

GREEN economy Ghana

GE initiatives

The government of Ghana is actively responding to the need to establish sound policy and regulatory measures that could enable a greener and more inclusive economy. Such intention to prioritize environmental concerns into national planning is reflected in the country's development vision, "Better Ghana Agenda", which includes among the key overarching socioeconomic goals "ensuring environmental sustainability in the use of natural resources through science, technology and innovation". The Medium-Term National Development Policy Framework: Ghana Shared Growth and Development Agenda (GSGDA) 2010-2013 included a number of strategic provisions for the elaboration and implementation of green policy interventions and investments. One of the strategies under the GSGDA II for 2014-2017 is to promote the adoption of the principles of green economy in national development planning. Specifically the Government's policy will focus on enhancing the capacity of the relevant agencies to adapt to climate change impact, mitigate the impact of climate variability and promote a green economy.

GE success stories

- ▶ The 2011 Renewable Energy Act stipulated the introduction of several measures aimed to promote renewable energy development, including (1) the establishment of the Ghana Renewable Energy Fund for supporting private investments in the renewable energy sector; (2) the introduction of a feed-in tariff; and (3) a requirement for power distribution utilities and bulk consumers to include a certain percentage of renewable energy in their portfolio.
- ▶ In February 2013, the government announced that the prices of petroleum products would be adjusted by between 15 and 50 percent. Further adjustments in June 2013 resulted in a total elimination of subsidies on petroleum products and the price adjustment mechanism was restored in July 2013. The removal of fossil fuel subsidies has opened up fiscal space for enhancing social protection and welfare programmes.
- ▶ Specific taxes have been introduced to encourage environmental protection, such as a 20% tax on plastic materials, penalties on over-aged vehicles, as well as a progressive increase in water tariffs so as to reflect the environmental costs of water resource withdrawal and distribution.
- ▶ Targeted incentives are being provided to stimulate investments in green sectors and to encourage the purchase of environmental friendly goods and services. These include, for example, targeted financial support programmes for the purchase of energy efficient appliances, and extension services to assist farmers in sustainable cocoa practices, among others.

Key messages

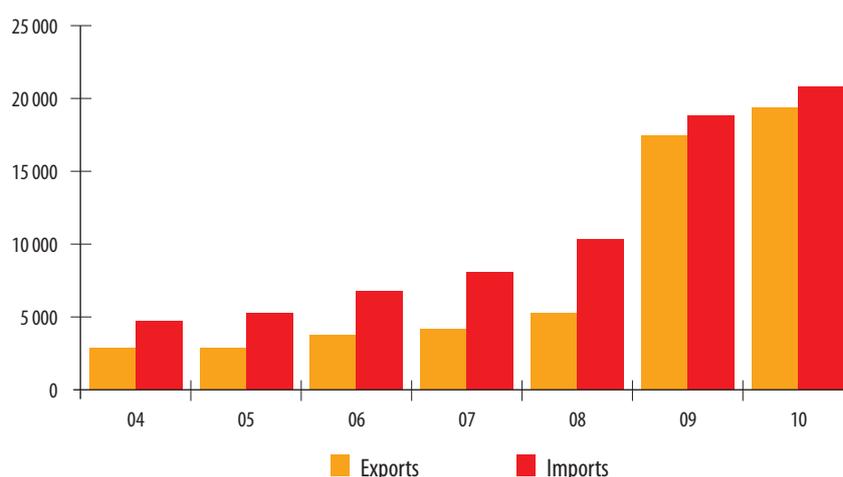
A Green Economy Scoping Study¹ for Ghana was conducted by UNEP in partnership with the Government of Ghana through the Ministry of Environment Science, Technology and Innovation. An additional assessment of fiscal policy reform options is being carried out in collaboration with the International Institute for Sustainable Development (IISD). Key preliminary messages of the studies include:

- ▶ In the last two decades, Ghana has experienced a positive growth rate generally attributed to political stability, improved governance and increasing export revenues from cocoa, gold and, more recently, oil production. However, environmental degradation is taking place at an alarming rate and costs the nation a fortune every year — almost 10% the country's Gross Domestic Product (GDP). In

particular, soil degradation and depletion of nutrients cost about 1.57% of GDP in 2005. Although the government is actively promoting green economy policies in the agriculture sector, it is on the other hand incentivizing the purchase of fertilizers through an institutionalized subsidy scheme. These subsidies could offset the benefits of sustainable agriculture policies and fiscal reforms.

- ▶ The green economy can be a mechanism for reallocating investments and improving fiscal outcomes, considering that Ghana ran a deficit equivalent to 12% of GDP. The removal of fossil fuel subsidies, as well as the introduction of key environmental taxes across sectors have the potential to create additional fiscal space for investments in green sectors.
- ▶ Investments in renewable energy and energy efficiency are expected to improve energy security, creating the enabling conditions for sustained economic growth in key sectors. It was estimated that investments in renewable energy technologies could provide at least 5% of the country's current electricity requirements.
- ▶ In the fishery sector, EFR interventions might focus on reallocating public spending from harmful subsidies (e.g. on premix, the fuel used in fishing boats) towards incentives for livelihood diversification in fishing communities. Such measures could allow total fish catch to be maintained below the sustainability level, at the same time protecting the well-being of fishing communities.

Figure- RTax revenues by type.²



Way forward

Ghana is already making positive steps towards a greener and more inclusive economy through a set of national policies, strategies and programmes in line with sustainable development objectives. Such a transition calls for political will and good governance. Green economy policies could contribute to: sustained growth in income and employment, driven by investments that reduce carbon emissions and pollution; enhanced energy and resource efficiency; reduced loss of biodiversity and ecosystem services; and reduced poverty, especially among the poorest segments of society. Currently, the development of a Green Economy action plan is underway with the support of UNEP and UNDP.

2. Sources: International Monetary Fund (2013) Government Finance Statistics; Ministry of Finance (2013) Summary of Central Government Operations