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Agency for International Development

Washington, D. C. 20523

Bureau for Africa

Liberia

Increased Revenue for Development

Project No. 669-0132

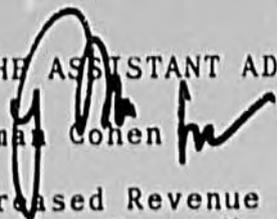
Amendment No. 2

Authorization Package

Authorization Date: September 28, 1982

UNCLASSIFIED

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR FOR AFRICA

FROM : AFR/PD, Norman Cohen 

SUBJECT : Liberia Increased Revenue for Development Project
(669-0132) - Amendment No. 2

Problem: Your approval is requested to amend the authorization for the Liberia Increased Revenue for Development Project (669-0132) to increase the total authorized life-of-project (LOP) funding by \$6,650,000 from \$1,633,000 to \$8,283,000 and extend the Project Assistance Completion Date (PACD) from September 30, 1982 to September 30, 1985. The source of these funds will be the Special Development Activities Appropriation (Section 106 of the Foreign Assistance Act). It is planned to obligate \$667,000 in FY 1982.

II. Discussion:

A. Background:

The Liberian economy remains in deep trouble. It has experienced an almost continuous fiscal and balance of payments crisis for the last two years. Since August 1980, the U.S. Government has provided \$72 million in ESF program grants to help the GOL meet its international obligations and deal with its fiscal problems. The FY 1982 program grant totaled \$35 million. These grants, although essential to GOL efforts to overcome the ongoing crisis, have left the underlying causes of Liberia's economic malaise almost untouched.

Large and stubborn budget deficits are the root cause of Liberia's ongoing fiscal and balance of payments crisis. USAID/Liberia plans to undertake activities to help the GOL improve the economic and financial management of the public sector of the economy with emphasis on reduction of the budget deficit through both controlling expenditures and increasing revenues. The Economic and Financial Management Project (669-0184) is designed to provide the GOL with assistance in budgeting and expenditure control. This Project Amendment will provide assistance to the GOL on the revenue side.

B. Purpose:

The purpose of the Increased Revenue for Development Project remains to upgrade the capability of the Ministry of Finance

(MOF) to increase resources from internal revenues. Under the Amendment, the focus of the Project will be shifted more towards identifying, designing and implementing measures which will generate the most additional revenue in the shortest period of time.

C. Description of Project Amendment:

Assistance will be provided to both the Bureau of Customs and Excise and the Department of Revenue within the MOF which together were responsible for collecting more than 78% of projected GOL domestic revenues for the seven-month period from July 1981 through January 1982. This assistance will have a direct impact on the collection of duties, taxes and fees which accounted for 63% of GOL projected domestic revenues for this period.

A.I.D. inputs will include long-term and short-term technical assistance and in country and participant training provided through PASA arrangements. A new U.S. Customs Service PASA will assist the Bureau of Customs and Excise and an extension of the existing Internal Revenue Service PASA will assist the Department of Revenue. A.I.D. will also provide USAID/Liberia support for the two PASAs, commodities and a modest amount of funding for local costs.

For assistance to the Bureau of Customs and Excise the capability of collecting import and export duties and consular fees effectively is an end of project status indicator, as is a functioning training program within the Bureau and the capability of continuing the training program after completion of the Project. Important elements included within the capability to collect customs revenue effectively are (1) an updated Liberian Customs Code, (2) improved organization and management, (3) greater uniformity of customs practices, (4) improved internal controls, (5) improved operation and effectiveness of Seaport Customs, (6) improved control of goods in bonded warehouses, (7) improved control of goods in transshipment to neighboring countries, (8) improved operation and effectiveness of Airport Customs, (9) improved Post Office handling of packages from abroad, (10) improved operation and effectiveness of Customs outstations, (11) improved classification and valuation procedures and (12) improved capability to enforce regulations against smuggling, fraud and bribery.

Indicators that end of project status has been achieved for assistance to the Department of Revenue are the capability of collecting the individual income tax and other taxes and fees effectively; the microcomputer integrated into the management and operations of the Department; and a functioning training program within the Department together with the capability of continuing the

training program after completion of the Project. Among the elements included in the capability to collect tax and fee revenue effectively are (1) improved organization and management, (2) improved taxpayer services, (3) improved forms design, work flow and maintenance of records, (4) improved cash controls and internal auditing, (5) improved collection, (6) improved compliance, (7) improved taxpayer auditing, (8) improved operation and effectiveness of revenue outstations, (9) improved capability to enforce regulations against underreporting and failure to file a return and (10) a more accurate data base for the real estate tax.

This Project Amendment conforms to current A.I.D. strategy for Liberia. All residents of Liberia will benefit from economic stabilization.

D. Financial Summary:

The total cost of the activities to be financed under this Project Amendment is \$9,100,000. The A.I.D. contribution will be \$6,650,000 in grant funds. The GOL will contribute \$2,450,000 or 27% of the costs of extension of the Project. Most of the GOL contribution will be in kind. The table below sets out the current funding, increase and total funding of the Project by cost category:

i. <u>A.I.D. Financing</u>	<u>Current</u>	<u>Increase</u>	<u>Total</u>
a. Technical Assistance	1,430	3,251	4,681
b. Training	110	668	778
c. Commodities	43	1,284	1,327
d. Other Costs	---	369	369
e. Evaluation	---	60	60
Subtotal	1,583	5,632	7,215
f. Inflation	---	410	410
Subtotal	1,583	6,042	7,625
g. Contingency	50	608	658
Total	1,633	6,650	8,283
2 GOL Contribution	1,862	2,450	4,312
Grand Total	<u>3,495</u>	<u>9,100</u>	<u>12,595</u>

E. Analyses and Requirements:

The Project Amendment is technically and financially sound. It does not affect the basic validity of the original project paper's socio-economic and environmental analyses. No human rights issues have been raised.

F. Implementation:

The GOL agency responsible for the Project Amendment will be the Ministry of Finance (MOF). The implementing units within the MOF will be the Bureau of Customs and Excise and the Department of Revenue. The implementation plan contained in the PP Amendment has been carefully reviewed by the Project Committee which believes that the plan establishes a reasonable time frame for carrying out the Project Amendment.

The Project Authorization Amendment includes a number of new conditions precedent and covenants. All of them are project specific and worded consistently with prior A.I.D. practice.

G. Section 611(a):

The requirements of Section 611(a) of the Foreign Assistance Act have been met. The financial and implementation plans necessary to carry out the Project Amendment are contained in the PP Amendment. Annex B of the PP Amendment provides a reasonably firm estimate of the cost of the Project Amendment to the USG.

H. Project Officers:

The Project will be managed in the field by Fred Hagel, Public Administration Advisor. Mr. Edward H. Smith, Jr., AFR/PD/CCWAP, will be the officer responsible for the Project in AID/W.

III. Waivers:

The Project Authorization contains the following waivers:

A. A source/origin waiver for the procurement of motorbikes. Justification for this waiver is contained in Attachment A to this Action Memorandum.

B. A source/origin waiver from Code 000 to Code 941 plus Liberia for the procurement of project commodities other than vehicles and communications equipment. Justification for this waiver is contained in Attachment B to this Action Memorandum.

IV. Justification to the Congress:

A Congressional Notification (CN) was forwarded to the Congress on September 10, 1982. No comments or objections were received before its expiration on September 25, 1982.

V. Meetings and Clearances:

A Bureau Project Review (PR) Meeting was held on August 20, 1982 and an Executive Committee for Project Review (ECPR) Meeting was held on September 14, 1982.

VI. Recommendation:

That you sign the attached Project Authorization Amendment for the Liberia Increased Revenue for Development Project (669-0132) and thereby increase total authorized LOP funding by \$6,650,000 from \$1,633,000 to \$8,283,000, extend the PACD from September 30, 1982 to September 30, 1985 and approve the requested waiver.

Attachments: a/s

Clearances:

AFR/PD/CCWAP:Schambers SC
AFK/EHR:MCusack mac
AFR/CWA:DWalsh AD
AFR/DP:GCauvin 9/20/82
GC/AFR:DRobertson _____
DAA/AFR:FCorrel _____
DAA/AFR:ARLove _____

Drafted by:AFR/PD/CCWAP:ESmith:cel:9/20/82.

ATTACHMENT A

JUSTIFICATION FOR A SOURCE/ORIGIN WAIVER
FOR THE PROCUREMENT OF MOTORBIKES

a. Cooperating Country : Liberia
b. Authorizing Document : PP Amendment
c. Project : Increased Revenues for
Development (669-0132)
d. Nature of Funding : Grant
e. Description of Commodities : 70 125cc trail motorbikes
f. Approximate Value : \$140,000
g. Probable Source : Liberia
h. Probable Origin : Japan

Discussion:

Section 636(i) of the Foreign Assistance Act of 1961, as amended, requires A.I.D. to procure U.S. manufactured vehicles and then prescribes special conditions which would justify waiving this requirement in implementing the Act. Handbook 1, Supplement B, Chapter 4C2d and Chapter 5B4b(2) set forth circumstances which may warrant waiving the requirement to procure U.S. manufactured motor vehicles and delegates authority to grant such waivers to A.I.D.'s Regional Assistant Administrators. Circumstances described in the above cited section of AID Handbook 1 include the inability of U.S. manufacturers to provide a particular type of necessary vehicle, or the lack of adequate source facilities and spare parts for U.S. manufactured vehicles.

The Increased Revenues for Development Project provides support to the Bureau of Customs and Excise and the Department of Revenue within the Liberian Ministry of Finance. Supervision of Customs outstations has been severely hampered because of lack of transportation. Two outstation supervisors at each of the ten major customs posts will receive a 125cc trail motorbike to allow them to do their job. Lack of transportation has also hampered the collection of revenues by revenue outstations. Ten collectors at

each of five pilot project outstation collectorates will receive a 125cc trail motorbike to allow them to get out in the field to collect the revenue. Due to high vehicle operation, maintenance and repair costs, the poor condition of the Liberian road network and the remote location of many outstations, the most efficient means of transportation for customs outstation supervisors and revenue outstation collectors is 125cc motorbikes. Such motorbikes have been used successfully by health supervisors who participated in the A.I.D. financed Lofa County Rural Health Project and by other GOL entities.

Justification:

The type of motorbike needed for project implementation is a 125cc trail motorbike, which is not manufactured in the United States. U.S. manufactured motorbikes are heavier, more powerful and are too expensive for the purposes of this Project. There are Suzuki and Yamaha dealerships in Liberia and spare parts and maintenance services are readily available for these makes of motorbikes.

Recommendation:

Based on the justification set forth above, it is recommended that you (1) determine that special circumstances exist to justify waiving the requirement to procure U.S. manufactured vehicles under FAA Section 636(i), (2) certify that exclusion of procurement of motor vehicles from free world countries other than the cooperating country and countries included in AID Geographic Code 941 could seriously impede the attainment of U.S. foreign policy objectives and the objectives of the foreign assistance program, and (3) waive the source/origin requirement set forth in Handbook 1, Supplement B, to permit the procurement of seventy motorbikes and spare parts from countries included in Geographic Code 935.

ATTACHMENT B

JUSTIFICATION FOR A SOURCE/ORIGIN WAIVER FROM CODE 000 TO CODE 941
PLUS LIBERIA FOR THE PROCUREMENT OF PROJECT COMMODITIES
OTHER THAN VEHICLES AND COMMUNICATIONS EQUIPMENT

- a. Cooperating Country : Liberia
- b. Authorizing Document : PP Amendment
- c. Project : Increased Revenues for
Development (669-0132)
- d. Nature of Funding : Grant
- e. Description of Commodities : Training, office and
miscellaneous equipment and
supplies
- f. Approximate Value : \$140,000
- g. Probable Source/Origin : Code 941 plus Liberia

Discussion:

Handbook 1, Supplement B, Chapter 5Ald provides that: "Code 000 (United States) is the authorized source for all grants, except those to the countries on the U.N. list of relatively least developed countries (RLDC's), as amended." Since Liberia is not on the list of RLDC's, the authorized source for this grant is A.I.D. Geographic Code 000. Waiver criteria are contained in Chapter 5B4 of Supplement B to Handbook 1. Waiver authority is granted to Assistant Administrators by Chapter 5B4c(2).

The original grant authorization provided for procurement from A.I.D. Geographic Code 000. This restriction to U.S. procurement did not cause any problems because the small amount of procurement that was planned took place in the U.S. through the IRS PASA.

The procurement component of this Project Amendment totals \$1,269,000. Procurement of other than vehicles and communications equipment amounts to \$140,000. This amount will be used to finance training, office and miscellaneous equipment and supplies.

These items are readily available from sources within Liberia or neighboring countries. Procurement from the U.S. would unduly delay the Project Amendment implementation schedule and could easily jeopardize the timely achievement of project objectives. Given the political sensitivity of this Project, procurement delays would be particularly troublesome.

Conclusion:

A source/origin waiver from A.I.D. Geographic Code 941 plus Liberia is critical to the success of project objectives (Handbook 1, Supplement B, Chapter 5B4a(7)).

Recommendation:

That you approve a procurement source/origin waiver from A.I.D. Geographic Code 000 to A.I.D. Geographic Code 941 plus Liberia for the procurement of project commodities other than vehicles and communications equipment.

PROJECT AUTHORIZATION AMENDMENT NO. 2

Name of Country: Liberia
Name of Project: Increased Revenues for Development
Number of Project: 669-0132

1. Pursuant to Section 106 of the Foreign Assistance Act of 1961, as amended, the Liberia Increased Revenues for Development Project was authorized on December 12, 1977 and Amendment No. 1 was authorized on January 14, 1981. The authorization mentioned above, as previously amended, is hereby further amended as follows:

a. The A.I.D. life-of-project budget total is increased by \$6,650,000 from \$1,633,000 to \$8,283,000, subject to the availability of funds.

b. Goods and services, except for ocean shipping, financed by A.I.D. under the Project shall have their source and origin in Liberia or in countries included in A.I.D. Geographic Code 941, except as A.I.D. may otherwise agree in writing.

c. The following conditions precedent are added:

1). Conditions Precedent to Disbursement of Other Than Customs and IRS PASAs and USAID/Liberia PASA Support.

Prior to the disbursement or other commitment of funds provided under this grant amendment for other than the U.S. Customs Service and U.S. Internal Revenue Service Participating Agency Service Agreements (PASAs) and USAID/Liberia PASA Support, the Government will, except as the parties otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.

a). Evidence that an Electronic Data Processing Unit has been established within the Department of Revenue and a chief with support staff as required has been assigned to the unit.

b). A plan approved by the Ministry of Finance providing for contribution on installment terms by the assigned recipients of a portion of the acquisition cost of Project-financed motorbikes.

c). A plan outlining a schedule for the repair, rehabilitation, and construction, where necessary, of both Bureau of Customs and Excise outstation points of entry and check points and Department of Revenue outstation collectorates.

2). Conditions Precedent to Disbursement of Funding for Ministry of Finance Communications System Equipment.

Prior to the commitment of funds for the procurement of any equipment for the Ministry of Finance Communications System, the Government will, except as the parties otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.

- a). Plans and specifications for such equipment.
- b). Evidence of assignment of appropriate frequencies for use by the system.
- c). Evidence that a Ministry of Finance Communications System Maintenance and Repair Team has been established and assigned at least three fulltime employees.

3). Condition Precedent to Disbursement of FY 1984 Funding for Customs and IRS PASAs.

Prior to the commitment of FY 1984 funding for the U.S. Customs Service and U.S. Internal Revenue Service Participating Agency Service Agreements (PASAs), the Government will, except as the parties agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D. a plan for the acquisition and improvement of Customs controlled warehouse space both at the seaport and Robertsfield.

d. The following special covenant is added:

Except as A.I.D. may otherwise agree in writing, the Government shall covenant that:

- 1). It will continue to comply with the International Monetary Fund Stabilization Program, as may be amended from time to time.
- 2). Full support will be given to the Department of Revenue Internal Audit Staff in carrying out their internal audit work within the Ministry of Finance.
- 3). It will provide whatever human, physical and financial resources are required to complete the Project.

e. Notwithstanding paragraph b. above, the following waiver is approved:

The requirement set forth in Section 636(i) of the Foreign Assistance Act of 1961, as amended, is hereby waived pursuant to Handbook 1, Supplement B, Chapter 4C2d and Chapter 5B4b(2). The justification attached hereto permits the procurement of seventy (70) motorbikes and spare parts from countries

included in A.I.D. Geographic Code 935. Further, it is hereby determined that special circumstances exist to justify waiving the requirement to procure U.S. manufactured vehicles under FAA Section 636(i) and it is hereby certified that exclusion of procurement of motor vehicles from Free World countries other than the cooperating country and countries included in A.I.D. Geographic Code 941 could seriously impede the attainment of U.S. foreign policy objectives and the objectives of the foreign assistance program.

2. The authorization, as amended, cited above remains in full force and effect except as hereby amended.

3. The Project Assistance Completion Date is extended by three years, from September 30, 1982 to September 30, 1985.

Date: _____

F. S. Ruddy
Assistant Administrator
for Africa

PROJECT DATA SHEET

1. TRANSACTION CODE

A - Add
 C - Change
 D - Delete

Amendment Number

2

DOCUMENT CODE

3

2. COUNTRY/ENTITY

Liberia

3. PROJECT NUMBER

669-0132

4. BUREAU/OFFICE

Africa Bureau

06

5. PROJECT TITLE (maximum 200 characters)

Increased Revenues for Development

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)

MM DD YY
 09 30 85

7. ESTIMATED DATE OF OBLIGATION
 (Under "8" below, enter 1, 2, 3, or 4)

A. Initial FY 78 B. Quarter 1 C. Final FY 84

8. COSTS (\$000 OR EQUIVALENT \$1 =)

A. FUNDING SOURCE	FIRST FY 78			LIFE OF PROJECT		
	B. FX	C. LC	D. Total	E. FX	F. LC	G. Total
AID Appropriated Total	296		296	7,802	481	8,283
(Grant)	296		296	7,802	481	8,283
(Loan)						
Other:						
U.S.:						
Host Country		147	147			
Other Donor(s)					5,112	5,112
TOTALS	296	147	443	7,802	5,793	13,595

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION/PURPOSE	B. PRIMARY TECH CODE	C. PRIMARY TECH CODE	D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
			1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) ST	659	790	1,633	-	667	-	8,283	-
(2)								
(3)								
(4)								
TOTALS			1,633	-	667	-	8,283	-

10. SECONDARY TECHNICAL CODES (maximum 8 codes of 2 positions each)

11. SECONDARY PURPOSE CODES

12. SPECIAL CONCERNS CODES (maximum 7 codes of 2 positions each)

A. Code
 B. Amount

13. PROJECT PURPOSE (maximum 280 characters)

To upgrade the capability of the Ministry of Finance to increase resources from internal revenues.

14. SCHEDULED EVALUATIONS

MM YY MM YY MM YY
 Interim 0 6 82 Final 0 2 85

15. SOURCE ORIGIN OF GOODS AND SERVICES

000 241 400 Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of 4 page(s) amendment)

This Amendment increases A.I.D.'s life of project contribution by \$6,50,000 from \$1,633,000 to \$8,133,000. This increase provides funds to extend the present IRS PASA, finance a new Customs PASA, provide commodities and finance a small amount of local currency costs.

17. APPROVED BY

Signature
 Title
 Mission Director
 USAID/Liberia

Date Signed
 MM DD YY
 08 12 82

18. DATE (MM DD YY) RECEIVED BY
 19. DATE (MM DD YY) FOR ASSESSMENT
 20. DATE OF DISTRIBUTION

MM DD YY
 08 17 82

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A. BACKGROUND

1. Ongoing Fiscal and Balance of Payments Crisis

The Liberian economy began to stagnate in 1977 as a result of adverse trends in export markets. Liberia's economic difficulties became more pronounced in 1979 as a result of large expenditures made in preparation for the OAU Conference held in Monrovia that year. The April 1980 military takeover further aggravated the economic situation and resulted in an accelerated rate of decline.

The Liberian economy has been in an almost continuous state of crisis since mid-1980. The two principal causes of this ongoing crisis are a large and widening foreign exchange gap and large and stubborn budget deficits.

The foreign exchange gap results primarily from stagnating export earnings on the one hand and the need to transfer overseas balances to the domestic economy to finance large budget deficits and increase the money supply on the other. Because Liberia uses the U.S. dollar as its domestic medium of exchange, its overseas balances play a unique role in the economy. Not only are overseas balances used to finance imports and other foreign obligations, but they are also used to finance budget deficits and increase the money supply. Growing demands for overseas balances for these purposes have badly outstripped the ability of Liberia's still high, but declining, trade surplus to supply them resulting in a widening foreign exchange gap.

Liberia's large budget deficits stem primarily from: (1) declining revenue growth, (2) bloated military and civil service payrolls, (3) lack of expenditure discipline, (4) subsidies to unprofitable and mismanaged public corporations, (5) mounting debt service and (6) rapidly increasing military expenditures. Since the U.S. dollar is the medium of exchange in Liberia, budget deficits cannot be financed through printing money. Sooner or later they must be financed through the transfer of overseas balances to Liberia. As indicated above, budget deficits are a primary cause of the foreign exchange gap. Since they are also the principal cause of the GOL's fiscal problems,

they can be accurately characterized as the root cause of the ongoing fiscal and balance of payments crisis.

The adverse effects of the widening foreign exchange gap and large budget deficits have permeated the Liberian economy. The banking system has become increasingly illiquid as a result of the illiquidity of the National Bank of Liberia. The illiquidity of the National Bank has its origin in large GOL overdrafts which have been used to finance budget deficits.

Another effect of Liberia's ongoing fiscal and balance of payments crisis is the monthly scramble to find the funds required to pay oil bills, debt service and the government payroll. The GOL has raised the status of financial juggling to pay important bills as they come due to an art form.

As Table 2 shows, the ongoing crisis has had a major negative impact on Liberia's development budget. Development expenditures grew at a compound annual rate of 45% from Liberian FY 1976/77 (July 1, 1976 to June 30, 1977) to FY 1978/79 from \$101 million to \$213 million and then declined precipitously at a compound annual rate of 26% to \$116 million in FY 1980/81. Development expenditure for FY 1981/82 was projected to increase to \$127 million. However, \$27 million of this amount represents military development expenditure which stood at zero in FY 1980/81. In other words, non-military development expenditure was projected to decrease from \$116 million in FY 1980/81 to \$100 million in FY 1981/82. Even this expenditure level may not have been achieved. The sharp decline in the development budget has resulted in a parallel decline in public investment.

Liberia's private sector currently lacks confidence in the ability of the GOL to solve its ongoing fiscal and balance of payments crisis. Although capital flight has apparently been stemmed, private investment and economic activity remain at low levels.

The decline in public and private investment, together with the illiquidity of the banking system, has resulted in a contracting economy marked by high and increasing

urban unemployment. The Liberian economy has registered a negative real annual growth rate of between 4 and 5 percent over the past two years. Decreased economic activity feeds back into the system as decreasing revenues and increasing demands for government expenditures, thus accelerating the Liberian economy's downward slide.

A joint GOL/International Monetary Fund \$85 million, two-year, standby stabilization program has just been completed and a follow-on program has recently been negotiated. These programs include measures to increase revenues and control expenditures. In order to receive each tranche of IMF funding, the GOL must meet certain performance criteria. The most important of these criteria is the limit on GOL borrowing from the National Bank.

So far the GOL has met the IMF performance criteria. However, meeting the criteria has become increasingly difficult. Since the GOL has been unable to increase domestic revenues significantly or control expenditures, it has had to defer expenditures to meet the IMF criteria. The amount of unpaid checks had reached \$30 million by December 31, 1981.

With the increasing difficulty the GOL has experienced in meeting the IMF criteria, the distinct possibility arises that the criteria will not be met. Should this happen, the implications are grave. The GOL would not receive IMF budget support essential to financing basic expenditures such as oil bills, debt service and the government payroll. Further, commercial banks and donors look to the meeting of the criteria as a barometer of Liberia's financial stability. Should the criteria not be met, funds from other sources will not be forthcoming, and the negotiations to reschedule both public and commercial debt (through the Paris and London Clubs) will be put in jeopardy.

Longer term prospects for the Liberian economy are reasonably good. The country is rich in natural resources. Considerable unexploited reserves of iron, timber, uranium and diamonds exist and exploration for possible off-shore oil deposits is being carried out. Also, export markets for rubber, coffee and cocoa are expected to recover

from cyclical lows.

2. Budget Deficit

Liberia's budget was in surplus from 1969 through 1975, as shown in Table 1 below.

Table 1

Government Budget Deficit - 1969 to GOL FY 1981/82 (\$ Million)

Year	Surplus (+) Deficit(-)	Year	Surplus(+) Deficit(-)
1969	+ 7.9	1975/76	- 8.0
1970	+ 8.9	1976/77	- 26.6
1971	+ 7.4	1977/78	- 72.4
1972	+ 9.7	1978/79	-140.8
1973	+ 9.3	1979/80	- 87.9
1974	+16.4	1980/81	- 99.5
1975	+ 3.0	1981/82 ¹	- 94.5

From a small deficit of \$8 million in GOL FY 1975/76, the budget grew further and further out of balance until the deficit peaked at \$141 million in FY 1978/79, the year that most of the expenditures made in preparation for the OAU Conference were financed. The budget deficit declined somewhat in FY 1979/80 to \$88 million, but grew by 13% to almost 100 million in FY 1980/81. Although the GOL estimated that the FY 1981/82 budget deficit would decline slightly to \$95 million, revenue shortfalls and expenditures in excess of projections are likely to have pushed the budget deficit above the previous year's level.

Liberia's budget deficit amounts to roughly 10% of GDP and constitutes more than 45% of domestic revenues. The deficit accounted for 28% of expenditures in both of the last two GOL fiscal years.

Not only is the deficit large when viewed in relation to Liberia's past, it is one of the largest in Africa. During the last five years only five African countries have had a higher deficit as a percentage of expenditures.

1. Estimated

a. Expenditures

The basic causes of Liberia's large and stubborn budget deficits have been declining revenue growth and lack of expenditure control. As Table 2 below shows, expenditures grew at a compound annual rate of 32% from \$209 million in GOL FY 1976/77 to \$366 million in FY 1978/79, the year of the OAU Conference.

Table 2

Government Expenditures - GOL FYs 1976/77 to 1980/81 (\$ Million)

	1976/77	1977/78	1978/79	1979/80	1980/81
<u>Total Expenditure</u>	<u>209.1</u>	<u>273.9</u>	<u>365.7</u>	<u>313.7</u>	<u>353.6</u>
Recurrent	108.5	122.3	152.9	179.7	237.8
Development	100.6	151.6	212.8	134.0	115.8

After falling to \$314 million the next year, they increased by 13% to \$354 million in FY 1980/81. Budgeted expenditures for FY 1981/82 of \$431 million exceeded the previous year's budget by 16%.

Liberia's expenditure control problem is even more starkly presented when one looks at recurrent expenditures. Recurrent costs rose at a compound annual rate of 22% from \$109 million to \$238 million during the four-year period ending in FY 1980/81. The budget for FY 1981/82 showed \$304 million for recurrent costs, a 23% increase over the budget for the previous year.

In other words, expenditures since FY 1976/77 have been uncontrolled. They have risen to levels that can neither be met nor justified. The principal sources of the GOL's expenditure problem are (1) salaries, (2) lack of discipline, (3) subsidies to public corporations, (4) debt service and (5) military expenditures.

b. Revenues

Domestic revenue growth has slowed down markedly since GOL FY 1978/79.

See Table 3 below.

Table 3

Government Revenue and Grants - GOL FYs 1976/77 to 1980/81 (\$ Million)

	1976/77	1977/78	1978/79	1979/80	1980/81
<u>Revenues and Grants</u>	<u>182.5</u>	<u>201.5</u>	<u>224.9</u>	<u>225.8</u>	<u>254.1</u>
Revenue	166.5	185.5	201.9	202.8	217.5
Grants	16.0	16.0	23.0	23.0	36.2

The compound annual rate of growth of revenues decreased from 10% for the period from 1976/77 to 1978/79 to 4% for the following 2-year period.

As Table 4 shows, this adverse trend is apparently continuing into FY 1981/82.

Table 4

Estimated Revenue vs. Revenue Collected by Source
July 1981 to January 1982 (U.S. \$ Thousand)

	Estimated Revenue	Percent of Total	Revenue Collected	Difference
A. <u>Taxes and Fees</u>				
1. Import Duties	41,333	26.2%	34,202	-7,131
2. Export Duties	750	0.5%	584	-166
3. Consular Fees	9,300	5.9%	9,594	+294
4. Excise Taxes	15,985	10.1%	7,486	-8,499
5. Individual Income Tax	31,210	19.8%	32,094	+884
6. Corporation and Partnership Income Tax	8,600	5.4%	9,826	+1,226
7. Other Corporate Taxes	-0-	0.0%	1,780	+1,780
8. National Recon- struction Tax	9,500	6.0%	7,020	-2,480
9. Realty Lease Tax	445	0.3%	651	+206
10. Real Estate Tax	1,250	0.8%	967	-283
11. Motor Vehicle Revenue	989	0.6%	1,826	+837
12. Tax on Non-Residents	1,140	0.7%	390	-750
13. Development and Progress Tax	613	0.4%	373	-240
14. Other Taxes	2,628	1.7%	1,888	-740
Subtotal	123,743	78.4%	108,681	-15,062
B. <u>Other Revenue</u>				
1. Rubber Sales	1,243	0.7%	943	-300
2. Iron Ore Profit Sharing	4,040	2.6%	964	-3,076
3. Logging Fees	5,950	3.8%	3,231	-2,719
4. Maritime Revenue	15,325	10.0%	16,383	+558
5. Land Rental	860	0.5%	337	-523
6. Departmental Revenue	505	0.3%	521	+16
7. National Saving Bonds	-0-	0.0%	3,652	+3,652
8. Other Non-Tax Revenue	5,813	3.7%	5,782	-31
Subtotal	34,236	21.6%	31,813	-2,423
Total	157,979	100.0%	140,494	-17,485

Actual domestic revenues for the first seven months of the fiscal year amounted to \$140 million, a shortfall of 11% from the projected figure of \$158 million.

The trend persists even though a number of tax rates and fees have been increased significantly over the last two years at the urging of the IMF. For example, the income tax rates for individuals and partnerships were raised substantially in November 1980. The lowest rate was increased from 9% of the first \$1,500 of taxable income to 11% of the first \$2,000. The increase in the highest rate was from 45% of all taxable income above \$98,500 to 65% above \$99,000. Intermediate rates were increased accordingly.

The National Reconstruction Tax was added to the individual income tax burden in July 1981. Monthly gross income is taxed at rates ranging from 2% of the first \$200 to 10% over \$1,000. This tax is additive and is not a form of accelerated income tax withholding. These increases have given Liberia one of the most burdensome tax structures in Africa.

The primary reason for this slowdown in revenue growth, of course, is Liberia's contracting economy. This is illustrated by the list of tax categories showing large shortfalls during the first seven months of FY 1981/82: (1) taxes on international trade (\$7.0 million), (2) excise taxes (\$8.5 million), (3) National Reconstruction Tax (\$2.5 million) and (4) logging fees (\$2.7 million).

However, the yield from existing taxes and fees could be greatly increased by plugging leaks in the revenue collection system. These leaks range from inadequate and inefficient revenue collection methods to dishonesty on the part of some tax collectors and taxpayers.

3. ESF Program Grants

Since August 1980 the U.S. Government has provided \$72 million in program grants to the Government of Liberia from the Economic Support Fund (ESF). The amount of the U.S. FY 1980 grant, which was provided in August 1980, was \$5 million.

The two FY 1981 grants totaled \$32 million, \$7 million in November 1980 and \$25 million in May 1981. \$35 million was authorized through the FY 1982 grant, \$10 million in November 1981, \$6 million in December and \$19 million in May 1982.

The purpose of these grants was to help the GOL deal with its ongoing fiscal crisis and meet its international obligations. For the most part grant funds have been used to make oil payments and/or meet the government payroll. U.S. grant funds have become an increasingly important factor determining the GOL's ability to meet the IMF performance criteria.

The prolongation of the current fiscal and balance of payments crisis, the continued decline of the Liberian economy and the recent widening of the financing gap have all brought home to U.S. Government policy-makers that the Liberian economy cannot be stabilized through liberal doses of cash for budget support alone. Increasingly it has been realized that U.S. assistance should include technical assistance and training in the economic and financial management of the public sector of the economy as well. This Project Amendment has been designed to meet this need.

4. Increased Revenues for Development Project (669-0132)

The purpose of the Increased Revenues for Development Project (669-0132) was to upgrade the capability of the Ministry of Finance (MOF) to increase resources from internal revenues. Project implementation began in 1978.

The Project finances a three-man team from the U.S. Internal Revenue Service under a Participating Agency Service Agreement (PASA) working with the Department of Revenue. The team has provided assistance to the Internal Revenue, Direct Taxation, Audit and Research and Training Divisions within the Department. It is made up of a team leader, a collections consultant and a property tax consultant. The Project has supplied the MOF with some short-term participant training in the U.S. and a small amount of commodities.

The Project got off to a fast start and made a considerable impact on revenue

collections during its first year. The rate of growth of revenues began to decline after the rice riots of 1979 when the business community claimed tax deductions for their extensive casualty losses resulting from the riots. This decline accelerated after the May 1980 coup as a result of both the decline in private sector activity and the demoralization of the revenue collection staff in the wake of the large turnover at senior levels of the Department of Revenue. These circumstances frustrated the progress of the Project for about a year after the coup.

However, the IRS team has made important progress in their efforts to improve the efficiency of the Department of Revenue during the last six months. This improvement can be attributed primarily to an increasing awareness of high levels of the GOL that solution of Liberia's fiscal problems depends on increasing internal revenues and the recent reorganization of the Department of Revenue which has resulted in closer cooperation between the IRS team and top Department officials.

One successful innovation which the team introduced during this period was the portable receipt writer. Previously receipt books with removable carbon paper for making copies had been used to provide receipts for taxes paid. This system had led to serious leakages of revenue because of the opportunities it afforded to create a discrepancy between the taxpayer's and the MOF copy of a receipt. The IRS team introduced 20 portable receipt writers into the Department of Revenue fitted with a second lock so that reloading the machine and removing the MOF copies of receipts has to be done by separate personnel with different keys. The MOF liked the new machines so well that they purchased 20 initially and then 12 more with their own funds. They eventually plan to use the machines for all tax and fee collections requiring a record receipt.

The MOF is in the process of implementing the IRS Team's recommendation to centralize the cashier function at the Headquarters Office in Monrovia so that all taxes and fees can be paid at the same location. Previously each tax or fee had to be

paid at a separate desk, sometimes in a separate office, to a person with a separate receipt book. Long lines often formed at some desks while others had little business. Copies of all bills will be provided to the Central Cashier Facility after the amount owed is calculated and the taxpayer will then go to any available cashier to make his/her payment.

The MOF is currently remodeling the ground floor of its Headquarters Office based on the recommendations of the IRS Team. The work is almost complete and the new Central Cashier Facility is expected to be open for business in the near future.

The new Cashier Facility will be opened using hand prepared bills and portable receipt writers. Based on an IRS Team recommendation, the MOF is moving to computerize bill and receipt writing using a microcomputer. The microcomputer is on order and will be installed within the next several months. After the microcomputer system is in place, billing personnel will be able to retrieve a taxpayer's file, display it on a terminal, punch whatever information is missing to calculate a bill and have the printer print the bill. The bill will be transmitted electronically to the Central Cashier Facility where a cashier will validate the receipt after the bill has been paid. The computerized system, with its secure taxpayer master file, is expected to reduce revenue leakage resulting from lost and mislaid files.

An IRS employee on short-term assignment recently taught a course in internal audit which was particularly successful. The six members of the Department of Revenues Internal Audit Staff were so inspired by this course that they became very effective. Unfortunately, their new-found enthusiasm was dampened somewhat when they became the target of harassment after coming too close to corruption.

The MOF has begun to select the best qualified candidates for new positions in response to an IRS Team recommendation. So far internal auditors and cashiers have been selected on the basis of written examinations and supervisor recommendations. It is anticipated that revenue officers and key punch operators will be selected in the

near future in the same way.

Looking at the life of the Project as a whole, many solid accomplishments have been achieved. One project output which has been reached is significant improvement in filing, billing and collection. Use of locked portable receipt writers, the establishment of the Central Cashier Facility at the Headquarters Office and the preparation of delinquency lists are the most noteworthy of these improvements. Project internal audit outputs have been attained. The internal audit function has been formally established within the MOF, members of the Internal Audit Staff have been selected and trained and the Internal Audit Staff is in operation.

Considerable progress has been made in achieving project outputs in the real estate tax area. The new real property law has been promulgated and subsidiary regulations have been issued. Sixty percent of the area of Monrovia will have been mapped and appraised by the end of September 1982. It is anticipated that Monrovia will be completely mapped and appraised by the end of June 1983. The number of accounts on the real estate tax rolls has increased by approximately 130% from about 13,000 to about 30,000.

Project training outputs have been achieved. More than 90% of technical and managerial personnel in the Department of Revenue have participated in in-country training programs during the life of the Project. Manuals completed include (1) Real Estate Tax Division Manual, (2) Real Estate Officer's Field Manual, (3) Valuer's Field Manual, (4) Revenue Officers Training and Field Manual and (5) Internal Audit Training Manual.

The Project was last evaluated in June 1982. The findings of the evaluation team were positive and the team recommended an extension of the Project. The team emphasized the importance of developing a training capability within the Department of Revenue and the training of trainers. It also recommended the extension of the Project to outstation collectorates.

5. History of GOL Request for Expanded Assistance

The GOL's first request for expanded assistance in the area of public sector economic and financial management was for two short-term customs consultants in June 1981. Because of a shortage of Project Development and Support (PD and S) funds, this activity could not be financed in U.S. FY 1981.

In August 1981 the U.S. Ambassador to Liberia suggested an extensive technical assistance effort in the area of the economic and financial management of the public sector. Soon afterwards, the GOL changed its request from two short-term customs consultants to two long-term consultants, one in customs and one in expenditure control. In November, five payroll auditors were added to the list of GOL requests for technical assistance.

During the period from August 1981 to January 1982 not much progress was made in defining possible technical assistance activities. The GOL ministries and agencies to be included, the level of the consultants, the type of tasks they would perform and the number of consultants, the type of tasks they would perform and the number of consultants to be provided were discussed at some length between the GOL, USAID/Liberia, the U.S. Embassy in Liberia, AID/Washington and the Department of State in Washington without resolving any of the important issues.

A trip to Liberia by the AID Administrator and Assistant Administrator for Africa in January 1982 proved to be the necessary catalyst to resolve the most important issues involving the provision of technical assistance in the economic and financial management of the public sector. They told senior GOL officials that a senior budget consultant, customs consultants and expenditure control consultants would be provided as soon as possible.

A two-man U.S. Customs Service Survey Team spent four weeks appraising the technical assistance needs of the Liberian Customs Service in February-March 1982. They recommended the assignment of a four-member U.S. Customs Consulting Team

to the Liberian Customs Service to advise and assist in the implementation of needed customs reforms. They also suggested that certain short-term activities be undertaken at the beginning of project implementation. These activities included 6 weeks of the services of an Airport Impact Team having 4 to 5 members and a month of the services of a U.S. Customs attorney to review the Liberian Revenue Code. Given the urgency of Liberia's economic problems, USAID/Liberia and AID/Washington agreed that the new Customs PASA should be financed, along with the proposed extension of the IRS PASA, as an amendment to the Increased Revenue for Development Project (669-0132) in order to save time.

6. Proposed A.I.D. Response

As indicated in the macroeconomic section above, a major element in Liberia's ongoing economic crisis is a fiscal crisis marked by a very high budget deficit. Reducing this deficit depends both on increasing revenues and controlling expenditures. USAID/Liberia plans to undertake activities to help the GOL with both of these aspects of the crisis.

Assistance on the budget and expenditure control side is being provided through the Economic and Financial Management Project (669-0184) which was authorized on June 9, 1982. The purpose of that Project is to improve the capability of the GOL to manage the public sector of the economy from the economic and financial standpoints. The project focus will be on helping the GOL improve the management of the budget and expenditure control process. Assistance will concentrate on the three agencies which are jointly responsible for overall management of the process; the Ministry of Finance, the Bureau of the Budget and the Ministry of Planning and Economic Affairs. AID inputs will include long-term and short-term technical assistance and in-country and long-term academic training. Long-term technical assistance will consist of an Economic and Financial Management Consultant (Team Leader) who will have the Deputy Minister of Finance for Expenditure and Debt Management as his counterpart and a

Program Budget and Budget Training Consultant who will have the Director of the Bureau of the Budget as his counterpart.

The Project described in the PP Amendment is designed to provide assistance on the revenue side of the GOL's fiscal problem. As described more fully in section C below, this Project Amendment will extend IRS PASA assistance to the Department of Revenue in the MOF and set up a new U.S. Customs Service PASA to provide assistance to the Bureau of Customs and Excise.

B. THE PROBLEM

1. Organization

The Bureau of Customs and Excise is responsible for collecting taxes, duties and fees that were estimated to account for almost 43% of GOL projected revenues for the seven-month period from July 1981 through January 1982. See Table 4. The Deputy Commissioner of Operations and the Assistant Commissioner of Rural Ports are jointly responsible for collecting almost 33% of GOL revenues in the form of import duties (26.2%), export duties (0.5%) and consular fees (5.9%). Responsibility for collecting excise taxes (10.1%) lies with the Deputy Commissioner of Excise.

Almost 36% of GOL projected revenues for the seven-month period from July 1981 through January 1982 fall within the authority of the Department of Revenue. The Commissioner of Direct Taxation is responsible for collecting over 31% of GOL revenues through the individual income tax (19.8%), the corporate and partnership income tax (5.9%), the National Reconstruction Tax (6.0%) and the realty lease tax (0.3%). Responsibility for over 4% of GOL revenues is in the hands of the Commissioner of Internal Revenue. Included in his sphere of authority are the real estate tax (0.8%), motor vehicle licenses and fees (0.6%) and such miscellaneous taxes and fees (2.8%) as the business trade levy and business license fees.

2. Bureau of Customs and Excise

The Bureau of Customs and Excise has a myriad of problems. The Liberian Customs Revenue Code has not been updated to reflect changes in customs procedures adopted in response to new practices followed by shipping companies, airlines, freight forwarders, banks and other organizations that deal regularly with customs.

The organization of the Bureau of Customs and Excise is badly in need of overhaul. Since there is no detailed, written statement of functions and lines of authority for the Bureau, instances of inefficient division of work, duplication of effort, ineffective staff relationships between offices and blurred lines of authority are common. The budget system in particular needs strengthening.

The management function in the Bureau is also weak. Management control is heavily centralized requiring senior managers to make less important decisions which should be made at a lower level in the organization. Supervision of subordinates is poor and follow up is infrequent. The Bureau has no institutionalized training plan.

Customs practices are not uniform and many forms are not efficient in achieving their intended purpose. The practice of entering goods by an informal entry and later transferring this information to a formal entry invites revenue leakage. Internal controls, particularly cash controls, are inadequate. Smuggling, fraud and bribery penalties are rarely enforced.

Seaport Customs has some special problems. Unentered shipments are stored in a Municipal Port Authority (MPA) warehouse which is not under the control of Customs and not secure. The warehouse operator's charges normally must be paid before the importer can go to Customs to clear his/her goods. This warehouse situation, together with the failure to close out ship manifests, results in the inability of Customs to determine whether shipments have left the warehouse without Customs clearance and when a shipment has remained unentered beyond the time limit. There is no organized program for the sale or other disposal of shipments which remain unentered

past the expiration of the time limit. As a result, such shipments often remain in the warehouse for months or even years after the time limit expires.

Since bonded warehouses are located all over the city of Monrovia and not just in the Freeport area, entry without customs clearance cannot be controlled. The inability of Customs to ensure that shipments cleared after payment of only the 1½% transshipment fee actually reach neighboring countries leads to abuse. Lack of professional competence on the part of brokers also causes difficulties.

Airport Customs also has a number of important problems. Similar to the case of Seaport Customs, unentered shipments are stored in a Robertsfield International Airport Company (RIA) warehouse which is not under Customs control and not secure. Once the warehouse operator's charges are paid, the shipment is transferred to Customs. However, since Customs does not have a warehouse facility, if the shipment cannot be cleared for any reason, the goods lie unprotected until such time as Customs clearance is obtained. Customs does not require aircraft cargo manifests. Without control of the warehouse facility and aircraft manifests, Customs cannot keep track of the status of unentered shipments. As in the case of Seaport Customs, there is no organized program for the sale or disposal of unentered shipments whose time limit has expired.

Another problem at the airport is lack of a cashier's cage. Considerable revenue is lost because importers cannot pay on the spot to a cashier.

The Post Office has no system of follow up notification of the addressee after a package lies undelivered for a certain period of time and does not return undelivered packages to the sender when the time limit is up as required by international postal conventions. This results in the stockpiling of undelivered packages at the Post Office.

The Bureau of Customs has 52 outstation ports of entry and 15-20 checkpoints. The effectiveness of these outstations is seriously impaired by lack of secure storage for cash collected and poor living conditions. As a result of inadequate communications and transportation, supervision of the outstations ranges from poor to nonexistent.

Customs does not have a system for filing classification and valuation decisions and does not disseminate information on important decisions generally to members of the Customs Service. Customs does not have a technical committee to act as a board of appeal on disputed classification and valuation decisions.

3. Department of Revenue

Although the Department of Revenue is more efficient now than it was when the IRS PASA team arrived in 1978, many important problems remain. The organization of the Department is in need of change. It would be more efficient to combine the Direct Taxation, Internal Revenue and Audit Divisions into a Bureau of Internal Revenue.

The Department is in need of management improvement. Management control is too centralized and supervision and follow up are weak. Mid-level managers lack specialized training at the postgraduate level in tax administration. In addition, the Department has no institutionalized training program of its own.

Taxpayer services are weak. A public information campaign to alert the public to important provisions of the tax laws is needed. Tax forms often run out because of shortages of paper.

Taxpayer files are not secure from unauthorized access and are often not filed properly. This often results in the alteration or disappearance of files.

Where portable receipt writers are not in use, the copy of the receipt given to the taxpayer often differs from the MOF copy resulting in loss of revenue. Internal cash controls are inadequate. The Internal Audit Staff needs high level support within the GOL so that it can effectively carry out its internal audit functions.

Liberia has a very high tax delinquency rate. Tax bill files need to be aged on a regular basis and delinquency lists need to be updated. The present method for collecting seriously delinquent tax bills by first going to the Ministry of Justice and then to the Tax Court is cumbersome and slow. The Tax Court decides only a handful of cases each month and often accepts a small partial payment against a large tax bill.

Many individuals and firms which are required to pay a tax under Liberia's Revenue Code have never paid the tax and do not even appear on the tax rolls. There is a need to compare each tax roll against other tax rolls and other lists available to the Government to make tax rolls more complete. For example, the list of businesses registered with the Department of Commerce should be compared with the tax rolls for the corporate and partnership income tax and the business trade levy.

Individuals and firms on the tax rolls often underreport or fail to file a return. However, enforcement of penalties against underreporting or failure to file a return is rare.

The small number of auditors available limits on site audits of corporations and partnerships to one every six or seven years. Firms can often avoid an audit for a longer period by reregistering their businesses under a different name or business type periodically. A system of desk audits for both firms and individuals is needed.

The Department of Revenue's 26 outstation collectorates face some of the same problems as Customs outstations. Communications, transportation and living conditions are all problems and supervision of the outstations is very weak.

C. DETAILED DESCRIPTION OF THE PROJECT AMENDMENT

1. Goal and Purpose

The GOL's current short-term goals for the Liberian economy are stabilization and maintenance of as much of the development program as possible until stabilization is achieved. Intermediate and long-term objectives are maintenance of economic stability and revitalization and expansion of the development program. The purpose of the Project remains to upgrade the capability of the Ministry of Finance (MOF) to increase resources from internal revenues.

2. Framework of the Project

Under the Amendment, the focus of the Project will be shifted more towards identifying, designing and implementing measures which will generate the most additional revenue in the shortest period of time. Assistance will be provided to both the Bureau of Customs and Excise and the Department of Revenue which together were responsible for collecting more than 78% of projected GOL domestic revenues for the seven-month period from July 1981 through January 1982. The Bureau of Customs and Excise will receive assistance in collecting duties and fees which were projected to amount to almost 33% of GOL revenues, including import duties, export duties and consular fees. Assistance will be provided to the Department of Revenue in collecting the individual income tax, the National Reconstruction Tax, the realty lease tax, the real estate tax, motor vehicle licenses and fees and miscellaneous taxes and fees which together account for over 30% of Government revenues. The United Kingdom is currently considering a GOL request to provide a consultant in the corporate and partnership income tax area. This tax generates more than 5% of domestic revenues.

AID inputs will include long-term and short-term technical assistance and in country and participant training provided through PASA arrangements. A new U.S. Customs Service PASA will assist the Bureau of Customs and Excise and an extension of the existing Internal Revenue Service PASA will assist the Department of Revenue. A.I.D. will also provide USAID/Liberia support for the two PASAs, commodities and a modest amount of funding for local costs.

3. End of Project Status and Outputs

For assistance to the Bureau of Customs and Excise the capability of collecting import and export duties and consular fees effectively is an end of project status indicator, as is a functioning training program within the Bureau and the capability of continuing the training program after completion of the Project. Important elements included within the capability to collect customs revenue effectively are (1) an updated

Liberian Customs Code, (2) improved organization and management, (3) greater uniformity of customs practices, (4) improved internal controls, (5) improved operation and effectiveness of Seaport Customs, (6) improved control of goods in bonded warehouses, (7) improved control of goods in transshipment to neighboring countries, (8) improved operation and effectiveness of Airport Customs, (9) improved Post Office handling of packages from abroad (10) improved operation and effectiveness of Customs outstations, (11) improved classification and valuation procedures and (12) improved capability to enforce regulations against smuggling, fraud and bribery.

Indicators that end of project status has been achieved for assistance to the Department of Revenue are the capability of collecting the individual income tax and other taxes and fees effectively; the microcomputer integrated into the management and operations of the Department; and a functioning training program within the Department together with the capability of continuing the training program after completion of the Project. Among the elements included in the capability to collect tax and fee revenue effectively are (1) improved organization and management, (2) improved taxpayer services, (3) improved forms design, work flow and maintenance of records, (4) improved cash controls and internal auditing, (5) improved collection, (6) improved compliance, (7) improved taxpayer auditing, (8) improved operation and effectiveness of revenue outstations, (9) improved capability to enforce regulations against underreporting and failure to file a return and (10) a more accurate data base for the real estate tax.

Each element of each end of project status indicator has one or more outputs which are closely related to it. Project outputs are listed in detail in the Revised Logical Framework Matrix (Annex C).

4. Bureau of Customs and Excise

a. Long-term Technical Assistance.

The Project Amendment will provide four long-term consultants for a total

of 102 person-months to the Bureau of Customs and Excise under a new PASA with the U.S. Customs Service. Long-term positions will include (1) Team Leader/Outstations Consultant, (2) Seaport Consultant, (3) Airport Consultant and (4) Classification and Valuation Consultant.

1). Team Leader/Outstations Consultant

The counterpart to the Team Leader/Outstation Consultant will be the Deputy Commissioner of Operations. He will also work directly with the Commissioner of Customs and Excise and the Assistant Commissioner of Rural Ports. The duties and responsibilities of this Consultant will include:

a). Review and analyze problems in the operation and management of the Bureau of Customs and Excise and provide recommendations for their solution including, but not limited to, the need for:

- (1). Updating of the Custom Revenue Code.
- (2). A uniform entry processing system including an entry acceptance/rejection procedure.
- (3). Improved internal controls, particularly cash controls.
- (4). Improved Customs manifest controls.
- (5). An increase in Customs control over unentered merchandise.
- (6). A system for the protection and disposal of unentered merchandise.
- (7). Improved Customs control over bonded warehouses.
- (8). Increased Customs control of transshipments to neighboring countries.
- (9). Improved Post Office handling of packages from abroad.
- (10). Improved classification and valuation procedures.
- (11). Enhanced operational capabilities to enforce regulations against smuggling, fraud and bribery.

b). Review and analyze the organizational structure of the Bureau and develop a plan for its improvement.

c). Review and analyze the flow of management information within the Bureau including the forms in use and develop a plan for improving the accuracy, usefulness and timeliness of this information including new forms where required.

d). On the basis of on site observation, review and analyze problems in the operation and supervision of customs outstations and provide recommendations for their solution.

e). Develop, with the assistance of the other members of the technical assistance team, a training program for the Bureau including on-the-job training, seminars and short courses in country and short-term training overseas.

f). Organize, with the assistance of the other members of the technical assistance team, on-the-job training, seminars and short courses.

g). Develop, with the assistance of the other members of the technical assistance team, a plan which will enable the Bureau to successfully implement its own training program after the departure of the team.

h). Review, analyze and make recommendations concerning GOL needs for short-term consultants to address specific problems in the operation and management of the Bureau.

i). Generally oversee, with the assistance of other members of the team, the procurement, use, maintenance and repair of project commodities assigned to the Bureau.

j). Approve all Bureau vouchers for local costs financed by the Project before these vouchers are submitted to USAID/Liberia.

k). Serve as Team leader:

(1). Coordinate the efforts of both the long-term and short-term members of the technical assistance team.

(2). Prepare, with the assistance of the other members of the team, a yearly work plan for the technical assistance team. The first yearly work plan will be prepared within three months of arrival in Liberia.

(3). Prepare, with the assistance of the other members of the team, quarterly progress reports and other written reports as required.

(4). Provide liaison between the Bureau and the U.S. Customs Service.

(5). Maintain liaison with the IRS PASA Team, USAID/Liberia and other donors.

1). Advise and assist the Commissioner of Customs and Excise, the Deputy Commissioner of Operations and the Assistant Commissioner of Rural Ports with operational problems on a day-to-day basis.

The tour of duty of the Team Leader/Outstations Consultant will be 28 months. The candidate for this position should have broad knowledge, including at least fifteen years of experience, in customs operations and management. At least five years of this experience should have been in a senior level operational position. Previous working experience in customs in a developing country is required. Working experience in Africa is desirable.

2). Seaport Consultant

The Seaport Consultant will work directly with the Director of Seaport Customs who will be his counterpart. The duties and responsibilities of this consultant will include:

a). Review and analyze problems in the operation and management of Seaport Customs and provide recommendations for their solution including, but not limited to, the applicable items included under task a) of the scope of work for the Team Leader/Outstation Consultant.

b). Assist the Team Leader/Outstation Consultant in carrying out the training functions listed as tasks e), f) and g) in his/her scope of work.

c). Assist the Team Leader/Outstation Consultant in carrying out tasks i), k) (2) and k) (3) of his/her scope of work.

d). Advise and assist the Director of Seaport Customs with operational problems on a day-to-day basis.

The period of assignment of the Seaport Consultant will be 25 months. The candidate for this position should have at least five years of experience in customs operations and management with at least two years of experience in seaport customs facilities. Previous working experience in customs in a developing country is desirable, as is working experience in Africa.

3). Airport Consultant

The counterpart to the Airport Consultant will be the Director of Airport Customs. The duties and responsibilities of this Consultant will include:

a). Review and analyze problems in the operation and management of Airport Customs and provide recommendations for their solution including, but not limited to, the need for:

(1). The applicable items included under task a) of the scope of work for the Team Leader/Outstation Consultant.

(2). Improvement of inspection and control procedures for arriving and departing passengers and carriers.

(3). Establishment of a cashier facility at Robertsfield.

b). Assist the Team Leader/Outstation Consultant in carrying out the training functions listed as tasks e), f) and g) in his/her scope of work.

c). Assist the Team Leader/Outstation Consultant in carrying out tasks i), k) (2) and k) (3) of his/her scope of work.

d). Advise and assist the Director of Airport Customs with operational

problems on a day-to-day basis.

The tour of duty of the Airport Consultant will be 25 months. The candidate for this position should have at least five years of experience in customs operations and management with at least two years of experience in airport customs facilities. Previous working experience in customs in a developing country is desirable, as is working experience in Africa.

4). Classification and Valuation Consultant

The Classification and Valuation Consultant will work directly with the Chief of the Valuation and Liquidation Division who will be his counterpart. The duties and responsibilities of this Consultant will include:

a). Review and analyze problems in the classification and valuation of goods within the Bureau of Customs and Excise and make recommendations for their solution including, but not limited to, the need for:

- (1). A system for filing classification and valuation decisions.
- (2). A program for disseminating information on important decisions generally to members of the Customs Service.
- (3). Establishment of a technical committee to act as a board of appeal on disputed classification and valuation decisions.
- (4). Advance rulings on classification and valuation before importation.
- (5). Sampling of merchandise.
- (6). Bond and security requirements for entering merchandise.
- (7). Revision of the rules regulating customs brokers.

b). Prepare operating manuals for classification and valuation.

c). Assist the Team Leader/Outstation Consultant in carrying out the training functions listed as tasks e), f) and g) in his/her scope of work as they relate to classification and valuation.

d). Assist the Team Leader/Outstation Consultant in carrying out tasks i), k) (2) and k) (3) of his/her scope of work.

e). Advise and assist the Chief of the Valuation and Liquidation Division with operational problems on a day-to-day basis.

The period of assignment of the Classification and Valuation Consultant will be 24 months. He/she will arrive in Liberia approximately three months after the long-term consultants arrive.

The candidate for this position should have at least five years of experience in customs operations and management with at least two years of experience in classification and valuation work. Previous working experience in customs in a developing country is desirable as is working experience in Africa.

b. Short-term Technical Assistance

Short-term technical assistance to be provided to the Bureau of Customs and Excise under the new U.S. Customs Service PASA amounts to 42 person-months. In order to achieve the purpose of the Amended Project, maximum flexibility in the selection of the fields and duration of assignment of short-term consultants needs be retained. Therefore, the discussion below of the short-term consultants which may be financed under the Customs PASA should be taken as illustrative and not definitive.

The Customs PASA will provide several teams of short-term consultants. An Airport Impact Team consisting of four consultants will spend six weeks in Liberia before the long-term technical assistance team arrives. The Airport Impact Team will review and analyze airport operations with a view to isolating changes in procedure which will have a maximum impact on revenues in a short time. The members of this Team will advise and assist airport customs personnel in the introduction and initial implementation of those changes which are accepted. The long-term Airport Consultant will follow up and advise and assist in refining these procedural changes as required.

A Classification and Valuation Impact Team consisting of four consultants

will be made available for six weeks after the first three long-term consultants arrive, but before the long-term Classification and Valuation Consultant arrives. The task of this Impact Team will be similar to the task of the Airport Impact Team, except that classification and valuation procedures will be analyzed and the long-term Classification and Valuation Consultant will follow up on the procedural changes undertaken.

A four-person Enforcement Training Team will be financed for six weeks during the second year of the PASA. They will provide advice, assistance and training aimed at enhancing the operational capabilities of the Bureau of Customs and Excise to enforce regulations against smuggling, fraud and bribery.

Several individual consultants will also be provided. The tasks of the Communications Consultant, who will spend one month in Liberia soon after the first three long-term consultants arrive, will be to conduct a survey of the communications needs of both the Bureau of Customs and Excise and the Department of Revenue and then prepare detailed plans and specifications for a communications system that will fill these needs at minimum cost. A Facilities (Warehouse) Consultant will arrive at the same time as the Communications Consultant to advise and assist on the acquisition and improvement of Customs-controlled warehouse space at both the seaport and Robertsfield. A Legal Consultant will be financed for one month three months after the first three long-term consultants arrive to provide advice and assistance on updating the Customs Revenue Code. A Budget Consultant will spend two months during the first year of the PASA and one month during the second year to strengthen the Bureau's budget preparation and expenditure control process.

A Data Processing Consultant would be provided for two months in each of the first and second years of the PASA. The services of an Audit and Management Analyst would be made available for two months during the second year of the PASA and for a return two-month TDY during the third year. An Internal Controls Specialist would also be financed for two months during the PASA's second year. An additional

seven person-months of short-term consulting services will be provided to meet unforeseen needs.

c. In Country Training

As indicated in the discussion of the duties of the long-term consultants above, the PASA will help the Bureau of Customs and Excise plan, organize and carry out on-the-job training, seminars and short courses in country. If the Bureau so requests, short-term consultants can be made available to organize and carry out seminars and short courses. One of the objectives of the PASA's extensive in country training input is to leave the Bureau with a training program that can be successfully implemented after the consultants depart Liberia.

d. Short-term Participant Training

Provision has been made in the Customs PASA for 46 person-months of short-term participant training in the U.S. Four groups of four Liberian customs officials each will receive five weeks of middle management training. Also, a training of trainers course will be provided for three groups of four Liberian customs officials each. U.S. Customs Service Headquarters in Washington will specially tailor both of these courses to fit the needs of Liberia's Customs Service. In addition, early in the first year of the PASA, a one-month executive observation program for the Commissioner of Customs and Excise and a key aid is planned. Local cost financing will be provided for five person-months of trips to neighboring countries to observe Customs operations.

e. Commodities

Commodities included in the Project Amendment for the Bureau of Customs and Excise will be procured outside the PASA by a procurement agent with the exception of a small amount of equipment which the U.S. Customs Service will supply. However, as indicated above in the scope of work for the Customs PASA technical assistance team, the team will oversee the procurement, use, maintenance and repair of project commodities provided to the Bureau of Customs and Excise. Almost all of these

commodities are being financed to help upgrade the operation and supervision of customs outstations through making available improved transportation, communications and work facilities.

Vehicles will be provided so that the customs officials responsible for supervising customs outstations can do their job. Three four-wheel drive, long wheel base, jeep-type vehicles will be provided to the supervisory team reporting to the Assistant Commissioner of Rural Ports and one of these vehicles will be provided to the chief outstation supervisor at each of the ten major customs posts. Two outstation supervisors at each major customs post will receive a 125 cc trail bike with crash helmet and rain suit.

Each vehicle will be assigned to an individual by name. The Lofa County Rural Health Project found that the contribution on installment terms by the assigned recipients of a portion of the acquisition cost of project motorbikes resulted in more careful operation and maintenance and therefore, greater longevity, of the motorbikes. Accordingly, a condition precedent to the disbursement or other commitment of funds for other than the Customs and IRS PASA's and USAID/Liberia PASA support will require the MOF to approve a plan for requiring the assigned recipients to contribute on installment terms part of the acquisition cost of project motorbikes.

Each customs official designated to receive a vehicle will receive a two-day short course in operation and maintenance before it is turned over to him. The Project Amendment includes funds to cover the local costs of operation, maintenance and repair of these vehicles for two years. This is to ensure that the vehicles don't lie idle because of GOL budgetary difficulties.

The Project Amendment includes funding for an MOF communications system which will allow both the Bureau of Customs and Excise and the Department of Revenue to communicate easily with their outstations. The system will include a central control station at the MOF building in Monrovia and relay stations as required.

Within the Bureau of Customs, base stations will be provided at Monrovia Headquarters (5), the seaport (5), the airport (3) and all outstation ports of entry and checkpoints (70). Mobile stations will be provided for each of the jeep-type vehicles to be financed by the Project Amendment (13) and for each member of the long-term technical assistance team (4).

As indicated in the section on Customs PASA short-term technical assistance above, the U.S. Customs Service will provide a Communications Consultant for one month to survey the communications needs of both the Bureau of Customs and Excise and the Department of Revenue and then prepare detailed plans and specifications for a communications system that will fill these needs at minimum cost. A condition precedent to the disbursement of funds for procurement of the MOF Communications System will require the MOF to establish a three-man maintenance and repair team for the system. The cost estimate for the communications system includes two person-months of technical assistance and training from the manufacturer in installation, operation and maintenance of the equipment. Project commodities include two jeep-type vehicles to give the MOF maintenance and repair team mobility and the cost estimate for the communications system includes an allowance for spare parts so that they can do their job effectively.

Other Project Amendment commodities have the objective of providing Customs outstations with the basic equipment they need to carry out their responsibility to collect the revenue. Each of the 52 outstation ports of entry will receive a small safe to provide security for the cash collected, a manual typewriter with a stand, a five-drawer legal size locking file cabinet and a manual-type office calculator.

The amount of project amendment commodities which will be provided for purposes other than upgrading the operation and supervision of Customs outstations is relatively small. The Headquarters Office will receive training equipment and a small amount of needed office equipment and furniture.

f. Local Costs

A.I.D. will finance a portion of the local costs of the Project Amendment. The largest item on this list is the operation, maintenance and repair of all vehicles financed by the Project Amendment for a period of two years. Other items on the list include printing and supplies required for printing forms, manuals and handbooks; and office equipment operation, maintenance and repair.

Local costs will be reimbursed to the Bureau of Customs and Excise after the fact on the basis of vouchers with required supporting documentation. Installment payments received by the MOF from recipients of project motorbikes will be included on the voucher and subtracted from the amount to be reimbursed. As indicated in the scope of work for the Team Leader/Outstation Consultant, the Team Leader will approve all Bureau vouchers for local costs before these vouchers are submitted to USAID/Liberia. The details of this reimbursement procedure will be included in an implementation letter.

g. Department of Revenue

a. Long-term Technical Assistance

The Project Amendment will extend the three long-term consultants to the Department of Revenue for a total of 92 person-months. Adjustments will be made to the titles and scopes of work of these consultants to reflect the experience gained in the last four and one-half years of project implementation and the current needs of the Department of Revenue. The present Team Leader will be replaced by a Systems Analyst. The Collections Consultant will become the Team Leader and his title will be changed to Management/Collections Consultant. He will add assistance in the audit and outstation areas to his scope of work. The Property Tax Consultant will become the Organization and Methods/Property Tax Consultant. The counterparts and revised scopes of work for these positions are set out below.

1). Management/Collections Consultant (Team Leader)

The counterpart of the Management/Collections Consultant (Team

Leader) will be the Commissioner of Direct Taxation. He will also work directly with the Deputy Minister for Revenue and the Assistant Minister for Revenue.

The duties and responsibilities of this Consultant will include:

a). Review and analyze problems in the operation and management of the Department of Revenue and provide recommendations for their solution including, but not limited to, such areas as:

- (1). Department organization.
 - (2). Taxpayer services.
 - (3). Implementation of the Central Cashier Facility.
 - (4). Cash controls and internal audit.
 - (5). Collections.
 - (6). Maintenance and cross-checking of delinquency lists.
 - (7). Establishment of a compliance program based on comparing rolls for various taxes and fees with each other and with other lists available to the Government.
 - (8). Taxpayer audit including establishment of a desk audit procedure and increasing the quantity and quality of audits.
 - (9). Improvement of outstation collectorate operations and supervision.
 - (10). Enforcement of penalties against taxpayers who underreport or fail to file a return.
- b). Develop with the assistance of the other members of the technical assistance team, a training program for the Department including on-the-job training, seminars and short courses in country and long- and short-term training overseas.
- c). Organize, with the assistance of other members of the technical assistance team, on-the-job training, seminars and short courses.
- d). Develop, with the assistance of the other members of the technical

assistance team, a plan which will enable the Department to successfully implement its own training program after the departure of the team.

e). Review, analyze and make recommendations concerning GOL needs for short-term consultants to address specific problems in the operation and management of the Department.

f). Generally oversee, with the assistance of the other members of the team, the procurement, use, maintenance and repair of project commodities assigned to the Department.

g). Approve all Department vouchers for local costs financed by the Project before these vouchers are submitted to USAID/Liberia.

h). Serve as team leader.

(1) Coordinate the efforts of both the long-term and short-term members of the technical assistance team.

(2). Prepare, with the assistance of the other members of the team, a yearly work plan for the technical assistance team.

(3). Prepare, with the assistance of the other members of the team, quarterly progress reports and other written reports as required.

(4). Provide liaison between the Department and the U.S. Internal Revenue Service.

(5). Maintain liaison with the Customs PASA Team, USAID/Liberia and other donors.

i). Advise and assist the Deputy Minister for Revenue, the Assistant Minister for Revenue and the Commissioner of Direct Taxation with operational problems on a day-to-day basis.

2). Systems Analyst

The Systems Analyst will work directly with the Officer in Charge of Department of Revenue Computer Operations who will be his counterpart. The

duties and responsibilities of this consultant will include:

a). Provide advice and assistance in all aspects of electronic data processing including, but not limited to:

(1). Selection of equipment and software.

(2). Design, programing and operation of systems to:

(a) Computerize and update master files for various taxes and fees.

(b). Provide an integrated billing system that would result in an account reflecting all taxes and fees owed by a taxpayer.

(c). Provide consolidated delinquency lists.

(d). Compare rolls for various taxes and fees with each other and with other lists available to the Government to determine non-compliance.

(e). Reduce revenue leakages by making it harder for Department employees to be dishonest.

b). Provide advice and assistance to the Bureau of Customs and Excise and other MOF units outside the Department of Revenue on electronic data processing as time allows.

c). Assist the Management/Collections Consultant (Team Leader) in carrying out the training functions listed as tasks b), c) and d) in his scope of work.

d). Assist the Management Collections Consultant (Team Leader) in carrying out tasks f), h) (2) and h) (3) of his scope of work.

e) Advise and assist the Officer in Charge of Department of Revenue Computer Operations with operational problems on a day-to-day basis.

A short-term Systems Analyst will spend a month in Liberia right after the authorization of this PP Amendment conducting a survey to determine whether the Department of Revenue needs a long-term Systems Analyst. If he/she finds that assignment of a long-term Systems Analyst is not warranted, this long-term position will be shifted to

Audit/Outstation Consultant and the Department's needs for the services of a systems analyst will be met by one or more short-term consultants.

3). Organization and Methods/Property Tax Consultant

The counterpart of the Organization and Methods/Property Tax Consultant will be the Commissioner of Internal Revenue. The duties and responsibilities of this consultant will include:

a). Provide advice and assistance in all aspects of organization and methods including, but not limited to:-

- (1) Forms design
- (2) Work flow
- (3) Maintenance of records.

Emphasis will be placed on the organization and methods of taxes and fees, other than income taxes, which are payable on a yearly basis such as the real estate tax, the business trade levy, business license fees and motor vehicle fees.

b). Provide advice and assistance in completing the mapping and valuation of all real property in Monrovia and other urban centers.

c). Provide advice and assistance in initiating a cadastral survey of rural properties in Liberia.

d). Assist in the Management/Collections Consultant (Team Leader) in carrying out the training functions listed as tasks b), c) and d) in his scope of work.

e). Assist the Management/Collections Consultant (Team Leader) in carrying out tasks f), h) (2) and h) (3) of his scope of work.

f). Advise and assist the Commissioner of Internal Revenue with operational problems on a day-to-day basis

b. Short-term Technical Assistance

The Department of Revenue will receive a total of 14½ person-months of short-term technical assistance under the extension of the IRS PASA. As in the case

of the Customs PASA, maximum flexibility in the selection of fields and duration of assignment of short-term consultants will be retained. As mentioned above in the discussion of the long-term Systems Analyst position, a short-term Systems Analyst will conduct a one-month survey of the Department's need for a long-term position right after this PP Amendment is authorized. Short-term consultants may also provide services in the areas of (1) audit, (2) taxpayer services, (3) development of a national identification number scheme, (4) collection management and (5) excise taxes. Most of these TDYs will be of 30 to 60 days duration.

c. In Country Training

As indicated in the discussion of the duties of the long-term technical assistance team above, the PASA extension will help the Department of Revenue plan, organize and carry out on-the-job training, seminars and short courses in country. If the Department so desires, short-term consultants can organize and carry out seminars and short courses as they have in the past. A training program that can be successfully implemented after the consultants depart Liberia is an important objective of the PASA extension's in country training efforts.

d. Participant Training

The PASA extension provides 90 person-months of long-term and 30 person-months of short-term participant training in the U.S. The Department feels that specialized training at the postgraduate level is necessary to develop a cadre of career tax officers. Accordingly, the PASA extension provides for five long-term training positions which will consist of a 12-month program at the Tax Institute followed by six months of in depth on-the-job training with the IRS in the U.S.

Short-term training in the U.S. financed by the PASA extension will include the Intax middle management course conducted by the IRS and a training of trainers course which the IRS will design to fit the needs of Liberian tax officials. Two groups of four participants each will attend the seven-week Intax course and an identical

number of participants will take the two-month training for trainers course. As in the case of the Bureau of Customs and Excise, local cost financing will be provided for five person-months of trips to neighboring countries to observe tax and fee operations.

e. Commodities

As in the case of the Bureau of Customs and Excise, the bulk of the commodities financed for the Department of Revenue under the Project Amendment will be procured by a procurement agent outside the PASA extension. Only a small amount of equipment will be supplied by the IRS. However, as indicated in their scope of work, the IRS PASA technical assistance team will oversee the procurement, use, maintenance and repair of project commodities provided to the Department of Revenue. A large proportion of these commodities are being provided in an effort to upgrade the operation and supervision of outstation collectorates by improving transportation, communications and work facilities.

Vehicles are being provided both to enhance supervision of outstation collectorates and to allow collectors at outstations to travel in the field to do their jobs. Two four-wheel drive, long wheel base, jeep-type vehicles will be supplied to the Assistant Commissioner of Outstation's Supervisory Team and ten more will go to two outstation supervisors at each of the five Regional Collectorates. Ten collectors at each of five pilot project outstation collectorates will receive a 125 cc trail bike with crash helmet and rain suit. The ground rules for assignment, use, maintenance and repair of these vehicles will be the same as the ground rules for the vehicles assigned to the Bureau of Customs and Excise.

The Department of Revenue will share the MOF Communications System with the Bureau of Customs and Excise. Five base stations will be required for Monrovia Headquarters and 26 for the 26 outstation collectorates. Mobile units installed in Project Amendment funded jeep-type vehicles will number 13 and the IRS PASA team will be assigned three additional units. Arrangements for the design, installation,

maintenance and repair of the MOF Communications System were described in the section above on commodities financed for the Bureau of Customs and Excise.

Basic equipment provided to the five pilot project outstation collectorates will be somewhat different from the basic equipment provided to the Customs outstations. Each of the five pilot project outstation collectorates will receive three manual typewriters with stands, three five-drawer legal size locking files cabinets, three manual-type office calculators and ten solar powered hand-held calculators for the use of individual collectors.

Project Amendment commodities will support a Department of Revenue Pilot project in motor vehicle registration enforcement in Monrovia. Twenty-five boots to be used to immobilize cars with out of date registrations will be provided on an experimental basis, as well as two 3/4 ton pickup trucks to be used to transport the boots.

The Department of Revenue has purchased a North Star microcomputer and related hardware with its own funds and is currently awaiting delivery of the equipment. The Project Amendment will finance software purchases for this American microcomputer.

Training equipment will be supplied to the Department's training program. Also the Headquarters Office will receive a small amount of needed office equipment and furniture.

f. Local Costs

As in the case of the Bureau of Customs and Excise, A.I.D. will finance the local costs of (1) operation, maintenance and repair of all vehicles financed by the Project Amendment for a period of two years, (2) printing and supplies required for printing forms, manuals and handbooks and (3) office equipment operation, maintenance and repair. The same system will be used to reimburse local currency costs to the Department of Revenue as will be used to reimburse such costs to the Bureau of Customs and Excise.

D. FINANCIAL ANALYSIS AND PLAN

1. Summary Cost Estimate and Financial Plan

The estimated total cost of the activities to be financed under this Project Amendment is \$9,100,000. The AID contribution of \$6,650,000 will be provided in the form of a grant.

The GOL will contribute \$2,450,000 to the extension of the Project in the form of support for in-country training, support for long- and short-term participant training in the U.S. and general administrative costs. All of the GOL contribution will be in kind except for international air fares for long- and short-term participants going to the the U.S. for training, Customs warehouse space acquisition and improvement costs, and Customs and Revenue outstation rehabilitation and new construction costs which will be contributed in cash. The GOL contribution amounts to 27% of total Project Amendment costs.

The table below presents an estimate of the total cost of the Project Amendment analyzed by source and use of funds:

Table 5

Project Amendment Summary Cost Estimate and
Financial Plan
(U.S. \$ Thousand)

	<u>AID Grant</u>	<u>GOL Contribution</u>	<u>Total</u>
A. <u>Technical Assistance</u>			
1. Long-term	2,706	—	2,706
2. Short-term	545	—	545
B. <u>Training</u>			
1. In-country	—	625	625
2. Overseas Participant	668	76	744
C. <u>Commodities</u>	1,284	—	1,284
D. <u>Construction</u>	—	200	200
E. <u>Other Costs</u>			
1. Local Currency	369	—	369
2. Administration	—	1,059	1,059
F. <u>Evaluation</u>	60	—	60
Subtotal	5,632	1,960	7,592
G. <u>Inflation</u>	410	261	671
Subtotal	6,042	2,221	8,263
H. <u>Contingency</u>	608	229	837
Total	<u>6,650</u>	<u>2,450</u>	<u>9,100</u>
Percent	73%	27%	100%

This Amendment increases the total cost of the Project by \$9,100,000 from \$3,495,000 to \$12,595,000. The AID grant contribution is increased by \$6,650,000 from \$1,633,000 to \$8,283,000.

The GOL contribution to total project costs will increase by \$2,450,000 from \$1,862,000 to \$4,312,000. GOL financing amounts to more than 34% of total project costs.

The cost estimate for the total project by cost category is summarized in Table 6 below:

Table 6
Total Project Summary Cost
Estimate and Financial Plan
(U.S. \$ Thousand)

	<u>Current</u>	<u>Increase</u>	<u>Total</u>
A. Technical Assistance	1,430	3,251	4,681
B. Training	110	668	778
C. Commodities	43	1,284	1,327
D. Other Costs	—	369	369
E. Evaluation	—	60	60
Subtotal	1,583	5,632	7,215
F. Inflation	—	410	410
Subtotal	1,583	6,042	7,625
G. Contingency	50	608	658
Total AID Grant	1,633	6,650	8,283
H. GOL Contribution	1,862	2,450	4,312
Total Project	<u>3,495</u>	<u>9,100</u>	<u>12,595</u>

2. Recurrent Costs

The recurrent costs of this Project are small. The biggest item is the operation, maintenance and repair of motor vehicles after the first two years have passed. Considering the importance of increasing revenues in the GOL's economic stabilization program, the Ministry of Finance should have little difficulty in obtaining budget allocations to cover the recurrent costs of this Project.

E. IMPLEMENTATION PLANNING

1. Implementation Plan

a. Implementation Period

A 36-month implementation period is proposed for the Project Amendment, thus extending the PACD from September 30, 1982, to September 30, 1985. This will

allow the PACD of this Project to approximately coincide with the PACD of the companion Economic and Financial Management Project (669-0184). This three-year extension of the PACD will increase the total life of the Project from four and one-half years to seven and one-half years.

b. Schedule of Major Events

1. Project paper amendment ready for review in AID/W. 17 Aug. '82
2. Project authorized by AID/W. 15 Sep. '82
3. Project agreement signed. 30 Sep. '82
4. IRS Management/Collections Consultant (Team Leader) and Organization and Methods/Property Tax Consultant remain in Liberia. 1 Oct. '82
5. PIO/T for new U.S. Customs Service PASA arrives in AID/W. 15 Oct. '82
6. PIO/T to extend U.S. Internal Revenue Service PASA arrives in AID/W. 15 Oct. '82
7. PIO/C for Customs and IRS PASA Team support vehicles, furniture and appliances issued. 15 Oct. '82
8. Implementation Letter No. 1 issued. 1 Nov. '82
9. IRS Short-term Systems Analyst arrives in Liberia to conduct survey. 1 Nov. '82
10. New U.S. Customs Service PASA signed. 1 Dec. '82

11. Extension of U.S. Internal Revenue Service PASA signed. 1 Dec. '82
12. IRS Short-term Systems Analyst completes survey and departs Liberia 1 Dec. '82
13. Conditions Precedent to Disbursement or Issuance of Commitment Documents for Other Than Customs and IRS PASA's and USAID/Liberia PASA Support met. 29 Dec. '82
14. PIO/C for project vehicles and equipment other than MOF Communications System equipment issued. 15 Jan. '83
15. Customs Short-term Airport Impact Team arrives in Liberia. 15 Jan. '83
16. Customs Short-term Airport Impact Team departs Liberia 1 Mar. '83
17. Customs and IRS PASA Team support vehicles, furniture and appliances arrive in Liberia. 1 Apr. '83
18. Customs Long-term Team Leader/ Outstation Consultant, Seaport Consultant and Airport Consultant arrive in Liberia. 1 Apr. '83
19. IRS Long-term Systems Analyst

- | | | |
|-----|--|-------------|
| | arrives in Liberia. | 1 Apr. '83 |
| 20. | Customs Short-term Classification and
Valuation Impact Team arrives in Liberia. | 15 Apr. '83 |
| 21. | Customs Short-term Communications
Consultant arrives in Liberia. | 15 Apr. '83 |
| 22. | Customs Short-term Facilities
(Warehouse) Consultant arrives
in Liberia. | 15 Apr. '83 |
| 23. | Customs Short-term Communications
Consultant departs Liberia. | 15 May '83 |
| 24. | Customs in-country training program
begins. | 15 May '83 |
| 25. | Customs Short-term Classification and
Valuation Impact Team departs
Liberia. | 1 Jun. '83 |
| 26. | Conditions Precedent to Disbursement
or Issuance of Commitment Documents
for MOF Communications System
Equipment met. | 14 Jun. '83 |
| 27. | Customs Short-term Facilities (Warehouse)
Consultant departs Liberia. | 15 Jun. '83 |
| 28. | Project vehicles and equipment other
than MOF Communications equipment
arrives in Liberia. | 1 Jul. '83 |
| 29. | PIO/C for MOF Communications Systems
equipment issued. | 1 Jul. '83 |
| 30. | Customs Long-term Classification and | |

Valuation Consultant arrives in Liberia.	1 Jul. '83
31. Customs Short-term Legal Consultant arrives in Liberia.	1 Jul. '83
32. Condition Precedent to Disbursement of FY 1984 Funding for Customs and IRS PASA's met.	14 Aug. '83
33. Interim evaluation begins.	15 Oct. '83
34. Interim evaluation completed.	7 Nov. '83
35. MOF Communications Systems equipment arrives in Liberia.	15 Dec. '83
36. Customs Short-term Enforcement Training Team arrives in Liberia.	15 Jan. '84
37. Customs Short-term Enforcement Training Team departs Liberia.	1 Mar. '84
38. Final evaluation begins.	15 Feb. '85
39. Final evaluation completed.	15 Mar. '85
40. Customs Long-term Airport Consultant and Seaport Consultant depart Liberia.	30 Apr. '85
41. IRS Long-term Organization and Methods/ Property Tax Consultant departs Liberia.	30 Apr. '85
42. Customs Long-term Classification and Valuation Consultant departs Liberia.	30 Jun. '85
43. IRS Long-term Systems Analyst departs Liberia.	30 Jun. '85
44. Customs Long-term Team Leader/ Outstation Consultant departs Liberia.	31 Jul. '85

45. IRS Long-term Management/
Collection Consultant (Team Leader)
departs Liberia. 31 Jul. '85
46. End of project report completed
and submitted to A.I.D. 30 Sep. '85

2. Evaluation Plan

An interim evaluation of the Project was conducted in June 1982. Another interim evaluation is scheduled for October 1983. This interim evaluation will focus on: (1) the relationship between project activities and increases in revenues, (2) the relationship between the Project and the Economic and Financial Management Project (669-0184) and (3) the initiation of activities under the U.S. Customs Service PASA. The final evaluation of the Project will begin in February 1985. The Project Amendment budget includes \$30,000 to fund the January 1984 interim evaluation and \$40,000 to finance the final evaluation.

3. Conditions Precedent and Covenants

The amendment to the grant agreement obligating this Project Amendment will contain the following additional conditions and covenants:

a. Conditions Precedent to Disbursement for Other Than Customs and IRS PASAs and USAID/Liberia PASA Support.

Prior to the disbursement or other commitment of funds provided under this grant amendment for other than the U.S. Customs Service and U.S. Internal Revenue Service Participating Agency Service Agreements (PASAs) and USAID/Liberia PASA Support, the Government will, except as the parties otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.

1). Evidence that an Electronic Data Processing Unit has been established within the Department of Revenue and a chief with support staff as required has been assigned to the unit.

2). A plan approved by the Ministry of Finance providing for contribution on installment terms by the assigned recipients of a portion of the acquisition cost of Project-financed motorbikes.

3). A plan outlining a schedule for the repair, rehabilitation, and construction, where necessary, of both Bureau of Customs and Excise outstation points of entry and check points and Department of Revenue outstation collectorates.

b. Conditions Precedent to Disbursement of Funding for Ministry of Finance Communications System Equipment.

Prior to the commitment of funds for the procurement of any equipment for the Ministry of Finance Communications System, the Government will, except as the parties otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.

1). Plans and specifications.

2). Evidence of assignment of appropriate frequencies for use by the system.

3). Evidence that a Ministry of Finance Communications System Maintenance and Repair Team has been established and assigned at least three full-time employees.

c. Condition Precedent to Disbursement of FY 1984 Funding for Customs and IRS PASAs.

Prior to the commitment of FY 1984 funding for the U.S. Customs Service and U.S. Internal Revenue Service Participating Agency Service Agreements (PASAs), the Government will, except as the parties agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

A plan for the acquisition and improvement of Customs controlled warehouse space both at the seaport and Robertsfield.

d. Special Covenants

Except as A.I.D. may otherwise agree in writing, the Government shall covenant that:

1). It will continue to comply with the International Monetary Fund Stabilization Program, as may be amended from time to time.

2). Full support will be given to the Department of Revenue Internal Audit Staff in carrying out their internal audit work within the Ministry of Finance.

3). It will provide whatever human, physical and financial resources are required to complete the Project.

c. Terminal Dates for Meeting Conditions Precedent

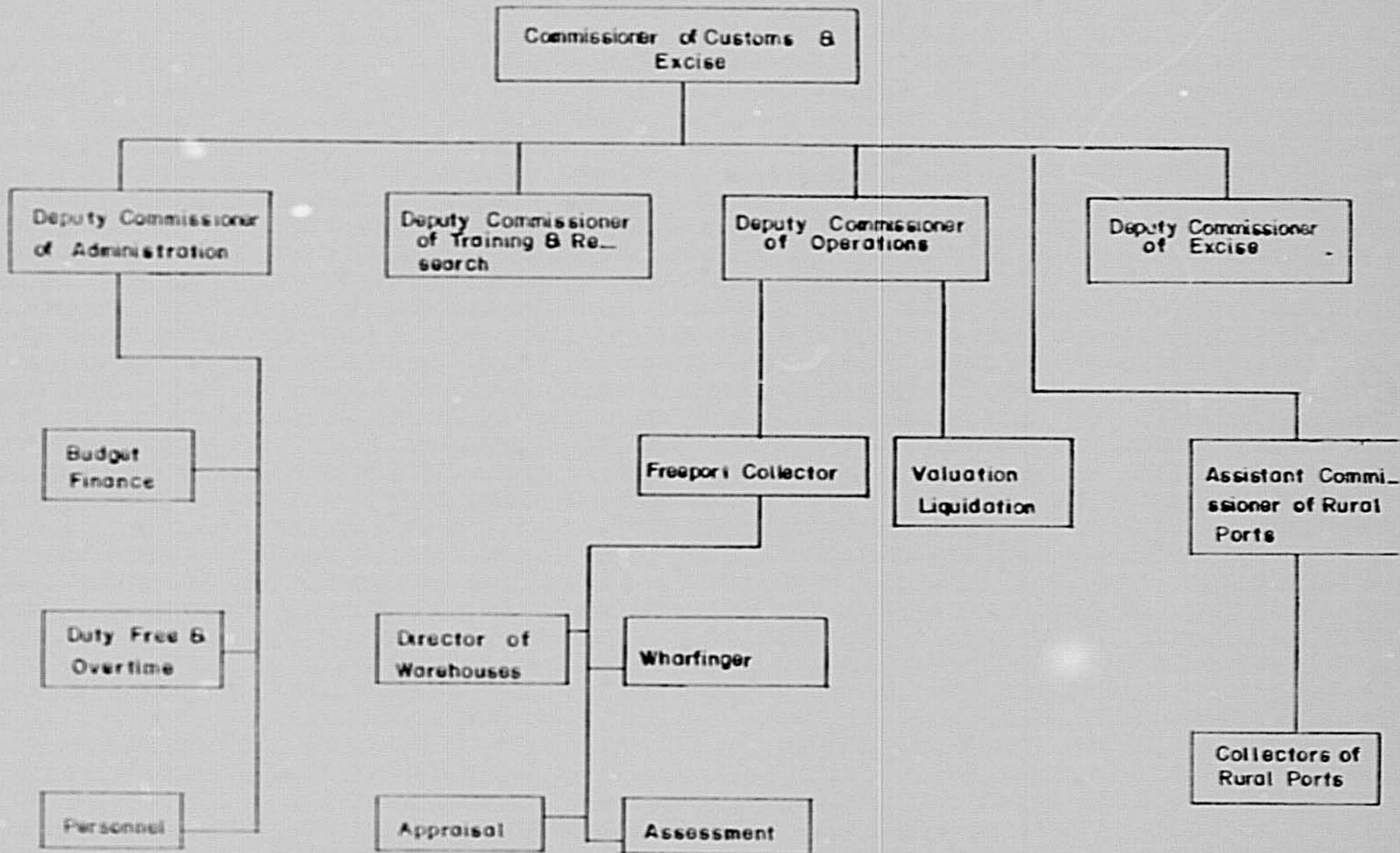
1). Conditions Precedent to Disbursement for Other Than Customs and IRS PASAs and USAID/Liberia PASA Support - 90 days after signing of grant agreement amendment.

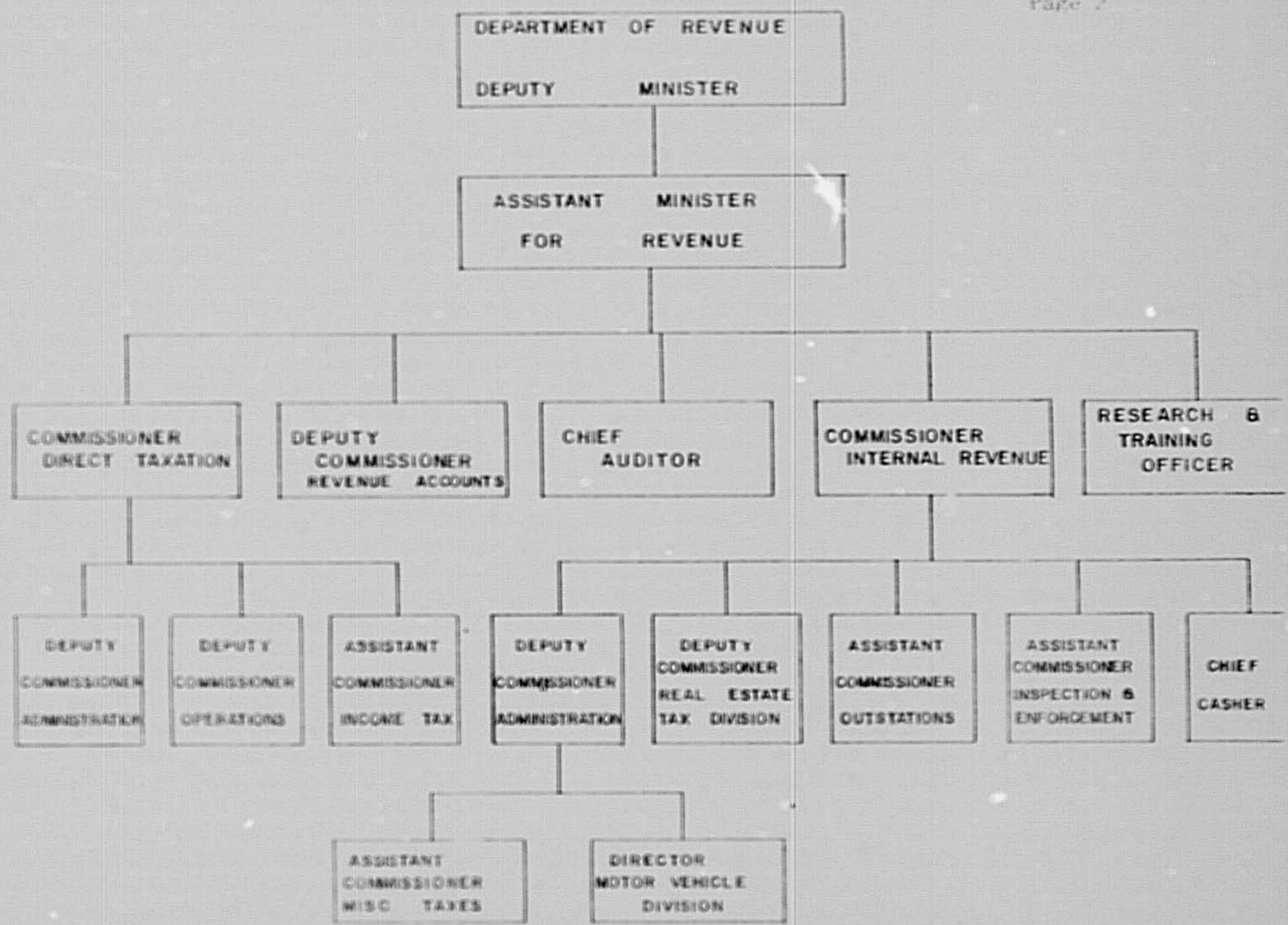
2). Conditions Precedent to Disbursement for Ministry of Finance Communications Systems Equipment - 30 days after departure from Liberia of short-term Communications Consultant.

3). Condition Precedent to Disbursement of FY 1984 Funding for Customs and IRS PASAs - 60 days after departure from Liberia of short-term Facilities (Warehouse) Consultant.

Bureau of Customs & Excise
Ministry of Finance
Republic of Liberia

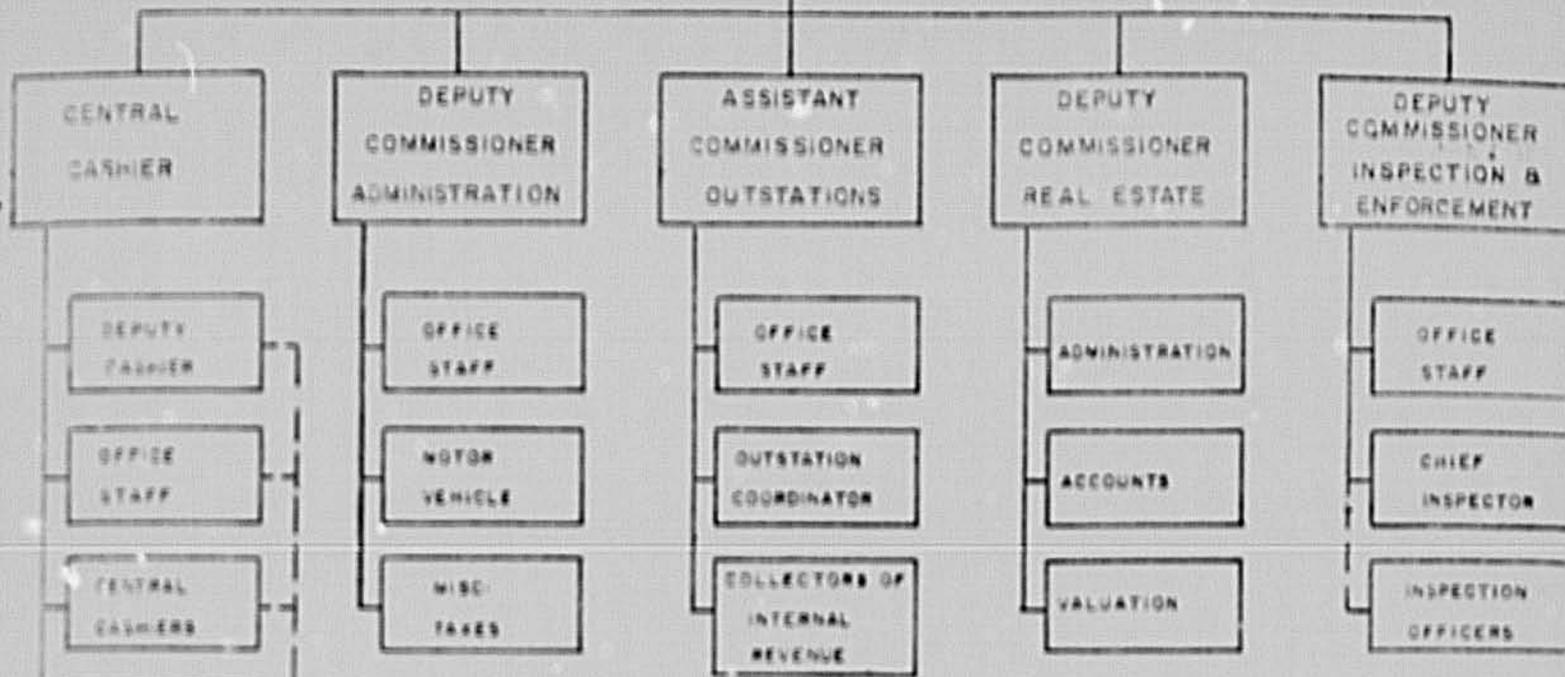
ANNEX A
Page 1



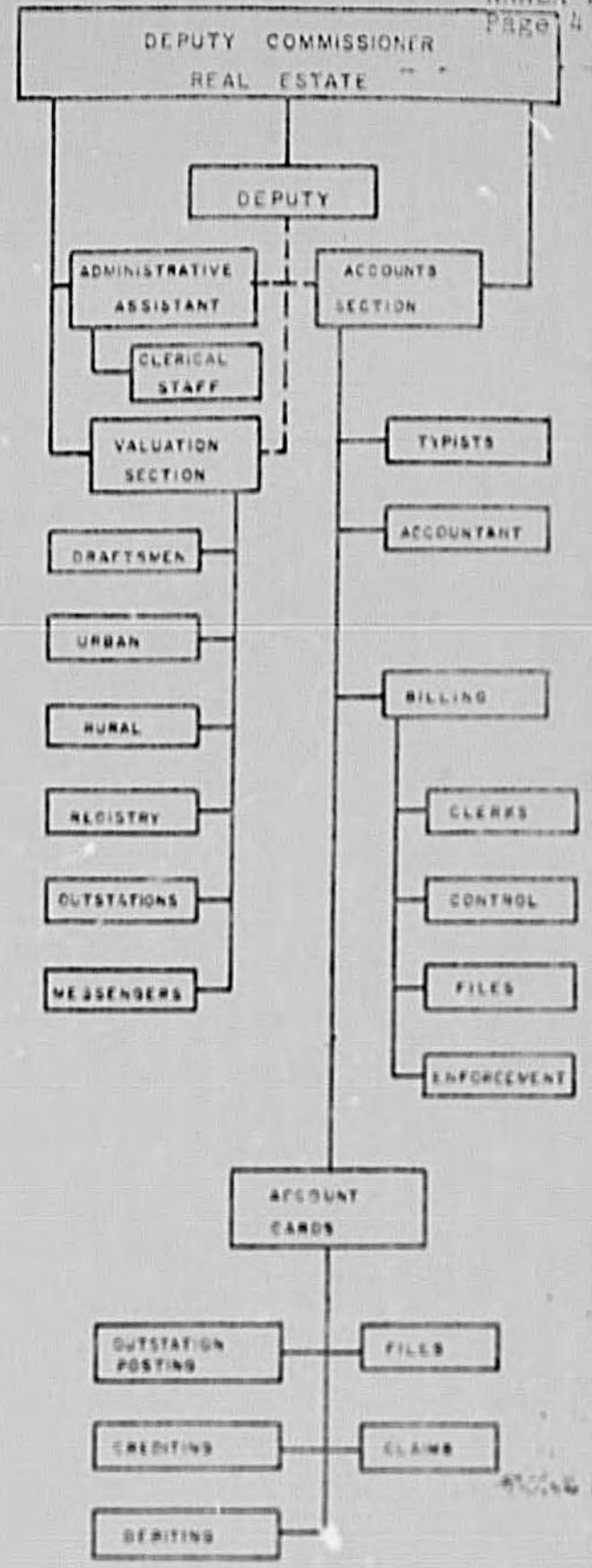
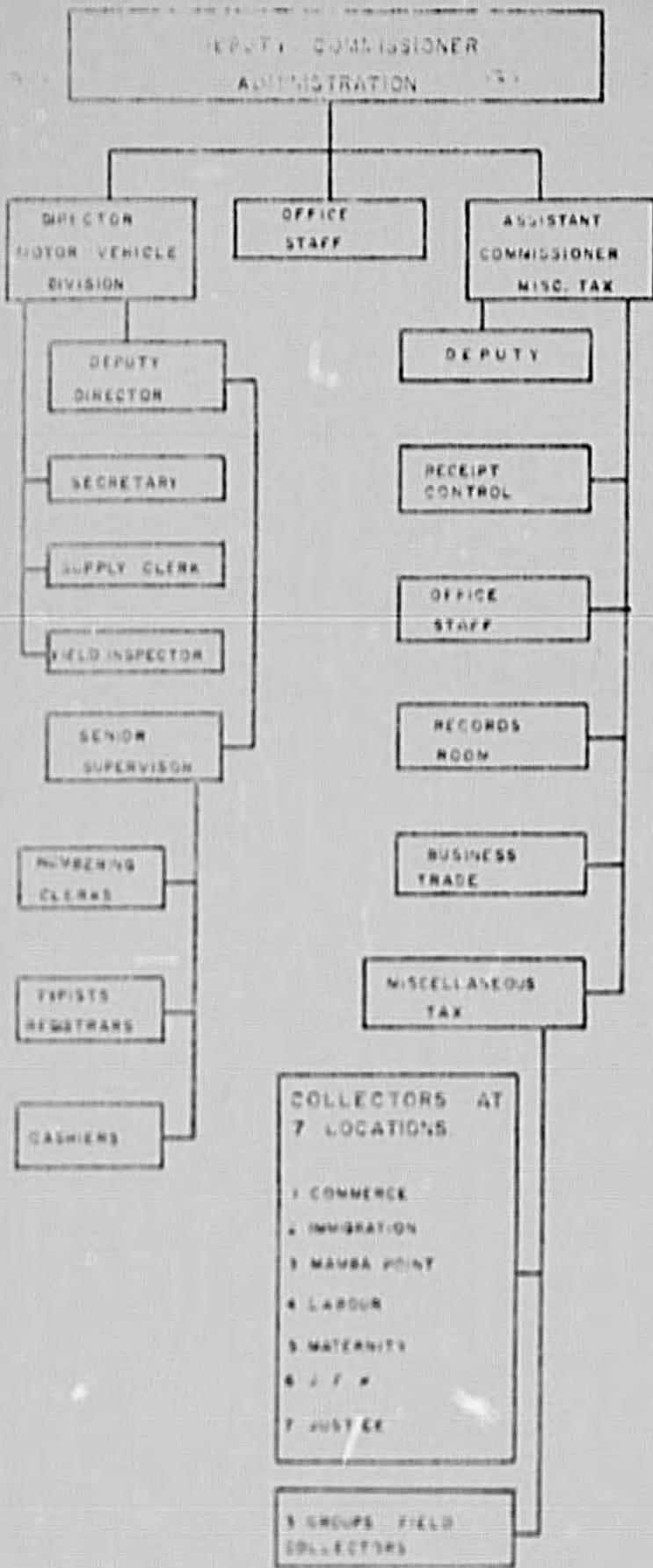


COMMISSIONER OF
INTERNAL REVENUE

ANNEX A
Page 3



1 GBARNSA	10 GBARMA	19 KAKATA
2 SALALA	11 FOLOHUN	20 MARSHALL
3 BUCHANAN	12 VOLNAMA	21 GANTA
4 RIVERCESS	13 ZORZOR	22 SANNQUELLIE
5 MAND RIVER	14 BUAN	23 TAPITA
6 ROBERTSPORT	15 GRANDCESS	24 GREENVILLE
7 TCHIEN	16 HARPER	25 JUANZON
8 AEBO	17 BENSONVILLE	26 SASSTOWN
9 BOPOLU	18 BOMI	



Annex B

Detailed Cost Estimate

AID Grant	FY83	FY84	FY85	Total
A. <u>U.S. Customs Services</u>				
<u>New PASA</u>				
1. <u>U.S. Salaries</u>				
a. Home Office				
-Backstop Officer				
50% X GS 14-5	18,750	22,500	22,500	63,750
b. Field				
1). Long-term				
a). Team Leader/ Outstation Consultant @ FC 12-5	26,250	52,500	43,750	122,500
b). Airport Consultant @ FC 12-5	26,250	52,500	30,625	109,375
c). Seaport Consultant @ FC 11-5	22,500	45,000	26,250	93,750
d). Classification and Valuation Consultant @ FC 11-5	11,250	45,000	33,750	90,000
Subtotal long-term	86,250	195,000	134,375	415,625
2). Short-term				
a). Airport Impact Team 4 x 1½ mos. @ GS 14-5	22,500	—	—	22,500
b). Classification and Valuation Impact Team 4 x 1½ mos. @ GS 14-5	22,500	—	—	22,500
c). Communications Consultant 1 mo. @ GS 14-5	3,750	—	—	3,750
d). Facilities (Warehouse) Consultant 2 mos. @ GS 14-5	7,500	—	—	7,500
e). Legal Consultant 1 mo. @ GS 14-5	3,750	—	—	3,750
f). Budget Consultant 2 x 1 mos. @ GS 14-5	7,500	3,750	—	11,250
g). Data Processing Consultant 2 x 2 mos. @ GS 14-5	7,500	7,500	—	15,000
h). Enforcement Training Team 4 x 1½ mos. @ GS 14-5	—	22,500	—	22,500

i). Audit and Management Analyst 2 x 2 mos @ GS 14-5	—	7,500	7,500	15,000
j). Internal Controls Specialist 2 mos. @ GS 14-5	—	7,500	—	7,500
k). Undesignated @ GS 14-5 FY 83 2 x 1 mo FY 84 3 x 1 mo. FY 85 2 x 1 mo.	7,500	11,250	7,500	26,250
Subtotal short-term	82,500	60,000	15,000	157,500
Subtotal field	168,750	255,000	149,375	573,125
Subtotal U.S. salaries	187,500	277,500	171,875	636,875
2. <u>Benefits</u>				
U.S. salaries x 10%	18,750	27,750	17,188	63,688
3. <u>Differential</u>				
a. U.S. long-term field salaries x 25% (maximum salary plus differential is \$60,562.50)	16,500	38,625	26,422	81,547
b. U.S. short-term field salaries over 42 days @ 25%	2,438	1,500	563	4,501
Subtotal differential	18,938	40,125	26,985	86,048
4. <u>Travel and Transportation</u>				
a. <u>International Air Fare</u>				
1). Long-term consultants				
a). 7) Liberia on assignment 4 families x 3 full fare one way tickets @ \$1,000	12,000	—	—	12,000
b). Team Leader Washington consultation 3 RT tickets to and from Liberia @ \$1,700	1,700	1,700	1,700	5,100
2). Short-term consultants RT tickets to and from Liberia @ \$1,700 FY 83 15 FY 84 11 FY 85 3	25,500	18,700	5,100	49,300
Subtotal international airfare	39,200	20,400	6,800	66,400
b. <u>Excess Baggage</u>				
1). Long-term consultants RT @ \$130	910	130	130	1,170
2). Short-term consultants RT @ \$130	1,950	1,430	390	3,770
Subtotal excess baggage	2,860	1,560	520	4,940

c. Taxi Fare				
1). Long-term consultants				
2 U.S. + 2 Liberia				
@ \$20 x number				
of RT				
	560	80	80	720
2). Short-term consultants				
2 U.S. + 2 Liberia				
@ \$20 x number				
of RT				
	1,200	880	240	2,320
Subtotal taxi fare				
	1,760	960	320	3,040
d. Air freight				
- To Liberia on				
assignment 4				
families x 700 lbs				
@ \$3.50/lb.				
	9,800	—	—	9,800
e. Household Effects				
1). 2 families x 5000 lbs.				
@ \$3.00/lb.				
	30,000	—	—	30,000
2). 2 families x 4600 lbs.				
@ \$3.00/lb.				
	27,600	—	—	27,600
Subtotal household effects				
	57,600	—	—	57,600
f. POV				
4 families				
@ \$2,500				
	10,000	—	—	10,000
g. Storage				
4 families @ \$1,000/yr.				
	1,750	4,000	2,750	8,500
h. Washington Per Diem				
1). Long-term consultants				
a). Predeparture				
4 x 7 days @				
\$75				
	2,100	—	—	2,100
b). Team leader				
consultation				
3 x 7 days @ \$75				
	525	525	525	1,575
2). Short-term consultants				
- Predeparture				
3 days @ \$75				
	3,375	2,475	675	6,525
Subtotal Washington				
per diem				
	6,000	3,000	1,200	10,200
Subtotal travel and transportation				
	128,970	29,820	11,590	170,480
5. <u>Training to be Provided</u>				
<u>by U.S. Customs Service</u>				
a. Middle Management				
Training 5 wks.				
@ \$4500				
FY 83 4				
FY 84 2 x 4				
FY 85 4				
	18,000	36,000	18,000	72,000

b. Training of Trainers 2 mos. @ \$4000/mo. FY 83 4 FY 84 4 FY 85 4	32,000	32,000	32,000	96,000
c. Executive Observation Program for Commissioner of Customs and Key Aid 2 x 1 mo. @ \$5000/mo.	10,000	—	—	10,000
Subtotal training	60,000	68,000	50,000	178,000
6. <u>Commodities to be Purchased by U.S. Customs Service</u>	3,000	1,000	1,000	5,000
7. <u>Other Direct Costs</u>				
a. Supplies	500	500	500	1,500
b. Miscellaneous	100	100	100	300
Subtotal other direct costs	600	600	600	1,800
Subtotal	417,758	444,895	279,238	1,141,891
8. <u>Overhead</u> Subtotal x 10%	41,776	44,490	27,924	114,190
Total U.S. Customs Service New PASA	459,534	489,385	307,162	1,256,081
B. <u>Internal Revenue Service</u>				
<u>PASA Extension</u>				
1. <u>U.S. Salaries</u> -Field				
1). Long-term				
a). Management/Collection Consultant (Team Leader) @ FC 11-3	42,500	42,500	35,417	120,417
b). Systems Analyst @ FC 11-5	22,500	45,000	33,750	101,250
c). Organization and Methods/Property Tax Consultant @ FC 11-7	48,000	48,000	28,000	124,000
Subtotal long-term	113,000	135,500	97,167	345,667
2). Short-term				
a). Systems Analyst 1 mo. @ GS 14-5	3,750	—	—	3,750
b). Undesignated @ GS 14-5 FY 83 3 x 11 mos. FY 84 4 x 11 mos. FY 85 2 x 11 mos.	16,875	22,500	11,250	50,625
Subtotal short-term	20,625	22,500	11,250	54,375
Subtotal U.S. salaries	133,625	158,000	108,417	400,042
2. <u>Benefits</u> U.S. salaries x 10%	13,363	15,800	10,842	40,005

3. Leave Factor				
U.S. short-term salaries x 10%	2,063	2,250	1,125	5,438
4. Differential				
a. U.S. long-term field salaries x 25%	28,250	33,750	24,292	86,292
b. U.S. short-term field salaries over 42 days x 25%	844	1,125	563	2,532
Subtotal differential	29,094	34,875	24,855	88,824
5. Travel and Transportation				
a. International Air Fare				
1). Long-term consultants				
a). To Liberia on assignment 1 family x 3 full fare one way tickets @ \$1000				
	3,000	—	—	3,000
b). Team Leader Washington consultation 3 RT tickets to and from Liberia @ \$1700				
	1,700	1,700	1,700	5,100
2). Short-term consultants RT tickets to and from Liberia @ \$1700 FY 83 4 FY 84 4 FY 85 2				
	6,800	6,800	3,400	17,000
Subtotal international air fare	11,500	8,500	5,100	25,100
b. Excess Baggage				
1). Long-term consultants RT @ \$130				
	325	130	130	650
2). Short-term consultants RT @ \$130				
	520	520	260	1,300
Subtotal excess baggage	845	650	390	1,950
c. Taxi Fare				
1). Long-term consultants 2 U.S. + 2 Liberia @ \$20 x number of RT				
	200	80	80	360
2). Short-term consultants 2 U.S. + 2 Liberia @ \$20 x number of RT				
	320	320	160	800
Subtotal taxi fare	440	400	240	1,080
d. Air Freight				
1). To Liberia on assign- ment 1 family x 700 lbs @ \$3.50/lb.				
	2,450	—	—	2,450
2). To Liberia on home leave 2 families x 700 lbs. @ \$3.50/lb.				
	4,900	—	—	4,900
Subtotal air freight	7,350	—	—	7,350

e. Household Effects				
1 family x 4600 lbs				
@ \$3.00/lb.	13,800	—	—	13,800
f. POV				
2 families @ \$2,500	5,000	—	—	5,000
g. Storage				
3 families @ \$1,000/yr.	2,500	3,000	2,167	7,667
h. Washington Per Diem				
1). Long-term consultants				
a). Predeparture 1 x 7 days				
@ \$75	525	—	—	525
b). Team leader consultation				
3 x 7 days @ \$75	525	525	525	1,575
2). Short-term consultants				
- Predeparture 3 days				
@ \$75	900	900	450	2,250
Subtotal Washington				
per diem	1,950	1,425	975	4,350
Subtotal travel and				
transportation	43,330	13,975	8,872	66,377
6. <u>Training to be Provided/Arranged</u>				
<u>by IRS</u>				
a. Tax Institute Program				
5 x 12 mos. @ \$2,000/mo.	30,000	90,000	—	120,000
OJT in U.S. 5 x 6 mos.				
@ \$4,000/mo.	—	60,000	60,000	120,000
b. Middle Management				
Training (Intax) 7 wks. @ \$6000				
FY 83 4				
FY 84 4	24,000	24,000	—	48,000
c. Training of Trainers				
2 mos. @ \$4000/mo.				
FY 83 4				
FY 84 4	32,000	32,000	—	64,000
Subtotal training	86,000	206,000	60,000	352,000
7. <u>Commodities to be Purchased</u>				
<u>by IRS</u>				
a. Books for audit				
technical library	5,000	—	—	5,000
b. Miscellaneous	1,000	1,000	500	2,500
Subtotal commodities	6,000	1,000	500	7,500
8. <u>Other Direct Costs</u>				
a. Supplies	400	400	400	1,200
b. Miscellaneous	100	100	100	300
Subtotal other direct costs	500	500	500	1,500
Subtotal	314,175	432,400	215,111	931,686

9. <u>Overhead</u>				
Subtotal x 22%	69,119	95,128	47,324	211,571
Total Internal Revenue Service PASA Extension	383,294	527,528	262,435	1,173,257
C. <u>USAID/Liberia PASA Support</u>				
I. <u>Travel and Transportation</u>				
a. <u>International Air Fare</u>				
-Long term consultants				
a). Return from Liberia				
7 families x 3 full fare				
one way tickets @ \$1,000	—	—	21,000	21,000
b). Home leave to U.S.				
2 families x 3 full fare				
RT tickets @ \$2,000	12,000	—	—	12,000
c). Medical evacuation and				
emergency leave 4 RT				
tickets @ \$1,700	1,700	3,400	1,700	6,800
d). R&R to Paris 7 families				
x 3 full fare RT tickets				
@ \$2,000	6,000	36,000	—	42,000
Subtotal international air fare	19,700	39,400	22,700	81,800
b. Excess Baggage				
-Long-term consultants				
RT @ \$130	780	—	1,365	2,145
c. Taxi fare				
-Long-term consultants				
2 U.S. + 2 Liberia				
@ \$20 x number of RT	480	—	840	1,320
d. Air Freight				
1). Return from Liberia 7				
families x 700 lbs				
@ \$3.50/lb.	—	—	17,150	17,150
2). Return from Liberia on				
home leave 2 families x 700 lbs.				
@ \$3.50/lb.	4,900	—	—	4,900
Subtotal air freight	4,900	—	17,150	22,050
e. Household Effects				
1). 2 families x 5000 lbs.				
@ \$3.00/lb.	—	—	30,000	30,000
2). 5 families x 4600 lbs.				
@ \$3.00/lb.	—	—	69,000	69,000
Subtotal household effects	—	—	99,000	99,000
f. POV				
7 families @ \$2,500	—	—	17,500	17,500
g. Washington Per Diem				
-Long-term consultants				
home leave 2 x 7 days				
@ \$75	—	1,050	—	1,050

h. Monrovia Per Diem				
FY 83 27½ short-term pm				
FY 84 22 short-term pm				
FY 85 7 short-term pm				
@ \$92/day	75,900	60,720	19,320	155,940
i. Per Diem Outside Monrovia				
-Long-term Consultants				
FY 83 5 pm				
FY 84 8 pm				
FY 85 6 pm				
@ \$42/day	6,300	10,080	7,560	23,940
Subtotal travel and transportation	108,060	111,250	185,435	404,745
<hr/>				
2. Local Salaries ¹				
a. Administrative Assistant				
@ \$12,000/yr.	12,000	12,000	10,000	34,000
b. Secretary @ \$6,000/yr.				
1). Customs(1)	3,000	6,000	5,000	14,000
2). IRS(1)	6,000	6,000	5,000	17,000
c. Drivers @ \$2,500/yr.				
1). Customs(2)	2,500	5,000	3,750	11,250
2). IRS(2)	2,500	5,000	3,750	11,250
d. Guards @ \$386/mo.				
1). Customs(4)	8,106	18,528	12,738	39,372
2). IRS(3)	11,580	13,896	10,036	35,512
Subtotal local salaries	45,686	66,424	50,274	162,384
3. Local Benefits				
Local salaries x 20%	9,137	13,285	10,055	32,477
4. Local Expenses				
a. Rent @ \$7500/yr.				
1). Customs(4)	13,125	30,000	20,625	63,750
2). IRS(3)	18,750	22,500	16,250	57,500
b. Utilities @ \$1,000/mo.				
1). Customs(4)	21,000	48,000	33,000	102,000
2). IRS(3)	30,000	36,000	26,000	92,000
c. Vehicle rental				
-Customs short-term Airport Impact Team	1,500	—	—	1,500
d. Vehicle operation, maintenance and repair @ \$4,000/yr.				
1). Customs (4 new)	8,000	16,000	12,000	36,000
2). IRS (3 new plus 1 old)	10,000	16,000	12,000	38,000
e. Vehicle insurance				
8 vehicles @ \$625/yr.	5,000	5,000	625	10,625
f. Cost of living allowance @ 8.5% of long-term field salaries				
1). Customs	7,331	16,575	11,422	35,328

1. Paid through Recreation Association

2). IRS	9,605	11,518	8,259	29,382
Subtotal local expenses	124,311	201,593	140,181	466,085
5. <u>Vehicles and Equipment</u>				
a. <u>Vehicles</u>				
1). <u>Customs</u>				
a). Carryall including 15% spare parts and freight @ \$15,000	15,000	—	—	15,000
b). Sedan including 15% spare parts and freight 2 @ \$11,000	22,000	—	—	22,000
c). 4-wheel drive long wheel base jeep-type vehicle including 15% spare parts and freight @ \$12,000	12,000	—	—	12,000
2). <u>IRS</u>				
a). Van with 4 seats including 15% spare parts & freight @ \$18,000	18,000	—	—	18,000
b). Sedan including 15% spare parts and freight 2 @ \$11,000	22,000	—	—	22,000
Subtotal vehicles	89,000	—	—	89,000
b. Office equipment including freight	10,000	—	—	10,000
c. Household furniture and major appliances including freight				
1). Customs Complete 4@ \$32,000/house	128,000	—	—	128,000
2). IRS Replacement 3 @ \$10,000/house	30,000	—	—	30,000
Subtotal vehicles and equipment	257,000	—	—	257,000
6. <u>Other Direct Costs</u>				
a. Education Allowance 10 @ \$5,000	32,000	50,000	40,000	122,000
b. Office supplies @ \$750/mo.	9,000	9,000	7,500	25,500
c. Miscellaneous	2,000	2,000	1,000	5,000
Subtotal Other Direct Costs	43,000	61,000	48,500	152,500
Total USAID/Liberia PASA Support	587,194	453,552	434,445	1,475,191

D. Project Commodities to be
Procured by Procurement Agent

1. Vehicles

a. Customs

1). 4-wheel drive long wheel base jeep-type vehicles including 15% spare parts and freight @ \$12,000				
a). For Office of Assistant Commissioner of Rural Ports Supervisory Team (3)	36,000	-	-	36,000
b). For Major Customs Posts 10 x 1	120,000	-	-	120,000
2). 125 cc trail motor-bikes with crash helmet and rain suit for Major Custom Post outstation supervisors 10 x 2 @ \$2,000 including 15% spare parts and freight	40,000	-	-	40,000
Subtotal Customs	196,000	-	-	196,000

b. Revenue

1). 4-wheel drive long wheel base jeep-type vehicles including 15% spare parts and freight @ \$12,000				
a). For Office of Assistant Commissioner of Outstations Supervisory Team (2)	24,000	-	-	24,000
b). For Regional Collectorates 5 collectorates x 2	120,000	-	-	120,000
2). 125 cc trail motorbikes with crash helmet and rain suit for pilot project outstation collectorates 5 x 10 collectors @ \$2,000 including 15% spare parts and freight	100,000	-	-	100,000
3). 3/4 ton pickup trucks for motor vehicle registration enforcement pilot project including 15% spare parts and freight 2 @ \$15,000	30,000	-	-	30,000
Subtotal Revenue	274,000	-	-	274,000

c. MOF Communications System

Maintenance Team				
-4-wheel drive long wheel base jeep-type vehicles 2 @ \$12,000 including freight	-	24,000	-	24,000
Subtotal vehicles	470,000	24,000	-	494,000

2. <u>MOF Communications System</u>				
a. Central Control Station (at MOF building in Monrovia)	50,000	—	—	50,000
b. Relay Stations 6 @ \$35,000	210,000	—	—	210,000
c. Base Stations @ \$2,000				
1). Customs				
a). Monrovia headquarters(5)	10,000	—	—	10,000
b). Seaport(5)	10,000	—	—	10,000
c). Airport(3)	6,000	—	—	6,000
d). Outstation ports of entry and check-points(70)	140,000	—	—	140,000
2). Revenue				
a). Monrovia headquarters(5)	10,000	—	—	10,000
b). Outstation collectorates(26)	52,000	—	—	52,000
d. Mobile Stations @ \$2,000				
1). Customs				
a). For jeep-type vehicles purchased by project(13)	26,000	—	—	26,000
b). For Customs PASA Team(4)	8,000	—	—	8,000
2). Revenue				
a). For jeep-type vehicles purchased by Project(13)	26,000	—	—	26,000
b). For IRS PASA Team(3)	6,000	—	—	6,000
3). MOF Communications System Maintenance Team -For jeep-type vehicles purchased by project(2)	4,000	—	—	4,000
e. Spare parts allowance	37,000	—	—	37,000
f. Technical Assistance and Training from Manufacturer in Installation, Operation and Maintenance 2 pm @ \$20,000/mo.	40,000	—	—	40,000
Subtotal communications system	635,000	—	—	635,000
3. <u>Software for MOF</u>				
<u>Microcomputer</u>	12,000	8,000	—	20,000
4. <u>Training Equipment</u>				
a. Customs	10,000	2,500	—	12,500
b. Revenue	10,000	2,500	—	12,500
Subtotal training equipment	20,000	5,000	—	25,000

5. Office Equipment

a. Customs

1). Outstation Ports of Entry(52)

a). Small safe @ \$500	26,000	—	—	26,000
b). Manual typewriters @ \$150	7,800	—	—	7,800
c). 5-drawer legal size locking file cabinets @ \$200	10,400	—	—	10,400
d). Manual type office calculators @ \$100	5,200	—	—	5,200

2). Headquarters	10,000	—	—	10,000
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3). Miscellaneous	5,600	—	—	5,600
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Subtotal Customs	65,000	—	—	65,000
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b. Revenue

1). Pilot project

outstation collectorates(5)

a). Manual typewriters with stands 3 @ \$150	2,250	—	—	2,250
b). 5-drawer legal size locking file 3 @ \$200	3,000	—	—	3,000
c). Manual type office calculators 3 @ \$100	1,500	—	—	1,500
d). Solar powered hand-held calculators for each collector 10 @ \$25	250	—	—	250

2). Headquarters

a). IBM selectric typewriters 3 x 800	2,400	—	—	2,400
b). Solar powered hand-held calculators 25 @ \$25	625	—	—	625
c). Photostatic copy machine @ \$4,000	4,000	—	—	4,000
d). Bookcases @ \$150 Audit Library(5) Training Library(5)	1,500	—	—	1,500

3). Miscellaneous	4,475	—	—	4,475
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Subtotal Revenue	20,000	—	—	20,000
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Subtotal office equipment	85,000	—	—	85,000
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6. Miscellaneous Equipment

a. Boots for motor vehicle

registration enforcement pilot program 25 @ \$300	7,500	—	—	7,500
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b. Equipment for cadastral
mapping

1). Measuring tapes 50 @ \$80	400	—	—	400
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2). Replacement inserts for measuring tapes 50 @ \$30	150	—	—	150
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c. Other	1,950	—	—	1,950
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Subtotal miscellaneous equipment	10,000	--	--	10,000
Subtotal Project Commodities	1,232,000	37,000	--	1,269,000
E. Local Costs to be Paid				
by A.I.D.				
1. <u>Vehicle Operation,</u>				
<u>Maintenance and Repair</u>				
a. Customs				
1). Jeep-type 13				
@ \$4,000/yr.	26,000	52,000	26,000	104,000
2). Trail motorbikes 20				
@ \$500/yr.	5,000	10,000	5,000	20,000
b. Revenue				
1). Jeep-type/pick-up				
trucks 15 @ \$4,000/yr.	30,000	60,000	30,000	120,000
2). Trail motorbikes 50				
@ \$500/yr.	12,500	25,000	12,500	50,000
c. MOF Communications System				
Maintenance Team				
-Jeep-type 2 @ \$4,000/yr.	4,000	8,000	4,000	16,000
Subtotal vehicle operation,	77,500	155,000	77,500	310,000
maintenance and repair				
2. <u>Printing and Supplies</u>				
<u>Required for Printing</u>				
<u>Forms, Manuals and</u>				
<u>Handbooks</u>				
a. Customs				
	5,000	5,000	3,750	13,750
b. Revenue				
	7,500	7,500	5,000	20,000
Subtotal printing	12,500	12,500	8,750	33,750
3. <u>Office Equipment Operation,</u>				
<u>Maintenance and Repair</u>				
a. Customs				
	5,000	5,000	2,500	12,500
b. Revenue				
	5,000	5,000	2,500	12,500
Subtotal office equipment				
operation, maintenance and repair	10,000	10,000	5,000	25,000
4. <u>Observation Trips to</u>				
<u>Neighboring Countries</u>				
a. Customs				
1 mo. @ \$3,000/mo.				
FY 83 2 x 2 trips				
FY 84 2 x 3 trips	6,000	9,000	--	15,000

b. Revenue				
½ mo. @ \$3,000/mo.				
FY 83 2 x 2 trips				
FY 84 2 x 3 trips	6,000	9,000	—	15,000
Subtotal observation tours to neighboring countries	12,000	18,000	—	30,000
Subtotal local currency costs	112,000	195,500	91,250	398,750
F. Evaluation	—	25,000	35,000	60,000
Total	2,774,022	1,727,965	1,130,292	5,632,279
G. Inflation				
@ 10%/yr. compounded	—	172,797	237,361	410,158
Total including inflation	2,774,022	1,900,762	1,367,653	6,042,437
H. Contingency @ 10%	278,926	191,120	137,517	607,563
Total AID Grant	3,052,948	2,091,882	1,505,170	6,650,000

ANNEX C

Increased Revenue for Development Project (669-0137)
Revised Logical Framework Matrix

<p>A. 1. <u>Program or Sector Goal</u></p> <p>a. Short-term: Stabilization and maintenance of an early development program as possible until stabilization is achieved.</p> <p>b. Intermediate and long-term: Maintenance of economic stability and revitalization and expansion of development program.</p>	<p>A. 2. <u>Measures of Goal Achievement</u></p> <p>a. 1. Reduced budget deficit as percentage of total budget.</p> <p>a. 2. Payment of oil bills, debt servicing and government payrolls on time and without difficulty.</p> <p>b. Increase in development budget as percentage of total budget.</p>	<p>A. 3. <u>Means of Verification</u></p> <p>a. 1. GOL budget documents and reports.</p> <p>a. 2.a) Newspaper reports. b) Documentation regarding cash flows.</p> <p>b. GOL budget documents and reports.</p>	<p>A. 4. <u>Assumptions for Achieving Goal (Targets)</u></p> <p>a. Current political stability continues.</p> <p>b. Political will of GOL to take measures necessary to reduce budget deficit improves.</p> <p>c. Conditions in Liberia's export markets improve.</p>
<p>B. 1. <u>Project Purpose</u></p> <p>- Upgrade capability of Ministry of Finance to increase revenues through internal revenues.</p>	<p>B. 2. <u>Level of Project Status</u></p> <p>a. Bureau of Customs and Excise capable of collecting import and export duties and consular fees effectively:</p> <ol style="list-style-type: none"> 1). Updated Liberian Customs Code. 2). Improved organization and management. 3). Greater uniformity of customs practices. 4). Improved internal controls. 5). Improved operation and effectiveness of Export Customs. 6). Improved control of goods in bonded warehouses. 	<p>B. 3. <u>Means of Verification</u></p> <p>a. GOL budget documents and reports.</p> <p>b. Customs and IRS FACA Team periodic and final reports.</p> <p>c. USAID/Liberia monitoring activities.</p>	<p>B. 4. <u>Assumptions for Achieving Purpose</u></p> <p>a. Political will of GOL to take measures to increase revenues improves.</p> <p>b. GOL provides adequate budget to support revenue collection activities.</p> <p>c. Vehicles and equipment provided under Project are adequately maintained.</p>

- 7). Improved control of goods in transshipment to neighboring countries.
 - 8). Improved operation and effectiveness of Airport Customs.
 - 9). Improved Post Office handling of packages from abroad.
 - 10). Improved operation and effectiveness of Customs outstations.
 - 11). Improved classification and valuation procedures.
 - 12). Improved capability to enforce regulations against smuggling, fraud and bribery.
- b. Functioning training program within Bureau of Customs and Excise and capability of continuing program after completion of Project.
- c. Department of Revenue capable of collecting individual income tax and other taxes and fees effectively:
- 1). Improved organization and management.
 - 2). Improved taxpayer services.
 - 3). Improved forms design, work flow and maintenance of records.
 - 4). Improved cash controls and internal auditing.

- 5). Improved collection.
- 6). Improved compliance.
- 7). Improved taxpayer auditing.
- 8). Improved operation and effectiveness of Revenue outstations.
- 9). Improved capability to enforce regulations against underreporting and failure to file a return.
- 10). More accurate data base for real estate tax.

- d. Microcomputer effectively integrated into management and operations of Department of Revenue.
- e. Practicing training program within Department of Revenue and capability of continuing program after completion of project.

C. 1. Object

Bureau of Customs and Excise

- a. 1). Recommendations for updating Liberian Customs Code.
- 2). a). Plan for improving organizational structure of Bureau.
- b). Plan for improving accuracy, usefulness and timeliness of flow of management information including new forms where required.

C. 2. Magnitude of Outputs

	<u>FY 1983</u>	<u>FY 1984</u>	<u>FY 1985</u>
	X	-	-
	X	-	-
	-	X	-

C. 3. Means of Verification

- a. Special documents produced by Project.
- b. Customs and IRS FASA Team periodic and final reports.
- c. USAID/Liberia monitoring activities.

C. 4. Assumptions for Achieving Outputs

- a. GOL makes budget provision for and provides its inputs on a timely basis.
- b. Adequate number of qualified personnel available for training.

	<u>PY 1983</u>	<u>PY 1984</u>	<u>PY 1985</u>
6). Seafair entry processing system including an entry acceptance/rejection procedure in operation.	-	X	-
6). Recommendations for improving internal controls.	-	X	-
7). Seaport Customs			
a). Improved manifest control procedure in operation.	-	X	-
b). Secure warehouse space under control of Customs for unentered goods available.	-	-	X
c). Program for disposal of unentered merchandise in operation.	-	X	-
8). Improved system for control of goods in bonded warehouses in operation.	-	-	X
7). Improved system for control of goods in transshipment to neighboring countries in operation.	-	-	X
8). Airport Customs			
a). Aircraft manifests required.	X	-	-
b). Effective manifest control procedure in operation.	-	X	-
c). Secure warehouse space under control of Customs for unentered goods available.	-	-	X

	<u>FY 1983</u>	<u>FY 1984</u>	<u>FY 1985</u>
d). Program for disposal of unrefined merchandise in operation.	-	X	-
e). Cashier's cage in operation at airport.	-	X	-
9). Improved system for Post Office handling packages in bonded.	-	X	-
10). a). Customs outstation with improved supervision, transportation, communications and work facilities.	-	35	35
b). Rehabilitated/newly constructed Customs outstation.	-	5	5
11). a). System for filing classification and valuation decisions in operation.	-	X	-
b). Program for disseminating information on important classification and valuation decisions generally to members of Customs Service in operation.	-	-	X
c). Technical committee to act as board of appeal on disputed classification and valuation decisions established.	-	-	X
d). Operating manuals for classification and valuation.	-	-	X
12). Recommendations for improving capability to enforce regulations against smuggling, fraud and bribery.	-	X	X
b. 1). Counterpart personnel assisted and trained by long-term consultants.	-	-	4
2). Training program developed.	X	-	-

	<u>PY 1983</u>	<u>PY 1984</u>	<u>PY 1985</u>
3). Training program in operation.	X	X	X
4). Personnel trained overseas.	14	18	8
<u>Department of Revenue</u>			
c. 1). Reorganization for improving organizational structure of Department.	X	-	-
2). a). Adequate number of tax forms printed and distributed.	X	X	X
b). Public information campaign to alert public to important provisions of tax laws initiated.	-	X	-
3). a). Improved forms introduced.	X	X	-
b). Improved work flow and receipts collection procedures introduced.	X	X	-
c). Central Cashier Facility in operation.	X	-	-
4). a). Computer or portable receipt writers used to provide all taxpayer receipts.	X	-	-
b). Internal Audit Staff functioning effectively with required high level support.	X	X	X
5). a). System for combined billing of all taxes and fees in operation.	-	X	-
b). Combined delinquency list for all taxes and fees available.	-	X	-
c). System for updating combined delinquency list for all taxes and fees in operation.	-	-	X

	FY 1983	FY 1984	FY 1985
69. Motor vehicles registration enforcement program using books to immobilize vehicles in operation.	-	X	-
70. Compliance program based on comparing rolls for various taxes and fees with each other and with other lists available to Government establishment.	-	-	X
71. a). Leak audit procedure established.	X	-	-
b). Increased quantity and quality of audits.	X	X	X
80. a). Revenue outstations with improved communications.	-	26	-
b). Revenue outstations with improved supervision, transportation, and work facilities.	-	3	2
c). Rehabilitated/newly constructed Revenue outstations.	-	2	2
9). Recommendations for improving capability to enforce regulations against underreporting and failure to file a return.	-	X	-
100. a). Mapping and valuation of all real property in Maricopa completed.	X	-	-
b). Mapping and valuation of all real property in other Arizona counties completed.	-	-	X

	<u>FY 1983</u>	<u>FY 1984</u>	<u>FY 1985</u>
c). Cadastral survey of rural properties in Liberia initiated.	-	-	X
d. Microcomputer systems in operation for:			
1). Maintain and update master files for various taxes and fees.	X	-	-
2). Provide combined billing of all taxes and fees.	-	X	-
3). Provide and update combined delinquency list for all taxes and fees.	-	-	X
4). Compare rolls for various taxes and fees with each other and with other lists available to Government to determine non-compliance.	-	-	X
5). Reduce revenue leakages by making it harder for department of Revenue employees to be dishonest.	-	X	X
e. 1). Counterpart personnel assisted and trained by long-term consultants.	-	-	3
2). Training program developed.	X	-	-
3). Training program in operation.	X	X	X
4). Personnel trained overseas.	12	14	5

D. 1. Inputs	D. 2. Implementation Target (Type and Quantity)			D. 3. Means of Verification	D. 4. Assumptions for Providing Inputs
	FY 1981	FY 1982	FY 1983		
a. A.I.D. Grant				- A.I.D. and GOL project records.	- Inputs will be available when needed.
1). Bureau of Customs and Excise					
a). Technical Assistance					
(1) Long-term (pos)	21	48	33		
(2) Short-term (pos)	27	16	4		
b). Overseas Training (pos)	17	21	13		
c). Committees (# thou.)	612	16	1		
d). Local Costs (\$ thou.)	43	76	79		
2). Department of Revenue					
a). Technical Assistance					
(1) Long-term (pos)	30	36	26		
(2) Short-term (pos)	4	6	3		
b). Overseas Training (pos)	30	78	15		
c). Committees (# thou.)	611	23	1		
d). Local Costs (\$ thou.)	57	102	50		
e). Evaluation (# thou.)	-	5	35		
b. GOL Contribution		All Years			
1). Training					
a). Overseas		76			
b). In-country		625			
2). Construction		200			
3). Administration		1,059			