

LIBERIA

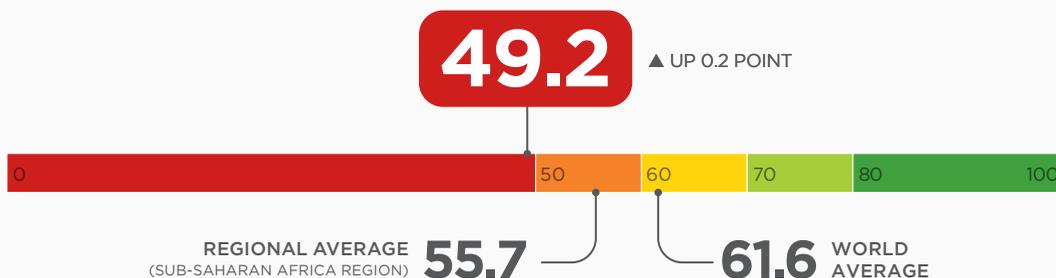
Liberia's economic freedom score is 49.2, making its economy the 164th freest in the 2021 *Index*. Its overall score has increased by 0.2 point, primarily because of improvements in **government integrity** and **labor freedom**. Liberia is ranked 42nd among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

The Liberian economy remains in the repressed category for a third year, having fallen from the ranks of the mostly unfree in 2019. To make the jump over that hurdle, the government would have to implement deep and comprehensive reforms to strengthen the rule of law as measured by the *Index* scoring indicators for property rights, judicial effectiveness, and government integrity.

IMPACT OF COVID-19: As of December 1, 2020, 83 deaths had been attributed to the pandemic in Liberia, and the economy was forecast to contract by 3.0 percent for the year.

WORLD RANK: **164** REGIONAL RANK: **42**
ECONOMIC FREEDOM STATUS: **REPRESSED**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): +1.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
4.9 million

GDP (PPP):
\$6.3 billion
-2.5% growth in 2019
5-year compound annual growth -0.1%
\$1,487 per capita

UNEMPLOYMENT:
2.8%

INFLATION (CPI):
27.0%

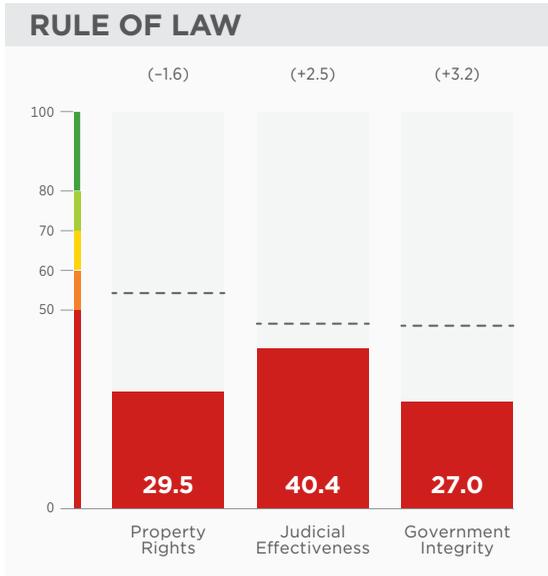
FDI INFLOW:
\$137.8 million

PUBLIC DEBT:
46.2% of GDP

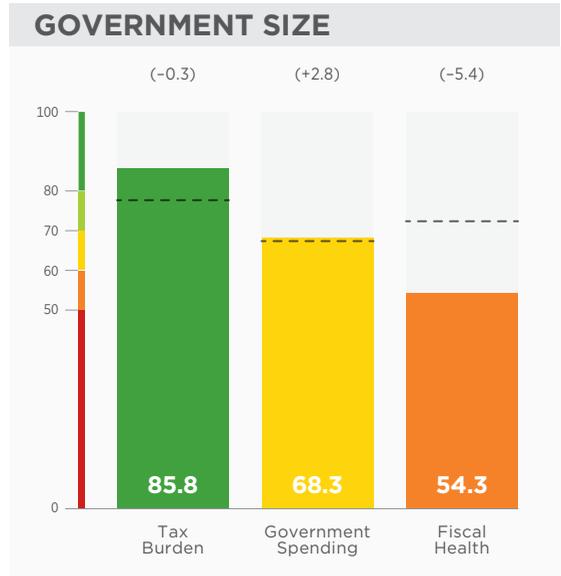
2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Settled in the 18th 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. Former soccer star George Weah won an election in 2017 that was marred by allegations of fraud. A protest group, the Council of Patriots, has periodically mobilized street demonstrations against Weah, decrying corruption and economic underperformance. Although Liberia is rich in natural resources, including rubber, mineral resources, and iron ore, poverty is widespread.

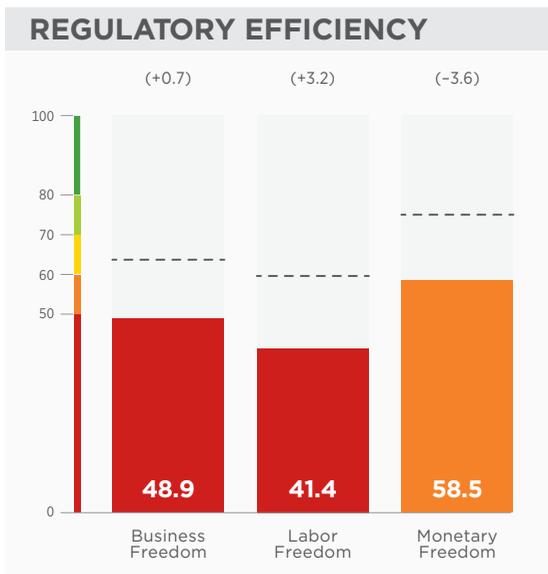
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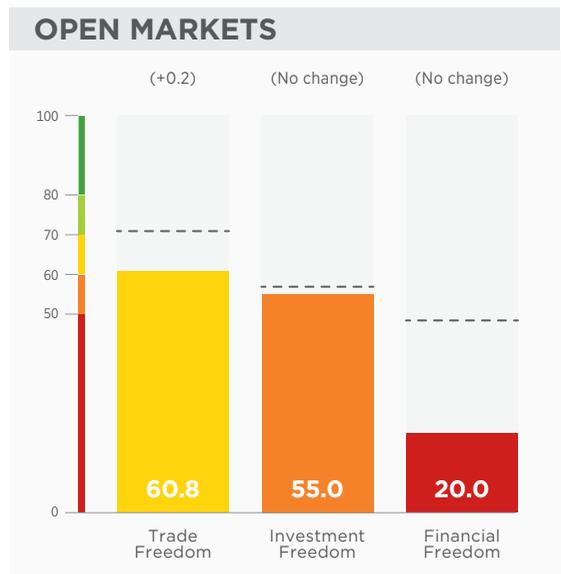
Property rights are not strongly protected, and the process for enforcement of contracts is lengthy. Less than 20 percent of land is registered. Conflicting land ownership records are common. Rule of law is uneven. The judiciary is independent but weak and inadequately resourced. The government functions poorly because of inadequate administrative capacity, a precarious physical security environment, and pervasive 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 12.9 percent of total domestic income. Government spending has amounted to 32.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.1 percent of GDP. Public debt is equivalent to 46.2 percent of GDP.



The costs involved in starting a business, obtaining electricity, and dealing with construction permits have decreased, but the business climate remains tainted by corruption. The labor force participation rate climbed in 2019. The Liberian government influences the prices of many basic goods, and there are no plans for privatization of state-owned enterprises.



Liberia has one preferential trade agreement in force. The simple average tariff rate is 12.1 percent, and three non-tariff measures are in effect. Some non-tariff barriers have been dismantled, but a lack of transparency persists. Foreign investment in several sectors is restricted, and foreign investors may not own land. The overall financial system is underdeveloped, and much of the population remains outside of the formal banking sector.