GOVERNMENT OF LIBERIA

ANNUAL ECONOMIC REVIEW 2015

MINISTRY OF FINANCE & DEVELOPMENT PLANNING

APRIL 2016

FOREWORD

Together as a nation, and with the help of our development partners, we have charted a path through the major hurdles of the last two years, and toward our goal of building a stable and sustainably developed economy, by 2030. In 2014, we united to fight the deadly Ebola Virus Disease (EVD) epidemic, which struck our society and caused a nearly 5 percent setback in our projected 2014 GDP growth. In 2015, we saw the falling global prices of rubber and iron ore – our major export commodities – slow the domestic mining and agriculture activities and downgrade our real GDP growth projection from 0.9 percent to 0.3 percent.

Yet, in the face of all these challenges, we maintained a single-digit inflation rate – closing 2015 at 8.0 percent – through stronger collaboration with the Central Bank of Liberia (CBL), our commitment to strong macroeconomic management and our firm adherence to convergence criteria.

We also remain optimistic for 2016, anticipating a revival of major growth sectors,

namely: agriculture, which we project to register a 1.4 percent real growth rate, against an estimated 1.0 percent contraction in 2015; mining, which signals some improvement, while remaining below 1 percent; and manufacturing, which promises a 5.2 percentage-point jump to 11.3 percent, from an estimated 6.1 percent in 2015. Moreover, we expect improvement in the services sector, especially in the hospitality and tourism sub-sectors, in view of the eradication of EVD.

In this fourth edition of its Annual Economic Review, or AER 15, the Ministry of Finance & Development Planning (MFDP) highlights developments in the real, fiscal, monetary, and external sectors; and elaborates on the

Government's efforts to address current challenges, while advancing its development agenda. Furthermore, AER 15 offers critical analysis of the social services sector, and key insights on the EVD's impact on social welfare in Liberia.

Drawing on this rich content, fostered by our new Ministry's emerging culture of robust research, the Government remains equipped and committed to applying evidence based strategies toward spurring development, inclusive growth and job creation, through the creation of opportunities and an enabling environment for business.

Looking beyond 2016, the MFDP remains committed Liberia's ownership and achievement of the Sustainable Development Goals (SDGs) by 2030. Led by H.E. President Ellen Johnson Sirleaf, one of the three world leaders who co-chaired the United Nations' High Level Panel of Eminent Persons on the Post-2015 development agenda and chaired the African Union's High Level Committee on the Common African Position on the SDGs, Liberia is determined to maintain its lead role in Africa's development through SDG implementation and continental advocacy to ensure that we "LEAVE NO ONE BEHIND."

Finally, the MFDP expresses its unchanging gratitude to President Johnson Sirleaf and Her Excellency's Cabinet; the Central Bank of Liberia; the African Union, the Mano River Union, the diplomatic corps and our development partners; the private sector and civil society; the gallant men and women of the health care service; and our beloved citizens, all of whom fought valiantly to expel the EVD from the borders of the Mano River basin. Because of you, is EBOLA IS NO MORE! Our children are back in school; our health facilities have reopened; our economy is getting back on track; and we are back to work, wiser and more determined than ever, to lay a firm foundation for "a middle-income country characterized by sustainable and inclusive growth and development, by 2030."

Amara M. Konneh
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ACRONYMS

AER	Annual Economic Review
AfT	Agenda for Transformation
BFP	Budget Framework Paper
BIN	Bureau of Immigration & Naturalization
BOP	Balance of Payments
CBL	Central Bank of Liberia
CIS	Commonwealth & Independent States
CIT	Corporate Income Tax
ECF	Extended Credit Facility
ECOWAS	Economic Community of West African States
EPA	Environmental Protection Agency
ESRP	Economic Stabilization and Recovery Plan
ETU	Ebola Treatment Unit
EVD	Ebola Virus Disease
FDI	Foreign Direct Investment
FOB	Freight on Board
FY	Fiscal Year
GDP	Gross Domestic Product
GoL	Government of Liberia
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
ILO	International Labor Organization
LHS	Left Hand Side (graph)
LRA	Liberia Revenue Authority
LWSC	Liberia Water & Sewer Corporation
L$	Liberian Dollar
MENA	Middle East & North Africa
MBD	Million Barrels a Day
MFDP	Ministry of Finance and Development Planning
MGDs	Millennium Development Goals
MOE	Ministry of Education
MOH	Ministry of Health
MRU	Mano River Union
MTEF	Medium Term Expenditure Framework
MT	Metric Tons
PFM	Public Financial Management
PSIP	Public Sector Investment Plan
REER	Real Effective Exchange Rate
RHS	Right Hand Side (graph)
ROW	Rest of the World
SSA	Sub-Saharan Africa
UN	United Nations
UNMEER	United Nations Mission for Ebola Emergency Response
US	United States Dollars
WB	World Bank
WDI	World Development Indicators
WEO	World Economic Outlook
WHO	World Health Organization

EXECUTIVE SUMMARY

Global and Regional Economic Development & Outlook

Global growth remained moderate in 2015, projected to fall 0.3 percentage point below the 2014 level, at 3.1 percent. The decline in global output resulted in large part from the slow recovery of advanced economies from the financial crisis, and the decline in emerging economies for the fifth consecutive year. The effects of this global decline also include low productivity growth, high public and private debt, financial sector weakness, falling commodity prices, low investment, and the downward adjustment of growth in China.

Advanced Economies

Overall GDP growth in advanced economies was projected to remain robust, rising by 0.4 percentage point from 1.8 percent in 2014 to 2.2 percent in 2015. The Euro zone's overall growth was expected to strengthen from the 1.0 percent in 2014 to 1.7 percent in 2015, driven by several factors, including exchange rate depreciation, increased housing investment and consumption, lower commodity prices, and excessive monetary interventions. In the United States, GDP was estimated at 3.0 percent in 2015, up from 2.5 percent recorded in 2014.

Emerging and Developing Economies

In 2015, real GDP growth in emerging markets and developing economies was estimated to contract by 0.6 percentage point to 4.0 percent, compared to 4.6 percent real growth at the end of 2014. The regional effect of the fall in real growth rate emanated mainly from the Commonwealth of Independent States (CIS), specifically the contraction of the Russian economy, where real GDP growth was estimated at negative 3.8 percent in 2015, compared to the 1 percent experienced in 2014. This contraction of real GDP growth is a clear reflection of the on-going geo-political tension in the region. In the emerging and developing Asia region, real GDP growth was estimated to decrease to 6.5 percent in 2014.

Sub-Saharan Africa

Real GDP growth in Sub-Saharan Africa – driven mainly by the two largest economies, Nigeria and South Africa – was estimated at 3.8 percent in 2015, an approximate 24 percent contraction compared to the 2014 estimate. The Nigerian economy is projected to decline from the estimated 6.3 percent in 2014 to 4.0 percent in 2015, as a result of the pass-through effect from the falling oil prices on the international market and weakening demand from China – Africa's largest trading partner.

Mano River Union (MRU) Economies

Real growth in the Mano River Union (MRU) economies was estimated to improve marginally in 2015 following the eradication of EVD, which struck three economies within the Union. Sierra Leone, Liberia and Guinea were declared EVD free by the World Health Organization (WHO) in late 2015. Throughout the crisis, there has been no report of EVD infection in la Côte d'Ivoire.

Domestic Economic Development & Outlook

Overall GDP Performance

The Liberian economy was initially estimated to grow at 0.9 percent in early 2015, but due to the declining prices of major export commodities, this figure was downgraded to 0.3 percent. The decline in real GDP growth can be attributed mainly to the stagnant growth in mining and agriculture sectors, although the manufacturing and services sectors were estimated to improve.

Ebola's Socioeconomic Impact on the Liberian Economy

In, 2014, the economy was hit by the Ebola Virus Disease (EVD) outbreak which paralyzed economic activities in all sectors of the economy. The impact of the Ebola Virus Disease (EVD) on the economy has been compounded by the steep decline in global commodity prices of our major exports – iron ore and rubber. Prior to the outbreak in 2014, the economy grew approximately at 8 percent on average. The EVD epidemic however weakened activities in all sectors of the economy, resulting to a timid real GDP growth of 0.7 percent in 2014 to 0.3 percent in 2015. The economy is expected to rebound in 2016. However, recovery is likely to be constrained by the sharp decline in the prices of iron ore and rubber on the international market. As a result, planned investments in the mining sector have been put on halt by existing mining operators. A prolonged period of low commodity prices is likely to curtail tax and export revenues significantly and at the same time weaken the medium term growth prospects of the economy.

Real Sector Developments

Agriculture and Forestry

In 2015, agricultural activities constituted an estimated 46 percent of the labor force particularly in the formal sector, while about 70 percent of rural households are involved in the sector. Although, the sector's contribution to the labor force is high, its contribution to real GDP is estimated at 23.9 percent marginally down from 24.2 percent recorded in 2014.

Mining and Panning

The mining sector has attracted the largest inflow of foreign direct investment (FDI) among Liberia's productive sectors. The sector is primarily driven by contributions from iron ore, gold, diamond and oil, with five iron ore mining companies and fifteen (15) gold and diamond companies currently operating in Liberia.

Services

The service sector remains the largest contributor to GDP growth in the Liberian economy, accounting for 46.6 percent of the monetary value of all goods and services produced in Liberia in 2015. This shows a major increase from the previous level of 2.3 percent recorded in 2014 due to the sharp fall in the sector's productivity during the EVD crisis. Over the course of 2015, the service sector was estimated to have grown at 5 percent, showing an improvement compared to an estimated 2.3 percent real growth recorded in 2014. The largest contributors to output in the sector were trade and hotel, at about 32.0 percent; and government services, at 15.0 percent.

Manufacturing

Manufacturing activities declined in 2015, although beverage and paint production represented a notable exception with increased output. Beverage output increased due to the low price of domestic beverages, as compared to imported products; while the boost in paint production was driven by increased construction activities and refurbishing of homes, especially during the festive season. The refurbishing of homes was done at a small scale in 2014 due to EVD. The average decline in the output of manufactured products resulted from the EVD outbreak, which reduced or delayed construction activities in the public and private sectors.

Inflation

Inflation remained in the single digits, closing 2015 at 8.0 percent. This shows a decline of 0.3 percent, compared to 2014. The decline in the general price level is principally as a result of decreased price levels of domestic food items and imported fuel. However, core inflation which excludes food and transport surged in 2015.

Monetary Sector Development

Liberian dollars in circulation increased, as at the end of September 2015, on account of an increase in currency outside banks, which more than outweighed a decline in the amount of currency in banks. Of the total currency in circulation, currency in the hands of the public accounted for 84.4 percent, while Liberian dollars inside banking institutions amounted to 15.6 percent.

Narrow money supply (M1) also increased in 2015, due to the expansion in the amount of Liberian dollars outside the banking system; as well as demand deposit, which also increased during the period under review.

The overall liquidity in the banking system (M2) shows an increase in 2015 as compared to the previous year. The increase in broad money supply is due to the performance of both the narrow money supply and quasi money. The growth in quasi money can be attributed to an increase in the amount of time and saving deposits. As at end-December 2015, the end of period exchange rate shows a 4.5 percent depreciation of the Liberian dollar against the United States dollar while the period average shows 4.7 percent depreciation. The depreciation of the Liberian dollar against the United States dollar was as a result of high demand for foreign exchange to service import payments, increased GoL Liberian dollar expenditure demand, especially during the second and fourth quarters, and the reduction in CBL intervention in the foreign exchange market.

Commercial bank lending to the private sector experienced an increase up to the end of September 2015, as a result of the gradual economic recovery following the devastating EVD outbreak; as did the stock of credit to various sectors of the economy. The mining and quarrying sector experienced the highest growth in commercial bank credits, followed by the agriculture, manufacturing, construction, transportation, and hospitality sectors; while credit to other sectors declined marginally.

Fiscal Sector Development

The FY2015/16 national budget decreased by 1.97 percent to US$622.7 million compared to the FY2014/15 budget. Based on sectorial distribution of the appropriation, Public Administration accounted for the largest share of budgetary allocation, followed by Security and Rule of Law, Education, Health, and Infrastructure. By economic classification, however, compensation of employees constitutes the largest budgetary share, followed by use of goods and services, and then public investment (PSIP).

The total revenue realized for calendar year 2015 amounted to US$589.33 million, of which the amount collected for tax revenue was US$412.3 million, non-tax revenue US$61.3 million, grant US$66.2 million, and borrowing US$58.6 million.

External Sector Development

The current account deficit deteriorated in tandem with the trade balance, reflecting the adverse impact of the fall in the global prices of rubber and iron ore, the two major players in the exports market in 2015. Indeed, at the end of September 2015, total commodity export declined. These developments resulted from various factors including the large scale production of natural rubber in China and the availability of sufficient rubber stock; as well as the lower demand from the tire industry, which affected the price of natural rubber. Metal prices also declined, due mostly to further volatility in China's stock market, as well as continued increases in new supplies.

High Ebola related current transfers partially offset this negative effect, however; as did net services, net income, private transfers, and grants which improved. The capital and financial accounts position also rallied, due to the increase in direct investment and other investments made during the period. However, preliminary data suggests that the current account is expected to further deteriorate, as rubber and iron ore prices sustain their downward trajectory.

The Public Financial Management (PFM) Reforms

Implementation of Liberia's PFM Reform Strategy and Action Plan has been largely successful, with significant gains in every thematic area. In 2015, 36 public institutions executed their budgets online using the Integrated Financial Management Information System (IFMIS), accounting for 69 percent of the National Budget. Key achievements in this area include:

- The Liberia Revenue Authority's (LRA) establishment and activation of revenue collection and administration processes through the automated standardized tax administration systems;
- The expansion of internal audit functions to 42 Ministries and Agencies;
- The introduction of vendor registration to promote vendors' compliance with relevant laws and regulations; and
- The remarkable improvement in State owned Enterprises' financial reporting.

1. INTRODUCTION

The World Health Organization (WHO) having declared Liberia Ebola free presented an opportunity for key interventions to reignite economic activity, resume delayed development projects; and build resilience in the country's economic and governance structure against future shocks. The Annual Economic Review (AER) 2015 records Government's key achievements in this direction, during the period under review, demonstrating clear progress as well as challenges against the baseline established in the 2012 Annual Economic Review for the following sectors:

- The real sector - agriculture and fisheries, forestry, mining, commerce, and industry;
- The social services sector - the activities of institutions providing basic social services such as health care; water and sanitation; education; electricity generation and distribution; and the Government's public investment priority projects;
- The fiscal sector - the central government operations;
- The monetary sector - the changes in the interest and inflation rates and other monetary developments; and
- The external sector - the country's trade performance and changes in the balance of payments.

While not itself a policy document, the AER provides current information on Liberia's economic condition and highlights areas of growth and potential risks to the economy, with the aim of promoting evidence based development policy and interventions.

Now in its fourth year of publication, this periodical represents a key part of the package of reforms introduced under the MFDP, to institutionalize regular reporting on fiscal and economic management through quarterly and annual fiscal outturns, annual economic reviews, annual and quarterly reports on the Government's consolidated fund account, audit reports, and Public Expenditure Tracking Surveys.

Future AERs are poised to improve with the availability of consistent and quality data collection across major sectors of the economy through the establishment survey and the Household Income and Expenditure Survey (HIES), which are nearing completion. Meanwhile, the Government's work with development partners to complete the National Accounts Survey (NAS) is ongoing, with the objective of reflecting data from the NAS in future Annual Economic Reviews.

2. GLOBAL AND REGIONAL ECONOMIC DEVELOPMENT & OUTLOOK

Overview

Global growth remains moderate, despite struggling efforts in 2013 and 2014. For example, global growth overall was projected at 3.1 percent in 2015, 0.3 percentage point below the 2014 level resulting from the slow pace of recovery in advanced economies since the financial crisis. The decline in emerging economies for the fifth consecutive year was also a factor in the 2015 figure, and resulted further in low productivity growth, high public and private debt, financial sector weakness, fallen commodity prices, low investment and re-adjustment of growth in China. This section of the review covers emerging issues of development with global demographic focus.

Table 1: Indicators of Economic Performance in Advanced Economies, 2014-2015

	Real GDP (% change)		Unemployment Rate (Annual Ave. %)		Consumer Price Index (% change)	
Countries	2014	2015	2014	2015	2014	2015
United States	2.4	2.6	6.2	5.3	1.6	0.1
Germany	1.6	1.5	5.0	4.7	0.8	0.2
Japan	-0.1	0.6	3.6	3.5	2.7	0.7
France	0.2	1.2	10.3	10.2	0.6	0.1
United Kingdom	3.0	2.5	6.1	5.6	1.5	0.1
Italy	-0.4	0.8	12.7	12.2	0.2	0.2
Canada	2.4	1.0	6.9	6.0	1.9	1.0

Source: IMF World Economic Outlook October 2015, ILO 2015

Advanced Economies

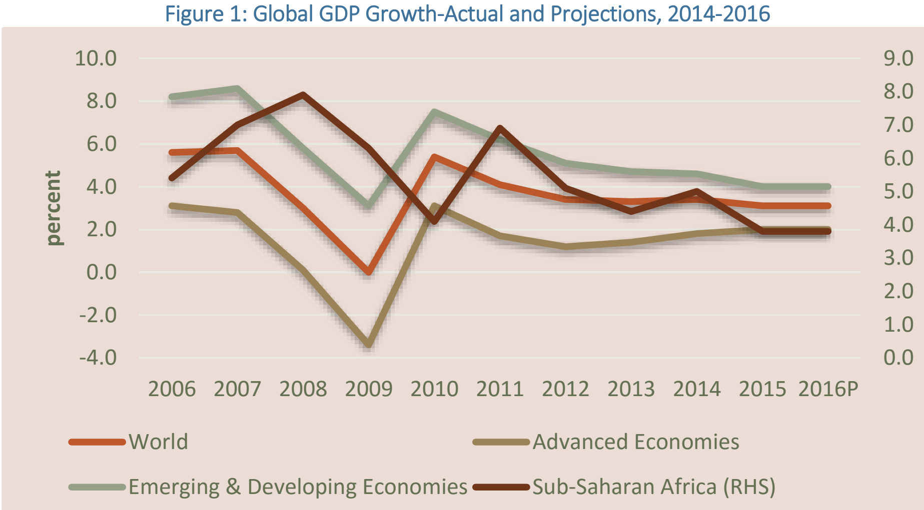
Overall GDP growth in advanced economies was projected to remain robust, rising up by 0.4 percent from 1.8 percent in 2014 to 2.2 percent in 2015. Euro zone overall growth was expected to strengthen from 1.0 percent in 2014 to 1.7 percent in 2015, driven by several factors, including exchange rate depreciation, increased housing investment and consumption, lower commodity prices, and excessive monetary interventions. In the United States, GDP growth was estimated at 3.0 percent in 2015, up from 2.5 percent recorded in 2014. The boosting recovery in the US is supported by lower energy prices, resilient balance sheets, as well as the improved investment in housing market. In the United Kingdom, steady growth was expected at 2.5 percent in 2015, though weaker than the 2014 level. The recovery of wage growth and the lower oil prices continue to lend support to the UK economic activities. In other advanced economies such as Norway, GDP was estimated to grow by 0.9 percent in 2015, due to the fallen oil prices, which is reflected in delayed investment and weakening consumption. At the same time, GDP growth in Canada was projected at 1 percent, weighing on the gloomy outlook of the commodity prices, especially falling oil prices which is reflected in reduced disposable income and a decline in resource-related investment in commodity exporters' nations.

In Japan, GDP growth was projected to increase to 0.6 percent, having fallen for two consecutive years, 2013 and 2014, as a result of unforeseen economic prospects and the possibility for any natural disaster reoccurrences. Supporting the move toward recovery are the additional quantitative and qualitative easing introduced by the Bank of Japan, as well as other factors including lower oil and commodity prices.

Emerging Markets & Developing Economies

In 2015, real output in emerging markets and developing economies was estimated to contract by 0.6 percentage point to 4.0 percent, compared to 4.6 percent real growth at the end of 2014.The regional effect on the fall in real growth rate emanated mainly from the Commonwealth of Independent States (CIS), specifically the contraction of the Russian economy where real growth was estimated at negative 3.8 percent in 2015, compared to the 1 percent experienced in 2014.This contraction of real growth is a clear reflection of the on-going tension in the region. In the emerging and developing Asia region, real output was estimated to decrease to 6.5 percent in 2014. The contraction of the Chinese economy by a meagre 50 basis points was the main contributor to the fallen growth rates, while India's economic growth rate was estimated to remain unchanged at 7.3 percent in 2015, the same rate estimated for 2014.

Figure 1: Global GDP Growth-Actual and Projections, 2014-2016



Source: IMF WEO Outlook, 2015

The Middle East and North African (MENA) economies were projected to experience a slight decline in growth from 2.7 percent in 2014 to 2.5 percent in 2015.

Sub-Saharan Africa

Real GDP growth rate in Sub-Saharan Africa was estimated at 3.8 percent in 2015, an approximate 2.4 percent contraction compared to its 2014 estimate. Overall growth for sub-Saharan Africa is mainly driven by its two largest economies, Nigeria and South Africa.

The Nigerian economy is projected to decline from the estimated 6.3 percent in 2014 to 4.0 percent in 2015. The decline in real growth is a result of the pass-through effect from the falling oil prices on the international market, as well as weakening demands from China – Africa's largest trading partner. South Africa's economic growth rate was also projected to fall slightly by 10 basis points to 1.4 percent, down from the 1.5 percent estimated in 2014. The threat from global financial conditions and falling commodity prices continues to affect the growth of the region, though there are some good performers.

The economic recovery from the effects of the Ebola Virus Disease (EVD) in the West African countries of Liberia, Guinea and Sierra Leone is slow paced, but with great progress on the eradication. Liberia has been declared Ebola free twice by the World Health Organization (WHO), followed by Sierra Leone and Guinea in November and December, respectively. While periodic resurgences occur, containment remains successful.

Growth in Ghana was expected to slow this year to 3.5 percent, from the 4.0 percent recorded in 2014, mainly due to shortages of electricity, fiscal imbalances, and exchange rate depreciation. Notably, countries such as Ivory Coast, Ethiopia, Mozambique and Tanzania are still expected in the top quartile of growth, approximately 7 percent or above in 2015.

Inflation

As a result of the impact of lower oil prices and the pass-through effects onto core inflation of other commodity prices, overall inflation is projected to decline to 0.3 percent in advanced economies, down from the 1.4 percent in 2014.

Inflation was estimated to remain either moderate or dip in some regions, though other economies reflected increased levels. It is estimated to have increased in emerging and developing economies in 2015 to 5.6 percent, largely on account of sharp increases in the inflation forecast for a number of countries including Venezuela and Ukraine. Inflation for Sub-Saharan Africa was estimated at 6.9 percent, up from 6.4 percent in 2014; while the MENA region inflation is projected to remain unchanged at 6.5 percent in 2015.

Unemployment

The global unemployment trend in 2015 was projected to fall to 5.9 percent, down from the 6.1 percent estimate in 2014 (WE0, 2015). The improvement in the global picture partly reflects strong intervention from the private sector in most economies, though some regions face extreme challenges. Recovery of the global unemployment number is still below the 2007 level, which was the start of the last global financial crisis when jobs were lost across major sectors that once boosted growth and contributed more towards broad-based economic development in most countries.

Notably, the Middle East and North Africa (MENA) region continues to face difficult socio-political transition, which weighs on employment prospects. The MENA unemployment rate was estimated at 11.7 percent for 2015, whereas Latin America and Sub-Saharan Africa were estimated at 6.8 percent and 7.7 percent respectively (WEO, 2015).

Global Commodity and Financial Market Developments

This section focuses on developments in the markets of key commodities whose price fluctuations significantly impact the Liberian economy – particularly energy, rubber and iron ore.

According to the IMF Primary Commodity Price Index (PCPI), global commodity prices have decreased overall by more than 43 percent, since 2014, to 97.5 at end November 2015. The fall is mainly associated with the down-swing in food prices and a 53 percent decline in energy prices, as global supply of oil continues to outpace demand. Crude oil fell by 53 percent in November 2015 to US$43.1 per barrel, compared to the US$96.2 in 2014. Geopolitical tension still affects production but has little effect on the global price level.

Crude oil

More surprisingly than projected, the global oil market continues to heap-high production which is largely affecting the global oil trade flows. Meanwhile, oil importers are reaping the benefits of low crude oil prices on the international market. As at end November 2015, crude oil prices dropped sharply by 8.1 percent to US$43.1/bbl., thus reversing the gains from previous months. The fall in the price of crude oil is a clear reflection of increased and sustained oil production by OPEC members, coupled with low aggregate demand growth. Though the geopolitical tension in Syria partly explains some increase in the oil prices, thereafter the declining trend resumes.

Iron Ore and Rubber

The average price of both iron ore and rubber continues to make a downswing on the international market. The average price of iron ore has fallen as much as 63.0 percent since 2012 to US$46.2 per Metric ton (MT) as at end November 2015. The average price of rubber has also down-dipped by as much as 63.8 percent since 2012 to US55.4 cents per pound at end November 2015. The fall in the prices of these commodities will greatly affect exporting countries' balance-of-payments as well as other macroeconomic accounts. Fiscal adjustment will, in turn, take a pro-cyclical trend in order to adjust to this new price development. Revenue streams to national budgets will be negatively affected, and could possibly delay social spending as well as infrastructure development spending.

On a concluding note, the continuous fall in commodities prices is a reflection of weakening global demands from emerging and developing economies, especially China, along with excess existing storage resulting from increased production overtime.

Global Financial Market Development

According to the Global Financial Stability Report released in October 2015, the global financial system has improved in advanced economies, while more intervention is required in emerging markets as risk continues to circumvent the system. Recent market developments are playing a major role in global financial market instability, particularly the slump in commodity prices; the U.S Federal Reserve's move to gradually raise interest rates; and the weak systemic market liquidity. The global financial outlook comes with many policy challenges, though it is too soon to assess the impact of recent regulatory changes on market structure and market liquidities. However, prospects are positive for the systems, as global drivers have played an increasing role in leverage growth, issuance and spreads.

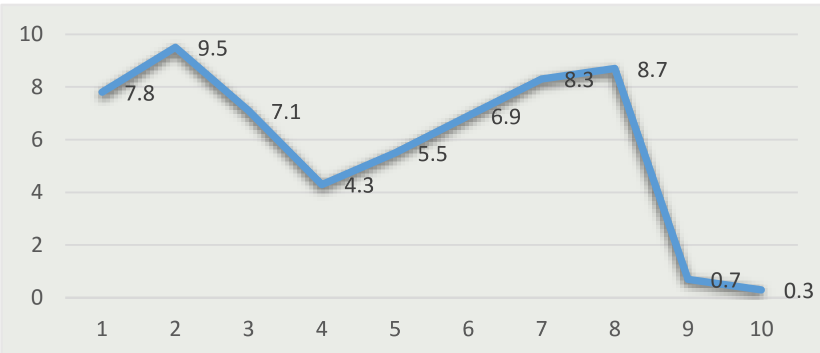
Fiscal Policy Development

According to the IMF fiscal monitor update of October 2015, many economies - especially resource-rich economies - still continue to feel the adverse shocks of falling global commodity prices. Despite these major challenges, the push for employment and growth is still a priority for advanced economies; at the same time, tackling deficit reduction remains key. Fiscal deficit in advanced economies was estimated at 3.1 percent of GDP, a meagre improvement of 0.2 percentage point compared to 2014. Contrary to the fiscal estimate of advanced economies, emerging markets and middle-income countries' fiscal deficit was estimated to further deteriorate to 4.1 percent of GDP, up from the 2.5 percent fiscal deficit as a percent of GDP in 2014. Low-income countries' fiscal deficit was also estimated to further deteriorate by 9.0 percentage points to 4.1 percent of GDP in 2015.

3. DOMESTIC ECONOMIC DEVELOPMENT & OUTLOOK

3.1 Overall GDP Performance

Figure 2: Overall GDP performance, 2006-2015



Source: GoL and IMF Estimates

The real GDP growth rate for the Liberian economy in 2015 was initially projected at 0.9 percent. However, due to the declining prices in major export commodities, mainly iron ore and rubber, on the world market, the growth rate was downgraded to an estimated 0.3 percent, a figure lower than the 0.7 percent estimated in 2014. The expected decline in real GDP growth can be attributed to the fall in mining and agriculture sectors by 17.0 percent and 1.1 percent, respectively. On the contrary, the manufacturing and services sectors were estimated to improve by 6.1 percent and 5.0 percent, respectively.

3.2 Socio-economic Impact of Ebola on the Liberian Economy

The impact of the Ebola Virus Disease (EVD) epidemic on the economy compounded the already steep decline in commodity prices. Prior to the outbreak, the economy grew approximately by 8 percent on average in 2011 and 8.7 percent in 2013, dropping to 5.3 percent with the fall in rubber and iron ore prices. The epidemic weakened activity in all sectors of the economy, even following its containment, with real GDP growth declining from 0.7 percent in 2014 to 0.3 percent in 2015. Recovery in the second half of 2015 was rather slower than expected, due to the sharp decline in the prices of iron ore and rubber on the international market. As a result, planned investments in the mining sector have been put on hold by existing mining operators. A prolonged period of low commodity prices will significantly shorten tax and export revenues, and weaken the medium term growth prospects.

According to the 2015 Ebola Situation Report, approximately 4,809 Liberians lost their lives during the public health crisis. The government and its partners made key interventions to contain the spread of the virus, including sensitization campaigns, while also providing cash transfers, cash-for-work programs and food aid; and ensuring the availability of imported food on the market at stable and reasonable prices.

The containment of the epidemic was a result of strong collaboration and increased sensitization among the government and citizenry, as well as development and humanitarian partners, which has been sustained, with no new cases as at November 2015, and owing to successful early identification, isolation and contact follow-up of a scant number of new cases.

3.3 Economic Outlook for 2016

The Liberian economy is estimated at 3.9 percent real GDP growth in 2016, up from the estimated 0.3 percent in 2015. This real growth prospect can be attributed to progress across major sectors of the economy after a successful containment of the Ebola Virus Disease. The projected increase in growth is largely attributed to contributions from the manufacturing, services and forestry sectors, constituting about 11.3 percent, 5.6 percent and 2.0 percent, respectively.

Inflation is expected to slightly increase, while remaining in the single digit range, and is estimated to grow by 2.53 percent on average to 8.1 percent, down from an estimated 7.8 percent in 2015. The rise in the 2016 inflation rate is largely due to the rise in the price of food, coupled with the volatile exchange rate conditions.

The trade balance has been in deficit over the years and is projected to further remain so at end 2016. It is, however, estimated to improve to 36.6 percent of GDP from an estimated 41.0 percent recorded at end 2015.

The expected protracted weakness in global commodity prices is likely to contribute to a further decline in exports, tax revenue, and value-addition in the mining sector; it is also expected to dent medium-term growth prospects, as new investments remain delayed or cancelled. The key culprits of this negative outlook are rubber and iron ore – Liberia's two major export commodities, which have contributed significantly to export receipt, historically. The slump in global prices of these two commodities, and the consequent fall in their respective contribution to revenue, is expected to plummet due to the continuous new supply and weak demand of iron ore from China; and the slowdown in the global economy and increase in rubber inventory.

The price of iron ore on the world market is estimated to decline by 36.14 percent to US$34.9/MT. from US$54.5/MT. in 2015; while rubber is also expected to decline by 4.78 percent to 71.6cts/lb from 75.2cts/lb, as reported in 2015[1].

3.4 Inflation

The inflation rate at end December 2015 stood at 8.0 percent, up from 8.7 percent recorded at end January 2015. Between January and December 2015, end of period inflation decreased by 0.7 percent, mainly due to a decrease in the price levels of domestic food items and imported fuel. Though it remained in the single digits, inflation was expected to rise due to increasing food prices and a volatile exchange rate problem in the Liberian economy.

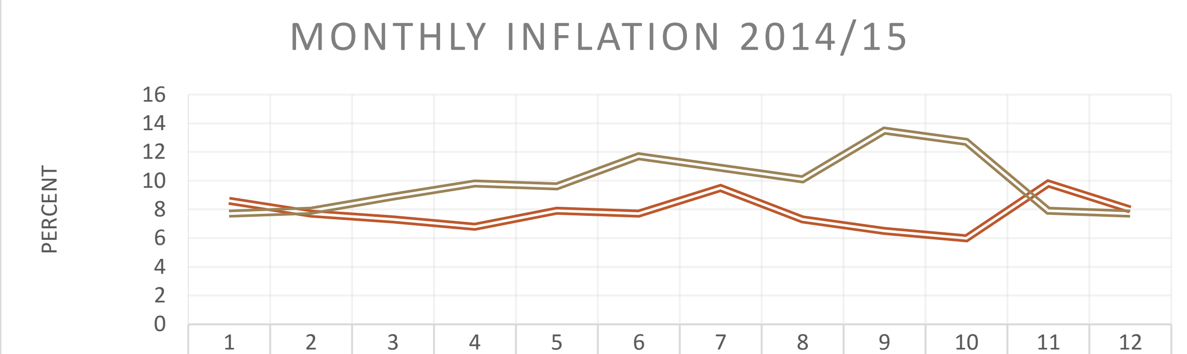
Compared to 2014, the key drivers in the slowdown in inflation in 2015 were food and non-alcoholic beverages to 5.9 percent, down

[1] IMF Primary Commodity Price Index, 2015

from 10.0 percent; housing, water, electricity, gas and other fuels to negative 4.5 percent (from 5.67 percent); health to negative 2.3 percent (from 17.2 percent); and restaurants and hotels to 4.1 percent (from 5.0 percent). However, inflation which excludes food and transport from the overall Consumer Price Index (CPI) surged to 9.9 percent at end-December 2015, from 6.1 percent in 2014[2].

Inflation is estimated to remain in the single digits, increasing on average at 8.1 at the end of 2016, down from 7.8 in 2015 to a 2.5 percent rise. The below chart depicts the rate of inflation year-on-year.

Figure 3: Monthly Inflation, 2014-2015



	1	2	3	4	5	6	7	8	9	10	11	12
Series1	8.6	7.7	7.3	6.8	7.9	7.7	9.5	7.3	6.5	6.0	9.8	8.0
Series2	7.7	7.9	8.9	9.8	9.6	11.7	10.9	10.1	13.5	12.7	7.9	7.7

Source: Central Bank of Liberia Annual Report,2015

[2]Central Bank of Liberia Annual Report, 2015

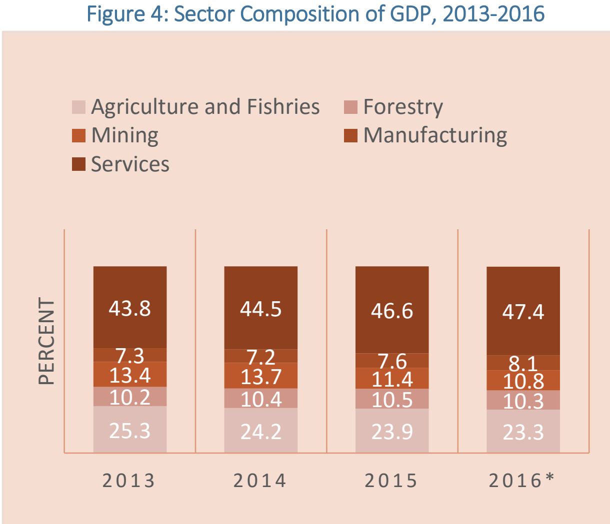
4. REAL SECTOR DEVELOPMENT

4.1 Sectoral GDP Contributions and Performance

Liberia's Gross Domestic Product, at constant prices, was estimated to grow at 0.3 percent to US$898.9 million in 2015, from US$896.4million estimated in 2014. Agriculture and Fisheries contributed about 23.9 percent (US$214.4 million), Forestry 10.5 percent (US$94.7 million), mining and panning 11.4 percent (US$102.2 million), manufacturing 7.6 percent (US$68.4 million), and services 46.6 percent (US$419.2 million).

Agriculture and Fisheries as a sector registered a negative 1.1 percent in 2015, mainly due to the fall in rubber output by 9.2 percent, to an estimated 54,406 metric tons, down from 59,892 metric tons produced in the previous year. The services sector contributed 5.0 percent growth in 2015, compared to 2.3 percent in 2014 – primarily driven by trade and hotel – and registering 32.0 percent, while government services recorded 15.0 percent.

Figure 4: Sector Composition of GDP, 2013-2016



Source: IMF and GoL Macro Framework

The mining and panning sector contributed an estimated negative 17.0 percent from a positive 3.3 percent in 2014. This was mainly driven by a sharp decline in iron ore production which outweighed the 150 percent estimated for Gold. The decline in iron ore output was mainly due to the fall in global price, which is serving as a disincentive for higher production, and slowdown in demand for the commodity, mainly emanating from China. Figure 4 shows the sectoral shares to GDP for the five major sectors of the economy for the period 2013-2016.

4.1.1 Agriculture and Forestry

In 2015, agricultural activities constituted an estimated 46 percent of the labor force particularly in the formal sector, while about 70 percent of rural households are involved in the sector. Although, the sector's contribution to the labor force is high, its contribution to GDP is estimated at negative 1.1 percent from negative 3.7 percent in 2014, indicating an improvement of 2.6 percentage point[3].

Rubber, a major contributor to the sector, had an output of 54,406 MT- a decline of 9.2 percent compared to 59,892 MT of output in 2014. This decline is partly attributable to weak external demand of the commodity on the international market. The production of cocoa beans increased to 10,358 MT in 2015 from 6,602 MT in the previous year reflecting 56.9 percent growth. Though the contribution of Cocoa beans to the sector improved during the period, its contribution is largely negligible due to the underdevelopment of the industry. Moreover, the output of major food commodities: Rice, Cassava, and Palm oil increased by 1.0 percent each to US$56.8m, US$58.2m, and US$3.5m respectively[4]. Growth in output of the major food commodities and Cocoa beans are mostly attributed to the reigniting of activities on abandoned farms after the health crisis subsided.

In 2015, the forestry sector averaged a 2.0 percent growth. This is a 0.2 percentage point decrease compared to 2.2 percent in 2014. Round logs and sawn timber produced output of 179,739m^3 (3.0 percent) and 832,946pcs (9.0 percent), respectively.

Charcoal and wood, the two major contributors to the sector account for 91.7 percent of total contribution of the forestry sector while logs and timber account for 8.3 percent. When compared to 2014, both sub-sectors declined by 2.0 percent, respectively.

4.1.2 Commerce and Industry

Despite the outbreak of the Ebola virus that affected commercial and industrial activities, registered commercial businesses as well as charitable institutions in 2015 increased by 25.1 percent compare to 2014. This increase is widely driven by the recovery from the EVD crisis which shows improvements in the trade and industrial sector. Furthermore, after the country was declared Ebola-free by WHO in 2015, most businesses resume operation while other new businesses were registered. Of the total number of businesses registered in 2015, Liberian-owned businesses constituted 8,193 or 90.5 percent while foreign owned amounted to 857 or 9.5 percent. Moreover, Liberian owned businesses increased by 22.0 while foreign-owned business increased to 857 from 427 recorded for the previous year.

Table 2: Kinds of Businesses Operating in Liberia, 2014-2015

Business Category	2014			2015		
	Liberian Owned	Foreign Owned	Total	Liberian Owned	Foreign Owned	Total
Sole Proprietorship	3,862	59	3,921	4,711	194	4,905
Business Corporation	1,461	200	1,661	2,292	379	2,671
Non for Profit (NGO)	607	37	644	944	95	1,039
Foreign Corporations	0	21	21	0	0	0
Branch/ Subsidiary	620	92	712	203	127	330
Partnership	20	13	33	29	61	90
Limited Liability Company	31	5	36	14	1	15
Total	**6,601**	**427**	**7,028**	**8,193**	**857**	**9,050**

Source: Liberia Business Registry (LBR)

Sole proprietorship registered over half of the total businesses in 2015, with a total of 4,905 businesses which accounted for 54.2 percent. The number of sole proprietorship business in

[3] IMF and GoL Real GDP Estimates, 2015.

[4] IMF and GOL authorities mini model, December 2015

2015 increased by 25.1 percent to 4,095 from 3,921 recorded for 2014. Of this figure, Liberian-owned accounted for 96.0 percent while, foreign-owned accounted for 4.0 percent. The increase can be attributed to the fact that most Liberians are involved into petty trading. Business corporations in 2015 totaled 2,671, an increase of 60.8 percent compared to 1,661 businesses as reported in 2014. Of the total business corporations, Liberian-owned amounted to 2,292 or 85.8 percent while foreign-owned registered the amount of 379 or 14.2 percent.

Table 3: Industry and Mining Output, 2013-September

INDUSTRY AND MINING OUTPUT					
Commodity	Unit	2013	2014	Jan-Sept 2014	Jan-Sept 2015
Cement	Mt.	194,354	295,354	235,891	219,943
Beverages	Liter	29,837,501	21,390,455	16,338,302	17,789,423
Paint	Gallon	282,349	202,876	162,296	192,038
Candles	Kg.	172,077	195,197	144,713	120,437
Clorox	Liter	762,209	955,621	685,373	371,228
Rubbing Alcohol	Liter	260,558	246,839	186,746	70,986
Mattresses	Pcs.	100,346	116,087	81,257	95,926
Gold	Ounce	18,868	19,938	14,740	9,205
Diamond	Carat	47,821	74,902	57,885	53,158
Iron Ore	Mt.	4,948,095	5,173,391	4,159,501	4,085,120

Source: Liberia Financial Statistics Report (CBL), 2015

The number of NGOs in 2015 increased by 61.3 percent to1, 039 compare to 644 registered for 2014. The increase is attributed to the high number of NGOs in the health sector to help combat and eradicate the EVD. Liberian-owned NGOs accounted for 90.9 percent while International NGOs accounted for 9.2 percent in 2015.

The industrial sector is recovering from the effect of the EVD that affected all other sectors of the economy. Owing to this, production output of most manufacturing products declined in 2015. Cement production at end September 2015 was 219,943MT from 235,891MT reported for the same period in 2014.The decline in the output of the product can be attributed to the EVD outbreak which reduced or delayed construction activities in the public and private sectors. Beverage production as at end September 2015 increased to 17,789,423 liters from 16,338,302 liters reported in previous year. The increase is attributed to the low price of domestic beverages compared to imported drinks which have shifted the taste of consumers to that of the locally made beverages.

For the period under review, paint production increased to 192,038 gallons from 162,296 gallons reported in 2014. The increase is credited the recovery of the economy from the impact of the EVD which shows improvements in trade and the industrial sector. However, the production of paint plummeted in 2014 by 28.1 percent compared to 2013 due to the wide spread of the Ebola virus in the second half of the year which covers the festive period where most public and private buildings are painted couple with the reduction in construction activities.

Candle production declined in the first 3 quarters of 2015 to 120,437Kg from 144,713Kg over the same period in 2014. The fall in production is mainly driven by increase in power supply by the Liberia Electricity Corporation (LEC) and the high importation of dry cell florescent lamps (Chinese Light).

The production of Clorox as at end September 2015 also declined to 371,228Litres from 685,375Litres reported for the same period in 2014. The huge fall is attributed to the reduction in the regular hand washing exercise and other sanitary precaution methods aimed at containing the Ebola virus. However, production increased by 25.43 percent in 2014 compared to 2013.

The production of rubbing alcohol at end September 2015 declined to 70,986 from186, 746 Liter as reported in previous year, while over the course of 2014, production contracted by 5.27 percent compared to 2013.

Mattress production increased by 18.05 percent in 2015 compared to the same period in the preceding year.

4.1.3 Mining and Petroleum

The mining sector is primarily driven by contribution from iron ore, gold, diamond and oil. The sector has attracted a huge amount of investment as compared to other sectors.

However, as a result of the Ebola virus, there was no new signing of concession agreement in the sector in 2015.Currently, there are six (6) petroleum companies with exploration right, five (5) iron ore mining companies and fifteen (15) gold and diamond companies operating in the sector.

The mining sector was very much affected by the outbreak of the Ebola virus in 2014 with the lag effect spilling over in 2015. For example, Gold production at end September 2015 decreased by 37.6 percent from 6 percent expansion reported in the previous year. The decline is attributed to

Table 4:Mining and Petroleum Companies in Liberia, 2015

African Petroleum	Anadarko Liberia	Exxon Mobil Exploration & Production
Anadarko Block 10	Chevron Liberia	Hua Lee International Corporation
Iron Ore Companies		
Arcelor Mittal Liberia Western Cluster		China Union Liberia BHP Billiton Putu Iron Ore
Gold and Diamond Companies		
African Diam Company	Golden Bar Trading	Royal Company
Bea Mountain Mining	Golden Mass Trading	The Diamond Star Plus
Dibodo Import & Export	Golden View Trading	West African Diamond
Earth Source Mineral	Golden Vision Trading	West African Gold &Diamond
Global Diamond Company	Lee Yam Diamond	Zwedru Mineral Business

Source: Liberia Revenue Authority (LRA)

Table 6: Revenues from Petroleum Sector, FY 2013-2015

PETROLEUM (US$'000s)	FY 13/14	FY 14/15
CIT Mining	1.5	-
Social Development Contribution	-	-
Surface Rental	-	127
Royalties	-	-
Fees	-	-
Sign-On-Bonus	-	-
NOCAL	-	0.03
Other (e.g. Transfer)	0.1	10
Total	1.6	137.03

Source: Liberia Revenue Authority

Table 5: Revenues from Mining Sector, FY 2013-2015

MINING (US$'000s)	FY 13/14	FY 14/15
CIT Mining	134.53	61.75
Social Development Contribution	10,138.00	14,208.00
Surface Rental	3,842.49	1,716.04
Royalties	19,486.11	12,462.14
Fees	879.12	854.35
Sign-On-Bonus	-	-
Other (e.g. Transfer)	153.6	558.58
Total	34,633.85	29,860.86

Source: Liberia Revenue Authority

the shutting down of mining activities due to the outbreak of the Ebola epidemic coupled with weak demand on the world market. On the other hand, diamond production reduced to 53,158 carats from 57,885 carats reported in 2014 as the result of the decrease in the global demand of diamonds.

Iron ore production at end September 2015 declined to 4,085,120MT from 4,159,501MT reported in previous year. The decline in production can be attributed to the price collapse of Iron ore on the global market as a result of weak demand from China as well as continued increases in new supply.

Growth in the sector has begun to slow-walk due to some exogenous factors coupled with the setback from the Ebola outbreak. With the containment of the virus, mines that were closed have resumed operations but are facing serious challenges, such as the fall in the price of iron ore on the world market.

Government revenue on mining specific tax line (excluding income tax) in FY 2014/15 declined by 13.8 percent to US$29.9 million from US$34.6million in FY 2013/14 as reported. Of the total revenue collected in FY2014/15, Social Development Fund contributed 47.6 percent thus reflecting an expansion of 40.1 percent to US$14.21 million from US$10.14 million reported in previous period. Revenue from royalties amounted to US$12.5 million in FY 2014/15from US$19.49 million in FY2013/14. This constitutes about 41.7 percent of the mining revenue for FY 2014/15. At the same time, surface rental, fees, transfer and Corporate Income Tax (CIT) contributed 10.7 percent share of the total mining revenue.

Despite the outbreak of the Ebola virus, revenue from the petroleum sector (excluding income tax) in FY 2014/15 increased to US$137.03 million from US$1.60 million in FY 2013/14 as reported. The huge increase in revenue for FY 2014/15 is mainly driven by contribution from surface rental with a share percentage of 92.7 percent.

4.1.4 Service Sector

The service sector remains the largest contributor to GDP growth in the Liberian economy accounting for 46.6 percent of the monetary value of all the goods and services produced in Liberia in 2015. Over the course of 2015, the services sector was estimated at 5 percent real growth, an improvement from the previous level of 2.3 percent estimated in 2014.The largest contributor to output in the sector was trade and hotel at 32.0 percent and government services at 15.0 percent.

In terms of real growth in the sector, the leading contributors were construction at 15 percent, followed by Electricity and Water at 6.1 percent. All other contributed below 6.1 percent. When compared to 2014, all other sub-components registered improvement in growth except for government services which saw a contraction in real growth.

Table 7: Growth rate of Service Sector, 2013-2015 (In percent)

	2013	2014	2015
Services	7.2	2	5
Electricity & water	6.1	5	6.1
Construction	12.1	10	15
Construction related to iron ore	0	0	0
Trade, hotels, etc.	7.1	2	5
Transportation & communication	7.1	-2	6
Transport related to iron ore	0	0	0
Financial institutions	3	-1	5
Government services	3.6	3.6	0.5
Other services	2	2	5

Source: IMF and GoL Authorities Mini Model, 2015

4.2 Labor Market

The total labor force in the Liberian economy was estimated at 1.48 million in 2015. This show an increment of 1.4 percent compare to 1.46 million reported for 2014. Gender representation in the labor force is estimated to remain at a constant rate of 51.3 percent for male and 48.7 percent for female in 2014 and 2015 respectively. It is also noticed that only the industry sector demonstrates some level of gender insensitivity but both the Agriculture and Services sectors show a great deal of gender balance. On the overall, the workforce of Liberia seems to have gender balance with a 3 percentage point favoring male. Also of the total workforce, the percentage share by sector in 2015 remains constant compared to 2014, with the Agriculture sector accounting for 46.0 percent, closely followed by the Services sector with 44.0 percent share and 10.0 percent share by the Industry sector.

Table 8: Employment by Sector and Gender, 2014-2015

Sector	2014	Gender Percentage		2015	Gender Percentage	
		Male	Female		Male	Female
Agriculture	671,000	51.0%	49.0%	681,551	51.0%	49.0%
Industry	153,000	71.0%	29.0%	155,774	71.0%	29.0%
Services	641,000	47.0%	53.0%	650,502	47.0%	53.0%
Total	1,465,000			1,487,827		

Source: Ministry of Labor (Labor Force Estimate 2013-2015)

Regarding accurate information of the labor force, the Ministry of Finance and Development Planning and the Ministry of Labor have begun a robust method of tracking employment through enforced labor inspection and monitoring on a regular basis.

5. MONETARY SECTOR DEVELOPMENT

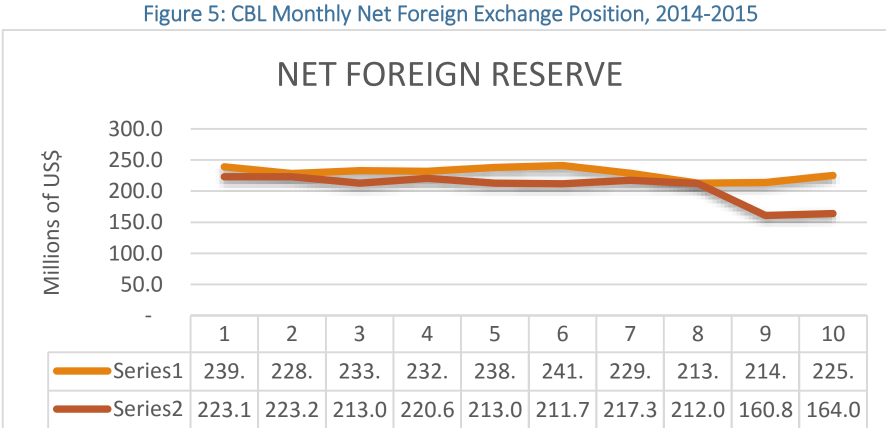
The monetary policy which is aimed at stabilizing the macro-economy of Liberia is controlled by the Central Bank of Liberia (CBL). The CBL has the authority to implement and promote price level stability; maintain sound monetary policy; ensure constant regulatory surveillance and provide prudential control over the domestic financial sector. In line with its mandate, the CBL has set its goal at ensuring a stable environment characterized by broad exchange rate stability and low inflation.

5.1 Monetary Indicators

The CBL's monetary policy stance for 2015 has been the maintenance of a stable exchange rate and price level as well as low inflation rate within the economy. In order to achieve this policy stance, the CBL has over the period intervened consistently in the foreign exchange market. This intervention is aimed at maintaining exchange rate stability which is a major monetary instrument. In addition to its intervention in the foreign exchange market, the CBL continued with the issuance of its bill as a readily available policy instrument to influence the domestic monetary conditions.

Also on-behalf of the Ministry of Finance & Development Planning, the CBL issued T-bills to aid the short term smoothening of the Liberian dollar. However, the intervention of the CBL in the foreign exchange market declined by 23.5 percent during the period compared to the same period in 2014 as a consequence of the IMF stance on buffering the foreign exchange reserve level. Moreover, the Central Bank of Liberia official international reserves excluding SDR declined by 27.1 percent to US$164.0 million as at October 2015 from about US$225.0 million reported for the same period in 2014.

Figure 5: CBL Monthly Net Foreign Exchange Position, 2014-2015



Source: Central Bank of Liberia

5.2 Monetary Aggregates

5.2.1 Liberian Dollar in Circulation

Liberian dollars in circulation as at end-September 2015 stood at L$8,941.9 million, reflecting an increase of 3.5 percent, from L$8,642.5 million at end-September 2014. The rise in the amount of Liberian dollars in circulation is on account of a 9.5 percent increase in currency outside banks which more than outweighed a 20.7 percent fall in the amount of currency in banks. The increase in the amount of currency outside the banking system can be attributed to the cash nature of the Liberian economy; which requires the use of direct cash to facilitate transactions.

Of the total currency in circulation, currency in the hands of the public accounted for 84.4 percent up from 79.6 percent at end-September, 2014; while Liberian dollars inside banking institutions amounted to 15.6 percent, down from 20.4 percent reported for the same period in 2014. (See Table 14)

Liberian dollars in circulation at end quarter three increased by 1.9 percent, while currency outside bank also increased by 2.4 percent in the third quarter.

Table 9: Liberian Dollars in Circulation, 2014-2015 (Quarterly)

(All figures are in Liberian Dollars, unless otherwise indicated)

	2014			2015		
End of period	L$ in Banks	L$ Outside Banks	L$ in Circulation	L$ in Banks	L$ Outside Banks	L$ in Circulation
(in Millions of Liberian dollar)						
Quarter 1	1,114.0	7,706.2	8,820.2	1,114.0	7,706.2	8,820.2
Quarter 2	1,582.8	7,446.5	9,029.3	1,402.8	7,369.8	8,772.6
Quarter 3	1,761.7	6,880.9	8,642.5	1,396.8	7,545.1	8,941.9
Quarter 4	1,008.6	8,359.0	9,367.6			
Inter-Quarter Percentage Change						
	2014			2015		
Quarter 1						
Quarter 2	42.1%	-3.4%	2.4%	25.9%	-4.4%	-0.5%
Quarter 3	11.3%	-7.6%	.3%	-0.4%	2.4%	1.9%
Quarter 4	-42.7%	21.5%	8.4%			

Source: Central Bank of Liberia (Quarterly Bulletin,2015)

5.2.2 Money Supply (M1) and Broad Money (M2)

Narrow money supply (M1) stood at L$39,188.6 million at end September 2015 rising by 17.8 percent from L$33,255.2 million reported for the same period in 2014. The rise in narrow money supply is as a result of the expansion in the amount of Liberian dollar outside the banking system and demand deposit. The amount of currency outside the banking system increased by 9.7 percent to L$7,545.1 million against L$6,880.9 million reported at end September 2014; while demand deposit grew by 17.6 percent to L$31,094.6 million at and September from L$26,444.3 million during the period.

The overall liquidity in the banking system (M2) which is the broad money supply in the economy grew by 21.0 percent at end September 2015 to L$61,134.4 million from L$50,510.6 million reported during the same period in 2014. The increase in the supply of broad money is due to the performance of both the narrow money supply and quasi money by 17.6 percent and 27.7 percent respectively. The rise in the amount of quasi money can be attributed to the 9.6 percent growth in the amount of time and saving deposits to L$19,242.8 million, while other deposits plummeted by 58.1 percent which could not outturn the growth in the time and saving deposit.

Table 10: Monetary Survey and Aggregates, 2014-2015

	2014				2015			2015 % Change
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q3
(In millions of Liberian dollars; end of period)								
Net Foreign Assets	23,515.4	17,618.9	29,427.6	34,874.9	38,946.7	37,834.8	31,404.1	6.72%
Central Bank	16,486.6	16,450.1	17,829.0	20,611.3	24,895.4	23,528.0	22,220.9	24.63%
Banking Institutions	7,028.8	1,168.8	11,598.6	14,263.6	14,051.3	14,306.8	9,183.2	-20.82%
Net Domestic Assets	31,062	34,866	21,013	18,823	16,181	19,516	29,730	41%
Domestic credit	56,186	54,333	48,981	48,585	45,104	46,810	54,484	11%
Claims on government (net)	22,112.2	18,746.3	15,425.1	15381.5	10,785.0	11,277.8	15,719.6	2%
Claims on private sector other public sector (net)	34,074.0	35,586.9	33,556.9	33203.2	34,318.7	35,532.1	38,764.7	16%
Claims on private sector	31,765.0	33,092.0	31,165.0	….	28,922.0	27,294.4	24,754.1	-21%
Other items net (assets +)	….	….	….	….	….	….	….	
Discrepancy (A/L)								
Broad Money (M2)	54,577.4	52,484.9	50,440.6	53,697.9	55,128.1	57,350.3	61,134.4	21%
Money Supply (Liberian dollar M1)	37,312.1	34,854.7	33,255.2	36,635.5	36,560.6	38,077.2	39,188.6	18%
Currency outside bank	7,706.2	7,446.5	6,880.9	8,359.0	7369.8	7545.1	7545.1	10%
Total Liberian dollar deposits	46,871.2	45,038.4	43,629.7	45,339.9	47,758.3	49,805.2	53,040.4	22%
Demand deposits	29,605.9	27,408.2	26,444.3	28,277.5	29,190.8	30,532.1	31,094.6	18%
US Dollars savings deposits	….	….	….	….	….	….	….	
Liberian dollars time and savings deposits	….	….	….	….	….	….	….	
Quasi Money	17,265.3	17,630.2	17,185.4	17,062.4	18,567.5	19,273.1	21,945.8	28%
Time and savings deposits	17,226.5	17,558.0	17,151.5	17,011.4	18,503.8	19,242.8	19,960.9	16%
US Dollar savings deposits	….	….	….	….	….	….	….	
Liberian dollars time and savings deposits	….	….	….	….	….	….	….	
Other deposits	38.8	72.2	33.9	51.0	63.7	30.3	1,984.9	5755%
(in millions of U.S. dollars)	….	….	….	….	….	….	….	
(in millions of Liberian dollars)	….	….	….	….	….	….	….	

Source: Central Bank of Liberia, Quarterly Bulletin 2015

5.3 Exchange Rate Development

Liberia operates a dual currency regime with both the United States dollars and Liberian dollars serving as legal tender for the exchange of goods and services. The end of period exchange rate between the Liberian dollar and the United States dollar at end-December 2015 stood at L$88.50/US$1.00 from L$84.50/US$1.00 in January; reflecting a 4.7 percent depreciation in the local currency.

The period average exchange rate also depreciated by 5.6 percent from L$84.38/US$1.00 in January 2015 to L$88.50/US$1.00 at end December. The depreciation of the Liberian Dollar against the United States dollar was as a result of high demand for foreign exchange to service import payments, increased GoL Liberian dollar expenditure demand especially during the second and fourth quarters and reduction in CBL intervention in the foreign exchange market.

Compared to the same period in 2014, the end of period exchange rate between the Liberian dollar and the United States dollar depreciated by 7.3 percent while the period average exchange rate depreciated by 7.1 percent from L$82.50/US$1.00 and L$82.61/US$1.00 respectively.

5.3.1 Foreign Exchange Auction

The CBL continued its regular intervention in the foreign exchange market to smooth out exchange rate volatility through foreign exchange auction. The CBL foreign exchange intervention in the market at end September 2015 declined by 23.5 percent to the amount of US$32.5 million at end September 2015 from US$42.47 million reported for the same period in 2014.The reduction in the amount of intervention by the CBL to buffer the exchange rate is due to the declining reserve position of the bank.

Table 11: Mid-Market Exchange Rate, 2012-2015

Mid-Market Exchange Rates: L$ price per US$				
(All figure are in Liberian dollars unless otherwise indicated)				
	2012	2013	2014	2015
End of period				
Quarter 1	74.00	74.50	84.38	84.50
Quarter 2	74.50	76.50	89.22	85.27
Quarter 3	73.00	80.00	84.50	84.50
Quarter 4	72.50	82.50	82.50	88.50
Period Average				
Quarter 1	73.61	74.50	83.11	84.38
Quarter 2	75.54	76.54	87.47	84.76
Quarter 3	73.32	79.64	85.14	83.83
Quarter 4	72.50	81.80	82.61	88.50
Percentage Change				
	2012	2013	2014	2015
End of Period				
Quarter 1				
Quarter 2	0.7%	2.7%	5.7%	0.9%
Quarter 3	-2.0%	4.6%	-5.3%	-0.9%
Quarter 4	-0.7%	3.1%	-2.4%	4.7%
Period Average				
Quarter 1				
Quarter 2	2.6%	2.7%	5.2%	0.5%
Quarter 3	-2.9%	4.1%	-2.7%	-1.1%
Quarter 4	-1.1%	2.7%	-3.0%	5.6%

Source: Central Bank of Liberia 2015 Bulletin

Table 12: CBL Foreign Exchange Market Intervention (US million), 2012-2015

Liberia: Central Bank FOREX Auctions				
(All figure are in US dollars unless otherwise indicated)				
	2012	2013	2014	2015
FOREX Sold				
(in Millions of US dollar)				
Quarter 1	12.80	26.30	7.97	11.5
Quarter 2	24.20	26.00	13.75	8.0
Quarter 3	16.90	14.25	20.75	13.0
Quarter 4	17.50	5.70	11.50	
Total	81.4	72.3	47.0	32.5
Quarterly Percentage Change				
	2012	2013	2014	2015
Quarter 1				
Quarter 2	89.1%	-1.1%	72.5%	-30.4%
Quarter 3	-30.2%	-45.2%	50.9%	62.5%
Quarter 4	3.6%	-60.0%	-44.6%	

Source: Central Bank of Liberia Quarterly Bulletin 2015

Quarter 4	3.6%	-60.0%	-44.6%

Source: Central Bank of Liberia Quarterly Bulletin 2015

5.4 Liquidity Management

In collaboration with the Ministry of Finance & Development Planning, the Central Bank of Liberia continued with the issuance of the T-bill as a readily available policy instrument to influence the domestic monetary conditions. In 2015, the total value of GoL T-bills issued amounted to L$971.35 million reflecting 50.9 percent decline from the L$1.97 billion issued during the same time in 2014. The total value of bid received was L$1.58 billion, a 63.5 percent over-subscription, signifying excess liquidity in the banking system. At the same time, the value of the 2015 T-bill declined by 39.6 percent against the L$2.63 billion received in 2014. The average cut-off interest rate declined by 20.9 percent to 3.8 percent from 4.8 percent reported for 2014; while the weighted average discount rate also fell by 8.9 percent.

Table 13: T-bills Issuance, 2015

Auction #	Date	Amount Issued (Millions of L$)	Maturity Date	Value of T-Bill (L$ million)	Cut -off Interest Rate	Weighted Average Discount Rate
34	3-Dec-15	43.75	3-Mar-16	71.25	4.50	4.15
33	5-Nov-15	88.50	4-Feb-16	89.65	5.00	4.10
32	1-Oct-15	73.10	7-Jan-16	73.10	0.00	3.52
31	3-Sep-15	88.50	3-Dec-15	146.20	4.00	3.54
30	6-Aug-15	87.50	5-Nov-15	160.00	3.80	3.69
29	2-Jul-15	84.50	1-Oct-15	121.40	4.00	3.03
28	4-Jun-15	84.50	3-Sep-15	166.40	3.00	2.59
27	7-May-15	84.50	6-Aug-15	161.40	3.50	3.35
26	2-Apr-15	84.50	2-Jul-15	151.40	4.00	3.79
25	5-Mar-15	84.50	4-Jun-15	151.70	4.25	3.92
24	5-Feb-15	85.00	7-May-15	151.50	4.50	3.97
23	2-Jan-15	82.50	5-Mar-15	144.25	4.50	4.11
Total/Average		971.35		1,588.25		3.65

Source: Ministry of Finance & Development Planning

5.5 Bank Lending and Interest Rates

Commercial bank lending to the private sector saw an increase up to end-September 2015, as a result of the gradual economic recovery following the devastating EVD outbreak in 2014 that nearly collapse all sectors of the economy. While commercial bank credit to all sectors increased, lending and interest rates experienced fluctuations during the period.

5.5.1 Credits to Private Sector

The stock of credit to various sectors of the economy grew by 8.0 percent at end–September 2015 to L$92,700.7 million, compared to L$85,803.3 million reported at end September 2014. The increase in credit to the private sector was on account of increasing economic activities resulting from the containment of the Ebola Virus Disease. The largest growth in commercial bank credits was experienced by the mining and quarrying sector whose total credit increased by 59.3 percent to L$620.3million from theL$389.3 million recorded for the same period in 2014. Credit to the agriculture sector also grew by 40.7 percent, followed by manufacturing, construction, transportation and hospitality by 30.3 percent, 14.9 percent, 5.4 percent and 4.8 percent respectively. However, credit to other sectors of the economy declined marginally by 0.2 percent at end September 2015.

Table 14: Commercial Bank Loans to the Economic Sector, 2014-2015 (Quarterly)

Sector	2014				2015				Year on Year % change
	Q1	Q2	Q3	Total	Q1	Q2	Q3	Total	
(in Millions of Liberian dollar)									
Agriculture	1,782.1	1,154.8	1,810.4	4,747.4	2,062.5	2,320.3	2,296.7	6,679.5	40.70%
Mining & Quarrying	134.4	125.0	130.0	389.3	187.7	221.3	211.3	620.3	59.32%
Manufacturing	545.0	581.3	647.9	1,774.2	633.4	804.2	874.9	2,312.5	30.34%
Construction	4,419.2	4,606.4	4,635.7	13,661.2	4,794.9	5,270.1	5,629.7	15,694.7	14.88%
Transportation[1]	2,394.5	2,465.2	2,338.8	7,198.5	2,224.3	2,599.5	2,766.7	7,590.4	5.44%
Trade, Hotel and Restaurant	12,788.1	12,820.2	12,254.3	37,862.6	12,769.3	12,683.5	14,228.1	39,680.9	4.80%
Others[2]	6,212.7	7,788.9	6,168.4	20,170.0	6,416.6	6,286.8	7,419.1	20,122.5	-0.24%
Total[3]	28,276.0	29,541.8	27,985.5	85,803.3	29,088.7	30,185.7	33,426.4	92,700.7	8.04%

Source: Central Bank of Liberia (Quarterly Bulletin ,2013)

5.5.2 Interest Rates

Average lending rate increased by 2.3 percent to 13.6 percent at end September 2015, compared to 13.3 percent realized for the same period in 2014. Deposit rate also increased by 1.5 percent. However, interest rate on personal loan grew about 0.5 percent for the period, while at the same time, interest on business loan decreased by 2.8 percent year-on-year. Mortgage loan experienced the highest interest rate of 14.6 percent at end-September 2015. Comparing quarterly performance of the lending rates in 2015, business loan rate decreased from quarter one to quarter two and increased by 2.3 percent during the third quarter.

Between 2014 and 2015, average time deposit rate increased by 1.5 percent, while saving deposit rate remained relatively the same.

Table 15: Commercial Banks Interest Rate, 2014-2015

Commercial Bank Rates	2014			2015			Year-on-Year Quarterly Percentage Change – 2015 over 2014		
	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q3
Lending Rates									
Average Lending Rate	13.65	13.68	13.28	13.68	13.55	13.58	0.2%	-1.0%	2.3%
Average Personal Loan Rate	14.01	14.01	14.04	14.12	14.07	14.10	0.8%	0.4%	0.5%
Average Mortgage Rage	14.25	14.30	14.99	14.36	14.43	14.57	0.8%	0.9%	-2.8%
Deposit Rates									
Average Time Deposit Rates	3.80	4.50	3.89	3.80	4.40	3.95	0.0%	-2.2%	1.5%
Average Saving Deposit Rates	2.00	2.00	2.00	2.00	2.00	2.00	0.0%	0.0%	0.0%
Other Market Rates									
Average Rate on CDs	2.99	2.00	2.00	2.00	2.00	2.00	-33.1%	0.0%	0.0%

6. FISCAL DEVELOPMENT

Despite the severity of the Ebola Virus Disease which swept across the country for a protracted period, implementation of Liberia's Public Financial Management (PFM) Reform Strategy & Action Plan has been largely successful, with significant gains in every thematic area, confirming Government's firm commitment to adopt and institutionalize prudent financial management practices.

In 2015, 36 public institutions executed their budgets online using the Integrated Financial Management Information System (IFMIS), accounting for 69 percent of the National Budget. Moreover, the newly formed Liberia Revenue Authority (LRA) established and operationalized revenue collection and administration processes through the automated standardized tax administration systems. The budget scrutiny process significantly improved owing to improved collaboration among stakeholders, while public hearings were held consistently on the Auditor General's reports. Other accomplishments include the expansion of internal audit functions to 42 Ministries and Agencies; the introduction of vendor registration to promote vendors' compliance with relevant laws and regulations; and the remarkable improvement in State owned Enterprises' financial reporting. Investment in human capital has yielded dividends with the timely submission of financial reports by the Comptroller and Accountant General.

Meanwhile, internal governmental consultations are nearing completion for the introduction of an electronic public procurement (eProcurement) system intended to standardize purchasing processes, allowing annual budget & procurement planning to be done concomitantly by M&As, thereby reducing purchasing and administrative costs and improving operational efficiency in procurement. After six years in operation, the Public Finance Management Law (2009) is also being reviewed for gaps and any inconsistencies with existing laws including the Public Procurement and Concessions Act, the Internal Audit Agency Act and the Revenue Code, among others. The review of the entire body of PFM related legislation is also meant to increase the transparency and the separation of authority among actors involved in the management of public resources.

6.1 Fiscal Overview

According to the PFM Law (2009), the Executive Branch of Government is mandated to submit the National Budget for each fiscal year on or before April 30. The fiscal period of Liberia runs from July 1 of the current year to June 30 of the succeeding year. On the other hand, the 2015 AER is written on a calendar year bases. As a result, the fiscal component covers the second half of FY2014/15 (January to June) and the first half of 2015/16 (July to December). The FY 2015/16 National budget declined by 2.0 percent to US$622.7 million from US$635.2 million submitted for FY2014/15 National budget.

6.1.1 Appropriation

The Government of Liberia, through the National Legislature, approved an appropriation of US$622.7 million for FY2015/16, slightly lower than the approved appropriation of US$635.2 million for FY2014/15. Of the total appropriation for FY2015/16, compensation for employees accounted for US$254.6 million (40.9 percent), followed by the use of goods and services in the amount of US$143.6 million (23.1 percent). At the same time, capital spending including PSIP accounted for US$120.1 million (19.3 percent), while interest payment, grants to other government entities and social benefits constituted US$10.0 million (1.6 percent), US$92.9 million (14.9 percent) and US$1.6 million (0.3 percent), respectively.

Based on sectoral distribution of the appropriation for FY15/16, Public Administration accounted for US$186.8 million (30.0 percent); Security and Rule of Law US$98.9 million (15.9 percent); Education $US83.9million (13.5 per cent); Health US$72.6 million (11.7 percent); Infrastructure US$77.1 million (12.4 percent); Municipal Government US$32.2 million (5.2 percent); Transparency and Accountability US$24.2 million (3.9 percent); Energy and Environment US$20.6 million (3.3 percent); Social Development Services US$12.0 million (1.9 percent); Industry and Commerce US$8.3 million (1.3 percent); and Agriculture US$6.0 million (1.0 percent). (See Table 17).

As shown in Table 16 above, the approved resource envelope for FY2014/15 was US$635.2 million, of which 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 a contingent revenue component of US$15.5 million and US$50.3 million respectively. The total receipt (i.e.

Table 16: Budgetary Appropriation, FY 2014/15 (millions of USD)

Budget Sector	Compensation of Employees	Use of Goods and Services	Capital Spending	Interest	Subsidies	Grants	Social Benefits	Unspecified	Total
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 & 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 & 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

Source: Department of Economic Management, MFDP, FY14/15 Fiscal Outturn Reports

Table 17: Budgetary Appropriation, FY 2015/16 (millions of USD)

Budget Sector	Compensation of Employees	Use of Goods and Services	Capital Spending	Interest	Subsidies	Grants	Social Benefits	Unspecified	Total
Agriculture	2.5	2.6	0.2	-	-	0.2	-	0.5	6.0
Education	48.5	10.4	0.9	-	-	20.1	0.0	4.0	83.92
Energy and Environment	5.6	7.7	1.0	-	-	1.1	-	5.3	20.65
Health	33.1	22.8	0.2	-	-	16.6	-	-	72.56
Industry & Commerce	4.8	1.7	0.6	-	-	0.6	-	0.7	8.36
Infrastructure and Basic Services	7.8	4.8	0.6	-	-	0.0	-	64.1	77.07
Municipal Government	9.8	1.4	0.7	-	-	17.9	-	2.4	32.19
Public Administration	67.0	63.5	6.0	10.0	-	31.2	1.6	7.6	186.83
Security & Rule of Law	54.2	20.3	1.5	-	-	1.9	-	21.0	98.85
Social Development Services	3.5	2.9	0.2	-	-	3.3	-	2.1	12.03
Transparency and Accountability	18.1	5.5	0.4	-	-	-	-	0.1	24.22
Total	254.6	143.6	12.3	10.0	-	92.8	1.6	107.8	622.7

Source: Department of Economic Management, MFDP, FY15/16 Fiscal Outturn Reports

revenue, grants, and borrowing) in FY2014/15 is US$643.2 million. This shows a surplus of US$7.9 million (1.1 percent or the approved resource envelope).

Total core revenue collected at the end of the fiscal period (June 30, 2015) is US$525.7 million, 82.8 percent of the approved resource envelope. Of the revenue collected, tax revenues accounted for 72.6 percent (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.

The Government of Liberia is expected to generate the amount of US$622.7 million for FY2015/2016 from both domestic and external sources. Of the total projected revenue envelope, core revenue is US$539.9 million, tax revenue is US$412.3 million, non-tax revenue is US$61.3 million, grant is US$66.2 million and borrowing is US$58.6 million. However, to show year-on-year analysis, the report is based on calendar year performance.

6.1.2 Revenue

The total revenue realized for calendar year 2015 was US$589.33 million compared to US$507.08 million collected for the same period in 2014; showing an increase of US$82.25 million or 16.0 percent. Tax revenue collection increased by 19.0 percent in 2015 to US$390.69 million from US$327.56 million generated in 2014. Grants, borrowing and contingent revenue also increased by 2.0 percent, 11.0 percent and 705.0 percent, respectively, during the period. However, non-tax revenue declined by 33.9 percent in

Table 18: Actual Revenue Performance, 2014-2015

	2014			2015		
ACTUAL REVENUE	Jan-June	July-Dec	Total	Jan-June	July-Dec	Total
Tax Revenue	148.12	179.44	327.56	202.56	188.13	390.69
Non-Tax Revenue	41.07	28.32	69.39	24.84	21	45.84
Grant	5.34	41.57	46.91	8.87	39.18	48.05
Borrow	10.35	47.89	58.24	64.65	0	64.65
Contingent	0	4.98	4.98	40.1	0	40.1
Total Revenue	**204.88**	**302.2**	**507.08**	**341.02**	**248.31**	**589.33**

Source : (EPU-MFDP) 2015

2015 to US$45.84 million from US$69.39 million collected in 2014.

The first half of 2015 saw an actual 66.4 percent revenue increased to US$341.02 million from US$204.88 million for the same period in 2014.

Also in 2015, collected revenue amounted to US$248.3 million, compared to US$302.2 million in the same period in 2014, showing a decline of 17.8 percent.

6.1.3 Expenditure

Total public expenditure in 2015 amounted to US$557.47 million, reflecting a 3.4 percent decline as compared to US$577.03 million expensed for the same period in 2014. Expenditure by economic classification showed a significant increase in payment of interest and other charges to US$32.11 million in 2015 compared to US$2.83 million recorded for 2014. In addition, spending on fixed capital as well as social benefits increased by 11.9 percent and 28.9 percent, respectively. However, compensation of employees, use of goods and services, and grant registered a decrease of 8.5 percent, 19.4 percent and 1.4 percent, respectively. Expenditure on financial asset recorded an amount of US$6.6 million in 2015, indicating a new expenditure line item.

Total expenditure for the second half of FY2014/15 (January-June) amounted to US$351.87 million indicating a 13.0 percent reduction, as compared to US$307.19 million for the second half of FY2013/14. Expenditure for the first half of FY2015/16 (July to December), also declined by 31.3 percent to US$205.60 million from US$269.84 million for the first half of FY2014/15. The decline in the expenditure for 2015 is primarily due to an agreement reached between the GoL and Development Partners allowing integrity institutions to execute their budgets and later update to reflect transactions carried out within the IFMIS System. However, it has been noted that those integrity institutions do not report their spending in real time, resulting in the understatement of total expenditure.

Total allotment for calendar year 2015 was US$592.03 million, compared to US$606.54 million allotted for 2014. This shows a decline of US$14.51 million or 2.3 percent. On a sectoral basis, Infrastructure and Basic Services, Public Administration, Security and Rule of Law, Social Development, Health and Energy & Environment increased by US$14.29 million (37.1 percent), US$14.07 million (9.3 percent), US$10.47 million (12.0 percent), US$2.72 million (28.7 percent), US$1.51 million (2.0 percent) and US$0.96 million (7.4 percent), respectively. However, National Claim, Transparency &Accountability, Industry & Commerce, Education, Municipal Government and Agriculture declined during the period by US$32.53 (41.8 percent), US$11.36 million (32.5), US$7.07 million (36.9 percent), US$3.47 million (4.7 percent), US$2.45 million (9.1 percent) and US$1.66 million (24.7 percent), respectively.

Table 19: Expenditure by Economic Classification, 2014-2015

Expenditure by Economic Classification	2014 Jan-June	July-Dec	Total	2015 Jan-June	July-Dec	Total Total
Compensation of Employees	107.24	112.81	220.05	126.82	74.39	201.21
Use of Goods and Services	114.88	95.26	210.14	102.83	66.38	169.21
Consumption of Fixed Capital	18.99	26.87	45.86	28.07	23.26	51.32
Interest and Other Charges	0.00	2.83	2.83	30.32	1.79	32.11
Grants	65.53	31.53	97.06	63.14	32.52	95.66
Social Benefits	0.55	0.54	1.09	0.69	0.71	1.41
Financial Asset			0.00		6.55	6.55
Total Expenditure	307.19	269.84	577.03	351.87	205.60	557.47

Source: (EPU-MFDP): 2015

Table 20: Allotment by Sector, 2014-2015

Allotment by Sector	2014			2015		
	Jan-June	July-Dec	Total	Jan-June	July-Dec	Total
Public Adm.	83.09	67.18	150.27	78.81	85.53	164.34
Municipal Government	20.36	6.40	26.76	18.28	6.03	24.31
Trans. And Accountability	15.54	19.36	34.90	11.72	11.82	23.54
Security and The Rule of Law	45.26	41.85	87.11	48.45	49.13	97.58
Health	32.64	37.66	70.30	44.59	27.22	71.81
Social Development	6.26	3.20	9.46	6.19	5.99	12.18
Education	37.67	35.19	72.86	30.77	38.62	69.39
Energy and Environment	5.91	6.96	12.87	7.78	6.05	13.83
Agriculture	3.90	2.80	6.70	2.35	2.69	5.04
Infras. And Basic Services	6.85	31.69	38.54	18.87	33.96	52.83
Industry and Commerce	10.33	8.79	19.12	8.31	3.74	12.05
National Claims	28.88	48.77	77.65	45.12	0.00	45.12
Total Allotment	296.69	309.85	606.54	321.25	270.78	592.03

MFDP-Extended Credit Facility 2015

6.2 Tax Expenditure

In line with the Liberian Revenue Code of 2010, government granted tax exemption to a number of concession companies, individuals, organizations, religious institutions, foreign embassies and other entities operating within the country. These exemptions constitute tax expenditure or revenue that the government waives based either on agreement, law or executive order.

Tax exemption is used by the government to promote private sector-led growth in line with its policy towards targeted sectors of the economy, to stimulate growth and development. The exemption is also intended to create an enabling environment that provides incentives for companies to invest and create jobs for its citizens.

Tax exemption in 2015 summed up to US$96.73 million – a 14.3 percent decrease from US$112.86 million reported for 2014. Compared to 2014, tax exemptions toward investment incentives, diplomatic missions, international NGOs and public corporation increased by 49.9 percent,

Table 21: Tax Expenditure (US$ millions), 2014-2015

Duty free tax exemption	2014		2015		
	July-Nov	Total	Jan-June	July-Nov	Total
Concessions Companies	27.95	51.84	13.88	12.05	25.93
Investment Incentives	2.54	6.37	6.33	5.22	11.56
Diplomatic Missions	6.64	11.71	8.53	5.44	13.97
GOL/Ministries & Agencies	11.11	23.42	14.49	5.04	19.53
International NGOs	2.62	3.61	3.12	1.26	4.37
Public Corporation	0.07	0.23	0.23	0.18	0.42
Educational Institutions	0.00	0.07	0.06	0.05	0.11
Religious Institutions	0.07	0.14	0.05	0.04	0.09
National Legislators	0.11	0.24	0.05	0.24	0.29
Local NGOs	0.08	0.11	0.07	0.06	0.13
Refund Entry	-	0.02	-	-	-
Individual/Returnees	0.02	0.03	0.02	0.01	0.03
Medical Institution	0.38	0.46	0.24	0.24	0.47
Ship Spare in Transit	-	0.01	-	6.35	6.35
Petroleum Product	1.64	3.57	2.94	1.20	4.14
Amendment Act 1708	-	0.24	-	-	-
Executive Order # 45	7.87	10.79	5.34	3.98	9.31
Total	**61.10**	**112.85**	**55.35**	**41.38**	**96.73**

Source: LRA 2015

19.2 percent, 21.3 percent and 83.5 percent, respectively. However, tax expenditure for concession companies, government ministries and agencies and executive order #45 declined by 19.9 percent, 16.6 percent and 13.6 percent, respectively.

6.3 Fiscal Rules and Recovery Plan

6.3.1 Fiscal Rules

The National Budget is being implemented, following strict fiscal rules introduced during the heat of the Ebola crisis to ensure the effective use of available resources to manage the effects of the crisis on the economy. The following fiscal rules, introduced in FY14/15, also applied for FY2015/16:

a) Prioritization of spending on activities crucial to the fight against EBOLA. These include spending on social welfare services such as feeding of patients in hospitals, clinics, treatment (isolation) centers, etc. as well as providing safe drinking water and sanitary supplies to quarantined communities.
b) Payment of compensation to employees;
c) The placement of a moratorium on all non-essential purchases including vehicles, furniture, fixtures, office supplies, etc.;
d) 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 appointed officials subjected to written presidential approvals;
    - No more than two persons per delegation and limited number of days for all foreign travels with exceptions to be expressly granted by the President.
    - With the exception of the President, Vice President, Speaker, President Pro-Tempore and Chief Justice, only economy-class tickets shall be purchased for all other officials of government.
e) Automatic reduction in fuel and lubricant costs by 25 percent in all Ministries, Agencies and Commissions (M&As) that are not directly engaged in the fight against Ebola.

6.3.2 Economic Stabilization and Recovery Plan Progress

As a result of the Ebola situation in 2015, economic activities were greatly affected and the country's Agenda for Transformation (AfT) growth target could not be achieved. In response to resuscitating the economy, the government crafted the Economic Recovery and Stabilization Plan (ESRP) to expedite economic recovery. The ESRP was intended to identify some of the badly affected sector such as health, agriculture, education, etc. In support of this initiative, the government made budgetary appropriation for FY2015/16 in the amount of US$24.5 million so as to help in achieving the needed results in improving these sectors and the overall economy.

7. EXTERNAL SECTOR DEVELOPMENT

7.1 Current Accounts

Liberia's current account deficit deteriorated by 5.3 percent to a balance of US$1,974.6 million at end December 2015 from US$1,874.8 million reported for the same period 2014. The trade balance declined by 30.7 percent on account of the worsening exports resulting from the abrupt and continuous fall in commodity prices that was partially offset by higher Ebola related current transfers. Net services improved by 3.9 percent to US$1,039.1 million in 2015, compare to US$1,081.6 million 2014, while net income marginally increased by 0.6 percent to US$499.8 million. Grants grew by 5.5 percent, while private transfers show a massive improvement from US$196.9 million in 2014 to US$543.8 million in 2015.

Table 22: Balance of Payments Position, (US$ millions), 2013-2015

Liberia: Balance of Payments (2013,2014 & 2015) In millions of US$, unless otherwise indicated	2013 Total	2014 Total	2015 Total
Current Account Balance	-1,019.7	-1,874.8	-1,974.6
o/w Net Merchandise	-460.6	-1,513.1	-1,977.7
o/w Net service	-836.5	-1,081.6	-1,039.1
o/w Net Income	-460.1	-496.6	-499.8
o/w Net Current Transfers	737.5	1,216.5	1,668.2
Capital and Financial Account	1003.1	662.2	878.1
Capital Transfers (net)	63.7	116.7	361.7
Financial Account	939.4	545.5	516.4
Balancing Items	-16.6	-38.2	-51.8

Source: CBL Annual Reports 2015

Preliminary data suggests that the current account is expected to further deteriorate, as the prices of Liberia's primary export commodities (iron ore and rubber) continue on a downward trend. (See Table 22).

7.2 Capital and Financial Accounts

The capital and financial accounts position improved by 32.6 percent at end December 2015 to US$878.1 million from US$662.2 million recorded during the same period in 2014. The improvement in the capital and financial accounts position can be attributed to the increase in the capital account, while the financial account also increased by 5.3 percent. The increase in financial account is related to the 2.9 percent and 9.4 percent increase in direct investment and other investments during the period, respectively.

7.3 Merchandized Trade

7.3.1 Commodity Export

Total commodity export at end September 2015 declined by 40.3percent to US$288.74 million from US$483.37 million reported for the same period in 2014. The global economic slowdown, coupled with the oversupply of natural rubber, had a significantly negative affect on the price. Moreover, bumper production of natural rubber in China and the availability of sufficient rubber stock, as well as lower demand from the tire industry, added to the downward pressure exerted on the price of natural rubber. The decline in the price of metal, including iron ore, resulted mostly from further volatility in the Chinese stock market, as well as the continued increase in new supplies of the metal.

Iron ore remains the foremost contributor to Liberia's export earning, accounting for about 43.0 percent of the total export receipts, followed by rubber which constitutes about 20.7 percent. Others are diamond at 8.3 percent; gold at 2.6 percent; cocoa at 2.7 percent; and round log at 1.7 percent. (See Table 23).

Table 23: Commodity Exports (US$ millions), 2014-2015

Commodity	2014				2015				Year-On-Year % Change
	Q1	Q2	Q3	Total	Q1	Q2	Q3	Total	
Rubber	30.18	24.72	28.58	83.48	15.90	17.54	26.29	59.74	-28.44%
Cocoa	1.60	24.72	1.12	27.44	1.46	2.50	3.60	7.6	-72.46%
Coffee	0.00	0.01	0.00	0.01	0.00	0.00	0.00	0.0	-100.00%
Round Log	6.96	7.64	6.31	20.92	4.58	0.40	0.03	5.0	-76.03%
Iron Ore	100.60	98.13	100.33	299.06	32.23	35.97	55.90	124.1	-58.50%
Gold	3.95	6.54	4.00	14.49	4.07	2.51	0.84	7.4	-48.83%
Diamond	6.98	8.02	12.76	27.75	7.46	10.11	6.44	24.0	-13.47%
Other Commodities	2.27	2.74	5.22	10.23	1.77	34.21	24.93	60.9	495.31%
Total	152.54	172.52	158.31	483.37	67.48	103.24	118.03	288.74	-40.27%

Sources: CBL, LRA & MOCI 2015

Compared to the same period in 2014, export receipts from iron ore fell by about 58.5 percent from US$299.06 million to US$124.10 million. Rubber, another major export commodity also fell by about 28.4 percent from US$83.48 million to US$59.74 million. The major decline in export earnings resulted from a 76.0 percent fall in round log, as well as a 72.5 percent fall in cocoa, followed by the fall in iron ore at 58.5 percent; gold by about 48.8 percent; and diamond by about 13.5 percent.

7.3.2 Commodity Imports

Total merchandize imports increased by 49.0 percent to US$1,146.05 million at end September 2015 from US$769.09 million for the same period in 2014. Machinery and transport equipment, petroleum products, and food and live animals recorded the largest shares of total imports for the period under review, accounting for 23.9 percent, 20.6 percent and 15.3 percent, respectively. This is followed by manufactured products 10.4 at percent; chemicals and related products at 9.5 percent; rice 8.6 percent; mineral fuels and lubricants 4.7 percent; beverages and tobacco 2.3 percent; miscellaneous articles 1.8 percent; crude oil 1.6 percent; and animals and vegetable at 1.4 percent of imports value. The high increase in the importation of rice, machinery and other equipment can be attributed to strong demand from consumers after the outbreak of Ebola in the country, which affected farming and construction activities.

Compared to the same period in 2014, the value of imported rice increased by more than over 200 percent, followed by food and live animals at about 180.7 percent. This is followed by Chemicals and related products at 80.1 percent; machinery and other equipment at 78.9 percent; minerals, fuel and lubricants at 45.5 percent; crude oil at 39.1 percent; petroleum products at 19.7 percent; animal and vegetable oil at 13.4 percent; and manufactured products at 10.3 percent.

However, the imported value of beverages and tobacco imports experienced the largest decline, falling by 63.8 percent, while miscellaneous articles declined by about 1.0 percent during the period.

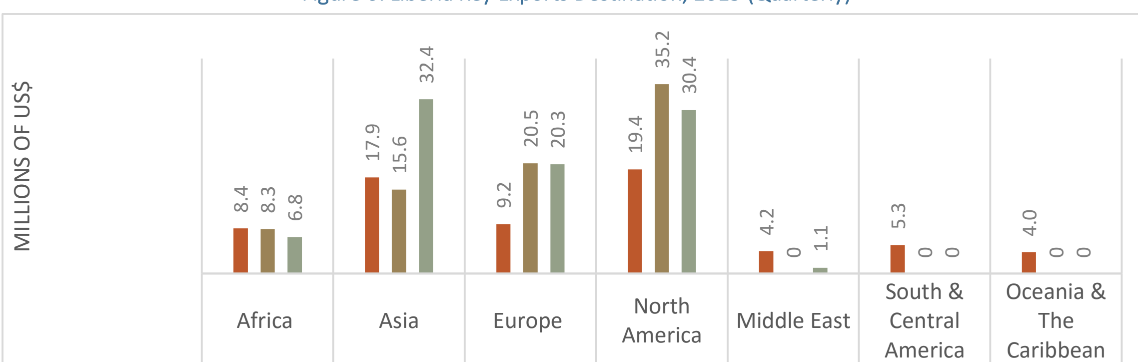
Table 24: Commodity Imports (US$ millions), 2014-2015

Commodity	2014				2015				Year-On-Year % Change
	Q1	Q2	Q3	Total	Q1	Q2	Q3	Total	
Food and Live animals	18.96	22.25	21.25	**62.46**	54.79	69.57	50.95	**175.31**	180.68%
Rice	11.84	9.98	9.93	**31.75**	26.32	36.07	35.74	**98.14**	209.14%
Beverage & Tobacco	24.22	24.09	24.42	**72.73**	8.16	8.95	9.20	**26.30**	-63.84%
Crude Materials	3.70	4.04	4.08	**11.82**	5.23	5.88	7.20	**18.31**	54.83%
Minerals, fuels, lubricants	10.71	10.48	15.65	**36.84**	19.72	19.25	14.65	**53.62**	45.55%
Petroleum Product	57.62	63.71	75.57	**196.90**	44.67	113.98	77.04	**235.70**	19.70%
Animals & Vegetable oil	3.63	7.77	2.49	**13.89**	5.67	8.16	1.93	**15.76**	13.44%
Chemicals and related products	21.37	16.94	22.41	**60.71**	28.48	43.11	37.73	**109.32**	80.06%
Manufactured Products	27.21	26.82	53.62	**107.65**	34.82	41.39	42.48	**118.69**	10.26%
Machinery & Transp. Equipment	39.30	48.64	65.12	**153.06**	73.01	96.16	104.67	**273.85**	78.91%
Miscellaneous Articles	6.38	6.33	8.56	**21.26**	8.67	0	12.38	**21.05**	-1.00%
TOTAL	**224.95**	**241.06**	**303.08**	**769.09**	**309.55**	**442.53**	**393.97**	**1,146.05**	**49.01%**

Sources: CBL, LRA & MOCI 2015

7.4 Direction of Trade

Figure 6: Liberia Key Exports Destination, 2015 (Quarterly)



	Africa	Asia	Europe	North America	Middle East	South & Central America	Oceania & The Caribbean
1st Quarter	8.4	17.9	9.2	19.4	4.2	5.3	4.0
2nd Quarter	8.3	15.6	20.5	35.2	0	0	0
3rd Quarter	6.8	32.4	20.3	30.4	1.1	0	0

Liberia's major regional exporting partners include North America, Asia and Europe with respectively 35.6 percent, 27.6 percent and 20.9 percent of total exports value at end September 2015. Other regional partners include Africa 9.8 percent, with the Middle East and South & Central America each accounting for 2.2 percent.

Based on bilateral trade, the United States, China, the Euro Zone and ECOWAS constituted about 74.9 percent of total export during the period. This indicates the limited variety of exported commodities that can attract larger partners within the global market. Of the bilateral partners, the United States accounted for about a third (32.7 percent) of total exports, followed by China (20.3 percent), Euro Zone (18.8 percent) and ECOWAS (3.0 percent).

Table 25: Origin of Imports, 2015 (Quarterly)

Origin of Imports in Millions of US Dollars Total				
Regions	1st Quarter	2nd Quarter	3rd Quarter	Total
Africa	96.7	145	62.2	303.9
Asia	152.6	125	100.6	378.2
Europe	76.3	92.8	67.9	237.0
North America	132.3	40	59.4	231.7
Middle East	40.7	21	55.8	117.5
South & Central America	10.2	1	7.8	19.0
Oceania & The Caribbean	0.0	0.5	1.8	2.3
Total	508.8	425.3	355.5	1289.6

Sources: Central Bank of Liberia 2015

Liberia receives the majority of its consumables from other regions and countries around the world. This indicates the import dependent nature of the Liberian economy. Asia is Liberia's largest source of imports contributing about 29.3 percent of total imported commodities; followed by Africa (23.6 percent), the Euro Zone (18.4 percent), North America (9.1 percent) and South & Central America (1.5 percent), among others.

Bilateral trade constituted about 68.8 percent of the total value of imported commodities at end September 2015. Available information suggests that imports from ECOWAS countries constitute about 20.4 percent of the total import bills, followed by China, the United States and the Euro Zone, which constitute about 18.2 percent, 16.5 percent and 13.7 percent, respectively.

8. SOCIAL SERVICES SECTOR

8.1 Impact of EVD on the Health and Education Sectors

The EVD crisis increased expenditure pressure on the health sector, as well as other social protection needs and security. The economy suffered major shock due to the EVD outbreak between Mach 2014 up to mid-2015, with a mortality rate of 41% (3,145 out of 7,635 cases)[5]. Reflecting the alarming impact of the disease on the health sector, economic activities plummeted. After major efforts to contain the EVD pandemic, schools were opened in March 2015, but were later closed due to pleas from parents and guidance about the untimely opening. Schools were reopened in September when the pandemic had subsided considerably.

8.2 Health

In 2014, the health sector was overwhelmingly affected by the Ebola Virus Disease (EVD) outbreak that threatened both economic and social livelihoods of the population. In 2015, the health sector began to recover moderately from the severe impact of the Ebola Virus Disease (EVD). This recovery is expected to have a ripple effect in other key sectors of the economy, as businesses regain confidence and begin to operate normally.

The health system requires substantial investments in order to withstand any future public health crises. These include: building additional facilities; increasing manpower; developing an efficient system for drug delivery to all 15 counties; strengthening health information systems for monitoring and research; strengthening diagnostic services; improving supply chain management; and equipping laboratories with the proper equipment and the relevant staffs. The manpower of the sector is highly skewed towards nursing, nursing aid and midwifery. There is also an imbalance between the staff and staffing of facilities, and the catchment population they meant to serve.

To curb future outbreaks of the EVD or any other epidemic, there is a need to train more staff in gynecology, virology, and other specific disciplines where manpower is lacking. Moreover, there is a need to incorporate forty-one percent (41%) of health workers who are not on payroll and to finance a sizable portion of the National Health Investment Plan (NHIP). The NHIP, which runs from 2015-2021, requires an estimated US$1.7 billion for full implementation. Estimated donor financing is US$551.78

million while estimated GoL financing is at US$416.9 million. This gives us a total of US$968 million and a funding gap of about US$734 million, which should be covered if the nation is expected to fully rehabilitate the health sector[6].

The Government of Liberia's contribution to the health sector has been on the rise since declining in FY 11/12 with the highest share up to date being US$78.7 million for FY14/15. However, current GoL contribution to the budget declined by 8.5 percent to US$72 million, while donor contribution to the sector increased by 63.6 percent to US$72 million in FY15/16 fromUS$44 million in FY14/15.

In keeping with the goal of the health sector which is to improve the health & social welfare status of the population, the Ministry of Health and Social Welfare developed the NHIP to compliment the National Health and Social Welfare Policy and Plan 2011-2021 which sets the sector strategy for 2012-2017 and beyond. The NHIP aims to improve the health status of the population through building a resilient health system that contributes to the achievement of equitable health outcomes described in the National Health Policy and Plan. The goal of the plan with respect to the three-pronged strategic objectives of the National Health and Social Welfare Policy and Plan 2011-2021 are:

- Universal access to safe and quality services through improved capacity of the health network for provision of safe, quality Essential Packages of Health Services;
- A robust Health Emergency Risk Management System through building public health capacity for prevention, preparedness, alert and response for disease outbreaks and other health threats; and
- An enabling environment that restores trust in the health authorities' ability to provide services through community engagement in service delivery and utilization, improved leadership, governance and accountability at all levels.

Combined efforts by the Government and its development partners to improve the country's health systems have resulted in:

- The development of a comprehensive National Investment plan that spans from 2015-2021;
- An increase in the percentage of deliveries assisted by skilled birth attendants;
- An increase in the number of families with access to family planning;
- An increase in the percentage of children under the age of one year who received DPT3/pentavalent-3 vaccination;
- An increase in the out-patient-delivery (OPD) consultations per inhabitant per year;
- An increase in the percentage of pregnant women provided with a second dose of IPT for malaria;
- An increase in the percentage of pregnant women testing HIV+ that are receiving ARV prophylaxis to reduce mother-to-child-transmission (MTCT);

[6] Liberia Investment Plan for building a resilient health system, 2015-2021

Table 26: Health Indicators- Baseline, Targets and Achievement

	Outcome indicators	Baseline 2013	2014	2015 (Jan-March)	Targets 2021
1	Percentage of deliveries assisted by skilled attendants	0.5	0.39	0.34	0.8
2	Couple-years of protection with family planning	70,034	73,976	14445	N/A**
3	Percentage of children under one year who received DPT-3/Pentavalent-3	0.9	0.63	0.57	0.9
4	Out Patient Department (OPD) Consultations per inhabitant per year	1.04	0.84	0.7	2
5	Percentage of pregnant women provided with 2nd dose IPT for Malaria	0.45	0.39	0.36	0.8
6	Number of pregnant women tested for HIV+ and receiving ARV prophylaxis to reduce the risk of MTCT	2,987	0.61	N/A	TBD
7	Number of smear positive TB cases notified per 100,000 persons	104	52	50	127
8	Number of skilled birth attendants (physicians, nurses, midwives and physician's assistant)/10,000 population	7.02	8.6	8.6	14
9	Percentage of facilities with no stock-out of tracer drugs during the period (amoxicillin, cotrimoxazole, paracetamol, ORS, Iron folate, ACF, FP Commodity)	70	70%*	N/A	0.95

Source: Ministry of Health 2015 report

- A reduction in the number of smear positive TB cases notified per 100,000 persons;
- An increase in the number of skilled birth attendants (physicians, nurses, midwives and physician assistants) per 10,000 persons; and
- An increase in the percentage of facilities with no stock-out of tracer drugs (amoxicillin, cotrimoxazole, paracetamol, ORS, iron folate, ACT and FP commodity), during the period.

Table 26 shows performance of key health indicators for the first quarter of 2015. The density of core health professionals increased by 37 percent between 2010 and 2015 from 6.3 to 8.6 per 10,000 persons. The public health workforce includes 117 physicians (0.03 per 1,000 population), 436 physician assistants (0.08 per 1,000 pop.), 2,137 nurses in both RN and LPN categories (0.4 per 1,000 pop.), and 659 midwives (0.12 per 1,000 pop.). This presented a 30 percent increase for physicians and a 50-60 percent increase for the other three core health professions, since 2009[7].

8.3 Education

Education being an essential driver for developing the necessary human resources is needed for maintaining and sustaining speedy economic growth and development. Considering this potential benefit, the Government of Liberia has placed education as a high priority on its development agenda, with support from its development partners. The major goal of the Education sector is to ensure equal access to a high-quality, free and compulsory basic education; and to a variety of post-basic education and training opportunities that lead to an improved livelihood and/or tertiary education.

[7]Health Investment Plan

Investment in the sector is intended to increase classroom infrastructure as well as to increase the knowledge and skills of teachers. This is consistent with the 2009 Education Sector Plan, the five-year (2012-2017) Medium Term Plan for Education Reform and Development in Liberia, the Education Reform Act of 2011 and the draft Technical and Vocational Education and Training (TVET) Policy of 2011. The aim of the Government's investment in education is five-fold:

- To ensure equitable access to free basic education for all children and youth, including the most marginalized in society;
- To improve quality, relevance and accessibility of secondary, tertiary, vocational/technical education programs and to alternative basic education programs for out-of-school adolescents and youth;
- To efficiently strengthen educational services and information management at the national level with focus at the community level;
- To improve Parent Teacher Associations (PTA) and national oversight, standards and coordination to ensure quality education; including non-government early child care and development (ECCD) programs for children aged 0 to 5 years; and
- To increase the numbers, and improve the competencies, of teachers in formal schools and alternative basic education programs.

Most schools in Liberia reopened in March 2015 for the first time in about one year since the EVD crisis engulfed the country in early 2014. Due to the Ebola epidemic, the sector was duly inactive, as schools remained closed to avoid bodily contact amongst the students.

In the periods during and after the crisis, the government, along with its partners, increased their efforts to mitigate the spill over impact that the EVD crisis would have on the education sector. These actions include:

- The provision of 18 vehicles to CEOs and Regional Officers for school supervision; the Provision of 100 motorbikes to DEOs for school supervision; contribution towards the national response to Ebola crisis through school based awareness; distribution of sanitary materials to all schools; response to the Ebola crisis through social mobilization (radio program sponsorship, community awareness through partners, psychosocial support) and logistics support (Donor); Rehabilitated schools and provided sanitary kits for students and staff (Donor);
- Continuous renovation and repairs of critical infrastructure of the University of Liberia
- Trained 240 teachers across all levels
- The revision of the National policy on Education;
- The revision of the NCHE Operational Manual, the conduct of credentials verification at some HEIs, and the initiation of the harmonization of curriculum with other West African Countries;
- The renovation of a student dormitory, and the construction of a water system on the campus of the William V.S. Tubman University

- The conduct of trade training pedagogical workshops for 18 MVTC instructors in 12 basic trade areas; the conduct of staff development and a pedagogical workshop for 46 LOIC administrative staff and trade instructors in various trade disciplines; conducted Computer Empowerment Training Program for 28 employees of AITB in major computer programs; and developed curricula for LOIC at the basic levels in 8 trade areas.

Data coverage in the education sector expanded considerably for 2014/15 academic year. The total number of schools that participated in the Education Statistics and returned their questionnaires were 4,038 compare to 2,849 in 2013/14 academic year. Since the data coverage is not consistent year-on-year, this component does not make use of trend analysis but provides the analyses as they are each year.

In the 2014/15 academic year, enrolment for Early Childhood Education (Nursery-Kindergarten) increased by 34.5 percent to 385,651 from a previous level of 288,539 in 2013/14. Public institutions accounted for 64 percent of the total enrolment with private and faith based institutions accounting for the remaining 36 percent.

The total number of primary school students was 426,629, representing an increase of 14.2 percent from 373,722 in Academic Year 2013/14. The Net Enrolment Rate (NER) in this category is about 26.7 percent, while the Students-to-teacher ratio (STR) was 20.2 percent. On the other hand, the student to classroom ratio (SCR) is 28 pupils to a class.

The total number of students enrolled at the secondary level for Academic year 2014/15 was 184,499, representing a 48.7 percent increase from 124,064 students enumerated for Academic Year 2013/14. The Net Enrolment Rate (NER) for secondary schools is at 15.3 percent.

8.4 Water and Sewerage Services

Population growth and limited infrastructure for water distribution have adversely impacted the supply of water and the provision of sanitation services across the country. It is well documented that access to safe drinking water and basic sanitation services positively impact people, leading to significant social, economic and environmental benefits. The government of Liberia and its partners have added additional momentum to focus on the water and sanitation sector with the intent of increasing access to safe water supply and sanitation and improving hygiene practices.

The following objectives are intended to improve the water and sanitation sector:

- Managing, expanding and sustaining Liberia's WASH services through a clear, functional and inclusive WASH governance structure and with strengthened operational guidelines, training and financing;
- Expanding equitable access to environmentally-friendly and sustainable water, sanitation services and solid waste management – including for the poorest and most vulnerable communities;
- Increasing adherence to safe hygiene practices (e.g., hand washing and reduced open defecation) and

strengthening community organizations and schools; and

- Improving WASH sector capacity and engagement with stakeholders, and strengthening WASH monitoring and information management systems.

In 2015, it was estimated that 89 percent of the urban population had access to improved sources of safe drinking water, while an estimated 63 percent of rural population had access to improved sources of safe drinking water. The major sources of water supply consist mainly of wells, boreholes with hand pumps, and springs. Despite these gains, an estimated 63 percent of the population store water in open containers.

Urban households with improved sanitation facilities amount to 28 percent, while 6 percent of rural households have improved access to sanitation. However, open defecation is highly prevalent in the rural area than the urban area with 27 percent of urban households being involved with open defecation while 68 percent of rural households use the open for defecation. This on average constitutes 48 percent of the population that use open defecation disposal means. Meanwhile, 25 percent of the population has access to shared disposal facilities, while 10 percent utilizes unimproved waste disposal facilities[8].

Overall, Government's total appropriation to the Water, Sanitation and Hygiene sector for FY2015/16 amounts to US$2.7 million, of which US$1million is for capital expenditure; while donor's support amounts to US$25.3 million.

Key achievements in this sector during the year under review include:

- Facilitation of improved water connections in Central Monrovia;
- Rehabilitation of main lines connecting central city to Bensonville and Cooper Farm;
- Ensuring ample supply of inputs (Fuel, lubricants, and chemicals) for operating the water treatment plant;
- Conducting an assessment of sewer lift stations;
- Acquiring a total of twelve (12) sewer trucks (Donor);
- Rehabilitation of sewer facilities and expansion of water supply in Monrovia, Kakata, Zwedru, Buchanan and Robertsport;
- Conducting a nation-wide pre-feasibility study for the rehabilitation of the water supply system; and
- Increasing Liberia water and sewer services coverage by 6 percent in 2015, compared to 2014.The use of water by household increased by 13.8 percent in 2015, compared to 2014. This indicates an overall improvement in the AfT goal of increasing access to safe water supply, sanitation and improved hygiene practices.

[8] Joint Monitoring Program, 2015 report

9. INFRASTRUCTURE & OTHER BASIC SERVICES

9.1 Infrastructure

The total investment cost of achieving infrastructure target as outlined in the AfT over the five-year period (2012-2017) is estimated at US$1.2 billion. The economic benefits of infrastructure investment are long-term competitiveness, productivity, innovation with many positive linkages to the economy.

The goal of this sector is to construct and rehabilitate the physical infrastructure that will increase access to basic services at an affordable cost to improve social and economic growth and development. In line with this goal, the government has identified priority projects in the areas of energy, road and the rehabilitation of ports, which are listed in Table 27.

The total PSIP appropriation excluding energy spending for this sector increased by 52.1 percent to US$64.13million in FY 2015/16 compared to the figure reported in FY2014/15. This amount is targeted at road works, the rehabilitation of the runways and terminal of the Robert International Airport, the laying of the fiber optic internet cable, counterpart funding, rural development fund,

Table 27: Liberia Priority Infrastructure Projects

CATEGORY I ONGOING	CATEGORY II FUNDING SECURED	CATEGORY III NEED FUNDING
ENERGY		
▪ Mt. Coffee Hydro ▪ HFO (GOL) ▪ HFO (JICA) ▪ HFO (World Bank) ▪ Paynesville-Kakata (T&D)	▪ Monrovia – RIA-Firestone (T&D) ▪ Monrovia-Tubmanburg (T&D) ▪ Monrovia Consolidation	▪ VIA Reservoir
ROADS & BRIDGES		
▪ Paynesville-Ganta-Guinea Border ▪ Fish Town – Harper ▪ Ganta-Yekepa (AML) ▪ Somalia Drive- Red Light ▪ Caldwell Bridge ▪ Zwedru-Greenville (PUTU)	▪ Gbarnga – Voinjama-Mendikorma (Lot 1) ▪ Ganta – Zwedru-Fishtown	▪ Bo Waterside
AGRICULTURE		
▪ West Africa Agricultural Productivity Program (WAAPP) ▪ Smallholder Tree Crop Revitalization Support Project (STCRSP) ▪ Smallholder productivity enhancement project (SAPEC)	▪ RIA Runway ▪ Greenville Port (wharf etc.)	

and housing projects. Total donor spending in the infrastructure sector in FY2015/16 amounts to US$133.4 million, indicating a 38.1 percent increase in total donor contribution to this sector in the FY2014/15. GoL appropriation to the infrastructure sector in FY2015/16 increased by about 9 percent to US$77 million.

Roads are vital for Liberia's economic growth and development, as they enhance accessibility to markets and services and thereby reduce wastage and increasing food availability. A good and reliable road network also has positive societal benefits in that a well-connected transportation network leads to quicker and more reliable transport for people and goods. In 2015, the government made significant strides toward developing the necessary road infrastructure by completing 33 of 54 (61.11 percent) of road projects programmed for construction or rehabilitation during the AfT period.

Key projects completed during the period include:

- The Compound #1 – Buchanan Port Road;
- The construction of the new Caldwell Bridge; and
- The construction of bus terminals in Bo-Waterside, Gbarnga, and Buchanan.

During the period under review, several roads across the country were under construction and rehabilitation, listed in Table 28. When completed, the expanded road network is expected to enhance access to social

Table 28: Ongoing Road Projects

No.	Contract	Type of Road	County	% of completion
1	Rehab of Clara town road	Asphalt	Montserrado	59
2	Police Academy	Asphalt	Montserrado	35
3	Logan town Duala bypass extension	Asphalt	Montserrado	50
4	Asphalt pavement A.B Tolbert to Duport road	Asphalt	Montserrado	64.99
5	Logan town Duala by-pass	Asphalt	Montserrado	90
6	Marshal Asphalt pavement	Asphalt	Montserrado	70
7	Sinkor Capitol By-Pass Asphalt pavement	Asphalt patching	Montserrado	80
8	Asphalt patching and shoulder overlaying of Somalia Drive	Asphalt patching	Montserrado	92.39
9	Brewerville iron Gate Clay Ashland	Laterite	Montserrado	70
10	Amadu Town-Royceville Feeder Rd Project	Laterite	Montserrado	49.61
11	Rehab. Of Blomue Nyarnwuelle Town, Weala-Isaac farm	Laterite	Margibi	70
12	Suaken to Glofaken	Laterite	Sanoe	75
13	Kaweaken- Barclayville	Laterite	Sanoe	70
14	Rehab. RD from Gbarnga to Ganta city Toe town	Laterite	Bong & Nimba	88.61
15	Brewerville-Bopolu	Laterite	Montserrado, Bomi & Gbarpolu	35
16	Emergency improvement of Neighborhood Roads Lot (1) in Montserrado county namely: New Georgia 1.7km, Kesselley Bvd 2.2km, St. Michael Road 1.5km and snow hill Road 0.7km	Laterite	Montserrado	40
17	Emergency improvement of Neighborhood Roads Lot (3) Montserrado	Laterite	Montserrado	40
18	Emergency improvement of Neighborhood Roads Lot (2) Montserrado	Laterite	Montserrado	40
19	Weasua Road Rehabilitation		Montserrado	24.06
20	Buchanan Junction-Nimba Junction		Montserrado	25.17

Source: Ministry of Public Works, 2015

infrastructure (schools, churches, mosques and health centers), increase access to education and health facilities, and improve social interaction and mobility, and thereby improve access to markets.

9.2 Transportation Services

A well-connected and high quality transportation network is vital for improved economic performance. A transportation system that performs well allows businesses to expand, lowers prices on goods and services, reduces wastage, increases access to markets, and spurs the growth of micro firms along its corridors. A good transportation network also brings with it a more reliable shipment and travel times, less road congestion and consequently, less cost. It also has social implication in that an improved and high quality road network can reduce the out-of-pocket money that should have been spent on accident and the wear and tear of vehicles.

During the implementation of PRS I and II, the government made modest gains in offering a reliable transportation network that connects the various counties and the country to the rest of the world. Most of the improvements in transportation facilities, however, were concentrated in Montserrado County, which is home to Monrovia, the nation's political and financial capital. To further improve transportation conditions across the country, the Ministry of Transport, with support from the Ministry of Public Works, developed a comprehensive Transportation Master Plan in 2012 which complements the sector's goal as outlined in the AfT, implementation of which is now underway.

Table 29 below shows the total number of driver's licenses issued from 2013 to 2015, by category. The total of issued licenses fell by 63 percent in 2015 to 2,153 for all categories of vehicles in the country compared to 5,793 driver license issued in 2014. However, compared to 2013, the amount of driver license issued declined by 85 percent. This decline can be attributed to sharp decline in Ordinary and Heavy Duty drivers.

Table 29: Driver Licenses Issued, 2013-2015

Category	2013	2014	2015
Ordinary	11,007	3,946	1,156
Chauffeur	2,807	1,367	835
Heavy Duty	137	416	151
Motorcycles	8	64	11
Total	13,959	5,793	2,153

Source: Ministry of Transport

9.3 Energy distribution, transmission and distribution

Electricity plays a very important role in the growth and development of a country. Availability of electricity spurs increase in agricultural and industrial services. Electricity positively contributes to improvement

Table 30: Electricity Indicators, 2013-2015

Description	Years			
	2012	2013	2014	2015
Total Number of Customers	13347	18510	25933	34231
Total KWH of Power Supplied	48670932	5.6E+07	5.2E+07	57244216
Unit Cost of Power (US$)	0.6	0.55	0.5564	0
Demand Forecast (%)	25.28	14.52	0	0

Source: Liberia Electricity Corporation, 2015 in social indicators and has positive impacts on the Human Development Indices (HDIs).

The Government has identified the provision of greater access to energy as an important step for the growth and development of the Liberian economy, and has enlisted the support of its development partners to rehabilitate the Mount Coffee Hydroelectric Plant. However, the implementation of the project was delayed as the result of the EVD crisis, which eventually led to the adjustment of the time for the first power supply from December 2015 to December 2016.

Table 31: LEC Customers Segmentation, 2013-2015

Customer Segmentation	Years			
	2012	2013	2014	2015
Residential	82	77	22,247	30,475
Commercial	114	113	3,468	3,534
Government of Liberia	123	135	154	158
Non-Governmental Organization	5	5	45	45
Public Corporation	5	8	8	9
Liberia Electricity Corporation	7	7	7	7
Tax Exempt	2	4	4	3
TOTAL	13,347	18,510	25,933	34,231
Prepaid Customers	13,009	18,161	25,574	33,884
Post-Paid Customers			359	347
Total			25,933	34,231

Source: Liberia Electricity Corporation, 2015

In 2015, the total number of power subscribers amounted to 34,231, representing a significant increase of 32 percent over the 2014 customer base. The increase in 2015 can be attributed to the wider coverage of the Liberia Electricity Corporation's (LEC) service. This expansion in coverage and customer base has resulted in a concurrent increase of total kilo-watt-hour supplied by 9.2 percent, when compare to 2014. (See Table 30).

Increased access to electricity enables, businesses to increase their operating hours and productive capacity, and reduces the cost of production, which eventually leads to lower prices for their goods and services. This is expected to feed in better business innovation and more decentralization of business activities as markets expand and new markets are formed, and the income generating potential of the state increases.

As the Mt. Coffee Hydro is still under construction, the major sources of power supply are Heavy Fuel Oil (HFO) Plants, thermal generators, and electricity through the West African Power Pool (WAPP) project from the Ivory Coast. The WAPP project has increased the transmission and distribution lines in Liberia, connecting six out of 18 communities of the cross-border MV interconnection lines in Nimba County, while connections in Maryland and Grand Gedeh Counties are ongoing.

Table 32: Monthly Kwh of Power Supplied, 2013-2015

Month	Years			
	2012	2013	2014	2015
January	4,477,582	4,417,098	5,195,178	4,225,793
February	4,234,777	4,354,292	4,751,552	4,508,753
March	4,297,688	5,059,622	4,514,203	5,966,128
April	4,024,182	5,123,560	4,314,865	5,240,009
May	3,824,321	4,587,759	5,079,410	5,786,589
June	3,600,823	4,641,655	4,898,851	5,547,852
July	3,322,665	4,185,494	4,712,370	531,677
August	3,549,647	4,374,340	4,212,983	4,682,621
September	4,073,176	4,304,428	3,613,032	5,282,243
October	4,516,546	4,713,158	4,162,582	4,932,546
November	4,261,433	4,864,219	3,625,176	5,240,118
December	4,488,092	5,116,023	3,340,277	5,299,887
TOTAL	48,670,932	55,741,648	52,420,479	57,244,216

Source: Liberia Electricity Corporation

The 18MW HFO Power Generation and other donor projects provide electricity in most parts of Montserrado County. The connected communities in Montserrado are Bushrod Island, Congo Town, Gardnersville, Central Monrovia, Paynesville and Sinkor. Currently, almost all of the LEC subscribers are prepaid with only about 1 percent of total customers registered as post-paid. Table 31 provides a categorization of the LEC power subscribers, and shows the increased of total customers to 34,231 in 2015, compared to the 25,933 recorded in 2014. Residential customers have increased by 37 percent, while commercial customers also increased steadily by 2 percent.

Table 33: Breakdown of Unit Cost of Power, 2013-2015

Description	Years		
	2013	2014	2015
Fuel Adjustment Cost (FAQ)	0	0	0
Tariff	0.48	0.52	0.52
Goods & Services Tax (GST)	0.07	0.0364	0.0364
Unit Cost of Power	0.55	0.56	0.56

Source: Liberia Electricity Corporation

To ensure greater access to electricity, the Government has decided to subsidize the cost of generating electricity. As a result, the cost of power remained constant atUS$0.56 per kwh in 2015, as shown in Table 33.

Other key achievements in this sector include the Liberia Accelerated Electricity Expansion Project (LACEEP), which is currently in the process of expanding 66 KV lines from Paynesville to Kakata through Duport Road. The government has also installed hydro-meteorological equipment with funding from the Government of Norway, and increased the transmission and distribution lines in Liberia and the ECOWAS sub region (CLSG) main lines. Other energy projects include: Monrovia - Consolidation of Electricity Transmission and Distribution; the Liberia Electricity System Enhancement Project (LESEP) A/F; Liberia Electricity System Enhancement Project (LESEP) LR-Electricity System Enhancement; and the Lighting Lives in Liberia Project (See Table 35).

Table 34: Value of Energy Sector Projects, 2015

National Priority Projects	
18MW HFO Power Generation	1,000,000
Liberia Electric Corporation- West Africa Power Pool (WAPP) -Electricity Interconnection Côte d'Ivoire, Liberia, Sierra Leone, and Guinea	1,000,000
Sub Total	2,000,000
Off-Budget- Donor Funded Projects	
Mount Coffee Hydro Generation Rehabilitation	79,838,804
West Africa Power Pool (WAPP) -Electricity Interconnection Côte d'Ivoire, Liberia, Sierra Leone, and Guinea - AfDB	24,350,000
Monrovia - Consolidation of Electricity Transmission and Distribution	11,200,000
Management Contract for the Liberian Electricity Corporation	2,842,320
Liberia Electricity System Enhancement Project (LESEP)A/F	3,600,000
Liberia Electricity System Enhancement Project (LESEP) LR-Electricity System Enhancement	11,800,000
Lighting Lives in Liberia	400,000
Sub Total	134,031,124
Grand Total	**136,031,124**

Source: 2015/2016 National Budget

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