

Natural Capital Accounting in Ghana: Country Brief



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Background

Ghana has achieved remarkable success in economic growth over the past two decades, with significant contributions from renewable environmental assets such as ecosystems and natural resources. Since 1990, Gross Domestic Product (GDP) in Ghana has more than quadrupled. However, growth has been inequitable. It is therefore unclear the extent to which growth can be sustainable given its heavy reliance on nature.

Natural capital plays a significant part in the socio-economic development of Ghana. However, information available to the Government of Ghana (GoG) on the contribution and value of Ghana's natural capital is limited. As a consequence, natural assets (such as land and forests) and the ecosystem services they support (e.g. water flow regulation, soil retention, climate regulation) are undervalued in economic planning and decision making. At the same time, the internalization of natural capital in various policy, planning, and other decision processes, while crucial to Ghana's transition to a more inclusive, sustainable, climate resilient, and green economy, has not yet fully taken place.

Several factors have hampered the sustainability of natural accounting at the national and local levels. At the national level, inadequate and poor data quality and relatively low technical capacity within Government institutions were cited as major problems confronting the natural capital accounting work in Ghana. In 2012, researchers from the University of Ghana noted that unavailability of accurate information, up to date data, and information gaps were a major hindrance to the sustainable use and conservation of biodiversity. This was further highlighted in the State of Environment 2016 Report.

Over the last three decades, Ghana made significant strides in the journey towards accounting for environmental and natural resources. In the 1990s, the Ghana Statistical Services (GSS) with the technical support from United Nations Statistical Division (UNSD) and the Overseas Development Administration (ODA), financially supported by United Nations Environmental Program (UNEP), did a pilot study of the System of Environmental-Economic Accounting (SEEA). Asset accounts for timber, marine fish, subsoil assets, water, and forestland compiled during the exercise, for the period 1991-1993¹ also indicated that although the

Natural capital includes land, water, minerals, ecosystems and forests, among others. Natural Capital Accounting uses data to consistently track how the environment adds to the economy and how the economy affects the environment. Measuring and recognizing the value of natural capital and incorporating it directly into national accounts, statistics, policy, and decision-making supports the achievement of a more inclusive and sustainable economic growth.

The System of Environmental Economic Accounting (SEEA) is a framework that integrates economic and environmental data to provide a more comprehensive view of the interrelationships between the economy and the stocks and flows of environmental assets. It contains internationally agreed standard concepts, definitions, classifications, accounting rules and tables for producing internationally comparable statistics and accounts. The SEEA framework follows a similar accounting structure as the System of National Accounts (SNA). The framework uses concepts, definitions and classifications consistent with the SNA in order to facilitate the integration of environmental and economic statistics.

importance of non-timber forest products is recognized in the Ghanaian economy, it was not possible to obtain data necessary to compile forest accounts. In 1993, the Center for Economic Research on Africa in its study Forest Resource Accounting in Ghana, 1970-1987, attempted to set up both Physical and Monetary Accounts for timber resources for the period². Later, the World Bank funded a Country Environmental Analysis which helped determine the state of natural resources in Ghana and a Cost of Environmental Degradation report in 2016. This demonstrates Ghana's consistent efforts in this regard.

Ghana's focus today

Ghana is now stepping up its efforts to address existing data gaps, and to create strong linkages and integration of NCA activities into decision-making. The World Bank's Global Program on Sustainability (GPS), in partnership with the UNSD, is providing technical and financial support to the Ghana NCA Program. Its overall objective is to strengthen capacity for natural capital accounting and its use for policy, development and investment planning in Ghana.

The specific objectives of Ghana's NCA Program are to:

- Institutionalize NCA using a "learning-by-doing" approach by strengthening account-specific technical capacities across relevant institutions.

This requires building on existing institutional arrangements and structures, ensuring strong institutional collaboration and coordination, and fostering continuity of NCA activities across institutions.

- **Mainstream natural capital into the development policy dialogue and planning in Ghana.** Currently, the country's Medium-Term National Development Policy Framework (2022-2025) aims to safeguard the natural and built environment. It also seeks to increase restored or rehabilitated degraded and mining areas to about 5,000 hectares by 2025. The NCA program will inform policies and investments under the Ghana Landscape Restoration and Small-Scale Mining Project (GLRSSMP).

The Ghana NCA program accounts

With support from the GPS, Ghana is currently working on the Wealth Accounts and Adjusted Macroeconomic Indicators, Land and Ecosystem extent accounts, and Ecosystem services accounts. The ecosystem services accounts include such ecosystem services as water flow regulation, carbon sequestration/storage, sediment retention, and selected provisioning services from forests. The accounts are being developed using the SEEA framework.

The Global Program on Sustainability helps countries integrate sustainability considerations into policies and decision making by developing accounts for stocks and flows of natural resources and ecosystem services, and analyzing the corresponding risks and opportunities for the development process. GPS builds on nearly a decade of experience from the Wealth Accounting and the Valuation of Ecosystem Services (WAVES), global partnership that piloted development of natural capital accounts using them for policy purposes in a dozen countries during 2012-2020.

Launched in 2019, GPS is structured around three core pillars:

1. Global Data and Analytics;
2. Country and Regional Level Support
3. Sustainable Finance.

Under Pillar 2, GPS supports over 20 countries, assisting with the production of data and analysis on natural capital and ecosystem services, and with using that information for country-level policy and investment decisions.

Key policy questions the Ghana NCA program will address:

- What is the contribution of natural assets and the ecosystem services they provide to the national economy?
- How does Ghana build capacity for measuring, valuing and integrating natural capital and ecosystem services-related information to better inform decisions?



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¹Economic and Environmental Accounting for Forestry: Status and Current Efforts. Report by FAO Academic and Research Institutions Partnership Programme and in close collaboration with UN Statistics Division and the World Bank Environmental Economics and Indicators Unit. See <https://www.fao.org/3/ab600e/ab600e.pdf>

²Baytas and Rezvani (1993)



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- What are the underlying implications of exploiting natural capital under Business-As-Usual conditions?
- What is the income and wealth of Ghana when adjusted for environmental impacts and use of natural resources?

The program will also develop some key studies that will complement and apply the accounts in policy analysis. This will include support for updating of the National Biodiversity Strategy & Action Plan (NBSAP). Ecosystem accounts will provide information to prioritize ecosystem restoration areas as well as assess payment levels in the PES scheme envisaged in the Ghana Landscape Restoration and Small-Scale Mining Project, through measuring and valuing forest ecosystem services, and changes in their values given different land uses of designated areas.

Institutional structure

The institutional structure is made up of:

- The Steering Committee (SC)
- The Technical Working Group (TWG)
- The Sub-Working Group (SWG)

The SC provides overall guidance at the policy level. The SC for the NCA program is the same for GLRSSMP, with GSS as co-opted member. It is co-chaired by the Ministers in charge of the Ministry of Lands and Natural Resources (MLNR) and the Ministry of

Environment, Science, Technology and Innovation (MESTI) and is composed of senior officials from key agencies with mandates relevant to natural capital. The TWG and SWG consist of representatives from the Environmental Protection Agency (EPA), the National Development Planning Committee (NDPC), the Forestry Commission (FC), the Ghana Statistical Services (GSS), Lands Commission, MESTI, and Water Resources Commission, Ministry of Finance and Bank of Ghana among others. The TWG is chaired by a coordinator from the EPA and two co-coordinators from GSS and NDPC.

Progress

Since its Inception in March 2022, the Ghana NCA Program has achieved the following under the leadership of the TWG and support from the SWG:

- Held an inception workshop, four in-country missions and eight TWG and about twenty SWG meetings
- Developed a detailed work program with assigned roles and responsibilities.
- Developed a communication strategy for disseminating natural capital information.
- Initiated and steadily progressed in the development of Wealth Accounts and Adjusted Macroeconomic Indicators, Land and Ecosystem extent accounts and Ecosystem services accounts.
- Produced initial results for the land and eco-system extent accounts and macroeconomic indicators.

- Facilitated core member participation in a hands-on training on Artificial Intelligence for Environment Sustainability (ARIES) in Kigali, Rwanda.
- Facilitated an NCA knowledge exchange hosted by Statistics Netherlands, jointly with Ethiopia, which is also just starting implementation of NCA activities with the GPS support.



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Supporting partners

The Ghana NCA program recognizes that coordination with other development partners, in addition to core funding from the GPS, is central to achieve the set objectives, avoid duplication and overlaps, as well as build synergies. The program is thus receiving valuable support from the Food and Agriculture Organization (FAO) of the United Nations, Statistics Denmark (SD) and UNEP-World Conservation Monitoring Centre (WCMC) technical teams.

The FAO is providing support for the implementation of the SEEA Agriculture-Forestry and Fisheries (SEEA-AFF).

UNEP WCMC is supporting the program with the production of a biodiversity-related demonstration account. WCMC is also facilitating the preparation of a plan for Advancing Environmental Economic Accounting in Ghana. SD is providing technical support on the compilation of Environmental Goods and Services and Environmental Protection and Expenditure Accounts.

Next steps/way forward

The Ghana NCA Program will continue to leverage on these successes and existing structures to strengthen institutional capacity for natural capital accounting. The program is initiating national dialogue and advocacy on natural capital accounting and ultimately support the national objective of producing Green GDP/Environmentally Adjusted GDP for relevant policy uses.

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