



SIXTH ANNUAL LIBERIA FOUNDATIONS MEETING

Liberia Philanthropy Secretariat

Monday, September 23, 2013

THE ROOSEVELT HOUSE

REMARKS

HON. Axel M. Addy

MINISTER

MINISTRY OF COMMERCE & INDUSTRY

REPUBLIC OF LIBERIA



“IMPACT INVESTMENTS: TRANSFORMING LIVES THROUGH INNOVATIVE INVESTMENTS THAT CONTRIBUTES TO INCLUSIVE GROWTH”

Ministry of Commerce and Industry
Republic of Liberia

Remarks
Honorable Axel M. Addy
Minister

September 23, 2013

Liberia Philanthropy Secretariat
The Roosevelt House
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New York, NY 10065

Our distinguished heads of organizations,
Members of civil society and the private sector,
Officials of government,
Distinguished guests,
Ladies and Gentlemen.

Good morning and thank you for your presence here today. It is indeed an honor to be here, to share experiences in this important dialogue on the Liberia transformation journey. Let me first extend my thanks and appreciation to all of you for your continued interest and support in Liberia’s transformation. I would like to congratulate the organizers of this event and join you in celebrating six years of goodwill to the Liberian people under the leadership of Her Excellency Mrs. Ellen Johnson Sirleaf.

Looking around the room, I recognize many people who have already impacted on the lives of many ordinary Liberians through their work on life changing programs. Programs such as the Open Society Institute support for the rule of law and education and the Scott’s Fellow Program, the Bill and Melinda Gates Foundation MCC Impact Project on solid waste collection, and Humanities United investment in the private sector. These

programs, and many more are impacting the lives of our people and contributing to our transformation story.

<p>African on the Rise</p>	<p>Ladies and Gentlemen, Africa is undergoing a rapid transformation.</p> <p>Six of the ten fastest growing economies in the world over the last decade are located in Sub-Saharan Africa. Global businesses are clamoring to be a part of the estimated combined African consumer spending of \$1.4 trillion by 2020.</p> <p>Those businesses will be located on the continent and will be staffed by our youthful and growing workforce. Currently, 65% of the total population is below the age of 35 years, and over 35% are between the ages of 15 and 35 years.</p> <p>About 10 million young African youth arrive each year on the labor market. Estimates from the 2010 Kinsey report suggest the working age population should reach 1.1 billion people in 2040.</p> <p>This suggests that Africa is the continent where the highest returns on investments are possible. African is on the rise.</p>
<p>Liberia Rising</p>	<p>Distinguished guests, friends of Liberia, thanks to good leadership, your partnership, and steadfast commitment, despite the many challenges, we too are on the rise.</p> <p>As you know, Liberia had stable economic growth of over 8.0 percent in 2012, up from 6.4 percent in 2011 and 5.0 percent in 2010. This growth has contributed to increased investor confidence which, in turn, has fueled inward FDI of over US\$16billion of investment and is expected to create 100,000 new jobs over the next 50 years. The mining sector has driven this growth as Liberia has begun exporting iron ore for the first time since the end of the war. Rubber exports remain the most substantial agricultural export commodity accounting for 94 percent of agricultural export earnings in Q3 2012. This growth will only expand as the various concessions in mining and agriculture expand their operations.</p> <p>Slowly, we are seeing the fruits of stability and economic growth improve the lives of ordinary Liberians. In the three years between 2007 and 2010, the incidence of poverty at the national level is estimated to have fallen from 64 percent to 56 percent. Encouragingly, the largest decline in poverty has occurred in the rural areas as innovations in agriculture and government support to open up the country have helped to improve people's lives.</p>

<p>Rewriting History with MSMEs</p>	<p>Ladies and gentlemen, Africa rising this time around can only be sustained if it is inclusive and transforms the lives of Africans. Our experience tells us that the only way to achieve this sustainable growth is through tapping into the many innovations of the private sector, particularly micro, small and medium sized enterprises.</p>
<p>Rewriting History with MSMEs cont.</p>	<p>Already, the Micro, Small and Medium sized enterprise sector is the engine of growth in many African economies. A study by the AfDB recently found that SMEs contribute more than 33% to GDP in African economies, while estimates from the ILO suggest SMEs provide two thirds of all formal jobs in developing countries and up to 80 per cent in low-income countries.</p> <p>These SMEs need investment not because they are small, not because they provide employment, but because they are key engines of the real economy and the seedbed for future African multinational enterprises.</p> <p>Unfortunately, entrepreneurs who have good ideas and great prospects often do not have access to financial products that could help them grow due to a lack of collateral and due to an underdeveloped financial system.</p> <p>Accordingly, “of the loans available, almost 60% is for less than one year. Financial institutions also often lack adequate knowledge and systems to assess and monitor SME projects and compensate this by relying on excessive – but mostly unavailable – collateral.” When business owners do manage to access financial capital it is often the wrong kind of product at the wrong time.</p> <p>For instance, experience tells us that the best way to establish a new business is rarely a commercial loan. When businesses start life, it often takes a long while to become profitable and they must take risks. In order to take those risks they cannot be burdened by the high interest rates and the short repayment periods typical of commercial loans on the African continent. However, access to alternative forms of capital is rare.</p>
<p>Impacting Lives by Empowering MSMEs</p>	<p>Ladies and gentlemen, If we wish to give our dynamic private-sector a chance to compete we must encourage greater cooperation and greater innovations among key actors in our financial sector to address these issues.</p>

**What we can
do differently
to achieve
success in
MSME
Development
for Inclusive
Growth**

Friends of Liberia, Colleagues, Distinguished guests,

I truly believe that Africa's growth must be inclusive if we are to reduce poverty on the continent. To achieve this, we must be innovative and see the private sector as the greatest potential to eradicate the level of suffering and hardship we see in Africa.

In Liberia, at the Ministry of Commerce, we began a rebranding effort with the aim of changing the rules in order to achieve inclusive growth.

We have embarked on a reform agenda that will lead to the strategic liberalization of sectors of our economy through our WTO accession process.

We have embarked on establishing policies that will improve how we use our national budget to achieve inclusive growth, by empowering SMEs to access public procurement opportunities.

In April of this year, we launched our first international MSME Conference and Trade Fair. This brought over 400 entrepreneurs and innovators from all over the country, and provided an opportunity for them to interact with impact investors, equity funds and the various banks.

During this time, we also announced the Liberia Innovation Fund for Entrepreneurs with a seed commitment of \$500 thousand to be managed by a reputable international equity fund. It is our hope that the fund manager will manage funds and attract additional partners to invest in the fund. The fund manager will also be responsible for developing web-based tools that will attract the Liberian Diaspora investment into the fund. The goal is that the fund will target impact investments primarily in agriculture, but also in backing entrepreneurs in all sectors who have the capacity to innovate, grow and create positive externalities. For example, when consulting with our farmers, many in the Agribusiness sector often express that they cannot reach wealthier consumers in supermarkets and abroad because the equipment to package their goods is not available in Liberia. Investment in a medium sized packaging firm would benefit the entire sector increasing the value of their products and opening up access to broader markets.

Many of you are here today have journeyed through one initial idea, one innovation, one spiritual calling, one connection that served as your tipping point, moving you from a micro, small, medium enterprise to a large national

and international brand.

The connection, your tipping point, was made possible because the right government policies, the right financial instruments, the right institutions and your training, and your cheerleaders all made it possible.

Your innovative spirit of embracing simple new ideas and nurturing it into realities has made huge impacts in the sectors where you operate, and in some instances, literally changed the way we do business.

Today, I am able to shop until I drop at bargain prices, for just about everything I can think of, without leaving my bed. I am able to connect with people all around the world through social media and when an African game changers says “Africa is capitalism’s final frontier, because it offers boundless economic opportunity — not just for investors and entrepreneurs to build successful businesses, but also for economic growth to solve many of the continent’s most pressing social challenges” I can say “yes indeed”, because solving Africa’s problems and achieving social impact is an investment opportunity, an opportunity for new and transformative innovation, it truly is a business opportunity.

The entrepreneurial spirit is live and well in Liberia. I see it all around me through the many makeshift innovations responding to daily life struggle to survive. I believe that amazing things can happen when those innovations are matched with the right support structure. I believe in partnership, we can unlock Liberia’s potential, one innovation, one project one success story at a time and make the dreams of many entrepreneurs a reality.

Thank you.