

The case of Ghana | Innovative Insurance Products for the Adaptation to Climate Change



Challenges and Lessons Learned in implementing a sustainable agricultural insurance system

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Outline



- » Overview & Structures
- » Achievements
- » Success Factors & Challenges
- » Lessons learned





IIPACC and GAIP Overview & Structures

On behalf of



of the Federal Republic of Germany

MCII-GIZ Workshop | Bonn, 10 April 2013



Innovative Insurance Products for the Adaptation to Climate Change



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



» **Overall Objective:**

“To support the development of a **sustainable agricultural insurance system** and to introduce innovative and demand-oriented crop insurance products to protect against financial risks caused by extreme weather events and other forms of climate change

» **Time frame:** December 2009 – June 2014

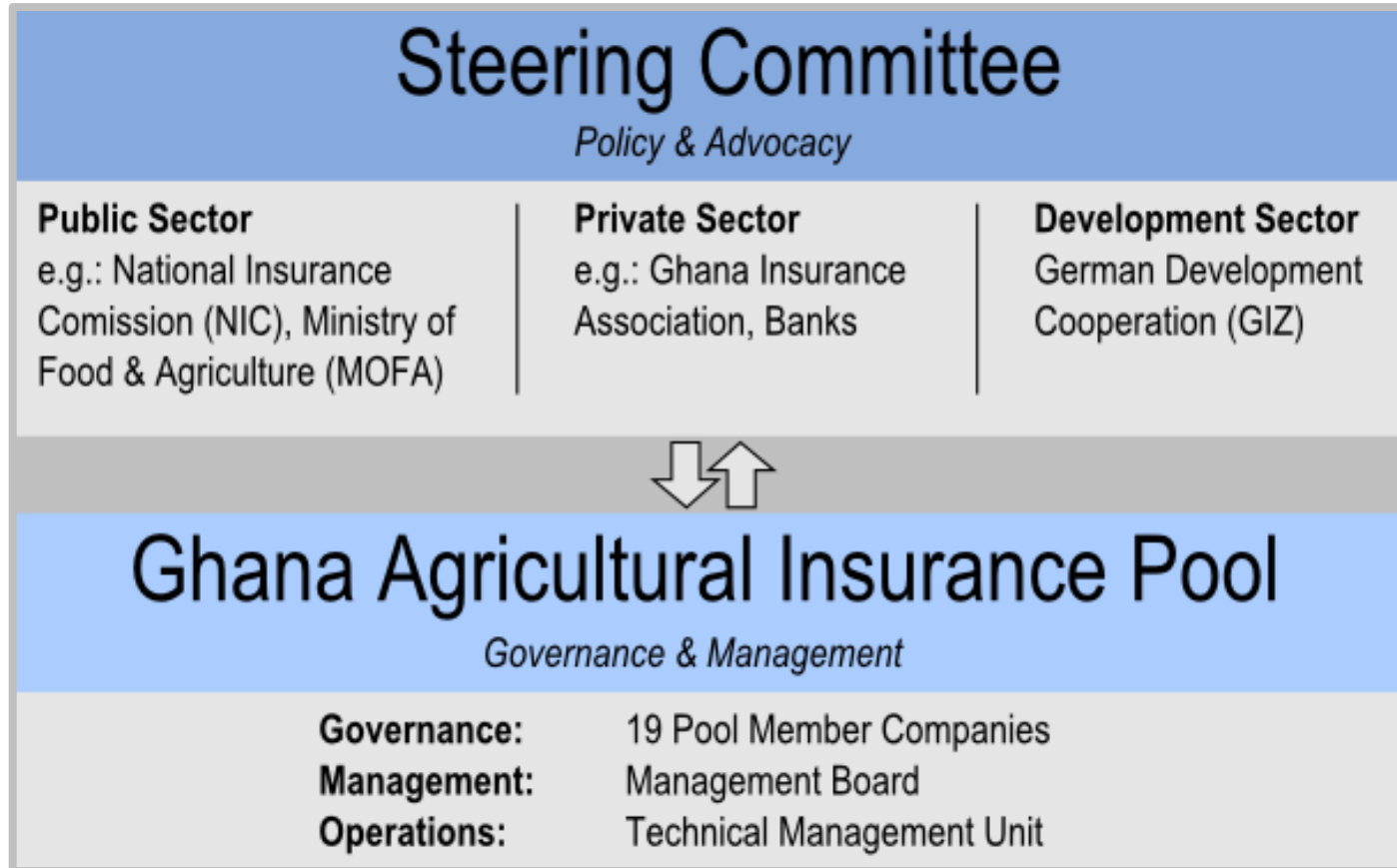
» **Funded by:** German Federal Ministry of Environment, Nature Conservation and Nuclear Safety (BMU)

» **Total funding volume:** € 3,832,000





GAIP Structures





GAIP Achievements



Achievements



	2011	2012	2013
Products	WII	WII	WII, NP, MPCl, AYII (Pilot)
Coverage	Three regions	Six regions	Seven regions
Crops	Maize	Maize, Soya	WII: Maize, Soya, Sorghum, NP: Rubber
Data	Precipitation data GMet	Precipitation data GMet, satellite	Precipitation data GMet, satellite, crop production data
Clients	Rural banks, commercial banks, research inst.	NGOs, research institution	NGOs, FBOs, research institution, banks, commercial farmer, targeting at input suppliers, processors...
Marketing/ Distribution	Meetings, sensitization workshops	2011+ start with agents	2011 + agents, agric fares, Pool members, radio, website, marketing material, payouts of 2012

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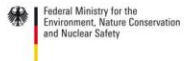




Success Factors & Challenges



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Success Factors & Challenges



Success factors & Challenges	
Capacity building of supply side	Green
Regulatory Framework and Support	Green
Steering	Green
Public-private sector dialogue	Green
Risk diversification/ reinsurance	Green
Awareness Creation	Light Green
Data availability, accuracy, reliability	Light Green
Diversified product portfolio	Light Green

Success factors & Challenges	
Cost-effective distribution channels	Red
Affordable premium rates / comprehensive risk cover	Red
Active government involvement	Red
Ownership	Light Red
Minimizing Basis Risk	Light Red

Scale-up and Sustainability ?

On behalf of



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Lessons learned



Two major requirements to ensure scale-up and use of insurance as a climate and disaster risk management tool

Success factors & Challenges

Active government involvement

Affordability of premium rates

- » Government to consider insurance as one instrument to manage agric and climate risks by
 - » Incorporating agricultural insurance in national agricultural policy and climate change adaptation strategy
 - » Playing a coordinating role: GAIP should not be viewed as a pure commercial initiative, rather consider the public good element
 - » Awareness creation
 - » Linking MOFA extension services (risk prevention & reduction)
 - » Provision of data for free
 - » Considering premium subsidies
 - » Risk layering
 - government – catastrophic lo-fre hi-sev
 - insurers/re-insurers remaining risks
 - Farmers retain hi-fre lo-sev by using on-farm risk mitigation or self-insurance
- » Active government involvement can contribute to affordable premium rates/comprehensive cover, scaling-up and sustainability





Thank you very much for
your attention!



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