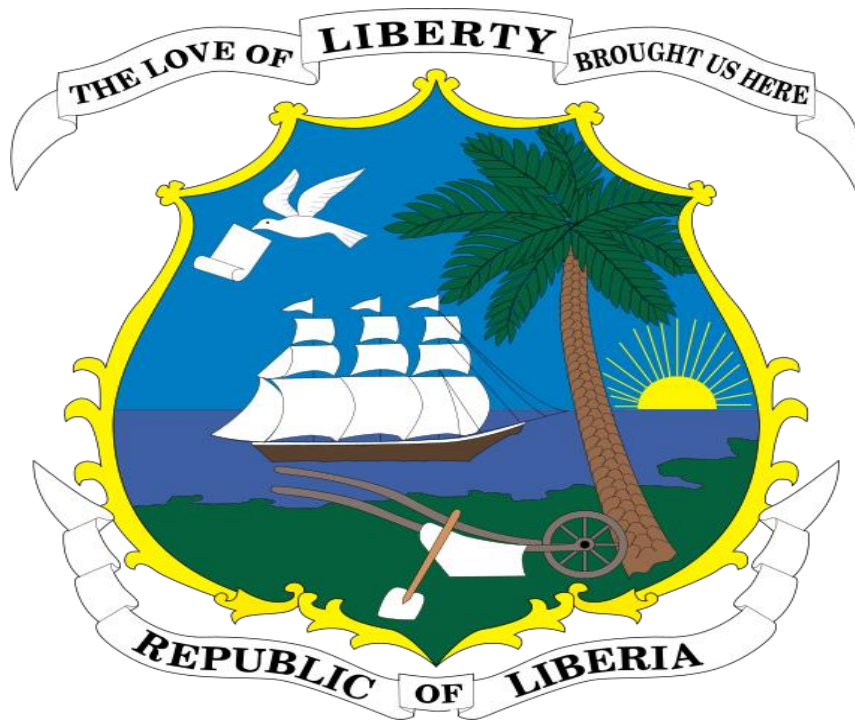


RESTATED BUDGET FRAMEWORK PAPER FOR FISCAL YEAR 2024



Submitted to the National
Legislature of the Republic of Liberia
Capitol Hill, Monrovia, Liberia

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FORWARD

The FY2024 budget marks the third fiscal-calendar budgeting system from a fiscal year (July of one year to June of another year) and addresses critical national priorities and emerging public expenditure demands on key programs that have the potential to stimulate economic recovery and diversify economic growth. The draft National Budget was recalled in February 2024 and subsequently restated by the newly inducted administration of H.E. Joseph Nyuma Boakai, Sr. and is consistent with the Government's ARREST Agenda with focus on Agriculture, Roads, Rule of Law, Education, Sanitation, and Tourism.

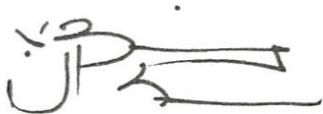
Improved macroeconomic management coordination between both fiscal and monetary authorities has stabilized the exchange rate between the domestic currency and the United States Dollar since 2021. Moreover, the government is committed to the implementation of stability-oriented policies including a currency changeover, the modernization of the monetary policies framework, prudent fiscal strategies, and strengthening bank supervision.

The major downside risks to the Government of Liberia's (GoL's) stabilization measures include a prolonged Russia– Ukraine conflict; deterioration of the terms of trade on the main exports, especially gold and rubber. Also, the high cost of food and fuel is a serious burden to the public and could fuel social unrest if keen attention is not paid. Granting subsidies would, however, have high fiscal implications. Furthermore, a possible global or local resurgence of the COVID-19 pandemic is another downside risk to the outlook.

Another major challenge to Liberia's growth is infrastructure gaps; only about 7 percent of the country's roads are paved with about 27 percent of the population having access to electricity. Moreover, private sector development is hindered notably by limited access to financial services. Liberia is also highly vulnerable to climate change. Notwithstanding, the GoL and its partners remain committed to revitalizing the economy through the provision of funding and technical assistance for the implementation of public sector investment projects like the RIA highway expansion, Gbarnga to Salayea highway, the Southeastern corridors highway, allocation for Solid Waste Management, the Annual National At-Risk Youth Program, etc. Additionally, the government remains focused on its policy interventions in terms of maintaining macroeconomic stability, instituting measures to enhance domestic resource mobilization and ensuring efficient and effective delivery of services.

The GoL is committed to improving the investment climate to promote private sector growth; expand markets; and at the same time mobilizing additional domestic resources to increase fiscal space to respond to the growing public service demands and expenditure pressures.

Also, a top priority for the GoL, is the fight against corruption which is evident by the establishment of the Assets Recovery Task Force and the initiation of preliminary activities leading to the establishment of the War and Economic Crime Court.



Boima S. Kamara

MINISTER

EXECUTIVE SUMMARY

The global growth rate, which is estimated to be 3.1 percent in 2023, is projected to remain at that level in 2024 and then increase slightly to 3.2 percent in 2025. This forecast for 2024 is about 0.2-percentage point higher than the previous forecast in October 2023, mainly due to upgrades in China, the United States, and other large emerging market and developing economies. However, it is important to note that the projected global growth for 2024 and 2025 is still below the average annual growth rate of 3.8 percent observed during the period of 2000-2019. This is primarily attributed to factors such as restrictive monetary policies, reduced fiscal support, and low underlying productivity growth. In terms of advanced economies, a slight decline in growth is expected for 2024, followed by a recovery in the euro area and a moderation of growth in the United States in 2025. Emerging market and developing economies, on the other hand, are expected to maintain stable growth throughout 2024 and 2025, although there may be variations across different regions.

In sub-Saharan Africa, economic growth is expected to increase from an estimated 3.3 percent in 2023 to 3.8 percent in 2024 and 4.1 percent in 2025. This growth is driven by the alleviation of negative impacts caused by previous weather shocks and gradual improvements in supply issues. However, there has been a slight downward revision of 0.2 percentage points for the 2024 projection, compared to the estimate made in October 2023. This revision is mostly due to a weaker outlook for South Africa, attributed to growing logistical constraints, particularly in the transportation sector, which are impeding economic activity.

Global Inflation is decreasing faster than anticipated in most regions due to the resolution of supply-side issues and restrictive monetary policies. Global headline inflation is expected to drop to 5.8 percent in 2024 and 4.4 percent in 2025, with the 2025 forecast being revised lower.

Liberia's economy expanded to 4.8 percent in 2022 despite widespread global contractions from the war on Ukraine, high global inflation, and subdued demand in advanced economies. The expansion was largely driven by mining, agriculture, services, and manufacturing. When compared to growth estimates in 2021, growth declined modestly by 0.2 percentage points in 2022. Growth is expected to fall slightly to 4.6 percent in 2023, reflecting increased global uncertainties and commodity price shock, before picking up to 5.3 percent in 2024. The medium-term growth forecast beyond 2024 is very promising and is projected to average 6.4 percent as the country benefits from investments in mining and structural reforms in sectors such as energy, trade, transportation, and financial services.

Changes in consumer prices are projected to edge considerably to about 10.6 percent in 2023 from 7.6 percent realized in 2022. The projected rise in inflation to a double digit from 2022 to 2023 was largely explained by increase in food and fuel prices, coupled with the pass-through effect of the depreciation of the Liberian dollar during the period. With a commitment from the new government to revitalize the economy by introducing prudent fiscal and monetary measures, inflation is anticipated to decline to a single digit of 8.0 percent in 2024 and further improve over the medium term to an average of 5.4 percent.

Improved macroeconomic management, coupled with a commitment not to use the CBL reserves to finance fiscal deficit has stabilized the exchange rate between the domestic currency and the United States Dollar since 2021. The average annual exchange rate between the Liberian Dollar and the United States Dollars rise from LD152.9 to 1USD in 2022 to LD175.0 to 1 USD for the first seven months of 2023-a depreciation of 14.4 percent in the value of the LD against the USD and anticipated to further depreciate in 2024.

Liberia's current account balance as a percent of GDP deteriorated in 2023, mainly on account of higher global prices for food and fuel (two commodities Liberia remains a net importer of), the current account deficit narrowed to 10.6 percent of GDP, down from 7.6 percent in 2022.

The monetary policy stance has remained appropriately tight in 2023 and responsive to overall conditions. The Central Bank of Liberia (CBL) kept reserve requirements unchanged in 2023. The policy rate was held at 20.0 percent from January to December 2023. Commercial banks were typically in compliance with prudential capital and liquidity requirements in 2023. The bank has retained these measures to contain any potential build-up of inflationary pressure in the economy over the medium-term. These developments were driven by the impact of the Russian-Ukraine conflict, the effects of global climate change and rise in global consumer prices. By December 2023, the share of non-performing loans (NPL) fell from 22.9 percent to 14.6 percent.

Downside risks include the continuation of Russia's invasion of Ukraine, which could keep fuel prices up, and a deterioration of terms of trade on gold and rubber. Possible mitigation measures include stepping up support to the vulnerable population and sectors of the economy.

The National Legislature of the Republic of Liberia approved a resource envelope of US\$771.7 million against a projected total revenue envelope of US\$661.7 million with a funding gap of US\$110.0 million to be financed with the acquisition of loan from external sources. Compared to the FY2022 approved national budget, the approved budget for 2023 decreased by 4.6 percent.

Recurrent expenditure for the fiscal year amounts to US\$627.5 million representing 81.3 percent of the approved resource envelope for FY2023 while capital expenditure accounts for US\$144.2 million representing 18.7 percent of the approved resource envelope.

Total revenue collected at the end of FY2023 amounted to US\$661.7 million, which represents 85.7 percent of the total resource envelope. Compared to the same period of the previous fiscal year, domestic revenue mobilization experienced an increase of 7.3 percent. Total allotment amounted to US\$754.3 million accounting for 97.7 percent of the budget. Of the cumulative allotment, US\$793.3 million was committed which accounted for nearly 103.0 percent of the budget. On a commitment basis, total commitment issued exceeded the approved budget by 2.8 percent for FY2023. For the budget sector, Municipal Government, Transparency & Accountability, Security and Rule of Law, Health and Education accounted for a substantial portion of the budget execution report for FY2023. Based on economic classification, compensation of employees, use of goods and services, and grants account for a significant portion of budget execution. Compared to the previous fiscal year, FY2023 allotment decreased by 9.6 percent.

Total projection of development assistance for FY2023 in various sectors amounted to US\$300.1 million; of which grants account for US\$162.5 million representing 54.2 percent while loans account for US\$137.6 million representing 45.8 percent. The realized external assistance as at December 31, 2023 amounted US\$466.6 million, which exceeds total aid projection by 55.5 percent which is driven mainly by disbursements made to the Industry and Commerce Sector, the Security and Rule of law Sector, Transparency and Accountability Sector and the Education Sector among others

Bilateral contributions from development partners account for 41.5 percent, while multilateral contributions account for 58.5 percent of total aid disbursed. Of the total development assistance, 84.5 percent was disbursed to Project/program Aid; 15.1 on Budget Support; and 0.4 percent to Trust Fund.

Total public debt stock as at December 31, 2023 amounts to US\$2,337.0 million. Of the total debt stock, domestic debt stock accounts for US\$1,021.7 million, which represents 43.7 percent of the total debt stock, while external debt stock accounts for US\$1,315.3 million, which represents 56.3 percent of the total debt stock at the end of December 2023.

Excluding subscription of US\$3.7 million, cumulative debt service at the end of the period under review amounts to US\$116.7 million. Of the total debt service, domestic debt service amounts to US\$86.0 million accounting for 73.7 percent (principal repayment accounts for 62.7 percent, while interest repayment accounts for 37.3 percent). External debt service payment amounts to US\$30.8 million or 26.3 percent (interest repayment accounts for 40.5 percent while principal repayment accounts for 59.5 percent) of total debt service. Total debt service accounts for 2.7 percent of nominal GDP.

LEGISLATIVE REQUIREMENTS

Set out below are the requirements for the Budget Framework Paper (BFP) as enshrined in section 11 of the PFM Law of 2009 and its associated regulations in part D.6. The Proposed National Budget to be presented to the Legislature shall be accompanied by the BFP, outlined in Section 11 of the Public Financial Management Act of 2009 updated to reflect the draft budget submitted to the Legislature.

The Budget Framework Paper shall contain the following:

- i. An analysis of the economic and fiscal trends, and the assumptions underlying the medium term macroeconomic and fiscal framework of the budget;
- ii. An explanation of the government's policy priorities and how these are reflected in the budget;
- iii. A statement of key fiscal risks that may affect budget execution;
- iv. The essential features of the medium-term expenditure framework, where this has been prepared;
- v. A summary statement of revenues and expenditure performance, using the main economic categories identified in Section 8(d) of the Amendment and Restatement of the Public Financial Management Act of 2009, for the last two years showing the surplus or deficit in each of the years, and indicating the use to which it was put (in the case of surplus) or the means of financing (in the case of deficit);
- vi. A summary statement of revenues and expenditures, using the main economic categories identified in Section 8(d) of the Amendment and Restatement of the Public Financial Management Act of 2009, for the three years showing the projected surplus or deficit in each of the years, and indicating the use to which it will be put (in the case of surplus) or the means of financing (in the case of deficit);
- vii. A summary statement of off-budget donor funding showing names of project and program, funding-agency, recipient government agency, disbursements effected in the previous financial year, projected disbursement in the following financial year;
- viii. A summary statement of the performance of State-Owned Enterprises and their annual financial plans for the following year showing revenues, expenditures and changes in net worth;
- ix. Summary statement of the performance of public corporations and Special Funds showing incomes accruing to them including any donor funding, cash flow statement,

outstanding debt if any that includes arrears to vendors and borrowing requirements for the following financial year;

- x. A summary statement of budgetary implications of new legislations on the proposed budget as well as the financial implication over the two outer years, consistent with the provisions of Section 19 of the Amendment and Restatement of the Public Financial Management Act of 2009.

The detailed annual budget estimates shall show the previous budget year outturns, the current year original budget as well as the year-to-date outturn based on available data, and projected outturns. The detailed estimates, which will include both revenues and expenditures, will be structured according to the classifications specified in Section 8(d) of Amendment and Restatement of the Public Financial Management Act of 2009. The detailed estimates will include overall as well as agency level summaries by the various classifications utilized in the budget.

BUDGET PROCESS AND STRATEGY

BUDGETARY PROCESSES

1. The Public Financial Management Law passed in 2009 ushered in a substantial change in the budget process in Liberia, with the introduction of the first Medium-Term Expenditure Framework (MTEF) budget process in fiscal year (FY) 2012/13.
2. The MTEF process has three main objectives: to ensure fiscal discipline by spending what the public sector can afford; to allocate resources in line with national priorities; and to ensure those resources are used as efficiently as possible.
3. To strengthen the link between national priorities and the budget, the MTEF calls for two separate stages of the budget preparation process: a strategic phase and an operational phase. The strategic phase is used to review high level priorities and strategies before detailed resource allocation is undertaken as part of the operational phase. The operational phase of the budget preparation concludes with the passing of the national budget by the national legislature.
4. The MTEF has a three-year rolling baseline. This means that revenues (the amount of money coming into the Government coffers) and expenditure (the amount of money the Government intends to spend) must be planned over a three-year horizon, in line with national priorities. Any planning also needs to take into account the off-budget expenditure by donors. Since Ministries, Agencies and Commissions (MACs) are

informed of the resources that are likely to be available to them over a three-year period they are then able to plan ahead.

5. The BFP is the final product of the strategic phase of the budget. It is prepared in accordance with Section 11 of the Country's Public Financial Management Act of 2009. It is used to guide the operational phase of the budget, including facilitating consultations with the National Legislature on revenue and expenditure priorities.
6. The BFP brings together into a single document of three key elements of importance to the budget:
 - **Overview of economy and fiscal trends** – this provides an assessment of recent macroeconomic and fiscal performance and a macroeconomic outlook for the coming years. The outlook helps make clear the economic assumptions underlying forecasts of the resource envelope, particularly tax and non-tax revenues, and provides context for choices about expenditure in the budget.
 - **Medium Term Fiscal Framework (MTFF)** – this establishes the resource envelope available over the three-year period of the MTEF. This is designed to capture all sources of revenue: domestic revenue (tax and non-tax), grants from donors and likely borrowing (domestic and external). The MTFF also sets out any fiscal measures that the government has agreed to abide by and an overview of fiscal risks, both on the expenditure and on the revenue side.
 - **Medium-Term expenditure plans and priorities** – these set out the Government's policy priorities and how, given the resource envelope identified in the MTFF, these will be reflected in the budget.

POLICY AGENDA

7. The Medium-Term Expenditure Framework (MTEF) is designed to draw consistent linkages between the medium- and long-term policy objectives in Liberia's national development agenda, as set out in the ARREST Agenda and the Vision 2030, and the framework for resource allocation: the national budget.
8. The objective of the ARREST Agenda:
 1. **Agriculture:**
 - a. Establish three machinery hubs and provide land preparation services for farming groups and cooperatives as well as assist large farmers particularly in our food basket counties (Bong, Lofa, and Nimba), and invest in the procurement of

appropriate farm equipment that promotes agricultural mechanization to improve farmers' access to using technologies in production that make them grow more food including cassava and rice (Liberia's staple food crops);

- b. Identify and work with existing farmer groups and large individual farmers to engage in large-scale seed multiplication for distribution to smallholder farmers and strengthen the Development of Rice Processing Industry to Increase Domestic Rice Supply; and
- c. Strengthen agriculture extension and advisory service delivery system to improve our Farmers' Access to Adequate Production and Marketing Information; furthermore, regulate and standardize units of measurement in the commercialization of agricultural commodities.

2. Roads:

- a. Reinforce appropriate investment in roads and bridges to expand access across the country and continue the pavement of highways connecting county capitals and neighboring countries to create easy access to all regions of our country and enhance cross-border trade and interactions with our neighbors;
- b. Construct feeder roads throughout the country to enhance farmers' access to local markets and enhance local agriculture development;
- c. Ensure Proper Management of the National Road Fund (NRF) to Achieve its Legislated Mandate; and
- d. Establish a National Road Authority and give it oversight for implementation of the national road fund to realize its legal mandates of:
 - Road infrastructure construction, maintenance; upgrading and rehabilitation; and
 - Ensure transparency in the implementation of the Road Fund to restore donor confidence to recommit their contributions.

3. Rule of Law:

- a. Strengthen partnership in economic, security, cultural and democratic governance by implementing treaties. This include strengthening integrational efforts within the Mano River Basin and that of ECOWAS through cooperation in the areas of peace and security; other regional and international blocs/organization such as BRICS, industrialized nations such as G20 and the G7 group of nations, and the South-South Corporation;

- b. Continue reform of the security sector by strengthening the institutional capacity, manpower development and logistical capabilities to enhance operational efficiency. This includes strengthening performance of national securities agencies by providing the appropriate budgetary allocations;
- c. Increase the presence of trained police officers across the country, and provide the needed logistics, benefits, incentives and housing facilities where applicable for effective performance; and adopt a zero-tolerance policy on corruption, armed robbery, ritualistic killings, rape and other forms of grave abuses and uncompromisingly implement judicial decisions arising such cases;
- d. Empowering the Drug Enforcement Agency and other relevant security agencies to increase their capacity to drive a fight against the importation, abuse and addiction of illicit/illegal drugs/substances across the country;
- e. Work with the Legislature to establish a specialized court to fast-track cases of corruption and economic crimes;
- f. Establish the Office of the Ombudsman to enforce compliance with the National Code of Conduct;
- g. Enforce asset declaration for all appointed public officials, and institute lifestyle and performance audits of all such officials;
- h. Guarantee that physically challenged people have opportunities as non-disabled people to participate in civic life;
- i. Ensure community involvement in policy formulation and implementation through stakeholders engagements to guarantee trust and foster cooperation between the government and the people; and
- j. Work with the Legislature to establish a specialized court to fast-track cases of corruption and economic crimes.

4. Education:

- a. Make Early Childhood Education (ECE) free and compulsory, and provide appropriate learning environment and materials in all primary public schools;
- b. Strengthen the Teachers Training Institutions (TTIs) to provide innovative pre and in-service programs to train more teachers, and increase the number of trained ECE teachers to 90 percent in the first-term;
- c. Allocate more resources for students with special needs, and improve the institutions' capacity to address issues of special needs to ensure quality service delivery;

- d. Increase primary school enrolment by 20 percent and reduce the number of out-of-school children by 40 percent in the first-term;
- e. Design and implement special programs and policies to increase girls' enrolment and retention in primary school, and discourage every traditional practices that prevent them from completing school;
- f. Designate BWI as a first-class Training Center in Science, Technology, Engineering, Mathematics (STEM) in technical skills, and equip with the appropriate equipment, facilities and technical experts to train technicians in all technical and professional fields; and
- g. Include technical skills development in secondary school curriculum and make it mandatory for students to take one 'TVET' course as elective to provide them marketable skills upon graduation.

5. Sanitation

- a. Reintroduce sanitary and hygiene inspections at community levels, in keeping with the Public Health law of Liberia, to enforce proper hygiene practices at household and community levels; ensure communities have access to safe and clean-drinking water and sanitation facilities;
- b. Encourage the private sector to take interest in developing a program for recycling solid municipal waste, and providing support for improved sanitation and the provision of clean and renewable energy for the general population;
- c. Develop non-financial incentive packages to recruit and retain needed health workers, particularly in underserved areas, to include: housing facilities, electrification, running water, cable tv and furniture;
- d. Ensure that municipal governments enforce proper waste management collection and disposal as well as sewage management within their jurisdictions; and
- e. Develop programs to ensure urban and rural communities are provided sustainable safe drinking water and sanitation services.

6. Tourism

- a. Establish a National Tourism and Culture Authority (NTCA) to develop and manage the tourism sector a robust plan for tourism and culture (covering contemporary art, music and film);
- b. Designate Grand Cape Mount County as a national tourism center due to its natural endowment;

- c. Strengthen collaboration between NTCA and the Ministry of Internal Affairs (MIA) in rehabilitating old cultural and historic landmarks sites, churches, schools, traditional shrines;
 - d. Invest in the tourism industry and promote Liberian culture to create jobs;
 - e. Preserve and name cultural landscapes, heritage sites to support tourism development and provide incentives to Liberians and foreign investors to invest in the tourism industry;
 - f. Enact into law a coherent policy to promote the development and preservation of Liberian cultural heritage for tourism;
 - g. Collaborate with the fifteen (15) County Administrations to identify and develop historic sites, beaches, parks for tourism promotion; and
 - h. Develop the needed infrastructure to create access to important tourism sites to enhance growth in the sector.
9. Following disruptions caused to economic activities because the hike in fuel and food prices was further exacerbated by the Geo-political crisis in Ukraine, the government embarked on a strong fiscal consolidation measure to ensure priority areas were addressed on a timely basis.
10. Budget will consider the government's priorities in the following areas:
- Servicing of public debts that have matured for FY2024, fulfilling all contractual obligations, and the clearance of arrears;
 - Adjustments for personnel expenditures and related costs, consistent with the objectives of the National Wage Bill Reforms;
 - Capital investments, including infrastructure and social services (education and health);
 - Maintaining allocations for domestic resource mobilization and systems enhancement; and
 - Prioritizing ongoing projects which contribute to the potential socioeconomic benefits

GENDER RESPONSIVE BUDGETING

11. The Government firmly believes that equal opportunity for all people is essential to the construction of a just and democratic society. It will therefore, through the National Budget, reinvigorate the application of the National Gender Policy (NGP), adopted in

2009 to help the Government in promoting sustainable development for both women and men in Liberia. The policy demonstrates the commitment by the Government to eliminate all forms of gender-based discrimination to achieve gender equity. Thus, ensuring that the budget is gender responsive involves having a clear appreciation of how public expenditure, through implementation of policies, projects and programs, will affect men, women and marginalized in society. This does not mean developing strategies that will benefit women only; rather it considers how the budget will affect different groups in society.

12. Thus, ensuring that the budget is gender responsive involves having a clear appreciation of how public expenditure, through implementation of policies, projects, and programs, will affect men, women and marginalized in society. This does not mean developing strategies that will benefit women only; rather it considers how the budget will affect different groups in society.
13. When preparing detailed budget proposals, Ministries, Agencies and Commissions (MACs) are required to identify these requirements and ensure that the cost implications are integrated in budget estimates. Gender issues should be reflected in the MACs mission statements and should address the following:
 - Where most of the money is spent and who is the ultimate beneficiary;
 - Identifying budget items that specifically target women and men, boys and girls and the proportion of the budget going to these items;
 - Programs which are most important for gender equality. This is important for large item expenditures (e.g., healthcare) as well as lower cost expenditures (e.g., sexual harassment training) and how much is being spent on these services/programs;
 - Type of information needed to analyze impact (data and mode of collection); and
 - MACs should disaggregate by sex all relevant indicators and include gender-related indicators in performance measurements in the future and expected outcomes.

ECONOMIC AND FISCAL OVERVIEW

14. Economic reviews are essential as they provide key information on how the economy has been operating during a specified period. This section provides a detailed review on

the performance or state of the global economy and the domestic economy during the period review, highlights challenges and provides an outlook for the medium term.

GLOBAL MACROECONOMIC OUTLOOK

15. The global growth rate is estimated to be 3.1 percent in 2023, is projected to remain at that level in 2024 and then increase slightly to 3.2 percent in 2025. This forecast for 2024 is about 0.2-percentage point higher than the previous forecast in October 2023, mainly due to upgrades in China, the United States, and other large emerging market and developing economies. However, it is important to note that the projected global growth for 2024 and 2025 is still below the average annual growth rate of 3.8 percent observed during the period of 2000-2019. This is primarily attributed to factors such as restrictive monetary policies, reduced fiscal support, and low underlying productivity growth.
16. In advanced economies, growth rate is forecasted to marginally decrease from 1.6 percent in 2023 to 1.5 percent in 2024, and then increase to 1.8 percent in 2025. The upward adjustment of 0.1 percentage point for 2024 is due to better-than-anticipated growth in the United States, which is partially offset by weaker-than-expected growth in the euro area.
17. In the **United States**, the growth rate is expected to decline from 2.5 percent in 2023 to 2.1 percent in 2024 and further to 1.7 percent in 2025. This is primarily due to the delayed impacts of tighter monetary policy, gradual fiscal tightening, and a weakening labor market, all of which will slow down overall demand. The upward revision of 0.6 percentage points for 2024, compared to the October 2023 WEO, largely stems from statistical carryover effects resulting from the better-than-anticipated growth in 2023.
18. The projected growth rate in the **euro area** is expected to recover from its low rate of 0.5 percent in 2023, which was influenced by the war in Ukraine, to 0.9 percent in 2024 and 1.7 percent in 2025. The recovery is anticipated to be driven by stronger household consumption as the effects of the shock to energy prices subside and inflation decreases, supporting real income growth. However, compared to the October 2023 WEO forecast, the growth rate for 2024 is revised downward by 0.3 percentage points, mainly due to carryover from the weaker-than-expected outcome in 2023.
19. In other advanced economies, **the United Kingdom** is expected to see a modest increase in growth. It is estimated to be 0.5 percent in 2023, then rise to 0.6 percent in 2024 as the negative effects of high energy prices diminish. In 2025, growth is projected to reach 1.6 percent as disinflation leads to an easing of financial conditions and allows for a recovery in real incomes. The markdown to growth in 2025, a reduction of 0.4 percentage point, reflects

the limited potential for catching up due to recent upward revisions in output levels during the pandemic.

20. Meanwhile, in **Japan**, output is anticipated to remain above potential. Growth is expected to slow down from 1.9 percent in 2023 to 0.9 percent in 2024 and 0.8 percent in 2025. This is due to the fading of one-off factors that boosted activity in 2023, including a weakened yen, pent-up demand, and a recovery in business investment following delays in project implementation.
21. In emerging markets and developing economies, growth is projected to remain at 4.1 percent in 2024, with a slight increase to 4.2 percent in 2025. This upward revision of 0.1 percentage point for 2024, compared to October 2023, is due to upgrades in several regions.
22. The growth in emerging and developing Asia is expected to decrease from an estimated 5.4 percent in 2023 to 5.2 percent in 2024, and further to 4.8 percent in 2025. There has been an increase of 0.4 percentage points for 2024 compared to the projections made in October 2023, mainly due to China's economy. China's growth is projected to be 4.6 percent in 2024 and 4.1 percent in 2025. There has been an upward revision of 0.4 percentage points for 2024 since the October 2023 World Economic Outlook (WEO) report. This revision is a result of stronger-than-expected growth in 2023 and increased government spending on capacity building to tackle natural disasters. On the other hand, India's growth is expected to remain strong at 6.5 percent in both 2024 and 2025. This reflects an upgrade of 0.2 percentage points for both years compared to the October projections, which demonstrates the resilience in domestic demand.
23. The growth in emerging and developing Europe is expected to increase from an estimated 2.7 percent in 2023 to 2.8 percent in 2024, but then it will decrease to 2.5 percent in 2025. The reason for the upgraded forecast in 2024, which is 0.6 percentage points higher than the October 2023 projections, is due to Russia's economy. Russia's growth is projected to be 2.6 percent in 2024 and 1.1 percent in 2025, with a revision of 1.5 percentage points higher than the October 2023 figure for 2024. This revision reflects the carryover from the stronger-than-expected growth in 2023, which was driven by high military spending and private consumption, supported by wage growth in a tight labor market.
24. In Latin America and the Caribbean, the projected growth rate is expected to decrease from an estimated 2.5 percent in 2023 to 1.9 percent in 2024. However, it is anticipated to rebound to 2.5 percent in 2025. The forecast for 2024 has been revised downward by 0.4 percentage point compared to the October 2023 WEO projection. This revision is a result of Argentina's negative growth, which is part of a significant policy adjustment aimed at

restoring macroeconomic stability. On the other hand, Brazil's growth forecast has been upgraded by 0.2 percentage point, and Mexico's by 0.6 percentage point. These increases are largely due to carryover effects from stronger-than-expected domestic demand and higher-than-expected growth in large trading-partner economies in 2023.

25. Growth in the Middle East and Central Asia is projected to decline from 5.6 percent in 2022 to 2.0 percent in 2023, before picking up to 3.4 percent in 2024, with a 0.5 percentage point downward revision for 2023 and a 0.2 percentage point upward revision for 2024. The change for 2023 is attributable mainly to a steeper-than-expected growth slowdown in Saudi Arabia, from 8.7 percent in 2022 to 0.8 percent in 2023, with a negative revision to the latter of 1.1 percentage point.
26. The projected growth in the Middle East and Central Asia is expected to increase from an estimated 2.0 percent in 2023 to 2.9 percent in 2024 and 4.2 percent in 2025. This represents a downward revision of 0.5 percentage point for 2024 and an upward revision of 0.3 percentage point for 2025, compared to the October 2023 projections. These revisions are primarily due to Saudi Arabia, where lower oil production is anticipated in 2024 as a result of unilateral cuts and cuts in line with an agreement through OPEC+ (the Organization of the Petroleum Exporting Countries, which includes Russia and other non-OPEC oil exporters). However, non-oil growth is still expected to remain strong.
27. In sub-Saharan Africa, economic growth is expected to increase from an estimated 3.3 percent in 2023 to 3.8 percent in 2024 and 4.1 percent in 2025. This growth is driven by the alleviation of negative impacts caused by previous weather shocks and gradual improvements in supply issues. However, there has been a slight downward revision of 0.2 percentage points for the 2024 projection, compared to the estimate made in October 2023. This revision is mostly due to a weaker outlook for South Africa, attributed to growing logistical constraints, particularly in the transportation sector, which are impeding economic activity.
28. Global headline inflation is projected to decrease from an estimated 6.8 percent in 2023 (annual average) to 5.8 percent in 2024 and 4.4 percent in 2025. The global forecast remains unchanged for 2024 compared to the October 2023 projections, but has been revised down by 0.2 percentage points for 2025. Advanced economies are expected to experience faster disinflation, with inflation dropping by 2.0 percentage points in 2024 to 2.6 percent, compared to emerging market and developing economies where inflation is projected to decline by only 0.3 percentage points to 8.1 percent. The forecast has been revised downward for both advanced economies in 2024 and 2025, while it has been revised upward for emerging market and developing economies in 2024. This is primarily due to Argentina,

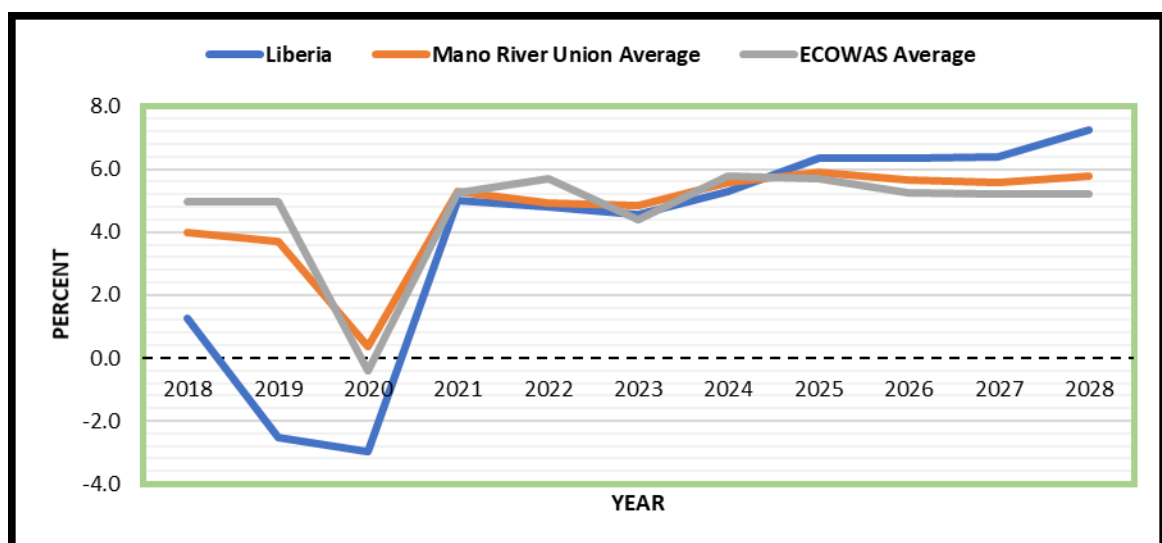
where the realignment of relative prices and the elimination of legacy price controls, past currency depreciation, and the subsequent pass-through into prices are expected to raise inflation in the near future. The drivers of declining inflation vary by country, but generally reflect lower core inflation resulting from still-tight monetary policies, a corresponding softening in labor markets, and the effects of earlier and ongoing declines in relative energy prices.

29. In 2024, world trade growth is projected to be 3.3 percent, and it is expected to increase to 3.6 percent in 2025. However, these growth rates are lower than the historical average of 4.9 percent. The level of global trade is being negatively affected by rising trade distortions and geo-economic fragmentation. In fact, in 2022, countries imposed approximately 3,200 new restrictions on trade, and in 2023, that number increased to about 3,000. This is a significant increase compared to the approximately 1,100 restrictions imposed in 2019, according to data from Global Trade Alert.
30. These projections assume that both fuel and non-fuel commodity prices will decline in 2024 and 2025. Additionally, it is expected that interest rates will decline in major economies. Specifically, annual average oil prices are projected to fall by about 2.3 percent in 2024, and non-fuel commodity prices are expected to decrease by 0.9 percent. As for interest rates, the International Monetary Fund (IMF) staff projects that policy rates will remain at current levels for the Federal Reserve, the European Central Bank, and the Bank of England until the second half of 2024. After that, they are expected to gradually decline as inflation moves closer to targets. The Bank of Japan, on the other hand, is projected to maintain an overall accommodative stance.
31. In 2024, it is expected that approximately 80 percent of the world's economies will experience a decrease in annual average headline and core inflation. Among economies that have an inflation target, the median economy is projected to have a headline inflation that is 0.6 percentage points above the target by the fourth quarter of 2024. This is a decrease from the estimated gap of 1.7 percentage points at the end of 2023. Most of these economies are expected to reach their targets or target range midpoints by 2025. In several major economies, the projected path of inflation has been revised downward, combined with a slight improvement in economic activity. This suggests a landing that is softer than originally anticipated.

DOMESTIC ECONOMIC PERFORMANCE AND OUTLOOK

32. Regional comparison of growth shows minimum divergence among Mano River Union Countries and the general ECOWAS Region as depicted in Figure 1 below and Table 9 in the Appendix, especially from 2021 to the projections for 2024. For these four years, Liberia is expected to perform below the Mano River Union average mainly because of the high prices of food and fuel, and to register a higher growth rate than Sierra Leone which is beset by inflationary pressures and post-election uncertainties. Côte d'Ivoire has outperformed the sub-regional (MRU) average mainly because of the diversification of their economy. Côte d'Ivoire is rooted in agriculture and light manufacturing and is not as dependent on imports as the other economies.
33. Liberia's economy expanded to 4.8 percent in 2022 despite widespread global contractions from the war on Ukraine, high global inflation, and subdued demand in advanced economies. The expansion was largely driven by mining, agriculture, services, and manufacturing. When compared to growth estimates in 2021, growth declined modestly by 0.2 percentage points in 2022. Growth is expected to fall slightly to 4.6 percent in 2023, reflecting increased global uncertainties and commodity price shock, before picking up to 5.3 percent in 2024. The medium-term growth forecast beyond 2024 is very promising and is projected to average 6.4 percent as the country benefits from investments in mining and structural reforms in sectors such as energy, trade, transportation, and financial services.

Figure 1: Real GDP Growth Rate Comparison (per cent, year-on-year)



Source: Liberian Authority and the IMF

34. Despite the 7.0 growth in mining output for 2023, there was a 50 percent decline in the sector when compared to 2022 growth estimates (from 14.0 percent to 7.0 percent) on account of a steep fall in gold production from 22.0 percent in 2022 to 8.0 percent in 2023. Mining sector growth is projected to further decline to 5.2 percent in 2024 because of subdued gold extraction. It is expected to rise to 9.2 percent in the medium term beyond 2024.

Table 1: Liberia Sectoral Real GDP growth rates up to 2027

	Liberia: Sector Share of Real GDP Growth 2021-2027						
	Estimates			Projections			
	2021	2022	2023	2024	2025	2026	2027
-							
Real GDP Growth	5.0	4.8	4.6	5.3	6.4	6.4	6.4
Agriculture and Fisheries	4.0	1.2	0.7	5.9	6.7	6.6	6.6
Forestry	1.0	1.6	1.2	1.2	1.2	1.2	1.2
Mining & Panning	17.6	14	7.0	5.2	9.2	9.2	8.9
Manufacturing	4.7	2.2	6.4	4.8	6.9	6.0	6.0
Services	1.9	4.8	6.9	5.9	5.8	5.8	6.0

Source: Liberian Authority and the IMF

35. The agriculture sector is projected to grow modestly to 0.7 percent in 2023, down from an estimated growth of 1.2 percent in 2022. The anticipated dip from 2022 to 2023 is based on a projected fall in rubber and palm oil production. Growth in this sector is expected to surge to 5.9 in 2024 before edging further to 6.6 percent in the medium term. The expected surge in agricultural output in 2024 will be fueled largely by growth in production of cassava and palm oil.

36. The services sector realized a growth of 6.9 percent in 2023, up from 4.8 percent in 2022. This was because of a 8.0 percent surge in Trade and Hotel services, an 5.0 percent increase in Transportation and Communication services and a 5.0 percent increase in the activities of financial institutions. Despite these positive performances the Water and Electricity sub-sector experienced a positive growth of 7.0 percent, compared to a negative 4.0 percent realized in 2022. For 2023, the Services sector is projected to grow at 6.9 in on account of a strong expansion in Electricity and Water distribution. The sector is projected to grow by 6.0 percent in the medium term.

37. Growth in the Manufacturing sector is expected to surge by 4.2 percentage points in 2023 when compared to 2022 growth estimates (from 2.2 percent in 2022 to 6.4 percent in 2023). This growth is mainly on account of an anticipated rise in cement production and an increase in production of Beverages & Beer. This is projected to fall slightly to 4.8 percent in 2024 before moving up to 6.3 percent in the medium term.

38. Changes in consumer prices are projected to edge considerably to about 10.6 percent in 2023 from 7.6 percent realized in 2022. The projected rise in inflation to a double digit

from 2022 to 2023 was largely explained by increase in food and fuel prices, coupled with the pass-through effect of the depreciation of the Liberian dollar during the period. With a commitment from the new government to revitalize the economy by introducing prudent fiscal and monetary measures, inflation is anticipated to decline to a single digit of 8.0 percent in 2024 and further improve over the medium term on average of 5.4 percent.

Table 2: Selected Macroeconomic Indicators

Indicators	2021	2022	2023	2024	2025	2026	2027
Real GDP	5.0	4.8	4.6	5.3	6.4	6.4	6.4
Nominal GDP	3,509	3,974	4,347	4,593	4,920	5,335	5,745
Nominal GDP Growth (%)	15.5	13.3	9.4	5.7	7.1	8.4	7.7
Exchange rate	166.2	152.9	175.0	195.8	209.1	211.8	213.6
Consumer Price Growth (Average, %)	7.8	7.6	10.6	8.0	5.8	5.4	5.1
Consumer Price (End of Period)	5.5	9.2	12.1	6.0	5.6	5.3	5.1
Current Account Balance as a Percent of GDP	7.8	7.6	10.6	8.0	5.8	5.4	5.1

Source: Liberian Authority and the IMF

39. Improved macroeconomic management, coupled with a commitment not to use the CBL reserves to finance fiscal deficit has stabilized the exchange rate between the domestic currency and the United States Dollar since 2021. The average annual exchange rate between the Liberian Dollar and the United States Dollars rise from LD152.9 to 1USD in 2022 to LD175.0 to 1USD for the first seven months of 2023—a depreciation of 14.4 percent in the value of the LD against the USD and anticipated to further depreciate in 2024.
40. Liberia's current account balance as a percent of GDP deteriorated in 2023, mainly on account of higher global prices for food and fuel (two commodities Liberia remains a net importer of), the current account deficit narrowed to 10.6 percent of GDP, down from 7.6 percent in 2022.
41. The monetary policy stance has remained appropriately tight in 2023 and responsive to overall conditions. The Central Bank of Liberia (CBL) kept reserve requirements unchanged in 2023. The policy rate was held at 20.0 percent from January to December 2023. Commercial banks were typically in compliance with prudential capital and liquidity requirements in 2023. The bank has retained these measures to contain any potential build-up of inflationary pressure in the economy over the medium-term. These developments were driven by the impact of the Russian-Ukraine conflict, the effects of global climate change and rise in global consumer prices. By December 2023, the share of non-performing loans (NPL) fell from 22.9 percent to 14.6 percent.

42. Downside risks include the continuation of Russia's invasion of Ukraine, which could keep fuel prices up, and a deterioration of terms of trade on gold and rubber. Possible mitigation measures include stepping up support to the vulnerable population and sectors of the economy.

FISCAL PERFORMANCE AND CHALLENGES FOR FY2023

43. The National Legislature of the Republic of Liberia approved a resource envelope of US\$771.7 million against a projected total revenue envelope of US\$661.7 million with a funding gap of US\$110.0 million to be financed with the acquisition of loan from external sources. Compared to FY2022 approved national budget, the approved budget for 2023 decreased by 4.6 percent.
44. Recurrent expenditure for the fiscal year amounts to US\$627.5 million representing 81.3 percent of the approved resource envelope for FY2023 while capital expenditure accounts for US\$144.2 million representing 18.7 percent of the approved resource envelope. Of the budgeted recurrent spending, compensation of employees amounts to US\$296.5 million reflecting 47.2 percent of expenditure (recurrent) and 38.4 percent of the approved budget; expenditure for the use of goods and services amounts to US\$112.3 million, representing 17.9 percent of total budgeted recurrent expenditure and 14.5 percent of the approved budget; subsidies expenditures amount to US\$10.2 million representing 1.6 percent of recurrent expenditures and 1.3 percent of the approved budget; expenditure for the provision of grants amount to US\$84.9 million representing 13.5 percent of the recurrent expenditures and 11.0 percent of the approved resource envelope; and expenditure for the provision of social benefits amount to US\$16.5 million representing 2.6 percent of the recurrent expenditure and 2.1 percent of the approved budget. expenditure for the provision of domestic liabilities amount to US\$43.3 million representing 6.9 percent of recurrent expenditures and 5.6 percent of the approved resource envelope; expenditure for the provision of foreign liabilities amount to US\$56.5 million representing 9.0 percent of the recurrent expenditure and 7.3 percent of the approved budget, and expenditure for the provision of non-financial assets amount to US\$56.5 million representing 9.0 percent of the recurrent expenditure and 7.3 percent of the approved budget.
45. A significant driver of recurrent spending is the wage bill which amounts to US\$296.5 million accounting for 47.2 percent of recurrent spending and 38.4 percent of total budgeted expenditure compared to 36.9 percent (US\$298.3 million) budgeted for

compensation for the same period for the previous fiscal year; thus reflecting a decrease of 0.6 percent.

REVENUE AND GRANTS

46. Total revenue collected at the end of FY2023 amounts to US\$661.7 million, which represents 85.7 percent of the total resource envelope. Compared to the same period of the previous fiscal year, domestic revenue mobilization experienced an increase of 7.3 percent.

EXPENDITURE

47. During the course of FY2023, total allotment amounted to US\$754.3 million accounting for 97.7 percent of the budget. Of the cumulative allotment, US\$793.3 million was committed which accounted for nearly 103.0 percent of the budget. On a commitment basis, total commitment issued exceeded the approved budget by 2.8 percent for FY2023. On the sector basis, Municipal Government, Transparency & Accountability, Security and Rule of Law, Health and Education account for a substantial portion of the budget execution report for FY2023. Based on economic classification, compensation of employees, and use of goods and services and Grants account for a significant portion of budget execution. Compared to the previous fiscal year, FY2023 allotment decreased by 9.6 percent.

48. Total commitment issued out to Ministries and Agencies and Commissions (MACs) for FY2023 amounted to US\$793.3 million compared to US\$808.1 million recorded for FY2022; thus representing a decrease of 8.3 percent.

49. Allotment for compensation of employees accounts for US\$315.8 million, which constituted 103.0 percent of total appropriation for compensation of employees. Of this amount, commitment accounts for 141.3 percent during the period under review. Compensation of employees' accounts for 42.2 percent of the total commitment issued in FY2023 compared to 37.0 percent issued in FY2022, thus representing an increase of 12.4 percent.

Economic Classifications

Table 3: Economic Classifications¹

	Budget	Allotment	Cash	Allotm. (% of Budget)	Commit. (% of Allotment)	Commit. (% of Budget)
Compensation of employees	306.5	315.8	335.3	103.0	106.2	109.4
Use of goods and services	169.2	212.8	300.5	125.8	141.3	177.7
Capital Spending	95.4	49.2	37.7	51.6	76.6	39.5
Interest	85.7	56.8	76.8	66.3	135.3	89.6
Grants	98.8	92.2	30.5	93.3	33.1	30.9
Social benefits	16.2	27.4	12.4	169.7	45.2	76.7
Total	771.7	754.3	793.3	97.7	105.2	102.8

Source: Department of Budget and Fiscal Affairs, Ministry of Finance and Development Planning

50. Allotment for the use of goods and services to facilitate GoL functions exceeds its total appropriation by 25.8 percent. Commitment on Goods and Services exceeded the corresponding allotment by 41.3 percent for FY2023. The use of goods and services account for 37.8 percent of the total commitment issued in FY2023 compared to 34.8 percent issued during FY2022, thus representing an increase of 3.0 percentage points.
51. Allotment for Capital Spending including PSIPs accounts for 95.4 percent of the total appropriation for capital spending for FY2023 of which 39.5 percent was committed. Thus, 121.6 percent of the total appropriation for capital spending was committed at the end of the period under review. Capital spending accounts for 4.7 percent of the total commitments issued in FY2023 compared to 3.1percent issued in FY2022.
52. Allotment for the provision of grants account for 93.3 percent of total appreciation for grants for FY2023 out of which 30.8 percent was committed. Grants account for 3.8 percent of total commitment issued during FY2023, compared to 11.0 percent issued in FY2022.
53. Allotment for interest accounts for 66.2 percent of total budgeted appropriation for interest for FY2023 out of which 140 percent was committed. Also, 89.6 percent of total appropriation for interest was committed for FY2023. Interest accounts for 7.5 percent of total commitment issued during FY2023 compared to 11.0 percent issued during FY2022, thus reflecting a decrease of 19.7 percent.
54. Allotment for social benefits accounts for 169.7 percent of total budgeted appropriation for social benefits for FY2023 out of which 76.7 percent was committed. Social benefits account for 1.5 percent of total commitment issued during the period under review

¹ Allotment and cash numbers are partially reconciled awaiting the end of the 90-days window.

compared to 2.3 percent issued in FY2022, thus representing an increase of 29.7 percent change.

Budget Sectors

55. An allotment of 103 percent was issued from the total budgetary appropriation for the agricultural sector for FY2023 out of which 88.0 percent was committed. Commitment accounts for 91.1 percent of total budgetary appreciation for the sector. The agricultural sector accounts for 0.7 percent of total commitment issued in FY2023 compared to 0.5 percent for FY2022, thus reflecting a decrease of 29.0 percent.
56. Allotment for Education accounts for 110.0 percent of the total appropriation for the educational sector out of which 102.0 percent was committed. This sector accounts for 11.6 percent of total commitment issued for FY2023 compared to 10.9 percent issued for FY2022 reflecting an increase of 4.8 percent.
57. Energy and Environment sector reported an allotment of 56.5 percent of the total appropriation for the sector for FY2023. Of the total budgetary allotment for the sector, 49.4 percent was committed. This sector accounts for 2.8 percent of total commitment issued during the course of FY2023 compared to 4.3percent issued for FY2022 reflecting a decrease of 35.0 percent.
58. Allotment for Health accounts for 87.3 percent of the total appropriation for the health sector for FY2023 out of which 93.7 percent was committed. The sector accounts for 7.8 percent of total commitment issued for FY2023 compared to 10.9 percent issued for FY2022 reflecting a decrease of 10.3 percent.
59. Industry and Commerce sector revealed an allotment of 82.6 percent of total appropriation for the sector for FY2023. Of this amount, 118.5 percent was committed. This sector accounts for 0.89 percent of total commitment issued during the period under review compared to 2.9 percent issued for FY2022 thus revealing a decrease of 69.4 percent.
60. Allotment for the infrastructure and basic services sector accounts for 81.2 percent of total appropriation for the infrastructure and basic services sector out of which 73.7 percent was committed. The sector accounts for 7.6 percent of total commitment issued during FY2023 was in this sector compared to 7.8 percent issued for FY2022 reflecting a decrease of 16.9 percent.
61. Municipal government sector reported an allotment of 87.2 percent of the total appropriation for the sector for FY2023. Of this amount, 91.5 percent was committed.

This sector accounts for 4.2 percent of total commitment issued compared to 3.7 percent issued for FY2022, thus revealing an increase of 34.3 percent.

Table 4: Budget Sectors²

Budget Sectors	Budget	Allotment	Cash	Allotm. (% of Budget)	Commit. (% of Allotment)	Commit. (% of Budget)
Public Administration	260.6	259.6	262.0	99.6	100.9	100.5
Municipal Government	36.9	32.2	29.4	87.2	91.5	79.7
Transparency and Accountability	60.3	60.9	69.1	101.0	113.5	114.6
Security and Rule of Law	109.2	128.6	180.1	117.7	140.1	164.9
Health	71.2	66.3	62.2	93.2	93.8	87.4
Social Development Services	14.5	13.0	11.7	89.2	90.3	80.5
Education	89.9	99.1	92.3	110.2	93.1	102.6
Energy and Environment	46.1	26.1	22.8	56.6	87.4	49.4
Agriculture	4.6	4.7	4.2	103.6	88.2	91.3
Infrastructure and Basic Services	71.2	57.8	52.5	81.2	90.8	73.7
Industry and Commerce	7.3	6.0	7.1	82.7	118.6	98.0
Total	771.7	754.3	793.3	97.7	105.2	102.8

Source: Department of Budget and Fiscal Affairs, Ministry of Finance and Development Planning (MFDP)

62. Allotment for public administration accounts for 99.6 percent of total appropriation for the sector for FY2023 out of which 100.9 percent was committed. The sector accounts for 33.0 percent of total commitment issued during FY2023 compared to 40.7 percent issued in FY2022 reflecting a decrease of 20.4 percent.
63. Security and Rule of Law sector reported an allotment of 117.7 percent of total budgetary appropriation for the sector for FY2023. Of this amount, 140.1 percent was committed. This sector accounts for 22.7 percent of total commitment issued during the period under review compared to 15.0 percent issued for FY2022, thus revealing an increase of 48.6 percent.
64. Allotment for social development services account for 80.4 percent of total appropriation for the sector for FY2023 out of which 90.3 percent was committed. The sector accounts for 1.4 percent of total commitment issued during FY2023 compared to 2.2 percent issued in FY2022 reflecting a decrease of 36.2 percent.
65. Transparency and accountability sector reported an allotment of 100.9 percent of total budgetary appropriation for the sector for FY2023. Of this amount, 114.4 percent was committed. This sector accounts for 8.1 percent of total commitment issued during FY2023 compared to 5.1 percent issued in FY2022, thus revealing an increase of 110.2 percent.

² Allotment and cash numbers are partially reconciled awaiting the end of the 90-days window.

FINANCING

66. Government of Liberia continues to consolidate funding both on- and off-budget to finance Public Sector Investment Programs (PSIP) across all sectors of the country to address the infrastructure deficit facing the country. Aid and loan from development partners are aligned to the Government's medium term development plan.

Table 5: Aid Projection and Disbursement

PAPD Pillars and Budget Sectors	FY2023 Projection (Jan. - Dec.)				FY2023 Disbursement (Jan. - Dec.)				Rate of Dist. to Proj.
	Grants	Loan	Total	% Share of Proj.	Grants	Loan	Total	% Share of Proj.	
Governance and Transparency	45.8	6.9	52.6	17.5	32.8	3.4	36.2	7.8	68.8
Municipal Government	29.8	6.9	36.7	12.2	9.3	3.4	12.7	2.7	34.6
Public Administration	12.1	0.0	12.1	4.0	12.3	0.0	12.3	2.6	102.1
Transparency and Accountability	3.9	0.0	3.9	1.3	11.2	0.0	11.2	2.4	289.1
Power to the People	70.3	29.2	99.5	33.2	151.4	17.8	169.2	36.3	170.0
Education	18.2	0.0	18.2	6.1	48.5	0.0	48.5	10.4	267.2
Health	23.6	25.2	48.8	16.3	77.4	16.6	94.0	20.1	192.4
Social Development Services	28.5	4.0	32.5	10.8	25.4	1.3	26.7	5.7	82.0
Sustaining the Peace	3.8	-	3.8	1.3	17.9	-	17.9	3.8	467.7
Security and Rule of Law	3.8	0.0	3.8	1.3	17.9	0.0	17.9	3.8	467.7
The Economy and Jobs	42.6	101.5	144.1	48.0	78.0	165.3	243.3	52.1	168.8
Agriculture	15.8	35.6	51.4	17.1	27.4	29.2	56.7	12.1	110.3
Energy and Environment	10.2	14.2	24.3	8.1	20.6	35.3	55.8	12.0	229.7
Industry and Commerce	4.3	6.5	10.8	3.6	4.4	67.8	72.2	15.5	665.7
Infrastructure and Basic Services	12.4	45.1	57.6	19.2	25.6	33.0	58.6	12.6	101.8
Grand Total	162.5	137.6	300.1	100.0	280.1	186.6	466.6	100.0	155.5

Source: Department of Economic Management, Ministry of Finance and Development Planning (MFDP)

67. Total projection of development assistance for FY2023 in various sectors amount to US\$300.1 million; of which grants account for US\$162.5 million representing 54.2 percent while loans account for US\$137.6 million representing 45.8 percent. The realized external assistance as at December 31, 2023 amounted US\$466.6 million, which exceeds total aid projection by 55.5 percent which is driven mainly by disbursements made to the Industry and Commerce Sector, the Security and Rule of law Sector, Transparency and Accountability Sector and the Education Sector among others

68. Bilateral contributions from development partners account for 41.5 percent, while multilateral contributions account for 58.5 percent of total aid disbursed. Of the total development assistance, 84.5 percent was disbursed to Project/program Aid; 15.1 on Budget Support; and 0.4 percent to Trust Fund.

PUBLIC DEBT

Table 6: Public Debt Stock (In millions of USD)

Domestic Debt Details		FY2023
Disbursed Outstanding Debt (Start of Period)		883.5
Disbursements		239.3
Principal Repayments		-53.9
Other Adjustments(Restructuring/Cancellations)		-47.2
Net Flows		138.2
Interest Payments		32.1
Total Debt Service		86.0
Disbursed Outstanding Debt (End of Period)		1021.7
External Debt Details		
Disbursed Outstanding Debt (Start of Period)		1119.0
Disbursements		214.5
Principal Repayments		-18.3
Other Adjustments(Restructuring/Cancellations)		0.0
Net Flows		196.2
Interest Payments		12.5
Total Debt Service		30.8
Disbursed Outstanding Debt (End of Period)		1,315.3
Total Public Debt Stock(End of Period)		2,337.0
Memo Items		
Nominal GDP (millions of U.S. dollars)		4332
Domestic Debt Stock to Total Debt Stock Ratio		43.7
Domestic Debt Stock to GDP Ratio		23.6
External Debt Stock to Total Debt Stock Ratio		56.3
External Debt Stock to GDP Ratio		30.4
Total Debt Service to GDP Ratio		2.7
Total Debt Stock to GDP Ratio		54.0

Source: Department of Economic Management, MFDP

69. Total public debt stock as at December 31, 2023 amounts to US\$2,337.0 million. Of the total debt stock, domestic debt stock accounts for US\$1,021.7 million, which represents 43.7 percent of the total debt stock, while external debt stock accounts for US\$1,315.3 million, which represents 56.3 percent of the total debt stock at the end of December

2023. As recorded in Table 6, total debt stock accounts for 54.0 percent of nominal GDP.

70. Excluding subscription of US\$3.7 million, total debt service at the end of the period under review amounts to US\$116.7 million. Of the total debt service, domestic debt service amounts to US\$86.0 million accounting for 73.7 percent (principal repayment accounts for 62.7 percent, while interest repayment accounts for 37.3 percent). External debt service payment amounts to US\$30.8 million or 26.3 percent (interest repayment accounts for 40.5 percent while principal repayment accounts for 59.5 percent) of total debt service. As recorded in Table 6 below, total debt service accounts for 2.7 percent of nominal GDP.

FY2024 FISCAL FRAMEWORK: JANUARY 1 – DECEMBER 31, 2024

71. The Fiscal Framework uses the latest economic, fiscal and revenue data to establish the resource envelope and expenditure ceilings for the FY2024 budget (Jan. 1, 2024 – December 31, 2024) and the outer years.
72. The Fiscal Framework also sets out the Government’s fiscal rules related to government spending and government borrowing. These are designed to ensure that revenues are spent on activities and projects that have a high rate of return to the economy and that borrowing is done in a fiscally responsible and sustainable way.
73. Thus, for the FY2024 Budget, the government will seek to place priority on the following agenda: implement fiscal and structural reforms to make public services and public enterprises more efficient; secure more permanent fiscal space for adequate public investment while preserving debt sustainability; and to boost existing domestic revenue mobilization efforts by streamlining tax exemptions.

RESOURCE ENVELOPE FOR FY2024 BUDGET

74. The revised resource envelope for FY2024 budget is projected at US\$692.4 million of which tax revenue accounts for US\$540.2 million representing 78.0 percent of the projected envelope, while non-tax revenue amounts to US\$109.8 million accounting for 15.9 percent and external resources amount to US\$42.4 million representing 6.1 percent. Compared to the FY2023 draft budget of US\$777.9 million, the projected resource

envelope for FY2024 represents a decrease of about 11.0 percent. This decrease is mainly attributed to a 2.2 percent projected decline in tax revenue, 4.8 percent projected decline in non-tax revenue, and 61.5 percent projected decline in external resources.

75. For the outer years, the resource envelope for FY2025 and FY2026 are projected at US\$675.5 million and US\$712.1 million respectively. Of these amounts, tax revenues amount to US\$560.3 million and US\$591.2 million respectively, constituting 82.9 percent and 83.0 of the total resource envelopes for the respective years. Non-tax revenues for the two years are projected at US\$115.2 million and US\$121.0 respectively, thereby constituting 17.1 percent and 16.9 percent of their respective resource envelopes.

FISCAL FRAMEWORK ASSUMPTIONS

76. Income and Profit taxes account for US\$242.9 million or 35.1 percent of the entire resource envelope, 37.4 percent of domestic revenue, and 45.0 percent of tax revenue. This amount represents an increase of US\$11.6 million or 5.0 percent of FY2023 outturns on income and profit taxes. This is due to the gradual transition of the Liberia economy from an import-based economy to a production-based economy thereby driving an increase in corporate profit taxes and withholdings taxes.
77. Taxes on property account for US\$5.1 million or 0.7 percent of the entire resource envelope, 0.8 percent of domestic revenue, and 0.9 percent of tax revenue. This amount represents an increase of US\$0.3 million or 7.0 percent of FY2023 outturns on property taxes.
78. Goods and services taxes are expected to contribute US\$82.5 million to FY2024 projections and is more than FY2023 outturns for taxes on goods and services by US\$10.0 million or 13.8 percent. The increase in goods and services taxes are largely attributed to a 29.5 percent increase in motor vehicle taxes and 23.1 percent increase in maritime revenue.
79. Government's share of maritime program revenue stands at US\$9.8 million in FY2023 and is projected at US\$12.0 million for FY2024. This will be the same for the outer years of FY2025 and FY2026. Maritime revenue is a function of global trade and commerce and may be effective in periods of minimum geo-political and trade crisis, and/or health pandemic such as the Ebola virus disease, corona virus disease, and Ukraine and Russian crisis. LMA has not been paying their withholding taxes for some time now. However,

the management has agreed and promised to pay their arrears and current withholding taxes beginning effect January 2024.

80. International trade taxes are projected at US\$200.4 million, an increase of US\$12.5 million or 6.6 percent over FY2023 year-end estimates and 28.9 percent of the Draft National Budget, 30.8 percent of FY2024 projected domestic revenue and 37.1 percent of projected tax revenue. Compare to projected international trade taxes for FY2023, taxes on international trade decrease by 15.1 percent; key reasons for this fall in revenue can be attributed to the rise in the production of many essential goods locally thereby reducing import volumes. Commercial import volume of essential commodities because of local productions of our basic essential goods coupled with investment incentive, executive orders waivers approved in concession agreements and tax holiday granted to businesses.
81. Another key assumption is the ECOWAS Trade Liberalization Scheme (ETLS); the abolishing of customs duties levied on imports and exports and the elimination of non-tariff barriers among member states for the establishment of a free trade area at the community level. Tax incentives on import are also a major factor reducing trade revenue and increasing domestic revenue like GST, CIT etc.
82. Other Assumptions include:
- Trade policies under ECOWAS free movement of goods and services remained in force;
 - Petroleum products expected to be lifted is projected at One hundred million gallons, and import duty on a gallon of Petrol Motor Spirit (PMS) remained US\$0.25, and Automotive Gas Oil (AGO) US\$0.20;
 - Duty free policies and executive orders remained unchanged but will be better managed in 2024 to reduce the gap of US\$42.4 million;
 - Better administrative and management systems with the use of automation and digital technology will enhance the process; and
 - Import Duties are expected to contribute US\$102.2 million in 2024.
83. Property income account for US\$85.4 million or 12.3 percent of the entire resource envelope, 13.1 percent of domestic revenue, and 77.7 percent of non-tax revenue. This amount represents an increase of US\$23.4 million or 37.8 percent of FY2023 outturns on property income. This is partly due to budget support or dividend from SOEs contributions to the national budget.
84. Revenue projections from Road Funds are based on the following assumptions:

- Import volume of petroleum products will be 60.1 million gallons
 - US\$0.25 dollars will be charged on each gallon of petroleum product
85. Road Fund projections for fiscal year 2024 is US\$26.3 million as compared to US\$27.8 million approved in 2023. The fall is due to the expansion of the LEC grid, the bad road corridor leading to the southeastern region, which impairs the movement of petroleum tankers to the region etc. Petroleum products consumed by the southern region was approximately between 28 to 40 million during rainy seasons. This has been completely stopped due to bad roads.
86. Income from royalties & rents is expected to contribute US\$48.5 million or 7.0 percent to the restated budget for FY2024, 7.5 percent of projected domestic revenue, and 44.2 percent of non-tax revenue. Of the total anticipated revenue from royalties & rents, forestry accounts for 2.4 percent, agriculture accounts for 1.2 percent, mineral mining accounts for 74.9 percent, and intangible produce accounts for 21.4 percent.
87. Income from administrative fees & charges is expected to contribute US\$23.9 million or 3.5 percent to the restated budget for FY2024, 3.7 percent of projected domestic revenue, and 21.8 percent of non-tax revenue. Of the total anticipated revenue from administrative fees & charges, the Ministry of Foreign Affairs (MoFA) accounts for 24.4 percent, Liberia Immigration Services (LIS) accounts for 20.8 percent, Liberia Business Registry (LBR) accounts for 10.4 percent, the Ministry of Labor (MoL) accounts for 28.7 percent, and other administrative fees & charges accounts for 15.7 percent.
88. Fines, penalties & forfeits contribute US\$0.5 million or 0.1 percent to the entire resource envelope and domestic revenue respectively, and 0.5 percent of non-tax revenue.
89. External resources (loan) from multilateral institutions account for US\$42.4 million or 6.1 percent of the entire resource envelope. Of this amount, the African Development Bank (AfDB) is expected to contribute US\$2.4 million or 5.7 percent and the World Bank-IDA is expected to contribute US\$40.0 million or 94.3 percent.

FISCAL RULES

90. The Government of Liberia established fiscal rules in its Public Financial Management (PFM) Act of 2009 and other regulations supplementary to the PFM Act that imposes long-lasting constraints on budgetary aggregates. It is intended to correct distorted inducements and to contain pressures to overspending so as to ensure fiscal discipline and debt sustainability. They are as follow:

- a. Prioritizing debt repayment, compensation and other non-discretionary payments to prevent the buildup of arrears;
- b. Prioritizing payment of counterpart funding, i.e. Government's portion of funding for high-impact projects that leverages external financing for much-needed national infrastructure;
- c. Ensuring that all borrowing must be undertaken for the purposes of investment, consistent with the Public Sector Investment Plan (PSIP);
- d. Ensuring that the total debt stock must not exceed 60 percent of previous calendar year's GDP as contained in the PFM Regulations; and
- e. Ensuring that prior to new borrowing being undertaken, a Debt Sustainability Analysis (DSA) must be carried out and presented to the Debt Management Committee (DMC) to ensure debt rules are not breached.

FISCAL TARGETS

91. The Government of Liberia established fiscal targets to complement its fiscal policy set in the Public Financial Management (PFM) Act of 2009 and other regulations supplementary to the PFM Act that imposes constraints on budgetary aggregates. It is intended to correct distorted incentives and to contain pressures to overspending to ensure fiscal discipline and debt sustainability. With the Government's unwavering commitment to adequately fund ongoing projects mainly in agriculture, roads, and education sectors as well as increasing allocations to health, energy, and rule of law sectors, the only real scope for adjustment is the recurrent portion of the budget. Therefore, the introduction of the below fiscal measures shall help the Government run an adjusted recurrent budget without necessarily foregoing the delivery of services critical to the mandate of ministries and agencies and at the same time, ensure value for money. They are as follow:

A. Allotment Requirements

- a) No expenditure of ANY CATEGORY INCLUDING PAYROLL shall be made without an approved allotment authorized by the Department of Budget and Development Planning and the Department of Fiscal Affairs at MFDP;
- b) The Accounting Services Unit at MFDP will neither post nor commit payment vouchers of any category that are not backed by an approved allotment;

- c) No ministry or agency shall be eligible to receive allotments for goods and services (Account Code 22) unless they have submitted a copy of their Procurement Plan approved by the Public Procurement and Concessions Commission (PPCC). Ministries and agencies will update their Procurement Plans periodically, as necessary, to ensure more accurate allotment requests;
- d) No ministry or agency shall be eligible to receive allotments for expenditures (All Accounts) unless they have submitted a Spending Plan to the Department of Budget in the MFDP and the Department of Budget has approved the Spending Plan;
- e) Ministries and agencies may update their spending plans on a monthly/quarterly basis (as needed) to ensure more accurate allotment requests. If there are no substantial changes to the Spending Plan, then the ministry or agency should still report to the General Department of Budget that the Spending Plan has not been changed; and
- f) No payments shall be made for any expenditure that does not have sufficient allotment. This includes salary payments.

B. Expenditure Reporting

All ministries and agencies are required to provide quarterly and monthly financial statements as per the PFM Regulations. If ministries and agencies do not provide the required reports within 25 days after the reporting cycle, payments for non-salary expenditures will be suspended.

C. Bank Reconciliations

To support better financial reporting and cash management, ministries and agencies managing their bank accounts are required to provide monthly bank reconciliations to the CAG's Office of Financial Reporting 5 days after the end of the month. If these ministries and agencies do not provide the required reconciliations by the reporting deadline then payments for non-salary expenditures will be suspended.

D. Contractual Obligations

- a) Spending entities are not to execute contractual obligations unless funds have been specifically appropriated;
- b) This condition shall apply to Residential Property/Land/Office Buildings rental/leases, Equipment Leases or Consulting Services;
- c) Failure to comply with this fiscal rule may result in penalties and reductions in future allotments; and
- d) All of such arrangements, including payments must meet PPCC requirements

E. Consultancy Services

- a) The remuneration for individual-based consultancy contracts shall not exceed the remuneration of the principal deputy of the institution. In exceptional cases where there is a compelling need, this rule may be relaxed based on approval by the PPCC;
- b) Consultancy contracts shall be approved only based upon the availability of budgetary allocation within the requesting spending entity's budget to cover said contract;
- c) Consultancy contracts shall not be approved for positions in the civil service structure for which skills can be readily found in an institution;
- d) Consultancy contracts must be task-based and must clearly include knowledge transfer provisions so that civil servants are trained to take up the task on the expiry of the contract;
- e) Consultancy contracts for individuals should not be approved for any recurrent tasks within an institution except for specialized units (e.g. Presidential Delivery Unit, ECOWAS Secretariat, etc) without statutory existence, and in such a case, presidential approval will be required. However, this does not affect contracts already in force; and
- f) Consultancy contracts shall not be for a period of more than a Fiscal Year (or 12 months).

F. Travel restrictions

- a) The travel ordinance shall be reintroduced in Fiscal Year 2024;
- b) No more than 2 persons shall constitute a 'cabinet delegation' (i.e. a delegation led by a cabinet minister) except in cases where expansion of the delegation is approved by the President;
- c) Any change to travel plans unless expressly approved by the Head of the MAC in consultation with the President shall be the full responsibility of the traveler;
- d) Travels should be properly planned at least 10 days to avoid exorbitant ticket charges or travel will not be funded unless approved exceptionally by the President for travel of a cabinet minister;
- e) Except for the Vice President, Speaker, Pro-Tempore, and Chief Justice who shall travel by business class, all travels shall be by economy class;
- f) Total GoL-funded representation at any program/event held outside Liberia shall not exceed 5 persons unless special events are expressly approved by the President; and

- g) A total number of days spent abroad for which per diem shall be paid by the GoL shall not exceed 7 unless for special events expressly approved by the President.

G. Air Ticket Cost

All spending entities shall liaise with the Financial Regulation Unit at MFDP in determining the cost of air ticket for the assurance of comparison with International Air Ticket Prices.

H. Travel Retirement

All officials and/or employees of the government returning from a trip must provide proof (copy of stamped passport or boarding pass) of travel for the last trip before undertaking another trip except the President and Vice President.

I. Fuel

- a) There shall be no personal fuel allowance for any employee. Fuel allowances shall not exceed the following limits for operational use:
- i. Office of the Head of entity: maximum 250 gallons;
 - ii. Office of Deputy Head of entity: maximum 200 gallons;
 - iii. Office of principal assistants (e.g. assistant minister): maximum 150 gallons; and
 - iv. Other units within the entity: maximum 100 gallons.

J. Scratch Cards

Scratch card shall be provided (using post-pay where applicable) only for operational purposes and not as personal allowances and the following limits should not be exceeded:

- i. For operational use of the office of the Head of entity: maximum \$500
- ii. For operational use of the office of Deputy Head of entity: maximum \$375
- iii. For operational use of the office of principal assistants: maximum \$250
- iv. For operational use of other units within the entity: maximum \$125

K. Printing and Publication

Ministries, Agencies, Commissions, and Authorities are encouraged to use electronic means such as emailing and publication of documents on their websites rather than physically printing documents to curtail printing costs. Unless otherwise required by Law, the number of printed copies should not exceed 50.

L. Foreign Training/Workshop

- a) For the fiscal year 2024, there shall be no foreign training, workshop or study tour except otherwise funded by an external agency. This does not apply to foreign scholarships

based on national capacity development strategy and managed by the Inter-Ministerial Scholarship Committee; and

- b) Ministries/Agencies/Authorities/Commissions are encouraged to conduct local training and workshops in their conference rooms or Government-owned facilities preferably where minimum rental fees are required and pay special attention to catering costs.

M. Hiring Freeze

- a) We expect the Ministry of Health, Ministry of Education, and security personnel already in training, there shall be no new hiring of staff into the public service.
- b) Exceptions may be granted for direct replacement of employees who have resigned or been pensioned provided there is no upward adjustment of salary or benefits for the position.

N. Purchase of Locally Processed Rice

All on-budget purchases of rice shall be restricted to locally processed rice. This includes but is not limited to purchases by the AFL, Police Training Academy, the Bureau of Correction and Independence Day or special holidays rice bonuses.

O. Petty Cash Policy

A policy will be established to guide the criteria by which petty cash funds will be established and approved and to provide guidance on the proper management of those funds in the prevailing Financial Rules and Procedures of the Government of Liberia. The use of certain expenditure categories/codes (i.e. Operating expenses, other specialized materials, etc.) to meet ****emergency**** expenditures and by-pass the procurement process will be discontinued. Entities will need to work with MFDP to ensure appropriate codes are utilized.

P. Public Debt

A head of government agency shall not incur or settle any commitment for which public money has not been provided by the National Budget or authorized to be charged to the Consolidated Fund.

Q. Subsidies & Grants

- a) The Grant and Subsidy Policy was introduced in 2018 as a step towards strengthening financial reporting and monitoring within Government operations to improve the overall

effectiveness of how financial resources are used to deliver key services to its citizens. This policy is one of our essential tools for ensuring that the Government has well-structured fiscal policy goals that align the Government's spending;

- b) These transfers support service deliveries in several sectors, including the Education, Health, Social Development, and Agriculture Sectors. Recipients of grants and subsidies include Universities, Community Colleges, Hospitals, and Clinics associations supporting agricultural development, the youth, and vulnerable populations;
- c) All Grants and Subsidy Recipients are required to:
 - provide detailed line-item use of funds allocated in the national budget;
 - must be monitored by the parent entity to ensure funds provided are utilized to meet the objectives of the national development plan; and
 - report on the use of said funds

R. State Owned Enterprises (SOEs)

- a) Where board fees are paid to board members, there shall be no sitting fees;
- b) Cabinet Ministers occupying either statutory or appointed board positions on public corporations or autonomous agencies shall not be entitled to board or sitting fees;
- c) Boards are required to present proposals for Board fees to the President for approval;
- d) Commissions without oversight boards are required to submit compensation proposals of senior management for approval by the President; and
- e) In cases where the board has performed exceptionally and a bonus is being paid, such a proposal should be made to the President for approval.
- f) SOEs supported by the Central Government shall present the reporting and compliance clearance from the Bureau of State Enterprises before any payment is made by MFDP.

S. Vehicle Maintenance & Repair

- a) The government will only be responsible for maintaining and insuring utility vehicles and vehicles assigned to presidential appointees provided those vehicles have not been purchased under the fleet management program in which case it becomes the responsibility of the owner; and
- b) Maintenance of Government vehicles, mentioned above, shall be the sole responsibility of GSA.

T. Purchase of New Vehicles/Fleet Management Policy

- a) The existing restriction on the purchase of vehicles shall hereby be enforced;

- b) There is hereby imposed a freeze on the sale of Government-owned vehicles, including vehicles of public enterprises, under the GSA fleet management policy or other related policies to political appointees;
- c) GSA shall design a special vehicle purchase scheme for political appointees who do not currently have assigned vehicles and have never benefited from the fleet management program;
- d) The vehicle purchase scheme shall be offered to civil servants all across the public service with the agreement that vehicles purchased will be used for government business and at the same time maintained and insured by the owner; and
- e) However, vehicles determined by the GSA to have completely deteriorated (if 3 years remain the timing to render a vehicle depreciated, we think it should be changed to 5 or 6 years- let's GSA input) beyond effective use and are not in working condition for which the cost of repair is prohibitively high shall be auctioned by the GSA.

U. Currency Payment

- a) All Ministries and Agencies should ensure that contracts for the purchase of goods or services are made flexible to accommodate payment in Liberian Dollars as and when necessitated by liquidity conditions;
- b) Ministries and Agencies should also make arrangements and be prepared to receive salary and wages in Liberian Dollars. The ratios will be determined based on the liquidity position of the Government.

V. Use of official e-mail

All institutions of the Government are required to establish and use an official e-mail platform for government-related communications.

W. Expenditure classification and coding

The use of certain expenditure categories such as Other Specialized Materials, Operating Expenses, etc. for expenditures for which codes exist in the Chart of Accounts will be prohibited. Said classifications will be restricted to certain institutions who will be required to provide details. Other classifications for security related operations will be authorized however, as a member of the Joint Security Team; the Minister of Finance may request details of such a request prior to approval.

FY2024 EXPENDITURE FRAMEWORK

92. The draft national budget for FY2024 projects expenditure at US\$692.4 million of which recurrent expenditures amount to US\$ 640.5 million representing 92.5 percent while capital expenditures (PSIP) amount to US\$51.9 million representing 7.5 percent.

93. Of the total recurrent spending:

- Compensation of employees amounts to US\$297.0 million representing 46.4 percent of the proposed recurrent spending and 42.9 percent of the total proposed expenditure;
- Use of goods and services amounts to US\$90.2 million representing 14.1 percent of the proposed recurrent spending and 13.0 percent of the total proposed expenditure;
- Provision of subsidies amounts to US\$1.7 million representing 0.3 percent of the proposed recurrent spending and 0.2 percent of the total proposed expenditure;
- Provision of Grants amounts to US\$101.7 million representing about 15.9 percent of the proposed recurrent spending and 14.7 percent of the total proposed expenditure;
- Provision of social benefits amounts to US\$17.9 million representing about 2.8 percent of the proposed recurrent spending and 2.6 percent of the total proposed expenditure;
- Non-financial assets amount to approximately US\$3.0 million representing 0.5 percent of the proposed recurrent spending and 0.4 percent of the total proposed expenditure;
- Payment of domestic liabilities amount to US\$69.2 million representing 10.8 percent of the proposed recurrent spending and 10.0 percent of the total proposed expenditure;
- Payment of foreign liabilities amount to US\$59.8 million representing 9.3 percent of the proposed recurrent spending and 8.6 percent of the total proposed expenditure.

94. Of the capital spending (PSIP) of **US\$51.9 million**:

- **Public Administration Sector** accounts for US\$2.6 million which constitute 5.0 percent of the total projected PSIPs and 0.6 percent of the total proposed expenditure. Support to youth capacity building in ICT accounts for 42.9 percent,

57.7 percent is budget for Assets Recovery Task Force, 28 percent to national and county plan development, and 2.5 percent to PSIPs monitoring.

- **The Municipal and Local Government Sector** accounts for US\$1.1 million which constitutes 2.2 percent of the total projected PSIPs and 0.2 percent of the total proposed expenditure. Landfill & Urban Sanitation Project accounts for 44.8 percent, MCC clean city campaign account for 35.8 percent, PCC clean city campaign account for 12.5 percent, strengthening decentralization 4.5 percent, and national roadmap to enroll all residents in NBIS 2.4 percent.
- **Security and Rule of Law Sector** accounts for US\$0.4 million which constitute 0.8 percent of the total projected PSIPs and 0.1 percent of the total proposed expenditure. Of this amount, 77.7 percent goes to KUSH must go project (fight against illicit drugs), and 22.3 percent is appropriated for regional hub support.
- **Health Sector** accounts for US\$0.8 million which constitute 1.4 percent of the total projected PSIPs and 0.1 percent of the total proposed expenditure. National mental health project accounts for 66.7 percent while establishing regional diagnostic center accounts for 33.3 percent.
- **Social Development Services Sector** accounts for US\$5.7 million which constitute 10.9 percent of the total projected PSIPs and 0.8 percent of the total proposed expenditure. Projected support to the sector is mainly driven by 63.4 percent to district development projects and 17.6 percent to accelerated community development projects.
- **Education Sector** accounts for US\$3 million, which constitute 5.7 percent of the total projected PSIPs and 0.2 percent of the total proposed expenditure. Of this amount, 80.0 percent is appropriated for scholarship arrears payment for both local and foreign students, and 20.0 percent directed to support to peace corps.
- The projected amount for the **Energy & Environment Sector** is US\$4.2 million, constituting 8.0 percent of the total appropriated PSIPs and 0.6 percent of the total proposed expenditure. Of this amount, 71.9 percent is appropriated for CLSG allocation, 12.0 percent to Monrovia metropolitan climate resilience project, 11.4 percent to cleaning of excess sewage spillage in Monrovia, and 4.8 percent to River Gee Hydropower project.
- **Agriculture Sector** accounts for US\$0.8 million, which constitute 1.4 percent of the total projected PSIPs and 0.1 percent of the total proposed expenditure. Of

this amount, agriculture value chain project accounts for 66.7 percent while the Rural Economic Transformation Project (RETRAP) accounts for 33.3 percent.

- **The Infrastructure and Basic Services Sector** amounts to US\$33.1 million which constitutes 63.9 percent of the total projection for PSIPs and 4.8 percent of the total proposed expenditure. Allocation to this sector is primarily driven by 79.4 percent to the National Road Fund, and 16.9 percent to pliable roads intervention.
- **Industry and Commerce Sector** accounts for US\$0.5 million, which constitute 1.0 percent of the total projected PSIPs and 0.1 percent of the total proposed expenditure. Of this amount, 50.5 percent is appropriated for enhancing the business environment and services, and 49.5 percent building human capacity and vehicle mobilization.

FISCAL RISKS

95. Fiscal risks are essentially deviations from fiscal outcomes expected at the time of budget formulation. These deviations might create a significant impact on government finances and impair the capacity of governments to use fiscal policy to stabilize economic activity and support long-term growth.
96. These risks can originate from inside government (e.g. as a result of issuing a government guarantee) or from outside government (e.g. as a result of an economic downturn). Risks can materialize either as a result of a discrete event (e.g. a financial crisis) or the gradual accumulation of pressure (e.g. the aging of the population).
97. Thus, a comprehensive understanding of the sources, scale and likelihood of fiscal risks is critical to ensuring that governments meet their fiscal objectives with confidence. A failure to appreciate and address these risks can leave governments vulnerable to fiscal shocks and obliged to take sudden and disruptive policy actions to restore credibility and long-term fiscal sustainability.
98. These risks could arise from macroeconomic shocks and the realization of contingent liabilities that originate from banking crises, natural disasters, state-owned enterprises, subnational government bailouts, legal claims, the issuance of guarantees and public private partnerships.
99. The Government – through the Ministry of Finance and Development Planning – is responsible for tracking, managing and mitigating fiscal risks which are essentially events that pose a threat, or opportunity in the case of “upside” risks, to the Government’s

fiscal position and as a consequence, to the Liberian economy. These risks could affect revenue generation potentials, expenditure outlays, incurring and managing debts and the execution/operation of the budget.

100. Macroeconomic shocks could manifest themselves via the following channels:
- Currently, the Country's real GDP is projected to grow by 3.7 percent in 2022 and 4.7 percent in 2023. Thus, over the course of the budget year, a worsening of the growth rate due to resurgence of the pandemic and/or an increase in global prices of the Country's key import commodities could constrain revenue collection. With lower revenue, expenditures will have to be adjusted downwards to match available revenues to avoid an increase in public debts. However, a rise in the global prices of the Country's key export commodities could mitigate said adverse impact on Government's fiscal space.
 - Depreciation in the exchange rate could increase the prices of commodities traded on the domestic market thereby reducing demand and adversely affecting the welfare of the people. As demand falls, sales plummet thereby leading to a fall in government revenue. Moreover, the pass through effect of an exchange rate depreciation to prices will increase government expenditures. To avoid an increase in debts, expenditures will have to be adjusted downwards to match available revenues.
 - Changes in global commodity prices could have an ambiguous impact on the Government's public finances. An increase in the nation's key export commodities could generate an increase in domestic economic activities thereby improving the Government's public finances. Conversely, an increase in the global prices of the nation's key import commodities, such as petroleum and rice, could constrain public finances.
 - Volatility in aid flows could affect the implementation of projects that are financed using aid funds. A reduction in aid flows could interrupt the implementation of said projects. To avoid said interruptions, the Government would have to assume the responsibility to finance said projects thereby putting added pressure on the Government's fiscal space.
101. In addition to macroeconomic shocks, fiscal risks could emerge from contingent liabilities via the following channels: the financial sector, legal claims, subnational government, state-owned enterprises (SOEs), private non-financial companies, public private partnerships (PPPs) and natural disasters (flood and the pandemic). The

occurrence of any of the abovementioned could potentially constrain the Government's fiscal space.

Table 7: Fiscal Table

USD '000	FY2022 ACTUAL	FY2023 APPROVED BUDGET	FY2023 ESTIMATED OUTTURN	FY2024 BUDGET	FY2025 PROJECTION	FY2026 PROJECTION
TOTAL DOMESTIC REVENUE	616,710	661,700	606,301	649,975	684,620	721,717
CURRENT REVENUE	614,167	661,700	588,971	649,975	684,620	721,717
Tax Revenue	486,633	549,179	506,190	531,484	568,339	599,648
Non Tax Revenue	127,534	112,521	82,780	118,490	116,280	122,068
OTHER REVENUE	2,543	-	17,330	-	-	-
Carried Forward	-	-	-	-	-	-
Revenue in Transit	2,543	-	17,330	-	-	-
<i>o/w Unprocessed Revenue in Transit to LRA system FY-2022</i>	<i>2,543</i>	<i>-</i>	<i>17,330</i>	<i>-</i>	<i>-</i>	<i>-</i>
TOTAL EXPENDITURE (RECURRENT & PSIP)	808,832	771,700	746,628	692,409	684,620	721,717
TOTAL RECURRENT	785,832	627,543	651,021	640,519	621,752	621,717
COMPENSATION	298,284	296,476	304,413	297,030	297,030	297,030
USE OF GOODS AND SERVICES	281,875	112,268	146,144	90,189	73,383	73,498
SUBSIDIES	13,482	10,167	3,450	1,664	1,498	1,348
GRANTS	76,289	84,920	85,860	101,686	101,686	101,686
SOCIAL BENEFITS	19,315	16,525	17,034	17,947	16,152	16,152

NON-FINANCIAL ASSETS(RECURRENT)	2,990	7,378	17,528	3,002	3,002	3,002
DOMESTIC LIABILITIES: INTEREST PMT	53,930	43,349	27,340	69,176	69,176	69,176
FOREIGN LIABILITIES	39,668	56,460	49,252	59,824	59,824	59,824
TOTAL PUBLIC SECTOR INVESTMENT PLAN (PSIP)	23,000	144,156	95,607	51,890	62,868	100,000
Public Administration Sector	-	1,489	1,370	4,079	1,000	3,050
Renovation of Executive Mansion	-	790	500	-	-	-
			15			
Humanitarian Outreach	-	699	855	-	-	-
National and County Plan Development	-	-	-	725	500	1,000
Digitizing Revenue Transaction Systems Across Government (DRTS)	-	-	-	-	500	500
Youth capacity building in ICT				1,750	-	1,550
Support to M&E for PSIP monitoring (0.002%)	-	-	-	104	-	-
Assets Recovery Task Force	-	-	-	1,500	-	-
Tourism Feasibility Studies				-	-	-
Municipal and Local Government Sector	-	3,003	1,760	1,116	950	950
MCC Clean Cities Campaign	-	2,253	500	400	200	200
Landfill and Urban Sanitation Project	-	750	735	500	500	500
Cheesemanburg Landfill & Urban Sanitation (CLUS)						

Project-TF A5269			125			
National Roadmap to Enroll all Residents into (NBIS)				26		
PPCC Clean Cities Campaign			400	140	250	250
Strengthening Decentralization(CSC)				50		
Transparency and Accountability Sector	-	33,000	38,800	-	-	-
Liberia's Integrity Improvement Project				-		
Elections	-	33,000	38,800	-	-	-
Security and Rule of Law Sector	-	3,939	2,578	420	1,500	1,500
Election Security	-	3,439	1,970	-	-	-
Operationalize the Justice		-	108			
Judiciary Project	-	500	500	-	-	-
Construction of 14 MOD Military Hospital			156			
KUSH must go Project" (Fight against illicit drugs)				326	1,500	1,500
Regional Hub Support				94		
Support to National Fire Service				-	-	-
Health Sector	-	440	-	750	2,500	2,500
Renovation of Public Health Facilities - C.H. Rennie Hospital	-	440	-	-	-	-
Drugs Revolving fund	-	-	-	-		
National Mental Health project	-	-	-	500	1,000	1,000

Establishing Regional Diagnostic Center	-	-	-	250	1,500	1,500
Social Development Services	-	7,022	4,554	5,680	5,245	5,245
Coastal Sanitation Project	-	1,000	1,946	-	-	-
Renovation of Sports Facilities	-	237	190	-	-	-
CPF: Contribution to At Risk Youth Rehabilitation Programme	-	1,000	527	350	1,145	1,145
County Tour Implementation & Spot Checks	-	4,550	1,000	-	-	-
SGBV Roadmap Implementation Programme	-	144	200	500	500	500
Albino Society Headquarters Project	-	91	91	-	-	-
District Development Projects	-	-	-	3,600	3,600	3,600
CPF: Accelerated Community Development Project	-	-	-	1,000		
Reintegration of Youths into Communities				150		
Reactivation of National Call Center to Support (GBV)				80		
CPF: Duala Market Project	-	-	600	-	-	-
Education Sector	-	720	1,023	1,250	-	-
Legis. Suppt to Education			1,023			
Support to Engineering College		120	-	-	-	-
Renovation of Public University Facility	-	300	-	-	-	-
Implementing Free & Compulsory Primary	-		-		-	-

Education		300				
Public Schools Rehabilitation Project	-	-	-	-		
Scholarships Arrears Payment (Local and Foreign students)				1,000		
CPF: Support to Peace Corps				250		
Energy and Environment Sector	-	40,720	12,137	4,174	20,203	53,734
CPF: River Gee Hydropower project	-	-	80	200	200	200
CPF: CLSG Allocation		40,720	12,057	3,000	5,215	40,747
Restoration of Water and Cleaning up of Sewage Spillage	-	-	-	-		
Cleaning of Excess Sewage Spillage in Monrovia				474	14,078	12,078
CPF: Monrovia Metropolitan Climate Resilience Project	-	-	-	500	709	709
Agriculture	-	-	-	750	14,078	33,532
Liberia Food Security Crisis Preparedness Plan				-		
Agriculture Value Chain Project				500	14,078	33,532
Rural Economic Transformation Project (RETRAP)				250		
Infrastructure and Basic Services Sector	23,000	52,824	33,385	33,146	31,470	33,020
Construction. of Roads and Bridges	-	10,000	9,478	-		-
National Roads Fund	23,000	26,824	16,907	26,320	26,320	26,320
SECRAMP: Ganta-Saclepea	-	14,000	7,000	500	5,150	6,700
National Digital Cyber Forensic Lab				100		

Reactivation of the e-Liberia for GoL (Government of Liberia) (www.e-Liberia.gov.Lr)				5		
Pliable Roads Intervention				5,608		
Meteorological services data equipment				313		
Purchase of Spare Parts				300		
RIA EQUIPMENT	-	2,000	-	-	-	-
RIA Runway Project						
Industry and Commerce Sector	-	1,000	-	525	-	-
Enhancing the Business Environment and Services				265		
Building Human Capacity and Vehicle Mobilization				260		
Vulnerable Small Business Support Programme	-	1,000	-	-	-	-
FUNDING GAP (REVENUE MINUS EXPENDITURE)	(192,122)	(110,000)	(140,327)	(42,434)	-	-
FINANCING	192,122	110,000	187,015	42,434	-	-
DOMESTIC FINANCING	-	-	83,050	-	-	-
CORE	-	-	83,050	-	-	-
Grants						
Loans			83,050			
CONTINGENT	-	-	-	-	-	-
Grants						
Loans						
EXTERNAL FINANCING	192,122	110,000	103,965	42,434	-	-

CORE	188,804	5,000	103,965	40,000	-	-
Grants	-	5,000	65,000	40,000	-	-
Loans	188,804	-	38,965	-	-	-
CONTINGENT	3,318	105,000	-	2,434	-	-
Grants	3,318	105,000	-	2,434	-	-
Loans	-	-	-	-	-	-
FISCAL BALANCE	-	-	46,688	0	-	-

Source: Department of Budget and Development Planning, MFDP

Table 8: Real GDP Growth Rate Comparison (per cent, year-on-year)

Country	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Benin	6.7	6.9	3.8	7.2	6.3	5.5	6.3	6.0	6.0	6.0	6.0
Burkina Faso	6.6	5.7	1.9	6.9	1.5	4.4	6.4	6.0	5.6	5.3	5.3
Cabo Verde	3.7	6.9	-19.6	6.4	17.0	4.4	4.5	4.6	4.6	4.7	4.7
Côte d'Ivoire	4.8	6.5	1.7	7.0	6.7	6.2	6.6	6.4	6.3	6.1	6.0
The Gambia	7.2	6.2	0.6	5.3	4.9	5.6	6.2	5.8	5.0	5.0	5.0
Ghana	6.2	6.5	0.5	5.1	3.1	1.2	2.7	4.6	4.9	5.0	5.0
Guinea	6.4	5.6	4.7	5.0	4.3	5.9	5.6	5.6	5.4	5.4	5.2
Guinea-Bissau	3.8	4.5	1.5	6.4	4.2	4.5	5.0	5.0	5.0	5.0	4.5
Liberia	1.2	-2.5	-3.0	5.0	4.8	4.6	5.3	6.4	6.4	6.4	7.3
Mali	4.7	4.8	-1.2	3.1	3.7	4.5	4.8	5.3	5.1	5.0	5.0
Niger	7.0	6.1	3.6	1.4	11.9	4.1	11.1	6.5	6.1	6.0	6.0
Nigeria	1.9	2.2	-1.8	3.6	3.3	2.9	3.1	3.1	3.1	3.1	3.1
Senegal	6.2	4.6	1.3	6.5	4.0	4.1	8.8	10.2	5.2	5.2	5.3
Sierra Leone	3.5	5.3	-2.0	4.1	4.0	2.7	4.7	5.2	4.5	4.5	4.6
Togo	4.8	4.9	2.0	6.0	5.8	5.4	5.3	5.3	5.5	5.5	5.5
Mano River Union Average	4.0	3.7	0.4	5.3	4.9	4.9	5.6	5.9	5.7	5.6	5.8
ECOWAS Average	5.0	5.0	-0.4	5.3	5.7	4.4	5.8	5.7	5.3	5.2	5.2

Source: Liberian Authority and the IMF