



TASU NEWS Bulletin

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WHAT IS TASU

Technical assistance and supervision Unit

TASU/TASC Model. As the creation and support to RCFIs requires central support services on a wide range of dimensions and as no service provider exists, a Technical Assistance and Supervision Unit (TASU) is created in the CBL at the start of the project. In Year 3, upon recommendation by the mid-term review (MTR), the TASU will become the Technical Assistance and Supervision Company (TASC). The TASU/TASC is conceived as a second tier institution owned by the RCFIs and providing the latter with various products and services that are integral to their sustainability. The mission of the TASU/TASC is to provide vital non-banking services to the RCFIs with the aim of improving their operational efficiency and effectiveness.

The objectives of the TASU/TASC are:

- To promote the interests of its shareholder by providing non-banking services where applicable and necessary, on a sustainable basis;
- To assist the shareholding RCFIs to become operationally profitable as soon as possible;
- To monitor, inspect and supervise the operations of shareholding RCFIs through off-site review of their prudential returns and on-site examinations, and ensure their compliance with banking laws, mandatory prudential regulations and internal regulations, in order to complement the supervisory role of the CBL;
- To provide training for directors and employees of RCFIs, and other related bodies or entities;
- To provide a forum for the board and management of the respective RCFIs, to share best practices, ideas, challenges, skills and savoir-faire to enhance the developmental objectives of shareholding RCFIs;
- To coordinate, collaborate, partner, work with or engage in joint ventures with other financial services institutions or bodies, both locally and internationally, in the acquisition of funds, the procurement of technical and managerial support, equipment supply and the provision of advisory or consultancy services geared towards advancing the TASU/TASC objects.

Creation of TASU and transformation into TASC. At the beginning, the TASU shall be established as a unit under the Non-bank Financial Institution Division of CBL's Banking Supervision Department. This approach guarantees the full understanding by CBL's staff of the principles and operations, and secures the harmonization of all support measures provided to RCFIs. During the early period of about two years, the TASU will be housed by the CBL. During the second year of RCFP implementation, preparatory steps for transforming the TASU into the TASC will be undertaken: the drafting of legal documents, the collection of contributions from the RCFIs for the purchase of shares, and the registration as a company limited by shares. Shareholding will be limited to RCFIs which subscribe to the principles of sustainable and efficient provision of affordable rural financial services and the support provided by TASC. Shares will be issued at a nominal value of USD 1,000 per share. RCFIs will be obliged, through a memorandum of association with the project, to purchase shares worth 3% of the shares mobilized themselves. Calculations, based on the rhythm of creation of RCFIs and their expansion, show that the available share capital of TASC may reach approximately USD 140,000 by the end of the project. The TASC will be licensed by CBL as a non-deposit-taking financial institution, which would in accordance with current regulation require a minimum share capital of USD 50,000. The TASC will enter into a memorandum of association with the CBL on the temporary delegation of first tier supervision of RCFIs by TASC, after due assessment by the CBL.

TASU Completes Mission to 12 RCFIs

A high-level technical team from the Technical and Supervision Unit (TASU) of the Rural Community Finance Project (RCFP) recently undertook a mission to twelve Rural Community Finance Institutions in eight counties. The objective of the technical mission was to ensure the completion of draft management account for each RCFIs; the validated share register of each RCFI Conduct capacity gap analysis report management staff and BOD for each RCFI; complete follow up/action point matrix of each RCFI and consolidation of management account reports.

RCFIs visited by the TASU technical team included the Foya, Kolahun and Zorlayea Rural community Banks in Lofa County, the Gbarpolu RCFI, the Totota RCFI in Bong County, Rivercess RCFI, River Gee RCFI, Tappita and Gbelay-Geh RCFI in Nimba County, Sinoe RCFI in Greenville and Grand Kru RCFI in Barclayville.

Development of Management Accounts

During the intense three months mission, the technical team succeeded in working with local bank staff in developing the management accounts. The teams worked with the management teams of each RCFIs to extract the trial balance from inception of each RCFIs to December 31, 2019, analyze and categorize the trial balances based on the type (description) and nature (debit or credit balances)

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About the Rural Community Finance Project (RCFP)

Project area:

The RCFP will facilitate the creation of new community-based financial institutions –RCFIs –in selected rural areas throughout the country. Locations for new RCFIs are identified on the basis of technical feasibility studies and adopting a mix of clear criteria including degree of commitment by the host community and absence of banking facilities as well as viability considerations, taking into account the Strategic Goal and Objectives of the CBL. Priority will be given to locations with significant business volumes or serving large rural areas, including a few central towns with very high unsatisfied demand for financial services. The project will not operate in Monrovia, where almost two-thirds of all transaction counters are already located, or in towns where the population is engaged mainly in mining, plantations or resorts. Project area will also include all locations where RCFIs already exist.

Although the project will be nation-wide in scope excluding urban Montserrado, its coverage may initially be divided into implementation clusters. At district/county level, the following criteria will be used to identify potentially suitable communities: (a) social, poverty and demographic indicators for identifying vulnerable communities with good potential; (b) complementarities with on-going and planned government and donor initiatives; (c) potential for commercial activity, including the production of cocoa and coffee and value addition; (d) potential for poverty .

Target group and strategy.

The primary target group is the economically active rural population (petty traders, smallholder farmers, food processors, local transporters, craftsmen and artisans) who demonstrate an interest and willingness to expand their activities and commercialize. Special attention is also given to reaching women and youth in both on-farm and off-farm activities, and micro-and small-scale entrepreneurs, particularly women. However, as a project to promote improved access to rural finance, targeting is inclusive, and by virtue of the fact that the RCFIs will be community-owned and community-based, access to the financial services will be open to the community at large. The project will target at least 24,000 shareholders, at least 50% of whom should be women and 25% youth, equally divided between female and male youth.

Towards the creation of new, more responsive rural financial institutions in the formal sector, the project's poverty targeting strategy will involve: (a) geographical targeting by prioritizing the poorer, more vulnerable areas of the country; (b) adjusting the sizes, operations and systems of the RCFIs so that the smaller, poorer and more remote locations can also qualify for support to create their own RCFI; (c) inclusion strategies focusing on tailored approaches to meet the needs and potential of IFAD's target groups, particularly women and youth; (d) innovative approaches involving the adaptation of technologies that are more appropriate and accessible to the target groups; (e) self-targeting measures; and (f) tracking of clients' evolving level of poverty. Following the scant information available on the effects of the EVD, the number of rural poor has significantly increased as a result of the EVD. Statistical data on poverty before the crisis may be outdated by now.

Gender and youth mainstreaming strategy:

A key element of inclusion and targeting is the focus on women and youth, and the application of mechanisms to facilitate their involvement in project interventions. The gender mainstreaming strategy has three key focus areas: (a) RCFI clients; (b) RCFI staff and board; and (c) staff of the Technical Assistance and Supervision Unit/ Company (TASU/TASC). The strategy for expanding female RCFI membership envisages a range of approaches and savings and loan products naturally targeting women; every effort will be made to improve gender balance among the staff and board of RCFIs, and to develop the capacity of support staff (TASU/TASC) to address gender issues, social inclusion and women's microenterprise development. Targeting of young people will concentrate on two aspects: (a) employment creation and (b) fostering their entrepreneurial spirit and skills.

Other measures for gender, youth and poverty targeting include ensuring outreach in communication/sensitization campaigns, as well as gender and youth-disaggregated monitoring and evaluation, and mechanisms for monitoring the impact of products and services on target groups, including the use of participatory monitoring and evaluation (M&E).

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TASU Completes Mission to 12 RCFIs

of the accounts to produce the management accounts for each RCFIs. The management accounts developed are listed in Appendix-A below.

Validation of Share Registers

the criteria for the validation of share registers was established by TASU Management after several attempt to get the actual numbers of existing shareholders of each RCFIs experienced several challenges due to the lack of adequate documentations at the RCFIs. The criteria is intended to ease the share validation exercise as listed below:

1. All names of shareholders recorded in the banking system at Afriland and RCFIs are deemed to be validated, however to positively identify shareholders, the following should be adhered to:

A person posing as a shareholder must present receipts of purchase that can be authenticated,

In case of missing receipts, the individuals should be able to pass an interview on the amount of shares purchased, value and perhaps date and persons with whom they transacted; In the case of a deceased shareholders, the next of kin validated by community elder or chief, should be registered with all necessary identification documents

2. All shareholders whose names are registered in the system but have receipts that can be authenticated indicating dates, number of shares, value in dollars, name and signature of issuer of receipt are deemed to be validated and the names with appropriate identification should be entered in the system;

All shareholders whose names are not in a banking system at RCFIs and Afriland but are registered in ledger/copybooks/other of books of records are deemed to be validated but individual claims should follow the rule of identification as outlined above (count 1)

Based on the criteria listed above, the teams validated the total number of shareholders across the network of RCFIs as shown below.

Capacity Gap Analysis of RCFI's Management

To facilitate the effective and smooth functioning of the RCFIs, a capacity gap analysis of the management staff of the 12 RCFIs was conducted for the purpose of recommending capacity building programs for the staff. Based on the capacity gap identified and the level of underperformance across the network of RCFIs, the team recommended that training be conducted for all RCFI staff to beef up the effective functioning of the institutions.

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Total number of shareholders across the network of RCFIs

Consolidated Summary of Shareholders Registers						
Names of RCFIs	Number of Shareholders	Number of Shares	Share Value (USD)	Share Value (LRD)	Conversion Rate	Total Share Value
			A	B	C	D=(B/C)+A
NIMBA	325	7162	28,955.00	704,840.00	158.22	33,409.94
GBEHLAY GEH	443	4566	325.00	1,881,831.00	158.22	12,219.94
TAPPITA	315	15114	77,215.00	-	158.22	77,215.00
ZORLAYEA	380	1791	3,260.00	795,655.00	158.22	8,288.93
KOLAHUN	236	11081	44,113.37	1,155,107.75	158.22	51,414.22
FOYA	336	6680	30,355.00	304,015.00	158.22	32,276.52
TOTOTA	183	21'84	8,550.00	198,730.00	158.22	9,806.04
GBARPOLU	305	1036	1,535.00	308,629.00	158.22	3,485.63
RIVERCESS	213	2442	6,555.00	442,850.00	158.22	9,353.95
SINOE	93	2161	5,565.00	438,355.00	158.22	8,335.54
GRAND KRU	83	936	2,430.00	129,955.00	158.22	3,251.36
RIVERGEE	411	3765	4,290.00	954,525.00	158.22	10,322.90
TOTAL	3321	58918	213,148.37	7,314,492.75		259,379.13

Ongoing ICT support to RCFIs



Recommendations

We recommend that monthly reconciliation of RCFIs bank accounts and all operational accounts with Afriland First Bank be carried out to ensure the accuracy of account balances that shares accounts be

opened for all validated shareholders as listed in the validated share register; Hence forth, it is recommended that RCFIs

will submit a daily and monthly inventory report to be used for the two reporting areas;

Capacity building be conducted for all Managers and Accountants of RCFIs to ensure that they develop their own accounts on a regular basis;

The RCFIs software should be upgraded to enable offsite review and monitoring to ensure data integrity;

TASU should capacitate the RCFIs with operational resources to ensure proper and systematic filing of transaction records are done at all times.

Increasing Depositors' Confidence through the Share Mobilization and Outreach Strategy

Thousands of women, men including youths and people with challenging abilities will benefit from a new and innovative financial scheme intended to increase shareholdings in rural community banks across the country. The scheme is part of a financing arrangement with the International Fund for Agricultural Development implemented through the Rural Community Finance Project by the Ministry of Agriculture in collaboration with the Central Bank of Liberia. The two key objectives of the scheme is to increase women and youths shareholdings and decision making in rural community banks and increase the rural community banks financial position to allow depositors to access loans and engage in different business ventures.

The new financial inclusion scheme is spearheaded by the Technical Assistance and Supervision Unit (TASU), a unit established and annexed to the Central Bank of Liberia to provide

technical support to rural community banks under the Rural Community Finance Project (RCFP).

Launching the Share Mobilization and Outreach Strategy (SMOS) on behalf of TASU across the 12 Rural Community Finance Institutions, the Gender and Financial Inclusion Officer of TASU Ms. Olive B. Cisco said statistics gathered from existing Rural Community Banks in the country reveals that men presently hold about 75% of shares in all the banks. She said women and youths who are involved in various business ventures around the country are not utilizing the rural banking institutions, something which she says limits the voices of women and youth in the financial decision making in rural banking institutions.

Unveiling the SMOS, Ms. Cisco said in order to increase women and youth shareholdings in the banks, IFAD in collaboration with the Ministry of

of Agriculture and the Central Bank of Liberia have introduced a matching grant for all women, youth and people with challenging abilities. She said, the sponsoring institutions will match all shares above two shares up to a total of 100 shares. "The offer of share matching will last for a period of five months. The male shareholders will also benefit from the matching scheme. For every two shares purchase by adult male, the sponsors will purchase one additional share making it three shares. Shares at the rural community banks are sold for \$5.00 USD or its equivalence in Liberian dollars.

Target groups for this new strategy are smallholder farmers, crafts persons and artisans, petty traders, female-headed households, food processors, local transporters, youths including the disadvantaged.

She said as part of the strategy, linkages and networking training will be established

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Capacity Building Workshop Held for RCFIs in Ganta City, Nimba County



Development objective and impact indicators:

The overall development goal of the RCFP is to reduce rural poverty and household food insecurity on a sustainable basis by facilitating access to finance by at least 32,000 rural individuals and their families. The project's development objective is to improve access to rural financial services on a sustainable basis, enabling the development of the rural sector. This project development objective will be assessed through three indicators:

Experience shows that it takes considerable time to create a new network of rural financial institutions in whatever form and make it sustainable, and certainly more than the five years envisaged for the RCFP. This project should therefore be seen as the first phase of a program approach to support inclusive finance in Liberia.

Outcomes/Components

The three main outcomes of the proposed RCFP are:

- RCFIs deliver demand-driven and efficient financial services to their clients;
- Professional and efficient technical support and supervision services are rendered by TASU/TASC to RCFIs;
- A more conducive regulatory and supervisory environment promotes the rural financial sector.

Components The RCFP is a five-year project geared at enhancing access to sustainable and affordable rural financial services in Liberia. It comprise of three components, namely: (a) Rural financial services; (b) Enabling environment for rural finance; and (c) Project management and coordination. The rural financial services component will have two sub-components: RCFI creation and operation, which will support the creation of grassroots rural community finance institutions (RCFIs) along the institutional models already practiced in Liberia; and Technical assistance and supervision, involving the creation of a Technical Assistance and Supervision Unit/Company (TASU/TASC). No sub-components are envisaged for Components 2 and 3.

It is a hybrid between a community bank and a Financial Services Association (FSA), a model of its own, not a downgraded version of a commercial bank. The RCFI aims at establishing a locally accessible and locally owned and operated financial institution that will become an important part of the mainstream financial sector. The model capitalizes on informal local rules, customs, relationships, trust and local knowledge, while introducing solid banking concepts and methods. RCFIs are envisaged to be well capitalized, and avoid over-dependence on short-term deposits. People buy shares and save with the RCFI because it is owned and operated by the local residents and their elected representatives, and because they trust them. The RCFI reinforces the sense of belonging within the community where it has its roots. It operates within a geographically determined area, and there will be only one RCFI for this area. RCFIs thus do not compete with each other.

Loans are financed principally from locally mobilized funds, i.e. share capital and savings mobilized from the shareholders. It can customize its services to the shareholder requirements and to local conditions. The concept carries a strong emphasis on local institution-building, good governance and sustainability to keep providing valuable product services to the economically active poor. All products and services with the exception of loans will be available to all community members, while only shareholders qualify for loans. Shares may be bought at USD 5 or its equivalence in LRD, and all shareholders are eligible to vote at any general assembly. A minimum of 10 shares will be required to be eligible for directorship. This is to encourage directors to have bigger stake. An individual opens a savings account with a RCFI by paying USD 4 for a passbook. Should a prospective borrower not have sufficient shares and savings as collateral, any other shareholder may stand as guarantor.

Shareholders can buy several shares. They are eligible to borrow up to four times their paid-up shares and two times their savings. In accordance with prudential norms, loan sizes are subject

to the provision that the amount does not exceed 1% of the net worth of the RCFI. RCFIs will charge interest rates at levels that will cover the cost and risks of operations and generate a profit. The RCFI may start declaring dividends after covering all the losses incurred during the initial year of operation. The general rule is that 50% of the net profit will be declared as a dividend to the shareholders, with the balance going to reserves.

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Increasing Depositors' Confidence ...

through an exchange program where bank staffs will be seconded to other highly functional banks to benefit from hands-on training. "We will also provide business advisory services to women who intend to take loan for business purposes".

At the launched of the SMOS, the rural community bank tellers and officers received logistical support including generators, computers and motorbikes. The motorbikes will be assigned to Loan Officers who are responsible to visit catchment areas in search of new businesses to increase the bank's portfolio. The generator will allow the banking hall to remain active throughout the banking hours.

In separate responses from shareholders at the various ceremonies, the shareholders expressed disappointment that since the establishment of the rural community banks they have never been invited to any meeting and no Annual General Assembly (AGM) have been held in any of the Rural Community Banks. According to the co-chairman of the Board of Directors of the Greenville Rural Community

Bank Ms. Victoria G. Blamo during the establishment of the bank in 2014, they were told that upon the purchase of shares in the bank they would be entitled to loans from the banks immediately. She said most women have been reluctant to save with the banks because of the lack of confidence in the banking sector so they prefer keeping their money through alternative means.

According to the Internal Auditor at TASU Mr. Garfield Konneh TASU was created to find solution to the financial crisis that affects rural communities with the view of making community banks viable and credible. He stressed the importance of functional Board of Directors at all Rural Community Banks. He said, "In the absence of a functional and active board it becomes extremely difficult to hold Annual General Meetings. He said the Board is intended to checkmate the bank management team in ensuring proper management of shareholders' funds and declaring dividend on profits accumulated over the operational period. I encouraged all of you

you to establish accounts with the banks and deposit your funds. As part of our supervision mission, we are conducting a comprehensive operational and financial audit of all Rural Community Banks to regain the confidence of shareholders and make community banks viable". Mr. Konneh told the shareholders upon the declaration of dividends by the board, the profits will be distributed proportionally in the accounts of all shareholders.

Meanwhile, the Rural Community Finance Project will deposit funds ranging from \$1,200.00USD to \$5,000.00USD in all the rural community banks depending on existing shares in each bank. This amount will be distributed proportionally among all shareholders who purchased shares at the onset of the establishment of the banks. Since the launched of the SMOS, female shareholdings have increased by 44%. Staff at the various RCFIs received training in conducting successful outreach campaigns.

About the Rural Community Finance Project (RCFP)

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The **Board of Directors** of each RCFI will have a minimum of five and a maximum of seven members. At least a third of the directors must be women and at least two-thirds must be residents in the area where the RCFI is located. The chairperson will be elected by the AGM. All other positions (such as vice-chairperson) and memberships in committees will be determined by election within the board. If the chairperson is male, the vice-chairperson shall be a woman, and vice versa. All boards shall create a Credit Committee comprised of three directors. Other committees (budget and finance committee or internal audit committee) shall be established as operations grow. The BOD will meet quarterly and the Credit Committee will meet monthly.

The chairperson and other directors will provide leadership and guidance but they will not be involved in the day-to-day running of the RCFI.

The Credit Committee will be in charge of the approval, monitoring and recovery of loans. It will also advise the BOD on lending policies and procedures. While recruited staff will be remunerated, officeholders will not be remunerated until the RCFI has recovered all its losses incurred and commenced declaring a dividend.

The essential element in the RCFI governance is to ensure that real (not just formal) ownership lies with the shareholders who must participate actively and regularly in discussing the policies and activities of 'their' institution. The BOD, in consultation with TASU/TASC, appoints a management team comprising a manager, an accountant, a loan officer and a cashier depending on the scale of RCFI operations (see below the discussion on the assumptions). All RCFI staff will be offered a one-year service contract, which can be extended several times by one additional year subject to achieving the targets set down in the business plan and also considering audit reports.

Capacity Support to RCFIs And Launched of Share Mobilization and Outreach Strategy (SMOS)



Managers of Rural Community Finance Institutions (RCFI) in Liberia



Augustine Fannoh
Manager—Grand Kru—RCFI



Yiedor M. Wamah
Manager—Nimba—RCFI



Henry K. Rennie
Manager—Totota—RCFI



James M. Freeman
Manager—Tappita—RCFI



Joseph B. Korsor
Manager—Foya—RCFI



Rev. Daniel D. Young
Manager—River Gee—RCFI



Mohammed H. Fofana
Manager—Kolahun—RCFI



Jackson F. Wolobah
Manager—Zorlayea—RCFI



Jeremiah J. Theo
Manager—Sinoe—RCFI



Sumolu L. Kanneh
Manager—Gbarpolu—RCFI



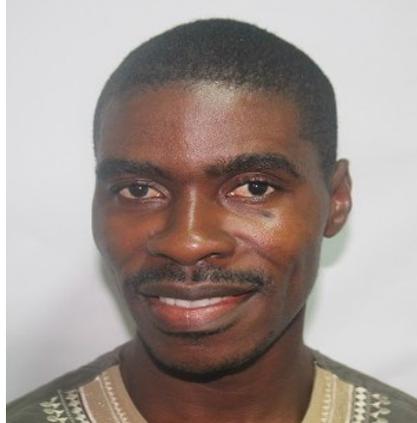
Bobby M. Johnson
Manager—Gbehlay Geh—RCFI



Patrick E. Paye
Field Assistant (Grand Kru,
RiverGee & Sinoe County)



Pst John J. Teah
Manager—Rivercess—RCFI



Tenese K. Moore
Field Assistant (Nimba County)



Jean G. Appleton
Field Assistant (Totota, Gbapolu
& Rivercess County)



Amar V. Corneh
Field Assistant (Lofa County)

Gender and Financial Inclusion Training for RCFI Managers Ends successfully



Training participants and facilitators group picture



Jedidiah S. Lawubah
Manager Technical Assistance & Supervision Unit (TASU)



Jay Gbleh-bo Brown
Head, Financial Sector Development UNIT, CBL



Robert K. Fagans
Deputy Minister of Agriculture for Planning & Development



Patricia Togba
Technical Assistant, Dept of Research, Policy & Planning

Gender and Financial Inclusion Workshop ends in Gbarnga, Bong County

TASU is working to build the individual and institutional capacity of Rural Community Finance Institutions across eight counties in the country. A weeklong Gender and Financial inclusion training for Managers was held in central Liberia recently. The training was facilitated by TASU, the Central Bank of Liberia and the Ministry of Gender, Children and Social Protection.

In a presentation, the Head of the Financial Sector Development Unit at the Central Bank of Liberia Mr. Jay Gbel-bo Brown described financial inclusion as a building block for both poverty reduction and opportunities for economic growth, with access to digital financial services critical for joining the new digital economy.

“Financial Inclusion is a state where the population (15+ years in age) have access to affordable and consumer-friendly formal financial services that they can understand and easily use, and which are designed to meet their diverse needs”

The vision of the National Financial Inclusion Strategy (2020-2024) is to build a sustainable financial sector deeply rooted in digital financial services in order to provide access to and enhance usage a wide range of affordable financial services.

Mr. Robert K. Fagans, Deputy Agriculture Minister for Planning and Development stressed the importance to access financial services by local farmers and communities. “Finance is a major concern for farmers for the development of farming land. Farmers cannot produce the quantity of food because of limited or no financial services. It would be prudent to put agriculture development funds under the supervision of Rural Community Finance Institutions because they are closer to the farmers and they have the expertise in working with farmers”.

The Technical Assistant in the Department of Research, Policy and Planning at the Ministry of Gender, Children and Social Protection, Ms. Patricia Togba, said, “The National Gender Policy (NGP) is the overarching national policy on gender issues and contains the guiding principles, which will be integrated by the Government of Liberia”.

The overall objective of the NGP is to serve as a framework and guideline in mainstreaming gender and empowering women and vulnerable



TASU Financial Inclusion, Gender and Youth Officer Olive B. Cisco giving overview of the workshop

groups in the national development processes. The policy will:

- Enhance women’s and girls’ empowerment for sustainable and equitable development;
- Improve national capacities for gender mainstreaming in the national development processes; and
- Create and strengthen gender responsive structures, processes and mechanisms for development.



Gender Officer IFAD TCEP Allen F. A. Lincoln

The RCFI Managers vowed to reach out to underserved communities to increase women shareholdings in each of the Rural Community Finance Institutions as a way of empowering women and girls in the decision making process of these institutions. They thanked TASU for the various policy documents introduced, some of which culminated in the independent financial and operational audit of the various RCFIs which now sets the stage for the holding of Annual General



Deputy Agriculture Minister Robert K. Fagans