

An aerial photograph of a city in Liberia, showing a dense urban area with various buildings, a central road, and a large body of water in the background under a cloudy sky.

# LIBERIA: A MARKET ON THE RISE

*Insights and analysis to support Swedish companies enter and grow sustainably in one of West Africa's emerging hot spots*



# NATURAL RESOURCES POWER STRATEGIC GROWTH

A focus on building infrastructure to meet the demands of a developing nation will be underpinned by rich reserves of natural resources.

Liberia is richly endowed with water, mineral resources, forests, and a climate favourable to agriculture, but at the same time, is poor in human capital and infrastructure.

Despite the complex history of the country and the fact that the nation is still recovering from civil wars and an Ebola epidemic, there are indicators for positive change; Liberia was the first country in Africa to elect a female head of state, Ellen Johnson-Sirleaf, in 2005 and she was awarded the Nobel Peace Prize for her efforts in increasing female participation in peacebuilding work, attracting private investors to the country, and reducing corruption.

The current president, George Weah announced that the ongoing five year-plan (2018–2023), the Pro-Poor Agenda for Prosperity and Development (PAPD), aims to give power to the people, promote economic diversification, protect sustainable peace, and encourage good governance.

In Liberia, opportunities are primarily found in energy, mining, transportation, and ICT. Several projects financed by the EU and the multilateral development banks are underway in the country and offer interesting opportunities for Swedish companies to participate in the affiliated procurement processes.

This report provides a perspective on the Liberian market with special emphasis on opportunities for Swedish companies, as well as strategic considerations and recommendations for successfully navigating the market conditions. The report is based on research and insights generated by the Embassy of Sweden in Monrovia and Business Sweden West Africa.

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**~ 4%**

Forecasted GDP growth 2021-2022



**4.13 million**

mobile connections



**5 million**

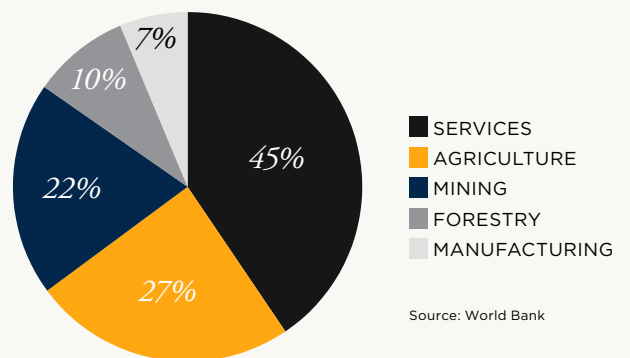
Total estimated population growth of 2.4% for 2021



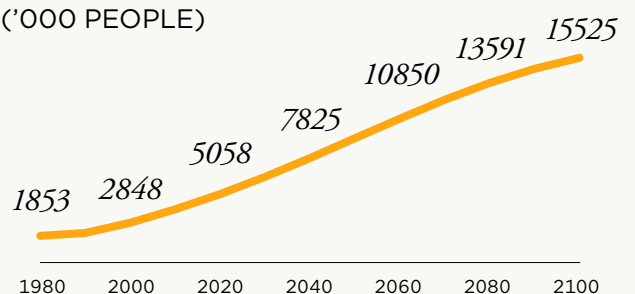
**2017**

First peaceful transition of political power/leadership from a democratically elected administration in nearly 70 years

LIBERIA'S GDP DISPOSITION (2019)



LIBERIA IS FORECAST TO HAVE ONE OF THE HIGHEST POPULATION GROWTH RATES GLOBALLY ('000 PEOPLE)



# LIBERIA RISES

Since Liberia's 14 year long civil war ended in 2003, the country has moved from a post conflict society to a developing nation. Since 2005, Liberia has held three presidential and several legislative elections with peaceful democratic transitions.

The multinational peacekeeping forces that were present in Liberia following the civil war officially ended their mission and withdrew all its peacekeepers in March 2018. Liberia has remained stable and solely responsible for its own security since.

The lengthy conflict had a profound impact on the development of the labour force with interrupted schooling for many young Liberians and a school system that remains weak. A direct consequence has been that younger generations do not have the skills and education foundation to acquire work experience. To compound the problems caused by the war, the country was one of the hardest-hit countries by Ebola. Since being declared Ebola free in 2016, Liberia is slowly beginning to rebuild and strengthen its market systems.

While there has been an overall positive political development, the public sector faces significant human and institutional capacity constraints, combined with private sector limitations, which continue to challenge public service delivery.

While governance reforms have improved institutional performance, the challenge to implement reforms remains, including addressing civil service reform and harmonisation.

## THE EUROPEAN UNION (EU) AND SWEDEN IN LIBERIA

The EU is currently providing development assistance to Liberia in several ways, lending support to the proliferation of more diverse business opportunities in the country. The EU provides grants, budget support, and contracts in support of Liberia's Pro-Poor Agenda for Prosperity and Development (PAPD). The current programme supporting the EU-Liberia partnership is running from 2021–2027.

Relations between Sweden and Liberia are strong. Sweden is one of the largest bilateral aid donors in Liberia.

In December 2020, a decision was adopted by the Swedish Government to provide nearly SEK 2 billion to be given in aid to Liberia over a five-year period between 2021–2025. This support spans several development cooperation areas including inclusive economic development.

*“One people, one nation, united for peace and sustainable development.”*

Former President Ellen Johnson Sirleaf

# INFRASTRUCTURE CRITICAL FOR A PROSPEROUS FUTURE

Like many emerging markets where instability has been a feature, Liberia has barriers and difficulties that need to be overcome if Swedish companies are going to make a successful impact. Although Liberia remains fragile, there are opportunities in developing core infrastructure as it emerges, and as new needs are created.

One of the obstacles of doing business in Liberia is the limited physical infrastructure, especially power and roads outside the capital city, Monrovia. While improvements are being made, large parts of the country are still cut off from Monrovia due to the lack of sealed roads and the effects of long rainy seasons. In January 2021, President George Manneh Weah announced that more than 400 kilometres of primary roads would be built, of which around 60 kilometres have already been completed.

Infrastructure developments financed by development partners are expected to boost construction activity.

Liberia has one of the lowest electricity access rates in the world with less than 20 per cent access rate nationally, 12 per cent in Monrovia and three per cent in rural areas, while biomass accounts for over 93 per cent of energy used for domestic cooking. The country's total power production was around 23 megawatts (MW) but has been increased to 136 MW of installed capacity due to the completion of a hydroelectric plant and the installation of Heavy Fuel Oil (HFO) powered electric plants. While access is limited by the current size of the national grid, there are several transmission and distribution projects ongoing with financing from the EU, World Bank (WB), KfW Development Bank (KfW) and AfDB.

Tariffs have gradually declined from USD 0.54 per kWh to the current rate of USD 0.35 per kWh. Many businesses continue to rely on generators which come with a prohibitively high cost. This limited access to reliable energy is inhibiting manufacturing growth, private sector diversification, and industrial development.

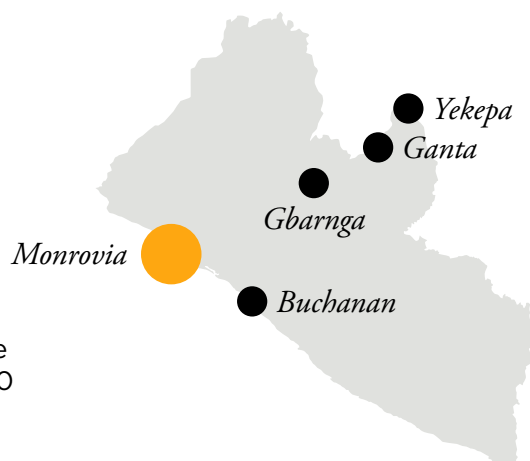
The perception of exclusion has increased and some of the most promising sectors for growth and employment – such as agriculture, tree crops, and forestry remain constrained.

The incumbent government is making strides in aligning Liberian politics, the economy and institutions for development of the country which is creating opportunities for international actors to increase their presence and aid in making Liberia realise its potential. The scale of potential and development status makes Liberia a prime market for Swedish companies to be among the first to make a presence and establish strong links for immediate and future trade.

**52.3%** Urbanisation

**70%** of Monrovia is expected to be connected to the electricity grid by 2030

**19.5** Median age



# NATURAL RESOURCES SET TO POWER GROWTH

Liberia's natural and rich resources and precious mineral supplies form a strong base for growth and export. Renewable resources include rubber, timber, hydro, and marine, as well as recent investments in palm oil and all offer diverse opportunities.

Managing the natural resource potential in a sustainable way while also increasing employment and adding value to both the economy and social development will be crucial if the country is to grow in a green and inclusive way.

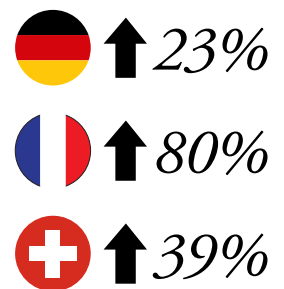
The economic and social landscape of Liberia has been changing rapidly and continues to improve. Since 1990, life expectancy at birth in Liberia has gone up from 46 to 63.7 while the average years of schooling have increased from 3.5 in 2005 to 4.7 in 2018. On the economic side, Gross National Income (GNI) per capita has increased from USD 261 in 1996 to USD1,040 in 2019. Liberia's Human Development Indicator (HDI) score has experienced a modest improvement by 10 per cent since 2000 (from 0.425 to 0.465). A business climate working group has been set up in the Ministry of Finance and Development Planning with a focus on easing barriers to trade. In January 2021, Executive Order No. 103 was issued instituting certain measures to stimulate economic growth, one of which is the expansion of work and residence permit period to five years.

Liberia's private sector largely consists of:

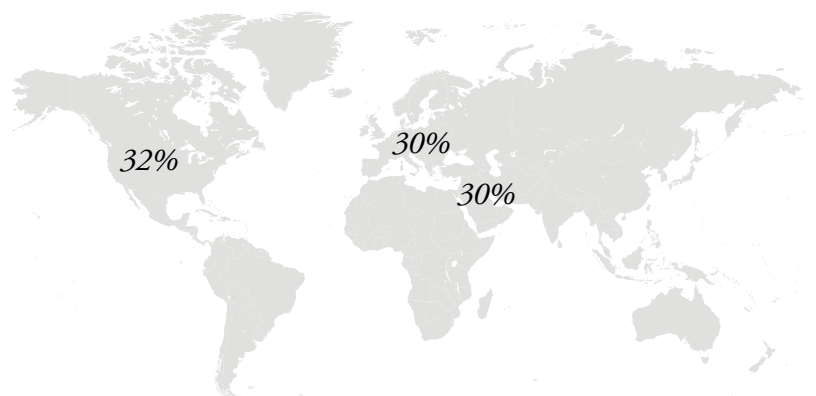
- large foreign companies operating in iron ore, gold, timber, rubber, and palm oil concessions
- formal sector in Monrovia and some urban areas largely operating in the service sector
- informal sector of micro and small enterprises, and
- rural subsistence agriculture sector that provides employment for the majority of the population.

Liberia's main export partners are in North America, Europe, and the Middle East while the top three destinations for exports, as identified in October 2020 are France, Germany, and Switzerland.

Growing exports to France and Germany are mainly iron ore, while Switzerland mainly imports gold.



## LIBERIA'S TOP EXPORT REGIONS 2020



*Improving the business climate*



*Tackling corruption*



# CORE SECTORS SHOW PROMISE

Liberia's current development requirements present significant opportunities in energy, mining, ICT, and transportation. Economic potential remains untapped, particularly regarding the country's natural resources. Swedish mining companies have the solutions and expertise to contribute to the transition to a more sustainable industry. The importance of this transition goes beyond financial gains and a reduced environmental damage; the transition will also provide social sustainability and improve human rights. Studies of the energy sector in Liberia show vast opportunities for investment, huge hydropower potential, and substantial scope for solar energy. Several EU and multilateral organisations financed projects are underway in Liberia, offering excellent opportunities for Swedish companies to participate in affiliated procurement processes.



# ENERGY

Access to electricity in Liberia remains one of the lowest globally; levels sit at less than 20 per cent for the entire population, 12 per cent in Monrovia and three per cent in rural areas. The huge unmet need for energy means Swedish companies can contribute to rebuilding and developing the energy infrastructure. The electricity grid is being rebuilt, water points are being developed, and transportation infrastructure is being repaired. Strategic tendering within the power infrastructure sector is an area of focus where Swedish companies can support the Liberian Government to achieve their goals. Consideration should also be given to agreements with bilateral and multilateral partners.

The Liberia Electricity Corporation has major challenges to overcome power theft that is resulting in technical and commercial losses of about 60 per cent. The 2015 Electricity Law Liberia (ELL) provides the structure and functions of the players in the energy sector:



Solar Power Generation



**POLICY MAKER AND  
SECTOR LEAD**  
Ministry of Mines and Energy



**REGULATOR**  
Liberia Electricity  
Regulatory Commission



**IMPLEMENTORS**  
Rural and Renewable Energy  
Agency (RREA) - off-grid and rural



**GRID CONNECTION**  
Liberia Electricity Corporation



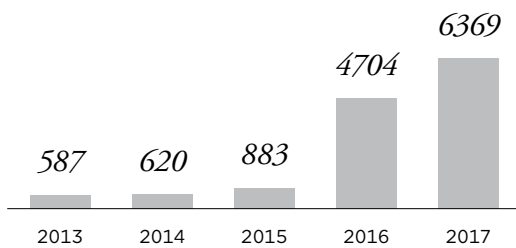
**OTHER PRIVATE SECTOR ACTORS**

Liberia's hydropower potential is estimated at about 1000MW, of which only about 88MW is being utilised. The 2021 commissioning of a regional transmission line project through Côte d'Ivoire, Liberia, Sierra Leone, and Guinea (TRANSCO CLSG), offers enormous possibilities for the sale of electricity generated to the regional line. The large value chain associated with the energy sector links to other potential growth areas including domestic and international trade and commerce, agriculture, tourism, and others.



# MINING

The Liberian government is keen to attract investment in the mining sector which accounted for 22 per cent of Liberia's GDP in 2019. The majority of mining opportunities come from gold, diamond, and iron ore mining. Recently, the price for iron ore increased on the world market and this could fueled increased iron ore production in Liberia. As the current power network is unable to cope with much of the country's energy needs, Liberia will need to significantly expand and increase reliability to handle the demands of the country's mining industry.



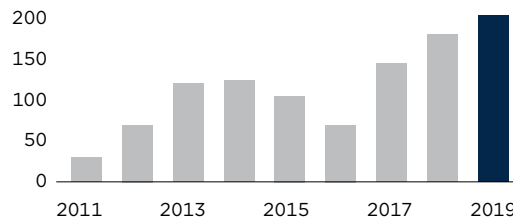
Liberia's gold production has experienced a near 1,000% growth between 2013 and 2017 (kg)

Source: Fitch Solutions

There is engagement from the government and Ministry of Mines & Energy, as well as from mining companies, who themselves contribute to developing Liberia's power connections.

Liberia is Africa's third biggest iron ore exporter, the result of a positive trend starting in 2016, when the mining industry came back even stronger after the 2015 Ebola epidemic. Production is set to boom in the whole region, making West Africa a global hub of iron ore exports.

The mining industry is on track to be a highly contributing factor to developing the Liberian economy. For Swedish mining companies, business opportunity supporting incumbent foreign companies as sub-suppliers is a safe and tactical approach to the market.

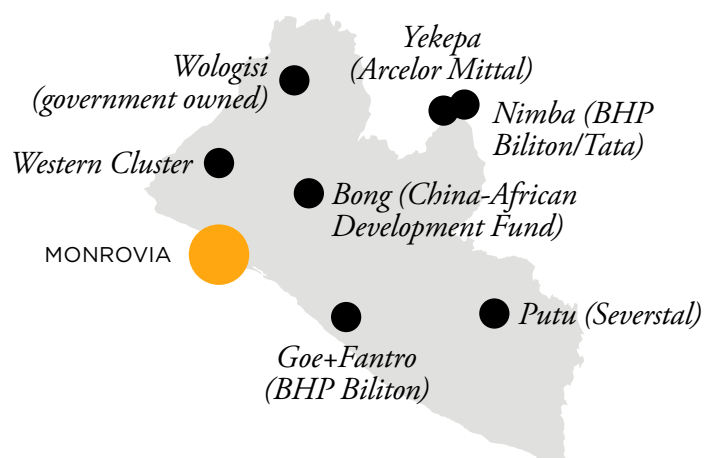


Mining is of growing importance for Liberia's GDP, increasing from USD 178 million in 2018 to USD 201 million in 2019

Source: tradingeconomics.com, Central Bank of Liberia

An existing presence in the market and working hand in hand with stakeholders in the thriving mining sector will see a transition that will create new demands and business opportunities. This includes but is not limited to an increase in demand for specialised mining machines and technical and engineering services. Swedish companies can simultaneously develop their own businesses and be a driving force in the change towards a more automated and sustainable mining industry. Current changes to the Arcelor Mittal agreement with Liberia are expected to yield an additional USD 800 million investment which will fund a value-adding concentrator plant. This vast investment is a key project that Swedish companies could be positioned to benefit from.

## MAJOR MINES IN LIBERIA (IRON ORE MINES)



# ICT

Liberia's ICT sector is emerging and the market holds growth potential. Figures from January 2020 showed that there were 4 million mobile connections in Liberia, equivalent to 83 per cent of the population, and the mobile connections increased by 32 per cent between 2019 and 2020. There is growth in the number of internet users, even if the overall internet penetration still is at 12 per cent. Long-term demand for broadband services offers the potential for mobile operators to capitalise on their investments into next generation mobile infrastructure.

Providers of ICT solutions to local organisations, institutions or businesses are limited. The ACE fibre cable and Wimax deployment ring are present in Liberia providing reliable and efficient highspeed IP Backhaul Data Ring Network. There are two big private telecommunications companies present in the country – Lonestar Cell MTN and Orange Liberia.

Another key player is the 100% state-owned Liberia Telecommunications Corporation (LIBTELCO), that provides internet fibre and is now moving towards mobile network platform. LIBTELCO is trying to expand network

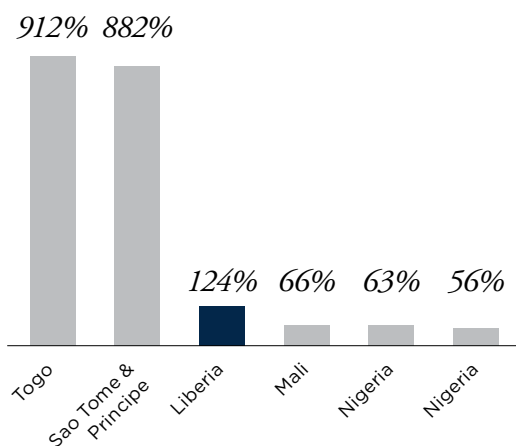


Fibre optic cable

to counties' service centres across the country. They also plan to expand fibre optic cable network across the country to make connections more efficient. There is the potential to sell to wholesalers and small businesses which alone represents a vast market opportunity. LIBTELCO has identified the following key areas for development and they present great potential for investments:

- Data centre investment: currently most big entities in Liberia store their data outside the country – this project is set to change that, and while it is capital intensive because of bandwidth, it is still bankable
- Investment in a national call centre: there is no robust call centres in Liberia and investment in this area will be profitable
- Mobile money: is profitable and it can be integrated with other fee paying and service platforms. There is demand and scope for an application to be developed for national and international payments.

The Liberian Government is moving towards the provision of e-government services. With a goal to implement digitalised registration and acquisition of several services including national identification cards, driver's licenses, passports, and residence and work permits, Swedish companies could play a pivotal role in defining Liberia's e-governance momentum and possibly expand the frontier.



Between 2000 and 2020, Liberia had the third highest internet usage growth in West Africa

Source: Statista

# TRANSPORT

Secure and reliable transport will be fundamental if Liberia is to achieve the goal of enhancing economic growth and social development. Since the civil war, the government has dedicated considerable resources to the transport sector. It is estimated that approximately USD 160 million, close to eight per cent of GDP, is spent on roads and bridges every year.

Connectivity is generally good around the capital and along the major corridors from Monrovia to Ganta, Buchanan, and Bo Waterside which are populated areas. Studies show that for the rural population, access to social facilities is poor with the average journey time of around two hours to reach the nearest health facility.

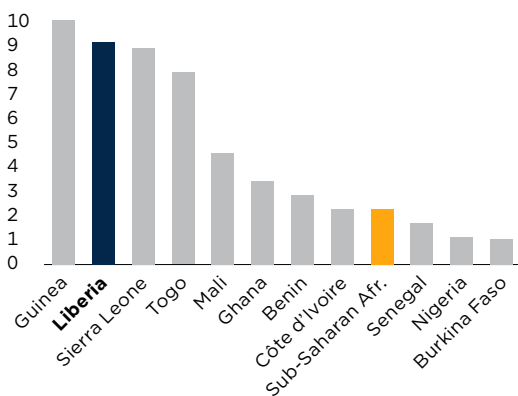
Good access to health and education facilities are two critical areas if a country is going to achieve sustainable long-term development. This is one of the main drivers for the Liberian government putting transport goals at the top of their agenda.



The National Transit Authority (NTA) of Liberia is open for public-private partnerships that will improve its fleet of buses and bus terminals and expand the in-land road transportation network in Liberia.

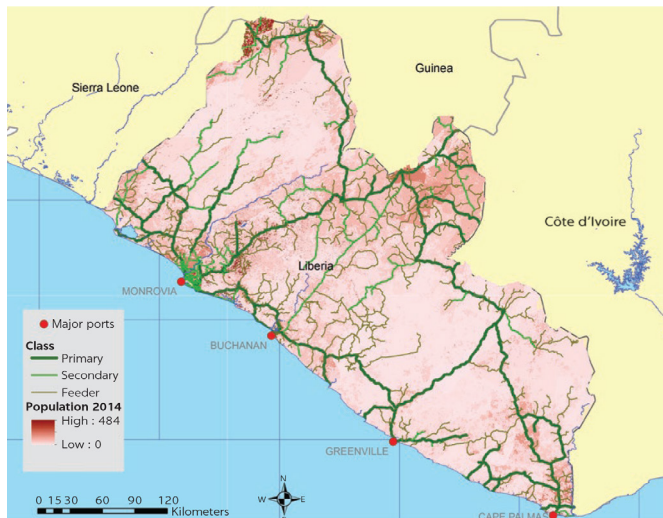
Investment in an equipment pool to service the transportation sector and several other sectors, including agriculture is high on the agenda and represents an immediate opportunity for Swedish companies. The bigger challenge and need to deliver a good transport system presents prime investment opportunities for foreign stakeholders.

## POPULATION DISTRIBUTION AND ROAD NETWORK



Liberia had the second highest governmental expenditures on road development in Sub-Saharan Africa (% share of GDP, 2018)

Source: World Bank



**2/3**

Of the population lives four hours from freeport of Monrovia



**90%**

of the population lives within two hours of a large city



# BUSINESS OPPORTUNITIES THROUGH THE MULTI-LATERAL DEVELOPMENT BANKS

Rebuilding and developing Liberia is a complex and challenging proposition that presents opportunities for Swedish companies to compete in tendering processes from multi-lateral banks. Financing is essential for such large-scale projects and investments to be effective and delivered in a timely way, and these can be facilitated via approved Multi-lateral Development Bank (MDBs) projects or to connect them with projects of interests. These financing options can be blended with the Swedish Export Credit Agencies (ECAs) financing solutions.



## AFRICAN DEVELOPMENT BANK

Energy and transport have been identified by the AfDB as critical constraints to further development. These sectors act as bottlenecks, hindering private sector development, diversification, and increased productivity. In 2020 the AfDB approved USD 35 million worth of grants and loans to boost renewable energy provision and promote an attractive investment climate in Liberia.

First, transformative infrastructure investments aim to promote inclusive economic growth by focusing on energy and road infrastructure. The goals of this are to:

- Promote a competitive private sector,
- Increase agricultural production and market access,
- Create employment opportunities across age and gender, and
- improve welfare and public service delivery.

Emphasis is being placed on reducing exclusion, increasing regional and national integration, and promoting green and climate resilient investments.

Second, Liberia can leverage their assets and promote sustainable economic governance by enhancing governance and the efficient management of resources. This will be achieved with institutional support and budget support reforms, and while not entirely applicable to the business opportunities in the region, the success of this will support short- and long-term economic growth.

The AfDB has declared that investments in energy will promote regional energy trade and green growth, while significantly reducing the cost of doing business. Energy investments will improve accessibility to the public distribution line,

reduce the use of individual household use of HFO generators, reduce the cost of electricity, and reduce the emission of CO<sub>2</sub>. Several projects have begun or are in the pipeline to accomplish these goals.



## INTERNATIONAL MONETARY FUND

In December 2020, the International Monetary Fund (IMF) provided additional financing assistance of USD 49 million which is tied to a reform agenda that the Liberian Government is implementing to help stabilise the economy.



## WORLD BANK GROUP

### WORLD BANK GROUP

In March 2021, two financing agreements for Liberia were approved by the World Bank, totaling \$157 million, seeking to increase access to sustainable, reliable and affordable energy, and to boost economic recovery by providing employment opportunities and business skills to vulnerable Liberians.

In early 2020 the World Bank approved USD 40 million to support reforms that are aimed at eliminating poverty and help the Government in achieving sustainable and inclusive economic growth by strengthening public-sector transparency and promoting economic and social inclusion.

A Business Climate Working Group has been established by the Liberian government to spearhead efforts at improving the business environment by supporting systems and structures that ease the process of paying taxes, starting businesses, and enforcing contracts, and other barriers. The 2010 Liberia Investment Act protects investors from unfair expropriation and allows the free repatriation of profits.

# KEY FACTORS FOR SUCCESSFUL MARKET ENTRY GROWTH IN WEST AFRICA

West Africa is a diverse region, thus each market should be approached with a tailor-made strategy

	COMMON CHALLENGES	RECOMMENDED ACTIONS
<p>1. <i>Do your homework</i></p>	<ul style="list-style-type: none"> <li>- Market data is often not readily available or reliable</li> <li>- It is a challenge to assess continuous economic and political changes and regional variations within large markets</li> <li>- Information and decision-makers are not easily identified</li> </ul>	<ul style="list-style-type: none"> <li>- Target markets based on growth needs, capital requirements, and time horizon</li> <li>- Be aware of regional variations</li> <li>- Conduct due diligence with the support of local expertise</li> </ul>
<p>2. <i>Define and develop strategy</i></p>	<ul style="list-style-type: none"> <li>- Economic volatility of buyers in resource-rich markets and high dependence on development funds in resource-poor markets</li> <li>- Sales process time consuming given lack of access to decision-makers, bureaucratic processes, and the strong interpersonal nature of business relationship</li> </ul>	<ul style="list-style-type: none"> <li>- Be asset light in order to maintain responsiveness to fast-paced changes in market conditions</li> <li>- Iterate go-to-market approach as your market position evolves</li> <li>- Plan to scale long term and stay relevant</li> </ul>
<p>3. <i>Adapt business model</i></p>	<ul style="list-style-type: none"> <li>- Procurement processes are more complex than in Europe; decision-making takes longer</li> <li>- Long term contracts in local currency carry higher risk exposure; contract negotiations and extensions are often delayed</li> <li>- Difficult to secure financing, resulting in payment delays and postponed due dates for large projects</li> </ul>	<ul style="list-style-type: none"> <li>- Turn the rapid pace of change into a competitive advantage by adapting existing products and services to meet specific needs</li> <li>- If possible, connect offering with technology and offer end-to-end solutions</li> <li>- Go beyond 'quality' as a unique selling point and focus on relationships and knowledge exchange</li> </ul>
<p>4. <i>Go long and be resilient</i></p>	<ul style="list-style-type: none"> <li>- Business culture is characterised by a lack of organisation and structure, and buyers are often hard negotiators</li> <li>- Whilst easier to enter indirectly (e.g. via distributors), selling indirectly makes it harder to learn key success factors in local culture</li> </ul>	<ul style="list-style-type: none"> <li>- Plan and build long term relationships with government and local stakeholders</li> <li>- Build resilience and mitigate shortterm volatility by:               <ul style="list-style-type: none"> <li>- Hedging financial risks</li> <li>- Keeping the business as lean as possible</li> <li>- Diversifying portfolio</li> </ul> </li> </ul>
<p>5. <i>Ensure local integration</i></p>	<ul style="list-style-type: none"> <li>- Business culture is characterised by a lack of organisation and structure, and buyers are often hard negotiators</li> <li>- Whilst easier to enter indirectly (e.g. via distributors), selling indirectly makes it harder to learn key success factors in local culture</li> </ul>	<ul style="list-style-type: none"> <li>- Show commitment and dedication to the market:</li> <li>- In West Africa, personal relations are often key for business</li> <li>- Invest in local presence via greenfield, alliance or partnership</li> <li>- Hire locally whenever possible, and develop leaders internally</li> </ul>



*We help Swedish companies grow global sales and  
international companies invest and expand in Sweden.*

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