

# Navigating Foreign Direct Investment in Liberia: A Guide for Manufacturers

FDI Framework, Business Registration, Incentives & Strategic Considerations

**Content Partner: J. v. G. technology GmbH**

*Turnkey solar module production lines — since 1997*

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# Technical Overview: Foreign Direct Investment for Manufacturers in Liberia



Created as part of the PVKnowHow Knowledge Network



Prepared by J.v.G. Technology GmbH



European specialists in turnkey solar module production lines

# Key Project Data

**100%**

## Foreign Ownership

Up to 100% foreign ownership permitted in qualifying manufacturing sectors under the Investment Act of 2010

**\$500K**

## Min. FDI Threshold

Minimum foreign direct investment threshold for qualifying enterprises seeking NIC incentives

**99yr**

## Land Lease

Long-term lease model — foreign investors may not own land but can secure leases up to 99 years

**NIC**

## Incentive Authority

National Investment Commission — administers investment incentives, tax relief, and customs duty exemptions

📄 Sector: Manufacturing / Industrial Investment · Incentive Authority: National Investment Commission (NIC) · Source: PVKnowHow / J.v.G. Technology GmbH

# Liberia's FDI Framework: Structural Context

## Legal Foundation

- Investment Act of 2010 governs all foreign direct investment — principle of non-discrimination with domestic investors
- National Investment Commission Act oversees implementation — promotes and assists FDI across eligible sectors
- Foreign investors afforded national treatment: same rights and protections as Liberian entities in most business activities
- Investment contracts may include international arbitration clauses — UNCITRAL model law recognised

## Recent Policy Signals

- June 2024: Government lifted moratorium on investment incentive regime — manufacturing among qualifying sectors
- 2021 Tax Amendment Act expanded NIC's authority to grant customs duty relief and short/long-term incentives
- New government inaugurated January 2024 committed to more predictable business policies and reduced regulatory friction
- Special Economic Zone framework (LSEZA) established — designated industrial production areas for domestic and export markets

# Business Registration Pathway

## Step 1 — Liberia Business Registry (LBR)

- All businesses must register with the LBR to legally operate or provide services in Liberia
- Register as Corporation, LLC, Branch Office, or Partnership — LLC and Corporation most common for FDI
- Name reservation, Articles of Incorporation, and ID documents for incorporators required
- Full registration process typically completable within a few weeks once documentation is in order

## Step 2 — Regulatory & Tax Registration

- Register with Liberia Revenue Authority (LRA) for tax compliance and annual filing obligations
- Register with NASSCORP (National Social Security and Welfare Corporation) for social security obligations
- Foreign companies must use local counsel when establishing a subsidiary — local registered agent required
- Manufacturing subsidiaries engaged in international trade must obtain a trade licence from the LBR

## Step 3 — NIC Incentive Approval

- Foreign companies seeking investment incentives must obtain NIC approval — straightforward for sound manufacturing projects
- NIC issues incentive certificates covering customs duty exemptions, GST relief, and sector-specific fiscal benefits
- Realistic timeline for completing all initial registrations: two to three months

# Investment Incentives: Tax & Compliance Framework

## Tax Incentives — Manufacturing Sector

- Government provides tax deductions for equipment, machinery, buildings and fixtures used in manufacturing
- Exemptions on import duties and goods and services tax (GST) available as investment incentives for qualifying manufacturers
- Manufacturing is an explicitly listed qualifying sector under the 2024 reinstated incentive regime

## Foreign Ownership Rules

- Up to 100% foreign ownership permitted in manufacturing — no general restriction on foreign ownership of Liberian companies
- Certain sectors (e.g. financial services) carry Liberian ownership requirements — manufacturing is not restricted
- A defined list of small-scale retail and service activities is reserved exclusively for Liberian nationals — manufacturing is not on this list

## Profit Repatriation & Capital Protections

- Investment Act guarantees the right of foreign investors to repatriate profits, dividends and capital after satisfying tax obligations
- Expropriation protections defined in law — government prohibited from confiscatory regulatory action without compensation
- Many foreign investors prefer to obtain credit from foreign banks — 10 commercial banks operate in Liberia, most foreign-owned

# Manufacturing Opportunity: Strategic Rationale

Factor	Import-Dependent Model	Local Manufacturing Model
Value capture	Value lost to foreign producers and logistics intermediaries	Value retained domestically – cost base partially in LRD
Supply chain exposure	High – global freight volatility and long lead times	Substantially reduced – domestic logistics network
Incentive eligibility	Limited – import duties apply to finished goods	Qualifies for NIC duty exemptions and GST relief
Market access	Subject to Liberian import regulations and tariff changes	AGOA / EBA trade access for qualifying manufactured exports
Local content compliance	Non-compliant with local content or procurement frameworks	Aligned – positions investor for public procurement advantages

# Investment Framework: Key Parameters

## Capital & Land Access Structure

- Minimum FDI threshold for NIC incentive eligibility: US\$500,000 — manufacturing projects typically exceed this
- Land access via long-term lease model — leases legally secure, can extend up to 99 years
- Turnkey delivery from an experienced European manufacturing partner includes equipment, installation, commissioning and training
- Phased investment possible — initial line followed by structured capacity expansion

## Revenue & Market Considerations

- Primary market: Liberian domestic demand — underdeveloped industrial supply chain creates first-mover advantage
- Secondary market: ECOWAS regional export — Liberia's location on the West African coast supports regional market access
- Trade access: Liberia holds preferential access to EU (EBA), US (AGOA) and Japan (TICAD) markets for qualifying manufactured goods
- Low labour cost base — minimum wage currently set at US\$5.00 per day for unskilled labour; youthful workforce (approx. 65% under 25)

# Production Scalability

1

## Phase 1: Establish

Register entity, secure NIC incentive approval, finalise land lease, and commission initial production line – target: operational within 9–12 months of project launch

2

## Phase 2: Scale

Expand production capacity through addition of a second line – facility and lease structure designed to accommodate phased growth without requiring relocation

3

## Phase 3: Export Platform

At full operational capacity, production volumes support domestic demand and enable structured regional export – leveraging Liberia's AGOA and EBA trade access

- A proven turnkey manufacturing concept from an experienced European provider integrates production know-how into a complete factory delivery – reducing the operational learning curve for investors entering industrial manufacturing for the first time.

# Workforce & Operational Setup

1

## 1 – Core Technical Team (Pre-Production)

Specialist technicians provided by the European turnkey partner during commissioning phase

Knowledge transfer structured into the turnkey delivery – operational independence is the defined objective

2

## 2 – Production Workforce (Ramp-Up)

Direct employees at full capacity – semi-skilled and skilled manufacturing roles sourced locally

Liberia's youthful labour force (approx. 65% under 25) provides a viable recruitment pipeline for manufacturing roles

3

## 3 – Quality & Process Management

Automated production line reduces dependency on highly specialised labour for routine operations

Quality systems and process documentation delivered as part of the turnkey package

4

## 4 – Management & Commercial Layer

Plant management, procurement, logistics and sales functions established locally – lean operational model suited to mid-scale facility

Work permits for foreign technical staff obtainable via the Ministry of Labour online platform

5

## 5 – Full Operations

Target: independent production within 12 months of commissioning

Ongoing technical support available from the European turnkey partner under structured service agreement

# Financial Viability: Key Indicators

## Cost Competitiveness

- LRD-denominated operating costs (labour, local utilities) provide a partial natural hedge against USD-priced imported goods
- Low minimum wage base (US\$5.00/day for unskilled labour) supports competitive production cost structure
- At scale, per-unit production economics compare favourably against landed import cost — including freight, insurance and duty

## Incentive Environment

- NIC-administered incentives: customs duty exemptions and GST relief on manufacturing inputs — 2024 incentive regime reinstated
- Government provides tax deductions for equipment, machinery, buildings and fixtures used in manufacturing operations
- Investment-friendly tax system with motivational exemptions for manufacturing — explicitly listed as a priority incentive sector

## Trade Access Premium

- Qualifying manufactured exports eligible for preferential access to EU (EBA), US (AGOA) and Japan (TICAD) markets
- AGOA and EBA access represent a meaningful commercial premium for manufactured goods versus non-preferential exporters
- Regional ECOWAS market access provides additional demand platform beyond the domestic Liberian market

# Strategic Risks & Long-Term Positioning

## Structural Opportunities

- First-mover advantage in domestic industrial manufacturing — limited incumbent competition at scale
- Infrastructure development and SEZ framework actively prioritised by government — industrialisation is a stated national objective
- NIC and ECOWAS linkages provide structured entry points for investors seeking institutional support and regional positioning

## Infrastructure & Operational Risk

- Electricity supply remains unreliable in most of Liberia — industrial investors must plan for captive power solutions
- Road infrastructure and internet connectivity outside Monrovia are constraints — site selection and logistics planning are critical
- Judicial system capacity is limited — international arbitration clauses in contracts are strongly advisable

## Governance & Regulatory Risk

- Corruption risk is elevated — Liberia ranked 145th out of 180 in Transparency International's 2023 Corruption Perceptions Index
- Policy continuity risk: incentive frameworks subject to legislative revision — 2024 reinstatement follows prior moratorium period
- Early engagement with NIC, local legal counsel, and the Liberia Chamber of Commerce (LCC) is recommended prior to final investment decision

# About the Content Partner

## **J. v. G. technology GmbH** – The DESERT Company

Founded in 1997 in Bavaria, Germany. Family-owned engineering company specializing in turnkey solar module production lines.

More than 90 factory projects delivered worldwide.

On-site team training included – no prior manufacturing experience required.

### Key areas:

Turnkey PV manufacturing lines | DESERT Technology® |  
TÜV-certified module designs | Factory planning to production

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