

## Public private partnerships in Ghana

To be recognized as a highly professional Division within the Ministry of Finance dedicated to the efficient and effective management of public investments, state interests and assets to support Ghana's accelerated growth.

The Division exists to ensure efficient and effective management of public investments, state interests and assets for the promotion of sustainable economic growth and development of Ghana through the formulation and enforcement of robust legal, institutional and regulatory frameworks.

A 2022 project under the Tripartite Agreement which was launched to help strengthen the financial resilience of flood-prone communities in Ghana, has successfully delivered two parametric insurance products: the Excess Rainfall Cover and the Flood Footprint Product. Spearheaded by the Ghana Ministry of Finance, UNDP's Insurance and Risk Finance Facility, and the Insurance Development Forum, with support from BMZ through the InsuResilience Solutions Fund (ISF), the project's two parametric solutions enhance Ghana's urban flood risk adaptation.

If you recall, Ghana recently purchased its first parametric drought insurance policy from African Risk Capacity Limited (ARC Ltd.), the financial affiliate and parametric insurance underwriting entity of the African Risk Capacity (ARC) Group.

It's no secret that Ghana is heavily exposed to major flooding, with the country experiencing over 27 major events over the past 30 years, 15 of which struck Accra, the rapidly expanding capital.

It's important to note, that as flood exposure continues to increase, financial protection remains weak. This is heavily highlighted by the fact that seven out of 10 Ghanaians lack access to insurance, and 42% of the country's population remains excluded from basic financial services.

Unlike traditional insurance, which pays out based on damage assessments, these two parametric insurance solutions offer far more faster payouts based on predefined parameters, which can include rainfall levels or flood severity, which ultimately enables communities to recover more quickly after flood events.

Working closely with the National Disaster Management Organisation (NADMO) as well as other government stakeholders, UNDP led the drafting of a Flood Contingency Plan, and the Insurance Development Forum industry provided technical support and input.

According to the announcement, the Plan prioritises the deployment of funds from the payout for food relief, emergency shelter and non-food relief items, logistics services, environmental sanitation and hygiene promotion, restoration of livelihoods, restoration of teaching and learning materials, as well as restoration of

critical infrastructure too.

Hon. Dr. Stephen Amoah, Deputy Minister of Finance, commented: "This collaboration with UNDP, IDF and BMZ is a testament to Ghana's commitment to innovative solutions that address climate and disaster risks. The handover of these insurance solutions is a major achievement for our national disaster risk reduction efforts and the Government of Ghana is working on ensuring that the product goes live so as to benefit vulnerable Ghanaians living in the GAMA region."

Niloy Banerjee - Resident Representative, UNDP Ghana, said: "The Tripartite Ghana project is a testament to how public and private sector can come together to bolster resilience in the face of climate change. With the development and implementation of two innovative flood insurance solutions designed for the Greater Accra region, we move a step closer to ensuring that local authorities and vulnerable communities are better prepared for any future flooding incidents."

Adwoa Quansah Fraikue, Acting Director, Climate Financing Division, Ministry of Finance, commented: "With the increasing frequency of floods, this parametric insurance solution will provide the government with a crucial financial tool to respond swiftly and effectively to disasters, protecting lives, livelihoods, and essential infrastructure. We are grateful for the support of our partners in making this solution a reality and look forward to further collaboration to strengthen our national risk financing strategy."

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