

## **ABOUT THE NIC**

The National Investment Commission (NIC) was created by an Act of Legislature in 1975 to encourage, promote and coordinate all investment related activities in Liberia in order to accelerate economic growth and private sector development.

### **❖ Role of NIC**

- NIC is the primary Agency of Government responsible for developing strategies and policies to attract and promote foreign direct investment in Liberia and also stimulate the domestic private sector.
- In addition to its primary mandate of attracting foreign direct investment to Liberia, the National Investment Commission also believes that stimulation and support of the domestic private sector, especially Liberian-owned businesses, is an equally important secondary mandate
- NIC serves as a “One Stop Shop” for investors by acting as the primary channel for all investors coming into Liberia, interfacing with the Government on behalf of the investors in order to eliminate bureaucratic hurdles and aid investors at all stages of the investment process including but not limited to: market analysis, economic analysis, pre-feasibility studies, negotiations, documentation, land acquisition, granting of investment and leading investors to the relevant sectorial ministries and agencies of Government.

### **❖ Ministerial Composition of NIC**

- Chairman of NIC (Cabinet Minister Equivalent)
- Minister of Finance
- Minister of Justice
- Minister of Planning & Economic Affairs
- Minister of Commerce & Industry
- Minister of State for Finance & Legal Affairs

❖ **Incentives of NIC Under the Investment & Tax Codes**

Under the Investment Act of 1975, NIC has the power to grant the following investment incentives:

➤ **Fiscal Incentives**

- Duty-Free Privileges: 90% - 100% waiver on building materials, capital equipment, machinery, raw materials and spare parts.
- Tax Holidays: Up to 5 years income tax waiver for selected investment projects.
- Loss Carryover Provision: Allows businesses to offset losses in bad years against profits in good years, usually for a maximum of 5 years.
- Accelerated Depreciation of Fixed Assets: Allows businesses to recoup investments in fixed assets faster and therefore do replacements more frequently.
- Unrestricted repatriation of profits and dividends without cumbersome foreign exchange controls.
- Special Excise Tax Exemption and other benefits for small/medium Liberian-owned enterprises.
- Infant Industry Protection in the form of restriction on imports or higher duties for competitive products where local industry exists (import substitution).
- Export Subsidies (not favored by World Trade Organization).

➤ **Non Fiscal Incentives**

- Preferential Lease of Land in the Industrial Park situated close to the Freeport of Monrovia.
- Assistance in securing land on long-term lease especially for agriculture and real estate.

- Support in securing loans and/or equity contribution by Government of Liberia or other investors.
- Government equity, guarantee or loan participation in highly selective business.
- Special incentives for enterprises engaged in agricultural or other essential production.

❖ **Procedures and Time-Line for Obtaining Incentives**

- A Letter of Intent along with a detailed project proposal must be simultaneously submitted to The Chairman of NIC and the relevant Sector Ministry or Agency.
- The project proposal should contain information of the planned operation, market labor, debt to equity ratio, projected cash flow, P&L statement, balance sheet, product specs, types of incentives requested, banking references and detail of equipment and raw materials to be used.
- Once received, the project proposal is then assigned to the Project Department of NIC for initial review, analysis and preparation of evaluation report to ensure compliance with government's Investment Incentive Code, policies and priorities.
- Once evaluated, the document is circulated among members of the Inter-ministerial Technical Committee to facilitate final review of the project proposal by the NIC Commissioners.
- All investment contracts require the approval of the NIC Chairman, Minister of Finance and attestation of the Minister of Justice. **Cases where the investment exceeds US\$10 million, such contracts require presidential approval and legislative ratification.** (This amount may go up to US\$20 million under the revised new 2008 Tax Code).
- The normal time it should take to process an investment incentive application is anywhere from 60 – 90 days.

### ❖ **Managerial Structure of NIC**

The Commission currently has a workforce of 155 employees headed by the Chairman and seconded by an Executive Director. Below these levels, there are three Wings headed by Coordinators executing separate but coordinate functions: Technical, Administrative and Financial Wings. There are a total of 12 departments, each headed by a Director.

### ❖ **Key Determinants for Granting Investment Incentives**

- **Size of Investment:** The greater the investment size, the greater the incentives. No incentives should be granted for investments less than US\$100,000. (Under the new Tax Code, minimum investment will be US\$1 million).
- **Nature of Investment:** Agriculture with its labor intensity, foreign exchange savings and food security will be prioritized over trading.
- **Job Creation:** At a time of high unemployment, any business that is labour intensive will be given extra incentives over one that is merely capital intensive.
- **Regional Diversification:** This policy is to ensure that business and investment are nationally decentralized and diversified as much as possible.
- **Local Value Added:** Businesses that tend to add value locally, especially by further processing of local raw materials and services, will be given priority and added incentives.
- **Environmental Impact:** Investments that pay careful attention to environmental impact and meet “international best practices and standards” should be favored.
- **Export Promotion:** Businesses that contribute to the expansion and diversification of Liberia’s exports should be supported.
- **Import Substitution:** Businesses that contribute to making Liberia self-sufficient in basic commodities and services should get priority assistance.
- **Liberianization:** Businesses that utilize Liberian labor and management as much as possible and contribute to advancing Liberian skills through training and higher learning are prioritized.

- **Social Optimization:** All investments that increase social services such as health, housing and education especially for their own workers will be highly supported.
- **Infrastructure Support:** Investors that help to revive the national infrastructure of roads, electricity, water and sanitation are also to be favored.
- **Technology Transfer:** Businesses that bring new skills and know-how should be encouraged especially in high tech (e.g., data outsourcing, software development, computer training, etc.).
- **Poverty Reduction:** Businesses that directly target poverty alleviation among Liberia's most vulnerable groups including youth, women and war-affected people should be given special attention.

❖ **National Priority Investment Sectors**

- Agriculture
- Mining
- Forestry
- Fishery
- Manufacturing
- Construction
- Service
- Tourism

❖ **Key Factors in Attracting Foreign Investment**

- Basic infrastructures:
  - ✓ Electricity
  - ✓ Water
  - ✓ Roads
  - ✓ Communication
- Security and Long-term Stability
- US dollar as legal tender
- Good investment policy to meet international best practice

- Good Governance and Rule of Law
- Attractive incentive regime

❖ **Access to Capital Provided or Sourced by NIC**

➤ **NIC/ECOBANK Special Fund**

- Loan Portfolio: US\$250,000
- Credit Range: US\$5,000 – US\$15,000
- Credit Period: Up to two years
- Collateral Requirement: Not mandatory

✓ **Access Channel:**

- Addressed Letter of Intent to:  
Director of SME  
National Investment Commission
- Letter of Intent appraised by SME to ensure line of business meets loan criteria
- Once criteria met, SME issues Official Form to loan applicant and requests submission of project proposal and other documents
- Project proposal evaluated and due diligence done on business site.
- Once satisfied, SME forwards acceptable project proposal to ECOBANK for loan payment

➤ **ADF – United States African Development Foundation**

- Loan Portfolio: US\$1 million
- Credit Range: US\$50,000 – US\$250,000
- Credit Period: 3 – 5 years
- Credit Condition: Interest Free
- No collateral required