CENTRAL BANK OF LIBERIA
ANNUAL REPORT
2021

Central Bank of Liberia
Annual Report
January 1 to December 31, 2021

This Annual Report is in line with part XIII Section 63(1) of the Amendment and Restatement of the Act Establishing the Central Bank of Liberia (CBL) of October 2020. The contents include: (a) report on the Bank's operations and affairs during the year, and (b) report on the state of the economy, which includes information on the financial sector, monetary aggregates, financial markets developments, and balance of payments performance.

CENTRAL BANK OF LIBERIA

Office of the Executive Governor

His Excellency
Dr. George M. Weah
PRESIDENT
Republic of Liberia
Executive Mansion, Capitol Hill
Monrovia, Liberia

March 30, 2022

Dear President Weah:

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 Bank to respectfully submit, herewith, the Annual Report of the CBL to the Government of Liberia for the period January 1 to December 31, 2021.

Respectfully yours,

J. Aloysius Tarlue, Jr.
EXECUTIVE GOVERNOR

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ACRONYMS

AACB	-	Association of African Central Banks
ACH	-	Automatic Clearing House
AFI	-	Alliance for Financial Inclusion
AfDB	-	African Development Bank
AMCP	-	African Monetary Cooperation Program
ATMs	-	Automatic Teller Machines
AUC	-	African Union Commission
BAC	-	Board Audit Committee
BBL	-	Barrel
BIL	-	Banking Institute of Liberia
BoP	-	Balance of Payment
CAR	-	Capital Adequacy Ratio
CBL	-	Central Bank of Liberia
CBN	-	Central Bank of Nigeria
CBWA	-	Central Bank of West Africa
CCU	-	Corporate Communications Unit
CIBN	-	Chartered Institute of Bankers of Nigeria
COVID-19	-	Corona Virus
CPI	-	Consumer Price Index
CPO	-	Crude Palm Oil
CRS	-	Credit Reference System
EBI	-	Egyptian Banking Institute
EBLL	-	Ecobank Liberia Limited
ECF	-	Extended Credit Facility
ECOWAS	-	Economic Community of West African States
EFT	-	Electronic Funds Transfer
EOP	-	End-of-Period
EPSS	-	ECOWAS Payments & Settlement System
ERAT	-	Economic Recovery and Accelerated Transformation
ERMD	-	Enterprise Risk Management Department
ESCP	-	ECOWAS Single Currency Program
EU	-	European Union
FiSSDaH	-	Financial Sector Super Data Highway
FMD	-	Financial Markets Department
FS	-	Financing Statements
FSI	-	Financial Soundness Indicators
GDP	-	Gross Domestic Product
GoL	-	Government of Liberia
GSSD	-	General Support Services Department
GTBLL	-	Guaranty Trust Bank Liberia Limited
HRMD	-	Human Resource Management Department
IAD	-	Internal Audit Department

IFAD	-	*International Fund for Agricultural Development*
IFC	-	*International Finance Corporation*
IFRS	-	*International Financial Reporting Standards*
IMF	-	*International Monetary Fund*
IPF	-	*Investment Project Facility*
KG	-	*Kilo Gram*
KRI	-	*Key Risk Indicators*
LBDI	-	*Liberia Bank for Development and Investment*
LD	-	*Liberian Dollar*
LEDFC	-	*Liberian Enterprise Development Finance Company*
LIC	-	*Low Income Countries*
LISGIS	-	*Liberia Institute of Statistics and Geo-information Services*
LMDI	-	*Liberia Media for Development Initiatives*
LRA	-	*Liberia Revenue Authority*
LTA	-	*Liberia Telecommunication Authority*
LWG	-	*Liquidity Working Group*
M2	-	*Money Supply*
MCM	-	*Monetary and Capital Markets*
MDIs	-	*Deposit-taking Microfinance Institutions*
MFDP	-	*Ministry of Finance and Development Planning*
MISTD	-	*Management Information Systems & Technology Department*
MNO	-	*Mobile Network Operators*
MoU	-	*Memorandum of Understanding*
MPAC	-	*Monetary Policy Advisory Committee*
MPC	-	*Monetary Policy Committee*
MPR	-	*Monetary Policy Rate*
MT	-	*Metric Ton*
NASSCORP	-	*National Social Security and Welfare Corporation*
NBCOs	-	*Non-Bank Credit Only Institutions*
NDA	-	*Net Domestic Assets*
NFA	-	*Net Foreign Asset*
NFES	-	*National Financial Education Strategy*
NFIS	-	*National Financial Inclusion Strategy*
NMFIs	-	*Non-deposit taking Microfinance Institutions*
NPL	-	*Non-Performing Loans*
ODA	-	*Oracle Database Appliance*
PAPD	-	*Pro-Poor Agenda for Prosperity and Development*
PAPSS	-	*Pan African Payment and Settlements System*
PFMRP	-	*Public Financial Management Reform Project*
POS	-	*Point of Sale*
PTIA	-	*Post Training Impact Assessment*
PWC	-	*PriceWaterHouseCoopers*
RBIA	-	*Risk-Based Internal Audit*
RCFI	-	*Rural Community Finance Institutions*

RGDP	-	*Real Gross Domestic Product*
ROA	-	*Return on Asset*
ROE	-	*Return on Equity*
RPPD	-	*Research, Policy and Planning Department*
RSD	-	*Regulations and Supervision Department*
RTGS	-	*Real Time Settlement Systems*
SCF	-	*Standing Credit Facility*
SDR	-	*Special Drawing Rights*
SDOC	-	*Significantly Domestic Owned Companies*
SIBLL	-	*Sapelle International Bank Liberia Limited*
SMA	-	*Securities Market Act*
SME's	-	*Small and Medium Enterprises*
SSSS	-	*Scripless Security Settlement System*
TA	-	*Technical Assistance*
TASU	-	*Technical Assistance Supervision Unit*
TCCR	-	*Technical Committee for Currency Reform*
TMU	-	*Terms of Memorandum of Understanding*
TOZ	-	*Troy Ounce*
UBALL	-	*United Bank of Africa Liberia Limited*
UBI	-	*Unique Bank Identity*
UK	-	*United Kingdom*
USAID	-	*United States Agency for International Development*
US	-	*United States*
USD	-	*United States Dollar*
VSLA	-	*Village Savings and Loan Association*
WACMI	-	*West African Capital Markets Integration*
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*
WEO	-	*World Economic Outlook*

FOREWORD

Once again, on behalf of the Board of Governors and Management, I am pleased to submit the 2021 Annual Report on the activities of the economy and the Central Bank of Liberia (CBL) pursuant to Section 63 of the Amendment and Restatement of the Act Establishing the Central Bank of Liberia of 2020. As a key player in the management of the Liberian economy, we are humbled by the confidence reposed in us by the Liberian people.

The Liberian economy is on course as evidenced by strengthening macroeconomic indicators. Despite the challenging economic conditions experienced in 2020, the year 2021 offered growth uptick for the Liberian economy—with real GDP growth clinching an upward spiral of 4.2 percent; up from a contraction of 3.0 percent in 2020. By December 2021, the Liberian economy had shown good signals of rebound—with headline inflation declining to a single digit of 5.5 percent, down from 13.1 percent in December 2020.

Additionally, by October of 2021, the World Bank's Commodity Outlook was already confirming the positive prospects for commodity prices, although price fluctuation of commodities had impacted the Liberian economy in preceding months. For example, the price indices of energy and non-energy commodities on a month-on-month basis were forecast with a net rise of 13.9 percent on account of petroleum products and agriculture commodity price surges.

It is important to mention that the compounding challenge of price stability in 2021 was largely caused by exchange rate instability. Average exchange rate reflected a remarkable appreciation of Liberian dollar against the United States dollar, although falling within the ECOWAS threshold of 10 percent. Year-on-year appraisal showed that except for the Liberian dollar and the Guinea Franc that appreciated by 16.2 percent and 0.4 percent, respectively, all other currencies of the WAMZ countries depreciated against the United States dollar.

It is appropriate to highlight that these improving macroeconomic developments for the year under review were partly underpinned by global economic developments coupled with improvements in the macroeconomic environments in 2021 as a result of sound fiscal policy implementation on the part of the Liberian Government headed by H.E. Dr. George Manneh Weah. To sustain the gains, the CBL will prioritize the following forward-looking policies:

- *Tight Monetary Policy Stance*: maintaining policy rate to manage Liberian dollar liquidity for price stability through broad exchange rate management. Also, CBL would continue the issuance of its main monetary policy instruments at an effective policy rate annually based on economic prudence to safeguard the economy;
- *Robust Regulation of Banking Industry:* the banking industry would remain rigorously monitored to ensure strict compliance with the regulatory requirements;
- *Issuance of new family of Liberian dollar banknotes:* to ease liquidity impasse, the issuance of the new family of banknotes will be consistent with effective liquidity forecast consistent with Liberian dollar broad money supply (M2) growth—encompassing demand in deposits and net domestic assets (NDA) of banks.

Furthermore, these macroeconomic improvements would be sustained by continued commitment to monetary policy reform. The improvements are anchored on the successful and effective implementation of CBL's new Strategic Plan (2021-2024). Kindled on the ultimate goal of institutional rebranding that sets a new direction for the restoration of public confidence in the Bank and the financial sector, the CBL's new strategic plan (2021-2024) is based on three cardinal pillars: (1) Price and Financial System Stability; (2) Payment System Integration and Digitization of the Liberian Economy; (3) Rebranding and Improving the image of the CBL.
Internally, the Bank remained focused on its ongoing effort in promoting high standards of probity and accountability through strong corporate governance, risk management and internal control practices.

As Executive Governor of the CBL, I extend hearty appreciation to staff of the Bank for keeping focus and putting CBL's core values at the heart of what you do, while at the same time collectively driving our overarching institutional mission and vision—absolutely, it is because of the work you all do, that we are called the "Central Bank of Liberia".

At the same time, it is essential to mention the significant role played by members of the Board of Governors for their invaluable contributions, decisions and perspectives on the strategic institutional goals and objectives of the CBL. Special expression of immeasurable gratitude goes to the Ministry of Finance and Development Planning (MFDP) for the collaboration and coordination between the fiscal and monetary policies which have contributed to the achievement of macroeconomic stability. To our bilateral partners and all stakeholders, we at the CBL remain elaborately thankful for your support, guidance and cooperation—because of information you all shared with us, we are able to successfully keep on the right brink of delivering our institutional mandate as an oversight bank.

The year 2022 confidently shows great prospects for the Liberian economy. I am optimistic that the years ahead are bright for our country as shown by our growth projections. Therefore, we will continue to foster hard work, reassure our commitment, and exhibit diligence at the epicenter of the work we do—with an intrinsic determination of achieving the CBL's Mission within the highest echelon of professionalism. More than ever, we are determined to never relent in driving the public good with our best strives to foster stability, enhance the integrity and efficiency of Liberia's monetary, financial and payments system for the foremost purpose of safeguarding overall macroeconomic stability. At the CBL, this is our promise to keep!

Finally, I would like to extend my heartfelt thanks and gratitude to all our partners, including IMF, World Bank, USAID, AfDB, for their invaluable support and unrelentless advice to the Bank.

Signed: ______________________________

Hon. J. Aloysius Tarlue, Jr.

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 objective of the CBL are inter-alia:

I. *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, operation 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

Global growth rebounded to an estimated 5.9 percent in 2021 compared to the 3.5 percent contraction recorded in 2020. This development was primarily driven by recovery in global economic activity and policy support including stimulus spending, rapid vaccination progress, and improved consumer demand and business confidence both in advanced and emerging markets and developing economies. In advanced economies, growth was estimated at 5.0 percent in 2021, against a contraction of 4.5 percent in 2020, while in emerging markets and developing economies, it recovered at 6.5 percent after contracting by 2.0 percent in the preceding year. Global headline inflation accelerated at 3.1 percent in 2021, from 0.7 percent in 2020 on account of rise in commodity prices coupled with pandemic related supply-demand mismatches, especially in advanced economies. Despite some recent tightening of policy rates in 2021, global financial conditions remained broadly accommodative, and moderately stable, driven by rising interest rates and the spread of the Omicron variant.

Global growth is projected to moderate to 4.4 percent in 2022, occasioned by investment uncertainty, challenging business climate due to mobility restrictions, border closures, and health impacts from the spread of the Omicron variant. Consumer prices are projected to increase further in 2022, reflecting strong global demand and projected rise in energy prices.

On the domestic front, the Liberian economy strongly rebounded in 2021 after a subdued performance in 2020. Real gross domestic product (RGDP) growth was estimated at 4.2 percent for the year against the negative 3.0 percent growth recorded in 2020, mainly reflecting recoveries in mining & panning, manufacturing, services coupled with investment in social protection programs and infrastructural projects. Inflationary pressures slowed in 2021 as average headline inflation moderated to 7.9 percent, while end-of-year inflation stood at 5.5 percent, largely explained by the monetary policy stance of the CBL coupled with the pass-through effect from the appreciation of the Liberian dollar during the period.

The outlook is more positive for 2022 as the economy is projected to grow at 4.5 percent, driven by increased developments in mining & panning, forestry, manufacturing and services related activities. Inflation is anticipated to rise in 2022 against the level recorded in 2021.

During the year, the CBL maintained its Monetary Policy Rate (MPR) at 25.0 percent until August 2021 when the decision was taken to lower it by 500 basis points to 20.0 percent, with an upper band of plus 500 basis points for standing credit facility. The policy rate was reduced to accommodate some level of ease in the tight policy stance, further strengthen liquidity condition, sustain the moderation in inflation, and support the achievement of the 4.2 percent economic growth forecast.

The stock of broad money supply (M2) growth slightly slowed by 1.5 percent to L$125,410.72 million at end-December 2021, driven by a 12.6 percent decline in net domestic assets (NDA), which outweighed the significant increase in net foreign assets (NFA). The stock of Liberian dollars in circulation grew by 0.7 percent to L$24,080.06 million at end-December 2021, mainly triggered by a 41.3 percent increase in currency in banks. Conversely, commercial banks' credits to various subsectors of the economy declined by 8.5 percent to L$66,141.66 million at end-December 2021. Interest rates were stable in 2021 with mortgages, personal loans, lending, time deposits, certificate of deposits, and saving deposits rates remaining unchanged.

During the year, the issuance of CBL Bills rose by 11.5 percent to L$47.32 billion, of which 98.4 percent was purchased by commercial banks, and 1.6 percent by retail investors. Similarly, retail investors' subscription of the CBL Bills increased to 670 bids compared to the 146 bids recorded in the preceding year.

Fiscal operations in 2021 reflected enhanced policy coordination and execution of prudent fiscal measures, including the mobilization of domestic revenue. Consequently, provisional estimates showed that government's fiscal operations recorded a surplus of 1.8 percent of GDP in the overall fiscal balance, while the primary balance amounted to 5.1 percent of GDP in 2021. These developments were occasioned by 7.0 percent and 15.3 percent growths in total revenue and government's expenditure in 2021, respectively. Similarly, at end-December-2021, Liberia's total public debt stock rose by 8.4 percent to 49.7 percent of GDP, on account of increases in both domestic and external borrowings.

External sector performance was mixed in 2021. The net balance from the current and capital accounts widened to a deficit of 11.2 percent of GDP, driven by increase in the current account deficit and decline in capital inflows. Conversely, the net financial account liability rose to 12.3

percent of GDP, on account of increased direct and other investment inflows, and the incurrence of Special Drawing Rights (SDR) liabilities. Consequently, the overall Balance of Payments (BoP) deficit grew to 11.5 percent of GDP, from 2.7 percent of GDP in 2020.

Liberia's estimated gross international reserves at end-December 2021 rose significantly to 19.0 percent of GDP (4.5 months of import cover), reflecting the SDRs allocation made to Liberia during the review period. The Liberian dollar strengthened against the United States (US) dollar in 2021 as both the annual average and end-of-period exchange rates appreciated by 13.0 percent and 11.6 percent, respectively, largely reflecting the monetary policy stance of the CBL coupled with increased net inflows of remittances.

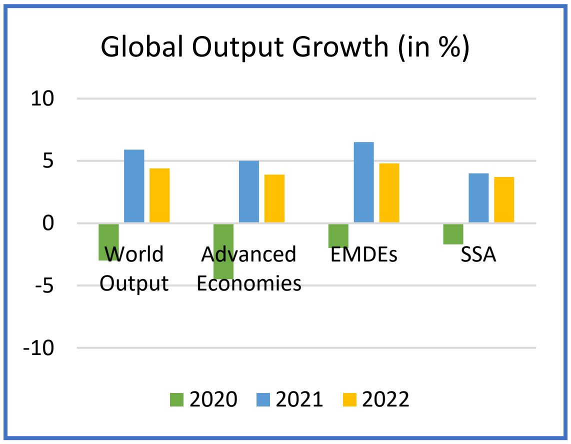
The financial system in 2021 remained relatively stable with bank and non-bank financial institutions showing strong resilience, amid the negative effect of the COVID-19 pandemic. The capital adequacy ratio (CAR) of the sector during the review period was 31.8 percent (or 21.8 percentage points above minimum requirement). Similarly, the sector maintained a liquidity position of 42.62 percent, representing 27.62 percentage points above the minimum regulatory benchmark of 15.0 percent. However, the sector remained challenged by increasing non-performing loans (NPLs), with NPLs ratio to total loans increasing from 21.17 percent in 2020 to 22.41 in 2021.

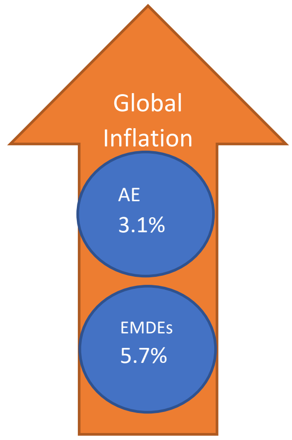
During the review period, CBL delisted nine (9) non-bank financial institutions (NMFIs) that were noncompliant with guidelines and prudential regulations, while four (4) new NMFLs were issued licenses. The total number of clients in the Non-Deposit Taking Microfinance Sector increased by 31.0 to 58,100 at end-December 2021. Of the 14 licensed insurance companies, 9 of them had significant domestic ownership while 5 had substantial foreign ownership. The ownership of assets and capital of domestic companies in the industry at end-November 2021 accounted for 50.98 percent and 62.65 percent, respectively.

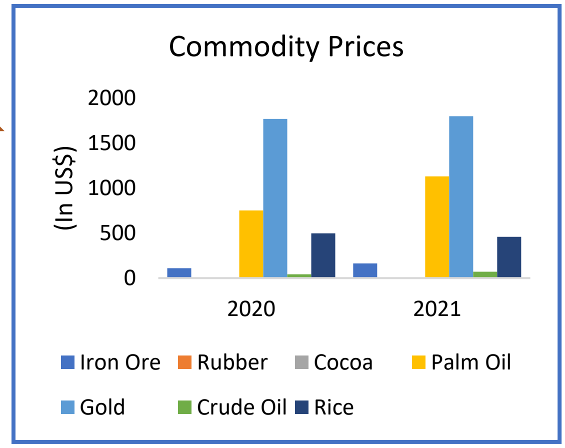
In 2021, the West African Monetary Institute (WAMI) and the Africa Export and Import Bank (AFREXIM Bank) fast-tracked efforts to integrate payment systems in the West African Monetary Zone (WAMZ) and to implement the Pan African Payment and Settlements System (PAPSS). The CBL successfully integrated its Payments System with member central banks in the WAMZ and conducted successful test transactions in Liberian dollars. Developments in digital financial services or retail payments space showed mobile money as the dominant means of payments in 2021. The value of mobile money in Liberian dollars grew to L$251.4 billion in 2021 from L$140.9 billion, while the United States dollars increased to US$1.4 billion from US$276.7 million in 2020 due to the implementation of several reforms by the CBL. During the review period, the use of POS surged to US$28.9 million, from US$19.8 million in 2020.

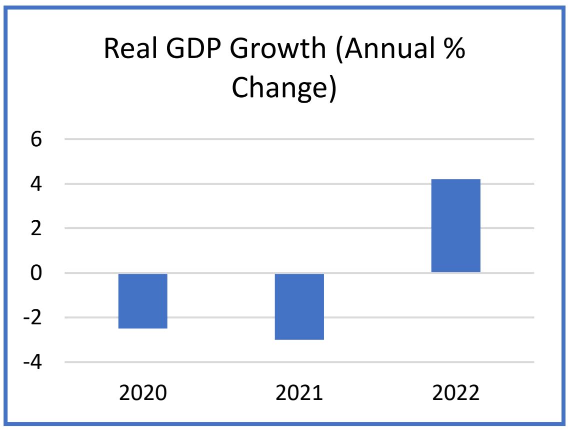
The CBL remained broadly engaged with its regional and global partners, including regional and multilateral institutions such as the West African Monetary Agency (WAMA); WAMI; West African Institute for Financial and Economic Management (WAIFEM); the International Monetary Fund (IMF); AFRI TAC West 2; the World Bank (WB); Africa Export and Import Bank (AFREXIM Bank); Pan African Payment and Settlement System (PAPSS); and the Alliance for Financial Inclusion (AFI).

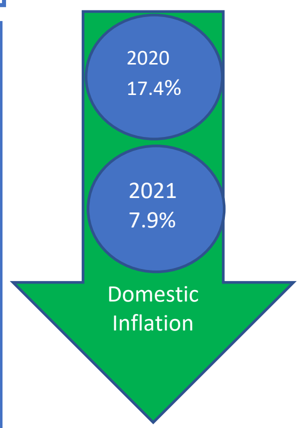
HIGHLIGHTS
The Year 2021 In Data

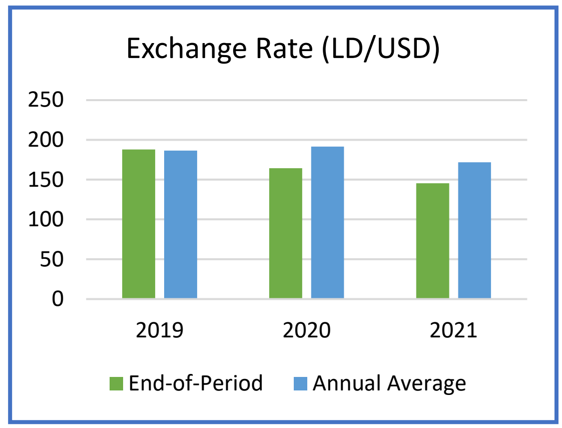


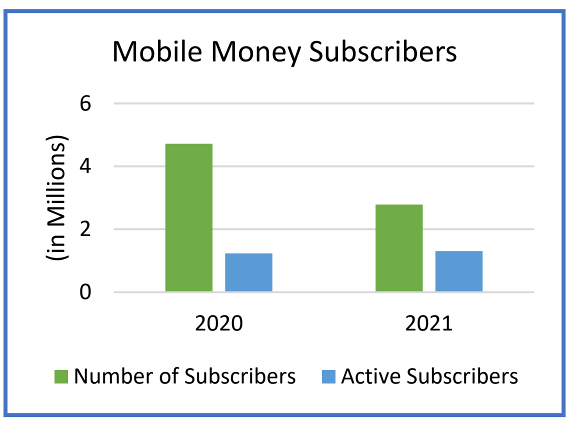


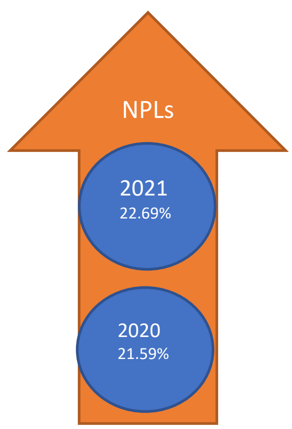


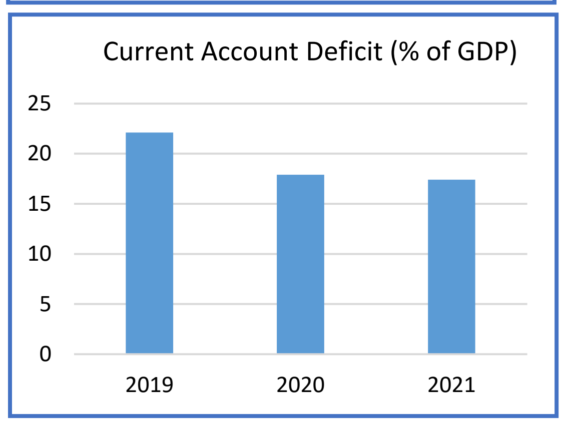


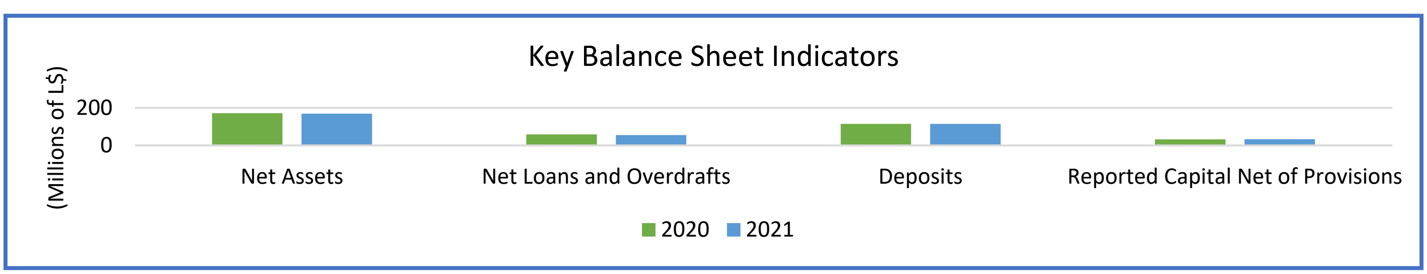












The Board of Governors
As at end-December 2021

Hon. J. Aloysius Tarlue, Jr.
Executive Governor/Chairman
Board of Governors

Governor D. Sheba Brown
Member
Board of Governors

Governor A. Richard Dorley
Member
Board of Governors

Governor James B. Dennis
Member
Board of Governors

Governor Timothy E. Thomas
Member
Board of Governors

The Management
As at end-December 2021

Hon. J. Aloysius Tarlue, Jr.
Executive Governor

Madam Nyemadi D. Pearson
Deputy Governor/Operations

Musa Dukuly (PhD)
Deputy Governor/Economic Policy

Senior Directors/Advisors and Chief of Staff

James B. Wilfred
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


Euphemia Swen Monmia
Director
Financial Markets Department


Maway T. Cooper-Harding
Director
Human Resource Management Department


Mustapha E. Sherman
Director
Finance Department


Cllr. Francis L. Yancy
Director
General Support Services Department


William G. Jloepleh
Director
Banking Department


Miatta Oberly Kuteh
Director
Payment Systems Department


Christian N. Allison
Director
Enterprise Risk Management Department


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


Nathaniel Gbaba
Director
Insurance Department


Roosevelt Kofa Forh
Director
Internal Audit Department

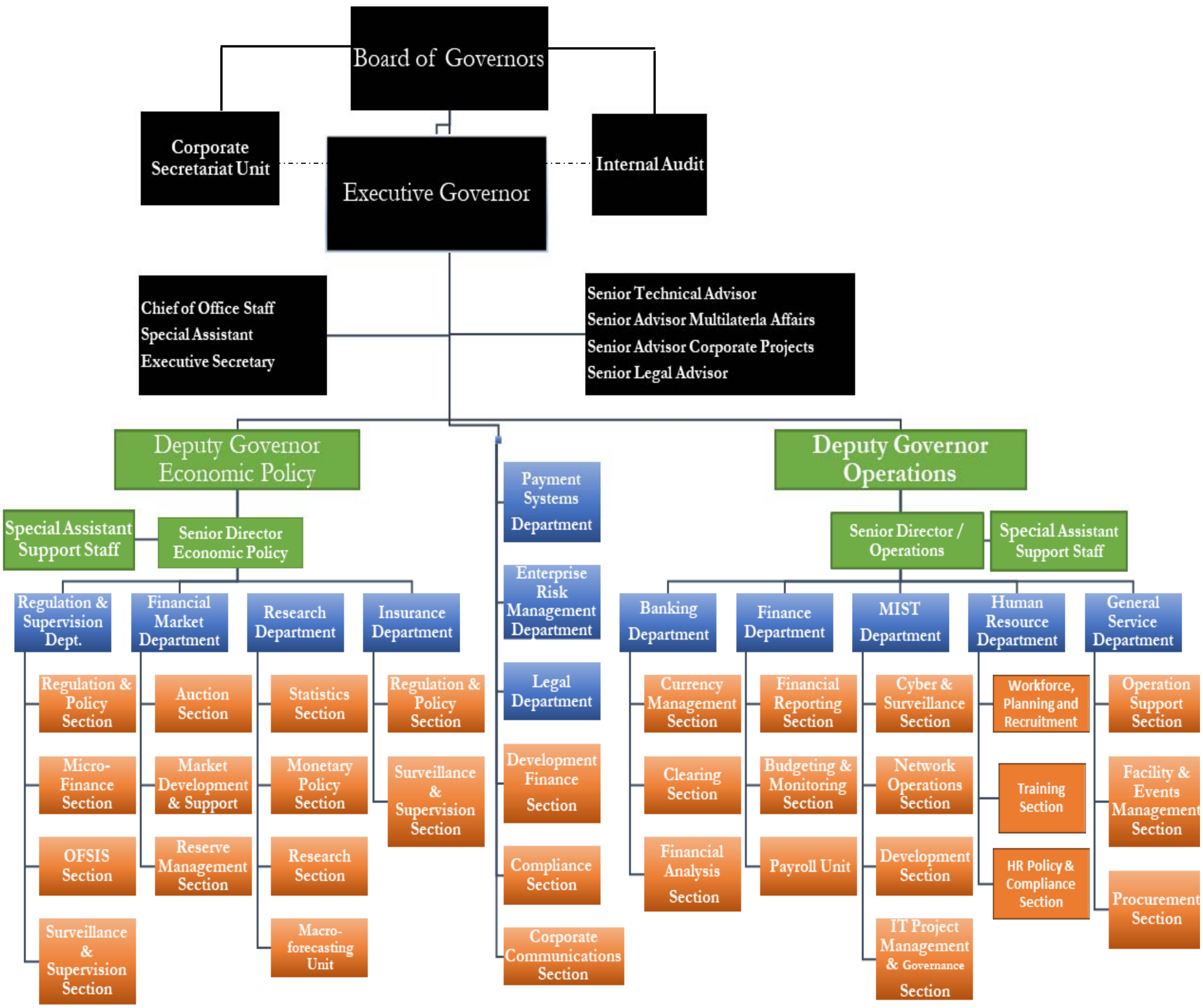

Cllr. Esther H. Barclay
Chief Legal Counsel
Legal Department


Jay G. Brown
Head
Development Finance Section


Shelton K. Dowaity
Deputy Director
Compliance Section

Chart 1: Revised Organizational Structure

(As at end-December 31, 2021)



Chapter 1.0: Governance and Organizational Structure

1.1 The Board of Governors

The governing body of the CBL, as stipulated in the Amended and Restated Act of 2020, Part IV Section 10, is the Board of Governors. The Board is composed of the Executive Governor, who also serves as the Chairman of the Board and four non-Executive Governors who are all appointed by the President of the Republic of Liberia and confirmed by the Liberian Senate. The Executive Governor and the two Deputy Governors are each appointed for a term of five years and are eligible for re-appointment. The Board has the oversight in the implementation of monetary policy as well as oversees the strategic planning to ensure realization of the principal objectives of the CBL, as set out in the Amended and Restated Act of 2020.

The Board approves the annual budget, monitors the financial and operational performance, assesses reports from the external auditors, and more importantly, provides policy guidance to the Management of the CBL. As the Chairman of the Board, the Executive Governor steers the day-to-day affairs of the CBL. As at end-December 2021, the Board of Governors comprised the following members:

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

1.2 Committees of the Board

The Board of Governors of the CBL comprises two committees: The Audit and Investment Committees. During the year, the Audit Committee was chaired by Governor D. Sheba Brown, while the Investment Committee was chaired by Governor (Prof.) A. Richard Dorley.

1.3 Policy Decisions by the Board

In keeping with its mandate of oversight and approval of policies and procedures in support of the objectives and Strategic Plan of the Central Bank of Liberia (CBL), as enshrined in Section 2.1 of its Charter, the Board of Governors approved the following policy instruments and took key decisions in 2021:

Policy Instruments

a) Central Bank of Liberia Strategic Plan – The Strategic Plan seeks to guide the activities of the Bank for three years, 2021 – 2023

b) **Amended National Payment Systems Act** – The scope of the amended Act was widened to include the general oversight of the National Payments Systems. The Act also covers clearing, payments, settlement systems, and payment instruments and services necessary for integrating the Liberian economy into the regional and international financial system.

c) **Licensing & Regulatory Requirements for Operating Discount Houses** – This Regulation was approved with the aim of promote the growth and efficiency of the money market in Liberia. The decision was intended to serve as a legal instrument that governs transactions between the CBL and the licensed financial institutions in open market operations transactions and other eligible money market securities.

d) **Regulations for Non-Bank Credit Only Institutions –** The Regulation for Non-Bank Credit Only Institution was approved to provide legal instrument to govern the licensing, operations, and management of the Non-Bank Credit Only Institutions in Liberia.

e) Amended Prudential Regulations for Asset Classification - The amended Provisions for Loan Losses and Suspension of Interest on Non-Performing Loans and Advances provisions were considered to set the minimum requirements in adherence with the classifications and provisioning of loans of licensed banks and micro-finance lending institutions.

Policy Decisions

a) **Complete Replacement of all Liberia Dollar Banknotes** – in response to the shortage of Liberia dollars in the economy and also with the aim of restoring public confidence, the Board approved the implementation of the currency reform presented by the Management of the CBL to completely replace the legacy and enhanced family of Liberian dollar currency in circulation. In short, the aim is to ease the liquidity pressure subject to the provisions as stated in Part V Section 23 (2) of the Amended and Restated Act of the CBL.

b) **Liquidation of Five Insurance Companies -** the Board of Governors previously approved a merger of the five insurance companies seized by the CBL into one entity to mitigate the acute capital shortfall. Hence, the Board of Governors resolved to a compulsory liquidation of the five sized companies (Global Trust Assurance Company, Continental General & Life Insurance Corporation, Capital Express Assurance Company, African Insurance Corporation of Liberia, and Family Dollar Universal Insurance Services) due to their inability to merge and recapitalize, despite the special dispensation.

c) **Currency Changeover Implementation Plan** – To meet the Liberian dollar liquidity needs of the economy, the Board of Governors approved the Currency Changeover Implementation Plan to guide the gradual and transparent replacement process of the old Liberian dollar banknotes, including withdrawal, defacing, and destruction as well as delivery and infusion of the new Liberian dollar banknotes and coins.

   Monetary Policy - The Board of Governors also approved a series of monetary policy decisions aimed at stabilizing the exchange rate and moderating inflation in the economy, including the decisions to maintain a positive rate of return on investment in financial instruments and deepen sensitization for more public interest and participation in financial instruments. The policy rate was initially reduced from 25 percent to 20 percent, which helped to moderate inflation to 5.5 percent at end December 2021 from 17.4 percent at end December 2020.

d) The Board also approved in August 2021 three months moratorium on the loan interest for marketeers affected by the relocation from the Red-Light and Gorbarchop Markets with possible extension after three months. However, the Micro-finance Institutions could proceed with the approved moratorium as deemed necessary.

1.4 Currency Reform Activities

1.4.1 Quality of the existing Liberian Banknotes

The quality of existing Liberian dollar banknotes has deteriorated over the years with at least an estimated 35.0 percent at end-December 2021 considered "mute," i.e., no longer fit for purpose. The declining condition of the existing Liberian dollar banknotes (which are referred to as Liberian Series 1 and 2), among other reasons necessitated the CBL to seek authorization from the National Legislature to replace the entire stock of currency in circulation.

Legislature Mandate

Pursuant to Article 34 (d) (i) of the Liberian Constitution, a Joint Resolution #001/2021 was adopted by Senate and House of Representative of the National Legislature and approved by the President of the Republic of Liberia in May 2021 (the "Resolution"), authorizing the CBL to print and mint a new family of currency. The Resolution sets out the following key parameters to guide the implementation of the currency reform process:

- "The total value of currency to be printed and minted shall not exceed L$48.734 billion. This amount takes into account the current stock of banknotes and coins in circulation and the estimated currency demand in line with the growth projections and inflation targets";

- "The currency to be printed and minted shall be a new family of banknotes and coins. The denomination structure shall comprise pieces of L$5, L$10, L$20, L$50, L$100, L$500, and L$1,000. The L$5 and L$10 are to be minted as coins, while the L$20, L$50, L$100, L$500, and L$1,000 are to be printed as banknotes";

- "The printing and minting shall take place in 2021, 2022, and 2024, but not in 2023"; and

- "The operation is to be carried out with maximum transparency and accountability, and through regulated financial institutions".

Designs of the New Liberian Dollar Currency

The first and foremost step in the currency reform was the determination of situatable designs of the new banknotes and coins. The design strategy was to preserve the public's familiarity with Liberia's currency in terms of color impression, so that there is no undue confusion through changing banknote design. It was also intended to strengthen national identity by upgrading imagery used on some denominations.

While the portraits and physical features of the existing banknotes for the different denominations remain largely retained, there are a few, key distinguishing features on the new banknotes and coins. More fundamentally, the front portrait of the new 500-dollar banknote has been replaced by the seven ladies who made the Liberian flag while the front portrait of the L$1,000, to be introduced for the first time, carries the 16 tribal masks, representing the 16 ethnic groups of Liberia.

Support from International Partners

The currency reform program is being implemented with technical support from our international partners, notably United States Agency for International Development (USAID) and International Monetary Fund (IMF). With funding from USAID, Kroll & Associates was hired to provide technical assistance to the CBL through the Technical Committee for Currency Reform (TCCR).

In order to guide the currency changeover process, the CBL with technical guidance from the International Monetary Fund (IMF) and Kroll developed a High-Level Currency Changeover Implementation Plan to ensure a timely, transparent and smooth changeover process. The Plan, which was approved by the Board of Governors, is a monitoring tool to track progress on the currency changeover process and to ensure that the operation is consistent with the macroeconomic framework for the Country. The Plan also seeks to achieve full accountability of the currency exchange process for both the infusion of the new currency and withdrawal of the old currency.

Stakeholders' Engagements and Public Education Campaign

Prior to the arrival of the first consignment of L$4.0 billion in December 2021, the CBL held consultative meetings with key stakeholders, including the media community, Liberia Marketing

Association, Liberia Business Association, traditional leaders and youths. The meeting was intended to provide information on the new currency and the Bank's implementation strategy.

1.5 Monetary Policy Framework and Operations

The theoretical trinity of macroeconomic policy trade-offs that emphasizes inability of monetary policy operations to simultaneously pursue fixed exchange rate, free capital mobility and monetary independence was critical for guiding the implementation of the CBL monetary policy in 2021.

Accordingly, the CBL continued to implement a largely tight monetary policy, using its policy instruments, mainly the CBL bills, through reserve money targeting with the aim of managing the Liberian dollar liquidity during the year.

To meet its policy objectives, the CBL leveraged on the channel of open market operations, which include bi-weekly, monthly, and quarterly sales of CBL bills. The CBL bills were offered at an annual interest rate above the rate of inflation to influence monetary conditions and manage inflation expectation of the public.

1.6 Mandates of the Monetary Policy Advisory Committee

The Monetary Policy Advisory Committee (MPAC) as the proxy for the Monetary Policy Committee (MPC), in keeping with Part IV, Section 17 of the Amendment and Restatement of the Act Establishing the CBL of 2020 to advise the Board of Governors in the formulation of monetary policy. Though the constitution of the full membership of the MPC is ongoing, the Board of Governors as the principal decision-making authority of the Bank continues to perform the role of the MPC.

1.7 Monetary Policy Advisory Committee Meetings

To inform its policy recommendations to the Board, the MPAC met once in each quarter (February, May, August, and November) of 2021 to review the macroeconomic developments in the global and domestic economies to proffer recommendations for policy decisions. Key monetary policy decisions taken by the Committee during the year under review are summarized below.

1.7.1 The First MPC Meeting

At the First MPAC presentation (held in February 2021), the Committee noted the moderate improvement in the global economy, favorable developments in commodity prices, subdued inflation in most advanced economies, while inflationary pressures persisted in the emerging market and developing economies as well as sub-Saharan Africa partly due to supply chains disruption. The Committee also highlighted the relatively stable policy rates in the United States (US), United Kingdom (UK), European Union (EU), and unchanged rates in the West African Monetary Zone (WAMZ). On the domestic front, the Committee assessed developments in real GDP growth, consumer prices, merchandise trade, worker remittances, exchange rate status, monetary aggregates and conditions, output gap, fiscal stance, and fiscal impulse, among others.

Following the assessment, the Board noted the inflation projection of 12.3 +/- 2 percentage points for the first quarter of 2021 and the high level of non-performing loans in the banking industry to inform its decision of maintaining the monetary policy rate at 25.0 percent over the next quarter. Other decisions included: implementation of strategies that involved increasing public sensitization and heightening coordination with the Government for wider use of digital/electronic payments to ease liquidity pressure on the financial sector; strengthening of policies to enhance loan recovery to address the structural liquidity problem, while encouraging commercial banks to restructure COVID-19 induced delinquent facilities in support of financial stability. The Board also agreed to intensify the subscription of CBL bills by initiating sensitization in the diaspora for effective operations of the financial markets and pave the way for issuance of long-term government debt instruments, and reconsidering policies in support of lending to the agricultural sector to enhance domestic food production and strengthen the balance of payments position in the medium term.

1.7.2 The Second MPC Meeting

The May 2021 Meeting and discussions centered on global and domestic macroeconomic conditions in quarter one. The Committee noted the projected improvement in global output, favorable commodity prices, rise in global inflation, especially in Advanced Economies but projected moderation in consumer prices in sub-Saharan Africa. The Committee also noted the relatively stable policy rates in the US, UK, and EU. In ECOWAS, except for Sierra Leone, which lowered its policy rate, the Committee observed that the rest of the WAMZ Countries maintained their policy rates. In the domestic economy, the Committee noted the projected rebound in real GDP growth at 3.6 percent in 2021, from a contraction of 3.0 percent in 2020. It also assessed the moderation in inflation, improvement in merchandise trade and increased net inflows of worker remittances, relative exchange rate stability, monetary aggregates and conditions, output gap, the GoL fiscal stance and impulse, among others.

Following the deliberation, the Committee considered the inflation projection of 11.0 percent +/- 2 percentage points for the second quarter of 2021 and expectation of rising GoL expenditure in Liberian dollar, with implication for inflationary pressure. The MPC was concerned about the rising level of non-performing loans, and the high level of currency outside banks. Giving these developments, the Committee maintained the policy rate of 25.0 percent over the next quarter in support of improving liquidity management and moderating liquidity risk to sustain the downward inflation trajectory. It also decided to maintain the reserve requirement ratio for the same period.

To promote the macroeconomic developments and enhance implementation of strategies, the following structural policies were considered: as a measure of encouraging competition and expanding the digital financial ecosystem, the CBL made commitment to enhance the promotion of bilateral interoperability of the mobile money between banks and Mobile Network Operators (MNO), Push and Pull services; that an auction calendar for 2021 be developed linking with the liquidity forecast to guide investors' decision for investment; that the CBL's engagement with the MFDP be strengthened to strategize mechanism for the resumption of the issuance of GoL money market instruments to complement the CBL's monetary policy; and engagement with commercial banks to be sustained to address the increasing risks of nonperforming loans aimed at strengthening asset quality and loan appraisals as well as aggressive loan recovery for regulatory compliance.

1.7.3 The Third MPC Meeting

At the August 2021 meeting, the Committee noted growth projection for the global economy was unchanged and there were offsetting dynamics in country specific growth. Developments in global commodity prices, inflation and policy rates and their implications were all considered by the Committee. As noted by the Committee, the policy rates in selected Advanced Economies were relatively unchanged, especially in the US, UK, and EU. However, the Committee observed that except for Ghana, which lowered its policy rate, all other WAMZ countries maintained their rates during quarter two of 2021. With regards to the domestic economy, the Committee noted that the 3.6 percent real GDP projection for 2021 remained, inflation moderated further, exchange rate was relatively stable, net inflows of worker remittances surged, non-performing loans (NPL) reduced, and trade deficit widened. Developments in monetary aggregates and conditions, output gap, fiscal stance and fiscal impulse, among others, also informed the Committee's decisions.

Hence, the Committee decided to reduce the Monetary Policy Rate by 500 basis points to 20 percent. The reduction in the policy rate was in line with the moderation in inflation and single digit projection of 8.5 percent, +/-2 percentage points. The reserve requirement thresholds at 25.0 percent for LD and 10.0 percent for USD was maintained for the next three months. The Committee also decided to implement strategies aimed at promoting the development and implementation of the following structural policies: request banks to restructure delinquent credits that were current prior to the pandemic to facilitate flexible repayment terms for borrowers; ensure that banks undertake aggressive recovery of non-performing loans by reviewing their recovery strategies to ensure adequacy and compliance; encourage banks to review their business models to address risks and threats attributed to Covid-19, and; enhance the automation of the credit reference system to accommodate unique identifiers, credit ratings, scoring, etc.

1.7.4 The Forth MPC Meeting

In the last meeting held in November 2021, discussion considered the global and domestic economic developments for the third quarter of 2021 to inform the policy decision. During the meeting, the Committee noted that global and domestic economies were largely on course with recovery but with downside risks of supply disruptions and uneven distribution of vaccinations. The Committee recognized the fall in global commodity prices, projected rise in consumer prices, and relatively stable monetary and financial conditions in comparison to policy rates in the US, UK, EU and the WAMZ. It also noted that most advanced economies and the WAMZ countries maintained relatively unchanged monetary policy rates during quarter three of 2021.

The Committee also observed that the domestic economy was on course with real GDP growth rate projection of 3.6 percent for 2021 and inflation forecast of 7.6 percent, +/- 2.0 percentage points for quarter four. Other factors observed were the relative exchange rate stability, increased net inflows of worker remittances, adequately capitalized banking sector but increased NPLs, and widened merchandise trade deficit, the growth in monetary aggregates, loosed monetary conditions, slightly positive output gap, the fiscal stance and positive fiscal impulse, among others, to inform the Committee's decisions.

In consideration of these developments, the Committee retained the monetary policy rate at 20.0 percent with an upper band of +500 basis points for standing credit facility over the next quarter. It also decided to uphold the reserve requirement thresholds over the next quarter. The implementation of strategies, which aimed at informing the public on the currency reform process as well as engaging relevant stakeholders on policies to sustain financial stability, was also considered by the Committee.

Chapter 2.0: Global Economy

2.1 World Output

Global economic growth estimate for the year 2021 stood at 5.9 percent from a contraction of 3.5 percent in 2020 driven by continued recovery in activity and policy support, including stimulus spending, rapid vaccination progress, and improved consumer and business confidence in many countries (WEO[1]). Growth in advanced economies was estimated at 5.0 percent for 2021, from a negative 4.5 percent in 2020. The expansion was supported primarily by an acceleration in investment demand, and expectations of gradual normalization of monetary policy, that stimulated economic activity, especially in the services sub-sectors.

Growth estimates in the U.S. and Japan were estimated at 5.6 percent and 1.6 percent in 2021, from a contraction of 3.4 percent and 4.5 percent in 2020, respectively. The U.S. growth was on account of strong vaccine administration and fiscal stimulus support. Also, Japan's growth was heavily driven by increased domestic consumption, vaccination uptake as well as the receded threat of the delta variant. Similarly, growths in the UK and the euro area were estimated at 7.2 percent and 5.2 percent, from negative 9.4 percent and negative 6.4 percent of the previous year, respectively. The varying growth patterns across countries largely reflected the severity of mobility restrictions, labor supply disruption from COVID-19, and other structural rigidities. (Table 1).

Growth in emerging markets and developing economies was also estimated at 6.5 percent in 2021 from a contraction of 2.0 percent in 2020, reflecting relaxation of the pandemic-related restrictions and robust fiscal support as well as improved commodity prices and external demand. In China, growth expanded by 5.8 percent to an estimate of 8.1 percent for 2021 on account of strong public investment in housing infrastructure in the first half of the year coupled with rising private consumption due to relaxation measures. The Indian economy strongly picked up from a negative 7.3 percent in the previous year to an estimated 9.0 percent in 2021 on account of the improved pandemic situation and strong domestic demand as well as recovering industrial activity. Consistent with global trends, major oil exporters and emerging market gained some level of recovery, including Russia and Saudi Arabia with estimated growth of 4.5 percent and 2.9 percent,

[1] World Economic Outlook Update, January 2022: Rising Caseloads, A Disrupted Recovery and Higher Inflation

respectively, from contraction in the previous year. Growth in both economies was due to ease in COVID-19 restrictions and improvement in economic activity coupled with surge in consumer demand and savings build-up over 2020 and rapid credit growth in the first half of 2021. In Brazil, growth was estimated at 4.7 percent after a contraction in 2020, on account of increased vaccination campaign that resulted to the resumption of activities by most businesses.

Growth in sub-Saharan Africa was estimated at 4.0 percent in 2021, after a contraction of 1.7 percent in 2020. This recovery was underpinned by a resumption of tourism, a rebound in commodity prices, and the rollback of pandemic-induced restrictions. Growths in Nigeria and South Africa for 2021 were estimated at 3.0 percent and 4.6 percent on account of favorable prices of commodity, from contractions of 1.8 percent and 6.4 percent, respectively.

2.2 Global Inflation

Global headline inflation further elevated due to the rise in commodity prices coupled with pandemic related supply-demand mismatches, especially in advanced economies. Inflation in advanced economies was estimated at 3.1 percent for 2021, from 0.7 percent in 2020, and projected to remain high at 3.9 percent in 2022. Similarly, inflation for emerging markets and developing economies rose to 5.7 percent in 2021, from 5.1 percent in 2020. Projection for 2022 shows upward inflation pressure in emerging markets and developing economies on account of higher import prices resulting from currency depreciation.

2.3 Commodities Market

Global commodity prices generally increased in 2021 relative to 2020, owing to diverse impacts, including movements in the price of major commodities. Metal prices rose all through 2021, mainly driven by the recovery in China and improved consumption in advanced economies. Generally, food prices rose, mainly due to supply disruptions in grains and vegetable oils as well as rise in energy prices.

2.3.1 Crude Oil

Crude oil prices increased by 67.4 percent to an average of US$69.07 per barrel in 2021, on account of recovery in business activity that resulted in global petroleum demand, following relaxation of pandemic-related and travel restrictions.

2.3.2 Iron Ore

Metal prices stabilized in the second half of 2021 following a sharp increase in the first half of 2021 with significant divergence between most based metals and iron ore prices. The price of iron ore rose by 48.5 percent to an estimated US$161.7 per metric ton in 2021, compared with US$108.9 per metric ton recorded in 2020. The rise in iron ore price was partly attributed to increased demand for the commodity in China mainly during the first half of the year.

2.3.3 Rubber

Global rubber price rose by 19.7 percent to an estimated average price of US$ 2.07 per kilogram in 2021, from US$1.73 per kilogram in 2020. The rise was mainly on account of supply disruptions, partly induced by infested rubber trees in South-East Asia amid increased global demand.

2.3.4 Palm Oil

The estimated global price of palm oil significantly increased to US$1,130.6 per metric ton in 2021, from US$751.8 per metric ton in 2020. The strong performance was mainly driven by strengthening demand.

2.3.5 Cocoa Beans

The price of cocoa beans increased by 2.5 percent to US$2.43 per kilogram in 2021, from an estimated global price of US$2.37 per kilogram recorded in 2020. The uptick in price reflected high demand coupled with tightening supply of the commodity. In 2022, the price of cocoa is expected to moderate to about US$2.47 per kilogram on account of seasonal dynamics and inventory spillover.

Table 1: Selected Global Commodity Prices (2019-2021)

Commodity	Unit	2019	2020	2021	Percent Change	
		Actual	Revised	Estimate	2020	2021
Iron Ore	USD/MT	93.85	108.92	161.71	16.06	48.47
Rubber	USD/KG	1.64	1.73	2.07	5.49	19.65
Cocoa	USD/KG	2.34	2.37	2.43	1.28	2.53
Palm Oil	USD/MT	601.37	751.77	1,130.58	25.01	50.39
Gold	USD/TOZ	1,392.50	1,770.25	1,799.63	27.13	1.66
Crude Oil	USD/BBL	61.41	41.26	69.07	-32.81	67.40
Rice	USD/MT	418	496.75	458.25	18.84	-7.75

Source: World Bank Commodity Price Index

2.3.6 Rice

The international price of rice was estimated at US$458.3 per metric ton in 2021, from US$496.8 per metric ton at the end-2020. The decline in price was attributed to favorable supply of the commodity by rice producing countries.

2.3.7 Gold

The global price of gold was estimated at US$1,799.63 per troy ounce in 2021, from US$1,770.25 per troy ounce at end-2020. The rise was triggered by increased demand due to volatility in other financial assets induced by economic uncertainty.

2.4 Global Financial Markets

Global financial conditions remained broadly accommodative, despite some tightening in policy rates driven by rising inflation rates and the spread of the Omicron variant. Resurgence of the pandemic has increased global financial market volatility and delayed full resumption of some businesses. Amidst the persistent pressure, central banks in advanced economies have taken steps toward policy normalization, while policymakers in several emerging markets have continued to tighten monetary policy.

Emerging market financial assets remained under pressure due to concerns about inflation, the policy outlook, and expected Fed policy tightening. Emerging market capital flows also experienced pressure with moderation in hard currency bond issuance and continued weakness in local currency bond flows, excluding China. Market indicators point to expectations of inflation pressure, albeit with considerable regional differentiation. Confronting growing price pressures, many emerging market central banks kept policy rates above pre-pandemic levels in several countries.

2.5 Global Economic Outlook

Global growth is projected to slow to 4.4 percent in 2022, reflecting investment uncertainty, challenging business climate due to mobility restrictions, border closures, and health impacts from the spread of the Omicron variant. In 2022, growth in the USA is expected to slow to 4.0 percent, while in Japan growth is projected to expand by 3.3 percent. The United Kingdom and euro area are also projected to moderate in 2022 due to the labor supply disruption induced by COVID-19 and other structural rigidities (Table 1).

Growth in emerging markets and developing economies is projected to slow to 4.8 percent in 2022 with China projected to slow to 4.8 percent for 2022 on account of disruption in the housing sector and weaker private consumption. The Indian economy is firmly projected at 9.0 percent in 2022, on account of easing of movement restriction supported by solid gains in domestic demand and recovering industrial activity. Growth for sub-Sahara Africa is, however, projected to slow to 3.7 percent in 2022 as Nigeria and South Africa are forecast to grow at 2.5 percent and 1.9 percent respectively. The slowdown in the region’s growth rate is expected to be driven mainly by subdued business sentients, mainly in South Africa, and the slow delivery of vaccines in most ports of the region.

Global headline inflation is anticipated to increase further on account of strengthening demand and projected rise in energy prices. Inflation in advanced economies is projected to remain upward to 3.9 percent in 2022, while inflation for emerging markets and developing economies is expected to persist at 5.9 percent in 2022, on account of elevated food price and higher import price resulting from currency depreciation.

In the financial markets, while policy rates are anticipated to be raised in advanced economies, market participants expect the tightening cycle in emerging markets to continue over the next few quarters to counteract inflation, particularly in Latin America and emerging Europe.

The outlook for commodity is expected to be generally favorable with projections of rise in the prices of several commodities, including crude oil to US$60 per barrel, gold (portfolio diversification), palm oil (production shortfall), and rice (global trade impact). Prices of rubber and iron ore are, however, anticipated to fall.

Uncertainty surrounding the growth outlook includes a resurgence of COVID-19 infections, debt overhang, financial market volatility that impedes capital flows, low commodity prices, low tourism, remittances, extreme weather events, and social tensions.

Table 2: Global Output

				Difference from October 2021 WEO Projections	
			Projections		
	2020	**2021**	**2022**	**2021**	**2022**
World Output	**–3.1**	**5.9**	**4.4**	**0**	**–0.5**
Advanced Economies	–4.5	**5.0**	**3.9**	**–0.2**	**–0.6**
United States	–3.4	5.6	4	–0.4	–1.2
Euro Area	–6.4	5.2	3.9	0.2	–0.4
Japan	–4.5	1.6	3.3	–0.8	0.1
United Kingdom	–9.4	7.2	4.7	0.4	–0.3
Canada	–5.2	4.7	4.1	–1.0	–0.8
Other Advanced Economies	–1.9	4.7	3.6	0.1	–0.1
Emerging Market and Developing Economies	**–2.0**	**6.5**	**4.8**	**0.1**	**–0.3**
Emerging and Developing Asia	–0.9	7.2	5.9	–0.0	–0.4
China	2.3	8.1	4.8	0.1	–0.8
India	–7.3	9	9	–0.5	0.5
Emerging and Developing Europe	-1.8	6.5	3.5	0.5	-0.1
Russia	-2.7	4.5	2.8	-0.2	-0.1
Latin America and the Caribbean	–6.9	6.8	2.4	0.5	–0.6
Brazil	–3.9	4.7	0.3	–0.5	–1.2
Mexico	–8.2	5.3	2.8	–0.9	–1.2
Middle East and Central Asia	–2.8	4.2	4.3	0.1	0.2
Saudi Arabia	–4.1	2.9	4.8	0.1	0
Sub-Saharan Africa	–1.7	4	3.7	0.3	–0.1
Nigeria	–1.8	3	2.7	0.4	0
South Africa	–4.6	4.6	1.9	–0.4	–0.3
Consumer Prices					
Advanced Economies	0.7	3.1	3.9	0.3	1.6
Emerging Market and Developing Economies	5.1	5.7	5.9	0.2	1.0

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Chapter 3.0: Domestic Economy

3.1 Overview

The growth rate of the Liberian economy was revised with an estimated growth of 4.2 percent away from the projected growth of 3.6 percent in 2021 following the contraction of 3.0 percent recorded in 2020, on account of improvements across all sectors, investment in social protection, and infrastructural projects. Growth for 2022 is projected at 4.7 percent, mainly triggered by anticipated developments in mining & panning, manufacturing, construction and services sub-sectors. Average headline inflation for 2021 moderated to 7.9 percent, from 17.4 percent in 2020. The average and end-of-period exchange rates showed that the Liberian dollar appreciated by 13.0 percent and 11.6 percent, respectively.

Currency in circulation at end-December 2021 rose mainly on account of expansion in currency in banks. During the period, currency outside banks accounted for 92.3 percent of the total stock of currency in circulation, partly induced by structural challenges ranging from limited presence of financial institutions in some of the counties and the high demand for cash to facilitate economic transactions. Credits to the various subsectors of the economy at end-December 2021 contracted by 8.5 percent compared with the amount reported at end-December 2020 mainly on account of exchange rate pass-through effect. Credit to the private sector, as a percent of GDP, also fell marginally by 0.5 percentage point. The private sector's share of total credit at end-2021 amounted to 98.9 percent of the total credit.

Developments in the External sector of the domestic economy in 2021 were mixed, with the net balance from the current and capital accounts widened on account of deterioration in the current account deficit and decline in capital inflows. The increase in the net financial account liability was induced by increased direct and other investment inflows and the incurrence of Special Drawing Rights (SDR) liabilities thereby driving upward the overall Balance of Payments (BoP) deficit. Similarly, the estimated gross international reserves at end-December 2021 also rose beyond the ECOWAS benchmark of three months influenced by SDRs allocation made to Liberia during the review period.

Fiscal operations were supported by enhanced policy coordination and implementation of prudent fiscal measures, including robust domestic revenue mobilization. Consequently, provisional estimate shows that government's fiscal operations for the calendar year 2021 recorded a surplus in the overall balance.

3.2 Real Sector

Real gross domestic product (RGDP) growth of the Liberian economy was estimated at 4.2 percent in 2021 from the contraction of 3.0 percent recorded in 2020, on account of improvements across all sectors, especially the mining sector, investment in social protection and infrastructural projects.

In the primary sector (agriculture & fisheries, forestry, and mining & panning), growth was estimated at 7.0 percent in 2021, up from the 4.8 percent for 2020. The growth in the primary sector was mainly attributed to the rising rate of growth in the mining and panning subsector, which grew mainly on account of expected rise in commercial gold production. This was evidenced by the growth in the Country's iron ore, gold and diamond production in 2021 compared to 2020. Gold and diamond volumes grew by 79.0 percent and 15.0 percent to 252, 708 metric tons and 63,027 carats, from 141,342 metric tons and 54,599 carats, respectively in 2020, while iron ore slightly grew by 3.0 percent to 5.0 million metric tons, from 4.87 million metric tons recorded at end-2020.

However, the agriculture & fisheries subsector growth was estimated to slow at 4.0 percent in 2021 compared to the 6.4 percent for 2020, reflecting decreases in domestic rice and cassava production. The forestry subsector was estimated to moderate to 0.0 percent in 2021, from 4.6 percent in 2020 on account of decreases in log and timber production in addition to slowdown in charcoal & wood production.

The secondary sector (manufacturing) grew at 4.7 percent from 0.0 percent recorded in 2020. Increases in cement and beverages outputs were the primary drivers of the improvement in the secondary sector. The tertiary sector expanded by an estimated 0.1 percent from negative 12.7 percent in 2020 on account of increase activity in services emanating from the transportation & communications, trade & hotels, and construction subsectors.

In terms of outlook, RGDP growth for 2022 is projected at 4.5 percent, mainly reflecting developments in the mining & panning sub-sectors, agricultural, manufacturing and services related activities. In anticipation of increased economic activity in the country, growths in all sectors are expected to trend positively. Government's commitment to support investment in agriculture through duty exemptions and other social protection programs is expected to further accelerate growth in 2022.

The key risks to growth, however, includes slow recovery in global market prices of the country's key exports (rubber, gold, and iron ore) and unanticipated rise in the global COVID-19 pandemic as well as geo-political tension in Russia and the West.

Table 3: Sectoral Origin of Growth (GDP at 2018 Constant Prices), 2019-22

	2019	2020	2021	2022*
Agriculture & Fisheries	902.0	959.3	997.7	1,034.6
Forestry	272.9	285.3	285.2	296.6
Mining & Panning	454.7	463.7	545.3	587.7
Manufacturing	186.1	186.1	194.8	202.6
Services	1,366.3	1,193.3	1,194.9	1,242.7
Real GDP	3,182.1	3,087.7	3,217.9	3,364.1

Source: Liberian Authorities & IMF staff estimates
All figures are expressed in millions of U.S. dollars. *Projection

Preliminary statistics for the agriculture & forestry subsectors within the real sector in 2021 showed mixed outturns in the economy. Except for cocoa which recorded a 7.0 percent year-on-year decline, output of key commodities recorded increases. Rubber production rose by 37.7 percent to 87,777 metric tons from 63,734 metric tons reported in 2020 on account of increase in harvest of smallholder farms as well as the largest producing company. This was due mainly to favorable international price and the relaxation measures put in place to mitigate the COVID-19 pandemic.

Cocoa output in 2021 stood at 5,511 metric tons, indicating a decline in production, from 5,916 metric tons produced in 2020. The decline in output was mainly on account of unfavorable harvest. Conversely, production of crude palm oil (CPO) increased by 12.4 percent to 25,041 metric tons, from a revised 22,286 metric tons produced a year ago. The rise in CPO output was mainly due to more harvest from smallholder farms. Total round logs produced during the year rose by 2.0 percent to an estimated 668,512 cubic meters, from an estimated 655,404 cubic meters during 2020, reflecting strong global demand. Sawn timber output was projected to rise to 179,243 pieces in 2021, from a revised amount of 169,097 pieces produced in 2020 largely due to improved plant capacity, coupled with high demand for construction purpose (Table 4).

Table 4: Agriculture & Forestry Sector Output, 2019-21

Commodity	Unit	2019	2020+	2021
Rubber	Mt.	68,285	63,734	87,777
Cocoa Beans	Mt.	9,997	5,916	5,511
Crude Palm Oil (CPO)	Mt.	22,465	22,286	25,041
Round Logs	M3	698,657	655,404	668,512*
Sawn Timber	Pcs.	409,655	169,097	179,243*

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

Production in the manufacturing sector showed mixed outturns in the economy. Cement production rose by 28.0 percent to 534,993 metric tons during the year, from 416,444 metric tons recorded in 2020. The growth was mainly on account of increased demand, especially during the first and fourth quarters when construction activity was heightened due to favorable weather condition, in addition to the lower impact of the pandemic (Table 6). Beverages production (both alcoholic and non-alcoholic) increased by 21.7 percent to 17.2 million liters in 2021, from 14.2 million liters produced in 2020. The rise in production was largely due to the enhancement of machinery following the completion of routine maintenance work on the production plant of one of the largest producers of beverages in the country. This enhancement mainly reflected the increased output of alcoholic beverages due to high demand induced by relaxation of the COVID-19 pandemic measures. Total paint production (both oil & water paints) was 206,223 gallons, down by 6,943 gallons from 213,166 gallons produced in 2020 on account of the limited supply of raw materials.

Candle production during the year fell to 48,416 kilograms, down from 71,274 kilograms produced in 2020. The reduction in output was underpinned by a decrease in the demand for the commodity as a result of improvement in connectivity to the national electricity grid. Similarly, the production of chlorox during the year also decreased by 33.5 percent to 839,241 liters, from 1,246,431 liters produced in 2020, mainly driven by lower demand for the commodity. Also, the total volume of rubbing alcohol production decreased by 38.0 percent to 306,268 liters, down from 493,786 liters produced in 2020. The huge decline was occasioned by the decrease in the demand for the product as relaxation measures were observed for prevention against contacting COVID-19.

The volume of iron ore produced in 2021 was 5.0 million metric tons, up from 4.9 million metric tons produced in 2020, due to favorable mining conditions. Gold production rose by 79.0 percent to 252,708 ounces during the year, up from 141,342 ounces produced in the preceding year. The rise was on account of increased production from industrial mines due to the expansion of mining activities by industrial gold miners. Similarly, diamond output increased by 15.4 percent to 63,027 carats, up from 54,599 carats produced in the previous year on account of favorable mining conditions.

Table 5: Key Industrial Output, 2019-21

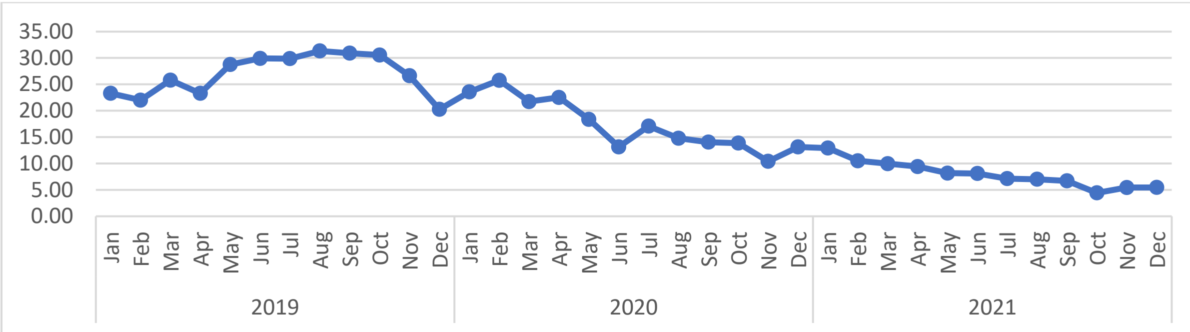
Commodity	Unit	2019	2020+	2021
Cement	Mt.	343,219	416,444	534,993
Beverages	Liter	16,890,776	14,164,563	17,239,963
Paints	gal.	212,943	213,166	206,223
Candle	kg.	94,416	71,274	48,416
Chlorox	Liter	1,195,428	1,246,431	829,241
Rubbing Alcohol	Liter	308,650	493,786	306,268
Mattresses	Pcs.	100,040	103,353	129,454
Gold	Ounce	162,936	141,342	252,708
Diamond	Carat	55,936	54,599	63,027
Iron Ore	Mt.	4,428,645	4,874,409	5,000,000
Finished Water	Gal.	1,334,370,221	1,433,941,441	1,134,238,463
Electricity	Kw	214,201,040	242,168,960	272,691,852

Sources: Ministry of Commerce & Industry (MOCI) Ministry of Mines & Energy; Liberia Water and sewer Corporation. (Note: + Revised/Actual)

3.2.1 Price Developments

Average headline inflation for 2021 moderated to 7.9 percent, from 17.4 percent in 2020, while end-of-year inflation in 2021 stood at 5.5 percent, from 13.1 percent in December 2020. The moderation in inflation (both average and end-period) was largely explained by the monetary policy stance of the CBL coupled with the pass-through effect of the Liberian dollar appreciation during the review period (Chart2).

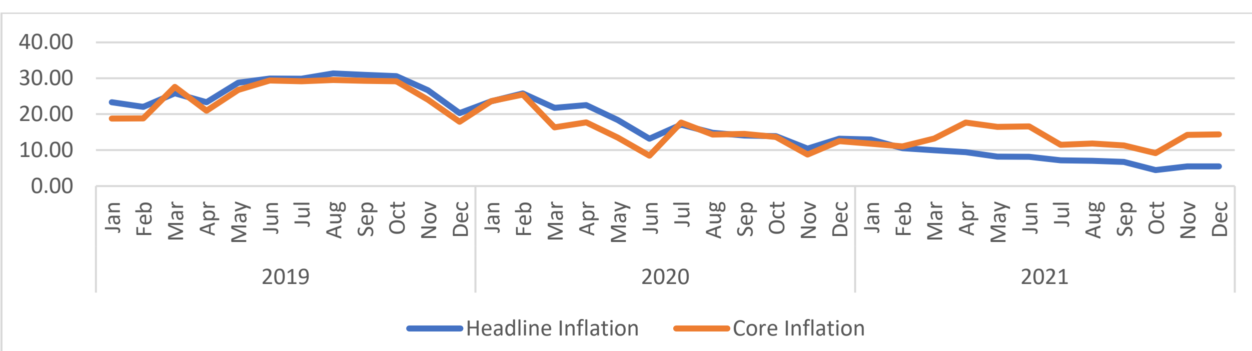
Chart 2: Year-on-year Rates of Inflation, 2019-21 (December, 2005=100)



Source: Central Bank of Liberia

Except for the education and health major groups, all other major groups in the CPI basket contributed to the moderate trend in average inflation during 2021 compared to 2020. Food & non-alcoholic beverages inflation moderated to 0.5 percent (from 20.9 percent). Inflation rates on alcoholic beverages, tobacco and narcotics moderated to negative 8.4 percent (from 13.7 percent); clothing and footwear, negative 7.7 percent (from 1.6 percent); housing, water, electricity, gas & other fuel, 2.9 percent (from 8.9 percent); furnishings, household equipment & routine maintenance of house, 0.8 percent (from 2.7 percent); health, 29.8 percent (from 36.5 percent); recreation and culture, 2.6 percent (from 6.4 percent); transport, 3.7 percent (from 15.7 percent); communication, negative 1.5 percent (from 4.5 percent); and miscellaneous goods and services, negative 8.5 percent (from 2.9 percent) in 2020. However, education increased to 27.9 percent (from 19.3 percent) and restaurants and hotels, 23.7 percent (from 23.0 percent). Core inflation, the underlying inflation excluding food and transport, moderated to 13.2 percent from 15.5 percent in 2021. The downward trend in core inflation was largely underpinned by the pass-through effect from the appreciation of the Liberian dollar.

Chart 3: Headline and Core Inflation, 2019-21 (Percent)



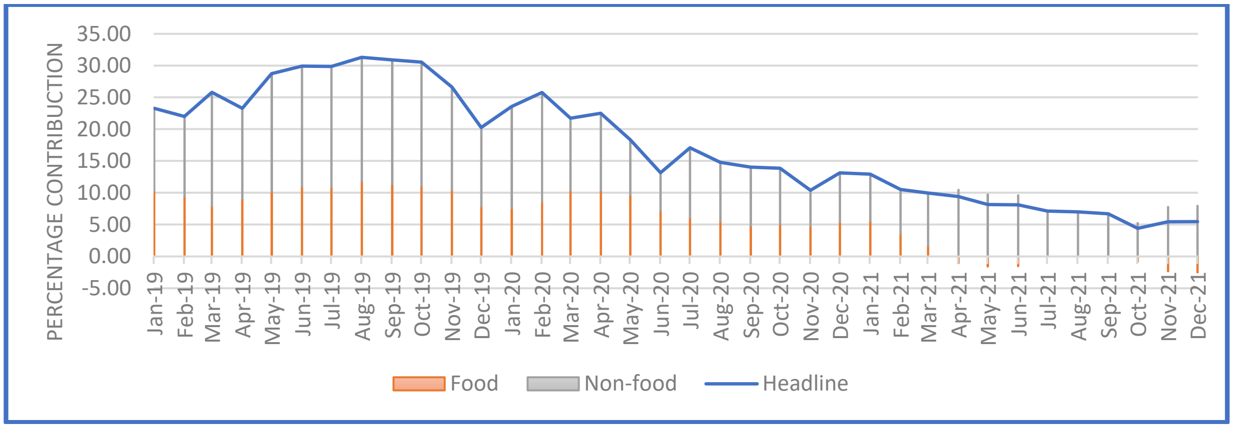
Source: Central Bank of Liberia

3.2.1.1 Food and Non-food Inflation

Average food inflation for 2021 stood at 0.5 percent, from 20.9 percent in 2020. The moderation in food inflation during the year was mainly explained by the relative strengthening of the Liberian dollar as well as the decline in the prices of domestic food items in the economy.

Non-food inflation also moderated to 12.1 percent in 2021, from 15.5 percent in 2020, largely on account of the Liberian dollar appreciation. On average, the non-food category contributed more to headline inflation than food category, largely explained by its weight in the CPI basket (non-food accounts for 65.9 percentage points, while food contributed 34.1 percentage points). Relative to the 7.9 percent rate of inflation, food inflation in 2021 contributed 0.1 percentage point, while non-food category accounted for 7.8 percentage points.

Chart 4: Food, Non-food and Headline Inflation, 2019-21

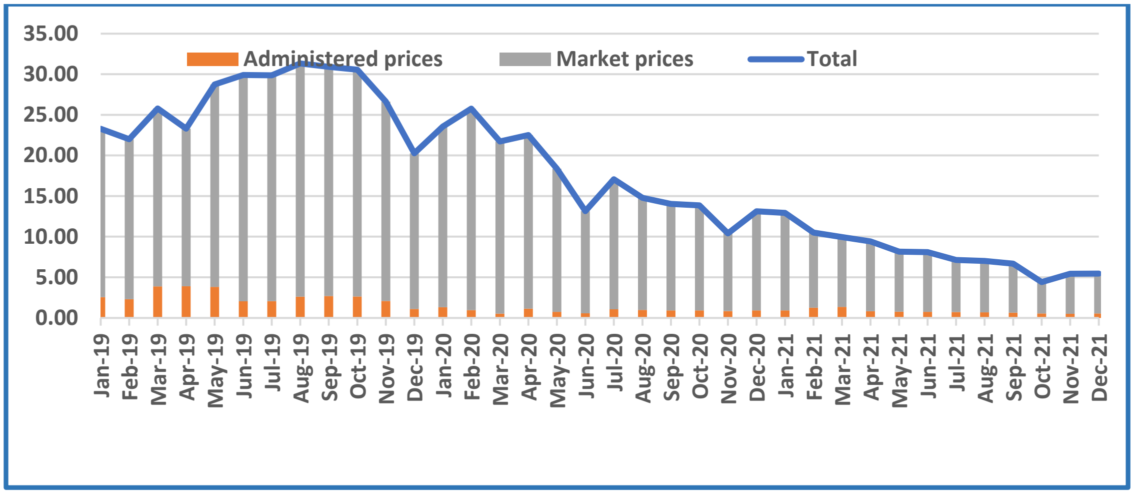


Source: Central Bank of Liberia

3.2.1.2 Administered versus Market Prices

Analysis of administered and market prices for 2021 showed that the moderation in average inflation for 2021 was driven mainly by market price, which fell largely due to the relative appreciation of the Liberian dollar and favorable domestic harvest of rice and cassava. In 2021, market price contributed 7.1 percentage points to the 7.9 percent of the average rate of inflation, while administered price accounted for the remaining 0.8 percentage point.

Chart 5: Administered versus Market Prices, 2019-21



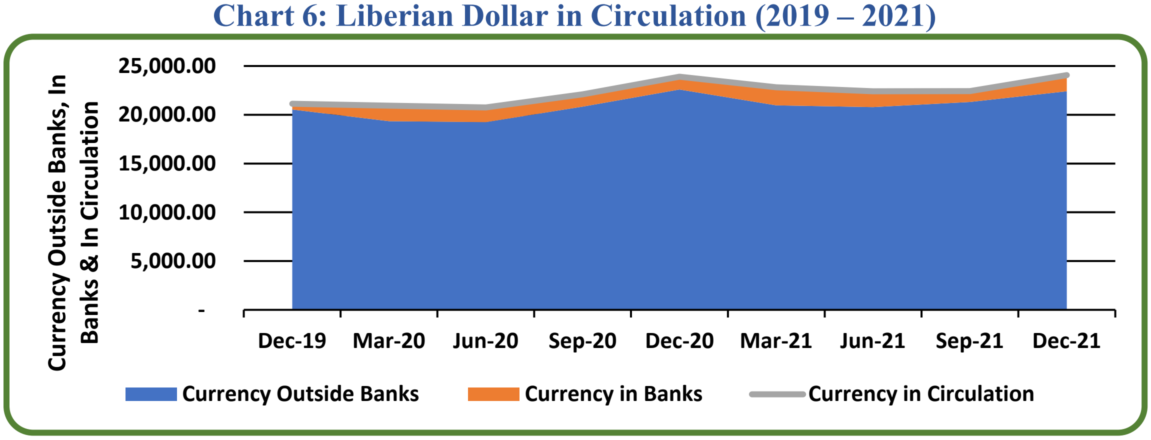
Source: Central Bank of Liberia

3.3 Monetary and Financial Conditions

3.3.1 Monetary Aggregates

The estimated stock of currency in circulation at end-December 2021 stood at L$24,080.06 million, reflecting a marginal growth of 0.7 percent, from L$23,902.53 million recorded at end-December 2020. This expansion was largely triggered by 27.8 percent growth in currency in banks. During the period, currency outside banks accounted for 93.0 percent of the total estimated stock of currency in circulation, from 94.5 percent reported at end-December 2020. The high level of currency outside banks was partly induced by structural challenges ranging from limited presence of financial institutions in some counties and the high demand for cash to facilitate economic transactions.

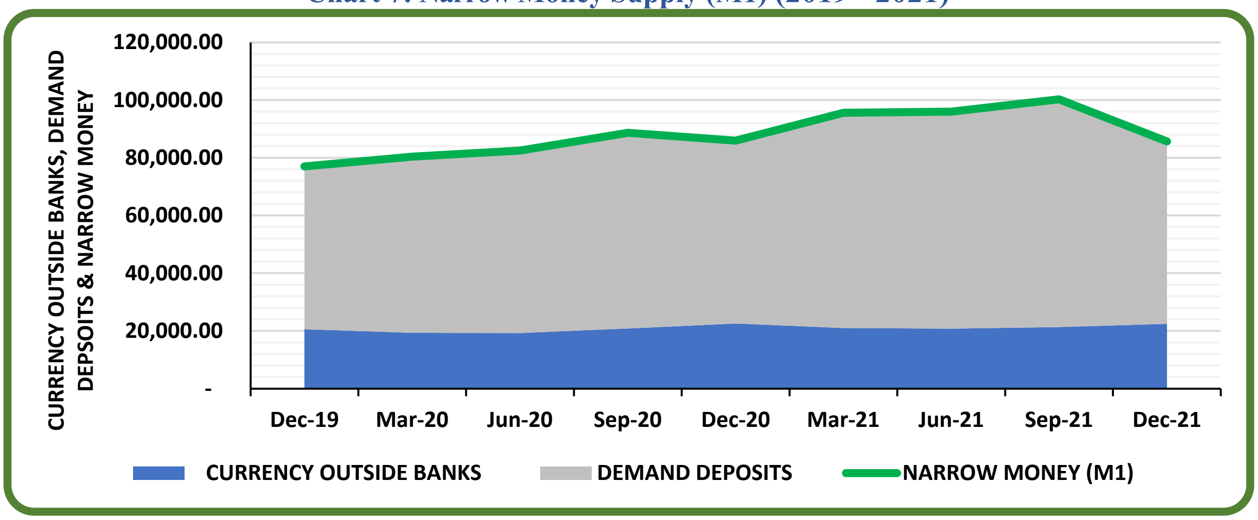
Chart 6: Liberian Dollar in Circulation (2019 – 2021)



Source: Central Bank of Liberia
Note: All figures are expressed in millions of Liberian dollars.

At end-December 2021, the estimated stock of narrow money supply (M1) stood at L$84,826.10 million, contracted by 1.3 percent, from L$85,918.32 million reported at end-December 2020. The estimated fall in narrow money was occasioned by 1.6 percent and 1.2 percent decreases in currency outside banks and demand deposits, respectively. Quasi money contracted by 1.9 percent to L$40,584.63 million driven mainly by 29.8 percent and 1.6 percent decreases in other deposits as well as time & savings deposits, respectively.

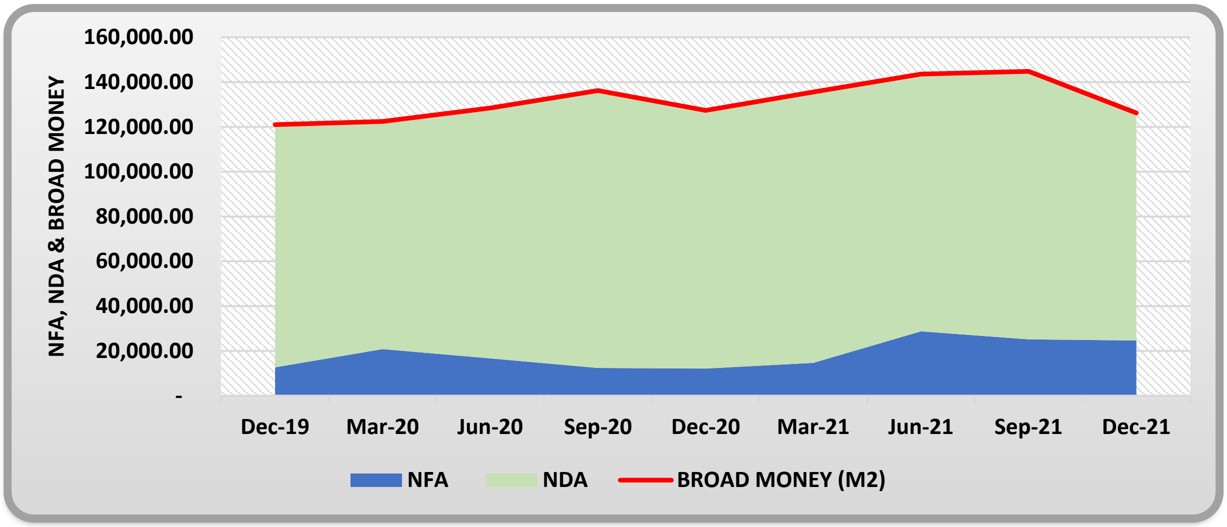
Chart 7: Narrow Money Supply (M1) (2019 - 2021)



Source: Central Bank of Liberia
Note: All figures are expressed in millions of Liberian dollars

At end-December 2021, the estimated stock of broad money supply (M2) contracted by 1.5 percent to L$125,410.72 million, from L$127,296.86 million reported at end-December 2020, largely driven by 12.6 percent decrease in net domestic assets (NDA), which offset the significant rise in net foreign assets (NFA). The slowdown in NDA was explained by fall in net claims on Government and decline in claims on private sector.

Chart 8: Broad Money (M2) (2019 - 2021)



Source: Central Bank of Liberia
Note: All figures are expressed in millions of Liberian dollars.

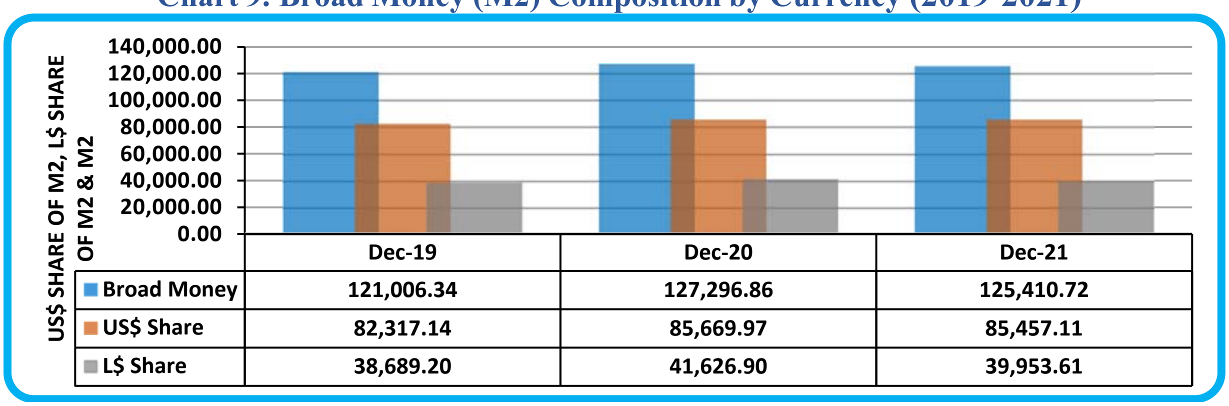
At end-2021, reserve money grew by 4.4 percent to L$44,816.94 million, mainly on account of growth in cash reserves of commercial banks held at the CBL (Table 6). The US dollar component of broad money at end-2021 accounted for 68.1 percent (L$85,457.11 million), from 67.3 percent (L$85,669.97 million) recorded at end December 2020. On the other hand, Liberian dollars share of broad money stood at 31.9 percent, compared to 32.7 percent recorded in 2020, reflecting the high level of dollarization of the Liberian economy.

Table 6: Money Supply and its Sources (2019-2021) In Millions of L$ or as Otherwise Stated

Monetary Aggregates	Dec-19	Dec-20	Dec-21	Percent Change	
				2019-2020	2020-2021
1.0 Money Supply M2 (1.1 + 1.2)	**121,006.34**	**127,296.86**	**125,410.72**	**5.2**	**(1.5)**
1.1 Money Supply M1	**77,006.70**	**85,918.32**	**84,826.15**	**11.6**	**(1.3)**
1.1.1 Currency outside banks	*20,535.35*	*22,591.32*	*22,227.33*	*10.01*	*(1.6)*
1.1.2 Demand deposit [1/]	*56,471.35*	*63,327.00*	*62,598.76*	*12.14*	*(1.1)*
1.2 Quasi Money	**43,999.64**	**41,378.54**	**40,584.63**	**(6.0)**	**(1.9)**
1.2.1 Time & Savings deposits	42,315.40	40,900.93	40,249.44	(3.34)	(1.6)
1.2.2 Other deposits 2/	*1,684.24*	*477.62*	*335.19*	*(71.64)*	*(29.8)*
2.0 Net Foreign Assets	**12,619.27**	**12,099.55**	**24,736.13**	**(4.1)**	**104.4**
2.1 Central Bank	(7,088.76)	(6,688.45)	(969.46)	(5.65)	(85.5)
2.2 Banking Institutions	19,708.04	18,788.00	25,705.59	(4.67)	36.8
3.0 Net Domestic Assets (1 - 2)	**108,387.07**	**115,197.32**	**100,674.59**	**6.3**	**(12.6)**
3.1 Domestic Credit	181,003.84	191,684.66	156,386.92	5.90	(18.4)
3.1.1 Government (net)	87,356.44	105,309.94	79,892.04	20.55	(24.1)
3.1.2 Pvt. Sector & Other Pvt. Sector	93,647.40	86,374.72	76,494.88	(7.77)	(11.4)
3.2 Other assets Net (3 - 3.1)	72,616.77	76,487.34	55,712.34	5.33	(27.2)
Memorandum Items					
1. Overall Liquidity	121,006.34	127,296.86	125,410.72	5.20	(1.5)
2. Reserve Money	40,583.89	42,927.49	44,816.94	5.77	4.4
Currency in Circulation	*21,120.80*	*23,902.53*	*24,080.06*	*13.17*	*0.7*
Banks Reserves	*17,778.85*	*18,547.34*	*20,401.7*	*4.32*	*10.0*
Other Deposits at CBL	*1,684.24*	*477.62*	*335.19*	*(71.64)*	*(29.8)*

Source: Central Bank of Liberia
Note: All figures are expressed in millions of Liberian dollars.
1/ Excludes Manager's checks from commercial banks; 2/Includes official and managers Checks issued by the

Chart 9: Broad Money (M2) Composition by Currency (2019-2021)

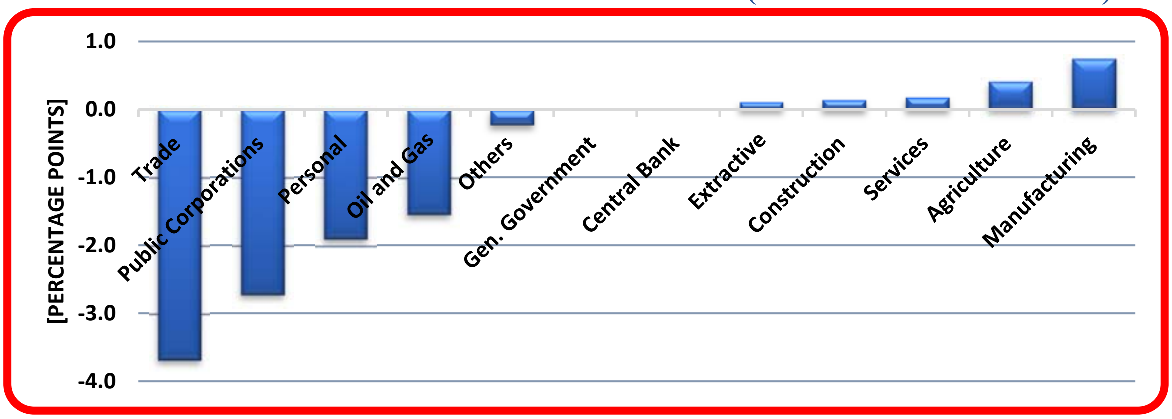


Source: Central Bank of Liberia
Note: All figures are expressed in millions of Liberian dollars.

3.3.2 Credits to the Economy (Commercial Banks)

Credits advanced by commercial banks to the various subsectors of the economy at end-December 2021 stood at L$66,141.66 million, representing 8.5 percent contraction against the amount reported at end-December 2020. As indicated in Chart 9, the major contributing subsectors to the decline in credits were trade (3.7 percentage points), loans & advances to public corporations (2.7 percentage points), loans & advances to individuals (1.9 percentage points), oil & gas (1.5 percentage points), and other subsectors (0.5 percentage point), Chart 9.

Chart 10: Sectoral Contribution to Credit Growth (As at end-December 2021)



Source: *Central Bank of Liberia*

Despite the slow pace of business activity primarily induced by the lingering effects of the global health crisis (COVID-19), the reduction in sectoral credits was largely driven by appreciation of the domestic currency, especially during the fourth quarter of 2021. However, converting the Liberian dollar credit stock to United States dollar and adding the stock of United States dollar credit show that the total stock of credit rose in 2021, compared to 2020. Credit to the private sector, as a percent of GDP, decreased to 11.6 percent (2.2 percentage points lower), from 13.4 percent of GDP reported for 2020, indicating the effects of the pandemic on economic activity. The private sector's share of total credits at end-2021 amounted to 98.9 percent of the total credit stock (Table 7).

Table 7: Commercial Bank Loans by Economic Sub-Sectors (2019-2021)

	Dec-19		Dec-20		Dec-21	
	L$	share	L$	share	L$	share
Agriculture	3,254.63	3.90	2,761.57	3.82	3,064.14	4.63
Extractive (Mining & Quarrying)	472.15	0.57	237.04	0.33	321.23	0.49
Manufacturing	1,538.75	1.84	2,340.32	3.24	2,880.37	4.35
Construction	6,043.12	7.25	6,853.71	9.48	6,956.54	10.52
Services	11,194.17	13.42	9,922.45	13.73	10,053.78	15.20
Trade	29,040.18	34.82	23,432.94	32.42	20,768.61	31.40
Personal	16,614.59	19.92	14,019.27	19.40	12,642.79	19.11
Gen. Government	840.84	1.01	15.19	0.02	14.12	0.02
Central Bank	-	-	-	-	-	-
Public Corporations	2,901.72	3.48	2,662.36	3.68	689.44	1.04
Oil and Gas	5,364.59	6.43	4,720.94	6.53	3,603.09	5.45
Others	6,145.54	7.37	5,309.14	7.35	5,147.54	7.78
Total Loan (All Sectors)	**83,410.27**	**100.00**	**72,274.93**	**100.00**	**66,141.66**	**100.00**
TOTAL Loan (Private Sector)	79,667.70	95.51	*69,597.38*	*96.30*	*65,438.10*	*98.94*

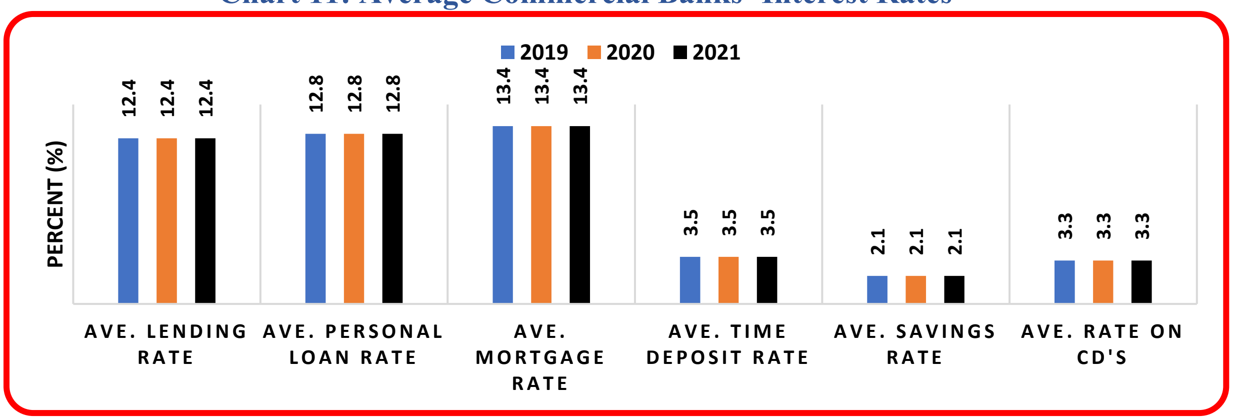
Source: Central Bank of Liberia

Note: All figures are expressed in millions of Liberian dollars, unless otherwise indicated

3.3.3 Interest Rates

The average interest rates in the economy for 2021 stabilized as follow: mortgages (1,340.0 basis points), personal loans (1,240.0 basis points), lending (1,240.0 basis points), time deposits (350.0 basis points), certificate of deposits (330.0 basis points), and saving deposits 210.0 basis points), respectively, compared with the interest rates reported at end-December 2020. The stability in savings rate coupled with the constant lending rate was partly induced by weak transmission of policy rate to other interest rates in the banking sector (Chart 11).

Chart 11: Average Commercial Banks' Interest Rates



Source: Central Bank of Liberia

3.4 Financial Market Operations

3.4.1 CBL Bills

The CBL Board of Governors, acting on behalf of the Monetary Policy Committee (MPC), maintained the Monetary Policy Rate at 25.0 percent from the beginning of the reporting year until August 2021 when the decision was taken to lower the rate by 500 basis points to 20 percent, with an upper band of 500 basis points for Standing Credit Facility (SCF).

The policy rate was reduced to accommodate some level of ease in the tight policy stance, to further strengthen liquidity condition, sustain the moderation in inflation, and support the achievement of economic growth in 2021.

In consonance with the monetary policy decisions, the CBL continued the issuance of the CBL bills with tenors of two weeks, one month, and three months at the effective annual return decided upon by the Board during each quarter. For the most part of the year, the issuances of CBL Bills which targeted L$7.00 billion were oversubscribed, indicating the rise in demand for the instrument. The total stock of the Bills issued rose by 11.53 percent to L$47.32 billion, from L$42.50 billion in 2020. Of this amount, L$46.58 billion was purchased by commercial banks while the remaining L$0.74 billion was purchased by retail investors.

Table 8: CBL Bills Subscription
(In billions of L$ and Percent Change)

Year	Subscription	In Percent
2019	1.95	
2020	42.50	2079.49
2021	47.32	11.53

Source: Financial Markets Department

The CBL Bills operations were marked by regular issuance and timely redemption, weekly announcements to investors, and publication of redemption reports on the Bank's website, resulting in increased confidence and subscriptions by retail investors. Retail investors' subscription of the Bills increased to 670 bids in 2021, compared to the 146 bids recorded in the preceding year.

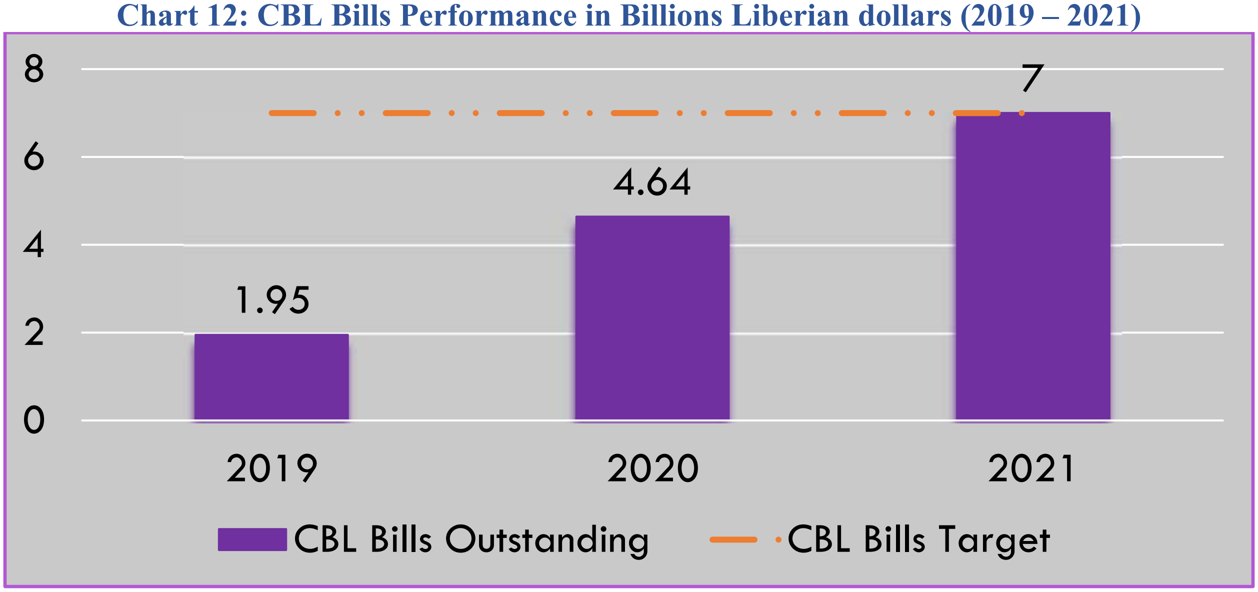
Table 9: Retail Investment Bids and Percent Change

Year	# Of Retail Investors Bids	In Percent
2019	19	
2020	146	668
2021	670	358

Source: Financial Markets Department

In 2021, the total stock of CBL Bills redeemed was L$44.96 billion. This amount included unredeemed issuances in 2020 and new issuances in 2021. The total outstanding CBL Bills stood at L$7.0 billion at end-December 2021, reflecting a 50.9 percent increase from the L$4.64 billion bills outstanding at end-December 2020. At end-December 2021, the Bank recorded a net issuance of about L$2.36 billion, reflecting the tight monetary policy stance of the Bank aimed at managing Liberian dollar liquidity in the economy.

Chart 12: CBL Bills Performance in Billions Liberian dollars (2019 – 2021)



Source: Central Bank of Liberia

3.4.2 GOL Securities

As fiscal agent of the Government, the CBL played a collaborative role in the development of the Government of Liberia (GoL) Medium Term Debt Management Strategy. The Bank, at the workshops organized by the Ministry of Finance & Development Planning (MFDP), provided strategic guidance in the formation of the domestic debt assessment and forecast as well as the systematic approach to strengthen the domestic debt market.

Treasury Bonds (T-bonds) in Liberian and United States dollars brought forward for redemption in 2021 amounted to L$6,744.07 million and US$68.21 million, respectively. The GoL redeemed the amount of L$6,744.07 million T-bond brought forward to 2021 and reissued the L$6,000.00 million legacy T-bond on the domestic market. Similarly, the Government paid coupon and partial principal of US$3.17 million and US$9.32 million, respectively, on its outstanding United States dollar T-bond. Additionally, on behalf of GoL, the CBL issued a new two-year semi-annual T-bond valued at US$1.84 million during the year. Thus, at end-December 2021, the GoL's outstanding T-bond in United States and Liberian dollars were US$57.56 million and L$6,000.00 million, respectively.

The GoL paid T-bill coupon totaling US$0.07 million on its US$5.73 million T-bills brought forward to 2021, and issued US$20.02 million T-bill resulting in an outstanding United States dollar T-bill of US$25.68 million. The GoL's Liberian dollar T-Bill remained at L$2,437.72 million at the end -f the review year.

Money and Interbank Markets

At end-December 2021, the interbank market number of transactions increased by 70.3 percent to 109. This included placements, Swap and Repo transactions, valued at L$1,345.72 million and US$73.59 million compared to L$720.0 million and US$50.10 million in 2020, respectively. The increase showed significant improvements in commercial banks money and interbank transactions.

During 2021, commercial banks traded with interest and non-interest-bearing interbank instruments. The non-interest-bearing swaps were to ease the disparity among banks for international and intra-country transactions. The non-interest-bearing nature of the swap transactions was to compensate for the risks and high cost involved in cash transfers and transshipment with international corresponding banks, and banks' branches in Liberia. Interest bearing instruments traded at 5.0 percent and 10.0 percent for United States and Liberia dollars, respectively.

Table 10: Interbank Transactions (in Millions)

Year	# of Transactions	# of Banks	USD amount	LD amount
2020	64	8	50.1	720
2021	109	8	73.59	1,345.72

Source: Financial Markets Department

3.4.3 Updates on Reserves Management

Strengthening of the Reserves Management is a strategic imperative of the CBL's Strategic Plan for 2021-2023. The CBL benefitted from Technical Assistance (TA) mission, in 2021, from the IMF Monetary and Capital Markets (MCM) Division. The mission reviewed the Bank's foreign exchange reserves management on its strategic and operative levels. The mission set the tone for strengthening the strategic assets allocation, risk management and benchmarks for managing the foreign exchange reserves.

3.5 External Sector Developments

3.5.1 Overview

External sector developments in 2021 were mixed. From provisional statistics, the net balance from the current and capital accounts widened to a deficit of US$391.5 million (11.2 percent of GDP), from the US$154.5 million (5.1 percent of GDP) recorded in 2020, driven by expansion in the current account deficit and decline in capital inflows. Conversely, the net financial account liability rose to US$430.1 million (12.3 percent of GDP) in 2021, from US$207.8 million (6.8 percent of GDP) in the preceding year on account of increased direct and other investment inflows, and the incurrence of Special Drawing Rights (SDR) liabilities. In view of these developments, the overall Balance of Payments (BoP) deficit grew to US$400.8 million (11.5 percent of GDP), from US$82.5 million (2.7 percent of GDP) in 2020.

The estimated gross international reserves at end-December 2021 rose significantly to US$661.6 million (19.0 percent of GDP), from US$294.4 million (9.7 percent of GDP) at end-December 2020, mainly reflecting the SDRs allocation made to Liberia during the review period. In the event of a shock, the reserves was sufficient to finance 4.5 months of imports of goods and services (which exceeded the ECOWAS regional benchmark by 1.5 month), compared to the 2.5 months recorded in 2020.

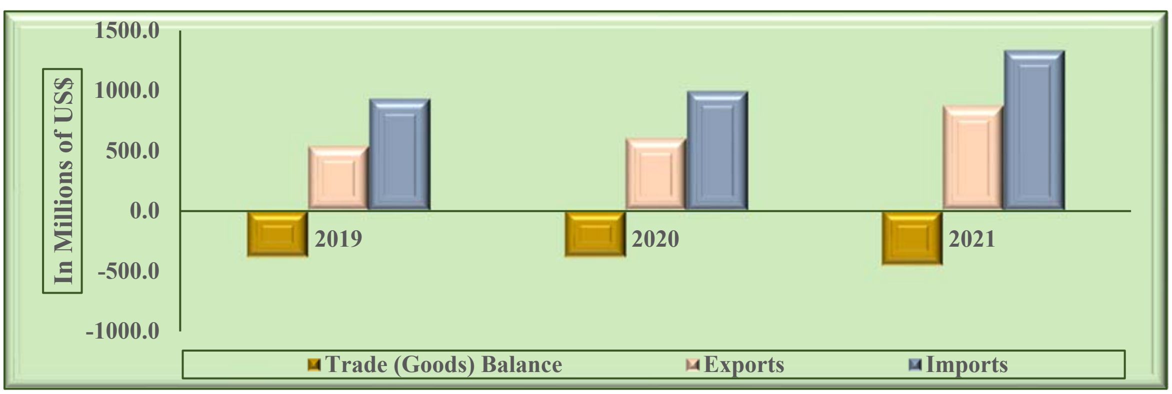
3.5.2 Current Account (CA)

The current account deficit worsened by 11.4 percent to US$607.1 million in 2021, from US$545.1 million in 2020, largely on account of increases in merchandise trade and primary income (net) deficits and decline in secondary income (net). However, when measured in percent of GDP, the current account deficit narrowed to 17.4 percent, from the 17.9 percent recorded in 2020 indicating strong output growth during the period.

3.5.2.1 Goods Account (net)

As indicated in Chart 12, the merchandise trade deficit rose to US$459.3 million (13.2 percent of GDP), from US$390.3 million (12.9 percent of GDP) in 2020, driven by a 34.0 percent increase in imports that outweighed the 44.6 percent growth in exports. On an aggregate basis, total merchandise trade (with imports on fob basis) increased by 17.8 percent to US$2,216.2 million (63.6 percent of GDP) in 2021 from the amount recorded in 2020, reflecting increases in both export earnings and import payments. On the cif basis, total merchandise trade surged by 18.9 percent to US$2,356.04 million (67.6 percent of GDP) during 2021, due to growths in exports and imports.

Chart 13: Merchandise Trade Balance
(2019 – 2021)



Source: Central Bank of Liberia

3.5.2.1.1 Exports

Total merchandise exports rose by 44.6 percent to US$878.5 million (25.2 percent of GDP) in 2021, from the US$607.7 million (20.0 percent of GDP) reported in the preceding year. This development was occasioned by increases in receipts from key export commodities (minerals, iron ore, and rubber). Receipt from minerals (especially gold), increased by 10.4 percent to US$355.4 million, from the US$206.6 million recorded in 2020, constituting a share of 40.5 percent of export earnings during the period. Iron ore, which constituted 39.5 percent of exports rose by 20.0 percent to US$346.9 million in 2021, against the US$289.0 million recorded in 2020. Earnings from rubber constituted 12.5 percent of total export and grew by 33.8 percent to US$109.9 million, from US$82.6 million recorded in 2020.

3.5.2.1.2 Imports (fob & cif basis)

Total payments for imports (on fob basis) surged by 34.0 percent to US$1,337.7 million (38.4 percent of GDP) during the review period, from the US$998.0 million (32.9 percent of GDP) recorded in 2020. The growth was on account of a significant increases in payments for machinery & transport equipment, food & live animals, and minerals, fuel & lubricants commodity groups (o/w petroleum products decline). Payments for machinery and transport equipment increased by 53.8 percent to US$355.7 million compared to the US$231.3 million logged in 2020, while food and live animals surged by 39.8 percent to US$356.0 million, from the US$254.6 million recorded in the previous year. Lastly, earnings from the minerals, fuel & lubricants commodity category increased (except petroleum product) by 17.4 percent to US$222.0 million, from US$189.2 million recorded a year ago.

Similarly, aggregate import payments (on cif basis) surged by 34.1 percent to US$1,477.6 million (42.4 percent of GDP) in 2021, from US$1,102.20 million (36.3 percent of GDP) recorded in 2020. The growth reflected increases in payments for machinery & transport equipment, food & live animals, and minerals, fuel & lubricants commodity groups (o/w petroleum products decline). Payments for machinery and transport equipment increased by 54.4 percent to US$384.2 million in 2021, from US$248.9 million, while food and live animals surged by 39.8 percent to US$408.3 million, from the US$292.1 million registered in the previous year. Additionally, earnings from the minerals, fuel & lubricants commodity category increased (except petroleum product) by 19.1 percent to US$238.3 million from the US$200.1 million recorded in 2020.

3.5.2.1.3 Direction of Trade (DOT)

Statistics on Liberia's direction of trade revealed that Europe (mainly Switzerland), North America (mainly the United States of America), and Asia (mainly India) were the top destinations of exports during the year. Gold was the main commodity exported to Switzerland, while palm oil was the key commodity shipped to India and rubber to the United States. Iron ore was exported to China but declined and constituted a low percentage share of total export earnings. Overall, Europe accounted for 82.4 percent of total export earnings, while North America and Asia accounted for 8.3 percent and 6.0 percent, respectively.

Statistics on sources of imports showed that Asia (mainly India & China), Africa (mainly Cote d'Ivoire), and Europe (mainly the Netherland) were the top three regions of imports. Imports from Asia (mainly Machinery & Transport equipment and Food & Live animals from India and China) increased by 44.5 percent, while Africa (predominantly petroleum products from Cote d' Ivoire) increased by 15.1 percent, and imports from Europe (mainly Food & Live animals from Netherland) increased by 36.5 percent.

Table 11: Directions of Trade (2019 - 2021)
(In Millions of US$, except otherwise indicated)

Direction of Trade by Region	2019		2020^r		2021^e	
	Exports	Imports	Exports	Imports	Exports	Imports
Africa	**21.9**	**162.5**	**7.8**	**212.4**	**21.0**	**244.3**
o/w ECOWAS	20.6	*141.8*	7.5	*186.5*	12.0	*203.3*
o/w NC[/1]	14.0	*124.2*	0.7	*168.9*	7.8	*182.3*
o/w Sierra Leone	13.4	*5.3*	0.7	*3.1*	7.6	*3.0*
o/w Cote D'Ivoire	*0.6*	*118.7*	*0.0*	*164.7*	*0.2*	*174.9*
Asia	**72.1**	**555.1**	**65.6**	**549.4**	**52.5**	**793.7**
o/w China	*31.9*	*190.3*	33.3	*177.7*	*3.2*	*193.2*
o/w ME[/2] Countries	*29.4*	*49.0*	20.9	*39.*	*12.2*	*87.0*
o/w UAE	*24.6*	*16.1*	17.3	*18.8*	*10.2*	*33.5*
o/w India	*0.0*	*183.4*	*0.4*	*175.6*	*11.1*	*278.0*
Europe	**350.7**	**124.7**	**469.6**	**135.4**	**724.0**	**184.9**
o/w Switzerland	*151.1*	*1.1*	179.6	*0.8*	*334.3*	*1.3*

o/w Netherland	*6.5*	*15.0*	*7.3*	*17.7*	3.4	*25.8*
o/w Eurozone	*187.3*	*19.5*	*282.7*	*95.4*	*386.3*	*36.3*
N. America & The Caribbean	**51.5**	**63.4**	**42.9**	**71.5**	**72.6**	**71.8**
o/w USA	*51.5*	*58.8*	42.9	*67.4*	*70.5*	*64.4*
South & Central America	**6.2**	**25.8**	**1.5**	**24.8**	**2.1**	**34.4**
o/w Mexico	*5.9*	**2.4**	1.1	**2.3**	**2.0**	**3.1**
o/w Brazil	*0.0*	*18.9*	*0.0*	*18.1*	*0.1*	*23.6*
Oceania	**0.0**	**2.3**	**0.1**	**4.3**	**0.2**	**8.5**
o/w Australia	*0.0*	*1.1*	*0.0*	*3.7*	*0.2*	*7.2*
Other Countries (n.i.e)	**40.5**	**na**	20.2	**na**	**8.2**	**na**
Total of DOT	**542.9**	**933.8**	**607.8**	**998.0**	**878.5**	**1,337.7**

Source: Liberia Revenue Authority (CUSTOM ASYCUDA), Firestone Liberia, Total Liberia, Ministry of Lands, Mines & Energy
r-revised, e-estimates /1 - neighboring countries (these include Ivory Coast, Guinea, and Sierra Leone) /2 – Middle Eastern Countries

3.5.2.2 Services Account (net)

The deficit in the services account (net) narrowed by 5.7 percent to US$285.7 million (8.2 percent of GDP) in 2021, relative to the US$303.1 million (10.0 percent of GDP) recorded in 2020. The improvement was mainly occasioned by decrease in payments for insurance and pension, and government related services, while payments for transport related services grew during the review period.

3.5.2.3 Primary Income (net)

The primary income balance amounted to US$105.5 million (3.0 percent of GDP) in 2021, compared to the US$99.5 million (3.3 percent of GDP) recorded in the previous year. The nominal increase was largely driven by growth in investment income (net) as net compensation of employees declined during the period. However, as a percent of GDP, the deficit reduced to 3.1 percent from 3.3 percent in 2020.

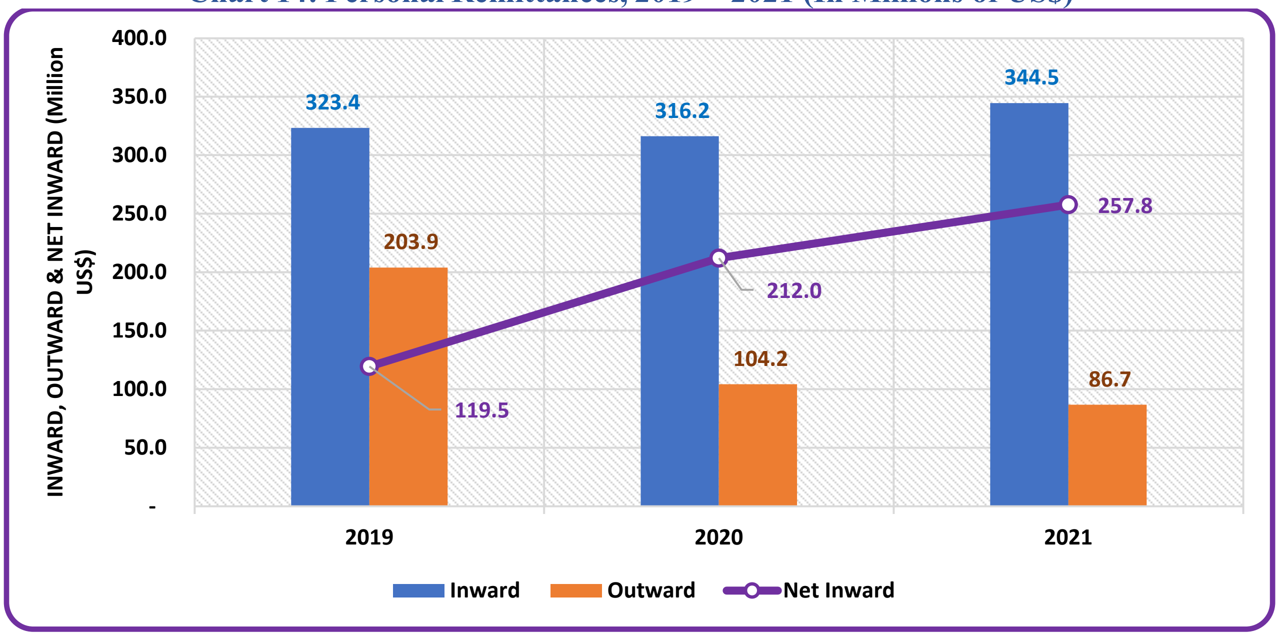
3.5.2.4 Secondary Income (net)

Net inflows from the secondary income account fell by 1.7 percent to US$243.4 million (7.1 0 percent of GDP) during the review period, from US$247.8 million (8.2 percent of GDP) in 2020, mainly on account of decrease in current transfers related to foreign aid flows to the government.

3.5.2.4.1 Personal Remittances

Net personal/worker remittance inflows in 2021 grew by US$45.8 million (21.6 percent) to US$257.8 million (7.4 percent of GDP), from US$212.0 million (6.1 percent of GDP) reported in 2020. The expansion was explained by 9.0 percent growth in inward remittances coupled with the 16.8 percent reduction in outward personal/worker remittances. Outward remittances at end-2021 stood at US$86.7 million (2.5 percent of GDP), while inward remittances amounted to US$344.5 million (9.9 percent of GDP).

Chart 14: Personal Remittances, 2019 – 2021 (In Millions of US$)



Source: Central Bank of Liberia

3.5.3 Capital Account (KA)

The balance in the capital account fell to US$215.6 million (6.2 percent of GDP) in 2021, from US$390.5 million (12.9 percent of GDP) in 2020, mainly reflecting decline in capital transfers related to investment grants from development partners.

Table 12: Balance of Payments Statistics (2019 - 2021)

Balance of Payments (BoP)	2019	2020r	2021e	2019	2020r	2021e
	In Millions, US$			In Percent of GDP		
Current Account (CA)	**-680.8**	**-545.1**	**-607.1**	**-22.1**	**-17.9**	**-17.4**
Credit	*916.9*	*1007.7*	*1253.3*	*29.8*	*33.2*	*36.0*
Debit	*1597.7*	*1552.8*	*1860.4*	*51.9*	*51.1*	*53.4*
Goods and services	-689.8	-693.3	-745.0	-22.4	-22.8	-21.4
Credit	*554.0*	*619.4*	*883.4*	*18.0*	*20.4*	*25.4*
Debit	*1243.8*	*1312.7*	*1628.4*	*40.4*	*43.2*	*46.8*
Goods (Trade Balance)	**-390.9**	**-390.3**	**-459.3**	***-12.7***	***-12.9***	***-13.2***
Credit (Exports)	**542.9**	**607.7**	**878.5**	**17.6**	**20.0**	**25.2**
Iron Ore	*234.6*	*289.0*	*346.9*	*7.6*	*9.5*	*10.0*
Rubber	*85.6*	*82.2*	*110.0*	*2.8*	*2.7*	*3.2*
Minerals	*180.4*	*206.6*	*355.5*	*5.9*	*6.8*	*10.2*
Gold	*164.3*	*194.4*	*340.3*	*5.3*	*6.4*	*9.8*
Diamond	*16.1*	*12.1*	*15.2*	*0.5*	*0.4*	*0.4*
Palm oil	*11.3*	*3.9*	*32.5*	*0.4*	*0.1*	*0.9*
Others	*31.0*	*26.0*	*33.6*	*1.0*	*0.9*	*1.0*
Debit (Imports, fob basis)	**933.8**	**998.0**	**1337.7**	**30.3**	**32.9**	**38.4**
Food & Live Animals	*264.3*	*254.7*	*356.0*	*8.6*	*8.4*	*10.2*
O/w Rice	*133.3*	*122.1*	*185.7*	*4.3*	*4.0*	*5.3*
Mineral, Fuel, Lubricants	*145.2*	*189.2*	*222.0*	*4.7*	*6.2*	*6.4*
O/w Petroleum Products	*115.6*	*161.6*	*137.2*	*3.8*	*5.3*	*3.9*
Machinery & Transport Equipment	*210.2*	*231.3*	*355.7*	*6.8*	*7.6*	*10.2*
Others	*314.1*	*322.9*	*404.1*	*10.2*	*10.6*	*11.6*
General merchandise on a bop basis	-555.2	-584.7	-797.5	-18.0	-19.3	-22.9
Credit	*378.6*	*413.2*	*540.2*	*12.3*	*13.6*	*15.5*
Debit	*933.8*	*998.0*	*1337.7*	*30.3*	*32.9*	*38.4*
Of which Re-exports (credit)	*5.7*	*0.0*	*0.0*	*0.2*	*0.0*	*0.0*
Nonmonetary gold	164.3	194.4	340.3	5.3	6.4	9.8
Credit	*164.3*	*194.4*	*340.3*	*5.3*	*6.4*	*9.8*
Debit	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Services (net)	**-298.9**	**-303.1**	**-285.7**	***-9.7***	***-10.0***	***-8.2***
Credit	*11.1*	*11.7*	*4.9*	*0.4*	*0.4*	*0.1*
Debit	*310.0*	*314.7*	*290.6*	*10.1*	*10.4*	*8.3*
Primary Income (net)	**-112.4**	**-99.5**	**-105.5**	***-3.6***	***-3.3***	***-3.0***
Credit	*23.8*	*21.0*	*21.8*	*0.8*	*0.7*	*0.6*
Debit	*136.2*	*120.4*	*127.3*	*4.4*	*4.0*	*3.7*
Secondary Income (net)	**121.4**	**247.8**	**243.4**	***3.9***	***8.2***	***7.0***
Credit	339.1	367.4	348.1	*11.0*	*12.1*	*10.0*
Debit	217.7	119.6	104.7	*7.1*	*3.9*	*3.0*
Capital Account (KA)	**229.6**	**390.5**	**215.6**	***7.5***	***12.9***	***6.2***
Credit	*229.6*	*390.5*	*215.6*	*7.5*	*12.9*	*6.2*

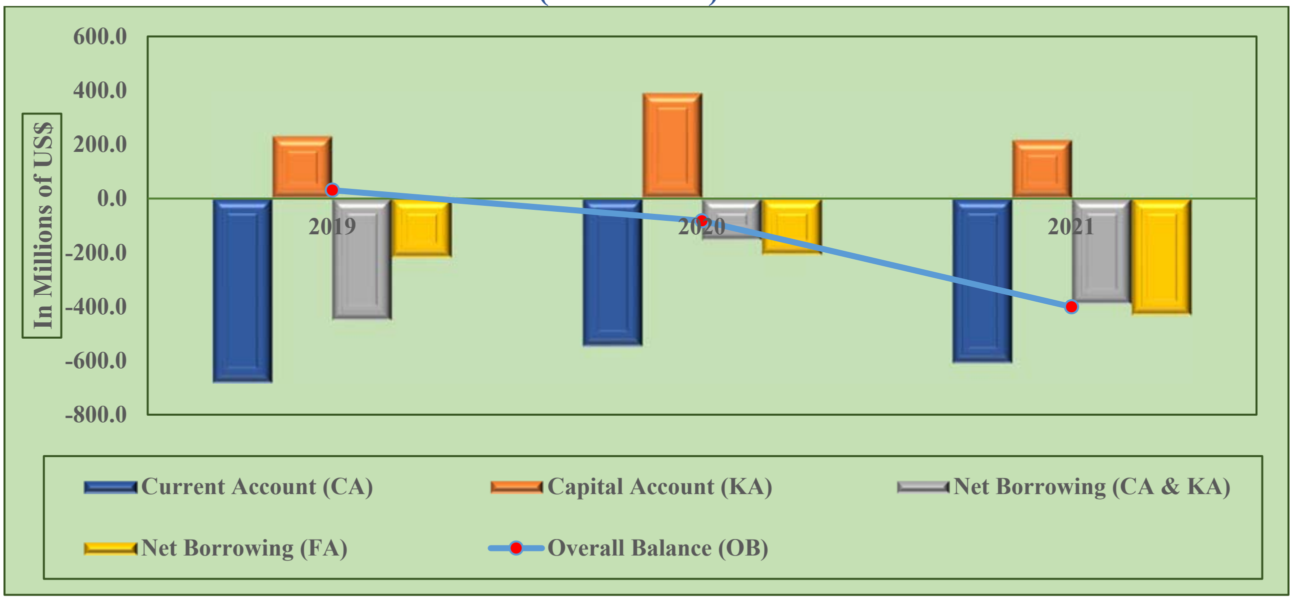
Debit	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Net Lending (+) / Net Borrowing (-) (CA & KA)	**-451.1**	**-154.5**	**-391.5**	***-14.6***	***-5.1***	***-11.2***
Financial Account (FA)						
Net Lending (+) / Net Borrowing (-) (KA)	**-218.2**	**-207.8**	**-430.1**	***-7.1***	***-6.8***	***-12.3***
Direct Investment (net)	**-86.8**	**-66.1**	**-95.0**	***-2.8***	***-2.2***	***-2.7***
Net acquisition of financial assets	*0.0*	*0.0*	*0.0*	0.0	0.0	0.0
Net incurrence of liabilities	*86.8*	*66.1*	*95.0*	2.8	2.2	2.7
Other Investment (net)	**-131.4**	**-141.7**	**-335.1**	***-4.3***	***-4.7***	***-9.6***
Net acquisition of financial assets	*4.4*	*39.1*	*103.8*	0.1	1.3	3.0
Net incurrence of liabilities	*135.8*	*180.8*	*438.9*	4.4	6.0	12.6
Reserve Assets	**-30.9**	**82.5**	**400.8**	***-1.0***	***2.7***	***11.5***
Special drawing rights	*-13.7*	*-7.5*	*351.1*	-0.4	-0.2	10.1
Reserve position in the IMF	*0.0*	*0.0*	*0.0*	0.0	0.0	0.0
Other reserve assets	*-17.2*	*90.0*	*49.7*	-0.6	3.0	1.4
Net Errors & Omissions	***202.1***	***29.3***	***362.2***	***6.6***	***1.0***	***10.4***
Overall Balance	**30.9**	**-82.5**	**-400.8**	***1.0***	***-2.7***	***-11.5***
Memorandum Items						
Gross External Reserves	*252.4*	*294.4*	*661.4*	*8.2*	*9.7*	*19.0*
Imports (cif)	*1033.3*	*1102.2*	*1477.6*	*33.5*	*36.3*	*42.4*
Service Payments	*310.0*	*314.7*	*290.6*	*10.1*	*10.4*	*8.3*
Import & Service Payments	*1343.2*	*1416.9*	*1768.2*	*43.6*	*46.7*	*50.8*
Months of Import Cover	*2.3*	*2.5*	*4.5*			
Nominal GDP†	*3,080.0*	*3,037.0*	*3,483.0*			

Source: Central Bank of Liberia staff
r - revised; e - estimates
† Nominal GDP is based on IMF and Liberian Authorities' estimates

3.5.4 Financial Account (FA)

From provisional statistics, the net incurrence of liability in the financial account increased to US$430.1 million (12.3 percent of GDP) in 2021, from US$207.8 million (6.8 percent of GDP) in 2020. This development was driven by the increased financial inflows from direct and other investments, and SDRs allocation during the year.

Chart 15: Main Balances of the BOP (2019 – 2021)



Source: Central Bank of Liberia

3.5.4.1 Direct Investment (net)

Direct investment inflows (net) increased to US$95 million (2.7 percent of GDP) compared with the US$66.1 million (2.2 percent of GDP) reported in 2020, driven by reinvested earnings and new investment inflows from direct investors to direct investment enterprises.

3.5.4.2 Other Investment (net)

Other investment inflows (net) rose to a net financial liability of US$335.1 million (9.6 percent of GDP) in 2021, from US$141.7 million (4.7 percent of |GDP) in the previous year, largely occasioned by increase in currency and deposits.

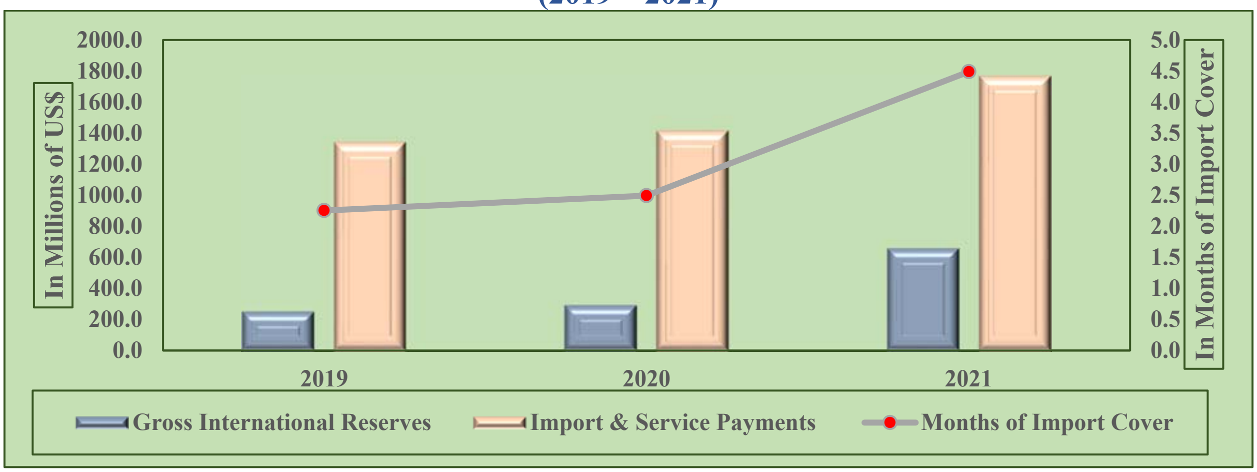
3.5.4.3 Reserve Assets

Transactions in reserve assets grew in surplus to US$400.8 million (11.5 percent of GDP) in 2021, compared to the US$82.5 million (2.7 percent of GDP) recorded in 2020. The increase mainly reflected the SDR allocations made to the country by the International Monetary Fund (IMF) in the second half of the year.

3.5.5 Gross International Reserves

From provisional data, the country's gross international reserves at end-December 2021 stood at US$661.4 million (19.0 percent of GDP), from US$294.4 million (9.7 percent of GDP) at end-December 2020. The growth was largely on account of SDR allocations made to Liberia by the IMF during the year. Consequently, the months of import cover relative to the gross international reserves grew significantly and above the ECOWAS minimum threshold to 4.5 months in 2021, from 2.5 months in 2020.

Chart 16: Gross International Reserves, Imports & Months of Import Cover (2019 – 2021)



Source: Central Bank of Liberia

3.5.6 Exchange Rate Developments

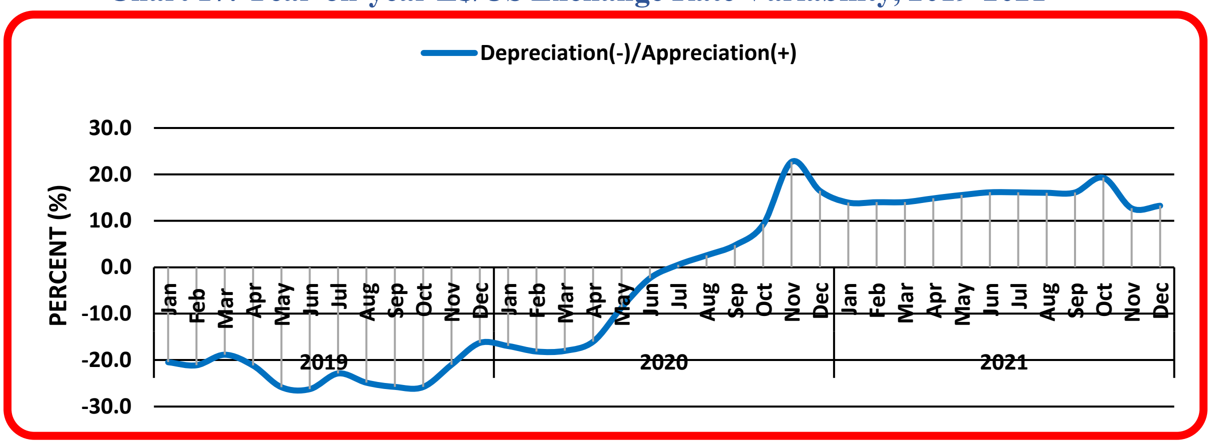
During 2021, developments in the foreign exchange market reasonably favored the Liberian dollar, as the currency strengthened against the United States dollar. The Liberian dollar (annual average exchange rate) appreciated by 13.0 percent in 2021 to L$171.65/US$1.00, from L$191.52/US$1.00 in 2020. Similarly, the end-of-period exchange rate (EOP) showed appreciation of the Liberian dollar by 11.6 percent to L$145.36/US$1.00, compared to L$164.22/US$1.0 reported in 2020. Generally, the appreciation of the domestic currency was mainly driven by the contractionary monetary policy stance supported by increased net inflows of remittances.

Table 13: Buying and Selling Rates of Liberian Dollar per US Dollar (2019-2021)

	2019		2020		2021	
Period Average	**Buying**	**Selling**	**Buying**	**Selling**	**Buying**	**Selling**
January	158.97	159.97	191.24	192.89	167.79	169.32
February	160.65	161.44	195.85	197.67	171.82	173.29
March	161.74	162.69	197.02	198.64	172.76	174.18
April	165.91	166.82	197.41	198.83	171.79	173.22
May	180.72	181.75	197.84	199.10	171.03	172.42
June	193.65	195.10	198.52	199.67	170.69	172.09
July	199.51	201.08	198.64	199.81	170.83	172.24
August	203.75	204.98	198.65	199.84	170.98	172.43
September	207.74	209.18	198.39	199.62	170.63	172.14
October	210.40	211.88	192.59	193.85	161.15	162.75
November	198.69	200.91	162.10	163.47	143.63	145.23
December	187.93	188.39	160.76	162.34	141.81	143.46
Memo Items:	**2019**		**2020**		**2021**	
End-of Period	*187.93*		*164.22*		*145.36*	
Period Average	*186.43*		*191.52*		*171.65*	

Source: Central Bank of Liberia

Chart 17: Year-on-year L$/US Exchange Rate Variability, 2019-2021



Source: Central Bank of Liberia

3.6 Fiscal Developments

3.6.1 Overview of Government Operations

Fiscal operations were supported by enhanced policy coordination and implementation of prudent fiscal measures, including robust domestic revenue mobilization. Consequently, provisional estimate shows that government's fiscal operations for the calendar year 2021 recorded a surplus in the overall balance. The fiscal operations also reported a surplus in the primary balance.

The overall balance totaled US$63.2 million (1.8 percent of GDP) while the primary balance amounted to US$175.8 million (5.0 percent of GDP). Also, total revenue and expenditure summed up to US$702.6 million (20.2 percent of GDP) and US$639.4 million (18.7 percent of GDP), respectively.

3.6.2 Government Revenue

In 2021, total revenue (including grants) amounted to US$702.6 million (20.2 percent of GDP), expanding by 7.0 percent relative to 2020. The growth in revenue was mostly driven by significant improvement in domestic revenue mobilization, particularly, tax revenue. Domestic revenue surged by 25.3 percent, totaling US$600.1 million (17.2 percent of GDP). During the period, tax revenue totaled US$483.1 million (13.9 percent of GDP), rising by 24.4 percent compared with 2020. The rise in tax revenue was attributed to growth in revenue from income & profits and international trade levy (custom). Income & profit tax rose by 22.4 percent, amounting to US$210.1 million (6.0 percent of GDP), while international trade levy (custom) expanded by 27.6 percent to US$209.3 million (6.0 percent of GDP).

Similarly, non-tax revenue grew by 2.5 percent to US$91.9 million (2.6 percent of GDP). The growth was driven by significant improvement in administrative fees and penalties by 30.3 percent to US$17.3 million (0.5 percent of GDP). However, other revenues (inclusive of grants and borrowing) stood at US$127.5 million (3.7 percent of GDP), declining by 28.5 percent. The decline was due to reduction in grants by more than 50.0 percent.

Table 14: Government Revenue (2019-2021)

Fiscal Operations	2019	2020r	2021	Y-O-Y
	(Millions of USD)			(Percent Change)
Total Government Revenue	**435.03**	**656.59**	**702.57**	**7.00**
Tax Revenue	**357.15**	**388.51**	**483.11**	**24.35**
o/w Taxes on Income & Profits	140.82	171.63	210.06	22.39
o/w Taxes on International Trade (Customs)	159.17	164.02	209.25	27.58
Non-tax Revenue	**77.89**	**89.72**	**91.94**	**2.47**
o/w Property Income	61.39	76.08	74.66	(1.86)
o/w Administrative Fees & Penalties	16.28	13.24	17.25	30.28
Other Revenues (including grants, borrowings & others)	**0.00**	**178.36**	**127.52**	**(28.50)**
Memo Items				
Total Revenue (% of GDP)	*14.12*	*21.62*	*20.17*	
Tax Revenue (% of GDP)	*11.60*	*12.79*	*13.87*	
Non-tax Revenue (% of GDP)	*2.53*	*2.95*	*2.64*	
Other Revenues (Grants & Borrowings)	*0.00*	*5.87*	*3.66*	
GDP (In Millions of USD)	*3080.00*	*3037.00*	*3483.00*	

Source: Ministry of Finance and Development Planning and Liberian Authorities
r: revised

3.6.3 Government Expenditure

Relative to 2021, government expenditure grew by 15.3 percent, amounting to US$639.4 million (18.4 percent of GDP), largely occasioned by significant growths in mainly capital expenditure and payments on loans, interest & other charges as well as increase in current expenditure. Current expenditure totaled US$523.1 million (15.0 percent of GDP), increasing by 3.8 percent of GDP, while capital expenditure remained low at US$3.8 million (0.1 percent of GDP), despite rising by more than a hundred percent. Payments on loans, interest & other charges also rose by more than a hundred percent, totaling US$112.7 million (3.2 percent of GDP).

Table 15: Government Expenditure (2019-2021)

Fiscal Operations	2019	2020	2021	Y-O-Y
	(Millions of USD)			(Percent change)
Total Expenditure	**430.80**	**554.64**	**639.42**	**15.29**
Current Expenditure	374.55	504.09	523.07	**3.76**
o/w Employees' Compensation	230.74	285.15	230.50	(19.17)
o/w Goods & Services	88.05	157.41	206.86	31.41
Capital Expenditure	12.74	0.76	3.67	**383.33**
Payments Loan & Interest & other Charges	43.50	49.79	112.68	**126.31**
Memo Items				
Total Expenditure (% of GDP)	*13.99*	*18.26*	*18.36*	
Current Expenditure (% of GDP)	*12.16*	*16.60*	*15.02*	
Capital Expenditure (% of GDP)	*0.41*	*0.03*	*0.11*	
Payments on Loan, Interest & other Charges (% of GDP)	*1.41*	*1.64*	*3.24*	
GDP (In Millions of USD)	*3,080.00*	*3,037.00*	*3,483.00*	

Source: Ministry of Finance and Development Planning and Liberian Authorities

3.6.4 Public Debt

As at end-December-2021, Liberia's stock of debt stood at 49.7 percent of GDP, rising by 8.4 percent. The increase was due to increases in both domestic and external borrowings by 9.5 percent and 7.7 percent, respectively. The stock of domestic debt totaled 20.2 percent of GDP while the stock of external debt stood at 29.5 percent of GDP.

In 2021, bilateral borrowing constituted 89.0 percent of external debt while multilateral borrowing accounted for the remaining 11.0 percent. Additionally, borrowing from financial institutions, including the International Monetary Fund and the World Bank, accounted for 59.3 percent of total debt.

Table 16: Liberia's Public Debt Statistics (2019-2021)

Fiscal Operations	2019	2020	2021	Y-O-Y
	(Millions of USD)			(Percent Change)
Total Debt Stock	**1,270.56**	**1,596.78**	**1,731.63**	**8.44**
External	**850.75**	**952.97**	**1,026.61**	**7.73**
o/w Multilateral	737.29	840.29	913.37	8.70
o/w Bilateral	113.47	112.68	113.24	0.49
Domestic	**419.80**	**643.82**	**705.02**	**9.51**
o/w Financial Institutions	**368.10**	**586.02**	**634.88**	**8.34**
o/w CBL	302.88	487.48	525.48	7.80
o/w Commercial Banks	65.22	98.53	109.40	11.03
o/w Other Debts	**51.70**	**57.80**	**70.14**	**21.34**
o/w Other Institutions	51.51	47.19	68.49	45.14
o/w Claims	0.19	10.61	1.65	(84.48)
Memo Items				
Stock of Debt	*41.25*	*52.58*	*49.72*	
The stock of External Debt	*27.62*	*31.38*	*29.47*	
The stock of Domestic Debt	*13.63*	*21.20*	*20.24*	
GDP (In Millions of USD)	*3,080.00*	*3,037.00*	*3,426.00*	

Source: Ministry of Finance and Development Planning and Liberian Authorities

Chapter 4.0: Developments in the Financial Sector

4.1 Overview

The Banking sector recorded mixed results in key balance sheet indicators in 2021 compared to the previous year, largely explained by the appreciation of the domestic currency and the slow pace of full recovery in the business sector. Movements in key balance sheet indicators for the period ended were shown as follows: total assets (negative 1.35 percent); total loans (negative 7.95 percent); total deposits (0.01 percent); and total capital (5.06 percent). The banking sector accounted for approximately 85.0 percent of the total assets of the financial sector as at end-December 2021. The Capital Adequacy Ratio (CAR) of the sector was 31.8 percent (or 21.8 percentage points above the minimum requirement). The sector maintained a liquidity position of 42.62 percent, representing 27.62 percentage points above the minimum regulatory benchmark of 15.0 percent, but remained challenged by increasing NPLs from 21.59 percent in 2020 to 22.69 percent in 2021.

4.2 Financial Stability

Amid the negative effects of the COVID-19 pandemic, the financial sector remained relatively stable with key financial institutions showing signs of resilience during the pandemic. Globally, the financial system was under immense pressure to adopt policy response aimed at reducing the direct and indirect impacts of the pandemic on financial stability. The central banks, as the first line of defense to ensure the stability of the financial system, introduced both conventional (using policy instruments) and non-conventional policies by relaxing some regulatory requirements as interventions to minimize the impact of the shock. Some of the measures introduced by central banks included liquidity support, policy rates easing, stimulus support, relaxation or suspension of prudential requirements, capital buffers, restriction on the payment of dividends, etc.

On the domestic front, the stability of the financial sector remained relatively on course with banks and other financial institutions showing signs of resilience amid the lingering economic effects of COVID-19. The CBL, in 2021encouraged banks to strengthen asset quality and relax credit rules for 3 months to businesses operating in the Redlight Market due to their relocation. The CBL also encouraged banks to explore more options of digital financial products. The introduction of these measures witnessed the relative easing of pressure on commercial banks and widened usage of digital payments.

4.3 Commercial Banks Branch Network

The banks' networks were spread across 10 of the 15 counties in Liberia with new bank branches opened in Bomi and Margibi Counties in 2021. Total number of bank branches, including annexes and windows, increased to 87 from 85 reported in 2020. Most of the branches of banks were concentrated in Montserrado County. In terms of individual bank's networks, LBDI and Ecobank maintained the largest share of bank branches, followed by Sapelle International Bank Liberia Limited (SIBLL).

Table 17: Location of Commercial Banks Branches

County	No. of Branches		No. of Window		No. of Annexes		Total	
	2020	2021	2020	2021	2020	2021	2020	2021
Bomi	1	2					1	2
Bong	2	2					2	2
Grand Bassa	6	6					6	6
Grand Gedeh	1	1					1	1
Margibi	6	7	1			1	7	8
Maryland	2	2					2	2
Montserrado	52	52	6	6	1	1	59	60
Nimba	6	6					6	6
Sinoe	1	1					1	1
Total	77	79	7	6	1	2	85	87

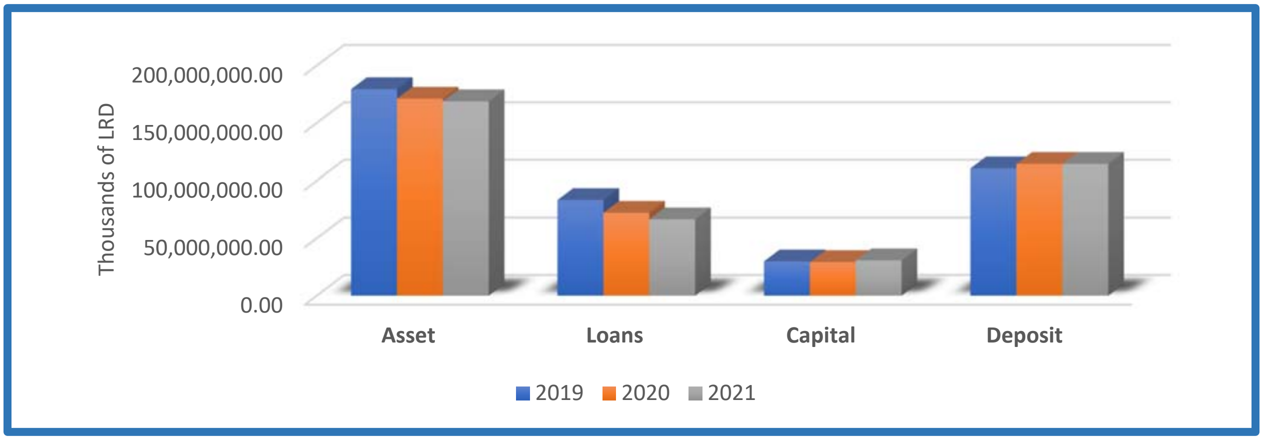
Source: Central Bank of Liberia and Commercial Banks

4.4 Banking Industry

4.4.1 Balance Sheet Structure

The review of the banking sector showed mixed developments in key balance sheet indicators in comparison to end-December 2020. At end-December 2021, total assets reduced by 1.35 percent to L$168.89 billion, from L$171.21 billion; total loans and advances reduced by 7.95 percent to L$66.52 billion, from L$72.27 billion; total capital increased by 5.06 percent in 2021, to L$30.79 percent, from L$29.32 billion; and deposits rose slightly by 0.01 percent to L$114.38 billion, from L$114.37 billion in 2020.

Chart 18: Selected Balance Sheet Indicators of the Banking Sector (2019 – 2021)

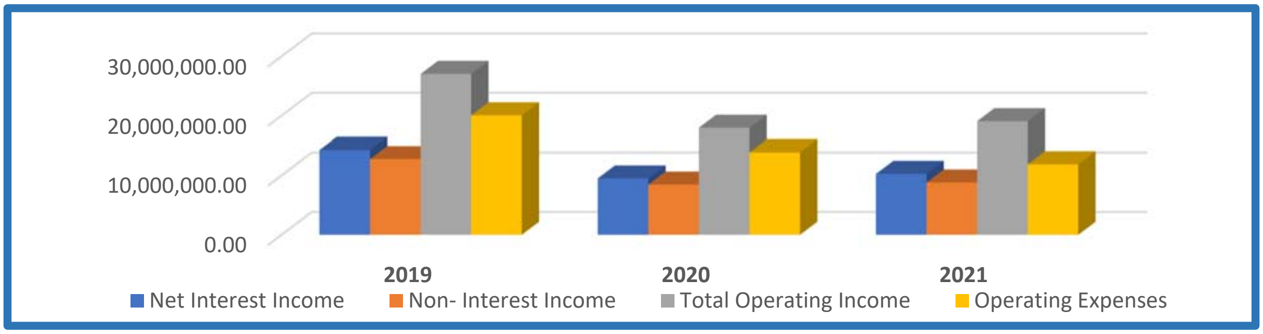


Sources: Central Bank of Liberia and Commercial Banks

4.4.2 Income Statement Structure (Profit and Loss Statement)

The consolidated comprehensive income statement of the banking sector at end-December 2021 showed a net income of L$5.50 billion. Compared with the corresponding year, net income increased by more than 100 percent. At end-December 2021, total operating income amounted to L$19.06 billion. Interest income accounted for L$10.25 billion (53.8 percent) while non-interest income constituted L$8.80 billion (46.2 percent). The banking sector recorded an increase of 0.35 percent in interest expense to L$1.73 billion, from L$1.72 billion at end-2020. Additionally, operating expense stood at L$11.87 billion reflecting 14.4 percent decline compared to 2020.

Chart 19: Sources of Income (2019-2021)



Sources: Central Bank of Liberia and Commercial Banks

4.4.3 Financial Soundness Indicators

The overall condition of the banking sector, in terms of the financial soundness indicators (FSI), demonstrated some level of resilience and stability against potential internal and external threats and shocks. However, the NPLs challenge in the banking sector lingered during the year.

Table 18: Financial Soundness Indicators
(In L$; otherwise elsewhere mentioned)

Description	31-Dec-20	31-Dec-21
Gross Assets	194,610,111.90	189,876,557.76
Net Assets	171,218,665.28	168,898,754.95
Net Loans and Overdrafts	58,430,870.92	54,778,673.58
Gross Loans and Accrued Interest on Loans	43,852,980.27	43,605,744.56
Provisions on Gross Loans	9,274,603.34	7,789,712.89
Interest in Suspense on Gross Loans	1,013,605.56	656,708.25
Overdrafts and Accrued Interest on Overdrafts	29,728,548.84	23,566,458.33
Provisions on Overdrafts	4,465,353.14	3,510,600.05
Interest in Suspense on Overdrafts	397,096.15	436,508.12
Deposits	114,265,779.16	114,287,068.49
Reported Capital Net of Provisions	31,691,957.18	32,766,565.09
Reported Net Capitalization (in billions)	18.51	19.4
Capital Adequacy Ratio (in percent)	31.41	31.8
Classified Loans to Total Loans (in percent)	25.51	29.1

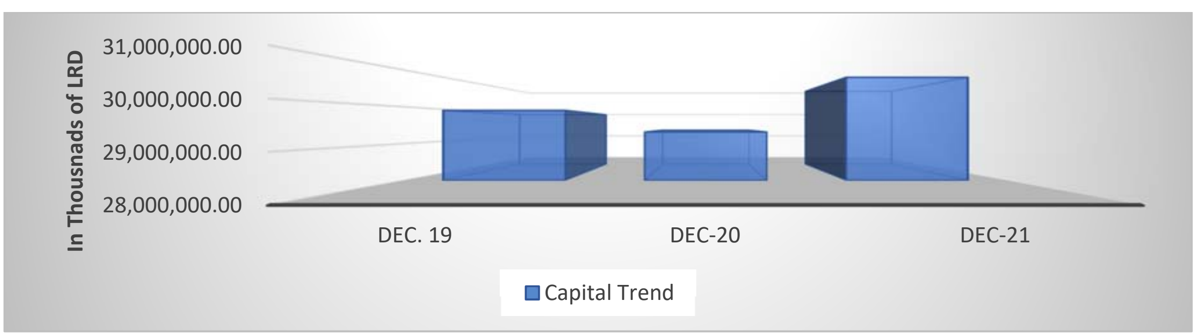
Non-performing Loans to Total Loans (in percent)	21.17	22.4
Provisions to Classified Loans Net of Interest in Suspense	71.27	56.23
Provisions to Non-performing Loans Net of Interest in Suspense	81.57	69.59
Return on Assets (in billions)	1.24	3.33
Return on Equity (in billions)	7.22	18.28
Non-interest Income to Total Revenue (in percent)	42.96	42.07
Net Interest Margin over Average Assets	5.14	5.37
Liquid Assets to Net Assets		
Net Loans to Deposits (in percent)	25.16	29.33
Liquidity Ratio (in percent)	36.78	42.62

Source: Central Bank of Liberia

4.4.4 Capital Adequacy

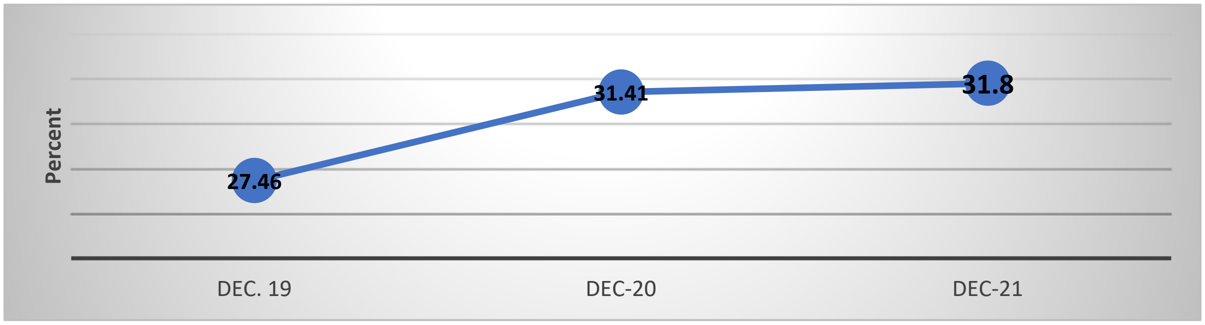
The average capital recorded for the sector in 2021 was US$23.39 million, exceeding the minimum requirement of US$10.0 million and representing an increase of 18.49 percent compared to the average capital of US$19.74 million reported in 2020. The CAR stood at 31.8 percent, which was 21.8 percentage points above the minimum ratio of 10.0 percent. Compared with the corresponding year, CAR increased by 0.4 percentage point.

Chart 20: Capital Movement



Sources: Central Bank of Liberia and Commercial Banks

Chart 21: Capital Adequacy Ratio

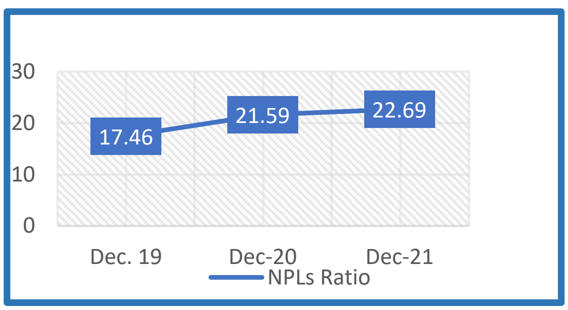


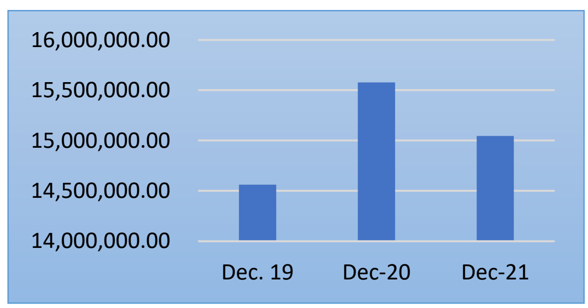
Sources: Central Bank of Liberia and Commercial Banks

4.4.5 Assets Quality

The banking sector recorded 7.95 percent decline in gross loans and overdrafts to L$66.52 billion, reflecting appreciation of the domestic currency. The volume of NPLs (L$15.04 billion) to total loans (L$66.52 billion) slightly increased by 1.1 percentage points to 22.69 percent, from 21.59 percent in 2020. However, total loan loss provisions declined by 17.5 percent to L$11.30 billion, from L$13.74 billion recorded in 2020.

Chart 22: NPLs Ratio and Volume (2019 – 2021)



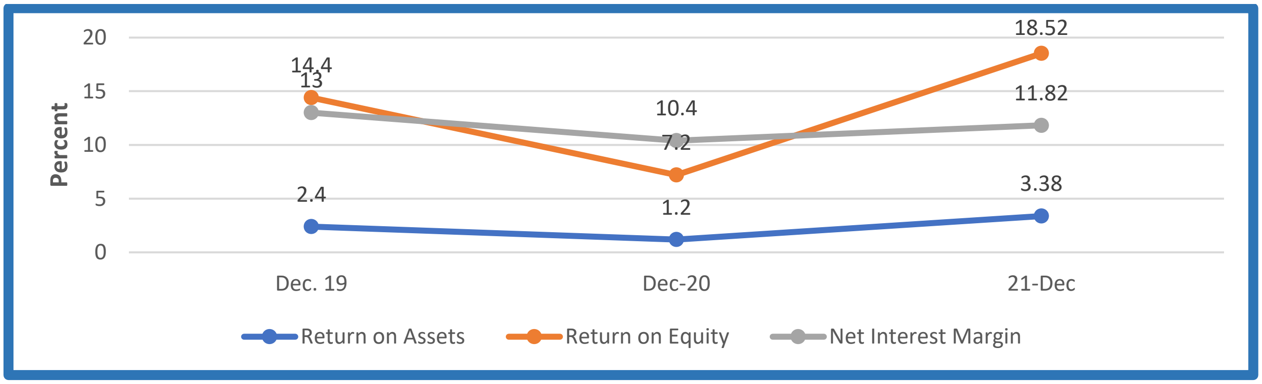


Sources: Central Bank of Liberia and Commercial Banks

4.4.6 Earnings and Profitability

Total operating income for the period ended December 2021 stood at L$19.06 billion, recording a net profit of L$5.50 billion. The sector recorded the following: Return on Equity (ROE) of 18.52 percent; Return on Asset (ROA) of 3.38 percent; and Net Interest Margin of 11.82 percent.

Chart 23: Trend in Earnings and Profit (2019 – 2021)

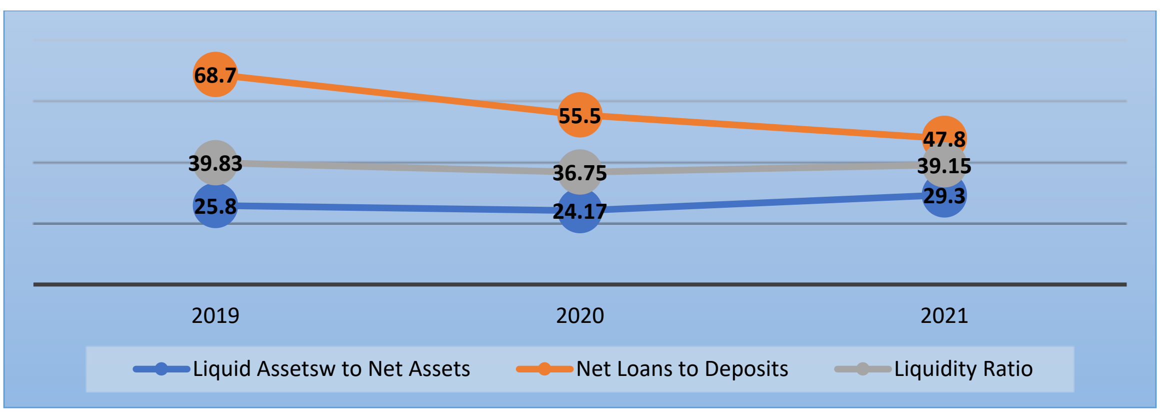


Sources: Central Bank of Liberia and Commercial Banks

4.4.7 Liquidity

The banking system showed a relatively stable liquidity position. Liquidity ratio at end-December 2021 stood at 39.15 percent, which was 24.15 percentage points more than the minimum threshold. Liquidity ratio increased by 2.40 percentage points in 2021 compared with 2020.

Chart 24: Liquidity Trend (2019 – 2021)

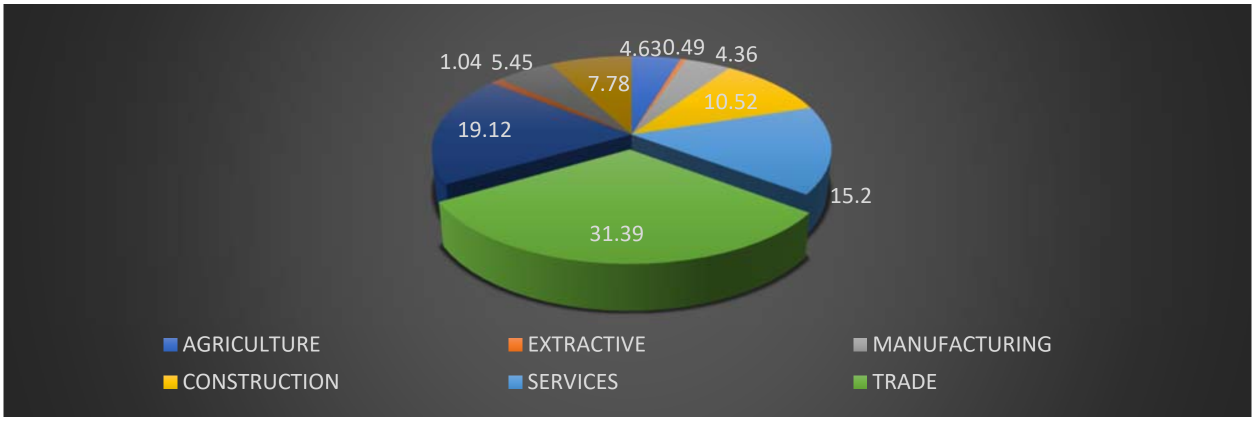


Sources: Central Bank of Liberia and Commercial Banks

4.4.8 Sectoral Loan Distribution

At end-December 2021, loans and advances stood at L$66.523 billion, representing 8.0 percent decline relative to the level recorded in 2020. The credit portfolio of the banking system was diversified to the extent that no sector accounted for more than 50.00 percent of the total loans with . 31.39 percent of the total industry's credit was concentrated in the trade sector.

Chart 25: Sectoral Distribution of Loans and Advances

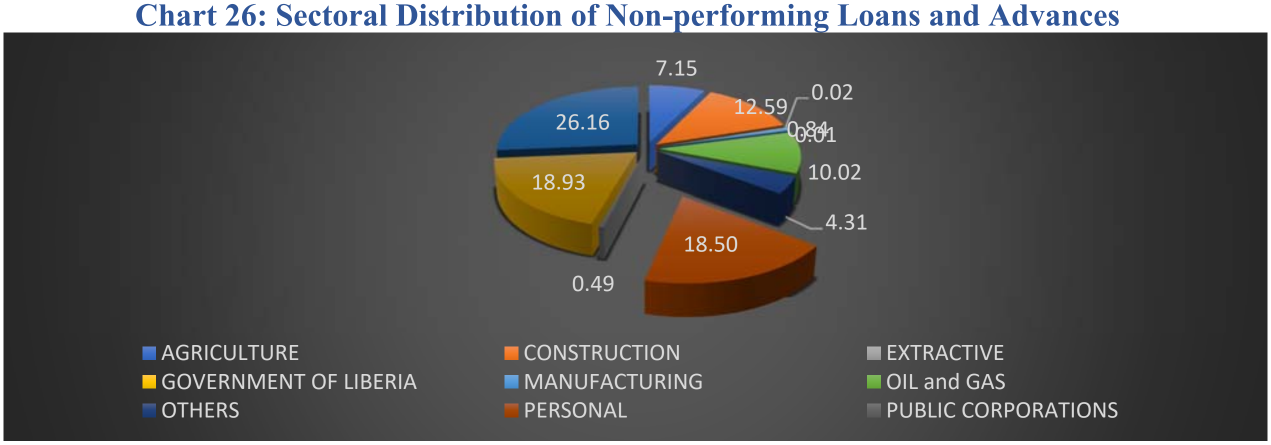


Sources: Central Bank of Liberia and Commercial Banks

4.4.9 Sectoral Distribution of Non-performing Loans and Advances

At end-December 2021, the stock of NPLs and advances stood at L$15.044 billion (22.61 percent of gross loans), representing a decrease of 3.4 percent compared to the corresponding period in 2020. In terms of concentration, trade accounted for the highest (26.16 percent), reflecting a decrease of 13.19 percentage points compared with the corresponding period in 2020.

Chart 26: Sectoral Distribution of Non-performing Loans and Advances



Sources: Central Bank of Liberia and Commercial Banks

4.5 Agent Banking

The United Bank of Africa (UBA) and ECOBANK are the only two commercial banks actively involved in Agent Banking activities. There are 237 agents of which 131 remained active. Transactions were predominantly in United States dollars with total volume of 257,485, valued at US$108.27 million.

Table 19: Agent Banking Transactions (2020 – 2021)

Indicators	2020	2021
No. of Agents	183	237
Active Agent	85	131
Volume	20,279	257,485
Value	1,532,228.79	108,265,217.48

Source: Central Bank of Liberia and Commercial Banks

Chart 27: Number of Agents (2020– 2021)

Sources: Central Bank of Liberia and Commercial Banks

4.6 Non-Bank Financial Institutions

In 2021, the total number of registered NMFIs remained at 13 with at least 32 branches in 8 of the 15 counties. The sector also recorded 2 Deposit-taking Microfinance Institutions (MDIs), 1 development finance company (Liberian Enterprise Development Finance Company (LEDFC), 188 licensed Foreign Exchange Bureaus, 36 Licensed Money Remittance Entities, and 12 Rural Community Finance Institutions (RCFIs).

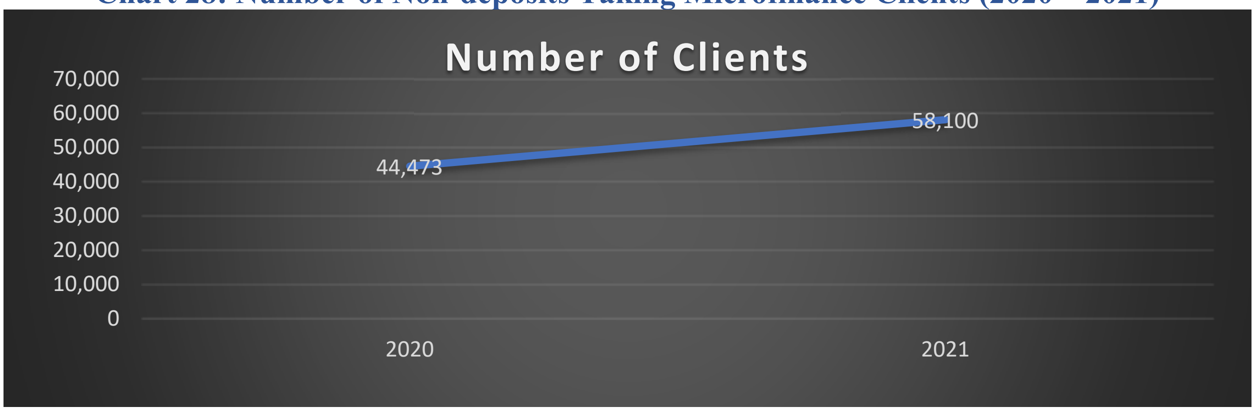
4.6.1 Microfinance Sector

Key Developments in the NMFIs Sector

In 2021, the CBL delisted 9 NMFIs for act of noncompliance with guidelines and prudential regulations, while 4 new NMFLs were licensed. Additionally, the CBL with technical assistance from the World Bank issued two regulations affecting the NMFIs, including Regulation No. CBL/RSD/001/2021 on Non-Bank Credit Only Institutions (NBCOs) and Regulation No. CBL/RSD/002/2021 on Assets Classification, Provisions for Loan losses and Suspension for Interest on Non-performing loans and advances.

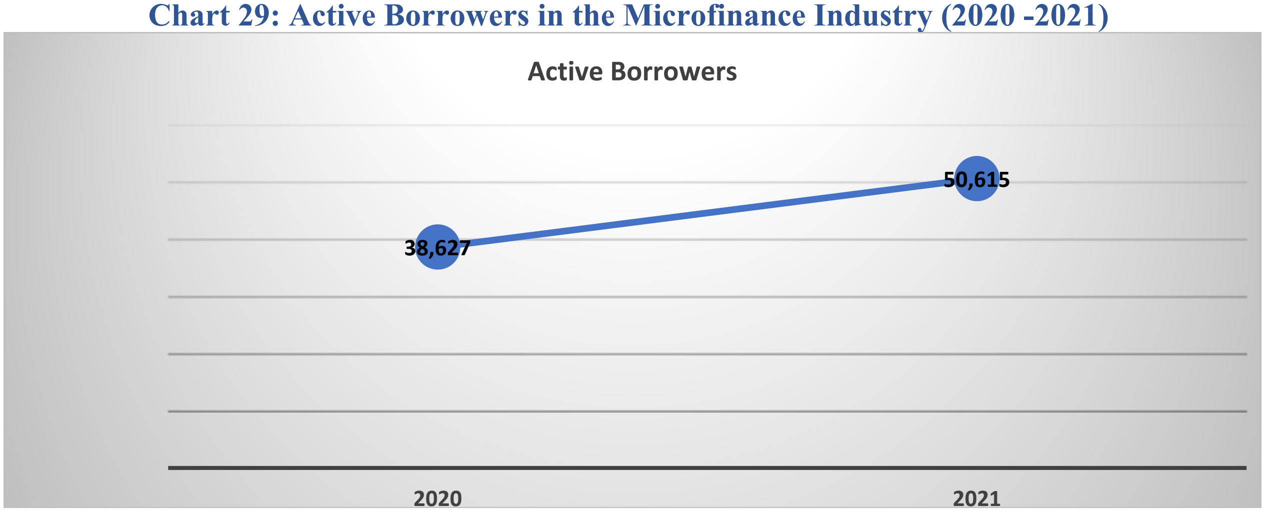
As at end-December 2021, the total number of clients transacting with Non-Deposit Taking Microfinance grew by 31.0 percent to 58,100, from 44,473 in 2020. Similarly, the total number of active borrowers increased by 31.0 percent in 2021, compared with 2020 (Chart 28).

Chart 28: Number of Non-deposits Taking Microfinance Clients (2020 – 2021)



Sources: Central Bank of Liberia and Commercial Banks

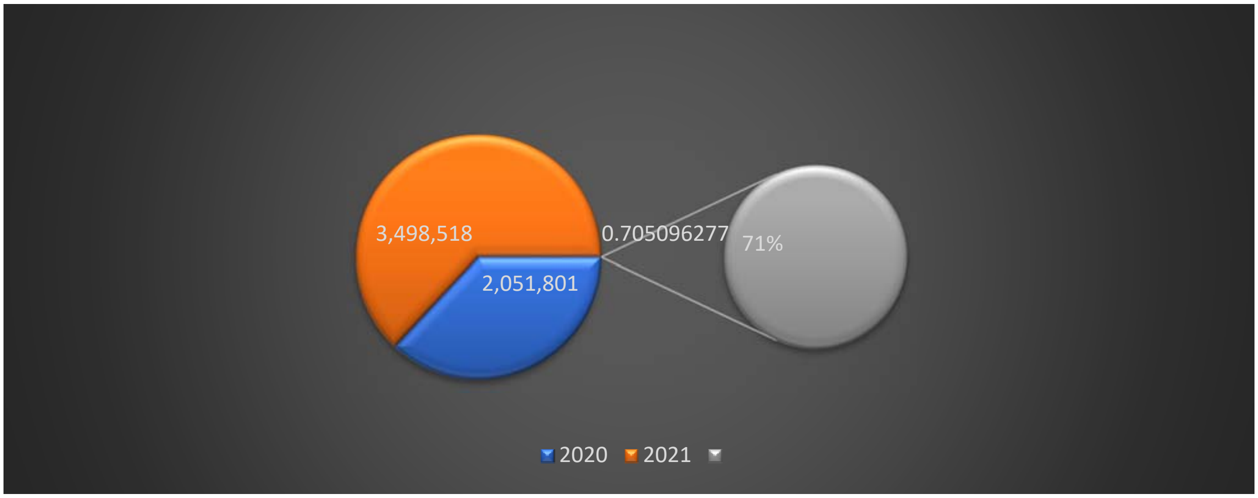
Chart 29: Active Borrowers in the Microfinance Industry (2020 -2021)



Sources: Central Bank of Liberia and Commercial Banks

At end-December 2021, the outstanding microfinance loans increased by 71.0 percent to US$ 3.4 million, from US$2.0 million reported at end-Dec 2020 (Chart 30).

Chart 30: Value of Microfinance Loans Disbursement (2020 – 2021)



Sources: Central Bank of Liberia and Commercial Banks

4.6.2 Financial Performance

In 2021, total assets increased by 60.0 percent to 16.81 million, from 10.54 million recorded in 2020. Total capital amounted to 8.02 million, increasing by 55.0 percent, from 5.20 million. In contrast, total operation revenue declined by 80.74 percent to L$0.72 million, from L$3.75 million while total expense reduced by 87.0 percent to L$0.44 million, from L$3.39 million. Additionally, net income moderated by 31.0 percent to L$0.18 million, from L$0.26 million. The decline in net income was largely due to the increase in loan loss provision and total operating expenses.

Table 20: Balance Sheet and Income Statement Performance Indicators (2020 -2021)

Description	Dec-20	Dec-21	Growth/Declined (Dec-2020 – Dec- 2021)
Total Assets	10,537,143	16,809,181	60%
Total Capital	5,202,323	8,023,490	55%
Total Operation Revenue	3,754,455	723,133	-81%
Total Expenses	-3,385,753	-441,877	-87%
Net Income/ Loss	256,031	177,102	-31%

Source: Central Bank of Liberia and Microfinance Institutions

4.6.3 Foreign Exchange Bureaus

At end-2021, the total number of licensed foreign exchange bureaus increased by 7 to 188, from the 181 recorded in 2020. Of the total bureaus, 132 were in category “A” status while 56 were in category “B”.

4.7 Rural Community Finance Institutions

At end-December 2021, there were 12 Rural Community Finance Institutions (RCFIs) operating in 8 of the 15 counties. The RCFIs are provided technical supervision by the Technical Assistance Supervision Unit (TASU), funded by the International Fund for Agricultural Development (IFAD) under its Rural Community Finance Project-RCEP. Additionally, they are technically supported by Afriland First Bank Liberia and regulated by the CBL.

The RCFIs are primarily involved with payment of Government of Liberia Employees' salaries, mainly the Ministry of Education and the Ministry of Internal Affairs including other agencies of government. The RCFIs also conducts financial services such as local transfer, mobile money, indirect (money gram and western union) remittances. Furthermore, the RCFIs accept deposits from the public and give out salary advance to its customers most especially the GOL employees.

During the year under review, RCFIs deposits grew by 22.36 percent to L$227.57 million, from L$185.98 million. Also, loans & advances of the institutions rose by 43.95 percent to L$185.01 million, from L$128.52 million. The rise in both indicators was largely explained by the additional two RCFIs financial reports that were not available during the 2020 report.

Table 21: Financial Performance (2020 – 2021)

Column	2020	2021	Percent change
	L$		
Deposit	185,975,841.01	227,566,979.46	22.36
Loan & advances	128,516,363.76	185,005,477.86	43.95

Source: Central Bank of Liberia and RCFIs

4.8 Developments in the Insurance Sector

4.8.1 Introduction

The insurance sector, in 2021 was dominated by domestic owned companies, consisting 14 licensed insurance companies, 2 licensed brokerage firms and numbers of agents. There were 9 companies with significant domestic ownership and 5 companies with significant foreign ownership. The assets and capital of significantly domestic owned companies (SDOC) accounted for **45.45 percent** and **57.16 percent,** respectively, of the industry's total at end-December 2021.

During the review period, the Insurance Department received 2 consumer complaints relating to non-settlements of claims for policyholders; one of which was fully resolved while the other is still undergoing investigation.

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4.8.2 Financial Performance

At end-December 2021, data from the industry showed that the insurance sector generally experienced positive results in key balance sheet items. The insurance industry recorded growth in key financial balance sheet indicators at end-December 2021, compared to end-December 2020. In terms of capitalization, the sector experienced an increment of capital by 19.0 percent while total assets increased by 11.0 percent. However, investment decreased by 10.0 percent due to the disallowing of some investment items brought in by insurance companies. Liability increased by 116.0 percent while gross premium decreased by 1.0 percent. Additionally, claims on insurance companies increased by 16.0 percent.

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Table 22:#Key Financial Indicators (2019 - 2021)

Indicators	2019	2020	2021	Percent Change	
	(In Billions of L$)				
Capital	6,601,348,239.62	7,046,649,196.41	8,385,539,929.62	6.75	19.00
Total Assets	9,796,660,213.25	9,105,683,961.11	9,694,679,980.64	(7.05)	6.47
Investment	2,492,242,481.20	2,796,019,949.17	2,522,832,711.12	12.19	(9.77)
Liabilities	2,558,408,280.50	2,257,441,487.29	4,876,443,425.63	(11.76)	116.02
Outstanding Premium	1,746,739,785.14	1,599,423,908.10	2,295,380,877.58	(8.43)	43.51
Gross Premium	9,636,710,047.00	6,327,710,047.00	6,292,906,011.36	(34.34)	(0.55)
Underwriting Result	1,276,036,256.33	2,957,469,259.80	2,515,972,143.31	131.77	(14.93)
Net Premium	2,413,780,487.87	4,936,161,448.71	4,959,381,530.23	104.50	0.47
Net Income	513,011,119.46	533,620,202.97	2,932,088,487.57	4.02	449.47
Expenses	1,148,880,649.77	2,491,161,146.00	1,167,586,035.24	116.83	(53.13)
Claims	1,544,086,955.47	1,649,588,955.47	1,915,248,453.86	6.83	16.10
Technical Provision	1,051,807,716.91	1,096,698,911.32	1,043,517,200.98	4.27	(4.85)

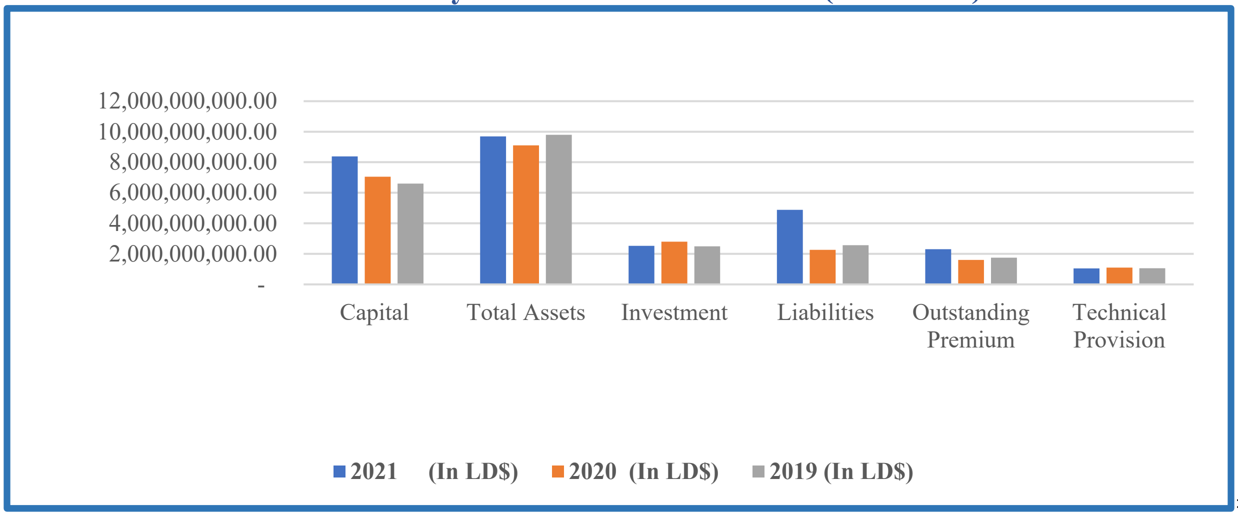
Source: Central Bank of Liberia

4.8.3 Comparative Analysis of Annual Financial Indicators

In 2021, key balance sheet indicators were mainly positive with assets increasing by 11.0 percent, to L$9.68 billion at end-December 2021, from L$9.10 billion recorded at end-December 2020. Capital recorded an increase of 19.0 percent while investment recorded a decrease of 10.0 percent over the year. The increment in capital was significantly attributed to a fresh capital injection to meet the required capital threshold.

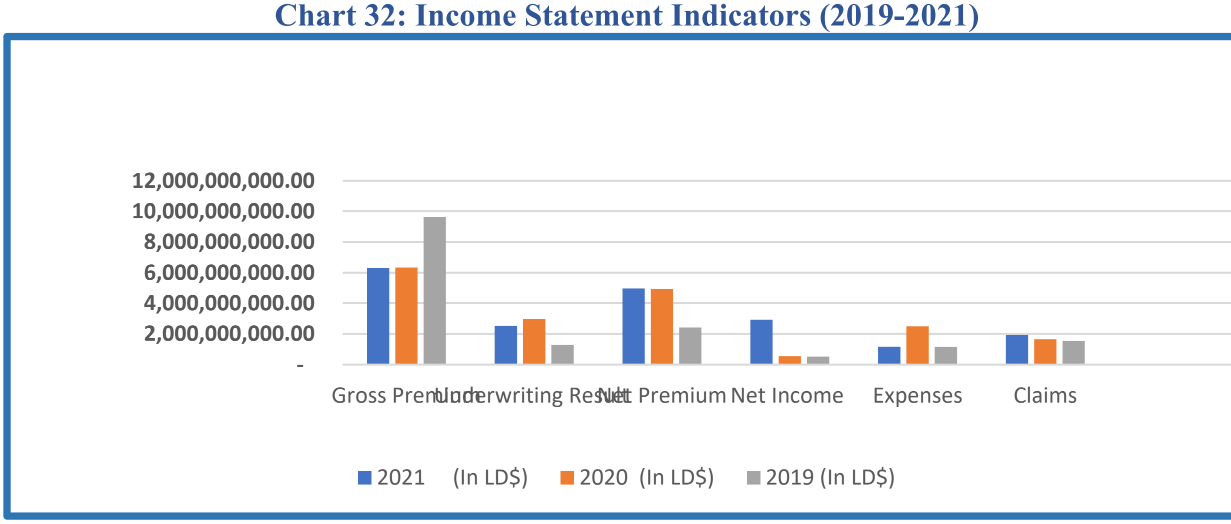
However, gross premium revenue decreased by 1.0 percent in 2021 compared to a 34.0 percent decrease in 2020. Net premiums rose by 9.6 percent to L$4.93 billion at end-2021, from L$4.50 billion at end-2020.

Chart 31: Key Balance Sheet Indicators (2019-2021)



Source: Central Bank of Liberia

Chart 32: Income Statement Indicators (2019-2021)



Source: Central Bank of Liberia

4.8.4 Claims Ratio & Expense Ratio

In 2021, the industry's performance improved in terms of solvency with the average solvency increasing to 89.78 percent, from 78.12 percent in 2020. The sector also experienced significant improvement in ROE and ROA, increasing to 0.34 and 0.38, respectively. The improvement highlighted the industry's strides towards improving profitability.

4.9 The Collateral Registry and Credit Reference System

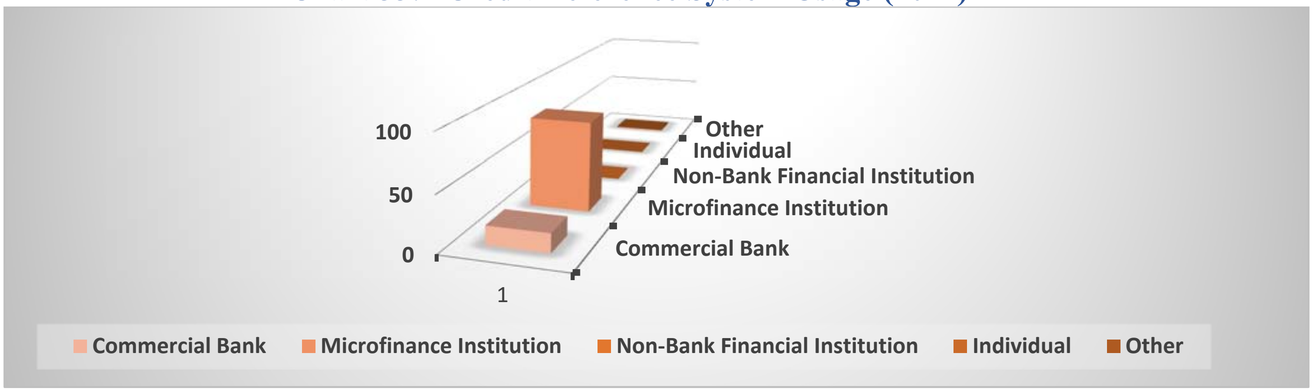
4.9.1 Operations of the Collateral Registry

The CBL's Collateral Registry System continued to create affordable access to finance for businesses and individuals operating specifically in the informal sectors. The system offered more competitive financing options for businesses, especially small and medium enterprises (SME's) to leverage their movable assets (collateral) into capital for expansion and growth. Despite the effects of the pandemic, several businesses secured loans through the Collateral Registry System using various movable assets as collateral. The system requires banks and nonbank financial institutions, referred to as secured party, to register related security interests against the loans and movable collateral to notify third party on existing security interests in the system.

During the period under review, the clients of the system totaled 55, comprising 17 legal entity clients (commercial banks, microfinance institutions and non-bank financial institutions); 31 individual clients and 7 others. A total of 45 financing statements (FS) or loans were registered in the system. The registration of financing statement (FS) or loans processed by microfinance institutions and commercial banks accounted for 78.0 percent and 22.0 percent of the total FS or loans, respectively. The value of the FS or loans amounted to L$1.9 million and US$1.5 billion in 2021 when compared to L$3.9 million and 1.5 billion recorded in 2020. Disaggregation of debtors by categories showed that about 78.0 percent were loans advanced to individual while the remaining 20.0 percent and 2.0 percent loans were advanced to medium and large firms, respectively. Movable assets used to collateralize the loans totaled 98, while searches conducted were 166.

Overall performance of the Collateral Registry System, in terms of value of financing statements and/or loans registered amounted to L$112.0 million and US$4.5 billion (inclusive of domestic and agents of foreign banks). The number of collaterals used by borrowers to secure loans totaled 3,660. Search conducted during the period total 1,226.

Chart 33: Credit Reference System Usage (2021)

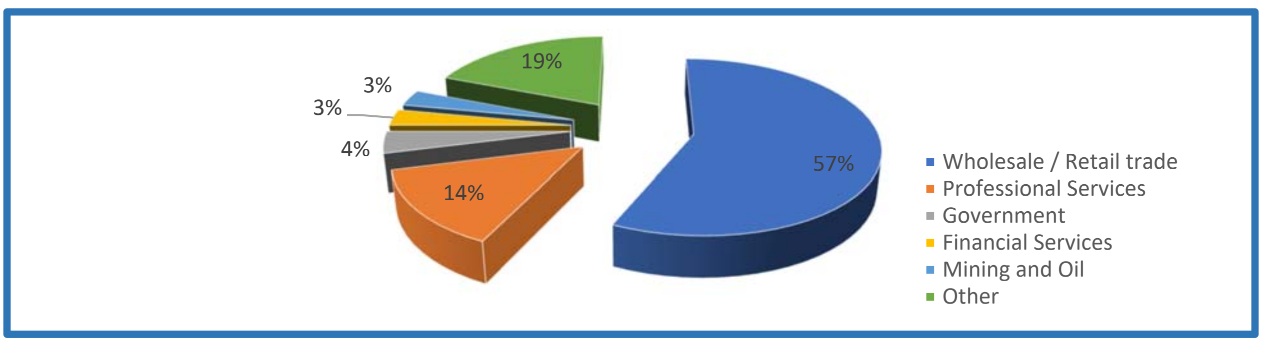


Source: Central Bank of Liberia

4.9.2 Distribution of Loans to Sector of Operations

The distribution of loans to subsector of operations during the period showed that Wholesale/Retail Trade sector attracted more loans, accounting for 57.0 percent (Chart 34). In terms of credit concentrations, professional service accounted for 14.0 percent, government 4.0 percent, financial services 3.0 percent, mining & oil 3.0 percent, and others 17.0 percent.

Chart 34: Sectoral Distribution of Loans

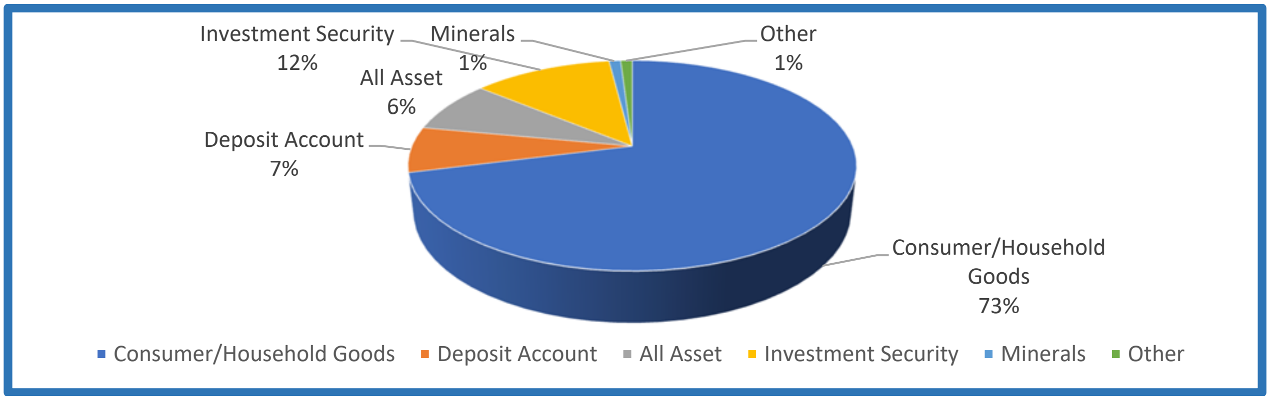


Source: Central Bank of Liberia

4.9.3 Assets Classifications on Movable Collateral

Statistics from the system constantly showed that household / consumer goods were the most used collateral by debtors or borrowers, accounting for 73.0 percent of the total movable assets collateral. Other movable collateral used were: deposit (7.0 percent), all assets (6.0 percent), investment security (12.0 percent), mineral (1.0 percent) and others (1.0 percent).

Chart 35: Asset Classifications on Movable Collateral

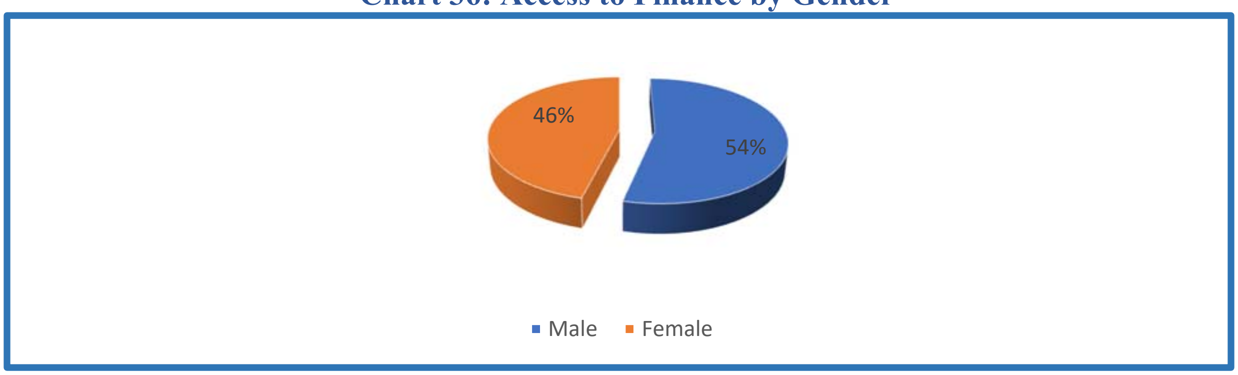


Source: Central Bank of Liberia

4.9.4 Loan Beneficiary - Debtor Gender Type

In terms of gender, credit concentration showed that 54 percent of the total credit was granted to male, while 46 percent was directed to female (Chart 36).

Chart 36: Access to Finance by Gender



Source: Central Bank of Liberia

4.9.5 System Expansion/Usage

The CBL's Registry outlined activities which involved engagements with the RCFIs, commercial banks, and other related training programs were not implemented in 2021 due to lingering effects of COVID-19. These activities remained crucial to the registry as they targeted inclusion and expansion of the system and are aligned with the work-program for implementation in the short-to-medium term.

4.9.6 External Support to the Collateral Registry System

The Bank engaged the International Finance Corporation (IFC) technical and advisory supports to the CBL's Collateral Registry System. Following several consultations, both CBL and IFC agreed to synergy on the workings of the Collateral Registry System in the financial sector and have signed a corporate agreement for project support covering the enhanced regulatory framework for movable asset financing; enhanced collateral registry operations; promote asset-based lending and financial literacy & awareness**.** In line with its action plan, the IFC conducted the assessment on the CBL's Collateral Registry System in the latter part of the year. The assessment report is expected to be submitted in the first quarter of 2022.

4.9.7 Operations of the Credit Reference System

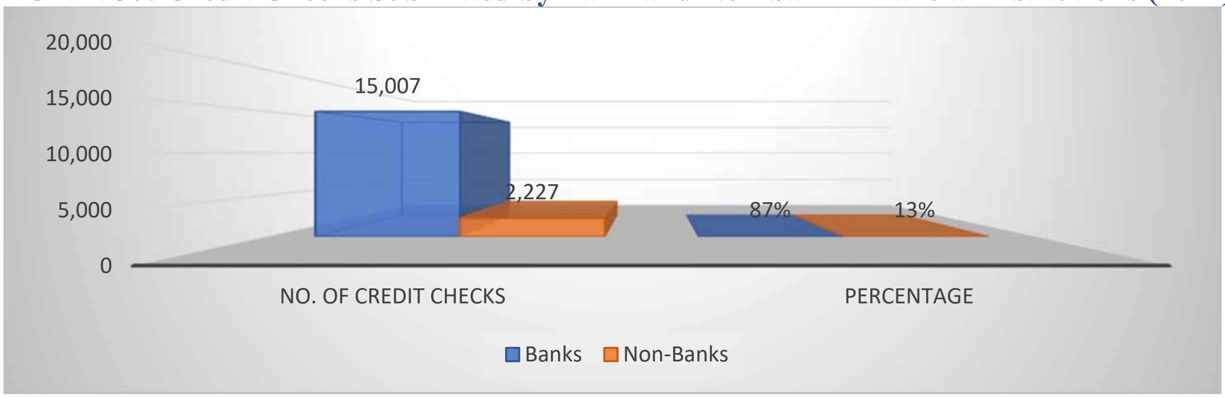
The Credit Reference System (CRS) continued to play a pivotal role in the management of credit risk in the financial sector. The system ensured that loans portfolios of bank and nonbank financial institutions were harnessed to the related current and potential borrowers' credit records for effective credit reporting in the financial sector. The system captured full disclosures of borrowers' creditworthiness to bank and non-bank financial institutions for informed credit decisions. Despite the frequent disruptions by the C0VID-19 pandemic, the system remained responsive to credit checks. At end-December 2021, the system responded to 17,234 credit reference checks for bank and non-bank financial institutions representing an increase in credit checks by 73.0 percent compared to 2020.

Table 23: Number of Credit Checks (2020 – 2021)

Statistics on the number of credit checks	Dec-21	Sep-21	Jun-21	Mar-21	Dec-20	Sep-20	Jun-20	Mar-20
	4164	4079	4160	4851	4151	2994	901	1921
Total				17,234				9,967

Source: Central Bank of Liberia

Chart 37: Credit Checks Submitted by Bank and Non-bank Financial Institutions (2021)



Source: Central Bank of Liberia

4.9.8 External Support to the Credit Reference System

The CBL has been engaged by the International Finance Corporation (IFC) to conduct a Technical Assessment of Credit Reference Bureau and supporting infrastructure of the Credit Reporting System in Liberia. The CBL received the assessment document which disclosed the World Bank's intent to consider a proposed IDA Investment Project Facility (IPF) in support of the Government of Liberia' s (GOL) program of Economic Recovery and Accelerated Transformation (ERAT). The World Bank also provided technical assistance to the CBL under the IPF to facilitate the establishment and operations of a modern credit reporting system in Liberia. The support aimed at facilitating the evolution of a competitive and inclusive credit market system and foster financial stability. During the year, the IFC conducted an assessment on the CBL's credit reference system. In line with IFC's action plan, CBL will be furnished with the assessment report in the first quarter 2022.

4.10 Consumer Protection

The CBL, in 2021, continued to strengthen its oversight responsibilities in the financial sector to keep consumers informed and amicably resolve complaints in accordance with the Consumer Protection and Market Conduct Regulation No. CBL/RSD/004/2017. A total of 1,208 complaints were received by the nine commercial banks, 98.76% were resolved and 1.24% were unresolved.

Table 24: Complaint Returns from Commercial Banks

Banks	Total Complaints	Complaints Resolved	Complaints Unresolved	Share of Resolved (Percent)	Share of Unresolved (Percent)
ABLL	4	2	2	50.00	50.00
AFBLL	48	48	0	100.00	-
EBLL	1,030	1,024	6	99.42	0.58
GBLL	4	2	2	50.00	50.00
SIBLL	0	0	0	-	-
GTBLL	22	19	3	86.36	13.64
IBLL	0	0	0	-	-
LBDI	2	0	2	-	100.00
UBALL	98	98	0	100.00	-
TOTAL	1,208	1193	15	98.76	1.24

Source: Central Bank of Liberia

4.11 Payments System Developments

4.11.1 The Regional Integration and implementation of the Pan-African Payment and Settlement System (PAPSS)

The West African Monetary Institute (WAMI) and the Africa Export and Import Bank (AFREXIM Bank) fast-tracked efforts to integrate payments systems in the WAMZ and to implement the Pan-African Payment and Settlement System (PAPSS). The PAPSS is an international payment, clearing and Multilateral Net Settlement System that is expected to provide low-value, high-value, and time critical payments for cross-border trade.

The Project has ensured the integration of a common framework for transacting, clearing, and settling cross border transactions in domestic currencies, leveraging the current Real Time Settlement Systems (RTGS) deployed in Liberia, Guinea, Sierra Leone, Gambia, Ghana, and Nigeria. The CBL participated in the development of the legal and regulatory framework to ensure the safety and efficiency of the PAPSS. In 2021, the CBL successfully integrated its Payments System with member central banks in the WAMZ and conducted successful test transactions in Liberian Dollars.

4.11.2 Implementation of a Unique Bank Identity (UBI) Project:

In 2021, a mission from the West African Monetary Institute (WAMI) visited the CBL in September 2021 as part of the AFDB's project appraisal process to conduct a field study on the proposed UBI/ Digital Interoperability project.

The visit to Member States central banks was to develop strategies to curtail key challenges in the financial sector concerning unique identification of clients, evidenced by poor performances in the sector. Consequently, the WAMZ's Convergence Council gave approval for the Institute to solicit funding from development partners for the establishment and implementation of the Unique Bank Identity across the Member States central banks and stakeholders.

4.11.3 Payments System Transactions

Performance of the payments system transaction was generally better in 2021 compared to 2020. Liberian dollar flows in terms of volume and value via the RTGS declined by 18.5 percent and 23.8 percent to 5,866 transactions and L$230.85 billion in 2021, from 11,730 transactions and L$303.11 billion at end-2020, respectively. However, except for the US dollar volume transactions, which rose significantly by 22.6 percent, the US dollar value declined by 67.5 percent to US$952.1 million, from US$2.93 billion at end-December 2020. At end-2021, Automatic Clearing House (ACH) volume transactions in Liberian dollar declined by 38.6 percent to 11,772, from 19,172 in 2020.

Similarly, the Liberian dollar value of transactions significantly declined by L$26.73 billion to L$16.01 million, from L$26.75 billion recorded in 2020. The US dollar ACH volume transactions fell by 4.0 percent to 59,024, from 61,485 in 2020, while the US dollar value transactions in 2021 exceeded the previous year amount by 2.0 percent to US$519.53 million, from US$509.52 million.

In 2021, Liberian dollar direct credit volume of transactions declined by 8.0 percent to 8,985, from 9,768 reported in 2020. Similarly, the Liberian dollar direct credit value of transactions stood at L$1.39 billion, from L$2.14 billion reported at end-December 2020. The US dollar direct credit volume and value of transactions were 11,628 and US$62,402.00, respectively in 2021, from 11, 964 and US$26.41 million in 2020. The National Electronic Payment Switch (NEPS) performed partially in 2020 with only United Stated Dollars ATMs transactions that were interoperable. The Switch was however, decommissioned in 2021.

Table 25: Annual Systematically Important Payments System (SIPS) Transactions

Platform	2020				2021			
	LRD		USD		LRD		USD	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
RTGS	11,730	303,108,516,933.40	31,705	2,925,674,352.21	5,866	230,852,165,684.67	38,882	952,095,187.21
ACH	19,172	26,747,533,207.54	61,485	509,515,968.20	11,772	16,005,904.92	59,024	519,530,383.65
Direct Credit	9,768	2,138,181,064.75	11,964	26,413,086.80	8,985	1,398,483,412.55	11,628	62,402.00
NEPS			2,231	362,650.00				
Total*	**40,670.00**	**331,994,231,205.69**	**107,385.00**	**3,461,966,057.21**	**26,623.00**	**232,266,655,002.14**	**109,534.00**	**1,471,687,972.86**

Source: Central Bank of Liberia

4.11.4 Retail Payment Systems

Retail payments in 2021 recorded an increase in terms of volume and value compared with 2020. The volume of Liberian dollar mobile money transactions was 403.3 million, valued at L$251.4 billion, while the United States dollars volume of transactions totaled 13.0 million, valued at US$1.4 billion. Considering ATM transactions, the total volume in Liberian Dollars was 147,210, valued at L$606.3 million, while its United States dollars transaction volume was 1,087,580, valued at US$225.8 million. In terms of, Point of Sale (POS) terminal, the volume of United States dollars transactions was 261,400 with a value of US$28.96 million. For internet banking, the volume of US dollar transactions was 129,330 valued at US$1.66 billion while mobile money banking volume transactions in US dollar stood at 844,630 and valued at US$1.42 billion.

Table 26: Annual Digital Financial Services Data (2020 –2021)

Digital Financial Services Reports FY2020 - FY2021									
Indicator		Year 2020				Year 2021			
		LRD		USD		LRD		USD	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
1	ATM	655,541	1,918,490,562.00	953,909	230,913,564.25	147,210	606,328,150.00	1,087,580	225,797,270.00
2	Pos Terminal	1,529	680,722,100.44	180,240	19,839,865.95	-	-	261,400	28,960,000.00
3	Internet Banking	3,064	2,293,747,446.56	54,130	297,155,598.13	70,240	9,604,980,000.00	129,330	1,659,460,000.00
4	Mobile Banking	49,553	274,627,559.00	916,012	137,067,289.78	390,100	162,675,480,000.00	844,630	1,418,330,000.00
5	E-Money	20,655	2,464,693,897.79	14,005	663,510,681.54	114,400	4,218,310,000.00	93,670	300,640,000.00
6	Mobile Money	183,176,143	140,933,529,382.84	44,758,752	276,732,625.65	403,326,148	251,433,605,598.37	13,038,110	1,405,165,057.74
7	Debit Cards	520,437	1,173,495,740.00	323,724	2,739,836,851.76	302,840	11,239,090,000.00	289,510	881,030,000.00
8	Prepaid Cards	215	2,811,212,400.00	170,705	24,697,228.71	245,040	216,870,000.00	100,350	176,800,000.00
Total		**184,427,137.00**	**152,550,519,088.63**	**46,371,477**	**4,389,753,705.77**	**404,595,978.00**	**439,994,663,748**	**15,844,580.00**	**6,096,182,328**

Source: Commercial Banks and Mobile Money Operators

4.11.5 Mobile Money Activities

In 2021, developments in the digital financial services or retail payments space showed that mobile money was the dominant means of payments. The value of mobile money transactions in Liberian dollars increased from L$140.9 billion in 2020 to L$251.4 billion reported in 2021. Similarly, the value of United States dollars transactions increased from US$276.7 million in 2020 to US$1.4 billion in 2021. The rise in both transactions was due to reforms by the CBL, including the Amendment of the Regulation Concerning the Licensing and Operations of Money Remittance Entities, approval for the bilateral integrations between banks and mobile money operators (MMO) for the provision of bank account to mobile wallet services (Push and Pull), and fast- tracking assessment of applications from financial institutions to provide digital payments.

In 2021, registered Mobile Money customers decreased from 4.92 million in 2020 to 2.78 million in 2021, reflecting 43.4 percent reduction, on account of regulatory measures taken by the Liberian Telecommunication Authority (LTA) and change in the policy by the Mobile Network Operators (MNOs) to extract and close inactive Mobile Money accounts if dormancy continued over a period of time.

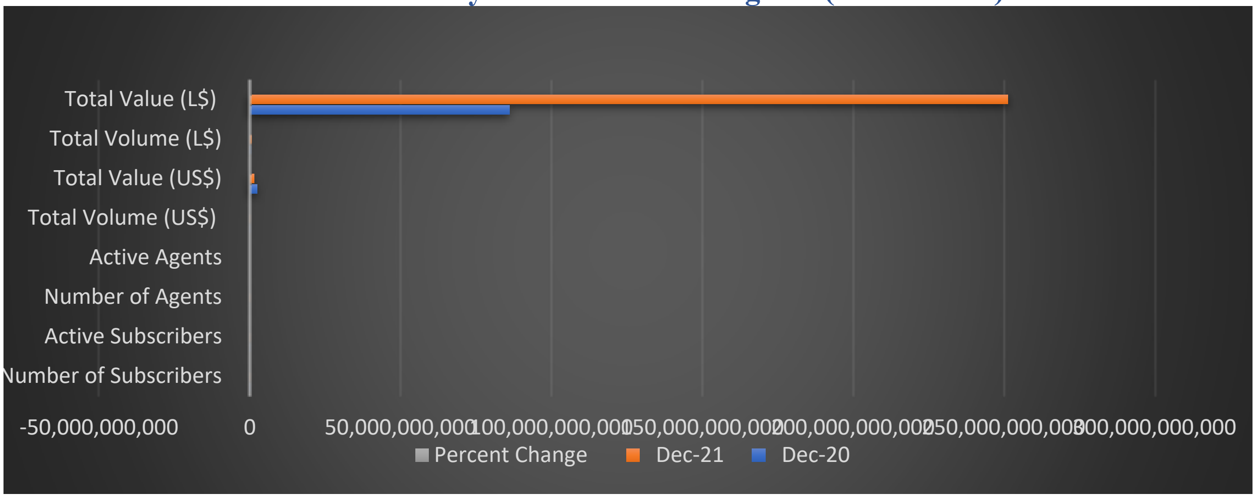
Also, the number of agents increased to 52,308 in 2021, from 31,084 recorded in 2020, mainly on account of approval granted to commercial banks to integrate with the MNOs, outside of the NEPS, thereby creating the space for more networks. In addition, the COVID-19 pandemic encouraged consumers to leverage on the use of mobile money for financial transactions to avoid crowding in banking halls.

Table 27: Mobile Money Subscribers and Agents (2020 – 2021)

Indicator	December 2020	December 2021	Percent
Number of Subscribers	4,718,033	2,781,258	(41.05)
Active Subscribers	1,230,839	1,304,225	5.96
Number of Agents	30,506	52,308	71.47
Active Agents	16,710	24,664	47.60
Total Volume (US$)	3,277,287	13,038,110	297.83
Total Value (US$)	2,483,232,459.69	1,403,714,359.07	43.47
Total Volume (L$)	117,139,974	403,326,156	244.3
Total Value (L$)	86,044,768,376.87	251,406,517,405.34	192.18

***Source:** Central Bank of Liberia and Mobile Money Operators*

Chart 38: Mobile Money Subscribers and Agents (2020 – 2021)



Source: Central Bank of Liberia and Mobile Money Network Operators

In terms of geographical distributions of the number of ATMs and POSs in 2021, Montserrado county accounted for 88 and 314, reflecting 80.0 percent and 96.6 percent of the total facilities deployed, respectively. In terms of penetration, both ATM and POS were operational in 6 of the 15 counties. During the period, EBLL recorded the highest number of ATMs deployed (38 machines), followed by UBALL (33 machines) and GTBLL (22 machines). The remaining commercial banks accounted for less than 10 ATMs each. Similarly, in terms of POS deployment, EBLL accounted for 112, UBALL (106) and GTBLL (100) devices, while each of the remaining commercial banks deployed at most 7 devices.

Table 28: ATMs & POSs deployed, nationally (2021)

No	County	EBLL		GTBLL		UBLL		LBDI		IBLL		SIBLL		AFBLL		Total	
		ATM	POS	ATM	POS	ATM	POS	ATM	POS	ATM	POS	ATM	POS	ATM	POS	ATM	POS
		Volume		Volume		Volume		Volume		Volume		Volume		Volume		Volume	
1	Bomi							1								1	0
2	Bong	2				1										3	0
3	Gbarpolu															0	0
4	Grand Bassa	1		1				1				1				4	0
5	Grand Cape															0	0
6	Grand Gedeh							1								1	0
7	Grand kru															0	0
8	Lofa															0	0
9	Margibi	3	5	3	2		2	1		1						8	9
10	Maryland	2														2	0
11	Montserrado	29	107	17	98	31	102	3		6	7	6		2		94	314
12	Nimba	1		1		1	2	1								4	2
13	Rivercess															0	0
14	River Gee															0	0
15	Sinoe											1				1	0
	TOTAL	**38**	**112**	**22**	**100**	**33**	**106**	**8**	**-**	**7**	**7**	**8**	**0**	**2**	**-**	**118**	**325**

Source: Central Bank of Liberia

4.12 Outlook of the Financial Sector

The outlook of the financial sector remains favorable. In 2022, the sector is expected to remain relatively strong with NPLs projected to reduce, while key balance sheet indicators are expected to improve, in anticipation of economic recovery. Despite the lingering effects of the pandemic, the CBL will not only continue to enhance monitoring of the financial sector but will also engage commercial banks to strengthen their business models in response to the inherent risks associated with the pandemic. The anticipated growth of 4.7 percent in 2022 is likely to transmit optimism in the financial sector and induce the provision of loans and advances to various subsectors of the economy, including agriculture and manufacturing. In minimizing potential risks, the strengthening of the prudential regulations through the formulation of appropriate policies is expected to incentivize commercial banks and non-bank financial institutions to support micro, small and medium businesses through financial intermediation.

Chapter 5.0: Internal Developments

5.1 Overview

During the year, despite the lingering effects of the COVID-19 pandemic, the CBL delivered on its responsibilities of producing regular publications to inform the public on issues relevant to developments in the Liberian economy. To this end, the CBL completed all its statutory publications and conducted several surveys for the compilation of macroeconomic and financial data which were shared with relevant stakeholders. The Bank also held four MPC meetings during the year aimed at assessing and approving the appropriate Monetary Policy Rate (MPR) that is consistent with macroeconomic fundamentals.

The Human Resource Management Department (HRMD) effectively implemented policies regarding recruitment, retention, while motivating an effective workforce. The HRMD held an Employee Retirement, Reward, and Recognition Program where 5 employees were honorably retired, while deserving staff were recognized and rewarded for outstanding performances during the year. The Management Information Systems & Technology Department (MISTD), despite challenges imposed by the COVID-19 Pandemic, recorded several achievements on its strategic initiatives set forth for 2021. The MISTD successfully implemented several projects aligned with the CBL's strategic plan (2021 to 2023).

In accordance with the CBL's mandate, the Banking Department supplied cash for the operationalization of the newly opened CBL's Cash Hub in Gbarnga, Bong County. The supply helped to address the issues of payments of civil servants and pensioners salaries and allowances, among others, in rural Liberia. Consistent with its supervisory and regulatory role, the CBL amended and issued new regulations affecting the banking industry. The Bank also made significant progress in enhancing wider use of digital payments, amid seasonal liquidity squeeze affecting the banking system in the recent past.

The CBL conducted the national financial inclusion survey in 2021 to establish new baseline for Liberia's financial inclusion landscape and to enhance effective implementation and monitoring of the NFIS.

5.2 Research and Publications

The Research, Policy, and Planning Department (RPPD) is one of the technical arms of the CBL responsible to provide empirical research support towards the achievement of the Bank's mandate. To this end, the Department remained the main fulcrum of CBL's Monetary Policy formulation and steered policy advisory to Management aimed at achieving the primary objective of low and stable inflation through evidence-based research.

In accordance with its statutory mandate, the CBL, through RPPD, disseminated statistical information on monetary, financial stability, and general macroeconomic developments to its domestic and international partners. Despite the constraints associated with data accessibility, the weekly, monthly, and quarterly reports under the Extended Credit Facility (ECF) program were submitted in support to multilateral discussions between the Authorities of Liberia and development partners. Additionally, there were monthly IMF (Article IV) submissions as well as semi-annual submissions to WAMI, WAMA, and ECOWAS Commission. The Department provided relevant information to the public through various submissions and publications, namely: the Monthly Economic Review; the bi-monthly Liberia Financial Statistics; the Quarterly Financial and Economic Bulletin; the monthly Monetary Survey; and the quarterly Balance of Payments & International Investment Position Statements of Liberia.

During the year, RPPD also steered the activities of the Secretariat of the MPAC and conducted four quarterly assessments on global and domestic macroeconomic developments and their implications to inform monetary policy recommendation to the Board. In addition, several policy briefs and papers were prepared for the Board of Governors and Management. The Department's Forecasting and Monetary Policy Sections also developed a quarterly growth projection model to inform the growth trajectory of the economy.

Similarly, RPPD maintained partnership with the Liberia Institute of Statistics and Geo-information Services (LISGIS), for weekly market price survey to generate monthly price statistics. The annual Weighted Average Exchange Rate survey to establish the weights of the contributions of various players in the foreign exchange market was conducted by the RPPD. The Department improved on the data warehouse during the year, aimed at mitigating future challenges relating to data compilation, storage, and maintenance for timely analysis.

With significant focus on thematic research, the Department developed a working paper on "Estimating Dynamic Stochastic General Equilibrium Models for Monetary Policy Analysis in Liberia" and collaborated with other departments in producing the following working papers: "De-dollarization in Liberia: Implication for Monetary Policy", "The Behavior and Causality of Currency Outside Banks in Liberia" and "Non-performing Loans in Liberia: Micro and Macroeconomic Determinants".

The Department represented the Bank at several stakeholder meetings, including the Sectoral and Pillar-two meetings of the Pro-Poor Agenda for Prosperity and Development (PAPD) and coordinated the Liquidity Working Group (LWG) meetings involving the MFDP and the Liberia Revenue Authority (LRA).

5.3 Human Resources Management

The Human Resource Management Department (HRMD) was committed to ensuring that the CBL human resource is advanced to meet the growing needs of the Bank. Recognizing employees as the most valuable assets of the Bank, the HRMD was responsibly committed to issues of staff, including employee retention, equality, and diversity as well as other significant matters. In discharging its responsibilities, the Department effectively implemented policies regarding recruitment, retention, while motivating an effective workforce. The HRMD also commenced reform exercise aimed at updating several employees' policies and guidelines.

In 2021, a total of 170 employees benefited from several human resource capacity building programs organized by both local and foreign partners. These professional training programs were conducted through visual online technologies and in-person offered by partner institutions such as the Federal Reserve Bank of New York; International Monetary Fund (IMF) ; African Training Institute ; 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) ; Egyptian Banking Institute (EBI). . Beneficiaries of the CBL's funded local and foreign scholarships were 4 and 2 employees, respectively, while 1 employee benefitted from an approved Study Leave to pursue graduate studies related to the financial industry. Similarly, 5 employees were granted approval for secondment at various institutions, including the WAMI, WAMA, and

WAIFEM. The Department continued to sensitize staff on various Human Resource Management topics to keep staff updated about developments in the field.

The HRMD, based on human resource need assessment, recruited nine staff within various departments in 2021, including the Director of Insurance Department; Deputy Director of Internal Audit Department; Deputy Director of Compliance Unit; etc. as well as number of contractors. Employee Retirement, Reward, and Recognition Program was held on December 17, 2021, at which time 5 employees were honorably retired, while deserving staff were recognized and rewarded for outstanding performances. The Awards were given in the following categories: The Executive Governor's Award; The Employee Choice Award; and the Employer Achievement Award.

The CBL, through the HRMD, instituted measures to avert the spread of COVID-19 virus among the staff of the Bank in line with the Ministry of Health protocol. The staff were mandated to observe social distancing, wearing of face masks, hand washing and being fully vaccinated. As a result of the Bank's COVID-19 prevention plan, about 70.0 percent of the staff were fully vaccinated at end-2021.

5.4 Management Information System & Technology

Despite several challenges it faced, the Management Information Systems & Technology Department (MISTD) recorded several achievements on its strategic initiatives set forth for 2021. The Department also initiated a full-scale restructure and upgrade of the network infrastructure of the Bank.

Additionally, the following projects were successfully implemented in accordance with the CBL's strategic plan (2021 to 2023):

a) Financial Sector Super Data Highway (FiSSDaH) project;

b) Stabilization of the Datacenter, specifically backup power for reliability and continuity, considering the challenges experienced with provision of stable power;

c) Pan-African Payments and Settlement System (PAPSS) regional project sponsored by Afriexim Bank; and

d) All needed applications soft/hardware were installed, tested, and found functional as expected at the Regional Cash Hub in Gbarnga, Bong County.

Another momentous project of the Bank was, the GoL's Electronic Funds Transfer (EFT) which was in its final stages and expected to go-live by June 3, 2022. Also, the migration of the RTGS and Temenos (T24) Core Banking system database to the Oracle Database Appliance (ODA) is now earmarked in the Department's workplan and scheduled for implementation. The upgrading of the T24 system was aligned with the migration to ODA.

5.5 Banking Operations

For most part of 2021, banking operations were challenged by Liberian dollar liquidity constraints. However, these constraints were addressed in the 4th quarter of the year when L$4.0 billion was imported to address the Liberian dollar liquidity shortage. Out of the amount imported, L$1.38 billion was infused into the Liberian economy.

In compliance with its function to ensure the issuance of clean and usable banknotes, the Department withdrew from circulation and destroyed L$1.68 billion mutilated banknotes.

In line with the CBL's mandate to ensure continuous money supply to the Liberian economy, the Department supplied cash for the operationalization of the newly opened CBL's Cash Hub in Gbarnga, Bong County. Additionally, the Department supplied cash to existing payment centers in Tubmanburg, Bomi; Voinjama, Lofa; and Zwedru, Grand Gedeh counties. The Cash Hub, among other things, is expected to supply cash to commercial banks branches and the CBL payment centers in Lofa, Nimba, and Grand Gedeh counties. The Hub is to also address the payments of civil servant and pensioners salaries and allowances and to buttress government's efforts in enhancing domestic revenue collection in Bong County as well as mop up mutilated Liberian dollar banknotes.

Plans are also underway for the CBL, through the Banking Department, to enhance the supply of currency to other parts of the economy through the establishment of additional cash hubs in the southeastern region. This will serve as a motivation for commercial banks to establish branches in the Grand Gedeh, River Gee, Maryland, and Grand Kru corridor.

The Banking Department continued to provide banking services to the GOL through the 5 revenue collection windows in various locations within Monrovia and its immediate environs.

Table 29: Revenue Collection Windows and Locations

No.	Revenue Collection Window	Location
1	MFDP Window	MFDP, Broad Street
2	NPA Window	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

Source: Central Bank of Liberia

Revenue collected daily are deposited into GOL Revenue Account at CBL, and bank statements are issued daily. There is also a tripartite reconciliation of revenue conducted quarterly amongst the LRA, MFDP, and the CBL.

5.6 Payments System Department Activities

The national payments system landscape has transformed because of several legal and regulatory reforms instituted by the CBL and on accounts of increasing participation of financial and mobile technological entities to the ecosystem. The CBL's made tremendous efforts in promoting digital payments as alternative to cash and for daily clearing and funds transfer operations as well as electronic payments; thus, immensely contributing to the increase in digital payments usage.

In 2021, the CBL continued its supervisory oversight and effectively managed risks on operations of the SIPS and the RPS. RTGS, ACP/ACH, and the Scripless Security Settlement System (SSSS) were functional, recording steady increase in transactions in terms of volume and value. The products and services in the retail payment ecosystems increased in usage due to the additional reforms in the context of the legal and regulatory frameworks and policy measures instituted by the Bank. This was aimed at reducing the impact of the COVID-19 pandemic on the financial sector.

In its endeavor to modernize large value payments and with supports from UNDP, World Bank, and the AfDB, the CBL hired the services of a payments system consultant to assess the national payments system landscape. Upon the completion of the assessment, a scoping report was produced outlining several gaps and recommended mitigation measures.

As part of the national retail payments reform, a two-day consultative National Payments System Forum was held in 2021 under the theme "The drive to a Cash-Lite Liberia". The forum brought together relevant stakeholders, including representatives from the World Bank, AfDB, UNDP, representatives from government ministries & agencies. Others were from the private sectors (including banks and non-bank financial institutions, regulators, apex bodies of the marketing association, insurance companies, consumers, etc.). The engagements resulted into several commitments for the implementation of a new NEPS and an upgrade of the payments system infrastructure.

Additionally, the collaboration between the CBL and MFDP on the automation of the GoL expenditures continued during the year. To this end, a significant volume of GoL recurrent payments such as salaries, wages, suppliers, and budgetary allotments to ministries and agencies are made in checks. These checks are presented for over-the counter withdrawal of cash and deposits. To ensure electronic speed and certainty of these payments using the payments system, the CBL, MFDP, and vendors are implementing an Electronic Funds Transfer (EFT) solution for (GoL). To booster effective payments system connectivity via the fiber network was established between the entities, and provisioned to securely alleviate the network interruptions of any sort. This Project is being funded by the World Bank under the Public Financial Management Reform Project (PFMRP) with the goal of ensuring that GoL payments are originated through EFT rather than cheques.

During the year, the amended National Payments System Act (2014) was submitted to the National Legislature to broaden oversight on the National Payments System. The Act covers payments, clearing, and settlement systems as well as payment instruments and services that are necessary for integrating the Liberian economy into the regional and international financial systems. Also, the Act is expected to safeguard the CBL's posture in accommodating the rapid market changes, innovation, and to agilely adapt to new business models and services.

5.7 Financial Sector Development Programs

During the year, the CBL remained on course in promoting financial inclusion and supporting the modernization of the financial sector. With a renewed focus on development finance activities, the

CBL is expected to rollout support to the real sector of the Liberian Economy which would ultimately address underlying challenges to macroeconomic stability.

5.7.1 Financial Inclusion Activities

The CBL continued its coordination and implementation of Liberia's National Financial Inclusion Strategy (NFIS 2020-2024). Support for the NFIS implementation gained traction in 2021 as the World Bank Group along with Ministries and Agencies (MACs) including the CBL designed an economic recovery program incorporating key deliverables under the NFIS.

The CBL conducted the national financial inclusion survey in 2021 with financial and technical support from the Alliance for Financial Inclusion (AFI). The purpose of the survey was to establish a new baseline for Liberia's financial inclusion landscape and to facilitate effective implementation and monitoring of the NFIS. The last financial inclusion survey for Liberia was conducted in 2014.

Also, the CBL developed a concept note on transitioning informal financial institutions into the formal financial sector.

The note was shared with potential donors. The industry engagements surrounding the implementation of the program commenced in 2021. The goal is to link informal financial institutions such as the Village Savings and Loan Association (VSLAs) to formal financial institutions such as banks, mobile money operators, and insurance companies, leveraging digital technology.

5.7.2 Development Finance Initiatives

In line with the new strategic plan of the CBL and pursuant to the broader mandates of the CBL under the Amended and Restated CBL Act of 2020, the CBL established a Development Finance Section in 2021. The CBL, through the section, is expected to support Pillar 2 of the Pro-poor Agenda for Prosperity and Development (PAPD) which addresses issues about the economy and jobs.

A framework to guide the new development finance activities of the CBL was drafted in 2021 and shared with the United States Department of Treasury, Office of Technical Assistance. Discussions are well advanced to securing the Treasury's support to the new development finance activities of the Bank. The concept note proposes the establishment of a development finance fund at the CBL that would house outstanding and expected proceeds from previous stimulus initiatives of the Bank as well as additional support from the GoL and donors. The development finance programs to be developed are to support long-term financing to the agricultural, mortgage, MSMEs, and other critical sectors of the Liberian economy that have potential of sustainable growth and job creation.

5.8 Financial Markets Activities

5.8.1 Regulatory Activities for Market Development

During the review year, the CBL, through the Financial Markets Department, continued to build the regulatory and institutional framework for an organized, liquid, diversified, and transparent financial market, based on the Securities Market Act (SMA) and Central Depository Act (CSD) ratified in 2016. Its research and development efforts focused on establishing new enforceable parameters and guidelines, revising existing ones, and deepening the debt market.

The latest regulation concerning the Licensing and Regulatory Requirements for Discount Houses allows for effective intermediation between the CBL and the financial sector. This effort provides liquidity for debt market instruments such as CBL Bills and government securities. It is also intended to support the CBL's monetary policy interventions and facilitate lending to banks through a discount house (at discounted rate) without resorting to the CBL as lender of last resort.

The CBL Board's approval of the discount house regulation also represents a critical step that paves the way for a secondary market in securities. The Bank's short-term debt securities have been the most consistently issued in the market in recent years with no admission of private issuances in the absence of a corresponding regulatory framework.

From the demand side of the capital markets, the CBL engaged financial sector, social welfare, and civil society stakeholders for the reform of the pension sector through legislation and capacity building. While social protection remains the primary objective of any pension scheme, the CBL aims to create the legal environment to expand private pension funds with an appetite for long maturity securities. In partnership with WAMI, efforts are ongoing to secure funding from AfDB to advance this initiative.

5.8.2 Regional Capital Market Integration Activities

The Financial Markets Department participated in a debt market development needs assessment conducted by the WAMI in July 2021. Amongst other things, finding from the study included the need for an upgrade of the Scripless Securities Settlement System (SSSS) for automatic processing of money and interbank market transactions. The Department also held stakeholder consultations on Pension Sector Reform and identified the establishment of a pension sector regulator and development of a legal and regulatory framework. The initiatives were intended to encourage new private pension providers into the market, while enhancing the capacity of NASSCORP and other existing pension providers as the components of activity required for the project.

The FMD also participated as an observer in the West African Capital Markets Integration (WACMI) Phase II Project Technical Committee Meeting that was held in October 2021 in Accra, Ghana. The technical committee discussed the need to ensure electronic issuances as well as develop investor education programs on regional investment procedures. The meeting also highlighted that Liberia's Central Securities Depository Act (ratified in 2016) along with Ghana's met the regional standard.

5.9 Regulatory and Supervisory Activities

5.9.1 Regulatory Activities

In 2021, the CBL through RSD, amended and issued new regulations affecting the banking industry, including; A) Regulation No. CBL/RSD/001/2021 Concerning Non-Bank Credit Only Institution revising Regulation No. CBL/SD/005/2012 issued a Non-Bank Financial Institutions Regulation to regulate the establishment, operations, and business conduct of non-bank financial institutions that provide credit but do not accept deposits from the public. B) Issued Regulation No. CBL/RSD/002/2021 Concerning Prudential Regulations for Asset Classification, Provisions for Loan Losses and Suspension of Interest on Non-Performing Loan and Advances. This Regulation was issued on October 6, 2021, amending section 8.0, 9.0 and 9.11 of Regulation No. CBL/SD/005/2014 which covers microfinance lending.

5.9.2 Supervisory Activities

The CBL, through RSD, continued to effectively play supervisory role in safeguarding the financial system. In this effort, the Department conducted several periodic onsite examinations. In addition to the on-site examination, the Department on a perpetual basis uses its off-site approach to monitor the financial soundness of banks and non-banks financial institutions.

5.10 External Support to the Collateral Registry System

The Bank engaged the International Finance Corporation (IFC) for technical and advisory supports to the CBL's Collateral Registry System. Following several consultations, both CBL and IFC agreed to synergize on the workings of the Collateral Registry System in the financial sector and signed a corporate agreement for project support covering the enhanced regulatory framework for movable asset financing; enhanced collateral registry operations; promote asset-based lending and financial literacy & awareness**.** In line with IFC's action plan, IFC conducted the assessment on the CBL's Collateral Registry System in the latter part of the year with expectation of submitting the assessment report in the first quarter of 2022.

5.11 Insurance Sector Activities

During the year, the Insurance Department crafted a roadmap to guide its transition process, pending approval. The Department leveraged on capacity building and technical assistance received from the US Treasury Department to fast track its transition to a commission and support the viability of the sector.

The Department conducted onsite examinations and verification exercises at several insurance companies and brokerage firms on corporate governance structure.

Table 30: Insurance Companies and Categories

COMPOSITE COMPANIES	GENERAL COMPANIES	LIFE COMPANY
ACTIVA	ACICO	MEDICARE
ICA	SUNU	
SAAR	BLUE CROSS	
MBA		
OMEGA		
AUG		
SECURE		
PALM		
SKY		
ALGIC		

Source: Central Bank of Liberia

5.12 Enterprise Risk Management

In 2021, the Enterprise Risk Management Department (ERMD) undertook series of key activities, despite the challenges posed by COVID-19 measures - reduction in the number of staff throughout the bank, resulting in slowdown in the Department's activities. ERMD, in furtherance of its mandate, completed the following key activities:

1. Conducted two quarterly risk and control assessment of policies and procedures that business units use as a guide to carry out their functions. This exercise revealed that a significant number of business units had developed policies and procedures that are currently being used;

2. Conducted multiple risk awareness and risk culture workshops with various business units of the Bank. Additionally, the department conducted training programs to enhance the skills and capacities of its staff.

3. Concluded two full-scope enterprise-wide risk assessments. Report from the first assessment was submitted to Management and the Internal Audit Department (IAD) and the second report is being finalized;

4. Updated Risk Register;

5. Continued monitoring Key Risk Indicators (KRIs) to ensure that risks are actively managed;

6. Conducted risk assessment of the CBL facilities at the National Housing & Savings Bank along with the Security Consultant of the CBL. This was based on a request from the Technical Committee on Currency Reform (TCCR);

7. Organized a retreat to enable staff review risk management policies and procedures, and developed the Department's workplan for 2022; and

8. Finalized for approval an updated Risk Management Framework. This was done in consultation with the Resident Advisor to the Executive Governor.

5.13 CBL Accounting and Finances

5.13.1 Accounting and Finances

The CBL financial statements for the year ended December 31, 2021, was prepared in accordance with International Financial Reporting Standards (IFRS). The preparation of the financial statement is consistent with Section 50 of the Amended and Restated Act of the CBL. The statement is to be audited by Deliotte and Touche in collaboration with Bakertilly.

5.13.2 Income and Expenditure

The CBL's preliminary un-audited income statement for the year ended December 31, 2021, revealed operating income of L$4.1 billion compared with L$5.8 billion recorded in 2020. This represents 29.0 percent decrease in gross revenue. The decrease in gross income in 2021 was mainly due to the decrease in fees and commission, and other income and increase in interest expense relating to CBL Bill. The main revenue drivers were net interest income of L$3.4 billion.

Total expenditure for the year 2021 amounted to L$4.1 billion compared with L$5.8 billion in 2020 excluding impairment release/loss and loss on derecognition. This decrease is attributed to the appreciation of Liberia dollar to L$145.3626/US$1.00 in 2021, from L$164.2184/US$1.00 in 2020 and Management's rigorously cutting of expenditures.

5.13.3 Financial Position

The CBL's un-audited Statement of Financial Position including IMF related balances recorded total assets of L$256.0 billion as of December 31, 2021, compared with L$238.0 billion in 2020. This 8.0 percent growth was mainly due to increased deposits with the IMF. Excluding the IMF, approximately 33.0 percent of total assets are represented by claims on the Government of Liberia. The loan has been performing based on a memorandum of understanding (MOU) signed in 2019 between the CBL and the GoL.

The CBL's preliminary un-audited total liabilities including IMF related liabilities at end-December 31, 2021, amounted to L$246.0 billion compared with L$213.0 billion in 2020. The increase in liabilities of L$33.0 billion was mainly attributed to increase in IMF related liabilities, deposits from banks, market instrument, other liabilities as well as an increase currency in circulation.

The CBL's un-audited total owners' equity as of December 31, 2021, was L$10.3 billion compared with L$25.6 billion in 2020, because of the appreciation of Liberia dollar from L$164.2184/US$1.00 in 2020 to L$145.3626/US$1.00 in 2021 coupled with operating loss in 2021.

5.13.4 The Budget

The Board of Governors approved the sum of US$38,100,000.00 for 2021, the ceiling agreed under the ECF program against a projected income of US$19,700,957.00, resulting in a deficit of US$ 18,399,043.00. During the fourth quarter of the year, the CBL recorded a year-to-date income of US$21,272,191.00 against the projected income which exceeded the projection by US$1,571,235.00 or 8.0 percent. On the expenditure side, the CBL incurred a total of US$29,800,216.00 year-to-date expenditure against the approved allotment of US$38,100,000.00, an overall saving of US$299,784.00 or 1.0 percent.

5.14 Internal Audit

Internal Audit Department, as provided for by the CBL's Act of 1999 and the amended and restated act of 2020, is commissioned to conduct audits of the operational activities and accounts of the CBL on a continuous and regular basis in accordance with internationally accepted auditing standards. These services are provided through the delivery of independent, objective assurance and consulting functions intended to improve the Bank's operations through a discipline approach by evaluating and improving the effectiveness and efficiency of risk management, internal control, and the governance processes of the Bank.

A recommendation of the IMF during its Safeguards Mission in 2019, called for the co-sourcing of the Internal Audit function. The CBL honored this recommendation and recruited and awarded PriceWaterHouseCoopers (PWC) a three-year contract renewable annually. The specific objectives of the co-sourcing arrangement are to:

(i) Assist the CBL's internal audit function in providing independent and objective assurance on the system of internal controls to the CBL Board of Governors and the Board Audit committee; and

(ii) Build capacity of the CBL internal audit function.

In line with these objectives, the Pwcworked with the IAD for two years (2020 -2021) and is entering the final year of the co-sourcing project. Significant achievements of this co-sourcing project are the full migration of CBL's Internal Audit Department to a Risk-Based Internal Audit (RBIA) approach and transferred knowledge to staff through the performance of audit field work as well as regular classroom trainings.

The IAD along with its co-sourcing partners, conducted six key audit engagements as agreed in the Terms of Memorandum of Understanding (TMU) for the co-sourcing engagement. The areas reviewed were:

- Government banking operations in foreign and domestic currencies;
- Compilation of the IMF's program monetary data at semi-annual dates;
- CBL's budget formulation, execution, and monitoring;
- Management of foreign exchange reserves;
- Controls on weekly reports on the movement of foreign exchange; and
- CBL's currency management and vaults.

These Audit reports were submitted to the Board Audit Committee (BAC) for discussion, and decisions were made aimed at addressing control issues identified in the reports. In compliance with its annual work plan, the Department conducted three audits (Q1-Q3) along with several special audits and assignments. These reports were submitted to the BAC.

5.15 Legal Services

The Legal Department, in concert with the Bank's external counsels from time to time, provided legal opinions/advice and represented in matters to which the Bank was either a party complainant or defendant. During the year, the Department participated in several activities which included the following:

i. participated in the Working Group that reviewed the CBL's Strategic Plan 2021-2023;
ii. collaborated with RSD to review the New Financial Institution Act;
iii. provided legal support for the procurement process regarding the replacement of Liberian dollars banknotes and reviewed the contract between Crane Currency and CBL for printing of new Liberian dollar ($100) banknotes;
iv. facilitated the drafting of the Amended Payments System Act which has been submitted to the National Legislature;
v. provided legal guidance for the bidding process leading to the construction of the CBL's Regional Cash Hub located in Gbarnga, Bong County;
vi. provided legal support for the liquidation proceedings involving 5-seized insurance companies which is still ongoing;
vii. provided legal services for the general litigation of labor disputes and real property issues, mediation, and conferences; and
viii. established a registry/listing of all CBL Contracts/Agreements for easy access.

5.16 Corporate Communications and Public Relations Activities

The year 2021 marked a milestone for the CBL's Corporate Communications Unit (CCU). The Unit, with the aid of a communications consultant, developed a comprehensive corporate communications strategy, aimed at strengthening the Unit to effectively perform its functions in tandem with the growing communication needs of the Bank. The reform gained additional momentum in the modernization process of the social media infrastructure of the Bank by developing a state-of-the-art website. The unit performed key activities including:

- set up an official CBL's Facebook Page, in collaboration with the MISTD;
- produced a Communications Strategy to Promote Digital/Electronic Payments and the CBL Bills, in collaboration with the Payments System and Financial Markets Departments;

- organized radio talk shows and published articles in the local papers to inform CBL's stakeholders and the public of the Bank's quarterly monetary policy decisions, in collaboration with the RPPD;
- published the CBL's flagship magazine, *The Regulator*, with focus on key activities of the Bank;

- initiated the maiden edition of Money Matters -the flagship CBL bi-monthly radio program aimed at informing, and educating the public on the Bank's monetary policy operations; and collaborated with the Development Finance Unit in implementing the National Financial Education Strategy (NFES).

As part of the Inter-Departmental Liquidity Management Team, whose mandate was to manage the liquidity situation that peaked during the previous festive season, the CCU drafted a Mobile Money Communications Strategy to help ease the liquidity stress that the economy was facing. The Unit collaborated with USAID to develop a communication strategy to create awareness and transparency surrounding the printing and minting of a new family of Liberian dollar banknotes and coins. This culminated in the selection of the Liberia Media for Development Initiatives (LMDI) through Nathan & Associates to roll out public awareness activities, with CCU taking ownership and playing a coordinating role.

5.17 General Support Services

During the year, the General Support Services Department (GSSD) provided 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 stationeries, maintenance of the facilities & equipment, and planning & hosting of the Board of Governors' retreat, among others.

In addition to the above, the Department achieved the following:

- Completion of the Regional Cash Hub in Gbarnga, Bong County;

- Renovation of the CBL's cafeteria;

- Purchased and installed two new Perkins Generators (800kva & 500kva) to replace two of the four old generators;
- Installed streetlights around the fence of the Bank to enhance security at night.
- Provided logistical support to facilitate the delivery of new banknotes.

5.18 Banking Institute of Liberia

During the review period, the Banking Institute of Liberia (BIL) elevated its short - term competency – based training courses aimed at upscaling the professional, administrative, and managerial competencies of participants. However, as a result of the intensity of the COVID -19 pandemic in 2020 and 2021, the courses were divided into phases (I and II) under stringent adherence to the Ministry of Health COVID-19 Protocols. Accordingly, 28 participants across the sector were awarded Certificates of Completion of Level II Training Cycle I.

5.18.1 Supervision of Non-bank Financial Institutions Workshop

Furthermore, the Institute conducted a two-week training workshop on Supervision of Non-bank Financial Institutions for the Microfinance Section of RSD. The training was conducted from October 4 – 15, 2021, fulfilling Component 2 Activities of the RCFP in Liberia for the fiscal year 2020/2021. To this end, 9 staff received Certificate of Participation.

5.18.2 Training Impact Assessment

After two years of training, the Institute hired a local consultant to conduct a Post Training Impact Assessment (PTIA) to assess the performance of beneficiaries. The exercise showed that 90.0 percent of participants retained their initial assignments. Additionally, beneficiaries' work performance increased by 55.0 percent following completion of the program.

5.18.3 Professional Banking Program

In response to the need for skilled professionals to provide leadership in the sector, the BIL elevated its courses to professional banking career by aligning its curriculum with the Chartered Institute of Bankers of Nigeria (CIBN). The curriculum introduced a three tier Professional Banking Program - Professional Diploma Level I, Intermediate Banking Professional Level II, and Chartered Banker. The courses are expected to prepare Liberian banking sector professionals to sit and pass CIBN Professional Banking Certification Examinations.

5.18.4 Enterprise Program

In its quest to build the capacity of those desirous of entering the banking profession, the Institute developed and intends to roll out an Enterprise Program covering three subject areas as follows:

- Introduction to Banking & Finance;
- Entrepreneurship and Small Business Development; and
- Microfinance.

Chapter 6.0: External Relations

6.1 Multilateral Relations

Amidst the COVID-19 pandemic, Liberia continued its multilateral relations and institutional commitments with both national and international institutions. The CBL, through the Office of Multilateral Relations, was fully involved in the coordination of programs, activities, meetings, missions, and visits of partners during the year. The Office also liaised with internal departments as well as specialized sections within the Bank, other governmental related institutions, and development partners in executing its multilateral relations' activities.

6.2 Association of African Central Banks (AACB)

The Association of African Central Banks (AACB) held its virtual Continental Statutory Meetings in August 2021 interspliced with series of virtual meetings including the Technical Committee Meeting, the Bureau Meeting, the Governors' Symposium, and the Annual Assembly of Governors' Meeting. Some of the endorsed decisions at the end of the Statutory Meetings included the followings:

- Approved the 2020 report on the implementation of the African Monetary Cooperation Program (AMCP);
- Encouraged sub-regions that have not yet developed a harmonized monetary policy framework to do as outlined in the timelines of the AACB convergence criteria of the AMCP;
- Approved the reports of the AACB Task Force and its two Working Groups on payments system integration and mobile integration strategy;
- Requested African Export-Import Bank (AFREXIMBANK) and the AACB Task Force to work together on the payments system integration project in Africa; and
- Requested the AACB Secretariat to send the reports of the two Continental Seminars to the African Union Commission (AUC) to be forwarded to the Regional Economic Communities (RECs) and relevant stakeholders.

6.3 Pan-African Payments & Settlement System (PAPSS)

The PAPSS is a centralized payment market infrastructure for processing, clearing, and settling of intra-African trade and commerce payments. The conception evolved from the Continental Seminar held in Algeria in 2014 with the aim to establish an improved and integrated Payments System in Africa.

The legal and regulatory issues of PAPSS was fully addressed, while the areas of operationalization of the system was undergoing controlled testing. The operationalization of the PAPSS with the CBL in 2021, amongst the WAMZ's Member States, was at an advanced stage and expected to go live by first quarter, 2022. This means that the CBL will be able to conduct live inter-transactional payments within the sub- region. The project, which is being implemented by WAMI in the sub-region, is funded by the AFREXIMBANK. The WAMZ was selected to conduct the pilot test across Africa on its integrated payments & settlement system.

6.4 West African Monetary Zone (WAMZ)

The Executive Governor of the CBL was unanimously elected to serve as the Chairperson of the Committee of Governors of the WAMZ during its virtual Regional Statutory Meetings held in August 2021. The Executive Governor took over the leadership mantle from the Governor of the Bank of Sierra Leone who held onto the Chairmanship for two years due to the inability of Member States central banks to hold in-persons meetings because of COVID-19 restrictions.

6.5 West African Monetary Agency (WAMA)

The Executive Governor of the CBL held the Chairmanship of the Board of Governors of WAMA in 2021. Under his supervision, WAMA as the organ of ECOWAS driving the region's Single Currency Programme, continued to work with regional stakeholders on a variety of activities in 2021. These activities included: determination of the size and distribution of capital for the proposed Central Bank of West Africa (CBWA); Reserve Pooling in the proposed ECOWAS Single Currency Area; the ECOWAS Payments & Settlement System; ECOWAS Macroeconomic Convergence Report; Transition to a Flexible Exchange Rate Regime; Community Solidarity and Stabilization Fund; amongst others. All these activities and programs are captured in the revised ECOWAS Single Currency Program (ESCP) roadmap.

At a virtual meeting held on January 23, 2021, the ECOWAS Authority of Heads of States and Government instructed the ECOWAS Commission and WAMA to work with the national central banks in expediting work towards the rapid interconnection of the ECOWAS Payments & Settlement System (EPSS) in the region.

6.6 Ecowas Single Currency Program (ESCP)

In 2021, a draft new Revised Roadmap as well as a draft Supplementary Act for Macroeconomic convergence and Stability Pact were distributed amongst Member States technical teams for their review and adoption given that the 2018 revised roadmap and 2020 Stability pact had expired, which would have created the corridor for monetary union. The referenced Stability Pact, which will be implemented in two phases, is intended to define the course of actions which would require Member States to achieve and maintain for the convergence and stability phases.

During the first phase, convergence phase (January 2022 to December 2026), Member States will be required to ensure the implementation of all macroeconomic policies to meet the convergence criteria and achieve the macroeconomic goals before the convergence deadline. During the years 2024-2026, majority of the Member States are expected to meet the primary criteria on a sustainable basis. The stability phase commences on January 1, 2027, at which time all Member States would have consolidated their achievements, sustained the achieved convergence criteria, and implemented macroeconomic policies for sustainable inclusive growth.

During the 59th Ordinary session of the Authority of Heads of State and Government of ECOWAS, held in June 2021, the Authority approved the revised Supplementary Act A/AS.1/6/21 relating to the Macroeconomic Convergence and Stability Pact among Member States. This decision was intended to guide Member States towards the economic and monetary union.

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

Leveraging on the cost effectiveness and the success of the online virtual program during the COVID-19 period, WAIFEM in 2021, piloted the implementation of programs through blended learning. Under this program, facilitators could be remote in places outside of Nigeria such as Washington or United Kingdom, whereby participants and facilitators would be visible to each other and both sides would interact seamlessly. Meanwhile, WAIFEM presented a proposal to

Member States for blended learning which encompasses the purchase and deployment of equipment in each of the member countries to facilitate joint face-to-face and virtual training.

The Institute also began the implementation of its Strategic Plan (2021 - 2025) in 2021. The Strategic Plan introduced new training areas, including, Reserves Management, Artificial Intelligence, Digital/Crypto Currencies, FinTech, Remote Working, and Insurance Supervision, etc.

In December 2021, WAIFEM procured equipment that are expected to facilitate the E-Blended learning training program within its Member States' auditorium. Some of the equipment delivered to the CBL included projector, bus mixer, portable speakers, Logitech camera, microphones, photo tripod, cables, etc. The equipment were tested and proven to be effective during a four-day Debt Sustainable Framework (DSF) regional workshop on Low Income Countries (LIC). The workshop was held at the CBL's auditorium and attended by participants from LRA, MFDP and the CBL.