

LIBERIA

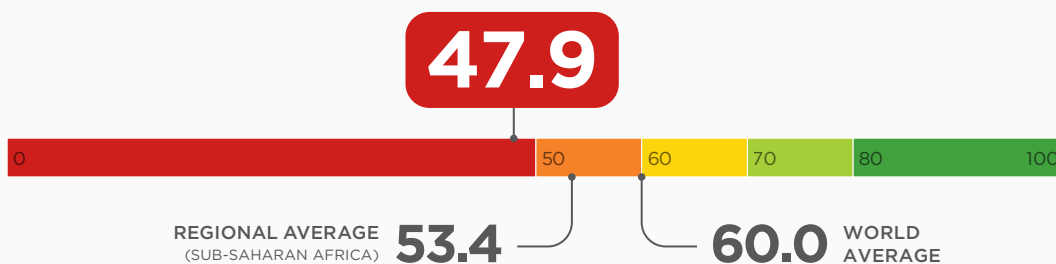
Liberia's economic freedom score is 47.9, making its economy the 159th freest in the 2022 *Index*. Liberia is ranked 39th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Liberia's economy contracted in 2019 and 2020 before recovering some growth in 2021. Economic freedom has lagged over the past five years. With score increases for **government spending** and **fiscal health** outweighed by declines in **judicial effectiveness** and **business freedom**, Liberia has registered a 1.2-point overall loss of economic freedom since 2017 and has fallen deeper in the "Repressed" category. The economy is not heavily burdened by taxation, but **labor freedom** and **financial freedom** are weak.

IMPACT OF COVID-19: As of December 1, 2021, 287 deaths had been attributed to the pandemic in Liberia, and the government's response to the crisis ranked 99th among the countries included in this *Index* in terms of its stringency. The economy contracted by 3.0 percent in 2020.

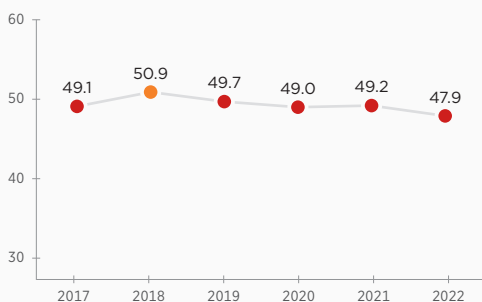


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): -0.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
5.1 million

GDP (PPP):
\$7.3 billion
-3.0% growth in 2020
5-year compound annual growth -0.7%
\$1,557 per capita

UNEMPLOYMENT:
3.3%

INFLATION (CPI):
17.0%

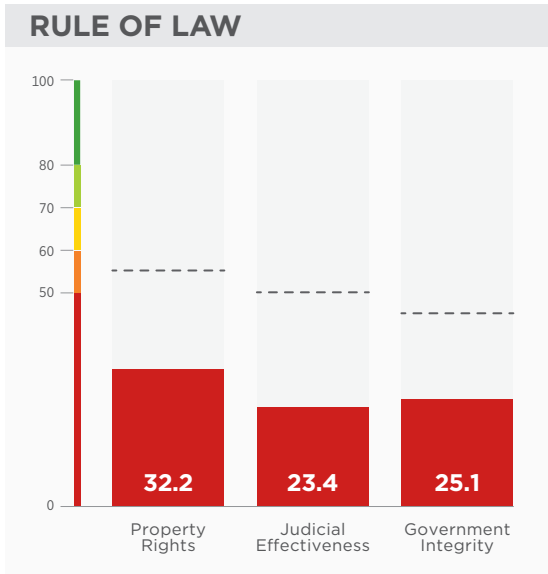
FDI INFLOW:
\$87.0 million

PUBLIC DEBT:
61.8% of GDP

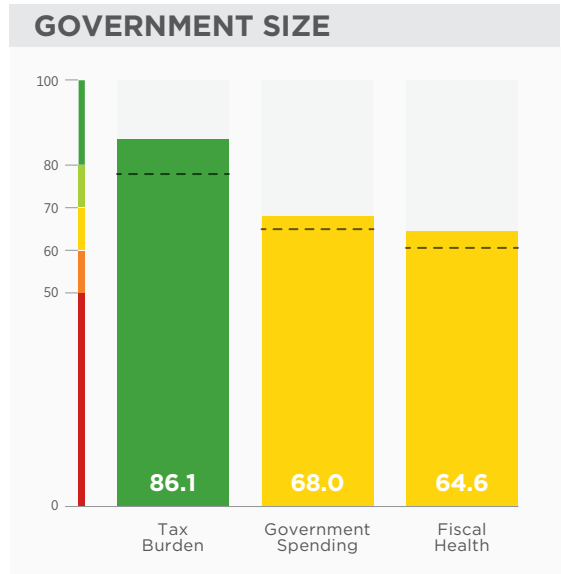
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Settled in the 19th century by freed slaves, predominantly from the United States, Liberia enjoyed relative peace until a long and bloody civil war that ended in 1995. Rebel leader Charles Taylor was forced to step down as president in 2003 and was later convicted of war crimes. Ellen Johnson Sirleaf became president in 2006 and stabilized the country during her two terms. In 2017, former soccer star George Weah won the presidency in an election that was marred by allegations of fraud. Opposition and independent candidates performed well in the December 2020 mid-term elections, reflecting popular frustration with governmental corruption and economic underperformance. Although Liberia is rich in natural resources including rubber, mineral resources, and iron ore, poverty is widespread.

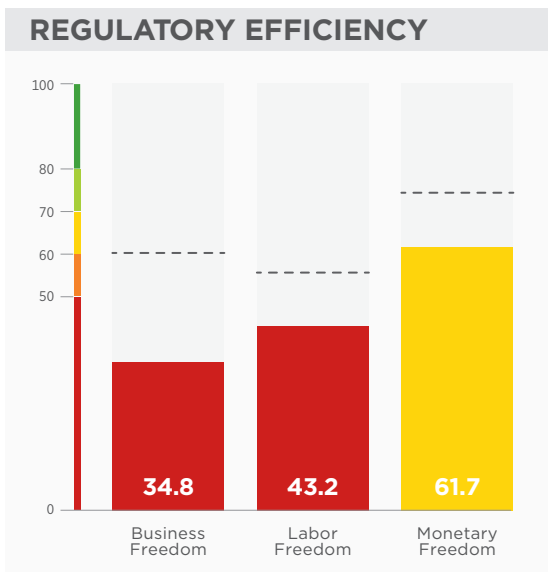
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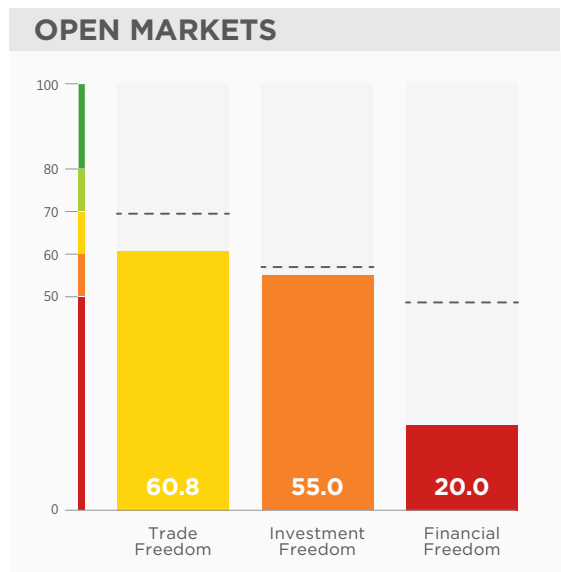
Liberian law protects property rights and interests, but enforcement mechanisms are weak. The process for enforcement of contracts is lengthy. Less than 20 percent of land is registered. Conflicting land ownership records are common. The constitutionally independent judiciary is impeded by corruption, backlogs, and funding shortfalls. The country suffers from both public-sector and private-sector corruption.



The top individual income and corporate tax rates are 25 percent. Other taxes include property and goods and services taxes. The overall tax burden equals 20.2 percent of total domestic income. Government spending has amounted to 56.4 percent of total output (GDP) over the past three years, and budget deficits have averaged 6.5 percent of GDP. Public debt is equivalent to 61.8 percent of GDP.



Expensive and unreliable electricity, poor roads and Internet outside of urban areas, and contradictory government decision-making hold back business freedom. Labor rights violations and child labor abuses are common. There are 20 large and subsidized state-owned enterprises, and the government has no plan to privatize any of them.



Liberia has one preferential trade agreement in force. The simple average tariff rate is 12.1 percent, and three nontariff measures are in effect. Some nontariff barriers have been dismantled, but a lack of transparency persists. Foreign investment in several sectors is restricted. The overall financial system is underdeveloped, and much of the population remains outside of the formal banking sector.