

# Agriculture and Adaptation to Climate Change: The Role of Insurance and Technology Dissemination for Risk Management

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Climate change has a variety of consequences relevant to agricultural production and rural development in Latin America and the Caribbean. While some of these effects have previously been the subject of economic study for the region, policy initiatives at the microeconomic level have not been extensively studied. This project seeks to increase knowledge on the effects of climate change on agricultural production and on the role of alternative instruments for risk management, particularly insurance and technology diffusion, in Latin America and the Caribbean.

With these considerations in mind, relevant issues in regard to insurance include: i) which existing instruments can be adapted to climate change, and which kinds must be developed; ii) the market conditions for the launch or further development of the market, and the State's role in this process; iii) the profile of producers' demand; and iv) instrument design that will incentivize dissemination of insurance (or weather derivatives). In regard to technology diffusion, relevant questions include: i) how agricultural technological dissemination is organized, and the degree to which climate change awareness is being transmitted to producers; ii) the role of private/public institutions in technical dissemination, and how producer demand for technical change is evaluated; and iii) countries' experience (if any) with alternative models of agricultural extension programs, and those models' costs and benefits in relation to the demands imposed by climate change.