



Ministry of Finance

Report on the

Annual Fiscal Outturn

Fiscal Year 2006-2007

October 18, 2007

Monrovia

Liberia

1 Overview

Fiscal year 2006-2007 was the first full fiscal period of President Sirleaf's administration. Fiscal operations during the year were based on an initial budget appropriation of US\$129.92 million, and a supplemental budget of US\$5.06 million, making for a total appropriation of US\$134.98 million. The outturn shows a substantial expansion of government fiscal operations as revenue increased by 75%, and expenditure by 64.% compared with the previous fiscal year. Performance also improved, with actual revenue outperforming projections by 9.9% and expenditure falling short of total appropriation by only 0.2%, compared to a 2.3% over-performance in revenue collection and 0.9% under spending during FY2005-2006. Notwithstanding the catch-up in the fourth quarter, however, spending remained sluggish for much of the year, limiting the translation of revenue increases into needed fiscal stimulus for the economy.

Table 1. Summary of Fiscal Operations: 2006-2007 vs 2005-2006
In US \$ million unless otherwise indicated

Fiscal Year 2005-2006			
Item	Projection	Actual	Variance (in %)
Total Revenue	82.70	84.57	2.3
Total Expenditure	82.70	81.98	-0.9
Fiscal Year 2006-2007			
Total Revenue	134.98	148.34	9.9
Total Expenditure	134.98	134.65	-0.2
Growth in %			
Total Revenue	63.2	75.4	7.6
Total Expenditure	63.2	64.2	0.6

Source:

Department of Revenue and Department of Expenditure; MoF

The total revenue and grants of US\$148.34 million collected during FY2006-2007 consisted of US\$146.84 million of domestic revenue and a US\$1.5 million budgetary support grant received from the Peoples' Republic of China. Domestic revenue was higher than the projection (including the estimates of the Supplemental Budget). Revenue has shown a consistent upward trend since January 2006, albeit with slightly more volatility in the first half of 2007.

Figure 1. Revenue Performance June 2005-July 2007

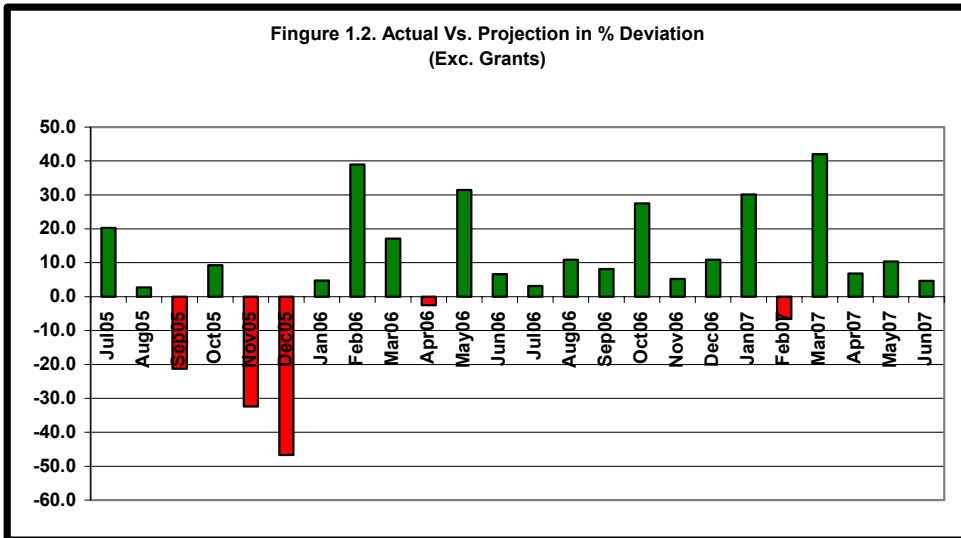
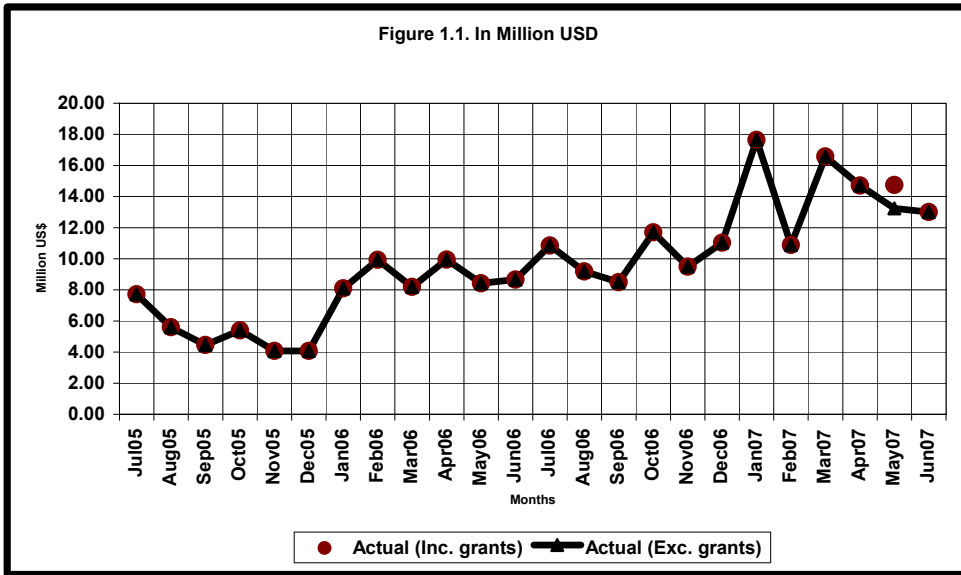


Table 2. Summary Government Fiscal Operations, FY2006-2007

(In millions of U.S.Dollars, unless otherwise indicated)

ITEMS	Projection				
	QI	QII	QIII	QIV	Total
1. Revenue (including Supplemental Budget) ^{/1}	26.68	28.14	36.89	41.17	132.88
Domestic revenue	26.68	28.14	36.89	38.47	130.18
Of which: In Supplemental Budget	0.000	0.000	0.000	0.264	0.264
Grants	0.00	0.00	0.00	2.70	2.70
Of Which: In Supplemental Budget	0.00	0.00	0.00	2.70	2.70
2. Expenditure allotment (including Supplemental Budget)	26.38	32.75	31.15	44.70	134.98
3. Deficit (-) / Surplus (+) [1 - 2]	0.29	-4.61	5.74	-3.53	-2.10
4. Financing	-0.29	4.61	-5.74	3.53	2.10
of which:					
Increase (-) / decrease (+) in cummulative surplus/deficit	-0.29	4.61	-5.74	3.53	2.10
Borrowing	0.00	0.00	0.00	0.00	0.00
Memo:					
Cummulative Cash Balances					
Of which: Opening balances (QI is from Recast Budget FY2005-2006)	2.10	2.39	-2.21	3.53	0.00
Closing balances	2.39	-2.21	3.53	0.00	0.00

Cont.

Table 2 (Cont.). Summary Government Fiscal Operations, FY2006-2007
(In millions of U.S.Dollars, unless otherwise indicated)

ITEMS	Actual				
	1. Revenue (including Supplemental Budget) /1	28.54	32.22	45.11	42.47
Domestic revenue	28.54	32.22	45.11	40.97	146.84
Of which: In Supplemental Budget	0.00	0.00	0.00	0.26	0.26
Grants	0.00	0.00	0.00	1.50	1.50
Of Which: In Supplemental Budget					
2. Expenditure commitment (including Supplemental Budget)	13.82	30.25	29.86	60.72	134.65
3. Deficit (-) / Surplus (+) [1 - 2]	14.72	1.96	15.26	-18.25	13.69
4. Financing	-14.72	-1.96	-15.26	18.25	-13.69
of which:					
Increase (-) / decrease (+) in cummulative surplus/deficit	-14.72	-1.96	-15.26	18.25	-13.69
Borrowing	0.00	0.00	0.00	0.00	0.00
Memo:					
Cummulative Cash Balances					
Of which: Opening balances (Q1 is from Recast Budget FY2006)	2.10	16.82	18.78	34.04	-
Closing balances	16.82	18.78	34.04	15.79	15.79

Cont.

Table 2 (Cont.). Summary Government Fiscal Operations, FY2006-2007
(In millions of U.S.Dollars, unless otherwise indicated)

ITEMS	Variance (=Actual - Projection) in US \$				
1. Revenue	1.87	4.07	8.22	1.30	15.46
Domestic revenue	1.87	4.07	8.22	2.50	16.66
Grants	0.00	0.00	0.00	-1.20	-1.20
2. Expenditure allotment	-12.56	-2.50	-1.29	16.02	-0.33
3. Deficit (-) / Surplus (+)	14.43	6.57	9.52	-14.72	15.79
4. Financing	-14.43	-6.57	-9.52	14.72	-15.79
of which:	0.00	0.00	0.00	0.00	0.00
Increase (-) / decrease (+) in cummulative cash balances	-14.43	-6.57	-9.52	14.72	-15.79
Borrowing	0.00	0.00	0.00	0.00	0.00
Memo:					
Cummulative Cash Balances					
Of which: Opening balances (QI is from Recast Budget FY2005-2006)	0.00	14.43	21.00	30.51	-
Closing balances	14.43	21.00	30.51	15.79	15.79

Notes:

1/ Quarterly revenue projections are based on the initial annual revenue projection of US \$129.92 million plus the additional 5.06 million estimate for the supplemental budget period. Supplemental Budget revenue was approved by the Legislature on April 2007 for QIV.

2/ Projected expenditure is equal to allotment made within the quarter.

3/ Actual total expenditure includes that approved by the CMCo and that which is not, the later being made of statutory payments such as debt service, EDP payroll, as well as CBL charges for services provided to GOL which are debited directly to GOL accounts by CBL based on existing memorandum of understanding. CMCo approved spending includes both regular expenditures as well as paymetn of arrears on goods and services (including personnel allowances). EDP Payroll Includes regular civil service salaries and salary arrears processed through the Electronic Data Processing.

4/ Total expenditure on a cash basis is as per the GOL cheques actually encashed at CBL. Quarter I includes cheques issued during FY 2005-2007 but only encashed after July 2006. Beyond QI includes cheques issued during the current and any of the previous quarters but only encashed during the reported current quarter.

5/The the sources of financing of the Supplemental Budget included the surplus carried from the Recast Budget FY2005-2006 (2.10 million), tax revenue (0.264), and grants from the People's Republic of China (1.50 million) and the French Republic (1.20 million).

The fiscal year closed with a cumulative cash surplus of US\$15.79 million, compared to US\$2.1m at opening, thus creating additional fiscal space for FY2007-2008. This performance reflects the intensification of efforts to further close the sources of revenue leakages by strictly enforcing tax laws and regulations and improving revenue administration, greater taxpayer voluntary compliance, as well as improved expenditure management.

Despite this progress challenges remain, requiring further deepening of reforms in tax policy and revenue administration, significant improvements in absorptive capacity of the line ministries, development of human capacity, and even more determined efforts to combat corruption within the civil service.

2 Revenue

Total revenue collected during fiscal year 2006-2007 (including external grants) was US\$148.3 million, exceeding the original projection by US\$18.4 million (or 15.5%), and increasing by 75.4% relative to the previous fiscal year (see figure 2). Compared to the revised budget (i.e. including the supplemental budget), revenue were 9.9% higher. The IMF Staff Monitored (SMP) target of US\$120.9 million was exceeded by 22.7%. The strongest revenue performance was recorded in QIII with a collection of US\$45.11 million, driven by corporate taxes which are due in the quarter.

Tax revenue (including maritime revenue) accounts for 95% of total revenue collection, the remainder being non-tax proceeds. Both tax and non-tax revenue exceeded projections in the fiscal year. There was no collection of contingent revenue, which included GSM license fees and the recovery of taxes due in relation to “non-cash transactions” with the previous administration.

The failure to collect GSM license fees was due to the delay in the passage of the new Telecommunications Act, while non-collection of overdue taxes from “non-cash transactions” resulted from the unexpectedly lengthy process of assessing the representations made by the concerned entities. (see section on non-tax revenue below).

In May 2007 the government received a grant of US\$1.50 million in budget support from the People's Republic of China. By contrast the US\$1.2 million expected in French budgetary support under the supplemental budget was not disbursed within the fiscal year.

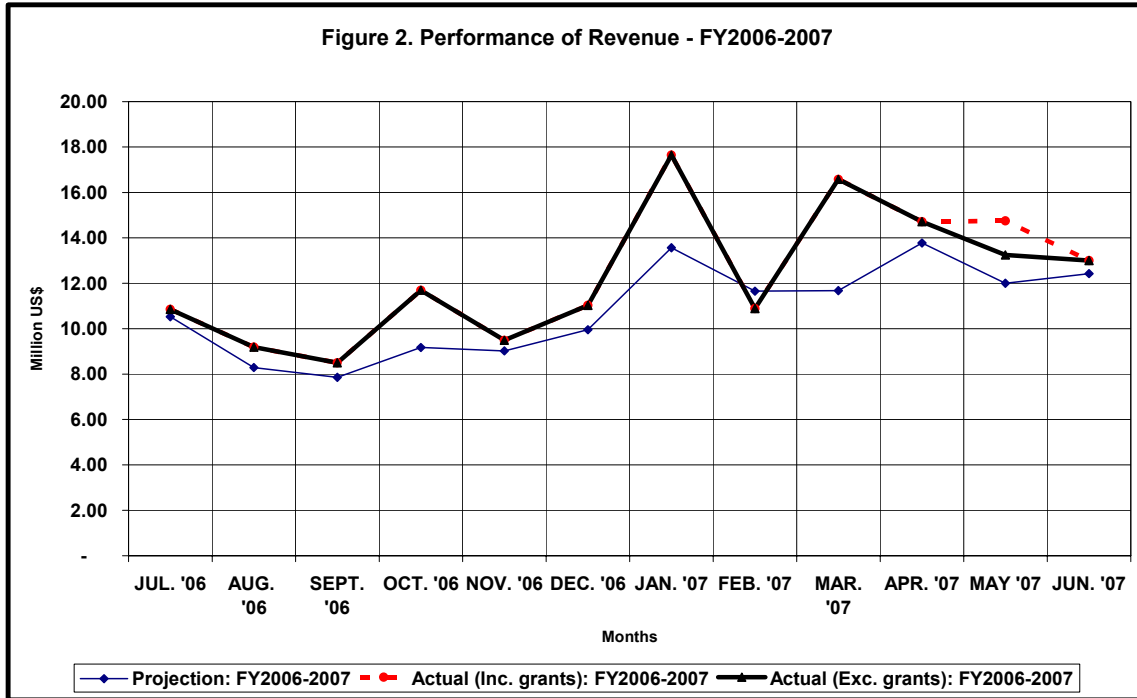


Table 3. Government Fiscal Operations - Total Revenue, FY2006-2007
(In millions of U.S.Dollars, unless otherwise indicated)

Category	Projection FY2006/07					Actual FY2006/07				
	QI	QII	QIII	QIV	Total	QI	QII	QIII	QIV	Total
Total Revenue (including Supplemental Budget)	26.68	28.14	36.89	41.17	132.88	28.54	32.22	45.11	42.47	148.34
Tax revenue (including Supplemental Budget)	23.46	24.01	29.10	32.66	109.23	27.08	29.81	42.91	39.06	138.86
Non-Tax Revenue	1.23	2.18	5.25	3.28	11.95	1.46	2.41	2.20	1.91	7.98
Contingent Revenue	1.98	1.95	2.54	2.53	9.00	0.00	0.00	0.00	0.00	0.00
Grants	0.00	0.00	0.00	2.70	2.70	0.00	0.00	0.00	1.50	1.50
Category	Performance									
	Actual Against Projection FY2006/07 (In %)					Actual FY2006/07 Against Same Quarter of FY2005/06 (In %)				
	QI	QII	QIII	QIV	Total	QI	QII	QIII	QIV	Total
Total Revenue (including Supplemental Budget)	7.0	14.5	22.3	3.2	11.6	60.5	137.5	75.2	55.3	75.9
Tax revenue (including Supplemental Budget)	15.4	24.2	47.4	19.6	27.1	55.8	128.3	73.5	51.6	71.6
Non-Tax Revenue	18.7	10.2	-58.1	-41.8	-33.2	263.6	372.4	115.1	209.9	212.8
Contingent Revenue	-	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-44.4	-44.4					1.5

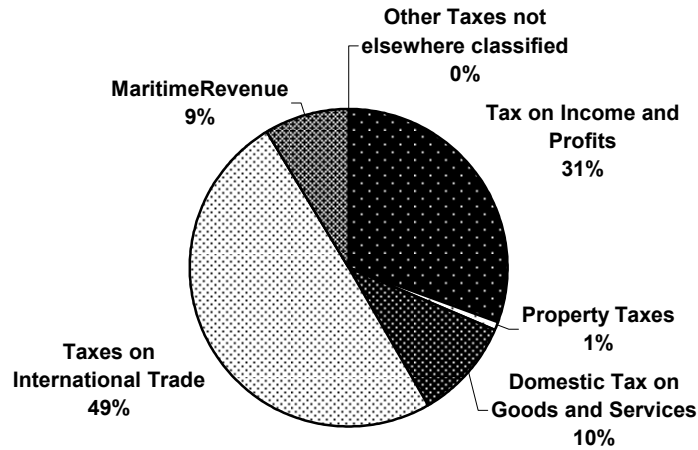
Source: Departmentr of Revenue, Ministry of Finance.

2.1 Tax Revenue

Total tax revenue was 27.1% higher than projections, and 71.6% more than in the previous fiscal year.

International trade continues to be the major contributor to tax revenue, accounting for 49.9% of total (See Table 3). Taxes on income & profits is the second largest contributor, followed by domestic tax on goods & services, and Maritime. In addition to the positive impact of the pre-shipment inspection scheme and efforts to contain duty exemptions, the increased share of taxes on international trade relative to 2005/2006 reflects the large expansion in imports associated with the initial stages of the on going economic recovery. While the dominance of taxes on international trade in poor post-war economies such as Liberia's is understandable, their increased share nonetheless underscores the urgency of additional tax policy and administrative reforms to further expand the tax base beyond customs duties. The near-halving of the share of maritime revenue reflects its very modest growth relative to other revenue sources and the need for significantly improved performance.

Figure 3. Tax Revenue by Category, in Percentage, FY2006-2007



Composition of Tax Revenue in %

Item	FY2005-2006	FY2006-2007	Change	Contribution to Growth
Total	100	100	-	71.6
Tax on Income and Profits	31.0	30.6	-0.4	22.0
Property Taxes	0.3	0.7	0.3	0.4
Domestic Tax on Goods and Services	10.4	10.3	0.0	7.4
Taxes on International Trade	43.3	49.9	6.5	34.0
Maritime Revenue	15.0	8.5	-6.4	7.8

Revenue from international trade taxes contributed 34% of the growth of tax revenue between FY2005-2006 and FY2006-2007, followed by taxes on incomes and profits with a weighted contribution to growth of 21.9%. The best performer in absolute terms (i.e. more than doubling) has been property taxes, albeit from a very low base (due to inherited weaknesses in valuation and tax assessment), and thus with the smallest contribution to total growth.

Table 4. Liberia: Government Fiscal Operations - Tax Revenue, FY2006-2007
(In millions of U.S.Dollars)

Category	Projection FY2006/07					Actual FY2006/07				
	QI	QII	QIII	QIV	Total	QI	QII	QIII	QIV	Total
Tax revenue	23.46	24.01	29.10	32.66	109.23	27.08	29.81	42.91	39.06	138.86
Tax on Income and Profits	6.92	6.03	9.07	11.68	33.71	6.77	8.40	17.63	9.75	42.54
Property Taxes	0.18	0.18	0.18	0.18	0.72	0.11	0.33	0.17	0.30	0.91
Domestic Tax on Goods and Services	2.16	2.08	3.39	2.92	10.54	2.32	2.74	4.63	4.65	14.34
Taxes on International Trade	11.63	12.98	13.42	14.96	53.00	15.67	15.21	16.93	21.42	69.23
MaritimeRevenue	2.6	2.7	3.0	2.6	11.0	2.21	3.13	3.54	2.95	11.83
Other Taxes not elsewhere classified	-	-	-	0.264	0.264	0.0025	0.000	0.0000	0.0000	0.0025
Category	Performance									
	Actual Against Projection FY2006/07 (In %)					Actual FY2006/07 Against Same Quarter of FY2005/06 (In %)				
	QI	QII	QIII	QIV	Total	QI	QII	QIII	QIV	Total
Tax revenue	15.4	24.2	47.4	19.6	27.1	55.8	128.3	73.5	51.6	71.6
Tax on Income and Profits	-2.2	39.1	94.4	-16.6	26.2	30.6	93.6	146.3	16.0	69.6
Property Taxes	-40.9	83.0	-3.7	65.9	26.1	122.4	1251.2	77.1	167.5	222.2
Domestic Tax on Goods and Services	7.6	31.7	36.8	59.2	36.0	62.9	95.4	37.8	111.7	71.1
Taxes on International Trade	34.7	17.2	26.2	43.1	30.6	107.6	153.5	83.9	73.8	97.4
MaritimeRevenue	-13.9	14.4	16.3	11.3	7.6	-30.3	142.7	-27.8	7.9	-2.2
Other Taxes not elsewhere classified	-	-	-	-	-	-	-	-	-	-

Source: Departmentr of Revenue, Ministry of Finance.

The main measures driving revenue performance during the fiscal year included a more consistent implementation of the revenue code; the enhancement of the tax payment process; improvements in auditing by use of related taxpayer information (for example from import records); taxpayers' education; and focused efforts to combat smuggling and tax evasion. Specific measures and processes impacting on these dimensions of performance of the tax system included actions to enhance pre-shipment inspection, the continued expansion of the automated tax administration system, tax awareness activities targeted at both the general public and taxpayers, operation "show your flag receipt", and the ongoing re-structuring of the revenue department along taxpayer size (as opposed to tax kind).

2.1.1 Taxes on income and profits

The actual collection of revenue from taxes on incomes and profits was US\$42.5 million, compared to the projection of US\$33.7 million. This 26% over performance was mainly on account of individual taxes on income & profits which exceeded projections by 39%. Comparatively, revenue from taxes on income and profits was almost 70% higher than in FY2005-2006.

Table 5. Government Fiscal Operations - Taxes on Income and Profits, FY2006-2007
(In millions of U.S.Dollars, unless otherwise stated)

Description	FY06/07 Projection					FY06/07 Actual				
	QI	QII	QIII	QIV	Total	QI	QII	QIII	QIV	Total
Tax on Income and Profits	7.0	6.0	9.1	11.7	33.8	6.8	8.4	17.6	9.7	42.5
Individual tax on income & profits	2.50	3.24	3.62	4.43	13.8	4.25	4.74	5.22	5.00	19.2
Corporate taxes	2.40	2.20	3.10	6.28	14.0	0.57	1.44	8.09	1.38	11.5
Taxes on unallocable income & profits	2.1	0.6	2.3	0.9	5.9	1.9	2.1	4.2	3.3	11.5
o/w: Gross Income tax	2.00	0.60	2.20	0.87	5.7	1.81	1.80	3.43	3.14	10.2
Withholding on non-resident	0.10	0.00	0.10	0.08	0.3	0.07	0.33	0.81	0.16	1.4
Other taxes on income	0.00	0.00	0.10	0.03	0.1	0.07	0.09	0.08	0.06	0.3
Performance										
Description	Actual Against Projection FY2006/07 (In %)					Actual FY2006/07 Against Y2005/06 (In %)				
Tax on Income and Profits	-3.3	39.1	93.3	-16.6	25.7	30.7	93.7	147.6	15.2	69.6
Individual tax on income & profits	70.0	46.3	44.2	12.8	39.3	142.3	105.0	72.4	41.7	80.9
Corporate taxes	-76.3	-34.5	161.0	-78.0	-17.9	-80.2	-15.3	229.1	-54.6	13.9
Taxes on unallocable income &	-10.5	255.0	84.3	250.5	94.4	242.4	557.4	159.5	75.5	163.3
o/w: Gross Income tax	-9.5	200.0	55.9	262.1	79.6	264.9	455.6	109.9	75.2	139.8
Withholding on non-resident	-30.0	-	710.0	117.2	398.7	32.1	-	-	82.2	860.8
Other taxes on income	-	-	-20.0	124.5	136.6	-	-	-	-	-

Source: Department of Revenue/Ministry of Finance

The structure of taxes on incomes and profits changed markedly between FY 2005-2006 and FY2006-2007. Taxes on unallocated income and profits and from other taxes on income reduced their joint contribution from 27.8% in FY2005-2006 to 17.5% in FY2006-2007. Conversely, the joint contribution of revenue from taxes on individual income, and profits and corporate taxes, increased from 73.2% to 82.5%. This is a welcome shift reflecting more specificity about the components of the tax base. Corporate taxes was the only category to increase its share at the expense of all other categories, a fact that suggests the broadening of the corporate tax base resulting from both increased economic activity and strengthened tax administration.

Table 6. Government Fiscal Operations: Taxes in Incomes and Profits - Shares (%) of total
FY2005-2006 and FY2006-2007

Categories	FY2005-2006	FY2006-2007	Change	Average
	A	B	C=B-C	
Individual tax on income & profits	45.2	42.3	-2.8	43.7
Corporate taxes	27.0	40.2	13.2	33.6
Taxes on unallocable income & profits	27.1	17.5	-9.7	22.3
Other taxes on income	0.7	0.0	-0.7	0.4
Total	100.0	100.0	0.0	100.0

Source: Department of Revenue/MoF

There is nonetheless a strong concentration of the tax base with the three largest corporate income taxpayers accounting for 54.7% of total corporate tax payments. The average number of large tax payers during the year was about 150. This clearly shows the potential for growth by bringing in more corporate entities into the tax net and the urgent need for more improved auditing. Realization of this potential will require intensified efforts to detect and discourage under-declaration in the trading and services sectors. These in turn entail improving audit and the implementation of the relevant sections of the Tax Code with respect to determination.

2.2 Real property taxes

Annual revenue from this tax source totaled US\$0.907 million, exceeding projection by 34%. The key strategy underpinning the improved performance include focusing reassessments on private properties leased to foreign governments, private properties leased to NGOs, properties leased to GOL, and all other properties valued above US\$20,000.

During FY2006-2007 the GOL granted an amnesty on overdue property taxes, and called for voluntary registration. Since the amnesty took effect in March 2007 over 3,000 properties have been registered, of which 1,570 constitute voluntarily re-registration and reassessment. Of the 3,000 properties 1,413 have made payments to date. Central Monrovia accounts for 600 reassessed properties, and the assessed value of properties in Monrovia increased on average by 100%. On Payne Avenue a total of 254 properties were mapped. To date 20% have been reassessed. Because it was only introduced in the third quarter, the full impact of the property tax amnesty is expected in the current fiscal year. The target for 2007/2008 is to reassess 10,000 properties in Montserrado County and 1,500 in the rural areas.

Monitoring and enforcement strategies include re-introduction of deed registration at the real Estate Division, and tax clearance before probate of deeds and granting of duty exemptions. Verification of property assessment will be facilitated by the “tax police system,” a software currently being used to counter-check fake bills and flag receipts.

During the period January to July 2007 updated land registration increased to 175, from 60 at the end of FY2005-2006. To further bolster land registration, more awareness raising will continue, involving the use of print and electronic media, the MOF website, other websites, billboards and flyers, tax jingles, as well as drama and songs in the various vernacular. In the months ahead work will continue on preparation of a cadastre questionnaire to track property data by clear map references and location. This will include the establishment of a proper land ownership database in collaboration with the Ministry of Lands, Mines and Energy and various land Commissioners.

Internal Revenue Collectorates

There are 24 functional collectorates in the Bureau of Internal Revenue, but their collection amounts to only 0.4% of overall revenue and 4% of domestic revenue. Although not very impressive, this is a modest improvement compared to the last fiscal year on account of increased economic activity and stricter adherence to GoL revenue centralization policy. Harper was the major contributor followed by Marshall. The surprisingly poorer performance of other key collectorates like Ganta, Buchanan, and Zwedru with more vibrant economies is being tackled. We are updating the tax rolls, effecting rotations and auditing.

Table 7. Government Fiscal Operations - Revenue by Internal Collectorates, FY2006-2007
(In millions of U.S.Dollars, unless otherwise stated)

Collectorates	Q1	Q2	Q3	Q4	Total	In % of Total
1 Harper	8,873.00	6,026.00	83,418.00	42,890.00	141,207.00	23.93
2 Marshall	11,941.00	14,954.00	15,964.00	24,245.00	67,104.00	11.37
3 Kakata	15,086.00	14,907.00	10,707.00	11,200.00	51,900.00	8.79
4 Bomi	3,750.00	3,451.00	5,307.00	31,891.00	44,399.00	7.52
5 Ganta	10,057.00	7,662.00	10,864.00	14,771.00	43,354.00	7.35
6 Gbarnga	14,267.00	6,627.00	5,541.00	10,997.00	37,432.00	6.34
7 Bensonville	12,138.00	5,268.00	8,657.00	11,087.00	37,150.00	6.30
8 Buchana	11,476.00	2,912.00	9,307.00	10,231.00	33,926.00	5.75
9 Saniquelle	4,468.00	5,136.00	9,030.00	11,867.00	30,501.00	5.17
10 Cape Mount	2,049.00	1,862.00	9,147.00	8,551.00	21,609.00	3.66
11 Salala/Bong Mines	6,753.00	2,908.00	2,913.00	8,254.00	20,828.00	3.53
12 Zwedru	2,122.00	1,280.00	3,304.00	4,610.00	11,316.00	1.92
13 Voiijama	1,502.00	1,060.00	3,135.00	3,162.00	8,859.00	1.50
14 Zozor	883.00	1,157.00	1,692.00	4,147.00	7,879.00	1.34
15 Greenville	2,171.00	917.00	1,851.00	2,660.00	7,599.00	1.29
16 Webbo	1,296.00	1,018.00	1,597.00	2,214.00	6,125.00	1.04
17 Tappita	1,636.00	746.00	628.00	920.00	3,930.00	0.67
18 Bopolu	1,057.00	449.00	893.00	1,098.00	3,497.00	0.59
19 Grand kru	758.00	573.00	657.00	846.00	2,834.00	0.48
20 Gbarma	305.00	0.00	781.00	1,542.00	2,628.00	0.45
21 Kolahun	583.00	452.00	569.00	639.00	2,243.00	0.38
22 Foya	243.00	150.00	683.00	740.00	1,816.00	0.31
23 Juarzon	154.00	0.00	343.00	71.00	568.00	0.10
24 Riverscess	204.00	0.00	647.00	580.00	1,431.00	0.24
Total	113,772.00	79,515.00	187,635.00	209,213.00	590,135.00	100.00

Source: Department of Revenue/Ministry of Finance

2.2.1 Domestic taxes on goods and services

Domestic taxes on goods and services totaled US\$14.8 million, which is 10% higher than projection of US\$10.5 million and is also 76% above last fiscal year's collection.

Revenue from the goods & services tax remains the largest component of domestic taxes on goods and services, followed by business and professional licenses. Receipts from business and professional licenses performed best, ending the fiscal year with US\$3.58 million (more than ten times the projection of US\$0.30 million), and overtaking the shares of revenue from excise taxes and motor vehicle licensing. Some \$2 million of this amount reflects better collection of gold mining royalties during the fiscal year.

Table 8. Government Fiscal Operations - Domestic taxes on goods and services, FY2006-2007

(In millions of U.S.Dollars, unless otherwise stated)

Description	FY06/07 Projection					FY06/07 Actual				
	QI	QII	QIII	QIV	Total	QI	QII	QIII	QIV	Total
Domestic Tax on Goods and Services:	2.13	2.07	3.37	2.90	10.47	2.32	2.74	4.67	4.64	14.37
Goods and services tax	1.45	1.44	1.52	1.49	5.90	0.90	1.26	1.95	1.95	6.06
Excise taxes	0.25	0.35	0.48	0.57	1.65	0.56	0.55	0.71	1.00	2.82
Taxes on specific services	0.06	0.08	0.13	0.11	0.38	0.00	0.00	0.00	0.0007	0.0007
Business & professional license	0.03	0.03	0.17	0.07	0.30	0.33	0.66	1.39	1.20	3.58
Motor vehicle	0.34	0.17	1.07	0.66	2.24	0.53	0.27	0.62	0.43	1.85
Stumpage & related charges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.06
Performance										
Description	Actual Against Projection FY2006/07 (In %)					Actual FY2006/07 Against Same of FY2005/06 (In %)				
Domestic Tax on Goods and Services:	9.1	32.4	38.6	60.0	37.3	65.9	94.3	39.0	109.0	71.3
Goods and services tax	-37.9	-12.5	28.3	30.9	2.7	-9.1	14.5	57.3	74.1	36.2
Excise taxes	124.0	57.1	47.9	75.4	70.9	250.0	243.8	-15.5	170.3	84.3
Taxes on specific services	-100.0	-100.0	-100.0	-99.4	-99.8	-	-	-	-	-
Business & professional license	1000.0	2100.0	717.6	1614.3	1093.3	560.0	633.3	87.8	380.0	216.8
Motor vehicle	56.8	58.8	-42.1	-34.8	-17.3	166.5	350.0	14.8	-10.4	44.8
Stumpage & related charges	-	-	-	-	-	-	-	-	-	-

Source: Department of Revenue/Ministry of Finance

The low contribution from vehicle license resulted from the unavailability of driver's licenses during the fiscal year due to procurement delays. It is expected that the new drivers' licenses will be available early in the second quarter of the current fiscal year..

2.3 Taxes on international trade

The continued dominance of taxes on international trade highlights Liberia's extreme reliance on imports, as well as the relative ease of collecting taxes at the borders compared to domestic sources. Actual collection on international trade totaled US\$69.23 million, a growth of 97% compared to FY2005/2006. Although falling short of projections, surcharges and export duty revenue increased by 84.1% and 2.0% respectively compared to the previous fiscal year.

As explained previously the strong performance of taxes on international trade is due to a combination of factors including improved tax administration, an increase in the value of imports, the effectiveness of the pre-shipment inspection scheme, strengthening of the automated tax administration system, and increased efforts to combat corruption. The fiscal year's FOB value of total imports of US\$261.4 million was 127% higher than the 2005/2006 amount.

Table 9. Government Fiscal Operations - International Trade Tax Revenue, FY2006-2007
(In millions of U.S.Dollars, unless otherwise stated)

Category	Projection FY2006/07					Actual FY2006/07				
	QI	QII	QIII	QIV	Total	QI	QII	QIII	QIV	Total
International Trade Taxes	11.63	12.98	13.42	14.96	52.99	15.67	15.21	16.93	21.42	69.23
Customs duties-All Imports	9.66	10.74	11.05	12.33	43.78	14.18	13.9	15.11	19.24	62.43
Customs duties-surcharge	1.46	1.66	1.74	1.93	6.79	1.07	1.07	1.41	1.97	5.52
Customs duties-All Export	0.57	0.57	0.63	0.69	2.46	0.41	0.24	0.41	0.23	1.29
Category	Performance									
	Actual Against Projection FY2006/07 (In %)					Actual FY2006/07 Against FY2005/06 (In %)				
Int'l Trade	34.7	17.2	26.2	43.2	30.6	107.8	153.5	84.0	72.2	96.8
Customs duties-All Imports	46.8	29.4	36.7	56.0	42.6	93.5	160.8	99.3	71.2	98.3
Customs duties-surcharge	-26.7	-35.5	-19.0	2.1	-18.7	282.1	313.1	3.7	79.1	84.1
Customs duties-All Export	-28.1	-57.9	-34.9	-66.7	-47.6	0.0	0.0	0.0	1.0	2.0

Source: Departmentr of Revenue, Ministry of Finance.

Taxes on imports account for 90% of total international trade revenue. The three largest import categories are “essentials” (US\$21.0 million), petroleum products (US\$11.1 million), and rice (US\$7.2 million). The key export at present is rubber which is largely exempted from taxation.

We anticipate an increase in revenue sources in the latter part of fiscal year 2007/2008 emanating largely from the expected resumption of logging activities with the introduction of the chain of custody helping to ensure tax payments.

2.3.1 Customs Collectorates

There are twelve operational collectorates, down from fifteen prior to the onset of the civil crisis. The Freeport collectorate accounts for 78% of the total collected. Economic activity is gradually increasing in the other collectorates. Key collectorates which did not operate in the fiscal year are Buchanan, Butuo, Greenville, and Spriggs Field. The Buchanan collectorate is expected to commence full operation in the new fiscal year with an anticipated increase in the utilization level of the Buchanan port associated with the Mittal operations.

Table 10. Government Fiscal Operations - International Trade Revenue by Internal Outstations, FY2006-2007

(In millions of U.S.Dollars, unless otherwise stated)

COLLECTORATES	Q1	Q2	Q3	Q4	AGGREGATE
FREEPORT	13,131,568.72	13,304,491.48	14,546,975.21	17,941,526.77	58,924,562.18
Excise Division	2,740,515.00	3,181,548.00	3,489,051.00	4,413,607.00	13,824,721.00
RIA	187,655.23	205,660.75	254,916.69	1,019,744.42	1,667,977.09
GANTA (Nimba Co.)	67,881.95	63,527.18	28,805.14	53,651.57	213,865.84
YEALLA (Bong Co.)	62,850.00	34,635.00	29,870.84	46,271.07	173,626.91
BO-WATERSIDE (Grand Cape Mount)	29,313.88	48,159.68	15,935.00	22,315.63	115,724.19
TOE TOWN (Grand Gedeh Co.)	11,530.83	15,547.83	14,628.31	20,847.63	62,554.60
HARPER (Maryland Co.)	17,569.74	18,125.27	33,588.67	28,215.32	97,499.00
MENDICORMA (Lofa Co.)	16,773.37	7,936.00	8,344.00	14,810.00	47,863.37
JORWAH (Lofa Co.)	5,300.00	5,179.25	6,278.08	10,913.45	27,670.78
LOGUATUO (Nimba Co.)	552.00	1,320.00	7,225.67	13,909.37	23,007.04
Monrovia Post Office	189.60	265.00	295.00	363.25	1,112.85
TOTAL excluding Freeport	3,140,131.60	3,581,903.96	3,888,938.40	5,644,648.71	16,255,622.67
TOTAL Including Freeport	16,271,700.32	16,886,395.44	18,435,913.61	23,586,175.48	75,180,184.85

Source: Department of Revenue, Ministry of Finance.

2.3.2 Duty Exemptions

The value of duty exemptions during FY2006-2007 was US\$26.1 million. This represents a substantial proportion of total potential revenue and remains an area of concern. Petroleum exemptions account for 33% of the total exemptions, exports 1%, and general import 66% (see table 1 below).

Table 11: Government Fiscal Operations-Duty Exemptions by Object, FY2006-2007
(In million of U.S.Dollars, unless otherwise stated)

Sources	Amount	% of Contribution
Imports	25.80	99
o/w: Petroleum imports	8.56	33
General imports	17.24	66
Exports	0.32	1
Total	26.12	100

Source: Department Revenue, Ministry of Finance

Rationalizing duty exemptions and eliminating abuse are core objectives of our tax administration reform strategy. The strategy includes :

- Ensuring exemptions are only granted on the basis of the approved list of exempt items;
- Avoiding general renewal at expiration of a given exemption;
- Ensuring that investors comply with covenants of their agreements and that the purposes for which exemptions were granted are truly achieved,
- Tighter controls against the use of fake documentation; and
- Streamlining the approval process based on risk profiling.

2.4 Maritime Revenue

- Maritime revenue accounts for only about 9% of total revenue, with the corporate operation being more lucrative than the tonnage program. Actual collection of maritime revenue totaled US\$11.8 million, exceeding the projection by 7.6%, but declining by 2.2% relative to the FY2005-2006 actual. Also during the period a dividend of US\$104,000.00 was received from Immasat (satellite communications program in which Liberia has equity ownership), for the 649,314 shares that GOL owns.

During the current fiscal year the focus of efforts to increase maritime revenue are:

- Rationalizing the operational cost of the DCO, and DCFA, i.e. containing staff and operational costs;
- Expanding the fleet and related revenue, Already, plans are underway for the expansion of the fleet to cover pleasure boats.
- Concluding the audit of the DCO, DCFA, Corporate and LISCR (Monrovia). This will position the Government to better monitor implementation of the contract and to demand increased accountability from the Agent.

2.5 Non-Tax Revenue

Total non-tax revenue collected was US\$7.98 million. Although less than half of what had been projected, the amount is 132% higher than collection during the same period of the previous fiscal year. The shortfall is due to collection of only US\$0.5 million in extra-ordinary revenue compared to a projection of US\$4.7 million. Extraordinary revenue was projected to come from overdue taxes, and the weak performance reflects an overestimation of their collectibility.

The stock of overdue taxes mainly resulted from non-cash transactions in the amount of US\$28.1 million, from which many businesses benefited between January 2005 and January 2006 for goods and services they reportedly supplied various government ministries/agencies before President Sirleaf's administration took offices.

The Ministry of Finance has pursued a two-fold strategy for collection of overdue taxes: (i) identifying and auditing non-cash transactions, (ii) encouraging voluntary compliance or pursuing enforcement measures through the court system if delinquent taxpayers fail to comply. Audits of non-cash transactions have been conducted but findings remain contentious and pose potential legal issues because businesses maintain that these were legitimate and that the non-cash settlement was in lieu of the previous administration's inability to pay what was owed for the goods and services reportedly supplied. Hence, collection of non-cash based overdue taxes has to date been negligible.

2.6 Contingent Revenue

There was no collection in this category, against a forecast of US\$9.0 million. The major sources were expected to have been license fees from GSM operators, and outstanding taxes from rice and petroleum importers. The GSM license fee was contingent on the timely passage of the new Telecommunications Act. In the event the bill was not passed until after the close of the fiscal year. The outstanding taxes on rice and petroleum related to "non-cash" settlement of taxes granted to some businesses by the previous Administration which remained unresolved by the close of the fiscal year.

2.7 3 Summary and scope for improved revenue performance

Despite good performance in overall revenue collection, there is still room for further improvements as leakages remain and the potential tax-base is substantially untapped. On the import tax side, the key reason is duty exemptions on imports of major concessions, NGOs, and manufacturers. These entities include some of the major importers and users of petroleum products, luxury goods and vehicles that still dominate the import bill. The goods and services tax, property taxes, and individual income taxes are other areas of untapped potential and thus the subject of further reform and focus over the next year.

In an effort to further enhance revenue collection, the Ministry of Finance will continue to strengthen revenue administration. In this connection, the approval of deferred payment has been restricted to the Assistant Minister for Revenue and Deputy Minister for Revenue, and the legal warning periods are being enforced. With possible

support from international partners, further automation of tax administration is expected during the current fiscal year.

3 Expenditure

3.1 Spending Overview

Government spending during FY2006-2007 totaled US\$134.65 million, against allotments of US\$134.98 million; the balance unspent in appropriation was therefore \$324,943. During the first three quarters there was an accumulation of unspent allotments of US\$16.02 million which were ultimately used in QIV, and most of it in the month of June. The last Cash Management Committee (CMCo) meeting of the year alone approved spending of US\$8.84 million, equivalent to the average monthly spending between September 2006 and May 2007. The annex Tables provide detailed expenditure data for the fiscal year.

M & As continued to face challenges in dealing with the Procurement Act and the commitment control process. The time profile of spending clearly indicates that until the very last weeks of the fiscal year Ministries and Agencies (M & As) never recovered the backlog of spending associated with the delay in the approval of the FY2006-2007 budget. Consequently most of the spending in the month of June represented hoarding for supplies to allow M&As to either continue implementation of activities planned but delayed, or in anticipation of the late passage of the FY2007-2008 budget. FY 2006/2007 nonetheless witnessed improvement in the quality of vouchers being submitted to the Ministry of Finance, and a reduction in voucher, purchase order, and check processing times. Voucher processing time decreased from an average of 17 days in 2005-2006 to 7 days in 2006-2007, with local purchase order and check processing times declining from 14 to 7 days and from 12 to 5 days respectively.

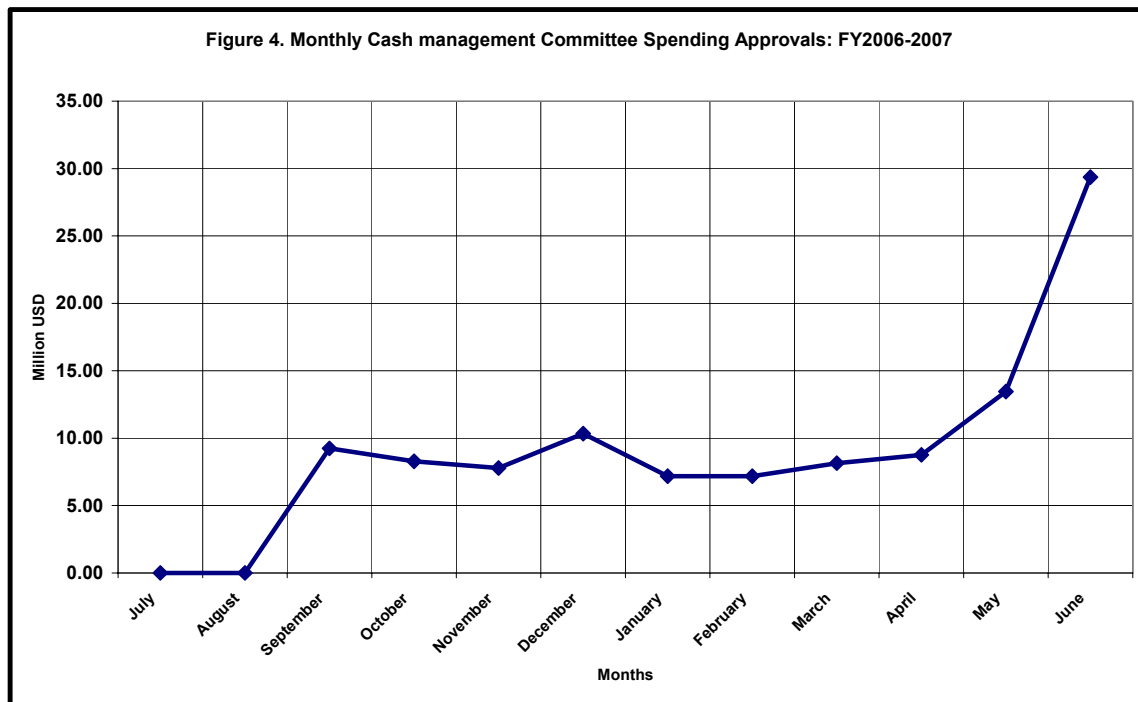
Table 12. Government Operations - Expenditure, FY2006-2007
(In millions of U.S.Dollars, except when otherwise indicated)

Item	Amount					In % of Total Allotment			
	QI	QII	QIII	QIV	Total	QI	QII	QIII	QIV
1. Allotment	26.38	32.75	31.15	44.70	134.98	100.0	100.0	100.0	100.0
2. Commitment	13.82	30.25	29.86	60.72	134.65	52.4	92.4	95.8	135.0
3. Total Spending 1/	14.58	32.18	28.31	59.58	134.65	55.3	98.3	90.9	133.0
Of Which:									
3.1. Ministries and Agencies, of which:	13.66	31.33	27.47	58.76	131.22	51.8	95.7	88.2	131.0
CMCo Approved 2/	9.24	26.39	22.50	51.58	109.70	35.0	80.6	72.2	115.0
EDP Civil Service Salaries	4.42	4.94	4.97	7.18	21.51	16.8	15.1	16.0	16.0
Of which:									
Regular EDP Payroll	3.83	4.04	4.06	4.35	16.27	14.5	12.3	13.0	9.0
EDP Salary Arrears	0.60	0.90	0.91	2.83	5.24	2.3	2.7	2.9	6.0
3.2. CBL Charges, domestic debt service and payment to Multilateral Institutions	0.92	0.86	0.84	0.82	3.43	3.5	2.6	2.7	1.0
Memo:									
Balance of Allotment (Item 2 MINUS Item 1)	12.56	2.50	1.29	-16.02	0.33	47.6	7.6	4.2	-35.0
Balance of Spending (Item 3 MINUS Item 2)	0.76	1.93	-1.55	-1.14	0.00	2.9	5.9	-5.0	-2.0

Notes:

1/ Actual total expenditure includes that approved by the CMCo and that which is not, the later being made of statutory payments such as debt service, EDP pensions, as well as CBL charges for services provided to GOL which are debited directly to GOL account directly by CBL based on existing memorandum of understanding.

2. CMCo approved spending includes both regular and arrears expenditures on goods and services (including personnel allowances). EDP Payroll Includes regular salaries and salary arrears processed through the Electronic Data Processing.



During the fiscal year the government affected budgetary transfers to tailor spending to emerging needs and changing circumstances in the implementation of the budget. The total value of inter-sectoral budgetary transfers (i.e. excluding transfers within individual M & As) amounted to US\$8.38 million, or 7% of the original appropriation. Although these budgetary transfers in themselves do not represent a large proportion of original appropriation, the Executive implemented a number of allocations to M&As of the amounts approved as global figures such as salary adjustments, and pension and severance payments. The Practice of allocating such envelopes to M & As after the fiscal year has however been discontinued; the salary increment for the current fiscal year was distributed upfront to individual M & As.

3.2 Sectoral Spending

General Administrative Services topped spending with almost a third of total expenditure, followed by Social and Community Services Security Services and economic services. “Other Institutions and Entities” include transfers to Commissions and Corporations, as well as civil service salary increments, debt service, and utilities. In the case of civil service salaries, these were appropriated in total, and allocated to M&As during the course of the year. Hence the apparent overspending of the sectors which is offset by the under-spending of the “Other Institutions and Entities” by the same amount.

Sectoral spending remains largely concentrated in General Administration, reflecting the efforts being made to rebuild the administrative services after years of decay, as well as the significant budgetary shares of institutions such as the Legislature, Judiciary, and the Ministry of State.

3.3 Economic Classification of Expenditure

Government spending is largely recurrent, with personnel, goods and services, and transfer and subsidies absorbing more than 80% of total expenditure. Spending on capital goods was the most sluggish during the year, with no spending at all during the first quarter, and almost 83% spent during the last two quarters. Shortcomings in operational and expenditure planning (particularly procurement) largely explain this performance, resulting in M&As not being prepared to immediately start the acquisition of goods and services once the budget was passed in August.

Table 14. Government Fiscal Operations, FY2006-2007: Economic Classification of Quarterly Expenditure
(In millions of U.S.Dollars, unless otherwise indicated)

Sector	In million USD					
	Personnel Expenses	Goods and Services	Capital Goods	Transfers and Subsidies	Other	Total
Quarter I	3.40	4.45	0.00	1.75	3.10	12.69
Quarter II	7.45	9.52	2.93	6.04	8.53	34.47
Quarter III	4.47	10.05	4.17	2.70	7.21	28.60
Quarter IV	17.42	9.38	10.05	6.77	15.27	58.89
Total	32.74	33.40	17.15	17.25	34.10	134.65
Quarterly Percentage Share of all quarters						
Quarter I	10.4	13.3	0.0	10.1	9.1	9.4
Quarter II	22.7	28.5	17.1	35.0	25.0	25.6
Quarter III	13.7	30.1	24.3	15.6	21.1	21.2
Quarter IV	53.2	28.1	58.6	39.2	44.8	43.7
Total	100.0	100.0	100.0	100.0	100.0	100.0
Item Percentage Share of all categories						
Quarter I	26.8	35.1	0.0	13.8	24.4	100.0
Quarter II	21.6	27.6	8.5	17.5	24.7	100.0
Quarter III	15.6	35.1	14.6	9.4	25.2	100.0
Quarter IV	29.6	15.9	17.1	11.5	25.9	100.0
Total	24.3	24.8	12.7	12.8	25.3	100.0

Source:

Department of Expenditure/Ministry of Finance

Notes:

- 1) 'Other' includes items which are still being posted and reflects lags in reconciliation of expenditures across economic and functional classifications.
- 2) All items of spending include regular expenditure (i.e., spending in connection with government activities during FY2006-2007) and spending on arrears (i.e., payment for goods and services received in connection to activities undertaken in previous fiscal years, but not paid by the previous administrations).

3.4 Cash Planning and Commitment Control

During FY 2006/2007 the Ministry of Finance also began the effective implementation of the concept of prioritized cash planning. All M&As produced cash plans based on their budgetary appropriations. These cash plans were then consolidated into a Government cash plan which was used by the Bureau of the Budget in issuing allotments upon requests submitted by M&As.

The Ministry of Finance continued to ensure the effectiveness of the commitment control procedures whereby M&As are required to first submit a purchase order for all expenditure on account of goods and services, along with the budget allotment and all other documentation. These are verified and if found satisfactory, the Director of the Bureau of General Accounting affixes the special seal on the purchase order. The special seal indicates that the Government of Liberia commits to such expenditure and therefore to making the corresponding payments. Wide publicity has been given to this procedure to ensure that vendors supply the goods only after the stamped purchase order reaches them.

The introduction of the commitment control procedure is to ensure that line M & As do not incur liabilities without the necessary allotment/ appropriation and that the relevant financial rules are followed. This is to ensure that that suppliers are paid for the goods and services supplied in a timely manner, and that no new arrears are created.

3.5 Domestic Debt and Arrears

Following the verification of claims by the inter-ministerial vetting committee and the internationally recruited auditor (KPMG), the Ministry of Finance developed a strategy for the resolution of domestic debt and arrears. After consultations with concerned stakeholders and Cabinet approval on 16 March 2007, the Government of Liberia launched the implementation of the strategy, expanding the payment of arrears initiated during the recast budget with the settlement of NTGL salary arrears to the pre-NTGL period and to debt to vendors of goods and services (including rents). A total of US\$5.24 million was paid in pre-NTGL salary arrears during the course of the fiscal year, totaling 4 months on average. These payments benefited 40,352 civil servants and 18,799 military personnel (including former AFL soldiers).

In the subsequent three months (April to June 2007), the implementation of the non-salary component of the domestic debt resolution strategy started with aggregation of

claims. During this process, various claims from one claimant were summed, establishing the treatment by claimant. The agreed discount is then applied to the total claim held by a claimant on a sliding scale, such that claimants with larger nominal claims contribute more to the cost of resolution of domestic debt and arrears, in keeping with the principles of the strategy.

Restructuring of domestic debt owed to financial institutions was also initiated, with technical work to reconcile the records of claims, and through senior level discussions on principles and to reach agreement on the terms of restructuring. A restructuring agreement for the debt owed the CBL by GOL was concluded and signed. Similar agreements with the two concerned commercial banks have been concluded or are approaching final negotiations. During the period under review, a total of US\$3.24 million was paid on 437 valid vendor and rental arrears.

The tax clearance requirement on claimants with relatively sizeable amounts of claims posed a challenge to the payment process. The Debt management Unit (DMU) of the Ministry of Finance has continued to receive several queries from concerned claimants of rental arrears in the contestable and rejected groups. The DMU also continued to receive claims after the official submission of the report of the Inter-Ministerial Vetting Committee and the external auditors. These claims, which are pending a future vetting exercise, amounted to US\$19.13 million as of September 18, 2007.

These two issues have heightened the urgency of making further progress in the implementation of the strategy. The priority now is in setting up the mechanisms for the treatment of the contestable and rejected claims, including the establishment of a communication, staffing and management of the processes, and the establishment of the Trust Fund.

3.6 External Debt and Arrears

During the year the government continued the reconciliation of external debt and arrears and discussions with the principal multilateral financial institutions, bilateral official creditors and private commercial creditors with the view to reaching a resolution of

external arrears and benefiting from debt relief under the Highly Indebted Poor Countries' (HIPC) Initiative. **The process of obtaining full financing assurances for the clearance of the IMF arrears however delayed the achievement of this objective.** Meanwhile, the Government continued to make token payments to the IMF, World Bank, and the African Development Bank. These amounted to US\$1.2 million (see below).

Table 15. Government Fiscal Operations, FY2006-2007: External Debt Service
(In millions of U.S.Dollars, unless otherwise indicated)

Creditores	QI	QII	QIII	QIV	Total
IMF Token Payment	0.18	0.18	0.18	0.18	0.72
World Bank Token Payment	0.08	0.08	0.08	0.08	0.30
ADB Token Payment	0.05	0.05	0.05	0.05	0.18
Sub Total	0.30	0.30	0.30	0.30	1.20

Source: Department of Expenditure and Debt Management/Ministry of Finance

3.7. Restructuring of the Expenditure Department

The Department established a technical unit, and was also restructured in conformity with civil service rules. The role of the technical unit is to monitor the staff on duty and ensure that they provide the best service to the public in terms of processing of purchase orders, voucher and checks. The department has also decentralized with paymasters placed in all 14 counties outside Montserrat as well as in 44 Ministries & Agencies.

A legislative desk was established to cater exclusively to the needs of the National Legislature in processing spending. The legislative desk is staffed by a full time Ministry of Finance legislative officer and the Comptrollers from the House and Senate respectively.

During the year, the Expenditure Department embarked on the renovation of the physical facilities on the second floor to provide more efficient service to the public and accommodate consolidation of the staff of the department. About 70% of the renovation work was completed. The remaining 30% is scheduled to be completed in the current fiscal year.

3.8 Summary and Challenges in Improving Expenditure Performance

Expenditure in FY 2006/2007 was concentrated in the last six months of the fiscal year, in particular in the last quarter. One major reason was the late passage of the budget in late August 2006. Early submission of the budget to the Legislature and its timely passage is thus critical for improved expenditure performance.

Another essential element is improving the procurement capacity and forward operational planning of M & As. There was a learning curve on the part of M&As resulting in the slow processing of local purchase orders and vouchers. As processed payment instruments on time for salary and allowances, but lagged in relation to goods and services and capital equipment. Additional training is needed in the areas of preparing cash plans, procurement plans, budgeting, and PPCC compliance to improve expenditure efficiency and effectiveness.

Financial reporting was a major challenge for the Expenditure Department in fiscal year 2006/2007. The Bureau of General Accounting and the Comptroller sections, the major nucleus of the Department, still use manual accounting and recording systems. This has resulted in low levels of accuracy of the data as well as timeliness in the generation of information. LECAP, an interim automated system, is being finalized for implementation in FY 2007/2008. During the fiscal year, the Department plans to draw on assistance from the World Bank, IMF, and ADB to install an integrated financial management information system (IFMIS) as well as build the capacity of the staff in expenditure and debt management. While automation can significantly improve the Department's financial reporting and processing times, it must be accompanied by process reforms to leverage efficiency gains. In the year ahead, the Ministry of Finance plans to deepen these reform efforts with the view to providing better service to line ministries and the general public.

Table 13. Government Operations - Expenditure by Sectors, FY2006-2007
(In millions of U.S. Dollars)

Ministry/Agency	Allotment 1/ A	Commitment 1/ B	CMCo Approved 1/ C	EDP Payroll D	EDP Arrears E	Total Spending		
						Value F (=C+D+E)	In Percentage	
							Of Total G	Of Allotment H (=F/A)
General Administrative Services	43.53	43.48	39.34	4.59	0.73	44.66	33.2	102.60
Security Services	18.91	18.9	16.72	2.14	3.23	22.09	16.4	116.82
Social and Community Services	34.57	34.52	27.69	7.28	1.09	36.06	26.8	104.31
Economic Services	9.28	9.28	10.08	0.78	0.12	10.98	8.2	118.32
Other Institutions and Entities	28.69	28.47	15.87	1.48	0.08	17.43	12.9	60.75
Sub-Total	134.98	134.65	109.7	16.27	5.25	131.22	97.5	97.21
CBL Charges and Payments to Multilateral Institutions	-	-	-	-	-	3.43	2.5	-
Total	134.98	134.65	109.7	16.27	5.25	134.65	100.0	99.76

Notes:
1/The allotment applies to all spending by individual M&A. The commitment applies only to their spending which is processed through the voucher system (which excludes the salaries of civil servants processed by the Electronic Data Processing System - EDP,
2/Civil service salaries were appropriate in total and allocated to M&As during the spending process, hence the apparent overspending of the sectors which mostly is offset by the apparent under-spending of the "Other Institutions and Entities" by the same amount.

Appendix Table 1. Government Fiscal Operations, FY2006-2007: Functional Appropriation and Expenditure By Ministry and Agency
(In U.S.Dollars, unless otherwise indicated)

MINISTRY /AGENCY	Adjusted Appropriation	CMC Approved Payments	EDP Payroll	EDP Arrears	CBL Charges & Debt Service	Expenditure	Balance in	
							Amount in USD	In %
Sector: General Administrative								
NATIONAL LEGISLATURE	10,416,048	9,523,513	888,445	89,834		10,501,792	-85,744	0.8
MINISTRY OF STATE	7,738,497	7,207,546	527,951	128,634		7,864,131	-125,634	1.6
VICE PRES. OFFICE	876,431	868,316	11,813	6,699		886,828	-10,397	1.2
BUDGET BUREAU	766,166	709,730	56,436	9,650		775,816	-9,650	1.3
MINISTRY OF FINANCE	5,047,768	4,795,877	696,194	113,089		5,605,160	-557,392	11.0
INTERNAL AFFAIRS (MIA)	7,322,203	5,539,418	1,777,187	278,043		7,594,648	-272,445	3.7
MIN. OF PLANNING	770,767	715,184	55,105	16,158		786,447	-15,680	2.0
CIVIL SERVICE AGENCY	568,491	506,871	53,619	8,865		569,355	-864	0.2
GEN. SERV. AGENCY	974,904	815,723	155,103	22,898		993,724	-18,820	1.9
MIN. OF INFORMATION	748,757	607,271	133,338	20,722		761,331	-12,574	1.7
GEN. AUDITING OFFICE	446,386	434,254	44,657	10,780		489,691	-43,305	9.7
MIN. OF FOREIGN AFFAIRS	4,803,211	4,644,196	159,015	29,095		4,832,306	-29,095	0.6
L I P A	482,204	467,792	14,412	4,508		486,712	-4,508	0.9
NAT'L ELECTIONS COMM.	1,965,331	1,965,331	-	-		1,965,331	-	0.0
L I S G I S	597,555	541,259	13,991	-		555,250	42,305	-7.1
Sub-total General Adm Services	43,524,719	39,342,281	4,587,266	738,975	-	44,668,522	-1,143,803	2.6

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Appendix Table 1 (Cont). Government Fiscal Operations, FY2006-2007: Functional Appropriation and Expenditure By Ministry and Agency
(In U.S.Dollars, unless otherwise indicated)

Sector: Security Services								
THE JUDICIARY	6,758,806	6,145,696	613,110	104,934		6,863,740	-104,934	1.6
MIN. OF JUSTICE/Central	8,199,603	6,881,431	1,317,378	493,145	-	8,691,954	-492,351	6.0
MIN. OF DEFENSE/central	1,831,917	1,769,002	23,655	1,929,351		3,722,008	-1,890,091	103.2
N S A	545,986	545,986	0	456,222		1,002,208	-456,222	83.6
S S S	1,052,100	1,047,946	0	0		1,047,946	4,154	-0.4
MIN. OF NAT'L SECURITY	318,775	132,965	185,810	185,864		504,639	-185,864	58.3
N B I	205,932	204,587	0	36,481		241,068	-35,136	17.1
Sub-total Security Services	18,913,119	16,727,613	2,139,953	3,205,997	-	22,073,563	-3,160,444	16.7
Sector: Social and Community								
MIN. OF EDUCATION	13,805,663	8,848,707	5,414,219	742,039		15,004,965	-1,199,302	8.7
HEALTH & WELFARE	7,651,029	6,549,878	1,098,680	221,293		7,869,851	-218,822	2.9
J F K MEDICAL CENTER	1,933,764	1,932,940	0	0		1,932,940	824	0.0
MIN. OF LABOUR	1,034,791	954,336	80,455	14,068		1,048,859	-14,068	1.4
MIN. OF YOUTH & SPORTS	2,368,158	2,268,371	99,786	21,822		2,389,979	-21,821	0.9
MIN. OF PUBLIC WORKS	5,714,693	5,332,866	381,400	65,258		5,779,524	-64,831	1.1
N F A A	55,341	12,000	32,668	3,938		48,606	6,735	-12.2
C N D R A	226,965	179,579	46,547	8,615		234,741	-7,776	3.4
A I T B	42,608	21,600	15,346	3,133		40,079	2,529	-5.9
MIN. OF RURAL DEVLOP.	298,949	199,525	74,848	13,902		288,275	10,674	-3.6
GENDER & DEVELOPMENT	749,669	700,481	46,028	3,299		749,808	-139	0.0
L I B R	138,245	138,244	0	0		138,244	1	0.0
PHEBE HOSPITAL	552,978	552,978	0	0		552,978	-	0.0
Sub-total Social and Community	34,572,853	27,691,505	7,289,977	1,097,367	-	36,078,849	-1,505,996	4.4
Sector: Economic Services								
MIN. OF AGRICULTURE	3,231,100	3,083,760	147,230	28,261		3,259,251	-28,151	0.9
MIN. OF LANDS & MINES	1,752,941	1,507,548	245,060	34,199		1,786,807	-33,866	1.9
MIN. OF COMMERCE	823,496	703,446	119,528	17,363		840,337	-16,841	2.0
MIN. OF POSTAL AFFAIRS	739,464	656,499	132,058	16,853		805,410	-65,946	8.9
C D A	100,086	59,272	40,136	6,590		105,998	-5,912	5.9
MIN. OF TRANSPORT	854,075	747,231	76,847	13,962		838,040	16,035	-1.9
BUREAU OF STATE ENT.	33,374	25,957	14,962	2,336		43,255	-9,881	29.6
ENVIRON. PROTECT. AGENCY	222,170	221,562				221,562	608	-0.3
Liberia Rubber Development Authority	0	24,596				24,596	-24,596	-
MONROVIA CITY CORP.	262,853	1,682,391				1,682,391	-1,419,538	540.1
FORESTRY DEV. AUTHORITY	1,263,000	1,362,907				1,362,907	-99,907	7.9
Sub-total Economic Services	9,282,559	10,075,169	775,821	119,564	-	10,970,554	-1,687,995	18.2

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Appendix Table 1 (Cont). Government Fiscal Operations, FY2006-2007: Functional Appropriation and Expenditure By Ministry and Agency
(In U.S.Dollars, unless otherwise indicated)

Sector: Others/Inst & Entities								
LIB. BROADCASTING SYS.	309,000	308,198				308,198	802	
MANO RIVER UNION	166,000	165,000				165,000	1,000	
LIB. COPYRIGHT OFFICE	113,048	112,770				112,770	278	
LIB. WATER & SEWER	262,000	261,124				261,124	876	
L P M C	292,000	291,369				291,369	631	
NAT'L HOUSING AUTHORITY	202,210	240,402				240,402	-38,192	
INTELL. PROPERTY SYSTEM	28,000	27,800				27,800	200	
NAT'L OIL COMPANY	457,000	756,708				756,708	-299,708	
LIB. INDUST. PROPERTY SYS.	98,900	98,465				98,465	435	
LIB. ELECTRICITY CORP	600,362	599,598				599,598	764	
MON. TRANSIT AUTHORITY	173,000	213,511				213,511	-40,511	
LIB. TELECOM. CORP	457,000	456,485				456,485	515	
BUR. OF MARITIME	603,000	602,745				602,745	255	
COMMUNITY EMPOWERMENT - LACE	1,228,000	1,631,826				1,631,826	-403,826	
Sub Total	4,989,520	5,766,001	-	-	-	5,766,001	-776,481	
NAT'L INVEST. CORP	780,422	779,545				779,545	877	
L R R R C	516,000	515,447				515,447	553	
HUMAN RIGHTS COMM.	581,267	598,713				598,713	-17,446	
GOVERN. REFORM COMM.	292,276	292,077				292,077	199	
TRUTH & RECON. COMM.	561,000	1,060,771				1,060,771	-499,771	
PUBLIC PROCURE. CONCESS	326,347	351,297				351,297	-24,950	
NCDDRR	401,000	522,606				522,606	-121,606	
LIB. RECONS. & DEV. COM'TT	70,685	573,481				573,481	-502,796	7
UNION OF THE DISABLED	970,900	1,384,669				1,384,669	-413,769	
LIBERIAN-LIBYAN HOLDING COMPANY	64,000	-				-	64,000	-
SubTotal	4,563,897	6,078,606	-	-	-	6,078,606	-1,514,709	

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Appendix Table 1 (Cont). Government Fiscal Operations, FY2006-2007: Functional Appropriation and Expenditure By Ministry and Agency
(In U.S.Dollars, unless otherwise indicated)

PENSION & SEVER. PAY	3,316,321	0	1,478,256	80,574		1,558,830	1,757,491	-53.0
CIVIL SERVANTS SALARY	1,437,741	0				0	1,437,741	-100.0
COUNTY DEV. PROGRAM	0	0				0	-	-
PUBLIC UTILITIES	433,143	0				0	433,143	-100.0
GOL CONTRIBUTION /NSS&WC	500,000	0				0	500,000	-100.0
C B L CHARGES	1,212,482	0			1,212,482	1,212,482	-	0.0
PAYROLL DECENTRALIZATION	1,023,268					0	1,023,268	-100.0
INTER-AGENCY BORDER POST						0	-	-
Sub-Total	7,922,955	-	1,478,256	80,574	1,212,482	2,771,312	5,151,643	-65.0
DOMESTIC ARREARS	4,592,848	4,025,639			1,023,268	5,048,907	-456,059	9.9
Sub-Total	4,592,848	4,025,639	-	-	1,023,268	5,048,907	-456,059	9.9
CBL/EXTERNAL DEBT	1,200,000	-			1,200,000	1,200,000	-	0.0
CBL/DOMESTIC DEBT							-	-
PAYMENT TO UNMIL AIR-LIFT	-					-	-	-
Sub-Total	1,200,000	-	-	-	1,200,000	1,200,000	-	0.0
ADDITIONAL PENSION	-	-				-	-	-
DOMESTIC ARREARS -2	-	-				-	-	-
NAT'L FOOTBALL TEAM DEV.	-	-				-	-	-
RENOVATION- CAPITOL BUILD	150,000	-				-	150,000	-
RENOVATION- EXE. MANSION	-	-				-	-	-
PRE-NTGL SALARY ARREARS	5,268,789	-				-	5,268,789	-
SALRY NBI etc.	-	-				-	-	-
PRE-NTGL FOREIGN MISSION	-	-				-	-	-
Sub-T	5,418,789	-	-	-	-	-	5,418,789	-
Sub-total Others/Inst & Entities	28,688,009	15,870,246	1,478,256	80,574	3,435,750	20,864,826	7,823,183	-27.3
Grand Total	134,981,259	109,706,814	16,271,273	5,242,477	3,435,750	134,656,314	324,945	-0.2

Source:

Department of Expenditure/Ministry of Finance