

# Domestic and International Public Resources Liberia Context

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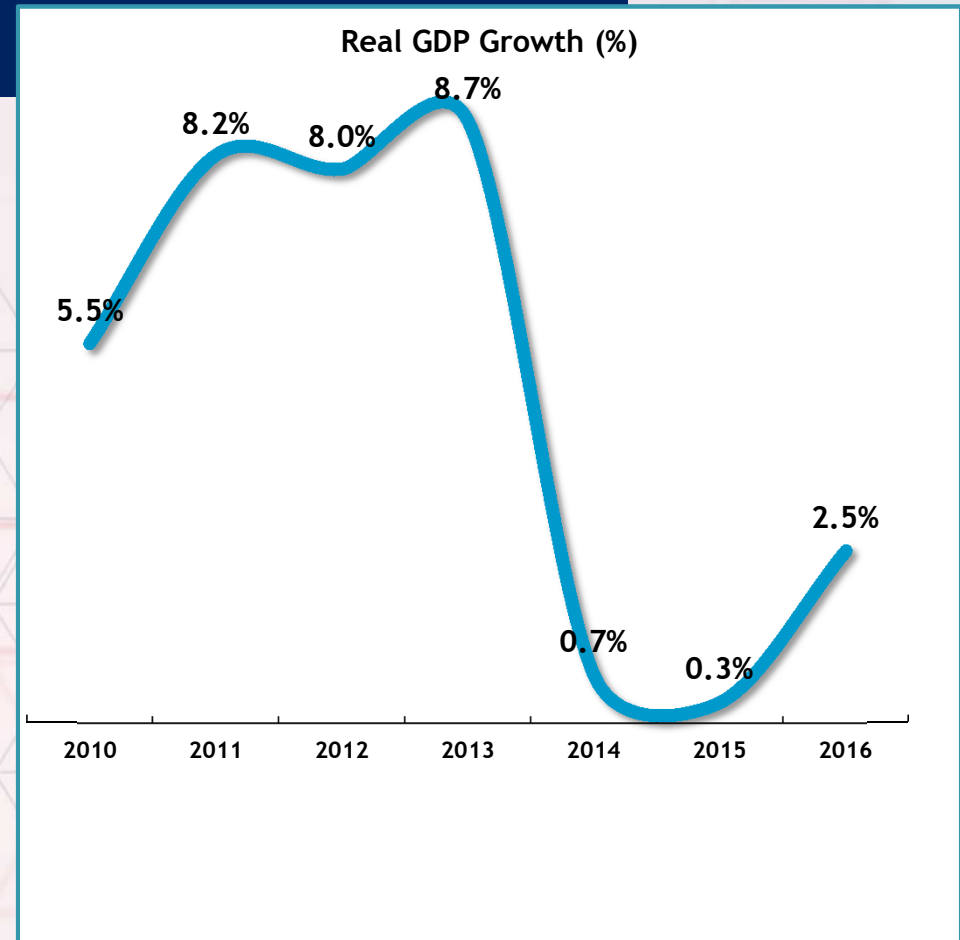
**LRA**  
LIBERIA REVENUE AUTHORITY

# Situational Synopsis

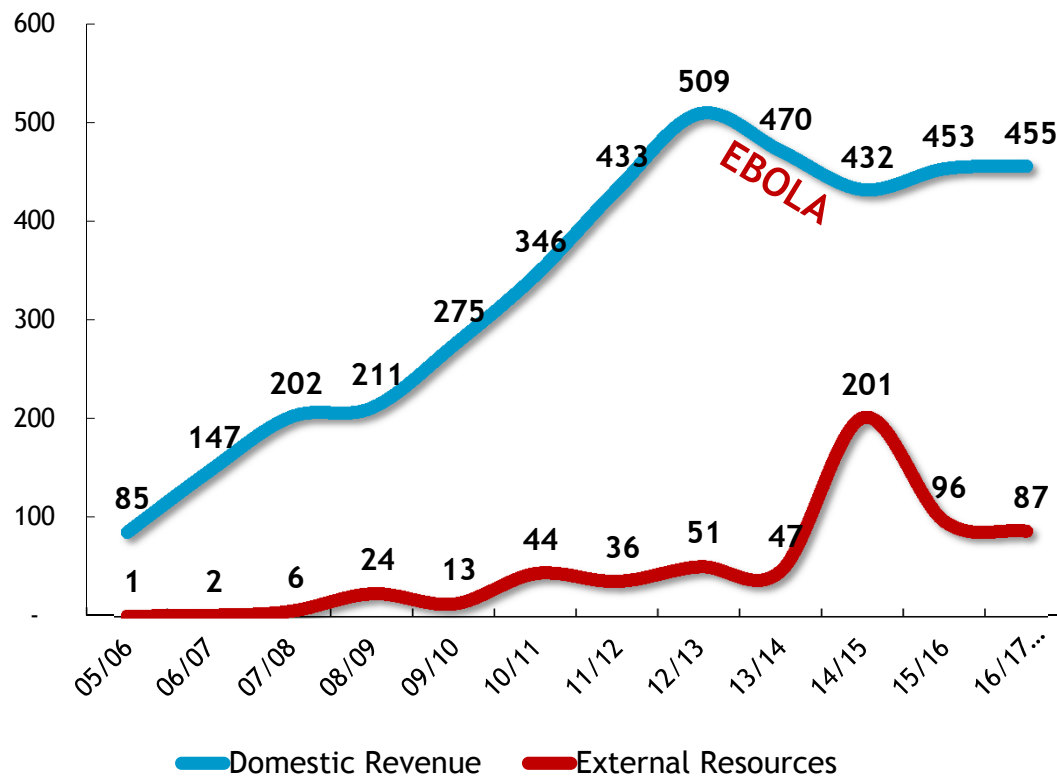
- Africa hosts 65% of world's ultra-poor, from 12%. (WB PovCalNet).
- Liberia stands 3<sup>rd</sup> among the least developed countries in the region. (United Nations 2015)
  - Liberia's Human Development Index (HDI) of 0.427 is below 0.523 average for Sub-Saharan African Countries (UNDP Human Development Report 2015)
  - About 74% vulnerably employed; 68% informal (Liberia Labor Force Survey: 2010)
  - Liberia ranks 90 among 176 countries in TI 2016 corruption perception index

# Liberia Economic Outlook 2010 - 2016

- Economy plummeted 2014 after period of sustained growth.
- Growth slumped drastically in FY 2014/15 by 92%, domestic revenue declined by 8%.
- Dip in economy due to Ebola Outbreak.
- Economy recovering, albeit at modest pace.
- Post-Ebola recovery spurred by higher gold production and rebound in services.



# Domestic Revenue Vs External Resource



- DR rose 2006 - 2013 due to strong growth and smart reforms in revenue administration.
- Growth backed by expansion in services, mining and construction activities.
- Some one-off payments in concession activities over this period. Payments ceased since slowdown in primary sector.
- ER rose steadily despite minimal fluctuations. FY 14/15 spike due to Ebola. Future resources frontloaded to mitigate the crisis.

# Effective Public Financing Policies and Tools at Local, National and International Level



## • Local

- ✓ Budgetary appropriation through the National Budget (County Development Fund)
- ✓ Social contract with endowed counties (Social Development Fund)
- ✓ Cities
  1. Municipal tax
  2. Garbage fees

## • National

### ✓ Taxes

1. Income tax
2. Property tax
3. Goods & Services Tax

### ✓ Fees

1. Licenses
2. Passport fees
3. Storage fees

### ✓ Domestic Borrowing via Central Bank

# Effective Public Financing Policies and Tools at Local, National and International Level



## ● **International**

### ● **Grants**

**Liberia in last 5 years received US\$238m representing 9% of total revenue collected over that period.**

### ● **Borrowing**

● **Liberia in last 5 years also received US\$191m in borrowing representing 7% of the total revenue collected over that period.**

# HOW CAN DOMESTIC AND INTERNATIONAL RESOURCES BEST COMPLEMENT EACH OTHER?



BY

- **Creating** uniform coordination frameworks for benchmarking, implementation, monitoring and evaluation and reporting.
  - TADAT, PEFA, RA FIT, TIWB approaches.
- Aligning resources to ensure programs delivery are successful and sustained.
  - Pool fund for the Mount Coffee Hydro Plant
- Strengthening local systems for better resource management.
  - IPFMRP Joint Donor Basket
  - Using country systems

# HOW CAN DOMESTIC AND INTERNATIONAL RESOURCES BEST COMPLEMENT EACH OTHER?



- Ensuring donor support via budget coherence and synergies between development cooperation and national policies through domestication of international frameworks.
  - Domesticate SDGs indicators through national development framework (AfT II).
- G2G assistance model such as the USAID Fixed Amount Reimbursement Arrangement (FARA)
  - USAID transfers implementation responsibility to the government for ensuring access to quality health services.
  - Reimburses GOL for the cost of implementing essential packages of health services



# Role of Development Banks in providing Finance for Sustainable Development Liberia Experience



## Key Roles

Fills long-term financing gaps, especially, funding large scale projects with softer rates, grace period, and long-term repayment plan

### ● Infrastructure

- EIB provided loan of 50m for rehabilitation of Mt. Coffee Hydro
- Chinese EXIM Bank signed a US\$50m loan to refurbish Roberts International Airport
- WB approved US\$29m support to roads and bridges improvement
- WB approved US\$200m MRU regional electricity project, upon completion, will increase electricity access rate in Liberia and reduce cost from 58US cents per KWH to 15US cents by 2020.



# Role of Development Banks in providing Finance for Sustainable Development - Liberia Experience



## Key Roles

- **Social Development and Environmental Concerns**
  - AfDB provided funding for financing innovative technology for 150,000 Liberian farmers
  - The AfDB supported Liberia during the Ebola crisis, which claimed thousands of lives from 2014 until January 2016. The Bank more than doubled its budget support resources to over US \$56 million.



# Role of Development Banks in providing finance for sustainable development” Liberia Experience



## Key Roles

### • Strengthening Capacity

- ✓ AfDB also provided funding to strengthen public financial management in Liberia through the Integrated Public Financial Management Reform Project Basket
- ✓ US \$1m grant approved by ADB for youth employment and entrepreneurship projects to support creation of 40 new sustainable businesses, 40 percent women-owned, and build the capacity of 2,400 students to better prepare them for labor market.



# Role of Development Banks in providing finance for sustainable development” Liberia Experience



Jackson F. Doe Memorial Hospital

2013-04-24



Ministerial Complex



Robert International Airport Rehabilitation



Capitol Hall Rehabilitation

# How can the impact of ODA be maximized in Support of Sustainable Development



- ODA impact can be maximized through:
  - ✓ **Complimenting** gaps in mobilizing additional resources by strengthening technical and other capacities relevance to national development agenda.
  - ✓ **Establishing** a National Emergency and Disaster Fund to address emergency infrastructure and social development needs which fall short of development financing and national budget support
  - ✓ **Building** a social compact for eliminating leakages in revenue flow associated with transfer pricing, money laundering, poor legislations, and illicit flow and capacities for negotiation and contract management
  - ✓ **Strengthening** frameworks for accountability including: measuring impacts, monitoring progress and reporting on implementation in line with national development priorities.
  - ✓ **Promoting** adherence to all international laws and principles on financing development.