



Europa Re visits the Agricultural Sector in the Republic of Serbia – Important Insights for designing Sustainable Agricultural Insurance Mechanisms

12 October 2012 - During a five day mission in the Republic of Serbia, Europa Re's experts held several meetings with farmers, farmers' associations, food processors and agricultural agencies in various regions of the country. The mission's purpose was to understand current weather risk management practices, agricultural insurance penetration and to gather feedback on the effectiveness of the government's agricultural insurance subsidy scheme.

Conclusions from the meetings between Europa Re representatives and farmers and food processors in the Autonomous Province of Vojvodina, the largest field crop production area in the country, reveal that the agricultural sector in Serbia is increasingly challenged by adverse weather events. A recent drought, for instance, proved to be a heavy financial burden for farmers in general. Some estimates suggest that drought related losses are around 2 billion euros, causing additional harms along the supply chain in the economy. This trend poses significant costs for farmers, food collectors, food processors and the government.

In the Vranje area in South Serbia, where the climate and conditions are favorable for diverse fruit production, Europa Re representatives had a meeting with VEEDA experts (Regional Agency for Economic Development of Pcinja Region) and members of a local association of blueberry collectors and growers. This sector is expanding due to the successful efforts of VEEDA's PSD project, which is supported by the Swiss Agency for Development and Cooperation (SDC). However, while the larger collectors and food processors along the blueberry supply chain are better able to cope with adverse weather conditions, local pickers are less able to adjust. To address these problems, Europa Re intends to research the possibility of designing insurance products to be distributed at medium and large collectors' level including coverage for small pickers as well.

This mission indicates that agricultural insurance penetration in Serbia is quite low. In this regard, Europa Re plans to work together with the Serbian government and the local insurance companies to design catastrophe indemnity and weather risk insurance products specifically tailored to farmers' business needs. These optimal insurance instruments for hedging farmers' operational risks will also need the support of complementary government subsidy scheme for such insurance mechanisms.

Europa Re is focusing on improving agricultural sectors in the region, aiming provision of technical assistance through cooperation with governments and insurance companies. The main objective is to facilitate efficient insurance programs that will increase the long term sustainability of agricultural sectors in Europa Re member states.

The Facility is looking forward to continue its cooperation with the Serbian agricultural sector.