CENTRAL BANK OF LIBERIA ANNUAL REPORT 2023

Central Bank of Liberia
Annual Report
January 1 to December 31, 2023

This Annual Report is in line with part XIII Section 63(1) of the Amendment and Restatement Act 2020 of the Central Bank of Liberia (CBL). The contents include: (a) report on the Bank's operations and affairs during the year; and (b) report on the state of the economy, including developments in the financial sector, monetary sector, financial markets operations, fiscal sector, external sector, amongst others.

CENTRAL BANK OF LIBERIA

Office of the Executive Governor

March 29, 2024

His Excellency
Joseph Nyuma Boakai, Sr.
PRESIDENT
Republic of Liberia

Dear Mr. President:

In accordance with Part XIII Section 63(1) of the Amendment and Restatement Act 2020 of the Central Bank of Liberia (CBL), I have the honor on behalf of the Board of Governors and Management of the CBL, to respectfully submit to you the Annual Report of the Bank for the period January 1 to December 31, 2023.

Please accept, Mr. President, the assurances of my highest consideration.

Respectfully yours,

J. Aloysius Tarlue, Jr.
EXECUTIVE GOVERNOR

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ACRONYMS

AACB		*Association Of African Central Banks*
ACH	-	*Automatic Clearing House*
AfDB	-	*African Development Bank*
AFCFTA	-	*African Continental Free Trade Area*
AFREXIMBANK	-	*African Export - Import Bank*
AMI	-	*African Monetary Institute*
AML	-	*Anti – Money Laundering*
APTF	-	*African Pharmaceutical Technology Foundation*
ARREST	-	*Agriculture, Roads, Rule of Law, Education, Sanitation and Tourism*
ATI	-	*African Training Institute*
ATM	-	*Automatic Teller Machines*
BIL	-	*Banking Institute of Liberia*
BFIA	-	*Bank Financial Holding Companies Act*
BOP	-	*Balance of Payments*
CAB	-	*Crown Agent Bank*
CAR	-	*Capital Adequacy Ratio*
CBL	-	*Central Bank of Liberia*
CD	-	*Certificate of Deposits*
CCPRU	-	*Corporate Communications and Public Relations Unit*
CEDP	-	*Currency Exchange Decentralization Strategy*
CFT	-	*Combating the Financing of Terrorism*
CIBN	-	*Chartered Institute of Bankers of Nigeria*
CIC	-	*Currency in Circulation*
CCIP	-	*Currency Changeover Implementation Plan*
CMS	-	*Currency Management Section*
COMESA	-	*Common Market for Eastern and Southern Africa*
COVID-19	-	*Corona Virus*
CPI	-	*Consumer Price Index*
CPO	-	*Crude Palm Oil*
CRS	-	*Credit Reference System*
CSP	-	*Customer Security Program*
DFS	-	*Digital Financial Services*
ECF	-	*Extended Credit Facility*
ECOWAS	-	*Economic Community of West African States*
EFT	-	*Electronic Funds Transfer*
ELA	-	*Emergency Liquidity Assistance*
FMD	-	*Financial Markets Department*
FRBNY	-	*Federal Reserve Bank of New York*
FS	-	*Financing Statements*

FX	-	*Foreign Exchange*
GCH	-	*Gbarnga Cash Hub*
GDP	-	*Gross Domestic Product*
GIABA	-	*The Inter-governmental Action Group Against Money Laundering in West Africa*
GIR	-	*Gross International Reserves*
GOL	-	*Government of Liberia*
GSSD	-	*General Support Services Department*
HRMD	-	*Human Resources Management Department*
IAD	-	*Internal Audit Department*
IFC	-	*International Finance Corporation*
IFRS	-	*International Financial Reporting Standards*
IMF	-	*International Monetary Fund*
IT	-	*Information Technology*
IPS	-	*Instant Payment System*
ISC	-	*International Securities Consulting*
ITRS	-	*International Transactions Reporting Systems*
KRI	-	*Key Risk Indicators*
KYC	-	*Know Your Customer*
LD	-	*Liberian Dollar*
LEDFC	-	*Liberian Enterprise Development Finance Company*
LEITI	-	*Liberia Extractive Industry and Transparency Initiative*
LIFT	-	*Liberia Investment Finance and Trade*
LISGIS	-	*Liberia Institute of Statistics and Geo-information Services*
LOC	-	*Line of Credit*
LRA	-	*Liberia Revenue Authority*
LSD	-	*Legal Services Department*
LWG	-	*Liquidity Working Group*
M1	-	*Narrowed Money Supply*
M2	-	*Broad Money Supply*
MDIS	-	*Deposit-taking Microfinance Institutions*
MFDP	-	*Ministry of Finance and Development Planning*
MISTD	-	*Management Information Systems & Technology Department*
MOU	-	*Memorandum of Understanding*
MPAC	-	*Monetary Policy Advisory Committee*
MPC	-	*Monetary Policy Committee*
MPR	-	*Monetary Policy Rate*
MSMEs	-	*Micro Small Medium Enterprises*
NASSCORP	-	*National Social Security and Welfare Corporation*

NBCOS	-	*Non-Bank Credit Only Institutions*
NDA	-	*Net Domestic Assets*
NEPS	-	*National Electronic Payment Switch*
NFA	-	*Net Foreign Assets*
NFIS	-	*National Financial Inclusion Strategy*
NHSB	-	*National Housing and Savings Bank*
NPA	-	*National Port Authority*
NPLs	-	*Non-Performing Loans*
OPEC	-	*Organization of Petroleum Exporting Countries*
OTA	-	*Office of Technical Assistance*
PAPSS	-	*Pan African Payments and Settlements System*
PB	-	*Primary Balance*
POS	-	*Point of Sales*
PRA	-	*Pension Regulatory Authority*
PSD	-	*Payments System Department*
RCFI	-	*Rural Community Finance Institutions*
RGDP	-	*Real Gross Domestic Product*
RMCD	-	*Risk Management and Compliance Department*
ROA	-	*Return on Asset*
RPPD	-	*Research, Policy and Planning Department*
RSD	-	*Regulations and Supervision Department*
RTGS	-	*Real Time Gross Settlement Systems*
SAA	-	*Strategic Asset Allocation*
SDRs	-	*Special Drawing Rights*
SDOC	-	*Significantly Domestic Owned Companies*
SIBLL	-	*Sapelle International Bank Liberia Limited*
SMA	-	*Securities Market Act*
SSA	-	*Sub-Saharan Africa*
TAR	-	*Training Assessment Report*
TNA	-	*Training Needs Assessment*
UBA	-	*United Bank of Africa*
UBI	-	*Unique Bank Identification*
UN	-	*United Nations*
UNDP	-	*United Nations Development Program*
USAID	-	*United States Agency for International Development*
US	-	*United States*
USD	-	*United States Dollar*
VSLA	-	*Village Savings and Loan Association*
WACMIC	-	*West African Capital Markets Integration Council*
WAIFEM	-	*West African Institute for Financial and Economic Management*
WAMA	-	*West African Monetary Agency*
WAMI	-	*West African Monetary Institute*

WAMZ	-	*West African Monetary Zone*
WB	-	*World Bank*
WBG	-	*World Bank Group*

FOREWORD

As we reflect on the events of 2023, which was a pivotal year for Liberia, we found ourselves at the crossroads of hope and uncertainty. This period was marked by the Liberian people's resolute commitment to political stability, as evidenced by three successful political transitions of three different regimes with positive implications for the economic stability, growth and sustainable development.

Navigating the global uncertainty and geo-political tensions, the Central Bank of Liberia (CBL) maintained a stance of cautious optimism, reflective of a notable upswing in economic activity compared to the subdued performance of 2020 and 2021. In 2023, the global economy was confronted by uncertainty which contributed to widespread disruptions in the supply chains and disturbances in both the energy and food markets. Consequently, global economic growth moderated to 3.1 percent and is projected to remain unchanged in 2024, down from the 3.5 percent recorded in 2022.

In Sub-Saharan Africa, a moderation in Real GDP growth was partly attributed to disruption in supply chains, which had an adverse pass-through effect on commodity prices and global demand, largely arising from the conflict in Ukraine. These headwinds slightly impacted the domestic economy as Real GDP growth moderated by only 0.2 percentage point to 4.6 percent in 2023, mainly attributed to developments in the primary sector. However, the outlook for 2024 shows optimism, with a growth projection of 5.3 percent in the Liberian economy, which will largely depend on prudent macroeconomic management, commitment to institutional reforms and investment in social protection programs and critical infrastructure, including roads.

I am pleased to report that we have successfully concluded the Bank's three-year Strategic Plan (2021-2023) with notable achievements, including the rebranding of the Bank resulting to improved public confidence, relative stability of the banking sector, deepening of financial inclusion through the expansion of mobile money coverage, and significant progress in the implementation of currency management reforms. Despite the relative impact of global and domestic uncertainties on the domestic economy, the financial sector remained resilient, exhibiting growth and profitability. However, the pass-through effect of these uncertainties constrained the effectiveness of monetary policy operations, contributing to the rise in average inflation to a lower double digit in 2023.

In an era where financial systems are rapidly evolving, Liberia stood at the forefront of innovation and progress in bolstering its financial infrastructure. This stance propelled the transformative initiatives undertaken by the CBL in collaboration with key stakeholders, aimed at fostering financial inclusion, enhancing cross-border transactions, and modernizing payments system. These strategic interventions initiated by the CBL were motivated by the invaluable support of partners such as the World Bank, the African Development Bank (AfDB), United Nations Development Programme (UNDP) and the United States Treasury Office of Technical Assistance (OTA) to strengthen Liberia’s financial landscape and foster an environment conducive for easy access to financial services.

The deployment of the Electronic Funds Transfer (EFT) solution, establishment of central cash hubs, and seamless integration of financial institutions onto the platforms of the Pan-African Payment and Settlement System (PAPSS) underscore Liberia's proactive approach to embracing digital financial innovations and a functional decentralization.

Despite the expansion in overall sectoral credit growth in the economy by 11.7 percent in 2023, we are cognizant of the low financial intermediation of credit to the private sector relative to GDP and the high level of non-performing loans in the banking industry. However, we are pursuing policy measures to address these issues and promote an inclusive and sustainable economic growth.

For the ongoing currency changeover, which started in 2021, I want to acknowledge the support of all stakeholders, particularly the Executive, National Legislature, the IMF, the Fiscal Authority, the commercial banks and the Liberian people.

My sincere appreciation goes to the Board of Governors, Senior Management and the hard-working staff of the CBL, banking community, the public, and our international and domestic partners for their collaboration with the CBL on various fronts. We extend heartfelt thanks to the International Monetary Fund (IMF), World Bank (WB), United States Agency for International Development (USAID), African Development Bank (AfDB), and the Central Banks in the Economic Community of West African States (ECOWAS) for their continuous support. Moving forward, we anticipate a renewed, mutual, and stronger collaboration with the Fund and other development partners in promoting and achieving the goals and objectives of new development agenda of the Government, the ARREST.

We look ahead to stronger collaboration with the fiscal authority for sustained and inclusive economic growth, strengthened partnership with multilateral and regional institutions for macroeconomic stability and sustainable economic development.

Finally, I want to be thankful to the Almighty God for being the source of our guidance and stewardship.

Hon. J. Aloysius Tarlue, Jr.
EXECUTIVE GOVERNOR

The CBL's Vison, Mission, Objectives, Functions, and Autonomy

Vision

"To achieve and maintain price stability by ensuring a sound financial system, thereby contributing to the nation's sustainable economic development."

Mission

"To maintain efficient and affective financial, payments, and information systems, and to formulate and implement a prudent monetary policy."

Objectives

Pursuant to Part II, Articles 3, Section 5 of the Amended and Restated 2020 Act of the CBL, the objectives of the CBL are inter-alia:

i. *Primarily, to achieve and maintain domestic price stability in the Liberian economy;*

ii. *Without prejudice to the above objective, to contribute to fostering and maintain a stable financial system; and*

iii. *Without prejudice to the objectives stated in subsection (I) and (II) under this section, to support the general economic policy of the Government, in keeping with its monetary policy mandate.*

Functions

Pursuant to the Amended and Restated 2020 Act of the CBL, the CBL has functional independence, operational autonomy, power, and exclusive authority to:

1) *Formulate and implement monetary policy;*
2) *Issue domestic banknotes and coins;*
3) *Administer the currency laws and regulate the supply of money;*
4) *Determine the appropriate foreign exchange regime;*
5) *Formulate and implement the exchange rate policy;*
6) *Act as fiscal agent for the Government;*
7) *Administer and enforce the New Financial Institutions Act of 1999 or its successor legislation;*
8) *License, regulate, monitor and supervise and resolve bank and non-bank financial institutions, as well as other specialized-deposit taking institutions;*
9) *Collect and produce statistics relative to its functions;*
10) *Hold and manage the foreign exchange reserves of Liberia, including gold;*

11) Advise the Government on financial and economic matters;

12) Conduct foreign exchange operations;

13) Promote a safe, sound, and efficient payments system and provide supervision over payment service providers as further specified in relevant laws and regulations;

14) Administer the Securities Exchange Act 2016 to facilitate the establishment of the Securities Exchange Commission in keeping with the provisions of the said Act;

15) Adopt and implement the regulatory framework for insurance companies as further specified in relevant laws and regulations;

16) Formulate and coordinate macro-prudential policy and supervision; and

17) Collaborate with the relevant agencies of Government responsible for enforcing anti-money laundering, counter financing of terrorism and proliferation of weapons of mass destruction laws with regard to bank and non-bank financial institutions as well non-bank financial services institutions.

Autonomy

1. *In pursuit of its objectives and functions, the CBL shall be autonomous and accountable as provided for in the Amended and Restated Act of the CBL; and*

2. *Subject to constitutional requirement, the CBL and its Governors, Officers and Staff shall not take or seek to take instruction from any person or entity, including entities in the exercise of their functions.*

EXECUTIVE SUMMARY

The global uncertainty remained in 2023. Global growth moderating to 3.1 percent, inclusively attributed to the geo-political tension, climate related financial risk, and inflationary pressures. With noticeable slowdown in the euro area and the United Kingdom, growth in advanced economies moderated to 1.6 percent, while Japan recorded a modest increase. Emerging markets and developing economies maintained stable growth, with China and India showing resilience.

Inflation moderated globally but remained above historical levels, influenced mainly by energy prices and supply disruptions in food markets. Commodity markets were volatile, particularly the prices of crude oil, metals, and agricultural products, largely arising from the geo-political tension.

The outlook for 2024 does not show strong optimism as global economic growth is projected to remain unchanged at 3.1 percent. While advanced economies are anticipated to slightly moderate, emerging markets and developing economies are expected to maintain stability. Inflation is, however, projected to continue on a moderating path on account of the anticipated strengthening of policy response.

On the domestic front, the economy moderated to 4.6 percent in 2023, with the moderation mainly driven by developments in the primary sector. However, the economy is projected to grow by 5.3 percent in 2024 on account of expected growth mainly in the primary sector, especially agriculture and fisheries. Inflation, on average rose to 10.1 percent in 2023, from 7.6 percent in 2022, mainly due to the depreciation of the domestic currency and developments in international prices of Liberia's major consumables. However, risks to the outlook are anticipated to remain, including global uncertainty and structural challenges, but enhanced policy coordination between fiscal and monetary authorities will be crucial for economic stability.

Regarding monetary sector developments in the economy, the Liberian dollar currency in circulation increased by 19.9 percent, driven mainly by higher domestic spending. Narrow money supply (M1) and broad money supply (M2) recorded significant growth, influenced by increases in demand deposits, currency outside banks, and domestic credits. The US dollar remained dominant in money supply, partly reflecting the slow pace of de-dollarization in the economy. Despite the low intermediation of private sector credit to GDP, commercial banks' loans to various sectors of the economy expanded, with trade accounting for the largest contributor to the private sector credit.

During the period, the operations of financial market activities were characterized by increased investors' confidence. The CBL strengthened its liquidity management mainly resulting to over 40.0 percent rise in the issuance of CBL bills to L$82.3 billion. Overall, money supply, credit, and government debt expanded, amidst efforts to manage liquidity.

Developments in the external sector were constrained; the current account deficit widened due mainly to a significant increase in the merchandise trade deficit. Export earnings, although rose, were lower than the rise in imports payments. Net inflows from secondary income, including remittances, increased by 22.9 percent to US$730.9 million. Capital account inflows growth was induced by investment grants, while financial account inflows decreased on account of decline in direct investment.

Gross international reserves, including special drawing rights (SDRs), contracted, thereby resulting to 2.3 months of import cover, mainly reflecting reductions in foreign liquid assets and lending to the government. The Liberian dollar depreciated mainly on the backdrop of increased imports payments.

Developments in the GOL fiscal operations resulted to a deficit of 2.0 percent of GDP in the overall balance, primarily due to underperformance of revenue, particularly the non-tax component. Government expenditure recorded slight reduction of 1.5 percent due to decreases in current expenditure and payments on loans. Public debt; however, expanded by 9.5 percent on account of developments in both domestic and external debt, with multilateral debt accounting for the most significant increase.

The financial sector of Liberia demonstrated resilience with relative stability in 2023, despite the tightening global financial conditions and geo-political tension. This was partly due to the strengthening of supervisory regulation for commercial banks to enhance asset quality and increase investments in digital financial products. Additionally, the CBL facilitated the divestment process of a bank and provided financial stability support through an Emergency Liquidity Assistance (ELA).

The soundness of the banking system was reflective of improved performance of key balance sheet indicators of commercial banks. Despite the level of non-performing loans above tolerable limit, the sector recorded profitability and exhibited financial soundness.

The non-bank financial sector also improved. Microfinance institutions recorded an increase in the number of clients and volume of loans, while Rural Community Finance Institutions (RCFIs) recorded growth in deposits and loans.

The usage of the Collateral Registry System by financial institutions remained low due to diverse technical problems. The Credit Reference System continued to be employed with the aim of mitigating credit risk management. As a result, credit reference checks were reduced in 2023 compared to the previous year.

In reference to payments system, mobile money operations remained on a growth trend with a rise in the number of registered subscribers, institutions, and transactions. Retail payment systems, including ATM transactions and e-money transactions, also grew significantly in volume and value.

Various Departments of the CBL made notable achievements in 2023. Research, Policy, and Planning Department (RPPD) played a pivotal role in guiding monetary policy formulation, conducting evidence-based research, and disseminating statistical information on monetary and macroeconomic developments. The Department also provided oversight of the Secretariat of the MPAC and policy briefs to the Board of Governors.

Developments in the Human Resource Management (HRM) of the Bank were mainly characterized by recruitment of 11 staff to occupy permanent positions, promotion of 9 employees, and initiation of various trainings for capacity building. The staff strength of the Bank stood at 368 as of December 31, 2023. Aimed at meeting liquidity needs and improving banking services, Banking Department retrieved legacy banknotes and infused the new Liberian currency into the economy mainly through commercial banks. The Department was also leading the process of establishing regional cash hubs across the country for increased access to financial services. The Payments System Department coordinated several projects aimed at strengthening payment systems infrastructure, legal frameworks, and regional integration efforts, including the implementation of the Pan-African Payment and Settlement System (PAPSS) and the Unique Bank Identification (UBI) projects.

Key progress was made in the financial sector development, including CBL’s partnership on key initiatives involving UN Women's support for VSLAs, technical assistance from the US Treasury Office, and projects under the Liberia Investment Finance and Trade (LIFT) program. Regulation and Supervision Department (RSD) amended the regulatory frameworks aimed at strengthening the financial system's resilience and compliance as well as Supervisory activities on Anti-Money

Laundering/Countering the Financing of Terrorism (AML/CFT) measures and compliance with international standards.

Unaudited financial statements of the Bank for 2023 showed a rise in the operating income matched against higher expenditure. Total assets, liabilities, and owner's equity grew compared to the previous year. Notably, the Internal Audit Department adopted a risk-based internal audit approach and conducted various audits and management assignments. The Bank transferred all compliance-related functions to the newly established Risk Management and Compliance Department. As the sole logistic arm of the Bank, the General Support Services Department provided logistical and operational support to all departments, including facility maintenance, shuttle services, and renovation works.

Regarding multilateral cooperation, the CBL participated in the 45th Ordinary Meetings Association of African Central Banks (AACB) held in Livingstone, Zambia, where decisions were reached to approve the 2024 work program and budget were approved, and establish the African Monetary Institute (AMI). On the other hand, the Pan-African Payment & Settlement System (PAPSS) signed a Memorandum of Understanding (MoU) with the Ecobank Group to promote cross-border intra-African trade. Furthermore, the African Development Bank (AfDB), during the year, hosted high-level events on the African Pharmaceutical Technology Foundation (APTF) to address technology gaps in Africa's pharmaceutical sector.

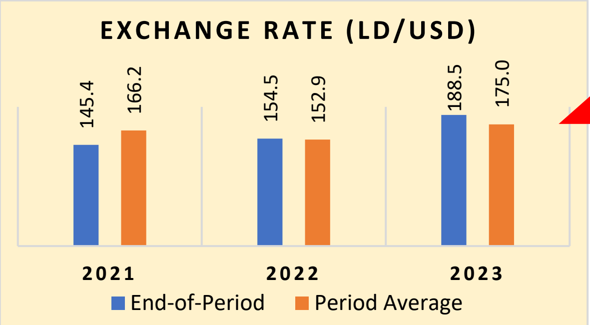
On subregional front, the West African Monetary Institute (WAMI) at its 2023 Mid-year Joint Regional Statutory Meetings in Accra, Ghana, underscored the importance of achieving macroeconomic convergence criteria for monetary and financial integration. In similar vein, the West African Monetary Agency (WAMA) initiated discussion on the proposed framework of the Central Bank of West Africa, including the size, capital, reserves pooling, and the establishment of ECOWAS Solidarity and Stabilization fund. To this end, the ECOWAS Commission organized virtual meetings and reviewed the 2022 ECOWAS Macroeconomic Convergence Report as well as the status of the ECOWAS currency (Eco).

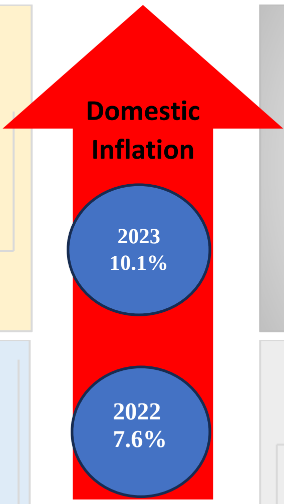
During the year, the West African Institute for Financial & Economic Management (WAIFEM) resumed the in-person capacity building training activities for its Member States on economic resilience, financial inclusion, and social progress. The ECOWAS Payments and Settlement System (EPSS) also implemented a Regional Instant Payment System (IPS) to facilitate intra-regional cross-border instant payments.

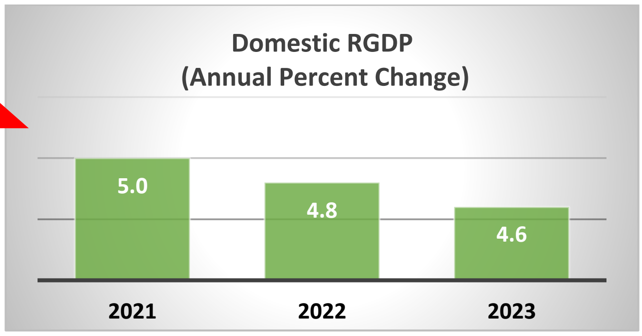
Overall, the CBL achieved notable progress in monetary policy operations, human resource management, banking operations, payments system, financial sector developments, regulatory compliance, financial management, internal audit, and support services. These efforts helped to support the Bank's objectives of maintaining relative monetary stability, fostering financial inclusion, promoting economic growth and resilience in the domestic economy.

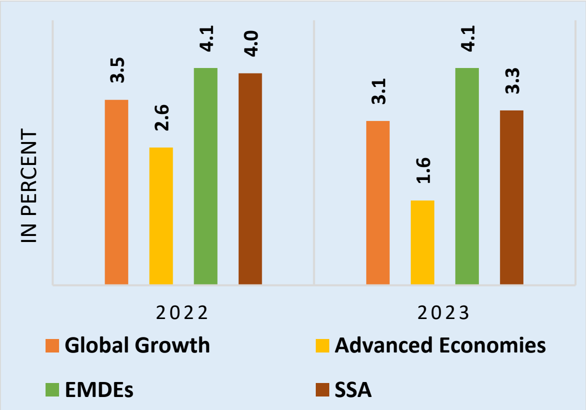
MACROECONOMIC HIGHLIGHTS

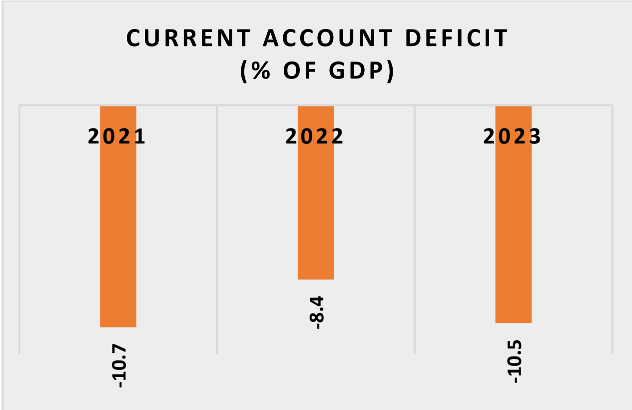
The Year 2023 In Data

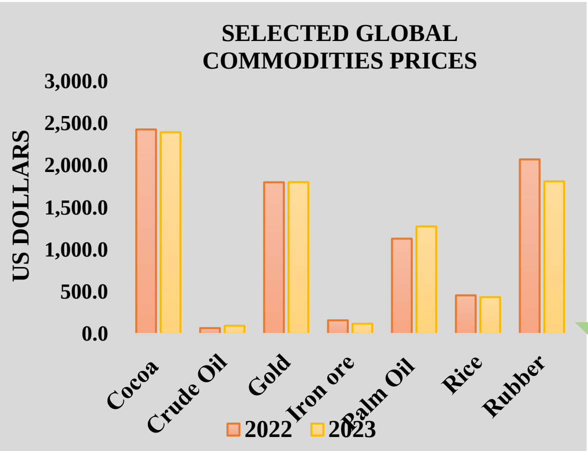


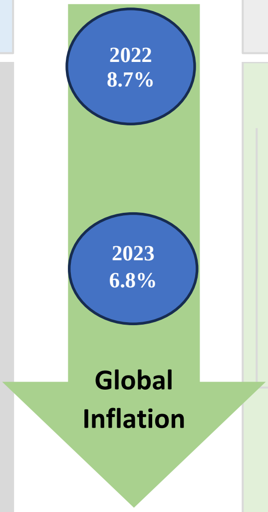


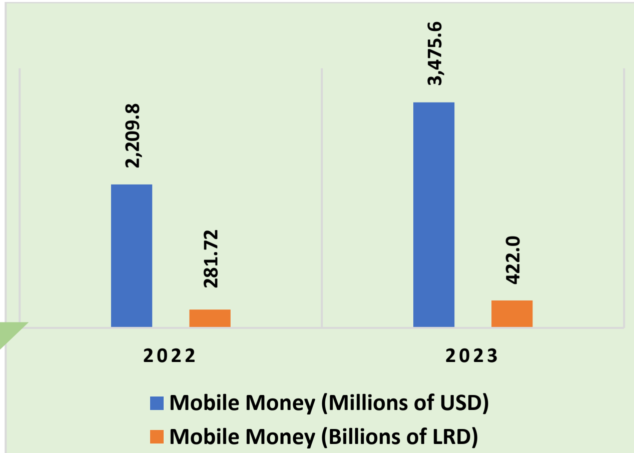


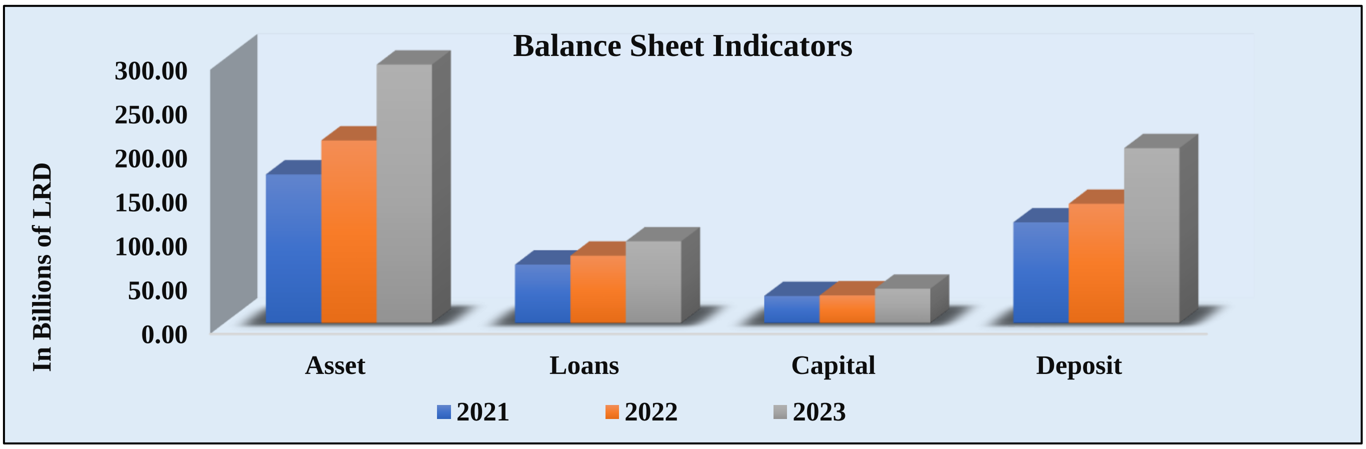








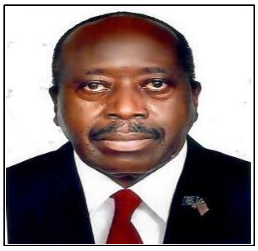




The Board of Governors
As at end-December 2023

Hon. J. Aloysius Tarlue, Jr.
Executive Governor/ Chairman
BOARD OF GOVERNORS

Hon. D. Sheba Brown
Member
BOARD OF GOVERNORS



Hon. A. Richard Dorley
Member
BOARD OF GOVERNORS

Hon. James B. Dennis
Member
BOARD OF GOVERNORS

Hon. Timothy E. Thomas
Member
BOARD OF GOVERNORS

The Management
As at end-December 2023

Hon. J. Aloysius Tarlue, Jr.
EXECUTIVE GOVERNOR

Nyemadi D. Pearson
DEPUTY GOVERNOR / OPERATIONS

Musa Dukuly (PhD)
DEPUTY GOVERNOR / ECONOMIC POLICY

Senior Directors/ Chief of Staff and Advisors

Adolphus D. Tweah
SENIOR DIRECTOR/ OPERATIONS

Christopher S. Wallace
SENIOR DIRECTOR/ ECONOMIC POLICY

Bushanda C. George
CHIEF OF STAFF
Office of the Executive Governor

Mussah A. Kamara
SENIOR TECHNICAL ADVISOR
Office of the Executive Governor

Michael B. Ogun
SENIOR ADVISOR/ MULTILATERAL RELATIONS
Office of the Executive Governor

Heads of Departments / Sections

Jefferson S.N. Kambo
DIRECTOR
Research, Policy & Planning Department

Fonsia M. Donzo
DIRECTOR
Regulation & Supervision Department

Felix N. Musa
OFFICER-IN-CHARGE
Financial Markets Department

Maway T. Cooper-Harding
DIRECTOR
Human Resource Department

Mustapha E. Sherman
DIRECTOR
Finance Department

Cllr. Francis L. Yancy
DIRECTOR
General Support Services Department

William G. Jlopleh
DIRECTOR
Banking Department

Miatta Oberly Kuteh
DIRECTOR
Payment Systems Department

Edward B. Fahnbulleh
DIRECTOR
Risk Management & Compliance Department

John K. Wangolo, Sr.
DIRECTOR
Management Information System Department

Nathaniel C. Gbaba
DIRECTOR
Insurance Department

Andrew S. Jallah, Jr.
DIRECTOR
Internal Audit Department

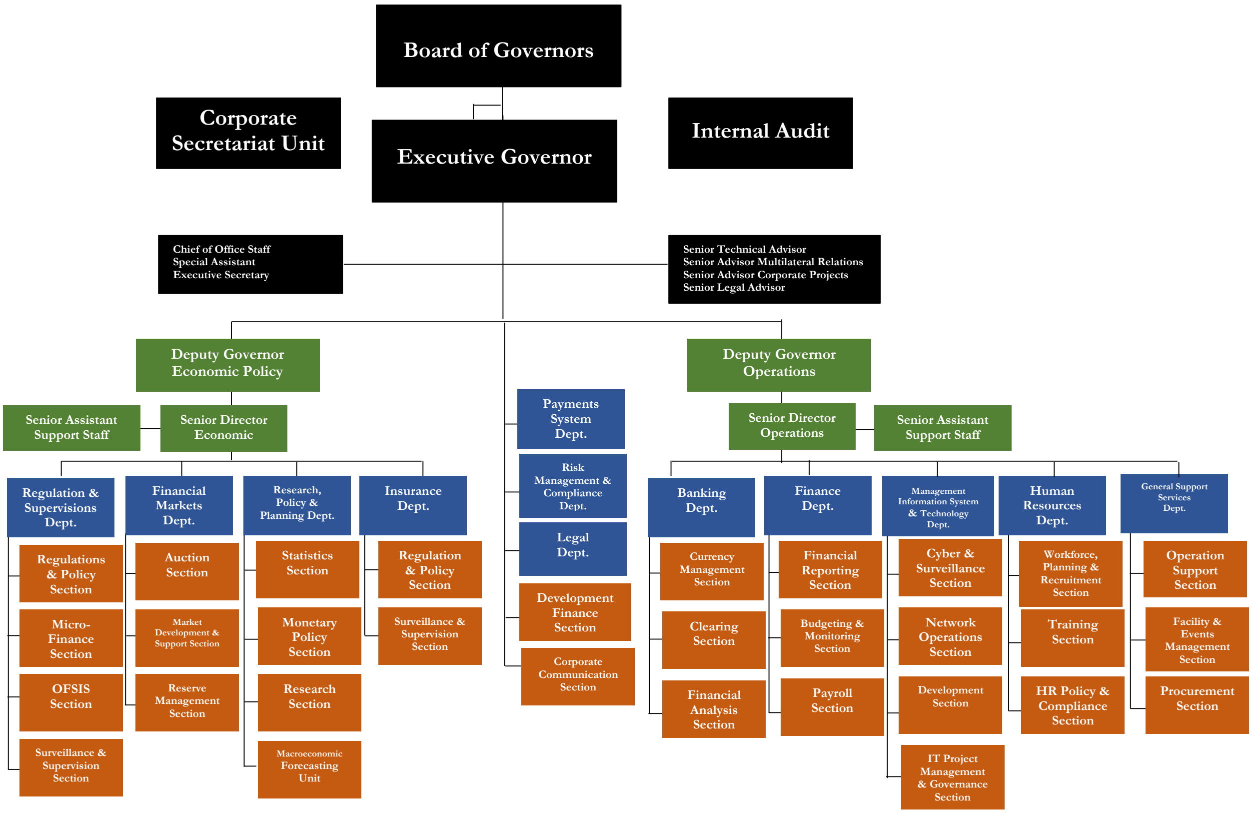
Cllr. Esther H. Barclay
CHIEF LEGAL COUNSEL
Legal Department

Jay G. Brown
HEAD
Development Finance Section

P. Alphonsus Zeon
HEAD
Communications Unit

Chart 1: Revised Organizational Structure

(As at end-December 31, 2023)



Chapter 1.0: Governance and Organizational Structure

1.1 The Board of Governors

The Board of Governors as stipulated in the Amended and Restated CBL Act of 2020, Part IV Section 10, is the governing body of the CBL. The Board has the oversight in the implementations of monetary policy and the strategic plan for the realization of the core objectives of the Bank.

The Board is composed of the Executive Governor, who is the Chairman and four non-Executive Governors who are all appointed by the President of the Republic of Liberia and confirmed by the Liberian Senate. The Board approves the annual budget, monitors the financial and operational performance, assesses reports from external auditors, and provides policy guidance to the Management of the CBL. As Chairman of the Board, the Executive Governor steers the day-to-day affairs of the Bank.

As at end-December 2023, the Board of Governors comprised of the following members:

1.	Hon. J. Aloysius Tarlue, Jr.	Executive Governor/Chairman
2.	Hon. D. Sheba Brown	Governor
3.	Hon. A. Richard Dorley	Governor
4.	Hon. James B. Dennis	Governor
5.	Hon. Timothy E. Thomas	Governor

1.2 Committees of the Board

The Board of the CBL comprises the Audit and Investment Committees. During the year, the two Committees, Audit and Investment, were chaired by Governor D. Sheba Brown and Governor (Professor) A. Richard Dorley, respectively.

1.3 Policy Decisions by the Central Bank of Liberia Board of Governors

In keeping with its mandate of oversight and approval of policies and procedures in support of the objectives of the CBL, as enshrined in Section 2.1 of its Charter, the Board of Governors approved the following policy instruments and took key decisions in 2023:

1.3.1 Policy Instruments

a) **Amended Regulation Concerning Reserve Requirement Regulation for Bank Financial Institutions:** The Amended Regulation approved by the Board grants commercial banks more flexibility to manage their reserve requirements, including utilizing 50.0 percent of the prevailing reserves requirement. The regulation was also amended to grant authority to the MPC for the determining the prescribed level of the reserve requirements.

b) **Currency Procurement Policy:** – This Policy was explicitly approved for the procurement of Liberian dollar currency, encompassing banknotes and coins, in accordance with Sections 6 (b), 23 (1-2), and 24 (1) of the Amended and Restated Act of the CBL (2020). The Policy provides a well-defined procedural framework to guide the procurement processes of banknotes and coins. The Board endorsed this Policy to complement the Amended and Restated CBL Act (2020).

1.3.2 Policy Decisions

1. **Termination of the Legal Tender Status of the Legacy Banknotes (Liberia Series 1 & 2)** - the Board approved the decommissioning of the Legal Tender Status of the Legacy Banknotes to allow for the existence of a single, homogenous Liberian dollar banknotes and coins in circulation. The Board also approved for the Official Public Gazette to be published to give sufficient notice to the public on the termination dates of December 31, 2023, for LS1 and March 31, 2024, for LS2.

2. **Operationalization of the Pan African Payments & Settlement System (PAPSS) in Liberia** - The Board approved the funding of the CBL Settlement Account at AFREXIMBANK, which significantly impacted the Payments System integration in the West African Monetary Zone (WAMZ). The approval set the basis for the operationalization of PAPSS in Liberia, which is expected to yield several benefits, including intra-trade facilitation and investment flows, enabling deeper regional economic and financial integration, and creating new business opportunities and employment across WAMZ and Africa at large. PAPSS will help to reduce end-to-end transaction and operational costs, especially for rural marketers involved in cross-border trade.

3. **Renewal of Deloitte & Touch Contract -** The Board approved a second-term contract renewal for Deloitte and Touch, an external auditing firm, to audit the Bank's accounts, records, and financial statements in compliance with Section 56 of the Amended and Restated CBL Act of 2020 and International Standards.

4. **Non-Performing Loan Resolution Strategy -** To improve asset quality in the banking industry, the Board mandated the Management to conduct an analysis of the non-performing loans in the banking system and provide policy prescriptions for informed decisions on the resolution strategy.

5. **Monetary Policy:** - The Board, acting as Proxies for the MPC members, approved a series of monetary policies aimed at liquidity management to contain volatility in the exchange rate, contain inflation in the economy, and maintain a positive rate of return on investment in financial instruments. Some key decisions taken by the Board during its quarterly meetings in 2023 included:

    a. Raising and maintaining the MPR by 250 basis points to 20.0 percent until the next assessment in response to inflationary pressures in the economy and;

    b. Maintaining the reserve requirement ratio at 25.0 percent for the Liberian dollar and 10.0 percent for the United States dollar as a liquidity management strategy to ease pressure on the Liberian dollar.

1.4 Currency Reform

1.4.1 Currency Delivery

The currency reform project, which began in 2021, remained on course during the review year. In accordance with the mandate of the 54th National Legislature, there was no Liberian currency brought by the CBL into the country in 2023.

At end-December 2022, the total currency brought into the country for 2021 and 2022 was **L$34,996,400,000.00**, representing 71.8 percent of the L$48,734,000,000.00 approved for printing/minting in keeping with the Joint Resolution of the 54th National Legislature of May 2021. The family of Liberian dollar currency brought into the country covered the denominations of L$1000, L$500, L$100, L$50 and L$20 for the banknotes and L$10 and L$5 for the coins.

The remaining amount of the banknotes and coins with total value of **LS$13.738 billion**, representing about 28.2 percent, will be brought into the country in 2024. The reform exercise was guided by a Currency Changeover Implementation Plan (CCIP) approved by the Board of Governors and implemented by the Management in a gradual process largely through the commercial banks.

1.4.2. Currency Exchange and Replacement Exercise

As at end-December 2023, the total legacy banknotes, both Liberian Series 1 (LS1) and Liberian Series 2 (LS2) withdrawn from circulation and destroyed amounted to L$20.428 billion, representing 81.0 percent of the total estimated L$25.281 billion legacy banknotes and coins in circulation at end-December 2020. The total amount of new banknotes and coins infused into the economy as at end December 31, 2023, was L$27.41 billion.

1.4.3. Decentralization of the Currency Exchange Exercise

In view of the limited banking infrastructures and network in several rural parts of the country, the CBL developed and adopted a Currency Exchange Decentralization Strategy (CEDP) intended to expand the exchange exercise across the country consistent with the CCIP. The strategy was formulated to remove critical cash demand and other pressures on the commercial banks through CBL cash hubs across the country. The Gbarnga Cash Hub has been completed and operational, while the Voinjama Cash Operations Center is expected to be operational by the first quarter of 2024. In addition, the Fish Town Regional Cash Hub is expected to be completed by June 2024. Also, the renovated former National Housing and Savings Bank (NHSB) is expected to be opened during the first quarter of 2024 and will become the main cash operations center along with other support and back-office activities of the Bank.

As part of the CBL’s strategy to extend coverage of the currency exchange exercise, including withdrawal and destruction of the old banknotes as well as the issuance of the new banknotes and coins, the Bank decided for all activities to be conducted at the decentralized facilities, excluding the Voinjama facility, which will be managed by AFBLL, subject to the approved policies, procedures and strict supervision of Banking Department of the CBL. The plan will be implemented gradually starting with the Gbarnga Cash Hub, and roll out to other facilities, premised on the anticipated success of the Gbarnga operations.

The Bank continued with its public awareness campaign throughout the year, including Money Matters Program, jingles, and announcements in local vernaculars, covering all 15 counties.

On the termination of the Legal Tender Status LS1 and LS2, the Board in consonance with Section 24 of the Amendment and Restatement 2020 of the CBL Act issued an official gazette setting March 31, 2024, as the deadline for the legal tender status of the LS1 and LS2. Beyond the March 31, 2024, approved deadline, the LS1 and LS2 shall no longer be used for financial, economic, and contractual transactions and payments.

1.5 Monetary Policy Objectives and Instruments

The CBL monetary policy is largely centered on three specific objectives, including to:

a) Primarily achieve and maintain domestic price stability;
b) Without prejudice to the above objective, the CBL shall contribute to fostering and maintaining a stable financial system; and
c) Without prejudice to the objective stated in (a) and (b), the CBL shall support the general economic policy of the government.

In 2023, the major instruments readily available to the Bank towards achieving these policy objectives were:

1. The CBL Bills with tenors of two weeks, one month, and three months maturity at interest rates guided by the quarterly macroeconomic forecast of the inflation and exchange rates.
2. The Reserves Requirements (RR) of 10.0 percent for USD and 25.0 percent for LD on depository corporations to fulfil its 2023 liquidity management with the objective of financial sector stability.

1.6 Monetary Policy Framework and Operations

The monetary policy framework and operations were anchored on the principle of targeting the reserve money to achieve growth and maintain price stability. To this, the impossibility trinity was considered as a foundation for the CBL's monetary policy framework in the context of the impossibility of achieving a fixed exchange rate, unrestricted capital mobility, and independent monetary policy at the same time. Considering this principle, the establishment of precise goals, transparency regarding intermediate and operational targets, and the tools employed in 2023 helped to facilitate the conduct of monetary policy. The Bank operated a relatively tight monetary policy stance using its reserve money as operating target and the CBL Bill and reserves requirement ratio as its key monetary policy instruments.

1.7 Mandates of the Monetary Policy Advisory Committee

In accordance with Section 2 of the Charter of the MPAC, and pursuant to its powers in Part IV, Section 17 (1) of the Amended and Restated Act of the CBL (2020), the Board of Governors established the MPAC as a statutory committee in the CBL pending the establishment of a Monetary Policy Committee (MPC) of the Bank. The principal mandate of the MPAC shall be to define and advise on the monetary policy rate (MPR) and other monetary policy instruments of the CBL aimed at maintaining price stability. The MPAC shall also prescribe the rules and internal guidelines for the decision-making process.

1.8 Monetary Policy Advisory Committee Meetings

In keeping with Part IV, Section 17 of the Amendment and Restatement CBL Act 2020, the MPC took monetary and exchange rate policy decisions to achieve and maintain stability in the domestic price and financial sector. In its statutory sittings, the MPC convened and made the following decisions:

1.8.1 The First MPC Meeting

In February 2023, the MPC met and assessed the fourth quarter (2022) domestic economic condition. Further, the Committee assessed the implications of global macroeconomic conditions (growth, inflation and interest rates) on the Liberian economy to inform monetary policy decisions. On the domestic front, the MPC assessed developments in consumer prices, interest rates, remittances, merchandise trade, monetary aggregates, monetary condition, output gap, and fiscal stance & impulse, among others. Based on the findings from the assessment, the Committee took the following decisions:

a) To maintain the MPR at 15.0 percent until its next assessment;
b) To maintain the reserves requirement ratios on Liberian dollar (LD) and United States Dollar (USD) at 25.0 percent and 10.0 percent, respectively; and
c) To allow for the 2-weeks issuance of CBL Bills exclusively to commercial banks, and that the 1-month and 3-months CBL Bills be offered to both commercial banks and retail investors.

1.8.2 The Second MPC Meeting

In its second sitting, May 2023, the MPC, noted the moderation in global growth and the high inflationary pressures in advanced economies as well as emerging market & developing economies. The MPC also noted the risks of declining commodity prices and the rising policy rates in several advanced economies as well as ECOWAS member states in response to the inflationary pressures and the potential impact of the geopolitical tensions. Despite, improvement in the quarterly Real GDP and resilient banking sector as evidenced by declining NPL, the MPC noted the limited transactions in the interbank market and non-issuance of Liberian dollar treasury bills by the Government of Liberia (GOL). In addition, the Committee also noted key risks to the domestic inflation outlook as the heightening inflationary pressure and tightening global financial conditions. Hence, MPC decided to:

a) raise the MPR by 2.5 percentage points to 17.5 percent as a preemptive action against potential build-up of inflationary pressure in the economy;
b) maintain the reserves requirement ratios for the Liberian Dollar and US dollar at 25.0 percent and 10.0 percent, respectively; and
c) continue to allow for the 2-week issuance of CBL Bills exclusively to commercial banks, and the 1-month and 3-month CBL Bills to both commercial banks and retail investors.

1.8.3 The Third MPC Meeting

In July 2023, at the third MPC meeting, the Committee assessed the domestic economy and the implications of global economic developments on the Liberian economy to inform recommendations for the monetary policy decisions in the third quarter of 2023.

The MPC acknowledged the tightening global financial conditions, higher inflation, and the impact of the Russia-Ukraine war on the prospects of attaining 2.8 percent growth globally for 2023, in comparison to the 3.4 percent recorded in 2022. The Committee was concerned about the fluctuation in the international prices of Liberia's main exports (including iron ore and rubber) and the impact of high global inflation level of 7.0 percent on the domestic economy.

On the domestic front, the MPC noted that the banking system was capitalized and liquid, and NPLs declined slightly. As money growth was in tolerable range, the external sector was still challenged by trade imbalances leading to exchange rate depreciation and rise in inflation. In keeping with its mandate to promote macroeconomic and financial sector stability, the MPC took the following decisions to:

a) raise the MPR by 2.5 percentage points to 20.0 percent as a measure against potential build-up of inflationary pressure in the economy; and
b) remove the ceiling on the CBL Bills with the aim of strengthening monetary policy operations by delegating the issuance of the bills to the Management as part of normal

operations of the Bank, consistent with the evolving excess liquidity in the banking sector.

1.8.4 The Fourth MPC Meeting

In October 2023, the fourth and last MPC meeting in the year was held. The MPC acknowledged that uncertainties emanating from the Russia-Ukraine conflict, developments in China, climate change, and the dynamics of global consumer prices constrained global growth to moderate to 3.0 percent during the quarter compared to the 3.4 percent in the same period of 2022, slightly higher than the global growth projection in the previous quarter. The Committee observed that the rise in policy interest rates by monetary authorities in most advanced and emerging market economies as response to inflationary pressures, further constrained the already fragile global condition and prompted new financial stability concerns.

However, the MPC welcomed the resulting projected moderation in global inflation to 7.0 percent in 2023 from 8.7 percent in 2022. The MPC highlighted the mixed movement in commodity prices during the quarter, including the rise in crude oil price, and was concerned about the effect on the trade dynamics of the country. The assessment also showed that the inflation rate moderated to 10.9 percent from 11.3 percent in the previous quarter, while money growth, especially currency outside banks rose by 14.0 percent with implication for exchange rate pressure in the last quarter of the year. The Committee also noted that remittance inflows was projected to increase with anticipated implication for exchange rate stability and the downward trend in inflation.

However, the MPC noted that the key risks to the domestic economy outlook included the following: the high level of NPLs, tightened global financial conditions, declining export commodity prices, and the Russia-Ukraine war. The MPC therefore decided to:

a) maintain the MPR at 20.0 percent, which was above the projected average inflation and depreciation rates, in response to inflationary pressures in the economy; and
b) maintain the reserve requirement ratios at 25.0 percent for Liberian dollar and 10.0 percent for US dollar as a liquidity management strategy to preserve the value of the Liberian dollar.

Chapter 2.0: Global Development

2.1 Global Output

In 2023, the global economy was faced with diverse uncertainties, including climate change, Russia-Ukraine war, and elevated inflation. These challenges held back the momentum of global growth in 2023. Based on estimates reflected in the IMF January 2024 World Economic Outlook, global growth moderated to 3.1 percent from the 3.5 percent recorded in 2022 (Table 1). Other cyclical effects, including monetary policy tightening to fight inflation, fiscal support withdrawal amid high debts and extreme weather conditions, also had a toll on the global economy.

The divergence in growth was well noted in advanced economy, which recorded a slowdown in growth to 1.6 percent in 2023 from 2.6 percent in 2022. While growth in the United States (US) was estimated at 2.5 percent, from 1.9 percent in 2022, due to resilient consumption and investment in the second half of the year, the euro area activity was significantly weaker than expected, moderating significantly to 0.5 percent from 3.4 percent recorded in 2022. In the United Kingdom, growth declined to 0.5 percent from 4.3 percent in 2022, reflecting the effects of tighter monetary policies to curb high inflation and the lingering impacts of the terms-of-trade shock from high energy prices. On the other hand, Japan's growth rose to 1.9 percent in 2023 from 1.0 percent in 2022, buoyed by a rise in inbound tourism, accommodative policies, and a rebound in exports, especially autos, which had earlier been constrained due to supply chains disruption.

In emerging market and developing economies, growth was relatively stable at 4.1 percent in 2023 same as in 2022. Notably, China growth rose to 5.2 percent in 2023 due in part to stronger-than-expected growth and increased government spending on capacity building against natural disasters. The Indian economy growth remained strong at 6.7 percent in 2023 reflecting the stronger-than-expected domestic demand. In other parts of emerging markets, Russia's growth was also robust, moving from 1.2 percent contraction in 2022 to 3.0 percent growth in 2023, reflecting substantial fiscal stimulus, strong investment, and resilient consumption.

In a similar vein, Brazil's growth was revised upward to 3.1 percent in 2023, mainly driven by buoyant agriculture and resilient services in the first half of 2023, including strong consumption supported by fiscal stimulus.

Real GDP growth in Sub-Saharan Africa (SSA) moderated to 3.3 percent in 2023 from 4.0 percent growth in 2022, reflecting the weather shocks, global slowdown, and domestic supply issues, especially in the electricity sector. Nigeria's growth moderated to 2.8 percent in 2023 from the 3.3 percent in 2022 on account of high inflation and weak consumption. Similarly, growth in South Africa, moderated to 0.6 percent in 2023 from a growth of 1.9 percent in 2022, mainly due to perennial power shortages. In terms of outlook, SSA growth is expected to increase by 0.5 percentage point to 3.8 percent in 2024.

2.2 Global Inflation

Although global headline inflation moderated in 2023 to 6.8 percent from 8.7 percent in 2022, it remained above historical level, mainly on account of a fall in energy prices and to a lesser extent, in food prices. The decline in crude oil prices was mainly on the back of lower global demand, partly induced by tighter monetary policy. Food prices also declined modestly in 2023, on account of lower demand offset by supply reductions, notably arising from Russia's withdrawal from the Black Sea Grain Initiative in July 2023. Headline inflation in advanced economy moderated to 4.6 percent from 7.3 percent in 2022. Also, in emerging market and developing economies, inflation moderated to 8.4 percent from 9.8 percent in 2022.

Table 1: Global Output (2022-2024)

	Estimates		Projections	Difference from October 2023 WEO Projections	
	2022	**2023**	**2024**	**2023**	**2024**
World Output	**3.5**	**3.1**	**3.1**	**0.1**	**0.2**
Advanced Economies	**2.6**	**1.6**	**1.5**	**0.1**	**0.1**
United States	1.9	2.5	2.1	0.4	0.6
Euro Area	3.4	0.5	0.9	-0.2	-0.3
Japan	1.0	1.9	0.9	-0.1	-0.1
United Kingdom	4.3	0.5	0.6	0.0	0.0
Canada	3.8	1.1	1.4	-0.2	-0.2
Other Advanced Economies	2.7	1.7	2.1	-0.1	-0.1
Emerging Markets & developing Economies	**4.1**	**4.1**	**4.1**	**0.1**	**-0.1**
Emerging and Developing Asia	4.5	5.4	5.2	0.2	0.4
China	3.0	5.2	4.6	0.2	0.4
India	7.2	6.7	6.5	0.4	0.2
Emerging and Developing Europe	**1.2**	**2.7**	**2.8**	**0.3**	**0.6**
Russia	-1.2	3.0	2.6	0.8	1.5
Latin America and the Caribbean	**4.2**	**2.5**	**1.9**	**0.2**	**-0.4**
Brazil	3.0	3.1	1.7	0.0	0.2
Mexico	3.9	3.4	2.7	0.2	0.6
Middle East and Central Asia	5.5	2.0	2.9	0.0	-0.5

Saudi Arabia	8.7	-1.1	2.4	-1.9	1.3
Sub-Saharan Africa	**4.0**	**3.3**	**3.8**	**0.0**	**-0.2**
Nigeria	3.3	2.8	3.0	-0.1	-0.1
South Africa	1.9	0.6	1.0	-0.3	-0.8
Consumer Prices	**8.7**	**6.8**	**5.8**	**-0.1**	**0.0**
Advanced Economies	7.3	4.6	2.6	0.0	-0.4
Emerging Markets & developing Economies	9.8	8.4	8.1	-0.1	0.3

Source: International Monetary Fund, World Economic Outlook, January 2024 Update

2.3 Commodity Markets

Global commodity price market has been affected by series of shocks in recent years in addition to the Ukraine-Russia war and the recent Hamas-Israel conflict in the Gaza Strip. Oil supply withdrawals by OPEC+ producers did not significantly impact the prices of fuel globally on account of increase production by non-OPEC members. For agricultural commodity, prices were volatile, explained by declines in price of food. However, the non-renewal of the Black Sea Grain Initiative, India's export ban of non-basmati rice among others, further aggravated the volatility in agriculture prices. In the metal category, the general prices edged down slightly since the onset of the Russia-Ukraine conflict. However, gold prices, which usually move in tandem with geopolitical concerns, increased during the year. With the heightening uncertainty, metal prices are expected to remain on the rise.

2.3.1 Crude Oil

The price of crude oil in 2023 declined by 16.8 percent to an average of US$80.76 per barrel compared with the average price of US$97.10 in 2022. The decrease was on account of weak global demand, including the slowdown in heavy industry sector and housing construction in China.

2.3.2 Iron Ore

Iron ore price fell marginally by 0.60 percent in 2023 to US$120.57 per metric ton, from US$121.30 per metric ton in 2022. This was largely reflected by the slowdown in the construction industry in China and activity in the auto industry in Italy. Base metals prices are expected to continue their steady decline into 2024 as global economic activity is anticipated to remain subdued, while supply will continue to improve.

2.3.3 Rubber

The price of natural rubber globally declined by 12.9 percent to an average price of US$1,576.72 per metric tons in 2023, from US$1,810.19 per metric ton in 2022 due to relatively weak demand emanating from lower production of tyres in the United States, Republic of Korea, and Russia. It is expected that in 2024, the price of rubber will rise as global consumption is anticipated to recover.

2.3.4 Palm Oil

The global price of palm oil significantly fell by 30.5 percent to US$886.45 per metric ton in 2023, from US$1,275.99 per metric ton in 2022. The decline in the price of palm oil reflected higher production and exports from Indonesia and Malaysia, which together accounted for more than 85 percent of global palm oil exports. However, the rising demand of palm oil for biodiesel is expected to raise the price of the commodity in 2024.

2.3.5 Cocoa Beans

The global price of cocoa rose significantly by 37.1 percent to US$3,280.67 per metric ton in 2023, from US$2,392.98 per metric ton recorded in 2022. The rise in cocoa price was on account of lower-than-expected exports from the world's largest supplier due to heavy rains and demand. Cocoa yields are expected to be robust in 2024, which is anticipated to result in decline in the price of the commodity.

Table 2: Commodity Prices (2021-2023)

Commodity	Unit	2021	2022	2023	Percent Change	
		Actual		Estimate	2022	2023
Cocoa	**USD/MT**	2,426.53	2,392.98	3,280.67	-1.38	37.10
Crude Oil	**USD/BBL**	69.07	97.10	80.76	40.58	-16.83
Gold	**USD/TOZ**	1,799.63	1,800.60	1,942.67	0.05	7.89
Iron ore	**USD/MT**	161.71	121.30	120.57	-24.99	-0.60
Palm Oil	**USD/MT**	1,130.58	1,275.99	886.45	12.86	-30.53
Rice	**USD/MT**	458.25	436.75	553.67	-4.69	26.77
Rubber	**USD/MT**	2,071.02	1,810.19	1,576.72	-12.59	-12.90

Source : https://www.worldbank.org/en/research/commodity-markets

2.3.6 Rice

The international price of rice rose by 26.8 percent to US$553.67 per metric ton in 2023, from US$436.8 per metric ton in 2022. The rise in the price of rice was attributed to the ban of non-basmati rice export by one of the largest exporters of rice in addition to Russia withdrawal from the Black Sea Grain Initiative. The price is expected to rise further as the ban imposed by India is anticipated to remain in effect in 2024.

2.3.7 Gold

The global price of gold rose by 7.9 percent to US$1,942.67 per troy ounce in 2023, from US$1,800.60 per troy ounce in 2022. The rise in gold price reflected the relatively strong demand from investment and jewelry consumption in addition to a stronger US dollar and higher interest rate. The conflict in the Middle East is expected to heighten global uncertainty, with substantial implications for gold prices.

2.4 Global Financial Markets

The global financial conditions in 2023 was challenged by high financial stability risks on global markets. Bank failures shifted the patterns of deposits across major financial institutions and weakened financial confidence. Tighter monetary and financial conditions heightened stability threat on account of financial leverage, liability liquidity, and asset mismatches, including financial fragmentation that affected cross-border allocation of capital and international payment systems.

2.5 Global Economic Outlook and Risks

Global economic growth is projected at 3.1 percent in 2024 below the historical (2000–2019) average of 3.8 percent, on account of growth resilience in major economies. The elevated central bank policy rates will continue to fight inflation, winding down fiscal support amid high debt and weighing down on economic activity and productivity growth. Growth in advanced economies is projected to moderate slightly to 1.5 percent, reflecting stronger activity in the U.S. economy amid weaker growth in the euro area, which is forecast at 0.9 percent in 2024. Japan growth is projected to moderate to 0.9 percent in 2024, on account of fading of one-off factors that supported activity in 2023, a depreciated yen, pent-up demand, and a recovery in business investment. Growth in the United Kingdom is expected to modestly rise to 0.6 percent in 2024 due to recovery from the adverse effects of high energy prices. (Table 1).

Growth in emerging market and developing economies is projected to remain at 4.1 percent in 2024, reflecting projected improvements in several economies. In China, growth is expected to remain robust; however, it is expected to moderate to 4.6 percent, largely driven by the increased fiscal spending on capacity building against natural disasters. Similarly, growth in Indian is expected to remain strong at 6.5 percent in 2024, due mainly to expectation of resilient domestic demand.

Sub-Saharan Africa is expected to see stronger growth to 3.8 percent in 2024 backed by expected easing of the negative effects of weather shocks and improved energy supply. Nigeria growth is projected to rise to 3.0 percent on account of ongoing reform in the oil industry, while in South Africa, growth is projected at 1.0 percent in 2024 due to expected improvement in energy supply.

Global inflation is expected to remain on the moderating path with continuity in tightening of monetary policies, easing in labor markets, and the passing-through effects from anticipated decline in energy prices. In advanced economies, inflation is expected to record faster moderation relative to emerging market and developing economies. Inflation is projected at 2.6 percent for advanced economies and 8.1 percent for emerging market and developing economies.

Despite the expected easing of supply shocks, there are upside and downside risks to the growth outlook. On the upside, faster easing of inflation may encourage central banks to ease their tight policy stance and contribute to improving business and consumer sentiments. Slower-than-assumed withdrawal of fiscal support is likely to induce a higher-than-expected growth in the near term. Faster recovery in China's property sector and larger-than-expected fiscal support is anticipated to boost consumer confidence and private demand. And harnessing the potential of artificial intelligence, especially in emerging markets and developing economies could result in greater-than-expected domestic and foreign investment productivity, thereby boosting growth.

On the downside, commodity price spikes, escalating geopolitical and weather shocks, further tightening of monetary policy stance, decline in the property sector in China and disruption in fiscal consolation are risks to the growth prospect.

Chapter 3.0: Domestic Economy

3.1 Overview

The Liberian economy moderated slightly to 4.6 percent in 2023, from the 4.8 percent growth recorded in 2022, mainly on account of moderation in the primary sector (mining & panning, and forestry as well as agriculture & fisheries). Growth for 2024 is projected at 5.3 percent, reflecting developments in the primary sector, particularly, agriculture and fishery subsector. In terms of sectoral contribution to real GDP growth in 2023, the services subsector accounted for the highest at 2.6 percentage points of the 4.6 percent growth recorded during the year. Average headline inflation rose to 10.1 percent in 2023, from 7.6 percent recorded in 2022, while the end-of-period inflation stood at 10.0 percent, from 9.2 percent at end-December 2022. The rise in average inflation was largely occasioned by the depreciation of the domestic currency and developments in the international prices of the country's major consumables.

In 2023, monetary aggregate expanded, driven by increased domestic spending. Currency in circulation recorded a notable rise by 19.9 percent, particularly outside the banking system by 24.7 percent, while currency held in banks decreased. Narrow money supply (M1) grew by 50.3 percent, while broad money (M2) increased by 44.4 percent, mainly due to expansion in domestic credits on the assets side, and demand deposits and currency outside banks on the liability side. The US dollar share of M2 accounted for 75.4 percent, reflecting the high level of dollarization of the Liberian economy.

Commercial bank loans and advances grew steadily, with notable contributions from the trade, construction, and agriculture subsectors. However, loans to manufacturing and household showed negative growth. The sectoral share of credit also showed changes, with trade accounting for the largest share.

Commercial banks' average interest rates increased for lending, mortgage, and savings, while remaining stable for personal loans, time deposits, and certificates of deposit. The CBL played a significant role in managing liquidity through the issuance of CBL Bills and conducting money market transactions. Issuance of Government securities decreased, while reform was implemented in reserves management to diversify foreign exchange reserve investments in 2023.

Liberia's current account deficit widened by 38.9 percent in 2023 due to a significant increase in the merchandise trade deficit, which grew by 59.4 percent, primarily driven by a surge in import payments, outweighing export receipts. Export earnings rose by 8.5 percent with observed growth in key export commodities like gold, rubber, and cocoa beans, despite declines in others such as iron ore and diamond. Import payments grew by 25.2 percent, largely underpinned by growths in minerals, fuel, machinery, and manufactured goods, but payments for chemicals decreased.

Services account deficit narrowed by 13.1 percent, mainly attributed to decreases in certain service payments mitigated by increases in payments of some business services. However, primary income balance deficit increased by 1.2 percent largely due to growth in employees' compensation. Secondary income account recorded a rise in net inflows by 23.0 percent, largely on account of increased net inflow of personal remittances.

The capital account, during the year, increased by 13.0 percent driven by growth in investment grants, while the financial account showed a decrease in net financial liability by 19.1 percent attributed to reduced direct investment inflows. Gross International Reserves (GIR) fell by 24.6 percent and months of import cover fell to 2.3 at end- 2023, mainly reflecting a reduction in foreign liquid assets. The Liberian dollar recorded 22.0 percent depreciation against the USD in 2023, on average, reaching L$174.96 per US$1.00, largely due to high import payments.

In 2023, government revenue[1] decreased by 3.7 percent to US$710.3 million (16.4% of GDP), primarily due to a substantial reduction in non-tax receipts, despite marginal increases in both tax and other revenue. Tax revenue recorded a marginal increase of 1.6 percent characterized by reductions in taxes on international trade by 2.5 percent and income & profits tax by 7.3 percent. In contrast, non-tax receipts significantly decreased by 30.9 percent, mainly due to a decrease in property income.

Government expenditure[2] recorded a minor reduction of 1.5 percent driven by decreases in current expenditure (including payments on loans, interest & other charges). Total public debt expanded by 9.5 percent driven by increases in both domestic and external debts. Domestic debt was estimated to rise by 4.4 percent, while external debt increased by 13.4 percent.

During the year, borrowing from domestic financial institutions fell by 5.2 percent. Multilateral debt increased by 14.9 percent in the same period, while bilateral debt slightly increased by 0.1 percent to US$111.8 million (2.6% of GDP).

[1] Estimates
[2] Estimates

3.2 Real Sector

Real gross domestic product (RGDP) growth of the Liberian economy moderated to 4.6 percent in 2023, from 4.8 percent in 2022 mainly on account of moderation in the agriculture & fisheries, forestry and manning &panning sub-sectors.

Table 3: Sectoral Origins of Growth
(GDP at 2018 Constant Prices)
(2021-2024)

	2021	2022	2023	2024*
Agriculture & Fisheries	997.7	1,009.3	1,015.9	1,075.5
Forestry	285.2	292.9	296.5	300.1
Mining & Panning	545.3	621.8	665.4	699.9
Manufacturing	194.8	199.1	211.9	222.0
Services	1,216.4	1,275.3	1,363.4	1,444.0
Real GDP	**3,242.4**	**3,398.4**	**3,553.2**	**3,741.4**

Sources: Government of Liberia and the IMF

In the primary sector (agriculture & fisheries, forestry, and mining & panning), growth was estimated to decline to 2.8 percent in 2023, from 5.1 percent in 2022, mainly attributable to moderations in all sub-sectors. The agriculture & fisheries sub-sector moderated to an estimated 0.7 percent in 2023, from 1.2 percent reported in 2022, while the mining and panning sub-sector moderated to an estimated 7.0 percent, from 14.0 percent growth attained in the previous year.

The agriculture & fisheries sub-sector declined during the review period due to a decline in the production of key commodities, such as rubber and crude palm oil. During the year, rubber output declined by 2.0 percent to 63,211 metric tons, from 64,516 metric tons reported for 2022, on account of decreased harvest by small farmers as well as the largest producers. Cocoa production in 2023 decreased by 3.1 percent to 3,973 metric tons, from 4,099 metric tons produced in 2023 mainly due to replanting in many farms. Crude palm oil (CPO) production decreased by 10.6 percent to 21,461 metric tons in 2023, from 24,019 metric tons produced in the previous year mainly due to low harvest from small farm holders. However, the growth in forestry subsector was estimated at 1.2 percent in 2023, from 1.6 percent in 2022, largely on account of decreases in logs and timber production.

Table 4: Agriculture and Forestry Outputs (2021-2023)

Commodity	Unit	2021	2022	2023
Rubber	Mt	87,777	64,516	63,211
Cocoa Beans	Mt	5,511	4,046	3,973
CPO	Mt	25,041	24,019	21,461
Round Logs	M3	655,404*	668,512*	661.958*
Sawn Timber	PCs	179, 243	191,790*	185,517*

Sources: Ministry of Commerce & Industry (MOCI); Liberia Agricultural Commodities Regulatory Authority (LACRA); Forestry Development Authority (FDA); Mano Palm Oil (Note: + Revised/Actual, ** Projection, *Estimate)

The mining & panning subsector was estimated to moderate to 7.0 percent in 2023, from 14.0 percent recorded in 2022. This development was triggered by the higher base of growth of the components in the sector in 2022. It is however important to note that gold production rose by 16.4 percent in 2023 to 438,491 ounces, from 376,754 ounces produced in the previous year due to increased production of mining activities. Similarly, diamond output increased by 2.6 percent to 56,844 carats, from 55,391 carats produced in the previous year on account of favorable mining conditions. Iron ore output increased slightly in 2023 by 1.0 percent to 5.05 million as compared to the 5.0 million metric tons produced in the preceding year. The growth in iron ore production was attributed to improvement in mining activities.

Table 5: Mining Outputs (2021-2023)

Commodity	Unit	2021	2022	2023
Gold	Ounce	252,708	376,754	438,491
Dimond	Carat	63,027	55,391	56,844
Iron Ore	Mt.	5,000.000	5,000.000	5,050.000

Source: Ministry of Mines & Energy; (Note: + Revised/Actual, ** Projection)

The secondary sector (manufacturing) grew by 6.4 percent, from 2.2 percent in 2022, mainly on account of increased production of cement and beverages. There was mixed trend in production in the manufacturing subsector in 2023. Cement production during the year increased by 5.6 percent to 500,877 metric tons, from 474,187 metric tons reported during the previous year. The increase in cement production was mainly attributed to inclusion of two cement producing companies. Beverage production (both alcoholic & non-alcoholic) increased by 64.0 percent to 26.8 million liters in 2023, up from 16.4 million liters in 2022 largely due to the expansion of the number of companies in the production of the products on the market. Total paint production (both oil & water paints) during the year fell by 8.3 percent to 214,355 gallons, down from 233,862 gallons produced in the preceding year. This was on account of moderation in housing construction activities due to elections related uncertainty. Candle production during the year rose by 67.2 percent as compared to the 44,121 kilograms produced in the previous year. The increase in output was underpinned by the depletion of stock in 2022.

Conversely, chlorox production plummeted by 33.2 percent to 607,398 liters in 2023, from 909,282 liters produced in 2022, mainly driven by inadequate raw materials for the production exercise. Also, total volume in the production of rubbing alcohol increased by 88.7 percent to 374,632 liters, up from 198,485 liters produced in 2022 due to depleted stock of the commodity. Mattresses production declined to 128,271 pieces, down from 130,047 pieces produced in 2022, on account of weak demand of the commodity in sub-urban communities. Finished water production expanded by 9.2 percent to 1.19 billion gallons of water, from 1.09 billion gallons produced in 2022 due to the expansion of pipe-borne water service to other parts of Monrovia.

Table 6: Key Manufacturing Outputs (2021-2023)

	Unit	2021	2022+	2023
Cement	Mt.	534,993	474,187	500,877
Beverages	Liter	17,239,963	16,366,299	26,848,331
Paints	Gal.	206,223	233,862	214,355
Candle	Kg.	48,416	44,121	73,763
Chlorox	Liter	829,241	909,282	607,398
Rubbing Alcohol	Liter	306,268	198,485	374,632
Mattresses	Pcs.	129,454	130,047	128,271
Finished Water	Gal.	1,120,947,013	1,094,928,382	1,195,903,438*
Services				
o/w Electricity	Kw	272,691,852	275,131,939	469,743,200

*Sources: Ministry of Commerce & Industry (MOCI); Liberia Water and sewer Corporation. (Note: + Revised/Actual, ** Projection, *Estimate)*

The tertiary sector was estimated to grow by 6.9 percent in 2023, from 4.8 percent in 2022, due to expansion in electricity & water to other parts of the country, financial institution services, and other services. However, services related to construction and trade & hotels moderated in 2023. Electricity generation grew by an estimated 70.7 percent to 496.8 million kilowatts, from 275.1 million kilowatts produced in the previous year underpinned by the expansion of electricity.

3.2.1 Sectoral Share and Contribution to Real GDP

Sectoral shares of real GDP revealed that the services subsector accounted for the largest share of GDP at 38.4 percent, followed by agriculture & fisheries at 28.6 percent in 2023. In terms of sectors' contribution, the services sub-sector was the largest contributor to the real GDP growth at 2.4 percentage points, followed by the mining & panning subsector, which contributed 1.3 percentage point (Table 7).

Table 7: Sectoral Share and Contribution to Real GDP (In Percent)

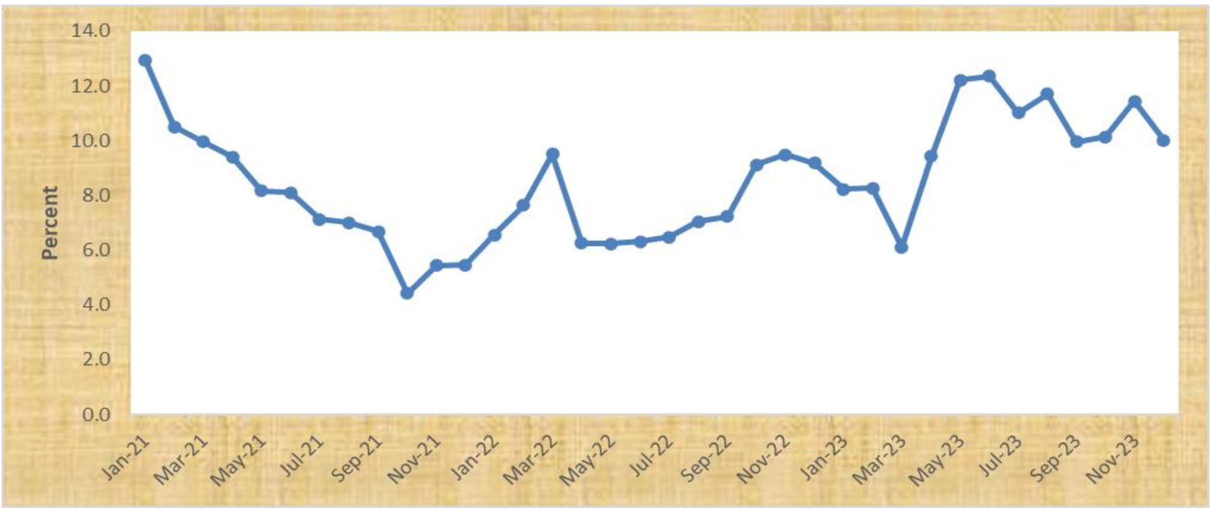
REAL RATE OF ECONOMIC GROWTH	Sectoral Share of Real GDP (2018=100)			Percentage Contribution to Real GPD Growth (2018=100)		
	2021	2022	2023	2021	2022	2023
Agriculture & Fisheries	30.8	29.7	28.6	1.2	0.4	0.2
Forestry	8.9	8.6	8.3	0.1	0.1	0.1
Mining & Panning	16.8	18.3	18.7	2.6	2.4	1.3
Manufacturing	6.0	5.9	6.0	0.3	0.1	0.4
Services	37.5	37.5	38.4	0.8	1.8	2.6
Real GDP	**100**	**100**	**100**	**5.0**	**4.8**	**4.6**

Source: IMF and Liberian Authorities

3.2.2 Price Developments

The average headline inflation rose to 10.1 percent in 2023, up from 7.6 percent reported in the previous year. The increase in inflation was largely explained by the depreciation of the domestic currency, which had a pass-through-effect.

Chart 2: Year-on-year Rates of Inflation 2021-2023 (December, 2005=100)

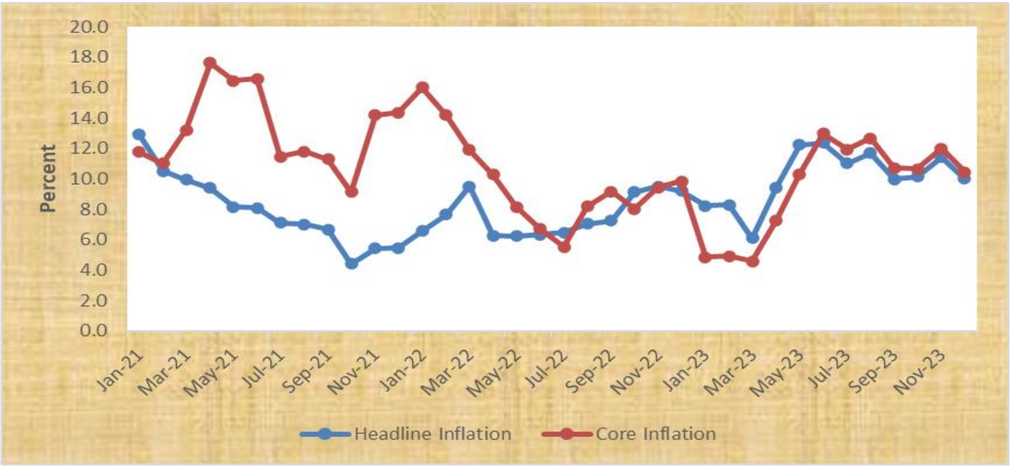


Source: Central Bank of Liberia

Analysis of the major groups of the CPI basket shows that the average inflation for food & non-alcoholic beverages at the end of 2023 increased to 12.3 percent from 1.6 percent at end 2022. Average inflation rates for furnishings, household equipment & routine maintenance of house rose to 18.3 percent, from 2.1 percent; health rose to 8.8 percent, from 5.7 percent; recreation and culture increased to 13.8 percent, from 0.4 percent; alcoholic beverages, tobacco and narcotics increased to 5.4 percent, from 3.4 percent; clothing and footwear rose to 20.1 percent, from 2.2 percent; housing, water, electricity, gas & other fuel rose to 11.5 percent, from 8.0 percent; communication increased to 12.6 percent, from 0.3 percent; and miscellaneous goods and services increased to 23.4 percent, from 8.7 percent. Conversely education decreased to 9.8 percent, from 14.6 percent; transport inflation fell to19.4 percent, from 32.8 percent; and restaurants and hotels slumped to 0.2 percent, from 19.6 percent.

Core inflation, the underlying inflation, excluding food and transport, moderated to 9.4 percent, from 9.8 percent in 2022. The slight moderation in core inflation was mainly related to items in restaurants & hotels; health; and education major groups of the CPI basket.

Chart 3: Headline and Core Inflation
(In Percent)
(2021-2023)

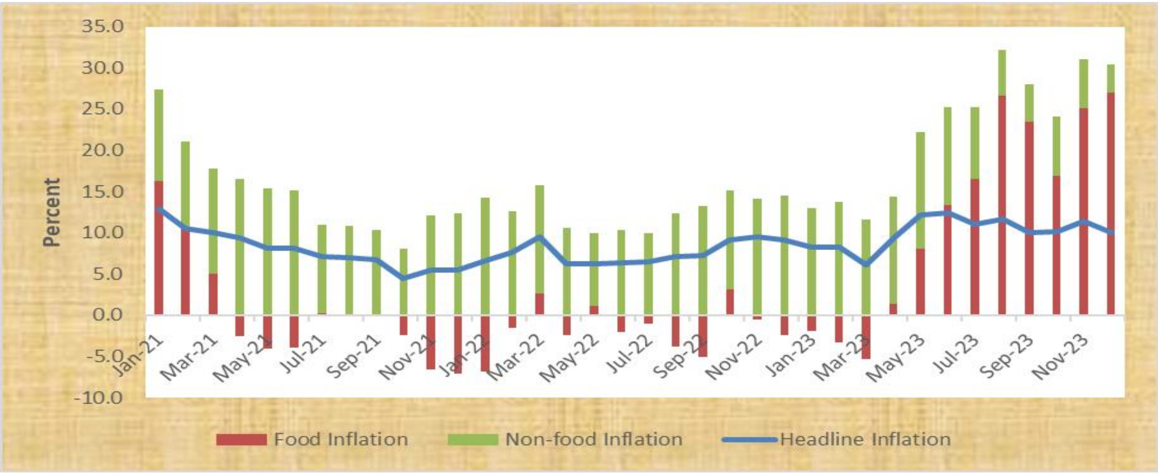


Source: Central Bank of Liberia

3.2.3 Food and Non-food Inflation

Average food inflation for 2023 stood at 12.3 percent, from the negative 1.6 percent reported in 2022. The rise in food inflation was precipitated by increase in the prices of both imported and domestic food prices due largely to the depreciation of the Liberian dollar. Non-food inflation declined to 9.4 percent, from 12.2 percent in 2022, mainly on account of decline in transport inflation.

Chart 4: Food, Non-food and Headline Inflation

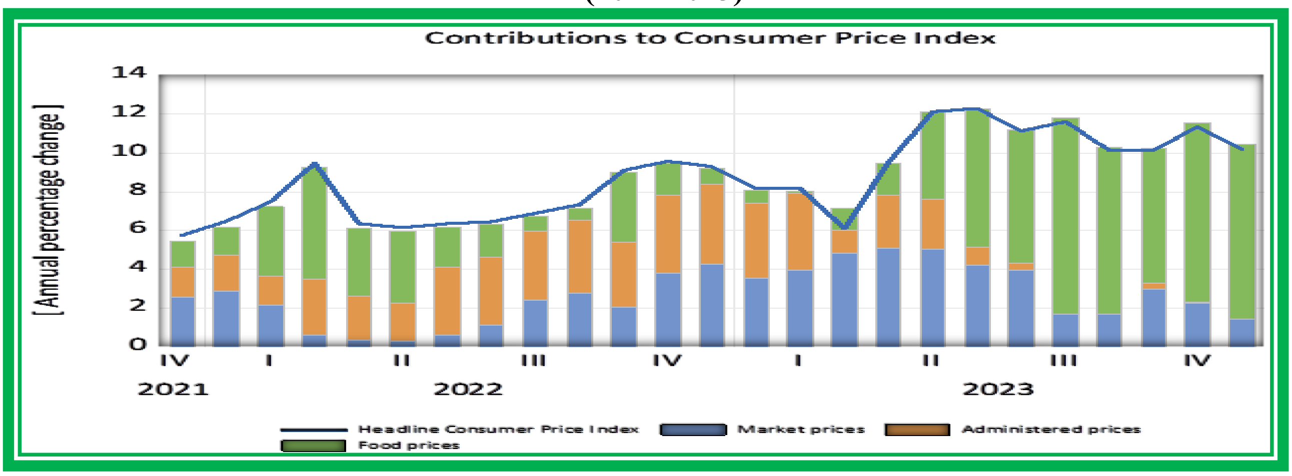


Source: Central Bank of Liberia

3.2.4 Administered versus Market Prices

The analytical decomposition of headline inflation reveals that food and market prices influenced the increase in average inflation during the year. Average market price rose to 3.4 percent in 2023, from 1.9 percent, while average food price rose to 5.3 percent, from 2.4 percent during the year. On the other hand, average administered price fell to 1.4 percent, from 3.0 percent recorded in 2023. In general, the depreciation of the Liberian dollar mainly contributed to the rise in the price level in the reported year compared with 2022.

Chart 5: Administered versus Market Prices (2021-2023)



Source: Central Bank of Liberia

3.2.5 Real Sector Outlook

In terms of outlook, RGDP growth for 2024 is projected at 5.3 percent, expected to be driven mainly by growth in primary, secondary and tertiary sectors. The government's commitment to key initiatives (road, agriculture, energy, etc.) under the Development agenda (ARREST) is expected to underpin. Additionally, infrastructural developments, such as the on-going electricity expansion, investment in road construction and other social protection programs, including the creation of social safety nets are expected to remove structural bottlenecks in support accelerating growth. Efficient macroeconomic management through enhanced fiscal-monetary coordination is expected to keep the exchange rate within tolerable limit during the year 2024 and moderate inflation to single digit of 8.0 percent with a plus or minus two bandwidths on account of anticipated management of liquidity through monetary tightening.

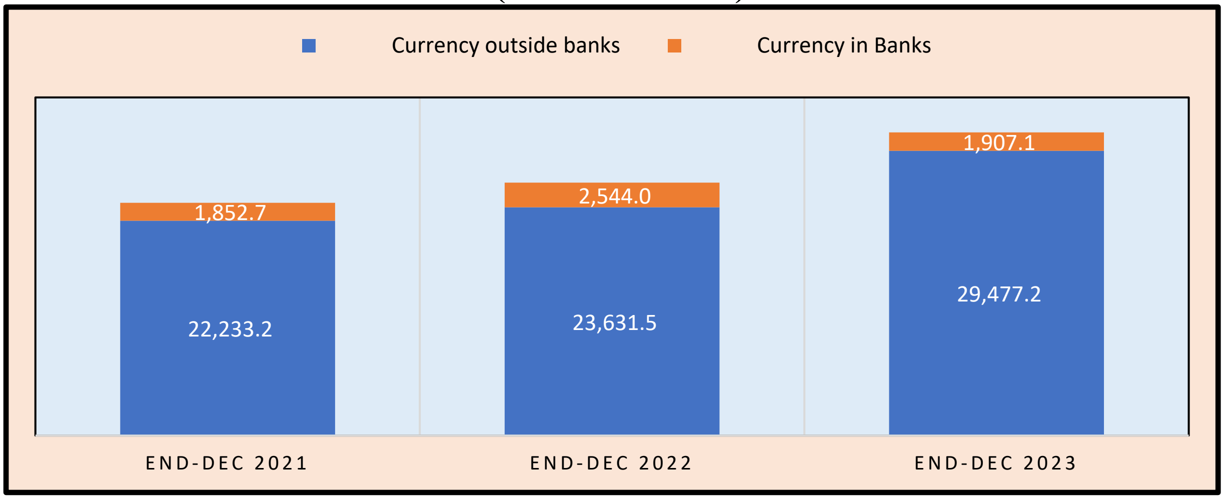
However, the geopolitical conflicts, high global inflation, and structural challenges amongst others are key downside risks to the 2024 outlook. Also, unpredictable global environment would remain critical for consumer prices and exchange rate developments. However, domestically, the anticipated strengthening of the policy coordination between the fiscal and monetary authorities is likely to moderate inflationary pressure and mitigate the risks.

3.3 Monetary Developments

3.3.1 Monetary Aggregates

The stock of Liberian dollar currency in circulation (CIC) stood at L$31,384.3 million at end-December 2023, reflecting a year-on-year growth of 19.9 percent against the stock of L$26,175.5 million at end-December 2022. This development was attributed to an increase of 24.7 percent in currency outside of the banking system in view of the increased domestic spending in 2023. Consequently, currency in banks contracted by 25.0 percent to L$1,907.1 million compared to the corresponding period of 2022.

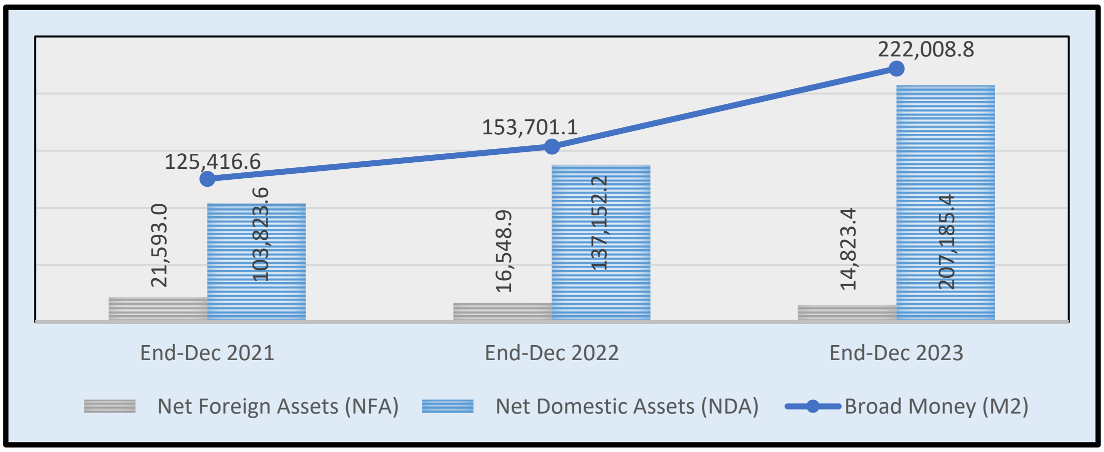
Chart 6: Currency in Circulation, CIC
(In Millions of L$)



Source: Central Bank of Liberia

Narrow money supply (M1) stood at L$159,688.6 million at end-December 2023, an increase of 50.3 percent, from L$106,211.7 million reported at end-December 2022. The increase in M1 was triggered by 57.7 percent and 24.7 percent growths in demand deposits and currency outside banks, respectively. Quasi money expanded by 31.2 percent to L$62,320.2 million, induced mainly by 31.8 percent growth in savings deposits. Similarly, broad money supply (M2) rose to L$222,008.8 million, from the L$153,701.1 million reported at end-December 2022. The source of broad money growth was traced to the expansion in domestic credits, including net domestic assets (NDA), which rose by 51.1 percent. The expansion in NDA came on the back of 63.7 percent increase in claims on private sector, including claims on other financial institutions and a 48.0 percent growth in net claims on government. However, net foreign assets (NFA) of the banking system contracted at end-December 2023 by 10.4 percent from a contraction of 23.4 percent at end-December 2022, reflecting growth in the Central Bank's foreign liabilities.

Chart 7: Broad Money Supply and Sources
(In Millions of L$)
(2021-2023)

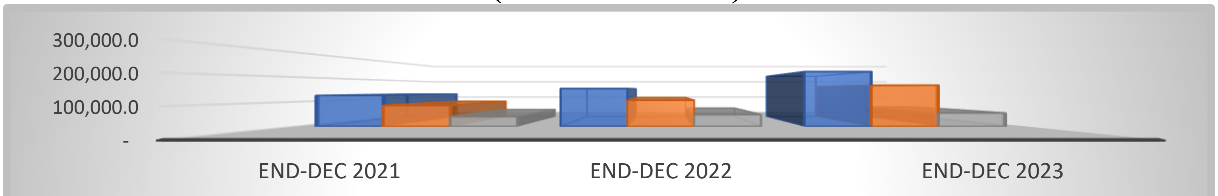


Source: Central Bank of Liberia

Reserves money at end-December 2023 grew by 36.6 percent to L$67,546.1 million in 2023 compared to 10.8 percent growth at end of the previous year. The trend in reserves money was mainly occasioned by growth in commercial banks' reserves deposits at the CBL as well as increase in currency outside the banking system.

The US-dollar component of broad money supply at end-December 2023 stood at US$887.6 million, accounting for around three quarters of the total money supply, increasing from US$685.4 million as at end December 2022. The Liberian dollar share of broad money constituted 24.6 percent, down from 31.1 percent recorded at end-December 2022. This indicator evidently reflected the highly dollarized nature of the economy.

Chart 8: US-dollar and Liberian-dollar Shares of Broad Money Supply (In Millions of L$)



	End-Dec 2021	End-Dec 2022	End-Dec 2023
Broad Money Supply (M2)	125,416.6	153,701.1	222,008.8
USD component of Broad Money (converted in L$)	85,457.1	105,888.6	167,305.3
LRD Component of Broad Money	39,959.5	47,812.5	54,703.4

Broad Money Supply (M2) USD component of Broad Money (converted in L$) LRD Component of Broad Money

Source: Central Bank of Liberia

Table 8: Broad Money Supply and Sources (2021-2023)

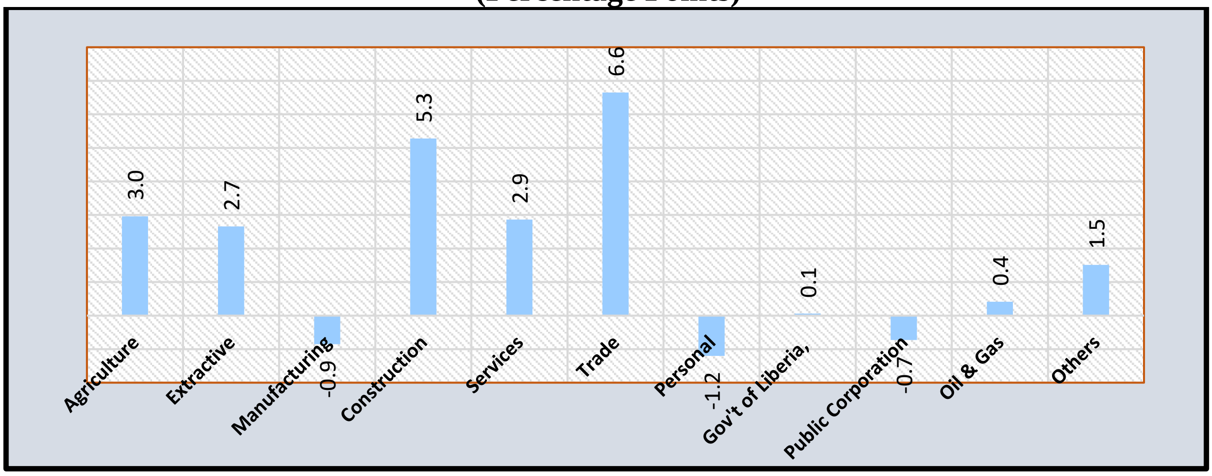
	Dec-21	Dec-22	Dec-23	*Percent Change (Y-o-Y)*	
				2022	2023
1.0 Money Supply M2 (1.1 + 1.2)	**125,416.6**	**153,701.1**	**222,008.8**	**22.6**	**44.4**
1.1 Money Supply M1	***84,832.0***	***106,211.7***	***159,688.6***	***25.2***	***50.3***
1.1.1 Currency outside banks	22,233.2	23,631.5	29,477.2	6.3	24.7
1.1.2 Demand deposit 1/	62,598.8	82,580.2	130,211.4	31.9	57.7
1.2 Quasi Money	***40,584.6***	***47,489.4***	***62,320.2***	***17.0***	***31.2***
1.2.1 Time & Savings deposits	40,249.4	46,878.7	61,790.7	16.5	31.8
1.2.2 Other deposits 2/	335.2	610.7	529.5	82.2	-13.3
2.0 Net Foreign Assets	***21,593.0***	***16,548.9***	***14,823.4***	***-23.4***	***-10.4***
2.1 Central Bank	-950.8	-2,937.7	-19,514.4	209.0	564.3
2,2 Banking Institutions	22,543.8	19,486.5	34,337.8	-13.6	76.2
***3.0 Net Domestic Assets* (1.0 - 2.0)**	***103,823.6***	***137,152.2***	***207,185.4***	***32.1***	***51.1***
3.1 Domestic Credit	158,265.7	195,191.6	303,341.2	23.3	55.4
3,1.1 Government (net)	81,701.3	102,981.8	152,365.5	26.0	48.0
3.1.2 Claims on Pvt. Sector & Other Pvt. Sector	76,564.4	92,209.8	150,975.7	20.4	63.7
3.2 Other assets Net (3.0 – 3.1)	***-54,442.1***	***-58,039.4***	***-96,155.8***	***6.6***	***65.7***
Memorandum Items					
1. Overall Liquidity	*125416.6*	*153701.1*	*222008.8*	*22.6*	*44.4*
2. Reserve Money	*44651.9*	*49453.8*	*67546.1*	*10.8*	*36.6*
Currency in Circulation	*24085.9*	*26175.5*	*31384.3*	*8.7*	*19.9*
Banks Reserves	*20230.8*	*22667.6*	*35632.3*	*12.0*	*57.2*
Other Deposits at CBL	*335.2*	*610.7*	*529.5*	*82.2*	*-13.3*
Currency in Banks	*1852.7*	*2544.0*	*1907.1*	*37.3*	*-25.0*

Source: Central Bank of Liberia
Note: All figures are in Millions of Liberian Dollars
1/excludes manager's checks from banks; 2/includes official and manager's checks issued by CBL

3.3.2 Commercial Bank Loans & Advances to the Economy

Credits and advances to all sectors of the economy at end-December 2023 stood at L$92,841.0 million (12.3% of GDP), reflecting an annual growth of 19.6 percent compared to L$77,620.5 million (12.8% of GDP) at end-December 2022. In terms of sectoral contributions to total credit growth in 2023, loans and advances to trade contributed the highest, accounting for 6.6 percentage points of the 19.6 percent growth of total credit to the economy, followed by construction, 5.3 percentage points; agriculture, 3.0 percentage points; services, 2.9 percentage points; extractive sector, 2.7 percentage points; amongst others. However, loans to manufacturing, household, and public corporations contributed negatively to credit growth by 0.9 percentage point, 1.2 percentage point, and 0.7 percentage point, respectively.

Chart 9: Sectors' Contribution to Total Credit Growth (Percentage Points)

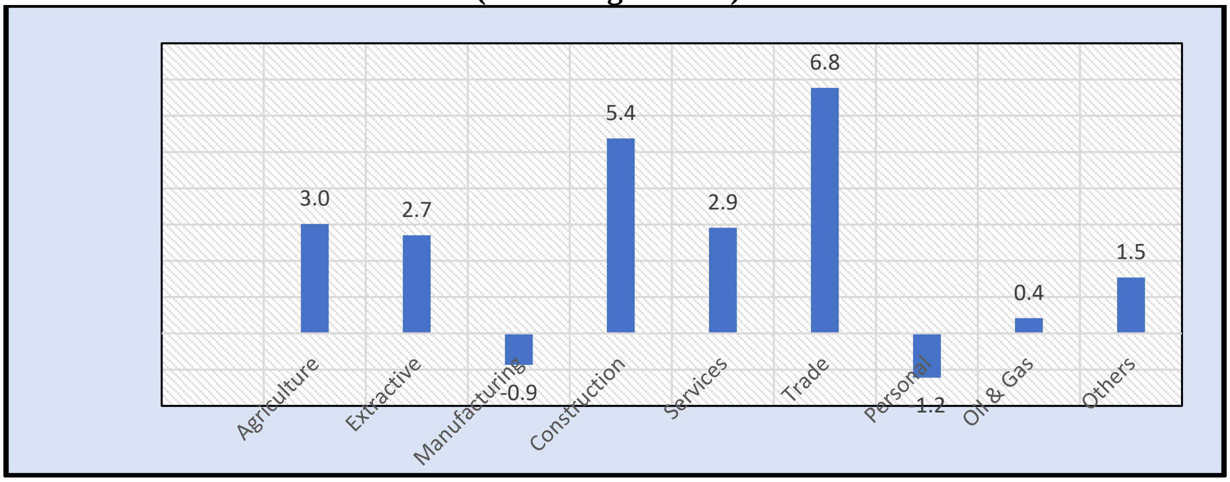


Source: Central Bank of Liberia

Credits to private sector[3] in the review period was recorded at L$91,959.7 million (12.1% of GDP), reflecting a year-on-year growth rate of 20.7 percent compared to L$76,219.6 million (12.5% of GDP) at end-December 2022. Credits to trade subsector also had the largest contribution to private sector credit growth in 2023, 6.8 percentage points; followed by construction, agriculture, services, and the extractive subsectors, contributing 5.4 percentage points, 3.0 percentage points, 2.9 percentage points, and 2.7 percentage points, respectively, amongst others. In contrast, manufacturing had a negative contribution to private sector credit growth.

[3] Credit private sector exclude credit to government and public corporation.

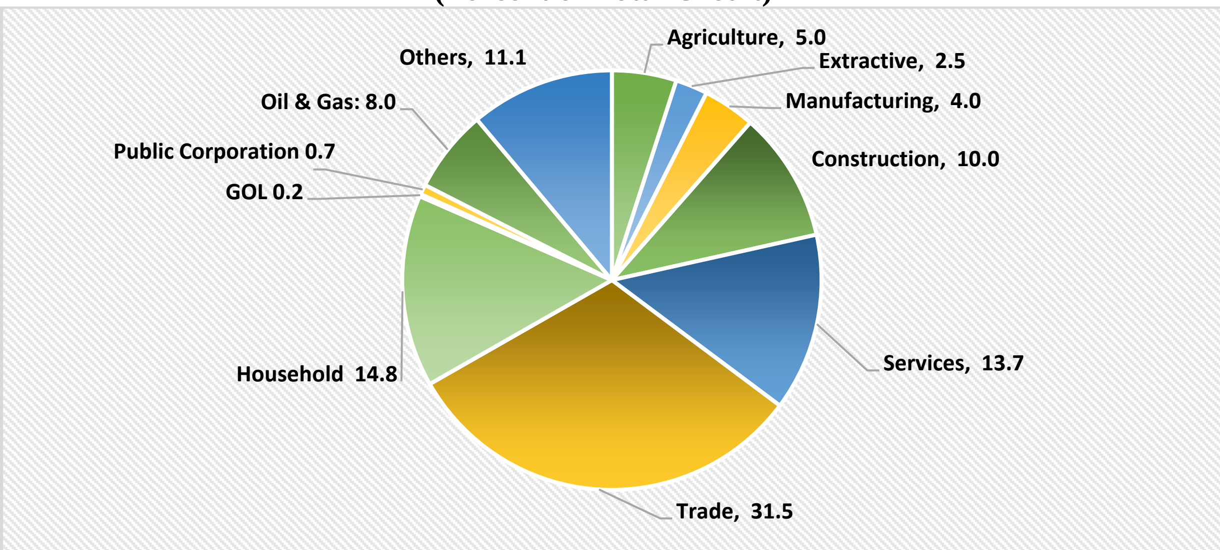
Chart 10: Sectoral Contribution to Private Sector Credit Growth (Percentage Points)



Source: Central Bank of Liberia

In terms of sectoral share of total credit in the review period, trade accounted for the largest share of 31.5 percent compared to 31.1 percent in 2022. Household loans (or loans extended to individuals), and services had the second and third biggest shares of 14.8 percent and 13.7 percent in 2023 compared to 18.9 percent and 13.5 percent in 2022, respectively.

Chart 11: Sectoral Share of Total Credit (2023) (Percent of Total Credit)



Source: Central Bank of Liberia

Table 9: Commercial Banks' Loans by Economic Sectors (In Millions L$ Unless otherwise indicated) (2021-2023)

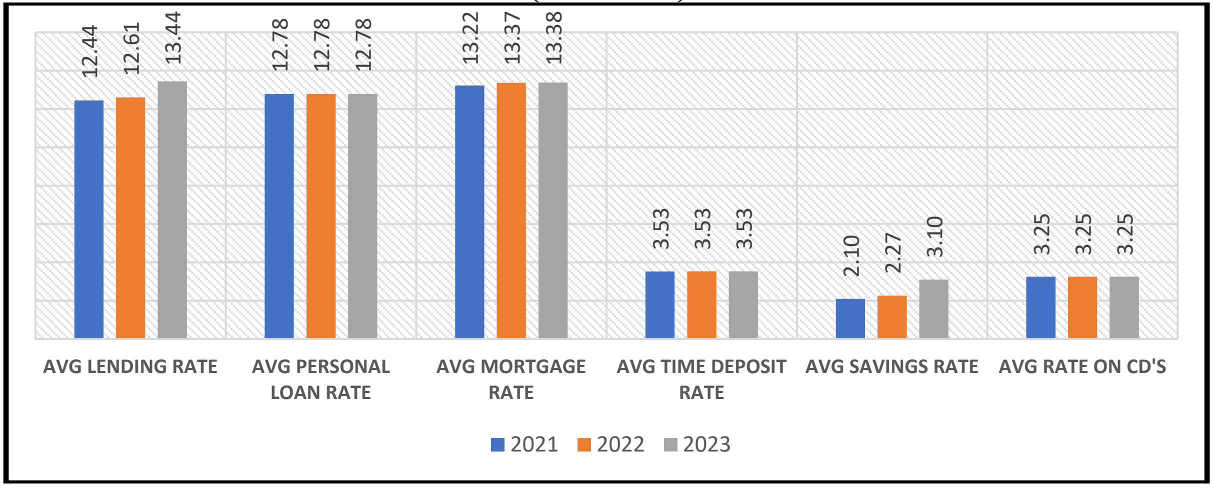
Sector	Dec-21		Dec-22		Dec-23		Y-o-Y Percent Change	
	L$ dollar Equivalent	Share of Total	L$ dollar Equivalent	Share of Total	L$ dollar Equivalent	Share of Total	2022	2023
Agriculture	3,064.1	4.6	2,322.7	3.0	4,619.1	5.0	-24.2	98.9
Extractive	321.2	0.5	237.9	0.3	2,301.2	2.5	-25.9	867.2
Manufacturing	2,880.4	4.4	4,395.7	5.7	3,733.1	4.0	52.6	-15.1
Construction	6,956.5	10.5	5,228.8	6.7	9,325.7	10.0	-24.8	78.4
Services	10,053.8	15.2	10,488.6	13.5	12,710.2	13.7	4.3	21.2
Trade	20,768.6	31.4	24,121.0	31.1	29,282.0	31.5	16.1	21.4
Personal	12,642.8	19.1	14,666.9	18.9	13,736.4	14.8	16.0	-6.3
Government of Liberia, GOL	14.1	0.0	121.5	0.2	167.2	0.2	760.2	37.7
Public Corporation	689.4	1.0	1,279.1	1.6	713.6	0.8	85.5	-44.2
Oil & Gas	3,603.1	5.4	5,604.3	7.2	5,924.6	6.4	55.5	5.7
Others	5,147.5	7.8	9,153.7	11.8	10,327.5	11.1	77.8	12.8
Total Credit to Private Sector	65,438.1	98.9	76,219.6	98.2	91,959.7	99.1	16.5	20.7
Total Credit to the Economy	**66,141.7**	**100.0**	**77,620.5**	**100.0**	**92,841.0**	**100.0**	**17.4**	**19.6**

Source: Central Bank of Liberia

3.3.3 Commercial Bank Average Interest Rates

The pattern of commercial banks' interest rates in 2023, on average, was largely unchanged compared to 2022. The average interest rates on lending, mortgage, and savings rose in the review period, while the interest rates on personal loans, time deposits, and certificate of deposits (CD) remained stable as in the previous year. Lending, mortgage, and savings rates rose by 83.2 basis points, 1.3 basis point, and 83.3 basis points in 2023 compared to increases of 16.4 basis points, 14.5 basis points, and 16.7 basis points, respectively, recorded in 2022. On the other hand, household loans, time deposits, and CD rates remained unchanged at 12.78 percent, 3.53 percent, and 3.25 percent, respectively, in 2023 compared to the levels in 2022.

Chart 12: Average Commercial Bank Interest Rates
(In Percent)
(2021-2023)



Source: Central Bank of Liberia

3.4 Financial Market Operations

3.4.1 Central Bank Bills

The CBL maintained its commitment to the development of the money market with the aim of managing liquidity in the banking system and preserving the value of the Liberian dollar. The CBL Bill continued to be issued to both retail and institutional (commercial banks) investors for the tenors of 2-weeks, 1-month and 3- months on an effective annual rate above current inflation. Due to the regular issuances and redemptions of the CBL Bill, public confidence has improved significantly, with a growth in the CBL Bill over 40.0 percent.

Importantly, retail investors' investment has shown a positive trend, with a 1.9 percentage point increase from 20.76 percent in 2022 to 22.63 percent in 2023. At the end of 2023, the total CBL Bills issued amounted to L$82.248 billion, reflecting more than 40.0 percent increase. On the other hand, the total redemption for the year 2023 was L$81.160 billion; thus, the CBL recorded a net issuance of L$1.088 billion, supporting the management of Liberian dollar liquidity in the economy.

3.4.2 Inter-bank Market Transactions

Money market transactions occurred between commercial banks during the year. Swaps transactions valued at about US$72.09 million lending at about US$2,725.00 million, while placement in USD stood at US$13.45 million, and placement in Liberian dollars was about

L$1,871.91 million at an average interbank rate of 3.38 percent (for USD transactions) and 5.63 percent (for LD transactions), respectively.

3.4.3 Government Securities

In 2023, the CBL, on behalf of the GoL, issued Treasury bills totaling US$23.5 million, a decrease of US$97.0 million compared to the previous year. As at end-December 2023, the total outstanding principal and interest on USD Treasury securities and Promissory Note obligation to commercial banks stood at US$0.8 million and US$0.6 million, respectively, constituting US$1.4 million. The total GoL USD debt stock in treasury instrument as at end December 2023 stood at US$178.05 million, reflecting an increase of 16.3 percent from the preceding year. Similarly, GOL exposure in LD Treasury securities stood at L$8.24 billion, reflecting 99.5 percent for commercial banks and 0.5 percent for NASSCORP.

3.4.4 Reserves Management

In 2023, the CBL undertook foreign reserve management reforms, leading to the amendment in the Charter of the Board Investment Committee, opening of a security custody account at the FED for the purchase and sale of US Treasury securities, and opening of several accounts at Crown Agent Bank (CAB). Also in 2023, an investment policy and Strategic Asset Allocation (SAA) Framework was drafted pending review by the IMF and approval by the Board. The SAA will enable the CBL to effectively diversify its foreign reserve investment portfolio to generate reasonable returns at a given level of risks, considering liquidity and safety.

3.5 External Sector Developments

3.5.1 Overview

Based on provisional statistics, the external sector was largely challenged in 2023. The current account deficit widened by 38.9 percent to 10.5 percent of GDP compared to the deficit recorded in the preceding year. This development was mainly on account of widened trade deficit, which outweighed the rise in secondary income inflows. Net financial account inflows declined by 19.1 percent to 9.3 percent of GDP during the review year against the net inflows reported in 2022, primarily driven by decrease in direct investment inflows. Conversely, capital account inflows (net) increased by 13.0 percent to 6.9 percent of GDP, relative to the inflows recorded in the preceding year triggered by growth in capital transfers. Consequently, the overall Balance of Payments (BoP) recorded a deficit of 0.9 percent of GDP from the surplus of 1.0 percent of GDP reported in 2022.

The country's gross international reserves (GIR) at end-December 2023 contracted by 24.6 percent to 10.4 percent of GDP, from 15.1 percent of GDP at end-December 2022, mainly reflecting depreciation of the special drawing rights (SDRs) holdings & reserves and lending to the government. Similarly, the months of import cover reduced to 2.3 months due to growth in import payments coupled with the decline in GIR.

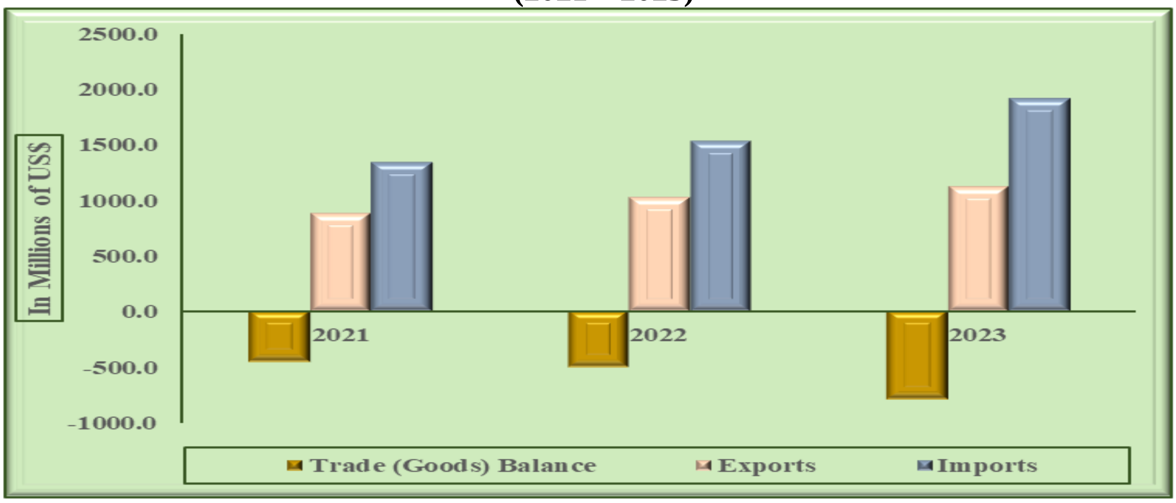
3.5.2 Current Account (CA)

The current account deficit widened by 38.9 percent to US$465.0 million (10.7 percent of GDP) in 2023, from US$334.7 million (8.4% of GDP) in 2022, primarily due to increase in the merchandise trade deficit.

3.5.3 Goods Account (net)

The merchandise trade deficit grew by 59.4 percent to US$799.0 million (18.4% of GDP) in 2023, from US$501.2 million (12.6% of GDP) in the previous year. This development was mainly due to significant growth in import payments, which outweighed the increase in export earnings during the review period. Total merchandise trade (with imports on FOB basis) increased by 18.8 percent to US$3,035.9 million in 2023, from the US$2,554.4 million reported in the previous year. Similarly, on CIF basis, it rose by 16.5 percent to US$3,199.1 million against the US$2,746.4 million recorded in 2022.

Chart 13: Merchandise Trade Balance
(2021 – 2023)



Source: Central Bank of Liberia

3.5.4 Exports

Export earnings rose by 8.5 percent to US$1,113.9 million (25.7% of GDP) in 2023, from the US$1,026.6 million (25.8% of GDP) reported in the preceding year. This development was primarily led by increases in receipts from key export commodities, including gold (by 25.6 %), rubber (by 6.7%), cocoa beans (by 9.7%), and the "other exports" category (by 11.4%). Export commodities recorded declines in 2023, including iron ore (by 13.8%); diamond (by 20.5%); palm oil (by 23.8%); and round logs (by 74.7%).

3.5.5 Imports (FOB & CIF)

Payments for imports (on FOB basis) grew by 25.2 percent to US$1,912.9 million (44.2% of GDP) in 2023, from the US$1,527.8 million (38.4% of GDP) recorded in the previous year. This development was occasioned by increases in payments for food & live animals (including vegetable oil) by 1.4 percent; minerals, fuel & lubricants (mostly petroleum products) by 49.2 percent; machinery & transport equipment by 35.6 percent; manufactured goods classified chiefly by materials by 22.1 percent; and the "other imports" category by 4.1 percent. However, payments for chemicals & related products fell by 6.3 percent in 2023 relative to the previous year.

On CIF basis, payments for imports also grew by 20.7 percent to US$2,076.1 million (47.9% of GDP), from the US$1,719.8 million (43.3% of GDP) recorded in 2022. This was largely attributed to the low production of domestic consumables.

3.5.6 Directions of Trade

Provisional merchandise trade statistics reveal that Europe was the main destination of Liberia's exports in 2023. Asia, Africa, and Europe were the major sources of the country's imports.

Merchandise exports to Europe and Asia increased by 28.1 percent in 2023 against the levels reported in 2022, accounting for 87.3 percent of total merchandise exports. Additionally, exports to North America & the Caribbean, Asia, and Africa constituted 5.6 percent, 3.0 percent, and 2.6 percent of the country's total exports destinations, respectively (Table 9).

Merchandise imports from Asia, Africa, and Europe grew by 26.3 percent, 34.5 percent, and 56.8 percent in 2023, relative to the imports recorded in 2022, which accounted for 43.1 percent, 27.6 percent, and 19.6 percent of total merchandise imports, respectively. Similarly, imports from North America & the Caribbean and South & Central America accounted for 3.3 percent and 2.8 percent of total imports, respectively (Table 10).

Table 10: Directions of Trade
(2021-2023)
(In Millions of US$, except otherwise indicated)

Direction of External Trade (DOT)	2021		2022*		2023**	
	Exports	Imports	Exports	Imports	Exports	Imports
Total	**881.2**	**1337.7**	**1026.6**	**1527.8**	**1113.9**	**1912.9**
Africa	**21.1**	**274.4**	**26.3**	**441.5**	**29.0**	**593.7**
O/w: ECOWAS	12.0	203.4	8.5	353.2	11.4	527.2
o/w: Neighboring countries	7.8	197.5	5.4	336.1	3.0	502.7
o/w: Cote D'Ivoire	-	189.8	-	271.6	-	501.8
Asia	**55.2**	**679.7**	**116.7**	**653.4**	**33.7**	**825.2**
O/w: Middle East	12.2	85.2	24.7	65.3	19.0	67.3
O/w United of Arab Emirates	10.2	33.5	39.6	30.3	11.9	33.0
O/w: China	3.2	193.2	32.6	151.6	0.2	315.9
O/w: India	-	302.0	-	118.1	-	278.1
Europe	**724.1**	**229.0**	**759.4**	**239.4**	**972.8**	**375.4**
O/w: Euro Zone	66.4	134.7	120.7	111.9	32.1	152.8
O/w: United Kingdom	66.3	9.2	90.7	16.4	32.0	26.3
O/w: Switzerland	334.3	-	463.9	-	676.2	-
O/w: Spain	-	14.2	-	8.4	-	12.6
North America and Caribbean	**70.5**	**91.9**	**78.4**	**96.0**	**62.4**	**62.8**
O/w: United States of America	70.5	74.4	78.4	33.2	61.5	55.6
South and Central America	**2.1**	**54.4**	**0.9**	**76.0**	**0.7**	**53.2**
O/w: Brazil	-	24.0	-	15.0	-	39.1
O/w: Argentina	-	2.9	-	2.6	-	5.3
Oceania	**17.7**	**8.5**	**0.0**	**21.5**	**0.0**	**2.6**
O/w: Australia	17.7	7.2	0.0	0.8	0.0	1.3
Other Countries (n.i.e)	8.2	-	44.9	-	15.3	-

Source: Central Bank of Liberia
**Revised; **Provisional*

3.5.7 Services Account (net)

The deficit in the services account (net) narrowed by 13.1 percent to US$252.5 million (5.8% of GDP) in 2023 relative to the US$290.4 million (7.3% of GDP) recorded in 2022. The improvement was occasioned by decrease in net payments for maintenance & repairs, transport, travel, insurance & pension, and government goods & services, while net payments for other business services increased.

3.5.8 Primary Income (net)

The deficit in the primary income balance grew by 1.2 percent to US$113.1 million (2.6% of GDP) in 2023 compared to the US$111.7 million (2.8% of GDP) recorded in 2022. The nominal increase was largely driven by growth in employees' compensation.

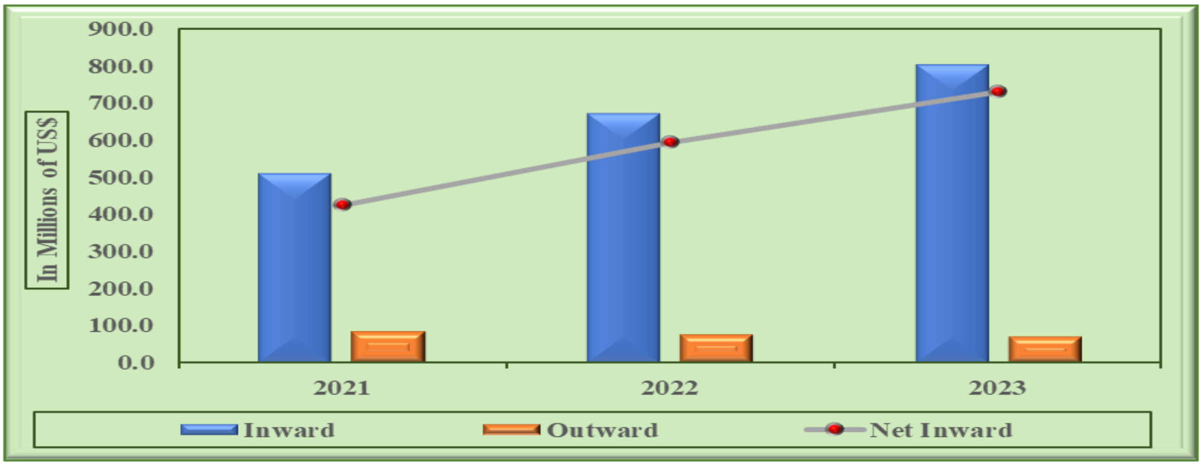
3.5.9 Secondary Income (net)

Net inflows from the secondary income account rose by 23.0 percent to US$699.5 million (16.1% of GDP) during the review period, from US$568.6 million (14.3% of GDP) in 2022, mainly on account of increase in personal transfers related to remittances.

3.5.10 Personal Remittances

Net personal/worker remittance inflows (including remittances terminated to mobile wallet) in 2023 grew by 22.9 percent to US$730.9 million (16.9% of GDP), from the US$594.2 million (15.0% of GDP) reported in 2022. This development was explained by 19.9 percent growth in inward remittances coupled with 5.8 percent decline in outward personal/worker remittances. Inward and outward remittances amounted to US$801.8 million and US$71.6 million in 2023, from US$670.2 million and US$76.0 million in 2022, respectively.

Chart 14: Personal Remittances
(In Millions of US$)
(2021 – 2023)



Source: Central Bank of Liberia

3.5.11 Capital Account (KA)

From provisional statistics, the balance of the capital account increased by 13.0 percent to US$299.7 million (6.9% of GDP) in 2023, from US$265.1 million (6.7% of GDP) in 2022, mainly reflecting growth in investment grants of capital transfers from development partners.

3.5.12 Financial Account (FA)

The net incurrence of financial liability in the financial account, based on provisional statistics, decreased by 19.1 percent to US$404.7 million (9.3% of GDP) in 2023, from US$500.4 million (12.6% of GDP) in 2022. This development was driven by decrease in direct investment inflows.

Table 11: Balance of Payments Statistics (2021 - 2023)
(In millions of US$, except otherwise indicated)

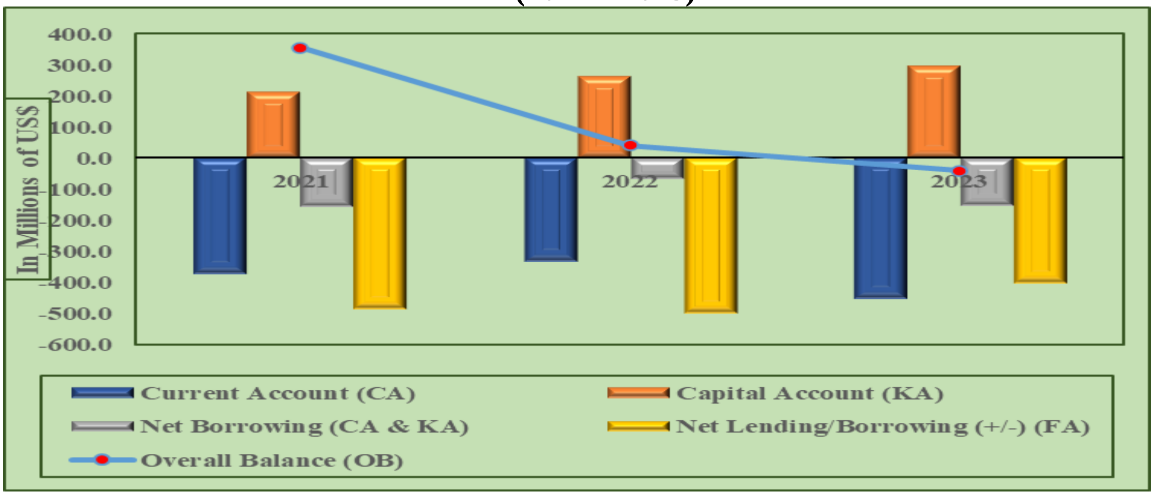
Balance of Payments (BoP) Statement	2021	2022r	2023p	2021	2022r	2023p
				In Percent of GDP		
Current Account Balance	**-374.8**	**-334.7**	**-455.9**	**-10.7**	**-8.4**	**-10.5**
Credit	1431.6	1737.5	1983.1	40.8	43.7	45.8
Debit	1806.5	2072.2	2439.0	51.5	52.1	56.3
Goods and services	**-683.6**	**-791.6**	**-1042.4**	**-19.5**	**-19.9**	**-24.1**
Credit	892.9	1040.4	1139.6	25.4	26.2	26.3
Debit	1576.5	1832.0	2182.0	44.9	46.1	50.4
Trade Balance (Goods)	**-456.6**	**-501.2**	**-789.9**	**-13.0**	**-12.6**	**-18.2**
Credit (Exports)	**881.2**	**1026.6**	**1123.0**	**25.1**	**25.8**	**25.9**
Iron Ore	*346.9*	*285.7*	*246.4*	*9.9*	*7.2*	*5.7*
Rubber	*110.0*	*101.1*	*107.8*	*3.1*	*2.5*	*2.5*
Minerals	*355.5*	*565.5*	*700.0*	*10.1*	*14.2*	*16.2*
Diamond	*15.2*	*22.5*	*17.9*	*0.4*	*0.6*	*0.4*
Gold	*340.3*	*542.9*	*682.1*	*9.7*	*13.7*	*15.7*
Cocoa Beans	*5.9*	*3.6*	*4.0*	*0.2*	*0.1*	*0.1*
Raw Palm Oil	*32.5*	*31.6*	*24.1*	*0.9*	*0.8*	*0.6*
Round Logs	*5.3*	*3.4*	*0.9*	*0.2*	*0.1*	*0.0*
Other Exports	*25.1*	*35.7*	*39.8*	*0.7*	*0.9*	*0.9*
Debit (Imports)	**1337.7**	**1527.8**	**1912.9**	**38.1**	**38.4**	**44.2**
Food & Live Animals (Inc. Animals & Vegetable Oil)	*381.6*	*391.0*	*396.6*	*10.9*	*9.8*	*9.2*
Minerals, Fuel, Lubricants	*222.0*	*494.6*	*737.9*	*6.3*	*12.4*	*17.0*
Chemicals & Related Products	*146.6*	*122.2*	*114.4*	*4.2*	*3.1*	*2.6*
Mfg. Goods classified chiefly by Materials	*153.3*	*141.0*	*172.1*	*4.4*	*3.5*	*4.0*
Machinery & Transport Equipment	*355.7*	*309.0*	*419.1*	*10.1*	*7.8*	*9.7*
Other Imports	*78.6*	*69.9*	*72.8*	*2.2*	*1.8*	*1.7*
General merchandise on a balance of payments basis	-796.8	-1044.2	-1472.0	-22.7	-26.3	-34.0
Credit	540.9	483.7	440.9	15.4	12.2	10.2
Debit	1337.7	1527.8	1912.9	38.1	38.4	44.2
Nonmonetary gold	340.3	542.9	682.1	9.7	13.7	15.7
Credit	340.3	542.9	682.1	9.7	13.7	15.7

Debit	0.0	0.0	0.0	0.0	0.0	0.0
Services (net)	**-227.0**	**-290.4**	**-252.5**	**-6.5**	**-7.3**	**-5.8**
Credit	11.7	13.8	16.6	0.3	0.3	0.4
Debit	238.7	304.2	269.1	6.8	7.7	6.2
Primary Income (net)	**-106.9**	**-111.7**	**-113.1**	**-3.0**	**-2.8**	**-2.6**
Credit	21.8	20.6	20.5	0.6	0.5	0.5
Debit	128.7	132.4	133.6	3.7	3.3	3.1
Secondary Income (net)	**415.7**	**568.6**	**699.5**	**11.8**	**14.3**	**16.1**
Credit	516.9	676.4	822.9	14.7	17.0	19.0
Debit	101.3	107.8	123.4	2.9	2.7	2.8
Workers' remittances (net)	***424.5***	***594.2***	***730.1***	***12.1***	***15.0***	***16.9***
Credit (Inward)	*510.5*	*670.2*	*801.8*	*14.5*	*16.9*	*18.5*
Debit (Outward)	*86.0*	*76.0*	*71.6*	*2.4*	*1.9*	*1.7*
Capital Account (net)	**215.6**	**265.1**	**299.7**	**6.1**	**6.7**	**6.9**
Credit	215.6	265.1	299.7	6.1	6.7	6.9
Debit	0.0	0.0	0.0	0.0	0.0	0.0
Net lending (+) / net borrowing (-) (CA & KA)	**-159.2**	**-69.6**	**-156.2**	**-4.5**	**-1.8**	**-3.6**
Financial Account (FA)						
Net lending (+) / net borrowing (FA) (-) (FA)	**-489.1**	**-500.4**	**-404.7**	**-13.9**	**-12.6**	**-9.3**
Direct Investment (net)	**-604.6**	**-595.9**	**-366.7**	**-17.2**	**-15.0**	**-8.5**
Net acquisition of financial assets	0.0	0.0	0.0	0.0	0.0	0.0
Net incurrence of liabilities	604.6	595.9	366.7	17.2	15.0	8.5
Other Investment (net)	**-239.4**	**55.5**	**2.9**	**-6.8**	**1.4**	**0.1**
Net acquisition of financial assets	175.6	157.1	121.5	5.0	4.0	2.8
Net incurrence of liabilities	415.1	101.6	118.6	11.8	2.6	2.7
Special drawing rights (Net incurrence of liabilities)	341.6	-18.0	4.0	9.7	-0.5	0.1
Reserve Assets	**355.0**	**40.1**	**-40.9**	**10.1**	**1.0**	**-0.9**
Net Errors & Omissions (NEO)	*-329.8*	*-430.8*	*-248.5*	*-9.4*	*-10.8*	*-5.7*
Overall Balance (OB)	**355.0**	**40.1**	**-40.9**	**10.1**	**1.0**	**-0.9**
Financing	***-355.0***	***-40.1***	***40.9***	***-10.1***	***-1.0***	***0.9***
Changes in Reserve Assets (-increase; +decrease)	*-355.0*	*-40.1*	*40.9*	*-10.1*	*-1.0*	*0.9*
Memorandum Items						
Gross International Reserves	*666.3*	*598.5*	*451.0*	*19.0*	*15.1*	*10.4*
Import cover (In Months)	*4.7*	*3.5*	*2.3*	-	-	-
Imports (CIF)	*1479.8*	*1719.8*	*2076.1*	*42.2*	*43.3*	*47.9*
Service Payments	*238.7*	*304.2*	*269.1*	*6.8*	*7.7*	*6.2*
Total Imports of Goods/Services	*1718.5*	*2024.0*	*2345.2*	*49.0*	*50.9*	*54.1*

Total Trade (FOB)	*2218.9*	*2554.4*	*3035.9*	*63.2*	*64.3*	*70.1*
Total Trade (CIF)	*2361.0*	*2746.4*	*3199.1*	*67.3*	*69.1*	*73.9*
Current Account Bal. Excl. Grants	*-379.9*	*-337.9*	*447.8*	*-10.8*	*-8.5*	*10.3*
Annual Nominal GDP market prices	*3508.9*	*3974.4*	*4331.6*			

Source: Central Bank of Liberia staff
r - revised; p - provisional

Chart 15: Main Balances of the BoP
(2021 – 2023)



Source: Central Bank of Liberia

3.5.13 Direct Investment

Estimate of direct investment (net) inflows showed a decline by 38.5 percent to US$366.7 million (8.5 percent of GDP) in 2023, from the US$595.9 million (15.0 percent of GDP) net inflows reported in the preceding year, suggesting a reduction in investment liabilities.

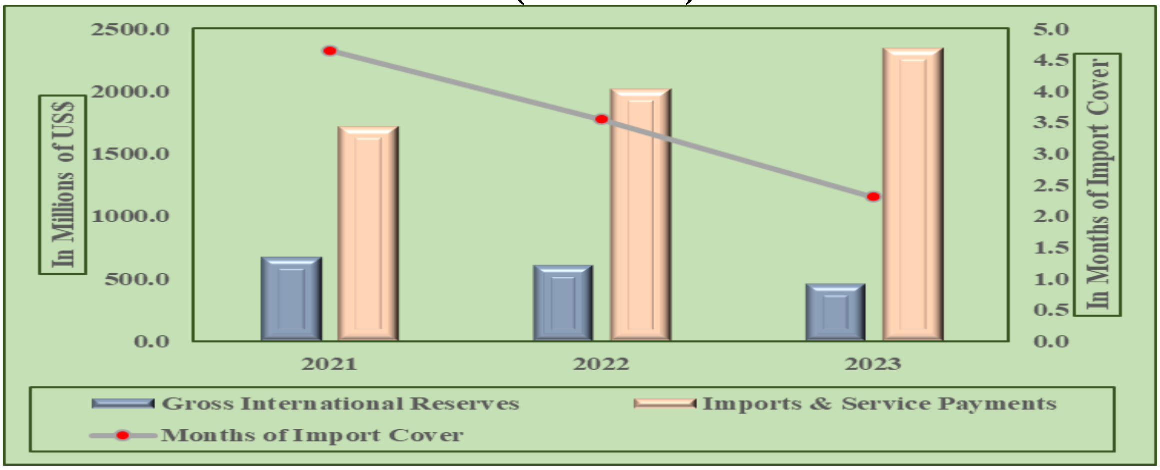
3.5.14 Other Investment (net)

Other investment financial assets (net) declined to US$2.9 million (0.1 percent of GDP) in 2023, from US$55.5 million (1.4 percent of GDP) in the previous year, mainly due to reduction in currency and deposits. Other investment inflows from currency & deposits and loans declined to US$125.3 million, while loans & advances increased to US$119.1 million during the review quarter.

3.5.15 Gross International Reserves (GIR)

From provisional estimates, Liberia's GIR fell by 24.6 percent to US$451.0 million (10.4% of GDP) at end-December 2023, from the US$598.5 million (15.1% of GDP) at end-December 2022. The decline was mainly driven by reduction in foreign liquid assets, including SDRs holdings & reserves. Similarly, the GIR in months of import cover decreased to 2.3 months, from the 3.5 months reported in 2022, occasioned by high import payments coupled with decline in the GIR. Consequently, the recorded import cover fell below the 3.0 months ECOWAS macroeconomic convergence benchmark by 0.7 month.

Chart 16: Gross International Reserves, Imports & Months of Import Cover (2021 – 2023)



Source: Central Bank of Liberia

3.5.16 Exchange Rate Developments

In 2023, the Liberian dollar (on average) depreciated by 22.0 percent to L$174.96 per US$1.00, from L$152.93 per US$1.00 in 2022, despite the relatively tight monetary policy stance of the CBL. The depreciation of the domestic currency in reference to the USD was due to high demand for foreign exchange to facilitate import payments.

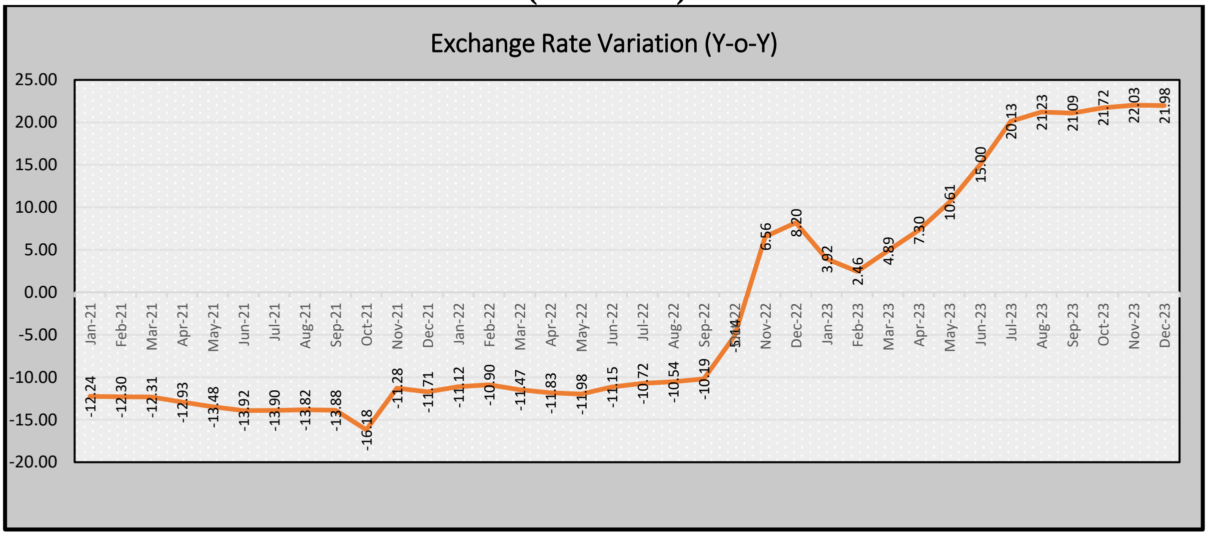
Table 12: Buying and Selling Rates of Liberian Dollar per US Dollar (2021- 2023)

			2021		2022		2023	
Period Average			**Buying**	**Selling**	**Buying**	**Selling**	**Buying**	**Selling**
January			167.79	169.32	148.88	150.75	154.70	156.69
February			171.82	173.29	152.87	154.64	156.49	158.59
March			172.76	174.18	152.75	154.38	160.04	162.10
April			171.79	173.22	151.23	152.97	162.13	164.29
May			171.03	172.42	150.31	151.98	166.17	168.20
June			170.69	172.09	151.48	153.09	173.96	176.31
July			170.83	172.24	152.28	154.01	182.97	184.99
August			170.98	172.43	152.77	154.46	185.25	187.19
September			170.63	172.14	153.07	154.78	185.48	187.31
October			161.15	162.75	152.71	154.53	186.06	187.91
November			143.63	145.23	153.03	154.79	186.92	188.70

December			141.81	143.46	153.50	155.17	187.40	189.11
Memo Items:			**2021**		**2022**		**2023**	
End-of Period			*145.36*		*154.49*		*188.50*	
Period Average			*166.16*		*152.93*		*174.96*	

Source: Central Bank of Liberia

Chart 17: Year-on-year L$/US$ Exchange Rate Variability (2021-2023)



Source: Central Bank of Liberia

3.6 Fiscal Developments

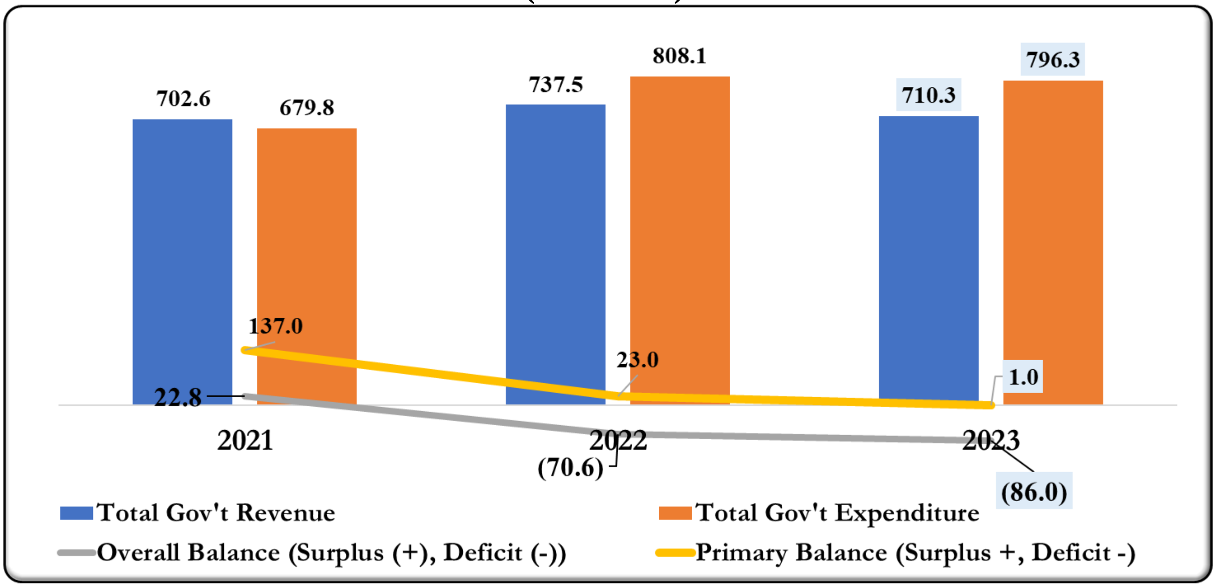
3.6.1 Overview

The Government of Liberia (GoL) fiscal operations[4] for 2023 resulted to deficit in the Overall Balance (OB). The deficit in the OB expanded to US$86.0 million (2.0% of GDP), compared to the US$70.6 million (1.6% of GDP) deficit reported in fiscal year 2022. This deficit was primarily caused by a marginal reduction in government expenditure, outweighing the reduction in total revenue.

Similarly, the fiscal operations reported a significant reduction in the surplus in the Primary Balance (PB). As a result, the surplus in the PB decreased to US$1.0 million (approximately 0.0% of GDP) from the US$23.0 million (0.5% of GDP) surplus reported for the preceding year.

[4] Estimate

Chart 18: GOL Fiscal Operations (2021-2023)



Source: CBL's Calculation Using MFDP's data

3.6.2 Government Revenue

The Government of Liberia's (GOL) fiscal performance in 2023 reflected a decrease in revenue mobilization. Total revenue for the period stood at US$710.3 million (16.4% of GDP), marking 3.7 percent decline. The decline was primarily attributed to underperformance of non-tax receipts, despite marginal increases in both tax and other revenue (including grants).

Tax revenue for the year amounted to US$490.6 million (11.3% of GDP), indicating a marginal increase of 1.6 percent relative to the previous year. However, international trade taxes as well as income and profits taxes showed declines by 2.5 percent to US$187.4 million (4.3% of GDP) and 7.3 percent to US$206.2 million (4.8% of GDP), respectively. Similarly, other revenue (including grants) marginally expanded by 0.9 percent to US$138.8 million (3.2% of GDP) compared to the previous year of US$137.5 million (3.2% of GDP).

Conversely, non-tax receipts showed a decrease of 30.9 percent, totaling US$81.0 million (1.9% of GDP) relative to the previous year. The reduction in non-tax revenue was primarily triggered by a decrease in property income. Nonetheless, administrative fees & penalties increased by 10.1 percent to US$20.8 million (0.5% of GDP) compared to 2022.

Table 13: Government Revenue (2021-2023)

Fiscal Operations	2021	2022r	2023p	Y-O-Y
	(Millions of USD)			(% Change)
Total Government Revenue	**702.57**	**737.47**	**710.29**	**(3.69)**
o/w Tax Revenue	**483.11**	**482.77**	**490.55**	**1.61**
o/w Taxes on Income & Profits	*210.06*	*211.35*	*206.19*	*(2.45)*
o/w Taxes on Int'l Trade (Customs)	*209.25*	*202.18*	*187.44*	*(7.29)*
o/w Non-tax Revenue	**91.94**	**117.18**	**80.98**	**(30.89)**
o/w Property Income	*74.66*	*98.32*	*60.20*	*(38.77)*
o/w Administrative Fees & Penalties	*17.25*	*18.86*	*20.77*	*10.14*
o/w Other Revenue (Including Grants)	**127.52**	**137.52**	**138.76**	**0.90**
Memorandum Items				
Total Revenue (% of GDP)	*17.68*	*17.03*	*16.40*	
Tax Revenue (% of GDP)	*12.16*	*11.15*	*11.32*	
Non-tax Revenue (% of GDP)	*2.31*	*2.71*	*1.87*	
Other Revenue (% of GDP)	*3.21*	*3.17*	*3.20*	
GDP (In Millions of USD)	*3,974.44*	*4,331.56*	*4,331.56*	

Source: CBL's construction using MFDP's data
r: revised
p: provisional

3.6.3 Government Expenditure

The Government of Liberia's (GoL) fiscal operations for 2023 revealed a slight reduction of 1.5 percent in government expenditure to US$796.3 million (18.4% of GDP) compared to US$808.1 million (18.7% of GDP) in 2022. This decrease in total expenditure was primarily attributed to reductions current expenditure.

The current expenditure fell by 2.5 percent to US$671.6 million (15.5% of GDP) during the year, driven by a decrease in employees' compensation, despite an uptick in spending on goods and services. Similarly, payments on loans, interest, and other charges decreased by 7.0 percent to US$87.0 million (2.0% of GDP). However, there was notable improvement in government capital expenditure, which rose by 45.2 percent to US$37.7 million (0.9% of GDP). In addition, further assessment shows that employees' compensation declined by 3.7 percent to US$287.4 million (6.6% of GDP), while spending on goods and services increased by 2.2 percent to US$287.3 million (6.6% of GDP) during the year.

Table 14: Government Expenditure (2021-2023)

Fiscal Operations	2021	2022[r]	2023[p]	Y-O-Y
	(Millions of USD)			(% change)
Total Expenditure	**679.79**	**808.11**	**796.32**	**(1.46)**
Current Expenditure	**556.23**	**688.55**	**671.60**	**(2.46)**
o/w Compensation	*315.49*	*298.28*	*287.39*	*(3.65)*
o/w Goods & Services	*172.42*	*281.18*	*287.32*	*2.18*
Capital Expenditure	**9.37**	**25.96**	**37.70**	**45.19**
Payments on Loans, Interest & Other Charges	**114.19**	**93.60**	**87.02**	**(7.02)**
Memo Items				
Total Expenditure (% of GDP)	*17.10*	*18.66*	*18.38*	
Current Expenditure (% of GDP)	*14.00*	*15.90*	*15.50*	
Capital Expenditure (% of GDP)	*0.24*	*0.60*	*0.87*	
Payments on Loans, Interest & Other Charges (% of GDP)	*2.87*	*2.16*	*2.01*	
GDP (In Millions of USD)	*3,974.44*	*4,331.56*	*4,331.56*	

Source: CBL's construction using MFDP's data
p: provisional
r: revised
Note: the table contains cash expenditure

3.6.4 Public Debt

A review of Liberia's debt portfolio revealed an expansion in the total public debt, increasing by 9.5 percent to reach US$2,209.8 million (51.0% of GDP) in 2023. This growth was driven by increases in both domestic and external debts. Domestic debt increased by 4.4 percent to US$923.5 million (21.3% of GDP), constituting 41.8 percent of the total public debt, while external debt rose by 13.4 percent to US$1,286.3 million (29.7% of GDP), representing 58.2 percent of the total public debt.

Further estimates reveal that the domestic financial institutions debt stood at US$593.1 million (18.2% of GDP) of which commercial banks debt accounted for 24.6 percent, whilst the CBL accounted for the outstanding.

Further analysis indicated that the country's multilateral debt stock increased by 14.9 percent to US$1,174.5 million (27.1% of GDP) and bilateral debt recorded a slight increase by 0.1 percent to US$111.8 million (2.6% of GDP) relative to the previous year.

Table 15: Liberia's Public Debt Statistics (2021-2023)

Fiscal Operations	2021	2022	2023P	Y-O-Y
	(Millions of USD)			
Total Debt Stock	**1,731.63**	**2,018.69**	**2,209.76**	**9.47**
Domestic	**705.02**	**884.41**	**923.45**	**4.41**
Financial Institutions	**634.88**	**829.96**	**786.64**	**(5.22)**
CBL	*525.48*	*605.48*	*593.06*	*(2.05)*
Commercial Banks	*109.40*	*224.48*	*193.58*	*(13.76)*
Other Debts	**70.14**	**54.45**	**136.81**	**151.25**
Other Institutions	*68.49*	*51.11*	*121.50*	*137.72*
Claims	*1.65*	*3.34*	*15.30*	*358.40*
External	**1,026.61**	**1,134.27**	**1,286.31**	**13.40**
Multilateral	913.37	1022.56	1174.52	14.86
Bilateral	113.24	111.72	111.80	0.07
Memo Items				
Total Debt Stock (% of GDP)	***43.57***	***46.60***	***51.02***	
External (% of GDP)	***25.83***	***26.19***	***29.70***	
Domestic (% of GDP)	***17.74***	***20.42***	***21.32***	
Nominal GDP (In Millions of USD)	***3,974.44***	***4,331.56***	***4,331.56***	

Source: Ministry of Finance and Development Planning and Liberian Authorities

Chapter 4.0: Developments in the Financial Sector

4.1 Overview

In the wake of global economic challenges, the banking industry remained generally stable in 2023 mainly supported by increased economic activity. Key balance sheet indicators that expanded compared to the previous year were total assets (42.0%); total loans (19.6%); total deposits (46.6%); and total capital (24.1%). The growth rates were significantly influenced by the upward exchange rates movements during the periods assessed.

As at end-December 2023, the banking industry accounted for 95.1 percent of the total assets of the financial sector, including both banks and non-bank financial institutions. In comparison with the corresponding period in 2022, the share of the banking industry increased by 2.0 percentage points. The Capital Adequacy Ratio (CAR) of the industry stood at 27.31 percent, 17.31 percentage points above the minimum requirement. The industry maintained a liquidity ratio of 44.1 percent, 29.1 percentage points above the minimum regulatory benchmark of 15.0 percent but remained challenged by the high NPLs ratio of 18.06 percent, 8.06 percentage points above the acceptable regulatory limit of 10.0 percent. Compared with end-December 2022, the NPLs ratio deteriorated slightly by 1.6 percentage points from 16.4 percent.

4.2 Financial Stability

The financial sector remained generally stable, with majority of the financial institutions displaying resilience to the global uncertainties. Considering the potential global threats to financial stability, central banks around the globe put in place a combination of conventional measures (utilizing policy instruments) and non-conventional policies to mitigate potential risks. They also introduced various measures to address potential threats, such as providing liquidity support, tightening policy rates, and enforcing regulation.

On the domestic front, the stability of the financial sector remained on track, as licensed commercial banks and other financial institutions exhibited relative soundness. In 2023, the CBL encouraged banks to enhance internal credit recovery strategies and asset quality, while also collaborating with commercial banks to improve their assets quality through aggressive recovery.

Additionally, the CBL facilitated conditions for banks to increase their investments in digital financial products, including operations related to mobile money. The implementation of these measures boost liquidity in commercial banks and utilization of digital payment methods. The CBL also finalized the divestment process of one distressed bank in 2023. To further improve the liquidity conditions in the financial sector, the CBL extended Emergency Liquidity Assistance (ELA) in 2023.

4.3 Commercial Banks Branches and Networks

Commercial banks' networks were spread across 9 of the 15 counties in Liberia with 3 new bank branches opened in 2023. Total number of bank branches, including annexes and windows, summed to ninety (90) compared with eighty-seven (87) recorded in the previous year. Most of the branches of banks were concentrated in Montserrado County. In terms of individual branches, LBDI and Ecobank maintained the largest share of bank branches, followed by Sapelle International Bank Liberia Limited (SIBLL).

Table 16: Commercial Banks Branches and Networks

County	No. of Branches		No. of Windows		No. of Annexes		Total	
	2022	2023	2022	2023	2022	2022	2022	2023
Bomi	2	3					2	3
Bong	2	3					2	3
Grand Bassa	6	6					6	6
Grand Gedeh	1	1					1	1
Margibi	7	7			1	1	8	8
Maryland	2	2					2	2
Montserrado	52	52	6	6	1	1	59	59
Nimba	6	7					6	7
Sinoe	1	1					1	1
Total	79	82	6	6	2	2	87	90

Source: Central Bank of Liberia and Commercial Banks

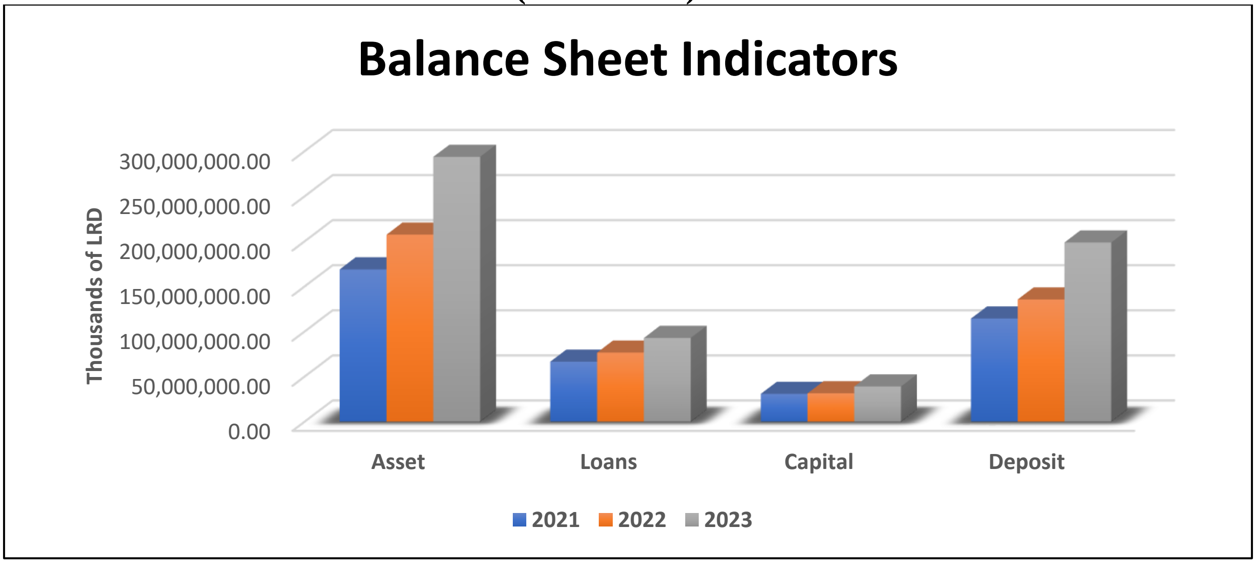
4.4 Banking Industry

The overall performance of the banking industry improved with major balance sheet indicators recording growth through increased intermediation. Despite the declining but high non-performing loans, the industry remained stable and recorded profit during the review period.

4.4.1 Balance Sheet Structure

During the year ended December 2023, key balance sheet indicators of the industry improved compared to end-December 2022. Total assets increased by 42.0 percent to L$293.71 billion, from L$206.84 billion; total loans and advances increased by 19.6 percent to L$92.84 billion, from L$77.60 billion; total capital increased by 24.1 percent in 2023 to L$39.01 billion, from L$31.43 billion; and deposits rose by 46.6 percent to L$198.71 billion, from L$135.51 billion in 2023.

Chart 19: Selected Balance Sheet Indicators of the Banking Industry (2021 – 2023)

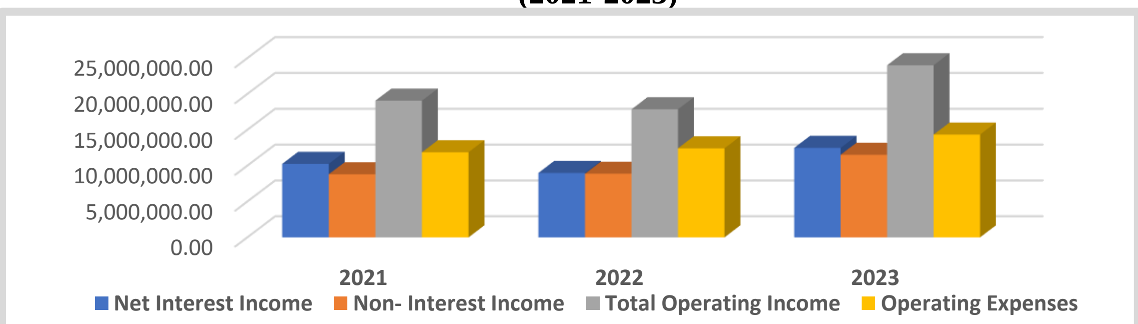


Sources: Central Bank of Liberia and Commercial Banks

4.4.2 Income Statement Structure (Profit and Loss Statement)

The banking industry consolidated comprehensive income statement at end-December 2023 showed a net income of L$6.77 billion. Compared with the previous year, net income grew by 61.73 percent. At end-December 2023, total operating income of the industry amounted to L$24.01 billion, with interest income accounting for L$12.48 billion (52.0 percent), while non-interest income constituted L$11.52 billion (48.0 percent). The industry's interest expense rose by 33.6 percent to L$2.86 billion, from L$2.14 billion at end-2023. Additionally, operating expense stood at L$14.33 billion, reflecting 17.7 percent increase compared to the same period in 2022.

Chart 20: Sources of Income and Expenses (2021-2023)



Sources: Central Bank of Liberia

4.4.3 Financial Soundness Indicators

Throughout the year, the industry demonstrated resilience and stability in terms of financial soundness indicators (FSI), notwithstanding, there were both internal and external threats and shocks. Key FSIs registered growth, underscoring the sector's potential and anticipated prospects to maintaining safe and soundness.

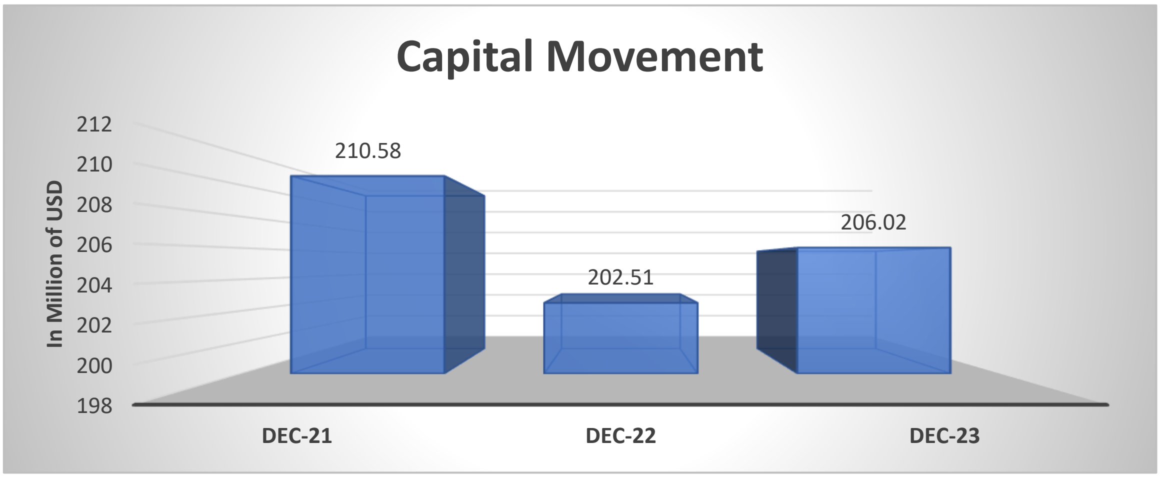
Table 17: Financial Soundness Indicators
(In L$; otherwise elsewhere mentioned)

Description	31-Dec-22	31-Dec-23
Gross Assets	227,487,669.92	319,262,526.52
Net Assets	206,806,579.14	293,710,522.38
Net Loans and Overdrafts	65,739,756.24	80,532,628.33
Gross Loans and Accrued Interest on Loans	53,687,683.39	60,666,912.63
Provisions on Gross Loans	8,168,790.78	9,634,058.72
Interest in Suspense on Gross Loans	532,675.08	428,063.53
Overdrafts and Accrued Interest on Overdrafts	23,641,962.26	34,145,953.93
Provisions on Overdrafts	2,316,166.32	3,315,566.00
Interest in Suspense on Overdrafts	572,257.23	902,549.98
Deposits	135,454,819.83	198,712,270.54
Reported Capital Net of Provisions	33,697,099.39	40,891,169.12
Reported Net Capitalization (Billions)	16.29	13.92
Capital Adequacy Ratio (Percent)	25.34	27.31
Classified Loans to Total Loans (Percent)	19.21	21.71
Non-performing Loans to Total Loans (Percent)	16.41	18.06
Provisions to Classified Loans Net of Interest in Suspense (Percent)	67.98	60.54
Provisions to Non-performing Loans Net of Interest in Suspense (Percent)	76.56	70.79
Return on Assets (Billions)	2.06	2.35
Return on Equity (Billions)	13.13	17.69
Non-interest Income to Total Revenue (Percent)	44.64	42.66
Net Interest Margin over Average Assets (Percent)	4.55	4.83
Net Loans to Deposits (Percent)	29.23	30.67
Liquidity Ratio (Percent)	43.54	44.15

4.4.4 Capital Adequacy

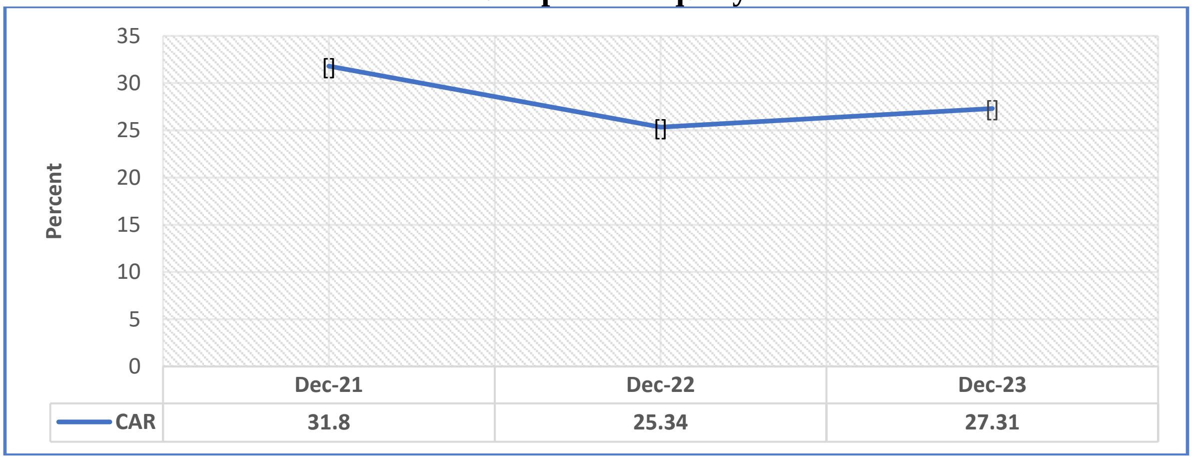
The average capital of the industry grew by 14.2 percent to US$25.7 million at end December 2023, from US$22.5 million reported in 2022, exceeding the minimum regulatory capital requirement of US$10.0 million. The CAR stood at 27.31 percent, which was 17.31 percentage points above the minimum ratio of 10.0 percent. Compared with 2022, CAR grew by 1.97 percentage point.

Chart 21: Capital Movement



Sources: Central Bank of Liberia and Commercial Banks

Chart 22: Capital Adequacy Ratio



Sources: Central Bank of Liberia and Commercial Banks

4.4.5 Assets Quality

Gross loans and overdrafts of the banking industry increased by 19.6 percent to L$92.84 billion, from L$77.61 billion in 2022. The volume of NPLs (L$16.76 billion) to total loans (L$92.84 billion) increased by 1.65 percentage points to 18.06 percent, from 16.41 percent recorded in 2022, a reflection of the need for CBL's policy focus to strengthen asset quality. However, total loan loss provisions grew by 23.6 percent to L$12.94 billion, from L$10.48 billion recorded in 2022, reflecting adequate provisions against bad loans.

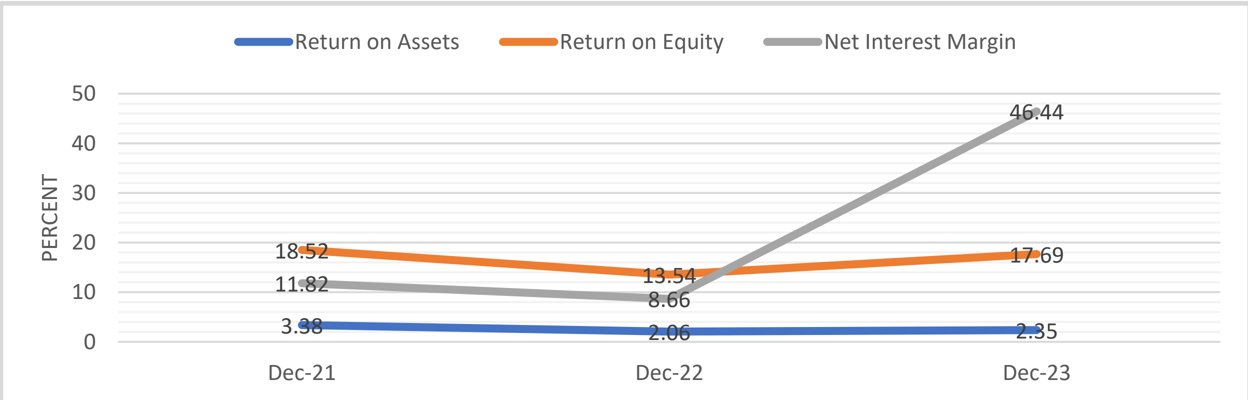
Chart 24: NPLs Ratio and Volume (in '000s LD) (2021 – 2023)

Sources: Central Bank of Liberia and Commercial Banks

4.4.6 Earnings and Profitability

The operating income of the industry for the period ended December 2023, stood at L$24.06 billion, recording a net profit of L$6.77 billion. The industry recorded the following: Return on Equity (ROE) 17.69 percent; Return on Asset (ROA) 2.35 percent; and Net Interest Margin 46.44 percent.

Chart 25: Trend in Earnings and Profit (2021 – 2023)

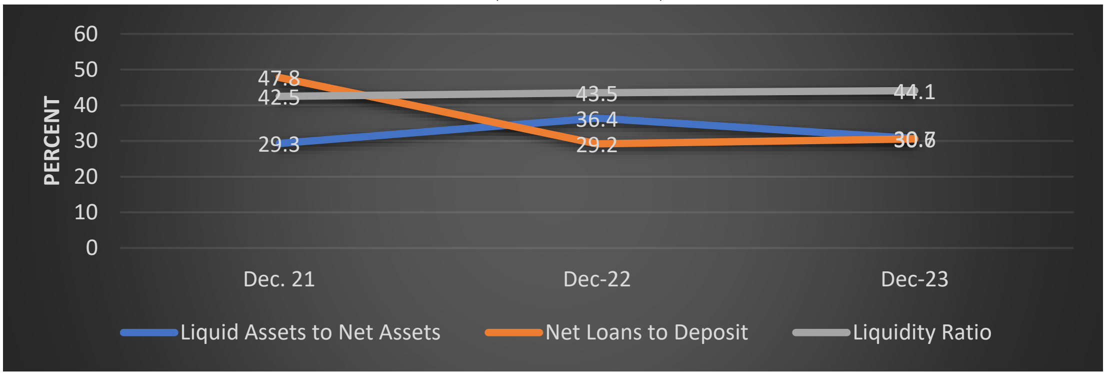


Source: Central Bank of Liberia

4.4.7 Liquidity

The banking industry showed a relatively stable liquidity position. Liquidity ratio at end-December 2023 stood at 44.1 percent, exceeding the minimum threshold by 29.1 percentage points. The liquidity ratio increased by 0.6 percentage point in 2023 compared with 43.5 percent reported in 2022.

Chart 26: Liquidity Trend (2021 – 2023)

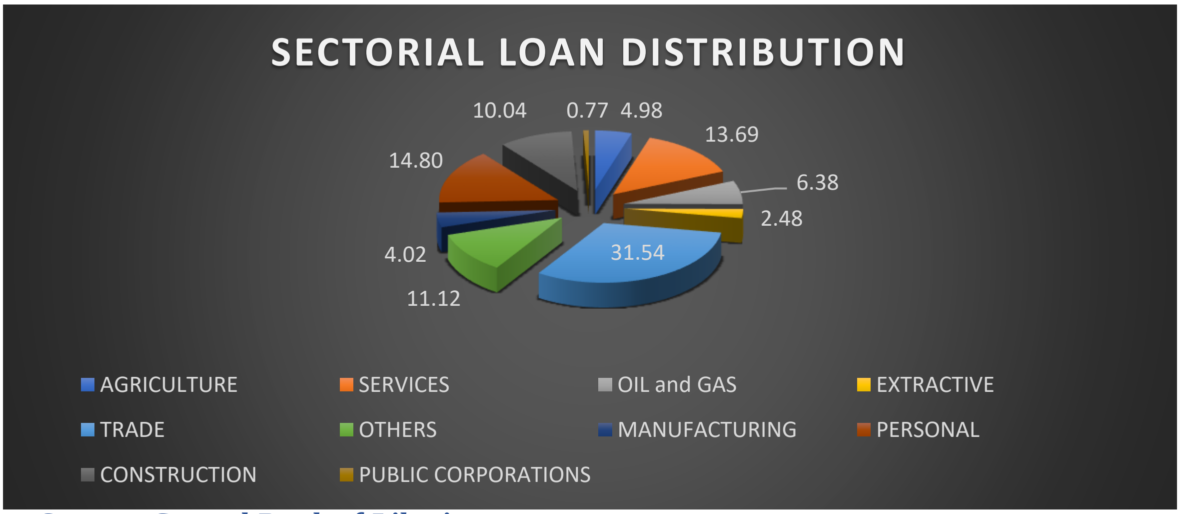


Source: Central Bank of Liberia

4.4.8 Sectoral Loan Distribution

During the year 2023, loans and overdrafts stood at L$92.84 billion, reflecting 19.6 percent rise relative to the level recorded in 2022. The credit portfolio of the banking system was diversified, as no sector accounted for more than 50.0 percent of the total loans in 2023. The trade sector, which is the single largest sector, accounted for 31.54 percent of the total industry loans.

Chart 27: Sectoral Distribution of Loans and Advances



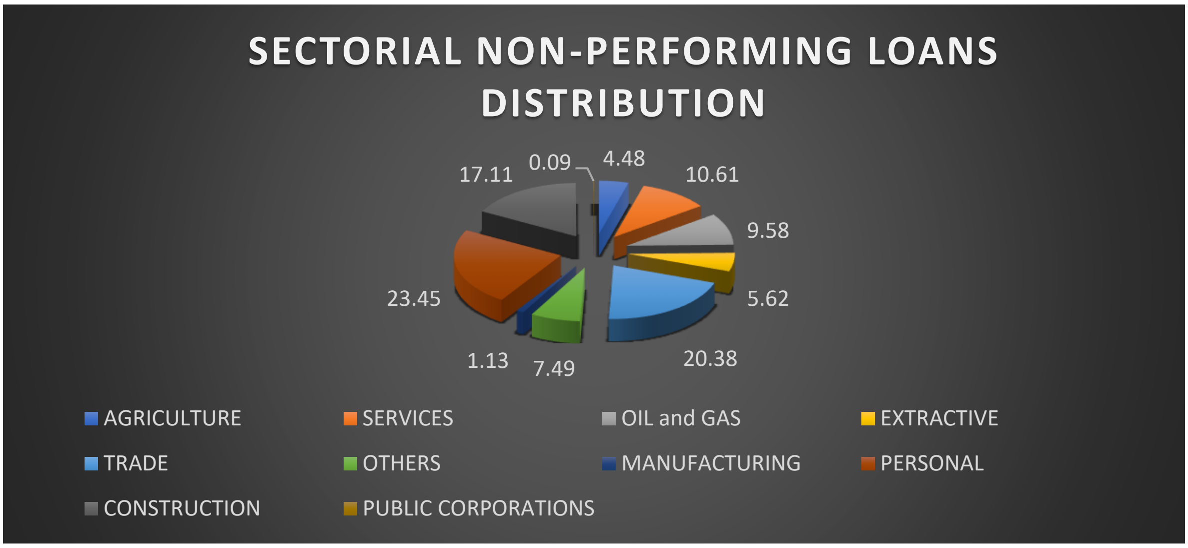
Source: Central Bank of Liberia

4.4.9 Sectoral Distribution of Non-performing Loans and Advances

At end-December 2023, the volume of NPLs and advances stood at L$16.76 billion (18.06% of gross loans), represented a slight increase of 1.6 percent compared to the corresponding period in 2022. In terms of concentration, NPLs in the personal sector accounted for the highest (23.45 percent), reflecting a decrease of 11.13 percentage points compared with the year 2022.

The shares of NPLs relating to the trade as well as construction sectors stood at 20.3 percent and 17.1 percent, respectively.

Chart 28: Sectoral Contribution to NPLs and Advances Growth



Source: Central Bank of Liberia

4.5 Non-Bank Financial Institutions

As at end-December 2023, the number of registered Non-Bank Credit Only Microfinance Institutions (NBCOs) increased to 21, compared to 19 in 2022. These institutions operated a total of 44 branches spread across nine of Liberia's 15 counties. Within this sector, there were two licensed Deposit-taking Microfinance Institutions (MDIs), and a new player was in the process of obtaining a final license from the CBL. Additionally, there was one development finance company, 211 licensed foreign exchange bureaus, 53 licensed Money Remittance Entities, and 12 Rural Community Finance Institutions (RCFIs).

At end-December 2023, the total number of foreign exchange bureaus recorded a 3.0 percent increase to 211, from 204 recorded at end-December 2022. Of these, 118 bureaus held Category "A" license, while 93 were classified under Category "B" license. The total number of licensed Money Remittance Entities also increased by 8.0 percent to 53 in December 2023, up from 49 reported in December 2022.

4.5.1 Key Developments in the Microfinance Sector

In 2023, the CBL licensed 2 Non-Bank Credit Only Microfinance Institutions (NBCOs). For the reporting year, the total number of clients transacting with NBCOs grew by 28.0 percent to 98,455 from 76,724 in 2022. Similarly, the total number of active borrowers increased by 38.0 percent to 90,731 in 2023, from 68,523 recorded in 2022.

During the year, microfinance institutions outstanding loans increased to L$3.48 billion, from L$3.01 billion reported at end-2022. Similarly, total capital in 2023 increased to L$1.70 billion, from L$1.36 billion in 2022, while net income in the industry decreased by 34.0 percent to L$33.48 million from L$50.47 million in the previous year. The decrease in net income was due to high operational costs plus other macroeconomic factors during the period.

Table 18: Microfinance Institutions Balance Sheet and Income Statement Performance Indicators (2022-2023)

Description	Dec-22	Dec-23	Diff.	(Percent growth)
Total Assets	$3,490,598,451.33	$4,698,054,549.54	$1,207,456,098.21	35%
Total Capital	1,363,174,341.31	1,698,802,760.76	$335,628,419.45	25%
Net Income/Loss	50,470,904.73	33,475,475.95	($16,995,428.78)	-34%

Source: Central Bank of Liberia

4.5.2 Rural Community Finance Institutions

At end-2023, the number of Rural Community Finance Institutions (RCFIs) remained at 12 with their presence in 8 of the 15 counties. The RCFIs were largely involved in the provision of salary-based credits and payments of civil servants' salaries across the country as well as money transfer services, including remittances and mobile money services.

In 2023, RCFIs deposits increased by 96.0 percent to L$681.07 million, from L$346.96 million recorded in 2022. Also, loans and advances of the institutions rose by 28.0 percent to L$345.71 million, from L$270.11 million largely attributed to the result of branch expansions in Voinjama and Salayea Districts in Lofa County.

Table 19: Financial Performance of RCFIs (2022 – 2023)

Indicator	2022 (In L$)	2023 (In L$)	% Change
Deposit	346,958,724.33	681,065,981.64	96%
Loans & Advances	270,107,997.68	345,706,169.44	28%

Source: Central Bank of Liberia

4.5.3 Development Finance Institutions

The Liberia Enterprise Development Finance Company (LEDFC) remains the only development finance institution in Liberia serving as a major source of capital for SMEs in

2023. Over US$40.0 million has been invested to more than 700 SMEs in Montserrado and the leeward counties. In addition, the company continued to provide technical support to businesses, particularly SMEs, developing skills to manage their finances while adapting to new technology. In terms of financial performance, LEDFC total assets stood at L$6.11 billion from L$5.02 billion recorded in 2022, while total liabilities slightly increased to L$4.25 billion, from L$3.53 billion reported in the previous year. The company's total loan portfolio slightly increased from L$2.64 billion in 2022 to L$2.93 billion in 2023. Similarly, total capital increased to L$1.86 billion from L$1.49 billion in the same period.

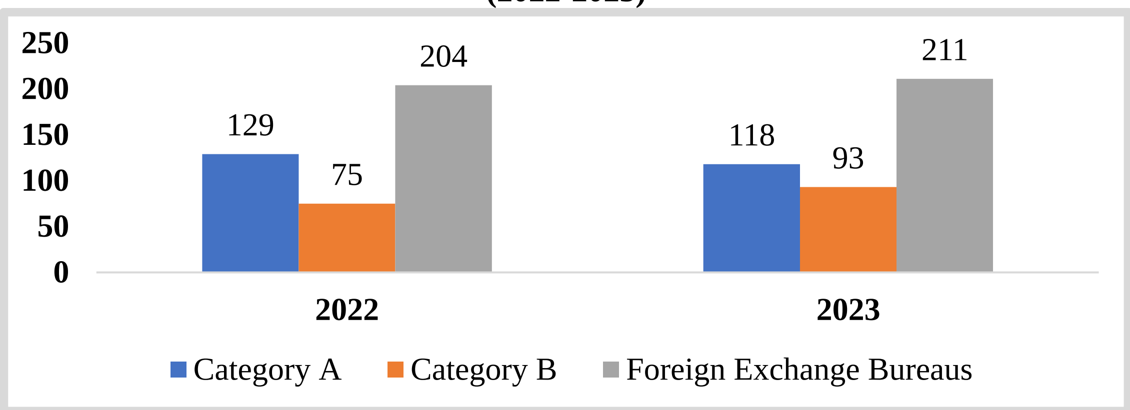
4.5.4 Deposit-Taking Microfinance Institutions

The total number of Deposit-Taking Microfinance Institutions (MDIs) remained at two, while the third MDI is yet to be approved by the CBL. The two existing MDIs had three branches operating in two of the fifteen counties during the year 2023. The total assets of the industry grew by 30.0 percent, from L$1.22 billion in December 2022 to L$1.58 billion in the review period. At the same time, deposits grew by 33.0 percent, from L$700.65 million in December 2022 to L$932.2 million recorded at end-December 2023. Total loans and advances amounted to L$889.6 million for the review period.

4.5.5 Foreign Exchange Bureaus

In 2023, the total number of foreign exchange bureaus increased by 3.0 percent, to 211, from 204 in December 2022. Of the total number of bureaus, 118 were in Category "A" status, while 93 were in Category "B". The total licensed Money Remittance Entities increased by 8.2 percent to 53 in December 2023, from 49 reported in December 2022.

Chart 29: Foreign Exchange Bureaus (2022-2023)



4.6 Insurance Sector Developments

4.6.1 Overview

The Liberian Insurance Sector consisted of 15 licensed insurance companies and 5 licensed brokerage firms. During the year, one insurance company (Platinum Insurer Incorporated) and one brokerage firm (Pro Insurance Brokers) were licensed and expected to commence reporting to their financial to the CBL in 2024. In terms of ownership, the sector remained dominated by domestic-owned companies, including nine companies with significant domestic ownership and five companies with significant foreign ownership. The assets and capital of significantly domestic owned companies (SDOC) accounted for 44.39 percent and 49.52 percent of market share. However, it is important to note that revenue generated by SDOCs accounted for only 15.7 percent of the total premium income.

4.6.2 Financial Performance

At end-December 2023, key financial balance sheet indicators of the insurance industry increased compared to end-December 2022. In terms of capitalization, the sector recorded an increase of capital by 17.50 percent due to increase in total assets and investment by 17.73 percent and 5.35 percent, respectively. The increase was largely due to increase in cash, premium receivable, and investment in assets.

Liability increased by approximately 13.45 percent and gross premium increased by 7.63 percent during the year. However, the operational and administrative expenses of insurance companies increased by 9.17 percent, while claims reduced by 17.64 percent in comparison with 2022, resulting to significant increase in net income of some companies in the sector.

Table 20: Key Financial Indicators
(In Millions of L$ and US$)
(2021-2023)

	2021		2022		2023		2022		2023	
	USD	LD	USD	LD	USD	LD	USD %Δ	LD %Δ	USD %Δ	LD %Δ
Capital	56.69	8,292.18	25.52	3,964.26	29.99	5,678.27	-54.98	-52.19	17.50	43.24
Total Assets	83.64	12,233.86	37.80	5,872.07	44.51	8,427.20	-54.80	-52.00	17.73	43.51
Investment	24.37	3,565.03	12.71	1,974.61	13.39	2,535.79	-47.84	-44.61	5.35	28.42
Liabilities	27.12	3,966.59	12.80	1,987.70	14.52	2,748.93	-52.81	-49.89	13.45	38.30
Outstanding Premium	19.72	2,884.04	4.83	750.08	4.92	932.36	-75.51	-73.99	1.97	24.30
Gross Premium	43.79	6,405.04	50.30	7,813.21	54.14	10,251.45	14.87	21.99	7.63	31.21
Underwriting Result	14.80	2,164.83	14.54	2,259.06	18.95	3,588.40	-1.73	4.35	30.30	58.84
Net Premium	27.30	3,993.86	33.34	5,179.24	33.32	6,309.82	22.12	29.68	-0.06	21.83
Net Income	2.12	309.70	1.23	190.79	4.18	790.57	-41.99	-38.40	239.92	314.37
Expenses	12.51	1,829.70	12.25	1,902.54	13.37	2,531.90	-2.08	3.98	9.17	33.08
Claims	12.97	1,896.51	15.58	2,420.36	12.83	2,430.06	20.18	27.62	-17.64	0.40
Technical Provision	9.68	1,415.89	5.31	824.25	5.24	993.15	-45.18	-41.79	-1.16	20.49

Source: Central Bank of Liberia

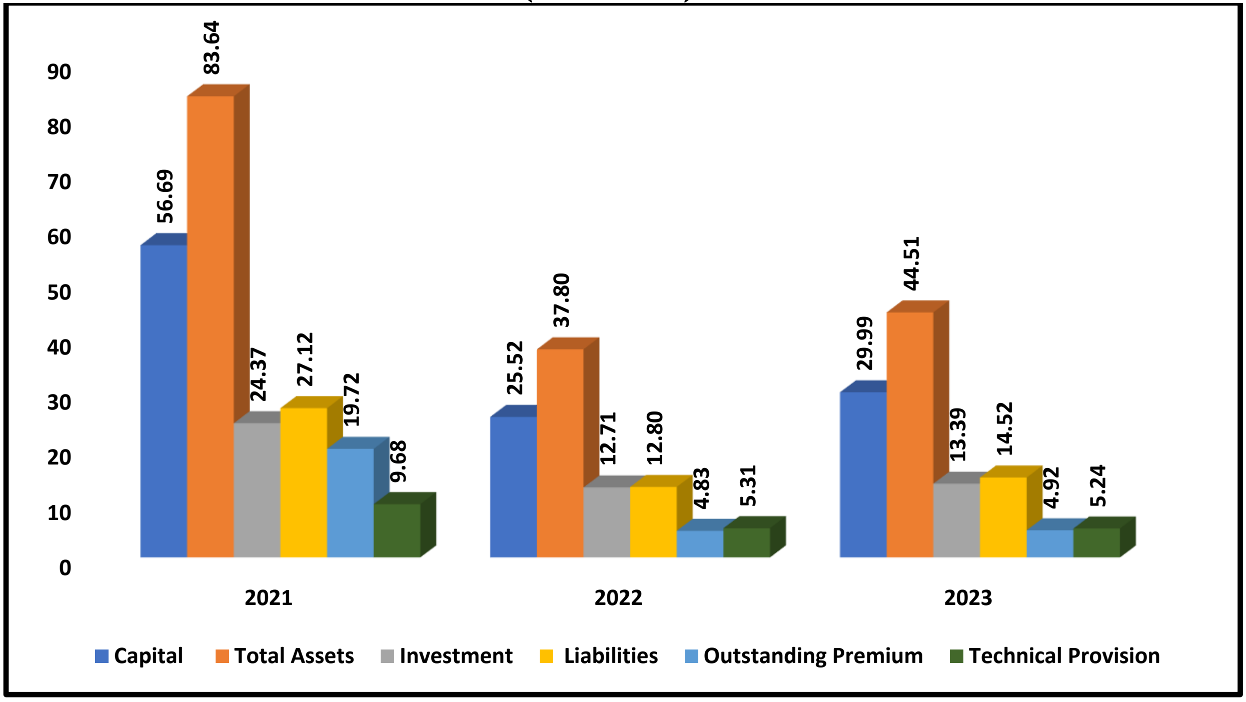
4.6.3 Comparative Analysis of Annual Financial Indicators

The industry balance sheet indicators reflected increases, as evidenced by 17.73 percent increase in assets to L$8.13 billion in 2023, from L$5.87 billion at end-2022. Similarly, capital and investment each recorded increases by 17.50 percent and 5.35 percent, respectively. The increase was largely due to increase in cash, premium receivable, and investment in assets.

Despite constraint of enforcement of the compulsory third-party vehicle insurance, revenue generally increased in the sector due to increased revenue generation from other sectors of the economy. Net premiums remained largely unchanged with a slight decrease of 0.06 percent.

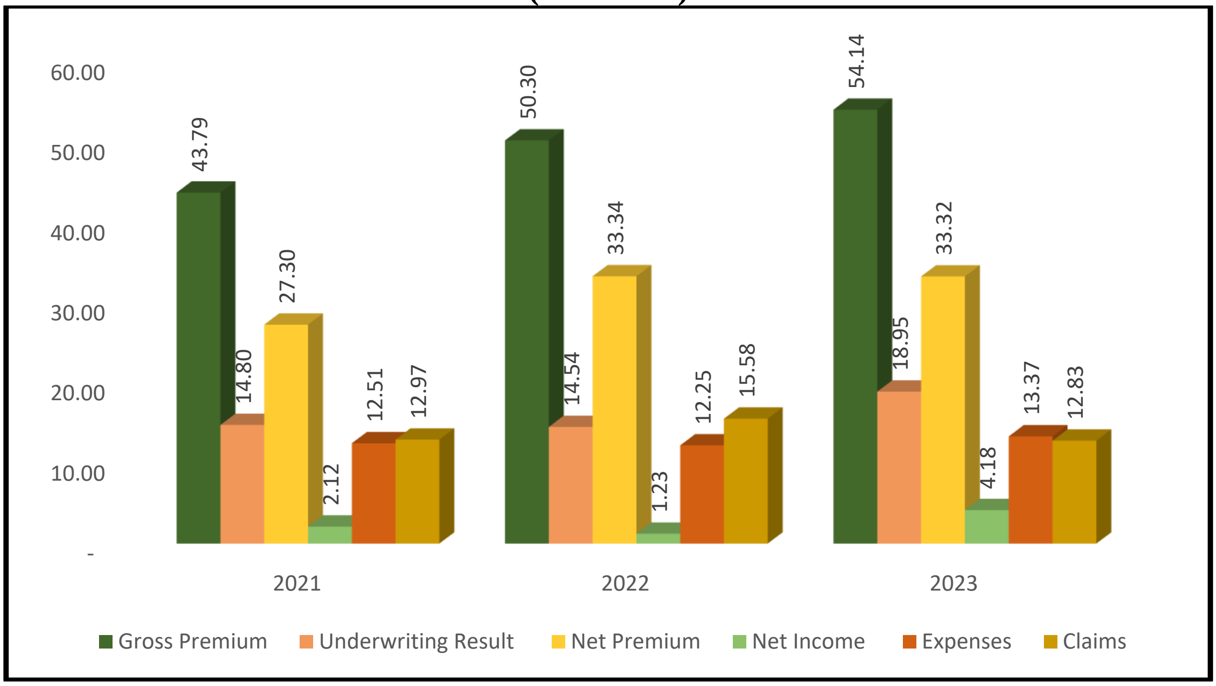
Underwriting result of the industry recorded a marked increase of 30.3 percent, indicating improved efficiency in the industry's operations and improved risk analysis in underwriting policies.

Chart 30: Shifts in Key Balance Sheet Indicators (In Millions USD) (2021-2023)



Source: Central Bank of Liberia, 2023

Chart 31: Key Income Statement Indicators (In Millions of USD) (2021-2023)



Source: Central Bank of Liberia, 2023

4.6.4 Industry Ratios

In 2023, the expense ratio increased to 24.70 percent, from 24.35 percent in 2022. However, both ROA and ROE increased to 9.38 percent and 13.92 percent, claims decreased to 23.70 percent, while expenses increased to 24.70 percent, respectively. In addition, the combined ratio decreased to 48.40 percent in 2023, from 55.33 percent in 2022, which was one of the major profit driven factors.

4.7 Collateral Registry and Credit Reference System

4.7.1 Operations of the Collateral Registry

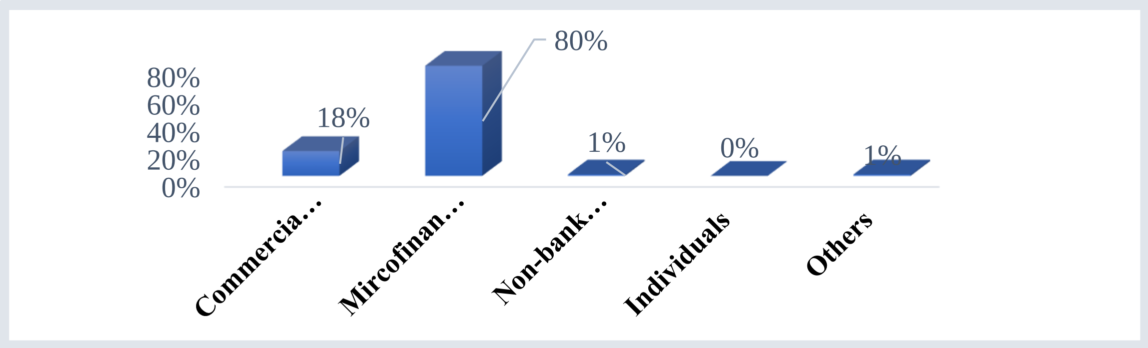
The CBL Collateral Registry System's (CRS) continued to promote non-traditional lending activities in the financial sector. The system's credit platform primarily offered several financing options that allow bank and nonbank financial institutions to diversify credits collateralized with movable assets to businesses, especially those operating in the informal sector.

Major developments in 2023 were largely focused on registration of client and security interests, amendments, searches, and fees. During the review period, two clients registered; thus, bringing the total number of registered entities to 57, including 17 legal entity clients (commercial banks, microfinance institutions and non-bank financial institutions); 31 individual clients and nine others. A total of seven financing statements (FS) or loans were registered during the review period compared to 14 financing statements registered in 2022. The value of the FS or loans registered amounted to US$307.0 million and processed by agents of foreign banks.

Movable assets or collateral registered against the FS or loans were 11, while 30 searches were conducted. The extension of credits by foreign banks to businesses in Liberia is gradually supporting and promoting cross border lending. This is an indication that the system is largely used by agents of foreign banks. The failure of commercial banks and other non-banks leverage on the system may pose a serious credit information gap amongst these financial institutions. The CBL will take the needed action to ensure full usage of the system both domestically and externally.

The system's component outlined categories of debtors attracting these FS or loans showed high portion of loans of 87.0 percent was attributed to large firms, while the remaining 13.0 percent loans was attributed to medium firms. Also, the CRS cumulative performance showed a total value of financing statements and/or loans registered amounted to L$112.25 million and US$5,012.18 million (inclusive of domestic and agents of foreign banks) against 1,834 borrowers/debtors, while Collateral used by borrowers to collateralize loans totaled 3,802. Total searches conducted during the review period was 1,351. These indicators show that the CRS remained crucial to improving and/or influencing movable finance lending in the financial sector (Chart 32).

Chart 32: Collateral Registry System Clients (2023)

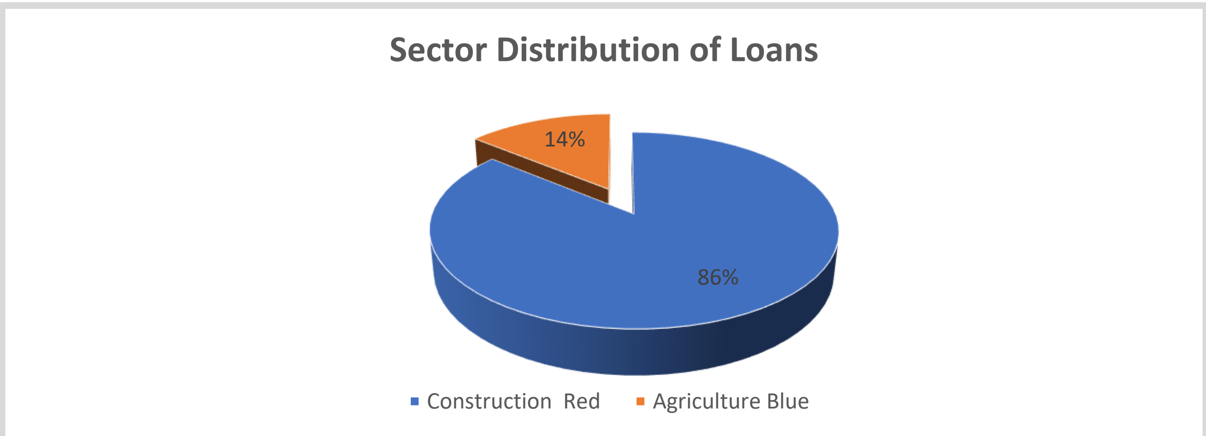


Source: Central Bank of Liberia

4.7.2 Distribution of Loans to Sectors of Operations

Economic activities within the various sectors engendered businesses extracting loans from bank and nonbank financial institutions (local and foreign). The construction sector attracted the highest loan in 2023, accounting for 86.0 percent of the value of loan booked and the agriculture sector accounting for the remaining 14.0 percent of the total loans.

Chart 33: Sector Distribution of Loans

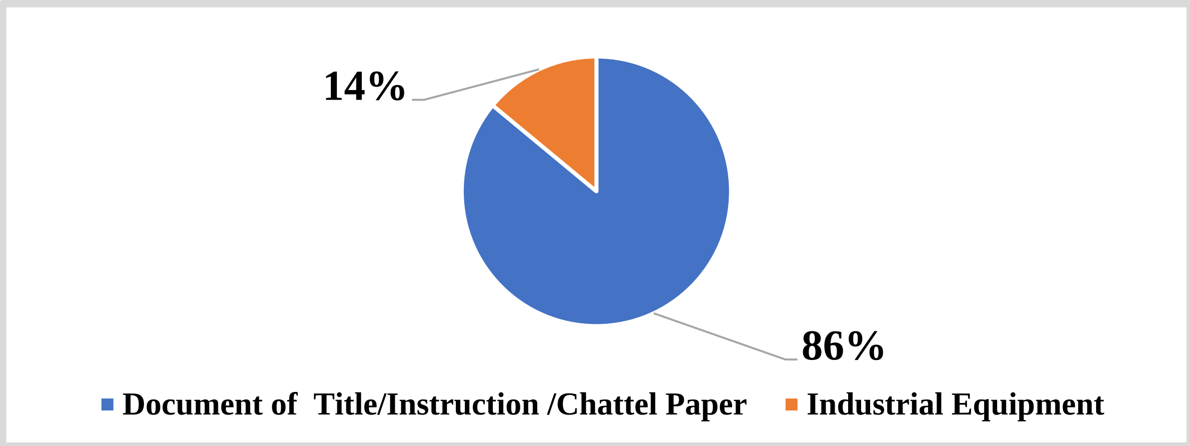


Source: Central Bank of Liberia

4.7.3 Assets Classifications on Movable Collateral

The Collateral Registry System has movable assets classified predominantly into two groups, and this classification limits potential risk on loans collateralized with movable assets. It also provides surety on the secured loans and related collateral. During the review period, industrial equipment was the most widely used collateral by borrowers, accounting for 90.0 percent of the total movable assets collateral, while the agriculture equipment accounted for the remaining 10.0 percent (Chart 34).

Chart 34: Assets Classification (2023)



Source: Central Bank of Liberia

4.7.4 Loan Beneficiary - By Gender

Statistics from the CRS showed that there was no female participation in credit transactions in 2023, similar to the preceding year. However, the CBL is working on strategies to e female encourage female participation in the CRS.

4.7.5 Credit Concentration by Counties

The credit concentration based on the geographical location of debtors indicates that the entire credits booked were advanced in Montserrado County. However, CBL is developing strategies to decentralize by encouraging potential borrowers from the remaining 14 counties.

4.7.6 System Expansion/Usage

The CBL will continue to reinforce its engagements with bank and non-bank financial institutions on the CRS. The system's indicators showed a low scale on the system usages domestically by bank and non-bank financial institutions, which has drawn the attention for the CBL to take the requisite upfront approach to ensure full adoption and acceptance of the system by these institutions. This will include all other planned engagements especially with the RCFIs. These robust actions are required to boost the usage of the CRS. The utilization of the system, both locally and internationally, will increase credit to businesses and harmonize all credit records amongst these institutions. More emphasis will be placed on the importance of the Registry's credit infrastructure platform to provide extensive qualitative and quantitative credit information that are crucial for the financial sector.

4.8 Operations of the Credit Reference System

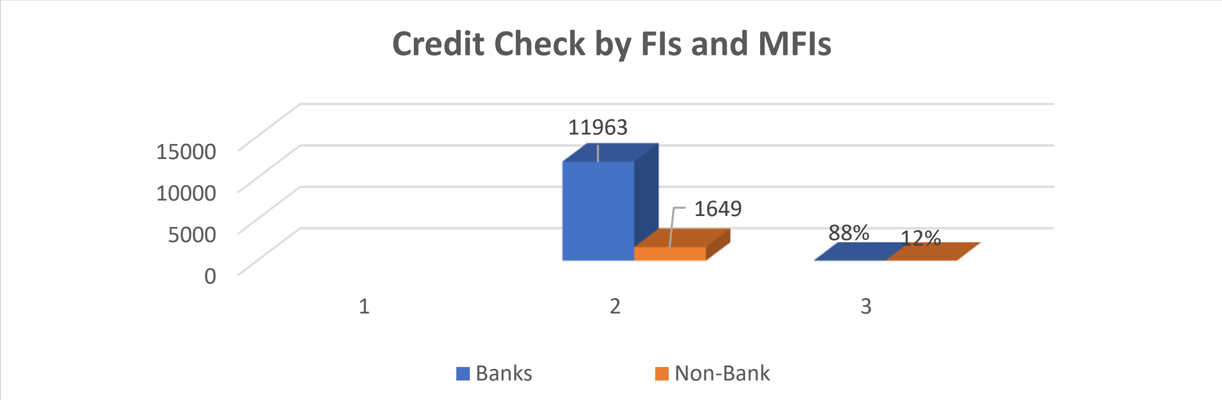
The CRS remained contributive to the credit risk management in the financial sector. The system continued to hone credit records for inquiry analysis on current and potential borrowers within the financial sector. The system-controlled mechanism on consolidated loans portfolios of bank and nonbank financial institutions helped to track potential borrowers' multiple accounts to constantly inform the credit decisions. At end-December 2023, the system responded to 13,612 credit reference checks for bank and non-bank financial institutions compared to 18,392 recorded in 2022, representing 26.0 percent decline in credit checks relative to the preceding year.

Table 21: Number of Credit Checks

Bank	No. of Credit Check	Percent	Non-Bank	No. of Credit Check	Percentage
ABLL	5,969	50	DMDTI	1,460	89
AFBLL	522	4	CITITRUST	103	6
EBLL	1,006	10	LEDFC	86	5
GBLL	55	0.4	Sub-Total	1,649	100
GTBLL	668	6			
IBLL	1,395	11			
LBDI	104	0.8			
SIBLL	412	3			
UBALL	1,830	15			
Sub-Total	11,963	100			

Source : Central Bank of Liberia

Chart 35: Credit Checks by Financial Institutions



Source: Central Bank of Liberia

4.8.1 Summary of Cases

The CBL received six complaints during 2023 from the public. All the complaints were against commercial banks with two resolved, while the remaining four are still ongoing during the period.

Table 22: Complaints of Customers (2021-2023)

No.	Description	2021	2022	2023
1.	Number of Complaints	6	12	6
2.	Resolved Complaint	3	5	2
3.	Pending Complaint	3	7	4
4.	Referred for further investigation	0	0	0
5.	Nature of Complaint	Unauthorized withdrawal, Unapproved Interest Deductions, Failure for the bank to ensure transfer reaches account.	Unauthorized withdrawal, Unapproved Interest Deductions, Failure for the bank to ensure transfer reaches account;	Unauthorized withdrawal,

Source : Central Bank of Liberia

4.8.2 Complaint Returns from Commercial Banks

In keeping with its mandate, the CBL during the year, through the Consumer Protection Unit received complaint returns from financial institutions, including those investigated and resolved by financial institutions. A total of seven hundred and 727 complaints were received by the nine commercial banks, of which 89.6 percent of the complaints were resolved, while 10.4 percent were unresolved.

Table 23: Complaint Returns from Commercial Banks

Banks	Total Complaints	Complaint Unresolved	Complaint Resolved	Percent Shared of Unresolved Complaint	Percent Shared of Resolved Complaint
ABLL	23	18	5	78.26	21.74
AFBLL	9	0	9	0	100
EBLL	372	0	372	0	100
GBLL	0	0	0	0	0
SIBLL	43	0	43	0	100
GTBLL	117	0	117	0	100
IBLL	0	0	0	0	0
LBDI	60	58	2	96.67	3.33
UBALL	101	0	101	0	100
TOTAL	**727**	**76**	**651**	**N/A**	**N/A**

Source : Central Bank of Liberia

4.9 Payments System Developments

4.9.1 Mobile Money Operations

Liberia's mobile money landscape remained on dynamic growth, with a surge in registered subscribers, institutions, and agents. Female participation was on the rise, while growth in the number of active agents was mixed. The volumes and values of transaction rose, an indication of the growing mobile money adoption and usage in the country.

The number of registered subscribers increased by 0.9 percent, from 9,248,817 recorded in December 2022 to 9,329,179 reported in December 2023. Also, the number of active subscribers increased by 2.7 percent to 2,599,162 in December 2023, from 2,531,871 recorded in 2022. Further, the number of registered institutions increased by 80.9 percent to 1,511 in

December 2023 from 835 reported in December 2022. Similarly, the number of female registered subscribers increased by 4.9 percent to 3,688,157 in December 2023 from 3,514,271 in December 2022. These developments were mainly attributed to increased subscribers (registered & active) during the year due to the high enrolment of Level 1 subscribers who did require minimum Know Your Customer (KYC) documentation.

In terms of male registered subscribers during the year, statistics showed a slight decline by 1.6 percent to 5,639,511 in December 2023 from 5,733,811 recorded in December 2022. During the year, the number of registered agents in the industry rose by 43.3 percent to 156,242 in December 2023, from 109,081 in December 2022. The growth was largely driven by improved commissions earned from services due to the growing number of subscribers. In contrast, the number of active agents during the review period decreased by 13.3 percent to 31,665, from 36,506 reported in December 2022.

The total volume of USD transactions in 2023 increased by 72.4 percent to US$36.83 million, from US$21.42 million reported in the corresponding period in 2022. Similarly, the total volume of LD transactions also grew by 16.0 percent by to L$549.13 million in December 2023 from L$473.11 million recorded in the previous year. These developments were mainly due to increased public awareness and confidence.

The total value of USD transactions during the year increased by 57.3 percent to US$3,475.64 million, up from US$2,209.84 million recorded in December 2022. Also, the total value of LD transactions grew by 50.0 percent to L$421,969.09 million in December 2023, from L$281,717.20 million reported in the corresponding period of 2022.

Table 24: Mobile Money Subscribers and Agents Report (2022-2023)

Indicator	Dec.-2022	Dec.-2023
Registered Subscribers (Cumulative)	9,248,817	9,329,179
Active Subscribers (90 Days)	2,531,871	2,599,162
Registered Institutions	835	1,511
Registered Subscribers (Female Cumulative)	3,514,271	3,688,157
Registered Subscribers (Male Cumulative)	5,733,811	5,639,511
Registered Agents (Cumulative)	109,081	156,242
Active Agents (30 Days)	36,506	31,665
Total Volume of Transactions (USD)	21,424,405	36,829,792
Total Volume of Transactions (LD)	473,114,511	549,132,423
Total Value of Transactions (USD)	2,209,843,740.10	3,475,642,854.39
Total Value of Transactions (LD)	281,717,197,890.32	421,969,091,218.90

Source: Central Bank of Liberia / Payment Systems Department

4.9.2 Mobile Money Operations (continued)

Table 25: Mobile Money Remittances Terminating to Mobile Wallet

No	MTOs Inbound Remittances	As of December 31, 2023	
		Volume	Value
1	Send Wave	2,150,234	252,452,331.51
2	MFS Africa	288,828	35,030,848.34
3	Remit Terrepay	1,688,659	119,578,171.40
4	BnB	18,085	1,916,239.49
5	Thunes	73,973	11,073,121.25
6	Hammerpay	-	-
Total		4,219,779	420,050,711.99

Source: Central Bank of Liberia / Payment Systems Department

4.9.3 Systematically Important Payment Systems Data (SIPS)

The Real-Time Gross Settlement (RTGS) system recorded a 12.2 percent rise in volume to 7,225 in 2023, from 6,437 transactions in 2022. However, there was a significant decline by 40.4 percent in the value of transaction to about L$445.70 billion in 2023, from approximately l$747.98 billion in 2022. The notable decline in value occurred, despite a 12.3 percent increase in the number of transactions conducted in USD, which rose to 49,225 in 2023, from 43,824 recorded in 2022. However, the value of transactions in USD marginally increased by 4.0 percent during the same period to US$1.57 billion, from approximately US$1.64 billion USD

In contrast, the Automated Clearing House (ACH) for Cheques registered a significant decline in both volume and value. The volume of transactions dropped by 26.6 percent to 8,141 in 2023, down from 11,088 reported in 2022, while the value decreased by 17.0 percent to L$15.88 billion in the review period, from approximately L$19.11 billion recorded in 2022. This was largely attributed to a sharp spike in the use of Manual Clearing for check processing. Similarly, transactions conducted in USD through ACH Cheques decreased by 34.8 percent to 33,490 in 2023, from 51,378 in 2022, with the value plummeting by 35.9 percent to US$317.42 million from about US$494.33 million recorded in the previous year.

The ACH Direct Credit system also recorded growth, with transaction volume increasing by 11.5 percent to 9,538 in 2023, from 8,555 reported in 2022. However, there was 11.4 percent decline in transaction value during the year to L$1.33 billion, from approximately L$1.50 billion in 2022. Transactions conducted in USD through ACH Direct Credit reported an increase of 6.0 percent in volume to 11,031 in 2023, up from 10,403 in 2022, with the value marginally increasing by 1.2 percent to US$56.83 million in 2023, from approximately US$56.16 million recorded in the previous year.

Interestingly, Manual Clearing emerged as a significant player, exhibiting substantial growth in both volume and value. Transaction volume surged by 76.9 percent to 28,608 in 2023, up from 16,187 reported in 2022, while the value of transactions also significantly grew by 55.2 percent to L$72.57 billion in the review period, from about L$46.77 billion recorded in 2022. Similarly, transactions conducted in USD through Manual Clearing increased by11.0 percent in volume to 109,431 in 2023, from 98,592 in 2022. The value of these transactions also recorded a substantial growth of 32.7 percent to US$1.73 billion, up from approximately US$1.30 billion. These developments are attributed to stringent oversight measures to ensure checks are standardized and processed through the automated check processing and automated clearing house.

Table 26: Systematically Important Payments System Data (SIPS)

No	Platform	2022				2023			
		Liberian Dollar		United States Dollar		Liberian Dollar		United States Dollar	
		Vol	Val	Vol	Val	Vol	Val	Vol	Val
1	RTGS	6,437	747,980,563,509.12	43,824	1,635,745,837.56	7,225	445,701,126,430.97	49,225	1,570,200,795.05
2	ACH CHEQUES	11,088	19,114,832,128.73	51,378	494,327,667.88	8,141	15,875,080,336.34	33,490	317,415,787.79
3	ACH DIRECT CREDIT	8,555	1,503,020,608.17	10,403	56,161,617.77	9,538	1,331,665,681.30	11,031	56,828,038.25
4	MANUAL CLEARING	16,187	46,767,539,851.99	98,592	1,303,445,887.41	28,608	72,569,233,024.92	109,431	1,729,673,173.28
5	NEPS	-	-	-	-	-	-	-	-
TOTAL		**42,267**	**815,365,956,098.01**	**204,197**	**3,489,681,010.62**	**53,512**	**535,477,105,473.53**	**203,177**	**3,674,117,794.37**

Source: Central Bank of Liberia / Payment Systems Department

4.9.4 Retail Payment Systems

The volume of LD ATM transactions significantly increased to 663,762 in 2023, up from 395,528 recorded in 2022, reflecting a year-on-year growth of approximately 67.82 percent. In contrast, the value of LD ATM transactions declined to L$2,727.94 million, down from L$11,692.33 million reported in 2022, representing 76.67 percent slump.

In terms of USD ATM transaction, the total volume in 2023 decreased to 1,206,100 transactions, from 1,645,206 transactions recorded in 2022 reflecting, a 26.69 percent decline. Similarly, the value of these transactions also decreased dramatically by 91.4 percent to US$268.67 million in 2023, from US$3,114.99 million in 2022.

The volume of USD POS transactions increased by 13.0 percent to 364,590 in 2023, from 319,858 in 2022. This was largely driven by increase in the usage of alternative payment platforms like the Mobile Money services and internet/mobile banking. Conversely, the value of POS transactions in USD decreased to US$40.15 million in 2023, from US$134.05 million in 2022, representing a significant decrease of approximately 70.0 percent. There were no LD POS transactions recorded in 2022.

Internet banking transactions in LD recorded a 65.4 percent decline in volume to 16,729 in 2023 from 48,328 recorded in 2022. However, the value of internet banking transactions in LD increased by 66.2 percent to L$1,511.93 million in 2023, up from L$908.98 million in 2022. In terms of USD, the value of internet banking transactions also decreased dramatically by 94.1 percent to US$123,89 million in 2023, from US$2,110.29 million recorded in 2022.

On the mobile banking front, total volume transactions significantly decreased by 68.2 percent to 96,877 in 2023, from 304,317 reported in the corresponding period of 2022. However, the value of mobile banking transactions in LD increased to L$28,002.17 million in 2023, from L$48,415,907 in 2022. In USD, the value of mobile banking transactions increased by over 100 percent to US$325.11 million in 2023, from US$149.84 million in 2022.

Notably, E-money transactions grew by more than 100 percent in volume to 969,352 recorded in 2023, from 91,950 in 2022. The value of e-money transactions in LD also increased significantly by more than 100 percent to L$23,469.50 million in 2023 from L$5,121.94 million in 2022. On the other hand, the value of USD e-money transactions decreased by 38.9 percent to US$915.71 million in 2023, from US$1,499.32 million in 2022.

The value of debit card transactions in LD remained relatively stable, with a slight increase of 2.5 percent to L$10,788.50 million recorded in 2023, from L$10,521.27 million in 2022. The volume in LD increased to 734,452 in 2023, from 91,950 in 2022. However, in USD, the value of debit card transactions decreased to US$25.06 million in 2023, from US$405.39 million in 2022 reflecting a significant decrease of 93.8 percent.

The volume of prepaid card transactions remained relatively stable, with a slight decrease to 23,454 reported in 2023, from 36,472 in 2022. The value of prepaid card transactions in LD decreased to L$3.13 million in 2023, from L$254.03 million in 2022, representing a decline of approximately 98.8 percent. In terms of USD, the value of prepaid card transactions also decreased by 66.7 percent to US$2.11 million in 2023, from US$6.37 million reported in 2022.

Table 27: Digital Financial Services Data (DFS)

No	Indicator	Year 2022				Year 2023			
		LD		USD		LD		USD	
		Vol	Val	Vol	Val	Vol	Val	Vol	Val
1	ATM	395,528	11,692,328,112.00	1,645,206	3,114,987,402.63	663,762	2,727,943,848.00	1,206,100	268,669,039.23
2	POSs	0	-	319,858	134,048,375.53	0		364,590	40,149,851.53
3	Internet Banking	48,328	908,982,964.06	189,804	2,110,287,973.87	16,729	1,511,932,903.55	61,418	123,888,090.99
4	Mobile Banking	304,317	48,415,906.72	438,924	149,837,644.68	96,877	28,002,173,406.14	413,455	325,108,673.06
5	E-Money	91,950	5,121,937,431.67	78,266	1,499,315,119.96	969,352	23,469,504,745.43	1,577,364	915,708,885.91
7	Debit Cards	91,950	10,521,266,975.32	58,577	405,390,997.82	734,452	10,788,499,989.92	32,930	25,058,976.60
8	Prepaid Cards	36,472	254,026,773.56	297,070	6,369,615.95	23,454	3,134,239.18	98,032	2,114,495.37
Total:		968,545	28,546,958,163.33	3,027,705	7,420,237,130.44	2,504,626	66,503,189,132.22	3,753,889	1,700,698,012.69

Source: Central Bank of Liberia / Payment Systems Department

Chapter 5.0: Internal Developments

5.1 Overview

In 2023, various departments continued their respective functions in support of achieving the overall objectives and implementing the three-year Strategic Plan of the CBL. Accordingly, the departments performed their statutory functions through engagements relating to inter-departmental projects and activities, collaboration with external stakeholders and industry partners.

To this end, the Research, Policy, and Planning Department (RPPD) was largely focused on conducting evidence-based research and macroeconomic assessments to inform appropriate policy prescriptions for achieving low and stable inflation. It disseminated statistical information on monetary and macroeconomic developments to domestic and international partners and prepared reports for multilateral discussions relating to macroeconomic convergence criteria under the ECOWAS single currency initiatives. Additionally, the Department oversaw the operations of the MPAC Secretariat and provided briefing to the Board of Governors to inform monetary policy decisions.

The Human Resource Management Department (HRMD) was involved with recruitment of permanent and contractual staff, initiation of policy for retention of competent staff and promotion of deserving staff. In this regard, several employees of the Bank participated in professional training programs, both locally and internationally to enhance their skills.

The Management Information System & Technology Department (MISTD) remained focused on infrastructure development and information security. It extended fiber network capabilities, implemented SWIFT Customer Security Program, and collaborated with stakeholders on the development of National Electronic Payment Switch (NEPS) and data centers facilities.

On the operational front, the Banking Department facilitated infusion of the new Liberian currency and retrieval of the legacy banknotes to the liquidity needs of the economy. It continued to transform some payment centers (especially in counties outside Monrovia) into cash hubs to ease the liquidity challenges and enhance banking services for the Government of Liberia (GoL).

On the payments system landscape, the Payments System Department (PSD) coordinated various payments system projects, including legal and regulatory frameworks, regional integration, implementation of Pan-African Payment and Settlement System (PAPSS), Unique

Bank Identification (UBI) project, and National Electronic Payment Switch (NEPS). Efforts were made to advance the automation of GOL payments and enhance financial inclusion.

Regarding financial sector development, Liberia made advances in enhancing financial inclusion efforts and initiated preparatory works for development financing programs during the year. Key among financial inclusion activities were initiatives to formalize the informal financial institutions, transition to digital saving platforms, and enhance financial literacy.

The Financial Market Department (FMD) made notable efforts to develop domestic debt markets, strengthen engagement with regional partners, and successfully integrate Liberia into the West African Capital Market, while the Regulation and Supervision Department (RSD) was focused on the review and enhancement of regulatory frameworks, ensuring compliance with international standards, and enhancing collaboration with international organizations, including GIABA.

The CBL transformed the Enterprise Risk Management Department (ERMD) to the Risk Management and Compliance Department (RMCD) with the aim of strengthening risk management practices and compliance. The RMCD adopted a risk-based approach to internal audits, ensured completion of major audits, and submitted its strategic and operational plans to the Senior Management. The Legal Services Department (LSD) provided the following services, including legal representations, legislative engagements, contract & agreement preparations, and internal investigations, among others.

The Corporate Communications and Public Relations Unit (CCPRU) was proactive in communicating the currency reform programs, enhancing community radio partnerships, ensuring effective dissemination of the Bank’s monetary policy communications, and sustaining the "Money Matters" radio program.

The General Support Services Department, during the year, provided logistics and operational support and key services, including renovation works, acquisition of new buses, and construction projects. Finally, the Banking Institute of Liberia (BIL), during the review period, accelerated its training activities, undertook curriculum enhancements, accreditation, and collaboration with partners for improved capacity building.

5.2 Research and Publications

The RPPD utilized real time statistics for macroeconomic assessment, analysis and evidence based research to guide the formulation and implementation of policy for appropriate advisory to the Senior Management and Board. The key underpinning of policy recommendations by the Department was to ensure that the Bank's primary objective of attaining low and stable inflation was achieved.

Despite the challenges related to data accessibility from real economy, the CBL, through RPPD, disseminated statistical information on monetary, financial stability, and macroeconomic developments to both domestic and international partners. The Department consistently submitted weekly, monthly, and quarterly reports to the IMF under the Extended Credit Facility (ECF) program, and other information in support of multilateral discussions between Liberian Authorities and development partners. Additionally, monthly IMF (Article IV) submissions and semi-annual submissions to WAMI, WAMA, and the ECOWAS Commission were diligently carried out. The Department also ensured relevant information dissemination to the public through various channels, including the Monthly Economic Review, bi-monthly Liberia Financial Statistics, quarterly Financial and Economic Bulletin, monthly Monetary Survey.

Throughout the year, RPPD oversaw the activities of the Secretariat of the MPAC and conducted quarterly assessments on global and domestic macroeconomic developments to inform monetary policy recommendations to the MPC, which is proxy by the Board of Governors. Additionally, several policy briefs and papers were prepared and submitted for the Board of Governors and Management.

Furthermore, RPPD maintained a fruitful collaboration and partnership with the Liberia Institute of Statistics and Geo-information Services (LISGIS) mainly in relation to the monthly consumer price data validation and other data harmonization. The annual Weighted Average Exchange Rate survey, aimed at establishing the weights of the contributions of various players in the foreign exchange market, was conducted by RPPD. Additionally, the department conducted the annual Consumer and Business Confidence Survey to obtain business and consumer's sentiments about the economy. Notably, data warehouse prototype was improved with the aim of addressing challenges related to data compilation, storage, and maintenance for real-time accessibility and analysis.

The Department actively represented the Bank at various stakeholders' meetings, including National Data Harmonization Working Group for data harmonization across all sectors, and coordinated the Liquidity Working Group (LWG) meetings involving the Ministry of Finance and Development Planning (MFDP) and the Liberia Revenue Authority (LRA).

5.3 Human Resource Management

The Bank was committed to recruitment, retention, development of the workforce of the CBL through various policy actions. Several policies were initiated and/or revised during the period under review. To this end, the HRMD was proactive in supporting and responding to the needs of employees for the efficient operations of the Bank.

Based on CBL's need assessment, eleven (11) permanent staff were recruited, including the director and a deputy director of the Internal Audit Department, while four contractors and three consultants were also hired. Furthermore, as part of the Bank's talent retention, nine (9) employees were promoted to various positions. These staffing actions partly helped to contribute to the enhancement of the human resource capacity and the achievement of the CBL's mandate.

In accordance with the CBL Retirement Policy, five (5) employees were retired in line with policy after years of significant contributions to the Bank. In line with the CBL's mandate on capacity building and development, several development programs were initiated in 2023 to enhance staff capacity. The programs were offered by the Bank's partners and other training institutions. For the review period, a total of one hundred twenty-one (121) employees participated in several professional training programs, both locally and foreign. These training were conducted virtually and in-person through partner institutions such as the Federal Reserve Bank of New York, IMF, African Training Institute (ATI), West African Insurance Institute, AFRITAC West 2, World Bank Group, African Development Bank (AfDB) Group, the West African Institute for Financial & Economic Management (WAIFEM), George Washington University, The Central Bank of Nigeria (CBN), amongst others. In addition, two employees benefited from the CBL's Partially Funded Foreign scholarships in pursuit of graduate studies in the financial sector. As part of CBL's support to the single currency initiatives in ECOWAS, four (4) employees of the CBL were seconded to various institutions, including the IMF, West African Monetary Institute (WAMI), and West African Monetary Agency (WAMA), while three staff returned after successfully representing the CBL to various regional institutions.

Table 28: Distribution of Staff per Tenure as of December 31, 2023

Staff statistics by tenure			
# of employees	Tenure/years worked	# ofstaff	% of employee
368	0-5	49	13%
	6-10	144	39%
	11-15	121	33%
	16-20	29	8%
	21-25	25	7%

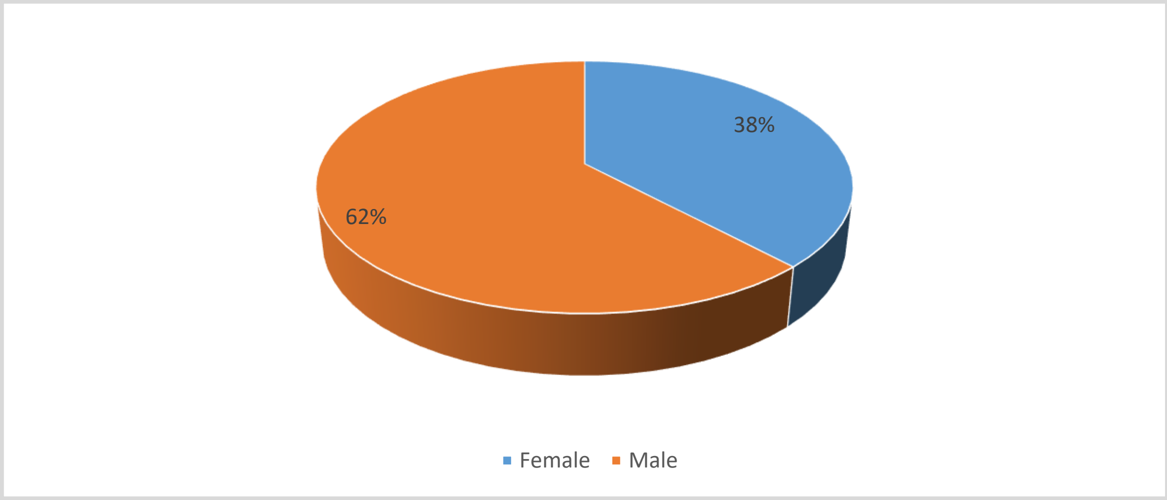
Table 29: Distribution of Staff per Age as of December 31, 2023

Staff statistics by age			
# of employees	Tenure/years worked	# ofstaff	% of employee
368	18-30	4	1%
	31-40	120	33%
	41-50	139	38%
	51-60	82	22%
	61-65	23	6%

Table 30: Distribution of Staff per Gender and Department as of December 31, 2023

NO.	DEPARTMENT	# of females	# of males	Total # of staff	% of female	% of male
1	Executive Governor's Office	3	5	8	38%	63%
2	Deputy Governor/Operations Office	4	4	8	50%	50%
3	Deputy Governor/Economic Policy Office	1	3	4	25%	75%
4	Banking	53	52	105	50%	50%
5	Communications Unit	1	3	4	25%	75%
6	Development Finance Unit	3	2	5	60%	40%
7	Enterprise Risk & Compliance	4	4	8	50%	50%
8	Finance	4	9	13	31%	69%
9	Financial Markets	4	6	10	40%	60%
10	General Support Services	13	45	58	22%	78%
11	Human Resource Management	8	1	9	89%	11%
12	Insurance	4	7	11	36%	64%
13	Internal Audit	5	6	11	45%	55%
14	Legal Section	5	2	7	71%	29%
15	Mgt. Information System & Technology	3	17	20	15%	85%
16	Payment Systems	6	9	15	40%	60%
17	Regulation & Supervision	15	27	42	36%	64%
18	Research, Policy & Planning	4	26	30	13%	87%
	Total	**140**	**228**	**368**	**38%**	**62%**

Chart 36: Distribution of Employees by Gender as at December 31, 2023



5.4 Management Information System & Technology

Infrastructure development and Information security remained the major focus of the Management Information System & Technology Department (MISTD), which continued to support the expansion of technology and network of the CBL across the country. The Department's strategy was also focused on minimizing disruption to the IT infrastructure, supporting the financial sector, ensuring smooth operations and continuity.

Two cash hubs, established in Bong and Lofa counties, were integrated into the CBL's network infrastructure, while the third cash hub was underway and nearing completion in River Gee County. The integration of these facilities into the CBL headquarters in Monrovia was aimed at establishing a centralized information technology system for the country. Over the period, in addition to maintaining critical operational resilience, the CBL through the Department successfully ensured the following engagements:

a. partnership with CSQUARED LLC, a global Cable networking firm in extending fiber network capabilities to Bong and Nimba counties by hosting the infrastructure at the Bong Cash hub;

b. successful extension of Core Banking services to the National Port Authority (NPA) to enhance revenue collection;

c. successfully implementation of SWIFT Customer Security Program (CSP)

2023;

d. establishment of Information Security Unit; and

e. continuous engagement on information security audit with the Federal Reserve Bank of New York to ensure soundness of financial transactions.

The Department also played a pivotal role in collaborating with other stakeholders, including the WB and AfDB on the development and implementation of NEPS as well as the upgrading of CBL's datacenters facilities (Main and Disaster Recovery sites).

5.5 Banking Operations

The Banking Department made milestone progress in 2023, inclusive of meeting the liquidity needs of the economy and improving banking services. The CBL, through the Banking Department has continued to retrieve legacy banknotes (LS1 and LS2) from circulation and infuse the new family of Liberian currency (banknotes and coins) into the economy, thereby meeting the cash needs of the commercial banks and government. During the year, the Department facilitated the infusion of Thirteen Billion, Two Hundred Sixteen Million, One Hundred Fifty Thousand Liberian dollars (L$13,216,150,000.00) comprising banknotes and coins to meet the cash-demand. Hence, the total new banknotes (2021-2023) infused in the economy amounted to Twenty-Seven Billion, Four Hundred Five Million, Two Hundred Twenty Thousand Liberian dollars (L$27,405,220,000.00). Also, the Department during the year facilitated the destruction of Ten Billion, Fifteen Million, Four Hundred Twenty-One Thousand, Five Hundred Ninety-Five Liberian dollars (L$10,015,421,595.00) of legacy banknotes retrieved from circulation for the period under review. Cumulatively (from 2020-2023), a total of Twenty Billion, Four Hundred Twenty-Eight Million, Seven Hundred Eighty-Two Thousand, Four Hundred Ninety-Five Liberian dollars (L$20,428,782,495.00).

5.5.1 Bridging the Gap in Banking Services in Rural Liberia

In 2023, the CBL transformed its Voinjama payment center into a central cash hub to ease the liquidity needs of the public, mainly civil servants and facilitate the fulfillment of liquidity requirements for RCFIs through Afriland Bank Liberia Limited. In addition, the construction of another regional hub commenced in Fishtown, River Gee County to cater to the liquidity needs of commercial banks operating in the Southeastern Region. The Banking Department, with the approval of Senior Management, operationalized the Gbarnga Cash Hub (GCH), where the liquidity needs of commercial bank branches operating in Bong and Nimba were met. During the year, the GCH was able to swap the old banknotes in the tune of Three Hundred Forty-Five Million Liberian dollars (L$345,000,000.00) legacy banknotes as replacement for the new currency.

5.5.2 Improved Banking Services

The CBL, through the Banking Department, continued to provide banking services to the GoL through five revenue collection windows in various locations within Monrovia and its environs. For efficient banking services to the government, the CBL deployed its core banking application (T24) at the NPA Revenue Collection Annex to ensure that revenue collected was accounted for on a real time basis. Similar deployment was expected to be carried out at the rest of the annexes.

Table 31: Revenue Collection Windows and Locations

No.	Revenue Collection Window	Location
1	MFDP Window	MFDP Broad Street
2	NPA Window	NPA, Freeport, Bushrod Island
3	Temple of Justice Window	Temple of Justice, Capitol Hill
4	LBR Window	LBR Building, Nelson Street
5	LRA Headquarters	ELWA Junction, Paynesville

It is worth emphasizing that the daily revenue collections were deposited into the GoL Revenue Account at the CBL, and bank statements were issued daily. Additionally, there was also a tripartite reconciliation of revenue conducted quarterly amongst the LRA, MFDP and the CBL.

5.5.3 Liquidity Management

A proposal for the establishment of a Currency Management Section (CMS) was submitted to the Senior Management for approval. The CMS is expected to be housed in the newly refurbished NHSB Building located at Waterside for adequate record on vault cash and liquidity forecast for timely procurement of currency. It shall be furnished with state-of-the-art equipment for the speedy processing of currency, and armored van for safe supply of currency to the leeward branches.

5.6 Payments System Developments

The Payments System Department (PSD) continued to coordinate critical payment systems projects for the CBL. The Department focused on several key projects during the year under review with anticipated advancements and expected completions in 2024.

5.6.1 Legal and Regulatory Frameworks

The CBL amended the regulations for money remittances and issued guidelines for digital credit. With the support the UNDP, the CBL hired a consulting firm that was engaged in the reviewing of the legal, regulatory and policy environment aimed at identifying gaps in the existing legal and regulatory frameworks. The firm is expected to recommend changes/adjustments, and developing Regulations, Guidelines which are required to support the new NEPS.

5.6.2 Implementation of the Pan-African Payment and Settlement System (PAPSS)

Efforts to integrate the payment systems into the WAMZ and implement PAPSS were ongoing. The CBL coordinated the integration of four out of nine commercial banks onto the PAPSS, with efforts underway to integrate additional financial institutions and commence processing of live transactions. This initiative is expected to result into simplified process that reduces the costs and complexities of foreign exchange for cross-border transactions in the African markets. It is also expected to provide an instant and secure cross-border payment capability to customers across Africa and serve as a platform that enables innovation in cross-border trade and access to new African markets.

5.6.3 Advancing the Implementation of a Unique Bank Identity Project

The West African Monetary Zone Unique Bank Identification and Digital Interoperability (WAMZ UBI) project, initiated the project for unique bank identification, following a recommendation from the Convergence Council of the WAMZ, which is still ongoing. The project aims to develop a harmonized digital identification framework for the financial sector within the Zone for financial inclusion and regional integration.

5.6.4 Implementing New National Electronic Payment Switch

The ongoing Payment Systems Modernization project, funded by the AfDB to upgrade the CBL datacenters and legacy payment systems (RTGS, ACP-ACH) remained on course. Additionally, the World Bank funded project to implement a new NEPS, was ongoing. When it is completed, these two projects will significantly enhance the payment systems landscape for the benefit of all participants.

5.6.5 Advancing the Automation of GoL's Payments

To promote the use of electronic payments for public good, the CBL was integrating its payment systems infrastructure with the MFDP and deploying the Electronic Funds Transfer (EFT) solution. The EFT solution, which seeks to automate Government payments and ensure seamless transactions, has been deployed at the MFDP to start processing transactions. Integration with the MFDP is expected to increase banking sector participation and enhance public financial management.

5.7 Financial Sector Developments

During the year 2023, Liberia made several advances in enhancing financial inclusion efforts, including financial education and literacy, effort to formalize the informal financial transacction and strenghening partnership with development institutions. Prepartory works to spur development financing programs were also undertaken during the review year.

5.7.1 Financial Inclusion Activities

The DFS, during the year, partnered with the UN Women on transitioning the informal financial institutions, such as the Village Savings and Loan Associations (VSLAs) into full formal institutions. One of the key activities under Liberia's National Financial Inclusion Strategy (NFIS 2020-2024) is formalizing the informal financial sector by leveraging digital technologies. In view of the foregoing, the CBL through the DFS developed a concept note for these activities and shared same with various partners, including UN Women. In 2023, the CBL and UN Women signed a project to co-finance and support a pilot project aimed at transitioning some of the VSLAs in Nimba and Bong counties from using the traditional saving box method to a digital form of saving. The pilot project was successfully implemented with the training of resource persons/facilitators. Also, field engagements were held with 15 VSLAs, bank and mobile money accounts opened for VSLAs, and catalytic funding arranged for each participant in the pilot.

Liberia's financial inclusion efforts got boosted in 2023 with the US Treasury OTA fielding several missions along three different workstreams: (i) Financial Inclusion Data; (ii) Transitioning Informal Financial Institutions; and (iii) Financial Literacy. These missions, which included stakeholders' engagements, are in fulfillment of the US Treasury OTA's commitment to support Liberia's financial inclusion initiatives championed by the CBL through the DFS.

5.7.2 Financial Education and Literacy

Collaborating with other departments and sections in the Bank, the DFS was dedicated to advance financial literacy and awareness initiatives, with a specific emphasis on digital financial literacy. As the financial landscape is fast evolving due to technology, DFS had enhanced engagements with various stakeholders with the view of improving their understanding and appreciation of new financial products and services. To this end, ongoing efforts are intended to be scaled up to optimize impact.

5.7.3 Post National Financial Inclusion Strategy (NFIS 2020-2024)

Looking ahead, as the Liberia's NFIS (2020-2024) comes to an end in 2024, the DFS shall conduct a comprehensive assessment of the implementation of the strategy and advance recommendations on the development of a new National Financial Inclusion Strategy for Liberia.

5.7.4 Transitioning Informal Financial Institutions

Going forward, the DFS is committed to expanding the pilot project in Nimba and Bong counties, while scaling up interventions to transition VSLAs from traditional saving box methods to digital savings and credit platforms. This will involve engaging additional stakeholders and securing financial resources for effective implementation.

5.7.5 Development Finance Initiatives

The DFS was designated to serve as the Apex for the implementation of the Line of Credit (LOC) under the LIFT project. In its Apex role, the DFS was tasked with conducting due diligence of financial institutions that would apply for the LOC. It shall also be responsible for the monitoring of financial institutions that would benefit from the LOC. The access to finance subcomponent of the LIFT project has a total allocation of US$7.0 million. From the allocation, US$6.0 million is intended for the extension of credits to MSMEs through participating financial institutions (PFIs) that would benefit from the LOC, and US$1.0 million for technical assistance. In 2023, the DFS along with other stakeholders, made the following progress on the preparatory works for the implementation of the LOC: (1) completion of the Line of Credit Manual; (2) completion of a Subsidiary Agreement between the CBL and the MFDP; (3) drafting of Terms Sheets which were shared with Financial Institutions; (4) conduct of Engagement Workshops with Financial Institutions; and (5) completion of Due Diligence tools for the evaluation of applicants of the LOC.

5.7.6 Sustainable MSME Financing Scheme

Leveraging its role as the Apex for the LOC under the LIFT project in 2024, the DFS plans to demonstrate the possibility of championing an effective framework and mechanism to provide sustainable financing to MSMEs.

This would be realized by applying sound and transparent market principles in the administration of the LOC. Hence, the financing needed to bridge the current MSME funding gap is far beyond the US$6.0 million availed via the LOC under the LIFT project. Therefore, the DFS shall endeavor to mobilize additional resources from multiple sources, including the Government of Liberia through the national budget, CBL's internal resources, especially resources from the previous stimulus programs, as well as resources from an array of international partners, such as the World Bank.

5.8. Financial Markets Activities

5.8.1 Progress on Domestic Debt Market Development

The FMD continued to develop the regulatory and institutional framework for a well-organized, liquid, and diversified financial market, as per the Securities Market Act (SMA). The Department's efforts are currently focused on the establishment of new markable instruments with accompanying guidelines, rules & regulations, revising existing ones, deepening the debt market, improving the debt market operating system, deepening primary market, and broadening the investors base.

Through an engagement with regional partners, Liberia received a grant from the AfDB to fund the development of its Domestic Debt Markets, which will diversify the investor base, and deepen the primary debt markets with improved debt market infrastructure. The project is expected to produce a harmonized Domestic Debt Market Development Roadmap and a Debt Management Framework.

The project was awarded to WAIFEM through the project implementation Unit of WAMI, which has provided consultancy services on debt management, liquidity forecasting, and a well-prepared Harmonized Debt Market Development Roadmap.

WAIFEM undertook capacity building on Effective Liquidity/Cash Forecasting and Debt Management for CBL staff. There was also a benchmarking visit conducted by WAMI and WAIFEM to Ghana and Nigeria, which allowed Liberia to leverage the experiences of the two countries. WAIFEM also undertook a validation exercise on Liberia's Harmonized Domestic Debt Development Roadmap document, which has been considered satisfactory by Liberia.

Also, WAMI awarded a contract to the International Securities Consulting (ISC) for the development of a Harmonized Institutional Investors Framework and Primary Dealers' System for Liberia's financial market. ISC undertook a two-day fact-finding mission to Liberia in October 2023, prepared and submitted a benchmarking report to the CBL.

Additionally, with support from the AfDB, through WAMI, the CBL engaged with both public and private sector stakeholders in the financial ecosystem, for the reform of the pension sector, The project is aimed at producing a regulatory framework to establish private pension providers that will incorporate the informal sector into the pension system.

The reforms are also intended to enhance the capacity of NASSCORP, and other existing pension service providers and establish a pension regulatory authority. To this end, WAMI and the AfDB project implementation team undertook a four-day appraisal mission to Liberia in March of 2023, and submitted the appraisal report to the Board of the AfDB for approval for the commencement of the project in 2024. The project will conduct needs assessment of Liberia's pension sector and develop a roadmap for implementation. Also included is a multi-year capacity-building program for existing and potential pension providers and the proposed Pension Regulatory Authority (PRA).

5.8.2 Regional Capital Market Integration Activities

Liberia's membership within the West African Capital Market Integration Council (WACMIC) was upgraded from observer status to full membership in 2023. The Council aims to harmonize the rules and regulations for the issuance and trading of financial securities across ECOWAS countries. Specifically, the WACMIC is tasked with managing the implementation of the processes that will facilitate the creation of an integrated capital market in West Africa.

5.9 Regulatory and Supervisory Activities

5.9.1 Regulatory Activities

The CBL continued to review its regulatory and supervisory framework with the goal of ensuring that all existing regulations, guidelines, and directives are in conformity with contemporary supervisory practices. This was in alignment with the proposed “Bank-Financial Institutions & Bank Financial Holding Companies Act, 2022 (BFIA)”.

The Act, which is an amendment and restatement of the New Financial Institutions Act of 1999, seeks to ensure that the financial system is more resilient and capable of withstanding exogeneous and endogenous shocks. It also seeks to promote the safety and soundness of bank financial institutions and strengthen the resolution regime to ensure that the banking system and the intertest of depositors are protected. Additionally, the amendment will strengthen the CBL’s authority on the licensing, supervision, regulation and resolution of bank financial institutions and financial holding companies.

The CBL also reviewed and amended the Reserve Requirement Regulation to equalize the reserve requirement ratio for both Liberian dollar (LD) and United States dollar (USD). The regulation was also amended to grant the MPC the authority to prescribe the reserve requirement as part of liquidity management strategy.

With the broader focus of tackling the NPLs in the banking sector, the CBL conducted a review of the NPLs using data over the period of fifteen years. The review identified several factors influencing loan performance and resulted to advancement of several policy recommendations to address the NPLs. This policy framework entails a sequential three-prolonged strategy focused on managing, resolving, and preventing further rise in NPLs.

5.9.2 Supervisory Activities

The Inter-governmental Action Group Against Money Laundering and Terrorism in West Africa (GIABA) conducted Liberia’s Second Round of Mutual Evaluation in 2022. The onsite engagement was conducted from September 5 – 16, 2022.

In March 2023, Liberia received delegates from the GIABA Secretariat and the Assessment Team through an in person meeting. The meeting was in two-fold: (1) a follow-up on the on-site visit conducted by the assessment team in 2022 and (2) to allow RSD to provide clarity on the draft report and to make available additional documents as requested.

Additionally, Liberia's Second Round Mutual Evaluation Report was discussed at GIABA's 39th Plenary in May 2023 in Praia, Cape Verde. The Report has been finalized and published on FATF's website. GIABA's Second Round of Mutual Evaluation focused primarily on the assessment of the effectiveness of the country's AML/CFT system in relation to the 40 recommendations and Liberia's effectiveness on the 11 immediate outcomes as a standard procedure.

Overall, except for a few outstanding requirements, the CBL was largely in compliance with the technical compliance assessment. Regarding the effectiveness compliance, the assessment established that CBL showed considerable strength, especially around IO3, which relates to supervision. Considerable progress was noted in the banking and insurance sectors. The assessment did, however, note the need for more efforts to be made in the other financial sectors. The country is preparing for the GIABA follow-up, which commences in 2024.

Additionally, the RSD conducted a Joint AML/CFT Risk-Based Examination with the Bank of Nigeria, examining The United Bank for Africa (UBA). The Department also conducted Follow-Up AML/CFT Risk-Based Examinations for some financial institutions.

5.9.3 External Support to the Collateral Registry System

The CBL and International Finance Corporation (IFC) continued to work collaboratively to enhance the CRS. The project's deliverables and related engagements outlined in the action plan were being implemented. The implementation of the project relative to cost was directly covered under the World Bank Groups' LIFT project. The CBL remained actively engaged with IFC to achieve these endeavors, which will add tremendous value to the system and mostly promote financial inclusion.

In terms of external support, the CBL engaged the IFC to automate the CRS. The implementation of the automation will be funded by the WBG under its LIFT Program. In addition, the CBL continued to strengthen its oversight responsibilities in the financial sector to keep consumers informed, while resolving complaints in accordance with the Consumer Protection and Market Conduct Regulation.

5.10 Insurance Sector Activities

In compliance with implementation of the mandate of the 54th National Legislature to reform the insurance sector, the CBL through the Insurance Department remained on course with the implementation of the roadmap to transition the Insurance Department at the CBL to an Independent Insurance Commission in 2025. During the year in review, the Insurance Department completed six regulations to include Regulation on Statutory Deposit for Insurance Company, Insurance Brokers Directives, Brokers Reporting Template, Coinsurance Regulations, Complaint Handling Procedure, and Bond Regulations.

As part of the mandate of the Bank, the CBL carried out comprehensive full-scope examination of approximately 85.0 percent of the insurance companies with the goal of completing the remaining companies in 2024 and to use industry data to inform policy decisions.

This examination included verification of corporate governance & ownership structure, examination of adequacy of IT infrastructure, financial data collation, verification of assets & liabilities, analysis (including Capital Adequacy, Liquidity, and Solvency position), and compliance with national laws, policies & regulations, including AML/CFT laws.

5.11 Risk Management and Compliance

The RMCD, formerly the Enterprise Risk Management Department, was established in 2023 by merging the functions of risk management and compliance. This is intended to bring a coordinated approach to risk management and compliance activities at the CBL. The new RMCD has two sections as follow: Risk Management and Compliance Sections. The Department has a reporting line to the Board of Governors on both risk management and compliance issues.

Under the risk management function, the Department is charged with the responsibility to adequately identify, measure, monitor, and control risks of the Bank to which they are exposed. The Department's focus is on promoting a risk-smart and risk-aware workforce that will serve as a basis for the development and implementation of risk-sensitive policies and procedures to guide the daily activities across the Bank.

In this direction, the RMCD's activities, which have a direct implication for the improvement of the CBL's image and the cornerstones of the Bank's three-year strategic plan, were focused on several key actions during the year 2023.

1. The conduct of two full-scope, enterprise-wide risk assessments, the results of which were risk registers of the CBL's risk profile and measures required to address control gaps;
2. The provision of Key Risk Indicators (KRIs) updated monthly,

as a means of monitoring risks identified by the full scope reviews; and

3. The conduct of three follow-up compliance reviews on remedial measures identified during full-scope reviews by the concerned business units.

Under the Compliance Section's activities, the RMCD collaborated with the IAD and obtained the Board of Governors and Management's approval to transfer all operational activities to RMCD. As at the 4th Quarter of 2023, all the operational and compliance related activities were performed by RMCD. One key responsibility for this section is a quarterly review of the Bank's compliance activities and report to the Board of Governors.

5.12 CBL Accounting and Finances

The CBL financial statements for the year ended December 31, 2023, was prepared in accordance with the International Financial Reporting Standards (IFRS). The statements are to be audited by Deliotte and Touche in collaboration with Bakertilly, consistent with the provisions of Section 50 of the Amended and Restated CBL Act 2020.

5.12.1 Income and Expenditure

The CBL's preliminary un-audited Income Statement for the year ended December 31, 2023, revealed a gross revenue of the Bank in the tune of L$9.9 billion compared with L$3.8 billion in 2022. This represents L$6.09 billion increase in gross revenue. The increase in gross revenue in 2023 was mainly attributed to rise in other income.

Total expenditure for the year 2023 amounted to L$6.8 billion compared with L$5.7 billion in 2022, excluding impairment release/loss on financial assets. This increase was largely reflective of developments in the exchange rate.

5.12.2 Financial Position

The CBL's preliminary un-audited total liabilities, including IMF related liabilities on December 31, 2023, amounted to L$284.87 billion compared with L$254.28 billion in 2022, indicating a L$30.29 billion increase. The increase in liabilities was mainly attributed to rise in IMF related liabilities, deposits from banks, deposit of GOL and agencies, market instruments, as well as an increase currency in circulation. The CBL's un-audited total owners' equity as at December 31, 2023, was L$44.5 billion compared with L$19.57 billion in 2022.

5.12.3 Budget

The Board of Governors approved the sum of US$36,642,617.00 for 2023, against a projected income of US$22,915,968.00, resulting in a shortfall of US$ (13,551,649.00) in 2023. For the year 2023, the CBL recorded a year-to-date income of US$29,162,700.00 against a projection of US$22,915,968.00, exceeding the projection by US$6,246,731.00 (27.0 percent).

On the expenditure side, the CBL incurred a total expenditure of US$31,680,263.00 in 2023 against the approved allotment of US$36,642,617.00, thereby resulting into an overall saving in the amount of US$4,962,3541.00.

5.14 Internal Audit

In 2023, the Department successfully conducted four major audits using the "Risk-Based" Internal Audit approach alongside its co-sourced partner, Price Water House Coopers (PwC) based in Ghana to ensure compliance with the IMF Safeguard Mission's recommendations, which called for co-sourcing arrangement of the internal audit activities. The audits included Currency Management and Vaults Audit, Foreign Exchange (FX) Reserve Management Audit, Procurement Audit and Review of Controls over the Compilation of Weekly FX Movements.

In addition to these audits, the IAD undertook various management assignments to improve the overall efficiency and effectiveness of the Bank's operations. The assignments included the conduct of regular monthly, quarterly, and annual cash counts of CBL's vaults (Operational and Reserve), amongst others, to ensure the accuracy and security of the Bank's assets.

Furthermore, in October 2023, the Department handed over all compliance-related functions to the newly established RMCD. This transition allowed for a more focused and specialized approach to managing compliance risks within the Bank and mitigating the risk of self-review threat.

Additionally, the IAD completed and submitted a comprehensive three-year Strategic Plan (2024-2026) and a one-year Operational Plan (2024) to the Senior Management and the Board Audit Committee for approval. These plans outlined the Department's goals, objectives, and strategies for the upcoming years, ensuring alignment with the Bank's overall strategic direction. Overall, the IAD made notable progress in enhancing risk management practices, ensuring compliance, and contributing to the Bank's long-term success.

5.15 Legal Services Department

The Legal Services Department (LSD), which has the mandate to provide legal services to the Bank, in consonance with the Bank's external counsels, participated in numerous activities which include, but not limited to the following:

1. Legal representation in several litigations, the SAPO National Tribe versus the CBL, and Former Employees of the Erstwhile FIB Bank Liberia Ltd. versus the CBL, which the Bank successfully won. In addition to these litigations, the LSD provided representations on behalf of the Bank on labor related issues within various judicial settings, such as the Ministry of Labor Standards Division, National Labor Court, Civil Law Court, Commercial Court, and the Supreme Court of Liberia;

2. Finalization of the Draft Amendments & Restatement of the Payments System Act of 2024, with technical support from the UNDP;

3. liaised with the Leadership of the 55th National Legislature, with the approval of Executive Management, to request the recall of the current Draft Bill submitted to the 54th National Legislature in 2021, for modifications in certain key areas. The amended and restated version will be re-reviewed by key national stakeholders, to be resubmitted to the Executive and transmitted to the Legislature for subsequent enactment into law;

4. Collaboration with the external legal counsels, upon request from Executive Management, in preparing and providing legal opinion(s) regarding potential risk, if any, to the CBL's investment with the African Export-Import Bank (AFREXIMBANK);

5. preparation of various contracts and agreements emanating from all departments, sections, and units of the Bank. Such legal documents include, and not limited to, contracts involving short term employment, professional service contracts, secondment contracts, insurance contract, training agreement, maintenance and repairs contracts, consultancy contracts, MOU's, service contracts, IT contracts, security contracts, audit contracts, retainership agreements, armored vehicle rental contracts, lease agreements,

cash shipment-in-transit contracts, retirement and benefits of former employees of the Bank;

6. In-house legal opinions on various subject matters affecting the Bank and its operations from time to time; and

7. Participated in in-house investigations involving allegations of breach of the Decent Work Act of Liberia, the CBL's Policy and Employee Handbook and other administrative regulations.

5.16 Corporate Communications and Public Relations Activities

During the year, the Corporate Communications and Public Relations Unit (CCPRU) of the CBL collaborated with relevant departments and units to effectively communicate the Bank's policy to the public for public sensitization and awareness.

5.16.1 Currency Reform Communications

The Unit supported the Bank`s currency reform program and increased public knowledge, promoted awareness for the general acceptance of the new family of banknotes & coins, and worked towards reducing risk of counterfeit through improved financial literacy. The Unit strengthened its stakeholder engagement, broadened the scope to a country-wide 63-district currency reform awareness, and deepened community radio partnership, and social media engagement. These effects were aligned with the CBL's three-year Strategy Plan and a reflection of a renewed commitment to decentralize the operations of the CBL.

There were 60 community engagements held in 164 major towns and cities in the 15 counties during the review period. The engagements provided a platform for disseminating needed information on the new currency security features, counterfeit detection, and the significance of introducing the new denominations of banknotes and coins. More than 1.0 million people were sensitized on the importance of the exercise, especially regarding the currency exchange processes leading to the replacement of the legacy banknotes.

5.16.2 Community Radio Partnership

The CCPRU trained 28 community radio journalists, mainly broadcasters drawn across 14 counties. There were 19 stations set up to dedicate economic programs and broadcast local economic issues. These stations buttressed the CBL's efforts in awareness beyond the in-person engagements, airing more than 1,536 times in simple Liberian English and vernacular jingles. Similarly, the simple English jingles was aired 240 times through five Monrovia-based stations. These were re-enforced by more than 10 radio talk shows.

5.16.3 Monetary Policy Communications

The CBL Board of Governors met on three occasions in 2023 – February, July, and October – to assess the Bank's monetary policy and issue communiques that reflected the monetary policy decisions at the time following the review of global, regional, and domestic macroeconomic conditions. The communication activities that accompanied each of those monetary policy decisions included recording and playback of the reading of each communique by the Executive Governor, radio talk shows on the major radio stations, press releases, as well as publishing both the communiques and press releases on CBL website and social media.

5.16.4 Money Matters Radio Program

As part of its commitment to public communication, CBL maintained its standing radio program, "Money Matters" now running in its fourth year. The Money Matters featured members of the Technical Committee on Currency Reform on the first and the last Wednesdays of every month. The contents of the program included vital information on the process leading to the printing and infusion of the new currency. As part of the currency reform exercise, a total of 24 programs were aired in 2023, covering a range of subjects, including the issuance of CBL Bills, joint task force to enforce the Bank's foreign exchange regulation and MPC decisions.

5.16.5 CBL Bills

Also, during the period 2023, several activities were implemented to enhance awareness about the CBL Bills. The Unit developed a media strategy, including use of social media to promote the CBL Bills. As part of the social media strategy, three testimonial videos, one video explainer, and three fact sheets were produced and shared on CBL's official Facebook page. These contents reached over 20,000 Facebook users and attracted over 200 comments.

5.16.6 CBL Website

Also, rigorous improvements to the CBL's website were made during the year under review. Changes were made to the interface to allow for users to have easy access to information when surfing the site, while important information about various departments were populated to the website.

5.17 General Support Services Department

During the year in review, the GSSD continued to provide logistical and operational support services to all departments of the Bank. GSSD facilitated many support services, which included provision of daily shuttle services to employees, supply of stationery, maintenance of the facilities and equipment, amongst others.

In addition to the foregoing support services, the Department achieved the following:

- Completed two renovation works at the NHSB facility on Water Street, Monrovia, and the formerly Ecobank facility in Voinjama, Lofa County;
- acquired two new buses to enhance daily shuttle services; and
- commenced and carried out significant progress on the construction of the second cash hub.

5.18 Banking Institute of Liberia

5.18.1 Training Activity

In 2023, the Banking Institute of Liberia (BIL) provided training to both banking professionals and the public, covering short-term, specialized courses and others. The Institute's regular training started on March 17, 2023, and ended on May 12, 2023. Twelve short-term bank related courses were offered as a continuation of Level II Intermediate courses.

5.18.2 Short – Term Training Courses

The Institute completed 12 short-term bank related Level II courses with 41 participants drawn from the CBL and the LBA member institutions. This cycle climaxed BIL Level I & II trainings, thus totaling 424 staff across the banking sector.

5.18.3 Outstation Training Needs Assessment

Overall, the BIL has trained over 400 staff of the CBL and LBA member institutions from 2019-2023. In addition, the BIL's Training Assessment Report (TAR) shows that all the participants who benefited from its training were Monrovia based. Banks' branches operating in the rural part of the country are critical for rural savings mobilization. Given the need to provide professional training to banks' employees in rural areas and outside Monrovia, the BIL undertook phase one Training Needs Assessment (TNA) of rural banks located in Grand

Bassa, Bong, Margibi and Nimba counties from September 18-22, 2023. Findings of the assessment were inclusive of understaff of rural banks, inadequate training of rural staff, and low job rotation amongst rural staff, amongst others. Hence, cross cutting training needs identified included , Customer Service & Marketing, Compliance & Risk Management, Loan Administration & Recovery, Bank Branch Management, and Audit & Internal Controls, amongst others.

5.18.4 BIL Curriculum

Post training evaluation findings culminated in the elevation of BIL training from Basic Level I of 15 hours to Intermediate Basic Level II spanning 30 hours. The courses were designed to upskill the competences of learners/participants. Four-hundred twenty-four staff across the sector have been trained in Levels I & II. Accordingly, the Institute opted to cascade the courses into six concentrated subject areas with advanced competences.

5.18.5 Certificate of Achievement

The curriculum review and course restructuring grouped BIL Levels I & II training contents into six concentrated specialized subject areas as follows: Internal Audit & Controls, Marketing Management, Bank Management & Leadership, Bank Regulation and Risk Management, Financial Planning and Reporting, Lending & Credit Administration. The courses are examinable and runs for a duration of 72 hours – three months of in-class training time, exclusively intended for nominees of CBL and LBA.

5.18.6 CIBN Professional Banking Diploma

In its bid to professionalize and institutionalize banking education in Liberia, the Institute aligned its curriculum with the Chartered Institute of Bankers of Nigeria (CIBN) and the Bankers College of Ghana to begin Chartered Banking Training in Liberia. As such, the Professional Banking Diploma Course will now start in 2024 and run for four months, covering 144 in–class training hours. Candidates from CBL and LBA will sit for the CIBN International Certification Examination. A core objective of this program is to bring Liberian bankers on par with sub-regional, continental, and international counterparts.

5.18.7 BIL Accreditation

As the BIL strives to professionalize its training, the need to acquire national certification has become ever more imperative. In this respect, BIL has applied to the National Commission on Higher Education for accreditation to award graduate certificates and diplomas.

5.18.8 Public Engagement Training Program

The Public Engagement Training Program is a two-tier fee-paying professional development and business development-training package. The program was designed to address the career development needs of aspirants seeking entry into the banking and financial sector as well as to upskill their professional competences. The components are Professional Development Program targeting college graduates, while the Business Development Program targets high school graduates and operators of SMEs. The program has two phases: certificate and diploma both run for four months.

The Program officially began in April 2023 and the first two training cycles are expected to culminate into a formal graduation ceremony on February 16, 2024, where 85 candidates are expected to award certificate of achievement in various bank related subject areas ranging from Banking & Finance, Procurement & Supply Chain, Microfinance and Small Business Development among others.

5.18.9 Training Collaboration

During the period under review, the BIL collaborated with two partners for the conduct of capacity enhancement trainings.

- **ITRS Training Workshop**

The BIL provided its facility for the conduct of ITRS Training Workshop under the aegis of the RPPD of the CBL in collaboration with the IMF.

- **Commercial Code Training Manual Validation Worksho**p

The BIL participated in the validation of the Commercial Code Manual designed under the auspices of USAID and the Judiciary.

- **Commercial Code Orientation Workshop**

In collaboration with USAID – LEPDA conducted Commercial Code Orientation Training for credit and loan officers across the banking and financial sector.

- **USAID Donations**

The BIL received commercial code manuals, compact training microphone, and external slide converter following the commercial code orientation workshop.

Chapter 6.0: External Relations

6.1 Multilateral Relations

Over the past three years, numerous macroeconomic challenges, such as constrained global supply chains and commodity price shocks, notably for fuel and food, have impacted the world. Tight global financing conditions have led to a decline in the performance score of ECOWAS Member States in both primary and secondary convergence criteria. In response, proactive macroeconomic policy measures have been implemented, including recalibrating policies to address current challenges, and enhancing resilience in Member States' economies to withstand future shocks. Despite these challenges complicating the policy environment, several countries have adopted both conventional and innovative monetary and fiscal policies to restore macroeconomic stability. Collaboration among central banks and stakeholders is imperative in the current economic landscape.

As both the Supervisor of First Resort and the Lender of Last Resort, the CBL is committed to supporting the effective implementation of sound, and pragmatic monetary policy in the country's interest. The CBL continued to collaborate with bilateral and multilateral institutions, as well as other development partners such as the IMF and the WBG, to ensure price and financial stability. Additionally, the CBL continued its engagement with the AfDB, collaborating with WAMI on ongoing projects, including IT infrastructure upgrades, liquidity forecasting, debt management, market development, market integration, pension reform, and digital interoperability.

6.2 Association of African Central Banks

The CBL inclusive of over 40 central banks participated in the 45th Ordinary Annual Meetings, hosted by the Association of African Central Banks (AACB) and the Bank of Zambia (BOZ), held in Livingstone, Zambia, from July 31st to August 4th, 2023. Amongst other regional institutions at the meeting were WAMI, WAIFEM, WAMA, COMESA, as well as other Regional Economic Communities like the African Union Commission (AUC) and Economic Commission of Africa (ECA).

The week-long Annual Meeting convened governors, proxies, technicians, and representatives from almost all African Member States' central banks, along with stakeholders from the AfDB, international development partners, the AACB Secretariat, and the media. Commencing with the Meeting of the Technical Committee followed by the Meeting of the Bureau of Governors, chaired by Hon. Buah Saidy of the Central Bank of The Gambia and Dr. Denny Kalyalya of the Bank of Zambia, the symposium on August 3rd focused on "Recurrence of Shocks and Macroeconomic Implications for Africa Economies: Challenges and Prospects for Central Banks.

The 45th meeting of the Assembly of Governors was held on August 4th, 2023. Key decisions included the acceptance of the AACB's 2024 work program and budget, reappointment of Grant Thornton as External Auditor, selection of themes for symposiums and seminars, adoption of contributions to the 2024 AACB budget, utilization of AACB's equity, reminders to central banks to honor their 2023 commitments, establishment of the African Monetary Institute (AMI), cooperation with partners like the Federal Reserve Bank of New York (FRBNY), collaboration with external partners, and the elections of AACB Chairperson, Dr. Denny Kalyalya, and Vice-Chairperson, Hon. Mohammed Al-Shukri of the Central Bank of Libya, for the period of August 2023 to August 2024.

6.3 Pan-African Payment & Settlement System

The Pan-African Payment & Settlement System (PAPSS) and Ecobank Group, a leading Pan-African banking group, signed an MoU to facilitate cross-border transactions, including those of all subsidiaries, through PAPSS. The MoU was signed during the opening ceremony of the 30th AFREXIMBANK Annual Meeting held in Accra, Ghana, on June 19, 2023. The event was attended by African Heads of States, including Ghana's President, Nana Akufo Addo, former African Heads of States, AFREXIMBANK President, Professor Benedict Oramah, and AfCFTA Secretary General, H.E. Wamkele Mene, among others.

PAPSS, established by AFREXIMBANK and AfCFTA Secretariat, offers a secure and efficient channel for cross-border payments to facilitate intra-African trade. During the ceremony, PAPSS introduced the commercial bank Settlement Model, allowing commercial banks to open and fund their settlement accounts at AFREXIMBANK, managing their liquidity as per their needs. The MoU will be implemented gradually in partnership with central banks in Ecobank Group's operating countries.

6.4 African Development Bank (AfDB)

The 58th Annual Meetings of the Board of Governors of the AfDB and the 49th Meetings of the Board of Governors of the African Development Fund took place in Sharm El Sheikh, Egypt, from May 22 to 26, 2023. During these events, the AfDB hosted a high-level event on the

African Pharmaceutical Technology Foundation (APTF) at the Fayrouz Room in the Sharm El Sheikh International Convention Center. The APTF, established by the AfDB, aims to address technology gaps in Africa's pharmaceutical sector by promoting technology access, transfer, and upgrading. The Foundation's work focuses on bringing together global and southern private sector companies and public sector research institutions with their counterparts in Africa. Discussions during the event emphasized the Foundation's significance within Africa's emerging institutional architecture for pharmaceutical production and innovation. Dr. Akinwumi A. Adesina, President of the AfDB, chaired the event, which included a presentation on the APTF by Prof. Padmashree Gehl Sampath, Senior Advisor on Pharmaceuticals and Health at the AfDB.

6.5 West African Monetary Institute (WAMI)

The WAMZ, under the umbrella of the WAMI, hosted its 2023 Mid-year Joint Regional Statutory Meetings in Accra, Ghana. The meetings aimed to assess Member States' performance on prescribed macroeconomic convergence criteria, evaluate trade and financial integration, and appraise payments system development. The WAMZ Regional Statutory Meetings also reviewed the progress of activities under the WAMZ's programs and shared experiences. Notably, none of the six member countries of the WAMZ met the full primary and secondary convergence criteria, highlighting the challenges facing the region.

6.6 West African Monetary Agency (WAMA)

The West African Monetary Agency held its 2023 Mid-year Statutory Meeting in Accra, Ghana, focusing on critical topics such as the proposed Central Bank of West Africa's size and capital, pooling of External Reserves, and the establishment of an ECOWAS Solidarity and Stabilization fund. The meeting highlighted the region's challenges in meeting macroeconomic convergence criteria, attributing them to economic difficulties and recurring external and internal shocks. Participants emphasized the need for continued progress on the implementation of the roadmap, with attention to payment and settlement systems and statistical harmonization. WAMA's Statutory Meetings were attended by central banks in the ECOWAS region, ministries of finance from other Member States, and regional economic institutions.

6.7 ECOWAS Commission

The ECOWAS Commission organized a virtual meeting to review the ECOWAS Macroeconomic Convergence Report 2022 and the status of ECO implementation. Member States' performance on convergence criteria remained challenging, with overall deterioration compared to previous years. Efforts focused on areas such as payment and settlement systems and statistical harmonization. Multilateral Surveillance missions conducted in the region highlighted the persistent challenges in meeting convergence criteria, particularly regarding inflation and budget deficits. The ECOWAS Commission also held important meetings on the roadmap with representatives of Member States' central banks and regional economic institutions.

6.8 West African Institute for Financial & Economic Management (WAIFEM)

With the decline of the COVID-19 threat, WAIFEM resumed its in-person capacity building training activities for its five Member States. The Institute recommenced in-person training at its Headquarters in Nigeria and other Member States, utilizing E-Blended training tools and virtual techniques. WAIFEM's training programs aimed to promote economic resilience, financial inclusion, and social progress in the region. A total of 20 training and capacity building programs were successfully executed between January and June 2023, benefiting executive, senior, and middle-level officials from central banks, economic ministries, and public and private sector agencies.

6.9 ECOWAS Payment and Settlement System (EPSS)

The ECOWAS Commission, in collaboration with WAMA, implemented a Regional Instant Payment System (IPS) to facilitate intra-regional cross-border instant payments. Feasibility studies for the ECO-Regional IPS system were completed in 2022, aiming to establish a modern digital payment infrastructure and promote economic cooperation. The Regional IPS is envisioned to support cross-currency instant payment services, targeting underserved groups, and facilitating various digital financial services programs in member countries.

6.10 Other Capacity Building Developments

During the year under review, the CBL participated and benefitted from capacity building trainings conducted by regional and global development partners, including AFRITAC West 2, COMESA, Africa Training Institute (ATI), Commonwealth Secretariat, Financial Stability

Institute (FSI), Bank for International Settlement (BIS), and WAIFEM. The Bank will remain engage with these institutions to enhance reforms and strengthen capacity.