

Liberia

Supporting public-private dialogue and improving the investment climate in Liberia

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About the TPSD Facility

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Hope is not the conviction that something will turn out well but the certainty that something makes sense, regardless of how it turns out.

Vaclav Havel

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LIST OF ACRONYMS

ACDB	Agriculture and Cooperative Development Bank
ASYCUDA	Automated System for Customs Data
BER	Business Environment Reform
BIVAC	Bureau Inspection Valuation Assessment Control
CAADP	Comprehensive Africa Agricultural Development Programme
CDA	Cooperative Development Authority
CSO	Civil Society Organization
DB	Doing Business
EC	European Commission
EIP	European Investment Plan
EUD	European Union Delegation
FDA	Forestry Development Authority
FDI	Foreign Direct Investment
FUN	Farmers Union Network
GDP	Gross Domestic Product
GoL	Government of Liberia
GST	General Sales Tax
HI-LINE	Higher Learning Institutions Advocacy Network
IEZ	Insured Exclusion Zone
JGC	Jobs and Growth Compact
LACRA	Liberia Agricultural Commodity Regulation Authority
LASIP	Liberia Agricultural Sector Investment Programme
LBR	Liberia Business Registry
LibTA	Liberia Timber Association
LCC	Liberia Chamber of Commerce
LIBA	Liberia Business Association
LLA	Liberia Land Authority
LRA	Liberian Revenue Authority
MSME	Micro, small and medium enterprises
NaFAA	National Fisheries and Aquaculture Authority

MT	Metric Ton
NBA	National Business Agenda
PADP	Pro-Poor Agenda for Prosperity and Development
PPD	Public-Private Dialogue
PPP	Purchasing Power Parity
PSO	Private Sector Organization
RIA	Regulatory Impact Assessment
SB4A	Sustainable Business for Africa
TA	Technical Assistance
R&D	Research and Development
RPAL	Rubber Planters Association of Liberia
UNMIL	United Nation Mission in Liberia
VPA	Voluntary Partnership Agreement

1 INTRODUCTION

Conducting public-private dialogues (PPDs) in fragile and post-conflict environment poses more challenges than in other countries where the political and economic contexts are more conducive to such consultations, but these can nevertheless yield higher impact comparatively, contribute to peacebuilding efforts, and provide a platform integrating traditionally excluded groups to agree on solutions to major issues that could otherwise trigger conflict.

This report, produced by the TPSD Facility, aims at undertaking an in-depth diagnosis of the Liberian business environment with a view to identifying constraints and bottlenecks to private sector growth, identifying relevant sector-specific interventions that would be instrumental in bridging identified constraints and address gaps in policies, laws, regulations and institutional frameworks in the country, defining inputs from the EU in support of the Liberia Better Business Forum (LBBF).

The report also undertakes a gap-analysis of the Liberia Chamber of Commerce (LCC), as well as other Private Sector Organizations that could be instrumental in contributing constructively to the LBBF and includes the formulation of a participatory institutional plan to bridge identified gaps and provide guidance and best practice in the framework of Sustainable Business for Africa (SB4A). It was drafted after a 9-day mission in Monrovia and based on thorough analysis of regulatory framework and relevant legislation as well as intensive public and private consultations.

Section 2 of the report offers a policy background on the EU strategy (External Investment Plan and SB4A) and the Government of Liberia poverty reduction strategy. Section 3 of the report presents an overview of the priority crosscutting and sectoral business constraints in line with the Jobs and Growth Compact developed by the EU Delegation in Liberia. In section 4, a gap-analysis of private sector organizations is conducted, and details are provided regarding their structure and advocacy activities. Section 5 sheds light on the best practices for conducting and facilitating public-private dialogues (PPD) and describes potential improvement to the previous LBBF. The core of this reports lies in section 6, in which specific recommendations are made so that the EU can contribute to improve LBBF's efficiency, inclusivity and sustainability.

2 POLICY BACKGROUND

2.1 European Investment Plan (EIP) and Sustainable Business for Africa (SB4A) Platform

Before offering recommendations to support structured dialogue with the private sector in Liberia, it is worth contextualizing and reiterating the policy background and the aims of the Sustainable Business for Africa (SB4A) platform.

In 2014, the EC communication 'A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries' stated that the '*EC will look for new ways of harnessing the potential of the private sector as a financing partner, implementing agent, advisor or intermediary to achieve more effective and efficient delivery of EU support, not only in the field of local private sector development, but also in other areas of EU development cooperation such as sustainable energy, sustainable agriculture and agribusiness, digital and physical infrastructure, and the green and social sectors*[1]*'.* This communication thus recognizes the private sector as an important partner to create jobs, contribute to poverty alleviation, support innovation and technology transfer, and bring financial resources in partner countries.

Furthermore, the EC Communication foresees that EU Delegations will play an active role in enabling inclusive public-private policy dialogue and by supporting *the functioning of existing or new dialogue mechanisms such as national employment, labour or export councils, and by targeted capacity building of private sector representatives, including chambers of commerce, social partners, and organizations representing micro, small and medium-sized enterprises, female entrepreneurs, and firms and workers in the informal sector, to improve their contribution to such dialogue mechanisms*[2].

In 2017, the European Union adopted the European Investment Plan (EIP) in order to remove constraints to private investment in partner country markets and to support priority reforms. The EIP provides for a comprehensive and integrated approach, linking investment mobilization (pillar 1) with technical assistance (pillar 2) and investment climate (pillar 3) [3]. Three key building blocks compose Pilar 3 and are closely interlinked: 1) investment climate analysis (Enhance market intelligence and understanding with evidence-based data and country analysis, identifying investment opportunities in key sectors and value chains – Jobs and Growth Compacts), 2) engaging in structured public-private dialogue (private sector engagement and structured dialogue for perspective on investment climate and business constraints – SB4A), and 3) interventions to support priority reforms, capacity building of public and private sector, value addition and entrepreneurship, can address investors' perceived risks[4].

The Sustainable Business for Africa (SB4A) Platform corresponds to the second building block of Pilar 3 aiming at engaging in public-private dialogue. The overarching objective of SB4A is to catalyze more private investment in partner countries to create more decent jobs, sustainable growth, and poverty reduction, with a focus on women and youth. SB4A's general objective is therefore aligned with the United Nations' 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs), the Addis Ababa Action Agenda on Financing for Development, and the new European Consensus on Development. Its specific objective is to facilitate structured dialogue with the private sector in the framework of the EIP, to identify key constraints to private investment and prioritise the investment climate reform agenda.

[1] EC, A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries, May 2014, p3

[2] EC, A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries, May 2014, p14

[3] https://ec.europa.eu/europeaid/eu-external-investment-plan-factsheet_en

[4] EC, Handbook on improving the Investment Climate through EU action, Implementation of Pillar 3 in the integrated approach of the External Investment Plan, p7

SB4A provides EU Delegations and the European Commission with a reference framework, guidelines and technical assistance support, for the establishment or reinforcement of a structured dialogue with the local and European private sector –as well as with other relevant stakeholders at country level- in African partner countries. Investment climate improvements should be observed with a long-term view, contributing to decent jobs creation, sustainable and inclusive growth. As a consequence, SB4A is an important lever for implementation of the EIP and constitutes the cornerstone of its third pillar (improvement of the investment climate).

An improved public-private dialogue is as well one of the actions included in the recent Africa-Europe Alliance Communication[5].

In the context of the SB4A Platform, EU Delegations have a central role to play, and will use structured dialogue with private sector and other stakeholders to support concertation and investment climate improvement in the sectors that have been identified in the Jobs and Growth Compacts as engines for inclusive growth and employment creation. In this process, close cooperation with on the one hand EU Member States (through joint programming and joint implementation), and on the other hand with International Financial Institutions (IFIs) is crucial, for instance to identify and propose bankable and sustainable investments and propose them under the windows of the EFSD Guarantee[6].

To facilitate structured dialogue, and improve the capacity of stakeholders, EU Delegations can mobilize technical assistance resources in support of investment climate reforms through national and regional indicative programmes. Furthermore, financial institutions and private sector can also benefit from technical assistance resources through blended finance operations and guarantee instruments of EIP Pilar 1. Finally, the EIP approach stresses the importance of linking Pilar 1 and 3 and using policy dialogue with national and regional authorities, national and international investors, as well as EU Member States and local private sector to identify, design and jointly implement blending projects

2.2 Pro-poor Agenda for Prosperity and Development

The Pro-Poor Agenda for Prosperity and Development (PADP 2018-2023) represents Government of Liberia's (GoL) overarching framework for national development plan and is built on four pillars: Human Capital Development (Pillar 1); Economic Development (Pillar 2); Sustainable Peace (Pillar 3); and Governance and Transparency (Pillar 4). It aims at pursuing two general objectives: "*To build more capable and trusted state institutions that will lead to a stable, resilient, and inclusive nation embracing its triple heritage and anchored on its African identity; To provide greater income security to an additional one million Liberians, and reduce absolute poverty by 23 percent across 5 out of 6 regions through sustained and inclusive economic growth driven by scaled-up investments in agriculture, in infrastructure, in human resource development, and in social protection*"[7].

More specifically, Pillar 2 stresses the need to maintain macroeconomic stability, expand infrastructure, and improve the business environment in order to facilitate private investment and boost high-quality job creation in key economic sectors of economic growth. In the PADP, special attention is given to support agricultural development and critical interventions are proposed to support smallholder farmers to increase their income and return on investment : 1) Capital and labor-

[5] European Commission, Communication from the Commission to the European Parliament, the European Council and the Council, Communication on a new Africa-Europe Alliance for Sustainable Investment and Jobs: Taking our partnership for investment and jobs to the next level, September 2018, p8

[6] EU Delegations, doing so, play a role of 'broker', implementation agent, and watchdog', see Handbook on improving the Investment Climate through EU action

[7] Republic of Liberia, Pro-Poor Agenda for Prosperity and Development (PADP 2018-2023), November 2018, p2

intensive investments in infrastructure development; 2) Intensify research and extension services and remove constraints to raise food production in the 'food basket' counties by 25 percent; 3) Double acreage under oil palm cultivation using out grower communities to boost export potential; 4) Value addition in agriculture processing to increase exports; 5) More effective forest utilization to added value and exports; 6) Special Economic Zones in development corridors to balance regional growth and attract Foreign Direct Investment (FDI)[8].

As detailed in the PADP, GoL intends to spur economic development by creating an enabling policy environment, increasing the competitiveness of existing industries, and transforming infrastructure.

2.2.1 Enabling Policy Environment

To enable the policy environment, and reduce the overall fiscal deficit, GoL stresses the need to expand the fiscal space through stronger budgetary discipline and enhanced revenue generation. Greater budget transparency, effectiveness and predictability shall be achieved. A wage reform and fight against wage corruption are also envisaged to enlarge fiscal space. These efforts would go hand in hand with improved Domestic Resource Mobilization (DRM), through which GoL will improve tax administration and broaden its tax base. The measures to be adopted under this strategy include enhancing e-governance infrastructure, ending tax preferences, reducing tax expenditures, and limiting transfer pricing abuses by multinational companies. Tax exemptions for foreign investors, non-governmental organizations, individuals and government officials will be reviewed and efforts will be deployed to encourage the formalization of economy. GoL will seek to receive technical assistance (TA) to improve public finances management and operate a tax reform.

For the sake of improving the business environment, GoL plans to broaden access to finance for MSMEs (micro, small and medium enterprises), enhance the regulatory environment, strengthen property rights and improve contract enforcement. Moreover, PADP foresees to reduce administrative procedures, simplify regulation and business registration by opening new business registry centers in 5 counties. It will remove counter-productive regulations to unlock growth potential of priority economic sectors (agriculture, fisheries and forestry). Regarding market access, GoL will make sure that National Standard Laboratory facilities obtain accreditation from International Organization of Standardization and deepen regional integration within the ECOWAS. GoL will finally support regional and international trade by further enforcing the Common External Tariff and promoting certification especially for palm oil, rubber, cassava, cocoa and fish.

2.2.2 Increasing the competitiveness of existing industries

To increase the competitiveness of the agricultural sector, GoL plans to enhance local food production and processing, by enhancing the regulatory framework for agricultural aggregators and quality control and setting up Liberia Agricultural Commodity Regulation Authority (LACRA). To improve access to finance, GoL intends to re-activate the Agriculture and Cooperative Development Bank (ACDB). The agricultural cooperative model will be promoted through the activities of the Cooperative Development Authority (CDA). Special Economic Zones (SEZ) are also part a the PADP and their establishment should further contribute to increase value addition of food and forestry products. More generally, GoL pledges to implement a coherent and coordinated strategy, and adopted the Liberia Agricultural Sector Investment Programme (LASIP) to align national objectives with the Comprehensive

[8] Republic of Liberia, Pro-Poor Agenda for Prosperity and Development (PADP 2018-2023), November 2018, p61

Africa Agricultural Development Programme (CAADP)[9]. After completion of the first phase (2010 to 2015), LASIP II (2018-2022) will aim at boosting competitiveness of a specific agricultural value chains for domestic consumption (including rice, cassava, horticulture, fisheries) and export (mostly cocoa, palm oil, and rubber).

To boost productivity of agricultural exports, GoL intends to ease access to land, and invest in skills development of smallholder farmers and agribusinesses through Farmer Field Schools. Palm oil production will be supported by facilitating settlement of land disputes and extending area under palm oil cultivation (additional 84 000 ha under oil palm). PADP plans to support the rubber sector by improving access to inputs and finance, research and development (R&D), infrastructure and services through a partnership with the Rubber Planters Association of Liberia (RPAL). Cocoa, which is projected by GoL to be the leading agricultural export commodity, will be reinforced through targeted measures seeking to upgrade the value chain: enhanced infrastructure and services, improved market information, greater efficiency and quality of Licensed Buying Agents, and focus on cocoa certification. In the fisheries sector, which provides jobs and income for women (60% of employed workforce are female) and youth, the cooperatives will also be sustained by the CDA and GoL will put an emphasis on promoting the semi-industrial fishing model to supply the domestic market. To implement this strategy and attract foreign investment in the sector (mostly from the EU, taking advantage of the Sustainable Fisheries Partnership agreement), the National Fisheries and Aquaculture Authority (NaFAA) is called to have a central role to play.

2.2.3 Transforming infrastructure

To address the lack of supporting infrastructure that impacts negatively Liberia's business environment, GoL plans to expand roads, strengthen air and sea transport, reinforce post and telecommunication, improve access to electricity as well as to water and sanitation. Large-scale infrastructure projects under PADP include upgrading the Freeport of Monrovia, renovation of Monrovia Free Zone, and building a reservoir at the confluence of the Via and St. Paul rivers to stabilize hydro-electricity generation by Mount Coffee Hydro-Electric Dam.

3 BUSINESS CLIMATE IN LIBERIA

3.1 Economic overview

Liberia's economy is currently facing a hard time: its Gross Domestic Product (GDP) is expected to contract by 1,4% in 2019, after the slow growth of 1,2% in 2018. Inflation rate peaked at 31,3% in August 2019, mainly due to the depreciation of the Liberian dollar against the United States dollar. The non-mining sector is planned to decrease by 3,4 percent in 2019, due to the low performances of the services and manufacturing sectors, as well as a contraction of the agricultural contribution to GDP. Only the mining sector performs well as it is supposed to grow by 7,8% thanks to higher production of gold and iron ore. Over the last two years, the overall fiscal deficit of the Liberian budget deteriorated from 4,1% of GDP in 2017 to 4,8% of GDP in 2018 and will further increase to an estimated 6.2% in 2019, translating low domestic revenue mobilization and high public spending. In the medium term, Liberia's GDP is projected to grow thanks to the expansion of mining and non-mining sectors, a macroeconomic stabilization and the implementation of structural reforms: 1,4% in 2020 and 3,4% in 2021[10].

[9] http://www.fao.org/faolex/results/details/fr/c/LEX-FAOC158014/
[10] World Bank, Economic Overview of Liberia, October 2019

The country's current account deficit has decreased from 23,4% of GDP in 2018 to 21,1% in 2019, mostly thanks to the rise of exports earnings from gold and iron ore and to the contraction of imports following the end of United Nation Mission in Liberia (UNMIL). In 2018, Liberia exported USD 849 million and imported USD 3,1 billion, which translates into a negative trade balance of USD 2,2 billion. Finally, Liberia's net income has declined and Foreign Direct Investment (FDI) and donor transfers have decreased as well in the same period. Foreign direct investment was USD 122,2 million (3,76% of GDP), as of 2018. The country's leading trading partners are India, EU, China for imports (followed by Ivory Coast), and Switzerland, USA, Israel for exports (followed by EU). The Trade balance between EU and Liberia is largely positive for the EU (256 million EUR in 2018[11]), with a value of EU exports to Liberia of 692 million EUR against 436 million EUR for EU imports from Liberia[12]. Below, we present two graphics showing the percentage of imports and exports by commodity in 2017[13].

Figure 1: Percentage of imports by commodity in 2017

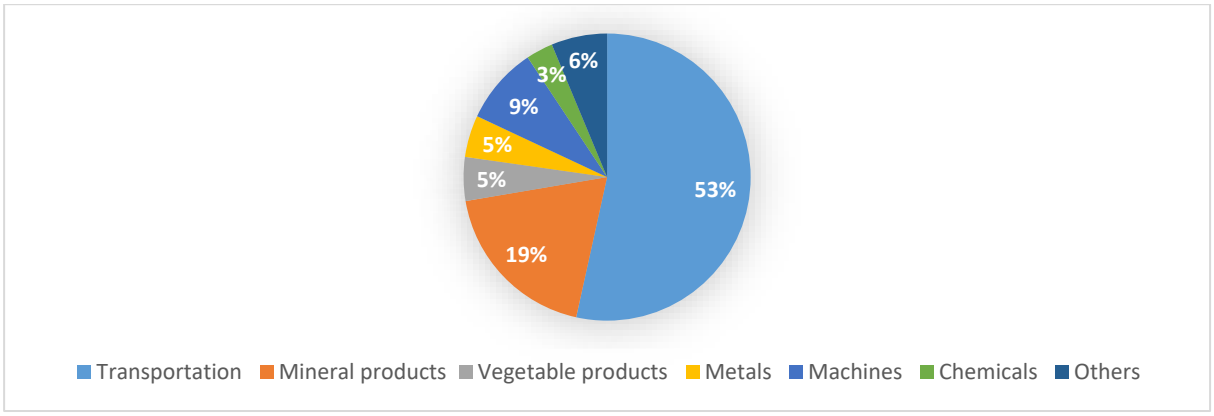
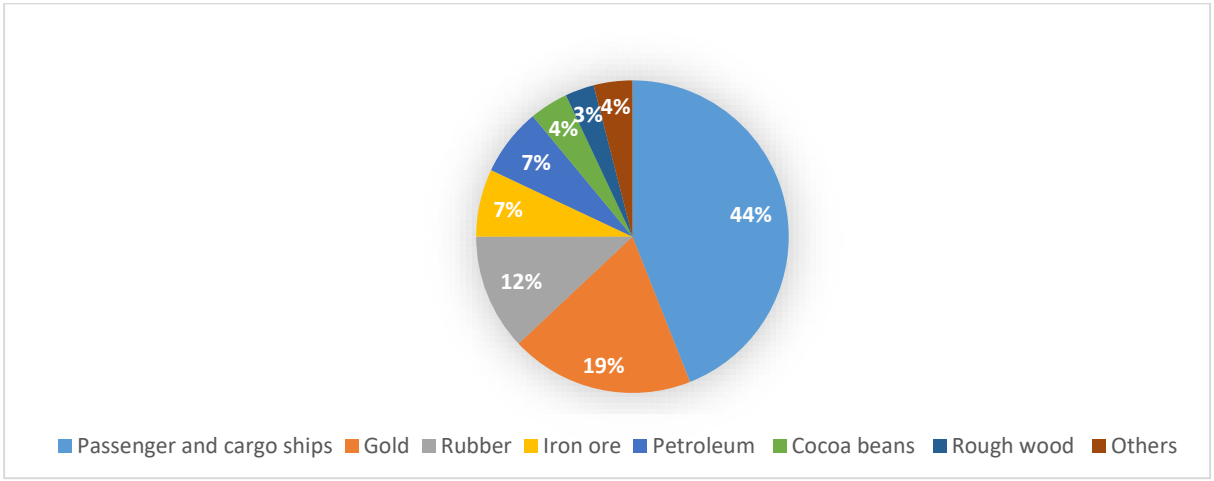


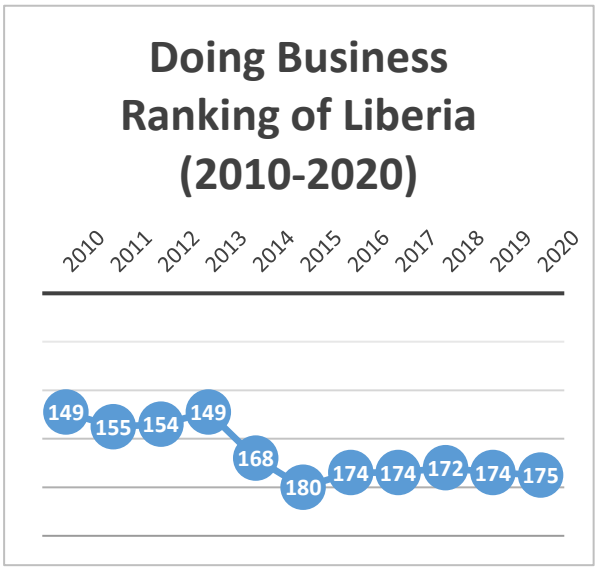
Figure 2: Percentage of exports by commodity in 2017



3.2 Doing Business Report

Figure 3: Doing Business Ranking of Liberia (2010-2020)

[11] Against 63 million EUR trade surplus for the EU in 2017
[12] European Commission, DG Trade, European Union, Trade in Goods with Liberia, 2018, pp3-8
[13] Observatory of Economic Complexity, Liberia Country Profile, see https://oec.world/en/profile/country/lbr/



The World Bank Doing Business (DB) Report ranks Liberia 175th out of 190 economies[14]. It is a significative setback compared to the previous decade when it was placed among the 10 best business reforming countries in the world in 2009 and had improved its ranking from 178 in 2007 to 157 in 2008. Since then, the reform pace has slowed down and its ranking has shrunk to pre-2006 levels, before President Ellen Johnson Sirleaf was elected. Her government could implement a reform strategy which improved several DB indicators, among which the ease of starting a business, dealing with construction permits, and trading across borders, and saw the establishment of a commercial court[15].

In the 2020 DB report, it appears that 6 indicators in particular rank below regional average (Sub-Saharan Africa) and need improvement in terms of completion time and associated costs for businesses: dealing with construction permits (185/190), getting electricity (175/190), registering property (180/190), protecting minority investors (176/190), trading across borders (184/190) and enforcing contracts (175/190). According to the same report, paying taxes (76/190) and starting a business (75/190) are less problematic. In addition, the lack of infrastructure represents a critical obstacle to private sector growth. Liberia has a very weak road network (almost not navigable during the rainy season) and one of the highest electricity costs in the world (54% of business operating costs are associated with energy costs). Finally, education in Liberia was negatively impacted by two civil wars between 1989 and 2003, which translates into a 43% literacy rate (in 2007) and an important human capacity deficit. This also indirectly affects entrepreneurship development.

The 2018 Mo Ibrahim Foundation Index of African Governance (IIAG), which broadens the analysis to aspects such as safety and rule of law, participation and human right, sustainable economic opportunity and human development, expresses a general 'increasing improvement' of the Liberia proxies (+0,53 AAT since 2008 and +0,60 AAT since 2013) and ranks the country's overall governance 23rd out of 54 countries[16]. The 2018 Bertelsmann Stiftung's Transformation Index (BTI) also points out a broadly positive development in Liberia since President Ellen Sirleaf Johnson took office in 2006 (Liberia is ranked 63rd out of 129 countries[17]), but highlights uncertainty linked to the end of her presidency. The recent developments in Liberia sadly confirm a downward spiral since many elements reveal increasing social tensions, economic instability and governance issues, which have not been translated yet in both indexes dating back from 2018 (when George Weah was elected).

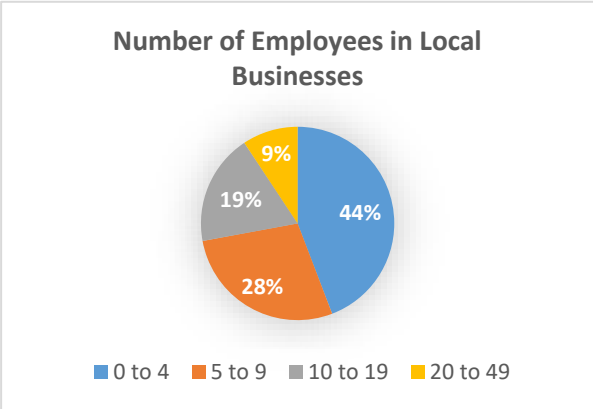
3.3 Business Ecosystem

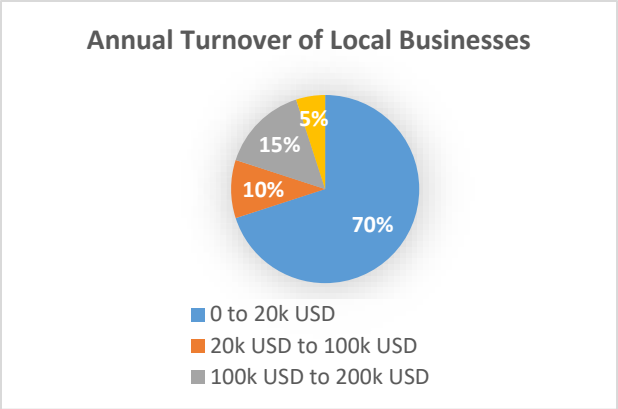
A study produced by USAID in 2013 reveals interesting features of Liberia's business ecosystem. As of April 2013, the Liberian Business Registry (LBR) had registered a total of 9385 businesses, with 79% of these registered in Monrovia (against 4,4% in Margibi county, and 3,2% in Nimba, both in the top-3 counties for business registration after the Montserrado county). This shows a clear concentration of economic activity in the capital city, Monrovia. The break-down by business type shows that local

[14] World Bank, Doing Business Report 2020, 2019, p4
[15] African Development Bank, Country Strategy Paper, 2013-2017, June 2013, p5
[16] http://iiag.online/
[17] Bertelsmann Stiftung's Transformation Index, BRI 2018 Country Report, p3

businesses are quite small: 73,2% are sole proprietorships, 18,2% are business corporations and 8,5% are partnerships.

The two graphics below illustrate the number of jobs and turnover of local businesses in Liberia[18].





The private sector in Liberia is primarily composed of: a) large foreign companies active in import and retail, timber, rubber, iron ore mining, and palm oil concessions; b) formal businesses in the capital city Monrovia, providing services to the Government and to the development cooperation sector; c) informal sector composed of micro and small enterprises; and d) the overwhelming rural sector based on subsistence farming[19]. It is important to mention here that the Liberian economy is mostly in the hands of foreign businesses. Lebanese businessmen– most of them traders - dominate the Liberian foreign-owned businesses, followed by Indians, Chinese and Fula traders[20]. Liberia's economy is largely dependent on natural resources, foreign aid, and FDI. It relies mostly on a few commodity exports such as iron ore, rubber and gold which form the biggest part of export revenues. The agricultural sector accounts for 72% of Liberia's GDP and employs roughly 70% of the country's workforce[21].

Box 1: Informal Sector, Women and Youth in Liberia

It is striking that 68% of employment in Liberia takes place within the informal economy, and 74.4% of informal jobs are carried out by women. Women constitute the majority of smallholder farmers, produce approximately 60% of agricultural products and account for more than 80% of all trading activities in rural areas[22]. Despite their dominance in these economic sectors, women are disadvantaged, and over-represented in least productive sectors. In addition, the informal sector employs 91% of young workers. Although forming the bulk of workers in the country, the Liberian youth lacks vocational training, employment opportunities and access to adequate health care. The majority of young Liberians were deprived of basic education opportunities during the conflict. Youth unemployment, particularly high among ex-combatants, remains a major threat to peace and stability in Liberia.

[18] USAID, Upwardly Mobile, An Overview of the Liberian Economy, July 2013, p17
[19] African Development Bank, Country Strategy Paper, 2013-2017, June 2013, p5
[20] The Fula people are one of the largest ethnic groups in the Sahel and West Africa, widely dispersed across the region. Inhabiting many countries, they live mainly in West Africa and northern parts of Central Africa but also in South Sudan, Sudan, and regions near the Red Sea coast. There are an estimated 40 million people of Fulani descent in West Africa in total.
[21] USAID, Upwardly Mobile: An Overview of the Liberian Economy, July 2013, p5
[22] ILO, The ILO in Liberia, 2019, pp1-4

Even though agriculture, fisheries and forestry account for roughly 70% of Liberia's GDP (representing 75% of rural employment and more than 50% or total employment), only 1,8% of registered businesses classify themselves as agricultural in the LBR, which confirms that most agricultural activities are carried out on an informal basis. Within that sector, forestry and rubber concessions play the major role. The agricultural sector is followed by the services sector (accounting for 22,8% of GDP), the manufacturing sector (around 5,2%) and the mining and quarrying sector (around 1,7%)[23].

The services sector, composed of trade and hotels, government services, real estate, transport and communication, and construction, has contracted since the departure of the UNMIL and now represents 22,8% of total employment only. The local manufacturing sector is quite underdeveloped because of low access to electricity, deficit of skilled labor, limited production capacity and high cost of imported inputs. That sector employs roughly 7% of total employment and essentially consists in industries producing cement, beverages, and various consumer goods.

3.4 Key crosscutting business constraints

In October 2016, the Liberia Better Business Forum (LBBF) supported the Ministry of Commerce and Industry (MoCI), the Ministry of Finance and Development Planning (MFDP), and the Ministry of State (MoS) to convene a Business Roundtable with 51 businesses and private sector organisations (PSOs) in order to identify the key crosscutting constraints affecting the Liberian economy. This Business Roundtable provides a precious description of the business impediments in 2016, and we will update it with the feedbacks collected from businesses and business associations interviewed during the TPSD Facility mission carried out in November/December 2019.

Although it is complex to prioritize crosscutting business constraints since these depend on the business perspective and profile (for instance, a Lebanese business importing goods does not face the same issues than a local enterprise exporting cocoa), the most frequent business constraints relate to government policies and enforcement; tax payment process, rates, and clearance; land management; access to finance; customs procedures, duties, cross-border trade; and informal payments. For the sake of not repeating the previous TPSD Facility report, drafted by Mr. Pierre Berthelot, we will keep this section short, present it through a problems/solutions matrix, and bring further details to the analysis of sectoral constraints.

[23] African Economic Outlook 2018, Liberia Country Note, AfDB, 2019

Table 1: Crosscutting business constraints

CONSTRAINTS AREA	GENERAL CONSTRAINTS	SPECIFIC EXAMPLES	PROPOSED REFORMS / SOLUTIONS
Government policies and enforcement	➢ Low enforcement of policies ➢ Arbitrary judicial system aggravated by informal payments and intimidation ➢ Lack of institutional coordination between ministries, municipalities and counties ➢ Lack of information dissemination for policies and regulations necessary for business compliance ➢ Lack of economic impact analysis when new reforms are adopted ➢ Discrimination in enforcement of laws on both Liberians and foreigners sides	➢ **Arbitrary judicial system, low enforcement of policy and intimidation**: CMA CGM (French company active in shipping goods) was summoned by the National Assembly of Liberia for a withholding tax issue (no clear separation between legislative, and judicial systems; Intimidation of businesses (following the adoption cargo tracking number, for instance) ➢ **Discriminatory policies** such as the immigration policy pose severe financial costs and business constraints: Private Use Permit (type of concession) is reserved to Liberians ("negro-descent") is discriminatory and inhibits FDI ➢ **Lack of institutional coordination**: Policies and or regulations are frequently adopted by different government bodies without proper notification of all those impacted at different levels of government including the business community and civil society. Once national policies are adopted, there is a lack of information to businesses about new regulations and about benefits and impacts of these reforms. ➢ **Policy unpredictability:** Businesses complain about changes in law which are not enforced, or about regulations which are enforced with no prior notice (ex: import permit declaration, cargo tracking number)	➢ **For policy coherence**: Regulatory impact assessment of new laws and regulations; Improved coordination between Ministries and government agencies ➢ **For improved communication**: More transparency and information dissemination in order to encourage compliance with new laws and regulations ➢ **For immigration policy**: Create longer periods of renewal for visa, work permits and residency; remove the need for letters of reentry; Allow visas on arrival with proper documentation, health records and for short term stay only (e.g. 30-60 days); 5-10 years residency permits; 2-5-year work permits; In the absence of a citizenship law, offer permanent residency to foreigners born in Liberia; ➢ **Rule of law**: Strengthening the justice system and provide a platform for non-court arbitration; improve the capacity of institutions to enforce policies; enforce the concession agreement stipulations (cf LACA) ➢ **Non-discrimination of local firms**: Improve the public procurement procedures so that local firms can have equal access to public procurement as foreign companies (Lebanese, Chinese and Indian companies are seen by the local private sector to be privileged partners by the GoL for public procurement) – unfair competition aggravated by corruption

Land Access and Management	➢ Many uncertainties with the land right act ➢ Concessional system is obsolete ➢ Lack of consistency of policies and contradictory natural resource policies ➢ Low professional and technical capacity in core land administration and land management disciplines such as customary land rights management, land use planning, and land dispute resolution ➢ Land tenure insecurity	➢ **Overlap, potential conflicts between land use**: mining, forestry and agricultural lands (see Sime Darby example); tensions between concessions and communities arising from weak land governance, and inconsistencies between customary and statutory rights over land management ➢ **Cumbersome procedures** in the issuing and obtention of documents from the FDA (Forestry Development Authority); processing times for obtaining licenses from FDA very slow (relocating of concessions is slow, 2-3 years to get a harvesting permit) ➢ **No cadaster and no effective and reliable land information system** and capacities in this area are low ➢ **Conflicting and competing tenure arrangements**	➢ **For improvement of land tenure security**: Improve acquisition of citizenship so that at least people born in Liberia are citizen (Liberia confers nationality solely on the basis of race. Under the current Liberian constitution, only persons of black African origins may obtain citizenship, although Liberian law allows members of other races to hold permanent residency status); Reform Public Procurement and Concessions Act (PPCA) ➢ **For improved land management policy consistency**: develop a Country Strategy for Land Use & Management that will detail geographical and sectoral priorities and increase coherence ➢ **Build capacity of FDA** to accelerate to speed up the procedures ➢ **Establish a cadaster and improve reliability of land information system** by building capacity of Liberia Land Authority (LLA). Also speed up its procedures.
Tax payment process, rates, and clearance	➢ Fiscal harassment ➢ Cost of taxes / duplication ➢ Lack of information about additional tax payment procedures ➢ Limited impact assessment of new taxes and procedures on businesses ➢ Ease of paying taxes: Complex tax code and high compliance cost for businesses: tax clearance takes too much time and is too expensive	➢ **Fiscal harassment**: local and foreign companies face harassment from government officers; corruption is widespread within the tax administration ➢ **Business re-registration process** at the Liberia Business Registry costs 48,5 USD (and even more to get it done quickly) ➢ **Presumptive tax on gross sales**: Liberian Revenue Authority (LRA) collects a presumptive tax on gross sales be paid on the sale of goods as well as general sales tax (GST). Businesses consider that the presumptive tax is a "double taxation" because both their sales and income are taxed. ➢ **Cost of taxes:** new tax for waste management (Monrovia City Corporation) is 50x higher than before (and monthly instead of yearly)	➢ **Remove or reduce business re-registration fees** ➢ **Remove or reduce the presumptive tax** ➢ **Ease of paying taxes: To simplify tax code and reduce compliance cost for businesses:** Improve the clarity and accessibility of Liberia Revenue Code by producing and disseminating paying tax guide; promote the use of online and mobile tax payment systems ➢ **To reduce tax harassment and reduce corruption within tax administration**, anti-corruption and integrity training programmes and technical assistance to establish internal control processes ➢ **Facilitate obtaining/renewing licenses/permits**

Access to finance	➢ Businesses (mostly local SMEs) lack access to finance ➢ Credit is expensive, short-term and requires high collateral ➢ Volatile real estate market makes assessing collateral difficult ➢ Informal payments a part of loan application process far too often ➢ For contracts with the Government: Delayed government payment for contracts leading to more default, interest, and penalties	➢ **Credit is expensive, short-term and high collateral**: example of Sharks (local women-owned business producing ice-cream): 150,000 USD loan for 460,000 USD guarantee, with 13% interest rate and 2-year term; weak and undercapitalized microfinance system (only BRAC operates out of Monrovia) ➢ **Lack of capacity on both the bank and loan applicant side**: capacity of banks to assess credit risk is limited ➢ **Lack of legal means to enforce debt repayment** since property rights are weak: Volatile real estate market makes assessing collateral difficult ➢ **Informal payments** are sometimes requested from bank officers when loans are requested ➢ **Late government payment for contracts leading to more default, interest, and penalties:** expressed by various local firms	➢ **To enhance capacity of banks to provide loans**: Capacity building for credit risk officers; ➢ **To improve access to finance for SMEs:** increase SMEs' knowledge about the loan application process, bring personalized support, improve SMEs' loan application; ➢ **To enhance risk evaluation**: establish an independent Credit Reference Bureau to track business and individual credit history ➢ **To improve debt repayment**: Improve legal framework to resolve insolvency ➢ **To improve loan collaterals**: enhance regulatory and institutional framework for lending against movable assets ➢ **Improve the public procurement procedures and speed up payments:** GoL should be responsible for additional interest and penalties resulting from late payments to businesses on bank funded contracts
Customs procedures, duties, and cross-border trade	➢ Multiplicity and high cost of custom duties ➢ Multiplicity of controls and non-harmonization of custom duties ➢ Informal payments, and theft during inspections	➢ **Multiplicity and high cost of custom duties:** The Cargo Tracking Number (CTN) system is a useless and costly waiver. It replicates BIVAC's custom duty. Penalties are high. ➢ **Multiplicity and high cost of custom duties:** Sub-charge to protect local industry increases dramatically the cost of importing (example: 0,5 USD/kg of imported wheat) ➢ **Multiplicity of controls and non-harmonization of custom duties:** BIVAC and ASYCUDA have the same role (pre-shipment inspection), but give different prices (custom duties) ➢ **Informal payments, and theft during inspections:** these practices are reported during pre-shipment inspection	➢ **Multiplicity and high cost of custom duties:** delete the CTN; rationalize the work of BIVAC and ASYCUDA so that they don't duplicate and provide same custom duties; limit the amount of penalties ➢ **Multiplicity and high cost of custom duties:** reduce or remove the sub-charge system which importantly increases the cost of living (reduces households' purchasing power) ➢ **Multiplicity of controls and non-harmonization of custom duties:** rationalize the work of BIVAC and ASYCUDA so that they don't duplicate and provide same custom duties; limit the amount of penalties ➢ **Informal payments, and theft during inspections:** training on custom integrity and TA to adopt and implement processes reducing theft/corruption

3.5 Important remarks on the key crosscutting business constraints

It is important to add a few remarks to the above crosscutting business constraints:

a) As we've mentioned earlier, it is uneasy to prioritize crosscutting business constraints because the profile of a business and its sector of activity will determine the most pressing issues it faces in its day-to-day business life. Obviously, a Lebanese firm importing fish will consider high custom duties as a priority constraint, while a local rubber exporter will consider enforcement of concession agreement stipulations the most important to grow its business. For instance, a survey, done by the Liberia Chamber of Commerce in December 2019 and supported by two consultants from the Hamburg Chamber of Commerce, reveals that the low exchange rate is much more problematic for importing companies than for businesses active in the primary and secondary sectors (agriculture / forestry / fishing / manufacturing / construction), while it is the contrary for high prices of raw materials[24].

b) **In order to prioritize reforms and build a Business Environment Reform Plan (BER Plan) that reflects strategic priorities, it is important to review the specific sectoral constraints (see section 3.6 of this report) and put them in adequation with the priority value chains identified by GoL as well as by development partners (including the European Union as enshrined in its Jobs & Growth Compact). This will allow to identify which reforms can have the most important leverage effects on job creation and economic growth in the medium and long terms**.

c) **Two macroeconomic aspects represent major impediments to an enabling investment climate in Liberia but are not included in the ten Doing Business Indicators[25]: weak purchasing power, as well as currency problem**. This is well illustrated in the section 4.2.1, that focuses on the priority constraints of the Liberia Chamber of Commerce's members (mostly active in wholesale and retail trade). The Gross Domestic Product per capita in Liberia was at 1,161.2 USD in 2018, when adjusted by purchasing power parity (PPP[26]), which is equivalent to 7 percent of the world's average. GDP per capita PPP in Liberia has steadily decreased from 2013 (1,281.5 USD) to 2018 (1,161.2 USD)[27]. In addition, there is currently a volatile financial environment such that the current Liberian dollar vault cash position of the Central Bank of Liberia is very inadequate to meet both current and future Liberian dollar liquidity demand from commercial banks, posing a potential security risk.

3.6 Key sectoral business constraints

In the jobs and growth compact (JGC) drafted in August 2018 by the EU Delegation in Liberia[28], four value chains have been selected: cocoa, fisheries, cassava and municipal solid waste. We will now present the main characteristics of these value chains (except the Municipal Solid Waste value chain because we could not collect accurate data on this value chain) and identify their respective key sectoral constraints, with a focus on (but not limited to) legal and regulatory issues. It is important to mention that the wood/timber/forestry value chain was not selected in the JGC because it is associated

[24] Liberia Chamber of Commerce, Business Condition Survey, December 2019, slide 10

[25] Doing Business indicators include: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency

[26] The purchasing power parity conversion factor is the number of units of a country's currency required to buy the same amounts of goods and services in the domestic market as USD would buy in the United States.

[27] https://tradingeconomics.com/liberia/gdp-per-capita-ppp (World Bank)

[28] EU Delegation to the Republic of Liberia, Supporting Job Creation and Economic Growth in Africa, Jobs and Growth Compact for Liberia, August 2018, p8

with unsustainable practices and corruption. We will nevertheless consider this sector in our report as it importantly contributes to job creation and economic growth. We will also cover the rubber value chain, for the same reason.

3.6.1 Rubber value chain

Today in Liberia, the rubber sector accounts for 20% of the GDP, and contributes to 70% of foreign exchange earned by the country and provides approximately 20 000 formal jobs[29] (the sector also employs 60,000 smallholder households). Most of the largest plantations are located in the South-Central Region, which is the traditional rubber belt. Today in Liberia, it is estimated that over 6000 hectares of rubber trees are still productive. The sector is led by concessions, export-driven and structured around three groups: a) seven large-scale concessions owned and managed by foreign investors, among which 3 firms process rubber (Firestone - USA, Liberia Agricultural Company - Luxembourg, Lee Group – Malaysia); b) over 3,000 domestically owned commercial farms (mainly owned and operated by local elites and politically connected families and that emerged as a result of outgrowers schemes with Firestone); and c) small household farms owned by farm workers or surrounding communities and using traditional production techniques with very limited use of inputs.

The total national production of rubber in 2017 is evaluated at 71,000 tons, placing Liberia as the 14th producer on the global market (out of a 14 million tons global production with Thailand coming first with 4,6 million tons, and Côte d'Ivoire 7th with 580 000 tons)[30]. It is striking that since the 1980s (production was 108,000 tons in 1988), the rubber sector has experienced a major contraction as a consequence of an unconducive political environment, leading to lack of concessions' confidence and reduction of replanting (over the period, only about 5% of the existing tree stock had been replanted). The limited use of agricultural inputs compared to other producing countries (like Sri Lanka and Côte d'Ivoire) negatively impacts the sector's productivity and drastically reduces the yield per hectare. In addition the rubber concessions, that employ a very large portion of poor workers, offer hard working conditions. There are two types of workers in that sector, overwhelmingly men: permanent employees and seasonal contractors. These workers face hard conditions: working 12 hours a day, with very low wages (2-5 USD per day) and frequent demands to double output with no increase in pay. Smallholder farmers have even lower revenues (1 USD per day) and are disadvantaged by a low access to inputs and marketing channels, increasing their dependence on commercial farms. Finally, smallholder farmers do not enjoy a secured access to land, which reduces their growth potential.

Nonetheless, the rubber sector provides strong opportunities for poverty reduction. To achieve this, efforts from the GoL and development partners should aim at increasing formal employment and income levels of smallholder farmers. At the legal and regulatory level, it is recommended to better connect concession and non-concession producers and further include smallholder farmers in the value chain. An improved sector governance should improve the inclusion of these farmers through a more favourable fiscal system (concessions enjoy fiscal incentives which non-concession farms don't), and a more transparent rubber market (today, smallholder farmers sell their produce to concession who set the price at only up to 80% of the world market price). It will also be crucial to increase access to inputs (especially rubber clones for replanting) and finance. An increased access to finance would not only improve the replanting of rubber trees, but also support processing activities[31] which are today underdeveloped and do not allow to retain much added value gained from transformation in

[29] GROW Liberia, Sector Strategy for Rubber, November 2013, p7

[30] http://www.factfish.com/statistic-country/liberia/natural+rubber,+production+quantity

[31] In Liberia, the rubber produced in mostly semi-processed Technically Specified Rubber (TSR). There is a potential for increased added value through smoke sheet processing technology, allowing to obtain Ribbed Smoked Sheets (RSS). This technology is quite basic and cheap (50 000 USD for such a processing equipment) but underdeveloped in Liberia.

the country for instance through Ribbed Smoked Sheets (only 3-4 Ribbed Smoked Sheets factories exist in Liberia). The Rubber Planters Association of Liberia (RPAL), the main Private Sector Organization in the sector, has a central role to play to support the sector development. We will detail its structure, as well as actual and potential support functions in section 4.3.10.

3.6.2 Wood/timber/forestry value chain

The wood / timber/ forestry value chain contributes to an estimated 10 percent of the GDP in Liberia in 2016. In 2015, around 10,400 people were directly employed by the sector (formal employment). Forests account for 6.5 million hectares (68% of Liberia's land surface) out of which 4.4 million hectares is tropical forest. In 2015, the allocation of forest land in Liberia was as follows: 44% of non-designated land; 28 % for commercial timber production (under Forest Management Contracts [FMCs] and Timber Sale Contracts [TSCs]); 18% for existing and proposed Protected Areas (PA); 5% for palm oil concessions; 2% for community forestry agreements (CFMAs); 2% for mining permits; and 1% for rubber and other plantations[32]. Government revenues from forestry sector levies (like stumpage fees, exports fees and area fees) represented 8.5 million USD in 2015 (accounting for 2% of total tax revenue collected) out of an annual revenue of 87.6 million USD from commercial timber activities. As mentioned above, there are three types of commercial agreements under which timber can be legally produced. These are (a) FMCs, (b) TSCs, and (c) commercial-use contracts signed between communities and logging companies under Community Forest Management Agreements (CFMAs). In 2018, there were seven valid FMCs, 10 TSCs (of which two are active), and 21 CFMAs (under 12 of which communities have entered into commercial partnerships with logging companies).

Alongside the formal employment, the informal forestry sector also contributes importantly to employment and income generation with activities such as charcoal production and chainsaw milling, offering jobs to an estimated 19,000 to 24,000 additional urban and rural individuals. These two practices nevertheless dramatically contribute to forest depletion, and this phenomenon is aggravated by poor enforcement of regulations related to forest concessions governance, expansion of commercial agriculture concessions (especially palm oil) and artisanal and small-scale mining. The sustainable forest management is under the responsibility of the Forest Development Authority (FDA), established in 1976 to conduct research and provide training. Despite this, most of the activities of the FDA have focused on developing timber concessions and promoting export of timber from Liberia, to the detriment of sustainable forest management.

For the sake of sustainable management of forests, GoL has adopted the National Forestry Reform Law (NFRL) in 2006, which provides a framework for identifying, allocating and managing logging concessions following the 3Cs approach (Community, Commercial and Conservation). Moreover, Liberia signed a Voluntary Partnership Agreement (VPA[33]) with the EU in 2013, under which Liberia commits to enforce a timber legality assurance system. The VPA aims to ensure that all timber exported to the EU market complies with the laws of Liberia (certified with so-called FLEGT licences). This agreement is not limited to trade promotion, but also includes measures addressing the causes of illegality by improving forest governance, environmental protection and law enforcement. Liberia's

[32] World Bank, Liberia Country Forest Note, January 2018, p8

[33] The Liberia-EU Voluntary Partnership Agreement (VPA) is a legally binding trade agreement. It aims to ensure that Liberia produces and exports only legal timber and timber products by improving forest governance and law enforcement.

legality assurance system is composed of five elements: legality definition, supply chain controls, verification of compliance, FLEGT licensing, and independent audit[34].

The commercial timber industry in Liberia is focused on export, mostly to China (85% of exports), with a small part of exports going to EU countries like Germany (4.1 %), France (3.1 %), and Greece (0.6 %). The commercial concessions face many constraints: a) difficult assessment of commercially valuable harvestable timber when bidding for concessions (generating issues when operating); b) complex tax structure and unclarity of fees and levies; c) weak infrastructure for transportation; d) lack of clarity and low enforcement of concession agreement contracts[35]. To attract investment in the forestry sector, Liberia should tackle five priority constraints to doing business: limited access to finance, high tax rates, government instability, foreign currency regulations, and corruption.

A meeting organized by the Liberia Timber Association (LibTA - main private sector organization representing commercial timber companies) could allow us to discuss with ten companies. These expressed the following key business constraints: weak infrastructures (poor road network and low port capacity), low capacity and slow procedures of FDA (it took three years to a local company to obtain from FDA a relocation permit), illegal activities of community cutting trees without permission and destroying the forest; inequalities between commercial and community concessions and low community rights (from 2 to 10,000 hectares, the harvesting permit is delivered for 5 years, compared to 15 years for 10,000 to 20,000 hectares, for instance).

LibTA has structured the constraints faced by its members in a problem/solution matrix, which accurately details the major problems, ongoing consequences, proposed improvements and reforms, and responsible party for implementation. Among the priority constraints expressed by LibTA members, we can mention: high land rental fees; unnecessary bureaucracy in the issuing and obtention of documents from the FDA; unclear policy / frequent changes; unauthorized attempts at changing regulation of the sector; undue international pressure and additional requirements; poor or lack of adequate facilities; high tax regime; community issues. The matrix is included in Annex 1 of the report and includes policy and regulatory reforms proposals.

3.6.3 Cocoa value chain

Currently, cocoa is the third most important cash crop in Liberia and provides jobs to 30,000 Liberian smallholder farmers in mostly agroforestry production systems. National cocoa bean production is estimated to be between 7,000 to 17,000 tonnes annually, with an unknown amount of Liberian cocoa beans being informally exported to neighbouring countries: Cote D'Ivoire, Sierra Leone and Guinea[36]. Today in Liberia, two businesses control the cocoa export market and export roughly 80% of cocoa produced in the country (mainly to Theobroma International, based in the Netherlands): AYA Group and Randlyn Group. The remaining 20% of exports are done by smaller firms gathered under the Cocoa Exporters Association. We will provide further details about this association's structure and activities in section 4.3.2 of this report.

Cocoa farmers face difficulties to reach the average yields obtained in other West African countries with similar climatic and environmental conditions like Côte d'Ivoire and Ghana. The low productivity of Liberian cocoa farmers comes from low quality planting materials, aged and un-rehabilitated farms abandoned during the civil war, poor and improper farm management practices/skills, lack of post-harvest management skills and weak market incentive to produce quality cocoa. Furthermore, low yields also originate from unequal access and control of inputs and farm income by women and men.

[34] http://www.euflegt.efi.int/background-liberia
[35] World Bank, Liberia Country Forest Note, January 2018, p15
[36] IDH, Summary Findings from the Cocoa Platform Stakeholder Consultations, May 2019, p2

To improve this situation, the European Commission implements the Liberia Cocoa Sector Improvement Programme (LICSIP)[37]. This project is implemented by Solidaridad West Africa and includes interventions aiming at improving farm-level sustainable production and productivity; enhancing the cocoa sector regulatory and institutional framework; strengthening the capacity of sector governance structures; vertically integrating the cocoa market and creating new employment opportunities especially for youth and women in the sector.

In the context of the LICSIP, a **Cocoa Platform** activity is being developed by IDH and constitutes a multi actor coalition gathering the government, the private sector, development programs, civil society and farming communities. The aim of the platform is to improve stakeholders' coordination, and design and implement development interventions within Liberia's cocoa sector. In May 2019, a consultation was carried out by IDH, and various cocoa value chain stakeholders (32 in total) participated: GoL ministries and agencies, exporters, international buyer, farmer groups, civil society organizations (CSOs) and multilateral institutions. Through this exercise, IDH could identify the cocoa value chain stakeholders' priority business constraints at the levels of production/post-harvest, farmers aggregation, access to finance, exporting/marketing, and policy/regulatory framework. The table below summarizes the findings of this consultation[38].

Table 2: Sectoral constraints of cocoa value chain

Level	Business constraints
Production / post-harvest	➢ Insufficient / lack of access to domestic sources of quality seedlings (planting material) for farmers. There is not a fully functioning cocoa seed garden or propagation nursery in Liberia. ➢ Low productivity at producer level ➢ Lack of access to agro-inputs: (fertilizers, fungicides, pesticides and small equipment) ➢ Poor fermentation practices leading to poor quality of Liberian cocoa beans ➢ Difficulty accessing prime (adequate) farm land for cocoa production
Farmer Aggregation	➢ Lack of farmer-level infrastructure, especially warehousing; which directly effects quality of bean ➢ Weak cooperative organizational structures - Limited technical & management capacity at cooperative level ➢ Insufficient farmers' technical capacity ➢ Lack of extension services ➢ Poor aggregation logistical services; which directly effects the quality of the bean ➢ Poor access to market information ➢ Limited access to markets
Access to Finance	➢ No access to finance – little investment has been made at production and aggregation levels
Exporting / Marketing	➢ Poor/disjointed business linkages ➢ Lack of transparency along the supply chain ➢ Unclear pricing process ➢ Lack of knowledge of market rules and requirements - Poor sector coordination by stakeholders ➢ Illegal cross-border trade is negatively affecting the Liberian Cocoa Sector ➢ Poor market promotion and branding of Liberian cocoa bean ➢ Lack of access to niche cocoa markets
Policy/regulatory	➢ **Undefined shared vision within the cocoa sector - Insufficient leadership by GoL to support Sector Alignment & Development** ➢ **Lack of communication between Sector Stakeholders** ➢ **Poor road infrastructure - Feeder roads need to be built**

[37] https://ec.europa.eu/europeaid/case-studies/liberia-cocoa-sector-improvement-programme-licsip_en

[38] IDH, Summary Findings from the Cocoa Platform Stakeholder Consultations, May 2019, pp3-4

	➢ **Weak regulatory framework - Poor alignment of existing policies and regulatory mechanism** ➢ **Inactive ICCO[39] membership**

The Cocoa Exporters Association's members[40] mostly complained about the low capacity of the Liberia Agricultural Products Regulatory Authority (LACRA) – in charge of regulating the sector, delivering export certificates and collecting export taxes, licenses fees, and royalties. They also pointed out the weak infrastructure (roads network and port infrastructure), as well as the low access to export finance as major impediments for the progress of their activities. Finally, they stressed the complexity of export procedures and the cumbersome procedures and high taxation of cocoa export.

To improve the cocoa value chain, the **National Cocoa Public Private Partnership Platform** was established in May 2019, and signed in July a collective statement with the following objectives[41]:

- Promote and participate in multi-stakeholder coalitions that bring together public, private, farmer groups, financial institutions, multilateral institutions and CSOs partners, to support the development of a joint action plan to develop a sustainable cocoa sector;
- Align stakeholders' interests into a joint action plan by the end of 2020;
- Develop partnership with relevant stakeholders to professionalize and empower farmers
- Ensure evidence-based decision-making by generating data and research on forests, forest loss and degradation, and patterns of land use in cocoa landscapes; and by promoting collective learning on sustainable cocoa production across geographies, sectors and actors;
- Work with relevant stakeholders to improve land use policy and planning, forest protection, and forest and land restoration;
- Improve access to finance for cocoa producers and exporters;
- Promote best practices on sustainable cocoa farming;
- Support the development of a traceability system;
- Support the process of branding Liberia to the global cocoa market.

The National Cocoa Public Private Partnership Platform is definitely a constructive initiative to enhance the cocoa value chain in Liberia since it reinforces sector governance, policy dialogue, and donor coordination. An active participation of the EUD to this platform is therefore recommended.

3.6.4 Fisheries

Liberia has an important and unexploited fishing potential: it can produce up to 40,000 metric tonnes (MT) from marine fish while it currently produces 9,000 MT yearly. In addition, aquaculture and inland fisheries offer the opportunity of an additional 300,000 MT of fish annually. If this untapped potential is exploited, Liberia could raise fisheries' annual contribution to GDP from 3.5 million USD (0.2% of GDP) to 132.6 million USD (7% of GDP). Currently, Liberia imports 14,800 MT and produces only 9,000 MT (out of which 2,000 MT comes from inland fishing). The fish imports have boomed between 2009

[39] The International Cocoa Organization (ICCO) is a global organization, composed of both cocoa producing and cocoa consuming member countries. Now located in Abidjan, Côte d'Ivoire, the ICCO was established in 1973 to put into effect the first International Cocoa Agreement which was negotiated in Geneva at a United Nations International Cocoa Conference.

[40] During the mission, we had the chance to meet 5 members of the Cocoa Exporters Association

[41] Liberia Cocoa Sector Platform Initiative, Statement of Intent Declaration, July 2019, pp3-4

and 2014 (no updated data available), passing from 2 million USD to 12 million USD[42]. Today, Liberia does not export much fish and crustaceans, with only about 3 million USD of exported products in 2012, predominantly to the European Union (EU) – mostly to Germany – and East Asian states[43]. Furthermore, compared to neighbouring countries, the country's marine fish production is underperforming: Senegal produces 472,000 MT, Sierra Leone 175,000 MT, Guinea Conakry 105,000 MT according to FAOSTAT in 2013.

Aquaculture production, introduced in Liberia in the 1950s, is also quite low but has presented signs of revitalization recently. Studies show that the aquaculture sector also offers an important potential due to abundant water resources, prevalence of lateritic soils proper to this activity, and presence of large areas of flat lands across the country (plateaus). Inland fisheries provide interesting economic opportunities as well, since an important network of rivers irrigates the country (1,800 km of rivers), but only scarce data is available regarding the total employment it constitutes, as well as concerning the contribution of this sub-sector to GDP. What is sure is that it represents an important seasonal subsistence activity that is mostly carried out by women and girls using traditional fishing gear and traps. More generally, the socioeconomic contributions of the fisheries sector are important for the country, since fishing is inherently a labour-intensive economic activity. ITC estimates that approximately 33,000 individuals' livings depend on the sector (with 12,000 fishermen active), which traditionally employs poor populations and presents a clear and equitable division between women and men (men harvest the fish and women are responsible for post-harvest handling, processing and sale)[44].

To regulate the fishing sector, and improve the institutional and legislative framework for fisheries management, the National Fisheries and Aquaculture Authority (NaFAA) was established by the GoL in October 2017. Its objectives also include research; community and stakeholder participation in marine and aquaculture/inland fisheries management and development; effective international, regional, sub-regional and bilateral cooperation for fisheries management; enhanced monitoring, control, and surveillance capabilities; and improve fish quality and value addition technologies for enhanced economic returns in fisheries[45]. Thanks to modern monitoring and surveillance equipment provided by the World Bank, NaFAA could reduce by 80% illegal fishing activities. To monitor the capture of vessels, NaFAA also sends one observer per licensed boat. Illegal fishing activities include: fishing without license; fishing in the 6-nautical miles Insured Exclusion Zone (IEZ); catching more fish than the permitted by the fishing licence; and targeting other or smaller fish than fixed.

NaFAA collects fishing licence fees and generates annually an important budget (in 2019, 5.8 million USD out of which 3.8 million USD cover operating costs, and 2 million USD are remitted to GoL). Its role could be key to attract foreign investment in marine fisheries, according to Andy Read, an EU consultant we have interviewed during the mission. **According to the expert, three paths could be taken to support the development of fisheries through foreign investment attraction: 1) develop the shrimp industry, which represents a potential export value of 20 million USD; 2) support the off-shore deep-water crab fisheries development; and 3) boost the semi-industrial fisheries for high-value species for export (for instance lobsters, shrimps, etc.) inside the 6-nautical mile IEZ. To attract Foreign Direct Investment (FDI), important challenges remain: informal payments (for instance, a**

[42] Fish Sector Working Group, Delivering Inclusive Growth in the Fishing Sector: Suggested Reform of the Tax Regime in the Fish and Aquaculture Sectors, pp1-3

[43] ITC, The Republic of Liberia National Export Strategy, Fish and Crustaceans, 2014-2018, 2013, p2

[44] ITC, The Republic of Liberia National Export Strategy, Fish and Crustaceans, 2014-2018, 2013, pp9-10

[45] https://nafaa.gov.lr/index.php/about-nafaa/about-nafaa/who-we-are

Dutch investor decided not to operate in Liberia because of bribes), as well as high taxation (to run a fish export business, five taxes and levies have to be paid: fishing license, harbour handling fees, hygiene certification, registration with maritime authorities, export tax).

The Fish Sector Working Group has summarized the most pressing constraints of the fisheries sector in a report[46]. According to this document, **there exist four main constraints in the fish and aquaculture value chains**: Lack of an industrial investor in the aquaculture sector and in fish storage and processing; limited availability of local inputs; a tax regime that incentivises imports of fish and disincentivises local production and exports; unfavourable fees and regulations. **The current tax regime for fish and aquaculture is not conducive for export nor local fish production but is more favourable to imports. Indeed, fees applied to local fish producers and exports are much higher than those applied to importing fish. The regulatory procedures surrounding export and local production are more expensive and complicated than importing procedures and fees. In addition, tariffs on key inputs are high, while those on imported fish are low. Finally, customs duties are being applied on fish caught in Liberia. To reverse this tendency, and promote local production and export, industry experts recommend the GoL to implement 6 regulatory reforms:**

1. Reduction of export permit fees from 10% to 0% of total catch value to a fixed price;
2. Reduce import duty to a maximum of 5% on critical inputs to be competitive in the region (for instance, for industrial fishing: Trawl nets and accessories, life jackets, fishing vessels, marine paints, bunkerage/fuel, engine spares, vessel spare parts and accessories);
3. Increase import duty on imported fish to at least 5%;
4. Reduce Fishing License fees to 5% from the current 10% of total catch value;
5. Streamline licensing for local production and export procedures; Remove customs duties from fish caught in Liberia
6. Remove customs duties from fish caught in Liberia

There are in Liberia two sectoral associations in the fisheries sector: the Liberia Artisanal Fishermen Association (LAFA) and the Seamen's Union. The former is quite weak in terms of structuration and rather inactive, and the latter is very vocal but has limited capacity.

3.6.5 Cassava

Cassava is an important source of revenue for Liberian smallholder farmers, accounting for 10% of GDP. In 2013, the annual production was estimated at 489,000 MT, on a total surface of 61,000 ha and the total employment created by this value chain was approximately 122,520 jobs. Both men and women are active in the sector, and women tend to be more involved in planting, weeding and harvesting while men carry out heavier tasks like tree stumping and land preparation. The entire cassava production is consumed locally in Liberia, and some additional cassava is imported (for instance from Sierra Leone, from where 2,400MT were imported in 2013)[47].

Cassava production is divided in three groups: subsistence rural farmers producing on a small surface (on average, 0,5ha per smallholder farmer) and consuming their own produce (smallholders yielding only around 4T/ha to 8T/ha); semi-commercial smallholders consuming and selling their produce on the market (harvesting yields around 8T/ha); and commercial farmers producing on a larger surface and selling exclusively their produce to markets and processors (obtaining higher yields than 8T/ha).

[46] Fish Sector Working Group Delivering, Inclusive Growth in the Fishing Sector: Suggested Reform of the Tax Regime in the Fish and Aquaculture Sectors

[47] GROW Liberia, Sector Strategy for Cassava, November 2013, pp8-10

Cassava production in Liberia is 8T/ha on average, which is quite low compared for instance to Nigeria (11-15T/ha)[48].

There are also three types of processors: artisanal processors (mostly women processing their own produce with traditional methods and selling to their immediate surrounding); small-scale processors (generally community-based groups provided with processing equipment by NGOs); and medium-size processors which is a group composed of both fully commercial processors (individuals) and NGO-supported women's groups involved in the processing of gari and other products. According to the National Cassava Producers Network, there are in Liberia 6 major cassava processors equipped with a processing capacity of 8T/day. Again, compared to other countries in the region, Liberia has an underperforming processing sub-sector and the development of medium-size processors is hindered by the small volumes of cassava produced locally, high energy costs (average cost per MW is 0.43 USD compared to 0.27 USD for Ivory Coast[49]), low access to finance, and high cost of processing equipment and critical inputs (like packaging or stickers). These elements negatively impact the competitiveness of locally processed cassava: 25kg imported from Nigeria cost 17 USD, compared to 26 USD for locally processed cassava. The story of Angie Howard (see below in the box) sheds light on the life trajectory and difficulties of a woman entrepreneur who became a medium-size processor of cassava.

Box 2: Angie Howard, Managing Director, Falama Inc., Liberia



Angie Howard grew up in a farm in Todee, rural Montserrado and started to grow and process cassava at a very small scale. She distributed her produce for free to her friends and neighbours and rapidly realized there was a growing demand from the local communities.

A few years later, she attended an exhibition fair to promote her products and presented a project to the Liberia Bankers Association to establish a cassava processing factory. Angie won a USD 5,000 prize and created Falama Inc. Her factory is today located in Gangama, Bomi County. It processes 2MT/hour of cassava and plantain into gari, fufu, attieke, flour, starch and tepah (including fortified food for school kids). Falama Inc. also exports dried cassava leaves to Australia. This business now employs 10 people and provides revenues to 116 small-scale farmers.

For Angie, as for many other medium-scale processors in Liberia, running a business is not an easy task: the volume of cassava produced is too low to reach full processing capacity, purchasing packaging is an issue (packaging comes from Ghana), labels are expensive (0.2 USD per sticker bought in Liberia, compared to 0.02 USD in USA or Nigeria). Furthermore, the current tax regime is not supportive to the development of medium-scale processors since double taxation applies to packaging material and sales (VAT), and re-registration process is costly (48,5 USD/year). Certification is finally a major issue because the local standard laboratory does not operate under international certification, and dried leaves exported by Falama Inc. must first pass by Ghana (Ghana Standard Lab – supported by the EU) or Nigeria (IITA Lab) to reach Australia.

[48] GROW Liberia, Sector Strategy for Cassava, November 2013, p19
[49] IFC Liberia Sector Prioritisation –June 2012

We can summarize the key constraints of the cassava value chain in Liberia by the following: limited market-size and low per capita consumption of cassava; low smallholders' yields; inefficiencies in the supply chain and weak linkages between smallholder farmers and processors; outdated processing methods and high operating costs of medium-scale processors. Various sectoral associations exist like the National Cassava Sector Coordinating Committee, the Cassava Sector Platform or the Agropreneurs Platform, but their structuration is weak.

4 PRIVATE SECTOR ORGANIZATIONS IN LIBERIA

It is widely recognized that Private Sector Organizations (PSOs or Business Membership Organizations – BMOs) play an important role to support private sector development and improve the business environment because they deliver a range of services for enterprise development and advocate their members' interests to the government. In addition, many members of PSOs are categorised as small and medium enterprises (SMEs) and they lack capacity in basic business skills, a situation which hinders their ability to make a meaningful contribution to the growth of production, trade and employment generation. SMEs are often not familiar with the policies and regulations affecting businesses or the basic forms they need to fill out to get registered as formal businesses. They also often lack information on opportunities in local and regional value chains.

According to SEQUA[50], 7 criteria allow practitioners to proceed to an organizational analysis of PSOs[51]:

1. *Status and governance*: the legal status of PSO, its governance (democratic/accountable or captured by individuals depending on the regularity and inclusivity of elections)
2. *Membership and outreach*: the importance and coverage of membership (proportion of members of the PSO compared to the total number of businesses in a territory/ sector)
3. *Leadership*: does the PSO have a vision, a mission statement and a strategic plan? Is it reassessed periodically?
4. *Resources*: the resources like staff, finance and facilities allowing PSOs to operate
5. *Communication and mobilization*: the ability of the PSO to mobilize members' resources for collective action, but also refers internal (for transparent decision-making) and external communication capacities (increasing legitimacy, weight and importance)
6. *Advocacy*: the capacity of the PSO to impact policy making. It includes access to and cooperation with government
7. *Services*: members of PSOs will be attracted by services answering their needs and meeting their expectations. Services of PSOs can also include functions delegated by governments like business licensing and certification

[50] Sequa gGmbH's objective is to create an enabling environment for the private sector in partner countries, with a view to improving the livelihoods and working conditions of as many people as possible. The company's agenda also includes strengthening business organisations, establishing sustainable social standards and improving access to vocational education. Sequa gGmbH is owned by GIZ (49%, largest shareholder) and leading associations in German industry: the German Association of Chambers of Industry and Commerce, the German Confederation of Skilled Crafts, the Confederation of German Employers' Associations and the Federation of German Industries

[51] Sequa, BMO Toolbox, Tools and Materials for Enhancing Business Membership Organizations, February 2008, pp9-10

4.1 Organization Development Assessment of PSOs and their Relationships

4.1.1 Organization Development Assessment of PSOs

During the mission, we could interview and analyze the capacities of 10 PSOs based on a standardized questionnaire: Agrodealers Association, Association of Vegetable Traders, National Cassava Sector Coordinating Committee, Cocoa Exporters Association, Farmers Unions Network, Fula Business Association, Liberia Chamber of Commerce (LCC), Liberia Business Association (LIBA), Liberia Timber Association, Rubber Planters Association of Liberia. It is important here to differentiate multisectoral business associations (LCC, Fula Business Association and LIBA) from the rest (sectoral business associations).

In annex 2, we present an analysis of the 7 criteria of organizational development of the PSOs we have met during the mission (two other PSOs have been met but did not fill in the PSO assessment questionnaire: LACA and French Business Club). **Out of the analysis, it appears that most of the PSOs in Liberia face major capacity constraints: their governance, membership management, leadership/strategy, financial management, services, communication strategy and advocacy skills could be improved.**

According to Sequa, there are 4 phases in PSO organizational development[52]: a) *Club*: consists of a networking forum that is fully run by board members, does not have staff nor organizational structure; b) *Starter PSO*: has a secretariat, but lacks a clear vision/strategy and resources; c) *PSO*: has a professional secretariat, a clear vision/strategy, offers professional services incl. advocacy, recognized partner and has a diversified membership; and d) *Star PSO*: active in all business areas, professional staff, high reputation/ influence; large amount of members and setting the business agenda. **Clubs are often too weak to receive support from development partners, while capacity development is possible for starter PSOs and professional PSOs can receive support to improve their services and advocacy capacity. Four additional remarks can be done here:**

1- **The current economic crisis in Liberia impacts very negatively the financial sustainability of the majority of PSOs (like LibTA) because member companies face financial difficulties and stop paying their membership fees, reducing the PSOs operational budgets**

2- **The survival of several PSOs (for instance the Agro-dealers Association, Association of Vegetable Traders etc.) strongly depends on the continued support of development partners (GROW Liberia, for example)**

3- **Some PSOs exist but have low political neutrality (for instance the Liberia Marketing Association) or receive public funding from GoL, and hence lose their credibility to defend their members' interests**

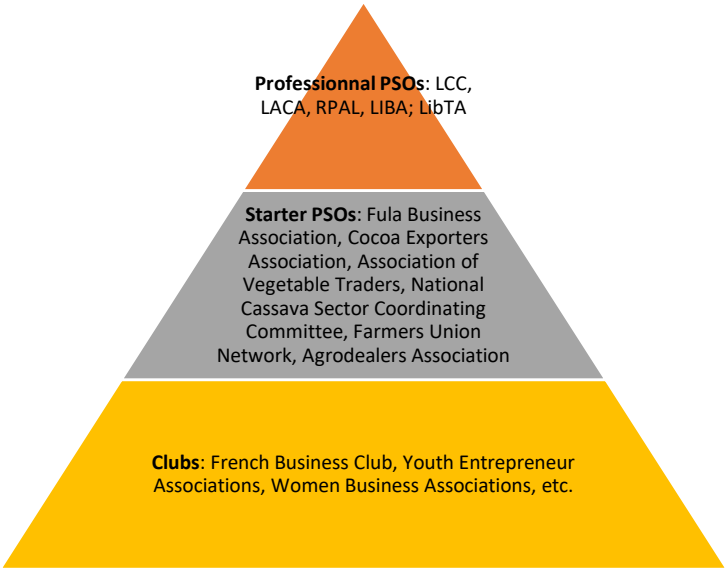
4- **The advocacy capacities of PSOs are weak: well informed business papers, policy analysis, cost/benefit analysis and coherent reform proposals are very rare. This is also linked to the low capacity of research institutions, universities and statistics institute in the country to collect empirical data.**

Considering the context in Liberia, we can first observe that no Star PSO exists yet in the country. Only 5 professional PSOs could be identified (LCC, Liberia Agricultural Concessions Association – LACA, , RPAL, LIBA; LibTA), a few starter PSOs try to survive or grow (Fula Business Association, Cocoa Exporters Association, Association of Vegetable Traders, National Cassava Sector Coordinating

[52] Sequa, BMO Toolbox, Tools and Materials for Enhancing Business Membership Organizations, February 2008, p5

Committee, Farmers Union Network, Agrodealers Association), and a larger number of clubs exist but are quite weak[53] (for instance, French Business Club, Youth Entrepreneur Associations, Women Business Associations, for instance.). The figure below shows the distribution of PSOs according to their organizational development.

Figure 1: Organization Development of PSOs



The top of this pyramid (LCC, LACA, RPAL, LIBA, LibTA) is composed of professional PSOs relying on a professional secretariat and working with a vision and a strategy. Starter PSOs only have a few trained staff, and lack resources and experience as well as a clear vision and strategy. The large majority of PSOs in Liberia are clubs (sectoral or multisectoral for the French Business Club) that mostly offer networking activities and have no or few staff, and very weak advocacy capacity.

4.1.2 Relations between PSOs

What comes out of the meetings with Liberian business associations is a high fragmentation of the private sector: business associations do not speak one voice to the government and have different agendas. The Liberia Chamber of Commerce and the Liberia Business Association both seek to be considered the umbrella body for all businesses active in the country and take leadership to represent the private sector. Both PSOs have different members and agendas: as Pierre Berthelot rightly expressed it in his report, LCC derives its influence from bringing together other important PSOs such as the Fula Business Association (FBA), the Lebanese Business Association, the Indian Business Association and LACA mostly representing foreign businesses (80% of LCC members are foreign companies) while LIBA advocates for Liberian-owned businesses and seeks to contribute to the development of the SME sector in Liberia. In addition, LCC's members are mostly in the capital city, Monrovia, while LIBA has visibility and networks of membership around the countryside.

The division between LCC and LIBA was aggravated by the Cargo Tracking Number (CTN) issue that emerged in early 2019: in January, the National Port Authority (NPA) announced that a new Advance Cargo Declaration (CTN/ACD) system would be mandatory for all shipments to any destination port including transit through Liberia shippers/exporters/forwarders at the various ports of loading around the world. Shipments not covered by a valid CTN number would not be unloaded and fines may apply to the carrier or shipping agent in connection to the shipment. At the time, LCC had been very vocal to ask the GoL to remove the CTN, stating it would '*not only bring on additional financial burden to businesses and consumers, but also lead to duplicating requirements that are already being complied to by the importers of cargos into the country through the Bureau Inspection Valuation Assessment*

[53] We've only met a few business clubs, and focused on more structured PSOs

Control (BIVAC)'[54]. Because of its opposition to the CTN, LCC and its members were publicly accused by the media of money laundering and human trafficking. **After intimidation, many members of LCC (75-80% of the total number of members) simply left this organization fearing adverse consequences of continuing to be be part of this chamber, which had very negative impact on LCC's financial sustainability and representativity/accountability. This shows that voicing controversial ideas can be very detrimental in the Liberian media context and stresses the lack of an open media.**

In addition to the weakening of the LCC (and to some extent the strengthening of LIBA), the CTN issue had dramatic consequences on the capacity of the PSOs to build consensus and speak one voice to the GoL. **Since then, business associations do not speak to each other, and address the Government separately**. **Furthermore, some PSOs tend to become political as they can earn benefits from supporting politicians**[55]. This looks to be particularly the case of LIBA, whose credibility could be eroded by political support and lack of accountability to its members. The temptation of receiving support from politicians is also high for clubs and starter PSOs as these lack resources and can leverage their members base's support against privileges. Another example of this is the tendency of most of the women associations to become political as soon as they emerge because of Governmental pressure, consequently losing their credibility (for instance, the women business association Sheroes was censored during public meetings and became political).

In order to improve Liberia's business environment, it is thus critical to build PSOs' capacities (governance, membership and outreach, leadership, resources, communication and mobilization, advocacy, services) and support consensus building through coalitions.

In the next section, we will present the specific features of each PSO, starting by the two main multisectoral associations, and continuing with sectoral associations.

4.2 Main private sector organizations

In the below sub-sections, we present the main characteristics and offer a needs and gap analyis of the two main multisectoral private organizations: LCC and LIBA.

4.2.1 Liberia Chamber of Commerce

Established in 1951, LCC is the leading business organization in Liberia and represents the interest of the private sector. As stated in its strategic plan[56], the objectives of LCC are:

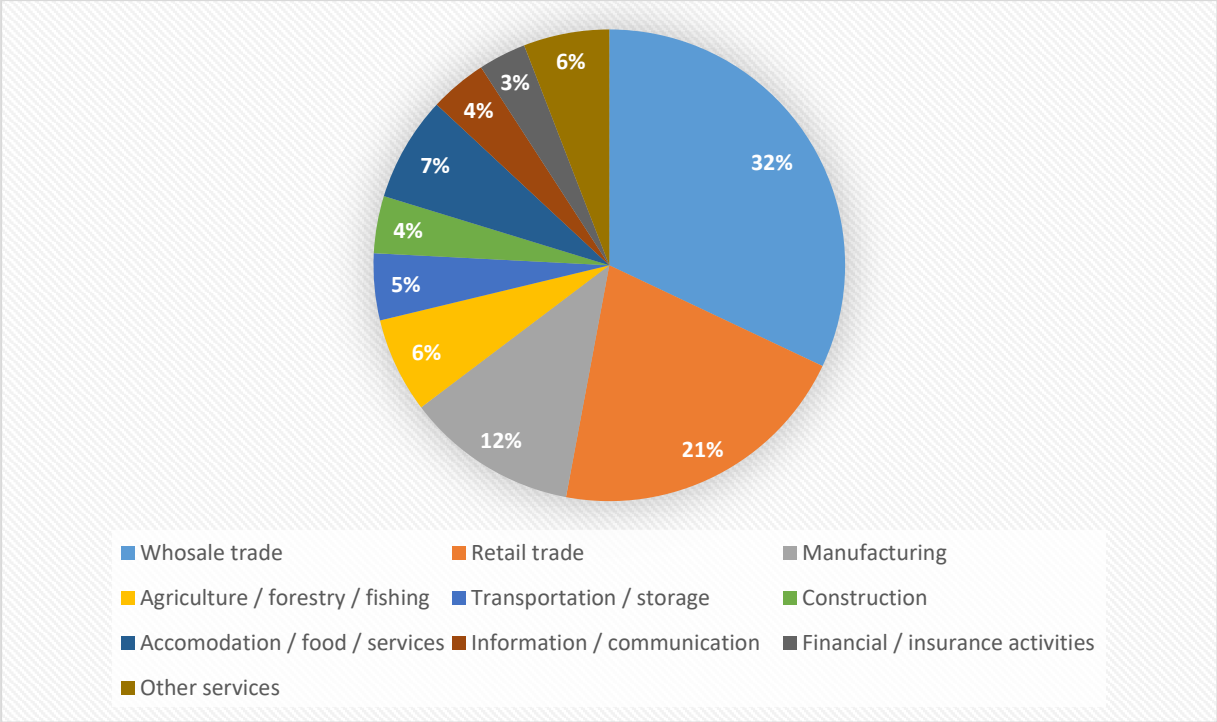
1. The promotion of Commerce, Industry, Agriculture and International Trade of Liberia;
2. The collection, evaluation, and dissemination of statistical and other information relating to commerce, agriculture and international trade
3. Promoting and recommending legislation or other measure affecting the aforesaid interests
4. The undertaking by arbitration of the settlement of disputes arising out of commerce, industry, and agriculture in Liberia, and international trade.
5. Building the capacity of the private sector and promoting commerce, industry, trade, and agriculture.
6. The doing of all such other things may be conducive to the promotion or extension of commerce and industry, or incidental to the attainment of the above objectives.

[54] https://frontpageafricaonline.com/editorial/editorial-government-of-liberia-please-take-heed-from-the-liberia-chamber-of-commerce-warning-on-cargo-tracking-note/
[55] For instance, LIBA supported a candidate for the Central Bank
[56] Liberia Chamber of Commerce, Strategic Plan 2019, pp2-3

Regarding LCC's governance, the business of the Liberia Chamber of Commerce (LCC) is governed by the General Assembly and Executive Council (composed of the President, two Vice-Presidents, an arbitration committee and ex-officio members) and a Secretariat. The General Assembly is made of the entire membership of the LCC and is the highest decision-making body of the LCC. **It is important to note that since the CTN issue, the President of LCC, Mr Wendell Addy, had to leave Liberia and is now based in the USA, which severely affects the Chamber's leadership and governance.**

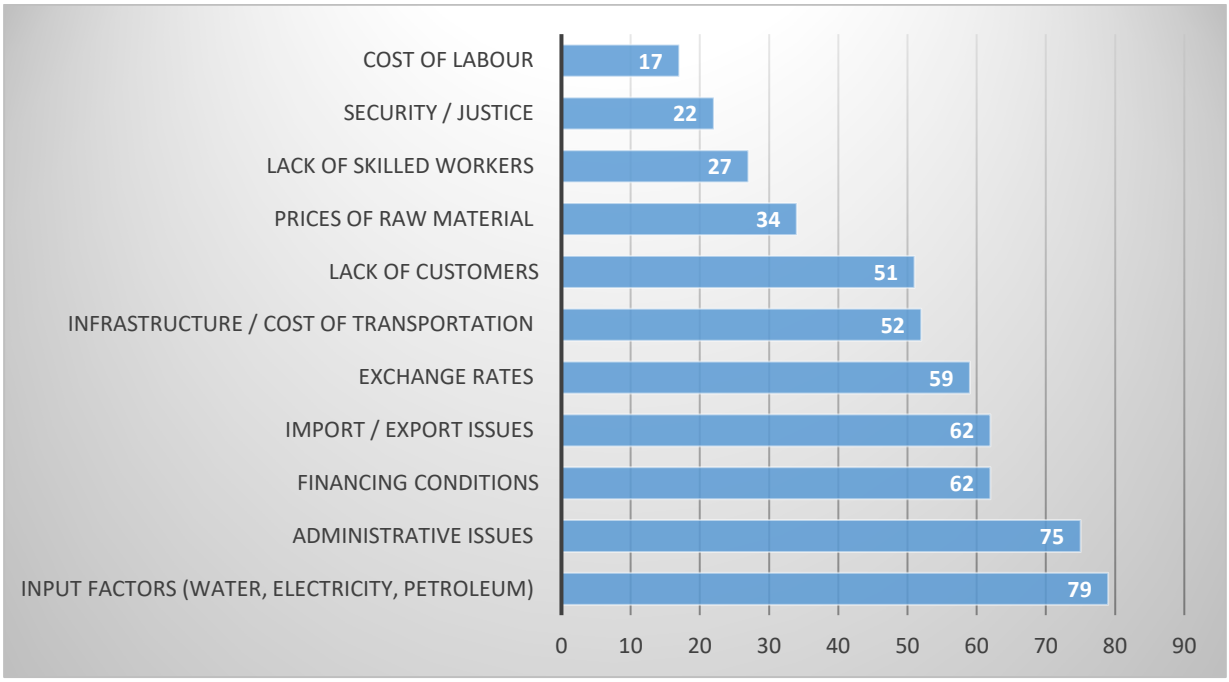
Until 2008, its membership was composed of 175 to 200 companies and business associations but declined substantially in 2019 after the CTN issue we've described in the previous section. **Today, only 75 member companies pay registration fees**. Very recently, two consultants from the Hamburg Chamber of Commerce realized a survey with LCC and were helped by students from the African Methodist Episcopal University. 126 businesses have been surveyed in Monrovia[57]. This survey shows the composition of LCC's membership, as well as their most important constraints[58].

Figure 2: Sector of activity of LCC members



[57] Whereas the Liberia Business Association (LIBA) has impressive visibility and networks of membership around the countryside, the LCC)has little or practically no presence outside Montserrado County
[58] Liberia Chamber of Commerce, Business Condition Survey, December 2019, slide 4 and 7

Figure 3: Priority constraints of LCC members



From the figure 2 (sectors of activity), we see that even though LCC's members are predominantly active in trade, other sectors (like manufacturing, agriculture/forestry and fishing) are also well represented in the Chamber. Figure 3 presents the priority constraints faced by LCC members. It is interesting to underline here that obstacles like input factors, lack of customers and exchange rate represent major impediments to LCC member companies (these factors are often ignored if focusing only on the World Bank Doing Business report, as mentioned in the remark made in section 3.5).

LCC proposes paid services to its members (accounting for 20% of the Chamber's revenues): trade fairs and exhibitions, business delegations, matchmaking services, management and technical trainings, and to a lesser extent certification services. In terms of communication, LCC sends out newsletters to its members and publishes an annual report. It is worth mentioning that LCC operates in its own premises (as opposed to renting an office), and has a staff composed of 6 full-time employees (Secretary General, Assistant Secretary General, Program Officer, Membership Coordinator, Custodians, Receptionist/Office Assistant/Research Assistant). **Due to the recent exit (or payment arrears) of many members from LCC, its budget hardly covers the costs, which poses a severe issue for LCC's financial sustainability and delays or reduces staff payments.**

In the context of the Programme of Assistance to Trade Support Institutions (PATSIL, implemented by the African Development Bank), a capacity needs assessment (CNA) of the LCC was carried out in October 2018 as a phase 1. It aimed to identify the Chamber's existing system, institutional and workforce capacity gaps and future capacity needs and propose performance improvement interventions. Below we list the main capacity gaps identified by this report[59]:

1. The legal and political systems (i.e., laws, regulations, etc.) do not fully support LCC's mandate and functions, and current private sector business environment.
2. LCC's electoral timeframe impedes the Executive Council oversight and governance functions.
3. Overlapping and usurpation of the administrative functions and responsibilities of the SG by the Council leadership have and continue to impede the effectiveness of the Secretariat.

[59] African Development Bank, Liberia Chamber of Commerce Capacity Needs Assessment, October 2018, pp7-9

4. The Chamber lacks a well-defined strategic leadership and managerial strategy and mechanism to drive the vision, mission and programme activities of the Chamber
5. No Business Development Strategy for institutional sustainability of the Chamber
6. The Chamber lacks a clearly defined departmental and professional leadership structure to support the Chamber's programme delivery functions
7. The Chamber's programme delivery function lacks clearly defined strategies and priorities (e.g. no strategy for expansion and/or new programme interventions)
8. LCC lacks complete programme support functions (i.e. back office services such as HRM, Procurement, Financial Management, etc.)
9. LCC lacks proper IT system and infrastructure to support the programme delivery and support functions
10. Although the Chamber's existing physical facility (i.e., building) accommodates the current staff capacity, however, it does not have enough office space to accommodate the proposed organizational structure

Among others, the CNA report offered the following recommendations to improve LCC's:

1. Review of LCC's Mandate and Functions
2. Redefine the Chamber's relationship with the GoL and other stakeholders and develop strategy to lobby and engage the government and other stakeholders
3. Review and amendment of the electoral timeframe from one year to at least two
4. Review and redefine both the Council and Secretariat roles and responsibilities
5. Review LCC's statutory functions and leadership vision, mission and programme activities and development of a strategic and sustainability plan
6. Rebranding and selling the image of the LCC as the key voice of the private sector
7. Development of new income generating and capacity development programmes
8. Establishment of sub-offices and/or regional hubs across the fifteen (15) counties
9. Put in place robust internal administrative systems and policies
10. Review and amend the Chamber's current organizational structure to include a legal and economic department along with a public relations and communication division
11. Review and revise existing job descriptions and develop new ones
12. Hire professional administrative and technical staffs
13. Improve financial management system

It is positive to observe that LCC has defined and adopted a strategic plan for 2019, which partly includes the conclusions of the PATSIL CNA report. We present below a table of the strategic goals of LCC, as detailed in the strategic plan for 2019.

Table 4: LCC's Strategic Plan for 2019[60]

Strategic Goal	Activities
Branding and marketing	Rebrand and market the Liberia Chamber of Commerce (LCC) as the most representative business association and lead advocate for reform of the private sector by enhancing our relationships with members, targeting new members, launching new services, and increasing our brand awareness locally, regionally and internationally.
Membership growth	Grow LCC's membership by a net of 20% by the end of the year. This can be accomplished by a combination of enhanced membership recruiting and retention plans
Business Community Engagement	Provide networking and learning venues with opportunities to assist members in growing their business, encourage participation on committees, involvement in LCC events and sponsorships, have fun and enjoy social activities and entertainment

[60] Liberia Chamber of Commerce, Strategic Plan 2019, pp3-7

Membership Value	Provide members with first-rate value for their membership through active communications that keeps members informed and knowledgeable about all the benefits, policies, and up to date business news
Intelligence Gathering	Conduct polls and surveys with members and the private sector (locally, regionally, and internationally) to continuously gather statistics relating to the private sector
Advocacy	Act as the "Voice of Businesses in Liberia" through advocacy with the three levels of government and the public media, giving special attention to policies and community development matters and thereby promote and support economic development opportunities that will encourage business investment, attract new business, create jobs and provide the foundation for a sustainable and vibrant private sector
Organizational development	Provide LCC staff and volunteers with a stable, challenging and productive work environment that promotes a cohesive team within the organization and a strong support system for LCC members

In terms of advocacy activities, LCC's main mission is to lobby Government on issues of interest to all businesses. However, **the Chamber faces capacity constraints to conduct policy analysis and effectively engage with the Government in policy advocacy.** Since the CTN issue, LCC has put on hold its advocacy activities because of intimidation from Government authorities. For LCC, the priority advocacy campaigns would concern taxes, port procedures and land issues. LCC lacks the capacity to both prioritize reform proposals and produce well-structured advocacy papers (for instance, position paper or cost/benefit analysis of reforms proposed). **During the meeting with LCC's members, it was proposed to improve the organization's capacity to advocate, and to harmonize / coordinate its advocacy work with other PSOs (including LIBA) to prioritize business issues at the national level in a concerted manner.**

4.2.2 Liberia Business Association

The Liberia Business Association (LIBA) was established by an Act of the National Legislature in 1993 to serve as the apex body for all Liberian-owned businesses within the Republic of Liberia[61]. Its objective is to advocate for its members and support the development of the SME sector in Liberia through improved access to finance, training programmes and collaboration with donors[62]. LIBA claims to gather more than 4,000 member companies (all local businesses registered are considered *de facto* members of LIBA), out of which only just over 100 pay membership fees. According to its President, James Strother, its membership base is composed of 75% SMEs or informal businesses[63], and 25% large firms (with an annual turnover of more than 2 million USD per year), most of them based in Monrovia (Nimba county comes second in membership base). LIBA does not receive any direct support from government at present and wants to remain neutral. We have seen nonetheless that the political neutrality of LIBA is being questioned by local businesses.

Despite LIBA's strong reputation in Liberia, its governance structure remains of concern and the risk of capture by individuals is high: Presidents of LIBA have their personalities imprinted on the activities of LIBA and remain for extended periods of time: the term of office for LIBA's presidents is 4 years, and the election is indirect (county representatives elect the president). In addition, the staff of LIBA, composed of 6 full-time employees, appears to have weak capacities to run the organization properly and in a professional manner. The decreasing membership base, as well as the low financial resources

[61] LIBA is perceived discriminatory by foreign businesses, especially by the Fula business community. Many see LIBA as a response to the dominance of foreign owned businesses in the Liberia Chamber of Commerce.
[62] http://liba.org.lr/dev/pages1.php?pgID=51
[63] According to a report drafted by CIPE in 2011, most of LIBA members are small trading businesses, and predominantly small retail sole proprietorships. See CIPE, Diagnostic of Business Support Organizations, 2014, p15

(linked to the high rate of non-paying members) are jeopardizing the association's sustainability: today, LIBA's senior staff is not paid (only security guards, cleaner, administrative secretary are paid).

LIBA offers its members a range of non-paid services including the organization of trade fairs and exhibitions, business delegations and matchmaking services. It offers no more trainings but proposes some consultancy services to its members: market researches, business plans and access to finance facilitation for member companies. It is important to mention that many members have been attracted by LIBA's past achievements in facilitating the obtention of loans from commercial banks[64]. Currently, LIBA has a major project: the LIBA acceleration programme. This incubation programme aims to support 2,200 entrepreneurs enter commercial farming in 5 years by providing them with arable land (450 hectares spread over 3 counties during the pilot phase), business development services and training, and by facilitating marketing and processing opportunities. LIBA also intends to support business formalization through training programmes and awareness campaigns and increase its revenues through membership mobilization.

In terms of advocacy, LIBA has lobbied successfully to advocate for the protection of 26 economic sectors from international competition[65], and more recently signed a Memorandum of Understanding[66] (MoU) with the Ministry of Commerce and Industry for the implementation of the Small Business Empowerment Act, reserving 25% of all public procurement for Liberian-owned MSMEs (with at least 5% of women-owned businesses). This MoU also includes obligations from the Ministry of Commerce and Industry to work in collaboration with LIBA to provide capacity development and training programmes to MSMEs and facilitate informal businesses formalization. Obviously, LIBA enjoys a privileged relationship with the Government, and should take advantage of this to extend/replicate its advocacy efforts into other areas of advocacy like tax issues, inflation and access to finance (its 3 priority advocacy areas). **For this purpose, LIBA intends to establish its own think-thank to analyse business constraints more rationally and provide the Government with well-informed reforms proposals.**

4.3 Sectoral private sector organizations

In the below sub-sections, we present the main features and provide a needs and gap analysis of the various sectoral business organizations we could meet during the mission and compare them through the PSO questionnaires (in annex to this report).

4.3.1 Agro-inputs Dealers Association

The National Agro-inputs Dealers Association is a young sectoral association established in 2016 in order to improve access of farmers to agricultural inputs. It gathers 85 members, out of which 10 pay registration fees. The association's secretariat is run by a team of 8 full-time employees, and the staff

[64] According to the Fula Business Association, LIBA received from the Government 5 million USD 4-5 years ago to finance projects of member companies (as well as a 100 000 USD grant from IFC for its restructuration)

[65] The Investment Act of 2010 exclusively gives ownership right to Liberians in several business activities, including the supply of sand, block making, peddling, travel agencies, retail sale of rice and cement, ice making and sale of ice, tire repair shops, auto repair shops with investments of less than US$50,000 and shoe repair shops. Other businesses reserved for only Liberians in the Act include the retail sale of timber and planks, operation of gas stations, video clubs, operation of taxis, importation or sale of second-hand or used clothing, distribution in Liberia of locally manufactured products and importation and sales of used cars.

[66] Republic of Liberia, Memorandum of Understanding between the Government of Liberia and the Liberia Business Association, August 2017, pp3-8

changes frequently over time. This association mainly provides its members with technical trainings on how they can use inputs, offered by the programme GROW Liberia (funded by the Embassy of Sweden and implemented by Adam Smith International). Its dependence to external support appears quite problematic and impacts negatively the structure's sustainability. According to the senior staff of the association, the cooperation with the government is good. In order to improve the agro-input sector in Liberia, the association advocates for the reduction of tax on imported inputs since the high custom tariff on fertilisers, pesticides, insecticides and seeds represent the most pressing concern for agro-dealers. **It is worth mentioning that the association's advocacy campaign has been successful, and a law was passed by the GoL in October 2019 reducing tariff on imported inputs.**

4.3.2 Association of vegetable traders

The Association of Vegetable Traders was established in 2011 for the sake of contributing to the improvement of the vegetable value chain in Liberia, marked by poor agricultural production and harvesting techniques, as well as weak transportation and storage infrastructure. It mainly offers technical trainings to farmers with the support of GROW Liberia, whose support is again vital for this association's survival. **This association seems to lack a clear advocacy strategy as no precise reform proposal / advocacy effort was mentioned during the meeting with its secretariat.**

4.3.3 National Cassava Sector Coordinating Committee (NCSCC)

The NCSCC was established in 2010 as a public-private partnership between the GoL and the private sector and is monitored by the Ministry of Agriculture and the Ministry of Commerce and Industry. Its aim is to offer a platform for the improvement of the cassava value chain, and therefore it holds monthly Agriculture Coordinating Committee Meetings with the Ministry of Agriculture, NGOs, and donors (including the EU). Its membership is broad and includes more than 15,000 members producing cassava throughout the country, with a concentration on 5 counties: Montserrado, Bassa, Nimba, Cape Mount, Boma (forming the Liberia cassava belt). Although this structure gathers a huge number of members, none of them pay registration fees, and services (including matchmaking/trade fairs organization and management/technical trainings) are not marketed professionally nor generating revenues. **Its advocacy capacity appears weak and focuses on advocating for 10% cassava flour in every bread in Liberia (wheat import substitution), and on mechanizing cassava production.**

4.3.4 Liberia National Cocoa Exporters Association

The Liberia National Cocoa Exporters Association (LINACEA) was initiated in 2016 by private businesses in order to represent the interests of Liberian businesses exporting cocoa. This structure seems organizationally weak as it does not collect membership fees from its few members (only 9 active members). Therefore, resources to operate are missing: the association has no office, no equipment and no paid staff. Similarly to the Association of Vegetable Traders and the National Agro-inputs Dealers Association, the services LINACEA offers to its members are sponsored (or provided) by GROW Liberia: promotion of linkages between cocoa producers and exporters and trainings on good agricultural practices. This association has two main projects: improve access to finance for exporters and producers and facilitate export procedures, for instance by developing a Roadmap for Cocoa Export (a sort of guide for cocoa exporters to help them go through the regulatory processes). To address cocoa exporters' issues, the association advocates to LACRA, in charge of the sector regulation. **Interestingly, this small association could recently contribute to improve the regulatory framework, thanks to the support of GROW Liberia. This advocacy campaign is described in the box below**.

Box 3: Example of successful advocacy campaign – Cocoa Exporters Association

In 2019, LACRA introduced new regulations for the cocoa sector, making it mandatory for a cocoa exporting company to have a minimum bank balance of 2,5 million USD at time of application to qualify, to have the capacity to export a minimum of 3,000 tons of cocoa per season and present a bank guarantee of 250,000 USD. Through these regulatory changes, the cost of obtaining an export license was fixed to 10,000 USD (instead of 3,500 USD for Liberian businesses and 5,000 USD for foreign businesses previously) and the royalty on cocoa and coffee increased to 50 USD per metric ton (instead of 10 USD per ton). Finally, it was made mandatory to use LACRA's warehouses to store cocoa for export. More generally, these new regulations would have granted de facto monopoly to Aya Group which is a part of Sidani Enterprises (Lebanese) to export cocoa.

GROW Liberia convened a workshop at the UK Embassy with the association's members in July 2019. The objectives of this workshop were: To ensure exporters speak with 'one voice' on the regulations; to develop a position on key points on the regulations; and provide evidence of impact of regulations on cocoa sector. Following this workshop, an official Position Paper including alternative options to the new regulations was produced and presented to LACRA. Following this advocacy campaign (also supported by Solidaridad and USAID), LACRA removed these new regulations and announced in October 2019 that export license fee for local firms would be reduced to 5,000 USD and foreign exporters' license fee set at 10,000 USD. In addition, the royalties were reduced to 10 USD per ton and exporters were allowed to process cocoa in their own warehouses considering they respect conformity with international standards.

This example shows how even a small business association could, with the support of development partners, and using the media to increase public pressure on the Government, influence positively decision-makers to improve the regulatory environment of an economic sectors of strategic interest. This success story should be replicated in other economic sectors.

4.3.5 Farmers Union Network

The Farmers Union Network (FUN) is a non-for-profit association established in 2008 as an umbrella organization of smallholder farmers and their organizations in Liberia. Its objectives are to represent the voice of its member farmers in Liberia; to equip rural poor farmers and/or their groups with latest farming techniques and technologies; to ensure those farmers' concerns and interests are promptly forwarded to national and international decisions making bodies for appropriate and prompt redress; and to ensure that group and individual smallholder farmers have timely access to markets and resources[67]. As an umbrella organization, it gathers other federations like the cassava federation, the rice federation, and the livestock federation.

FUN is supervised by the Ministry of Agriculture and receives subsidies from the GoL (which limits its political neutrality), and other support from development partners like IFAD. It has regional substructures – offices in various counties, but some of them do not operate because of lack of budget. FUN's secretariat is composed of 11 full-time employees and equipped with laptops and conference rooms. **As a consequence of receiving subsidies from the GoL and other donors (100% of its budget), FUN does not collect membership fees from its 5,280 members anymore (in the past, it used to**

[67] Farmers Union Network, Vision and Mission Statement, p1

collect 500 Liberian Dollars for individual members, and 2,500 Liberian Dollars for cooperatives), which is an important threat to its sustainability.

FUN offers some services to its members including the organization of trade fairs and exhibitions, matchmaking services, seminars and workshops, extension services and technical trainings. Its main advocacy activities relate to the land right act and the respect of the Maputo agreement.

4.3.6 Fula Business Association

The Fula Business Association was established in 1999 to represent the interests of the Fulani business community in Liberia. Its members are mostly micro (informal), small and medium businesses active in retail trade and concentrated in the capital-city Monrovia. Its membership includes more than 1,000 members (as every Fula business is considered a member, on an ethnic base), out of which only 25 pay registration fees. With past governments, the advocacy efforts of the Fula Business Association have been successful (achievements include the limitation of business inspection to once a month and the decrease of government harassment), but the association complains of not being listened to by the current government authorities anymore. Its members feel discriminated on an ethnic basis, would like to see a stronger and more transparent justice system in the country, and on the regulatory level complain mostly about trade and custom procedures (for more details, see section 3.4): CTN, custom duty (to be paid in USD), BIVAC's unfair pricing of containers' merchandise, duplication and inconsistencies between BIVAC and ASYCUDA (Automated System for Customs Data)[68], sub-charge problem, and transhipment procedure[69].

It is important to mention that the Fula Business Association has been supported in the past by several development partners including the EU-financed project Spark after the Ebola crisis, the IFC, and CIPE. Apparently, a specific support to build the association's advocacy capacity has allowed it to obtain from the Government a limitation of business inspections by tax authorities, which were considered as a major business constraint at the time. More generally, it appears that the Fula Business Association has an important potential to advocate for a better regulation of the trade sector and can serve as a lever for business formalization (a large part of this association's members are informal businesses) but needs support to be restructured / reorganized.

4.3.7 Liberia Agricultural Concessions Association

The Liberia Agricultural Concessions Association (LACA) is composed of large foreign investors active in the agribusiness sector under concession agreements with the GoL and has 8 members employing 40,000 employees[70]: Maryland Oil Palm Plantation, GBL, KLK, Firestone, Salala Rubber Corp. (Socfin Group), Equatorial Palm Oil, Liberia Agricultural Company, and Libinco. **LACA lobbies to the GoL, and its priority advocacy efforts focus primarily on the enforcement of the stipulations in the concession agreements. Even if this association is not supported by donors, it is well structured, has a professional secretariat and enjoys direct access to high-ranked politicians.**

[68] The ASYCUDA Software System, developed by UNCTAD, is intended to fully automate customs processes and to improve its service delivery. Fula Business Association complain that BIVAC and ASYCUDA provide different pricing for the same shipment.

[69] A transhipment tax is due when a container imported in Liberia transits in other countries. Its tariff is fixed at 150% of the value of duty and is refundable after presentation of landing certification. This process is considered too long and too expensive by the Fula Business Association

[70] The total number of employees of all LACA member firms can go up to 80,000 if production level is full capacity.

4.3.8 Liberia Marketing Association

The Liberia Marketing Association (LMA) was established in 1976 to protect marketers and keep the general markets around the country clean. The association is present in 13 of the 15 counties and officially seeks to empower marketers to move from selling on tables to shops and then to become direct importers or exporters. LMA collects various fees[71] from roughly 600,000 members (60,000 shop owners and 60,000 warehouse owners plus 480,000 mini table operators in the markets[72]). The LMA lobbies to both national and local governments, depending on the issues being discussed. **The association appears to be politically influential thanks to its large grassroots membership, but many blame LMA for its opaque governance, lack of transparency and misuse of funds it collects from its members: despite the numerous fees the marketers pay, these latter do not see any improvement of the marketplaces' infrastructures (electricity, cold storage facilities, etc.).**

4.3.9 Liberia Timber Association

The Liberia Timber Association (LibTA or LTA) was established in 1975 and is composed of 35 member companies active in the forestry sector. It is run by a staff of 6 people and quite well structured, partly thanks to the support of development partners including the EU (LibTA received support following the signature of the Voluntary Partnership Agreement – VPA – by the GoL in 2011). Similarly to LCC, the current financial situation of LibTA is highly problematic since the majority of members don't pay their membership fees anymore (only 7 members out of 35 pay membership fees) mainly because of the present economic turmoil. The income of the association does not cover the budget any longer (58,000 USD/year) and the survival of LibTA therefore dangerously depends on the development partners' financial support related to the VPA (donor subsidies account for 65% of LibTA's budget against 35% coming from membership fees). The low budget further depletes the organization's sustainability as it can no longer offer quality services to its members which in turn reduces the revenues (chicken and the egg causality dilemma).

As mentioned in section 3.6.2, LibTA has structured the constraints faced by its members in a problem/solution matrix, and among priority constraints expressed by LibTA members, we can mention: high land rental fees; unnecessary bureaucracy in the issuing and obtention of documents from the FDA; unclear policy / frequent changes; unauthorized attempts at changing regulation of the sector; unduly international pressure and additional requirements; poor or lack of adequate facilities; high tax regime; community issues[73]. We must mention that although this problem/solution matrix was requested by the Minister of Finance himself, there was no follow-up from the GoL to the reforms and regulatory changes expressed by LibTA. **An additional push that LibTA could give to its advocacy efforts could be to produce cost/benefit analysis that would provide evidence of the positive economic impact if specific reforms or regulatory changes were adopted by the GoL.** A first cost/benefit analysis could concern the Reform of the Federal Act, according to Mr. Ekema Witherspoon, Head of LibTA Secretariat.

4.3.10 Rubber Planters Association of Liberia

The Rubber Planters Association of Liberia (RPAL) was established in 1966 and currently has a total of roughly 3,500 members, the majority being large- and small-scale farmers and a small minority being

[71] For instance, LMA collects L$2,500 for registration, L$250 for ground fees, L$500 for identification card yearly and L$500 as yearly fees for a single selling spot

[72] CIPE, Diagnostic of Business Support Organizations, 2014, p19

[73] The matrix is included in Annex 1 of the report and includes policy and regulatory reforms proposals.

large processors (agriculture concessions negotiated with government – e.g. Firestone Plantations) operating in all fifteen counties. Due to the participation of large plantation owners (contributing in most of the funding for RPAL), this association has a good governance structure with a staff of 8 full-time and 12 part-time employees, and this has been supported by USAID and other international development partners. It also has sound financial management procedure (using Quickbox, an IT software for financial management). There is no government representation in the association and it does not receive any funding from government. RPAL collects a commission on the rubber bought (2 USD/kg for export rubber and 0.5 USD/kg for processed rubber), and so has an important budget of over 100,000 USD per year. **Therefore, it does not have the financial constraints most other PSOs have but still needs ongoing capacity building in its administrative, services and reporting structures.**

It is interesting to note that RPAL considers it has good relations with the GoL and holds regular interactive sessions with the government representatives (e.g. Ministries of Agriculture; Finance; Labor, etc.). 10 years ago, and with the support of USAID, RPAL had developed a long-term strategic plan for revitalization of the rubber industry in Liberia that included the creation of a fund allowing to plant 2,000 ha and facilitate rubber planters' access to planting material. This fund is today being established by the GoL and will theoretically contribute to boost the sector. More can be done to revitalize the sector, according to RPAL, and this can be achieved by improving access to finance for rubber smoked sheet factories and boosting local value addition. Finally, in order to increase rubber planters' revenues, RPAL would like to encourage intercropping (for instance, coconut palms could be cultivated in rubber plantations and coconut by-products processed into oil, milk, sugar and sold).

For the sake of helping rubber farmers to progress, to locate them, and to certify land titles (improving access to finance), an interesting action RPAL could undertake would be to conduct a geographical mapping of the rubber plantations throughout the country. This mapping would include counting rubber trees, locating plantations, specifying the age of trees, determining the surface of each plot and the type of rubber trees. This exercise could be carried out by RPAL in partnership with the Liberia Institute of Statistics and Geo-information Services (LISGIS), as well as with local universities (Cuttington University was proposed by RPAL members).

4.4 Liberia Better Business Forum

The Liberia Better Business Forum (LBBF) was first implemented by the IFC in July 2007 and registered as an independent institution in June 2013. Its objective was to serve as a consultation platform between GoL and private sector to identify the bottlenecks to do business and adopt reforms to improve the business climate. LBBF's mandate was to provide as a structured public-private partnership that brings together the government of Liberia and the private sector to engage in constructive dialogue on identifying, prioritizing, and resolving key constraints to private sector development and to an investment climate conducive to doing business.

We agree with Pierre Berthelot's analysis that *the Liberia Better Business Forum (LBBF) is the public-private dialogue (PPD) mechanism most likely to garner consensus, mainly on the basis of its proven track record in the past, its perceived neutrality and the fact that other instances of dialogue are seen as government-led*[74]. In the next sections, we will provide recommendations on how the EU can support PPD in Liberia, through LBBF and other interventions. Beforehand, we will offer an overview of best practice in PPD and provide options for potential improvement of the LBBF.

[74] Pierre Berthelot (TPSDE Facility), Conditions for PSD and Investment, July 2019, p23

5 BEST PRACTICE OF PPD

Before proposing to the EU specific support interventions to enhance Public-Private Dialogue in Liberia, we will firstly review the best practice in this field.

Box 4: Charter of Good Practice in Using Public-Private Dialogue for Private Sector Development

According to the Charter of Good Practice in Using Public-Private Dialogue for Private Sector Development[75], there are twelve best practice principles to conduct PPDs:

A. *Mandate and institutional alignment*: it is important that a PPD mechanism has an official mandate, and is aligned with existing institutions
B. *Structure and participation*: participants to PPDs should be selected in a careful, transparent and inclusive manner. The PPD structure should rely on a simple and flexible organizational structure – a secretariat
C. *Champions*: Public sector champions should have strong leadership and buy-in; Champions from the private sector should be independent and considered representative by the business community. These champions take ownership of the dialogue process and drive it forward. They must be credible and considered to pursue the broad interests of the country
D. *Facilitator*: a PPD should be moderated by a dynamic (with an innovative and entrepreneurial mindset) and trained facilitator who has both negotiation/consensus building skills, and understanding of technical issues
E. *Outputs*: the PPD outputs should be analysis of business constraints or reform proposals addressing policy, regulatory or legal issues
F. *Outreach and communication*: Communication is crucial to communicate about reforms, as well as to ensure transparency of the PPD process and ownership/participation of the local community
G. *Monitoring and Evaluation*: a strong M&E system is necessary to manage a PPD mechanism and monitor its performance
H. *Sub-national*: local-level and decentralized dialogues between public and private sectors are recommended to increase grassroot stakeholders' participation in decision-making
I. *Sector-specific*: it is important that PPDs address a combination of cross-cutting and sectoral issues in order to adopt a more targeted and focused approach on specific bottlenecks allowing for concrete improvements of the business climate
J. *International role*: inclusive PPDs can promote national and regional interests of public and private sectors in international negotiations and consultation processes
K. *PPDs in fragile and post-conflict states (FCAS)*: PPDs can greatly contribute to consolidate peace and rebuild the economy in FCAS. They should be encouraged in these countries.
L. *Development partners*: Donors can play an important role to support PPDs by enabling and facilitating dialogue in a neutral manner, building capacity of stakeholders and supporting the creation of partnerships

According to the report from Bannock Consulting "*Reforming the Business Environment: Mechanisms and Processes for Private-Public Sector Dialogue*"[76], 8 key factors increase the chances to conduct an efficient and sustainable public-private dialogue process:

[75] World Bank, Charter of Good Practice in Using Public-Private Dialogue for Private Sector Development, 2006, pp2-7. This Charter was initially drawn up at the International Workshop on Public-Private Dialogue, organized by a cross-sectoral team from DFID, the World Bank, the IFC and OECD Development Centre, held at the World Bank Paris Conference Centre, and attended by over a hundred participants from thirty countries

[76] Bannock Consulting, Reforming the Business Environment: Mechanisms and Processes for Private-Public Sector Dialogue, February 2005

A. *Government hosts the PPD:* Since the Government makes policy, it should host the PPD (for instance in the Investment Promotion Agency).
B. *Stakeholders invest their own resources:* Translates the fact that PPD participants take ownership of the process. On the contrary, PPDs where participants receive a financial compensation should be avoided.
C. *Availability of credible champions:* as mentioned in the Charter of Good practice, Public sector champions should have strong leadership and buy-in; Champions from the private sector should be independent and considered representative by the business community. These champions take ownership of the dialogue process and drive it forward. They must be credible and considered to pursue the broad interests of the country
D. *Structured and representative private sector:* it is key that the local PSOs involved in PPD are representative and have strong capacity to successfully advocate for policy reforms. PPDs are less likely to succeed if PSOs are weak, fragmented, disorganized and lack analytical capacity. Coalition building between PSOs can also be very instrumental to support PPDs

E. *Strong capacity of both the public and private sector to engage in constructive dialogue*: both parties might be trained in dialogue and advocacy techniques and tools necessary for inclusive decision-making
F. *Trust and good relationship*: both contribute to constructive dialogue, as well as flexibility and positive attitude towards change
G. *Readiness of stakeholders to move from discussion to implementation*: proper follow-up and implementation of reforms are crucial for the success of PPD, especially on behalf of the public sector
H. *Possibility to fund research and availability of funds* - funds must be available to conduct research/analysis in a credible manner so the public sector will pay attention and be more likely to take action. Research also increases the ability of the private sector to push for reforms, especially when these are presented to the public sector through cost/benefit analysis (demonstrating a win/win situation)

If we analyze the participants to PPDs in developing countries, some aspects should be highlighted:

- **Multinational companies (MNCs) and large companies tend to have the biggest voice in PPDs** since they have more important technical and financial resources to advocate. Nonetheless, that group is not homogeneous because large companies and MNCs have different agendas
- **MSMEs form the majority of firms in developing countries but are under-represented and participate less to PPD**. Large companies have better informal links with government officials, which sometimes leads them to avoid participating to formal PPDs. Therefore, MSMEs should be more organised and supported by donors to be heard the government
- **PSOs do not always speak one voice and dialogue can be captured by individual interests**. PSOs (especially National Chambers of Commerce in countries having a continental model – mandatory affiliation to Chamber of Commerce) are often politicized institutions with limited representative capacity. Moreover, PSOs lack capacity to provide coherent policy recommendations, negotiate constructively, analyze evidence, and nurture a successful dialogue
- **The public sector has unequal capacity and willingness to dialogue with the private sector**: middle ranking bureaucrats can sometimes be reactionary forces to PPDs. Generally, higher levels of public administration tend to champion PPDs. Also, some Ministries can be threats to PPDs because of ministerial interests in business and trade licensing or links to state-owned enterprises (SOE) whose interests are different from the private sector. SOEs often have a strong voice at all levels of government, and prefer one-on-one discussions with Governments

For all these reasons, capacity building of private and public stakeholders is crucial for the success of PPDs. Capacity development can be supported by development partners so that PSOs provide coherent policy recommendations, negotiate constructively, build consensus, analyze evidence, and nurture a successful dialogue. Indeed, PSOs require strong skills in order to propose evidence-based reforms and coordinate businesses' interests. Finally, the public sector must have the capacity and resources to analyze policy, formulate coherent reforms, conduct regulatory impact assessment of reforms proposed by the private sector and communicate with stakeholders about reform implementation. Development partners can also improve the political economy infrastructure supporting dialogue, for instance by promoting open and objective communication systems and enabling informed business journalism[77]. Benchmarking local policy-environment against international best practice is also recommended.

When it comes to sustainability, a PPD process is more likely to survive and be efficient after a development partner's project ends when it gathers three key elements: a) operational sustainability: the stakeholders have the internal capacity to operate the PPD; b) financial sustainability: the budget of running the PPD process covers the costs (mostly the costs of running a PPD secretariat); and c) sustained mandated: this means that the dialogue platform continues to have an official mandate[78]. On the contrary, development partners should not impose their own agendas on PPD: Local participants must own the agenda, and the host government should embrace the need to improve investment climate. Donors should also be careful not to over-use grants (PSOs should remain more dependent on their members than on donors' support) and special attention should be paid not to reinforce entrenched interests from both private and public sectors (for instance favouring the interests of MNCs). Development partners should minimize the risk of capture and improve inclusivity of dialogue.

6 EU SUPPORT TO PUBLIC-PRIVATE DIALOGUE IN LIBERIA

The IFC is currently re-establishing the Liberia Better Business Forum (LBBF) with potential financial support from the Swedish Government/SIDA, and interviews were held the week after our mission to recruit the future project coordinator. According to Vaanii Baker, former Coordinator of the LBBF (IFC), the launch of the revamped LBBF is planned for the first quarter of 2020. This public-private dialogue mechanism will rely on the same governance structure as previously[79] and will be run by a secretariat of 4 staff members (Coordinator, Business Analyst, Communication Manager, and Administrative Officer). The mandate of the LBBF should be renewed, as well as the selection of participants: 4 or 5 PSOs will be selected to participate and elect a co-chair who would represent the private sector at the Governing Board, together with the Minister of Finance. **A change needs to be stressed in the composition of the working groups: they will combine crosscutting issues (same working groups on access to finance / financial inclusion, tax policies, custom procedures, and corruption /**

[77] World Bank Group, Public-Private Dialogue in Fragile and Conflict-affected Situations, 2014, p7

[78] World Bank (Benjamin Hezberg and Lili Sisombat), Sustainability of Public-Private Dialogue Initiatives, Practical Nore to Ensure the Sustainability of Dialogue Partnerships, 2016

[79]The LBBF was led by a Governing Board chaired by the Minister of Commerce, supported by a Secretariat. Regular discussions on business reform issues took place in Working Groups. The issues selected by the LBBF were based on inputs from the private sector and discussions were informed by research carried out by the Secretariat. The Secretariat was housed at and financed by the IFC with support from other donors, notably SIDA. See Pierre Berthelot (TPSDE Facility), Conditions for PSD and Investment, July 2019, p22

transparency) and one sectoral working group on agribusiness will be added. This combination is a best practice[80].

In order to define inputs from the EU in support of the PPD, we will firstly present the best practices for the conduct and facilitation of PPDs and after, identify potential improvements to previous LBBF.

6.1 Main weaknesses of and potential improvements to the previous LBBF

According to the IFC, the LBBF has had significant impact on the business climate in Liberia since its creation. Its achievements include: significant private sector time and cost savings equalling 4,7 million USD; 20% increase in business registration; creation of 20,400 new jobs; 13 million USD increase in private sector investment; regulatory reforms, including the passage of a new investment law, commercial code and court, and business registration law and process. LBBF also contributed to improve the following Doing Business indicators: registering business (reduced time associated to registering a business to 72 hours, and creation of a one stop shop for business registration); trading across borders (publication of billboards with customs clearance procedures at the Freeport of Monrovia, reduction of the number of documents required for import/export); registering property (publication of billboards and procedure for property registration at the Ministry of Lands and Mines); construction permits (reducing the cost of obtaining permits, and publication of construction permit procedures). LBBF has also contributed to improve access to finance through the establishment of Liberia Collateral Registry, a credit reference bureau[81].

These achievements are impressive, especially in a post-conflict country, but there is still space for improvement of the business climate, as we've seen in section 3 of this report. We will now analyse three aspects of the previous LBBF to consequently propose risk mitigation measures and specific interventions for the EU to improve the future LBBF's inclusiveness, sustainability and capacity.

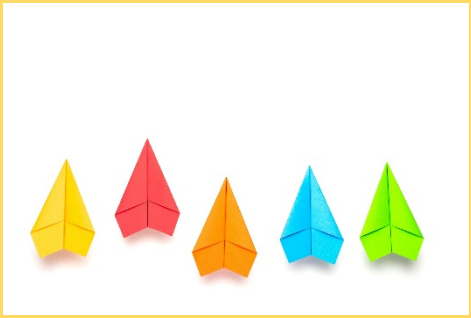
6.1.1 Inclusiveness

In the past, LBBF had active participation from its women members. Both the Liberia Women's Chamber of Commerce and the Liberian Women's Initiative (an NGO) were participating to the LBBF and these women were attending and providing input to the various working groups. During the mission, we realized that these associations do not exist anymore, but various initiatives (including the LCC project to establish a women business association) emerge. **As women economic empowerment is a strategic priority for the European Commission, identifying champions and supporting them to structure their interest and actively / constructively participate to the LBBF is definitely recommended, and will increase the inclusiveness of the dialogue mechanism. This effort should also apply to youth entrepreneurs, as well as micro and informal businesses that tend to be under-represented in the LBBF but are priority target groups of the EU cooperation strategy.**

[80] World Bank Group, Public-Private Dialogue in Fragile and Conflict-affected Situations, 2014, p5

[81] IFC (Beageorge Cooper, Policy and Outreach Analyst, IFC), Liberia: Business Reform in Tax, Investment, and Trade Policies, Liberia Better Business Forum, pp2-3

Box 5: Inclusivity of PPDs



Some important remarks can be brought here on inclusiveness of PPD: in order to be inclusive a PPD should involve independent Private Sector Organizations, avoid political capture by the public sector, and be well structured. When conducting a PPD; facilitators should **support unorganized interests** to participate as well. **This is especially the case for marginalized and underrepresented groups like women entrepreneurs, youth entrepreneurs and informal businesses**[82]. For instance, projects have been implemented by development partners to structure unorganized interests of the informal sector in Senegal (with the business association UNACOIS[83]) and in Kenya (Kenya National Alliance of Street Vendors and Informal Traders - KENASVIT) which resulted in the improvement of the MSME sector regulations in both countries. Finally, PPDs should accommodate and represent the diversity of private sector interests and be **inclusive of all kinds of businesses, be they formal and informal, small and large, local and international.**

In terms of scope, it is very positive to see that the future LBBF will include one sectoral working group on agribusiness (alongside with the 4 working groups on crosscutting issues: access to finance / financial inclusion, tax policies, custom procedures, and corruption / transparency). This would not only be an opportunity to focus on specific sectoral constraints and achieve tangible results, but also an avenue to **engage with grassroot sectoral private sector organizations** representing the interests if smallholder farmers. **This would further be aligned with the development strategy of the EU, as enshrined in the Jobs and Growth Compact (priority value chains: cocoa, fisheries, cassava and municipal solid waste). It is therefore crucial that the concerned stakeholders participate to the future LBBF and receive support (capacity building / technical assistance) to present their business constraints and reform proposals in a coherent / well-structured manner.**

As development partners (EU, USAID, GIZ, SIDA, GROW Liberia, Solidaridad, IDH, etc.) mainly work with grassroot organizations (especially smallholder farmers), their involvement in the LBBF discussions will be instrumental to improve the inclusivity of the public-private dialogue. **In order to ensure alignment of development partners and donor coordination, we also suggest establishing within the LBBF a Donor Roundtable where donors can coordinate / harmonize their strategies and interventions on the business climate, based on the outputs of the working groups.**

In terms of outreach, two weaknesses have been identified in the previous LBBF by an evaluation report drafted by the IFC[84]: at local level, indirect beneficiaries (small businesses, especially those outside Monrovia) have been rather unsatisfied by the LBBF, and consultation of the PPD did rarely take place at a decentralized geographical level. In addition, quite a large number of stakeholders interviewed during the mission have never heard about the LBBF, which translates a rather weak communication and outreach strategy of the LBBF. To address this issue, LBBF used to sponsor a weekly radio program on a local radio station (LBS, main/public radio station) called “Business World”,

[82] The informal sector can account for 80-90% of all businesses in some countries, but the informal sector is by definition unorganized and uninvolded in PPD

[83] For more information, please see https://www.cipe.org/blog/2019/04/11/market-makers-how-senegals-informal-traders-are-getting-their-voices-heard/

[84] IFC, LBBF Evaluation, November 2012, p10

where business roadblocks were discussed. In addition, LBBF organized and sponsored the establishment of Liberia Economic Journalism Association (LEJA) to address the lack of quality (and neutral) economic writing in the newspapers. The association gathers 12 members and they have received two training sessions sponsored by LBBF. Members of LEJA have produced business programs for radio and regular news articles for the newspapers. **These communication and outreach efforts should be deepened in order to increase the future LBBF's inclusivity, as well as an open business journalism.** We will detail potential options to support communication and outreach in section 6.5.

6.1.2 Sustainability

Sustainability of LBBF can also be improved in this new instance. The low viability of this dialogue process originates from various causes: The likely limited financial capacity of both the public and the private sectors to pay for a locally owned LBBF; the lack of a clear ownership transition strategy (transferring the technical capacity to run the PPD secretariat independently with local human resources); and the necessity to renew the LBBF's mandate. A consultant produced a Transition Strategy Report for LBBF back in 2011[85]. This report listed the different transformation options:

1- *The LBBF is housed within an existing institution such as a government body (i.e. NIC) or business association (i.e. Liberian Chamber of Commerce) which also becomes the new home of the LBBF Secretariat. That organisation's mandate, charter, by-laws and possibly other documents may need to be altered to allow for this PPD function to be delivered.*
2- *The LBBF is run jointly by several associations (which contribute staff and financial resources) and where the LBBF's physical 'home' may change over time.*
3- *The LBBF is established as a new and independent (legal) institution so that it retains its neutral, permanent broker role.*
4- *The functions of the LBBF are decentralized so that issue-specific Working Groups and the Governing Board take on a life of their own within existing institutions such as line Ministries and business associations do their own separate advocacy.*
5- *The LBBF mechanism itself ends but the concept of stakeholder dialogue is internalized and integrated to the political culture and practice. i.e. business association advocacy capacity is improved, government adopts RIA as well as formal requirements for consultation.*
6- *The LBBF is temporarily transferred to its own separate office and then later on to an existing organisation.*
7- *The LBBF is shut down with no follow-on but a political culture embracing the importance of dialogue has been achieved*

Considering the current context as described in the previous sections, and without the financial support of development partners, all options must be excluded except option 7. Indeed, transferring the Secretariat to a local business association is unlikely to succeed since LCC (the main cross-sectoral PSO in Liberia) is currently facing major difficulties and is not considered credible by GoL. In addition, we have explained that the private sector is highly fragmented in Liberia (following the CTN issue), and this dramatically reduces the probability of having a successful joint business association initiative that would allow shared financial support, ensure effective coordination and achieve sustainability in the short term. **To improve this situation, we will suggest in section 6.1 potential interventions that might strengthen coalition and consensus building of PSOs and reduce private sector fragmentation.**

Furthermore, as the support from development partners is crucial to revive the LBBF, **a clear transition strategy should be agreed in advance (between the development partners, GoL and the private sector), implemented by LBBF and communicated to all stakeholders– engaging the private sector**

[85] Malcom Toland, LBBF Transition Strategy v1, October 2011, pp3-9

to discuss the transition strategy is essential and this consultation may take time[86]. This should be taken into account to ensure a medium/long term transition of the PPD process. During the transition period, efforts should be done to secure budgetary support from both the Government and Private Sector after the end of the project.

6.1.3 Capacity

For the success of a PPD, we have seen that strong capacities are essential for a successful PPD. Capacity concerns three categories of stakeholders: a) the PPD secretariat, b) the private sector, and c) the public sector. For the case of LBBF, there is space for capacity building for these three categories.

Category of stakeholder	Proposed capacity building programme
PPD Secretariat	*The PPD secretariat's capacities* should be enhanced to ensure successful transfer of the PPD platform after the project (LBBF) ends: training programmes could address the following aspects: how to run a PPD Secretariat; advocacy; research and analysis; communications; monitoring & evaluation
Public Sector	*The public sector's capacity* should be strengthened in order to: - Be technically well equipped to engage with the private sector on substance of proposals - Analyse reforms proposed and assess the impact of their enactment through Regulatory Impact Assessment (RIA) - Integrate PPD issues on the GoL's agenda - Improve governance, transparency and cast aside internal vested interests - Improve coordination and communication within Ministries, between GoL and agencies, and better inform the business community about regulatory changes - Increase GoL's accountability to the private sector on the reforms proposed - Commit to enact and implement the reforms agreed through the LBBF and monitor their implementation
Private Sector	To contribute constructively to the LBBF, the Liberian PSOs requires the necessary skills to scope, analyze, prioritize and present business constraints to Government. **We have observed that Liberian PSOs lack analytical and advocacy skills – a symptom of this was the very few policy papers we could collect from business associations**. To reinforce the LBBF, efforts should be done to enhance their advocacy skills[87]: - Identify and properly scope issues using various research tools and techniques and based on inputs from individual businesses. This requires good command of surveying techniques[88] - Present their business impediments and the consequences that these cause on their activity in a coherent / structured / informed way (involving statistics, legal and economic expertise);

[86] In Cambodia, for example, the stakeholder consultation period during which transition options were discussed lasted 6 months, with 6 more months required to finalise the strategy leading to its implementation.

[87] For instance, in 2009, LBBF partnered with CIPE to provide an advocacy training to key members of the forum

[88] Such a training was given by the Hamburg Chamber of Commerce to the Liberia Chamber of Commerce during our mission, and led to the production of the survey we've mentioned: Liberia Chamber of Commerce, Business Condition Survey, December 2019

	- Provide options to address these constraints and assess the economic (but potentially also social and environmental) impact of each option; and propose clear implementation plan including sequencing and timeline of activities and which entities need to engage; - Providing feedback on the effectiveness of the reform's implementation over time

7 RECOMMENDATIONS ON SPECIFIC ACTIONS TO SUPPORT PPD

In this section, we propose specific interventions the EU could carry out to contribute to improve the public-private dialogue in Liberia, and some targeted support to the LBBF. This will be done by presenting similar projects aimed at supporting PPD in other developing countries and taking inspiration from best practice in the framework of the SB4A.

It is important to note that the actions detailed in this report aim at enhancing PPD in Liberia. Therefore, some interventions made here target the LBBF as a privileged implementing partner for PPD, but other interventions are proposed to support stakeholder to better engage in a constructive, inclusive and sustainable dialogue. Another remark is the importance, for the EU Delegation, to establish structured dialogue with public and private sector stakeholders in line with the pursuit of its strategic objectives and selected priority value chains. Meetings with key public and private partners could lead to production of problem/solutions matrix and their consequent use for policy dialogue with the GoL and development partners for the design of future interventions.

7.1 Coalition building

Since private sector fragmentation is an important obstacle to constructive public-private dialogue in Liberia, we recommend that the EU carries out two interventions, one on the short-term (supporting a National Business Agenda), one on the medium-term (coalition building), which could ultimately pave the way for the creation of an APEX body for private sector organizations hosting a sustainable PPD platform. Below, we detail each point National Business Agenda.

A national business agenda (NBA) aims at supporting various PSOs to agree on a collective action approach. NBAs are useful tool allowing PSOs to influence policy-making and push for Business Environment Reform (BER). Though NBAs, the business community establishes legislative and regulatory priorities and officially informs policymakers about laws and regulations hindering the business activity. NBAs also comprise concrete recommendations and reforms to remove these impediments and improve the investment climate. **Moreover, the process of developing an NBA not only allows to educate businesses about public policies affecting them, but also to speak one voice and increase the probability that the reforms proposed in the NBA will be adopted[89].** Key success factors in developing NBAs include encouraging participation by focusing on specific regional or sectoral constraints so that the business community has a sense of ownership of the NBA and building coalitions of private sector organizations to reach a consensus.

The National Business Agenda Guidebook sequences the necessary processes to produce an NBA[90]:

1- *Organize participation*: Form an Advisory Committee; select a project coordinator; mapping of businesses and PSOs; select the participants

[89] CIPE, National Business Agenda Guidebook, 2006, pp2-3
[90] CIPE, National Business Agenda Guidebook, 2006, pp5-21

2- *Secure support*: Send PSOs a letter detailing the goals of the NBA process, emphasizing the collective nature of the initiative and its importance; ask PSOs if they want to host the first meetings; fix meetings ASAP to keep momentum high; report what PSOs want to participate; report which PSOs want to host the meetings

3- *Organize working groups* (WG): limitation of the number of participants (max 20); identify facilitators (with technical knowledge); propose agenda and fix dates; prepare WG

4- *Coordinate WG*: Prioritization of issues and proposals; discussion, report to project coordinator

5- *Draft NBA*: Form a Task Force to draft the NBA. **NBA should be supported by evidence (substantial studies, statistics and data) and proposed to the Government. The Task Force can outsource RIA, or recruit specialized economists/legal experts**

6- *Follow-up and distribution*: Feedbacks and revisions; distribution; publication and media campaign

We believe that this should be one of the first activities carried out by the revamped LBBF, and as a consequence, this intervention should take place on the short-term and should not take much time (a few months). **It is interesting to note that NBAs can also be developed for specific categories, like women and youth entrepreneurs, as well as the informal businesses.**

The book *Le Nouveau Pacte Africain, les défis du dialogue public-privé, written by Patrick Sevaistre and Jean-Luc Ricci for les Cahier du Conseil des Investisseurs Français en Afrique (CIAN)*[91]*,* also highlights the **importance of building a consensus around low-hanging reforms and on a reform agenda**. This process, according to the authors, allows engaging stakeholders in a positive dynamic involving a sequence of activities aiming at improving the business climate. The priority reforms of an NBA should therefore be those accepted by all parties and having the most immediate visible effects. In addition, this publication also stresses the **need to start a PPD process by a public-public dialogue within the government and its bodies and institutions** (especially those involved in private sector development) aimed at improving public sector coordination.

7.1.1 Building private sector coalitions

In order to strengthen cohesion between private sector organizations, we recommend that the EU supports coalition building within the Liberian business community. This can be done by providing capacity building to key business associations. A typical training module on coalition building would include the following aspects: assessment of constituents (SWOT), strategic planning, action planning, funding, resource development, advocacy, consensus building, policy changes, institutionalization of coalition, monitoring and evaluation.

Furthermore, we suggest that the EU focuses on marginalized and underrepresented business groups like women and youth entrepreneurs, as well as informal businesses. An example of such action is the CIPE support project to the Women's Alliance of Business Associations in Zimbabwe (WABAZ). From 2010 to 2018, CIPE supported 35 women associations to build a coalition, create a framework for dialogue with government, improve the ability of women in business to advocate for their rights under the constitution and to begin to work on policy and regulatory reforms. The specific objectives of this project were:

91 Patrick Sevaistre and Jean-Luc Ricci, Le Nouveau Pacte Africain, les défis du dialogue public-privé, Cahiers du CIAN, 2017, pp157-158

- To bring together disparate women's groups to agree on a collective action approach to empower women
- To develop the organizational and governance capacity of the Women's Alliance of Business Associations in Zimbabwe (WABAZ) and its member organizations through workshops, technical assistance, and improvement of governance documents
- To enhance the financial sustainability of WABAZ, once it formalized, and of its members by diversifying revenue streams
- To strengthen the voice of women entrepreneurs by building relationships with decision makers and influential actors in government, private sector, and civil society, and by engaging in advocacy and public-private dialogue for policy reform, and
- To empower the informal sector to collectively identify issues and to work together through collective action on policy and regulatory reform

On a longer-term perspective, the overarching goal of development partners should be to pave the way for the establishment of a national private sector coalition that would constitute an umbrella organization (apex body[92]) hosting the PPD secretariat in a sustainable manner, as it is the case in Kenya, for instance. In Box 6 (see below), we present this success story. In this country, a strong private sector coalition (Kenya Private Sector Alliance – KEPSA) has been established in 2003 and now serves as the secretariat for the public-private dialogue platform. KEPSA's budget is covered by the membership fees (roughly 750,000 USD) on the one hand, and public subsidies / donor financial contributions (also accounting for about 750,000 USD)[93] that finance the operations related to PPD and other projects (including training programmes, women economic empowerment and business formalization) on the other hand.

Box 6: Kenya Private Sector Alliance and PPD

In Kenya, the Public-Private Dialogue platform is coordinated by the Kenya Private Sector Alliance (KEPSA) which is the umbrella body for business member associations and corporates. In the public sector coordination is done by the Ministry of Industrialization and Enterprise Development. **Kenya Private Sector Alliance (KEPSA) is the private sector Apex and umbrella body set up in 2003**, to bring together the business community in a single voice to engage and influence public policy for an enabling business environment. The Kenya Private Sector Alliance (KEPSA) is a limited liability membership organization. KEPSA is a key player in championing the interests of the Kenyan business community in trade, investment and industrial relations.

Kenya offers a good example of a structured and efficient PPD: its achievements include: Establishment of the National Electronic Single Window and simplification of cargo clearance at the

[92] Apex Bodies / Federations are BMOs formed by other BMOs at lower administrative levels. In general, federations serve as an umbrella organization at national level. Their membership can either be made up exclusively of business organizations or be mixed with individual enterprises. BMOs at local level might be obliged by law to be a member of their respective national federation. Apex bodies and (con) federations are preferably used for high-level interest representation, for mediation between different BMOs when it comes to forming a unified opinion of business and for services, which are too costly for a single BMO. They are the appropriate bodies for starting nationwide initiatives or can act as contact points or hosts for complex facilities like investment promotion desks or cleaner production centres. See Sequa, BMO Toolbox, p4

[93] KEPSA, Annual Report 2018, p68

Port of Mombasa which has had a tremendous impact on easing trade logistics; Simplification and automation of the tax system leading to an improvement by 44 places in paying taxes indicator; Establishment of "Huduma Centres" for one-stop service delivery at the county level; Establishment of a commercial division at the high court to deal with dispute resolution; Energy sector reforms leading to 20% reduction in cost of energy[94].

Technical assistance from development partners to KEPSA included technical input into issues for discussion, analytical pieces and policy notes. The different levels of PPD include Presidential roundtable, Ministerial Stakeholder Platform, Speakers roundtable (National Assembly and Senate), Council of Governors, Chief Justice Forum, Platform with selected State Agencies (Kenya Revenue Authority for instance), Development Partners Roundtable, Regional Forums.

KEPSA adopts regularly National Business Agendas, and the last version (National Business Agenda III for 2018-2022) for instance puts emphasis on three priority thematic areas: reinvigorating domestic demand; export development; research and innovation[95]. The NBAIII has been developed with the support of the Business Advocacy Fund (BAF)[96], a project financed by DANIDA.

7.2 Capacity building of PSOs

The aim of this support would be to further professionalize LCC, RPAL, and LIBA (so that eventually LCC becomes a star PSO on the long term), to increase the number of starter PSOs becoming professional PSOs (if feasible[97]), and to upgrade targeted clubs of marginalized groups[98] into starter PSOs. To achieve this, we suggest that the EU supports a project aiming at building capacity of PSOs. As we've seen in section 4, 7 areas of PSOs can be built: Status and governance, Membership and outreach, Leadership, Resources, Communication and mobilization, Advocacy, and Services.

Due to current budgetary constraints (end of programming cycle), one option might be considered by the EU Delegation in Liberia if no budget is available from the National Indicative Programme (NIP) Technical Cooperation Facility (TCF): **requesting TA from the new Investment Climate (IC) Technical Assistance Facility attached to DEVCO C4**. The IC Facility has just been established and is implemented jointly by GIZ, France Expertise, British Council and SNV. Its three output areas are:

- Supporting business environment and investment climate improvement initiatives
- Strengthening ACP national and regional development financial institutions
- Compiling and mainstreaming lessons learned and best practices

The areas in which the TA Facility offers assistance to ACP stakeholders are (not exhaustive):

- Supporting business environment analysis and advise on business environment reform processes in areas such as:
  - Improving business entry mechanisms
  - Improving business tax and customs policies and administration
  - Investment promotion and policy

[94] Carole Kariuki (CEO of KEPSA), Kenya PPD Case Study, 2015, slide 3
[95] KEPSA, National Business Agenda III (2018-2022), 2018, p8
[96] The Business Advocacy Fund (BAF) is a project financed by DANIDA. BAF can provide support to business membership organisations, civil society organisations and trades unions who wish to influence public policy in order to improve the enabling environment. It can also support business membership organisations who wish to pursue projects with the objective of becoming financially sustainable.
[97] No all PSOs can become professional. This largely depends on their members' base. For instance, it is not sure an European Chamber of Commerce could exist in Liberia due to the narrow number of European businesses active in the country. A proper demand analysis might be done to assess presence of critical mass.
[98] Women and youth business associations, informal sector associations

    - Improving commercial dispute resolution
    - Land and property rights
    - Improving financial sector regulation and financial stability
    - Infrastructure policy and regulation
    - Promoting good regulation and corporate governance on four main aspects: democracy; public administration reforms; corruption; and the rule of law
    - Promoting innovation and competitiveness
    - Improving regulatory framework of labour markets linked to human resources development
- Ecosystem/stakeholder mappings (sector-specific, general)
- **Capacity building of local or regional organisations in the fields mentioned above and co-execution of some of these assignments**
- Value chain (VC) analysis and VC development
- **Strengthening regional, national and local public-private dialogue mechanisms (sector-specific, general)**
- Strengthening regional fora and networks
- Advise on partnerships between the public and the private sector for development, based on PPD
- Introduce new approaches (social entrepreneurship/inclusive business and building informal sector support models) into PPD mechanisms and initiatives to improve the business environment

The maximum duration of an IC Facility support project is limited to 90 days but in the short term (and without financing options on the NIP/TCF), this could be the way forward. For more information on the IC Facility, the EUD might contact the Task Manager: Miguel Campo Llopis, DEVCO C4, miguel.campo-llopis@ec.europa.eu.

In the medium term, there are many potential candidates with solid experience in that field who could take over the IC Facility's work and deepen this technical assistance to PSOs: for instance, Sequa/GIZ that we've mentioned but also African consulting firms like Zambisa[99]or Ateas[100]. **For such programmes, the budget should be secured by the EUD from the National Indicative Programme (NIP) or the Regional Indicative Programme (RIP).**

What Sequa does in terms of capacity building to PSOs includes: Organisational development for the improvement of structures and management; Professionalization of interest representation and policy dialogue; Development and extension of services for companies. Specific programmes Sequa implements in the field are called KVP projects where German business chambers and associations cooperate with chambers and associations in the partner countries. They contribute their capacities and know-how to support private sector development. The projects aim at strengthening local institutions as corporate service providers and interest representatives for small and medium-sized companies.

Core areas of cooperation are: Improving the internal structures and management of the local project partner; establishing new membership services; and supporting advocacy efforts directed at better framework conditions[101]. **It is in the frame of a potential KVP project that, in December 2019, the Hamburg Chamber of Commerce provided its support to LCC to conduct a survey about its members' business constraints. We suggest that the EUD keeps an eye on this because it might lead to a longer**

[99] https://zimbisa.org/solutions-to-strengthen-your-bmo-relationships-and-relevance/
[100] https://ateas.co.ke/bmo-capacity-building/
[101] https://www.sequa.de/fileadmin/user_upload/04_Mediathek/02_Publikationen/03Projekte_und_Programme/Publikationen/161118_KVP_Einleger_en.pdf

support programme from Sequa to LCC. To follow up on this and ensure coordination, the EUD might contact the Head of International Projects and Partnerships at the Hamburg Chamber of Commerce: Michaela Beck, Email: Michaela.Beck@hk24.de.

Another interesting option could be that the EUD supports a specific component of the GROW Liberia programme on the improvement of the investment climate since it has achieved good results so far: *By the end of implementation in April, it is estimated that some 25,000 households will benefit from a total income increase of approx. USD 12 million and that 1,110 jobs will be created in cocoa, rubber, vegetables and agro-processing. Thanks to the MSD approach that GROW is using (as the only actor in Liberia) to work with existing market actors and other stakeholders, these figures are expected to continue to grow in the future. GROW has been increasingly successful in the last years in facilitating public-private dialogues, strengthening cooperatives and MSMEs, guiding foreign investments, and, perhaps most importantly, been able to adapt their implementation to the ever-changing context*[102].

Finally, the long-term goal of development partners should be geared towards ensuring sustainable transfer and local ownership of the PSOs capacities. This could be done by the establishment of a permanent PSO academy either managed by an independent institution or located within local Universities. An example of a PSO Academy project can be found in Armenia and is implemented by the GIZ under the EU SMEDA programme (EU budget: 6.4 million EUR). This programme not only includes a PSO (BMO) Academy providing PSOs with capacity building in internal and external communication strategy, PR, enhancing lobbying and advocacy skills, increasing membership, etc., but also comprises other activities aiming at supporting the improvement of the business and investment climate for small and medium-sized enterprises (SMEs) in Armenia, including[103]:

- Support to the government in designing SME strategy, and strengthening the policy-making process
- Strengthening the capacity of the Small and Medium Enterprise Development National Centre (SMEDNC) in coordinating the implementation of the SME strategy
- Strengthening capacities at the Ministry of Economic Development and Investments of the Republic of Armenia (MEDI) to better manage Public-Private Dialogue mechanisms
- Support for fora between the research community and private sector, and further mechanisms to link research institutions with the private sector
- Technical support to state bodies and private sector to access EU innovation support

7.3 Supporting Business Advocacy through a Fund for Research and Advocacy Grants

A well-structured business advocacy campaign can be sequenced in 5 steps[104]:

1. Identifying the issues – coming from business, government, other stakeholders (such as consumers, employees, NGOs, etc);

2. Understanding the issues – which requires excellent research, including a systematic gathering of views, the ability to draw logical conclusions and a process for developing consensus internally;

[102] This is the evaluation made by Kaspar Nilsen, First Secretary of the Swedish Embassy (financing GROW Liberia)
[103] http://www.eu4business.eu/programme/smeda-support-sme-development-armenia
[104] The Business Advocacy Fund, Advocacy – a five-step approach, see http://www.businessadvocacy.org/dloads/5stepApproach.pdf

3. Formulating 'evidence-based policy' – which requires to gather objective evidence from reliable sources, formulation of policy options and drafting of a comprehensive rationale for the proposed option;
4. Reaching appropriate people in Government – to influence public policy; and
5. Monitoring progress – to ensure that, when the public sector agrees changes, they are put into practice.

The constraints related to Liberian PSOs' capacity to advocate have been highlighted in this report: Lack of organizational strategy; weak internal governance; low issue articulation; weak coordination and networking; inadequate funding for advocacy; non-representative advocacy organizations; individual capture; government patronage; low capacity and incentives for advocacy; poor member relations and weak research capacity. PSOs are very diverse in Liberia by their nature and structuration, but the quality and quantity of their outputs as an advocacy group remain low[105]. Since the demand for reform is high, but the advocacy capacities of the private sector are underperforming, we suggest that the EU supports a programme addressing these deficits. The programme would provide PSOs with research and advocacy grants and involve research/academia.

Through its research and advocacy grant funds, the proposed programme will help PSOs to research and draft reform proposals that would be based on evidence, present cost/benefit analysis, assess impact of reforms and can be presented to GoL through the PPD process (LBBF) and advocacy campaigns. Similarly to the BEST-Dialogue project in Tanzania, the fund would take the form of a facility designed to address issues identified by the PSOs and would operate through a call for proposals system. The typical advocacy and dialogue grant would average 30,000 to 50,000 USD. Nonetheless, no upper limit for the grant would be set. Smaller grants averaging 5,000 to 10,000 USD would also be made available in cases where smaller PSOs are unable to manage a larger grant, or where topics need to be explored (under a business position paper or problem/solution matrix, for instance, like the LibTA matrix presented in annex) before a larger grant can be justified.

Clear criteria should be set in order to ensure optimal use of the research and advocacy grants: priority would be given to high-impact reforms, and marginalized and underrepresented groups (women and youth business associations, and informal sector). In annex 3, we have included the criteria fixed by the SMEDA programme to access advocacy grants as an example. **In addition, we suggest encouraging joint advocacy by requesting applicants to form coalitions (between minimum two PSOs and a research institution / university).** Examples of research and advocacy grants for Liberian PSOs are presented below:

Potential Applicants	Example of Research / advocacy topics
LCC (or LIBA) / Fula Business Association / University of Liberia	- How to support business formalization in Liberia - Impact analysis on reducing custom duties and simplifying procedures on imported goods
Rubber Planters Association / Liberia Institute of Statistics and Geo-information Services / Cuttington University	- Geographical mapping of the rubber plantations and master plan to revive the sector - Measures to promote intercropping – benchmarking with international best practice

[105] We've seen nonetheless that even small business associations can contribute to improve the regulatory framework if development partners support them to articulate their issues coherently and present them rationally to the GoL (example of the LINACEA advocacy campaign against LACRA's new regulations on cocoa exports)

Women business association / LIBA / African Methodist Episcopal University	- Women entrepreneurs' constraints and reforms proposals for women economic empowerment
Liberia Cocoa Exporters Association / LCC / Cuttington University	- Roadmap for Cocoa Export
Liberia Timber Association / LCC / Cuttington University	- Cost/benefit analysis of reducing land rental fees on the forestry sector
Liberia Artisanal Fishermen Association (LAFA) / NaFAA / LIBA	- Impact analysis of reducing the import tax on fishing equipment as a lever to boost semi-industrial fisheries
Agro-input dealers association / Association of Vegetable Traders / Cuttington University	- Impact analysis of reducing the import tax on agri-inputs as a way to increase agricultural production (a similar study was produced in Nigeria with a support of DFID's ENABLE project[106])

In order to ensure complementarity and coherence with the LBBF's activities, we suggest that this research and advocacy fund be hosted and managed by the LBBF (or at least implemented in strong collaboration with the LBBF) through a delegation agreement to the IFC, for instance. It is important also to note that research takes time (3-6 months, as evaluated by the Cuttington University), so the number of advocacy and research papers will be limited, considering the Universities' actual capacities. In order to increase the flow of research and advocacy papers produced, it is also possible to select a pool of approved Business Advocacy Fund consultants (legal/economist experts), as it is the case in Kenya for the Business Advocacy Fund, established by DANIDA[107].

7.4 Role of Universities / research institutions

For the purpose of sustainability and in order to ensure local ownership of the PPD consultation process, we also recommend empowering universities and research institutions. Building their capacities is crucial so that a pool of expertise can be built in the country and remains in place after the project ends. In Tanzania, for instance, the BEST-Dialogue project has included a component on empowering Universities to contribute to the PPD. With the support of this project, the University of Dar Es Salaam Business School (UDBS) has established a network called Higher Learning Institutions Advocacy Network (HI-LINE) composed of: UDBS, Mzumbe University, Sokoine University of Agriculture, Moshi University of Cooperatives. The aim of the HI-LINE network[108] is to enhance advocacy and Public-Private Dialogue in Tanzania. Its specific objectives are to: a) Build the networks of higher learning institutions that lead to the creation of a platform for open discussion of economic and business environment issues prevailing in Tanzania and the promotion of dialogue between the public and private sector; and b) Building capacity for adult education in the domains of public policy advocacy and public private dialogue at member Universities with the aim to provide such knowledge and information to practitioners working in sectors for which these higher learning institutions were created.

In this context, Universities not only contribute to research and business advocacy, but also offer training programmes about policy advocacy and public-private dialogue. For instance, the University

[106] ENABLE is a business advocacy programme designed by DFID and implemented in Nigeria by ASI to promote improved Public-Private Dialogue (PPD), ultimately leading to an improved Business Environment (BE) for poor men and women.

[107] http://www.businessadvocacy.org/consultd.php

[108] https://udbs.udsm.ac.tz/cpra/HI-LINE-UDBS-Profile.html

of Sokoine proposes a 2-day training programme on Pubic Private Dialogue (PPD) and Local Economic Development (LED). This training programme aims to enable participants to acquire knowledge and practical skills in PPD and support them to link it with the overall concept and practice of Local and Economic Development (LED). The participants learn about different approaches and techniques for facilitating effective dialogue between the Government, PSOs and Civil Society Organizations (CSOs) for the sake of creating "win-win" opportunities for local economic development. The target group of participants is composed of researchers and members of the academia from Tanzania. This training programme is composed of 4 modules: Fundamentals of PPD; Dialogue as a tool for LED; Framework, structures and Approach to LED; Effective Communications for LED[109].

During the mission, we've had the opportunity to interview two universities: University of Liberia and Cuttington University. The first is the main university of Liberia, especially for business studies (a third of the country's graduates in business are graduated in the University of Liberia), based in Monrovia. It has already contributed to the previous LBBF[110] and is mostly financed by the GoL (85% of its budget is covered by the GoL, 15% come from tuition fees paid by students). The second, the Cuttington University is located outside Monrovia, and seems to be more independent from the GoL and focused on agriculture. It has infrastructure issues (electricity shortages) but graduates around 600 students per year (out of which 60-80 graduates from its business school). **We believe that at least these two universities could be recipient of a technical assistance and capacity building programme to enhance their research skills and build a permanent expertise on PPD, economic development and business advocacy. Twinning programmes with other universities and research institutions (like the Tanzania members of the HI-LINE network) should also be considered in order to support knowledge sharing.**

7.5 Communication and media

Because successful business advocacy and PPD take place in a broader context in which business environment reform is understood and discussed by all sectors of the society, the proposed programme should help the PSOs and the business community to communicate issues to the GoL and the broader public. We have seen that LBBF used to sponsor a weekly radio program on a local radio station (LBS, main/public radio station) called "Business World", where business roadblocks were discussed. In addition, LBBF organized and sponsored the establishment of Liberia Economic Journalism Association (LEJA) to address the lack of quality (and neutral) economic writing in the newspapers.

We recommend that the EU further supports LBBF's communication and outreach efforts and works with the media to encourage the development of a new set of contents in which business issues are presented and discussed openly[111] , and also provides support for the development of business journalism. Topics could include the LBBF's outputs (business position papers, decisions regarding reforms and their progress), business formalization, women entrepreneurship, etc. With the support of the EU, LBBF would build capacity of business journalists, and sponsor the development of relevant content to be broadcasted on the radio (LBS seems to have the biggest listenership but is controlled by GoL), on Internet (to reach the youth), on television and in the press. As informal payments (corruption) is generalized in Liberia, and represent a major constraint, we suggest looking

[109] https://www.sua.ac.tz/announcements/public-private-dialogue-ppd-local-economic-development-led

[110] For the selection of future participants of the LBBF, it would be positive to see university professors included as well – this is a best practice, see World Bank Group, Public-Private Dialogue in Fragile and Conflict-affected Situations, 2014, p11

[111] We underline the word openly in reference to the punishment LCC received from the media after voicing the CTN issue

at the possibility of developing content on this issue from a day-to-day perspective, with the concern of not pointing out Governmental officials[112].

7.6 Public sector

For the success of a PPD, it is crucial that the public sector not only adopts a business-friendly attitude, but also that the governmental decision-makers (and their subordinated staff) possess the right skills[113]. We have described in section 5.2.3. how public sector's capacity could be strengthened in order to be more capable of improving the Liberian business environment and adopt a more responsive attitude towards LBBF. We believe that the EU has a role to play to support the Government of Liberia to:

- Be technically well equipped to engage with the private sector on substance of proposals. This could also include twinning programmes (for instance, LACRA officials would visit their counterpart in Côte d'Ivoire to discover best practices on cocoa export)
- Analyse reforms proposed and assess the impact of their enactment through RIA
- Integrate PPD issues on the GoL's agenda
- Improve governance, transparency and cast aside internal vested interests – anti-corruption and integrity programmes: for instance, providing integrity in customs training / TA to the Monrovia Port Authorities and BIVAC. Another priority is strengthening the justice sector and introducing non-court arbitration, and improving the capacity of public institutions to enforce policies
- Improve coordination and communication within Ministries, between GoL and agencies, and better inform the business community about regulatory changes
- Increase GoL's accountability to the private sector on the reforms proposed
- Commit to enact / implement the reforms agreed through LBBF, and monitor their implementation

For instance, in Togo, the EUD is supporting the Government to[114] carry out regulatory impact analysis on various reforms implemented in Togo as part of its business environment reform plan, and to assist the Business Climate Unit (hosted by the Government of Togo) in order to monitor the effective implementation of the various reforms carried out.

To institutionalize the provision of quality policy analysis and capacity building to government officers, another interesting option in the long term could be to establish a public institution for policy research and analysis acting as a think-thank, as this is the case in Kenya with the KIPPRA[115] (Kenya Institute for Public Policy Research and Analysis). This institute, financed by the Kenyan government and IDRC (Canadian centre for international development), publishes Policy Briefs aimed at a wide dissemination of the Institute's policy research findings. The findings are expected to

[112] For instance, a television programme could be developed as follows: a hidden camera would film various day-to-day corruption cases (school teachers or policemen receiving bribes from citizen, for example) and a debate would follow to discuss the impact of such practices on the society as a whole and what to do when this problem arises

[113] A best practice of public sector capacity building programme is the case of Singapore, where all civil servants must follow 100 hours of training every year, out of which 60% relate to their own activities, and 40% pertain to their own interests, see Patrick Sevaistre and Jean-Luc Ricci, Le Nouveau Pacte Africain, les défis du dialogue public-privé, Cahiers du CIAN, 2017, pp163-164

[114] République du Togo, Cellule Climat des Affaires, Termes de Référence du Consultant, July 2018, p4

[115] For more information, visit kippra.or.ke

stimulate discussion and also build capacity in the public policy making process in Kenya. KIPPRA also offers a range of training programmes including**:**

- **Young Professionals Programme:** enhancing competence in evidence-based policy process
- **Creating an enabling environment for private sector:** articulating priorities to provide an enabling environment to grow private sector economic activity
- **Public Policy Making Process:** introduction to policy-making
- **Macro-modelling**[116]: training economists in various central planning units of the Government of Kenya

On the short and medium term, the EU might observe the possibility of establishing and supporting selected government officers to attend KIPPRA's courses.

7.7 Example of a similar project: BEST-Dialogue in Tanzania

In this section, we offer an example of a project implemented in Tanzania by DANIDA, that gathers several components similar to those proposed in this report.

Box 7: BEST-Dialogue project in Tanzania

The Business Environment Strengthening for Tanzania Private Sector Advocacy and Dialogue programme (BEST-Dialogue), formerly known as BEST-AC, ended its operations in June 2019. During the three consecutive 5-year phases (2004-2019), the project provided grants and access to capacity development services for Tanzanian PSOs. The grants helped these organisations to carry out research to identify factors that can make doing business in Tanzania easier.

The Government of Tanzania established BEST in November 2003 as an effort to improve Tanzania's business environment. BEST was a crosscutting multi-donor financed programme geared towards providing a more enabling environment for the private sector in Tanzania. A number of donor agencies supported the BEST programme through a basket fund arrangement: Danida, the Netherlands, Swedish International Development Agency (SIDA), United Kingdom's Department for International Development (DFID), and the World Bank. **The EU now finances this project under the Investing in Business Enabling Environment (iBEE) programme with a total contribution of 3 million EUR (under EU's National Indicative Programme 2014-2020), through a combination of indirect management agreement with DANIDA**[117] **and direct management (procurement), out of a total budget of 15 million EUR**.

The Specific Objectives of BEST-Dialogue are defined as follows:
SO1: Empower private sector organisations and their capacity to engage in advocacy on business environment issues through effective public-private dialogue
SO2: Enhance the capacity of the private sector to become a more effective player of trade and investment between the EU and Tanzania

The expected results are as follows:
• R1: Sustained and effective dialogue between private sector/civil society organisations and Government through stronger partnerships and coalitions;

[116] The course is very popular especially with economists in government ministries. The Institute has also been involved in developing capacity of not only Kenyan government officers but also officers from Uganda, Tanzania, Rwanda, Ethiopia, and Malawi in order to assist these governments in building macro models of their economies.
[117] EC, Action Document for Investing in Business Enabling Environment (iBEE), 2016, pp10-13

• R2: Enhanced advocacy and knowledge management capacity of the private sector to carry out evidence-based research on issues affecting business environment and investment climate;
• R3: Enhanced services and knowledge management capacity of the private sector to expand trade and investments between the EU and Tanzania

The main activities include:

- Promote and facilitate alliances/coalitions (through seminars, workshops, digital platforms, joint research) by improving the circulation of information between the Private sector organisations, increase the linkage between national and foreign business associations, improve the participation of the private sector in consultative Groups set up by the government and reinforce the national platform of dialogue dealing where crosscutting issues are addressed;
- Provide capacity building initiatives for private sector/civil society on data collection and analysis as well as related advocacy skills in cross-cutting areas such as taxation, immigration, skills development and land, innovations in the green economy;
- Provide grants for research on economics and government regulations on business (regulatory impact audits, social network analysis)
- Technical assistance supporting Tanzania in its efforts to promote trade to the EU and attract investments from the EU through capacity building, market studies, trade fairs, B2B workshops, trade policy support, business know-how and training, project studies

The programme document for phase IV (2013-2019) gives a description of the outcomes[118]:
Outcome 1 – The Advocacy and Dialogue Fund: National, local and sector PSOs and civil society organisations (CSOs) engage with government using strategic, evidence-based proposals for reform that reflect key business priorities. Through its advocacy and dialogue grant funds, BEST Dialogue will help PSOs and other non-state CSO actors to research and prepare reform proposals that can be presented to government through PPD processes and advocacy campaigns. The fund is a facility designed to respond to emerging issues identified by the business community. The typical Advocacy and Dialogue Grant will average US$30-50,000. However, no upper limit for the grant will be set. A mini-grant averaging US$5-10,000 will also be made available. The mini-grants will be issued in cases where smaller PSOs or CSOs appear unable to manage a larger grant or where topics need to be explored before a larger grant can be justified.

Outcome 2 – Capacity Building: Selected PSOs are more capable at representing their members' interests and engaging with government as a key partner in development. BEST Dialogue will help selected PSOs to be more effective in their advocacy and dialogue efforts through the development of strategic competencies and capacities.

Outcome 3 – Communications and Media: Public discourse on business issues reflects a broader vision of an enabling business environment that promotes green growth and the importance of business as an engine for economic development. BEST Dialogue's work with the media will have a dual focus. In the first instance, the programme will encourage the development of media markets in which business issues are presented and discussed. Secondly, BEST Dialogue will provide support for the development of business journalism.

Outcome 4 – Research and Knowledge Management: Education, training and research on business and investor concerns influence the ways public policy for business is formulated and revised. A combination of very specifically targeted research projects combined with core funding to a few selected research institutions is foreseen. One partner receiving core funding will be "Research on poverty Alleviation"(REPOA) which is one of the leading independent research institutions in Tanzania. REPOA has an entire department dedicated to analyse and research growth and development issues from an inclusive growth and developmental perspective. Another partner will be the Institute of Economics of

[118] DANIDA, Programme Document, Business Sector Support Programme Phase IV (2013-2019), December 2012, pp37-38

the University of Dar es Salaam with a specific focus on research related to private sector development, job creation as well as research in policies and strategies that support poverty reduction.

Management and implementation arrangements: A Fund Manager will be appointed to run BEST Dialogue. The Fund Manager will be appointed through a competitive tender that will be open to the scrutiny and, where necessary, participation by other development partners that indicate a willingness to contribute to BEST Dialogue. It is not the intention to create a long-term sustainable business advocacy organization – the sustainability of BEST-Dialogue lies in the beneficiary organisations. A Programme Steering Committee similar to that found in BEST-AC will be formed to oversee the programme's activities. The Programme Steering Committee will appoint a sub-committee of three people who will work with the Fund Manager to oversee the allocation of grant funds with an individual value of US$25,000 or more. Any funding decisions involving grants that are smaller than this will be made by directly the Fund Manager.

8 SUMMARY OF RECOMMENDATIONS

In the below table, we summarize our suggested inputs from the EU in support of the PPD. For the purpose of sequencing these interventions and for the sake of pragmatism, we have added two columns: time horizon and proposed implementation modalities. / potential partners.

Proposed support	Objectives	Target beneficiary	Time horizon	Proposed implementation modalities / potential partners
National Business Agenda	Though NBAs, the **business community establishes legislative and regulatory priorities and officially inform policymakers about laws and regulations hindering their business activity**. NBAs also comprise concrete recommendations and reforms to remove these impediments and improve the investment climate.	PSOs	Short term	National Indicative Programme (NIP) Technical Cooperation Facility (TCF) or DEVCO IC TA Facility
Coalition building	**Reduce private sector fragmentation** through the provision of training modules on coalition building including: assessment of constituents (SWOT), strategic planning, action planning, funding, resource development, advocacy, consensus building, policy changes, institutionalization of coalition, monitoring and evaluation.	PSOs, with a focus on marginalized and underrepresented categories: women, youth and informal PSOs	Short term	NIP TCF or DEVCO IC TA Facility, potential partners include GROW Liberia, Solidaridad
Capacity building of PSOs	**Empower private sector organizations, improve their services and increase their sustainability**. PSOs' capacities are built: Status and governance, Membership and outreach, Leadership, Resources, Communication and mobilization, Advocacy, and Services.	PSOs, with a focus on marginalized and underrepresented groups: women, youth and informal PSOs and sectoral PSOS	Short / Medium term	NIP TCF or DEVCO IC TA Facility, NIP or Regional Indicative Programme (RIP); complementarities with Sequa / GIZ, GROW Liberia, Solidaridad and IDH
Fund for Research and Advocacy Grants	**Upgrade advocacy inputs from the PSOs**: Grants will allow PSOs to research and draft reform proposals that would be based on evidence, present cost/benefit analysis, assess impact of reforms and can be presented to GoL through LBBF and advocacy campaigns.	PSOs, with a focus on marginalized and underrepresented groups: women, youth and informal PSOs and sectoral PSOS	Short / Medium term	NIP or Regional Indicative Programme (RIP); delegation agreement to IFC (LBBF); complementarities with GROW Liberia, IDH (etc.), DANIDA can demonstrate strong experience
Support universities to participate to PPD	Technical assistance and capacity building programme to **enhance their research skills and build a permanent expertise on PPD, economic development and business advocacy**. Establishment of a universities/research network. Twinning programmes with other universities and research institutions.	Universities, research institutes, academia, institutes of statistics	Medium term	NIP or Regional Indicative Programme (RIP); collaborations and twinning possibilities with HI-LINE (Tanzania)
Support communication and media	**Encourage the development of a new set of contents** in which business issues are presented and discussed and provide support for the development of business journalism.	Business journalists and Liberia Economic Journalism Association	Medium term	NIP or Regional Indicative Programme (RIP)
Capacity building of the public sector	**Increase public sector's responsiveness to PPD** by equipping it with the required technical to engage with the private sector on substance of proposals, analyse reforms and assess their impact through Regulatory Impact Assessment (RIA), Integrate PPD issues on the GoL's agenda, integrity in customs training and TA, strengthen the justice sector / introduce non-court arbitration. Send selected government officers to KIPPRA (Kenya), and establish an economic think-thank.	Ministries and governmental institutions (LACRA, for instance)	Medium / long term	NIP or Regional Indicative Programme (RIP), KIPPRA (Kenya)

9 CONCLUSION

With this report, we hope that the EUD will be equipped with a pertinent strategy to support Public-Private Dialogue's effectiveness, inclusivity and sustainability to improve Liberia's investment climate. Through the field work and based on the analysis of projects in other countries aiming PPD facilitation, this TPSD Facility report proposes several specific interventions that both fit the context of Liberia and are inspired from the best practice in line with the SB4A platform.

Even if the current economic and political context in Liberia is challenging, the interventions proposed in this report are sequenced in the short, medium and long term, and we believe that they will provide a long-lasting and transformational impact on the way Liberian PSOs are managed, serve their members, work together and advocate to the Government.

Through the capacity gap analysis, we have pinpointed various weaknesses of the cross-sectoral and sectoral business associations existing in the country and revealed their relationships. In a context where PSOs have weak capacities, are highly fragmented and do not speak one voice to the Government, the EU supports that we have suggested in this report might be instrumental to dynamize the private sector's participation in policy-making and increase its contribution to economic growth.

In this work, a strong focus was put on inclusivity, so that public-private dialogue does not only benefit to large firms, but also allow includes the voice of MSMEs, grassroot sectoral business associations, women and youth, and informal businesses in order to allow them to constructively participate to policy making. Attention was also paid to sustainability, and we are firmly convinced that the specific recommendations included in our report might ensure local ownership of the PPD process and transfer some necessary advocacy skills and methods once the LBBF project ends, hence the role of universities and research institutions.

Needless to say that many risks remain, and the success of the LBBF will mostly depend on the champions involved in this public-private consultation platform – an important parameter over which not much control can be exerted. The selection of the right champions from the private and the public sectors will be crucial as they are the ones who will own the process and move the PPD forward, but it will not be an easy task as observed in many other fragile states.

To mitigate the risks of private sector fatigue, it is key to build capacities of the public sector as well, so that it adopts a more business-friendly attitude and possesses the right skills to follow-up and implement the reforms proposed by the private sector through the LBBF and other PPD platforms. Finally, it is also key that the EU Delegation facilitates structured dialogue with key private and public partners, nurtures a policy dialogue with GoL, and liaise with donors to ensure coordination on strategic priorities.

Hope is not the conviction that something will turn out well but the certainty that something makes sense, regardless of how it turns out

Vaclav Havel

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11 ANNEXES

Annex 1: LibTA problem/solution matrix[119]

MAJOR PROBLEMS	ONGOING CONSEQUENCES	PROPOSED SOLUTIONS
Unrealistic land rental fees ➢ Concessions being charged for non-harvestable areas ❖ Degraded areas ❖ Empty blocks ❖ Exempted areas	➢ Concessioners are being wrongly and overly billed by the Government of Liberia. This is thereby drastically and unnecessarily increasing their overhead cost of operations (in comparison to other tropical timbers producing countries within Africa).	➢ Set up a financial technical committee comprising of representatives of both the Government of Liberia and the Liberia Timber Association (LibTA) with the mandate to review this issue and proposed the best way forward.
Unnecessary bureaucracy in the issuing and getting of documents from the FDA ➢ Length of time taken to get Annual Harvesting Certificate ➢ Length of time taken to get an Export Permit approved	➢ Serious waste of man-hours and resources.	➢ Reduce the unnecessary red tape in getting things done within the sector. ➢ Establish a simply legal certification system that will enable Liberia to meet the benchmark without overburdening the concession holders.
Constantly changing of the goal post by not abiding by decisions jointly made ➢ The issue of the time to pay the 13%; ➢ Government refusal to abide by the rule of law;	➢ Serious uncertainty has developed among the concessioners as to what is it that the government really intends and wants to do as well as how reliable are government's pronouncements.	➢ Ensure the rule of law is obey and not randomly jumping to hasty arbitrary actions.
Unauthorized attempts at changing rules governing the sector ➢ The required diameter cut (DBH); ➢ The conflict resolution mechanism under development; ➢ The unilateral pull out of FDA from the sub-committee to work out the modalities for the implementation of the Forest Industrial Development & Employment Regime Act (FIDERA) of 2017;	➢ Serious uncertainty has developed among the concessioners as to what is it that the government really intends and wants to do as well as how reliable are government's pronouncements; ➢ Enforcing or imposing a DBH outside of the agreed contract leads to lesser production volume while the overhead cost for production remains the same;	➢ Government of Liberia recognizes the Force Majeure with regards to the Ebola period and therefore add the time period to the contracts of each company in addition to waiving any and all land rental fees required during said period; ➢ FDA made to respect the contract with the various companies with regards to the DBH; ➢ FDA & LRA be made to resume negotiations with LibTA with regards to the FIDERA; ➢ All government institutions be warned about the serious negative impacts on the government when one of its

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➢ The unilateral refusing by the NPA's management to abide by an Executive Order prior to its expiration date; ➢ The refusal of the Government of Liberia to honor its agreement with the various companies as it relates to the Force Majeure with regards to the Ebola period		institutions unilaterally decides to stop abiding by an Executive Order of government prior to its expiration date;
Unduly international pressure and additional requirements	➢ Seems like the sector is being run base to the whim and desire of our international development partner, who may or may not have their own hidden agenda (An article of interesting read could be the report from the 1999 West Africa Priority Setting Workshop held in Elmina, Ghana, where over one hundred and fifty (150) scientists from over forty (40) institution were in attendance)	➢ Have our own national interest (creating jobs, enhancing rural economy, and development) drive the direction of the sector and not only forest conservationist.
Poor or lack of adequate facilities ➢ Ports (Storage & handling facilities/Log park) ➢ Roads & bridges ➢ Electricity	➢ Hampers smooth operation of concessioners as they encounter difficulties in carrying supply such as fuel and etc. to camps, log ponds; ➢ Sharp increase in operational cost; ➢ Resulting in no or very low production and sales; ➢ Increases the concessioners' inability to generate the needed revenues in order to pay arrears/outstanding as well as current liabilities to the government; ➢ The supplying of logistical support has become a major problem, especially for those companies who operate out at Greenville region;	➢ A system is put in place where and if by mutual agreement corporate interventions is done in terms of directly undertaken and underwritten the rehabilitation and maintenance of infrastructure, which are the responsibilities of government, said cost incurred by the companies should be applied directly against their stumpage, export fees, and land rental fees as these costs cut seriously in the working capital of the companies; ➢ Main trunk of roads from the various concessions to the ports of Greenville and Buchanan need to be repaired and periodically maintained in order to ensure the flow of timber traffic; ➢ The appointment of a committee comprising of all stakeholders to supervise the coordination and execution of the financial and technical aspects of all roads and bridges repairs and constructions that shall be under taken by the various companies on behalf of national government with the intent of reimbursement in the form of tax credits;

High Tax Regime (See USAID/GEMS' report on taxes within the forest sector in Liberia, ranking among the top) ➢ Port Handling Fees ➢ FOB Unit Price ➢ Stumpage & Export Fees Rate ➢ Land Rental Fees	➢ Economy has failed to completely reignite since after the war, but most especially in the five years since the outbreak of the Ebola;	➢ Roll back several of the regulations ➢ Reduce the Land Rental Tax by half; ➢ Increase the Export Taxes comparable on the resources itself in order to compensate for the reduction in the Land Rental Tax ➢ The issuance of a forestry sector specific executive order focusing mainly on the fiscal regime of the sector in so far as it relates to the FOB prices, stumpage and export fees, and port handling charges are concerned; ➢ Reform the tax and fee structure to allow the sector to become financially viable and to move away from log exports to production of finished lumber for both domestic and export markets;
Community Issues ➢ The government's failure to remit in a timely manner the communities and counties 30% share each from the land rental fees paid to the government by the concessioners. ➢ Massive depletion of the forest within the various awarded concessions by community dwellers and outsiders due to pit sawing activities.	➢ Communities obstructing the activities of the various companies; ➢ The unnecessary loss of valuable man-days that could have otherwise have been used for more productive actives; ➢ Unnecessary increase in production cost as each day lost is an additional financial burden to the company as they have to still pay staff for a wasted day. Even more so since forestry is a seasonal occupation, each day lost has a very steep cost to the company; ➢ Increases the concessioners inability to generate the needed revenues in order to pay arrears/outstanding as well as current liabilities to the government; ➢ Government currently is unable to provide the various companies unencumbered access to their respective concession; ➢ True market value of the various concessions have dropped very steeply due to wanton destruction of their forest areas by pit-sawing;	➢ Like what is done with the payments relating to the Community Forest Management Agreements (CGMA), segregate the Land Rental Fees in three (3) distinct components and have the concessioners pay the various required percentage into direct and separate accounts. ➢ Equalizing the various fees and tax burden on the commercial concession holders vis-a-vis community sawmills/pit-sawing.
Unduly disturbances from various statutory bodies of government. ➢ Unreasonable and unnecessary demands by local government	➢ Unnecessary and sometime unreasonable increase overhead cost to concessionaries.	➢ A regulatory and disciplinary controls in put in place on how and who can approach any company for contributions (cash and kind)

authorities and sometime national institutions		
Unduly pressure for companies to live up to their end of their respective contract when the Government of Liberia can't ➢ The demand of companies (especially FMCs holders) to establish sawmills within the required time stated in their contracts (three years) when there aren't any handling facilities and storages currently available at the ports (especially Buchanan and Greenville)	➢ Companies have undergone huge capital investment in order to bring in their sawmill but is finding it difficult to set up;	➢ Set up a financial technical committee comprising of representatives of both the Government of Liberia and the Liberia Timber Association (LibTA) with the mandate to review this issue and proposed the best way forward.
Decisions that affect the welfare of LibTA and its member companies taken without the involvement of LibTA ➢ Representatives of LibTA yet to be appointed on the boards of the National Ports Authority and the Forestry Development Authority, where it has statutory membership	➢ Currently decisions are being taken without thoroughly reviewing information that could be available in order to make a well informed decision	➢ The good offices of the President, H. E. George M. Weah, appoints members of LibTA that have been recommended by the Association on the boards of the National Ports Authority and the Forestry Development Authority

Annex 2: Organizational Analysis of PSOs[120]

PSO name	Type	Status and governance	Membership and outreach	Leadership	Resources	Communication and mobilization	Advocacy	Services
LCC	Multisectoral	Strong	Strong	Weak	Strong	Average	Average	Average
LIBA	Multisectoral	Strong	Broad base, weak membership mobilization	Strong	Average	Average	Strong	Average
Fula Business Association	Multisectoral	Average	Average	Weak	Weak	Average	Weak	Average
Agrodealers association	Sectoral	Average	Weak	Weak	Weak	Weak	Weak	Weak
Association of Vegetable Traders	Sectoral	Average	Weak	Weak	Weak	Weak	Weak	Weak
National Cassava Sector Coordinating Committee	Sectoral	Strong	Broad base, weak membership mobilization	Average	Weak	Weak	Average	Weak
Cocoa Exporters Association	Sectoral	Average	Average	Strong	Weak	Weak	Average	Weak
Farmers Unions Network	Sectoral	Strong	Broad base, weak membership mobilization	Strong	Average	Average	Average	Weak
Rubber Planters Association of Liberia	Sectoral	Strong	Average	Strong	Strong	Average	Average	Weak
Liberia Timber Associaton	Sectoral	Strong	Average	Average	Average	Average	Average	Average

[120] Weak, average and low capacities are assessed based on the questionnaires in annexes and interviews. Important remark: this assessment was made on the data communicated by each PSO, and specific to the local context (Liberia) – benchmarking local PSOs between each other, as opposed to an international benchmark.

Annex 3: Criteria to access a research / advocacy grant from the SMEDA programme

Financial and operational capacity	Min score (1)	Max score (5)	Weight	Total
Do applicants/co-applicants have sufficient experience of project management?			1	
Do applicants/co-applicants have sufficient technical expertise (especially knowledge of the issues to be addressed)?			1	
Do applicants/co-applicants have sufficient management capacity (including staff, equipment and ability to handle the budget for the action)?			1	
Does the lead applicant have stable and sufficient sources of finance?			1	
Relevance of the action	Min score (1)	Max score (5)	Weight	Total
How relevant is the proposal to the objectives and priorities of the Call for Proposals?			2	
How relevant to the particular needs and constraints of Armenia or region(s) of Armenia is the proposal (including synergy with other EU and GIZ initiatives and avoidance of duplication)?			2	
How clearly defined and strategically chosen are those involved (final beneficiaries, target groups)? Have their needs been clearly defined and does the proposal address them appropriately?			1	
Does the proposal contain specific added-value elements, such as environmental issues, promotion of gender equality and equal opportunities, needs of disabled people, rights of minorities and rights of indigenous peoples, or innovation and best practices			1	
Effectiveness and feasibility of the action	Min score (1)	Max score (5)	Weight	Total
Are the activities proposed appropriately, practical, and consistent with the objectives and expected results?			1	
Is the action plan clear and feasible?			1	
Does the proposal contain objectively verifiable indicators for the outcome of the action? Is any evaluation planned?			1	
Is the co-applicant(s)'s level of involvement and participation in the action satisfactory?			1	
Sustainability of the action	Min score (1)	Max score (5)	Weight	Total
Is the action likely to have a tangible impact on its target groups?			1	
Is the proposal likely to have multiplier effects (including scope for replication, extension and information sharing)?			1	
Are the expected results of the proposed action sustainable?: (1) financially (2) institutionally (3) at policy level (where applicable) (4) environmentally			1	
Budget and cost-effectiveness of the action	Min score (1)	Max score (5)	Weight	Total
Are the activities appropriately reflected in the budget?			1	
	Min score (1)	Max score (10)	Weight	Total
Is the ratio between the estimated costs and the expected results satisfactory			1	

Annex 4: Terms of Reference

Mission of the TPSD Facility to Liberia on Business Environment Reform

November-December 2019

1. Background

After a protracted civil war, Liberia underwent a period of recovery until around 2015 reflected inter alia in progress with regards to its "Doing Business" and trade indicators. In recent years, however, there has been a back-sliding in the ease of doing business, and major impediments severely constrain trade and investment. The EIP could be an important tool in reversing this trend. Its three-pronged methodology (combining investment, TA and support for dialogue) presents a much needed integrated approach that could mobilize the necessary financial resources and expertise to enable the country to address the most significant bottlenecks and capitalize on its rich natural resource endowment.

For the EIP to be successfully implemented, especially in the context of a fragile state like Liberia, several conditions must be met. Foremost, an investment climate and business environment conducive to trade, investment and private sector development must prevail. In addition, it is necessary for the EU to establish a structured and sustained dialogue with the local and European private sectors present in partner countries, as well as with the authorities, to identify the most important barriers to private investment and prioritize the business environment reform and climate investment reform agendas.

In its JOBs AND GROWTH COMPACT FOR LIBERIA, the EU envisages to take action in three areas with regards to the EIP. Firstly it will use the jobs and growth compact as guidance for future EU funded activities. Secondly, the EU Delegation in Monrovia proposes to strengthen the cooperation with Development Finance Institutions with a view to developing projects that are bankable under the EIP. Thirdly, together with other Development Partners, the Delegation will seek to strengthen existing platforms for dialogue between Government and private sector.

Liberia is a fragile state still struggling to overcome the impact of 14 years of civil war and the Ebola crisis. Yet, it is richly endowed with natural resources and, under the right conditions, the country can bounce back and be set on the path to becoming a Middle Income Country as ambitioned in the Vision 2030 document. The Agriculture, Forestry and Fisheries sector accounts for over 70% of GDP, but there is little value addition. The agricultural sector is also the main source of employment but reflects the dualism of plantation economies, with capital-intensive and relatively high-tech concessions co-existing alongside subsistence informal sector that focuses mainly on food production, with also some cash crop (cocoa, palm oil) production. The manufacturing sector is severely constrained by scarce and expensive electricity supply, a shortage of skilled labour, the high cost of mostly imported inputs, and a limited production capacity. The services sector, comprising trade and hotels, government services, real estate, transport & communication, and construction, has been adversely impacted by the departure of the UN forces in March/April 2018.

Overall conditions for investment are sub-optimal as reflected in a downwards trend in recent years. Liberia ranks 179th out of 190 countries in the ease of doing business, compared to 114th for neighboring Ghana or 163rd for Sierra Leone. Similarly, the country ranked 120th out of 136 countries in the World Economic Forum's 2016 Global Enabling Trade Index. Good news is that the WTO Trade Facilitation Agreement was ratified by the Liberian Government in September 2019. Yet, trading is the

main area of activity for the private sector outside the concessions, reflecting an aversion to the risk entailed by significant medium to long-term investment, and the fact that banks mainly provide short-term finance to businesses. Difficulties over trading procedures and their frequent amendments have been at the core of the rather sour relations between the private sector and the Liberian authorities recently. Public private dialogue (PPD) is deemed inexistent, but efforts are being made to build bridges. These range from the *Technical Working Groups* under the Pro Poor Agenda for Prosperity and Development (PAPD) to the President's *Business Climate Working Group* and joint efforts by SIDA and IFC to revamp the *Liberia Better Business Forum*.

EU development aid to Liberia is mainly provided through the European Development Fund (EDF). Under the current National Indicative Programme (NIP, 2014-20), €279m has been allocated to support good governance, energy, education and agriculture. The EU has also been assisting in the country's recovery from the Ebola crisis. The Delegation proposes to focus EU's support under the next programming cycle inter alia on: a) improving economic governance; and b) creating and maintaining an enabling business and investment climate, which provides the right conditions for private sector development, particularly in those economic sectors and value chains with the largest potential for sustainable growth and job creation. Under the ongoing EU-LIBERIA AGRICULTURE PROGRAMME (EULAP), the EU is already supporting promising value-chains like cocoa.

If Liberia's potentials are high given its natural resource endowment, so are its investment needs, especially in the wake of the civil war. The war has destroyed not only the physical infrastructures, but also the trust among socio-economic actors. A recent report on "*Conditions for PSD & Investment in Liberia*" commissioned by the EUDEL concluded that to meet Liberia's investment needs, the EIP could prove to be especially relevant given its three-pronged approach combining funds with technical assistance and support to dialogue. Nevertheless, for the EIP to be successfully deployed in Liberia, there are a number of pre-requisites:

- A Business Environment Reform (BER) plan needs to be developed jointly by the authorities and the private sector, with inputs from development partners under the aegis of the EU;
- As part of the BER Plan, clear identification of the potential interventions of the EIP need to be spelt out; and
- The setting up of a credible PPD platform acceptable to all parties; the revived LBBF seems to be such a platform, and the BER Plan could be one of its first assignments.

2. Objectives and Expected outputs

It is therefore proposed to prepare the ground for a successful deployment of the EIP in Liberia by addressing two of the recommendations of the said Report. More generally, the overall objective of the proposed assignment is to promote an investment climate and business environment conducive to PSD, investment and trade, in line with the priorities of the Liberian Government and of the Jobs & Growth Compact, notably as regards employment generation and economic diversification. The identification of the value-chains and sectors that could benefit from EIP support whilst promoting SDGs will be made in parallel by the EUD and the Value Chain Analysis for Development tool funded by DEVCO.

<u>The Specific Objectives of the assignment are:</u>

- SO1: To identify and prioritize business environment reforms that will spell out feasible means of addressing identified constraints to doing business, with special focus on selected sectors such as agriculture, access to electricity, smart cities and eco-tourism
- SO2: To strengthen PPD through concrete support to relevant dialogue mechanisms and stakeholders

Expected Outputs:

- An identification and prioritization of the most pressing business environment reforms requested by the private sector, being the outcome of intensive consultations, preferably using the LBBF channel. This plan has to demonstrate its capacity to lead to an environment conducive to the development of the sectors indicated under SO1;
- Contribution to the setting up of appropriate PPD mechanism/s, including at sectoral level - a methodology for including such mechanisms in EU sectoral support should be proposed, and appropriate capacity-building activities undertaken (e.g. in support of stakeholder groups, including the Liberia Chamber of Commerce) following relevant gap analysis.

3. Activities

The assignment will involve a combination of desk and field research, intensive consultations with stakeholders, in-depth examination of existing regulatory frameworks, rigorous analysis of promising value-chains, as well as capacity-building activities in support of PPD.

An indicative list of relevant tasks and activities under each specific objective is provided hereunder:

SPECIFIC OBJECTIVE	TASKS	ACTIVITIES
SO1	• Undertake an in-depth diagnosis of the Liberian business environment with a view to identifying constraints and bottlenecks to private sector growth. • Identify relevant sector-specific interventions that would be instrumental in bridging identified bottlenecks and address gaps in policies, laws, regulations and institutional frameworks in the country.	Thorough analysis of regulatory framework and relevant legislation using appropriate tools; secondary research using, for instance, WBG data and findings; participatory focus groups, preferably through the LBBF Intensive joint public-private consultations

SO2	• Define inputs in support of the Liberia Better Business Forum (LBBF) and ways whereby the EU can promote SO1 & SO2 through the LBBF. • Undertake a gap-analysis of the Liberia Chamber of Commerce (LCC), as well as other Private Sector Organizations that could be instrumental in contributing constructively to the LBBF. • Formulate a participatory institutional plan to bridge identified gaps and provide guidance and best practice in the framework of SB4A.	Consultations with EUDEL and LBBF Needs and Gap analysis Organize group meetings to develop plan Advisory support to LCC and benchmarking with similar organizations and SB4A models

4. Expert profile

The expert will be responsible for carrying out the assignment as described in these Terms of Reference, ensuring meeting deadlines, quality, consistency and appropriate content of the outcomes. The expert will be familiar with the European Investment Plan (EIP) and will preferably have specific knowledge of business-related environment and investment climate in fragile states.

Qualification and skills

- Education at the level of Masters' Degree in a field related to Trade, Economics or Business Administration;
- Additional qualification in legal field will be an advantage;
- Full mastery of written and oral English.

Professional experience

- Experience in analysis of business sectors in fragile States and/or West Africa;
- A minimum of 10 years of proven experience in international projects;
- A minimum of 10 years of professional experience in the fields of private sector analysis and business environment reform with a particular focus on legal and regulatory frameworks, including exposure to the African context;
- A sound understanding of EU Foreign Direct Investment (FDI) flows in Africa;
- A sound understanding of trade flows between Europe and Africa.

5. Location, Date and Duration

The mission should take place tentatively in November-December 2019, for a maximum 36 days

Tentative Agenda

Day/month	Activities	Location	WD	Per diem
4/11 – 22/11	Mission preparation	Brussels	8	
26/11 - 6/12	Field mission: Consultation with public (EUD, GoL, SIDA, IFC) and private stakeholders	Monrovia	9	11,5
9/12 – 30/12	Drafting provisional report	Brussels	10	
2/1 – 10/1	Integration of input from field mission and finalization of report	Brussels	3	

Total: 30 WD and 11,5 PD