LIBERIA

INVESTMENT CLIMATE STATEMENT

2015

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Executive Summary

Liberia is a small country roughly the size of Tennessee with a population of about 4 million people. Liberia was one of the three most affected West African countries by the Ebola Virus Disease (EVD) in 2014. The health crisis has had a negative impact on the country's economy, including reductions of agricultural output, suspension of international flights, restrictions on shipping, and closure of major marketplaces and international borders. Further, two of the primary export commodities, rubber and iron, were affected by falling international prices. These adverse circumstances combined to reduce Liberia's 2014 real GDP growth from a projected 5.9 percent to an estimated 0.3 percent, with inflation averaging 9.9 percent. Outlook for 2015 remains pessimistic, with estimates ranging from negative one percent to zero growth.

The country has a market-based economy open to foreign investment. Liberia remains among the poorest countries in the world, although it has rich natural resources. Historically, the Liberian economy has been very dependent on natural resources, foreign aid, and foreign direct investment (FDI). The extractive sector, including mining and agriculture, remains the leading driver of growth, with rubber surpassing iron ore as the top export earner in 2014. The 2014 Central Bank of Liberia (CBL) Annual Report indicates that iron ore and rubber account for 61.3 percent of Liberia's total exports. The share of iron ore and rubber to total exports declined because of weak global demand for the commodities in 2014. Despite an abundance of fertile land for agriculture, Liberia depends on imported food for over 90 percent of domestic consumption. Major trade partners are the United States (30.1%), Asia, particularly China (26.1%), European Union (16.1%), South America (9.8%) and African countries (8.1%).

Best prospect sectors for U.S. investment include agribusiness, energy and power generation, infrastructure development, construction and real estate, mining, manufacturing, transportation, and service sectors. The Government of Liberia (GOL), in collaboration with international partners such as USAID and the International Finance Corporation (IFC), continue to upgrade institutions, investment policies, and business regulations to make Liberia attractive for foreign investments. The government has passed legislation such as the Investment Law of 2010, an Act Establishing the Commercial Court, and the Small Business Empowerment Act with the aim of improving the investment climate and ensuring greater security for commercial transactions. Liberia also has pursued needed reforms to streamline business registration processes to encourage more formal business ventures. The Liberia Better Business Forum (LBBF), chaired by the Minister of Commerce and Industry (MOCI) with support from the IFC Investment Climate team, is a public-private partnership, which promotes a vibrant private sector that works with GOL to create employment and economic growth. Liberia has gained relative stability, as demonstrated by celebrating ten years of uninterrupted peace in August 2013, with the support of the United Nations Mission in Liberia (UNMIL).

U.S. companies and potential investors interested in doing business in Liberia should consider hiring an agent, attorney, or distributor to develop and foster local partnerships. It would be imprudent to attempt to enter the market without doing thorough market research. A business representative or agent should be familiar with local business practices as well as with legal and regulatory frameworks. U.S. Embassy Monrovia is unaware of any matchmaking services in Liberia, although there are a few business advisory and investment consultancy services available. While the U.S. Embassy does not endorse or vouch for services of a particular company, the Embassy's Economic and Commercial Section may be able to provide a short list of potential contacts for U.S. businesses or investors to begin further market research.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

Liberia has a free enterprise system of economy and Government of Liberia (GOL) has an open attitude toward foreign direct investment (FDI). Overall, Liberia has made starting a business easier by eliminating business license fees, which has reduced total cost of business registration. It also made transfer of property easier by instituting a digitized records system at a land registry known as the Center for National Documents and Records Agency (CNDRA). In addition, the number of procedures for starting a business was reduced from four to two, and the wait time required to register a business was reduced from six days to two days. Despite measures and commitment by the GOL to improve Liberia's regulatory environment for investment, the country is facing a difficult business climate ranking 174th out of 189 in the World Bank's 2015 Doing Business report.

The WB report also indicates that Liberia made progress in reforms related to contract enforcement, construction permit issuance and cross-border trade. The IFC's Investment Climate Team collaborates with the GOL to improve investment climate by increasing access to finance and inspiring greater confidence in Liberia as an investment destination.

Other Investment Policy Reviews

Not applicable.

Laws/Regulations of Foreign Direct Investment

To obtain a new concession agreement, potential investors have to engage in lengthy bidding processes. In addition to laws noted above, the Public Procurement and Concessions Act of 2005, the National Competitive Bidding Regulations, and the Investment Act of 2010 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), which includes the Ministers of Justice and Finance, is chaired by the National Investment Commission (NIC). IMCC is statutorily responsible to bid, evaluate, award, and finalize concession agreements for the GOL. The president of Liberia sends those concession agreements to the legislature for ratification, and the agreements become laws when signed by the president and printed into handbills by the Ministry of Foreign Affairs. Depending on contract clauses, a re-negotiation and subsequent round of ratification may be necessary if ownership transfers.

Industrial Promotion

Not applicable.

Limits on Foreign Control

There are laws and practices that discriminate against foreign investment by prohibiting, limiting, or conditioning foreign investment in certain economic sectors. The GOL seeks to empower Liberian entrepreneurs by constraining foreign investment in those sectors. The Investment Act of 2010 and Revenue Code of 2000, as amended by the Consolidated Tax Amendment Act of 2010, govern investments in Liberia. According to these laws, 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 of 2010 imposes restrictions on operation of, and investment in, the following business activities or enterprises:

Pursuant to the Investment Act of 2010, ownership of the following business activities are restricted exclusively for Liberians:
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 USD 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 (taxicabs)
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 of 2010, foreign investors may invest in the following business activities provided they make minimum 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

For enterprises owned exclusively by non-Liberians, the total capital invested shall not be less than USD 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 USD 300,000.

Despite these restrictions, the Investment Act of 2010 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 hardly applicable as foreign companies usually face difficulty in finding the right skills for high profile technical and 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 will be required along with other necessary documents during registration.

Privatization Program

Not applicable.

Screening of FDI

Not applicable.

Competition Law

Not applicable.

Investment Trends

Though Liberia has a limited domestic market of roughly four million people, having to rebuild the post-conflict economy from scratch provides many foreign investment opportunities in the agriculture, mining, services, and manufacturing sectors. Liberia's main export destinations are the United States, China and Europe. Its main imports include food and live animals, machinery and transport equipment, manufactured goods, and petroleum products. The Amended and Restated Public Procurement & Concessions Act of 2010 gives the Public Procurement and Concessions Commission (PPCC) oversight responsibilities for procurement of goods, works and services as well as the granting of concessions in Liberia.

Currently, Liberia's export sector relies heavily on rubber and iron ore, which accounted for about 82.5 percent of total exports in 2013. Iron ore export earnings rose significantly in 2013 mainly due to increased domestic production and export volumes by the companies ArcelorMittal and China Union. In August 2013, ArcelorMittal announced shipments of 3 million tons of iron ore between January and August. In August 2014, the company announced it mines and ships 5 million tons of iron ore a year. It continues to work on an expansion project under phase 2 of its operations, which is expected to see shipment rise to 15 million tons with first production planned by the end 2015. However, contractors working on phase 2 of the project declared force majeure in August 2014 and moved expatriate staff out of the country for several months. Although contractors have returned, the original project schedule was offset.

Business registration statistics from 2014 indicate that the Liberia Business Registry (LBR) had registered 6,765 businesses, of which 6,137 are local businesses and 628 are foreign owned businesses. (Note: The list of foreign-owned businesses includes locally incorporated and registered businesses owned by non-Liberians, as well as entities established under different legal jurisdictions, but sought to register and operate in Liberia. End note.) The LBR operates under the MOCI as a one-stop-shop business registration center to allow entrepreneurs to register a business within 48 hours.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	94 of 175	transparency.org/cpi2014/results
World Bank's Doing Business Report "Ease of Doing Business"	2015	174 of 189	doingbusiness.org/rankings
Global Innovation Index	2014	N/A	globalinnovationindex.org/content.aspx?page=data-analysis
World Bank GNI per capita	2013	USD 410	data.worldbank.org/indicator/NY.GNP.PCAP.CD

Millennium Challenge Corporation Country Scorecard

The Millennium Challenge Corporation (MCC), a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a per capita gross national income (GNI) or USD 4,125 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here: http://www.mcc.gov/pages/selection/scorecards. Details on each of the MCC's indicators and a guide to reading the scorecards are available here: http://www.mcc.gov/pages/docs/doc/report-guide-to-the-indicators-and-the-selection-process-fy-2015.

2. Conversion and Transfer Policies

Foreign Exchange

Both Liberian Dollars (LD) and U.S. Dollars (USD) are legal tender in Liberia. Large-scale business and government transactions are conducted in USD, while retail transactions are conducted in either USD or LD. Contracts and tax agreements are typically specified in USD. Liberian law allows for transfer of dividends and net profits after tax to investors' home countries. The Investment Act of 2010 allows unrestricted transfer of capital, profits, and dividends "through any authorized dealer bank in freely convertible currency." The CBL 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. 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. 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 not less than three banking days prior to transfer.

Remittance Policies

Generally, there are no legal time limitations on remittances. The CBL instituted thresholds for suspicious transactions (USD 25,000 and above for individuals, and USD 40,000 and above for corporations), for which banks must exercise customer due diligence and know your customer rules. In general, corporations can remit as much as USD one million 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. There are no legal limitations on the inflows or outflows of funds for remittances of profits or revenue, although individuals without a bank account are limited to two over the counter transfers of up to USD 5,000 within a 30-day period.

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

3. Expropriation and Compensation

The Investment Act of 2010 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." This means expropriation is allowed only in the national interest and must be accompanied by fair and adequate compensation.

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 businesses buy risk insurance to mitigate against the possibility of operational disruption caused by land expropriation. Many private commercial plantations were disrupted and came under rebel control during the civil war, and were later turned over to government-appointed interim management teams. While most private entities were not compensated for wartime losses, most plantations have since reverted to private control under renegotiated or to-be-renegotiated concession agreements. 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 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. Obtaining hearing dates may take a long time, because of inadequate resources and backlogs of cases.

The Investment Act of 2010 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.

As part of Liberia's judicial reform agenda, the national legislature enacted a new Commercial Code and established a Commercial Court in 2011. In theory, the court presides over all financial, contracts, 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.

Bankruptcy

The Law Reform Commission (LRC) and relevant stakeholders have drafted a Bankruptcy, Insolvency and Restructuring Act to protect creditors' rights, so that bankruptcy and insolvency cases can be adjudicated and resolved. The LRC validated the draft act, which the president submitted to legislature in June 2014. Following series of public hearings, the House of Representatives passed the bill. As of March 2015, the bill remains pending at the Senate.

Investment Disputes

In July 2012, the Ministry of Lands, Mines and Energy (MLME) canceled 25 mining licenses for companies' non-compliance with issues ranging from failure to pay fees to involvement in unsanctioned mining activities. Companies with revoked licenses have a right to request a formal MLME hearing to lodge their grievances. These companies also have a right to appeal to a civil law court and the Supreme Court. The companies opted for an MLME hearing through which the issues were resolved between 2013 and 2014. In March 2014, the MLME lifted a moratorium it placed on issuance of reconnaissance and exploration licenses in September 2013. The moratorium was necessary to give time to validate and update the national mineral property map of Liberia.

The U.S. Embassy is also monitoring a long-pending real estate expropriation case at the Freeport of Monrovia. The National Port Authority (NPA) assumed control of several privately owned warehouses after the war. An American property owner took NPA to court to regain possession of the warehouses. Despite both Circuit and Supreme Court rulings in his favor, the American property owner has yet to regain control of the property. In 2012, the Ministry of Justice proposed a compensation package on behalf of NPA, although the offer was declined on grounds of being unequal to the value of the property.

International Arbitration

Not applicable.

ICSID Convention and New York Convention

Liberia is a member of the International Center for Settlement of Investment Disputes (ICSID).

Duration of Dispute Resolution

Not applicable.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

Liberia is in the process of acceding to the WTO, but is not yet a member.

Investment Incentives

The Revenue Code of 2000, amended by the Consolidated Tax Amendment Act of 2010, dictates that for an investment to qualify for special incentives, the investment activity must be in one of the following priority areas:

- Tourism carried out through tourist resorts,
- Hotels and cultural sites,
- Manufacturing of finished products having at least 30 percent local raw material content excluding water,
- Energy,
- Hospitals and medical clinics,
- Low and medium-income housing,
- Air, sea, rail and road transport infrastructure, including ports,
- High impact information and communications technology,
- Banking in the unbanked areas in the southeastern region of the country,

- Poultry and horticulture,
- Exportation of sea products,
- Agricultural food crop cultivation and processing, including cocoa and coffee,
- Small and medium-scale rubber and oil palm cultivation and processing,
- Manufacturing or assembly of finished products for export, provided that at least 70 percent of production is exported from Liberia within any 12-month period, and
- Investing in waste management.

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 revenue code also authorizes the Ministry of Finance and Development Planning to include other investment activities, not listed above, to promote economic growth. (Note: The revised revenue code differs on investment amounts from the Investment Act of 2010. End note.) Under the revenue code, capital invested must be at least USD 1 million for foreign-owned businesses, and at least USD 300,000 for businesses with 100 percent Liberian ownership. Foreign or domestic investment intended to establish a hospital or health clinic has a lower threshold of at least USD 50,000. Regarding tax incentives, section 16(d) of the revised revenue code states, "for investments exceeding USD 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 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.

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. For additional information on incentives and taxation, please visit the National Investment Commission website at http://www.investliberia.gov.lr/ and the Ministry of Finance and Development Planning website at http://www.mfdp.gov.lr/.

Research and Development

Not applicable.

Performance Requirements

The Investment Act of 2010 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 senior management. In practice, foreign companies usually face difficulty in finding the right skills for high profile technical and 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 will be required along with other necessary documents during registration.

Data Storage

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

6. Right to Private Ownership and Establishment

Land ownership is restricted to Liberian citizens. Therefore, land use by foreigners is only possible through leases. Leases are ordinarily for 25-50 years, but exceptions are permitted by law. In general, the ownership, leasing, and use of land are governed by both statutory and customary laws. Chapter III, Article 22, of the Liberian Constitution states: "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. All mineral resources in and under the seas and other waterways shall belong to the Republic. Non-citizen missionary, educational and other benevolent institutions shall have the right to own property, as long as that property is used for the purposes for which acquired; property no longer so used shall escheat to the Republic."

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 investor interest and clashes between traditional and statutory land uses. Though the GOL placed a moratorium on public land sales in 2010 to resolve conflicting land tenure systems, it continues to enter into legally binding investment agreements with firms to use land, including for mineral and agricultural concessions. The moratorium, which has been renewed annually, applies to individuals, groups, government functionaries, local authorities and communities that are involved in land transactions. It also covers Tribal Certificates issued by traditional authorities and Town Lot Certificates issued by municipal authorities. However, concessions-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.

7. Protection of Property Rights

Real Property

To ameliorate land tenure issues exacerbated by the war, in 2010 the GOL established the Land Commission (LC). The LC continues to formulate policies and laws to reconcile the statutory and customary land tenure systems. The LC completed a Land Rights Policy, which was approved by the Government in May 2013, following a massive civic education, public consultation and outreach campaign. In 2014, LC drafted a Land Rights Act to define and delineate different categories of land ownership and rights, as well as prescribe 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 alternative dispute resolution for land cases. (Note: Customary land is owned and administered by indigenous communities according to customary practices and norms. End Note.) The act is pending with the legislature.
The LC is working along with relevant agencies to complete the drafting and validation of the draft Land Agency bill that will facilitate its transition into a new land agency.

As part of the ongoing land reform process, in October 2014, the president signed into law an Act against Criminal Conveyance of Land, after its passage by both houses of the legislature. The law will codify the accountability of land surveyors and provide sanctions for those found colluding with sellers and engaging in illegal land transactions. It also provides a legal foundation for resolving many of the issues in the land sector. The law 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."

In 2013, the GOL constituted a Screening Committee chaired by the LC with the responsibility of vetting all Public Land deeds. In 2014, LC began a national tribal certificate inventory assessment to create a database of 'National Inventory of Tribal Certificates,' which will contain all tribal certificates issued over the years.

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. During and after the civil war, unscrupulous individuals falsified land deeds and sold properties to multiple buyers, compounding an already contentious situation. In January 2013, the LC reported that it has helped to resolve more than two dozen land cases so far through ADR mechanisms in five of Liberia's fifteen counties. ADR empowers the LC to convene a task force to mediate land conflicts, although it cannot enforce laws. In 2013, the Ministry of Justice set up an ADR Unit, which collaborates with the Judiciary Branch of government to strengthen rule of law and improve access to justice. The program is exploring the possibility of using customary practices and local traditional means to settle land related disputes. The LC has adopted best practices of ADR mediations from other post-conflict countries that have experienced similar land disputes.

Concurrently, CNDRA populated a land cadaster for proper recording and mapping of land title deeds. 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.

In March 2014, CNDRA announced it has organized and stored 93 percent of land records over the last three years. Additionally, MLME has a mining cadaster of mining rights and plans to establish a land cadaster to clarify property rights. It is not clear how the LC, CNDRA, and MLME are coordinating these cataloguing efforts to ensure a coordinated and transparent record management system. However, these different land-related functions will be taken over by the proposed Land Agency when the draft bill is passed into law by the legislature. Database maintenance has been problematic in the past, which led to faulty publicly available cadaster records.

Intellectual Property Rights

Liberia is a member of the World Intellectual Property Organization and the African Regional Intellectual Property Organization, and a contracting party to international conventions and treaties on the protection of intellectual and industrial property rights, including the Berne, Paris, Lisbon, Vienna, and Washington Conventions, and the Madrid Agreement. The Constitution of Liberia does guarantee the protection of private property, and the Act adopting the New Copyright Law of Liberia, approved in July 1997, provides the legal and administrative framework for protection of intellectual and industrial property rights. The Copyright Office (CRO) and the Industrial Property Office (IPO) are two separate units that operate under the Ministry of Commerce and Industry (MOCI), but the two organizations lack capacity to manage intellectual or industrial property issues. MOCI has yet to finalize a draft amendment to the New Copyright Law of 1997, with clauses to merge the CRO and IPO.

All imports of intellectual property must be identified on the import permit, rather than being identified as "general merchandise." All businesses dealing in intellectual property must reflect that on their business registration form. During 2014, Liberia Copyright Office recorded a little over 300 copyrighted businesses by songwriters, movie producers, authors and other categories of business holding intellectual property rights. Most of the businesses are members of the Liberian Association of Writers, Musician Union, Movie Union, Cultural Union, and Fine Artists.

Holders of intellectual property rights have theoretical access to judicial redress, but laws pertaining to patents, trademarks, and industrial designs are not enforced. Many Liberians are illiterate, and there is a general lack of knowledge about what constitutes intellectual property infringement; most Liberians do not understand that a person has to pay for the use of intellectual property. Most 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.

Resources for Rights Holders

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/.

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

Please see Section 19 for Embassy contact information.

8. Transparency of the Regulatory System

The impact of years of violence and bad governance undermined the rule of law and created unchecked opportunities for corruption. Regulatory harmonization and ongoing reforms continue across ministries and agencies with conflicting rules and regulations, including but not limited to forestry legislation reform commenced in 2006, fisheries sector reform supported by the World Bank, which began in 2010, petroleum legislation reform passed in 2014, mining legislation reform commenced in 2013, and the ongoing artisanal mining sector reform.

Despite the lack of relevant legislation, significant investment exists in these sectors. When regulatory issues arise, GOL officials can be arbitrary or heavy-handed when resolving conflicts. For example, over the course of 2011, the Forestry Development Authority (FDA) failed to regulate properly the majority of commercial forestry licenses it issued. After reports of irregularities and corruption, investigations found that the licenses conflicted with forestry reform laws, leading to President Sirleaf's imposition of a timber export moratorium, subsequently lifted in 2014. A GOL representative reported that in 2013, all 63 licenses or private use permits (PUP) were reviewed and 34 were cancelled or revoked and the remaining 29 were considered and put under investigation. The government has indicted some officials of the FDA while other investigations are ongoing. The LRC was responsible for reviewing the entire PUP scandal and making recommendations to government on the way forward.

Liberia is a member of the worldwide Extractive Industries Transparency Initiative (EITI) and the first African nation to be validated as EITI-compliant. Since 2007, the Liberia Extractive Industries Transparency Initiative (LEITI) has successfully prepared its annual reports in compliance with the EITI guidance. LEITI reporting publicizes GOL revenue payments made by private companies with the goal of reducing opportunities for graft and corruption. In 2012, LEITI increased the scope of its reporting to include not just GOL ministries but also state-owned enterprises and agencies. LEITI has also started nominally sanctioning non-compliant reporting companies, though it remains to be seen if such companies will submit to financial penalties.

In 2013, LEITI increased its public outreach and expanded the scope of reporting by adding new requirements such as Contract Transparency and Project-by-Project reporting. It launched its Post Contract Award Process Audit Report in May 2013, which was the first of its kind in the EITI implementation. LEITI launched its fifth Report in June 2014, covering the amounts paid, amounts due, revenue tracking and in-kind contributions by companies during Liberia's fiscal year 2011-12 (Note. Fiscal year begins July 1 and ends June 30 the following year. End Note.) Liberia is expected to go through EITI validation in July 2015 as LEITI finalizes its sixth Report.

9. Efficient Capital Markets and Portfolio Investment

The Liberian market offers the private sector few credit instruments. Most private companies, citing the lack of a government benchmark or a culture of using such investment instruments, do not issue debt. Informal credit clubs called *sousous* exist in which members contribute funds to the group, which in turn makes short-term (one to three month), high-interest rate loans to members. In 2014, CBL recorded 23 licensed microfinance institutions, 225 credit unions, 599 village savings and loan associations, and 4 rural finance institutions. Third-country entrepreneurs, including Lebanese and Indians can have access to lower-rate loans from their home countries. The United States Overseas Private Investment Corporation (OPIC) financed a non-banking financial institution, the Liberian Enterprise Development Finance Company (LEDFC), with a commitment to empower Liberian businesses. Since it began operations in 2007, LEDFC has invested over USD 5 million of a USD 20 million OPIC fund to support more than 90 small- and medium-sized Liberian companies. In 2012, LEDFC's initial implementing partner became insolvent, and its assets were ultimately transferred to a wholly owned Ghanaian investment firm, the Ghana Growth Fund Company (GGFC), which has given LEDFC an active pipeline of new loans.

In 2014, the nine licensed banks operating in Liberia expanded to 85 branches, providing basic banking services in eleven of Liberia's fifteen counties. No capital market or portfolio investment options exist in the country. The number of licensed insurance companies in 2014 increased to 20. GOL enacted the new Insurance Law of 2013, aimed at further strengthening the insurance sector. The CBL, with International Monetary Fund (IMF) assistance, launched Treasury bill (T-bill) auctions in May 2013. The T-bill auctions are held monthly with a three-month maturity term, and CBL issued multiple discounted banknotes in 2014, beefing up its T-bill operations. To better promote banking sector efficiency, safety, and stability, the IMF also continues to provide technical assistance to CBL in support of its gradual transition from a compliance-based to a risk-based supervision model. The CBL continues to improve its Consumer Protection Unit to ensure customer protection and boost confidence in the banking system. In 2014, CBL started the implementation of an Enterprise Risk Management (ERM) framework, intended to enhance its capacity to attain its strategic operational objectives.

Money and Banking System, Hostile Takeovers

During 2014, the CBL recorded stable growth in the banking sector in terms of total assets, capital, loans and deposits, which it attributed to Liberia's growing economy. CBL reported that the banking system continues to be well capitalized and liquidity remains strong for the sector. This enabled banks to expand credit to the private sector, withstand business cycle shocks, and provide security for depositors' funds. In spite of other challenges in the economy, such as the 2014 Ebola outbreak, CBL reported promising developments in the financial system as commercial bank's balance sheets reflected that the sector remains resilient. Poor asset quality and high loan loss provisions have made bank profitability a challenge. According to the CBL, non-performing loans and poor profitability remains the banking sector's major challenges. CBL continues to work together with Liberia Bankers Association and the commercial banks to address this issue. While financial institutions allocate credit on market terms to foreign and domestic investors, the historically high rate of non-performing loans has led banks to offer short-term (less than 18 months), high-interest rate loans (12-20 percent) that constrain capital investment and limit new business development. In 2014, the ratio of non-performing loans to total loans increased by 4 percentage points to 18 percent, reflecting the Ebola-induced dramatic downturn in the general economic activities. There is no effective credit rating system, and many firms lack business records necessary for credit approval. Banks rely on the CBL's Credit Reference System, a manually updated spreadsheet, which is being automated, containing 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.

10. Competition from State-Owned Enterprises

Liberia has more than 20 state owned enterprises (SOEs), many of which perform regulatory functions for their sectors. Some of these SOEs exist statutorily, but are non-functioning. SOEs are active in port services, airport and civil aviation, electricity supply, oil and gas, water and sewage, agriculture and forestry, maritime, petroleum importation and storage, information and communication. 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), 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 ownerships are 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 contribute to the national budget of the country. 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 Ministry of Finance and Development Planning (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.

OECD Guidelines on Corporate Governance of SOEs

See above.

Sovereign Wealth Funds

Not applicable.

11. Corporate Social Responsibility

The GOL expects foreign investors to offer social services to 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 the firms to negotiate separately with local leaders for additional services. This process can be cumbersome, lead to delays, and greatly increase costs.

OECD Guidelines for Multinational Enterprises

Please see previous section.

12. Political Violence

The GOL successfully conducted peaceful mid-term senatorial elections in December 2014. Presidential and general elections will take place in late 2017.

As elections near, there is the potential for isolated political violence. Increasing freedom and transparency for the Liberian people has led to vigorous pursuit of perceived rights, which results in active, often acrimonious political debates. GOL has identified that land disputes and youth unemployment as potential threats to peace and political stability in the country.

Following the signing of the 2003 peace accord, the Armed Forces of Liberia (AFL) were completely demobilized and the USG continues to assist development of a modern, professional force. The USG also assists the Liberia National Police (LNP), which has the ability to respond rapidly to address sudden tactical police emergencies. The Executive Protection Service (EPS) provides high-level protection for the President and other key officials. The United Nations Mission in Liberia has been drawing down the number of foreign peacekeeping troops and donors are supporting the GOL to assume responsibility for Liberia's security by the middle of 2016.

13. Corruption

The GOL has established a number of transparency and accountability agencies, including the Liberia Anti-Corruption Commission (LACC), the General Auditing Commission (GAC), the Public Procurement and Concession Commission (PPCC), and the Internal Audit Agency (IAA), to curtail corruption. There are laws to prosecute corrupt public officials; however, weaknesses in the judicial system hinder effective implementation. 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.

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.

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 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 December 2001 with the objective of strengthening effective mechanisms to prevent, suppress and eradicate corruption in each of the States Parties through cooperation between the States Parties. The Protocol obliges the States Parties 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 States Parties to harmonize their national anti-corruption laws, to adopt effective preventive measures against corruption and to introduce proportionate and dissuasive sanctions.

Foreign investors, including U.S. firms, have identified corruption as a potential obstacle to FDI, and 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. Although the government of Liberia continues to fight corruption, it remains endemic in the Liberian social fabric, in both public and private sectors.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Liberia accepted, approved and ratified UN Anticorruption Convention in September 2005.

Resources to Report Corruption

Contact at government agency or agencies responsible for combating corruption:

Liberia Anti-Corruption Commission (LACC), http://www.lacc.gov.lr
General Auditing Commission (GAC), http://gacliberia.com/
Public Procurement and Concession Commission (PPCC), http://www.ppcc.gov.lr/

Contact at watchdog organization:

Center for Transparency and Accountability in Liberia, http://www.cental.org/

14. Bilateral Investment Agreements

Liberia has a few bilateral trade agreements, some of which have remained inactive for years. MOCI is working with both international and domestic partners to harmonize tariffs, engage regional and global bodies, and strengthen the regulatory environment. MOCI launched the nation's first-ever trade policy (National Trade Policy) and export strategy (National Export Strategy) in April 2014 as part of the preparatory steps to qualify Liberia for WTO accession and the West Africa Customs Union. These policy instruments prioritize trade and value addition, and supplement the GOL's efforts in streamlining Liberia's tariffs and customs procedures.

The United States has a Trade and Investment Framework Agreement (TIFA) with Liberia 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 United States' market under special access and duty reduction programs, including the Generalized System of

Preference (GSP) and the African Growth and Opportunity Act (AGOA).

In May 2013, Liberia and the United States held the first working group meetings as part of the U.S.-Liberia Partnership Dialogue to discuss strategic cooperation and facilitate investment in agriculture and food security, power generation and energy infrastructure, and human development and education; the second meeting was held in March 2014.

In May 2011, Liberia and the EU signed a comprehensive trade agreement, known as the Voluntary Partnership Agreement (VPA), aimed at controlling illegal logging and improving forest sector governance; this agreement was ratified by the legislature in 2013.

In May 2014, governments of Liberia and the State of Qatar signed a number of bilateral agreements, including an Air Service Agreement, an Agreement for the Reciprocal Promotion and Protection of Investment, and an Agreement on Economic, Commercial and Technical Corporation. These agreements seek to establish direct air link between Liberia and the State of Qatar, as well as to promote and protect trade and investment opportunities between the two countries.

Liberia also belongs to the Economic Community of West Africa States (ECOWAS), the African Union (AU), New Partnership for Africa's Development (NEPAD), the Multilateral Investment Guarantee Agency (MIGA), and the Mano River Union (MRU). Although Liberia has theoretical access to sizable regional markets, including the 250 million consumers of ECOWAS and the nearly 40 million consumers of the MRU, the total volume of regional trade is low, because of poor infrastructure. Under the MRU, trade with member states is duty free and any goods seeking benefit must be accompanied by proof-of-origin documentation. In October 2012, the GOL signed a treaty connecting Liberia to the West African Power Pool (WAPP) to increase the flow of electricity access to the rural communities by 2016.

Bilateral Taxation Treaties

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

15. OPIC and Other Investment Insurance Programs

OPIC provides coverage for investors in Liberia. The U.S. Government restored Liberia's eligibility for the Generalized Systems of Preferences in 2006. The Liberian dollar is a convertible currency and operates on a free float. Contracts and agreements are typically denominated in USD. It is therefore unlikely that OPIC would ever be required to pay an inconvertibility claim. There was a sharp depreciation of the Liberian dollar in 2014 because of deteriorating terms of trade and poor export performance due to the Ebola-related health crisis. However, the Central Bank of Liberia's aggressive intervention in the foreign exchange market helped to reduce the exchange rate pressure on Liberian dollar. Money market development took a major step forward in 2013 with the commencement of the GOL's Treasury bill (T-bill) Program, which serves as an additional policy tool in managing Liberian dollar liquidity. However, the country will continue to run large current account deficits until raw material exports expand significantly or the economy becomes more diversified.

16. Labor

The Liberian labor force is predominantly illiterate and unskilled, and most Liberians, particularly those in the rural areas, lack basic computer skills. According to UNESCO's statistics (2015), the adult literacy rate for Liberia is estimated at 47.7 percent and the youth (15-24) literacy rate 54.4 percent. About 11.3 percent of the FY 2014-15 national budget, excluding donor contributions, is allocated to the education sector. The most recent Labor Force Survey (2010) indicates that the rates of vulnerable employment – including the informal sector, subsistence farming, and other non-stable employment – in rural areas are 86 percent for male and 87 percent for female. The Ministry of Labor (MOL) reports the overall unemployment rate is 25-30 percent, largely due to underperforming manufacturing and agriculture sectors. Unemployment is particularly high among youth in Liberia, and young females have a harder time finding employment than young males. According to International Labor Organization (ILO), more than one-quarter (28 percent) of youth population and one-third (35 percent) of the youth labor force is unemployed. The domestic private sector remains hampered by weak infrastructure particularly electricity, lack of affordable financing, and relatively weak domestic demand.

The MOL requires employers to demonstrate goodwill efforts to hire qualified Liberians before it grants work visas to foreigners, and some foreign investors find this process to be a lengthy one. Many investment contracts require businesses to employ a certain percentage of Liberians, including in top management positions. Finding a pool of qualified local labor remains a problem, and foreign companies often report a difficulty in finding skilled labor as their biggest operational hindrance.

Employees enjoy freedom of association, and they have the right to establish and become members of organizations of their own choosing without prior authorization. Employers are prohibited from discriminating against an employee, because of membership in a labor organization. Employee association members frequently demand and strike for compensation at times of ownership transition or seek payment of obligations owed by previous employers. Under Liberian laws, labor organizations and associations have the right and freedom to draw up their constitutions and rules for electing their representatives, organizing activities, and formulating programs. The laws specify that no industrial labor union or organization shall exercise any privilege or function for agricultural workers and no agricultural labor union or organization shall exercise any privilege or function for industrial workers. Over the years, agricultural labor unions have been relatively active in negotiating collective bargaining agreements (CBA) intended to improve the social and economic conditions of their members.

In September 2013, the legislature passed differing versions of the controversial Decent Work Bill. The House of Representatives and Senate are yet to concur on a threshold for minimum wage for skilled and unskilled workers. If adopted, the new labor law is intended to improve worker incentives, standardize maternity and paternity leave, and set private sector minimum wage. The bill is pending reconciliation by a conference committee of both houses of the legislature before it can be sent to the president for signing. Section 501 of the law gives the Minimum Wage Board the mandate to do periodic review and adjustment of wages depending on the labor market and overall economic conditions of the country. Child labor remains a problem, particularly in agriculture and mining.

17. 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 in the country. The LIFZA is one of the statutory, but non-functioning SOEs in Liberia. The Monrovia Industrial Park (MIP) is a 450-hectare parcel of land set aside by the Legislature for industrial purposes in Gardnersville Township outside Monrovia. According to Liberia's investment policy, industries that establish within a free zone area are entitled to waive import duties and corporate taxes.

The NIC manages free trade zones and is currently working with the IFC's investment climate team to draft a new law that will establish active industrial parks and guide the development of the Special Economic Zones (SEZ) in Liberia. The draft SEZ act has been validated by principal stakeholders, including the NIC, MOCI, and LC, but is pending submission to the legislature. The draft law combines the LIFZA and the MIP to make available exclusive areas for industrial production and processing for both domestic and export markets in support of the National Export Strategy (NES), which the MOCI launched on April 29, 2014. Core sectors of the NES include oil palm, rubber, cocoa, fish and crustaceans, and crosscutting sectors are finance, trade logistics, and processing and packaging.

18. 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) ($M USD)	2013	1,951	2012	1,734	www.worldbank.org/en/country
Foreign Direct Investment	**Host Country Statistical source***		**USG or international statistical source**		**USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other**
U.S. FDI in partner country ($M USD, stock positions)		Not available	2013	990	http://bea.gov/international/factsheet/factsheet.cfm?Area=420
Host country's FDI in the United States ($M USD, stock positions)		Not available	2013	497	http://bea.gov/international/factsheet/factsheet.cfm?Area=420
Total inbound stock of FDI as % host GDP		Not available		Not available	

*Data not available

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.

19. Contact for More Information

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