

REPUBLIC OF LIBERIA  
**ANNUAL FISCAL OUTTURN**  
FISCAL YEAR 2010/11

**MINISTRY OF FINANCE**

2011

This document was prepared in accordance with **Section 36.4** of the Public Financial Management (**PFM**) Act, which requires that the Minister of Finance provide a report to the President, the Legislature and the general public outlining the budget execution and the revenue collections. **Section 13.4** requires that this document outline any use of the Contingency Fund. **Section 26.3** requires that cumulative budget reallocations be reported in the outturn.

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## Executive Summary

The Fiscal Year 2010/11 Budget was initially US\$369.4 million<sup>1</sup>. Revenue collected through the end of the year was US\$359.9 million (or US\$374.9 million including deferred) against a budgeted amount of US\$358.6 million excluding US\$10.7 million in bank balances brought forward from 2009/10. The Government has collected US\$15 million in deferred revenue from Chevron and US\$ 3.9 million in earmarked revenue has been collected into the consolidated account.

Most of the realized revenue was generated from the Tax Revenue Stream (74.3 percent), with Taxes on International Transactions making up the largest portion (29.6 percent of the total revenue). Grant revenue to the end of the year was US\$40.3 million. With the addition of the deferred and supplemental Budgets the total Budget allocations this Fiscal year rises from US\$369.4 million to US\$408.4 million. The significant improvement in revenue intake came as a result of vigorous tax enforcement and improved tax administration<sup>2</sup>.

The Personal Income Tax and Corporate Income Tax rates were lowered, to encourage business investment and reduce the cost of employment, this quarter resulting in a fall in the collection in Personal Income Tax, but an increase in the Corporate Income Tax. However we would caution against drawing any conclusions from this result, as the Corporate Income Tax collection in Fiscal Year (FY) 2009/10 saw a substantial increase in the collection rate in the first quarter of the year.

Expenditure through end March totaled US\$405.1 million in **allotment** which represents 99.2 percent of overall total budget; US\$389.1 million in **commitment**, representing 95.3 percent, and US\$384.7 million in **cash**, representing 94.2 percent. Public and Administrative Services was the largest recipient with US\$122.3 million, or 29.9 percent of the total Budget. The initial few quarters of the year had issues in executing spending; this was largely due to many factors including:-

- Delay in the passage of the 2010/11 budget almost at the end of the first quarter of the fiscal year. Initially, the expectation was that once the budget was passed on time (probably in late June), procurement processes (which usually take on average two to three months) for many of the capital related spending would have commenced in July and probably end in October. This could have allowed the Government more leverage to spend more on capital during the length of the dry season beginning in December 2010.
- Continued complexity in our procurement processes at both central and sector level – Ministries and Agencies are persistently faced with the huge procurement challenges given that the current PPCC Law does not take into account some practical realities the government is faced with. Most of Public Works related activities are implemented during the dry season, and there has been around 10 months of rain.

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<sup>1</sup> Including a Project Budget of US\$37.3 million

<sup>2</sup>Including continued tax sensitization, improved compensation for tax collectors, encouraging whistle blowers through compensation - leading to tax compliance.

The revenue plus the initial balance of US\$14.5 million is tracked in **Table 1.6.1** Cash is compared to Cash Collected (which is revenue plus US\$3.9 million in earmarks).

Spending on Key PRS Ministries and Agencies made up US\$ 137.1 million in the adjusted appropriations, and represented a 13.7 percent increase on the Budget expenditure on those Ministries and Agencies in FY 2009/10. The PRS alignment of the original Budget was 65.2 percent; or 62.9 percent in outturn.

The Liberian economy in 2010 has seen Real GDP growth of 5.6 percent with growth in the Forestry and Agriculture Sectors. The rehabilitation of the Greenville Port is expected to further expand forestry sector, and the intended interventions to support local production of major commodities such as rice, cassava, etc. We also expect to see increased activity in the services sector. This rate of growth was higher than the Sub Saharan African average of 5.0 percent. Since 2006 Mining and Panning has seen an increase in importance as a portion of the economy. The Services industry has also seen an increased share of National Output, with the expansion of Government provisions and support from the CBL for credit institutions.

With the support of partners the Government intends to expand electricity distribution to a customer base of 4000 by June 2011, and is expected to double towards the end of the year. Similarly on water distribution new pumps are expected to increase the reliability of the service. Consequently, all these add to the overall productivity of the country.

The yearly inflation rate for 2010 was estimated at 7.3 percent on average, this is down slightly from the 7.4 percent on average in 2009.

Liberia is forecast to be in the World's top 20 fastest growing Economies in the next few years (**WEO, April 2011**). We expect to see on average growth rates of 7.9 percent over the three years from 2011 to 2013. Inflation is expected to rise slightly to 9.5 percent on average, the result of increasing fuel and food prices. However this still remains substantially below the 2008 inflation of 17.5 percent.

The Government of Liberia will continue the introduction of Public Financial Management reforms, and will ensure that the actions of Government are transparent and accountable. The record to date has been good, with the efforts to bring donor flows on Budget, the ending of the Cash Based Balanced Budget after successfully maintaining it and the setting up of a system of Debt Management to ensure Government borrowing is careful, sustainable and for investment in our future.

## 1. Public Finance Performance

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The majority of the country's revenue has been collected from the Tax Revenue streams, with total domestically generated<sup>3</sup> revenue accounting for US\$ 194.5 million or 54.0 percent of the total revenue take (as compared to 58.0 percent for the whole of FY 2009/10). This highlights the continuing ability of the Government to fund its own expenditure through domestically generated revenue sources, without being too reliant on donor funding. The slight fall is due to the Government being able to attract significantly more grant money from International Organisations this fiscal year: in 2009/10 we generated US\$ 13.0 million from grants, this year it was US\$ 40.3 million. This indicates an increased confidence by international organizations in the Government's ability to spend money wisely. Despite the reduction in the rates of Personal Income Tax (PIT) and Corporate Income Tax (CIT) there has been a slight increase in the yield from those revenue streams: the quarterly generation was US\$ 23.9 million, up from an average of US\$ 20.7 million up to the Midyear and US\$ 17.6 million the previous fiscal year.

### Revenue Composition

The realized revenue in the third quarter is mostly from the Tax Revenue stream (74.3 percent); of which Taxes on International Transactions (29.6 percent of the total revenue) and Taxes on Income and Profits (26.5 percent of the total revenue) make up the largest portions. Grant revenue made up 11.2 percent of realized revenue, and Non-tax revenue made up 14.5 percent. The best performing revenue streams, to forecasts, have been Individual and Corporate income tax, and Motor Vehicle taxes. Exports, Sales Taxes and Grants revenue have not performed as well as expected.

**Deferred Revenue and Borrowing:** Up to the close of the fiscal year the Government has not undertaken any new borrowing. US\$ 15 million in deferred revenue from Chevron was realized, bringing the total revenue collected to US\$ 374.9 million. The current debt stock is US\$ 509.0 million, down from US\$ 520.5 million; this represents a debt stock of 46.9 percent of the current fiscal year's GDP, well within the threshold of 60 percent. According to Government borrowing rules no borrowing undertaken this year would have been allowed to exceed US\$ 141.9 million in absolute terms and US\$ 28.0 million on a NPV basis. No borrowing was undertaken this fiscal year.

**Bank Balances:** US\$ 10.7 million was the result of bank balances (in outturn this was actually US\$ 14.5 million.) and was composed of US\$ 4.2 million from uncommitted bank balances; US\$ 2.2 million from stale dated cheques; US\$ 3.8 million from incremental brought forward and US\$ 0.5 million from the rice stabilization fund.

**Grant Revenue Overview:** Grant revenue was forecast to be US\$ 60.2 million, with US\$ 1.1 million from foreign Governments and US\$ 59.1 from International Organizations. The realized grant revenue has only been sourced from International Organizations, and totals US\$ 40.3 million; this is an increase of 210 percent on the previous fiscal year's aid total.

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<sup>3</sup> The domestic revenue in this case refers to the Total Revenue minus Maritime, Taxes on International Transactions and Grants.

**Off Budget:** Earmarked collection includes money raised from the Ecowas Trade Levy (ETL) which the Government collects into the consolidated accounts, this year this totaled US\$ 4.0 million.

## Government Budget

The Budget was split into Core and Project Budgets, and categorized by the new Chart of Accounts (CoA). The Budget was split into five functional categories: Public and Administrative Services Sector (PASS); Rule of Law and Public Safety Sector (RLPS); Social and Community Services Sector (SCSS); Economic Services Sector (ESS) and General Claims (GC). The total Budget size was US\$ 347.1 million, 11.2 percent higher than last FY's revised Budget.

## Expenditure

Expenditure to date has been US\$ 405.1 million (allotment); US\$ 389.1 million (commitment) and US\$ 384.7 million (cash).

### 1.1. Budget Appropriations

The total value of the Budget passed by the Legislature was US\$ 369.4 million including the carried forward bank balance of US\$10.7 million<sup>4</sup> from the 2009/10 Fiscal Year (FY). The total Budgeted expenditure was set equal to Revenue and the carried forward balance at US\$ 369.4 million, with no borrowing Budgeted. The Public and Administrative Services Sector saw the largest appropriation with US\$97.7 million or 28.1 percent of the Total Budget. The below table shows the appropriated values for each sector in the 2010/11 Budget, and in the 2009/10 Revised Budget:

**Table 1.1.1 Appropriations Growth (2009/10 to 2010/11)**

US\$ millions	Revised 2009/10		Appropriation 2010/11		Growth 09/10-10/11
	US\$ m	%	US\$ m	%	%y/y
PASS	85.0	27.2%	109.3	29.6%	28.6%
RLPSS	43.9	14.1%	51.2	13.9%	16.6%
SCSS	74.1	23.7%	90.9	24.6%	22.7%
ESS	59.1	18.9%	69.5	18.8%	17.6%
GC	50.0	16.0%	48.5	13.1%	-3.1%
<b>TOTAL</b>	<b>312.1</b>		<b>369.4</b>		<b>18.4%</b>

Source: Department of the Budget

<sup>4</sup> This was the Budgeted figure for the Bank Balance, the actual figure for the Bank Balances was US\$ 14.5 million.

**Table 1.1.2 Appropriations by Economic Category (new Chart of Accounts)**

Expenditure category	Revised 2009/10		Original 2010/11		Revised		Allotted 2010/11			Balance
	US\$ m	%	US\$ m	%	US\$ m	%	US\$ m	%	Share (%)	in Approp US\$ m
Compensation of Employees	120.0	38.4%	139.1	37.7%	141.4	34.6%	139.7	34.5%	98.8%	1.7
Use of Goods and Services	71.4	22.9%	79.5	21.5%	92.8	22.7%	99.5	24.6%	107.3%	-6.8
Consumption of Fixed Capital	45.4	14.5%	60.6	16.4%	63.7	15.6%	62.4	15.4%	98.0%	1.3
Subsidies	9.4	3.0%	11.3	3.1%	15.8	3.9%	14.8	3.6%	93.5%	1.0
Grants	55.7	17.8%	63.5	17.2%	75.0	18.4%	66.3	16.4%	88.5%	8.6
Social Benefits	0.3	0.1%	0.5	0.1%	0.5	0.1%	0.6	0.1%	111.7%	-0.1
Refunds	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	-	0.0
Financial Assets	1.4	0.4%	6.3	1.7%	6.1	1.5%	8.7	2.1%	141.9%	-2.6
Domestic Liabilities	3.6	1.2%	2.6	0.7%	6.6	1.6%	7.8	1.9%	117.9%	-1.2
Foreign Liabilities	5.0	1.6%	6.0	1.6%	6.6	1.6%	5.4	1.3%	81.7%	1.2
<b>Total</b>	<b>312.2</b>		<b>369.4</b>		<b>408.4</b>		<b>405.1</b>		<b>99.2%</b>	<b>3.3</b>

Source: Department of the Budget, Ministry of Finance

**Table 1.1.2** illustrates the levels of appropriations and allotment in the new CoA categories. The balance in appropriation is US\$ 3.3 million, that is, US\$ 3.3 million of the Revised Budget appropriation is yet to be allotted. The largest appropriation is still to Compensation of Employees; however appropriation for Capital Expenditure has increased by 33.4 percent, above the 18.3 percent increase in the overall Budget. The allotments are given as a percentage of the Revised Budget (with the supplemental and deferred).

The supplemental Budget is US\$ 24.0 million, and the deferred revenue from Chevron is equal to US\$ 15.0 million; an additional US\$ 39 million.

## 1.2.Third Quarter Revenue

Revenue to the end of the year saw an increase of 25.0 percent on last fiscal year's revenue outturn, with the largest increases being for Grants. (The expected increase on last year's outturn was 24.5 percent for the full fiscal year.) These were expected to grow 362.9 percent to US\$ 60.2 million, in fact grant revenue grew at 209.9 percent to US\$ 40.3 million. 100.3 percent of the original forecast revenue has been collected: total collection was US\$ 359.9 million, whereas the original forecast was US\$ 358.6 million.

The total revenue collection, including off Budget revenue and the deferred collection from Chevron was US\$ 393.2 million. This includes US\$ 3.9 million in Ecowas Trade Levy (ETL) collectionK

### Assumptions underpinning the revenue forecasts

The Revenue Forecasts in the 2010/11 Budget were based on the following assumptions:-

- 1) Reduction in the rates of CIT and PIT from 35 to 25 percent in the second half of the year.
- 2) Maintaining the 35 percent CIT rate for the GSM Communications Companies

- 3) The ratification of four concession agreements: Chevron, PIOM (formerly Putu Range), China Union and BHP Billiton.
- 4) Increase in the General Sales Tax (GST) from 7 percent to 8 percent, and 10 percent for the GSM Communications companies and alcoholic beverages.
- 5) An average monthly inflation rate of 3 percent
- 6) Nominal GDP growth of 16.3 percent

**Table 1.2.1 Revenue Forecasts to 2010/11 Outturn**

	Budget forecast vs Actual			Actual vs Budget forecast		
	2010/11	2010/11	Realized	2009/10	2010/11	Growth
	US\$ Millions		%	US\$ Millions		%y/y
<b>Total revenue</b>	<b>358.6</b>	<b>359.9</b>	<b>100.3%</b>	<b>288.0</b>	<b>358.6</b>	<b>24.5%</b>
<b>Total tax revenue</b>	<b>231.3</b>	<b>267.3</b>	<b>115.5%</b>	<b>224.7</b>	<b>231.3</b>	<b>3.0%</b>
Taxes on income and profits	60.5	95.5	157.8%	70.2	60.5	-13.8%
<i>o/w Individuals</i>	35.1	59.1	168.5%	40.0	35.1	-12.3%
<i>o/w Corporate</i>	24.1	35.2	146.3%	30.1	24.1	-20.1%
Taxes on property	1.9	2.2	113.8%	1.7	1.9	13.9%
Taxes on goods and services	57.5	52.9	92.0%	48.7	57.5	18.1%
<i>o/w Sales taxes</i>	17.6	13.2	74.7%	10.9	17.6	61.7%
<i>o/w Excise taxes</i>	9.7	10.0	103.7%	9.1	9.7	6.2%
<i>o/w Motor vehicles</i>	2.1	2.6	122.1%	2.6	2.1	-19.2%
<i>o/w Maritime revenue</i>	18.8	18.4	97.9%	16.3	18.8	15.6%
Taxes on international transactions	95.6	106.7	111.6%	91.8	95.6	4.1%
<i>o/w Imports</i>	91.4	104.7	114.6%	91.4	91.4	0.0%
<i>o/w Exports</i>	4.2	1.9	45.9%	0.5	4.2	740.0%
Other taxes	15.7	10.0	63.4%	12.3	15.7	27.7%
<i>o/w Social Development Funds</i>	14.3	10.0	69.7%	10.9	14.3	31.1%
<b>Total non-tax revenue</b>	<b>67.1</b>	<b>52.3</b>	<b>77.9%</b>	<b>50.3</b>	<b>67.1</b>	<b>33.5%</b>
<i>o/w Rent, including one-off payments</i>	59.7	41.2	69.1%	40.6	59.7	47.0%
<b>Grants</b>	<b>60.2</b>	<b>40.3</b>	<b>67.0%</b>	<b>13.0</b>	<b>60.2</b>	<b>362.9%</b>

Source: Department of Revenue, Ministry of Finance

**Table 1.2.2 Revenue Totals**

	2009/10		2010/11
	Actual	Budget	Actual
<b>All Revenue (inc. Carry Forward)</b>	<b>295.0</b>	<b>408.4</b>	<b>389.3</b>
<b>Total Revenue and Contingent</b>	<b>288.0</b>	<b>397.6</b>	<b>374.9</b>
<b>Total Revenue</b>	<b>288.0</b>	<b>358.6</b>	<b>359.9</b>
<b>Total Tax Revenue</b>	<b>224.7</b>	<b>231.3</b>	<b>267.3</b>
Taxes On Income & Profits	70.2	60.6	95.5
Property/Real Estate Taxes	1.7	1.9	2.2
Total Taxes On Goods And Services	48.7	57.5	52.9
Taxes On International Trade	91.8	95.6	106.7
Other Taxes	12.3	15.7	10.0
<b>Non-Tax Revenue</b>	<b>50.3</b>	<b>67.1</b>	<b>52.3</b>
<b>Grants</b>	<b>13.0</b>	<b>60.2</b>	<b>40.3</b>
<b>Contingent + Supplemental</b>	<b>0.0</b>	<b>39.0</b>	<b>15.0</b>
<b>Carry Forward</b>	<b>7.0</b>	<b>10.7</b>	<b>14.5</b>

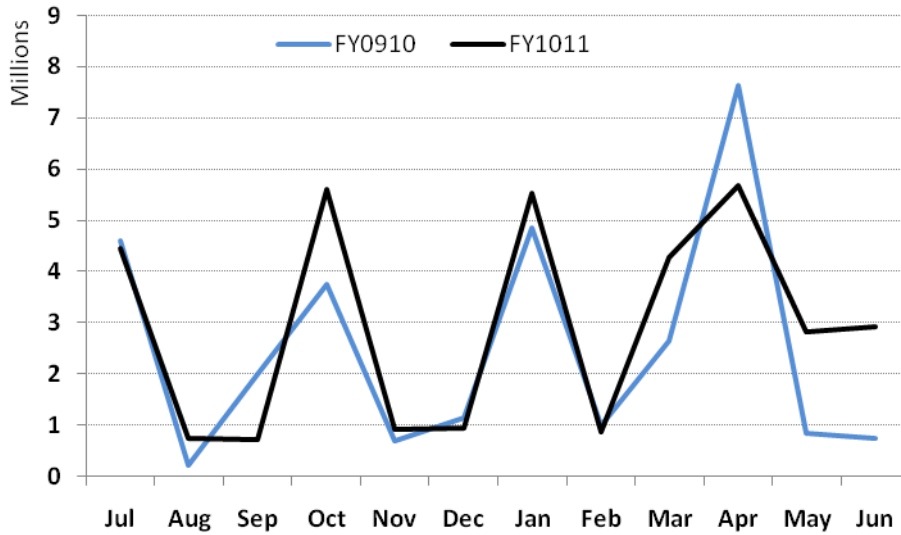
Source: Department of Revenue

Figures may not sum due to rounding

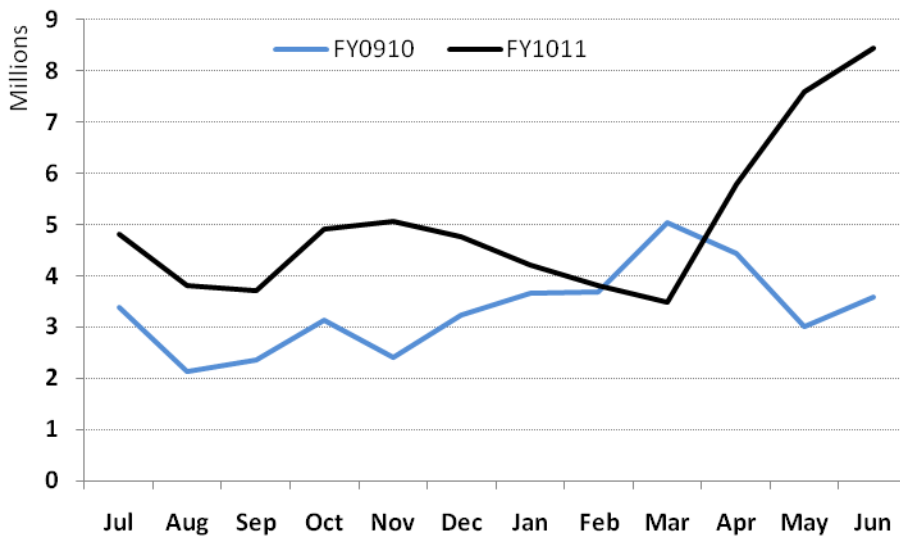
## Tax Streams

**Personal Income Tax (PIT) and Corporate Income Tax (CIT):** The Midyear Review showed the collection to date for Taxes on Income and Profits as US\$ 41.1 million (to December 2010). The collection to the Third Quarter has been an additional US\$ 22.7 million, a slight increase from the US\$ 20.7 million average Quarterly collection in the first half of the year. Collection in the final quarter of the year was US\$ 31.4 million. During the second half of the year the rates of CIT and PIT were reduced: the rates were decreased from 35 percent to 25 percent. There was an increase in the collection for CIT; however the revenue raised from PIT fell from average Quarterly revenue of US\$ 13.5 million in the first two quarters to US\$ 11.9 million in the third quarter, but increased to US\$ 20.9 million in the final quarter. However, we would caution against drawing too many conclusions from this figure, as the yield from CIT was substantially higher in the Third Quarter of last fiscal year compared to the average of the first two quarters also. **Chart 1.2.1** illustrates that in the third quarter there is generally an uptick in CIT revenue collection. There is a slight increase in year on year collection in the third quarter also; it is noteworthy that the percentage increase in collection in the third quarter is 25.8 percent; in the second it is 33.3 percent however in the first quarter there is a fall in CIT collection of 13.1 percent.

**Chart 1.2.1 Monthly Yield in CIT Stream**



**Chart 1.2.2 Monthly Yield in PIT Stream**



**Taxes on International Trade and Transactions:** The total tax revenue from trade amounted to US\$ 106.7 million to the end of the fiscal year, around 111.6 percent of the fiscal year forecast; this is the result of high performance in taxes raised from imports and comes despite poor performance in taxes raised from exports.

**Maritime Revenue:** Maritime Revenue for the fiscal year was US\$ 18.4 million, an increase of 13.1 percent on revenue collected in the same period last fiscal year. The Maritime collection, from the

World's second largest Maritime registry, is equivalent to 5.1 percent of the total revenue collected to date.

**General Sales Tax (GST):** The total generated from the General Sales Tax (GST) is US\$ 13.2 million, 74.7 percent of the full year forecast of US\$ 17.6 million. US\$6.0 million was raised up to the Midyear, an average collection of US\$ 3.0 million each quarter; the additional revenue in the third quarter was US\$3.8 million and US\$ 3.4 million in the final quarter. The average quarterly yield in the previous fiscal year was US\$ 2.7 million; the average quarterly yield over this fiscal year was US\$ 3.3 million. This represents a 24.1 percent increase on the average yield last fiscal year, above the rate of nominal GDP growth, most likely the result of higher growth in retail sales (and greater numbers of businesses registering to pay GST) than the growth rate of the overall economy, and could represent a higher growth in consumption activity than in other areas of economic activity.

**Deferred Revenue:** The deferred revenue from Chevron has been collected (at a total of US\$ 15 million), this increases the total revenue collected to US\$ 374.9 million.

### **Monthly Revenue Generation**

Average monthly revenue generation is US 30.0 million (not including Chevron and off-budget revenue).

**Table 1.2.3 Comparison of Revenue Outturns**

	2009/10	2010/11	Change
	US\$ Millions		%
<b>Total revenue</b>	<b>288.0</b>	<b>359.9</b>	<b>25.0%</b>
<b>Total tax revenue</b>	<b>224.7</b>	<b>267.3</b>	<b>19.0%</b>
Taxes on income and profits	70.2	95.5	36.1%
<i>o/w Individuals</i>	40.0	59.1	47.7%
<i>o/w Corporate</i>	30.1	35.2	16.9%
Taxes on property	1.7	2.2	29.6%
Taxes on goods and services	48.7	52.9	8.6%
<i>o/w Sales taxes</i>	10.9	13.2	20.7%
<i>o/w Excise taxes</i>	9.1	10.0	10.1%
<i>o/w Motor vehicles</i>	2.6	2.6	-1.4%
<i>o/w Maritime revenue</i>	16.3	18.4	13.1%
Taxes on international transactions	91.8	106.7	16.2%
<i>o/w Imports</i>	91.4	104.7	14.6%
<i>o/w Exports</i>	0.5	1.9	285.4%
Other taxes	12.3	10.0	-19.0%
<i>o/w Social Development Funds</i>	10.9	0.0	-100.0%
<b>Total non-tax revenue</b>	<b>50.3</b>	<b>52.3</b>	<b>3.9%</b>
<i>o/w Rent, including one-off payments</i>	40.6	0.0	-100.0%
<b>Grants</b>	<b>13.0</b>	<b>40.3</b>	<b>209.9%</b>

Source: Department of Revenue, Ministry of Finance

**Table 1.2.4 Major areas of Growth in Revenue (2009/10 – 2010/11)**

Major Components	Change
Grants	27.3
Taxes on income and profits	25.3
Taxes on international transactions	14.9
Taxes on goods and services	4.2
Total non-tax revenue	2.0
Taxes on property	0.5
Other taxes	-2.3

Source: Department of Revenue

### 1.3. Third Quarter Expenditure

Total Budgeted expenditure for the FY 2010/11 was US\$ 369.4 million: this was separated initially into Public and Administrative Services Sector (**PASS**), Rule of Law and Public Safety Services Sector (**RLPS**), Social and Community Services Sector (**SCSS**), Economic Services Sector (**ESS**) and Public Corporations. The latter are included under ESS.

The division of this however is in certain cases given differently as PASS, RLPS, SCSS, ESS and General Claims (**GC**). This is because some elements of expenditure, mostly in the PASS sector, are not easily allocated to specific Ministries and Agencies (**M&As**). However, for the division of data into Ministries and Agencies these GC values have been allocated to M&As to present a more complete overview. This substantially increases the apparent expenditure on, for example, the Ministry of Finance as many GC payments (for example, debt payments) are handled by the Ministry of Finance even though the expenditure is not directly on that Ministry.

The new Chart of Accounts (**CoA**) was introduced this Fiscal Year. First Quarter data was still categorized using the old CoA, as a result the tables below do not show the full set of new CoA categories as the Quarterly accounts had to be amalgamated. As a result some of the year on year comparisons may be imprecise.

#### 1.3.1. Appropriation & Allotment

The Government's appropriations increased to around US\$ 408.4 million (a US\$ 15 million addition to the original Budget as deferred payment from Chevron, and a US\$ 24 million supplemental Budget).

#### Transfers

Budgetary transfers reallocate appropriations to different sectors and Ministries and Agencies than they were originally appropriated to during the Budget preparation process. The Original Budget and deferred Budget allocated US\$ 161.9 million to PASS; budgetary transfers then reduced this to US\$ 160.2 million. The total Budgetary transfers at this stage were US\$ 3.9 million – a reduction of US\$ 1.6 million from PASS and US\$ 0.3 million from ESS and an increase of US\$ 1.7 million to SCSS and US\$ 0.3 million to RLPS (figures do not sum to zero due to rounding). **Table 1.3.1** has the General Claims data included in the other four functional areas.

**Table 1.3.1 Original Budgets and Transfers**

US\$ millions	Original	After Deferred	After Transfers	After Supplemental
Public and Administrative Services Sector ( <b>PASS</b> )	156.2	161.9	160.2	176.8
Rule of Law and Public Safety Services Sector ( <b>RLPSS</b> )	51.9	52.9	53.2	54.4
Social and Community Services Sector ( <b>SCSS</b> )	91.1	99.1	100.8	102.7
Economic Services Sector ( <b>ESS</b> )	70.2	70.4	70.1	74.5
<b>Total</b>	<b>369.4</b>	<b>384.4</b>	<b>384.4</b>	<b>408.4</b>

Source: Department of the Budget

Figures may not sum due to rounding

## Allotment

Total allotment for the fiscal year is US\$ 405.1 million, with PASS receiving the largest share of the functional categories. (See **Table 1.3.2** below).

**Table 1.3.2 Allotment by Functional Category**

US\$ millions	Allotment	
	US\$ m	%
PASS	175.6	43.3%
RLPSS	54.4	13.4%
SCSS	101.4	25.0%
ESS	73.7	18.2%
<b>TOTAL</b>	<b>405.1</b>	

*Source: Department of the Budget*

Figures may not sum due to rounding

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### 1.3.2. Deferred and Supplemental Budgets

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This fiscal year saw US\$ 15 million in deferred revenue from Chevron realized, and the passage of a US\$ 24 million supplemental Budget. These revenue streams had to be assigned to expenditure areas. These additional sources of revenue increased the total Budget to US\$ 408.4 million. **Table 1.3.10** below illustrates the size and distribution of these Budgets.

**Table 1.3.3 Special Budgets (Deferred and Supplemental)**

	Deferred Budget		Supplemental Budget	
	US\$	%	US\$	%
PASS	5.1	34.0%	6.1	25.4%
RLPS	1.1	7.1%	1.3	5.4%
SCSS	8.0	53.5%	1.3	5.5%
ESS	0.2	1.5%	4.9	20.3%
GC	0.6	4.0%	10.4	43.4%
<b>TOTAL</b>	<b>15.0</b>		<b>24.0</b>	

*Source: Department of Budget*

**Table 1.3.4** outlines the changes this made to the overall Budget, including some final adjustments after the supplemental budget.

**Table 1.3.4 Budget after Adjustments and Transfers (with GC)**

	Original Budget		Adjusted		Transfers	Final Adjusted	
	US\$	%	US\$	%	US\$	US\$	%
PASS	109.3	29.6%	120.5	29.5%	1.8	122.3	30.0%
RLPS	51.2	13.9%	53.5	13.1%	0.9	54.5	13.3%
SCSS	90.9	24.6%	100.3	24.6%	1.6	101.9	24.9%
ESS	69.5	18.8%	74.6	18.3%	0.3	74.9	18.3%
GC	48.5	13.1%	59.5	14.6%	-4.6	54.8	13.4%
<b>TOTAL</b>	<b>369.4</b>		<b>408.4</b>		<b>0.0</b>	<b>408.4</b>	

Source: Department of Budget

**Table 1.3.5 Budget and Allotments**

	Final Adjusted		Allotment		Balance	
	US\$	%	US\$	%	in Approp	% Approp
PASS	122.3	29.9%	122.0	30.1%	0.3	0.2%
RLPSS	54.5	13.3%	73.5	18.2%	-19.0	-34.9%
SCSS	101.9	25.0%	101.2	25.0%	0.7	0.7%
ESS	74.9	18.3%	54.4	13.4%	20.5	27.4%
GC	54.8	13.4%	53.9	13.3%	0.9	1.6%
<b>TOTAL</b>	<b>408.4</b>		<b>405.1</b>		<b>3.3</b>	<b>0.8%</b>

Source: Department of the Budget

Figures may not add due to rounding

The total balance remaining in appropriation, with the additional appropriations, is US\$ 3.3 million.

### 1.3.3. Commitment

Commitment refers to the Government's decision that it will formally obligate funding to a Ministry and Agency.

**Table 1.3.6 Commitment Expenditure**

Commitment Expenditure	2010/11	
	US\$ m	%
Expenditure category		
PASS	169.6	43.6%
RLPS	54.7	14.0%
SCSS	96.9	24.9%
ESS	68.0	17.5%
<b>TOTAL</b>	<b>389.1</b>	

Source: Department of the Budget, Ministry of Finance

Figures may not add due to rounding

### 1.3.4. Cash Expenditure

The Total Cash Expenditure to the end of the fiscal year was US\$ 384.73 million, an increase on the Cash Expenditure for the last fiscal year. The largest increases were in consumption of fixed capital and subsidies.

Cash Expenditure during the Fiscal Year was US\$ 336.3, however cash expenditures related to appropriations from the budget year still count in the measure of 'Budget' cash. US\$ 48.4 million was undertaken outside of the accounting year but was still related to budget expenditures.

**Table 1.3.7 Cash Expenditure Summary**

Cash Expenditure Expenditure category	2009/10		2010/11		Growth 09/10-10/11
	US\$ m	%	US\$ m	%	%y/y
Wages, Salaries etc	108.4	39.0%	137.4	35.7%	26.8%
Goods and Services	60.9	22.0%	85.6	22.3%	40.5%
Consumption of Fixed Capital	28.5	10.3%	62.3	16.2%	118.6%
Subsidies	9.6	3.5%	14.5	3.8%	50.7%
Grants	62.6	22.6%	66.7	17.3%	6.6%
Social Benefits	0.0	0.0%	0.5	0.1%	-
Refunds	0.0	0.0%	0.0	0.0%	-
Financial Assets	0.0	0.0%	5.1	1.3%	-
Domestic Liabilities	4.2	1.5%	6.4	1.7%	53.1%
Foreign Liabilities	3.4	1.2%	6.1	1.6%	81.7%
<b>Total</b>	<b>277.6</b>		<b>384.7</b>		<b>38.6%</b>

Source: Department of Expenditure, Ministry of Finance

### 1.3.5. Expenditure analysis

The Government has Committed 96.0 percent of the allotted amount, and Cash expenditure has been 95.0 percent of the Allotment and 94.2 percent of the Adjusted Appropriation.

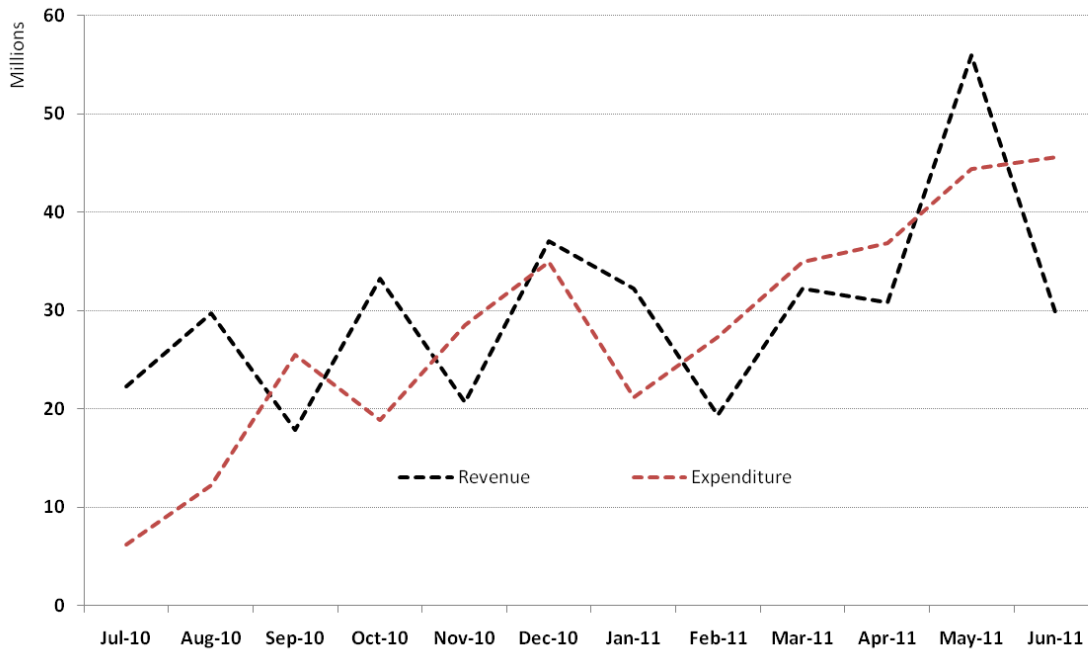
**Table 1.3.8 Expenditure Summary**

2010/11	US\$ m	% Share of		
		Adj. Approp	Orig. Approp	Allot
Adjusted Appropriation	408.4	-	-	-
Original Appropriation	369.4	90.5%	-	-
Allotment	405.1	99.2%	109.7%	-
Commitment	389.1	95.3%	105.3%	96.1%
Cash	384.7	94.2%	104.1%	95.0%

Source: Departments of Budget and Expenditure & Debt Management

The Fiscal balance is the difference between collected revenue each month and the cash expenditure each month. The net balance at the end of the fiscal year is US\$ 23.3 million or US\$ 38.3 million including the contingent revenue.

**Chart 1.3.1 Total Revenue against Cash Expenditure**



**N.B.** This chart only shows the cash expenditure that occurred during the course of the year, cash expenditure can still occur outside of the fiscal year, but be related to items within that fiscal year.

**Table 1.3.9 Monthly Fiscal Balance**

US\$ millions	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11
Fiscal Balance	16.1	17.5	-7.7	14.3	-7.8	2.1	11.0	-8.0	-2.7	-6.0	11.6	-17.1

Source: Macro Fiscal Analysis Unit, Departments of Revenue and Expenditure and Debt Management

As can be seen in **Table 1.3.9** the balance in Cash has been mainly positive.

In **Table 1.3.10** below Adjusted appropriation refers to the Original Budget with the US\$ 15 million deferred, and does not include the supplemental.

**Table 1.3.10 Expenditure Type Comparison**

<b>Expenditure Comparison</b>	<b>Appropriation</b>	<b>Adj.Approp.</b>	<b>Commitment</b>	<b>Cash</b>	<b>of Approp</b>	<b>of Adj.</b>	<b>of Commit</b>
	<i>US\$ m</i>	<i>US\$ m</i>	<i>US\$ m</i>	<i>US\$ m</i>	<i>%</i>	<i>%</i>	<i>%</i>
<b>Expenditure category</b>							
Compensation of Employees	139.1	141.4	137.7	137.4	98.8%	97.2%	99.8%
Use of Goods and Services	79.5	92.8	85.9	85.6	107.7%	92.3%	99.6%
Consumption of Fixed Capital	60.6	63.7	63.4	62.3	102.9%	97.9%	98.3%
Subsidies	11.3	15.8	14.5	14.5	127.8%	91.8%	99.9%
Grants	63.5	75.0	69.0	66.7	105.2%	89.0%	96.8%
Social Benefits	0.5	0.5	0.5	0.5	100.0%	100.0%	100.0%
Financial Assets	6.3	6.1	5.2	5.1	80.0%	83.0%	97.7%
External and Domestic Debts	8.6	13.2	12.8	12.6	146.7%	95.2%	97.8%
<b>Total</b>	<b>369.4</b>	<b>408.4</b>	<b>389.1</b>	<b>384.7</b>	<b>104.2%</b>	<b>94.2%</b>	<b>98.9%</b>

Source: Macro Fiscal Analysis Unit, Department of Budget and Department of Expenditure and Debt Management

Figures may not add due to rounding

### 1.3.6. PRS Alignment of Expenditure

The Government policy priorities are set this fiscal year from the Poverty Reduction Strategy (**PRS**); the Government therefore decided it was important to generate a metric to measure the performance of Government expenditure in key PRS-aligned areas. Two methods were developed to measure the adherence to the PRS:

- 1) Setting different Ministries and Agencies as fully, partially or non-PRS aligned; then totaling the expenditure on those M&As weighted by the pre-determined level of PRS-alignment.
- 2) The second methodology is to examine key Ministries and Agencies, to determine the level of expenditure of M&As which are deemed to be undertaking important PRS deliverables.

**Table 1.3.11 PRS Alignment of Key Ministries and Agencies**

	Budget Appropriations				Allotments 2010/11	Budget Growth on	
	2008/09 Revised	2009/10 Revised	2010/11 Original    Adjusted			2008/09	2009/10
	<b>Social Services</b>	53.0	69.9	81.0	91.2	89.9	72.0%
Ministry of Education	19.6	27.0	30.1	35.2	35.1	79.5%	30.3%
University of Liberia	4.0	7.5	9.9	10.6	10.6	166.2%	42.0%
Monrovia Consolidated School System	1.9	2.0	2.0	2.3	2.3	19.5%	13.6%
Brooker Washington	1.3	1.6	1.7	1.9	1.9	42.6%	15.9%
Cuttington University	0.4	0.5	0.7	0.7	0.7	85.1%	48.1%
W.V.S. Technical College	1.0	2.5	2.4	2.5	2.5	154.1%	1.7%
<b>Ministry of Health</b>	16.6	20.1	24.9	27.9	26.7	68.2%	38.9%
JFK Medical Centre	5.7	6.1	6.1	6.9	6.8	20.4%	12.5%
Phebe Hospital	0.4	0.6	1.1	1.2	1.2	200.3%	100.2%
Liberian Institute of Biomedical Research	0.4	0.5	0.5	0.5	0.5	25.0%	0.0%
Liberian Water and Sewage Company	0.8	0.5	0.5	0.5	0.5	-34.0%	5.6%
Monrovia City Corporation	0.9	1.0	1.1	0.9	0.9	2.4%	-7.8%
<b>Economic Revitalisation</b>	10.2	10.8	12.0	12.6	12.6	23.1%	16.3%
Ministry of Agriculture	7.0	7.3	7.5	7.5	7.5	7.5%	3.0%
Forestry Development Agency	3.2	3.5	4.5	5.0	5.0	57.4%	43.9%
<b>Infrastructure</b>	22.1	39.9	33.3	33.3	33.3	50.8%	-16.5%
Public Works	22.1	39.9	33.3	33.3	33.3	50.8%	-16.5%
<b>Total (Key Sectors)</b>	85.3	120.6	126.3	137.1	135.8	60.7%	13.7%
<b>Total (Budget)</b>	298.1	371.9	369.4	408.4	405.1	37.0%	9.8%

Source: Department of the Budget, Ministry of Finance

As can be seen the Budget has grown in key sectors by far above the average level of growth in the overall budget.

**Table 1.3.12 PRS Alignment of the Overall Budget**

	Approp.	Adj. Approp.	Allot.	Commit.	Cash
<b>I. Peace and security</b>	31.4	34.0	34.0	33.8	32.8
<b>II. Economic Revitalization</b>	43.6	56.5	56.1	53.0	45.4
Growth and Macro Framework	20.5	29.0	28.9	28.2	26.9
Poverty Diagnosis	3.1	3.2	3.2	3.0	2.7
Food and Agriculture	9.5	12.7	12.6	11.6	8.9
Investment and State-Owned Enterprises	1.2	1.5	1.5	1.4	1.3
Labor and Employment	2.1	2.1	2.1	2.0	1.7
Trade, Export Promotion, and Industrial Policy	4.9	5.5	5.4	4.5	2.0
Relevant Cross- cutting	2.3	2.4	2.4	2.2	1.8
<b>III. Governance and the Rule of Law</b>	63.2	65.2	64.6	61.8	47.4
Reforms	1.4	1.4	1.4	1.4	1.2
Rule of Law:- Infrastructure (courts, officers, etc)	37.1	37.0	36.8	34.3	29.1
Rule of Law – Others	2.4	1.9	1.9	2.2	2.2
Civil Service Reform	11.9	12.6	12.2	11.9	3.9
Audits	2.2	2.6	2.6	2.6	2.5
Relevant Cross Cutting	8.1	9.6	9.6	9.3	8.5
<b>IV. Infrastructure and Basic Services</b>	78.3	114.5	113.2	106.0	86.1
Road and Bridges	15.6	33.3	33.3	28.5	20.8
Education	26.6	35.2	35.1	34.5	28.8
Health	27.4	36.5	35.3	33.9	28.3
Water and Sanitation	0.5	0.5	0.5	0.5	0.5
Energy	2.0	2.1	2.1	1.9	1.0
Posts and Telecommunication	1.8	1.8	1.8	1.7	1.6
Transport	2.1	2.2	2.2	2.1	2.4
Other Infrastructure	1.0	1.3	1.3	1.3	1.4
Relevant Cross-Cutting	1.1	1.5	1.5	1.5	1.3
<b>Total PRS Aligned</b>	<b>216.4</b>	<b>270.2</b>	<b>267.9</b>	<b>254.6</b>	<b>211.6</b>
<b>Total Expenditure</b>	<b>332.1</b>	<b>408.4</b>	<b>405.1</b>	<b>388.8</b>	<b>336.3</b>
<b>PRS Aligned (%)</b>	<b>65.2</b>	<b>66.2</b>	<b>66.1</b>	<b>65.5</b>	<b>62.9</b>

Source: Macro Fiscal Analysis Unit and Departments of Expenditure and the Budget

Using the second methodology 62.1 percent of the Original Budget was PRS-aligned in 2009/10, this year has seen that figure increase to 66.2 percent.

### 1.3.7. Ministry and Agency Outturn

This section outlines the performance of individual Ministries and Agencies in being able to spend money appropriated for them in the original Budget. This section intends to serve as a guide to highlight those Ministries and Agencies which have the most difficulty in spending Government funds, and those which are most able to and is intended to serve as a guide to reallocating Budget appropriations to the Ministries and Agencies most capable of spending them.

Performance is calculated using three different measures:

1. The Adjusted Appropriation compared to the Cash
2. The Allotment compared to the Cash
3. The Commitment compared to the Cash

Each of the three measures is then calculated as an absolute and a percentage underspend. (I.e. a value of -5% would indicate an over-spend of 5% of the Adjusted Appropriation, Allotment or Commitment for the full year; 5% would be a 5% under-spend.) The Ministries and Agencies contain GC values. The Adjusted Allotment is after the Deferred Revenue is included and the supplemental Budget. The total budget with the deferred revenue and supplemental is US\$ 408.4 million. The total allotment is US\$ 405.1 million.

**Table 1.3.13 Sector Performance**

Ministry /Agency	Original	Adjusted	Allotment	Commitment	Cash	Balance		Balance		Balance	
	Appropriation	Appropriation				in Adjusted Approp	in Allotment	in Allotment	Commitment	Commitment	Commitment
	US\$ m	US\$ m	US\$ m	US\$ m	US\$ m	US\$ m	%	US\$ m	%	US\$ m	%
PASS	156.2	176.8	175.6	169.6	173.0	3.7	2.1%	2.6	1.5%	-3.5	-2.0%
RLPS	51.9	54.4	54.4	54.7	56.3	-1.9	-3.5%	-1.9	-3.6%	-1.7	-3.1%
SCSS	91.1	102.7	101.4	96.9	92.8	9.9	9.6%	8.5	8.4%	4.1	4.2%
ESS	70.2	74.5	73.7	68.0	62.6	12.0	16.0%	11.2	15.2%	5.4	7.9%
<b>TOTAL</b>	<b>369.4</b>	<b>408.4</b>	<b>405.1</b>	<b>389.1</b>	<b>384.7</b>	<b>23.6</b>	<b>5.8%</b>	<b>20.3</b>	<b>5.0%</b>	<b>4.4</b>	<b>1.1%</b>

Source: Macro Fiscal Analysis Unit, Ministry of Finance

Figures may not sum due to rounding

As is shown in **Table 1.3.13**:

- The worst performing sector is ESS with an around 15% under-spend in each measure
- The best performing sector is RLPS: both in the above measure and when looking at individual Ministries and Agencies (it has the lowest number of underperforming Ministries and Agencies).

Ministries and Agencies are then compared to a threshold value; if their under-spend is greater than 20% in each measure they appear in **Table 1.3.14** below. The **Appendix 1** contains the full values for Ministries and Agencies; each of the Ministries and Agencies contain the values for General Claims associated with that Ministry or Agency.

**Table 1.3.14 Under Spending Ministries and Agencies**

<b>Ministry or Agency</b>	<b>1</b>	<b>2</b>	<b>3</b>
Civil Service Agency	66.3%	65.1%	64.7%
Mano River Union	33.6%	33.6%	33.6%
Paynesville City Council	100.0%	100.0%	100.0%
Ministry of Lands, Mines and Energy	62.0%	62.0%	58.5%
Monrovia Transit Authority	79.9%	79.9%	79.9%
Liberia Rubber Development Authority	50.0%	50.0%	50.0%
National Lottery	45.9%	45.9%	43.4%

Source: Macro Fiscal Analysis Unit

### **1.4. Multiyear Performance**

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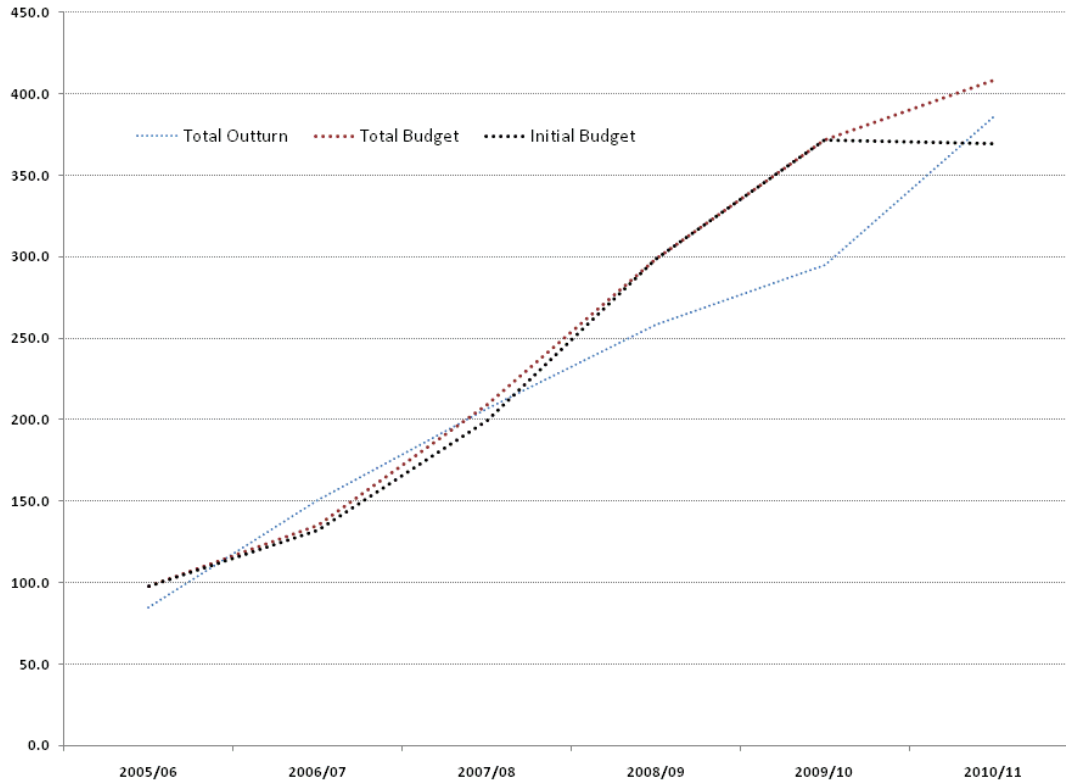
Since the 2005/06 fiscal year the total budget size has increased from US 82.8 million (or US\$ 80 million in the draft Budget; or US\$ 97.9 million before the recasting of the budget) to US\$ 408.4 million in FY 2010/11. The outturn has grown from US\$ 84.6 million to US\$ 386.6 million (including the US\$ 15 million deferred, US\$ 11.8 million Carry Forward and US\$ 359.9 million in revenue collected) – this is an increase of 3.57 times. Meanwhile tax revenue collection has increase by 2.28 times from US\$ 81.5 million to US\$ 267.3 million. Non-tax has increased 25.15 times, from US\$ 2 million to US\$ 52.3 million.

Expenditure has risen, on a Budget basis, by an average of 33.9 percent; on a cash basis it has risen by 34.4 percent per year.

#### **Revenue Performance**

The below **Chart 1.4.1** shows the performance of total outturn against total budget, as gathered from previous year's fiscal outturns.

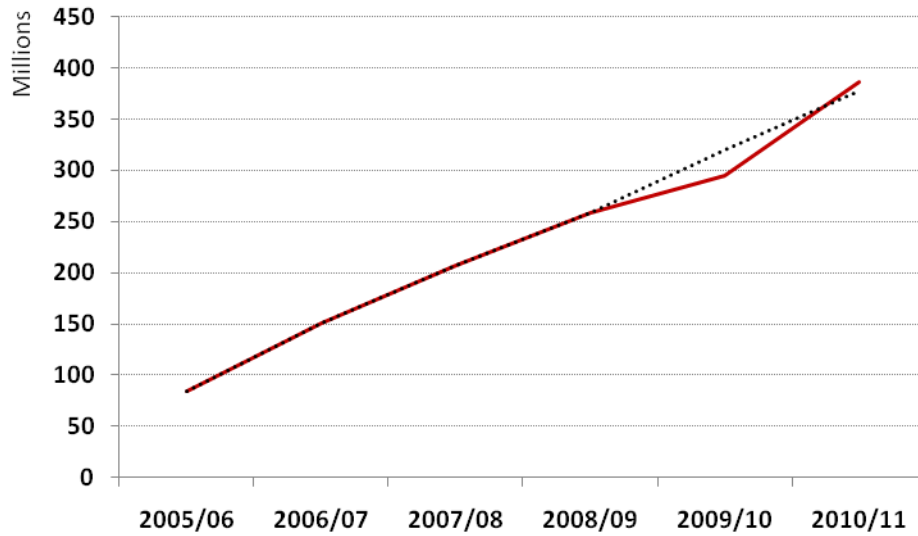
**Chart 1.4.1 Multiyear performance of Revenue and Budget**



**Initial Budget** is the Budget approved by the Legislature without any supplemental budgets included (or, in 2010/11, without the US\$ 15 million Chevron deferred included).

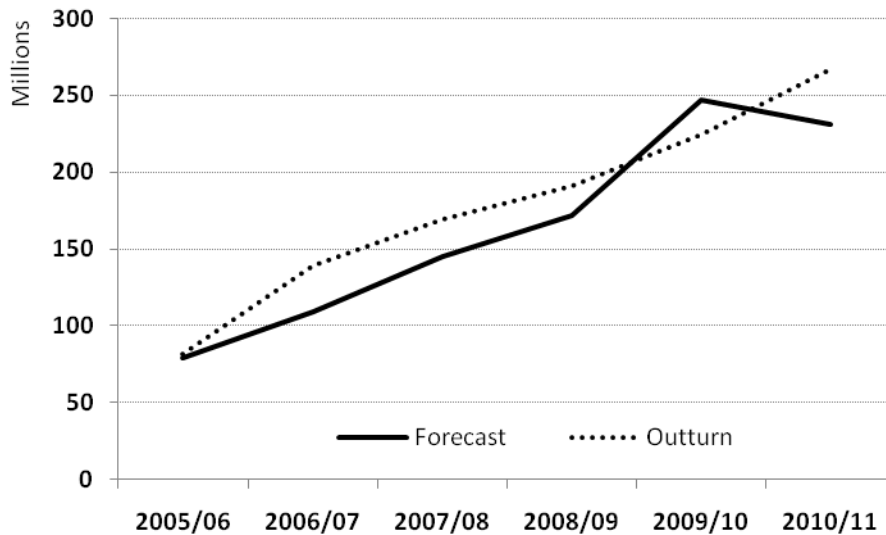
Outturn growth fell, as can be seen in **Chart 1.4.2**, during the fiscal year 2009/10 – this is the result of the impact of the World Financial crisis.

**Chart 1.4.2 Outturn and Trend over time**



Typically the Outturn will exceed the predicted tax revenue performance in the initial budget, this has occurred each year except for 2009/10. Likewise, 2009/10 saw underperformance of US\$ 50.7 million in Non-tax. **Chart 1.4.3** below shows the performance of Tax Revenue forecasts against the outturn.

**Chart 1.4.3 Tax Revenue Performance over Time**



## Across Year Priorities

The PRS set out the Government's priorities as being to rebuild failed infrastructure; to restore education and healthcare and to ensure the operation of Government services. Alongside this the Government aimed to rebuild the economic performance of Liberia – restoring the enclave sector and helping to build small and medium sized enterprises. With this in mind the Government has undertaken multiple job programs; multiple training programs for Government staff and increased funding year on year for the key operational and policy sectors of the budget. PASS funding goes towards the functioning of Government agency; ESS funding towards the rebuilding of the economy and SCSS goes towards improving the health and education sectors.

**Table 1.4.1** below sets out the funding to each of the five major Government sectors over the recent fiscal years.

**Table 1.4.1 Budget Appropriations to Functional Sectors**

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
PASS	28.5	43.5	52.9	74.5	92.4	122.3
SCSS	19.7	34.6	52.7	63.1	80.3	54.5
ESS	4.2	9.3	22.0	51.6	72.6	101.9
RLPS	26.5	18.9	27.2	36.8	48.0	74.9
GC	18.9	28.7	44.6	72.1	78.7	54.8
<b>TOTAL</b>	<b>97.9</b>	<b>135.0</b>	<b>199.4</b>	<b>298.1</b>	<b>371.9</b>	<b>408.4</b>

Source: Department of the Budget

Figures may not sum due to rounding

**Table 1.4.2 Budget Appropriations to Functional Sectors (Changes)**

	2006/07	2007/08	2008/09	2009/10	2010/11
PASS	52.5%	21.5%	40.9%	24.0%	32.4%
SCSS	75.7%	52.5%	19.6%	27.4%	-32.1%
ESS	119.1%	136.6%	135.0%	40.7%	40.4%
RLPS	-28.6%	43.8%	35.3%	30.4%	56.0%
GC	51.4%	55.6%	61.6%	9.1%	-30.4%
<b>TOTAL</b>	<b>37.9%</b>	<b>47.7%</b>	<b>49.5%</b>	<b>24.8%</b>	<b>9.8%</b>

Source: Department of the Budget

As can be seen in the above ESS has consistently seen higher than average growth in the Budget Appropriations.

## 1.5. Payroll

The Government set the CSA pay strategy to reduce the total size of Government expenditures on payroll to a more manageable percentage of the budget. This fiscal year the total budgeted expenditure on salaries was US\$ 141.1 million and US\$ 131.0 million for cash. This represents 34.6 percent of the budget; 33.9 percent in cash.

**Table 1.5.1 Breakdown of Salary Payments by type**

	2009/10		2010/11	
	Budget	Cash	Budget	Cash
Basic salary	54.0	50.7	73.2	72.3
Honorarium	1.8	1.0	3.0	2.7
General Allowances	26.7	26.6	31.3	31.2
Special Allowances	13.9	12.9	15.1	14.6
Transportation Reimbursement	2.7	1.6	3.4	2.7
Professional	5.3	4.4	5.4	0.0
Non Professional Service	1.4	0.6	1.4	0.0
Training Stipend	0.6	0.0	0.8	0.5
Overtime	0.4	0.4	0.5	0.0
Minimum salary adjustment	8.5	4.1	0.0	0.0
Social security contributions	0.5	0.0	0.6	0.0
Pension for General Civil Service	6.9	5.6	5.0	4.9
Severance cost	0.6	0.5	1.5	1.5
Overtime for Ext. of Legislative session	0.0	0.0	0.3	0.0
<b>Wages, Salaries &amp; Benefit Total</b>	<b>123.4</b>	<b>108.4</b>	<b>141.4</b>	<b>130.3</b>
<b>Total Expenditure</b>	<b>354.8</b>	<b>295.0</b>	<b>408.4</b>	<b>384.7</b>
<b>Percentage</b>	<b>34.8%</b>	<b>36.7%</b>	<b>34.6%</b>	<b>33.9%</b>

Source: Departments of Expenditure and the Budget

FIGURES MAY NOT SUM DUE TO ROUNDING

## 1.6.Financial Statement Records

The below **Table 1.6.1** highlights the financial statement record of revenue and payments.

**Table 1.6.1 Financial Statement**

### Statement of Revenue, Expenditure and Changes in Fund Balance

For Full Year Ending the 30<sup>th</sup> June 2011

Receipts/Payments	Annual Budget	Revenue vs Disbursement	Revenue vs Cleared Cheques
<b>Receipts</b>			
Tax Revenue	231.3	267.3	267.3
Non-Tax Revenue	67.1	52.3	52.3
Other Revenue (Grants)	60.2	40.3	40.3
Deferred Collection	15.0	15.0	15.0
Supplemental	24.0	0.0	0.0
Earmarked Collection	0.0	3.9	3.9
<b>TOTAL</b>	<b>397.6</b>	<b>378.7</b>	<b>378.7</b>
<b>Payments</b>			
Wages, Salaries and Employee Benefits	141.4	138.0	137.4
Goods and Services	92.8	86.0	85.6
Consumption of Fixed Capital	63.7	62.9	62.3
Subsidies	15.8	14.4	14.5
Grants/Transfers	75.0	66.9	66.7
Social Benefits	0.5	0.5	0.5
Refunds	0.0	0.0	0.0
Financial Arrears	6.1	5.2	5.1
Domestic Liabilities	6.6	6.4	6.4
Foreign Liabilities	6.6	6.2	6.1
<b>TOTAL</b>	<b>408.4</b>	<b>386.5</b>	<b>384.7</b>
Increase/Decrease in Cash	-10.7	-7.7	-6.0
Carry Forward from Previous	10.7	14.5	14.5
Closing Balance June 30th 2011		6.7	8.4

Source: Office of the Comptroller, Ministry of Finance

Figures are in United States Dollars

## 2. Recent Macroeconomic Developments and Prospects

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### Key Dates:

- The year 2011 marks the first year since the 1980s that the Nominal GDP of Liberia is forecast to be above US\$ 1 billion.
- Under current forecasts we expect output to exceed US\$ 2 billion a year in 2019.
- Nominal GDP per capita is expected to exceed US\$ 300 in 2012.

### 2.1.Past Performance

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#### 2.1.1. Gross Domestic Production

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The Liberian economy in 2010 saw Real GDP growth of 5.6 percent with high levels of growth in the Forestry and Agriculture Sectors; in 2011 this is expected to be 6.2 percent. This rate of growth was higher than the Sub Saharan African average of 5.0 percent. Since 2006 Mining and Panning has seen an increase in importance as a portion of the economy (see **Table 2.1.1**), with the Services industry also seeing an increased share of National Output. The Agriculture sector has seen a slight diminishing in importance, consistent with most developing economies. The Forestry sector has, in line with other enclave sectors, increased its contribution to the overall GDP as well.

Overall the economy has recovered from the after effects of the worldwide downturn in 2009 and has achieved an impressive 5.8 percent growth on average in the last 3 years.

**Table 2.1.1 Sectoral Composition of GDP**

	2005	2006	2007	2008	2009	2010	Average
Agriculture & fisheries	44.3%	42.9%	42.6%	42.2%	42.9%	42.2%	42.8%
Forestry	14.7%	14.0%	12.9%	15.6%	15.2%	16.0%	14.7%
Mining & panning	0.3%	0.2%	0.8%	1.6%	1.7%	1.7%	1.1%
Manufacturing	12.9%	13.9%	14.3%	11.1%	10.2%	10.0%	12.1%
Services	27.9%	29.0%	29.3%	29.4%	30.1%	30.1%	29.3%

*Source: Macro Fiscal Analysis Unit and IMF Staff Estimates*

**Table 2.1.2 Sectoral Growth Rates (%)**

	2008	2009	2010
<b>Real Growth</b>	7.1	4.6	5.6
Agriculture	6.0	6.4	3.8
Forestry	29.4	1.4	11.6
Mining & panning	109.4	6.8	8.6
Manufacturing	-16.7	-3.8	3.1
Services	7.6	6.9	5.9

*Source: Macro Fiscal Analysis Unit and IMF Staff Estimates*

### **Agriculture and Fisheries**

This sector makes up the largest contribution to GDP (42.8 percent average over recent years) and employs the majority of the Liberian workforce growing the staples of Cassava and Rice (UN Food and Agriculture Organization, **FAO**). The Government has worked with partners to promote increased efficiency in the food production sector: working to rebuild infrastructure; signing agreements with large producers (for example, ADA/LAP) to bring new technologies and processes to rice production and other interventions including:-

- Collaboration between the Ministry of Agriculture, the International Fund for Agricultural Development (**IFAD**) and the African Development Bank (**AfDB**) on a US\$ 24 million project to rehabilitate feeder roads and agricultural infrastructure, and cultivate 1600 hectares of swamp rice.
- Decentralising the Ministry of Agriculture and opening offices in the counties.

### **Forestry**

One of Liberia's most abundant resources is the Forest, covering 4.3 million hectares or 45 percent of the country (Forest Resources Association, 2010). This sector has seen strong growth in the recent years, and the Government intends to invest in preparing ports and road infrastructure (including the Greenville Port) to allow the sector to expand further. The Government has set aside money for the rehabilitation of the Greenville Port and connecting roads in the FY 2011/12 Budget.

### **Mining and Panning**

The Government recently signed a Memorandum of Understanding with the Government of Brazil to cooperate in, amongst others, the areas of Energy and Mining. In recent years this sector has played an extremely small role in the economy, despite the existence of multiple concession for Iron Ore (for example, Mittal), Gold (Hummingbird) etc. Once these companies become operational this sector will become a more significant component of the economy. We estimate diamond extraction to represent around 18 percent of output in this sector in the 2011 Calendar Year.

### **Manufacturing**

Recognizing that the Manufacturing sector has not seen the levels of growth which have been evident in other sectors of the economy, and recognizing the importance of building secondary industry, the Government has worked to meet the requirements of the AGOA textile treaty with the

United States. Growth in this sector in 2010 was similar to that of the general growth of the population. Expansions to the infrastructure could aid in the promotion of secondary industries; providing them a second, external market; in this vein the Government has recently signed an agreement with the World Bank for the construction of a 249 kilometer road between Red Light and the Guinea Border costing US\$ 249 million.

## Services

The Service sector has seen robust growth and has remained fairly consistently producing around a third of GDP. Of this sector, it is estimated, that the Government service provision, Transport and Trade and Hotels make up the largest contribution; each of these sub sectors is estimated to have seen annual growth in 2010 of around 5 percent. In the Banking sector, the Government continues to oversee the expansion of banking facilities; once new Ecobank and First International Bank of Liberia (**FIBL**) branches are opened in Grand Kru and Sinoe 11 of the 15 counties will have access to banking facilities. Banks capital adequacy ratios remain above the minimum required.

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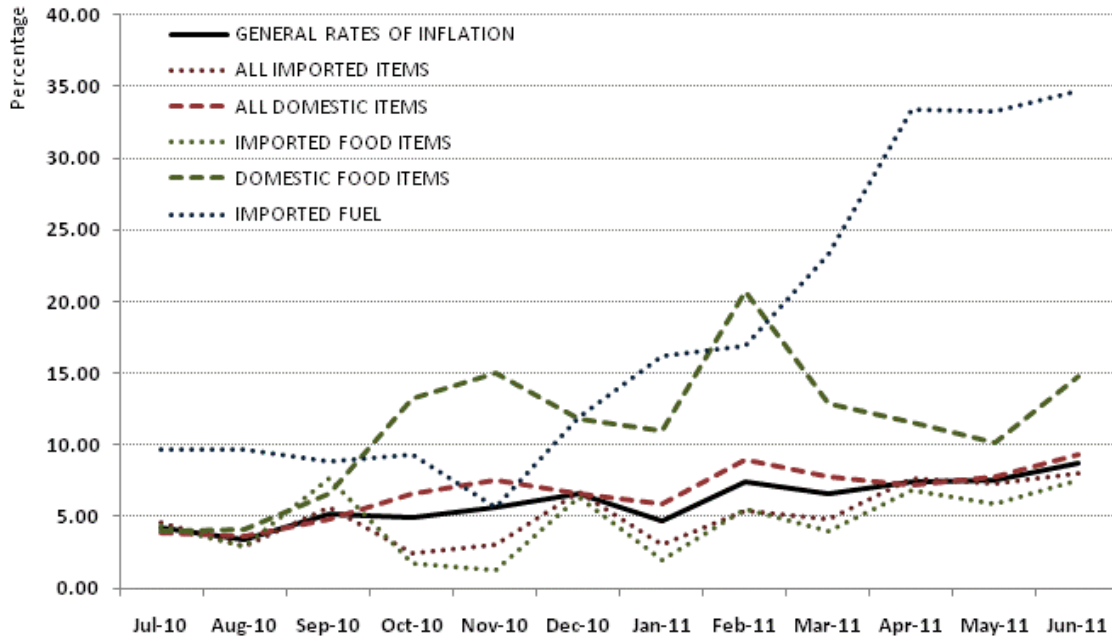
### 2.1.2. Inflation

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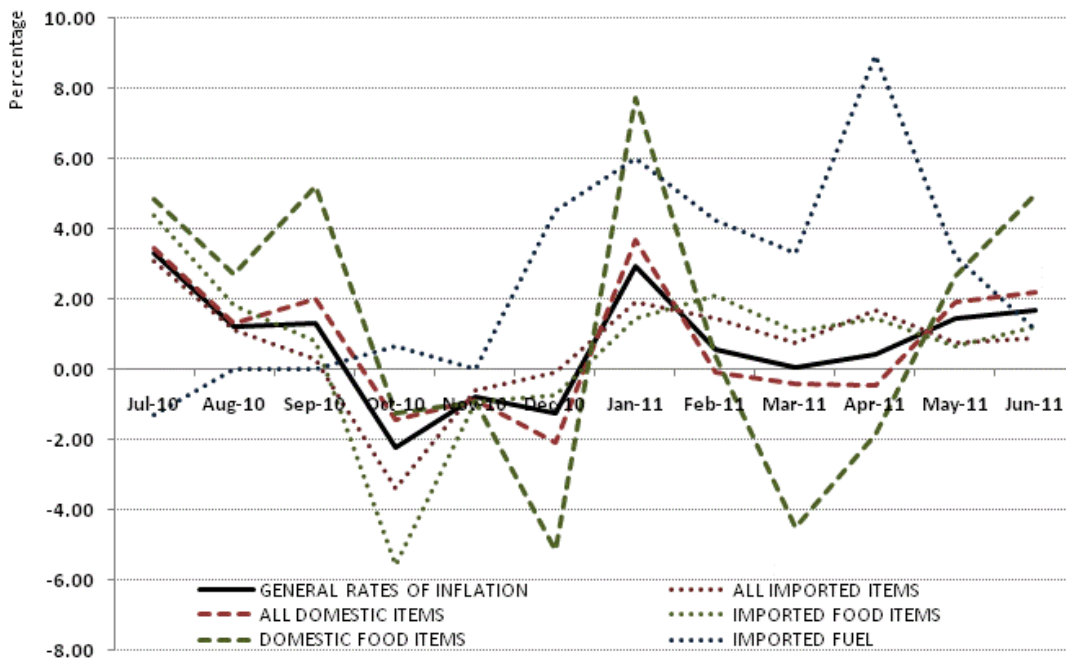
The yearly inflation rate for 2010 was estimated at 7.3 percent on average, or a 6.6 percent End of Period (**EOP**) inflation rate. This is down slightly from the 7.4 percent average and 9.7 percent EOP rate in 2009.

The CBL measure of the Consumer Price Index (**CPI**) based on a basket of general consumption goods shows that the General Inflation rate year on year change roughly remained between 4 and 8 percent during the Fiscal Year. The average y-o-y change was 6.03 percent, the EOP was 8.78 percent. High rises in Domestic Food prices and transport costs are responsible for the small overall increase in the later months of the fiscal year. **Chart 3.1.1** shows the CBL Inflation measure from July through to June.

**Chart 2.1.1 CBL Monthly Inflation Data (Y-o-Y change)**



**Chart 2.1.2 CBL Monthly Inflation Data (M-o-M change)**



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### 2.1.3. Trade

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#### Trade with Major Partners

##### European Union Trade

Trade statistics with the European Union include the changes between shipping registries (i.e. a transfer of a ship between the Liberian registry and the German registry will be counted as an export from Liberia to Germany). The inclusion of these transfers is a result of how the European Statistics Office (**Eurostat**) calculates the merchandise statistics. As these transfers do not actually represent the flow of money into Liberia, nor the export of an object produced in Liberia we do not include them in estimates of Liberian trade, and they are likewise omitted from the below data.<sup>5</sup>

Data is exchanged from Euros to US dollars at the yearly average rate of exchange.

It also appears to include data on petroleum trade, and notes that Liberia has a large petroleum export to the EU-27, this is not the case and has been omitted – it may refer to some other arrangement or the sale of fuel aid (for example).

**Table 2.1.3 Trade with the European Union**

US\$ millions	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Exports (from Liberia)	189.0	94.0	94.6	84.9	69.0	73.9	71.4	74.6	92.7	62.4	96.3
Imports (to Liberia)	106.3	80.0	56.5	59.8	114.7	126.5	137.1	161.4	203.0	201.8	159.1

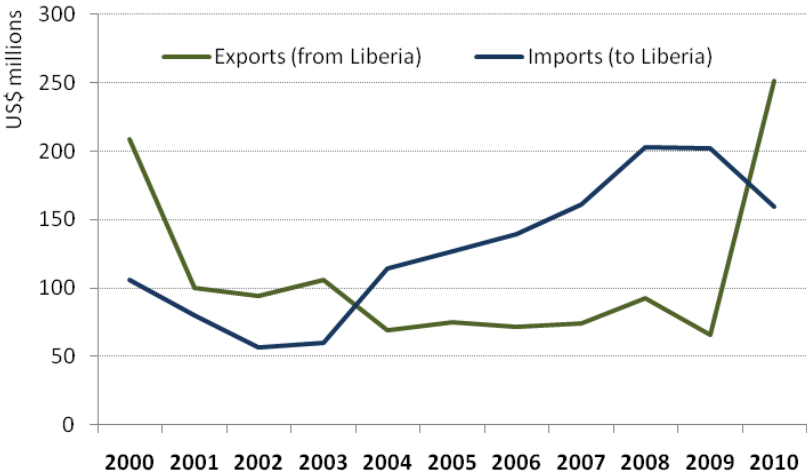
Source: Eurostat

This highlights a gradually improving trade position with Europe as imports diminish slightly, and exports see large increases (54.4 percent between 2009 and 2010). The large majority of exports to EU-27 is rubber; in 2000 processed rubber and manufactured rubber items also made up a significant portion.

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<sup>5</sup> More technically, we have omitted anything in the trade between Liberia and Europe in SITC 7; this includes tankers, passenger vessels, dredgers etc. None of these are produced in Liberia, nor actually exported for use in Liberia, but do appear in the Eurostat statistics as either exports or imports because they are added to or removed from the Liberian registry, which is the second largest open shipping register in the World. SITC 3 was also omitted.

**Chart 2.1.2 Trade with the European Union**



As can be seen in **Chart 2.1.2** above, the trade balance with Europe has recovered to positive for the first time since 2003; this is the result of increased rubber exports.

**United States Trade**

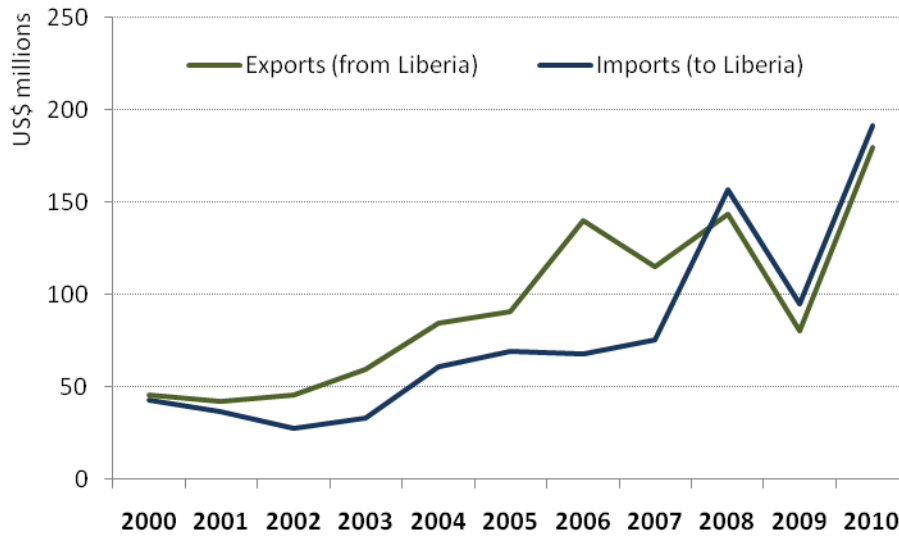
The below **Table 2.1.4** details the merchandise trade with the United States. The period since 2007 has seen a large increase in imports from the United States.

**Table 2.1.4 Trade with the United States**

US\$ millions	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Exports (from Liberia)	45.5	42.5	45.7	59.5	84.3	90.8	139.9	115.2	143.5	80.4	180.0
Imports (to Liberia)	43.0	36.6	27.8	33.3	60.9	69.3	67.8	75.8	156.7	94.7	191.4

Source: US Census Bureau

**Chart 2.1.3 Trade with the United States**



**General Trade Estimates**

Liberia’s total international exports are estimated to be in the region of US\$ 304 million for 2011; compared to imports of US\$ 934 million. Net trade in Services was US\$ -342 million, not including UN Mission in Liberia (UNMIL).

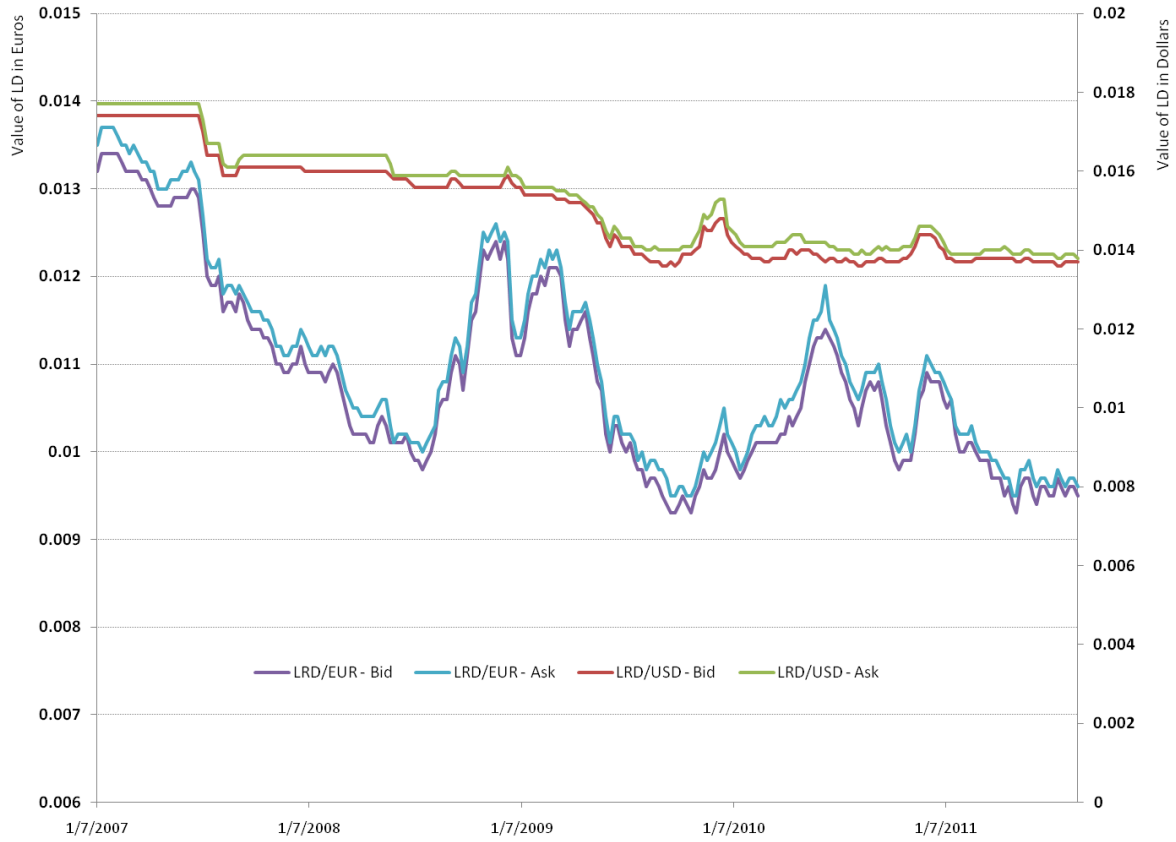
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**2.1.4. Exchange Rates**

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The below **Chart 2.1.2** highlights the movements in the Liberian dollar over the past few years. Movements against the Euro are not targeting, while the Government has a policy of attempting to maintain a stable rate against the US Dollar. Over the past two years we have mostly maintained this stability, with the Liberian Dollar seeing slight increases in value around November time in the period up to the holiday, when remittance inflows are likely to have an increased impact. The value against the Euro is more variable, which is as expected. The recent value of the LD has been approximately 0.014 US Dollars, or 1 dollar is equal to approximately 72 LD.

**Chart 2.1.2 Value of the Liberian Dollar in Foreign Currency**



## 2.2.Forecasts

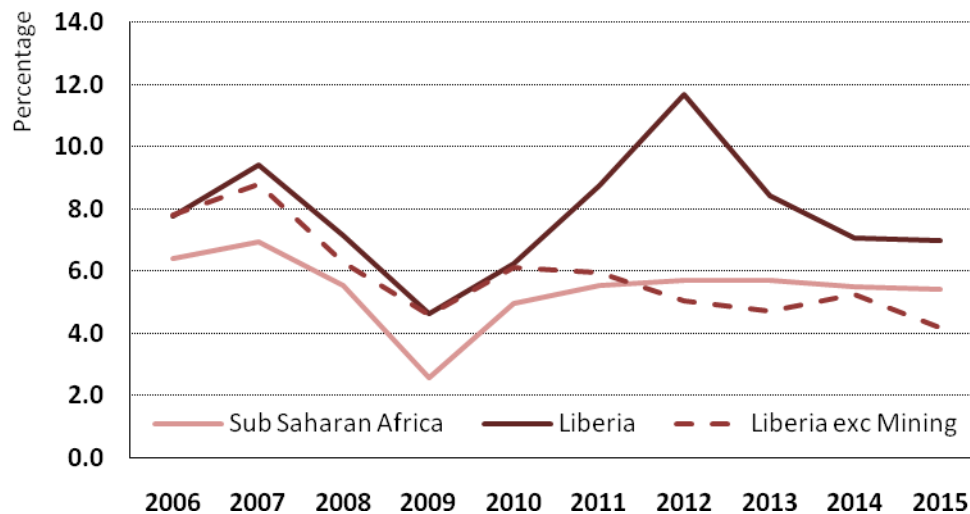
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### 2.2.1. Current Forecasts

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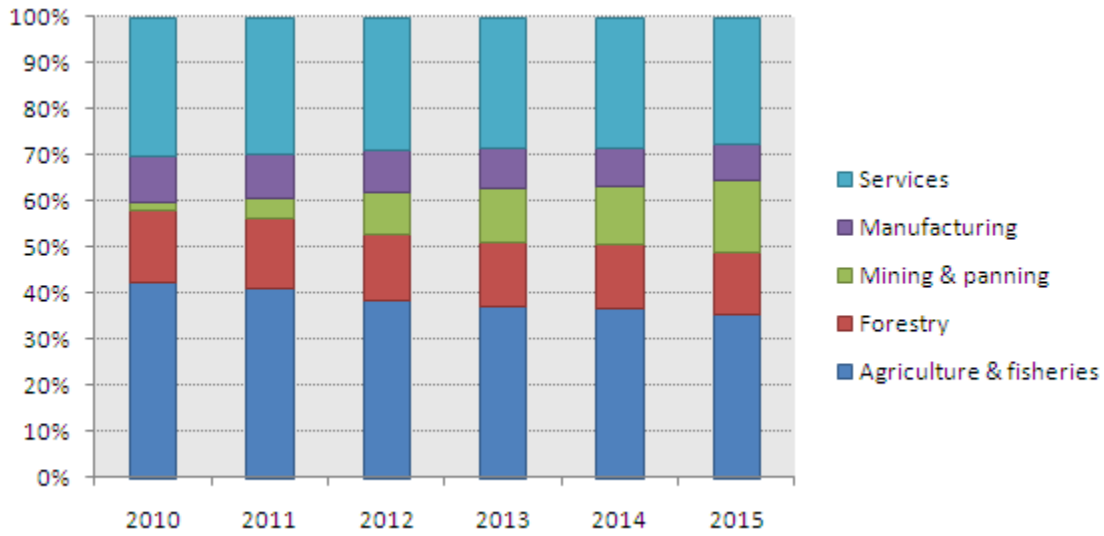
Liberia is forecast to be in the World's top 20 fastest growing Economies in the next few years (WEO, April 2011). We expect to see growth rates of, on average, 7.9 percent over the three years from 2011 to 2013. **Chart 3.2.1** illustrates the trend of growth over recent years. The increased growth in 2012 is the result of the start of concession activity.

**Chart 2.2.1 Real GDP Growth Prospects**

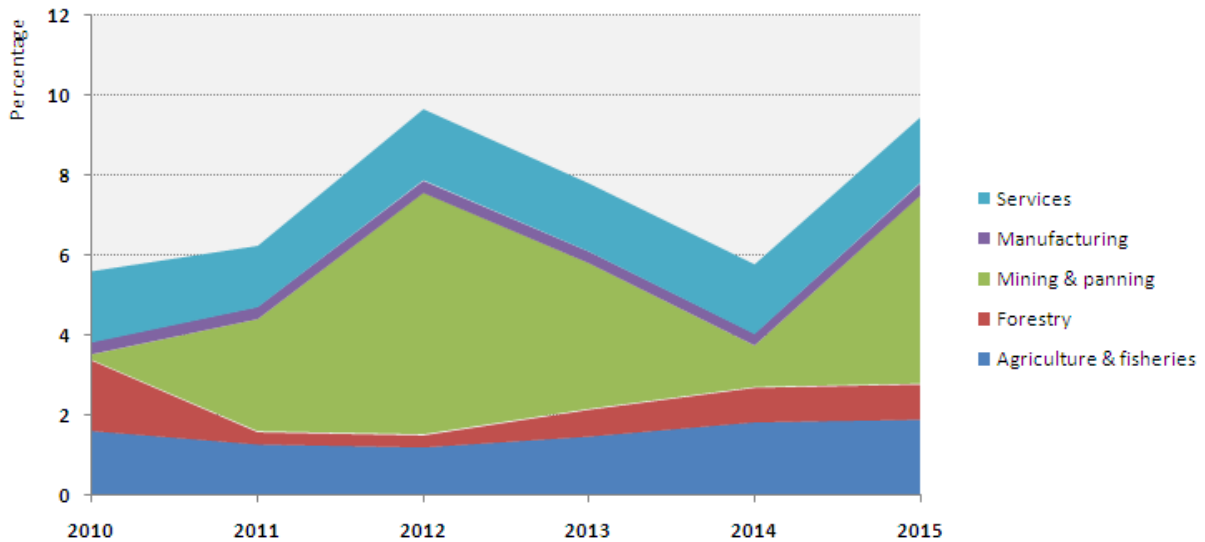


As **Chart 2.2.2** shows, the Mining Sector is expected to play a much larger role in the economy as more activity occurs in the enclave sector. This sector will be responsible for a large portion of the predicted economic growth. This is also illustrated in **Chart 2.2.3** which shows that Agriculture, Services and, above all, Mining are responsible for driving economic growth.

**Chart 2.2.2 Sector Composition of Real GDP**



**Chart 2.2.3 Sector Contribution to Headline Growth**



The drop in growth expected in 2014 (highlighted in **Chart 2.2.3**) is the result of a slight slowdown expected in the growth of the Iron Ore sector in that year generated from the IMF Iron Ore Model.

Inflation forecasts are carried out internally by the Macro Fiscal Analysis Unit, and are based on the composition of goods in the CBL basket. GDP Deflator calculations are generated using preliminary figures on the composition of the national economy and so are not going to be released in this Outturn, but will be at a future date.

**Table 2.2.1 Annual Inflation Forecast**

	2010	2011	2012	2013	2014	2015	2016
<b>EOP</b>	10.3%	6.2%	5.8%	5.5%	5.2%	5.0%	6.1%
<b>Average</b>	8.8%	7.4%	6.3%	6.0%	5.7%	5.4%	5.1%

Source: Macro Fiscal Analysis Unit

We do not generate official forecasts for the movements of the exchange rate; however the policy of the Government remains to ensure a stable rate with relation to the US Dollar.

The trade position is expected to improve with exports increasing in 2012 and 2013 to US\$ 566 million and US\$ 796 million respectively; this will be largely the result of increases in non-rubber enclave sector production.

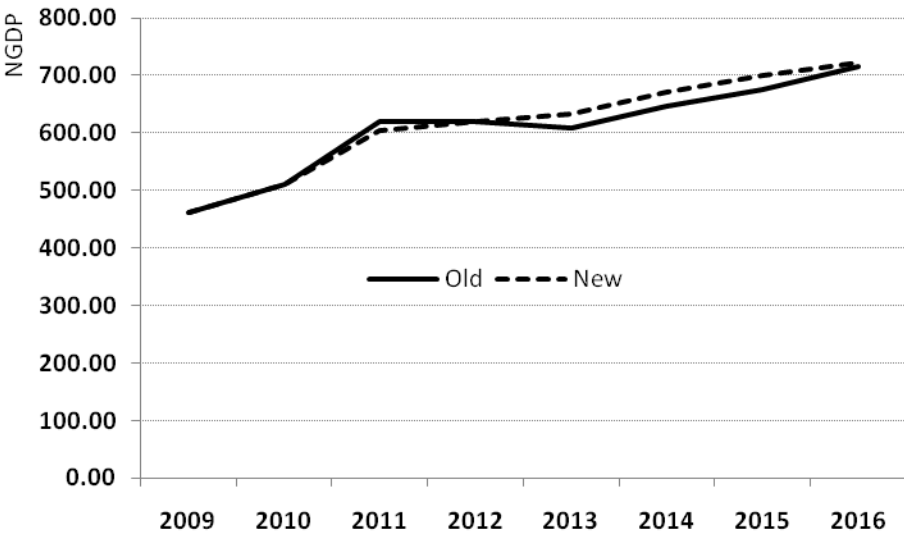
**2.2.2. Scenario Forecasts**

**Alterations to Commodity Price Expectations**

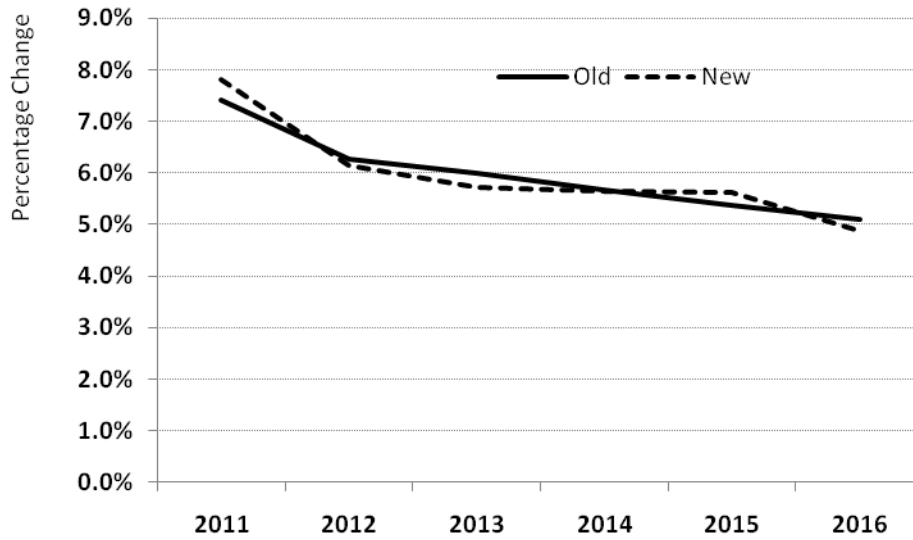
New adjustments to commodity price expectations (IMF – August 2011) can alter the path of nominal GDP growth and inflation. The below charts show the altered path of GDP with new figures on commodity growth, as can be seen, even the adjusted forecasts by the IMF show little change to the path of GDP and inflation.

There is no effective alteration to the consumer inflation forecast, except to note that there is likely to be a slight reduction in subsequent year’s rates at the expense of an increase this year. Nominal GDP remains on roughly the same trend as the more general measure of the GDP deflator adjust very little also.

**Chart 2.2.4 Alterations to the path of Nominal GDP with Adjusted Commodity Prices**



**Chart 2.2.5 Alterations to inflation forecasts with Adjusted Commodity Prices**



**2.2.3. Adjustments to Forecasts**

The below **Table 2.2.2** shows the changes to the forecasts over time, and the performance of nominal GDP growth forecasts against the tax revenue increases.

	2010/11	2011/12	2012/13	2013/14
Forecast in BFP April 10/11 -nominal	9.8	11.7	10.4	
Forecast in BFP April 11/12 - nominal	16.2	16.9	10.6	5.1
Updated Estimates - new commodity prices	15.5	17.1	12.4	5.9
Increase in Tax Revenue	19	6.1*		

\* Forecast

Source: Macro Fiscal Analysis Unit

### 3. Government Fiscal Policy

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#### 3.1.Recent Fiscal Policy

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The preparation of the FY 2010/11 Budget was underpinned by the expectation of strong economic growth. The Government recognized the importance of managing the increased revenue that economic expansion, and specifically economic expansion in the enclave sectors, will bring. The Government split the Budget into Core and Project Budgets for FY 2010/11 to ensure that necessary recurrent spending is funded through certain revenue and that capital expenditure is promoted. To achieve this, the Government of Liberia continued to pursue fiscal policy designed to:-

- Ensure sustained, broad-based economic growth with particular emphasis on increasing Government's investment in infrastructure; and on strengthening the rural economy in accordance with the poverty alleviation strategies of the PRS.
- Continue tax reforms for widening the tax base
- Formulate expenditure plans to complete outstanding PRS-related projects.
- Restructure subsidies to decrease their impact on the nation's finances.
- Foster a robust environment for investment through private and public/private initiatives.
- Focus on an integrated development of physical infrastructure such as roads, water supply and access to transportation.
- Increase fiscal discipline in Government institutions to ensure fiscal accountability, transparency and responsibility.

**1. Bringing Donor Flows on Budget:** It has been recognized by both donors and the government that direct budget support is an effective way to strengthen public financial management, pushing Governments to become more accountable for the money they spend and helping align spending with areas of Government priorities. Effort was made to design a common assessment framework to bring donors into direct budget support and harmonize their assistance with Government priorities. The budget process, therefore, initiated a strategy to make the national budget a central instrument for coordinating donor assistance to PRS priorities. This is an integral part of the MTEF process and, as such, the Aid Management Unit (AMU) is being prepared to record donor inputs from donor and M+A reports.

**2. Cash-Based Balanced Budgeting:** The 2009/10 budget was managed following the cash based balanced budget policy, and the initial 2010/11 Budget was developed under the same rule. Restricting Government expenditure to available resources has been the Government policy since the Fiscal Year 2006/07 Budget. Under a cash-based budgeting system, shortfalls in expected resources within a fiscal year are matched by cuts in expenditure. Government responds to a shortfall in expected tax revenue by cutting expenditure, rather than covering the shortfall by borrowing.

While successful in improving fiscal discipline, the cash budgeting system however had severe costs in terms of the effectiveness and efficiency of expenditure. It also undermined the reforms focused on improving budget planning. With the budget being adjusted several times a year, it was less important for spending ministries to focus on their budget preparation, because of the weakened role of the up-front budget allocations in determining funding during the spending year. These problems prompted the Government to undertake complementary reforms to its cash management and commitment control systems. These operate in tandem with the overall fiscal management system. Moreover, with the eclipsing of the HIPC completion point, the Government of Liberia has the opportunity again to borrow but prudently including the right to finance short term deficits using T-Bills, bridge financing arrangement with the Central Bank of Liberia .

3. **Debt Policy:** Over the past few years the government has made great strides in achieving the HIPC Completion Point requirements. Based on this successful track record, the country's development partners granted about US\$4.6 billion in debt relief. This amount significantly reduces the annual cost of servicing debt. Learning the lessons from past debt accumulation the Government has established a Debt Management Committee (**DMC**), consisting of the Minister of Finance as Chair, the Governor of the Central Bank, the Minister of Justice, and the Minister of State for Presidential Affairs and Minister of Planning and Economic Affairs, appointed by the President. The Committee will monitor the country's debt situation, maintaining sustainable debt levels and putting in place relevant indicators consistent with the National Debt Management Strategy. Borrowing will be undertaken for investment projects with an economic return, and new borrowing will only be undertaken after the Debt Management Unit (**DMU**) undertakes a Debt Sustainability Analysis (**DSA**). With these precautions in place this Government will ensure that Liberia never again builds unmanageable levels of debt with little benefit. The Government has also put in place controls on the borrowing of State Owned Enterprises (**SOEs**) to ensure that other agencies of Government do not undertake unrestrained, unsustainable borrowing. We will ensure that any SOE borrowing is judged by the DMC, and any projects proposed analyzed for their economic viability.
  
4. **Public Financial Management Reforms:** The government has implemented far-reaching reform processes in the areas of budgeting, disbursement, cash management, reporting, internal and external auditing. The introduction of the new PFM Law has provided a better comprehensive framework for the management of public finances.

In addition to the legal framework, the Ministry of Finance has been actively strengthening specific areas of Public Financial Management over the period including,

- the introduction of a coherent and consistent Chart of Accounts,
- the implementation of International Accounting Standards,
- Integrated Tax Administration System,
- Automation of Customs systems.
- Improvement in our business processes for efficient service delivery
- IFMIS Infrastructure installation nearing completion

- Regular publication of reports

### 3.2.Current Fiscal Policy

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The Government has learnt lessons from the World economic downturn, and the past history of debt mismanagement in Liberia. With these lessons in mind, alongside the fiscal aims set out in the PFM Law, the Government of Liberia has developed four fiscal principles to guide policy setting and the setting of National priorities:-

- Expenditure should be targeted, efficient and accountable
- Fiscal Rules should be clear and measurable
- Economic allocation of the Budget should be in line with fiscal objectives
- Revenue from non-renewable sources should be invested in Liberia's future.

In line with these fiscal principals the Government has introduced new processes and fiscal rules including:

- 1. Building Revenue Collection:** The Government has overseen revenue increases from around US\$ 80 million to US\$ 516 million. The Government plans to build on this achievement with the implementation of Value Added Tax (**VAT**) replacing the original General Sales Tax (**GST**); the development of an autonomous Revenue Authority replacing the current Department of Revenue within the Ministry of Finance and the monitoring of the success of these programs through the deliverables in the new Monitoring and Evaluation framework (a part of the PFM Strategy).
- 2. Debt Management:** The Government has set up a Debt Management Committee (**DMC**) and decided that, prior to new borrowing being undertaken, the Debt Management Secretariat will undertake a Debt Sustainability Analysis (**DSA**) to determine what impact the additional debt will have on our yearly borrowing, and debt stock levels. Currently the IMF produces a DSA within its Review Missions, this DSA recently stated Liberia was at a "low risk of debt distress". The Government intends to operate internal DSAs prior to each new loan.
- 3. Targeting and Prioritizing Government Spending:** The Government has worked to introduce Sector plans into the Budget process in preparation for the 2011/12 Budget. This will ensure that the priorities and future plans of Ministries and Agencies can be clearly noted and reviewed. The alignment of the Budget with the PRS is a key stage in ensuring that the policies of the Government guide the spending process. The *Budget Framework Paper*, the second of which the Government recently published, also works to clearly demarcate Government policy priorities and key sector deliverables.
- 4. Monitoring Government Spending:** The Government has created a new legal framework for Public Financial Management (**PFM**): the PFM law. This was the result of conclusions reaching in the Public Expenditure and Financial Accountability (**PEFA**) assessment, which

noted there was substantial room for improving PFM. We have strengthened internal audit and the accounting and reporting functions and Government borrowing, now possible in a post-HIPC environment, is overseen by the Debt Management Committee (**DMC**). The Government is also looking at the possibility of setting up a Revenue Authority, tasked with the administration and collection of revenue. We had improved customs administration with the ASYCUDA system at the Free Port of Monrovia. The ASYCUDA system has now been expanded to the Robertsfield International Airport and the Liberian Petroleum Refining Company (**LPRC**). We have also moved towards the implementation of the Integrated Tax Administration System (**ITAS**). The Government put in place the new CoA, and the Minister issued the cash-based Public Sector accounting standards in May 2010. The introduction of direct deposit payments for Government employees was introduced covering all Monrovia-based employees and has been expanded to several counties; building on this we intend to build cash payment centers in areas where there are no commercial banks. The Integrated Financial Management Information System (**IFMIS**) began to be used in the Ministry of Finance on the 1<sup>st</sup> July 2011; this system will be expanded to cover all Ministries and Agencies strengthening accounting, reporting and payment systems.

5. **Promoting Infrastructure:** The Government has, and will continue, to work to promote expenditure on capital projects, especially infrastructure. Noting that infrastructure can considerably add to growth, the Government intends to ensure that investment in roads, electricity and water and sanitation infrastructure continues. This Government set up the Project Budget: intended to provide funding from contingent revenue for a list of PRS-aligned investment projects. We have also incorporated a capital minimum into the Budget (5 percent of the Core Budget should be spent on new capital investment.)
  
6. **Strengthening Budget Preparation:** The Government will work with the Legislature to implement their recommendations on audits, and build capacity in the Legislative Budget Office (**LBO**). The Ministry of Finance has been working with the IMF and the Overseas Development Institute (**ODI**) to put in place the Medium Term Expenditure Framework (**MTEF**).

## 4. Conclusion and Outlook

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The publication of the Annual Outturn was delayed to allow for cash expenditures related to the 2010/11 fiscal year to be carried out in the opening months of the 2011/12 fiscal year. The fiscal outturn shows that realized revenue has grown by 25.0 percent year-on-year, significantly above the estimated growth in nominal GDP for last fiscal year of 16.0 percent. The tax revenue grew by 19.0 percent, more proximate to the value of nominal GDP growth. With the addition of the deferred and supplemental Budgets the total Budget allocations this Fiscal year rises to US\$ 408.4 million.

Of this Budget the total expenditure was US\$ 405.1 million (**allotment**); US\$ 389.1 million (**commitment**) and US\$ 384.7 million (**cash**).

Total revenue collected to the end of the year is US\$ 359.9 million. Revenue collected to date has been mostly from the Tax Revenue stream (74.3 percent); of which Taxes on International Transactions (29.6 percent of the total revenue) and Taxes on Income and Profits (26.5 percent of the total revenue) make up the largest portions. Grant revenue made up 11.2 percent of realized revenue – a substantial improvement on the previous fiscal year which saw Grants revenue of US\$ 13.0 million, or 4.5 percent of the budget. Non-tax revenue made up 14.5 percent. The best performing revenue streams, to forecasts, have been Individual and Corporate income tax, and Motor Vehicle taxes. Exports, Sales Taxes and Grants revenue have not performed as well as expected.

New rates have been applied during at least part of this year to CIT, PIT and GST. There was an increase in the collection for CIT; however the revenue raised from PIT fell from average Quarterly revenue of US\$ 13.5 million in the first two quarters to US\$ 11.9 million in the third quarter, but increased to US\$ 20.9 million in the final quarter.

The Liberian economy in 2010 has seen Real GDP growth of 5.6 percent with high levels of growth in the Forestry and Agriculture Sectors. This rate of growth was higher than the Sub Saharan African average of 5.0 percent. Since 2006 Mining and Panning has seen an increase in importance as a portion of the economy, with the Services industry also seeing an increased share of National Output.

The yearly inflation rate for 2010 was estimated at 7.3 percent on average, this is down slightly from the 7.4 percent average in 2009.

Liberia is forecast to be in the World's top 20 fastest growing Economies in the next few years (**WEO, April 2011**). We expect to see growth rates of, on average, 7.9 percent over the three years from 2011 to 2013. Inflation is expected to rise slightly to 9.5 percent average, the result of increasing fuel and food prices. However this still remains substantially below the 2008 inflation of 17.5 percent.

The Government has achieved successes in Public Financial Management: we have set up a DMC and strengthened internal audit, we are working to bring donor flows on budget and we have begun to implement ITAS. From a policy perspective we have been working on sector plans, and formulating long term policy in water and sanitation policy, in economic policy and so forth. We have also put in place structures to ensure that the Government policy priorities are enacted in

practice: this includes the move towards MTEF next year and the addition of a strategic stage in the Budget formulation process.

In individual sectors: the worst performing is ESS, the best performing is RLPS; this is measured in terms of the amount of under-spend. Ministries and Agencies should be able to spend the money appropriated for them; this is measured in terms of transfer to commitments. The Fiscal Outturn monitors the performance of Ministries and Agencies so that the information can be used to determine whether or not Ministries and Agencies should in fact receive the same level of appropriation next year, and to determine whether transfers should be made to Ministries and Agencies more able to spend money.

## 5. Appendices

### Appendix 1: Ministry and Agency Performance

Ministry / Agency	Adjusted* Appropriation		Allotment		Commitment		Cash		Balance in Adjusted Approp		Balance in Allotment		Balance Commitment	
	US\$ m	%	US\$ m	%	US\$ m	%	US\$ m	%	US\$ m	%	US\$ m	%	US\$ m	%
<b>PASS</b>														
National Legislature	22.9		22.9		22.9		23.4		-0.4	-1.9%	-0.5	-2.0%	-0.5	-2.2%
Ministry of State for Presidential Affairs	14.4		14.3		14.3		14.2		0.2	1.3%	0.1	0.7%	0.1	1.0%
Office of the Vice President	1.6		1.6		1.5		1.5		0.1	7.8%	0.1	6.8%	0.1	5.3%
Ministry of Finance	50.7		50.5		46.3		58.6		-7.9	-15.6%	-8.2	-16.2%	-12.3	-26.5%
Ministry of Internal Affairs	22.7		22.5		21.7		21.9		0.8	3.7%	0.7	3.0%	-0.2	-0.9%
Ministry of Planning and Economic Affairs	3.6		3.6		3.5		3.8		-0.2	-6.0%	-0.2	-6.0%	-0.3	-8.3%
Civil Service Agency	11.8		11.4		11.3		4.0		7.8	66.3%	7.4	65.1%	7.3	64.7%
General Services Agency	2.2		2.2		2.1		2.0		0.3	11.5%	0.2	11.0%	0.1	7.1%
Ministry of Information, Culture and Tourism	2.2		2.2		2.1		2.1		0.2	7.2%	0.2	6.8%	0.1	2.8%
General Auditing Commission	5.2		5.2		5.2		5.0		0.2	3.5%	0.2	3.5%	0.2	3.0%
Ministry of Foreign Affairs	11.9		11.8		11.7		10.7		1.2	10.3%	1.1	9.2%	1.0	8.3%
Liberia Institute of Public Administration	13.4		13.4		13.4		13.1		0.3	2.3%	0.3	2.1%	0.3	2.0%
National Elections Commission	3.2		3.2		3.1		3.0		0.1	4.1%	0.1	4.1%	0.0	1.2%
Liberia Institute for Statistics & Geo-information Services	0.1		0.1		0.1		0.1		0.0	17.8%	0.0	17.8%	0.0	16.3%
Bureau of State Enterprises	1.4		1.4		1.4		1.3		0.1	8.8%	0.1	7.7%	0.1	5.0%
National Investment Commission	1.0		1.0		1.0		1.0		0.0	-4.0%	0.0	-4.0%	0.0	-4.0%
Governance Commission	1.1		1.1		1.0		0.8		0.3	24.7%	0.3	24.0%	0.1	13.1%
Public Procurement and Concessions Commission	0.6		0.6		0.6		0.7		0.0	-5.3%	0.0	-5.3%	0.0	-6.6%
Center for National Documents & Records Agency	0.9		0.9		0.8		0.7		0.2	18.1%	0.2	18.1%	0.1	16.6%
Environmental Protection Agency	1.2		1.2		1.2		1.5		-0.3	-23.1%	-0.3	-23.1%	-0.3	-23.7%
Liberia Broadcasting System	1.4		1.4		1.4		1.2		0.2	17.5%	0.2	16.9%	0.2	16.8%
Liberia Anti-Corruption Commission	0.7		0.7		0.7		0.7		0.0	2.2%	0.0	2.2%	0.0	2.2%
Law Reform Commission	1.1		1.1		1.1		0.9		0.2	16.5%	0.2	16.5%	0.2	16.5%
Land Commission	0.5		0.5		0.5		0.4		0.2	33.6%	0.2	33.6%	0.2	33.6%
Mano River Union	176.8		175.6		169.6		173.0		3.7	2.1%	2.6	1.5%	-3.5	-2.0%
<b>Sub Total</b>														

<b>RLPS</b>										
Judiciary	10.8	10.8	10.8	11.3	-0.5	-4.9%	-0.5	-4.9%	-0.6	-5.4%
Ministry of Justice	22.8	22.8	22.6	22.3	0.6	2.5%	0.5	2.4%	0.3	1.5%
Ministry of National Defense	10.7	10.7	10.7	12.6	-1.9	-17.8%	-1.9	-17.9%	-1.9	-18.2%
National Security Agency	1.8	1.8	1.8	1.9	-0.1	-5.4%	-0.1	-5.4%	-0.1	-5.4%
Special Security Services	5.9	5.9	5.9	5.7	0.3	4.3%	0.2	4.2%	0.2	4.0%
Ministry of National Security	0.9	0.9	0.9	0.9	0.0	4.4%	0.0	4.4%	0.0	3.5%
National Bureau of Investigation	0.6	0.6	0.5	0.5	0.0	7.3%	0.0	7.3%	0.0	5.6%
Human Rights Commission	0.9	0.9	1.5	1.2	-0.3	-30.2%	-0.3	-30.5%	0.3	20.3%
<b>Sub Total</b>	<b>54.4</b>	<b>54.4</b>	<b>54.7</b>	<b>56.3</b>	<b>-1.9</b>	<b>-3.5%</b>	<b>-1.9</b>	<b>-3.6%</b>	<b>-1.7</b>	<b>-3.1%</b>
<b>SCSS</b>										
Ministry of Education	35.2	35.1	34.0	31.9	3.3	9.3%	3.2	9.2%	2.1	6.2%
University of Liberia	10.6	10.6	10.6	9.9	0.8	7.3%	0.8	7.3%	0.8	7.3%
Monrovia Consolidated School System	2.3	2.3	2.0	1.9	0.4	17.1%	0.4	17.0%	0.1	6.4%
Booker Washington Institute	1.9	1.9	1.9	1.7	0.1	7.0%	0.1	7.0%	0.1	7.0%
Forestry Training Institute	0.1	0.1	0.1	0.1	0.0	6.0%	0.0	6.0%	0.0	6.0%
Cuttington University College	0.7	0.7	0.7	0.8	-0.1	-13.4%	-0.1	-13.4%	-0.1	-13.4%
National Commission on Higher Education	1.2	1.2	1.1	0.9	0.4	29.1%	0.4	29.1%	0.2	18.6%
W.V.S. Tubman University	2.5	2.5	2.5	2.2	0.4	14.7%	0.4	14.7%	0.4	14.3%
West African Examination Council	1.8	1.8	1.7	1.6	0.2	9.2%	0.2	9.2%	0.1	4.1%
Ministry of Health and Social Welfare	27.9	26.7	24.7	25.5	2.4	8.7%	1.2	4.7%	-0.8	-3.3%
J.F.K. Medical Center	6.9	6.8	6.8	6.6	0.3	4.1%	0.3	3.7%	0.2	3.4%
Phebe Hospital and School of Nursing	1.2	1.2	1.2	1.0	0.2	15.3%	0.2	15.3%	0.2	15.3%
Liberia Institute of Bio-Medical Research	0.5	0.5	0.5	0.4	0.1	15.6%	0.1	15.6%	0.1	15.1%
Ministry of Youth and Sports	4.1	4.1	3.6	3.5	0.6	14.8%	0.6	13.6%	0.1	3.3%
National Food Assistance Agency	0.1	0.1	0.1	0.1	0.0	8.2%	0.0	8.2%	0.0	8.2%
Agricultural and Industrial Training Bureau	0.2	0.2	0.2	0.2	0.0	21.7%	0.0	21.7%	0.0	19.9%
Ministry of Gender and Development	1.4	1.4	1.2	1.0	0.5	31.8%	0.4	31.2%	0.2	15.9%
Monrovia City Corporation	1.1	1.1	1.1	1.0	0.1	9.0%	0.1	9.0%	0.1	8.1%
Liberia Refugee Repatriation and Resettlement Commission	0.9	0.9	0.9	0.7	0.1	16.2%	0.1	15.9%	0.1	14.9%
National Commission on Disabilities	0.2	0.2	0.2	0.2	0.1	25.1%	0.1	25.1%	0.1	24.7%
National Veteran Bureau	0.3	0.3	0.3	0.3	0.1	17.6%	0.1	17.6%	0.1	17.6%
Liberia Agency for Community Empowerment	0.6	0.6	0.6	0.5	0.1	11.7%	0.1	11.7%	0.1	11.5%
National Housing Authority	0.7	0.7	0.7	0.8	-0.1	-12.5%	-0.1	-12.5%	-0.1	-12.5%
Paynesville City Council	0.1	0.1	0.1	0.0	0.1	100.0%	0.1	100.0%	0.1	100.0%
<b>Sub Total</b>	<b>102.7</b>	<b>101.4</b>	<b>96.9</b>	<b>92.8</b>	<b>9.9</b>	<b>9.6%</b>	<b>8.5</b>	<b>8.4%</b>	<b>4.1</b>	<b>4.2%</b>

ESS	7.5	7.5	6.9	6.1	1.4	18.6%	1.4	18.5%	0.7	10.7%
Ministry of Agriculture	6.7	6.7	6.1	2.5	4.1	62.0%	4.1	62.0%	3.6	58.5%
Ministry of Lands, Mines and Energy	2.4	2.3	2.0	2.0	0.4	18.2%	0.3	12.7%	0.0	0.6%
Ministry of Commerce and Industry	1.6	1.6	1.6	1.6	0.0	1.9%	0.0	0.7%	-0.1	-3.4%
Ministry of Post and Telecommunications	0.3	0.3	0.2	0.5	-0.3	-104.2%	-0.3	-105.3%	-0.3	-124.0%
Cooperative Development Agency	1.8	1.8	1.7	1.7	0.0	1.8%	0.0	1.4%	0.0	-0.2%
Ministry of Transport	5.0	5.0	4.5	4.7	0.4	7.5%	0.4	7.4%	-0.1	-2.7%
Forestry Development Authority	2.1	2.1	2.0	2.0	0.2	7.7%	0.2	7.5%	0.1	2.7%
Ministry of Labor	33.3	33.3	29.8	28.0	5.4	16.1%	5.3	16.1%	1.8	6.2%
Ministry of Public Works	0.1	0.1	0.1	0.0	0.0	28.2%	0.0	28.0%	0.0	25.9%
Liberia Industrial Property System	0.1	0.1	0.1	0.1	0.0	12.0%	0.0	12.0%	0.0	5.0%
Liberia Copyright Office	0.5	0.5	0.5	0.5	0.0	1.0%	0.0	1.0%	0.0	1.0%
Liberia Water and Sewer Corporation	0.4	0.4	0.4	0.4	0.0	8.9%	0.0	8.9%	0.0	8.7%
Liberia Produce Marketing Corporation	0.4	0.4	0.4	1.2	-0.8	-171.3%	-0.8	-171.3%	-0.8	-173.2%
National Transit Authority	1.0	1.0	1.0	1.4	-0.4	-44.8%	-0.4	-44.8%	-0.5	-50.6%
Liberia Electricity Corporation	1.2	1.2	1.2	0.2	1.0	79.9%	1.0	79.9%	1.0	79.9%
Monrovia Transit Authority	0.2	0.2	0.2	0.1	0.0	1.8%	0.0	1.8%	0.0	1.8%
Liberia Telecommunications Corporation	0.2	0.2	0.2	0.2	0.0	16.9%	0.0	16.9%	0.0	16.8%
National Housing and Savings Bank	0.1	0.1	0.1	0.0	0.0	16.2%	0.0	16.2%	0.0	15.2%
Liberia Industrial Free Zone Authority	0.2	0.2	0.2	0.2	0.0	0.9%	0.0	0.9%	0.0	0.9%
Liberian-Libyan Holding Company	0.1	0.1	0.1	0.1	0.0	22.3%	0.0	22.3%	0.0	22.3%
National Insurance Corporation of Liberia	0.1	0.1	0.0	0.0	0.0	50.0%	0.0	50.0%	0.0	50.0%
Liberia Rubber Development Authority	9.1	8.5	8.5	8.8	0.3	3.2%	-0.3	-3.0%	-0.3	-3.0%
Bureau of Maritime Affairs	0.0	0.0	0.0	0.0	0.0	45.9%	0.0	45.9%	0.0	43.4%
National Lottery	0.14	0.1	0.1	0.1	0.0	28.4%	0.0	28.4%	0.0	16.4%
Liberia Airport Authority	74.5	73.7	68.0	62.6	12.0	16.0%	11.2	15.2%	5.4	7.9%
Sub Total	408.4	405.1	389.1	384.7	23.6	5.8%	20.3	5.0%	4.4	1.1%
<b>TOTAL</b>										

Source: Macro Fiscal Analysis Unit, Department of Budget and Department of Expenditure and Debt Management  
 FIGURES MAY NOT SUM DUE TO ROUNDING

