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RÉPUBLIQUE FRANÇAISE

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DE L'AGRICULTURE  
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# Risk management in France

## National Programme of risk management and technical assistance (PNGRAT)

Workshop

“Increasing farm income and resilience through imaginative and targeted RDP programming”

29 March 2017 – Brussels





# PNGRAT

National programme focused on risk management (running on from previous programming)

Objectives : give access to one of the risk management tools of the PNGRAT at the largest number of farmer (measure 17)

- Measure 17.1 : crop insurance (climatic risks):
  - Financial contribution to premiums for crop insurance paid by farmers to spur the development of this risk management tool
- Measure 17.2 : Mutual funds in the event of sanitary risks and environmental incidents :
  - Financial contribution to financial compensations paid to farmers (and to administrative costs of setting up) in order to limit the cost for farmers and encourage the largest number to contribute
- 600 M€ for risk management tools for 2015 – 2020 ; 100% EAFRD (without national support – funds transferred from the 1st pillar)





# Crop insurance

Context : national support in case of agricultural climatic disaster (ex-post compensation), existing from 1964, numerous limitations

- Historic support to hail insurance
- Support for crop insurance against production losses due to climatic events from 2005
  - Individualized tool, giving greater responsibility to farmers, precise, offering a faster and better compensation than the historic tool
- National support → 1st pillar of the CAP since 2010 → 2d pillar since 2015
- A performing tool :
  - 26% of agricultural area insured in 10 years
  - Around 68 000 contracts each year
  - 12 insurers selling contracts eligible to public support
  - A high loyalty rate



# A new contract from 2016 : " contrat socle "



- Capping (or erosion) of diffusion since 2013 – 2014
- Development of a crop insurance adapted to the management of a "hard blow" :
  - allowing to begin a new production cycle after an adverse climatic event ; less insured capital and lower insurance premiums, in order to limit the cost and to facilitate access to crop insurance
  - 15 weather hazards hedged
    - first level = "hard blow" level, subsidy rate : 65%
  - Possibility to choose extension of guarantees → 2d level, subsidy rate : 45%
  - + non subsidized additional guarantees (ex : lowering trigger)
  - New offer for pasture, based on index



# The new crop insurance contracts

## 3d level : no subsidy

deductible < 20 ou 25 % / trigger < 30 %  
/ other extensions

## 2d level : 45 %

Insured price beyond "barème"<sup>2</sup> / deductible of at least 25 %  
/ trigger of 30 %

## "hard blow" level : 65 %

Insured price capped by a "barème" + deductible of at least 20  
ou 30 %<sup>1</sup>  
+ trigger of 30 %

1 : depending of the type of contract : ever for the whole farm of for a group of crop

2 : capped by real selling price



# National Mutual Funds for Sanitary and Environmental risk in agriculture (FMSE)

- Association of farmers created in 2012, officially recognized in 2013.
- Aims at providing compensation after a sanitary or environmental crisis
- Farmers contribute to the funds.
- When a sanitary or environmental crisis happens, the mutual fund's board of directors decides to compensate or not the losses. Afterwards, they can make an aide application :
  - European support (Eafrd) for losses above 30% of average production.
  - National support for losses under 30% due to sanitary events ; aid scheme notified in order to rapidly take action to limit the propagation of disease / pest infection





# FMSE's organisation

**1 common section :** obligatory adhesion, 20€ / farmer / year (common section 20€/year - 570 442 adherent in 2015)

## Specialized sections :

- to compensate losses due to sanitary crisis in a specific sector ;
- funded by additional contributions,
- More and more sectors interested

	2013	2016	2019
Nb of specialized sections	2	10	19 (prévisionnel)

**2016 :** pig, young plant of potato, fruits, fresh vegetables, vegetables available for processing, beetroots, ruminant, plant nursing, poultry, potatoes





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# FMSE's intervention

## Number of compensation programme

		2015	2016
Eafrd	Number of programmes	6	3
	Solicited contribution (M€)	1,66	0,9
National aid	Number of programmes	9	12
	Solicited contribution (M€)	4,1	9,6





# Ongoing work on risk management in agriculture

Initiated by the Minister of Agriculture in October 2016 (context : economic crisis, multiple climatic events (droughts, flood, frost , hail) and sanitary crisis (bird flu, bluetongue))

Working group on :

- Evolution of event occurrence and magnitude
- Inventory of existing tools
- Recommendations

Synthesis of this work presented the 15 of March 2017

Key elements :

- Foster crop insurance development and FMSE development
- Enhance risk management culture of farmers and agricultural chain
- Complement existing set of tools to better address risks of low magnitude and economic risks while strengthening system-wide coherence and better involving economic actors



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