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The Talking Agribusiness in Liberia Project

Africa Continental Free Trade Area
(AfCFTA) in Liberia – Involvement of
Agro MSMEs

Second Communication Event





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The Talking Agribusiness in Liberia Project

**Africa Continental Free Trade Area
(AfCFTA) in Liberia - The Ratification
Process and Involvement of Agribusinesses**

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04 April 2023





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Presentation Outline



Background & Context of Research



Objectives of Research



Methodology



Results & Findings



Conclusions & Recommendations



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Background and Context of the Research

➤ Context of the EU-funded Talking Agribusiness in Liberia project

❑ *West Africa Competitiveness Programme (WACOMP)*

The programme aims to strengthen the competitiveness of West Africa and enhance the countries' integration into the regional and international trading system.

❑ *Expected Project Outcome*

To disseminate information and raise awareness about opportunities

- for business performance and growth (competitiveness),
- regional (trade) integration of Liberia's agri-/food business value chain, and
- an improved environment for agri-/food businesses to thrive in accord with the objective of the WACOMP.



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Background and Context of the Research

➤ Context of the EU-funded Talking Agribusiness in Liberia project

□ *Project Activities*

- ❖ Validate six (6) selected agribusiness topics among stakeholders
- ❖ Undertake research on validated topics
- ❖ Organise events for information dissemination and stakeholder interactions on research findings

□ *Project Outputs*

- ❖ Output 1: The Status of Youth Engagement in Agribusiness
- ❖ *Output 2: AfCFTA in Liberia - The Ratification Process and Involvement of Agribusinesses*



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Background and Context of the Research

- ❑ Agriculture generates about **15%** of Africa's GDP annually, and is a critical sector for employment opportunities, food security and potential exports.
- ❑ The AfCFTA, a creation of the African Union (AU), is expected to bring together all the 55 (AU) member states covering a market of over 1.3 billion with a focus on creating a single African market for goods and services. The overarching aim is to promote trade and manufacturing in Africa with the rippling effect of contributing to the reduction in the number of people living in poverty by the year 2035.
- ❑ AfCFTA is projected to enhance competitiveness at the industry and enterprise level. This holds great potentials for the competitiveness of the continental agri-/food business value chain.
- ❑ To transform the potentials into concrete opportunities and gains, AfCFTA signatories must actively work towards them, particularly through the finalisation of required processes and schedules, and prioritise trade in agri-/food products.
- ❑ Liberia's present ratification status is a matter of consequence, and a crucial topic of study for the TaAL project.



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Objectives of the Research



Research Goal

To gather information on the processes towards the ratification of the AfCFTA agreement in Liberia with the view of understanding government activities and plans, and the extent of agribusiness sector involvement.



Research Objectives

- ❖ Ascertain the activities of the responsible government actors towards Liberia's ratification of the AfCFTA agreement
- ❖ Understand the government of Liberia's plans towards the ratification and implementation of the AfCFTA
- ❖ Examine the knowledge, involvement and expectations of private agribusiness sector actors of the AfCFTA
- ❖ Make recommendations on identified gaps and challenges based on the findings.



Methodology

Data Sources	Data Collection Method	Sample Size	Data Variables
Agribusiness enterprises	Survey (structured questionnaire)	24	<ul style="list-style-type: none"> Awareness, knowledge, involvement and expectations of private agribusiness sector actors of the AfCFTA in Liberia.
Apex business bodies/ associations	Key informant interviews	5	<ul style="list-style-type: none"> Involvement of private agribusiness sector actors in Liberia's AfCFTA processes.
Relevant public institutions	Key informant interviews	2	<ul style="list-style-type: none"> Processes & Progress of the ratification of AfCFTA Positioning of the agri-/food business sector to benefit from AfCFTA.
Development partnerships	Key informant interviews	2	<ul style="list-style-type: none"> Regional context and support structures available for Liberia's AfCFTA processes. Perspectives from the Liberia business environment and regional AfCFTA context.
Secondary data	Desk review of relevant literature	-	<ul style="list-style-type: none"> Overview of AfCFTA & its importance for the agri-/food business sector; the formal process of treaty ratification, including factors that impact duration, related domestic support and stakeholder involvement.

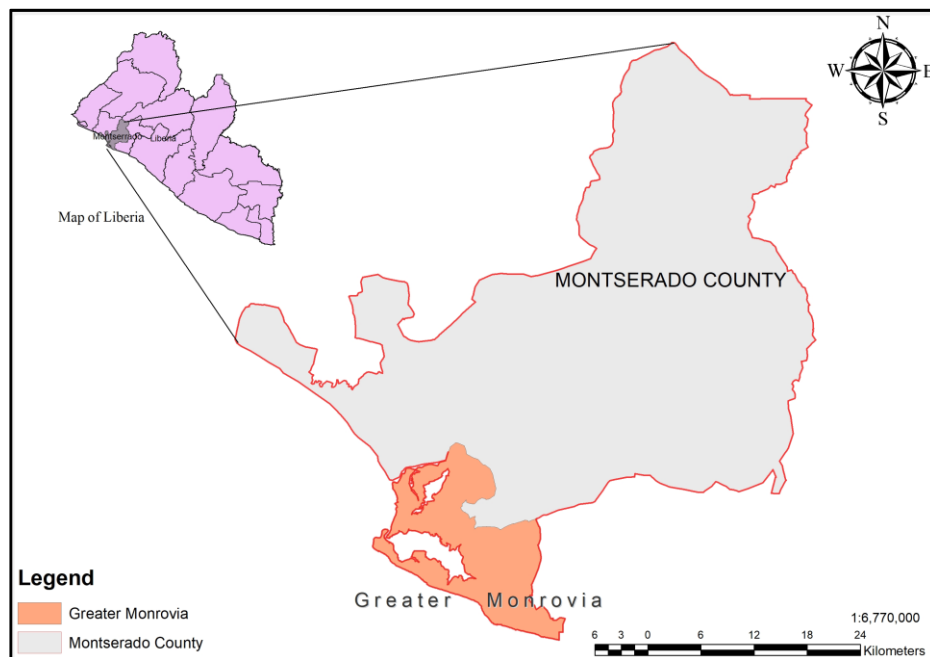


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Methodology

Map showing agribusiness enterprises survey area - **Greater Monrovia area**



- ❑ Liberia's economy is referenced as Monrovia-centric, with “large disparities between Monrovia and other parts of the country in terms of wealth, infrastructure, and possibilities for participation in the political process.”
- ❑ The study was descriptive
- ❑ Focused on major objectives of AfCFTA in Liberia (**the what**), the activities in achieving those objectives (**the how**) and the stakeholders involved in the achievement of the agenda (**the who**).

RESULTS AND FINDINGS



The AfCFTA Ratification Process in Liberia: Progress made and expected activities

- ❑ AfCFTA in Liberia is approached in two phases
 - ❖ Phase 1 – leading to ratification
 - ❖ Phase 2 – post-ratification
- ❑ The progress recorded relates to Phase 1
- ❑ Why ratify the AfCFTA agreement?
 - ❖ final step of approval; ground Liberia's commitment to the AfCFTA agreement in domestic institutions.
 - ❖ Liberia has an Observer status in all AfCFTA technical meetings at the regional level.



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National AfCFTA Structures

- ❑ The AfCFTA negotiation is led by the Ministry of Foreign Affairs while the key technical government actors are the Ministry of Commerce and Industry (MOCI) and the Liberia Revenue Authority (LRA).
- ❑ All line government ministries and agencies would be central. MOA, particularly with sanitary and phytosanitary (SPS) measures; The NSL will also be essential in AfCFTA implementation.
- ❑ Liberia has the National AfCFTA Technical Working Group (NATWG)
 - ❖ Co-chaired by MOCI and LRA to guide AfCFTA in Liberia.
 - ❖ Membership is drawn from trade-related GoL ministries and agencies, the private and civil society organisations.

Liberia Chamber of Commerce, the National Rice Federation, the National Cassava Sector, the National Oil Palm Platform of Liberia, the Liberia Business Association

- ❑ Consultants have been hired to develop a National AfCFTA Strategy.



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Progress in the AfCFTA Ratification Process

- ❑ Consistent with constitutional requirements of the formal ratification process, a bill to consent to the AfCFTA agreement has been sent to the Senate (Committee on Trade and Commerce).

- ❑ MOCI is yet to engage the legislature fully. The responsibility of MOCI include;
 - ❖ Facilitate the committee's access to expert inputs and information on AfCFTA

- ❑ MOCI has conducted **only one** stakeholder engagement where government actors and private sector actors, including the banking sector actors, participated. The Central Bank of Liberia and some members of the Legislature were reported to have participated in the engagement.



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Plans towards the AfCFTA Ratification Process

❑ MOCI plans to

- ❖ make a presentation to the Senate Committee on Trade and Commerce
- ❖ organise a study tour for the Committee, and

MOCI and LRA technicians to deepen their understanding of the AfCFTA agreement and its implementation.

❑ Stakeholder engagement, including regional engagements and sensitization workshops, are expected to be conducted.

❑ MOCI leads, but other government ministries and agencies, particularly the Ministry of Finance and Development Planning, will be central in facilitating the required stakeholder consultations, including regional engagements, workshops, and the study tour for members of the legislature and technicians from MOCI and LRA.



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Available Support for Liberia's AfCFTA Processes

It is observed that capacity development and technical assistance, also funding are crucial factors in international trade policy making, particularly for low income and less developed countries.

- ❑ Findings show that Liberia has some available support from different sources for the ratification and implementation processes of the AfCFTA.
 - ❖ UNECA is supporting the ratification and post-ratification strategy development.
 - ❖ The ECOWAS Commission makes support available to member states upon formal requests
 - ❖ The support from the ECOWAS Commission can be requested through existing instruments in areas such as agriculture, ICT, communication and the private sector.
 - ❖ The support would include others available in the regional AfCFTA implementation strategy, once they are approved.



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Available Support for Liberia's AfCFTA Processes

Other available support include;

- The ECOWAS Commission is formulating a common regional position and providing capacity-building opportunities for all member states.
- UNDP and the Liberia Economic Dialogue Activity (LEPDA, funded by USAID) have expressed interest in supporting Liberia's efforts on the AfCFTA.
- The AfCFTA Secretariat is also available to support Liberia technically and financially upon a formal request.

Liberia must **fully** take advantage of the available opportunities for support.



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Knowledge, Involvement & Expectations of Private Agribusiness Sector Actors on the AfCFTA in Liberia

The background research indicates the following;

- ❑ The (private) agribusiness sector has not been engaged as a specific sector of the economy.
- ❑ There is limited awareness and knowledge of AfCFTA by the business community, particularly in the agribusiness sector in Liberia.

Why is engaging the agribusiness sector important?

- ❖ The business community, particularly MSMEs, will be the backbone of AfCFTA's success in Liberia.
- ❖ Given Liberia's development strategy, the Pro-Poor Agenda for Development, the agri-/food business sector remains central to growth and development.
- ❖ Facilitates domestic support for AfCFTA processes



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Characteristics of Agribusiness Enterprises Engaged

	24 agribusiness enterprises engaged in the research
	14 men-led and 10 women-led entities; all of them Liberian-owned
	More than a third (10) of the business leaders were youth (aged below 35 years)
	All business leaders had received formal education , 19 had tertiary education as their highest educational attainment, and 5 had secondary school certifications .
	20 of the agribusiness enterprises were registered with the Liberia Business Registry , while 4 were not.
	Less than half (10) of the business enterprises engaged in the study were members of a business association/cooperative
	More than half (14) of the enterprises involved in the study were not represented by any business association in terms of membership.

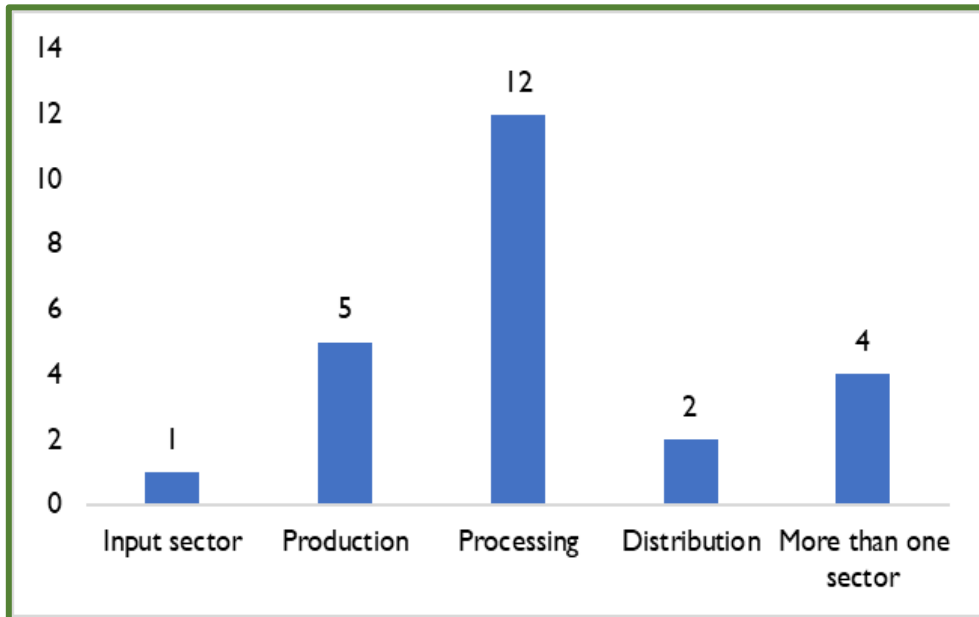


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Characteristics of Agribusiness Enterprises Engaged

Enterprises' sector of operation



Half (12) of the enterprises were primarily/solely engaged in agri-/food processing



17 out of 24 agribusiness enterprises operated in **single agriculture value chains**, while the rest operated in **at least two value chains**.



The dominant agricultural value chains were staple food crops such as **rice, cassava, plantain, and maize**.



The enterprises that operated in more than one value chain were involved in **at least one** of the identified **staple food value chains**.



The **average number of persons employed** in the enterprises was about **9 persons**.



4 of the businesses had **employees from different African nationalities**.



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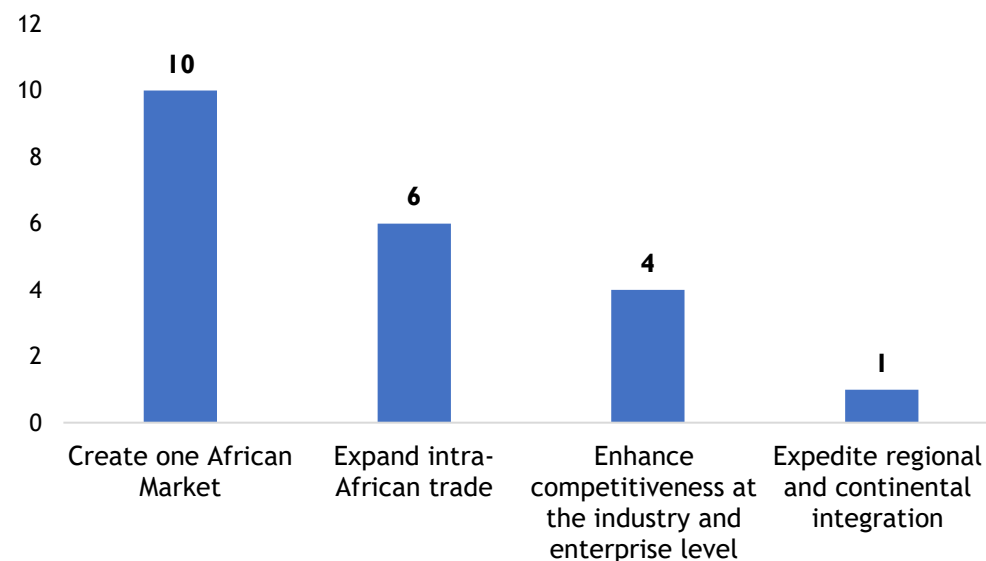


Agribusiness Sector Actors' Knowledge of AfCFTA

About two-thirds (16) of the respondents were **aware of or had heard about the AfCFTA**.

- ❑ 3 themes emerged on the knowledge of AfCFTA by the respondents
 - ❖ Free trade
 - ❖ Enhancement of trade in Africa
 - ❖ Africa trading with itself

Frequency distribution of AfCFTA objectives referenced by respondents





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Agribusiness Sector Actors' Knowledge of AfCFTA

Rules of Origin

Only **2 respondents** had **a fair understanding of the Rules of Origin protocol** for trade referencing the *Proof of Origin component* and *Origin Conferring Criteria*

- *A person has [should/will have] a certificate to indicate that my [their] product is produced within Africa.*
- *Every country member [AU member state] must sell products original from their country.*
- *It talks about how a member country (Africa) can benefit [from trading under the AfCFTA]. Only African businesses can benefit from the agreement.*

1. Proof of origin

- Certification

2. Origin conferring criteria

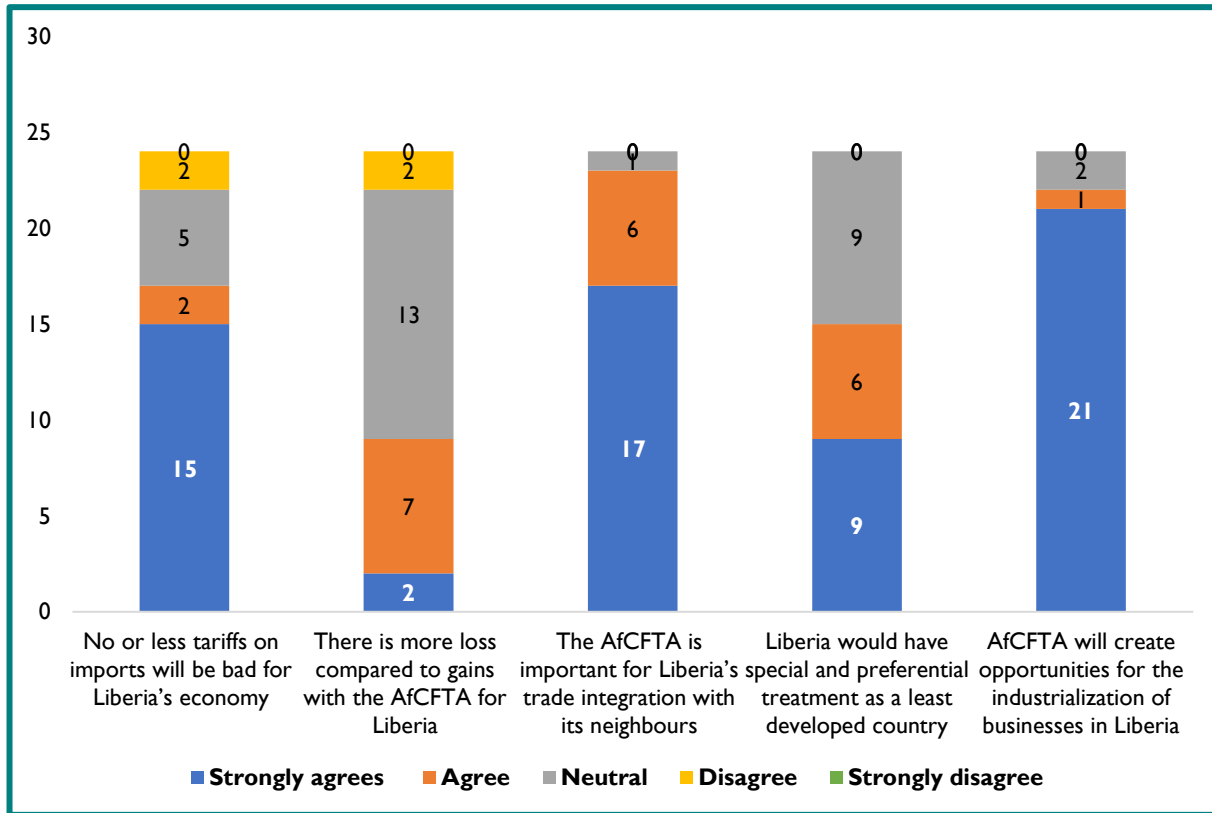
- wholly obtained products
- sufficiently worked or processed products



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Significance of AfCFTA for the Liberian Economy and the Agribusiness Sector



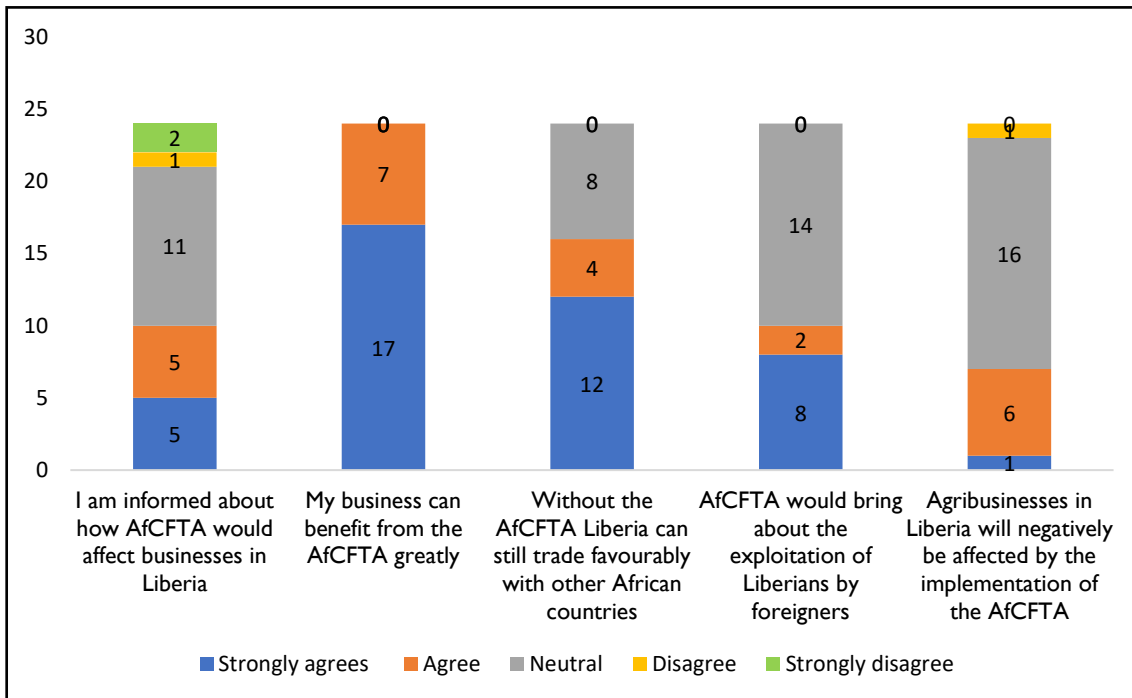
- Majority of the respondents (21) strongly agreed AfCFTA has potential to create **opportunities for industrialisation of businesses** in Liberia.
- Only a little over a third of respondents were confident that Liberia would have **special and preferential treatment** under AfCFTA as a least-developed country
- All respondents mentioned they **did not know** what Liberia had agreed to **in AfCFTA agreement**.



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Significance of AfCFTA for the Liberian Economy and the Agribusiness Sector



Respondents' perceptions on the significance of AfCFTA for Liberian businesses

- More than two-thirds (17) of the respondents strongly agreed that their **businesses could greatly benefit from the AfCFTA.**
- However, half (12) of the respondents expressed high confidence that **Liberia could still trade favourably with other African countries outside the context of AfCFTA**
- Most critically, about two-thirds (16) of the respondents suggested that they **did not know whether the implementation of AfCFTA was going to benefit agribusinesses in Liberia**, while 7 others agreed that the sector will be affected negatively

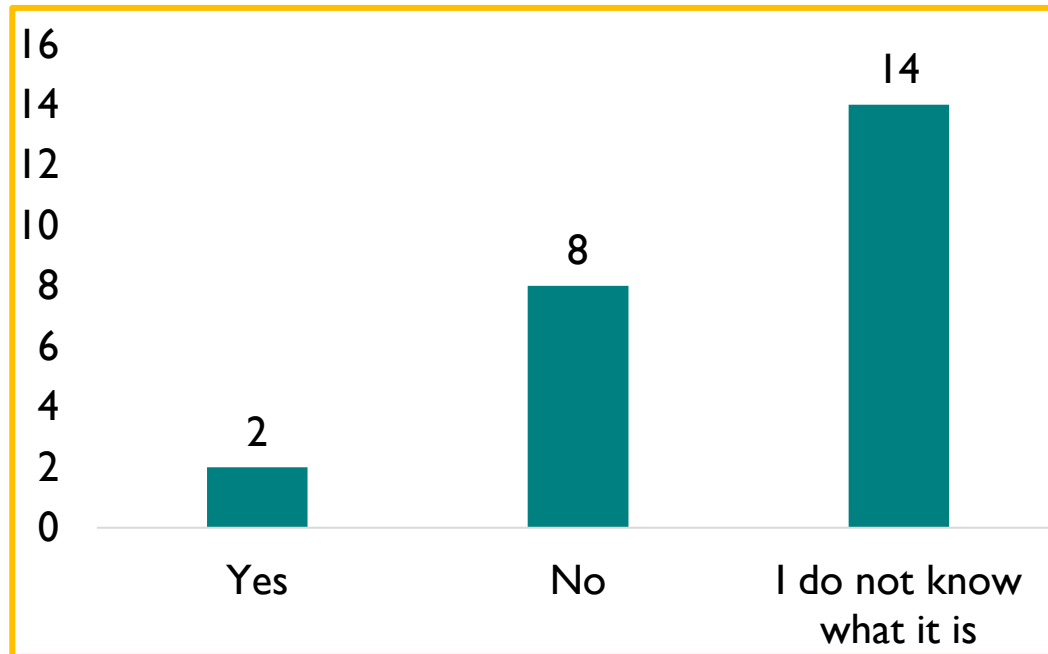


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Agribusiness Sector Actors' Knowledge of AfCFTA

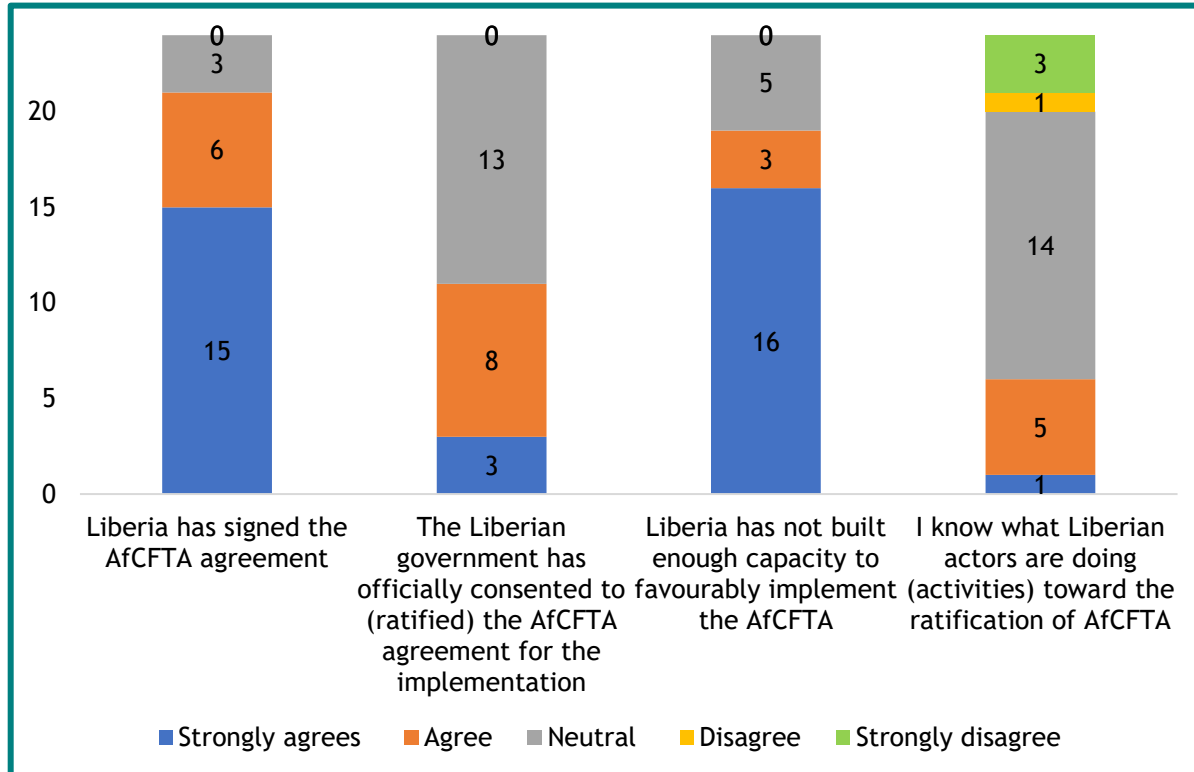
AfCFTA in Liberia



Respondents' knowledge on whether Implementation of AfCFTA had commenced in Liberia

- ❑ Deficit in the knowledge of Liberia's AfCFTA status and the related processes in Liberia.
- ❑ Three quarters of respondents did not know that Liberia had not commenced the implementation of the AfCFTA.

Agribusiness Sector Actors' Knowledge of AfCFTA



Respondents' perceptions on the legal aspects, ratification activities and Liberia's capacity for implementation

- ❑ More than a third of the respondents did not know that Liberia is among the 54 African countries that have signed the AfCFTA agreement.
- ❑ Two-thirds (16) of the respondents strongly agreed that Liberia had not built enough capacity to implement the AfCFTA favourably.
- ❑ All of the respondents did not know Liberia's ratification status
- ❑ Only **one** respondent indicated knowledge of the activities Liberian actors were undertaking towards the ratification of AfCFTA in the country
 - ❖ The Senate Committee already had a discussion on the agreement

Private Agribusiness Sector Actors' Involvement in Liberia's AfCFTA-Related Processes and Activities

- ❑ There has been **no specific engagement** with Liberia's private agribusiness sector actors in the formal processes related to AfCFTA.
- ❑ Majority (**20**) of the enterprises were **unaware of any forum** for regular information exchanges on trade issues between MOCI and agribusiness enterprises.
- ❑ Only 4 respondents indicated that there were **regular forums** for **exchanges on trade issues between MOCI and agribusinesses**.

The agribusiness enterprises held that such engagements should take place as a matter of urgency.

Private Agribusiness Sector Actors' Involvement in Liberia's AfCFTA-Related Processes and Activities

Engagement on the processes and activities of AfCFTA in Liberia

- ❑ Government actors (MOCI and MOA) have had engagements with different apex business entities on AfCFTA.
- ❑ Apex business entities/associations were not undertaking any engagements on AfCFTA with their members.

Feedback from Apex business entities interviewed

"...[we are not engaging our members on AfCFTA], because nobody has come to us to give us with information."

"... [we are engaging our members on AfCFTA], but we are yet to go deeper because it is yet to be confirmed [ratified]."

"... [we are not engaging our members on AfCFTA] because we do not have the information to be able to fully engage our members."

Expectations and Concerns of Private Agribusiness Sector Actors on the AfCFTA

Support to agribusiness enterprises to enable their benefits from AfCFTA

- ❑ Almost all respondents indicated that agribusinesses in Liberia **require significant support** to benefit from AfCFTA.
- ❑ 12 Agro-MSMEs indicated funding as vital support needed for agribusiness enterprises to benefit from AfCFTA.
- ❑ 9 Agro-MSMEs said capacity-building was critical
- ❑ 3 Agro-MSMEs mentioned that awareness and information were essential for agribusiness enterprises to benefit from AfCFTA.

- ❑ Experts from apex business bodies agreed with agribusiness leaders that support is needed to benefit from AfCFTA.
- ❑ Plans were underway to support agribusiness enterprises in Liberia to navigate the challenges and opportunities of AfCFTA.

...we need training and the finance in order to build the smaller industry, enabling them to compete with the bigger industries.

Expectations and Concerns of Private Agribusiness Sector Actors on the AfCFTA

Competitive advantage, competition concerns and protection of infant agribusiness industry in Liberia

- There were concerns that if Liberia ratified the Agreement without immediate further actions towards implementation, other countries would take advantage of the Liberian market.
- More industrialised countries and those with advanced processes, knowledge, and resources will take over the Liberian market to the country's disadvantage.
- Similarly, another concern was that Liberia is not prepared for industrialisation.

Protecting the agribusiness industry came up as a solution

Perceptions on Strategies to Position the Liberian Agribusiness Sector to Maximally Benefit from AfCFTA



- ❑ Liberian agribusiness sector needs to be strengthened at two levels:
 - Sector-level approach requires cooperation among actors in the agri-/food value chain.
 - Enterprise-level approach requires registration and expansion of businesses to maximise benefits from AfCFTA.

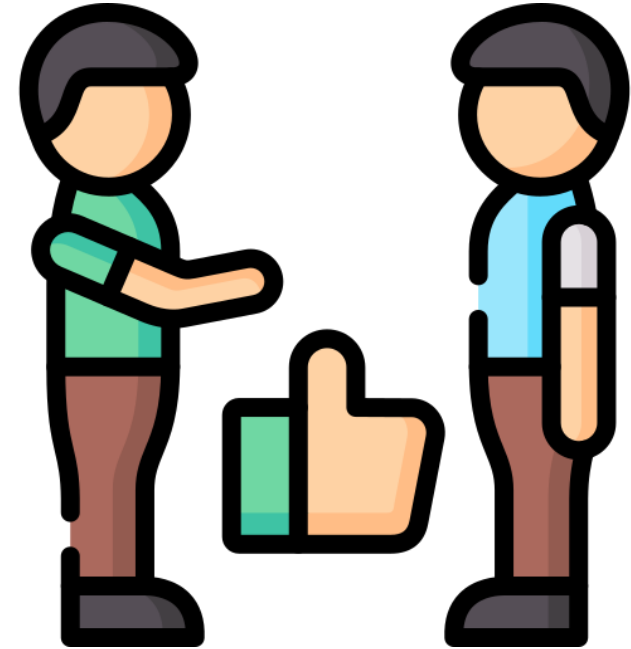


- ❑ 22 out of 24 enterprises interviewed considered business formalisation (registration) and expansion of businesses as pivotal to maximising benefits from AfCFTA.
- ❑ Government action critical to developing the best strategy and implementation for maximising the benefits of AfCFTA for the Liberian agribusiness sector.
- ❑ Agro-MSMEs expect government support for agribusiness enterprises, including funding, equipment and capacity development.



- ❑ Increased awareness creation and information sharing.
- ❑ Government's protection of Liberian businesses
- ❑ Prioritisation of agri-/food sector.
- ❑ Optimisation of national quality standards infrastructure.
- ❑ Proper implementation of AfCFTA.

CONCLUSIONS AND RECOMMENDATIONS



Conclusions

- ❑ The **legislative body** that is principally responsible for the formal AfCFTA ratification process has not been fully engaged by the responsible technical government Ministry.
- ❑ There is **limited sensitisation and awareness creation** on AfCFTA among the business community and citizens.
- ❑ Two-thirds (16) Agro-MSMEs **knew or had heard about the AfCFTA**, with most associating it with the creation of **one African market**.
- ❑ Nearly all of the Agro-MSMEs did not know about the **Rules of Origin protocol**, and none knew about Liberia's **AfCFTA ratification status**.
- ❑ The **private agribusiness sector has not been specifically engaged nor involved** in Liberia's AfCFTA processes.
- ❑ The private agribusiness sector has concerns about **Liberia's capacity and preparedness to implement** the AfCFTA favourably.
- ❑ Businesses expect support, including **knowledge and information, technical capacity, and capital** from government actors and other stakeholders to take advantage of AfCFTA opportunities and navigate associated challenges.
- ❑ Plans were underway to **support the agribusiness enterprises** in Liberia through the Ministry of Agriculture.

Recommendations on Identified Gaps and Challenges Based on the Findings of the Study

Ratification of AfCFTA

- AfCFTA agreement approval is a critical step for Liberia's implementation and subsequent benefits.
- Liberia remains an observer in the regional AfCFTA technical meeting.

Stakeholder Engagements & Domestic Support Building

- Domestic support and buy-in are necessary for AfCFTA's success.
- Private sector actors are expected to drive AfCFTA.
- Stakeholder awareness is crucial for educating the business community.
- Responsible government actors, including MOCI and MOFDP, should enable the facilitation of extensive stakeholder engagements.

Recommendations on Identified Gaps and Challenges Based on the Findings of the Study

National AfCFTA Implementation Strategy

- ❑ The national AfCFTA implementation strategy should be prioritised.
- ❑ Institutional structures and infrastructure should be strengthened to support strategy development and eventual implementation.

Maximise the use of available support and resource mobilisation avenues

- ❑ Mobilising resources is crucial for AfCFTA's implementation in Liberia.
- ❑ Liberia should determine how the country will mobilise resources for AfCFTA and take advantage of all available support avenues.

Recommendations on Identified Gaps and Challenges Based on the Findings of the Study

Positioning the agribusiness sector

The agri-/food business sector is critical to Liberia's growth and development

- ❑ Actors in the sector should understand AfCFTA opportunities and challenges.
- ❑ Involvement and intended support to the sector should be collaborative and evidence-based -- studies should be conducted to verify theories of change for the sector.
- ❑ Key agri-/food business value chain stakeholders should be involved in AfCFTA negotiations and decision-making.
- ❑ Quality standards infrastructure is necessary for agribusinesses to benefit from AfCFTA.

Recommendations on Identified Gaps and Challenges Based on the Findings of the Study

Competition concerns and protection of infant agribusiness industry in Liberia

“The wave raises all ships, but oftentimes not all ships are raised at the same level”

- ❑ If Liberia simply protects, it may affect the efficiency of the inputs required, and Liberian products could eventually be expensive and not competitive.

- ❑ Particular provisions are made to safeguard disadvantaged constituencies and sensitive sectors/value chains in trade liberalisation agreements such as the AfCFTA.
 - ❖ Many countries have agri-/food processing and agricultural products on their list of sensitive products because of the strategic issue of food security.
 - ❖ There already exists some level of protection, in the agreement, in terms of raw material.

Recommendations on Identified Gaps and Challenges Based on the Findings of the Study

Competition concerns and Protection of Infant agribusiness industry in Liberia

“The wave raises all ships, but oftentimes not all ships are raised at the same level”

- ❑ Specific plans are needed to ensure that Liberia and all the country’s stakeholders stand in a position to benefit from the agreement.
 - ❖ Strategic measures are necessary to balance protection and competitiveness.
- ❑ Stakeholders should be sensitised on the existing protection and safeguard mechanisms in the AfCFTA agreement to allay the legitimate fears of a free market.
- ❑ Liberia would have to determine a niche in the market.
- ❑ Liberia should determine and plan to fully utilise the safeguard mechanisms, including requesting redress when facing challenges.
 - ❖ Trade agreements have safeguards to protect countries from surges and flooding with products, but they are not fully utilised.

Where do we go from here? Issues of Importance

- ❑ National AfCFTA implementation strategy
- ❑ Strengthening institutional structures and the national coordination of the AfCFTA.
- ❑ Awareness raising, involvement of the private sector, determining priority sectors, and resource mobilisation are crucial.
- ❑ A business-friendly environment must be created, and administrative processes and procedures must be eased
 - ❖ GoL is considering plans, including structural changes, to widen the range of companies that can benefit from the AfCFTA once ratified
 - ❖ The plans also include improving infrastructure deficits, including positioning in the context of regional plans to build a trading hub with Liberia, Cote d'Ivoire, and Sierra Leone.



The Talking Agribusiness in Liberia Project

AfCFTA in Liberia - The Ratification Process and
Involvement of Agribusinesses

THANK YOU
