

Food Security: Sustainability of Multiperil Crop Insurance, A Public Private Partnership

The Department of Agriculture, Forestry and Fisheries (DAFF) have indicated that insurance is a priority for the department and have confirmed their intent to work closely with the industry.

The Turkish Agricultural Insurance Pool (TARSIM) will be visiting South Africa on 22 February 2013 and a workshop will be held with DAFF, NT and the SAIA. SAIA is hosting the workshop and with the whole event having been sponsored by ABSA. This workshop will afford the industry the opportunity to learn from Turkey's experience in creating a Public Private Partnership. This high level delegation will include the Ministry of Finance and Ministry of Agriculture from Turkey.

An overview of the South African Crop Insurance Industry will be tabled in order for the Turkish delegation to understand our context. The development of a Public Private Partnership (PPP) in agricultural insurance in South Africa was tabled for understanding.

The following will be addressed, not listed in any particular order

- Role of Government, rationale and why is it critical to have a PPP (Public Private Partnership).
- Processes what is seen as essential from a Government / State perspective to manage a successful PPP.
- How were the challenges of economical differences (eg small scale farming vs commercial farming to large enterprise) addressed within the reference of the TARSIM PPP.
- What were the most challenging aspects to negotiate and how did the sequence of discussions eventually define the current TARSIM model, what were the big risks and deal breakers?
- What was the timeframe and process which was followed start to end in the TARSIM development?
- How did TARSIM marry the objectives of Government and Commercial Agriculture?
- How was the programme priced and how did the Government set its parameters of affordability from both the State as well as Farming perspective.
- How was the balance struck within the shareholding of the Pool?
- How is the TARSIM Board structured?
- How is the risk sharing structured.
- What are the key drivers in financial modelling for subsidisation levels
- Does the PPP include all agricultural production and what method is applied to select type of cover
- How are catastrophic losses determined
- What are the sovereign policy benefits of a PPP

Thirdly, the prelim programme structure of the day is attached. 107258