

Small Business Empowerment Act **(SBE) 2014**

Simplified Version:

Get to know the law and its benefits

Developed with funds from



Irish Aid
Rialtas na hÉireann
Government of Ireland

With support from



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Introduction

The simple English version of the Small Business Empowerment Act is intended to explain the law in language understandable by everyday people.

It covers the background and motivating factors in creating the law. It underscores the essence and necessity of the law. Additionally, it names the Department of Small Business Administration (ie. Department of SBA) as the institution created by the law and how this institution is to operate. Key amongst the institution is its role and responsibilities as regards promoting Liberia Micro, Small and Medium Enterprises (MSMEs). Further emphasis is placed on the specific role of the Department in facilitating loans and other capacity development activities for small businesses.

Another key feature of this version of the Act is the enumeration of all the relevant stakeholders as stipulated in the law. Equally important is the detailing of what happens when businesses are not satisfied with the implementation of the law, what can they do - an introduction to the process of filing complaints and investigation process.

The document contains eight sections. The section are designed for the simplification effect, rather than strictly following the layout used in the law.

Question 1:

*What is the name of this law and **why** was the law created in the first place?*



The law is called the **Small Business Empowerment Act, 2014**

Before the Government GOL created this law, they seriously consider the following issues and circumstances;

- 01** That Liberia depends heavily on success of small businesses SME/MSMEs; that economic recovery in Liberia cannot happen without a strong SME sector
- 02** That the GOL would like to see small Liberian-owned businesses produce more goods and services that can be used in Liberia and even exported
- 03** That the GOL has a national and legal responsibility to support help SMEs to grow and become stronger and better
- 04** That without GOL direct and active support, lots of small business will continue to 'catch hard times' and some will go out of business

Based on all the above considerations, the GOL thought it wise to make the Small Business Empowerment Act 2014, to make it compulsory that all GOL ministries and agencies cooperate in the process.

Through this law many business opportunities can also be given to small businesses so that they too can benefit and grow.



Question II:

*Did this small business law **create another ministry** or agency if so, what is the name and **functions** of this agency?*





The SBA department

No. The small business law does not create any new ministry or agency. However, it created a new department at the Ministry of Commerce (MOC). This new department is called the Department of Small Business Administration (SBA)

This new department – Small Business Administration department is headed by an Assistant Minister, who reports to the Deputy Minister for MSMEs.

Functions of the SBA department

The SBA Department has the following function and responsibilities;

1. To promote and develop small businesses
2. To regulate and control small business matters
3. To operate and facilitate loans to MSMEs
4. To monitor and evaluate how the law is helping MSMEs
5. Coordinate programs that will reprove for small business development
6. Focus directly on Liberian-owned small businesses
7. Prepare statistical report on small business activities in the country, so that such report can be used by both GOL and business groups to see how well the law is working
8. Prepare mid-year and year-end report that will show whether or not small business are really benefiting – just as it is stated in the law

Question III:

*So, this small
business
department, **will
it give money** to
Liberia owned
businesses to do
business?*



The answer to this question is both **NO** and **YES**.

1. No, the small business department at the Ministry of Commerce does not have money to give to MSMEs directly.
2. Yes, because, as an institution of the GOL, it can facilitate the loans process to Liberian-owned businesses, and it can also recommend MSMEs for loans to financial institutions for loans. However, the decision as to whether a business is qualified to get loans from a financial institution rests solely with the financial institution. The Department of SBA cannot compel any bank or financial institution to give loans to businesses that don't meet the standards.
3. Yes, because the Depart of SBA can also produce programs through which it can get sponsors to support Liberian business.
4. Yes, because the Department of SBA can produce program though which small business can get loans through the backing GUARANTEE of the GOL.

Question IV:

*What about **government contracts and procurement**, is there anything in the law that says how small business can benefit?*



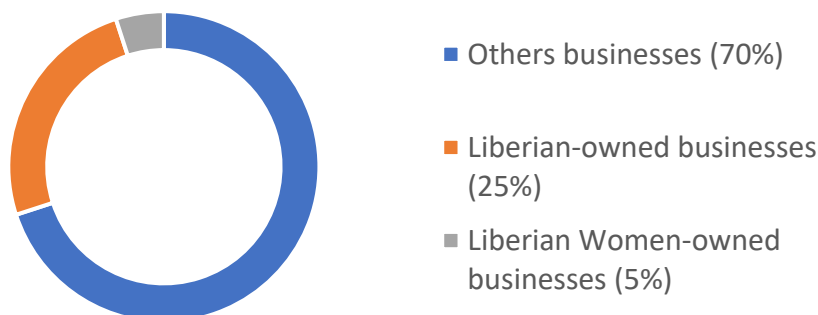
Government Contracts and Procurement

The law makes special accommodation for small businesses. When it comes to GOL procurement, the main aim of the law is to make sure that Liberian-owned SMEs fully benefit, either as contractors or sub-contractor

Under this law, each budget year, no less than **25 percent** of the entire procurement of each agency should be set aside, specifically to buy from or offer contract to **Liberian-owned businesses.**

Also, as a way of promoting women entrepreneurship, GOL agencies are to reserve **5 percent** of the 'set aside' procurement budget, specially for **SMEs owned by Liberian women.**

Government Procurement Budget



Government Contracts and Procurement

Each GOL agency is required to show how it implements the law – **do a report every three month**. GOL agencies are also required to make owners of small business aware of the existence of such reserved business opportunities for Liberian-owned business

The Department of SBA and the PPCC are supposed to make sure that even when Liberian-owned SMEs are not the main contractors, they should be given the opportunity to be **sub-contractors**.

The Department of SBA is also supposed to create programs that will help build the capacity of Liberian small business owners.

Question V:

*What else are
government
agencies
supposed to do?*



Each government agency is to submit a quarterly, semi-annual and annual report on how well it is implementing the law.

This report as noted above must detail to what extent GOL agencies are meeting the 25 percent procurement budget set-aside [threshold] for buying from or giving contract to Liberian-owned SMEs.

The report is also supposed to say what is the cause if the agency was unable to meet the threshold.



Question VI:

*And the Department of SBA, **what role are they supposed to play** in this whole process; and Who else has role to play?*



The role of the SBA department

The Department of SBA is supposed to do a complete review of the various report from all the GOL agencies and find out if these agencies are really complying with the law

After the Department review they are supposed to report every six months. In this report, the Department is to give a report card of each government agency, to see which agency is doing well and which agency needs to improve.

The Deputy Minister must report to the Minister on the operations of the Department, especially on the success or failure of the implementation of the law

The law also calls for an inter-agency steering committee that must meet every 6 months to review and analyze the report of the Department. The main aim of this analysis is to rate the success and tackle the challenges.

Question VII:

*What if I find out that some **non-Liberian** have infiltrated the system or other cheating going on, **can I file a complaint?***



Whistleblowing

Yes, you can! The law provides for a formal complaint process

The complaint process works like this:

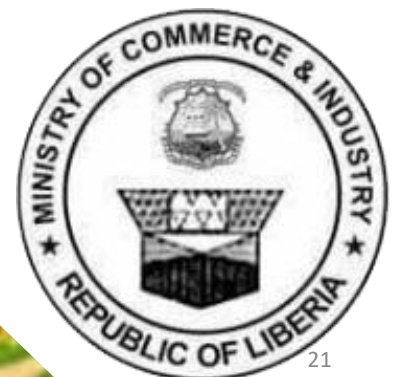
- a. The Department of SBA can start their own investigation, even without a formal complaint if they suspect unlawful activities. They can also start a complaint process if an individual or a business files a complaint.
- b. Each participant in the complaint process has the right to be represented by a legal counsel.
- c. Each participant must be given written notice of the hearing in advance. The notice must say what the complaint is about, as well as the individual or business that is accused of doing something wrong. The notice must also state the date, time and place of the hearing and the Hearing Officer that will be doing the investigation/conducting the hearing.
- d. The Minister has the authority to appoint Hearing Officers.

Whistleblowing

- e. The Hearing Officer has the power to
 - Administer oath to witnesses who will be providing information on the case [sworn testimony].
 - Compel witnesses or other relevant persons to attend subpoena .
 - Decide which evidence to take or not to take during hearings.
 - Decide which rule will apply during the hearing.
 - Make a final decision on the complain.
- f. Hearing Officer has the right to punish witnesses for making false statement during the hearing. Such individuals or their business may be ban for 5 year for providing false testimony
- g. Any person who is not happy with the Decision reached by the Hearing Officer has the right to appeal the decision to the Circuit Court or to the Commercial Court
- h. If the case came from a whistle-blower, the Department will give 10 percent of any income from the case to the whistle-blower.

Question VIII:

*Kindly go over the list of **all those who have responsibility** for the success of this law.*



Stakeholders to the SBE Act success

- 1) **The Ministry of Commerce**
 - *The Minister*
 - *The Deputy Minister for MSMEs*
 - *The Assistant Minister for MSMEs*
 - *The Department of SBA*
- 2) **Individual MSMEs owners**
- 3) **The Government of Liberia**
 - *The Cabinet*
 - *The Inter-Agency Ministerial Committee*
 - *All GOL agencies that have procurement budget*
 - *The judiciary – circuit court, commercial court and Supreme Court*
- 4) **Business Associations** *such as the Liberian Business Association, Liberia Chamber of Commerce, etc.*
- 5) **Financial Institutions** *such as Commercial Banks, Microfinance banks, Central bank, etc.*
- 6) **~140+ Procuring Entities** *including all government agencies and ministries as well as all government funded institutions such as universities, commissions, etc.*
- 7) **Other major contractors**

About **YOCEL**

Who is behind this initiative?

YOCEL is a social enterprise accelerator focused on empowering young people, particularly women and girls, to engage in entrepreneurship and job creation that will boost their economic livelihood and reduce poverty. As an organization, we believe that when women and youth are trained and given adequate resources, they will create jobs, contribute to improved living standards, and reduce poverty. Our theory of change is premised on building the agency of people living in poverty and providing them with information and means to enable them to act and move out of poverty.

WHO ARE WE?

Created in 2013, YOCEL is a youth empowerment and social enterprise accelerator - ensuring that all youth, including young women, have access to education and skills to end unemployment through innovation. YOCEL Advocates and promote economic growth through capacity building, social dialogues, and collaborative partnerships on education, entrepreneurship, job creation, and workforce empowerment in Liberia and across Africa.

VISION

We envision a world where women, youth and children are free from poverty.

MISSION

To accelerate the capacity and well-being of women, youth and children for a growing economy.



Thank you!

We appreciate you reading this document.

For more information, please contact YOCEL's communications team at www.yocel.org | info@yocel.org