



## Team Europe Initiative on smart, green and digital recovery in Ghana

### Introduction

The Team Europe Initiative (TEI) for Ghana is supported by the EU, the European Investment Bank (EIB), Germany, France, the Netherlands, Denmark, Hungary, Spain and the Czech Republic.

It will contribute to the Ghanaian government's transformation and recovery agenda, with a strong emphasis on the green and circular economy and robust policy support to the climate and environmental policymaking. The initiative will support the Paris Agreement's objectives through creating sustainable jobs, particularly as associated with human capital development and catalysing the digital transformation. This allows for reaching out to remote parts of the country, leveraging on a strengthened science, technology and innovation (STI) ecosystem. Furthermore, good financial management at central and municipal level may be addressed.

The proposal is fully in line with the external dimension of the EU Green Deal. Climate change mitigation and, to an even greater extent, adaptation will also reduce incentives to illegal migration and preserve livelihoods, particularly in the Northern part of the country, where the youth are most vulnerable to extremist influence and women are the first victims of violent extremism. It is therefore in the interest of Europe, as much as of Ghana.

The EU and its Member States can use their experiences and competences in climate, natural resource management, sustainable and green economy to offer a broad range of hard and soft tools through which cooperation can be implemented. The tools include expertise, capacity building, technology transfer, scientific cooperation, scholarships, twinning and covenants, innovative financing, private and public partnerships.

In particular, the EU will prioritise three thematic areas: sustainable inclusive growth, sustainable cities and urban governance, and agribusiness and cocoa value chain. The EU acknowledges the potential to boost inclusive and sustainable growth by spurring innovation, generating efficiencies, improving services, attracting youth, and increasing transparency and accountability. Therefore, fighting corruption and digital transformation initiatives will be included in all three pillars. A solid gender dimension (EU Gender Action Plan) as well as digitalisation will be systematically included in all pillars. EIB in particular could contribute to investing in telecom infrastructures and digital services.

The EU overall estimated contribution to this TEI is EUR 100 million. This represents 50% of the NDICI-GE indicative amount for the period 2021 – 2024 (see financial overview - European Response).

The EU's indicative contribution to this TEI is subject to the confirmation of the partners' indicative meaningful contribution as early as possible. In the absence thereof, the EU's indicative contribution may be redirected in accordance with the priority areas of the MIP and their allocations. The obligation of the Union and the Member States to coordinate their development policies following initiatives by the Commission to this effect, as per Article 210 TFEU, always applies.





## 1. Sustainable inclusive growth

MSMEs represent the backbone of Ghana's economy. Support to MSMEs in general and more specifically to businesses in the circular economy embodies the move towards a green economy, building on the successful circular economy seminar organised in 2019. In particular, the EU will mobilise innovative and inclusive financial instruments, notably to support the digitalisation of innovative, export-oriented companies.

The TEI will support Ghana's transition to a green economy model, which factors in scarcity and cost of inputs. The initiative will aim to unlock investments in sustainable and circular businesses, ensuring sustainable product management and resource efficiency in sectors such as renewable energy, plastic policy, and waste management. Support to the energy transition will also be part of a possible combination of EU instruments. France, already supporting investment and reforms in energy transition, will look for new ways (innovative financing and policy dialogue) to promote a sector still in a situation of financial distress.

Support to the TVET-system will be envisaged in order to equip young people with the skills demanded by the private sector, as to foster job creation. The EU will support, in particular, the efficient management and sustainable financing of TVET. Germany is a key player in the TVET sector and has been accompanying major government reforms especially at secondary level. Hungary contributes to the tertiary education and TVET with its scholarship scheme, and also promotes career guidance approaching the less developed rural areas of Ghana.

France, especially through Proparco and AFD's support to banks (including public banks), will target MSMEs and sustainable infrastructure as a way to promote green economy, jobs and gender equality. Specifically, technical assistance to MSMEs through capacity building programmes would increase MSMEs' investment readiness, which will clearly increase investment opportunities for Proparco through its financial partners, including private equity funds. Proparco would be willing to set-up a program with the EU in order to reinforce investment readiness of MSMEs in Ghana. Germany will continue to support private sector development, MSMEs (e.g. Development Bank of Ghana, support to the bankability of private sector investments, digitalisation of MSMEs and the banking sector), the further development of TVET with a strong focus on private sector involvement, employment creation through innovative investment vehicles, e.g. *Investing For Employment* (IFE Facility), e-waste, renewable energies and energy efficiency through technical and financial cooperation as well as development partnerships with the private sector through Public-Private Partnerships (PPPs).

On energy efficiency, in a TEI spirit, the EU, EIB, France and possibly Germany will join efforts to modernise the electricity distribution network in northern Ghana. France will notably support to the distribution network rehabilitation to reduce technical losses. The EU will support the commercial efficiency via the digitalisation of the sector, as well as provide technical assistance to implement gender mainstreaming in the sector and improve the sector financial situation. In parallel, the EIB and possibly Germany will contribute to sustain safe and renewable energy production in Ghana, through the retrofits of two dams.

The EIB will continue to support MSMEs through commercial banks, microfinance institutions, private equity funds, and risk sharing facilities.

The Netherlands will continue support for green entrepreneurship through various private sector development programmes, aimed in particular at developing business skills of youth and





women, creating jobs and increasing their access to finance. Furthermore, the Netherlands aims to contribute to private sector initiatives in circular economy, building on decades of assistance in WASH and waste management. Spain will continue to offer support for entrepreneurship, particularly in the field of tourism, by facilitating the adaptation of professionals faced with new professional requirements, especially those arising from innovations related to new strategies and technologies, and transferring know-how in the field of training and business consultancy. Actions will continue to be envisaged in the areas of higher education and research.

Digitalisation and digital entrepreneurship (e.g. AEDIB) will increase opportunities for MSMEs to digitalise their core business and to develop new digital products to strengthen competitiveness and productivity. Thus, digitalisation will contribute to job creation as well as unlock the circular economy potential addressing technology, market structure, policy and skills/knowledge. France will be supportive of digital economy through dedicated operations or by including digital component in its operations. Germany will consider promotion of inclusive growth by fostering digital innovation via support for digital transformation in rural areas, support to technology start-ups, support to strengthen know-how on artificial intelligence. The EIB is keen to finance the digitization of Ghanaian commercial banks, especially with the aim of improving access to finance for female and young entrepreneurs. EIB support could also be achieved through venture capital, private equity and infrastructure funds, particularly those focusing on investments to support innovation and digital sectors.

## 2. Sustainable cities and urban governance

The EU support will target sustainable urban planning, mobility and infrastructure, including municipal water and waste management, as well as resource mobilisation and accountability. As part of EU support, urban infrastructures will be developed to increase their contribution to climate change mitigation and adaptation, and biodiversity conservation. Mainstreaming of digital technologies will help improve the quality of urban services and reduce their costs.

Germany is providing support to 100 Metropolitan, Municipal, District and Assemblies (MMDAs) across the country, including all 16 regional capitals, with technical assistance to support local governance, revenue mobilisation, public financial management and accountability. Via financial cooperation, all 260 MMDAs are supported with performance based transfers through the District Assemblies Common Fund – responsive Factor Grant (DACF-RFG) to finance social infrastructure. The geographic information system (GIS) based digital revenue management system will be further developed as to allow its usage for spatial planning and management of municipal services, and to include additional options such as collection of stool land fees, rent tax and electronic payments.

France has long been involved in urban development and city mobility in Ghana – especially in Kumasi – and will build on that experience to support the development of this key sector, including through digitalisation. Digitalisation will facilitate the development of innovative solutions for urban management (application of software to establish fiscal cadastres, collect revenues, develop spatial and climate adaptive plans in urban areas). This would also support the aim of ensuring equitable access to public services, notably in health. Germany and the Netherlands also contribute to digitalisation with software development for revenue collection, fiscal cadastres development and urban planning as well as support to digital transformation at the MMDA-level.





France aims to strengthen the cooperation between Ghanaian and French municipalities to build more sustainable cities, as the partnership between Accra and Paris – both members of the C40 Cities Climate Leadership Group -, signed in 2019, through supporting innovative initiatives in the waste management sector (funding from the City of Paris and French Ministry for Europe and Foreign Affairs). Synergies with ongoing Danish technical support, institutional development and research to improve climate resilience, waste water management and urban water supply in Tema Municipality in Greater Accra could be explored. This support is further under development through concessional loans from the Danida Sustainable Infrastructure Finance supporting a green field development of a new drinking water delivery system in eastern greater Accra, with a scope to supply drinking water to approximately 1.2 million people, as well as industrial parks. Possible support for rehabilitation and expansion of wastewater management and sewer system and improved climate resilience is also under preparation. Furthermore, Hungary is planning to execute water treatment projects in Accra, Takoradi, Tamale and Cape Coast. Besides the technology transfer and financial support, Hungary is keen on the education of Ghanaian experts of the water industry as well as civilians on responsible water consumption and environment protection for sustainability. Spain is already providing support in water and sanitation, particularly in municipalities in the Volta Region, and urban infrastructure (bridges) in several regions. New projects are being discussed in the fields of waste management and health. Additionally, Spain is ready to provide support for urban planning, architecture and sustainable management of cultural and natural heritage.

### 3. Agribusiness and cocoa value chain

The initiative will boost the economic and financial viability of the sector, factoring in sustainability and climate change adaptation in all stages of the value chains (i.e. production, post-harvest in particular storage, primary and secondary processing, transportation and marketing). In particular, the EU will promote sustainable use and management of natural resources and support the preparation of green development plans and strategies.

The support to cocoa sector will be a prominent component of the TEI. The EU will continue the structured policy dialogue, building on Cocoa Talks which started in 2020. The interventions will strengthen the institutional, legal and regulatory capacities to ensure a decent living income for cocoa farmers. They will also ensure the preparedness of the country to comply with the new legislative requirements currently under preparation by the EU, notably to prevent deforestation.

The interventions will support an increased productivity, diversification of revenues, the fight against deforestation and child labour, with an increased attention to gender balance. Other areas of intervention will target the adoption of sustainable practices by the private sector, and improved traceability and transparency mechanisms to support the sustainability of the cocoa value chain, including through digitalisation.

France has been involved in the agriculture sector and water management for decades, and will look to reinforce its activities in perennial crops – especially cocoa and shea trees, and research. Perennial/tree crops are key for the Ghanaian economy and positively reinforce other agendas, including biodiversity, deforestation, gender equality, and poverty reduction. The interventions will support efforts to further ecosystem-based rehabilitation and conservation agriculture as well as sustainable timber production and forest protection. Building on past EU/EIB experiences and practices in the agricultural sector, France intends to employ innovative financial initiatives to foster private investments aimed at linking MSMEs to markets. The EIB





is keen to engage with interested parties to make the bio-economy more resilient and aligned with climate commitments. France will also support biodiversity management through different financial tools, mostly dedicated to CSOs (such as the French Facility for Global Environment FFEM, “Strengthening the Professional Skills of Civil Society Organizations in Ghana” programme).

Germany supports promotion of agribusiness to foster import substitution and export through technical and financial cooperation. Digitalisation will strengthen data collection, enhance land governance, and allow efficiency gains. Focal areas for NL are youth employment and entrepreneurship in green agribusiness and sustainable cocoa. NL contribution will include grants and other available financing modalities (investments, loans, guarantees and PPPs). In its contribution to the TEI, NL will also build on past and existing initiatives in Ghana in the area of support for entrepreneurs and strengthening of cocoa, palm oil and horticulture value chains. Hungary continues its intensive research activities in Ghana on the development of drought-resistant crops and also contributes to the development of efficiency in agro-processing in order to promote sustainable industrialisation.

## 4. Instruments

Interventions will be designed in coordination with EU MS, while seeking complementarity and cooperation with the EIB, which flagged explicitly its interest in all three sectors, as well as other donors and IFIs, to leverage private investments. It will have two components, addressing the public and the private sector respectively:

### 4.1 Policy component

A comprehensive policy component will provide support to relevant authorities (national, regional and municipal) to develop, reform and enforce policies, laws, regulations and standards. The component will also facilitate the sharing of practices between EU and Ghanaian partners, including through public-private dialogues. The EU will also seek to support efficient inter-ministerial coordination and sufficient involvement in policy-making processes from civil society, environmental and professional organizations. Sound macro-economic management will be crucial for the stabilization of Ghana’s economy. The policy dialogue with Ghana will be led by the EU with the participation of relevant Member States depending on the specific subject. Policy dialogue is an important aspect in all of Germany’s priority areas; France will more specifically support policy dialogue in the energy sector, while Netherlands will further strengthen policy dialogue with regard to sustainable cocoa production.

The interventions under the policy component will include harmonisation and revision of laws and regulations in the fields covered by the initiative, including decentralised management, multi-level governance, domestic revenue mobilisation, transparency and reliability of budgets, accountability, support to green and digital public policies and management (including procurement), development of green and digital skills and curricula, and green financing and fiscal reforms.

The policy component of the TEI will be specifically involved in improvement of State Owned Enterprises supervision by the State, through its support to State Interests and Governance Authority. It will also support preparation and implementation of reliable baseline data, development plans and strategies, relevant for the green and digital transition. Grants, technical





assistance, studies, Copernicus, and TAIEX & twinning will be used. Budget support / reform financing could be instruments to consider, possibly in joint operations with Germany as was planned under the SDG Contract before the COVID-19 crisis.

#### 4.2 Investment component

An investment component will provide direct funding and mobilise additional resources, through direct grants, blending and guarantees, IFI's and private investments in green businesses, sustainable infrastructure, and natural capital. The mobilisation of EU instruments will be at the heart of the AFD group strategy in Ghana, as will also be the case for the Danish modality, Danida Sustainable Infrastructure Finance. It will actively look to promote and use EU grants, blending and guarantees, and will promote alignment and partnership with EU and other Member States.

Human capital development will take the form of targeted skills training, including in the digital and tech field, and higher education including scholarships and support to local academic institutions. As Germany combines the instruments of technical and financial cooperation, investments are made in all of Germany's priority areas.

The EIB is planning to reinforce its investments in Ghana, using a mixture of financial instruments targeting the public sector, the private sector, as well as eligible financial institutions (including banks and microfinance institutions). In addition, the EIB will support MSMEs, digitalisation or the energy transition via equity fund investments. Targeted investment initiatives will be defined for both private and public sectors.

Concept Paper



Annex – Smart, green and digital recovery intervention logic



# Contribute to smart, green and digital economic recovery in Ghana

**Impact**

**Indicators**

Corruption Index: 75 of 180 (2020), The Inclusive Internet Index: 89 of 120 (2021), Global Connectivity Index: 72 of 79 (2020), Gender Inequality Index: 138 of 189 (2019)

Proportion of youth (aged 15-24 years) not in education, employment or training

Proportion of urban population living in slums, informal settlements or inadequate housing

GHG Emissions - overall and for the agricultural sector  
Annual household income in rural areas (GH¢)

**Specific objectives**

Improve the business environment for local and foreign private investors in green and sustainable models

Improve efficiency, relevance and quality of TVET and higher education

Enhance delivery of accessible services including water, sanitation, environmental management and climate mitigation

Promote participatory and socially inclusive urban governance

Enable more sustainable and inclusive agribusiness value chain in the cocoa sector

**Indicators**

Domestic credit to private sector (% of GDP)  
Number of Micro, Small and Medium Enterprises applying Sustainable Consumption and Production practices with TEI support

Amount of public education expenditure allocated to TVET  
Number of secondary education and vocational training pupils (per year), disaggregated by sex

Proportion of population using safely managed drinking water services, by urban/rural (%)

Number of cities with climate change and/or disaster risk reduction strategies: (a) developed, (b) under implementation with TEI support

Number of Farmers in the cocoa value chain reached with EU support who increased their revenues

**Pillars of action**

**Sustainable inclusive growth**

**Sustainable cities and urban governance**

**Agribusiness and cocoa value chain**

**Results**

Increased capacity and financial services for business innovation and entrepreneurship, incl. sustainable and digital solutions  
Job seeker's skills on digital, green and pharmaceutical technology are improved

Improved MMDAs capacities and facilities for the application of smart city solutions, the provision of waste and sanitation services, water management, mobility and other services

Protocols and mechanisms for inclusive policy dialogue established

Capacities of sustainable agribusiness enhanced

**Indicators**

Number of beneficiaries with access to financial services with TEI support: (a) firms, (b) people - all financial services, (c) people - digital financial services  
Number of jobs supported/sustained by the TEI, disaggr. for green jobs  
Number of people who have benefited from institution or workplace based VET/skills development interventions supported by the TEI: (a) all VET/skills development, (b) only VET/skills development for digitalisation

Number of e-governance systems and services established and/or improved with TEI support  
Number of people with access to improved drinking water source and/or sanitation facility with TEI support

Number of MMDAs provided with technical support and training on local governance, revenue mobilisation, public financial management and accountability

Number of smallholders reached with TEI interventions aimed to increase their sustainable production, access to markets and/or security of land

**Team Europe Members Participating**  
NL  
DE  
FR  
DK  
CZ  
HU  
ES  
  
EU  
EIB  
  
**Modalities expected**  
Budget support  
TAIEX  
Twinning  
Technical Assistance  
Grants  
Blending  
  
**Political steer**  
HoM meetings  
  
**Management**  
HoC meetings  
  
**TEI coordinator**  
To be confirmed