

KRABAN SUPPORT FOUNDATION

OPERATING POLICIES

EDITION 2011

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KRABAN SUPPORT FOUNDATION

DEPOSIT MOBILIZATION POLICY

1. PREAMBLE

In order to improve quality of decision making and eliminating the need for hasty, spur-of-moment decisions, promote teamwork, delegation of authority and the use of past experience as basis for decision making, speed up company operation and stimulating planning, a written policy guide for deposit mobilization setting up boundaries and directions must be set up in the FNGO.

2. WAYS TO ACHIEVE INCREASED DEPOSIT RESOURCE MOBILIZATION

The FNGO would adopt the following multiplicity of ways and avenues to increase its deposit resource mobilization.

- a. The normal savings time deposit and current accounts.
- b. Investment in high-yielding government treasury bills, bonds etc. Where the yield from these bills and bonds drop, the investment in them must be reduced and shifted into other more profitable investment areas.
- c. Sound lending through good credit appraisal, monitoring and recovery efforts.
- d. Promotion of co-operation among villages, eliminating rivalries which obstruct savings mobilization efforts.
- e. Opening of agencies and mobilization centres that must be operated well.
- f. Extension of banking operations towards the periphery of cities and urban areas.
- g. Regular payment of interest on savings accounts and current accounts where applicable to encourage savings.
- h. Encouragement of cocoa farmers to leave part of their cocoa sale proceeds in their accounts.
- i. Adoption or change of a FNGO name to one which represents the FNGO's entire catchment area and which provides for business expansion particularly where there is agitation from parts of the catchment area.
- j. Implementation of new and innovative deposit mobilization schemes.

2.2 Factors Essential for Deposit Mobilization

The following factors which are essential for good funds mobilization shall be considered in the FNGO deposit mobilization efforts:

a. Target Duration

This pertains to the determination of the period of the deposit or even equity or loan capital mobilization schemes. The duration may be short if there is the assurance that a substantial amount of resources can be generated within the set period, otherwise a longer time period is advisable. Two or more schemes may be launched simultaneously in different localities with different target duration.

b. Strategies

A strategy or combination of two or more strategies should be adopted to attain the objectives of the deposit mobilization scheme.

c. Target Areas or Groups

The target areas or groups must be determined for each mobilization scheme. Example:

- i. Target Groups – market traders, salaried workers, master artisans.
- ii. Target Areas – urban centres, or co-operative union groups in the entire catchment area.

d. Implementation Procedures

It must be determined how a selected mobilization scheme should be implemented. This should include an appropriate publicity programme to educate people on the scheme e.g.; radio announcements, newspaper adverts, information service announcements, brochures and pamphlets, door-to-door personal education, durbars and seminars for customers, etc.

e. Monitoring and Evaluation

This involves the monitoring and evaluation of the results of the scheme during its implementation. The monitoring and evaluation methods include the following:

- i. Breakdown of total target amount and time period into smaller amounts and shorter time periods.
- ii. Continuous collection of data on actual results.
- iii. Periodic comparison of actual results with targets.
- iv. Analysis of significant variances and their causes.
- v. Adoption of corrective measures to prevent the recurrence of lapses and inefficiencies and adoption of measures to enhance areas of success.

f. Communication

Deposit invariably requires the dissemination of information about the schemes among the target groups. The target group must be informed of each scheme and convinced to participate in it.

Factors to consider in designing the communication programme include the following:

- i. Determine where the target groups are located.
- ii. Determine what message to convey which will draw positive response from the target groups.
- iii. Determine the communication medium or media through which the message is to be conveyed.
- iv. Ensure that the message reaches the target groups.

Communication medium or media to be chosen may be based on;

- i. Cost of using the medium or media.
- ii. Effectiveness of the choice in covering the message to the target groups within the planned time.

The media that may be used include the following;

- i. Speeches at durbars, festivals.
- ii. Personal visits by the FNGO staff.
- iii. Messages through competent and trustworthy persons or bodies (e. extension officers, functional literacy classes, etc.)
- iv. Short local F.M. radio broadcast.

g. Sustained Mobilization Efforts

Fund mobilization efforts and campaign shall be carried out on a continuous and sustained basis all year round.

3. DEPOSIT MOBILIZATION SCHEMES

Below are some deposit mobilization schemes that may be adopted by the FNGO.

3.1 Promotional Raffle Scheme

This involves the use of promotional raffle to attract new depositors and to encourage existing depositors to substantially increase their deposit account balances using valuable winning prices as incentive.

3.2 Group Deposit Scheme

This scheme aims at encouraging formal and informal groups such as Civic, Religious and Business Organizations, Credit Unions and Co-operatives to open and maintain deposit account with the bank.

3.3 Family Savings Scheme

This focuses on the encouragement of families to save money with the FNGO for special purposes such as for Christmas spending, for children's future education, for landed property acquisition, for purchases of a home appliance, etc.

3.4 Susu Scheme

This scheme aims at getting busy people such as market vendors, 'trotro' drivers, truck pushers, etc to save part of their daily income with the FNGO for a period of time at the end of which the contributor withdraws the accumulated deposit allowing the FNGO to keep a part of the amount as payment for its services.

3.5 Deposit As Loan Condition

This involves getting the borrower to maintain with the FNGO a deposit account with a balance equal to a specified percentage of the loan granted to him. This deposit must be made available in the account before approval and/or disbursement of the loan and must be maintained throughout the term of the loan, serving as lien for the loan.

3.6 Christmas Savings and Payroll Savings Schemes

The Christmas Savings Scheme involves savings particularly for Christmas spending, while Payroll savings involves savings by deduction at source from the customer's salary account. In both cases, balloon withdrawal is allowed at Christmas for Christmas spending or for special purposes.

3.7 Door to Door Mobilization

Cash collection from traders and store keepers.

3.8 Other Schemes

Board members, management and staff of the FNGO shall be encouraged to come up with new and innovative fund mobilization schemes that will enhance resource accumulation to the FNGO.

4. CURRENT REGULATIONS ON ACCOUNTS

Below are current regulations on savings, current and time deposit accounts which are all subject to change as the Board may decide.

4.1 Savings and Current Accounts

- i. Initial deposit for savings and current accounts shall not be less than Five Ghana Cedis (GHS 5.00) and Ten Ghana Cedis (GHS 10.00) respectively.
- ii. The minimum balance that shall be maintained is Five Ghana Cedis (GHS 5.00) for savings account.
- iii. For pensioners, however, the minimum balance to be maintained in the account shall be Two Ghana Cedis (GHS 2.00).

4.2 Time Deposit

- i. The minimum amount acceptable as fixed deposit is Two Hundred Ghana Cedis (GHS 200.00).
- ii. The fixed time period acceptable for such deposits are three (3) months, six (6) months, nine (9) months, twelve (12) months, or longer periods.
- iii. Other fixed time periods outside these may be negotiated specifically.

4.3 Interest Payment

- i. Interest to be period on deposit accounts shall ensure that it results in net income to the bank in respect of the interest charged by the FNGO when the same funds are credited to customers of the FNGO.
- ii. Interest shall be paid on a minimum balance of Twenty Ghana Cedis (GHS 20.00) and above on savings account which shall be computed and credited quarterly on the basis of average daily account balance. Savings accounts that do not have this minimum shall not enjoy any interest payments.
- iii. Interest to be paid on deposits shall be determined by the Board from time to time.

4.4 Total Cash on Hand

Total cash on hand and cash in other FNGO's and institutions shall not be less than 8% of the FNGO's total deposit liabilities.

5. WHO IS RESPONSIBLE FOR MOBILIZATION?

The Committee of Trustee and Credit (CoTC) in conjunction with the Marketing Department is primarily responsible for loan administration and fund mobilization efforts of the FNGO.

It must, however, be reckoned that is only a concerted effort of the entire FNGO Directors, management and staff alike – that can achieve a desirable and sustainable loan administration effort.

6. REVIEW

This policy is subject to review from time to time by the Board.

Approved by the Board on May 31, 2003

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KRABAN SUPPORT FOUNDATION

ON-LENDING POLICY

PREAMBLE

In order to increase liquidity in the FNGO, borrowing is an important means of increasing the working capital of a going concern, which when managed well shall enhance profitability thereby increasing cash in flow of an enterprise. It is therefore important to observe the following policies on borrowing funds.

- 1.0 The FNGO shall, therefore, be encouraged to borrow funds for its operations from Bank of Ghana, other banks and FNGO's when the following are favourable.
 - a. The borrowing/lending rate shall ensure favourable margins to the bank.
 - b. The repayment period shall provide for favourable cash flow to meet the repayment.
- 2.0 As much as possible, the FNGO shall not borrow for the acquisition of assets.
- 3.0 The borrowed funds shall be used for working capital financing for lending to the FNGO's customers, for example, IFAD/SCIMP; Social Investment Fund; MiDA; and funds borrowed from other credible sources.
- 4.0 FNGO borrowing shall not be made without prior Board resolution authorizing such transaction.
- 5.0 The Board shall determine how much shall be borrowed or lent depending on how much shall be / borrowed to generate income.
- 6.0 Lending and borrowing application letter shall be signed by the Board Chairman and the Executive Director.
- 7.0 Lending of the borrowed funds shall be linked to the existing lending rate of the FNGO as indicated in the interest rate determination model, unless otherwise stated by the FNGOs or the Lending institution.
- 8.0 The loan sizes for the clients will be determined according to the ability of the client and will be based on the following: loan activity; previous loan history; repayment record; and the client's business turnover. However loan sizes will range from GHC100.00 to GHC1,000.00
- 9.0 The FNGO's customers who benefit from loans advanced from such borrowed funds shall be closely monitored to ensure repayment of the facility.

10.0 The FNGO's policies on borrowing takes precedent over ALL other borrowing agreements the FNGO enters into with other partners including project, program and other development partners.

11.0 All borrowed funds for on-lending shall be considered by the FNGO as part of its regular portfolio and would be dealt with as such. Thus ALL credit agreements with partners is considered subsidiary and are subject to the FNGO's credit policies.

12.0 INTEREST INCOME POLICY

12.1 Borrowers who receive on-lending funds from the FNGO shall pay appropriate and commensurate interest rate on the loan amount received.

12.2 Charges including processing fees, membership fees, passbooks fees and other related loan service fees would be charged by the FNGO on all loans disbursed.

12.3 The FNGO shall collect interest charged on loans disbursed first to ensure its use for operational purposes.

12.4 The interest due to project and development partners shall be paid as and when repayments are done by borrowers before the payment of the principal loan amount.

13.0 PENAL / SANCTIONS POLICY

13.1 All loans disbursed by the FNGO would be categorized and the portfolio risk assessed to determine the quality of the loan portfolio periodically.

13.2 All loan defaulters would be surcharged and appropriate penalties amortized at a compound rate of interest on the loan amount.

13.3 Loans assessed to be delinquent after three hundred and sixty-five days (365) would be written off by the FNGO upon a decision of the Board of Directors.

13.4 All loan recipients shall be deemed to be indebted to the FNGO and appropriate penal sanctions would be applied if they persistently default in their obligations to repay after a final demand notice from the FNGO.

The above guidelines shall be adhered to, to enhance profitability of the FNGO.

14.0 REVIEW

This policy shall be reviewed when the need arises.

APPROVED BY THE BOARD ON MAY 31, 2003

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KRABAN SUPPORT FOUNDATION

INVESTMENT POLICY

1.0 PREAMBLE

Kraban Support Foundation has been involved in the investment of funds both as a statutory obligation and also to generate income for the organization.

The objective is to provide for liquidity for the FNGO to meet the demand of depositors at all times while maximizing return through prudent fund management.

2.0 TYPE OF INVESTMENT

- i. Call or Overnight deposits
- ii. Treasury Bills / Notes
- iii. Shares of Financial Institutions
- iv. Shares of other companies

3.0 PROCESS OF INVESTMENT

A proposal to undertake any type of investment shall be made by Management or Technical Committee and approved by the Board.

- 3.1 The operations of the FNGO's Call Deposits shall be managed by the Management and reported weekly to the Board.
- 3.2 Management of Treasury Bills/Notes shall be by the Technical Committee and reported on monthly.
- 3.3 All other investment shall be undertaken with prior approval of the Board

4.0 INVESTMENT STRATEGY

To provide for liquidity, solvency and maximization of returns on investment the following target for investment shall be maintained.

- 4.1 The FNGO shall maintain a minimum of 35% of deposit at all times to meet its statutory obligation of 25% based on present classification.

4.2 Allocation of Investment

The investment portfolio of the FNGO shall be based on the following formula;

| | | |
|-------------------|---|-------------|
| a. Call deposit | - | 4.0% |
| b. Treasury Bills | - | 75% |
| c. Treasury Notes | - | 20% |
| d. Others | - | <u>1.0%</u> |
| | | <u>100%</u> |

4.3 Recall of Investment

An investment of the FNGO shall be re-called if the Board decides in its opinion that it does not provide for liquidity, security or its was no longer desirable for the FNGO.

However, for the purpose of liquidity management, the Management of the FNGO shall be responsible for the operations of its Call deposits and Treasury Bill recall. This shall be reported weekly to the Board.

4.4 Monitoring of Investments

The investment holding of the FNGO shall be review quarterly for the short-term investment by the Technical Committee and reported to the Board. Long-term investments of over one (1) year shall be reviewed half yearly by the Technical Committee and reported to the Board.

5.0 INVESTMENT REGISTER

The FNGO shall maintain an Investment Register at all times. The register shall contain record of the entire FNGO's investment classified by type.

The register shall disclose the following information;

- i. Nature of Investment
- ii. Value of Investment
- iii. Date of Purchase
- iv. Date for Maturity
- v. Nominal Value of Purchase
- vi. Interest/Discount Rate
- vii. Expected Monthly Income/Yield

In addition, the stock prices for listed Equities.

6.0 INVESTMENT ADVISORY COMMITTEE

The Board may appoint an Advisory Committee made up of;

- i. Director - 2
- ii. Senior Manager - 1
- iii. One other Management Staff

To perform the role of the Technical Committee stated in the policy and shall report to the Board.

7.0 CONCLUSION

The Investment Policy of the FNGO shall ensure that the FNGO meets its statutory obligation, maintains liquidity and ensures solvency at all times. Meanwhile, it shall ensure that incomes are maximized to protect the Deposit of customers and interest of shareholders and job security.

8.0 REVIEW

This policy shall be reviewed as and when necessary.

APPROVED BY THE BOARD ON MAY 31, 2003

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KRABAN SUPPORT FOUNDATION

GENERAL CREDIT POLICY

1.0 PREAMBLE

The Board of Directors of the Kraban Support Foundation, Accra, duly accept credit offered by the organization to its customers as the life-were and mainstay of the organization and the realism that it is only good and diligent operational strategies and efforts that would yield targeted revenue for the organization credit efforts. There is no doubt that this can only be achieved thorough carefully laid down guidelines and policy directives that seek to steer staff efforts and activities targeted at achieving budgeted results to the figure. It is in the light of the foregoing that this policy document is out for use in the Kraban Support Foundation for optimal operational results form its credit activities.

It is, hereby, acknowledged though that some of the guidelines herein contained have been in existence and is use all this while, some dating as far back as the establishment of this organization.

2.0 TYPES OF CREDIT

Guidelines and directives contained in this policy shall apply to all credit types the organization administers. These include but are not limited to the loans / overdrafts mentioned below:

- i. Personal/Salary Earners Loans
- ii. Commercial loan (including trading, industrial, service sector loans, etc)
- iii. Agricultural loans
- iv. Women-in-Development loans
- v. Poverty Alleviation/Reduction loans
- vi. On-Lending Project loans (including SIF/MASLOC/MiDA, etc)
- vii. Short-term, medium term and long term loans
- viii. Small-scale or large-scale activity loans
- ix. Individual, group and association or company and package loans
- x. Special (specified) purpose loans
- xi. Staff loans
- xii. Board Members' loans

These guidelines generally apply to these loans. Specific guideline documents are available for selected loan types.

3.0 BANK ACCOUNT

For any person to be considered by the FNGO for a loan, that person shall open and actively operate a FNGO account (savings and credit) with the FNGO six (6) months before the date of the application unless otherwise specified.

4.0 THE APPLICANT

- i. An eligible credit applicant must be known to the community and the FNGO as an honest person with high integrity and good reputation.
- ii. He must demonstrate professional competence through good record keeping on previous income generating activity or business.
- iii. He must be credit-worthy and show a history of debt payment without blemish and with no actual overdue on his accounts.
- iv. He must be of good mental and physical health.
- v. For group loans, the group leader must have satisfied the requirement of maintaining an account with the FNGO successful for six (6) months.
- vi. If the group members do not have an account, they must open one (savings account) at the time they submit the loan application.
- vii. Application can be individuals, groups, associations and companies.
- viii. Application from Governmental agencies and Board members of the institution must be referred to GHAMFIN/ASSFIN for clearance after due processing by the institution.

5.0 CREDIT APPLICATION

For all credit requests, there shall be a credit or loan application submitted in writing, signed or thumb printed by the applicant, while at least two signatories are required (preferably the Chairman and the Secretary) in the case of an association or company application. For an informal group, however, each individual member must submit a signed or thumb printed application and all of the applications together must be submitted to the institution with a covering letter signed by the group leader.

The application must contain this minimum information required:

- a. Description of the purpose for which the credit facility is applied.
- b. Specification of the quantum of amount required.
- c. Specification of the period for which the credit facility is needed.

- d. Explanations as to where revenue for the repayment of the facility could be sourced.
- e. Any other relevant information may be added.

5.1 Overdue Credit Applicant

If an applicant has an overdue amount with the organization or with any other organization, no considerations shall be given to this credit application until the overdue amount is fully settled or negotiated with the organization.

6.0 CREDIT APPRAISAL

6.1 Credit Appraisal

- a. Credit appraisal is the responsibility of the Credit or Project Officer of the organization.
- b. All incoming applications must be received, stamped and registered with the due date of arrival and initialed by the Manager together with comments where necessary.
- c. The application is to be passed onto the Project Officer the same day or as soon as possible after receipt.
- d. The Credit Officer, after a brief study should decide whether to arrange an appraisal visit or an implementation visit or not.
- e. The Credit Officer then completes the Application and Appraisal Report and attach:
 - i. Credit Application Report number 1 and Credit Application Report number 1 (a).
 - ii. Business and Marketing Report number 2 and Business and Marketing Report for group loans
 - iii. Investment Feasibility Report number 3 for investment loan applications
 - Cost Feasibility Report number 4 also for investment loan application
 - Profit and Loss Forecast number 5 also for investment loan application.
- f. The Credit Officer shall add his/her comments and observations and draw his/her conclusions as to whether he/she recommends the application for financing or not and forward the appraisals report to the Manager. The Credit Officer must attend the Technical Committee or Board meeting when his/her recommendations are being discussed.

6.2 Credit Approval Process

- i. The Manager shall receive the loan application and appraisal report from the Credit Officer, which he has to countersign. The Manager must discuss any changes and amendments he wishes to make to this report with the Credit Officer. Differences in opinion not ironed out are to be presented for final decision to the Technical Committee or the Board for final decision.
- ii. All credit applications duly submitted through the Credit Officer must be placed on the agenda for the next Technical or Board meeting by the Manager irrespective of whether they are recommended for financing or not.
- iii. All applications approved or rejected by the Technical Committee, must be ratified by the Board, even after disbursement where the approved amounts are within the authorized approval limits of the Manager or the Technical Committee.
- iv. After approval of each credit, the Manager will open a file. For group loans, each group shall get a Folio Number and each group member shall also be registered with a sub-number, which should be related to the group's Folio Number.
- v. As final evidence in the file of each loan and overdraft, a Monitoring Sheet Form No. 11.12, is to be filled in by the Manager and is to be brought up to date till outstanding amounts are repaid in full.
- vi. The Manager shall pass the file to the Accountant for completion of Folio No. in the accounts folio and signature card, specifying approval date, amount and final maturity on the ledger account sheet.
- vii. The Manager shall inform the Board in writing about the approval through a letter of confirmation/notification.
- viii. The applicant shall sign a loan agreement with the organization to seal the deal whereafter the amount is credited to the applicants account within ten (10) working days of the approval date.

6.3 Credit Lifetime

- i. Short-Term Credit: These are loans/overdrafts approved for a period up to 18 months. But for purpose of this policy, the period is limited to 12 months for overdrafts.

- ii. Medium-Term Credit: These are loans approved for a period between 18 months and 5 years. However, for purpose of this policy, the period is reduced to between 18 months and three (3) years.
- iii. Long-Term Credit: This refers to loans/overdrafts approved for a period of more than five (5) years. For the purpose of this policy, however, this period has been reduced to repayment period of more than three (3) years. The normal lifetime of credit have been shortened for the organization's purposes to reduce extensive risk caused by the longer lifetime periods and to ensure that our short-term funds are not put in long-term investments.

6.4 Maturity of Credit

The needed lifetime (repayment period) for a credit facility must be carefully judged by the Credit Officer to ensure that it does not exceed the loan object or project lifetime.

6.5 Securities

These are to ensure the recovery of credits to the borrower in the event that the borrower becomes unwilling or incapable of meeting his/her commitments. The various securities applied are:

- a. Basic Uncontracted Securities: These apply to every credit facility. For this, the Credit Officer must ensure that the applicant responds positively to these conditions:
 - i. At least six (6) months duration of doing business with the organization before credit application.
 - ii. A clean credit record of no overdue.
 - iii. A substantial surplus (Net Worth) in the applicants' business statement or appraisal.
 - iv. A balance in applicants' account of not less than 10% of credit facility applied for, for personal loans and 20% for others.
- b. Specific Contract Securities: Also apply to all credit facilities. It covers the following:
 - i. Personal, joint and several guarantees of two persons who must be substance and have good standing in the community. For group loans the guarantee is incorporated in the applicant information report. Directors of the organization cannot act as guarantors.

For an illiterate guarantor, the next of the contract guarantee must be interpreted and explained to him/her and counter thumbprinted by the guarantor. The name of the interpreter must be mentioned.

- ii. Pledge on credit balances (see Form No. 11.8)
- iii. Equitable pledge and mortgages on properties: Title deeds must be surrendered to the Bank and must be properly executed (see Form No. 11.9)
- iv. Pledge on the following instruments which must be surrendered to the organization:
 - Government Stocks
 - Treasury Bills
 - Life Insurance Policies
 - Rural Bank Shares

In respect of properties and instruments,

- The original documents must be registered and kept in the organization's safe until full repayment of the credit.
- Life insurance policies are to be taken as security up to actual repurchase value only. The organization's name must be endorsed on the policy.

- v. Trinkets and gold are not acceptable as security items by the organization.
- c. Special Securities: These are applicable to the redemption of loans for cocoa and other permanent crop farms (use Form 11.11)
- d. The following are:
- i. All motor vehicles and industrial machinery and equipment or landed property acquired with a Director's loan from the organization shall be held by the applicant fully retires the principal loan amount.
 - ii. All documents e.g. registration, insurance, title deeds, etc. in respect of such motor vehicles and industrial equipment or landed property shall be made in the joint names of the applicant (Director) and the organization.
 - iii. The beneficiary shall always consult the organization before disposing of such motor vehicles, machinery, equipment, landed property, etc.

- iv. Without prejudice to the above, loan securities shall generally be handled and executed in accordance with Paragraph 2.10 of the General Credit Policy of the organization.

6.6 Securities Do Not Replace Good Project

If the project appraisal is done properly, the project for which the credit is granted is the best security the organization could achieve. This is as important as a good man to carry out the project not the physical security.

6.7 Guarantee Forms

See Forms 11.7 to 11.11 attached.

7.0 MONITORING

Monitoring of disbursed loans and overdrafts ensured the proper utilization of the funds and the punctual repayments of the outstanding amounts. It is the duty of the Manager or Credit Officer to undertake monitoring which involves the following measures:

- a. The Credit File for Short Term Credits: All matters concerning the borrower and the loan have to be recorded in the Credit File which must be kept up to date for the lifetime of the loan with reference to the following:
 - i. Conclusion and final decision (Form No. 11.10) and customers' application and/or application and appraisal reports.
 - ii. Copy of letter of confirmation or notification to borrower (Form No. 11.13) and other letters.
 - iii. Letters of guarantees and/or documents for other securities.
 - iv. All letters received from the borrower and copies of letters dispatched to him.
 - v. Field visit reports (Form No. 11.15) and other internal memoranda.

Each credit file must be marked with the account folio number of the customer and must be filed as an active credit file.

b. Credit Files for Investment Loan (Medium of Long Term): The Monitoring Sheet (Form No. 11.12) is placed as the evidence in each credit file. This must be kept up to date by regular entry of:

- i. Disbursements
- ii. Field visits
- iii. Repayments
- iv. Other occurrences
- v. Payment of interest

Monitoring starts from the date of credit approval and ends when full credit repayment had been made. It includes:

- The period of establishment
- The running-in-period
- The operating period as long as the loan has not been repaid in full.

Monitoring after the start of production (running-in-period and operational period) involves:

- Contact with the borrower
- Field supervisory visits to ensure:
 - a. Personal contacts and link with the bank.
 - b. Orderly execution of the project
 - c. Assessment of the borrower's personal circumstances
 - d. The offer of expert management and technical advice where required.
 - e. That the borrower is aware of his obligations to the FNGO

7.1 Memorandum and Field visit report (form No. 11.12)

The Manager or Credit Officer may undertake:

- i. Appraisal visit
- ii. Implementation visit
- iii. Routine visit or emergency visits.

The field visit report is a report that is made after each field visit for office consumption only. It enables the Credit Officer to report on the findings and to draw necessary conclusions. If actions are recommended, it further includes provisions for obtaining approval which is required to be granted by the Chairman of the Board together with another Board Member, preferable the Vice Chairman, Credit Director for ratification by the Board (see form 11.12).

8.0 DEFAULTS

A defaulter is a borrower who for some reasons has delayed in the payment of one or more installments for more than seven (7 days).

8.1 Procedure for dealing with defaults

- i. After seven (7) days of delay or non-receipt of repayment of a credit facility, the borrower is to be contacted orally or in writing reminding him of his obligation too repay.
- ii. After one month of default, a second reminder must be issued in writing to the borrower.
- iii. A list of defaulters must be issued by the Manager with members of a group facility being listed separately in case of a group loan.
- iv. After three months of default, a third reminder letter must be issued in writing, setting a deadline for payment that should not exceed three months from the date of the 3rd letter.
- v. If the borrower responds and negotiates the situations with the organization, the organization may reschedule the loan for him. Otherwise, the organization may use a careful blend of force and persuasions (including the use of community leader to talk to borrower) and contact guarantors, if any, claiming payment from them, or take legal action against the borrower and the guarantors together using a competent lawyer.
- vi. For groups, members shall be jointly and severally liable.

8.2 Credit Rescheduling

Credit rescheduling involves the extension of repayment period and/or the granting of an additional credit amount. It requires the proof of existence of unforeseen developments, which must be accepted as such by the organization Board.

8.2a Procedure for Rescheduling

- i. The client must explain the default orally and in writing to the Board, after which, the Credit Officer must undertake a field visit where applicable and submit his report to the Manager.

- ii. The Manager adds his comments and signature after cross checking the report. Any changes and amendments made by the Manager must be discussed with the Credit Officer. Where differences persist, both opinions must be submitted to the Board for final decision.

9.0 REVIEW

The policy is subject to review from time to time as the Board may decide.

APPROVED BY THE BOARD ON 1ST JUNE, 2003

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KRABAN SUPPORT FOUNDATION

POLICY ON CREDIT FOR SALARY EARNERS

1.0 INTRODUCTION

Credit to salary workers who draw their salary through the organization is a very important source of revenue to the organization and must be encouraged. This credit comes in the form of loans and salary advances, which go a long way to assist these workers in their financial requirements and obligations.

The policy guidelines presented herein seek to continue to provide regulatory checks and balances to ensure prudent and profitable management of the organization salaried workers' credit portfolio. It also ensures that the beneficiary worker does not use too much of his net take-home pay to service his credit and thereby, suffer financially as a result.

2.0 ELIGIBLE APPLICANTS

These guidelines shall apply to the following categories of the organization's clients:

- i. Salaried workers who draw their salaries through the organization. Under no circumstances should persons who do not draw their salaries through the organization be considered for salary loan or advance.
- ii. All such qualified persons shall open a savings or current account with the organization the purpose of drawing their salary through it. This account may, however, be used for other transactions.
- iii. The account so opened must be operated actively for at least three (3) consecutive months before it qualifies the holder for salary credit.
- iv. No applicant with overdues on a loan facility shall be granted an additional loan unless the overdue is properly negotiated with the organization for rescheduling,

3.0 CREDIT ELIGIBILITY

The guidelines shall apply to the following credit categories:

- i. Personal loans for the following purposes:
 - a. Educational fees and expenditures, rent advances, medical fees, funeral expenses, furniture and marriage etc.
 - b. Renovation of residential accommodations, construction of new residential accommodation, acquisition of building plot, and/or residential accommodation etc.

- c. Purchase of motor vehicle, bike and motor cycle for personal use.
 - d. Any other purpose(s) which may be determined by the Board from time to time.
- ii. No one and the same applicant shall be granted both salary loan and commercial loan concurrently under the same personal name or business name or entity.
 - iii. Where a salary credit is to be liquidated largely from the proceeds of a commercial venture, that loan shall be reckoned with as a commercial loan.
 - iv. All salary loans shall be retired through deductions from the beneficiary's salary loan account.

4.0 CREDIT APPLICATION

- i. Any person seeking a salary loan from the organization must first submit in writing, an application to that effect to the organization. Such applications must be duly signed or thumbprinted by the applicant.
- ii. Salary loan application shall emanate from one person or individual applicants only.
- iii. Applications must contain the minimum requirement outlined in paragraph 5.0 of the Organization General Policy on Credits.

5.0 CREDIT APPRISAL

Credit appraisal is the responsibility of the Credit or Project Officer of the organization and salary credit appraisal must generally be in accordance with paragraph 6.1 of the General Credit Policy of the organization, so however, that salary credit appraisal may be based on the following:

- i. There may be visits to verify employment claims where necessary.
- ii. Three months of applicant's salary drawn through the organization is enough evidence of actual employment.
- iii. The head of department of the employer department, agency or firm must be made to endorse or confirm the applicant's actual employment with his/her outfit and further guarantee that his/her salary shall be routed through the organization for as long the employee is indebted to the organization.
- iv. The head of department must undertake not to approve the transfer of any (of his/her) employee's salary from the organization unless he/she liaises with the organization to satisfy himself that the applicant is not indebted to the organization.

- v. The Accountant General's Department must be notified of the beneficiary's loan facility with the organization and so much not transfer his/her salary from the organization until his indebtedness to the organization is fully liquidated.

6.0 CREDIT APPROVAL PROCESS

- i. Approval of all salary credit applications shall be in consonance with paragraph 6.2 of the General Credit Policy guidelines of the organizations, care being taken to ensure that all the conditions and terms stated in paragraph 5.0 of these policy guidelines relating to credit applications are complied with.

7.0 CREDIT TERMS AND CONDITIONS

Terms and conditions for an approved credit to a salaried worker shall conform to the following:

- a. Credit Life Time/Repayment Period/Maturity Date:
 - i. All salary loans shall be repaid within a period not exceeding 24 months, unless otherwise negotiated and approved by the Board.
 - ii. The quantum of a credit approved for an applicant shall be based on his/her salary levels, previous loans and repayment performance.
- b. Interest Rate: Must be based on Board approved rates and must be on reducing balance basis.
- c. Commitment Fees: Must be based on Board approved rates.
- d. Guarantors: There shall be at least two guarantors acceptable in conformity with paragraph 6.5 of the General Policy Guidelines of the organization.
- e. Grace period: The grace period shall conform with provisions of paragraph 6.4 of the General Policy Guidelines on Credit
- f. Security: All salary loans above Three Hundred Ghana Cedis (GHS 300.00) shall be secured with 10% of the approved amount as security/lien in addition to the two guarantors. Without prejudice to the above terms and conditions of credit, salary credits shall be subject to terms and conditions provided under paragraph 6.5 of the General Credit Policy of the organization.

8.0 MONITORING

Monitoring of salary loans involves a close watch over such facilities to ensure that they do not fall overdue. Since the likelihood is that not only one person but a number of persons from any one given employer will use the organization for their salary payment, default by a single salary earner should ring a bell and the Credit Officer must find out about the situation from the beneficiary or his employer in order to forestall any serious or mass default situation.

9.0 DEFAULT AND RESCHEDULING

Defaults and rescheduling must be handled as provided for under paragraph 8.0 o the General Credit Policy of the organization.

- i. In addition, the Credit Officer must communicate any undiscussed transfers of applicant’s salary from the organization with employers and the Account Department and ensure that the salaries are brought back to the organization until the credit is fully liquidated.
- ii. In case of incapacitation or death, the organization may fall on beneficiary’s end of service/ex-gratia benefits of the deceased beneficiary, which must be passed through the organization.

10.0 SALARY ADVANCE

This is cash advance to salary earning customers of the organization for emergency financial relief within the month at specified interest rate determined by the Board.

Such advances may be granted to applicants irrespective of their current credit status except where default or overdues have been registered.

Salary advances must be fully liquidated at the end of the month in which it is taken. The quantum of amount given must be reconciled with the beneficiary’s monthly take-home pay, total current credits as well as deductions to liquidate the current credit such that the beneficiary will still be left be with at least 20% of his/her salary to draw at the end of the month.

11.0 AMENDMENTS

These policy guidelines are subject to amendments and review as the Board may decide from time to time.

APPROVED BY THE BOARD JUNE 11, 2005

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KRABAN SUPPORT FOUNDATION

POLICY ON COMMERCIAL CREDITS

1.0 INTRODUCTION

Credits are the mainstay of the organization operations and continued existence as they are the single largest income generating activity perhaps after investment in Government Securities, Bonds and Treasury Bills. Prudent and effective loan administration is, thus, essential for the organization continued profits. Particularly, commercial loans which constitute the largest chunk of the organization loan portfolio must be administered in the most apt way to ensure that full recovery of these are achieved at the end of the day. While the organization realizes the need to increase the amount of loans granted to its numerous commercial clients, it also has to ensure that credit repayment defaults and overdues are eliminated or kept at the barest minimum.

It is in the light of the above that these policy guidelines are being put in place to continue to provide effective operational checks and control regulations in the FNGO's credit portfolio management and administration.

2.0 ELIGIBILITY

These policy guidelines shall apply to the following categories of credit applicants:

- i. Persons other than salaried workers, agricultural and cocoa farmers who are seeking cash credit for commercial purposes.
- ii. Persons seeking cash credit for commercial purposes from funds available for specified purposes other than the normal commercial credit offered by the organization shall be considered under terms specially provided for such specified creditable funds.
- iii. All persons seeking commercial financial assistance from the organization must be the organization's holders (savings) with at least six (6) months good active operational standing.
- iv. All such applicants must not have any outstanding overdues on their loan or credit. Where such overdues exist, they must be successfully negotiated with the organization before additional facilities are granted or before the loan is rescheduled.
- v. Where a loan being sought by a salaried worker would be repaid largely from the proceeds of a commercial activity, that loan shall be deemed to be a commercial loan and shall be appraised and approved as such.
- vi. No one applicant shall run more than one commercial loan account concurrently under the same business entity or name.

3.0 THE APPLICANT

An applicant eligible for any credit facility from the organization must fulfill the following conditions:

- i. He/she must be of good mental and physical health.
- ii. He/she must explain an actual need of the funds for starting, continuing or rehabilitating a promising economic venture.
- iii. His/her honesty, integrity and reputation must be unblemished and well known in the community.
- iv. His/her professional competence must be demonstrated through good records on previous on actual successful management of a business.
- v. For group credit, the leader must have satisfied the requirement of maintaining an account with the organization for at least six (6) months.
- vi. Individual members of the group must open a savings account at the time of application.

4.0 CREDIT APPLICATIONS

A credit application must be submitted to the organization from all loan seekers and must be in line with provisions of paragraph 5.0 of the General Credit Policy of the organization.

5.0 CREDIT APPRAISAL

- i. This is the responsibility of the Credit or Project Officer of the organization and shall be done under the guidelines stipulated in paragraph 6.1 of the General Credit Policy.
- ii. Credit appraisal shall take not more than fifteen (15) working days to complete, unless otherwise adequately explained where delays occur.

6.0 CREDIT TERMS AND CONDITIONS

The approval terms and conditions for the credit application must conform to the organization's policy on these terms in respect of:

- i. Credit Lifetime/Repayment Period/Maturity Date
 - a. Short-Term Credits are repayment within 18 months.
 - b. Medium-Term Credits are repayable within a period of three (3) years and above.
 - c. Long-Term Credits are repayable within a period of three (3) years and above.

Care must be taken so that short-term and medium-term funds are not recommended for the financing of long-term projects.

- ii. Interest Rate: must be based on Board approved rates on reducing balance basis.
- iii. Commitment Fees: should be determined in accordance with Board approved rates and must be client-tailored for effect.
- iv. Guarantors: must be accepted in line with paragraph 6.5 of the General Credit Policy of the organization.
- v. Grace Period/Moratorium: must be determined with the gestation period of the project in mind.
- vi. Securities:
 - a. All commercial credit shall be secured in accordance with the provisions of paragraph 6.5 of the General Credit Policy, so however that:
 - i. Small commercial loans shall be secured with 25% of the total loan amount granted as cash lien.
 - ii. All motor vehicles and industrial machinery and equipment or landed property acquired with a commercial loan from the organization shall be held by the applicant in joint-ownership with the organization until the applicant fully retires the principal loan amount.
 - iii. All documentation e.g. registration, insurance, title deeds etc, in respect of such motor vehicles and industrial machinery and equipment or landed property shall be made in the joint names of the applicant (beneficiary) and the organization.

- iv. The applicant or beneficiary shall always consult the organization before disposing of such motor vehicles, machinery, equipments, landed property, change of ownership or usage of assets.

7.0 MONITORING AND EVALUATION

Monitoring and evaluation of disbursed credit involve close following up and assessment activities during the implementation stage of the project to keep abreast with the performance status of the project and ensure the proper utilization of the funds and punctual repayment of the outstanding amounts. This is the duty of the C.E.O and Credit Officer alike and must be performed in accordance with paragraph 7.0 and 2.12 of the Organization’s General Credit Policy.

8.0 DEFAULTS AND RESCHEDULING

A credit defaulter is a borrower who for some reason has delayed in the payment of one or more installments for more than seven (7) days, while credit rescheduling involves the extension of repayment period and/or the granting of an additional credit amount.

Defaults and rescheduling shall be in strict accordance with the default and rescheduling provisions outlined in paragraph 8.0 to 8.2 of the General Credit Policy of the organization.

9.0 REVIEW

This policy is subject to review from time to time as the Board may decide.

APPROVED BY THE BOARD JUNE 11, 2005

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KRABAN SUPPORT FOUNDATION

POLICY ON COCOA FARMERS' CREDIT

1.0 INTRODUCTION

Cocoa farmers in the catchment area are very important shareholders and customer's group in the set up of Kraban Support Foundation. Therefore, the organization does everything it can to support them financially to sustain their efforts at cocoa production to ensure that the crop remains a top foreign exchange earner for the country.

This policy puts together a set of guidelines that seek to give direction to and streamline credit administration to our cocoa farmers.

2.0 APPLICANT ELIGIBILITY

To qualify for a cocoa farmers' credit from the organization, the applicant shall be:

- a. A cocoa farmer in the catchment area of the organization who deals with the organization in respect of his/her cocoa cash and/or Akuafu Cocoa Cheque for at least two farming years.
- b. An account holder of the organization.
- c. Purchasing clerks who deal with the organization in respect of cocoa money for their cocoa farmers shall not be considered as cocoa farmers but may qualify for credit as an important group in the cocoa industry.

3.0 PURPOSE OF CREDIT

Credit may be advanced to the qualified cocoa farmer for the following purposes:

- a. Mainly for financing the brushing, spraying, application of fertilizers and removal of parasitic plants, etc from the cocoa farm to ensure that the farm is kept in a properly maintained state to sustain high production and crop yields.
- b. Personal and other reasons including payment of educational and medical fees as well as family problem solution, funeral expenses, housing purposes, etc.

4.0 CREDIT APPLICATION PERIOD

- i. Cocoa farmers' credit application shall be entertained by the organization mainly during the cocoa off-season, which is normally between the months of April and August every year where the loan is required for cocoa farm maintenance.
- ii. Cocoa farmers' credit may, however, be considered for personal and other reasons at any time of the year.

5.0 CREDIT APPLICATION

- i. Credit application from cocoa farmers shall conform to the provisions of paragraph 5.0 of the Organization's General Credit Policy.
- ii. Cocoa purchasing clerks shall also clearly identify themselves as such and shall not conceal this identity.

6.0 CREDIT APPROVAL PROCESS

- i. This shall conform to paragraph 6.2 of the General Credit Policy.

7.0 CREDIT TERMS AND CONDITIONS OF APPROVAL

a. Evidence of Eligibility

Evidence of two cocoa farming years of operating with the organization and the farmer actually passing his/her cocoa payments through the organization is enough evidence of the cocoa farmers' eligibility. Where in doubt, the Credit Officer may make a visit or demand the submission of further evidence in the form of documents on the farm, example cocoa farmers' passbook.

- b. Credit Quantum: The quantum of credit approved shall depend on the applicant's request and the organization's appraisal and judgment.
- c. Interest Charges: Cocoa farmers' loan is an agricultural loan and the interest charged shall be the same as interest charged on agricultural loans as determined from time to time by the Board.
- d. Commitment Fee: A Board-approved commitment fee shall be charged on every loan amount approved before disbursement.

e. Repayment Period

- i. Repayment period shall be from November to February every year, i.e. during the peak of the cocoa season when cocoa funds are available.
- ii. Repayment periods other than what is stated above may be negotiated for specified reasons.

f. Moratorium/Grace Period

- i. A moratorium for a period equivalent to the period of cocoa off-season shall be deemed to be the grace period.
- ii. A grace period other than what is stated above may be negotiated for specified reasons.

g. Guarantors

- i. There shall be the personal, joint and several guarantees of two persons who shall be of substance and have good standing in the community and the eyes of the organization.
- ii. Directors of the organization can not act as guarantors.
- iii. For an illiterate guarantor and farmer alike, the of the loan contract as well as the contract of guarantee shall be interpreted and explained to them and the guarantee contract counter thumbprinted by the guarantor and the name of the interpreter shall be mentioned.

h. Security

- i. All cocoa farmers' credit above Three Hundred Ghana Cedis (GHS 300.00) shall be secured with cash deposit amounting to 10% to 20% of the total loan amount approved or with landed property.
- ii. All motor vehicles and industrial or farm machinery and equipment or landed property acquired with a cocoa farmers' loan from the organization shall be held by the beneficiary in joint-ownership with the organization until the applicant fully retires the loan amount.
- iii. All documents e.g. registration, insurance, title deeds etc in respect of such motor vehicles and industrial equipment or landed property shall be made in the joint names of the applicant and the organization.
- iv. The beneficiary shall always consult the organization before disposing of such motor vehicles, machinery, equipment, landed property, etc.

- v. Without prejudice to the above, loan securities shall generally be handled and executed in accordance with paragraph 2.10 of the General Credit Policy of the organization.

8.0 MONITORING AND EVALUATION

The C.E.O and Credit Officer shall ensure that farmers' loans are repaid promptly to minimize defaults and rescheduling. It is a well known fact that cocoa farmers usually avoid the organization in their cocoa payment transactions once they contract a loan from the organization, thereby, avoiding their loan repayment deductions at source. Monitoring shall, therefore, be enforced to the extent that the farmer is not allowed to default at all since most of the organization's cocoa farmers loans tend to go bad these days.

Monitoring and evaluation shall be done in line with paragraph 7.0 of the Organization's General Policy on Credits.

9.0 DEFAULTS AND RESCHEDULING

Defaulting cocoa farmer beneficiaries would normally have their loans rescheduled to the next cocoa season i.e. for a whole year. Thus, the Credit Officer shall make all efforts to get the loan fully repaid before the cocoa season or loan repayment period is over to avoid defaults and the long rescheduling period. Defaults and rescheduling shall be handled in accordance with paragraph 8.0 to 8.2 of the General Credit Policy of the organization.

10.0 REVIEW

This policy is subject to review from time to time as the Board may decide.

APPROVED BY THE BOARD ON JUNE 11, 2005

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KRABAN SUPPORT FOUNDATION

DIRECTORS CREDIT POLICY

1.0 INTRODUCTION

Members of the Board of Kraban Support Foundation who are also shareholders and customers of the organization are the policy makers of the organization who also ensure the implementation of all policies and guidelines for the operation of the organization.

As customers of the organization, the Directors also require financial assistance from the organization to solve one problem or another. Unlike staff of the organization, however, Directors do not have any policy guidelines that streamline conditions and terms under which they enjoy such financial assistance.

Below are guidelines which must serve as the organization policy on credit to Directors of the organization.

2.0 TYPES OF CREDIT

Members of the Board of Directors of the organization are entitled to the following types of credit from the organization:

- i. Personal loans
- ii. Salary loan where the Director's salary passes through the organization
- iii. Commercial loans
- iv. Agricultural loans
- v. Women in Development loans
- vi. On-Lending loans
- vii. Individual, group and association or company and package loans.
- viii. Special (specified) purpose loans
- ix. Any other credit type that may be determined by the Board.

3.0 ELIGIBILITY

To qualify for a director's loan, the applicant must be:

- i. A member of the Board of Directors of the organization duly elected at an Annual General Meeting of the FNGO or a co-opted member.
- ii. A Board Member with an account (deposit or current) of at least three (3) months standing with the organization.
- iii. Such account of the Board member must not have any overdues or defaults on it.

- iv. No Board member shall run more than one loan account for the same credit type or category.

4.0 CREDIT APPLICATION

- i. All Directors who are seeking credit from the organization must first submit in writing an application to the organization. All such applications must be duly signed by the applicant Director.
- ii. Where the Director is part of a group or association, the application must be duly signed in accordance with the Organization's General Policy on Credits (paragraph 5.0)
- iii. The application must clearly identify the applicant as a Director of the organization and must contain the minimum requirement outlined in paragraph 5.0 of the Organization's General Policy on Credits.

5.0 CREDIT APPRAISAL

- i. After receiving and stamping it with the due date of arrival and registration, the application must be initiated by the C.E.O with his/her appropriate comments and forwarded same day to the Credit Officer.
- ii. The Credit Officer shall study the application and decide whether an appraisal or implementation visit is necessary.
- iii. After the visit, if any, the Credit Officer must proceed to appraise the application in accordance in accordance with the provisions of paragraph 6.0 of the General Credit Policy of the organization.

6.0 CREDIT APPROVAL PROCESS

- i. After receiving and countersigning the appraisal report, the C.E.O shall discuss any changes and amendments he/she wishes to make to it with the Credit Officer.
- ii. Where differences in opinion persist they be presented for consideration by the Technical Committee of the Board before being forwarded to the Board for final decision.
- iii. All applications after due processing shall be presented to the Board for final decision at its meeting immediately following the Technical Committee at which the application is considered irrespective of whether it is recommended for the Board's approval or not.
- iv. For emergency situation and like any other credit application, the duly processed Board member's application may go to the Board meeting for final decision without passing through the Technical Committee.

7.0 BANK OF GHANA RATIFICATION

As directed by the Bank of Ghana, all Directors' credit applications approved by the Board shall be forwarded for ratification by the Bank of Ghana before disbursement.

8.0 CREDIT TERMS AND CONDITIONS

The approved terms and conditions for Directors' credit must conform to the Organization's General Policy on Credit, so however that the following may apply particularly to Directors' credit only:

a. **Credit Quantum:** The quantum of credit approved shall depend on the applicant's request and the organization appraisal and judgment, so however that no one applicant shall be accorded a credit quantum of more than 2% of the total net worth of the organization.

b. Interest Charges

i. General Policy on Credit

It is the Organization's General Policy on interest that credit from the organization shall not attract interest payment lower than the cost at which credible funds are acquired and managed. Thus, in fixing the organization interest rates, the Board takes into account several economic and other factors including the cost of acquiring the loanable funds and ensures that there is a net income to the organization on its loans. In the case of staff loans, however, interest charged is usually lower than the cost of the organization's loanable funds, but it is ensured that such loans come from such funds as retained earnings, staff provident funds, and grants (if any) which bear virtually no cost of acquisition.

ii. Interest chargeable on director's loan shall be 7½% lower than the FNGO's approved interest rates for all categories of loans and overdrafts.

c. Commitment Fee

No commitment fees shall be charged on any directors' credit

d. Moratorium/Grace Period

This should be based on provisions of the general policy on credits.

e. Guarantors

- i. There shall be personal, joint and several guarantee of two persons who must be of substance and have good standing in the community and in the eyes of the organization.
- ii. Directors of the organization cannot act as guarantors.
- iii. For an illiterate guarantor, the text of the contract of guarantee must be interpreted and explained to him and counter thumbprinted by the guarantor and the same of the interpreter must be mentioned.

f. Security

Loan security guarantee shall be executed in accordance with the general credit policy of the organization.

- i. All motor vehicles and industrial machinery equipment or landed property acquired with a director's loan from the organization shall be held by the applicant in joint-ownership with the organization until the applicant fully retires the principal loan amount.
- ii. All documents e.g. Registration, insurance, title deeds, etc in respect of such motor vehicles and industrial equipment or landed property shall be made in the joint names of the applicant (director) and the organization.
- iii. The beneficiary shall always consult the organization before disposing of such motor vehicles, machinery, equipment, landed property, etc.

9.0 MONITORING AND EVALUATION

It is the duty of the C.E.O. and Credit Officer alike to monitor and evaluate Directors' credits and ensure that they are promptly repaid to minimize defaults and rescheduling. Monitoring of Directors loans shall be done in accordance with paragraph 7.0 of the Organization's General Policy on Credits.

10.0 DEFAULTS AND RESCHEDULING

If a director who has benefited from a credit does for one reason or the other delay in the payment of one or more installments of the credit for more than seven (7) days, he shall be deemed as having defaulted in his credit repayment.

Rescheduling involves the extension of repayment period and/or the granting of an additional credit amount for the defaulting credit beneficiary after negotiating the default situation with the organization.

Defaults and rescheduling shall be in accordance with the default and rescheduling provisions outlined in paragraph 8.0 and 8.2 of the General Credit Policy of the organization.

11.0 REMOVAL FROM OFFICE

- i. A director who becomes recalcitrant in his/her default shall be suspended from the Board if he/she refuses to offer justifiable reasons for his/her default.
- ii. The defaulting director shall be removed from office if his/her default situation persists till the Annual General Meeting of the shareholders of the organization immediately following his suspension if he/she does not successfully negotiate his/her default situation for rescheduling or he/she shall be removed by not being allowed to opt for re-nomination for election when he/she is due to retire by rotation, which ever is earlier.

12.0 REVIEW

This policy is subject to review from time to time as the Board may decide.

APPROVED BY THE BOARD ON JUNE 1, 2003

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KRABAN SUPPORT FOUNDATION

STAFF CREDIT POLICY

1.0 PREAMBLE

All staff of the Kraban Support Foundation has benefited from credit assistance in one way or the other from the organization and will continue to take advantage of this facility amply offered by the organization. Indications are that the rate at which such request come is and will continue to be on the increase as old and new staff alike continue to have their quest for credit increased by the exigencies of the national economy and life in general.

In order to ensure a prudent administration of staff credit without putting undue pressure on funds available for advance to staff, and to ensure that beneficiary staff not unduly burdened with credit, it is the decision of the Board to review and streamline the organization's staff credit policy to tailor its guidelines at maximizing and perfecting our staff credit administration and management.

2.0 THE POLICY

Credit Categories

Staff shall be eligible for the following credit categories:

- a. **Personal Loans**: This shall cover:
 - i. Rent advance
 - ii. Furniture and domestic appliances
 - iii. Marriage
 - iv. Education
 - v. Medical Expenses
 - vi. Funeral expenses, etc

- b. **Housing Loans**: This shall be applied to:
 - i. Renovation and/or construction of residential premises
 - ii. Purchase of residential premises/mortgages
 - iii. Purchase of residential building plot.

- c. **Transport Loans**: This shall be applied for the acquisition of means of transport to and from work by the staff. It shall cover such means of transport as:
 - i. Motor vehicle
 - ii. Moto bike
 - iii. Bicycles

2.1 Sources of Creditable Funds

- i. Funds to be committed for credit to staff shall come from the following sources:
 - a. The organization's retained profits or surplus funds.
 - b. Staff Provident Fund of the organization.
 - c. Any funds specifically solicited or made available for advance to staff as credit.
- ii. Funds from the following sources shall not be committed to staff credit:
 - a. Organization deposits.
 - b. On-lending or any other funds meant for specific application other than for staff loans.

2.2 Annual Staff Credit Budget

At the start of each financial year, management shall draw up a staff credit/loans budget for approval by the Board before staff loan disbursement commences for the year. The staff loan budget shall clearly identify the source of funding, total quantum of loan, total expected quarterly disbursements and repayments as well as net returns to the organization from such repayments and any other necessary details.

2.3 Eligibility

To be eligible for staff credit from the organization, the applicant shall be:

- a. A confirmed permanent member or staff of the organization.
- b. A confirmed permanent member or staff of a subsidiary company or entity of the organization.
- c. An unconfirmed staff of the organization may be considered for emergency loan such as funeral, rent advance and medical expenses only after drawing his/her first salary from the organization.
- d. A temporary or casual employee of the organization who shall have been working with the organization for at least 12 months.

2.4 Credit Application

- i. All staff who are seeking credit from the organization shall first submit, in writing, an application to the organization stating clearly the reasons for the credit and application shall be duly signed by the applicant.
- ii. The application shall clearly identify the applicant as a staff of the organization or its subsidiary and shall contain the minimum requirement outlined in paragraph 5.0 of the Organization's General Policy on Credit.

2.5 Credit Approval

- i. This shall be in line with the General Policy on Credit.
- ii. The Trustees of the Provident Fund shall be approving authority for staff loans charged to the Provident Fund. Such approvals shall be subject to ratification by the Board.

2.6 Bank of Ghana Ratification

As directed by the Bank of Ghana where the loan amount exceeds the approval limit accorded the Board by the Bank of Ghana, the Board-approved staff loan application shall be subject to ratification by the Bank of Ghana before disbursement.

2.7 Credit Terms & Conditions of Approval

A. Evidence of Eligibility

General as stipulated in paragraph 5.0 of this policy document.

B. Period of Service

a. For personal loans

- i. Application shall be confirmed permanent staff of the organization.
- ii. Refer to paragraph 5.0 of this policy document for further details.

b. For housing loans

- i. The staff shall have served the organization for at least five continuous years for senior staff and ten years for junior staff which includes any officially earned periods of study leave with pay.

c. For Transport/Car loans

- i. This is reserved for management staff of substantive full Accountant and its analogous grades and above.
- ii. Such management staff shall have served the organization for a period of not less than twenty-four (24) months continuously including any study leave (with pay) period officially earned.

d. For Motor Bike Loan

- i. This goes to staff of Chief Clerk to Senior Assistant Accountant to grade.
- ii. Such staff shall have served the organization for at least twenty-four (24) months including any officially earned study leave with pay period.

e. For Bicycle Loan

- i. This is reserved for staff below the rank of Sub-Assistant Accountant.
- ii. Such staff shall have served for a least twenty-four (24) months including officially earned study leave with pay periods.

C. Credit Quantum / Commitment

- i. The total quantum of Credit a staff shall be committed to shall not at any time exceed 200% (or two times) his/her Annual Gross Salary as per the organization law PNDC Law 225 of 1989.
- ii. Without prejudice to the above-specified law:
 - a. An employee shall contract as much credit as will bring the total repayment deductions to not more than 30% of his/her monthly take home salary in the case of personal loans, or
 - b. 40% of his/her take home salary in the ease of transport and/or housing loans, or multiple loans.

D. Commitment Fee

No commitment fees shall be charged on any approved staff loan.

E. Interest Charges

- i. Provident Fund Loans**
Loans charged to Provident Fund sources shall attract an annual interest rate of 3%.
- ii. Retained Earnings/Surplus Funds**
Staff loans charged to the organization's retained earnings or surplus funds shall attract an annual interest rate of 5%.

iii. Other Sources of Funding

Staff loans charged to other sources of funding shall have the interest rate chargeable determined by management with the approval of the Board or shall be in line with policy directive in respect of such funding sources.

F. Repayment Period

a. For Personal loans

i. The repayment period shall not exceed twenty-four (24) months.

b. For Housing loans

The repayment period shall fall between two (2) and ten (10) years. The actual period shall determined by the Board.

c. For Transport loans

The repayment period shall not exceed five (5) years. The actual period shall be determined by the Board.

d. For Aggregated loans

Where a member of staff takes several loans (so however that the total quantum does not exceed 200% of his/her Annual Gross Salary, the repayment period shall fall between two (2) and ten (10) years and shall be determined by the Board.

Under no circumstances should the loan deductions of a staff credit be deferred for the month without approval from the Board.

G. Moratorium/Grace Period

This shall be accordance with the Organization's General Policy on Credits.

H. Guarantors

i. For all staff credits there shall be the personal, joint and several guarantees of two (2) confirmed permanent members of staff of the organization in similar position as or higher position than the applicant.

ii. However, no one member of staff shall guarantee for more than two (2) applicants.

iii. Directions of the organization shall not be eligible guarantors of staff loans.

I. Security

- i. All staff credits shall be secured with the beneficiary's provident fund contributions, as well as his/her End of Service/Ex-gratia emoluments.
- ii. All motor vehicles, motor bikes, bicycles, land and landed property acquired with such staff loan shall be held by the beneficiary in joint-ownership with the organization until the beneficiary fully retires the credit.
- iii. All documents e.g. Registration, insurance, title deeds, bicycles, land and landed property shall be made in the joint names of the applicant and the organization.
- iv. The beneficiary shall always consult the organization before disposing of such property acquired with credit from the organization before the credit facility is fully retired.
- v. Without prejudice to the above, loan securities shall generally be administered and executed in accordance with paragraph 6.5 of the General Credit Policy of the Organization.

2.8 Monitoring and Evaluation

- i. The C.E.O and Credit Officer shall ensure that the correct amounts of repayments deductions are effected in relation to any staff credits promptly when they fall due to minimize default.
- ii. In case a beneficiary staff is transferred, or stops work with the organization, the Credit Officer must quickly do what is necessary to ensure that the staff's indebtedness does not become a bad loan (refer paragraph 2.5 on security of this policy document).

2.9 Defaults and Rescheduling

Defaults on staff credit usually occurs when the staff vacates office without notice to the organization or when he/she expires soon after assumption of office after credit has been advanced to him.

In case of default and where the beneficiary's provident fund earnings, end of service/ex-gratia awards cannot offset his/her indebtedness the guarantors must be charged with the liquidation of the debt.

Defaults and rescheduling shall generally be handled in accordance with paragraph 2.13 and 2.14 of the General Credit Policy of the organization.

3.0 REVIEW AND AMENDMENT

This policy document is subject to review and amendment from time to time as the Board may decide.

APPROVED BY THE BOARD ON JUNE 1, 2003

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KRABAN SOPPORT FOUNATION

POLICY ON MANAGEMENT OF POVERTY ALLEVIATION FUND FROM DISTRICT ASSEMBLIES

1 INTRODUCTION

To meet the objective of reducing rural poverty, efforts were to ensure that the rural poor are actually targeted for assistance through a fund called 'Poverty Alleviation Fund' to be instituted by all District Assemblies with 10% of their total common fund per annum.

However, this amount is to be lodged with a selected bank for management. Kraban Support Foundation was selected among few microfinance organizations to manage the FUND for two Districts viz: Yilo Manya and Krobo Districts in the Eastern Region and within the catchment area of the organization.

2 PRINCIPLES

To be able to discharge this function efficiently in a situation where one can foresee the number of applications exceeding the resources available for assistance, the organization has to operate within certain principles. These include:

a. Political Influence

These should be avoidance of excessive political influence.

b. Fairness

The FNGO should in co-operation with the credit approval committee(s) of the Assembly(ies) pursue its function without any favour or prejudice against any group of persons or individuals.

c. Merit

Beneficiaries should be selected based on their relative qualification according to eligibility criteria of their projects.

d. Targeting

To meet the objective of reducing rural poverty, efforts should be made to ensure that the poor as determined under the guidelines are actually for assistance under the Fund.

e. **Efficiency**

A scheme is efficient if its objectives are achieved at the last cost. The organization should ensure that its operations do not end up being expensive to both the District Assemblies and the organization.

3 GROUP ORGANISATION

4 PROCEDURE FOR ORGANISATION OPERATION

a. **Receipt and Evaluation of Application**

Selected members of the Board and the Credit Manager of the organization should meet at once every three months (quarterly) together with the District Assembly to evaluate applications received. Prior to the assessment meeting by the organization, the following activities and procedures should be followed.

- b. Two (2) representatives (District Director of Agriculture, representative Planning Officer and the representative Project Officer of the organization, solely selected for the Fund) to review the applications with the view to eliminating ineligible applications.
- c. The team above should visit most of the groups and individuals where necessary to undertake a quick or rapid assessment of their applications – verifying the information provided.
- d. An evaluation report in the form of a letter containing the names of applicants recommended for approval should be sent to the CAC (Credit Approval Committee) of the District Assembly for approval before disbursement of the Fund.
- e. Upon receipt of the approval from the Assembly, the organization writes to inform all successful applicants within one week of receipt of the final decision of the CAC.

5 PAYBACK GUARANTEE

The incidence of default in paying back loans provided by public institutions (especially District Assemblies) is very high, countrywide. To avoid the default situation, the organization should find out if the group has a defaulting record especially with respect to similar support programmes provided by the Government or other Departments or Agencies.

The organization and the District Assemblies are to identify field staff who would regularly visit beneficiaries and study their books and pay-in-slips to assess as to whether loan repayments schedules are being adhered to.

6 JOINT ACTION ON DEFAULTERS

Decisions on as to what action to be taken against defaulters of the scheme must be a joint action of the organization and Assembly with the organization directing affairs in line with its loan recovery policy.

7 THE GOVERNMENT GUIDELINES

Policy is subject to guidelines of the fund issued by Ministry of Local Government.

8 REVIEW / AMENDMENT

This policy is subject to review by the Board from time to time.

APPROVED BY THE BOARD ON MAY 31, 2003

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KRABAN SUPPORT FOUNDATION

POLICY ON RECRUITMENT

1.0 INTRODUCTION

The expanding nature of the organization calls for constant recruitment of competent and efficient staff to facilitate the work in the organization. This policy statement is to guide the Board and Management to recruit new staff when vacancies have been declared to promote efficient running of the organization.

2.0 RECRUITMENT PROCEDURES

2.1 Radio and Press Advertisement

- a. There shall be advertisement in the local papers and radio on the recruitment.
- b. The advertisement shall be precise. It shall include:
 - i. Position being advertised.
 - ii. Academic qualification required for the post/position, e.g. SSSCE, GCE 'O' Levels, Diploma, H.N.D., Degree, etc.
 - iii. Subject and grades required for the particular position/post.
- c. Working experience.
- d. Age.

2.2 Short Listing

The Board shall appoint a committee made up of both Board and Management members to do the short listing of applications received.

2.3 Application Forms

The applicant shall attach a passport photograph to the application form to be provided by the organization to prevent impersonation.

2.4 Invitation for Interview

- a. Invitation notices should be dispatched at least two weeks before the date of the interview.
- b. Applicants shall be required to bring to the interview, the originals of certificates, discharge books, results slips, etc and testimonials from last place of work or last school attended.

2.5 Interview Assessment Form

The main heading under which marks are to be awarded shall be:

- a. Turn out (5 marks)
 - i. General appearance
 - ii. Dressing
 - iii. Comportment
 - iv. Mannerism
- b. Knowledge (15 marks)
 - i. Current affairs
 - ii. General knowledge not related to the position applicant applied for.
- c. Experience (25 marks)
 - i. Theoretical experience related to position applied for.
 - ii. Practical experience related to position applied for.
 - iii. Number of years of relevant working experience.
- d. Power of expression (5 marks)
 - i. Grammatical accuracy
 - ii. Logical presentation of ideas
 - iii. Clarity of thought
- e. Panel members shall agree before the interview on the scoring arrangements as well as the type of questions to be asked under each heading to suit the position/post for which the interview is being conducted.
- f. After each candidate has been interviewed, panel members shall collate the marks under each heading to bridge wide gaps or variances.

3.0 PANEL MEMBERS

- 3.1 Panel members shall consist of not more than five members and a non-scoring secretary.
- 3.2 A new panel shall be instituted for each interview. At least two Board members one of whom should be knowledgeable about the position for which the interview is being conducted shall be included on the panel.
- 3.3 Panel members who have interest in any applicant shall declare it before the interview is conducted. The member shall absent himself/herself from the interview for that candidate or remain on the panel but shall not take part in the interview for that candidate. Failure on the part of panel member(s) to disclose interest may lead to the disqualification of the candidate.

4.0 RESULTS OF INTERVIEW

A comprehensive report including all documents on each candidate shall be submitted to the Board at the next meeting immediately following the interview for final decision.

5.0 RECRUITMENT OF STAFF FROM OTHER ORGANISATIONS

- 5.1 A confidential report shall be requested from sister organization(s) whose staff apply for employment with the organization possibly before the interview or before the results are discussed by the Board.
- 5.2 Every means, both formal and informal shall be used to find out about the background of applicant(s) from other institutions.

6.0 WAITING LIST

- 6.1 Limited applicant, not more than three (3) shall be put on waiting list of Senior Staff to prevent dilution of the quality of the passed list.
- 6.2 For Junior Staff, the list shall not exceed five (5).
- 6.3 For the waiting list to be valid, the period shall not exceed six (6) months after the release of the results.
- 6.4 To qualify to be put on the waiting list, the applicant(s) should have obtained sixty percent (60%) and above of the total marks awarded during the interview.

7.0 GENDER BALANCE

The recruitment exercise shall be gender sensitive.

8.0 IN-SERVICE TRAINING COURSE

8.1 Newly recruited staff shall be given intensive in-service training course by management immediately they report for work and shall continue until they become proficient in their work.

8.2 Explanation and interpretation of conditions of service and code of ethics of the organization shall form part of the course.

9.0 PLACEMENT

Placement of the newly recruited staff shall be determined by the Board.

10.0 PROBATION PERIOD

10.1 Newly recruited staff shall service six (6) months probation period.

10.2 Confirmation shall be dependent on effective, effective performance and good conduct.

11.0 REVIEW/AMDENDMENT

This policy statement shall be subject to review by the Board when the need arises.

APPROVED BY THE BOARD ON MAY 1, 2003

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KRABAN SUPPORT FOUNDATION

STAFF PLACEMENT AND PROMOTION POLICY

1.0 INTRODUCTION

The institution like any other organization needs to recruit staff when vacancies occur. These staff can be personnel engaged at the establishment of the organization or for expansion, or when staff leaves the organization as a result of resignation, vacation of post, death, dismissal or for some other reasons.

Placement of staff and their subsequent promotion follow recruitment. This policy provides guidelines and regulations for staff placement and promotion to ensure that every staff employed is placed at the most appropriate rank and salary scale both at initial employment and for promotion.

2.0 RECRUITMENT

The organization's approved recruitment guidelines and regulations are contained in a separate recruitment policy document which is available in all branches and agencies of the bank.

3.0 STAFF CATEGORIES

There are three main categories of staff within the organization. These are:

- i. Management staff
- ii. Senior staff
- iii. Junior staff

3.1 Management Staff

These are senior charged with the responsibility of managing the organization's business on daily basis. This group includes the Senior-most manager who is head of the management team, his deputy, all agency and branch managers, as well as all departmental heads.

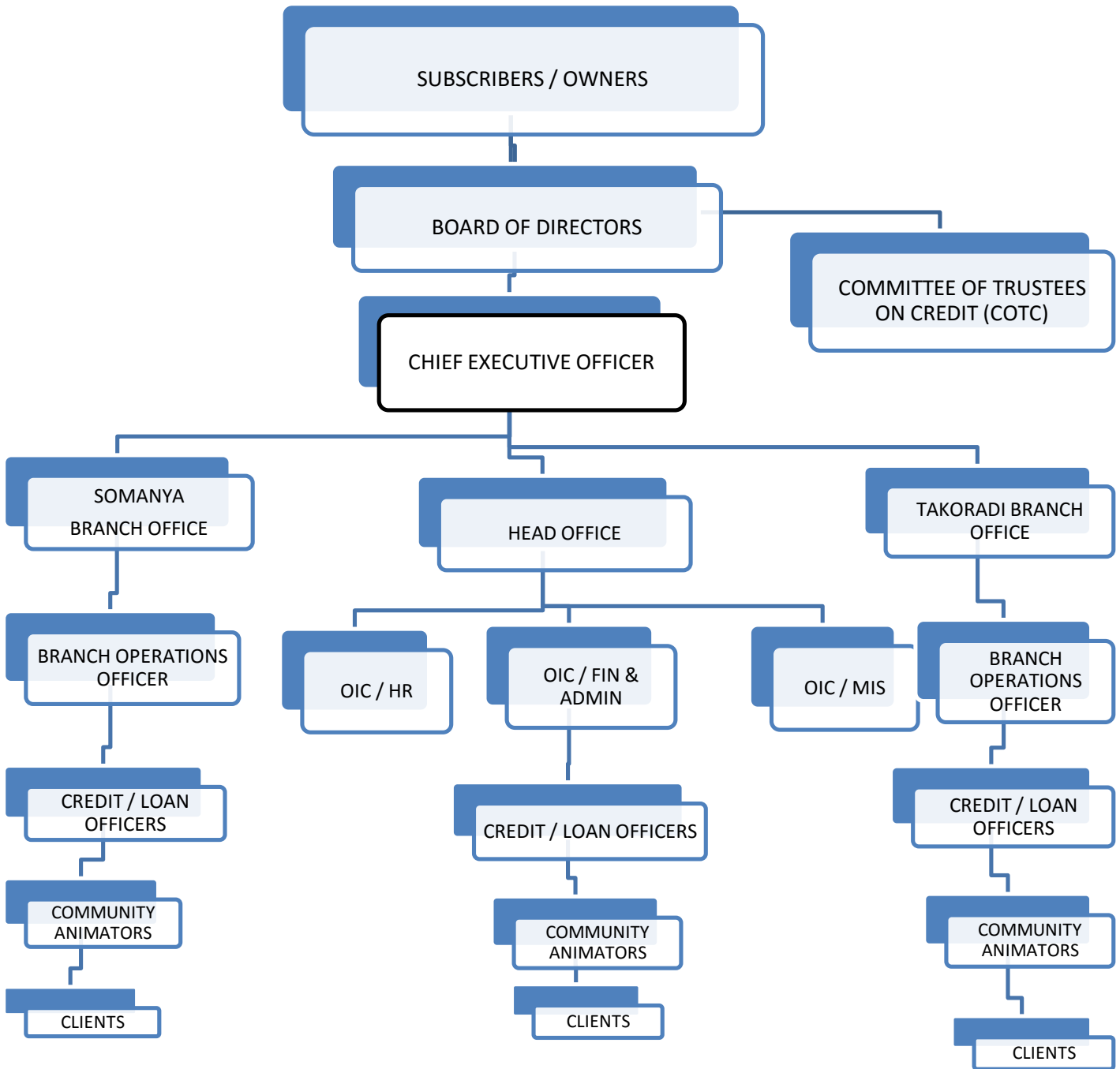
3.2 Senior staff

These are staff of the rank of Assistant Accountant, Credit Officer and Administrative Assistant and above. So, by implication, senior staffs include management staff.

3.3 Junior staff

Junior staffs are whose ranks range from Sub-Assistant Accountant and Assistant Project Officer and below.

3.4 The Organogram



3.5 Management Staff Positions

The above chart reflects the current management staff positions in the organization. It is, however, reckoned that new management positions will have to be created at the top to reflect the expanding nature of the organization's business. These may include a Chief Executive Officer (C.E.O) who will be the Director of the organization.

3.6 Transitional Staff Situation

It is noted here that the staff category chart above represent what should be the current situational positions as recommended by the Board of Directors.

But the old ranking categories which has more rank placement points is also currently in use because a lot of the existing staff are designated at these rank points.

Efforts are, however, underway to unify this existing placement system with the new one through promotions and up-gradings, but care must be taken not to put any group of staff at a disadvantage as a result of this exercise.

The problem does, however, not arise with new appointments since they are placed on the new system of ranking, except for discrepancies within the new placements.

4.0 STAFF PLACEMENT

4.1 Eligibility

To be eligible for recruitment one must:

- i. Be of good mental and physical health
- ii. Have no criminal record
- iii. Satisfy all requirements specified in the vacancy announcement together with other conditions contained in the organization's approved policy on recruitment.
- iv. Have passed an employment interview conducted by the organization.

4.2 Placement

- i. The placement, i.e. the rank and salary of person to be employed must be indicated in the appointment letter to the person.
- ii. The determination of the rank and salary should be based on:
 - a. Educational qualification
 - b. Relevant post-qualification work experience or
 - c. Recommendation by a local chief, opinion leaders, a director, manager or other reliable persons in the case of security men, labourers and cleaners.

4.2.1 Management Staff Rank

- i. To qualify to be placed as a management staff, one must possess the following relevant minimum educational qualification:
 - a. University Degree
 - b. Higher National Diploma /University Diploma
 - c. Equivalent Professional Qualifications

ii. HND/University Diploma Applicants

- a. The fresh HND graduates, University Diplomats and equivalent professional qualification holders without any working experience shall be placed as Assistant Officer/Assistant/Credit Officer/Administrative Assistant at the first notch of the salary scale for this rank.
- b. The HND graduate, University Diplomats and equivalent professional qualification holders with relevant working experience shall also be placed as Assistant Officer/Assistant/Credit Officer/Administrative Assistant, but shall be deemed to have earned an additional salary notch for each year of relevant working experience acquired and should be placed on the appropriate salary notch.
- c. Where an HND, or University Diplomats graduate possesses five or more years of relevant working experience he shall be placed on the next rank i.e. Officer II grade, Senior Assistant Accountant/Senior Credit Officer/Senior Administrative Officer.

iii. Degree Applicants

- a. The fresh University Degree and equivalent professional qualification holders without working experience shall be placed as Officer II/Senior Assistant Accountant/Senior Credit Officer at the first notch of the salary scale for the rank.
- b. The University Degree and professional qualification holders with relevant working experience shall also be placed as Officer II/ Senior Assistant Accountant/Senior Credit Officer, but shall be deemed to have earned an additional salary notch for each year of relevant working experience acquired and should be placed on the appropriate salary notch.
- c. In both cases (a) and (b) the equivalent professional qualification holder shall enjoy a two incremental notch advantage over his counterpart non-professional university degree holder.

- d. Where the officer has five or more years of relevant working experience he shall be placed on the next higher rank i.e. Officer I/Accountant/Principal Credit Officer.

iv. Higher Rank Placement

- a. For placement at higher ranks other than by promotion, the vacancy advert or announcement shall specify the required educational qualifications and number of years of relevant working experience.
- b. Placement on the salary scale shall be guided by professional status and relative number of years of relevant working experience acquired.
- c. A professional qualification holder shall earn a two-notch salary scale advantage over his counterpart or analogous colleagues who is not a professional
- d. Every year of post-qualification or current placement working experience acquired or served prior to a new placement shall be deemed to have earned one salary notch advantage. Example, if one has three years relevant post qualification working experience at the new appointment, he shall be placed at the fourth notch of the appropriate rank of appointment.

4.2.2 Junior Staff

- i. The Junior staff placement situation is quite complex and needs to be dealt with in the various groupings that occur in their categorization. There are three main groupings:
 - a. Clerical staff
 - b. Secretarial staff
 - c. Non – Clerical staff
- ii. All existing junior staff old system ranks and positions shall be converted into the new ranks within one and half years from now i.e. by December31, 2004
- iii. All new appointees shall be placed on the new ranking system. Care all, however, be taken not put existing staff who are on the same ranks as the new recruits at any disadvantage in respect of their present salary notch vis-à-vis the salary notch of entry for the newly engaged staff.
- iv. All new appointees must meet all requirements indicated in the vacancy announcement in addition to the specifics indicated below:

a. **Clerical Staff**

- i. Clerical staff placement shall start from the rank of clerk to Sub-Assistant Accountant/Assistant Credit Officer and analogous ranks as detailed in paragraph 3,4 of this policy document.
- ii. To qualify to be placed as clerical staff, one shall have the following educational qualification:
 - GCE/SC A-Level or O-Level with or without typing skills
 - SSS Certificate with or without typing skills
 - Ordinary or non-University diploma with relevant post-qualification working experience.
- iii. GCE/SC (A/O-Level) and SSS Certificate holders shall normally be first appointed at Clerk Typist level and trained to acquire the banking experience on the job to earn promotion to the higher ranks due to the technical nature of banking. Where the applicant has relevant banking working experience, however, his rank at appointment shall be based on his experience.
- iv. Clerk-typists may convert into clerks, or secretarial staff, or continue as clerk-typist.
- v. D.B.S Diploma holders with relevant banking work experience shall be employed to enhance the performance of work at the bank.
- vi. For placement purposes the following shall be generally adhered to in respect of rank of appointment:
 - GCE/SSSCE holders
 - Clerk-for applicants with no relevant post-qualification experience in banking work.
 - Senior Clerk – for applicants with at least seven (7) years relevant post-qualification experience in banking work.
 - Diploma Holder
 - i. Such applicant without any relevant banking work experience shall be engaged by the bank.
 - ii. Where the applicant has relevant banking experience, however, the following shall apply:

- Senior Clerk – for applicants with three (3) years banking experience.

vii. **Salary Notch Placement**

Salary notch placement levels shall be carefully considered in terms of non banking working experience and the relevance of such experience to bank work.

The general disposition and maturity of the applicant must also be considered in this respect. For example, an applicant with SSS and four years of teaching experience may be placed on say second notch of the scale for clerk but must not have advantage over existing staff of same qualification with two years experience in the bank.

b **Secretarial Staff**

- i. Secretarial staff placement shall start from the rank of Stenographer to Chief Stenographer as detailed in paragraph 3,4 of this policy document.
- ii. To qualify to be placed as secretarial staff one shall have:
 - GCE/SC O/A-Level) with a secretarial certificate from a government approved secretarial institution.
- iii. Placement shall follow the lines set below:
 - Stenographer/Stenographer Gd II – for applicants without post-qualification working experience.
 - Senior Stenographer/Stenographer Gd I – for applicants with Four (4) years post qualification working experience.
 - Stenographer Secretary (for Senior Staff Grade) – for applicants with at least even (7) years of post-qualification working experience.

vi. **Salary notch Placement**

Salary notch placement level shall be made in line with paragraph 4.2.2(a.v) of this policy document.

c. Non-Clerical Staff

Non-clerical staffs are made up of:

- Drivers
- Watchman
- Messengers
- Cleaners Labourers

Drivers

- i. To qualify to be engaged as a driver in the bank, one must have:
 - Middle School Leaving Certificate or Basic Education Certificate. 'O' Level/ 'A' Level/SSSCE
 - Possess a valid drivers license for vehicle weight of.....
- ii. For placement purposes, the following shall be generally adhered to:
 - Driver – for applicants with at least 10 years of relevant driving experience with no endorsements in the license.
 - Chief Driver – this shall be head of the drivers group and it shall be an administrative position for the purpose of acting as the spokesman for drivers. He shall be appointed by the Board from among the bank's drivers. Based on seniority, experience, general disposition and comportment.

iii. Salary Notch Placement

This shall be in accordance with paragraph 4.2.2(a.v) of this policy document.

Security Guard Watchman

- i. To qualify to be engaged as a security-man or watchman in the bank, or one must answer to the requirements specified in the bank's approved policy on Security (paragraph 3.0 and 4.0).
- ii. Salary Notch Placement
This shall be in accordance with paragraph 4.2.2 (a.v) of this policy document.

Chief Security Officer

This shall be an administrative appointment by the Board from among the Security Officers. He shall be head of the Security section, be a spokesman for the section and also be co-coordinator of security matters in the bank.

Messenger

- i. To qualify for appointment as a messenger in the bank, one must have:
 - Basic Education Certificate, or
 - Senior Secondary School Certificate/GCE 'o' Level
- iii. The applicant shall go through a competitive employment interview as prescribed in the bank's approved Policy on Recruitment, or shall be selected through recommendation by directors, management and staff of the bank, Local community Chiefs or opinion leaders and church leaders or other prominent members in the community.
- iv. For placement purposes, the bank shall consider the education and work experience of the applicant.

Cleaner/Labourer

To be eligible for appointment and placement as a cleaner or labourer in the bank, the applicant must be recommended as specified in paragraph (ii) and (iii) above.

5.0 SALARY INCREMENTAL AWARD AND PROMOTION

- i. Salary incremental award and promotion exercise are undertaken at the end of the working year to reward hardworking staff and to encourage them to work harder.
- ii. Incremental award and promotion exercises are done sanction non-performing or delinquent staff to deter them and others from their state of non performance and delinquency.
 - i. When improperly done, these exercise could be a great disincentive to staff. Hence the need to ensure that they are handled properly.

5.1 Staff Assessment

- i. Staff assessment shall be done at the end of the working year to determine staff performance during the year to provide a basis for incremental awards and /or promotion.
- ii. No staff shall be awarded salary increase or promotion without a prior assessment or appraisal exercise for that purpose, except where the award involves the entire staff or is for a special none-time purpose.

- iii. The assessment shall be done for every individual staff in the bank and it shall be done for every individual staff in the bank and it shall be on confidential basis.
- iv. The assessment shall be undertaken by the following as the case may be:
 - The Chairman of the Board- for the senior most manager of the bank.
 - The Senior most manager of the bank – for Operations, Credit, Audit, Marketing managers and staff directly under him.
 - Operation Manager – for all Agency Managers and staff working directly under him.
 - Agency or branch managers and departmental heads - for agency, branch and departmental staff.
- v. All staff assessment shall be discussed with the staff personally and the individual staff shall be given the opportunity to comment on the assessment before the officer assessing him puts down his final recommendation.
- vi. All reviewed staff assessment shall also be reviewed by the Senior most manager of the bank.
- vii. All staff assessment shall be reviewed by HRD Committee for recommendation to the Board.
- vii. All staff assessment shall be approved by the Board.

5.2 Incremental Awards

- i. All staff shall normally earn one salary notch increment for good performance within the year.
- ii. A double salary notch increment shall be awarded to staff for exceptional performance in the year.
- iii. When a staff is warned for misconduct on two occasions within the year of, he shall not earn any increment nor promotion for the year under review.
- iv. A sanction shall, however, cease to have effect after a period of twelve (12) months.

5.3 Promotion

- i. Staff may be promoted at least once every three (3) years of good job performance without sanctions.

- ii. Staff may, however, earn promotion out-of-turn for exceptional job performance or display of exceptional qualities so recognized by the bank.
- iii. All staff shall be assessed before promotion.
- iv. Staff who is warned or misconduct on one or more occasions within the year shall not earn any promotion or the year under review.
- v. A sanction shall, however, cease to have effect after twelve (12) months.
- vi. A staff who obtains a higher educational qualification relevant to the bank's line of business earns an automatic promotion to the next rank on submission of the relevant documents as evidence.

5.4 Study Leave Assessment

- i. No staff shall be assessed for salary incremental award nor promotion when he is on study leave. This shall apply for the entire study leave period.
- ii. Staff shall, however, be assessed on his return only after a minimum of six (6) months working period with the bank after study leave.

5.5 Loss of Seniority

Staff shall not lose seniority in rank nor salary placement for being study leave.

5.6 Staff Assessment Form

An appropriate Staff assessment Form shall be used to guide the assessment exercise, so however that the exercise shall not be complicated or complex one.

5.7 Assessment Period

- i. Staff assessment or appraisal for the year shall be completed within the last quarter of the current year under review.
- ii. To forestall delays in the assessment exercise the following assessment time table shall be adhered to:

| Assessment stage/step | Assessment Activity | Responsibility | Period Allowed | Number of weeks |
|-----------------------|---|-----------------------------------|---|-----------------|
| 1 | Issuance of Assessment Form to staff | Heads of Dept. | First week of September | 1. |
| 2 | Completion of Assessment Form by Staff | Staff | Second week of September | 1 |
| 3 | Assessment Form returned to Head of Department/Assessment Officer for his completion and comments | Third & Fourth weeks of September | Third & fourth weeks of September | 2 |
| 4 | Head of Department/Assessment Officer returns Assessment Form to staff for comments on Officer's comments | Heads of Dept. | First week of October | 1 |
| 5 | Return of Assessment Form to Assessment Officer for Assessment Interview & Recommendation | Staff | Second & Third weeks of October | 2 |
| 6 | Return of all Assessment Forms to Senior most manager for comments and recommendations | Head of Dept. | Fourth week in October, plus First, Second & Third weeks of November | 4 |
| 7 | Assessments Forms to HRD Committee for interview for review and final recommendations | Senior Manager | Fourth week of November | 1 |
| 8 | Assessment Forms to Board meeting for final decision | Chairman, HRD | Before end of year, preferably at the last Board meeting for the year | 4 maximum |
| 9 | Implementation of assessment decisions & recommendations | Senior Most Manager | January of ensuing year | |

- iii. Staff who delay the assessment process shall be sanctioned to the extent of loss of incremental award, or promotion where the assessment forms are not returned at all for decision making.
- iv. The HRD Committee shall be made up of three (3) Board members and the Senior most manager of the bank.

5.0 PLACEMENT COMMITTEE

- i. For fresh placement, i.e. in the case of new recruitment after interview, the interview panel shall constitute the Staff Placement Committee which committee shall determine the placement, sitting just after the interview in order to avoid delays, provided that the senior most manager or his/her deputy is a member of the panel.
- ii. New placement decisions so determined shall be incorporated in the appointment letters to the newly engaged staff.
- iii. For existing staff, placement and promotion shall be handled by the HRD Committee.

6.0 REVIEW / AMENDMENT

This policy is subject to review or amendment for time to time by the Board as and when the need arises.

APPROVED BY THE BOARD ON JUNE 10, 2005

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KRABAN SUPPORT FOUNDATION

POLICY ON STAFF DISCIPLINE

1.0 INTRODUCTION/OBJECTIVE

In every well-meaning establishment, staff discipline is cardinal to the growth and success of the institution. This is even true with a banking institution like ours (i.e. Kraban Support Foundation) where staff disorder and indiscipline can lead to the total collapse of the organization.

The object of this piece is, therefore, to catalogue and improve on all current policies of the bank (both written and unwritten) that relate to discipline and to consolidate them into a policy document for the guidance of the bank and its staff.

2.0 DISCIPLINE AT THE TIME OF APPOINTMENT

Staff discipline starts before or on the date of appointment of the staff.

The staff is required to:

- i. Write an acceptance letter.
- ii. Assume duty promptly on the date of appointment after having been notified of the appointment by the Bank following a successful interview.
- iii. Undergo a medical fitness examination and submit the report to the Bank
- iv. Sign an Oath of Secrecy with the Bank and abide by its terms at all times.
- v. Abide by all aspects of the Bank's conditions of service for its staff, a copy of which shall be given to the staff.
- vi. Submit the particulars of two referees and former employees from whom the Bank will solicit reports on the staff reports on the staff. Adverse reports may result in the termination of the staff's appointment after due investigations.
- vii. The staff shall be required to successfully complete a probation period before the appointment is finally confirmed. The conditions of probation shall be made known to the staff, but the staff shall also make all efforts to find out what these conditions are.
- viii. To help the staff attain the required discipline right from the onset, he/She shall be taken through an organized orientation course to initiate him/her into the banks as soon as possible.

2.2 **DISCIPLINE ON THE JOB DISCIPLINE**

Discipline on the job, that is while one is working after successful probation, is as important as order and discipline time.

Discipline shall be expected of staff:

- (a) as an Individual
- (b) as a leader, or
- (c) as part of a group or team.

As an individual, one may be held personally liable for any acts of indiscipline occasioned by the individual. As a leader, one may be held for the lapses of the group of staff he leads or supervises or provides managerial direction to.

As part of a group, one may be held liable individually and severally or jointly with members of his group for any acts of indiscipline perpetrated by his group as a whole or by an individual within the group.

Essentially, the Bank's policy and discipline must be in tandem with the rules of discipline as provided under Article 16 of the Conditions of Service for both senior and junior staff as agreed on by the Association of Rural Banks as follows:

3.0 **GENERAL RULES**

- a Every officer must devote the whole of his working time and attention to the business of the Bank and carry out his duties zealously and display courtesy to all customers and the public generally.
- b Every officer shall conform to and abide by this agreement governing his service in the Bank.
- c Every employee must maintain an account at the Bank at which he is employed and where an officer maintains a current account, such as account shall not be overdrawn. Officers may with the permission of the Manager be allowed to maintain No Two (2) accounts so long as these accounts are not overdrawn.
- d An officer shall not absent himself from his duties without having first obtained the permission of the Manager or the Chairman in the case of the Manager. An officer absenting himself shall be liable to deprivation of salary for the period of his absence unless he is able to satisfy the Manager or the Chairman in the case of the Manager that unavoidable circumstances prevented him from obtaining permission or notifying the Bank of his absence.
- e An officer who is absent without permission for more than ten(consecutive working days shall be regarded as having vacated his post. A notice in writing to his effect shall be sent to him at his last known address by the Bank. Such an officer shall be liable to pay to the Bank a sum equal to his salary for one month in lieu of the notice given to the Bank before his departure.

3.1 **BORROWING AND PRIVATE TRADING**

- a. An officer shall not draw his salary in advance without the previous sanction in writing from the Board.
- b. An officer shall not:
 - i. Except through the Bank, raise money for himself or any other person by any means, whatsoever, including bills of exchange or promissory notes. This does not apply to normal transactions such as mortgage of a house to a building society or borrowing from Insurance Company in accordance with its own polices.

AN OFFICER MUST NOT BORROW FROM OR LEND MONEY TO ANOTHER MEMBER OF STAFF.

- ii. Borrow money from or in any way place himself under pecuniary obligation to a money lender or an employee of the Bank or any firm or person having dealing with the bank.
- iii. Except with the permission in writing from the Board, guarantee in his capacity, the pecuniary obligation of another person or agree to indemnity in such capacity another employee or person from loss.
- iv. Engage in any other banking or financial business or in any commercial business whether for reward or otherwise either on account or as agent for another bank or others.
- v. Engaged in any transaction or do any act which might reflect on his integrity as an offer of the Bank.
- Vi. Except with the consent in writing from the Board, accept office of District Assembly or any other public body which is likely to interfere in the performance of his day to day duties.
- c. Having in mind the nature of their calling, officers are expected to conduct their personal affairs with prudence. Those who encounter financial difficulties must inform their Managers or the Chairman in the case of the Manager, immediately so that they may report the facts to the Board to arrange for consideration to be given to the possibility of granting an advance where the circumstances are deemed to merit assistance by the Bank.

AN OFFICER WHO SUBSEQUENTLY INCURS DEBTS OR OTHER LIABILITIES WHICH HE CANNOT REALLY DISCHARGE OR FAILS TO HEED WARNING FROM THE BANK AS TO THE CONDUCT OF HIS FINANCIAL AFFAIRS, MAY RENDER HIMSELF LIABLE TO DISMISSAL.

- d. No officer is permitted to derive any benefit in the course of his official duties which might have the effect of placing him in such a position that his personal interest and his duties to the Bank or to any customer of the Bank would be in conflict and he shall refrain from taking any course of action which might place him in such a position.

3.2 WRITTEN WARNINGS

- a. Where the service of an officer has not proved satisfactory or where an officer commits an offence which does not merit summary dismissal, he may be given a warning and such warning shall be recorded in his record of service.
- b. Before a warning letter is given, the officer shall be requested in a query to state to his Manager or the Chairman in the case of the Manager, his answer to the offence or shortcomings which have been alleged against him.

After two (2) written warnings have been given, a further or continued unsatisfactory service within a period of twelve (12) consecutive months service will give the Bank the right to terminate the employment of the officer concerned.

- c. For the purpose of this article, a warning letter shall cease to have effect after a period of twelve (12) months.

3.3 SUSPENSION/TERMINATION

- a. If an officer is suspected of being guilty of an offence which would justify dismissal, the Bank may suspend the officer duty, while investigations are carried out. During the period of suspension from duty, the officer shall be paid at the rate of one half of his basic salary, but if no case is proved against the officer, the suspension shall be lifted and he shall be paid in full his salary for the period during which he was suspended.
- b. Where an officer's, employment is terminated other than in the case of summary dismissal, the Bank shall give three (3) months notice in writing to the officer or shall pay him (3) months salary in lieu of such notice.
- c. The power of dismissing an officer rest in the Board.
- d. An officer may resign by giving three (3) months notice in writing to the Bank or by paying three months salary in lieu of such notice.

3.4 SUMMARY DISMISSAL

- a. Summary dismissal may be effected by the Bank for just and reasonable cause involving dishonesty, fraud, willful refusal to obey a legitimate and reasonable instructor, negligence involving the Bank substantial loss or in the event of an employee being guilty of proven serious misconduct.
- b. Where an officer has committed an offence for which he/she may be summarily dismissed, he/she shall be given written query outlining the offence committed and shall allowed forty-eight hours to reply in writing to such notice and defend him/herself.

- c. Alternative penalties for the above offences which may be applied at the discretion of the Board, depending on the circumstances and gravity of any particular case, may include the following:
 - i. Dismissal with /without a reduction in any benefits due to the officer.
 - ii. Reduction in salary, that is adjustment of salary to a point on the salary scale attached to the post in question
- v. Withholding annual increment for not more than twelve (12) months.

3.5 GRIEVANCE PROCEDURE

- a. In the event of any grievance, the employee shall as a first step take up the matter with his Manager.
- b. In the event that the matter remains unresolved, the Local Union representative(s) will take the matter up with the Board.
- c. If after step (b) above, the matter still remains unresolved, the Local Union will inform the Regional Chapter and Regional Industrial Relations Officer of the Union who will request for a meeting of the Sub-Committee of the Standing Joint Negotiating Committee of the Standing Joint Negotiating Committee.
- d. If after step (c) above, the matter still remains unresolved, the Local Union will summon the Council of the Association and Standing Joint Negotiating Committee to meet and endeavour to reach agreement.
- e. If the Committee fails to resolve the matter, either party will proceed to report the dispute to the Minister responsible for Labour with request that he/she appoints a Conciliation Officer to handle the issue.

4.0 AMENDMENT

The Board of Directors of the Bank may amend this policy document in part or whole provided; however, the amendment remains in conformity with the Condition of Service of the Association of Rural Banks as amended.

APPROVED BY THE BOARD ON MAY 31, 2003

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KRABAN SUPPORT FOUNDATION

POLICY ON STUDY LEAVE

1.0 INTRODUCTION

In order to motivate and increase productivity in Kraban Support Foundation, the Board of Directors deems it necessary to grant study leave with pay to the organization's staff.

For the transparent implementation of this noble idea, therefore is the need for guidelines as to how the idea should be brought to fruition. Hence, this "Policy on study Leave".

2.0 TYPES OF STUDY LEAVE

- a. **Study leave with pay** – The staff is paid his/her salary and other benefits, while pursuing his/her studies in an Institution. On completion of the course, the staff return to the Bank to work.
- b. **Study Leave without pay** – The staff is allowed by the Bank to pursue or further his/her studies without being paid by the Bank. The choice of returning to the organization after the course, rest with the staff and the availability of vacancies in the organization at the time of completion.

3.0 QUALIFICATION FOR STUDY LEAVE WITH PAY

The following categories of staff shall qualify for study leave:-

- a. A staff who has served a minimum of three (3) year successful employment with the Bank.
- b. A staff whose subject area is urgently needed by the Bank may be granted study leave with pay earlier than the stipulated minimum years of service.

4.0 QUALIFIED SUBJECT AREAS – POST SENIOR SECONDARY SCHOOL

- a. Banking/Finance
- b. Accountancy
- c. Marketing
- d. Agriculture
- e. Commerce
- f. Management
- g. Law

- h. Computer Studies
- i. Secretarial Studies
- j. Any other subject area approved by the Bank.

5.0 **LENGTH OF STUDY LEAVE WITH PAY**

- a. A staff shall be granted study leave with pay, for a period not exceeding four (4) years.
- b. No staff enjoy more than one study leave with pay during his/her working life with the organisation.

6.0 **STUDY LEAVE WITH PAY AGREEMENT WITH THE BANK**

- a. The Bank shall grant study leave with or without pay not more than four (4) staff members in the ratio of 2 with and 2 without pay at a time.
- b. A staff granted study leave with pay shall sign an agreement/bond with the Bank to return to the work with the Bank after completion of the course.

6.1 **Bond Service Period**

The following shall be the bond service on completion of a study leave the pay.

- a. Study leave with pay for one (1) year – The staff serves for two (2) years.
- b. Study leave with pay for two (1) year – The staff serves for three (3) years.
- c. Study leave with pay for three (3) years – The staff serves for four (4) years.
- d. Study leave with pay for four (4) and have years, the staff serves for five (5) years.

6.2 **Bond Guarantee**

A staff on study leave with pay shall:-

- a. provide three guarantors as sureties. One or all of the guarantors shall be the father/mother/uncle/brother/sister or guardian of the staff.
- b. shall return to work with the Bank during vacation.
- c. The staff's Provident Fund and other end of service entitlements shall be held as security for the period the study leave with pay lasts and the required period of service under the bond.

- d. In case the staff fails to return to the Bank after the end of the study leave with pay;
 - The Provident Fund and all other end of service entitlements of that staff shall be used to defray the expenses incurred by the Bank.
 - The staff's guarantors shall be made to pay any difference and interest left outstanding.

6.3 **STUDY LEAVE WITHOUT PAY**

A staff member on study leave without pay may return to the Bank during vacation to work and shall be paid the salary he/she was enjoy before his/her studies.

7.0 **WITHDRAWAL OF STUDY LEAVE**

The study leave shall be withdrawn if:

- a. The staff produces poor academic results.
- b. The staff does not present his/her semester report for two consecutive semesters in the academic year.
- c. The staff misbehaves and is withdrawn from the Institution. The Bank may decide either to retain or miss him/her.
- d. The staff refuses to work with the Bank during vacation without justifiable reason(s)

8.0 **MODE OF APPICATION FOR STUDY LEAVE**

A staff shall present his/her application and admission letters to the Board for consideration and the decision of the Board shall be final.

9.0 **NUMBER OF STAFF TO BE GRANTED STUDY LEAVE**

The number of staff to be granted study leave shall not exceed four (4) in the ratio of 2 with and 2 without pay at any given time.

10.0 **REVIEW**

This Policy shall be subject to review by the Board when the need arises.

APPROVED BY THE BOARD ON MAY 31, 2003

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KRABAN SUPPORT FOUNDATION

POLICY ON ASSET ACQUISITION AND DISPOSAL

1.0 DEFINITION

Assets for the purpose of this policy shall be durable, movable and immovable items acquired for the business of the bank with a purchase value not less than C 1000,000.00 and likely to be used on the business for a period of one year or above. This will exclude stationery and items consumable, which will be covered by another policy.

2.0 ACQUISITION OF ASSETS

2.1 Assets should be acquired when it is considered absolutely essential for the operation of the business of the bank.

2.2 No Asset should be acquired unless provision has been made in the annual budget and except for exceptional circumstances.

2.3 Finance Committee

The bank shall have a Finance Committee, which should meet least once in two months. The committee shall screen the draft before presentation to the Board. The committee will also be responsible for recommending actual disbursement of purchases. The actual purchase should be authorized by the Board. The absence of Finance Committee, the Technical Committee shall perform the duties of the Finance Committee.

2.4 The Procurement Committee shall be responsible for actual acquisition of assets recommended by the Finance Committee

a. The Procurement Committee shall comprise two (2) Directors and one (1) management staff.

b. The Procurement Committee shall report to the Board.

2.5 Process of Acquisition/Procurement

Whenever the bank decides to acquire an asset, quotation should be obtained from at least three companies or persons and the quotations placed before the Finance Committee. The Committee present to the Board the quotation received together with the recommendation of the Committee for approval.

2.6 After approval the Procurement Committee shall supervise the purchase of the item by management.

3.0 **DISPOSAL OF ASSETS**

The decision to dispose of an Asset should be by way of recommendation from Management to the Board. This will be assigned to Technical Committee for discussion and recommendation to the Board. The objective of any disposal of an asset is that the Asset had ceased to be useful or is beyond economic repair.

3.1 **Asset Disposal Value**

As much as possible, the bank should seek a good disposal value for its assets. Accordingly the Technical Committee will fix a minimum value for the asset to be disposed of.

3.2 **Staff and Directors**

The first option for the disposal of asset will be given to staff and directors, when there is more than one person interested in the asset an auction/bidding will be conducted to elect the beneficiary. In respect of bungalow furniture and equipment, the user will be offered the first option to purchase the asset.

4.0 **FURNITURE AND EQUIPMENT AT STAFF BUNGALOW**

The furniture, equipment **and** fixtures shall be subject to replacement after use for six years. Disposal should follow the above guidelines.

5.0 **ASSET REGISTER/RECORDS**

The banks will maintain an Asset Register for all of its assets including the assets in the residential premises of managers and officers. There shall be an Assets Register for all The Head Office and for each of the Agencies and also for each bungalow or staff quarter.

For effective control of the Register, the bank shall appoint one Director as Property Inspector. He will report every half-year on the existence and proper maintenance of all the assets.

6.0 **REVIEW**

This policy is subject to review from time to time by the Board

APPROVED BY THE BOARD ON THE 31ST MAY, 2003

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KRABAN SUPPORT FOUNDATION

POLICY ON FIXED ASSETS

1.0 INTRODUCTION

This document is to provide the Bank's Fixed Assets Management Personnel and other, detailed information about the Bank's fixed asset management policies. It is also a guide to assist in carrying out responsibilities and to deal with typical situations. It shall be a substitute to sound judgment and does not seek to discourage initiative on the part of personnel charged with Fixed Assets Management. Occasional exceptions to this policy are expected, but they must be well justified and documented.

2.0 OBJECTIVES OF MAINTAINING A FIXED ASSET POLICY

- (a) To keep records of all fixed assets transaction at the time when they occur.
- (b) To ensure that adequate information is available on the bank's assets and is recorded in the asset register.
- (C) To carry out physical inventory of fixed assets at least once a year and advise the Board's /Management on any discrepancy in the book value.

3.0 FIXED ASSET UNIT

There must be a Fixed Asset Unit/Section within the Account and finance Department of the Bank. This unit shall be responsible for al fixed assets activities.

4.0 FIXED ASSETS RECORDS

This section shall contain information aimed at controlling the acquisition, disposal and security of fixed assets. It shall also cover information for proper recording of all fixed assets to ensure that they are properly accounted for.

The procedure shall cover the following:

- (i) Acquisition
- (ii) Disposal
- (iii) Fixed Asset Register
- (iv) Depreciation

4.1 FIXED ASSET REGISTER

This Register shall be maintained to facilitate the monitoring and control of the assets.

Information on the register shall include:

- (a) **Description:-** Kind of asset and the class it belongs to e.g.

Electronic typewriter (office Equipment)

- (b) **Marks:-** Model and serial number
- (c) **Sources/suppliers:-** E.g. SARB Services Ltd.
- (d) K.P.O. NO.
- (e) Invoice No./Date
- (f) **P.V. No:-** Payment voucher prepared for payment to supplier.
- (g) **Location:-** Whether head office, agency or residence.
- (h) **Cost:-** Total cost before putting to use.
- (i) A routine inventory shall be taken by a responsible officer quarterly.
- (j) At the end of the financial year the appropriate rates of depreciation shall be charged.

5.0 DEPRECIATION

For purpose of this policy, a fixed asset shall have a purchase value of GHS 10.00 more and shall be subject to depreciation.

The bank shall maintain the following policy on depreciation.

- (a) Except when considered inadequate by management, depreciation shall be charged on all fixed assets using straight line method (STL)
- (b) Depreciation shall be charged on periodic basis and profit and loss account and an accumulated reserve account maintained for the cumulative depreciation.
- (c) Depreciation shall be charged on the different asset class. The rate shall be as follows:

| ASSET CLASS | RATE OF DEPRECIATION | EXPECTED LIFE YEAR |
|----------------------|-----------------------------|---------------------------|
| LAND | | - |
| BUILDING | | 20 YEARS |
| MOTOR VEHICLE | | 3 |
| COMPUTER (HARDWARE) | | 3 |
| FURNITURE & FITTINGS | | 5 |
| OFFICE EQUIPMENT | | 4 |
| COMPUTER SOFTWARE | | 1 YEAR |

- (d) The rate of depreciation for used motor vehicles, furniture and fittings and office equipment purchased by the bank shall be higher than rates stated above. The determination of the rates must depend on the age and condition of particular assets.
- (e) There shall be no predetermined salvage (Scrap) value on any asset. The asset purchase plus expenses incurred at the time of installation shall be equalized to the full depreciation amount.
- (f) For reasons such as obsolescence, accident and damage, resulting in disposal of asset, the revenue accrued from such disposal shall be kept in an Asset Revenue Account followed by the necessary accounting procedure.
- (g) The Bank's assets shall be assigned coded numbers at the time of purchase or installation.
- (h) The coded numbers shall be the folio reference in the main asset register and shall be boldly written on the individual asset.
- (i) The Head Office shall be directly responsible for the proper maintenance and monitoring of all assets of the bank.

6.0 **REVIEW**

This policy shall be subject to review as and when necessary.

APPROVED BY THE BOARD ON 31ST MAY 2003

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KRABAN SUPPORT FOUNDATION

POLICY ON SECURITY

1.0 INTRODUCTION

In order that the facility provided by the bank in the form of assets (properties) and human resources are sufficiently protected or safeguarded from destruction, there shall be the need to put in place guidelines and structures to ensure effective realization of this important aspect of the Bank's operation.

2.0 SECURITY PERSONNEL

The following security personnel shall be engaged by the bank:

- (i) Watchman
- (ii) Security Guards
- (iii) Police guards
- (iv) Special Guards or Vigilantes

Each branch of the bank shall have twenty-four hours guard everyday.

Under no circumstance shall any of the banks be left unguarded by the security personnel.

3.0 SOURCES OF RECRUITMENT

- (i) Police Guards – from the nearest Police Station/Post.
- (ii) Security Guards – from security companies.
- (iii) Watchman- through recommendations by a local chief,, or opinion leaders, elders in the communities, a director, a manager or through competitive interview.
- (iv) Special Guards/Vigilantes – same as (iii) above.

4.0 QUALIFICATIONS

Prospective Security Personnel to the bank shall be retired Policemen, ex-servicemen or other para-military personnel who are physically fit and whose ages shall not be above fifty-five years. He/She shall possess at least Middle School Leaving Certificate or Junior Secondary School Leaving Certificate and shall be able to write situational reports when the need arises.

5.0 TRAINING SCHEME

All Security Personnel to the bank shall be given in-service training courses, at least, once every two years to upgrade their skills and knowledge in security matters and duties.

6.0 **CONDITIONS OF SERVICE**

The service conditions shall be based on the Bank's conditions of service.

7.0 **LOGISTICS**

It shall be the responsibility of the bank to equip the security personnel with all the necessary logistics to enhance the performance of their duties. Examples of the needed logistics shall be guns for security guards that shall know how to handle them. Others are mobile phones, long batons, touch-lights, whistles, raincoats, uniforms, boots, etc.

8.0 **SUPERVISION**

The Security Personnel shall be placed under the supervision and monitoring of the branch managers of the bank at their beats. The managers shall promptly check absenteeism or all forms of misconduct on the part of the security personnel. The security Director on the Board shall also make it a point to pay unexpected visit to monitor the work of the security personnel at their various beats once a while.

In addition, there shall be ahead/chief security officer who shall serve as a coordinator between the security personnel and management.

9.0 **BANK PREMISES**

The Bank's premises as well as its facilities shall always be maximally secured with the appropriate security devices – locks, keys, gates, safes, cameras, etc to forestall any security intrusion and to facilitate the work of the security personnel.

10.0 **IDENTIFICATION MARKS**

Every single property of the bank, which is kept in the bank or any other place, shall be marked with appropriate identification tag for record keeping purposes and a record book shall be kept for all assets to facilitate security tracking and surveillance.

11.0 **SPACE**

Armed Police must accompany specie movement. No specie shall be moved without armed guard.

12.0 **SECURITY CO-ORDINATING MEETINGS**

There shall be a security coordinating meeting once every quarter to review the security situation in the bank.

13.0 **SECURITY PRACTICES**

The head of the security shall co-ordinate security practices adopted by the all security men and ensure that the best security practices are employed to ensure effective security networking in the bank. This shall be done in consultation with the management and the security Director.

14.0 **INSURANCE**

All properties and workers of the bank shall be insured against any form or disaster or theft.

15.0 **SECURITY WARNING SYSTEM**

Security bell/alarm as well as fire extinguishers shall be provided for at all branches of the bank.

16.0 **REVIEW**

This policy is subject to review as and when necessary.

APPROVED BY THE BOARD

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KRABAN SUPPORT FOUNDATION

POLICY ON SCHOLARSHIP

1.0 INTRODUCTION

In fulfillment of one of the social responsibilities of Microfinance Institutions in the country, the Kraban Support Foundation has decided to set up a scholarship scheme for the wards of its shareholders and customers.

This policy statement is to help the Board to make its selection of qualified candidates as transparent as possible and to attract to more people to buy shares in the organization.

2.0 NAME

The name of the scheme shall be “The Kraban Support Foundation Scholarship Scheme”

3.0 OBJECTIVES FOR THE ESTABLISHMENT

- a. To offer financial help to needy but brilliant pupils/students of shareholders and customers of the organization.
- b. To offer financial help to academically brilliant pupils/students of shareholders and customers of the organization.
- c. To offer financial help to outstanding sports pupils/students of shareholders and of the organization.
- d. To offer financial and material help to outstanding pupils/students of shareholders and customers in the area of culture.

4.0 MANAGEMENT

- a. The Board shall set up a committee to be known as “The Kraban Support Foundation Scholarship Committee” to manage the scheme.
- b. The Committee shall be made up to five (5) members – three Board members, one of whom shall be the Chairman of the Committee one shareholders’ representative who is an educationist but not a Board member, the District Director of Education, or his/her representative (The Head Office is in the this District). A management staff who shall be the member secretary to the committee.
- c. At least one member of the committee shall be a female.

5.0 BENEFICIARIES/ELIGIBILITY

Beneficiaries of the scheme shall be:

- a. Pupils in Junior Secondary Schools
- b. Students in Senior Secondary/Technical/Vocational Institutions.
- c. Students in Tertiary Institutions

6.0 MODE OF APPLICATION

- a. Interested and qualified pupil/students shall apply in writing to the organization with evidence of achievement.
- b. Interested and qualified pupils/students shall embody in their application letters evidence of admission to Junior/Senior Secondary/Technical/Vocational or Tertiary Institutions.

7.0 SELECTION PROCEDURE

- a. All applications shall be referred to the Scholarship Committee of the organization.
- b. The Committee shall conduct interview for interested and qualified pupils/students and present the reports and recommendations to the Board for approval.
- c. The decision of the Board on the selection shall be final.

8.0 RESPONSIBILITY OF BENEFICIARIES

- (a) The beneficiary shall sign an agreement with the Bank or remain in school or Institution until he/she completes the course.
- (b) The beneficiary shall submit reports on his/her performance to the Bank for study every term or semester.
- (c) The beneficiary shall undertake to be of good behavior while enjoying the Bank's Scholarship.
- (d) The beneficiary shall not abandon his/her studies and travel outside the country without approval from the Board.

9.0 TERMINATION OF SCHOLARSHIP

- a. The scholarship shall be terminated for poor academic performance.
- b. The beneficiary shall lose the scholarship if he/she misbehave in school/Institution and is dismissed.

- c. Failure to present a termly school report for three consecutive terms, or one academic year to the committee.
- d. The Committee may warn any beneficiary for poor academic performance and misbehavior before the sponsorship is terminated.
- e. On the termination of the scholarship, the Committee shall notify of the beneficiary or the beneficiary and the school/institution of its withdrawals from the sponsorship.
- f. The beneficiary whose guardian/parent ceases to be shareholder/customer shall have the scholarship terminated.

10.0 **DURATION OF SCHOLARSHIP**

The duration for the scholarship shall be between three and seven years depending on the course the beneficiary is reading in the school/institution.

11.0 **VALUE OF SCHOLARSHIP**

- (a) The Bank shall determine the value of the scholarship to the beneficiary, depending on the level – J.S.S., Senior Secondary/Technical/Vocational and Tertiary. The Board shall determine the number of scholarships to be awarded at each level, depending on funds budgeted for the scheme.
- (b) The Board shall make appropriation after each financial year to the scheme for its smooth running.

12.0 **COMMENCEMENT OF SCHEME**

It was decided that the scheme shall commence in September 2003 with JSS

13.0 **REVIEW**

The Policy shall be subject to review when the need arises for the Bank to do so.

APPROVED BY THE BOARD ON MAY 31, 2003

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