

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

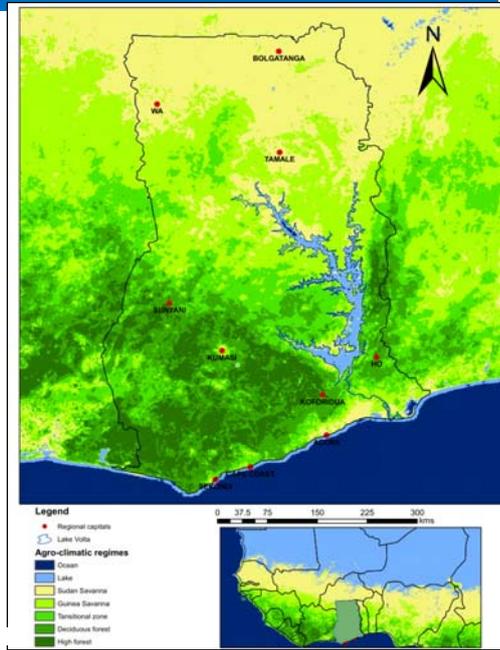
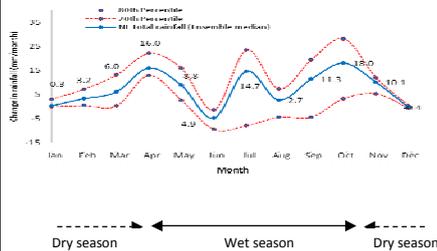
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Outline of Presentation

- 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**

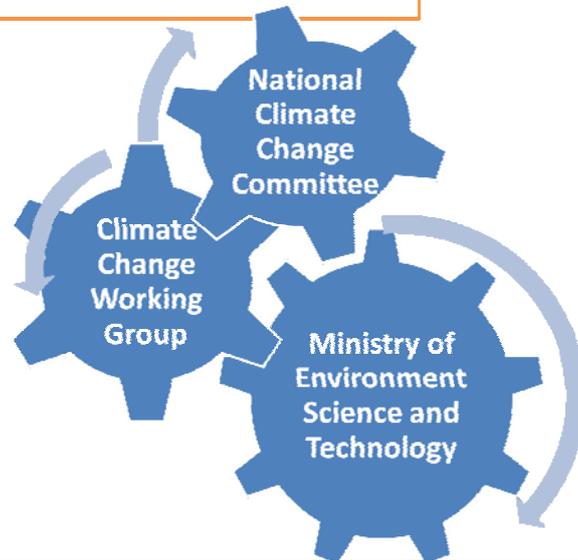


Ghana- is not the cause of climate change

- 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 1MtCO₂e 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

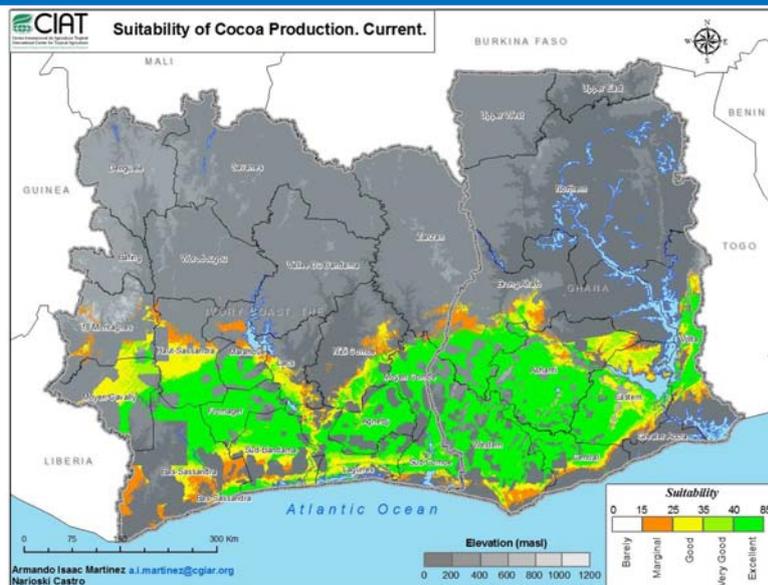
Climate Change Risks

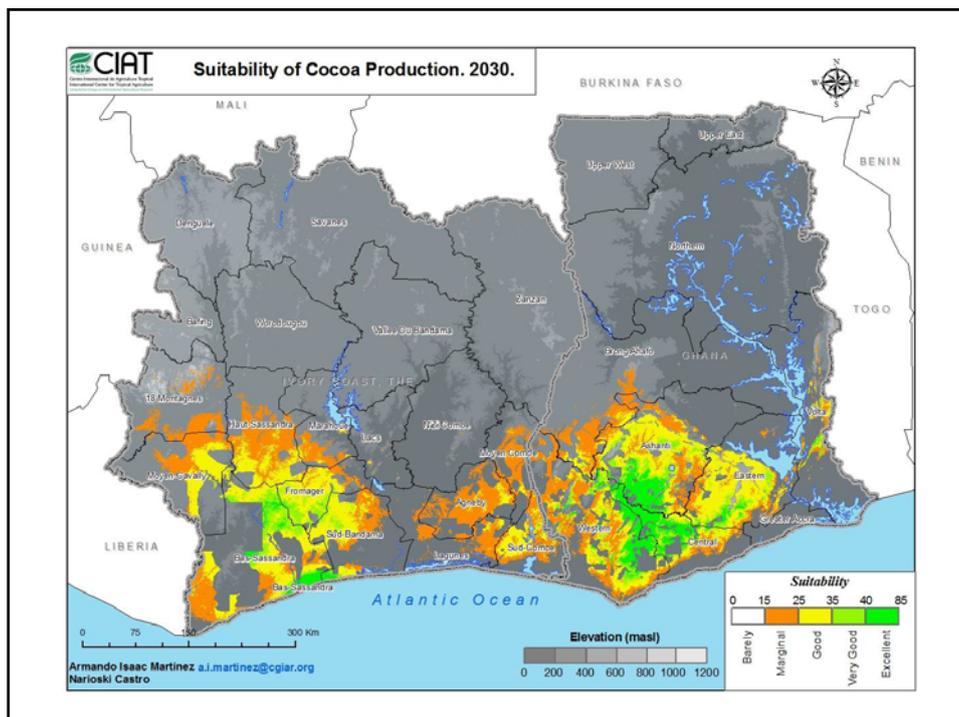
According to the **2nd Edition of Climate Vulnerability Monitor, (CVM, 2012)**

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 (2nd World producer)





Highlights on Private Sector CC Initiatives

Ghana Agricultural Insurance Programme (GAIP)	
Set up	June 2011
Develop by	GIZ, REEEP, Local banks and Insurers for maize farmers
Objective	To develop a sustainable agricultural insurance system protect against financial risks caused by extreme weather events and other forms of climate change
Implemented by	National Insurance Commission (NIC) and German Development Cooperation (GIZ) in collaboration with Ghana Insurers Association (GIA)
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 **1st 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 & agri-business** 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