



**AfDB**  
AFRICAN DEVELOPMENT BANK GROUP

# Impacting West Africa:

## Transforming People's lives in Liberia through Microfinance

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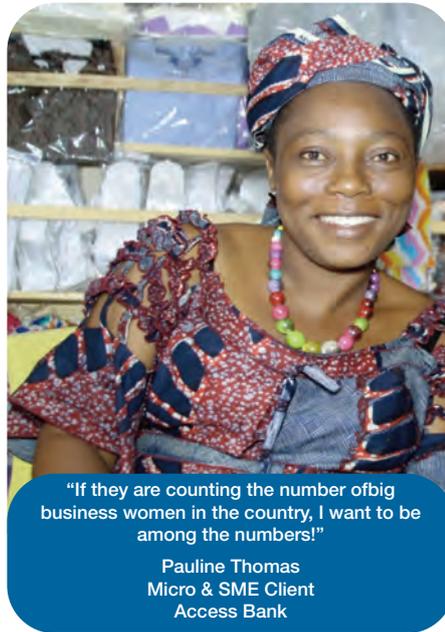
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#### Edited by

Wala Budri, Alain Pierre  
Mbonampeka, Emanuele Santi

### Microfinance Transforming Lives



"If they are counting the number of big business women in the country, I want to be among the numbers!"

Pauline Thomas  
Micro & SME Client  
Access Bank

Pauline Thomas is a mother of four. She had dreamt of becoming an entrepreneur during her five-year stay in a refugee camp. She had escaped from the brutal civil war in Liberia when she fled the country with her husband and four children and found refuge in Sierra

Leone, where she took classes offered in the camp on how to develop and manage a small business. Despite the hardships she and her family endured, Pauline overcame many challenges and devised various ways to make ends meet. When the war ended, Pauline and her family returned to Liberia full of hope and renewed spirit.

She started by buying and selling used clothes in the market. This was quite difficult as she lacked the large amount of money required to engage in the business. This situation changed in 2009 when she received her first micro loan from Access Bank, a microfinance institution supported by the African Development Bank in Liberia. She began to buy and sell clothes for men, women and children on a larger scale. She also became one of the first women in the town center to sell wedding dresses. "I first started with three wedding dresses. I would rent them, wash them, and then rent them again. Now I have 50 wedding dresses that I can also sell," said Pauline.



Having attained a good credit standing, Pauline emerged as a credible small-medium enterprise (SME) borrower, able to take bigger loans. She received up to five loans, allowing her to travel to China to import more products and increase her profitability. The success of her boutique has enabled her to set up a children clothes store where she employs four people. She is also in the process of starting a restaurant. Pauline now owns her own home and is able to send her four children to school. Her story is a Testimony of how access to financial services can help alleviate poverty and promote self-sufficiency.

## Meet the first Microfinance Client of Access Bank Liberia

The power of microfinance to transform the lives of the poor was also evident for Paul Okolie, a resident of Clara Town, Monrovia. One of the first clients of Access Bank in Liberia, he started his business in 2008, but was struggling to expand due to financial hardship. Once he learned about Access Bank microfinance loan services, he decided to give it a try. With five subsequent loans totaling up to US\$ 5,000, Paul was able to



"I started with little money, but by the grace of God my business expanded to serve more clients."

*Paul Okolie,  
Micro Client  
Access Bank*

expand from a small spirits and refreshments store owner to a wholesale distributor. Today, Paul employs five persons, primarily young men who are now able to cater to the needs of their families with their earnings.

Narrating his daily activities, Paul points to the muddy road in front of his store. The road is unpaved and full of puddles, making it difficult to transport products to his business. He hopes the government fulfills its promise by fixing the road in the coming year. However, he is happy that the government extended the electricity network in his area which is essential for his daily business operations. Roads and energy are major priorities for the African Development Bank, which is supporting Liberia by providing financing to projects in these sectors from 2013 to 2017.



For instance, on 4 September 2013, the Bank approved US\$ 65 million for the construction of a 50-km road linking Harper and Fish Town cities in a historically neglected south-eastern part of the country. The Bank is also co-financing a regional electricity interconnection project within the four member-states of the Mano River Union: Côte d'Ivoire, Liberia, Sierra Leone and Guinea. The World Bank, German Cooperation and the European Investment Bank are involved in the project to build a 1,357-km-double circuit high-voltage (225 kV) line to connect the national networks of the four countries. The project, estimated at a total cost of US\$ 495 million, will be implemented from 2014-2017. The total contribution of the Bank Group amounts to US\$ 189 million. An estimated 24 million people in the four countries will benefit directly from the project which will provide them with reliable electric power at competitive cost. The project will raise the average electricity access rate in Liberia from 2% in 2012 to 6% in 2016. More particularly, the project will electrify about 115 rural and urban communities located along the power line.

## Meme KayKay, Market Woman

Like many women in Liberia, Meme runs a small business in the heart of Buchanan City where she sells food items such as tomato paste, spices and beans. She started her business five years ago, but her income was too small to sustain her and her five children. When Access Bank opened in Buchanan City, she was the first market woman approached by its representatives. As a hard-working, resilient and committed small business woman, Meme exemplified the attributes that Access Bank looks for in its clients.

With the first micro loan of 15,000 LD (Liberia dollar), Meme was able to purchase a variety of goods and increase her monthly income by more than 50 percent. She subsequently secured four loans totaling US\$ 2,000. With the success of her

business, she is able to send her daughter to college and pay her children's school fees. Meme's success helped explain the benefits of financial borrowing among market women and decreased perceived mistrust between local traders and financial institutions.

## Developing the Private Sector and Promoting Financial Inclusion

The support to Access Bank is one of various examples of the AfDB's work in Private Sector development. The Bank realizes that economic growth cannot be achieved without putting in place well-focused programs to empower Africa's entrepreneurs by increasing their access to production factors, especially credit. The latent capacity of the poor for entrepreneurship can be significantly enhanced through the provision of micro, small and medium enterprises (MSME's) to enable them to engage in economic activities and be more self-reliant. In doing so, African countries are able to increase employment opportunities, enhance household income, and create wealth for their populations.



As part of the effort to alleviate poverty through financial inclusion, the African Development Bank helped to establish Access Bank Limited as the largest commercial microfinance bank in Liberia. The AfDB Group actively participated in the establishment of Access Bank Liberia in various ways:

- A Provision of one million US\$ grant for capacity building, approved in 2008 as a grant from the Fund for African Private Sector Assistance (FAPA), which enabled the initial 150 staff to acquire the necessary skills and capacity to run a modern Bank.
- The second portion was provided through the Bank's regular financial operations as a means to complement and leverage FAPA to achieve greater impact and ensuring sus-

tainability. A total equity participation of US\$ 1.5 million was allocated, providing approximately 15 % of total capital which gave the AfDB Group a seat in Access Bank's Board. The equity share was approved at three different dates: US\$ 1.275 million in 2008, US\$ 200,000 in October 2012, and US\$ 209,000 approved in December 2012.

Despite many challenges faced by Access Bank due to poor infrastructure development and the prevailing commercial laws, the Bank has achieved some measure of success. Today, Access Bank consists of six branches and employs over 400 local staff. In March 2013, the Bank opened its sixth branch in Buchanan City, 110 km southeast of Monrovia as a means to decentralize the Banking system and extend access to financial services to people in the area.

At end July 2013, the Bank's business loan portfolio amounted to nearly US\$ 10 million, with US\$ 8.3 million in outstanding microfinance loans and nearly US\$ 1.6 million in small business credits. Loans typically range from as little as US\$ 200 to US\$ 25,000. Since its inception, Access Bank has provided loans to 36,463 clients, including 19,423 (53%) clients who have received two or more loans. Nearly 56 percent of the total microfinance loans are awarded to women, largely because women are the major participants in retail and petty businesses in the country. Generally empirical evidence also indicates that women are low-risk borrowers compared to men.

Within this context, many women borrowers who successfully pay-back debt are able to build strong credit history which enables them to borrow larger amounts.

## Successes and Challenges of the Financial Sector in Liberia

Access Bank is one of the main players in Liberia. Microfinance Services are provided by a number of diverse providers including commercial banks, credit unions and private microfinance institutions. There are also small credit groups formally known as "Susu groups". Despite an array of financial groups, the provision of sustainable finance is limi-



ted. However, the future outlook appears positive based on the Central Bank of Liberia Financial Inclusion Strategy. The AfDB Group is working closely with the government of Liberia to support the creation of an enabling environment for business, including through broadening access to finance.

The Banking Sector realized growth starting in 2008. The number of commercial banks operating in the country rose from six in 2008 to eight in 2009 with the granting of licenses to Access Bank Liberia Limited. The Microfinance Bank and Guaranty Trust Bank Liberia Limited. The six others are Ecobank, First International Bank, Global Bank, International Bank, Liberian Bank for Development and Investment, and United Bank for Africa. The number of branches also increased from 28 in 2008 to 61 in 2013.

However, only three out of the eight banks engaged in some sort of microfinance lending including Ecobank and the Liberian Bank for Development and Investment (LBDI), with Access Bank providing the greater portion of total microfinance lending in the country.

Figure 1: Loans disbursed

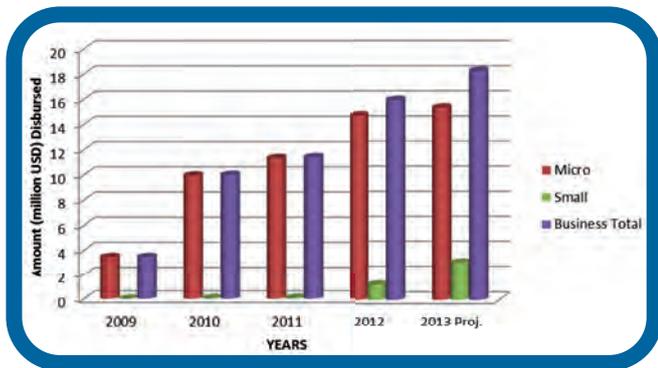
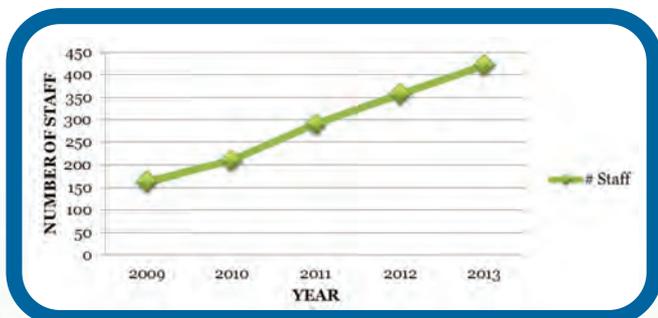


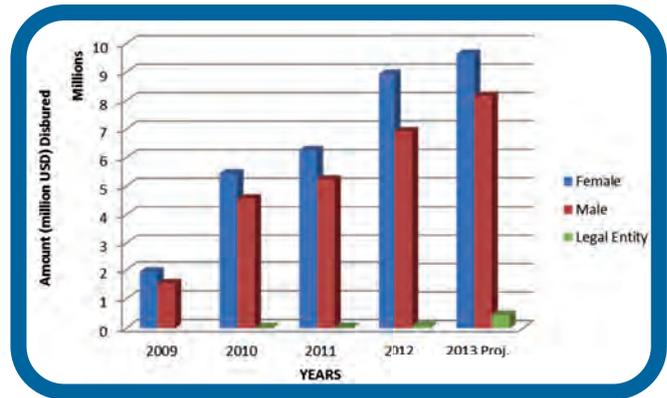
Figure 2: Total access Bank Staff



Strong monetary policy and regulations implemented by the Central Bank of Liberia in recent years have ensured broad stability in the exchange rate of the Liberian dollar and minimized the currency risks faced by commercial banks. However, the lack of an effective rule of law protecting the banks against fraud and delinquent loans remain a challenge. Under the Private Sector Development Strategy, the African Development Bank aims

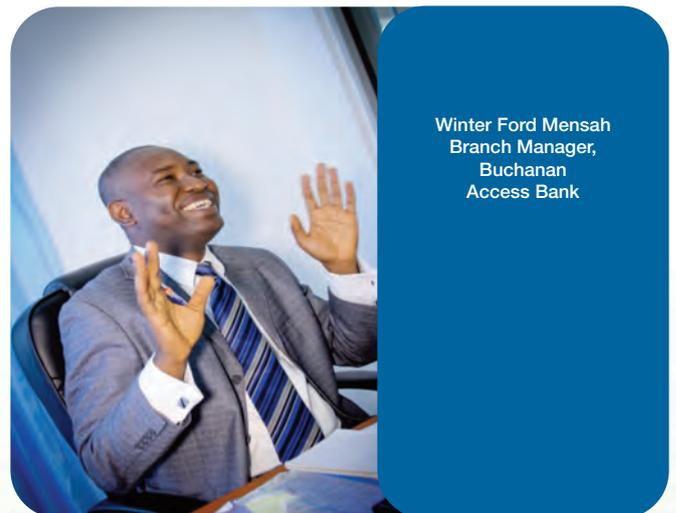
to work alongside the government of Liberia and key stakeholders to eliminate such bottlenecks. "The Central Bank played a very active role in order to push things and get things done. The Bank has been proactive in supporting, engaging and incentivizing very high performing associations of usually females but also males who are engaging in the markets," said Ms. Amani Mbale, UNCDF Chief Microfinance Technical Advisor.

Figure 3: Loans disbursed by Gender



### Achieving Transparency & Good Governance

Transparency and good governance are part of the overarching objectives of the African Development Bank Private Sector (PSD) Development. The African Development Bank recognizes that institutional development relies on strong corporate and economic governance as well as the practice of full transparency and accountability.



Winter Ford Mensah  
Branch Manager,  
Buchanan  
Access Bank

As a partner, Access Bank prides itself with high integrity and commitment to good governance and fair employment. Prior to hiring, employees are required to submit an application through a central system and are screened and selected among thousands of applicants based on their education and professional background. Recruitment of local staff is made from a crop of fresh university graduates and professionals most of

whom have no prior banking experience but have the potential to grow and perform. Promotions are awarded based on performance and leadership ability. All employees are trained on proper handling of financial records and customer confidentiality.

Recently, six staff from different departments who were interviewed by AfDB expressed their satisfaction with the hiring, training, and promotion process within Access Bank.

"I heard about the vacancy in Access Bank and submitted my application without knowing anyone working there and I was called for an interview and eventually hired. Unlike many places, Access Bank is one of the few places where you can get hired based on your competencies rather than relationship," said Mr. Winter Mensah, Branch Manager of Access Bank in Buchanan County.

Charles Kollie, SME Manager in training at the head Branch of Access Bank also expressed his satisfaction with the governance culture at the Bank. "I'm currently training to head the SME department. I started as a cashier, moved to loan officer, then Branch manager and I'm now training to lead a department."

As the Bank continues to grow, the number of local staff is expected to increase with special focus on increasing the number of Liberians at top executive levels. Once the Bank reaches its full potential regarding operations and capacity building, the African Development Bank will implement an exit strategy allowing for other shareholders to take part in the effort.

### Infrastructure Development: Increasing People's Access to Services

A major engagement in the area of poverty alleviation is improving local infrastructure and basic facilities such as access to roads, markets, financial services, and utilities to improve the livelihood of local communities. In collaboration with the government of Liberia, financial providers, such as Access Bank, institutions and civil societies; the African Development Bank continues to invest tremendous amount of resources to develop strategy and provide resources for infrastructure development. Access to roads is recognized as an important component of economic growth as it minimizes cost associated with the flow of goods and services and encourages investment.



With the expansion of road network, essential services such as Banking are slowly expanding and reaching people in the interior.

Buchanan Highway

### Access Bank: Milestones and Future Outlook

In order to consolidate efforts in rebuilding the country after the devastating period of conflict, Access Bank Liberia was incorporated in late 2008 at the joint

"The bank is now the major and most dynamic player in the microfinance market."

Oliver Hesch  
CEO/General Manager  
Access Bank Liberia



Access Bank Buchanan Branch before rehabilitation.



Access Bank Buchanan Branch after rehabilitation.

As a fully-operational commercial Bank, Access Bank extends its services beyond Microfinance lending to assist private companies involved in construction and infrastructure development. The Bank also invests in the development and embellishment of dilapidated infrastructure



Clients of Access Bank, Buchanan Branch waiting to make deposits.

initiative of its shareholders – Access Holding, African Development Bank, European Investment Bank (EIB) and International Finance Corporation (IFC). The Bank has since expanded the range of appropriate financial services for the majority of Liberian businesses and their owners in a sustainable and efficient manner.

In order to achieve this goal, the Bank has concentrated on offering a professionally managed working environment to a rapidly growing number of Liberians while opening access to banking services to a growing segment of the Liberian population. Many carefully selected candidates and staff have benefitted

from training in and outside of the country and the dynamic and motivated workforce is almost exclusively Liberian. As a result, the bank has gained a solid reputation among clients and staff alike for its transparent processes, the career opportunities offered to reliable top performers and the unique quality of the services it provides.

In this exciting context, Access Bank, with the support of AfDB and its partners, will continue its efforts to contribute positively to the development of the Liberian banking sector and the much needed growth of the local economy.



The Fund for African Private Sector Assistance (FAPA) is a multi-donor thematic trust fund that provides grant funding for technical assistance and capacity building to support implementation of the Bank's Private Sector Development Strategy. The Government of Japan, African Development Bank, the Austrian Development Bank and the Government of Austria are the contributors to the fund, which to date has provided USD 42 million to 47 projects across the African continent. The FAPA portfolio includes regional and national projects in sectors such as Business Enabling Environment, Financial Intermediation, Infrastructure, Trade and Micro-, Small- and Medium- Enterprises. For more information on FAPA please contact: [FAPA@afdb.org](mailto:FAPA@afdb.org)

“Impacting West Africa” showcases stories of success in the African Development Bank's support in the sub-region. This note was produced by the Liberia Field Office, in collaboration with the Communication Department, the West Africa Regional Department and the Private Sector Department. The authors of this publication would like to thank the staff and clients of AccessBank Liberia Limited for their thoughts and enthusiasm, as well as the Bank's Liberia Resident Representative, Mrs. Margaret Kilo, and Mr. Franck Perrault, the Director West Africa Department, for their precious input and guidance.

For more information about the African Development Bank Group and its program in Liberia, please see <http://www.afdb.org/en/countries/west-africa/liberia/>