

REPUBLIC OF GHANA



MINISTRY OF FINANCE

(CONSULTING SERVICES – INDIVIDUAL CONSULTING SELECTION)

Name of Project	Ghana Financial Sector Development Project
Loan No./Credit No./Grant No	6310 GH
Project Number:	P161787
Assignment Title	Short-term consultant to support Bank of Ghana Resolutions Office.
Reference No	GH-MOF-FSD-315018-CS-INDV

1. BACKGROUND

The financial system of every country is critical to the functioning and development of its economy, and banks serve as the nerve centre of every financial system. Banks play a critical role as the providers of credit and liquidity to the economy. When banks fail to play their meaningful role due to their insolvent or illiquid state, it has a considerable negative effect on the development of the economy. Access to credit by businesses and individuals becomes difficult and trust in the banking system is eroded when banks and other deposit taking institutions fail to meet depositors' demands. It is therefore important for failing banks and other deposit taking institutions to be resolved quickly and in an orderly manner to protect the depositors and safeguard the trust and confidence in the financial system.

In line with the above, the Bank of Ghana (BoG) as the resolution authority for banks and specialized deposit-taking institutions (SDIs)¹ revoked between 2017 and 2019 the licenses of four-hundred and twenty (420) financial institutions in an exercise dubbed the Banking Sector Clean-up. Among the 420 institutions were nine (9) Banks, twenty-three (23) Savings and Loans /Finance Houses Companies, three-hundred and forty-seven (347) Microfinance Companies, thirty-nine (39) Microcredit Companies, One (1) Remittance Company, and One (1) Leasing Company. The total assets taken over for the 420 defunct institutions amounted to **GHC26.05 billion** (7.45% percent of GDP). The Government of Ghana spent **GHC18.99 billion** (5.49% of GDP) to fund the repayment of the deposits of affected depositors' including the establishment of a bridge bank (Consolidated Bank Ghana Limited). The Banking Sector Clean-up was aimed at ensuring orderly exit of insolvent institutions to protect depositors' funds and also ensure the safety and soundness of the banking sector which was in a state of distress.

The BoG is currently overseeing the receivership and liquidation of the 420 defunct institution through a newly established Resolution Office. BoG through the Resolution Office intends to develop procedures and frameworks to ensure early and orderly exit of insolvent institutions. The goal is to ensure that staff of the Resolution Office have the skill set and adequate internal processes and procedures to seamlessly resolve institutions and also oversee ongoing receiverships.

¹ As mandated by the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

Based on the foregoing, the BoG intends to recruit an international consultant to support the Resolution Office in undertaking its mandate.

2. OBJECTIVES

The objective of this assignment is to advise the BoG on bank resolution, specifically, the development of a recovery planning framework, strategic resolution plans, capacity building of Resolution Office staff, enhancing existing procedures and processes, and reviewing existing problem institutions.

3. SCOPE OF WORK

The international consultant will be responsible for supporting BoG on the following tasks:

- i. Capacity building of Resolution Staff.**
- ii. Development of internal procedures for effective bank resolution.**
- iii. Provide guidance in the review of problem institutions report from the supervisory departments.**
- iv. Development of Strategic Resolution Plans for problem institutions.**
- v. Assessment of the pros and cons of the resolution tools provided in Act 930.**
- vi. Develop a framework for resolving/restructuring problem institutions including SDIs and Rural and Community Banks.**

4. DELIVERABLES

The international consultant will deliver the following outputs during the duration of the assignment:

Deliverable	Timeline	Payments Of Fees
Inception report outlining the consultant's detailed understanding of the assignment to be undertaken and prepare an action plan with timelines on his/her approach to undertake the assignment in phases.	Two (2) weeks after signing of contract.	10% of Contract Sum after acceptance of Report
Revised recovery planning framework and associated guidance. Revised documented procedures for the key activities of the Resolution Office.	One month after signing of contract	20% of Contract Sum after acceptance of Report
Written inputs/reports on the status of troubled SDIs and options for restructuring, Written inputs and reports on the status of RCBs and options for restructuring. Guidance document in developing Strategic Resolution Plans for problem institution.	Two months after signing of contract	30% of Contract Sum after acceptance of Report
Report on a review of resolution tools provided in Act 930.	Five months after signing of contract	30% of Contract Sum after acceptance of Report

Deliverable	Timeline	Payments Of Fees
Draw-up a training program for the capacity building of staff of the Resolution Office and act as the resource person for the training programs . Framework for Resolution Planning		
Submission of Draft Final Report on work done.	Six and half months after signing of contract	
Submission of Final Report	Seven months after signing of contract	10% of Contract Sum after acceptance of Report

5. TIMEFRAME AND BUDGET

The assignment is for a period of 7 months

6. SELECTION CRITERIA

The assignment will be delivered by an individual consultant with the following qualifications:

- i. Degree in economics, finance and/or business administration or other relevant social science discipline;**
- ii. At least 15 years of relevant experience in banking resolution, banking supervision, and crisis management, preferably in Ghana or in other African countries;**
- iii. Demonstrated ability to interact with high level policy makers and influence decisions;**
- iv. Excellent conceptual and analytical skills with an ability to address both macro and micro issues;**
- v. Demonstrated ability to communicate ideas and analyses clearly and tactfully, both verbally and in writing;**
- vi. Track record in responsible handling of sensitive information; and**
- vii. Fluent in English.**