

MINISTRY OF FINANCE AND ECONOMIC PLANNING
ECONOMIC MANAGEMENT AND CAPACITY BUILDING PROJECT (EMCB –FSR)
CREDIT NO: CR 4124 GH

**TERMS OF REFERENCE FOR IMPACT ASSESSMENT OF GHANA’S FINANCIAL
SECTOR STRATEGIC PLAN (FINSSP)**

The Government of Ghana has received a credit from the International Development Association (Cr No.4124-GH) to fund its Economic Management Capacity Building Project (EMCB), consisting of a Public Sector Reform (PSR) component and a Financial Sector Reform (FSR) component.

Under the Financial Sector Reform component the Government intends to apply part of the proceeds of this credit for payment under contract for an Impact Assessment of Ghana’s Financial Sector Strategic Plan (FINSSP).

2.0 Background

The FINSSP is the Government of Ghana’s blueprint for reforming Ghana’s financial sector development for the period 2004-2008. The vision of FINSSP is to establish “a financial sector that is efficient in the mobilization and allocation of funds, fully integrated with the global financial system and supported by an effective regulatory system that promotes a high degree of confidence.

To realize this vision, five key objectives were identified in FINSSP. Each objective drives a set of strategic initiatives designed to facilitate achievement of the objective.

The objectives of FINSSP were to:

- make Ghana the preferred source of finance for domestic companies
- promote efficient savings mobilization
- enhance the competitiveness of Ghana’s financial institutions within a regional and global setting
- ensure a stronger and more facilitative regulatory regime
- achieve a diversified domestic financial sector within a competitive environment.

A stakeholder Forum was held in December 2007 to develop a road map for the preparation of an updated FINSSP document to guide financial sector development for the next five years. The Forum agreed on the following next steps:

- (a) An impact analysis of FINSSP would be carried out, to provide the empirical basis for an updated FINSSP
- (b) Preparation of a Strategic framework, recommendations and action plans for stakeholder consideration and adoption by Government

It is against this background that the Ministry of Finance and Economic Planning wishes to hire a consultant/consultancy firm to undertake an Impact Assessment of FINSSP.

3.0 Description of Services

The consultant / consulting firm will be required to undertake the following:

1. Highlight the major components of the financial structure at the beginning of FINSSP (from 2003 to date).
2. Take an inventory of reform measures under FINSSP and identify :
 - a. what recommendations were made
 - b. what recommendations have been implemented so far
3. For each of the following sectors, identify appropriate measures of performance and evaluate performance of each sector
 - Banking
 - Non-Banking
 - Securities
 - Insurance
 - Micro-finance
 - Leasing
 - Pensions
4. Undertake a detailed analysis of reform measures with respect to the following core areas.
 - (i) **ROLE OF MACROECONOMIC FACTORS ON:**
 - Economic growth
 - National savings
 - Inflation
 - Balance of payments
 - Fiscal position
 - (ii) **IMPACT ON FINANCIAL STRUCTURE, DEEPENING AND INTERMEDIATION**
 - Impact on Financial structure
 - Financial Depth
 - Financial Intermediation
 - Financial savings
 - (iii) **IMPACT ON FINANCIAL EFFICIENCY**
 - Interest rate spread
 - Credit Allocative Efficiency

(IV) A COMPARATIVE ASSESSMENT OF GHANA'S FINANCIAL SECTOR WITH PEER COUNTRIES (particularly peer groups from emerging market countries or sovereign rated B+ countries together with sub-Saharan Africa)

- Macroeconomic Environment
- Financial Deepening and Intermediation

(V) IMPACT ON DOMESTIC DEBT MANAGEMENT

- Impact on Cost and Sustainability of Debt

5. Analyse how environmental factors e.g. the Judiciary and land tenure systems) might have constrained the impact of key reforms

6. Suggest directions for further reforms on the basis of gaps identified in the impact analysis.

4.0. Duration of Assignment and Expected Outputs.

The proposed duration of the study is a period of 8 weeks. The following outputs are required from the Consultant.

- An Inception Report (end of Week 2)
- An Interim Report (Draft Report) on each of the areas that correspond to the bullets listed above (End of week 6).
- Presentation of a Draft Report at a Stakeholders Forum (end of Week 7).
- A Final Report reflecting feedback from stakeholders' forum (end of Week 8).

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

The consultant will be expected to interact with key stakeholders in the Financial Sector both in the public and private sector.

5.0. Required Skills and Qualifications

The Consultant will be required to have the following qualifications:

- Strong qualifications in Economics and Finance with at least 10 years of relevant professional experience.
- Extensive experience in designing and/or reviewing financial sector reform programmes especially in emerging economies.
- Experience in conducting Impact Assessments for countries with similar attributes to Ghana.
- Familiarity with the institutional and legal framework for Ghana's financial sector reforms.