

CTI PFAN and REEEP  
Side Event  
Doha12 COP18-CMP8

## **Private Sector Finance in Ghana Sectors required for Funding**

Friday 30th November 2012  
18:30 - 20:00 - Room 8

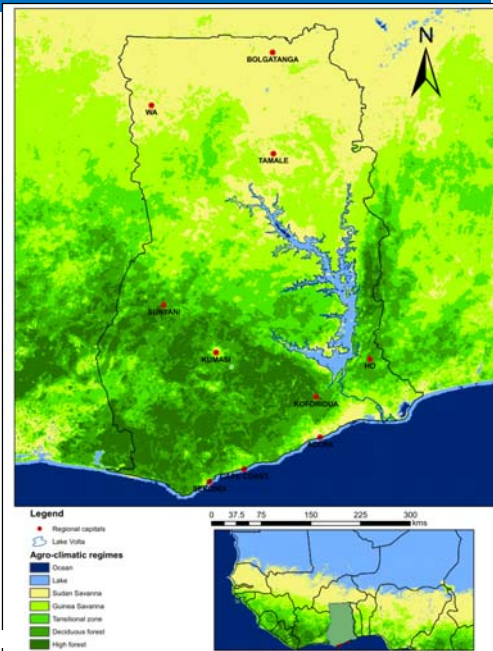
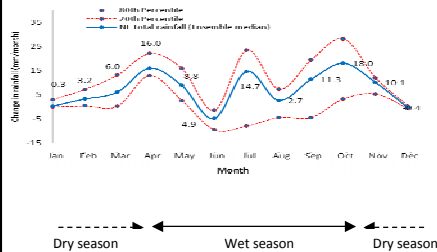
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### **Outline of Presentation**

- Climate Change as development Concern
- Climate change governance regime
- Climate Change Risk in Ghana
- Private sector Initiatives
- Sectors required for funding

## Climate Change considered as Developmental Concern

1. **Diversity of the agro-climatic regimes across the country**
2. Current Inter-governmental Panel on Climate Change (IPCC) scenarios project that **warming is highly likely to occur well into the future (IPCC, 2007)**
3. **Poverty would make us less adaptive** to climate change impacts

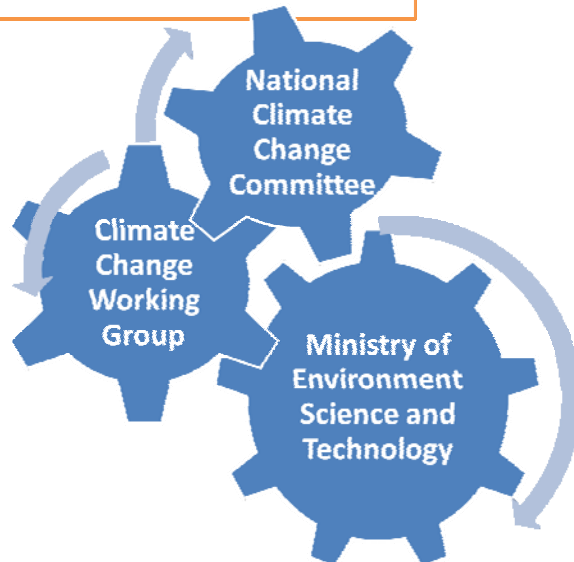


## Ghana- is not the cause of climate change

- Ghana's emission represents about **0.05% of the total global emissions** as (EPA, 2011)
- Ranked 108 in the world
- Represents a total per capita emission of nearly 1MtCO<sub>2</sub>e per person
- Lower than major developing economies

# Climate Change Governance in Ghana

## Institutional Mechanism



## Assets

- **Policy and Strategies**
  - Climate change policy and Adaptation strategy
- **Community reach**
  - NADMO response to climate change and other threats with **organised government officials** and **trained volunteers** –
  - EPA has constituted **environmental management Committees**
- **Technical capacity**
  - EPA, Ghana (national focal point of Climate change)
  - **Foundation of local expertise**
  - **host specialised working groups**
- **Fiscal resilience** – **financially stable** and **surging economic growth**
- **Indigenous knowledge** – long cultural history and great wealth of indigenous knowledge

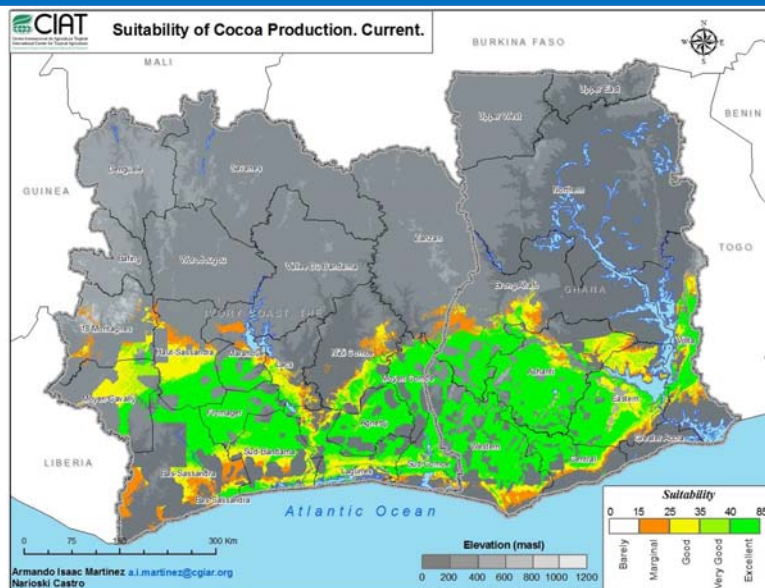
# Climate Change Risks

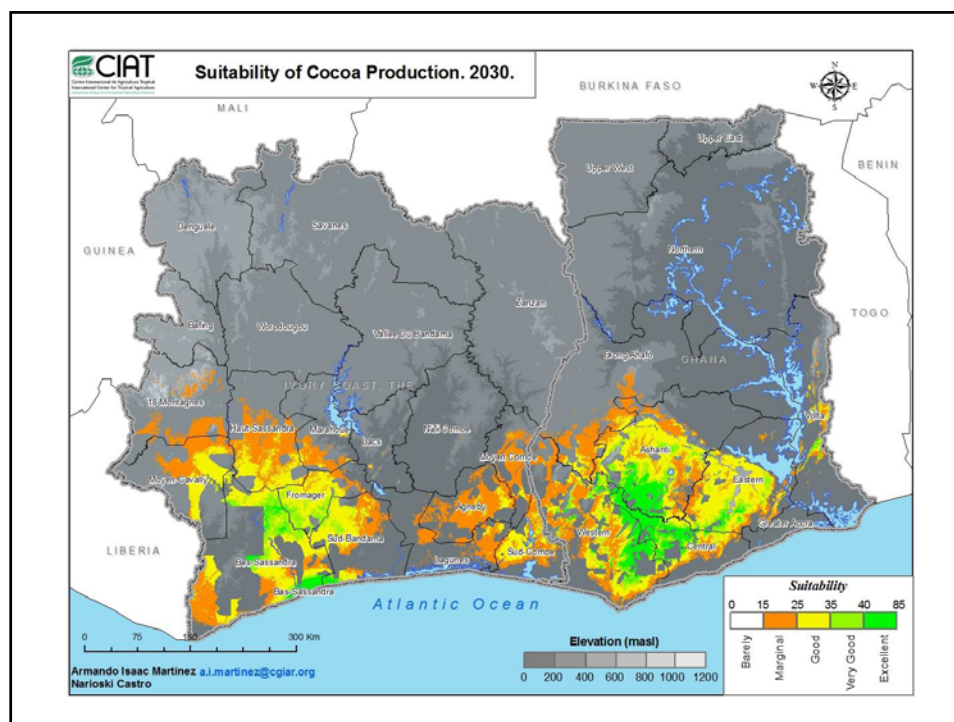
According to the **2nd Edition of Climate Vulnerability Monitor, (CVM, 2012)**

GDP losses in most **vulnerable areas in Ghana by 2010/2030** from Highest to lowest are:

- **Labour productivity** (**Acute/Acute**) 3.0% - **6.1%** of GDP  
The most serious **health/sanitation effects** are:
  - Diarrhoea infections, hunger, heat illnesses (malaria and meningitis)
- **Fisheries** (**high/Acute**) 0.3% - **1.1%** of GDP
- **Agriculture** (**Severe/Acute**) 0.4% - **0.7%** of GDP
- **Sea Level Rise** (**moderate/Moderate**) 0.3% - **0.4%** of GDP
- **Biodiversity** (**moderate/high**) 0.1% - **0.2%** of GDP

## Impact on Cocoa (2<sup>nd</sup> World producer )





## Highlights on Private Sector CC Initiatives

Ghana Agricultural Insurance Programme (GAIP)	
Set up	June 2011
Develop by	<b>GIZ, REEEP, Local banks and Insurers</b> for maize farmers
Objective	To develop a <b>sustainable agricultural insurance system protect against financial risks caused by extreme weather events and other forms of climate change</b>
Implemented by	National Insurance Commission ( <b>NIC</b> ) and German Development Cooperation ( <b>GIZ</b> ) in collaboration with Ghana Insurers Association ( <b>GIA</b> )
Funded by	German Federal Ministry of the Environment, Nature Conservation and Nuclear Safety (BMU)
Approach	Public Private Partnership
Model	Co-insurance Pool Model

## Lessons/ achievements (positives)

- Formed **Ghana Agricultural Insurance Pool**
- Rolled out the **drought index insurance for maize**
- Created an environment for **public-private sector dialogue**
- Set up institutional organization** for coordination
- Build local capacity on agricultural insurance** in Ghana
- Improvement of data availability** (installed automatic stations)
- Developing new products** for new crops (rice, soya, millet)
- Targeting commercial farmers**, agro input dealers, NGOs with a wide network of farmers

## Challenges (Negatives)

- Data availability** and infrastructure
- Minimizing basis risk** (no payouts in 2011/12 though crop losses)
- Mismatch** between lending period of banks and cropping calendar/ insurance contract period
- Costs for marketing**, premium collection
- No subsidies** from the government
- Slow premium growth** could discourage the commitment of the Pool members

## Ban on importation of used fridges

- With effect from **1<sup>st</sup> January, 2013**
- **Ban on importation of used refrigerators** into the country is being reinforced
- Save Ghana from **high energy use**
- Save Ghana from about **\$33 million** annually

## Further Areas Required for CTI PFAN support

- Support of **new Business Plan** for GAISUR for assembly, manufacture & distribution of energy efficient refrigeration & cooling equipment
- Support & Advice for **deployment of RE technologies** (biomass / solar / wind) - eg in IPPs
- Support & Advice for **projects** and **companies** involved in **waste recycling** and **waste to energy projects**
- Support & Advice to companies, NGOs & public sector for the **development and financing of new business models** which address access to energy, **infrastructure development**, **sustainability** and **poverty**

## Requirements and benefits of CTI PFAN in Ghana

- **Development of new business models** for **agriculture & agribusiness** using **RE inputs** and **climate insurance products** to **improve value chain** and **efficiency** esp. in storage & distribution to increase climate resilience
- Development & Deployment of **new insurance products** (esp for agriculture & infrastructure)
- Development of MRV for **evaluation of social & environmental** benefits of adaptation and mitigation related investments
- **Capacity building** for private sector developers, local financial institutions, investors & related government agencies on mitigation & adaptation technologies to **familiarize with technologies & business models and reduce risk thresholds**

**Thank you**