

Government of Liberia



Ministry of Finance Public Financial Management Reforms Quarterly Progress Report July – September, 2012

Published by the PFM Reforms Coordination Unit

Table of Contents

	Page
1.0 Executive Summary.....	4
2.0 New Deal.....	5
3.0 Updates from the Public Financial Management Components	5
3.1 Component 1: Enhancing Budget Planning Systems, Coverage, and Credibility.....	5
3.2 Component 2: Strengthening PFM Legal Framework, Budget Execution, Accounting and Reporting.....	6
3.3 Component 3: Revenue Mobilization & Administration (Revenue Department- Customs and Tax Automation and proposed Liberia Revenue Authority.....	7
3.4 Component 4: Enhancing Transparency and Accountability (General Auditing Commission, Public Procurement and Concessions Commission, Internal Audit Secretariat, National Legislature, Civil Society.....	8
3.5 Component 5: Program Governance and Project Management (PFM Reform Coordination Unit, Financial Management Training Program, Civil Service Agency).....	9
4.0 PFM Missions and Donor Support (Quarter ended September, 2012)....	10
4.1 IMF Fiscal Affairs Decentralization Mission.....	10
4.2 Overseas Development Institute/Budget Strengthening Initiative	11
4.3 African Development Bank	11
4.4 Swedish International Development Agency.....	11
4.5 World Bank	11

Table of Acronyms:

AfDB	African Development Bank
AFT	Agenda for Transformation
AMU	Aid Management Unit
BIR	Bureau of Internal Revenue
BSI	Budget Strengthening Initiative
PFM	Public Financial Management
GAC	General Auditing Commission
SOEs	State Owned Enterprises
MTBF	Medium-Term Budgeting Framework
MTEF	Medium- Term Expenditure Framework
CG	Comptroller General
DP	Development Partner
IMF	International Monetary Fund
HRMIS	Human Resource Management Information Systems
IAS	International Accounting Standards
IFMIS	Integrated Financial Management Information System
ITAS	Integrated Tax Administration System
IPSAS	International Public Sector Accounting Standards
JICA	Japan International Cooperation Agency
M&A	Ministries and Agencies
MDTF	Multi Donor Trust Fund
MFAU	Macro Fiscal Analysis Unit
MoPEA	Ministry of Planning and Economic Affairs
ODI	Overseas Development Institute
PFM	Public Financial Management
PRS II	Poverty Reduction Strategy II
PSIP	Public Sector Investment Plan
RCU	Reforms Coordination Unit
SIDA	Swedish International Development Agency

Executive Summary

The period under review witnessed sustained partnership between the Government of Liberia and development partners. The Government's commitment ensured continuous consolidation of previous gains made in public financial management (PFM) as well as the scaling up in new areas of interventions.

The new PFM project, Integrated Public Financial Management Reforms Project (IPFMRP), was ratified by the National Legislature and subsequently approved by the President, Her Excellency Madam Ellen Johnson-Sirleaf. The Minister of Finance, Hon. Amara M. Konneh, signed off the effectiveness of the new Project and it became fully effective on 18th September 2012.

The PFM Steering Committee met on August 9th 2012 and the issue of developing a framework for the financing of non-state actors such as Civil Society Organizations was highlighted during the deliberations.

An IMF-led Fiscal Affairs Department Mission also visited Liberia during the review period at the request of the Minister of Finance from September 12-26, 2012. The Mission's focus was to review progress in the implementation of the fiscal aspects of de-concentration and decentralization in the face of the recently adopted Policy on decentralization and Local Governance. The issue of the implementation of the County Treasuries also gained some traction as a short-term expert also visited Liberia during the same period. The government, through the Ministry of Finance's Expenditure and Debt Management Department, committed to making strides in the setting up of three pilot country treasuries by March, 2013. Those treasuries would be a significant step in de-concentration of the MoF's fiscal functions at the county level.

The Integrated Public Financial Management Information System (IFMIS) was rolled out to additional eight (8) ministries and agencies. The ministries concerned are: Health, Agriculture, Education, Lands, Mines and Energy, Public Works, Foreign Affairs and State for Presidential Affairs. Regular Payroll data are being uploaded into the IFMIS Human Resource Management Information System Module.

The World Bank provided support under two separate IDF grants to the Government of Liberia for the benefit of the Public Accounts Committee (PAC) of the National Legislature and Accounting Department of the University of Liberia. The objective of the PAC grant is to help strengthen legislative oversight of the budget and public expenditure management. The UL grant will help strengthen the accounting program at the University of Liberia and enable it develop an internationally comparable program. This will help address some of the financial management capacity challenges facing the nation.

2.0 New Deal

Liberia is one of six countries piloting the New Deal for engagement in fragile states endorsed at the Fourth High-Level Forum on Aid Effectiveness in Busan, South Korea. The Governments of the United States and Sweden have agreed to partner with Liberia to pilot the implementation of the New Deal.

The New Deal pilot began with the constitution of a New Deal Task Force comprising of representatives from relevant government sectors and civil society organizations. Technical assistance was provided by USAID to work along with the New Deal Task Force to review several national documents and planning processes to identify drivers of fragility and conflict in the Liberian context. The lists of documents used for the process include the following:

- Poverty Reduction Strategy (PRS)
- PRS assessment
- Draft Agenda for Transformation (AfT)
- National Vision 2030 (Retrospective Analysis)
- National consultation reports on the AfT and National Vision 2030
- Truth and Reconciliation Committee Report
- Liberia Priority Plan

A draft assessment report on fragility in Liberia has been produced. Liberia's various dimensions of fragility have been mapped into a fragility spectrum to determine the different phases of fragility for each of the five peace-building state-building goals. Country level indicators are also being developed to monitor the Peace-building State-building goals.

3.0 Updates from the Public Financial Management Components

3.1 Component 1: Enhancing Budget Planning Systems, Coverage, and Credibility (Budget Department, Macro Fiscal Analysis Unit, Aid Management Unit)

Objective

To establish comprehensive budget coverage and strengthen fiscal policy and budget management at all levels of government.

Update

1. Budget Department

- The 1st Medium Term Expenditure Framework –MTEF budget was approved by the National Legislature in August 2012.
- The Ministry of Finance is enforcing a major fiscal rule-before allotments are issued, all spending entities must submit spending and cash plans.

- The PSIP was successfully delivered and the finalization of the PRSII is ongoing.
- Sector planning and budgeting: provided input to a revised budget calendar to incorporate the strategic phase of the budget; developed tools and templates for collecting donor information to inform sector planning and budgeting as part of the Sector Working Group (SWG) process; revised Sector Planning and Budgeting Manual to guide and train officials on the MTEF processes; provided advice on how the MTEF can be used to implement the New Deal, which was taken and presented to donors. Methodology and approach developed for a spending review to inform FY13/14 budget process.
- Supporting budget execution: developed the Budget Management Tool for M&As to enter work plans, spending plans, and cash plans for FY12/13; developed tools and formats for assessing which projects should be prioritized for financing with cash available; provided advice on projecting recurrent and PSIP cash flows on a monthly basis – this issue is still ongoing.
- Transparency, accountability, and enhanced budget scrutiny for a clearer focus on development results: Citizen’s Guide to the approved National Budget for FY12/13 developed, incorporating county level and donor data (to be published in November); developed methodology for public expenditure tracking survey in health and education sectors, including options to review GoL and pooled fund financing to service delivery units; prepared presentation on results chains for 11 budget sectors (aligned to the PRS) to inform the budget strategy, which will be discussed at Cabinet level for the budget strategic phase kick-off.
- Methodology for first public expenditure tracking survey developed, working closely with a local counterpart on the exercise.

3.2 Component 2: Strengthening PFM Legal Framework, Budget Execution, Accounting and Reporting (Comptroller General Division, Debt Management Unit, Aid Management Unit, PFM Reforms Coordination Unit)

Objective

To strengthen the legal basis for budget management while ensuring that the budget is executed as planned and the quality of information on fiscal operations is improved for more informed government decision making.

Update

1. Expenditure and Debt Department

- County Treasury sensitization workshop held in Kakata, Margibi County. The workshop brought together personnel from the Ministry of Internal Affairs including County Superintendents from Margibi, Bong, Nimba, Grand Bassa and Cape Mount

counties, Ministries of Finance, Health, Agriculture, Justice and the International Monetary Fund.

- The workshop was attended by a follow up IMF TA in support of a framework for setting up county treasuries.
- IFMIS successfully rolled out to ministries of Health, Agriculture, State, Foreign Affairs, Lands, Mines and Energy, Education and Public Works.
- The process of uploading the Government of Liberia regular payroll information into the IFMIS Payroll/HRMIS module will be completed by end of November, 2012. The IFMIS payroll module is expected to “Go Live” in January 2013, after a parallel run with the Legacy System (GAPS) in November and December 2012.
- A draft road map to subsume the Project Financial Management Unit into the Comptroller and Accounting General Division was developed. This is in keeping with the PFM Law which charges the Comptroller and Accountant General with reporting on total public funds (both consolidated and donor funds).

3.3 Component 3: Revenue Mobilization and Administration (Revenue Department-Customs and Tax Automation and proposed Liberia Revenue Authority)

Objective:

To complement efforts aimed at improving the efficiency and integrity of revenue administration and increase domestic revenue of central government entities, and to integrate revenue systems with overall PFM.

Update

1. Revenue Department

- The Large Tax Roll module of the ITAS system has been implemented.
- More preparations are being made to deploy additional ITAS application modules, as well as expand coverage to other collectorates under the new IPFMRP.

2. Revenue Authority Formation Office

- The Liberia Revenue Authority Formation Office (LRAFO) has been established and is presently operating within the premises of the Ministry of Planning and Economic Affairs. The governance structures of the proposed LRA are being developed including the setting up of a Steering and Technical committee. The proposed LRA is being supported under the new PFM project.

3. Revenue Department (ITAS project)

- The implementation of assessments and payments for large taxpayers for various tax types, including extensive training for end-users and awareness for large taxpayers was carried out during the review period. SIGTAS was deployed at the Large Tax Payers Division, while CBL Tellers and Data Capture & Reconciliation including initial interface between SIGTAS and TAS is being deployed.

- The revenue chart of account for FY12/13 is presently being finalized for the implementation of TAS-IFMIS interface.
- Go-Live for small tax registration was carried out in June and registration is presently ongoing.

3.4 Component 4: Enhancing Transparency and Accountability (General Auditing Commission, Public Procurement and Concessions Commission, Internal Audit Secretariat, National Legislature, Civil Society)

Objective

To improve transparency and accountability in PFM by increasing the Government's ability to report on and account for the revenues it collects and for public expenditures and to strengthen the GAC and Legislature, enabling them to execute better oversight function as assigned under the Liberian Constitution and the PFM Act.

Update

1. Legislative Budget Office

- The newly-created Legislative Budget Office provided technical support to the National Legislature during the budget process.

2. Internal Audit Secretariat

- Recently, 10 staff including eight Audit Directors completed the first in a series of training sessions leading to qualifications as Certified Internal Auditors, under the Institute of Internal Auditors in the United States of America.

3. General Auditing Commission

- In efforts aimed at augmenting the capacity of its staff, the General Auditing Commission recently dispatched 10 of its staff to the Republic of China and another batch of 33 staff to Kenya to pursue studies leading to advanced degrees in specialized audit disciplines.
- Additionally, the GAC is in the process of procuring the services of an IT expert, to build capacity in the area of IT audit.
- South-South Cooperation: Three ranking Legislators participated in the 6th Annual General Conference of the Eastern Africa Association of Public Accounts Committee (EAAPAC) in Rwanda. Participation at the meeting is in line with enhancing the capacity of PAC Members through the acquisition of knowledge through best practice.

3.5 Component 5: Program Governance and Project Management (PFM Reform Coordination Unit, Financial Management Training Program, Civil Service Agency)

Objective:

To provide a robust project and program management function that caters to the needs of integrated coordination and monitoring of the implementation of the program, serve as the enabling component for delivery of PFM resource capacity, and assure the appropriate sequencing of interventions across the various reforms fronts.

Update

1. Project Management

- The 3rd meeting of the PFM Steering Committee was held on August 9, 2012. At the meeting, the committee members were briefed about upcoming missions and the updated work and procurement plans for the new PFM Project.
- The recruitment for a Change Management Specialist and Monitoring and Evaluation Officer has commenced and the positions are expected to be filled in the next quarter.
- A 10-day (July 12-23rd) PFM Orientation Training was held at the Ministry of Finance bringing together two hundred and fourteen (214) participants from nineteen (19) Government ministries, agencies and departments. Those participants included Accountants, Budget and Planning Officers, Comptrollers, Internal and External Auditors, Procurement Officers and Senior Administrators.
- Component Managers were identified and appointed in fulfillment of the new project requirements. The project is expected to be officially launched on October 22-23 2012.
- A project coordination workshop for Component Managers and other Stakeholders was held on September 14, 2012 at a local hotel in Monrovia.

2. Financial Management Training Program

- The Financial Management Training Program (FMTP) is presently continuing with its Masters in Business Administration program. At present, the 4th batch of (28) candidates are currently enrolled within the MBA Program. In collaboration with the Civil Service Agency (CSA) and the Ministry of Internal Affairs (MIA), the candidates were deployed to the various counties from July – August, 2012 as interns with a view to familiarize them with county financial procedures. The next duration of the internship will be from November 19, 2012 – January 4, 2013, at which time the trainees will be re-deployed within the various Ministries and Agencies of Government. Upon the expiry of the internship program, the trainees will then return to the FMTP for the final semester leading to graduation in May 2013.

- An Intensive Procurement Training Program curriculum is now being offered at the FMTP, with the 1st batch of (24) candidates due to fulfill the requirements for the awards of Postgraduate Diploma in Procurement in December, 2012. The candidates will be ready for deployment to the various Ministries and Agencies by January of 2013.

Civil Service Biometric clean-up/Payroll Reforms

- Data validation processes for Non-AFL Pensioners were carried out between June 2011 and October 2012, yielding enumeration and validation of a little over 8,000 of the 10,500 Non-AFL Pensioners.
- A biometric identification matching process commenced in July 2012 and concluded at end September, 2012. Investigation on ‘Double Dippers’ and ‘Ghosts’ is underway and reports along with actions are to commence by the end of October, 2012 and would continue thereafter until the payroll is ‘clean’.
- The issuance of Biometric Identification has already commenced and Civil Servants of 22 Ministries and Agencies have been issued Biometric Identification Cards. Efforts are underway by the GoL to capture information on recent entrants on the Government’s payroll as well as provide the opportunity for Civil Servants that did not participate in the exercise to finally do so.

4.0 PFM Missions and Donor Support (Quarter ended September 2012)

4.1 IMF Fiscal Affairs Decentralization Mission

At the request of the Minister of Finance of Liberia, the Honorable Amara Konneh, a mission of the Fiscal Affairs Department (FAD) of the International Monetary Fund (IMF) visited Monrovia from September 12 – 26th, 2012 to review progress made by the GoL in decentralization within the context of the recently adopted decentralization and local governance policy.

The following recommendations have been made by the Mission:

- That the GoL create an SoE Unit which the government has committed to by December 2012;
- That a CSM Module of IFMIS be implemented by June 2013, including a clean- up of the payroll;
- That the GAC be fully operational on IFMIS by December 2012;
- Setting up a Treasury Single Account (TSA) by December 2012;
- The creation of a resource revenue sub-unit in LTU by June 2013.

In July 2012, the IMF fielded a Staff mission to discuss with the GoL on a new Program. The discussions were successfully concluded in September 2012 by a return mission.

4.2 Overseas Development Institute /Budget Strengthening Initiative (ODI/BSI)

The non-resident ODI manager paid a 2 week visit to Liberia to take stock of ODI/BSI support to Liberia, while looking into additional demands for its services.

4.3 African Development Bank (AfDB)

The President of the African Development bank, Dr. Donald Kaberuka, visited Liberia to assess developments in Economic Governance and AfDB-sponsored infrastructure projects. During his visit, a grant of UA 3 million or US 4.55 million for support to public financial management, was signed with the Honorable Minister of Finance, Hon. Amara M. Konneh.

4.4 Swedish International Development Agency (Sida)

SIDA contracted a Technical Advisor to support Sweden/Sida (and other donors/EU in particular) in the monitoring and analysis of progress in PFM. The assignment runs for approximately 6 weeks/year 2012-2015.

4.5 World Bank

The World Bank provided support under an IDF grant facility in the amount of US\$361,200 for activities to help strengthen the legislative oversight of the budget and public expenditure. This support is in line with one of the themes of the Agenda for Transformation which emphasizes the need for rebuilding of public institutions and restoring credible governance in the public sector. Consistent with the Government's desire to help strengthen the accounting program at the University of Liberia, another grant in the amount of US\$466,000 was negotiated for support to the Accounting Department. This support aims at enabling the University of Liberia develop an internationally comparable program in accounting and to help solve some of the acute financial management capacity challenges facing the nation.

Contacts

The Public Financial Management Secretariat is located on the 4th Floor of the Ministry of Finance. The Secretariat is staffed by the following:

Bernard Jappah
Coordinator, RCU
+231 886 512462
bernardjap@gmail.com

Kubai Khasiani
IMF Resident PFM Advisor
+231 880835663
kkhasiani@gmail.com

Joseph K. Fahnbulleh
Public Sector Economist/Monitoring & Evaluation Specialist
+231 886 553456
jfahnbo@gmail.com

Emmanuel Nimely Togba
Financial Management Specialist
+231880695672
etogba@msn.com

Herbert Soper
Financial Management Specialist
+231 886 839733
herbertsoper@yahoo.co.uk

Sam Hodge
Capacity Building Officer
saygbeju@yahoo.com
+231 886 527721

Thomas Brima
Office Assistant
+231 886 976923