Integrating Sustainability in an Emerging Economy: Evolving ESG Frameworks in Ghana

Priscilla Akua Vitoh
University of Leicester

Jude Serbeh-Boateng
Transactional Lawyer

Abstract

This article critically examines Ghana's journey toward integrating environmental, social, and governance (ESG) practices to advance sustainable development. It assesses the political, economic, and regulatory dynamics shaping ESG adoption, highlighting Ghana's progress through targeted policymaking, international commitments, and sector-specific regulations. The analysis emphasizes the necessity of robust governance structures and regulatory oversight, using the banking industry as a key example of the practical challenges and opportunities in ESG implementation. By situating Ghana's experiences within the broader context of emerging economies, the article identifies shared obstacles and outlines strategic solutions, offering actionable insights for enhancing sustainability, resilience, and inclusive growth.

Keywords: environmental, social and governance (ESG); sustainable development; Ghana; regulatory frameworks; banking sector; gender equality; corporate social responsibility (CSR); renewable energy; international agreements; small and medium enterprises (SMEs).

[A] INTRODUCTION

Environmental, social, and governance (ESG) principles are crucial in steering companies and governments toward sustainable development. These principles have evolved beyond mere ethical considerations to foundational frameworks that profoundly shape global business operations and governance. In the context of public–private partnerships for national development, aligning business strategies with economic, social, and environmental concerns is essential for enhancing a nation's sustainability and resilience and contributing to its socio-economic development and sustainability (Lotsu 2024). ESG also acts as a metric for investors to assess potential and ongoing investments to ensure their capital is placed with organizations committed to responsible practices.

The individual components of ESG represent a wide array of critical issues. The environmental aspect of ESG deals with an organization's interaction with the physical environment. It addresses challenges such as climate change mitigation, energy efficiency, biodiversity preservation, pollution control, waste management, and the reduction of impacts of deforestation (Lotsu 2024). The social aspect is equally comprehensive and focuses on enhancing community relations, poverty alleviation, and the promotion of employee diversity, equity, and inclusion (Li & Ors 2021: 2). It also emphasizes the importance of adhering to robust human rights and labour standards that respect the dignity and rights of workers. Governance, the third pillar, ensures that companies operate with high levels of transparency and ethical integrity by maintaining diverse and independent boards, implementing stringent anti-corruption measures, and adopting responsible tax strategies (Li & Ors 2021: 2). These governance practices are crucial for building trust and credibility with stakeholders, ensuring that companies strictly apply responsible practices (Forcadell & Aracil 2017; Saxena & Ors 2021).

In driving ESG integration, states play a crucial role by implementing policies and regulations that mandate or encourage responsible business practices. For instance, governments can set environmental standards, enforce labour laws, and promote corporate governance transparency, creating an ecosystem where ESG considerations are integral to legal compliance (Solberg & Ors 2024). The international discourse reinforces the need for state participation in the sustainability agenda, with global agreements and initiatives such as the United Nations (UN) Sustainable Development Goals (UN 2015b) and the Paris Agreement on Climate Change (UN 2015a), stressing the vital role of ESG integration at both domestic and global scales and the necessity for collective action (Lotsu 2024).

As a key African player on the international stage, Ghana has embraced the global ESG discourse and demonstrated a longstanding commitment to integrating these principles into its national framework (Ayee 1998). Since participating in the 1972 Stockholm Conference on the Human Environment, Ghana has recognized the critical importance of aligning economic growth with environmental sustainability, social inclusion, and sound governance. This commitment was reinforced at the 1992 UN Earth Summit in Rio de Janeiro, where Ghana endorsed the Convention on

Biodiversity Climate Change and Desertification (CBD/Rio Conventions). These engagements have laid the foundation for Ghana's approach to addressing the interconnected challenges of resource management, social equity, and environmental preservation.

The nation's reliance on natural resources such as gold, oil, and cocoa has been both a blessing and a challenge. As a result of resource extraction, the country often faces environmental degradation and social displacement, underscoring the need for sustainable solutions. With the support of organizations such as the UN Development Programme and the African Development Bank, Ghana has responded to these sustainability challenges by implementing initiatives to embed ESG principles into its developmental strategies. Key milestones in implementing ESG in Ghana include establishing the Environmental Protection Agency (EPA) in 1994 and adopting the first National Environmental Policy in 1995, which integrated environmental concerns into national planning. The Renewable Energy Act 2011 (Act 832) further advanced efforts to transition toward cleaner energy sources, while the "Ghana Sustainable Banking Principles" (SBPs) of the Bank of Ghana (BoG), introduced in 2019, have steered financial institutions toward responsible and inclusive banking practices.

Despite Ghana's efforts to establish legal frameworks for incorporating ESG principles into private and public sectors, there are still substantial challenges in integrating these principles into government practices, business models and corporate reporting practices. Although there is an attempt to adopt international standards, the regulatory landscape is complex, with businesses having to navigate varying local and international ESG laws (Ayee 1998; Hilson & Ors 2022). This complexity often creates uncertainty, particularly for small and medium-sized enterprises (SMEs), that lack the resources and expertise to implement ESG frameworks effectively. For many businesses, especially SMEs, sustainability initiatives are confined mainly to corporate social responsibility (CSR) activities focusing on philanthropy rather than adopting structured, outcome-oriented ESG frameworks (Armah & Ors 2011; Halkos & Nomikos 2021; Ros-Tonen & Ors 2021).

Additionally, aligning ESG principles with corporate strategy remains a significant challenge for many organizations in Ghana. This difficulty often arises from ambiguous definitions of sustainability and inconsistent reporting requirements within the country. These challenges are further exacerbated by the uneven enforcement of ESG standards, especially in sectors like agriculture and manufacturing, which typically experience less direct regulatory oversight in Ghana. The lack of clear, uniform guidelines and variable enforcement efforts across these industries can hinder the effective integration of ESG principles, complicating efforts to achieve genuine sustainability and compliance within the Ghanaian business landscape.

This article addresses the following central question: to what extent has Ghana successfully integrated ESG principles into its national governance and development frameworks, and what challenges and opportunities remain for strengthening these efforts across key sectors? Through an examination of the evolution of ESG practices within Ghana's political, economic, and regulatory landscapes, the article offers a critical appraisal of both noteworthy achievements and persistent hurdles. It also discusses ways in which emerging economies can adapt ESG frameworks to foster sustainable growth, economic resilience, and social equity.

Focusing particularly on Ghana's banking sector, the article evaluates how ESG practices are implemented across various industries and emphasizes the importance of robust oversight and monitoring. It contends that clear definitions and consistent enforcement are crucial in ensuring that ESG principles make a tangible contribution to sustainable national development.

The article reviews Ghana's progress in enacting ESG-related legislation, such as the Commission on Human Rights and Administrative Justice Act 1993 (Act 456); the Petroleum (Exploration and Production) Act 2016 (Act 919); and the State Interests and Governance Authority Act 2019 (Act 990). However, it notes that the diversity of laws, the advisory nature of regulations, the slow evolution of reporting standards, and the lack of financial support for capacity-building in SMEs indicate that Ghana has significant work ahead. The article concludes that more streamlined and enforceable regulations are needed to ensure that businesses in Ghana adhere to comprehensive ESG standards.

The ensuing sections of this article will explore the political economy and historical factors that have influenced the development of ESG regulations in Ghana and analyse the current regulatory framework governing ESG in Ghana. Following this, it discusses integrating ESG principles into micro and macro economic development, using Ghana's banking and other sectors as a case study to illustrate these dynamics. The discussion will then critically assess the relevance of ESG within the Ghanaian context, addressing key challenges, potential solutions, and insights from global perspectives.

[B] THE POLITICAL ECONOMY AND HISTORY BEHIND THE EVOLUTION OF ESG RULES IN GHANA

Ghana, located along the Gulf of Guinea and the Atlantic Ocean in West Africa, is renowned for its rich history and vibrant cultural heritage. As the first sub-Saharan African country to gain independence from colonial rule in 1957, Ghana played a pivotal role in catalysing the decolonization movement across the continent. Today, it is recognized for its political stability and democratic governance in a region often facing challenges. The country's diverse economy encompasses agriculture, mining, manufacturing, and services, with substantial gold, cocoa, and oil exports.

Exploiting natural resources while fuelling economic growth has led to significant environmental degradation, social displacement, and economic inequality. Issues such as illegal small-scale gold mining, known locally as "galamsey", have caused severe water pollution and deforestation, threatening water supplies and diminishing cocoa production—a key agricultural export for Ghana. Many farmers have been compelled to abandon their lands due to unsustainable pollution levels and land degradation. These challenges highlight the importance of integrating ESG principles into Ghana's development framework.

Ghana's journey toward embracing ESG principles reflects a complex interplay of political, economic, and social factors rooted in its political economy—a dynamic shaped by its post-colonial development trajectory and the pressures of global economic integration (Whitfield 2018; Nyamadi 2020; Adom 2023). The Ghanaian Government has sought to embed sustainability into its national development strategies, recognizing the environmental and social implications of resource exploitation.

International commitments have profoundly influenced Ghana's ESG landscape. Recognizing that global environmental challenges require collaborative solutions, Ghana has consistently participated in international sustainability initiatives to affirm its dedication to environmental governance. Beginning with its involvement in the 1972 Stockholm Conference on the Human Environment, Ghana demonstrated an early commitment to enhancing environmental management. This dedication was further solidified at the 1992 Earth Summit in Rio de Janeiro, where Ghana endorsed the Rio Conventions, including key agreements on biodiversity, climate change, and combating desertification.

The country has continued to sign and ratify several vital international treaties. Notably, Ghana ratified the Paris Agreement under the UN

Framework Convention on Climate Change (UN 1992), pledging to implement measures to limit the rise in global temperature. These measures include transitioning to renewable energy sources, enhancing energy efficiency, and promoting sustainable land-use practices. Additionally, as a party to the CBD, Ghana has, at least theoretically, committed to conserving biological diversity, the sustainable use of its components, and the fair sharing of benefits arising from genetic resources.

Ghana's commitment to the social dimensions of ESG is exemplified by its adherence to various International Labour Organization (ILO) conventions, which safeguard labour rights, promote safe working conditions, and combat both child and forced labour. Complementing these efforts, the country's ratification of the African Charter on Human and Peoples' Rights underscores dedication to protecting a broad range of human rights—including crucial environmental and socio-economic rights—thus strengthening the governance component of ESG. On the environmental front, Ghana's participation in the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal (2011) highlights the nation's proactive stance on regulating hazardous waste imports and exports. This commitment is bolstered through Ghana's engagement with other multilateral environmental agreements, such as the Paris Agreement and the CBD, further demonstrating a holistic approach to environmental stewardship within the ESG framework.

Building on its international commitments, Ghana marked a significant domestic milestone in its sustainability journey by adopting the first National Environmental Policy in 1995. This policy established a solid framework for embedding environmental considerations into the nation's development-planning and decision-making processes. It underlined the crucial roles of sustainable resource management, effective pollution control, and comprehensive environmental education in ensuring responsible stewardship of Ghana's natural resources. The policy recognized the necessity of integrating environmental sustainability across all economic sectors, acknowledging that the health of the environment is fundamentally connected to long-term economic prosperity (Ayee 1998; Booth 2011).

A significant factor in the evolution of ESG rules in Ghana has been the increasing political will to integrate these principles into legislation and policy-making. This trend reflects the broader shift in governance models within resource-rich African economies, where state capacity and elite incentives play crucial roles in determining regulatory effectiveness

(Booth 2011). Ghana has implemented several national initiatives to enhance its sustainability efforts. Regulatory bodies such as the BoG and the EPA have been instrumental in formulating and enforcing ESG-related regulations. The Renewable Energy Act 2011, for example, was enacted to foster the development and use of renewable energy sources, such as solar and wind energy. This legislation has attracted investments in renewable energy projects, reducing the country's reliance on fossil fuels (Nyasapoh & Ors 2022). Sustainable forest management has also been prioritized through initiatives like the Forest Law Enforcement, Governance, and Trade 2023 Action Plan. This plan aims to curb illegal logging, promote sustainable timber production, and strengthen forest conservation efforts.

Despite the significant strides Ghana has made in integrating sustainable practices, it still faces considerable challenges that threaten its environmental and economic stability. These challenges illustrate what scholars describe as the "implementation gap" in African governance, where progressive policy frameworks often outpace actual institutional capacity and political commitment to reform (Andrews 2013). The galamsey crisis, which involves illegal small-scale gold-mining, exemplifies such challenges (Participatory Development Associates 2016). This practice has led to severe water pollution and threatens the nation with water shortages as water bodies become contaminated and unsuitable for agricultural or personal use. Additionally, the deforestation linked to galamsey activities has exacerbated the situation, resulting in the loss of cocoa production—a key agricultural export for Ghana. Many cocoa farmers have been compelled to abandon their farms due to unsustainable levels of water pollution and the degradation of arable land (Joy Online 2024).

Another significant difficulty is the advisory nature of Ghana's ESG reporting framework. While Ghana adheres to international ESG reporting frameworks like the Global Reporting Initiative (GRI) Standards (2024) and the Ghana Stock Exchange's Guidance Manual, its approach primarily emphasizes voluntary reporting. This approach stands in contrast to regions like the European Union (EU), where stringent, mandatory ESG disclosures are enforced under frameworks such as the European Sustainability Reporting Standards (ESRS). Ghana's more advisory approach results in less stringent enforcement and potentially less comprehensive ESG disclosures. This discrepancy highlights a gap in Ghana's ability to fully implement and enforce ESG principles effectively, as the lack of mandatory reporting requirements may lead to inconsistencies in how businesses address and report on critical ESG issues.

This limitation is further exacerbated by the prevailing trend in Ghana, where sustainability efforts are predominantly confined to CSR initiatives (Osei & Ors 2019). These initiatives often focus more on philanthropy and less on the rigorous implementation of structured ESG frameworks or adherence to regulatory guidelines. While this approach is beneficial in providing immediate community support, it falls short of driving systemic changes required for long-term sustainability. The emphasis on philanthropy over structured sustainability frameworks means critical issues such as environmental degradation, labour rights, and corporate governance are often addressed superficially (Aguinis 2011).

To conclude this section, a trace of the political economy and evolution of ESG rules in Ghana shows that while Ghana has made significant strides in adopting ESG principles, considerable challenges remain to actualize these standards fully within its regulatory and corporate frameworks. The following section looks at the ESG regulations in Ghana, examining the legal and regulatory landscape that governs the implementation of ESG principles.

[C] REGULATIONS ON ESG IN GHANA

Ghana's commitment to ESG principles is evident across its various sectors, aiming to foster sustainable development and responsible business practices. However, unlike some regions where a consolidated ESG law exists, Ghana utilizes a mosaic of laws and regulations to address specific aspects of ESG. This multifaceted approach includes significant legislation such as the 1992 Constitution of Ghana, the Environmental Protection Act 1994 (Act 490), the Labour Act 2003 (Act 651), and several others pertaining to corporate governance, securities, and human rights.

In Ghana, the principal bodies overseeing ESG compliance include the EPA and the Securities and Exchange Commission (SEC), complemented by the involvement of other agencies like the BoG. The SEC ensures that companies meet ESG disclosure and reporting standards, which is crucial for transparent and accountable corporate governance (Ghana Stock Exchange 2022). Additionally, the BoG reinforces ESG oversight by mandating sustainable banking practices requiring financial institutions to integrate ESG factors into their operational and risk management frameworks (BoG 2019). Together, these agencies form a robust network to regulate and enforce ESG standards, promoting sustainable development and corporate responsibility across various sectors in Ghana.

The EPA plays a pivotal role in enforcing environmental standards, especially in environmentally sensitive industries such as mining and oil extraction. One of the key regulations introduced by the EPA is the Environmental Assessment Regulations of 1999 (LI 1652) as amended, which mandate comprehensive environmental impact assessments for all new projects. Regulation 3 of the Environmental Assessment Regulations ensures that potential environmental and social effects of proposed projects are thoroughly assessed, mitigated, and monitored, promoting responsible development practices.

The regulatory oversight provided by the EPA and the standards established by the Government have significantly advanced the implementation of ESG principles within Ghana's mining sector, a significant component of the nation's economy. This has marked enhancements in CSR and environmental stewardship among mining companies. Companies like Newmont Goldcorp and AngloGold Ashanti have implemented community development programmes focusing on health, education, and infrastructure in mining regions. They have adopted sustainable mining practices by employing technologies that reduce water usage and prevent toxic waste contamination. Improved tailings management minimizes the risk of environmental disasters, and efforts are made to rehabilitate mined lands post-extraction. These initiatives mitigate environmental harm and enhance the livelihoods of local communities affected by mining activities (Armah & Ors 2011; Mensah & Ors 2015; Ros-Tonen & Ors 2021).

The EPA possesses enforcement authority and has actively pursued actions against companies that fail to comply with its regulations and environmental laws. For instance, Newmont Ghana Gold was fined USD4.9 million for a cyanide spill, with compensation distributed among affected communities, the EPA, and the Inspectorate Division of the Minerals Commission. In September 2023, the EPA ordered the arrest of the owner of Sta Addsams Enterprise, a quarry company, over an explosion at its quarry site (Adzei Boye 2023; Benneh Prempeh & Ors 2025).

In the renewable energy sector, sections 1 and 2 of the Renewable Energy Act of 2011 provide a legal framework for developing and utilizing renewable energy sources such as solar, wind, and biomass. This Act has attracted domestic and foreign investments in renewable energy projects, leading to the establishment of solar farms and mini-grid systems in rural areas. These initiatives have enhanced energy access for previously disconnected communities from the national grid, leading to social development and economic activities. Additionally, by increasing the capacity for renewable energy, these projects support Ghana's efforts to fulfil its international commitments to reducing greenhouse gas emissions under various climate agreements (Kuamoah 2020).

Despite progress in some areas, the integration of ESG principles in Ghana faces significant challenges, particularly within the agriculture and manufacturing sectors.

Firstly, the agriculture sector, crucial for Ghana's economy and employment, engages in practices such as slash-and-burn farming, excessive use of chemical fertilizers, and poor land management. These activities contribute to deforestation, soil degradation, loss of biodiversity, and increased carbon emissions. Despite its critical impact, this sector remains under-regulated with limited ESG oversight, allowing unsustainable agricultural practices to continue (Acheampong & Ors 2019). Similarly, the manufacturing sector struggles with adopting ESG standards due to resource constraints among SMEs. These challenges manifest in issues like improper waste disposal, energy inefficiency, and substandard labour conditions, leading to pollution that deteriorates air and water quality, adversely affecting public health and ecosystems (Bour & Ors 2023).

The ESG landscape in Ghana faces several significant challenges that complicate the effective integration of these principles across various sectors. One major issue is the lack of clear guidelines for measuring ESG performance. Without standardized measurement frameworks, companies find it difficult to benchmark their ESG initiatives effectively, making it challenging for stakeholders to evaluate and compare corporate efforts accurately. This difficulty leads to data inconsistency, as different organizations may report ESG metrics using varied indicators, resulting in discrepancies that obscure the assessment and comparison of environmental and social impacts. Such inconsistency impedes the ability to gauge the true extent of sustainable development progress across different organizations.

The following section will explore a case study of the banking sector in Ghana, focusing on how it translates ESG principles into tangible, sustainable development outcomes. Particular attention will be given to the implementation of sustainable banking principles, with an emphasis on the gender component. This examination aims to shed light on the practical application of ESG standards within Ghana's financial institutions and assess the impact of these principles on promoting gender equity and broader sustainable practices.

[D] TRANSLATING ESG INTO SUSTAINABLE DEVELOPMENT: GHANA'S BANKING SECTOR

The BoG is part of the Sustainable Banking Network, a voluntary group supported by the International Finance Corporation (IFC) and the World Bank Group. This initiative aims to advance sustainable banking practices in developing countries. In November 2019, the BoG introduced the Ghana SBPs, which were developed under the leadership of the Sustainable Banking Committee. This committee includes key representatives from the financial sector and environmental protection agencies, featuring members from the BoG, the Ghana Association of Bankers (GAB), and the EPA (BoG 2019a; 2019b).

The development of the SBPs involved extensive consultations with a diverse range of stakeholders, including ministries, departments, and agencies, civil society organizations, academia, and international bodies such as the IFC and the UN Environment Programme Finance Initiative. These consultations ensured that the principles were comprehensive and aligned with national and international sustainability goals (BoG 2019).

The SBPs were introduced into the Ghanaian financial sector to address emerging issues such as "socially responsible stewardship" and to guide banks in incorporating sustainability into their operations and reporting practices. The committee overseeing these principles emphasizes that banks in Ghana are crucial in distributing financial resources and, therefore, must strategically integrate "economic, social, and environmental factors" into their decision-making processes. (BoG 2019a: 2)

The SBPs articulate seven fundamental principles, focusing on the management of environmental and social risks, the promotion of internal ESG practices, the maintenance of high standards in corporate governance and ethics, and the advancement of gender equality both within the workplace and in financial practices. Additionally, they emphasize financial inclusion, encouraging banks to expand access to financial services across all segments of society, support sustainable business practices among clients, and ensure transparent reporting on sustainability performance. The BoG, through IFC support, also facilitates continuous improvement and targeted capacity-building initiatives to enhance the staff and boards' understanding and execution of these principles (BoG 2019a: 6; KPMG 2023).

All banks operating in Ghana have pledged to uphold ESG principles in alignment with their institutional mandates. A 2021 Global Progress

Report highlights this commitment, revealing that every commercial bank in Ghana has adopted the SBPs, showcasing a nationwide consensus on the importance of environmental and social sustainability (Sustainable Banking and Finance Network 2021).

Noting the effects of the SBPs on banking operations, the Chief Executive of the Ghana Association of Bankers commented:

> Fortunately, Ghanaian universal banks have refocused their business horizon towards decision-making processes that strategically integrate factors related to society, the environment, and the economy. The change in the business direction of banks has led to a tremendous reduction in social inequality, economic imbalance, value-addition to business operations of banks, mitigation of climate change effect, and the rate of environmental pollution. (PricewaterhouseCoopers 2022: viii)

Board-level leadership has been instrumental in embedding ESG principles throughout Ghana's banking operations. A KPMG survey indicates that 45% of listed Ghanaian companies now incorporate sustainability matters into board responsibilities, reflecting a growing recognition of ESG at the highest levels of corporate governance (KPMG 2023). GCB Bank plc, for instance, treats ESG as a core risk function, with the chief risk officer reporting directly to the board through the managing director, supported by an ESG working committee to guide operational integration (GCB Bank plc 2024). Similarly, Fidelity Bank Ghana has earned multiple awards for its focus on sustainability and social impact (*Business and Financial Times* 2024).

Despite these gains, challenges persist. The 2021 Global Progress Report commends the adoption of SBPs but stresses the need for further capacity-building and technical support to address climate-related risks effectively (Sustainable Banking and Finance Network 2022). The *International Financial Law Review* also highlights the importance of rigorous ESG due diligence, calling for both internal and external mechanisms to ensure meaningful implementation (Essuman & Ors 2024). Thus, it is evident that, while significant strides have been made, ongoing efforts to enhance institutional capabilities and regulatory oversight are vital to ensure the banking sector's adaptability and sustainability.

Promoting gender equality through sustainable banking principles

A notable area where the SBPs have had a clear, tangible focus is in promoting gender equality. The gender equality principle in the SBPs focuses on women as drivers of social change—as women entrepreneurs and business leaders. It also factors in the gender ratio in the top management of institutions (BoG 2019a: 33). This SBP guideline arguably influences banks' decision to include women in different categories of leadership in their women's desk initiatives. In launching its gender action project, Fidelity Bank explains this notion by showing that its gender action plan focuses on supporting women holistically as leaders, entrepreneurs, and employees (Fidelity Bank 2023).

Principle 4 of the SBPs is gender equality (Bog 2019a) drawn from the UN Women's Empowerment Principles (WEPs) (Bog 2019a: 33). The WEPs offer guidance to businesses on integrating gender equality in their business activities in line with international labour and human rights standards. In line with WEPs, SBPs mandate banks to "encourage awareness of, and initiate action to promote gender equality both with our clients and within our business operations" (BoG 2019a: 33). Guideline 5 of this principle encourages banks to "implement enterprise development and marketing practices that empower women". Under this guideline, Ghanaian banks must extend their business relationships to women and women entrepreneurs and offer bank services in a gender-sensitive manner, thus removing all lending barriers that women may face (BoG 2019a: 38).

The commercial banks in Ghana have approached the implementation of enterprise development and marketing practices requirements under the gender equality principle in the SBPs in two different but interconnecting ways. Some banks have solely offered gender-centred capacity-building initiatives, collaborating with academic, governmental, and non-governmental institutions to offer workshops, training, and business incubator programmes for women in Ghana (African Guarantee Fund 2022; Ebale 2023; Fidelity Bank 2023; Stanbic Bank Ghana 2023). These programmes predominantly target capacity-building for women. One example of such capacity-building programmes is GCB Bank's *ad hoc* funding of training programmes for women entrepreneurs in Ghana (Philanthropy Space Ghana 2020). Another example is First National Bank's collaboration with organizations like VeloCiti and British International Investment to implement women's entrepreneurial development programmes (UVU Africa 2022; British International Investment 2022).

The second way most banks have approached the implementation of enterprise development and marketing practices requirements under the gender equality principle in the SBPs is by creating women's banking departments.

The regulatory policy is driving change and competition within the banking sector and driving the banks to develop innovative product offerings that will be attractive and potentially solve the banking needs of women in Ghana. This regulatory drive of the BoG towards banks' integration of ESG principles in their policies in relation to gender equality is evident in the increase in the number of women's banking desks, which has doubled from five in 2021 to 11.[1]

Banks often label their women-focused services as "initiatives" rather than "products" to align these offerings with CSR rather than direct profit-making activities. By doing so, they position these services as part of their broader commitment to social equity and inclusion, specifically targeting gender parity and providing opportunities for women to actively contribute to the growth and development of the Ghanaian economy (African Business 2022; Absa 2023; Access Bank 2023; FBNBank Ghana 2023a; 2023b; Stanbic Bank Ghana 2023; Zenith Bank Ghana 2023).

The terminology and branding employed—such as "elevate", "lift", "emerge", and "initiative"—are strategically chosen to emphasize upliftment, progression, and empowerment. These terms suggest that the banks' primary aim is to support women's economic advancement, fostering a perception of genuine societal contribution rather than purely expanding profitability or market share. Although bankers acknowledge that such initiatives indirectly benefit the banks through enhanced brand reputation, customer loyalty, and potential growth in their client base, they frequently describe the introduction of women's desks and specialized programmes as a strategic realignment of policies intended to support vulnerable sectors. In doing so, banks intentionally distance these initiatives from being perceived as overtly profit-driven, highlighting instead their role as active contributors to sustainable and inclusive economic development.

Banks' strategic alignment of women-focused services as CSR activities rather than core business operations reveals a fundamental

1 Ecobank, ABSA and Calbank, Access Bank had women's desks in 2021 while Stanbic, Fidelity and Standard Chartered Banks were in the process of establishing their women's desks.

tension between rhetoric and practice, raising critical concerns about their genuine integration of ESG principles into sustainable development frameworks. By categorizing these services predominantly as peripheral social responsibility initiatives, banks inadvertently marginalize their significance within organizational structures. This positioning suggests that the initiatives are ancillary rather than intrinsic to operational strategies, risking underinvestment, inadequate resource allocation, and limited scalability. Such peripheral treatment undermines the transformative potential of these initiatives, casting doubt on the authenticity of banks' stated commitments to gender equity and inclusivity. It highlights a deeper contradiction: banks profess dedication to societal upliftment and gender parity, yet structurally relegate these initiatives to positions of lesser priority, impeding their capacity to effect meaningful, systemic change.

This framing of women-focused initiatives as non-profit endeavours further entrenches their vulnerability and exposes critical weaknesses regarding their long-term sustainability and impact. In periods of financial strain or shifting corporate priorities, programmes that are explicitly dissociated from profit generation become particularly susceptible to funding cuts or elimination. This precariousness reveals the fragility inherent in CSR-oriented frameworks that lack integration into the banks' essential profit-driven objectives. Consequently, the effectiveness and continuity of these initiatives are compromised, jeopardizing their ability to achieve lasting progress toward gender equality and meaningful inclusion. The treatment of gender-related initiatives as discretionary rather than indispensable not only questions the sincerity of banks' commitments but also signals a broader failure to fully embed ESG considerations into their foundational business models. Banks thus risk perpetuating superficial commitments to sustainability and equity, undermining public trust and ultimately weakening their broader societal impact.

The banks' reluctance to classify their women's offerings as profit-making products may also reflect a missed opportunity to demonstrate that social responsibility and profitability are not mutually exclusive. Integrating women's financial services into the core profit-generating activities could reinforce the idea that empowering women is both a socially responsible and economically sound strategy. Such integration would ensure that these services receive adequate funding and strategic oversight, enhancing their impact and contribution to sustainable development.

Despite the existing challenges, the banking sector in Ghana demonstrates significant progress in embedding ESG principles into everyday banking practices, emphasizing the role of banks in "responsible stewardship" of the economy. The BoG has spearheaded this initiative by implementing structured reporting under the SBPs. A key component of this framework is the mandatory reporting requirement, compelling banks to regularly measure and report their progress in implementing the Ghana SBPs (Sustainable Banking and Finance Network 2020; PricewaterhouseCoopers 2022; *Business and Financial Times* 2024). Currently, the monitoring guidance and reporting framework that banks are required to submit to BoG every two years incorporates the implementation of the SBPs (PricewaterhouseCoopers 2022). As of December 2023, the compliance rate reported was 62.5%, showcasing a commendable alignment with sustainable practices (*Business and Financial Times* 2024).

However, transitioning to sustainable banking practices presents significant challenges. Initially, many banks exhibited a lack of understanding and experience with sustainable practices, indicating a broader difficulty in deeply integrating ESG principles into core banking operations. As illustrated by the case study on Principle 4 of the SBPs, which focuses on gender equality, a cultural shift is required. Banks need to move from traditional profit-focused models to ones that fully incorporate sustainability. Currently, many banks treat their efforts under Principle 4 — which emphasizes gender equality — as mere CSR rather than as integral to their core banking operations.

For regulations to effectively support and enforce the implementation of sustainable practices, adequate financial resources are essential; however, these are currently lacking in Ghana. The BoG itself faces budgetary constraints that hinder its capacity to oversee and enforce these practices. Additionally, there is an ongoing need for capacity building in ESG practices as banks work to align their operations with new sustainability standards. Challenges also include providing long-term credit for green projects and a noticeable lack of expertise within the private sector to assess risks associated with green finance investments (Sustainable Banking and Finance Network 2020; UN Environment Programme 2022; *Business and Financial Times* 2024).

These challenges faced by the banking sector in Ghana highlight the broader difficulty of effectively implementing ESG principles across various sectors. The complexities in embedding these principles into core business strategies highlight the substantial hurdles Ghana faces as a developing country in translating ESG frameworks into tangible, sustainable development. The regulatory and financial constraints prevalent in Ghana impede not only the banking sector but also other industries from fully integrating ESG initiatives that could significantly benefit the economy at the macro level and communities at the micro level.

[E] RELEVANCE OF ESG IN GHANA: PROBLEMS, SOLUTIONS, AND GLOBAL LEARNINGS WITH GLOBAL CONTEXT

ESG principles are essential for addressing Ghana's socio-economic and environmental challenges. As a country heavily reliant on natural resources such as gold, oil, and cocoa, Ghana faces issues like land degradation, pollution, and community displacement. Integrating ESG principles offers a strategic framework that balances economic progress with environmental protection and social equity.

A significant challenge in Ghana is the inconsistency in regulatory enforcement, stemming from the absence of a consolidated ESG regulatory framework. This challenge leads to a complex and fragmented landscape, complicating compliance for businesses and enforcement for regulators. Furthermore, SMEs, which form a large part of Ghana's economy, often lack the financial resources and technical expertise to adopt ESG practices. This is especially acute in sectors like agriculture and informal mining, where unsustainable practices persist due to these constraints. The broader adoption of ESG principles is hindered, impacting sustainable development at both macro and micro levels.

Ghana's approach to ESG reporting, primarily emphasizing voluntary reporting, contrasts starkly with global practices where mandatory ESG reporting and standardized frameworks are becoming the norm. These global standards enhance the quality and reliability of ESG information and show the importance of legal mandates and clear guidelines in integrating ESG principles effectively. For example, the EU mandates comprehensive ESG reporting through the ESRS under the Corporate Sustainability Reporting Directive of 2022. These legally binding standards cover a wide range of sustainability issues with detailed and prescriptive requirements, including a double materiality assessment that considers both financial and impact materiality (Global Reporting Initiative 2024).

In Asia, countries like Japan have integrated ESG considerations into corporate governance codes, encouraging companies to disclose

ESG information and engage in sustainable practices. The Tokyo Stock Exchange requires listed companies to report on ESG issues, fostering a culture of transparency and accountability. Similarly, Singapore mandates sustainability reporting for all listed companies, aligning with international frameworks like the GRI (Singapore Exchange 2016).

To effectively address the challenges of implementing ESG principles, Ghana could learn from the approach taken by the Netherlands, which differs significantly from Ghana's current framework. The Netherlands has established a consolidated and comprehensive ESG regulatory system that integrates detailed legislation, active regulatory oversight, and clear corporate guidelines. For example, the Dutch Climate Act 2019 sets specific, legally binding targets for emissions reductions, aiming for a 49% reduction by 2030 compared to 1990 levels. Regulatory bodies like the Netherlands Authority for the Financial Markets ensure strict compliance with ESG reporting requirements, fostering transparency and accountability. The Dutch Corporate Governance Code (2022) mandates companies to focus on long-term value creation with explicit attention to social and environmental impacts, ensuring that ESG considerations are deeply embedded in corporate strategies.

In contrast, Ghana's ESG framework is more fragmented and primarily advisory, lacking the legally binding guidelines that characterize the Dutch system. The multiplicity of laws and the voluntary nature of ESG reporting in Ghana lead to inconsistencies in enforcement and compliance. Regulatory bodies often face budgetary constraints and limited resources, hindering effective oversight. Many Ghanaian companies treat ESG efforts as peripheral CSR initiatives rather than integrating them into their core business operations. By adopting a more cohesive and legally binding regulatory framework similar to that of the Netherlands, Ghana could simplify compliance efforts, enhance enforcement consistency, and provide definitive standards for businesses. This shift would encourage companies to integrate ESG considerations into their fundamental strategies, promoting genuine sustainable development and positioning Ghana as a leader in sustainable practices within the region (Ayee 1998; Hilson & Ors 2022).

Furthermore, financial incentives such as tax breaks, grants, or low-interest loans targeted at ESG compliance could motivate businesses to adopt sustainable practices. Investing in capacity-building through technical assistance and training programmes would empower businesses to integrate ESG principles effectively. Establishing dedicated support programs for SMEs would help widen the impact of ESG across the economy, providing the necessary funding, specialized training, and consultancy services to overcome barriers to ESG adoption.

Learning from global best practices and refining its approach to ESG will allow Ghana to enhance the robustness and effectiveness of its ESG reporting and practices. Adopting elements from advanced ESG frameworks such as the EU's ESRS or aligning with international standards like the GRI and Task Force on Climate-related Financial Disclosures could significantly improve Ghana's ESG framework. This strategic approach will help the country mitigate environmental impacts, improve social equity, and promote economic resilience, positioning Ghana as a leader in sustainable practices in the region.

[F] CONCLUSION

The evolution of ESG principles in Ghana reflects the country's commitment to sustainable development amid significant socio-economic and environmental challenges. Ghana's approach to ESG has been shaped by its political economy, international influence, and the unique demands of its key industries. While progress has been made in sectors like renewable energy, banking, and formal mining, challenges remain, especially in informal mining, agriculture, and smaller financial institutions where ESG adoption is less consistent.

Ghana's experience with ESG highlights both the potential and the complexities of integrating sustainable practices in emerging economies. Successful ESG implementation requires solid regulatory frameworks, consistent enforcement, and resources to support smaller businesses in adopting sustainable practices. Drawing on global best practices and adapting them to local needs can further enhance ESG's impact, positioning Ghana as a leader in sustainable development within Africa.

As Ghana continues its ESG journey, its lessons from successes and failures provide valuable insights. The country's progress in ESG contributes to national development and serves as a model for other developing nations seeking to balance economic growth with environmental and social responsibility. Through continued commitment to ESG, Ghana has the potential to build a more sustainable, equitable, and resilient future.

To further strengthen its ESG framework, Ghana must consider a multi-pronged policy and practice agenda. First, there is a need to consolidate ESG-related legislation into a coherent national framework that provides clarity for both domestic and international stakeholders.

This approach should include the development of unified ESG standards, reporting guidelines, and sector-specific benchmarks that reflect local realities while aligning with international norms. Second, the Government should invest in capacity-building programmes for regulators and SMEs, ensuring that smaller enterprises can access the technical knowledge, tools, and funding needed to implement ESG practices effectively. Third, enforcement mechanisms should be enhanced through better interagency collaboration, digital compliance tools, and more transparent monitoring systems that incentivize good performance and penalize non-compliance.

On the practice side, public–private dialogue platforms should be strengthened to foster innovation, share best practices, and encourage the co-creation of solutions tailored to the Ghanaian context. ESG must also be integrated into public procurement processes and national budgeting to embed sustainability across the public sector. Additionally, there is an opportunity to leverage Ghana's financial sector—particularly through green finance instruments and sustainability-linked loans—to channel investments into sectors and projects that align with ESG priorities.

Ghana can build a more robust, inclusive, and accountable ESG ecosystem by pursuing these targeted interventions. These reforms will enhance the credibility of Ghana's sustainability agenda and improve the country's attractiveness to responsible investors and development partners, ultimately driving long-term socio-economic and environmental gains.

About the authors

Priscilla Akua Vitoh *gained a PhD from Warwick Law School and is a Lecturer in Law at the University of Leicester Law School. See her* profile page *for further details.*

Email: pav10@leicester.ac.uk.

Jude Serbeh-Boateng *is a transactional lawyer with expertise in technology and renewable energy. He works as an Associate at Eight Geeks at Law, a technology-focused law firm in Accra that provides legal support to local and international technology companies.*

Email: j.serbehboateng@theeightgeeks.com.

References

Absa. "Absa Emerge" 2023.

Access Bank (Ghana) (nd). "Access Bank's 'W' Initiative Wins Another Global Award."

Acheampong, Emmanuel Opoku & Ors. "Deforestation Is Driven by Agricultural Expansion in Ghana's Forest Reserves." *Scientific African* 5 (2019): e00146.

Adom, Nana (2023) "The Nexus of Oil Production, Democracy and Economic Diversification in Ghana" Doctoral Thesis, Anglia Ruskin Research Online.

Adzei Boye, Clement. "Ghana: EPA Orders Arrest of Sta Addsams Enterprise Owner Over Explosion" *Ghanaian Times* 12 September 2023.

African Business. "Ecobank's Ellevate Programme Will Empower Women-Led Businesses." 15 December 2022.

African Guarantee Fund. "AGF Partners With Société Générale Ghana." 6 July 2022.

Andrews, M. *The Limits of Institutional Reform in Development: Changing Rules for Realistic Solutions.* Cambridge: Cambridge University Press, 2013.

Aguinis, H. "Organisational Responsibility: Doing Good and Doing Well." In APA Handbook of Industrial and Organizational Psychology, volume 3, edited by S Zedeck, 855-879. Washington DC: *American Psychological Association*, 2011.

Armah, F A & Ors. "Assessment of Legal Framework for Corporate Environmental Behaviour and Perceptions of Residents in Mining Communities in Ghana." *Journal of Environmental Planning and Management* 54(2) (2011): 193-209.

Ayee, J R A. "The Formulation and Implementation of Environmental Policy in Ghana." *Africa Development/Afrique et Développement* 23(2) (1998): 99-119.

Bank of Ghana (BoG). "Ghana Sustainable Banking Principles and Guidelines (Book 1)" 2019a.

Bank of Ghana. 2019b. "Governor's Speech at the Formal Launch of the Ghana Sustainable Banking Principles."

Benneh Prempeh, Adelaide & Ors. *Environmental, Social & Governance Law Ghana*. London: Global Legal Group 2025.

Booth, D. "Aid, Institutions and Governance: What Have We Learned?" *Development Policy Review* 29(s1) 2011: s5-s26.

Bour, K B, K Adu & E N Angmor. "Green Manufacturing for Environmental Sustainability: The Hiccups for Manufacturing Companies in Urban Ghana." *Sustainable Environment* 9(1) 2023.

British International Investment. "We're Partnering with FirstBank to Support Women and Small Business Owners with a $100Million Credit Facility" 21 February 2022.

Business and Financial Times. "Fidelity Bank Cements Industry Leadership in ESG and Sustainability" 2 December 2024.

Ebale, Linda Aryee. "Recognising the Efforts of Women – The Backbone of The Ghanaian Economy." Stanbic Bank 2023.

Fidelity Bank. "Fidelity Bank Launches 5-year Gender Action Plan to Promote Gender Inclusive Banking" 12 January 2023.

FBNBank Ghana. "Women Need to Be Ready to Take on Challenge of Equal Opportunities – FBNBank Women Network" 2023a.

FBNBank Ghana. "FBNBank Reaffirms Its Commitment to Support Gender Parity" 2023b.

GCB Bank plc. "ESG Status Update" 2024.

Ghana Stock Exchange. ESG Disclosures Guidance Manual (Version 1.1) 2022.

Global Reporting Initiative. "Consolidated Set of the GRI Standards" 2024.

Hilson, G, E Bartels & Y Hu. "Brick by Brick, Block by Block: Building a Sustainable Formalization Strategy for Small-Scale Gold Mining in Ghana." *Environmental Science and Policy* 135 (2022): 207-225.

Essuman, L, E Osam Tawiah & V Odame-Koranteng. "ESG Due Diligence: The Ghanaian Perspective." *International Financial Law Review* 26 March 2024.

Forcadell, Francisco Javier & Elisa Aracil. "Sustainable Banking in Latin American Developing Countries: Leading to (Mutual) Prosperity." *Business Ethics: A European Review* 26(4) 2017: 382–95.

Halkos, George E & Stylianos N Nomikos. "Reviewing the Status of Corporate Social Responsibility (CSR) Legal Framework." *Management of Environmental Quality: An International Journal* 32(4) (2021): 700–716.

Joy Online. "Ghana's Cocoa Farmers Lament Low Earnings Amid High Prices" *Joy Online* 23 April 2024.

KPMG. "ESG Reporting in Ghana: Are Listed Companies Meeting Expectations?" 2023.

Kuamoah, C. "Renewable Energy Deployment in Ghana: The Hype, Hope and Reality." *Insight on Africa* 12(1) (2020): 45-64.

Li, Ting-Ting & Ors. "ESG: Research Progress and Future Prospects." *Sustainability* 13 (2021): 11663.

Lotsu, S Y. ESG *Reporting and Impact on Business Sustainability in a Developing Country: Case of Ghana.* Doctoral Thesis, University of Business Innovation and Sustainability, 2024.

Mensah, Albert K & Ors. "Environmental Impacts of Mining: A Study of Mining Communities in Ghana." *Applied Ecology and Environmental Sciences* 3(3) (2015): 81-94.

Nyamadi, V M. T*he Role of Corporate Social Responsibility in Sustainable Development in Ghana: A Critical Perspective on Anglogold Ashanti Ghana.* Doctoral Thesis, University of South Aftica, 2020.

Nyasapoh, Mark Amoah, Michael Deho Elorm & Nana Sarfo Agyemang Derkyi. "The Role of Renewable Energies in Sustainable Development of Ghana." *Scientific African* 16 (2022): e01199.

Osei, A A & Ors. "Impact of Board Characteristics on Corporate Social Responsibility Disclosure in Ghana." *International Journal of Sciences: Basic and Applied Research* 46(1) (2019): 104-116.

Participatory Development Associates. "Understanding Galamsey (Illegal Mining) in Ghana" 7 October 2016.

Philanthropy Space Ghana. "GCB Bank Funds Women's DNA Foundation Business Training" Aistiphi's Post 23 March 2020.

PricewaterhouseCoopers. 2022. "Why Banks Can No Longer Ignore ESG: Views from Ghanaian Bankers: PwC Ghana Banking Survey Report.' PricewaterCoopers Ghana."

Ros-Tonen, Mirjam A F & Ors. "Human Insecurities in Gold Mining: A Systematic Review of Evidence from Ghana." *The Extractive Industries and Society* 8(4) (2021): 100951.

Saxena, Deepika, Neelam Dhall & Rashika Malik. "Sustainable Banking: A Roadmap to Sustainable Development." *Corporate Governance* 3 (2021): 42–56

Singapore Exchange. "Sustainability Reporting Guide: Listing Rule 711A & 711B" 2016.

Solberg, H M & Ors. "Stakeholder Pressure, Climate Finance, and ESG Reporting: Empirical Research." *American Interdisciplinary Journal of Business and Economics* 11(2) (2024): 41-57.

Stanbic Bank Ghana. "Stanbic Bank Leading the Charge to Bridge the Gender Digital Gap" 2023.

Sustainable Banking and Finance Network. "2021 Country Progress Report: Ghana" October 2021.

Sustainable Banking and Finance Network. "Ghana Country Progress Report" April 2022.

United Nations (UN). "Framework Convention on Climate Change" 1992.

United Nations (UN). "Paris Agreement on Climate Change" 2015a.

United Nations (UN). "The 17 Goals" 2015b.

United Nations (UN) Environment Programme. *The Enabling Environment for Green Finance in Ghana* September 2022.

UVU Africa. 2023. "New Programme Launched for Female Entrepreneurship Supported by FNB and CiTi!" 15 March 2022.

Whitfield, L. *Economies after Colonialism: Ghana and the Struggle for Power*. Cambridge: Cambridge University Press, 2018.

Zenith Bank Ghana. "Zenith Bank Unveils the Z-Woman" 2023.

Legislation, Regulations and Rules

African Charter on Human and Peoples' Rights 1986

Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal 1989

Climate Act 2019 (Netherlands)

Commission on Human Rights and Administrative Justice Act 1993 (Act 456)

Constitution of Ghana 1992

Convention on Biodiversity Climate Change and Desertification (Rio Conventions) (UN)

Corporate Governance Code 2022 (Netherlands)

Corporate Sustainability Reporting Directive (EU) 2022/2464

Environmental Assessment Regulations of 1999 (LI 1652)

Environmental Protection Act 1994 (Act 490)

Framework Convention on Climate Change 1992 (UN)

Labour Act 2003 (Act 651)

Paris Agreement on Climate Change 2015

Petroleum (Exploration and Production) Act 2016 (Act 919)

Renewable Energy Act 2011 (Act 832)

State Interests and Governance Authority Act 2019 (Act 990).