



GHANA'S ECONOMIC DEVELOPMENT UPDATES

Unlocking Private Capital for the Implementation of SDGs in Ghana

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Summary

In the lead-up to the 2023 Sustainable Development Goals (SDGs) summit, UNDP worked closely with governments worldwide, involving about 90 countries. These efforts aimed to identify SDG priorities and gather insights into achieving the goals. Although the focus was largely on the public sector and development partners, it became clear that achieving the SDGs by 2030 requires collective action from various stakeholders. The private sector's pivotal role in this endeavor cannot be underestimated. UNDP made considerable strides in engaging the private sector in SDG policy discussions throughout 2023. Their initiatives included supporting the International Chamber of Commerce's first-ever Supply Chain Summit in Ghana, collaborating with KPMG on a pre-budget survey to gather private sector perspectives on priority SDGs, and producing a COVID-19 business tracker, an MSME ecosystem resolution report, and eight SDGs investment plans (including six local and two national maps). These efforts enabled UNDP to determine key areas where the private sector can contribute to SDG implementation in Ghana. This policy brief aims to share the crucial findings from these initiatives, shedding light on UNDP's work to mobilize private sector resources for SDG implementation in Ghana.

Key Messages

1. Achieving the Sustainable Development Goals (SDGs) by 2030 requires collective effort involving various partners, including the private sector.
2. UNDP's work with private banks and financial institutions to enhance the financial inclusion of MSMEs and gathering market intelligence on investment opportunities is critical in attracting private sector investment into the SDGs.
3. The financing gap for the SDGs in Ghana, estimated at \$43 billion per year, equivalent to 52% of GDP requires better engagement with all stakeholders to unlock private capital to finance the SDGs.
4. UNDP will explore the use of impact measurement and innovative financing tools to attract private sector investment to critical SDGs opportunities.
5. UNDP will continue to actively engage with the private sector to unlock private capital for the implementation of the SDGs in Ghana.



BACKGROUND/ CONTEXT

The private sector, encompassing a wide range of enterprises from multinational corporations to local businesses, contributes to 85.6 percent of formal and informal jobs in Ghana (Ghana Statistical Service 2015). They work on fostering skills, driving innovation, and providing essential infrastructure, affordable goods and services as they focus on making profits. Furthermore, the private sector is crucial in international trade, generating foreign exchange and competitiveness. Many countries continue to depend on foreign direct investment and local investors for large scale projects with huge potential for job creation and contribution to countries' overall development. To harness this potential in Ghana, in 2011, the government developed a national policy on Public Private Partnerships (PPP) to encourage Ghanaian private sector to engage in infrastructure and services delivery by providing a business conducive environment for PPP.

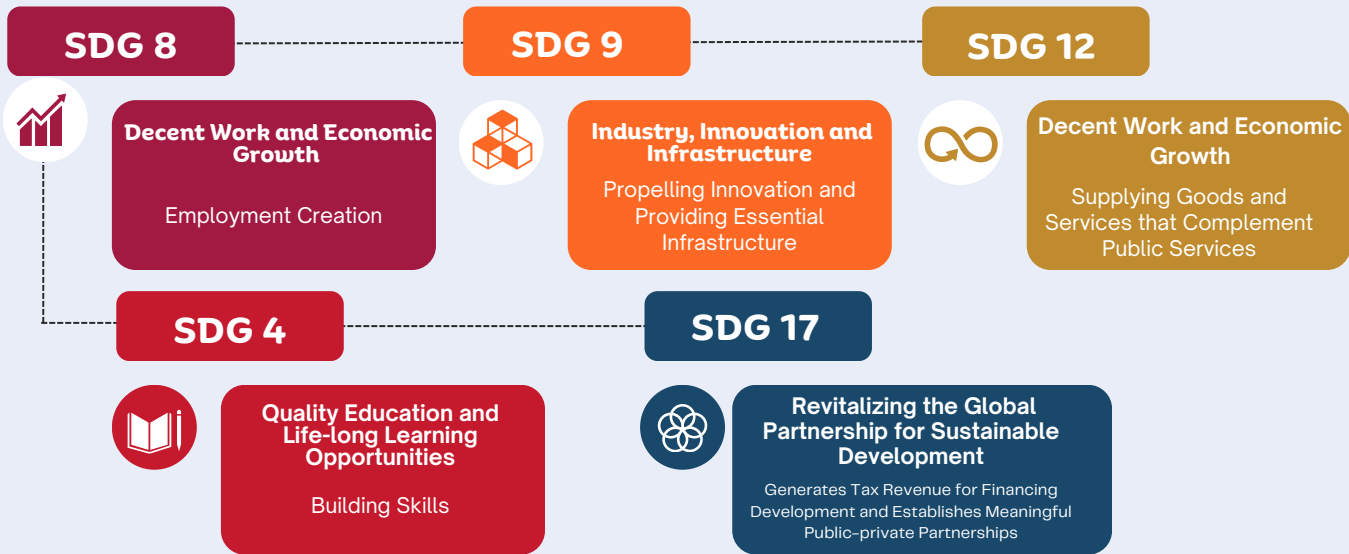
The private sector has long been recognized as an engine of economic growth in Africa. Many countries note the importance of developing the private sector for the rapid industrialization required for economic transformation. Creating the enabling environment for the private sector to contribute to development is critical in tapping into this strategic resource for development. In this vein, the role of government in regulating markets with the aim of ensuring desired economic, social and environment outcomes is an important enabler for the private sector to thrive.

In Ghana, the services sector (often dominated by the private sector) contributes about 45% to GDP growth. This is a resounding reminder of the significant role of the private sector in the country's economy. This contribution is not surprising given the myriad of private sector companies, businesses and firms in the country working across different sectors such as education, health, hospitality, telecommunications, transport, logistics and banking.

Aligning private sector investment therefore with the SDGs holds great potential for its contribution to the achievement of the goals. Private investment strategies align with SDG priorities by addressing issues such as poverty, hunger, and overall public health. Numerous studies have shown that private sector-led productivity growth through investment can be transformative force in development ¹.

1. Lindahl Claes, "Sida's Independent Guarantee Scheme, SIDA Evaluation 06/52," 2006.

Some of the notable contribution of the private sector to the SDGs include:



This goes to show that the private sector’s role in development is not limited to financing but includes direct contribution that enhances development. Also, the private sector is keen on progress on sustainable development given the positive impact this has on business environment and markets. This win-win situation in which sustainable development is a prerequisite for the private sector to thrive and the private sector is increasingly important as a significant partner for sustainable development provides for UNDP’s keen interest and commitment in strengthening the role of the private sector for sustainable development in Ghana.



A SUMMARY OF UNDP'S AREAS OF WORK TO STIMULATE PRIVATE SECTOR INVESTMENT IN THE SDGS IN GHANA

In an effort to foster partnerships and stimulate private sector investment in the SDGs in Ghana, the UNDP has been actively involved in various initiatives. Here are some examples of UNDP's areas of work that have the potential for further development.:

Advocating for SDG-Aligned Private Capital:

UNDP has strategically partnered with the International Chamber of Commerce (ICC) to launch the 'Africa Sustainable Supply Chain Summit' in March. This summit brought together relevant stakeholders, particularly from the private sector, to discuss and explore ways to build resilient supply chain measures that unlock the full potential of the African Continental Free Trade Area (AfCFTA).

Incorporating Corporate Perspectives in Public Policy:

In collaboration with KPMG, UNDP has integrated the views of the private sector across various industries into the preparation of public policies that impact SDG achievement. The survey results provide evidence and background information to ensure that upcoming national budget preparations effectively reflect the private sector's concerns and priorities.

Strategic Partnerships:

UNDP has forged strategic partnerships with private sector entities to leverage their expertise in the market. For instance, UNDP is aligning investment pipelines with the goal of achieving the SDGs, collaborating with the Ghana Investment Promotion Center (GIPC). UNDP also works closely with private sector organizations interested in contributing to the SDGs through their business expertise. This includes collaborations with private banks and financial institutions to enhance financial inclusion for MSMEs.

Market Research and Investment Attraction:

UNDP conducted market intelligence to direct and attract private sector investment into SDG sectors. This initiative resulted in the development of an SDG Investor Map, which identifies 21 investment opportunity areas in Ghana through a joint research effort with PwC.



Status of private sector's involvement in SDGs in Ghana

Ghana is recognizing the importance of strengthening partnerships with the private sector and is making significant efforts in this regard. The SDGs Advisory Unit, which operates under the office of the President, has implemented several initiatives to achieve this goal. These initiatives include mobilizing the SDGs Delivery Fund, which aims to pool five percent of the private sector's CSR budget to support priority SDGs initiatives. Additionally, Ghana has convened a CEO Advisory Group to facilitate the implementation of SDGs in businesses.

However, Ghana still has a long way to go to reach the targets for most of the goals, as indicated in the dashboard below. It has been revealed that significant challenges persist for a number of SDGs, including SDGs 1, 3, 5, 6, 10, 11, 14, and 16.

Figure 1 Ghana's SDG Performance (SDG Dashboards and trends)



While the challenges for the achievement of the SDGs have been established, the financing gap for SDGs in Ghana is also quite substantial. It is estimated at USD 43 billion per year, which is equivalent to 52% of GDP. To address this challenge, which is also faced by other countries around the world, the UNDP launched an initiative to unlock USD 1 trillion in private capital and increase the number of businesses of all sizes that align their strategies and operations to the SDGs. To efficiently advocate for this initiative in Ghana, it is essential to evaluate and understand where private sector companies stand in terms of implementing the SDGs in their business and their perspectives.

An understanding and appreciation of the SDGs framework is a starting point on the journey to ensuring alignment of private sector investment to the SDGs. UNDP in 2023 established a collaboration with the KPMG, through this collaboration, a recently conducted survey provides valuable insights into the level of SDG awareness and their integration into private sector operations. Involving 133 businesses, the demographic overview of the surveyed organizations reveals a rich diversity, as depicted in the infographic below. From the results, it is observed that 22% of the 133 enterprises that completed the survey are headed by females, almost 71% of the enterprises are based in Accra and 43% of the enterprises have over 100 employees.

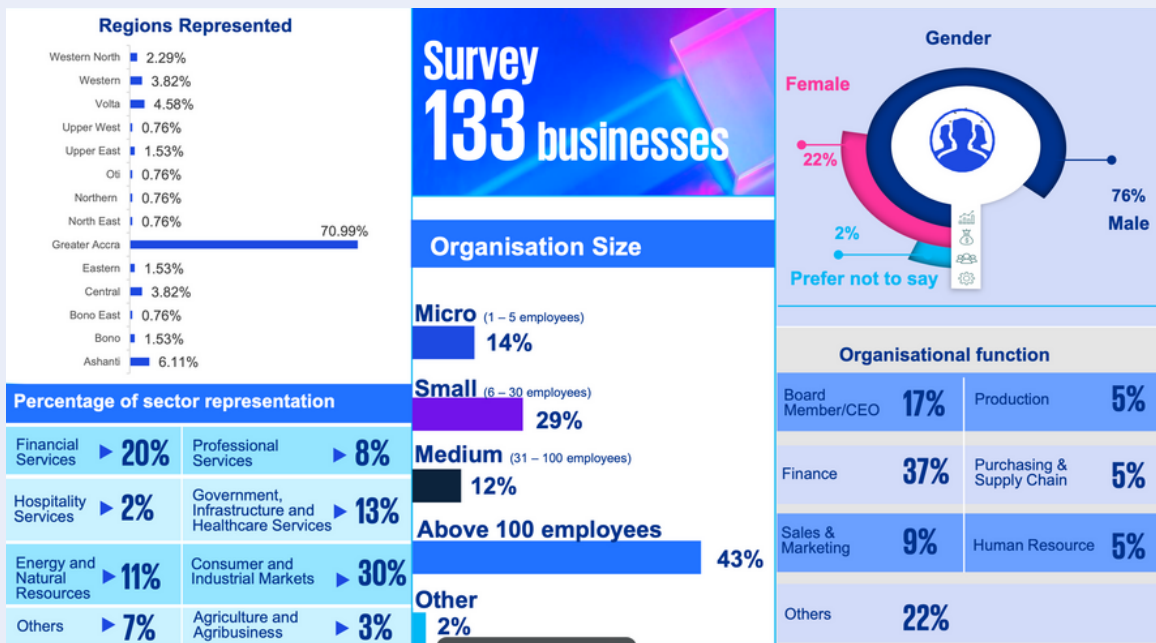


Figure 2 Demographic Overview of respondents for UNDP&KPMG Survey on private sector's commitment on SDGs

The survey result showed that businesses in Ghana recognize the importance of SDGs, particularly No Poverty (SDG1), Good Health and Wellbeing (SDG 3), and Decent Work and Economic Growth (SDG 8), in shaping their operations. These goals underscore the interdependence of economic prosperity, a healthy and productive workforce, and a stable business environment. Furthermore, a majority of respondents (86%) support for Government incorporation of SDGs into the budget formulation.

This reflects a growing demand for SDG-focused governance and resource allocation strategies.

Top three SDGs businesses think the 2024 budget should focus on

- Goal 3** Good Health and Well-Being
- Goal 4** Quality Education
- Goal 1** No poverty

Suggestion to incorporate SDGs into budget formulation



Minority of businesses suggested that to incorporate into the national budget formulation process, Government should:

- Use the SDGs as the basis of resource allocation
- Prepare a qualitative report on how the budget contributes to the achievement of the SDGs.

Top three SDGs for businesses



Businesses contribution to the SDGs

92%

of respondents believe that their businesses are contributing the the achievement of the SDGs indicated that their businesses are aligned to the SDGs

Businesses alignment to the SDGs

85%

of respondents indicated that their businesses are aligned to the SDGs of the 15unaligned businesses, 86% of them expressed interest to align their businesses with the SDGs

Key areas of prime importance to businesses



The UNDP and KPMG survey's aim was for the private sector to contribute to national budget preparation process by indicating key areas for change in the 2024 budget. In this vein, the private sector proposed for increased government allocation to three SDGs: 3: good health and wellbeing, 4: quality education and 1: no poverty out of the 17 SDGs (see above). This result points to the importance of qualified work force (education) with increased productivity (through good health) for the private sector. Indeed, achieving these SDGs are key enablers for the private sector to thrive. Also, health and education are in themselves forms of investment for future economic growth, a means to an end and not only an end in themselves. The fact that the private sector is proposing for the budget for 2024 to prioritize good health and wellbeing; Quality education; and No poverty is a strong indication of the convergence in priority SDGs to turn around the economic situation.

Similarly, in preparation for the SDG Summit last September, the government completed an SDGs prioritization process. The process entailed an extensive consultations within government and the following 5 SDGs targets, sequenced in order of priority have been selected:



To complement this effort and integrate the voice of the private sector, UNDP and KPMG survey, highlighted top three SDGs of interest to the private sector:



The private sector is calling on the government, in the 2024 budget to prioritise investment in:



The convergence in prioritizing SDGs 8 by both the public and private sector is a testament to the importance of turning around the current challenging economic situation. UNDP will continue to work with both the government and the private sector and support the implementation of a comprehensive SDGs plan.

WHAT ARE THE CHALLENGES?

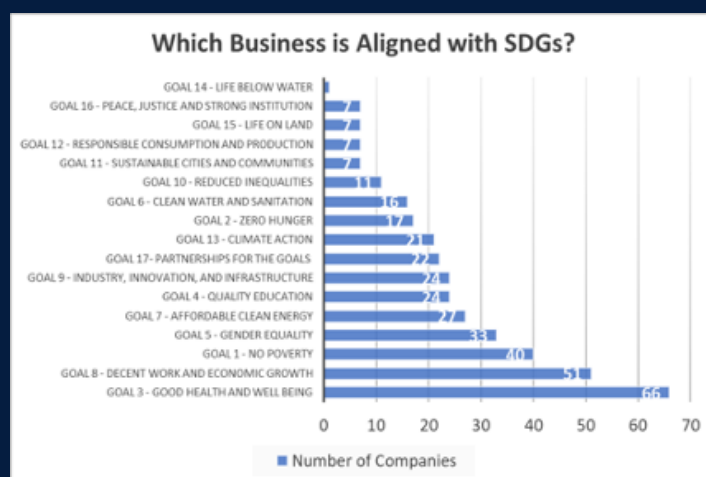


1 Lack of guidance and consistent and comprehensive information on private sector SDG implementation

At the International Chamber of Commerce's first supply chain summit held in Ghana in March 2023, UNDP carried out a survey on private sector experiences with the SDGs in Ghana. The survey was completed by about 28 companies attending the conference most of whom are companies in Ghana. The results illustrates that while the private sector acknowledges their roles in the SDGs, implementation remains a challenge. According to the survey results, 96% of respondents reported that they are aware of the SDGs, with 78% indicating that they have incorporated sustainable development into their business models. However, only 52% of respondents stated that they are actively engaged in the implementation of the SDGs to some extent. According to the above mentioned survey from ICC Summit participants and respondents to the survey conducted in collaboration with the KPMG, private sector companies in Ghana are aware of the SDGs and are willing to integrate them into their business activities, but they often struggle with how to put these goals into practice.

To maximize their impact, private sector companies need to establish SDG goals and targets through impact measurement. They should work to align SDG activities with their company's overall purpose, strategy, and business model to create an integrated impact value chain. Smaller companies that lack dedicated departments or staff to implement these initiatives may require assistance from third parties with expertise in SDG implementation.

The UNDP's tool[1] to foster partnerships between the public, private and development actors for the SDGs, the Africa Business Map is another initiative worthy of mention. The 2022 business map (Figure 1) produced results showing the alignment and contribution of private sector companies to respective SDGs in Ghana. The top 3 SDGs highlighted (good health and wellbeing; decent work and economic growth and no poverty) by 145 companies[2] in this regional survey are consistent with what private sector companies' response to the survey administered in collaboration with the KPMG. Most private sector companies contribute to good health and wellbeing, economic growth, reducing poverty, supporting gender equality and clean energy. Without doubt, good health and well-being is critical for productivity and contribution to economic growth and the impact of the same on private sector growth are key elements of interest for the private sector in the SDG agenda.



The Africa Business Map is a database of companies with information collected through multiple research and data collection options including self-submissions from companies to highlight how their work supports the SDGs.

Please note that the total number of responses will be more than 145 as some private sector companies indicate contributing to more than one SDG.



2 Limited coordination between private sector and other stakeholders

The pathway to achieving the SDGs by 2030 requires a collective effort, and no single entity can accomplish this alone. However, a question in the ICC Summit survey asked who plays a major role in achieving the SDGs, only 51 percent responded that it required a multistakeholder approach. Although there have been several initiatives to engage the private sector, including convening the CEO Advisory Group and undertaking the Country Financing Roadmap (CFR) for the SDG initiative, these efforts are mostly driven by the government and or development partner. This has resulted in uneven involvement of the private sector and civil society organizations (CSOs) in the design process.

Not only is there a need for an accessible platform that allows all stakeholders to participate in the dialogue, but there should also be more voluntary networks or activities co-led or organized by the private sector to enhance accountability in the implementation of the SDGs.



WAY FORWARD

In conclusion, to engage the private sector to achieve SDGs in Ghana, it is crucial to provide practical guidance for establishing an impact value chain within their businesses and to facilitate voluntary platforms and networks that can coordinate multiple stakeholders while consistently representing the private sector’s perspective in policy dialogues. There are some solutions suggested to better engage more private sector’s contribution to the SDGs and close the SDG financial gap:



Promote SDG Impact Measurement:

As a primary step, it is essential to orient private sector enterprises on how to measure the impact of their business activities in alignment with the SDGs. In this regard, the United Nations Development Programme (UNDP) flagship initiative, SDG Impact, has developed the SDG Impact Standards to guide businesses and investors in integrating sustainability and the SDGs into their internal management and decision-making practices. Through our needs assessment survey with private sector companies in Ghana, all respondents expressed their willingness to participate in SDG Impact Standards training. This demonstrates a growing interest and readiness among private sector entities to contribute to the SDGs. Such guidance will play a vital role in transforming business practices towards sustainability.

