



LRA
LIBERIA REVENUE AUTHORITY

Liberia's DRM Strategy

Liberia's experiences with formulating and implementing its National Revenue Reform Strategy and Donor Engagement

June 19, 2023

OUTLINE

- Formulation
- Overview of the DRM
- Governance
- Thematic Interventions
- Domestic Revenue
- Revenue Outturn
- Approach to Donor Engagement
- Donor Projects/Programs
- Partners Intervention
- Challenges

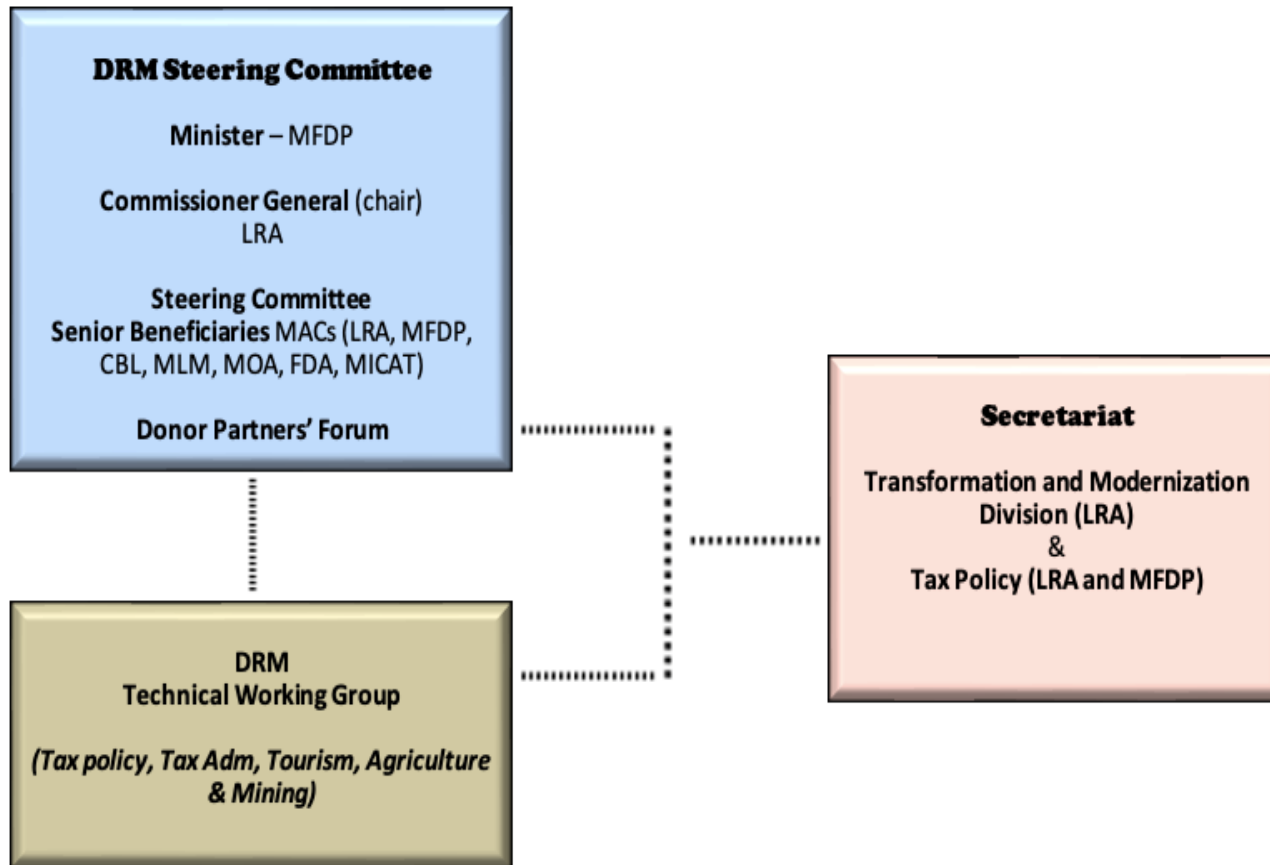
FORMULATION

- An outcome of the LRA corporate plan (2016-2020)
- Regional Consultations (four)
- National Revenue Symposium (including Int'l stakeholders)
- Consolidation of findings from stakeholders' engagements
- Hiring of Consultant
- Engagements with MACs & all other relevant public and private entities
- Development of Draft DRM Strategy
- Regional and National Validations
- Launch of DRM

OVERVIEW OF THE DRM

- **Launch** - The DRM Strategy (FY 2018 - 2022) was launched by the Government of Liberia alongside the gov't PAPD development plan at a Cabinet meeting held in on October 26, 2018
- **Objective** – To identify and guide national initiatives to garner sustainable domestic resources to finance inclusive growth & poverty reduction
- **Strategic Priorities** –
 - Expanding the revenue base and minimizing revenue loss;
 - Financial deepening for savings generation and plugging savings leakages
 - Exploiting nexus between DRM & ODA.
- **Critical Enabler** –
 - Access to tax administration service,
 - ITC, macroeconomic stability
 - legal infrastructure
 - public confidence
 - enterprise risk management
 - Tax discount into tax premium sectors
 - Financial deepening and donor engagement
- **Overall Outcomes** –
 - More revenues generation
 - Expanding registered taxpayers
 - Turning tax discount sector into premium sector
- **M&E** - Periodic review of the DRM implementation resources and serves as a key tool for reporting on the progress towards achievement of the results for the DRM.

GOVERNANCE



THEMATIC INTERVENTIONS

Tax Administration

- Upgrading of the ASYCUDA System
- Introduction of the National Single Window
- Implementation of the WCO Anti-Corruption and Integrity Promotion (A-CIP) Program for Customs
- Transition from PSI to DI
- Implementation of ITAS
- Implementation of Electronic Fiscal Device (EFD)
- Establishment of centralized processing Unit
- Simplification of payment process
- Real property devolution to sub-national authorities
- Compliance clustering system

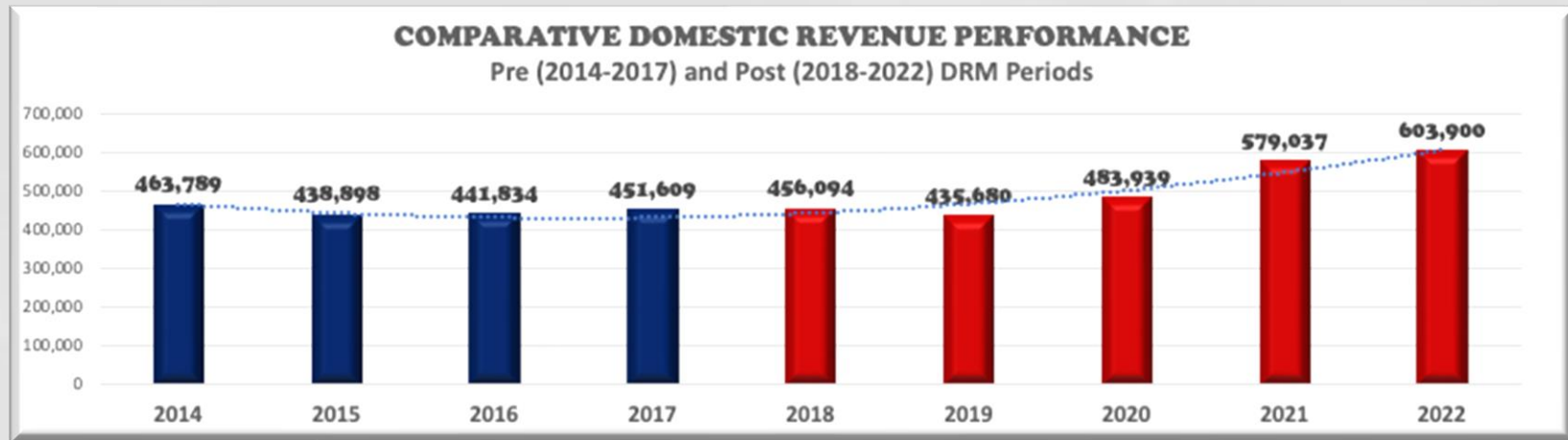
Tax Policy Intervention

- Consolidation of the all amendments (2011 – 2019) into one codified revenue code
- Transition from GST to Value Added Tax (VAT)
- Excise reform
- Tax expenditure reform

Sectorial Intervention

- Tourism Sector Reform
- Fishery sector reform
- Revision of the Minerals and Mining Laws of Liberia

DOMESTIC REVENUE GENERATION



The above figure shows performances for pre and post Domestic Resource Mobilization (DRM) Strategy Implementation. From the data collected, aggregate Domestic Revenues in the first four years (2014-2017) recorded US\$1.796 billion below US\$1.954 billion collected in the following four years (2018-2021); despite the presence of the Covid-19 Pandemic.

Meanwhile, average collection in post DRM implementation period (2018-2022) stood at US\$511.6 million above US\$449.0 million in previous years and the overall average of US\$483.8 million of the entire period; with 2022 alone recording the highest outturn of US\$603.9 million. The increased returns in the post DRM period can be attributed to the strategic implementation of activities under key priority areas

REVENUE OUTTURN

TAX TYPES	CY2018	CY2019	CY2020	CY2021	CY2022	TREND
Total Revenue	494,111	435,680	664,398	694,336	741,418	
Domestic Revenue	456,094	435,680	483,940	578,485	603,900	
Tax Revenue	396,237	355,166	393,964	484,922	486,633	
Taxes on Income & Profit	160,662	137,829	174,746	210,742	211,790	
Taxes on Property	5,522	4,984	4,742	5,337	4,498	
Taxes on Goods and Services	45,197	46,680	45,459	55,594	58,956	
Taxes on International Trade	183,156	159,211	165,456	209,837	203,056	
Other Taxes	1,700	6,462	3,560	3,410	8,333	
Non -Tax Revenue	59,856	80,514	89,976	93,564	117,267	
Carry forward	-	-	2,035	46,960	-	

APPROACH TO DONOR ENGAGEMENT

The LRA takes a sequential approach to donor outreach and engagement.

- 1 Develop an agenda and a Domestic Resource Mobilization strategy outlining LRA's strategic priorities and needs
- 2 Convene a donor steering committee, comprising of all donors interested in supporting on public financial management affairs
- 3 Present strategy and ensure coordination and alignment between LRA's priorities and the areas of interest for donors
- 4 Engage donors and ensure regular collaboration on specific areas of support or transformation initiatives
- 5 Monitor and report on progress of initiatives

DONOR PROJECT / PROGRAM

PROJECT NAME: USAID

Revenue Generation for
Governance and Growth
(RG3)

SUPPORT TYPE: Hard & soft

PROJECT NAME: EU

Long term technical support to
Customs

SUPPORT TYPE: Soft /Tech

**PROJECT NAME: WB,
SIDA, EU & AFDB**

Public financial management
reforms for institutional
strengthening project

SUPPORT TYPE: Hard

PROJECT NAME: UNDP

Strengthening National
Capacities for Development
Effectiveness (C4DE Project)

SUPPORT TYPE: Hard

PROJECT NAME: AFDB

Integrated public financial
management reform project

SUPPORT TYPE: Hard

**PROJECT NAME: IMF
/AFRITAC West II.**

Customs & Domestic taxes

SUPPORT TYPE: Soft/tech

PROJECT NAME: OSIWA

Strengthening revenue
authority capacity to facilitate
DRM

SUPPORT TYPE: Hard

PROJECT NAME: United
Kingdom overseas
Development Institute (ODI)

SUPPORT TYPE: Soft/tech

DONOR PROJECT / PROGRAM

PROJECT NAME: German Gesellschaft Fur International Zusammenarbeit (GIZ)
SUPPORT TYPE: Soft/tech assistance

PROJECT NAME: ECOWAS
Support for transition from GST to VAT)
SUPPORT TYPE: Soft/tech assistance

PROJECT NAME: IMF
(Fiscal affairs department), Strengthening capacity in Domestic Tax
SUPPORT TYPE: Soft/tech assistance

PROJECT NAME: World Customs Organization (WCO)
SUPPORT TYPE: Soft/Tech

PROJECT NAME: China aid
(People's Republic of China)

PROJECT NAME: SIDA
Support to LRA in efficient tax system & high-level voluntary compliance
SUPPORT TYPE: Soft/Tech

PROJECT NAME: OECD

Technical assistance

- Request for supplementary review of Liberia's adherence to the global form/EOI
- (TIWB) Strengthen capacity in telecom, manufacturing, gaming finance & insurance sectors / Transfer pricing
- Capacity building/CBCR

PARTNERS INTERVENTIONS



Rolled out mobile tax and fee payments, helped support the creation of the LRA Taxpayer Advocate Office, developed & launched LRA E-filing platform,, completed a reform roadmap, white paper, and draft VAT law, initiated an outgoing call function;

Supported preparation & publication of the consolidation & amends to the LRC , taxpayer education campaigns, development of the debt management framework and tax arrears transactions system, organized courses for MFDP & LRA officials on different types of taxes and developed comprehensive induction training programs and supported implementation of excise reform - **RG3**



Drafting and validation of DRM strategy, upgrade of the LRA Data center, acquisition of ITAS through the US\$5.3m PFMRI SP sponsored project, customization of ASYCUDA and provision of logistics for ASYCUDA rollout to 5 CBOs and capacity building & support for LRA training center - **WB**



Drafting and submission of the national tourism authority act, development & validation of the national tourism policy, masterplan and investment guide, audit of companies in the national resource sector, certification of LRA staff in chartered accountancy and long term masters for 3 LRA staff - **AFDB**



Establishment of 7 tax clubs & conduct of 5 road shows, production of 1 tax expenditure report, development of 40 practice notes, training of 2 staff on tax policy and analysis and 25 staff in audit, fiscal investigation & financial reporting & accountancy, conducted 1 GSM audit and 3 knowledge sharing missions to Nigeria, India & Rwanda, held 120 talk shows and call-ins & 10 community outreaches, developed 16 jingles, 2 mobile & 5 online applications and strengthening of real-estate - **OSIWA**



Transition from PSI to DI, Setup electronic fiscal management system and deployment of fiscal devices, GSM audit and Development of the online customs tariff portal - **GOL**

CHALLENGES

- Risk / Inhibitors - Corruption, Informality, Capital flight/ illicit flows & low human and institutional capacity
- DRM implementation was delayed for two years
- The strategy suffered two years of delay including on account of the Covid-19 pandemic
- Limited funding and logistical support for coordinating & completing various tasks for the DRMS implementation.
- Donor fatigue on account of COVID 19 Pandemic
- Low levels of commitments shown from the inception by various stakeholders of government. As a result, starting the implementation of key components of the strategy was either slow or never started

Building Liberia Together with our Taxes



Thank You!