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**IICA PARTICIPATES IN AGRICULTURE RISK INSURANCE SEMINAR IN GUYANA**

*“The world-wide donor community has been addressing agriculture insurance in a fragmented fashion.”* –David C. Hatch, Associate Deputy Director General, IICA



**David C. Hatch, IICA Associate Deputy Director General** addresses group of participants at the ‘Symposium on Agricultural Risk and Insurance,’ held in Georgetown, Guyana, December 7-9.

**Washington, D.C., December 14, 2009** – “Without effective risk management poverty reduction will not occur; insurance is an essential risk management tool,” warned David C. Hatch, Associate Deputy Director General, of the Inter-American Institute for Cooperation on Agriculture (IICA). Hatch spoke before representatives of the public and private sectors during the ‘Symposium on Agricultural Risk and Insurance,’ held in Georgetown, Guyana, December 7-9.

Launched by the government of Guyana, the Objectives of the Symposium are to bring together key stakeholders to give a synopsis of the predominant risk factors affecting the agriculture sector of Guyana, and to lay the foundation and

understanding of the main tenets of an overarching agricultural sector risk management strategy for Guyana and the main policies and instruments that could be employed within that strategy.

Generally speaking, the agriculture sector in the region is disproportionately vulnerable to external shocks resulting from increasingly volatile and extreme weather patterns, the removal of preferential access for EU markets and international commodity price fluctuations. Specific to Guyana, these factors can put a tremendous amount of pressure on Guyana’s productive capacity, its economic stability and its budgetary planning systems, and thus, compromise food security both nationally and regionally and national poverty levels.

In Guyana, agriculture makes up roughly a third of its GDP, provides approximately half of its foreign exchange earnings, and employs about one-third of Guyana’s work force. According to Hatch, there is no single insurance solution. As a result, the local government must take the first step. He said, “Agricultural insurance requires the full support of the Finance Ministry and the Central Bank.”

Hatch also underscored the complexity of insurance programs. He said, “It’s the most complex form of insurance and is segmented into four major areas: hail, multi-risk, weather index, and micro-

insurance. He continued, “This type of insurance must be supported by sound science and be actuarially sound.”

There are still many countries that don’t sufficiently value the importance of agriculture and agriculture insurance. According to Hatch, there exists a lack of confidence or coordination between the state government, the private insurance sector, and farmer organizations. He also cited a lack of instruments, available information, and effectiveness for the design and management of disaster coverage as well as missing policies, laws, instruments, credit, and investment – all which contribute to why there are not many countries which implement agriculture insurance programs. Agriculture insurance is the last option after other risk management tools are in place.

Food security is one of the most urgent issues of our times, for the Americas and for the world as a whole. The World Bank has taken the lead in developing agricultural insurance programs among the donor community. It identified agricultural insurance as 1 of 10 key initiatives to address the food security crisis.

During the session, Hatch also addressed some key advances in agriculture insurance; key observations; a closer look at agriculture insurance; critical concepts; the private-public sector partnership model; a public policy sequencing framework for developing the market for agricultural insurance; the importance of building the correct foundation to support programs; obstacles; lessons learned; agriculture true’s contribution to the national economy; and reiterated IICA’s commitment to agriculture insurance.

It is hoped that by the end of the Symposium, participants will have gained insights into the predominant agriculture risk factors in Guyana; the policy measures that have already been put in place to mitigate such risks; existing and potential initiatives that could be introduced to further mitigate the risks existing in agriculture; available agricultural insurance tools that have been implemented in other countries that could be adapted to Guyana’s circumstances; support systems required to facilitate the growth of a modern agricultural insurance system; the legal and regulatory framework in Guyana as it pertains to agricultural insurance; public sector policy frameworks to address financial risks in the agriculture sector.

Additionally, while in Guyana, David Hatch, Trevor Murray, Director of Regional Operations for the Caribbean, IICA, officials from the Financière agricole du Québec –Développement international (FADQDI) met with the Honorable Minister of Agriculture, Robert M. Persaud, to review a proposal to conduct a project aimed at the development of a program for crop insurance, that meets Guyanese expectations. A separate meeting was also held with CARICOM Secretary General, the Honorable Edwin W. Carrington on issues regarding agriculture insurance and the Institute’s food security efforts.

#### **ABOUT IICA**

Established in 1942, the Inter-American Institute for Cooperation on Agriculture is the specialized agency for agriculture and the rural milieu of the Inter-American System, whose purpose is to provide innovative technical cooperation to the Member States, with a view to achieving their sustainable development in aid of the peoples of the Americas. Today, 34 IICA offices the length and breadth of the hemisphere are working to meet the needs of the countries in areas such as: trade and agribusiness development; sustainable rural development; agricultural health and food safety; technology and innovation; education and training; and information and communication.

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