

# Liberia

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RISK & COMPLIANCE REPORT

DATE: March 2018

## Executive Summary

<b>Sanctions:</b>	No – sanctions lifted in 2016
<b>FAFT list of AML Deficient Countries</b>	No
<b>Higher Risk Areas</b>	<p>US Dept of State Money Laundering Assessment</p> <p>Non - Compliance with FATF 40 + 9 Recommendations</p> <p>Not on EU White list equivalent jurisdictions</p> <p>Corruption Index (Transparency International &amp; W.G.I.)</p> <p>World Governance Indicators (Average Score)</p> <p>Failed States Index (Political Issues)(Average Score)</p> <p>Compliance of OECD Global Forum's information exchange standard</p>
<b>Medium Risk Areas</b>	Weakness in Government Legislation to combat Money Laundering
<p><b>Major Investment Areas:</b></p> <p><b>Agriculture - products:</b></p> <p>rubber, coffee, cocoa, rice, cassava (manioc), palm oil, sugarcane, bananas; sheep, goats; timber</p> <p><b>Industries:</b></p> <p>rubber processing, palm oil processing, timber, diamonds</p> <p><b>Exports - commodities:</b></p> <p>rubber, timber, iron, diamonds, cocoa, coffee</p> <p><b>Exports - partners:</b></p> <p>China 24.2%, US 15.4%, Spain 11.1%, Thailand 4.5%, Cote dlvoire 4.4%, Malaysia 4.1%, France 4% (2012)</p> <p><b>Imports - commodities:</b></p> <p>fuels, chemicals, machinery, transportation equipment, manufactured goods; foodstuffs</p>	
<b>Investment Restrictions:</b>	

Ownership of the following business activities or enterprises shall be reserved exclusively for Liberians: supply of sand; block making; peddling; travel agencies; making and sale of ice; tire repair shops; auto repair shops with investments of less than US\$550,000; shoe repair shops; gas stations; video clubs; operation of taxis; importation or sale of second-hand or used clothing; importation or sale of used cars (except authorized dealership which may deal in certified used vehicles of their make); distribution of locally manufactured products; and the retail sale of rice, cement, timber, and planks.

Foreign investors may invest in the following business activities provided they invest no less than US\$500,000. If a Liberian partner maintains at least a 25 percent equity stake, the foreign investors need only invest US\$300,000: production and supply of stone and granite; ice manufacturing; commercial printing; cinemas; production of poultry and poultry products; bakeries; sale of pharmaceuticals; operation of heavy duty trucks; sale of animal and poultry feed; entertainment centres not connected with a hotel establishment; operation of water purification or bottling plant (specifically the production and sale of water in sachets); and advertising agencies, graphics, and commercial artists.

Land ownership is restricted to Liberian citizens

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## Section 1 - Background

Settlement of freed slaves from the US in what is today Liberia began in 1822; by 1847, the Americo-Liberians were able to establish a republic. William TUBMAN, president from 1944-71, did much to promote foreign investment and to bridge the economic, social, and political gaps between the descendants of the original settlers and the inhabitants of the interior. In 1980, a military coup led by Samuel DOE ushered in a decade of authoritarian rule. In December 1989, Charles TAYLOR launched a rebellion against DOE's regime that led to a prolonged civil war in which DOE was killed. A period of relative peace in 1997 allowed for elections that brought TAYLOR to power, but major fighting resumed in 2000. An August 2003 peace agreement ended the war and prompted the resignation of former president Charles TAYLOR, who faces war crimes charges in The Hague related to his involvement in Sierra Leone's civil war. After two years of rule by a transitional government, democratic elections in late 2005 brought President Ellen JOHNSON SIRLEAF to power. She subsequently won reelection in 2011 in a second round vote that was boycotted by the opposition and remains challenged to build Liberia's economy and reconcile a nation still recovering from 14 years of fighting. The United Nations Security Council in September 2012 passed Resolution 2066 which calls for a reduction of UN troops in Liberia by half by 2015, bringing the troop total down to fewer than 4000, and challenging Liberia's security sector to fill the gaps.



## Section 2 - Anti – Money Laundering / Terrorist Financing

### FATF status

Liberia is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

### Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Liberia was undertaken by the Financial Action Task Force (FATF) in 2011. According to that Evaluation, Liberia was deemed Compliant for 0 and Largely Compliant for 0 of the FATF 40 + 9 Recommendations. It was Partially Compliant or Non-Compliant for all 6 of the Core Recommendations.

### Second follow-up report of Liberia

The second follow-up report of Liberia revealed that the country had taken some bold steps towards establishing a comprehensive AML/CFT legislative and institutional framework as a basis for addressing the deficiencies identified in its MER. Specifically, the Liberian Parliament amended the Penal Code to fully criminalize some outstanding predicate offences including extortion, environmental crime, illicit trafficking in human beings and migrant smuggling. The country also passed the following AML/CFT- related pieces of legislation: the Financial Intelligence Unit Act, Fraud Act, Anti-Money Laundering and Terrorist Financing Act, Provisional Remedies for Proceeds of Crime Act, Mutual Legal Assistance in Criminal Matters Act, and the Distribution of UN List of Terrorists and Terrorist Groups Act. These pieces of legislation received presidential assent in April 2013. These laws have addressed deficiencies in the following: criminalization of money laundering, terrorist financing and certain predicate offences; measures for freezing, seizure and confiscation of proceeds of crime and funds intended for the financing of terrorist acts; CDD obligations; record-keeping; suspicious transaction reporting; establishment of an FIU; mutual legal assistance; extradition; national coordination; international cooperation; and implementation of UNSCRs 1267 and 1373.

Liberia's efforts in enacting the seven pieces of legislation were acknowledged by the Plenary in May 2013, but it noted with concern that some deficiencies remain in the country's AML/CFT system, particularly as regards the full functioning of the FIU; the adoption of the revised CDD/KYC guidelines; the National AML/CFT Strategy; issuance of guidelines for relevant reporting entities; and effective supervision of those entities. Consequently, Liberia was directed to engage with the GIABA Secretariat to ensure that the country set up appropriate mechanisms to address the identified deficiencies. In the course of its engagement with the Secretariat, Liberia issued the AML/CFT Regulations, established the

FIU, appointed the board members of the FIU and adopted its National AML/CFT Strategy. In November 2013, the Secretariat updated the Plenary on the outcomes of its engagement with Liberia. The Plenary thus commended Liberia for the achievements, and encouraged it to intensify efforts to address the remaining deficiencies before the May 2014 Plenary. Liberia was therefore retained on Expedited Regular Follow-up and was requested to submit its third follow-up report to the Plenary in May 2014.

## GIABA Annual Report 2013

### Prevalence of Predicate Crimes

The most prevalent ML/TF predicate crimes in 2013 are drug trafficking, corruption, tax fraud, smuggling of precious stones and metals, bank fraud and forgery. Corruption is a serious predicate crime.

Though not listed in the Country Report submitted to GIABA, human trafficking is prevalent in Liberia. According to the Trafficking in Persons Report 2013, most victims of human trafficking originate from and are exploited within the country's borders, where they are subjected to domestic servitude, forced begging, sexual exploitation, or forced labour in street vending, rubber plantations and alluvial diamond mines. However, to a lesser degree the country is also a host to victims of human trafficking from other countries as well as an exporter of victims to other countries.

While evidence has been hard to secure, there is a disturbing trend among senior government officials to live far beyond their legitimate earnings and to deliberately block assets verification. In a report, the Liberia's Anti-Corruption Commission (LACC) accused 22 senior government officials, including the current Defence Minister and the current Police Director, of 'deliberately' refusing to cooperate with the Commission assets verification team. Other noteworthy allegations in the same report involve the former Deputy Minister for Administration at the Ministry of Public Works, accused of having deposited US\$305,590.00 into three separate bank accounts outside of his official salary of L\$14,137.50; and former Internal Affairs Minister, accused of holding a series of cash deposits to his accounts at three different banks totalling US\$105,000.

For the LACC, huge amounts of 'unexplained wealth and material omission' raise red flags because these may have links to money laundering. The resilience of corruption, the dominance of the US dollar in the economy of Liberia, infrastructural decay, and the porosity of its borders combine to open the country to internationally organized criminal activities, including piracy, which has now become a serious threat in the Gulf of Guinea.

### AML/CFT Situation

Since May 2012, when the first follow-up report to the mutual evaluation of the country was considered by the GIABA Plenary, Liberia has made some progress in addressing the strategic deficiencies in its AML/CFT system. At the 19th GIABA Plenary meeting held in May 2013, Liberia presented its second follow-up report, which showed that the country had made some progress that included the enactment of the Act to Amend the Penal Law

regarding Extortion, Environmental Crime, Illicit Trafficking in Human Beings and Migrant Smuggling as predicate offences of ML. Other related legislation enacted was the Financial Intelligence Unit Act, Fraud Act, Anti-Money Laundering and Terrorist Financing Act, Provisional Remedies for Proceeds of Crime Act; Mutual Legal Assistance in Criminal Matters Act, and Distribution of UN List of Terrorists and Terrorist Groups Act. The Acts received Presidential Assent in April 2013.

In spite of this progress, a number of strategic deficiencies have not yet been addressed, including the absence of a fully functional FIU, non-adoption of the revised CDD/KYC guidelines, and weak supervisory framework. In addition, Liberia has not frozen the assets of any of the Liberians on the UN asset-freeze list. GIABA has engaged the country and helped it put in place an action plan to address the outstanding deficiencies.

Liberia has made further progress in the implementation of its action plan. Major steps taken in the year include the issuance/publication of AML/CFT regulations for fi institutions and the adoption of its AML/CFT National Strategy. Yet progress on the other strategic deficiencies was limited, as the FIU is not yet in full operation although the Governing Board has been inaugurated. The substantive Director is yet to be appointed although the process has commenced. Regulations for DNFBPs have not yet been issued. Liberia was given until May 2014 to address these issues, failing which it will be downgraded to Enhanced Follow-up under the GIABA ME process and procedures.

## **Conclusion**

The continued absence of a functional FIU in Liberia is a source of concern. The country cannot, as yet, generate, analyse and transmit CTRs and STRs to facilitate investigation, prosecution and possible conviction on ML/TF-related offences.

As noted by the INCSR report, implementation of laws is hampered by political interference, corruption, lack of capacity within the judiciary and police, and lack of adequate resources. While GIABA will continue to engage the country to ensure implementation of its current AML/CFT Action Plan, Liberia's authorities should demonstrate greater political will to develop a robust AML/CFT regime.

## **US Department of State Money Laundering assessment (INCSR)**

**Liberia is categorised by the US State Department as a Country/Jurisdiction of Primary Concern in respect of Money Laundering and Financial Crimes.**

### **OVERVIEW**

Despite the Government of Liberia's efforts to strengthen its AML regime, key challenges impede implementation of measures that effectively and systematically counter illicit financial transactions. Although the Central Bank of Liberia (CBL) has trained examiners on AML requirements and has started to conduct on-site AML bank examinations, robust enforcement to bring financial institutions into compliance is lagging. While interagency coordination has improved, key stakeholders have not produced actionable financial

intelligence, conducted systematic financial investigations of institutions where illegal profits are generated, or pursued prosecutions leading to convictions for financial crimes. Banks and other financial institutions have limited capacity to detect money laundering and their financial controls remain weak. Although the government established the FIU in 2014, it remains under-funded and lacks the institutional capacity to adequately collect, analyze, and disseminate financial intelligence, including STRs. These risks are compounded by the fact the Liberian economy is cash-based and has weak border controls, and that corruption remains endemic. Liberia remains vulnerable to illicit activities, to include drug trafficking and associated money laundering.

Liberia should seek to improve its monitoring of foreign exchange transactions, and corporate debt and securities activity. It should also strengthen border controls, enhance the oversight authority of CBL, and provide additional resources to the FIU. Liberia should continue to work with international partners to ensure that laws, regulations, and policies meet international AML standards.

#### VULNERABILITIES AND EXPECTED TYPOLOGIES

Smuggled goods enter Liberia through its porous borders. Illicit transactions are facilitated by Liberia's cash-based economy, with both Liberian and U.S. dollars recognized as legal tender.

Money exchange operations are poorly controlled and licenses can be obtained from the CBL without a background check. There are also numerous non-licensed foreign exchange sites and a large number of unregulated entities whose opaque activities raise concerns. Several money exchange entities facilitate hawala money transfers. Artisanal diamond and gold mines, scattered throughout the country, are largely unregulated and difficult to monitor, and contribute to an enabling environment for illicit financial transactions.

The Liberia National Police (LNP), Liberia Drug Enforcement Agency, and National Security Agency have the authority to investigate financial crimes but have not been effective in pursuing investigations and subsequent prosecutions, due to limited institutional capacity and interagency cooperation. Liberia does not currently have any FTZs. There are two registered, but unregulated, casinos in the country.

Money laundering investigations are hampered by political interference, corruption, lack of financial transparency and proper recordkeeping, and limited capacity of law enforcement and justice institutions to solve complex financial crime cases.

#### KEY AML LAWS AND REGULATIONS

The CBL has updated KYC and CDD guidelines. However, the CBL is constrained by limited technical capacity to monitor and enforce compliance. Donor assistance has supported CBL efforts to conduct bank examinations for compliance with AML requirements. Also, the FIU has updated its regulations, including those related to STRs and CTRs, cross-border currency (cash and negotiable instruments) transfers, and enhanced due diligence related to PEPs. The FIU is currently drafting regulations to guide NGOs and their regulators on AML/CFT compliance. The FIU also has modified the STR and CTR reporting format for bank and non-bank financial service providers to aid in the filing of these reports for transactions via mobile money.

Liberia is a member of the GIABA, a FATF-style regional body.

## AML DEFICIENCIES

The government's lack of institutional capacity, analytical capability, and technical experience to enforce regulations, investigate financial crimes and illicit money flows, and conduct successful prosecutions and asset recovery are key challenges to developing a robust AML regime.

Liberia is not a member of the Egmont Group and does not have a records-exchange mechanism with the United States.

## ENFORCEMENT/IMPLEMENTATION ISSUES AND COMMENTS

In 2016, the FIU adopted three AML regulations that address mandatory declaration of all cross border transportation of currency and negotiable financial instruments exceeding U.S. \$10,000; a requirement that all financial institutions file CTRs for all transactions that exceed the designated thresholds; and a requirement that financial institutions file a STR for any unusual or suspicious transaction. Enforcement of these regulations is often impeded by limited capacity of law enforcement agencies to investigate and prosecute regulatory violations and by judicial corruption. To date, there have been no prosecutions or convictions for money laundering in Liberia.

Since January 2017, the FIU has conducted workshops for judges, magistrates, prosecutors, and law enforcement officers on laws and procedures for international cooperation and mutual assistance in criminal matters. The FIU also is conducting specialized training sessions for regulators of the gaming industry, including the monitoring of casinos and sports gaming operations, which are becoming more common in Liberia. Similar training programs are being offered to insurance companies, mobile money service providers, and precious stones traders.

Liberia is member of Economic Community of West African States (ECOWAS). Liberia's laws are consistent with UN conventions and ECOWAS protocols on narcotics and psychotropic substances to which Liberia is a signatory.

### **Current Weaknesses in Government Legislation (INCRS Comparative Tables):**

According to the US State Department, Liberia does not conform with regard to the following government legislation: -

**Egmont Financial Intelligence Units** - The jurisdiction has established an operative central, national agency responsible for receiving (and, as permitted, requesting), analyzing, and disseminating to the competent authorities disclosures of financial information concerning suspected proceeds of crime, or required by national legislation or regulation, in order to counter money laundering. These reflect those jurisdictions that are members of the Egmont Group

**Arrangements for Asset Sharing** - By law, regulation or bilateral agreement, the jurisdiction permits sharing of seized assets with third party jurisdictions that assisted in the conduct of the underlying investigation.

### **EU White list of Equivalent Jurisdictions**

Liberia is not currently on the EU White list of Equivalent Jurisdictions

### **World Governance indicators**

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

### **Failed States Index**

[To view Failed States Index Ctrl + Click here](#)

### **Offshore Financial Centre**

Liberia is not considered to be an Offshore Financial Centre

## US State Dept Narcotics Report 2017 (introduction):

### Introduction

Liberia is not a significant source or transit country for illicit narcotics, but the country's nascent law enforcement capacity, porous border controls, and proximity to major drug transit routes contribute to trafficking to and through Liberia. Use of marijuana is very common, and other drug usage includes heroin and cocaine. Local authorities have reported increasing prevalence of amphetamine-type stimulants and intravenous drugs. Other than marijuana, locally consumed drugs enter Liberia via commercial aircraft, maritime vessels, and across land borders by foot and vehicle traffic. With U.S. training and support, the Government of Liberia passed its first drug law in 2014.

### Conclusion

The Government of Liberia is committed to preventing transnational criminal organizations from gaining a major foothold in its territory, but lacks the resources and capacity to respond adequately to this challenge. The Liberian government requires additional training and assistance to be able to successfully investigate and prosecute drug crimes, financial crimes, and corruption. The United States will continue to support and assist Liberia's efforts to strengthen its law enforcement capacities and fulfill its international drug control commitments.

## US State Dept Trafficking in Persons Report 2016 (introduction):

Liberia is classified a Tier 2 (watch list) country - a country whose government does not fully comply with the Trafficking Victims Protection Act's minimum standards, but is making significant efforts to bring themselves into compliance with those standards.

Liberia is a source and destination country for men, women, and children subjected to forced labor and sex trafficking. Trafficking within the country from rural to urban areas is more prevalent than transnational trafficking, and the majority of victims are children. Most trafficking victims originate from and are exploited within the country's borders, where they are subjected to domestic servitude, forced begging, sex trafficking, or forced labor in street vending, alluvial diamond mines, and on rubber plantations. Traffickers typically operate independently and are commonly family members who promise poorer relatives a better life for their children. Children sent to work as domestic servants for their wealthier relatives are vulnerable to forced labor or, to a lesser extent, sexual exploitation. Orphaned children remain susceptible to exploitation, including in street selling and child sex trafficking. A small number of Liberian men, women, and children are subjected to human trafficking in other West African countries, including Cote d'Ivoire, Guinea, Sierra Leone, and Nigeria. Women from Tunisia and Morocco have been subjected to sex trafficking in Liberia. During the previous reporting period, Liberian women were subjected to forced labor in Lebanon.

Capacity constraints and generalized corruption within the judiciary continued to hamper efforts to investigate and prosecute crimes, including human trafficking.

The Government of Liberia does not fully meet the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. During the reporting period, the Ebola outbreak and subsequent recovery efforts continued to severely affect the country and overwhelm the government's resources and capacity to address trafficking in persons effectively. Nevertheless, the government's trafficking in persons taskforce adopted a national referral mechanism and facilitated the repatriation of six Liberian women subjected to trafficking in Lebanon during the previous reporting period. In total, 16 women were exploited in a trafficking ring first uncovered in September 2014. The government also provided \$50,000 for the care and protection of the 16 women. However, the government did not convict any trafficking offenders and continued to make insufficient efforts to investigate cases of internal trafficking, despite this being the predominant form of trafficking in the country. The government also did not implement fully its standard operating procedures for trafficking victim support.

#### **Latest US State Dept Terrorism Report - 2009**

Despite limited resources, inadequately trained personnel, and a weak judicial system – products of 14 years of civil war – the Government of Liberia demonstrated a willingness to cooperate with the United States and the international community to combat terrorism. Through rule of law and security sector reform assistance programs, the United States supported a number of initiatives that addressed Liberia's vulnerabilities, which included porous borders, rampant identification document fraud, lax immigration controls, wide-scale corruption, and underpaid law enforcement, security, and customs personnel.

The Government of Liberia took steps to improve security at the Freeport of Monrovia, and the U.S. Coast Guard certified the port compliant under the International Port Security Program. The Transportation Security Administration worked with the Liberia Civil Aviation Authority to improve security at Roberts International Airport in order to make it compliant under the International Civil Aviation Organization (ICAO). However, at year's end, RIA remained ICAO non-compliant.

## International Sanctions

No – sanctions lifted in 2016

## Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	31
World Governance Indicator – Control of Corruption	26

## Corruption and Government Transparency - Report by US State Department

The government of Liberia is fighting corruption, but it remains endemic in the Liberian social fabric. The 2013 Transparency International Corruption Perception Index ranked Liberia 83 out of 177 countries with a score of 38 percent. The 2013 Mo Ibrahim Index of African Governance (IIAG) ranked Liberia 29 out of 52 African countries with a score of 50.3. Despite this improvement in governance, Liberia's score remains below the African average of 51.6 and the West African average of 52.5. The index measures performance across the following four categories of governance: safety and rule of law, participation and human rights, sustainable economic opportunity, and human development. Liberia scored highest in the governance category of participation and human rights and lowest in that of sustainable economic opportunity.

Travelers to Liberia are likely to encounter officials who solicit bribes (often euphemistically referred to as "cold water," "my Saturday," or "my Christmas"). Multinational firms often report having to pay fees to GOL agencies that were not stipulated in investment agreements. When new concessions are signed and ratified, the press frequently reports on corruption allegations implicating both the legislative and the executive branches.

Despite a number of USG and other donor-funded assistance projects, lack of training, inadequate salaries, and a culture of corruption with impunity have created a weak judicial and regulatory system that actively hampers investment. The USG seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U.S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate agencies.

### Section 3 - Economy

Liberia is a low income country that relies heavily on foreign assistance. It is richly endowed with water, mineral resources, forests, and a climate favourable to agriculture. Its principal exports are iron ore, rubber, gold and timber. The government has attempted to revive raw timber extraction and is encouraging oil exploration.

In the 1990s and early 2000s, civil war and government mismanagement destroyed much of Liberia's economy, especially infrastructure in and around the capital. With the conclusion of fighting and the installation of a democratically elected government in 2006, businesses that had fled the country began to return. The country achieved high growth during 2010-13 due to favourable world prices for its commodities. However, in 2014 as the Ebola virus began to spread, the economy declined and many businesses departed, taking capital and expertise with them. The epidemic forced the government to divert scarce resources to combat the spread of the virus, reducing funds available for needed public investment. The cost of addressing the Ebola epidemic will weigh heavily on public finances at the same time decreased economic activity reduces government revenue, although higher donor support will partly offset this loss.

Revitalizing the economy in the future will depend on increasing investment and trade, higher global commodity prices, sustained foreign aid and remittances, development of infrastructure and institutions, and maintaining political stability and security.

#### **Agriculture - products:**

rubber, coffee, cocoa, rice, cassava (manioc, tapioca), palm oil, sugarcane, bananas; sheep, goats; timber

#### **Industries:**

mining (iron ore), rubber processing, palm oil processing, timber, diamonds

#### **Exports - commodities:**

rubber, timber, iron, diamonds, cocoa, coffee

#### **Exports - partners:**

Poland 32.9%, China 20.7%, India 9.3%, US 5.1%, Greece 4.7%, France 4.3% (2015)

#### **Imports - commodities:**

fuels, chemicals, machinery, transportation equipment, manufactured goods; foodstuffs

#### **Imports - partners:**

Singapore 28.7%, China 16%, South Korea 15.3%, Japan 10.3%, Philippines 6.6% (2015)

### Banking

New banks are entering the market, and existing banks are expanding their services and branch networks. There are eight commercial banks operating in Liberia: the Liberian Bank for Development and Investment (LBDI); International Bank Liberia Ltd. (IB); Ecobank Liberia Ltd.; Global Bank, First International Bank, United Bank for Africa, Access Bank Liberia Ltd and Guaranty Trust Bank (GT). The Central Bank has issued a provisional license to the

Cameroonian-based Afriland First Bank, which plans to launch its operation in 2011. Access Bank is the only microfinance commercial bank in the country. Seven of the eight commercial banks are foreign owned.

Banking institutions operate essentially as repositories for funds and provide short-term trade financing and operating capital. Banks have no domestic instruments into which to place liquidity and the Central Bank imposes a 22% reserve requirement. Banks rely on fee income from fund transfers and on cost of transaction charges such as deposit/withdrawal, or cashing checks. ATMs are not connected to global electronic banking networks and traveler's checks and credit/debit cards are rarely accepted.

There is an ongoing expansion of banking services, with over 40 branches and payment outlets across the country. However, effective banking outside the capital remains difficult due to poor transportation and communication networks. Both Liberian and U.S. dollars are legal tender. Most business and official transactions (such as taxes) are conducted in U.S. dollars, while most street transactions are in Liberian dollars. The Investment Act allows for the transfer of funds associated with investments, including profits.

There are no restrictions on converting or transferring investment funds. However, the Central Bank of Liberia conducts a foreign exchange auction only once per week. Its U.S. dollar sales, which rarely exceed \$750,000, are often oversubscribed; and large investors may find it takes more than one week to exchange large sums of money. Transfer of sums in excess of \$10,000 must be reported to the Central Bank, and no more than \$7,500 in foreign currency banknotes can be moved out of the country at any one time. Larger sums must be transferred via bank draft or other financial instruments. Persons without a Liberian bank account are limited to two outgoing \$5,000 over-the-counter cash wire transfers per month.

### Stock Exchange

There is currently no stock exchange in Liberia.

### Executive Summary

Liberia is located in West Africa and has a population of about 4 million people (2008 Census). The Government of Liberia (GOL) continues to prioritize foreign direct investment (FDI) to realize its economic development goals. The GOL is working with its international partners to secure funding that would cover a gap of \$812 million to implement the interventions contained within its 2015-2017 Economic Stabilization & Recovery Plan (ESRP). The ESRP focuses on recovering output and growth, increasing resilience and reducing vulnerability, and strengthening public finances and service delivery disrupted by the Ebola crisis.

However, the availability of resources to adequately deliver on the GOL's development plans remains a challenge. Inflow of FDI is critical given Liberia's difficult macroeconomic outlook, coupled with the underperformance of its natural resources sector, which has resulted in an estimated revenue loss of \$70 million during the financial year (FY) 2015-2016 period. The current administration recognizes that attracting FDI requires an enabling legal and regulatory environment and is open to resolving issues that hinder improvements to the investment climate.

Though Liberia has a limited domestic market, it provides numerous investment opportunities across various sectors including; agriculture, forestry, fisheries, mining, telecommunications, services sector, , manufacturing, and warehousing and storage facilities. The United States, China, Europe, and other African countries are the main export destinations. A cabinet level Inter-Ministerial Concessions Committee (IMCC), chaired by the National Investment Commission (NIC), is responsible for negotiating concession agreements, which are ratified and approved by the national legislature and the president respectively. Currently, the export sector relies heavily on rubber and iron ore, accounting for 71 percent of total exports in 2015 (Central Bank of Liberia, 2015 Report).

Business registration statistics from 2015 indicate that the Liberia Business Registry (LBR) registered 7,110 businesses, of which 6,437 were local businesses and 673 were foreign owned businesses, including locally incorporated and registered businesses owned by non-Liberian citizens. The LBR is a one-stop business registration center that handles all business registration processes within three to four business days. Liberia has several state-owned enterprises (SOEs), some of which perform regulatory functions for their sectors, while others are dysfunctional. The SOE sector is critical to the GOL's economic development agenda, and their operational management is governed by the Public Financial Management (PFM) Law of 2009.

The followings are the key sectors which have historically attracted significant FDI in Liberia:

- Mining
- Agriculture including forestry
- Services including hotels and restaurants
- Banking and financial services

- Telecommunications

The following are the best prospective sectors for U.S. investment in Liberia:

- Agribusiness (marketing of agriculture products)
- Manufacturing (food processing and packaging)
- Transportation, storage, and warehousing facilities
- Energy and power generation
- Construction and real estate
- Services
- Telecommunications (especially fast-speed internet services)

Liberia offers investors a business-enabling environment with attributes such as:

- A free-floating exchange rate regime and guarantees that investors can transfer profits out of Liberia
- Investment laws that protect investors against expropriation and nationalization
- Comparatively more public awareness of incidences of corruption and government willingness to fight such corruption

Current market challenges include the following:

- Difficult and opaque procedures to obtain clear title to property
- Lack of protection and awareness regarding intellectual property rights, including artistic works, pharmaceutical products, and computer software.
- Lengthy and complex process to register a business or conclude concession agreements, requiring compliance with regulations and procedures of various government agencies.
- Weak judicial institutions and judicial sector corruption.

Overall, the government seeks to establish an investment climate that is welcoming to foreign investment as it continues to push forward with business reform programs. As Liberia transitions to a middle income country, the GOL's determination to improve the investment climate will be critical to overall economic growth.

Table 1

Measure	Year	Index/Ranking	Website Address
Transparency International's Corruption Perceptions index	2015	83 of 168	<a href="https://www.transparency.org/country/#LBR">https://www.transparency.org/country/#LBR</a>

World Bank's Doing Business Report "Ease of Doing Business"	2016	179 of 189	<a href="#">Error! Hyperlink reference not valid.</a>
U.S. FDI in Liberia (M\$, stock positions)	2014	\$873	<a href="#">Error! Hyperlink reference not valid.</a>
World Bank GNI per capita	2014	\$370	<a href="http://data.worldbank.org/country/liberia">http://data.worldbank.org/country/liberia</a>

## 1. Openness To, and Restrictions Upon, Foreign Investment

### Attitude toward FDI

Liberia's economy is based on a free enterprise system and the GOL adopts an open-door policy towards FDI. Overall, the GOL continues to make starting a business easier by eliminating business trade license fees. It has streamlined the steps and procedures involved in the business registration process to make it easier and faster. The transfer of property has also been made easier through a digitized records system at a land registry, known as the Center for National Documents and Records Agency (CNDRA). The report also indicates that Liberia made progress in reforms related to contract enforcement, issuance of construction permit and cross-border trade. Despite these measures and a commitment by the GOL to improve the regulatory environment for investment, Liberia's business climate remains poor with a ranking 179th out of 189 in the World Bank's 2016 Doing Business report. This poor ranking is partially attributed to non-regulatory factors such as the general infrastructure constraint including lack of electricity for many businesses, limited road network to connect commercial and population corridors, and difficulty SMEs face in accessing finance and market. Furthermore, there are laws and practices that discriminate against foreign businesses by prohibiting, limiting, or conditioning foreign investment in certain economic sectors as stipulated in the Investment Act of 2010. The intent of these laws is to empower Liberian entrepreneurs. However, the International Finance Corporation's (IFC) Investment Climate Team collaborates with the GOL to improve the investment climate by increasing access to finance and inspiring greater confidence in Liberia as an investment destination.

### Other Investment Policy Reviews

Neither UNCTAD nor the OECD has conducted an investment policy review for Liberia in the last few years.

### Laws/Regulations of FDI

To obtain a new concession agreement or long-term investment contract, potential investors have to engage in lengthy bidding and negotiation processes. In addition to the Investment Act and Revenue Code of 2000, the Public Procurement and Concessions Act of 2005 and the National Competitive Bidding Regulations, theoretically provide a clear, standardized, and transparent system for awarding concessions and public tenders. However, requests for Expressions of Interest (EOI), International Competitive Bids (ICB), and Invitations to Bid (ITB) are often poorly advertised, which hampers the process from the onset. An Inter-Ministerial

Concession Committee (IMCC) chaired by the National Investment Commission (NIC) includes the Ministries of Justice and Finance and Development Planning. The IMCC is statutorily responsible to handle bids, evaluate, award, and finalize concession agreements for the GOL. The President of Liberia sends the IMCC-awarded concessions to the national legislature for ratification. Concession agreements become legally binding (laws) after having been ratified by the legislature, signed by the president, and printed into handbills by the Ministry of Foreign Affairs (MFA). Depending on contract clauses and stipulations, a re-negotiation and subsequent round of ratification may be necessary in the case of ownership transfers. Besides the general weakness of the judiciary, there is no executive or other interference in the court system that could significantly affect foreign investors.

The following list of websites may help navigate the laws, rules, procedures, and reporting requirements for foreign investors:

<http://www.ppcc.gov.lr/> : The PPCC prepares, monitors, and guides public procurement policies, procedures, and guidelines for awarding concessions;

<http://www.lra.gov.lr/>: The Liberia Revenue Authority (LRA) collects all lawful revenues due the government, and is the custodian of the 2000 Revenue Code;

<http://www.investliberia.gov.lr/> : The National Investment Commission (NIC) is the investment promotion agency of the GOL, and chief negotiator of all concession agreements;

<http://www.mfdp.gov.lr/> : The Ministry of Finance & Development Planning (MFDP) is responsible for the country's fiscal policies, and is the custodian of the Public Financial Management Act of 2009.

### *Business Registration*

All businesses are required to register and/or apply for an authority to do business or provide services in Liberia. There are several ways to legally structure a business in Liberia. Currently, the options are as follows:

- Sole proprietorship
- Partnership or Limited Partnership
- Business Corporation
- Limited Liability Company (LLC)
- Non-profit
- Foreign Corporation
- Foreign Maritime Entity

Business registration is handled by Liberia Business Registry (LBR), **Error! Hyperlink reference not valid.**(site currently under maintenance). Certain business types require a notarization by the GOL, and foreign companies are advised to refer to the LBR for advice on registration processes. The wait-time required to register a business can be between three and four working days. The NIC is the investment promotion agency that facilitates foreign investment

and crafts investment policies. It is the chief negotiator of all concession agreements and the custodian of the Investment Act. Investors seeking to invest in Liberia generally take one of the following three paths:

- Standard Business – requires no incentive from the government; typically, these are small businesses with capital of less than \$500,000, but some larger businesses fall into this category; sector specific licenses and permits may be required for registration and incorporation; for more information, please refer to <http://investliberia.gov.lr/business/permits/>
- Special Investment Incentives – typically businesses that invest less than \$10 million and seek government incentives; for more information on incentives, please refer to <http://investliberia.gov.lr/invest/incentives/>
- Concessions – typically businesses that invest more than \$10 million and seek extra consideration from the government; for information on the process of negotiating a concession, please refer to <http://investliberia.gov.lr/invest/concession/>

In cases where an entity is already registered in different country and wants to do business, provide services, or take part in a bids in Liberia, that entity must apply for an “ Authority to do Business” through the LBR, <http://www.lbr.gov.lr>. The fees charged for this process are found on the LBR’s website. The GOL established the Department of Small Business Administration (SBA) in December 2014, with the objective of promoting the interests and fostering the development of micro, small, and medium enterprises (MSMEs). According to Liberia’s MSME Policy, micro enterprises are firms with three or fewer employees; small enterprises are firms with four to 20 employees; and medium enterprises are those with 21 to 50 employees. For more information on the policy, please refer to this link:

<http://www.moci.gov.lr/doc/Final%20MSME%20Policy%20Liberia%202011-2016.pdf>

### **Industrial Promotion**

Liberia is well known for its opportunities in the extractive and forestry sectors. The country also offers a wide range of opportunities in agriculture, mining, energy and power generation, agribusiness, and warehousing and storage. The NIC has packaged opportunities in four strategic sectors that have programs to guide potential investors and attract investment. This information is disseminated to the general public via this link, <http://www.investliberia.gov.lr/invest/sector>. The strategic sector opportunities are as follow:

- Road Transport: large scale fleet to service concessionaires; small scale trucking services targeting small and medium sized businesses.
- Costal Transport: operating short haul cargo services along the coast targeting demand from oil rigs and concessions across the country; market opportunity also exists in intra-West Africa trade.
- Fisheries: Liberia has 186,322 km<sup>2</sup> of fishing ground within its Exclusive Economic Zone (EEZ) along the coast; strong local and regional demand creates opportunities for fish harbor management, fish processing, and aquaculture production.

- Fruits and Vegetables: Liberia has abundant rainfall, temperate climate, and rich soil that offers ideal growing conditions for tropical fruits and vegetables; there is potentially high demand from domestic, regional, and international markets for locally grown fruits and vegetables.

### **Limits on Foreign Control and Right to Private Ownership and Establishment**

Foreign private entities have the right to establish and own business enterprises, and engage in all forms of remunerative activities, except for businesses that are restricted exclusively for Liberians. According to the Investment Act and Revenue Code, which govern investments in Liberia, foreign investors have similar rights and are subject to similar duties and obligations as those that apply to domestic investors with several notable exceptions. The Investment Act imposes restrictions on the operation of, and investment in the following business activities or enterprises:

1. Supply of sand
2. Block making
3. Peddling
4. Travel agencies
5. Retail sale of rice and cement
6. Ice making and sale of ice
7. Tire repair shops
8. Auto repair shops with investment of less than \$550,000
9. Shoe repair shops
10. Retail sale of timber and planks
11. Operation of gas stations
12. Video clubs
13. Operation of taxis
14. Importation or sale of second-hand or used clothing
15. Distribution in Liberia of locally manufactured products
16. Importation and sale of used cars (except authorized dealerships, which may deal in certified used vehicles of their make)

Under the Investment Act, foreign investors may invest in the following business activities provided they meet minimum capital investments thresholds:

1. Production and supply of stone and granite
2. Ice manufacturing

3. Commercial printing
4. Advertising agencies, graphics and commercial artists
5. Cinemas
6. Production of poultry and poultry products
7. Operation of water purification or bottling plant (exclusively the production and sale of water in sachets)
8. Entertainment centers not connected with a hotel establishment
9. Sale of animal and poultry feed
10. Operation of heavy-duty trucks
11. Bakeries
12. Sale of pharmaceuticals

According to the Investment Act, for enterprises owned exclusively by non-Liberians, the total capital invested shall not be less than \$500,000. For enterprises owned in partnership with Liberians and the aggregate shareholding is at least 25 percent, the total capital invested shall not be less than \$300,000.”

Despite these restrictions, the Investment Act has not effectively increased Liberian participation in commercial industries. The act officially eliminated a mandate that foreign-owned companies must employ qualified Liberians at all levels. Most investment agreements dictate that foreign-owned companies employ a certain percentage of Liberians at all human resource levels, including upper management. In practice, this rule is rarely applied as foreign companies usually face difficulty in finding the right skills for high profile technical or managerial positions. Business registration regulations enable a foreign company to open a fully-owned subsidiary in the country. Certified documentation of proof of a holding company will be required along with other necessary documents during registration.

While land ownership is restricted to Liberian citizens, the acquisition of public land by non-Liberian citizens is possible through a leasehold. Leases ordinarily run for 25 to 50 years, but exceptions are permitted under the law. The ownership, leasing, and use of land are governed by both statutory and customary laws. Chapter III, Article 22 of the Liberian Constitution states that: “Every person shall have the right to own property alone as well as in association with others, provided that only Liberian citizens shall have the right to own real property within the Republic. Private property rights, however, shall not extend to any mineral resources on or beneath any land or to any lands under the seas and waterways of the Republic.” In 2013, the Land Commission, which is responsible for reforming land policies, laws, and programs, developed a Land Rights Policy. The policy categorized land into Public Land, Government Land, Customary Land, and Private Land. There is a cross-cutting category called Protected Areas, which must be preserved for conservation purposes for the sake of environmental protection that would benefit all Liberians. Verification of land titles is conducted at the Center for National Documentations and Records Agency (CNDRA), [www.cndra.gov.lr](http://www.cndra.gov.lr).

Rights to land ownership and use of resources such as minerals and timber have become increasingly critical issues in recent years, fueled by increased foreign investment interest and clashes between traditional and statutory land uses. In January 2015, the GOL extended the moratorium on public land sales to resolve conflicting land tenure systems and allow for new land laws, regulations, and procedures to be formulated by the Land Commission. However, the moratorium does not stop the GOL from entering into legally binding investment agreements with companies to use land, including for mineral and agricultural concessions. The moratorium, which has been renewed annually since 2010, applies to individuals, groups, government functionaries, local authorities, and communities that are involved in land transactions. However, concession-related land challenges have not been fully addressed. As firms commence operations, local populations believe their lands are being encroached upon, often leading to disputes, strikes, and sometimes violence. In the interest of minimizing lost productivity and in the absence of GOL adjudication, companies often make additional community-level payments or agreements to resolve competing land claims. The future enforceability of such agreements is unclear. Prospective investors should not underestimate the potential for costly and complex land dispute issues to arise even after concluding their agreements with the GOL.

#### **Privatization Program**

Not applicable.

#### **Screening of FDI**

Not applicable.

#### **Competition Law**

In December 2015, the WTO approved Liberia's membership to the organization, and the Liberian Senate has passed a Competition Law, which is expected to maintain and encourage a free market economy, as well as to promote fair competition in trade, meeting WTO standards.

## **2. Conversion and Transfer Policies**

#### **Foreign Exchange**

There are no restrictions or limitations placed on foreign investors in converting, transferring, or repatriating funds associated with an investment (e.g. remittances of investment capital, earnings, loans, lease payment, or royalties). Liberian law allow for the transfer of dividends and net profits after tax to investors' home countries. The Investment Act allows unrestricted transfer of capital, profits, and dividends "through any authorized dealer bank in a freely convertible currency." The Central Bank of Liberia (CBL)'s regulation concerning transfers of foreign currency stipulates that every business house, entity, or individual wishing to make a foreign transfer of funds may do so without limitation of amount to be transferred; however, the amount to be transferred must have been in an entity's bank account for no less than three banking days prior to the transfer. Though conversion restrictions do not exist, the CBL currency auctions are often oversubscribed, and it may take investors more than a week to exchange large sums of money. The bank regularly intervenes in the foreign exchange market through weekly foreign exchange auctions and monthly Treasury bill auctions to

stabilize the exchange rate, facilitate imports, maintain a low inflation rate, and spur economic growth.

Liberia has a floating exchange rate system with both Liberian Dollars (LRD), known as "Liberty" notes, and the U.S. Dollars (USD) being legal tender. Large-scale business and government transactions are conducted in USD, while retail or day-to-day routine transactions are conducted largely in LRD. Contracts and tax agreements are typically specified in USD, and about 85 percent of taxes are paid in USD. The USD can be freely exchanged for LRD in commercial banks, licensed foreign exchange bureaus, petrol stations, and large supermarkets. It is advisable for foreign investors to conduct foreign exchanges at commercial banks or established licensed forex bureaus.

#### *Remittance Policies*

There are no recent changes or plans to change Liberia's investment remittance policies to affect access to foreign exchange. Generally, there are no legal time limitations on remittances, or on the inflows or outflows of funds for remittances of profits or revenue. In general, corporations can remit as much as one million USD through commercial banks. Transferring banks are required to file normal cash transaction reports with the CBL. Depending on the amount to remit and the bank(s), the wait-period to remit each type of investment returns range from a few hours to three business days. However, individuals without a bank account are limited to two over-the-counter transfers of up to \$5,000 within a 30-day period. The CBL instituted thresholds for suspicious transactions for which banks must exercise customer due diligence and know your customer rules. The thresholds are \$25,000 and above for individuals, and \$40,000 and above for corporations. Liberia does not engage in currency manipulation tactics.

Liberia is a member of the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA). GIABA is a financial action taskforce (FATF) which strengthens the capacity of its member states – Economic Community of West African States (ECOWAS) countries – towards the prevention and control of money laundering and terrorist financing in West Africa. It conducts periodic assessments of the implementation of anti-money laundering and counter-terrorist financing measures in Liberia.

### **3. Expropriation and Compensation**

Liberia's Investment Act specified cases under which the government can legally expropriate property. The Act guarantees foreign enterprises against expropriation and nationalization "unless the expropriation is in the national interest for a public purpose, is the least burdensome available means to satisfy that overriding public purpose, and is made on a non-discriminatory basis in accordance with due process of law." The U.S. Embassy is aware of one case of expropriation (Metco case, 2002-2015) in which the claimant was compensated following years of legal proceeding and negotiations; the compensation amount was in a freely transferrable currency, but did not represent a fair market value at the time of the expropriation. In this case claimant was afforded due process, but the failure of a lower court to enforce the Supreme Court's ruling delayed the settlement of the matter, offsetting the essence of the due process. In the past five years there have not been any government actions or shifts in policy that would indicate possible expropriations in the foreseeable future. Currently, there are no high risk sectors in the economy that are prone to

expropriation actions; and there is no indirect expropriation, such as confiscatory tax regimes or regulatory actions that deprive investors of substantial economic benefits from their investments.

Historically, the GOL favors signing non-exclusive concession agreements with major investors. This practice allows the GOL to sign overlapping concession agreements for different resources. For example, the GOL may sign an agricultural concession agreement, but also allow itself flexibility to sign a mineral and/or timber concession in the same area. As multinational investors develop concession areas, some foreign businesses buy risk insurance to mitigate against the possibility of operational disruption caused by land expropriation. Liberia is a signatory to the Multilateral Investment Guarantee Agency (MIGA) Convention that guarantees the protection of foreign investments.

#### **4. Dispute Settlement**

##### **Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts**

Liberia's judicial power is vested in a Supreme Court and subordinate courts similar in structure to those of the U.S. The official legal system, based on Anglo-American Common Law, is shadowed by, and frequently conflicts with, local customary law based on unwritten, indigenous practices, culture, and traditions. These competing and un-reconciled legal systems often lead to frequent conflicts between Monrovia-based entities and those in rural communities. The judicial system suffers from inadequately trained and poorly compensated judges and other judicial officers, often leading to faulty proceedings and corruption. Many observers believe that judgments can be purchased, and foreign firms tend to be at a disadvantage. It may take a long time to obtain hearing dates, because of inadequate resources and backlogs of cases. The Commercial Code of Liberia sets out provisions for sales, leases, financial leases, mortgages, secured transactions, and commercial arbitration. The code backs the Commercial Court that was established five years ago to resolve issues arising from commercial transactions and contractual relationships. In theory, the court presides over all financial, contractual, and commercial disputes, serving as an additional avenue to expedite commercial and contractual cases. In practice, because of a dearth of regulating legislation, some cases remain unresolved. Among the laws in the Commercial Code are a finance lease law and the new mortgage law that were developed with technical support from the IFC. The present Commercial Court does not have standing to hear intellectual property claims, nor is there a specialized court to hear claims of unfair labor practices.

The Investment Act protects the right of investors to settle disputes either through the judicial system or through alternative dispute resolution (ADR) mechanisms. Concerning dispute settlement procedures, parties to an investment dispute may specify any arbitration, or other dispute resolution procedure upon which they agree. The Investment Act states that, "where a dispute arises between an investor and Government in respect of an enterprise, all efforts shall be made through mutual discussion to reach an amicable settlement." Private entities entering into investment contracts with the GOL frequently include arbitration clauses specifying dispute settlement outside of Liberia. The Liberian Constitution categorically defines separation of powers where the judicial system remains independent of the executive branch. However, the general weakness of the overall judiciary presents a mixed

picture showing that the current judicial process is not procedurally competent, fair, or reliable. Judgments of foreign courts are recognized and enforceable under the courts, and problems with foreign investments are handled under the same legal jurisdictions. However, opaque and inadequate interpretations of laws, poor administration of those laws, political interferences, incompetency of judges, and corruption may interfere with the judicial process.

### **Bankruptcy**

Liberia does not have a bankruptcy law. However, the Liberia Bankers Association, the Law Reform Commission (LRC), and other relevant stakeholders have drafted a Bankruptcy, Insolvency and Restructuring Act. The act is intended to protect creditors' rights so that bankruptcy and insolvency cases can be adjudicated and resolved. The House of Representatives has held series of public hearings on the draft bill, but it is yet to be passed into law. According to the World Bank's Doing Business Report, <http://www.doingbusiness.org/rankings>, Liberia ranks at 168 out of 189 countries for ease of resolving insolvency.

### **Investment Disputes**

Liberian Civil Procedure Law governs both domestic and international arbitrations taking place in Liberia; there is no specific statute governing arbitration. Liberia is a member of the International Center for Settlement of Investment Disputes (ICSID) and is a signatory to the MIGA Convention that guarantees the protection of foreign investments. It may take several years to enforce both foreign and domestic arbitrations awards, from filing an application to the court of first instance to obtaining a writ of execution, with provision for an appeal. Administering investment disputes or commercial arbitrations as well as enforcement proceedings are undertaken in the Commercial Court and Civil Law Court, with appeal directly to the Supreme Court.

In July 2012, the Ministry of Lands, Mines and Energy (MLME) canceled 25 mining licenses due to the licenses holders' non-compliance with their contract stipulations. The complaints included the companies' failure to pay fees and their involvement in unsanctioned mining activities. In this case, the issues were finally resolved through a MLME hearing, rather than court proceedings. The U.S. Embassy is aware of one case of expropriation in which the claimant was compensated following years of legal proceedings and negotiations. The failure of the lower court to enforce the Supreme Court's ruling contributed to the delay in settling this case. .

### **International Arbitration**

#### *ICSID Convention and New York Convention*

Liberia is a member of the ICSID, and the New York Arbitration Convention.

See a list of members of the ICSID convention at:

<https://icsid.worldbank.org/ICSID/FrontServlet?requestType=ICSIDDocRH&actionVal=Contractingstates&ReqFrom=Main>). See a list of members of the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards at:

<http://www.newyorkconvention.org/contracting-states/list-of-contracting-states>.

## **Duration of Dispute Resolution**

Depending on the magnitude of a case, it may take any number of years to obtain a resolution on an investment or commercial dispute proceeding in courts. Administering investment disputes or commercial arbitrations as well as enforcement proceedings are undertaken in the Commercial Court and Civil Law Court, with appeal directly to the Supreme Court. The Commercial Code of Liberia, which backs the Commercial Court, sets out provisions for sales, leases, financial leases, mortgages, secured transactions, and commercial arbitration.

## **5. Performance Requirements and Investment Incentives**

### **WTO/Agreement on Trade Related Investment Measures (TRIMS)**

In December 2015, Liberia acceded to the WTO, becoming a member of the world trade body, which paved the way for the country to standardize its trade and investment policies in line with the WTO requirements.

### **Investment Incentives**

There are different forms of investment incentives which can be assessed by both foreign and domestic investors for approved investment projects. The Consolidated Tax Amendment Act of 2010 (Section 16), also known as the Revenue Code of 2000, sets out the exemptions and allowable deductions. According to the code, incentives are available for investments in the following sectors:

- Tourism, carried out through tourist resorts, hotels, and cultural sites
- Manufacturing, with at least 60 percent local raw material content
- Energy
- Hospitals and medical clinics
- Housing
- Transportation
- Information technology
- Banking
- Horticulture and poultry
- Exportation of sea products
- Agricultural, particularly food crop cultivation and processing, including cocoa and coffee
- Small and medium scale rubber and oil palm cultivation and processing

*Note: specific terms and conditions as relate to accessing incentives in the above sectors can be obtained from the NIC; <http://www.investliberia.gov.lr/invest/incentives>*

The Revenue Code identifies these sectors for special investment incentives, which include tax deductions with respect to equipment, machinery, and cost of buildings and fixtures used in manufacturing as well as import duty and GST exemptions. The code also authorizes the Ministry of Finance and Development Planning (MFDP) to include other investment activities, not listed above, that would promote economic growth. Regarding tax incentives, Section 16(d) of the revised revenue code states that “for investments exceeding \$10 million, and subject to approval by the President and the Legislature, the tax incentives permitted by this section may be allowed for a period of up to fifteen (15) years; no tax incentive under this subsection shall be valid or enforceable without legislative approval.” Capital assets and other goods to be used in the project are exempted from import duty up to 100 percent of their dutiable value. Customs users’ fees of 1.5 percent plus ECOWAS trade levy of 0.5 percent are applicable.

Capital investment requirement:

- At least \$1 million ranging up to \$20 million for any investor
- At least \$500,000 for business with 100% Liberian ownership

Highlight of investment incentives:

- 30 percent off cost of equipment and machinery (capital allowance)
- 30 percent off construction cost of new hotel or tourist resort
- 10 percent off the cost of buildings and fixtures used in manufacturing process that produced finished products with 60 percent local raw materials

Additional incentives based on economic zones in the country:

- Zone 1 (River Gee, Gbarpolu, Grand Kru, and Rivercess Counties): 12.5 percent
- Zone 2 (Maryland, Grand Gedeh, Sinoe, Nimba, and Lofa Counties): 7.5 percent
- Zone 3 (Bomi, Grand Cape Mount, Margibi, Grand Bassa Counties): 5 percent

Additional incentives based on employment creation (of 100 jobs):

- Zone 1 (River Gee, Gbarpolu, Grand Kru, and Rivercess Counties): 10 percent
- Zone 2 (Maryland, Grand Gedeh, Sinoe, Nimba, and Lofa Counties): 7.5 percent
- Zone 3 (Bomi, Grand Cape Mount, Margibi, Grand Bassa Counties): 5 percent

The revenue code reduces both the maximum annual tax on net corporate profits derived from Liberian operations and personal income tax from 35 percent to 25 percent. The maximum corporate income tax rate in Liberia is 25 percent, except in the case of mining companies, which may pay up to 30 percent.

*Note: information on specific terms and conditions as relate to accessing any investment incentives can be obtained from the following agencies:*

National Investment Commission, <http://www.investliberia.gov.lr/>  
Liberia Revenue Authority, <http://www.lra.gov.lr/>  
Ministry of Finance & Development Planning, <http://www.mfdp.gov.lr/>  
National Bureau of Concessions, <http://www.nbcliberia.org/mission--vision--mandate.html>

*Research and Development*

Not applicable.

### **Performance Requirements**

The Investment Act officially eliminated a mandate that foreign companies must employ qualified Liberians at all levels. However, typical investment agreements dictate that foreign companies employ a certain percentage of Liberians at senior management levels. In practice, foreign investors usually face difficulty in finding the right skills for certain high profile technical or managerial positions. Liberia's company registration regulations enable a foreign company to open a fully owned subsidiary in the country. Certified documentation of proof of a holding company is required along with other necessary documents during the registration process. The GOL does not impose conditions, such as tariff and non-tariff barriers, on permission to invest. There are local content requirements included in certain major investment contracts and this information can be obtained from the NIC, <http://www.investliberia.gov.lr/>. Details on specific performance requirements and/or investment incentives, their different categories and applications as relate to foreign and domestic investors can also be obtained from the NIC.

Generally, Liberia's visa, residence permit, work permit, or similar requirements do not inhibit mobility of foreign investors or their employees. All persons entering the country must hold an entry visa, except for ECOWAS citizens who require valid passports or laissez-passers. Upon arrival at the airport, foreign visitors are issued a 30-days 'Temporary Stay' stamp (permit). If they plan to stay longer, visitors must report to the Bureau of Immigration and Naturalization (BIN) before the 30 days expire, in which case they will be issued a 60-day "Temporary Stay" pass. Where a visitor intends to stay for a period in excess of 60 days, he/she must apply for a Resident Permit. Should the visitor intend to work or engage in business while in Liberia, he/she must apply for a Work Permit from Ministry of Labor, and a residence permit is the pre-condition for obtaining a work permit.

### **Data Storage**

The Government of Liberia does not have specific data storage requirements.

## **6. Protection of Property Rights**

### **Real Property**

Interests in property are enforced, but enforcement mechanisms are usually weak. Mortgage and liens do not exist. The dysfunctional court system has led the GOL to explore the use of ADR mechanisms to resolve land disputes. Historically, land disputes arose because statutory and traditional methods of allocating land were never reconciled. As a result, unscrupulous individuals tend to falsify land deeds and sell properties to multiple buyers, compounding an already contentious land ownership situation. Since its establishment in 2010, Land

Commission (LC) has made significant progress in the ongoing land reform process. The commission continues to formulate policies and laws to reconcile the tenure systems of different categories of land, including statutory and customary land. Its recent work, some of which is still in draft, includes the National Land Right Policy, the Land Rights Act, Land Administration Policy, and an Urban Land Use and Land Dispute Resolution.

In addition, the commission has reported resolving dozens of land cases through ADR mechanisms in various parts of the country. Through the ADR mechanism, the commission convenes a task force to mediate land conflicts, even though it cannot enforce laws. An ADR unit at the Ministry of Justice (MOJ) collaborates with judiciary to strengthen the rule of law and improve access to justice in land sector. The program explores the possibility of using customary practices and local traditional means to settle land related disputes. The commission has adopted best practices of ADR mediations from other post-conflict countries that have experienced similar land disputes. In addition, the commission continues to carry out a 'national tribal certificate inventory assessment' in parts of the country. Results of this assessment will be used to create a database of 'National Inventory of Tribal Certificates,' which will contain all tribal certificates issued over the years.

Concurrently, the CNDRA continues to enhance its capacity to digitize and archive public records and properly manage the deeds and title registry system. This effort is designed to collect and store all documents for the GOL, as well as register land deeds, marriage certificates and other vital documents to eliminate overlap and disputes. The agency populated a land cadaster for proper recording and mapping of land title deeds.

The draft Land Rights Act, which the LC developed following massive civic education and public consultations, defines and delineates different categories of land ownership and rights. It prescribes the means by which each of the land categories may be acquired, used, transferred and managed. The act, based on the Land Rights Policy, is expected to address land administration, land use and management, and ADR mechanisms for land cases. The act is pending at the legislature, which continues to hold series of public hearings with relevant stakeholders. There is a law against a criminal conveyance of land, titled an "Act against Criminal Conveyance of Land," codifying the accountability of land surveyors and providing sanctions for those found colluding with the sellers and engaging in illegal land transactions. This law provides a legal foundation for resolving many of the issues in the land sector. It states that "a surveyor who encourages, persuades, surveys, uses his influence or in any other way participates or conspire with anyone in the sale or purchase of a parcel of land, knowing or being in the position to know that the seller of such land has no lawful title, is guilty of a first degree felony punishable by both a fine, a prison term of not less than ten years and a permanent revocation of his/her license to practice as a surveyor."

Land ownership in Liberia is restricted to Liberian citizens. Acquisition of public land by non-Liberians is possible through leasehold. See sub-section 1.5 "*Limits on Foreign Control and Right to Private Ownership and Establishment,*" for regulations regarding land lease or acquisition by foreign and/or non-resident investors. In terms of registering property Liberia ranks 178 out of 189 economies in the World Bank's 2016 Doing Business survey, **Error! Hyperlink reference not valid.**

## Intellectual Property Rights

Intellectual property laws in Liberia cover such areas as domain names, traditional knowledge, transfer of technology, and patents/copyrights, etc. The Constitution of Liberia guarantees the protection of private property. The Liberia Intellectual Property (IP) Act of 2014, which the Senate passed into law in September 2015 and is pending passage by the lower house, provides the legal and administrative framework for the protection of intellectual and industrial property rights. The new IP Act merges the Liberia Copyright Office (LCO) and Liberia Industrial Property Office (LIPO) to create an autonomous National Intellectual Property Office (NIPO) independent of Ministry of Commerce and Industry (MOCI). The current IP structure operates under the MOCI and it lacks the capacity to manage intellectual or industrial property issues. The MOCI enforces that all imports of intellectual property must be identified on the import permit, rather than being identified as "general merchandise." Businesses dealing in intellectual property must reflect that on their business registration form. The LCO recorded about 375 copyrighted businesses by songwriters, local movie producers, authors and other categories of business holding IP rights. Most of the businesses are members of the Liberian Association of Writers, Musician Union, Movie Union, Cultural Union, and Fine Artists.

The legal environment for IP protections in Liberia is weak, the level of IP law enforcement is poor, and the infringement on rights is common. Although the MOCI currently has oversight on IP issues, it does not have effective system in place to track and report on seizures of counterfeit goods. Holders of IP rights have theoretical access to judicial redress, but laws pertaining to patents, trademarks, and industrial designs are not enforced. Many Liberians are ignorant about IP rights, and there is a general lack of knowledge about what constitutes an IP infringement. Most Liberians do not understand that a person has to pay for the use of an IP. Generally, broadcasters do not pay royalties for use of protected material. Infringement of intellectual and industrial property rights is prevalent, including unauthorized duplication of movies, music, and books. Counterfeit drugs, apparel, cosmetics, mobile phones, computer software, and hardware are sold openly.

Liberia is a party to several international intellectual property agreements including the World Intellectual Property Organization (WIPO) and the African Regional Intellectual Property Organization (ARIPO). It is also a contracting party to international conventions and treaties on the protection of intellectual and industrial property rights including the Berne, Paris, Lisbon, Vienna, Washington Conventions, and the Madrid Agreement. In October 2015, the national legislature ratified the following IP related agreements, protocols, and treaties necessary for Liberia's accession to the WTO: An Act to Ratify the Agreement on the Creation of ARIPO, An Act to Ratify the Swakomund Protocol on the Protection of Traditional Knowledge and Expression of Folklore, An Act to Ratify the Protocol on Patents and Industrial Designs within the Framework of ARIPO, An Act to Ratify the Marrakesh Treaty to Facilitate Access to Published Works for Persons who are Blind/Visually Impaired/or otherwise Print Disabled, An Act to Ratify the Banjul Protocol on Marks of ARIPO, and An Act to Ratify the Patent Law Treaty. These new laws are expected to improve the protection of IP rights in the country as the GOL is committed to the WTO principles. Liberia is not listed in USTR's Special 301 report (see 2015 listings on State's Intranet website at <http://eb.e.state.sbu/sites/cba/IPE/Pages/Special301summary.aspx>.) It is not also listed in the notorious market report (see 2015 listings at <https://ustr.gov/sites/default/files/USTR-2015-Out-of-Cycle-Review-Notorious-Markets-Final.pdf>.) For additional information about treaty

obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

There is no IP Attaché at post; please see Section 18 for the Embassy's Economic Section contact information. For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at [http://www.wipo.int/directory/en/contact.jsp?country\\_id=103](http://www.wipo.int/directory/en/contact.jsp?country_id=103)

A list of local lawyers is available at <http://monrovia.usembassy.gov/acs/lawyers.html>

Please see the contact information for Liberia Chamber of Commerce (LCC), <http://www..chamber-commerce.net/dir/2709/Liberia-Chamber-of-Commerce-in-Monrovia>

## **7. Transparency of the Regulatory System**

The GOL continues to harmonize conflicting rules and regulations across ministries and agencies, and to carry out reforms in many sectors including mining, forestry, petroleum, trade and business, and electricity. Recently, the Liberian Senate passed the following bills intended to improve the country's competitiveness: 1) An Act Amending the General Business Law, to provide for an efficient free market system in line with the obligations of the WTO; 2) The Competition Law to create transparent policies and effective laws to foster competition in an effective free market system. Generally, the legal and regulatory procedures in Liberia fall below international norms in terms of transparency and consistency. For example, there is no unified website where all proposed regulations and draft bills are published in order to make them available to the public. However, press releases, newspaper articles, radio talk-shows and handouts can be available, and public discussions are channeled through these media regarding proposed new laws/draft bills that have significant impact.

Significant investment exists in the Liberia, especially in the extractive sectors, and the GOL continues to streamline relevant legislations in line with its WTO obligations. However, GOL officials can be arbitrary, overlapping or heavy-handed when resolving conflicting regulatory issues. There are regulatory agencies, some of which overlap functions, and they include the Forestry Development Authority (FDA) to regulate issues arising in forestry sector; the Civil Aviation Authority (CAA) regulates aviation businesses; the Liberia Telecommunications Authority (LTA) regulates all telecommunications activities; the Liberia Maritime Authority (LMA) regulates to issues arising in the maritime sector, and the National Port Authority owns and regulates the country's port infrastructures. The Liberia Extractive Industry Transparency Initiative (LEITI) monitors, reconciles and report payments made to the GOL by extractive companies. Its reporting publicizes GOL revenue payments made by private companies with the goal of reducing opportunities for graft and corruption. It has started nominally sanctioning non-compliant reporting companies, though it remains to be seen if such companies will submit to financial penalties. In December 2015, LEITI launched its 6<sup>th</sup> report containing reconciled accounts of payments made to, and revenues received by the GOL from oil, mining, forestry, and agricultural companies during the FY2012-2013 (July 1, 2012 through June 30, 2013).

## **8. Efficient Capital Markets and Portfolio Investment**

There is no capital market or portfolio investment options in the country. Therefore, the private sector, especially foreign investors, has limited credit instruments. The CBL began issuing Treasury bills (T-bills) three years ago in an effort to develop a capital market. Foreign investors can participate in the T-bill auctions, which are often over-subscribed. The CBL holds monthly T-bill auctions with a three-month maturity term. In 2015, the bank submitted to the commercial banks a draft concept note and guidelines for the development and operation of an inter-bank market. The T-bill system gives the bank another monetary policy tool to manage liquidity and deepen the shallow local financial markets. Generally, the Liberian market offers the private sector a few credit instruments through banking and non-bank financial institutions. There are nine commercial banks with 87 local branches spread across the country. The banking sector has a strong liquidity position, with a liquidity ratio of 39 percent at the end of December 2015. Non-bank financial institutions include foreign exchange bureaus, credit unions, village savings and loan associations, rural community finance institutions, microfinance institutions, a development finance company, mobile money service, and insurance companies. Some of these institutions, particularly in the informal sector, make short-term, high-interest rate loans to members who subscribe to them. Most private companies do not issue debt, citing a lack of a government benchmark or culture of using such investment instruments. .

### **Money and Banking System, Hostile Takeovers**

The banking sector continued to show growth in key balance sheet indicators through end-December, 2015, registering growth in total assets, loans, advances, deposits and total capital. According to the CBL report (2015), the banking system continues to be well capitalized and liquidity remains strong, however high levels of non-performing loans remain a concern. The total banking industry's assets to its GDP was 44.5 percent at end-October, 2015, compared with 43.5 percent at the same period in 2014. The sector continues to show robust capital position, in terms of both Capital Adequacy Ratio (CAR) and shareholders' net worth. The sector's level of capitalization has made it possible to continuously lend to the private sector and to withstand the shocks of business cycles in the economy. Total credit to all economic sectors reflected nearly 24 percent growth at end-December, 2015. The expansion in credit was mainly due to resumption in economic activities following the Ebola virus disease (EVD) crisis. The contribution of the private sector to credit growth reflects the growing activities in the sector.

Poor asset quality and high loan loss provisions continue to be major challenges in the sector. The percentage of non-performing loans (NPLs) to total loans stands at 17 percent by end-October 2015. The CBL, in collaboration with the Liberia Bankers Association and commercial banks continue to implement measures to address this situation. While financial institutions allocate credit on market terms to foreign and domestic investors, the historically high rate of NPLs has led banks to offer short-term (less than 18 months), high-interest rate loans (12-20 percent). This constrains capital investment and limits new business development. There is no effective credit rating system, and many firms lack business records, or bankable proposals necessary for credit approval. Banks rely on the CBL's Credit Reference System, a manually updated spreadsheet, which is being automated. It contains credit history and/or any derogatory information about certain creditors. The obstacles to domestic travel — including poor roads, lack of affordable electricity, and unreliable communication links — increase the

risk in accepting collateral outside Monrovia. The unreliable land titles system also hampers access to credit in general. There are no clear or definitive rules on hostile take-over's.

## **9. Competition from State-Owned Enterprises**

Liberia has more than 20 state owned enterprises (SOEs), and they are categorized into commercial SOEs, non-commercial SOEs, and regulatory SOEs based on their functions. Almost all of the SOEs are wholly-owned by the GOL. They are active in many sectors including port services, airport and civil aviation, electricity supply, oil and gas, water and sewage, agriculture and forestry, maritime, petroleum importation and storage, and information/communications services. The most notable operating SOEs affecting private enterprise include National Port Authority (NPA), Liberia Electricity Corporation (LEC), Roberts International Airport (RIA), Liberia Civil Aviation Authority (LCAA), National Oil Company of Liberia (NOCAL), Forestry Development Authority (FDA), Liberia Maritime Authority (LMA), Liberia Petroleum Refining Corporation (LPRC), Liberia Water and Sewer Corporation (LWSC), Liberia Telecommunication Authority (LTA), and the Liberia Telecommunications Corporation (Libtelco).

There is no published list of SOEs, and no SOE operates in research and development (R&D). The GOL does not have a strict and clear definition of SOEs, but defines them as autonomous public corporations whose ownership is largely dominated by the government, with similar standards of operations. The boards of directors of most SOEs are appointed by the President as stipulated in the individual laws providing for the creation and governance of each SOE. SOEs are covered in the government's procurement rules and regulations, as are other government ministries and agencies.

The SOE sector remains a key part of Liberia's economic development agenda. The Public Financial Management (PFM) Law of 2009 sets out rules governing SOE management and operations. Sections 43-46 of the PFM Law provide the enabling legal framework through which SOEs should submit their strategic and financial plans, and quarterly reports, to the MFDP. In 2013, the MFDP created an SOE Financial Reporting Unit to facilitate effective performance monitoring and evaluation of SOEs in line with the PFM Law.

While some SOEs are functional and contribute to the national budget, others exist statutorily and have remained non-functional over the years. The GOL commissioned a review of all the SOEs with the aim of determining their viability and functional relevance. The study found that a number of SOEs do not perform any services at all, and it was a waste of resources to continue to support their existence. In June 2015, the Liberian President submitted a bill to the national legislature to dissolve certain SOEs whose functionalities were no longer relevant to the public service. Those recommended for dissolution were:

1. National Insurance Company of Liberia (NICOL)
2. Libyan-Liberian Holding Company (LLHC)
3. National Food Assistance Program (NFAP)
4. Liberia Free Zone Authority (LFZA)
5. Liberia Produce Marketing Corporation (LPMC)

## 6. Bureau of State Enterprises (BSE)

### **OECD Guidelines on Corporate Governance of SOEs**

See above.

### **Sovereign Wealth Funds**

Not applicable.

## **10. Responsible Business Conduct**

Generally, the GOL expects foreign investors to offer social services to the local communities in which they operate. Concession contracts dictate service provisions including, but not limited to, road and infrastructure development, school construction, and provision of health services. Even after a concession has been ratified by the legislature, most investors find that communities expect them to negotiate separately with local leaders for additional social services. This process can be cumbersome, lead to delays and confusion, and greatly increase operational costs.

There is not a general awareness of standards for responsible business conduct (RBC) in the country. Local communities where foreign companies operate do not fully understand the roles of the investors versus those of the GOL in terms of environmental, social, and governance issues. The GOL includes in concession agreements clauses that oblige investors to provide social services such as educational facilities, health care, and other essential amenities. The authorities do not clearly define RBC, and there are no policies or 'national action plan' to promote or encourage RBC. The GOL does not factor RBC policies or practices into its procurement decisions. There has not been any high-profile, controversial instances of corporate impact on human rights during the review period. The GOL does not effectively and fairly enforce domestic laws in relation to human rights, labor rights, consumer protection, and environmental protections intended to protect individuals from adverse business impacts. This is due to a number of systemic factors, including a weak judicial system, limited human and institutional capacities, logistical constraints facing the enforcement agencies, and a general lack of awareness on the part of the officials. Foreign companies are not required, but are encouraged to make a public disclosure of their policies, procedures, or practices to highlight their RBC environment. There are certain non-governmental organizations (NGOs), civil society organizations (CSOs), workers' organizations/unions that promote or monitor RBC of foreign companies in certain sectors. However, the NGOs and CSOs that are monitoring or advocating the RBC-related works do not conduct their activities in structured and coordinated manners. The GOL does not maintain a National Contact Point (NCP) for OECD multinational enterprises guidelines. It actively participates in the Extractive Industries Transparency Initiative (EITI). The LEITI circulates a set of domestic transparency measures requiring the disclosure of payments made to the GOL by the extractive companies. LEITI has expanded the scope of its reporting over the years by adding agriculture sector, contract transparency and project-by-project reporting.

### **OECD Guidelines for Multinational Enterprises**

Please see previous section.

## 11. Political Violence

Liberian society is becoming increasingly politicized as the country prepares for presidential and general elections in October 2017. As the elections near, there is potential for sporadic and isolated political violence, given the country's history of politically motivated violence. Increasing freedom and transparency for the Liberian people has led to the vigorous pursuit of perceived rights, which results in active, often acrimonious political debates. The GOL has identified land disputes and high rates of youth unemployment, especially in the capital city of Monrovia, as potential threats to the current peace and political stability.

Following the signing of the 2003 peace accord, the U.S. government (USG) and other donors have assisted in the development of a modern, professional Armed Forces of Liberia (AFL). The USG also assists the Liberia National Police (LNP) to enhance its capacity to respond rapidly to emergencies. The Executive Protection Service (EPS) provides high-level protection for the president and key public officials. The United Nations Mission in Liberia (UNMIL) has been drawing down the number of foreign peacekeeping troops, and donors are supporting the GOL to assume responsibility for Liberia's security by mid-2016. Some Liberians have expressed concern about the timing of the UNMIL drawdown, a year prior to the 2017 elections. A group of civil society activists have called on the United Nations to extend UNMIL's mandate beyond 2017 to cover the elections period.

## 12. Corruption

Although criminal penalties exist for economic sabotage, mismanagement of public funds, and bribery, the laws do not provide explicit criminal penalties for official corruption. The laws do not extend to family members of officials, or to their political parties. There are laws and regulations to counter conflict-of-interest in awarding government procurement contracts, as well as to persecute corrupt officials. However, weakness in the judicial system hinders effective implementation. Corruption persists and the World Bank's corruption perception index (2015) reflected that corruption is a serious problem, particularly among the police. The GOL has established a number of transparency and accountability agencies including the Liberia Anti-Corruption Commission (LACC), General Auditing Commission (GAC), Public Procurement and Concession Commission (PPCC), and Internal Audit Agency (IAA), to curtail public sector corruption. In March 2015, the LACC rolled out its three-year Strategic Plan (2014-2017) that identified the commission's roadmap to prevent corruption, enforce current anti-corruption laws and build institutional capacity to fight corrupt practices. The GOL plans to amend certain provisions of the LACC Law to give the commission direct prosecutorial power independent of the MOJ. As the current LACC Law stands, the commission can only persecute alleged corruption cases with the approval or endorsement of the MOJ. Although the GOL continues to put anti-corruption mechanisms in place, corruption remains endemic in the Liberian social fabric, both in the public and private sectors.

U.S. firms and a number of foreign investors have identified corruption as a potential obstacle to FDI. Foreign investors generally report that corruption is most pervasive in government procurements, award of contracts or concessions, customs and taxation system, regulatory system, performance requirements, and government payments systems. Multinational firms often report having to pay fees to agencies that were not stipulated in investment

agreements. When new concessions are signed and ratified, the press frequently report on corruption allegations implicating both the legislative and the executive branches.

Liberia is a signatory to the ECOWAS Protocol on the Fight against Corruption, which was adopted in 2001 with the objective of strengthening effective mechanisms to prevent, suppress and eradicate corruption in each of the signatory countries through cooperation between the states. The Protocol obliges the signatories to adopt the necessary legislative measures to criminalize active and passive bribery in the public and private sectors; illicit enrichment, false accounting, as well as acts of aiding and abetting corrupt practices, and the laundering of the proceeds of corruption; to ensure the protection of victims; and to provide each other with judicial and law enforcement cooperation. The Protocol further calls upon parties to harmonize their national anti-corruption laws, to adopt effective preventive measures against corruption, and to introduce proportionate and dissuasive sanctions.

In spite of a number of USG and other donor-funded assistance projects, lack of training, inadequate salaries, and a culture of impunity have undermined the judicial and regulatory systems, which in turn has discouraged investment. The USG seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. If a U.S. firm believes a competitor is seeking to bribe a foreign public official to secure a contract, please bring this to the attention of appropriate U.S. agencies.

#### *UN Anticorruption Convention, OECD Convention on Combatting Bribery*

Liberia accepted, approved, and ratified UN Anticorruption Convention in September 2005. Liberia is a party to the OECD Convention on Combatting Bribery of Foreign Public Officials in International Business Transactions. See list of signatories and their implementation reports at <http://www.oecd.org/daf/anti-bribery/countryreportsonteimplementationoftheoecdanti-briberyconvention.htm?>

Below are the contacts at government agencies responsible for combating corruption:

Cllr. James Verdier, Executive Director  
Liberia Anti-Corruption Commission (LACC)

Email: <http://www.lacc.gov.lr>

Cllr. Frederick Cherue, Minister

Ministry of Justice

Email: [fredcherue2009@yahoo.com](mailto:fredcherue2009@yahoo.com), Website: <http://www.moj.gov.lr/>

Yusador Gaye, Auditor General

General Auditing Commission (GAC)

Email: [usadorgay@yahoo.com](mailto:usadorgay@yahoo.com), Website: <http://gacliberia.com/>

James Dorbor Jallah, Executive Director

Public Procurement and Concession Commission (PPCC)

Email: [jdjallah@gmail.com](mailto:jdjallah@gmail.com), Website: <http://www.ppcc.gov.lr/>

Contacts at "watchdog" organizations (international, regional, local or non-governmental organization operating in the country/economy that monitor corruption, such as CENTAL:

Anderson Miamen, Executive Director  
Center for Transparency and Accountability in Liberia (CENTAL)  
Email: [admiamen@cental.org](mailto:admiamen@cental.org), Website: <http://www.cental.org/>

Silas Siakor, Country Representative  
Sustainable Development Institute (SDI)  
Email: [ssiakor@sdiliberia.org](mailto:ssiakor@sdiliberia.org), Website: <http://www.sdiliberia.org/>

### **13. Bilateral Investment Agreements**

Liberia does not have a bilateral taxation treaty with the U.S. The U.S. has a Trade and Investment Framework Agreement (TIFA) with the GOL to reduce trade and investment barriers and create a forum for advancing cooperation on bilateral trade and investment issues. Liberia enjoys preferential access to the U.S. market under special access and duty reduction programs such as the Generalized System of Preference (GSP) and the African Growth and Opportunity Act (AGOA). It has a few bilateral trade agreements (BTAs) with other countries, some of which have remained inactive for years. In December 2015, the WTO approved Liberia's membership in its 10<sup>th</sup> Ministerial Conference in Nairobi, Kenya, paving the way for the country to standardize its trade and investment policies. Below are the lists of countries/economies with which Liberia has concluded bilateral investment agreements (BITs), other international investment agreements (IIAs), and investment related instruments (IRIs).

Bilateral investment agreements (BITs):

1. BLEU (Belgium-Luxembourg Economic Union)
2. France
3. Germany
4. Switzerland

International investment agreements (IIAs):

1. Trade and Investment Framework Agreement (TIFA) with the U.S.
2. ECOWAS Treaty
3. African Union Treaty
4. ECOWAS Energy Protocol
5. Cotonou Agreement
6. ECOWAS Protocol on Movement of Persons and Establishment

Other multilateral investment related instruments (IRIs):

1. MIGA Convention
2. ICSID Convention

3. New York Convention
4. UN Code of Conduct on Transnational Corporations
5. UN Guiding Principles on Business and Human Rights
6. ILO Tripartite Declarations on Multinational Enterprises
7. World Bank Investment Guidelines
8. New International Economic Order UN Resolution
9. Voluntary Partnership Agreement with the EU
10. Economic Partnership Agreement with the EU
11. Charter of Economic Rights and Duties of States
12. Permanent Sovereignty UN Resolution

See UNCTAD's database for this information at [Error! Hyperlink reference not valid.](#)

#### **Bilateral Taxation Treaties**

Liberia does not have a bilateral taxation treaty with the United States.

#### **14. Foreign Trade Zones/Free Ports/Trade Facilitation**

There are no free trade zones or special economic zones currently operating within Liberia. The GOL established the Liberia Industrial Free Zone Authority (LIFZA) in 1975 to encourage and promote foreign cooperation and investments. The LIFZA, being dormant and non-functional over long period of time, was one of the six SOEs the Liberian president submitted to the Legislature in June 2015 for dissolution. The NIC in collaboration with the IFC's Investment Climate Team has drafted a Special Economic Zone (SEZ) Law to amend the Liberia Industrial Free Zone Authority Act. The cabinet has endorsed the draft SEZ law, which is to be submitted to the legislature for passage into law. The SEZ law combines the LIFZA and the Monrovia Industrial Park (MIP) to set aside exclusive areas for industrial production and processing for both domestic and export markets in support of the National Export Strategy (NES), which the GOL launched in 2014. According to Liberia's investment policy, industries established within a free trade zone area are entitled to waive import duties and corporate taxes in order to promote the export sector. The NIC manages the free trade zone and it plans to redevelop this track of land into a functioning industrial area. The MOCI collaborates with the NIC to promote the export sector through the NES, which focuses on processing, packaging, and export of oil palm, rubber, cocoa, fish products.

#### **15. Foreign Direct Investment and Foreign Portfolio Investment Statistics**

*Table 2: Key Macroeconomic Data, U.S.FDI in Host Country/Economy*

	Host Country Statistical source		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP)	2014	\$2.013 billion	2015	NA	<a href="http://www.worldbank.org/en/country">www.worldbank.org/en/country</a>
FDI	Host Country Statistical source		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M \$, stock positions)	2014	\$873	2015	NA	<a href="http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm">http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm</a>
Host country's FDI in the United States (\$M , stock positions)	2014	\$440	2015	NA	<a href="http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm">http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm</a>
Total inbound stock of FDI as % host GDP	2014	NA	2015	NA	NA

*Table 3: Sources and Destination of FDI*

IMF Coordinated Direct Investment Survey data are not available for Liberia.

*Table 4: Sources of Portfolio Investment*

IMF Coordinated Portfolio Investment Series data are not available for Liberia.

## Section 5 - Government

### Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

### Legal system:

Mixed legal system of common law (based on Anglo-American law) and customary law

### International organization participation:

ACP, AfDB, AU, ECOWAS, EITI (compliant country), FAO, G-77, IAEA, IBRD, ICAO, ICC (NGOs), ICRM, IDA, IFAD, IFC, IFRCS, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, ISO (correspondent), ITU, ITUC (NGOs), MIGA, NAM, OPCW, UN, UNCTAD, UNESCO, UNIDO, UNWTO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO (observer)

## Section 6 - Tax

### Exchange control

There are no exchange controls. Liberia has two national currencies, the Liberian dollar and the US dollar. The exchange rate between these two currencies is dictated by the market, although the Central Bank of Liberia does regularly intervene by selling/buying one currency against the other. Otherwise, exchange rates are strictly market determined.

There is no remittance control, except that maximum cash allowable on the person or in the luggage of the traveler is US\$10,000 (ten thousand US dollars) or its Liberian dollar equivalent.

### Treaty and non-treaty withholding tax rates

If a company or individual is filing as a resident taxpayer, then 100% of taxes paid overseas are credited, provided the revenue to which the taxes pertained is not derived from Liberia. No special tax treaty is required.

Liberia has signed **17 agreements (1 DTC and 16 TIEA agreements)** providing for the exchange of information.

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Australia	TIEA	11 Aug 2011	23 May 2012	Yes	Yes	
Denmark	TIEA	10 Nov 2010	18 May 2012	Yes	Yes	
Faroe Islands	TIEA	10 Nov 2010	23 May 2012	Unreviewed	Yes	
Finland	TIEA	10 Nov 2010	12 Jun 2012	Yes	Yes	
France	TIEA	6 Jan 2011	30 Dec 2011	Yes	Yes	
Germany	DTC	25 Nov 1970	25 Apr 1974	No	No	
Ghana	TIEA	24 Feb 2011	not yet in force	Yes	Yes	
Greenland	TIEA	10 Nov 2010	24 May 2012	Unreviewed	Yes	
Iceland	TIEA	10 Nov 2010	30 Dec 2012	Yes	Yes	
India	TIEA	10 Mar 2011	30 Mar 2012	Yes	Yes	
Netherlands	TIEA	27 May 2010	1 Jun 2012	Yes	Yes	
Norway	TIEA	10 Nov 2010	17 May 2012	Yes	Yes	
Poland	TIEA	7 Aug 2013	not yet in force	Unreviewed	Yes	
Portugal	TIEA	14 Jan 2011	not yet in force	Yes	Yes	
South Africa	TIEA	7 Feb 2012	not yet in force	Yes	Yes	
Sweden	TIEA	11 Oct 2010	4 May 2012	Yes	Yes	
United Kingdom	TIEA	7 Nov 2010	30 Mar 2012	Yes	Yes	

## Methodology and Sources

### Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

### Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
<a href="#">FATF List of Countries identified with strategic AML deficiencies</a>	Not Listed	AML Deficient but Committed	High Risk
<a href="#">Compliance with FATF 40 + 9 recommendations</a>	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
<a href="#">US Dept of State Money Laundering assessment (INCSR)</a>	Monitored	Concern	Primary Concern
<a href="#">INCSR - Weakness in Government Legislation</a>	<2	2-4	5-20
<a href="#">US Sec of State supporter of / Safe Haven for International Terrorism</a>	No	Safe Haven for Terrorism	State Supporter of Terrorism
<a href="#">EU White list equivalent jurisdictions</a>	Yes		No
<a href="#">International Sanctions UN Sanctions / US Sanctions / EU Sanctions</a>	None	Arab League / Other	UN , EU or US
<a href="#">Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network</a>	>69%	35 – 69%	<35%
<a href="#">World government Indicators (Average)</a>	>69%	35 – 69%	<35%
<a href="#">Failed States Index (Average)</a>	>69%	35 – 69%	<35%
<a href="#">Offshore Finance Centre</a>	No		Yes

### **Section 3 - Economy**

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

### **Section 4 - Foreign Investment**

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

### **Section 5 - Government**

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

### **Section 6 - Tax**

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD Global Forum on Transparency and Exchange of Information for Tax Purposes](#) [PKF International](#))

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