



*In Conversation with*

*Mrs Elsie Addo Awadzi*

*Second Deputy Governor, Bank of Ghana*

*(November 2024)*

## **1. When and why did your institution join the NGFS?**

The Bank of Ghana (BoG) was admitted as a Plenary Member of the NGFS on 14<sup>th</sup> December 2021, the 8<sup>th</sup> Central Bank from the African region to join the Network.

BoG's decision to apply for membership of the Network was motivated by its desire to gain in-depth understanding of climate risk and its implications for its work as a monetary authority and bank regulatory authority. The BoG's mandate as established by law, is to ensure price stability, contribute to the promotion and maintenance of financial stability, support the general economic policy of the government, and promote economic growth and the effective and efficient operation of banking and credit systems in the country.

BoG saw the opportunity to gain insights and perspectives from this global network of central banks and supervisory authorities, who were at different stages of progress in their climate-related work and greening of their financial systems, and to learn from them what had worked and what had not. Lastly, BoG desired to contribute actively to various NGFS Workstreams where critical guidance was being developed on a wide range of subjects for the international community while bringing on board its nascent experiences in developing and launching ESG-related principles for the banking sector since 2019 and supervising banks' compliance with these principles.

## **2. Can you share with us the key elements of the Bank of Ghana's climate strategy and how it fits into the broader national strategy in your jurisdiction?**

In July 2024, BoG published its Climate and Sustainability Strategy (2024-2028)<sup>1</sup> which seeks to consolidate BoG's efforts at addressing climate-related risks within the banking industry. A key pillar of the strategy is the mainstreaming of climate-related risks and sustainability into BoG's policy,

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<sup>1</sup> <https://www.bog.gov.gh/news/strategic-plan-on-climate-related-and-sustainability-risk/>

regulatory, and supervisory work to help address climate and ESG-related risks to its price and financial stability mandates. In terms of its financial stability objective, the strategy seeks to help BoG develop a consistent, proportionate, and transparent approach to regulation and supervision of material climate-related risks in the banking sector.

Another key pillar of the strategy is the alignment of our climate-related work with national policies and strategies including the Government's Updated Nationally Determined Contribution under the Paris Agreement (2020 - 2030) thereby ensuring that BoG's climate strategy supports Ghana's long-term sustainable economic growth aspirations. The strategy further aims to help BoG align its work closely with international best practices including those established by the Basel Committee on Banking Supervision and the NGFS on the effective supervision of climate-related financial risks. Other elements of our strategy include a focus on capacity building of our supervisory teams through training and secondments to other central banks and regulators, while also supporting capacity building efforts of the banking industry. Last but not least, our strategy seeks to support sustainable finance flows through enhanced disclosure and transparency requirements for banks, and market discipline.

### ***3. To which extent did the Bank of Ghana leverage the work of the NGFS in its own domestic journey? Any concrete examples?***

BoG has significantly leveraged NGFS work in its climate-related initiatives. Broadly, our participation in the NGFS Plenary and different Working Groups (BoG currently has representatives in all NGFS Working Groups) have gone a long way to building the BoG's capacity to advance its climate work.

Some key milestones achieved by BoG since joining NGFS include the design of the Climate and Sustainability Strategy (2024-2028) published in May 2024, and the Climate-Related Risk Directive<sup>2</sup> published in November 2024 following a six-month public consultation period. The Directive requires banks to incorporate climate and environmental risks into their governance structures, risk management, and strategic operations, and requires the use of scenario models fashioned along NGFS' models, as a baseline for assessing the resilience and vulnerability of their business models and strategies.

The BoG has also been able to conduct the first-ever stock-take on climate-related risk practices within the banking industry, using questionnaires similar to those used in NGFS members' survey, to ascertain how regulated entities are addressing climate-related financial risk in their operations and in their governance and risk management frameworks. What is more, the knowledge gained from our NGFS membership has also helped BoG contribute significantly to national climate-related work including a National Climate & Risk Survey and the development of a Ghana Green Finance Taxonomy by the Finance Ministry.

BoG has also contributed to NGFS's work by bringing on board the emerging market and developing economy perspectives through interventions at NGFS Plenary meetings, through responses to NGFS surveys (e.g. Stock-take on financial institutions' transition plans and their relevance to micro-prudential authorities, May 2023), and through participation of BoG staff in Working Group activities, notably to produce technical papers (e.g. NGFS Concept Note on Adaptation, November 2024). These efforts have in turn further developed our knowledge and capacity to address climate-related risks in Ghana's financial system and the economy more broadly.

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<sup>2</sup> [Climate-Related Financial Risk Directive – Bank of Ghana \(bog.gov.gh\)](https://www.bog.gov.gh)

#### **4. *One last word?***

The value of the NGFS is immense not only for individual member jurisdictions like Ghana, but also for the entire world. This underscores the critical role that international cooperation plays in promoting and effectively addressing climate-related financial risks for the global financial system, for which we applaud the NGFS. The BoG will continue to actively participate in NGFS Plenary deliberations and analytical work, and will continue to support NGFS' outreach programmes in Africa and beyond.