



How can Green Businesses Effectively Influence Ghana's Nationally Determined Contributions? – The Policy Approaches

by



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List of Abbreviations

COTVET	Council for Technical and Vocational Education and Training
CSIR	The Council for Scientific and Industrial Research
CSOs	Civil Society Organizations
DOC	Department of Cooperatives
EPA	Environmental Protection Agency
ESG	Environmental, Social, and Governance
FC	Forestry Commission
GCARP	Ghana Climate Accountability and Reporting Platform
GCF	Green Climate Fund
GCVF	Ghana Climate Venture Facility
GGJoP	Ghana Green Jobs Programme
GIPC	Ghana Investment Promotion Centre
LGSS	Local Government Services Secretariat
MELR	Ministry of Employment and Labour Relations
MESTI	Ministry of Environment, Science, Technology, and Innovation
MMDAs	Metropolitan, Municipal and District Assemblies
MoEn	Ministry of Energy
MOFA	Ministry of Food and Agriculture
MOTI	Ghana, the Ministry of Trade and Industry
MSME	Micro, Small and Medium Enterprises
MSWR	Ministry of Sanitation and Water Resources
NBSSI	National Board for Small Scale Industries
NCCP	National Climate Change Policy
NDCs	Nationally determined contributions
NDPC	National Development Planning Commission
PDPEA	Problem-Driven Political Economy Analysis
PEF	Private Enterprise Federation
POAs	Programmes of Action
PPPs	Public-Private Partnerships
SDGs	Sustainable Development Goals
SME	Small and Medium Enterprises
STEM	Science, Technology, Engineering and Mathematics
TVET	Technical and Vocational Education and Training
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
YEA	Youth Employment Agency

Key Messages

- The Government of Ghana plays a critical role in incorporating green SMEs into the execution of the NDC. As the major stakeholder, it has the power to steer green growth, foster an atmosphere that supports eco-friendly companies, and guarantee that investments and governmental policies support climate goals.
- Green businesses are key levers to achieving the goals of the NDCs because they offer the technology, finance, and human resources needed to implement the programmes of action.
- Despite the growing number of green enterprises, there are no mechanisms for aligning the activities of green enterprises to the goals of the NDCs.
- The key barriers impeding green businesses from aligning their activities to the goals of the NDCs span from non-aligned policies; limited finance and funding information, to weak coordination of existing programmes and strategies which green entrepreneurs should benefit from.
- Effective planning and creating an enabling business environment is critical to improving the participation of green SMEs in the implementation of the NDCs.
- Beyond tightening the loopholes in existing policy and linking priority areas to the activities of green businesses, providing finance and funding information to green businesses will help strengthen the positioning of green businesses to contribute to the NDCs.
- Green Businesses should begin strengthening its own advocacy mechanism by investing into a Green Chamber of Commerce to promote and protect Ghana's emerging green economy.

01

Green Businesses and Ghana's Nationally Determined Contributions

1.1 Background

Ghana's contributions to the Paris Agreement are outlined in the nationally determined contributions (NDCs), which also provide a roadmap for developing a low-carbon, climate-resilient economy. Ghana has created nineteen (19) policy initiatives to reduce greenhouse gas emissions and strengthen the ability of communities and vulnerable groups to withstand the effects of climate change between now and 2030.¹ Thirteen (13) adaptation measures and thirty-four (34) mitigation actions result from these nineteen (19) policy initiatives. Although the major high-emission economic sectors—energy, forestry, transportation, waste, and agriculture—are covered by the policy initiatives, there is a significant financial requirement to put the mitigation and adaptation measures into place. The government needs about US\$15.5 billion to effectively implement the relevant actions and achieve the goals of the NDCs by 2030². As a result, the government needs the support of both domestic and international public and private sectors to raise financing and mobilize the technology needed to implement the actions in the NDCs.³ The government must establish policies that encourage support for green products and services and assist different stakeholders in obtaining the funding opportunities necessary to expand the use of environmentally friendly and climate-resilient technologies to tackle the impact of climate change.⁴

Initiatives by domestic green businesses are essential to meet Ghana's NDCs' objectives. Beyond the financial support and commercial opportunities the NDCs provide to domestic green businesses, green enterprises also can supply the technology, infrastructure, human capital, and financial resources necessary to carry out the relevant programmes of action that will aid in the achievement of the targets outlined in the NDCs. For example, the private sector is identified in roughly 41% of the worldwide NDCs on forestry, fisheries, and agriculture as a point of entry for implementing particular action plans to meet the NDCS targets.⁵

Similarly, Ghana's updated NDCs identify the private sector as a key partner in delivering the NDCs. By focusing on local green solutions, the government can identify multiple entry points to increase access to technology, finance, and technical capacity to implement actions contained in the NDCs.⁶

Several existing barriers make it difficult for green enterprises to connect their priorities with the action plans in Ghana's updated NDCs. The lack of streamlined policies, limited finance and funding information and weak coordination of green business activities are examples of factors that are currently impeding green businesses from connecting with the programmes of action (POAs) of the updated NDCs. Although local green enterprises are important for reaching targets set out in the NDCs, there are no official systems in place for recording, monitoring, and reporting how local green solutions affect the NDCs' objectives. Government actions towards the NDCs and the operations of green businesses function in silos at both the national and subnational levels. The overall climate change reporting system largely omits the outcomes of numerous green businesses. This is because green businesses have not been properly acknowledged and designated as essential partners in carrying out Ghana's climate action by existing policies and programs on climate change.⁷ The National Climate Change Policy (NCCP), for instance, references the private sector in general, but there are no explicit policy mechanisms in place to link the outcomes and effects of green businesses, whose operations support the objectives of the NDCs, to the more comprehensive national strategy. There is also no strategy for monitoring and reporting the contributions of green firms in the existing national reporting plan for the NDCs.⁸ There are, however, highlights of some intended mechanisms as contained in Components 3 and 4 of the Ghana Green Jobs Strategy (2021-2025)-conceived before 2021- which seeks to help green businesses tackle

¹ See Environmental Protection Agency. Updated Nationally Determined Contributions. Ghana's Revised Nationally Determined Contribution under the Paris Agreement (unfccc.int)

² ibid

³ <https://www.adaptation-undp.org/private-sector-engagement-climate-plans>

⁴ See UNDP. Financing Strategy for Ghana's NDCs. Ghana's NDC Financing Strategy | United Nations Development Programme (undp.org)

⁵ See Food and Agriculture Organization. Global Interim Report on AFOLU in the NDCs. <https://www.fao.org/3/cb7442en/cb7442en.pdf>

⁶ See Climate Change Adaptation. <https://www.adaptation-undp.org/private-sector-engagement-climate-plans>

⁷ See National Climate Change Policy- Ghana. [national-climate-change-policy-ext-en.pdf](https://www.adaptation-undp.org/private-sector-engagement-climate-plans) (climeteart.org)

⁸ See Ghana's Fourth Communication to the UNFCCC. Ghana. National communication (NC). NC 4. | UNFCCC

climate change. However, its implementation roadmap is not without challenges. Most of the challenges border on policy misalignment; financing challenges and the lack of smooth coordination of the roles different stakeholders are to pursue. This paper discusses other existing factors which remain barriers impeding green businesses from contributing to the goals of the NDCs.

1.2 Objectives and Relevance of the Paper

Ghana has committed to addressing climate change through several policy actions coordinated through nationally determined contributions. Green businesses are key levers to achieving the goals of the NDCs because they offer the technology, finance, and human resources needed to implement the programmes of action. Despite the growing number of green enterprises, there are no mechanisms for aligning the activities of green enterprises to the goals of the NDCs.

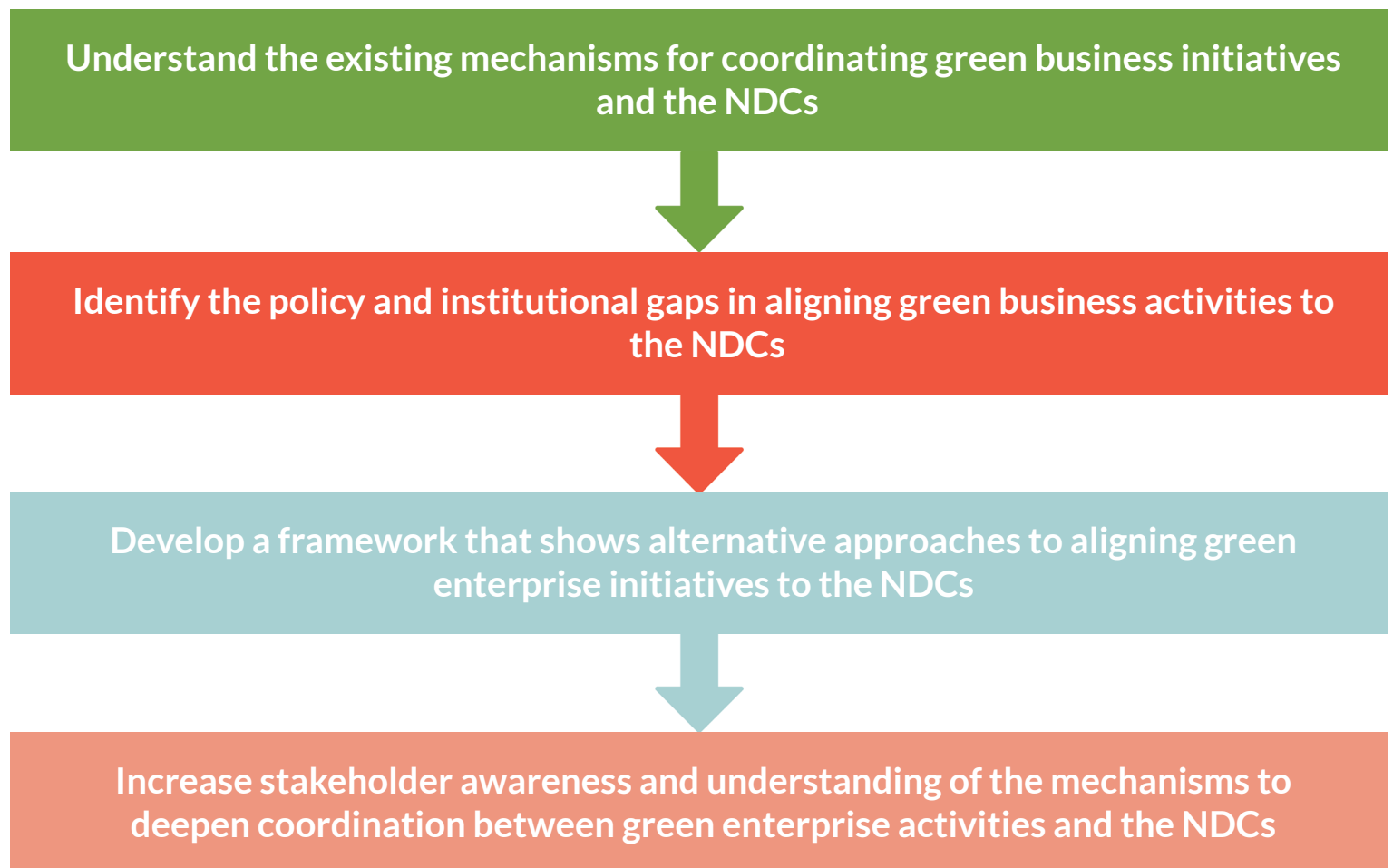
This paper's main goal is to understand how green businesses can significantly advance the NDCs' objectives. The following goals are the focus of this paper:

1. Understand the existing mechanisms for coordinating green business initiatives and the NDCs.
2. Identify the policy and institutional gaps in aligning green business activities to the NDCs.
3. Develop a framework that shows alternative approaches to aligning green enterprise initiatives to the NDCs.
4. Increase stakeholder awareness and understanding of the mechanisms to deepen coordination between green enterprise activities and the NDCs.

The keyframing issues are;

1. What is the existing structure/mechanisms for coordinating green business activities with the NDCs in Ghana?
2. What are the intractable challenges to integrating green businesses into the implementation of the NDCs in Ghana?
3. Which alternative mechanisms are available to help align green business activities to the goals of the NDCs?
4. How can stakeholders effectively support green businesses to meaningfully contribute to the NDCs?

Figure 1: Objectives and Relevance of the Paper



1.3 Approach

Problem-Driven Political Economy Analysis (PDPEA) was adopted to conduct the study. The PDPEA critically examines the institutional constraints to aligning the activities of green businesses to the broader NDCs. In addition, the PDPEA supports a technical analysis of the potential entry points to increasing reforms to align green enterprise activities and the NDCs.

The PDPEA will be complemented by key informant engagement with policy actors to understand the existing mechanisms to align activities of green businesses to the NDCs and highlight existing opportunities which can strengthen the role of green businesses in the implementation of the NDCs. A Triple ‘A’ Analysis would be conducted to highlight the views of stakeholders to engage and amplify the needs of green businesses in a consultative dialogue.

Figure 2: Problem-Driven Political Economy Analysis

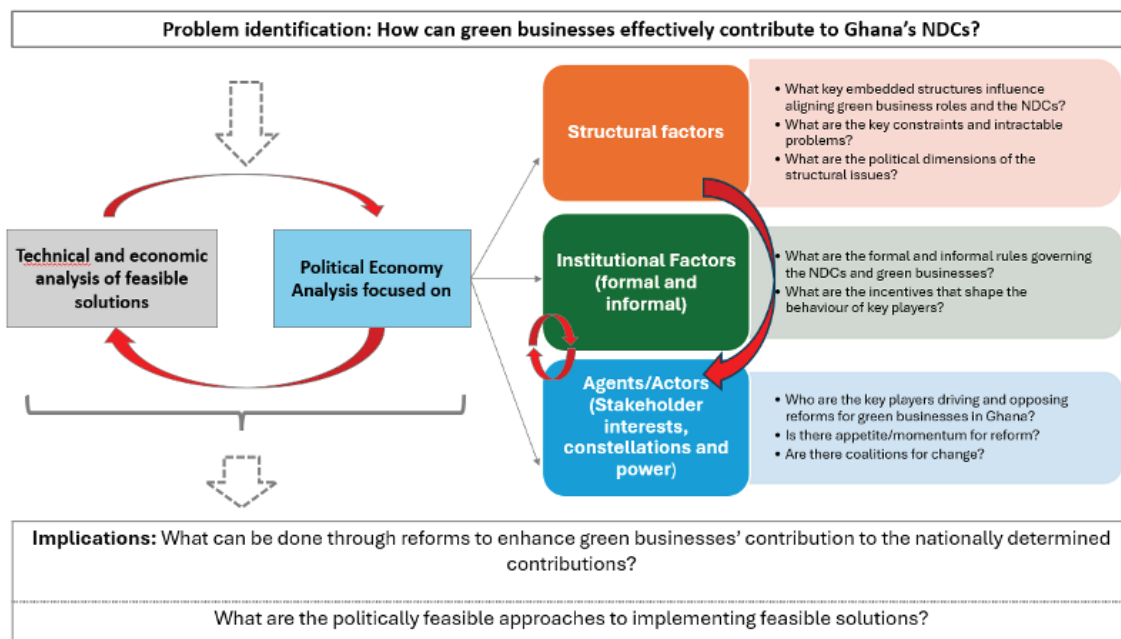


Chart: IMANI CPE | Source: World Bank

02

Ghana's Nationally Determined Contributions in Perspective

2.1 Overview – Ghana's Nationally Determined Contributions

The urgent need to combat climate change is becoming a key determinant of the economic development paths of all nations.⁹ Economic growth remains a priority for national governments, but this growth is increasingly being measured by the effectiveness of steps taken to protect the environment and control greenhouse gas emissions.¹⁰ NDCs serve as a roadmap for countries to achieve sustainable development goals while addressing climate change. They provide a framework for countries to outline their specific targets, policies, and actions to reduce greenhouse gas emissions and build the needed climate resilience. Through NDCs, countries can communicate their contributions to the international community and demonstrate their commitment to a sustainable future. NDCs play a crucial role in the pursuit of sustainable development. By aligning climate action with national development priorities, countries can ensure that their efforts to combat climate change are integrated into their overall development agenda. This integration is essential as it enables countries to address the interconnected challenges of poverty reduction, economic growth, and environmental sustainability.¹¹

Ghana's NDCs focus on three main sectors: energy, agriculture, forestry, industrial processes and waste management¹² (See Fig.3). In the energy sector, for example, Ghana aims to increase the share of renewable energy in its overall energy mix and improve energy efficiency. This includes promoting the use of solar, wind, and hydroelectric power, as well as implementing energy efficiency measures in industries, buildings, and transportation. In the forestry sector, Ghana aims to reduce deforestation and forest degradation by implementing sustainable forest management practices and promoting afforestation and reforestation. This not only helps in reducing greenhouse gas emissions but also contributes to biodiversity conservation and the protection of ecosystems. In the waste management

practices and promoting afforestation and reforestation. This not only helps in reducing greenhouse gas emissions but also contributes to biodiversity conservation and the protection of ecosystems. In the waste management sector, Ghana aims to improve waste collection, recycling, and disposal practices to reduce methane emissions from landfills. This includes implementing modern waste management technologies, promoting waste segregation at source, and raising awareness about the importance of waste reduction and recycling.

The estimated cost of implementing the NDC is between US\$9.5 and US\$15.5 billion¹³. This means that in addition to international public funding for climate change support, the private sector's contribution is crucial to the NDCs' success.¹⁴ Since SMEs account for about 90% or more of all businesses registered in the nation and generate roughly 70% of GDP, they have a major role to play in that regard¹⁵.

2.2 Goals of the Nationally Determined Contributions

The implementation of the NDCs seeks to achieve the following goals;

1. Generate absolute greenhouse gas emissions reduction of 64 MTCO_{2e}.
2. Avoid at least 2900 premature deaths annually from improved air quality.
3. Create about 1 million decent and green jobs.
4. Benefit cumulatively over about 38 million people, focusing on the youth.

The NDCs are categorized under conditional or unconditional programmes of action. Unconditional actions are those actions the government can effectively implement with or without external support whilst conditional programmes of action are the activities the country would require support from international partners to effectively

⁹ Nader, Sam- Paths to a Low-Carbon Economy—The Masdar example, Energy Procedia, Volume 1, Issue 1, 2009

¹⁰ See <https://www.fao.org/3/i0670e/i0670e03.pdf> Climate change impacts, adaptation and links to sustainable development in Africa by B. Osman-Elasha

¹¹ See https://www.ipcc.ch/site/assets/uploads/sites/2/2019/05/SR15_Chapter5_High_Res.pdf

¹² See. Ghana's Revised Nationally Determined Contribution under the Paris Agreement (mesti.gov.gh)

¹³ See. Ghana's Revised Nationally Determined Contribution under the Paris Agreement (mesti.gov.gh)

¹⁴ See UNDP Report on Ghana's Nationally Determined Contributions Implementation Plan Financing Strategy. <https://www.undp.org/ghana/publications/ghanas-ndc-financing-strategy> pg. 25

¹⁵ Ibid

unconditional mitigation measures are expected to result in greenhouse gas emissions reduction by about 8.5 MTCO_{2e} by 2025, and the conditional mitigation measures are expected to reduce greenhouse gas emissions between 16 MTCO_{2e} and 34 MTCO_{2e} by 2025 and 2030¹⁶.

Figure 3: Priority Areas of the Nationally Determined Contributions

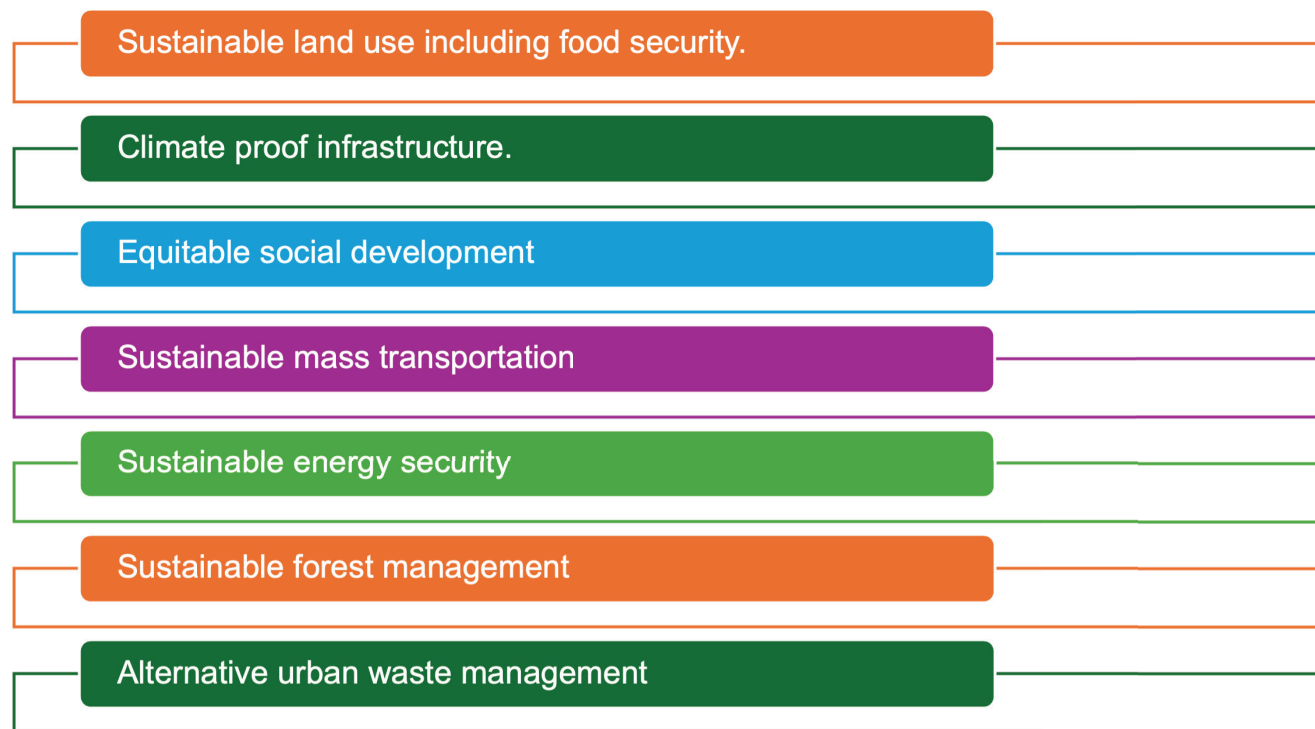


Chart: IMANI CPE | Source: MESTI ¹⁷

The NDCs demonstrate Ghana's commitment to promoting sustainable development and reducing the effects of climate change. Green enterprises must play a big part in this process. Green businesses can do so by implementing sustainable practices and reducing greenhouse gas emissions. The updated NDCs recognize the private sector as an important source of technical knowledge, human capital, and innovation. Green businesses in Ghana can also support the country's efforts in addressing specific environmental issues such as deforestation, desertification, and land degradation- this brings benefits to the country's economy.

The National Climate Change Policy (NCCP) underscores the role of the private sector in delivering mitigation and adaptation programmes. The policy outlines two key ways in which the private sector can access opportunities and synergies resulting from Ghana's climate change actions- these include product and service innovation and diversity and technology adaptation and access. The policy lists *a) value chain financing and insurance; b) energy generation, saving and efficiency; and c) reduction, reuse and recycling as target areas which the private sector and industry can explore.* The opportunities for value chain financing and insurance include business capacity building and market integration; contract farming and out-grower schemes; technical capacity in market norms and standards;

commodity exchanges and active futures markets; market information and access; infrastructural investments and agricultural insurance. The opportunities for energy generation, saving and efficiency include: waste to energy by pyrolysis; gas capture from landfills and renewable energy technology, equipment and services.

Furthermore, integrating green enterprises in the implementation of NDC can deliver immense benefits to the economy. The primary objective of a green economy is to create sustainable jobs and reduce environmental risk. Green businesses contribute greatly to job creation, enhanced resilience, and reduced greenhouse gas emissions (See. Fig.4). Several jobs in a variety of industries, such as waste management, sustainable agriculture, and renewable energy, can be created by green enterprises. Achieving the goals of Ghana's Green Jobs Strategy requires businesses to leverage existing and new green growth potentials to create decent and sustainable jobs. Given that SMEs employ a greater number of Ghana's population, green SMEs will potentially be the main drivers of green jobs in Ghana. Thus, it is imperative to address the obstacles to scaling up green business innovation to create a supportive business environment that allows green enterprises to expand and employ more people.

Figure 4: Benefits of Integrating Green Businesses into the Implementation of Nationally Determined Contributions

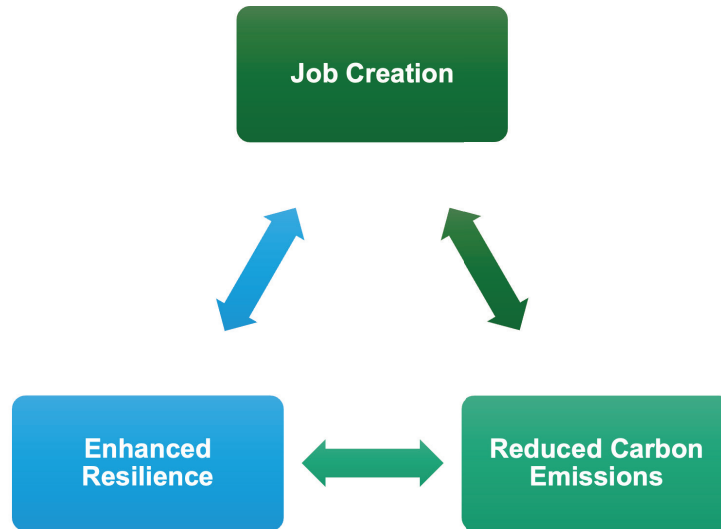


Chart: IMANI CPE

2.3 Challenges to Integrating Green Businesses into Nationally Determined Contributions

The government recognizes that effective implementation of the NDCs can unleash significant investments into Ghana's vast green enterprise potential. The government has a responsibility to implement policies, regulations and interventions that create demand and opportunities for private sector investment into the green business potential. It is important to contextualize the private sector involvement in the implementation of NDC based on the pattern and structure of non-household business establishments. For instance, more than 90 per cent of businesses in Ghana are MSMEs¹⁸. As a result, the nature of private sector investment in the implementation of the NDCs will largely rest on SMEs integrating green solutions in their business processes or creating business models that leverage the green potentials of Ghana. However, the existing policies and interventions are not aligned with creating a supportive environment for the private sector in the implementation of the NDCs. There is limited recognition of green SMEs as key levers to accelerating the implementation of the programmes of action in the NDCs. As a result, the activities of green business are barely reported in the overall greenhouse gas emissions reduction.

The weak integration of the private sector in the NDCs implementation can be attributed to the broader governance constraints affecting the NDCs. Making the NDCs investor-ready requires that the NDCs underpin the strategy and activities of ministries and government agencies¹⁹. This ensures that state-side actors can lead the implementation of the NDCs by implementing supportive policies that can support private sector initiatives, and financial mobilization, and establish strong accountability mechanisms around the implementation of the NDCs. For instance, the NDCs will influence how ministries allocate and spend public resources to attract private sector investment to implement the programmes of action. Even though the NDCs have high political support in Ghana, they have not been integrated into the medium-term development strategies of ministries and other government agencies. As a result, the policies and programmes of government agencies make less room for private sector involvement in the implementation of the NDCs. Also, the government has not adequately explored translating the programmes of action in the NDCs as investment plans and leveraging domestic and international investment promotion activities to project the NDCs to investors.

¹⁸ See, Ghana Statistical Service. (2015). Non-household Business Establishment Survey. SUMMARY REPORT (statsghana.gov.gh)

¹⁹ See Oxford Policy Institute. ndc-gap.pdf (opml.co.uk)

Furthermore, there is low awareness and limited understanding of green SMEs and their role in the NDCs. The concept of green business is nascent in Ghana and most of the existing policies do not recognize climate-smart SMEs. There is currently no policy definition of green business or sustainable business in the policies governing climate change in Ghana despite the high emphasis on the private sector. As a result, most government agencies are unable to distinguish green businesses from traditional SMEs in the implementation of the NDCs. Furthermore, there is limited information on the government's strategy for reaching green SMEs to support the NDCs. Due to the absence of a formal strategy to engage green businesses in the implementation of the NDCs, the greenhouse gas emission reduction achieved by climate-smart businesses is not reported. This can partly be attributed to the challenges with monitoring, results and verification technology and certification mechanisms to validate the emissions reduction.

Governments give low priority to green businesses in the implementation of NDCs because of the mismatch between the government's short-term needs and green businesses' long-term growth horizon. Most developing countries are unable to fully execute long-term plans for their NDCs and rely greatly on short-term results. For instance, Ghana's updated NDCs cover a period between 2022 and 2030. However, green businesses experience growth in customer base, revenues and profit in the long term. As a result, they are unable to meet the short-term needs of the government. This combined with the financial, technological and policy constraints green businesses face make them a less priority for the NDC interventions. Due to this challenge, governments are more likely to support large-scale projects with secured funding for the NDC interventions compared to green businesses.



03

Mechanisms for Aligning the Nationally Determined Contributions with Green Businesses

3.1 Introduction

Climate change presents enormous opportunities for developing economies such as Ghana to leverage their green growth potential for sustainable development. Harnessing the green business opportunities will require that mechanisms are readily available to ensure green businesses can operate within an environment that guarantees the utmost output towards helping meet Ghana's updated NDCs. Generally, governments face several challenges in achieving their goals regarding sustainability. Short-term political thinking, competing agendas for funding and policies, industry pressure and lobbying, poor planning and execution, lack of priority and transparency, low public participation, disruptions to global energy supplies, and a lack of international leadership and cooperation among nations are a few of these challenges²⁰.

3.2 Key Mechanisms for Aligning NDCs with Green Business Activities

Planning and creating an enabling environment are the key steps to aligning NDCs to green business activities²¹. The development of the targets in the NDCs largely rests on government, however, the private sector is equipped with the technology and financing to deliver the goals of the NDCs. Given the tendency of mismatch between private sector needs and the NDCs, the government must identify feasible pathways to align private sector interests towards the key priorities of the NDCs within a specific timeframe. Planning and delivering NDCs entails a critical assessment of the NDCs to ascertain specific private sector activities that can potentially unlock the mitigation and adaptation targets in the NDCs²². This is useful for determining specific sectoral projects linked to the NDCs and the policy and regulatory mechanisms crucial to creating an enabling business environment for the private sector to invest in the project needs of the government.

sector to invest in the project needs of the government. This process helps the government to identify the strengths of green businesses in the country, the key sectoral projects they can significantly contribute to, and the factors needed to create an enabling environment to harness existing green SMEs to achieve the goals in the NDCs. The planning and delivering mechanism can help the government determine specific key performance indicators required for the private sector to sufficiently contribute to the NDCs.

Over the years, most countries have developed the technical capacity for preparing the NDCs, however, they face enormous challenges in translating them into policy actions that create an enabling environment. The private sector can meaningfully contribute to the NDCs when the business environment is supportive. Creating a supportive business environment to support private sector uptake of the business opportunities in the NDCs entails establishing stable and well-coordinated institutional arrangements, ensuring policy coherence, supporting capacity building, and addressing the financing constraints²³. A stable and well-coordinated institutional framework is critical to ensure that there is a strong oversight of the implementation of strategies set out in the NDCs. The implementation of the NDCs straddles several ministries, agencies, and sub-national entities and there is the need for an institution to play the coordinating functions. The focal institution for the implementation of the NDCs ensures policies, regulations and laws are aligned towards the achievement of the NDCs.

Due to the multiplicity of agencies involved in executing the NDCs, there is a tendency for a multiplicity of policies, regulations, and legal frameworks by the implementing agencies. The focal institutions are critical to ensure that policies and regulations implemented by relevant government agencies on climate change are aligned to the NDCs and they create opportunities to support private sector involvement in the implementation of programmes of action. This ensures that the policies implemented by all the implementing agencies are aligned and minimizes

²⁰ See https://www.ey.com/en_gl/insights/government-public-sector/six-ways-that-governments-can-drive-the-green-transition

²¹ See. United Nations. (2017). Aligning Nationally Determined Contributions with SDGs. Publication - Aligning Nationally Determined Contributions and Sustainable Development Goals.pdf (un.org)

²² See. NDC Partnerships. (2023). NDC Investment Planning. Newsletter (ndcpartnership.org)

²³ See. United Nations. (2017). Aligning Nationally Determined Contributions with SDGs. Publication - Aligning Nationally Determined Contributions and Sustainable Development Goals.pdf (un.org)

duplication of functions. Policy coherence also sends a strong signal of the readiness of the country to receive private sector investment in the implementation of the NDCs. Also, the private sector may need capacity building in specific technical and technological tools needed to effectively achieve the goals of the NDCs. The government must create opportunities to collaborate with academic institutions, incubation hubs and international partners to support capacity-building programmes for the private sector. There are several financing instruments to mobilize financing for the NDCs. The government must critically evaluate the opportunities to use public funds to unlock private sector investment to implement the priorities in the NDCs.

Also, the government must understand available sources of financing the key priorities in the NDCs and the challenges to accessing financing opportunities. This would enable the government to understand the relevant policies that can create incentives for financial and non-financial institutions to improve access to financing. For instance, tax incentives can support financial institutions to create tailored financing solutions for green businesses or offer tax incentives to green businesses to reduce the cost of doing business and improve their accessibility to available financing solutions.

Figure 5: Key Mechanisms for Aligning NDCs to Green Business Activities

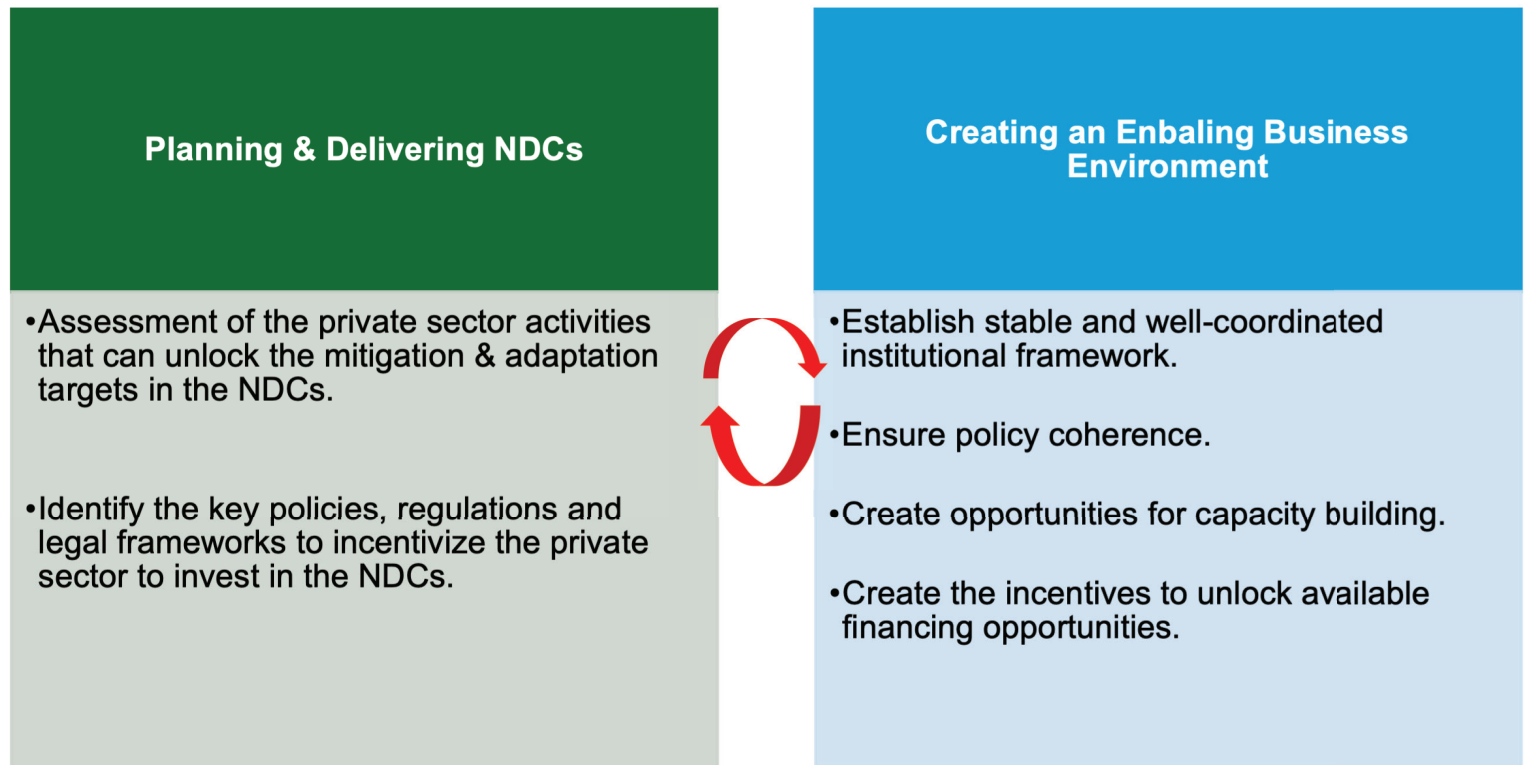


Chart: IMANI CPE | Source: Adapted from United Nations SDG & NDC framework

3.3 Existing Mechanisms for Coordinating Green Business Activities and the NDCs

Ghana has several established systems for integrating nationally determined contributions (NDCs) into green business activities to combat climate change. Several existing institutional and policy mechanisms can be leveraged to improve the coordination between NDCs and green business activities. Key institutions and policies include;

National Climate Change Policy²⁴: Ghana has a National Climate Change Policy that offers a structure for sector-wide coordination of climate-related initiatives. The strategy lays forth plans for boosting resilience, encouraging sustainable development, and mitigating and adapting to climate change. The policy can be revised to critically look at the opportunities to harness green SME activities towards the achievement of the NDCs.

²⁴ See <https://www.clientearth.org/media/p13faarf/national-climate-change-policy-ext-en.pdf>

National Climate Change Committee²⁵: The Ministry of Environment, Science, Technology, and Innovation chairs the National Climate Change Committee, which acts as the focal point for organizing initiatives in Ghana about climate change. Representatives from non-governmental organizations, the corporate sector, and pertinent government ministries, departments, and agencies are on the committee. It is essential for organizing resources for climate action and putting Ghana's NDCs into practice. The committee was originally set up to oversee the draft of the National Climate Change Policy (NCCP) and to review policies for its successful implementation²⁶.

Public-Private Partnerships (PPPs) In Ghana, connecting green business projects with national climate objectives requires public-private partnerships. Through programs like the Private Sector Advisory Group on Climate Change, which brings together companies to identify opportunities for climate action, share best practices, and mobilize investment in green technologies and projects, the government works with stakeholders in the private sector²⁷.

Climate Finance Mechanisms: Existing financing sources such as the Adaptation Fund, the Green Climate Fund (GCF), and other bilateral and international finance channels can be leveraged to address the financing needs of green SMEs. Climate funding is available to green firms to help their projects that support the nation's NDCs and aid in efforts to mitigate and adapt to climate change. However, there is limited information and sensitization of green entrepreneurs to understand the processes to accessing both local and international climate finance.

National Development Planning Processes²⁸: Frameworks for incorporating climate factors into more general development goals are provided by Ghana's national development planning processes, such as the Medium-Term Development Plan and the Sustainable Development Goals (SDGs). The NDPC recognizes climate change as a key development challenge, however, there are no existing plans on harnessing green SMEs to address climate change in development plans. Nonetheless, they are key actors in supporting the mainstreaming of green business in development plans.

The Ghana Green Jobs Programme (GGJoP) (2021-2025)²⁹– the Ghana Green Jobs Programme seeks to support “creating more decent green jobs in Ghana” for jobseekers, particularly the teeming youth, women and the vulnerable. The programme aims to empower the private sector, including Small and Medium Enterprises (SMEs), to expand and create opportunities for employment in green enterprises. It seeks to provide a conducive environment for green businesses to thrive.

²⁵ ibid

²⁶ Ali, Ernest Baba et al. Green economy implementation in Ghana as a road map for a Sustainable development drive: A review. *Scientific African*- March 2021. Pg.7 See

²⁷ See <https://napglobalnetwork.org/wp-content/uploads/2020/05/napgn-en-2020-ghana-private-sector-engagement-strategy-for-nap.pdf>

²⁸ See https://ndpc.gov.gh/media/National_Development_Policy_Framework_volume.pdf

²⁹ See. Ministry of Employment and Labour Relations. (2021). National Green Jobs Strategy. Microsoft Word - National Green Jobs Strategy web version.doc (melr.gov.gh)

Box 1: The Role of the Ghana Green Jobs Strategy in Supporting Green Businesses in Ghana

The Ghana Green Jobs Strategy is the main framework for promoting green and sustainable jobs in the transition to a green economy. The overarching aim of the strategy is to support green enterprise development by creating a supportive policy environment for green enterprises to scale up and create sustainable jobs. The main goals of the Ghana Green Jobs Strategy are;

2. To develop employable skills, particularly for the youth, women and PWDs to take advantage of existing and emerging green jobs potential.
3. To support the creation of green jobs across sectors through the promotion of sustainable and competitive green enterprises and markets.
4. To mobilize and facilitate access to sustainable financing for green enterprises through inter-sectoral collaboration and cooperation.

The key components of the strategy are;

1. Green Jobs Coordination Capacity Development Projects
2. Green Skills Development Projects
3. Green Enterprise Development Project and Access for Green Products
4. Green Enterprises Finance Project.

Components three (3) and four (4) are designed to provide direct interventions for green businesses in Ghana and increase access to green products and services. Component three seeks to create systems that help green businesses to grow. Business development services including start-ups, incubation, training, and market facilitation are part of the support systems. This component will map the current interventions and services that assist green businesses to establish a robust and resilient system of support for these businesses, given the multi-sectoral nature of the green economy. Component four seeks to mobilize current and future public and private funding sources for green businesses. These included grants, microloans, small and large loans, and start-up funding.

Even though the strategy is designed to provide support for green enterprises in Ghana, it does not provide solutions to addressing the systemic barriers to green business development in Ghana. Furthermore, the policy does not indicate the job creation potential of the NDCs and the relevant support to be provided to green businesses to implement such actions towards job creation.

3.4 Why do Existing Mechanisms Fail to Integrate Green Businesses in the Implementation of the NDCs?

The government has implemented several mechanisms to accelerate the implementation of the NDCs. However, these measures have been saddled with numerous constraints affecting their effective implementation. A key challenge to the effectiveness of existing mechanisms is the **lack of sufficient financing to support policy action implementation**. This challenge was cited as one of the issues affecting the effective implementation of components three and four of the Ghana Green Jobs Strategy, which directly impacts green businesses. Given that the implementation of the NDCs rests on several agencies, non-core agencies in climate change policies are less likely to prioritize the NDCs in their spending, which affects their capacity to integrate the private sector into their activities related to the NDCs.

Furthermore, **the lack of resources to provide technical capacity and managerial solutions for green businesses** makes it difficult for the government to create room for green SMEs in the implementation of the NDCs. Most of the business support centres lack the resources that can provide technical and managerial capacity building for green businesses because their work primarily focuses on traditional businesses. For instance, the Ghana Enterprise Agency does not have guidelines for engaging and supporting green businesses. As a result, green businesses are unable to benefit from the business advisory centres established across the country. This makes it difficult for green businesses to receive the needed support to effectively contribute to the NDCs. Also, **the lack of recognition of green businesses in existing policies affects the extent of support green businesses can receive.**

04

Making Green Businesses Activities Critical in the Implementation of Nationally Determined Contributions

4.1 Addressing the Challenges to Effective Participation of Green Businesses in the Implementation of the NDCs

Addressing existing challenges requires collaboration between the government, private sector, and civil society to overcome; to create an enabling environment for green businesses to thrive. Integrating green businesses into the implementation of Ghana's Nationally Determined Contributions (NDCs) requires a strategic approach and innovative mechanisms that foster collaboration, incentivize sustainability, and drive collective action.

4.1.1 The Need for Policy Alignment

The government should ensure that the policies and regulations related to the NDCs are conducive to the growth and development of green businesses. This includes creating an enabling environment through streamlined licensing procedures, supportive tax policies, and targeted incentives for green entrepreneurs. Encouraging collaboration, incentivizing sustainability, and driving collective action through green business advocacy are all necessary for integrating green businesses into the implementation of Ghana's Nationally Determined Contributions (NDCs).

The following are interventions that the government can pursue while realigning the existing policy framework to focus on green businesses (See Fig. 6):

Increasing access to finance: The Climate Finance Division can focus on funding sustainable technology, eco-friendly infrastructure, and renewable energy systems, and aid green enterprises to have access to reasonably priced and easily available financing choices. The Division can offer subsidies, and other financial instruments specifically designed for green enterprises, the government can create special funds or work with financial institutions in partnership.

Capacity Building: To improve green SMEs comprehension of the NDCs and their ability to match their operations with the established goals, green enterprises must have access to training and capacity-building programs. Partnerships with academic institutions, business associations, and governmental organizations to provide vocational training programs in renewable energy installation, energy audits, sustainable agriculture practices, and environmental management will help. The government should create training courses and awareness efforts to inform environmentally conscious companies about Ghana's climate goals, NDCs, and cooperative opportunities. This will help them become more knowledgeable in green technologies, sustainable agriculture, energy efficiency, and renewable energy. Any future update of the Ghana Green Jobs Programme should highlight the need for enough funding for capacity building.

Green Business Certification Programs: Create optional programs for businesses to earn certification for their dedication to sustainability and climate change. These initiatives might evaluate companies on how well they manage the environment, how much they try to reduce their carbon footprint, how much they use renewable energy, and how well they follow sustainability guidelines.³¹Certification could provide businesses with market differentiation, access to green finance, and recognition for their contributions to Ghana's NDCs.

Green Procurement rules: The government should put in place green procurement rules at the local, regional, and national levels to give buying products and services from vendors who practice environmental responsibility first priority. These policies generate market demand for sustainable goods and services and encourage investment in green technology and practices that are in line with Ghana's Nationally Determined Contributions (NDCs) by providing incentives to both public and private sector entities to purchase from green firms.

³¹See <https://guides.loc.gov/green-business/businesses-going-green/standards-certifications>

Figure 6: Opportunities for improving Green Businesses Participation in the NDCs

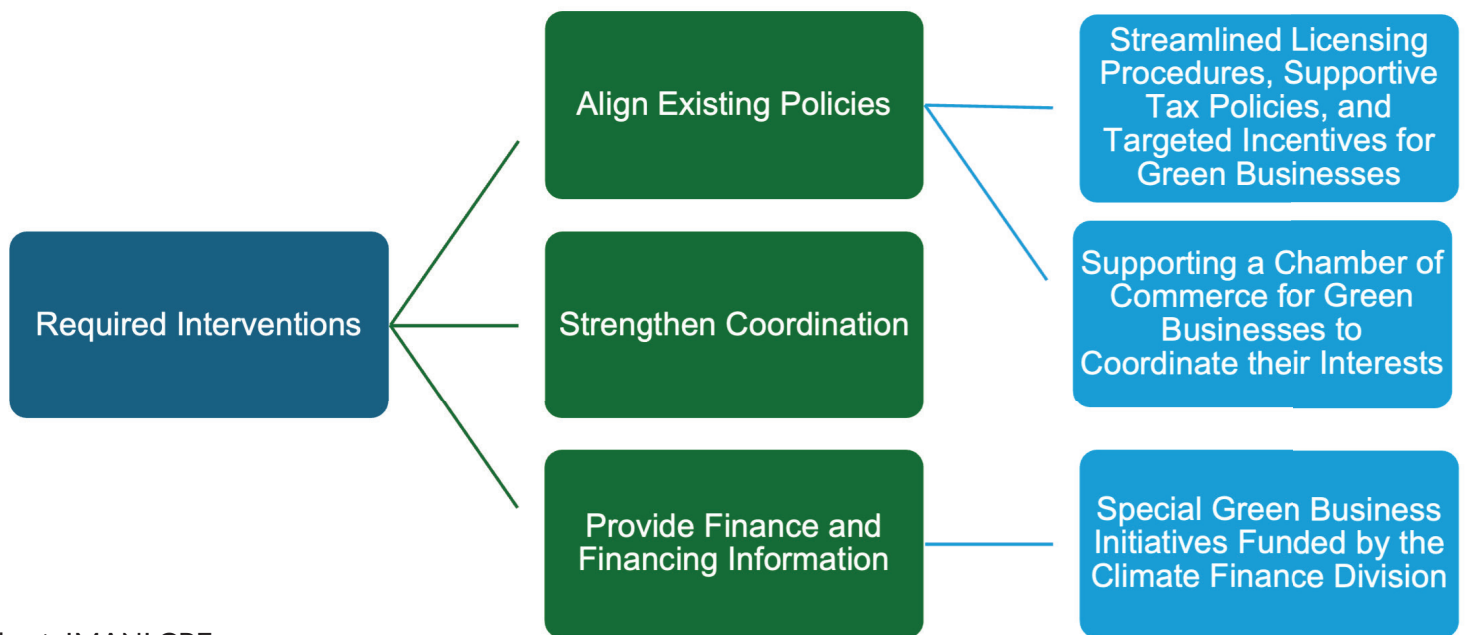


Chart: IMANI CPE

Public-Private Partnerships (PPPs): Promote collaborations amongst corporations, civil society organizations, and government agencies to collaboratively carry out climate adaptation and mitigation projects. PPPs can be used to scale up green business efforts, find creative solutions to climate difficulties, and accomplish the shared climate goals specified in Ghana's NDCs by utilizing the resources, experience, and networks of diverse stakeholders.

Carbon Pricing Mechanisms: To internalize the social and environmental costs of greenhouse gas emissions, the government can place more emphasis on carbon pricing mechanisms such as carbon taxes or emissions trading schemes. In order to incentivize businesses to cut emissions and align their operations with Ghana's NDCs, revenue from carbon pricing might be spent in green business incentives, climate adaptation programs, and community resilience projects.

Investing in Infrastructure Development- the government should invest in renewable energy, transportation, waste management, and water supply sectors. This will help solve infrastructure limitations and promote scalability and sustainability for green businesses.

05

Conclusion and Policy Recommendations

5.1 Conclusion

Green businesses are at the heart of Ghana's climate action because they provide the relevant technology, financing, and business models that effectively translate existing climate change policies into real outcomes. Despite the immense role of green businesses in the broader climate action, they are least recognized in existing policies and the business environment is unsupportive. As a result, there are limited mechanisms for green SMEs to meaningfully contribute to NDCs. The government has a critical role in aligning existing policy mechanisms to create room for green SMEs to effectively contribute to the implementation of the NDCs. This requires effective planning and creating an enabling environment for green businesses to scale up. Crucially, policy alignment is needed to recognize green SMEs as key actors in the achievement of the NDCs and create supportive policies that address the systemic challenges that impede the scaling up of climate-smart businesses.

5.2 Policy Recommendations

The following policy recommendations are proposed;

1. Review the National Climate Change Policy to reflect the role of green SMEs. Government must review the National Climate Change Policy to reflect the role of green SMEs and provide mechanisms that support climate-smart businesses to contribute meaningfully to the NDCs. This can be done through reviewing the NDCs to identify opportunities for green SMEs and implement supportive policies to enable green enterprises to contribute to the NDCs. This can significantly address the policy incoherence affecting the extent of support for green businesses.

2. Government agencies must prioritize green SMEs in the implementation of their programmes of action in the NDCs. Line ministries and agencies must prioritize green businesses in their procurement of goods and services for implementing the NDCs. This would create local demand for green businesses and guarantee direct participation in the implementation of the NDCs.

3. Create an omnibus coordinating/facilitating platform for all climate change stakeholders to interact and communicate. The National Climate Change Committee is already playing this important role and must be redesignated and strengthened for such an important role³². The committee should begin to look keenly at the special needs of green businesses in their line of work.

4. Provide the requisite financing for public institutions to implement the NDCs. Ministries and agencies involved in the implementation struggle to engage the private sector in the NDCs because they do not receive adequate funding to implement the agreed programmes, and thus unable to create opportunities to engage the private sector. Most agencies prioritize their sectoral work over the NDC primarily because of limited funds. Implement the needed policies such as establishing the Plastic Pollution Authority to unlock the environmental excise tax revenues to support NDC implementation. Furthermore, align existing fiscal tools such as the Emissions Levy, Sanitation and Pollution Levy to respond to the needs of climate-smart SME solutions that address sanitation and pollution issues.

5. Collaborate with green business incubation hubs to enhance capacity building. The government is unable to provide business advisory services to green SMEs because of financing and capacity constraints, and green incubation hubs have taken up this role. The government can collaborate with incubation hubs to assist green businesses in how their business activities align with the NDCs, and the financing opportunities available.

³²<https://www.clientearth.org/media/p13faarf/national-climate-change-policy-ext-en.pdf> pg. 43

Strengthen institutional oversight and accountability. The government must strengthen the guidelines for reporting through the GCARP to make it mandatory for line ministries and sub-national agencies to respond promptly through the GCARP. This will strengthen accountability and ensure effective coordination among the relevant institutions.



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