

Dirección General de Atención al Cambio Climático en el Sector Agropecuario

North American Drought Monitor Forum

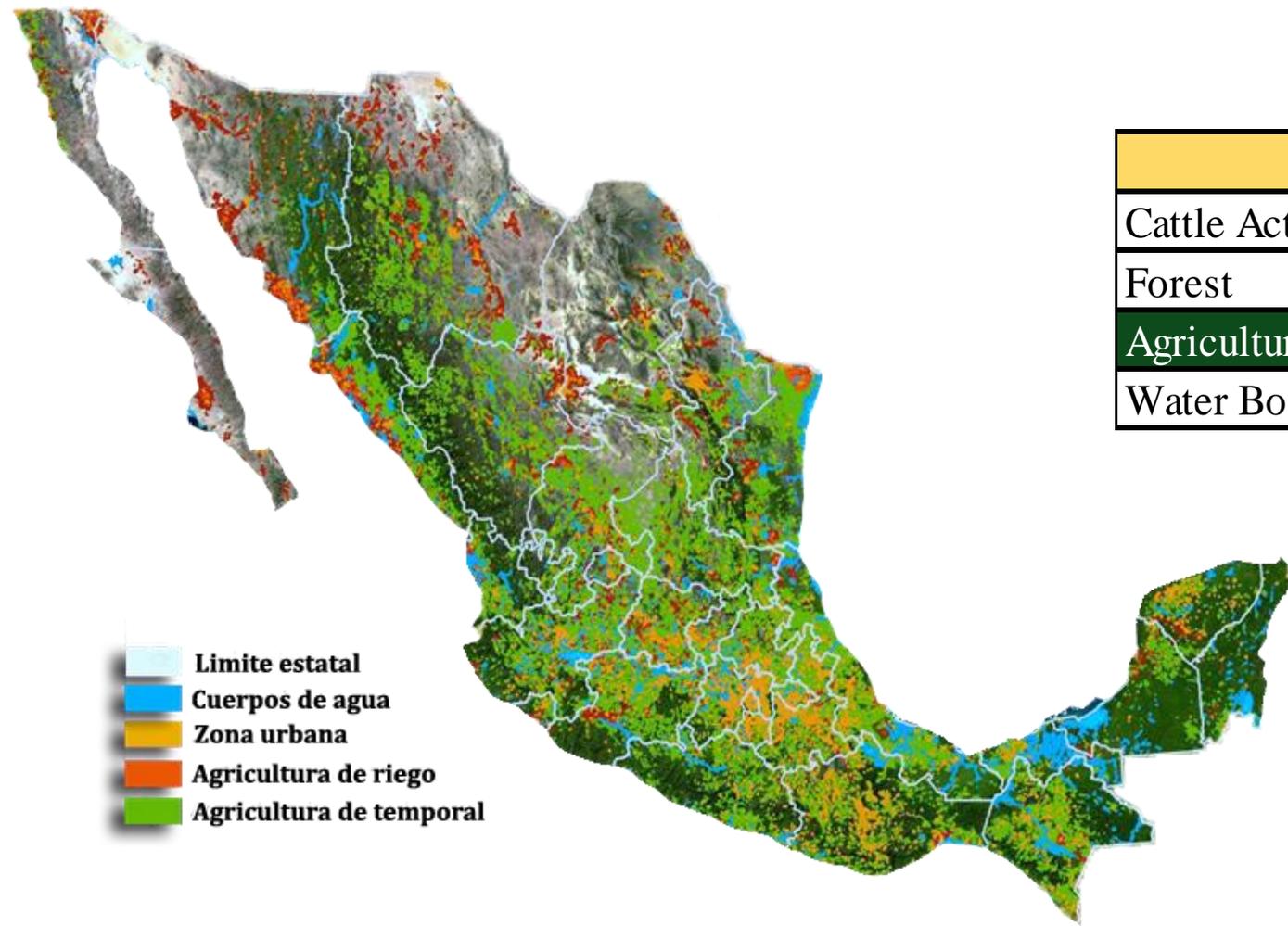


Drought Implications on the Agricultural Sector in Mexico and Actions to Overcome Them

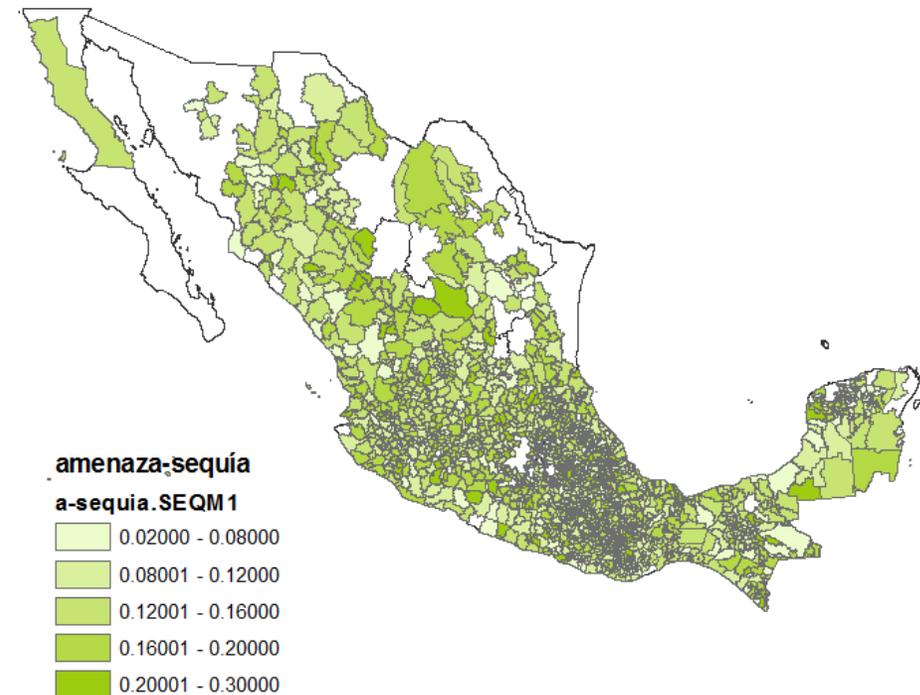
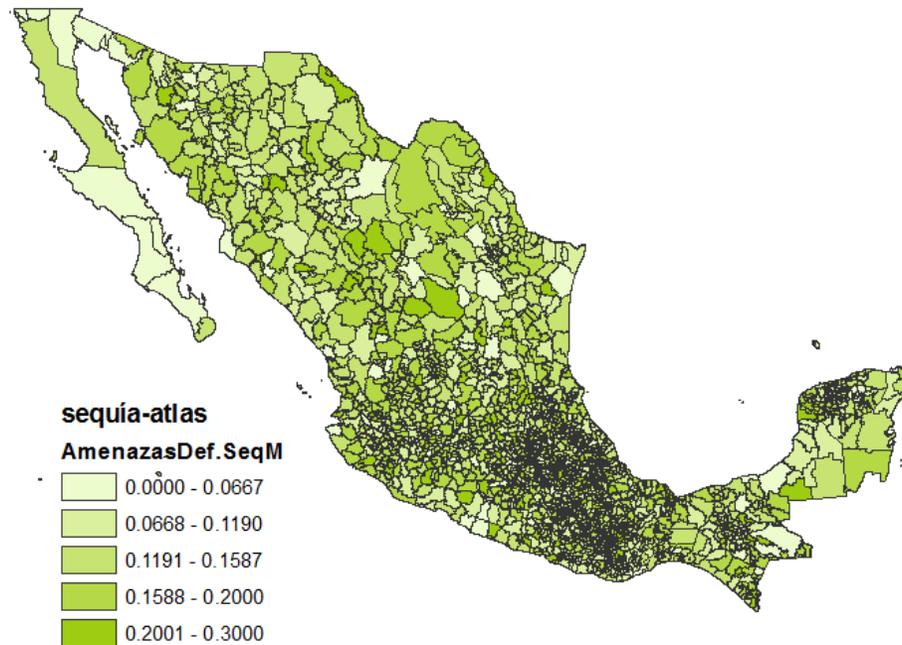
National Territory Surface 196 million has

Surface	Million has	%
Cattle Activity	109.8	56.0%
Forest	54.4	27.8%
Agriculture	26.9	13.7%
Water Bodies and urban areas	4.9	2.5%
National	196.0	100%

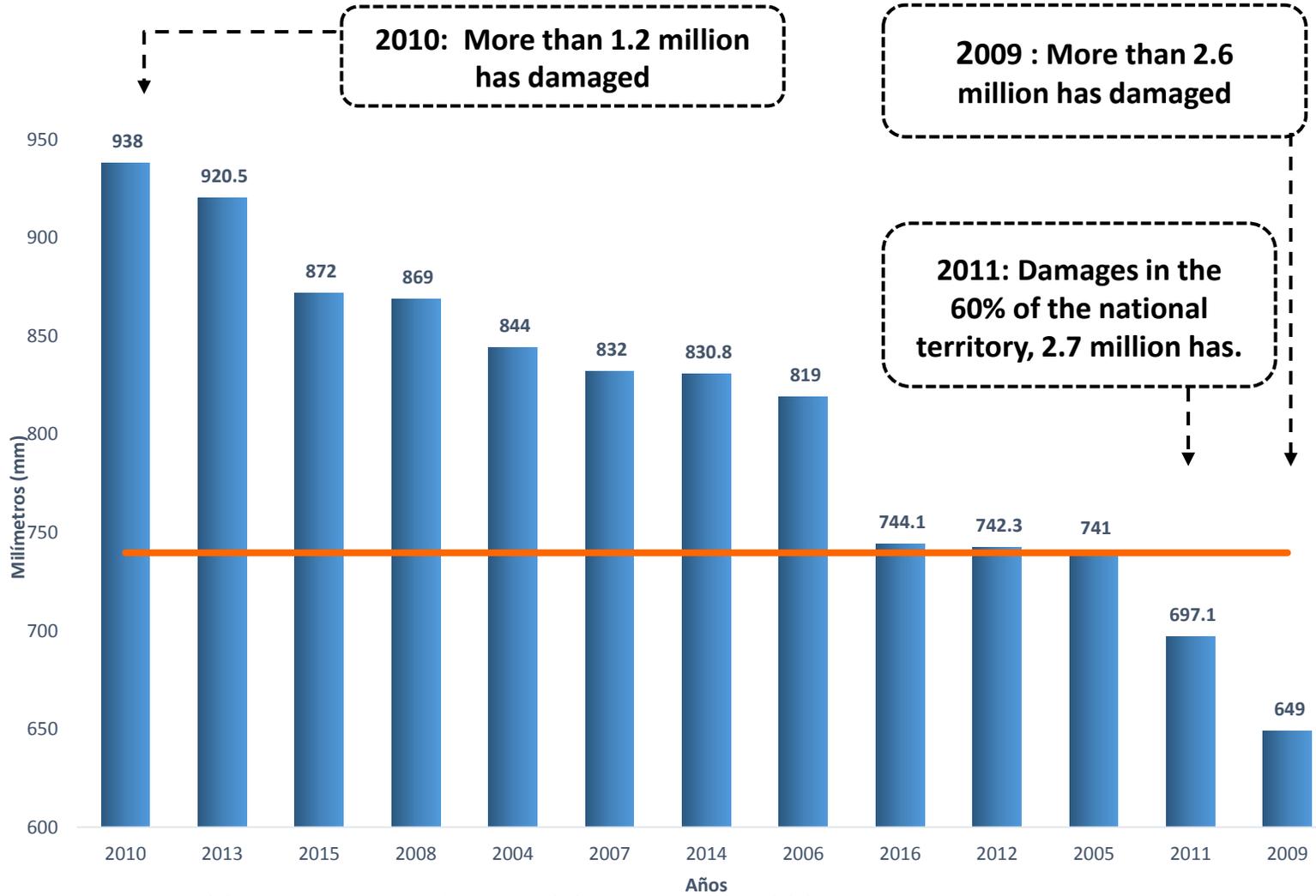
Fuente: México en Cifras, INEGI.



- México has a farming surface of 22 million has.
- 74% of this surface is for dryland farming use.
- The quantity and the distribution of the rainfall determine the impact of drought in this kind of crops.
- 9 out of 10 damaged hectares are affected by drought



Annual National Rainfall (2004-2016)



Fuente: Elaboración propia con información de la Comisión Nacional del Agua (CONAGUA)

- 2009 drought has been the second worst in over 60 years
- 2010 has been the most rainy year on record
- 2011 drought has been the worst in over 70 years

Low income producers without access to insurance

Catastrophic Agriculture, Livestock, fishery and Aquiculture Insurance (SAC):



Local governments request the support for contracting the insurance. The period to request is from January to March, before the seeding, to protect the activities against natural disasters.



The insurance protects the federal and local financial resources. Fast return of the producers to the productive activity



Low income producers in areas with high marginalization levels.



Parametric and yield insurance models with a catastrophic territorial coverage. The insurance does not cover the producers, but the cultivated surface and the cattle stock units (territorial); total loss, not partial loss (catastrophic)



Fixed Insured amounts in all the country. They are published in the operation rules at the beginning of the year



Any legal crop

Low income producers with access to insurance

Commercial Insurance:



The insurers request the list of eligible producers that can afford an insurance. The request of the support is on behalf of the producer. it can be requested any day of the year.



The protection is for the investment of the producer and allows the access to financing



The agriculture beneficiaries are low income producers. In the livestock and aquiculture the beneficiaries could be any one.



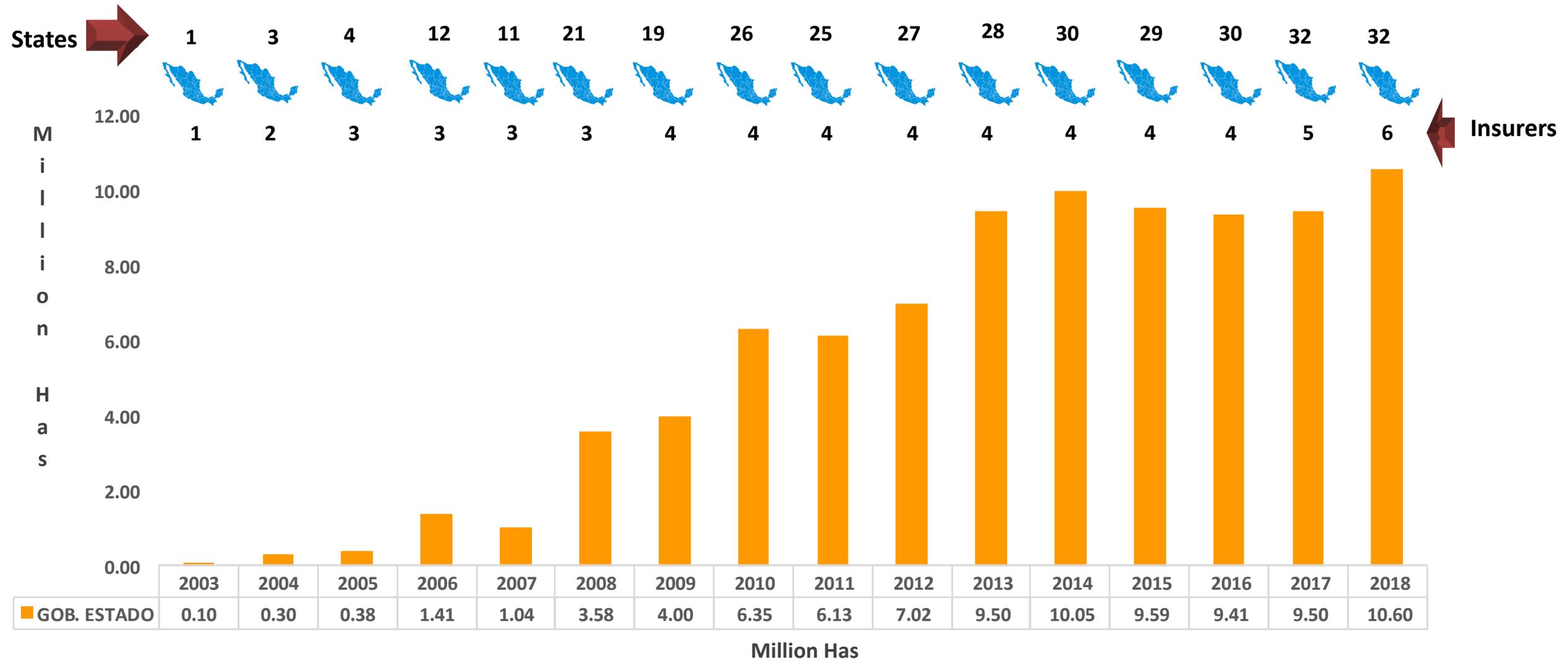
They have an individual oriented structure that covers partial loss.

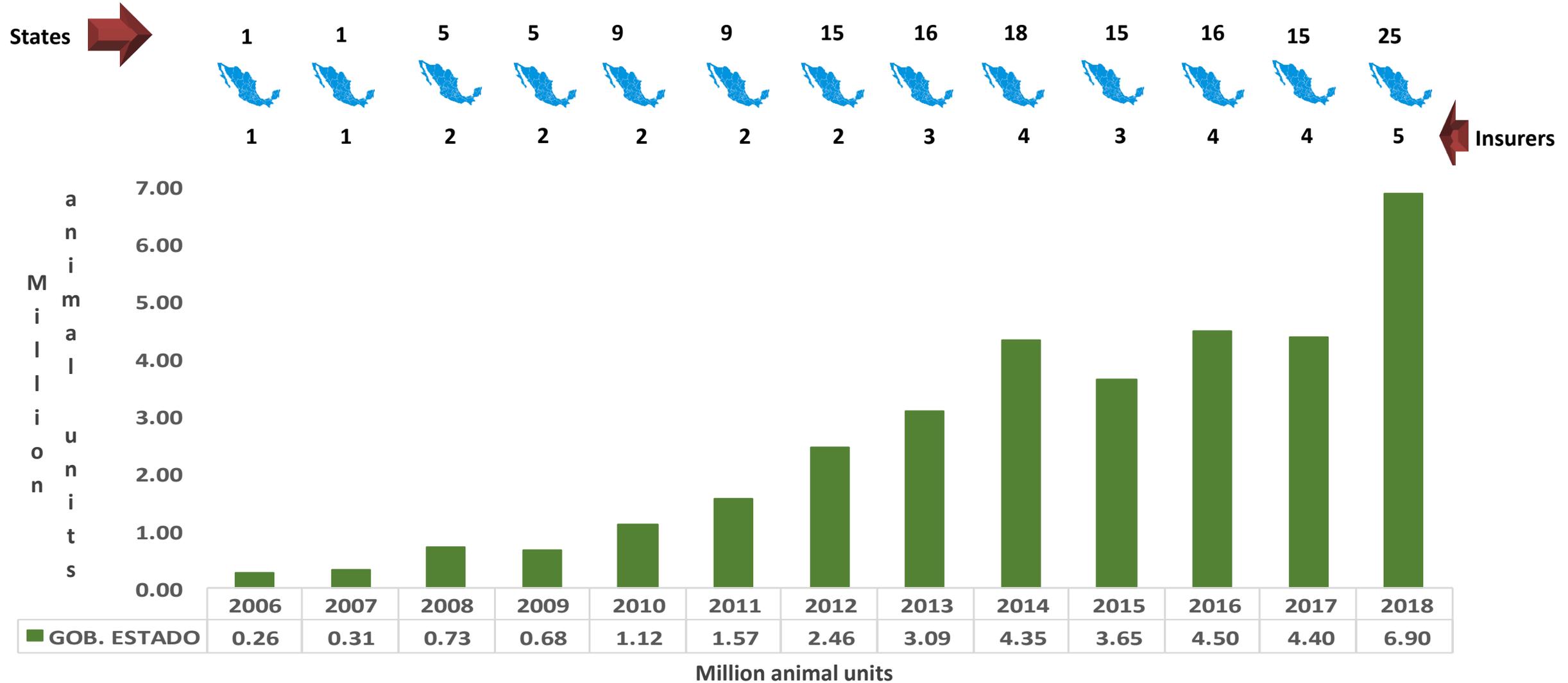


Insurance amounts correspond to each technological package that the producer wants to protect.

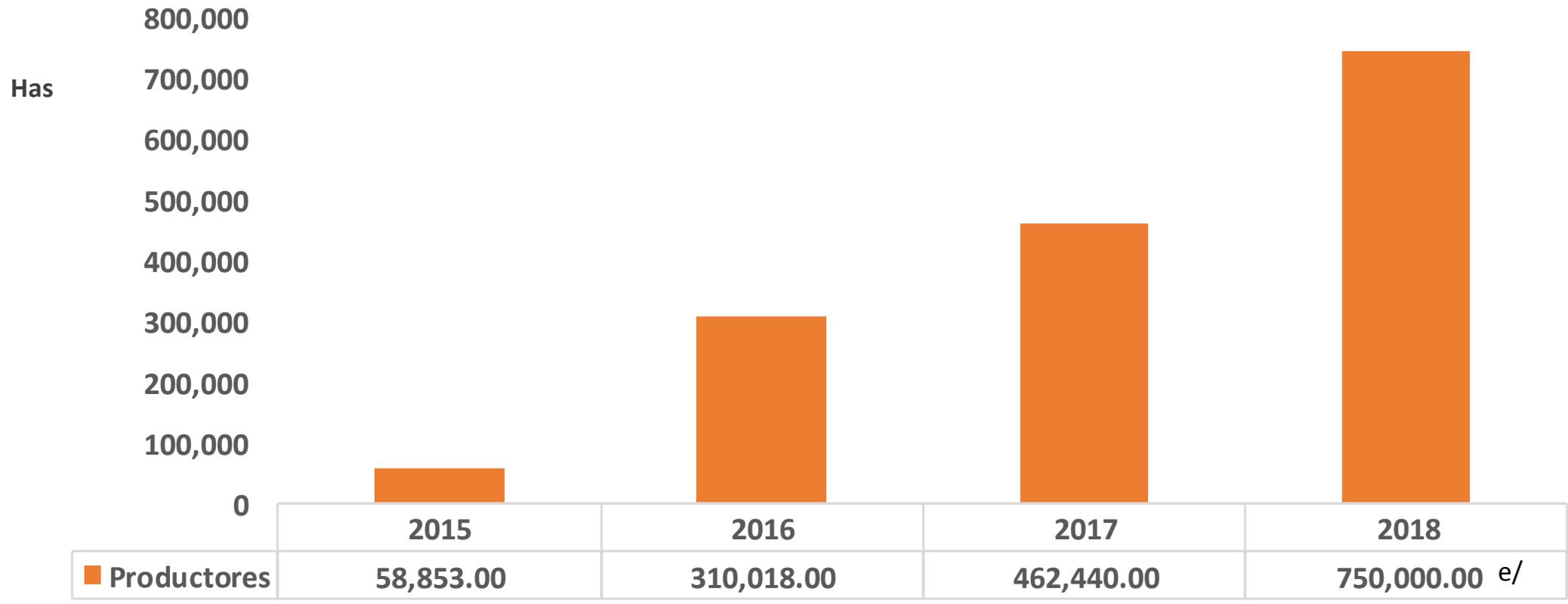
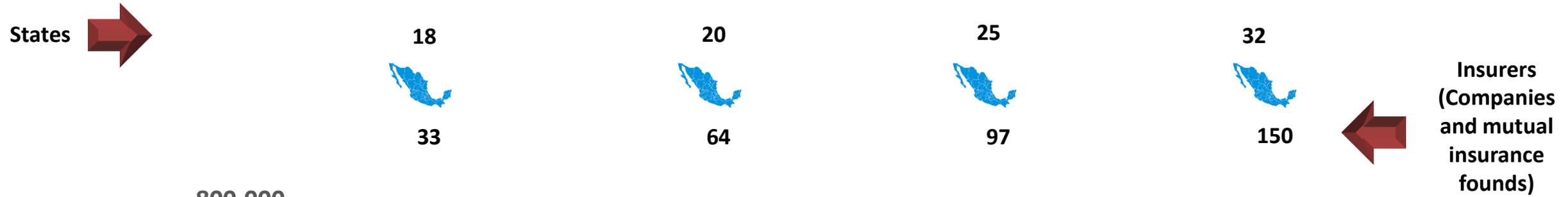


All the cattle in the country is protected, besides 60 different crops can be protected in case of natural disasters.





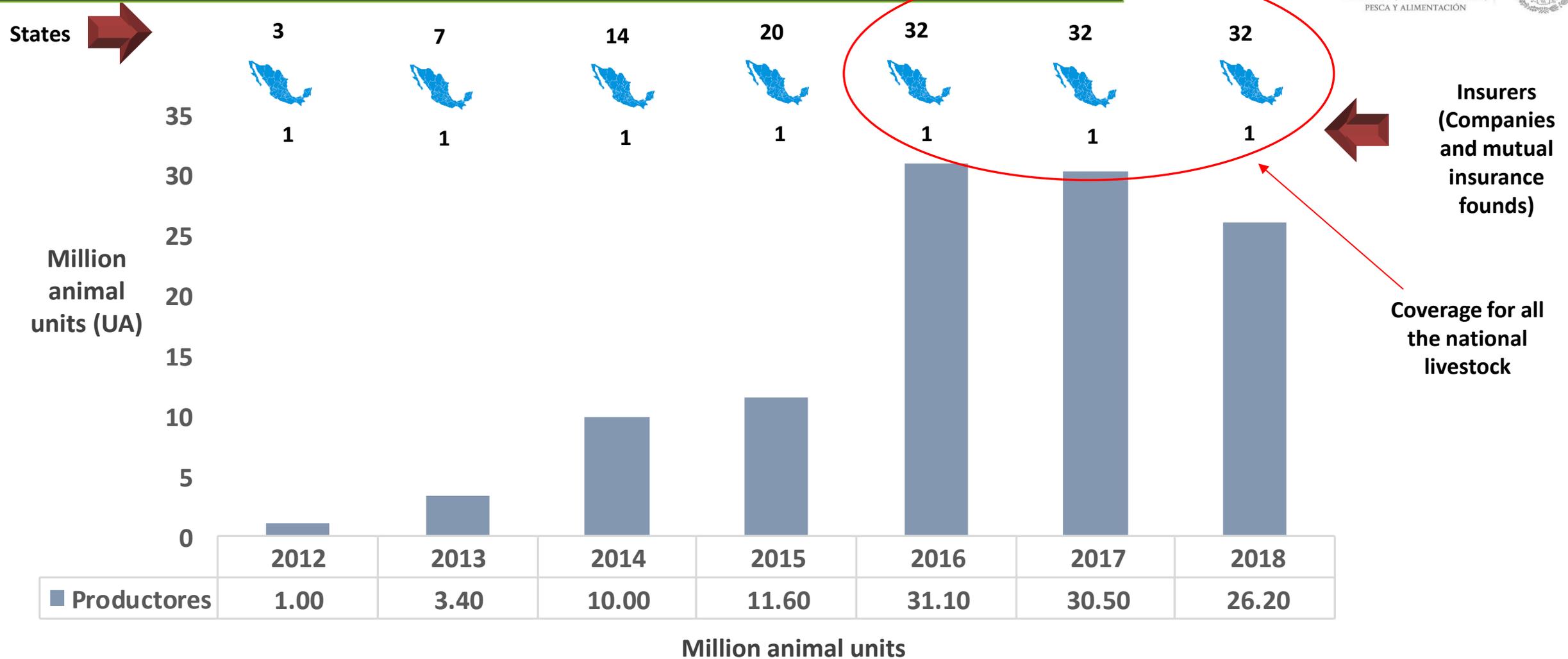
Agriculture Commercial Insurance



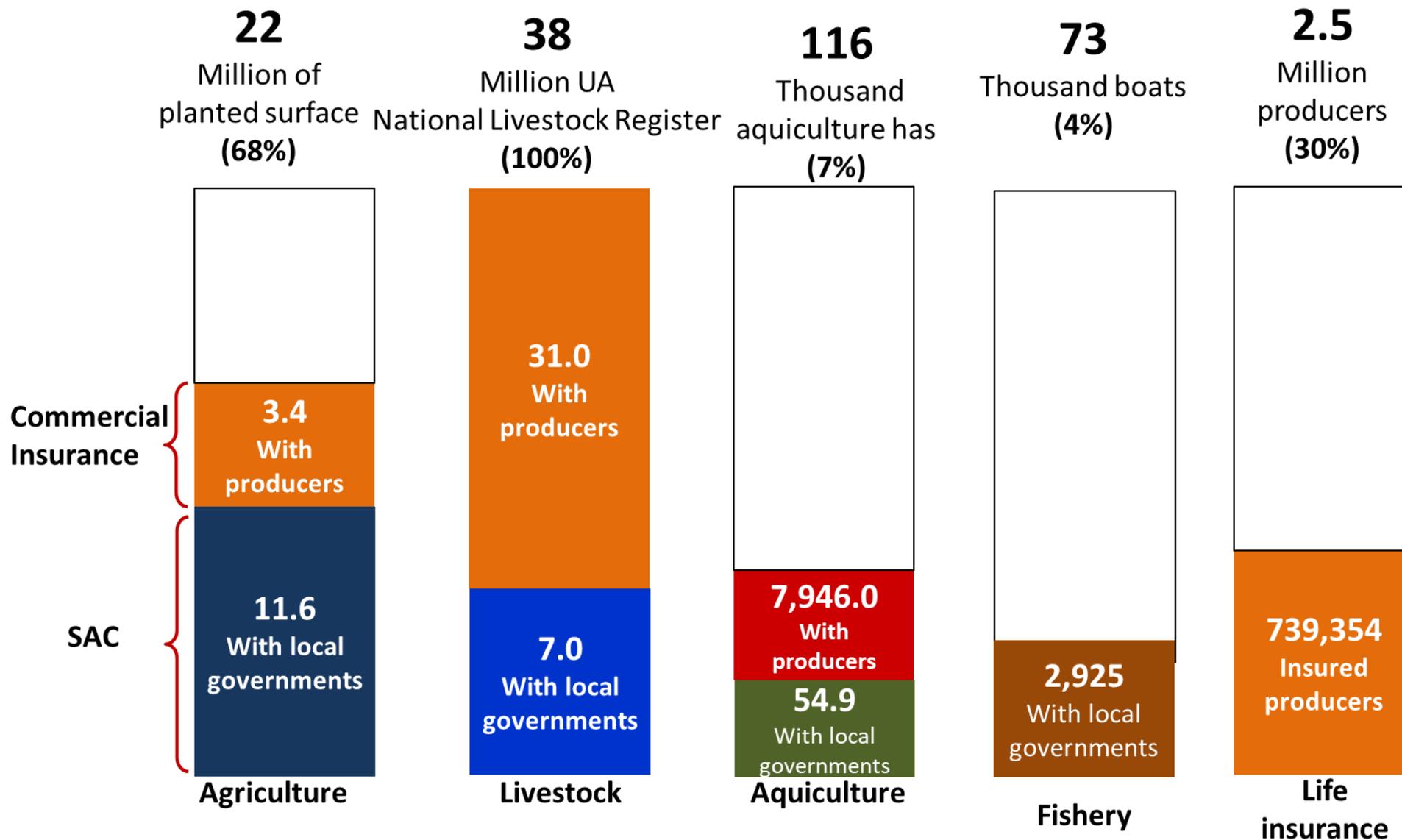
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Has

Livestock Commercial Insurance

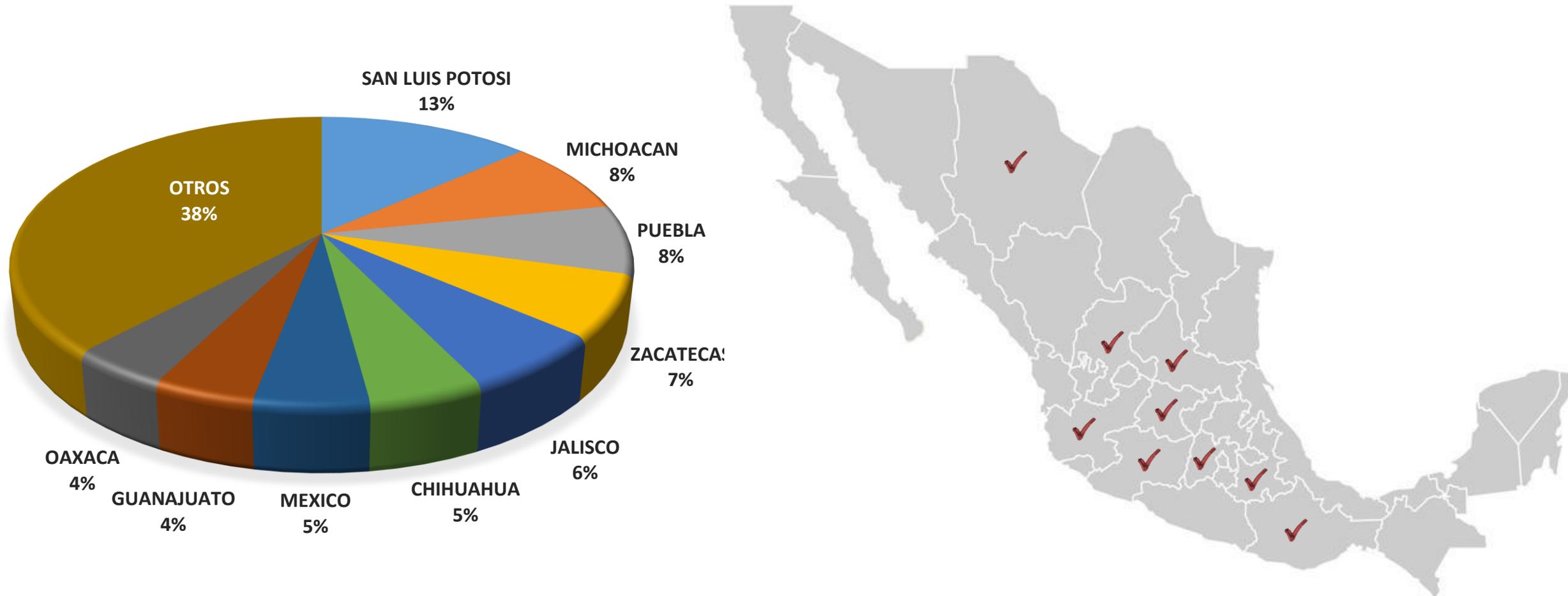


It's important to emphasize that since 2015 this is the only sector with universal coverage. Today all the ranchers in the National Livestock Register (PGN), 38 million of UA, have protection for dead livestock, forage availability, flower availability (900 thousand UA, bee-keeping) and for damage in their productive infrastructure (1 million assets).



47% of all the compensations payed from 2005 to 2017 with the support of this policy, were caused by drought.

62% of the compensations caused by drought were paid in 9 local governments and the 38% in the rest of the country



Example 1. Risk transfer

In 2011 Chihuahua State contracted an insurance, the risk was transferred and first a drought happened, then a frost

- Insurance: **234,064** has y **772,140** u.a.
- Insured amount: **64.8 MDD**
- Federal premium: **4.6 MDD**
- Local premium: **1.3 MDD**
- Total premium: **5.9 MDD**

Compensation: 25 mdd.

If the Local government hadn't had contracted the insurance, it would have had to pay the 50% of the support that they had to give to the producers and the other 50% would have had to be paid by the Federation. So the local Government would have paid **12.5 mdd**

Chihuahua



Municipalities: 67

M. Insured: 66

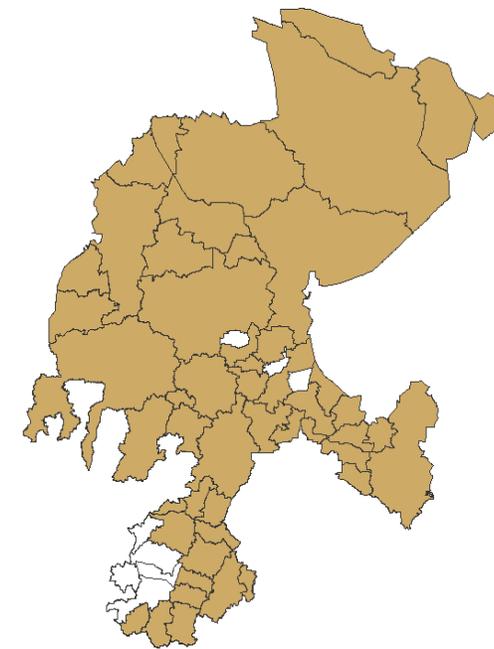
Example 2. Without Risk Transfer

In 2011, Zacatecas State didn't contract an insurance. However, the characteristics of the insurance that was offered to the State were:

- Insurance: **108,245 Has y 278,068 U.A.**
- Insured amount: **19.1 MDD**
- Federal premium: **2.7 MDD**
- Local premium: **0.8 MDD**
- Total premium: **3.5 MDD**

The Federation and the State had to pay **\$13.96 mdd**, **\$ 6.98 mdd** were paid by the local government and the same amount was paid by SAGARPA.

Zacatecas



Municipalities: 58