

## **Liberia**

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### **Rural Community Finance Project**

### **Partial Supervision Report**

Mission Dates: 12/10/2020-29/10/2020

Document Date: 22/01/2021

Project No. 1100001748

Report No. 5610-LR

West and Central Africa Division  
Programme Management Department



## Abbreviations and Acronyms

<b>AFBLL</b>	Afriland First Bank Liberia Limited
<b>AGM</b>	Annual General Meeting
<b>AML</b>	Anti-Money Laundering
<b>ALT</b>	Advance Logic Technology
<b>ASCAS</b>	Accumulated Savings and Credit Associations
<b>AWPB</b>	Annual Work Plan and Budget
<b>BoD</b>	Board of Directors
<b>BRAC</b>	Bangladesh Rural Advancement Committee
<b>CCTV</b>	Closed Circuit Television
<b>CB</b>	Community Bank
<b>CBL</b>	Central Bank of Liberia
<b>CBO</b>	Community-Base Organization
<b>CEO</b>	Chief Executive Officer
<b>CFT</b>	Certified Financial Technician
<b>COT</b>	Cost of Transaction
<b>COVID</b>	Corona Virus Disease
<b>CUs</b>	Credit Unions
<b>DSA</b>	Daily Subsistence Allowance
<b>ESMS</b>	Environmental and Social Management System
<b>EVD</b>	Ebola Virus Disease
<b>FAs</b>	Field Assistants
<b>FI</b>	Field Inspector
<b>FIO</b>	Financial Inclusion, Gender & Youth Officer
<b>FO</b>	Financial Officer
<b>FSA</b>	Financial Services Association
<b>GAP</b>	Gender Action Plan
<b>GOL</b>	Government of Liberia
<b>IDP</b>	Implementation Development Plan
<b>IFAD</b>	International Fund for Agricultural Fund
<b>IFS</b>	Interim Financial Statement
<b>IT</b>	Information Technology
<b>KPI</b>	Key Performance Indicators
<b>KM</b>	Knowledge Management
<b>KMO</b>	Knowledge Management Officer
<b>KVA</b>	Kilovolt-ampere
<b>KYC</b>	Know Your Client
<b>LAN</b>	Local Area Network
<b>LEC</b>	Liberia Electricity Corporation
<b>LDB</b>	Liberian Dollar
<b>Ltd</b>	Limited

<b>M&amp;A</b>	Memorandum and Articles of Association
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MFDP</b>	Ministry of Finance and Economic Planning
<b>MFI</b>	Micro-Finance Institution
<b>MIA</b>	Ministry of Internal Affairs
<b>MOA</b>	Ministry of Agriculture
<b>MOE</b>	Ministry of Education
<b>MOH</b>	Ministry of Health
<b>MOU</b>	Memorandum of Understanding
<b>MSEs</b>	Medium and Small-scale Enterprises
<b>MTF</b>	Money Transfer Facility
<b>MTR</b>	Mid-Term Review
<b>NASSCORP</b>	National Social Security Corporation
<b>NBFI(s)</b>	Non-Bank Financial Institution(s)
<b>NGO(s)</b>	Non-Governmental Organization(s)
<b>NO</b>	No Objection
<b>O &amp; M</b>	Operation and Maintenance
<b>OSS</b>	Operational Self-Sufficiency
<b>PAD</b>	Project Appraisal Document
<b>PC</b>	Programme Coordinator
<b>%</b>	Per cent
<b>PCs</b>	Pieces
<b>PIU</b>	Programme Implementation Unit
<b>PMU</b>	Programme Management Unit
<b>PwD</b>	Persons with Disability
<b>RCFI(s)</b>	Rural Community Finance Institution(s)
<b>RCFP</b>	Rural Community Finance Project
<b>RFO</b>	Rural Finance Officer
<b>RSD</b>	Regulation & Supervision Department
<b>ROSCAS</b>	Rotating Savings & Credit Associations
<b>SACCOS</b>	Savings & Credit Organizations
<b>SME(s)</b>	Small and Medium Enterprise(s)
<b>SMG</b>	Share Matching Grant
<b>SMOS</b>	Share Mobilization & Outreach Strategy
<b>TA</b>	Technical Assistance
<b>TASC</b>	Technical Assistance & Supervision Company
<b>TASU</b>	Technical Assistance & Supervision Unit
<b>TCEP</b>	Tree Crop Extension Programme
<b>TOR</b>	Terms of Reference
<b>TVS</b>	Thirukkurungudi Vengaram Sundram
<b>UPS</b>	Uninterrupted Power Supply

<b>USD</b>	United States Dollars
<b>WUMTF</b>	Western Union Money Transfer Facility

## A. Project Overview

Region:	West and Central Africa Division	Project at Risk Status:	Actual problem
Country:	Liberia	Environmental and Social Category:	B
Project Name:	Rural Community Finance Project	Climate Risk Classification:	2
Project ID:	1100001748	Executing Institution:	Central Bank of Liberia
Project Type:	Credit and Financial Services	Implementing Institutions:	Ministry of Agriculture
CPM:	Jakob Tuborgh		
Project Director:	Emmanuel Vah		
Project Area:	Countrywide		

Approval Date:	30/12/2015	Last audit receipt:	not available yet
Signing Date:	19/02/2016	Date of Last SIS Mission:	29/10/2020
Entry into Force Date:	25/10/2017	Number of SIS Missions:	2
Available for Disbursement Date:	09/01/2019	Number of extensions:	0
First Disbursement Date:	11/01/2019	Effectiveness lag:	22 months
MTR Date:	not available yet		
Original Completion Date:	31/12/2022		
Current Completion Date:	31/12/2022		
Financial Closure:	not available yet		

### Project total financing

IFAD Financing breakdown	IFAD	\$5,504,000
	West and Central Africa Division	\$490,000
Domestic Financing breakdown	Beneficiaries	\$3,240,000
	National Government	\$397,000
	Domestic Financing Institutions	\$1,231,000
Co-financing breakdown,		
Project total financing:		\$10,862,000

### Current Mission

Mission Dates:	12/10/2020-29/10/2020
Days in the field:	Nine days (12-20 October 2020)
Mission composition:	<p>Jakob Tuborgh, Country Director, Liberia &amp; Niger</p> <p>Alex Bett, Rural Finance Specialist-Technical Lead</p> <p>Chiqui Arregui, Gender &amp; Targeting Specialist</p> <p>Nelson Oluoch, Procurement Specialist</p> <p>Isaac Mensah, IFAD Results Specialist, WCA</p> <p>Jonathan Agwe, Lead Regional Technical Specialist, Rural Finance, Markets and Value Chains (remote support)</p> <p>Radu Damianov, Senior Regional Finance Officer, IFAD (remote support)</p> <p>Saheed Dauda, FM consultant (remote support)</p>
Field sites visited:	ZORLAYEA, FOYA, KOLAHUN, GBALEGEH, GBARPOLU, TOTOTA & SANIQUELLE RCFIs

## B. Overall Assessment

Key SIS Indicator #1	Ø	Rating	Key SIS Indicator #2	Ø	Rating
Likelihood of Achieving the Development Objective		3.18	Assessment of the Overall Implementation Performance		3.13

<b>Effectiveness and Developmental Focus</b>	<b>3</b>	<b>Project Management</b>	<b>3</b>
Effectiveness	3	Quality of Project Management	2
Targeting and Outreach	3	Knowledge Management	4
Gender equality & women's participation	4	Value for Money	3
Agricultural Productivity		Coherence between AWPB and Implementation	3
Nutrition		Performance of M&E System	3
Adaptation to Climate Change	3	Social, Environment, and Climate Standards requirements	3

<b>Sustainability and Scaling-up</b>	<b>3</b>	<b>Financial Management and Execution</b>	<b>3</b>
Institutions and Policy Engagement		Acceptable Disbursement Rate	2
Partnership-building	4	Quality of Financial Management	3
Human and Social Capital and Empowerment	2	Quality and Timeliness of Audit	3
Quality of Project Target Group Engagement and Feedback	3	Counterparts Funds	3
Responsiveness of Service Providers	4	Compliance with Loan Covenants	5
Environment and Natural Resource Management		Procurement	3
Exit Strategy	2		
Potential for Scaling-up	3		

<b>Relevance</b>	<b>5</b>
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## C. Mission Objectives and Key Conclusions

### Background and Main Objective of the Mission

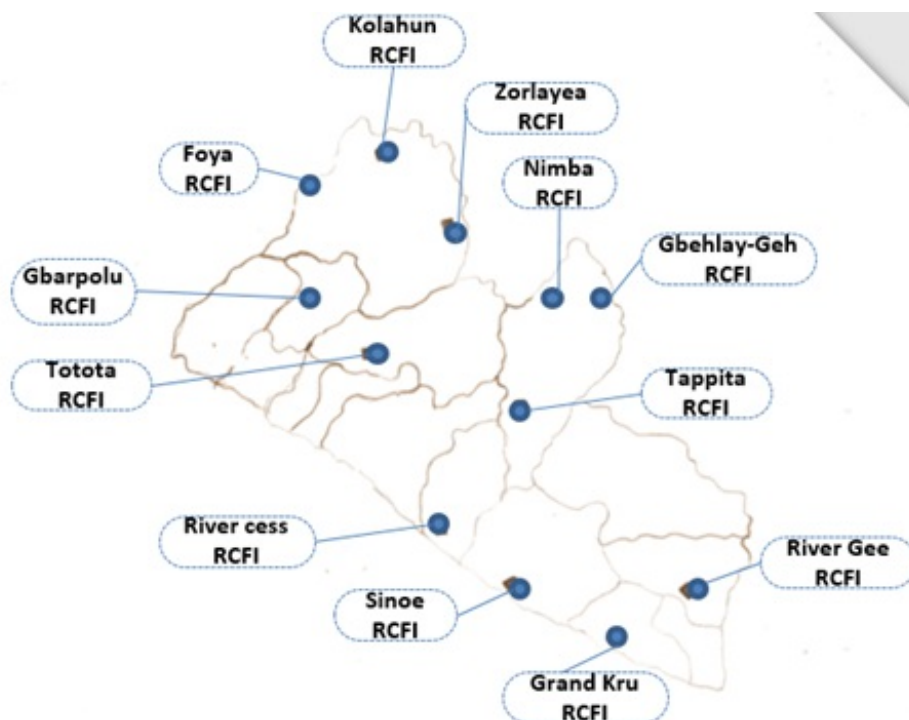
The first IFAD supervision of the Rural Community Finance Project (RCFP) was conducted in Liberia on 12-29 October 2020, with an objective of assessing the overall achievement and progress made in the implementation of the RCFP<sup>[1]</sup>. Other key mission objectives included assessment of the implementation of the project against the 2019/2020 AWPBs and procurement plans, the logical framework targets, and review of short and medium-term measures to accelerate the implementation of the project.

Beside holding several fruitful meetings in Monrovia, the mission, joined by in-country team<sup>[2]</sup>, undertook a 9-day field visits to seven (7) RCFIs namely: - Zolaryea, Kolahun & Foya all in Lofa county and Gbeleh geh & Nimba in Nimba County and Totota & Gbarpolu RCFIs in Bong and Gbarpolu counties respectively.

The Mission paid courtesy calls on the Minister of Finance and Development Planning (MFDP), represented by the Deputy Minister for Economic Management Affairs, the Minister of Agriculture, and the Executive Governor of the Central Bank of Liberia (CBL). The Mission also held technical discussions with Manager of TASU and Director of Regulation and Supervision of the Central Bank of Liberia.

Wrap-up meeting, chaired by the Minister of Agriculture (MOA), was successfully held via zoom on November 4, 2020 in which representatives from MOA, MFDP, CBL, TASU, PMU/PIU and IFAD participated.

**Figure 1 Sketch map of Liberia showing the locations of 12 existing RCFIs**



<sup>[1]</sup> IFAD mission consisted in: Jakob Tuborgh, IFAD Country Director; Jonathan Agwe, Lead Regional Technical Specialist, Rural Finance, Markets and Value Chains (remote support); Alex Bett, Rural Finance Specialist ; Chiqui Arregui, Gender & Targeting Specialist (remote support); Nelson Oluoch, Procurement Specialist; Isaac Mensah, Results Specialist; Radu Damianov, IFAD Senior Regional Finance Officer; and Saheed Dauda, FM consultant.

<sup>[2]</sup> Programme Coordinator-PIU, TASU Manager, Rural Finance Officer, Field Inspector, Financial Inclusion & Gender Officer all from TASU, M&E Assistant from PIU and 1 representative each from MOA, CBL & MFDP

### Key Mission Agreements and Conclusions

**Overall slow progress in project implementation.** The mission noted with concern the low level of project implementation progress, including- (a) Low level of operationalization and limited provision of quality services to RCFI's and beneficiaries of the project; (b) low disbursement of funds relating to investment cost in the RCFIs whereas the recurrent cost (salaries & allowances and operational cost) are high, revealing inefficiency in program management.

**Constitution of the steering committee and approval of the Annual Work Plan and Budget.** IFAD has still not received an Annual Work Plan and Budget reviewed by the steering committee for the financial year 2020/2021. The



steering committee is yet to meet. It was agreed that the steering committee to meet and that the participating institutions, including Ministry of Agriculture (MOA), Ministry of Finance and Development Planning (MFDP) and the Central Bank of Liberia (CBL) participate with senior level representatives (Minister/Deputy Minister for MOA and MFDP and Governor/Deputy Governor for CBL).

**Delay in Procurement Process.** The mission noted serious delays in the procurement processes and thus affecting speedy implementation of the project. As an example, the procurement process to recruit external auditor to carry out examination on the books of existing 12 RCFIs has taken close to a year. Beside this, the mission noted delay in the recruitment of TASU key staff, including the Rural Finance Officer (RFO) and Field Assistants (FAs). These delays resulting from a complex institutional arrangement whereby two ministries (MOA and MFDP and the CBL are jointly involved with no one taking the full responsibility<sup>[1]</sup>, have contributed immensely to the slow advance of the project.

**Internal audit.** The internal audit report, which covers the period September 2019 to March 2020, mentioned significant concerns relating to governance, operations and risk of fraud at the RCFI. Of particular concern is the independence of the internal auditor at TASU

**Management of the project** The mission finds that TASU management has been unsatisfactory as it has not been diligent and has not taken timely charge of the required project activities. The IFAD mission finds that management deficiencies at TASU include:

1. 1. TASU management has not planned well and has not executed their activities in a timely manner. As an example, even after more than a year of implementation TASU has not been able to present a clear strategy and timeline for basic project activities such as shareholder validation, establishment of RCFI management accounts and the audit of the RCFI accounts.
2. The TASU is not internally well functioning with parts of the team being marginalised and not included in the field trips, e.g. the field inspector, despite his critical functions in these field trips. Additionally, the PIU M&E assistant for RCFP has not been regularly invited to field trip.
3. Lack of knowledge of M&E framework among TASU management, and lack of systematic and comprehensive implementation of M&E activities.

**Conditions for further IFAD support for the project after March 2021.** Due to the serious delays and poor management of the project, and consequently low value-for-money for the Republic of Liberia, the mission recommended that IFAD's support for the project is subject to the project completing the following tasks by March 2021 when the mid-term review of the project will take place:

1. 1. The shareholder validation has been completed in all 12 RCFIs;
2. All 12 RCFIs have had their management accounts set up and audited by the external auditor;
3. The Institutional Development Plan (IDP) for each of the 12 has been prepared (at least advanced draft versions).

<sup>[1]</sup> Example of causes of delay: FM and procurement functions are done at PIU/PMU/MOA for TASU lodged in CBL under MFDP,

## D. Overview and Project Progress

**Component1: Strengthening & Expanding Rural Finance.** The mission noted that the target project beneficiaries, through Rural Community Finance Institutions (RCFIs) have not fully been integrated as anticipated, but instead concentration have been on the set-up of Technical Assistance & Supervisory Unit (TASU).

**Sub-Component 1:1 Strengthening of RCFIs and Creation of additional 10 RCFIs** While some activities have been carried out by TASU (as outlined below), progress has been limited. Of special importance is that the external audit of the 12 existing RCFIs has not yet been started despite IFAD granting its No Objection to the bidding documents and subsequently to the evaluation report several months ago. Additionally, the project has not yet finalised the shareholder validation process of the RCFIs.

Outlined below are activities achieved:-

1. 1. TASU visited the RCFIs to undertake a Capacity need assessment of the twelve (12) existing RCFIs to identify and the strength, weaknesses, opportunities and threats facing the operational viability of each RCFI;
2. Capacity building on basic loan administration provided to RCFI key staff comprising the Managers, Accountants & Loan Officers of the 12 institutions in November 2019;
3. Signed MOU between TASU & respective RCFIs;
4. Procurement and supply of a motorcycle and generator each for the RCFIs; and
5. RCFI's support on Share Mobilization Strategy (SMOS) under the share Matching grant scheme from IFAD has just begun with seven (7) RCFIs provided with training and coaching on share capital Mobilization

strategy.

The mission noted with concern the low and poor implementation of activities under this sub-component and recommended as follows: -

1. 1. That the creation of additional RCFIs be put on hold until the much needed support to the existing 12 RCFIs are provided to drive them towards attaining their sustainability levels.
2. That due to unaudited accounts and undeveloped Credit & Procedures Manual, Articles of Association (By-laws) and Board Charter- containing in the RCFIs' election criteria of Board of Directors (BoD) at AGM. The mission recommended to postpone both the lending and the just started Annual General Meetings (AGMs) until these two vital documents and audited reports RCFIs' are generated all to be presented and ratified at the AGMs.

The mission recommended that TASU to immediately establish the share base of each existing RCFI through Share validation exercise and synchronize the shares sold in Monrovia (funds deposited in ABLL) and shares sold in the RCFIs' levels. In addition, the respective management accounts are required for auditing purposes.

Currently, there are few products and services offered by the RCFIs across the country that include:

1. Voluntary savings from the shareholders, NGOs that include BRAC and from the public;
2. Local mobile money transfers supported by mobile network providers in Liberia-Lonestar & Orange;
3. Money Transfer Facilities (MTFs) that include mainly Money Gram and in some cases Western Union Money Transfers (WUMTF). Both local and international transfers are visible in the RCFIs transactions although with lots time taken to complete one transaction due to distances of RCFIs from ABLL in Monrovia, thus forcing the RCFI staff to travel far to collect cash. The RCFIs, due to increase overhead costs, the Cost of Transactions (COTs) of this nature tends to remain high in order to sustain operations.
4. Salary payment outlets and advances for Government of Liberia (GOL) civil servants living and working in the remote areas where RCFIs exist. The GOLs include workers from the Ministry of Internal Affairs (MIA), Ministry of Education (MOE), Ministry of Health (MOH), Ministry of Agriculture (MOA) and the Judiciary.

In lieu of the above, it anticipated that once lending is commenced by the RCFIs, project participation should increase drastically. Small & Medium Enterprises (SMEs), Credit Unions (CUs) that include: -Accumulated Savings and Credit Associations ASCAS, Rotating Savings & Credit Associations (ROSCAS), Savings & Credit Cooperatives (SACCOS) among other Community-Base Organizations (CBOs), shall definitely patronize the RCFIs' savings and credit access. The mission recommends that TASU speed up the finalization of the Credit Policy & Procedures and commence lending once AGMs have been completed and depending on the external audit report to shareholders.

In addition, the RCFIs manuals, including the internal Control and procedures Manual, Banking & Budgeting, Credit Policy & Procedures Manual, Inspection, and Board Charter have not been finalised. Their finalisation is urgent.

**RCFIs buildings.** The mission noted with concerns lack of authentic documents such as title deeds for parcels of land and buildings housing most of the existing 12 RCFIs. Apart from Foya RCFI, visited by the mission in Lofa County, other RCFIs are either housed in rental premises (i.e. Zarleyea in Lofa) or in buildings purported to have been constructed by CBL on community properties. However, the mission was encouraged learning that several RCFIs have purchased their own pieces of land for future erection of their own structure(s). The mission recommends that, before investing in such buildings, TASU to undertake quick infrastructural findings and assist the affected RCFIs obtain legal documents for their land.

In addition, the RCFIs, with the exception of few, are housed in unsecured structures without perimeter fence, hence exposed to intruders that include burglary and robbery. Out of the seven visited RCFIs, three of them have experienced attacks and thus loss of huge amount of cash and other valuable. Totota RCFI is the most recent incident.

**Sub-Component 1:2 Establishment of TASU's.** TASU office space secured within the CBL with sixteen (16) TASU staff load recruited namely: - The Manager, Rural Finance Officer, Accountant, Financial Analyst, Gender & Financial inclusion officer, Field Inspection officer (FI), IT officer, Legal Officer (LO) and Internal Auditor (IA), Field Assistants (FAs) (4), Drivers (2) and Janitor.

From the Project, TASU has received, through PIU, assorted fixed assets that include 2 motor vehicles, equipment, furniture and fixtures among operational costs namely: - salaries; fuel and stationaries on monthly basis.

In 2019, a six (6)-person delegation including two (2) representatives from the IFAD- PIU, two (2) representatives from TASU and two (2) representatives from Central Bank of Liberia travelled to Freetown for a ten (10) days study tour. The study tour was intended for knowledge sharing on best practices on the management of Apex body of 17 Community Banks (CBs) and 59 Financial Services Associations (FSAs) under Rural Finance & Community Improvement Programmes (RFCIP) and supported by IFAD.

Below are key documents developed at TASU level so far:

1. The MOU between concern parties (CBL v TASU & TASU v RCFIs) have been signed. However, implementation of these instruments is limited;
2. A comprehensive report on Capacity Need Assessment of the 12 existing Rural Community Finance Institutions.
3. RCFP Implementation Development Plan (IDP) developed but the document is yet to be implemented;
4. Shareholder mobilisation and share matching grant strategy developed and presently being implemented in the field RCFI's support on Share Mobilization Strategy (SMOS) under share Matching grant scheme just began has been launched in 7 RCFIs to received training and coaching on share capital Mobilization.

Technical specification for RCFIs banking software was developed. However, the mission recommends an evaluation the current software (Advance Logic Technology-ALT) installed by Afriland First Bank Liberia Ltd (AFBLL) operating in Liberia and whose responsibility, through the Central Bank of Liberia (CBL), was to establish and supervise RCFIs in Liberia. This will require

AFBLL, operating its business mainly in the capital city, Monrovia, maintains all the RCFIs' banking accounts. The mission noted some concerns from the RCFIs that include AFBLL's distance, non-disclosure of proceeds on money transfers among other trepidations.

Based on the above, the mission recommends that RCFIs be given a leeway, through TASU's guidance and support, to operate bank accounts in commercial banks of their choice and proximity.

The mission, while in Monrovia, held fruitful discussions with the Chief Executive Officer (CEO) of AFBLL, with main focus on AFBLL and the project, through TASU can strengthen the viability and sustainability of the RCFIs in Liberia. The meeting agreed on the following key points including on:

1. Sharing of documents in order to be able to verify the management accounts and undertake an external audit of the RCFIs as well as the documents related to the shareholder validation of the RCFIs;
2. The agreement to look into how the current banking software can be tweaked so that the RCFIs can independently generate their financial statements and reports; and
3. The goodwill on all sides to come to an agreement at how Afriland can best support the RCFIs in the context of the project.

It was agreed that AFBLL would provide TASU/CBL with the following documents:

1. RCFIs accounts statements in relation to respective asset registers and share capital;
2. Financial Management Accounts & statements of all the 12 RCFIs;
3. Investment/operating expenses to RCFIs and costs involved with supporting documents;
4. Special examination Reports on previous spot-checks on RCFIs;
5. Past Bank reconciliation statements of RCFIs;
6. Previous minutes of attended board and AGM meetings; and
7. Submission of other relevant documents deemed necessary for the project.

Provisional template for monitoring RCFI Liquidity Movement is now in place and these measures is in line with the Prudential Regulation of Central Bank of Liberia. The Analyst has already begun the gathering and reviewing of daily and weekly liquidity monitoring of individual RCFIs transactions across the RCFI network. The mission recommended the review of Key Performance Indicators (KPIs) in the RCFIs developed by TASU to aid in tracking the performances of the RCFIs.

**Component 2: Enabling Environment for Rural Finance.** The objective of Component 2 is to support the CBL with improving the existing regulatory framework for the microfinance sector, the RCFIs, credit unions, or other related supervisory systems. It was foreseen at project design that the component would include the use of international technical assistance for the development of the regulatory frameworks, as well as the organisation of meetings/seminars and training of regulators and operators. The Central Bank pointed out during the mission the new regulation developed with the support from the World Bank, namely the "Prudential Regulations for Micro-Finance Deposit-Taking Institutions, Regulations No. CBL/RSD/002/2019" as well as "Amended Regulations for the Rural Community Finance Institutions, Regulation No. CBL/RSD/006/2019. The mission encourages TASU and CBL to assess whether these regulations are now sufficient to cover the sector, or if any further development of the regulatory framework could be supported or developed with funding from RCFP component 2.

Notwithstanding the support from the World Bank in improving the microfinance/RCFI regulatory framework, a key issue that remains outstanding is the effective rendering of reports/ data of the MFIS/RCFIs to the CBL. The mission received a notification that the Regulation & Supervision Department (RSD) of CBL has of developed and submitted draft regulatory templates for RCFI reporting to TASU. These the templates are being currently reviewed by the CBL for approval and circulation to the RCFI Network. The mission recommends a speedy action on these valuable instruments desirable at all levels of performance monitoring and supervision of the RCFIs.

Despite the direction taken by the CBL, regulatory guidelines to RCFIs specifically are long awaited. The project anticipated that the CBL, by this time, should have held a roundtable workshop on regulatory frame for RCFIs, built the capacity of TASU on the same and TASU should have rolled out the knowledge gained in the RCFIs. The Central Bank is

developing the Board Policy and the Credit Policy adapted to the RCFIs. CBL is stating that these can be finalised by end-November.

**Component 3: Project management and coordination.** Even though a standalone rural finance project, it was designed with the project coordination, financial management, procurement and M&E functions allocated to the PIU for IFAD-financed projects at MOA, while the technical work was allocated to TASU. This institutional arrangement is not aligned with IFAD's Rural Finance Policy, which stipulates that standalone rural finance projects be naturally managed by ministries of finance and has led to some coordination issues and delays.. The mission finds that TASU management has been unsatisfactory as it has not been diligent and has not taken timely charge of the required project activities. The IFAD mission finds that management deficiencies at TASU include:

1. 1. TASU management has not planned well and has not executed their activities in a timely manner. As an example, even after more than a year of implementation TASU has not been able to present a clear strategy and timeline for basic project activities such as shareholder validation, establishment of RCFI management accounts and the audit of the RCFI accounts.
2. The TASU is not internally well functioning with parts of the team being marginalised and not included in the field trips, e.g. the field inspector, despite his critical functions in these field trips. Additionally, the PIU M&E assistant for RCFP has not been regularly invited to field trip.
3. As outlined in the above, TASU performance has been far from ideal in terms of the acknowledgement and respect of the role of the internal auditor.
4. Lack of knowledge of M&E framework among TASU management, and lack of systematic and comprehensive implementation of M&E activities.

It should however be noted that the MOUs PIU v CBL and PIU v MOA have been signed. However, implementations of these instruments were not traceable by the mission. Therefore, the mission recommends the utilization and adherences to these binding instruments between concern parties.

With the recruitment of the TASU Rural Finance Officer and three Field Assistants in September 2020, the full TASU team is now in place.

Lack of project Monitoring & Evaluation. The mission noted that there is disconnect between the M&E of the PIU and TASU. It was noted with concerns that there is very little monitoring of results according to the logical framework and no knowledge sharing. The mission recommends that the TASU M&E specialist be admitted to go to the fields and have the authority within TASU to gather information on progress against all indicators of the logical framework. The M&E department of the PIU should be more integrated in RCFP field M&E activities, at such, the M&E assistant should primarily sit at TASU and make periodic visits to the PIU and have full access to project information.

**Constitution of the steering committee and approval of the Annual Work Plan and Budget.** IFAD has still not received an Annual Work Plan and Budget reviewed by the steering committee for the financial year 2020/2021. The steering committee is yet to meet. IFAD would encourage the steering committee to meet and suggests that the participating institutions, including Ministry of Agriculture (MOA), Ministry of Finance and Development Planning (MFDP) and the Central Bank of Liberia (CBL) participate with senior level representatives (Minister/Deputy Minister for MOA and MFDP and Governor/Deputy Governor for CBL).

1.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Opening of Bank account by TASU</b> Open a bank account	Sazi-TASU Manager	11/2019
<b>Building the capacity of Field Inspection Officer</b> Build the capacity of the officer	Sazi-TASU Manager	01/2020
<b>Devolve the TOMPORO accounting software to TASU and simultaneously organize training for the Accountant in its in its operational, accounting and reporting use</b>	PIU/TASU Manager	01/2020
<b>Carry out minimum needs assessment of the RCFIs and TASU, covering assets of computers, equipment and furniture, Accounting software, and ICT</b>	TASU manager	01/2020

<b>Update RCFP PIM</b>  Updates on the financial management to include procedures for financial controls between PIU, TASU and RCFIs should be developed	FC and TASU accountant	02/2020
<b>TASU immediate implementation approach of RCFP</b>  - Temporarily station staff to include the RFO, FIO & Field Inspector in the field - Immediately deploy newly recruited Field Assistants (Fas) - Equip the staff, including, with necessary implements - (Mobility -High-top 4X4 M/Vehicle & M/Bikes, computers etc.) - Procure & supply all RCFIs equipment, including Computers - Immediately Disburse monthly RCFIs operational costs - Assist the RCFIs in share mobilization exercises	TASU Manager	10/2020
<b>Procurement and Supply of RCFI Fixed Assets</b>  - Procure & Supply as per 2020/2021 AWBP - Disburse monthly operating costs for RCFIs	TASU/PIU	10/2020
<b>CBL and TASU to follow up to receive the requested documentation from Afrilands First Bank:</b>  - Statement of shareholders accounts - Overview of investments made in RCFIs - Minutes of past Board meetings of RCFIs - Inspection reports / spot audits as available - Overview of fees charged to RCFIs - Financial statements of RCFI management accounts	Director for Supervision and Regulation at CBL	11/2020
<b>Facilitation of Annual General Assemblies of all existing RCFIs)</b>  - Delay the implementation until: - o Management accounts of respective RCFIs are prepared o M&A for existing RCFIs is developed	TASU Manager/ respective RCFI	11/2020
<b>Existing banking software</b>  Work with Afriland First bank IT department to see if the existing software can be tweaked so RCFIs can generate their own balance sheets / financial statements with the existing software.	CBL and TASU	11/2020
<b>Lending in RCFIs</b>  -Delay the activity and instead: - -Finalize lending policy of RCFIs including thresholds	TASU and CBL	11/2020
<b>External Audit of existing RCFIs</b>  Expedite the review of offers, recruit firm and start process	TASU/ PIU	11/2020
<b>Bank linkages for RCFIs</b>  Lobby and assist the RCFIs to operate their accounts with commercial banks of their proximity and choices	CBL/TASU/PIU	11/2020
<b>Monitoring &amp; Supervision of RCFIs</b>  Intensify monitoring & supervision with at least quarterly visits to each RCFI	TASU	11/2020

<b>Preparation of RCFI Management Accounts</b> <ul style="list-style-type: none"> <li>- Follow-up and retrieve available data from ABLL</li> <li>- Visit RCFIs to ascertain available data</li> <li>- Consolidate data ready for external auditing</li> </ul>	TASU/RCFI/CBL	11/2020
<b>Validation of RCFI Shares</b> <ul style="list-style-type: none"> <li>- Visit RCFIs to validate existing shares</li> <li>- Continue sensitisation on SMOS &amp; SMOG</li> </ul>	TASU/RFCIs	11/2020
<b>Build Capacity of RCFIs</b> Provide necessary and adequate trainings to RCFIs to include Business Plan development	TASU	11/2020
<b>Validation of shares in the existing RCFIs:</b> <ul style="list-style-type: none"> <li>- The 12 RCFIs need to have all shares validated.</li> <li>- This includes to critically probe claims from RCFIs in relation to untraced shares sold by Afriland Bank Ltd and ex-board members</li> </ul>	TASU Manager	12/2020
<b>Reporting Templates for TASU &amp; RCFIs</b> <ul style="list-style-type: none"> <li>- Develop reporting templates and provide training</li> <li>- Provide guidance on Regulations of RCFIs</li> <li>- Waive loan to RCFIs on paid-up share capital</li> <li>- Newly register RCFIs &amp; waive license fee in arrears</li> </ul>	CBL	12/2020
<b>Activities to strengthen regulatory environment</b> The mission encourages TASU and CBL to identify the regulatory framework in the microfinance sector that could be supported or developed with funding from project component 2.	TASU and CBL	12/2020
<b>Development of RCFI Operational Manuals</b> <ul style="list-style-type: none"> <li>- Finalize Credit Policy &amp; Procedures Manual and other manuals</li> <li>- Develop M &amp; A for RCFIs</li> <li>- Resume AGMs to commence lending in the RCFIs</li> <li>- Draft RCFIs Business &amp; Strategic Plans</li> </ul>	TASU/RFCIs	12/2020
<b>Feasibility study for additional RCFIs or other options for rural financial services</b> <ul style="list-style-type: none"> <li>- Delay the activity and rather concentrate and consolidate in the strengthening of 12 existing RCFIs</li> <li>- Review the feasibility of additional RCFIs in the next IFAD RCFCP MTR view mission</li> </ul>	PIU/TASU	03/2021
<b>Banking Software procurement for RCFIs</b> <ul style="list-style-type: none"> <li>- Engage the developer of ALT3 software Explore possibility Of customizing</li> <li>- Pilot customized software and review during MTR</li> <li>- Provide additional training to key RCFI staff</li> <li>- Migrate available data to new system</li> </ul>	PIU/TASU	03/2021

<b>Build the capacity of Rural Finance Officer, Financial Analyst, &amp; Field Inspection Officer</b>  Build the capacities of the officers through TA and external study tours (could include Sierra Leone)	TASU	05/2021
<b>AWPB/PP of 2020/2021</b>  Finalize AWBP/PP and request for IFAD's NO	TASU/PIU Steering Committee	

## E. Agreed Actions

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Overview and Project Progress</b>		
<b>Opening of Bank account by TASU</b>  Open a bank account	Sazi-TASU Manager	11/2019
<b>Building the capacity of Field Inspection Officer</b>  Build the capacity of the officer	Sazi-TASU Manager	01/2020
<b>Devolve the TOMPORO accounting software to TASU and simultaneously organize training for the Accountant in its operational, accounting and reporting use</b>	PIU/TASU Manager	01/2020
<b>Carry out minimum needs assessment of the RCFIs and TASU, covering assets of computers, equipment and furniture, Accounting software, and ICT</b>	TASU manager	01/2020
<b>Update RCFP PIM</b>  Updates on the financial management to include procedures for financial controls between PIU, TASU and RCFIs should be developed	FC and TASU accountant	02/2020
<b>TASU immediate implementation approach of RCFP</b>  - Temporarily station staff to include the RFO, FIO & Field Inspector in the field - Immediately deploy newly recruited Field Assistants (Fas) - Equip the staff, including, with necessary implements - (Mobility -High-top 4X4 M/Vehicle & M/Bikes, computers etc.) - Procure & supply all RCFIs equipment, including Computers - Immediately Disburse monthly RCFIs operational costs - Assist the RCFIs in share mobilization exercises	TASU Manager	10/2020
<b>Procurement and Supply of RCFI Fixed Assets</b>  - Procure & Supply as per 2020/2021 AWBP - Disburse monthly operating costs for RCFIs	TASU/PIU	10/2020

<b>CBL and TASU to follow up to receive the requested documentation from Afrilands First Bank:</b> <ul style="list-style-type: none"> <li>- Statement of shareholders accounts</li> <li>- Overview of investments made in RCFIs</li> <li>- Minutes of past Board meetings of RCFIs</li> <li>- Inspection reports / spot audits as available</li> <li>- Overview of fees charged to RCFIs</li> <li>- Financial statements of RCFI management accounts</li> </ul>	Director for Supervision and Regulation at CBL	11/2020
<b>Facilitation of Annual General Assemblies of all existing RCFIs)</b> <ul style="list-style-type: none"> <li>- Delay the implementation until: <ul style="list-style-type: none"> <li>o Management accounts of respective RCFIs are prepared</li> <li>o M&amp;A for existing RCFIs is developed</li> </ul> </li> </ul>	TASU Manager/ respective RCFI	11/2020
<b>Existing banking software</b>  Work with Afriland First bank IT department to see if the existing software can be tweaked so RCFIs can generate their own balance sheets / financial statements with the existing software.	CBL and TASU	11/2020
<b>Lending in RCFIs</b> <ul style="list-style-type: none"> <li>-Delay the activity and instead: -</li> <li>-Finalize lending policy of RCFIs including thresholds</li> </ul>	TASU and CBL	11/2020
<b>External Audit of existing RCFIs</b>  Expedite the review of offers, recruit firm and start process	TASU/ PIU	11/2020
<b>Bank linkages for RCFIs</b>  Lobby and assist the RCFIs to operate their accounts with commercial banks of their proximity and choices	CBL/TASU/PIU	11/2020
<b>Monitoring &amp; Supervision of RCFIs</b>  Intensify monitoring & supervision with at least quarterly visits to each RCFI	TASU	11/2020
<b>Preparation of RCFI Management Accounts</b> <ul style="list-style-type: none"> <li>- Follow-up and retrieve available data from ABLL</li> <li>- Visit RCFIs to ascertain available data</li> <li>- Consolidate data ready for external auditing</li> </ul>	TASU/RCFI/CBL	11/2020
<b>Validation of RCFI Shares</b> <ul style="list-style-type: none"> <li>- Visit RCFIs to validate existing shares</li> <li>- Continue sensitisation on SMOS &amp;SMOG</li> </ul>	TASU/RFCIs	11/2020
<b>Build Capacity of RCFIs</b>  Provide necessary and adequate trainings to RCFIs to include Business Plan development	TASU	11/2020



<b>Validation of shares in the existing RCFIs:</b>  - The 12 RCFIs need to have all shares validated. - This includes to critically probe claims from RCFIs in relation to untraced shares sold by Afriland Bank Ltd and ex-board members	TASU Manager	12/2020
<b>Reporting Templates for TASU &amp; RCFIs</b>  - Develop reporting templates and provide training - Provide guidance on Regulations of RCFIs - Waive loan to RCFIs on paid-up share capital - Newly register RCFIs & waive license fee in arrears	CBL	12/2020
<b>Activities to strengthen regulatory environment</b>  The mission encourages TASU and CBL to identify the regulatory framework in the microfinance sector that could be supported or developed with funding from project component 2.	TASU and CBL	12/2020
<b>Development of RCFI Operational Manuals</b>  - Finalize Credit Policy & Procedures Manual and other manuals - Develop M & A for RCFIs - Resume AGMs to commence lending in the RCFIs - Draft RCFIs Business & Strategic Plans	TASU/RCFIs	12/2020
<b>Feasibility study for additional RCFIs or other options for rural financial services</b>  - Delay the activity and rather concentrate and consolidate in the strengthening of 12 existing RCFIs - Review the feasibility of additional RCFIs in the next IFAD RCFP MTR view mission	PIU/TASU	03/2021
<b>Banking Software procurement for RCFIs</b>  -Engage the developer of ALT3 software Explore possibility Of customizing - Pilot customized software and review during MTR - Provide additional training to key RCFI staff - Migrate available data to new system	PIU/TASU	03/2021
<b>Build the capacity of Rural Finance Officer, Financial Analyst, &amp; Field Inspection Officer</b>  Build the capacities of the officers through TA and external study tours (could include Sierra Leone)	TASU	05/2021
<b>AWPB/PP of 2020/2021</b>  Finalize AWBP/PP and request for IFAD's NO	TASU/PIU Steering Committee	
<b>Sustainability and Scaling up</b>		

<b>Awareness Creation in the target communities</b> - Provide rigorous sensitization on the model to the target communities - Through RCFIs, increase share mobilisation to enhance share capital base	TASU/TASC/RCFIs	11/2020
<b>Clustering of informal entities in Rural areas of project intervention</b> -Reach out and cluster “susu” 1 & ‘Susu” 2 for intervention as per PAD -Cluster SMEs	TASU/TASC	02/2021
<b>Strengthen Partners &amp; MOUs</b> - Adhere to signed MOUs between concern partners to avoid conflicts - Continue engagement of other players in the sector to include both international & local NGOs & CBOs - Continue started engagement with mobile service providers	TASU/TASC/PIU	
<b>Policy Dialogue at CBL</b> -Continue dialogue to support the RCFIs	TASU/TASC	
<b>Capacity building of RCFIs</b> -Provide community awareness on the project -Provide adequate technical knowledge to the entities, especially on financial inclusion, gender and youth participation	TASU/TASC	
<b>Project Management</b>		
<b>Conduct Field Visits</b> Liaise with TASU and conduct field visits to all RCFIs to collect baseline data on RCFIs (this is not a canonical baseline survey)	M&E	11/2020
<b>RCFP Steering Committee</b> The project steering committee should be constituted and meet to approve the Annual Work Plan and Budget for FY 2020/2021. Due to the importance of the committee, it is encouraged that participation is at the level of Minister/Deputy Minister for MOA and MFDP and Governor/Deputy Governor for CBL.	MFDP/MOA/ CBL (with support from PIU)	11/2020
<b>Technical advisory and coordination committee</b> The project will set up a technical advisory and coordination committee comprised of technicians from each of the stakeholder agencies with a defined TOR to review regular updates from the implementation level of the project, review operating challenges and update their various senior authorities at the agency and ministerial levels. The technicians will update their agency’s stakeholders on the current status, operating challenges, and mitigation plan that will help stimulate project implementation. The TORS shall include the set up of regular meetings of the committee. Deadline is for TOR development and first meeting of the committee.	PIU / PMU will take the lead	11/2020

<b>Project Monitoring &amp; Evaluation</b>  - M&E assistant and for RCFP and M&E specialist should travelling to the field on a regular basis - M&E assistant for RCFP shall have the authority to ask all TASU members and RCFIs for information on project indicators so she is able to report on project progress. - Carry out GIS mapping of RCFIs Update, Programme specific indicators, tools for measuring the indicators (included in M&E Manual)	PIU M&E Unit	11/2020
<b>Quarterly reports</b>  TASU should issue quarterly reports (with inputs from PIU) on project progress to be shared with CBL, MOA and MFDP.	TASU / PIU	11/2020
<b>Procurement – specifications</b>  Where technical specifications are required, the concerned technical officer has two weeks to provide the specifications without which this will be a performance management issue.	PIU / TASU/ PMU / MOA CBL	11/2020
<b>Procurement – process</b>  Once the AWPB and PP are done, shared and agreed on with PMU, MOA and CBL, the PIU and TASU should be able to finalize the procurement processes without further approvals from MOA, PMU and CBL. The Minister of Agriculture shall sign signature of contracts with a value of more than USD 50,000. Other contracts shall be signed by the PIU coordinator.	PIU / TASU/ PMU / MOA/ CBL	11/2020
<b>Recruitment</b>  The long delays in hiring some key staff for the project are an obstacle to project implementation. The following time limits should be adopted. If more than 30 calendar days have passed using the existing process, the PIU shall automatically escalate this to MOA and IFAD and provide an explanation on what is holding the recruitment process back.	PIU	11/2020
<b>Environmental and social management system (ESMS)</b>  The project should develop a simple but adequate environmental and social management system (ESMS) for the RCFIs	PIU safeguards officer in collaboration with TASU	02/2021
<b>Prepare Project's Budget early</b>  Begin the preparation of the AWBP well in advance and strengthen full participation of all stakeholders	PIU	03/2021
<b>Prepare detailed Quarterly Reports</b>  The project's quarterly report should include information (by percentage/value) on physical progress of the project disaggregated by components and if possible by sub-components.	PIU	11/2021

<b>Ensure effective data flow</b>  Work closely with all RCFIs, Finance team and TASU. Ensure data flow between TASU and the M&E team	PIU	
<b>Quarterly reports</b>  The PIU will monitor the timeliness of all procurement processes so that it will be systematically tracked where the delays are taking place. The results of the monitoring will be made readily available to TASU, PMU, MOA, CBL and IFAD.	PIU	
<b>Quarterly reports</b>  Where reasonable timelines for procurement processes have been surpassed, PIU will escalate to PMU and MOA who will be co-responsible for following up within MOA as well as with other entities and ministries including CBL.	PIU/PMU/ MOA	
<b>External Technical Assistance</b>  Immediately engage the service of External Technical Assistance to accelerate implementation for a minimum period of 45 days	TASU / PIU	
<b>Financial Management &amp; Execution</b>		
<b>Goods</b>  Solar Panel and Installation	TASU and Procurement	10/2020
<b>Consulting Services</b>  External Audit for the existing RCFIs	TASU and Procurement	10/2020
<b>TASU Operational structure</b>  TASU operational structure should be finalized timely. A clear plan for the project should be developed and adhered to.	PIU/PSC	10/2020
<b>Constitution of a National Steering Committee</b>  A National Steering Committee (NSC) should be constituted to provide technical guidance on major issue which will speed up project implementation and improve project disbursement rating	MOA/MOI/CBL	10/2020
<b>Independence of the internal auditor</b>  Clear reporting line of the internal audit should be communicated to staff and management.	TASU and PIU	10/2020
<b>Refund of ineligible</b>  The PIU is required to recover from staff and refund into the project account an amount of USD \$297 and \$8,914.50 use of project fund for J-rice project audit. Alternatively, this should be deducted from the subsequent withdrawal application. Furthermore, Adequate review of expenditures to reduce the risk of ineligible expenditure.	PIU Financial Controller	10/2020

<b>Constitution of the National Steering Committee</b>  National Steering Committee (NSC) should be constituted to manage the budget review process in line with the mandate laid in the project design report.	MFDP/MOA/ CBL (with support from PIU)	10/2020
<b>Consulting Services</b>  Capacity need assessment and Institutional development plan	PC and Procurement	11/2020
<b>Consulting Services</b>  Developing Accounting manual and IT Standard manual	PC and Procurement	11/2020
<b>Goods</b>  Procurement of MIS for RCFIs	TASU and Procurement	01/2021
<b>Accounting for counterpart funding on the project</b>  The following recommendations are made: • PIU should identify all various forms of in-kind contribution and prepare the draft Domestic Contribution definition and monitoring form • Update the PIM • Discuss with the auditors and agree on the recognition and measurement criteria, supporting documentation and financial reporting • Finalize the PIM and submit for approval • Revise the AWPB with the inclusion of in-kind contribution not initially captured • Ensure reporting requirement is met in the submitted IFR and audited financial statement.	PIU Financial Controller	01/2021
<b>Creation of additional reporting dimension</b>  The PIU should create an additional dimension of reporting expenditure by implementing partner to enable a proper analysis of financial information	PIU Financial Controller	01/2021
<b>Unrestricted access to financial information</b>  The TASU is required to provide the PIU with unrestricted access to the financial information relating to funds for project implementation.	TASU	01/2021
<b>Internal audit review of PIU</b>  The PMU auditor should develop an audit plan which periodically reviews the activities of the PIU and provide audit report thereto.	PMU Internal Audit	01/2021
<b>Detailed variance analysis</b>  The PIU financial controller is required to provide detailed variance analysis in the quarterly reports in order to achieve triangulation of financial records, procurement and program achievement.	PIU Financial Controller	01/2021

<b>Disclosure of estimate for preparing the AWPB and alignment of AWPB with the procurement plan</b>  The procurement plan should be consistent with the AWPB in terms of reference. In addition, the AWPB should provide a detailed justification of the unit cost used for preparing the AWPB.	PIU procurement manager	01/2021
<b>Timely preparation and submission of budget</b>  The PIU should ensure timely preparation and submission of the AWPB in line with the conditions of the financing agreement.	NSC/Project Coordinator/Procurement	01/2021
<b>Biennial workshop/refreshers training on IFAD anti-corruption policy</b>  The HR should develop a training plan for ethics and IFAD zero tolerance to corruption for all staff and this should be cascaded down to the implementing agencies and other stakeholders such as vendors, government officials etc.	Human Resource Manager	01/2021
<b>Annual performance improvement plan for staff</b>  The HR manager should develop a performance improvement plan based on feedback from the staff performance evaluation process and track compliance	Human Resource Manager	01/2021
<b>Goods</b>  Small Camera, USD Finger Print for Recognition	TASU and Procurement	02/2021
<b>Goods</b>  Receipt Thermal Printer, Camcorder, tripod, cutting software batteries	TASU and Procurement	02/2021
<b>Goods</b>  Cash Counting Machines, Cubicles & Furniture	TASU and Procurement	03/2021
<b>Consulting Services</b>  Enter all procurement transactions in TOMARCHE	PIU Procurement	
<b>Consulting Services</b>  No Objections to be posted to NOTUS by Procurement staff	PIU Procurement	