

**TERMS OF REFERENCE**  
**CONSULTING SERVICES– INDIVIDUAL SELECTION**

*Ghana Financial Sector Development Project*  
Loan No./Credit No./Grant No.: **IDA Credit No. 6310-GH**

**Assignment Title: Resident Advisor for Credit Union Association of Ghana**

**Reference No. (As per Procurement Plan): GH-MOF-FSD-CS-75-INDV**

## **1. BACKGROUND**

Ghana's credit union sector has been expanding without adequate and effective regulation and supervision. As of December 2021, the sector comprised 490 credit unions with combined GH¢ 2.68 billion in assets, GH¢ 2.2 billion in member savings and shares, and 984,034 members (45.2 percent women, 50.5 percent male, and 4.3 percent groups). These credit unions were managed by a total of 4,250 staff (2,042 females and 2,208 males). About 490 credit unions are affiliated with the Ghana Co-operative Credit Unions Association (CUA) LTD, which provides supervisory services, auditing, MIS/Software, training, and other services to its members.

The Credit Union Legislative Instrument (LI) 2225 was passed in 2015, giving CUA the powers to supervise credit unions on behalf of Bank of Ghana (BoG). The LI also established the Co-operative Credit Unions Supervisory Agency to oversee CUA and take all relevant decisions, including issuance of policies and guidelines, monitoring of the financial condition of credit unions, etc. Although the implementation of the LI is on hold, CUA continues to supervise credit unions and to build their capacity. Moreover, in accordance with the Non-Bank Financial Institutions Act, 2008 (Act 774), BoG has issued Operating Rules and Guidelines for strict compliance by entities who wish to operate Co-operative Credit Unions in Ghana.

Effective regulation and supervision of credit unions is key to ensuring that they continue to provide sustainable inclusive financial services to their members. Given CUA's limited resources (only six (6) supervisory staff), risk-focused supervision must be undertaken periodically and methodically. The procedures involved include both offsite and onsite inspection, review, and assessment activities, which enable the inspectors to come out with conclusions and reports on the risk profiles of the CUs. The ultimate objective of these reports is to control and minimize risks and thus continuously improve the stability and performance of the credit union ecosystem.

The challenges hampering efficient credit supervision include:

- Limited data submission by credit unions to CUA for off-site monitoring (only 120 credit unions submit monthly financial reports regularly and around 270 credit unions do not report at all);
- Limited technical capacity (skills, processes, and procedure manuals) of the Supervision Division;
- Lack of a reliable data and offsite surveillance application that would allow credit unions to submit prudential returns electronically.

To address the above challenges, a project is under consideration to provide a comprehensive shared Core Banking Platform as an alternative to the existing platform (CuSoft) which has a myriad of problems and is only being used by about 200 CUs, whilst about 250 CUs manage their operations manually. The new core banking system would interface with a supervisory system also under consideration.

## **2. PURPOSE**

The Resident Advisor/Consultant will build the capacity of CUA's Supervision Division to ensure that it effectively delivers on its mandate of supervising credit unions and contributing to their soundness. The Consultant will also support the operationalization of the shared core banking system and the supervisory system.

### 3. SCOPE OF WORK

The Consultant will be required to:

- a) Review and update the existing supervisory framework, including offsite and onsite supervision methodologies (e.g., risk-based approach), processes and procedures, and manuals (Standard Operating Procedures);
- b) Develop a roadmap/strategic plan for the implementation of an improved supervisory framework, considering potential changes needed in CUA's Supervision Division's internal structure (e.g., separate licensing and supervision functions);
- c) Develop the necessary policies, guidelines, analytical tools, and operational procedures for the implementation of the new supervisory framework;
- d) Carryout capacity building needs assessment and design and deliver classroom training and on-the-job training of CUA supervisory team, including conducting onsite inspections with CUA supervisory staff;
- e) Support the operationalization of the supervisory application and the implementation of the new core banking software, considering the change management and capacity building issues of both the credit unions and CUA;
- f) Carryout capacity building needs assessment of credit unions and contribute to the design and delivery of training of Credit Union female Managers and other staff in deprived areas.
- g) Provide any other advice and support to strengthen the supervisory capacity of CUA.

### 4. DURATION, DELIVERABLES, TIMELINE, AND PAYMENT SCHEDULE

The assignment will be for a period of 12 months but may be extended for six months subject to the availability of funding. This is a Time-based contract, and the advisor is expected to spend some time in the field providing hands on support. The time to be spent in the field would be discussed during the interview and workplan preparation.

Deliverables	Period after Signing of Contract <sup>1</sup>	Payment (%)
1. Inception Report incorporation workplan over engagement period, including the timeline for the delivery of all outputs below (2-9)	1 month	Monthly payment of agreed lump sum.
2. Report on the review of the existing supervising framework and recommendations for improvement	Per the work plan to be agreed between the consultant and CUA	
3. Roadmap/strategic plan for the implementation of recommended framework, including policies, guidelines, and procedures to be developed, as well organizational structure		

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<sup>1</sup> Timeline for completion of activities would be determined after Consultant submits a workplan to be agreed by CUA management) for their delivery

4. Policies, guidelines, operational procedures, and tools, etc for the supervisory framework.		
5. Capacity building plan for CUA supervisory staff and credit unions' female managers		
6. Training workshops for CUA Staff		
7. Reports and technical inputs on how to operationalize the supervisory application and the new core banking software		
8. Quarterly Report on workplan implementation	At end of each calendar quarter	
9. Final assignment completion report.	End of assignment	

## 5. REQUIRED QUALIFICATIONS AND EXPERIENCE

The Resident Advisor shall be an individual consultant with the following qualifications and experience:

- a) A degree in accounting, auditing, economics, business administration, finance, law, or related discipline;
- b) At least 10 years of professional experience as: (1) a regulator or supervisor of any of the following: commercial banks, credit unions, microfinance institutions, and other non-bank financial institutions; or (2) technical advisor of credit union or microfinance supervision reforms, entailing the development and implementation of regulatory and supervisory standards;
- c) At least 3 (three) years of experience in designing and/or conducting risk-based supervision in a bank or microfinance institution or credit union regulatory agency;
- d) Strong familiarity with current developments in risk based supervision especially with respect to credit unions, microfinance, and commercial banks in Africa or emerging economies;
- e) Familiarity with credit union operations, products, and services;
- f) Understanding of standards like PEARLS Monitoring systems of the World Council of Credit Unions and Capital Adequacy, Assets Management, Earning and Liquidity (CAMEL);
- g) Familiarity with the Ghanaian financial sector and BoG prudential reporting will be an advantage;
- h) Fluent in written and spoken English and has excellent communication skills, knowledge of Microsoft applications for report writing, analysis and presentations.

## 6. FACILITIES TO BE PROVIDED BY CLIENT.

The Consultant will collaborate with a team from the CUA Head Office and the credit unions. The consultant will report directly to the General Manager at CUA Ltd or as directed by the General Manager.