



**VIRTUAL MEDIA LAUNCH OF THE INSTITUTE OF DIRECTORS-GHANA
2021 CORPORATE GOVERNANCE EXCELLENCE AWARDS**

**GOOD CORPORATE GOVERNANCE, EFFECTIVE AND ETHICAL LEADERSHIP:
AN ESSENTIAL REQUIREMENT FOR ORGANISATIONAL TURNAROUND**

REMARKS BY SPECIAL GUEST OF HONOUR

**MRS. ELSIE ADDO AWADZI
SECOND DEPUTY GOVERNOR, BANK OF GHANA**

JULY 8, 2021

The President and Members of Council, Institute of Directors–Ghana (IoD-Gh)

Fellows and Members of the Institute

Invited Guests

Members of the Media

Distinguished Ladies and Gentlemen

A very good afternoon to you all.

I am delighted to be addressing you this afternoon at the launch of the Fourth Edition of the IoD-Gh Excellence Awards, and I thank Council of the IoD-Gh for this singular honour.

The IoD-Gh has left no one in doubt of its commitment to its mandate to promote the highest standards in good corporate governance in Ghana through a variety of initiatives that it has undertaken over the years as a professional organization registered under the Professional Bodies Act 1973 (NRCD 143). The Corporate Governance Excellence Awards we are gathered here this afternoon to launch is one such laudable initiative.

IoD-Gh's Excellence Awards Scheme seeks to identify, recognize, and celebrate the achievements of individuals and organizations that have represented excellence in leadership, sound Corporate Governance practices and have also made significant contributions to the socio-economic development of Ghana, whether they are IoD-Gh members or not. The overarching aim of the Awards is to champion professionalism and development of directors to pursue best practices in good Corporate Governance for the benefit of organizations and stakeholders and for the prosperity of Ghana.

The theme of today's launch event which is, ***"Good Corporate Governance and Ethical Leadership: An Essential Requirement for Organisational Turnaround"***, recognizes, and rightfully so, the critical relationship between good corporate governance, ethical leadership, and organizational turnaround. In the midst of the COVID-19 pandemic, the theme could not have been more relevant and timely. Indeed, the theme

is a call to action for a national dialogue on the role of good corporate governance in our efforts to get our economy back fully on its feet, after the ravaging effects of the pandemic.

A business survey conducted in May and June 2020 by the Ghana Statistical Service in collaboration with UNDP and World Bank to assess the impact of the COVID-19 pandemic on Ghanaian businesses, reported that businesses were significantly affected with several many remaining close and shedding jobs even after the three-week lockdown was lifted. While fiscal and monetary policy interventions helped the private sector somewhat to weather the storm, the adverse effects of the pandemic continue to be felt. Economic activity has picked up significantly in the year to date, however, there is no gainsaying that the business environment remains challenging with significant uncertainty in the economic outlook given the changing dynamics of the pandemic.

Surely, in these challenging and uncertain times, the quality of leadership and governance is key to shape new visions and ways of doing business that will stand the test of time. The ability of businesses to recover fully from the pandemic and to engage competitively in the new normal will hinge strongly on good corporate governance. Good corporate governance will ensure that businesses are run and governed in a manner that harnesses the scarce resources available to create lasting value for all their stakeholders on a sustainable basis. In the new normal, good corporate governance will be even more of a critical element of institutional survival, resilience, sustainability.

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 at their roots 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, other creditors, clients, employees, suppliers, shareholders, 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.

Rebuilding our economy post-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. Good corporate governance is indeed the bedrock of any modern market economy.

Corporate governance standards continue to evolve all around the world, with increasing emphasis on effective risk governance, sustainable and social development goals, Board effectiveness, internal controls, and incentive structures that support prudent management.

In Ghana, the Bank of Ghana's new Corporate Governance Directive for banks and Specialised Deposit-taking Institutions (SDIs), which was issued in 2018 following the mass failure of financial institutions, aims at rebuilding the foundations of trust, confidence, transparency, and prudent management of the banking sector. Similarly, the Sustainable Banking Principles launched by the Bank of Ghana in November 2019 in collaboration with the Ghana Association of Bankers and the Environmental Protection Agency provide guidance to banks on how to identify, manage, and report on the environmental, social, and governance risks attendant to their operations. By these principles, the Bank of Ghana strongly endorses the essence of good corporate governance which is for organisations to be governed in a manner that provides sustainable benefits for all stakeholder groups including the environment, communities and society at large.

The Bank of Ghana recognizes that good governance in the financial sector alone cannot promote robust and sustainable economic growth for all. Strong governance in all of

corporate Ghana and indeed in the 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 the private sector and the public sector, indeed the extent to which other parts of the financial sector can provide funding to businesses, is directly related to the extent to which corporate Ghana is governed. Poorly-run business 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 tighten their credit stance. 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.

Indeed, it is encouraging to note that with Ghana's new Companies Act of 2019 (Act 992), which has brought with it much higher standards of corporate governance and accountability designed to promote a stronger private sector and Ghanaian economy, the minimum common denominator in governance for all companies of all sizes incorporated in Ghana has also been elevated. 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 to help promote transparency, accountability, and prudence in the management of public institutions for the benefit of all Ghanaians.

I am confident that the work of the IoD-Gh, in particular, the Corporate Governance Excellence Awards, will go a long way to help entrench the culture of good corporate governance in our nation. An Awards scheme is only as good as its selection criteria and processes and the caliber of persons making the selection. As I understand it, this Awards Scheme is based on a stringent and transparent criteria adapted from internationally-recognised standards in Corporate Governance. Specifically, I am happy to note that the selection criteria include strong financial performance of institutions, tax compliance and other compliance, ethical culture, effective controls, effectiveness of Boards of Directors,

among others, with the overall criterion being that awardees have excelled in good Corporate Governance practices in Ghana and have made tangible contributions to the governance of their respective organisations.

I have no doubt at all that this Awards scheme will help to entrench good corporate governance and good leadership in our society for the benefit of all and for generations to come. I challenge all organisations, especially indigenous businesses in all sectors of our economy, as well as public sector organisations, to showcase their efforts over the years to abide by good Corporate Governance standards.

Ladies and gentlemen, on this note, I hereby declare the 4th IoD-Gh Corporate Governance Excellence Awards, scheduled for Friday 19th November 2021, duly launched. I congratulate the IoD-Gh for its continued commitment to nation-building through promoting high standards of Corporate Governance practices in Ghana.

Long live the IoD-Gh, and long live Ghana.