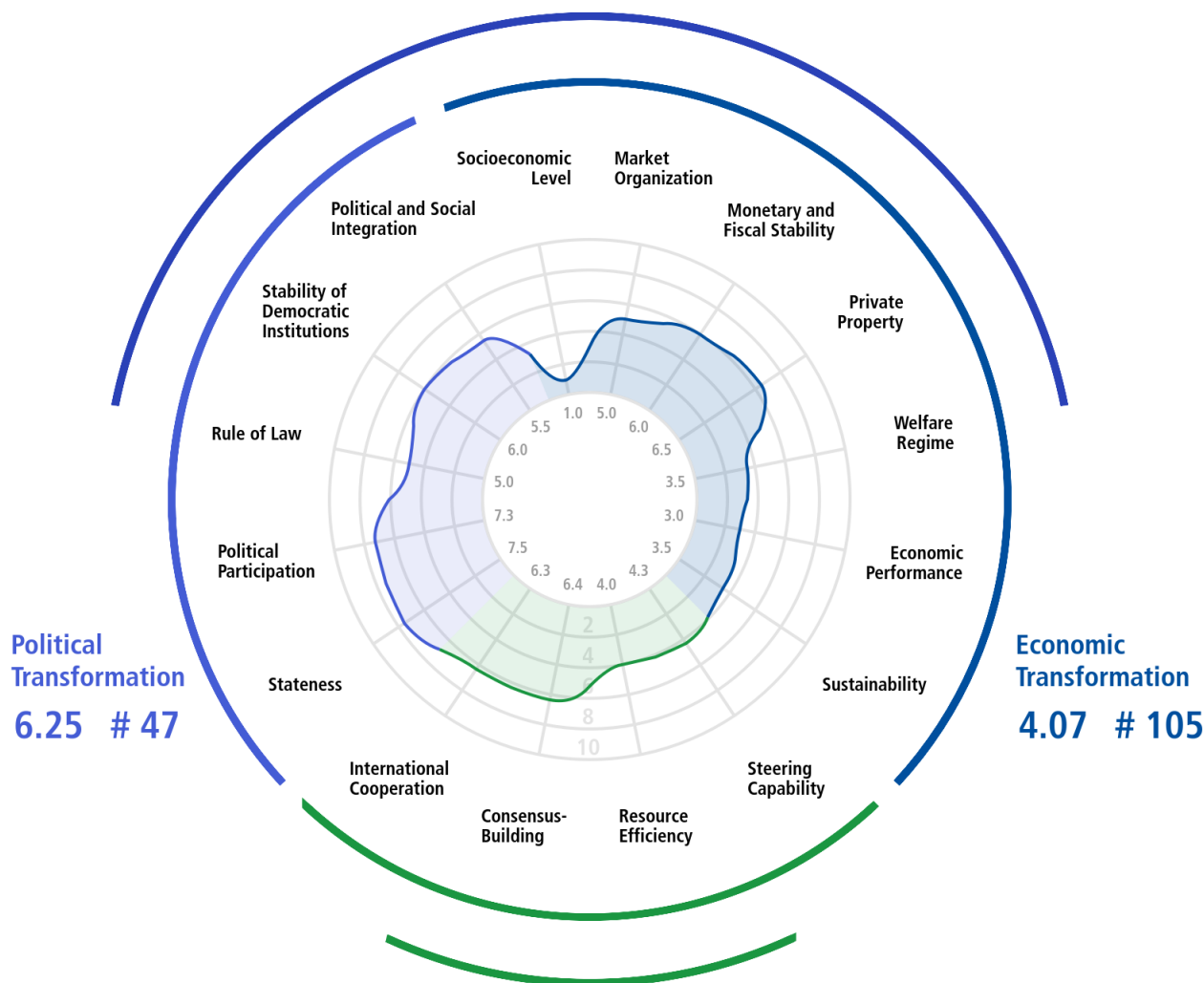


Liberia

Status Index

5.16 # 66

on 1-10 scale out of 137



Political Transformation
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on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2024**. It covers the period from February 1, 2021 to January 31, 2023. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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Key Indicators

Population	M	5.3	HDI	0.481	GDP p.c., PPP \$	1725
Pop. growth ¹	% p.a.	2.1	HDI rank of 189	178	Gini Index	35.3
Life expectancy	years	60.7	UN Education Index	0.459	Poverty ³	% 60.6
Urban population	%	53.1	Gender inequality ²	0.648	Aid per capita \$	115.3

Sources (as of December 2023): The World Bank, World Development Indicators | UNDP, Human Development Report 2021-22. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

Executive Summary

Liberia remains one of the ten poorest countries globally, plagued by rampant corruption and a severe lack of public goods and services. Recent years have seen a slight downturn in prices for crucial export commodities, external crises, and a lack of governmental efficacy, all of which have contributed to perpetuating the crisis. While the economy had experienced repeated contractions in previous years, there was a slight post-COVID-19 recovery during the review period, though output still lagged behind pre-pandemic levels.

A significant turning point was the democratic change in government that brought George Weah to the presidency in January 2018. Weah, an “indigenous” Liberian who grew up in urban poverty, symbolically represents the marginalized masses and enhances their connection with the state. However, many of his officials lack experience in public service leadership. This deficiency in leadership, coupled with a lack of political vision within the president’s inner circle and rivalries within the governing coalition, has eroded government performance and reinforced corruption.

Liberia’s economic growth pattern and its reliance on export commodity prices have persisted. Given political risks and unfavorable global market conditions, the review period saw no significant new investments. The anticipated expansion of the primary iron ore mine was postponed. While some austerity measures were imposed due to the economic crisis, fiscal and monetary policies were somewhat reinforced during parts of the review period, although a counteracting trend emerged in 2022. Despite the strengthening of anti-corruption legislation, the judicial sector continued to weaken, making the implementation of sanctions unlikely.

The replacement of the head of the National Elections Commission was perceived by the opposition as an attempt to exert greater control over the electoral process. The use of pro-government groups to disrupt opposition rallies indicated a potential for violent suppression of political expression.

Despite these concerning dynamics, democracy had not suffered setbacks, and civil liberties were generally maintained. Looking ahead, preserving meaningful democratic processes in the 2023 presidential elections will be crucial. With a weak and divided opposition, the government holds a favorable position for the elections, despite growing dissatisfaction.

In the medium term, Liberia and the international community confront a decision between expanding the mineral resource and agricultural sectors or safeguarding one of the largest forested regions on the continent. Liberia's ecology is delicate, and there is a risk of losing globally significant biodiversity and carbon sink resources. Given the country's pervasive poverty, preservation efforts must offer superior income opportunities, likely requiring international intervention.

History and Characteristics of Transformation

The creation of Liberia is a direct result of the system of slavery in the United States. As “free persons of color” became a discernible population segment in the United States, a private organization acquired lands on the West African coast and organized the emigration of these “free persons of color” to their purported homeland, starting in 1820. A more sizable segment of the settlers was made up of would-be slaves intercepted by the navies of the United States and the British. Both groups merged over time, and “Congos” became a generic term for those of settler background.

In 1847, Liberia declared independence. At the time, the area comprised a multitude of small, traditional political entities. The creation of the Liberian state pitted the settlers against local peoples. The Americo-Liberian “repatriates” conceived their state-building project as a “civilizing mission” built on the pillars of Christianity, modern education and a conservative Western dress code. The central state remained a domain of settler culture that marginalized and often exploited the so-called “country” population. The division between the two populations became strongly politicized in the 1970s. Among the masses of indigenous origin, there is still a pervasive sense of historical exclusion and subjugation by a “foreign” minority.

A military coup in 1980 brought to power the first indigenous leader, Samuel K. Doe. His rule marked both the end of “Congo” dominance and the beginning of a new era of militarized repression.

A conflict over political power within the military leadership developed into an ethnic conflict between Doe's Krahn group and its Mandingo allies, and Gios and Manos from Nimba County. Charles Taylor, a member of Doe's cabinet associated with the latter faction, fled amid allegations of corruption and embezzlement of some \$1 million of government funds. He was arrested in the United States shortly thereafter on these charges, but escaped from prison and began to mobilize dissidents into the National Patriotic Front of Liberia (NPFL) rebel group.

When the force attacked a small border town on Christmas Eve in 1989, it sparked a devastating civil war that saw the emergence of a multitude of factions. The civil conflict in Liberia gained a particular reputation for cruelty and violence against civilians. The end of the first war culminated in the election of Charles Taylor as president in 1997.

Taylor's dealings with Sierra Leonean rebels and his activities to destabilize neighboring Guinea as well as Côte d'Ivoire increased international and regional opposition to his rule. By 1999, the Taylor government faced another rebellion by forces linked to his long-term opponents and supported by neighboring countries as well as tacitly by the United States. A Mandingo-dominated group, the Liberians United for Reconciliation and Democracy (LURD), attacked from the north while a smaller Movement for Democracy in Liberia (MODEL) formed in early 2003 in the east. By mid-2003, the defeat of Taylor's forces was imminent, and the president fled into exile in Nigeria, thus paving the way for a transitional government to take over for two years. Taylor was eventually sentenced to 50 years in jail by the Sierra Leonean war crimes court in 2013.

The main contenders in the 2005 election were the famous footballer George Weah and Ellen Johnson Sirleaf, an international professional with a career in private banking, the World Bank, and the United Nations. Johnson Sirleaf won the first election and the following one in 2011. Her excellent international reputation assured significant external support. She faced enormous challenges, with much of the country's administrative infrastructure destroyed and the formal economy in ruins. Johnson Sirleaf's government was stabilized by the United Nations Mission in Liberia (UNMIL), comprising up to 15,000 military personnel. Liberia regained democratic stability under the new president.

Relatively high prices for Liberia's main export goods, iron ore and rubber, during the first eight years of Johnson Sirleaf's rule generated much-needed revenue and attracted foreign direct investment. Growth rates averaged well above 5% for most of her presidency but did little to raise living standards.

Johnson Sirleaf was associated with old elite circles, and many Liberians perceived her administration as reviving historical patterns of self-enrichment. The Ebola epidemic (2014 – 2015) engendered an economic collapse. Amid falling prices for the main export goods, the recovery has been moderate.

Having ruled for two terms, Johnson Sirleaf was constitutionally barred from standing in the presidential elections of 2017, and her vice president, Joseph Boakai, ran for her Unity Party (UP). The elections were won by the UP's long-term challenger, George Weah. His Congress for Democratic Change (CDC) party had built a strategic alliance with the National Patriotic Party (NPP) and another smaller formation, creating the Coalition for Democratic Change (using the same acronym, CDC). The NPP had been formed by Charles Taylor and is now headed by his former wife, Jewel Howard-Taylor, the current vice president of Liberia.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

In principle, the state maintains a monopoly on the use of force, and no organized group effectively challenges its assertion of territorial control. However, public security institutions exhibit weak control over society.

Public security entities still lack the capability to apprehend, detain, and prosecute criminals. In certain urban areas, gangs hold sway or local security mechanisms become essential. Private security entities, community watch groups, and vigilante organizations often step in to fill the void left by governmental forces.

Numerous regions within the country experience limited state presence. Rural traditional communities preserve a significant level of autonomy from state oversight, and remote nontraditional settlements, particularly irregular mining camps, often rely on non-state conflict resolution methods.

A deteriorating economic climate coupled with an increase in police corruption has contributed to a surge in the use and distribution of both plant-based and synthetic opioids. Crime has steadily risen over recent years, encompassing armed robbery and theft. Instances of kidnappings and ritualistic killings have also escalated in advance of the upcoming general elections, slated for October 2023.

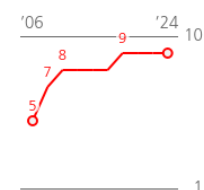
The concept of the nation-state is widely acknowledged as legitimate. However, there's contestation over who is recognized as a legitimate citizen of Liberia. According to the constitution, citizenship is reserved for individuals "of negro descent," which excludes the substantial Lebanese and Indian-origin business communities. The complexity of citizenship is further exacerbated by the absence of an efficient birth registry, which fuels debates over the nationality of individuals with ethnic ties that extend across borders.

Land ownership is restricted to Liberian nationals. An effort to modify the constitution and broaden these provisions met with failure in 2020. Nevertheless, in 2022, the legislature amended the 1973 Aliens and Nationality Law, officially

Question
Score

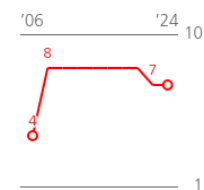
Monopoly on the
use of force

9



State identity

7



acknowledging dual citizenship and granting women equal rights to confer Liberian citizenship upon their descendants. This step was particularly significant for the substantial diaspora in the United States, which wields considerable influence in Liberia.

There's a distinct sense of Liberian national identity, and ethnic identities partially serve to legitimize claims to state benefits. The Liberian state officially acknowledges sixteen "tribes of Liberia." There's some ambiguity surrounding groups of U.S. and "Congo" origin, who are seen as both founders of the nation by some and exploitative foreign settlers by others.

The status of the Muslim Mandingo ethnic group, traced back to Guinea, remains a subject of questioning by many Liberians. The Fanti fishermen, originally from Ghana, though integral to coastal communities in Liberia for generations and partially assimilated, still don't hold full citizenship status.

A significant divide persists between the descendants of settlers and the "indigenous" groups, and political conflicts are often interpreted through the lens of the Americo-Liberian/Congo-Indigenous division. In 2022, Liberia celebrated its "Bicentennial Commemoration," reaffirming its identity as the "Land of Return" and designating it the "Year of Diaspora Reunion." The concept of Liberia as the homeland for those formerly subjected to slavery remains very much alive, challenging attempts to forge a unified national identity.

Liberia is constitutionally a secular state, and religious doctrines rarely exert influence over politics. However, the Americo-Liberian settlers historically viewed the Christianization of indigenous "pagans" as part of their "civilizing mission," symbolically associating Liberian nationalism with Christianity. This has led to the prevalence of Christian values within society, fostering a feeling of marginalization among members of other faith groups. According to the 2008 Census, 85.6% of Liberians identify as Christians. Nevertheless, there's a diverse array of denominations, many with a Pentecostal background. Numerous politicians also hold religious roles, and the president himself frequently delivers sermons in his Pentecostal church.

Islam is practiced by 12.6% of Liberians, yet only a few Muslims have achieved prominent positions in the public sphere, despite the increasing number of Muslims in the country.

No interference of religious dogmas

9

'06 '24 10

-9

1

The state maintains a strong centralized structure, historically focusing its public administration efforts in the capital, Monrovia. As part of a gradual decentralization process, the state has invested in enhancing its local administrative framework. Sub-offices of key state institutions have been established. However, due to the overall decline in governance during the reporting period, service provision has suffered a reduction.

The state's provision of services is notably limited. Bureaucratic tasks, when undertaken, often stem from the personal gains officials can derive from the process. State efforts to maintain law and order are greatly constrained, and local mechanisms play a significant role in upholding security. While juridical services are theoretically available in both urban and rural areas, they are expensive and hindered by corruption. Tax collectors traverse the country, including remote regions, but oversight is notably weak.

Public schools can be found even in remote areas, but their functionality is not guaranteed. Access to health care in rural regions is severely limited, and the quality of health services is generally poor nationwide. While Liberia's physical infrastructure has shown improvements in recent years, deficiencies persist, particularly in rural areas. State-run bus services are operational mainly on the main route between Monrovia and Ganta, and sporadically on Monrovia's ring road. While private mobile phone networks have expanded, their coverage is restricted beyond main thoroughfares and provincial centers. Around 27.5% of the population has access to electricity, 18.2% to basic sanitation, and 75.3% to basic water services.

2 | Political Participation

Elections have broadly been considered free and fair by international observers since 2005, despite repeated accusations of election rigging within the country. In 2017, the first democratic change of government occurred, bringing George Weah from the opposition party Congress for Democratic Change (CDC) to power.

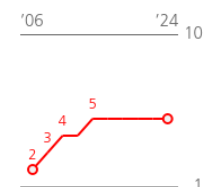
Presidential and legislative elections (for the House of Representatives and half of the Senate) are scheduled for October 2023. While the government had apparently lost popularity, President George Weah remained well positioned to win the elections in the face of a weak and divided opposition.

Accusations of corruption against the Chair of the National Elections Commission in 2022 were interpreted by many national and international observers as an attempt by the government to increase its control over the institution. A significant number of Liberians doubt the impartiality of the National Elections Commission and question its commitment to facilitating free and fair elections.

Polling procedures lack oversight and transparency by impartial observers, often leading to accusations of vote rigging. High levels of illiteracy make it easy for voting assistants to manipulate voters at polling stations, while low levels of numeracy skills often lead to incorrect vote tallies. Moving to an electronic voting system has been discussed but has not yet been implemented.

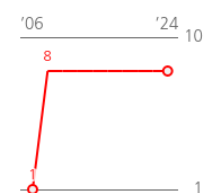
Basic administration

5



Free and fair elections

8



Elections occur in a neo-patrimonial environment and are influenced by patronage practices. The connections between elites and grassroots are weak, and people frequently feel neglected by those in power. Accessibility for rural populations decreases as elections are held during the rainy season.

Legislative election campaigns have, in recent years, sporadically descended into violence as opposition supporters were attacked by pro-government thugs. The last year has already witnessed an increase in election-related violence.

Liberia has a presidential system with a bicameral legislature. The president and representatives serve for six years, while members of the Senate serve for nine years.

There are no institutionalized veto powers as such, partly due to the fragmented character of Liberia's political landscape. The primary impediment to effective democratic governance is corruption at all levels of the administration. Corrupt interests dominate the political process and siphon off public resources for private use, tailor legislative initiatives to the needs of private interests, or enable actors to circumvent laws – thereby depriving democracy of its essence.

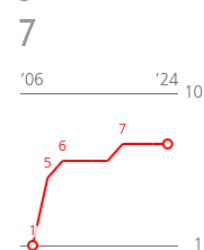
Furthermore, secretive elite organizations are widely considered to have a strong influence on politics, although they became less effective as the elite lost cohesion during Liberia's period of upheaval.

External actors play a major role in directing government priorities through conditional development assistance and aid. The diplomatic corps has also increased its pressure on the government in an attempt to increase accountability and transparency in the use of funding.

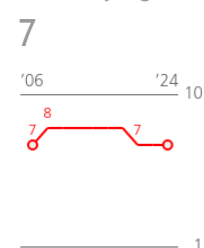
Article 17 of the constitution guarantees that all persons have the right to assemble “in an orderly and peaceable manner.” The constitution also guarantees the right of association. These liberties have been broadly upheld. Licenses for holding demonstrations are often delayed. In the past, opposition marches have repeatedly been attacked with impunity by civilian forces close to the government and take place in a climate of fear when held.

There is a variety of state and private media that express a range of views, and the constitution protects freedom of expression. Generally, citizens and the media can express a critical opinion. However, individual political elites have tried to intimidate journalists. Activists critical of the government regularly complain of being intimidated by anonymous calls or uninvited visitors. The bribing of media staff is widespread, and journalists' integrity is often in doubt. Nonetheless, there has been a stronger focus on tackling hate speech and training media professionals in objective reporting by international partners.

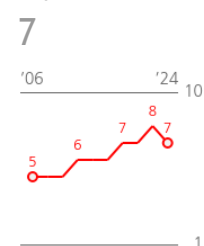
Effective power to govern



Association / assembly rights



Freedom of expression



A comprehensive Freedom of Information Act was signed into law in 2010. The Freedom of Information Commission, however, struggled to remain operational amid delays in funding. The challenges run deeper, though, as public institutions often lack the capacity to manage and provide information as required by the Act.

3 | Rule of Law

In the post-civil war period, the three branches of government have been able to establish a significant degree of autonomy. The legislature and judiciary have repeatedly acted contrary to the interests of the executive branch. Yet, overall, the executive is dominant. Corrupt practices strongly influence the legislature and judicial decisions, partly rendering the institutions dysfunctional.

Liberia has two legal systems: a statutory one and a state-sponsored customary one. Under the latter, judicial and executive powers are invested in the same authorities.

The statutory judiciary is formally independent and institutionally differentiated but characterized by severe functional deficits. Judges have reportedly faced undue influence from the private sector and government officials. Corruption of judges and juries (used in circuit court trials) constitutes a major obstacle to fair and transparent trials. Judicial sitting days are limited, and the absence of judiciary personnel often leads to trial delays. The cost of accessing the judicial system is high, particularly for the rural population. Expenses incurred by police and others, such as transportation of accused offenders, often fall on plaintiffs. Few lawyers reside outside Monrovia, and securing legal representation is prohibitively expensive for most Liberians, particularly outside the capital city. The population has weak trust in the judiciary, as it is perceived to be for the rich. Intra-elite networks shield their members from judicial sanctions.

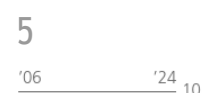
Recent years have seen increasing efforts to strengthen executive control over the judiciary, for example, through the replacement of a Supreme Court judge. The latter was ruled illegal by the ECOWAS Court of Justice in 2020. In mid-2022, the United States sanctioned, among others, the Solicitor General under the Global Magnitsky Act for corrupt dealings with criminal interests. Though considered close to the president, he was subsequently suspended.

Corruption is deeply entrenched in the state’s workings, undermining even its integrity institutions. There are hardly any legal or political consequences for corruption. Abuse of office may be publicly exposed by the media but is unlikely to affect the standing of officials among their supporters. When corruption is addressed, it seems to be politically motivated. Former Minister of Defense Brownie Samukai was therefore prevented from assuming the Senate seat he had won for the opposition United Party (UP) in 2020. The final ruling in 2022 sentenced him to two years in prison for embezzlement, which were, however, forgiven in a presidential pardon. Foreign initiatives have been more biting than domestic ones.

Separation of powers



Independent judiciary



Prosecution of office abuse



In December 2020, the United States imposed sanctions on Liberia's most prominent corporate lawyer, who is also a senator, under the Global Magnitsky Act, citing his involvement in various acts of corruption. The United States also froze his U.S.-controlled assets. In 2021, Senator and former warlord Prince Y. Johnson, a significant supporter of Presidents Johnson Sirleaf and George Weah, faced similar sanctions. Furthermore, in mid-2022, the United States utilized the Magnitsky Act to target the National Port Authority Managing Director Bill Twehway and the Minister of State Nathaniel McGill. Both individuals held positions within the president's inner circle, and the latter was widely seen as the most influential political figure in the government. Following their resignations, both are expected to retain influence, with McGill aiming for a Senate seat in 2023. These events did not lead to significant domestic investigations or judicial proceedings and suggest the involvement of high-ranking political figures in corruption.

Civil rights have been strengthened over time, and the de jure situation is generally satisfactory. An Independent National Commission on Human Rights has been created and has shown itself ready to criticize state action. However, it has become less vocal as resources have become scarcer. In October 2022, the commission's accreditation lapsed, and the Global Alliance for National Human Rights Institutions postponed the reaccreditation process by 12 months to allow the commission to address its shortcomings.

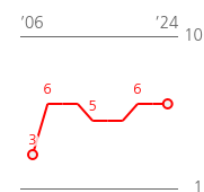
The major challenges stem from the dysfunctional judicial system. Indeed, it is often futile to seek redress against the actions of the state or its officials. Influence peddling and corruption regularly determine judicial outcomes. Police routinely extort motorists on roads and make arbitrary arrests or arrests with insufficient evidence.

Violence against women and domestic violence were widespread during the review period. The prevalence of clitoridectomy remains high and is left unaddressed by the state. As membership in secret societies is decreasing because people are more often resisting female genital mutilation, abductions and forced initiations into secret societies have been on the rise during the reporting period.

The costs of access to justice are prohibitively high for most citizens. In addition, there are anti-Muslim sentiments in the largely Christian nation, which impact the area of equal opportunity. Homosexual intercourse remains illegal, and prison conditions are known to be harsh.

Civil rights

6



1

4 | Stability of Democratic Institutions

The performance of democratic institutions has been undermined by the capturing of political power by corrupt interests. The executive dominates the political sphere but is driven by narrow, short-term concerns.

The legislature poorly exercises its oversight functions. Legislators' interests in private gain routinely take precedence over national or even political party considerations.

Public service officials often have a limited understanding of the democratically decided laws that should govern their actions – which are often determined by their financial interests.

A lack of expertise constitutes another obstacle to rational policy formulation. The legislature is ineffective in that the president must ensure significant elite support to pass decisions. The weak judiciary cannot compensate for the deficits of other branches.

Liberia has been formally democratic since its independence in 1847. This history, combined with a political culture oriented toward the United States, means that democratic institutions are, in principle, fully endorsed by the political class. However, in large parts of the country, the political culture is hierarchical and features significant authoritarian elements. Among these elements is the widely held belief that the real centers of power are obscure and that the formal democratic institutions have limited relevance. Consequently, circumvention or manipulation of democratic norms and institutions may appear normal.

Elite attitudes often favor unilateral decision-making over compromise and consensus -seeking. In recent years, the government's commitment to democratic competition has ostensibly become weaker. Opposition forces have been violently attacked or targeted through the judicial system. Control over the judiciary has been increased, and attempts to undermine the independence of the Elections Commission have intensified.

Nonetheless, an Afrobarometer study published in 2021 demonstrated once again that the United States constitutes the undisputed political model. A military coup would be deeply unpopular, and democracy is considered the best regime.

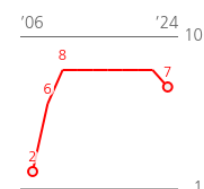
Performance of democratic institutions

5



Commitment to democratic institutions

7



5 | Political and Social Integration

The political party system is not institutionalized, and parties are strongly personalized. Three political parties – the Unity Party (UP), the Coalition for Democratic Change (CDC), and the National Patriotic Party (NPP) – contested the 2005 elections and have maintained relevance since.

However, the UP's support has significantly diminished since it lost power in 2017. The CDC remains heavily focused on George Weah. The NPP, established by former President Charles Taylor and presently led by his ex-wife, continues to exist as a formal structure connecting elites from his network, despite facing intense internal rivalry. Most parties are the personal projects of their leaders and do not represent recognizable societal interests. In general, parties conduct primaries, but internal democracy is feeble, and party leaders often determine the outcomes.

Liberia's political scene is, and has historically been, factionalized. The most significant structures are individual "big people" with personal followings. The party system, with its 25 registered groups, is highly fragmented.

In the period under review, the UP and ALP withdrew from the alliance of the strongest opposition parties – the Collaborating Political Parties (CPP) – over disputes over its their candidate for the 2023 presidential elections. The remaining Alternative National Congress (ANC) and the Liberty Party (LP) agreed on Alexander Cummings as the standard bearer.

While Liberian political culture is often confrontational, there is little polarization, and alliances can be formed among all political actors if it serves their interests. This reflects the patrimonial character of the Liberian polity, where politics revolves around access to the spoils of power.

Among the major formalized interest groups are the Chambers of Commerce, the World Lebanese Cultural Union – which effectively represents the most important business interests – the Liberian Business Association, and trade unions. Women's civil society groups also hold relevant mobilization powers. Church leaders act as important intermediaries between the state and citizens. While the larger civil society groups have some influence on politics, this influence has been uneven in the past. Less well-financed interests face significant difficulties in making their voices heard.

In Monrovia daily life, neighborhood associations establish a significant connection between society and the state. The organizational strength and legitimacy of these associations vary tremendously, but they are often weak and adhere to patrimonial dynamics. Employers' and workers' organizations frequently exert successful influence on politics and administrative actions.

Party system

5

'06 '24 10



Interest groups

5

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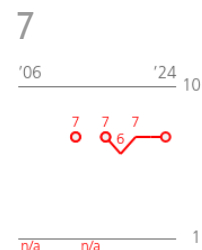
Five Afrobarometer surveys between 2008 and 2020 have revealed strong approval of democracy. Approval was initially high after the civil war but decreased due to dissatisfaction with leaders and the desire for strong leadership during the Ebola crisis. However, support for democracy has since rebounded, with the most recent survey showing that 84% of respondents expressed their support for democratic institutions. Nonetheless, 16% of respondents approved of a military coup. There is a widespread preference for a stronger role of the military in enforcing law and order and strengthening security, largely due to a lack of confidence in the police.

Yet, while approximately 80% of the population considered the country to be heading in the wrong direction, only about 60% expressed dissatisfaction with the functioning of democracy. Complaints encompassed impunity for corruption among the elite, a lack of concern among elites for ordinary Liberians, and a general lack of order. The majority of Liberians support government interference in freedom of association and opinion as a means to maintain order. In the recent Afrobarometer survey, 60% of respondents expressed the view that the president should have the authority to ban any organization that opposes its policies.

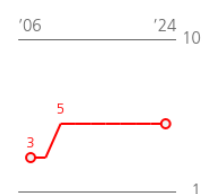
That said, understanding of democracy is often very limited among the population. There has been little to no civics education in schools for the past 30 years. A new civics education textbook has been produced but has yet to be distributed to schools across the country. Since teachers are often volunteers who are not fluent in reading and writing, it is unlikely that the distribution of textbooks will truly help to change this situation. Meaningful educational reforms are necessary to equip future generations with the understanding to fully participate in public life.

Trust is in short supply in Liberia. Historically, the region has been characterized by small political entities and insecurity. At the village level, interdependence and traditional socializing mechanisms create strong bonds, resulting in mutual support. However, even rural communities have been destabilized by both in-migration and out-migration. Trust often does not extend beyond group boundaries. Many of Liberia’s fairy tales warn against trusting outsiders. The civil war further destroyed trust. Trust is largely restricted to private settings such as kinship and religious groups, such as church congregations, and is rare in the public sphere. While Liberians readily organize themselves into voluntary associations, the lack of trust often hinders effective functioning, and these groups are frequently short-lived.

Approval of democracy



Social capital



II. Economic Transformation

6 | Level of Socioeconomic Development

Liberia consistently ranks as one of the poorest countries in the world. It was ranked 178th out of 191 countries in the 2021 Human Development Index (HDI). Although its overall score improved slightly due to increased life expectancy and improved educational access, it performed below average and dropped in rank. Approximately 85% of the workforce is active in the informal sector, which includes subsistence agriculture.

In 2016, inequality scored 0.648 on the Gini Inequality Index, putting it well below the international average. This score suggests that the elite, by regional standards, was not particularly wealthy, given the low overall level of development.

Nonetheless, Liberia's legislators are among Africa's best-paid, and there are stark income contrasts between the tiny, privileged class and the masses. This reflects the destructive impact of civil wars and a natural resource-based enclave economy, where foreign investors repatriate profits instead of reinvesting them. However, over the past 20 years, elites have accumulated wealth and a small middle class has emerged, resulting in increasing inequality.

Liberia is one of the most urbanized countries in the region, with approximately half of the population living in urban areas and about one-third residing in the capital city. This is partly due to the legacy of the civil wars, during which the cities provided a comparatively safe haven and essential services that attracted internal refugees. Moreover, the lack of opportunities in the rural economy has contributed to the continuous and unchecked urbanization. Various sociopolitical factors, such as the control of land by elders, inadequate infrastructure for road transportation, and government neglect of smallholder agriculture, have made agriculture an unattractive option. Additionally, the industrial sector is limited, with few opportunities available in the urban economy.

Access to education is a significant challenge. In rural areas, schools are frequently barely functional. The difficulties for poor rural youths who wish to climb the social ladder are immense, and opportunities for slum dwellers in the cities are often not much better.

Historically, the major social division has separated the settler society from the indigenous population, with significant segments of the latter being structurally excluded. Presently, a considerable proportion of state employees and political elites have indigenous backgrounds, diminishing the significance of the traditional barrier.

Question
Score

Socioeconomic
barriers

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Generally, contemporary lines of exclusion predominantly revolve around an urban-rural divide, segregating the extremely impoverished from the more established social classes. Furthermore, numerous Mandingo Muslims experience a sense of exclusion from public offices.

Gender inequality has historically been pronounced, as is particularly visible in the divergent literacy rates. However, girls' attendance at schools has increased tremendously in the past ten years. Formal sector jobs are disproportionately occupied by men, while low-income market trade is a female-dominated sector.

Economic indicators		2019	2020	2021	2022
GDP	\$ M	3319.6	3040.0	3509.0	4001.0
GDP growth	%	-2.5	-3.0	5.0	4.8
Inflation (CPI)	%	-	-	-	-
Unemployment	%	3.0	3.8	3.7	3.6
Foreign direct investment	% of GDP	2.6	2.9	1.3	1.8
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ M	-653.4	-	-	-
Public debt	% of GDP	48.5	58.7	53.3	53.9
External debt	\$ M	1266.8	1457.4	1846.3	-
Total debt service	\$ M	38.3	73.0	58.1	-
Net lending/borrowing	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	-	-	-	-
Public education spending	% of GDP	2.5	2.1	2.5	2.6
Public health spending	% of GDP	1.4	1.6	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	0.9	1.0	1.0	1.3

Sources (as of December 2023): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

Liberia's constitution restricts citizenship to individuals "of negro descent" and allows land ownership by nationals exclusively. Business endeavors in 16 specific categories are reserved solely for Liberian nationals. In 2022, the 1973 Aliens and Nationality Law was modified to authorize individuals of Liberian descent to hold dual citizenship, with the aim of attracting investment from the diaspora. An additional twelve sectors impose minimum investment requirements for foreign-owned businesses.

Cross-border trade and the enforcement of contracts pose serious challenges for private businesses and freedom of competition. Corruption also unpredictably increases costs and grants privileges to well-connected individuals.

The government selectively intervenes in pricing. Public transport, rice, cement, and fuel prices are set by the government. Generally, major foreign investors have investment contracts with the government that specify their project-specific financial obligations. Thus, not all businesses operate under the same conditions. There are no restrictions on the repatriation of profits.

Liberia has one of the highest percentages globally of workforces being employed in the informal sector. In 2017, the figure stood at 89.6%.

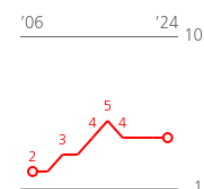
In 2016, Liberia acceded to the WTO and adopted a competition law, which is implemented by the Ministry of Commerce and Industry. However, there is no independent competition authority in the country, and Liberia is not a member of the International Competition Network.

The law regulates the operation of an efficient free market system in Liberia. The Liberian competition law prohibits all anti-competitive behaviors, unfair trade practices, and other similar conduct or activities that have a direct, substantial, and reasonably foreseeable effect on the Liberian economy or marketplace. The law applies regardless of whether the action occurred within or outside Liberia and whether caused by the activities of Liberians or foreigners.

The small market reinforces a tendency toward oligopolies. The economy is dominated by a Lebanese and Indian business elite. The general functional deficits of the justice system also affect the enforcement of competition law.

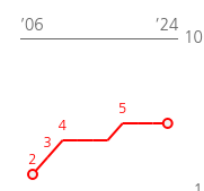
Market
organization

4



Competition policy

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Liberia joined the World Trade Organization in 2016, which has given the country access to other member states' markets through the most favored nation status (MFN). In 2021, the simple average MFN applied was 12.1.

The European Union (EU) is Liberia's largest international trading partner. It has initiated a regional Economic Partnership Agreement with the Economic Community of West African States (ECOWAS) to provide preferential duties and quotas for access to the EU. This partnership agreement aligns with the common external tariff of ECOWAS, which Liberia adopted in December 2017. The common external tariff reduces costs for regional imports and increases prices for imports from the main trading partners. However, due to the political fallout, Liberia has made amendments to some of the tariffs and is still not fully aligned with the regional policy.

Following Concord News, Liberia, Guinea, and Sierra Leone – key members of the Mano River Union – signed a memorandum of understanding in 2022 to improve customs relations on trade, revenue, and border security. The purpose of this agreement is to facilitate market access among these West African neighbors and alleviate non-tariff measures. Although informal trade between the neighboring countries is significant, trade facilitation measures are currently weak, resulting in increased costs for cross-border trade.

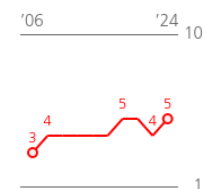
Liberia's central bank modernized guidelines on accounting and financial reporting for banks in July 2016, and it has introduced more limited changes since. In 2018, it adopted the International Financial Reporting Standards 9 and IFSR 15 standards on disclosure.

According to the latest report of the central bank from 2021, the banking sector demonstrated mixed developments. After a slump in 2019, profitability exceeded 2019 levels, yet non-performing loans increased by about 5% to nearly 23% during the same period. Although these exceptionally high levels pose a risk to the banking system, the central bank urged banks to provide loans to stressed marketeers affected by the pandemic. The capital adequacy ratio surged to 32% (the regulatory minimum is 10%), instilling confidence in the sector's resilience.

With about nine banks and several microfinance institutions, the number of banks is significant and their size is relatively small. There is no stock exchange, and options for portfolio investments are minimal. Because of the risky market, banks primarily offer short-term, high-interest loans, which limit financing opportunities.

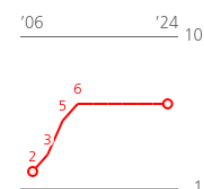
Liberalization of foreign trade

5



Banking system

6



8 | Monetary and fiscal stability

The government has maintained the use of both the U.S. dollar and the Liberian dollar as legal tender. The dollar makes up 67% of the money in circulation. Following a period of volatility, the Liberian dollar has remained stable over the past two years, partly due to the post-Covid economic recovery and more cautious monetary governance. In September 2019, the central bank shifted from a strategy of buying and selling dollars to stabilize the Liberian dollar, to adjusting the interest rate in order to conserve foreign reserves. However, these measures have had limited effectiveness due to the economy's dollarization, and the central bank had minimal prior experience to draw from. Additionally, inflation has decreased from around 20% in 2019 to an estimated 12% in 2022 as exports have increased.

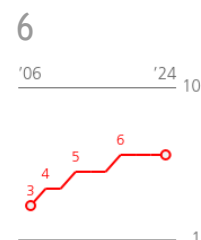
The central bank is formally independent, but fiscal and monetary policy goals used to be coordinated with the government. Amendments to the Central Bank Act in October 2020 gave it the mandate of ensuring financial stability and strengthened its legal basis for independence. The entity also gained greater autonomy in enhancing the quality and quantity of banknotes, reducing the risk of future local currency shortages.

After a drastic reduction, national budgets have expanded and stabilized at a relatively high level since mid-2021. In the fiscal year (2020 – 2021), the budget stood at \$570 million and rose to approximately \$348 million for the last six months of 2021 (the government adapted the budget year to the calendar year). The year 2022 saw another expansion to about \$807 million (restated), which is Liberia's highest budget ever. During the same period, the fiscal deficit doubled from 2.4% to around 5% of GDP.

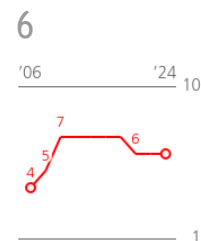
The 2021 budget was derailed because the Mineral Development Agreement with Mittal Steel had been blocked by the legislature, and the 2022 budget was based on unstable foundations. Against this background, the 2023 budget slightly decreased by approximately \$29 million, despite the expected continuation of a moderate recovery.

Some \$4.6 billion in debt were forgiven through the Highly Indebted Poor Countries (HIPC) initiative in 2010, but debt has steadily increased since. At 60% of GDP (2022), debt levels are still considered manageable; however, further increases would increase uncertainty. Liberia received several loans on special conditions to cope with the COVID-19-induced shocks, and much of Liberia's debt is provided at relatively favorable conditions by multilateral lenders.

Monetary stability



Fiscal stability



9 | Private Property

Property rights are formally defined in Liberian law, but the deficits of the justice system introduce a significant level of uncertainty. Liberia's Land Rights Law of 2018 represented an important step in strengthening the property rights of women and rural communities. However, customary inheritance rules often conflict with these laws, and a dysfunctional judiciary system makes it difficult to ascertain property rights.

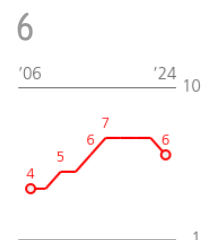
While the government has enacted laws on land ownership and processes of titling, land acquisition is still beset with significant risks. Land disputes are endemic in the country, and multiple claims to ownership are the rule in desirable areas. Foreign nationals are prohibited from acquiring land and must resort to lease agreements. The government may not expropriate property without compensation – yet untitled land is in the public domain, and historical irregularities in the issuance of land titles may render property documents invalid.

During the review period, the international EcoFuel finally lost the lawsuit with its former partner, Srimex, which is headed by an important opposition politician. As a consequence, EcoFuel lost a significant portion of its \$25 million investment to its former partner. The case was widely regarded as an asset grab in diplomatic and business circles.

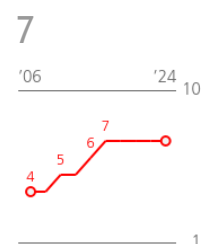
Private enterprises play an important role in official policies. However, many Liberians perceive foreign-owned companies as being exploitative and as benefiting at the expense of Liberian society. Most enterprises have struggled to be profitable in recent years, and many have incurred losses or exited the country. The patrimonial character of Liberia's state has made it more geared toward squeezing than nurturing private businesses, and narrative evidence suggests that the extortion of bribes has increased as central oversight has weakened, state revenue has eroded, and senior executive pay has declined.

The regulatory environment has improved overall in recent years but is still both overly bureaucratic and not reliably implemented. Liberia has over 20 state-owned enterprises. The commercial state-owned enterprises primarily manage essential infrastructure, the private ownership of which tends to produce natural monopolies. Several are noncommercial or regulatory state-owned enterprises, such as the municipality Monrovia City Corporation, the forestry agency, and the social security institution. State-owned enterprises continue to be a key component of the government's economic policy, and there has been no movement toward privatization.

Property rights



Private enterprise



10 | Welfare Regime

The national social security corporation, created in 1975, formally provides a basic social safety net for employees of the formal sector – such as a pension, health insurance, and unemployment benefits – in compliance with AP style for academic writing in American English. A revision that

The policy, which became effective in 2018, increased total contributions from 7.75% to 10%. Employers pay 2% of the gross salary under the work-related injury scheme. An 8% contribution to the pension fund is shared between the employer and the employee. The agency has a historical reputation for being riddled with corruption. Claiming benefits often proves to be a challenging process. Payouts are small and effectively below the level of contributions.

Some government institutions and private companies further insure their employees through private medical insurance companies, which provide limited coverage.

Against the backdrop of economic crises, both the public and private sectors have reduced these benefits.

Concession companies are typically required to furnish basic medical and educational services to employees and their families. In practice, though, these services are frequently inadequate.

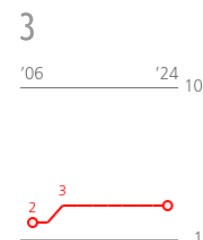
Health care and related aspects, such as sanitation and access to safe drinking water, are prioritized in the budget; however, service delivery remains very poor. When young mothers are abandoned by their partners, support is rare. The Ministry of Gender, Children, and Social Protection has made a particular effort to enforce the payment of alimony and has become significantly more effective, at least in Monrovia.

The majority of the population must rely on private channels such as patronage and the support of relatives in cases of hardship. Under conditions of extreme poverty, mechanisms of mutual support are often ineffective.

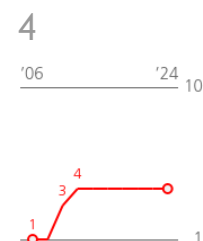
The distribution of opportunities is highly skewed along several lines, with socioeconomic background being the chief determinant. The historic cleavage between “Congos” and “Indigenous” has lost much of its relevance but remains politically instrumental, still featuring prominently in public discourse.

Those belonging to higher social strata have significantly better access to education and, due to the significance of social connections, formal sector employment, which is valued more than private sector employment. Opportunities are further concentrated in the capital. The proximity to the capital holds implications for the distribution of opportunities among ethnic groups, with the poorly connected eastern counties being the most disadvantaged.

Social safety nets



Equal opportunity



Gender inequality is severe. Approximately 63% of men and 34% of women are literate. However, school enrollment for girls has markedly improved in recent years. The most recent data indicates equality at the primary level (ratio of female to male enrollment: 1.0), but to a lesser extent at the secondary level (0.8) and tertiary level (0.6). In 2021, women constituted around 47% of the labor force.

Women are underrepresented in leadership positions and the formal sector, yet there is a significant number of high-profile female leaders in civil society, business, and politics, including the vice president. However, only 16% of cabinet positions are held by women, and only 12 of 103 legislators are female.

11 | Economic Performance

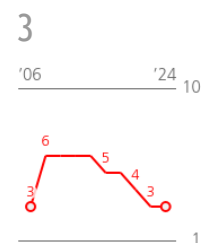
Liberia is one of the seven poorest countries globally (where data on GDP per capita is available). Prior to the Ebola crisis of 2014 to 2015, Liberia experienced strong economic growth of over 8%, although it began from a very low point. The Ebola crisis inflicted a significant economic shock, and since then, low international prices for Liberia's primary export products have mostly constrained GDP growth to fall below population growth.

After an additional contraction related to the pandemic, per capita growth rates have turned positive since 2021 for the first time in years, but absolute figures remain below pre-pandemic levels. In 2021, GDP per capita stood at \$1,553. The Russian invasion of Ukraine led to a significant increase in fuel and food prices in 2022, further adding pressure on the population and enhancing economic insecurity. While unemployment rose over the reporting period, low incomes and underemployment overall constitute greater welfare challenges.

Due to favorable international conditions and some increases in production, export income from rubber, gold, palm oil, and iron ore rose significantly in 2022. However, no major new investments were implemented, and the rising gold production is largely due to particularly destructive artisanal mining. Many hopes were pinned on a new Mineral Development Agreement signed with Arcelor Mittal in 2021. The agreement promised to triple Liberia's iron ore production and to keep the concession active for another 25 years. However, the agreement was not yet ratified in early 2023. The expansion is in conflict with the use of the company's railway by a Guinea-based mining project, which heavily lobbied with Liberian politicians. The project's viability is dependent on export through Liberia. Liberia's current account deficit steadily rose and reached a high of 23% of GDP in 2022.

Liberia's economic potential presents a challenge. Although geologically promising, very little exploration has been conducted, making the viable mineral potential uncertain. The soils sustain only a few cash crops, such as palm oil and rubber, and the global growth prospects for both sectors are relatively weak. The staple food, rice,

Output strength



is mostly imported, while domestic production mainly occurs in upland areas instead of more productive and sustainable rice paddies. The soils often need fallow periods of 10 to 30 years per harvest.

Liberia still features West Africa's largest and most intact forest cover, which may be its most valuable resource in terms of global importance. However, the forest is acutely threatened. In addition to mining and national plantation development, as the soil in neighboring Côte d'Ivoire loses fertility, local cocoa producers turn to Liberia to exploit its virgin forests.

Weakening national leadership and administrative capacity, as well as a decrease in revenues, have created a situation in which businesses face increasing pressures from both legitimate tax collectors and state officials seeking bribes. Due to deficient road and import infrastructure, high energy prices, low domestic production, and a small oligopolistic market, the cost of living is paradoxically high.

12 | Sustainability

Liberia faces significant challenges in basic areas of environmental protection. Waste and sewage disposal, diesel fuel toxicity regulations, and coastal erosion prevention measures are wholly inadequate.

There are no tax instruments or other policies to reduce carbon dioxide emissions. Yet donor-funded projects to increase electricity production focus on hydroelectric power and decentralized solar power solutions.

Concession companies must undertake environmental impact assessments as part of their application, and the Environmental Protection Agency (EPA) is consulted during all concession agreements. The EPA, however, is hampered by low levels of awareness and corruption in government circles. The environmental damage incurred by regular and irregular mining is significant.

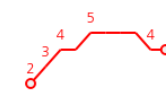
Liberia features West Africa's largest contiguous forest cover, which is of major global importance in terms of biodiversity and carbon absorption. The 2006 Forestry Reform Law is committed to setting aside 30% of Liberia's forest as protected areas. The formally protected areas have expanded since. Preparations to establish Liberia's most recent reserve, the Krahn-Bassa Protected Area, have met major resistance among local populations in 2022 and appear on hold. The resistance refers to vested interests in logging and plantations but also demonstrates that the government and the international community have not developed a convincing alternative to conventional exploitation.

Encroachment on protected areas, insufficient monitoring of logging in concessions, and deforestation in non-protected areas through the expansion of cocoa plantations, agriculture, and mining present significant threats to Liberia's ecosystem. During the

Environmental
policy

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period under review, international concerns about illegal logging persisted, and apparent major mining operations in the Gola Forest National Park received criticism. Illegal and legal fishing by foreign trawlers in Liberian waters also deplete marine resources.

While traditional societies have historically interacted with the ecosystem and probably increased fertility and biodiversity, their systems are dependent on extended fallow periods and may not be compatible with population growth and more intensive land use.

Liberia has made some progress in providing education since the end of the civil war, albeit at extremely low levels. The U.N. Education Index gave Liberia a score of 0.459 in 2021, representing a steady, though modest improvement. The literacy rate of 48.3% (latest data from 2017) is low, even by regional standards.

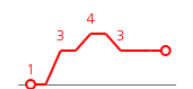
Noteworthy policy steps include the Education Reform Act of 2011. The Act provides free and compulsory education in public schools from primary to junior secondary level and increases the compulsory education age to 15, thereby eliminating the gap between compulsory education and the minimum age of employment. In 2018, the Weah government declared public tertiary education below the master's level free of charge. However, public expenditure on education is well below the average of developing countries, at 2.3% of GDP (2020).

Historically, private missionary schools have constituted Liberia's school system. The quality of public schools – and many private schools – is very low, attendance is not enforced, costs associated with education are beyond the means of many Liberians, and a sizable share of minors are not in school. Many teachers lack adequate qualifications, and secondary school pupils often cannot effectively read or do simple math. There is also substantial gender inequality, but female education has significantly expanded. The University of Liberia and private universities struggle with low literacy rates and numerical skills among students – and often also staff. Consequently, they have limited capacity to provide quality training. Severe funding constraints also hamper higher education. Almost no research is conducted, and the government has no R&D funding policy.

Education policy /
R&D

3

'06 '24 10



Governance

I. Level of Difficulty

The structural constraints on Liberia's political leadership are significant. More than two-thirds of the Liberian population live in extreme poverty, and the illiteracy rate for young adults is high. The performance of the educational system has deteriorated due to several political crises since the mid-1980s, resulting in an entire generation being significantly less educated than the previous one.

Furthermore, many of Liberia's skilled workforce fled during the civil war, leaving both the state's administrative infrastructure and economy without sufficiently qualified and experienced personnel. The country's political elite is fragmented, and a culture of corruption frequently subordinates politics to private interests. This means that ensuring officials' cooperation on government projects is notoriously difficult. With a population of approximately five million inhabitants and limited purchasing power, the economy is small.

A high population growth rate of 2.4% in 2019 diverts resources toward consumption rather than investment while exerting high pressure on the labor market. Due to a poorly developed infrastructure, smallholder farmers face numerous obstacles in gaining access to markets. The economy is dominated by three export commodities – gold, iron ore, and rubber – with overall production being weak and prospects for expansion low.

The dominant ferralsol and acrisol soils severely limit agricultural potential, and the ecosystem is fragile, with high risks of erosion and ecological degradation. While the direct health effects of the COVID-19 pandemic have been limited, the global economic repercussions have significantly impacted the situation.

Voluntary associations are a fundamental aspect of urban public life, particularly in Monrovia. Many of these associations are centered around professional and business interests and actively engage in politics. The human rights sector, which heavily relies on international support, has experienced a decline in influence during the specified time period due to changes in leadership. Nevertheless, it maintains its significance. Media institutions play a critical role by reporting on government policies, often exposing corruption allegations. However, there is minimal follow-up on the progress of these allegations, leaving the public uninformed about the outcomes.

Structural
constraints

10



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Civil society
traditions

7



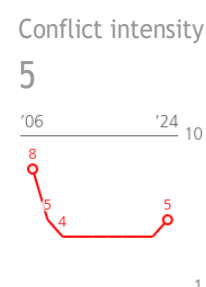
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Neighborhood associations play a vital role in communal life, but their organizational strength varies. Although Liberians frequently form voluntary associations, these tend to have short lifespans. Trust is often lacking among Liberians, hindering the effective functioning of civil society organizations. Moreover, the civil society sector is susceptible to government co-optation of its staff and corruption. Additionally, the sector faces limited opportunities to mobilize the impoverished population to demand action on pressing issues.

While the Liberian civil wars officially ended in 2003, peace remains fragile. Structural inequality, the lack of educational, lawful and formal economic opportunities for all, conflicts over property (especially land), and polarization along ethnic and religious lines have contributed to violence and crime. These factors have become more pronounced toward elections as poverty, discontent, and conflicts are easily exploited for political purposes. In 2022, there was an increase in ritualistic killings and mob violence, and politically motivated attacks are on the rise.

Against the backdrop of a weakened economy and the upcoming 2023 presidential elections, polarization has been increasing in 2022. Among others, former warlord and influential political figure Prince Johnson has withdrawn his support from Weah, which will cost him votes in a crucial area. Throughout Weah's presidency, tensions within the government coalition have occasionally arisen over nominations for government positions. In 2019, the most formidable opposition parties, such as the ANC, the UP, the ALP, and the LP, formed an alliance known as the Collaborating Political Parties (CPP), which ran as a unified contender in the 2020 Senate elections. The CPP disintegrated due to rivalries over the presidential candidacy in 2022, ultimately returning to the ANC and LP as the remaining contenders.

Liberian society is divided into small political factions that must form coalitions to become relevant. Political affiliations are fluid. The governing CDC is perceived as the party of the marginal masses, while the opposition is seen as more elite-oriented. However, ideological division and policy differences are minimal. Although the political elite is fragmented and political rhetoric is often confrontational, coalitions can be formed among nearly all political actors since politics primarily revolves around accessing spoils. Nevertheless, these coalitions are delicate and may dissolve rapidly. Conflicts are mostly restricted to the political system and channeled through elections.



II. Governance Performance

14 | Steering Capability

There is very limited capacity to establish and consistently pursue priorities. In the reporting period, some emphasis on restoring monetary stability and reducing inflation could be observed.

The government officially prioritizes road construction, with the specific goal of connecting the eastern counties, as well as electrification and improving maternal health. However, long-term goals are often overshadowed by short-term necessities, political bargaining, and the pursuit of political office. This is due to the sustained economic crisis, which has weakened the government's capacity, resulting in delayed payments of public sector salaries and forced salary reductions. When long-term approaches are pursued, it is often because of pressure from donors. However, donor funding is similarly unstable and does not effectively promote long-term progress. It has become increasingly evident that there is little consensus among government elites on the policies outlined in the core document, the "Pro-Poor Agenda for Prosperity and Development."

Road construction is moving ahead, albeit slowly and largely dependent on international funding. The re-establishment of public electricity production after the war was a core symbol of a functioning government. Over the past years, the electricity supply has constantly become more erratic. The health and education sectors remain in a dire state despite domestic prioritization and considerable international support.

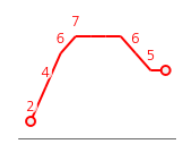
The patrimonial culture further implies that the state is often seen as an institution of private accumulation and distribution of benefits by its officials, rather than as a provider of public order and services. While Liberia enacted several legal anti-corruption measures during the reporting period, legal provisions and factual practices are increasingly contradictory. None of the high-profile corruption cases have led to legal punitive measures against the accused. Corruption is widespread and significantly impairs the government's effectiveness in implementing its own policies.

Question
Score

Prioritization

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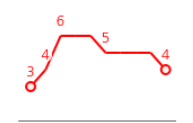
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Implementation

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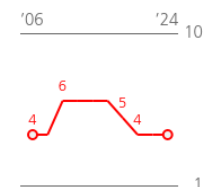
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Policy-learning abilities are very limited, and there are few signs of increasing capacities, as rational policy formulation clashes with the dominant patrimonial orientation in Liberia's political culture. Well-established narratives regarding Liberia's challenges and potentials inform much of the policy process rather than any critical reassessment. Under the current government, institutions with the power to critically review government action have received little attention or been actively weakened – this includes the Liberia Anti-Corruption Commission, the General Auditing Commission, and the Liberia Extractive Industries Initiative. The government think tank on policies, the Governance Commission, is often sidelined and plays little role in informing policy formulation processes.

Policy learning

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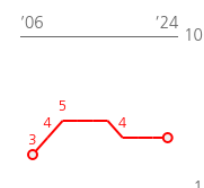


15 | Resource Efficiency

Liberia's historical experience has made the non-delivery of public services the normal state of affairs, with a deeply ingrained culture of corruption among officials. In combination with a lack of qualified civil service staff and leadership, the state has lacked rationality in mobilizing revenues and using them efficiently.

Efficient use of assets

4



Liberia spent a relatively high amount of its revenues on current expenditures (60 to 70%), compared to other countries in the region. The salary bill has experienced a significant increase since 2012, with wages accounting for slightly over half of government expenditures by 2021.

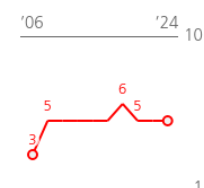
With a monthly compensation of about \$15,000 for senators, Liberian legislators are among Africa's highest paid. Nonetheless, decision-making processes often involve corruption, and the legislature poorly carries out its oversight functions. Additionally, with changes in government, personnel in approximately 4,000 positions appointed by the president are also exchanged, resulting in further replacements down the line.

Accumulated experience therefore gradually diminishes at regular intervals. Debt levels are still manageable, but the persistently high fiscal deficits and steadily rising levels of debt, despite low to negative GDP growth and challenging prospects, are concerning. Budget implementation consistently falls short, and auditing processes remain weak.

The Weah government, inaugurated in 2018, is still constrained by limited expertise, a lack of consensus on policies stemming from shallow ideological commitments, and rivalry between the CDC and NPP. Different factions within the governing parties pull policy toward different special interests. Public investment is outsourced to donors, given the high current expenditure bill – these donors force some consistency within their respective areas of funding but have different approaches from one another. The disintegrated, mostly local character of NGO projects is not streamlined by government initiative. Corruption among state officials also undermines official policies.

Policy coordination

5



Liberia has several formal integrity mechanisms, including the General Auditing Commission, the Liberia Revenue Authority, the budgetary oversight powers of the legislature, the National Public Procurement and Concessions Commission, the Liberia Extractive Industries and Transparency Initiative, the Liberia Anti-Corruption Commission, a code of conduct for the civil service, and a freedom of information law.

Overall, these institutions are weakened, while corruption levels remain high and legal consequences for corrupt practices are rare. The overall perspective of the post-civil war order is that of a neo-patrimonial state in which corruption is deeply ingrained. President George Weah’s initial term is characterized by redirecting revenue flows toward his network, which resulted in a gradual erosion of integrity-promoting institutions.

In the reporting period, the long-awaited extension of prosecutorial powers to the Liberia Anti-Corruption Commission was finally granted. Additionally, a process outlining a more inclusive nomination process for its executive was adopted. However, three of the officials closest to the president were placed under sanctions by the U.S. government for acts of corruption. In these, as well as in other cases, no meaningful judicial process has been put in place. As much as corruption charges are pressed, the proceedings seem to be politically motivated.

16 | Consensus-Building

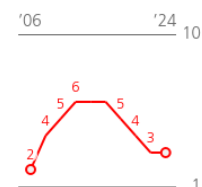
Liberia was established as a democratic country upon gaining independence in 1847. Democracy is generally acknowledged as the standard; however, the local interpretation of the term is influenced by unique Liberian characteristics. In Liberian political culture, there is a noticeable authoritarian undertone.

Liberia maintains strong ties with the United States, and there is widespread support for capitalist principles. Embracing capitalism and the market economy does not contradict the significant state interference in economic freedoms. Protectionist measures, state ownership of enterprises, and price regulation for essential goods and services enjoy broad backing. President Weah made an important electoral promise to promote Liberian-owned businesses but has yet to fulfill it to a significant extent.

There are no strong political actors openly challenging democracy, nor are there organized veto players. However, the commitment of political elites to democracy, including in the current government, is not beyond doubt. Former militia leaders offer their services to the government to suppress opposition protests. The influence of special and private elite interests on politics is strong. Endemic corruption undermines the democratic decision-making processes and the implementation of democratically decided laws. Law-abiding government officials have significant difficulties isolating themselves from corrupt actors both within and outside the administration.

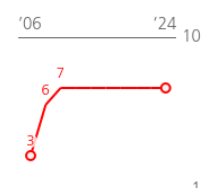
Anti-corruption policy

3



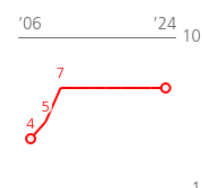
Consensus on goals

7



Anti-democratic actors

7



The historical experience of being ruled by descendants of settlers constitutes a historical trauma for large segments of the population. Political conflicts are still widely interpreted through the “Congo-Indigenous” divide. The Johnson Sirleaf government was often seen as dominated by “Congos,” which can partly be attributed to the equation of elite culture with settler society. However, her government strategically distributed positions across a broad spectrum of society.

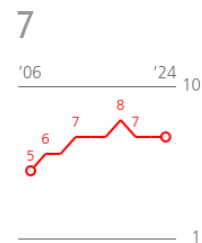
The elections of 2017 marked a significant shift in the societal distribution of power. George Weah’s family originates from the southeast, a region that has historically been on the outskirts of the state. He enjoys immense popularity in this area and is widely recognized as the representative of the impoverished native majority. As a result of his election, the identification of the “indigenous” population with the state has undergone a substantial transformation.

The president’s relationship with the NPP coalition partner, which is based in northern and central Liberia and aims to integrate a politically and numerically significant portion of the population, is uneasy but civil. Former warlord Prince Johnson, who remains highly popular in the densely populated northern Nimba County, led a faction that fought against eastern forces. He had previously supported the previous presidents and established important connections for Weah in western Liberia and pro-Taylor environments. However, when he had a falling out with Weah in 2022, this indicated renewed tensions between south-east Liberia and the northwest.

Against the backdrop of the economic and political crisis of the past years, however, potential tensions have remained well managed.

The previous government demonstrated a dedication to involving civil society in numerous areas of policy. Its primary reform document, the National Vision 2030, was created after extensive consultations with citizens and interest groups. Likewise, the current government sought citizen input in developing its “pro-poor agenda for prosperity and development.” However, since then, the process of formulating policy has become less transparent and is primarily carried out by government elites and donors. With discontent growing in Monrovia, which serves as the center of civil society activity, the government has become increasingly apprehensive about outside involvement. Additionally, funding limitations continue to have a negative impact on the capacity of civil society.

Cleavage / conflict management



Public consultation



About 20 years after the end of the civil war, no significant formal process of national reconciliation has occurred. The country's examination of its violent past has primarily centered around the civil wars and has been facilitated by the national Truth and Reconciliation Commission (2005 – 2009). However, this commission has been marred by controversy, and, although it has resulted in some disclosure of truth, its effectiveness in promoting reconciliation is questionable.

Under President Johnson Sirleaf, the Liberian government laid out its pathway to reconciliation in a Strategic Roadmap for National Healing, Peacebuilding, and Reconciliation (2013 – 2030). This road map involves transitional justice mechanisms that aim to account for the past, manage the present, and plan for the future. However, little progress has been made toward putting this road map into practice, as those expected to implement it are unaware of its existence. The current government has shown little interest in fostering reconciliation.

Johnson Sirleaf and now George Weah addressed societal cleavages mainly through broad elite-level coalition building and by delegitimizing inflammatory rhetoric. Several influential personalities were affiliated with warring factions. Significant elite resistance exists against a process that might incriminate persons of influence. Additionally, ethnic and regional faction constituencies are often reluctant to see their leaders accused of faults, and there are fears that a postwar justice initiative might reignite tensions.

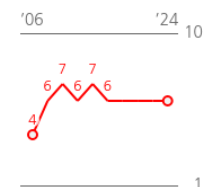
More than half of Liberians have been born after the war. The civil war period is partly forgotten but remains alive in traumas, stories and half-truths.

17 | International Cooperation

The current political leadership uses international assistance for its own development agenda but shows deficiencies regarding long-term goals, with a slight downward trend in this regard. The utilization of international support was at an unprecedented high level under the previous government of Johnson Sirleaf. Rapid progress was seen in security sector reform, electricity generation, and the upgrading of national highways and major urban streets. Progress in the health sector was slow. The United Nations Mission in Liberia, deployed in 2003 to stabilize the country and reestablish peace, completed its mandate in 2018. It was a multidimensional mission active in various development initiatives, and donor inflows have been reduced as it closed down. In the context of a larger reform emphasizing effective use of assistance, Germany declared its intention in 2020 to withdraw from bilateral cooperation with Liberia. Consequently, the Gesellschaft für Internationale Zusammenarbeit, or GIZ, was closing down its offices.

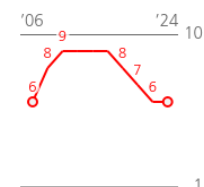
Reconciliation

6



Effective use of support

6



Relations with the International Monetary Fund (IMF) remain strong. The government's development strategy paper strongly reflects donor input, but this road map has not always been consistently followed. The capacity of the government is low, and donor assistance is often not utilized most efficiently.

In recent years, progress in electricity generation and distribution, road infrastructure, health, and education has been sluggish.

The Johnson Sirleaf administration maintained a strong political and economic position with international partners despite substantial deficiencies throughout its tenure, although concerns about uncontrolled corruption grew. The reputation of the Weah administration has continued to decline over time. The release of protest notes by the national U.N. office and a coalition of ambassadors regarding the utilization of donor funds reflects a diminishing level of trustworthiness in the eyes of donors.

The withdrawal of foreign investors in the oil palm and extraction industries shows waning confidence in the investment climate. Once again in 2022, senior officials have been placed under Magnitsky Act sanctions by the United States. There is increasing local and international concern over the respect for democratic procedures during the 2023 elections. Yet, Liberia continues to remain steadfast in its Western orientation.

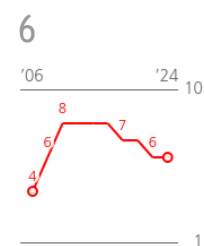
Generally, Liberia maintains cordial regional and international relations. Liberia is a member of several regional organizations, including the African Union (AU), the Economic Community of West African States (ECOWAS), and the Mano River Union (MRU).

Relations with neighboring states considerably improved after the civil war as changes in leadership in Liberia and other countries entailed more cooperative policies and a fresh start. Liberia ratified the common external tariff of ECOWAS in December 2017 but has not fully implemented it due to adverse effects on local prices and production.

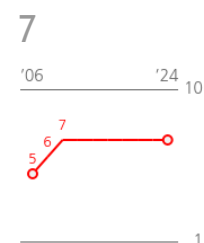
Liberia has occasionally employed the Mano River Union to cultivate relationships with its neighboring countries in sectors such as infrastructure, trade, and extractive industries. Côte d'Ivoire has emerged as a significant source of imports for both countries, highlighting the advancement of economic integration.

Liberian troops also support the U.N. peacekeeping missions in Mali and South Sudan, among others.

Credibility



Regional cooperation



Strategic Outlook

Liberia faces profound challenges that significantly dampen its future prospects. These challenges include exceedingly low human capital resources, which hinder its capacity to effectively tackle societal and environmental issues. The nation's social fabric is fragmented, partly due to its historical legacy of small-scale stateless societies and also as a result of the civil wars. This fragmentation yields individual liberty but hampers political coordination. Scarce mineral resources, infertile soils, and a delicate ecosystem further curtail economic opportunities.

Given this context, Liberia's development trajectory closely follows the fluctuations of the global economy, particularly in infrastructure projects that hinge on long-term international cooperation.

Due to its economy rooted in natural resources, the state will remain the primary driver of capital accumulation and redistribution. The potential for enhancement lies in bolstering efficient service delivery and public investment while curbing unproductive job allocation in the civil service.

Liberia's geological makeup suggests the possibility of commercially viable mineral resources beyond iron ore and gold. The Ministry of Mines and Energy could enhance its expertise beyond these traditional industries, devising strategies to attract investors for prospecting other minerals.

The nation and the international community face a critical choice between expanding mineral extraction and agriculture sectors or conserving one of the continent's largest forested areas. Liberia's ecosystem is delicate, housing globally significant biodiversity and carbon sink resources at risk of depletion. Considering the widespread poverty, preservation efforts must offer superior income opportunities, necessitating international collaboration.

Liberia's commitment to safeguarding 30% of its forests and effectively expanding conservation areas is commendable, although some protected areas have been allocated to investors under murky circumstances in the past. Nonetheless, reaching the target implies substantial deforestation and the loss of vital ecological resources like carbon sinks and biodiversity, which hold global importance. The forest likely presents the resource of greatest international interest. International entities must thus provide conservation benefits surpassing those of forestry and plantation development.

Considerable expectations rest on the growth of the cocoa industry, benefiting from favorable global market conditions. Yet, conventional cocoa plantations, as seen in neighboring Côte d'Ivoire, can degrade soils. Liberia envisions a niche for sustainably produced cocoa, but the strategy faces challenges due to higher operating costs and intricate plantation management processes. Given limited government oversight and gaps in monitoring international certification schemes, there's a risk that farmers might pursue higher prices for sustainable cocoa while seeking greater yields and lower costs of conventional production. Coordinated national and international efforts are necessary to stay on course.

Given its structural limitations, scarce resources, and lack of evident competitive advantages, Liberia will likely struggle to mobilize the resources required for core state functions in the foreseeable future. The professionalism of the civil service has further eroded in recent years. Dependence on donors will persist, possibly benefiting from heightened competition between China and the Western world. Culturally and politically, Liberia leans toward the United States and the West, offering a good chance of maintaining democracy and advancing a social market economy unless opportunities are overlooked by the West.

Culturally and politically, Liberians enjoy a degree of liberty that is rarely found elsewhere in the region. While insecurity exists, crime rates are relatively low within the region, and gun violence is uncommon. These characteristics warrant preservation. Eroding government support during an economic crisis may provoke attempts to cling to power through unconstitutional means, posing the most immediate threat to prevailing conditions of relative security and peace. State leadership and external partners are well-advised to rein in hard-line factions within the government.

In anticipation of the 2023 presidential elections, political rivalries are likely to intensify. There are risks of localized and sporadic election-related violence, which might remain limited but could undermine the legitimacy of the process. Despite growing discontent, the government, lacking a strong opposition figurehead, is well positioned to secure victory. Nonetheless, conducting the elections in a fair and transparent manner will remain crucial.