

# Policy Briefing

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## Green Recovery and Green Jobs in Africa: The Case of Ghana

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### Recommendations

- The COVID-19 pandemic has created an opportunity for the government of Ghana to shift from natural resource-based development to socially inclusive and sustainable environmental development.
- The government of Ghana needs to take bold policy decisions to integrate sustainable economic and environmental aspects into medium- and long-term recovery measures at both the national and sub-national levels.
- Bilateral and multilateral debt service relief gives African countries fiscal space to spend, but they should be careful not to worsen their debt situation.
- Donors should condition their medium-term support to African countries on green interventions as a demonstration of their commitment to a green recovery.
- Government spending on healthcare facilities has increased, presenting an opportunity to include green aspects in health investments to create employment as well as innovative and digitised systems for health delivery.

- Recovery interventions provide entry points for green recovery and value chain approaches can be used for a gradual transition to greening, ensuring there is enough time for demonstration effects, lessons learned and upscaling.
- The G20 Compact with Africa could include a ‘green’ condition in the reform agenda for each country. This could be a stand-alone policy reform area or be part of the existing reform areas and focus on creating an enabling environment for investing in green opportunities.

## Executive summary

The Ghanaian economy experienced a positive growth trajectory over the past decade; however, the economic structure has not changed as the country continues to depend on natural resource extraction (gold and oil). This has had a significant negative environmental impact on Ghana. The COVID-19 pandemic has eroded the country’s economic gains. In spite of the government’s response to mitigate its negative socio-economic impact, the path to recovery is likely to be slow and long as the government expects to regain fiscal stability in 2024.

The pandemic has also created significant job losses in both the formal and informal sector, where many Ghanaians are employed. The immediate recovery measures have largely created safety nets, providing financial support to vulnerable small and medium-sized enterprises (SMEs), subsidising electricity costs and providing free water, thereby ameliorating the impact of the pandemic on individuals, households and businesses.

The government of Ghana has a good opportunity to implement a green recovery through its medium- and long-term economic revitalisation programme. Using the fiscal space created through debt reliefs and concessionary loans, it could invest in green programmes to foster green jobs.

## Introduction

### Impact of COVID-19 on Ghana’s economy and employment situation

Ghana has maintained a positive growth trajectory over the past decade. The country’s gross domestic product (GDP) grew by 7.9% in 2010 and 14% in 2011,<sup>1</sup> largely due to commercial oil production. In 2015, growth reduced to 2.2%, rose to 8.1% in 2017, declining to 6.3% in 2018, and improved slightly to 6.5% in 2019.<sup>2</sup> This was lower than the 8.8%

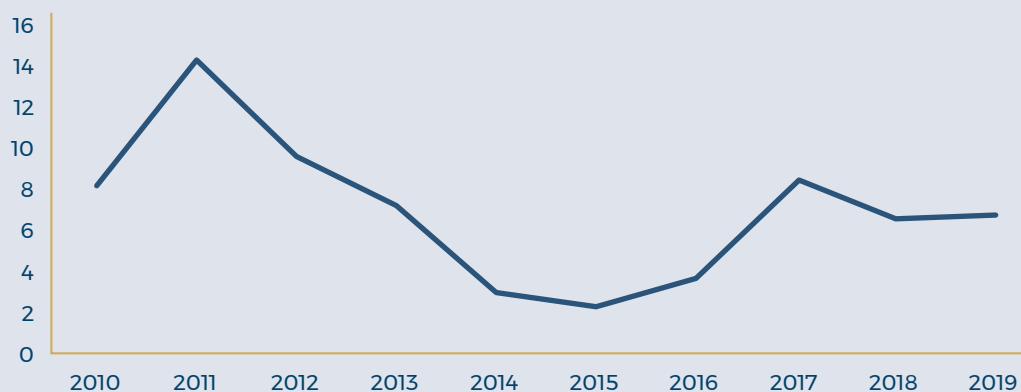
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1 World Bank Group Data, “GDP Growth (Annual %): Ghana”, <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?end=2019&locations=GH&start=2010>.

2 World Bank Group, “GDP Growth – Ghana”.

growth rate projected by the International Monetary Fund (IMF),<sup>3</sup> which would have made Ghana one of the fastest growing countries in sub-Saharan Africa. The projected growth rate for 2020 was 6.8%,<sup>4</sup> but by the end of the first quarter, the government reported that overall real GDP grew by 4.9%.<sup>5</sup>

Figure 1 GDP growth (annual %) – Ghana (2010–2019)



Source: World Bank Group Data, "GDP growth (annual %): Ghana", <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?end=2019&locations=GH&start=1961&view=chart>

Ghana's economic development has been on the back of commodities, mainly cocoa, as well as non-traditional exports (which are mostly agro-based and natural resources extraction, such as gold and oil). Meanwhile, the country's environmental footprint is not improving and climate change challenges persist. The cost of environmental degradation to the country is estimated to be around 10.7% of GDP.<sup>6</sup>

The impact of the COVID-19 pandemic on Ghana's economy has eroded several years of economic gain. The country's GDP growth rate for 2020 has been revised from 6.8% to 0.9%.<sup>7</sup> Fiscal revenues have been hit – the crude oil receipts dip is expected to be about

3 International Monetary Fund, African Department, *Seventh and Eighth Reviews Under the Extended Credit Facility Arrangement and Request for Waivers of Nonobservance of Performance Criteria: Press Release; Staff Report; And Statement By The Executive Director For Ghana*, Country Report No. 91/97 (Washington DC: IMF, 2019), 1, <https://www.imf.org/en/Publications/CR/Issues/2019/04/05/Ghana-Seventh-and-Eighth-Reviews-Under-the-Extended-Credit-Facility-Arrangement-and-Request-46737>.

4 Republic of Ghana, Ministry of Finance, *Mid-Year Review of the Budget Statement and Economic Policy of the Government of Ghana and Supplementary Estimate for the 2020 Financial Year* (Accra: Ministry of Finance, 2020), [https://mofep.gov.gh/sites/default/files/budget-statements/2020-Mid-Year-Budget-Statement\\_v3.pdf](https://mofep.gov.gh/sites/default/files/budget-statements/2020-Mid-Year-Budget-Statement_v3.pdf).

5 Republic of Ghana, *Mid-Year Review*.

6 World Bank Group, *Ghana Country Environmental Analysis* (Washington DC: World Bank, 2020), <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/419871588578973802/ghana-country-environmental-analysis>.

7 IMF, *World Economic Outlook, October 2020: A Long and Difficult Ascent* (Washington, DC: IMF, 2020), <https://www.imf.org/en/Publications/WEO/Issues/2020/09/30/world-economic-outlook-october-2020>.

\$977.45 million<sup>8</sup> while expected revenues from import duties will not be met.<sup>9</sup> Overall, the fiscal impact of COVID-19 is equivalent to 6.6% of the GDP.<sup>10</sup> Moreover, fiscal targets for 2020 have been waived to enable government spending in response to the pandemic and government expects to return to fiscal sustainability in 2024.<sup>11</sup>

In terms of sectoral impact, businesses in the education, manufacturing, financial, transport and tourism sectors were the first to be affected, as a result of the government's partial lockdown. Even after some restrictions were lifted, these sectors continue to be affected. There were mandatory closures in the education sector, and the lack of access to raw materials, reduced staff and production capacity, as well as reduced market demand for products, have impacted other sectors. About 72% and 90% of local businesses have seen reductions in their production and sales, respectively.<sup>12</sup>

## COVID impact on employment

The effect of COVID-19 on Ghanaian firms indicates that the impact has resulted in some business closures, employee layoffs and reduced business confidence. About 770 000 workers, representing 25.7% of Ghana's total labour force, had their wages reduced and 42 000 workers were laid off during the partial lockdown.<sup>13</sup> Although economic activities have resumed since restrictions have been lifted, almost 17% of businesses that shut down have remained closed.<sup>14</sup>

An estimated 500 000 jobs have been lost in Ghana in fewer than six months, since its first case of COVID-19, of which 100 000 are in the formal sector and 400 000 in the informal sector,<sup>15</sup> illustrating the immeasurable impact of COVID-19 on Ghana's largely informal sector.

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8 Republic of Ghana, Ministry of Finance, *Statement to Parliament on Economic Impact of the Covid-19 Pandemic on the Economy of Ghana* (Accra: Ministry of Finance, 2020), [https://www.mofep.gov.gh/sites/default/files/news/MoF-Statement-to-Parliament\\_20200330.pdf](https://www.mofep.gov.gh/sites/default/files/news/MoF-Statement-to-Parliament_20200330.pdf).

9 Republic of Ghana, *Statement to Parliament*.

10 Ken Ofori-Atta (Finance Minister, Government of Ghana), "Remarks by Hon. Minister of Finance at the Signing Ceremony of Financing Agreements for Emergency EU Budget Support in Response to COVID-19 Situation in Ghana, September 30, 2020".

11 Ofori-Atta, "Remarks by Hon. Minister".

12 Republic of Ghana, Statistical Service Ghana, "Brief on COVID-19 Local Economies Tracker Wave 1" (Statistical Service Ghana, Accra, 2020), [https://statsghana.gov.gh/covidtracker/Local\\_econ\\_Brief\\_29\\_09\\_2020.pdf](https://statsghana.gov.gh/covidtracker/Local_econ_Brief_29_09_2020.pdf).

13 Republic of Ghana, Statistical Service Ghana, *How COVID-19 Is Affecting Firms in Ghana: Results from the Business Tracker Survey* (Accra: Statistical Service Ghana, 2020), [https://ghana.un.org/sites/default/files/2020-08/UNDP\\_Ghana\\_COVID-19\\_Business%20Tracker%20Results\\_%20Brief%20Report.pdf](https://ghana.un.org/sites/default/files/2020-08/UNDP_Ghana_COVID-19_Business%20Tracker%20Results_%20Brief%20Report.pdf).

14 Republic of Ghana, *How COVID-19 is Affecting Firms*.

15 Dave Alamisi, "COVID-19 Has Rendered 500,000 People Jobless in Ghana – TUC", *The Ghana Report*, July 23, 2020, <https://www.theghanareport.com/covid-19-has-rendered-500000-people-jobless-in-ghana-tuc/>.

# Ghana's recovery and job creation

## Specific economic recovery policies by the government of Ghana

The government responded to the pandemic first with health measures to reduce the spread of the virus, and second with measures to reduce its socio-economic impact. The health measures were to: a) limit and stop the importation of the virus; and b) contain its spread. The measures taken to reduce the socio-economic impact of the virus were to: a) limit the impact of the virus on social and economic life; and b) inspire the expansion of domestic capability and deepen self-reliance.<sup>16</sup> The government also indicated that it was interested in minimising both the threat and the impact of job losses as a result of the pandemic.<sup>17</sup>

These measures were further categorised as short, medium and long term. The short-term measures, aimed at addressing the immediate health and economic impact of the pandemic, focused on health and socio-economic intervention. These were swiftly implemented to avert the negative impacts of the pandemic. Medium and long-term measures were aimed at economic revitalisation.

Government's immediate health response included the launch of an Emergency Preparedness and Response Plan, with two phases: to strengthen the preparedness and response systems to reduce morbidity and mortality from COVID-19, and to enhance national systems for future public health emergencies.<sup>18</sup> The first phase supported activities to prevent (communication and community engagement), detect (improving laboratory testing and surveillance) and respond (contact tracing, case management and treatment and isolation and quarantine) to the pandemic.<sup>19</sup> In the second phase, government is expanding the capacity of laboratories and isolation centres across the country and increasing domestic production of personal protection equipment. Furthermore, the government launched a project to build 111 new hospitals in 88 districts as part of the revitalisation process.<sup>20</sup>

To enable an economic response, the government needed fiscal space to respond to the pandemic. It cut down spending on goods and services, freeing up about \$189 million.<sup>21</sup> The government also negotiated the postponement of interest on domestic and international debt obligations, freeing up another \$224 million.<sup>22</sup> Additionally, it

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16 Republic of Ghana, *Statement to Parliament*.

17 Republic of Ghana, *Statement to Parliament*.

18 The World Bank, *Ghana COVID-19 Emergency Preparedness and Response Project*, Report PAD3814 (Washington DC: World Bank Group, 2020), <http://documents1.worldbank.org/curated/en/895671585952003880/pdf/Ghana-COVID-19-Emergency-Preparedness-and-Response-Project.pdf>.

19 The World Bank, *Ghana COVID-19 Emergency*.

20 Government of Ghana, "Mid-Year Review".

21 Government of Ghana, "Mid-Year Review".

22 Government of Ghana, "Mid-Year Review".

obtained a \$500 million debt and interest repayment freeze from the World Bank<sup>23</sup> and a \$100 million loan from the World Bank to support its emergency responses to COVID-19 through improvement in testing, health facilities, free treatment for patients and health communications.<sup>24</sup>

Apart from the creation of fiscal space, the government launched the \$17 billion Coronavirus Alleviation and Revitalisation of Enterprises Support (Ghana-CARES) programme with interventions to be implemented in two phases.<sup>25</sup>

The first phase, the stabilisation phase, will last for six months until the end of 2020. It involves

- the Coronavirus Alleviation Programme for Business Support Scheme (CAPBuss), a \$129 million loan facility to micro, small and medium enterprises (MSMEs);
- a \$344 million Guarantee Facility to support access to credit at lower interest and longer tenor for businesses;
- an Unemployment Insurance Scheme to address unemployment and job losses through the provision of temporary income support to workers who have been laid off, as well as training and re-training;
- the establishment of a \$344 million guarantee facility to support all sectors of business;
- a reduction in the communication service tax from 9% to 5%;<sup>26</sup> and
- the provision of free electricity and water for six months in 2020.<sup>27</sup>

In phase two of the programme (2021-2023), the focus will be on accelerated implementation of the Ghana Beyond Aid Agenda<sup>28</sup> and further investment in existing flagship government projects: Planting for Food and Jobs, and the Rearing for Food investments in Ghana's light manufacturing, technology and digital economy sectors. Sectors targeted for manufacturing include agro-processing (specifically rice, poultry, cassava, sugar and tomatoes), pharmaceuticals, textiles and garments, machine tools, and information and communications technology (ICT) and the digital economy (eg, financial technology firms [Fintechs] and business process outsourcing).<sup>29</sup> The CARES programme will establish Ghana as a key financial hub, leveraging the African Continental Free Trade Area by establishing an International Financial Services Centre. It would also strengthen the

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23 "World Bank Freezes Ghana's Debt Repayment for 2020", *Myjoyonline.com*, April 20, 2020, <https://www.myjoyonline.com/business/economy/world-bank-freezes-ghanas-debt-repayment-for-2020/>.

24 World Bank, "World Bank Group Supports Ghana's COVID-19", Press Release no. 2020/083/AFR, April 2, 2020, <https://www.worldbank.org/en/news/press-release/2020/04/02/world-bank-group-supports-ghanas-covid-19-response>.

25 Government of Ghana, "Mid-Year Review", 100.

26 Government of Ghana, "Mid-Year Review", 87.

27 Government of Ghana, "Mid-Year Review", 100.

28 Government of Ghana, "Mid-Year Review", 80.

29 Government of Ghana, "Mid-Year Review", 81.

Ghana Investment Promotion Centre and the Ghana Free Zones Authority for investment promotion.<sup>30</sup>

The cost of the CARES programme is about 25% of Ghana's 2019 GDP and it is expected that 70% will be funded by the private sector through foreign direct investment (FDI) and public-private partnerships (PPP). This approach presents a challenge, as the government does not seem to have significant resources to invest in the revitalisation of the economy. Moreover, the private sector, both local and foreign, is also constrained and requires support to recover.

## Contribution of recovery policies to employment creation

It can be said that the CARES interventions are highly socially desirable – the Unemployment Insurance Scheme, the Guarantee Facility to support the private sector and reduce job losses, the reduction in communications services tax, and the provision of free electricity and water are socially inclusive policies that address the vulnerabilities of MSMEs, households and individuals to withstand the shocks of the pandemic.

The CAPBuss is reported to have disbursed about \$67 million of the \$129 million in loans to about 200 000 MSMEs from over 800 000 applications.<sup>31</sup> Loans provided ranged from \$154-\$43,029 depending on the size of the enterprise and the need.<sup>32</sup>

Most of the medium-term strategies of the CARES programme are, however, yet to be elaborated. It is thus difficult to know if these interventions will be greening the sectors that will receive support in terms of reducing environmental impact and improving the efficient use of resources. Moreover, these interventions are not new and could be described as 'business as usual'. For example, the government is already implementing the Planting for Food and Jobs and the Rearing for Food and Jobs initiatives, focusing on modernising and accelerating agricultural development in Ghana in the crop and livestock sectors, respectively. This implies that without new and bold green interventions, backed by the allocation of financial resources, the government is not likely to invest in its recovery plan, let alone a green recovery.

The policies outlined point to the government's resolve to protect jobs and improve the living conditions of its citizens. However, very little or no data is available to determine the impact of these policies on employment.

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30 Government of Ghana, "Mid-Year Review".

31 Maclean Kwofi, "Stimulus Package Reaches 200,000 Businesses; GH-390m Already Disbursed", *Graphic Online*, September 25, 2020, <https://www.graphic.com.gh/business/stimulus-package-reaches-200-000-businesses-gh-390m-already-disbursed.html>.

32 Kwofi, "Stimulus Package Reaches 200,000 Businesses".

## Ghana's interest in and readiness for a green recovery

The general understanding of the Green Economy or 'green growth' is the coupled promotion of environmental and social development policies and programmes in an economy.<sup>33</sup> The concept connotes growth in decent jobs in non-fossil fuel sectors that focus on efficient resource use, reduced emissions and environmental sustainability. Through the ratification and mainstreaming of international conventions, agreements and policies into national-level policies, laws, programmes and projects, Ghana has signalled a commitment to green development. Ghana is a signatory to the UN Sustainable Development Goals, the UN Framework Convention on Climate Change and its Paris Agreement, the UN Convention to Combat Desertification and the UN Convention on Biological Diversity, among others.

The main goal of the Coordinated Programme of Economic and Social Development Policies, 2017-2024 – Agenda for Jobs, Ghana's medium-term development framework for sectoral and sub-national planning, is safeguarding the natural environment and ensuring a resilient built environment. Through instituting interventions in waste management; addressing deforestation, desertification and soil erosion; greening the environment; and addressing climate variability and change, the country's over-dependency on natural resources for development can be addressed. Interventions in waste recycling and waste-to-energy technologies are also promoting efficient resource use in development projects and programmes.<sup>34</sup>

Ghana has developed a National Climate Change Policy to safeguard a climate-resilient and-climate compatible economy while realising sustainable development and equitable low-carbon economic growth for Ghana.<sup>35</sup> Its Climate Change Policy 2013 focuses on adaptation and mitigation in five policy areas: agriculture and food security; disaster preparedness and response; natural resource management; equitable social development; and energy, industrial and infrastructural development.<sup>36</sup> These policy areas are being implemented through 10 sub-programmes focused on:

- climate-resilient agriculture and food security systems;
- climate-resilient infrastructure;
- resilience of vulnerable communities to climate-related risks;
- carbon sinks;

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33 Organisation for Economic Co-operation and Development, *OECD Work On Green Growth 2019-20*, Green Growth Brochure (Paris: OECD, 2019), [https://issuu.com/oecd.publishing/docs/gg\\_brochure\\_2019\\_web](https://issuu.com/oecd.publishing/docs/gg_brochure_2019_web).

34 Republic of Ghana, National Development Planning Commission, *Coordinated Programme of Economic and Social Development Policies, 2017-2024 – Agenda for Jobs: Creating Prosperity and Equal Opportunity for All* (Accra: National Development Planning Commission, 2017), 81, <http://www.mop.gov.gh/wp-content/uploads/2018/04/Coordinated-Programme-Of-Economic-And-Social-Development-Policies.pdf>.

35 Republic of Ghana, Ministry of Environment Science and Technology, *Ghana National Climate Change Policy*, (Accra: Ministry of Environment Science and Technology, 2020), <https://www.un-page.org/files/public/ghanacclimatechangeepolicy.pdf>.

36 Republic of Ghana, *Ghana National Climate Change Policy*.



- management and resilience of terrestrial, aquatic and marine ecosystems;
- impacts of climate change on human health;
- impacts of climate change on access to water and sanitation;
- gender issues in climate change;
- climate change and migration; and
- minimising greenhouse gas emissions.<sup>37</sup>

Ghana has 20 climate adaptation and 11 mitigation measures submitted in its Nationally Determined Conditions (NDCs). These focus on resilience in agriculture, value addition-based use of forest resources, integrated water resources management and infrastructure planning, among others, through seven priority sectors to be implemented over a 10-year period (2020–2030).<sup>38</sup> Areas of adaptation and mitigation are sustainable land use, including food security; climate-proof infrastructure; equitable social development; sustainable mass transportation; sustainable energy security; sustainable forest management; and alternative urban waste management.<sup>39</sup>

At a sectoral level, several policies and strategies developed by the government also signal a commitment to green growth. The agricultural, forestry and land use sector, which contributes about 45% of Ghana’s greenhouse gas emissions, is being tackled through the Food and Agricultural Sector Development Programme (FASDEP II). The policy contains interventions that will enhance the mainstreaming of sustainable land and environmental management practices in agricultural sector planning and implementation. The policy advocates better incentives and regulations to adopt more sustainable agricultural practices and so protect the environment.<sup>40</sup>

In the energy sector, the government has developed a National Energy Policy to decrease the environmental impact of the supply and consumption of energy by way of improved creation and use of renewable energy while improving energy delivery efficiency.<sup>41</sup> The country has also enacted the Renewable Energy Act, 2011 (Act 823) to create an enabling regulatory environment to attract private sector involvement in the development, management and use of renewable energy in an efficient and environmentally sustainable manner.<sup>42</sup>

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37 Republic of Ghana, *Ghana National Climate Change Policy*.

38 Republic of Ghana, *Ghana’s Intended Nationally Determined Contribution (INDC) and Accompanying Explanatory Note* (Accra: Republic of Ghana, 2015), [https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Ghana%20First/GH\\_INDC\\_2392015.pdf](https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Ghana%20First/GH_INDC_2392015.pdf).

39 Republic of Ghana, *Ghana’s INDC*.

40 Republic of Ghana, Ministry of Food and Agriculture, *Food and Agriculture Sector Development Policy (FASDEP II)* (Accra: Ministry of Food and Agriculture, 2007), <http://extwprlegs1.fao.org/docs/pdf/gha144957.pdf>.

41 Republic of Ghana, Ministry of Energy, *National Energy Policy* (Accra: Ministry of Energy, 2010), <http://www.purc.com.gh/purc/sites/default/files/ENERGYPOLICY.pdf>.

42 Republic of Ghana, Ministry of Energy, *Renewable Energy Act 2011, Act 823* (Accra: Ministry of Energy, 2011), [http://energycom.gov.gh/files/RENEWABLE%20ENERGY%20ACT%202011%20\(ACT%20832\).pdf](http://energycom.gov.gh/files/RENEWABLE%20ENERGY%20ACT%202011%20(ACT%20832).pdf).

While the existing economic, legal and regulatory framework signals a commitment to green development, economic recovery in response to COVID-19 has not focused on green initiatives per se. The interventions, mostly short term, have largely been focused on restoring economic confidence and reducing the immediate impact of COVID-19 on job losses and livelihoods. Key social interventions include government's absorption of water bills and a 50% subsidy on electricity bills for six months. The government estimates these interventions benefitted over 4 million households and nearly 700 000 businesses.<sup>43</sup>

As the fundamental structure of the economy of Ghana has not changed and is heavily dependent on natural resources, such as agriculture, the COVID-19 interventions have not directly addressed the fundamental economic structures.

## Proposed key principles for a green job strategy in Ghana

Between August 2019 and September 2020, the Ghanaian Ministry of Employment and Labour Relations developed a National Green Jobs Strategy Implementation Plan (2021–2025) with the support of the International Labour Organization. The strategy is aimed at facilitating a transition to an environmentally sustainable economy through the promotion of green jobs. It identifies five priority sectors with potential: agriculture; waste management and recycling; renewable energy and recycling; construction; eco-tourism and nature-based tourism.

The objective of Ghana's Green Jobs Strategy is to support state institutions and the private sector to position themselves strategically to mitigate the challenges and maximise the opportunities of climate change towards environmentally sustainable growth. The strategy aims to achieve this through a programmatic approach involving four interconnected sub-projects:

- the Green Jobs Coordination and Capacity Development Project, aimed at building the capacity of government planning and policy coordination institutions to initiate, develop, coordinate and promote the mainstreaming of green in government planning at the sectoral and sub-national level;
- the Green Jobs Skills Development Project, aimed at promoting skills development for green jobs within priority sectors;
- the Green Enterprise Development and Access to Markets for Green Products Project, aimed at creating an enabling environment for SMEs to expand and create opportunities for employment in green business through finance, business development, tax incentives and technology adoption; and

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43 Republic of Ghana, "Mid-Year Review".

- the Green Enterprise Finance Project, aimed at mobilising public and private sector resources to support enterprises, start-ups and existing businesses that are going green.<sup>44</sup>

The development of the Green Jobs Strategy is a signal of the government's commitment to greening the economy. However, it does not indicate the number of green jobs to be created or expected to result from this strategy. While the strategy has been developed by the Ministry of Employment and Labour Relations, all government departments need to be involved to ensure the successful implementation and achievement of the objectives of the strategy. In this regard, the government needs to link the Green Jobs Strategy with ongoing flagship initiatives such as Planting for Food and Jobs, the Government Decentralised Industrialisation Agenda (One District One Factory Initiative) and the massive community irrigation project (One Village One Dam Initiative). The Planting for Food and Jobs initiative, which started in 2017, has created over 2 million jobs,<sup>45</sup> while the One District One Factory initiative has created over 10 000 jobs as of 2019. Mainstreaming green approaches into these initiatives would help to increase green jobs in Ghana.

## G20 Contributions to a Green Recovery in Africa

### G20 policies and contributions to economic green recovery in Africa

In April 2020, G20 finance and health ministers issued the G20 Action Plan<sup>46</sup> to support global economic recovery from the COVID-19 pandemic. Specifically, the Action Plan committed to strengthening and financing domestic and international healthcare systems to be able to tackle the pandemic. It also committed to providing economic and financial resources to: support the vulnerable through financial and liquidity support to businesses, especially SMEs; support job retention for individuals and households; maintain financial and monetary stability; promote free and fair trade; and reduce the effect of the virus on global supply chains.<sup>47</sup> Furthermore, the Action Plan committed to support strong, sustainable, balanced and inclusive growth while promoting international support to countries in need.<sup>48</sup>

G20 countries are reported to have invested over \$11 trillion in stimulus packages in their economies to encourage a recovery from the pandemic. Besides this, the G20 has provided debt repayment suspension through the Debt Service Suspension Initiative (DSSI) to more than 45 developing countries (most of which are in Africa), allowing for debt suspension until the end of 2020 to help countries manage the severe impact of the COVID-19

44 Republic of Ghana, Ministry of Employment and Labour Relations, *Draft Ghana National Green Jobs Strategy (2021-2025)*.

45 Afriyie Akoto, "Planting for Food and Job Has Created 2,286,892 Jobs", *Modern Ghana News*, March 11, 2020, <https://www.modernghana.com/news/988631/planting-for-food-and-job-has-created-2286892.html>.

46 G20, "Finance Ministers and Central Bank Governors and Deputies Virtual Meeting", communiqué, April 15, 2020, <https://g20.org/en/LeadersSummit/Pages/RiyadhSummit.aspx>.

47 G20, "Finance Ministers and Central Bank".

48 G20, "Finance Ministers and Central Bank".

pandemic. The objective of the DSSI is to enable countries to free up resources to increase social, health or economic spending in response to the pandemic.

G20 members have already made good their pledge to support African countries. The EU, for example, has mobilised over \$42.5 billion to support African countries combat the pandemic.<sup>49</sup> For Ghana, the EU is providing budgetary support of \$103 million to address the significant shortfalls in government revenue and the unanticipated increases in public expenditure resulting from the pandemic.<sup>50</sup>

## Role of G20 Compact with Africa towards a green recovery in Africa

The premise of the G20 Compact with Africa (CWA) is for participating countries to initiate specific reform policies in their macroeconomic, business and financial sectors, creating an enabling environment for private investment, with the view to attract investments from the G20 and other developed countries.<sup>51</sup> The CWA anticipated that COVID-19 would have a severe impact on participating countries: apart from slowed economic growth, its assessment indicated that more than 26 million people in participating countries would fall into extreme poverty in sub-Saharan Africa as a result of the pandemic.<sup>52</sup> Effects on exports, reduced FDI inflows, capital flight, declining commodity prices and heightened debt levels are all threats CWA countries will have to grapple with during and after the pandemic. The onset of the pandemic affected the basic economic foundations of many countries, including those participating in the Compact. Ghana, for example, has suspended its budget and fiscal targets and expects to regain economic stability in 2024, as a result of the pandemic. Compact countries have therefore been advised to ensure macroeconomic policymaking moves from crisis management to stimulus mode. As debt servicing may also be challenged, CWA governments have been advised to avoid financial sector collapse and to support the private sector, which in most African countries provides up to 90% of jobs.<sup>53</sup>

The CWA has principally provided support to participating countries through international organisations (ie, the African Development Bank [AfDB], World Bank and IMF). The support has been in the forms of emergency non-restricted funding, debt service relief, additional liquidity, grants and support to the private sector.

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49 Diana Acconcia, draft speech, "Ambassador Acconcia at the Occasion of the Signing Ceremony of the EU Emergency EU Budget Support in Response to COVID-19 Crisis in Ghana and *NorPrevSec*", September 20, 2020, [https://eeas.europa.eu/sites/eeas/files/ambassadors\\_speech.pdf](https://eeas.europa.eu/sites/eeas/files/ambassadors_speech.pdf).

50 Republic of Ghana and the EU Delegation to Ghana, "EU Provides 87 Million Euro (GH¢ 587.5 million) in Budget Support to Ghana for COVID-19 Response", Press Release, September 30, 2020, [https://eeas.europa.eu/sites/eeas/files/press\\_release\\_covid\\_19\\_budget\\_support\\_0.pdf](https://eeas.europa.eu/sites/eeas/files/press_release_covid_19_budget_support_0.pdf).

51 Dode Seidu, "G20 compact with Africa: The case of Ghana" (Policy Briefing 191, South African Institute of International Affairs, Johannesburg, 2020), <https://saiaa.org.za/research/g20-compact-with-africa-the-case-of-ghana/>.

52 G20 Compact with Africa, *Compact Monitoring Report*, 2020, <https://www.compactwithafrica.org/content/compactwithafrica/home/documents.html>.

53 World Bank Group, "For Sub-Saharan Africa, Coronavirus Crisis Calls for Policies for Greater Resilience", April 9, 2020, <https://www.worldbank.org/en/region/afr/publication/for-sub-saharan-africa-coronavirus-crisis-calls-for-policies-for-greater-resilience>.

In April 2020, the AfDB established a COVID-19 Response Facility providing \$10 billion to member countries made up of \$5.5 billion in non-concessional financing, \$3.1 billion in concessional financing and \$1.35 billion to support the private sector.<sup>54</sup> The IMF made \$100 billion available in emergency financing through the Rapid Credit Facility and Rapid Financing Instruments to help countries meet the emerging funding requirements to fight COVID-19. The fund also provides grants for debt relief under its Catastrophe Containment and Relief Trust. These grants allow the fund's poorest and most vulnerable members to cover their IMF debt obligations for an initial phase of six months. As a result, a greater share of scarce financial resources can go towards vital healthcare care and social assistance programmes.<sup>55</sup> Similarly, the World Bank launched a \$14 billion Fast Track Package comprising \$8 billion to support countries' immediate COVID-19-related health and economic needs, and \$8 billion to support companies to continue operating and thus save jobs. The World Bank has also made available an additional \$146 billion throughout 2021 to provide social assistance to households; support businesses; and allow fiscal and structural policy reforms to support sustainable recovery in the short and medium term.<sup>56</sup>

The funding provided by these multilateral institutions is, however, not enough to support African countries to recover from the pandemic. While G20 countries have already spent over \$10 trillion in economic recovery and stimulus packages, African countries are raising \$300 billion in concessional financing for similar purposes.<sup>57</sup>

## Conclusion

Although the Ghanaian economy has experienced a positive growth trajectory over the past three decades, driven by the discovery of oil and its becoming a lower-middle-income country, the economy has not experienced significant structural changes. It remains dependent on natural resources such as agriculture, minerals and commodities, which have had a significant environmental footprint in the country. The recent gains the economy have made have been challenged by the onset of the COVID-19 pandemic, in response to which the government has launched bold initiatives to avoid the spread of the virus and to mitigate negative social and economic impacts. The government's swift response has provided some relief and has set the country on the path to recovery; however, this is likely to be slow and long as it expects to regain fiscal stability in 2024.

The government has signalled its commitment to green development through its signature and ratification of several international conventions and treaties, including the Paris Agreement. National laws, policies and strategies that domesticate these international commitments have been established and there are sectoral policies and programmes to

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54 G20 Compact with Africa, *Compact Monitoring Report*.

55 G20 Compact with Africa, *Compact Monitoring Report*.

56 G20 Compact with Africa, *Compact Monitoring Report*.

57 "Ghanaian Finance Minister: Africa Deserves More COVID Help", *Financial Times*, October 12, 2020, <https://www.ft.com/content/fff9c354-dde5-4a4c-ab48-f11f289c2da9>.

implement green development. In the context of the pandemic, many of the government's responses are socially inclusive (such as the provision of free electricity and water to households, and the provision of loans to MSMEs) and have helped to ameliorate the impact of the pandemic on individuals, households and businesses. While the government intends to bring the economy back to the pre-COVID-19 level, it is unduly constrained in terms of the fiscal space to fully execute interventions that could reset the economy. Although it has launched the \$17 billion Ghana CARES initiative to revitalise the economy, the government expects 70% of the funding to come from the private sector through FDI and PPP arrangements, despite the fact that the private sector itself is challenged. In addition, the intended use of tax waivers and incentives to attract FDIs and PPPs could challenge the fiscal position of the government. This, in turn, could affect the government's spending on social services.

G20 countries have committed and made available financial resources to support economic recovery plans post-pandemic. These resources, mostly made through international financial organisations (ie, the AfDB, IMF and World Bank), have provided emergency response support, additional liquidity and debt service relief. However, international financial support towards the recovery has been inadequate and developing countries are asking for more. Most of the funding has also been directed at managing the pandemic directly, with little focus on a green recovery.

Ghana developed the Green Jobs Strategy to stimulate an enabling environment for green jobs. To be successfully implemented, the strategy will require an 'all of government' approach to ensure that green jobs are underpinned by green growth in productive sectors of the economy with minimal environmental impact.

## Recommendations for green recovery and green job creation in Africa

The COVID-19 pandemic has created an opportunity for a paradigm shift from the fossil fuel and natural resource-based development approach in African countries to one that is socially inclusive and addresses the climatic and environmental challenges the continent is facing. To achieve this transition, African governments need to create the fiscal space through a multiplicity of policies and programmes that will ensure an enabling environment for a green recovery. A number of proposals for a green recovery that could lead to green jobs should be considered.

African governments need to be bold and decisive about a green recovery. A natural response to the crisis is to focus more on short-term relief, but a green recovery requires bold policy decisions to integrate sustainable economic and environmental aspects into all recovery measures. Medium- and long-term initiatives present more opportunities for greening, and interventions in this regard should be carefully designed to engender a green recovery.

The lack of fiscal space in many African countries creates room for the re-prioritisation of spending. The debts service relief and other financial support from the IMF and World Bank provide an opportunity to have the fiscal space to spend. Countries should, however, be careful not to worsen their debt situation as the pandemic has already created fiscal pressures and some countries are likely to be distressed. International financial organisations such as the AfDB, IMF, World Bank and the Compact with Africa could condition their medium-term support to African countries on green interventions as a demonstration of their commitment to a green recovery.

The pandemic has led to considerable spending by governments on healthcare facilities. This presents an opportunity to include green activities such as using renewable energy sources and/or resource-efficient materials in the construction of hospitals, and introducing innovative and digitised systems for health delivery. While strict local content and protectionist policies can hinder a country's development, sourcing local materials, labour and technology where possible could support a balanced recovery for employment and domestic economic development.

The G20 should make a greater effort to support the laudable goal of African countries to ensure a green recovery in the wake of the pandemic. The G20 Compact with Africa could include a 'green' condition in the reform agenda for each country. This could be a stand-alone policy reform area or be part of existing reform areas, and focus on creating an enabling environment for investment in green opportunities.

Finally, as many of the recovery interventions are not new but rather an enhanced implementation of existing government policies and programmes, African governments can identify entry points for greening in these interventions. Using a value chain approach, green initiatives can be introduced in different segments of a sector or intervention. Such an approach will ensure a gradual transition to greening and time for demonstration effects, lessons learned and up-scaling. In addition, greening entry points provide opportunities for drawing linkages among different but related sectors, such as renewable energy and construction.

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SAIIA is an independent, non-government think tank whose key strategic objectives are to make effective input into public policy, and to encourage wider and more informed debate on international affairs, with particular emphasis on African issues and concerns.

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## Cover image

Ghana, Accra, 2020: A man uses a sewing machine to assemble a piece of personal protective equipment for COVID-19 coronavirus frontline health workers at a factory commissioned by the government, in Accra, on April 17, 2020 (Nipah Dennis/AFP via Getty Images)

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