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Photo of Waterside Market in Monrovia. Photo credit: Cabelle Ink International.

UPWARDLY MOBILE: An Overview of the Liberian Economy

Written by Amy Bruins - July 2013



PREFACE AND ACKNOWLEDGEMENTS

This report analyzes the Liberian economy by examining the current and anticipated economic climate, demographic information for local businesses, practices and attitudes of donors, aid agencies and large businesses related to local procurement, continued challenges and opportunities and how increased local procurement enhances the local economy. Accordingly, this report is meant to be a resource to potential investors, multinational organizations, donors and local businesses.

This report is made possible by the support of the American people through the United States Agency for International Development (USAID), as well as BHP Billiton Liberia Iron Ore and Humanity United. Building Markets works in conjunction with the Government of Liberia's Ministry of Commerce and Industry and National Investment Commission. The contents herein are the responsibility of Building Markets and do not necessarily reflect the views of USAID, the United States' Government, BHP Billiton, Humanity United or any other donors and partners.

Building Markets would also like to thank everyone who participated in the buyer and impact surveys. Participants took time out of their busy schedules to contribute to this Market Overview Report. Without their insights and information, this report would not be as comprehensive and/or accurate.

Amy Bruins researched and wrote this report. Tim Melvin, Jenna Slotin and Kate McGuinness provided editorial support, and Gary Fine of the World Bank reviewed the findings. Data on local businesses and buyers was collected and entered by Building Markets' staff members: Daniel Togba, Jackson Gargar, Franklin Dolo, Linda Matadi Curtis, Delbert Deemie, Shirley Dunn, George Smith, Oliver Zayzay, Isaac Moore, James Rogers, Thelma George and Joseph Kamara. Scott McCord, Jessica Lee and Allison DeMaio assisted in analyzing the information collected on local businesses and buyers. Morgan Ashenfelter and G. Ahasuerus Anderson developed the success stories used in the report.



A supplier registering before a SMI-L informational meeting. Photo credit: Timothy Melvin/Building Markets.

FOREWORD

USAID Sustainable Marketplace Initiative Liberia (SMI-L), implemented by Building Markets, is a key activity for USAID/Liberia to increase local spending by improving the process by which buyers find and use local vendors. Its purpose is to increase and leverage the economic impact of international assistance and investment efforts in Liberia by linking buyers with Liberian entrepreneurs. One of SMI-L's primary activities includes relevant market research and advocacy.

Pursuant to that goal, this second annual Market Overview Report provides insight into the landscape of the Liberian market, particularly with regard to trends for the country in the early 2010s. For example, we can see that Liberian businesses are increasing their access to credit and their use of the Internet. It also demonstrates the value of local procurement contracts, which are shown to: (1) increase skilled employment, (2) lead to reinvestment in the local economy and (3) establish stronger relationships within the private sector.

Through its first year, SMI-L has provided support across a range of sectors in Liberia for procurement. Its success stories include logistical services to the Government of Liberia and international organizations, supply inputs for large mining firms and providing culverts to road rehabilitation projects. Both the depth and range of these contracts look to expand over the life of the grant.

The United States is the largest bilateral donor in Liberia and USAID provides about \$170 million in official development assistance each year. One of USAID's core development objectives is sustained, market-driven economic growth to reduce poverty. SMI-L continues to prove a valued partner in meeting these goals on behalf of the American people and to the benefit of Liberia and Liberians.

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A view of downtown Monrovia. Photo credit: Amy Bruins/Building Markets.

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EXECUTIVE SUMMARY

The Liberian economy remains upwardly mobile in its near decade of relative peace and stability. Liberia has moved beyond post-conflict reconstruction and is now focused on becoming a middle-income country by 2030.¹ As a country rich in natural resources and moving further into long-term stability, international investment continues to rise.

Over the last year, Liberia made significant gains at the macro-level due in large part to government initiated policy changes to improve the ease of doing business and trade for international and local companies. At the micro-level, local businesses are increasingly able to access capital and use technology, though further improvement in both areas is needed.

Increased local procurement is one driver of the rapid changes taking place in Liberia. As local businesses are better integrated into concession and other large-scale supply chains, additional employment opportunities emerge, new skills are developed and a sustainable local economy is being created.

This Market Overview Report examines the current economic climate in Liberia and the impact of local procurement on local businesses. Information and data in this report come from academic articles, interviews with key informants and surveys conducted with 2,052 local suppliers, with 39 buyers and on the impact of 35 contracts facilitated by SMI-L.

Key Findings

Local Investment Matters

- For every dollar exchanged with local businesses, 78% of it is spent within the Liberian economy on salaries and purchasing local goods and services.
- On average, contracts won by local businesses reap the following benefits:²
 - Job creation: 13 full-time jobs and 5 part-time jobs for the duration of the contract.
 - Reinvestment: 91% of businesses used profits from the contract to reinvest in their business.
 - Additional business opportunities:
 - Of local businesses that won a contract with international clients, 68% won additional contracts in a six-month time frame.
 - Of businesses that won a contract with local customers, 82% won additional contracts in a six-month time frame.³

Macro-Economic Overview

- The agricultural sector accounts for 72% of Liberia's GDP and employs roughly 70% of Liberia's work force, yet the vast majority of farmers operate informally.
- Liberia is heavily import dependent, importing more than twice of what it exports.
- Liberia ranks on the lower end of the global spectrum in overall ease of doing business, at 149 out of 185, but is ranked 38 in ease of starting a business.

1 Government of Liberia (Revised November 2012). Draft Summary Report: Liberia National Vision 2030, Monrovia: Government of Liberia. Source: http://cdcliberia.org/Vision_2030_draft.pdf.

2 SMI-L conducted 35 impact surveys pursuant to contracts won by local suppliers as a result of its services. These insights are based on that process.

3 SMI-L differentiates national and international customers based on whether their headquarters are located inside or outside of Liberia.

The Landscape of Local Businesses

- Roughly four out of five businesses registered with the Liberia Business Registry operate in Montserrado County, where the capital city Monrovia is located.
- Most businesses are considered small or micro-sized, with 57% employing less than four employees and about 20% employing five to nine employees.
- Annual turnover is quite low, as over 80% of businesses report making profits of under \$20,000.⁴
- Lack of access to finance: less than one third of businesses surveyed are able to take out a loan, although 80% of those surveyed would take out a loan if given the opportunity.
- Women account for 34% of business owners and 33% of managers, but they represent only 24% of the total labor force in Liberia.
- Most businesses (71%) have not benefitted from any business training, while about 40% say they would like to receive basic business training and 40% want procurement training.
- Internet use is divided among local businesses with 42% saying they use the Internet seldom or never, 31% use it daily, 16% use it weekly and 11% use it monthly.

The Procurement Process

- Suppliers are split on how often they check available tender notices: 35% say they look daily, 21% weekly, 13% monthly and 32% checked less than once a month.
- Local businesses are also divided on their abilities to find and bid on tenders: 33% percent are very confident, 35% lack confidence, with the remainder falling somewhere in between those two poles.
- Buyers most frequently post tender notifications in the newspaper (57%) and online (27%).

The Buyer Perspective

- Buyers indicate that the primary weaknesses among local suppliers are as follows: poor customer service (38%), poor quality of goods or services (35%), a general lack of capacity (16%) and delayed delivery time (14%).
- From the buyer perspective, suppliers most predominantly deal with challenges relating to no access to finance (27%), weak infrastructure (15%), lack of exposure to good customer service (15%) and lack of basic business understanding (12%).
- 70% of buyers report that they have seen improvements in the capacity of local businesses due to: proactive measures taken by local businesses (21%), donor and NGO influence (15%), improved infrastructure (13%), stability (11%), exposure to competition (11%), more experience doing business (9%), training (8%) and initiatives taken by the Liberian government (8%).



Benetta Togba (above) works for Standard Metal Works Garage, an SMI-L supplier that won a contract with the Ministry of Agriculture after they met at a Matchmaking event.

Photo credit: Morgan Ashenfelter/Building Markets.

⁴ Unless otherwise indicated, all amounts are in US dollars.

INTRODUCTION

As a post-conflict and mineral rich country, Liberia receives a large amount of official donor assistance (ODA) and foreign direct investment (FDI). Liberia ranked 31st from 2008 to 2011 in total ODA: it received \$718 million in 2011 and received an estimated \$566 million⁵ in 2012.⁶ Estimated donor assistance is expected to continue to decrease steadily in upcoming years until spending is closer to regional averages.⁷ While donor assistance to Liberia appears to be on the decline, FDI has increased rapidly. It climbed from \$378 million in 2009 to \$508 million in 2011, with continued growth expected.⁸ Integrating micro, small and medium-sized enterprises (MSMEs) into the supply chains of larger buyers⁹ poses a significant opportunity for developing an economy that works for and benefits all Liberians.

When local businesses are properly integrated into buyer supply chains, international assistance and investment are catalysts for expanding local businesses, kick-starting local economies and improving local expertise across sectors. Moreover, investment has the potential to transfer technology and skills, increase access to capital, increase wages, produce high-quality jobs and improve the business environment within the host country.¹⁰ Gains made by local businesses, in turn, lead to suppliers re-investing in their businesses and re-spending their earnings on domestic goods and services.¹¹ As a result, the government receives more tax revenue and can promote new business opportunities, which leads to additional job creation.¹²

While FDI provides significant economic growth opportunities, Liberia must reach a requisite level of infrastructure and financial institution development before the full economic benefits from FDI are realized.¹³ Although the impact may be less in developing countries, FDI can encourage host

5 This figure is an estimate made part way through 2012 and not a final number. Ministry of Finance Aid Management Unit (March 2012). FY 2012/2013 Quarter Two Fiscal Donor Outturn Report, Monrovia: Republic of Liberia, page 5. Source: http://mof.gov.lr/doc/Current%20FY2012_2013%20Quarter%20Donor%20Report%20Final.pdf.

6 World Bank (2013). Net Official Development Assistance Received, Washington, DC: World Bank. Source: <http://data.worldbank.org/indicator/DT.ODA.ODAT.KD>.

7 This information is derived from examining projections among some of the largest donors in Liberia: the United States Government, European Union, World Bank, African Development Bank, World Food Programme and United Nations Mission in Liberia (UNMIL).

8 The Heritage Foundation (2013). 2013 Index of Economic Freedom: Liberia, Washington, DC: The Heritage Foundation. Source: Index of Economic Freedom 2013, Source: <http://www.heritage.org/index/country/liberia>.

9 For the purpose of this report, larger buyers consist of governments, international organizations, international non-government organizations, donors, large local businesses and multinational corporations.

10 Borensztein, Eduardo, Jorge De Gregorio and Jong-Wha Lee (March 1995). How Does Foreign Direct Investment Affect Economic Growth?, NBER Working Paper Series. Source: http://www.nber.org/papers/w5057.pdf?new_window=1. Also see: Organisation for Economic Co-operation and Development (July 2008). The Social Impact of Foreign Direct Investment, Policy Brief, Paris: Organisation for Economic Co-Operation and Development. Source: <http://www.oecd.org/els/40940418.pdf>. In a study examining the economic impact of gold mining in Ghana, Newmont Ghana Gold Limited contributed \$174 million in economy-wide value added; of this, 55% contributed to wages, 36% went to taxes and another 11% were part of corporate profits/savings. Source: Kapstein, Ethan and Rene Kim (2011). The Socio-Economic Impact of Newmont Ghana Gold Limited, Haarlem: Stratcomm Africa. Source: http://www.newmont.com/sites/default/files/Socio_Economic_Impact_of_Newmont_Ghana_Gold_July_2011_0.pdf.

11 Also known as the "Keynesian multiplier," this refers to the number of times each dollar is re-spent within an economy. Research on spending in fragile states has estimated this multiplier to be roughly 1.5 (i.e., for every \$1 that is spent in the local economy, consumption and investment will increase by \$1.50). See: Carnahan, M., Gilmore, S. and Durch, W. (2006). The Economic Impact of Peacekeeping, Ottawa: Building Markets (hereafter referred to as The Economic Impact of Peacekeeping) and Alexander, F. and Heady, L. (April 2012). Market Overview Report, Ottawa: Building Markets (hereafter referred to as 2012 Market Overview Report).

12 World Bank (January 2012). Increasing Local Procurement by the Mining Industry in West Africa: Road Test Version, Washington, DC: World Bank, page vi (hereafter referred to as Increasing Local Procurement).

13 Organisation for Economic Co-operation and Development (2002). Overview – Foreign Direct Investment for Development: Maximising Benefits, Minimising Costs, Paris: Organisation for Economic Co-Operation and Development. Source: <http://www.oecd.org/investment/investmentfordevelopment/1959815.pdf>.

governments to implement policies that enable the business environment and integrate the local economy more closely into the world economy by increasing international trade.¹⁴

USAID Sustainable Marketplace Initiative Liberia (SMI-L), implemented by Building Markets, and this Market Overview Report are based on the premise that more local procurement leads to a stronger local economy.¹⁵ SMI-L fosters relationships between local suppliers and buyers by incorporating MSMEs into buyers' supply chains, which then bolsters the local economy and promotes job creation.

The Market Overview Report confirms that local procurement betters the local economy. This conclusion is based on surveys conducted with 2,052 local suppliers, 39 large buyers and 23 suppliers who won 35 contracts through SMI-L services; key informant interviews and a literature review of relevant publications on trends in the Liberian economy. This is the second annual Market Overview Report that Building Markets has undertaken as part of SMI-L.

SMI-L published the initial Market Overview Report in April 2012, shortly after the full suite of SMI-L services had been launched.¹⁶ Now operating in full-swing, SMI-L delivers an array of services to all businesses operating in Liberia, which include, but are not limited to: an Online Business Directory, a Tender Distribution Service, Matchmaking, Training, Market Research and Communications and Advocacy. (See Annex 1 for a full description of SMI-L services.)

Key Terms Used:

- **MSME (Micro, Small and Medium Enterprises):** A firm employing less than 250 employees. Micro enterprises have less than ten employees, small enterprises have 10 to 49 employees and medium enterprises have 49 to 249 employees.
- **Buyer:** An international organization, donor, multi-national corporation, concessionaire, government or other business that is procuring goods or services for its operations within Liberia.
- **Local business:** An active business that is based in Liberia and currently registered with the Liberian Business Registry, as is required by the Government of Liberia to be a lawful business entity. The report also refers to local businesses as suppliers and MSMEs.
- **Procurement Officer:** Employee of a buyer who conducts purchasing or is knowledgeable on the buyer's purchasing practices, whether or not that individual holds the title of "Procurement Officer."
- **Verified Businesses:** Before SMI-L offers services to local businesses, staff members "verify" the business by visiting the business' physical location to ensure the business exists and is actively registered with Liberian Business Registry. During the process, SMI-L staff members collect demographic information on the business, which is updated every six months during a process referred to as re-verification. Verification and verified are terms used in this report to indicate that SMI-L vetted the business, as previously specified.

This report addresses information gaps between buyers and local suppliers in Liberia. It examines buyer procurement processes, the impact of local procurement and the challenges and opportunities to expand local procurement in Liberia. This report concludes that the Liberian economy is now stronger than it was in 2012 due in part to efforts undertaken by the Government of Liberia, donors, investors, NGOs and local businesses to increase local procurement.

¹⁴ Ibid.

¹⁵ In general, see: The Economic Impact of Peacekeeping and Increasing Local Procurement.

¹⁶ For the full text of the first Market Overview Report, see: http://buildingmarkets.org/sites/default/files/pdm_reports/mor_20120503_final_reduced_file_size_for_site.pdf.

ECONOMIC SYNOPSIS

As the country redevelops its infrastructure and the government institutes the necessary reforms to create a strong business environment, the Liberian economy continues to expand and grow. This section looks at measures taken by the government, the overall Liberian business climate, access to finance issues, imports and exports and more in-depth discussions on two key economic sectors: agriculture and extractive and natural resources.

Government Measures and Rankings

The short and medium-term economic outlook for Liberia appears positive. Business is bustling: in the past 14 months, 777 additional for-profit businesses registered in Liberia.¹⁷ In 2012, the Liberian real Gross Domestic Product (GDP) grew by 8.8%, the 12th highest growth rate worldwide. The 2013 forecast is expected to moderate slightly to 7.2%.¹⁸ A sizable portion of recent growth in GDP is credited to concession agreements between the government and multinational extractive corporations. According to the Consumer Price Index, inflation rose at the modest pace of 4.8% in 2012 from 282.713 to 296.849.¹⁹

The government continues to implement initiatives to improve the business climate. Liberia is currently negotiating membership in the World Trade Organization.²⁰ In 2010, Liberia secured debt forgiveness and mandated that future lending could not be more than 3% of GDP.²¹ To attract foreign and national investors, the government will open a ten-acre industrial park in Monrovia this year. The country is also doing better on the World Bank's Doing Business Ranking, climbing five spots in 2013 to 149 out of 185 countries.²² This is mostly a result of an improved percentage of businesses paying taxes, which currently accounts for 20-25% of GDP.²³

The government is trying to mitigate corruption through the Anti-Corruption Commission, General Auditing Commission and Public Procurement and Concessions Commission. However, the courts continue to be regarded as quite corrupt, ineffective and slow, and there is concern that acts of corruption either will not be penalized at all or will be inadequately penalized.²⁴ Nevertheless, Liberia rose 16 places from 91 to 75 on Transparency International's 2012 Corruption Perceptions Index.²⁵ This

17 This number is derived from a comparison of the number of for-profit businesses registered with the Liberian Business Registry (LBR) as of 16 April 2013 and the number of for-profit businesses registered as of 17 February 2012.

18 Real GDP growth rate is defined as annual GDP growth adjusted for inflation and expressed as a percent. These growth rates are year-over-year and are not compounded. Liberia: African Economic Outlook. Source: <http://www.africaneconomicoutlook.org/en/countries/west-africa/liberia/> (hereafter referred to as Liberia 2013 – short version).

19 Trading Economics (2012). Liberia Consumer Prices Index Average. Source: <http://www.tradingeconomics.com/liberia/consumer-prices-index-average-imf-data.html>.

20 World Trade Organization (2013). WTO Members and Accession Candidates. Source: www.wto.org/english/thewto_e/acc_e/members_brief_e.doc.

21 Toweh, Alphonso (19 July 2010). Liberia Ready to Borrow Again: Finance Minister, Thomas Reuters. Source: <http://www.reuters.com/article/2010/07/19/ozatp-liberia-debt-idAFJ0E66I0CW20100719>.

22 International Finance Corporation and the World Bank (2013). Ease of Doing Business in Liberia. Doing Business: Measuring Business Regulations, Washington, DC: International Finance Corporation and the World Bank (hereafter referred to as Ease of Doing Business in Liberia). Source: <http://www.doingbusiness.org/data/exploreeconomies/liberia/>.

23 Liberia 2012 – African Economic Outlook, Table 3. Source: <http://www.africaneconomicoutlook.org/fileadmin/uploads/aeo/PDF/Liberia%20Full%20PDF%20Country%20Note.pdf> (hereafter referred to as Liberia 2012).

24 In a survey completed in 2010, respondents said that the most corrupt Liberian institutions were the police and courts. Transparency International (2012). Corruption by Country: Liberia, Berlin: Transparency International. Source: http://www.transparency.org/country#LBR_DataResearch_SurveysIndices.

25 Ibid.

information lines up with buyers reporting corruption in their dealings with local businesses: in 2012, 56% of buyers surveyed faced corruption, whereas in 2013 this percentage decreased to 37%.

The government took steps to further ease the registration process for existing and new businesses. For example, a registration levy was removed and the registration process was reduced from six days to two, which limits the amount of time entrepreneurs must be away from their businesses. As a result of these and other actions taken by the government, the World Bank now ranks Liberia 38 out of 185 countries for ease in starting a business.²⁶ Still, businesses ranging from multinational extractive companies to informal groups of agricultural workers trying to register as cooperatives continue to report frustrations with the bureaucratic process and their experiences of corruption. Government-led initiatives continue to be necessary to improve the business climate, as the World Bank ranks Liberia 147 on protecting investors, 166 on enforcing contracts and 176 on registering property.²⁷

Access to Finance

Access to credit is improving, but it still remains a challenge in Liberia. In 2012, for example, Liberia went from 139 to 98 in ease of access to credit.²⁸ Countrywide, the money available for lending increased by 21% from 2010 to 2011 due to higher numbers of demand deposits and more currency available outside banks.²⁹ Over that same time period, credit issued to the private sector increased by 28%.³⁰ Forty-one percent of commercial bank loans went to businesses within the trade, hotel and restaurant sector.³¹

Liberia continues to lack basic MSME lending products, such as factoring, leasing and warehouse receipt financing. These products are low-risk financial instruments for lenders and can provide badly needed working capital and cash management alternatives for MSMEs in need of liquidity. While factoring could be offered immediately because no regulatory changes are necessary in order to function, leasing and warehouse receipt financing would need legal reforms and infrastructure investments to become viable alternatives, according to one key informant.



President Johnson Sirleaf (right), Vice President Boakai and U.S. Ambassador to Liberia Malac (back center) interacting with local businesses, which are listed on SMI-L's supplier directory, at the SMI-L co-sponsored MSME Conference in Monrovia in April 2013.

Photo credit: Morgan Ashenfelter/Building Markets.

The short duration of loans and the lack of equity finance are two major obstacles to accessing finance in Liberia. As banks still face financial shortfalls, bankers cannot offer loans to MSMEs for increments longer than 24 months. Short loan duration makes investment in long-term capital assets a challenge for small business owners. Lack of equity finance makes it difficult to invest in new, innovative projects

26 Ease of Doing Business in Liberia.

27 Ibid.

28 Ibid.

29 Liberia 2012, page 7.

30 Ibid.

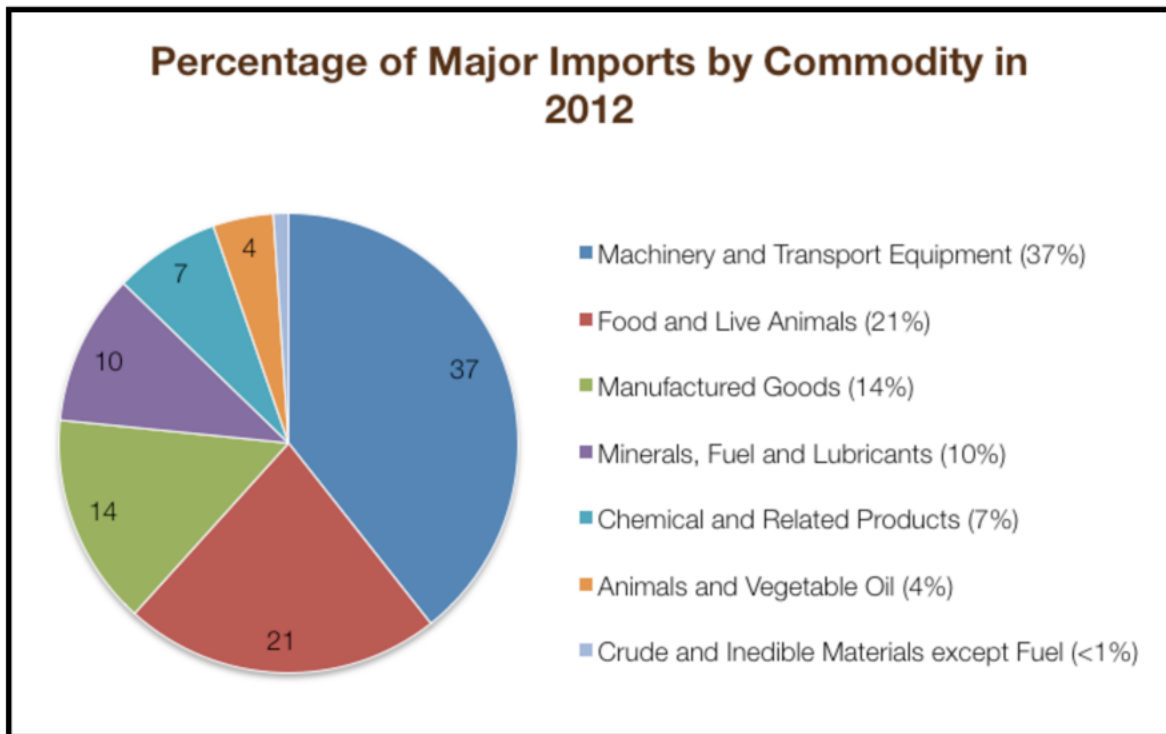
31 Ibid.

because banks incur significant risk when lending due to a general lack of circulating cash-flow. These constraints are likely to remain in Liberia in the near future and will continue to cause bottlenecks for MSME growth.

Liberia Imports and Exports

Although the economy is steadily increasing its exports and decreasing its imports, Liberia remains an import-reliant economy with an import to export ratio of 2.2:1.³² Liberia imported more than \$834 million and exported \$375 million in total free-on-board value in 2012.³³ Liberia's main trading partners are the United States (\$125 million), China (\$114 million), United Arab Emirates (\$51 million), Netherlands (\$43 million) and Brazil (\$38 million).³⁴

2012 Imports by Percentage of Commodity³⁵



32 In 2010, the import export rate was 3.5:1. See: Republic of Liberia, Liberia Institute of Statistics and Geo-Information (December 2011). External Trade, Statistical Bulletin Volume 3, Number 1, Monrovia: Republic of Liberia, Liberia Institute of Statistics and Geo-Information Services, Table 2.5.

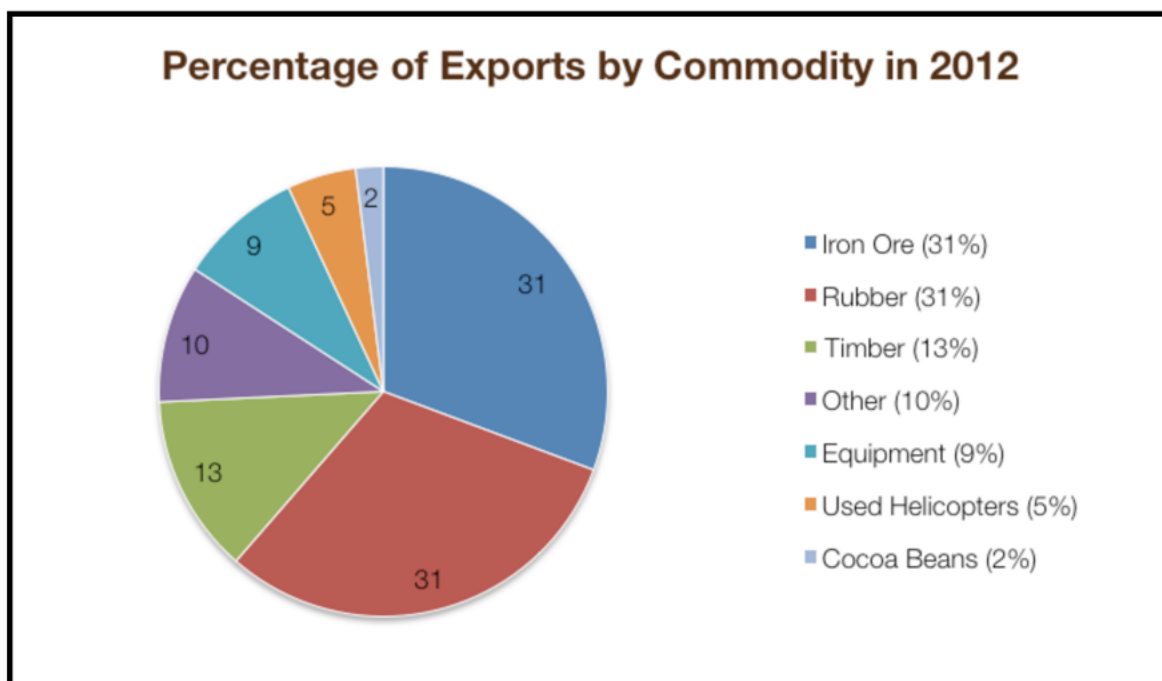
33 Ministry of Commerce and Industry (2013). Annual Report of the Ministry of Commerce and Industry, Republic of Liberia, 2012, Monrovia: Government Printing Office, Table 1. Source: <http://www.moci.gov.lr/doc/MoCIAnnualReport2012Final.pdf>.

34 Ibid, Table 3.

35 Ibid, Appendix I: Liberia Import Statistics.

Historically, the price of rice has been a major source of instability in Liberia.³⁶ Rice represents 85% of all calories consumed in Liberia and the majority of it is imported.³⁷ Due to import dependence in tandem with low family incomes, Liberians remain vulnerable to any global increases in the price of rice, though this is not forecast to be an issue in 2013.³⁸ Nevertheless, due to Liberia's import dependence on its staple food and a fairly undiversified export portfolio, the economy is vulnerable to external price shocks for rice, rubber and iron ore.³⁹

2012 Imports by Percentage of Commodity⁴⁰



Economic Sector and Industry-Based Analysis

Lack of infrastructure, particularly in the energy, port authority and transportation sectors, will likely under-cut the impact of economic reforms and growth across all sectors.

Different institutions in Liberia have identified various business sectors that are poised for growth. The National Investment Commission (NIC) named fisheries, horticulture (inclusive of agriculture and extractives and natural resources) and transportation as sectors set for growth. Building Markets identified agriculture, catering, construction, hotels and lodging, logistics and transportation, and wood-

36 In 1979, the Ministry of Agriculture proposed to raise the price of imported rice from \$22 to \$26 per 100-pound bag as a way to encourage domestic rice production. This proposed price increase led to widespread rioting and was the catalyst for 10 years of assassinations, coups and ultimately civil war in 1989.

37 Bauer, Jean-Martin (2012). *Between a Rock and a Hard Place: Rice Prices and Food Policies in Liberia*, Forum for Agricultural Risk Management in Development, Washington, DC: World Bank. Source: <https://www.agriskmanagementforum.org/content/between-rock-and-hard-place-rice-prices-and-food-policies-liberia>.

38 The average family income in 2011 was \$330. Source: World Bank, <http://data.worldbank.org/country/liberia>. Also see: World Food Programme (January 2013). *Outlook and Conclusion, Liberia Market Price Monitor Vol. 31*, Relief Web, page 2. Source: <http://reliefweb.int/sites/reliefweb.int/files/resources/wfp254780.pdf>.

39 Forecasters predict that iron ore prices will drop, starting in 2015. See: *Liberia 2013 – short version*.

40 Ministry of Commerce and Industry (2013). *Annual Report of the Ministry of Commerce and Industry, Republic of Liberia, 2012*, Monrovia: Government Printing Office, Appendix II: Liberia Export Statistics. Source: <http://www.moci.gov.lr/doc/MoCIAnnualReport2012Final.pdf>.

working as areas that are most ready to enter into buyer supply chains. The Ministry of Commerce and Industry also identified these sectors but added the textile sector. This sector has expanded markedly due to the relatively easy and inexpensive start-up process and a trade agreement that allows textiles to be sent to the United States, duty-free. Because of Liberia's dependence on agriculture and the flurry of FDI activity that has been created as a result of multinational extractive and natural resources contracts, this report examines these two industries in more depth below.

Agriculture

Agriculture in Liberia is primarily done on a subsistence level, providing a challenging environment for those working to expand the sector and improve value chains. Agriculture accounted for 72% of Liberia's GDP in 2011 and employs 70% of the Liberian workforce on a formal or informal basis.⁴¹ However, most agricultural activity appears to be in the informal sector, as only 1.8% of registered businesses classified themselves (in whole or in part) as agricultural, according to the Liberian Business Registry (LBR). This may indicate that farmers are unable, unwilling or do not see the need to register.

In order to enhance and modernize the agricultural sector, the government has implemented several initiatives intended to promote food security, diversify Liberia's export commodities and support private sector agricultural development. In particular, private sector development is being stimulated through the Liberia Agriculture Sector Investment Program, which focuses extensively on the need to target competitive value chains, increase market linkages, facilitate access to marketplaces and strengthen input and output for agricultural markets.⁴²



Locally produced rice by Fabrar Rice, a SMI-L supplier, on display at the SMI-L co-sponsored MSME Conference and Trade Fair.

Photo credit: Morgan Ashenfelter/Building Markets.

Agricultural production has increased in recent years, but the lack of food storage and processing capacities is hampering growth in the sector. Without these facilities, additional production is wasted or under-utilized. According to the NIC, with investor support, cassava, onion, rice and sugar are commodities with huge growth potential.

Supermarkets, hotels and concessionaires require large amounts of foodstuffs to feed their customers and stock their restaurants and canteens. Discussions with major hotels and concessionaires indicate that there is a large unmet demand for additional produce and livestock (particularly tomatoes and poultry), which are not widely sold by local suppliers. As the agriculture sector strengthens, more value chains are formed and infrastructure improves, farmers will be able to lower costs and provide produce and other food products to both Liberian consumers and major buyers in the local market.

41 Liberia 2013 – short version.

42 In general, see: Republic of Liberia (2010). Liberia Agriculture Sector Investment Program (LASIP) Report, Monrovia: Republic of Liberia. Source: http://www.gafspfund.org/sites/gafspfund.org/files/Documents/Liberia_4_of_7_LASIP_Sector_Investment_Plan_0.pdf.

Extractive and Natural Resources

Liberia undoubtedly has immense natural resource wealth, but proper resource management is the key to turning Liberia into a successful economic environment and avoiding pitfalls that have historically led to conflict. Several ministries oversee the awarding of concessions with the intention of protecting Liberian interests. For example, in 2009, the government passed the Liberian Extractive Industry Transparency Initiative (LEITI) law, which requires the government to publicly disclose all payments made by extractive companies.⁴³ In addition, civil society and the media have increased their focus on the extractive and natural resources sector, allowing increased public visibility on concession agreements and local content policies.

The extractive and natural resources sector is set for continued growth despite setbacks experienced as a result of poor transportation and bureaucratic difficulties. Over the medium-term, activity is projected to continue slowly but grow steadily as a result of an increase in construction and construction-related services.⁴⁴ Most iron ore concessions are still in the exploratory phase, therefore significant fiscal and macro-economic impacts are not expected in the immediate-term.⁴⁵

Liberia has immense timber resources.⁴⁶ The government has implemented several initiatives aimed at channeling those resources to local businesses operating in the woodworking/carpentry sector. For example, the Ministry of Finance announced that the government must allocate 25% of its total furniture procurement to locally made products. Eventually and as the furniture industry advances, the government intends to increase this allocation to 100%. Another initiative gave a one-year tax waiver on all locally produced furniture from May 2012 to May 2013. The government hopes that these efforts will strengthen both local producers and the Liberian economy in general.

As a by-product of the education hiatus that occurred during the civil war, Liberia's labor force is predominantly unskilled, which has led many concessionaires to hire non-Liberians. At present, rubber is the only concession sector that employs domestic labor on a significant scale.⁴⁷ The palm oil industry, once it fully enters production mode, appears to have potential for large-scale job creation for Liberian nationals.⁴⁸

43 Chêne, Marie (2012). Overview of Corruption and Anti-Corruption in Liberia, U4 Anti-Corruption Resource Centre, web-based resource center operated by CMI, page 4. Source: <http://www.u4.no/publications/overview-of-corruption-and-anti-corruption-in-liberia/>.

44 International Monetary Fund (19 March 2013). IMF Survey Natural Resource Management, Liberia Urged to Boost Capacity to Handle Resource Revenues, Washington, DC: International Monetary Fund. Source: <http://www.imf.org/external/pubs/ft/survey/so/2013/car031913a.htm>.

45 Ibid.

46 The information in this paragraph is drawn from All Africa (11 May 2012). Liberia: Govt. Allots Millions for Local-Made Furniture – Ready to Empower Local Industry. Source: <http://allafrica.com/stories/201205141271.html>.

47 International Monetary Fund (19 March 2013). IMF Survey Natural Resource Management, Liberia Urged to Boost Capacity to Handle Resource Revenues, Washington, DC: International Monetary Fund. Source: <http://www.imf.org/external/pubs/ft/survey/so/2013/car031913a.htm>.

48 Ibid.

LOCAL BUSINESSES: MOVING IN THE RIGHT DIRECTION

Notable shifts in the demographic information of local businesses have occurred since the publication of the first Market Overview Report in 2012. This section includes key figures about local businesses based on 2,052 local suppliers verified by SMI-L staff, as well as an analysis of the procurement process from the buyer perspective.⁴⁹ It also looks at the economic impact of 35 contracts that SMI-L facilitated between local suppliers and buyers, as well as continued challenges and opportunities for growth.

Overall, local businesses are self-reporting improved practices and a stronger business environment since 2012. Buyers are also indicating that local businesses are doing better. As local businesses obtain contracts, they are creating jobs, re-investing, expanding and putting their employees through training.

Current Business Demographics and Changes from 2012 to 2013

This section is intended to serve four primary purposes: 1) give buyers both inside and outside Liberia an idea of the demographics and capacity of local businesses, 2) provide a backdrop against which suppliers can compare themselves, 3) review changes in the data from 2012 to 2013 in order to understand the evolution of local suppliers and 4) highlight the impact of local procurement on businesses and the broader economy.

Strong Monrovia Base for Businesses

SMI-L has not conducted verification activities in all 15 counties in Liberia, so business location statistics are based on those aggregated by the LBR. As of April 2013, the LBR had registered 9,385 total businesses. Seventy-nine percent of those businesses are registered in Montserrado county (where the capital city, Monrovia, is located), with seven other counties having the following percentage of businesses: Margibi (4.4%), Nimba (3.2%), Bong (3.2%), Grand Bassa (2.7%), Grand Gedeh (1.9%),



Mary Gibson, CEO of Rich Fulfillment Fashion House, working on a contract for uniforms with UNDP, facilitated as a result of SMI-L Training.

Photo credit: Sando Moore/Building Markets.

⁴⁹ In order to be registered with SMI-L, suppliers need to have a for-profit business and be registered with the Liberian Business Registry (LBR), as is required by the Government of Liberia.

Maryland (1.2%) and Lofa (1.0%). The remaining seven counties of Bomi, Gbarpolu, Grand Cape Mount, Grand Kru, Rivercess, River Gee and Sinoe have less than 1% of total businesses each.^{50 51 52}

Economic activity occurs primarily in Monrovia and its surrounding neighborhoods. Even when buyers publish tender notices for areas outside of the capital, Monrovia-based businesses are generally best positioned to bid on and win contracts because of proximity to the buyer’s headquarters address and better access to transportation, tender notifications, communications and population demographics.⁵³ SMI-L’s existing data reflects this comparative advantage. Monrovia-based suppliers won 75 out of 84 contracts facilitated by SMI-L, representing 97% of the total value of the contracts.

Map of Liberia with Number of LBR Registered Businesses by County



Source: D-maps.com: Liberia/Republic of Liberia: boundaries, counties, names. (Please note that SMI-L inserted the data on business numbers.)

50 Businesses verified with SMI-L are based in the following counties: Montserrado (83%), Margibi (6.2%), Bong (4.9%), Grand Bassa (4.1%) and Bomi (1.5%), with less than 1% of businesses in Grand Cape Mount. Members of the SMI-L’s Business Verification team (responsible for verifying businesses) have conducted activities in the following counties: Bomi, Bong, Grand Bassa, Grand Cape Mount, Margibi, Montserrado and Nimba.

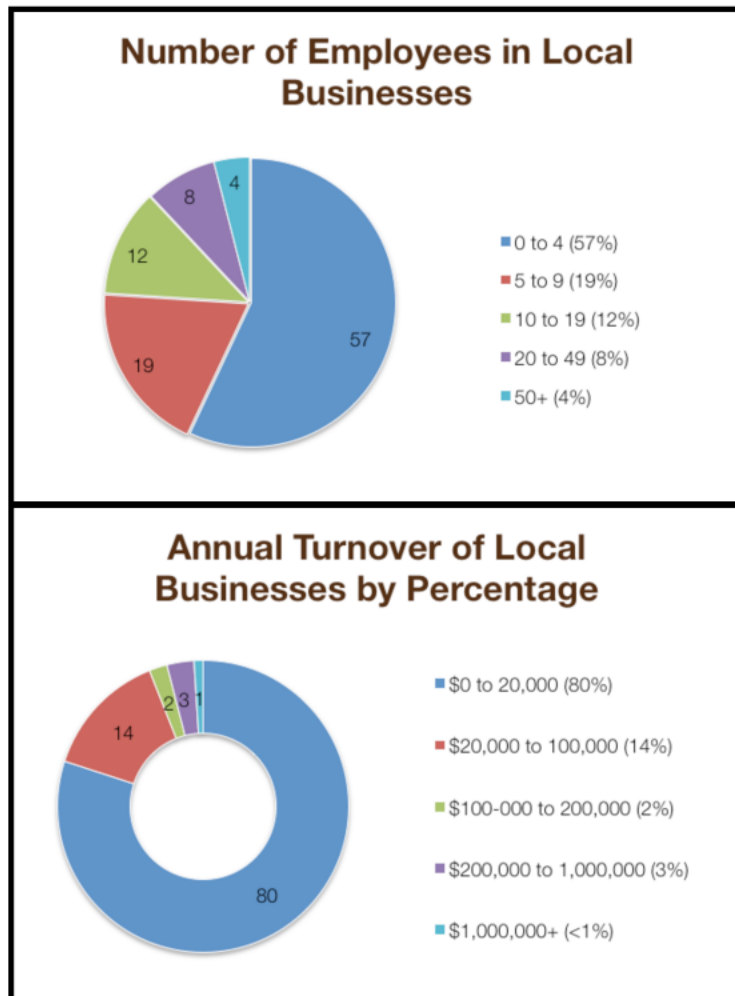
51 In 2012, SMI-L had not verified any businesses outside the greater Monrovia area, so no comparison can be done on business location.

52 When conducting verifications in more distant counties, SMI-L staff members have noted that additional unregistered businesses exist. However, in keeping with organizational policy, SMI-L requires that businesses be actively registered with the LBR in order for them to receive SMI-L services.

53 Approximately a quarter of Liberia’s population lives in and near Monrovia, which consequently has a higher proportion of skilled laborers than elsewhere in the country.

Majority of Businesses Remain Small

There has been little change from 2012 regarding the type and size of suppliers in Liberia.⁵⁴ SMI-L's data reflects the following break-down by business type: sole proprietorships (73.2%), business corporations (18.2%) and partnerships (8.5%).⁵⁵



Unsurprisingly, with a large percentage of sole proprietorships, local businesses continue to be quite small, with 57% of businesses employing zero to four employees, 19% employing five to nine employees, 12% employing 10 to 19 employees, 8% employing 20 to 49 employees and 4% employing over 50 employees.⁵⁶

About half⁵⁷ of the local businesses verified by SMI-L declined to give their turnover numbers. The other half report annual turnover figures as follows: \$0-20,000 (80%), \$20,000-100,000 (14%), \$100,000-200,000 (2%), \$200,000-1,000,000 (3%) and \$1,000,000+ (<1%). Median turnover figures have gone down since 2012, which likely reflects a more normalized sample.⁵⁸ It could also be accounted for by an influx of young businesses in the Liberian marketplace.⁵⁹

Major Sectors of Operation

The top ten sectors in which local businesses operate are: foods and beverages (15%); construction and renovation (14%); home essentials (14%); handicraft and artisans (10%); health, medicine, recreation and leisure (6%); automotive (6%); restaurants and

catering (5%); wholesalers (4%); printing and copying (4%) and household and industrial services (3%). (See Annex 10 for a detailed description of each sector.)

54 In 2012, 58% of suppliers had zero to four employees, 17% had five to nine employees, 13% had 10 to 19 employees, 7% had 20 to 49 employees and 5% had over 50 employees.

55 Of the 9,385 total businesses registered in the LBR, 7,948 are for-profit businesses, which are comprised of sole proprietorships (63.3%), business corporations (34.6%) and partnerships (1.6%).

56 The LBR reported employment figures as follows: 71% had zero to four employees, 19.1% had five to nine employees, 7.1% had 10 to 19 employees, 1.4% had 20 to 49 employees and 0.8% had over 50 employees.

57 1,011 of the 2,052 suppliers reported on turnover; the remaining 1,041 did not respond.

58 For the 2012 Market Overview Report, only 220 suppliers gave figures relating to annual turnover.

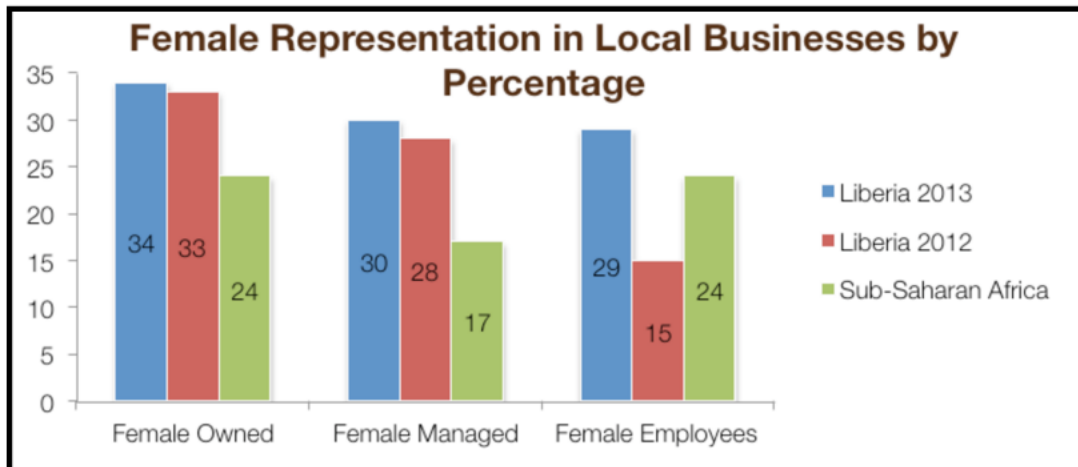
59 In 2012, annual turnover was based on information collected from approximately 220 businesses. In 2012, suppliers' annual turnover was \$0-20,000 (57%), \$20,000-100,000 (24%), \$100,000-200,000 (5%), \$200,000-1,000,000 (6%) and \$1,000,000+ (8%). In 2013, annual turnover was based on information collected from 595 businesses.

For a country that is highly dependent on agriculture, there is a marked lack of local businesses operating in the field of agriculture and/or fisheries, with just 2% of suppliers saying they operate within and less than 1.5% reporting to work exclusively in the sector.⁶⁰ Because SMI-L only collects information on businesses that register with LBR, this reinforces the probability that the majority of agricultural production is done on an informal and subsistence basis.



Women's Above Average Participation in Business

Liberia continues to have an above average number of female business owners and managers,⁶¹ at 34% and 33%, respectively, as compared to the rest of sub-Saharan Africa, which averages 29% and 15%, respectively.⁶² These figures are higher than 2012 levels, which were 30% and 28%, respectively. While these figures are encouraging, at the same time, female-managed businesses tend to conduct significantly less business than male-managed businesses. When comparing turnover data, female-managed businesses averaged \$43,428 in yearly sales, whereas male-managed businesses sold \$175,589.⁶³



The increased percentage of female ownership and management from 2012 is surprising and counter-intuitive: over the past year, SMI-L has focused on verifying businesses in more rural areas where

⁶⁰ The LBR had a similarly low percentage of businesses (1.8%) in the agriculture/fisheries sector.

⁶¹ Building Markets categorizes a supplier as female-owned/managed if at least one owner/manager is a woman.

⁶² International Finance Corporation (2009). Enterprise Surveys: Liberia Country Profile 2009, Washington, DC: International Finance Corporation, page 5. Source: <http://www.enterprisesurveys.org/-/media/FPDKM/EnterpriseSurveys/Documents/Profiles/English/liberia-2009.pdf>.

⁶³ USAID analyzed some of SMI-L's data to get male/female turnover figures. De Santos, Anastasia. Liberia Women's Entrepreneurship Diagnostic. USAID/E3, Washington, DC. 18 June 2013, page 9.

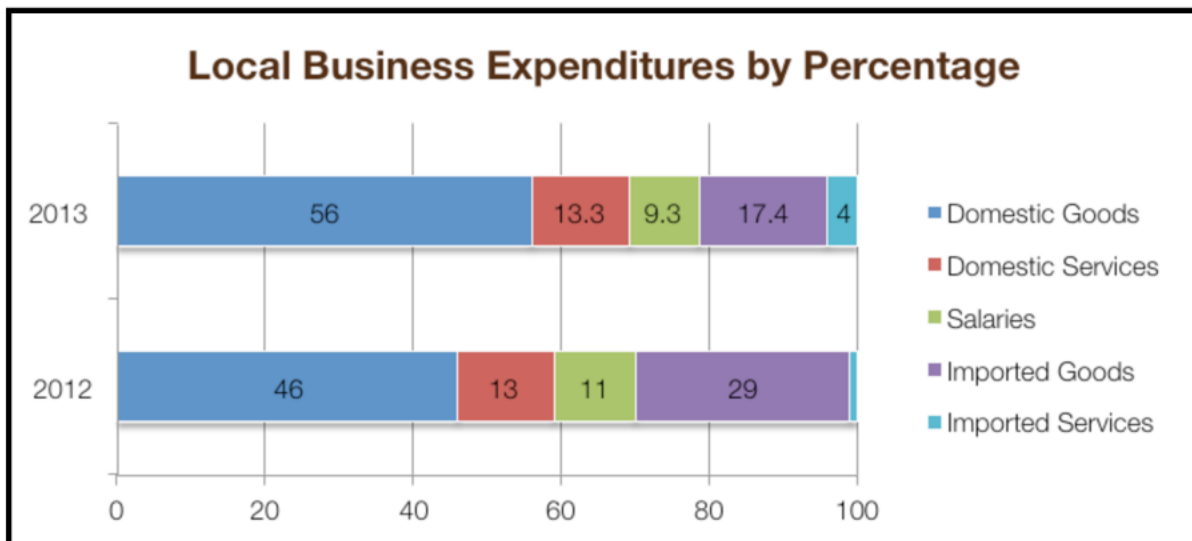
gender inequalities are significantly more marked.⁶⁴ The percentage of permanent female employees also increased from 17% to 24% from 2012 to 2013. However, women represented only 14% of temporary employees. Temporary employment occurs more predominantly in the construction and renovation and security services and equipment sectors, which are two sectors with traditionally low percentages of female employment.

Local Businesses are Spending More on Domestic Products

Local businesses are spending more of their revenue (78%) within the local economy than in 2012 (71%). In 2013, for every dollar spent on local procurement, the average local business will re-spend 78 cents in the Liberian economy. The increased percentage of expenditures within Liberia reinforces the assumption that local procurement has a positive impact on the local economy.

Businesses within certain sectors spend more of their expenditures in the local economy than others. The sectors that spend the most, on average, on domestic goods, domestic services and salaries are: restaurants and catering (96%), security services and equipment (91%), travel, accommodation and rentals (91%), construction and renovation (89%) and food and beverages (88%). Conversely, heavy machinery/equipment, generators, A/C and solar panels (49%); automotive (50%); home essentials (65%) and handicrafts/artisans (65%) sectors tend to spend less locally. These sectors require an element of finishing, technology or equipment that suppliers are often forced to source outside Liberia due to local unavailability.

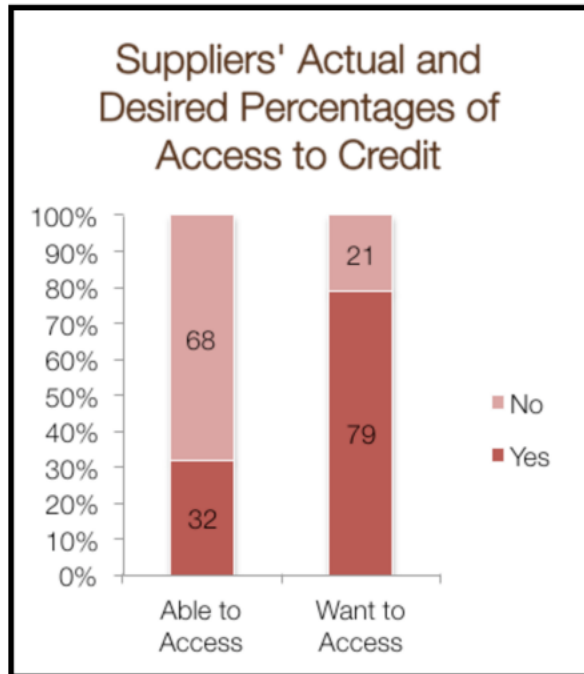
In the past year, suppliers sizably shifted their expenditures away from imported goods, spending 29% in 2012 and 17.4% in 2013, and toward domestic goods, spending 46% in 2012 and 56% in 2013. Enhanced linkages within the Liberian economy, more local businesses and improved quality of local goods are likely behind these changes. Conversely, suppliers' expenditures on international services rose from 1% to 4% and expenditures on salaries dropped from 11% to 9.3% from 2012 to 2013. The sectors that dedicate the largest percentage of expenditures to salaries are transportation, logistics and courier services (24%); security services and equipment (23%) and manufacturing (15%), whereas wholesalers and health, medicine, recreation and leisure are the two sectors that allocated the least, at 7% each.



64 Republic of Liberia, Liberia Institute of Statistics and Geo-Information Services (June 2008). Liberia Demographic and Health Survey 2007, Monrovia: Republic of Liberia, Liberia Institute of Statistics and Geo-Information Services, page 33. Source: <http://www.measuredhs.com/pubs/pdf/FR201/FR201.pdf>.

While Improving, Access to Finance Continues to be Problematic

Although easier to access than a year ago, finance remains a serious issue for local businesses. In 2012, 25% of businesses reported being able to access credit, and in 2013, 32% of local businesses say there are able to access credit. Factors, such as an increased amount of credit in the Liberian economy, improved capacity and financial credentials among local suppliers and more banks and other lending organizations that are willing to lend, are providing more credit opportunities to local MSMEs. Wholesale suppliers report the greatest access to finance at 45%, followed by suppliers in the handicrafts and artisans (42%) and home essentials (40%) sectors. Local businesses in the sectors of printing and copying and health, medicine, recreation and leisure have the lowest rates of being able to access credit at 17% and 22%, respectively.



The demand for credit remains high in Liberia, with nearly four out of five of all suppliers (79%) wanting access to finance, a five percent increase from 2012 (74%). Suppliers operating in the manufacturing and household and industrial services sectors have the highest demand for loans at 91%⁶⁵ and 90%, respectively; the lowest demand is in office furniture, equipment and supplies (67%).⁶⁶

Among the buyers who were surveyed, about a quarter of them cite the lack of access to finance as the primary challenge facing local businesses. Moreover, some buyers note that the lack of access to finance can adversely affect their relationships with suppliers when they request pre-financing, especially without warning and after signing the contract, from buyers to complete contracts.⁶⁷ Many of those buyers say they are less likely to re-engage with local businesses that ask for pre-financing because buyers perceive those requests as creating additional and undue financial risks for their organizations.

Financial institutions often cannot alleviate local businesses' need for pre-financing. Given the relative lack of sophistication of many local businesses, financial institutions have a difficult time assessing whether businesses should receive a loan. According to one key informant, 95% of local businesses that request a loan do not have or bring the necessary documents (e.g., business registration, financial statements, credit history, indicators of past performance, earning projections, business plans, etc...) required to obtain credit.

A good portion of suppliers lack the technical knowledge necessary to effectively apply for loans. In addition to not bringing the requisite documents, other common problems include a lack of adequate collateral and a negative credit history. For example, many suppliers do not know that if they have an overdraft with one bank, it is registered with the Central Bank and other banks will have access to that information.

Overall, suppliers need to be more proactive when applying for finance. By taking simple steps, such as talking to a banker before applying in order to understand the process, creating a checklist of required

⁶⁵ Only 23 suppliers in the manufacturing sector responded to this question.

⁶⁶ Only 24 suppliers in the office furniture, equipment and supplies sector responded to this question.

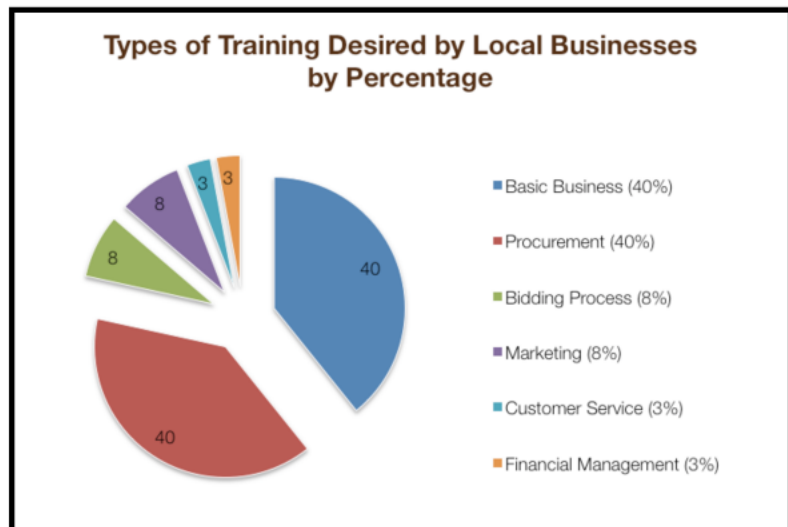
⁶⁷ Some buyers say they find it particularly frustrating when such requests are made after a contract has been signed.

documents and collateral before submitting an application and requesting feedback on an unsuccessful application(s), suppliers can improve their likelihood of obtaining credit in the future.

Training

Both buyers and suppliers note the continued need for training among local businesses. Buyers cite business training as a key reason for improvement among local suppliers. However, the majority of suppliers (71%) have not attended trainings aimed at strengthening their businesses. Just over a quarter of businesses surveyed attended one to three training events, with less than 3% attending more than three events.

When asked what types of training might be beneficial, suppliers most often cite training on basic business management (40%) and procurement (40%). Suppliers also say they would like to receive training on bidding processes (8%), marketing (8%), customer service (3%) and financial management (3%).⁶⁸



The top responses that buyers gave when asked what type of training would better enable suppliers to win more of their tenders are as follows: basic business management (28%); procurement (23%); financial management, which includes training on how to access finance (13%); specialized, buyer-specific procurement procedures (11%) and customer service (11%) training.⁶⁹

Buyer anecdotes and impact surveys conducted during SMI-L training indicate that suppliers enter training with a lack of deep awareness about a host of business-related issues, including the bidding process, buyers' delivery expectations, customer service and quality of goods and services.

Because of this, suppliers tend to be over-confident about their own abilities and overstate their capacities. Several buyers say there is a clear gap in what buyers expect and what local suppliers think is expected of them. Local businesses confirm this as well. Despite initially stating that they were fairly or quite adept on various business-related subject matters, in post-training surveys they later comment on how little they knew prior to the training.

Local Businesses have Limited Contract-Based Clientele

The majority of local businesses operate out of store fronts, on a cash-basis. This limits their access to large-scale national and international customers and clients, who predominantly work on a contract-basis. Winning contracts with international and large domestic buyers remains an on-going challenge for most local businesses.

⁶⁸ Some suppliers gave multiple responses to this question.

⁶⁹ This list of responses is not exhaustive of those that were given.

Over the past six months, only 34% of surveyed businesses have obtained contracts with international customers and clients, leaving the majority of suppliers (66%) with no international clientele. However, it should be noted that a sizable portion of MSMEs verified by SMI-L do not intend on bidding on contracts from international customers and clients. Of those businesses that did obtain contracts with international customers and clients, most (68%) went on to win additional contracts with international customers and clients.

The numbers are slightly higher when suppliers were asked about contracts with domestic entities. Just under half (45%) report they obtained one or more domestic contracts in the last six months. Of this 45%, however, 82% obtained multiple contracts and over half won more than four contracts in six months.

There is a strong correlation between being able to win one contract and subsequently winning many more contracts. As suppliers build their customer and client list, they are better able to successfully access additional domestic and international clientele.

Supplier Success Story: Training Leads to Contracts, Jobs and Expansion

In 2009, Friday Ojo began Kum-Jo International Enterprises, which collects and sells scrap metal to local businesses. He wanted to expand his business and appeal to bigger, international companies, so he enrolled in SMI-L's general procurement training. As a result of the training, Mr. Ojo knows "how to talk to people, how to build relationships and [his] business, and how to write a business proposal."

Kum-Jo subsequently won three contracts over several months, which Mr. Ojo accredits to SMI-L's training. Mr. Ojo used profits from those contracts to expand his business and hire six more employees. Most recently, two international companies found Mr. Ojo through SMI-L's Supplier Directory and requested 18 tons of scraps each. Mr. Ojo's entrepreneurial spirit is far from satiated. In order to expand his office in Nimba, Mr. Ojo plans on sending two staff members in the branch office to the next SMI-L general procurement training.

"Before I employed people...they would come to me for food. I wanted to give them more than food. I wanted to give them a job," said Mr. Ojo. His staff members collect empty soda cans and broken plastic chairs, tubs and containers, which are ubiquitous in Monrovia. They turn other people's trash into profits, and as a result, they can support their families.

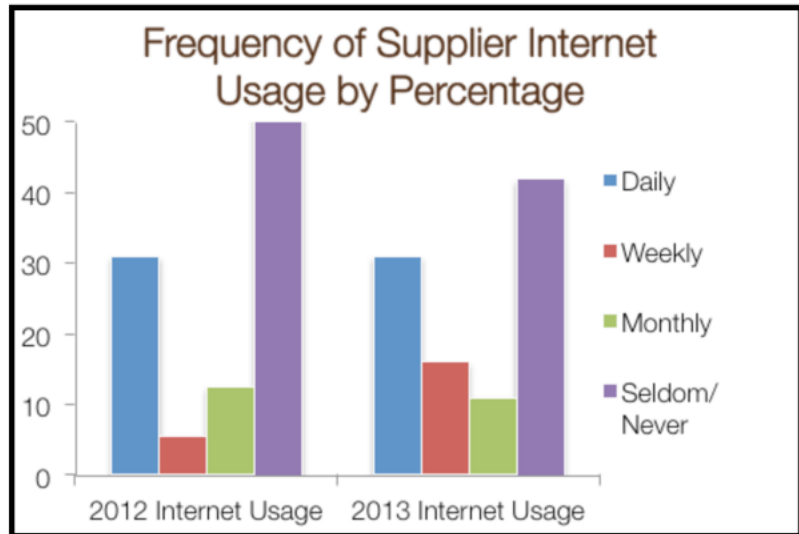


Friday Ojo, owner of Kum-Jo International Enterprises, standing in front of spare parts that he and his staff gathered. Kum-Jo won three contracts worth \$21,000 after receiving SMI-L training.

Photo credit: Bill E. Diggs/Building Markets.

Improved Internet Usage

Internet access remains an obstacle in Liberia due to the limited telecommunications infrastructure, particularly outside of Monrovia. Nevertheless, local businesses report increased levels of Internet usage since 2012. Those using the Internet daily remained constant (31%), but usage increased among suppliers who report accessing the Internet once a week (6% in 2012, compared to 16% in 2013). Similarly, those suppliers who report using the Internet seldom or never dropped from 51% in 2012 to 42% in 2013.



Internet usage rates among suppliers increased despite SMI-L expanding its listing of suppliers to more rural areas, where access to the Internet is greatly limited. Increased usage is likely due to improved, albeit still limited, Internet infrastructure, especially in Monrovia, increased competition among cell phone service providers and suppliers better understanding the benefits to more frequent use.

Sharp Gap in Ability to Access Tender Notices

When polled on their ability to access tenders, suppliers appear to be sharply divided, with the majority split between two extremes. When asked if they are able to access available tenders easily, 33% strongly agree, 19% somewhat agree, 13% somewhat disagree and 35% strongly disagree.

This divide on access to tenders roughly correlates to the frequency with which suppliers check on available tenders, as a sizable minority of suppliers check on available tenders daily (35%), with 21% checking on tenders at least once a week, 13% checking at least once a month and 32% checking less than once a month. Suppliers who strongly agree with being “able to access tenders easily” are the most likely to check on tenders on a daily basis. Conversely, suppliers who strongly disagree with being “able to access tenders easily” are least likely to check tenders on a daily basis.

Lack of information on open tenders remains a serious factor for suppliers working in Liberia. The biggest reason suppliers give for not bidding on tenders is lack of awareness of tender opportunities (43%), with an additional 6% of suppliers who say they do not understand the bidding process. For those suppliers who cite a lack of awareness, many of them access the Internet on a less-than-monthly basis. In particular, lack of access to tenders is an issue in rural areas, where suppliers have less access to the Internet and newspapers, which are where most buyers publish tender notifications. Other responses suppliers give for not bidding on tender notifications are: the tenders are not applicable to the supplier’s business (12%) and the supplier has unsuitable qualifications to win the tender (10%).

The Buyer Perspective on Procurement

SMI-L staff members interviewed 39 buyers about their procurement practices and interactions with local businesses. As discussed earlier, there is a clear divide between buyer expectations and supplier understanding of the procurement process. This section aims to explain buyers’ procurement areas and practices as a way to bridge this knowledge gap. The most commonly cited weaknesses highlighted by

buyers about local suppliers are poor customer service (38%), poor quality of goods and/or services (35%), general lack of capacity (16%), delayed delivery time (14%) and limited quantity (11%).⁷⁰

Buyer Success Story: UNICEF Specialized Training



Mohindra Kumar of UNICEF peruses SMI-L's website for local suppliers.

Photo credit: Morgan Ashenfelter/Building Markets.

Building relationships between buyers and local suppliers is not easy. Often small mistakes disqualify local suppliers' bids on tender opportunities. "One basic problem we see is suppliers don't fill out [a mandatory form] correctly. They leave it blank because suppliers aren't familiar with it," said Mohindra Kumar, Supply Specialist at UNICEF.

These oversights led UNICEF to partner with SMI-L to develop a specialized training to teach UNICEF's pre-qualified suppliers how to successfully bid on UNICEF

tenders. "This training allowed me, for the first time, to meet all potential suppliers in one room," said Mr. Kumar. He intends to conduct regular training sessions with SMI-L to further engage local businesses. Mr. Kumar said questions from suppliers led him to improve UNICEF's procedures. For example, following suppliers' suggestions, UNICEF plans to communicate mistakes made in the bidding process to suppliers who make repeated errors, in order to help them improve. "We should communicate that. We are going to start doing that this year," Mr. Kumar relayed.

The training has already had an impact over a short period of time. UNICEF procurement personnel report that suppliers trained at SMI-L's specialized training have submitted higher quality bids. In the end, Kumar stressed that when building relationships with suppliers. "[It] isn't just about building markets, it's about building trust...I thank Building Markets for not only providing training but building trust between UNICEF and suppliers in Liberia," Kumar said.

Overall Buyer Procurement Trends

Buyers procure across myriad sectors, with the average buyer procuring in more than eight sectors. Overall, buyers most commonly procure in the areas of construction and renovation (73%); office furniture, equipment, and supplies (68%); food and beverages (54%); printing and copying (54%); automotive (49%); information technology services and equipment (46%); transportation, logistics, and courier services (41%) and telecommunication services and equipment (41%). When discussing local procurement specifically, buyers most often purchased the following goods and services from local businesses: office supplies and furniture (60%), fuel (49%), food and beverages (31%), construction (35%), transportation (14%), household and industrial services (14%), automobiles or automobile parts

⁷⁰ Some buyers gave multiple responses to this question.

(9%) and printing and copying (9%). Buyer procurement trends are largely aligned with the major sectors in which local businesses operate.

Buying local is a part of almost half (41%) of buyers' mandates and almost every organization reported a preference to buy local when reasonable to do so. Nonetheless, buyers are often constrained by their internal policies governing procurement, so procurement officers do not always have the leeway to buy local. Eighty-one percent of buyers surveyed work off a formal procurement plan, with the bulk of their procurement done through a formal, pre-planned process, usually organized on a yearly basis.

While most buyers conduct the majority of their procurement formally, all but 16% also need to do unplanned or ad-hoc procurement. Accordingly, even if suppliers are not part of a buyer's formal procurement plan, 84% of buyers say they still have an opportunity to compete. Unplanned procurement happens rather frequently among buyers, with 32% saying they do ad-hoc procurement weekly, 24% on a monthly basis and 11% do it quarterly.

Most buyers (57%) have a separate procurement process for local procurement. Local procurement procedures are typically less regimented and give procurement officers more flexibility when sourcing locally (i.e., buyers may not need a minimum number of bids and/or can consider factors other than price).

Giving Notice for Procurement

In terms of publishing tender notifications, the largest percentage of buyers (34%) publish on a monthly basis, another 22% published quarterly and another sizable number (28%) published tender notifications once per year or less. Buyers predominantly use newspapers (57%) and the Internet (27%) to announce their procurement needs. Of the 27% of buyers who publish tender notifications online, 40% send email notifications, 30% publish notifications on the United Nations' website and 30% use the LINGO website, an association of international NGOs working in Liberia. One-third of buyers give a two-week buffer between when they post the tender notification and when it is due; other common responses are that 17% of buyers give one week, 17% give two to three weeks and 17% give a one-month time allotment.

Half of the buyers say that they need a minimum of three responses for each tender notification, which is fairly typical among international buyers. The largest minority of buyers (35%) say they usually receive 3 to 4 bids per tender announcement, with 20% reporting they receive 5 to 10 and another 20% indicating they receive between 15 and 20.

Buyer Interactions with Suppliers

Just over half of the buyers surveyed (54%) think they receive competitively priced proposals from local businesses and about half (51%) report that they think the information in those proposals is "sufficient and honest." However, buyers are concerned with more than price when making procurement decisions. Nearly two-thirds (64%) of buyers say they would choose a local supplier even if it is more expensive because procuring locally significantly cuts their supply chain and minimizes costs associated with importing. Buyers repeatedly cite that they want goods and services quickly and when talking about produce, they want it fresh. Local suppliers are inherently situated to provide the fastest turn-around on procurement.

More buyers than not (57%) have a preferred vendors list or vendors they go to first when procuring for certain items. Half of the buyers say that they also have a vendor black list, or a list of vendors with whom they will no longer do business. When asked two separate questions about their experiences of interacting with local businesses, most buyers (81%) report having good interactions, whereas 59% say they have had negative interactions. Positive interactions often lead to buyers being more willing to re-engage specific suppliers, place suppliers on a preferred vendor list and liberalize their opinions in general about local procurement. In contrast, negative interactions lead to buyers needing more

oversight in the local procurement process, black-listing a specific supplier and being generally less willing to procure within Liberia.

These figures indicate that buyers consider more than price when deciding with whom they procure and that they remember suppliers. Buyers report that good interactions with suppliers would lead to more business, which is ultimately more profitable for local businesses. Suppliers need to be cognizant of the relationships they are forming with buyers and foster initial dealings that can facilitate long-term business relationships.

Impact of Local Procurement on Local Businesses

SMI-L examined the impact of 35 contracts facilitated via its services in order to better understand the economic impact of local procurement and highlight the profound effects that ODA and FDI can have when local suppliers are part of the supply chains of international organizations and multinational corporations. (See Annex 8 for the complete Supplier Job and Impact Survey.)

Supplier Success Story: SMI-L Boosts a Carpentry Business

Daniel Scott has come a long way since he and his cousins inherited a carpentry business from his father in 2006, shortly after the conclusion of the war. At the time, Mr. Scott was in school studying building construction and engineering. In 2007, Mr. Scott branched out on his own and founded Scott's Industrial Construction.



Employees at Scott's Industrial Construction making benches for Save the Children. Scott's Industrial won three contracts because of SMI-L's Training and Tender Distribution Service, which has led to more contracts, business reinvestment and job creation.

Photo credit: Sando Moore/Building Markets.

Through SMI-L's tender distribution service, Mr. Scott receives tender alerts via SMS and email. Also, Mr. Scott attended several SMI-L training sessions, including general procurement, financial management, and a specialized UNICEF training for pre-qualified suppliers.

Since receiving training and tender alerts, Mr. Scott has won three contracts. The first contract, with Project Concern International (PCI), an international NGO, for school blackboards led to a second contract for writing slates. Scott's Industrial Construction now does regular work for PCI. Mr. Scott won an additional contract with UNDP for furniture. Through SMI-L interventions, Mr. Scott boosted his

business by streamlining operations, reducing overhead, providing more staff benefits and creating a total of 12 jobs. Mr. Scott plans on expanding Scott's Industrial Construction further and hiring more people, including an accountant. According to Mr. Scott, "Contracts [facilitated by SMI-L] did a lot: at the time, I leased my building; through the contracts, we purchased the place."

The contracts generated significant employment opportunities, most of which were for skilled laborers. The 35 contracts that were examined represent a total value of \$3,282,314, ranging from \$414 to \$1,080,000. These contracts created 442 full-time and 185 part-time jobs, for the duration of the contract; the total yearly full-time equivalent (FTE)⁷¹ number of jobs created is 411.⁷² The average contract lasted 68 working days, was worth \$93,780, and led to 13 full-time and 5 part-time jobs.

The 35 contracts that were reviewed include 23 unique suppliers, which SMI-L chose because they were the first ones confirmed. The contracts cover the following sectors: construction and renovation (9), automotive (6), handicrafts and artisans (6), information technology services and equipment (4), printing and copying (4), household and industrial services (3), transportation logistics and courier services (2) and wholesale (1).⁷³

The impact of local procurement continues beyond the life of the contract. The initial contract led to either a follow-on contract or a referral that led to a follow-on contract 71% of the time. As a result of the contract, 91% of suppliers reinvested in their businesses in various ways, including making purchases for the business, providing training or other benefits to staff and/or expanding their services. These numbers indicate that contracts won by local suppliers lead to local job creation, additional contract opportunities, and businesses re-investing in their material and human resources.

As noted earlier, the overall percentage of business expenditures that went to salaries decreased from 11% to 9% over the past year. However, when comparing overall supplier data with the businesses that won contracts with the help of SMI-L services, this figure jumps from 9% to 16%. This increase (at least in this sample, which is disproportionately weighted in favor of construction-related sectors) indicates that increased local procurement leads to increased wages among local businesses.

CHALLENGES, OPPORTUNITIES AND RECOMMENDATIONS

The majority of buyers (70%) report that suppliers' delivery of services and goods are slowly but steadily improving. Buyers credit the following factors for bringing about improvements: local suppliers are proactively taking the necessary steps to better themselves (21%); donor and NGO-led initiatives (15%); improved infrastructure, particularly regarding access to finance and the Internet (13%); long-term stability within Liberia (11%); competition (11%); more business experience (9%); training (8%) and initiatives taken by the Government of Liberia (8%). Though the Liberian economy and its businesses continue to improve, local businesses and buyers report there are many challenges. With these, come opportunities for further improvement and growth.

Challenges

Despite the marked improvements made over the past year, major challenges for buyers and suppliers persist. According to buyers, the main challenges faced by suppliers are lack of access to finance (27%), weak infrastructure (15%), lack of exposure to customer service (15%) and an overall lack of basic business understanding (12%).

Buyers, suppliers and outside observers all state that the lack of access to finance is a serious obstacle to growth. There is an overall lack of money to lend, and when obtainable, MSMEs can typically only

71 SMI-L calculates FTE by multiplying the number of jobs created and the duration of the contract then dividing by 264, which is an average of 22 working days per month multiplied by 12 months.

72 Two contracts are still ongoing, so the job numbers are not final.

73 SMI-L intends to conduct surveys on the impact of all of the contracts facilitated through its services. The 35 contracts analyzed in this sample represent the first surveys to be conducted.

acquire loans for a period of less than 24 months. Moreover, local businesses tend to lack familiarity with lending processes and do not submit the necessary paperwork when applying for loans, which serves as an automatic disqualifier.

Years of war have affected local businesses in various ways. As noted above, the lack of power and transportation infrastructure hampers business for both buyers and suppliers. In addition, there is a general shortage of skilled professionals due to the 14-year gap in education and the exodus of skilled professionals during the crisis. Multiple buyers report they have resorted to expatriate employment due to the lack of qualified local applicants.

While it appears less endemic than in 2012, corruption remains an issue that more than one-third of buyers deal with when procuring locally and serves as a disincentive for potential investors. When importing goods, several buyers have spoken of extensive corruption within the port authority. Suppliers report facing corruption on many levels from illegal tolls levied when traveling to paying unofficial fees to obtain loans.

Lack of access to credit, education gaps and corruption are major issues that will challenge Liberia for the long-term and will likely need further donor, investor and government-led interventions.

Opportunities and Recommendations

Along with these challenges, there are many opportunities to strengthen the Liberian economy. SMI-L offers several recommendations for buyers, suppliers and the Government of Liberia in order to seize these opportunities for additional economic growth.

Numerous buyers note a gradual shift in the mind-set of local businesses from a short-term, one-off attempt at profit maximization to a long-term customer service-oriented business model. As business development continues in Liberia and customer-client relationships continue to grow, suppliers are slowly moving from providing less or charging more to providing quality and value for money to establish long-term relationships. With this evolution in suppliers' attitudes, the groundwork for a competitive economy is slowly being established.

However, the benefits of a long-term relationship are not readily apparent to all suppliers. Several buyers have talked extensively about how their mentoring of local businesses is crucial in creating this understanding. Mentoring results in overall stronger business practices, better access to resources and improved supplier knowledge of what is expected of them. Similarly, local businesses are often thirsty for feedback, particularly regarding failed bids. The procurement process can be tedious for all parties, but it can be particularly daunting for small local businesses that do not have much, if any, experience with formal procurement. Feedback encourages suppliers to try again, improves their applications, builds capacity and ultimately, enables more suppliers to be part of buyer supply chains.

As previously noted, internal changes made by local suppliers to their businesses are the primary reason for recent gains. Suppliers should continue to be proactive in making self-improvements. Local businesses still have further to go, particularly with regard to loan applications, bidding on tenders and maintaining business records. Suppliers can more effectively navigate formal processes by talking with relevant personnel, such as procurement officers (when allowable) or bankers, before submission of documents in order to fully understand expectations and requirements. Further, if suppliers find that they are unsuccessful, they should ask buyers or banks why they did not win tenders or receive a loan. Local business managers should, in turn, facilitate internal discussion on the lessons learned from bidding, loan applications and contract delivery to improve their operations.

Both banks and buyers can take steps to alleviate issues related to accessing finance that local businesses face. Lending institutions should devise and circulate a checklist of necessary documents and collateral required by the lender to streamline and aid the process for suppliers who are unfamiliar

with such procedures. Buyers should consider offering pre-financing for part or all of the contracts issued to local suppliers. Multiple suppliers cite lack of cash flow as a reason for not bidding on contracts, even though they otherwise have the necessary skills and capacity to fulfill the contract.

One supplier notes that a particular buyer pre-finances 50% of the cost of their contracts. Without pre-financing, she could not complete the contract, but with it “[Fulfilling the contract] became easy for us, and we could deliver on-time.” On the other side of the supply chain, suppliers should explain their pre-financing needs before entering into a contract with a buyer, as buyers report specific frustrations with unexpected pre-financing demands, which leads them to being less willing to re-engage with those suppliers again.

Suppliers complain about inefficiencies in the government’s pre-financing process, including delays in payment and the involvement of multiple agencies. One supplier reports that, “The process of getting money is a headache. I have to go from one office to another, and then they will take tax out of the contract.” Another supplier echoes this sentiment, saying that. “Working for the government is difficult because of the very long time it takes to get [pre-financing].” Thus, the government may wish to look at its pre-financing process. Although the government assists suppliers in performing their contractual obligations, suppliers report the process is unduly complicated and time consuming.

Because buyers commonly cite lack of quantity as an impediment to increased local procurement, another recommendation for the government is to offer additional initiatives aimed at bringing small businesses together in order to enhance their capacities. There are very few joint ventures, cooperatives and other business teaming activities in Liberia. Joint ventures, where suppliers across sectors come together to bid on and complete contracts, would enable local businesses to perform better on complex tender notices and contracts that they could not achieve independently. As such, suppliers should also consider forming joint ventures on a pre-emptive basis.

According to 2011 figures, there are only 108 active cooperatives in Liberia, with an additional 116 inactively registered cooperatives.⁷⁴ Cooperatives and business teaming, particularly within the agriculture and textile industries, where there are many informal and formal small-scale enterprises, would help address issues related to lack of quantity.

More cooperatives with enhanced capacities would have the ability to purchase inputs (e.g., seeds in the agricultural sector) on behalf of its members. Also, cooperatives are better poised to afford the machinery and technology needed to offer higher quality goods and services. In the agricultural sector, for example, a cooperative is more able to afford food processing machines and storage facilities than an individual farmer. After the government gave the carpentry union a wood finishing machine, those working in this sector joined together to mutually benefit from use of the machine, given that such resources were otherwise scarce. Perhaps, offering machinery/technology to established professional organizations is one way to encourage cooperatives.

The government might consider streamlining the process for registering as a cooperative and doing traveling registration clinics throughout the counties in order to encourage the formation of more cooperatives, as cooperative registration occurs only in Monrovia as of now. The government should also think about creating incentives aimed at fostering joint ventures.

74 Cooperative Development Agency/ Société de Coopération pour le Développement International (April 2011). Cooperative Data & Analysis, Quebec: Cooperative Development Agency/ Société de Coopération pour le Développement International.

CONCLUSION

As a result of Government of Liberia-led initiatives, along with reports from both suppliers and buyers on improvements in local capacity, there is a general sense of optimism regarding the Liberian economic climate and the future of the country as a whole. SMI-L data shows that increased local procurement has had a sizable economic impact on Liberia and its MSMEs over the past year. Data drawn from 35 contracts facilitated by SMI-L services indicates that on average, one contract given to a local company creates a total of 18 predominantly skilled jobs, leads to reinvestment within the business 91% of the time and establishes a relationship with a buyer(s) that leads to follow-on contracts in 71% of cases. Local suppliers are making larger contributions to the Liberian economy than they were in 2012, and they are currently spending nearly 80% of their money on domestically sourced goods, services and salaries.

The demographics of local businesses have changed, too. While businesses remain small in size and annual turnover, they report increased opportunities to access credit, more frequent Internet use and greater female representation than in 2012. Monrovia and its nearby areas continue to serve as the business nucleus of Liberia with over 80% of verified businesses based there. Less than 2% of verified businesses work in agriculture despite accounting for 72% of GDP, which indicates a largely informal sector. Local suppliers and buyers alike report that key challenges hamper local business development and overall economic expansion, including inaccessibility to finance, weak infrastructure, no exposure to customer service and lack of basic business understanding.

Buyers list several key weaknesses that persist among local businesses, including poor customer service, poor quality of goods or services, a general lack of capacity and delayed delivery time. However, nearly three-quarters of buyers believe that local businesses have recently improved, which they attribute to proactive measures taken by suppliers, international influences, improved infrastructure, continued stability, increased competition, training and myriad efforts made by the government. Going forward, buyers and suppliers should be more proactive and forthright with one another to increase understanding and promote long-term business relationships that benefit all involved parties. As buyers and suppliers continue to form and sustain relationships, local businesses will create more jobs, develop new skills and further mobilize the Liberian economy.



Abraham Toure works for Soulemane Silla Carpenters, which won two contracts through SMI-L's Matchmaking service. As a result, the owner, Mr. Silla hired and trained 15 permanent employees and expanded his business.

Photo credit: Morgan Ashenfelter/Building Markets.

ANNEX I: BUILDING MARKETS' SMI-L SERVICES

SMI-L focuses more heavily on high-demand sectors in order to have the greatest impact possible over the life of the project. SMI-L is working toward forming partnerships with local entities so they can continue SMI-L's activities in the future. SMI-L activities are listed below with additional information available online at <http://liberia.buildingmarkets.org>.

Online Supplier Directory and Business Verification: The supplier directory provides buyers based in Liberia with information on local businesses. The directory is searchable by sector and location. It is accessible through the Liberia Business Portal (<http://liberia.buildingmarkets.org>). Businesses profiled on the directory are verified by SMI-L staff through on-site interviews. Firms are re-verified every six months to maintain the integrity and utility of the data.

Matchmaking: SMI-L staff members facilitate linkages between local suppliers and buyers based on specific requests, matchmaking reports, events and other outreach.

Tender Distribution Service (TDS): SMI-L staff members collect tender announcements and other business opportunities and distribute them to local companies. TDS disseminates information on its online tender directory (<http://liberia.buildingmarkets.org/tenders>), by email, short message service (SMS) and at the SMI-L office.

Training: SMI-L staff members provide targeted training to local suppliers and buyers in order to improve local business capacity. SMI-L staff members facilitate seminars, technical training and other information sharing events.

Market Research: SMI-L staff members use information gathered through verification and other services to analyze the composition of local MSMEs, buyers and the economy at large. SMI-L staff members also undertake regular surveys to monitor how local procurement affects job creation and spending in the local economy.

Communications and Advocacy: SMI-L promotes the local economy via a "Buy Local, Build Liberia" campaign to promote local procurement through a change in policy or procedure, promotional events and other marketing opportunities.

ANNEX 2: METHODOLOGY

The data presented in this report is based on verification data collected from 2,052 businesses that are included in the online directory, key informant interviews, unstructured interviews and several surveys: 1) a Survey to Local Businesses; 2) a Baseline Buyer Survey in 2011-2012; 3) a Follow-On Buyer Survey in 2013 and 4) a Supplier Job Creation and Impact Survey, evaluating the extent to which 35 contracts won by local suppliers led to temporary job creation and re-investment in or expansion of the business.

The report also cross-references data received from the Liberian Business Registry (LBR) on April 16, 2013, which was, at the time, a current listing of all registered businesses in Liberia. The LBR includes the following details for each business: entity type, primary sector, location and employees.

Survey to Local Businesses

Administering the Verification Data

SMI-L requires businesses to complete a verification questionnaire to be in the Supplier Directory. The completed verification questionnaire must then be signed in order to confirm that the information provided is accurate and that there is agreement that the information can be published on the online directory.

Businesses are also asked to complete a baseline survey. This survey is optional, and the information given remains anonymous. The baseline survey focuses on the experiences a business has with contracts, international clients, tenders and trends in the Liberian market. The purpose of this survey is to give SMI-L a baseline against which to measure its success and to analyze changes in the local market over time. Finally, businesses are asked to provide client references and branch office information. Each survey is conducted face-to-face by a member of the SMI-L Business Verification team with the owner, senior-level manager or another staff member with approval of the owner or manager.

Re-verification of businesses occurs six months after the initial verification. SMI-L staff members call previously verified businesses to update information listed on the online directory and ask about changes in the business over the past six months. Re-verification is a mandatory process if businesses wish to stay on the Supplier Directory. However, questions asked during re-verification are not mandatory and suppliers can opt out of answering any of the questions.

Sample Size and Response Rate

As of April 11, 2013, SMI-L has verified 2,052 businesses. This represents over 25.8% of the 7,948 for-profit local businesses that are registered with the Liberian Business Registry as of April 2013. Of these 2,052 businesses, 1,901 participated in the baseline survey (93% of the total).

Analysis of variation in characteristics of suppliers by sector focuses on those sectors that contain 25 or more local businesses. Sectors with fewer than 25 businesses are not analyzed because they are too small to be representative. Inclusion of these sectors would also make the current sample vulnerable to outliers that would skew norms and averages.⁷⁵

Sources of Error

Lack of Formal Business Records

Businesses often do not keep formal business records of past transactions and respondents can be

⁷⁵ SMI-L categorizes businesses according to the 26 sectors listed in Annex 10. Five sectors had less than 25 businesses: financial and legal services; laundry and dry cleaning; oil, coal, fuels and natural gas; scientific services and telecommunication services and equipment.

unable to estimate certain figures. This is particularly the case when asking businesses to allocate their expenditures, distribution of contracts and typical value of contracts. The accuracy of the responses to these questions is likely to be lower than for other questions.

Majority of Surveyed Businesses are in Monrovia

The majority of businesses surveyed by SMI-L are based in Montserrado County, but the percentage of businesses verified outside of Monrovia is not significantly lower (17%) than those recorded by the Liberian Business Registry (21%).

SMI-L aims to verify all registered businesses in Liberia that want to be in the Supplier Directory. The Business Verification team travels outside Monrovia on a regular basis. The team has conducted interviews with and verified businesses in the following counties: Bomi (29), Bong (87), Grand Bassa (99), Grand Cape Mount (57), Margibi (51) and Nimba (101).⁷⁶

Survey to Buyers

Administering the Surveys

SMI-L conducts surveys with major international and local buyers in Liberia to shed light on their experiences and perspectives on the capacity of the Liberian marketplace. These surveys aim to gain insights into the experience of procurement personnel in Liberia, organizational policies toward local and international procurement, and perceptions of the Liberian business environment. The surveys also contain questions about the extent to which, if any, buyers have utilized SMI-L's services and how SMI-L's services could be improved.

SMI-L staff members conduct the surveys either at the buyer's office, at Building Markets' office or over the phone. The surveys are structured and contain a mixture of open and close-ended questions. They contain questions and sub-questions that are asked only if the interviewee answers the questions in a particular way (e.g., for the question "Have you noticed a change in the capabilities of local companies with whom you have worked?" the sub-question "What do you think brought about this change?" is asked if the respondent says yes to the initial question).

Sources of Error

Medium Sample Size

The follow-on buyer survey includes data derived from 39 major buyers in Liberia, which is not a particularly large sample size. However, to counteract this, SMI-L interviewed procurement officers who represented a good cross-section of the buyers in Liberia. The buyers include multinational corporations, large local businesses, government entities, donors and international NGOs. The organizations ranged in size from small to large. (See Annex 7 for a list of organizations interviewed.)

Not All Buyers Participating in the Baseline Survey Participated in the Follow-On Survey

Due to scheduling challenges and staff turnover, not all of the buyers who participated in the baseline survey in 2011-2012 were interviewed for the follow-on buyer survey in 2013.

Reporting Bias

Survey respondents are likely to have a bias in favor of local procurement. SMI-L openly advocates for increased local procurement and so those willing to take part in surveys for SMI-L are more likely to support local procurement themselves. There is also a risk that respondents exaggerated their support for local procurement in their responses.

⁷⁶ While this report was being written, the Business Verification team also conducted verifications in Grand Gedeh, Lofa, Maryland and Sinoe counties, but those numbers are not included in this Market Overview Report's statistics.

Survey on Job Creation and Business Impact

Administering the Survey

SMI-L staff members completed 35 impact surveys with local suppliers who had won contracts via SMI-L services. Surveys are done on a contract basis and measure if the contract created temporary jobs, resulted in a follow-on contract and/or led the supplier to invest in the business as a result of the contract.

The survey is done in-person as a structured interview and contains open and close-ended questions. The survey contains questions and sub-questions that are only asked if the interviewee has answered the questions in a particular way (e.g., for the question “As a result of this contract, have you expanded any departments or services?” the sub-question “Which departments/services have expanded?” is asked if the respondent says yes to the initial question).

Sources of Error

Medium Sample Size

The survey only looked at 35 facilitated contracts, covering the following sectors: construction and renovation (9), automotive (6), handicrafts and artisans (6), information technology services and equipment (4), printing and copying (4), household and industrial services (3), transportation logistics and courier services (2) and wholesale (1). SMI-L chose these contracts because they were awarded first. They are not representative of all the contracts that have been facilitated. Since the sample is smaller and unrepresentative, the results should be interpreted as highlighting the experiences of particular suppliers when winning a contract and not as a generalization about all contracts won in Liberia.

ANNEX 3: SURVEY TO LOCAL BUSINESSES

Local Business Verification Questionnaire (number of businesses responding)
Trade name (2,052)
Registered name (2,052)
Description of goods/services (2,051)
Does the bank statement name match the business registration name? (1,995)
Complete head office address (2,052)
Office phone and/or mobile (2,049)
Office fax (835)
Website (507)
E-mail Address (1,313)
Office hours (2,045)
Sectors/Subsectors (2,052)
Structure of business (2,049)
Primary owner(s) (2,051)
Ownership (nationality, gender, percentage of ownership) (2,050)
Operating Since (2,051)
Registered Since (1,856)
Previous company name(s) (1,004)
Female-Owned (2,049)
Female-Managed (2,048)
What is the primary challenge that prevents your business from importing more? (2,009)
Exact number of employees (2,052)
Percentage breakdown of staff by gender (2,052)
Percentage breakdown of staff by nationality (2,052)
Languages spoken (2,048)
Is this business a wholly-owned subsidiary of another business? (1,924)
Is this business the sole owner of any subsidiaries? (1,863)
Mode of payment accepted (2,052)
Can you provide a bank guarantee? (1,997)
Business registration with what government entity? (2,052)

Business registration number (2,052)
Licenses held (1,077)
Certifications held (1,089)
Association memberships (676)
Specialized training completed (1,179)
Counties company can operate in? (2,051)
Have you ever received a formal loan (not from family or friends)? (1,710)
Loans (From whom? How much? How did you spend it?) (521)
Do you import? (2,030)
What percentage of your expenditure is on imported goods? (1,989)
Percentage of local production? (1,994)
What do you import, and where do you import it from? (793)
Turn-over (sales) last year? (1,011)
Branch office contact details (2,034)
Client reference details (1,164)

Local Business Baseline Questionnaire (number of businesses responding)
How do you usually secure work with international clients? (1,160)
What is the biggest problem with finding tenders? (572)
What is the biggest obstacle to doing business with international entities? (1,710)
How often do you access the Internet for business purposes? (1,855)
Would you like more international clients? (1,871)
What is the typical value of these contracts over the last six months? (1,377)
Have you ever responded to a tender or submitted a bid? (1,883)
Have you ever had an international client? (883)
How often do you check for available tenders? (1,099)
In the next six months do you expect the number of people you employ to... Increase, Decrease, Stay the same, Don't know? (1,870)
If your business could get a loan from a bank, would you want one? (1,577)
Loan (What would you spend it on? How much?) (1,216)
Are you bidding on tenders now or planning to bid on tenders in the future? (1,845)
Why do you think you do not get more international clients? (1,696)

Where do you find tenders? How do you locate them? (579)
What type of training would most help your business win contracts with international businesses, NGOs or government? (1,736)
Have you received any services from organizations trying to help enterprises? (1,165)
In the next six months do you expect your profits to... Increase, Decrease, Stay the same, Don't know? (1,869)
How many training sessions to improve your business have you attended? (1,824)
How many larger clients or contracts have you had in the last six months? (National, International, Export) (1,433)
How many tenders have you bid on in the last six months? (542)
Do you think international entities represent a good business opportunity for local businesses? (1,860)
How many tenders from national or international buyers have you won in the last six months? (539)
What percent of your contracts are... New national clients, Repeat national clients, New international clients, Repeat international clients? (1,463)
What is the primary reason that you do not bid on all relevant tenders? (1,822)
If you have attempted to bid on tenders but not won the contract, what is the primary reason for this? (518)
What are the biggest challenges facing your business in the next six months? (Rate top three choices) (1,734)
<p>Please rate the extent to which you agree or disagree with the following statements about your understanding of the procurement process. (1,098)</p> <ol style="list-style-type: none"> a. I am able to access available tenders easily b. The ability to quickly access tenders is crucial to the success of my business c. I have enough time to complete a strong bid after receiving tenders d. I am able to complete the necessary forms to submit tenders e. I understand what information buyers require in a tender document f. I am able to provide the information buyers require in a tender document g. Overall, I understand buyer procurement procedures

ANNEX 4: BUYER BASELINE SURVEY 2011-2012

Buyer Baseline Survey 2011-2012
What are the principle goods and services that you procure for your organization? What are their country(ies) of origin?
Does your operation work from a supply chain plan? Do you work off a formal procurement plan?
Can you describe any positive experiences that you have had procuring with local suppliers?
Can you describe any negative experiences that you have had procuring from local suppliers?
Do you have a preferred vendor list?
How do suppliers get added to this list?
Do you have a blacklist for poorly performing vendors?
How do suppliers get added to this list?
What goods and services do you think could be provided locally that you are not currently procuring?
Are you familiar with SMI-L? If yes, how did you learn about SMI-L?
Does your organization have any commitments to buy locally? If so, please explain.
Are you able to give price preference to local vendors because it shortens your supply chain?
What type of training would enable suppliers in Liberia to win more of your tenders?
What business or technical skills do the companies you work with need improvement?
In general, do suppliers in Liberia have any advantage over foreign competitors?
Generally, do you think you receive competitively priced proposals from local businesses? If no, why not?
Generally, do you think that you receive sufficient and honest information from local businesses?
What procurement policy do you follow? What requirements, guidelines or restrictions govern your procurement? [Can SMI-L have a copy of this policy?]
In general, what weaknesses do suppliers in Liberia have compared to foreign competitors?
Has your organization had to deal with issues of corruption when procuring from local suppliers?
If yes, how has your organization responded to perceived or actual cases of supplier corruption?
How often do you publish tender notifications? Which newspapers or other outlets do you use? How much time prior to the proposal deadline do you generally post a tender?

What is the minimum number of responses you need for a tender? How many responses do you typically get?
How do you go about finding information about local businesses?
How do you find local businesses to supply your procurement needs?
What are the principle goods and services that you buy locally?
(Only ask if buyer has sufficient experience in Liberia.) Have you noticed a change in the capabilities of local companies that you have worked with? If so, what do you think brought about this change?
Do you think that you have a good idea about the capacity of local businesses?
What are the key factors in determining whether or not a firm wins a proposal?
How often do you undertake ad hoc purchases or unanticipated/unplanned procurement of goods and services?
Can you describe any positive experiences that you have had procuring with local suppliers?

ANNEX 5: BUYERS PARTICIPATING IN THE BASELINE SURVEY 2011-2012

Arcelor Mittal – Liberia

BHP Billiton Liberia Iron Ore

Chevron Liberia Limited

Equatorial Palm Oil

Golden Veroleum Liberia

Odebrecht International - Liberia

TOTAL Liberia, Inc.

United Nations Development Programme

United Nations Mission in Liberia

ANNEX 6: FOLLOW-ON BUYER SURVEY 2013

Follow-On Buyer Survey 2013 (number of businesses responding)
How long has your organization been operating in Liberia? (36)
In general, what weaknesses and challenges do suppliers have compared to foreign competitors? (39)
Do you have any experience procuring in other developing countries? How does Liberia compare? (38)
In general, do suppliers in Liberia provide you with any advantage over foreign suppliers? What are the advantages? (38)
Do you work from a supply chain plan? (39)
Do you work off a formal procurement plan? (39)
How often do you undertake ad hoc purchases or unplanned/unanticipated procurement of goods and services? (39)
What procurement policy do you follow and what requirements, guidelines or restrictions govern your procurement? (39)
In which sectors do you procure? (39)
What are the principle procured international goods and services that you procure and their country (ies) of origin? (39)
Do you separate local and international procurement? What are your criteria for international contracts? What are your criteria for local contracts? (38)
What are the principle goods and services that you buy locally? What are the benefits to buying these goods and services locally? What are the greatest challenges to buying these goods and services locally? (38)
What goods and services do you think could be provided locally that you are not currently procuring? (39)
Why would you select an international supplier over a local supplier? (39)
Do you think you have a good idea about the capacity of local businesses? (38)
How do you go about finding information about local businesses? (38)
Does your organization have any commitments to buy locally? What are they? How do you find local businesses to supply your procurement needs? (39)
Are you able to give price preferences to local vendors because it shortens your supply chain? (38)
Has your organization had to deal with issues of corruption when procuring from local suppliers? How has your organization responded to perceived or actual cases of supplier corruption? (39)
Please describe any positive experiences you have had procuring with local suppliers. How has it changed the way you conducted local procurement? (39)
Please describe any negative experiences you have had procuring with local suppliers. How has it changed the way you conducted local procurement? (38)

What business or technical skills do local companies with which you work need for improvement? (38)
Have you noticed a change in the capabilities of local companies with whom you have worked? What do you think brought about this change? (39)
What factors do you consider when hiring local staff? (29)
What procedures/process do you follow when hiring local staff? (29)
Could your organization benefit from an internship program? How many interns? What kind of interns? (29)
Are you familiar with the Building Markets' SMI-L? How did you learn about Building Markets? (39)
Do you use SMI-L services as a standard part of your procurement procedure? Which service(s)? (34)
Have you ever used any SMI-L service? (29)
Have SMI-L services increased your local procurement? (23)
Have you changed your organization's policy or practice in regard to local procurement since working with SMI-L services? (22)
Have SMI-L services made your procurement more efficient? (22)
Have SMI-L services helped you save money on procurement? (22)
Have SMI-L services helped you reach organizational targets? (22)
Have you ever accessed the business portal? How frequently? Have you ever contacted a business that you found on the portal? Did it lead to a contract? How many contracts? What are the names of these suppliers and how much were the contracts? (39)
Have you incorporated the supplier directory as part of your procurement process? (14)
How accurate do you find the information on the supplier directory? (20)
Did the supplier directory help you source your goods and services locally? (20)
Do you think you would have had less local procurement without the supplier directory? (8)
Do you have any suggestions for improving the supplier directory or have any examples of how the directory has helped you? (21)
Have you ever used SMI-L's matchmaking service? (39)
How many times have you received a matchmaking report? Were the reports provided in a timely fashion? Were the businesses recommended relevant to your request? How many times have reports led to a contract with one of the recommended suppliers? Have you ever not used a recommended supplier? Why not? Have you awarded a contract through our matchmaking services? Which suppliers won a contract through matchmaking services and what were the amounts of the contracts? (18)
Have you ever attended a matchmaking event? Would you be willing to attend a matchmaking event? Did you find the matchmaking event you attended useful? Did it lead to a contract with a local business? Which supplier(s) won a contract(s) through the matchmaking event and how much was the contract(s)? Did the event you attended help you learn about businesses or products you didn't know about before? (18)

Would you have done less local procurement without matchmaking as a resource? (11)
Do you have suggestions for improving matchmaking or examples of any examples of how it has helped you? (16)
Generally, do you think you receive competitively priced proposals from local businesses? (36)
Generally, do you think you receive sufficient and honest information from local businesses? (36)
How frequently do you publish tender notifications? (35)
What outlets do you use to publish tender notifications? (36)
How much time prior to the proposal deadline do you generally post a tender? (34)
What is the minimum number of responses you need for a tender? (35)
How many responses do you typically get? (35)
Do you have a preferred vendor list? How do suppliers get added to the list? (36)
Do you have a blacklist for poorly performing vendors? How do suppliers get added to the list? (36)
Have you been sending us tenders through our Tender Distribution Service (TDS)? (36)
How many times have sending tenders to SMI-L led to a contract with a local business? (12)
Did businesses who bid tell you they found the tender through SMI-L? What is the name of the supplier(s) and contract amount(s) they won? (11)
Do you receive more local bids when you post tenders through SMI-L? (10)
Are those bids of higher quality when you post tenders through SMI-L? (10)
Are those bids better priced? (10)
Do you think you would have done less local procurement without TDS as a resource? (10)
Do you have suggestions for improving the TDS or have any examples of how the TDS helped you? (13)
In general, what types of training would enable suppliers in Liberia to win more of your tenders? (32)
Are you aware of SMI-L training events? (28)
Have you worked with any businesses that have been trained by SMI-L? (19)
Do you refer businesses to SMI-L training? (19)
Have you worked with any business that has received another type of useful training? (19)
Do you have suggestions for improving SMI-L training events or examples of how SMI-L training has helped you? (19)
Have you heard about Building Markets and the “Buy Local, Build Liberia” campaign? (39)
Do you know of our market research products, such as the Market Overview Report or the Buyer Tip Sheet? Did these help you learn more about the local marketplace? Did these help improve your local procurement? (31)
Are there any research products that you'd like to see implemented that would benefit your organization? (28)

Do you have suggestions for improving our market research or examples of how our market research has helped you? (30)

Do you use any other services that are similar to Building Markets? What are they? How do they compare? (39)

Is there anything else SMI-L could do in Liberia that it doesn't do currently? (39)

ANNEX 7: BUYERS PARTICIPATING IN THE FOLLOW-ON SURVEY 2013

ACDI-VOCA	National Commission on Disabilities
Adventist Development and Relief Agency	Oxfam International
Aureus Mining, Inc.	Peace Corps – Liberia
Association of Evangelicals – Tearfund	Project Concern International
BHP Billiton Liberia Iron Ore	Public Procurement and Concessions Commission
Business Start-up Centre Monrovia	Putu Iron Ore
The Cape Hotel	Right to Play
CHF International	The Royal Hotel
The Coca-Cola Company	Samaritan's Purse
Cocopa Rubber Plantation	Save the Children
Concern Worldwide	UNICEF
Ecohomes	United Nations Mission in Liberia
EQUIP – Liberia	United Nations World Food Programme
Hummingbird Resources	United States Agency for International Development (USAID)
Liberty Aviation	USAID's Food and Enterprise Development Program for Liberia
Mamba Point Hotel	Visions in Action
Medical Team International	Welt Hunger Hilfe
Mercy Corps	Winrock International
Ministry of Internal Affairs	World Health Organization
Ministry of Public Works	

ANNEX 8: SUPPLIER JOB CREATION AND IMPACT SURVEY

Supplier Job Creation and Impact Survey (number of businesses responding)
Company name: (35)
Contract code number: (34)
Business node number: (34)
Method that business won the contract: (34)
Date SMI-L learned of the contract: (35)
Estimated contract value (in USD): (35)
Female owned or managed? (35)
Buyer name: (35)
Brief description of the contract (what was the good or service provided?): (35)
Sector of contract: (35)
Date contact confirmed: (35)
Who confirmed the contract (buyer and/or supplier)? (35)
Actual date the contract was awarded: (35)
Start date of the contract: (35)
End date of the contract (if finished): (35)
Length of contract in days: (35)
Contract classification (e.g., fixed-term, instant purchase, long-term contract): (35)
Type of contract (initial contract between buyer and supplier, repeat contract and initial contract was facilitated by Building Markets, repeat contract and initial contract was not facilitated by Building Markets)? (35)
How essential was Building Markets in helping you win this contract? (35)
Did this contract lead to another contract with the same buyer or a referral to another buyer? (35)
How many total employees did you have before winning the contract? How many of those employees were full-time? How many of those employees were part-time? How many employees were male? Female? Skilled laborers? Unskilled laborers? (35)
How many full-time employees did you hire to work on the contract for the duration of the contract? How many of the new hires were male? Female? Skilled laborers? Unskilled laborers? (35)
How many new hires worked part-time on the contract or full-time, but for only part of the contract? How many of those new hires were male? How many were female? How many of those new hires were skilled laborers? How many were unskilled laborers? During an average week, how many hours did the average part-time employee work? (35)

Did you retain any full-time new hires? How many full-time new hires? How many of the new hires were male? Female? Skilled laborers? Unskilled laborers? (35)

Did you retain any part-time new hires? How many part-time new hires? How many of the new hires were male? Female? Skilled laborers? Unskilled laborers? (35)

As a result of this contract, have you purchased anything for your business, or do you plan to in the future? What have you purchased or what do you intend on purchasing? (35)

As a result of this contract, have you offered training or benefits to staff? What kind of training/benefits? (35)

As a result of this contract, have you expanded any departments or services? Which departments/services have expanded? (35)

How much of the contract was spent on salaries? (35)

Would Building Markets be able to contact you again to talk about the effect the contract has had on your business? (35)

ANNEX 9: SUPPLIERS PARTICIPATING IN THE JOB CREATION AND IMPACT SURVEY⁷⁷

African Book Story

Augustine Furniture Center

Bedrock Construction

Champion Liberia

Chinie Sanitation, Inc.

Crosswords

Diamond Communication Group

Efficient Logistic Services

Environmental Services

Graceland International

Kum-Jo International Enterprise

LIREMCO

Matelco, Inc.

Neiama Engineering Construction

Professional Services, Incorporated

Saife Printing Press

Salinco International

Scott's Industrial Construction, Inc.

Sea Rock Construction

Silver Heritage Liberia, Inc.

Soulemane Silla Carpenter Workshop

United Motor Corporation

Wonders, Inc.

⁷⁷ Several suppliers won multiple contracts and were interviewed about employment statistics for each individual contract: Bedrock Construction (2), Efficient Logistic Services (6), Salinco International (2), Scott's Industrial Construction, Inc. (3) and Soulemane Silla Carpenter Workshop (2).

ANNEX 10: LISTING OF SECTORS AND SUBSECTORS

Automotive: Bicycle and Motorcycle Sales, Rental and Repair; Car Sales, Maintenance, Parts, Repair and Rentals (Cars and Trucks); Trucks and Other Heavy Vehicles.

Business and Consulting Services: Advertising; Business Development and Support Services; Consulting; Education and Training; Employment Agencies; Events Planning; Finance and Administration Services; Human Resource and Recruitment; Marketing and Public Relations; Management Advisory Services.

Construction and Renovation: Architecture and Design; Bathroom, Kitchen Fittings and Pipes; Building Construction; Canalization, Bridge, Culvert; Cement, Concrete, Bricks and Wood; Construction Equipment, Rental and Sale; Containerized, Portable and Temporary Housing; Demolition; Electrical Components and Supplies; Electrical Installation; Foundations and Excavations; General Supply; Glass; Gravel, Sand, Earth, Stone; Hardware; Iron and Ironworks; Marble, Ceramic, Tiles and Mosaics; Material Testing; Metal Materials; Paint and Wallpaper; Plumbing and Piping; PVC Pipes; Renovations and Repairs; Road Construction; Sand, Gravel, Asphalt and Stone; Signage and Graphic Design; Steel; Water Supply and Irrigation; Welding; Windows, Doors and Insulation Materials; Wood and Timber.

Financial and Legal Services: Accounting; Banks; Currency Exchange; Legal Services; Money Transfer Services; Other Financial Institutions.

Food and Beverages: Alcohol; Beverages and Ice; Bread, Biscuits and Cereals; Canned Food; Containers and Storage; Dairy Products and Eggs; Dried Fruits and Nuts; Frozen and Refrigerated Foods; Grain Products; Ice Cream; Meat and Fish; Oil; Salt and Spices; Storage and Packaging Materials; Sweets and Sugar; Tea and Coffee; Tobacco; Vegetables and Fruits; Wheat and Flour.

Handicrafts and Artisans: Art Gallery; Artistic Metalwork; Arts, Crafts and Supplies; Bags and Purses; Carpets; Ceramics and Sculpture; Embroidery; Handmade Home Furnishings; Jewelry; Mats and Basketry; Non-Industrial Apparel Manufacturing, Clothing and Accessories; Painting, Portraiture and Murals; Screen Printing; Souvenirs; Textiles and Embroidery; Woodwork and Carving.

Health, Medicine, Recreation and Leisure: Books, Newspapers, Magazines, CDs and DVDs (Retail); Dental Services and Supplies; Gymnasiums, Fitness Centers and Health Clubs; Health Spas, Salons and Barbers; Hospitals, Health Care Clinics and Medical Practices; Medical Equipment; Medical Practices and Laboratory Services; Musical Equipment and Musical Recording Services; Oxygen and Nitrogen; Pharmaceuticals; Sport Equipment; Toys and Games.

Heavy Machinery/Equipment, Generators, A/C and Solar Panels: Air Conditioners and Maintenance; Generators and Parts; Extractive and Natural Resources and Quarrying Machinery; Oil and Gas Drilling and Exploration Equipment; Oil and Gas Operating and Production Equipment; Other Machinery; Repair and Maintenance (Generators); Solar Panels and Alternative Energy Solutions; Water Pumps.

Home Essentials: Apparel, Luggage and Personal Care Products; Electronic Equipment and Appliances; Garden, Planting or Maintenance Services; Home Accessories; Home Furnishings and Furniture; Household Appliances; Housewares; Kitchen and Bathroom Supplies; Mattresses, Bedding and Blankets; Tents and Camping Accessories.

Household and Industrial Services: Cleaning Supplies and Equipment; Household and Industrial Cleaning; Pest Control; Plumbing; Water and Waste Collection, Treatment and Management.

Information Technology Services and Equipment: Information Technology Equipment and Supplies; Information Technology Services and Repair; IT Training.

Laundry and Dry Cleaning: Laundry and Dry Cleaning Equipment, Services and Supplies.

Manufacturing: Apparel, Uniform and Textile Manufacturing (Industrial); Construction Materials Manufacturing; De-mining Materials Manufacturing; Furniture Manufacturing (Non-artisan); Glass and Bottle Manufacturing; Machine Manufacturing; Manufacturing Support Services; Metal and Mineral Processing; Military and Police Equipment Manufacturing; Paper Materials and Products; Rubber and Plastic Processing Machinery, Equipment and Supplies; Solvents, Glycols or Detergent Production Services; Wood and Paper Manufacturing.

Media and Communication: Audio/Video Presentation Equipment and Services; Newspapers/Magazines; Photographic Services; Production, Recording and Distribution Services; Radio; Television; Website Design and Internet Hosting.

Office Furniture, Equipment and Supplies: Office Equipment, Furniture and Supplies; School Supplies.

Oil, Coal, Fuels and Natural Gas: Chemicals; Gases; Heating Equipment and Installation; Extractive and Natural Resources Services; Petrol, Diesel, Kerosene and Other Liquid Fuels; Refining Products and By-Products; Well Drilling; Wood and Coal.

Primary Industry (Including Agriculture and Fisheries): Agricultural Machinery and Equipment; Animal Feed; Cocoa; Coffee; Cold Storage and Related Equipment; Crop Protection Products (Pesticides); Fertilizers and Soil Nutrients; Food Processors and Related Equipment; Garden, Planting or Maintenance Services; Growers; Leather Products, Hides and Skins; Livestock and Poultry; Other Natural Resource Development or Extraction; Palm Oil; Rubber; Seeds, Seedlings and Nurseries; Timber/Bamboo; Wool and Processing and Weaving Equipment; Vaccines and Animal Medicines.

Printing and Copying: Design; Printing, Copying and Publishing Equipment and Services; Stationery.

Real Estate and Insurance: Insurance; Real Estate.

Restaurants and Catering: Bakeries; Catering; Restaurant and Catering Equipment; Restaurants.

Scientific Services: Scientific Research.

Security Services and Equipment: Mine Clearance Services; Equipment, Personnel and Services.

Telecommunication Services and Equipment: Equipment; Internet Services; Internet Related Services (Cybercafés); Land Line and Mobile Services; Sale and Installation of Radio Equipment.

Transportation, Logistics and Courier Services: Air Transportation; Container Sales and Services; Courier Services; Customs Brokers and Import/Export Agents; Freight Forwarding and Shipping Agents; Mail and Cargo Shipping; Transportation; Storage; Taxi Services; Warehouse Rental.

Travel, Accommodations and Rentals: Hotel and Guest Houses; Portable Housing Supply and Rental; Tour Operators; Travel Agencies; Venue Rental (Workshops, Conference Events).

Wholesalers: Bulk purchasing and reselling of goods to someone other than the end customer.