Liberia Domestic Resource Mobilization (LDRM) Activity


In response to the Addis Tax Initiative, the Government of Liberia (GOL), acting through its Ministry of Finance and Development Planning (MFDP) and the Liberia Revenue Authority (LRA), entered into an agreement with USAID to support a five-year pilot program—the Liberia Domestic Resource Mobilization (LDRM) initiative. LDRM allows USAID/Liberia to increase resources to help bolster the GOL’s own-source revenue generation efforts. In exchange, the GOL is expected to allocate an equivalent portion of the revenue increases attributable to LDRM to mutually-agreed priority sectors: health; education; water, sanitation and hygiene; agriculture; and forest biodiversity.

Current Activities
- Reforming the excise tax system, including the list of excisable items, rate schedules, and the introduction of excise stamps.
- Modernizing IT systems to help identify and improve performance of the major tax administration information system of LRA.
- Revamping the property tax collection process, including assessment procedures and local revenue sharing.
- Developing a data processing system for payments and filings at the LRA.

Accomplishments to Date
- Conducted Tax Benchmarking to inform tax policy & administration interventions.
- Established a data processing center to improve transparency and effectiveness.
• Supported capacity building through formal and on-the-job training on consumption taxes, excise taxes and tax audits.
• Created the LRA Taxpayer Advocate’s Office and supported the LRA Call Center
• Completed a taxpayer perception survey and cleaned the taxpayer registry.
• Developed first-generation micro-simulation models for corporate income taxes and general sales taxes.
• Supported non-filer compliance monitoring to improve filing by large taxpayers.
• Introduced e-filing platform for all types of taxes.
• Introduced platform for tax and non-tax payments through commercial banks and mobile money.

Planned Outcomes

• Improved tax administration and reduced cost of taxpayer compliance
• Increased transparency and reduced scope for corruption
• Increased tax revenues as percentage of GDP
• Increased investment expenditures
• Strengthened social contract