Learning brief 1

SIGRA Strengthening Investments in Gender-Responsive Climate Adaptation

THE STATE OF CLIMATE FINANCE IN GHANA

THIS FIRST SIGRA LEARNING BRIEF PRESENTS KEY FINDINGS FROM A POLITICAL ECONOMY ANALYSIS OF CLIMATE ADAPTATION IN GHANA CONCLUDED IN MARCH 2024. IT AIMS TO BETTER INFORM POLICY DISCUSSIONS ON THE STATE OF CLIMATE FINANCE IN GHANA AND HOW TO BEST EXPAND ITS ACCESS.

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1. GHANA'S CLIMATE VULNERABILITY

Ghana experiences significant vulnerabilities to climate change, experiencing a 1-degree Celsius temperature increase per decade and 2.4% monthly rainfall decrease since 1960[1]. The Notre Dame Global Adaptation Initiative ranked Ghana 114 out of 185 countries for its vulnerability to climate change in 2021[2]. Its vulnerability is attributable in part to its reliance on agriculture – a highly climate-sensitive sector. Agriculture accounted for approximately one fifth of 2022 GDP[3] and provided employment for over a third of the population in 2021[4], meaning that erratic weather patterns significantly threaten economic growth and livelihoods. The cost of this vulnerability is high - in 2020 it is estimated that direct economic losses of the country from drought alone reached US$ 95 million and would increase to more than US$ 325 million by 2050[5].

[1] Bright Tetteh, Samuel Tawiah Baidoo & Paul Owusu Takyi (2022). The effects of climate change on food production in Ghana: evidence from Maki (2012) cointegration and frequency domain causality models, Cogent Food & Agriculture, 8:1, DOI: 10.1080/23311932.2022.2111061
[2] Rankings // Notre Dame Global Adaptation Initiative // University of Notre Dame (nd.edu)
[3] https://www.statsghana.gov.gh/gssmain/fileUpload/National%20Accounts/Newsletter%20quarterly%20GDP%202022%20_Q2_September%20%202022%20Edition.pdf
[4] https://mofa.gov.gh/site/images/pdf/AGRICULTURE%20IN%20GHANA%20(Facts%20&%20Figures)%202021.pdf
[5] https://openknowledge.worldbank.org/server/api/core/bitstreams/9c9764c1-076d-5dcc-8339-6e4f0de2b610/content

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STRENGTHENING INVESTMENTS IN GENDER-RESPONSIVE CLIMATE ADAPTATION

- The SIGRA project seeks to advance climate action and inclusive governance in Ghana. Its ultimate outcome is to improve the resilience of Ghanaian citizens, particularly women, girls, and vulnerable groups through increased investments in inclusive and gender-responsive climate adaptation initiatives.
- The project will provide technical assistance to strengthen governance and national systems with key central Ministries, Departments and Agencies (MDAs) while providing direct grants to five MMDAs funding local gender responsive climate adaptation projects. It will support Regional Coordinating Councils (RCCs) in the Northern and Volta regions and strengthen the ability of targeted MMDAs to plan, implement, and report on climate adaptation initiatives. In addition, the project seeks to strengthen the participation, voice and influence of women led CSOs in government decision-making.
- SIGRA is implemented by Cowater International, funded by Global Affairs Canada, and will run from 2023 to 2028.

In the Northern and Volta regions (SIGRA's focus regions), even minor rainfall fluctuations dramatically impact rain-fed crops, and frequent floods and droughts devastate both livestock and crops[6]. In Northern Ghana, decreased rainfall in the Volta Basin has led to low water levels and issues with power generation from the Kpong, Aksombo, and Bui dams[7]. In the lower Volta region 2023 saw some of the worst flooding in the region's history, destroying businesses and homes. The impact on local communities and marginalized groups is particularly evident.

Intense climate variability as we are seeing in Ghana differentially impacts women compared to men (see text Box 1), with women making up a large percentage of subsistence farmers who rely on rain-fed agriculture. Challenges to gender equality within society from traditional gender norms are also exacerbated by climate change vulnerability: women are more likely to experience economic stress through prolonged droughts and may receive smaller shares of food during times of scarcity, making them more susceptible to disease and malnutrition. Not only this, but their ability to adapt to climate variability is limited – women are found to have less access to financial resources, information, and technology, which can help manage climate-related risks in agricultural production[8].

This brief identifies the sources of climate finance in Ghana, both domestic and international. It further identifies the challenges in ensuring that climate finance reaches local government to support community-led, gender-responsive adaptation projects which can support the most vulnerable. It then explores some of the key strengths of Ghana's PFM systems which support management of climate finance, as well some of the gaps which need to be addressed.

Box 1. Gender and Climate Change in Ghana

Gender-based disparities (e.g. use of time, access to credit, treatment by formal institutions) explain differences between women's and men's vulnerability to climate change risks. Gender inequality therefore predisposes women to the severe impacts of climate change and reduces their capacity to adapt, whilst also directly effecting women's rights. Work burdens are increased, while few or no household assets and resources make planning for weather crises difficult. Research has estimated that observable impacts of climate variability and change in Northern Ghana has led to an increase in the gender welfare gap among farm households (Adzawla and Kane (2019).

[6] Antwi-Agyei, P., Fraser, E. D. G., Dougill, A. J., Stringer, L. C., & Simelton, E. (2012). Mapping the vulnerability of crop production to drought in Ghana using rainfall, yield, and socioeconomic data. Applied Geography, 32, 324-334.
[7] Stephan F. Miescher; Ghana's Akosombo Dam, Volta Lake Fisheries & Climate Change. Daedalus 2021; 150 (4): 124-142. doi: https://doi.org/10.1162/daed_a_01876
[8] Dazé, A., 2013. Climate Change Vulnerability and Adaptive Capacity in Northern Ghana. Accra: CARE.

2. FINANCING GHANA'S CLIMATE CHANGE POLICY IMPLEMENTATION

Ghana's current climate policy framework (see Box 2) confirms the country faces significant climate finance challenges, with estimated total financing needs for 2020-2030 between US$ 9.3 billion and US$ 15.5 billion[9] which amounts to average needs of US$ 1.6 billion per year. According to analysis by the Climate Policy Initiative, an average of just US$ 830 million of climate finance flows were tracked annually for 2019 and 2020[10]. If this level of financing were to remain constant over the period, financing would be 46% lower than needed, with an annual financing gap of approximately US$ 770 million. This gap hinders Ghana's ability to adapt and build the necessary resilience against its multiple climate-related challenges.

Of the annual average of US$ 830 million, flows were almost equally distributed between those intended for adaptation (49% or US$ 409 million) and those for mitigation (47% or US$ 386 million). 37% of adaptation financing and 22% of mitigation financing went to agriculture, fisheries, and other land use sectors. In terms of the most significant sources of climate finance, of the US$ 830 million average annual flows (2019 and 2020), 87% came from domestic and international public sector actors[11].

In terms of financing instruments, grants accounted for US$ 376 million (45%) of the annual average total, and low-cost project debt US$ 294 million (35%). Project-level market rate debt accounted for US$ 39 million[12]. While grants predominate, loans still play a large role in climate financing in Ghana, a country which already faces debt fragility. Climate finance loans have the potential to cause additional challenges for vulnerable countries, such as Ghana, with research from 2018 suggesting that climate risks can significantly increase borrowing costs, which in turn exacerbates debt burdens and jeopardizes financial stability[13].

Box 2: Ghana's Climate Change Policy Frameworks and the shift to decentralized adaptation planning

The Government of Ghana has taken significant policy initiatives to address the adverse social and economic effects of climate change. In 2013, Ghana produced its first comprehensive policy framework to respond to climate change, the National Climate Change Policy (NCCP), developed by the Ministry of Environment, Science, Technology, and Innovation (MESTI) to mainstream climate change planning at national, regional, and local levels. Following this, in 2016, as part of its commitments under the Paris Agreement, the Government of Ghana set Nationally Determined Contributions (NDCs). The NDCs were revised in 2021 for the period 2020-2030 and contain 19 policy actions to achieve climate action goals. For the past four years, the Environmental Protection Agency (EPA) has also been developing a National Adaptation Plan (NAP). The NAP will also include regional and local level adaptation plans to support these activities down to the community level, but this work is still in progress and will require more time before it is completed.

Shifting the focus of adaptation planning down to the district level is an important and significant change, opening up space for greater community engagement in the planning and development of adaptation plans and projects that can meet the needs identified by communities themselves. SIGRA will play a key part in supporting this shift, with funding to support five districts in the Volta and Northern regions to carry out gender-sensitive climate vulnerability assessments in line with the NAP methodology and support the development of the related local climate adaptation plans.

While emphasis on decentralization for climate change planning is crucial, there is a challenge in disseminating and integrating national-level policy at the district level. Indeed, national-level policy objectives are not always fully integrated and adapted into District level Medium-Term Development Plans and Annual Action Plans. This is explained in part by a lack of accessibility to and knowledge of national policies, as well as capacity and resources gaps at district level. This can often prevent the translation of policy into concrete gender-responsive climate adaptation measures by limiting the ability of districts to inclusively assess needs, design, and launch initiatives responding to them. The Ministry of Local Government, Decentralization and Rural Development (MLGDRD) is also given a specific role in the NCCP to support the implementation of climate policy at the local level. Policy dissemination and capacity strengthening efforts which reach beyond Accra, along with matching financial resources, should be prioritized to ensure relevant information is effectively provided and shared in ways that can be leveraged and acted upon by local stakeholders.

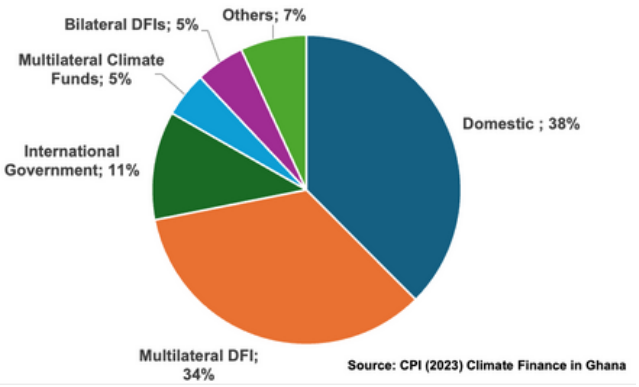
[9] Ghana's Revised Nationally Determined Contribution under the Paris Agreement (mesti.gov.gh)
[10] Brief 2: Ghana Climate Finance Brief w/ Layout pp2-11 (climatepolicyinitiative.org)
[11] Ibid.
[12] Ibid.
[13] https://www.imperial.ac.uk/news/187011/developing-countries-face-rising-payments-climate/#pressrelease

International Sources

At least US$ 401 million of total public actor contributions to climate flows (average for 2019 and 2020) came from international actors, including donor governments, multilateral and bilateral development finance institutions (DFIs), and multilateral climate funds. Of these, by far the largest contributing group was multilateral DFIs who spent US$ 248 million.

Significant donors for Ghana include EU institutions and DFIs including the African Development Bank. In terms of multilateral climate funds, the Green Climate Fund (GCF) has been providing significant climate finance to Ghana since 2018, through a combined portfolio of regional and Ghana-specific projects adding to a value US$ 127.8 million in 2024[14]. Between 2018 and today, the GCF notably provided US$ 4.6 million to support readiness for the country to receive international climate finance. Research from 2018 suggests that climate risks can significantly increase borrowing costs, which in turn exacerbates debt burdens and jeopardizes financial stability.

Figure 1: Average Annual Contribution to Climate Finance (Public Actors) in Ghana (2019 - 2020)



Source: CPI (2023) Climate Finance in Ghana

National Sources

Data from the Climate Policy Initiative suggests that national government contributions (actual expenditure) to climate finance on an average annual basis for 2019 and 2020 was US$ 271 million, accounting for one third of total climate finance in Ghana during the period[15].

Based on a different national dataset, it is also possible to analyze budget allocations for a similar period. Between 2015 and 2020 the Government budgeted GHS 7.8 billion (or US$ 1.8 billion) to Ministries, Department and Agencies (MDAs) and Metropolitan or Municipal or District Assemblies (MMDAs) for expenditure on activities earmarked as climate relevant[16]. On average this works out to budget allocations of US$ 300 million per year. Note that this assessment is based on the data for budgets of MDAs and MMDAs which includes some on-budget donor funding. We should also highlight that actual expenditures are typically lower than those budgeted, especially for capital expenditures. Four ministries currently account for approximately half of the climate finance expenditure in Ghana: the Ministry of Lands and Natural Resources (MLNR), the Ministry of Energy and Petroleum (MoEP), the Ministry of Local Government, Decentralization and Rural Development (MLGDRD), and the Ministry of Gender, Children and Social Protection (MGCSP).

It is important to note that while budgeted or actual expenditures may be earmarked as climate relevant, it could be that the relevance is low, rather than high, so without better data about the specific thematic areas of these expenditures, it is difficult to assess the quality of these funding allocations to climate-related activities. Indeed, the 2021 Climate Change Public Expenditure Review noted a trend in an increased use of low relevance coding for projects classified as climate relevant[17]. Nonetheless, it can be stated that climate and gender-responsive initiatives are not always prioritized in annual budgets, especially at the disbursement stage, and easily fall victim to higher political priorities and changes in the related political environment.

In addition to the Government, the private sector is gradually emerging as a small player in the climate finance space, particularly through its engagement in renewable energy and sustainable land use. For 2019 and 2020, average annual contributions to climate finance from the domestic private sector was US$ 49.8 million or 6% of total flows[18]. The Government has also issued green bonds, the proceeds of which can be used to refinance debt from social and environmental projects. Exploring options to expand private climate finance, as well as building on existing work on Carbon Markets (including in the cocoa sector) will be key to securing stronger domestic as well as international private financing.

[14] Ghana | Green Climate Fund
[15] Ibid.
[16] Lord Mensah (2021). 2021 Climate Public Expenditure and Institutional Review. https://www.cabri-sbo.org/uploads/files/Documents/September-14-Session-1-Ghana.pdf
[17] Ibid.
[18] Brief 2: Ghana Climate Finance Brief w/ Layout pp2-11 (climatepolicyinitiative.org)

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Local Sources

Much of the Government expenditure is budgeted as well as executed at the National level, rather than at the local MMDA or district level, which is where we know some of the most impactful work on adaptation can take place. The Climate Change Public Expenditure Review carried out in Ghana in 2021 identified that MDAs had a budget for climate earmarked activities between 2015-2020 of GHS 7,557 million (US$ 1.7 billion), of which GHS 2,037 million (US$ 472 million) was spent (27% budget execution rate). For MMDAs – the foundational institutions of the local governance system in Ghana – the budget for the same period was GHS 405 million (US$ 93.7 million), of which only GHS 142 million (US$ 32.9 million) was spent (35% budget execution rate)[19]. This indicates that there is a still a vast gap between national and local level allocations, and that the actual expenditure rates at both MDA and MMDA levels are still very low for climate initiatives.

Local governments receive funds from intergovernmental transfers (formula-based grants, conditional grants, and equalization grants) as well as internally generated funds (IGF) derived from local taxation. As part of Ghana's decentralization framework, policies have been established to ensure transfers are made. However, most local governments are not receiving what they need, and when they receive a portion of the transfers, the timing of actual cash disbursements is delayed and unpredictable. This is explained by the fact disbursements depend on cash availability at the central level, and de facto fall lower in terms of central expenditure priorities, explaining why they are never fully disbursed relative to budget allocations. This means MMDAs find themselves resource constrained, with transfers and IGF only covering wages and salaries, and some of the other operational costs, leaving very limited resources for financing local development projects. For example, local governments can start investment projects which are nominally funded through budgeted transfer allocations, but they are often unable to continue funding them as transfer allocations are only partially disbursed. In other cases, unfunded or underfunded investment activities in budgets are rolled into future years until they are finally deprioritized. This translates into significant constraints for financing local gender responsive climate adaptation projects. Without greater resource certainty, it is very difficult for local governments to effectively fund, manage, and implement climate adaptation activities. In line with these structural issues on transfers to MMDAs, our assessment of the composite budgets in six districts show that capital expenditure often receives very low allocations and zero or near zero actual expenditures.

[19] Lord Mensah (2021). 2021 Climate Public Expenditure and Institutional Review. https://www.cabri-sbo.org/uploads/files/Documents/September-14-Session-1-Ghana.pdf

District Assemblies have the authority to generate revenues from various sources independently of central government transfers, for example through business operating permits, local taxes, and levies. GIZ, through its Ghana Governance for Inclusive Development (GovID) project, supported local revenue mobilization. This included the development of the district Local Revenue (dLRev) software, which was deployed in over 100 MMDAs, and helped generate significant gains in IGFs. Local resource mobilization should be viewed as a key building block for improving access to financial resources that can be used by local governments to support adaptation programming.

There are, however, macro-fiscal challenges to mobilizing more domestic climate finance. Ghana is experiencing a period of economic vulnerability, following a series of exogenous shocks from the COVID pandemic, spikes in commodity prices driven by the war in Ukraine, followed by rising global interest rates. These shocks generated a large increase in Ghana's fiscal deficit in recent years, driven by stagnating Government revenues and a sharp increase in expenditures as a percent of GDP. This resulted in an exploding public debt, which increased from 58.3% of GDP in 2019 to 92.4% of GDP in 2022, along with a large increase in annual interest payments that directly fed into the deficit. The recent stabilization package approved by the IMF includes measures to reduce government spending which will constrain the ability of the government to domestically fund development expenditures, including those for climate adaptation, in the short to medium term. This makes it more likely that international funding sources will remain critical for the country during this period, particularly grant-based financing, which is less likely to exacerbate public debt challenges. Given the above, the development of a comprehensive climate financing policy document by the government that identified and prioritized potential financing arrangements would be a key step forward in this process.

SIGRA has a strong contribution to make in terms of building capacity, both at national and local levels, to strengthen the systems for planning, budgeting, and reporting, which can in turn support more effective resource allocation, spending, and monitoring of climate-responsive adaptation activities. The next section explores some of the specific strengths and weaknesses of public financial management (PFM) systems in Ghana.

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3. HARNESSING PUBLIC FINANCIAL MANAGEMENT SYSTEMS TO SUPPORT CLIMATE FINANCE

While there are several challenges faced in the management of resources for climate finance, there are a number of mechanisms embedded in Ghana's PFM systems for monitoring and reporting on climate expenditures which provide a strong basis for further development and strengthening.

First, the Ministry of Finance (MoF) plays an influential role in supporting climate change policy formulation as well as the mobilization, allocation, and tracking of resources, as per the NCCP. In 2010, the Ministry created the Natural Resource, Environment and Climate Change (NRECC) Unit to coordinate and manage financing in support of natural resources, climate change, and green economy activities. This aimed to prevent duplication of effort and guide distribution of resources to where they are most needed. While the reporting structures and processes to support these efforts are not coherent, nor fully functional, the establishment of this unit is an important step in recognizing the need for sustainable funding for Ghana's climate change policies. The NREC is also the National Designated Authority for the Green Climate Fund, thereby providing strategic oversight of the activities of the fund in Ghana, while also highlighting the country's low-emission and climate resilient development priorities.

After policy development and planning, integrating climate change consideration into fiscal policies and practice is the next significant step to ensure that resources can be allocated towards these priorities. Ghana has already taken steps to integrate climate finance in budget formulation. Budget circulars and guidelines include precise directives for MDAs and MMDAs to integrate climate into their plans and programmes. Indeed, the MoF's budget guidelines for 2021-2024 mandated government agencies to integrate climate change activities as well as gender responsiveness into their programmes.

The MoF has also been strengthening policy declarations about climate finance in annual budget statements. While sections dedicated to climate change policies in national budget documents have been inconsistent over the past years, the 2024 National Budget contained improvements, with a section on climate finance as well as climate adaptation updates included in the sector reports.

Steps have also been taken to facilitate the tracking of climate-related expenditure. Specific budget classification codes in the Government Integrated Financial Management System (GIFMIS) are assigned to expenditures which are deemed climate-related, to allow for easy identification and monitoring of funds allocated to climate initiatives. In parallel, the MoF developed a tool called CLIMAFINTRACK in 2020, a semi-automated Microsoft Excel tool that allows monitoring of climate-related expenditure by leveraging classification codes. While it draws its data from the GIFMIS, CLIMAFINTRACK is currently not directly linked to the budget preparation system or the GIFMIS, relying on data extraction instead. However, there are plans to directly link this tool, an important step which would improve the credibility and reliability of climate financing data, increasing reporting efficiency for MDAs and MMDAs for international climate finance requirements, including compliance with the Paris Agreement. Nonetheless, not all stakeholders are using the climate related expenditure codes when processing expenditures in both MDAs and MMDAs, often due to lack of awareness or understanding. Our assessments indicate that the EPA is one of the few agencies using the tracking tool effectively.

CLIMAFINTRACK holds a lot of potential to strengthen transparency, accuracy, and level of detail of climate finance reporting in Ghana. One current weakness is that it does not show at what level funds are being spent. One opportunity to strengthen CLIMAFINTRACK would be to strengthen the tool, by enabling it to disaggregate existing expenditure codes by location (i.e.identifying if expenditure is made at National, Regional or District level – information which is nominally present in individual expenditure codes). This would strengthen the tool and its usefulness for monitoring climate finance classifications, which entities are using it, and where there may be gaps in capacity that could be strengthened.

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Financial Reporting for international climate initiatives involves collaboration between Government, civil society, and development partners. The MoF coordinates all this reporting on climate and the SDGs. A monitoring and evaluation (M&E) framework was developed to track the climate progress and impacts of initiatives funded in annual budgets, and efforts have been made to build the capacity of relevant institutions and stakeholders in climate budget tracking (covering budget analysis, financial reporting, and M&E techniques specific to climate-related expenditure).

While CLIMAFINTRACK (which uses budget classifications and data from the GIFMIS) offers support to climate reporting, some changes in functionality could enhance its effectiveness. Currently, categories for climate expenditure and their relevance levels (High, Medium, or Low) are captured in policy objective codes, but this does not allow tracking down to individual expenditures, limiting the ability to track what funds are being spent on. In addition, use of the climate relevance codes has seen a trend towards an increase in the low-relevance coding, which suggests a capacity gap in understanding what constitute climate relevant activities and, consequently, how to code objectives and expenditure for climate relevance. Strengthening reporting requirements to be comprehensive, as well as including a more detailed breakdown of climate change and gender mainstreaming objectives would significantly enhance climate finance reporting. For example, the Sustainable Development Goals Report captures climate appropriations in a highly aggregated manner, without a detailed breakdown of climate change objectives. These are simply linking all expenditures covered under SDG Goal 13, which are reported under only two categories “climate change variability and change” and “disaster management”. This further demonstrates the need for more granular categorization.

Analysis of composite budgets within six districts revealed that although climate change issues and adaptation measures are acknowledged in their composite budgets, the measures are often categorized under different budget programmes or sub-programmes. For example, these may include water and sanitation, agriculture, and disaster management. However, they are not reported as climate adaptation interventions. MMDAs require capacity building and support to better understand the categorization of programmes and where they should include climate adaptation interventions. This would improve the precision of reporting and facilitate a clearer understanding of how resources are being allocated and spent, and their alignment with climate mainstreaming objectives. This is an area where SIGRA can offer support to the MoF and focus districts, providing training in the understanding of climate objectives in projects, and advice on strengthening existing reporting.

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In addition, one current key gap in the public financial management cycle for climate finance is results reporting. While tracking climate-relevant expenditure is valuable in itself, it is also vital to be able to capture the results of climate-relevant spending, to ensure that the limited resources available are being used as effectively and as efficiently as possible. The mandate for consolidating annual results from MMDAs up to national level sits with the National Development Planning Commission, and this includes a focus on climate change. Linkage of expenditure data and results data could significantly strengthen the transparency and visibility of climate finances in Ghana, and would require strengthening results reporting at MMDA, RCC, and national levels.

In terms of financial management, MMDAs adhere to robust financial management systems of accounting, internal controls, and reporting in the GIFMIS system. However, some assemblies at times have operated offline from GIFMIS, notably due to a lack of internet access. SIGRA could play a role in supporting access to the GIFMIS in districts where this is an issue. Further, the project can also build the capacity to use the system consistently, strengthen financial management capacities, and in particular for gender-responsive climate activities and climate finance tracking. In addition, the Ministry of Finance carries out monitoring of spending by MMDAs to ensure alignment to budgets and plans, and many donor projects make specific financial reporting requirements as part of their implementation agreements. This is completed by regular audits of MMDAs by the Ghana Audit Service.

Strengthening budgeting and classification of climate-related expenditures, as well as its monitoring and reporting would make for a substantial shift in the transparency of the flows of climate finances through Ghana's public finance systems and allow for a better assessment of where climate financing is being targeted. Strengthened ability to manage funds and stronger reporting systems would also put Ghana in a stronger position to absorb additional international climate finance and implement climate change projects which respond to the needs of its population.

4. RECOMMENDATIONS TO STRENGTHEN CLIMATE FINANCE ACCESS AND USE IN GHANA

Climate policy in Ghana represents a key asset enabling a response to the particular vulnerabilities of its diverse geographies and communities in a context where they have to adapt to changing weather patterns and their impacts on their livelihoods. The policy framework and network of institutions are strong but lack sufficient resources and at times capacities to ensure policies are effectively implemented and vulnerable populations supported in adapting to climate change. The national and international climate finance gap is considerable and will need to be closed up to enable a suitable response to the adaptation challenge the country faces in the coming decades. In addition, institutions and systems at the national and local levels will need to be strengthened and management capacity further developed to ensure that climate change projects are well designed, funds are managed and monitored effectively, and results reported in line with international standards. This will itself help ease the international climate finance gap and the ability of Ghana to access more donor funding.

The following recommendations are intended to identify pathways to strengthen capacity and systems in Ghana to improve access to and use of climate finance at both national and local levels. This concerns both through the Global Affairs Canada funded SIGRA project, but also more widely for the whole climate finance space.

ACCESS TO AND MANAGEMENT OF CLIMATE FINANCES

Recommendation 1

Support the technical capacity of key national and regional government actors to access international climate finance. Readiness is a key marker for countries trying to access these funds, and an ability to showcase rigorous application and proposal writing, financial management, reporting, and safeguards is essential for qualifying for funds with international donors. These are areas where Government capacity could be strengthened at national, RCC, and district levels.

Recommendation 2

Strengthen the project management cycle at district level for climate adaptation projects. If technical backstopping should be primarily focused at national and RCC levels, in Ghana's decentralization framework MMDAs are responsible for delivering climate projects that can best meet local needs, including in priority areas like agriculture. However, capacity weaknesses at MMDA level is one of the constraints to implementing effective adaptation projects. SIGRA can play a key role building capacity of MMDAs and staff to effectively plan, budget, implement, report and track results in gender-sensitive climate projects. This includes supporting districts in the roll out of the NAP's adaptation assessment methodology while strengthening transparency and accountability to local communities in terms of determining project priorities and later their results.

TRANSPARENCY, ACCOUNTABILITY, AND MONITORING OF CLIMATE FINANCES

Recommendation 3

Build on the existing climate finance tracking tool by linking expenditures to results to strengthen transparency and effectiveness.

While NRECC have made strides in building climate finance tracking and the use of CLIMAFINTRACK, there are several aspects which could be strengthened. Improving traceability of where funds are spent would be one element (i.e.at what level), to allow for monitoring down to the district level. Strengthening the visibility of results data for climate finance through the NDPC reporting process and linking that to expenditure tracking would be another key step.

Recommendation 4

Expand the scope of climate finance tracking beyond government spending.

There is a significant amount of spending on climate finance that does not go through the government in Ghana. That includes off-budget or off-treasury donor support, projects implemented by NGOs, and private finance. However, providing a better view of total spending across the country, better decisions could be made around directing resources that are in the government's control, notably for the NAP, to ensure that spending is effective and that efforts are not being duplicated. Strengthening the Government's donor coordination would be one way to start improving the quality and scope of data about climate finance coming from other sources. A first step to improve this data would be to strengthen reporting on donor-funded projects to the government about their spending in the sector. This would include data on the location of the work, its value, specific thematic areas, and climate relevance. Using SDG classifications would be a way to standardize the template and to allow it to contribute to coordination more broadly and not only for climate-related programming.

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Recommendation 5

Demonstrate the effectiveness of MMDAs to manage and report on climate finance projects.

As part of the efforts to show Ghana's readiness to receive more climate finance, SIGRA can play a role in demonstrating and showcasing how climate finance grants can be managed effectively using national PFM systems while delivering gender-sensitive climate adaptation results. The project will develop case studies of how these grants have been managed and how they have achieved their results. These will be shared with the government and other climate finance actors to help set the stage for future climate finance proposals and initiatives.

Recommendation 6

Support the capacity of Civil Society to influence and participate in the design, management, and reporting of climate initiatives, particularly at local level.

Civil Society plays a critical role in identifying the specific climate adaptation needs of communities and vulnerable groups, advocating for those needs with governments, and participating in the design, management, as well as the monitoring of the resulting initiatives. This further includes providing information on community perceptions of the results achieved and integrating this into reporting and accountability processes at local and national levels. It is essential to build the role and engagement of CSOs across the whole climate project cycle management cycle. Climate impacts are localized, and civil society is best placed to identify and advocate for local needs while supporting the planning, management and reporting processes. SIGRA will support participatory public expenditure tracking surveys (PETS) in MMDAs, focusing on gender-inclusive climate adaptation spending funded through SIGRA's grants, bringing together CSOs and MMDAs to strengthen transparency and accountability, and allow for adequate local scrutiny of such projects.