POLICY BRIEF

BRIDGING THE GAP BETWEEN DECENTRALIZATION COMMITMENTS AND COUNTY-LEVEL FINANCING IN LIBERIA

Evidence from Bong, Grand Bassa, and Margibi Counties

Government of Ireland
International Development Programme

Center for Democratic Governance

CENTAL

NAYMOTE – PARTNERS FOR DEMOCRATIC DEVELOPMENT – FOUNDED 2001

Prepared by Naymote Partners for Democratic Development under the Strengthening Political Governance and Accountability in Liberia Program, implemented as part of the Governance CSOs Consortium including the Center for Democratic Governance and the Center for Transparency and Accountability in Liberia, with support from the Embassy of Ireland.

TABLE OF CONTENTS

FOREWORD

Since 1847, Liberia's governance system has remained highly centralized in Monrovia, limiting local participation in decision-making and contributing to persistent regional inequalities in infrastructure, public service delivery, and economic opportunities. In response to these longstanding challenges, the Government of Liberia has introduced key reforms to strengthen decentralization and local governance, including the National Policy on Decentralization and Local Governance (2011), the Local Government Act (2018), and the ARREST Agenda for Inclusive Development (AAID) 2025–2029. Together, these reforms aim to devolve political, fiscal, and administrative authority to county governments while promoting citizen participation, accountability, and inclusive development.

If fully implemented, these reforms have the potential to fundamentally transform governance and development in Liberia. Effective decentralization can improve access to quality public services, strengthen local accountability, increase citizen trust in government, accelerate infrastructure development, and create more equitable economic opportunities across counties. By bringing decision-making closer to citizens, local governments can better identify community priorities and respond more efficiently to local development needs.

However, evidence from Bong, Grand Bassa, and Margibi Counties shows that significant implementation challenges remain. Structural fiscal gaps, procurement bottlenecks, weak institutional coordination, limited administrative capacity, and delayed budget disbursements continue to undermine the ability of counties to translate development priorities into tangible outcomes. While county authorities have demonstrated commitment and alignment with County Development Agendas (CDAs), progress remains constrained by inadequate resources and weak systems for implementation and oversight.

This policy brief highlights both the progress achieved and the critical gaps that must be addressed to advance Liberia's decentralization agenda. It provides evidence-based insights to support policymakers, civil society actors, development partners, and citizens in strengthening local governance and improving public accountability.

As Executive Director of Naymote, I reaffirm our commitment to supporting governance reforms that promote transparency, inclusion, and citizen-centered development. It is our hope that this brief will not only inform policy discussions but also inspire collective action toward building a governance system that delivers meaningful and equitable development outcomes for all Liberians.

Eddie D. Jarwolo
Executive Director
eddie@naymote.com

Executive Summary

Liberia's decentralization reform agenda anchored in the Local Government Act, the National Policy on Decentralization and Local Governance, and the ARREST Agenda for Inclusive Development was designed to devolve authority, resources, and service delivery responsibilities from Monrovia to county governments. County Development Agendas (CDAs) for Bong, Grand Bassa, and Margibi Counties further translated this vision into citizen-driven development priorities and financing frameworks.

However, evidence from FY2024–FY2025 budget appropriations, procurement plans, and institutional assessments reveals a significant gap between decentralization commitments and implementation realities. Although the Government of Liberia signaled a baseline commitment of US$5 million per county, actual FY2025 appropriations through the County Development Fund (CDF), Social Development Fund (SDF), and County Service Centers (CSC) for the three counties totalled only US$2.29 million. Against identified county development priorities valued at US$25.9 million in 2025, this created an immediate financing gap of approximately US$12.7 million, representing an 85% funding shortfall. If current allocation trends persist, the cumulative deficit is projected to reach US$179.4 million by 2029. These findings underscore the widening disconnect between national decentralization commitments and the fiscal resources required to effectively implement county-level development priorities.

From April 1–30, 2026, Naymote commissioned a study assessing fiscal devolution and institutional readiness in Bong, Grand Bassa, and Margibi Counties. Guided by the principles of fiscal federalism and subsidiarity, the study examined why Liberia's decentralization commitments embedded in the Local Government Act, the ARREST Agenda for Inclusive Development, and County Development Agendas (CDAs) have not translated into predictable, citizen-centered service delivery at the subnational level.

The study identified three interconnected challenges:

- Structural fiscal shortfalls that undermine implementation of county priorities;
- Institutional ambiguity and weak accountability mechanisms affecting County Development Steering Committees (CDSCs) and County Councils;
- Planning and procurement bottlenecks that weaken alignment between citizen priorities and implementation.

The findings reveal that while 81.6% county projects are strategically aligned with CDA priorities, Bong recorded the highest alignment at 88.2%, followed by Margibi at 85.7% and Grand Bassa at 72.2%, counties lack sufficient and timely financing to implement transformative infrastructure and service delivery interventions. Procurement systems favour smaller, technically ready projects while larger citizen-prioritized investments remain excluded.

Without urgent reforms, decentralization risks remaining aspirational rather than transformative. This policy brief recommends:

- Adopting a needs-based fiscal transfer model;
- Operationalizing local revenue retention;
- Strengthening procurement transparency;
- Clarifying CDSC and County Council mandates;
- Improving disbursement timing and county absorptive capacity;
- Strengthening citizen participation and accountability systems.

1. Background

Since 1847, Liberia's governance structure has remained highly centralized in Monrovia, limiting local participation in governance and contributing to regional inequalities in infrastructure, public services, and economic opportunities.

To address these structural disparities, the Government of Liberia adopted:

- The National Policy on Decentralization and Local Governance (2011);
- The Local Government Act (2018);
- The ARREST Agenda for Inclusive Development (AAID 2025–2029).

These reforms aimed to devolve political, fiscal, and administrative authority to county governments while strengthening citizen participation and local accountability.

Bong, Grand Bassa, and Margibi Counties subsequently developed County Development Agendas (CDAs) with quantified financing needs totalling approximately US$190.89 million over five years.

Table 1: Combined CDA Financing Requirements (2025–2029)

Table 1: Combined Annual CDA Funding Matrix by County (US$ Millions)						
County	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**	**Total**
Bong	10.250	14.875	14.200	10.650	6.725	56.7
Grand Bassa	6.475	13.025	18.625	20.975	10.650	69.75
Margibi	9.175	13.110	15.275	14.8	12.08	64.44
Total	25.9	41.01	48.1	46.425	29.455	190.89

Despite these commitments, actual county appropriations remain substantially below financing requirements.

Although the Government of Liberia signalled a baseline commitment of US$5 million per county, actual FY2025 appropriations for Bong, Grand Bassa, and Margibi Counties amounted to only US$2.29 million combined. This resulted in an immediate financing shortfall of approximately US$12.7 million and, if current allocation trends persist, a projected five-year deficit of US$63.5 million. At the same time, County Development Agenda (CDA) priorities identified for FY2025 were estimated at US$25.9 million, leaving an 85% funding gap between identified development needs and actual appropriations. Without significant fiscal reforms and increased subnational investment, this gap is projected to widen into a cumulative deficit of US$179.4 million by 2029. These findings reflect the persistent disconnect between national decentralization commitments and the financial resources required to effectively implement county-level development priorities.

2. Key Findings

2.1 Severe Fiscal Gap Between Commitments and Appropriations

The FY2025 funding analysis reveals a major mismatch between county development needs and actual appropriations.

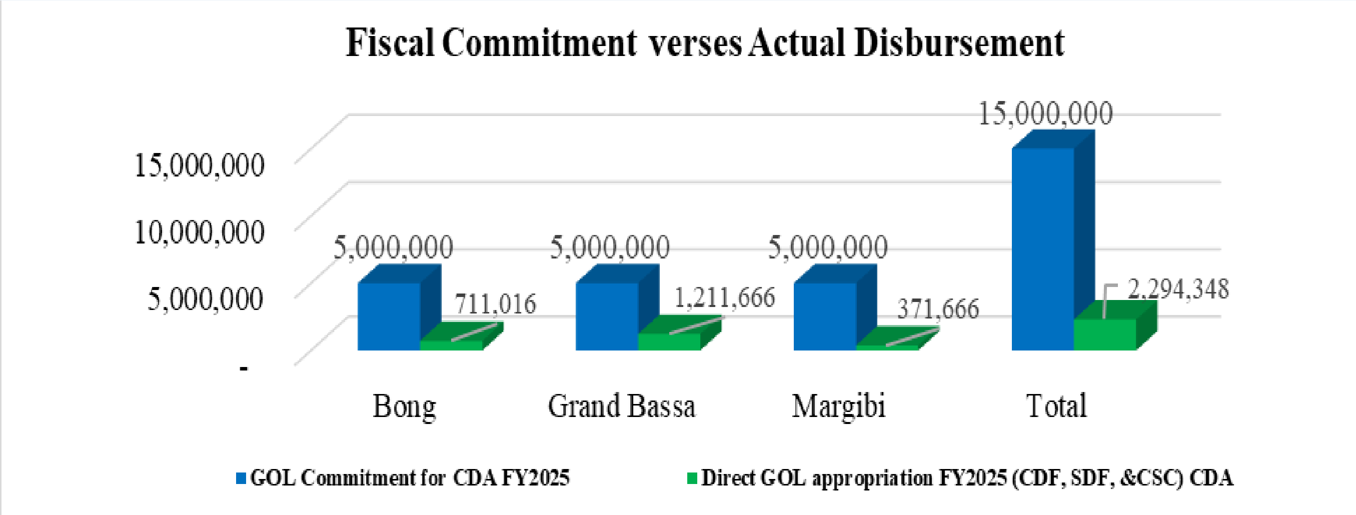


Table 2: FY2025 CDA Funding Gap Analysis

Table 2: GAP Analysis for CDA funding with GOL Appropriation for 2025

County	FY2025 Funding Requirement for CDA	GOL Commitment for CDA FY2025	Direct GOL appropriation FY2025 (CDF, SDF, &CSC) CDA	GAP for CDA FY2025 Funding Requirement and FY 2025 Appropriation	Gap Percentage
Bong	$10,250,000.00	$5,000,000.00	$711,016.00	4,288,984	86%
Grand Bassa	$6,475,000.00	$5,000,000.00	$1,211,666.00	3,788,334	76%
Margibi	$9,175,000.00	$5,000,000.00	$371,666.00	4,628,334	93%
Total	$25,900,000.00	$15,000,000.00	$2,294,348.00	$12,705,652.00	85%

The FY2025 gap analysis reveals a critical mismatch between county development needs and government appropriations. Bong, Grand Bassa, and Margibi Counties identified financing requirements of US$10.25 million, US$6.48 million, and US$9.18 million, respectively. Even though the Government of Liberia signalled a baseline commitment of US$5 million per county, actual allocations through the CDF, SDF, and CSC totalled only US$711,016 for Bong, US$1.21 million for Grand Bassa, and US$371,666 for Margibi. This resulted in funding shortfalls of 86% in Bong, 76% in Grand Bassa, and 93% in Margibi. Overall, the three counties face a combined financing gap of US$12.7 million equivalent to 85% of total identified development requirements.

The evidence demonstrates that national appropriations are insufficient to support county-level implementation of citizen-prioritized projects. If current trends persist, the three counties could face a cumulative funding shortfall of approximately US$179.4 million by 2029.

Implications

- County Development Agendas risk losing credibility;
- Counties remain dependent on donor and ad hoc political funding;
- Transformative infrastructure projects remain unfunded;
- Public trust in decentralization is weakening.

2.2 Appropriation versus Disbursement

Table 3: GAP Analysis for CDA funding with GOL Appropriation for 2025

GOL Appropriation and Disbursement Analysis to Counties

County	Budget	FY2024 Appropriated	FY2024 Disbursed	FY2025 Appropriated	FY2025 Disbursed
Grand Bassa	CDF	$ 186,666.00	$ 186,666.00	$ 186,666.00	$ 186,666.00
	SDF	$ 1,000,000.00	$ 1,000,000.00	$ 1,000,000.00	$ 1,000,000.00
	CSC	$ 13,333.00	$ 13,333.00	$ 25,000.00	$ 25,000.00
	Total	**$ 1,199,999.00**	**$ 1,199,999.00**	**$ 1,211,666.00**	**$ 1,211,666.00**
Margibi	CDF	$ 186,666.00	$ 186,000.00	$ 186,666.00	$ 186,666.00
	SDF	$ 160,000.00	$ 160,000.00	$ 160,000.00	$ 160,000.00
	CSC	$ 13,333.00	$ 13,333.00	$ 25,000.00	$ 25,000.00
	Total	**$ 359,999.00**	**$ 359,333.00**	**$ 371,666.00**	**$ 371,666.00**
Bong	CDF	$ 186,666.00	$ 186,000.00	$ 186,666.00	$ 186,666.00
	SDF	$ 500,000.00	$ 500,000.00	$ 500,000.00	$ 500,000.00
	CSC	$ 13,333.00	$ 13,333.00	$ 25,000.00	$ 24,350.00
	Total	**$ 699,999.00**	**$ 699,333.00**	**$ 711,666.00**	**$ 711,016.00**

The analysis shows that appropriations are generally disbursed once approved, reflecting relatively strong fiscal execution. However:

- allocations remain flat and inadequate;
- most funds arrive late in the fiscal year (Q3);
- implementation windows become compressed.

While counties can predict disbursement reliability, they cannot implement meaningful development at current funding levels.

Key Observation

Predictability without adequacy limits development impact.

2.3 Strong CDA Alignment but Weak Procurement Inclusion

The study found that 81.6% of county projects were fully aligned with CDA priorities:

- Bong: 88.2%
- Grand Bassa: 72.2%
- Margibi: 85.7%

However, procurement inclusion varied significantly.

Procurement Inclusion Comparison

Summary Matrix: Project Procurement Inclusion (Bong vs. Grand Bassa)		
Statistical Category	**Bong County**	**Grand Bassa County**
Total Priority Projects (from 2025 Lists)	17	18
Total Projects Included in Procurement Plan	10	15
Total Projects Omitted from Plan	7	3
Percentage of Project Count Inclusion	58.80%	83.30%
Total Budget for Prioritized Projects	US$ 1,281,969	US$ 890,000
Total Budget Captured in Procurement Plan	US$ 379,348	US$ 858,000
Percentage of Budgetary Inclusion	29.60%	96.40%

The comparative analysis highlights significant differences between Grand Bassa and Bong Counties in translating development priorities into procurement and implementation. Grand Bassa demonstrated strong fiscal discipline and institutional readiness by incorporating 96.4% of its prioritized budget into the 2025 procurement cycle, with full consistency between approved budgets and bidding packages. Most excluded items were operational transfers or professional services typically managed outside procurement. In contrast, Bong County faced a substantial investment gap: although nearly 60% of projects were included by number, they represented only 29.6% of required financing because several high-value, citizen-prioritized projects including the Administrative Complex, Presidential Palace, and major road rehabilitation were omitted.

Instead, Bong prioritized smaller, technically ready projects with completed assessments and bills of quantities. While both counties adjusted project costs to maximize limited resources, the findings show that Grand Bassa advanced implementation through stronger planning and procurement readiness, whereas Bong's funding constraints and strategic omissions risk undermining key citizen development priorities.

This reflects a broader pattern where technically ready, lower-cost projects are prioritized over transformative investments.

Implications

- Procurement systems increasingly determine which citizen priorities become implementable;
- Large infrastructure investments remain deferred;
- Short-term implementation logic undermines long-term development goals.

2.4 Weak Institutional Clarity and CDSC Functionality

Across the three counties:

- 80% of respondents were aware of the CDSC;
- but 50% reported no familiarity with its functions.

The findings reveal widespread confusion between the roles of:

- CDSCs;
- County Councils;
- County treasury structures.

Major Governance Challenges

- Weak TOR dissemination;
- Irregular CDSC meetings;

- Political interference;
- Weak reporting systems;
- Limited understanding of budget linkages.

This institutional ambiguity weakens accountability and undermines participatory governance.

2.5 Delayed CDA Finalization and Budget Misalignment

The delayed finalization of County Development Agendas weakened counties' ability to negotiate effectively during national budget preparation.

Consequently:

- local priorities were omitted from budget discussions;
- planning cycles became fragmented;
- procurement alignment suffered.

This disconnects weakened harmonization between bottom-up citizen priorities and national resource allocation.

3. Policy Implications

The findings suggest that Liberia's decentralization agenda remains structurally underfunded and institutionally constrained.

Three major implications emerge:

1. Decentralization Risks Becoming Symbolic

Without scaled financing and timely releases, counties cannot operationalize devolved authority meaningfully.

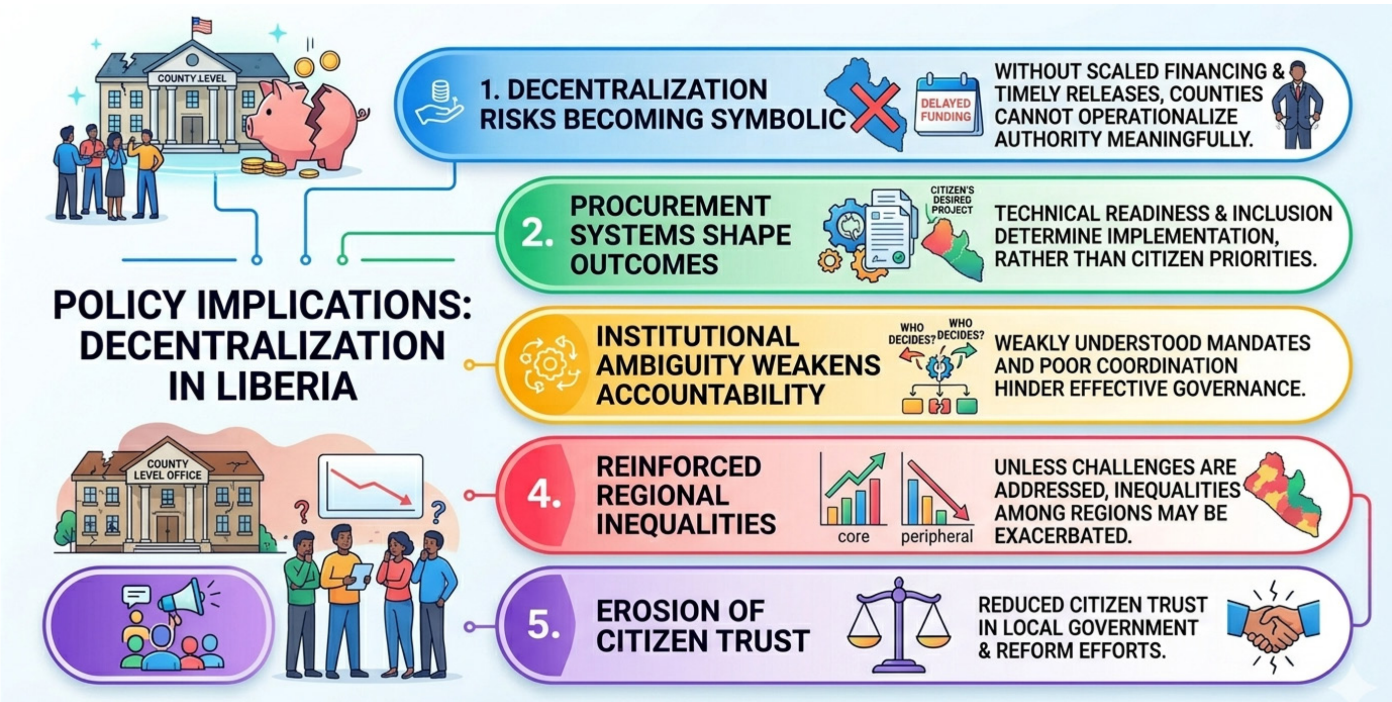
2. Procurement Systems Shape Development Outcomes

Technical readiness and procurement inclusion increasingly determine implementation rather than citizen priorities.

3. Institutional Ambiguity Weakens Accountability

Weakly understood mandates and poor coordination reduce citizen trust and hinder effective governance.

Unless these challenges are addressed, decentralization may reinforce rather than reduce regional inequalities.



4. Policy Recommendations

Recommendation 1: Adopt a Needs-Based Fiscal Transfer Model

The Government of Liberia should replace flat-rate county allocations with a needs-based fiscal transfer framework linked to quantified CDA requirements.

Key Actions

- Scale appropriations according to county development needs;
- Operationalize the 40% local revenue retention formula;
- Establish statutory minimum county transfers;
- Synchronize disbursement schedules with procurement cycles.

Expected Outcome

Improved fiscal predictability and increased implementation capacity.

Recommendation 2: Strengthen Procurement Transparency and Technical Readiness

Procurement systems must support implementation of transformative citizen-prioritized investments.

Key Actions

- Publish procurement inclusion registers;
- Fast-track BOQs and technical assessments for large projects;
- Require written justification for omitted CDA projects;
- Align procurement calendars with budget cycles.

Expected Outcome

Improved transparency and stronger alignment between procurement and citizen priorities.

Recommendation 3: Clarify Institutional Mandates and Strengthen CDSCs

County governance institutions require clearer operational mandates and stronger accountability systems.

Key Actions

- Publicize CDSC and County Council TORs;
- Institutionalize quarterly CDSC meetings;
- Strengthen civic education on county governance roles;
- Improve monitoring and reporting systems.

Expected Outcome

Reduced institutional ambiguity and improved participatory governance.

Recommendation 4: Improve County Absorptive Capacity

County institutions require stronger technical and administrative systems to manage devolved funds effectively.

Key Actions

- Train county staff in budgeting, procurement, and MEL systems;
- Digitize county financial management systems;
- Strengthen county treasury operations;
- Deploy technical advisors to support implementation.

Expected Outcome

Improved fiscal management and implementation effectiveness.

Recommendation 5: Strengthen Sustainability and Service Delivery Outcomes

Development projects must integrate operational sustainability into implementation planning.

Key Actions

- Ensure staffing commitments before approving new facilities;
- Integrate climate-resilient standards into infrastructure projects;
- Include maintenance financing in project costing;
- Align donor support with recurrent service delivery costs.

Expected Outcome

Improved durability and long-term functionality of county investments.

5. Conclusion

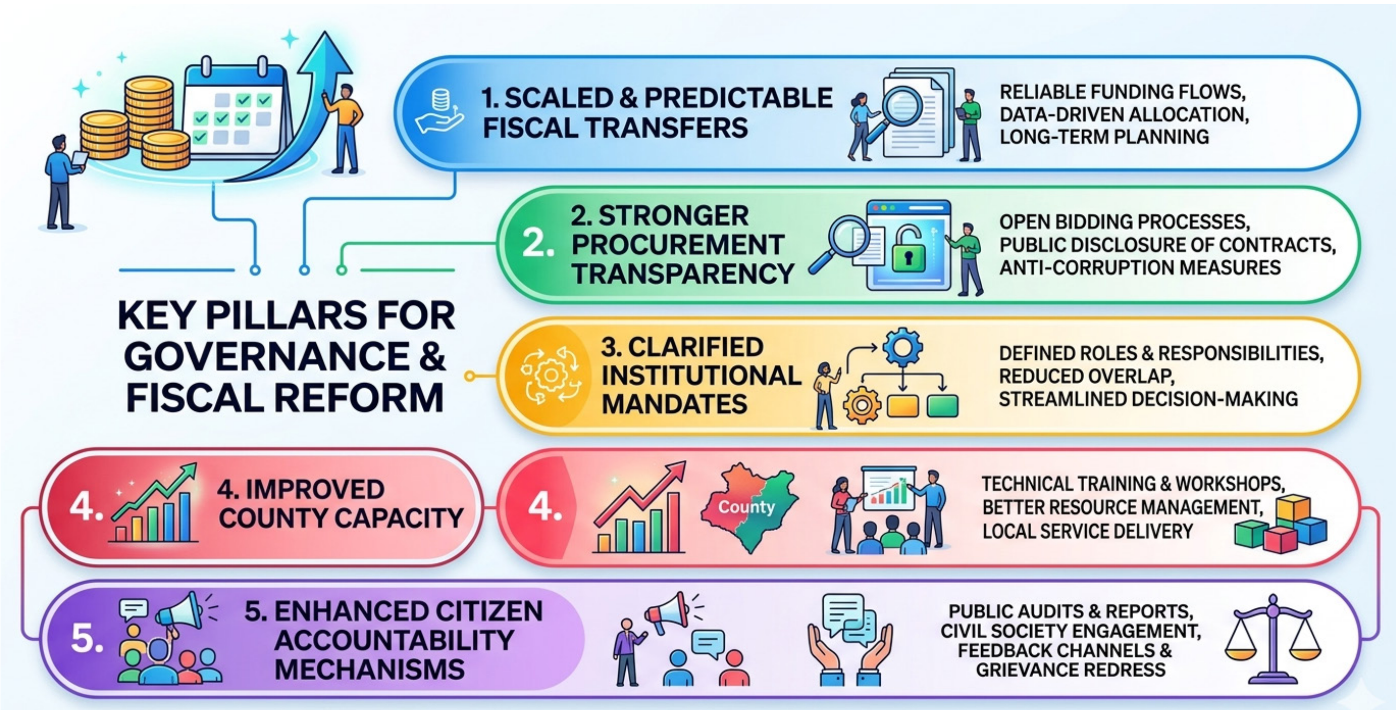
Liberia's decentralization reforms represent an important opportunity to deepen democratic participation, improve service delivery, and reduce regional inequalities. The AAID, Local Government Act, and County Development Agendas collectively demonstrate strong political intent to devolve authority closer to citizens.

However, the evidence from Bong, Grand Bassa, and Margibi Counties reveals that decentralization remains constrained by structural fiscal gaps, procurement bottlenecks, weak institutional clarity, and delayed implementation processes.

While counties have demonstrated strong strategic alignment with CDA priorities, they lack the financing, institutional support, and timely disbursements necessary to convert citizen priorities into completed development outcomes.

Bridging the gap between decentralization promises and implementation realities will require:

- Scaled and predictable fiscal transfers;
- Stronger procurement transparency;
- Clarified institutional mandates;
- Improved county capacity;
- Enhanced citizen accountability mechanisms.



If implemented effectively, these reforms can transform decentralization from an aspirational policy framework into a practical instrument for inclusive development and responsive local governance across Liberia.

References

Allen, R., & Tommasi, D. (2001). *Managing Public Expenditure.*

Government of Liberia. (2011). *National Policy on Decentralization and Local Governance.*

Ministry of Finance and Development Planning. (2025). *Bong County Development Agenda 2025–2029.*

Ministry of Finance and Development Planning. (2025). *Grand Bassa County Development Agenda 2025–2029.*

Ministry of Finance and Development Planning. (2025). *Margibi County Development Agenda 2025–2029.*

Ministry of Internal Affairs. (2020). *10-Year Implementation Plan for the Local Government Act.*

Oates, W. (1972). *Fiscal Federalism.*

Ostrom, E. (1990). *Governing the Commons.*

Republic of Liberia. (2018). *Local Government Act.*

Republic of Liberia. (2025). *ARREST Agenda for Inclusive Development 2025–2029.*

Rondinelli, D. (1981). *Government Decentralization in Comparative Perspective.*

Smoke, P. (2003; 2024). *Decentralization and Local Governance Literature.*

POLICY BRIEF

BRIDGING THE GAP BETWEEN DECENTRALIZATION COMMITMENTS AND COUNTY-LEVEL FINANCING IN LIBERIA

Evidence from Bong, Grand Bassa, and Margibi Counties

WWW.NAYMOTE.COM