Introduction: LPG, clean cooking, and climate

• The IEA projects that, if universal access to clean, modern energy is to be achieved by 2030, 1.4 billion people will transition to LPG for cooking

• LPG is clean burning. It is one of four main fuels that meet WHO emissions guidelines for health in everyday use

• LPG use reduces pressure on forests caused by charcoal production and unsustainable biomass harvesting

• LPG lowers climate emissions when used at scale to replace wood and charcoal burning

Firewood sold at a market in Accra, Ghana
Common reasons for lack of LPG sector development in developing countries

1. National governments have not established adequate policies, regulations, market structures, and regulatory enforcement to stimulate and sustain market development.

2. LPG, while plentiful globally, is often scarce locally.

3. Local companies often lack access to capital, and/or knowledge of essential best practices, to build and operate needed infrastructure and distribution systems to reach consumers effectively and safely.

4. While large portions of the population can usually afford LPG fuel costs, poorer consumers may be unable to afford the upfront costs of becoming an LPG user — the LPG stove, burner, hose, and cylinder.

These reasons apply to urban and rural consumers alike.
Introduction to The Global LPG Partnership (GLPGP)

GLPGP is a UN- and EU-backed nonprofit Public-Private Partnership which partners with national governments at their invitation to help them plan, finance and implement national-scale LPG sector development.

Main Areas of GLPGP Support

- Policy & Regulation Development
- Consumer and SME Education & Finance
- Research, Monitoring & Evaluation
- Supply Chain Planning, Project Structuring, and Financing

Goal: Rapid, Sustainable, Safe Scale-up of National LPG Value Chain
Strength of LPG market model sets market growth

Source: National statistics 2017

12 July 2018
Today in Ghana, consumers acquire and control generic cylinders; the roles of filling, distribution and retail (including for cars) are primarily carried out in one step by hundreds of SMEs.

- Liability and accountability for cylinder safety are difficult to assign and enforce.
- From a financing perspective, the overall system has reduced bankability due to issues including safety profile, industry fragmentation, limited financial transparency, etc.
- Concern about deforestation, public health and increasing safety incidents has motivated government action to reform this model, in order to accelerate LPG use.
Status of the transition

• National Petroleum Authority (NPA) mandated by President of Ghana to oversee implementation of new national LPG policy in October 2017
• Government actively preparing new draft regulations, market rules, safety standards, and infrastructure roadmap based on international best practice and stakeholder consultations/debate
• The objective is a Ghanaian-developed implementation plan and financing solution to expand the LPG sector to serve at least 50% of the population for cooking by 2030, led by the Ghanaian private sector
• Implementation and financing of initial projects to occur by start of 2019
• GLPGP is providing assistance regarding implementation planning and financing
Examples of GLPGP assistance to Ghana

- From 2012, assisted government with LPG policy formulation and market assessment
- From 2017, providing assistance to government-led processes regarding:
  - Implementation planning for LPG sector transformation and scale-up
  - Financial structuring options for infrastructure and distribution investments and market transition costs
  - Mobilization of blended local and international investment capital
- Coming in 2018, LPG microfinance program for lower-income households to afford to switch from solid fuels and kerosene to LPG for cooking
- Monitoring, evaluation and research programs regarding the social, economic and environmental impacts of LPG usage scale-up
- Anticipated for 2018, collaborative campaign of communication and education to consumers regarding LPG benefits and safety
Projected Ghana LPG consumption in reformed market

- Investment in cylinders and broadened LPG distribution to urban and rural areas
- High LPG fuel availability
- Growth in LPG usage from 4.7 kg/capita/year in 2013 to 10.5 kg/capita/year in 2030*
- Creation of 4,100 net jobs under new market model
- €250-300 million of planned LPG investment

Projected Ghana regional LPG penetration growth by 2030

Source: GLPGP/ECA analysis using latest available (2013) national baseline usage data (2017)*

*Excludes LPG use in transportation

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Safety and access challenges, in time, should become relics of the past.

Typical LPG consumer refill queue under present market model.

2017 LPG filling station explosion.

Thank you

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