3m

O/w Road Fund

1. Liberia Petroleum Refining Company (LPRC), National Port Authority (NPA), National Fisheries and Aquaculture Authority (NAFAA)

Total Break-down of Royalties and Rents Revenue

\$94.7m



\$5.2m

Forestry



\$0.3m

Agriculture



\$79.4m

Mining



\$9.5m

Intangible
Non-produced
Assets



\$0.3m

O/w Other
Property
Income



Other Non-Tax Revenue

Other non-tax revenues of \$19.8m contribute a tiny share of 3% to total projected revenue.

Total Other Non-Tax Revenue

\$19.8m



\$19.2m

Administrative Fees & Charges

\$0.6m

Fines, Penalties & Forfeits

\$0.006m

Miscellaneous And Unidentified Revenue

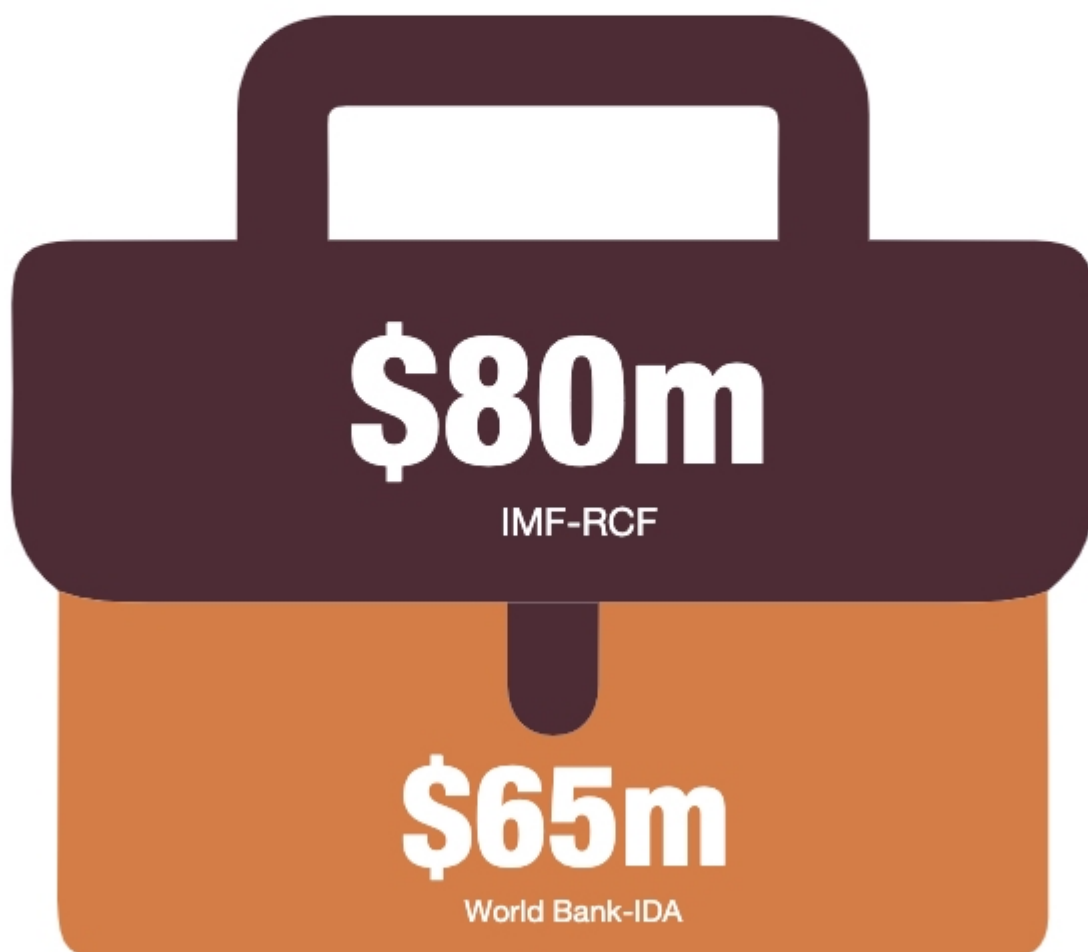
An aerial photograph of a coastal town, likely in a developing region, showing a mix of traditional and modern buildings along a shoreline. The image is overlaid with a semi-transparent blue filter. At the bottom of the page, there is a prominent, thick red brushstroke graphic.

External Resources (Multilateral)

An external resource is the amount of money given to the government for a specific purpose by donors and partners in the form of a loan or grant to assist the government in financing the budget deficit. This sum makes up about 18.5% of this year's projected revenue.

Total External Resources (Multilateral)

\$145m



Expenditure

Expenditure; This details how the government plans to spend the generated money based on citizens' needs and improvement. It has two(2) significant parts - Recurrent Expenditure and Public Sector Investment Plan(PSIP). The government expects total spending to be \$786.6 million this year. Recurrent expenditure will grab the lion's share of \$647.6m of the fund, accounting for 82.3%. At the same time, the Public Sector Investment Plan (PSIP) is estimated at US\$139.4 million, representing 17.7% of the total expenditure portfolio.

Where Will The Money Go?

Recurrent Expenditure

This is the amount of money spent by the government on goods and services such as salaries, interest, and overhead. Employee compensation will consume a significant share of 45% of the entire recurrent expenditure of \$647.6m

Total Recurrent Expenditure including Debt servicing

\$647.6m



Compensation Of Employees

\$292.6m

Use of Goods And Services

\$138.5m

Debt Servicing

\$105m

Grants

\$79.7m

Non-Financial Asset

\$14.6m

Social Benefits

\$14m

Subsidies

\$3.2m

An aerial photograph of a coastal settlement, likely a fishing village, with numerous small buildings and boats. The image is overlaid with a semi-transparent blue filter. At the bottom, there is a thick, horizontal red brushstroke that spans the width of the page.

Debt Service Fund

This is the amount of money needed to cover the repayment of interest and principal on accrued debt over a set period. Debt servicing obligations are estimated to cost the government 13% of the total expenditure (\$786.6 million) in 2022

Total Debt Servicing

\$105m



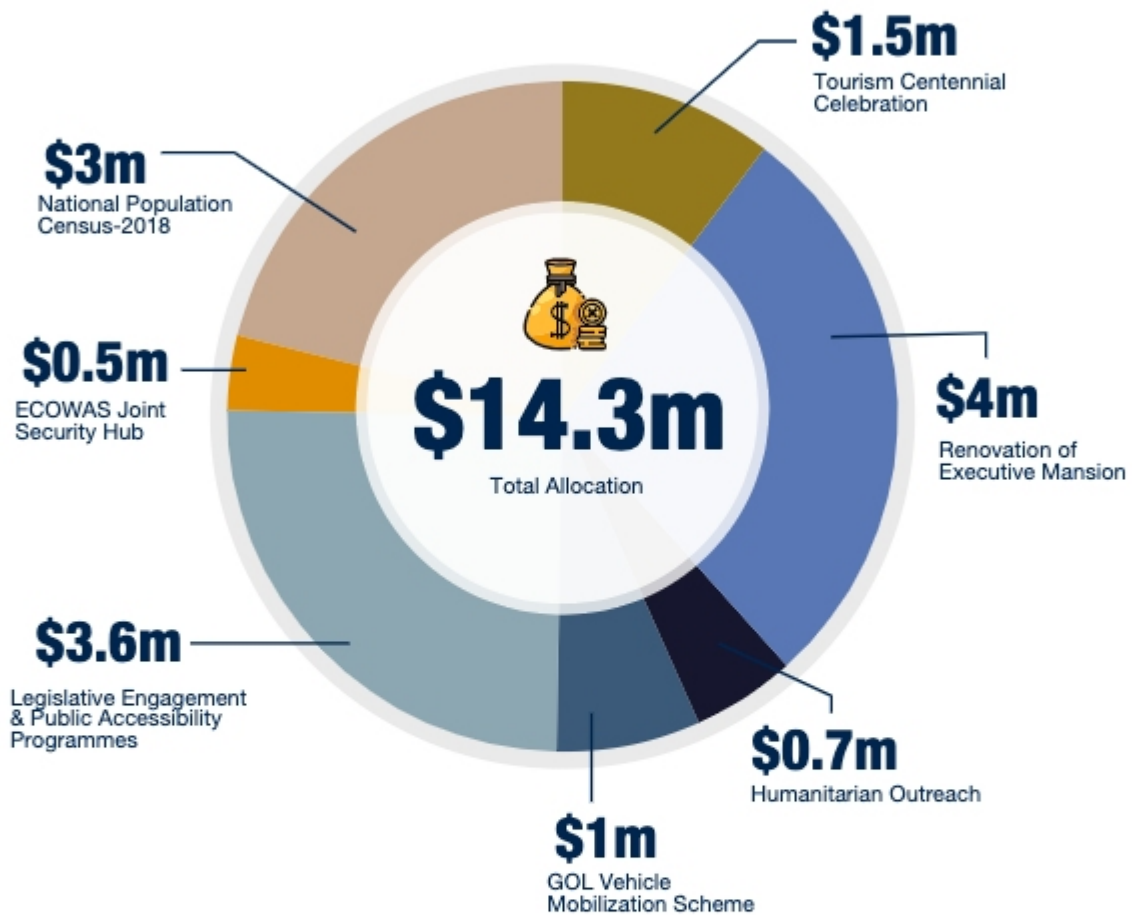
An aerial photograph of a coastal town, likely in a developing region, showing a mix of traditional and modern buildings. The image is overlaid with a dark blue tint. At the bottom, there is a prominent red brushstroke graphic.

Public Sector Investment Plans

This is money spent on acquiring fixed assets and implementing projects that would boost economic growth and meet citizens' needs, such as roads, hospitals, and security. The Public Sector Investment Plan (PSIP) is estimated at \$139 million, or 18% of the entire expenditure portfolio; this fund is usually apportioned towards implementing ongoing projects and prioritizing those at least 75% complete.

What are the Investment Plans for the Public Sector In FY2022?

Public Administration Sector

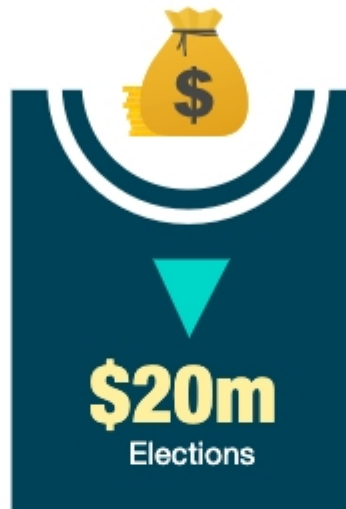


Municipal and Local Government Sector

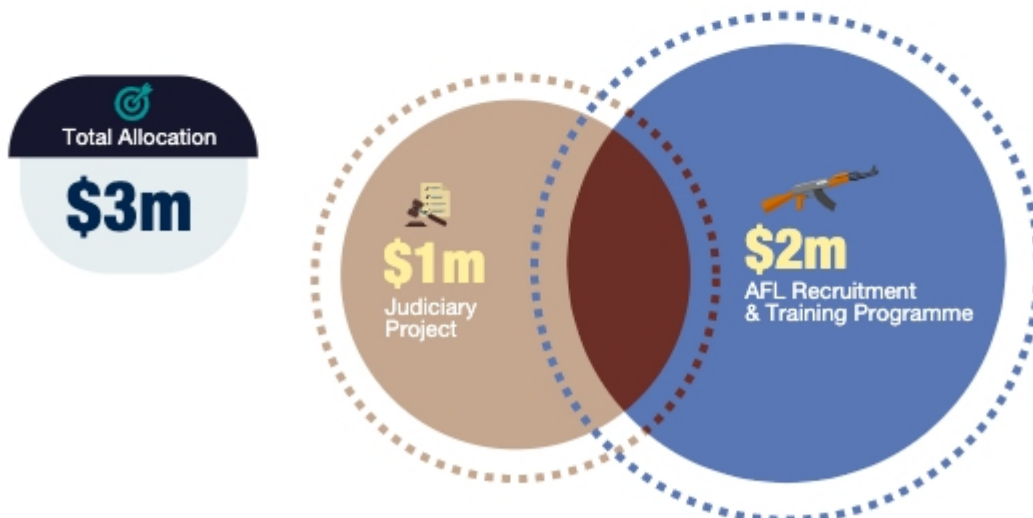


What are the Investment Plans for the Public Sector In FY2022?

Transparency and Accountability Sector

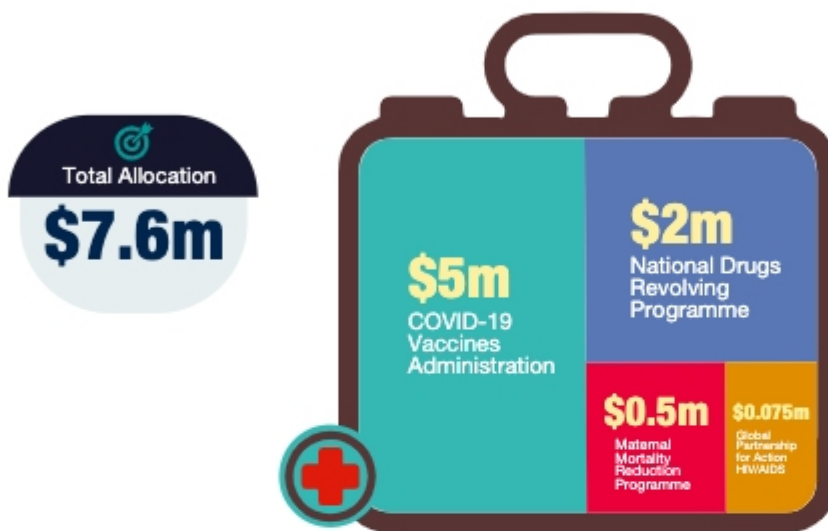


Security and Rule of Law Sector



What are the Investment Plans for the Public Sector In FY2022?

Health Sector



Social Development Services



What are the Investment Plans for the Public Sector In FY2022?

Education Sector

Total Allocation
\$6.75m



Energy and Environment Sector

Total Allocation
\$10.36m



What are the Investment Plans for the Public Sector In FY2022?

Agriculture Sector



\$1m

Agricultural Value Chain Development

Industry and Commerce Sector



\$2m

Rural Women Small Business Loan Programme

What are the Investment Plans for the Public Sector In FY2022?

Infrastructure and Basic Services Sector





Sectoral Allocation

Sectoral allocation consists of recurrent expenditure(\$647.6m) and public investment spending plans(\$139.0m) in the sectors. Public administration will receive a large portion of the funding, accounting for 37.3% of the entire \$785.6m allocations.



Total	\$647.6m	\$139m	\$786.6m
Sector Projects	Recurrent	PSIP	Total Allocation
Public Administration Sector	\$282.6m	\$14.8m	\$297.4m
Municipal and Local Government Sector	\$25m	\$2.2m	\$27.2m
Transparency and Accountability Sector	\$22.1m	\$20m	\$42.1m
Security and Rule of Law Sector	\$99m	\$3m	\$102m
Health Sector	\$70.8m	\$7.6m	\$78.4m
Social Development Services	\$9.2m	\$15.4m	\$24.5m
Education Sector	\$85.5m	\$6.8m	\$92.3m
Energy and Environment Sector	\$25.3m	\$10.4m	\$35.6m
Agriculture Sector	\$6.3m	\$1m	\$7.3m
Infrastructure and Basic Services Sector	\$14.5m	\$56m	\$70.5m
Industry and Commerce Sector	\$7.2m	\$2m	\$9.2m

Allocations To Executive and National Legislature Offices



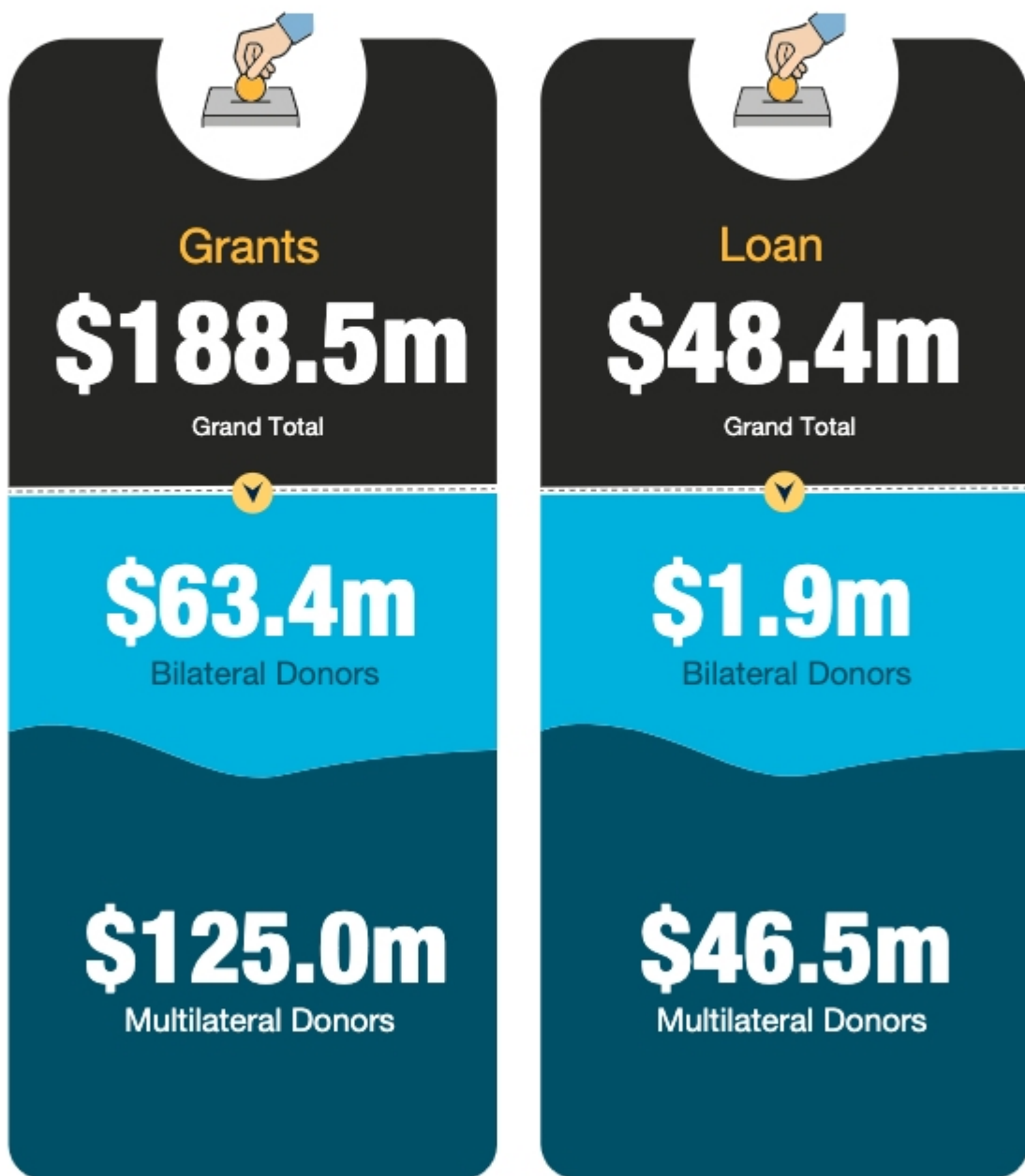
An aerial photograph of a coastal town, likely in Liberia, showing a mix of traditional and modern buildings along the shoreline. The image is overlaid with a semi-transparent blue filter. At the bottom of the page, there is a prominent, thick red brushstroke graphic.

Pro-Poor Agenda for Prosperity and Development (PAPD)

The Pro-Poor agenda is a framework for inclusion, more equitable distribution of Liberia's national wealth, and a rights-based approach to national development. It is the second in the series of national development plans leading towards Vision 2030 and will run from July 2018 through June 2023. However, Liberia's government has urged the development partners to align aid programs to the national development strategy PAPD, and the total estimated fund for this plan stands at \$236.9m.

Total Estimated PAPD Fund

\$236.9m



An aerial photograph of a coastal town, likely in Liberia, showing a mix of traditional and modern buildings along a shoreline. The image is overlaid with a semi-transparent blue filter. At the bottom of the page, there is a prominent, thick red brushstroke graphic.

FY 2022 Aid Projection By Aid Type, PAPD Pillars And Budget Sectors

Liberia's government plans to spend \$236.9 million on the PAPD plan, with bilateral and multilateral donors supporting with the total sum of \$65.3 million and \$171.5 million respectively. The priority sectors include infrastructure, health, energy, the environment, and education.

FY 2022 Aid Projection By Aid Type,
PAPD Pillars And Budget Sectors

PAPD Pillar and Budget Sector	Grant	Loan	Total Projection
Governance and Transparency	\$34.8m		\$34.8m
Municipal Government	\$21.5m		\$21.5m
Public Administration	\$6.6m		\$6.6m
Transparency and Accountability	\$6.7m		\$6.7m
Power To The People	\$67.8m	\$13m	\$80.9m
Education	\$27.2m		\$27.2m
Health	\$20.6m	\$10.4m	\$30.9m
Social Development Services	\$20.1m	\$2.7m	\$22.8m
Sustaining The Peace	\$0.64m		\$0.64m
Security And Rule Of Law	\$0.64m		\$0.64m
The Economy And Jobs	\$85.1m	\$35.4m	\$120.5m
Agriculture	\$17.1m	\$5.9m	\$23.1m
Energy And Environment	\$20.4m	\$8.1m	\$28.5m
Industry And Commerce	\$0.65m		\$0.65m
Infrastructure And Basic	\$47m	\$21.3m	\$68.3m
Grand Total	\$188.5m	\$48.4m	\$236.9m

Fiscal Decentralization Transfer

Fiscal decentralization is essentially the transfer of expenditure responsibilities and revenue assignments to lower levels of government. Liberia's fiscal decentralization transfer consists of Country Development Funds (CDF) and Social Development Funds (SDF), which are the critical pillars of the government's commitments to strengthen local ownership of service delivery decisions and public sector investment in the counties.

According to the budget law, CDF is a source of funds that local authorities will control under the decentralized program. This fund should go towards local government service delivery and defined infrastructure development in all counties.

Note that the CSC appropriation for the current fiscal year is \$0.19 million, which will be distributed equally across the fifteen (15) beneficiary counties.

Who are the Beneficiaries of CDF, SDF, CSC, And CFSA?

County	CDF ¹ Appropriation	SDF ² Appropriation	County Forest Sharing Agreement ⁴	County Forest Agreement Arrears	Total
Bomi	\$0.2m				\$0.2m
Bong	\$0.2m	\$0.69m			\$0.9m
Gbarpol u	\$0.2m		\$0.6m		\$0.4m
Grand Bassa**	\$0.2m	\$1.6m	\$0.5m	\$0.1m	\$1.9m
Grand Mount	\$0.2m		\$0.2m	\$0.4m	\$0.8m
Grand Gedeh	\$0.2m		\$0.99m	\$0.3m	\$0.6m
Grand Kru	\$0.2m		\$0.3m	\$0.7m	\$0.3m
Lofa	\$0.2m		\$0.4m	\$0.98m	\$0.3m
Margibi		\$0.2m			\$0.4m
Maryland	\$0.2m		\$0.3m	\$0.7m	\$0.3m
Montserrado	\$0.2m				\$0.2m
Nimba	\$0.2m	\$1.6m	\$0.3m	\$0.70m	\$1.9m
Rivercess	\$0.2m		\$0.2m	\$0.5m	\$0.8m
River Gee	\$0.2m		\$0.6m	\$0.2m	\$0.4m
Sinoe	\$0.2m		\$0.4m	\$0.98m	\$0.3m
Total	\$3m	\$4m	\$0.75m	\$2m	\$9.95m

** The US\$1.6m is for the SDF, there is US\$0.54m as SDF Arrears

2. Country Development Funds (CDF) are budgetary appropriations given to each county to support local development projects and it is allocated on equal basis regardless of the population, county size and level of development.

3. Social Development funds (SDF) are limited to counties that host concession companies.

4. County Forest Sharing Agreement is a forest revenue agreement of 40%, 30% and 30% between the government of Liberia, affected County and Community respectively.



Recommendations





Poor Level of Disaggregation of Public Sector Investment Plan (PSIP) Data

The 2022 budget is missing an opportunity to open up the budget and make it more accessible to the citizens. It lacks adequate information to ensure citizens follow up on the implementation of the Capital Project Expenditures. Openness is critical to citizen's participation in the budgeting process and it also aligns with the government's commitment to fiscal openness which requires detailed information about spending on the Public Sector Investment Plan; The status of the listed project (New or Ongoing), and the location where it will be implemented.

Persistent Downtime and Dead Links

The Liberian Government misses an opportunity to establish inclusiveness in public finance by the persistent downtime and inaccessibility of critical websites such as the Liberia project.org and the <https://nrf.gov.lr/>.

The Liberian government developed the website;(<https://www.liberiaproject.org>) to ensure citizens can access the national budget document and have an opportunity to view the spending database under the Pro-Poor Agenda for Prosperity and Development (PAPD) pillar project in real-time. However, it has been plagued by outages and deadlinks, leaving data inaccessible. The non-functionality of this website negatively impacts the government as it misses an opportunity to connect with the citizens by providing information about their efforts to curtail poverty and enhance economic growth. Similarly, the National Road Fund of Liberia was developed to provide information on all road infrastructures and investments; however, the website is repeatedly down and inaccessible.





Appendix



Purpose of each Expenditure Budget Line

<p>Compensation of Employees</p>	<p>The essential components of this category's spending of \$292.6m, which is approximately 37.2% of the total revenue expected for the fiscal year, including</p> <ul style="list-style-type: none"> - Basic salaries for civil service - Military, paramilitary service - Elected & appointed officials.
<p>Goods & Services</p>	<p>Key items under this category's spending on goods and services projected at US\$138.5m, accounting for 21.4% of recurrent expenditure, include;</p> <ul style="list-style-type: none"> - Training of more LNP and AFL officers - Provision for mobility for Fire Service, LIS, Military Service, drugs, vaccines, medical supplies, educational materials, and supplies - Food supplies for hospitals, prisons, and educational facilities
<p>Grants</p>	<p>Government transfers of \$79.7m, representing 12.3% of total recurrent expenditure, will target the following;</p> <ul style="list-style-type: none"> - Implementation of the Performance Management and Compliance System - Settlement of arrears to Social Development Fund, currency printing - Operationalization of two universities in Nimba and Grand Bassa Counties - Operationalization of the 14 Military hospitals, renovation of military barracks - PADP Implementation - Public transport services - Reintroduction and implementation of the MTEF roadmap; incorporating the intervention of Climate Change Adaptation, GRPB, and COVID-19 impact, public hospitals and health facilities across the country, transfer payments to ECOWAS, funding for tuition-free policy, etc.

Purpose of each Expenditure Budget Line

Non-Financial Asset

Major expenditures under Non-financial Assets, totaling US\$14.7m or 2.3% of overall recurrent costs, will fund significant components such as;

- Fixed assets (Joint Security Hub),
- Transportation equipment, machinery, and equipment
- Roads and bridges,
- IICT infrastructure and other network facilities.

Social Benefits

Projected social benefit spending is \$13.9m, representing 2.1% of recurrent expenditure. Essential expenditures in this category will include;

- Benefits for former elected officials.
- Retirement benefits.
- Benefits for judges, among others.

Debt Service

Total debt service is projected at US\$105 million, representing 16% percent of recurrent expenditure.

Domestic Liabilities(\$69.98m) will be used to finance;

- Interest charges on securities,
- Domestic loans
- Government bonds, and other liabilities,

While Foreign Liabilities and subscriptions(\$35.02m) will be used to service;

- Multilateral And Bi-Lateral Loans,
- Interest Charges On Foreign Loan
- Subscription And Other Payable, etc.

Subsidy

Projected spending for Subsidies is \$3.2m, depicting 0.5% of total recurrent expenditure. Priority subsidies complement the efforts of private sector institutions providing essential social services to the population in the;

- Social Development
- Education and Health sectors
- Industry and Commerce.



Simplifying the Liberian Budget

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