LIBERIA

INVESTMENT CLIMATE STATEMENT

2016

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Executive Summary

Liberia is located in West Africa with has a population of about 4 million people (2008 Census). The Government of Liberia (GOL) continues to prioritize economic development through mobilizing national resources and foreign direct investment (FDI). 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 Economic Stabilization & Recovery Plan, 2015-2017 (ESRP) launched in April 2015. The ESRP focuses on recovering output and growth, strengthening resilience and reducing vulnerability, and strengthening public finances and service delivery. There is urgent need to improve the infrastructure that supports service delivery system and implement development priorities set out in the GOL's Agenda for Transformation (AfT). 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 couple with the underperformance of its natural resources sector, which has resulted into an estimated revenue loss of $70 million during the 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 improvement in the investment climate.

Though Liberia has a limited domestic market, it provides many investment opportunities in agriculture including forestry, mining, telecommunications, services sector, fisheries, manufacturing, warehousing and storage facilities. The United States, China, Europe and other African countries are the main export destinations. The major imports include food and live animals, machinery and transport equipment, manufactured goods, and petroleum products. The Public Procurement & Concessions Act of 2010 gives the Public Procurement and Concessions Commission (PPCC) an oversight responsibility for procuring goods and services. 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 the 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 are local businesses and 673 are foreign owned businesses, which include locally incorporated and registered businesses owned by non-Liberian citizens. The LBR is a one-stop-shop business registration center that handles all business registration processes within 3-4 business days. Liberia has several state-owned enterprises (SOEs), some of which perform regulatory functions for their sectors, and some 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 & restaurants
- Banking and financial services
- Telecommunications

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

- Agribusiness (marketing of agriculture products)
- Manufacturing (food processing & packaging)
- Transportation, Storage & Warehousing Facilities
- Energy & power generation
- Construction & Real Estate
- Services
- Telecommunication (especially fast-speed internet services)

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

- A peaceful, stable and business-friendly environment
- 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 on the incidence of corruption and the government willingness to fight corruption

Current market challenges include the following:

- Although the existing legal framework recognizes and provides ways to enforce property rights, the procedure for obtaining a clear title over land is often difficult, complicated, confusing and lengthy.
- Lack of awareness of and protection towards intellectual property rights, including artistic works, pharmaceutical products, and computer software.
- The process of incorporating a business or concluding concession agreements can be lengthy, complex, and requires compliance with regulations and procedures of various government agencies.
- Reforms in economic governance could be hindered by weak judiciary and unchecked public 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, as envisioned in the AfT, the GOL's determination to improve the investment climate will be critical to the overall economic growth.

1. Openness To, and Restrictions Upon, Foreign Investment

1.1 Attitude toward FDI

Liberia's economy is based on a free enterprise system and the GOL adopts an open-door policy towards FDI. Overall, GOL continues to make starting a business easier by eliminating business trade license fees. It streamlines the steps and procedures involved in business registration process to make it easier and faster. Transfer of property has also been made easier through a digitized records system at a land registry, knowns Center for National Documents and Records Agency (CNDRA). Despite measures and commitment by the GOL to improve 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. The report also indicates that Liberia made progress in reforms related to contract enforcement, issuance of construction permit 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. However, there are laws and practices that discriminate against foreign investment by prohibiting, limiting, or conditioning foreign investment in certain economic sectors as stipulated in the Investment Act of 2010. The law seeks to empower Liberian entrepreneurs by constraining foreign investment in those sectors.

Table 1

Measure	Year	Index/Ranking	Website Address
TI Corruption Perceptions index	2015	83 of 168	https://www.transparency.org/country/#LBR
World Bank's Doing Business Report "Ease of Doing Business"	2016	179 of 189	http://www.doingbusiness.org/data/exploreeconomies/liberia/
U.S. FDI in Liberia (M $, stock positions)	2014	$ 873	http://www.bea.gov/international/factsheet/factsheet.cfm
World Bank GNI per capita	2014	$ 370	http://data.worldbank.org/country/liberia
MCC Gov't Effectiveness	FY16	23% (unsatisfactory)	https://assets.mcc.gov/documents/score-fy16-eng liberia.pdf
MCC Rule of Law	FY16	48% (unsatisfactory)	https://assets.mcc.gov/documents/score-fy16-eng liberia.pdf
MCC Control of Corruption	FY16	60% (satisfactory)	https://assets.mcc.gov/documents/score-fy16-eng liberia.pdf
MCC Fiscal Policy	FY16	48% (unsatisfactory)	https://assets.mcc.gov/documents/score-fy16-eng liberia.pdf
Trade Policy	FY16	73% (satisfactory)	https://assets.mcc.gov/documents/score-fy16-eng liberia.pdf
MCC Regulatory Quality	FY16	44% (unsatisfactory)	https://assets.mcc.gov/documents/score-fy16-eng liberia.pdf
MCC Business Startup	FY16	96% (satisfactory)	https://assets.mcc.gov/documents/score-fy16-eng liberia.pdf

MCC Land Rights Access	FY16	22% (unsatisfactory)	https://assets.mcc.gov/documents/score-fy16-engl liberia.pdf
MCC Natural Resource Protection	FY16	19% (unsatisfactory)	https://assets.mcc.gov/documents/score-fy16-engl liberia.pdf

The Millennium Challenge Corporation (MCC), a US. 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) of $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.

1.2 Other Investment Policy Reviews

Liberia applied for the World Trade Organization (WTO) membership in 2007 and members of the Working Party concluded the negotiations in October 2015, paving the way for the country's accession to the WTO. In October 2015, the House of Representative concurred with the Liberian Senate on the ratification of the agreements, protocols and treaties necessary for the WTO accession. In December 2015, the WTO approved Liberia membership in its 10th Ministerial Conference in Nairobi, Kenya.

OECD Investment Policy Reviews (IPRs): http://www.oecd.org/investment/countryreviews.htm

WTO Trade Policy Review: http://www.wto.org/english/tratop_e/tpr_e/tpr_e.htm

UNCTAD IPR reviews: http://unctad.org/en/Pages/DIAE/Investment%20Policy%20Reviews/Investment-Policy-Reviews.aspx

1.3 Laws/Regulations of FDI

To obtain a new concession agreement or long-term investment contracts, potential investors have to engage in lengthy bidding and negotiation processes. In addition to the Investment Act of 2010 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. 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 Revenue Code of 2000;

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.

1.3.1 Business Registration

All businesses are required to register and/or apply for an authority to do business or provide services in Liberia. There are a variety of ways to legally structure a business in Liberia, each of which contain a variety of implications. Currently, the options are as follow:

- 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), http://www.lbr.gov.lr (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 3-4 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 of 2010. Investors seeking to invest in Liberia generally take one of the following three paths:

- Standard Business - requires no incentive from 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 greater 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 established under different legal jurisdiction (for example, 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 (currently under maintenance). The fees charged for this process are found on the LBR's website above. The GOL established a 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 3 or fewer employees; small enterprises are firms having 4 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

1.4 Industrial Promotion

Liberia is well known for its opportunities in the extractive and tree crop 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 size 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^2 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.

1.5 Limits on Foreign Control and Right to Private Ownership and Establishment

Domestic private entities have the rights 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 of 2010 and Revenue Code of 2000, 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 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 $ 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 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

“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 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. 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.

Land ownership is restricted to Liberian citizens. Acquisition of public land by non-Liberian citizens is possible through leasehold. Leases ordinarily run for 25-50 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: "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.

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. 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, 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 even after concluding their agreements with the GOL.

1.6 Privatization Program

Not applicable.

1.7 Screening of FDI

Not applicable.

1.8 Competition Law

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

2. Conversion and Transfer Policies

2.1 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 laws allow 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 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 not 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 $, 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, filling stations and large supermarkets. It is advisable for foreign investors to conduct foreign exchanges at commercial banks, or established licensed forex bureaus.

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

4.1 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, 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. 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 International Finance Corporation (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 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. 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 mix picture showing that the current judicial process is not procedurally competent, fair, and 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.

4.2 Bankruptcy

Liberia does not have a bankruptcy law. However, Liberia Bankers Association, 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.

4.3 Investment Disputes

Liberian Civil Procedure Law governs both domestic and international arbitrations taking place in Liberia; there is no specific statue governing arbitration. Liberia is a member of the International Center for Settlement of Investment Disputes (ICSID) and is a signatory to the Multilateral Investment Guarantee Agency (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 for 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 companies whose licenses were revoked have the right to request a formal hearing with the MLME to lodge their grievances or take the case to the Civil Law Court. The issues were finally resolved through an MLME hearing, rather than court proceeding. 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 proceedings and negotiations. The failure of the lower court to enforce the Supreme Court's ruling contributed to the delay in settling this case. .

4.4 International Arbitration

Not applicable.

4.4.1 ICSID Convention and New York Convention

Liberia is a member of the International Center for Settlement of Investment Disputes (ICSID), and the New York Arbitration Convention.

See list of members of the ICSID convention at: https://icsid.worldbank.org/ICSID/FrontServlet?requestType=ICSIDDocRH&actionVal=ContractingStates&ReqFrom=Main). See 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.

4.5 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/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

5.1 WTO/TRIMS

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

5.2 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% local raw material content
- Energy
- Hospitals and medical clinics
- Housing
- Transportation
- Information technology
- Banking poultry
- Horticulture
- Exportation of sea products
- Agricultural, particularly food crop cultivation and processing, including cocoa & coffee
- Small and medium scale rubber & oil palm cultivation and processing

Note: specific terms and conditions as relate to accessing incentives in the above sectors can be obtained from the National Investment Commission (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, "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% plus ECOWAS trade levy of 0.5% 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% off cost of equipment and machinery (capital allowance)

- 30% off construction cost of new hotel or tourist resort
- 10% off the cost of buildings and fixtures used in manufacturing process that produced finished products having 60% local raw materials

Additional incentives based on economic zones in the country:

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

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

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

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 (NIC), *http://www.investliberia.gov.lr/*
Liberia Revenue Authority (LRA), http://www.lra.gov.lr/
Ministry of Finance & Development Planning (MFDP), http://www.mfdp.gov.lr/
National Bureau of Concessions (NBC), http://www.nbcliberia.org/mission--vision--mandate.html

5.2.1 Research and Development

Not applicable.

5.3 Performance Requirements

The Investment Act of 2010 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 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 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 contents 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 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 BIN before the 30 days expire, in which case they will be issued a 60-days "Temporary Stay". 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.

5.4 Data Storage

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

6. Protection of Property Rights

6.1 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 are still in draft, includes the National Land Right Policy, the Land Rights Act, Land Administration Policy, an Urban Land Use and Land Dispute Resolution. Furthermore, the commission has reported resolving dozens of land cases through alternative dispute resolution (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 Center for National Documents and Records Agency (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 Land Commission 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 alternative dispute resolution (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, http://www.doingbusiness.org/data/exploreeconomies/liberia/

6.2 Intellectual Property Rights

Intellectual property laws in Liberia cover such areas as domain names, traditional knowledge, transfer of technology, patents/copyrights, etc. The Constitution of Liberia guarantees the protection of private property. The Liberia Intellectual Property 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 protection of intellectual and industrial property rights.
The new IP Act merges 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 Liberia Copyright Office 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 the African Regional Intellectual Property Organization (ARIPO), An Act to Ratify the Swakomund Protocol on the Protection of Traditional Knowledge and Expression of Folklore (ARIPO), An Act to Ratify the Protocol on Patents and Industrial Designs within the Framework of the African Intellectual Property Organization (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 the African Regional Intellectual Property Organization (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 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:
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 on the citizens.

Significant investment exists in the Liberia, especially in the extractive sectors, and the GOL continues to streamline relevant legislations in line with the 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 Forestry Development Authority (FDA) to regulate issues arising in forest sector; Civil Aviation Authority (CAA) regulates aviation businesses; Liberia Telecommunications Authority (LTA) regulates all telecommunications activities; Liberia Maritime Authority (LMA) regulates to issues arising in the maritime sector, and National Port Authority owns and regulates the country's port infrastructures. 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 6th Report containing reconciled accounts of payments made to, and revenues received by the GOL form the 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, private sector, especially foreign investors, has limited credit instruments. The Central Bank of Liberia (CBL) began issuing Treasury 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-bills 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 (9) commercial banks with eighty-seven (87) local branches spread across the country. The banking sector has a strong liquidity position, with liquidity ratio of 39 percent at end-December 2015. Non-bank financial institutions include foreign exchange bureaus, credit unions, village savings & 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. .

8.1 Money and Banking System, Hostile Takeovers

The banking sector continued to show growth in key balance sheet indicators at 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 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 the commercial banks continues 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 limit 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 and definitive rules on hostile take-over.

9. Competition from State-Owned Enterprises

Liberia has more than 20 state owned enterprises (SOEs), and they are categorized into commercial SOE's, non-commercial SOE's and regulatory SOE's base on their functions~~:~~. Almost all of the SOE's 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 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 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.

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 are:

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)

9.1 OECD Guidelines on Corporate Governance of SOEs

See above.

9.2 Sovereign Wealth Funds

Not applicable.

10. Responsible Business Conduct

Generally 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 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 responsible business conduct, 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 weak judicial system, limited human capacity and institutional capacities, logistical constraints facing the enforcement agencies, and 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 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 MNE guidelines. It actively participates in the Extractive Industries Transparency Initiative (EITI). The Liberia Extractive Industries Transparency Initiative (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.

10.1 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 vigorous pursuit of perceived rights, which results in active, often acrimonious political debates. The GOL has identified land disputes and high rate of youth unemployment, especially in the capital city Monrovia, as potential threats to the current peace and political stability.

Following the signing of the 2003 peace accord, the 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 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 UN 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 was a serious problem, particularly in 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 Ministry of Justice. 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 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 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.

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.

12.1 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/countryreportsontheimplementationoftheoecdanti-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, Website: http://www.moj.gov.lr/

Yusador Gaye, Auditor General
General Auditing Commission (GAC)
Email: usadorgay@yahoo.com, Website: http://gacliberia.com/

James Dorbor Jallah, Executive Director
Public Procurement and Concession Commission (PPCC)
Email: jdjallah@gmail.com, Website: http://www.ppcc.gov.lr/

Contact at "watchdog" organization (international, regional, local or nongovernmental organization operating in the country/economy that monitors corruption, such as Transparency International):

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

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

13. Bilateral Investment Agreements

Liberia does not have a bilateral taxation treaty with the United States. The United States 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 US 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 World Trade Organization (WTO) approved Liberia membership in its 10th 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 United States
2. ECOWAS Treaty
3. AU 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 http://investmentpolicyhub.unctad. org/IIA

13.1 Bilateral Taxation Treaties

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

14. OPIC and Other Investment Insurance Programs

There is an OPIC agreement between Liberia and the United States to provide coverage for expropriation and political risk insurance for U.S. investors in Liberia. It allows eligible U.S. businesses, investors, lenders, contractors and exporters to take advantage of commercially attractive opportunities in the country. The U.S. Government restored Liberia's eligibility for the Generalized Systems of Preferences in 2006. Liberian dollar is a convertible currency and operates on a free float, and contracts/agreements are typically denominated in USD. It is therefore unlikely that OPIC would ever be required to pay an inconvertibility claim. However, there is risk of currency depreciation due to the country's weak foreign exchange reserves position and continuing current account deficit. In 2015, Liberian dollar on average depreciated by more than 4 percent as a result of internal and external factors. According to the Central Bank of Liberia (CBL), the depreciation in the exchange rate was largely driven by deterioration in the terms of trade, high domestic demand for foreign exchange to service import bills, and the increase in the Liberia dollar expenditure by the GOL.

15. Labor

Liberian labor force is predominantly illiterate and unskilled, and most Liberians, particularly those in the rural areas, lack basic vocational or computer skills. According to UNESCO's 2015 statistics (http://www.uis.unesco.org/Education/Documents/literacy-statistics-trends-1985-2015.pdf), adult literacy rate for Liberia stands at 47.7 percent and youth (15-24) literacy rate is 54.4 percent. Liberia does not have reliable database on labor market information to update such indicators as employment, unemployment, etc. There are migrant workers particularly in the services and mining sectors. The most recent Labor Force Survey (2010) indicates higher rates of vulnerable employment (86 percent) in the agriculture sector, which is highly informal. The Ministry of Labor (MOL) reports the overall unemployment rate in the formal sector is 25-30 percent, largely due to weak capacity of the private sector. The industrial or manufacturing sector is underperforming due to poor infrastructure such as electricity, limited financing opportunities and weak domestic demand. 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 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 skilled labor remains a problem, and foreign companies often report a difficulty in finding skilled labor as their biggest operational hindrance. Child labor remains a problem, particularly in the agriculture and mining sectors.

Under the law, employees enjoy freedom of association, and they have the right to establish and become members of organizations of their own choosing without prior authorization. The law allows workers' unions to conduct their activities without interference by employers. It also prohibits employers from discriminating against employees because of membership in a labor organization. Unions were independent of the government and political parties. Employee association members frequently demand and strike for compensation at times of ownership transition or seek payment of obligations owed by previous employers. The labor law provides that labor organizations and associations have the right to draw up their constitutions and rules with regard to electing their representatives, organizing their activities, and formulating their 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. Collective bargaining agreements are binding and protected by law. Although issues of wages remained critical in negotiating CBAs, labor unions have begun shifting attention to other socio-economic issues, such as better housing, health and education facilities. The law prohibits unions from engaging in partisan political activity as well as prohibits agricultural workers from joining industrial workers' organizations. Workers, except civil servants, have the right to strike, provided that the Ministry of Labor (MOL) is notified of the intent to strike. While the law prohibits anti-union discrimination and provides for reinstatement for workers dismissed because of union activities, it allows for dismissal without cause provided the company pays statutory severance packages.

In general the GOL effectively enforced applicable laws, and workers exercised their rights. Employees enjoy freedom of association, and they have the right to establish and become members of organizations of their own choosing without previous authorization or coercion. In June 2015 the GOL approved and printed into law a "Decent Work Act, 2015". The Decent Work Act sets out the fundamental rights at work, labor institutions and administration, and contains provisions on employment and termination of employment, minimum conditions of work, occupational safety and health, workers' compensation, industrial relations and employment agencies. The law repealed the Labor Law, Title 18 and the Labor Practices Law, Title 18A, except as provided. It was developed with substantial input of the International Labor Organization (ILO) with the intent to conform to the international labor standards. The labor institutions set out under the law include a National Tripartite Council and Minimum Wage Board, which shall conduct periodic review and adjustment of the minimum wage depending on the labor market and the overall economic conditions of the country. The GOL does not have adequate labor inspectorate system to identify and remediate labor violations and hold violators accountable. The MOL lacks the capacity to effectively investigate and prosecute unfair labor practices, such as harassment and/or dismissal of union members, and investigates and prosecutes instances of forced and/or child labor.

16. 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 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 that establish 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 Ministry of Commerce & Industry (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.

17. 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 $)	2014	$ 2.013 billion	2015	NA	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 $, stock positions)	2014	$873	2015	NA	BEA data available at http://bea~~-~~.gov/international/direct_investment_multinational_companies_comprehensive_data~~-~~.htm
Host country's FDI in the United States ($M , stock positions)	2014	$440	2015	NA	BEA data available at http://bea~~-~~.gov/international/direct_investment_multinational_companies_comprehensive_data~~-~~.htm
Total inbound stock of FDI as % host GDP	2014	NA	2015	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.

18. Contact for More Information

Please see below full contact information for someone at post who will be there for at least the next 12 months and can respond to inquiries from the public~~-~~.

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