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WORLD BANK'S BAD BUSINESS IN LIBERIA

A "TOP TEN GLOBAL REFORMER"

Since the first World Bank *Doing Business* (DB) survey in 2008, Liberia has climbed 21 places in the ranking (moving up from 167 in 2008 to 144 out of 189 economies in 2014). This is a result of the country's efforts to reform under the Bank's advice. Over a period of three years, between 2008 and 2011, Liberia implemented a series of 39 reforms[1] to improve the "ease of doing business in the country," leading to its classification among the "top ten global reformers" of the 2010 DB ranking. The subsequent worldwide advertisement of the country's success attracted foreign direct investments (FDIs). In the agricultural sector, this resulted in giant palm oil and rubber producers acquiring more than 1.5 million acres of land, leaving communities without fundamental resources to sustain their livelihoods.[2]

DOING BUSINESS REFORMS IN LIBERIA

The following are examples of what the World Bank considers "good reforms" implemented in Liberia in recent years.[8] All pave the way for investors' cheap exploitation of the country's natural resources and shrink much-needed national revenue for its citizens.

✓ In 2013, Liberia reduced the profit tax rate and abolished the turnover tax.

✓ In 2010, Liberia moved up 5 spots in the "starting a business" category (from rank 62 in 2009 to 57 in 2010)[9] because it removed the need to obtain an environmental impact assessment when forming a general trading company.

✓ In 2009, Liberia made it easier to trade across borders by cutting fees for customs clearance and port and terminal handling.

LIBERIA AND THE WORLD BANK

Under the Bank's guidance and with financing from the World Bank's private lending arm, the International Finance Corporation (IFC), Liberia set up the Liberia Better Business Forum (LBBF) in 2007.[3] Together with other agencies, including the National Investment Commission (NIC) and the Business Reform Committee (BRC), the LBBF designed reforms aimed at satisfying the specific requirements of the DB indicators.

Instead of addressing the needs of its citizens, the Liberian government prioritized lowering of tax rates for corporations, providing guarantees to investors "against unfair expropriation," "ensuring ability of investors to repatriate capital and profits," and other pro-corporate reforms.[4]

DOING BUSINESS AND LIBERIA'S AGRICULTURAL SECTOR

Advertising to investors and media outreach around Liberia's reform efforts attracted FDIs in the country, which grew from $108 million in 2006 to $378 million in 2009.[5] In the agricultural sector, investments were made by palm oil giants such as British Equatorial Palm Oil (2008), Malaysian Sime Darby (2009), and Indonesian Golden Agri-Resources (2010).[6] Together, these firms negotiated long-term land leases for more than 1.5 million acres, depriving local communities of their resources. The companies have also been accused of violating social and environmental safeguards as well as human rights.[7]

Find out more and take action at: www.ourlandourbusiness.org

ENDNOTES

1. *The Investor's Guide to Liberia*, National Investment Commission, 2011. http://www.nic.gov.lr/public/download/Liberia_Investors_Guide_2011.pdf (accessed February 1, 2014).
2. "*Land grabs and human rights violations exposed in Liberia ahead of development summit*", Friends of the Earth International Liberia, February 1st 2013.
3. *Cultivating Economic Growth and Investment in Liberia*, The Liberia Investment Climate Advisory Program, The World Bank and IFC, 2010. http://www.sida.se/PageFiles/35436/Liberia%20IC%20factsheet%20final_A4%20v2.pdf (accessed February 2, 2014).
4. *The Investor's Guide to Liberia, op. cit.*
5. *Doing Business in Liberia: 2013 Country Commercial Guide for U.S. Companies*, US Commercial Service, 2013. http://photos.state.gov/libraries/liberia/328671/pdfs/final_2013_country_commercial_guide.pdf (accessed February 2, 2014).
6. Daniel, S. and Mittal, A. *(Mis)investment in Agriculture. The role of the International Finance Corporation in Global Land Grabs*, Oakland Institute, 2010. http://www.oaklandinstitute.org/misinvestment-agriculture-role-international-finance-corporation-global-land-grab (accessed February 1, 2014).
7. *Cultivating Economic Growth and Investment in Liberia, op. cit.*
8. The World Bank, "Doing Business reforms in Liberia": http://www.doingbusiness.org/reforms/overview/economy/liberia, (accessed January 29, 2014).
9. *Doing Business 2010, Liberia*, The World Bank and IFC, 2009. http://temp.supportliberia.com/assets/109/Doing_Business_in_Liberia_2010_1_.pdf (accessed February 5 2014).

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Photo: Balah, a Liberian farmer, shows the devastation caused by Sime Darby's palm oil plantations on her land.

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