

## **Africa Climate Week 2019**

### **Ghana**

#### Ghana's Nationally Determined Contributions Investment Forum (Gh-NDC Investment Forum)

#### *Report from the Sessions*

27<sup>th</sup> March 2019

## Summary

As detailed in Ghana's Nationally Determined Contribution (NDC) Implementation Plan, the focus of the government's approach towards tackling climate change is to devise policies that enable the raising of domestic and international finance to deliver climate solutions, which are recognised as key in the Coordinated Programme of Economic and Social Development Policies (2017 - 2024).

The NDC Implementation Plan outlines climate actions and projects in key sectors including Energy, Disaster Risk, Food and Agriculture, Forest, Gender, Health, Management, Oil & Gas, Refrigerator and Air-conditioning sector (RAC), Transport, Waste, etc.

While Ghana has committed financial resources for climate change interventions, the implementation of Ghana's NDC requires the mobilization of adequate international financing and investments. In line with the "Ghana Beyond Aid" agenda, the NDC Investment Plan showcases how a sustainable flow of finance – that delivers returns – makes business sense, while delivering the climate solutions that Ghana committed to the world with the ratification of the Paris Agreement.

Financing and implementing Ghana's NDC and addressing the issues it outlines will be critical to achieving the Sustainable Development Goals (SDGs). Further to the uniquely dedicated efforts on achieving SDG13 on climate action, it is important to underline the interrelated nature of the SDGs, and how climate change impacts are detrimental to many of them, while climate solutions trigger uncountable networks of benefits positively affecting many of the SDGs and their underlying targets.

Since the President of the Republic of Ghana, His Excellency, Nana Addo Dankwa Akufo-Addo was appointed to serve as Co-Chair of the Eminent Group of Sustainable Development Goals in April 2017, Ghana has championed efforts to achieve the SDGs, including the publication of the Coordinated Programme of Economic and Social Development Policies 2017-2024 (CPESDP) in October 2017, as well as the Ghana Sustainable Development Goals Indicator Baseline Report in June 2018.

Against this background, the Ghana's Nationally Determined Contributions Investment Forum (Gh-NDC Investment Forum) was organised to serve as a platform for policymakers, private sector and other relevant actors to share national best practices, success stories and key learning points, and discuss how to construct a policy-making environment that, accounting for the interrelated nature of climate action and the SDGs, will facilitate the mobilization of investments to implement Ghana's climate agenda.

Gh-NDC Investment Forum is co-organised by the Government of Ghana and UNDP under UNDP's NDC Support Programme, which works in collaboration with the NDC Partnership and is funded by European Union, the Government of Germany and the Government of Spain. This programme is: (i) assisting with transforming Intended NDCs into NDCs; (ii) facilitating capacity building of government officials, policy advisors and business leaders on standardised low carbon product development; and (iii) providing policy advisory services in relation to new approaches to the international cooperation on emission reduction of the Greenhouse Gases (GHG) under Article 6 of the Paris Agreement. This programme is part of a long-term and consolidated partnership between the Government of Ghana and UNDP that has contributed over the years in establishing a solid climate change policy and institutional framework in the country.

## Key Messages

The Gh-NDC Investment Forum aimed to catalyse private sector investment and to garner financial as well as policy support from all relevant stakeholders, in the process of moving towards implementation of Ghana's NDCs submitted in the context of the Paris Agreement. The Forum showcased proven policy, technology and finance solutions to attract private investment, presented investment-ready climate NDC projects and introduced entry points for private sector to engage in NDC actions.

Key messages included:

- Climate change is the single greatest challenge humanity has ever faced, threatening water and food security, health, livelihoods, and the safety of billions of people.
- Yet, climate change is also the greatest investment opportunity in history, valued at about 10 percent of global GDP.
- Financing the global transition to a low-carbon and climate resilient economy will require an investment of at least 60 trillion USD.
- Some 85 to 90 percent of the funds needed to achieve this transition will have to come from the private sector.
- The 100 billion USD per year financing commitment from the public sector must be used to strategically leverage and de-risk private investment to accelerate climate action.
- Investment is urgently needed for new technologies where they are needed the most.
- This why the investment focus of this Investment Forum is so necessary and welcomed.

## Contribution to UN SG summit/Ambition

1. What were the main messages around ambition:

Increasing the levels of ambition in NDCs will require increasing the levels of investment and enhancing the supporting systems to accelerate the low-carbon transition. How do we accelerate investments in the right places?

Ample evidence that right policy decisions will lead to a low carbon transition. Implementation of the SDGs presents investment opportunities with the right enabling environment and strong political will.

There is the need to mobilize resources through the collaboration of government, development partners and the private sector to consistently implement their NDCs.

To combat climate change, Ghana is promoting the use of renewable energy, clean cooking stoves reducing deforestation, promoting low carbon electricity generation, building the resilience of farmers and investing in sustainable infrastructure, which has resulted in reduction in emissions of 42 million tCO<sub>2</sub>e per year since 2011 against set targets of 2.2 million tCO<sub>2</sub>e per annum.

2. What were the key elements that should be feeding into the UN SG Climate Summit that were discussed at the event?

Climate change and environmental issues are perceived by the Government as a way to leverage technology to transform the economy. Climate action including implementation of the NDCs also gives the opportunity for young people to be innovative and active researchers and participants in the economy towards delivering sustainable and green solutions.

To address the urgency of the issue, it's essential to increase the number of NDC actions implemented through an increased level of innovative financial instruments such as green and climate-themed bonds, special purpose bonds, crowdfunding and special funding initiatives to accelerate the low-carbon transition. An estimated 1.45 trillion green and climate-allied bonds were issued in 2018 alone. Government and private sector have to play a role in accelerating investments in climate solutions.

Large private sector investment requires investor confidence and a good understanding of the macro-economic environment and how policy and financial de-risking measures can increase such confidence. Key macroeconomic policies are being pursued to drive investment and promote growth as well as create the necessary environment to implement the NDCs. Ghana's macroeconomic conditions have been stabilised to ensure accelerated growth. These include inflation and interest. There is a much-strengthened financial sector which is conducive to investments into the NDCs and together with macroeconomic indicators and ongoing efforts, have placed Ghana in a much better position for business. Ensuring that growth is not at the expense of the environment requires a framework for green technology.

Engaging private sector means focusing on de-risking. Funds can take a catalytic approach. Governments resort to guarantee funds to reduce risk. Linking financial returns to outcomes help investors directly see the outcome of their investment. Promoting private sector engagement involves low interest for the private sector, tax incentives for investors in the climate sector, expansion of risk sharing instruments through guarantee insurance, innovation grants and national Green Banks to focus exclusively on green business.

Considerations:

- How could the region become a frontrunner in climate ambition?

Setting-up Green banks, providing targeted private sector incentives, including governments resort to guarantee funds, stabilizing the macro-economic environment.

- Where are the short and medium-term opportunities to increase ambition?

Short and medium-term opportunities have to involve an increasingly engaged private sector through targeted incentives such as low interest for the private sector, tax incentives for investors in the climate sector, expansion of risk sharing instruments through guarantee insurance, innovation grants and national Green Banks to focus exclusively on green business.

- What are the long-term prospects (e.g. by 2050) for achieving low emissions and climate resilient development?

Ensuring that growth is not at the expense of the environment requires a framework for green technology. Key macroeconomic policies shall be pursued to drive green investment and promote sustainable growth. Stabilized macroeconomic conditions will ensure accelerated growth and a much-strengthened financial sector which is conducive to investments into low carbon development.

- Who are the key non-Party stakeholders and how can their ambition be maximized?

Private sector and civil society are key non-Party stakeholders. Opportunities include: Providing investment opportunities for young people, strengthening innovative and active research centres and a civil society that is part of the transition of the economy towards a low carbon and climate resilient economy through growing awareness and concrete and growing economic opportunities.

## Technical Examination Processes

*Did the event address policy option to enhance mitigation or adaptation in Africa?*

*If so, please list them, specifying to which TEP they should be addressed.*

It would be impossible for the Government of Ghana and UNDP to benefit more than they did from participating in the Africa Climate Week 2019, to address, discuss, and promote policy options to enhance adaptation as well as mitigation in Africa, especially in Ghana.

To combat climate change, Ghana is promoting the use of renewable energy, clean cooking stoves reducing deforestation, promoting low carbon electricity generation, building the resilience of farmers and investing in sustainable infrastructure, which has resulted in a huge enormous reduction in emissions to date. To continue this effort and to make the enabling environment, it is critical to be able to explore way forwards.

During the Africa Climate Week, UNDP together with Government of Ghana, including other line ministries and government climate change lead agencies<sup>1</sup> and in collaboration with other UN/international/development-oriented organisations<sup>2</sup>, as well as private sector like Private Enterprise Federation (PEF) of Ghana and green-bond stakeholders, organised Ghana's Nationally Determined Contributions Investment Forum on 18th and 19th March - on day 1, focusing on policy options for setting the context for climate finance and the synergy of climate action and SDGs and on day 2, showcasing investment opportunities with various projects developed and ready for immediate investment.

For the two days, the Forum provided the participants a platform to discuss and share knowledge and experiences on the climate policy options in a holistic approach, from policy side to the macroeconomic to the actual bankable projects including Ghana-Switzerland Article 6 of Paris Agreement, Internationally Transferred Mitigation Outcomes (ITMO), dubbed *Ghana's Transitional National Clean Energy Access Program* which was also presented at the side event organised by GIZ and World Bank.

Ghana is one of the pioneering countries on the Article 6. Africa Climate Week was the greatest platform for Ghana to officially announce the project, Ghana-Switzerland Article 6 of the Paris Agreement, Internationally Transferred Mitigation Outcomes (ITMO).

In addition, UNDP in collaboration with AfDB participated in Financing Cities and Local Action with the presentation of its project with the Waste Platform and associated opportunity with the linkages between the Waste Platform and SDG Carbon Facility for mobilising resources and strengthening government and local communities' capacity to as benefitting from the Carbon Facility.

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<sup>1</sup> Ministry of agriculture, environment, finance, energy, as well as agencies, planning committee, EPA, EC, FC, etc.

<sup>2</sup> IMF, UNHCR, UN University