



**FORMAL LAUNCH OF THE GHANA
SUSTAINABLE BANKING PRINCIPLES**

SPEECH

BY

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VENUE: ACCRA INTERNATIONAL CONFERENCE CENTER

DATE: NOVEMBER 27, 2019



Your Excellency, ALHAJI DR. MAHAMUDU BAWUMIA, VICE PRESIDENT

Hon. Charles Adu Boahen, Deputy Minister for Finance

President of the Chartered Institute of Bankers, Ghana (Rev. Mrs. Patricia Sappor),

President of the Ghana Association of Bankers, Mr. Alhassan Andani

Chief Executive Officer of the Ghana Association of Bankers, Mr. D. K. Mensah

The Executive Director, Environmental Protection Agency, Mr. Pwamang

Managing Directors of Banks

Dr Albert Touna Mama, The IMF Country Resident Representative

Representatives from the International Financial Corporation (IFC)

Representatives from Swiss Secretariat for Economic Affairs (SECO)

Chairman, Sustainable Banking Principles Committee, Mr. Musah Salah

Distinguished Guests,

Ladies and Gentlemen,

Good Morning.

1. I wish to welcome you all to this landmark event, the formal launch of the Sustainable Banking Principles (SBPs) for Ghana's banking sector. The SBPs provide the guiding principles to underpin effective Environmental and Social Risk Management (ESRM) policy frameworks for banks.



2. In an environment of climate change, environmental degradation, changing demographics, among others, economic growth objectives are now intertwined with sustainable socio-economic development objectives. Considering the important role of the financial sector in economic development, the issue of sustainable financing is critical and therefore requires a robust environmental and social risk management (ESRM) policy.
3. Your Excellency, distinguished ladies and gentlemen, responsible banking practices will have to ensure that environmental and social risks associated with projects financed by banks are well managed. For banks to remain sustainable over the long-term, it is important that their own internal operations and financing activities meet the present needs of economic agents today, while not compromising the ability of future generations to meet their own needs.
4. The Bank of Ghana therefore recognises environmental and social risk management (ESRM) as key components of banks' overall risk management strategy. We are not alone in this regard. Central Banks and banking regulators around the world have mainstreamed ESRM in their prudential risk assessments, given the potential impacts of environmental and social factors on the long-term safety and soundness of banks.



5. Your Excellency, the SBPs we are about to launch today therefore comprises **seven** principles for:

- i. identifying, measuring, mitigating and monitoring environmental and social risks and opportunities in banks' business activities;
- ii. promoting good environmental and social governance practices in banks' internal business operations;
- iii. strengthening good corporate governance and ethical standards;
- iv. fostering gender equality;
- v. facilitating financial inclusion;
- vi. enhancing resource efficiency and sustainable consumption and production; and
- vii. compliance reporting.

6. These SBPs will apply to five sectors which have initially been identified. These are:

- a) agriculture and forestry;
- b) mining, oil and gas;
- c) construction and real estate;
- d) energy and power; and
- e) manufacturing



7. Your Excellency, the development of the SBPs is as a result of intense work spanning the past four years. To briefly recap, Bank of Ghana, in collaboration with the International Finance Corporation (IFC), initiated the creation of a national platform to discuss the establishment of sustainable banking principles sometime in April 2015. A Sustainable Banking Committee made up of representatives of the Bank of Ghana, the Ghana Association of Bankers (GAB), the Environmental Protection Agency (EPA), was inaugurated in December 2015 to spearhead work in this direction, with the mandate of coming up with relevant sustainable banking principles for the banking sector. The Committee produced the first draft of the Sustainable Banking Principles and Sector Guidance Notes sometime in late 2017.
8. To further deepen collaboration with other stakeholders, a stakeholders' Forum was organized by the Sustainable Banking Committee in March 2018, with support from IFC's Africa ESRM program to discuss the draft principles. The forum brought together representatives of the banking industry, academia, the private sector, civil society, and other institutions, who provided feedback and further inputs for additional work that was done by the Committee subsequently.
9. In July this year, the final phase of the exercise was undertaken where a CEOs Roundtable was organized to obtain the views of Bank CEOs on the draft SBPs and sector guidance notes before they were finalised. Your



Excellency, I am glad to report that all bank CEOs endorsed the SBPs and signed commitments to that effect.

10. Your Excellency, distinguished ladies and gentlemen, we now have a strong and resilient banking industry. Not only is the industry now well-capitalized, solvent, liquid and profitable; but also, the stability and resilience of the sector have been greatly enhanced. We have witnessed credit picking up, and the strong capital positions of banks provide some strong support for credit growth going forward. We recently also announced some policy measures to strengthen credit growth further.
11. The formal launch of this initiative is therefore appropriately timed to ensure that banks' credit and commercial considerations are balanced with responsible and sustainable banking principles.
12. Your Excellency, distinguished ladies and gentlemen, let me conclude by acknowledging the immense support provided by our development partners, including the IFC and the Swiss Secretariat for Economic Affairs (SECO) in the development of this project. Let me also recognize the immense support of the Ghana Bankers Association and the Environmental Protection Agency as well as the tremendous work of the Steering Committee. We believe that banks will take advantage of these SBPs and sector guidance notes to develop effective ESRM policies to promote the sustainability of their banking business as well as the sustainability of the Ghanaian economy.



13. Thank you very much for your attention.

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