



## **REPUBLIC OF GHANA/ MINISTRY OF FINANCE**

### **GHANA DEVELOPMENT FINANCE PROJECT (P169742)**

#### **TERMS OF REFERENCE**

#### **DEVELOPMENT OF THE INTERNAL POLICIES FOR THE DEVELOPMENT BANK GHANA REFERENCE NO. GH-GDFP-189789-CS-QCBS**

### **1. Background**

The Ministry of Finance (MoF) has received financing from the World Bank towards the cost of the preparation of the Development Finance Project (the Project), which supports the establishment of the Development Bank, Ghana (DBG), including the design of its operational policies and procedures. The establishment of the DBG is being led by a Working Group, to be disbanded after the Board of the DBG is constituted.

The DBG will be a new wholesale development finance institution with the mandate to support economic transformation in Ghana by increasing the availability of credit, particularly for SMEs. It will focus on manufacturing, agriculture, and high-growth services, working with existing financial institutions – banks, specialized deposit-taking institutions, and non-bank financial institutions (jointly participating financial institutions [PFIs]). The DBG will provide lines of credit to PFIs. It is also expected to offer partial credit guarantees (PCGs) to PFIs to mitigate their risk of lending to certain borrowers and market segments (SMEs, women, and first time borrowers). Moreover, the DBG is expected to sponsor a digital financing platform which would offer factoring/reverse factoring, e-invoicing services, and other non-financial services to SMEs

The design features of the DBG are in line with international best practices and aim to ensure adequate corporate governance and oversight. The DBG has been registered as a limited liability company, with Ministry of Finance as its sole shareholder. Other shareholders are expected to join in due course. As a limited liability company, the DBG will be required to comply with transparency and disclosure requirements prescribed by the Companies Act 2019. The DBG will also be regulated and supervised by Bank of Ghana (BoG) under the new DFI Act to be considered by Parliament in August. Therefore, the DBG will be subject to prudential standards similar to those that apply to commercial banks. Finally, the DBG will have independent Board and professional senior management competitively recruited with the assistance of a credible search firm. In addition, members of the Board and senior management will be subject to ‘fit and proper’ test by BoG. The selection of the inaugural Board and senior management is ongoing.

## **2. Objective**

The objective of the assignment is to assist the DBG's Board of Directors and Senior Management<sup>1</sup> in developing the DBG's internal policies and manuals required for the licensing and launch of the DBG, as well as successful and sustainable operations. In carrying out this assignment, the Consultant shall consider international standards as well as mandatory policies and manuals prescribed by BoG.

## **3. Scope of work**

The Consultant is expected to prepare policies and manuals for the DBG in compliance with the BoG requirements and international standards. The Consultant will prepare the policies/manuals specified below. Based on its experience and research (including possible consultations with BoG), the Consultant will be expected to propose any alternative aggregation of the policies below and a sequencing/prioritization of their development based on urgency (including BoG's licensing requirements). Moreover, when submitting the Expression of Interest, the Consultant will be expected to briefly describe the content of each policy/manual.

The consultant is expected to develop and deliver the policies and manuals in two phases:

### **Phase 1: Governance and core business**

#### **Strategy and Governance:**

- Board charter;
- Code of Ethics and Business Conduct;

#### **Core Business and Supporting Functions**

- Asset and Liability Management Policy;
- Risk Management Policy;
- Credit Policy and Manual;
- Master Financing Agreement between the DBG and PFIs;
- Compliance Manual;
- Financial Management Policies and Procedures;
- Accounting and Budget Manual;
- Internal Audit Manual;
- Anti-Money Laundering and Counter-Terrorism Financing Policy;
- Anti-Bribery and Anti-Corruption Policy;

### **Phase 2: Other business and operations**

#### **Core Business and Supporting Functions**

- Communications Manual;
- Whistleblower Policy;
- Human Resources Policy (i.e., recruitment, remuneration, performance management, grievances, etc.);
- Information Technology Systems Policy;

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<sup>1</sup> Pending the appointment of the Board and Senior Management, the Consultant will report to the DBG's Working Group.

- Procurement Policy;
- Monitoring and Evaluation Manual;
- Administration and Business Travel Policy.

#### 4. Deliverables, Timeline, Payment

The Consultant shall prepare the following deliverables:

<b>Deliverable</b>	<b>Timing</b>	<b>Payment (%)</b>
<b>Inception report</b> , including a plan for the completion of assignment and outlines of all the policies and manuals.	<b>One (1) week</b> after the commencement of the assignment.	10% of Contract Fee
<b>Conference call</b> to discuss the inception report with the Working Group/DBG	<b>One (1) week</b> after the submission of the inception report.	-
<b>Draft policies and manuals for Phase One.</b>	<b>One (1) month</b> after the endorsement of the inception report.	10% of Contract Fee
<b>First consultation workshops</b> with the DBG to discuss the draft policies and manuals	<b>Two (2) weeks</b> after the submission of the draft policies and manuals.	10% of Contract Fee
<b>Final policies and manuals for Phase One</b> , incorporating guidance from the DBG received during the consultation workshop.	<b>Two (2) weeks</b> after the first consultation workshop	25% of Contract Fee
<b>Draft policies and manuals for Phase Two.</b>	<b>Six weeks (6) weeks</b> after the submission of Phase 1 draft policies and manuals.	10% of Contract Fee
<b>Second consultation workshops</b> with the DBG to discuss Phase 2 draft policies and manuals	<b>Two (2) weeks</b> after the submission of Phase 2 draft policies and manuals.	10% of Contract Fee
<b>Final Phase 2 policies and manuals</b> , incorporating guidance from the DBG received during the consultation workshops.	<b>Two weeks (2) weeks</b> after the first second consultation workshop	25% of Contract Fee

The deliverables should be written in English, and professionally edited to be clear, consistent, comprehensible, formatted, and accessible to users.

#### 5. Reporting, Location and duration of the assignment

The Consultant will report to the Project Director (Head of the Financial Sector Division of the Ministry of Finance) and to the Chairman of the DBG's Working Group.

The Consultant is expected to complete the assignment in four (4) months.

## **6. Facilities to be provided by the client**

The MOF will provide to the consultant all relevant background documents related with the DBG, including the DFI Bill and the Constitution of the DBG.

## **7. Required qualifications and team composition**

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

- Minimum of 15 years of experience in the provision of consulting services for the strengthening of internal controls, financial management, and corporate governance;
- Track record in the development of operational policies and procedures for financial institutions in Ghana or in emerging economies;
- Proven knowledge of Ghana's financial sector legislation, particularly prudential requirements applicable to banks.

The Team should include the following key experts:

### **Banking Expert and Team Leader**

- Degree in economics, finance, accounting, auditing, business administration, or other relevant discipline;
- Minimum of 15 years of financial sector and auditing experience, particularly in credit underwriting and administration, risk management, accounting, or asset and liability management;
- Demonstrated knowledge of financial sector legislation in Ghana, particularly of the prudential standards applicable to banks;
- Experience in financial sector regulation and supervision is preferred;
- Proven experience in leading similar assignments, preferably in Africa or in emerging economies;
- Fluency in English (written and spoken).

### **Finance and Corporate Administration Expert**

- Degree in business, accounting, auditing, public administration, or other similar discipline;
- Minimum of 10 years of professional experience in corporate administration, financial management, and internal control, preferably in a financial institution;
- Experience in advising financial sector clients develop financial management policies and manuals, budgeting and accounting procedures, HR policies, and administrative procedures;
- Membership in a reputable accounting or corporate administration body is preferable;
- Fluency in English (written and spoken).

### **Corporate Governance Expert**

- Degree in law, business administration, or other related discipline;
- Minimum of 10 years of professional experience in a corporate governance related role;
- Experience in providing corporate governance advice to financial sector clients, particularly for the development of operational procedures for the Board of Directors,

strengthening and evaluation of the Board, or similar;

- Knowledge of international corporate governance standards and corporate governance requirements applicable to financial institutions in Ghana, including principles/requirements on ethics and business conduct, conflicts of interest, and anti-corruption;
- Fluency in English (written and spoken).

### **Legal Expert**

- Degree in law;
- Minimum of 8 years of practical experience in corporate law in Ghana;
- Experience in the provision of legal advice to financial sector institutions, including on the development of legal agreements and compliance with laws and regulations;
- Knowledge of the Ghanaian banking sector regulatory requirements;
- Fluency in English (written and spoken).