

A Sustainable Banking Network (SBN)
Flagship Report
Addendum to SBN Global Progress Report

October 2019

Country Progress Report

Ghana



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Status for Policy Preparation – Ghana



SBN Member:

- [Ghana Association of Bankers \(GAB\)](#) (member since 2016)
- [Bank of Ghana \(BoG\)](#) (member since 2016)

SBN Working Group: IDA Task Force

Country readiness review:

Introducing a formal, national sustainable finance framework (e.g. roadmap, policy, regulatory guidelines, or voluntary industry principles) has been shown to be a foundation for effective country strategies to promote the shift to sustainable finance. Based on SBN members’ experiences, a number of steps are commonly required in preparation for doing so. These include raising awareness within the sector, initiating dialogue among public and private sector stakeholders, and researching national priorities, requirements, and current practices with regard to sustainable finance.

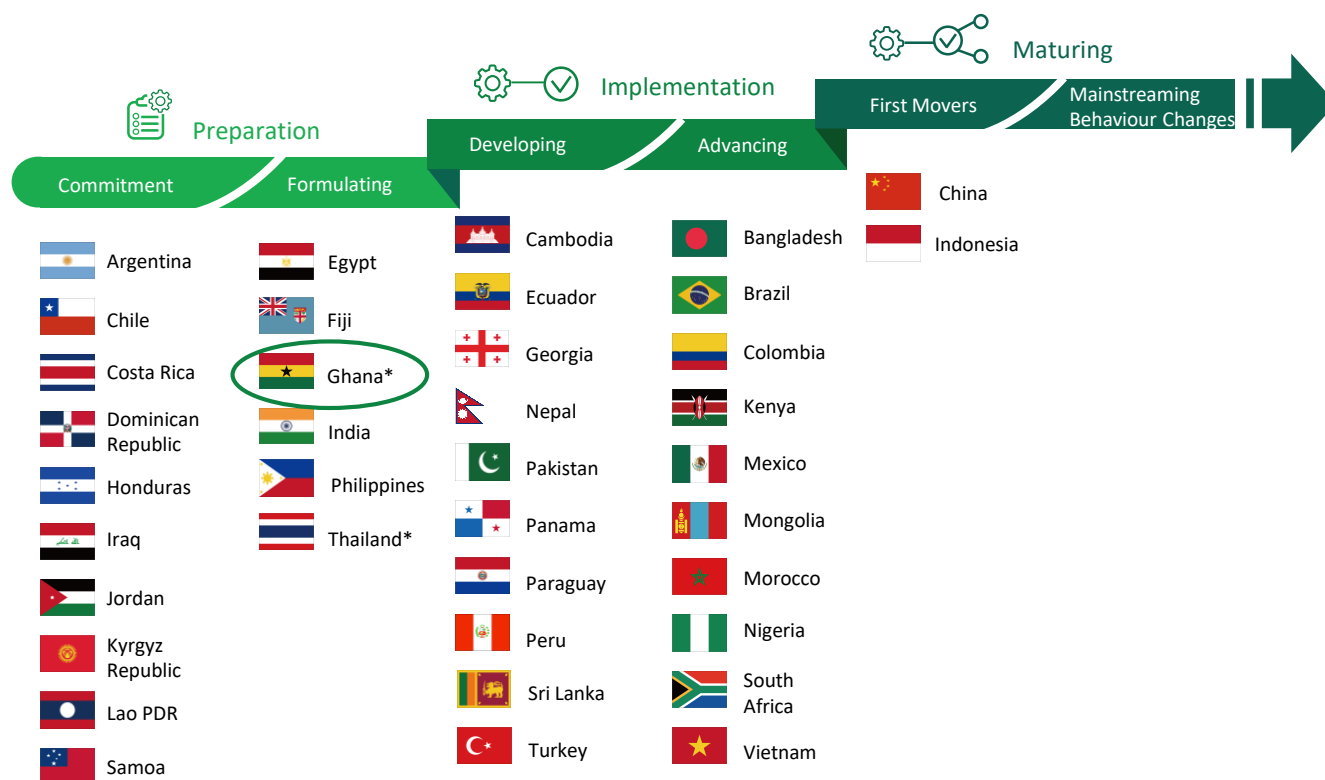
Ghana is mapped to the formulating phase as of June 30, 2019, the report cut-off date. In July 2019, local banks adopted the Sustainable Banking Principles at the CEO Round Table convened by the Bank of Ghana.

Ghana’s readiness has been reviewed against 3 main dimensions:

- Is awareness raising being undertaken in the country, with leadership by either the financial sector regulator and/or the banking association? (e.g. trainings, knowledge sharing events, conferences and meetings, research, publications)
- Has a sector-wide dialogue been initiated towards the establishment of a national sustainable finance framework, involving relevant stakeholders? (e.g. government and other public bodies, private and public financial institutions, regulators, civil society organizations)
- Has a timeline for the development of a policy been defined? (i.e. a clear schedule and milestones to launch the framework?)

Figure 1: SBN Progression Matrix with Assessment Results¹

Assessment based on progress up to and as of June 2019²



Note:

1. Please refer to the SBN Global Progress Report for an explanation of the Progression Matrix.
2. Ghana and Thailand launched their policies and principles in August 2019, after the cut-off date of June 2019 for this report.

Status for Policy Preparation – Ghana



Timeline for the development of a policy / principles:

In July 2019, local banks adopted the Sustainable Banking Principles at the CEO Round Table convened by the Bank of Ghana. The Principles were developed by the Sustainable Banking Committee for Ghana and have been reviewed and finalized by BOG and the Committee, incorporating stakeholder feedback. Seven Guidance Notes provide details on implementation of Environmental and Social Risk Management (ESRM), and five Sector Guidance notes are dedicated to sectors particularly exposed to environmental and social (E&S) risks.

Following the adoption, a next phase is capacity building to strengthen the awareness and capabilities of the banking sector to implement the Principles. BOG will then start to monitor and supervise implementation.

Dialogue towards the establishment of a policy or voluntary principles:

The Bank of Ghana (BOG) led the initial drafting of the Principles. BOG created a Sustainable Banking Committee at the end of 2015, which included the Environmental Protection Agency (EPA) and the Ghana Association of Bankers (GAB), which was represented by six banks.

In 2016, IFC officially launched the Environmental and Social Risk Management (ESRM) Program for Ghana to help improve financial institutions' long-term E&S performance and build local market capacity. The BOG, EPA, and GAB organized a stakeholder forum in March 2018, with the collaboration of IFC, to present and discuss the draft Principles with stakeholders.

Awareness raising practices:

IFC supported a baseline assessment of sustainable practices in the banking sector in 2014, which was a key milestone in raising sustainable finance awareness in Ghana. To date, the ESRM Program has hosted three seminars for various stakeholders and facilitated a roundtable of Chief Risk Officers of the banks.

Local financial system:

The Ghanaian banking system, comprised of 23 universal banks in early 2019, is regulated by BOG. The banking sector is undergoing a period of major restructuring. The 2017 Minimum Capital Directive (BG/GOV/SEC/2017/19) requires universal banks to comply with minimum paid-up capital thresholds, through fresh capital injection and/or capitalization of surplus income. Seven banks have had their licenses revoked since the Directive was implemented, and private pension funds are expected to recapitalize five indigenous banks.

Recent progress and achievements:

- ❑ Ghana signed the UNFCCC in 1992 and the Kyoto Protocol in 2002. Following severe floods in 2010 and decreased agricultural productivity due to extending dry seasons, the country developed a National Climate Change Policy in 2013. The NCCP's first objective is to achieve an "effective adaptation". Finance is one of the seven systemic pillars that will help address climate change.
- ❑ Ghana signed the Paris Agreement on Climate Change in 2016. In its Nationally Determined Contribution (NDC), the country targets a 45% reduction of greenhouse gases (GHG) versus business-as-usual by 2030, of which 30% is seen as achievable with external support. In 2018, Ghana developed its SDGs Budget Baseline Report to better track its performance against these targets.
- ❑ Although the financial sector has yet to develop Green Bond guidelines, there have been notable initiatives:
 - The First National Bank hosted a workshop dedicated to green bonds in October 2018, together with the Finance Ministry; the Ministry of Environment, Science and Technology, and other related state agencies.
 - The UNDP NDC Support Program and the Center for Climate Strategies launched a training program to enhance private sector investment into Ghana's NDC Implementation Plan. The training program will focus on low-carbon actions and could be a first step to the standardization of green finance in Ghana.

Access the SBN Global Progress Report and Country Reports at:
www.ifc.org/SBN2019Report

