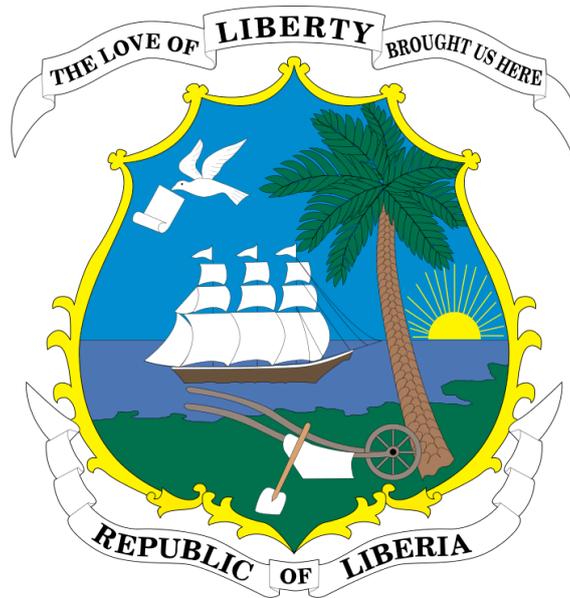


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# Ease of Doing Business Initiative Conference 2017



## REMARKS

**Opportunities to Leverage Business Environment Reforms for Industrialization, Value  
Addition and Job Creation**

***Reform Champions from the Sub-Saharan African Region: Opportunities to leverage  
Business Reforms for Industrialization, Value Addition and Job Creation***

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**World Bank Group**

**Hon. Stephen Towain Marvie, Jr.**

**DEPUTY MINISTER FOR COMMERCE**

***Ministry of Commerce and Industry, Republic of Liberia***

**Avani Hotel, Livingstone, Zambia**

**May 16, 2017**

**9:20 – 10:30**

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## Salutations

Your Excellencies;

Distinguished Ministers;

The World Bank;

Delegates;

Distinguished Ladies and gentlemen.

Good morning

I bring you greetings from the Honorable Minister of Commerce & Industry, Minister Axel M. Addy, who extends his thanks and appreciation to the World Bank Group for the opportunity afforded Liberia to participate in this event.

I would like to take this opportunity to thank the organizers, the Government and people of Zambia for the warm hospitality given us since our arrival in your beautiful country - a land truly *“gazed upon by angels in their flight”*.

## **The Rationale behind Industrialization, Value Addition and Job Creation**

1. Liberia witnessed economic growth from 5.3% in 2005 to 8.7% in 2013. During that period of growth, Liberia applied for membership to the World Trade Organization – a process that was linked to the many reforms being undertaken by the government in a post-conflict environment.
2. In 2015, Liberia acceded to the WTO and launched a post-accession program to accelerate domestic reforms and improve transparency consistent with the Agenda for Transformation, Liberia’s development plan.
3. However, during the WTO accession, Liberia was going through a trinity of shocks: Declining terms of trade, especially in key exports - rubber and iron ore due to depressed prices of these commodities on the global market; Reduced aggregate demand due to the drawdown of peace keepers from the UN Mission in Liberia, and the unfortunate health crisis. These impacted economic activities, infrastructural projects, growth in key sectors, such as forestry, and brought inflationary pressures on an already belabored economy.
4. Unsurprisingly, there was no economic growth reported in 2014 and 2015. In 2016, real gross domestic product grew by 0.5 percent and is estimated at 3.1 percent for 2017 due to recovery in the prices of rubber and iron ore.
5. Despite these shocks, Liberians are a resilient people; and with the support of the global community, we combated a virus.



6. Today we have the capacity to respond swiftly to contain this menace and have embarked on rebuilding a more resilient economy.
7. Today, the government has again recalibrated its economic policy with a focus on agriculture to diversify our economy, build resilience, and ensure inclusive growth for our citizens. Liberia is looking forward and transforming its economy away from the extractive industries toward an integrated approach with a vision for economic diversification, value addition, industrialization and job creation. This process of recalibration is pillared on the need to develop the agriculture sector which accounts for nearly 40 percent of GDP and the largest labor force.
8. Fostering economic growth can only be successful if we learn to work hand in hand with the private sector, enabling them to overcome challenges of access to energy, transportation, water, health, and education and improvement in trade facilitation by putting in place the right policies, procedures, and regulations.
9. In our commitment to promote economic diversification, we have launched the Liberia Agriculture Transformation Agenda pitching investment opportunities in cocoa, oil palm, rubber, fisheries for potential value addition and agro-processing, as well as tourism - sectors with high potential for job creation.

### **The Soft, but Very Important Side of Development**

10. As the government tries to industrialize and create investment opportunities in the agriculture sector for job creation, it becomes all the more important to create a business climate which encourages the private sector, promotes transparency, promotes a reform-driven policy environment and reduces transaction costs.
  11. To this end, the government sees the Doing Business Indicators scorecard as an essential element that gives a reflection of the business climate in terms of promoting private sector development, transparency and predictability.
1. One of the most significant improvements our country has achieved over the last years was the improvement in the 'ease of starting a business'. Between 2009 and 2014, Liberia made starting a business both easier and less time-consuming by establishing a One-stop Shop. This led to the simplification of registration processes, introduction of time limit for procedures and elimination of the requirement to obtain an environmental impact assessment when forming a general trading company. Today Liberia is ranked no. 37 on 'Starting a Business' having fallen from the best in Africa in 2016 to second best in Africa in 2017. This lends credence to yesterday's presentation that a country must continue to reform despite the improvements made in prior years.
  2. The main driver behind these successful reforms were the coordinated efforts under the umbrella of the Liberia Better Business Forum, bringing together all key stakeholders from the private sector and the government. Together, we identified



bottlenecks in the processes and were able to resolve them with the assistance of the IFC.

3. In May 2016, we launched the Mobile Business Registration – a process which seeks to get informal businesses to formalize. Since then, we have witnessed the registration of almost one thousand informal businesses.
4. We are working on a unified Truth-in-Lending form to be used by all commercial banks that clarify the terms of credit and makes comparison easier for lenders.
5. We have improved our ability to connect business to the power grid. We re-connected the Mount Coffee hydro dam to supply stable power to our capital Monrovia and are investing heavily into the connections required to connect our homes and businesses.
6. One lesson we learned in this process was that outsourcing the state-owned electricity company to a foreign investor might not always be the most beneficial approach, in particular if supervision capacity is limited. When we placed the Liberia Electricity Corporation under the governance of a foreign firm, the hoped-for benefits of a professionally managed power supplier did not fully materialize. We therefore took back the power provision into our own hands and have recently been able to make the significant gains that Liberia so urgently needs in bringing down the price of power and reducing the procedures to get connected to the grid.
7. Finally, Liberia has also made strides in other areas, such as ‘Enforcing Contracts’ by creating a specialized commercial court; ‘Registering Property’ by digitizing the records at the land registry; and ‘Dealing with Construction Permits’ by streamlining administrative processes through an administrative regulation.
8. One of the key learnings that we have drawn from the reform processes throughout the last years is the focus on inter-agency cooperation at the highest level. Reforms are easily driven if there is buy-in at the highest level.
9. The Doing Business Indicators are coordinated by the Business Reform Committee (BRC) which is chaired by the Minister of Commerce and Industry, Honorable Axel M. Addy, with your humble servant playing the role of ensuring that the ministries and agencies are reporting on their deliverables. We have also found an effective way to use the National Trade Facilitation Committee (NTFC) to share updates from the BRC to put more pressure on public officials.
10. Through our Business Reform Committee, we have pushed for further reforms, particularly in the areas of streamlining the tax payment process and improving trading across borders. We are pushing for the passage of the new Customs Code and the introduction of integrated border management through a National Single Window and Verification of Conformity to facilitate trade for cross-border traders, particularly women. We are using the Business Reform Committee and National Trade Facilitation Committee to advocate for a reduction in transaction costs by reducing the number of documents needed for import and export and streamlining inspection exercises by public officials.



11. Through these reforms, we hope to further enhance the business climate and continue to improve on the Doing Business indicators.
12. Thanks for the level of organization and the opportunity to have us assemble here to share experiences and challenges.
13. Thank you.