

LIBERIA

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The Investor's Guide to Liberia



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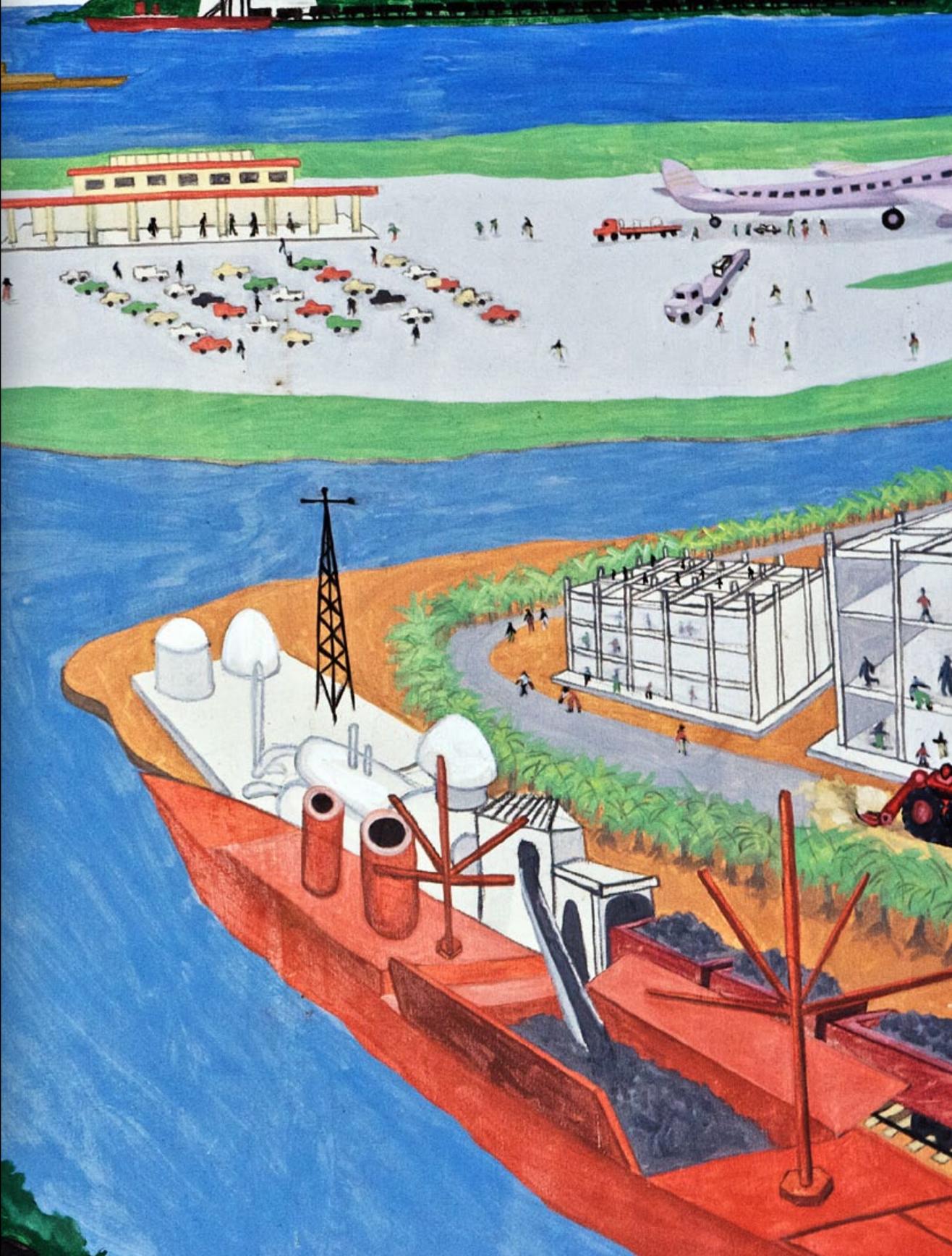
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NATIONAL INVESTMENT COMMISSION

www.nic.gov.lr





Acknowledgements

The National Investment Commission (NIC) is grateful to all those — both persons and institutions — who helped make the publication of the Investor's Guide to Liberia possible.

We are particularly grateful to BHP Billiton for sponsoring the printing and dissemination of the guide. BHP Billiton mining operations have been creating jobs and growth in Liberia since 2005.

We also thank Anand Venkatesan and Sarah Cooper of the Tony Blair Africa Governance Initiative, who supported Tianna Sherman Kesselly of the NIC to produce the current guide.

Information provided in the Guide was sourced from many parts of the Government of Liberia. We wish to express our particular gratitude to the Central Bank of Liberia, and to the Ministry of Agriculture, the Ministry of Finance, the Ministry of Lands, Mines, and Energy, the Ministry of Commerce and Industry, the Ministry of Planning and Economic Affairs, and Ministry of State.

This Guide was reviewed by Karl P. Sauvant, PhD, Executive Director of Vale Columbia Center on Sustainable International Investment, a joint center of Columbia Law School and the Earth Institute at Columbia University. Dr. Sauvant assisted in the development of the Guide prepared in 2007 and is pleased to have been associated with this publication.

The Guide was designed by modernactivity. The photographs were taken by Nick Fraser and Christopher Herwig.

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↑ Ellen Johnson-Sirleaf, President, Republic of Liberia
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MESSAGE FROM THE PRESIDENT

Welcome to Liberia!

One of the most admirable qualities of entrepreneurs is their ability to see opportunities where others see obstacles. This spirit is well suited to Liberia. While many people are familiar only with the difficulties of our recent past, those who look closely will find a country with great investment potential and a vast resource base to fit all portfolios.

Liberia is a peaceful, stable, and vibrant democracy with a history of international trade and business that dates back to the 1600s. We are rich in natural resources, and strong in our resolve to put them to productive use. In the last five years, we concluded concession agreements worth approximately USD 16 billion, and according to the World Bank, have earned the reputation as one of the world's top reformers. Now, with the prospect of oil and natural gas within our territorial waters, our future looks even brighter.

Since assuming office in 2006, my administration, with strong support from the Liberian people and the international community, has remained committed to our vision of a secure and transparent nation where economic growth flourishes. We have partnered with domestic and foreign investors of all sizes, who understand our need to build upon our strategic geographic position, vast opportunities, growing economy and low-cost labor force, to bring growth and development to our people.

I invite you to join us and invest in Liberia. You will find a nation filled with great opportunities, a nation where your investments will grow and succeed.

Ellen Johnson Sirleaf

President, Republic of Liberia, June 2011





PREFACE

The Investor's Guide to Liberia is a publication of the National Investment Commission (NIC). Established as a Cabinet-level agency in 1979, the NIC's current mandate is to promote Liberia's many investment opportunities, attract and support the growth of value-adding foreign direct investments (FDI), and advocate for and strengthen the domestic private sector.

As the government's principal champion of investor relations, the NIC aims to seamlessly guide you through the Liberian marketplace. It is therefore my pleasure to present *The Investor's Guide to Liberia*, which provides an overview of the country, the investment opportunities, investment incentives, the tax system, the operating environment for businesses, together with the legal framework for investors.

Although Liberia is still in the early stages of development, quite a few leading international companies are currently either operating in the country or exploring our extensive and varied natural resources, from gold, diamonds and iron ore, to timber, rubber and oil palm, to a coast abounding in marine life. Additionally, numerous companies have established mutually beneficial relationships with Liberian-owned and operated businesses for the provision of goods and services.

Noticeable progress is being made in Liberia, easing one's ability to conduct business in the country: roads are being developed; more airlines are flying direct to the nation; the facilities and turn-around time at the ports of Monrovia and Buchanan are improving; and the processes for registering and operating businesses are being streamlined. In fact, anyone wishing to register a business now only has to interface with one government entity, the Liberia Business Registry, and it takes approximately 48 hours to register your business in Liberia. Now is the time for potential investors to consider Liberia with its natural resources, strategic location and youthful labor pool.

As chair of the Inter-Ministerial Concessions Committee, which negotiates concession agreements, the NIC is hard at work serving as a facilitator for this investor-friendly government. We encourage you to read this guide, visit our website (www.nic.gov.lr), and contact us with inquiries.

Welcome to Liberia, where you can invest, grow and succeed.



O. Natty B. Davis, II

Chairman, National Investment Commission



THE LIBERIAN ADVANTAGE



INVEST

Liberia is a newly emerging and secure market. The country is rich in natural resources and is ripe for investing.



GROW

Liberia offers a market-driven, investor-friendly environment that is steadily improving, making it easy to grow and develop your business.



SUCCEED

Liberia is strategically located along the coast of West Africa, granting investors access to the largest and fastest-growing markets in the world.



BASIC FACTS & FIGURES

Official name: Republic of Liberia

Capital (and largest city): Monrovia

Form of government: Multi-party democracy

Head of state and of government:

President Ellen Johnson Sirleaf

Location: The Atlantic coast of West Africa, bordering Sierra Leone, Guinea, and Côte d'Ivoire; lies between latitudes 4° and 9°N, and longitudes 7° and 12°W.

Surface area: 111,370 sq km, of which land is 96,320 sq km

Climate: Tropical. Dry season November to April. Wet season May to October.

Temperature range: 20-30°C (68-86°F)

Time zone: Greenwich Mean Time (GMT)

Population: 3.955 million (2009)

Religions: Traditional African 40 percent, Christian 40 percent, Muslim 20 percent

Official Language: English (spoken by 90 percent of the population)

GDP: USD 876 million — at purchasing power parity, USD 1.6 billion (2009)

GDP per capita: USD 223 — at purchasing power parity, USD 400 (2009)

GDP growth: 4.6 percent (2009) — a decline from the average growth of 8.1 percent (2006-08); this was reflective of the global economic crisis

Currency: The Liberian dollar is the official currency. However, the US dollar is also an accepted legal tender in Liberia and transactions may be denominated in US dollars.

Exchange rate (April 2011):

USD 1 = LD 71.50

Euro 1 = LD 101.56

GBP 1 = LD 115.33

Japanese Yen 1 = LD .89

ZAR Rand 1 = LD 10.48

Nigerian Naira 1 = LD .46

Government working hours: 8am — 5pm

Holidays:

January 1 — New Year's Day

February 11 — Armed Forces Day

Second Wednesday of March — Decoration Day

March 15 — President J.J. Roberts' Birthday

Second Friday of April — Fast and Prayer Day

May 14 — National Unification Day

July 26 — Independence Day

August 24 — Flag Day

First Thursday of November — Thanksgiving

November 29 — President William V.S.

Tubman's Birthday

December 25 — Christmas



LIBERIA AS AN INVESTMENT DESTINATION

Africa's first star is back on course as a haven for those seeking new and rewarding opportunities.



INTRODUCTION

Liberia has always been a leader — it is the oldest independent nation; the first modern republic in Africa; and the first nation in Africa to elect a female president. A progressive and investor-friendly nation, Liberia was home to West Africa's first free port, Africa's first washing and pelletizing plant for mining, and at one point, Africa's biggest iron ore concentrator. Today, the country owns the world's second leading international shipping and corporate registry and is host to one of the world's largest rubber plantations, both of which have been operating for over 60 years.

A relatively small English-speaking nation with nearly four million inhabitants, the country's fertile soil, lush forests, extensive coastline, and rich deposits of iron ore, diamond, gold and other resources continue to attract a noteworthy array of investors. The country's coastal location grants it easy access to a wide range of markets, including the European Union and the United States. It also has access to the regional markets of the Economic Community of West African States (ECOWAS), with 250 million potential consumers, and the Mano River Union (MRU), with 40 million potential consumers.

The investment opportunities offered by Liberia are not only based upon the country's natural resources, but also include infrastructure development. Liberia, like many nations, carries scars of a past marred by civil conflict. The country is rebuilding by developing bridges, roads, residential and commercial buildings, and more. This presents a unique opportunity for investors from all regions of the world to introduce Liberia to new, modern technology that can easily be sustained and maintained.

Under the leadership of President Ellen Johnson Sirleaf, Liberia is steadily progressing toward its vision of transforming from a low-income to a middle-income country by 2030. Since taking office in 2006, the current administration has made strides in laying the foundation for Liberia's rise.



LAYING THE FOUNDATION FOR INVESTORS TO SUCCEED

Liberia has made major governance and economic management reforms. The government is completing implementation of its first poverty reduction strategy and is improving financial management, maintaining macroeconomic stability, and tackling corruption.

Since 2006, the government of President Johnson Sirleaf has implemented a reform agenda aimed at rebuilding the country and restoring it as an attractive place to do business. There have been a number of impressive results.

Strong and steady growth: From 2006-2009, Liberia's GDP grew at an average rate of 6.7 percent— more than double the global average. The country has also managed the global economic downturn well. In 2009, the Economist Intelligence Unit (EIU) forecast Liberia as one of the 20 fastest growing economies in the world. EIU reports also suggest that the outlook for 2011 is positive as economic difficulties from the global credit crunch and recession ease, exports improve, and foreign investment picks up. GDP growth is projected to rise to 7.3 percent in 2011.

Sound economic management: In July 2010, Liberia successfully completed a set of 12 rigorous economic and governance reforms, enabling the International Monetary Fund (IMF), World Bank, and other bilateral lenders to write-off the country's entire USD 4.6 billion debt. Furthermore, Liberia's national budget has increased from USD 80 million to USD 369 million, a 400 percent increase. The aggregate revenue over the last five calendar years is USD 1.03 billion.

An improved business climate: Over the past three years, the government, supported by multilateral and private sector partners, has embarked on a series of 39 reforms that have made it easier to do business in the country. For example, it has cut the number of procedures required to open a business by half, and the number of days required to open a business by more than two-thirds. In response, Liberia has climbed 21 places in the World Bank's Doing Business report since it first appeared in 2008, and was designated one of the 'top 10 global reformers' in 2010. More reforms are underway.

Increased incentives and protections for businesses: The government has recently approved a new investment incentive code and a new revenue code. The incentive code introduces a clear, standardized, and transparent system for awarding incentives; provides guarantees against unfair expropriation; ensures the ability of investors to repatriate capital and profits; obliges the government to protect intellectual property; and provides access to neutral, internationally recognized dispute resolution mechanisms. Revisions in the revenue code have lowered the maximum corporate and personal tax rate from 35 percent to 25 percent.

Fig.2 Annual FDI in Liberia in millions USD

	2006	2007	2008	2009
FDI Liberia	\$108	\$132	\$200*	\$378*

Source: World Investment Report, UNCTAD
*Estimate

These reforms have led to increasing investor interest. Foreign direct investment (FDI) has grown sharply since 2005, and major investors, including Anadarko, ArcelorMittal, BHP Billiton, Repsol, Severstal, Sime Darby, Vattenfall, and Wysco Steel, have signaled their confidence by signing long-term, large-scale concession agreements.

Liberia's fight against corruption has been a priority for President Johnson Sirleaf, who during her Inaugural Speech in 2006 declared that corruption would be public enemy number one under her administration.

The government's stance against corruption remains strong as they rebuild and overhaul over 25 years of broken systems through investigation and prosecution coupled with public and civic education and strong collaboration with the private sector. An unrelenting fight against corruption is being waged in all sectors of Liberian society, and systems are being strengthened through the establishment of the Liberia Anti-Corruption Commission, the passage of the Whistleblower's Act, and the Freedom of Information Act.



**AN INVESTOR'S PERSPECTIVE:
BHP BILLITON**

BHP Billiton congratulates the Government of Liberia on cultivating a transparent and supportive environment for private-sector growth for companies like ours.

BHP Billiton is proud to invest in Liberia, to create partnerships with local businesses, and to build strong and beneficial relationships with local communities. We work with Liberian companies wherever possible, engaging Liberia-owned and operated businesses as partners while we explore and develop our four iron ore exploration areas in the country. BHP Billiton has been carrying out exploration activities in Liberia since 2005 and has invested in excess of USD 50 million. To date, we have sourced goods and services from more than 70 local enterprises and employed hundreds of people from our host communities. These numbers are certain to grow as we and the economic conditions in Liberia continue to move forward.

To date BHP Billiton has also contributed more than USD 1 million to community projects in Liberia. We will continue to invest in our host communities on projects that align with the Government's Poverty Reduction Strategy and the County Development Agendas.

Liberia has demonstrated that it is open for business, and BHP Billiton is very pleased to be part of this country's growing economy as a long-term, committed partner.

Marcus Randolph

Chief Executive, Ferrous and Coal, BHP Billiton



bhpbilliton

BHP Billiton congratulates the Government of Liberia on cultivating a transparent and supportive environment for private-sector growth with the use of tools such as the *Investor's Guide to Liberia*, which provides useful information for companies like ours.

BHP Billiton is proud to invest in Liberia, to create partnerships with local businesses, and to build strong and beneficial relationships with local communities. We work with Liberian companies wherever possible, engaging Liberia-owned and operated businesses as partners as we explore and develop our four iron ore exploration areas in the country. BHP Billiton has been carrying out exploration activities in Liberia since 2005 and has invested in excess of USD 50 million. To date, we have sourced goods and services from more than 70 local enterprises and employed hundreds of people from our host communities, and those numbers are certain to grow as we and the economic conditions in Liberia continue to move forward.

BHP Billiton has also contributed more than USD 1 million to community projects in Liberia to date and will continue to invest in our host communities on projects that align with the Government's Poverty Reduction Strategy and the County Development Agendas, as these projects complement the work done by companies who choose to partner with their host communities.

Liberia has demonstrated that it is open for business, and BHP Billiton is very pleased to be part of this country's growing economy as a long-term, committed partner.

www.bhpbilliton.com





THE PLAN, REALITY AND VISION

The challenges facing the government are considerable, but they are being met by a development-oriented administration emphasizing clean and competent governance, with the strong support of the international community.

The government is operating against a growth and development strategy that aims to consolidate peace and security, revitalize the economy, strengthen governance and the rule of law, and rehabilitate infrastructure and deliver basic services. Against this backdrop, the government's key priorities are to:

- Promote good governance and the rule of law,
- Accelerate human-resource development,
- Rebuild the nation's infrastructure network, particularly roads, ports, power, and telecommunications,
- Revitalize agriculture to ensure pro-poor growth,
- Strengthen the environment for private-sector growth, and
- Create jobs.

These priorities are mutually reinforcing and are being coordinated across the government and among partner organizations. The government is formulating a strategy focused on creating 'economic growth and development corridors' to accelerate growth by clustering infrastructure and other investments in the most strategic areas.

The government has identified the private sector as its engine for growth and development. For this to be successful, the government and private sector, in 2007, launched the Liberia Better Business Forum (LBBF) to facilitate dialogue on investment climate issues with the explicit objective of achieving measurable enhancement of the enabling environment for private-sector activity. The government has also created a cabinet-level Business Reform Committee (BRC), which works in partnership with the private sector and international institutions to reduce unnecessary regulations, simplify processes, and generally make it easier to do business in Liberia. The BRC's efforts have been instrumental in Liberia's ranking improving in the World Bank's annual Doing Business survey from 167 out of 178 countries in 2008 to 147 out of 183 countries in 2010.

Liberia Rising, the government's new development strategy, represents the nation's long-term aspiration for economic and political development. The aim is to transform Liberia by 2030 into a middle-income economy, capable of meeting and sustaining its own development aspirations. It is the vision of a reconciled society that is peaceful, harmonious and with stable democratic institutions, and characterized by a high standard of living for its population. It is also a vision in which Liberia is able to consolidate its leadership role in the region and in Africa, in general, and reestablish itself as a significant player in the global economic and political arena.

Growth and development sectors

Economic reconstruction is underway in Liberia, and returning visitors will notice major changes. Power has been restored to many parts of Monrovia and plans for expansion are underway. New hotels and construction projects are springing up around the capital. New businesses are also opening: since 2006, new business registration is up more than 40 percent.

In terms of transportation, the main road from the airport through downtown Monrovia has been refurbished, and the government and many donors are focused on repairing other primary roads. The Port of Monrovia is being rehabilitated through a contract with APM Terminals, and the Port of Buchanan is being restored as part of a USD 1.6 billion investment by ArcelorMittal. Roberts International Airport has been brought into line with international safety and security standards under a management contract with Lockheed Martin. Six international airlines now make regular flights to Monrovia.

There is still more to be done, as much of the physical infrastructure of the country needs to be rebuilt. This presents unparalleled opportunities for investors. In terms of expenditure priorities, the focus will remain on rebuilding key infrastructure, particularly restoring the electricity and water supply in the country, repairing roads and bridges, as well as upgrading the main ports. In addition, concerns over food security since food prices escalated in 2009, have led to a government commitment to increase spending on agriculture.

The agriculture, mining, and energy sectors are key drivers for economic growth, and there remain opportunities for value addition. In 2009, agricultural output accounted for more than 60 percent of GDP and the sector grew by 3.5 percent, to USD 221.3 million. Natural



rubber, timber, and oil palm production dominate Liberia's commercial agro-forestry industry. Mining interest is focused mainly on iron ore, though there is some mining of gold and diamonds. Substantial investment has recently been made in the mining sector with the launch of the USD 2.6 billion Bong mine operation, which will yield improvements in output in 2011. Interest has increased in Liberia's offshore oil and gas resources following the discovery of oil in the Gulf of Guinea. Chevron will start deepwater offshore drilling in 2011, having signed a USD 100m concession agreement in August 2010.

Investors who are willing to contribute to the country's growth will find distinct advantages in being among the first to establish themselves in emerging markets. Telecommunications in particular has shown major improvement in recent years: market liberalization has led to explosive growth. Over half of the population can be communicated with through one of four communications operators.

The Information and Communication Technology (ICT) sector is now undergoing reform to standardize the licensing regime and introduce new IT infrastructure to promote development. The ultimate goal is to support regional harmonization, promote universal access that encourages rapid transition to open markets, remove entry barriers, encourage interoperability of services, and put in place mechanisms to fight cybercrime. The current administration is progressive in ICT policy and regulation. The ACE submarine cable system, for instance, is landing in 2012. The cable will stretch from France to South Africa, connecting all countries along the West coast of Africa, and it will include state-of-the-art submarine cable technology with a minimum capacity of 1.92 Tbit/s. This will supply the network connectivity required to meet the needs of many countries and secure international voice and data traffic.

Privatization

The government is committed to a market-driven economy and has made a policy decision to privatize state-owned enterprises (SOEs) where possible. It is currently in the process of evaluating which SOEs should be privatized and the economic impact of the divestment.

Several decisions have already been made. For example, the government has decided to privatize the management of its airports and seaports. Roberts International Airport, Liberia's main airport, has been contracted to PAE, a Lockheed Martin company. The Port of Monrovia, Liberia's largest seaport, has been contracted to APM Terminals for rehabilitation and management. There are opportunities for similar deals with the country's other airports and seaports.

There are a number of other state-owned entities in various sectors, such as oil palm plantations, which might also be candidates for privatization. Those interested in any of these opportunities should contact the National Investment Commission (NIC).

Free zones and special economic zones

Industries that establish themselves in a free zone are entitled to waivers of import duties and corporate taxes. The government is reviewing plans for re-opening its free zone, and is also exploring the establishment of special economic zones.

The Monrovia Industrial Park (MIP) is a track of land set aside by the National Legislature for industrial purposes. The MIP is situated in Gardnersville on 1,110 acres (450 hectares) of land and has several functioning factories on it, including an old refinery. The NIC is responsible for managing this asset and is creating a plan for it to be redeveloped as a functioning industrial park. As the NIC concludes the development of the park, foreign direct investments and public private partnerships are encouraged.



‘Liberia is one of Africa’s great turnaround stories. Today, it is a country that is stable, growing, and committed to good governance. Investors would do well to give Liberia a look. It is a nation on the rise, and now is the time to share in and contribute to its success.’

Tony Blair

Former Prime Minister of the United Kingdom
Patron, Tony Blair Africa Governance Initiative



THE INVESTMENT CLIMATE: KEY FACTORS FOR INVESTORS

In all areas, the Johnson Sirleaf administration is fostering a climate that creates sustained and robust growth in a politically and economically stable and secure environment.

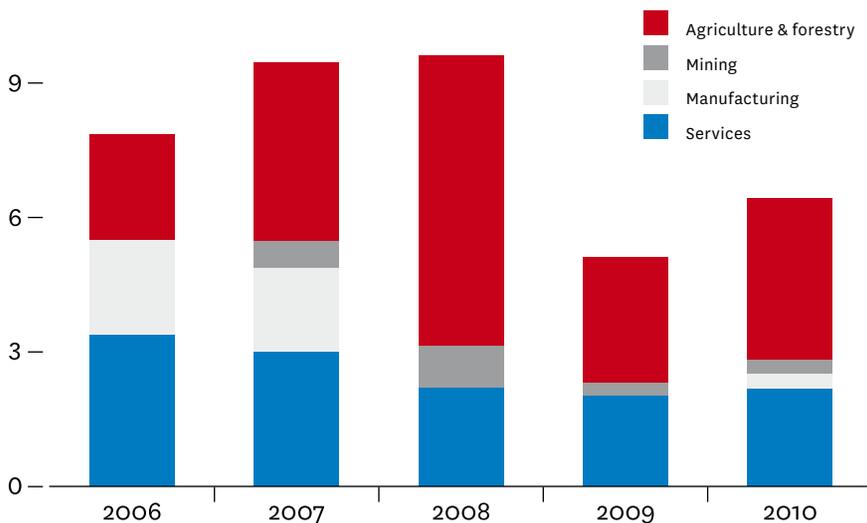


ECONOMIC CONTEXT

Liberia is enjoying healthy GDP growth. From 2005 – 2009, Liberia’s GDP has grown at an average rate of 6.7 percent, and GDP growth is projected to rise to 7.3 percent in 2011 as a result of increased investment activities and higher global rubber prices.

Positive growth is a consequence of concerted efforts taken by the government, in partnership with the donor community, to put in place sound economic and fiscal policies, to strengthen management capability, and to improve the business climate. An International Monetary Fund country report issued in 2010 praised the government’s efforts on these fronts.

Fig. 3 Liberia — contributions to real GDP growth (percent)



Source: IMF staff estimates

THE INVESTMENT CLIMATE: KEY FACTORS FOR INVESTORS

After a spike in 2008, inflation rates are back in the single digits, with an average of 7.4 percent in 2009. Average inflation is projected to fall to 6.5 percent in 2011. The government has also improved its tax collection abilities, boosting its revenue.

Agriculture remains the dominant sector, led by rubber. As the global economy picks up again, Liberia's economy will resume its high levels of growth and continue to expand in mining, timber, agriculture, services, and other key sectors.

Market size and access

Liberia's investors have the potential to reach untapped markets both domestically and abroad. Although the domestic market is limited to approximately four million consumers, the need to rebuild the economy means there are many opportunities and few competitors across the board ranging from agriculture to manufacturing to services.

Furthermore, Liberia has access to the regional markets furnished by the ECOWAS, with 250 million consumers, and the MRU with 40 million. Liberia currently chairs the MRU, which brings together Cote d'Ivoire, Guinea, Liberia, and Sierra Leone to promote economic cooperation. Under the MRU arrangement, trade with other member countries is duty free and any goods seeking to benefit must be accompanied by a proof of origin documentation.

Fig. 4 GDP Growth (annual percentage)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Cote d'Ivoire	0.7	1.7	2.2	3.6
Ghana	6.4	6.5	8.4	4.7
Guinea	2.5	1.8	4.9	-0.3
Liberia	7.8	9.4	7.1	4.6
Mali	5.3	4.3	4.9	4.3
Nigeria	6.2	6.4	6	5.6
Senegal	2.5	4.9	3.3	2.2
Sierra Leone	7.3	6.4	5.5	4

Source: World Bank (<http://data.worldbank.org/country/>)

Additionally, the country has access to markets such as the European Union and the United States where it receives preferential treatment under the EU's Everything But Arms (EBA) initiative, and the US Africa Growth and Opportunity Act (AGOA). The EBA grants duty-free, and in most cases quota-free, access to the EU market, and AGOA offers the most preferential access to the US market available outside of free trade agreements. In February 2011, Liberia became eligible to export Liberian-made textile and clothing under the AGOA apparel visa scheme.

Foreign trade

As investors return and new sectors are opened for business, Liberia's exports are poised to increase and diversify. For the past several years, the country has been reliant on rubber, which in 2008, accounted for 85 percent of export value. However, iron ore, which was the leading export item through the late 1980s, will increase significantly in export value as multibillion dollar investments from ArcelorMittal, BHP Billiton, and China Union start to bear fruit. Export of diamonds and especially timber bode well for Liberia's trade prospects; in the early 2000s, timber significantly outstripped rubber in export value. Oil palm will also be a major source of export revenue as several major oil palm concessions come on stream. In addition, gold, coffee, cocoa, and many other exports are expected to increase.

Europe, the Americas, and Asia, specifically Belgium, the United States, and China are the main export destinations for Liberia. Belgium's prominence may reflect its role as a port of entry to Europe rather than bilateral trade alone.

Liberia's imports are led by food and live animals, which accounted for 29 percent of imports in 2009. Rice made up 40 percent of this category. The second-largest category of imports was machinery and transport equipment, which made up 23 percent of imports. Manufacturing goods, including raw materials, came third, followed by petroleum products.

Foreign Direct Investment

Foreign investors have a real opportunity to do business in Liberia as well as to help this small and beautiful country build on its progress, and realize its promise.

As reconstruction continues and Liberia's image begins to better reflect its reality, FDI is expected to continue increasing, particularly in natural resources and cash crops. Investments in the service sector are also expected to pick up considerably. There is also potential for offshore oil. The

THE INVESTMENT CLIMATE: KEY FACTORS FOR INVESTORS

National Oil Company of Liberia (NOCAL) has licensed 12 offshore blocks to several oil companies that are currently conducting seismic exploration and are expected to commence exploratory drilling in 2011.

Fig. 5a World map showing Liberia in relation to major investor companies

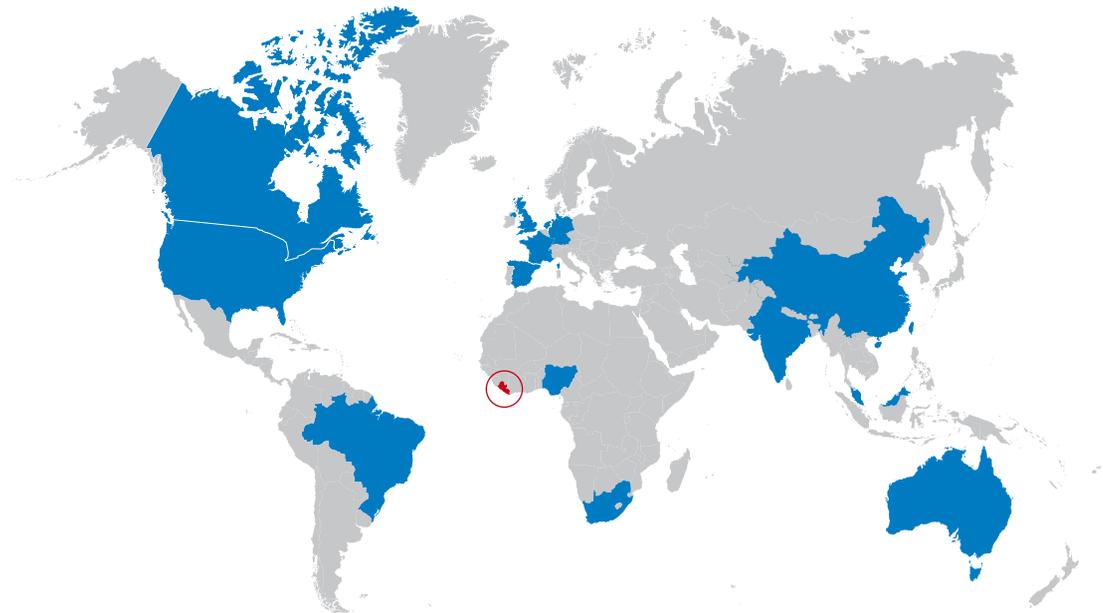


Fig. 5b Logos of some of the internationally recognised companies currently operating in Liberia





OPERATING ENVIRONMENT

Infrastructure

Infrastructure is a challenge all investors face in Liberia. President Johnson Sirleaf has prioritized restoring power, rebuilding roads and railways, and rehabilitating ports. While progress is being made, it will take time for these efforts to be completed. In the meantime, the government is seeking partners who are willing to find opportunities within these challenges.

Electricity: Currently, only approximately 10 percent of urban residents and fewer than 2 percent of rural residents have access to electricity, much of it self-generated using diesel fuel. In 2009, the government announced a new national energy policy aimed at providing 30 percent of urban residents and 15 percent of rural residents with power by 2015. The plan calls for partnerships with private investors to unleash a variety of cheaper, cleaner sources of energy, including biofuels, thermal power, and hydroelectric power. A partnership with Buchanan Renewables is expected to generate an additional 35-megawatt of electricity by the end of 2012. Longer-term partnerships are also being developed.

Roads: Less than 10 percent of Liberia's road network is paved. Roads were significantly damaged over the past 20 years, and maintenance was mostly missing. Efforts to repair the main network are now under way.

Railways: Prior to the war, Liberia had three rail lines. The line connecting Monrovia to Bong Mines is currently operating. The line connecting the port of Buchanan with the mines at Yekepa was damaged, but is being restored by ArcelorMittal. The line connecting Monrovia to Mano River, on the border of Sierra Leone, fell into disrepair and plans for rehabilitation are underway.

Seaports: There are four main ports in Liberia, namely Monrovia, Buchanan, Greenville, and Harper. Monrovia is the largest, accounting for more than 95 percent of trade, and handles a wide range of cargo. The ports have all deteriorated and are in need of upgrading. The National Port Authority, in late 2010, turned over management of the operations of Port of Monrovia to APM Terminals. The Port of Buchanan is being restored by ArcelorMittal. Improvements to these ports – from a new container park to improved cargo handling – will result in cheaper and faster access to markets.



Airports: Work has been done to bring Roberts International Airport (RIA), Liberia's main airport, in line with international safety and security standards. Six international airlines currently serve RIA, and direct flights to and from the United States resumed in September 2010 on Delta Airlines. Air France and SN Brussels provide direct access to Europe; Ethiopian Airlines and Air Maroc to North Africa; and Kenya Airways, Air Nigeria, and Airik to the rest of the African sub-region. Connecting flights to Asia, the Middle East, and more can easily be made.

Security

Security in Liberia has been maintained with the backing of the international community as well as a new, more professional security force. For instance, as the United Nations Mission in Liberia (UNMIL) peacekeeping force draws down, the government is building capable and professional security forces to protect the lives of its citizens. The Liberian defense force has been trained, and the entire security apparatus has been restructured and retrained. The process of broad security sector reform is ongoing and a National Security Strategy is in place.

Land

The ownership, leasing, and use of land are governed by both statutory and customary law. There are basically three kinds of land: public, private, and tribal (or communal). Landownership is tied to citizenship. Therefore, acquisition of public land by foreigners is possible through leasehold. Leases are ordinarily for 25-50 years, but exceptions are permitted by law.

Verification of land titles is conducted at the National Archives. The Land Commission, which was established in March 2010, is responsible for reforming land policy, laws, and programs, and will be developing Liberia's urban land policy.

Workforce

Investors working in Liberia will have access to an affordable and trainable workforce. There is much self-employment in the informal sector (e.g., subsistence farming and petty trading), and many Liberians are available for employment in the formal sector.

The Liberian diaspora is currently estimated at around 400,000; an increasing number of Liberians have returned from the diaspora since the elections and they are positively contributing to the country's reconstruction and development.

Foreign investors interested in incentives are required to employ and train Liberians at all levels. Liberia has no legal provision for the automatic issuance of a certain number of work permits for a certain level of investment. Work permits must in principle be justified by showing that qualified Liberians are unavailable.

Banking

The financial services sector in Liberia is underdeveloped but improving. Ten commercial banks were in operation as of April 2011 – six more than in 2006 – and all have some measure of foreign equity. They are AccessBank, Ecobank, Global Bank, GT (Guaranty Trust) Bank, International Bank, First International Bank, the Liberian Bank for Development & Investment, PHB Bank Liberia, Afribank and the United Bank for Africa. There are also a number of non-commercial banks, including the Liberian Enterprise Development Finance Corporation (LEDFC), a USD 30 million fund that provides loans to Liberian-owned businesses. LEDFC is financed by the U.S. Overseas Private Investment Corporation.

The International Finance Corporation recently launched the West Africa Venture Fund, which is a private equity fund proposal that will leverage the expertise of locally based fund managers and provide business support services. The fund will provide around USD 40 million to emerging growth small- and medium-sized enterprises in Liberia.

The government is pursuing a reform strategy to make more and better banking services available. The strategy involves promoting competition, as well as other measures including strengthening regulations, modernizing the payment system, developing a national microfinance strategy, enhancing the credit reference system, and improving the legal framework for enforcing financial contracts and loan repayments. The government has also raised the minimum capital requirement from a minimum of USD 2 million in 2006 to USD 10 million in 2010.

With support from the IFC, Liberia has approved a comprehensive Commercial Code, which will strengthen the country's business environment. The new code boosts investor confidence by clearly setting out the provisions for sales, leases, financial leases, mortgages, secured transactions, and commercial arbitration.



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Telecommunications

Liberalization in the telecommunications sector has led to significant competition and growth in recent years. There are four GSM mobile operators in Liberia: Cellcom, Comium, Libercell, and Lonestar. Libtelco is Liberia's CDMA(Code-Division Multiple Access)mobile operator.

While there are several internet service providers, the service is satellite-based and therefore relatively costly and slow. In June 2010, Alcatel-Lucent announced the ACE Cable Landing Project, which will construct a submarine cable network linking to West Africa, increasing speeds and reducing costs. Commercial service is projected to begin in 2012.

Fig. 6 Regional synopsis of the *Doing Business Report 2010*

	Starting a business	Dealing with construction permits	Registering property	Getting credit	Paying taxes	Trading across borders
South Africa	8	5	14	1	3	26
Ghana	11	31	1	6	13	6
Tanzania	20	45	33	10	21	10
Sierra Leone	4	39	41	15	33	18
Senegal	12	22	40	28	39	4
Mali	16	15	13	28	33	30
Liberia	5	28	44	20	14	11
Cameroon	23	23	31	20	38	31
Cote d'Ivoire	39	38	33	28	31	34
Guinea	44	41	39	40	42	14
Nigeria	14	40	46	10	24	23
Kenya	22	1	22	2	35	22

Source: World Bank data.

This data is reflective of rankings specific to the 46 Sub-Saharan African countries.

Taxes and tariffs

Taxes are essential for public amenities, infrastructure, and services, which are crucial for a properly functioning economy. The Ministry of Finance's Bureau of Internal Revenue is therefore streamlining and reforming Liberia's tax system. On the World Bank Doing Business Report 2010, Liberia ranks 12th of 46 African countries based on the cost of taxes and the administrative burden of tax compliance by firms. Globally, the country was ranked 85th on the same criterion.

The legal basis of taxation in Liberia is currently the Revenue Code of 2010. A revision to the code that simplifies taxes and lowers rates is now available at the Ministry of Finance. Tax may be assessed either in Liberian dollars or US dollars and may be paid in Liberian dollars or US dollars.

The country has established a one-stop-shop at the Freeport of Monrovia to streamline the customs processes, and is operating an automated system of customs data ('ASYCUDA') to fully automate processes and reduce customs clearance procedures.



HIGHLIGHTS FROM THE NEW REVENUE CODE

Corporate taxes

Tax on company income

- Maximum annual tax on net profits received by companies on income derived from their operations within Liberia reduced to 25 percent; down from 35 percent (The maximum for mining companies is 30 percent.)
- Income derived from sources outside Liberia is exempt if the majority of the voting power of a domestic company is held by foreigners or nonresidents.
- Earnings from the operation of maritime vessels carrying the Liberian flag are exempt, unless derived exclusively from coastwise operation by resident corporations.

Tax on partnership income

- Payable on all net profits received by partnerships at the rate of 25 percent and is creditable against the income tax of individual partners.
- Partnerships are granted the same deductions as corporations.
- No deductions may be made for personal or family expenses of any partner.

Other taxes

Personal income tax

- Income tax is payable annually by all citizens and residents of Liberia on net income received from all sources, including capital gains.
- The maximum personal income tax rate was lowered from 35 percent to 25 percent.

Trade taxes

- Most import duties are levied as ad valorem duties on the C.I.F. (Cost, Insurance, and Freight) value of imports and range from 2.5 percent to 25 percent. Some items are subject to specific, rather than ad valorem, duties.
- Liberia is migrating to the ECOWAS common external tariff. Exemptions from import duties apply, among other things, to intermediate goods used in agriculture and some medical and fire-fighting supplies; imports granted by special contracts to the large concessionaires operating in Liberia; and imports granted to investors with an investment incentives contract.
- Export duties are levied on forestry products. There is a customs user fee of 2.5 percent on unprocessed exported goods.
- Royalty fees are levied on mineral exports. The fee varies from 3 to 4.5 percent.
- An excise tax is levied on select products. The excise rate varies from 5 percent to 30 percent.
- A goods and services tax of 7 percent also applies to select products. Exports are exempted from this tax.

Legal and institutional framework

Liberia has a dual legal system, with statutory laws based on Anglo-American common law for the modern sector and customary laws based on traditional tribal practices for the indigenous sector.

The legal framework for FDI is furnished by the Investment Act of 2010. The implementation of the Investment Act is primarily the responsibility of the National Investment Commission.

Business registration

Doing business in Liberia has never been easier.

The country recently launched the Liberia Business Registry (LBR), which is a state-of-the-art, semi-autonomous government agency that operates as a one-stop-shop to formalize or register all enterprises and provide information services to the public. This means that anyone wishing to register a business will have only one interface with the government of Liberia. It takes approximately 48 hours to register those registering and doing business in Liberia. The LBR also offers online services at www.lbr.gov.lr.

Foreign businesses may operate in Liberia as locally incorporated entities or as branches of foreign entities. However, they need to have a registered agent residing in Liberia or a resident office.

Investment protection

The Government of Liberia values investors, and aims to protect their rights by diligently enforcing the provisions from the Investment Act of 2010, which updates the Investment Incentives Act of 1973. The Act strengthens investment protection by:

- Providing guarantees against unfair expropriation;
- Ensuring the ability of investors to repatriate capital and profits;
- Obliging the government to protect intellectual property; and
- Providing access to internationally recognized dispute resolution mechanisms.

Restrictions and prohibitions

According to Chapter III, Article 22, of the Constitution, foreign investors have the right to own property. However it should be noted that land ownership is reserved for Liberian citizens. All mineral resources belong to the state.

Foreign investors may lease land for periods of 50 years, with options for renewal. In the case of concessions on undeveloped land, leases of up to 65 years may be available. There is generally no applicable minimum capital requirement, although an investment of USD 500,000 in defined strategic sectors is required to be eligible for incentives.

There are no specific restrictions on the percentage of equity a foreign investor may own. However, the government looks favorably on partnerships between foreign investors and Liberians.

Liberia reserves 28 kinds of (typically small) business for domestic investors. Sixteen of these businesses – including block making, tire repair, and the operation of taxis – are reserved exclusively for Liberians. The other 12 – including commercial printing, poultry production, and the sale of pharmaceuticals – require a minimum investment level for foreign investors. If an enterprise is owned exclusively by non-Liberians, the minimum is USD 500,000. If it has at least 25 percent non-Liberian ownership, the minimum is USD 300,000. As the complete list of reserved businesses and the financial requirements may be updated, please contact the NIC or the Ministry of Commerce and Industry for additional information.



INVESTMENT INCENTIVES

As part of its efforts to make Liberia an attractive place for investors, the government has undertaken a thorough review of the incentives offered under the Investment Incentives Act of 1973. A revised incentive code that brings Liberia in line with international best practices took effect in late 2010.

For additional information on incentives, please visit the National Investment Commission website at www.nic.gov.lr.

Priority areas

Incentives are available to foreign and domestic investors for approved investment projects in priority areas, such as the following, defined by the government:

- Tourism carried out through tourist resorts, hotels, and cultural sites,
- Manufacturing of finished products having at least 60 percent local raw material content,

- Energy,
- Hospitals and medical clinics,
- Low- and medium-income housing,
- Air, sea, rail, and road transport infrastructure,
- High impact information and communications technology, and
- Banking in the non-bank areas in the southeastern region.

Incentives available

Under the revised investment code, economically viable and strategically located investments up to USD 20 million are eligible for the incentives described below. Investments in excess of USD 20 million in priority areas are eligible for special incentive packages, through the government's Inter-Ministerial Concessions Commission Committee, chaired by the NIC.

Exemptions from trade taxes: Equipment and machinery, raw materials, capital spare parts, and other goods to be used in the project are exempted from import duty up to 100 percent of their dutiable value. A customs user fee of 1.5 percent plus ECOWAS trade levy of .5 percent is applicable.

Tax deductions

- The cost of equipment and machinery used in the year the asset is placed into service is eligible for a tax deduction of up to 30 percent,
- The construction cost of a new hotel or tourist resort is eligible for a tax deduction of up to 30 percent, and
- The cost of buildings and fixtures used to manufacture finished products with at least 60 percent local raw materials is eligible for a tax deduction of up to 10 percent.
- The above costs are eligible for further tax deductions of between 5 to 12.5 percent if the investment is placed in an economically depressed region. Additional deductions are available if the investment creates more than 100 jobs.



INVESTMENT OPPORTUNITIES

Given Liberia's considerable resource endowment and coastal location there is potential for strong, rapid, and inclusive growth.



AGRICULTURE

Throughout Liberia, investors will find millions of hectares of prime farmland waiting to be put to productive use.

Agriculture is an area in which Liberia has many natural advantages: the country is blessed with ample rainfall, fertile soil, and abundant farmland. Agriculture is also a critical area for Liberia: it is the largest source of jobs and GDP in the Liberian economy, and is essential for food security.

Efforts are underway to encourage production through the promotion of the 'Back to the Soil Campaign' which has resulted in significant increases in food production, such as the 43percent increase in rice production between 2006 and 2009. Development partners involved in the sector include: the United States Department for International Development (USAID), the African Development Bank (AfDB) the World Bank, and the Food and Agriculture Organization (FAO).

The government is committed to promoting agricultural growth. The Ministry of Agriculture is helping accomplish this by strengthening value chains for food crops, tree crops, and livestock. Investors are well positioned to create linkages and value in these areas.

Key opportunities

Tree crops: Rubber is Liberia's biggest export. It is cultivated by large foreign companies like Firestone, which has been in Liberia for 80 years, as well as Liberia Agriculture Company (LAC), Sime Darby, SIFCA and Golden Veroleum which made long-term commitments to the country, as well as by Liberian smallholders. There are considerable opportunities for managing and maintaining rubber plantations, and for greater value addition in rubber processing.

Oil palm is another tree crop with great potential. It can yield cooking oil, animal food, and raw material for the manufacture of



cosmetics, detergents, and pharmaceuticals. A number of state-owned oil palm plantations are available for rehabilitation.

In addition, both coffee and cocoa have been significant earners of foreign exchange in the past and are growing again in significance. There are opportunities in commercial farming (for example in Lofa County) as well as in processing, especially in converting cocoa beans into cocoa powder, butter, and liquor.

Food crops: Today, Liberia imports substantial quantities of its staple food, rice. Large-scale swamp cultivation could serve both domestic and export markets. Investment is needed in production, quality assurance, and processing.

The variety of fruits grown in Liberia includes banana, breadfruit, mango, melon, papaya, plantain, pineapple, and a number of citrus fruits such as grapefruit, lime, lemon, orange, and tangerine. Vegetables grown include cabbage, collards, corn, cucumber, eggplant, hot pepper, and pumpkin. Starches grown are cassava, yams, eddoes, and potatoes. The potential for export to the international fruit and vegetable market is high. Accessing it requires quality control, post-harvest handling, storage, and efficient transport, all of which offer opportunities for investors. There are also opportunities in processing fruits into jams and juices and processing cane and corn into sugar and oil.

Livestock: Livestock cultivation in Liberia is largely informal. The government is planning to promote poultry farming and the production of ruminants (sheep, goats, and pigs) by making breeding stock and commercial feed available to farmers. Investors can capitalize on this by focusing on commercial farming, meat-processing facilities, veterinarian services, and other related areas.

Services: There is great potential for agricultural support services in Liberia to help the country meet its tremendous potential. Investment opportunities include pest and disease control, extension services, cold storage, transport and marketing, and training and capacity building.





Sime Darby is the largest oil palm producer in the world. In 2009, the Malaysian company signed a 63-year agreement with the Government of Liberia to produce oil palm and rubber on approximately 220,000 hectares of land.

The agreement is expected to result in USD 800 million in investment in Liberia and up to 30,000 jobs. Through the agreement, Sime Darby will rehabilitate plantations that had fallen into disrepair during the civil conflict. It will also invest in schools, hospitals, roads, and other services to benefit local communities.

The company has already hired a workforce of approximately 2,500 employees, invested USD 13 million, and rehabilitated 80 kilometers of feeder roads.

For Sime Darby, Liberia offers a new horizon. This is the company's first plantation deal in Africa. With arable plantation land becoming increasingly scarce in Asia, Liberia's vast tracts of productive land give Sime Darby and other potential investors room to grow well into the future.

www.simedarby.com



MINING

Liberia has rich mineral deposits, a historically profitable mining sector, and new momentum as major companies return to the country.

Mining was once the leading export sector in Liberia, comprising more than 60 percent of export revenue. Although commercial mining largely stopped during the war, the sector is poised to reclaim its place in the economy. In addition to major quantities of iron ore, there are also substantial deposits of gold and diamonds as well as indications of manganese, bauxite, uranium, zinc, and lead.



Key opportunities

Iron ore: The most rapid growth has been in iron ore, where three respected multinationals have signed long-term, multibillion-dollar mineral development agreements. In 2006, ArcelorMittal, the world's largest steel company, signed an agreement to take over the old LAMCO Mines in Nimba Country, with an expected investment of USD 1.6 billion. In 2009, China Union signed a USD 2.6 billion agreement to take over Bong Mines. In 2010, BHP Billiton signed an agreement to continue exploring and begin developing iron ore in four counties. Much of the companies' USD 1.8 billion investments will go to rebuilding railways, roads, ports, electrical plants, and other critical infrastructure. The Putu Mining Company also signed a USD 1.6 billion mining development agreement for the Putu Mountains in Grand Gedeh County.

Gold: Mining of gold has been mostly artisanal to date, but commercial opportunities are emerging, and several companies are currently conducting large-scale gold exploration. Mano River Resources has discovered approximately 1.5 million ounces of inferred gold on a property in Grand Cape Mount County, and is now working to develop it. When made fully operational, this will be a major gold mine, the first of its kind in Liberia.

Amlib has discovered approximately 700,000 ounces of inferred gold in the Kokoya area, and is exploring in three other areas. Hummingbird Resources and many other companies are also conducting exploration, and there are possibilities for developing additional deposits in Cestos, Dugbe, and other shear zones. In 2008, gold exports totaled roughly 20,000 ounces and USD 13 million, more than double exports in 2007. As exploration progresses, these numbers should rise.

Diamonds: In 2007, Liberia successfully completed the Kimberley Process of origin certification, leading to the lifting of UN sanctions on diamond exports. In 2008, diamond exports were roughly 61,000 carats and USD 10 million. However, a study commissioned by the government found that the country's diamond exports could eventually reach 200,000 carats. The discovery of kimberlite pipes, the most important source of mined diamonds today, pushes that potential higher. Numerous kimberlite pipes and dykes have been discovered in the western parts of Liberia. Several companies – including, KonbluBumi Inc., Kpo Resources, Target Resources, and the Youssef Diamond Mining Corporation – are currently conducting diamond exploration. The government welcomes additional companies to conduct exploration in other areas that have high potential for diamond deposits.

Ensuring responsible mining

The Government of Liberia has taken decisive steps to ensure that investments in the mining sector are responsibly managed. The Public Procurement and Concession Act of 2006 established a transparent and competitive process by which the government awards concessions. The Environmental Protection Agency has developed strict environmental guidelines. Standards have been developed for companies to invest in education, health, and other services for the communities in which they work.

In addition, in October 2009 Liberia became the first African country to become compliant with the Extractive Industries Transparency Initiative (EITI). These developments provide reassurance and stability to both Liberians and investors.



American-Liberian United Mineral Incorporated (AmLib) is an exploration company which has been operating in Liberia since 2001. Focused primarily on gold, AmLib is composed of Liberia, American, and British investors. It currently holds four 25-year Mineral Development Agreements with the Government of Liberia covering known gold sites in Liberia.

It is anticipated that AmLib will be investing USD 100 million in Liberia and will be hiring approximately 200 employees. The company currently has exploration projects in Bong, Grand Gedeh, Montserrado, Grand Bassa and River Cess Counties, and has been steadily growing.

In an effort to help develop the communities directly affected by its operations, AmLib has constructed schools, provided safe drinking water, distributed text books and other instructional materials, and more.

‘The company is not only interested in extracting resources from Liberia, but equally the returned benefits Liberians receive as a result of their investment in the country.’ Chief Executive Officer of AmLib, Geoff Eyre

www.am-lib.com







FISHERY

Investments in a modern fisheries industry can unlock an untapped bounty in the waters off Liberia's shores.

With its Atlantic coastline of 570 km and a continental shelf averaging 34 km in width, Liberia offers some 20,000 sq km of fishing ground. While data is limited, the most recent estimates put Liberia's potential annual marine catch at between 23,500 and 57,000 tons, and its potential freshwater catch at 40,000 tons. (Pre-war estimates were even higher.) With a total annual catch currently below 10,000 tons, the fishery sector has room for exponential growth.

The Liberian market

Fish is a staple in Liberian diets, and fishing is a way of life in Liberian culture. However, there is not sufficient equipment, training, or facilities to fully capture the value of Liberia's rich natural resources.

The majority of fishing is artisanal, with fishermen venturing out in small wooden boats with little equipment. Their catch is sold fresh or smoked, and consumed locally.

The international market

There is also a limited amount of industrial fishing as many facilities were destroyed during the war. Investment in facilities like freezers, cold storage units, and processing would make it possible to export to the established world markets.

The potential yield for demersal species (snapper, grunter, sole, tuna, and barracuda) is between 2,500 and 15,000 tons. On average, less than 2,500 tons are harvested annually. The potential for pelagic species is between 20,000 to 40,000 tons, and the most abundant species include flat sardine, round scad, and mackerel. There is also a stock of lobster, tuna, blue marlin and shrimp of relatively high value.



FORESTRY

With new legislation and safeguards in place, UN timber sanctions have been lifted and Liberia's vast forests can now be responsibly harvested.



Liberia is home to the largest virgin rainforest in West Africa, and accounts for 43 percent of the remaining tropical rainforests in the entire Upper Guinea Basin. More than 40 percent of the country—4.3 million hectares – is covered in forests. These forests are home to 240 species of timber, including the highly valued African mahogany.

The forestry sector is subdivided into national parks/protected areas, commercial forest management contracts, timber sales contracts concessions, and in the informal sector, pit-sawing and charcoal production.

Economic viability

The forest is of significant economic importance to Liberia due to its employment and revenue-generating potential. Prospects for an economically viable forestry industry in Liberia are promising. The projected future demand for timber, coupled with the likely global shortage of supply of sawed logs, places Liberia in a prominent position to be a significant global supplier of commercial timber. To date, four forest management contracts valued at approximately USD 60 million, and nine timber sales contracts valued at approximately USD 40 million have been awarded to local and international investors.

Log exports have the potential to reach one million cubic meters, which would gross about USD 333 million in export earnings over a three-year period. The government share of the revenues is estimated at about USD 19-20 million per year in direct export fees. Additional revenues will accrue from administrative fees, waybills, export license, permits, and block inspection fees. A total of USD 35 million per year is set as the official revenue target. Given sufficient investment, production of downstream products could contribute up to 80percent of export earnings by 2020.

Currently there are around 8,000 employees in the forestry sector. It is estimated that over the next five years around 7,500 additional jobs will be created. Beyond timber exports, the government is very interested in attracting investors in the downstream processing of wood products, especially for furniture making. Other jobs could be created through value-added manufacturing of wood products such as flooring, paneling, and office furniture. However, an important prerequisite for adding value is a skilled labor force.

It should also be noted that the Liberian government is currently working with Conservation International to establish a network of protected areas in biodiversity hotspots throughout the country. These current and planned protected areas will cover approximately 1.5 million hectares and are expected to generate additional revenue for the Liberian economy through ecotourism opportunities and carbon offset sales.

INVESTMENT OPPORTUNITIES

As with agriculture, the most significant constraint to growth in Liberia's forestry sector is the lack of basic infrastructure e.g. roads, interconnected rail networks, reliable power supplies and ports for exports. In addition, lack of affordable access to capital constrains investment in the sector.

Protecting the forest

Historically, forestry has been a major part of the Liberian economy. In 2003, when the UN placed sanctions on timber exports to prevent revenues from fueling the conflict, the sector comprised over 20 percent of the country's GDP. The sanctions were lifted in 2006, following extensive work by the government and a coalition of donors, multilateral institutions, and NGOs to improve management practices and increase transparency in the sector. Soon after, the Forestry Development Authority (FDA) announced a new national forestry policy that seeks to balance community use, commercial use, and conservation of the forests. In addition, Liberia has opted to include timber in its Extractive Industries Transparency Initiative, making it the first country to do so.

A number of donor partners are involved in the forestry sector including the World Bank, the US State Department, the Food and Agriculture Organization, and other UN agencies. The government has worked in partnership with these agencies through the Liberia Forest Reassessment Project (LFR) and the Liberia Forest Initiative (LFI) to develop a framework for revitalizing the sector to ensure that forest resources are protected and utilized in economically beneficial ways.

These developments have opened up major opportunities for jobs and growth for Liberia, and profits for investors. The government has begun issuing timber concessions, and in April 2010, the first shipment of timber was made since the sanctions were lifted.



ENERGY

A new energy sector is being developed in Liberia, and investors are invited to participate in building it.

Liberia's energy sector was extensively damaged during the period of conflict, leaving the country in near darkness. Since then, electricity has been restored to parts of Monrovia through generators using diesel fuel. Increasing the availability of cleaner, cheaper power to Monrovia and extending it to rural areas is an imperative for Liberia's economic growth, and an opportunity for investors.



INVESTMENT OPPORTUNITIES

The National Energy Policy, released in 2009, sets a goal of providing 30 percent of Monrovia and 15 percent of Liberia with modern, reliable energy by 2015. Private sector partners will play a key role in this. In July 2010, the government-owned Liberia Electricity Company (LEC) signed a five-year management contract with Manitoba Hydro, a Canadian company, to manage the country's electricity network and pave the way for private sector involvement in generation and distribution.

As Liberia rebuilds its energy system, its vision is to be a carbon-neutral country. This aspiration makes biofuels and hydroelectric power particularly important. The discovery of offshore oil is also an important development in the country's energy and economic future.

Key opportunities

Biofuels: Liberia's favorable climate and abundant farmland make thermal generation from biofuels a promising area for investors. The government has signed an agreement with Buchanan Renewables, through which the company will provide 36 MW of clean energy to Monrovia, using biofuels produced from Liberian rubber wood chips. (See box below.) There are also opportunities to generate energy from jatropha, sugar, oilpalm, and other crops that already flourish in Liberia.

Hydroelectric power: In the long-term, harnessing hydroelectric power is essential to meeting Liberia's electricity demand affordably and sustainably. There is considerable potential for hydroelectric power: studies estimate a potential of approximately 1,100 MW – enough to potentially export energy to neighboring countries in years to come.

Much of this potential is in the St. Paul River Basin, near the Sierra Leone border. The government is looking to rehabilitate the Mount Coffee Hydro Plant, which used to be a major source of power to Monrovia, either through an independent power producer or through a public-private partnership.

The government is also a member of the West African Power Pool (WAPP), which is a cooperation of the national electricity companies in Western Africa under the auspices of the ECOWAS. Members of WAPP are working to establish a reliable power grid for the region and a common market for electricity.

Oil: West Africa is a major oil-producing region, and there are indications that Liberia has significant potential to begin producing oil as well. In 2007, sizeable oil deposits were discovered off the shores of Ghana. More recently, Anadarko Petroleum announced a deepwater oil discovery

on the Liberia-Sierra Leone border. While the overall size of Liberia's oil deposits is still being established, the National Oil Company of Liberia (NOCAL) estimates that there may be more than 1 billion barrels.

This promise has attracted several international companies to Liberia. NOCAL has licensed 12 offshore blocks for exploration to companies including Anadarko, Broadway, China Sinopec, European Hydrocarbons, Oranto, Repsol, and Woodside. In August 2010, the Government announced an agreement with Chevron for a three-year exploratory program, scheduled to begin in late 2010. NOCAL is expected to open up an additional 13 ultra-deepwater blocks for exploration.



Buchanan Renewables began operations in Liberia in 2007 with an ingenious and environmentally conscious business model. Liberia's rubber plantations were extensively damaged during the war, leaving hundreds of thousands of acres of non-producing rubber trees across the country. The company is converting these trees into jobs, energy, and profit.

Buchanan Renewables purchases non-producing rubber trees from farmers and ensures that new rubber trees and cover crops are planted in their place, returning the farmland to productive use. It then converts the old trees into wood chips, which it exports to European electricity producers who want to reduce their carbon emissions.

The company is also building a plant that will use the wood chips to bring 36 MW of carbon-neutral power to Monrovia. When the plant comes online in 2012, it will more than triple the electricity currently available to the capital, using a renewable and domestically available source of energy to light the city and power the economy.

In addition, to support its biomass generation business, the company is rebuilding roads and bridges, and is helping rehabilitate the port in the town of Buchanan. Buchanan Renewables aims to make a profit and a contribution in Liberia. The company's biomass generation unit recently announced a major partnership with Vattenfall, the Swedish energy producer, and Swedfund, the Swedish development financing institution, which will help expand its operations.

www.buchananrenewables.com



INFRASTRUCTURE

Opportunities abound for private-sector investment and expertise to help rebuild Liberia's infrastructure.

Infrastructure is a top priority for the government. Rebuilding the country's economy requires rebuilding its roads, ports, and other vital infrastructure. The private sector's resources and expertise are invaluable to this process of rebuilding and are sought in several areas.

Key opportunities

Roads: Roads are critical to the country's development. The government and donors are focusing on rebuilding primary roads connecting Monrovia to key areas including Buchanan, Ganta, and Voinjama, while agricultural, logging, and mining concessionaires are rehabilitating select feeder roads. There is still room for much more activity and investment in this area.

Liberia's road network totals 10,600 km of which only 657km are paved. There is major deterioration on all highways due to heavy rains and lack of maintenance. During the rainy season, most of the roads are inaccessible, particularly in Nimba, Lofa, Sinoe, Gbarpolu, and Maryland counties. Less than a quarter of the total road network is classified as 'all weather' roads. The country has two main highways, the north/south highway from Monrovia via Kakata to Nimba and the west/east highway from the Sierra Leone border via Monrovia to Buchanan.

A number of projects are currently in the pipeline, including rehabilitation work on Monrovia streets. Significant donor funding has been provided to date by the World Bank for road construction and rehabilitation and this is set to increase to USD 177 million over the next three years. Other donors, e.g. the European Commission (USD 6 million), the United States Agency for International Development (USD 8 million), and the Swedish International Development Agency (USD 20 million) have contributed to the development of feeder roads mainly in Bong, Lofa, and Nimba counties. The Government of China has helped to recondition the main highway from the airport through to Monrovia. The German International Cooperation has provided technical assistance for the development of a transport policy, master plan, and a system for planning and budgeting for road maintenance.





Ports: Liberia's four major ports are all in need of various degrees of rehabilitation, from dredging and clearing wrecks to repairing wharves and providing navigational aids. Upgrading the ports is critical to increasing the capacity of businesses to ship and receive goods. ArcelorMittal is making improvements to the Port of Buchanan as part of their concession agreements, and APM Terminals has been contracted to rehabilitate the Port of Monrovia at a value of USD 100 million. The government is seeking to privatize the other major ports, namely Greenville and Harper.

Construction: As Liberia's economy picks up and businesspeople, diaspora members, and others return, there are major opportunities to build a variety of new structures. There is need for office buildings, shopping malls, and low-to-middle income housing, among other kinds of construction.



TOURISM

Pristine beaches, unspoiled rainforests, and unique wildlife all await travelers looking for an off-the-beaten path adventure.

Liberia's potential for tourism is substantial when one considers its remarkable natural assets. It offers beautiful beaches, rich and increasingly rare virgin rainforests, and an abundance of flora and fauna.

Tourism is an area where investors can benefit from being early to the scene. There are opportunities in building hotels, providing domestic air transport and rehabilitating domestic airports, creating beach resorts, and providing hospitality training.

Unspoiled beaches

Liberia's beaches are still relatively undiscovered – which means that they are also still uncrowded and unspoiled. Beachgoers can soak up the sun and take in the views in a peaceful and leisurely atmosphere. One of the most popular beaches is in Robertsport, a small town with an unlikely, but up-and-coming surfing scene that is attracting adventure seekers from around the world. Robertsport has been profiled by the BBC, Time, and the New York Times, which highlighted not only the surfing, but charter fishing trips and rainforest tours.

INVESTMENT OPPORTUNITIES

Nature lovers

Liberia's forests, which are among the last remaining portions of the Upper Guinea Rainforest Ecosystem, are another asset with appeal to eco-tourists hoping to see unspoiled beauty. Sapo National Park with its area of 1,614 sq km (about 580 sq miles), harbors some 2,000 varieties of flowering plants, 125 species of mammals, 590 species of birds, and 74 species of reptiles and amphibians. Notable fauna include the forest elephant and the pygmy hippopotamus, as well as Jentink's Duiker, the Zebra Duiker, and the Liberian mongoose.

Nature lovers can also visit Lake Piso, an open coastal lagoon west of Monrovia that has been designated a Wetland of International Importance. The lake has a surface area of 761 sq km (or 294 sq miles) and is both a nursery and spawning ground for fish and sea turtles and a feeding and roosting place for large numbers of sea and shore birds.



RLJ Kendeja Resort & Villas. In 2006, Robert L. Johnson, an American entrepreneur, heard President Johnson Sirleaf speak at the Clinton Global Initiative in New York. In her speech, the President appealed for investors to contribute to Liberia's reconstruction. The RLJ Kendeja Resort & Villas is his response.

The resort, which has 78 rooms located on 13 acres of oceanfront property in Monrovia, offers a taste of luxury for visitors to Liberia. For business, it features a conference center, a 24-hour business center, and wireless access to the internet. For pleasure, it has fine dining, a fitness center, pool, spa, and direct access to the beach.

www.rljkendejaresort.com



MANUFACTURING

Liberia's raw materials, ready labor, and access to markets make it ripe for investments in manufacturing.

Key opportunities

There is limited manufacturing in Liberia, but lots of potential. The government is eager to diversify the economy and is focused on removing key constraints. As it rebuilds roads and ports, restores power, and reforms the business climate, it is also reducing the overall cost of doing business.

Investors can take note of three natural advantages that Liberia offers as a location for manufacturing: plentiful raw materials, limited competition, and abundant low-cost labor. More specifically, given Liberia's natural assets, investors might consider food processing, the manufacture of rubber goods, and forestry products.

Liberia already offers an ideal climate for growing a large variety of fruits and vegetables. Investments in processing equipment would allow for value addition through the manufacture of juices, jams, jellies, and other products.

Rubber goods with investment potential include tires and tubes, inflatables, sporting goods, and surgical products. Decorative items made of rubber wood, which is currently used primarily as firewood, can also find a niche market.

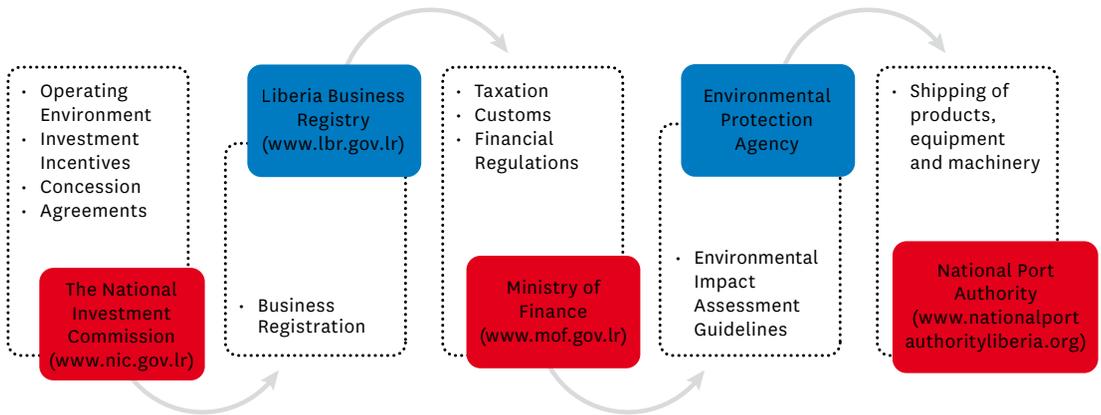
As the country's timber industry restarts, there are opportunities for value addition in forestry products. Specific opportunities include sawmilling, pulp and paper production, plywood and particle-board production, and furniture manufacturing.



LAUNCHING A BUSINESS IN LIBERIA

*A Resource for Investing in Liberia:
The Government of Liberia is committed to helping make
your investment experience simple and positive:*

Fig. 7 Diagram showing inter-relationships with investment resources in Liberia



Companies wishing to do business in Liberia must meet the requirements of the particular sector or industry in which they propose to operate.

- The Ministry of Agriculture (www.moa.gov.lr)
- The Ministry of Lands, Mines & Energy (www.molme.gov.lr)
- The National Oil Company of Liberia (www.nocal_lr.com)
- The Liberia Maritime Authority (www.bma-liberia.com)

About the NIC

The National Investment Commission's (NIC's) current mandate is to promote Liberia's many investment opportunities, attract and support the growth of value-adding foreign direct investments (FDIs), and advocate for and strengthen the domestic private sector. As the government's principal champion of investor relations, the NIC aims to seamlessly guide you through the Liberian marketplace.

The NIC's role

- The Chairman of the NIC chairs the government's Business Reform Committee, which has helped implement 39 specific reforms in just the past three years, earning Liberia the title of 'top 10 global reformers' from the World Bank.
- The NIC is a member of the Liberia Better Business Forum. As a champion of investor concerns, the NIC works to create an investment environment that makes it easy and predictable to do business in Liberia.
- The NIC chairs the Inter-Ministerial Concessions Committee (IMCC), which includes permanent committee members from the Ministries of State, Finance, Justice, and Planning and Economic Affairs, as well as other key stakeholder ministries and agencies. The IMCC work to ensure that while unlocking Liberia's natural resources, the country's national interest is safeguarded, jobs are created, and access to capital, new technologies, markets, and world-class training and business development is accelerated.
- The NIC is also chair of the Commissioner's meeting, which approves investment incentive contracts above USD 10 million.



SOURCES OF FURTHER INFORMATION

National Investment Commission

12th Street, Sinkor, Monrovia, Liberia
info@nic.gov.lr / www.nic.gov.lr

Bureau of Immigration and Naturalization

Broad Street, Monrovia, Liberia
 Tel: 231-(0)77-864-000 / 231-(0)6-878-896

Central Bank of Liberia

P. O. Box 2048, Warren and Carey Street, Monrovia, Liberia
 Tel: 231-(0)5-960-554 / 231-(0)5-960-565 / www.cbl.org.lr

Forestry Development Authority

P.O. Box 103010, Kappa House, Monrovia, Liberia
 Tel: 231-(0)6-552-717

Liberia Maritime Authority

Tubman Boulevard, Sinkor, Monrovia, Liberia
www.bma-liberia.com

Ministry of Agriculture

19th Street, Sinkor, Monrovia, Liberia, Tel: 231-(0)6-478-077 /
 231-(0)6-969-701 / www.moa.gov.lr

Ministry of Commerce and Industry

P.O. Box 9041, Ashmun & Gurley Streets, Monrovia, Liberia
 Tel: 231-(0)6-762-995 / www.moci.gov.lr

Ministry of Finance

Broad Street, Monrovia, Liberia
 Tel: 231-(0)6-472-189 / www.mof.gov.lr

Ministry of Foreign Affairs

P.O. Box 9002, Capitol Hill, Monrovia, Liberia
 Tel: 231-(0)6-550-116 / www.mofa.gov.lr

Ministry of Justice

Ashmun Street, P.O. Box 10-9006, Monrovia, Liberia
 Tel: 231-227-872

Ministry of Lands, Mines and Energy

P.O. Box 10-9024, Capitol Hill, Monrovia, Liberia
 Tel: 231-(0)6-543-285 / www.molme.gov.lr

Ministry of Planning and Economic Affairs

P.O. Box 10-9016, 1000 Monrovia, 10 Liberia, www.moepa.gov.lr

Ministry of Public Works

Lynch Street, Monrovia, Liberia
 Tel: 231-(0)2-420-0134 / 231-(0)2-420-0144

National Oil Company of Liberia

Episcopal Church Plaza, Third Floor, Ashmun and Randall
 Streets, Monrovia, Liberia, Tel: 231-(0)6-510-086

National Port Authority

Freeport of Monrovia, P.O. Box 1849, Monrovia, Liberia
www.npa.gov.lr

Public Procurement & Concessions Commission

Executive Mansion Grounds, Capitol Hill, Monrovia, Liberia
 Tel: 231-(0)6-967-873 / www.ppcc.gov.lr

Private sector

Liberian Better Business Forum

World Bank Building, Bright Building, P.O. Box 660, Monrovia,
 Liberia / Tel: 231-6-930-916 / 231-77-930-916
www.liberiabetterbusinessforum.com

Liberia Business Association

c/o Corina Hotel, Tubman Boulevard, Monrovia, Liberia
 Contact: Samuel Mitchell, President
 Tel: 231-6-514-708 / 231-6-558-008

Liberia Chamber of Commerce

Capitol Hill, P.O. Box 92, Monrovia, Liberia
 Contact: Massa Lansanah, Secretary General
 Tel: 231-77-857-805 / www.chamberofcommerce.org.lr





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