



**REPUBLIC OF GHANA/ MINISTRY OF FINANCE**

**TERMS OF REFERENCE**

**GHANA DEVELOPMENT FINANCE PROJECT - P169742**

**FIRM TO SUPPORT INDIVIDUAL PFIS IMPLEMENT INSTITUTIONAL  
DEVELOPMENT PLANS AND DESIGN NEW PRODUCTS AND PROCESSES**

**REF: LOT 1 - 3**

**1.0 BACKGROUND**

The Government of Ghana has received funding from the World Bank through the Ghana Development Finance Project (GDFP) to support long-term capital deployment to enhance economic growth and increase funding available for Micro, Small, and Medium Enterprises (MSMEs) and Small Corporates. Specifically, the project supported the establishment of Development Bank Ghana (DBG) to improve access to finance, particularly long-term finance, for viable MSMEs and small corporates.

DBG was established in 2020 as a limited liability company and subsequently licensed by the Bank of Ghana in November 2021 as the first Development Finance Institution under the Development Finance Institutions Act 2020 (Act 1032). DBG's target sectors are agribusiness, manufacturing, and high-value services (i.e., hospitality/tourism, health, ICT, education, and transportation).

DBG provides wholesale financing in the form of investment loans and working capital, as well as business development services to MSMEs. It is also expected to provide equity, digital finance platform (Accounts receivable finance, electronic invoicing, Cloud based accounting, etc.), and partial credit guarantees (PCG). As a wholesale institution, DBG provides its financial services through eligible participating financial institutions (PFIs), including universal banks, savings and loans companies, finance houses, microfinance companies, and rural and community banks.

To be qualified as a PFI, the financial institution must meet DBG's eligibility criteria. To assess eligibility, DBG undertakes comprehensive appraisal of financial institutions. The appraisal has identified capacity gaps in areas such as MSME lending, credit risk management, enterprise risk management, product management, policies and procedures, new product development, corporate governance, long-term lending, gender finance, green finance, etc. Addressing these gaps through technical assistance is critical to enhancing the ability of PFIs to support the growth of MSMEs in Ghana.

The Ministry of Finance (MoF) intends to establish a framework agreement with a reputable firm, including terms and conditions that will govern any contract awarded during the term of the Framework Agreement (a call-off contract). The Framework Agreement shall set out the

terms and conditions under which the services (call-off contracts) will be provided. The establishment of the Framework Agreement and subsequent call off contracts shall be per the provisions of the World Bank Procurement Regulation.

In line with the scope of work below, for each PFI there will be two call-offs for the selected firm to: (i) complete institutional assessment of a PFI and formulate a costed technical assistance and capacity building program; and (ii) implement the technical assistance and capacity building program. The budget of each call-off/assignment will be determined using the pre-agreed unit rates of key experts (to be indicated by the consultant in the financial proposal) and the level of effort proposed by the consultant, to be discussed and agreed with the DBG and MoF.

## **2.0 OBJECTIVES OF THE ASSIGNMENT**

The objective of this assignment is to enhance the capacity of DBG's partner financial institutions, particularly in areas of long-term lending, MSME lending, credit risk management, enterprise risk management, product management, policies and procedures, new product development, corporate governance, long-term lending, gender finance, and green finance.

Specifically, the assignment is expected to support DBG's partner financial institutions to:

- a) Enhance the knowledge and skills of their staff in key areas, including MSME lending, long-term lending, and climate and gender finance.
- b) Develop robust credit risk management frameworks and practices to identify, assess, and mitigate risks associated with lending (particularly long-term lending) in the above key areas.
- c) Strengthen risk management frameworks and practices, including credit risk assessment; portfolio management; and mitigation strategies of financial, strategic, operational, and compliance risks.
- d) Improve product design, pricing, and distribution strategies to meet the unique needs of MSMEs and enhance their access to financial services, including long-term finance.
- e) Foster innovation and new product development, promoting the creation of innovative financial solutions that meet the evolving needs of MSMEs.

## **3.0 SCOPE OF SERVICES**

The consultant will be expected to complete the following activities:

### **1<sup>st</sup> call-off: Institutional Assessment and Formulation of a Costed Technical Assistance and Capacity Building Program**

- a. Conduct a review of any existing MSME units within each PFI to determine specific strength, weaknesses, technical short-comings, and gaps, including staffing level and capacity in MSME lending, long-term lending, and climate and gender finance.
- b. Review MSME products and services currently being offered by each PFI, including target segments, maturity, scope of engagement, limitations of products and service offered (terms, conditions and requirements, etc.)
- c. Review the PFI Onboarding Due Diligence Appraisal Reports completed by DBG and identify the capacity building needs recommended.

- d. Discuss the identified gaps with partner institutions and develop a detailed institutional development plan for each partner institution.
- e. Submit an assessment report, which would include an institutional development plan for DBG's review and approval. This report should include an institutional capacity building plan for the PFI and results framework specifying KPIs for the measurement of performance outcomes for the PFI.
- d) Draft Capacity Building Cooperation Agreement to be signed between each PFI and DBG, outlining agreed services to be provided, the PFIs' obligations under the technical assistance program, and envisaged reporting of outcomes (for monitoring and evaluation purposes).
- e) Identify strategies, policies, procedures, training programs and materials that need to be developed to address the identified capacity gaps.

Specific areas that such policies/procedures/materials should cover include (but not limited to) the following:

- i. MSME Lending practices:
  - Credit assessment and underwriting techniques for MSMEs and long-term lending, specifically in agribusiness, manufacturing, ICT, hospitality/tourism, health, education and transportation.
  - Loan structuring, collateral requirements, and repayment terms.
  - Portfolio management and monitoring.
- ii. Risk management:
  - Risk identification, assessment, and mitigation strategies.
  - Credit risk modeling and analysis, particularly in relation to long-term lending.
  - Operational risk management and controls.
  - Market risk management and hedging techniques.
- iii. Product development management (if applicable, tailored to long-term lending, gender and climate finance):
  - Market research and customer segmentation for MSMEs.
  - Product design and customization.
  - Pricing strategies and profitability analysis.
  - Distribution channels and customer relationship management.
- iv. MSME Lending Policies and Procedures Manual:
 

Comprehensive and tailored policies and procedures manual specifically designed for SMME and long-term lending, promoting compliance, risk mitigation, and efficient lending practices.

**2<sup>nd</sup> call-off: Implementation of the approved Technical Assistance and Capacity Building Program**

- a. Develop and test tailored strategies, policies, manuals, systems, and procedures to address gaps identified, ensuring that the content is relevant, practical, and aligned with best practices and industry standards.
- b. Organize and deliver training sessions, workshops, and seminars for relevant financial institution staff, using a combination of in-person and remote learning modalities.

- c. Coach and mentor partner financial institutions' staff to reinforce the knowledge and skills gained during the training programs, assisting with the implementation of new practices and procedures.
- d. Conduct periodic assessments and evaluations to measure the effectiveness and impact of the capacity-building interventions, making recommendations for continuous improvement.

#### **4.0 TEAM COMPOSITION & QUALIFICATION REQUIREMENTS**

##### **(a) Qualification of the Firm**

Interested consulting firms should demonstrate the following qualifications:

- Minimum of 8 years' experience in providing capacity-building programs for financial institutions in developing countries.
- Track record in the provision of similar assignments – capacity-building experience and development and strengthening of financial institutions' MSME strategies, products, policies, systems, and processes.
- Strong expertise in the areas of SME and long-term lending, risk management, product management, gender finance, climate finance, and new product development for MSMEs involved in agribusiness, manufacturing, ICT, hospitality/tourism, health, education and transportation.
- Ability to deliver high-quality training and technical assistance, employing participatory and interactive methodologies for financial institutions.
- A proven track record in monitoring and evaluation, with the ability to measure the impact of capacity-building interventions.

##### **(b) The Firm must have the following composition of key Experts**

###### **Team Leader**

- Must have a minimum of a bachelor's degree in finance, banking, project management, or any other related field. Professional qualification will be an added advantage.
- At least 10 years of working experience in the provision of advisory services for financial institutions
- In-depth knowledge of the financial sector, particularly long-term lending, risk management, and product management practices.
- Experience in designing and delivering capacity-building programs for financial institutions, preferably in the context of MSME financing.
- Experience in developing lending strategies and revamping process to improve lending business performance.
- Strong facilitation and training skills, with the ability to engage and transfer knowledge effectively.
- Proven track record of promoting innovation and new product development within financial institutions.
- A demonstrable track record of successfully managing similar assignments in Ghana would be an added advantage.

### **SME Credit Management Expert**

- Must have bachelor's degree in finance, accounting, business administration, economics, or a related field.
- A minimum of 8 years of experience in credit management, preferably within financial institutions or lending organizations, with a focus on MSMEs.
- Proven track record of effectively managing credit portfolios for MSMEs, including credit analysis, risk assessment, and credit decision-making in DBG's sectors (agribusiness, manufacturing, ICT, hospitality/tourism, health, education and transportation).
- Demonstrated experience in structuring credit facilities, developing appropriate credit terms, and monitoring credit performance.
- Strong understanding of loan documentation and legal aspects related to credit management.
- Experience in managing non-performing loans (NPLs), including restructuring and recovery strategies for distressed MSME loans.
- Familiarity with credit risk mitigation techniques, such as collateral valuation, credit insurance, and guarantees.
- Knowledge of credit administration processes, including loan disbursement, loan documentation, and collateral management.

### **Risk Management Expert**

- Have a minimum of a bachelor's degree in finance, risk management, economics, business administration, or a related field.
- A minimum of 8 years of relevant work experience in credit risk management and enterprise risk management, preferably in financial institutions or consulting firms.
- Proven experience in designing and implementing credit risk management frameworks and policies for MSME lending.
- Demonstrated expertise in developing and implementing enterprise risk management strategies and frameworks, including risk assessment methodologies, risk appetite frameworks, stress testing, scenario analysis to identify and quantify potential risks and risk reporting.
- Familiarity with regulatory requirements and guidelines related to credit risk management and enterprise risk management in the financial sector of Ghana.
- Track record of successfully delivering capacity-building programs and training workshops on credit and enterprise risk management for financial institutions or similar organizations.

### **Product Development Expert**

- A bachelor's degree in business administration, finance, economics, marketing, or a related field.
- Additional certifications or training in product management, innovation, marketing, or entrepreneurship are highly desirable.
- A minimum of 8 years of experience in product development, within the financial services sector, with a focus on MSMEs in agribusiness, manufacturing, ICT, hospitality/tourism, health, education and transportation, and climate and gender.
- Demonstrated experience in market research, customer insights, and product ideation to identify market opportunities and generate innovative product ideas.
- Strong project management skills, including experience in leading cross-functional teams and coordinating product development initiatives.

- Experience in conducting feasibility studies and business case assessments for new product initiatives, considering financial viability, market potential, and resource requirements.
- Familiarity with agile product development methodologies and iterative product refinement processes.

## 5.0 REPORTING REQUIRMENTS AND TIME SCHEDULE FOR DELIVERABLES

The Consultant (firm) will report directly to the Project Coordinator, GDFP, Ministry of Finance and to the Deputy CEO of DBG. The Consultant will work closely with DBG to execute the assignment. The deliverable schedule (including payments) and timeline below shall be for every call-off contract emanating from the framework agreement:

S/n	Deliverables	Timelines	Payment (%)
1 <sup>st</sup> call-off	Inception Report outlining the methodology and overall detailed timeline for the delivery of outputs	Two (2) weeks from contract signature	20% upon submission and acceptance of the inception report
	Detailed institutional development plan with description of specific deliverables planned: policies, strategies, procedures, training programs, etc and clear timeline for delivery each deliverable	Six (6) weeks from the acceptance of the inception report	80% upon submission and acceptance of the detailed institutional development plan
	Detailed costing/budget for the delivery of the each of each output.		
2 <sup>nd</sup> call-off	Implementation of the institutional development plan	To start immediately after the approval of the institutional development plan and budget	20% upon submission and acceptance of the inception report.
	Progress reports on the implementation of the institutional development plan		60% during the implementation of the institutional development plan and based on the submission of acceptable progress reports (detailed timing to be agreed during contract negotiations).
	Submission of Final project completion assignment report	Six (6) months after the start of the assignment	20% upon submission and acceptance of the final report.

## 6.0 CLIENTS INPUT AND COUNTERPART PERSONNEL

The Client will provide the necessary documents including appraisal reports.

## **7.0 DURATION AND LOCATION OF ASSIGNMENT**

Each assignment per PFI (i.e. two call-offs) is expected to be implemented over a period of 6 months. The framework agreement will be valid for 24 months. The detailed timeline, milestones, and budget will be agreed and approved by DBG in the institutional development plan.