

# WIEGO Resource Document

## Informal Economy Budget Analysis: Greater Monrovia

Aisha Namsamba

July 2017

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## List of acronyms

<b>AMA</b>	Accra Metropolitan Authority
<b>FY</b>	Financial Year
<b>GOL</b>	Government of Liberia
<b>LISGIS</b>	Liberia Institute of Statistics and Geo-Information Services
<b>LMA</b>	Liberia Marketing Association, INC.
<b>LRD</b>	Liberian dollar
<b>MCC</b>	Monrovia City Corporation
<b>MFDP</b>	Ministry of Finance, Development and Planning
<b>MOU</b>	Memorandum of understanding
<b>NAPETUL</b>	National Petty Traders Union of Liberia
<b>PCC</b>	Paynesville City Corporation
<b>PSIP</b>	Public Sector Investment Plan
<b>ROL</b>	Republic of Liberia
<b>WIEGO</b>	Women in Informal Employment: Globalizing and Organizing

## 1. Introduction

This paper aims to assess whether the government budget in Liberia address the needs of informal workers, in particular street vendors, market traders and waste collectors in greater Monrovia. The paper describes the situation of these three groups of informal workers, and then explores whether there are any indications of budgetary support or opportunities for workers<sup>1</sup> to participate in the government budget process.

This analysis was conducted under a joint WIEGO-Cities Alliance partnership as part of the Liberia Country Programme's support to informal workers and promotion of equitable economic growth in greater Monrovia. The audience for this paper includes government officials, legislators, donors, organizations that represent and work with informal workers, and the informal workers themselves.

The question of whether there is budgetary support for informal workers is particularly important in a country like Liberia, where informal workers constitute the majority of working people. In 2010, 49.5 per cent of people employed outside of agriculture in Liberia were in the informal sector,<sup>2</sup> with a further 10.8 per cent in informal employment<sup>3</sup> (ILO, 2013). Women were more likely than men to be informal workers, with 72.0 per cent of working women in informal employment outside of agriculture compared to 47.4 per cent of working men (ILO, 2013). Expressed differently, women accounted for 67.1 per cent of non-agricultural informal workers. The International Labour Organization (ILO) noted this as the highest recorded gender disparity in this respect recorded in sub-Saharan Africa (ILO, 2013).

In absolute terms, there were 343,000 informal workers (206,000 women and 136,000 men) in Liberia in 2010, compared to 62,000 in formal non-agricultural employment. Geographically, 72.1 per cent (241,000) of all informal workers were in urban areas. Women were more likely than men to be in the informal sector rather than in other categories of informal

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<sup>1</sup> The report does not look at budgets and expenditure of aid agencies except to the extent that they channel their funding through the government budget.

<sup>2</sup> The definition of the informal sector adopted by the 15<sup>th</sup> International Conference of Labor Statisticians (ICLS) was based on the nature of the economic unit, or enterprise, in which people work. Small and unregistered economic units, such as family businesses or people working alone (own-account workers) were defined as making up the informal sector.

<sup>3</sup> In 2003, the 17<sup>th</sup> ICLS defined informal employment as a broad concept that includes informal sector workers as well as other categories of workers whose work was not legally or socially protected. The Liberian Institute of Statistics and Geo-Information Services (LISGIS) (2011) defines informal employment as all workers who are not (a) professionals, (b) working in establishments registered with the Ministry of Commerce and Industry (MOCI), (c) working in establishments with more than 4 workers, or (d) receiving benefits from their employer.

employment. Conversely, 11.6 per cent of all male informal workers were employees, compared to only 1.6 per cent of female informal workers.

In terms of sectors, 61.2 per cent of all informal workers (74.3 per cent of the women) were in the trade sector, with a further 27.1 per cent (15.9 per cent of women) in services other than trade or transportation. Given their large numbers, informal workers have established and joined organizations/groups so as to be better equipped to protect their needs and interests. For example, the National Petty Traders Union of Liberia (NAPETUL) and the Liberia Market Association (LMA) were established to organize and advocate for the needs and interests of the street vendors and market traders, respectively.

This study complements similar informal economy budget analysis studies completed in cities in Brazil, Ghana, Pakistan, Peru, Philippines and South Africa.<sup>4</sup> Across these countries, the analysis has tended to focus on the impact of government budget on market traders, street vendors and waste collectors in particular. The market traders and street vendors are important because, across countries, they tend to constitute the majority of urban informal workers. Waste collectors are important because waste collection is often one of the primary functions of local government, and there is increasing recognition of the importance of this service and of different modalities for delivering the service. This report on Liberia focuses on street and market traders and waste collectors.

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<sup>4</sup> See WIEGO Working Papers No. 11, No. 12, No. 13, No. 14 and No. 15

## The Informal Economy and Government Budgets in Ghana

The need for government to do more to support informal workers is explicitly stated in Ghana's Shared Growth and Development Agenda 2010-2013. Some such support is visible in the budgets and action of the Accra Metropolitan Authority (AMA).

In 2013, 11.6 per cent of the total expenditure of the AMA was for activities relating to traders. The percentage dropped to 8.1 per cent in 2014, but the actual amount increased by 29 per cent. Expenditure on construction and maintenance of markets accounted for 99 per cent of the budget activities in both years and funds multiple projects each year. For example, the AMA's 2014 budget document reports completion of 13 market sheds at three markets, reconstruction of four market sheds at two further markets, and paving of yet another market. Other budgeted trader-related activities were meetings with traders, education and sensitization of traders, food trader inspection and certification, market sanitation, and information management.

AMA uses revenue from central government and donors, private sector investment, and levies and fees paid by traders to fund the construction of markets. Payments to the AMA by traders include fees for businesses licenses, dealer permits, building development fees, rent, land development application fee, education levy, and sanitation and waste management fees. The fees differ according to the type of business. AMA officials say that they discuss the proposed fees with traders before finalizing them. They also discuss what kind of market structures would meet the traders' needs.

## 2. Methodology

The research utilized both secondary data and qualitative methods to:

- Examine how government budgets address the needs and interests of different groups of informal workers;
- Explore what opportunities exist for informal workers (or their representatives) to participate at different stages of the budget process.

Information was collected by conducting Key Informant Interviews (KIIs) and reviewing documents. The research entailed extensive review of the following documents: national budgets for the financial years FY2016/2017 and FY2015/16, the 2016 citizen's guide to the national budget and the 2009 public finance management regulations for the Public Finance Management Act. In addition, internet searches were utilized to obtain more data, especially the Ministry of Finance and Development Planning website ([mfdp.gov.lr](http://mfdp.gov.lr)). This review only included documents authorized to be made available to the public under Liberia's laws. Both the study interviews and review of the relevant documents was performed during February – April, 2017.

## **2.1 Study population, sampling and sample size**

Greater Monrovia is of national significance as it is home to about one third of the country's population. Monrovia, one of the municipalities of Greater Monrovia, is the commercial and political capital of Liberia. Paynesville, another municipality in Greater Monrovia, hosts the Red Light market place, the country's largest market place. This study focuses on the city corporations of these two municipalities: Monrovia City Corporation (MCC) and Paynesville City Corporation (PCC). The study respondents included: i) representatives of the street vendors and market traders, ii) waste pickers working in Community Based Enterprises (CBEs), iii) relevant government officials, and iv) researchers. The appendix details the number of KIIs that were conducted among the various target populations. In total, the researcher conducted 20 KIIs among various relevant stakeholders (2 and 7 among national government and local government officials, respectively). In addition, KIIs were conducted with 3 and 4 representatives of street vendors and CBEs, respectively. Study respondents were purposively selected based on their positions, in order to gather in-depth insights from an informed point of view.

## **2.2 Study limitations**

The study included a review only of documents that Liberian law requires should be made available to the public in Liberia, leaving out data sources which could potentially provide more informative details. In addition, the study entailed analysis of secondary data from Liberia's national budgets which provide only a broad categorization of budgets by sector and economic classifications. An additional limitation was created by the fact that the Liberian budget is not compiled on the basis of programmes and/or performance. Informal worker representatives were interviewed about how they feel that they do or do not benefit from existing budget allocations. However, besides these representatives, no additional informal workers were interviewed.

# **3. Street Vendors in Greater Monrovia**

## **3.1 National Petty Traders Union of Liberia (NAPETUL)**

The National Petty Traders Union of Liberia (NAPETUL) was established in 2009 with the objective of "interceding and advocating for the social and economic emancipation and rights of all street sellers in Liberia and to inject into them the spirit of awareness, self-esteem and self-actualization" (NAPETUL, Constitution). NAPETUL has over 40,000 street vendors as members. The members are categorized in three major groups according to their operating area: i) small store, ii) open specific space and iii) along the street. NAPETUL spent its initial years fighting with the MCC for recognition of the right of its



members to trade on the street. Weeks (2012) describes the first three years of the conflict, and the issues at stake: one of the key stumbling blocks was the municipal government's objective of turning Monrovia into a "clean, green and progressive capital city" (Weeks, 2012). The traders were seen as contributing to the "grime" of the city, and the MCC attempted to use ordinances dating back to the 1970's to place heavy restrictions on trading.

After years of negotiations, NAPETUL eventually reached agreement with the MCC. According to the memorandum of understanding (MOU) which was signed on October 30, 2014, between NAPETUL and the Monrovia City Corporation (MCC) and Ministry of Commerce and Industry (MOCI), NAPETUL was responsible for collecting USD 20 from each of its members annually. Half (USD 10) of the money was supposed to be paid over to the MCC. The remaining amount (USD 10) constituted fees for "ID cards"<sup>5</sup> for NAPETUL members who comply with the NAPETUL rules and regulations for doing business in and around Monrovia." The payment to the MCC was considered to be a municipal tax and was intended to cover or contribute to covering expenses incurred by the city in providing garbage transfer to the landfill from the skip buckets.<sup>6</sup> The Public Finance Management Act

2009 requires that the spending entities, including MCC and PCC, submit a monthly report on revenue. The monthly report reflects only the aggregate amounts of all revenue and does not separate out the amount paid over by respective sub-groups like NAPETUL.

According to the 2014 MOU, NAPETUL was also expected to have a database of all registered members, and to share a copy with MOCI and MCC. NAPETUL members were expected to operate only from designated areas, meet MCC-defined dimensions and standards for their stalls, arrange their market stalls in a way that allows quick and easy reference (recognition of the vendor) and display the necessary identification/documents as per the MOCI and MCC requirements. At the time of the interview, NAPETUL was close to signing an MOU with PCC so as to be able to address some challenges of the street vendors in that location. In addition, a NAPETUL representative noted that they have waste picker members who are responsible for collecting waste from Red Light market where a good number of street vendors in PCC operate their businesses.

NAPETUL takes pride in: i) supporting NAPETUL members in transitioning from the informal to the formal sector, and ii) offering ID cards to street vendors who the

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<sup>5</sup> NAPETUL retains the fees for ID cards and is responsible for the design and production of the ID Cards. The estimated cost to process one ID card is USD 5 dollars. The remaining USD 5 is meant to be applied towards operational costs like stationery, generator fuel, and office cleaning. Joseph highlighted that NAPETUL has no staff line item; the workers offer their services voluntarily.

<sup>6</sup> Skip buckets are structures that should be constructed by the City Corporations to serve as garbage collection centers.

chairperson strongly believes have contributed towards improvements in protection for street vendors, resulting in a reduction in police harassment. The waste pickers in PCC were also commended for improving the sanitation of the working environment for street vendors in Red Light market.

### 3.2 Needs and interests of the street vendors

The street vendors, especially through NAPETUL, have realized: i) a transition (at least to some extent) from the informal to the formal sector which signifies some progress towards achieving ILO Recommendation 204, and ii) improved protection for their goods.

However, during the past six years, street vendors have expressed a variety of needs during workshops, such as the WIEGO 2011 Organizing Street Vendors in Liberia workshop and the 2016 Cities Alliance Liberia Country Programme (WIEGO/StreetNet/NAPETUL) introductory workshop. On both occasions, common challenges that were highlighted included: police harassment; lack of respect and recognition from the authorities; lack of access to credit, decent working environment, on-site warehousing facilities and education for their children; and poor business skills. Many of these challenges were corroborated in the findings of a survey conducted in early 2017 for the Cities Alliance baseline study in Greater Monrovia (Cities Alliance, forthcoming). Currently, the street vendors face the following major challenges:

**Police harassment:** Confiscation of goods by law enforcement bodies was the most important challenge highlighted by the street vendors during the two workshops. Similarly, in the Cities Alliance survey, 82 per cent of street vendors reported that they had been harassed by the police in the six months prior to being interviewed. Meanwhile, 54 per cent had experienced theft of business goods over the same period. NAPETUL noted that the street vendors experience harassment from both the Monrovia City Police Force (MCPF) and the National Police (NP). The most destructive harassment to date was the December 15, 2015 incident during which the vendors experienced confiscation of goods and damage to stalls and tables and were ordered to leave their vending site on Gurley Street immediately.

According to NAPETUL, the city police harassment is partially driven by some formal store owners who write to the police expressing their discontent with the street vendors operating in front of their stores. NAPETUL noted that the police also at times refer to orders from above, although not conclusive about the origin of the orders. In the KII, an official of the Cities Alliance Project Office in Monrovia revealed that plans are underway to arrange for a meeting with the various partners, namely: street vendors, city police, the

planning unit of MCC, the Ministry of Lands, Mines and Energy,<sup>7</sup> and the Ministry of Public Works.<sup>8</sup>

**Limited space to vend, social and working environment and facilities:** According to NAPETUL, the total current designated space for trading is small compared to the large number of street vendors. Previously, poor access to a decent working environment was raised as an issue in the two workshops. NAPETUL has tried to identify potential sites that would provide traders with additional space, however, the relevant authorities do not approve of the identified locations as suitable for street vending. An official from MCC highlighted the lack of space in Monrovia more generally as an issue. However, the same official pointed out that old infrastructure can be cleared or renovated to increase space, although it would require availability of finances. Besides, **lack of clarity about ownership of and authority over the vending space** was also raised as a concern by NAPETUL's members. Specifically, the street vendors are uncertain whether the government or the store owners own and can authorize vending on the sidewalk.

According to an MCC official, the sidewalk is the property of the government, but MCC gives priority to the needs and voice of the store owners, since the stores existed before the vendors. The MCC official felt that the vendors should therefore negotiate with the store owners. In addition, he noted that the vendors are prevented from operating in certain areas so as to protect the image of certain institutions, such as the ECO Bank on Randal Street. In the Cities Alliance survey, 39 per cent of street vendors said that they were working in open spaces without any shelter.

Concerning social and working environment and facilities, street vendors have easy access to public toilet facilities in surrounding areas, such as on Michelin Street. In the Cities Alliance survey, 91 per cent of street vendors said that there was a toilet facility within 500 meters from where they worked. However, some of the vendors have more limited access to water and sanitation facilities. For instance, according to a representative from NAPETUL, street vendors on Randal Street have to utilize the toilet facilities on Gurley or Carey streets.

**Limited access to and affordability of storage facilities:** NAPETUL reported a shortage of storage facilities for the street vendors to keep their goods. In the Cities Alliance survey, 89 per cent of vendors reported that they had a place where they could keep their business

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<sup>7</sup> The ministry is responsible for assessing land, formulation of policies and guidelines for the exploration of the resources for economic and social benefits of all Liberians. Responsibilities include land-related issues like making the sidewalks available for the street vendors.

<sup>8</sup> The ministry is mandated to perform the following: "Drafting and Designing Constructions, Planning and constructing public infrastructures, supervising construction contracts implementation, maintaining roads, bridges and public buildings, among others" (GOL, 2016). i.e it is in charge of city zoning.

goods after work. However, NAPETUL reported that some of the warehouses were located a long way from the vending areas, and high fees were charged for storing the goods. As a result, many vendors carry their goods home each day.

**Business competition:** NAPETUL noted complaints from street vendors about competition from store owners. This is a common issue for vendors in cities around the world – for example, vendors in Metropolitan Lima, Peru also face competition from shop owners (Linares, 2010). A NAPETUL official commented that the store owners also run the twenty-one retail businesses which are designated by MOCI for Liberians only – a practice that leaves the vendors with very minimal profits.

**Limited access to credit:** Existing research has highlighted lack of access to financial support as one of the most common challenges facing street vendors in other parts of the world (Linares, 2010). NAPETUL attributed the limited access to credit to lack of confidence and high interest rates. Liberia experienced diverse negative social and economic impacts during and after the Ebola Virus Disease (EVD) outbreak during 2013 and onwards. Also during this period, Liberian informal workers experienced a significant decline in performance. Business closures by informal workers were very frequent over this period. Many of the street vendors lack collateral which would facilitate access to financial services. According to the Public Finance Management Act (2016), government lending transactions should be performed only if the risk assessment proves that the borrower is financially capable of servicing the loan. Government is thus not an easy potential source of credit for the more vulnerable vendors.

In addition, the forthcoming presidential election planned for October 2017 was highlighted as a factor that has further limited access to credit for vendors. For instance, NAPETUL halted the disbursement of a loan to its members (acquired from the Central Bank) until after the election process is over. Also, NAPETUL pointed out that both the financial institutions and some of the street vendors are reluctant to lend and borrow money respectively until they are done with the election pre and post period. One NAPETUL official felt that the behaviour was driven by anxiety about the transition process, given the past violent methods of obtaining power prior to the current regime.

**Limited business skills and knowledge:** NAPETUL noted the lack of business record maintenance by almost all the street vendors. Yet adequate record keeping would allow the street vendors to keep track of their expenditures and revenue, which can result in improved business performance.

**Fees defaulting:** NAPETUL revealed that the vendors are not yet fully accustomed to paying taxes. For instance, during the period 2014-15, NAPETUL paid only LRD 200,000

(USD 2,000) of the LRD 500,000<sup>9</sup> (USD 5,000) that was owed to the MCC for 500 members' licenses. A NAPETUL official noted that most members paid partial dues and left some pending. Similarly, the issue of defaulting on dues by NAPETUL members was raised during the WIEGO 2011, Organizing Street Vendors in Liberia workshop. In the Cities Alliance survey, only 12 per cent of vendors reported that they paid any business-related tax over the previous 12 months. However, most said that they would be willing to pay taxes if it would prevent police harassment.

## **4. Market traders in greater Monrovia**

### **4.1 Liberia Marketing Association, INC.**

The Liberia Marketing Association, (LMA) INC. is a corporate entity which was endorsed by the Senate and House of Representatives of the Republic of Liberia (adapted LMA By-Laws and Constitution, 2012). The LMA was founded in 1976 with the "sole purpose of doing business and controlling all markets and their facilities within the territorial limits of the Republic of Liberia" (Adapted LMA By-Laws and Constitution, 2012). An LMA official reported that per the census conducted by the LMA 3 years ago, the LMA has 285 markets in total.

According to Article 4 of the LMA By-Laws and the Constitution, membership in the LMA is open to all people that reside in Liberia (both Liberians and "aliens"). In addition, the person joining should be involved in trade through the market system. Membership is confirmed after filling in a membership application form. The LMA has two categories of membership: i) regular members (only Liberians) and ii) associate members (non-Liberians). However, the LMA constitution allows only regular members to hold office in the association. The associate members consist mainly of traders from neighboring countries, namely Ghana, Sierra Leone, Guinea, and Nigeria. Also, members from more distant countries like Uganda and Kenya were said to be engaged in market trade. The National Secretary of LMA reported that the association has approximately 80,000 active members of whom 20,000 are engaged in trading in markets that are located in Montserrado (Monrovia and Paynesville). The majority (roughly 75 per cent) of the members are reportedly female. The LMA members engage in the trade of various products such as agricultural (perishable products), ordinary foodstuff, curtain, clothing, plastics, footwear, dishes, and more.

Members of the LMA are required to pay certain fees to meet their tax obligations and help in running the operations of the organization. According to an LMA representative, the

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<sup>9</sup> Using an exchange rate of LRD 100=1 USD. Every NAPETUL registered member with an MCC license should have paid 10,000 LRD, therefore amounting to LRD 50,000, in total.

LMA members pay an annual membership fee of Liberian Dollars (LRD) 500 (USD 5). The fee is utilized by the association to issue the members with a valid identification card. In addition, the LMA is responsible for collecting a daily fee (equivalent to LRD 10) from each LMA member on a daily basis. The daily fee is utilized to cover operational needs (e.g. pay staff, clean the market and purchase supplies), city government tax and garbage collection. The financial records of the LMA are subjected to financial audits once a year. The association pays a 10 per cent tax to the Liberia Revenue Authority (LRA) of the total annual revenue that is obtained from the daily member fee collection.

#### **4.2. Needs and interests of the market traders**

The National Secretary of the LMA noted that over the years the association has obtained permanent structures (markets), which facilitated relocation of some traders from the streets. In addition, the association facilitated the construction of private elementary schools for the children of the traders.

However, both the traders and the association at large encounter certain challenges while carrying on their activities as indicated below.

**Open disposal garbage stations:** One official among LMA top management considered open disposal of garbage to be the most challenging issue that the association encounters. The transfer stations for the garbage are open to the public as well. Therefore, people from the surrounding communities utilize the station, which causes the association to be charged extra fees by the MCC for garbage collection from the garbage sites.

**Fees defaulting:** There is not an embedded culture of paying fees among the market traders, often making it difficult for LMA officials to collect the daily fees from members. The secretary noted that some traders end up defaulting in the process, which at times can force the LMA to utilize the finances meant for operational duties or the development agenda for MCC municipal charges.

**Seizure of goods:** The traders often experience seizure of their goods. An LMA official noted that the arrests are performed by officials from the MCC with intention to extort money from the market traders. The practice is especially common in open markets such as the waterside.

**Limited access to storage facilities:** Like the street vendors, the traders do not have easy access to storage facilities. The LMA pointed out that there is limited storage space, especially in the open market. So the traders who operate in such markets have to carry their goods home or to nearby locations on a daily basis.

**Theft:** Mainly due to congestion in many of the market places, the traders experience theft of their goods by people who disguise themselves as customers.

## 5. Waste pickers in Greater Monrovia

The 1970s ordinances used to restrict street vendors stated that the MCC alone was responsible for ensuring “proper collection and disposal of garbage” within Monrovia. In particular, only the MCC could clean sidewalks and streets.

Today, primary waste collection in greater Monrovia is carried out both through individual initiatives in the form of Community Based Enterprises (CBEs) and casual laborers (waste pickers) directly managed by the PCC and MCC. However, the two operate in different areas. MCC and PCC-managed waste pickers are responsible for cleaning and gathering waste on the streets. According to the MCC Mayor, the MCC took over direct management of the waste pickers operating on the streets starting January 2017. Since 2009, waste pickers were managed under the Improved Primary Solid Waste Collection in Poor Communities of Monrovia (IMPAC) project managed by the Cities Alliance with support from the Bill & Melinda Gates Foundation as well as the Emergency Monrovia Urban Sanitation Project (EMUSP) supported by the World Bank and European Union. The CBEs, in contrast, collect waste from households and small businesses (Cities Alliance, 2017; MCC official; and CBE owners). However, some MCC and PCC top management officials highlighted the need for an increased number of CBEs to be able to expand waste collection coverage and reach additional households. One PCC official commented that there were only two registered CBEs responsible for collecting solid waste from the five electoral districts that make up the City of Paynesville.

The CBEs bid to obtain official contracts from the MCC. The households and small businesses that receive the service are expected to pay garbage fees to the CBEs, which are used to run their operations. At the same time, the CBEs pay a portion of these fees to the MCC on a yearly basis. In the Cities Alliance survey, all waste collectors said that they had paid a tax in the previous 12 months (USD 428 on average). According to one CBE owner and an MCC official, the fees paid over serve as a municipal tax, and the funds are utilized to move garbage from the collection sites and transfer stations to the dumping sites or landfills. The fees vary across CBEs and are determined by the estimated population within the target areas, or the estimated number of clients the CBE is expected to serve. For example, one CBE owner reported that he had paid a tax of USD 330 while another CBE owner reported paying a tax of USD 520. Similarly, the CBEs’ charges differ across households and the small businesses in the communities. The CBEs mainly refer to the volume and the number of times the garbage must be collected in a week to set the garbage fees for the respective client.

Waste picking is widely acknowledged for contributing to cleaner communities and for creating jobs, given the high unemployment rate in Liberia, according to both CBE owners and municipal government officials.

Like any enterprise, the CBEs face challenges while delivering the services to their clients as indicated below.

**Shortage of human resources:** Garbage collection is considered to be a dirty job. An MCC official and a CBE owner noted a scarcity of labor for performing garbage collection, especially among the youth – who would be best equipped for the job due to their strength and energy. The situation was mainly blamed on the negative attitude held by the general public towards manual labor, which is largely seen as lacking in dignity. In addition, CBE owners pointed out that the poor pay and badly structured payment system (based upon the number of households from which one collects the garbage), served as a disincentive.

**Garbage fees defaulting:** Previous research in Liberia indicates poor enforcement of payment for garbage collection (Cities Alliance, 2017). In the Cities Alliance survey, 92 per cent of waste collectors interviewed said that some of their client households had failed to pay for waste collection in the six months before the survey. Paying for primary garbage collection is a new initiative that some people find hard to afford. During an in-depth interview one CBE owner commented, “Communities have grasped the significance of garbage collection but they find it difficult to pay.” In addition, the CBEs noted the lack of a strong enforcement procedure to recover the dues from the defaulters, especially among the households. Consequently, some CBEs tend to offer their services to other non-designated clients (large businesses), so as to cover their operational costs. Also, an MCC official noted that some of the CBEs disrespect the laws at times by going beyond the stated limits as per the respective contracts.

**Limited access to quality equipment:** The CBEs commonly use push carts and wheelbarrows to collect garbage. Such equipment increases the costs of operation, in terms of size of the labor force and hours needed to cover clients. The CBEs complained about the high cost of better quality equipment such as the “Tri Cycle,” which costs USD 3,000 on average, highlighting the lack of access to capital to be able to procure tools considered to be more efficient and effective. Similarly, waste pickers identified limited access to finances as a challenge during previous qualitative interviews (Cities Alliance, 2017). A municipal government official also noted that the CBEs lack equipment to enable them to reach many households in the city. In the Cities Alliance survey, nearly two-thirds of waste collectors interviewed complained about the high cost of equipment.

In addition, CBE owners reported a shortage of skip buckets in certain areas like old and



new Matadi. A CBE official noted that the MCC skip bucket at Bohn Mines is meant to accommodate garbage collected from 16 communities. The capacity of the skip bucket is small compared to the garbage collected from all those communities.

**Competition:** This arises mainly from unauthorized waste collectors,<sup>10</sup> as well as from MCC waste collectors who collect garbage from unauthorized locations, including small businesses close to the roads, and from locations which are assigned to the CBEs in their contracts with MCC. In turn, some CBE workers collect garbage beyond their boundaries, which affects other CBEs from being able to maximize profits from the areas that have been assigned to them. An MCC official also noted that she was made aware of waste pickers who cross from Congo Town area to collect garbage from Paynesville. One PCC official also mentioned that some community dwellers or casual laborers collect waste from households, which hampers operations of CBEs. The official highlighted the urgent need for proper demarcation or zoning to provide the CBEs with clear boundaries outlining where to freely operate. In the Cities Alliance survey, 28 per cent of waste collectors said that they had been unable to collect waste from at least one household because the waste had been collected by another authorized or unauthorized waste collector.

**Limited knowledge about garbage collection skills:** One CBE representative commended the Improved Primary Waste Collection in Poor Communities (IMPAC) project which offered financial skills training to the CBE owners. The CBE owners largely lack knowledge about the safest and most efficient ways of collecting and handling garbage, and as a result are unable to properly support the waste pickers. The same CBE representative commented “one may try to make the environment clean for others, but may end up endangering their own life since garbage contains various items including used syringes from pharmacies or clinics.” Some CBEs have resorted to selling recyclables to medium size companies, mainly to deal with some of the challenges mentioned above, particularly competition and garbage fees defaulting. However, CBE owners who were interviewed expressed their desire to handle or process the recyclables themselves rather than selling them, because they felt that it would be more profitable to engage in processing. However, they also noted lack of finances and technical expertise as the main challenges that hinder them from taking on such an initiative.

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<sup>10</sup> According to the CBEs and MCC official, unauthorized waste collectors have increased in number after realizing that waste collection serves as a source of income. They aren't allowed to dump their waste in the MCC skip buckets, so they dump the garbage in the swamp areas. An MCC official noted that they are trying to enforce designated collection areas so as to prevent unauthorized collection. However, the CBE representatives felt that enforcement to eliminate the unauthorized waste collection activities was slow and was hampering their activities.

## 6. Budget preparation and reporting

### 6.1 Budget preparation

The Liberian government financial year runs from July 1 to June 30 (Republic of Liberia [ROL], 2016b). The budgeting process runs throughout the entire year, and it entails engagements with the various stakeholders from the following groups: national legislature, executive branch, budget technicians, service providers and civil society.<sup>11</sup> According to the Assistant Minister for Budget in the Ministry of Finance and Development Planning (Anthony G Myers), budgetary planning starts with the development of the National Development Plan (NDP). The current plan focuses on achieving the Sustainable Development Goals (SDGs). The NDP is partly based on the desires of the public which are captured through various means of consultation.

The sector working groups spend October to November of every year developing a sector strategy for the following year. Preparation of the proposed budget is performed between October and January when the respective spending entities are expected to provide budget policy notes which highlight the priority expenditure plans and which should be in line with the government's overall objectives. Then, publication of the budget framework paper<sup>12</sup> by the Ministry of Finance and Development Planning occurs in January.

The call for submission of proposals for the budgets from all ministries, agencies and institutions is made on an annual basis by the MFDP, between January and February. During February and March, the spending entities present their needs, plus the respective amounts for the following financial year (FY) and have discussions with the MFDP. The legislature and the executive branch retain the final responsibility to determine what should be included and which expenditures should be made on which items (ROL, 2016). A draft budget is presented to the president by April 15. The Public Finance Management Act of 2009 and ROL (2016) indicate that the president is expected to submit a proposed budget to the legislature two months (by April 30) prior to the commencement of each financial year.

The 2016 citizen's guide to the budget clearly describes the engagement of the spending entities during the budgeting process, but it is not clear about the engagement of other stakeholders. In-depth interviews with key stakeholders revealed that formulation of the proposed budgets at the ministerial and municipal levels is performed mainly by

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<sup>11</sup> The civil society group entails concerned citizens, community groups and other organizations. According to interviewees, the views/issues of those groups should be tabled through the various government officials. i.e government officials are responsible for expressing the views of the various groups.

<sup>12</sup> The paper provides a summary of the funds that are required and the plans of how the money will be spent.

government officials through the budget committees. For instance, budget preparations at the MOCI are performed by the deputy ministers, assistant ministers and directors of departments. The MCC budget management committee comprises the mayor, director general of internal operations, director general of service programmes, procurement manager, city planning director, finance controller and budget manager. The budget committee of Paynesville City Corporation (PCC) includes the mayor, financial analyst, controller, procurement manager and the mayor's special assistant. All the spending entities, which include MCC and PCC, submit their proposed budget directly to MFDP<sup>13</sup> as noted above.

An official from MOCI explained that informal workers are able to engage in budgeting through the small business administration department. He explained that the department works directly on budgeting with informal workers like street vendors and small scale business owners. In addition, a PCC official noted the involvement of the community leaders and informal sector leaders during the budgeting and planning process through the community service department. In FY2016/17 there were budgetary allocations to the small and business administration department in MOCI. However, further review of the small and business administration budget indicates disaggregation only into: i) compensation of employees, ii) use of goods and services and iii) consumption on fixed capital, which does not reveal a consideration of informal workers. A NAPETUL official expressed discontent about the level of representation of the market traders and street vendors due to lack of direct engagement by the relevant authorities/leaders.

## **6.2 Annual revenue and spending plans requirements in the law**

The Public Finance Management Act of 2009 requires the spending entities, which include the MCC and PCC, to submit annual spending plans and an indication of when the revenue inflows are expected to the legislature, within 30 working days after submission of the approved budget. At the same time, the agencies must prepare annual revenue plans detailing collection of tax, customs, excise and non-tax revenues, plus any other budgetary resources appropriated, inclusive of balances in the consolidated fund, external grants and domestic and external borrowing and debt service plans.

The spending entities are expected to provide monthly projected revenue figures. However, the monthly amount is not disaggregated, which prevents the expected and actual contributions of the informal workers from being directly visible. For example the budget document for 2016 shows only the revenues collected for the respective months (GOL, 2016).

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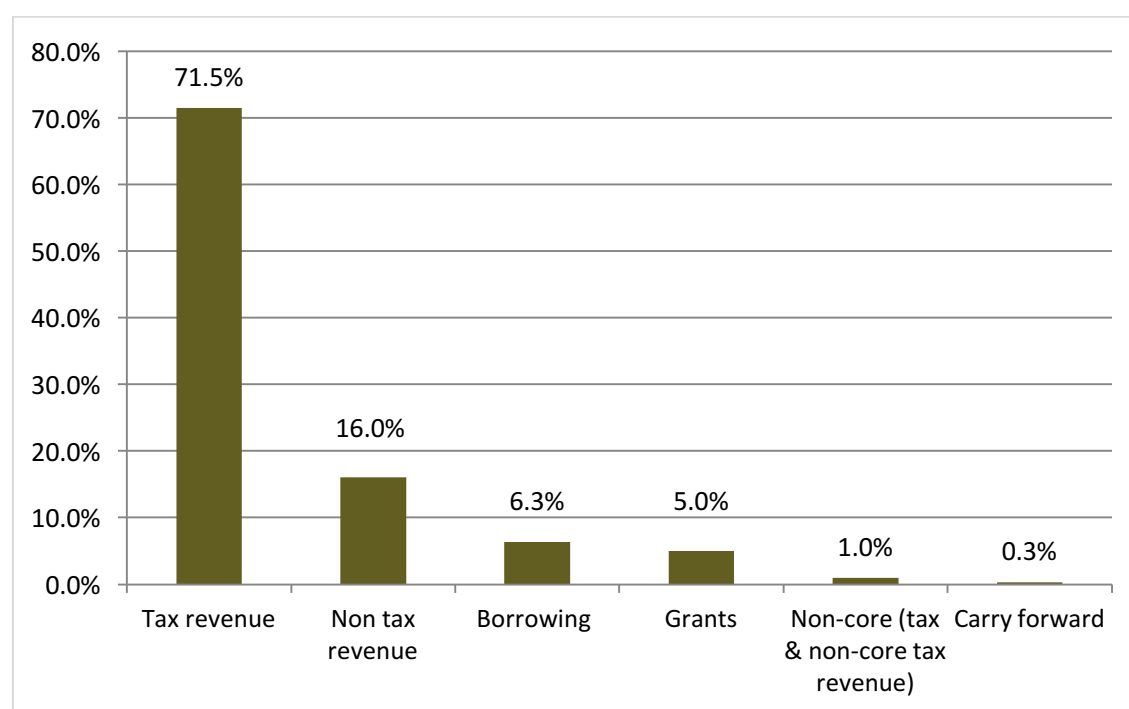
<sup>13</sup> Submission of the proposed budget is done during "budget discussion discussions between the spending entities and MFDP" (ROL, 2016)

## 7. Budget analysis

### 7.1 National financial year 2016/2017 revenue

Figure 1 reveals heavy (72 per cent) reliance of the total revenue of the government on taxes<sup>14</sup> to fund the national budget, followed by 16 per cent from non-tax revenue.<sup>15</sup> The taxes are expected to be derived from individuals' incomes, property, business profits, and customs duties on the export and import of goods and services. Even though the percentages are small, there is also revenue that is expected to be generated from grants<sup>16</sup> (5 per cent), and through borrowing (6 per cent). Figure 1 shows the distribution of revenue in 2016/17 across the different sources.

**Figure 1: National financial year 2016/17 revenue sources**



### 7.2 Financial year 2016/17 national expenditure priorities

In FY2016/17, the total government budget amounted to LRD 57,319,450,867 (equivalent to USD 600,204,076). The allocations for both recurrent and public investment expenditures was less than in 2015/16. The budget document attributes this to a 4 per cent decrease in the

<sup>14</sup> Entails "Money collected by the Government from individual's income, property, business profits, and customs duties on the export and import of goods and services" (ROL, 2016).

<sup>15</sup> Non tax revenue includes revenue from government fees and charges, as well as profits from government investments and state owned corporations (ROL, 2016).

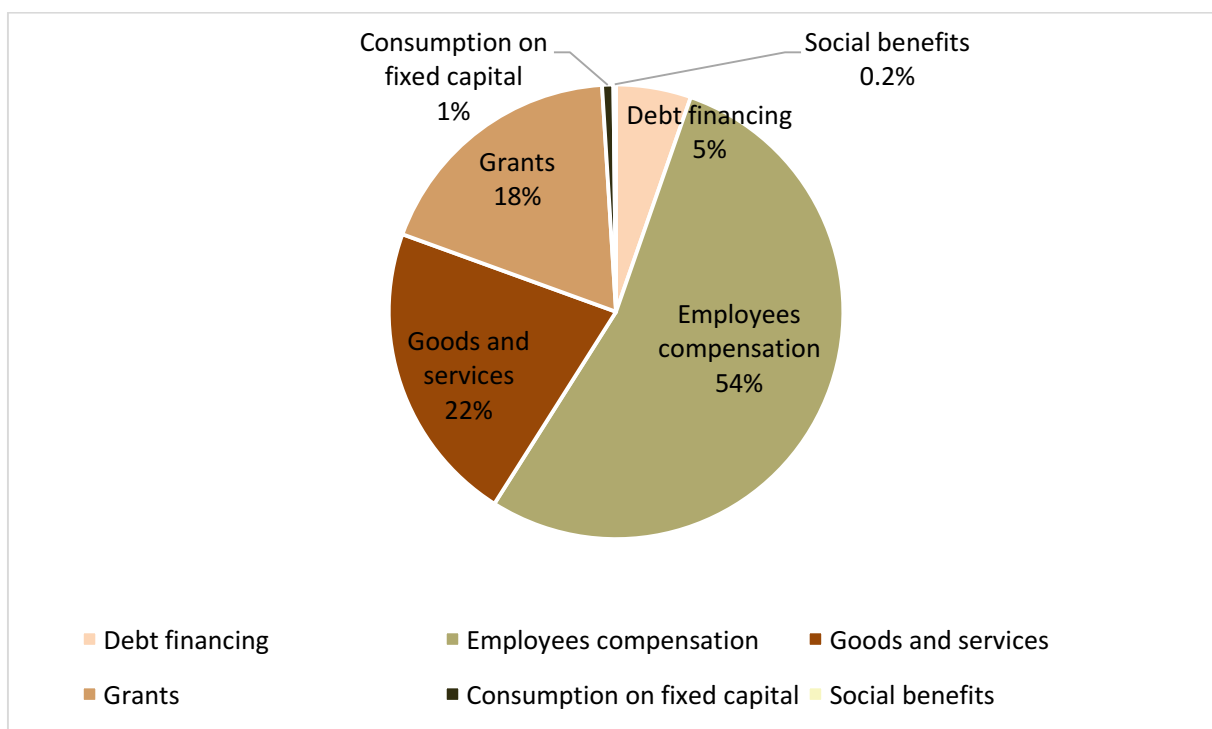
<sup>16</sup> Direct financial support foreign governments and international non-government organizations to the GOL, to be spent through the budget purposely.

revenue projections during FY2015-16 (GOL, 2016).

There are two major parts to Liberia’s government budget: recurrent expenditures and the Public Sector Investment Plan (PSIP) expenditures. The recurrent expenditures reflect the ongoing annual costs of government operations. The PSIP expenditure is analogous to what is referred to as the development budget in some other countries. It reflects capital, project and other expenditures that will be required for a limited number of years rather than on an ongoing basis. Donor contributions to the government budget would normally be reflected in the PSIP rather than the recurrent part of the budget.

In FY2016/17 88 per cent of the budget is allocated for recurrent expenditures and only 12 per cent for the Public Sector Investment (PSIP). Figure 2 illustrates the key areas of the recurrent budget. Although the largest proportion was allocated to employees’ compensation (i.e. of the formal workers employed by government), about a quarter (22 per cent) of the budget was allocated to goods and services, and 18 per cent was allocated to grants. The FY2016/17 budget indicates allocation of grants to institutions like Mano River Union, Liberia Business Registry, Counties (GOL County Development Fund), Young Men’s Christian Association, Young Women’s Christian Association, Liberia Labor Congress, Women in Action, and MCC Compact Project.

**Figure 2: National recurrent budgetary expenditures**



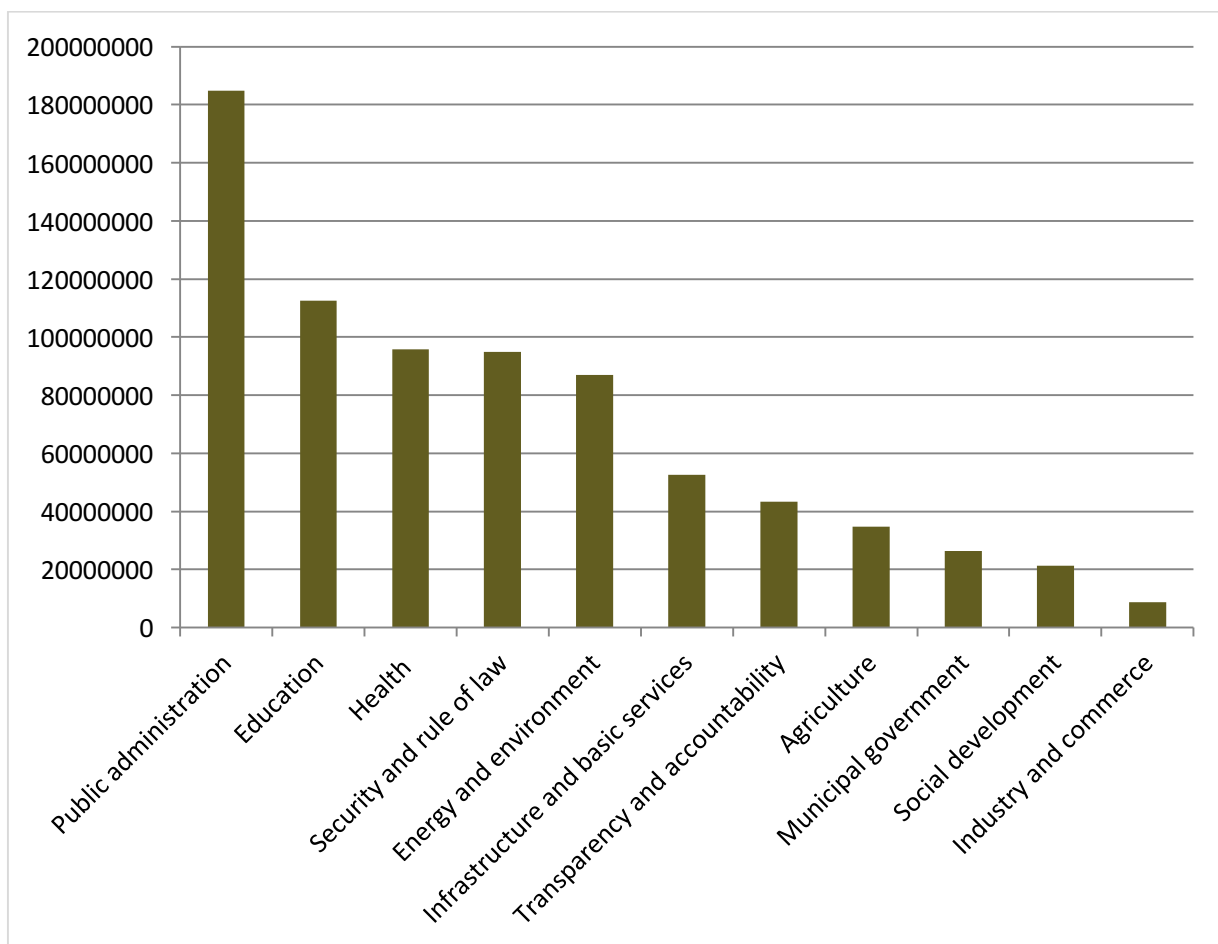
The broad categorization presented here does not reveal whether and how the budget addresses the needs of informal workers. Details about recurrent and PSIP budgetary expenditures are discussed further below.

### **7.2.1 National public sector Investment Plan (PSIP) by sector**

The PSIP budget allocations indicate plans to enhance development in general. The discussion below elaborates GOL's planned expenditures for the respective sectors. The FY2016/17 [Pg viii – x] indicates GOL allocations together with other development partners' budget allocations to sectors – including health, education, infrastructure and basic services, social development, and agriculture – that are expected to enhance socio-economic growth and development. However, the budget does not focus only on investment related to public service delivery. The largest proportion (USD 184,824,836) which constitutes almost a quarter (24 per cent) of the PSIP total budget was allocated to public administration sector enhancement, followed by the education sector (USD 112,467,509 or 15 per cent), health (USD 95,828,384) and security and rule of law (USD 94,948,384), which constitutes 13 per cent and energy and environment with 11 per cent (USD 86,909,853).

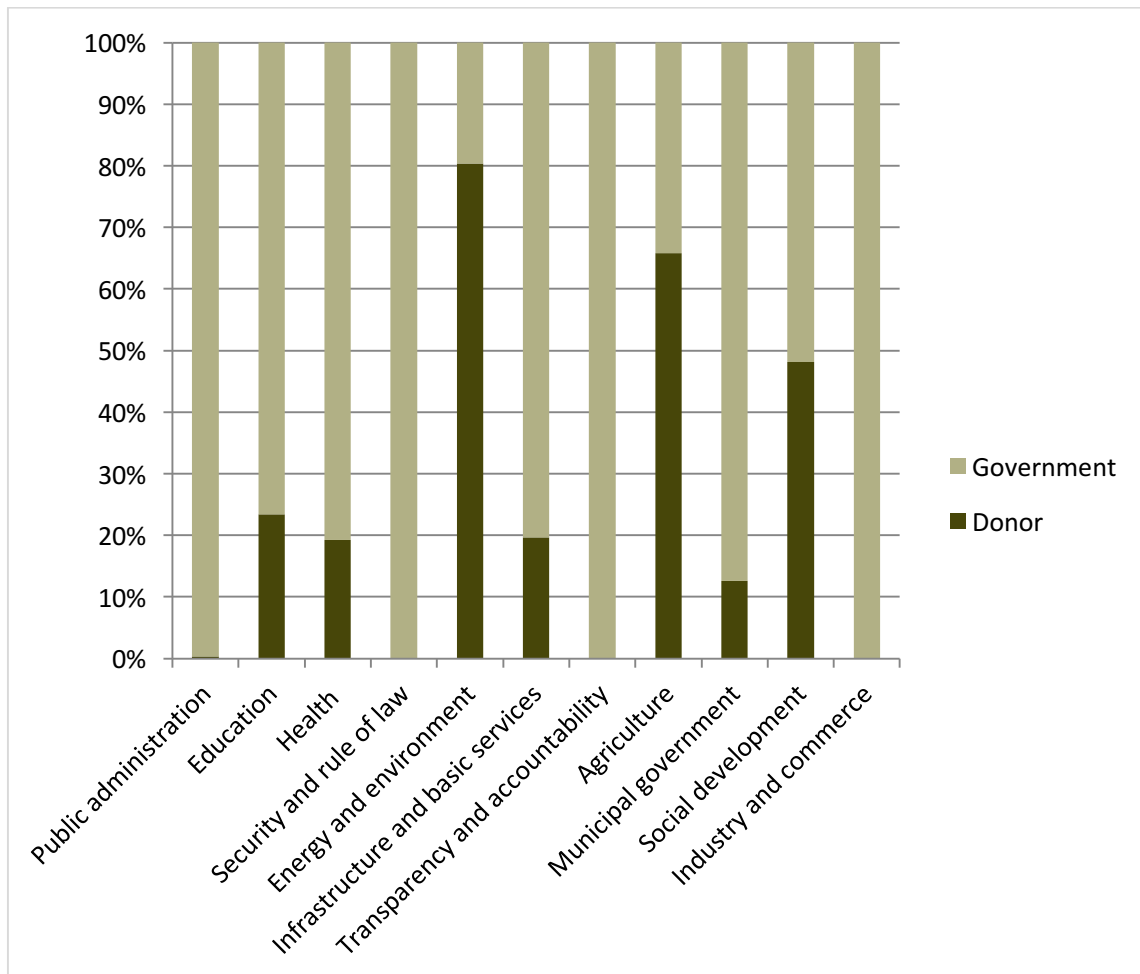
Sectors that are more directly responsible and accountable for government service delivery were among the three sectors which were allocated relatively small budgets. For example, the municipal government sector and social development sectors were allocated only USD 26,346,660 (4 per cent) and USD 21,393,341 (3 per cent) respectively of the PSIP total budget. In addition, the industry and commerce sector was allocated the smallest share (only USD 8,747,563 or 1 per cent) of the PSIP total budget.

**Figure 3: FY2016/17 national public sector investment plan by sector**



With the exception of two sectors (energy and environment and agriculture), Figure 4 indicates that GOL plans to provide the bulk of the PSIP funds in FY2016/17, with limited support from the donor agencies. For example, only 13 per cent and 48 per cent of the total budget allocated to the municipal government and social development sectors, respectively, was allocated by donors. In addition, budgetary contribution from donors to sectors that are meant to enhance social wellbeing was also relatively low (23 per cent, 20 per cent, and 19 per cent to education, infrastructure and social services and health sectors, respectively).

**Figure 4: FY2016/17 percentage distribution of national PSIP by source of funding**



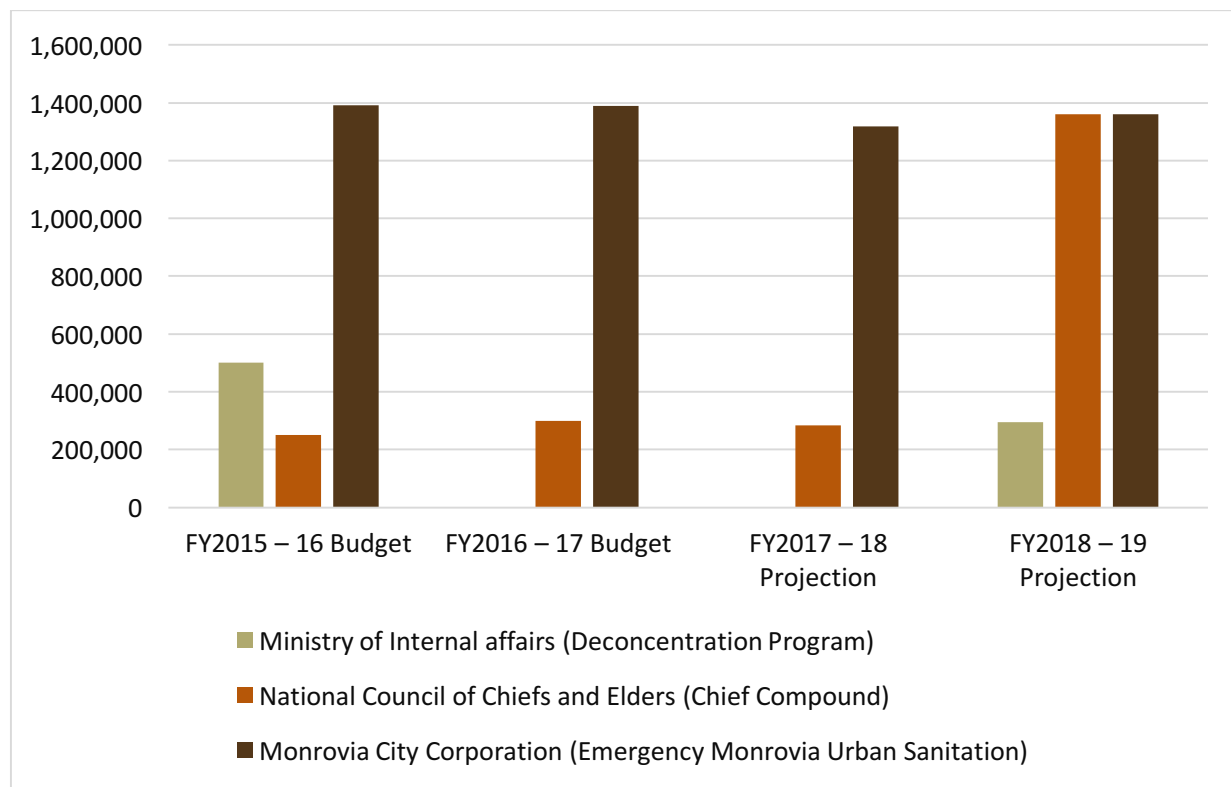
A closer review of the FY2016-17 budget indicates the highest allocation within the municipal government PSIP funding goes to the MCC (see Figure 5). In Liberia, the Liberia Water and Sewer Corporation is currently responsible for providing water and sewerage service in most urban areas, however MCC was assigned to perform waste collection by the President. This is reflected in the budget with funding allocated to MCC and PCC, and the PSIP which is intended to support waste collection. For example, Figure 4 indicates budgetary allocation worth USD 1,391,812 and USD 1,390,000 to the Monrovia Emergency Urban Sanitation Project in FY2015/16 and FY2016/17, respectively. Budget allocations to the same project are expected to remain similar during the following two years. The importance of water and sanitation services was highlighted by the EVD, but establishment of the necessary sanitation will lay the basis for better service provision – including for informal workers – in non-emergency periods.

Also, examination of the budget allocated to the social services sector reveals availability of funds for cleaning of the beach and waterways under the Ministry of Youth and Sports in FY2016/17 (ROL, 2016). Funds will continue to be available to the same project according to



the projections for the following two years. The waste pickers could benefit if the Ministry of Youth and Sports wishes to utilize the services of the CBEs for this purpose.

**Figure 5: PSIP for municipal government projects**



### 7.2.2 Recurrent budget expenditures in FY2016/17

According to ROL (2016a), recurrent expenditures refer to “amounts appropriated to cover the operational requirements related to the routine functions of spending entities.” Table 1 shows that in FY2016/17 the largest (31 per cent) share of the total recurrent budget was allocated to public administration, followed by security and rule of law (16 per cent), education (14 per cent), health (13 per cent), transparency and accountability (7 per cent), and infrastructure and basic services (7 per cent). The first five sectors which were accorded priority reflect the government’s focus on the functioning of the bureaucracy, followed by control of security and promotion of social wellbeing. On the other hand, the budget indicates minimal decentralization. It is important to note, there is limited legal decentralization of the budget. Besides, the local government isn’t required to perform service delivery except for MCC and PCC to engage in waste collection, thus the implication for absence of budgetary allocation to the local government. The sectors that hold more responsibility and accountability for local service delivery were among the sectors that were allocated small budgets. For example, the municipal government was

assigned only USD 23,026,660, equivalent to 4 per cent of the total recurrent budget. Also, social development and services and industry and commerce were assigned less than 5 per cent of the total recurrent budget.

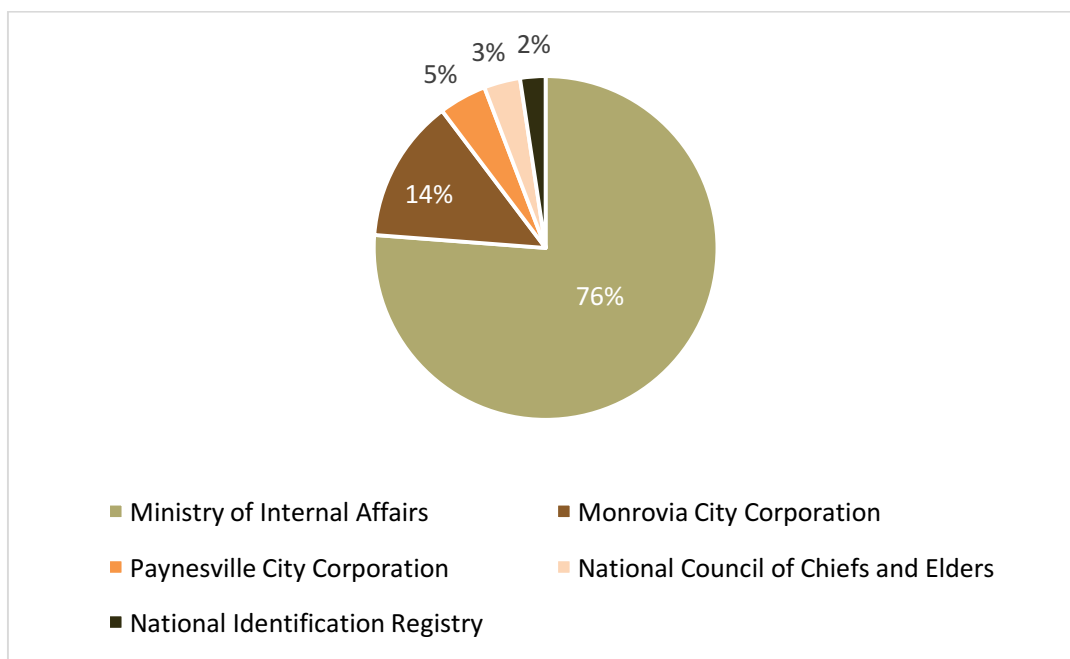
**Table 1: FY2016/17 National recurrent budget summary**

Recurrent Budget	Amount (USD)	%
Public administration	184,224,836	30.7
Security and rule of law	94,948,667	15.8
Education	86,165,512	14.4
Health sector	77,407,841	12.9
Transparency and accountability	43,405,176	7.2
Infrastructure and basic services	42,221,254	7.0
Municipal government	23,026,660	3.8
Energy and environment	17,068,254	2.8
Agriculture	11,897,485	2.0
Social development and services	11,090,828	1.8
Industry and commerce	8,747,563	1.5
Total	600,204,076	100

Review of the recurrent budget allocated to municipal government shows three quarters (76 per cent) of the budget was allocated to the Ministry of Internal Affairs,<sup>17</sup> followed by MCC (14 per cent) and PCC (5 per cent) in FY2016/17 (see Figure 6). This likely indicates financial constraints for MCC and PCC in performing necessary routine functions, such as payments for secondary garbage collection and other functions, such as support to informal workers. However, the budgetary allocation to MCC was more than double the proportion which was assigned to PCC.

<sup>17</sup> The Ministry is responsible for overseeing the affairs of local administration in all the administrative subdivisions of the country.

**Figure 6: FY2016/17 municipal government recurrent budget summary**



#### 7.4 Budget analysis by economic classification

The economic classification of the national budgets indicates what the money is to be spent on (Budlender, 2009). The national budget for the fiscal year 2016/17 includes an economic classification which indicates the nature of transactions that are undertaken by the public sector.

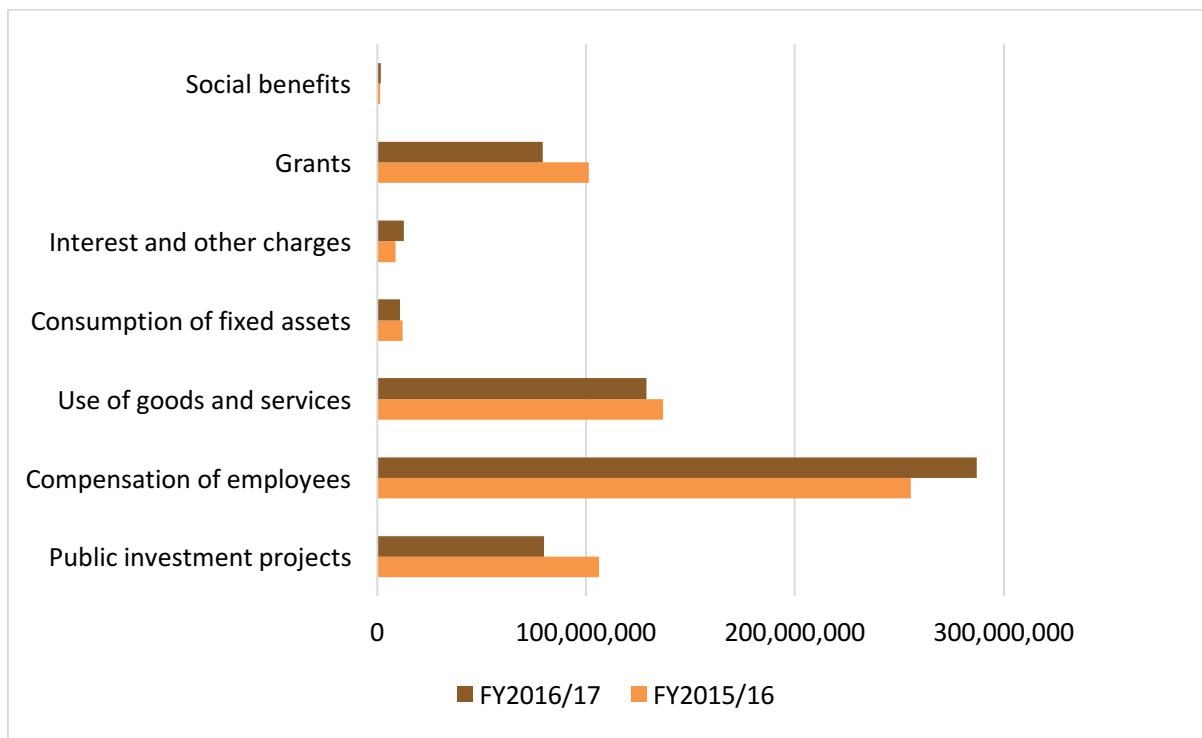
Regarding use of goods and services, the FY2016/17 budget reveals budgetary allocation and projections for the next two financial years (FY2017/2018 and FY2018/19) to waste collection (ROL, 2016a), which avails a business opportunity to waste pickers. Furthermore, included in the budget are expenditures on goods and services which the market traders could be able to provide, namely: cleaning materials and services, police materials and supplies, uniforms and specialized clothes, food and catering services, and equipment and household materials. However, this would depend on the market traders’ ability to mobilize and supply the goods in large quantities. In addition, vendors who do not have business registration are unlikely to be eligible to compete for the various bids, unless some formal agreement is concluded in this regard between the relevant authorities and the representative organization(s) of the vendors.

Concerning grants, FY2016/17 reveals a reduction (USD 680,000 in FY2016/17, compared to USD 750,000 in FY2015/16) in the budgets allocated to cities.<sup>18</sup> Budget allocation to cities is

<sup>18</sup> Allocation to cities includes allocations to various capital cities of the respective counties.

expected to remain the same in the FY2017/18 projection and will only be increased slightly - by 3 per cent - after two years (ROL, 2016).

**Figure 7: National expenditure by economic classification**



### 7.5 Budget summary by sector

Table 2 indicates the budget includes allocations to social services (health, education, and social development). The budget also entails expenditures on economic services (energy and environment, agriculture and industry and commerce). In addition, allocations to community services like infrastructure and basic services<sup>19</sup> sector are also evident.

The budget indicates an increase in expenditure on social services (health and education), as well as on the economic sector (agriculture) during FY2016/17. At the same time, there is reduced expenditure on certain social and security services (social development services and security and rule of law sectors), energy and environment, and infrastructure and basic services sectors from 2015 - 2017. With the exception of the social development sector, the budget reveals less actual expenditure on the remaining social services compared to the allocated budget for 2015-16. In addition, the budget shows lower expenditure on all the economic and community (infrastructure and basic services) sectors. The situation depicts GOL's failure to meet social needs as per the plan.

<sup>19</sup> The services relate to housing, transport, communication and public works.

In 2015/16, actual expenditure by the municipal government sector was a smaller share (3 per cent) than the 5 per cent of the total budget that was allocated (Table 2). The municipal government sector was assigned 4 per cent of the total budget in FY2016/17. Projections for the following two financial years (FY2017/18 and FY2018/19) show municipal government will be allocated a similar proportion.

**Table 2: Percentage of national budget allocation and expenditures by sector**

Sector	FY2015 – 16 Budget	FY2015 – 16 Actual	FY2016 – 17 Budget	FY2017 – 18 PROJ	FY2018 – 19 PROJ
Public Administration	30	36	31	34	34
Security and Rule of Law	16	15	16	15	15
Education	13	14	14	14	14
Health	12	12	13	12	12
Infrastructure and Basic Services Sector	12	10	7	7	7
Transparency and Accountability	4	4	7	7	7
Municipal Government Sector	5	3	4	4	4
Energy and Environment	3	2	3	3	3
Social Development Services	2	2	2	2	2
Agriculture	1	1	2	2	2
Industry and Commerce	1	1	1	1	1
Total	100	100	100	100	100

## 7.6 Municipal government sector budget summaries

Greater Monrovia has two city corporations - Monrovia City Corporation ((MCC)) and Paynesville City Corporation (PCC) - headed by mayors. The two corporations have direct budget lines in the national budget. MCC and PCC are included under the municipal

government sector alongside a further three sub-sectors (see Table 3). The City Corporations are a governing arm of the government and expected to oversee the implementation of cleaning services in the respective cities, and are also responsible for issuing trading licenses. In particular, MCC is described as expected to “ensure that the City of Monrovia is kept clean and safe with its workforce providing service delivery on a daily basis through routine cleaning operations for the transformation of Monrovia and its environs into a model of a vibrant and modern city”. PCC’s mandate is described as “[to] properly administer, supervise and govern the local affairs and activities of the City of Paynesville, through a framework of government for the purpose of promoting peace, stability, equality, justice and human rights under the Rule of Law for ourselves and our posterity” (ROL, 2016a). These descriptions suggest a narrow focus of MCC on cleanliness and safety, while PCC is depicted as having a wider scope of responsibilities. Yet the PCC budget is lower than that for MCC. In reality, the two cities have the same mandate. According to Table 3, the budget indicates an increase in the allocations to both MCC and PCC during FY2016/17 compared to FY2015/16.

However, the overall allocation to the municipal sector decreased in FY2016/17, especially to the Ministry of Internal Affairs.<sup>20</sup> The reduction can be partially explained by a 36.2 per cent reduction of the public investment activities budget (GOL, 2016). Furthermore, the under-expenditure by most of the municipal sub-sectors in 2015-16 is attributed to a reduction in revenue projections and the slow growth of the world economy (GOL, 2016). The actual expenditure by PCC exceeded the budget allocation, which implies that there is need for either a greater budget allocation or improved expenditure control measures. The projections for future years show an increase on expenditure but with a very minimal margin.

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<sup>20</sup> The Ministry is responsible for overseeing the affairs of local administration in all the administrative sub-divisions of the country, with the objective to coordinate relations between the central government and local Administration including strengthening of the municipal governance and service delivery.

**Table 3: Municipal government budget allocation (2015 - 2019)**

Sector	FY2015 – 16 Budget	%	FY2016 – 17 Budget	%	FY2017 – 18 PROJ	FY2018 – 19 PROJ
Ministry of Internal Affairs	28,059,067	87.2	17,547,993	76.2	17,695,638	18,266,075
National Council of Chiefs and Elders	736,800	2.3	785,165	3.4	776,490	801,521
National Identification Registry	300,000	0.9	550,000	2.4	557,380	575,348
Monrovia City Corporation	2,565,489	8.0	3,108,677	13.5	3,062,782	3,161,514
Paynesville City Corporation	533,724	1.7	1,034,825	4.5	1,049,748	1,083,587
Total	32,195,080	100	23,026,660	100	23,142,038	23,312,697

### 7.6.1 Monrovia City Corporation (MCC) budgetary classifications

The largest share of the MCC budgetary expenditures was allocated to capital investment, followed by compensation of employees during FY2015/16 and FY2016/17 (See Table 4). The trend is expected to remain similar during the next two financial year projections. Actual expenditure on capital investment was 54 per cent of total expenditure rather than the 62 per cent that was allocated during FY2015/16. This can be explained by an increase in expenditure on compensation of employees.

**Table 4: MCC budget summary by expenditure category**

Category	FY2015-16 Budget (USD)	FY2015-16 Budget (%)	FY2015-16 Actual (USD)	FY2015-16 Actual (%)	FY2016-17 Budget (USD)	FY2016-17 Budget (%)
Capital Investment	1,602,812	62	1,391,300	54	1,390,000	45
Compensation of Employees	962,677	38	1,173,645	46	1,173,677	38
Use of Goods and Services	0	0	0	0	500,000	16
Consumption of Fixed Assets	0	0	0	0	45,000	1
Total	2,565,489	100	2,564,945	100	3,108,677	100

**Table 4 continued:**

Category	FY2017-18 Projection (USD)	FY2017-18 Projection (%)	FY2018-19 Projection (USD)	FY2018-19 Projection (%)
Capital Investment	1,318,865	43	1,361,380	43
Compensation of Employees	1,190,742	39	1,229,127	39
Use of Goods and Services	507,500	17	523,860	17
Consumption of Fixed Assets	45,675	1	47,147	1
<b>Total</b>	<b>3,062,782</b>	<b>100</b>	<b>3,161,514</b>	<b>100</b>

Table 5 shows the allocations for capital expenditures classified as national projects for all the years, while the actual expenditure for FY2015/16 and FY2016/17 is classified mainly as operational expenses. It is not clear from the way the information is presented whether the national project allocation was also meant to be split between Operational Expenses and Land.

**Table 5: MCC budget allocations to capital expenditures (2015 – 2019)**

Capital Expenditures	FY2015 – 16 Budget	FY2015 – 16 Actual	FY2016 – 17 Budget	FY2017 – 18 PROJ	FY2018 – 19 PROJ
National Projects	1,602,812	0	1,390,000	1,318,865	1,361,380
Operational Expenses	0	1,207,500	0	0	0
Land	0	183,800	0	0	0
<b>Total</b>	<b>1,602,812</b>	<b>1,391,300</b>	<b>1,390,000</b>	<b>1,318,865</b>	<b>1,361,380</b>

The project summary in the FY2016/17 budget includes expenditures worth USD 4,710,000 (USD 1,390,000 funded by GOL and USD 3,320,000 funded by donors) on emergency Monrovia sanitation. The budgetary allocation to the emergency Monrovia sanitation project is expected to reduce to USD 4,468,960 during FY2017/18.

The largest proportion of the MCC budget for compensation of employees was allocated to basic salary for civil servants, followed by remuneration for non-professionals (casual workers)<sup>21</sup> during FY2015/16 and FY2016/2017. Overall, the actual expenditure on all items under compensation of employees exceeded the allocated budget in FY2015/16 (USD

<sup>21</sup> According to the MCC Mayor, casual workers perform: sweeping of the streets, collect the waste and tend to the skip buckets. The casual workers are engaged at most 3 hours in a day. For example some work from 6am – 9pm or from 2pm – 4pm. They are provided with on job training, as well as protective gears like rain boots, and gloves. However, she noted that they are not entitled to receive benefits. They could therefore be regarded as informal workers.



1,173,645 in contrast to USD 962,677). The over expenditure was attributed to an increase in the employees' salaries, allowances and remunerations. For example, an MCC official noted that the remuneration for each casual worker was raised from USD 90 to USD 95 per month. The expenditure on compensation of employees is expected to remain constant across all items in FY2017/18 and FY2018/19 projections. Basic salary for civil servants accounts for 64 per cent (USD 747,396) of the total expenditures in FY2015/16 actual expenditure, as well as the allocations in the following years.

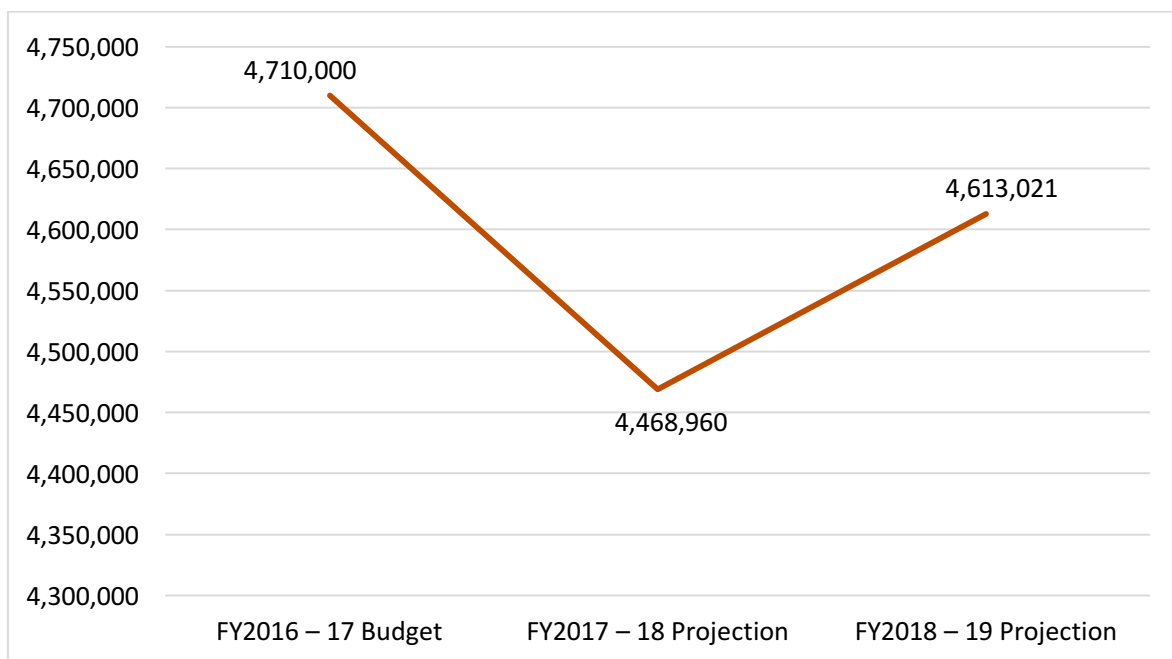
**Table 6: MCC budgetary allocations to compensation of employees (2015 - 2019)**

Compensation of Employees	FY2015 – 16 Budget	FY2015 – 16 Budget (%)	FY2015 – 16 Actual	FY2015 – 16 Actual (%)
Basic Salary-Civil Servants	702,420	73	747,396	64
General Allowances	105,277	11	210,252	18
Special Allowance	26,792	3	36,000	3
Non-professionals (Casual Workers)	128,188	13	179,997	15
<b>Total</b>	<b>962,677</b>	<b>100</b>	<b>1,173,645</b>	<b>100</b>

**Table 6 continued:**

Compensation of Employees	FY2016 – 17 Budget	FY2016 – 17 Budget (%)	FY2017 – 18 PROJ	FY2017 – 18 PROJ (%)	FY2018 – 19 PROJ
Basic Salary-Civil Servants	747,420	64	758,631	64	783,087
General Allowances	210,257	18	213,411	18	220,290
Special Allowance	36,000	3	36,000	3	37,160
Non-professionals (Casual Workers)	180,000	15	182,700	15	188,590
<b>Total</b>	<b>1,173,677</b>	<b>100</b>	<b>1,190,742</b>	<b>100</b>	<b>1,229,127</b>

**Figure 8: MCC budget allocation to Monrovia urban sanitation project**

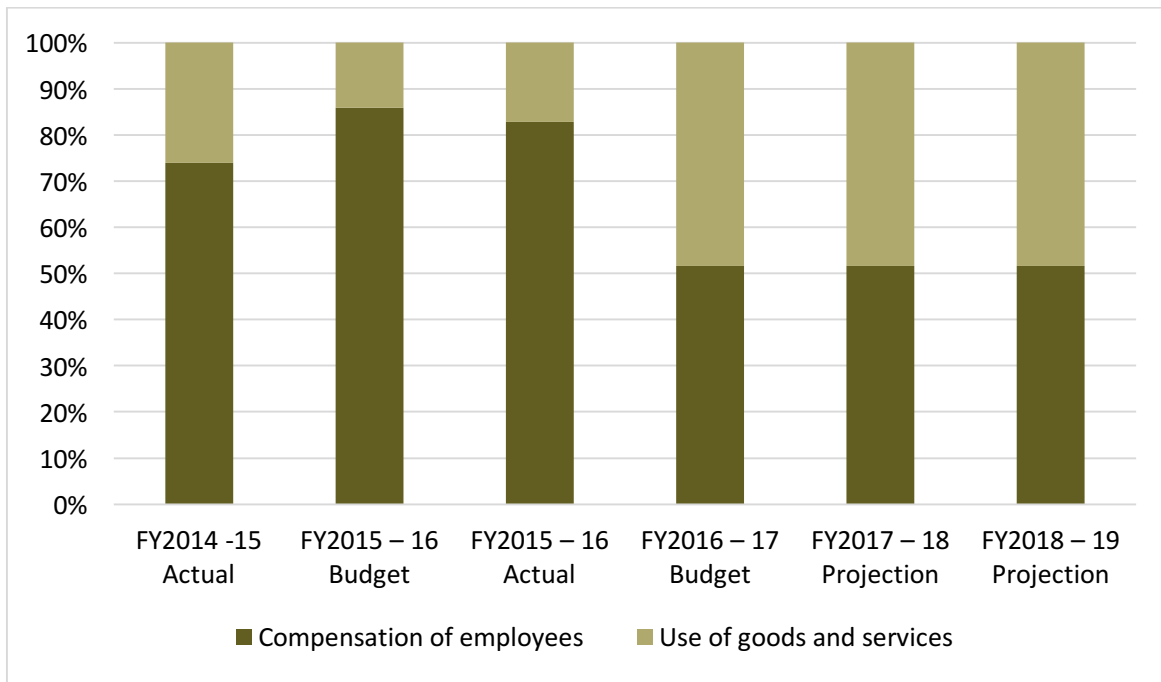


**7.6.2 Paynesville City Corporation (PCC) budgetary allocation**

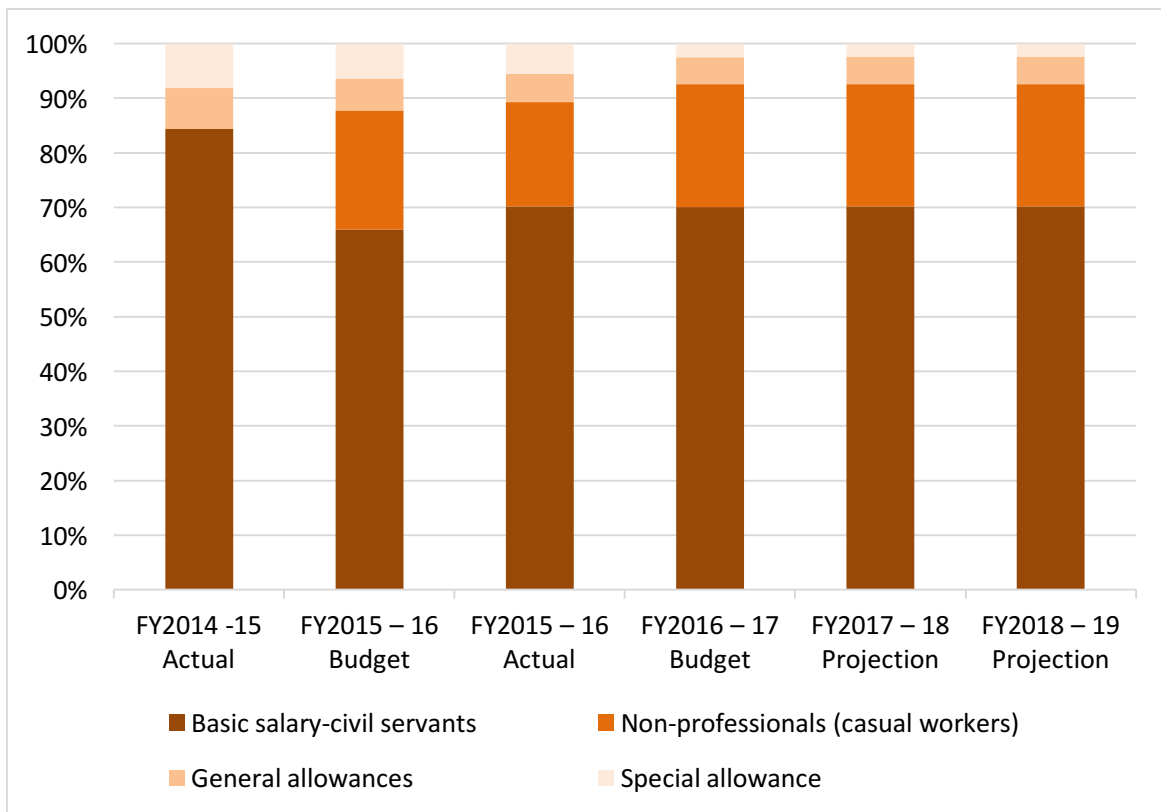
PCC’s budget classification comprises only two categories (use of goods and services and compensation of employees). PCC budgetary allocation and expenditures was mainly (over 70 per cent) directed to compensation of employees in FY2014/15 and FY2015/16 (ROL, 2014; Figure 10). The budget allocated to the same category was reduced in FY2016/17, although it is still more than half of the total (52 per cent). The allocation to use of goods and compensation of employees is expected to remain the same in FY2017/18 and 2018/19 projections.

Further analysis of the budgetary allocation to compensation of employees, shows that the largest share of the budget was allocated to basic salary for civil servants in FY2015/16 and FY2016/17 (Figure 11). Remuneration for casual workers was the next largest amount. PCC actual expenditure on basic salary for civil servants exceeded the budget that was allocated in FY2015/16. Comparison of 2014-15 actuals and budgets, and actuals for 2015-16 and beyond, suggests that PCC has supplemented civil servants with casual workers, but without reducing the expenditure on civil servants.

**Figure 9: PCC budget summary by expenditure category**



**Figure 10: PCC budget allocation to compensation of employees**

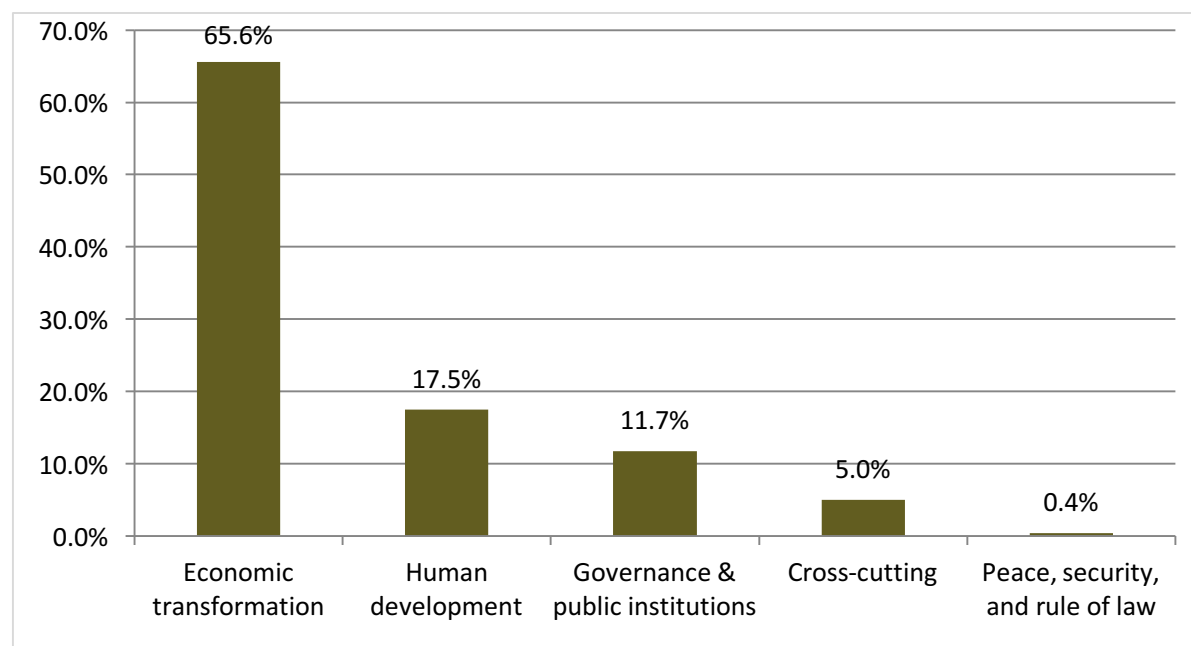


## 7.7 Donor aid projections by agenda focus and sector

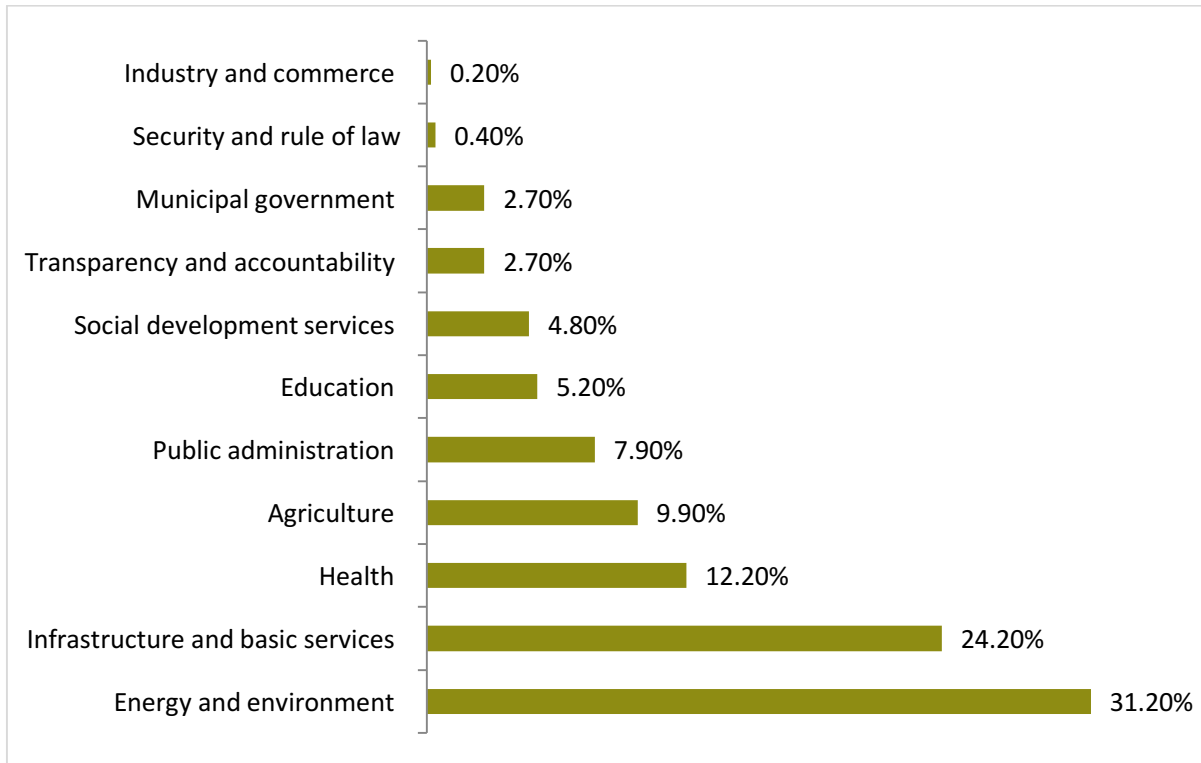
The FY2016/17 budget indicates total aid funds worth USD 714,688,198 (USD 591,792,009 and USD 122,896,189 as grant and loan, respectively). The FY2016/17 budget reveals a focus of donor funds on enhancing economic growth. Figure 12 illustrates the highest (66 per cent) aid allocation to economic transformation, followed by human development (18 per cent) and 12 per cent to governance and public institutions, which are essential to social and economic development.

However, there is less attention paid to the sectors that are vital to creating a strong, enabling working environment. For instance, only very small percentages (0.2 per cent, 0.40 per cent and 1.1 per cent) were allocated to the industry and environment sector, security and rule of law sector, and the municipal government sector, respectively (see Figure 13). Only 3 per cent and 5 per cent were assigned to the transparency and accountability sector and social development and services sector, respectively. Furthermore, the data indicates inadequate aid allocation to the human development sectors, namely health (12 per cent) and education (5 per cent). The donor community was rather focused on energy and environment and infrastructure and basic services. This could indicate a need for donor aid to be directed towards sectors like social development, municipal government and commerce and industry that are essential to enhance the delivery of government services to informal workers.

**Figure 11: Aid projections according to national agenda for transformation (AFT) pillar, 2016/17**



**Figure 12: Aid projections according to national agenda of focus**



## 8. Conclusions

Overall, the budget analysis reveals minimal, if any, allocations that can be identified as directly addressing the needs of informal workers in Greater Monrovia. Meanwhile, the research revealed that informal workers are required to make specific contributions to government revenue:

- The MOU between MCC and NAPETUL required that street vendor members pay USD 20 each year to NAPETUL, or which USD 10 is meant to be paid over to MCC. In 2014-15, the total amount that would have been paid if all NAPETUL members had paid their dues would have been USD 5,000.
- Market traders indirectly make payments to both the city and national government in that the daily fee of LRD 10 that they pay is used, among others, to make payments to the city government, while the LMA pays 10 per cent of total daily fees over to the LRA on an annual basis.
- The CBE waste collectors earn their revenue through fees paid by households and small businesses from which they collect garbage. A portion of this is paid over in tax to the city.

In all these cases the informal workers and/or their organizations are performing an unpaid tax collection service for government, and thus saving the government additional

expenditure. Unfortunately, the budget documents do not separate out the revenue contributions made in these ways by informal workers.

Liberia's budget documents are not compiled on a programme- and/or performance-based basis. This limits the insight they provide with respect to how funds are used and whether they might benefit informal workers. What the documents show clearly is the constrained fiscal situation, with the 2016-17 budget smaller overall than that for 2015-16. Poor economic growth contributed to this outcome. The constrained amount of government revenue requires that extra attention be paid to prioritization and to ensuring that government expenditure contributes to the wellbeing of the poor.

Cleanliness is one of the primary responsibilities of the city corporations. This is important from the perspective of all three groups of informal workers studied. The waste collectors make a clear contribution to the cities' performance of this function. However, there could be a conflict between MCC's use of casual labor – perhaps as a poverty-reduction initiative – for some cleaning operations, and the extent of the opportunities for CBEs to do this work. Government support for CBEs would arguably provide a more sustainable solution to poverty.

Both the street and market traders require garbage collection services in their workplaces and the tax contributions noted above are seen primarily as paying for this service. A further link with cleanliness is that street vendors have traditionally been seen as contributing to the "grime" of cities. This view of street vendors is a contributory factor to ongoing police harassment of the vendors, alongside limited attention to dealing with the theft problem faced by both groups of vendors. The lack of clarity as to who "owns" and has authority over public space in commercial areas increases the risk of police responding to requests from owners of formal enterprises that they remove or harass street vendors operating in their vicinity.

The study identifies that the substantial share of the budget allocated to goods and services could include opportunities for informal workers – market traders in particular – to provide some of these in a similar way to that in which CBEs provide garbage collection services. This will only be possible if, firstly, the market traders can provide goods and services reliably at the required scale, and if there are no prohibitory registration requirements to establishing a procurement contract with government.

Government officials reported that informal workers were consulted in the budget process. NAPETUL indicated their disagreement with full representation. Consultation of and participation by informal workers and their representatives would increase the likelihood that budget allocations would meet their needs.

## 9. Recommendations

Central agencies in Government such as MFDP could:

- Increase the transparency of the budget, for example, by providing disaggregated information on revenue sources, and by providing more detail on how allocations will be used.
- Provide clear guidelines for participation in the budget process by different groups in the community, including informal worker groups.

MOCI could:

- Ensure that informal workers are clearly informed that issues that get to be discussed during any consultations are to be considered when developing policy and preparing the budget for the small business administration department.
- Ensure that the issues raised by informal workers are highlighted during budget preparations.

Donors could:

- Contribute grant or loan funding for purposes that directly benefit informal workers. Contributions towards constructing and upgrading markets and related facilities and towards purchase of garbage collection machinery are examples.

Informal workers and their organizations could

- Monitor government budget allocations and expenditures, and advocate for greater transparency (increased information on the budget), opportunities for participation in the process, (increased) allocations for purposes that address their needs, and efficient expenditure of allocations made.

Development agencies could:

- Assist informal worker organizations in understanding and engaging around the budget.
- Provide examples from other countries of how government budgets can assist informal workers.

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## Appendix

### List of key informants

Name	Designation	Institution	Institution category
Clara Deo Mvogo (Hon)	Mayor	MCC	Local Government
Boye Robertson	Director City Planning	MCC	Local Government
Fredrick Cole	Head Solid waste management	MCC	Local Government
James S Mayango	Financial Analyst	PCC	Local Government
Augustine B Kpakolo	Director Technical and City Planning	PCC	Local Government
Linder Weah	Director of Solid Waste Management	PCC	Local Government
Samuel Jacobs	Director Capacity development and performance monitoring	MOCI	National Government
Anthony G Myers	Assistant Minister for Budget	MFDP	National Government
Comfort Doryen	Chairperson	NAPETUL	Representative of Petty traders
Nelson P. Kpeh	Assistant Secretary General	NAPETUL	
F. Clayplah Nagbae	National Secretary	Liberia Marketing Association, Inc	Representative, LMA
Sampson W. Toby	General Manager	Zero Waste INC	Representative CBEs
William K. Sackor	Operations Manager	Zero Waste INC	Representative CBEs
Nana Ammous	CEO	Public Allies Sanitation Services	Representative CBEs
Christopher Koko Doe	Former CBE Facilitator Accountant		Representative CBEs
A.Marcus Freeman	Project Manager ProjectUKAID & BIG Lottery Fund Project	YMCA of Liberia	Local Government/Researcher