

# 2021 Climate Public Expenditure and Institutional Review



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# Objective of the CPEIR

- The objective of the CPEIR is to review the expenditure on activities that are related to climate change and to assess the extent to which this expenditure is supported by existing policy and institutional responsibilities.

# Methodology

- The CPEIR explored three main features of national funding on climate change actions:
  - A detailed assessment of existing national and sectoral policy priorities and strategies that relate to climate change;
  - A systematic review of institutional arrangements for promoting the integration of climate change policy priorities into budgeting and expenditure management;
  - A review of the integration of climate change objectives within the budgeting process, including as part of budget planning, implementation, expenditure management and financing.
- The process of completing this CPEIR involved the use of a triangulation methodological approach made up of desk review, quantitative and qualitative approaches
  - Different sectoral policy documents relating to climate change were compiled and reviewed
- The CPEIR was conducted at the national level where representative institutions including
  - MESTI, EPA, MOFA, MLGRD, Forestry Commission, PEF, KASA Ghana, MOF, MOE, among others, were contacted.
  - A number of MMDAs which are prone to climate change were also focused on in the qualitative part of the data collection

# CLIMATE CHANGE POLICY ANALYSIS

## POLICY ALIGNMENT WITH NATIONAL DEVELOPMENT PRIORITIES

- The Coordinated Programme of Economic and Social Policies (CPESDP) for 2017-2024, which is government's main driver of development, is built on the pillars of economic development, social development, environment, infrastructure and human settlements, among others.
  - This programme demonstrates the relevance and commitment of the country to respond to the challenges and opportunities offered by climate change.
- Pillars of CPESDP: safeguarding the natural environment and ensuring a resilient built environment; maintaining a stable, united and safe country; and building a prosperous country.
  - The programme therefore advocates the adoption of development strategies that are growth-focused, people-centered and delivers climate-proof outcomes.

# SECTORAL POLICIES RELATED TO CLIMATE CHANGE

**National Climate Change Policy, 2013**

**National Energy Policy**

**National Environmental Policy**

**Forest and Wildlife Policy (2012)**

**National Transport Policy**

**Ghana REDD+ Strategy)**

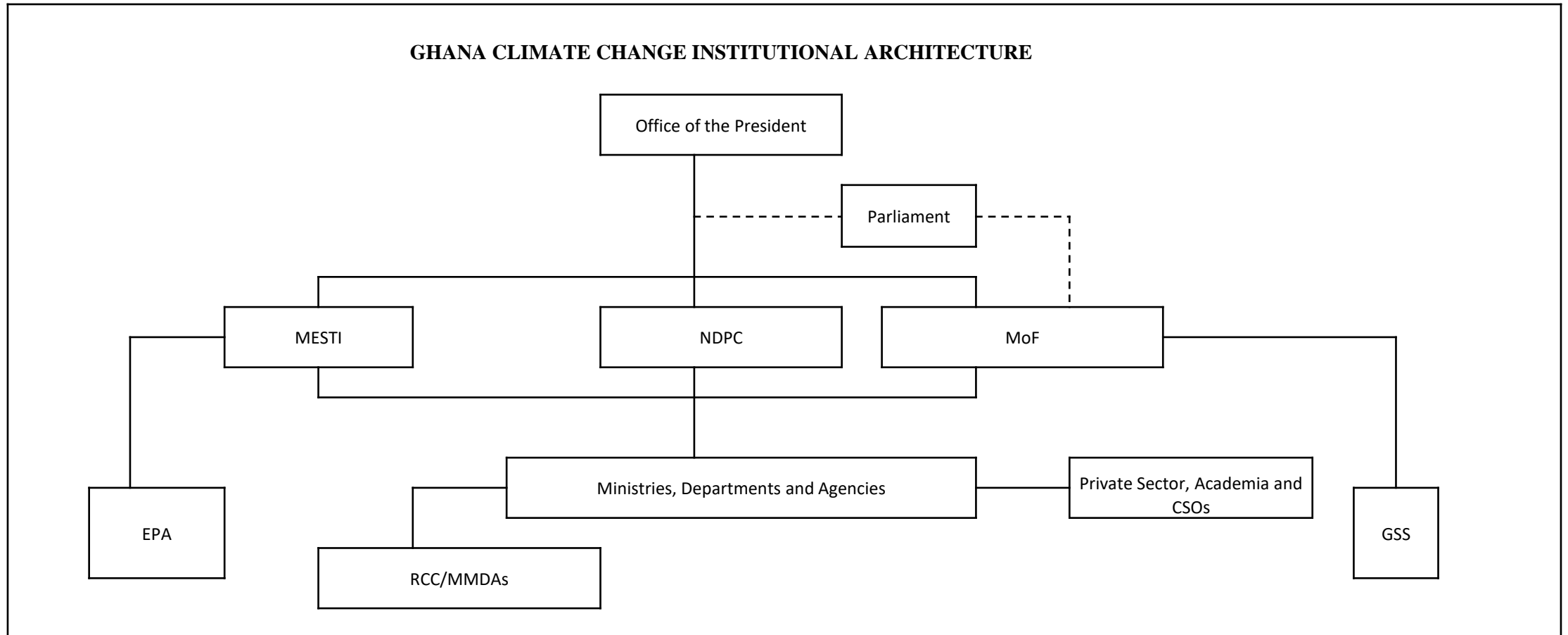
**Ghana National Low Carbon Development (GNLCD) Strategy**

**Renewable Energy Act, 2011 (Act 832))**

**Renewable Energy Master Plan, (2019 )**

**Food and Agriculture Sector Development Policy (FASDEP II)**

# CLIMATE CHANGE INSTITUTIONAL ANALYSIS: Institutional Architecture



# National Climate Change Steering Committee

- The composition of the committee is made up of representatives from government Ministries, Departments and Agencies (MDAs), Parliamentarians, Civil Society Organizations (CSOs), academia, research institutions, the private sector and development partners.

The National Climate Change Steering Committee is mandated with seeing to the day-to-day management of the National Adaptation Strategy giving policy direction on climate change at the national level.

The committee is also responsible for the preparation of guidelines, supervision and the monitoring and evaluation of programmes/projects on climate change. The committee is also tasked with supporting local institutions in capacity building and the approval of programme/projects and recommend same for funding

# Government Institution

**Ministry of Energy**

**Ministry of Transport**

**The Ministry of Roads  
and Highways**

**Ministry of Lands and  
Natural Resources  
(MLNR)**

**Ministry of Gender,  
Children and Social  
Protection (MGCSP)**

**Ministry of Food and  
Agriculture (MOFA)**

**Ministry of Local  
Government,  
Decentralization and  
Rural Development  
(MLGRD)**

**National Development  
Planning Commission  
(NDPC)**

**Ministry of  
Environment, Science  
and Technology (MESTI)**

**Ministry of Health**

**Ministry of Interior**



# Government Institution

**Ministry of  
Finance**

**Ministry  
of Education**

**Feeder Roads**

**Ministry of  
Water and  
Sanitation**

**Ministry of  
Employment and  
Labour Relations**

**MMDA,NDAs,**

**Water Resources  
Commission**

**NADMO**

**Other Research  
Institutions**

# CONCLUSION AND RECOMMENDATIONS

- An effective institutional response to climate change requires strong coordination between the various implementing agencies. Though these institutions have been instrumental in the implementation and achievement of climate change objectives, there still exist a challenge of coordination and harmonization necessary for effective action on climate change among these institutions.
- Though the country is implementing a decentralized system of governance, the lack of an effective coordination system is impacting on the delivery of their mandate. The MDAs and the MMDAs are not strengthened enough to respond effectively to climate change.
- The capacities of these institutions in the mobilization of resources, implementation of projects and programmes on climate change and coordination needs to improve to ensure programmes and projects implementation.

## Recommendations

Based on the above conclusion, the following recommendations are made:

1. MMDAs need to be proactive in assessing funds but need to strengthen their collaboration with the right agencies to be able to tap the many opportunities that exist in the climate change sub-sector.
2. The NDPC, which has been at the forefront of providing capacity building for MMDAs in the area of climate change such as programme design and implementation, mainstreaming climate change in their development plans, budgeting, among others, is devising a tool to assist the MMDAs to be able to design programmes on climate change. It is however recommended that the MMDAs become more proactive by engaging in more follow-ups after the training to function effectively.
3. Though trainings are provided to MMDAs, the problem is usually the late delivery of those training programs. It is recommended that the NDPC develop a right schedule in collaboration with the MMDAs to understand not just what they need, but also when they need those trainings. In addition, the NDPC needs to collaborate with the MoF in designing and training MMDAs on issues relating to climate change.
4. Duplication of efforts in the climate space limits the number of broad project areas that can be financed. It is therefore recommended that climate change coordinating institutions devise a mechanism where they can harmonization all projects on climate change to ensure an even funding of program areas.
5. It is further recommended that the legislation to back the tracking tool be developed as soon as possible to ensure compliance.

# CLIMATE CHANGE EXPENDITURE REVIEW

- The main source of data for the Climate expenditure analysis is the Annual Budget from the BTAS unit of the MOF spanning 2015 to 2020
- Adopt three methods outlined in the Climate Finance Tracking Tools developed in 2016 to track climate spending.
  - Climate Change actions manual for sector officers
  - Climate change budget code fact sheets
  - International funding listing
- We rely on the yearly appropriation bill and the Annual budget and policy statement appendixes for the GoG annual expenditure.

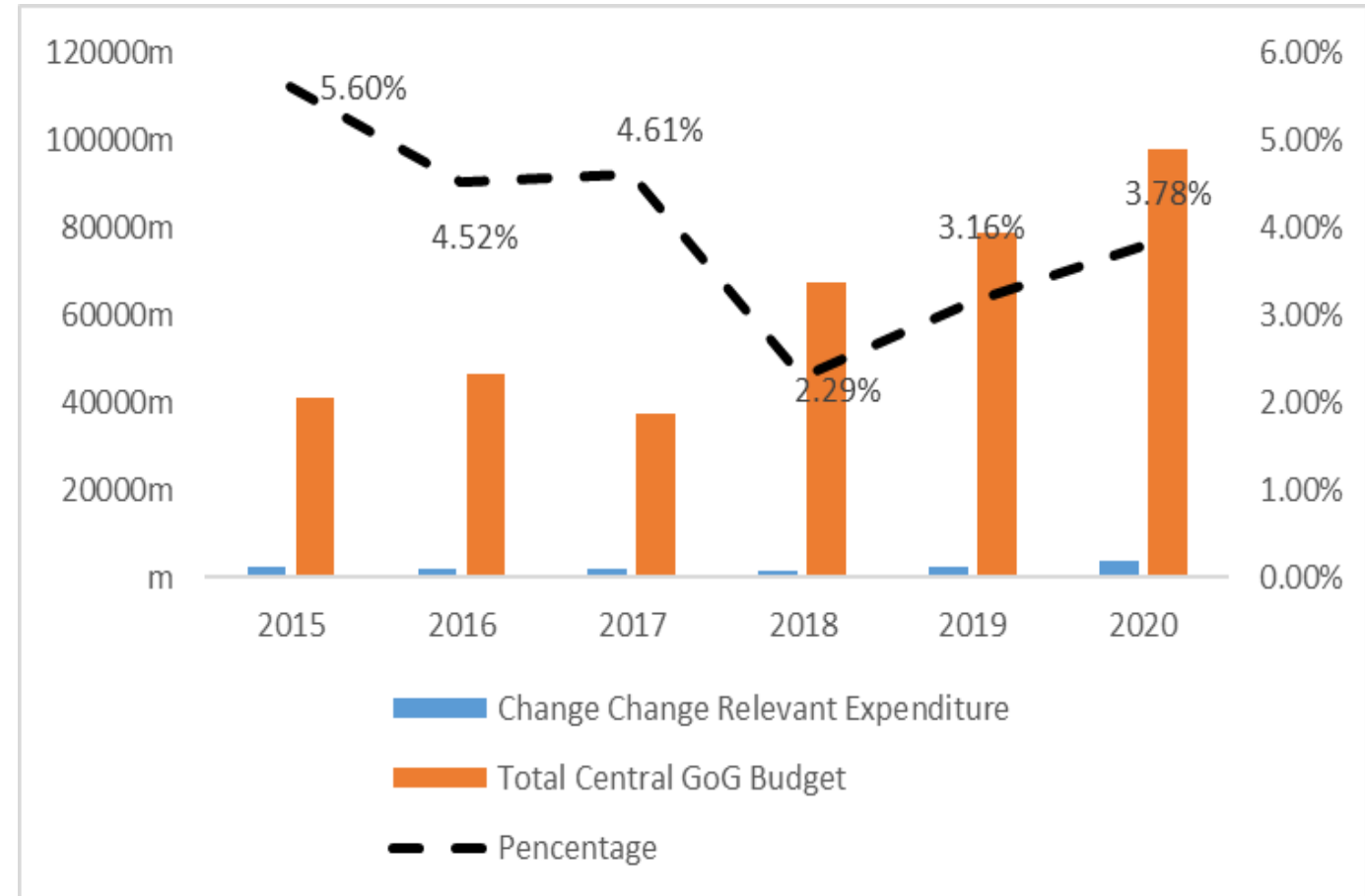
# The three categories of climate change relevance expenditure

Category	Number of Budget Codes	Weight to apply to gross expenditure (%)
High	4	100
Medium	14	50
Low	12	20

*Source: Ghana's Climate Finance Tracking Tool, 2016*

# Total GoG Expenditure and Climate Change Expenditures

- Between 2015-2020: Total budgeted expenditure of GHS 369 billion and GHS 14.5 billion of the Budget earmarked for Climate Relevance Actions
  - About 3.93% of the total GoG expenditure for Climate Relevance actions



# Yearly Climate Expenditure as a percentage of the Ministry's total Expenditure

Line Ministry	2015	2016	2017	2018	2019	2020
Ministry of Fisheries and Acquaculture Development	58.24%	85.44%	68.40%	79.66%	81.11%	87.07%
Ministry of Food and Agriculture (MOFA)	83.20%	86.55%	73.91%	89.29%	91.75%	90.21%
Ministry of Lands and Natural Resources	73.21%	53.78%	45.29%	39.52%	47.59%	96.88%
MOWARS_Ministry Of Sanitation and Water Resources			13.14%	89.85%	94.84%	86.78%
Ministry of Gender, Children and Social Protection (MGCSP)	28.92%	1.30%	2.58%	18.66%	88.78%	93.14%
Ministry of Works and Housing			90.33%	63.11%	65.27%	4.59%
Ministry of Environment, Scienc, Technology and Innovation (MESTI)	31.25%	35.58%	30.23%	24.08%	21.59%	38.68%
Ministry of Local Govt and Rural Development	57.37%	48.52%	30.34%	0.38%	12.28%	3.64%
MOP_Ministry for Planning					72.33%	74.49%
Ministry of Communications	1.18%	50.37%	4.87%	24.26%	11.31%	30.16%
Ministry of Energy and Petroleum (MENP)	16.68%	89.33%	5.30%	0.03%	0.20%	0.15%
Ministry for Inner City and Zongo Development				96.95%	0.83%	
Ministry for Business Development				96.65%		
MME_Ministry for Monitoring and Evaluation					75.30%	1.10%
Ministry of Petroleum		58.37%				
Ministry of Trade and Industry	0.07%	1.83%	0.64%		28.35%	0.14%
Ministry of Foreign Affairs and Reg Integration	1.58%	12.17%	3.71%			12.51%
Ministry of Education (MOE)	12.88%	8.46%	6.46%			
Ministry of Tourism, Arts and Culture		11.69%		0.88%		
Ministry of Information					1.61%	4.64%
Ministry of Youth and Sports				5.43%	0.59%	
Ministry of Power		4.62%				
Ministry of Transport	0.65%	0.21%	0.42%	1.64%	0.08%	
Ministry of Employment and Labour Relation		2.70%			0.26%	0.02%
Ministry of Roads and Highways		0.01%		2.29%	0.01%	
Ministry of Health			0.05%			1.77%
Ministry of Interior (MINT)	0.75%		0.32%			
MOA_Ministry Of Aviation			0.01%	0.14%		
Ministry of Defence (MoD)					0.06%	
Ministry of Finance						
Ministry Of Railway Development						

# Comparing Climate change expenditure to NCCP Master Plan Target

- This comparison is very important because the overall implementation of the proposed NCCP Master Plan was estimated to cost approximately USD 9.3 billion over the period 2015-2020, which coincides with the CPEIR exercise we are conducting now
- We compare the actual budget to the NCCP expenditure targets for the 10 policy areas.
- The actual budget for the 10 policy areas over the period are converted to US dollars by using year on year exchange rate.
- The converted US dollar actual budget is compared to the target NCCP expenditure on the 10 policies.



# NCCP estimate budget and CC budget Estimate

<b>NCCP Policy Focus</b>	<b>CC Budget Estimate (\$)</b>	<b>Estimated Budget for NCCP Focus Areas (\$)</b>	<b>Percentage</b>
Climate change and migration	236m	98m	241.09%
Disaster Preparedness	81m	52m	157.85%
Agriculture and Food Security	453m	950m	47.72%
Water and Sanitation	417m	1680m	24.82%
Infrastructure	59m	337m	17.64%
Forests and Carbon sinks	289m	1725m	16.73%
Energy and Infrastructural development	61m	1057m	5.73%
Climate Change and Health	19m	1006m	1.85%
Climate change and gender	9m	1898m	0.48%
Ecosystem Management	1m	1210m	0.12%

# New Policy Category Identification and Budget Code Assignment

	<b>GoG Agency</b>	<b>Number of Policies</b>	<b>Budget</b>	<b>Actual</b>
Old Codes	MDA	137	6313m	3250m
	MMDA	806	279m	92m
New Codes	MDA	133	7557m	2037m
	MMDA	475	405m	142m

# Conclusions

- Ghana's expenditure has increased between the years 2015 and 2020. Specifically, the expenditure in 2015 was GHS 41,222 million and it rose to GHS 85,952 million. Compensation and interest payment has dominated expenditure lines over the years.
- Ghana's fiscal policy has been tightened over the years with improve tax administration building up into increase revenue generation
- Ghana has committed an average of 3.94% of its total expenditure to climate change over the last five years.
- The year-on-year climate change relevant expenditure as a percentage of total GoG expenditure decline from 5.60% in 2015 to 2.29% in 2018 and increased from to 3.78% in 2020.

- The recent increase is attributed to government social policy interventions in education and agriculture, which are mostly climate change relevant. For examples, the Free SHS and the Planting for Food and Jobs, which falls under the NCCP Master Plan policy focus line the climate change and gender and Agriculture and food security
- Key line climate relevant line Ministries like the MFAD, MOWARS, MGCSP, MOFA, MLNR, MOP, MICZD, and MESTI committed more than 30% of their total expenditure to climate change activities.

- Considering the funding sources, the GoG has consistently increase its budget allocation for climate change actions over the years. The GoG climate change relevant budget as a percentage of total funding source expenditure increases from 0.79% in 2016 to 17.92% in 2020.
- Agriculture and food security NCCP policy category has attracted the highest allocation since 2015 at the MDA level. This is not the same at the MMDA level, which has the Water and Sanitation policy taking the highest allocation.
- Comparing the expenditure on the NCCP policy categories to the NCCP targets, climate change and migration policy has attracted 180% of the NCCP target.

- More new policies climate policies were identified and assigned codes at the Low-level category and mostly at the MMDA level.
- There has been a consistent increase in expenditure towards the low policy categories over the years. The high policy category expenditure declined in 2018 and begin increase till 2020.

# Way Forward

- There is the need for government to set climate expenditure target at the MDA and MMDA level to provide a benchmark for performance assessment every year.
- The NRECCU unit of the MoF should annually identify new policies and assign budget codes to these policies. In a situation where the policy reoccurs, the old policy code should be identified and reassigned, and new codes can be assigned to new policies.
- Identifying more climate relevant policy lines requires a dashboard to track climate expenditure at the NRECCU level. This will provide up to date and regular information on climate expenditure to the unit.

- The expenditure lines for NRECCU unit must be captured as climate change related and given a code. MOH may also have some units which are not directly implementing climate change related activities but are indirectly spending in the direction of climate change. This must be looked at.
- It was observed that most of the public sector climate change expenditure policy lines were geared towards adaptation. Therefore, investment into effective resources to capture mitigation expenditure would be very necessary.
- Observing a huge differential on the expenditure line of MDAs and MMDAs, it is recommended that there should be an improvement in the funds allocation to MMDAs, since they are mandated to oversee the implementation of policies that are mostly climate change related at the village level.
- The differentials in the NCCP policy budgets allocations over the years calls for a more equitable allocations going forward.