

GOVERNMENT OF LIBERIA

ANNUAL FISCAL OUTTURN REPORT

FISCAL YEAR 2014/2015
JULY 1, 2014 – June 30, 2015



MINISTRY OF FINANCE & DEVELOPMENT PLANNING
September 2015

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

“[T]he Minister shall produce a consolidated quarterly report comparing budget execution and revenue collections to the estimates contained in the National Budget. This report shall be available to the President, the Legislature and the general public within forty five days of the end of the quarter” – Government of Liberia, Public Financial Management Act (2009).

“Fiscal data should be reported on a gross basis, distinguishing between revenue, expenditure and financing; with expenditure classified by economic, functional, and administrative category” – IMF Code of Good Practice on Fiscal Transparency.

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ACRONYMS

AfT	Agenda for Transformation
CBL	Central Bank of Liberia
ESRP	Economic Stabilization and Recovery Plan
EVD	Ebola Virus Disease
FX	Foreign Exchange
GDP	Gross Domestic Product
GoL	Government of Liberia
HFO	High Fuel Oil
IDA	International Development Association
IMF	International Monetary Fund
M&As	Ministries and Agencies
MFDP	Ministry of Finance and Development Planning
MTEF	Medium Term Expenditure Framework
PSIP	Public Sector Investment Plan
WAPP	West Africa Power Pool
WASH	Water Sanitation and Hygiene
UNMIL	United Nations Mission in Liberia
USD	United States Dollars

DEFINITIONS

Allotment	An authorization issued to an implementing M&A to incur obligations for specified amounts contained in a legislative appropriation.
Appropriation	An authorization made by law or legislative enactment directing payment out of government funds under specified conditions or for specific purposes.
Cash	Checks cashed or other payments from the consolidated account.
Cash Surplus/Deficit	Revenue minus Expenditure minus net Acquisition of Assets (capital expenditure).
Commitment	Payment request processed through appropriation, allotment, and stamped with pledge of disbursement.
Net Cash from operating activities	Revenue minus Expenditure (not including Capital).

EXECUTIVE SUMMARY

The Liberian economy experienced a sharp decline in growth in FY2014/15 compared to previous year. The pace of economic activities remained slow mainly due to the intensity of the Ebola Virus Disease (EVD) outbreak which adversely affected activities in all sectors of the economy. Initially, the country's real GDP growth for 2014 was projected at 5.9 percent. However, due to the Ebola Virus Disease (EVD) outbreak, the projected growth was revised downwards to 0.7 percent in 2014 and 0.3 percent in 2015. This placed a significant strain on the GoL's revenue generating capacity, especially during the first two quarters of the fiscal year. The economy begun to experience some semblance of rebound as activities resumed gradually in various sectors, especially with the resumption of key infrastructure projects, but recovery has been slow due weak performance in the mining and agriculture sectors in the wake of decline in global commodity prices. The Government continues to maintain macroeconomic stability through the implementation of a number of fiscal measures, couple with the implementations of interventions stipulated in the ESRP to accelerate the pace of recovery.

Inflation pressure induced by increasing food prices were moderated by fall in oil prices. The average inflation rate during the period under review is 7.7 percent, a 4.0 percentage point lower than the average of 11.7 percent for FY2013/14.

Liberia's balance-of-payment position deteriorated due to the lower volume of exports and increased importation of food, health, and fuel related commodities, thereby adversely impacting the exchange rate. However, due to the lower Liberian Dollar expenditure by Government arising from austerity measures implemented, the Liberian Dollar nominal exchange rate against the US Dollar remained relatively stable. Other factors that contributed to the relative stability of the exchange rate included the general slowdown in capital-related imports, improved liquidity management through strong coordination between the fiscal and monetary authorities, and increased intervention by the CBL in the Foreign Exchange (FX) Market. The average exchange rate during the period under review is 84.8 Liberian Dollars to 1 US Dollar.

The National Legislature approved a budget of US\$635.2 million for FY 2014/15, representing about 9 percent increase compared to an approved amount of US\$582.93 million for FY 2013/14. The budget underwent several changes, due to the unplanned expenditure demand imposed by EVD endemic. Therefore, the original proposed budget of US\$559.3 million was revised to US\$635.2 million and approved by the National Legislature.

Of the approved resource envelope, tax revenue accounts for US\$339.2 million (53.4 percent); non-tax revenue accounts for US\$78.1 million (12.3 percent); grants, US\$109.4 million (17.2 percent); on-budget borrowing, US\$108.6 million¹ (17.1 percent). Non-tax revenue and grants included contingent revenue component of US\$15.5 million and US\$50.3 million respectively. The total receipt (i.e. revenue, grants, and borrowing) in FY2014/15 is US\$643.2 million. This shows a surplus of US\$7.9 million (1.1 percent of the approved resource envelope).

¹ This includes IMF financing of about US\$93.5 million to Liberia

Total revenue collected as at end June, 2015 is US\$525.7 million, 82.8 percent of the approved resource envelope. Of the revenue collected, tax revenues accounted for 72.6 per cent (or US\$381.8 million) while non-tax revenues and grant accounted for 10.5 percent (or US\$55.1 million) and 16.9 percent (or US\$88.7 million) respectively.

Overall, budget execution at the end of the fiscal year shows significant progress. On a commitment basis, about 97.9 per cent of the approved budget was executed compared to 91.0 per cent, in FY2013/14, and 88.3 per cent, in FY2012/13. However, executions for programs under PSIP, including energy, road rehabilitation and others were delayed due to the late passage of the national budget couple with challenging responsibilities of containing the Ebola Virus Disease.

SECTION 1: MACROECONOMIC DEVELOPMENTS

In 2014, the Liberian economy was projected to grow by 5.9 percent, declining from the 8.7 percent growth experienced in 2013. This was mainly driven by the slow pace of economic activities in all sectors, especially the services, agriculture, manufacturing and mining, due to a fall in domestic demand as a consequence of UNMIL drawdown, and declining global prices of the country's key export commodities – rubber and iron ore. This was further exacerbated by the outbreak of the Ebola virus disease, which led to a near collapse of the economy. Recent assessment of the economy, considering the effects of the EVD endemic, shows estimated real GDP growth of 0.7 percent in 2014 and 0.3 percent in 2015. The Government continues to maintain macroeconomic stability through the implementation of a number of fiscal measures, couple with the implementations of interventions stipulated in the ESRP to accelerate the pace of recovery.

Inflation pressure induced by increasing food prices were moderated by fall in oil prices. At end-June 2015, the average inflation rate stood at 7.7 percent, down from of 11.7 percent at end-June 2014.

In 2014, Liberia's current account balance (including official grants) as a percentage of GDP was estimated at a deficit of 31.4 percent, deteriorating from a deficit of 28.2 percent for 2013. In 2015, the current account balance is projected to further deteriorate to a deficit of 39.2 percent. The projected decline in 2015 signals the impact of the EVD outbreak on the economy.

The US-Liberian Dollar nominal exchange rate remained relatively stable during the first half of FY2014/2015 owing, in part, to improved coordination between the fiscal and monetary authorities, and increased intervention by the CBL in the FX market. The average exchange rate during the period under review was 84.5 Liberian dollars to 1 US dollar.

SECTION 2: BUDGET FY 2014/15

The Government of Liberia has remained committed to a strong, transparent and efficient budgetary process in order to achieve greater macroeconomic balance. A key factor in achieving

this goal is fiscal discipline attained by prudent management of the available but meager resource envelope. This has necessitated the adoption of the Medium Term Expenditure Framework (MTEF) budget, which contains a revenue outlook and expenditure plan covering a period of three years with FY2014/15 being the final implementation year of the first round of a rolling MTEF budget.

The use of the MTEF budgetary process informs and improves the inter- and intra-sectoral allocation of resources based on priorities set in the *Agenda for Transformation (AfT)*, thereby linking the MTEF to the Country's medium term development agenda. It furthermore ensures greater budgetary predictability for line Ministries and Agencies (M&As) and Commissions, and the efficient use of public funds; and renders the budget more predictable, comprehensive, transparent, and capable of producing measurable results.

The FY2014/15 approved National Budget reasonably highlights crucial national priorities, particularly expenditures that are geared towards curbing the current public health crisis, helping to maintain macroeconomic stability and placing the country back on the trajectory of achieving its development objectives as set out in the AfT and National Vision 2030.

Public Sector Investment Program

The MTEF budget (FY2014/15) highlighted the GoL's commitment to achieve sustained pro-poor and inclusive economic growth and development through people, products and processes. In an effort to enhance macroeconomic stability and expand the horizons of economic growth and development, the budget focuses on programs which were necessary to address the immediate impacts of the Ebola epidemic, and invests in critically needed infrastructure in order to ensure that the economic recovery creates jobs and improves welfare conditions in Liberia. Though many of these infrastructural development projects were at risk, their implementations were essential to improving the infrastructure capacity of the country and enhancing medium-to-long-term economic development. These investments were in two categories:

A. National High Priority Level Projects: These are national investment priorities designed to meet the goals and objectives of the AfT, and are ranked as follows:

- Priority 1: Ports, Energy, Transport and Information Technology – these include the rehabilitation of the Mt. Coffee Hydroelectric Dam, the West African Power Pool (WAPP), the Heavy Fuel Oil (HFO) Plant, the development and maintenance of major roads, and the installation of the fiber optic backbone in Liberia;
- Priority 2: Health – to support programs and projects implemented by the Ministry of Health;
- Priority 3: Education – to enhance education levels and develop human capacity;
- Priority 4: UNMIL Drawdown – to ensure that national security is enhanced and sustained;
- Priority 5: Capacity Development in line with the National Capacity Development Strategy;
- Priority 6: WASH – supporting and enhancing access to clean water, sanitation and hygiene;
- Priority 7: Youth Empowerment – to create jobs for new entrants into the country's labor force through gainful employment generation;
- Priority 8: Reconciliation – to promote national unity among Liberians;
- Priority 9: Agriculture – to promote agricultural rehabilitation for smallholder farmers and rural entrepreneurs; and

- Priority 10: Economic Enhancement – to provide support for domestic investment and activities that enhance economic growth and poverty reduction.

B. Sector Level Investment Projects: These are projects developed by M&As to meet specific Aft objectives aimed at:

- Maintaining the stability and sustainability of financial systems;
- Promoting equitable access to infrastructure and basic social services;
- Improving the standard of living for the majority of Liberians; and
- Facilitating economic development and growth.

Sector-level projects are selected based on social and economic returns such as the impact on job creation, revenue generation and contribution to public good and sector goals that are consistent with the Aft and their geographical distribution.

Stages of the MTEF Budget Process

The MTEF budgetary process and structure encompasses the following phases:

- Strategic Phase –M&As present plans and strategies linking resources to policy priorities based on the Agenda for Transformation;
- Operational Phase – M&As prepare their detailed budgets and
- Budgeting Phase – the budget is structured into the eleven economic sectors consisting of groups of M&As that share common functions. It is also disaggregated into policy areas based on groups of administrative departments and projects within M&As that have common functions.

Fiscal Measures

The key drivers of the FY2014/15 approved national budget were the responses to the EVD endemic and the GoL's commitment to keeping its development agenda on course. Therefore, a number of fiscal measures were adopted to ensure the effective and efficient use of the country's meager resources. These measures allowed GoL to manage the economic impacts of the Ebola crisis, while investing in the needed infrastructure and programs. The major fiscal measures governing the FY 2014/15 budget were the following:

- Prioritization of spending on activities crucial to the fight against Ebola. These included spending on social welfare services such as feeding of patients in hospitals, clinics, and treatment (isolation) centers, etc.; and the provision of safe drinking water and sanitary supplies to quarantined communities;
- The placement of a moratorium on all non-essential purchases including vehicles, furniture, fixtures, office supplies, etc.;
- The placement of a moratorium on all non-essential foreign and domestic travels:
 - Reduction in foreign travels of all agencies of Government by 40 percent, with all foreign travel across government subjected to written Presidential approvals;
 - Placement of a cap of two-person per delegation, and a limited number of days for all foreign travel, with exceptions expressly granted by the President;
 - The purchase of economy-class tickets only, for all officials on government trips, with the exception of the President, Vice President, Speaker and President Pro-Tempore;

the Chief Justice, and the Ministers of Foreign Affairs and Finance and Development Planning.

- The automatic reduction in fuel and lubricant costs by 25 percent in all Ministries and Agencies (M&As) and Commissions that are not directly engaged in the fight against Ebola.

MTEF Budget Sectors

The formulation of the budget on a sector-specific basis highlights the policy direction of the budget and simplifies the budgetary process. This guides the GoL in measuring the impact of the budget on different sectors, and improves the coordination among M&As within each sector during the budget preparation and execution. The MTEF budget is divided into the following sectors:

- | | |
|--------------------------|-----------------------------------|
| ▪ Agriculture | ▪ Infrastructure & Basic Services |
| ▪ Education | ▪ Public Administration |
| ▪ Energy and Environment | ▪ Security and Rule of Law |
| ▪ Health | ▪ Social Development Services |
| ▪ Industry and Commerce | ▪ Transparency and Accountability |

FY 2014/15 Appropriations

The Executive Branch of the Government submitted a draft budget of US\$559,349,000 to the National Legislature on April 30, 2014 for consideration and approval for the fiscal period beginning July 1, 2014 and ending June 30, 2015. The budget was revised considering the potential impact of the EVD outbreak. The National Legislature approved a budget of US\$635,236,000 or L\$53,359,824,000² for the fiscal period.

The approved national budget shows a 9 percent increase, compared to FY2013/14; a 13.6 percent increase, compared to the draft submission of US\$559,349,000; and a 22.8 percent increase, compared to the FY13/14 outturn (excluding borrowing).

The 13.6 percent increase compared to the draft submission was mainly driven by increased public expenditure demands arising from the Ebola crisis.

On the basis of the MTEF, Table 1 shows a breakdown of appropriations in the FY2014/15 budget by sector and economic classification, compared to the economic classification totals for the FY2013/14 budget.

The GoL appropriated wage bill accounts for 38.6 percent of the current budget (FY2014/15) compared to about 37.8 percent of the FY2013/14 budget. The increased wage bill can be partly attributed to the scheduled UNMIL drawdown, as the GoL expands its presence across the country to provide coverage previously provided by UNMIL, and the payment of compensation for health-care workers previously funded through other streams.

Appropriations for capital expenditure seem higher in FY2014/15 as they include appropriations for PSIP spending. Excluding appropriations of US\$114.4 million for PSIP spending, capital expenditure shows a decline of 60.9 percent, compared to the FY2013/14.

Appropriations for goods and services account for 27.7 percent of the FY2014/15 budget, compared to 22.8 percent of the FY2013/14 budget. The increased appropriation can be attributed

² The exchange rate is 84.00 Liberian dollars to 1 US Dollars

partly to a US\$32.5 million allocation to Ebola recovery programs for education, health, agriculture, and the private sector; and the expansion of GoL activities, in light of the UNMIL drawdown.

Table 1: Budgetary Appropriation - FY2014/15 (millions USD)

	Budget Sectors	Compensation	Use of goods	Capital	Interest	Grants	Social	Unspecified/	Total
		of employees	and services	Spending			benefits	PSIP ¹	
FY14/15	Agriculture	2.4	2.4	0.0	-	1.0	-	-	5.9
	Education	47.9	5.2	0.3	-	11.9	-	-	65.3
	Energy and Environment	5.4	5.1	13.1	-	0.0	-	-	23.6
	Health	32.7	22.2	8.6	-	15.1	-	-	78.5
	Industry and Commerce	7.2	6.4	0.4	-	1.3	-	-	15.2
	Infrastructure and Basic Services	6.9	5.9	42.2	-	0.1	-	-	55.0
	Municipal Government	9.5	1.0	2.4	-	18.9	-	-	31.7
	Public Administration	65.2	102.7	25.6	9.5	31.0	1.1	-	235.1
	Security and Rule of Law	50.5	18.7	12.2	-	2.2	-	-	83.6
	Social Development Services	2.9	2.0	2.8	-	2.1	-	-	9.8
	Transparency and Accountability	14.6	4.1	9.6	-	3.1	-	-	31.4
	Total	245.0	175.7	117.2	9.5	86.7	1.1	-	635.2
FY13/14	Total	220.5	132.7	7.1	-	168.2	1.3	53.2	582.9

¹ Capital spending in FY2014/15 includes PSIP. In FY2013/14 PSIP was classified as Unspecified until execution.

Source: FY2013/14 and FY2014/15 National Budgets

Appropriations for the provision of grants account for 13.7 percent of the approved national budget for FY2014/15, compared to 28.9 percent of the FY 2013/14 budget.

On the basis of economic classification, appropriations for compensation of employees show an 11.1 percent growth in the current fiscal year budget, compared to the FY2013/14 budget; similarly, the use of goods and services has increased by 32.4 percent; capital spending, excluding appropriations for PSIP, has declined by 60.9 percent; appropriation for the provision of grants shows a decrease of 48.4 percent; while appropriation for social benefits decreased by 11.6 percent.

Appropriations for Agriculture for the FY 2014/15 budget account for 0.9 percent compared to 1.4 percent of the FY 2013/14 budget figure of US\$8.2 million, representing a decrease of 33.3 percent.

Appropriations for Education account for 10.3 percent of the FY 2014/15 budget compared to 13.1 percent of the FY 2013/14 budget figure of US\$76.2 million, representing a decrease of 21.4 percent.

Appropriations for Energy and Environment represent 3.7 percent of the FY 2014/15 budget compared to about 5.6 percent of the FY 2013/14 budget figure of US\$32.9 million, representing a decrease of 34.1 percent.

Appropriations for Health for FY 2014/15 account for 12.4 percent compared to 11.8 percent of the FY 2013/14 budget (US\$68.9 million), representing an increase of 4.6 percent.

Appropriations for Industry and Commerce for FY 2014/15 account for 2.4 percent compared to 3.6 percent of the FY 2013/14 budget (US\$20.9 million), representing a decrease of 33.1 percent.

Appropriations for the provision of Infrastructure and Basic Services for FY 2014/15 account for 8.7 percent compared to 5.1 percent of the FY 2013/14 budget (US\$30.0 million), representing an increase of 68.6 percent.

Municipal Government appropriations for FY 2014/15 account for 5.0 percent compared to 5.5 percent of the FY 2013/14 budget (US\$31.9 million), representing a decrease of 8.8 percent.

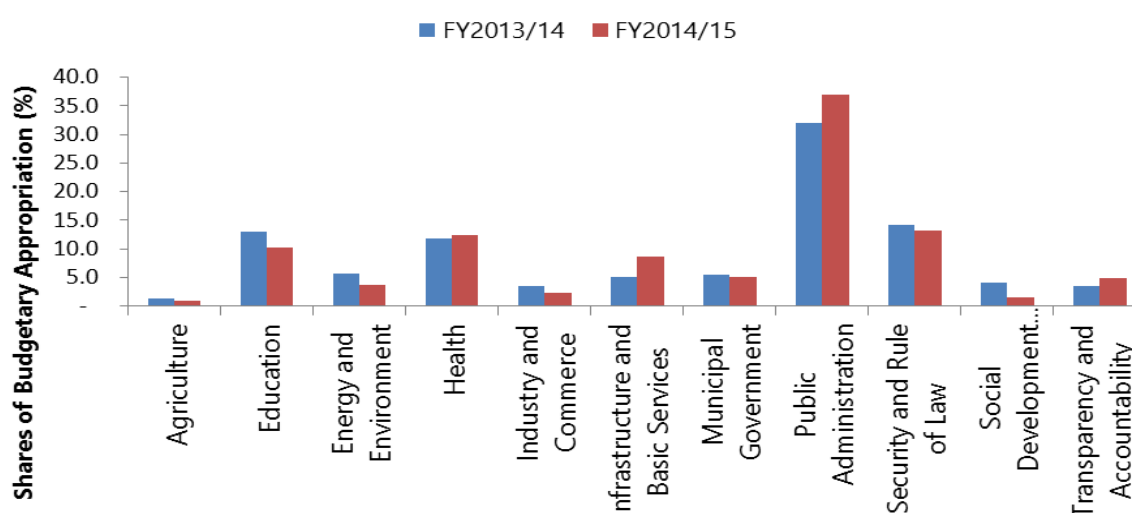
Appropriations for Public Administration account for 37.0 percent of the FY 2014/15 budget compared to 32.0 percent of the FY 2013/14 budget (US\$186.4. million), representing an increase of 15.7 percent.

Security and Rule of Law appropriations for FY 2014/15 account for 13.2 percent of the budget compared to 14.2 percent of the FY 2013/14 budget (US\$83.1 million), representing an decrease of 7.6 percent.

Social Development Services appropriations for FY 2014/15 account for 1.5 percent compared to 4.1 percent of the FY 2013/14 budget (US\$24.0 million), representing a decrease of about 62.5 percent.

Transparency and Accountability appropriations for FY 2014/15 account for 4.9 percent compared to 3.5 percent of the FY 2013/14 budget (US\$20.5 million), representing an increase of 40.4 percent.

Figure 1: Comparative Analysis of Budgetary Appropriation for FY2013/14 and FY2014/15



Source: FY2013/14 and FY2014/15 National Budgets

SECTION 3: OUTTURN AND DEVELOPMENTS

This section provides information on the status of revenue collection and budget execution against the National Budget.

Government Finance Statistics (GFS)

Government Finance Statistics (GFS) is the government balance sheet, which displays the economic activities of the government covering revenues, expenditures, deficit/surplus, transactions in assets, transactions in liabilities and other economic flows. GFS forms the basis for fiscal monitoring by international monetary institutions, most notably the IMF.

Table 2 provides cumulative information of the GoL's GFS as at end of FY 2014/15, on a commitment basis. This includes all commitment expenditure for the period July 1, 2014 to June 30, 2015.

Table 2: GFS Table, July 1, 2014 - June 30, 2015 (millions USD)

	Budget	Commitments
Total revenue and grants	526.6	525.7
Total revenue	417.2	436.9
Tax	339.2	381.8
Non- Tax	78.1	55.1
Grants	109.4	88.7
Expenditure (Commitment basis)	635.2	621.7
Current Expenditure	518.0	566.8
Compensation of employees	245.0	239.6
Use of goods and services	175.7	198.1
Interest	9.5	33.2
Grants	86.7	94.6
Social benefits	1.1	1.2
Capital expenditure	117.2	54.9
PSIP*	117.2	54.9
Overall balance	-108.6	-96.1
Financing	108.6	96.1
Accounts Cash	-	(21.5)
Amortization	-	-
Domestic Borrowing	10.0	5.0
Foreign Borrowing	98.6	112.5
O/w: International Monetary Fund	47.9	93.5
World Bank-IDA	30.8	19.0
Others	20.0	-

Source: Departments of Budget and Fiscal Affairs Ministry of Finance & Development Planning

* PSIP is the Public Sector Investment Program expenditure (i.e. GoL's development expenditure)

Flow of Funds

The flow of funds table describes financial flows within the public sector; basically, it highlights how revenues finance expenditures. Table 3 shows the flow of funds as at end period, on a commitment basis.

Table 3: Flow of Funds (July 1, 2014 – June 30, 2015) (millions USD)

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Total
Total Available	43.8	34.7	46.5	32.8	53.6	38.0	58.3	34.5	67.1	41.4	37.3	37.8	525.7
Revenue	43.8	34.7	46.5	32.8	53.6	38.0	58.3	34.5	67.1	41.4	37.3	37.8	525.7
Collected Revenue	43.8	34.7	33.9	32.8	24.6	38.0	48.6	31.8	36.0	41.4	34.6	36.9	436.9
Tax	37.1	29.5	29.7	30.9	21.6	30.6	41.7	28.1	33.1	34.7	31.2	33.5	381.8
Non-Tax	6.7	5.2	4.1	1.8	3.0	7.4	6.8	3.7	2.9	6.8	3.3	3.3	55.1
Grants	0.0	0.0	12.6	0.0	29.0	0.0	9.7	2.6	31.2	0.0	2.7	0.9	88.7
Carry Forward	0.0	22.3	-0.9	6.9	47.3	13.5	-56.8	14.2	-23.4	12.5	54.0	-6.2	83.5
Expenditure													
(Commitment)	21.5	40.5	39.6	33.3	40.1	94.8	44.1	57.8	54.7	33.0	43.5	118.8	621.7
Compensation of Employ	9.4	27.2	18.8	19.5	12.2	25.7	20.5	20.6	18.1	22.4	18.4	26.9	239.7
Use of Goods and Service	7.3	8.9	13.9	8.9	21.8	34.5	12.2	31.6	17.8	6.3	10.2	24.7	198.1
Capital Spending	0.0	0.0	0.6	0.0	0.0	26.2	6.8	1.4	11.3	0.4	0.8	7.3	54.9
Interest	0.0	0.1	1.3	0.2	0.5	0.7	0.3	0.4	0.5	1.5	0.2	27.5	33.2
Grants	4.7	4.3	4.8	4.6	5.4	7.7	4.2	3.7	6.8	2.3	14.0	32.1	94.7
Social Benefits	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.0	0.2	1.2
Projected Balance at End of													
Period	22.3	-0.9	6.9	47.3	13.5	-56.8	14.2	-23.4	12.5	54.0	-6.2	-62.0	21.5
Including Carry Forward	22.3	-0.9	6.9	47.3	13.5	-56.8	14.2	-23.4	12.5	54.0	-6.2	-62.0	21.5
Including Grants	22.3	-5.9	6.9	-0.6	13.5	-56.8	14.2	-23.4	12.5	8.4	-6.2	-81.0	-96.1
Excluding Grants	22.3	-5.9	-5.7	-0.6	-15.5	-56.8	4.5	-26.0	-18.7	8.4	-9.0	-81.9	-184.8
Financing	0.0	-5.9	0.0	-0.6	0.0	-56.8	0.0	-23.4	0.0	0.0	-6.2	-81.0	-96.1
Required	0.0	-5.9	0.0	-0.6	0.0	-56.8	0.0	-23.4	0.0	0.0	-6.2	-81.0	-96.1
Identified	0.0	5.0	0.0	47.9	0.0	0.0	0.0	0.0	0.0	45.7	0.0	19.0	96.1
Accounts cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-21.5
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Concessional	0.0	0.0	0.0	47.9	0.0	0.0	0.0	0.0	0.0	45.7	0.0	19.0	112.5
T-Bills	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CBL	0.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.0

Source: Department of Fiscal Affairs, MFDP

Revenue

The approved revenue envelope for FY2014/15 is US\$635.2 million, of which core revenue (Tax, non-tax and grant) amounts to US\$526.6 million, and on-budget borrowing is US\$108.6 million.

Of the total resource envelope, core revenue accounts for 82.9 percent, of which tax revenues, nontax revenue, and grants account for 64.4 percent, 14.8 percent and 20.8 percent, respectively. A major component of the projected tax revenue is taxes on incomes and profits, followed by taxes on international trade; property income tax accounts for a significant portion of non-tax revenues, followed by administrative fees from ministries and agencies.

The grand total revenue collected (excluding borrowing of US\$117.5 million) as at the end of the fiscal period is US\$525.7 million (82.8 percent of the approved resource envelope).

Of the collected amount, tax revenues accounted for 72.6 percent, while nontax revenues and grants account for 10.5 percent and 16.9 percent respectively. Table 4 provides the breakdown of the GoL resource envelope for FY2014/15, and revenue performance as at end-June 2015.

Table 4: Revenue Performance (July 1 2014 – June 30, 2015) (millions USD)

Sources (US\$ millions)	FY14/15 Approved Budget	Quarter I			Quarter II			Quarter III			Quarter IV			FY14/15 Actual
		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	
GRAND TOTAL REVENUE EXCL. BORROWINGS	526.6	43.8	34.7	46.5	32.8	53.6	38.0	58.3	34.5	67.1	41.4	37.3	37.8	525.7
TOTAL CORE REVENUE	526.6	43.8	34.7	46.5	32.8	53.6	38.0	58.3	34.5	67.1	41.4	37.3	37.8	525.7
TOTAL TAX REVENUE	339.2	37.1	29.5	29.7	30.9	21.6	30.6	41.7	28.1	33.1	34.7	31.2	33.5	381.8
Taxes On Income & Profits	149.5	18.0	13.8	10.0	15.9	7.9	10.8	15.1	9.8	13.6	14.7	9.7	7.4	146.8
Property Taxes	5.0	0.4	0.1	0.1	0.2	0.1	0.1	0.4	0.7	0.5	0.5	0.5	0.8	4.4
Taxes On Goods And Services	45.4	3.1	3.8	2.3	3.0	3.6	7.2	4.0	3.9	3.5	3.9	4.2	7.5	50.1
Taxes On International Trade	126.6	15.6	11.8	11.5	11.7	10.0	12.5	15.3	13.7	15.6	15.5	16.8	17.7	167.8
Other Taxes	12.7	0.0	0.0	5.7	0.1	0.0	0.0	6.9	0.0	0.0	0.0	0.1	0.0	12.8
														0.0
NON-TAX REVENUE	78.1	6.7	5.2	4.1	1.8	3.0	7.4	6.8	3.7	2.9	6.8	3.3	3.3	55.1
Property Income	66.7	4.8	3.9	2.6	0.3	1.9	6.2	4.4	2.5	1.0	4.8	1.7	1.5	35.6
Administrative Fees	9.7	1.3	0.9	1.0	1.0	0.8	1.0	1.2	1.0	1.5	1.2	1.5	1.1	13.6
Fines, Penalties and Forfeits	1.7	0.6	0.4	0.5	0.5	0.3	0.2	0.3	0.2	0.3	0.2	0.1	0.2	3.8
Other	0.1	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0	0.0	0.5	0.0	0.5	2.1
														0.0
GRANTS (ON-BUDGET)	109.4	0.0	0.0	12.6	0.0	29.0	0.0	9.7	2.6	31.2	0.0	2.7	0.9	88.7
From Foreign Governments	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
From International Organizations	104.4	0.0	0.0	12.6	0.0	29.0	0.0	9.7	2.6	31.2	0.0	2.7	0.9	88.7
														0.0
BORROWINGS	108.6	0.0	5.0	0.0	47.9	0.0	0.0	0.0	0.0	45.7	0.0	19.0	0.0	117.5
Domestic	10.0	0.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.0
External	98.6	0.0	0.0	0.0	47.9	0.0	0.0	0.0	0.0	45.7	0.0	19.0	0.0	112.5

Source: Department of Fiscal Affairs, MFDP

Tax Expenditures

Tax expenditures are duty waivers granted to private enterprises and public spending entities as incentives intended to promote investment in support of the Government's policy objectives in various sectors of the economy – public transport, mining, agriculture, forestry, etc. Most concessions are granted such exemptions, as part of investment incentives stipulated in their respective agreements. During the period under review, concession exemptions accounted for 37.1 percent of the total US\$127.7 million tax expenditures incurred.

Ministries & Agencies were the second largest beneficiaries of tax incentives, accounting for 20.9 percent, followed by Diplomatic Missions, 13.5 percent, and Executive Orders, 10.4 percent. Table 5 provides the breakdown of tax expenditures by beneficiaries.

Table 5: Tax Expenditure Summary (July 1, 2014 – June 30, 2015) (millions USD)

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Total
Concessions	2.1	11.5	6.1	4.1	4.2	5.5	3.5	4.0	2.5	1.4	1.4	1.1	47.4
Investment Incentives	0.4	1.0	0.5	0.3	0.3	1.2	0.4	1.0	0.7	1.5	1.3	1.3	10.1
Diplomatic Missions	1.2	1.9	0.9	1.1	1.6	2.0	2.0	1.8	1.9	1.3	0.7	0.8	17.2
GoL/Ministries & Agencies	6.2	1.6	0.3	2.3	0.6	1.0	4.5	2.1	3.2	1.8	2.5	0.4	26.6
International NGOS	0.2	0.1	0.2	0.6	1.6	0.6	1.5	0.8	0.2	0.2	0.2	0.2	6.3
Local NGOS	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Public Corporation	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.3
Religious Institutions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Educational Institutions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Medical Institutions	0.0	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.7
National Legislators	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.3
Individual/Returnees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Executive Order	0.4	3.4	0.4	0.0	3.6	0.1	1.0	0.2	1.3	1.4	1.5	0.0	13.3
Petroleum Products	0.3	0.5	0.4	0.0	0.4	0.4	0.5	0.6	0.6	0.4	0.6	0.4	5.0
Total	10.7	20.2	9.0	8.7	12.5	11.0	13.6	10.6	10.6	8.2	8.17	4.2	127.7

Financing

In the wake of resource constraint and the need for adequate funding to support critical infrastructure projects in the Public Sector Investment Plan (PSIP) and the Agenda for Transformation (AfT), the GoL continues to seek sources of funding to support its development programs across all sectors.

The approved budget included US\$108.6 million of on-budget borrowing from domestic and external sources. This includes US\$30.75 million (AfDB), US\$20 million (World Bank IDA), US\$47.89 million (IMF), and US\$10 million from the domestic private sector. As at end-June, a total of US\$117.5 million³ was realized.

“Off budget⁴” financing (i.e. grants and loans) for specific projects in various sectors continued to be disbursed as of end-June 2015, totaling US\$719.8 million. This is mainly driven by disbursements in the Public Administration, Health, Energy and Environment, Infrastructure and Basic Services, and Education Sectors.

Table 6: FY2014/15 Aid Disbursement by Sectors (July 1, 2014 - June 30, 2015)

MTEF Sectors	Actual Disbursement		Total	%share of Total
	Grant	Loan		
Agriculture	39.0	1.9	40.8	5.7
Education	53.8	-	53.8	7.5
Energy And Environment	72.1	30.2	102.4	14.2
Health	148.8	4.3	153.1	21.3
Industry And Commerce	1.7	-	1.7	0.2
Infrastructure And Basic Services	55.8	22.2	78.0	10.8
Municipal Government	3.1	5.8	8.9	1.2
Public Administration	52.7	156.1	208.8	29.0
Security And Rule Of Law	11.6	-	11.6	1.6
Social Development Services	50.5	-	50.5	7.0
Transparency And Accountability	10.2	-	10.2	1.4
Grand Total	499.3	220.5	719.8	100.0

³ This includes IMF ECF/RCF of US\$47.8 million and US\$45.7 million

⁴ Financing not delivered through the national budget but various sector through different modalities

The off-budget financing through grants and loans to various sectors was done through the support of number of development partners. Table 7 shows a detail of off-budget financing by development partners.

Table 7: Aid Disbursement by Development Partners (July 1, 2014 - June 30, 2015)

Development Partners	Annual Projection (USD millions)	Actual Disbursement (USD millions)	Rate of Disbursement to Projection (%)	Share of Disbursement by Agency (%)
African Development Bank	105.7	48.0	45.4	6.7
Bill & Melinda Gate Foundation	-	0.1	-	0.0
Department For International Development (DFID)	12.6	1.8	14.4	0.3
European Investment Bank (EIB)	30.1	13.4	44.4	1.9
European Union (EU)	114.4	58.6	51.2	8.1
France	1.2	-	-	-
Germany	40.6	24.7	61.0	3.4
Global Fund	23.4	-	-	-
IFAD	6.7	4.3	64.1	0.6
India	0.7	0.7	100.0	0.1
World Bank (IDA)	138.7	173.7	125.2	24.1
International Monetary Fund (IMF)	96.0	108.8	113.3	15.1
Ireland	5.4	5.5	102.7	0.8
Japan	42.7	7.9	18.4	1.1
Norway	43.5	50.1	115.4	7.0
Sweden	56.7	15.1	26.5	2.1
United Nations Development Programme (UNDP)	-	2.6	-	0.4
United Nations Children Education Fund UNICEF)	30.0	48.6	162.1	6.8
United Nations High Commission for Refugees (UNHCR)	-	6.7	-	0.9
United Nations Peace Building Fund (UNPBF)	3.5	12.3	345.5	1.7
United Nations Population Fund (UNFPA)	2.5	5.1	203.0	0.7
United Nations Office for Project Services (UNOPS)	-	0.0	-	0.0
United States Agency for International Development (USAID)	85.2	123.2	144.6	17.1
World Food Programme (WFP)	27.0	7.4	27.4	1.0
World Health Organization (WHO)	2.5	1.2	49.4	0.2
Grand Total	869.2	719.8	82.8	100.0

Source: Department of Economic Management, Ministry of Finance & Development Planning

Allotments

Allotments during the course of FY2014/15 amounted to US\$631.2 million, compared to US\$518.6 million for the same period of FY2013/2014. Table 8 shows a breakdown of GoL allotment by sector and economic classification for FY2014/15, compared to the same period in the previous fiscal year.

Table 8: Budgetary Allotment (July 1, 2014 – June 30, 2015) (millions USD)

	Budget Sectors	Use of					Social benefits	Total
		Compensation of employees	goods and services	Capital Spending	Interest	Grants		
FY14/15	Agriculture	2.9	1.5	0.1	-	0.7	-	5.2
	Education	41.2	8.0	-	-	16.9	-	66.0
	Energy and Environment	6.7	6.0	0.6	-	1.4	-	14.7
	Health	33.8	18.5	4.7	-	18.6	0.9	76.5
	Industry and Commerce	6.6	8.5	0.7	-	1.3	-	17.1
	Infrastructure and Basic Services	7.2	6.0	42.7	-	0.0	-	55.9
	Municipal Government	13.0	7.5	0.0	-	4.2	-	24.7
	Public Administration	53.2	131.5	5.7	8.3	40.5	0.3	239.5
	Security and Rule of Law	55.3	26.6	1.3	-	7.2	-	90.3
	Social Development Services	6.6	2.0	0.0	-	1.4	-	10.0
	Transparency and Accountability	16.0	11.3	0.4	-	3.5	-	31.1
	Total	242.5	227.3	56.2	8.3	95.7	1.2	631.2
FY13/14	Total	207.9	178.0	25.1	-	106.5	1.1	518.6

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

Compensation of employees accounted for 38.4 percent of the total allotment as at end-June, 2015; allotment for the use of goods and services accounted for 36.0 percent, capital spending, 8.9 percent, while interest & other charges, grants and social benefits accounted for, 1.3 percent, 15.2 percent and 0.2 percent, respectively.

Commitments

The total commitment issued out to M&As, and commissions over f FY2014/15 amounted to US\$621.7 million. Table 9 shows details of GoL's commitments issued during the fiscal period.

Table 9: Commitment (July 1, 2014 – June 30, 2015) (millions USD)

	Budget Sectors	Use of					Social benefits	Total
		Compensation of employees	goods and services	Capital Spending	Interest	Grants		
FY14/15	Agriculture	2.0	1.9	-	-	1.7	-	5.5
	Education	30.0	15.2	1.4	-	21.7	0.1	68.3
	Energy and Environment	5.4	7.2	-	-	1.9	-	14.4
	Health	25.3	23.6	1.9	-	18.4	-	69.3
	Industry and Commerce	6.2	8.1	0.2	-	2.0	-	16.5
	Infrastructure and Basic Services	7.2	6.9	40.4	-	-	-	54.5
	Municipal Government	11.4	11.0	2.0	-	3.4	0.1	28.0
	Public Administration	83.0	89.2	4.9	33.2	36.2	0.9	247.5
	Security and Rule of Law	50.5	21.2	3.4	-	4.7	0.1	79.9
	Social Development Services	4.2	3.8	0.0	-	1.1	-	9.1
	Transparency and Accountability	14.6	10.0	0.7	-	3.3	-	28.6
	Total	239.6	198.1	54.9	33.2	94.6	1.2	621.7
FY13/14	Total	206.8	156.6	24.9	30.9	110.3	1.1	530.6

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

Compensation of employees accounted for about 38.5 percent of the total commitments issued as at end-June 2015, while the use of goods and services accounted for 31.9 percent; capital spending 8.8 percent; interest 5.3 percent; grants and social benefits accounted for 15.2 percent and 0.2 percent, respectively.

Budget Execution

Overall, budget execution at the end of the fiscal year shows significant progress. On a commitment basis, about 97.9 per cent of the approved budget was executed compared to 91.0 per cent, in FY2013/14, and 88.3 per cent, in FY2012/13. However, executions for programs under PSIP, including energy, road rehabilitation and others were delayed due to the late passage of the national budget couple with challenging responsibilities of containing the Ebola Virus Disease.

Table 10 provides a summary of budget execution by economic classification in millions of US Dollars, while Table 11 provides a percentage execution of the National Budget.

Of the approved budgetary appropriation of US\$635.2 million, US\$631.2 million was allotted during FY2014/15, of which US\$621.7 million was committed. Compensation of employees accounted for a significant portion of budget execution, followed by use of goods and services, and capital spending.

Table 10: Summary of Budget Execution (July 1, 2014 – June 30, 2015) (millions USD)

	Budget	Allotment	Commitment
Compensation of employees	245.0	242.5	239.6
Use of goods and services	175.7	227.3	198.1
Capital Spending	117.2	56.2	54.9
Interest	9.5	8.3	33.2
Grants	86.7	95.7	94.6
Social benefits	1.1	1.2	1.2
Total	635.2	631.2	621.7

Of the total budgetary appropriation, 99.4 percent was allotted at the end of the fiscal year, out of which 98.5 percent was committed. The amount committed represents 97.9 percent of the total budgetary appropriations thereby indicating excellent budgetary execution.

Table 11: Summary of Percentage Budget Execution (July 1, 2014 – June 30, 2015)

	Allotment (% of Budget)	Commitment (% of Allotment)	Commitment (% of Budget)
Compensation of employees	99.0	98.8	97.8
Use of goods and services	129.4	87.2	112.8
Capital Spending	48.0	97.7	46.9
Interest	87.1	400.2	348.6
Subsidies	-	-	-
Grants	110.4	98.8	109.1
Social benefits	101.1	107.0	108.3
Total	99.4	98.5	97.9

Compensation of Employees: about 99.0 percent of the total budgetary appropriation for compensation of employees was allotted at the end of the fiscal year, out of which 98.8 percent was committed. As at end of the fiscal year, commitments for compensation of employees accounted for 97.8 percent of its budgetary appropriation.

Use of Goods and Services: as at the end of the period under discussion, allotments for the use of goods and services amounted to 129.4 per cent of the total budgetary appropriations out of which 87.2 per cent was committed. Hence, 112.7 per cent of the total budgetary appropriation for the use of goods and services was committed at the end of the fiscal period.

Capital Spending: allotments for capital spending (including PSIP projects) at the end of the period under review amounted to 48.0 percent of its budgetary appropriation with 97.7 percent of the allotment committed. Hence, commitment for capital spending at the end of the fiscal year represents 46.9 percent of the total budgetary appropriation. As a result of transfer from other line items, execution for use of good and services and that of grant show higher than the appropriated amount.

Interest: allotments for interest spending at the end of the period under review amounted to 87.1 per cent of its budgetary appropriation. Hence, 348.6 percent of the total budgetary appropriation for the payment of interest expenses was committed as at end-June 2015. The commitment issued shows a higher than appropriated amount as it includes other charges.

Grants: 110.4 percent of budgetary appropriation for grants was allotted as at end-June; 98.8 percent of the allotment was committed, accounting for 109.1 per cent of the annual appropriation for grant.

Social Benefits: Allotment for social benefits as at the end of the period under review amounted to 101.1 percent of budgetary appropriation. However, commitment for the period was 107.0 percent of the allotted amount and represents 108.3 per cent of the total budgetary appropriation for social benefits.

Public Debt

The total public debt stock as at end-June 2015 is US\$767.65 million. Of the total debt stock, domestic debt accounts for US\$276.44 million (36.0 percent) while external debt accounts for US\$491.21 million (64.0 percent) This is on account of disbursement on active post HIPC loans which include World Bank IDA credits, AfDB, and the IMF credits for rapid economy recovery and balance of payments support.

Table 12: Public Debt Stock as at end-June 2015

	Q1	Q2	Q3	Q4*
Domestic Debt Details				
CBL	264.44	264.44	261.94	259.44
LBDI	4.65	4.46	2.26	2.26
ECOBANK	12.33	4.82	4.74	4.74
Infrastructure Loan	10.00	10.00	10.00	10.00
Total Financial Institution	291.42	283.72	278.94	276.44
Supplier's Credit	1.94	1.94	0.00	0.00
Other Arrears	5.00	5.00	5.00	0.00
Total Domestic Debt (end of period)	298.36	290.66	283.94	276.44
External Debt Details				
Disbursed Outstanding Debt (period start)	354.65	396.47	458.78	531.42
Taiwan (moved below the line)	0.00	0.00	0.00	-85.41
Cancellation (ADF)	0.00	0.00	0.00	-2.25
Disbursements	43.16	76.97	92.11	48.21
Principal Repayments	-0.77	-3.42	0.00	-0.74
Net Flows On Debt Stock	42.39	73.55	92.11	47.47
Interest Payments	0.63	1.24	0.43	2.35
Exchange rate / other adjustments	-0.57	-11.24	-19.47	-0.02
Total Debt Service	1.41	4.66	0.43	3.09
Total External Debt (end of period)	396.47	458.78	531.42	491.21
TOTAL DEBT STOCK (USD millions)	694.83	749.44	815.36	767.65

*Q4 shows the end of period debt stock for FY2014/15

Source: Department of Economic Management

During the course of FY2014/15, total debt service amounted to US\$33.3 million. Of the total debt service, domestic debt service amounted to US\$23.8 million (of which principal repayment amounted to US\$18.3 million while interest payment amounted to US\$5.5 million) while external debt service amounted to US\$9.5 million (of which principal repayment amounted to US\$4.9 million while interest payment amounted to US\$4.6 million)

Table 13: Public Debt Service as at end-June 2015

US\$ millions	Q1	Q2	Q3	Q4	Total
Domestic Debt Service Details					
Principal	0.2	7.7	7.1	3.3	18.3
Interest	1.2	1.1	0.4	2.7	5.5
Total Domestic Debt Service	1.4	8.8	7.5	6.0	23.8
External Debt Service Details					
Principal	0.8	3.4	-	0.7	4.9
Interest	0.6	1.2	0.4	2.3	4.6
Total External Debt Service	1.4	4.6	0.4	3.0	9.5
Total Debt Service	2.8	13.5	8.0	9.1	33.3

Source: Department of Economic Management

SECTION 4: PROSPECTS AND CHALLENGES

Budget execution during the course of the first half of the fiscal year was relatively slow due to delays in the passage of the National Budget, coupled with the slow pace of economic activities resulting from the EVD outbreak. Upon the passage of the National Budget, execution improved significantly up to the end of the fiscal year. GoL began funding development projects to keep its National Vision on track to achieve sustained economic growth and development through people, products and processes.

The Government has also finalized its Economic Stabilization and Recovery Plan (ESRP) and reprioritized the ongoing Agenda for Transformation with the objective of enabling a faster recovery while addressing resilience gaps underscored by the crisis. This will enhance macroeconomic stability, sustain investment in infrastructure, expand the horizons of inclusive growth and development and, most importantly, create jobs to improve the welfare of our citizens.