

A UK-LIBERIA PARTNERSHIP: INVESTING IN INFRASTRUCTURE, ENERGY AND AGRICULTURE

Event report

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On 14th September 2017, the Overseas Development Institute (ODI), in partnership with the Foreign and Commonwealth Office (FCO) and the Liberia National Investment Commission (LNIC), hosted a workshop and networking event in London. The event's aims were two-fold: firstly, to explore the state of Liberia's economy and the potential opportunities and challenges for foreign investors, and secondly, to facilitate relationship-building between Liberia and UK-based international investors seeking to opportunities to support development in the sub-Saharan African country's energy, mining, agriculture, tourism, infrastructure and manufacturing sectors.

The ODI was honoured to welcome to the event several members of the Liberian Government: Minister for Trade and Industry Hon. Axel Addy, Assistant Minister for Trade and Commerce Hon. Steve Towain Marvie Jr., Minister of State and Head of the President's Delivery Unit Hon. Clarence Moniba and Deputy Minister for Land, Mines and Energy Hon. Samuel Russ as well as CDC and more than 30 private investors from the UK. We also welcomed His Excellency Dr Mohammed Sheriff, the Liberian Ambassador to the UK, and David Belgrove OBE, British Ambassador to Liberia.



SUMMARY

- In recent years, Liberia has suffered twin setbacks of the Ebola crisis and the commodity price shock, but the economy is on the path to recovery, with GDP now growing at a promising rate.
- As part of Liberia's drive to transform its economy, the Liberian Government are seeking foreign investment across a range of sectors, including agriculture and agri-business, water, energy, infrastructure, manufacturing and tourism.
- To attract investment, the Government is instigating reforms to its governance systems and business environment and working to tackle social issues, most prevalent amongst them, the high rate of poverty.
- However, Liberia already has a number of comparative advantages for investors interested in the region, such as use of the US dollar, a supportive tax regime and a high ranking on the World Bank's Ease of Doing Business Index when compared with other African nations.
- Promising opportunities lie in the developing Monrovia Industrial Park, a new special economic zone in Buchanan, an emerging tourist destination in Robertsport, and the Mt. Coffee Hydro Plant, amongst others.

PRESENTATIONS

WELCOME FROM DAVID BELGROVE, OBE, BRITISH AMBASSADOR TO LIBERIA

The Ambassador introduced the event and the Liberian delegation and thanked the ODI.

Dr Judith Tyson from the ODI introduced the Supporting Economic Transformation (SET) programme and its goals including supporting economic planning, trade and investment for inclusive growth in low-income countries.



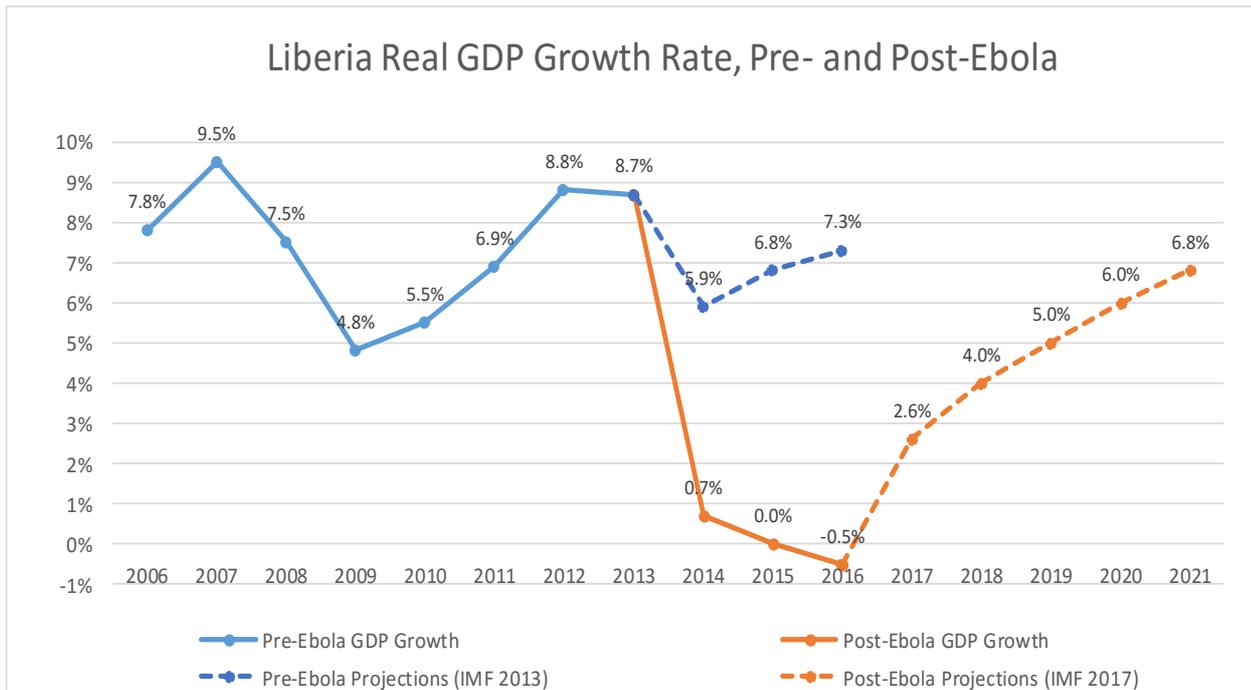
Credit: SET programme.

LIBERIA'S ECONOMIC OUTLOOK, FROM ASSISTANT MINISTER FOR TRADE AND COMMERCE, HON. STEVE TOWAIN MARVIE JR.

Liberia is "open for business". With a fast-growing market, and in a post-Brexit world, Liberia has the potential to be an increasingly important partner for the UK.

Since the election of President Sirleaf in 2005, Liberia's economy has been on a broadly upward trajectory. While GDP growth was hit by the shocks of the commodity price slump and the Ebola crisis, it has since bounced back. Buoyed by expansion in the energy sector and in commercial gold production as well as by continued growth in the agriculture sector, in the medium term economic growth is expected to stabilise at around 6.8%.

In order to attract foreign direct investment, Liberia needs to continue this upwards trajectory, efforts have been made in recent years to improve the country's business environment. As a result, the World Bank's Ease of Doing Business Index now places Liberia second in Africa and 37th worldwide. Work is ongoing to improve Liberia's trade environment too, with harmonisation of standards, production certification and



Sources: MFDP, IMF Article IV & ECF reports (revised growth estimate as of June 2017).

reducing inefficiencies at customs and border control amongst the department’s priorities. Liberia is also now a member of the WTO.

So, why should UK-based firms consider investing in Liberia? It has a number of competitive advantages:

- Investors would have ‘**first-mover advantage**’ and gain strategic positioning in sectors that in other African countries have reached supply saturation point (such as cocoa in the Cote D’Ivoire).
- **Commercial incentives**, including donor funding available for contractors working on key infrastructure projects and concessions in sectors such as water and energy.
- **Access to a growing market** with stable demand for goods such as palm oil and rubber.
- Starting a business is easy (as mentioned, Liberia is ranked second in Africa by the World Bank).
- It is possible to **bring in critical inputs at reduced costs** due to recent reforms to import controls and registration processes.
- Liberia has a **supportive tax regime** and no capital controls to allow easy repatriation of profits.
- Labour costs are low at an average of \$5-6 per day for semi-skilled labour.

Liberia’s key catalytic investment opportunities lie in the energy, tourism and agriculture sectors, as well as the development of industrial parks and zones.

Energy

To date, some investment has been attracted in hydroelectric power projects, but this work needs to be part of a wider strategy in order to sufficiently increase capacity. Recent investment in the Mt. Coffee Hydro Plant has resulted in great progress, and opportunities remain for interested firms around the Via Reservoir and the St. Paul River Reservoir.

Water and sanitation

There are also opportunities around the planned privatisation of Monrovia’s water network. The Government is open to discussing tariff buy-offs and other revenue agreements.

Tourism

Robertsport, Liberia’s main tourist destination, is a key opportunity with excellent beaches and some hotels already being established. Infrastructural development is being focused on, with Robertsport expecting to

have access to electricity within the next 18 months, and EU funding the repair of the road to the town. Liberia is ready for strategic investment in this sector including for regional and international tourists.

Industrial parks/zones

The Ministry of Commerce is currently development Liberia's first industrial zone in Monrovia. Construction is underway, and six investors are involved so far. For developers, there is a commercial opportunity in the full infrastructural development of the site.

A special economic zone is also under development in Buchanan, alongside an upgrade of Buchanan Port. The site is currently being used by an investor and logging companies but an opportunity exists for an investor to take over the development, build the necessary infrastructure and subsequently lease lots.

For further detail on any of the above investment opportunities, contact Quinton Tunis, Director of the Investment Promotion Department at LNIC (tunisq@gmail.com).

COMMENTS FROM MINISTER OF STATE AND HEAD OF THE PRESIDENT'S DELIVERY UNIT, HON. CLARENCE MONIBA

It is a key priority for the Liberian government to attract British foreign investment to Liberia, to echo and exceed the success of neighbouring Sierra Leone. Liberia has been a least-developed country for too long – it is crucial that we continue on the path to becoming a middle-income country, through providing a good investment environment.

Liberia does not want to be defined by negative incidences such as the Ebola crisis, or by civil conflict. These problems are now in the past. The October elections are expected to provide a peaceful hand-over of power from the current administration.

Energy is a crucial sector. Even after successes such as in water, with the increase in daily flow from Mt Coffee, there are many who still do not have access to clean, running water. Mt. Coffee has been a major achievement for Liberia and increased access to electricity from the national grid from 2% to 9% of the population. The new plan to build larger scale and all-season series of hydro-electric power plants on the central rivers will be a further new stage in progress. The World Bank have agreed to finance a full feasibility study for this and the Liberian government will be seeking investors for this infrastructure project.

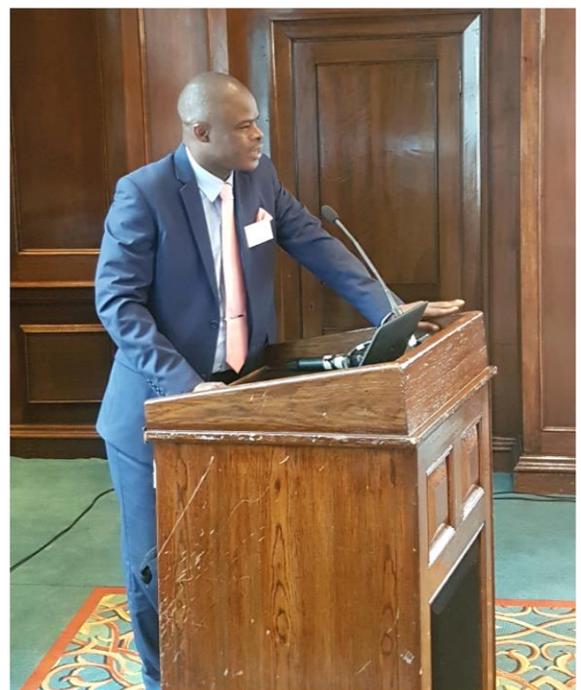
INVESTING IN LIBERIA, FROM LIBERIA NATIONAL INVESTMENT COMMISSION EXECUTIVE DIRECTOR, HON. GEORGE G. WISNER III

In recent years, Liberia has experienced the twin-shocks of low commodity prices and Ebola. Growth in the mining sector has helped the economy rebound, but going forward, more crucial will be agriculture (including adding value to products through agri-business) and manufacturing.

Full recovery and economic stabilisation is hinged on a three-step strategy:

- 1. To recover output and promote growth.**
- 2. To improve resilience and reduce vulnerability.**
- 3. To strengthen public finances and ensure public service delivery.**

Through reforms to strengthen our governance systems, investors will know when they choose to invest that they are guaranteed the political stability on which capital depends.



Credit: SET programme.

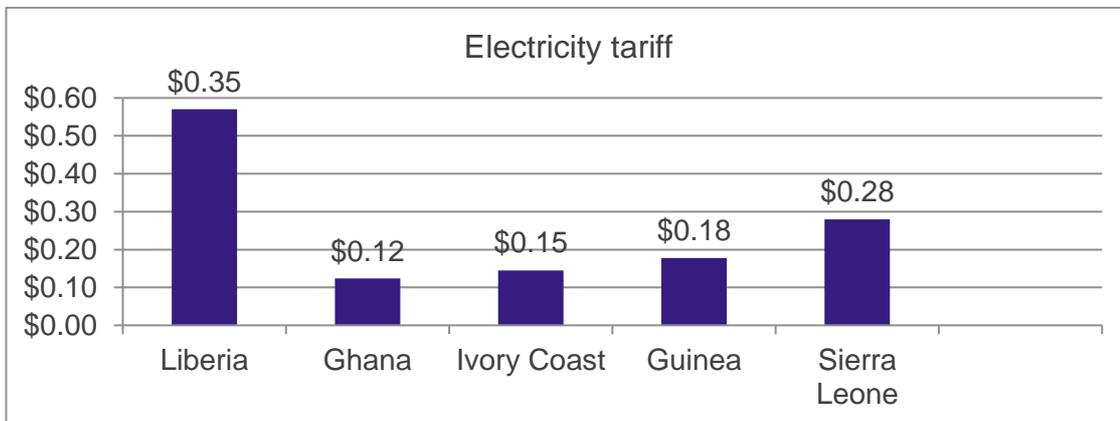
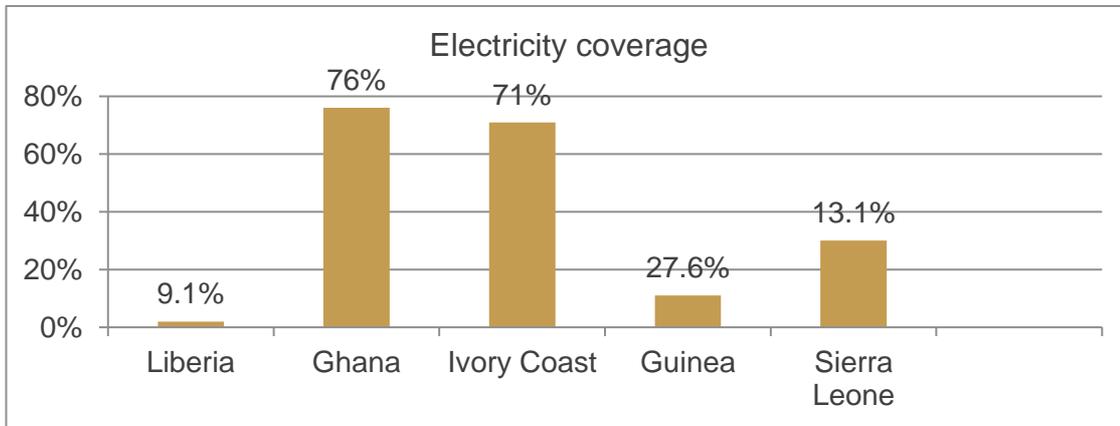
Liberia is also working reforms to improve the business environment, taking into account the country’s national development goals, decreasing the cost of starting up businesses, revising tax codes and offering attractive incentives.

The government has chosen to target manufacturing and agriculture (along with mining) to bring transformation in the long term. To capitalise on the positive signals from the economy around agriculture and manufacturing, we are seeking to:

- **Operationalise the Liberia Agricultural Transformation Agenda (LATA)**, the new policy framework and vision for developing agriculture and agribusiness. This will mean support value addition in agriculture (through financing, public goods, market access) and strategic investment, both domestic and foreign, in value chains and downstream processed goods.
- **Support manufacturing** by expanding electricity distribution, linking creative financing for small and medium enterprises and commercially-viable businesses, and attracting foreign direct investment.
- **Invest in infrastructure** by linking farmers to their consumers and connecting businesses to the grid.

In particular, the Government is seeking investors to finance different parts of value chains.

A current limitation around agriculture and manufacturing is in provision of electricity, as Liberia’s cost is higher than other countries such as Ghana, and higher than the West African average. However, steady progress has been made. The goal in the medium term is to continue to decrease the tariffs as we expand electricity access, which will support manufacturing and agriculture.



Source: Liberia National Investment Commission.

Aside from agriculture/agri-business, opportunities for financing lie in:

- Road infrastructure;
- Logistics and transport services;
- Port infrastructure;
- ICT infrastructure;
- Health services infrastructure and equipment;

For further detail on any of the above investment opportunities, contact Quinton Tunis, Director of the Investment Promotion Department at LNIC (tunisq@gmail.com).

COMMENTS FROM HON. SAMUEL RUSS, DEPUTY MINISTER FOR LAND, MINES AND ENERGY

Tourism represents a great opportunity for Liberia, both for leisure and for business. Currently, Liberia does not have the capacity for events of over 2,000 people – but there is a potential opportunity in the construction of a new planned development.

The Gambia has succeeded in generating \$1.2bn of income from tourism each year. Liberia has the potential to match this success.

COMMENTS FROM HON. AXEL ADDY, MINISTER FOR TRADE AND INDUSTRY

As an investment destination, Liberia has faced many challenges and competition from other countries in the region including Ghana and the Ivory Coast. But Liberia represents a great opportunity. Liberia is at the frontier of innovative investment, and returns can be quite positive for those willing to commit for the long term.

Over the last 12 years, resources have been spent ensuring the country is being brought to readiness for growth. Investment has been made in infrastructure, to prepare Liberia for economic transformation. It has been difficult, but after 14 years of civil conflict that destroyed the fabric of the country, it takes time for recovery.

Liberia has some comparative advantages, such as its use of the US dollar. We've done good work on roads; in this administration, there's been more work completed on paving roads than during all previous administrations combined. This has started to make a difference in terms of cost of transport, for instance. Work in energy sector has meant that we've seen improvements in provision year on year.



Credit: SET programme.

In agriculture, Liberia has a unique advantage. Liberia has historically focused on rubber. But there are also opportunities in oil palm, and there is stable and broad demand for this.

CLOSING COMMENTS FROM HIS EXCELLENCY MOHAMMED SHERIFF, LIBERIAN AMBASSADOR TO THE UK

Thank you to the National Investment Commission, to the British Ambassador, and to the Overseas Development Institute for helping bring this event together.

Liberia has weathered the storm, and is once again on the path to becoming one of Africa's most dynamic economies. The President has set Liberia on a

trajectory that is irreversible, regardless of the outcome of the upcoming election. Liberia is a peaceful country and we do not anticipate any violence or problems around the election.

This event signals our commitment to welcoming outside investment, and thank you to those in attendance for demonstrating your interest in and commitment to Liberia. We hope you can give life to our vision.

DISCUSSION

Comments detailed here were made by members of the Liberian delegation and investors in attendance, but have not been attributed to individuals.

- Liberia is seven years along a 30-year path of development from a low to middle-income country. This path is the model set by China and is being followed by others. Currently, Liberia is on the right track – GDP growth has been strong and continues to look strong for the new few years. What is holding the country back is energy and water provision. Crucial to succeeding on the path as China did, is investment in infrastructure (China invested roughly \$750m over 10 years).
- Liberia's wet climate constitutes a challenge for dry energy. Infrastructure, particularly dams, are key for tackling this problem. The goal is for Liberia to be a net exporter of energy by 2026-27.
- It can be a challenge to find financing for smaller projects – larger ones are easier to attract investors to. CDC is looking to invest in some smaller projects (£5-50m).



Credit: Albert K. Jaja.

SET is an applied research and advisory programme at the ODI, funded by DFID. The programme's reports, dialogue sessions and events cover four dimensions of a country's experience in economic transformation: (i) what is happening? (ii) why is it happening? (iii) what should be done? and (iv) how to make it happen. For more information, visit set.odi.org.