



*Promoting Prosperity in the Rural Communities of the Americas*

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## **IICA PROMOTES AGRICULTURE INSURANCE IN CHILE AND URUGUAY**

*“Governments and the Central Banks must take the first steps to attracting the private sector through constructive insurance laws and sound historical data on climate, production and crop loss.” – David C. Hatch, IICA*

**Washington DC, Monday, November 17, 2008** – In efforts to promote agriculture insurance in the region, David C. Hatch, Assistant Deputy Director General, Director of Strategic Partnerships and Representative of the United States of the Inter-American Institute for Cooperation on Agriculture (IICA), met with the Vice President of Uruguay, Dr. Rodolfo Nin Novoa, and Ernesto Agazzi, Minister of Agriculture, Livestock and Fisheries of Uruguay and Reinaldo Ruiz, Agriculture Vice Minister of Chile. Discussions were held on the importance of agriculture insurance, the need for government support in specific areas and plans for a conference to be held in Montevideo in 2009 focusing on agriculture insurance.

According to Hatch, great potential exists for promoting agricultural insurance systems in the Americas. He said, “IICA is promoting agricultural insurance as an essential risk management instrument for improving competitiveness, stabilizing producers’ income, preventing the loss of capital and facilitating access to insurance and credit. He continued, “The Institute recognizes that insurance can play an important role in alleviating poverty and malnutrition and increasing food security through fostering more successful individual operations and in turn, a creating a thriving agriculture economy.”

IICA has developed relationships with other ministries, the donor community such as the World Bank and senior insurance representatives from the private sector in the western hemisphere and Europe in efforts to leverage its technical expertise to develop and manage successful agricultural insurance programs in the Americas. Currently, IICA is assisting a number of member countries regarding agricultural insurance and risk management programs. In some cases, IICA’s role is to provide a review of existing insurance programs to ensure they are as effective as possible. In other cases, the Institute is helping ministries design insurance programs.

During his visit to South America, Hatch also spoke at the 8<sup>th</sup> International Conference ExpoMundo Rural, Risk Management for Small Agriculture, in Santiago, Chile. The conference brought government and private sector decision makers and small producers together to discuss relevant issues surrounding risk management and the design and implementation and evaluation of risk management systems in countries of high export activity. His presentation, ‘**Agricultural Insurance in Latin America: Observations and Critical Success Factors,**’ focused on the promotion of effective agricultural risk management, which includes good farming practices and insurance. Central to the theme were public private partnerships and their respective roles and reasons why programs succeed or fail.

Hatch reiterated results from a study done by IICA which revealed that after the backward and forward linkages with other sectors have been included such as food processing, Agriculture’s true contribution

to the economy is much greater. He cited that in the case of Chile, using traditional measurements, agriculture accounted for less than 6% of the GDP. However, when applying a broader definition the output totaled over 32%.

Hatch also underscored that there exists no single insurance solution and that the various insurance options available must be adapted to the specific risk profile of the country or region. According to the senior official, effective cooperation between the agriculture and finance ministers is essential to achieve this goal. "After all," Hatch said, "Agriculture insurance is a financial instrument that is applied to agriculture."

He also spoke of a connection between insurance, lending and economic vitality today. He said, "Sound research exists to substantiate the linkage of effective climate risk management and poverty reduction." Hatch noted that the World Bank has taken a lead role in developing agricultural insurance programs using weather index instruments. It has identified agriculture insurance as 1 of 10 key initiatives to address the food security crisis we face today.

In closing, the Assistant Deputy Director General said that now is the time for increased investment in agriculture and Latin America and the Caribbean is the place. He emphasized that in comparison to Africa, Latin America's natural resources are more plentiful and easier to harness, and existing infrastructure are far more advanced. He said, "The level of investment in agriculture technology and innovation in the 21st century will play a key role in determining the progress towards eradicating poverty; providing adequate quantities and quality of food; reducing the amount of civil and political unrest in developing countries and generally strengthen the economies at the local and country levels and beyond." He continued, "Agriculture insurance is a key component of any effort to eradicate poverty and provide greater food security in the hemisphere."

#### **ABOUT IICA**

Founded 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.

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