



Annex 1 to G7 Bergamo Agriculture Ministers' Meeting Communiqué

Concrete G7 Action on assessing policies on catastrophic risks in agriculture

There is a role for government assistance in the context of risk associated to catastrophic events that have a low probability of occurrence, and can result in large and systemic economic and social losses. In practice, the challenges are to define ex-ante rules that delineate what constitutes a catastrophic event, how to prevent it and to limit economic and other losses when a catastrophic event occurs, and how governments may respond to help those impacted. With climatic events becoming potentially more severe and more frequent, if no sufficient measures are taken, defining an approach to prevent and coping with catastrophic risks becomes more pressing.

Contingency plans should define in advance the procedures, responsibilities and limits of the policy response. Governments can support advance planning and financial certainty of the response to catastrophic risk including the prevention. Government assistance should contribute to enhance resilience, help farmers to absorb and mitigate the impacts of the shocks, while preserving the incentives for innovation, adaptation and economic transformation.

It is thus proposed that a study examining policies on catastrophic risk in agriculture be undertaken. This study will evaluate the approaches taken in a number of G7 and non-G7 countries (to be identified), assessing their effectiveness and efficiency. It will frame catastrophic risk management in the context of a holistic approach that considers all risks and policies that impact on farmers' risk exposure. The study will seek to identify good practices in the design of catastrophic risk management policies. This includes delineating the scope of actions that are specific to rural communities that depend on agriculture from actions that are not sector-specific.

The project will build on previous and ongoing work of the OECD, and drawing on the knowledge and experience of the RBAs, updating earlier country studies on agricultural risk management and expanding the scope towards the question of improving resilience and prevention. Resilience is understood to be the capacity of the farming system to recover and rebound after an event, including a catastrophic one, and hence takes a more dynamic and comprehensive view on risks. The study will focus not only on ex-ante design of ex-post responses, but will include an analysis of the scope for ex-ante government action to identify, raise awareness of, and support private actors in preparing for catastrophic events (e.g. provision of information, support of advisory services, regulations for compulsory insurance, zoning, ...).

Finally, the study will take into consideration global initiatives that contribute to manage catastrophic risk warranting our continuing support, among others: PARM (Platform for Agricultural Risk Management), CREWS (Climate Risk Early Warning Systems), INSURESILIENCE launched by the G7 countries – meeting in Elmau, Germany, in June 2015.