



GHANA SUSTAINABLE BANKING PRINCIPLES CONSTRUCTION SECTOR DEEP DIVE

**OPENING REMARKS
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The Chief Executive Officer, Ghana Association of Banks

The Chief Executive Officer, Environmental Protection Agency

The Senior Country Officer, International Finance Corporation

Distinguished Ladies and Gentlemen,

- 1) Good morning and a warm welcome to you all. I bring heartfelt greetings from the Governor of the Bank of Ghana, Dr. Johnson Pandit Asiamah, and the First Deputy Governor, Dr. Zakari Mumuni. It is an honour to address you this morning as part of our broader journey to safeguard the banking sector from emerging Environmental, Social and Governance (ESG) financial risks through the implementation of the Ghana Sustainable Banking Principles. Today our focus is on the construction industry.
- 2) Distinguished Ladies and Gentlemen. Why is this sector so important in the context of sustainability? Well, consider this: a bank financing a large real estate project may focus its credit appraisal on the traditional 7 Cs of credit risk. But what happens if the environmental impact assessment is or the permit is delayed due to non-compliance? What if rising temperatures and erratic rainfall patterns undermine the viability of materials, or site operations, pushing timelines and costs beyond projections? These are increasingly part of the risk landscape and can amplify loss given defaults for a bank, create reputational issues, or possibly lead

to regulatory penalties. Distinguished guests, the construction industry like other sectors is deeply linked with climate, resource efficiency and financial risk.

- 3) It is precisely these intersections between sustainability and traditional banking risks that the sector deep dives are designed to uncover. Our goal is to ensure that banks do not simply react to these risks after they occur, but proactively incorporate sustainability considerations into project due diligence, client engagement and portfolio monitoring. In so doing, we will not only safeguard financial soundness but also help to build a more resilient banking sector.
- 4) In boardrooms around the world, Environmental, Social and Governance issues are often relegated to quarterly updates, or a single slide in a board pack. This approach misses the point. ESG is not a PR exercise, or about feel-good reporting. Rather it is the framework for measuring organizations' long-term sustainability and resilience. It is about how they manage their footprint, treat their community and people and how they govern themselves.
- 5) Ladies and Gentlemen. The Bank of Ghana views sustainability not as a peripheral issue, but as a central pillar of financial stability, long-term value creation and responsible economic stewardship. We are in an era where ESG factors are rapidly reshaping how banking sector risks are understood and how the associated opportunities are pursued. The banking sector must ensure that it remains at the forefront of this evolution.

Bank of Ghana's Sustainability Journey

- 6) Distinguished guests at this juncture, allow me to give a brief overview of the Bank of Ghana's sustainability journey. As we invite you to journey with us, it is only appropriate that we offer you a glimpse of the roadmap.
- 7) Our journey began in **2015** with the establishment of the **Sustainable Banking Committee**. This was our first step towards identifying ESG vulnerabilities within the banking sector. In **2019**, following extensive stakeholder consultation, the Ghana Sustainable Banking Principles were launched. These principles, endorsed by bank CEOs—signalled a major shift in institutional mindsets and set the tone for integrating ESG into daily banking operations.

- 8) To support implementation, we rolled out a standardized ESG reporting template in 2021, allowing banks to report their progress via the Online Regulatory Analytics and Surveillance System—**ORASS**. Since then, we have worked together to embed these principles in bank governance, strategy, risk management and operations. Between 2021 to 2023, the Bank of Ghana facilitated the training of all 23 commercial banks on the 7 sustainable banking principles. We have since been receiving biannual returns from the banks to assess the banks compliance. I am pleased to announce that the average compliance rate of the GSBPs has been on an upward trajectory from 42.28 in March 2021 to 73.06 as at March 2025. Let me commend all of you for your efforts in this regard and resultant enhancement in supervisory oversight and transparency.
- 9) In 2021, the Bank of Ghana joined the Network for Greening the Financial System (NGFS)—a global alliance of central banks advancing climate-related financial supervision. Bank of Ghana’s membership reflects our growing commitment and gives us access to global knowledge and tools. That same year, we began aligning with international standards, including the Basel Committee’s guidance on climate-related financial risks. This work culminated in the issuance of our Climate-Related Financial Risk Directive in 2024 for all Regulated Financial Institutions (RFIs) for effective management and supervision of this evolving risk.
- 10) This directive seeks to enhance the resilience of Regulated Financial Institutions (RFIs) by integrating climate risk considerations into governance, risk management, and disclosure practices. Banks are required to update their governance structures, risk management systems, and internal policies to comply with the directive by 31st December 2025, with full implementation starting on 1st January 2026.
- 11) The Bank of Ghana has developed other partnerships with international and local bodies such as the Sustainable Banking and Finance Network (SBFN), the Alliance for Financial Inclusion (AFI), and the Ghana Meteorological Agency (GMET). These collaborations enhance institutional learning and position the Bank of Ghana to shape global discourse on sustainable finance.
- 12) Additionally, the Bank of Ghana is working closely with other regulators through the Sustainable Finance Roadmap, a coordinated plan to guide Ghana’s transition to sustainable finance. The recently launched Green Finance Taxonomy, jointly developed with the Ministry of Finance, provides a shared language for identifying sustainable investments.

- 13) And to anchor all these efforts, the Climate and Sustainability Office within the Bank of Ghana was established in **2023**. This dedicated office now drives our strategic vision, supports regulated financial institutions, and coordinates stakeholder engagement and capacity-building efforts.
- 14) Following this, we began the sector-specific engagements with the manufacturing and agriculture sector in April and October 2024, respectively. Today, we continue this journey by turning our lens to the construction sector, a vital engine for Ghana's infrastructure and national development.
- 15) The Bank of Ghana remains firmly committed to this agenda. Together with our partners, we will continue to guide, supervise, and support the banking industry as it transitions toward more sustainable practices.
- 16) Ladies and gentlemen, at this juncture, I would like to acknowledge the invaluable partnership of our stakeholders who have supported us on this journey including the International Finance Corporation (IFC), Ghana Association of Banks (GAB) and Environmental Protection Agency (EPA). I would also like to thank all participating institutions gathered here today, our respected colleagues from commercial and development banks, professional bodies including Institute of the Chartered Accountants Ghana (ICAG), the Chartered Institute of Bankers (CIB) and other key stakeholders. Your presence reflects the depth of commitment required to integrate sustainability into the very fabric of Ghana's financial ecosystem.
- 17) Distinguished participants, today's conversation is a critical next step to deepen our understanding, share knowledge and develop practical tools tailored to the identification, assessment, and management of sustainability-related financial risks in banks' portfolios with particular emphasis on the construction industry. I encourage participants to have frank discussions, be innovative and above all, set out clear alignments between risk management and sustainable banking practices.

Thank you, and I wish you all a fruitful and impactful engagement.