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Lilly Family School of Philanthropy

The 2022 Global Philanthropy Environment Index Liberia

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QUICK FACTS

Legal forms of philanthropic organizations included in the law: Association

Five main social issues addressed by these organizations: Basic Needs, Early Childhood Education through High School, Religion, Water and Sanitation, Youth and Family

Average time established by law to register a philanthropic organization: 0-30 days

Average cost for registering a philanthropic organization: USD 150

The process is cumbersome. It requires first obtaining articles of incorporation from the Ministry of Foreign Affairs, and next receiving a certificate of accreditation by the Ministry of Planning and Economic Affairs. Accreditation requires a letter of request, completed application, and various documents including: articles of incorporation, mission statement, logo (if any), list of full-time staff/positions, and parent letter (if international non-governmental organization (INGO)). An organization wishing to register as an NGO must: fit the definition of NGO according to the National NGO Policy, have a mission statement containing clearly defined objectives, target beneficiaries, sector(s) of operation, constitution, and by-laws, and must file annual reporting documents. Additional requirements include office space with visible signboard, organizational bank account, at least three full-time staff, and a board of directors. These requirements make it difficult for an NGO to register, so there are many unregistered NGOs operating.

Government levels primarily regulating the incorporation of philanthropic organizations:
Central/Federal Government

Philanthropic Environment Scores:

Year	Ease of Operating a PO	Tax Incentives	Cross-Border Philanthropic Flows	Political Environment	Economic Environment	Socio-Cultural Environment	Overall Score
2022 GPEI	4.00	1.50	2.50	3.00	2.00	3.00	2.67

Source: Indiana University Lilly Family School of Philanthropy, 2022 *Global Philanthropy Environment Index*

Key Findings

I. Formation/Registration, Operations, Dissolution of a Philanthropic Organization (PO)

The three indicator questions in this section pertain to the laws and regulations governing philanthropic organizations (POs). The scoring questions for this category cover three aspects of regulations: (A) formation and registration; (B) operations; and (C) dissolution.

Question One: To what extent can individuals form and incorporate the organizations defined?

Score: 4.0

NPOs are allowed to freely register and operate with a minimum level of government interference. The National NGO Policy and Guidelines provide the legal basis for formation and operation. Rules for registration and operation are clearly laid out in this document, as is the process for registration and reaccreditation. On the other hand, in a country environment with low levels of literacy, lack of resources (including monetary resources), and rural communities that have limited access to the capital of Monrovia, these registration and accreditation procedures are still onerous for many organizations. Therefore, there are a large number of unregistered organizations operating in the country.

Question Two: To what extent are POs free to operate without excessive government interference?

Score: 4.0

The definition of an NGO in Liberia is: "an independent, nonprofit making, non-partisan and charitable organization, established in accordance with the Associations Law of Liberia, having the primary goal of enhancing the social, educational, professional, scientific, athletic, cultural and economic wellbeing of communities; and it may operate nationally or locally on a non-discriminatory bases" (Republic of Liberia, 2008). There are no limits to activities contained in the NGO Policy and Guidelines, but NGOs must fall into specific thematic sectors. Collaboration is freely allowed both inside and outside the country, as is networking using all forms of social media. However, high poverty rates mean most Liberian NGOs lack the resources to effectively collaborate, especially with external organizations. The relationship tends to be more of reliance on external organizations (INGOs, aid organizations) for funding and support. Reporting requirements are clear but onerous for many NGOs. The NGO Policy and Guidelines do indicate that: "The Ministry of Planning and Economic Affairs (MPEA) shall on a regular basis organize meetings with stakeholders to share information, address issues affecting the NGO sector and ensure smooth NGO operations" and "NGOs are encouraged to participate in the appropriate sector and thematic coordination network(s) to ensure harmonization and coordination of programs and activities." In other words, the Ministry is providing internal collaboration opportunities, but also somewhat trying to guide operations and coordination of activities.

Question Three: To what extent is there government discretion in shutting down POs?

Score: 4.0

The National NGO Policy and Guidelines do not contain any reference to the termination/dissolution of an NGO, other than information related to reaccreditation as follows: Re-accreditation can only be denied if the NGO fails to fulfill the re-accreditation requirements contained in the NGO Policy and Guidelines. The NGO must be officially informed of the reasons for denial of re-accreditation. In the case of a denial of accreditation, the NGO concerned may appeal the decision of the MPEA before the Independent Appeal Board. Accreditation is good for three years. Applications for re-accreditation need to be submitted within three months prior to the expiration of the current accreditation of the NGO. Failure to apply for and obtain re-accreditation within six months following the expiration date of the accreditation results in the NGO losing its rights to operate as an NGO in Liberia.

II. Domestic Tax and Fiscal Issues

The two questions in this section pertain to laws and regulations governing the fiscal constraints of giving and receiving donations domestically.

Question Four: To what extent is the tax system favorable to making charitable donations?

Score: 2.0

There are no tax incentives for charitable contributions, either to individuals or corporations. An accredited NGO can apply for a "duty free permit" from the Ministry of Finance in accordance with the country's tax laws (Liberia Revenue Code, Section 9).

Question Five: To what extent is the tax system favorable to POs in receiving charitable donations?

Score: 1.0

There are no tax incentives for charitable contributions, either to individuals or corporations. There is also not a culture of charitable giving, at least according to Western standards. Monetary donations to NGOs are rather scarce. Giving takes on a more African, one-to-one or one-to-many approach. Additionally, low levels of financial resources make it difficult to solicit individual donations.

III. Cross-Border Philanthropic Flows

The two questions in this section concern laws and regulations governing the fiscal constraints of giving and receiving cross-border donations. The scoring for these questions pertains to the donor and receiving entities.

Question Six: To what extent is the legal regulatory environment favorable to sending cross-border donations?

Score: 3.0

Cross-border philanthropic flows are freely allowed; however, there are no tax incentives for the donor. It is also onerous to send a donation. Many Liberian NGOs do not have a website and cannot accept online donations. Monetary donations have to be sent via Western Union (WU), cash apps, etc. NGOs' ability to network and form linkages with foreign donors is also limited by financial, technological, and human resource constraints.

Question Seven: To what extent is the legal regulatory environment favorable to receiving cross-border donations?

Score: 2.0

There are no limitations on the receipt of cross-border donations, but it is difficult for NGOs to connect with external supporters, and difficult for them to take receipt of funds (see response above).

IV. Political Environment

The four indicator questions in the next three sections concern the political context, economic conditions, and socio-cultural characteristics that influence the environment for philanthropy.

Question Eight: To what extent is the political environment favorable for philanthropy?

Score: 3.0

While the relationship between government and civil society has improved post-civil war, opportunities for civil society to meaningfully engage in the policy process lack authenticity and are mostly in a "consultative" role. Civil society is still largely unable to collaborate effectively either within the sector or externally with government and businesses. Civil society is also not actively involved in policymaking.

Question Nine: To what extent are public policies and practices favorable for philanthropy?

Score: 3.0

Low government capacity means the central government controls the formation and operation of NGOs, without the real capacity to handle the bureaucratic and logistical details of doing so. Lack of own-source governmental revenue means government relies heavily on donor funding and does not have the resources to financially support NGOs. A national policy document does exist: the National NGO Policy and Guidelines. In addition, there is a government/CSO partnership document that outlines a way forward to increase positive and productive relationships between the state and the third sector, and opportunities for increased partnerships.

V. Economic Environment

Question Ten: To what extent is the economic context favorable for philanthropy?

Score: 2.0

According to the African Development Bank, the Liberian economy has "faced uncertainty in the past two years due to declining mining exports and rising inflation and currency depreciation" (TRALAC, 2020). Liberia is recovering from the 2014–2016 Ebola crisis, which plunged the economy into a recession. Real GDP contracted by 1.6 percent in 2016 due to capital flight and a fall in private investment. Real GDP growth recovered to 2.5 percent in 2017, largely driven by mining, forestry, and agriculture as economic activity resumed. But foreign exchange inflows shrank in 2018, triggering a depreciation of the Liberian dollar by about 26 percent and a sharp rise in inflation of the consumer price index to 23.5 percent in 2018. Inflation remained high at 21.7 percent in 2019. This was coupled with increasing questions about President Weah, and his ability to govern and provide fiscal management of the country, while also facing accusations of corruption and mismanagement of government funds. "While poor households are heavily concentrated in rural areas, urban poverty also poses a significant challenge. In 2016, more than 2.2 million Liberians were unable to meet their basic food needs, of which almost 1.5 million (68%) resided in rural areas, 1.6 million were below the food-poverty line, and 670,000 lived in extreme poverty (World Bank, 2021)." Regional and urban-rural disparities in poverty rates widened in the wake of the Ebola crisis and the collapse of global commodity prices.

VI. Socio-Cultural Environment

Question Eleven: To what extent are socio-cultural values and practices favorable for philanthropy?

Score: 3.0

There is a cultural and religious heritage for associational life that pre-dates the civil war. Core societal values that support philanthropic activities are also present (communal values, altruism, solidarity). However, philanthropy and giving in Liberia are based off African values of reciprocity and trust, and giving is more one-to-one or one-to-many, versus taking on a more Western conception and having a culture of individual giving to NGOs/philanthropic organizations. There are social factors impeding the development of philanthropy, including extreme poverty, low levels of educational achievement, and a lack of philanthropic infrastructure.

VII. Future of Philanthropy

These questions are used to provide a general picture of the future of philanthropy in this country, as well as recommendations to improve the philanthropic environment.

Current state of the philanthropic sector

Informal, non-institutionalized philanthropy is most prevalent. Institutionalized philanthropy and in particular, NGOs, are often viewed as having large amounts of amassed resources, and as lacking transparency and accountability.

Most CSOs in Liberia depend on a single donor for intermittent, project-based funding. CSOs with funding from more than one donor tend to receive it sequentially—that is, one project finishes, and the next is funded by a different donor. This means organizations may be “finding money wherever they can” without being strategic or mission-oriented (McKeown and Mulbah, 2007). The author’s own research (Krawczyk, 2018) suggests that civil society’s reliance on international donor funding creates an uncertain environment for Liberian CSOs, resulting in a nascent sector that is susceptible to mission drift and upwards, supply-side accountability to donors. One way Liberian CSOs have tried to address this donor dependence is to start engaging in earned income activities, such as business activities and fee-for-service models that involve agricultural activities, as well as small-scale production of goods (Krawczyk, 2018).

Three major recent events affecting the philanthropic landscape between January 2018 and December 2020

1. National elections/turnover of power in 2020
2. COVID-19 crisis
3. Withdrawal of aid coupled with inflation and lack of domestic revenue/resources

Future development trends in the philanthropic landscape

Social Enterprise (earned income)

Three key recommendations to improve the environment for philanthropy

- Improve overall capacity
- Increase funding sources
- Strengthen external linkages

VIII. Philanthropic Response to COVID-19

These questions are used to provide a general picture of the philanthropic response to the COVID-19 pandemic in this country and recommendations for improving cross-sectoral collaboration.

Areas where the nonprofit sector and philanthropy are playing a role in responding to COVID-19

Civic education, sensitization, and basic service delivery.

Innovation and new trends in the nonprofit sector and philanthropy related to COVID-19 responses

Increased importance of local CSOs.

Impact of COVID-19 on the philanthropic environment

Financially detrimental.

Anticipated impact of COVID-19 on the philanthropic environment in 2021

Rebound (low case count in Liberia, opening of borders, and lifting of travel restrictions).

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