

# **REPUBLIC OF LIBERIA**

## **FY 2007/2008 BUDGET PROPOSAL FACT SHEETS**



### **OFFICE OF PUBLIC AFFAIRS & IT**

**Ministry of State for Presidential Affairs  
Executive Mansion  
Monrovia Liberia**

**PRESIDENT SIRLEAF'S FY 2007/2008 BUDGET**  
**PROPOSAL FACT SHEET**

*President Ellen Johnson Sirleaf and her Administration are in the FY 2007/2008 National Budget repositioning Liberia for national renewal, poverty reduction, and sustainable development by focusing on education, healthcare stronger agricultural and basic infrastructural development, including roads , water and sanitation . The proposed budget also emphasizes better pay for civil servants. This is welcomed news especially for our poorest citizens, including our students, patients, civil servants, retired and senior citizens and our rural population as a whole.*

**A. Highlights and Key Goals of this Year's Budget**

*These include:*

- ◆ **A larger and expanded National Budget cake :**
  - A much larger Budget this fiscal year of some \$183 million, compared with about \$130 million for last year (2006/7) and about \$85 million the fiscal year (2005/6) when this Administration came into office. This is possible because of stronger collection of revenues from all sources, but importantly without increasing the tax burden on the average Liberian. This expanded Budget permits more spending on basic social and economic services for our people
  
- ◆ **More Resources for Liberian Teachers, Students, and Schools**
  - A 44% increase in education funding from **US\$10.5 million** inFY2006/2007 to **US\$15.2 million** FY2007/2008.
    - Includes US \$4.3 million to support the free and compulsory primary education policy that will ensure:
    - Smaller classrooms with less students per teacher
    - More and better books, equipment and school meals for teachers & students
  
- ◆ **More Resources for Doctors, Patients, and Hospitals**
  - Increased spending for dozens of new and refurbished hospitals, better facilities for patients, and expanded numbers of doctors, by 28% from **US \$10.8 million** in FY2006/2007 to **US \$ 13.9 million** in FY2007/2008

- ◆ **More pay for Civil Servants and More...**
  - **US\$16.3 million** (8.9% of the Budget) proposed for civil servants' salary increases, which represents a 77% increase over the US\$9.9 million budgeted in FY2006/2007 for that purpose.
  - Proposed minimum salary for any Liberian in the civil service will now be \$50 USD as of July 1, 2007.
  - This increase will range individually from US\$20 per month to US\$60 per month depending on civil service classification
  - The lowest salary for civil servants on January 16, 2006 when the present Government assumed office was US\$15 or about L\$870.
  - The recommended increase in this Budget to US\$50 or L\$2900 means that the Johnson Sirleaf Administration has more than tripled the minimum salary earned by civil servants in less than eighteen months.
  - Better and more efficient procedures and systems are being put into place across the country to ensure that these salaries are paid monthly in a more timely and cost effective way, especially for workers in rural communities
  - As the economy improves, and as the civil service reform measures take deeper roots, the administration further commits to sustaining the improvements made thus far in the salaries of civil servants, and to providing better training for them, and improving their overall working conditions.
  
- ◆ **Continued settlement of past civil service salary arrears, local commercial vendors and rentals**
  - Proposed allocation of **US\$12.7 million** for the servicing of arrears accumulated by past Governments for the payment of long overdue salaries of civil servants, outstanding rentals of leased properties by Government and payments owed to several local commercial suppliers and financial institutions.
  
- ◆ **Better benefits for our senior citizens and retirees**
  - One time lump-sum supplement to be provided to those civil servants retiring this year in addition to L\$1000 already granted last fiscal year.
  
- ◆ **Continued strong and direct support for county and district development**
  - Allocation of **US \$3million** more for local projects identified and approved by communities across all 15 counties this coming year, building on \$2.5 million allocated last fiscal year, and \$1 million allocated in 2006 when this Government assumed office.
  - This is over and above another \$3million allocated for social development in Bong, Nimba and Grand Bassa Counties by Mittal Steel, in those counties that the new investment operations will be situated

◆ **More direct support for job creation**

- A further allocation of \$300,000 this fiscal year for the Liberia Emergency Employment/Action Programs, for creation of further jobs and employment opportunities especially for the youth, over and beyond the several thousands of new jobs to be created by poverty reducing spending in the other many areas identified in the Budget

**B. Overall Continued Stronger Management of our Economy**

*Specific highlights in the Budget include:*

- Sustained promotion of rapid economic growth by creating jobs and reducing poverty.
- Ongoing implementation of iPRS to strengthen Government institutions at both the central government and county and district levels and to implement prudent policies in order to attract substantial financial and technical donor support, as well as increased amounts of foreign direct investment.
- Continued balancing of the Budget ie spending only to the extent that collected revenues allow and go beyond only to grants mobilized from donors. This will among other things help us to better management inflation and rising commodity prices
- No new borrowing domestically or from abroad during the fiscal year 2007-2008.
- Further strengthening and increased efficiency in revenue collection and the use of public monies.
- Continued Government encouragement of donor partners to channel part of their assistance through the Budget in order to create more financial capacity for the Government to plan and implement its programs efficiently and reduce poverty throughout Liberia, while revitalizing the national economy.
- Sustained strong fight against , and zero tolerance for, corruption and bad governance of our national resources

### **C. Further Evidence of a Stronger National Economy over Past Year**

*Specific highlights in the Budget include:*

*Overall the economy of Liberia (Gross Domestic Product (GDP)) grew 7.8% in the first half of current FY2006/2007 (July to December 2006), compared to 5.7% during the same period of FY2005/06.*

*This growth was driven mainly by construction, recovery in the agricultural sector and a large donor presence.*

*GDP growth is projected to average over 10% each year from 2007 - 2012, with significant boosts provided by the revival of the forestry, mining and agricultural sectors restarted this current fiscal year.*

*Consumer price inflation declined in 2006 to single digits (7.4%) compared to 11.1% in 2005.*

*Domestic price levels for retail and wholesale commodities are within manageable limits; this Government continues to develop careful monetary policies to minimize the effect of increases in the prices of basic commodities on the poor.*

*The exchange rate is fairly stable at about LBD 60 to US\$1. This Government continues to be committed to maintaining a stable foreign exchange rate to mitigate the impact of exchange rate variability on our trade balance and consumer prices.*

*International trade, evidenced by growing imports and exports into and from Liberia continues to expand, meaning more jobs, more foreign exchange earnings and increased national reserves for national emergencies and a stronger national currency, for all Liberians.*

*These factors are all crucial for stronger poverty reduction among the Liberian people, as envisaged in our ongoing Interim Poverty Reduction Strategy, which this year's Budget fully supports.*

### **D. Legislature Approval Needed**

**President Ellen Johnson Sirleaf transmitted the FY 2007/8 Budget to the Liberian Legislature on May 17, 2007 and has sought their approval before the beginning of the new fiscal year July 1, 2007, to ensure the operations of the Government for the continues uninterrupted and that the full benefits of the Budget commence accruing soonest to the Liberian people.**