



Factsheet

Country: Ghana

Project: Innovative Insurance Products for the Adaptation to Climate Change (IIPACC)



Agricultural Insurance in Ghana

Background

Ghana is very vulnerable to climate change. By 2100, the mean daily temperature is expected to increase by three degrees Celsius and rainfall to decline between 9% and 27%. Its effects – higher temperatures and a higher frequency and intensity of droughts and floods as well as other weather related events – pose risks for farmers. Despite technological advances, climatic conditions are still key factors for agricultural productivity.

The project “Innovative Insurance Products for the Adaptation to Climate Change” (IIPACC) was initiated to support Ghana in tackling

the socio-economic costs and risks associated with climate change. The project is funded by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety. It is jointly implemented by the National Insurance Commission of Ghana (NIC) and German International Cooperation (GIZ). The project aims at developing and introducing agricultural insurance solutions in Ghana. The project started in December 2009 and will run until the end of June 2013.

Project

The overall objective of the IIPACC project is to enable the insurance

sector in Ghana to offer innovative and demand-oriented as well as economically sustainable insurance products against financial risks caused by extreme weather events and other forms of climate change. To this end, the project plans to facilitate the development and piloting of agricultural insurance products. This will be achieved through ongoing mentoring support to insurance companies and by facilitating linkages with international reinsurance companies.

Further, the IIPACC project aims at laying the foundations for the development of further agricultural insurance products, potentially through investments in the

meteorological infrastructure as well as improved data collection and analysis. In addition, IIPACC will educate and train relevant stakeholders, such as insurance companies, delivery channels and farmers. Besides working



Left: Rice farmers in Tamale



Left: Maize farm in the northern part of Ghana.

Right: Banana farm in the Volta Region.



on a micro and meso level, the project seeks to promote an enabling regulatory and political environment for agricultural insurance in Ghana.



Tree on a rubber farm in the Western Region

Ghana. For the first time, weather influence on harvest was examined for different crops (e.g. maize, banana, cocoa, rubber).

The reactions to IIPACC's efforts have been very positive so far. Based on these results, a steering committee has been set up with high-level representatives of the insurance sector and farmers, the Ministry of Finance and Economic Planning, the Ministry of Food and Agriculture, the Ghana Meteorological Agency, the World Bank, Ghana Re as well as NIC and GIZ to oversee the introduction of agricultural insurance products in Ghana.

As a result of these findings and interactions, the insurance sector has decided to set up a technical support unit which will serve as a "Center of Excellence for Agricultural Insurance" in Ghana. The unit will be trained to enable it to develop agricultural

insurance products for the insurance industry.

Even outside of Ghana, the work of the project has yielded a positive echo. Several rounds of discussions with international reinsurers have taken place and they have shown great interest to cooperate closely with the project.

The project is currently working with local and international stakeholders to assess the possibility to develop a first product for the 2011 crop season.

Impact

IIPACC started in December 2009. First, workshops were held to inform key stakeholders about agricultural insurance products, inherent opportunities and challenges. Important representatives of the public and the private sector participated in the workshops.

A feasibility study published in August 2010 analyzed regulative and climatic conditions for implementing agricultural insurance products in



The IIPACC Team observing weather instruments in the northern part of Ghana.

Imprint