

**TERMS OF REFERENCE**  
**Ghana-UK Remittances Programme**  
**Competitive Grant Facility (CGF)**

**I. BACKGROUND**

The Government of Ghana has acquired an IDA Credit and a DFID Grant to fund its Economic Management Capacity Building Project (EMCB), consisting of the Public Sector Reform (PSR) and Financial Sector Reform (FSR) Projects. One of the four policy objectives of the FSR, known as the Access to Finance Pillar, is to improve the reach and depth of financial service delivery in Ghana.

This Access to Finance Pillar seeks to address two main systemic inefficiencies; financial exclusion (why over 80% of Ghanaians are outside any form of financial services), and the flow of an equal amount of remittances through informal channels as through formal channels.

Consequently, the Access to Finance pillar entails 2 main activities

1. a demand survey into the use of and demand for financial services in Ghana, and
2. a remittances programme as part of a Remittance Country Partnership (RCP) between the UK and Ghana aimed at addressing constraints to remittance inflows through formal channels and leveraging remittances to access other financial services. .

To date two country studies have been conducted into the remittances market/environment in Ghana and recommendations made for implementation.

The study proposed that the Remittances Programme should have three main components

- (i) A Competitive Grant Facility (CGF) to support new remittance products and services;
- (ii) a programme to address regulatory and technological constraints that are inhibiting improvements in remittances receipts through formal channels and delivery in Ghana; and,
- (iii) support to improve sender access to formal remittance channels

Most of the initial legal and regulatory constraints identified in the two Country Reports have largely been addressed by regulatory reforms under the EMCB-FSR e.g. The Foreign Exchange Act (Act 723), Payment Systems Act 2003, (Act 662), as well as recent market developments in Ghana's financial sector, e.g. the new electronic payment system by Bank of Ghana, E-Zwich. The sender end issues would also be addressed by a UK based firm, to be procured by DFID UK, leaving the Competitive Grant Facility to be implemented by the Government of Ghana.

The Government of Ghana therefore seeks a Consultant/Consultancy Firm to design a framework for the implementation of a Competitive Grant Facility for the remittances programme under the access to finance pillar of the EMCB-FSR.

The primary objective of the CGF is to institute a grant facility to be accessed on matching basis by interested financial service providers to design innovative remittance products and support services (e.g. IT infrastructure), that would facilitate the flow of remittances through formal channels to poor and rural Ghanaians, and also enhance the impact of remittances on economic growth and poverty reduction.

The CGF would fund on a matching basis, initial research into value added-remittance related product development and piloting of these products, prior to their commercial roll out, which would have to be funded by the financial institutions themselves.

## **II OBJECTIVE**

The objective of this assignment is to design the Competitive Grant Facility with details on an institutional and programme eligibility criteria for accessing the fund, how it should be implemented and managed.

## **III SPECIFIC TASKS**

The Consultant's assignment would include the following

- **Design a Management/Governance Structure for the CGF**

The Consultant would be required to design and recommend an appropriate management/governance structure for the CGF consistent with international best practices, clearly outlining functionalities and reporting relations. This would have to include an eligibility criteria for the selection of a Fund Manager, and a Terms of Reference for their selection through a competitive procurement process.

The Consultant would be required to review recommendations made in the two Country Reports and what pertains in other known successful CGFs and recommend the most suitable governance/management structure for the CGF.

The recommended structure however must be consistent with the current governance structure of the EMCB-FSR as agreed in the FSR MOU.

- **Define Eligibility Criteria For Institutions**

The Consultant would be required to recommend in consultation with the Ministry, a workable criteria by which institutions would be eligible to access funding from the CGF. An appropriate balance would have to be drawn between other criteria such as track record in the remittances market/pro poor products and services on one hand and innovative ideas on the other. Other issues such as Geographical reach, capability to

match CGF funding etc. would also have to be considered by the Consultant in defining an appropriate institutional eligibility criteria for the CGF.

- **Project Eligibility/Selection Criteria**

The Consultant would be required to review recommendations made in the two Country Reports and establish which types of projects/products can be eligible for funding under the CGF in line with international best practices for implementation. Basically priority has to be given to projects that are consistent with the RCP objectives, have a demonstrable impact on extending the reach of financial services, enhancing access to finance for the financial excluded, leveraging remittance inflows for productive purposes, and redirecting remittance inflows through formal channels.

Such projects could range from initial research and development, to the piloting phase. The fund would not be required to fund commercial rollouts of product innovations but serve as a catalyst.

- **Establish Disbursement Procedures**

The Consultant would be required to leverage his experience from other Competitive Grant/Matching Fund Facilities and international best practices to recommend clear and transparent requirements and review procedures for the Management of the Fund to disburse funding to eligible programmes and selected beneficiaries. Details of the matching fund arrangement would also have to be specified, e.g. 60:40, 50:50, type of activities that would receive 100% grant funding, whether it should be the same across board or differentiated based on the nature/category of activity or institution for which the fund is needed.

The Consultant would also be required to recommend thresholds for each type of activity eligible for funding under the CGF

#### **IV DELIVERABLES**

- Inception Report in 2 weeks
- An Interim Project Design Document (Draft Report) is to be provided by the Consultant in **6 weeks** detailing initial proposals for the management structure of the CGF, eligibility criteria for a Fund Manager and a Terms of Reference for his procurement, an institutional eligibility criteria, eligibility criteria for programmes for which funding is required, disbursement procedures for the CGF and any other issues that need to be clarified.
- A final Draft Report would be submitted by the Consultant in 8 weeks after commencement.

The above deliverables (3 copies) must be submitted in both electronic and hard copies to Mr. Dominic Donkor, Director, Financial Sector Division, Ministry of Finance and Economic Planning.

## **V LEVEL OF EFFORT**

A 40-day level of effort is envisaged. The assignment is expected to begin in August 2008 and last for approximately 8 weeks. .

The Consultant would be expected to interact with key players in Government, the World Bank, DFID-Ghana, IDA, Bank of Ghana, relevant financial service providers especially those who expressed interest during the two Country Studies and any other key players in Ghana's financial sector deemed relevant to this assignment.

## **VII QUALIFICATIONS**

The Consultant/Consulting Firm must have the following combination of expertise:

1. Relevant academic qualification at the post-graduate level
2. At least 5 years of proven experience in financial sector development, specifically the design, establishment and implementation of a Competitive Grant/Matching Fund Schemes in developed and developing countries
3. Prior similar work experience in Ghana or other African country will be an advantage.