CPIA Detailed Report

Country: Liberia

Exercise Year: CPIA Exercise 2023

Currency: Liberian Dollar (LRD)

City: Monrovia

Income Group: Low income

Lending Category: IDA

Final CPIA Score: 3.591

(A) Economic Management

Cluster Score: 4.167

01. Fiscal Policy

Criteria Score: 4

1. Fiscal Policy

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Liberia’s macroeconomic policy is is being implemented within the framework of an IMF supported Extended Credit Facility programme approved in December 2019. It was meant to be a four-year arrangement. The ECF programme objectives were to; (i) restore macroeconomic stability; (ii) put Liberia on a sustainable fiscal growth path; and (iii) addressing weaknesses in governance and public institutions. The Government of Liberia has remained committed to the ECF programme despite challenges including the impact of the Russian invasion of Ukraine. The last Article IV Consultation conducted in done in August 2022 concluded that the Liberian authorities continued to implement sound macroeconomic policies, despite delays with the broad-based reform agenda. The authorities managed to keep the program broadly on track by preserving macroeconomic stability, ensuring a comfortable international reserve position, and maintaining debt sustainability. According to the AfDB forcast, Tthe Liberian economy experienced a slower growth in 2022 (4.0%) after a stronger growth of 5.0% in 2021, due to the impact of Russia's invasion of Ukraine including higher commodity prices and tight fiscal space. The real GDP is projected to improve to 4.3% in 2023. On the supply side, growth was driven by the secondary sector, growing by 8.1%, and boosted by an increase in mining output (17.6%) while the production of gold and iron ore increased by 79%. Increased infrastructure spending was the main driver on the demand side which resulted in the growth in gross fixed capital formation growing by 8.9% in 2022. However, performance on fiscal policy has been impressive.

The GOL fiscal year has changed beginning 1 January 2022 to align with major partners and other countries to improve. planning In line with the ECF programme, Liberia's national budgets for calendar year 2022 and 2023 were developed in line with ECF commitments. This included maintenance of a fiscal deficit around 5.0 per cent of GDP, sustainable debt levels and a 10 per cent reduction of civil ser vice wage bill. Government continued with tight fiscal policy despite demands for increased spending to mitigate the impact increased commodity prices. Compared to FY2022, the national budget in FY2023 decrease by 4.1 percent. Recurrent expenditure for this fiscal year amounts to US$616.1 million representing 79.2 percent of the approved resource envelope for FY2023 while capital expenditure accounts for US$161.8 million representing 20.8 percent of the approved resource envelope. Of the budgeted recurrent spending, compensation of employees amounts to US$295.6 million reflecting 48.0 percent of expenditure (recurrent) and 38.0 percent of the approved budget (2023 Budget feramework).. Fiscal deficit including grants was at 4.8% and 4.3% of GDP in 2022 and 2023, both remained below 5% of GDP target of the ECF programme. Fiscal deficit is projected to remain in 2024 subject to continued implementation of the ECF programme. The high proportion of the fiscal deficit was financed from externally sourced budgetary loans and grants. As a result, the stock of external debt as a share to GDP has increased from 37.2% in 2021 to estimated 40.3% in 2023. On wage bill reforms, Government had committed to reducing the wage bill by 10% to free up resources to other essential expenditures. By the end of 2023 Government achieved a wage bill reduction of 12.8% through the on-going harmonization and standardization of pay for all civil servants, elected and appointed officials.

Government has in 2019 adopted the Domestic Resource Mobilization Strategy (DRMS) aimed at increasing own revenues to offset the declining trend in grants. This could provide the much-needed fiscal space to increase government expenditures on investments. In line with the DRMS, The Liberia Revenue Authority (LRA) has in 2020 been mandated to start collecting all revenues from the Liberia Maritime Authority (LMA) and the Liberia Telecommunication Authority (LTA) from January 2021 onward and this is expected to provide much needed additional resources to the budget. With these measures, revenues are projected to increase to 17.2% and 17.4% of GDP in 2022 and 2023 respectively from 16.4% of GDP in 2021. For the medium-term revenues are projected to reach 18% of GDP by 2025. A technical assistance was provided in 2022 and 2023 by the IMF to improve the quality of fiscal outturns, as well as the Medium-Term Fiscal Framework paper. Also, a new PFM Strategy and Action Plan was developed to cover the period from 2023 to 2026

While good progress has been achieved on fiscal policy, Liberia remains vulnerable to shocks and has limited capacity to absorb such shocks. Government has remained committed to spending within available cash and at time it has resorted to domestic borrowing to finance key expenditures. In 2022, total public debt is estimated to have reached US$ 2018.7million (54.6% of GDP), up from US$1,781 million (53.2% of GDP) in 2021. External borrowing accounted for most of the increase. The most recent IMF Debt Sustainability Analysis (DSA August 2022) and reaffirmed by IMF ECF 4th review in December 2022, shows that Liberia remains at moderate risk of external debt distress and high risk of overall public debt distress, with limited space to accommodate shocks.

02. Monetary Policy

Criteria Score: 4.5

2. Monetary Policy

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

The Monetary Policy stance of the Central Bank of Liberia (CBL) during 2022 was decisively focused on domestic currency liquidity management with the objective of stabilizing the domestic price level through broad exchange rate stability. As a result, the CBL's monetary policy interventions were centered on the use of policy instruments, including the use of the CBL bills with the aim of containing inflation in single digit as well as the Required Reserve Ratio (RRR). Consequently, CBL cuts its Policy rate to 15.0% in August 2022, from 20.0% in 2021, to stimulate economic activities (CBN annual 2022). This contributed to increased credit to the private sector from 14.8% of GDP in 2021 to 16.4% of GDP in 2022 and projected at 17.2% of GDP in 2023 (IMF August 2022 article IV report) . Despite higher global fuel and food prices, inflation eased from 7.9% in 2021 to 7.4% in 2022 on a steady decline in domestic food prices and stability in the exchange rate. It is however projected to elevate to 8.2% due to election related speculations in 2023. The IMF supported Extended Credit Facility[1] (ECF) programme adopted in 2019 has helped to improve the macroeconomic policy environment focusing on sound fiscal discipline and proper liquidity management to mitigate the underlying structural economic challenges.

Measures implemented under the ECF programme have also contributed to stabilization of reserves. The gross international reserves (GIR) at end-December 2022 stood at US$719 million and US$ 769 in 2022 and 20223 respectively, from US$700. million at end-December 2021, largely reflecting the additional special drawing rights (SDRs) holdings & reserves. The months of import cover also increased to 4.3 months in 2023 from 4.2 months in 2021. The marginal was due to increase growth in imports. Because of weak demand for foreign exchange, increased foreign exchange inflows from increased export receipt, and tight monetary policy, The exchange rate appreciated by 4.6% year-on-year from LRD159.34/$ in December 2021 to LRD152.38/$ in December 2022. It is however expected to depreciate on average in 2023, when compared with 2022.

Financial sector confidence in monetary policy is improving since the adoption of the ECF program in 2019 which has contributed to stability in the exchange rate and fall in inflation. However, the highly dollarized Liberian economy poses risks in the monetary autonomy of the CBL while high NPLs pose risks to financial stability.

In 2022 and 2023, a number of key policy measures and decisions were taken the CBL with the view of improving monetary sector developments in the economy. These included, (Policy Instruments - a) Amended National Payment Systems Act – The scope of the amended Act was widened to include the general oversight of the National Payments Systems. b) Licensing & Regulatory Requirements for Operating Discount Houses – This Regulation was approved with the aim of promoting the growth and efficiency of the money market in Liberia. c) Regulations for Non-Bank Credit Only Institutions – The Regulation for Non-Bank Credit Only Institution was approved to provide legal instrument to govern the licensing, operations, and management of the Non-Bank Credit Only Institutions in Liberia; and d) Amended of Prudential Regulations for Asset Classification - The amended Provisions for Loan Losses and Suspension of Interest on Non-Performing Loans (NPLs) and Advances provisions were considered to set the minimum requirements in adherence with the classifications and provisioning of loans of the licensed commercial banks and micro-finance lending institutions.

In addition to amended instruments, the CBL Board also took certain policy decisions in 2022 and 2023 that helped strengthen the financial system in Liberia. They included: a). The Board approved the granting of license to the Liberian Merchant Capital Limited to operate as discount house for trading and/or discounting of securities in the secondary market to mitigate liquidity problems arising from possible delays in the redemption of matured debts; b). In response to the logistical constraints faced by the commercial banks and limited bank branches across the country for the implementation of the currency replacement exercise, the Board approved the Currency Exchange Decentralization Plan to guide the currency changeover exercise; c). In the decentralization of the operations of the CBL, the Board approved the construction of the second cash hub in Rivergee County to ease the constraints of cash movements, facilitate the collection of government revenue and enhance confidence for commercial banks' operations in Southeastern Liberia; d). With the intent to mitigating systemic effects in the banking system, the Board approved “No Objection” for the divestment of Global Bank Liberia Limited (GBLL) to Oakwood Africa Limited to safeguard depositors' funds and assure financial sector stability; e). The Board also approved policy decisions to improve asset quality in the banking system, and not only to build confidence in the financial system but also to promote financial intermediation to the productive sectors of the economy, including agricultural and manufacturing subsectors; f). Amended Regulation for the Licensing and Supervision of Money Remittance Entities: The approval of the amended Regulation was done by the Board to promote financial inclusion with the aim of easing access to finance for the underprivileged, especially those in rural communities, through extensive mobile money coverage; g). Guidelines Concerning Digital Credit for Financial Institutions: – These new Guidelines were approved to broaden the scope of financial services and promote financial inclusion for the unbanked and under-banked population without risking the safety and soundness of the financial system and standards of consumer protection to mitigate potential risks of digital credit; h). Risk-Based Supervision Framework: – This Regulation was approved with the objective of identifying, monitoring, and analyzing risks for appropriate response measures to assure the stability of the financial sector; and i). Anti-Money Laundering/Counter Financing of Terrorism Regime Framework: This approved Framework outlines the appropriate sanctions to be taken on violators of the CBL Anti-Money Laundering/Counter Financing of Terrorism Regulation.

03. Debt Policy

Criteria Score: 4

3. Debt Policy

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

The Public Finance Management Act of 2009 is the Law that governs public debt in Liberia. The Country is also implementing the Extended Credit Facility Programme of the IMF that has also prioritized public debt management. Government has also developed and adopted a Medium-Term Debt Strategy covering the period 2021-2023 that has prioritized concessional borrowing with limited domestic borrowing. However, implementation and strict adherence to these key instruments has been challenged in 2020 due to the COVID-19 pandemic that slowed down the economy amidst increased need for financing.

Most recent Government figures indicate that in 2022, total public debt is estimated to have reached US$ 2.02 billion (54.6% of GDP) and projected at 55.3% of GDP in 2023 up from US$1,866 million billion (52.3% of GDP) in 2021. External borrowing accounted for most of the increase, showing where external debt to GDP recorded 38.8% and 40.3% in 2022 and 2023 respectively from 37.2 in 2021. The domestic to GDP debt stood at 15.8% and 15.0% in 2022 and 2023 respectively from 16% in 2021. Debt ratios nonetheless declined, reflecting a sharp rise of nominal GDP in U.S. dollar terms. *More than 90 percent of external debt is on highly concessional terms and held by multilateral lenders.* The World Bank and the IMF are Liberia's two largest external creditors. At end-2022, outstanding stock of debt to the World Bank and the IMF accounted for 33.5% and 15.4% of total public debt, respectively. *The bulk of domestic debt is owed to the Central Bank of Liberia (CBL) at favorable terms (interest rate of 4 percent with principal repayments starting in 2029).*

The most recent IMF Debt Sustainability Analysis (DSA August 2022) that was also reaffirmed by IMF's ECF 4th review in September 2022, shows that Liberia remains at moderate risk of external debt distress and high risk of overall public debt distress, with limited space to accommodate shocks. The country faces a real risk of slippage to high debt distress if primary expenditure is not aligned to available revenue envelope over the medium term. Historically, the current account deficit has been the major debt-creating flow in Liberia. A high contribution of current account deficits to external debt accumulation and an equally large residual in the opposite direction are observed. , the Present Value (PV) of debt to GDP and debt to exports remain below the thresholds of 30% and 140% in the medium to long-term. The debt-service to exports and debt-service to revenue rations remain below their corresponding thresholds as well. Standard stress tests show that a further deterioration of the macroeconomic outlook might lead to breaches of the policy dependent thresholds. Public DSA shows limited borrowing space with the PV of debt showing an extended breach. Similarly, under the standard sensitivity analysis the PV of debt to GDP breaches the relevant benchmarks.The IMF 4th ECF review of August 2021 indicated that Government remains committed to ensuring adherence to debt rules.

The past two fiscal years have seen tremendous reforms in Public Debt Management with support from key development partners of the Government, i.e. the World Bank, International Monetary Fund (IMF), the African Development Bank (AfDB) and the West African Institute of Financial and Economic Management (WAIFEM). These reforms aimed at boosting capacity and overall productivity in debt management with focus on the following areas: · Further trainings on the development of Liberia’s Medium Term Debt Management Strategy (MTDS) with technical assistance from the World Bank, IMF and WAIFEM. · Development of Liberia’s first Annual Borrowing Plan (ABP) with technical assistance from the World Bank and IMF. · Preparation of the Government’s Debt Sustainability Analysis (DSA) report, the first time to be done by the authority of the government. · Migration from the CS-DRMS to the Commonwealth Meridian with financial and technical support from the African Development Bank (AfDB). · Validation and verification of domestic vendors’ claims by the General Auditing Commission (GAC) To address the capacity gaps that exist in preparing the MTDS and the need to have an Annual Borrowing Plan (ABP), the government requested technical support from its partners, the World Bank, IMF and WAIFEM. In response to its call, a two-week training done in blended format was held in Monrovia where WAIFEM seconded a technical assistant and the World Bank and IMF provided technical assistance remotely from Washington D.C. In August 2022, the authority of the government comprising the Ministry of Finance and Development Planning and the Central Bank of Liberia prepare the government’s first Annual Borrowing Plan with remote technical assistance from the World Bank and IMF. The strategy has been reviewed and approved by the Government’s Debt Management Committee (DMC) and published on the MFDP website. These supports from DPs certainly improved the technical capacities in government. The government is expected, using these new techniques, to run a new DSA for the Fiscal Year 2023 as well as update the MTDS for the period 2023-2025. Based on the update of the MTDS, an Annual Borrowing Plan (ABP) will be prepared to operationalize the strategy for FY 2023Liberia has a debt coordination mechanism within the framework of the economic management team that includes the Ministry of Finance and Development Planning (inclusive of the Debt Management Department, Aid Management, Budget, and treasury departments) and the Central Bank of Liberia. Discussions on debt are also collaborated with the IMF. Other agencies and development partners are engaged on a need basis.

(B) Structural Policy

Cluster Score: 3.222

04. Policies and Institutions for Economic Cooperation, RI and Trade

Criteria Score: 3

4.a. Regional Integration and Economic Cooperation

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Liberia is lowly positioned on the Africa Regional Integration Index of 2019. The country ranks the lowest in ECOWAS with a score of 0.30, thus well below the average of 0.43 for the region. The country is equally lowly positioned in the 2023 Logistics Performance Index (LPI), ranking 115th amongst 139 countries worldwide and 21st amongst 30 African countries. Poor road and limited air transport connectivity and unfavorable investment climate, especially for foreign investments, are some of the main obstacles to regional integration. The 2022 Mo Ibrahim Governance Index report classed infrastructure as the worst performing indicator in Liberia. Access to energy score is 12.6/100 and ranks 44 out of 54 countries, and road transport network scored 18.3/100 and ranked 43 out of 54 countries. Despite this low ranking, the country plays a major role in regional organizations including the Mano River Union (MRU) and the Economic Community of West African States (ECOWAS), the West Africa Monetary Zone (WAMZ), the New Partnership for Africa's Development (NEPAD), and participates in continental integration initiatives under the African Union (AU). Liberia has signed in March 2018, the Protocol to the treaty establishing the African Economic Community but yet to ratify it, relating to free movement of people, right of residence and right of establishment. Liberia has abolished entry visas and permits for ECOWAS nationals. Liberia is yet to sign the EPA with the European Union. In the 2022 visa openness index report, Liberia is ranked 40/54 countries. Liberia is a member of the World Trade Organization (WTO) since December 2015 and is working on its WTO post-Accession Implementation Support program. It accepted the WTO Agreement on Trade Facilitation (TFA) in April 2021. It has implemented about 68.5% of its TFA commitments, which are expected to be fully implemented by February 2025. In line with its commitments to WAMZ, the CBL has progressed in its efforts to comply with the macroeconomic performance convergence criteria in support of the ECOWAS Monetary Cooperation Programme (EMCP) by strengthening its supervisory role to ensure the safety and soundness of the financial system. Liberia is yet to take advantage of the Africa Continental Free Trade Area (AfCTA) owing to several factors around doing business environment and investment climate.

Liberia promotes regional trade through the ECOWAS Trade Liberalization Scheme (ETLS), under which products produced locally are traded within ECOWAS duty-free. Companies need to apply to the National Origin Recognition Committee to be accepted for ETLS and to have their products approved. However, according to MoCI's Transition Report, for Liberia to fully benefit from the regional export potentials, the National Standards Laboratory (NSL) must be improved.

4.b. Trade restrictiveness

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Liberia is generally open to international trade. However, there are significant non-tariff barriers to trade that pose challenges to trade. Cumbersome procedures have given rise to corruption to thrive on trade. Poor road connectivity, poor air transport connectivity and high transaction costs are the major non-tariff barriers. According to the West Africa Regional Economic Outlook Report 2021, Liberia is the least economically integrated country in ECOWAS. Liberia's Pro-poor Agenda for Prosperity and Development recognizes that poor infrastructure is one of the major impediments to regional integration. The Africa Regional Integration Index also ranks Liberia poorly mainly due to its poor ranking on trade and inftrastructure integration. In terms of tariff barriers, the Liberia Revenue Code provides the legal basis for customs duties and import taxes. Import duties are specific (based on volume) for some commodities, and ad valorem (based on cost, insurance, and freight value) for others. Specific duties apply to food, beverages, petroleum products, and certain rubber products. General Service Tax (GST) of 10% is levied on most imported products while excise tax ranges from 20% to 45% and import duties ranges from 5% to 20% for most products.

A Trade Policy Report prepared by WTO in on Liberia 2023 indicated that like other ECOWAS members, Liberia applies the ECOWAS CET with national exceptions. Its 2023 customs tariff, which is based on HS22, has nine tariff bands (instead of ECOWAS' five). The exceptions cover 1,443 tariff lines at the HS six-digit level in 2023 (22.4% of all tariff lines). The applied MFN tariff rates average 10.3% in 2023, down from 11.8% in 2017. Liberia has bound 100% of its tariff lines within a range of zero to 50%. Although most applied MFN rates are considerably lower than the bound rates, the applied rates exceed their bindings in 73 tariff lines.

The report also indicated that on imports, Liberia collects the ECOWAS Levy (0.5%) and internal taxes such as the Goods and Services Tax (GST) (at the standard rate of 10%) and excise duties. For several imported products, the excise duty rates are higher than those on domestically produced goods. Liberia does not have national legislation on trade contingency measures and has not implemented any anti-dumping, countervailing, or safeguard measures, according to the authorities. Import prohibitions, restrictions, and permit requirements are applied on various grounds, such as safety, security, and environmental protection, and for SPS reasons. Liberia has moved to an automatic import licensing regime; all imports now require an Import Notification Form for statistical purposes. All exports require a license (Export Permit Declaration) from the MoCI and, in addition, several regulatory agencies have special export permit requirements.

The Global Competitiveness Report 2019 ranked Liberia 132 out of 140 countries assessed with a score of 40.55. This low rating reflects the poor road connectivity to key boarders and the requirement for traders to obtain Cargo Tracking Note certificates that has increased the cost of documentary compliance for exports and imports. Small and Medium Enterprises account for the bulk of businesses in the country but most of them are informal.

Liberia is making efforts to improve trade and remove tariff restrictions. In 2016, the legislature passed the ECOWAS Common External Tariff (CET) and ECOWAS trade liberalization scheme. Implementation of three-year transition to CET began in 2017. In 2019 has reviewed and adopted Customs tariff code that is consistent with ECOWAS. This is expected to reduce tariff restrictions, especially within the ECOWAS region.

While Liberia has made some progress in modernizing its TBT and SPS regimes, it is however facing capacity constraints in implementing them. The Liberia National Standards Act establishing the Liberia Standards Authority entered into force in 2022 but is not yet operational. Liberia has provided five TBT notifications and one SPS notification, with no specific trade concern being raised in the WTO TBT and SPS Committees. All Liberia Standards and SPS measures are based on regional or international standards, according to the authorities.

4.c. Customs/trade facilitation

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Liberia uses ASYCUDA World for its customs procedures. Its Customs Code, last amended in 2019, is fully aligned with the harmonized ECOWAS regulations, according to the authorities. Pre-shipment inspection was abolished and replaced by destination inspection by Liberian customs. The country is lowly positioned in the 2023 Logistics Performance Index (LPI), ranking 115th amongst 139 countries worldwide and 21st amongst 30 African countries with an average score of 2.4.. The score for customs and infrastructure were much lower at 2.1 2.3 respectively. Comparatively, the Logistics Performance Index (LPI) 2018, ranked Liberia at 143rd out of 160 countries with an average score of 2.23As a founding member of the International Maritime Organization, Liberia is a member of all major maritime treaties, including the Port State Control system. In 2022, Liberia acceded to the International Convention for the Facilitation of Maritime trade. Challenges exist in customs and trade facilitation in Liberia. For example, the DRMS noted that it can take as long as 14 days to clear a container that lands at the Freeport of Monrovia while official sources put it at about 10 days. The LRA has been blamed by stakeholders for being part of the problem. The LRA has taken measures to address the situation and improve trade facilitation in Liberia. Automation of customs systems is being done with upgrading and extension of ASYCUDA WORLD. ASYCUDA is being upgraded to enable National Electronic Single Window; expansion of centralize processing units to all customs border posts; and changing from pre-shipment inspection to destination inspection are some of the measures being taken in line with the DRMS. Systems automation is also being pursued to allow users to access the LRA's ASYCUDA WORLD server to clear goods without interpersonal contacts with LRA staff which would eliminate rent seeking as well as work with other official agencies.

While Liberia has made some progress in modernizing its TBT and SPS regimes, it is however facing capacity constraints in implementing them. The Liberia National Standards Act establishing the Liberia Standards Authority entered into force in 2022 but is not yet operational. Liberia has provided five TBT notifications and one SPS notification, with no specific trade concern being raised in the WTO TBT and SPS Committees. All Liberia Standards and SPS measures are based on regional or international standards, according to the authorities.

The implementation of the extended CSP spans over the ADF 16 cycle only. Liberia's indicative total ADF 16 and transition support facility pillar 1 allocation for 2023-2025 is UA 53.77 million (equivalent to USD 71.42 million). Government plans to frontload most of the said allocation in 2023. In addition, the Bank plans to be also proactive in sourcing additional funds from Bank managed trust funds as and when opportunities Arise. The project task teams will also be proactive and engaged with key partners such as OPEC and OFID to leverage co-financing for the planned projects. The Bank will continue to explore opportunities for co-financing from the regional funding window and other financing sources. Where available, trust funds will be used to support non-lending activities on institutional strengthening and capacity building.

05. Financial Sector Development

Criteria Score: 3.167

5.a. Financial stability

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5

Second Draft Score	3.5
Final Score	3.5

Country Notes:

As of 2023, There are currently nine (9) licensed Bank Financial Institutions in Liberia complemented by several Non-Bank Financial institutions. The latter comprise two (2) licensed Mobile Money Operators (MMOs); one hundred eighty-four (184) registered foreign exchange bureau; fifteen (15) licensed Insurance companies; nine (9) licensed microfinance institutions; two (2) deposit- taking microfinance institutions; one (1) licensed development finance institution; twelve (12) rural community finance institutions; seventeen (17) money remittance entities; one licensed Fintech; one hundred thirty-four (134) credit unions; and one thousand two hundred seventy (1,270) village savings and loan associations (VSLAs). The nine commercial banks, with 85 branches in 10 of the 15 counties, account for over 80% of the total assets of the financial sector. Transactions in Liberia are dominated by cash followed by about 35% cheques.

The financial sector in Liberia suffers from a number of challenges including low level of financial intermediation, shallow financial sector, with high Non-Performing Loans (NPL) - amongst the highest in the region, a highly dollarized economy, inadequate ICT and last mile reach infrastructure including bank and non-bank agents and bank branches, high cost of credit, limited access to finance, especially to critical sub-sectors such as SMEs, manufacturing, and agriculture.

The supervisory framework for the financial sector has being strengthened by the enactment of the Financial Intelligence Agency Act in July of 2022. The Act will equip the CBL with additional powers to deal with distressed banks and with authority to impose supplementary capital buffers. Now the act has been approved, the CBL will move ahead with the next steps, namely approving operational guidelines, policies, and manuals for bank resolution followed by assigning specialized staff for resolution issues.

. According to the Central Bank of Liberia (CbL) Annual Report 2022, the stability of the financial sector remained relatively on course with banks and other financial institutions showing signs of resilience amid the slowdown in economic activity. Despite that, as at end March 2023, all the 9 banks had their capital ratio above the 10% regulatory threshold. The sector has continued to endure the effect of high non-performing loans (NPLs) with 22.9% as at end March 2022, among the highest in the region, compared to 17.5% at the end of 2019. According to first quarter financial and economic bulletin report of the CBL, at end-March 2023, the total capital stock of the banking industry stood at L$31.19 billion, increasing by 1.0 percent, from L$30.89 billion. At end-March 2023, eight of the nine commercial banks in the industry reported Capital Adequacy Ratio (CAR) above the 10.0 percent minimum regulatory requirement. The industry’s CAR reported at end March 2022, the CAR of the industry for the reporting quarter was 0.5 percentage point lower. Commercial banks’ assets reported at end-March 2023 amounted to L$232.49 billion, an increase by 27.0 percent from L$207.61 billion in March 2022. The growth was primarily on account of increases in checks for clearing and accounts receivable. Similarly, total liquid assets of the industry increased by by 8.4 percent from L$81.21 billion reported in the corresponding quarter a year ago. The expansion was induced by increases in the balances with foreign banks and checks for clearing. Both Return on Assets (ROA) and Return on Equity (ROE) contracted during the year, ROA fell by 0.2 percentage point, from 0.7 percent in 2022, while ROE declined by 0.6 percentage point from 4.2 percent in 2022. The industry's net operating profit by March 2023 declined by 14.7 percent to L$1.10 billion, from L$1.29 billion compared with the corresponding quarter of 2022, partly on account of the expansion in NPL during the reporting quarter.

Financial sector confidence in monetary policy is improving since the adoption of the ECF program in 2019 which has contributed to stability in the exchange rate and fall in inflation. However, the highly dollarized Liberian economy poses risks in the monetary autonomy of the CBL while high NPLs pose risks to financial stability.

5.b. Sector's efficiency, depth, and resource mobilization strength

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

The Liberian banking system remains predominantly controlled by foreign ownership, except Liberian Bank for Development and Investment (LBDI). Even with LBDI, there is significant foreign participation. The majority (8) of the 9 commercial banks are foreign owned. As such the efficiency, depth and resource mobilization base is backed up by the parent foreign shareholding banks. In 2020, te COVID-19 pandemic exerted pressure on the financial sector in Liberia. Its efficiency was challenged as non-performing loans to total loans increased from 16.5% in December 2019 to 21.2% in December 2020. Net assests declines by 4.5% while net loans also declined by 19.0% from December 2019 to December 2020. IMF country report No. 21/9, of January 2021 indicated that non-performing loans to total gross loans increased from 17.5 in Dec 2019 to 24.4 in Sep. 2020; the Regulatory tier 1 capital to risk-weighted increased from 23.3 in Dec 2019 to 23.9% in Sep. 2020. ROA and ROE ratios, which are equal to 1% and 5.9%, respectively in September 2020.

The insurance sector also plays a major role in the economy. The sector has 19 companies of which 12 are significantly domestically owned while 7 are foreign owned. The domestically owned companies accounted for 50.4% and 43.7% of total insurance assets and premium income in 2019. According to the CBL Annual Report 2020, the insurance industry recorded a slowdown in the growth of key balance sheet indicators during the review period compared with end-December 2019. In terms of assets, the sector recorded reduction by 4.8 percent. Both Liability and gross premium decreased by 5.6 percent and 33.7 percent during the year, respectively. In contrast, investment increased by 13.8 percent. Central Bank of Liberia Annual Report 2020 72 Profitability was a major challenge in the sector, as claims of insurance companies increased to 8.3 percent over the period, resulting to net losses in several companies.

5.c. Access to financial services

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Access to financial services in Liberia is low. It is estimated that 70% of the population is unbanked. Government is implementing a Financial Inclusion Strategy 2020-2024 aimed at increasing access to financial services to the population. Poor infrastructure represents a major impediment to the expansion of financial services across the country. Commercial bank branched are in 10 counties out of 15 counties and most rural service centres do not always operate adequately. Financial services are largely available in Monrovia, the Capital City where all banks are present. Access to financial services in rural areas is very low. According to CBL 2022 annual report, the number of Rural Community Finance Institutions (RCFIs) remained at twelve (12) with its presence in eight (8) of the fifteen (15) counties at the end of 2022. The RCFIs were largely involved in the provision of salary-based credits and payments of civil servants' salaries across the country as well as money transfer services, including remittances and mobile money services. During the year under review, human capacity advancement was prioritized by the RCFIs with two weeks training conducted from October 16 to 29 2022 for the Management Team and Board of Directors in Ganta City, Nimba County, as part of the Rural Community Finance Project (RCFP) implementation of Component II. In 2022, RCFIs deposits increased by 25.0 percent to L$346.95 million, from L$277.56 million. Also, loans and advances of the institutions rose by 46.0 percent to L$270.10 million, from L$185.01 million largely attributed to the increase in customer based of the RCFIs. All the RCFIs were largely involved in the provision of salary-based credits and payments of civil servants' salaries across the country as well as money transfer services, including remittance and mobile money services. The CBL is however working to improve financial inclusion. It is establishing a digital credit and collateral registry and it is also developing the "national digital switch" to improve interoperability for digital payments. In line with its National Financial Inclusion Strategy, the government has already extended consumer protection to non-bank financial institutions. It should move forward with plans to better link Village Savings and Loan Associations and credit unions to the banking sector.

Mobile money is therefore the most used platform with over 3.3 million subscribers in 2020. In 2020 the CBL approved a total of 73 agents for three banks in order to increase access of financial services in rural areas.

06. Business Regulatory Environment

Criteria Score: 3.5

6.a. Regulations affecting entry, exit, and competition

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

In Liberia the Competition Law of 2016 regulates the operation of an efficient free market system. The economy is generally open to foreign investors, but the Investment Act of 2010 has some restrictions for foreigners in some business activities. Registering a business has been simplified with the establishment of of one stop shop business registration centres. Registration procedures are clearly outline and available online. Registration can be done online or by filing an application to the Business Registry.

Liberia was ranked 75 out of 190 countries in World Bank 2020 EODB report. The total number of procedures to register a firm is 5 procedures and takes 18 days to register the firm. The institution in charge of business registration is the Liberia Business Registry. The process starts with reserving a unique company name, registering at the Liberia Business Registry, paying fees and obtaining proof of payment, receiving the Business Registration Certificate, and registering with the National Association of Social Security.

In terms of exit, Liberia has simple processes of filing closure of business with the Business Registry. The country has an Insolvency Law that establishes legal procedures to deal with insolvencies. Business exit is challenged by weak but complicated Law enforcement mechanisms. In terms of competition, Liberia has a Competition Law that provides for a free market system. Government of Liberia is also takin measures to improve the business environment and competitiveness as part of the IMF ECF program. According to the Mo Ibrahim Governance Index 2022, Liberia improved registered a score of 53.9?100 in business and corporate environment, with a ranking of 28/54 countries against 50.8/100 with a rank of 34/54 in 2020. This represents a 3.6 percentage point improvement in 2022.

6.b. Regulations of ongoing business operations

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

The Investment Act of 2010 provides a framework for doing business in Liberia. This is complimented by other Acts including the Competition Law of 2016, Land Rights Act 2018, the Intellectual Property Act of 2016, Foreign Trade Law in 2016, and the Decent Work Act of 2015. As such the necessary regulations for ensuring free market environment are in place in Liberia. However, the business environment still remains challenging and the potential for increased business opportunities has not been realized. The Global Competitiveness Report 2019 ranked Liberia 132 out of 140 countries assessed with a score of 40.55. Weaknesses in enforcing contracts and high levels of corruption make it difficult to enforce regulations and the Laws and regulations in Liberia. The Government of Liberia describes the country as “open for business” and supports programs and initiatives to foster commerce, including an ad hoc Business Climate Working Group (BCWG) to improve the investment climate. During Liberia’s National Judicial Conference in June 2021, President George Weah called on the Judiciary to partner with agencies on reforms to improve the investment climate. The BCWG, chaired by the Minister of Finance and Development Planning, collaborates with the Ministry of Commerce and Industry , Liberia Business Registry (LBR) , National Investment Commission (NIC) , and Liberia Revenue Authority (LRA).

On the ease of foreign investors and others investing in the economy, according to the US Department of State, foreign and domestic private entities may own and establish business enterprises in many sectors. The Liberian constitution restricts land ownership to citizens, but non-Liberians may hold long-term leases. Only Liberian citizens may operate businesses in the following sectors and industries: supply of sand, block - making, peddling, travel agencies, retail sales of rice and cement, ice making and sale of ice, tyre repair shops, auto repair shops with an investment of less than USD 550,000, shoe repair shops, retail sale of timber and planks, operation of gas stations, video clubs, operation of taxis services, importation or sale of second-hand or used clothings, distribution in Liberia of locally-manufactured products, and importation and sale of used cars (except authorized dealerships, which may deal in certified used vehicles of their make).

According to the US Department of State, Liberia permits 100 percent repatriation of funds and does not have currency exchange restrictions. Remittances may be sent to Liberia through Western Union, MoneyGram, RIA Money Transfer, and wire transfer.

6.c. Regulations of factor markets (labor and land)

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Liberia has two key Laws that govern labour and land in the country. The Decent Work Act of 2015 and the Land Rights Act 2016. Government has also developed regulations that govern employment and work permits. With respect to work permits, foreign workers are required to get annual work permits and the processes for renewal can be cumbersome. At the same time Liberia has low human capacity in terms of skills and depends heavily on imported labour. Liberia also has institutional arrangements that govern, implement, and enforce these Laws. The Ministry of Labour is the main custodian of the Decent Work Act. The Land Rights Act provides LLA with three key functions; (i) Land governance functions include the control and management, in the interest of equitable development, access to and use of Public and Government Land except for Reserves, Protected Areas, Proposed Protected Areas, and Diplomatic Missions; (ii) Land administration functions include administering the deed registry and land registry systems; establishing standards and regulating survey and mapping services; and (iii) Land use and management functions include to promote, support and ensure the development of land use management plans and zoning schemes and their implementation through counties, districts and other local government structures etc. In 2023, the government approved theLand Right Amendment Regulation 2023**.** The purpose of these Regulations is to provide for the implementation of the Liberia Land Rights Act of 2018. These Regulations cover the conduct of confirmatory surveys to identify, inventory, map, probate and register the community land claims of communities; the process for communities to set aside as public land; best practices for community negotiations over concessions; dispute resolution and judicial review in respect of community land; and the inventory of government land and harmonization of its boundaries. Under the Regulations "Community Land" means the land owned by a community and used or managed in accordance with customary practices and norms, which may include, but is not limited to residential land, wetlands, communal forestlands, and fallow lands.

No new reforms implemented under the labour legislation. According to the US Department of State, much of the Liberian labor force is unskilled. Most Liberians, particularly those in rural areas, lack basic vocational or computer skills. Liberia has no reliable or official data on labor force statistics, such as unemployment rates. Government workers comprise the majority of formally employed Liberians.

According to EODB, there are 10 procedures and 44 days process involved in registering property in Liberia. The type of land registration system in the economy is a Dual System (Title and deed). Liberia Land Authority (LLA) is the institution in charge. There is no electronic database for recording boundaries, checking plans, and providing cadastral information (geographic information system). Magisterial Court is the Court of first instance in charge of a case involving a standard land dispute between two local businesses over tenure rights for a property worth 50 times gross national income (GNI) per capita and located in the largest business city.

(C) Policies for Social Inclusion/Equity

Cluster Score: 3.42

07. Gender Equality

Criteria Score: 3.333

7.a. Promotion of equal access for men and women to human capital development opportunities

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

The Constitution of Liberia guarantees equal entitlements to all on human rights without discrimination, also, the Education Reform Act 2011 equally gives supports equal access of men and women all forms of education. However, the reality is different. Gender inequality and the marginalization of women in Liberia are significant and perpetuated by socio-cultural perceptions, practices, and stereotypes that support male dominance and the subordination of women. In 2022, global gender gap index for Liberia was 0.71 index. Global gender gap index of Liberia increased from 0.65 index in 2015 to 0.71 index in 2022 growing at an average annual rate of 1.44%. The 2022 Africa Gender Index gives Liberia a score of 0.506 with significant gaps in women's empowerment and representation. in the 2022 Human Development Report, the Gender Inequality Index (GII) score for Liberia is 0.650, ranking it 164 out of 191 countries, the maternal mortality ratio is 661/100,000 live birth, more than the Sub-Saharan Africa average of 536/100,000 live birth, the adolescent birth rate for women between the ages of 15-19 stood at 123.4/1000, above the Sub-Saharan Average of 100.9, population with at least some secondary education (ages 25 and over) is 20.8% for women and 39.2% for men. According to the 2022 SDG report, 47.5% of the demand for family planning is satisfied using modern methods, ratio of female-to-male mean year of schooling is 61.3%. All of these show that though some progress has been done in this area, yet significant gaps in women's human development progress exist in Liberia, compared to average performance of Sub-Saharan Africa. The Constitution of Liberia guarantees equal entitlements to all on human rights without discrimination. Liberia has a National Gender Policy developed in 2009 and revised in 2017 to respond to the changing context and reaffirm the government's commitment to advancing gender equality. Significant gender gaps exist in women's participation in the energy, infrastructure, and water sectors though women are mainly found in the agriculture and service sectors. The high proportion of informal businesses in the country mean that most women's enterprise activities are informal. Emerging trends have shown that COVID-19 has had a major impact on gender relations. Movement restrictions and anxieties around COVID-19 have limited women's access to critical services such as health and markets.

Liberia has made progress in terms of pre-primary and primary school enrolment where the gender ratios are 1.01 and 0.92, respectively. However, at secondary school level

7.b. Promotion of equal access for men and women to productive and economic resources

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

The constitution of Liberia and the Decent Work Act of 2015 give equal right to all Liberians for equal access to productive and economic resources with any discrimination. . However, in practice women are less likely to access productive and economic resources than men. The socio-economic context of Liberia presents multiple challenges for women, and these include high illiteracy levels and women's exclusion from household decision-making to a lack of asset ownership, access to formal financial services and credits. Although general literacy is a key factor for the inclusion of women in the economy, financial literacy and access to business information is fundamental. Land ownership is also complicated with an estimated 78% of women who own land having no title deeds. While this is the case the lack of title deeds is common even amongst men.

The 2019 Africa Gender Index gave Liberia a score of 0.506 with significant gaps in women's empowerment and representation (score of 0.219). This is illustrated by the few women leading in national decision-making bodies such as the low proportion of women in parliament (11%) as of February 2021 and the low proportion of women holding managerial positions in the country (20%). In the economic dimension, gender gaps can be seen in the low proportion of women in paid work (8.7%) compared to 27.5% for men and the low income of women ($183) compared to that of men ($234). Moreover, women and girls aged 15 and above spend 6.7% of their time on unpaid care and domestic work, compared to 2.6% spent by men. According to the Liberia Country Gender Equality Profile (2021), many women rely on informal financial services and grassroots village associations. This results in an unequal gap between men and women in the financial sector. The high proportion of informal businesses in the country mean that most women's enterprise activities are informal.

7.c. Men and women equal status and protection under the law

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

The Constitution of Liberia guarantees equal entitlements to all on human rights without discrimination. In 2020 Liberia Parliament enacted the Domestic Violence Act. In line with the new law, Government has set up Gender Task Force teams in some communities to help report cases of rape. Safe houses have been established in some parts of the country, but they too are challenged by the lack of resources.

The country ratified the Convention on the Elimination of All forms of Discrimination against Women (CEDAW) in 1984, the Convention on the Rights of the Child in 1993 (as well as the their optional protocols); the International Covenant on Civil and Political Rights, the Convention against Torture and Other Cruel Inhuman or Degrading Treatment or Punishment, and the International Convention on the Protection of the Rights of All Migrant Workers and their families in 2004; the Protocol to the African Charter on Human and People's Rights on the Rights of Women in Africa in 2008 (Maputo Protocol); and the 55 Convention on the Rights of Persons with Disabilities in 2012 . All these international and regional instruments include fundamental obligations for the State in the protection of the rights of women and girls against social, cultural, political, and economic inequalities, and as such, are key aspects of the international institutional framework of Liberia. However, majority of these Acts and protocols are yet to be incorporated into the Laws of Liberia and therefore not enforceable by law in Liberia.

While women and men are equal against the Law, in practice this may be difficult to achieve due to social and cultural practices. In addition, some traditional practices are condoned within the customary legal system include forced and early marriage and female genital mutilation. While the customary court often discriminates against women, the formal system recognizes women's rights. This has made Gender based violence to continue to be one of the most widespread forms of abuse and inequality in Liberia. In 2018, 26.9% of women aged 15-49 years reported that they had been subject to physical and/or sexual violence by a current or former intimate partner in the previous 12 months. Over the last 3 years the Covid-19 and food and fuel crises have slowed down the progress in closing gender gaps in Liberia.

08. Equity of Public Resource Use

Criteria Score: 3.5

8.a. Poverty Measurement

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

The Pro-poor Agenda for Prosperity and Development (PAPD) recognizes the poverty situation, and this national development strategy was designed to reduce incidences of poverty in the country. The PAPD notes that poverty and vulnerability in Liberia have both geographic and demographic dimensions because of the historical patterns of growth and development. It is estimated that 4 of every 5 residents (89%) of the Southeastern region lives in absolute poverty. In the prime agricultural North Central region, absolute poverty restrains almost the same proportion (82%). In and around the capital city Monrovia, only 28 percent live in absolute and the proportion is declining.

Government is making efforts to reduce poverty in the country through the implementation of the PAPD. But that is yet to show remarkable result. The PAPD has prioritized poverty reduction through infrastructure development and job creation. The PAPD provides a framework for inclusion, more equitable distribution of our national wealth, and a rights-based approach to national development. The focus is on bringing growth back to the economy by increasing productivity through value chains with emphasis on agricultural processing and marketing. Promoting the production of rice, cassava and vegetables using new and appropriate technologies because the agricultural sector is a major source of foreign exchange and livelihood of our people. Government is also placing focus on developing the natural resources sector governance so that local communities can increase their share of the benefits natural resources. The challenge in all of these Is the lack of credible and timely data to measure the impact of any policy intervention in Liberia. Liberia has limited mechanism in place to measure poverty at country level. The latest household income and expenditure survey, a vital set of statistic for calculation of income poverty, was last conducted in 2016. The dismal statistical situation in the country makes it difficult for government to even assess or evaluate the impact of the PAPD as well as to determine the progress made in SDGs. This is a serious concern that requires urgent policy reforms on statistics in the country. Data on poverty are largely based on projections and not actual. According to the World Bank Macro Poverty Outlook (April 2023), it was estimated that Liberia's international poverty rate (US$2.15 person/day PPP) decreased by 0.5 percentage points to 35.5 percent in 2022. According to the 2023 Human Development Report, the most recent survey data that were publicly available for Liberia's Multidimensional Poverty Index (MPI) estimation refer to 2019/2020. Based on these estimates, 52.3 percent of the population in Liberia (2,717 thousand people in 2021) is multidimensionally poor while an additional 23.3 percent is classified as vulnerable to multidimensional poverty (1,211 thousand people in 2021). The intensity of deprivations in Liberia, which is the average deprivation score among people living in multidimensional poverty, is 49.6 percent. The MPI value, which is the share of the population that is multidimensionally poor adjusted by the intensity of the deprivations, is 0.259. In comparison, Central African Republic and Guinea-Bissau have MPI values of 0.461 and 0.341, respectively.

8.b. Public Expenditures: Priorities and strategies

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

he PAPD is the overarching development strategy that informs allocation of public resources. The objectives of the PAPD include: (i) poverty alleviating through enhanced domestic food production and job creation; (ii) improved infrastructure, particularly road and energy infrastructure; (iii) improved education and health delivery systems; and (iv) a transparent and accountable governance system. Liberia also has sector strategies that are aligned to the PAPD. The Ministry of Finance and Development Planning (MFDP) develops the national budget using the Medium-Term Expenditure Framework (MTEF) as guided by the PFM act. To strengthen the link between national priorities and the budget the MTEF calls for two separate stages of the budget process: a strategic phase and an operational phase. This provides an opportunity to review priorities and strategies before detailed resource allocation is undertaken. For this process to work, the strategic phase needs to begin early enough in the budget cycle and budget performance and priorities need to be clearly articulated to illustrate the linkage to fiscal goals and policy objectives. Allocation of resources in the national budget has been consistent with the PAPD and sectoral strategies, and most have been directed at poverty reduction activities in health, agriculture, education, and social protection. However, spending these resources have not been consistent with allocations due normally to resource shortfalls and leakages in the system. This is mainly because of limited financial resources against a huge need for financing. The situation has not been helped by the high wage bill estimated at 37% of the national budget in 2022. As a result, the bulk of development activities are supported by development partners and outside the budget. The national budget largely covers recurrent expenditures.

8.c. Regressive Tax

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Liberia has made progress in reforming its tax policy and taxation measures. In 2019 the country adopted the Domestic Resource Mobilization Strategy (DRMS) that now guides the implementation of tax reforms in the country. The overall objective of the national DRM Strategy is to identify and guide national initiatives to garner sustainable domestic resources, to finance inclusive growth and poverty reduction, in furtherance of Liberia. The DRMS has been aligned to priorities in the PAPD. Some of the key reform areas include mining, tourism and agriculture. The strategic priorities of the DRM Strategy are to expand the revenue base through the greater use of technology, investment in key sectors and increase in voluntary compliance. It is also intended to minimize revenue loss and enable financial deepening for savings generation as savings leakages are plugged and exploit the nexus between DRM and ODA.

Implementation of the DRMS started in 2020 and progress is being made in ensuring the progressiveness of the tax system in Liberia. In FY2020/21 Liberia has seen a shift in share of income tax to total tax at 41.2% from 37.3% in FY2019/20. This has contributed to increased tax revenues from 14.1% of GDP in FY2019/20 to 16.9% of GDP in FY2020/21. The current tax structure in the country is largely progressivd and it's as follow: Tax residents pay tax on their worldwide income and non-residents on income sourced in Liberia. The tax rates are progressive. Regarding the income of residents, they are as follows: Income up to LRD (Liberian dollar) 70,000 – 0%; From LRD 70,000 to 200,000 – 5%; From LRD 200,000 to 800,000 – 15%; Over LRD 800,000 – 25%. The income of non-residents is taxed at 15%. Gains from the sale of assets are included in the general tax base. Corporate income tax is levied at the rate of 25%. A minimum tax of 2% may also apply on gross income. Mining companies and oil sector companies are taxed at 30% (however, there are various benefits). Gains from the sale of assets are taxed at the normal corporate tax rate. Withholding tax on dividends, interest, and royalties is usually levied at the rate of 15%. Withholding tax may also be levied on other payments. GST is levied at the rates of 7% and 10%; a 15% rate applies to telecommunication services. Government is also reforming General Service Tax to Value Added Tax which is expected to be in place in the next fiscal year as most of the preparatory work is advanced. Once VAT is implemented at 14% ECOWAS rate it could generate an additional 2% of GDP in tax revenues. Liberia is therefore moving towards more progressive tax system in reforming income tax and the introduction of VAT.

09. Building Human Resources

Criteria Score: 3.167

9.a. Health and nutrition services

Score Type	Value
Draft Score	2.5
Reviewed Score	2.5
Second Draft Score	2.5
Final Score	2.5

Country Notes:

The Pro-Poor Agenda for Prosperity and Development (PAPD, 2018-2023)[1] sets out the strategic priority and the vision of expanding the access to quality health services to all (by raising the share of rural population living within 5km of service delivery point to 75% and reducing out-of-pocket payments to 35% of total health care cost through sustainable health financing mechanism), and addressing the persistent morbidity and mortality with special focus on malaria and reproductive, maternal, new-born, child and adolescent health (RMNCAH UNICEF continued advocacy for the functionality of Primary Health Care to ensure access to quality health care at different technical fora and working groups. The financial and technical support extended to the Ministry of Health (MoH) led to the finalization of the National Health Sector Strategic Plan (2022-2026), National Health Policy (2022-2031), and Essential Package of Health Services II (2022-2026) for UHC. that aim to improve the health status of the Liberian population through building a resilient health system that contributes to the achievement of equitable health outcomes. their specific objectives are to ensure for Liberia: (i) Universal access to safe and quality services through improved capacity of the health network for provision of safe, quality Essential Packages of Health Services; (ii) A robust Health Emergency Risk Management System through building public health capacity for prevention, preparedness, alert and response for disease outbreaks and other health threats; and (iii) An enabling environment that restores trust in the health authorities' ability to provide services through community engagement in service delivery and utilization, improved leadership, governance and accountability at all levels.

While the necessary strategies, regulatory and policy instruments are in place, Liberia still lags in terms of health indicators although some progress has been made in recent years. The health sector recognizes its inherent health system challenges and weaknesses that were further amplified by the impact of the Ebola crisis and the COVID-19 pandemic. The operational plan is expected to redress major health issues identified after the phasing of the National Investment plan. The operational plan will focus Health system strengthening, universal health coverage. Human resources for health is also still challenging and efforts should be done to support it in the broader perspective on health system strengthening. The COVID-19 is an additional challenge for the country. According to the UNICEF 2022 annual report, the health system remains fragile with a limited capacity to respond. While there have been improvements in terms of medical infrastructure and isolation facilities, the number of trained and qualified health workers remains low and below the needs of the country. Despite a relatively large health workforce with a total of 4,434 core health workers, which is equivalent to 11 per 10,000 people (2016), it remains insufficient per the WHO recommendation of a minimum of 23 doctors, nurses and midwives per 10,000 people and requires substantial investments and skills upgrading. In addition, for close to 29% of the population largely residing in the rural areas healthcare is inaccessible (PAPD).

The Ibrahim Governance index scored Liberia on health issues 52/100 and ranked 36/54 countries in 2022 against 55.9/100 with a rank of 35/54 in 2020. Access to health care was scored 27.5/100 in 2022 as against a score of 30.3/100 in 2020, and access to water and sanitation was scored 30.5/100 in 2022 against a score of 29.7/100 in 2020. This poor performance underscores the fragile nature of the health systems and services in Liberia.

According to the UN SDG country profile report performances in health indicators remain stagnated. The maternal mortality ratio decreased from 661 per 100,000 live births in 2017 to 652.3 per 100,000 live births in 2020. The number of infant deaths fell from 14181.0 in 2000 to 8402.0 in 2018. The mortality rate of children under 5 years of age increased from 70.9 deaths per 1,000 live births in 2018 to 76.0 deaths per 1,000 live births in 2021.

Liberia's commitment to improving nutrition is outlined in the National Policy on Nutrition (2008) and in the National Food Security and Nutrition Strategy (2010). UNICEF led the UN nutrition network, supporting the Government in conducting the RFSNLMA to assess the impact of covid 19 and the current food crisis on food security and nutrition. The assessment highlighted an increase in food insecurity (2.2 million population), global acute malnutrition (7 per cent), and the minimum dietary diversity of children aged 6-23 months at 4 per cent. The results raided concerns among the stakeholders, including Government and donor community, about urgently addressing food insecurity and malnutrition (UNICES 2022 annual report). In terms of nutrition, the proportion of the population suffering from hunger was 37.5 % in 2018. The number of undernourished people increased from 1.1 million in 2001 to 1.8 million in 2018. The proportion of children under 5 years of age who were moderately or severely wasted decreased from 7.4 % in 2000 to 4.3% in 2016.

These poor performances in the health indicators are partly due to inadequate finance for the sector. WHO Completed the conduct of the National Health Accounts (NHAs) for FY 2019-2020 and initiated the planning for the conduct of the NHA for FY 2021 in 2022. The NHA remains a critical diagnostic tool for the country's health expenditure status. However, the highlights from the recent NHAs have shown high out-of-pocket (OOP) contribution and reduced public contribution and donor funding to the health sector. These trends call for urgent efforts for sustainable financing, including introducing key reforms outlined in the national health financing strategy and NHPSP in the medium to long- term.

3.0

9.b. Education, ECD, training and literacy programs

Score Type	Value
Draft Score	2.5
Reviewed Score	2.5
Second Draft Score	2.5
Final Score	2.5

Country Notes:

Government of Liberia has prioritized education in the Pro-poor Agenda for Prosperity and Development (PAPD). The GoL held national consultations in the lead up the transforming education summit (TES) and a follow up post TES national education conference was held in December 2022, which highlighted a number of significant recommendations, including commitments to increase the budget for education. The education sector finalized the Education Sector Analysis, and a new Education Sector Plan (ESP 2022-2025) was developed. The Liberia Education Sector Plan 2022-2025 is underpinned by the country's Constitution and the Education Reform Act 2011. Liberia is a signatory to the Dakar Framework for Action in 2000 with focus on the "Education for All" agenda which aims at meeting the collective commitments in the furtherance of education for better results. The Ministry of Education (MoE) is responsible for early childhood education (ECE), basic education and secondary education, and also oversees private, mission, and community schools. Liberia joined the Global Partnership for Education in 2007. The National Commission on Higher Education was established by an Act of the National Legislature in 1989 to formulate broad policy guidelines for the establishment of Institutions of Higher Education in Liberia, serve as the regulatory body for all Institutions offering degrees.

According to the education statistics booklet published and reported by UNICEF in its 2022 annual report, the Net Enrollment Rates was reported at 58 per cent for early childhood education, 41 per cent for primary and 13.4 per cent for lower secondary level. The out-of-school rate remained high at 53 per cent. latest SDG report, Liberia has made some progress in some area scored Liberia on participation rate in pre-primary organized learning (% of children aged under 4 to 6) at 71.5% in 2020, net primary enrolment rate at 73.1% and lower secondary completion rate at 44.2%

The quality of education in Liberia is a major concern across all levels. For instance, the deficit of qualified teachers in the public- schools in 2017 was at 7,600. The average of number of students per teacher in the public schools range from 158:1. There is generally a lack of infrastructure and equipment for quality learning across the Liberian Education system. The situation is not different in the tertiary education level as revealed in a most recent assessment of the tertiary education by the World Bank Group, which reveals that only 40 out of the 428 full-time academic faculty members in Liberia's higher institutions held a PhD, while 124 full-time faculty members had only a bachelor's degree.

According to the World Bank, Liberia education spending for 2022 was **11.19%**, a **4.32% increase** from 2021 (General government expenditure on education (current, capital, and transfers) is expressed as a percentage of total general government expenditure on all sectors).

9.c. Prevention and treatment of HIV/AIDS, tuberculosis, and malaria

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

In collaboration and support from its development partners, Liberia has updated its National Strategic Plan for the national HIV-AIDS programme to 2025. The goal of the plan is to stop new HIV infections and keep people living with HIV alive and healthy in Liberia Aim of the NSP. MoH and partners reviewed and updated the National Malaria Strategic Plan through 2025 to guide and inform malaria prevention and control, including preparing the Global Fund grant application for the 2024-2026 funding cycle. MoH revised and updated the national NTDs Masterplan for 2023-2027. The NTD Masterplan is aligned with the national health agenda and the global WHO Roadmap for NTDs 2030. The NTD Masterplan provides guidance and direction for integrated interventions and resource mobilization. In addition, with support from partners, the MoH in rolled out the malaria vaccine in 2023 and helped submit the country's expression of interest to which Gavi, the Vaccine Alliance, which has been accepted. Efforts are currently focused on writing the funding request for a tailored roll-out of the vaccine based on the malaria burden at the district level. The NHSP is implemented in line with the National Health and Welfare Policy 2022-2031.The targets for HIV testing, enrolment in treatment and care, and viral suppression have been adjusted from 90-90-90 to 95-95-95 to align with global targets. Differentiated Service Delivery Model has been adapted to the needs and context of key populations to address the disproportionate burden of HIV in these population segments. Drop-in-centres and Pre-Exposure Prophylaxis for preventing HIV transmission have been adopted as core interventions, primarily targeting key populations. According to WHO statistic in 2022, the progress towards the 95-95-95 targets in Liberia is at 66% for HIV testing, 93% for treatment, and 76% for viral suppression for those on ART.

According to UNAIDS statistics, in 2022 the HIV/AIDS prevalence rate was at 1.0% or 31,000 adults (68% women) aged 15 years and above. An additional 3,000 children are estimated to have HIV giving a national total of 34,000 people. Liberia has made progress in reducing HIV infections since the year 2000 when the country had an estimated HIV prevalence rate of 2.1% or 56,000 infected people. Progress on other diseases is being made as well. Liberia malaria cases was at level of 356.7 cases per 100,000 people in 2021, down from 376.2 cases per 100,000 people previous year, this is a change of 5.19%. In 2021, incidence of tuberculosis for Liberia was 308 cases per 100,000 people. Incidence of tuberculosis of Liberia increased from 250 cases per 100,000 people in 2002 to 308 cases per 100,000 people in 2021 growing at an average annual rate of 1.11%.

10. Social Protection and Labor

Criteria Score: 3.1

10.a. Social safety net programs

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Liberia has prioritized social protection in the PAPD 2018-2023. The PAPD builds on the National Social Protection Policy and the Social Protection Strategy 2013 which intend to build a social protection system that tackles extreme poverty, vulnerability, and inequality in Liberia through programs that improve food security, access to health and education, and enable the working poor to improve income. However, the implementation of these social protection programs is seriously affected by the limited fiscal space of government and to some extend due to the high level of corruptions.

According to the World Bank Macro Poverty Outlook (June 8, 2020), it was estimated that Liberia's international poverty rate (US$2.15 person/day PPP) decreased by 0.5 percentage points to 35.5 percent in 2022. According to the 2023 Human Development Report, the most recent survey data that were publicly available for Liberia's Multidimensional Poverty Index (MPI) estimation refer to 2019/2020. Based on these estimates, 52.3 percent of the population in Liberia (2,717 thousand people in 2021) is multidimensionally poor while an additional 23.3 percent is classified as vulnerable to multidimensional poverty (1,211 thousand people in 2021). The intensity of deprivations in Liberia, which is the average deprivation score among people living in multidimensional poverty, is 49.6 percent. The MPI value, which is the share of the population that is multidimensionally poor adjusted by the intensity of the deprivations, is 0.259. In comparison, Central African Republic and Guinea-Bissau have MPI values of 0.461 and 0.341, respectively. Also, the Ibrahim Index on Governance SCORED Liberia porr on social protection with a score of 32.2/100 and ranked 42/54 countries in 2022, against another poor performance in 2020 with a score of 30.3/100 and ranked with the same ranking as in 2022. Social safety nets, poverty reduction polices, socioeconomic inequality mitigation and access to housing were scored 22.6, 35.6, 56.0 and 16.2 over 100 respectively in 2022 against scores of 26.9, 36.4, 62.7, and 14.7 over 100 in the same indicators respectively in 2022. Liberia took decisive measures to mitigate the impact of COVID-19 pandemic on the most vulnerable population. Government developed a COVID-19 package of social protection programmes including Household Food Support Program (COHFSP). Government's commitment to providing social protection to its vulnerable population was demonstrated by the National Legislature approved a budget allocation of US$25 million to support food distribution to households in designated affected counties for the period of 60 days.

10.b. Protection of basic labour standards

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Liberia has the relevant laws and regulations that provides protection for basic labour standards. regulates The Decent Work Act of 2015 provides for the creation of a decent work environment in Liberia. The Act establishes other institutions such as a Minimum Wage Board, a National Tripartite Council, and a Labour Inspectorate to ensure decent work. The Decent Work Act places the responsibility for workers' compensation in case of retirement, termination of employment, maternity, and paternity, as well as work related injuries and occupational diseases, on employers. The Act includes a minimum wage, set at $3.50 per day for unskilled labor and $5.50 per day for skilled labor. According to the Labor Law, recruiters are permitted to hire children between ages 16 and 18 for occupations that the Ministry of Labor determines are not harmful to the children's physical and moral development.

Protection of basic labour standards is enshrined in the Law which provides for international standards of labour practices. However, enforcement is difficult due to weak institutional capacities of the Ministry of Labour and the judiciary. For example, the MOL does not have an adequate or effective inspection system to identify and remedy labor violations and hold violators accountable. It lacks the capacity to effectively investigate and prosecute unfair labor practices, such as harassment or dismissal of union members or instances of forced labor, child labor, and human trafficking. Unemployment is also high although ILO estimate 8%. This situation makes employees vulnerable to employers and there are many more that are underemployed. To address the issue of acute unemployment, the Ministry of Labor in 2021 issued an order that restricts certain employment opportunities in commercial business establishments with branches in Monrovia and other parts of the country to Liberians. The order was the result of a memorandum of understanding between the Ministry of Labor and the Liberia Chamber of Commerce calling for the creation of five hundred jobs for new college and university graduates.

10.c. Labour market regulations

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Liberia adopted the Decent Work Act of 2015 as the main regulatory instrument for all labour related issues in Liberia. This Act is the country's first labour law since the 1956. The Act explicitly promotes fundamental rights at work, including freedom of association and the right to bargain collectively; the right not to be subject to forced or compulsory labour; the right to equality at work, and to equal working conditions regardless of gender or other irrelevant criteria; and the right not to be subject to the worst forms of child labour. Liberia also has the National Employment Policy of 2010 which is an operational framework on labour issues in the country. Labour market regulations are in place and enforced by the Ministry of Labour. However, weak institutional capacities undermine effective enforcement and implementation of regulations.

10.d. Community driven initiatives

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

The Government of Liberia recognizes the important roles communities play in the development process. As such community engagement is generally high in most sectors. However, the national planning processes are top-down in structure. Central Government identifies priorities which are then taken to country levels for consultations and consensus building. Communities play a significant role in implementing community driven activities particularly in the agriculture sector. Notable and common community driven anitiatives include public works programmes where citizens are involved in road and bridge construction activities. In the agriculture sector, demand driven community driven initiatives are also common in rice production. The Government of Liberia in 2022 launched an ambitious Accelerated Community Development Programme (ACDP) that is designed to help Liberians climb out of poverty, improve their living standards, live a healthier and longer life while reducing gross inequalities between rural and urban areas. The programme will focus on poor people with limited access to basic social services and infrastructure in rural and urban areas. The Government of Liberia has already invested USD3 million to help initiate the project in 2022 in a show of its commitment and determination to improve the country's overall human development. The government aims to mobilize USD100 million for the first three years of the programme 2022 to 2025. The ACDP will be one of Liberia's largest investments in community development since the end of the civil war.

The programme will provide short and long-terms jobs by involving local communities to develop and/or maintain key social and economic infrastructure such as rural feeder roads, boreholes and wells, markets, off-grid electricity, and health centers.The roles of Civil Society Institutions are very important in mobilizing communities in development processes as well as in making sure that the implementation of community development programs are on track. As such CSOs are considered just as important as Private Sector and Development partners in Liberia. There is a recognition of an indispensable role that CSO play to complement service delivery in a post-war Liberia. However, a relatively weak enabling legal environment remains a challenge. CSO have vulnerable space to function, as no law governs their status and different government entities manage CSO across sectoral issues. They are less organized and concentrated in Capital City Monrovia. However, Through the Movement for Community Led Development in Liberia (MCLD-Liberia), which was publicly founded in 2015 at the signing of the Sustainable Development Goals (SDGs), farmers are coming together to address a multitude of challenges with home-grown solutions. The Movement is working to empower women and youth through land redistribution and to ensure that international development in their country is driven by communities.

10.e. Pension and old age savings programs

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Liberia has the Revised National Social Security and Welfare Act of 2017 that governs pensions and old age savings programmes. The ACT created the National Social Security and Welfare Corporation (NASSCORP) to administer the programs and the associated funds. NASSCORP was established to provide for the future financial security of insured employees in event of loss or natural ability to earn income temporarily or permanently, due to work-related injury, occupational disease, old age, invalidity, or death. Eligible employees include civil and public servants as well as workers in the private sector across Liberia. The Act creating NASSCORP empowers the organization to carry out several important functions to ensure that those who are covered will have means of financial support when they are no longer in position to rely on his/her own abilities as a source of livelihood.

NASSCORP is an autonomous public institution charged with implementing three schemes designed to provide social security protections to eligible formal sector workers. The schemes are: (a) Employment Injury Scheme or EIS which was launched February in 1980; (b) National Pension Scheme or NPS which was launched in 1988; and (c) Welfare Scheme or WS which is yet to be launched. These three schemes constitute the Social Security Program in Liberia.

The latest NASSCORP annual report is that os 2017. The report showed that cumulative enrollment increased to 168,021, an increase of 8,670 employees or by 5.4% in 2017. About 8,587 beneficiaries received benefits payments amounting to US$7.6 million in 2017, reflecting an increase of 13.4% as compared to 2016. A total of 1,794 claims were processed out of 2,119 claims received. The processed claims comprised of 408 employment injuries cases and 1,386 pension related.

11. Environmental Policies and Regulations

Criteria Score: 4

11. Environmental Policies and Regulations

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

In 2019, Liberia set up its Safeguard Information System , a free public web-based platform hosted by the EPA to provide information on how social and environmental safeguards are being addressed. However, the site does not appear to be updated regularly.In 2022, Liberia accepted the Green Shipping Challenge, pledging to seek emissions reductions in its role as the world's second largest ship registry. Liberia's Environmental Protection Agency (EPA) maintains a director of climate finance instruments eligible for Liberia that can be used for public or private sector projects. Liberia has been working with national and international development partners since 2008 to reform its forestry sector and is currently implementing Reducing Emissions from Deforestation and Forest Degradation (REDD+) readiness activities, which include a National Forest Inventory, and institutionalizing its National Forest Monitoring System.

Liberia has the relevant Laws and policies on environment. Environment Protection and Management Act of 2002 and the National Environmental Policy of 2003 provides a broad framework for the implementation of national environmental objectives and plans. The Environmental Protection Agency (EPA) created in 2006 is the regulatory Institution of the Government of Liberia for the sustainable management of the environment and its natural resources and operates on three basic legal Instruments: The National Environmental Policy paved the way for the creation of the Environmental Protection Agency to ensure sound environmental management and put in place measure to avoid irreparable damage to the country's natural resources. The goal of the policy is to ensure sustainable environmental, social, and economic development in every sector of the country. The objective of the NEP is to improve the physical environment, the quality of life and the improvement of economic and social living condition of the citizenry present and future generations.

In support of the establishment of the EPA, the EPA Act (GoL, 2003a) also established County and District Level environmental committees, responsible for the local delivery of national environmental policy and priorities. In a move towards a more bottom-up approach, a key function of the committees is to articulate local level environmental issues to the EPA who in turn are charged with formulating and passing on a relevant response for local level implementation.

In addition, under Section 20 and 21 of the EPA Act (GoL, 2003a), the EPA is mandated to appoint environmental inspectors within districts to monitor the implementation of environmental standards as established under the EPML (GoL, 2003b). The power of these inspectors is wide ranging and includes the provision to close "any manufacturing plant, establishment or other activity which pollutes or is likely to pollute the environment, contrary to the provisions of the Act" (GoL, 2003a).

The EPA Regulations combine both assessment and environmental management systems. The regulations prohibit commencing an undertaking/activity without prior registration and Environmental Permit (EP). Undertakings are grouped into schedules for ease of screening and registration and for the EP. The schedules include undertakings requiring registration and EP (Schedule 1), EIA mandatory undertakings (Schedule 2), as well as Schedule 5-relevant undertakings.

Liberia also faces significant negatve impacts to climate change due to its landscape, weather, and climatic conditions. The country receives rain almost 8 months in a year and has vast coastal land with many rivers and water bodies. The country is also natural resource base with iron ore and gold mining. Liberia established the National Climate Change Steering Committee and secretariat in 2010 and are charged with creating an intergovernmental framework for combatting climate change in Liberia. The 2017 National Policy and Response Strategy on Climate Change also guide the country's efforts to mitigate the risks of climate change and reduce vulnerability.

In 2019, Liberia set up its Safeguard Information System , a free public web-based platform hosted by the EPA to provide information on how social and environmental safeguards are being addressed. However, the site does not appear to be updated regularly.In 2022, Liberia accepted the Green Shipping Challenge, pledging to seek emissions reductions in its role as the world's second largest ship registry. Liberia's Environmental Protection Agency (EPA) maintains a director of climate finance instruments eligible for Liberia that can be used for public or private sector projects. Liberia has been working with national and international development partners since 2008 to reform its forestry sector and is currently implementing Reducing Emissions from Deforestation and Forest Degradation (REDD+) readiness activities, which include a National Forest Inventory, and institutionalizing its National Forest Monitoring System.

Liberia released its revised Nationally Determined Contribution in 2021, when it committed to reducing economy-wide greenhouse gas emissions by 64 percent below business-as-usual levels by 2030. The revised NDC targets nine sectors: Agriculture, Forests, Coastal zones, Fisheries, Health, Transport, Industry, Energy, and Waste. Liberia's Environmental Protection Agency (EPA) maintains a director of climate finance instruments eligible for Liberia that can be used for public or private sector projects. Liberia has been working with national and international development partners since 2008 to reform its forestry sector and is currently implementing Reducing Emissions from Deforestation and Forest Degradation (REDD+) readiness activities, which include a National Forest Inventory, and institutionalizing its National Forest Monitoring System (2022 Investment Climate Statements on Liberia).

The Government of Liberia has in 2021 received financing to support for the Enhancing Climate Information Systems for Resilient Development Project (Liberia CIS). The project is to increase the resilience of Liberia's population and infrastructure to climate change. In particular, the project will strengthen the country's adaptive capacities to integrate better long-term climate risk reduction and adaptation measures in national planning and development through the development of a well-functioning Multi-Hazard Impact-Based Forecasting and Early Warning System (MH-IBF-EWS). The Project will be implemented over five years (2021-2026) at a cost of USD 11,431,969 million (including co-financing amounts totaling USD 10 million from the Green Climate Fund (GCF), USD 431,969.00 from the AfDB. Though this project was approved in 2021, implementation is yet to start. Delay due to lack of an acceptable PIU.

In terms of performance, the 2022 Ibrahim Index of Governance ranked Liberia on sustainable environment 51/54 against a ranking of 48/54 in 2020, (- 3 places). This was largely due to the significant drop in the sustainable use of land and forests, which dropped by 11 places from a rank of 43/54 countries in 2020 to 54/54 countries in 2022. The country however recorded improvement in air quality which was ranked 35/54 countries in 2020 but improved to 29/54 countries in 2022 (+ 6 places).

(D) Public Sector Management and Institutions

Cluster Score: 3.658

12. Property Rights and Rule-based Governance

Criteria Score: 3.25

12.a. Legal basis for secure property and contract rights

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

The Land Rights Act, enacted in 2018 is the most resent legal instrument for ensuring land security in the country. It was designed to resolve historical land disputes that have caused conflict and communal strife in the past. . In line with this ACT Government established the Liberia Land Authority (LLA) to manage land matters including (i) land use and management; (ii) land administration and, (iii) land governance. The establishment of the LLA is a major milestone since it operates as a one-stop shop for land issues and has taken over functions that were earlier being performed by several institutions. However, like most public entities in Liberia, the LLA has weak capacities and is faced with human and technical capacities to discharge their core functions. As such land conflicts are widespread and do take a long time to resolve in Liberia. Moreover, foreigners cannot own land in Liberia, and this is also a disincentive to private foreign investment. Mechanisms for ensuring contract rights are in place but remain weak. To be able to effectively implement the 2018 land right act, the government in 2023 approved the **Land Right Amendment Regulation 2023**: The purpose of these Regulations is to provide for the implementation of the Liberia Land Rights Act of 2018. These Regulations cover the conduct of confirmatory surveys to identify, inventory, map, probate and register the community land claims of communities; the process for communities to set aside as public land; best practices for community negotiations over concessions; dispute resolution and judicial review in respect of community land; and the inventony of government land and harmonization of its boundaries. Under the Regulations "Community Land" means the land owned by a community and used or managed in accordance with customary practices and norms, which may include, but is not limited to residential land, wetlands, communal forestlands, and fallow lands (2022 United States Investment Climate Statements on Liberia)

The Liberian constitution restricts land ownership to citizens, but non-Liberians may hold long-term leases to land. The 2022 Mo Ibrahim Governance Index scored Liberia 60.6/100 on property right ranked 28/54 countries and 20.0/100 on law enforcement, ranked 45/54 against the country's scores of 64.1/100 with a rank of 18/54 in property right and 22.7/100, with a rank of 41/54 in law enforcement in 2020. These rankings indicate that Liberia is poorly position in terms of enforcing its legal basis for land and contract rights.

12.b. Predictability, transparency, and impartiality of laws affecting economic activity

Score Type	Value

Draft Score	2.5
Reviewed Score	2.5
Second Draft Score	2.5
Final Score	2.5

Country Notes:

Liberia has relevant and generally well frames Laws that govern economic activities in the country. These Laws include the Investment Act, Competition Law, Foreign Trade Law, Intellectual Property Act, Decent Work Act, and the Land Rights Act. Ideally these legal frameworks should provide a good basis for ensuring predictability, transparency, and impartiality. However, in practice there is a neglect of the Laws mainly because of corruption and weak governance and judicial systems. Public sector contracts awards are usually non-transparent and often noncompetitive.

According to the Mo Ibrahim Index of 2022, Liberia scored 46.3/100 and ranked 28/54 in rule of law and justice against a score of 46.5/100 and rank of 26/54 iin 2020, On Accountability and transparency, Liberia scored 52.0/100 and ranked 13/54 in 2022, against a score of 56.0/100 and a rank of 11/54 in 2020, again a deterioration. In terms of anticorruption, the country scored 27.9/100 and ranked 38/54 in 2022 against a score of 20.2/100 and a rank of 35/54 in 2020. The Corruption perception index also classed Liberia as highly corrupt country, ranking it 142/180 countries with a score of 26/100. The low rankings on rule of law and anticorruption point to the high perception of corruption and weak judicial systems. The generally better ranking on accountability and transparency can be attributed to the the open and free civil society environment that continuously voice out issues of corruption.

In 2023, the Business Climate Working Group (BCWG) was actively engaged, and it convened frequent meetings to discuss and resolve critical regulatory issues affecting the business climate. This however did not have much impact as shown in the results. A weak legal and regulatory framework, lack of transparency in contract award processes, and corruption continue to inhibit foreign direct investment. The judicial branch remains officially independent of the executive, but there have been reports of executive branch interference in judicial matters. Cases can be subject to extensive delays and procedural and other errors, and investors report doubts of the fairness and reliability of judicial decisions. Most of Liberia’s commercial laws and regulations are not publicly available online. The government does not implement its laws effectively and consistently, and there have been numerous reports of corruption by public officials, including some who engage in corrupt practices with impunity. As a result of allegation of some senior official’s engagement in corruption in Liberia, the US government in 2023 impose sanctions on the alleged senior officials and decided block all property and interests in property of these targets that are in the United States or in the possession or control of U.S. persons and reported to OFAC.

12.c. Difficulty in obtaining business licenses

Score Type	Value
Draft Score	4.0

Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

The country established a modern Business Registry in 2017 to ease enterprise formalization and registration. The objective was to reduce the time, cost and complexity associated with registering a business to boosting private sector development in Liberia. A single point registration system for business registration is now operational in Monrovia, Ganta and Buchanan. According to the authorities, the timeframe to register a business has reduced significantly from 99 days to a maximum of 2 to 3 days. Registration procedures are clearly outline and available online. Registration can be done online or by filing an application to the Business Registry. Government has made efforts to increase the transparency and publicity of registration and license fees by posting fees at the LBR as well as on its website. It also intends to improve rural business registration and potentially offer mobile registration. According to Mo Ibrahim Governance Index, Liberia made some improvements in the business environment. It scored 44.6/100 and ranked 29/54 in overall business environment in 2022, against 43.9/100 with a rank of 36/54 in the same indicator in 2020. It equally made some improvement in business and competitive regulation by scoring 53.9/100 with a rank of 28/54 in 2022 as against a score of 50.8/100 and a rank of 34/54 in the same indicator in 2020.

12.d. Crime and violence as an impediment to economic activity

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

In recent years crime and violence has gone down but the country has experienced increasing trends since 2020. This could be attributed to the economic hardships imposed by COVID-19 pandemic arising from job losses and declining business activities. In addition, 2022 and 2023 witnessed the level of election related violence as the Presidential and other elections draws closer. Incidents have been reported on social media, radio, and newspapers more regularly during this period. These actions especially if targeting the business community, they may have an impact on business activities in the country. However, most of crimes being reported have not been directed to businesses in the country. As such the impact on business community is minimal.

The Mo Ibrahim 2022 report ranks Liberia 23/54 on Security and Rule of law against a rank of 22/54 in 2020 a one place deterioration over the year. Similarly, on security and safety, Liberia ranked 21/54 in 2922 versus a rank of 13/54 in 2020. This implies that Liberians feel more secured and safer in 2020 than in 2022. This could be attributed to heightened insecurity as the 2023 elections draw closer. This violence can lead to criminal actions and can certainly impede economic activities, especially election related violence.

13. Quality of Budgetary and Financial Management

Criteria Score: 4.125

13.a. Comprehensive and credible budget

Score Type	Value
Draft Score	5.0
Reviewed Score	5.0
Second Draft Score	5.0
Final Score	5.0

Country Notes:

Liberia has structures in place to ensure broad based consultations in the budget process with a budget calendar included in the Public Finance Management Act of 2009. The budget process includes pre-budget statement, executive’s budget proposal, enacted budget citizens budget, in-year reports, mid-year review, year-end report and audit report. The national budget is largely prepared in line with the Liberia’s Pro-poor Agenda for Prosperity and Development which is the overarching national development strategy (PAPD 2018-2023). The national budget reflects the national priorities in the PAPD. However, a strong link between the budget and the PAPD is limited due to limited financial resources for the budget.

Consultations on the budget follow the PAPD Sector Working Groups. The final budget is presented to Parliament for approval and there is normally constructive discussions leading to the approval of the national budget. The 2020 PEFA review confirmed an improvement in the comprehensiveness of budget documentation submitted to legislature. These processes ensure comprehensiveness and credibility of the budget. In addition, the quality of overall revenue forecasting and administration has improved with appreciable reductions in variations from actual collections. However, non-tax revenues from mining and other natural resource concessions remains unpredictable.

Liberia's fiscal year (FY) is from January 1 to December 31. The FY 2022 and FY2023 national budgets were prepared in line with commitments to the IMF's ECF programme and were endorsed as being credible by the IMF. In FY 2023, US$189.0 million of the total resource envelope was appropriated to Pillar One which includes Education, Health, and Social Development Services Sectors, accounting for 24.3 percent of total budget. Pillar Two which includes Agriculture, Energy & Environment, Industry & Commerce, and Infrastructure & Basic Services receives an appropriation of US$160.1 million accounting for 20.6 percent of the total revenue envelope. An appropriation of US$96.9 million was allocated to Pillar Three thereby accounting for 12.5 percent of the total resource envelope. Accounting for 42.7 percent of the total resource envelope, US$332.0 million was appropriated to Pillar Four of the PAPD. On sector basis, appropriations for Education account for 12.4 percent (US$96.7 million) of FY2023 and 11.2 percent (US$91.2million) of FY2022 budget compared to 12.5 percent (US$78.3 million) of FY2020/21 budget. Appropriations for Health for the second account for 9.7 percent (US$75.6 million) of the budget in FY 2023 and 9.3 percent (US$75.5 million) of FY2022 budget in FY 2022 compared to 12.0 percent (US$74.8 million) of FY2020/21 budget. In the FY 2022 and 2023 budget, Government maintained its credibility by ensuring that IMF commitments are upheld. At the same time maintained key expenditures in health and educations sectors.

However, credibility of the national budgets continues to be undermined by the high civil service wage bill despite the 12.5% reduction achieved in 2023. Salaries and wages represent reflecting 48.0 percent of expenditure (recurrent) and 38.0 percent of the approved budget in 2023 hence the need to continue with reforms to free up the much-needed resources to other sectors. Also, arrears remain an area of concern for appropriate monitoring. IFMIS does not record arrears to suppliers that arise from M&As making commitments outside IFMIS and M&As are required to make information available to MFDP. This calls for comprehensive data availability from all spending agencies including SOEs to make expenditure forecasting consistent. Liberia has a 3-year Medium-Term Expenditure Framework in place but needs significant improvement. Work is also on going on gender-based budgeting. Notably the MTEF 3-year projections but these represent neither ceilings nor floors on investment and do not include all projects or full life-cycle costs. Besides, MTEF projections are not accurate and have limited coverage even more because between 60 to 80 percent of externally financed projects is excluded from MTEF projections.

13.b. Effective financial management systems

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

Some improvements have been achieved in Public Finance Management (PFM) in recent years including on effectiveness of financial management systems. However, institutional weaknesses remain. Recent improvements can be attributed to the implementation of the IMF ECF programme that has also prioritized enhanced PFM systems. Notably the Public Finance Management Act of 2009 has been amended in 2019 to improve management of public financial resources. Liberia also has the Public Finance Management strategy and action plan covering the period 2017 to 2020. The Integrated Financial Management Information System (IFMIS) has been rolled out to 90% of Government Ministries and Departments as of September 2020. There are other electronic systems that have also contributed to the effectiveness of the PFM system including the Civil Service Management System (CSMS), the Standard Integrated Government Tax Administration System (SIGTAS), and the Automated System for Customs Data Administration (ASYCUDA). The CAG has been able to clear the backlog of accounts up to 2020 and the 2021 accounts have been audited and yet to be issued whilst the 2022 accounts draft accounts has been finalized and transmitted to the AG for audit. In addition, the timeliness and accuracy of the financial reports has improved due to wider deployment of Integrated Financial Management Information System (IFMIS) to about 90 M&As (out of 107) and the introduction electronic data management system (EDMS). Plans are advanced for electronic funds transfer (EFT) to go live, which will further improve efficiency and transparency of government expenditure reporting. However, human capacity, internet connectivity and bandwidth remain constraints to the effective deployment of IFMIS and automation of systems.

PEFA 2020 acknowledges that the payroll is now integrated within the IFMIS. It also notes that the number of Government entities utilizing the IFMIS has increased. Entities using the IFMIS covered 90 percent of the budget allotment and 80 percent of budget execution in 2023.

The 2009 PFM Act and its accompanying Regulations provide the legal and regulatory framework of the treasury sub-component to create the Treasury Single Account (TSA) at the CBL for the transfer of al government account. As of 2023, over 200 M&As accounts have been transferred to the treasury sub-account and are held at the CBL and linked to the TSA (about 98% of TSA). However, some of these accounts are not linked to the TSA in violation of Section 34 of the 2009 PFM Act. Also, M&As that have internally generated funds (IGFs) maintain revenue collection bank accounts/ transitory bank accounts with commercial banks with the approval of MFDP, which transfer end-day balances to the TSA (revenue account). The bulk of donor-funded projects accounts held in commercial banks by M&As, do not form part of the daily reconciliation and cash consolidation of the TSA. Thus, a comprehensive TSA showing a consolidated government cash position which captures all GoL accounts at the CBL and commercial banks is yet to be achieved.

13.c. Timely and accurate fiscal reporting

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

The PFM Act 2009 Section 36.4 provides details on requirements and timing for various fiscal reports. Each spending entity is required to submit quarterly report and annual reports to the Ministry of Finance and Development Planning (MFDP) which in turn prepared consolidated quarterly and annual reports. The annual consolidated financial statements are then submitted to the Auditor General and auditing purposes. These reports are also submitted to Parliament for consideration and approval.

Liberia has made good progress on timely and accurate fiscal reporting. PEFA 2020 notes that Quarterly Consolidated Financial Statements present expenditures for the main administrative headings and allow for a comparison to the budget with partial aggregation. Expenditures are covered at both the allotment and payment stages. The reports present a "Comparative Analysis of Actual Payment Made," that allows for a direct comparison to the original budget for the functional classification and the main administrative headings. Comparative analysis for the economic classification is basic. Expenditures made for transfers to budgetary units are not included in the reports. The MFDP also publishes a Weekly Fiscal Report within one week after the end of a given week. This report presents Allotments, the Financial Budget, IFMIS Expenditures and Cash Expenditures. However, this report is very aggregated and does not include appropriation amounts or a breakdown for the main administrative headings. PEFA 2020 scores C on comprehensiveness of fiscal reports.

With regard to timing of the reports, PEFA 2020 notes that budget execution reports are prepared quarterly, but not all reports are issued within at least two months from the end of each quarter. The major challenge originates from delayed reporting by spending Ministries Agencies and Departments (MACs) which in turn affects the timely reporting of consolidated statements. PEFA 2020 scores D for timely reporting. According to USA 2023 fiscal transpar3ency repot on Liberia, the government made significant progress in 2022 and 2023 by making its executive budget proposal publicly available within a reasonable period, by making major state-owned enterprise debt information publicly available, and by making basic information on natural resource extraction awards publicly available. The government did not make its enacted budget or end-of-year report publicly available within a reasonable period. Information on debt obligations was widely and easily accessible to the public, including online. The government maintained off-budget accounts not subject to audit or oversight. The supreme audit institution did not meet international standards of independence and did not make its audit reports publicly available within a reasonable period. Financial independence of the GAC has improved with increased budget allocations in 2022 and 2023 and good Development Partners support to ensure the Auditor General delivers in line with his mandate. The AG has been able to clear the backlog of audit reports and the 2021 audit report of the consolidated fund is being finalized for issue to Legislature. The government specified in law or regulation and appeared to follow in practice the criteria and procedures for awarding natural resource extraction contracts and licenses, but there are reports of corruption and inconsistent application of regulations in practice. The GAC currently does four types of audits including financial, compliance, performance and IT audits, which further improve the control environment. The GAC also carries out donor funded projects audits including Bank financed projects. Nonetheless, there have been some critical challenges militating the PFM reform agenda including constraints in logistics, human capacity challenges, inadequate financial resources, non-adherence to laid down controls, and challenges in internet connectivity, bandwidth and data storage. There are identified areas of the law and its regulations, which call for future revisions to improve transparency, the procurement environment is fraught with issues of poor compliance, inadequate capacity, weak private sectorinvolvement and lack of effective procurement audits.

In terms of accuracy of fiscal report, the quality of overall revenue forecasting and administration has improved with appreciable reductions in variations from actual collections. However, non-tax revenues from mining and other natural resource concessions remains unpredictable. With support from the Bank, the Liberia Revenue Authority has established a Natural Resources Tax Section in 2022 to strengthen its capacity in collection of non-tax revenues from mining and other natural resource concessions. On the expenditure side, arrears remain an area of concern for appropriate monitoring. IFMIS does not record arrears to suppliers that arise from Ministries and Agencies (M&A) making commitments outside IFMIS and M&As are required to make information available to MFDP. This calls for comprehensive data availability from all spending agencies including SOEs to make expenditure forecasting consistent. PEFA 2020 notes that there may be concerns regarding data accuracy, but the data is consistent and useful for analysis purposes. An analysis of the budget execution is provided on at least a semi-annual basis. Expenditures are captured at the payment stage. Liberia is also a major recipient of development assistance and has significant amounts of expenditures outside the national budget. Reporting of these may not be reflected in fiscal reports and is sometimes provided as annexes. For these reasons PEFA 2020 scores D for this dimension.

All audit reports produced by the GAC are made public in Liberia and are published on the MFDP website and the GAC websites. These include audit reports of the consolidated financial statements of Government and special audits of state-owned enterprises. These report where however made public a bit late in both 2022 and 2023.

13.d. Clear and balanced assignment of expenditures and revenues to each level of government

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Liberia does not have a federal system of Government. However, there are County Councils that were established in 2012. The functions of the Council are limited to the execution os selected projects within the framework of a County Development Fund (CDF). In 2014 Government established a Fiscal Decentralization Unit to facilitate transfers of public funds to Councils. While these structures have been established, they do not really influence the preparation of budget nor assignment of expenditures and revenues to the Council. Rather, the national budget is largely developed following a sectoral classification. PEFA 2020 notes that the horizontal allocation of some transfers to the Counties and Districts from the central government is not determined by transparent, rule-based systems. This largely corresponds to the existing form of government, which is a unitary form of government.

The above notwithstanding, the national budget generally has a clear and balanced assignment of expenditures and revenues at sector level. The sector strategies articulate their priorities which are also linked to the PAPD. The budget is prepared at sector level in line with the sectoral priorities. The approved budget also reflects a good balance of national priorities with the available resources. A major challenge is the limited financial resources amidst large salaries and wages that affects the achievement of a really balanced budget. Though some progress has been made in reducing the wage bill, it was 37% of total appropriation in 2023, which is still high for a country that experiences tight fiscal space. On revenues, Councils also collect revenues on behalf of Central Government. These revenues are not shared between the Council and Central Government.

The budget classification is comprehensive, consistent, and accessible to users, but external funding remains off-budget. In addition, transfers to subnational governments are not based on clear and transparent rules. Information about service delivery to the public is insufficient. Regarding budget documentation submitted to legislature, the 2020 PEFA report noted an improvement over previous periods and the budget documentation fulfilled all required information benchmarks except: financial assets; summary information of fiscal risks; explanation of budget implications of new policy initiatives; and quantification of tax expenditures. However, advances to M&As continue to be accounted for as expenditures, instead of the respective actual expenses. This is considered a significant weakness with respect to the overall transparency of expenditure.

Liberia is making efforts to decentralize. The Government of Liberia is “committed to delivering to the Liberian people an improved system of governance that is more localized and more responsive to the needs and aspirations of all citizens throughout the country. Decentralization is central to the ongoing peace building and reconciliation, governance reforms, and poverty reduction program of Liberia. With financial support from UNDP the Government has implemented the Liberia Decentralization Support Program (LDSP). The programmes have supported decentralization of political, administrative, and fiscal governance in Liberia. the LDSP to date has been the construction and operationalizing of 15 County Service Centers in all 15 counties in Liberia. It is through these centers that citizens can now have access to basic services such as birth and marriage certificates, drivers and business licenses, and permits. However, a report shared by the US embassy in Liberia, which was developed after a field visit in all the counties claims that in terms of execution of budget, it was found that most of the allocations to the service centers in the Counties for 2022 and 2023 did not reach the intended counties, a situation that seriously affected effective service delivery at the county level.

14. Efficiency of Revenue Mobilization

Criteria Score: 4.25

14.a. Tax policy

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Government has in 2019 adopted the Domestic Resource Mobilization Strategy (DRMS) aimed at increasing own revenues to offset the declining trend in grants. This could provide the much-needed fiscal space to increase government expenditures on investments. In line with the DRMS, The Liberia Revenue Authority (LRA) has in 2020 been mandated to start collecting all revenues from the Liberia Maritime Authority (LMA) and the Liberia Telecommunication Authority (LTA) from January 2021 onward and this is expected to provide much needed additional resources to the budget. The DRMS has three main priorities and shapes a new tax policy regime for Liberia. The priorities are (i) expanding the revenue base and minimizing tax loses; (ii) financial deepening and capital markets development; and (iii) exploiting the nexus between domestic and foreign resources mobilization. Specific areas of tax policy reforms include replacing the current Goods and Services Tax (GST) to Value Added Tax (VAT) and simplification of the tax code. Modernization of excise taxes, a switch from ad valorem to specific tax rates and use of excise duty stamps have been already enacted and a few nonfuel commodities are subject to excise duty. The DRMS is also focusing on other key policy reform measures including streamlining various tax concessions, improvements to property taxation, higher taxation of telecommunication services, and a suite of measures geared towards improvement of tax enforcement.

Implementation of these reforms has started with the 2019/2020 national budget. According to The IMF 4th review of the ECF programme in August 2022 shows that revenues are projected to increase to 17.2% and 17.4% of GDP in 2022 and 2023 respectively from 16.4% of GDP in 2021. For the medium-term revenues are projected to remain within similar range by 2025. This is mainly attributed an increase in Goods and Services tax from 1.9% of GDP in 2021 to 2.3% of GDP in 2023. Key areas of reforms implemented included the following: (i) Reduction of excise tax and introduction of fuel tax generated USD10 million in 6 months; and (ii) Introduction of a consolidated Liberia Revenue Code; (iii) Prepared a white paper for the transition from General Service Tax to VAT.

In terms of Liberia’s tax structure, prior to the implementation of the DRMS, income tax represented 37.1%, general service tax 24.2 and import tax was 25.5% of total tax revenue. Since the adoption of the DRMS, there has been a shift towards more progressive taxes. As of June 2021, income tax share has increased to 41.2%, import duties declines to 21.5% while GST also declined to 23.5%. Government is also advanced to move SGT to VAT in 2024.

14.b. Tax administration

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

The Domestic Resource Mobilization Strategy (DRMS) also includes tax administration reforms aimed at contributing to the effectiveness and efficiency in tax collection. These reforms have also started with the implementation of the FY2019/2020 national budget. To-date a number of these reforms have been implemented and these include the following, (i) Direct payment of tax into the Liberia Revenue Authority bank account; (ii) Developed and expanded electronic filing; (iii) Established data processing centres to facilitate speedy processing of tax returns; (iv) Introduced a mobile platform for payment of tax and the USAID project report indicated that USD14 million of tax was collected through this platform in FY2020/21; and (v) Introduced a Tax Arrears Transaction System. The LRA has also been very active in implementing taxpayer education programmes as well as in-house training for its staff. Amendments to the LRA Act have also been done and submitted to Parliament for approval.

In line with the IMF ECF programme, Government has committed to addressing top three priority areas identified by the IMF. These are: (i) ensuring there is established only one tax account per tax type, as well as one tax return, per tax-type, per period, filed; (ii) To provide and use an Information Technology Tax System (ITAS) that is fit for purpose to support tax administration processes; and (iii) to monitor and publicize institutional performance (through the established Key Performance Indicators) at least quarterly. This can also be attributed to the implementation of the DRMS reforms. The IMF 4th review of the ECF programme in August 2022 shows that revenues are projected to increase to 17.2% and 17.4% of GDP in 2022 and 2023 respectively from 16.4% of GDP in 2021. For the medium-term revenues are projected to remain within similar range y 2025.

15. Quality of Public Administration

Criteria Score: 3.167

15.a. Policy coordination and responsiveness

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Liberia has a functioning mechanism for policy coordination and responsiveness in the public sector. In 2018, Government adopted the Pro-poor Agenda for Prosperity and Development (PAPD) as its overarching development strategy. The PAPD defines mechanisms for policy coordination and implementation. Effectiveness of these mechanisms varies from sector to sector, but the mechanism is in place in each sector. The PAPD provides for four interconnected complimentary structures: i) The National Steering Committee (NSC), ii) an Implementation, Coordination and Delivery Unit (ICDU), iii) Pillar Working Groups (PWG), and iv) Technical Working Groups (TWG). Development partners, private sector and civil society are also party to these structures. The Cabinet will provide guidance on policies and priorities. A Multi-sectoral Planning Working Group (MSPWG) monitor intervention and ensure compliance with the PAPD. Its primary function is to review sector plans, strategies, and interventions; identify linkages and synergies; improve coordination and prevent duplication of efforts. Sector Working Groups (SWGs) have been established for each sector. SWGs are supported by Technical Working Groups. However, the sector working groups have been infrequent in their meetings and their effectiveness in driving policy discussions are yet to be seen. In line with the pro-poor approach, the PAPD aims to ensure greater regional representation. As such, County Development Committees (CDC) have also been established to ensuring interventions and plans incorporate regional needs and realities. While these structures are in place, their functionality is mostly compromised by weak human resource capacities and the over reliance on development partners. As such the better performing SWGs and TWGs are in sectors that have a strong development partners presence.

15.b. Service delivery and operational efficiency

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Liberia has public sector administrative mechanisms that should ensure service delivery and operational efficiency. Government has functioning institutions including Ministries, Agencies, Departments and State-Owned Enterprises that do function within the limited available resources. Key sectors of Health, Education, Public Works, and Water are strongly supported by development partners who contribute more than 70% of financial resources. There is concentration of service delivery in the capital Monrovia compared to the other counties. This is largely attributed to corruption and connectivity challenges in terms of road access. Efforts to decentralize services are high on Government agenda and some of key services have already been decentralized. Administrative structures for effective decentralization are in place but lack capacity in terms of human, technical and equipment. However, due to inefficiency in government and corruption, most resources allocated to service center such as health and education hardlu reach these centers, impeding the delivery of these services. In 2023, the US Ambassador to Liberia made a field visit to all the counties in the Country. In his report, which was shared with government and donors, reported that budget allocations to service center in the past two years have not been disbursed to the centers, thereby affecting service delivery.

The 2022 Mo Ibrahim index scored Liberia 52.8/100 and 42.5/100 with rankings of 36/54 and 36/54 countries in terms of health and education development, respectively, against scores of 55.9/100 and 49.3/100 with rankings of 35/54 and 30/54 in health and education development respectively in 2020.. These estimates point to deterioration in recent years despite the stable political environment. The main challenge remains limited fiscal space with the bulk of budgetary resources going to civil service wage bill which accounts for about 45% of the national budget, and the lack of transparency in the transfer of resources for service delivery to counties.

15.c. Merit and ethics

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Liberia has a National Code of Conduct that was passed in 2014 and affirmed by the Supreme Court in 2017. The CoC 2014 is the defining framework on merits and ethics in Liberia. The CoC stands on two key principles and I quote, (i) No person, whether elected or appointed to any public office, shall engage in any other activity which shall be against public policy, or constitute conflict of interest. b) No person holding public office shall demand and receive any other perquisites, emoluments, or benefits, directly or indirectly, on account of any duty required by Government. The COC is comprehensive and covers many aspects including integrity, anticorruption, accountability, diligence, transparency, non-discrimination, honesty, and sexual harassment just to mention a few. However, strict adherence in terms of enforcing the CoC is weak due to weak governance mechanisms. Corruption and bribery involving public servants is often cited as substantial especially in service entities such as police. The 2023 Liberia Afro barometer report, which gauges citizens perception about many issues in the country has the following citizens' conclusions about corruption in Liberia: i) Among key public officials, the police, the House of Representatives, the Presidency, senators, judges and magistrates, and tax officials are most widely perceived as corrupt; ii) More than three-fourths (76%) of Liberians say the level of corruption in the country increased "somewhat" or "a lot" over the past year, a 29-percentage-point jump compared to 2018; iii) Only about one-fourth (27%) of Liberians believe that people can report corruption without fear of retaliation, a decline of 4 percentage points compared to 2020; and iv) Almost nine out of 10 Liberians (88%) say the government is doing a poor job in fighting corruption, a 30-point increase since 2018. Liberia has a vibrant civil society that also provide checks on matters of merit and ethics and often publicized. This poses a threat to non-adherence to ethical principles. In 2019, the Government of Liberia with support from UNDP launched a Performance Management System for civil servants and training has been provided at various levels targeting managers and decision makers. An online platform has also been put in place. The Civil Service Agency (CSA) has developed job descriptions and classification for all categories of employees in civil service with the corresponding grading system and created a systematic filling system in the participating MACs that allows for One Employee-One File to contain all employment documentation. A system for merit-based recruitment has been institutionalized. It is however believed that recruitments are still linked to political affiliations in the country.

15.d. Pay adequacy and management of the wage bill

No score data available for this subcriteria.

16. Transparency, Accountability, and Corruption in the Public Sector

Criteria Score: 3.5

16.a. Accountability of the executive to oversight institutions

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

The Public Finance Management Act 2009 and the General Auditing Commission (GAC) Act 2014 provide a legal basis for ensuring accountability of the executive to oversight institutions. The PFM Act provides for legislative oversight and the GAC Act 2014 enhanced the mandate and independence of the Auditor General (AG) as the supreme audit institution of all public finances including State-Owned Enterprisesand the Public Procurement Concession Commission Act of 2010. However, adherence to the legal frameworks is weak.

According to PEFA 2021 Assessment, Annual Financial Statements of the Consolidated Fund are audited using national auditing standards that are compliant with the ISSAIs. The audits have highlighted relevant material issues and formal responses are usually provided by the executive branch. However, it is not necessarily complete and is often delayed. This leads to the late submission of the auditor's report to the national legislature. The difficulties encountered by the GAC have a negative impact on the work to be carried out by the Public Accounts Committee (PAC) of the House of Representatives. The legislature issues recommendations on actions to be implemented by the executive. However, it issues these recommendations late and the PAC does not have a follow-up system to ensure that these recommendations are duly considered by the executive. Based on this assessment PEFA 2021 gives a score of D+ for External Audit and legislative oversight dimension has a score of D.

With all these accountability measures in place. Liberia is perceived to be corrupt, and the authorities are seen not to be doing much in fighting corruption, The 2022 Mo Ibrahim index on governance scored Liberia 52/100 and ranked 13/54 on accountability and transparency indicator, a deterioration of 4 percentage point when compared with 2020 during which the country scored 56/100 and ranked 11/54 in the same indicator. The downward trend was amplified by the significant deterioration in the score on the sub-component of “absence of undue influence on government” which dropped from 70.8/100 in 2020 to 54.9/100 in 2022. Similar trend is observed on issues of anti-corruption, on which Liberia scored 27.9/100 in 2022 against a score of 30.2/100 in 2020. Performance on the executive compliance with the rule of law also deteriorated from a score of 63.4/100 in 2020 to a score of 58.3/100 in 2021. Transparency International’s 2022 Corruption Perception Index (CPI) ranked Liberia at 142 out of 180 countries with a score of 26 out of 100. In 2021, the score was 29, thus registering a decline of 3 in 2022. Similar story on the world Bank governance index where control of corruption deteriorated from -0.88 I 2020 to -0.92 in 2021.

At the national level, the 2023 Liberia Afro barometer report, which gauges citizens perception about many issues in the country has the following citizens’ conclusions about corruption in Liberia: i) Among key public officials, the police, the House of Representatives, the Presidency, senators, judges and magistrates, and tax officials are most widely perceived as corrupt; ii) More than three-fourths (76%) of Liberians say the level of corruption in the country increased “somewhat” or “a lot” over the past year, a 29-percentage-point jump compared to 2018; iii) Only about one-fourth (27%) of Liberians believe that people can report corruption without fear of retaliation, a decline of 4 percentage points compared to 2020; and iv) Almost nine out of 10 Liberians (88%) say the government is doing a poor job in fighting corruption, a 30-point increase since 2018.

16.b. Access of civil society to information on public affairs

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Liberia remains one of the open countries in terms of access to information to the public. In terms of public access to information on budget, there are delays in publication of the reports online, However, the national budgets are accessible once published. This is similar to the reports of the Auditor General. As regards freedom of reports, there have been isolated incidents where reporters have received threats and, in some cases, attached, wounded or killed. There were reports in 2020 of staff of the revenue authority who died of mysterious deaths after revealing some financial malpractices. Similar incidents have occurred during recent senatorial and by-elections. The GAC has created a Unit mandated to follow-up on audit recommendations and the IAA is being strengthened to support compliance to regulatory and policy frameworks. Since March 2020, the GoL has been publishing information on procurement contract awards as well as information on the legal ownership of contract awardees on the PPCC's website. It has changed its data collection template from MACs to include beneficial ownership of contract awardees for publication on the PPCC's website. Reforms for moving towards e-procurement are also underway. Additionally, Liberia's legislature has enacted pieces of legislation seeking to strengthen the integrity institutions, including the Amended Central Bank of Liberia Act, the Financial Intelligence Agency Act, the Anti-money Laundering Terrorist Financing, Preventive Measures, And Proceeds of Crime Act, 2021. The government now has in place the ciizens budget, which gives an abridged version of the national budget.

The Mo Ibrahim Index 2022 ranks Liberia 13/54 in terms of accountability and transparency in general, 9/54 in terms of civil checks and balances, and 18/54 in terms of accessibility of information. Though this suggests that Liberia is doing well on access of civil society to information on public affairs, but when compared with 2020 performance, the ranking in all three sub-indicators deteriorated in 2022. CSO in Liberia is rich and diverse and consist of over 1,500 formal organizations registered under the umbrella of the National Civil Society Council of Liberia (NCSCL). It is estimated that there are about 500 registered CSOs in Liberia and many more not formally registered. Different evaluations and studies indicate that Liberian CSOs enjoy a relatively favorable enabling environment, which supports the ongoing state building process. Both legal and policy frameworks recognize the need and added value of CSO engagement. Government is developing an Non-Governmental Organizations Policy that should govern activities of CSOs in the country. This policy is still in draft form and has not been adopted. Registration and formalization of CSOs follows a government established two-step registration under the Liberian Business Registry, and accreditation from the NGO Coordination Unit within the Ministry of Finance and Development Planning.

Whilst the legal framework is being strengthened, the Center for Transparency and Accountability in Liberia (CENTAL), an anti-corruption civil society organization, and one of the African chapters of Transparency International has embarked on initiatives to provide a platform for citizens, corporate bodies and all legal persons interested in Liberia to participate more efficiently in the fight against corruption in the country. The center among these initiatives launched a toolkit that assesses the existence, effectiveness and citizen access to key governance and anti-corruption mechanisms in each of Liberia's 15 Counties. Other civil society organizations including the Liberia Democratic Institute (LDI) and the Center for International Private Enterprise (CIPE) have also partnered with CENTAL to embark on some anti-corruption activities aimed at improving the governance system of the country. The Coalition for Transparency and Accountability in Education (COTAE) also, for example, publishes report on procurement in the education sector. The integrity institutions in collaboration have established a contract monitoring group

Liberia's constitution provides for freedom of speech and the press, but these rights are sometimes restricted in practice. Investigative reporters receive threats, including by members of the government who have vowed to sue in response to journalistic inquiries. Although the 2019 Press Freedom Act effectively decriminalized libel, "sedition," and "criminal malevolence," defamation remains a civil offense, and journalists risk jail time for nonpayment. Investigative reporting can lead to media houses being summoned to court. According to the 2023 Freedom House report, law enforcement agencies constitute a major source of security problems for journalists. In June 2022, police threatened to shoot two journalists who were covering the Lofa County by-elections. In July, journalist Bettie K. Johnson Mbayo received a one-month prison sentence for “disorderly conduct” in an incident involving a politician. After she appealed, the politician dropped the charges against her in October. The above report is collaborated by assessment on press freedom by the Ibrahim Index of Governance, which scored Liberia 63.2/100 and ranked 16/54 in 2022 against a score of 69.6/100 (-3.4 drop) and a rank of 12/54 (4 place drop) in 2020.

16.c. State captured by narrow vested interests

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Liberia is perceived to be corrupt, and the authorities are seen not to be doing much in fighting corruption, The 2022 Mo Ibrahim index on governance scored Liberia 52/100 and ranked 13/54 on accountability and transparency indicator, a deterioration of 4 percentage point when compared with 2020 during which the country scored 56/100 and ranked 11/54 in the same indicator. The downward trend was amplified by the significant deterioration in the score on the sub-component of “absence of undue influence on government” which dropped from 70.8/100 in 2020 to 54.9/100 in 2022. Similar trend is observed on issues of anti-corruption, on which Liberia scored 27.9/100 in 2022 against a score of 30.2/100 in 2020. Performance on the executive compliance with the rule of law also deteriorated from a score of 63.4/100 in 2020 to a score of 58.3/100 in 2021. Transparency International’s 2022 Corruption Perception Index (CPI) ranked Liberia at 142 out of 180 countries with a score of 26 out of 100. In 2021, the score was 29, thus registering a decline of 3 in 2022. Similar story on the world Bank governance index where control of corruption deteriorated from -0.88 I 2020 to -0.92 in 2021. This assessment points to a deteriorating percention on corruption in the country.

According the 2023 Freedom House report, “Corruption remains pervasive in Liberia. Institutions exist to fight corruption, but they lack the resources, political independence, and capacity to function effectively. Although reforms made to the Liberia Anti-Corruption Commission (LACC) Act in July 2022 granted the commission prosecutorial powers, they have not yet used them. In addition, the LACC, which collects asset declarations, is not obligated to disclose those submitted by executive branch members, and efforts by civil society and media to gain access to President Weah’s declaration have been unsuccessful. In August 2022, the US government announced sanctions against three of the most prominent officials in the Liberian government, including the president’s chief of staff, for corrupt activities. President Weah subsequently suspended them, and they all resigned in September, but no formal investigation had been launched by the end of 2022.

Audits of government departments continue to highlight improper procurement and financial management practices. The General Auditing Commission's independence remains limited by a failure to operationalize its fiscal independence, as provided for by legislation".

However, there is no real documented evidence of state capture by narrow vested interests. Nonetheless, most business activities are owned by the Lebanese community. Opportunities for fair competition are provided by various Laws but in practice this has been difficult to be realized. The tight fiscal position of Government versus the need to finance important development activities and provision of services has often led to non-competitive and untransparent award of major contracts. This could point to existence of state capture by narrow vested interests.

The AfDB Country Resilience and Fragility Assessment of 2019 noted that public sector corruption is a problem in Liberia. The CRFA noted that there is perceived high levels of corruption between companies and public officials particularly in procurement processes. The situation is compounded by the high levels of political appointments in public sector where virtually all decision makers are appointed officials. The CRFA further notes that high-level corruption in form of patronage, clientelist networks, and collusion is common. Institutional weaknesses in key PFM institutions exacerbate the situation.

(E) Infrastructure and Regional Integration

Cluster Score: 3.542

17. Infrastructure Development

Criteria Score: 3.333

17.a. Sector strategy/policy

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Liberia has the relevant policies and strategies in all key infrastructure sectors including transport, energy, water and telecommunications. However, the main challenge for Liberia is effective implementation of these policies and strategies amidst very limited resources. As such progress in the implementation of these policies and strategies is donor driven because Government is faced with significant fiscal challenges.

In October 2018 the Government of Liberia adopted the Pro-poor Agenda for Prosperity and Development (PAPD) as its overarching development strategy for the period 2018 – 2023. The PAPD has prioritized infrastructure development with a focus on road and energy infrastructure development. In line with the PAPD Government has also developed the Multi Modal Transport Master Plan (2018/27) and the Rural Energy Strategy and Master Plan (2030). Liberia also has an ICT policy in place. Given the prioritization of the infrastructure sector, the African Development Bank's latest Country Strategy Paper (CSP 2019-2023) is heavily skewed towards infrastructure development, which is its first priority area, and it is aligned with the sector strategies and the PAPD. About 75% of the AfDB's total operation in 2019-2023 CSP is in Infrastructure. These interventions are expected to support Liberia's private sector development and competitiveness as well as strengthen its regional integration efforts as most of the roads covered by the Bank during the current CSP cycle include regional roads. Despite these, the infrastructure gap in Liberia is still huge. Indicators in infrastructure are the worst according to the SDG 2023 report and the Mo Ibrahim 2022 report. The Mo. Ibrahim index gave a scores of 18.3, 12.8 and 3.7 over 100 to transport network, access to electricity and mobile communications respectively, and they were ranked 43, 48 and 48 over 54 countries respectively, against scores of 18.8, 22.8 and 63.5 for transport network, access to electricity and mobile communications respectively in 2020. This shows a deterioration in these indicators in 2022.

The United Nations Sustainable Development Cooperation Framework (UNDSCF) 2020-2024 is the UN's response to Liberia's transformative agenda and development priorities and guides the collaboration with the Government of Liberia. Liberia has a 207/2021 "Liberia ICT Policy" vision to make Liberia regionally competitive by building an inclusive information society that supports economic, social, political, cultural, and environmental development. This vision will be anchored on building a resilient infrastructure that supports expanded connectivity, attracts investment, and promotes employment opportunities. It will also promote human capital development, with a specific focus on providing specialization in ICT programs. These kinds of interventions will facilitate sustainable development in the sector and will also provide Liberia a comparative advantage in its development endeavors.

17.b. Legal and regulatory frameworks for infrastructure

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Similarly, Liberia has the key Laws and regulations governing the infrastructure sectors in place.

The transport sector in Liberia encompasses various sub-sectors and is crucial for the country's economic development and connectivity.

The Sub-Sectors include Road Transport: Road transport is the most dominant mode of transportation in Liberia, connecting major cities and towns. However, the road network has historically been underdeveloped and in need of improvement. Maritime Transport: Liberia has a significant maritime sector, with one of the world's largest ship registries. It plays a vital role in the country's revenue generation and employment. Aviation: Liberia has several airports, with Roberts International Airport being the largest. The aviation sector is essential for international and domestic travel. Rail Transport: Liberia has limited rail infrastructure, primarily used for transporting iron ore from mines to ports. Inland Waterways: The country has a network of rivers and waterways used for transportation, particularly in rural and remote areas.

Governance Structure: The governance of Liberia's transport sector involves various governmental bodies and agencies: Ministry of Public Works (MPW): The MPW is responsible for road infrastructure development, maintenance, and transportation planning. Liberia Maritime Authority (LiMA) regulates and oversees the maritime sector, including ship registration and safety standards. Liberia Civil Aviation Authority (LCAA): LCAA is responsible for the regulation and management of the aviation sector, ensuring safety and compliance with international standards. National Port Authority NPA manages and operates the major ports of Liberia, facilitating trade and commerce. Liberia Airport Authority (LAA oversees the country's airports, ensuring their efficient operation and development. Liberia National Railways Corporation (LNRC) is responsible for the management and operation of rail transport, primarily focused on iron ore transportation. The transport sector in Liberia has faced challenges such as underinvestment, inadequate infrastructure, and a need for regulatory reforms. Efforts are ongoing to improve these sub-sectors and enhance the country's connectivity and economic growth.

In Liberia, the transport sector is primarily regulated by the Ministry of Transport. Here are some key aspects of the legal and regulatory framework: Transport Act: The primary piece of legislation governing the transport sector is the Transport Act. This law provides the legal framework for various modes of transportation, including road, maritime, and aviation.

The energy sector in Liberia is characterized by a limited and underdeveloped infrastructure, with many challenges in providing reliable and affordable electricity to its population. It sub-sectors include: Electricity Generation: Liberia primarily relies on thermal generation, with a few hydropower plants. The Mount Coffee Hydropower Plant is a significant source of electricity. Transmission and Distribution: The Liberia Electricity Corporation (LEC) is responsible for the transmission and distribution of electricity. However, the infrastructure is inadequate, resulting in power shortages and limited coverage. Renewable Energy: Liberia has untapped potential for renewable energy, including solar and wind. Efforts to harness these sources are in progress, with initiatives for solar mini-grids and rural electrification. Hydrocarbons: The country has explored offshore oil reserves, but commercial production has been limited.

Governance Structure: The governance structure of the energy sector in Liberia involves various government agencies and institutions: Ministry of Mines and Energy: This ministry is responsible for formulating policies, regulations, and guidelines for the energy sector. It also oversees the exploration and development of natural resources. Liberia Electricity Corporation (LEC): LEC is the state-owned utility responsible for electricity generation, transmission, and distribution. It plays a crucial role in supplying power to the capital, Monrovia, and other major cities. Regulatory Authority: The Liberia Electricity Regulatory Commission (LERC) is responsible for regulating the electricity sector, ensuring fair pricing, and promoting competition and investment. Rural and Renewable Energy Agency (RREA): RREA focuses on rural electrification and promoting renewable energy projects to extend electricity access to underserved areas. Independent Power Producers (IPPs): Private companies are involved in power generation and can enter into agreements with the government for the development of power projects.

Challenges facing the sector include inadequate infrastructure, lack of investment, and issues related to governance and corruption. Liberia is working towards improving its energy infrastructure and expanding access to electricity to support economic development and improve living standards.

The Liberia Electricity Regulatory Commission (LERC) is responsible for regulating the electricity sector. It was established to oversee and regulate the generation, transmission, distribution, and sale of electricity. The Electricity Act of 2015 serves as the primary legislation governing the electricity sector in Liberia. It sets out the legal framework for the establishment, operation, and regulation of electricity services. The legal framework allows for the participation of independent power producers in the generation and distribution of electricity. IPPs may enter into power purchase agreements with the government or the utility.

The water and sanitation sector in Liberia consists of various sub-sectors and is governed by a specific structure:

Sub-Sectors: Rural Water Supply: This sub-sector focuses on providing clean and accessible water to rural areas through the construction of hand pumps, wells, and other infrastructure; Urban Water Supply: Urban areas have more advanced systems, including piped water networks, to provide safe drinking water to the population; Sanitation: This sub-sector deals with improving sanitation practices, including the construction of latrines and promoting proper waste disposal; and Wastewater Management: The treatment and safe disposal of wastewater in urban areas is a crucial aspect of the sector to prevent contamination and protect public health.

The governance structure of the water and sanitation sector in Liberia typically includes the following key components: Ministry of Public Works: The Ministry of Public Works is responsible for infrastructure development, including water supply and sanitation projects. It often collaborates with other relevant ministries and agencies; Liberia Water and Sewer Corporation (LWSC): LWSC is responsible for providing water supply and sewer services in Monrovia, the capital city. It operates as a public utility to manage water and sanitation infrastructure; County and District Authorities: Local government entities at the county and district levels play a role in implementing water and sanitation projects, especially in rural areas; Donors and NGOs: Liberia's water and sanitation sector receives support from various international donors and non-governmental organizations (NGOs) that fund and implement projects to improve access to clean water and sanitation facilities.

Regulatory Framework: Liberia is in the process of developing a regulatory framework to ensure the quality and sustainability of water and sanitation services. The Liberia Water Regulatory Commission (LWRC) was established to oversee regulation and licensing. Community-Based Organizations: These organizations play a vital role in community mobilization, education, and management of water and sanitation facilities at the grassroots level.

The water and sanitation sector in Liberia faces challenges related to infrastructure development, funding, and access to services, particularly in rural areas. Efforts are being made to improve governance, infrastructure, and access to clean water and proper sanitation facilities throughout the country.

Recently a Road Fund has been established with the passing of National Road Fund Act in 2016. The fund has already been made effective and it is being made operational. The Road Agency Act has been finalized but yet to be enacted. This piece of legislation, once ratified, will help in streamlining legal and institutional aspects of the road sector, which will, in turn, help improving road sector technical and managerial capacities. In September 2015, the Senate and House approved the new Electricity bill of 2015, amending the Public Authorities law, which created the Liberia Electricity Corporation (LEC). The bill aims to liberalize the electricity sector, promote economic growth, and attract private sector investment in energy generation, transmission, and distribution. The Public Procurement and Concessions Act 2010 is available and governs procurement activities to ensure value for money in the infrastructure sectors. Procurements issues are huge in infrastructure sector in Liberia despite numerous trainings provided in procurement by development partners including the African Development Bank. The Public Procurement and Concessions Commission (PPCC) regulates public procurement and tender processes across government. The PPCC struggles to fully regulate tenders as procurement entities largely fail to follow the procedures outlined in the Amended and Restated PPCC Act of 2010. The Government of Liberia is the largest employer and the largest purchaser of goods and services in the country, but government procurement does not always follow established PPCC processes. In addition, the government lacks adequate financial resources to finance large public procurements, and seeks support from international donors, including multilateral organizations such as the International Monetary Fund, the World Bank, and the African Development Bank for such procurements.

17.c. Public resource management and accountability in the infrastructure sector

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

The legal framework that governs the use of public resources and accountability in Liberia is embedded in Article 89 of the Constitution, Public Finance Management Act of 2009, Internal Audit Agency Act of 2013, General Auditing Commission Act of 2014, and Public Procurement Concession Commission Act of 2010. Liberia has established institutional mechanisms for management of public resources and accountability in the infrastructure sectors including transport, energy, water, and ICT. In the transport sector Government has established a Road Fund Administration that is charged with responsibility of managing financial resources for the construction and rehabilitation of roads. The creation of the road fund has been useful. In the energy sector, Government has set up the Liberia Electricity Corporation as a semi-autonomous entity to manage and invest electricity resources. New management has been appointed and reform discussions are well advanced. A comprehensive reform action plan validated by development partners already supporting LEC reforms will be adopted by cabinet in December. A task force was commissioned by the President in 2022 to work on strategy to reduce power theft. and the impact shows a huge reduction in the rate of power theft. The authorities are also pushing reforms of airport operations and are in the process of identifying new airport management. Similarly, in the water sector the Water and Sewer Corporation and in ICT the Telecommunications Regulatory Authority. These institutions are accountable to the Ministry of Finance and Development Planning. While these entities are in place, they are faced with varying challenges that affect their efficiency and effectiveness in the collection, management, and investment of public resources. Recently, within the context of the IMF ECF programme, Government has moved to improve revenue collection in some of these entities and has given that responsibility to the Liberia Revenue Authority. Notably, LRA has in 2020 been mandated to start collecting all revenues from the Liberia Maritime Authority (LMA) and the Liberia Telecommunication Authority (LTA) from January 2021 onward and this is expected to provide much needed additional resources to the budget.

Liberia is a member of and borrower from multilateral development banks, such as the African Development Bank and Afrexim Bank. Financing for major infrastructure projects is either exclusively sourced from Liberia’s bilateral and multilateral development partners or jointly from the government and international donors. These projects include projects, such as road construction and paving, airport construction and renovation, and hydroelectric power plant construction and renovation. Examples of such projects include the newly completed Fishtown-Harper Road project, funded jointly through Liberia’s bilateral and multilateral partners, including the African Development Fund/African Development Bank Group and the Governments of Liberia through counterpart funding. These projects are regularly supervised by the funding agencies, and they are required a part of the agreement to be regularly audited by reputable auditing firms or government agencies. The utilization of the donor resources in infrastructure are largely well utilized for the intended purposes.

The Liberia General Auditing Commission is mandated to do annual audit on all Ministries, Agencies and Commission, including on all donor funded projects. The audit reports are made public on the GAC's webpage. Implementation of the audit recommendations has been improving but needs to be done in that area.

Other key infrastructures are managed under concessions with Private Sector investors including the Free Port of Monrovia, Port of Buchannan, and Roberts International Airport. These arrangements have to some extent helped in management of public resources.

18. Regional Integration

Criteria Score: 3.75

18.a. Movement of persons and labor and right of establishment

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Liberia has performed below the African average on the Africa Regional Integration Index 2019, scoring 0.24 against the African average of 0.33 and it is ranked 47. In terms of free movement of people, Liberia scored 0.264 on the 2023 Visa Openness Index ranking 40 out of the 53 countries. Liberia scored 0.30 ranking the least in West Africa on the 2023 Africa Regional Integration Index. As compared to the 2019 Africa Regional Integration Index score, Liberia made slight improvement by increasing to 0.30 in 2023 from 0.24 in 2019.The Country has a score of 0.0.43 against Africa average score of 0.44 in visa openess index. Liberia plays a major role in regional organizations including the Mano River Union (MRU) and the Economic Community of West African States (ECOWAS), and African Union (AU). Liberia has signed in March 2018, the Protocol to the treaty establishing the African Economic Community. Liberia adopted the common ECOWAS passport, and waived visa and residency permit requirements for all ECOWAS citizens for 90-day stays. It is also fully implementing Article 5 of the ECOWAS Protocol on the Free Movement of

Persons, Residence and Establishment. The Liberia Decent Work Act of 2015 is the overarching Law that governs work in Liberia.   Foreign workers in Liberia require a work permit which is renewed annually. The country has signed several key conventions relating to Labour. These include, (i) Labour Inspection Convention; (ii) Freedom of Association and the Right to Organize Convention; (iii) Right to Organise and Right to Collectible Bargaining Convention; (iv) Abolition of Forced Labour Convention' (V) Discrimination (Employment and Occupation) Convention; and (iv) Worst Forms of Child Labour Convention. In March 2016, the Legislature approved the Liberia National Police Act and the Liberia Immigration Service Act, which have established new legal frameworks on security and migration. However, these security institutions face challenges of capacity weaknesses in terms of human, equipment, and technology. Government with support from development partners is working to address these challenges.

According to the 2022 Freedom House Report, despite some unofficial border checkpoints remain active—and border patrol agents sometimes attempt to extract bribes—people have enjoyed a gradual increase in the right to move about freely in the years since large-scale violence ended. COVID-19-related restrictions on movement expired and were not renewed in 2020.

International flight connections are ensured by foreign airlines, as Liberia does not have a national flag carrier. According to the authorities, Liberia favours the coverage of the 5th air freedom rights by its international agreements on air transport.

18.b. Regional financial integration

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Liberia is lowly positioned on the Africa Regional Integration Index of 2019. The country ranks the lowest in ECOWAS with a score of 0.30, thus well below the average of 0.43 for the region. Poor road network, low access to electricity and a generally unfavourable investment climate especially for foreign investments are some of the main obstacles to regional financial integration. The high levels of unbanked population estimated at around 70% and the high levels of informality in business activities have also contributed to the current situation. However, Government is making efforts to strengthen the financial sector. A National Financial Inclusion Strategy 2020-2024 is in place and it also set out priorities for expanding the financial sector including coverage, quality and promoting regional integration.

Liberia's financial sector was dominated by 9 commercial banks accounting for over 80% of total assets of the financial sector. The majority (8) of these banks are foreign owned and this provides an opportunity for enhancing financial integration especially within the ECOWAS region. The insurance sector also plays a major role in the economy. The sector has 19 companies of which 12 are significantly domestically owned while 7 are foreign owned. Liberia has embraced digital revolution in the financial sector. However, the pace of growth in electronic payments systems is slow. The African Development Bank, World Bank and UNDP are working with the Central Bank of Liberia to upgrade the National Payments Switch Both the Bank and African Development Bank projects were approved in 2022 nd 2023 respectively and implementations are underway and once completed this will strengthen the payments for goods and services both in the country and across borders and will provide an enhanced platform for financial integration.

Liberia is a member of the West Africa Monetary Zone (WAMZ) and has made efforts in complying the primary convergence criteria. However, Liberia has not complied with any of the secondary convergence criteria while Guinea, Gambia, Sierra Loene has complied with two of the secondary convergence criteria and Ghana has complied with one.

Liberia is implementing the ECOWAS Custom External Tariff as well as the Mano River Union tariff. Liberia signed the AfCFTA and efforts are being made to establish a national unit at the Ministry of Commerce in responsible for monitoring the implementation of the AfCFTA.

In line with its commitments to West Africa Monetary Zone (WAMZ), the Central Bank of Liberia (CBL) has progressed in its efforts to comply with the macroeconomic performance convergence criteria in support of the ECOWAS Monetary Cooperation Programme (EMCP) by strengthening its supervisory role to ensure the safety and soundness of the financial system. The CBL also states that in 2022, Liberia was in compliance with three of four primary macroeconomic convergence criteria (budget deficit, gross external reserve in months of import cover, and central bank financing of national budget deficit), as well as one of the two secondary criteria (public debt to GDP). It did not reach the inflation target (5%) or the exchange rate criteria. Liberia regularly participates in the WAMZ Trade Ministers' Forum, which serves as a discussion ground for expanding regional trade opportunities through further economic and monetary integration. Liberia has in 2021 assumed the Chairmanship of the Committee of Governors of WAMZ.