



MINISTRY OF FINANCE

REQUEST FOR EXPRESSIONS OF INTEREST

(CONSULTING SERVICES – FIRM SELECTION)

NAME OF PROJECT	GHANA DEVELOPMENT FINANCE PROJECT
CREDIT NO	IDA-6788-GH
ASSIGNMENT TITLE	CONSULTANCY SERVICES FOR THE DEVELOPMENT OF STANDARDISED DOCUMENTATION FOR ADDITIONAL TIER 1 CAPITAL INSTRUMENTS UNDER THE GHANA FINANCIAL STABILITY PROJECT
REFERENCE NO.	GH-GDFP-430357-CS-QCBS

Background:

The Government of Ghana (GoG) on the 5th of December 2022, launched a Domestic Debt Exchange Program (DDEP), as part of measures aimed at restoring debt sustainability and macro-economic stability.

The financial sector's participation in the exchange included all universal banks and some Specialized Deposit-taking Institutions (SDIs), some insurance companies (life, non-life, and reinsurance companies) and firms licensed by the Securities and Exchange Commission (SEC), including fund management companies, collective investment schemes and broker dealers. This resulted in the financial sector surrendering 73.1% of the total restructured bonds of about 85% under phase 1 of the DDEP. Banks accounted for 58.27% of the total restructured bonds. Following the closure of the first phase of the DDEP, an administrative reopening was carried out on 13th September 2023 to allow eligible bondholders who were unable to participate in phase 1, resulting in a participation rate of 90.7%.

The second phase of the DDEP covered holdings of pension funds, cocoa bills, dollar denominated domestic bonds.

The debt operation has adversely impacted the financial institutions as reflected in the 2022 audited financial statements by banks and other financial institutions. Despite the banking sector's strong profitability, some banks are yet to meet their minimum recapitalization and require support to swiftly do so.

To help mitigate the impact of the DDEP on the financial sector, the Government has established the Ghana Financial Stability Fund (GFSF or the Fund) as additional safety net to provide solvency and liquidity support in line with the Ghana Financial Sector Strengthening Strategy.

The solvency window of the GFSF consists of two distinct but complementary sub-funds: Fund A1 and Fund A2, reflecting respectively, financing support from the World Bank and

from GoG directly to provide recapitalization support to financial institutions whose solvency was adversely impacted by the DDEP and to help restore them to full compliance with minimum regulatory capital requirements.

The Consulting Services (“the Services”) includes recruitment of a legal firm to develop a Standardized Documentation (Prospectus) of the AT1 to be used by all eligible banks and SDIs to issue AT1 securities/bonds.

The Scope of Services:

Working with the Financial Sector Division (FSD) of the Ministry of Finance (MoF) and the GFSF’s Investment Committee, the consultant will undertake the following tasks:

- Take stock of the public documentation of AT1 instruments issued in other jurisdictions as needed to inform this assignment, particularly those instruments issued in jurisdictions with legal and regulatory context similar to Ghana’s (where this can be done without materially delaying this process);
- Review all legal and regulatory requirements (including those of BoG, the SEC, and tax authorities) applicable to the issuance, negotiation, recognition, events, and tax treatments of AT1 instruments in Ghana.
- Prepare standardized Documentation fully aligned with applicable legal and regulatory requirements.
- As part of the Documentation, prepare a detailed term sheet for the standardized AT1 instruments consistent with the key terms and eligibility criteria in the Project’s Appraisal Document. In particular, the term sheet should cover the following: issue price, interest rate, interest payment dates, restrictions on interest payments, solvency conditions, solvency trigger, ranking (including in liquidation), optional redemption (and purchase by issuer), regulatory and tax event (where applicable);
- Consult closely with banks and SDIs likely to issue AT1 securities, BoG, MoF, SEC, and World Bank to ensure that the Documentation is aligned with applicable laws and regulations and meets the objectives outlined in the Project’s Appraisal Document;
- Hold a workshop with BoG, SEC, MoF, and World Bank to validate the Documentation;
- Develop a detailed workflow for the issuance of AT1 securities by eligible banks and SDIs, clearly depicting all steps, required documentation and approvals (including by the SEC if any), expected duration (in days) for the completion of each step, etc.

The detailed Terms of Reference (TOR) for the assignment can be obtained from <http://www.mofep.gov.gh>, gdfp@mofep.gov.gh or the address below.

The Ministry of Finance (MoF) now invites eligible Consulting Firms (“Consultants”) to indicate their interest in providing the Services. Interested Consultants should provide information demonstrating that they have the required qualifications and relevant experience to perform the services.

The Selection Criteria are:

The assignment will be delivered by a firm with the following qualifications:

- At least 10 years of experience in supporting clients in banking and capital markets.
- Track record in advising banks and other credit providers issue bonds in the Ghanaian market, including the preparation of prospectus and other relevant documentation.
- Solid understanding of Basel III Capital Requirements or BoG's Capital Requirements Directive as well as all of Ghana's tax, corporate, environmental, social, and other relevant laws, as evidence by related assignments.

Key Experts will not be evaluated at the shortlisting stage.

The attention of interested Consultants is drawn to Section VII, paragraphs, 7.36 and 7.37 of the World Bank's "Procurement Regulations for IPF Borrowers" July 2016 "Procurement Regulations", revised November 2017, August 2018 and November 2020.

Consultants may associate with other firms to enhance their qualifications but should indicate clearly whether the association is in the form of a joint venture and/or a sub-consultancy. In the case of a joint venture, all the partners in the joint venture shall be jointly and severally liable for the entire contract, if selected.

A Consultant will be selected in accordance with **Quality and Cost Based Selection (QCBS)** Method set out in the Procurement Regulations for IPF Borrowers (Procurement in Investment Project Financing Goods, Works, Non-Consulting and Consulting Services) July 2016 Revised November 2017, August 2018 and November 2020.

Further information can be obtained at the address below during office hours from 0900 hours to 1600 hours GMT or through Gdfp@mofep.gov.gh

Expressions of Interest must be delivered in a written form to the address below (in person, by mail or by e-mail) **by 1600 hours GMT on July 5, 2024** to the address below. Envelopes must be marked **"CONSULTANCY SERVICES FOR THE DEVELOPMENT OF STANDARDISED DOCUMENTATION FOR ADDITIONAL TIER 1 CAPITAL INSTRUMENTS UNDER THE GHANA FINANCIAL STABILITY PROJECT"**

Address – For Submission of Expressions of Interest:

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Finance Drive
P.O. Box MB 40
Accra-Ghana
New Block, 1st Floor, Room 112
Attention: Project Coordinator
Ghana Development Finance Project (GDFP)
Financial Sector Division (FSD)
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Online submission: Gdfp@mofep.gov.gh