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# THE GHANA BUSINESS SUSTAINABILITY REPORT

## 3RD QUARTER 2023 EDITION

A QUARTERLY SUSTAINABILITY REPORT

# TABLE OF CONTENT

# 01 FORWARD

Richard Nunekpeku
Managing Partner

Dear Esteemed Readers,

In an era of profound transformation within the business landscape, we find ourselves confronted with challenges that extend beyond the traditional pursuit of profitability. The imperative of sustainability has emerged as a central concern, shaping the strategies and actions of forward-thinking businesses in their pursuit of enduring success.

It is in line with this emerging concern that we present to you the 3rd Quarter edition of the Ghana Business Sustainability Report, which casts a spotlight on pressing issues which demand the attention and commitment of businesses today.

In this edition, we have compiled a comprehensive catalog of laws and regulations that impact the mining sector in Ghana, empowering businesses with the knowledge needed to navigate this crucial sector. We also delve into Environmental, Social, and Governance (ESG) considerations, offering guidance on how businesses can seamlessly integrate these imperatives into their operations.
Furthermore, we shed light on the innovative financing model of Green Bonds, demystifying its fundamentals and illustrating the opportunities it presents for businesses to meet their future funding requirements while championing sustainability.

In a world where the nature of work is undergoing a profound evolution, we provide valuable insights into the future of work and how businesses can best prepare to thrive within this evolving landscape.

This edition also explores vital topics such as tax, trade, dispute resolution, and other sustainability concerns, offering comprehensive insights to aid businesses in their commitment to sustainability.

Our spotlight feature introduces you to Ghana's emerging sustainability business model – Solar Taxi and its pioneering initiatives which serve as an inspiring example of businesses championing sustainable practices.

We recognize that the path to sustainability demands resolute commitment from businesses. And it is our fervent hope that our efforts in documenting the current state of affairs, outlining actionable steps for businesses, and showcasing emerging champions will provide valuable support as you navigate the journey towards the long-term sustainability of your businesses.

We invite you to read this edition with a commitment to sustainability in mind. Your dedication to these principles will not only benefit your businesses but also contribute to a more sustainable and prosperous future for all.

Thank you for your continued support toward a more sustainable business world.

# PUBLISHERS AND CONTRIBUTORS



Sustineri Attorneys is Ghana's foremost Fintech and Start-up focused law firm, committed to providing differentiated legal services by leveraging our experience as proven entrepreneurs, business managers, and business lawyers which allows us to think and act like the entrepreneurs, business owners, and managers we work with at all times.

As a team of young legal practitioners, SUSTINERI ATTORNEYS PRUC takes pride in acting with integrity, avoiding conflicts, and working with clients to design innovative legal solutions that meet their specific needs.

At SUSTINERI ATTORNEYS PRUC, we consider every client's brief as an opportunity to use our sound understanding of Ghana's business, commercial and legal environment, professional experience, and commercial knowledge to provide solutions that do not only address immediate legal needs but also anticipate future challenges and opportunities.

Our pride as the foremost Fintech and Start-up focused law firm stems not only from our understanding of the potentials of emerging technologies and our belief in the ideas of many young people but also from the difference our network of resources and experiences can make when working closely with founders and entrepreneurs. To this end, we operate a 24-hour policy urging our clients to reach out to us at any time and on any issue.

We strive for excellence, ensuring that our solutions provide sustainable paths for our clients' businesses by adopting a common-sense and practical approach in our value added legal service delivery – and employing our problem solving skills.

Our goal is to help businesses to become commercially sound and viable, as well as regulatorily compliant, by engaging in legal and beneficial transactions to promote their business competitiveness for sustained operations and investments.

And as our name implies, our priority is to always leverage legal means to promote the sustainability (long-term viability) of our clients' businesses.

We are different, and the preferred partner for growth.

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# 03 BRIEF OVERVIEW OF MINING REGULATIONS IN GHANA

## A. INTRODUCTION

Ghana is a naturally endowed country with a wealth of minerals, including gold, diamonds, manganese, bauxite, and various others, and globally known to be one of the leading producers of gold. Importantly, the mining sector holds a crucial position in the Ghanaian economy, contributing approximately 50% to the country's Gross Domestic Product (GDP).

Generally, Ghana has a favorable fiscal regime for mining, with competitive rates of royalty and corporate income tax, transferability of capital, concessionary rates, and exemption on some imported mining inputs. However, the mining industry presents substantial challenges related to the environment, social dynamics, and governance, necessitating effective regulatory and managerial measures.

## B. THE REGULATORY FRAMEWORK

The legal foundation for mining activities in Ghana is grounded in the 1992 Constitution, which confers the ownership and administration of all minerals to the state. The primary legislation governing mining operations is the Minerals and Mining Act of 2006 (Act 703), amended by the Minerals and Mining (Amendment) Acts of 2015 (Act 900) and 2019 (Act 995). These statutes address mineral rights issuance, licensing procedures, fiscal policies, environmental preservation, health and safety standards, compensation and resettlement protocols, as well as local content and participation requirements.

The oversight of mining laws and policies falls under the purview of the Minerals Commission, the principal regulatory body. Its responsibilities encompass granting mineral rights, ensuring compliance, fostering mineral development, advising the government on mineral-related matters, and coordinating with relevant agencies.

Additionally, the Environmental Protection Agency (EPA) plays a pivotal role by regulating the environmental aspects of mining, issuing permits and certificates, conducting environmental impact assessments (EIAs), monitoring environmental performance, enforcing standards, and imposing sanctions for non-compliance.

Ghana's mining sector operates within a framework of regulations designed to promote responsible and sustainable practices. Some of these legislations include:

**Minerals and Mining (General) Regulations, 2012 (L.I. 2173):**
It governs the overall administration of mineral rights, fees, royalties, mineral operations, support services, records, reports, and specifying offences and penalties.

**Minerals and Mining (Support Services) Regulations, 2012 (L.I. 2174):**
This instrument provides a registration and licensing framework for mine support service providers, such as contractors, consultants, equipment suppliers, and laboratories.

**Minerals and Mining (Compensation and Resettlement) Regulations, 2012 (L.I. 2175):**
This instrument mainly prescribes procedures for compensating and resettling individuals affected by mining activities.

**Minerals and Mining (Licensing) Regulations, 2012 (L.I. 2176):**
The regulation details and highlights the application requirements and procedures for obtaining mineral rights, including reconnaissance licences, prospecting licences, mining leases, or restricted licences.

**Minerals and Mining (Explosives) Regulations, 2012 (L.I. 2177):**
This instrument mainly regulates the manufacture, storage, transport, use, and disposal of explosives for mining purposes.

**Minerals and Mining (Health and Safety) Regulations, 2012 (L.I. 2182):**
This regulation provides a framework for health and safety obligations of mine operators and workers, covering aspects like risk assessment, emergency preparedness, occupational health

services, personal protective equipment, accident reporting, and investigation.

**Minerals and Mining (Ground Rent) Regulations, 2018 (L.I. 2357):**
It mainly prescribes rates and payment procedures for ground rent by holders of mineral rights.

**Minerals and Mining (Tracking of Earth Moving Equipment) Regulations, 2019 (L.I. 2404):**
This regulation requires holders of mining leases to install tracking devices on their earth-moving equipment for monitoring by the Minerals Commission.

**Minerals and Mining (Local Content and Local Participation) Regulations, 2020 (L.I. 2431):**
The regulation establishes minimum local content requirements for goods and services procured by holders of mineral rights or licences, covering Ghanaian ownership or participation, employment and training of Ghanaian personnel, procurement of local goods, technology transfer, and reporting obligations.

Broadly, these regulations collectively aim to ensure that mining activities in Ghana adhere to best practices, safeguard the environment, uphold human rights, foster local development, enhance revenue generation, and promote good governance.

**Generally, Ghana has a favorable fiscal regime for mining, with competitive rates of royalty and corporate income tax, transferability of capital, concessionary rates, and exemption on some imported mining inputs.**

## MINERALS AND MINING POLICY

The minerals and mining policy provides a comprehensive framework aimed at ensuring that mining contributes to sustainable development in the country. The policy has the following objectives:

1. To diversify the country's mineral production and promote linkages to locally produced minerals.

2. To generate adequate geo-scientific data and detailed geological information to attract investment and demarcate areas for artisanal and small-scale miners.

3. To provide opportunities for artisanal and small-scale miners to access financing and enhance their capacity.

4. To optimize tax revenue generation and ensure transparent and equitable distribution of mineral wealth.

5. To assist in the development of skilled human resource and local industrial capacity.

6. To contribute to infrastructure development in mining areas and use mining as a catalyst for wider investment in the economy.

7. To ensure high level of environmental stewardship and social harmony in the exploitation and use of minerals.

8. To promote good governance and transparency in the extractive sector.

The principles underlining these objectives include principles of equity, inclusiveness, participation, accountability, subsidiarity, environmental sustainability, inter-generational equity, transparency, predictability, consistency, competitiveness, harmonization, and regional cooperation.

The minerals and mining policy reflects the country's growing commitment to harmonizing economic growth with environmental sustainability and social responsibility. By establishing explicit goals and principles, this policy is designed to steer the sector towards accountable and inclusive operations and practices, ensuring that mining enhances the overall growth and development of the country.

## CONCLUSION

The regulatory framework governing mining activities in Ghana has been carefully designed to strike a balance between harnessing the economic benefits of mining and addressing the consequential environmental and societal impacts. This framework places considerable emphasis on fostering collaboration among stakeholders, propelling community development initiatives, and establishing a sustainable environmental footprint. Consequently, the government is continuously refining and actively implementing these regulations to incentivize mining practices that are not only economically viable but also demonstrate a profound sense of responsibility toward environmental conservation and societal welfare.

# REGULATORY INSTITUTIONS RESPONSIBLE FOR THE MANAGEMENT OF THE MINING INDUSTRY IN GHANA

To effectively manage and safeguard mineral resources in Ghana, regulatory institutions have been established at the national, regional, and district levels. These institutions have regulatory and supervisory provisions to ensure sustainable resource management.

## MINISTRY OF LANDS AND NATURAL RESOURCES

The Ministry provides overall policy oversight for the natural resources sector and is mandated to ensure the sustainable management and utilization of the nation's mineral resources and promote sustainable exploration, exploitation, and processes for socio-economic growth and development.

## MINISTRY OF LOCAL GOVERNMENT & RURAL DEVELOPMENT

The Ministry of Local Government & Rural Development has overall responsibility for policy on local government.

## MINISTRY OF ENVIRONMENTAL, SCIENCE, TECHNOLOGY AND INNOVATION (MESTI)

MESTI was first established in 1993, it is the Ministry responsible for the formulation of the national policy on environmental protection, technology, and innovation.

## MINERALS COMMISSION

The Commission was established under Act 703. It is responsible for the promotion, regulation, and management of the utilization of the mineral resources of Ghana and the coordination of policies therein.

## ENVIRONMENTAL PROTECTION AGENCY

The Agency sets guidelines for the compliance of environmentally permissible mining activities. It ensures that mining operations are consistent with the country's environmental protection regime.

## LANDS COMMISSION

The Lands Commission was established by the Lands Commission Act, 2008 (Act 767). The Commission is responsible for land use management.

## NATIONAL DEVELOPMENT PLANNING COMMISSION (NDPC)

The NDPC is responsible for development planning strategy by providing a national development policy framework that is effectively carried out to enhance the well-being and living standards of all Ghanaians on a sustainable basis.

## PRECIOUS MINERALS MARKETING COMPANY LTD (PMMC)

The institution provides official marketing services for small-scale gold and diamond miners. It also promotes the development of precious minerals and jewelry industries in Ghana and handles the export of all diamonds produced in Ghana.

04

# ESG UPDATES

# INTEGRATING SOCIAL CONSIDERATIONS INTO BUSINESS OPERATIONS

The Social 'S' aspect of ESG sets considerations for assessing the treatment of employees, communities, and society at large. It involves a business' actions and omissions from the rights of the employee to community engagement. Social factors relative to a company's interaction with its employees - the policies, well-being, human rights and equality, and community engagement are at the core of the social considerations.

Integrating these considerations into decision-making provides long-term benefits. Businesses must understand the significance of social responsibility and its impact on the business's long-term success.

## STRATEGIES FOR INTEGRATING SOCIAL CONSIDERATIONS

Integrating social ESG into business operations is important for companies that seek to promote sustainability and create a purpose-driven brand. The shift towards social responsibility is fundamental to a business operation and not just a tactic.

Some of the strategies for incorporating Social ESG into businesses are highlighted as follows:

**1.0. Conducting Social Impact Assessment:**

At the operational level, it is important for businesses to understand that social responsibility does not have a one-size-fits-all approach. Each company has the opportunity to assess its operations and design a response that reflects the effects of its operations on society. Once a company is able to do this, it will know what social strategy to prioritize, which sustainability targets to comply with, and how to implement those commitments it has clearly outlined.

A social impact assessment is a key method that would help businesses rate the "S" in ESG. The International Institute for Sustainable Development defines Social Impact Assessment (SIA) as a process of research, planning, and the management of social change or consequences arising from policies, plans developments, and projects. The basic ways of conducting a social impact assessment to meet the metric system include:

**1.0.1. Step One: Define the Scope of the Assessment**

Before commencing a social impact assessment, it is essential for businesses to clearly outline the scope of the assessment. This involves specifying the particular social issues the company wishes to tackle, such as labor practices, diversity, and community engagement. Additionally, this requires the establishment of well-defined objectives for the assessment, including the goals of understanding current social performance, pinpointing areas that need enhancement and monitoring progress over time. Before gathering data and engaging with stakeholders, businesses must make decisions regarding the scope of their assessment and characterize the boundaries for each significant aspect covered within it. This will promote the achievement of the set objectives. Also, it is important to expand the analysis beyond the immediate activities of the business to encompass indirect effects, such as the economic growth generated throughout the supply chain and the enduring consequences of educational programs.

**1.0.2. Step Two: Establish Assessment Criteria and Indicators**
There are different businesses and industries. Aside from the common social impact indicators - diversity, community engagement and investment, and employee well-being – each company should have performance indicators tailored to its niche. This will be able to accurately monitor and report its social impacts. For this step to be efficient, companies need to identify and engage with key stakeholders who are affected by their operations.

**1.0.3. Step Three: Collecting and Presenting Data**
Relevant data from sources both internal and external should be collected to assess the performance. Companies must endeavor to promote transparency in their data collection and use by making them available publicly accessible. The level of transparency enhances the opportunity for data verification and authentication. Additionally, companies could make this data available in their annual reports.

**1.0.4. Step Four: Engage in Continuous Improvement**
A comprehensive action plan consisting of specific steps to address the issues identified should be outlined by the companies. These initiatives should

be employed by the business and employees should be able to know that there are changes in the operation of the business. The progress of the company should be continuously monitored. Companies need to regularly review and adjust their performance data to act on areas that need improvement. Companies must be open to adapting their strategies as societal expectations and business circumstances change.

**2.0. Setting Clear Social Goals and Targets:**

Setting clear social goals and targets is a fundamental step in integrating the "S" into a company's operations. The goals and target provide a structured framework for improving social responsibility and measuring progress. Some key considerations when setting clear goals include:

**2.0.1. Understanding the Company:**
It has been reiterated that the day-to-day management of a business is unique from others. Although there are certain factors including industry norms and societal expectations that would help a company understand the social challenges pertaining to its operations, there is a need for the company to take the extra step to find the specific context relative to its operations.

**2.0.2. Adopting SMART goals**: Goals need to be Specific, Measurable, Achievable, Relevant, and Time-bound (SMART). This means clearly defining what the company wants to achieve, setting quantifiable metrics to track progress, and ensuring the goals are realistic, and aligned with the company's mission with a clear timeline for achieving them.

**2.0.3. Adjust and Adapt:** Companies need to be flexible and willing to adapt their goals and strategies as circumstances change. Circumstances that are anticipated to change or unexpected must be addressed by a company adjusting its approach.

**2.0.4. Middle management:** Setting goals can play a valuable role in facilitating the transition of companies from centralizing to decentralizing ESG activities. While senior executives should establish ESG objectives, unit leaders and middle management should be empowered to determine the strategies for achieving them.

**3.0. Embedding Social Responsibility in the Corporate Culture:**

Incorporating social responsibility into the corporate culture involves making it an integral part of how a company operates, makes decisions, and interacts with its stakeholders. Some key considerations include:

**3.0.1. Define ESG Principles:** Companies should establish their ESG principles, ensuring that they align with their corporate values and goals. This process is initiated by explicitly outlining the organization's fundamental values and principles concerning social responsibility, which should mirror the company's dedication to ethical conduct, sustainability, and making a constructive impact on society.

**3.0.2. Employee Empowerment:** Empowering employees to assume responsibility for ESG initiatives is key to fostering a culture of sustainability and social responsibility within companies. By implementing incentives and recognition programs that acknowledge and reward employees and teams for demonstrating social responsibility, companies can effectively motivate their workforce to engage in these initiatives.

**3.0.3. Effective Communication:** Effectively convey the importance of social responsibility to all team members via training sessions, workshops, and internal communication channels. Employees will gain a clear understanding of how their individual roles contribute to the company's broader social objectives. Additionally, businesses should proactively share their ESG goals and advancements with employees, stakeholders, and customers, a practice that fosters trust and enhances credibility.

**3.0.4. Leadership Commitment:** Companies should ensure that senior leadership demonstrates a strong commitment to social responsibility. Leaders should lead by example and actively participate in social responsibility initiatives.

**4.0. Engaging with Stakeholders and Partnerships:**

Engaging with stakeholders and partners enhances a company's social responsibility efforts and strengthens trust among stakeholders. These collaborative efforts contribute significantly to advancing the "S" in ESG.

**4.0.1. Stakeholder Involvement:**

Incorporating stakeholders into the ESG process is crucial to ensure the relevance and significance of ESG initiatives. The company should start by identifying key stakeholders who are directly impacted by or deeply invested in the company's social impact, including employees, customers, investors, suppliers, local communities, NGOs, and regulatory bodies. Engaging proactively with these stakeholders through surveys, meetings, and forums will help to gain insights into their expectations, concerns, and social responsibility priorities.

**4.0.2. Partnership Involvement:** Identifying organizations, including NGOs, industry associations, and entities that align with the company's social responsibility objectives or possess expertise in areas where enhancements are sought can be helpful. Establishing partnerships with external organizations can also be a valuable strategy to strengthen a company's ESG initiatives. For instance, collaborating with non-profit organizations can be an effective means of addressing social challenges.

**4.0.3. Collaboration Opportunities:** Companies should ensure that potential partners align with their values and goals. This is important as companies will explore opportunities for collaboration on social responsibility projects, initiatives, and programs. Partnerships can provide access to resources, knowledge, and networks.

**4.0.4. Regular Report:** Companies should ensure that consistent updates on their social responsibility endeavors should encompass the outcomes of stakeholder engagements. Also, companies should showcase their unwavering dedication to being responsible for their social contributions in a sustained transparent, and routine manner to guarantee the alignment of collaborative efforts with their objectives. Jointly, by defining key performance indicators (KPIs), companies will be able to gauge the effectiveness of partnership initiatives and provide frequent reports on progress and results to both stakeholders and the wider public.

## CONCLUSION

As the world continues to evolve and awareness of social responsibility grows, businesses must not only adapt but also lead the way in fostering positive social change. Companies should therefore continue to evolve and improve their social responsibility efforts, not as a mere checkbox but as a genuine commitment to a better future for all.

# EMERGING FINANCING TRENDS

05

# GREEN BONDS: UNDERSTANDING THE BASICS

Green bonds are a type of debt instrument issued by governments, organizations, or corporations to raise funds specifically for projects with environmental benefits. These projects aim to address climate change, promote sustainability, and contribute to the transition to a low-carbon economy.

In recent years, green bonds have gained significant traction, as investors seek opportunities to align their investments with their environmental values, and companies seeking funding for eco-friendly initiatives are increasingly turning to green bonds as a viable solution. This tends to give the concept a multifaceted role. Green bonds provide a unique avenue for financing projects with positive environmental impacts. On this note, the purpose of this article is to explore the basics of green bonds, including their nature, operational details, benefits, and disadvantages, while highlighting the key players in the financial market.

## GREEN BOND – THE HISTORY AND WHAT IT MEANS

The concept of green bonds emerged in the early 2000s when the need for financing sustainable projects became apparent. The first green bond was issued by the World Bank in 2008, marking a significant milestone in the development of the market. Since then, the green bond market has experienced rapid growth, driven by increasing investor demand and the rising focus on environmental sustainability.

The global green bond market has witnessed exponential growth in recent years. The total amount of money invested in green bonds has reached trillions of US dollars, with the market expanding across various sectors and geographies. China, the United States, and European countries have been at the forefront of green bond issuance, with governments, municipalities, multinational corporations, and financial institutions contributing to the market's expansion.

The green bond market involves a diverse range of participants, including issuers, investors, underwriters, and regulatory bodies. Governments and municipalities play a crucial role in issuing green bonds to finance sustainable infrastructure projects. Multinational corporations and financial institutions also contribute significantly to green bond issuance. Additionally, investors, including institutional investors and retail investors, are increasingly seeking opportunities in the green bond market to align their investments with sustainability goals.
The primary objective of green bonds is to mobilize capital for projects that support environmental sustainability and combat climate change. By attracting socially responsible investors, green bonds play a crucial role in financing initiatives that contribute to a more sustainable future. These bonds also provide an avenue for investors to align their investment portfolios with their environmental values, promoting the transition to a greener economy.

Green bonds fund a wide range of projects that have positive environmental impacts. These projects can include renewable energy initiatives, such as solar and wind farms, energy efficiency improvements in buildings and infrastructure, sustainable transportation projects, waste management and recycling programs, and initiatives to protect biodiversity and natural resources. The categories of green projects are diverse and continue to expand as the market evolves.

## THE ROLE OF REGULATION AND CERTIFICATION

**1. Green Bond Standards and Frameworks:** To promote transparency and standardization in the green bond market, several organizations have developed guidelines and frameworks. Notable examples include the Green Bond Principles, established by the International Capital Market Association (ICMA), and the Climate Bonds Standard, developed by the Climate Bonds Initiative. These standards provide guidelines for issuers in terms of project selection, reporting, and transparency.

**2. Third-Party Verification:** Third-party verification and certification play a crucial role in ensuring the credibility of green bonds. Independent organizations assess the environmental integrity of the bonds, verifying that the proceeds are used for eligible green projects. Third-party verification adds an extra layer of assurance for investors and helps maintain the integrity of the green bond market.

**3. Regulatory Initiatives and Guidelines:** Regulatory bodies around the world have recognized the importance of green bonds in financing sustainable projects. Governments and regulatory agencies have introduced guidelines and initiatives to support the development of the green bond market. These initiatives include tax incentives, regulatory frameworks, and reporting requirements, aiming to foster market growth and ensure transparency and accountability.

**Third-party verification and certification play a crucial role in ensuring the credibility of green bonds. Independent organizations assess the environmental integrity of the bonds, verifying that the proceeds are used for eligible green projects.**

## TYPES OF GREEN BONDS

Green bonds encompass various types, each with its own characteristics and features. Understanding the different types of green bonds can help investors identify opportunities that align with their investment objectives. The common types of green bonds include:

**1. Standard Green Bonds:** Standard green bonds represent the most common type of green bond. They are issued to raise money for eco-friendly projects, and all the money collected is strictly used for these projects. These bonds also come with the issuer's credit rating, which gives investors confidence in the issuer's financial stability. In simple terms, they are like regular bonds but used specifically for environmentally friendly initiatives, and they come with a financial safety guarantee from the issuer.

**2. Green Project Bonds:** Green project bonds are specifically dedicated to financing a particular green project. Investors in green project bonds have recourse only to the assets and cash flows of the underlying project, providing additional security compared to bonds backed by the issuer's entire balance sheet. This arrangement offers investors extra security because even if the issuer (the entity behind the project) faces financial trouble, your investment is safeguarded by the project's assets and income. In essence, an investment is solely tied to the success of that specific project.

It is quite synonymous with having a mortgage where the house you buy is the collateral – if you can't pay, the lender can take the house. These bonds are often used to fund large-scale infrastructure projects, such as renewable energy plants or sustainable transportation systems.

**3. Green Securitized Bonds:** Green securitized bonds are a way of bundling multiple green projects together into one package. Instead of investing in just one project, when you buy these bonds, your investment is tied to the combined success of all the projects in the package. Investors have recourse to the cash flows and assets of the entire portfolio rather than individual projects. This means that the failure of one project poses no challenge to the investor. He/ She can always fall on the other successful projects within the package. This type of bond allows for diversification and risk-sharing among different green projects. Examples of green securitized bonds include bonds backed by portfolios of green mortgages or solar leases.

**4. Sustainability-Linked Bonds:** Sustainability-linked bonds are a newer type of green bond that differ from traditional green bonds. Instead of only supporting eco-friendly projects, these bonds are issued by companies that have set sustainability goals. These goals could be things like reducing their carbon emissions, using more renewable energy, or cutting down on waste. The unique thing about these bonds is that their financial terms are connected to whether the company meets these sustainability targets. Sustainability-linked bonds are a way to encourage companies to be more environmentally responsible by connecting their financial commitments to their sustainability performance. The financial terms of these bonds are tied to the issuer's achievement of predetermined sustainability performance targets, ensuring accountability, and incentivizing continuous improvement. If they succeed, you might get a higher return, but if they fall short, your return could be lower

## HOW DO GREEN BONDS WORK?

Green bonds are quite similar to traditional bonds in their basic structure. Here's how they work:

1. Issuance: When an entity, such as a corporation, municipality, or government, decides to raise funds, they issue green bonds. These bonds are sold to investors who, in turn, become creditors of the issuer.

**2. Investment:** Investors who purchase green bonds essentially lend money to the issuer. In return, they receive periodic interest payments, often called coupon payments. These payments provide investors with a regular income stream.

**3. Maturity:** Green bonds have a specific term or maturity date. At the end of this period, investors receive the principal amount, which is the initial investment they made when buying the bond.

**4. Returns and Risk Factors:** Green bonds offer financial returns to investors through coupon payments, which are typically fixed-interest payments made at regular intervals. The returns on green bonds are influenced by factors such as prevailing interest rates, the issuer's creditworthiness, and the specific terms of the bond. As with any investment, green bonds carry risks, including credit risk, interest rate risk, and liquidity risk. Investors should carefully evaluate these factors before making investment decisions.

**The distinguishing feature of green bonds, however, is the explicit earmarking of funds for environmental projects.**

The distinguishing feature of green bonds, however, is the explicit earmarking of funds for environmental projects. The issuer commits to using the proceeds exclusively for financing or refinancing eligible green projects. These projects are identified in the bond's offering documents and align with internationally recognized environmental standards and guidelines.

## ADVANTAGES AND DISADVANTAGES OF GREEN BONDS

**1. Benefits for Investors**

Investing in green bonds offers several advantages for investors. To begin with, green bonds offer investors a means to endorse eco-friendly projects and actively contribute to favorable environmental results. Through these bonds, investors can synchronize their investment portfolios with their sustainability objectives and actively champion the shift towards a more environmentally friendly, low-carbon economy. Secondly, green bonds can diversify investment portfolios, reducing exposure to traditional sectors and potentially offering attractive risk-adjusted returns. Lastly, green bonds may provide tax incentives or favorable terms, enhancing their attractiveness to investors.

**2. Positive Environmental Outcomes**

Green bonds have contributed to a range of positive environmental outcomes. These outcomes include the reduction of greenhouse gas emissions, the expansion of renewable energy capacity, the promotion of energy efficiency, and the conservation of natural resources. By funding projects with measurable environmental benefits, green bonds have become a powerful tool for addressing climate change and promoting sustainability

## POTENTIAL DRAWBACKS

While green bonds have numerous benefits, they also come with potential drawbacks. One challenge is the lack of standardized definitions and criteria for green projects, which can make it difficult to assess the environmental impact of specific bonds. This lack of standardization can lead to "greenwashing," where issuers misrepresent the environmental benefits of their projects. Investors should conduct thorough due diligence to ensure the credibility and authenticity of green bond issuances.

In conclusion, it is highly recommended that investors pay attention to these key considerations:

**1. Assessing Green Bond Credibility:** When investing in green bonds, it is crucial to assess the credibility of the issuer and the specific green projects being financed. Investors should review the issuer's Green Bond Framework, which outlines the criteria for project selection, management of proceeds, and reporting mechanisms. Third-party verification and certification can provide additional assurance regarding the environmental integrity of the bonds.

**2. Evaluating Environmental Impact:** Investors should evaluate the environmental impact of the projects funded by green bonds. This assessment can include examining the expected reduction in carbon emissions, the conservation of natural resources, and the overall contribution to sustainable development goals. Transparent reporting by issuers is essential for investors to track the progress and outcomes of the funded projects.

**3. Monitoring Transparency and Reporting:** Transparency and reporting are critical aspects of green bonds. Investors should ensure that issuers provide regular updates on the use of proceeds, project milestones, and environmental impact assessments. Transparent reporting allows investors to hold issuers accountable and make informed decisions based on the performance and outcomes of the projects.

06

# LABOUR AND EMPLOYMENT

# THE FUTURE OF WORK

Labor is regarded as a critical component of any business for skills and talent to realize its objectives, though it can be complex in management. The future of the labor market post-COVID-19 is one such topic that has occupied the minds of many individuals and businesses. Questions about how the labor market will be affected, how these impacts will affect companies, and what skills will be relevant continue to dominate discussions on the subject matter.

## THE COVID-19 ERA

The effect of the pandemic on businesses and workers across the globe is not a secret. The era revealed both the low and high sides of the labor market. In some countries, companies instituted job retention programs to avert any job losses while in some cases the only available choice was to allow job cuts to safeguard the shutdown of companies. The job losses, however, did not affect the entire labor market. Whereas some sectors of the economy witnessed job losses mainly due to the drops in demand for their goods or services, others experienced an increase in employment of labor as demand for their goods and services rocketed. For example, the tourism and entertainment industries suffered significant reductions in the patronage of their services during the lockdown resulting in massive job loss affecting both core and ancillary jobs for many players in the industry. The same situation, however, cannot be said about the food and beverage and manufacturing companies of essential COVID-19 protocol products. These companies witnessed an increase in employment to meet the unexpected demand for their products by the market during the era. Thus, the effect of the pandemic on the labor market was a mixed effect.

Jobs affected during the pandemic were mostly temporary ones. It is estimated that up to half of all workers who had part-time or temporary contracts or are self-employed were affected in one way or another because many of these jobs lacked job security and had limited access to unemployment benefits. Job losses during the pandemic cut across all nature especially jobs that did not provide critical skills to the company. The case of critical or core skills was different due to the need of such skills for the sustenance of business operations during and after the era.

Largely, some companies introduced shift and remote work systems allowing workers to physically come to the offices when needed otherwise they were made to work out of their workplaces. The policy allowed workers to spend much time with their families, among other activities.
The initiative to allow work remotely or on shift system provided some flexibility for some workers to seek additional incomes to compensate for their losses, while some seized the opportunity to acquire new skills.

The job market during the COVID-19 era witnessed new jobs from the innovation front also known as 'digital nomads', which emerged in the wake of the adoption and reliance on technology in the delivery and access to goods and services. The era saw a lot of technological innovations making job opportunities in the technology industry attractive. This industry allowed independent work and created a lot of self-employed jobs.

## POST COVID AND EMERGING TRENDS

It is becoming obvious that there are likely to be more disruptions in the labor market that would result in a greater need for reskilling than there was before COVID-19. McKinsey Global Institute's research suggests that in the U.S. alone, about 17 million workers may need to change occupations by 2030. And this change is not only targeted at just changing companies but fully switching occupations, which typically requires reskilling and that may take longer to happen. It is estimated that about 28% more workers will change occupations than had been forecast in pre-Covid-19 research.

Observations of the current trend in the job market reveal three broad sets of trends that have been accelerated by the pandemic. The first is that more companies and workers are placing greater reliance on remote work, virtual meetings, and less travel. Secondly, there is a higher adoption of e-commerce and virtual trading platforms (including online shopping for all kinds of items ranging from pick-up in-store, restaurant delivery, online grocery, online education, and telemedicine, to mention a few). And thirdly, there is greater adoption of automation to speed up production volume to support market demands.

Remote work has made a significant change to the way work was perceived before COVID-19, where workers could only be deemed to have worked when they showed up in the brick-and-mortar office space. Today work can be done anywhere with the focus mainly placed on output - productivity. As a result, the demand for remote work is becoming the order of the day and it is anticipated that there will be an increase in its adoption. A survey conducted indicated that about 72% of business organizations have started adopting permanent remote-working models. Similarly, 70% of workers have indicated that their ability to work from home for at least part of the week is a top criterion in selecting their next job. It is worth noting, however, that this practice can only allow for work that does not require its execution at a particularly agreed place.

A research by McKinsey Global Institute about 'The Future of Work after Covid-19' estimates that even though the lockdowns are lifted and vaccination exercises have been fully implemented to ensure as many people have been vaccinated and workplaces have returned to normal, it is reported that 22% of U.S. jobs could be done remotely for between 3–5 days a week, while 17% of jobs could be done remotely for between 1–3 days a week without the loss of productivity. The remaining 61% of jobs could be done remotely only for 1 day a week or less. The findings from this research could be applied in some circumstances to other countries.

It was anticipated that work-from-home policies were estimated to have implications for business travel that will have a downstream impact on airlines, hotels, transportation, restaurants, and other businesses that benefit from business travel. This has not been the case, as the quest to make up for the deficits and losses in businesses during the pandemic is witnessing a spike in business travels again, especially in intranational and international travels.

This notwithstanding, technology has played a significant role in allowing businesses to cut down on travel for business engagements that could be done online, thus, allowing for focus to be placed on only necessary travels. Today most companies encourage meetings, training, and other business transactions to be conducted via virtual platforms which is yielding faster results.

Automation is one area that has become a focus for many manufacturing companies, and it is targeted at increasing the speed of production to meet market demands. As a result, manufacturing companies have taken to large storage of goods so as to adjust to surges in demand for manufactured goods. 39% of business leaders surveyed in the manufacturing sector indicated that in response to the crisis, they had leveraged digital

**It is becoming obvious that there are likely to be more disruptions in the labor market that would result in a greater need for reskilling than there was before COVID-19. McKinsey Global Institute's research suggests that in the U.S. alone, about 17 million workers may need to change occupations by 2030.**

solutions such as nerve centers or control towers to increase end-to-end supply-chain transparency. This trend is anticipated to increase as demand for manufactured goods grows and may result in the recruitment of new manufacturing workers.

## WHAT IS THE WAY FORWARD?

The future of businesses and economies demands the need to focus on interventions that will support growth recovery from the effect of COVID-19. Critical to the designing and successful implementation of the required interventions will be the availability of requisite skilled labor. Nonetheless, the emerging trends in the labor market coupled with the short supply of some skill types will result in spikes in hiring particularly technologically savvy individuals – as they will become the critical workforce of companies.

Also, changes in occupation have increased the quest for reskilling and retooling. This change has largely been caused by the introduction of some innovations, particularly on the technological front, thus, affecting jobs like retail and sales, office support, etc. Following this it is anticipated that employment in some occupations like health aids and technicians, health professionals, STEM professionals, and transportation services are likely to increase significantly while others in customer service and sales and food services, office support are likely to shrink resulting from the increase in technological innovations that allows or aids these jobs be done effectively and efficiently.

Companies looking beyond the pandemic, must seize the opportunity to reimagine and re-assess what constitutes work and expected results in the bid to know what can be digitalized or automated; their workforce requirements – with a focus on the nature, size, and anticipated contributions to the business; and the type of workplace they can create - considering their nature, size of operations, processes, procedures, etc. These considerations should be targeted at achieving their core mandates, tasks, and activities.

It may require some form of re-organization exercise to ensure an outcome of a fit-for-purpose business that efficiently maximizes the market potentials available. Consideration may be given to automation to make work more engaging and less repetitive and ensure that more time is spent on higher value-added activities.

In terms of skills, companies would have to choose whether to reskill existing workers or to hire already developed skills from the market. Where a company chooses to reskill existing workers, there will be the need to address the issues of motivation for workers to accept reskilling and the commitment to bear the cost of reskilling. Cost can be measured in terms of the time to be spent on reskilling and the money to finance the training. These interventions may require companies to institute policies that allow a return on investment on the new skills acquired by workers, however legally compliant with the country's labor law. This way, the company may institute measures that ensure reskilled workers serve the company for some number of years after the training or reimburse the company for the cost of the training. Where the company chooses to hire the skills, however, the choice may be whether hiring a full-time employee, hiring on a fixed-term contract, or engaging third-party companies to provide the service needed.

## SKILLS REQUIRED FOR THE FUTURE

What are some of the skills that workers may have to consider acquiring to meet the anticipated demand of the future labor market? Among the core skills required of workers are social and emotional skills like interpersonal skills, leadership, etc., and technological skills like programming, automation, interacting with technology effectively, etc.

Research indicates that the

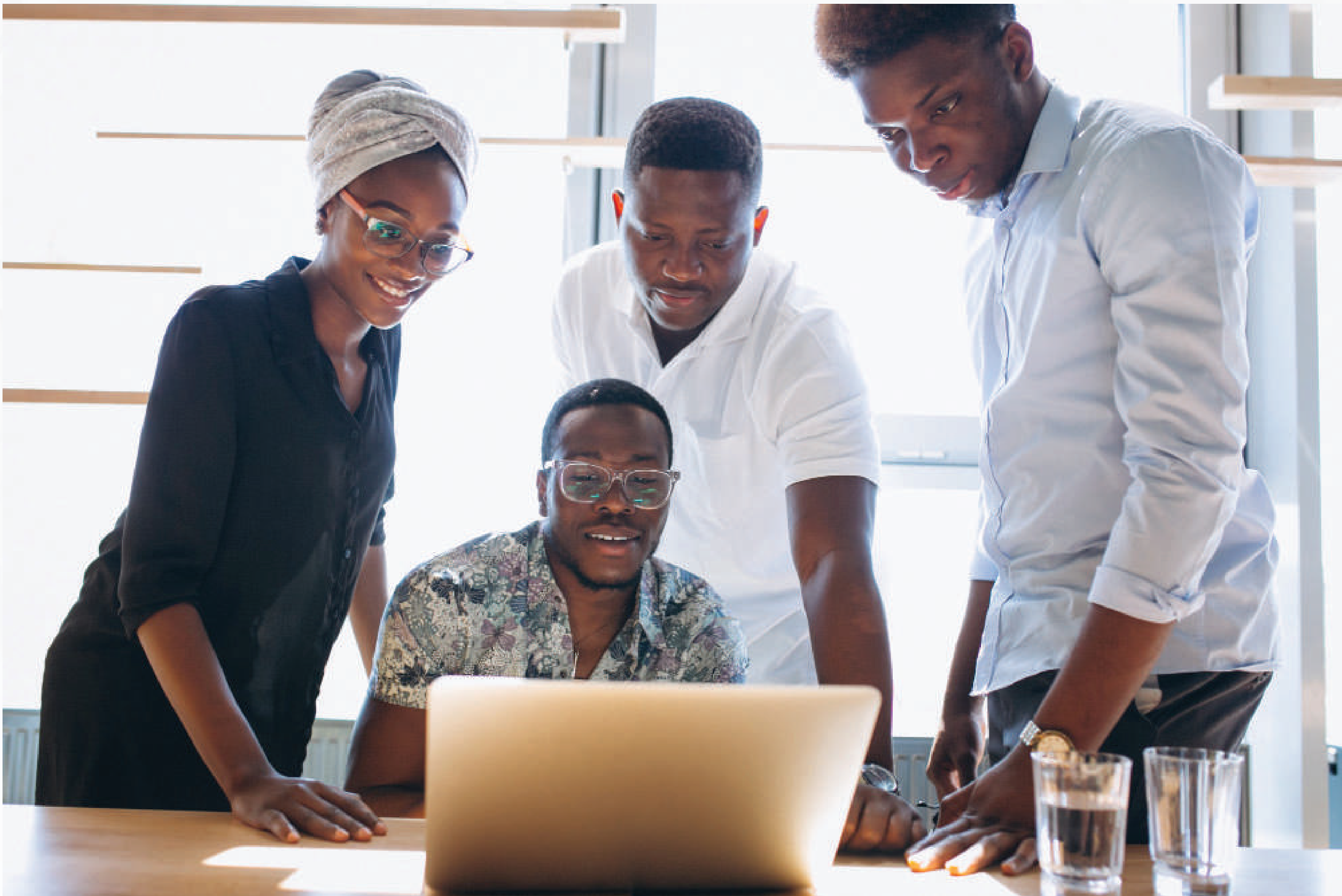
demand for these two skill sets is projected to grow by about 20% over the next few years. Therefore, workers will need to build the capacity to adapt and the ability for lifelong learning. But most importantly, workers must also know their strengths to pursue a skill that fits and may shorten the learning period and increase their effectiveness.

As part of building a strong workplace culture that focuses on becoming an 'employer of choice' while driving performance, companies must proactively identify areas where skills enhancement and or development are needed and initiate intervention to provide relevant training so as to be ready for the future. This is largely due to the fact that the strength of any company is the quality of its human resources. To complement what companies will be doing in this regard, workers must also intentionally take actions that make their skills relevant in the fast-changing job market. This way, both companies and individuals will maintain up-to-date skill sets to face any disruptions the job market may experience.

To keep pace with the occupational and skills changes, companies must also develop digital channels that allow broader interactions with customers faster to meet market demands. In addition, consideration must be given to digital channels and platforms and the relevant training in the use of these tools to allow workers to effectively and efficiently interact among themselves to resolve issues faster to meet business objectives.

The number of unprecedented changes occurring in the global job market would require companies to apply the 'think outside the box' approach without neglecting the basic principles in talent management. It is anticipated that the disruptions and turbulence experienced in the job market across the globe will not end anytime soon. The objective for companies and individuals, however, should be to prepare for that change and minimize the effect of disruption and anticipated unemployment.

Achieving this objective requires bold actions and, in many cases coordination across governments, companies, and individual workers.



# TRADE, TAX & DISPUTE

07

# THE CURRENT DYNAMICS IN TRADE AND THEIR IMPLICATIONS FOR TAXATION AND DISPUTE SETTLEMENTS

In an increasingly interconnected global economy, trade continues to shape the nature of interactions at the international level. As people and nations trade amongst themselves at the international level and within the framework of existing trade rules and agreed protocols, there is a growing need to explore the operative rules of engagement for resolving disputes within the scheme of the agreed protocols in order to ensure that the international trade architecture delivers the desired result of opening up channels of trade in goods and services, expanded markets as well raising much-needed revenue for governments through taxes.

International trade continues to evolve on a daily basis as rules of engagement are amended and new ones enacted. The need to pay attention to issues of taxation and dispute settlement mechanisms is therefore critical for shaping the global economy. As nations engage in trade agreements and navigate complex economic relationships on the international economic level, it is important to emphasize that a deeper understanding of the implications of taxation and dispute settlements is essential to realizing the full potential of international trade.

To do this effectively, it is important to appraise the mechanisms available for resolving disputes amongst nations and approaches to taxation .

## 1.0. CURRENT DYNAMICS IN TRADE

The current dynamics of trade reflect a dynamic landscape influenced by technological advancements, global events, and evolving consumer behaviors.

1.0.1. Emerging Trends in International Trade:

The field of international trade, just like many other areas of human endeavors has seen considerable transformations in the recent past. These changes have been driven largely by globalization, technological advancements, and the proliferation of trade agreements in the world - both at the regional and international levels.

Some of the emerging trends that are shaping the future of trade include the increasing importance of services trade, the regionalization of supply chains, the adoption of new technologies, and the integration of environmental, social and governance (ESG) considerations. New technologies, such as artificial intelligence, blockchain, 3D printing, and internet of things, are transforming the way goods and services are produced, delivered, and consumed. They offer opportunities for efficiency gains, cost reduction, customization, and innovation. However, they also pose challenges for regulation, competition, skills development, and data protection. ESG criteria are becoming more relevant for trade as consumers, investors, regulators, and civil society demand more transparency and accountability from businesses on their environmental and social impacts.

This has resulted in more interconnections, driven by the desire to trade at the international level, than at any other period in human history - the world today is more connected than any other period in human history. These interactions at the international level, which are happening through the instrumentality of trade have not only given rise to a number of complex trade relationships but also presented new challenges in the realms of taxation and dispute resolution, especially in terms of the protocols of trade continually being adopted and implemented by nations.

**1.0.2. e-Commerce and the Digital Economy:**

e-Commerce has been one of the main drivers of trade growth in recent years, especially during the pandemic, when consumers shifted their spending from services to goods and relied more on online platforms to purchase products. This can be accounted for by the rising role of technology in the administration of the economic agenda of nations. Broadly, e-Commerce has enabled small and medium-sized enterprises (SMEs) to access international markets and diversify their customer base. The WTO is currently negotiating a plurilateral agreement on ecommerce, which aims to establish common rules and standards for digital trade.

The growth of e-commerce and the digital economy has created unique challenges in taxation, especially for cross-border transactions on digital platforms. This is because, as businesses operate across borders with ease, traditional tax models struggle to capture revenues generated in the digital space. Nations are now grappling with how to fairly tax digital transactions, especially for those happening across international borders, where different sets of laws, rules, and procedures on taxation of revenue may be applicable. There is therefore the need for continuous examination of the rules of engagement to ensure that there is proper appreciation of not only the benefits of increased trade but also of the challenges introduced by the use of technology and other digital platforms to improve trade among nations.

**1.0.3. Supply Chain Disruptions:**

Recent events, such as the COVID-19 pandemic, and the ongoing war between Russia and Ukraine have exposed existing vulnerabilities in global supply chains. Additionally, the military interventions in African countries such as Niger, Guinea, Chad, Burkina Faso, and Mali have become constraints on global supply chains. These changes in government have been met with sanctions from the Economic Community of West African States (ECOWAS), including border closures – impeding trade. Trade disruptions have the potential to increase the number of disputes over contract enforcement and delivery delays emphasizing the need for robust dispute resolution mechanisms, within the framework of the trade agreements to ensure that disruptions do not unduly affect global trade.

**As people and nations trade amongst themselves at the international level and within the framework of existing trade rules and agreed protocols, there is a growing need to explore the operative rules of engagement for resolving disputes within the scheme of the agreed protocols.**

**1.0.4. Trade Agreements and Tariffs:**

The world has also seen a significant increase in the number of bilateral and multilateral trade agreements. The most recent one is the Africa Continental Free Trade Area Agreement (AfCFTA) whose implementation is already shaping considerably trade relationships in Africa. AfCFTA seeks to remove trade barriers and give African businesses a wider market for the supply of goods and services. Tariffs, trade barriers, and dispute settlement provisions within AfCFTA for instance have direct implications for the international trade practices of signatory countries.

## 2.0. IMPACT OF THESE CHANGES ON TAXATION

Taxation is an important component of international trade for the simple fact that it affects the cost structure, selling prices of goods and services, and profitability of businesses engaged in cross-border transactions. This is made even more complicated when one considers the fact that new and sometimes different sets of rules and laws are applicable in different countries around the world. Some of the implications of the changing face of international trade for taxation in today's trade landscape are discussed below:

### 2.0.1. Rules to ensure the Fair Taxation of the Digital Economy:

The emerging digital economy presents considerable opportunities as well as difficult challenges for international trade. The borderless nature of transactions in the digital economy has presented various challenges to traditional taxation models known to many countries. This has created the necessity for nations to put in place mechanisms to help them develop new tax frameworks to address these peculiar challenges introduced by the digital economy. For instance, the Organization for Economic Co-operation and Developments (OECD) has endeavoured, through various efforts to establish a global minimum corporate tax rate, to ensure that digital businesses contribute their fair share of taxes to governments in the countries where these transactions happen to ensure that governments raise revenue to support public finance expenditure.

### 2.0.2. Transfer Pricing and Base Erosion:

The digitalization of trade rules in the digital global economy presents both challenges and prospects including transfer pricing. Transfer pricing as a concept involves setting prices for intercompany transactions in a manner that directly affects the tax liabilities of companies engaged in such practices. Therefore, tax authorities, not just in Africa but also in other parts of the world are increasingly vigilant about preventing base erosion and profit shifting, which are meant to influence tax obligations. This has made it exceedingly necessary for businesses to comply with transfer pricing regulations in the countries where they operate to guarantee compliance with the rules and ensure the long-term business survival of businesses.

### 2.0.3. Value Added Tax (VAT) and e-commerce:

Countries around the world are taking steps to ensure that they increase revenue mobilization by taking advantage of the increase in trade within the framework of the opportunities presented by the digital economy, especially through e-commerce. Value-added tax (VAT) regulations for e-commerce transactions are evolving. Countries are adopting various approaches to collect VAT on digital goods and services, in order not to lose out on much-needed revenue. This has huge implications for the pricing and competitiveness of businesses in the digital space, as the cost of production is invariably impacted by these tax rules governing e-commerce within

**The emerging digital economy presents considerable opportunities as well as difficult challenges for international trade.**

the digital economy.

## 3.0. IMPLICATIONS FOR DISPUTE SETTLEMENTS

Disputes and disagreements are some of the unavoidable consequences of human interactions, especially when it comes to the exchange of goods and services for valuable consideration. Trade rules are continually being challenged by new developments including the disruptions to the global supply chain caused by the COVID-19 pandemic, the ongoing war in Ukraine, and as mentioned earlier military interventions in Africa resulting in economic sanctions. These changes have seen borders closed and meant that in some cases goods cannot be supplied within the time agreed to between the parties. Therefore, dispute settlement mechanisms are absolutely essential to efforts aimed at maintaining the stability of international trade relations in the world. Given the complexities of modern trade, these mechanisms must adapt to address emerging challenges:

### 3.0.1. WTO Dispute Settlement Reform:

The World Trade Organization (WTO) recognizes the fact that an effective and functioning dispute resolution process is important for resolving trade disputes among contracting parties and ensuring compliance with international trade rules. In this regard, the WTO is currently working on reforming its dispute settlement system to help address issues like the Appellate Body crisis which undermines the essential values of the dispute settlement mechanisms within the WTO trade rules.

**3.0.2. Dispute Resolution Rules in Bilateral and Regional Agreements:**

The world has seen many bilateral trade agreements in recent years. Many countries rely on bilateral and regional trade agreements that have provisions for dispute resolutions. An example of these multilateral agreements is AfCFTA, which is now in effect and has created the single largest trade bloc in the world with over 50 countries. These bilateral and regional trade agreements each have avenues for resolving trade disputes outside of the WTO framework.

**3.0.3. Investor-State Dispute Settlement (ISDS):**

These Investor-State Dispute Settlement rules are extremely important in formulating the necessary framework for ensuring that investors can enforce their claims against sovereign states for breach of any trade agreements it has with any investor across the world. Fundamentally, Investor-State Dispute Settlement provisions in trade agreements allow investors to seek arbitration against host countries and provide the mechanism for enforcing any claims that may be granted against the state. Sometimes conflicts do arise in terms of the competing interests between the need to attract investors and ensuring that these investors pay the necessary revenue due to the state. These rules are by no means settled as they continue to evolve, with time, thereby underscoring the need for emphasis on balancing investor rights with the regulatory sovereignty of host nations, within whose borders and territories the investors operate.


## CONCLUSION

It is important to recognize the fact that international trade is evolving. This process of evolution has fundamentally changed and will continue to challenge the traditional rules of trade within international architecture. These changes in international trade present both challenges and opportunities for taxation and dispute resolution within the broader scope of the expansion of trade opportunities across multinational borders. As the digital economy grows, tax models must also a matter of necessity adapt to ensure fairness and sustainability, especially for small and medium-scale businesses that will now be exposed to competition with globally competitive and widely acclaimed brands.

There is also the need to ensure that dispute resolution rules are made adaptive and sufficiently responsive to these changing climates to effectively address the diverse range of issues that can arise in modern trade relationships, especially for cross-border transactions. Recognizing that the world economy is more connected now than at any time in the history of humanity is also key to formulating the needed rules for ensuring the effective determination and resolution of trade disputes. It is therefore important that nations continue to collaborate, negotiate, and innovate in their approaches to taxation and dispute resolution within the framework of the emerging changes to international trade, both in terms of practice as well as the underlying rules of engagement.

Countries need to focus on building consensus on issues like tax and dispute resolution among others, all of which are essential for building a stable and prosperous global trading system that benefits all stakeholders. In order to do this effectively there is the need to appreciate the nature of the changes that are taking place globally in the area of trade and the underlying factors that are driving the conversations in order to ensure that appropriate policy measures are put in place to respond to these changes.

The increase in trade opportunities as a result of the increase in multi-lateral and regional trade agreements has fundamentally altered the contours of existing trade arrangements by for instance helping to remove trade barriers and also creating new markets for goods and services. Government tax receipts have also potentially increased as a result of the rise in global trade and, especially through the e-commerce and digital trade which have all made it sufficiently easier for governments to trace and collect tax revenue. However, there is a need for all stakeholders to work at achieving a uniform set of rules to deal with and address effectively the various tax issues confronting the global trade economy.

Disputes arising out of international trade also present new challenges, especially for the survival of existing trade protocols and frameworks. There is therefore the need to ensure that countries and other stakeholders take advantage of the dispute resolution provisions contained in the World Trade Organisation protocols as well as other bilateral and multilateral trade agreements to facilitate the speedy determination and resolution of disputes so as to promote compliance and ensure business survival.

08

# INSIGHTS

# THE GROWING IMPORTANCE OF ESG: SHAPING A SUSTAINABLE FUTURE

Did you know that investors are increasingly investing in companies and projects that promote sustainability in the environment and society? According to Bloomberg Intelligence in January 2022, Global ESG assets were stated to surpass $41 trillion by 2022 and $50 trillion by 2025, one-third of the projected total assets under management globally. This means that investment in environmentally and socially responsible assets is expected to grow continuously. The rise of ESG assets will over the years account for a huge chunk of money being managed by investment professionals globally.

ESG is an acronym that stands for Environment, Social, and Governance. These three factors are non-financial but are however relevant to a company's performance through the lens of consumers, stakeholders, and investors. Over the years, ESG has changed from being merely theoretical to being practical. Countries and international organizations around the world are passing legislation to compel organizations to disclose their ESG performance and several ESG rating systems have been developed to measure the performance of these organizations. The European Union (EU) introduced several regulations including the Taxonomy Regulation, the Corporate Sustainability Reporting Directive, and the Corporate Sustainability Due Diligence Directive. Despite these, ESG offers organizations the opportunity to address environmental challenges, contribute positively to addressing societal issues of inequality and justice, and respond to the demands from stakeholders about transparency and accountability in managing companies.

## UNDERSTANDING THE THREE CRITERIA OF ESG

Environmental: the environmental aspect examines how a business tries to reduce its effect on the environment. Depending on the object of the business, the focus may be on its green house emissions, its waste disposal system, or the effect it has on the climate. Businesses need to recognize the effect their actions or operations have on the environment in order to make decisions that promote the protection of the environment and sustainability.

Social: the social aspect assesses a business approach to its labour force, labour practices including diversity and inclusion among its employees. Outside the company, it examines the contribution to the public in promoting social welfare, their supply chains, product safety for consumers and data privacy.

Governance: the governance aspect examines a company's corporate culture. It focuses on the rules of a company, shareholder rights, the composition of the leadership, and the ethics of the board members.

## WHAT IS SUSTAINABILITY?

In 1987, the United Nations Brundtland Commission defined sustainability as meeting the needs of the present without compromising the ability of future generations to meet their own needs. Sustainability can only be pursued by creating conditions under which people and nature can exist to support the present and future generations. It is a misconception that sustainability relates to only the environment. A sustainable future also relates to the social and economic aspects of the world. The three aspects are dependent on each other. In summary, it involves fostering social equity and inclusivity, reducing carbon emissions, and responsible use of natural resources. Sustainability plays a very important role in various aspects which include:

**1. Environmental sustainability:** This aspect focuses on the conservation of biodiversity without limiting economic and social benefits. Businesses and individuals that prioritize practices such as reduction of pollution in their field, adopting recyclable packaging, reusing paper, and safeguarding water not only preserve the environment but also contribute to long-term economic prosperity. Once the systems are in place and the company is equipped with tools that promote sustainability, there is a reduction in costs.

**2. Innovation and technology:** One great aspect of the promotion of sustainability is the innovation drive that is embedded in humans by challenging us to find more efficient ways to use natural resources and to promote social fairness and equity. Innovations in green hydrogen, wind energy, and recycling of plastic and clothes have contributed to the environment, social and economic aspects of the world.

**3. Social Equity:** Sustainability ensures that the benefits of economic development are distributed to both the vulnerable and the wealthy. While many individuals encounter economic obstacles, this should not impede their access to essential benefits such as healthcare, clean water, well-planned urban environments, and food accessibility.

## HOW ADOPTING ESG CRITERIA CAN LEAD TO A SUSTAINABLE FUTURE

### THE ENVIRONMENTAL FACTOR FOR SUSTAINABILITY

Environmental sustainability is the responsible use of natural resources to conserve and protect the ecosystem to support health and well-being in the present and in the future. There are various reasons why a sustainable environment is important. They include:

**1. Regulatory compliance:** Environmental laws are evolving to ensure the protection of resources by addressing issues that are detrimental to the planet. Businesses should engage in thorough investigations and assessments of their operations by conducting comprehensive evaluations of their operations to gain insights into their environmental footprint. This deep understanding of the consequences of their activities on the environment empowers them to take proactive measures to reduce their negative impacts. Once the areas have been identified, businesses must actively work to enhance their practices, aligning them with regulations and demonstrating their commitment to environmental compliance. By taking these steps, businesses also avoid potential fines and penalties associated with regulatory breaches.

**2. Climate change:** The world is facing a pressing number of environmental issues with climate change being the most significant challenge. Environmental sustainability can reduce the adverse impacts of businesses on the climate. Consider, for instance, an IT company specializing in the production of mobile phones. Such a company can reduce its electronic waste through projects such as exchanges and trade-ins for newer versions. This extends the lifespan of electronic devices. ESG initiatives focusing on environmental sustainability can help businesses mitigate the impact of climate change.

### THE SOCIAL FACTOR FOR SUSTAINABILITY

Social responsibility refers to a company's commitment to creating an ethical framework where the best interests of the employees are taken into consideration and the actions of the company benefit the society. Companies that prioritize social responsibility are often char-

acterized by their efforts to create a better world by promoting diversity, inclusion, and respect for human rights. Some reasons why social responsibility is important include:

**1. Community engagement:** Businesses that focus on social responsibility are able to gain valuable insights into their clientele enabling them to assess the positive and negative impact of their products or services. This information helps the business understand its operations from the perspective of the clients, engage with them, and improve the relationship with the community.

**2. Risk Management:** Businesses that adopt ESG initiatives are empowered to effectively identify and manage the social risks within their operations. By delving into the treatment of their employees, they understand potential violations of rights and by scrutinizing their suppliers' operations and labor force conditions, these companies prevent reputational damage and ensure the ethical integrity of their business practices which leads to a sustainable future.

## THE GOVERNANCE FACTOR FOR SUSTAINABILITY

Corporate governance is the framework that dictates how companies are managed. It defines several roles in the company including the decision makers and the authority. Good corporate governance balances the interests of shareholders, employees, suppliers, customers, and the community. In essence, corporate governance is a crucial mechanism for achieving both business success and the trust of those affected by a company's operations. Businesses that adhere to strong governance principles are more likely to make ethical decisions, prevent corporate misconduct, and ensure transparent operations. Sound governance practices not only strengthen the company's reputation but also reduce legal and regulatory risks. Reasons for the governance factor in sustainability include:

**1. Accountability and Transparency:** Businesses that adopt good governance practices are able to account for their actions and disclose the actions. This promotes transparency in decision-making and ensures that relevant information is not concealed from investors, customers, and employees.

**2. Access to Investment:** Investors and financial markets increasingly consider ESG factors when making investment decisions. Businesses with strong governance practices are more likely to attract ESG-focused investors and access sustainable finance options. This access to capital can fund sustainability initiatives and support the transition to a more sustainable business model.

## CONCLUSION

The growing importance of ESG criteria in shaping a sustainable future cannot be overstated. As we've explored, ESG has evolved from a theoretical concept to a practical metric system that organizations use to assess their impact on the environment and society. This shift is driven by the increasing recognition of environmental, social, and governance factors in shaping a sustainable world.
Environmental sustainability involves responsible resource use and compliance with evolving environmental laws to combat pressing issues like climate change. By adopting ESG initiatives, businesses can actively reduce their environmental footprint, align with regulations, and contribute to mitigating climate change.

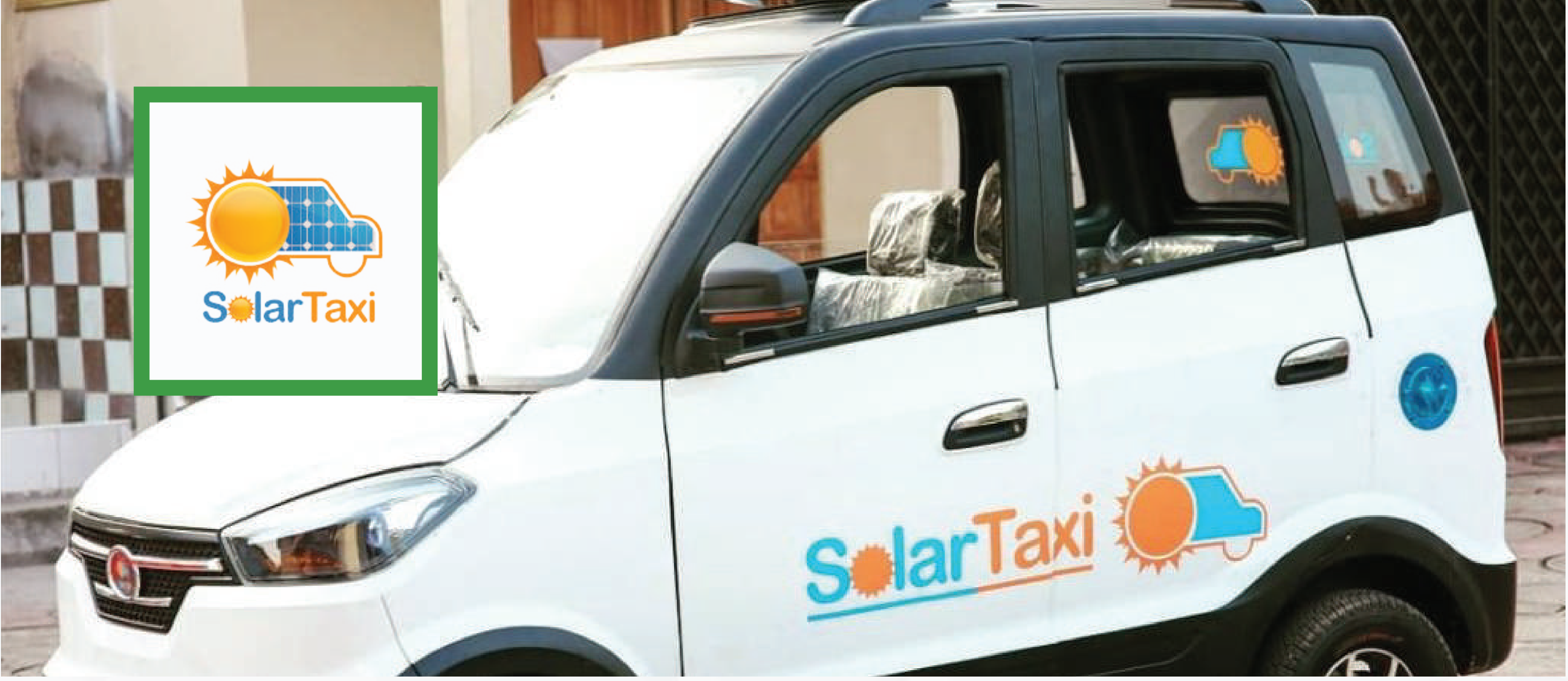
Social responsibility focuses on creating ethical frameworks that benefit employees and society at large. It encourages community engagement and risk management, leading to better relationships with stakeholders and ethical integrity within business practices.

Corporate governance, the framework that dictates how companies are managed, plays a pivotal role in sustainability. Sound governance practices promote accountability, transparency, and access to sustainable finance options. This, in turn, enables companies to fund sustainability initiatives and transition toward more responsible and sustainable business models.

Sustainability, as defined by the United Nations, involves meeting present needs without compromising the ability of future generations to meet their own. It encompasses environmental, social, and economic aspects, all of which are interlinked and dependent on each other.

In today's world, ESG is no longer considered just an acronym; it's a critical framework for organizations to address environmental challenges, contribute positively to societal issues, and meet the demands of stakeholders for transparency and accountability. With the global ESG assets projected to reach trillions of dollars, businesses that embrace ESG criteria are not only better positioned for long-term success but also for contributing to a sustainable future where people, nature, and prosperity coexist harmoniously. As we move forward, it's imperative that organizations across the globe continue to integrate ESG principles into their operations to shape a more sustainable and responsible future for all.

# INDUSTRY SPOTLIGHT 09




# SOLAR TAXI: DRIVING SUSTAINABLE MOBILITY IN AFRICA

In a world increasingly conscious of the need for sustainable practices and climate action, innovative companies are emerging as beacons of hope, leading the way toward a brighter and greener future. SolarTaxi, an e-mobility company founded in 2018 and headquartered in Accra, Ghana, is one such company that deserves recognition for its commendable efforts in promoting sustainability. SolarTaxi is a company that aligns with several Sustainable Development Goals (SDGs) while prioritizing Environmental, Social, and Governance (ESG) principles.

One of SolarTaxi's primary objectives is to promote clean energy through the use of electric vehicles (EVs). The company designs and locally assembles electric bikes, tricycles, and cars, making them accessible and affordable for modern Africans. By providing EVs, SolarTaxi is contributing to SDG 7, which focuses on ensuring access to affordable, reliable, sustainable, and modern energy for all. This falls in line with SDG 7 Affordable and Clean Energy.

SolarTaxi's commitment to local assembly and innovation in the electric vehicle sector is a testament to its dedication to SDG 9: Industry, Innovation, and Infrastructure. The company's efforts to design, manufacture, and maintain EVs locally are driving technological advancement and creating jobs in Ghana. This not only bolsters the local economy but also promotes sustainable industrialization and infrastructure development.

SolarTaxi is at the forefront of transforming urban transportation in Africa. The company provides charging points and maintenance for electric vehicles, reducing the carbon footprint of urban areas. By offering electric vehicle solutions for urban transport, SolarTaxi contributes significantly to SDG 11: Sustainable Cities and Communities, which focuses on making cities inclusive, safe, resilient, and sustainable.

Climate change is one of the most pressing global challenges. SolarTaxi tackles this issue head-on by offering transportation solutions powered by renewable energy. Their vehicles are charged with built-in solar hubs, reducing greenhouse gas emissions, and combating climate change. SolarTaxi's commitment to clean energy aligns perfectly with SDG 13: Climate Action, which seeks urgent action to combat climate change and its impacts.

SolarTaxi's commitment to gender equality is evident through its Female Engineers and Riders Academy. By empowering women to become engineers and riders in the electric vehicle industry, the company is contributing to SDG 5: Gender Equality, which promotes gender equality and the empowerment of all women and girls.

## SUSTAINABILITY EFFORTS

In addition to their contributions to the SDGs, SolarTaxi also exemplifies ESG principles. The company is dedicated to Environmental sustainability through its use of renewable energy and its efforts to reduce carbon emissions. This not only reduces the reliance on fossil fuels but also minimizes greenhouse gas emissions, making their entire transportation system eco-friendly. In addition to powering their vehicles, these solar hubs contribute excess energy back to the grid, promoting clean energy generation and distribution.

SolarTaxi's social responsibility initiatives, such as the Female Engineers and Riders Academy, are testaments to their commitment to inclusion and diversity. This academy not only empowers women by providing them with training and opportunities in a traditionally male-dominated field but also fosters a culture of inclusivity within the company.

SolarTaxi's focus on local assembly and job creation aligns with Governance principles by promoting transparency and accountability. By manufacturing and assembling electric vehicles locally, the company not only stimulates the local economy but also ensures quality control and accountability. This approach enhances transparency in their operations and promotes responsible business practices.

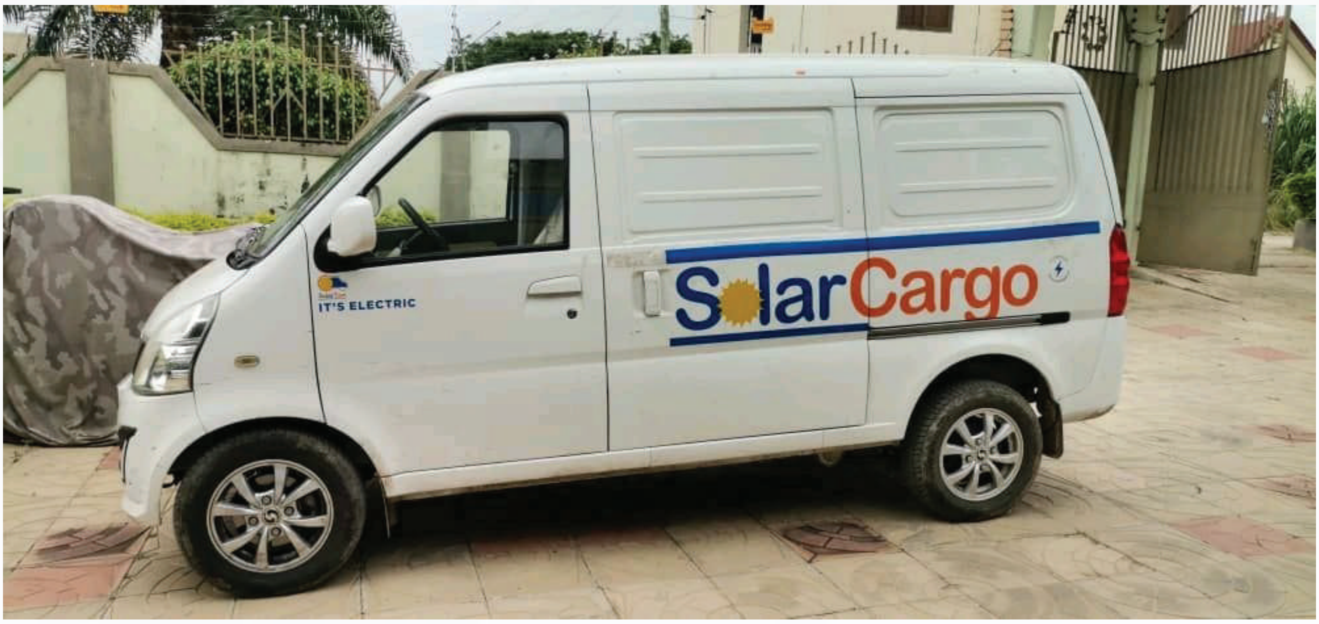
## EXPANSION AND REACH

SolarTaxi's impact is not limited to Accra; the company's charger stations are strategically located across regions such as Greater Accra, Ashanti, Eastern, and Upper East. This widespread infrastructure promotes electric vehicle adoption on a national scale, fostering sustainable mobility solutions throughout Ghana.

Moreover, SolarTaxi's range of services extends beyond personal transportation. They offer B2B and B2C courier services, covering essential needs like food, clothes, electronics, and packages. By incorporating electric vehicles into these services, the company is reducing the carbon footprint of goods transportation.

## A VISION FOR THE FUTURE

SolarTaxi has set an ambitious goal to provide 10 million electric vehicles by 2030, a testament to their dedication to sustainable transportation in Africa. With their commitment to the SDGs and ESG principles, SolarTaxi is not just a company but a catalyst for positive change, driving Africa towards a more sustainable and eco-friendly future. Their story is one of innovation, empowerment, and environmental responsibility, and it serves as an inspiring example for companies worldwide looking to make a meaningful impact on the world's most pressing challenges.



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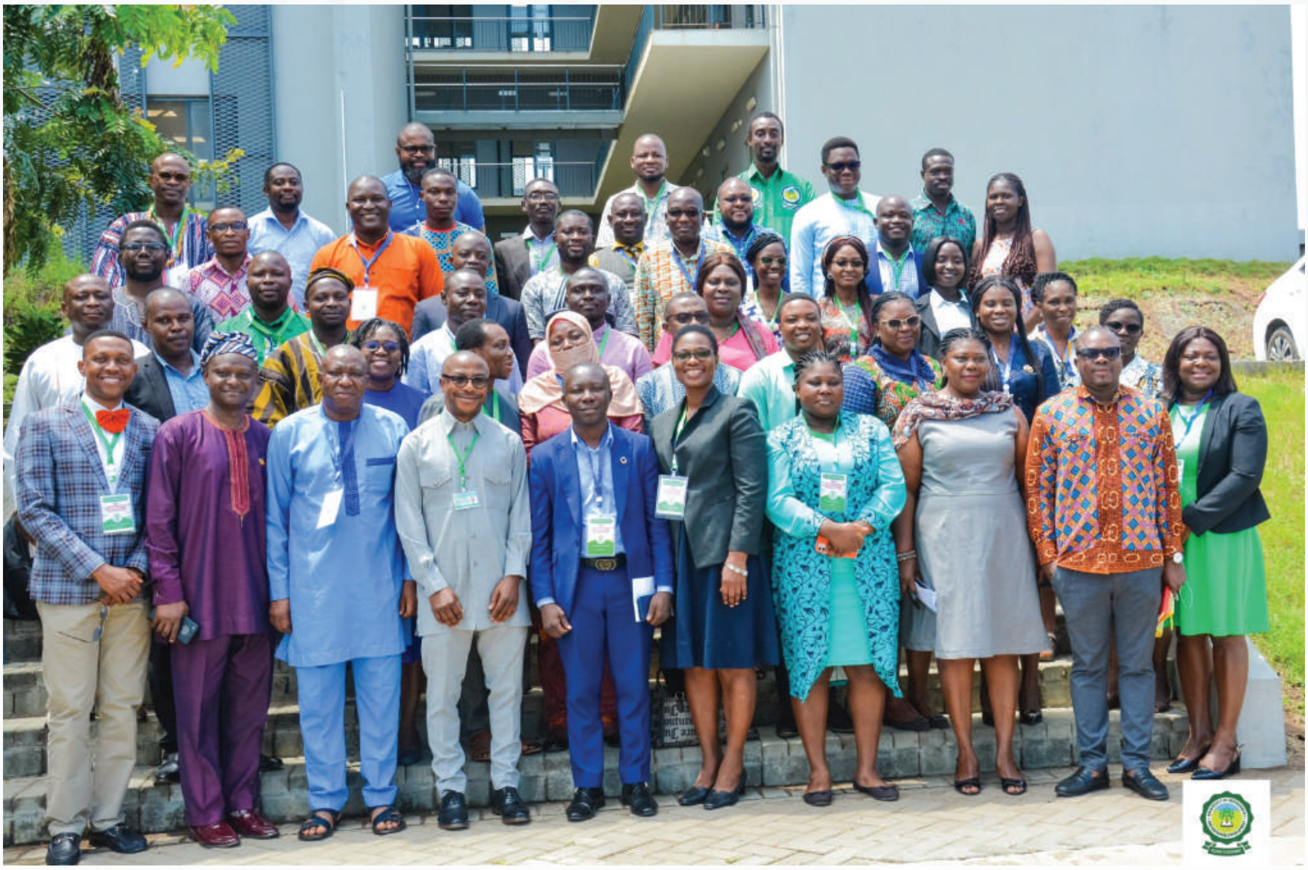
# PAST & UPCOMING EVENTS

# PAST EVENTS

## 3RD SUSTAINABLE DEVELOPMENT CONFERENCE

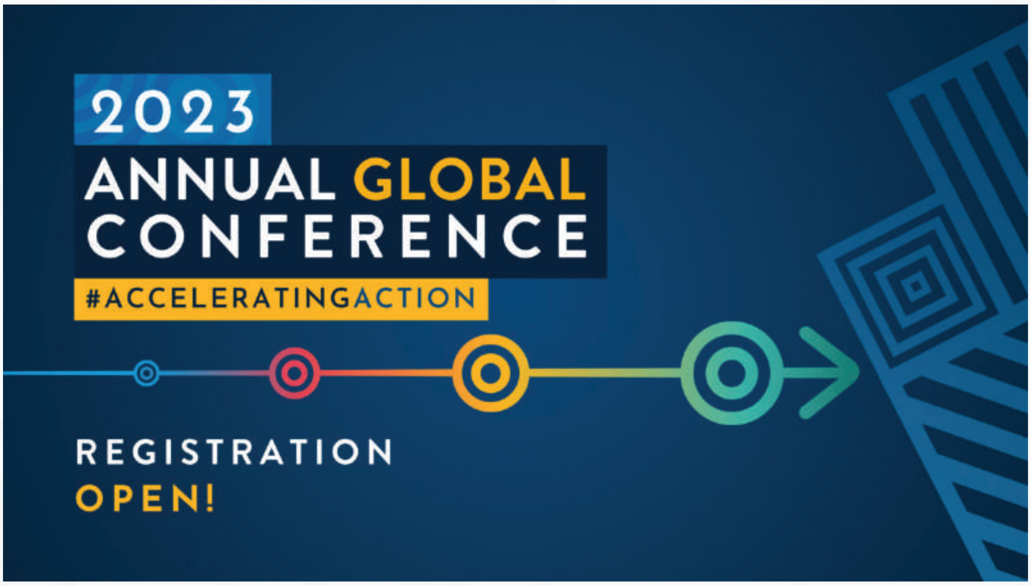
The University of Environment and Sustainable Development, (UESD) held its 3rd Sustainable Development Conference in Ghana on September 9, 2023. This event was attended by researchers, civil groups, policies, and people with academic backgrounds.

The theme of the conference focused on Sustainable Development Goal 12; "Integration of Responsible Production and Consumption into Development Agenda of Developing Economies: Exploring Policies and Scientific Options". The event highlighted the challenges in achieving SDG 12 and stated certain strategies such as enforcement of regulations to promote sustainable mining practices.



# PAST EVENTS

## ASPEN NETWORK OF DEVELOPMENT ENTREPRENEURS (ANDE) ANNUAL CONFERENCE 2023





The Aspen Network of Development Entrepreneurs (ANDE) organized a three-day conference dubbed the ANDE Annual Conference 2023, which took place at the prestigious Labadi Beach Hotel from the 12th to 14th of September 2023.

The event brought together high-level development entrepreneurs from the continent and other parts of the world. It was the first of its kind in West Africa. The conference, themed 'Accelerating Action: Small Business Solutions and the SDGs', aims to showcase the remarkable progress made thus far and identify the pathways to support Small and Growing Businesses (SGB) ecosystems in their journey to enhance their contribution to the Sustainable Development Goals (SDGs) over the next seven years.

Speaking at the event, Executive Director-ANDE, Richenda Van Leeuwen revealed that ANDE was working on partnerships and collaborations with international financial institutions to secure patient funds for SGBs in Africa – adding that the target is to close the over-US$1billion annual financing gap, enabling SGBs to scale-up and ensure sustainability.

United Nations (UN) Resident Coordinator in Ghana, Charles Abani, also speaking at the event highlighted that the recent SDGs review report indicated that halfway to the 2030 Agenda deadline, the SDG Progress report reveals that more than half the world is being left behind – and progress has stalled or gone into reverse on more than 30 percent of the SDGs.

He mentioned among others that his office has identified the need to focus attention on access to patient capital, capacity building for start-ups, innovative ecosystem enhancement, policy, and advocacy as well as coordination and networking to realize the full potential of the agriculture sector and SMEs as a whole.

# UPCOMING EVENTS

## THE 11TH EDITION OF WEST AFRICAN CLEAN ENERGY AND ENVIRONMENT TRADE FAIR AND CONFERENCE (WACEE)


The 11th edition of the West African Clean Energy and Environment Trade Fair and Conference (WACEE) is scheduled to take place on the 18th and 19th of October 2023 at the Grand Arena, Accra International Conference Centre.

WACEE is a renewable energy and environment trade fair and conference in West Africa that focuses on bringing together key stakeholders and policymakers through presentations, workshops, and sessions to highlight on industry developments, opportunities, and challenges.

The theme for the WACEE '23 is "leading a sustainable transition". This topic aims to highlight the need for companies, institutions, and the entire community to transition to a more sustainable form of production and consumption and the need to undergo mitigation of climate change, what it means to various players, and the opportunities and challenges it presents in the West African Region.

# UPCOMING EVENTS

## THE 3RD BIENNIAL CONFERENCE ON FISHERIES AND COASTAL ENVIRONMENT


The 3rd Biennial Conference on Fisheries and Coastal Environment (#CFCE), also known as the #BlueEconomyConference, will be held from November 6th to 8th, 2023, in Accra, Ghana. Organized by the Centre for Coastal Management (ACECoR) – University of Cape Coast, this year's conference theme is "Inclusive Blue Economy in Africa: Towards Sustainable Transformation of the Marine Environment."

The conference aims to provide a platform for researchers, students, government organizations, and NGOs from across Africa and the diasporas, working on topics related to the Blue Economy, to present abstracts of their findings on various sub-themes.

In line with the 10th Anniversary of the Centre for Coastal Management – Africa Centre of Excellence in Coastal Resilience (CCM-ACE-CoR), University of Cape Coast (UCC), this conference will focus on the Blue Economy, fostering policy linkages and enabling researchers, journalists, and think tanks to contribute to the development of Ghana's Blue Economy. The event will include panel discussions, keynote presentations, and the presentation of abstracts.

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