Peace Dividend Marketplace

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Small & Medium Enterprise Initiative: SME Working Group
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About Peace Dividend Trust

- PDT a 501 (c) 3 charity
- Focused on local economic impact of international buying
- In Liberia: linking international spending to locally-based enterprises

Project undertaken with the financial support of:
Complex and interconnected challenges

Widespread Poverty

Inadequate Infrastructure

Lack of Formal Employment

State Fragility
The case for local procurement

- Helps spend a dollar twice
- Creates income opportunities for Liberian people
- Revives and builds the local economy
- Combats corruption and cronyism
- Strengthens the government of Liberia

www.liberia.buildingmarkets.org
Liberian marketplace opportunities: goods

- **Building materials**: sand, cement, gravel, lumber, plastic products (eg. Water tanks, containers), electrical supplies
- **Geological supplies**
- **Heavy equipment**
- **Office support**: printing, office supplies, IT equipment, and furniture
Liberian marketplace opportunities: services

• **Small-scale garment manufacturing**: clothing, uniforms
• **Logistics**: transportation, motor vehicles, automotive parts, maintenance services, shipping and courier services
• **Telecommunications**: 5 major providers
• **Security services**: provision of static guards or mobile detail
• **Living Accommodation**: hotels, restaurants, supermarkets, office space, catering
• **Fuel distribution**
• **Health care & Medical Insurance**
• **Business Services**: Insurance, Accounting, and Legal Services
• **Maintenance Contracting**: Waste Management, etc.
Liberian marketplace opportunities: works

- Engineering services
- **Construction services:** road construction, vertical and horizontal construction
- **Sanitation, Waste & Maintenance Support**

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Obstacles to increased business in Liberia

Buyers
- Limited information about local suppliers
- Lack of reliable market information/data
- Bypassing the local economy through use of offshore suppliers
- Lack of mandate to buy locally

Obstacles to local procurement

Suppliers
- Lack of knowledge about international business
- Limited access to opportunities with international buyers
- Limited capacity to produce winning bids, including price
- Limited understanding of demands of international buyers
- Lack of cooperation

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Spending on Liberia

- International Organizations
- Contributions
- Budgetary Support
- CSR Schemes
- Foreign Direct Investment Inflows

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Services linking supply and demand

**Increasing market information**

- **Market research & advocacy**
  Promoting local procurement initiatives, organizing events and providing ongoing market research reports

- **Business directory**
  Online portal connecting buyers to verified and formal local businesses

- **Tender distribution**
  Collecting and distributing international tenders from buyers looking for specific goods and services

**Building capacity**

- **Business matchmaking**
  Linking buyers with Liberian businesses through specific procurement requests

- **Training**
  Training local businesses on the procurement processes, helping them to complete compliant bids

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Research questions

• What is our counterfactual? How can we look at the difference we make to an entire market?
• Which of our services are most effective/cost effective?
• How are we contributing to market ‘health’ as well as market size:
  • Linkages
  • Access
  • Diversity
  • Capacity
• How to avoid market distortions?
The Data

• **Business portal data**: e.g. size, types of goods and services, track record.

• **Indicators at verification and update**: e.g. understanding and confidence related to procurement procedures, optimism.

• **Feedback from buyers and suppliers on contracts facilitated**: contract length, sector, value.

• **Job creations surveys**: deeper questions on impact of winning contracts.

• **Before and after training surveys**: improvements in understanding.

We can’t easily link service-use to outcomes
PDT’s Research Experience

• **Tracking aid spending into local economies:** *Economic Impact of Peacekeeping and Spending the Development Dollar Twice.*

• **Increasing understanding of the impact of local procurement:** Approaches to managing risk, methodology for collecting necessary data.

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Policy relevance

- Create models of how fragile markets evolve that can help with the development of more specific government policies.
- For an individual business, is the journey from low demand, through demand from international agencies to strong demand from domestic and foreign markets a plausible one?
- Buy local policies have gained wide acceptance in aid policy circles – but what indicators can tell us when these policies become inappropriate?
Project timing and resources

• The Marketplace in Liberia has set up with verification due to start in October.
• Anticipate 1,000 businesses verified in the first 3 months but this might be hampered by the election.
• Other services due to start in early 2012.
• The project has a full time market researcher.
• Some room in the budget for hiring national researchers but anything else would have to be separately fundraised for.

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Peace Dividend Trust
Building a Better Peace

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