

**STATEMENT DELIVERED BY
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MINISTER OF FINANCE AND DEVELOPMENT PLANNING-DESIGNATE
AT HIS CONFIRMATION HEARING BEFORE THE WAYS, MEANS,
FINANCE, AND BUDGET COMMITTEE OF THE HONORABLE
LIBERIAN SENATE**

Mr. Chairman and members of the Ways, Means, Finance, and Budget Committee,

I come in genuflection to the Almighty God, the Omnipotent, the Omniscient, and the Omnipresent, who has made this day possible. I lift profuse thanks to President Joseph Nyuma Boakai for the faith he has reposed in me by nominating me to lead our nation's fiscal house. I thank the leadership of the Honorable Liberian Senate, the Chair and members of the Ways, Means, Finance, and Budget Committee as well as the entire Liberian Senate for giving me this opportunity to discuss the vision I intend to pursue if confirmed for the position of Minister of Finance and Development Planning.

Mr. Chairman and Members of the Committee,

My nomination by President Boakai can be likened to a Commanding-In-Chief summoning a reservist, an old soldier back to the battlefield. I, therefore, approach this task with the utmost humility and passion and solemnly pledge to men and God that I will use all the fibers of my being in the noble mission of defending our nation's cause and putting Liberia first, above all else.

I know that the challenges ahead are gargantuan and so too are the expectations of the Liberian people and friends of Liberia. I must concede that I don't come with the magic wand to wave for milk and honey to instantly begin to flow on Broad Street and other parts of our dear country. We will take some quick actions to make things better, but we are also cognizant of the fact that some of the challenges we will confront are complex and multi-faceted and addressing them will be a time-intensive and multi-stakeholder exercise.

At this juncture, Mr. Chairman and Honorable Members of this august Committee, please indulge me for a few minutes as I endeavor to share with you some of the key priorities I intend to pursue if confirmed:

1. EFFECTIVE RESOURCE ALLOCATION BY PRIORITIZING OUR PRIORITIES. We need to ensure that the resources we raise through domestic sources, grants, and loans are directed to our nation's priorities as identified in our development agenda. To do so, we must start with crafting a credible national development agenda on which our national budget is anchored. Thanks to the team at the Ministry of Finance, our development partners, local consultants, and many others, much work has already been done in crafting the new development agenda, the ARREST Agenda for Inclusive Development (AAID) If confirmed by the Honorable Liberian Senate, one of my top priorities will be to drive the process to its logical and timely conclusion for the formal launch of the new development agenda not later than November of this year. Accordingly, we must walk our talk by ensuring that the budget for FY 2025, which begins in January next year, is anchored and aligned with the new development agenda – meaning the top priorities of the AAID must be the top priorities of our budget as well as development and cooperation frameworks agreed with our partners.

2. GENERATION OF INCREASED RESOURCES /REVENUE FOR DEVELOPMENT” The development challenges of our nation are huge. To address these challenges, we must dedicate significant efforts to raising more resources for development. Doing so, will require a panoply of strategies and interventions including but not limited to the following:

2.1. *Taking more robust and sustained action to address the binding constraints to economic growth*, especially unlocking the potential of the energy sector and connecting our country with paved roads. For the energy sector, we must take a slew of actions, not the least of which will be to quickly improve our power generation capacity to increase access to electricity in both the rainy and the dry seasons; leverage the efficiencies of the private sector, particularly in power distribution; and improve the efficiency and profitability of Liberia Electricity Corporation (LEC). We must dedicate our resources towards connecting all our counties with paved roads and maintaining all our existing farm to market roads and building even

more farm to market roads. Taking concerted, robust and timely action to address the binding constraints to growth will improve the profitability of businesses, lead to the expansion of the private sector, create jobs for more Liberians, and greatly improve domestic revenue mobilization.

2.2. *Supporting the newly launched “Liberians Feed Yourselves Agenda: National Agricultural Development Plan (NADP) 2024-2030”* as it aims to “provide the path for national food self-sufficiency and indigenous wealth creating through agricultural value-chain development”. Contributing over \$1.3 billion to our economy and creating job opportunities for over 60% of our workforce, the agriculture sector can be a major contributor to economic growth and revenue generation if we provide the requisite support to enable the sector fulfill its true potentials. Therefore, I intend to work hand in gloves with the Ministry of Agriculture and all the partners in the sector to fulfill the ambitious but achievable targets set in the NADP.

2.3. *Improving the revenue generated from key sectors of our economy including the mining sector.* The mining sector was one of the key sources of growth in the Liberian economy during 2023, but the World Bank reports that mineral royalties fell below target by 38%. Such troubling and contradicting reality in the mining sector points to the need for the Ministry of Finance, the Liberia Revenue Authority (LRA), and relevant Ministries, Agencies, and Commissions (MACs) to take a deep dive review of key revenue generating sectors with the view to understanding their true revenue potentials as well as the challenges/constraints hindering revenue generation capacity. The goal will be to take appropriate actions, using a one-government approach, to unlock the potentials of such sectors.

2.4. *Adequately supporting the LRA and other revenue generating agencies to raise more revenue for government.* We will support the LRA’s intention to fully leverage technology and digitization as a way to close revenue leakages and significantly increase government revenue. We shall push all revenue generating agencies to the full extent of their potentials, but as we do so, we shall be careful lest we milk the willing cow to death.

2.5. *Protecting and supporting value-addition and “Made in Liberia” initiatives through the granting of appropriate incentives and protection.* This will not only increase revenue but also create more jobs in the country.

2.6. *Working with the Ministry of Commerce and Industry (MOCI), the National Port Authority (NPA), and other MACs to make it easier to register and do business in Liberia.* Generally, this may require improving or re-engineering business processes to reduce the turnaround time for business processes across government as a whole, most especially at the Liberian Business Registry (LIBR), the Freeport of Monrovia, and the Ministry of Finance itself.

2.7. *Working in tandem with and supporting the development diplomacy agenda of the Ministry of Foreign Affairs with the view to leveraging our bilateral and multilateral partnerships for scaled up support to the AID.*

3. ENHANCING THE CREDIBILITY AND EFFICIENCY OF THE BUDGET PROCESS. This will entail a slew of measures including but not limited to the following:

3.1. *Realistic revenue forecasting.* We shall heavily support the capacity of the Ministry of Finance and the other relevant government MACs to develop more realistic revenue forecast, especially in the extractive and other complex sectors. More realistic revenue forecasting contributes significantly to the credibility of the budget by avoiding frequent recast of the budget and slashing of appropriations due to shortfalls. Aiming for a bigger budget is good, but what is better is aiming for a bigger and realistic budget.

3.2. *Improve the efficiency, predictability, and accountability of the budget execution process.* In this regard, the top priority will be to reduce red tape or the time it takes to process allotments and get payment through the Ministry of Finance. We shall develop average timelines for business processes at the Ministry, which will be rigorously monitored to ensure adherence. As tough as it may seem, my goal is to lead a Ministry where documents/vouchers move through the system without being “pushed”. Shortening transaction

processing time has a positive multiplier effect on the economy as a whole. First, it creates predictability and certainty that government will make payments of budgetary appropriations and allotments within a reasonable amount of time, thus reducing the implied premium the private sector adds on the cost of goods and services procured by government. When government MACs legitimately procure goods, services, and capital items, the Ministry of Finance should make prompt payment to vendors and contractors. Over the past months, there has been great improvement in the timeliness of payment of salaries of government workers. I intend to sustain the gain and even improve on it. The ultimate goal will be to ensure that all, not just some, government workers are paid before the end of the month. Improving the efficiency of business processes will entail fully leveraging technology, including the IFMIS system that we launched in 2011.

4. IMPROVING COMPLIANCE WITH FINANCIAL MANAGEMENT LAWS & REGULATIONS.

One of the teething challenges that has been identified by the GAC and the Reform Coordination Unit at the Ministry of Finance is low compliance across the government with financial management laws and regulations, particularly the PFM Laws and its regulations and the PPCC Act and its regulations. Therefore, we intend to take steps and work with relevant stakeholders including the General Auditing Commission (GAC) to ensure the robust and comprehensive implementation of these laws and regulations. This will lead to proper accounting for government resources and prevention of fraud, waste, and abuse, thus indirectly saving resources to address urgent development priorities. In this regard, we intend to give strong support to strengthen the capacity of the GAC, the IAA, and other integrity institutions to execute their mandates.

5. REVIEW OF THE HARMONIZATION PROGRAM FOR APPROPRIATE ACTION.

A few years ago, in the wake of a stagnating revenue envelope, the path taken by the GOL to address the high ratio of the public service wage bill to the total budget envelope was to develop and implement the GOL Pay Harmonization Program with the professed aim to ensure the sustainability of the public sector wage bill. What is incontrovertible is that the policy and its actual implementation of the policy have generated concerns among some

stakeholders. Without going into the merits and demerits of the policy and its implementation, that if given the nod by the Liberian Senate through confirmation, one of my top priorities as Minister of Finance will be to work with the CSA and other government institutions to conduct a thorough review of the policy and its implementation with the singular purpose of deriving appropriate and realistic solutions to whatever genuine concerns that exist over the policy and its implementation. I strongly believe that an appropriately incentivized and motivated government workforce is critical to government success. We must strike the right balance between maintaining a sustainable public service wage bill and paying government employees decently.

6. ENSURING PRUDENT AND DISCIPLINED DEBT MANAGEMENT. The When the government of Ellen Johnson Sirleaf came to power in 2006, one of the burdens inherited from the past was a huge debt overhang amounting to more than 700% of GDP. Liberia had lost its credibility to borrow. We consequently acceded to the Heavily Indebted Poor Countries (HIPC) Initiative and through a multi-stakeholder effort led by the Ministry of Finance, reached the HIPC Completion Point in 2010 triggering the cancellation of nearly US\$5 billion in external debt by our bilateral, multilateral, and commercial creditors. HIPC Completion Point restored Liberia's right to borrow. To ensure that we borrowed responsibly and sustainably, we crafted a Medium Term Debt Management Strategy. Before reaching HIPC Completion Point, we vetted the domestic debt claims by hiring external auditors and began settling domestic debt strictly in line with a Domestic Debt Resolution Strategy.

As at June 2024, Liberia's total debt stock stood at **US\$2.58 billion** comprising **US\$1.078 billion (41.9 percent)** in domestic debt and **US\$1.50 billion (58.1 percent)** in external debt. The ratio of total debt stock to GDP stood at **56.65 percent**, which means that we are now labelled as a country with a medium risk of debt distress. We are fast nearing the 60% threshold where we will be unfortunately labelled as a country with a high risk of debt distress, with all the attendant negative repercussions such labeling brings. In addition, our annual debt service obligation is taking up bigger and bigger chunks of the fiscal space and consequently limiting the fiscal space for other government priorities.

Therefore, prudent and disciplined debt management is not an option; it is a must and I am going to treat it as such. Contracting new debt is not bad *per se*; what is key is what we are contracting debt for and at what terms. We cannot afford to contract debt at unfavorable terms and with limited rates of economic return. Given that the PFM law recognizes debt service as first claim on government revenue, we cannot shirk our responsibility to settle legitimate and vetted domestic and external debt. So we must dedicate resources annually to settle our debt, but we must approach debt repayment with the discipline, transparency, and accountability.

7. ACTIVELY SUPPORTING LIBERIA'S CLIMATE ACTION AGENDA AND WORKING IN TANDEM WITH THE EPA AND OTHER RELEVANT MACS TO LEVERAGE AVAILABLE CLIMATE FINANCE OPPORTUNITIES FOR LIBERIA. We cannot afford to bury our heads in the sands to the ever-increasing threat that climate change poses to the achievement of our national development goals. We must support all existing and soon to be developed strategies and action plans to improve adaptation and resilience to climate change and climate variability. We must also ensure that we position ourselves firmly to take full advantage of all available climate finance opportunities to fund our development agenda. Equally, given Liberia's huge natural resource endowments including one of the largest swathes of forest cover in the world, we must strike the right balance between conservation and commercialization and attract the requisite resources to buttress our conservation intentions in a transparent, accountable and equitable manner.

Mr. Chairman and Honorable Member of the Liberian Senate,

What I have thus far delineated are some of the key priorities I intend to pursue if confirmed by the Honorable Liberian Senate. This is by no means an exhaustive list of what needs to be done to ensure sound fiscal management and sustainable development in our country. I will seek to benefit from the wisdom of Liberians and friends of Liberia both at home and abroad and have begun receiving and will continue to solicit brilliant ideas on what we need to do to serve our people better. Of course, I also intend to always seek and benefit from the wisdom and perspectives of the National Legislature in leading the Ministry of Finance.

I don't claim to know all; but what I know is that I don't need to know all to succeed. Though I am also technocrat in my own right, I understand the role of a Minister is primarily the role of a leader, which can be compared to the role of a choir director. A choir director may not know how to sing all the tunes in the choir. What the choir director knows best is how and when to call a tune or a combination of tunes to get a melodious symphony. As Minister of Finance, I am going to leverage the collective and individual wisdom and contribution of the workforce of the Ministry to succeed.

In a sense, the Ministry of Finance and Development Planning is like the heart and other government institutions are like the other parts of the body. The heart pumps blood to other parts of the body; but it fails to pump blood to a particular part of the body, that part of the body may suffer paralysis or other serious complications. What this means is that for the government as a whole to work well, the Ministry of Finance and Development Planning must work well. Quintessentially therefore, my role as Minister of Finance and Development Planning, if confirmed, will be to make the Ministry work well, and that's precisely what I intend to do.

Mr. Chairman and Members of the Committee, thanks a million for affording me this opportunity.