



## Ghana Financial Stability Fund Programme: Our Success Story

Upon announcement of the Domestic Debt Exchange Programme (**DDEP**), the Ministry of Finance (**MoF**) requested Ghana Amalgamated Trust Plc. (**GAT**) to conduct an analysis of the impact of the DDEP on the Financial Sector. After GAT had submitted the DDEP Impact Assessment report to the MoF, the MoF tasked GAT to collaborate with the respective regulatory bodies in the financial sector to develop the GFSF operational framework. Upon finalization of the operational framework of the GFSF Programme, GAT was mandated to act as the Secretariat to operationalise the GFSF Programme in October 2023.

Ghana Amalgamated Trust Plc (**GAT**) served as the GFSF Secretariat, coordinating the programme's operationalisation and the IC's operations. This included engaging with the FIs and their advisors. Additionally, the Secretariat collaborated closely with relevant regulators, ensuring that all regulatory requirements were met throughout the investment process.

The Secretariat also supported the IC in drafting a detailed workplan to guide the Programme's operations, ensuring a seamless and structured approach to decision-making and implementation. Beyond these tasks, the Secretariat was responsible for the meticulous documentation of all GFSF activities, which encompassed preparing meeting minutes, developing and managing plans for implementing IC decisions and ensuring the overall smooth execution of the GFSF Programme.

### Brief Summary of GFSF Investment

The Government of Ghana (**GoG**) designed and implemented the Ghana Financial Stability Fund (**GFSF**) Programme to mitigate the impact of the Domestic Debt Exchange Programme (**DDEP**) on the financial sector. The programme aimed at supporting Financial Institutions (**FIs**), specifically Banks, Specialized Deposit-Taking Institutions (**SDIs**), Insurance companies, and Capital Market Operators (**CMOs**), by ensuring that they meet regulatory solvency and liquidity requirements as well as maintaining the overall stability of the financial sector.

The GFSF Programme's primary objectives were to provide solvency and liquidity support to eligible financial institutions, ensure the stability of the financial services industry, protect local companies and jobs, and safeguard public interests.

An Investment Committee (**IC**) was the apex decision-making body for the GFSF Programme. The IC was chaired by MoF and included senior representatives from the financial sector regulatory bodies and independent experts.

The GFSF Programme has to date funded 11 indigenous Financial Institutions (**FIs**) to recapitalise and remain solvent in the Ghanaian financial sector. The 11 FIs supported include 4 Banks, 3 Insurers and 4 Capital Market Operators (**CMOs**) as shown in the table below with their Ownership type.

#	INSTITUTION NAME	OWNERSHIP
<b>Banks</b>		
1	Consolidated Bank Ghana ( <b>CBG</b> )	State-Interest
2	SSNIT/ CalBank Plc	State-Interest
3	Agricultural Development Bank ( <b>ADB</b> )	State-Interest
4	Prudential Bank Limited ( <b>PBL</b> )	Private

Insurers		
5	SIC Life Insurance	State-Interest
6	Vanguard Life Assurance	Private Sector
7	Best Assurance	Private Sector
Capital Market Operators		
8	Databank MFund	Private
9	EDC Ghana Fixed Income Unit Trust	Private
10	Stanbic Income Fund Trust	Private
11	Fidelity Fixed Income Trust	Private

#### Performance of the Financial Institutions after GFSF Intervention

- a. **Banks:** Following support from the GFSF Programme, the financial performances of the banks have generally improved, especially Profit After Tax (**PAT**), Equity and Total Assets. The Capital Adequacy Ratios (**CAR**) of these investee banks have also improved.
- b. **Insurers:** The financial performances of the Insurers have shown an overall improvement post-GFSF support. Their Profit after Tax (**PAT**), Equity and Total Assets have improved significantly. As part of investment agreements signed with the Insurers, agreed Key Performance Indicators (**KPIs**) and transformation plans set by the companies are being implemented to enhance the financial performance.
- c. **Capital Market Operators:** The Capital Market Operators were provided financing under the GFSF Programme to help them meet their client redemption requests. Following the GFSF support, the CMOs have been able to meet client withdrawal requests, leading to greater investor confidence and stability in the market. This has increased their deposit mobilization and the market is now vibrant for the CMOs. The liquidity status of the CMOs has improved over time and are better positioned to meet future payout obligations.