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# LIBERIA MAYA DECLARATION REPORT July 2020

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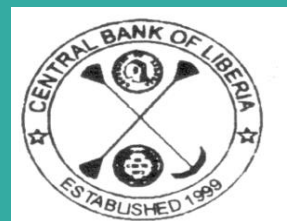
**The Maya  
Declaration**  
Commitments  
you can bank on



APRIL 16

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CENTRAL BANK OF LIBERIA



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## I. Background

The Maya Declaration is the global initiative for responsible and sustainable financial inclusion that aims to reduce poverty and ensure financial stability for the benefit of all. Launched at the Alliance for Financial Inclusion (AFI) Global Policy Forum (GPF) in Riviera Maya, Mexico in September 2011, AFI Member Institutions have since made concrete financial inclusion targets. Members including Liberia continue to implement in-country policy improvements and regularly share progress updates onto the AFI Data Portal (ADP). As of July 2018, there were 67 Maya Declaration Commitments made by members, with over 600 targets committed towards achieving their nations' financial inclusion agenda. AFI has demonstrated support to its members in fully achieving their commitments to contributing towards more inclusive development and poverty alleviation across developing and emerging countries.

The Maya Declaration is the first global commitment by policymakers from developing and emerging countries to unlock the economic and social potential of the poor through greater financial inclusion. There are thirteen (13) specific thematic areas of commitments by AFI member countries that are all linked to the following AFI policy areas:

- A. Consumer Empowerment & Market Conduct
- B. Digital Financial Services
- C. Financial Inclusion Data
- D. National Strategy on Financial Inclusion
- E. Gender and Women's Financial Inclusion
- F. SME Finance
- G. Global Standards

## II. Assessment of Liberia's Commitments

Liberia, after joining AFI in 2009 made her Maya Commitments at the Sasana Accord launched at the 2013 Global Policy Forum in Kuala Lumpur, Malaysia and additional commitments to Denarau Action Plan during the Global Policy Forum held in Sharm El Sheikh, Egypt from September 11-15, 2017. The Country's commitments centered on the below along with the reporting progress as at July 2020:

### Commitment 1

1. The Central Bank of Liberia will undertake initiatives to ensure that mobile financial services reach at least fifty (50%) of the rural population of Liberia by December 2014.

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## Status

As at December 31, 2019, there were 3,544,045 number of mobile money accounts in the country. Compared to 1,1868,821 in 2017, this is an 89.64% increase. With an adult population of 2,706,791 (2018 est. source: Index Mundi) 48.2% of which are in the rural area, this commitment has been attained. The CBL carried out the below undertakings to enhance mobile financial services:

- i. Approved and Licensed (2) Mobile Money Providers and one Payment Service Provider and one commercial bank. Total number of agents for Mobile Money as at December 2019 was 13,158. Mobile Money is present in all fifteen political sub-divisions respective capitals and major districts as well as in many towns and villages.
- ii. Approved bilateral arrangements between commercial banks and mobile money operators to allow for transfer to and from bank accounts and mobile wallets and vice versa. This is leading to increased usage of mobile money;
- iii. The Central Bank has continued to expand the scope and outreach of mobile financial services through continuous engagement with the Government of Liberia to finalize automation of G2P payments through mobile money. This includes civil servants and vendors. Employees of some Ministries are receiving their payments through this medium.
- iv. The CBL incorporated the draft Digital Financial Services (DFS) Strategy into the development of a new National Financial Inclusion strategy (NFIS). In consultation with diverse group of key stakeholders from the government, financial institutions and other private actors, developed and launched the NFIS 2020-2024 anchoring on three pillars which aim to address and increase the number of the population that have access to formal financial services.
- v. The CBL has carried out massive awareness and sensitization program throughout Liberia to enhance and expand uptake and usage of mobile money.
- vi. The CBL has developed and amended several regulations to enhance financial inclusion:
  - a) Amendment of the Consumer Protection & Market Conduct Regulation. Provision for amendment is on Digital Credit.
  - b) Formulation and publication of the Regulation concerning licensing and operations of e-payments.
  - c) Formulation of a Guideline for operation of electronic payment channels.

## Commitment 2

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2. The Bank will also enhance the existing mobile money guidelines to promote greater competition in the delivery of mobile financial services in the country.

#### Status

- i. This is completed. The Central Bank of Liberia revised the Mobile money regulation of 2011 in 2014, shifting from a bank-led model to an open model. This regulatory change has revolutionized the mobile money space. The CBL recognizes the need to continually review and modify regulations where necessary.

#### Commitment 3

3. As part of the National Financial Inclusion Strategy, the Central Bank of Liberia will develop by December 31, 2014, the appropriate regulations and guidelines aimed at achieving the following objectives:
  - i. Promoting the establishment and operations of Rural Community Finance Institutions in the rural parts of the country; and
  - ii. Promoting the safe, sound, and efficient management of these institutions.

#### Status

The Central Bank of Liberia (CBL) in 2016 developed and issued the Regulation Concerning the Establishment of Rural Community Finance Institutions (RCFIs) intended to regulate the establishment, operations and business of the RCFIs, promote the safety and soundness of the RCFIs, ensure efficiency and sustainability of their operations, and protect public funds/deposits entrusted to and managed by these institutions. In 2019, the CBL with technical assistance from the World Bank, reviewed the regulatory and supervisory frameworks of the microfinance subsector of Liberia which also included the RCFIs. The objective of the review was to consolidate the existing regulations where necessary, align usage of terminology, unify approach to regulations and introduce tier risk-based approach to provision of microfinance services. Based on the review, the regulations concerning the establishment of the Rural Community Finance Institutions was amended to separate RCFIs into two (2) Tiers; namely, Tier 2a and Tier 2b, based on the minimum capital requirements and the level of permissible activities, such as, the extension of microcredit (which amount was increased) and offering of products to encourage capital formation through savings. These amendments are all geared towards strengthening the RCFIs sector. The amended regulation is awaiting publication into Official Gazette.

Aa at end July 2020, there were twelve (12) RCFIs located in 8 of the 15 counties in Liberia. The RCFIs continued to play important role by providing financial services in the rural areas, including salary-based credits, payments of civil servants' salaries and money transfer services.

At end-December 2019, the total number of shares in the RCFIs increased to 7,006 from 5,196 recorded in 2018 with corresponding share values of L\$62.2million in 2018 compared to L\$92.7 million in 2019, which represents 49.0 percent increase in total shares value in 2019. The total deposit liabilities increased from L\$102.312 million

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in 2018 to L\$131.442 million in 2019, representing 28% increase in total deposits. Also, total loan portfolio grew to L\$79.1 million in 2019 from L\$36.0 million in 2018, which represented 120% increase.

As part of the Liberian Government's support to the RCFI sector, the Government, and the International Fund for Agricultural Development (IFAD) started the implementation of the Rural Community Finance Institution Project (RCFP) worth about US\$5.5 million. The implementation of the project, which started in August 2019, will provide additional resources for the existing RCFIs in the form of capital support, fixed assets, IT system, and technical assistance to the boards and managements staff. The Project will also establish additional 10 RCFIs across the country, especially to regions with active economic agricultural activities. The Project is being implemented by the CBL through the Technical Assistance Supervisory Unit (TASU) and the Project Implementation Unit (PIU) of the Ministry of Agriculture (MoA).

#### Commitments 4

4. The Central Bank will develop a comprehensive consumer protection and market conduct regulatory framework for the financial sector considering the microfinance and SME sectors, covering four key policy areas:

- i. Effective Help and Redress Mechanism
- ii. Effective Sales and Marketing Practices
- iii. Effective disclosure and transparency standards
- iv. Effective financial literacy and education programme.

#### Status

The Consumer Protection and Market Conduct Regulation amended in 2017 considered the above provisions for all financial institutions including the microfinance and SME sectors. A National Financial Education Strategy has been developed and implementation ongoing as indicated under the National Financial Inclusion Strategy.

The Central bank has established a Consumer Complaints Data Portal which is conspicuously placed on the CBL Website for the public to access. A Consumer Protection Helpdesk has been established at the Central bank of Liberia to increase public confidence in the financial system by ensuring that consumers get quick and easy redress in matters concerning financial institutions. The Central Bank of Liberia has also enhanced consumer protection framework and standards by ensuring that all banks and Mobile Money Providers have in place a Consumer Protection Officer responsible for complaints handling and reporting, a help desk and a hotline.

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## Commitments 5

5. The Central Bank of Liberia will take steps to ensure that financial inclusion data are summarized and made available to relevant policymakers so that they will be informed in their decision-making processes. The CBL will also prepare, by December 2014, a general report for publication on the state of financial inclusion in Liberia and will make that information available on its website.

## Status

We have developed a comprehensive financial inclusion data collection and analysis framework for improved data collection and management. The 2014 – 2018 NFIS end of implementation report was developed and since published on the CBL website for global access and information. The report laments various areas of achievements of the targets result of the previous NFIS.

## Commitments 6

6. The Central Bank of Liberia will also engage relevant policymakers to ensure that adequate steps are taken to bring about an improvement in the state of financial inclusion with reference to the following financial inclusion indicators:

- i. Increase the number of the population that have access to formal financial services by 40% by 2017
- ii. Increase the number of access points of financial services by 50% by 2017

## Status

- The share of the adult population that have access to formal financial services increased by 17 percentage points from 19% in 2011 to 36% in 2017.
- The number of access points of financial services agents increased from 1,135 in 2017 to 13,158 in 2019.

Indicator	2015	2016	2017	2018	2019
Agents	1,135	2,139	3,525	6,995	13,158
Subscribers	774,750	1,139,676	1,868,821	2,708,627	3,544,045
Percentage Increase of subscribers		67.97%	64.79%	98.44%	88.11%

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As mentioned above, the Central Bank made additional commitments to the Maya Declaration under the Denarau Action Plan during the Global Policy Forum held in Sharm El Sheikh, Egypt from September 11-15, 2017. The Denarau Action Plan focused on closing the gender gap by specially implementing financial inclusion policies to target women. These commitments included the below action plans to increase women involvement in financial inclusion:

#### **Commitment 7**

Establish a database for women's financial inclusion:

- i. Establish data collection methodology to assess the level of women's access to financial services (i.e. commercial banks, microfinance institutions (MFIs), CUs, VSLAs, and digital financial services; and
- ii. Conduct survey to gather baseline data on women's involvement in financial inclusion.

#### **Status**

This is on-going. A draft data reporting template has been developed and there are internal consultations to finalize it soon. Current Regulations have been amended to include reporting of gender disaggregated data.

#### **Commitment 8**

Develop policies that will facilitate the inclusion of women in the financial system, including promoting the establishment of specialized financial institutions with focus on the special needs of women;

#### **Status**

The CBL in 2012 involved women in the microfinance and financial inclusion system. The CBL established the National Apex (NAPEX) of Village Savings and Loan Association (VSLA) with 100% women participation. Members of NAPEX were trained by the CBL as well as NGOs including UN Women. The training was to empower women become independent through savings. One major reason for women involvement in the sector was to educate them on the usage of financial institutions. Presently, the CBL has a draft Regulation for NAPEX body that oversees the VSLA.

Also, the development of reporting templates, through a World Bank technical assistance program, for the microfinance sector will now track women inclusion in the financial system.

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The CBL has amended reporting templates of Mobile Money Providers to develop database on women financial services and require Providers to submit gender disaggregated data.

The Central Bank of Liberia is to adopt a revised Consumer Protection and Market Conduct Regulation with amendments on digital credit. This provision would enable the above-mentioned institutions to become more proactive in the ecosystem and engage into lending smaller loans via the mobile money platform since most of these institutions are involved women and are agents of mobile money providers.

### **Commitment 9**

Work with line ministries, including the Ministry of Gender and Social Protection, to develop a national strategy for mobilization of donor support for women’s financial inclusion.

#### **Status**

Plans to transition informal financial sector into the formal financial sector thus moving forward with the implementation of the current NFIS, the CBL will:

- i. Develop policies and programs to support linkages between the formal and informal financial sectors,
- ii. Ensure saving groups have bank accounts in the formal sector.
- iii. Ensure dialogues (meetings, workshop, etc.) between formal banking sector and savings group to inform SG about financial products available to them for uptake.
- iv. Network with the Ministry of Gender and Social Protection, to develop a national strategy for mobilization of donor support for women’s financial inclusion

The appendix attached provides a year on year result matrix that displays the trend of activities linked to the Maya Declaration for Liberia.

### **III. New Commitments**

Based on the current National Financial Inclusion Strategy (2020-2024) which is aligned with the National Development Agenda for Liberia, the Pro-poor Agenda for Prosperity and Development (PAPD), and considering the assessment of progress made in fulfilling Liberia’s commitments under the Maya Declaration (see section 2 above), the following represent Liberia’s new commitments to be achieved by the end of 2024:

1. Increase the adult population (15+) that have access to formal financial services to 50%;



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2. Professionalize the Non-bank Financial Institutions Sector (NBFI) by:
    - a) Issuing a revised NBFI Regulatory Framework,
    - b) Ensuring timely and accurate reporting of NBFIs to the CBL;
    - c) Building the operational capacity of NBFIS through the provision of training, infrastructural support (software) etc.
  3. Improve the Legal/Regulatory Framework and Institutional Capacity of the financial sector; and
  4. Facilitate Digital Financial Services Usage.

#### IV. Conclusion

Amidst headwinds such as EBOLA – 2014-2016, political transition of 2017 which induced uncertainties, COVID-19-2020, etc. The CBL has recorded much and important progress in meeting its commitments under the Maya Declaration and Denarau Action Plan results reporting now. No doubt, these commitments have been very useful in shaping national policy towards enhancing overall inclusion in the country. In furtherance to the CBL's desire to continue progress on its Maya Commitments, the new National Financial Inclusion Strategy 2020-2024 is being implemented. The new commitments as espoused in section III above, which are consistent with the NFIS will be periodically monitored, assessed and reported under the AFI's reporting framework.

We remain committed to the Maya Declaration and assure that our commitments achieved so far will be sustained while achieving succeeding ones. Also, the CBL will remain active in the AFI and the global financial inclusion network to support peer learning, knowledge sharing and policy development for financial inclusion agenda<sup>i</sup>.

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<sup>i</sup> For queries contact FSDU/ CBL ([fsdu@cbl.org.lr](mailto:fsdu@cbl.org.lr))