



LIBERIA



NATIONAL STRATEGY FOR FINANCIAL INCLUSION

2014-2018

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Acknowledgement

The task of Updating the National Strategy for Financial Inclusion has been an exercise of inclusion. Over the last year, national stakeholders have been engaged in a process of assessing the past and crafting a way forward for the future. The Central Bank of Liberia would like to express its appreciation to all who have willingly participated in varying activities: surveys, focus groups discussions, data collection and analysis, reviewing and finalizing this document that will guide the national agenda towards a financially inclusive Liberia. The Central Bank of Liberia wants to recognize the significant role of the Alliance for Financial Inclusion (AFI) in funding this exercise. AFI has been, and continues to be, an essential partner in the advancement of financial inclusion in Liberia.

VISION STATEMENT

To build a sustainable financial sector in order to provide access to and enhance usage of a wide range of affordable financial services in Liberia.

DEFINING FINANCIAL INCLUSION

This National Strategy seeks to define financial inclusion for the purpose of measuring success and achieving its goals and objectives. For that purpose, financial inclusion will be defined as a state where adults have access to a broad range of financial services that they are able to understand and use without constraints and barriers, which are designed to meet their needs at cost that are within their means.

Acronyms:

AFI	Alliance for Financial Inclusion
ACH	Automated Clearing House
AFT	Agenda for Transformation
CBL	Central Bank of Liberia
CRB	Credit Reference Bureau
EU	European Union
IFC	International Finance Corporation
JP-GEWEE	Joint Program for Gender Equity and Women Economic Empowerment
LBDI	Liberia Bank for Development and Investment
LCUNA	Liberia Credit Union National Association
LEAF	Loan Extension and Availability Facility
LIBA	Liberia Business Association
LIFS	Liberia Inclusive Financial Sector
LMA	Liberia Marketing Association
LRD	Liberian Dollar
MFIs	Microfinance Institutions
MSMEs	Micro Small and Medium Enterprises
NCC	National Coordinating Committee
NEMIL	Network of Microfinance Institutions in Liberia
NTC	National Technical Committee
PRS	Poverty Reduction Strategy
RCFI	Rural Community Finance Institution
SMEs	Small and Medium Enterprises
UN Women	United Nations Entity for Women Economic Empowerment
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Program
VSLA	Village Savings and Loan Association
WAMZ	West African Monetary Zone
WOCCU	World Council of Credit Unions

Introduction:

The National Strategy for Financial Inclusion (2014-2018) seeks to continue the strategic direction of delivering financial services to the people of Liberia in an inclusive environment. The strategy recognizes that national growth which is not inclusive will not address the Government of Liberia's efforts towards poverty alleviation and that the exclusion of the significant majority of the Liberian population from access to financial services is a handicap to integrating this marginalized segment into the formal economy.

Hence, the hallmark of the strategy over the next five years will be advancing inclusive growth and delivering access to financial services thereby contributing to the general economic growth in Liberia for financial stability.

Over the last five years, significant strides have been made in addressing access to finance and improving the delivery of financial services, the CBL has been actively engaged in revitalizing the microfinance sector recognizing that there is a need for a range of financial services to this sector of the population.

This strategy recognizes that barriers still exist which are hindering expansion and usage of financial services and that a coordinated approach is important to maximize results. This 2014-2018 national strategy has been developed with the support of AFI and has engaged key national stakeholders in a participatory process. As an updated strategy, it presents an assessment of the achievements over the last five years and covers the current state of financial Inclusion in Liberia, areas of strategic focus, challenges and barriers. It outlines the objectives over the next five years with a plan of action intended to achieve those objectives.

Background

In 2009, through a consultancy arrangement with the United Nations Development Program (UNDP) and the United Nations Capital Development Fund (UNCDF), a Liberian Strategy for Financial Inclusion (2009-2013) was developed. This document has been the basis of program implementation over the last five years.

The 2009-2013 National Strategy Document provided an assessment of the Liberian financial sector and set out a road map for the expansion of services with a focus on achieving outreach through the traditional microfinance institutions (MFIs). Over the years, the Central Bank of Liberia (CBL), in conjunction with the Liberia Inclusive Financial Sector Program (LIFS), has focused on building the capacity of the sector, both in terms of institutional training and achieving outreach.

The centralization of the traditional MFI's in Montserrado County with limited branch network has left most of the counties without the presence of MFI's nor commercial banks. Two types of institutions providing microloans have filled that gap: community-based credit unions and Village Savings and Loan Associations (VSLAs).

The CBL has focused on expanding outreach through the use of these institutions which have been playing an increasingly significant role.

This updated strategy has been an exercise to set the national objectives and outlines a plan of action for the next five years. The task of achieving these objectives will be guided by the Central Bank of Liberia in collaboration with a host of public sector institutions, national stakeholders, private partners and the international community.

This national strategy outlines a Plan of Action and assigns responsibility. It also outlines a monitoring and evaluation process that provides the opportunity to assess achievement of objectives and track the pace of progress.

The implementation of this financial inclusion national strategy is essential in the achievement of the Government of Liberia Agenda for Transformation. Hence, it is not surprising that its successful implementation rely on varying actors as reflected in the assignment of responsibility.

This national strategy has been developed taking into consideration proven market based solutions to accomplishing financial inclusion grounded in international best practices outlined by donors/development partners, the Alliance for Financial Inclusion, the World Bank and the G-20 Principles for Financial Inclusion.

The State of Financial Inclusion in Liberia

Significant efforts to reform the Liberian financial sector began in 2006. CBL began the process of strengthening the commercial banking sector through increased capitalization and reserve requirements. Despite the success in this area and the expansion of banking services in Liberia by the commercial banks, a significant portion of the country remained unserved or underserved.

Distribution of Commercial Bank Branches by Counties in 2013

County	Total Number of Commercial Banks	Total Number of Bank Branches	Population
Bassa	6	6	221,693
Bomi	1	1	84,119
Bong	2	2	333,481
Cape Mount	1	1	127,076
Gbarpolu	0	0	83,388
Grand Gedeh	1	1	125,258
Grand Kru	0	0	57,913
Lofa	1	1	276,863
Margibi	3	9	209,923
Montserrado	9	59	1,118,241
Maryland	2	4	135,938
Nimba	6	7	426,026
Rivercess	0	0	71,509
Rivergee	0	0	66,789
Sinoe	1	1	102,391

Access to credit and other financial services remain a critical handicap for economic expansion. During the 2009-2013 period, the microfinance sector, primarily served by microfinance institutions contracted rather than expanded despite the opening of new branches in existing counties and ventures into underserved markets. In areas not served by the traditional microfinance institutions, community based credit unions operated – providing savings and credit services. There was the piloting of Village Savings and Loan Associations (VSLAs) in Liberia with funding from UNDP.

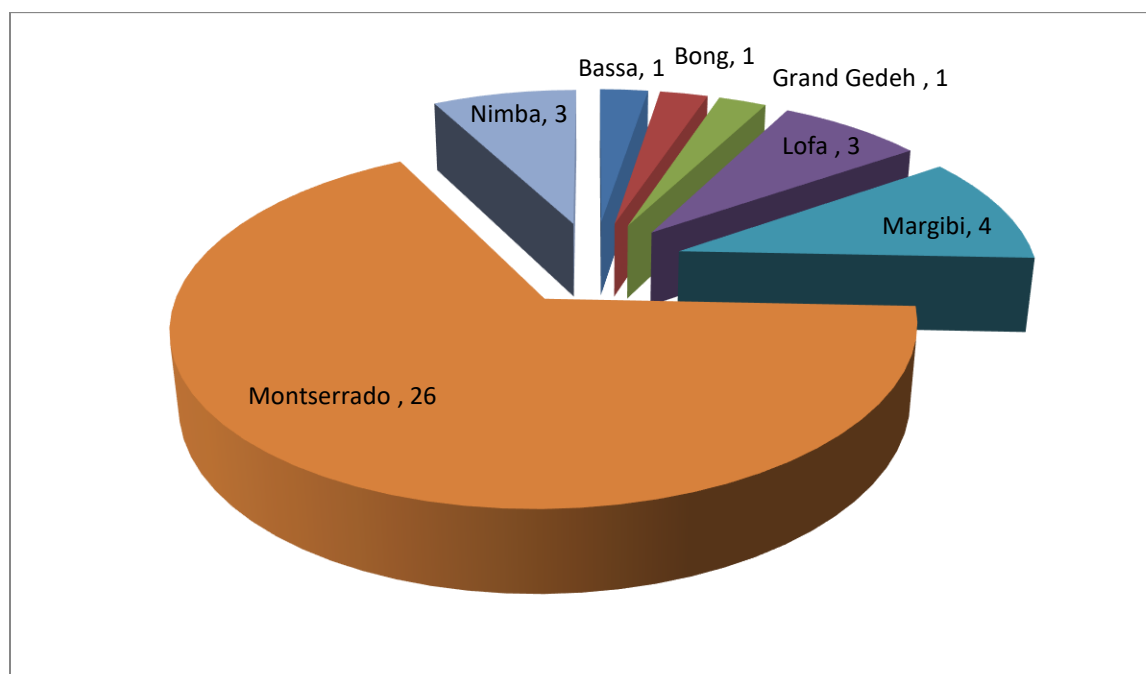
Outside the microfinance sector, the CBL also began the long overdue reforms in the insurance sector. All of these financial and non-bank financial institutions are essential conduits for the delivery of financial services to the people of Liberia.

Current Overview: The State of Numbers in Liberia:

	2009	2014
Number of Commercial Banks	8	9
Number of branches/windows and offices of commercial banks in Liberia	78	92
Number of Insurance Companies	24	18*
Number of Reinsurance Companies	0	0
Public Pension Company	1	1
Government Treasury Bills (T-Bills) offerings	0	1
Number of Microfinance Institutions	8	18
Number of registered Community-based Credit Unions	154	331
Number of registered Village Savings and Loan Associations	14	505
Number of ATMs	31	39
POS (all in Montserrado County)	n/a	27

**This decrease was due to new requirements imposed by CBL in reforming the sector*

Distribution of ATMs by Counties



Liberia Comparative Analysis – Benchmarking:

BANKED Population – population of people served by formal Deposit-Taking Institutions

Country	PERCENTAGE
South Africa	63%
Uganda	21%
Ghana	34%
Rwanda	14%
Kenya	23%
Tanzania	12%
Zambia	14%
Liberia	20.4%

FORMAL OTHER – served by other formal institutions other than Banked/Deposit Taking Institutions

Country	PERCENTAGE
South Africa	5%
Uganda	7%
Ghana	7%
Rwanda	7%
Kenya	18%
Tanzania	4%
Zambia	9%
Liberia	10%

FINANCIAL EXCLUDED – Unserved by Formal or Informal Institutions

Country	PERCENTAGE
South Africa	24%
Uganda	30%
Ghana	44%
Rwanda	52%
Kenya	33%
Tanzania	56%
Zambia	63%
Liberia	69.6%

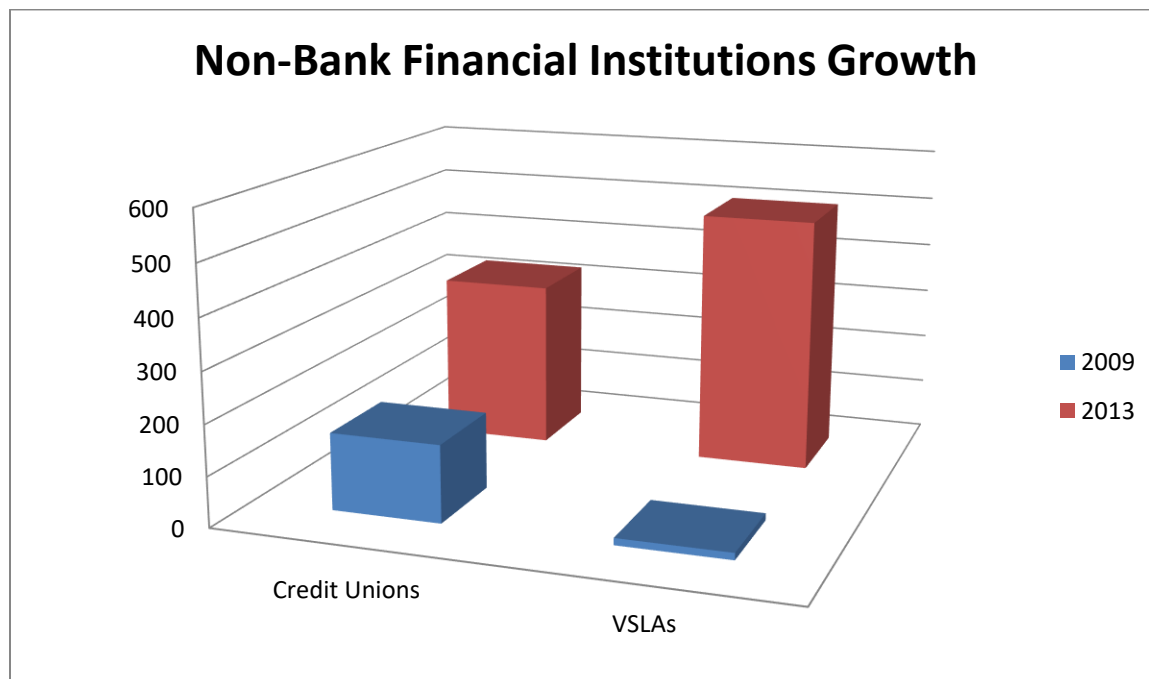
The 2009-2013 National Strategy for Financial Inclusion: Achievements and Challenges

Achievements:

The 2009-2013 strategy had a clear focus on microfinance as a means of advancing outreach. At that time, there were eight microfinance institutions operating in Liberia. The Liberia microfinance sector was confronted with a number of challenges including operational inefficiencies, criminal activities, lack of legal redress from the justice system, clients' dissatisfaction, high interest rates, etc. As the traditional microfinance institutions, which operated in only 9 of the 15 counties, experienced challenges, those depending on the sector became increasingly involved with two other categories of institutions: community-based credit unions and Village Savings and Loan Association. The Central Bank of Liberia, recognizing this, expanded the microfinance subsector to include credit unions and VSLAs since all three categories of these non-bank institutions served the same population.

However, these institutions operated informally and were unregistered with the CBL. There were about 154 community institutions operating nationwide but only 29 registered with CBL. VSLAs were less than 20 trained under a pilot program.

Over the course of implementation of the 2009 – 2013 strategy, there has been a focus of the Government of Liberia using these non-bank financial institutions particularly the credit unions and the VSLAs to achieve outreach and deliver financial services in rural Liberia. This has resulted in an increase in the number of these institutions.



Despite varying challenges in the implementation of the 2009 strategy, a number of significant successes can be outlined:

Strategic Actions from 2009-2013 Action Plan	Accomplishments
Consistent with the Poverty Reduction Strategy, provide means of empowering those who have no access to financial services, particularly the poor	The CBL launched the Loan Extension and Availability Facility which has provided close to \$400,000,000 Liberian Dollars as low interest loans to non-bank financial institutions: microfinance institutions, credit unions and village savings and loan associations. The value of the program is that it has been able to get non-collateralized loans directly into the hands of ordinary Liberians through these non-bank organizations.
Enhance efficiency, outreach and good governance of microfinance institutions	Multiple workshops were held to train Members of the Board of Directors and Management Teams of Microfinance Institutions and Credit Unions. Topics which have been covered include: Good Governance, Business and Strategic Planning, Financial Management, and Reporting.
Continuously strengthen the institutional capacity of microfinance providers	A number of staff members from these institutions were also sponsored for knowledge exchanged visits and training courses in Nigeria and the Gambia. The Apex organization of the Microfinance Sector was restructured as the Network of Microfinance Institutions in Liberia (NEMIL). The Credit Union apex was also reconstituted – Liberia Credit Union National Association (LCUNA).
Assist microfinance institutions to develop transparent governance, management, accounting and internal control and information systems	This has been accomplished through sector training. Additionally, a separate training was conducted for Auditing Firms on the Audit of Microfinance Institutions.
Continue effort to attract more specialized microfinance providers to the country in order to promote competition with those already operating	A supervisory and regulatory framework for deposit-taking microfinance institutions was developed. Discussion are underway with a Norwegian MFI expected to start operations as the first deposit-taking institution. Additionally, a Ghana-based microfinance institution specializing in the

	financing of taxis has been registered and has commenced operations in Liberia.
Provide continued training and capacity building	Training workshops have been provided over the years targeting the microfinance institutions and credit unions. Additionally, a microfinance certificate course was developed and implemented through the University of Liberia and Cuttington University.
Supporting the strengthening of credit unions and the branching effort of microfinance providers to reach rural and other areas that lack access	The credit union sector has been revitalized. A grant was secured under the UNCDF Microlead program for the sector and is currently under implementation by the World Council of Credit Union (WOCCU). Four professional regional credit unions are being established which are to serve as model for the sector. The sector is also benefitting from an EU/ACP grant for the West African Credit Unions Program against Poverty – a capacity building program for credit unions in the sub-region.
Support and strengthen the Microfinance Network of Liberia	The Network of Microfinance Institutions (NEMIL) has been structure which replaced the dormant Liberia Microfinance Network. New officials have been inducted into office and a new Code of Conduct has been developed.
Establishing a Credit Reference Bureau	Credit Reference Regulations on the establishment and operations of a credit reference bureau have been issued. The purpose of this regulation is to provide the legal and regulatory framework for the establishment and operations of a credit reference bureau in Liberia. Since the issuance of those regulations, CBL has been working with the IFC in that direction.
Support Universities to improve institutional capacity of Microfinance Institutions	Over the years, support was provided to Cuttington University and the University of Liberia to conduct a foundation course in microfinance.
Rebuild the Credit Union Movement	A program was embarked on to rebuild the credit union sector. A series of meeting were held which culminated into the host of the first post war national convention. The new LCUNA was restructured, elections

	were held and a grant has been secured for the sector under the UNCDF Microlead program.
Ensuring through the leadership of CBL that all microfinance institutions operate on a sustainable basis and are transparent in disclosing results of operations	A number of workshops have been held to improve the record keeping and reporting by MFIs. This was intended to ensure that the MFI are transparent in disclosing results of their operations. In addition, monitoring of these institutions have resumed.
Assisting other relevant institutions to upgrade capacities to supervise the sector	The CBL has conducted workshops with auditing firms, commercial banks and accountants to upgrade their capacities in the audit of microfinance institutions.
Establish a fully operational Microfinance Supervision Unit within the Central Bank of Liberia	The CBL has an established Microfinance and Financial Inclusion Unit staffed with 11 persons.
Conduct public Awareness program	A one year public financial inclusion forum was run bringing together professionals and the general public with other national stakeholders to discuss general issues in advancing financial inclusion in Liberia.
Promote data sharing among microfinance providers	Available data received from MFIs are shared. However, the institutions have been trained to improve their reporting and ensure that this data is reported consistently and on a timely basis.
Support exposure visits	A number of exposure visit of representatives from credit unions, VSLAs and CBL have undertaken exposure visits to Malawi, Uganda, Tanzania, Ghana and Nigeria.

Additionally, a number of other financial inclusion achievements were attained which were not outlined in the plan of action of the national strategy. Among those were:

Addressing General Access to Finance Challenges

By 2010, the Government of Liberia, through the Central Bank of Liberia, began to address the critical need of access to finance through innovative approaches. It launched a number of economic interventions – credit stimulus initiatives to impact sectors of the national economy.

Access to Finance Initiatives:

- The CBL-SME Credit Stimulus Initiative was a policy intervention to broaden access to finance for Liberian-owned businesses. A facility placement made to six commercial banks provided loans to SMEs in sectors including retail trade, service, manufacturing, entertainment, petroleum, wood work, transportation, etc.
- The Loan Extension and Availability Facility was launched in January, 2011 and have provided \$400 Million Liberia Dollars for low interest loans to microfinance institutions, credit unions and village savings and loan associations all across Liberia. The intent of the program was to get funds directly into the hands of ordinary Liberians who utilize the microfinance sector at an interest rate that was substantially lower than prevailing market rates and for a longer period. The funds were provided to these categories of institutions at only 3% per annum over a three year period without collateral requirement.
- An Agricultural Stimulus Initiative recognized that agriculture is the main driver of economic activities in rural Liberia. The facility provided loans to farmers and farming cooperatives with a focus on the rehabilitation of preexisting farms and with preference for investments requiring minimal gestation periods.
- A Mortgage Initiative intended to provide access to finance for the construction, purchase or renovation of primary homes.
- CBL-SME Credit Stimulus for Member of LIBA: The stimulus is the second phase of infusion of funds to Liberian-owned businesses but has the added intent of empowering the Liberian Business Association (LIBA). Three commercial banks are participating in this program.

Access to Finance Impact by Counties

Access to Finance Interventions	Number of Counties Impacted
CBL-SME Credit Stimulus Initiative	3
Loan Extension and Availability Facility*	15
Agricultural Initiative	9
Mortgage Initiative*	2
SME Access to Finance for Members of Liberia Business Association (LIBA)*	2

Note: Total Number of Counties in Liberia = 15

**Active initiatives*

Access to Markets

Key initiatives have been undertaken to create market opportunities for micro, small and medium businesses. Among these are:

- A national MSME policy was launched;
- There was hosting of an annual MSME conference;
- Establishment of the Liberian Innovation Fund for Entrepreneurship (LIFE) an initiative that will finance small innovative businesses and will be managed by the Liberia Bank for Development and Investment; and
- A one-time waiver of tax clearance, a process by which small businesses were exempted, once in the fiscal year, from the payment of taxes for goods and/or services.

Delivery of Financial Services

The Rural Community Finance Institutions (RCFI) Project was launched to address the lack of banking institutions in all of the political subdivisions of Liberia. The establishment of these Rural Community Finance Institutions is consistent with the Government's focus on creating an inclusive financial environment through the delivery of financial services to the people of Liberia. Services to be provided by these Rural Community Institutions will include: savings mobilization, checking accounts, loans, direct deposits and money transfer services, including moneygram and western union. The mobilization of savings in the rural communities will also spur local investment and increase economic activity. These

institutions will also contribute to wealth creation in rural Liberia since the capitalization will be based on share purchased by residents in these communities.

RCFI Opened:

- Gbehley-Geh RCFI opened in Karnplay, Nimba County

RCFI scheduled for opening:

- Grand Kru RCFI – scheduled to be opened in Barclayville, Grand Kru County
- Rivergee RCFI – scheduled to be opened in Fishtown, Rivergee County

RCFI undergoing Share mobilization:

- Bomi County
- Bong County
- Gbarpolu County
- Lofa County
- Nimba County
- Rivercess County
- Sinoe County

Regional Credit Unions: Four regional credit unions are being established to support the professional development of the credit union sector. The project, which includes institutional support covering the necessary infrastructural and operational costs, is being funded under the UNCDF Microlead Program as part of a four year technical assistance program. The regional credit unions will be located in Ganta, Nimba County, Zwedru, Grand Gedeh County, Buchanan, Grand Bassa County and Tubmanburg, Bomi County.

Improvement in Risks Management:

The Government of Liberia succeeded in the development of a Secured Transactions/Collateral Registry program in the country. The registry, which is purely an electronic program, registers movable assets that debtors would want to put forth as collateral to lenders. The registry was developed with technical support from the IFC to enhance increase financial access to small medium enterprises (SMEs) that do not have the type of collateral required by banks to access loan. The registry will create opportunity for debtors to use their movable assets such as cars, equipments and other household and agricultural materials as collaterals in order to access loans for their businesses thereby increasing access to credit and reducing risks to creditors.

Improvements in the Legal and Regulatory Environment:

Commercial Code and Court: A comprehensive commercial code intended to strengthen the country's business environment which will help to attract foreign investment was enacted into law. The code sets out provisions for sales, leases, financial leases, mortgages, secured transactions and commercial arbitration and will improve the business climate, give greater security for commercial transactions, and inspire greater confidence in Liberia as an investment destination. It will bring consistency to Liberia's business environment by replacing sometimes confusing current legal arrangements. The law should boost investor confidence in Liberia and is backed by a Commercial Court. The code was developed with support from IFC Advisory Services' Conflict Affected States in Africa program and the World Bank's Low-Income Countries Under Stress Program.

Payment Systems: The West African Monetary Zone (WAMZ) payment system development project has been launched. The project is intended to put the country's banking system at the same level with other countries in Africa and is part of WAMZ single currency agenda within the West African Monetary Zone by year 2020. The project, when completed will facilitate the Automated Clearing House (ACH). ACH is intended to move the financial system toward a credit-driven system by encouraging the use of credit transfers for domestic payments and eliminating float. ACH will process low payment and large volume transactions. The successful implementation of the project will put Liberia's payment system on par with other countries in the region. The project is being supported by the IFC.

Mobile Money Regulations: Against the recognition that mobile money and payment services, which is being adopted all over the world, if harnessed in Liberia, could rapidly upscale outreach of financial services to rural Liberia, mobile money guidelines were issued in 2009. These guidelines established a framework allowing mobile money services to be undertaken in Liberia by banks in partnership with GSM companies.

- In an effort to promote wider use of mobile money services in the country, and particularly to the rural communities, the CBL engaged the United Nations Capital Development Fund to explore the possibility of supporting the mobile money space.
- In partnership with UNCDF, the CBL conducted a Market Landscape Assessment which clearly identified the main market challenges and opportunities for mobile money operations in Liberia.
- The analysis of the most successful markets worldwide makes clear that companies interested in offering mobile money services have to heavily invest, amongst other

things, in the development of agent networks, the promotion of their services and the education of users.

- In Liberia Mobile Network Operators are the main investors in the mobile money sub sector and have vested interests in the development of agent networks, and providing consumer education. Hence, the decision was made to amend the existing guidelines to include the following major change:
 - Providing an open market for non-bank entities to obtain a license from the Central Bank of Liberia to operate in the mobile money space. (This means that GSM companies or any private companies can obtain a license to provide mobile money services);

Credit Reference System:

The Government of Liberia has issued Credit Reference Regulations on the establishment and operations of a credit reference bureau. The purpose of this regulation is to provide the legal and regulatory framework for the establishment and operations of a credit reference bureau in Liberia. Since the issuance of those regulations, the Central Bank of Liberia has been working with the IFC in that direction.

Challenges:

A number of key challenges were faced during the implementation of the 2009-2013 National Strategy. Among those were:

- Traditional microfinance institutions still face challenges in their financial management. Despite the increase in the number of traditional microfinance institutions during this period, their impact in outreach was dismal;
- There was expansion of commercial banks branches during this period but most of those new branches were in Montserrado Counties without presence in some counties as yet;
- Lack of baseline information on current state of financial inclusion which could provide a basis of measuring improvements;

- Infrastructural challenges still remain an impediment to reaching and serving the rural population. The road network in Liberia remains in terrible shape particularly during the rainy season. Also, the lack of electricity makes operations difficult and expensive for financial institutions.
- High level of illiteracy underscores the need for major investment in financial literacy;
- Donor projects impacted training and building capacity in various sectors but do not provide access to finance capital needed to translate acquired skills into practice;
- Substantial work was done in terms of developing a credit reference system but with one still not in place commercial banks still face the challenge of managing risk

Updating the National Strategy for Financial Inclusion

Liberia is part of the global community that recognizes the importance of financial inclusion in wealth creation and poverty reduction and is hence updating its national strategy to enhance access to and improve usage of financial services.

The Government of Liberia Vision 2030 Plan cannot be achieved without a focus on achieving strategic goals of financial inclusion. Updating the national strategy had to be an exercise transcending merely updating the existing document. It had to address the fundamental deficiencies of the previous document principal among which was the need to establish a baseline of financial inclusion indicators so that progress in any action plan could be measured and tracked over time.

Viewed from the perspective that financial inclusion is achieved by the collaborative efforts of varying actors, the key national stakeholders were identified as documented in the table below:

National Stakeholders:

Institutions	Role	Responsibility
<ul style="list-style-type: none"> • Central Bank of Liberia • Liberia Telecommunications Authority 	Regulatory	<ul style="list-style-type: none"> • Ensuring that appropriate regulations are in place to achieve financial inclusion objectives • Providing appropriate advice to government
<ul style="list-style-type: none"> • Ministry of Finance and Economic Planning • Ministry of Agriculture 		<ul style="list-style-type: none"> • Coordinating initiatives

<ul style="list-style-type: none"> Ministry of Youth and Sports Ministry of Gender and Development Ministry of Commerce and Industry 	Public Policy Makers	<ul style="list-style-type: none"> Ensuring that implementation of government programs take into consideration national financial inclusion objectives
<ul style="list-style-type: none"> Network of Microfinance Institution in Liberia Liberia Credit Union National Association VSLA National Apex Organization 	Non-bank Financial Institutions Apex Organizations	<ul style="list-style-type: none"> Assist with dissemination of information Create awareness of opportunities and challenges Assist in program implementation
<ul style="list-style-type: none"> Liberia Marketing Association (LMA) Liberia Tailors, Textile, Garment and Allied Workers Union Liberia Furniture Development Union Liberia Petty Traders Association Federation of Road Transport Union of Liberia Federation of Liberia Youth 	Mass-based Organizations	<ul style="list-style-type: none"> Represent members interest in financial inclusion meetings Assist with coordination Ensure dissemination of information Encourage participation
<ul style="list-style-type: none"> Liberia Business Association (LIBA) Liberia Chamber of Commerce 	Private Sector Organizations	<ul style="list-style-type: none"> Advance interest of the business community Facilitate consumer protection
<ul style="list-style-type: none"> Alliance for Financial Inclusion World Bank International Finance Corporation United Nations Capital Development Fund (UNCDF) UNDP-Liberia UN Women 	Donors	<ul style="list-style-type: none"> Encourage best practices Provide technical and financial assistance Assist in coordination

The Alliance for financial Inclusion relationship with the Central Bank of Liberia could not have come at a better time. AFI has supported the update of this strategy which has included a national baseline survey conducted in all fifteen counties. This survey has provided the opportunity to project a picture of the current financial inclusion landscape in Liberia which can now form the basis of tracking improvements. The process also included focus groups meetings and discussions to gauge national consensus on expectations and understand challenges.

AFI was also keen to support a learning exchange visit for representatives of the Liberian credit union sector, microfinance sector and village savings and loan associations with CBL staff for peer learning with the Central Bank of Nigeria in Abuja which had completed its national strategy document.

The 2009-2018 National Strategy

Key Objectives

The key objectives in advancing the financial inclusion agenda in Liberia over the next five years will be:

- Delivery of Financial Services;
- Enhancing Access to Finance, particularly credit;
- Integrating the informal sector into the formal economy;
- Improving the environment for SMEs;
- Financial Literacy and Financial Capability; and
- Consumer Protection

The National Strategy Plan of Action

This Plan of Action is intended to outline the key activities, that if implemented, will achieve the objectives of this national strategy. The plan of action will further identify key actors who will be involved in/responsible for the outlined activity. It will be essential to monitor ongoing progress on the activities of the national strategy plan of action as well as to gauge the effectiveness of the programs so that informed decisions can be made at the national coordinating committee level. Hence, a monitoring framework has been included as part of this plan of action:

PLAN OF ACTION

Objective	ACTION	RESPONSIBLE PARTIES	TARGETS	MEASUREMENT INDICATORS
Delivery of Financial Services				
	Establish Rural Community Finance Institutions in counties	CBL, MOFEP, Commercial Banks	At least 15 established – one in each county by 2018.	Validate that there are at least 15 rural community finance institutions established and licensed by CBL and operational within the political subdivisions.
	Promoting the Expansion of Branches of commercial Banks in southeast and Western Counties	Commercial Banks, CBL	At least five branches established – one in each of the following counties: Bomi, Gbarpolu, Rivercess, Rivergee and Grand Kru by 2018.	Validate that there are at least five new commercial bank branches established and licensed by CBL and operational by 2018 in the following counties: Bomi, Gbarpolu, Rivercess, Rivergee and Grand Kru.
	Establish Regional Credit Unions	LCUNA, CBL	Four regional credit unions established in Zwedru, Tubmanburg, Ganta and Buchanan	Validate that there are four regional credit unions established and operational under LCUNA by December, 2018.
	Development of an expanded Mobile Money Agency Network	Mobile operators, CBL	Increase in the total number of mobile money agents from	Validate roster of active agents registered with

			current baseline of 184 to 500 by 2018.	CBL for the conduct of mobile money.
	Develop an Agency Banking Framework	CBL, Commercial Banks, RCFIs	Framework developed by December, 2016.	Validate that Agency banking framework has been developed by the CBL. Ensure that framework has been shared with commercial banks and rural community finance institutions by December, 2016.
	Increase the number of ATMs/POS	Commercial Banks	By 10% per year.	By count, that there are at least 36 POS and 56 ATMs in active use by December, 2018.
	Automating G2P Payments	MOFEP, CBL	Increase by 10% of baseline per year,	Compare December, 2013 figures with December, 2018 figures from the civil service agency and the ministry of finance and economic planning.
	Developing Payment Systems	CBL, MOFEP	Developed and operational by December, 2016.	Validate that payment system has been developed by the CBL and in use by commercial banks and financial system by December, 2016.

Enhancing Access to Finance, particularly credit				
	Develop innovative means of creating access to finance	Commercial Banks, CBL, MOCI, RCFI	Increase credit by at least 2% per year.	Obtain report on access to credit initiatives implemented or active since December, 2013.
	Improve access for SMEs for business start-ups, contracts pre-financing, and markets	Commercial Banks, RCFIs, MOCI, LIBA, Chamber of Commerce	Access to credit and markets increased by 50% by 2018	Compare total credit to sector as at December, 2013 to total credit to sector as at December, 2018.
	Develop a National Student Loan Program	MOE, CBL, MOYS, MOFEP	Plan developed by December, 2016.	Program developed and reviewed by key stakeholders and is at Legislature by December, 2017.
	Development of a Credit Reference System	CBL, Commercial Banks, LCUNA, RCFIs, NEMIL	Developed and operational by 2018.	Credit reference system is developed and in use by financial institutions by December 2017.
Integrating the informal sector into the formal economy				
	Increase the number of formalization of businesses	MOCI, MOFEP, Apex Organizations	Increase in business registry by 20% annually.	Compare December, 2013 figures of the Liberian Business Registry with December, 2018 figures.
	Increase the number of banked population	Commercial banks, RCFIs, Liberia Bankers Association, CBL	Increase to 50% by 2018.	Conduct a 2018 National Survey on financial

				inclusion to update the baseline numbers.
Improving the Regulatory Landscape				
	Develop Tiered Know-Your-Customer Regulations	CBL, Commercial Banks, RCFIs	New KYC regulations developed by December, 2016.	KYC regulations established and in used by formal financial institutions by December 2016.
	Develop Framework for the Expansion of Mobile Financial Services	Mobile Money operators, CBL, LTA	Framework developed by December, 2016.	Framework established and shared with mobile financial services providers by January, 2017.
Financial Literacy and Financial Capability				
	Develop a Financial Literacy Framework	CBL, MOE		A Financial literacy framework established by December 2016.
	National Expansion of the Village Savings and Loan Program in Liberia	CBL, VSLA Apex		At least 500 new VSLA established and registered with the National Apex of VSLA (NAPEX). Report to be provided by NAPEX
Consumer Protection				

	Consumer Protection/ Redress framework established and publicized	Commercial Banks, Other Financial Institutions, CBL, LIBA	Consumers have avenues of redress Improved customer service	Measure from result under the 2018 financial inclusion survey.
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IMPLEMENTATION AND COORDINATION STRUCTURE

This national financial inclusion strategy contains a diverse range of initiatives that will rely on various actors to implement. There are cross-functional areas in government which must be managed to ensure that all institutions are working in the same direction, maximizing resources to achieve coordinated and desired results. It is thus essential to establish a national coordinating committee that will oversee the overall implementation of the national strategy:

National Coordinating Committee(NCC)

The NCC will serve as the overall policy-making body to drive the national agenda in financial inclusion. It will have responsibilities including:

- Setting the annual national priority goals and objectives
- Reviewing and approving the annual national work plan to achieve financial inclusion
- Reviewing ongoing progress report and advise corrective actions
- Advising the Government of Liberia on General Issues in Financial Inclusion
- Appointing sub-committees as may be necessary to enhance particular aspects of the national strategy

Composition of the National Coordinating Committee

The NCC will include representatives from primary stakeholders, relevant regulatory authorities and will be chaired by the Central Bank of Liberia

Meeting of the NCC

The NCC will meet at least once a year and on a necessity basis to address particular issues of concern that require policy decision or governmental guidance.

National Technical Committee (NTC)

The NTC will primarily be responsible for the implementation of the national strategy. It will review and implement the annual national work plan.

Composition of the NTC:

The NTC will include representatives from primary stakeholders, relevant business organizations, apex institutions.

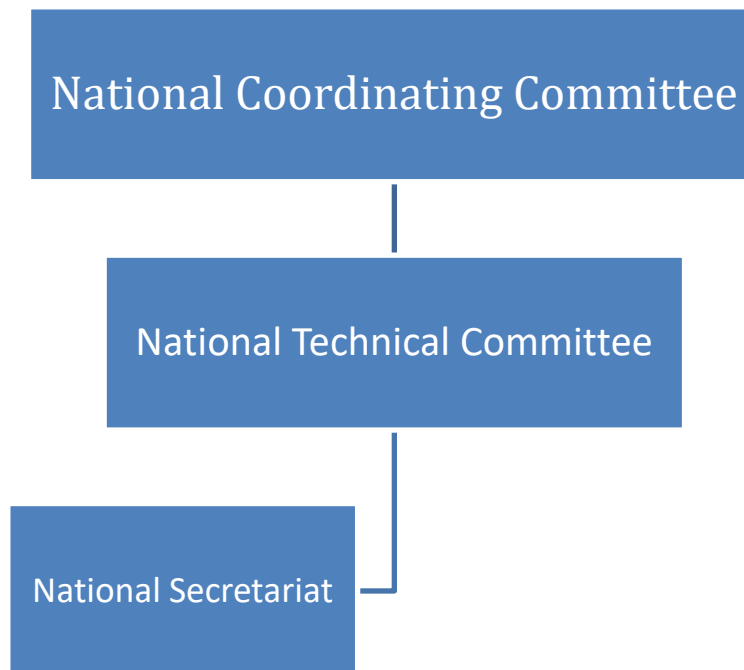
Meeting of the NTC:

The NTC will meet quarterly and on a necessity basis to address particular issues of concern.

The National Secretariat

The CBL Microfinance and Financial Inclusion Unit will serve as the national secretariat on the implementation of this national strategy. It will be responsible for the collection, compilation and dissemination of information on financial inclusion in Liberia. It will also provide secretarial and administrative support to the National Coordination Committee and the National Technical Committee.

THE NATIONAL STRATEGY FOR FINANCIAL INCLUSION



MONITORING AND EVALUATION FRAMEWORK

It is essential that there be a mechanism in place to measure progress overtime on achievements under this national strategy. The tracking mechanism just be in line with the core objectives of the strategy to ensure that there is progress on all of these objectives. But from a financial inclusive perspective, it must be demonstrated that in this monitoring framework the core indicators for access, usage and quality are being measured.

Strategy Objectives	Access	Usage	Other	Baseline*	2018 Target **
Delivery of Financial Services	<ul style="list-style-type: none"> • % of new banks/RCFIs established • % of people within 10 miles of a bank or RCFI 	<ul style="list-style-type: none"> • % of new accounts established • % of people using a financial access point at least one time per month 			
Enhancing Access to Finance, particularly credit	<ul style="list-style-type: none"> • % of individuals accessing loans from a financial institution 		% collaterals registered in the collateral registry		
Integrating the informal sector into the formal economy		% of established businesses opening accounts for the first time	<ul style="list-style-type: none"> • % increase in the number of new businesses registered 		

			<ul style="list-style-type: none"> • % increase in the tax revenue generated from petty traders in the informal economy 		
Improving the environment for SMEs	% of SMEs that have received a loan from a financial institution in the last 12 months	% of SMEs that have used the services of a financial institution in the last month	<ul style="list-style-type: none"> • % of SMEs with insurance coverage • % of SMEs that are registered with government 		
Financial Literacy and Financial Capability					
Consumer Protection					
OTHER			<ul style="list-style-type: none"> • % of people who have purchased some insurance product 		

			<ul style="list-style-type: none"> • % of government payment made electronically • % of working adult with active retirement accounts 		
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Baseline*: *The baseline will be determined on the Activity from the Plan of Action and not on the objective. Each Activity will have a different baseline which will be extracted, as applicable, from the National Baseline Survey Report. Hence, this column is left blank.*

2018 Target **: *The 2018 target will be determined on the Activity from the Plan of Action and not on the objective. Each Activity will have a different target at 2018. Hence, this column is left blank.*

Sources of Monitoring and Evaluation Data:

Data essential for the tracking of progress under this national strategy will be derived from a number of sources including the institutions responsible for implementation of activities: Among these sources institutions are:

- LISGIS
- Liberia Bankers Association
- Commercial Banks
- Top Consulting
- Impact Assessment Survey from MFIU-CBL
- Liberia Association of Insurers
- New Demand and Supply-Side Data
- Collateral Registry
- Ministry of Commerce, MSME
- Liberia Chamber of Commerce
- Liberia Business Association
- Rural Community Finance Institutions
- Commercial Banks

Periodic Monitoring and Evaluation Chart

Indicator	Target	Current Status	Achieved	Remarks