

# LIBERIA

**Table 1**

	2023
Population, million	5.4
GDP, current US\$ billion	4.3
GDP per capita, current US\$	799.5
International poverty rate (\$2.15) <sup>a</sup>	27.6
Lower middle-income poverty rate (\$3.65) <sup>a</sup>	60.6
Upper middle-income poverty rate (\$6.85) <sup>a</sup>	88.9
Gini index <sup>a</sup>	35.3
School enrollment, primary (% gross) <sup>b</sup>	72.9
Life expectancy at birth, years <sup>b</sup>	60.7
Total GHG emissions (mtCO2e)	17.2

Source: WDI, Macro Poverty Outlook, and official data.  
 a/ Most recent value (2016), 2017 PPPs.  
 b/ Most recent WDI value (2021).

Liberia's economy expanded by an estimated 4.7 percent in 2023. Inflationary pressures increased due to rising food and transportation costs. Medium-term growth prospects are promising but require maintaining macroeconomic stability, prudent fiscal consolidation, and implementation of ongoing structural reforms in key enabling sectors. However, risks to the outlook are tilted to the downside as inflationary pressures, fiscal slippages, and fluctuations in commodity prices could undermine macroeconomic stability and growth.

## Key conditions and challenges

Since 2021, Liberia has seen steady economic progress, but not at a rate fast enough to accelerate the country's efforts to reduce poverty. The medium-term outlook for the country is promising; however, to accelerate growth, macroeconomic stability and fiscal sustainability must be upheld in the near term, and infrastructure and private investment enhanced in the medium term. Macroeconomic stability must be complemented by institutional reforms, enhancements in the business environment, and significant upgrades to basic services and infrastructure to unlock the country's growth potential. In addition, investing in human capital and building climate resilience are essential for long-term growth and breaking the cycle of entrenched poverty. Liberia has limited access to health care, education, and basic utilities by regional and global standards, and despite being among the nations with the lowest greenhouse gas emissions, the country faces significant challenges in adapting to consequences of climate change.

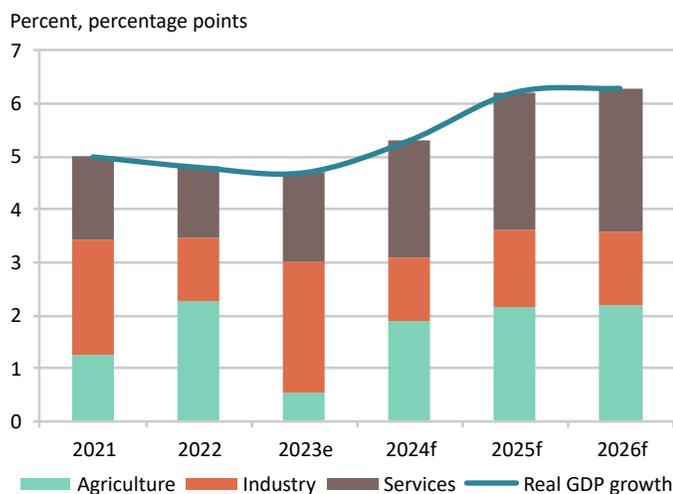
## Recent developments

Liberia's economy expanded by an estimated 4.7 percent in 2023, driven mainly by mining, specifically gold production.

Growth in the primary sector was sluggish -1.4 percent, as the outputs of key agricultural products such as rubber and crude palm oil declined by 2.0 percent and 10.7 percent, year-on-year (y/y), respectively. The secondary sector expanded by 13.9 percent, led by mining. Gold production increased by 16.4 percent (y/y) in response to higher international demand, while iron ore output grew by 1.0 percent (y/y). In manufacturing, cement production expanded by 5.6 percent, driven by increased construction activity. The services sector expanded by 3.8 percent.

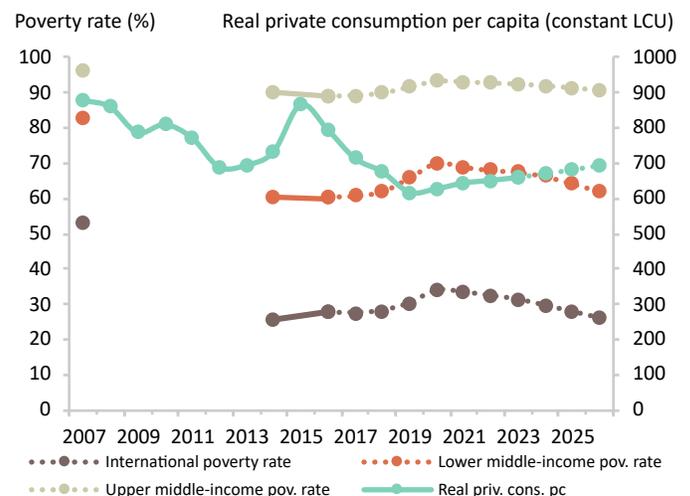
Headline inflation rose to 10.1 percent in 2023, from 7.6 percent in 2022, driven by increases in transport and food prices, and a weaker Liberian dollar. As of December 2023, the Liberian dollar to US dollar exchange rate had increased by 22.0 percent (y/y) but was broadly stable during the last half of the year, trading at L\$186.6 per US dollar. Nonfood inflation averaged 10.3 percent in 2023, down slightly from 10.6 percent in 2022, while food inflation averaged 12.3 percent, from a disinflation of 1.6 percent during the same period. Food prices will remain a major driver of inflation and will continue to have a disproportionate impact on the poor, who are net consumers of food and are at risk of food insecurity and falling into deeper poverty. The rice sector remains vulnerable to externalities, as trends in rice supply, demand, and prices shape food insecurity and poverty in Liberia. Although rice accounts for more than 20 percent of total food consumption, its price remains volatile in the market. This has recently compelled the government to intervene, halting all price

**FIGURE 1 Liberia / Real GDP growth and contributions to real GDP growth**



Sources: Liberian authorities and World Bank staff estimates.

**FIGURE 2 Liberia / Actual and projected poverty rates and real private consumption per capita**



Source: World Bank. Notes: see Table 2.

increases and looking at ways to offer alternative varieties of rice. The extreme international poverty rate (US\$2.15 per person per day) is estimated to have declined by 1.1 percentage points to 31.3 percent in 2023, from 32.4 percent in 2022.

In 2023, the Central Bank of Liberia (CBL) raised the policy rate twice in May and July by 500 basis points cumulatively to 20.0 percent to rein in inflation. The CBL also removed the ceiling on the offered amount of CBL bills to help accommodate the growing oversubscription, absorb the excess liquidity in the banking system, and strengthen its monetary policy operations. The financial sector remained adequately capitalized with minimum capital adequacy ratio at 21.2 percent, well above the floor of 10 percent. Non-performing loans as share of total loans also declined to from 16.4 percent to 11.2 percent, slightly above the tolerable levels of 10 percent.

Liberia's fiscal deficit remained high, at around 5.5 percent of GDP due to declines in revenue and grants and increase in consumption spending. The fiscal deficit was mainly financed by concessional resources - (i.e., budget support loans and IMF Special Drawing Rights). In March 2024, the new Government submitted a revised 2024 budget to the legislature for approval.

The current account deficit is estimated to have risen to 24.4 percent of GDP in 2023, up from 17.7 percent in 2022. The increase in current account deficit was driven by trade dynamics. The trade deficit worsened to 18.4 percent of GDP, from 11.8 percent in 2022, as growth in imports driven by minerals, machinery, and petroleum outpaced the growth in exports. The current-account deficit was financed by net IMF credit, loans, and drawdowns of gross official reserves. By December 2023, the gross external reserves fell to US\$496 million (about 2.3 months of imports), from US\$644 million (3.0 months of imports) in December 2022.

## Outlook

Liberia's medium-term growth prospects are positive on balance. The economy is expected to expand by 5.4 percent in 2024 and average of 5.9 percent in 2024–26. Medium-term growth prospects require maintaining macroeconomic stability, prudent fiscal consolidation, and implementation of ongoing structural reforms in key enabling sectors.

Tightening monetary policy will ease inflationary pressures and bring inflation

down to 5.4 percent by 2026. The fiscal deficit is projected to moderate to an average of 3.3 percent of GDP in the medium term as the government strengthens domestic resource mobilization and expenditure controls. The current-account deficit is expected to remain elevated in the medium term due to a surge in aggregate demand driven by foreign direct investment (FDI) related imports. The deficit will be financed by FDI in mining, private financing flows, and disbursements of project grants and loans.

Real income per capita is expected to grow and poverty incidence is expected to decline by 3.6 percentage points, from 29.6 percent in 2024 to 26.0 percent in 2026 as the government addresses supply side constraints, stimulates growth and job creation, and takes measures to combat food insecurity and climate vulnerabilities by mitigating rising food prices and tightening macroeconomic policy to reduce inflationary pressures.

However, the outlook is not without significant risks. Inflationary pressures resulting from elevated import prices (especially food and fuel), combined with potential decrease in export prices (such as rubber, iron ore, and gold), and fiscal slippages could undermine macroeconomic stability and hamper the recovery in growth.

**TABLE 2 Liberia / Macro poverty outlook indicators**

(annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
<b>Real GDP growth, at constant market prices</b>	5.0	4.8	4.7	5.3	6.2	6.3
Private consumption	4.7	3.3	3.5	3.7	3.8	3.9
Government consumption	0.2	-5.7	0.0	-6.0	-2.3	6.2
Gross fixed capital investment	-7.9	9.4	12.9	11.8	12.6	9.0
Exports, goods and services	14.7	7.7	8.5	13.1	13.6	13.6
Imports, goods and services	1.8	3.1	7.0	7.3	7.5	7.5
<b>Real GDP growth, at constant factor prices</b>	4.8	4.8	4.7	5.3	6.2	6.3
Agriculture	3.3	5.9	1.4	5.0	5.7	5.9
Industry	13.3	6.7	13.9	6.3	7.5	7.0
Services	3.0	2.8	3.8	5.1	6.0	6.3
<b>Inflation (consumer price index)</b>	7.8	7.6	10.1	7.7	5.6	5.4
<b>Current account balance (% of GDP)</b>	-17.8	-17.7	-24.4	-21.7	-21.9	-21.6
<b>Fiscal balance (% of GDP)</b>	-2.4	-5.6	-5.5	-3.2	-3.7	-3.1
<b>Revenues (% of GDP)</b>	27.2	21.5	20.8	22.9	22.4	20.7
<b>Debt (% of GDP)</b>	53.2	53.4	54.5	55.4	55.6	53.7
<b>Primary balance (% of GDP)</b>	-1.6	-4.6	-4.5	-2.3	-2.9	-2.3
<b>International poverty rate (\$2.15 in 2017 PPP)<sup>a,b</sup></b>	33.4	32.4	31.3	29.6	27.8	26.0
<b>Lower middle-income poverty rate (\$3.65 in 2017 PPP)<sup>a,b</sup></b>	69.0	68.1	67.5	66.3	64.3	62.1
<b>Upper middle-income poverty rate (\$6.85 in 2017 PPP)<sup>a,b</sup></b>	93.1	92.8	92.5	91.9	91.4	90.6
<b>GHG emissions growth (mtCO<sub>2</sub>e)</b>	3.2	3.2	3.1	3.1	3.2	3.2
<b>Energy related GHG emissions (% of total)</b>	6.4	6.3	6.2	6.1	5.9	5.8

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

Notes: e = estimate, f = forecast.

a/ Calculations based on 2016-HIES. Actual data: 2016. Nowcast: 2017-2023. Forecasts are from 2024 to 2026.

b/ Projections using microsimulation methodology.