



MSME DIVISION MID YEAR REPORT: Jan-July 2014

MINISTRY OF COMMERCE & INDUSTRY
REPUBLIC OF LIBERIA

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Background

The Division of Micro, Small and Medium Enterprises (MSME Division) at the Ministry of Commerce and Industry is in its third year of implementing the National MSME Policy of 2011. The establishment of the MSME Division within the Bureau of Industry under the Ministry of Commerce and Industry was made possible by a grant of USD\$881.097.00 from the Government of Japan. . The purpose of the MSME Division is to create jobs and increase income, particularly among MSMEs, thereby promoting social stability and contributing to the overall growth and development of the national economy. There are four (4) critical challenges which form the basis of the MSME development in Liberia. They are:

- ❖ Lack of adequate legal and regulatory reforms within the business environment
- ❖ Lack of access to markets
- ❖ Lack of access to finance
- ❖ Lack of adequate business development skills and knowledge

In recognition of the Government of Liberia's conviction that small enterprises can make significant contributions towards poverty alleviation and the creation of a middle income society, the Micro, Small and Medium Enterprise (MSME) Policy was developed following extensive consultations and dialogues with both public and private sector institutions. It was launched 20th September 2011.

Policy implementation began with a two-year pilot stage, the focus of which was to create awareness and build relationships with and amongst stakeholders involved in MSMEs activities. We are happy to report that now, in our third year of policy implementation; the MSME Division is mostly engaged in hands-on results-oriented activities that are directly responding to the identified challenges of small businesses in Liberia.

This mid-year report covers January 2014-June 2014 and highlights basic activities accomplished during this period, with funding from the Governments of Japan and Liberia.

Achievements

Key achievements of the Division during the period under review are grouped under specific headings as they relate to the four pillars of the National MSME Policy of 2011:

MSME 2014 Conference and Trade Fair

The Second National Micro, Small and Medium Enterprise (MSME) Conference & Trade Fair 2014 was organized and hosted by the Ministry of Commerce & Industry on April 29th and 30th, 2014 at Monrovia City Hall with the support of the Government of Japan, the International Finance Corporation, the International Trade Centre, USAID FED and other partners. The Conference brought together over six hundred participants from all sectors of the economy as well as targeted financial institutions, concessionaires and practitioners from the region under the theme: ***“From Vision to Implementation: Buying Liberian, Building Liberia.”***

This year's Conference highlighted up-to-date reforms and policies and provided opportunities for participants to explore ways to breakdown national and international barriers to inclusive economic growth and empowerment of locally owned Liberian small businesses. This year's Conference spotlighted the agribusiness experience in Liberia - *Cotton to Clothes; Rice: from Swamp to Market*; and *Cassava: from Root to Multiple Products*. The two-day MSME Conference was held simultaneously with an MSME Trade Fair showcasing the best of made-in-Liberia products and high quality professional services of Liberian-owned businesses from across the country. The Trade Fair showcased a diverse selection of 50 top MSMEs that are successfully meeting the Liberian market demands despite the many barriers they presently face in building profitable and sustainable businesses.

High quality keynote presentations and technical Q&A sessions were also essential parts of this year's Conference, with topics including Agriculture, Public Procurement, Intellectual Property Rights for SMEs, Market Intelligence, Solutions to Common SME Challenges in Liberia, Standards, Opportunities and Linkages, Value Chain Financing, Impact Investing, Loans for SMEs and Clustering. These topics were discussed in a series of breakout sessions during the two-day Conference.

The Conference brought together attendees including partners, speakers, moderators, proprietors and representatives of small businesses. Participants of the conference came from various national and international establishments as well as public and private institutions, including the Ministry of Commerce and Industry, National Investment Commission (NIC), International Trade Centre (ITC), World Intellectual Property Organization (WIPO), International Finance Corporation (IFC), Building Markets, BSC Monrovia, Food and Enterprise Development (FED), Investing for Business Expansion (IBEX), Global Communities, and other institutions and small businesses from across the country. The second day of the conference ended with a dinner and awards ceremony where deserving Liberian SMEs were awarded for Best Customer Service, Most Growth Potential, Best Exhibit and the Most Innovative MSME. See below for details on awardees.

Budget

The 2013 National MSME Conference budget totalled **US\$475,010.68** and included no provision for indirect contributions from the partnering institutions. In contrast, the 2014 National MSME Conference's budget was projected at **US\$ 387,626.00** and allowed for indirect contributions from partnering institutions. At the end of the 2014 National Conference and Trade Fair, spending as reported by our Conference partners totalled **US\$242,245.00**, or 61% of the projected budget. Meanwhile, direct spending on budget items deemed "main activities" totalled **US\$159,054.00**, or 41% of the projected budget.

See 2014 Conference Report for details.

Assess to Market

Day One: Second National MSME Conference April 29, 2014

The first day of the second National MSME Conference focused on giving the over 500 participants relevant information as to how they can assess potential markets here at home and internationally. Resources covered include:

- ❖ National Trade Policy launched during the Second National MSME Conference 2014.
- ❖ National Export Strategy Launched-Second National MSME Conference
- ❖ The 25% local procurement regulation (Small Business Empowerment Act) is expected to be ratified as law by end of 2014. The law will require the GoL to procure at least 25% of their goods and services from locally registered businesses.
- ❖ December 2013 First National MSME Directory launched online www.moci.gov.lr

Assess to Finance

Day Two: Second National MSME Conference April 30, 2014

The second day of the second National MSME Conference was focused in giving the over 500 participants to the Conference relevant information as to how they can assess financial opportunities on the local market. Topics covered include discussion of the conditions, criteria and expectations of businesses required to access finance from local financial institutions.

Building Skills and Knowledge

Locally, the MSME Division along with its partners trained fifty (50) SMEs for the 2014 MSME Conference in various areas as shown in the chart below.

MSME 2014 Exhibitors Training Schedule

No.	Date	Course	Training Organization
WEEK ONE			
1	Monday, April 7, 2014	Customer Service	Building Markets/ SMI-L
2	Tuesday, April 8, 2014	Business Plan	Building Markets/ 3FP
3	Wednesday, April 9, 2014	Procurement	Building Markets / SMI-L
4	Thursday, April 10, 2014	Procurement	Building Markets / SMI-L
5	Friday, April 11, 2014	Access to Finance	IBEX
WEEK TWO			
1	Monday, April 14, 2014	Accounting Services	IBEX
2	Tuesday, April 15, 2014	Marketing	Global Communities
3	Wednesday, April 16 2014	Business Plan	Building Markets/ 3FP
4	Thursday, April 17, 2014	Pitching	BSC Monrovia/ Ready4Finance
5	Friday, April 18, 2014	Pitching	BSC Monrovia/ Ready4Finance

Internationally, the table below highlights 16 individuals trained from the MoCI and SMEs that the MSME Division has been working with during the period under review.

Country	Entrepreneurs & Stakeholder	MoCI Staff	Total
South Korea	8 persons	5 persons	13
Japan	0	2	2
USA	0	1	1
Total			16 persons

Capacity Building of MSME Division Staff Members

The MSME Division has seven team members. During this period November 2013-June 2014 under the leadership of MSME Director Pewee Reed 71% of the MSME Division staff had international training in South Korea, Japan and the United States.

The chart below shows the number of MSME team members that took training internationally in specific areas relevant to the capacity building policy of the Division.

Team Member	Training	Country	Duration
Samuel Jacobs	SME Policies	South Korea	10days Dec9-21,2013
Victoria Nyanquoi	SME Policies	South Korea	10 days Dec 9-21, 2013
Momo P. Sesay	SME Development Policies B	Japan	1Month Jan27-Feb22, 2014
Christopher Kennedy	Business Development Services (BDS)	Japan	1Month May29-June26,2014
Comfort Sawyer	Leadership Training (Young African Leaders Initiative)	USA	6 weeks Jun16-July 31, 2014

Legal and Regulatory Reforms

- ❖ Helped formalize 27 Liberian businesses.
- ❖ Revenue generated for the 27 formalized SMEs totalled \$77,500.00 LD and additional \$900.00 USD.
- ❖ Helped prepared legal documents for 2 SMEs not yet registered.

Endorsements and Assistance to Small Businesses

During the period under review, the MSME Division provided many small businesses with business development services in the areas of packaging, business planning, proposals writing, recruiting, and book keeping training.

Letters of endorsement were sent out on behalf of three businesses. AWEP-Liberia applied for US\$130,000.00 pending Chevron approval, Jola House and National Tailors Union for funding to Chevron-Liberia for specific activities. To date, one of these businesses, *Liberia National Tailors, Textiles, Garments and Allied Workers' Union Inc.*, received a **US\$180,000.00** grant to train 300 tailors' union members in Montserado and Grand Bassa Counties over the next two years.

Star Businesses

The Division has been working with the top 86 Liberian small businesses selected from the last two conferences and trade fairs. The Division works with these small businesses to help develop and empower them with relevant skills, knowledge and possible resources by linking them with partners and stakeholders with specific niche in these resource areas. During the 2014 MSME's Conference four of the selected fifty Liberian businesses each won an award of \$2,500.00USD. The total sum of US\$10,000.00 that will be paid to the four businesses below comes from the sales of advertisements in the MSME2014 Conference Handbook which totalled \$10,300.00 USD.

Business	Prize Description	Business Owner
Shirley Beauty Plus	Most responsive to customers' needs	Shirley Kais 0776702702/0880702702
Environmental Services Inc.	Most growth potential	Alphonso B. Kamara 0886593199/0777593199
Liberia Business Incubator	Best exhibit	Rugie Barry 0886515169
Jola House	Most innovative posture	Elfreda Mason 0770030966/0880758834

Challenges and Constraints

- ❖ The fragmentation of the SME activities across government agencies, and the need for greater collaboration between the MSME Division and other relevant ministries and agencies;
- ❖ Delays in processing the required financial and administrative documentations due to the cumbersome PPCC procurement process for goods and services;

- ❖ Limited opportunities and resources to develop and improve entrepreneurial skills and knowledge, especially among students and youths;
- ❖ Lack of access to finance and markets for innovative products made in Liberia due to cheap Asian goods of similar functionality and usefulness.
- ❖ Limited staff and capacity challenges at the newly established MSME Division at the Ministry of Commerce and Industry

Recommendations


- ❖ Tailor training opportunities for MSMEs on a need basis relevant to the challenges small businesses face.
- ❖ Conduct a nationwide baseline survey for Micro, Small and Medium businesses to assess type, sector, employment level, revenue, and enable the collecting, tracking and analysing of data to provide useful information in designing programs and projects for business development across the country.
- ❖ Institutionalize impact evaluations of the national MSME sector every three years to assess the type of businesses, sector, employment level, revenue, etc.
- ❖ An annual two week in-house training and review of project implementation by an expert consultant at the MSME Division.
- ❖ Conduct Annual internal Audit and biannual external audit
- ❖ **MOCI-Finance Division Pay all withholding taxes that were deducted monthly from staffs of the MSME Division since the inception of this project from January 2012-present.**


Financial Report

The MSME Division was granted US\$881,097.00 by Japanese Government for two years beginning January 2012 to December 31, 2013 to implement the policy. Director Reed took over in November 2013 with a starting balance of US\$480,226.30. As of July 1st, 2014 the MSME Project Account has a closing balance of \$341,793.42. However, this amount includes withholding taxes deducted by the MOCI/Division of Finance from MSME staffs monthly but was never paid to GoL since the inception of this project January 2012- present.

Appendix & Endorsement letters

Exhibit 1: Endorsement Letter for Liberia National Tailors, Textile, Garment and Allied Workers Union (LNTTGAWU)

 **REPUBLIC OF LIBERIA**
MINISTRY OF COMMERCE & INDUSTRY
MONROVIA



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Website: www.moci.gov.lr

MCI/AMA-M/270/13

November 11, 2013

Chevron Liberia Limited
Sinkor Towers
Corner of 15th Street and Warner Avenue
Monrovia, Liberia


RE: Endorsement Letter on behalf of Liberia National Tailors, Textiles and
Garment Allied Workers Union Inc.

Dear Sir,

I present my compliments and wish to endorse the above named organization for any support that it may be requesting from your organization. The Tailors Union has been listed within the Micro Small and Medium Enterprise (MSME's) database and has worked closely with the Ministry of Commerce & Industry in its efforts to strengthen private sector development. MSME is a division of the Ministry of Commerce & Industry.

The Liberia National Tailors, Textiles and Garment Allied Workers Union Inc. has been working with the Ministry of Commerce and Industry through the Division of Micro, Small and Medium Enterprises for over Fifteen Months. During this time, the organization has participated in most of the organized activities geared toward the development of small businesses within the country. Its leadership has been regular at our meetings and has meaningfully contributed.

The Ministry of Commerce and Industry commends and strongly endorses any and all support provided by your organization to the Liberia National Tailors, Textiles and Garment Allied Workers Union Inc.

Sincerely yours,

Axel M. Addy
MINISTER

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Exhibit 2: Endorsement Letter -African Women Entrepreneurship Program- Liberia (AWEP-L)

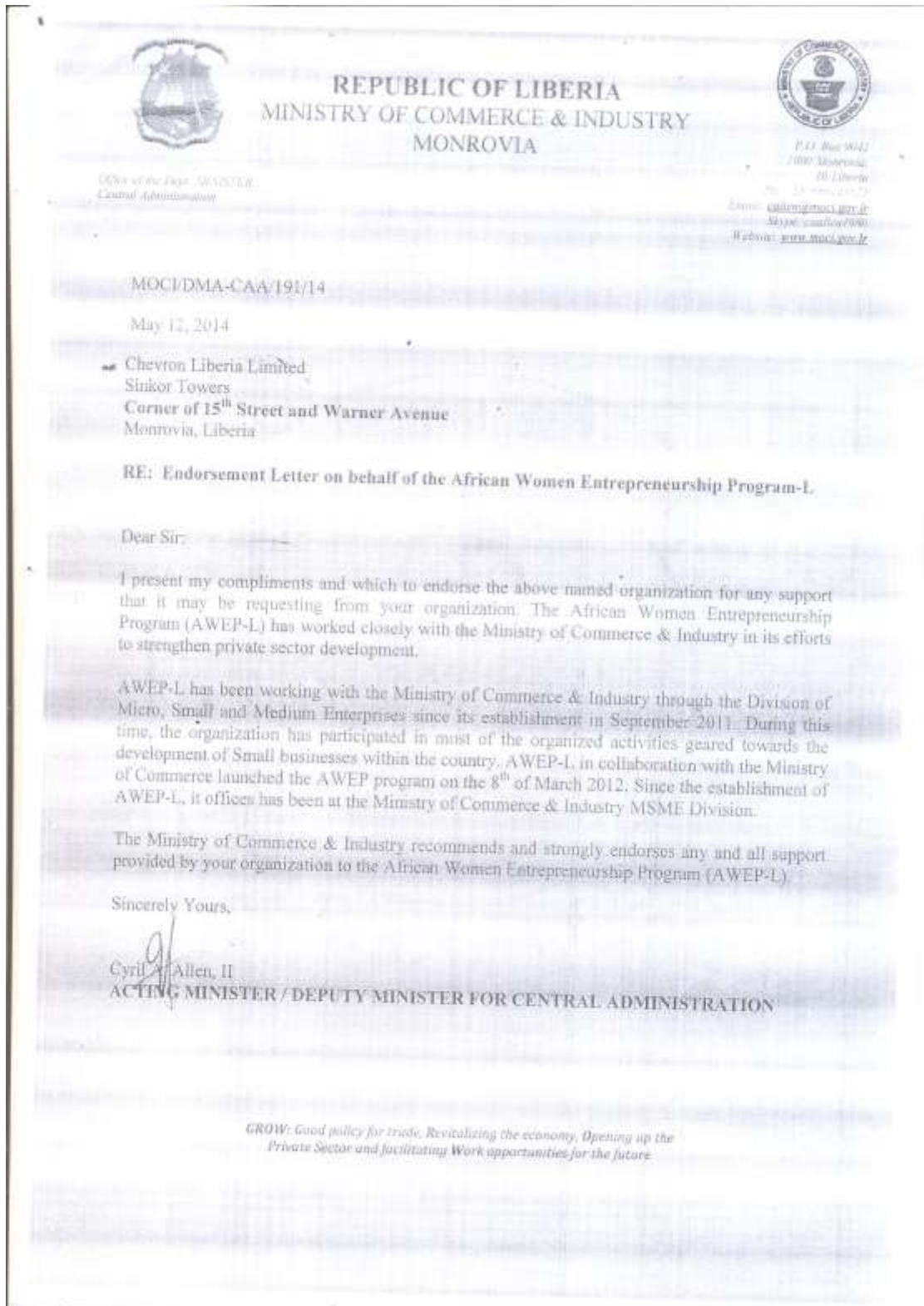


Exhibit 3: Endorsement Letter- Jola House Inc.



**REPUBLIC OF LIBERIA
MINISTRY OF COMMERCE & INDUSTRY
MONROVIA**



Office of the MINISTER

MCI/AMA-M/270/13

November 11, 2013

Chevron Liberia Limited
Sinkor Towers
Corner of 15th Street and Warner Avenue
Monrovia, Liberia

RE: Endorsement Letter on behalf of Jola House, Inc.

Dear Sir,

I present my compliments and wish to endorse the above named organization for any support that it may be requesting from your organization. Jola House, Inc. has been listed within the Micro Small and Medium Enterprise (MSME's) database and has worked closely with the Ministry of Commerce & Industry in its efforts to strengthen private sector development. MSME is a division of the Ministry of Commerce & Industry.

Jola House, Inc. has been working with the Ministry of Commerce and Industry through the Division of Micro Small and Medium Enterprises since the beginning of this year (2013). During this time, the organization has participated in most of the organized activities geared toward the development of small businesses within the country. Jola House, Inc. was one of the fifty selected businesses for the 2013 National MSME Conference and one of the Ministry's Four Award Winners. Its leadership has also been regular at our meetings and has meaningfully contributed.

The Ministry of Commerce and Industry commends and strongly endorses any and all support provided by your organization to Jola House, Inc.

Sincerely yours,

Axel M. Addy
MINISTER

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MSME Division Inventory as of August 5, 2014:

NO.	EQUIPMENT / ITEM	QTY.	DESCRIPTION	COMMENT/CONDITION
1.	Computer/Monitor	14	HP & Dell	2 monitors not in working condition
2.	Lap top	2	Dell	1 damaged and 1 virus issue
3.	System Unit	14	HP & Dell	1 not in working condition
4.	Office Desk	19	Mini & large	Good
5.	Office Chair	49	Executive & visitor chair	All executive chairs have problems
6.	File Cabinet	8		Good
7.	Book shear	5	1 Mini & 4 large	Good
8.	Conference Table	2	1 Mini & 1 large	Good
9.	Printer	4	2 Colours, 1 network, & 1 HP P1102	Good
10.	Photo Copier Machine	1	Black & white copier	Giving problem
11.	Podium	1		Good
12.	Projector	1		Good
13.	Projector Screen	1	White screen	Good
14.	Bulleting	3	2 white board & 1 brown board	Good
15.	Water dispenser	1		Good
16.	Computer Backer	11	APC RS-650	Good
17.	Icebox	2	2 Mini iceboxes	1 good, 1 not working
18.	Peculator	2		Good
19.	Paper Cutter	1	Mini size	Good
20.	Stapler Machine	6	2 heavy duty & 4 small size	Good
21.	Extension cord	13		Good
22.	Dishes cup board	1		Not in good working condition
23.	Punch or Perforator	4	2 heavy duty, 2 mini size	Good
24.	Scanner	1	HP Scanner	Good
25.	Air conditioner	8	Admiral (One Split unit is in Trade, DMA Allen will provide replacement)	3 good & 3 not working
26.	Vehicle	1	RL-569 Pick-up	Good
27.	Switch (for internet)	2		Good
28.	Router (for internet)	1		Good
29.	Bucket or Barrel	4	2 big & 2 small	Good
30.	Camera	1	Canon- Philip's Desk	Screen damaged but is workable
31	Sitting Room Tables	3	Glass Tables –Director's Office	Good