

# *Public-Private Partnerships for Agricultural Risk Management through Risk Layering: The Case of Ecuador*

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# Parallel Efforts for Low-Cost Risk Management

- Governments are increasingly turning to index insurance for catastrophic risk management
- Private sector index initiatives
- Goal to explore gains of unifying efforts and identify specific division of labor between private and public sector; challenges, etc.

# Structure of Presentation

- Characteristics of coastal Ecuador
- Data for Ecuador
- Define Risk Layers
- Contract design
- Challenges moving forward

# Coastal Ecuador

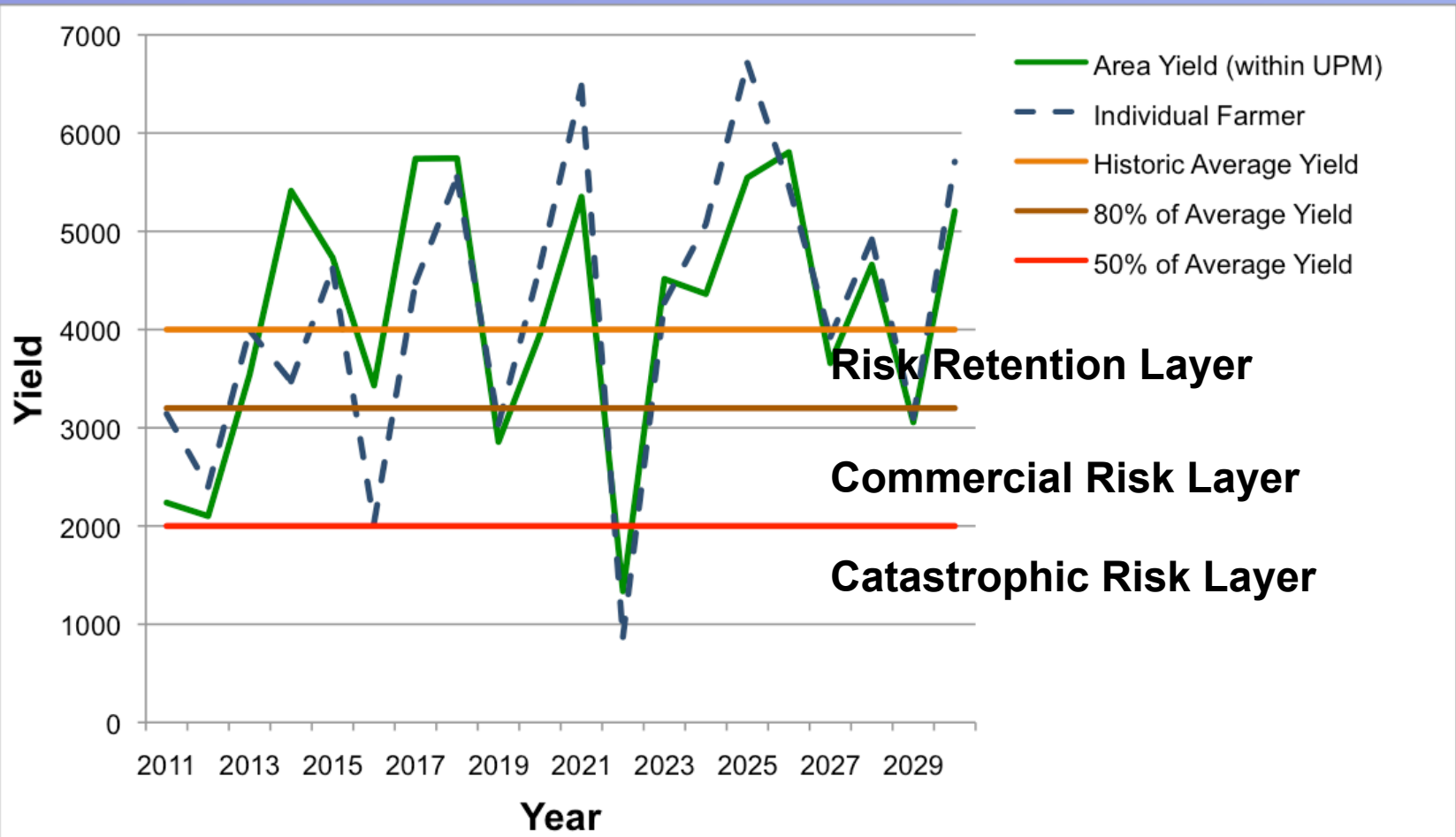
*(-will insert map of Ecuador on right and picture of irrigated fields)*

- Palenque is canton in Los Ríos
- Lowland and tropical
- Two rainy seasons
- Irrigated rice is primary crop for smallholders
- *What is average size of smallholder in ha? Any poverty indicators to use for comparison? Wealthier than highlands? Poorer? Compared to region?*

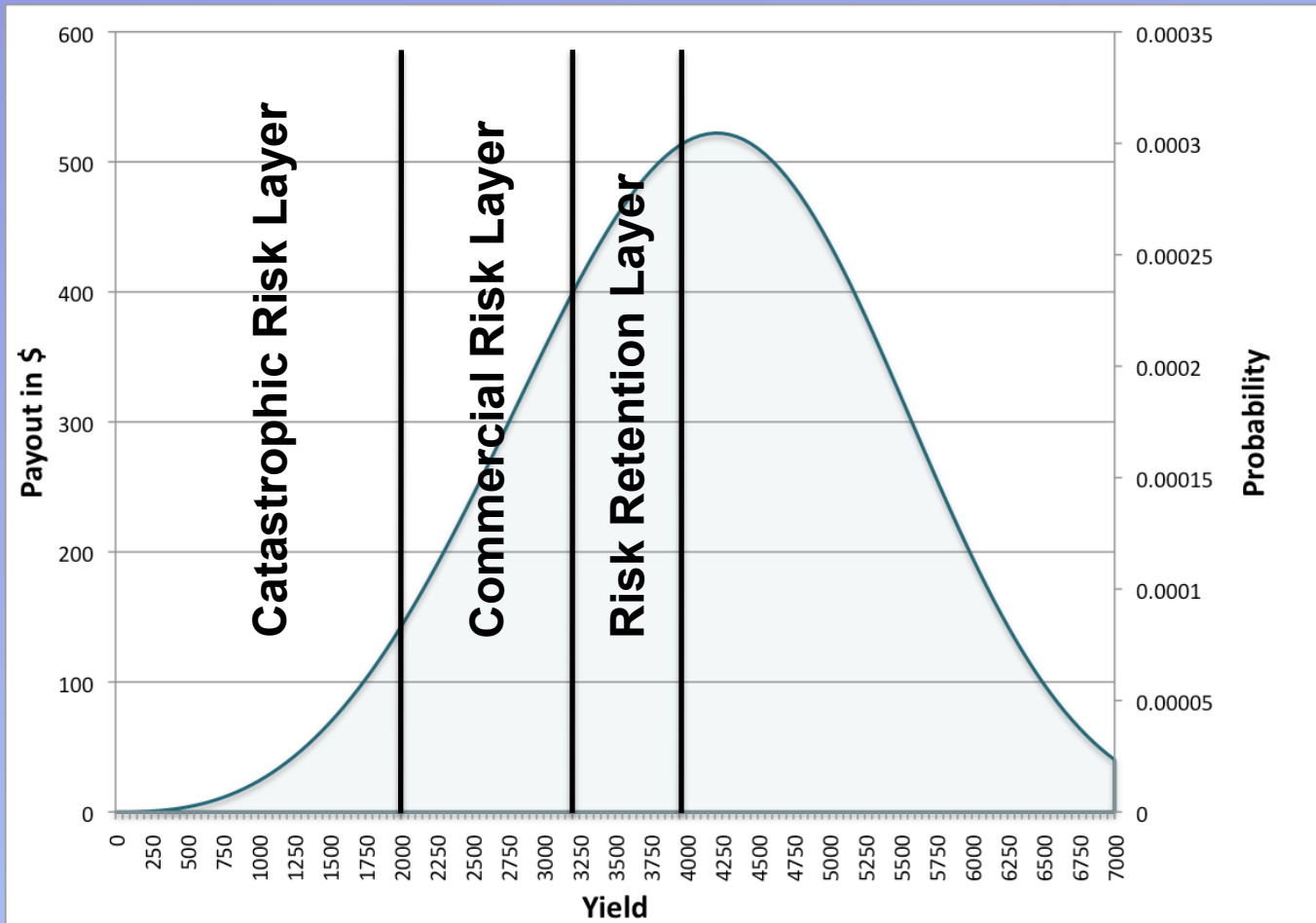
# Data for Ecuador

- ESPAC
  - government annual yield survey
  - 2000-2010
  - Sample structure: randomly select *segmentos* (agricultural census tract 200-500 ha) and interview all farmers
    - Same *segmentos* revisited every year
    - Select *segmentos* to be representative of province
  - *Unidad Primaria de Muestreo (UPM)* next higher level, contract “written” at *UPM* level

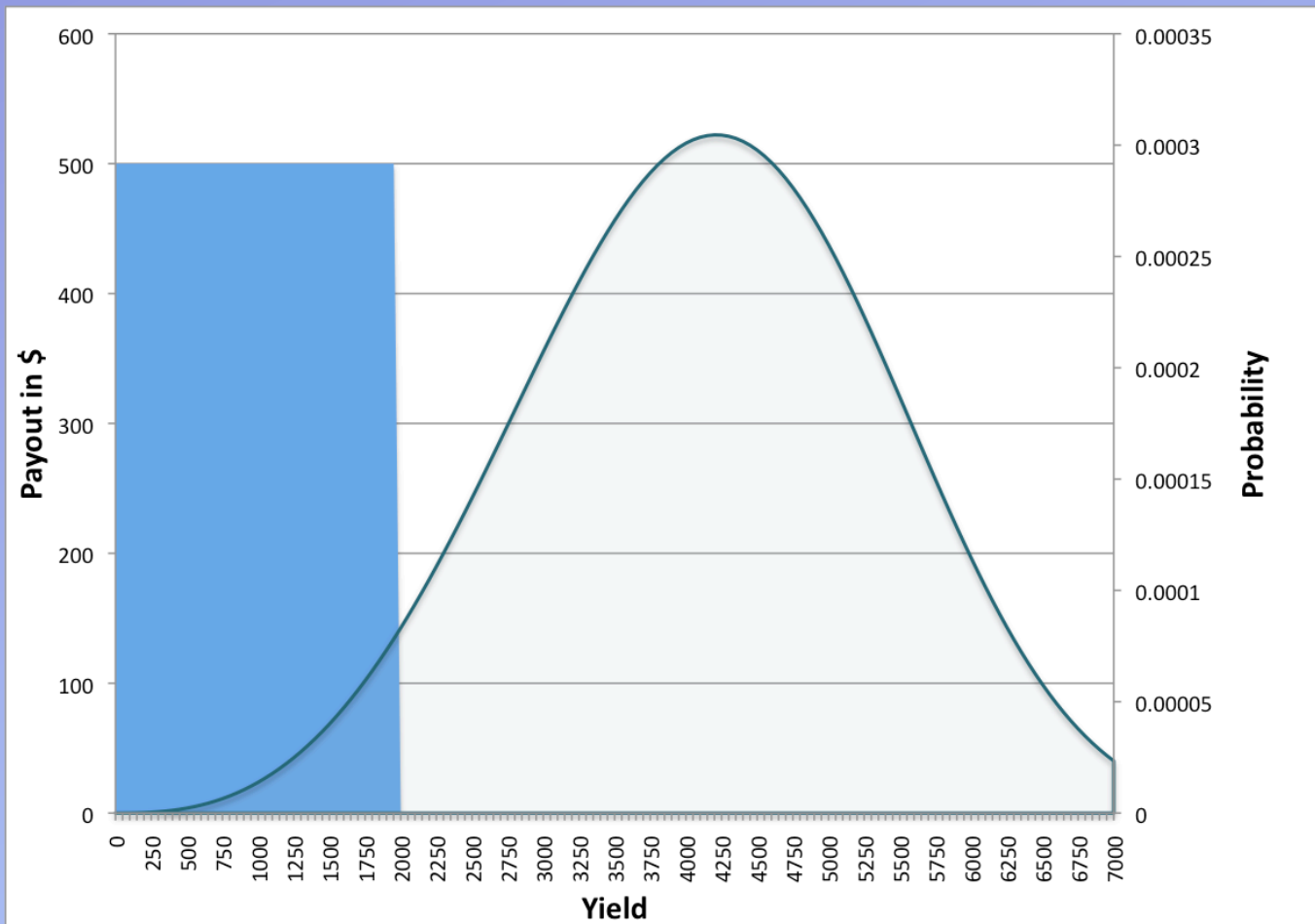
# Risk Layers



# Risk Transfer Contract

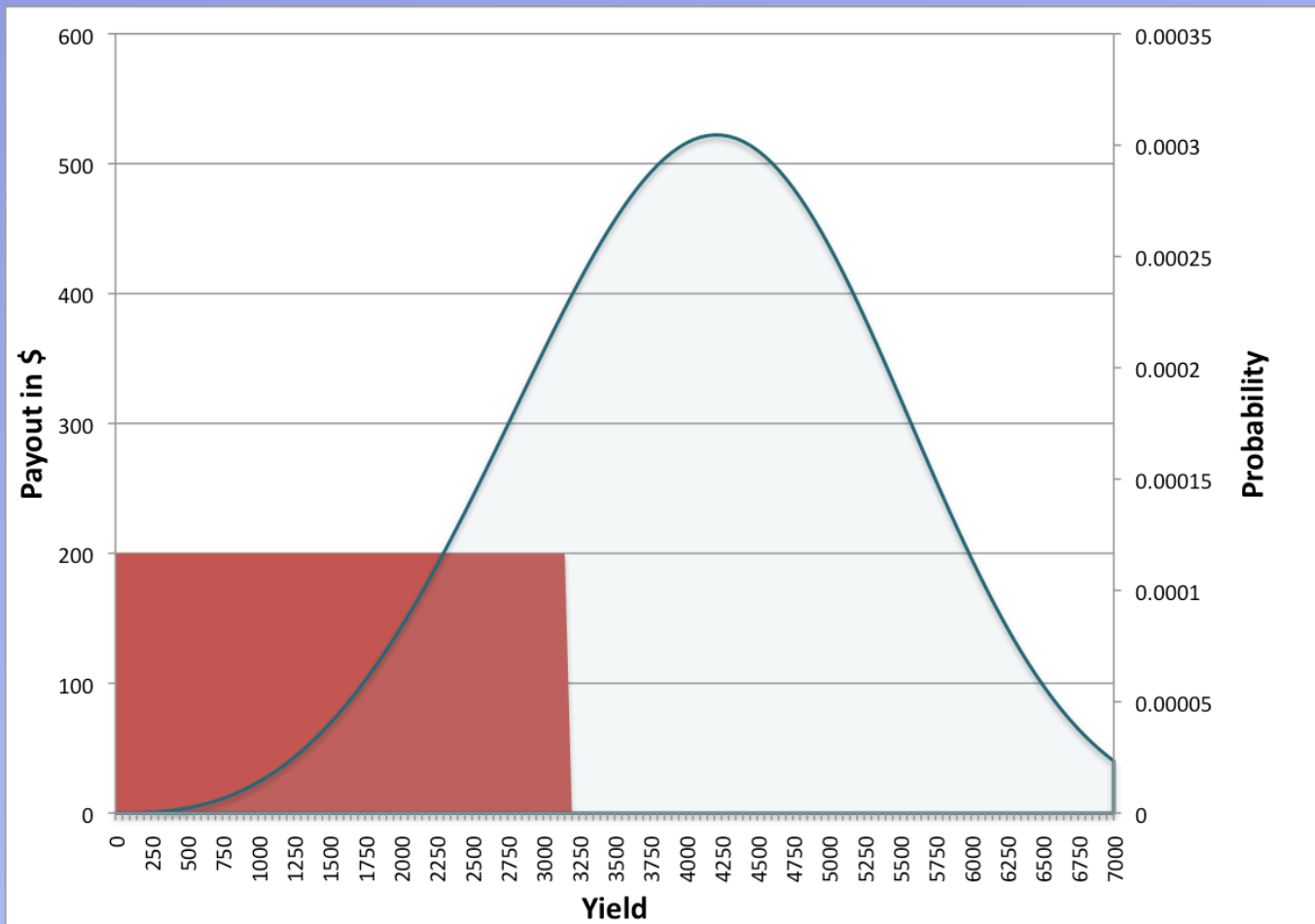


# Risk Transfer Contract: Catastrophic Risk Layer

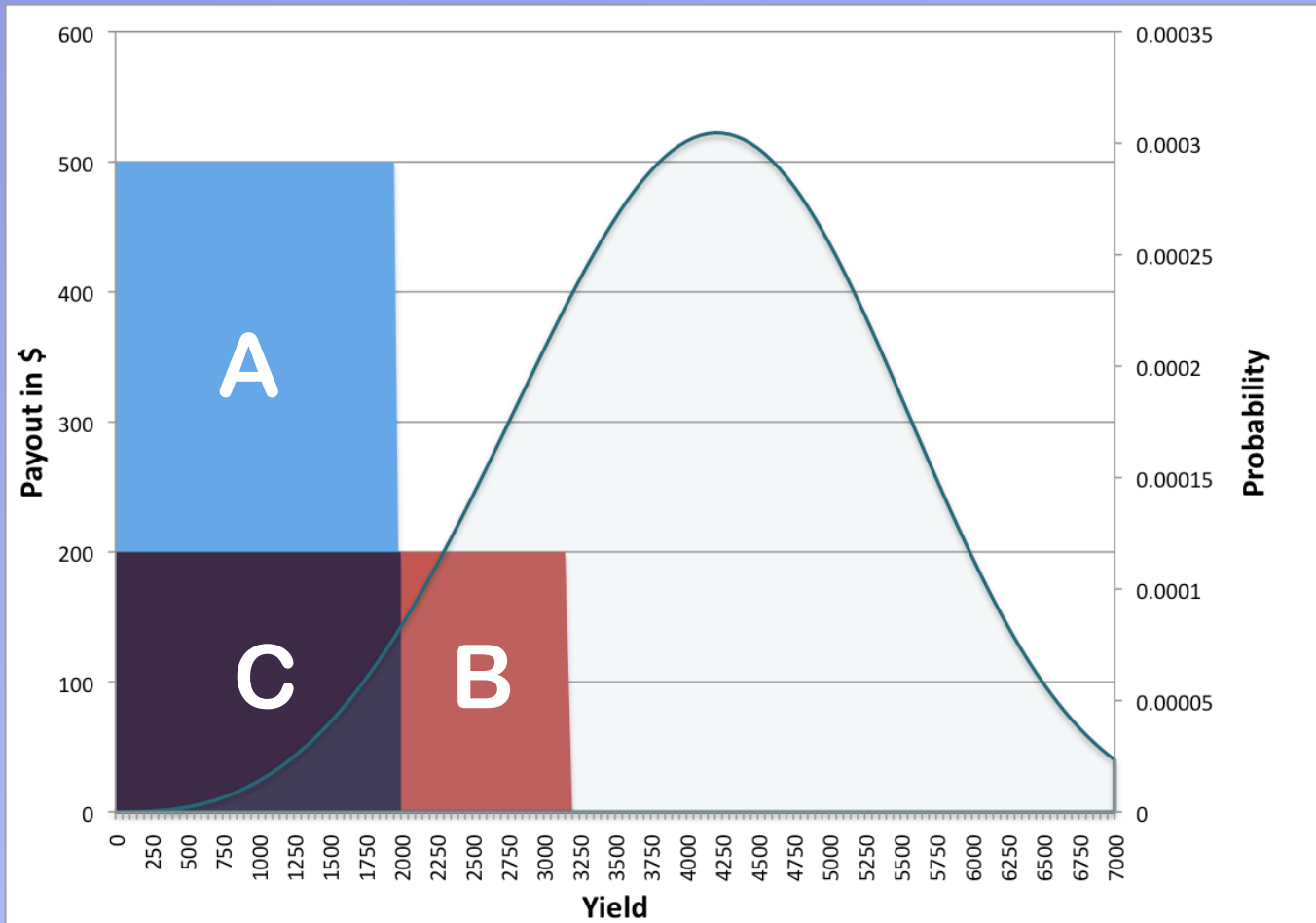




# Risk Transfer Contract: Commercial Risk Layer



# Risk Transfer Contract: Unified



# Institutional Challenges

- Information to construct indices
- Delivery mechanisms for government
  - In Peru people didn't know they were insured
  - Identification of insured population (to whom do you pay)
  - How do you make them aware they are insured (and thus change behavior)
  - How do you delivery indemnities to insured population?
- Coordination between government and private sector – government or private

- Questions?

Thank you