

Final Report

Special Senate Ad-Hoc Committee

on

**Destination Inspections Contract Between the
Government of Liberia and MedTech Scientific
Limited**

September 19, 2024

Introduction

The Pro Tempore of the Liberian Senate appointed an Ad-hoc Committee, referred to hereafter as the ‘Committee,’ to undertake a thorough review of two significant contracts with implications on commerce and industry, and therefore the economy: 1) the Destination Inspection (DI) services provided by MedTech Scientific Limited, and 2) the Container Tracking Notes (CTN) services offered by Global Tracking and Maritime Solutions (GTMS), Incorporated. The Committee concluded and submitted its report on the GTMS Contract to Plenary on June 26, 2024. This report outlines the broad findings of the Committee’s review of the DI Contract with MedTech Scientific Dubai Limited’s compliance with Liberian laws including the Liberian Constitution, the Public Procurement and Concession Commission (PPCC) Law of Liberia, the Public Financial Management (PFM) Act, the performance of the contract, and recommendations.

Objectives of the Review

1. **Ensure Transparency:** To confirm that all processes related to the contracts were carried out transparently and in compliance with Liberian laws and regulations.
2. **Assess Compliance and Performance:** To evaluate the service provider's adherence to the contractual terms and the services' effectiveness.
3. **Financial Oversight:** To review financial transactions associated with these contracts to ensure proper management and disbursement of funds.
4. **Legal and Regulatory Compliance:** To ensure all legal and regulatory requirements were met during the procurement and execution of the contracts.

Methodology

For standards and best practices, the Committee wrote all parties responsible for awarding the contract under our legal framework for all necessary documents regarding MedTech Scientific Dubai, including the concession entity, the Liberia Revenue Authority (LRA) that enabled the validation of claims and assertions. These processes accounted for the best managerial and scientific tools to discharge these critical investigations.

a. Letters to the entities

Each interested party and stakeholder received a letter from the Committee to provide all necessary documents regarding MedTech Scientific Dubai to help the Committee validate claims and petitions against their entities and the conduct of the procurement of the services to the best of their knowledge.

b. Documents Collection and Verification

The Committee approached the task with utmost urgency and professionalism thereby exercising due professional care in handling the process of validation, documents were requested in addition to the follow-up emails, phone calls, and

texts to corroborate all claims and petitions consistent with the findings and evidence adduced in strict adherence to confidentiality to avoid prejudicing the outcome of the investigation.

c. **Follow-up**

The Committee made phone calls and sent text messages to parties reminding them of missing deadlines and for additional information.

d. **Public hearings**

The Committee held two public hearings on June 17, 2024, and on July 11, 2024, to hear from GoL stakeholders and MedTech Scientific Limited to help determine the legality, compliance, and transparency involved in this contract as well as to ascertain its ownership and financial management as agreed in the contract and consistent with the Amendment and Restatement of the Public Financial Management Act of 2009.

Findings

Consistent with the objectives of the investigation, the Committee's findings below highlight the materiality of the transactions and processes that characterized the initiation and execution of the procurement and financial management of the services of MedTech Scientific Limited during the period under review. During the exercise, the committee reviewed documents presented by GOL stakeholders and publicly available documents on the DI Contract.

The below section provides clues to questions and answers surrounding the procurement and discharge of the parties' contracts:

1. **Establishment of Entity's (LRA) Concession Committee:** There is no evidence of the establishment of the LRA Concession Committee as called for under Section 77 of the PPCA. However, there is a joint ministerial meeting minutes attended by NIC, MOJ, and LRA. **See Appendix 1**
2. **Request for Concession Certificate:** The Committee could not establish evidence of the submission of a request by the Liberia Revenue Authority for the initiation of the concession process according to Sections 87 (3) and 88 (1) of the PPCA.
3. **Issuance of Concession Certificate:** No evidence of a Public Private Partnership (PPP) Concession Certificate as stipulated in Section 88 (2) of the PPCA.
4. **Formation of the Inter-Ministerial Concession Committee (IMCC):** There is evidence of a Letter (**MOS-RL/NFM-COS/0701/2018**) dated September 25, 2018, from the Office of the President establishing an IMCC for the DI Contract negotiations, signed by former Minister of State Nathaniel F. McGill, fulfilling Section 83 (2) of the PPCA. **See Appendix 2.**

5. **Preparation of PPP Procurement Plan:** No Evidence of LRA's Draft Procurement Plan for the concession, violating Section 79 of the PPCA.
6. **Submission of the PPP Procurement Plan to PPCC for approval:** No evidence of the LRA submitting a draft PPP Procurement Plan to PPCC, violating Section 79 (2) of the PPCA.
7. **Preparation of PPP Bidding Document:** No evidence of a draft PPP Bidding Document as required under Section 104 of the PPCA.
8. **Approval of PPP Bidding Document:** No evidence of an approved PPP Bidding Document by the IMCC as required under Section 82(1)(d) Of the PPCA
9. **Publication of the Request for Expression of Interest (REOI) or Invitation for Prequalification (IPQ):** Published REOI/IPQ (REOI No MoCI/ICB/BOT/001/2018/2019), meeting the requirements of Section 106 (2) of the PPCA. **See Appendix 3.**
10. **Submission and opening of bids:** The Committee established evidence of the conduct and opening of bids submitted on or before the deadline for submission, consistent with Section 110 (1) of the PPCA. **See Appendix 4.**
11. **Constitution of the bid evaluation panel:** On January 8, 2019, the IMCC constituted a Bid Evaluation Committee comprising representatives from the following GoL entities: Ministry of Finance & Development Planning, National Bureau of Concessions, Ministry of Justice, Liberia Revenue Authority, Ministry of Labor, Ministry of Internal Affairs, Ministry of Commerce & Industry, National Port Authority, and the National Investment Commission. Section 82 (1) (c) and 111 (1) of the PPCA fulfilled. **See Appendix 4.**
12. **Technical and Financial Evaluations of bids:** Evidence of evaluation of bids by predetermined published criteria and submission of bid evaluation report selected MedTech Scientific Limited as the most responsive bidder, meeting Sections 112, 113, 114 & 115 of the PPCA. **See Appendix 4.**
 - a. However, it was established during the public hearings by MedTech Scientific Limited Ghanaian partners that MedTech misled the evaluation panel by falsely presenting BIVAC's facilities and technical experience in Beirut and Mali to justify its claims of operational experience.
 - b. Moreover, there was no evidence of negotiation notes of the negotiable issues with the exclusion of non-negotiable items, consistent with Sections 118 (8) & 119 of the PPCA.
13. **Award and signing of DI Contract:** MedTech Scientific Limited and the Government of Liberia (GOL) represented by the late Thomas Doe Nah, Commissioner-General of the Liberia Revenue Authority (LRA), Molewuleh Gray, Esq., Chairman, National Investment Commission, Mawine Diggs, Minister of Commerce and Industry (MOCI),

and Samuel D. Tweah, Minister of Finance and Development Planning (MFDP) signed a DI Contract on July 1, 2021 that was attested to by Cllr. Frank Musa Dean Jr., Minister Justice. The revenue sharing ratio was 20 percent for the GOL and 80 percent for MedTech Scientific Limited. **See Appendix 5.**

14. Ratification of PPP Contract: Legislative ratification applies to PPP contracts above US\$10 million with tax exemptions: The MedTech Scientific Limited contract is well above the USD 10 million threshold and subject to the granting of investment incentives (tax exemptions). Section 10.2 of the signed DI Contract grants tax and duties exemptions to MedTech Scientific Limited under Section 9 of the Liberia Revenue Code of 2000, necessitating Legislative ratification. The Committee could not establish that the National Legislature ratified the contract. However, in a Ministry of Justice’s Legal Opinion issued on November 19, 2020, the Attorney General opined that “There are no general legal requirements for the ratification of concession agreements valued above 10 million United States Dollars.” See the MOG’s opinion in the exhibits. **See Appendix 6.**

15. Financial Management:

- a. **Section 9 of the DI Contract** calls for the establishment of a Transitory Account (TA) by GOL and MedTech Scientific Limited jointly through which payments of all fees will be made by importers and exporters. The opening of the TA is consistent with Section 34(4) of the Public Financial Management Act of 2009 which states, “The Minister may, in agreement with the Central Bank of Liberia, authorize the opening of additional bank accounts and other accounts other domestic and foreign commercial banks, to act as transitory bank accounts to facilitate the collection of revenues and processing of payments.”
- b. **On July 1, 2021**, the GoL, represented by the LRA, MFDP and CBL, and MedTech Scientific Limited entered into a Memorandum of Understanding (MOU) with Ecobank Liberia Limited for the opening of the TA consistent with Section of the DI Contract. **See Appendix 7.**
- c. **Contrary to Section 9 of the Contract and the MOU**, the LRA instructed MedTech Scientific Limited in a letter on February 2, 2022, signed by the Commissioner-General to open a separate bank and manage the GOL’s 20 percent revenue on its behalf to fund LRA’s capacity building activities outside of established GOL public financial management framework. This is a violation of the Contract, the MOU, and PFM Act 2009 and Amended 2019, which states that “All funds in Revenue Transitory Accounts be transferred daily, and bank reconciliations be done once every month to avoid errors in transmitting these transitory accounts.” The risks associated with not transferring and reconciling the transitory account, in this case of MedTech, are non-detection of errors, omissions, misstatements of transactions, misappropriation of GOL funds, and potential fraud that could lead to MedTech Scientific and LRA’s management failure to fully account for all transactions. **See Appendix 8.**

- d. **The Committee was unable to receive a detailed financial report for the execution of the DI Contract** and received no evidence of payment of GOL's 20 percent share to the Transitory Account. The Committee was also unable to receive performance reports for the period since the DI Contract was consummated, and no administrative note from LRA regarding the procurement process.

16. Ownership Transparency:

- a. **The Committee could not establish the domestic ownership** of MedTech Scientific Dubai from their representatives in Liberia. MedTech, in their response through their law firm HPA (attached) referred us to its parent company MedTech Scientific Dubai, a registered company in the United Arab Emirates. Please see MedTech's response in **Appendix 9**.
- b. **MedTech Scientific Dubai is a foreign company**, and it is stated in the contract that they would utilize a local Special Purpose Vehicle (SPV), MedTech Scientific Liberia Ltd, as operator of the contract in Liberia. This would then be the local company that is operating the contract. MedTech did not provide business registration documents for MedTech Scientific Liberia Ltd. **See Appendix 10, page 4 of the DI Contract.**
- c. **The Committee was, however, able to obtain the ownership information for MedTech Scientific Liberia Ltd**, the SPV for the execution of the DI Contract in Liberia, through the Liberia Business Registry, which caused significant delays in our investigation. See the business registrations and articles of incorporation for both companies attached (Appendix). This document established that MedTech Scientific Liberia Ltd. was incorporated on August 3, 2018, with 100% ownership by Abdodakpi Agnes, a Ghanaian national with code N8299 (other business support service activities) and Business Registration Number 052109795. **See Appendix 11.**
- d. **The Committee later discovered that another company** was incorporated at the Liberia Business Registry by the name of MedTech Scientific Inspection Services Ltd for the sole purpose of executing the DI Contract while the owners of MedTech Scientific Liberia Ltd were going through arbitration to settle a dispute on financial management in Liberian courts. MTS Inspection Services is located at Eid Compound, Mamba Point, Montserrado County, Liberia on the 17th of November 2022 under the same business code N8299 (other business support service activities) Business registration number 051459094 with 100% ownership of MedTech Scientific Limited located in Dubai owned by a British National to perform the same function as MedTech Scientific Liberia Ltd. without a note of dissolution of the contract of the previous company awarded to perform the same services as stated in the contract. Please Appendix Four (4) for details. This is the point of departure from the DI Contract in addition to all

the violations of Liberian laws in the contracting process and financial management. See **Appendix 12**.

- e. **The relevance of establishing the ownership of MedTech Scientific Liberia Ltd, the SPV**, was to help the Committee understand the company's corporate governance structure as well as why the operating company was changed from MedTech Scientific Liberia Ltd to MTS Inspection Services in clear violation of the terms of the contract.

Key Challenges:

Uncooperative Witness: The Committee repeatedly reached out to Mr. Ramsi Abou-Hassan, owner of MedTech Scientific Dubai, a shareholder in MedTech Scientific Liberia Limited which is the primary party responsible for executing the agreement with the Government of Liberia. Despite numerous efforts, the individual remained uncooperative and unavailable, citing medical reasons and making it impossible to obtain critical testimony and documentation necessary for a comprehensive review. Mr. Abou-Hassan's action obstructed the Committee's work, causing delays in concluding our work.

Recommendations:

The Committee has thoroughly reviewed all relevant documentation and testimonies related to the Destination Inspection (DI) Contract with MedTech Scientific Dubai Limited and submits the following recommendations based on substantial findings of mismanagement, legal violations, and contractual non-compliance:

1. **Immediate Contract Review and Renegotiation or Cancellation.** The Executive should immediately seek the opinion of the Attorney General on the legality of the DI Contract to determine if it should be reviewed and renegotiated to ensure conformity with Liberian laws or canceled considering the violations the Committee has uncovered. Any renegotiation must be subject to the following additional conditions:
 - a. The Executive must work with MedTech Scientific Liberia Limited's partners to resolve their dispute in court to allow for renegotiation to proceed.
 - b. The renegotiation process must be transparent, with a focus on meeting all requirements of Liberian laws and legislative ratification, increasing the GOL's share of revenue ratio from above the current 20 percent, significantly reducing the costs of MedTech's services to businesses, immediately investing in DI infrastructure at the Freeport of Monrovia, and prioritizing Liberian participation in the project implementation. In the event of a cancellation, the Executive must inform the Legislature of the toll that a potential external arbitration might cost the country. These steps will help ensure compliance with Liberia laws and protect the doctrine of contract enforcement to improve Liberia's reputation as a destination for doing business.

- 2. Recovery of Government Funds:** MedTech Scientific Limited must be held accountable for its management of the Transitory Account. Specifically, the company should immediately remit all funds held on LRA's behalf they were required to be deposited into the Government of Liberia's Transitory Account at Ecobank Liberia, as explicitly required by the contract. Additionally, MedTech must provide the government with complete bank statements detailing all financial transactions from the inception of the account until the date of this report, to facilitate a full audit and recovery of potentially misappropriated funds.
- 3. Full Reconciliation of Accounts:** A full reconciliation of all accounts related to the DI contract should be undertaken by the General Auditing Commission. This reconciliation will confirm whether the Government of Liberia has received its 20% share of the revenues and will help identify any discrepancies or misappropriations. MedTech should provide all financial records, including bank statements, for a transparent review of the funds collected and spent.
- 4. Audit by the General Auditing Commission (GAC):** MedTech Scientific Limited has acted as a spending entity on behalf of the Liberia Revenue Authority (LRA) without proper oversight. The General Auditing Commission (GAC) should conduct a comprehensive audit of all funds managed by MedTech. This audit should verify all revenues and expenditures to ascertain if the company's spending, on behalf of the Government, aligns with the PFM Act. It should also determine how the Government of Liberia's share of the collected revenues was spent: official versus unofficial activities.
- 5. Immediate Opening of the Transitory Account:** The failure to open a Transitory Account, as mandated by the contract, has led to the mismanagement of revenues. It is recommended that this account be opened immediately with all revenues from inspections deposited therein. The account must be jointly operated by the Government of Liberia and MedTech Scientific Liberia Limited, as specified in the contract, to ensure proper oversight and compliance with financial regulations.
- 6. Strengthening of Procurement Oversight Mechanisms and Contractual Processes:**
 - a. The investigation revealed numerous violations of procurement laws and financial management practices. It is recommended that the Senate enforces strict adherence to the Public Procurement and Concessions Act (PPCA) in all future contracts. This includes ensuring that any amendments or operational changes to contracts (such as the introduction of new companies) are subjected to legislative approval, proper due diligence, and transparency. Legislation should be introduced to mandate that all government contracts above a certain threshold, whether they grant tax incentives or not, should be subject to legislative ratification.

7. The Committee recommends the establishment of stricter procurement oversight mechanisms within the Public Procurement and Concessions Commission (PPCC) and the Inter-Ministerial Concession Committee (IMCC). This should include greater adherence to the Public Private Partnership (PPP) protocols, as the absence of key documents such as the PPP Procurement Plan and the Bidding Document during the MedTech contract process shows a systemic failure in oversight. This will help avoid future occurrences of non-compliance and ensure adherence to the Public Procurement and Concessions Act (PPCA).

8. **Capacity Building for Public Sector Procurement:** The Committee further recommends that the Government of Liberia invest in capacity building for officials involved in public procurement. This includes training in PPP contract management, financial oversight, and procurement law. By enhancing the skills of procurement officers and those involved in contract evaluations, the government can ensure better compliance with the PPCA and PFM Acts and mitigate the risk of future contract failures similar to the MedTech case.

9. **Public Disclosure of Investigation Results:** The Committee's findings and the full report on the MedTech investigation should be made publicly available. This would demonstrate the government's commitment to transparency and good governance, and provide the public with a detailed account of the violations that led to the termination of the contract. Public disclosure will also help restore trust in government institutions and serve as a deterrent for future contract violations.

10. **Further Legislative Oversight:** Given the magnitude of the violations, it is recommended that the Liberian Senate maintains continuous oversight of the execution of the MedTech contract and any similar future agreements. This oversight will ensure that all legal requirements are met and that public resources are managed responsibly.

These recommendations are aimed at rectifying the egregious breaches of the DI Contract to avoid arbitration in international courts which could injure Liberia's reputation on contract enforcement that could negatively affect the investment climate, and ensuring transparency, accountability, and proper financial management in the ongoing relationship between the Government of Liberia and MedTech Scientific Limited.