



**PROJECT LAUNCH —  
DEVELOPMENT OF THE NATIONAL CORPORATE  
GOVERNANCE CODE BY THE INSTITUTE OF DIRECTORS,  
GHANA**

**A SPEECH BY MRS. ELSIE ADDO AWADZI, 2<sup>ND</sup> DEPUTY  
GOVERNOR, BANK OF GHANA,  
REPRESENTING DR ERNEST ADDISON, GOVERNOR, BANK OF  
GHANA**

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## **The President and Members of Council, Institute of Directors - Ghana**

### **Fellows and Members of the Institute**

### **Heads of Regulatory Bodies, Standards Setting Bodies, and other Stakeholder Groups**

### **Invited Guests**

### **Members of the Media**

### **Distinguished Ladies and Gentlemen**

A very good morning to you all.

I deem it a great honour to be invited as a Special Guest to the launch of the IoD-Ghana's initiative to develop a National Corporate Governance Code, and I thank Council of the IoD-Ghana for this.

The importance of good corporate governance in building strong institutions, communities, and economies, and helping to avoid the collapse of businesses cannot be overemphasized. From time immemorial, corporate failures have had their roots in poor corporate governance. Examples abound, including the Global financial crisis of 2007/08, mass corporate failures in Ghana's banking and securities sectors in the last few years where we saw the demise of 420 institutions licensed by the Bank of Ghana, and several fund management companies licensed by the Securities and Exchange Commission, with colossal losses to depositors, investors, other creditors, clients, employees, suppliers, shareholders, and other stakeholders including the Ghanaian tax payer. Evidently, the effects of poor corporate governance tend to be widespread with several stakeholder groups feeling the brunt of the actions or inactions of a few.

Good corporate governance is indeed the bedrock of any modern market economy. Building a strong and resilient economy, particularly as we emerge from the current COVID-19 pandemic, will therefore require a new emphasis on strengthening governance and sound management of corporate Ghana and public sector institutions to deliver the desired outcomes for all stakeholder groups.

Corporate governance standards continue to evolve all around the world, with increasing emphasis on effective risk governance, promoting sustainable and social development

goals, Board effectiveness, strong internal controls, and incentive structures that support prudent management.

In Ghana, the Bank of Ghana published a Corporate Governance Directive in 2018 for banks and specialized deposit-taking institutions, drawing on best practices in governance from the Commonwealth Association, the OECD, the Basel Committee, and other sources. In November 2019, the Bank of Ghana also published the Ghana Sustainable Banking Principles to guide banks and specialized deposit-taking institutions in modeling their operations to promote world-class standards of environmental, social, and governance risk management. By a combination of these two instruments, the Bank of Ghana expects banks and specialized deposit-taking institutions to govern and manage their businesses in a manner that promotes economic, environmental, and social goals and by that create lasting value for shareholders and other investors, depositors, employees, communities, the environment, and the nation as a whole. That is a key part of our contribution to promoting a more inclusive, sustainable, and resilient economy.

The Bank of Ghana recognizes that good corporate governance in the banking sector alone cannot promote robust and sustainable economic growth for all. Strong governance in all of corporate Ghana and indeed in public sector institutions as well, is necessary for promoting the socio-economic transformation we all desire for Ghana. The extent to which the banking sector can continue to lend to businesses is directly related to the extent to which corporate Ghana is governed. Poorly-run businesses are the bane of banks' non-performing loan portfolios, which threaten the viability of the banking system and indeed feeds back into stagnated economic growth as banks shy away from extending more credit. It is therefore in everyone's interest that we promote best practices in corporate governance nationally to help build strong institutions, industries, and ultimately a strong, inclusive and sustainable economy, and a strong nation.

We recognize the efforts that other regulators and indeed other stakeholders are making towards the same goals as I have articulated above. It is now time to join forces to work on a national code that cuts across industries and sectors and business types and sizes. Indeed, it is encouraging to note that Ghana's new Companies Act of 2019 (Act 992) which I call the minimum common denominator in governance for all companies of all sizes incorporated in Ghana, has elevated governance standards for all companies. Similarly, provisions of the Public Financial Management Act of 2016 (Act 921), the State Interests and Governance Authority Act of 2019 (Act 990), and others, have all raised the bar for the governance of public sector institutions including State-Owned Enterprises to help promote transparency, accountability, and prudence in the management of State resources for the benefit of all Ghanaians.

The case for a National Corporate Governance Code is clear. As a nation, we have a shared responsibility to organize our way of doing business according to a set of values that we can all identify with and that helps secure a future where our individual efforts help us achieve outcomes that make us all better off. The identification and articulation of such values, and a set of principles and prescriptions that will guide how we do business across sectors, will go a long way to help us realise the future we all desire for generations to come.

All over the world, there are examples of how national corporate codes have helped to shape the emergence of viable and world-class businesses fuelled by ethical and effective leadership across corporate and public sectors. The King's Code on Corporate Governance now in its fourth reiteration, is a good example of how a national code unites a people around clear values and purpose in pursuing legitimate business goals in a way that advances the common good. Other examples are found in the UK, Mauritius, Zimbabwe, just to mention a few.

It is our hope that work on Ghana's National Corporate Governance Code will be inclusive, authentic to our best values, and draw on work done or being done by stakeholders including regulators like the Bank of Ghana, the Securities and Exchange Commission, the Ghana Stock Exchange, and private sector initiatives such as the Extractive Industries Transparency Initiative, and others.

In conclusion, I congratulate the IoD-Ghana for this brilliant and timely initiative and for its continued commitment to nation-building through promoting high standards of Corporate Governance practices in Ghana.

Ladies and gentlemen, I now have the singular honour to declare the project to develop a National Corporate Governance Code for Ghana, duly launched.

Long live the IoD-Ghana, long live corporate Ghana, and long live Ghana. God bless us all!