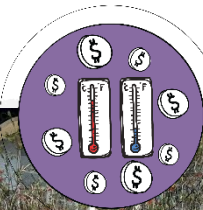


Compendium of proposals for
CALMA RIESGOS

Latin American Cooperation on (Agro)
Climate Risk Mitigation (CALMA)



November 20 and 21, 2024 - Quito-Ecuador

**Compendium of proposals for
CALMA RIESGOS
Latin American Cooperation on (Agro)Climate Risk Mitigation (CALMA)**

Event:

Boosting insurance for climate risks.
November 20 and 21, 2024 - Quito-Ecuador

Initiative:

Network for Environmental Management and Rural Development in Latin America and the Caribbean (GADeR-ALC) and the 2024 Innovation Fund.

Objectives:

- Dialogue, understanding, and identification of the drivers that can boost or the factors that are limiting the development of climate insurance in the region.
- Participatory construction of a regional roadmap that facilitates the exchange of experiences for innovation and development in climate insurance in the countries.

Participating Organizations:

Ministry of Environment, Water, and Ecological Transition (Ecuador), Ministry of Agriculture and Livestock (Ecuador), Financial Policy and Regulation Board (Ecuador), IUCN, South America, Superintendencia General de Seguros de Costa Rica (SUGESE), Hispana de Seguros y Reaseguros, Superintendencia de Bancos Guatemala, Instituto del Seguro Agrario (INSA) Bolivia, GIZ Bolivia, GIZ Ecuador, GIZ Costa Rica, GIZ Brazil, GIZ Guatemala, Zurich Seguros del Ecuador, BanEcuador B.P., World Food Programme (WFP), Seguros Equinoccial, Seguros Kairos, United Nations Development Programme (UNDP), Superintendencia de Compañías, Valores y Seguros del Ecuador, CATIE (Centro Agronómico Tropical de Investigación y Enseñanza), Ministério da Agricultura e Pecuária (MAPA) - Brazil, Access to Insurance Initiative (A2ii), Asociación Latinoamericana para el desarrollo del Seguro Agropecuario (ALASA), Asociación Latinoamericana para el desarrollo del Seguro Agropecuario (ALASA).

INTRODUCTION

“Boosting insurance for climate risks” convened 35 representatives to share experiences on the implementation of rural insurance in their respective countries and discuss opportunities to strengthen regional cooperation on climate adaptation and market development.

Climate risks represent a growing threat in Latin America and the Caribbean, intensified by climate change, urbanization and environmental degradation. The region faces severe effects of extreme events, aggravated by social inequalities, and economic challenges. In this context, climate insurance is emerging as a critical tool, although it is still at an early stage of development. Its implementation faces barriers such as the lack of specialized technical capacity to model risks, manage climate data, and establish adequate public policies and regulatory frameworks.

On November 20–21, 2024, in Quito, Ecuador, the event “Driving insurance for climate risks” took place and brought together 35 representatives from key sectors, including the insurance industry, government agencies and international cooperation agencies from Bolivia, Brazil, Costa Rica, Ecuador, and Guatemala. During the conference, participants shared their experiences with rural insurance implementation in their respective countries and explored opportunities to enhance regional cooperation in climate adaptation and market development.

This initiative is part of the “Insurance for Climate Risks” Workstream, promoted by the Network for Environmental Management and Rural Development in Latin America and the Caribbean (GADeR-LAC) and the 2024 Innovation Fund. This workstream seeks to strengthen capacities and promote the exchange of experiences in the region, with a focus on the creation of tools and mechanisms that respond to these needs. Through a process of co-creation, the aim is to involve project advisors, regulators and the insurance industry to identify priorities at the regional level that will drive the development of climate insurance. This effort reflects the shared interest among the countries of the region in

promoting synergies through the exchange of experiences and the implementation of coordinated actions. This workstream involves leading projects, such as EbALAC (IKI - BMUV funds) and Euroclima (European Union), both recognized for their focus on climate change mitigation and adaptation.

The “Boosting Insurance for Climate Risks” event complements a series of previous exchanges that have strengthened regional cooperation. For example, on September 20–22, 2023, representatives from Bolivia and Brazil participated in technical meetings in Curitiba, Brazil, where they explored pilot projects for parametric insurance and risk management training programs. Subsequently, in July 2024, stakeholders from Ecuador, Costa Rica, Guatemala and Brazil met again in Curitiba to review progress under Action 8 of the Euroclima+ program, entitled “Innovative Risk Management Instruments to increase the resilience of small producers in the agricultural sector in Brazil”.

Central to these initiatives is the identification of common objectives for the region, ensuring that local actions contribute significantly to climate adaptation at the regional level. These actions are aligned with democratic principles and values, high standards, good governance, equitable partnerships, environmental sustainability, security and the promotion of private investments.

Finally, during the event, participants were able to attribute an identity to the initiatives derived from the results obtained in Quito, under the name of Latin American Cooperation for Agroclimatic Risk Mitigation (CALMA RIESGOS). This acronym may be used in various initiatives, such as Calma Riesgos Ecuador, Calma Riesgos Bolivia, Calma Riesgos Costa Rica, Calma Riesgos Guatemala, Calma Riesgos Brazil, Calma

Riesgos Tripartita, among others, thus strengthening the cohesion and regional recognition of collaborative actions.

This document highlights the main opportunities and actions identified during the Quito event, which will lay the groundwork for closer and more effective collaboration in the future



CHALLENGES AND TRENDS

Agricultural insurance is a key tool for ensuring the sustainability of the agricultural sector in Latin America. The region, where agriculture accounts for up to 10% of GDP and employs 30% of the rural population, faces significant challenges due to the low penetration of insurance: Only 10-15% of farmers have access to this type of protection. In addition, there is the growing impact of climate change, which is manifested by the greater intensity and frequency of droughts, floods, hailstorms, frost, storms and other climatic hazards (e.g. forest fires), generating losses in the millions without coverage. Although Latin America produces more than 25% of the world's food, climate risks threaten this productive capacity, with a limited percentage of insured

crops. Recent events, such as droughts and frost, reinforce the need to increase access to agricultural insurance, protecting producers and strengthening the resilience of the sector.

Key trends in agricultural insurance highlight the crucial role of innovation and collaboration in addressing climate challenges. There is a growing adoption of parametric insurance, based on climate data, which offer solutions that are more tailored to producers' needs. The use of advanced technologies, such as drones, satellites, and artificial intelligence is transforming the way risks and damages are assessed. In addition, climate finance and insurance are recognized as essential pillars for strengthening agricultural resilience. Successful examples of public-private collaboration have proven to be effective in improving insurance access and coverage. Overall, technology and cooperation are consolidated as essential elements for building a more sustainable agricultural sector in the face of the challenges of climate change.

The growth of agricultural insurance faces, however, several challenges that limit its expansion, especially among small producers (mainly family farmers). The low penetration of insurance reflects the fact that most farmers lack coverage, largely due to the high cost of policies and the lack of information on their benefits. In addition, the region lacks adequate infrastructure to collect and manage climate data, making accurate risk assessment difficult. Extreme weather events, such as prolonged droughts and phenomena like El Niño / La Niña, disproportionately affect the most vulnerable producers, increasing claims and putting pressure on reinsurers. Overcoming these obstacles is imperative to ensure greater access and protection in the agricultural sector.

Insurers and reinsurers, in turn, face critical challenges that threaten the system's sustainability. Among the main challenges are the difficulties in calculating fair premiums that are economically viable for both insurers and producers. Furthermore, the increase in exposure to

catastrophes jeopardizes the financial stability of insurers, which also lack incentives to develop sustainable models. The lack of financing and subsidies further aggravates the situation, leaving the sector without the necessary tools to adapt to climate change. It is therefore essential to integrate public policies and climate finance mechanisms that allow for collective and sustainable long-term solutions.

Despite these challenges, agricultural insurance in Latin America presents great opportunities through innovative and collaborative solutions. The adoption of digital and parametric insurance can reduce costs and significantly improve farmers' access to essential coverage. For example, the results of a pilot project promoted by Action 8 of the Euroclima program in Brazil indicate that a traditional named risk product, with an average premium for a producer with 4 hectares of coffee in the province of Paraná, would be equivalent to 7.5% of the insured value, reaching a cost of USD 1,550.65 (R\$ 9,303.90). In contrast, a parametric insurance would have a significantly lower cost of USD 679.67 (R\$ 4,078.00). If the producer received a federal subsidy of 40% and a state subsidy of 20%, the value paid by the producer would be USD 310.13 (R\$ 1,860.78) for the traditional product, while for the parametric insurance, it would be reduced to USD 135.93 (R\$ 815.60).

The creation of regional climate databases using advanced technology would also strengthen risk

assessment and management. It is essential to encourage subsidies and promote public-private partnerships that guarantee the sustainability of the sector. For example, in Brazil, private insurers are responsible for developing insurance products and marketing them to producers. They also have the role of managing the subsidy applications associated with each policy. Finally, the government transfers the approved resources to the insurers, who allocate them to benefit individual policies. In addition, linking insurance to climate finance mechanisms, such as green funds, is emerging as a key catalyst for the development of the sector. These measures, together with appropriate public policies, offer a clear path towards a more resilient and accessible agricultural insurance system.

To maximize the impact of these opportunities, it is recommended that immediate actions be taken, such as launching educational campaigns that highlight the value of agricultural insurance among producers. In addition, it is crucial to implement collaborative models with governments to share risks and develop innovative products tailored to the needs of small and medium-sized agricultural enterprises. The transformation of the insurance sector requires a collective vision, strategic investments and a joint effort to face current challenges and build a more sustainable future for agriculture in the region

CONTEXT OF COUNTRIES

BOLIVIA

In Bolivia, the Pachamama Universal Agrarian Insurance and the MINKA Catastrophic Insurance are the main tools implemented to protect farmers against climate risks. These initiatives, administered by the Agrarian Insurance Institute (INSA) under the Ministry of Rural Development and Lands (MDRyT), are specifically designed to support family farming, which is a fundamental pillar of the country's food security. MINKA Insurance, in particular, covers basic crops such as corn, potatoes, wheat and quinoa, offering compensation of USD144.- per hectare damaged by events such as drought, frost, hailstorms or floods.

Bolivia has made significant progress in agroclimatic risk management through the use of agroclimatic monitoring tools, such as agricultural impact reports and specific forecasts, which complement agricultural insurance policies. In addition, 87% of indemnities are used to reactivate production, reinforcing the sustainability of the agricultural sector.

However, the country faces significant challenges. The financial sustainability of the system depends on greater access to financing mechanisms and on improving the financial education of farmers to ensure their understanding and adoption of this insurance. It is also necessary to strengthen local capacities for agroclimatic monitoring and risk management, as well as to increase technical capacity to accurately assess losses.

The Bolivian model, which integrates catastrophic insurance with direct support programs for family farming, offers valuable lessons for other countries in the process of implementing agricultural insurance systems. This approach illustrates how climate risk management can enhance small producers' resilience and safeguard agricultural production in vulnerable contexts.

BRASIL

In Brazil, the Rural Insurance Premium Subsidy Program (PSR) has established itself as one of the main initiatives to protect rural producers against climate risks. This program, established by Law 10.823/2003, combines efforts of the federal government with those of the private sector, allowing farmers to insure their production at a reduced cost, thanks to public subsidies. The PSR offers a wide range of insurance products, including modalities, such as multi-risk and parametric insurance, covering events such as drought, excessive rainfall, hail and frost. Currently, 17 qualified insurers participate in the program, covering over 8 million hectares and paying more than \$2.3 billion in indemnities between 2021 and 2022. In 2021, the number of benefited producers reached a total of 221,000 policies.

One of the key tools in the success of risk management in Brazil is the **"Zoneamento Agrícola de Risco Climático (ZARC)"** link: <https://sistemasweb.agricultura.gov.br/siszarco/base.action>. This innovative system analyzes climatic data, soil types and crop cycles to identify the best regions and periods for agricultural production, significantly reducing the risk of losses due to climatic factors.

ZARC not only supports the PSR by providing technical information for insurance underwriting but also strengthens farmers' decision-making and encourages the adoption of more sustainable agricultural practices.

Brazil has made significant progress in developing innovative insurance, such as parametric insurance pilots supported by international programs, such as EUROCLIMA+, which build resilience among small farmers. In addition, a rural insurance fund has been proposed with public and private contributions to cover extraordinary risks, with the aim of reducing debt renegotiations and strengthening budgetary predictability. However, challenges remain, such as the lack of standardization in insurance clauses, the shortage of specialized experts and difficulties in establishing reinsurance contracts in certain areas. In addition, the financial education of farmers continues to be a major barrier to the mass adoption of insurance.

COSTA RICA

In Costa Rica, Superintendencia General de Seguros (SUGESE) is leading efforts to incorporate sustainability and climate change risk management (CCRM) into the regulatory and supervisory practices of the insurance market. Within this framework, a Roadmap for Climate Change Risk Management (CCRM) 2024–2028 has been launched, whose main objective is to consolidate regulatory capacities and close gaps in the insurance sector in alignment with international best practices.

The development of agricultural insurance in Costa Rica includes multilateral initiatives, such as the Global Risk Modelling Alliance (GRMA), which incorporates a climate risk assessment project for MSME agricultural producers, combined with a national probabilistic model that integrates risks of drought, floods and other hydrometeorological disasters. In addition, multilateral

projects will be implemented under the umbrella of the Global Shield program, a collaboration between the V20 and the G7, which seeks to protect the most vulnerable sectors from climate risks.

Costa Rica has made significant progress in creating enabling conditions for a more resilient insurance sector. Recent milestones include the publication of the Best Practice Guide for the Management of CCRM, designed to guide insurance entities in integrating climate risks into their operations. However, the country faces challenges in terms of financial education of farmers and the lack of specific coverage for certain key crops.

In this context, the Costa Rican model reflects an integrative approach that combines national and international efforts to promote sustainability and resilience to climate change. This approach can serve as a reference for other countries seeking to develop insurance solutions adapted to this phenomenon and to the needs of small farmers.

ECUADOR

In Ecuador, the Ministry of Agriculture and Livestock (MAG) is leading agroclimatic risk management through the Campo Seguro Project, which seeks to protect small and medium-sized producers from the impacts of climate change. This system, based on subsidized agricultural insurance, covers risks such as drought, flooding, excess humidity, frost, low temperatures, hailstorms, strong winds, fire, landslides, clogging, ash fall, uncontrollable pests, uncontrollable diseases, providing economic stability and promoting resilience in the agricultural sector.

Agricultural insurance in Ecuador includes traditional multi-risk and parametric insurance products, which are being implemented through a Pilot Project. CampoSeguro offers a 60%, 40% or 20% subsidy, which allows farmers to access these policies at reduced costs. However, challenges remain, such as limited coverage in remote rural communities, lack of access to productive credit and low adoption by the most vulnerable producers.

Between 2022 and October 2024, the program insured more than 58,000 hectares and 6,000 head of cattle, benefiting more than 20,000 producers. However, Ecuador's high exposure to natural disasters, such as floods and droughts, generates significant agricultural losses, estimated at more than \$114 million in recent years. This context highlights the need to innovate in insurance products, such as new types of insurance that adapt to the needs of its producers, and to improve the collection and analysis of climate data.

The National Financial Inclusion Policy (PNIF) 2023–2027 establishes strategic guidelines to promote access to insurance in rural areas and vulnerable populations, prioritizing young people, women, and migrants. This policy promotes the development of microinsurance, designed with simple, accessible terms, and adapted rates, in addition to promoting financial education to increase confidence and the use of these products.

In addition, Ecuador's geographic location in the Pacific Ring of Fire and its exposure to extreme weather events underscore the importance of integrating climate insurance into national mitigation and adaptation strategies. Recent projects highlight the need to channel more resources towards the expansion of insurance for small producers, especially in highly vulnerable regions.

In conclusion, Ecuador has made significant progress in the implementation of agricultural insurance and inclusive policies but faces the challenge of reducing the insurance gap and extending protection to the communities most affected by climate change. Innovating in adapted products and strengthening

collaboration between public and private actors will be key steps to consolidate a more resilient and accessible system.

GUATEMALA

In 2016, the first parametric insurance for productive activity against drought, excess rainfall and earthquakes was registered as a collective insurance in Guatemala. To date, 6 insurers have insurance policies registered under the collective and individual modality and cover one or more of the risks mentioned above. In contrast, the country has a penetration of 1.4% of all insurances, having a significant gap in comparison to the region. As of September 30, 2024, 114,000 policyholders of climate risk policies are reported, which policies are provided by 4 insurers.

Index-based insurance provides targeted coverage and immediate benefits, enabling beneficiaries to sustain their productive activities.

Thanks to the involvement of key actors, such as insurers, banks, microfinance institutions and government entities, such as the Ministry of Agriculture, Livestock and Food (MAGA), such insurance has reached small farmers who are also microcredit debtors or beneficiaries of MAGA programs.

However, barriers such as lack of financial education, lack of knowledge about the functioning and benefits of insurance, lack of information and attention to the insured, as well as distrust in insurance, limit its reach. Among the lessons learned, it stands out the fact that it is important to provide adequate information on the social and cultural context of the insured and potential stakeholders in insurance, to adapt climate triggers to local realities, and to review the coverage to incorporate other necessary coverages, such as flooding caused by excess rainfall, among others. Currently, in Guatemala, the Specific Cabinet for Economic Development -

GABECO- has a Family Farming Board whose objective is to promote intersectoral action to reduce poverty and improve the food and nutritional security of family farmers, for which purpose, it is implementing an inter-institutional work plan for family farming to strengthen the peasant economy, with insurance being a relevant issue to strengthen the economic protection and resilience of the agricultural sectors in the face of climate risks.

Guatemala has made significant progress in the implementation of insurance against climate risks, thanks to the interest of various stakeholders who have promoted such insurance, either by linking it to microcredit, as a benefit of government programs or by selling it directly. It should be noted that good claims management is essential, since communities respond to a good payment experience, which can be an instrument of financial education, so insurance products must be very clear in terms of coverage, rates, and immediate payment.

Likewise, in June 2024, Guatemala launched its second National Financial Inclusion Strategy (ENIF) 2024-2027, which includes the thematic area of insurance and whose objectives are carried out within the Insurance Technical Working Group (MTTS), in which 33 members participate. They stand out some of the Guatemalan market's insurance companies, as the main insurance offerers. This is a space for the exchange of knowledge and experiences as well as a favorable environment to

carry out agreements and collaborations that lead to the achievement of its general objective, which is "To promote the access and use of insurance for all segments of the population according to their needs".

The MTTS has promoted collaboration between the public and private sectors, focusing on financial education, evaluation of insurance products, promotion and socialization of non-traditional channels for insurance placement, and the construction of indicators. However, in order to arrive at concrete actions, and to increase insurance for climate risks, challenges are faced, such as the lack of incentives for the creation and placement of climate insurance, the excessive commissions of intermediaries and mass marketers, weak financial education, and the lack of regulation in terms of financial consumer protection.

Although various actions have been carried out, such as international alliances, notably including the support of global organizations that seek to strengthen local capacities, there is a long way to go to increase the penetration of insurance at a general level as well as insurance for climate risks, so it is important to have the support of entities that provide other support mechanisms and that are of interest to the Guatemalan insurance sector, which, together with the promotion of educational programs, could be beneficial; they could also contribute to the collection of specific statistical data in the future.

PROPOSALS

Proposal 1 Capacity Building in Risk Management and Training of Producers

Capacity building in risk management and training of producers are fundamental steps to improve the resilience of production systems in Latin America. This proposal aims to develop technical skills, optimize production processes and expand the adoption of insurance among producers, promoting a comprehensive approach to climate risk management.

To this end, the creation of ad hoc programs is proposed to address the specific needs of each link in the production chain. It is proposed that governments, multilateral organizations and cooperation agencies should allocate resources to include promoted programs in their action plans and projects. Priority is given to the training of specialized human resources, technical assistance and the development of adapted financial schemes, such as microinsurance and subsidies. In addition, educational campaigns will be promoted to increase the acceptance of insurance, together with the implementation of advanced technologies to support productive decision-making.

The expected impacts include a greater residualization of risk, i.e., a better geographic and sectoral distribution of contracted policies, which lowers policy prices, a significant increase in insurance market penetration, and an improvement in the economic and environmental sustainability of productive sectors. Multi-sectoral collaboration will be key, involving governments, insurers, reinsurers, financial institutions, and international organizations.

Among the threats identified are changes in government priorities and lack of financing. To mitigate these, it is proposed that robust governance frameworks be established to ensure political continuity and sufficient resources for the implementation of this proposal. This comprehensive approach allows not only to strengthen the resilience of productive systems, but also to build a more inclusive and sustainable basis for development in the region.

Proposal 2 Platform for Climate Risk Assessment and Reduction

In the context of climate change, the creation of platforms for climate risk management and reduction offers a key opportunity to strengthen the resilience of the public and private sectors in Latin America. An important example is the development of zonings adapted to local production conditions, which include indications of risk levels and serve as a reference for both insurance and financing. The proposal seeks to provide standardized and reliable information to improve decision-making in sectors such as agriculture, finance, and insurance, promoting the use of standardized climate indicators. The development and administration of these platforms should be managed by the public sector, through public-private partnerships or by private agents, depending on the context and the specific needs of each country, with the objective of promoting decisions based on reliable data that includes climate, biophysical, socioeconomic and disaster information, facilitated by technologies such as weather stations, artificial intelligence (AI) and tools such as SPRACC and HAG Registry.

The main activities include the generation of climate bulletins to guide decision makers and financial education programs focused on loss and damage, adaptive measures and exchange of experiences between sectors.

Key stakeholders include superintendencies, ministries (MAATE, MAPA, MAG, MEF), decentralized governments (GADs) and academic institutions, which will facilitate the implementation and supervision of the platform. Expected benefits include increased productivity, climate resilience and adaptability, which will strengthen more effective climate risk management.

Despite its advantages, this initiative faces risks such as loss of confidence due to inaccurate predictions or failure to update the platform due to political changes. To mitigate them, a transparent and sustainable governance framework is proposed to ensure data accuracy, political commitment and the involvement of the insurance sector through strategic incentives.

adoption of these insurance products. This proposal seeks to foster regional cooperation in Latin America for the development of climate insurance, taking advantage of synergies between countries and adopting international standards.

The main objective is to promote a guiding regulatory framework at the regional level that promotes transparency, facilitates the adoption of climate insurance and fosters multilateral cooperation. As part of this strategy, it is proposed to design a guide of good practices for the development of climate insurance, which will serve as a reference for regulators, insurers, and other key actors. In addition, priority will be given to the inclusion of agricultural insurance in public policies and regional technical roundtables, strengthening support for small rural producers.

Key implementation actions include standardizing technical aspects (such as climate data usage) based on international standards, developing innovative regulatory tools like sandboxes, and mobilizing key stakeholders, including superintendencies, ministries, insurers, and international cooperation agencies. These actions should be complemented with mitigation strategies to address governance risks that could limit the adoption of these initiatives.

This proposal is expected to increase transparency and confidence in the insurance market, promote sustainability and strengthen regional cooperation in climate risk management.

Proposal 3 Strengthening the Regulatory Framework and Promoting Climate Insurance in Latin America

In the context of climate change, climate insurance is a key tool for strengthening the resilience of the agricultural and rural sectors to risks such as droughts, floods and frost. However, the region faces common challenges such as the lack of solid regulatory frameworks, technical limitations and barriers to the

Proposal 4 Strengthening Agroclimatic Information Systems

Strengthening agroclimatic information systems is essential to improve the resilience of production systems in Latin America to the impacts of climate change. This proposal seeks to establish a regional agroclimatic information network that integrates data from various sources and allows their reinterpretation to offer better services to producers, operators and other key actors in the agricultural sector. The main focus is on technical capacity building in areas such as agronomy, meteorology and information technology (IT), supporting training in advanced agroclimatic models. This will provide technical assistance to producers and operators, improving their access to customized services adapted to their needs. It will also promote effective, real-time implementation strategies that take advantage of available data to strengthen decision making.

The implementation of this network requires active collaboration between the State, the private sector and international cooperation agencies. Key stakeholders will be responsible for ensuring the technical and

financial sustainability of the system, facilitating its integration into public policies and value chains.

The expected benefits include a significant improvement in technical assistance services, greater adaptability to climate variations and the strengthening of the resilience of production systems. This initiative positions the region as a benchmark in integrated climate management, promoting more robust and sustainable multilateral cooperation.

Proposal 5 Strengthening of the Climate Reinsurance Market

The expansion and strengthening of the climate insurance market represents a key strategic opportunity to increase the resilience of production systems in Latin America to the effects of climate change. The aim of this initiative is to consolidate a solid market tailored to local particularities by incorporating innovative products that respond effectively to the specific risks of producers and insurers.



To achieve this, it proposes the design and implementation of pilot projects to facilitate the testing and adjustment of insurance products, ensuring their effectiveness in different climatic, political, and economic contexts. Regulatory review and collaboration with universities and specialized organizations will play a key role in the creation of solutions based on scientific evidence. In addition, the integration of accurate hydrometeorological data and the development of monitoring systems will be essential to support decisions based on reliable information.

The review of reinsurance conditions is a key aspect, not only at the national level, but also at the regional level, since benefits can be increased or balanced if the product is developed on a macro scale. Through negotiations with large reinsurers, it is possible to obtain more favorable conditions for producers, while expanding distribution channels, such as savings and credit cooperatives, productive cooperatives, raw material trading companies and specialized agricultural insurance brokers.

International cooperation and the active collaboration of insurers, reinsurers, supervisors, and regulators are essential to mobilize technical and financial resources, as well as to build confidence in the market. Expected impacts include a consolidated market, increased

producer resilience and an insurance sector better prepared to manage climate risks. To overcome challenges such as the lack of clear policies and low initial acceptance, it is recommended to implement educational campaigns and strengthen governance through a transparent and effective regulatory framework. This initiative represents a key step towards sustainability and adaptive capacity in an environment of increasing climate uncertainty. International cooperation and the active collaboration of insurers, reinsurers, supervisors, and regulators are essential to mobilize technical and financial resources, as well as to build confidence in the market. Expected impacts include a consolidated market, increased producer resilience and an insurance sector better prepared to manage climate risks. To overcome challenges such as the lack of clear policies and low initial acceptance, it is recommended to implement educational campaigns and strengthen governance through a transparent and effective regulatory framework. This initiative represents a key step towards sustainability and adaptive capacity in an environment of increasing climate uncertainty.

FINAL CONSIDERATIONS

The proposals presented in this document emphasize the need for an integrated and collaborative approach to address climate challenges that directly affect food security and economic stability in several Latin American countries. Through coordinated actions between governments, the private sector and international organizations, it is possible to strengthen technical capacities, expand financial inclusion, and promote instruments such as climate and parametric insurance to mitigate the impacts of climate risks.

In addition, the proposals highlight the importance of adapted financial mechanisms, such as subsidies and microinsurance, to expand the access of small and medium-sized producers to insurance markets. These instruments, combined with the strengthening of financial education, build trust among stakeholders and contribute to reducing the exposure of the most vulnerable communities to increasing climate risks, such as droughts, floods and other extreme events.

Finally, the document reinforces that the implementation of these actions requires a clear regulatory framework, access to reliable climate data, and the use of innovative technologies. These measures promote environmental sustainability while also strengthening international cooperation as a catalyst for effective and scalable climate solutions. Thus, the proposals are expected to serve as a reference for the strategic planning of future programs, aligning local and global efforts to build a more resilient and inclusive agricultural system.

“Pure Cooperation: In times where resources are scarce, it takes a lot of cooperation to be efficient.”

Astrid Michels - GIZ



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