Liberia
Sectoral Scenarios for Liberia

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Stability scenario

Chart 13: Governance security in CP and Stability scenario, 2019–2043

The Stability scenario represents reasonable but ambitious reductions in risk of regime instability and lower levels of
internal conflict. Stability is generally a prerequisite for other aspects of development and this would encourage inflows of foreign direct investment (FDI) and improve business confidence. Better governance through the accountability that follows substantive democracy is modelled separately.

The intervention is explained here in the thematic part of the website.

In 2019, Liberia's score on the governance security index was 0.66. This is below the average score of 0.69 for Africa and slightly above the average for low-income Africa at 0.64. Although political parties were legalised in 1984 and civilian rule began two years later, the country's political unrest and civil wars disallowed stable leadership in the 1990s and early 2000s. Fortunately, in 2003, the ECOWAS-led peace talk agreement in Accra resulted in a National Transitional Government. This power-sharing agreement in 2003 ended fighting and paved the way for democratic elections and governance in 2006. Ellen Johnson Sirleaf was elected president in 2006 and stabilised the country. Since then, the country has enjoyed some political stability. The 2017 elections brought into power the government led by George Weah, although there were allegations of fraud. This was the first time in 73 years that there has been a transfer of power from one democratic government to another. However, there have been periodic protests and demonstrations against the incumbent government mainly due to corruption allegations and economic underperformance. Compared to the average for low-income countries in Africa, Liberia has a high level of governance security. By 2043, it is expected that Liberia's score will be 0.14 more than the average for low-income countries in Africa. In the Stability scenario, Liberia's score on the governance security index is projected to rise from 0.66 to 0.85 in 2043, which is 0.09 points higher than the Current Path forecast for the same year.
The GDP per capita of Liberia in 2019 was US$1,208, which was US$4,520 less than the average for low-income countries in Africa. In the Stability scenario, the GDP per capita is projected to increase to US$2,664 by 2043. This will be US$98 more than the Current Path forecast and US$1,126 below the average for low-income countries in Africa. Regime stability and a peaceful environment inspire investor confidence and attract FDI into the country, with a positive effect on economic growth. It is therefore not surprising that the political stability in the country since 2006 is yielding positive results in attracting FDI and leading to growth.

As Liberia is a low-income country, it uses the global benchmark of US$1.90 per day. In 2019, 3.1 million poor people (about 63% of the population) were living on less than US$1.90. The Stability scenario reduces the portion of people living below the poverty line to 29.6% by 2043, which is 2.3 percentage points below the Current Path forecast but 4.4 percentage points above the average for low-income countries in Africa. Likewise, the number of poor people will decline to 2.6 million people in 2043 in the Stability scenario. This means that the materialisation of the Stability scenario could lead to 200,000 fewer poor people than in the Current Path forecast in 2043.
This section presents the impact of a Demographic scenario that aims to hasten and increase the demographic dividend through reasonable but ambitious reductions in the communicable-disease burden for children under five, the maternal mortality ratio and increased access to modern contraception.

The intervention is explained here in the thematic part of the website.

Demographers typically differentiate between a first, second and even a third demographic dividend. We focus here on the contribution of the size of the labour force (between 15 and 64 years of age) relative to dependants (children and the elderly) as part of the first dividend. A window of opportunity opens when the ratio of the working-age population to dependants is equal to or surpasses 1.7.

In 2019, the ratio of the working-age persons to dependants was 1.3:1, meaning that there were 1.3 working-age people for each dependant in the country. This is greater than the average of 1.2 for low-income countries in Africa. Generally, the demographic dividend materialises when the country reaches a minimum ratio of 1.7 working-age persons for each dependant. While in the Current Path forecast the country will not reach its demographic dividend by 2043, in the Demographic scenario, Liberia is expected to reach this minimum ratio by 2040, two years earlier than the average for low-income countries in Africa, and it will continue to improve thereafter. The materialisation of the demographic dividend in the Demographic scenario can be explained by increased access to modern contraceptives which will lead to a decline in
fertility rates. In the Demographic scenario, fertility rates are expected to decline to 2.3 births per woman in 2043 compared to three births per woman in the Current Path forecast within the same period. By 2043, 72.6% of fertile women will use modern contraceptives, representing a 41.3 percentage-point increase in 2019 — 19.7 percentage points higher than the Current Path forecast for 2043.

Chart 17: Infant mortality in CP and Demog scenario, 2019–2043

The infant mortality rate is the number of infant deaths per 1 000 live births and is an important marker of the overall quality of the health system in a country.

The infant mortality rate in Liberia in 2019 was 52.5 deaths per 1 000 live births, meaning that for every 1 000 infants that were born, about 53 died. This figure was higher than the average of 48.5 for low-income countries in Africa. The main causes of infant mortality in the country are malaria, diarrhoea and dysentery. By 2043, the Demographic scenario will lead to a decline in infant mortality to 18.8 deaths per 1 000 live births, which is 5.4 fewer deaths per 1 000 live births than in the Current Path forecast at 24.2 and 2.4 deaths lower than the average for low-income countries in Africa.
In 2019, the GDP per capita for Liberia was US$1,208, which was US$452 lower than the average for low-income African countries. By 2043, based on the Demographic scenario, the GDP per capita will increase to US$2,669, which is US$103 more than the projected US$2,566 in the Current Path forecast in the same year. However, this will still be significantly below the US$3,790 average for low-income countries in Africa. The additional increase in GDP per capita as a result of the Demographic scenario can partly be attributed to the reduction in population growth as a result of a further decline in fertility rates emanating from improved access to contraceptives. It can also be attributed to economic growth arising from the materialisation of the demographic dividend.
As noted earlier, the number of people in Liberia living below the poverty line of US$1.90 in 2019 was 3.1 million. Based on the Demographic scenario, this number will rise to 4.8 million people in 2029, after which it will decline to 2.3 million in 2043, which will be about 300,000 fewer people than in the Current Path forecast. Similarly, the proportion of the poor population will be reduced to 29% in the Demographic scenario, which is about 2.9 percentage points lower than in the Current Path forecast but 3.8 percentage points higher than the average for low-income countries in Africa in 2043. The decline in both the number and portion of poor people based on the Demographic scenario reflects the decline in the population size as a result of the use of modern contraceptives that reduce fertility rates. This is because the decrease in the number of children per household increases the per unit expenditure of households and government on every child. Ultimately, this leads to greater investment in education and healthcare with positive implications for human capital formation and poverty reduction.
This section presents reasonable but ambitious improvements in the Health/WaSH scenario, which include reductions in the mortality rate associated with both communicable diseases (e.g. AIDS, diarrhoea, malaria and respiratory infections) and non-communicable diseases (NCDs) (e.g. diabetes), as well as improvements in access to safe water and better sanitation. The acronym WaSH stands for water, sanitation and hygiene.

An increase in life expectancy can be the result of a reduction in mortality caused by communicable and non-communicable diseases. It can also be achieved through improved sanitation and access to safe water. The life expectancy at birth for the average Liberian was 64.7 years in 2019, which was slightly below the average of 63.8 for low-income countries in Africa. On average, females have a slightly higher life expectancy at birth (65.1 years) than males (64.2 years). Based on the Health/WaSH scenario, life expectancy is estimated to increase to about 72.9 by 2043, which is an increase of seven months above the Current Path forecast of 72.2 and 24 months above the average of 70.9 years for low-income African countries. Females will continue to have a higher life expectancy than males in the period under consideration. This increased life expectancy in the country can be attributed to the expected improvement in access to safe water and sanitation (100% of population by 2043), as well as a reduction in mortality from communicable diseases. However, deaths from non-communicable diseases continue to be a problem.
The infant mortality rate per 1,000 live births in 2019 was 52.5. By 2043, infant mortality per 1,000 live births in the country will be 22.1 in the Health/WaSH scenario, compared to 24.2 in the Current Path forecast. However, the estimate in the Health/WaSH scenario will be higher than the projected average of 21.2 for low-income countries in Africa.
The Agriculture scenario represents reasonable but ambitious increases in yields per hectare (reflecting better management and seed and fertiliser technology), increased land under irrigation and reduced loss and waste. Where appropriate, it includes an increase in calorie consumption, reflecting the prioritisation of food self-sufficiency above food exports as a desirable policy objective.

The intervention is explained here in the thematic part of the website.

The data on yield per hectare (in metric tons) is for crops but does not distinguish between different categories of crops.

In 2019, the average yield per hectare of crops was 2.9 metric tons per hectare, which was higher than the average of 2.7 metric tons per hectare for low-income countries in Africa. In the Current Path forecast, this is projected to increase to 3.7 metric tons per hectare by 2043. In the Agriculture scenario, the average yield will be 6.9 metric tons per hectare — far above the average of 3.5 for low-income countries in Africa. This means that if Liberia is able to adopt modern methods of farming including the use of fertiliser and improved seeds, there will be a resulting increase of an extra 3.3 metric tons per hectare compared to the Current Path forecast in 2043.
In 2019, the net agricultural import was 22.5% of agricultural demand in the country, which was above the average of 7.5% for low-income countries in Africa. Import dependence is a structural problem common in most African economies, and Liberia is no exception to this phenomenon despite its youthful population. For instance, the country imports more than 80% of its rice consumption. [1] In 2016, over 2.2 million Liberians could not meet their basic food needs, of whom almost 68% resided in rural areas. [2] Factors accounting for the underperformance of the agriculture sector in Liberia include poor land ownership structure, inadequate road infrastructure to facilitate movement of goods, lack of access to farming equipment and tools, low application of fertilisers and pesticides and inadequate storage facilities. Other problems in the sector include lack of access to capital and inadequate expertise in the field. [3]

Consequently, the country has always had a net positive import dependence as a per cent of the total demand. The Current Path forecast is that import dependence will grow to 44.9% of the total demand by 2043. The situation is mitigated in the Agriculture scenario such that by 2043, the country’s import as per cent of total agricultural demand will reduce to 13.4%. This balance will also be lower than average for low-income countries by about 18.9 percentage points, suggesting that there is a lot of potential that is yet to be tapped in terms of agriculture production in Liberia.
The Agriculture scenario is expected to lead to an increase in GDP per capita over the years. By 2043, GDP per capita as a result of the Agriculture scenario will increase from US$1,208 in 2019 to US$2,912, constituting about a 141% increase over the period. These estimates are greater than the projections in the Current Path forecast, such that by 2043, the additional gains from GDP per capita as a result of the Agriculture scenario will be US$346. In the Agriculture scenario, Liberia's GDP per capita will still remain below the average for low-income countries in Africa. Indeed, the gap in GDP per capita between Liberia and its peer group is projected to widen from US$452 in 2019 to US$878 in the Agriculture scenario.
Implementing good agricultural policies that result in increased yield per hectare and reduction in waste appear to have a significant impact on poverty reduction in the country. In the Current Path forecast, 2.6 million people (31.9% of the population) are projected to be extremely poor by 2043. However, in the Agriculture scenario, the number of people living below the poverty line of US$1.90 will be reduced to 1.7 million, constituting 21.3% of the population. This means that 900,000 additional Liberians can be lifted out of extreme poverty by focusing on agricultural growth. This is not surprising since the majority of the rural poor population depends on agriculture as the main source of livelihood. Throughout the period, in the Agriculture scenario, the proportion of people living in extreme poverty in Liberia will be higher than the average for low-income countries in Africa, although the gap eventually closes. By 2043, the poverty rate in Liberia will be 3.9 percentage points below the average for low-income countries in Africa compared to the 15.1 percentage points gap in 2019.
The Education scenario represents reasonable but ambitious improved intake, transition and graduation rates from primary to tertiary levels and better quality of education. It also models substantive progress towards gender parity at all levels, additional vocational training at secondary school level and increases in the share of science and engineering graduates.

The intervention is explained here in the thematic part of the website.

In 2019, Liberia’s mean number of years of education was 5, which was above the average of 4.4 for low-income countries on the continent. This is not surprising given that education in Liberia is compulsory for children between 7 and 16 years old and free at both the primary and secondary levels. In terms of gender, the mean years of education for males was 6, which was 1.9 years more than the female average of 4.1. This means that on average, men were more likely to attain a higher education level than women. This gap in favour of men for mean years of education in Liberia is higher than the average of 1.3 years for low-income countries in Africa. By 2043, in the Education scenario, the mean years of education will rise to 7.1 years — 0.4 years more than the Current Path estimates and a year more than the average for low-income countries in Africa. Also, in the Education scenario, the gender gap for mean years of education will close by 0.8 years by 2043, while the gender gap closes by 0.5 years on average in low-income countries in Africa within the same period.
The average test score for primary learners in Liberia for 2019 was 26.6%, which is below the average of 27.7% for low-income countries in Africa. Educational infrastructure in the country is highly concentrated in the capital Monrovia. Public schools are poorly managed and operated with inadequate educational infrastructure and learning tools, in addition to the many unskilled and unqualified teachers in the public school sector. Private schools are too expensive for poor people to afford, and as such, quality education in Liberia has become a luxury for the rich and elite. To address these challenges, the country developed a strategic policy as part of its Getting to Best Education Sector Plan for 2017–2021.

The Education scenario increases the average test scores for primary learners to 35.8%, compared to the Current Path forecast estimate of 30.4%. Also, in 2043, the Education scenario overtakes the continental average for low-income countries by 5.2 percentage points. In 2019, the average secondary learner test score for Liberia was 37.4%, which was above the average of 35.8% for low-income African countries. This suggests that Liberia performs relatively better at the secondary level than at the primary level. Also, the country’s performance for its secondary learners is better than the average for low-income African countries. By 2043, the average test score for secondary learners is projected to rise to 46.5% in the Education scenario, which is above the Current Path estimates of 38.7% and the average of 37.8% for low-income countries in Africa.
By 2043, the increase in GDP per capita as a result of the Education scenario is estimated to be only US$91 more than the projected US$2,566 in the Current Path forecast. This will still be US$1,133 less than the average of US$3,790 for low-income countries in Africa. Investing in education is a powerful way to improve productivity, growth and the income prospects of the poor. However, it takes time to yield results as it takes more than a decade for a child enrolled today in primary school to make meaningful contributions to the economy.
By 2043, in the Education scenario, there will be 2.4 million more poor people (29.4% of the population). This means that the Education scenario contributes to reducing the number of poor people by 208,000 people in 2043, compared to the Current Path forecast — evidence of the time it takes for education to impact poverty reduction usually because of the length of schooling and the initial lag in employment after school. The proportion of poor people based on the Education scenario in Liberia will be 4.2 percentage points higher than the average for low-income countries in Africa.
Manufacturing scenario

The Manufacturing/Transfers scenario represents reasonable but ambitious manufacturing growth through greater investment in the economy, investments in research and development, and promotion of the export of manufactured goods. It is accompanied by an increase in welfare transfers (social grants) to moderate the initial increases in inequality that are typically associated with a manufacturing transition. To this end, the scenario improves tax administration and increases government revenues.

The intervention is explained here in the thematic part of the website.

Chart 30 should be read with Chart 8 that presents a stacked area graph on the contribution to GDP and size, in billion US$, of the Current Path economy for each of the sectors.

Based on the Manufacturing/Transfers scenario, the service sector will be the largest contributor to GDP with an absolute contribution of US$0.51 billion more by 2043 compared to the Current Path forecast. The size of the service sector’s contribution to GDP will increase, reaching 0.52 percentage points in 2043. The materials sector, which is the second largest contributor to Liberia’s GDP, is also projected to contribute an additional US$0.12 billion to GDP by 2043, though its rate of contribution declines from 0.38% in 2039 to 0.1% of GDP based on the Manufacturing/Transfers scenario. Although the third largest contributor to GDP in Liberia is the manufacturing sector, with a contribution of US$0.09 billion, its rate of contribution will overtake the materials sector as the second largest by 2041. It is significant to note that the rate of the
contribution of the agriculture sector to GDP based on the difference between the Manufacturing/Transfers scenario and Current Path forecast is expected to worsen from -0.18% in 2030 to -0.70% in 2043. While a decline in the share of agricultural contribution to GDP can be attributed to the structural transformation of the economy, its underperformance is a concern for food security in the country. Likewise is the underperformance of the manufacturing sector which is supposed to create sustainable employment.

The Liberian government’s welfare transfers to households are extremely low. In 2019, total welfare transfer to households were US$0.05 billion. This amount is projected to increase to US$1.2 billion by 2043 in the Manufacturing/Transfers scenario, representing an increase of 2300%. It is more than the US$0.7 billion estimated for 2043 based on the Current Path forecast. This suggests that the Manufacturing/Transfers scenario can lead to an improvement in government welfare transfers by an additional US$0.53 billion compared to the Current Path in 2043.
By 2043, it is estimated that the GDP per capita will rise to US$2,689, which is US$123 more than projections in the Current Path forecast. The GDP per capita for Liberia by 2043 in the Manufacturing/Transfers scenario will however still be below the average of US$3,790 for low-income countries in Africa and significantly below the average of US$7,157 for Africa.
Between 2030 and 2040, the Current Path forecast leads to a quicker reduction in both the absolute number and proportion of poor people in Liberia compared to the Manufacturing/Transfers scenario. However, after 2040, the Manufacturing/Transfers scenario overtakes the Current Path forecast such that by 2043, an estimated 236,000 people can be lifted above the poverty line of US$1.90 per day as a result of the Manufacturing/Transfers scenario. This means that if the country embarks on policies such as investment in the economy, research and development, as well as export promotion, the absolute number of poor people will likely be 236,000 fewer than on the Current Path in 2043. Nonetheless, the proportion of poor people in Liberia based on the Manufacturing/Transfers scenario in 2043 will be about 3.8 percentage points higher than the average for low-income countries in Africa.
Leapfrogging scenario

The Leapfrogging scenario represents a reasonable but ambitious adoption of and investment in renewable energy technologies, resulting in better access to electricity in urban and rural areas. The scenario includes accelerated access to mobile and fixed broadband and the adoption of modern technology that improves government efficiency and allows for the more rapid formalisation of the informal sector.

The intervention is explained here in the thematic part of the website.

Fixed broadband includes cable modem Internet connections, DSL Internet connections of at least 256 KB/s, fibre and other fixed broadband technology connections (such as satellite broadband Internet, ethernet local area networks, fixed-wireless access, wireless local area networks, WiMAX, etc.).

In 2019, the total number of fixed broadband subscriptions in Liberia was 2.7 per 100 people, which was slightly above the average for low-income countries in Africa at 2.3. In the Current Path forecast, fixed broadband subscriptions are expected to rise to 41.1 per 100 people by 2043. The Leapfrogging scenario will lead to a greater increase in fixed broadband subscriptions as compared to the Current Path forecast, with a difference of almost nine subscriptions per 100 people by 2043. Across the forecast horizon, fixed broadband subscriptions in Liberia are expected to be higher than the average for low-income African countries.
Mobile broadband refers to wireless Internet access delivered through cellular towers to computers and other digital devices.

Liberia had mobile broadband subscriptions of 10.2 per 100 people in 2019 — less than half the average of 22.9 for low-income countries on the continent. Mobile broadband subscriptions in the Leapfrogging scenario are projected to rise quickly above the Current Path forecast although the gap between them closes by 2043. For instance, the difference in mobile broadband subscriptions between the two scenarios will close from 58.7 per 100 people in 2029 to 10.5 subscriptions per 100 people. By 2043, mobile broadband subscriptions in the Leapfrogging scenario will increase to 147.3 per 100 people, greater than the average of 133.9 per 100 for Africa’s low-income countries.
In 2019, 1 million people in Liberia (only 20.9% of the total population) had access to electricity. This is far below the average of 32.2% for low-income countries in Africa. There is also a large rural–urban disparity in terms of access to electricity. Only 6.3% of rural dwellers had access to electricity compared to the 34.7% of urban dwellers in 2019. In the Leapfrogging scenario, it is projected that by 2043, 61.1% of Liberians (constituting almost 5 million people) will have access to electricity. This is higher than the 50.7% (4.1 million people) projected in the Current Path forecast, signifying that the Leapfrogging scenario can provide access to electricity to an additional 850,000 people. This is slightly above the projected average of 60.5% for low-income countries. Also, the disparity in access to electricity based on location will continue such that by 2043, based on the Leapfrogging scenario, 74.7% of all the people in urban centres will have access to electricity. However, in the case of rural dwellers, 40.8% will have access to electricity by 2043. The Leapfrogging scenario also closes the urban-rural gap in terms of access to electricity quicker than the Current Path forecast.
Liberia’s GDP per capita is projected to increase from US$1,208 in 2019 to US$2,718 in 2043 in the Leapfrogging scenario. This represents an increase of US$152 compared to the Current Path forecast in 2043; however, it still falls below the average of US$3,790 for low-income countries in Africa.
In the Leapfrogging scenario, the number of poor people in 2043 is projected to be 2.4 million, representing 29.4% of the population. This projection is marginally lower than the 2.6 million poor people estimated in the Current Path forecast in the same year, which suggests that the number of poor people in the Leapfrogging scenario is about 200,000 fewer than the Current Path forecast in 2043. The number of poor people projected in the Leapfrogging scenario in 2043 is 4.2 percentage points higher than the average for low-income African countries.
Free Trade scenario

Chart 39: Trade balance in CP and Free Trade scenario, 2019–2043

The Free Trade scenario represents the impact of the full implementation of the African Continental Free Trade Area (AfCFTA) by 2034 through increases in exports, improved productivity and increased trade and economic freedom.

The intervention is explained here in the thematic part of the website.

The trade balance is the difference between the value of a country’s exports and its imports. A country that imports more goods and services than it exports in terms of value has a trade deficit, while a country that exports more goods and services than it imports has a trade surplus.

Liberia, like many African economies, is a net importer of goods and services. In 2019, Liberia’s trade deficit represented 36.3% of GDP. The main imports of the country are fuels, machinery, grains, vehicles, manufactured goods and foods, and chemicals. The economy also depends on the importation of equipment and raw materials. This deficit will improve until it reaches a peak of a 9.2% deficit in the Current Path forecast and an 8.2% deficit in the Free Trade scenario in 2025. Afterwards, Liberia will experience a worsening trade balance in both the Current Path forecast and the Free Trade scenario, although the decline is much quicker in the former. This downward trend will continue until it reaches a deficit of about 33.6% of GDP in the Current Path forecast in 2031 and 31.6% in the Free Trade scenario in 2032. However, by 2043, the projected trade deficit in both the Current Path forecast and Free Trade scenario will be 16.1% of GDP. With the exception of the period between 2023 and 2026, Liberia’s trade deficit as a percentage of GDP is higher than the average.
for low-income African countries in the forecast period, so that by 2043, Liberia's trade deficit will be 9.1 percentage points of GDP higher than the average for low-income African countries.

The GDP per capita for Liberia is estimated to increase to US$2,773 by 2043 in the Free Trade scenario, which is US$207 more than the projections of the Current Path in 2043. This suggests that Liberia can take advantage of the AfCFTA to increase trade and productivity equivalent to an extra US$207 increase in GDP per capita compared to the Current Path forecast in 2043. Nonetheless, the average GDP per capita of US$3,790 for low-income African countries is US$1,017 higher than the projected value for Liberia in the Free Trade scenario.
The number and proportion of poor people in Liberia is projected to decrease in the Current Path forecast and in the Free Trade scenario, although the latter leads to a slightly quicker reduction compared to the former. In the Free Trade scenario, by 2043, the number of people living below the poverty line of US$1.90 will be about 2.3 million people, representing 28.7% of the population. This is 3.2 percentage points lower than the Current Path forecast, meaning that the Free Trade scenario has 260,000 fewer poor people than the Current Path forecast by 2043. The proportion of poor people projected in the Free Trade scenario is still higher than the average for low-income countries in Africa.
Financial Flows scenario

Chart 42: Foreign aid in CP and Financial Flows scenario, 2019–2043
% of GDP

The Financial Flows scenario represents a reasonable but ambitious increase in worker remittances and aid flows to poor countries, and an increase in the stock of foreign direct investment (FDI) and additional portfolio investment inflows to middle-income countries. We also reduced outward financial flows to emulate a reduction in illicit financial outflows.

The intervention is explained here in the thematic part of the website.

Liberia has been a large beneficiary of foreign aid and relies heavily on foreign and donor assistance for development. The total foreign aid received by Liberia in 2019 was 31.3% of GDP, which was far above the average of 8.6% for low-income countries in Africa. From 2010 to 2017, the country received an average of US$776 million per year in aid. However, aid to the country has begun to decline such that total aid to the country declined from US$359 per capita in 2010 to about US$130 in 2013, although it increased briefly during the Ebola crisis. Although foreign aid to Liberia in absolute terms is projected to rise, foreign aid as a percentage of GDP is expected to decline such that by 2043, the total foreign aid received by the country is projected to be 18.3% of GDP in the Financial Flows forecast and 17.7% of GDP in the Current Path forecast. This suggests that in the Financial Flow scenario, foreign aid as a percentage of GDP is higher than in the Current Path forecast in 2043. These projections are still above the average for a low-income African country which is projected to be about 3.85% of GDP in 2043. The decline in foreign aid is expected given that projected growth and expansion is anticipated to occur in the future, resulting in a higher GDP that automatically disqualifies the country from certain aid packages. It may also be that GDP outgrows foreign aid in the country.
Liberia’s total FDI in 2019 amounted to 13.9% of GDP, which is much higher than the average of 4.3% for low-income African countries. Although many businesses left Liberia during the civil war, taking their capital and expertise along, the current relative stability in the country has resulted in increased FDI of US$86.7 million in 2019. FDI inflows to the country are mainly in the areas of mining, agriculture, forestry (timber) and financial services. Weak regulatory frameworks, corruption and a lack of transparency in awarding contracts are some of the factors constraining FDI inflows to the country. By 2043, it is projected that the total FDI to the country will increase to 17.5% of GDP in the Current Path forecast. In the Financial Flows scenario, FDI is projected to be around 19.6% of GDP in 2043, which is 15 percentage points above the average for low-income countries on the continent.
In 2019, the total value of remittances that Liberia received amounted to US$0.18 billion, which constituted about 5.7% of GDP. This is significantly higher than the average of 1.1% for low-income African countries. Although the absolute value of remittance is projected to increase over the period, remittances as a percentage of GDP will fall. In the Financial Flows scenario, remittance is projected to increase to US$0.37 billion in 2043, representing 3.1% of GDP. Remittances will decline quicker in the Current Path forecast, so that by 2043, the total value of remittances in the country will be about US$0.23 billion, representing 2.1% of GDP. However, this figure will still be below the projected average of 1.3% of GDP for low-income countries in Africa.
Liberia’s GDP per capita is estimated to increase to US$2,799 by 2043 in the Financial Flow scenario. This represents an increase of US$233 over the Current Path projection in the same year. It is also below the average for low-income countries in Africa, which is projected to be US$3,790 by 2043.
Trade openness will reduce poverty in the long term after initially increasing it due to the redistributive effects of trade. Most African countries export primary commodities and low-tech manufacturing products, and therefore a continental free trade agreement (AfCFTA) that reduces tariffs and non-tariff barriers across Africa will increase competition among countries in primary commodities and low-tech manufacturing exports. Countries with inefficient, high-cost manufacturing sectors might be displaced as the AfCFTA is implemented, thereby pushing up poverty rates. In the long term, as the economy adjusts and produces and exports its comparatively advantaged (lower relative cost) goods and services, poverty rates will decline.

In the Financial Flows scenario, the total number of people projected to be living below the poverty line of US$1.90 per day will decline to two million in 2043, representing 25.1% of the total population. This estimate constitutes a reduction of about 600 000 people compared to the Current Path forecast in the same year. It is also slightly below the average of 25.2% of the total population for low-income countries in Africa.
Infrastructure scenario

The Infrastructure scenario represents a reasonable but ambitious increase in infrastructure spending across Africa, focusing on basic infrastructure (roads, water, sanitation, electricity access and ICT) in low-income countries and increasing emphasis on advanced infrastructure (such as ports, airports, railway and electricity generation) in higher-income countries.

Note that health and sanitation infrastructure is included as part of the Health/WaSH scenario and that ICT infrastructure and more rapid uptake of renewables are part of the Leapfrogging scenario. The interventions there push directly on outcomes, whereas those modelled in this scenario increase infrastructure spending, indirectly boosting other forms of infrastructure, including that supporting health, sanitation and ICT.

The intervention is explained here in the thematic part of the website.

Access to electricity in Liberia is significantly low. About 1 million people (20.9% of the population) have access to electricity in Liberia. This is expected to increase to 5.2 million in 2043 (63.6% of the population) in the Infrastructure scenario. This increase exceeds the projected value of 4.1 million people (50.7% of the population) in the Current Path forecast and the average of 60.5 for low-income African countries. In terms of rural–urban dichotomy, there will remain a disparity in access to electricity between urban and rural dwellers in both the Current Path forecast and in the Infrastructure scenario. By 2043, it is projected that 67.3% of urban dwellers will have access to electricity in the Current Path forecast, compared to
73.1% in the Infrastructure scenario. However, only 25.7% of rural dwellers in the Current Path forecast compared to 49.5% in the Infrastructure scenario will have access to electricity in 2043.

Indicator 9.1.1 in the Sustainable Development Goals refers to the proportion of the rural population who live within 2 km of an all-season road and is captured in the Rural Access Index.

Accessibility to rural areas is important in spurring the socio-economic development of a country and improving the living standards of rural dwellers. It enables rural dwellers to enjoy amenities from nearby urban areas while allowing urban centres to benefit more easily from the agricultural products supplied by rural areas and allows small-scale farmers to partake and to have access to economic centres and markets. In 2019, 48.9% of all rural dwellers in Liberia resided within 2 km of an all-weather road, which was higher than the average of 43% for low-income African countries. In the Infrastructure scenario, this is expected to rise to 56.5% by 2043, higher than the 53.2% projected in the Current Path forecast and the average of 51% for low-income countries in Africa.
Liberia's GDP per capita is estimated to rise to US$2,660 by 2043 in the Infrastructure scenario. This is US$94 more than the projection in the Current Path forecast in the same year, but far below the average of US$3,790 for low-income countries in Africa. Improvement in basic infrastructure such as roads, water and electricity access are necessary for achieving economic growth.
By 2043, the proportion of the poor population is expected to decline from 62.9% in 2019 to 29.9% in the Infrastructure scenario; this corresponds to 2.5 million poor people in 2043 who will be living below the poverty line. Comparing this with the projections in the Current Path shows that there will be 150,000 fewer poor people in the Infrastructure scenario than in the Current Path forecast for the same year. This will however be higher than the estimated average of 25.2% for low-income countries in Africa.
Governance scenario

The Governance scenario represents a reasonable but ambitious improvement in accountability and reduces corruption, and hence improves the quality of service delivery by government.

The intervention is explained here in the thematic part of the website.

As defined by the World Bank, government effectiveness ‘captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government’s commitment to such policies’.

Chart 51 presents the impact of the interventions in the Governance scenario on government effectiveness.

In 2019, Liberia obtained a score of 1.1 on the World Bank government effectiveness quality score. This was lower than the average of 1.4 for low-income countries in Africa and lower than the 1.7 for Africa. In both the Current Path forecast and Governance scenario, government effectiveness is estimated to increase over the period, although the increase in the Governance scenario is higher than the increase in the Current Path forecast. The projected score for government effectiveness in the Governance scenario by 2043 is 1.79, which is 0.07 more than the projected score in the Current Path forecast. This remains below the average of 1.89 for low-income countries in Africa.
In the Governance scenario, Liberia’s GDP per capita is projected to increase to US$2,620 in 2043, which is US$54 more than the estimates in the Current Path forecast but US$1,170 less than the average for low-income countries on the continent in the same year. This suggests that good governance in the form of reducing corruption, improving the quality of service delivery and accountability can lead to an additional US$54 in GDP per capita compared with the Current Path in 2043.
The proportion of people living below the poverty line of US$1.90 per day is expected to decline to 30.6% in 2043 in the Governance scenario, which is still higher than the 25.2% average for low-income African countries. It also corresponds to only 100,000 people fewer than the 2.6 million poor people projected in the Current Path forecast for 2043.
This section presents projections for carbon emissions in the Current Path for Liberia and the 11 scenarios. Note that IFs uses carbon equivalents rather than CO₂ equivalents.

The total amount of carbon emitted by Liberia in 2019 was 330 000 tons. Liberia's carbon emissions are projected to increase in all the scenarios with total emissions projected to be about 1.5 million tons by 2043 in the Current Path forecast. The intervention with the greatest impact on carbon emissions is the Agriculture scenario, which will lead to an increase in Liberia's carbon emissions to 1.62 million tons in 2043. This is followed by the Financial Flows and Free Trade scenarios with projected carbon emissions of 1.57 million and 1.55 million tons respectively by 2043. The intervention with the least impact on carbon emissions is the Demographic scenario which will result in carbon emissions of 1.43 million tons of carbon by 2043.
Endnotes

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2. World Bank, The World Bank in Liberia
3. T Janzen, The challenges facing Liberian agriculture, LexisNexis
4. Trading Economics, Liberia imports

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