**LIBERIA**

**Table 1**

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population, million</td>
<td>5.2</td>
</tr>
<tr>
<td>GDP, current US$ billion</td>
<td>3.5</td>
</tr>
<tr>
<td>GDP per capita, current US$</td>
<td>677.4</td>
</tr>
<tr>
<td>International poverty rate ($2.15)*</td>
<td>27.6</td>
</tr>
<tr>
<td>Lower middle-income poverty rate ($3.65)*</td>
<td>60.6</td>
</tr>
<tr>
<td>Upper middle-income poverty rate ($6.85)*</td>
<td>88.9</td>
</tr>
<tr>
<td>Gini index</td>
<td>35.3</td>
</tr>
<tr>
<td>School enrollment, primary (% gross)*</td>
<td>85.1</td>
</tr>
<tr>
<td>Life expectancy at birth, years*</td>
<td>64.4</td>
</tr>
<tr>
<td>Total GHG emissions (mtCO2e)</td>
<td>16.4</td>
</tr>
</tbody>
</table>

Source: WDI, Macro Poverty Outlook, and official data. 

**Key conditions and challenges**

Liberia faces core constraints to development that include low levels of human and physical capital, as well as overall low productivity and economic efficiency. The country’s narrow revenue base hinders its capacity to boost spending, and its highly concentrated export structure—consisting primarily of mining and agricultural products—makes it vulnerable to commodity price fluctuations.

Growth is uneven and boom-bust cycles complicate economic management. After the civil war, the economy grew steadily, at 7.4 percent on average, from 2004 to 2013. This period of sustained growth was followed by successive exogenous shocks: the Ebola outbreak, the collapse in iron ore and rubber prices, the economic impact of the drawdown of United Nations peacekeeping forces, and the COVID-19 pandemic. Consequently, the economy contracted by 0.4 percent on average from 2014 to 2020. As a result, the country’s international poverty rate is estimated to have increased to 33.2 percent by 2020, wiping out much of the gains made post-conflict when poverty decreased from 53.4 to 25.9 percent between 2007 and 2014. Non-monetary poverty indicators also lag the rest of the region and continued unequal access to productive assets, infrastructure, and markets mean regional and gender disparities in the country are exacerbated.

The main macroeconomic policy challenges include securing fiscal space to boost public investment while maintaining debt sustainability, enhancing the business environment and enabling greater access to credit, and facilitating the resolution of non-performing loans.

**Recent developments**

After contracting by 3.0 percent in 2020 due to the COVID-19 pandemic, growth recovered to 5.0 percent in 2021. The rebound was driven by improved external demand, higher prices for Liberia’s main exports, and the resumption of normal domestic activity. However, growth slowed in the first half of 2022, even if mining and construction continued to perform well. In agriculture, rubber and cocoa production dipped by 13.5 percent and 27 percent, year-on-year, respectively. In industry, the production of iron ore, gold, and cement increased, reflecting firmer international prices and an uptick in construction activity. However, services growth fell, as reflected in the decline in beverages and electricity production.

Despite higher global fuel and food prices, inflation remained contained in 2021 (7.9 percent) and during the first half of 2022 (7.1 percent). By July 2022, inflation had moderated further to 6.5 percent thanks to the Central Bank of Liberia’s (CBL) restrictive monetary policy, supported by the nominal appreciation of the Liberian dollar. Indeed, the CBL maintained the policy rate well above inflation, currently at 15 percent, down from 20 percent in August 2021.

After contracting by 3.0 percent in 2020 due to the COVID-19 pandemic, Liberia experienced a strong economic recovery in 2021. Growth recovered to 5.0 percent but is expected to slow to 3.7 percent in 2022, reflecting increased global uncertainties and commodity price shocks. Despite rising global prices, inflation in Liberia has been moderate since 2021. The macroeconomic outlook is promising for the medium term, subject to downside risks and uncertainties associated with the war in Ukraine and the 2023 elections.

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

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

Sources: Liberian authorities, IMF, and World Bank staff.
2021. While non-food inflation remained in double digits, largely driven by energy prices, food inflation (including alcohol and beverages) decelerated. Despite the contained food inflation, poverty is expected to have increased to 34.6 percent mostly due to negative growth in private consumption per capita.

Liberia’s fiscal position improved in 2021, thanks to domestic revenue gains and spending consolidation. The gains in revenue were led by taxes on incomes and profits and international trade while efforts to contain the wage bill continued. During the first seven months of 2022, the government has kept its expenditures within the limits of revenue collected. As of July 31, 2022, the fiscal deficit was 0.2 percent of GDP (on a cash basis). Public debt declined from 55.0 percent of GDP in 2020 to 52.7 percent in 2021.

The current account deficit widened in 2021, mainly driven by trade dynamics. The phasing out of trade restrictions in 2021 resulted in imports rising faster than exports. However, in the first half of 2022, the value of exports increased by 26.5 percent, year on year, well above the 8.6 percent increase in the value of imports thanks to a significant increase in gold prices. By end-June 2022, the gross external reserves stood at US$607 million (4.0 months of imports).

### Outlook

Growth is expected to slow to 3.7 percent in 2022 but average 5.2 percent over 2023-24. The deceleration in 2022 reflects increased global uncertainties and commodity price shocks. Over the medium-term growth is expected to be driven by expansion in the mining sector (underpinned by still high commodity prices and the expansion of a major mining project), agriculture and manufacturing, and recovery in services. Agriculture and manufacturing, the main drivers of diversification, are expected to play a pivotal role in making growth more broad-based, inclusive, and sustainable, thanks to structural reforms, including in key enabling sectors (such as energy, trade, transportation, and financial services). Improvements in the domestic food supply, cheaper electricity, reduced trade costs, and better public services are expected to boost the country’s competitiveness and contribute to more robust economic growth.

Despite the recovery, private consumption has lagged GDP growth and poverty is projected increase to 34.6 percent by end-2022 before decreasing slightly to 33.8 by 2024, 2.7 percentage points above the rate prior to the pandemic.

Macroeconomic fundamentals are expected to remain healthy. Inflation is projected to remain low and stable, averaging 7.2 percent per year in 2022-24. As long as inflation is maintained stable, Liberian households will retain their purchasing power and it is projected that by 2023 poverty rates will slightly decrease. The fiscal deficit is projected to widen to 4.4 percent in 2022 but improve in the medium term with reforms aimed at improving domestic resource mobilization and consolidating expenditures. The current account is projected to narrow to 15.8 percent of GDP in 2022 and reach 15.0 percent by 2024, thanks to the recovery in mining and agriculture. Gross external reserves are projected at US$691 million (4.0 months of imports) in 2022, down slightly from US$700 million (4.2 months of imports) in 2021.

The outlook is subject to significant downside risk and uncertainties. The lingering effects of the war in Ukraine and the 2023 elections could pose significant risks to the outlook. The 2023 elections could trigger spending pressures on the budget, widening fiscal deficits, and as well cause businesses to postpone business decisions, thereby hindering economic recovery and growth.

### TABLE 2 Liberia / Macro poverty outlook indicators

<table>
<thead>
<tr>
<th>Real GDP growth, at constant market prices</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022f</th>
<th>2023f</th>
<th>2024f</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Consumption</td>
<td>-2.5</td>
<td>-3.0</td>
<td>5.0</td>
<td>3.7</td>
<td>4.7</td>
<td>5.7</td>
</tr>
<tr>
<td>Government Consumption</td>
<td>-2.8</td>
<td>-1.9</td>
<td>1.2</td>
<td>1.5</td>
<td>3.0</td>
<td>3.0</td>
</tr>
<tr>
<td>Gross Fixed Capital Investment</td>
<td>4.0</td>
<td>-11.6</td>
<td>-3.7</td>
<td>-1.2</td>
<td>-9.2</td>
<td>-2.5</td>
</tr>
<tr>
<td>Exports, Goods and Services</td>
<td>-7.8</td>
<td>-7.3</td>
<td>29.8</td>
<td>8.9</td>
<td>11.1</td>
<td>10.8</td>
</tr>
<tr>
<td>Imports, Goods and Services</td>
<td>1.6</td>
<td>1.2</td>
<td>15.4</td>
<td>2.0</td>
<td>2.7</td>
<td>3.0</td>
</tr>
<tr>
<td>Real GDP growth, at constant factor prices</td>
<td>-2.4</td>
<td>-3.0</td>
<td>5.0</td>
<td>3.7</td>
<td>4.7</td>
<td>5.7</td>
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<tr>
<td>Agriculture</td>
<td>0.2</td>
<td>2.4</td>
<td>1.9</td>
<td>3.0</td>
<td>4.8</td>
<td>5.2</td>
</tr>
<tr>
<td>Industry</td>
<td>1.0</td>
<td>0.2</td>
<td>16.3</td>
<td>7.1</td>
<td>4.3</td>
<td>5.8</td>
</tr>
<tr>
<td>Services</td>
<td>-5.7</td>
<td>-8.8</td>
<td>3.6</td>
<td>2.8</td>
<td>4.8</td>
<td>6.1</td>
</tr>
<tr>
<td>Inflation (Consumer Price Index)</td>
<td>27.0</td>
<td>17.4</td>
<td>7.9</td>
<td>7.8</td>
<td>8.7</td>
<td>5.2</td>
</tr>
<tr>
<td>Fiscal Balance (% of GDP)</td>
<td>-20.5</td>
<td>-16.3</td>
<td>-17.6</td>
<td>-15.5</td>
<td>-15.3</td>
<td>-15.0</td>
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<tr>
<td>Debt (% of GDP)</td>
<td>-5.6</td>
<td>-3.7</td>
<td>-2.9</td>
<td>-4.4</td>
<td>-3.3</td>
<td>-3.4</td>
</tr>
<tr>
<td>Primary Balance (% of GDP)</td>
<td>48.5</td>
<td>55.0</td>
<td>52.7</td>
<td>51.4</td>
<td>51.4</td>
<td>53.8</td>
</tr>
<tr>
<td>International poverty rate ($2.15 in 2017 PPP)</td>
<td>31.1</td>
<td>33.2</td>
<td>33.9</td>
<td>34.6</td>
<td>34.1</td>
<td>33.8</td>
</tr>
<tr>
<td>Lower middle-income poverty rate ($3.65 in 2017 PPP)</td>
<td>64.7</td>
<td>66.7</td>
<td>67.5</td>
<td>68.2</td>
<td>67.8</td>
<td>67.2</td>
</tr>
<tr>
<td>Upper middle-income poverty rate ($6.85 in 2017 PPP)</td>
<td>90.8</td>
<td>91.6</td>
<td>91.8</td>
<td>92.1</td>
<td>92.0</td>
<td>91.7</td>
</tr>
<tr>
<td>GHG emissions growth (mtCO2e)</td>
<td>2.2</td>
<td>0.6</td>
<td>3.0</td>
<td>3.0</td>
<td>3.0</td>
<td>2.9</td>
</tr>
<tr>
<td>Energy related GHG emissions (% of total)</td>
<td>6.7</td>
<td>6.8</td>
<td>6.6</td>
<td>6.4</td>
<td>6.2</td>
<td>6.0</td>
</tr>
</tbody>
</table>

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

Notes: e = estimate, f = forecast. Poverty lines are expressed in 2017 PPP, resulting in changes from earlier editions that used 2011 PPP. See pip.worldbank.org.

b/ Projection using neutral distribution (2016) with pass-through = 0.7 (Low (0.7)) based on private consumption per capita in constant LCU.