ON THE OCCASION OF THE RECEPTION OFFERED BY HER EXCELLENCY PRESIDENT ELLEN JOHNSON SIRLEAF OF LIBERIA
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I am very happy to be here today. I am grateful for this reception and your warmth. I was going to announce that I am the first member of the Dutch Royal Family to visit Liberia. Much to my surprise, I was told today by one of the President's aides that both Prince Bernhard and Queen Juliana had been here in the 1950s and 1960s. Unfortunately I couldn't discuss with them their experiences, as they are not with us anymore.

I am here as Princess of The Netherlands, and also as the UN Secretary-General's Special Advocate for Inclusive Finance for Development. I was very happy on the day that I was designated, some nine months ago. Not only for having received such a responsibility, but also because it marked a success in the evolution of this sector. In 2005, I was an Advisor to the UN Year of Microcredit, which, despite its name, helped to expand the notion that poor people needed financial services - savings, insurance, payment systems and so on - beyond basic credit. In 2006, I was part of a successor UN group, advocating for this larger concept of "financial access". And now, it is all about "financial inclusion". This progression, ladies and gentlemen, has underscored the importance of financial services in the development of a country. Financial inclusion promotes economic growth that is also pro-poor, therefore reducing income inequalities.

When talking about financial inclusion, I find it useful to give its definition. Financial inclusion means universal access, at a reasonable cost, to a wide range of financial services to everyone needing them, provided by a diversity of sound and sustainable institutions.

When we say "universal access," we talk about men and women, youth, rural and urban people. We talk both about individual microentrepreneurs and small and medium sized enterprises. When we talk about a "wide range of products," we talk about savings, credits, insurance, payments, pensions, remittances, etc. And in talking about "everyone needing them," the need element is very important. It is not about selling as many financial products as possible, but about providing people with the services that are tailored to their needs and that they can afford. In this way, a credit facility for a rural farmer will be different from one for an urban merchant. And sometimes, a savings product will be more suitable than a credit product. Likewise, when we say, "provided by a diversity of sound and sustainable institutions," we mean that institutions can have different forms and that a variety of institutions are required to meet the needs: cooperatives, commercial banks, microfinance institutions, village saving schemes, etc. We also mean institutions that are financially sustainable so we can count on them in the long term.

A well-developed inclusive financial sector is like a well-developed transport system. It is basic infrastructure in a country that everyone, government, individuals and the private sector - micro, small, medium or large - depends on. But financial services are a means to an end, not an end in itself. It is the food we can buy, the school for our children, the investments to improve crops or start a business, the safety net in case of sickness, literally the roof above our heads that count. We should therefore look at financial services while also looking at what they are being used to achieve and the underlying needs: housing, healthcare, water, agriculture, enterprise, women's empowerment, etc. This means that stakeholders in addition to the Central Bank or the Ministry of Finance should be part of conversations and planning in order to make a truly inclusive financial sector a reality.

A well-developed inclusive financial infrastructure will support small and medium-sized enterprises as well as microentrepreneurs and individuals. How important are SMEs? In the Netherlands, for example, 60% of employment is created by SMEs. And 92% of these SMEs have eight employees or less. Actually, half of them have no employees at all. This underlines the importance of SMEs and especially the "S" of small in job creation. But, SMEs need diverse financial services and capital to grow and thrive. Some small enterprises may be supported by microfinance institutions initially. As they expand, enterprises may later need the services of a
commercial bank. So, we should make sure that there are not separate silos between financial services of micro, small and medium enterprises.

Liberia has come a long way these last years. The creation of several microfinance institutions, sound policies and a financial inclusion strategy have all helped to move the sector forward. Still, in Liberia today only 11% of the population has access to formal financial services. And only 10 to 20% of SMEs have access to credit. A lot remains to be done.

As I just mentioned, in order to reach all Liberians with the right products at the right price and in the right place, we will have to all work together. Ministries of Agriculture, of Finance, Gender, of Commerce and Justice, the Central Bank, Energy, Water, the private sector - and not only the financial private sector, but also agriculture companies, retailers, mobile phone companies. All of these need to be involved in order to realize the potential. I should also add that building out an inclusive financial system contains good business opportunities in itself, while creating a platform for increased enterprise and economic productivity across the country.

In my travels I have learned that the countries that have been able to advance financial inclusion successfully have shown strong coordination and leadership. I hope Liberia will take on this challenge of working together for this worthy goal.

I would like to highlight three issues that might be useful to concentrate on in the near future.

One is attention to savings. Savings is a debt-free way to make investments and take advantage of opportunities, whether starting a business or sending a child to school. Savings is what will help you in time of sickness and old age. Savings is what will help you smooth your cash flow and consumption. Savings is what can prevent you from having to sell off your livelihoods to make up for unforeseeable events. A recent study showed that the impact of savings on welfare is particularly strong on women entrepreneurs. We also know that if people have attractive and safe options to save, they will do so in increasing quantities. We have seen this in several countries in Africa where deposits outpace loans in ratios of 5:1 and more. So we need to make safe, reliable places to save available.

Second is access to finance across the value chain. Again, we shouldn't have silos between financial services for microenterprises and for small and medium sized enterprise. They all supply and buy from each other, and are essential to developing a robust market in a given sector, for example for agricultural production. Enterprises generally grow from being very small into larger companies, and may even begin informally or as individual enterprise. Appropriate financial products need to be available to them at all stages of growth.

Today, I met a lady who started her business by borrowing less than USD 100 from a microfinance institution. With that she bought one container of palm oil, which she resold. Today, this lady exports to the US, employs 13 people and has an outstanding loan of USD 12,000, which is the maximum she can get from a microfinance institution. But she needs more. She would like to export a container to the US, but banks will not loan her the necessary capital as she owns no land for collateral. Meanwhile, she has $4,000 in savings, a good history of loan repayments, and a warehouse of palm oil, any of which should be able to secure a larger loan if the right mechanisms and services existed. This is just one example of how silos between microfinance and SME finance constrain potential and growth.

And finally, in the present situation where brick and mortar infrastructure, roads and electricity are all lacking and very costly to build, more focus should be given to new innovations in banking beyond branches, such as mobile phone banking and agent banking. This will help Liberia to leap frog in its development and financial infrastructure, and reach people we never imagined at very affordable prices. This is of special importance in the rural areas where access to finance as well as other services has been particularly difficult. We hope to work together with you on this issue and help where possible.

With these last remarks, I would like to again thank the Government of Liberia for this warm welcome and for the interesting discussions we have had. I hope they will lead to more access to financial services to all Liberians. I would therefore like to propose a toast for the future of the people of Liberia and Liberia's prosperity.