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LIBERIA

Liberia's US$1.25 Billion Budget

Opportunities, Risks, and What Citizens Should Watch

About BudgIT

BudgIT is a civic organisation that uses creative technology to simplify public information, stimulating a community of active citizens and enabling their right to demand accountability, institutional reforms, efficient service delivery and an equitable society.

Global Director: Oluseun Onigbinde
International Growth Director: Abiola Afolabi
Research: Miriam Jabula and Victoria Opusunju
Creative Development: Esther Olutoye

Contact: info@budgit.org +234-803-727-6668,+234-908- 333-1633

Executive Summary

Liberia's approved FY2026 National Budget totals US$1.25 billion, up 41.9% from FY2025 and 71.0% from FY2024 actual spending, making it one of the steepest single-year increases in recent memory.

Almost all of that growth comes from two new pressures: a first-ever Public Sector Investment Plan (US$289.7 million, 23.2% of the budget) and a sharp rise in debt obligations (US$230.0 million, 18.4%). Together, they absorb roughly 4 out of every 10 budget dollars.

This is a spike, not a new baseline. Spending is projected to fall back to US$1.02 billion in FY2027 as the investment allocation is roughly halved, so FY2026 is best read as a front-loaded year of capital investment and debt servicing.

Recurrent spending, by contrast, stays disciplined. The wage bill rises just 4.8% to US$330.8 million, slipping to 26.5% of the budget, while healt

Revenue Breakdown (FY2026)

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The $1.249.7bn expenditure is built from domestic revenue ($1,176.7m, 94%) plus external resources ($72.9m, 6%). Domestic revenue itself splits into a "core" block that the government is fairly confident it can collect and a contingent block.

FY2025 Approved 880.662m	Revenue source / % Increase 41.90%	FY2026 Approved 1,249.665m
639,013m	Tax revenue 14.79%	733,511m
306.439m	Income & profits 17.59%	360.323m
228.733m	International trade 19.02%	272.181m
88.443m	Goods & services -5.32%	83.738m
15.598m	Property tax & other tax 12.34%	17.269m
146.814m	Non-tax revenue 27.38%	187.015m
785.827m	Core revenue subtotal 17.14%	920.526m
18.800m	Contingent revenue 1262.77%	256.202m
76.035m	External resources -4.08%	72.937m

Liberia's FY2026 revenue rests on a solid, credible core but carries one large, uncertain bet. Tax revenue, 14.79%, is the backbone, supplying about 80% of core revenue, and the projection is realistic rather than optimistic. FY2025 tax overperformed by 11% US$706.8m against a US$639m target, so the FY2026 goal sits only modestly above what was already collected. The two biggest and fastest-growing tax lines, income & profits (17.6%) and international trade (19.0%), drive most of that growth but depend on continued economic expansion, making them vulnerable if conditions weaken. The lone exception is the goods & services tax, at −5.3%, an unusual decline for a growing economy that warrants investigation. Beyond tax, non-tax revenue, 27.4%, grows even faster to US$187m, reflecting heavier reliance on royalties, fees, and state-enterprise transfers, a useful diversification, though it is lumpy year to year. Together, these give a core revenue subtotal of US$920.5m, 17.1%, the dependable base the government can plan around. External resources edged down 4.1% to just 6% of the budget, signaling a shift toward domestic financing.

The standout risk is contingent revenue, up 1,263% from US$18.8m to US$256.2m, roughly 20% of the entire budget, built on unproven items like US$200m in signature bonuses, petroleum regulation fees, and asset recovery. This is projected, not proven, money, and if those deals slip, a fifth of the budget's financing is exposed. It is the document's single largest fiscal risk.

Expenditure Breakdown (FY2026)

The budget shifts decisively away from routine, recurring costs toward capital investment and debt service while keeping day-to-day spending disciplined.

Expenditure equals revenue. The budget is balanced, so total expenditure is also $1,249.7bn, split into core recurrent $931.7m, contingent recurrent $28.2m, and the Public Sector Investment Plan (PISP)/capital $289.7m.

The budget shifts decisively away from routine, recurring costs toward capital investment and debt service while keeping day-to-day spending disciplined. The clearest sign of restraint is the wage bill, 4.8% at US$330.8m; it

FY2025 Approved in m 880.7m	Expenditure Category / % Increase	FY2026 Approved in m 1,249.70m
315.6m	Compensation (wages) 4.82%	330.8m
131.9m	Use of goods & services 29.80%	171.2m
123.3m	Grants 28.95%	159m
153m	Debt service 50.33%	230m
31.4m	Subsidies / social /other recurrent 29.94%	40.8m
18.8m	Contingent recurrent 50.00%	28.2m
106.7m	Capital (PSIP) 171.51%	289.7m

remains the single largest recurrent line, 26.5% of the budget, but it grows more slowly than any category and is effectively frozen in real terms once inflation is accounted for, evidence of IMF-style fiscal consolidation. Other recurrent lines grow in a contained 29–30% band: goods & services, 29.8%, worth watching for efficiency and leakage; grants 28.9% to counties and state bodies, reflecting decentralisation; and subsidies/social, 29.9%, a small line at US$40.8m.

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The two structural concerns dominate the rest. Debt service, at 50.3%, is the fastest-rising recurrent pressure, reaching US$230m, nearly equal to all non-tax revenue. It includes a brand-new US$55 million interest on loans that didn't exist before, a clear sign that debt costs have grown large enough to warrant their own line. At 18.4% of the budget, this expense is not a claim on resources that will outlast the FY2026 spike. The Capital/Public Sector Investment Plan (PSIP) of 171.5% is the defining change, nearly tripling to US$289.7m, but US$228m of that is contingent on financing materializing, leaving the firm's "core" capital plan at just US$61.7m. So the capital surge is dramatic on paper but largely conditional in practice. Contingent recurrent 50% rises to US$28.2m on the same conditional basis.

The disciplined, recurrent base flat wages contain operating costs overlaid by two pressures: one durable, rising debt, and one conditional capital surge that may not fully materialize. Crucially, this increase is a one-year spike, not a new baseline, with spending projected to fall back to US$1.02 bn in FY2027.

Expenditure By Sector (US$)

The largest sector, Public Administration, rising from US$340.8m to US$480.2m, a 40.9% increase, is misleading: it appears a third of the budget goes to bureaucracy, but the figure is inflated by debt service and central financing.

The FY2026 budget allocates funds to physical and economic infrastructure, while social sectors and agriculture lose relative ground. The largest sector, Public Administration, rising from US$340.8m to US$480.2m, a 40.9% increase, is misleading: it appears a third of the budget goes to bureaucracy, but the figure is inflated by debt service and central financing. Stripping out US$304.7m of General Government Expenditure leaves genuine administration closer to US$175m, the single most important caveat in reading the budget.

Category	FY2025	FY2026	FY2025 & FY2026 % increment	% share from total budget
Public Administration	340,770,125	480,197,812	40.92%	38.43%
Security and Rule of Law	126,250,430	154,930,763	22.72%	12.40%
Education	119,722,252	136,326,349	13.87%	10.91%
Infrastructure and Basic Services	70,972,381	134,614,386	89.67%	10.77%
Health	91,347,192	102,611,262	12.33%	8.21%
Energy and Environment	24,102,191	78,637,195	226.27%	6.29%
Local Government Services	38,928,900	67,436,865	73.23%	5.40%
Transparency and Accountability	30,131,189	35,623,207	18.23%	2.85%
Social Development Services	12,485,382	25,843,238	106.99%	2.07%
Industry and Commerce	9,206,472	18,530,271	101.27%	1.48%
Agriculture	16,745,359	14,913,843	-10.94%	1.19%
Grand Total	**880,661,873**	**1,249,665,191**	**41.9%**	**100.00%**

The growth leaders reveal the strategy. Energy & Environment more than triples, from US$24.1m to US$78.6m, 226.3%, on power investment, and Infrastructure & Basic Services nearly doubles, from US$71.0m to US$134.6m, 89.7%, on roads, water, and basic services together, the clearest statement of a growth-through-infrastructure thesis. Local Government Services rose sharply, from US$38.9m to US$67.4m, a 73.2% increase, reflecting decentralization and a push of money and responsibility toward counties. Security & Rule of Law, the second largest sector, grows from US$126.3m to US$154.9m, 22.7% above average and typical of a post-conflict state, though it dwarfs agriculture and several social sectors combined.

By contrast, human capital is held back. Education, US$119.7m to US$136.3m, and Health, US$91.3m to US$102.6m, both grow in dollars but sit below international benchmarks for education. Transparency & Accountability grows only modestly, from US$30.1m to US$35.6m, an 18.2% increase, arguably under-resourced given the governance risks of a capital- and contingent-heavy budget. Social Development went from US$12.5m to US$25.8m, and Industry & Commerce went from US$9.2 m to US$18.5m, roughly double, but off tiny bases.

The standout concern is Agriculture, the only sector cut, falling from US$16.7m to US$14.9m, a 10.9% drop. In an economy where farming employs a large share of the workforce, this contradicts any food security, rural jobs, or poverty-reduction agenda and represents the sharpest tension in the budget's priorities.

The 10.9% cut is most troubling against the government's own intentions. The Ministry of Agriculture's FY2026 policy note sets an explicit objective to raise the sector to 10% of the budget "in keeping with international benchmarks" the threshold Liberia committed to under the Maputo (2003) and Malabo (2014) Declarations. Yet the actual allocation is about 1.19%, roughly one-eighth of that target and falling. The budget states an ambition and funds its reverse.

A cut also runs against the Ministry's stated mission of food self-sufficiency, foreign exchange earnings, and higher farmer incomes. It is poorly timed too: the policy note asks that disbursements track planting seasons, and a smaller envelope arriving late compounds the harm, since a missed planting window cannot be recovered.

The thinness extends to capital. Agriculture gets just US$5.65m of the US$289.7m PSIP (1.95%), among the smallest shares despite its central role in jobs and food security and the Ministry's dedicated capital fell from US$8.0m in FY2025 to a US$5.15m PSIP allocation. The cut shows up in both recurrent and capital spending.

The signal is stark, energy and infrastructure more than double while the sector that feeds the country and employs the most people is the only one reduced. It is the clearest candidate for explicit justification or partial reversal during legislative review.

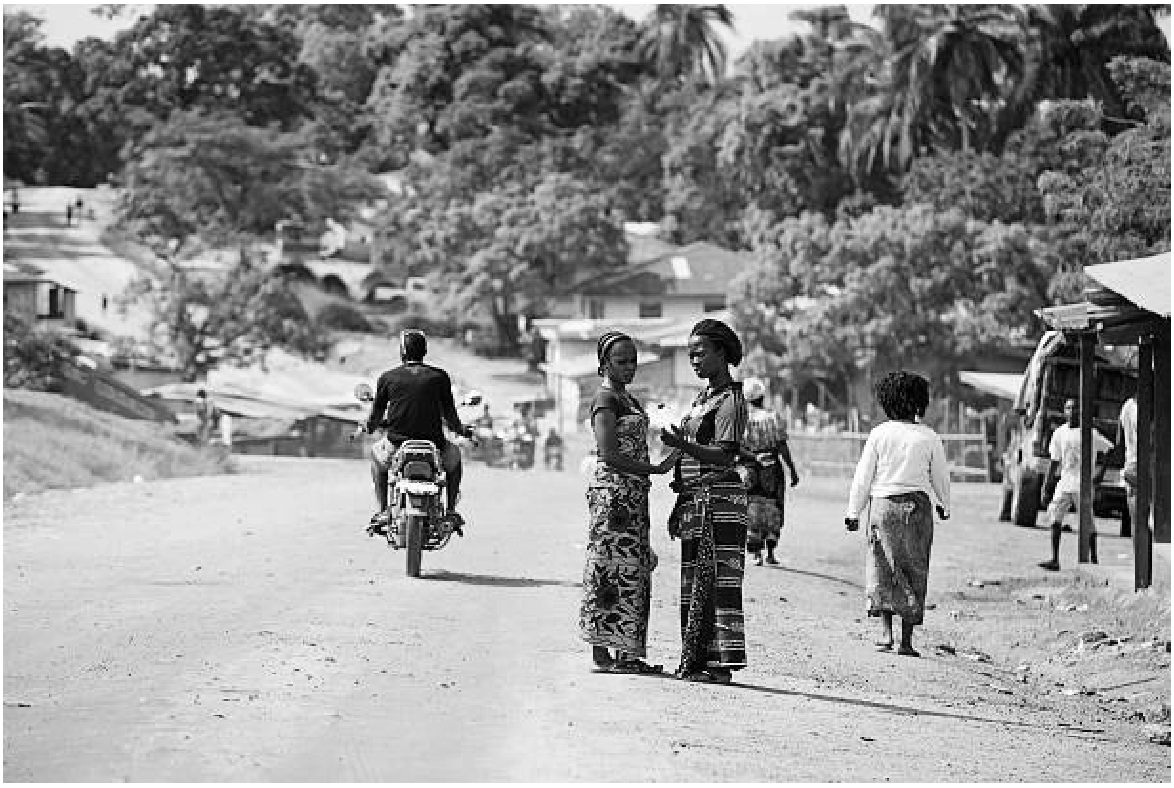
The budget bets on connectivity and power to drive growth total expenditure rises from US$880.7m to US$1,249.7m, a 41.9% increase, while human capital and the rural economy are squeezed, and the headline administration number is really debt and central financing in disguise.

The Public Sector Investment Plan (PSIP)

The Public Sector Investment Plan (PSIP), a US$289.7m capital investment plan, overwhelmingly favors economic infrastructure over human development.

Because the PSIP is the single most significant change in this budget, it deserves its own breakdown. The US$289.7 million capital envelope is heavily weighted toward physical infrastructure and energy, which together absorb 61% of all capital spending.

Public Sector Investment Plan by Sector (US$)			
Sector	**PSIP (US$)**	**%Share by Total PSIP**	**PSIP % Share by Total budget**
Infrastructure and Basic Services	115,697,827	39.93%	9.26%
Energy and Environment	61,283,900	21.15%	4.90%
Local Government Services	35,326,366	12.19%	2.83%
Education	15,450,000	5.33%	1.24%
Social Development Services	14,726,190	5.08%	1.18%
Public Administration	13,885,690	4.79%	1.11%
Security and Rule of Law	12,279,000	4.24%	0.98%
Health	9,650,000	3.33%	0.77%
Agriculture	5,650,000	1.95%	0.45%
Industry and Commerce	4,472,249	1.54%	0.36%
Transparency and Accountability	1,300,000	0.45%	0.10%
Total PSIP	**289,721,222**	**100.00%**	**23.18%**



The Public Sector Investment Plan (PSIP), a US$289.7m capital investment plan, overwhelmingly favors economic infrastructure over human development. Roughly 61% of all capital goes to two areas: Infrastructure & Basic Services (39.93%) and Energy & Environment (21.2%), confirming a connectivity- and enabler-led growth strategy. Local Government Services takes a further 12.2% of US$35.3m, signaling a decentralization push but raising questions about whether counties can actually absorb and execute that spending.

By contrast, social and human-capital sectors are thinly funded. Education (5.3%) and Health (3.3%) together fall below 10%, while Social Development (5.1%) and Public Administration (4.8%) sit in the middle tier. The smallest allocations go to Security (4.2%), Agriculture (1.95%), just US$5.65m despite its importance to food security and rural jobs, Industry & Commerce (1.5%), and Transparency (0.45%).

The plan's defining risk is its conditionality. Of the US$289.7m envelope, only about US$61.7m is firm "core" capital; the remaining US$228m, nearly four-fifths, is contingent on uncertain external financing such as signature bonuses, asset recovery, and petroleum revenue. If that financing fails to materialise, most of the PSIP collapses, which is why the contingent revenue and contingent capital lines should be read together as a single conditional bet.

Governance and Accountability Questions on the PSIP

The biggest governance exposure in this budget is concentrated in a single line.

The biggest governance exposure in this budget is concentrated in a single line. The Approved FY2026 National Budget shows (Annex 7) that the entire US$200 million signature bonus is the ArcelorMittal Liberia Signature Bonus Allocation, and that it has already been fully earmarked, dollar for dollar, to named projects before the money The allocation includes, among others, US$50m to the road sector (the St Paul Bridge Bo Waterside road and other roads and bridges), US$50m to the Liberia Electricity Corporation (a US$44.3m smart-metering project plus US$5.7m for community connections), US$11.3m to ArcelorMittal frontier counties (Nimba, Grand Bassa, and Bong county development), and further sums for education, health, security, social development, and local-government projects. The risk this creates is specific rather than abstract: if the underlying agreement is not finalised or the funds do not arrive on schedule, dozens of named, citizen-facing projects lose their financing simultaneously.

Against that exposure, oversight resourcing is strikingly thin. Of the US$200m signature bonus, only US$1.2m (0.6%) is allocated to the Transparency and Accountability sector, a single National Cadaster line under the Liberia Land Authority. The budget thus attaches almost no dedicated oversight money to the very revenue stream that carries the most risk. The questions below are framed for the Legislature, audit institutions, and civil society to put to the Executive.

- Is the ArcelorMittal agreement underpinning the US$200m signature bonus finalised, ratified, and legally binding? What is the agreed payment schedule across FY2026, and what conditions must Liberia meet to trigger each tranche?

- What is the published contingency rule? If contingent revenue underperforms, which projects are protected and which

are deferred first and who has the legal authority to decide, the Legislature or the Executive alone?

- Which of the US$289.7m PSIP projects are funded from the firm US$61.7m core and which from the US$228m contingent envelope? A project-by-project tagging of “core” versus “contingent” should be public before spending begins.

- How will the large capital and signature-bonus contracts (for example, the LEC smart-metering project and the St Paul Bridge–Bo Waterside road) be procured? Will tenders, award decisions, and beneficial-ownership information be disclosed proactively?

- Why does only 0.6% of the signature bonus and 0.45% of the PSIP go to transparency and accountability functions, when the budget's design of large discretionary capital plus unproven revenue raises the risk of leakage well above normal?

- Will contingent revenue receipts be reported separately and quarterly against projection, so the public can see, in real time, whether the money is actually arriving rather than learning only through a mid-year shortfall?

- Because the contingent revenue and contingent capital are effectively the same bet, what is the single point of failure analysis if the ArcelorMittal and petroleum/asset-recovery items slip together? What is the fallback financing plan, and does it rely on new high-cost borrowing?

What This Means For The Citizens

Stripped of the accounting language, this budget asks citizens to watch three things: whether promised money arrives, whether it reaches the services people use, and whether the bigger budget is a one-off or quietly becomes permanent.

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First, the headline is temporary. The budget is 41.9% larger than last year, but the government itself projects a fall to about US$1.02bn in FY2027. FY2026 is a front loaded year of roads, power, and debt repayment not a permanent step up so citizens shouldn't expect it to repeat.

Second, roughly one dollar in five is not yet guaranteed. About US$256m rests on contingent revenue the government hopes to collect, the largest piece a US$200m signature bonus tied to ArcelorMittal. It is already promised to visible projects LEC smart meters and community connections, the St Paul Bridge Bo Waterside road, county funds in Nimba, Grand Bassa, and Bong, plus school and hospital renovations and school feeding. If the deal slips, these are most exposed. The practical test: do they actually start on schedule?

Third, debt is becoming a permanent cost. Debt service reaches US$230m nearly one in five dollars including a new US$55m interest line. Money spent repaying loans isn't available for clinics, schools, or roads, and this burden won't fall away after FY2026.

Fourth, everyday services are growing slower than the budget overall. Health (8.2%) and education (10.9%) rise in dollars but lose share and stay below international benchmarks, so per-person spending lags the headline growth. Agriculture, the livelihood of many Liberians is the only sector cut.

Warning signs to watch, none requiring technical training: a mid-year budget revised downward (often the first signal contingent money didn't arrive); signature-bonus projects announced but never started; new borrowing to plug a revenue gap; and county projects funded on paper but stalled in execution.

Conclusion

Liberia's FY2026 budget should be understood not as a permanent enlargement of the state but as a deliberate, front-loaded year of capital investment and debt servicing. The headline increase of 41.9% to US$1.25 billion is genuine but temporary. The character of the year is defined by two pressures, in particular: the first-ever Public Sector Investment Plan of US$289.7m and a marked rise in debt service of US$230m, which together account for nearly four of every ten budget dollars.

Beneath this surge, the recurrent base remains commendably disciplined. The wage bill rises by only 4.8% and is effectively frozen in real terms, while operating costs, grants and subsidies are held within a contained band. This restraint represents the budget's principal strength and signals a credible commitment to fiscal consolidation.

The budget's credibility, however, is unevenly distributed. Its core revenue of US$920.5m is solid and realistically projected, anchored by a tax take that over-performed in FY2025. Yet two structural features introduce considerable risk.

First, contingent revenue has been inflated more than thirteenfold, to US$256.2m, roughly a fifth of the entire budget, and rests upon unproven items such as signature bonuses, petroleum fees, and asset recovery; should these fail to materialise, a substantial portion of the financing and most of the capital programme, would be exposed. Second, debt service now constitutes a durable claim on national resources that will persist well beyond the FY2026 spike, including a newly introduced US$55m interest obligation.

Finally, the sectoral allocations reveal a clear growth-through-infrastructure strategy, with energy and infrastructure expanding sharply while human capital and the rural economy remain constrained. Education and health grow in absolute terms but lose relative share and remain below international benchmarks, while agriculture is the sole sector subjected to an outright reduction, notwithstanding its central role in national employment. The large Public Administration figure, moreover, is largely a presentational artifact reflecting debt service and central financing, rather than genuine administrative cost.

Recommendation

For the Legislature

- **Make contingent capital conditional in law.**
  Use the appropriation language to release the US$228m of contingent PSIP spendingonly as the matching contingent revenue is actually received, rather than authorising it up front; this converts a hope into a rule and protects core services from mid-year raids.

- **Demand the ArcelorMittal agreement and its disbursement schedule.**
  Because the entire US$200m signature bonus is already earmarked to named projects, the Legislature should require the underlying agreement, ratification status, and payment timeline to be laid before it before the dependent projects proceed.

- **Hold a hearing on the agriculture cut.**
  Given that the Ministry of Agriculture's own FY2026 objective is to reach the 10% benchmark, the Legislature should require the Executive to reconcile that objective with a 10.9% reduction, and consider a partial restoration during review.

- **Require a cleaner budget presentation.**
  Insist that debt service and General Government Expenditure be reported separately from Public Administration in future submissions, so members are voting on figures that reflect real priorities.

For Civil Society Organisations (CSOs)

- **Publish a contingent-revenue and signature-bonus scorecard.**
  Track the named Annex 7 projects LEC smart metering and connections, the St Paul Bridge–Bo Waterside road, county development funds, school and hospital renovations and report publicly which start, stall, or disappear, turning an opaque risk into a visible record.

- **Monitor county-level execution.**
  With Local Government Services and county funds receiving large increases, CSOs are well placed to verify on the ground whether decentralised money is absorbed and spent as budgeted, where central oversight is weakest.

- **Press for procurement and debt disclosure.**
  Campaign for proactive publication of tenders, contract awards, and beneficial ownership on major capital projects, and for the medium-term debt sustainability analysis recommended above.

- **Advocate for agriculture and social-sector floors.**
  Use the sector data to argue for a minimum agriculture allocation tied to food-security goals and for protecting health and education shares as the budget normalises in FY2027.

For Citizens

- **Watch the warning signs.**
  Treat a mid-year or supplementary budget, fresh borrowing, or quietly cancelled projects as the most likely first signals that contingent money did not arrive, and ask representatives about them.

- **Follow local projects, not just national totals.**
  Engage county and legislative representatives about the specific PSIP and signature-bonus projects promised in your area, and note whether they actually begin.

- **Use the right to information.**
  Request the contingent-revenue receipts, the ArcelorMittal disbursement schedule, and major contract details; sustained, specific requests are among the most effective tools for keeping a conditional budget honest.


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