

Building resilience in agriculture and food systems

An introduction to the G20 agriculture deputy discussion

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Towards resilient agricultural and food systems

- There is considerable experience in managing risks in agriculture. But the COVID-19 crisis and more frequent sectoral shocks are raising questions about the adequacy of existing risk management policies in building more resilient agriculture and food systems.
- “Resilience” refers not only to the **capacity to prevent, anticipate, adapt to and recover from shocks** but also to the **capacity to transform and rebuild better** without compromising long-term prospects for sustainable development.
- This presentation will discuss agriculture and food systems resilience in the context of (1) the COVID-19 pandemic and (2) future risks.

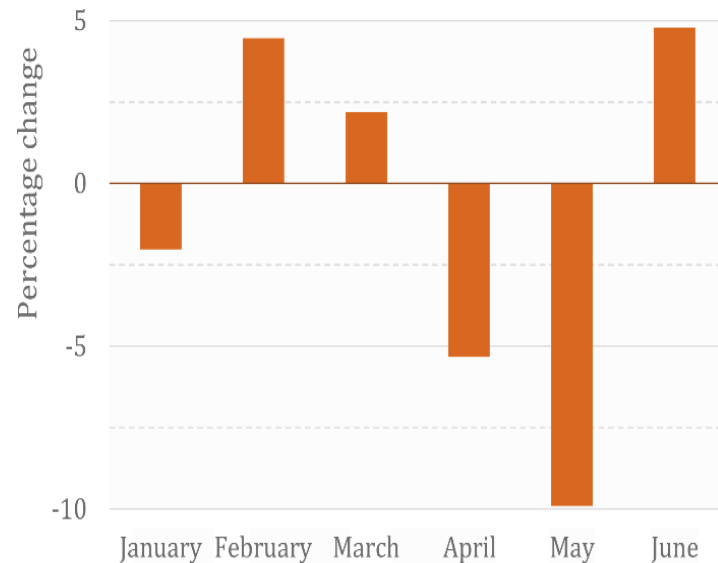
1. Resilience in the context of the COVID-19 pandemic

What has happened to the sector?

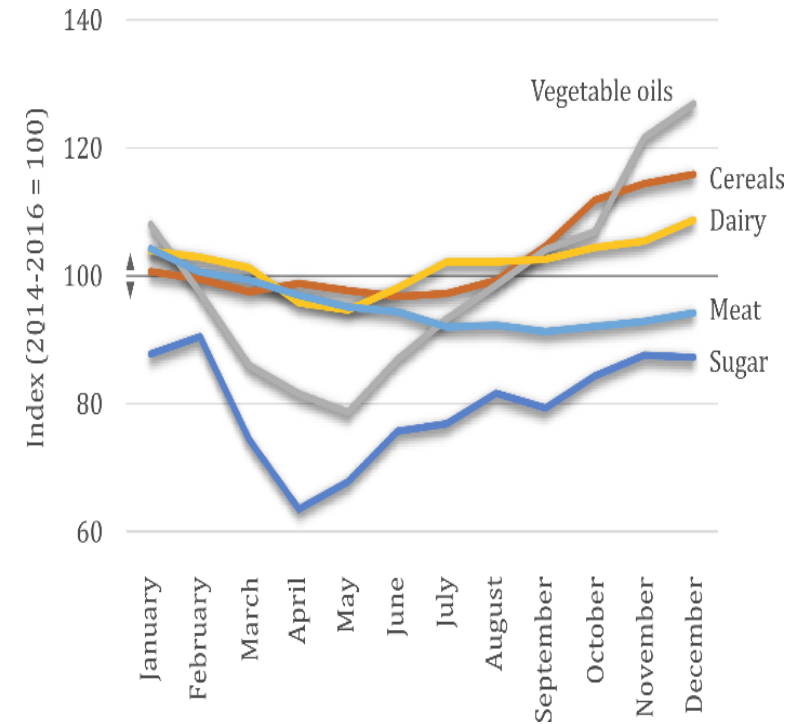
SUPPLY	DEMAND
<p>Restrictions on the movement of people and people falling ill: Severe impact on migrant workers; shortages in workforce in agriculture, processing and distribution facilities</p> <p>Logistics: Transport and trade restrictions</p> <p>Existing crises: Topping-up effect to pre-existing problems in different countries (locusts in East Africa, African Swine fever, climate change, etc.)</p>	<p>Recession: Global growth is projected at –3.5 percent in 2020, with significant implications for incomes and consumer spending</p> <p>Shift in purchasing modalities: Lower restaurant traffic, increased e-commerce deliveries, and rise in consumption at home</p> <p>Change in consumption patterns: Increase in both staple foods and ready-to-eat food that can be stored</p>

What has been observed?

Percentage change of world agricultural and food import values, January to June 2020 compared to the same month average in 2018/19



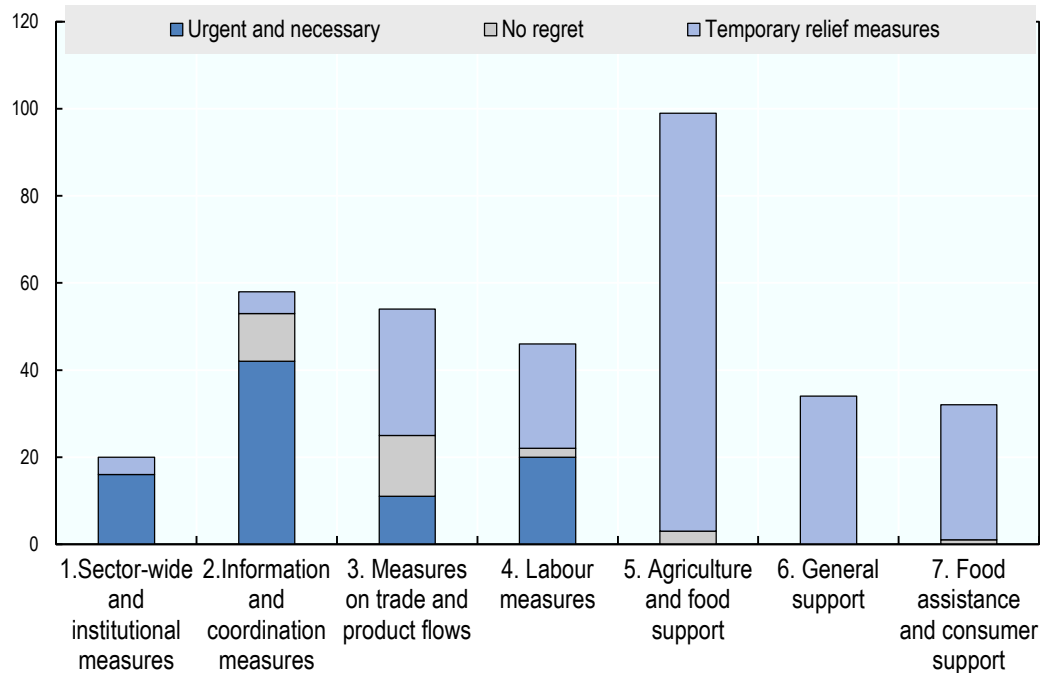
FAO Food Commodity Price Indices, 2020



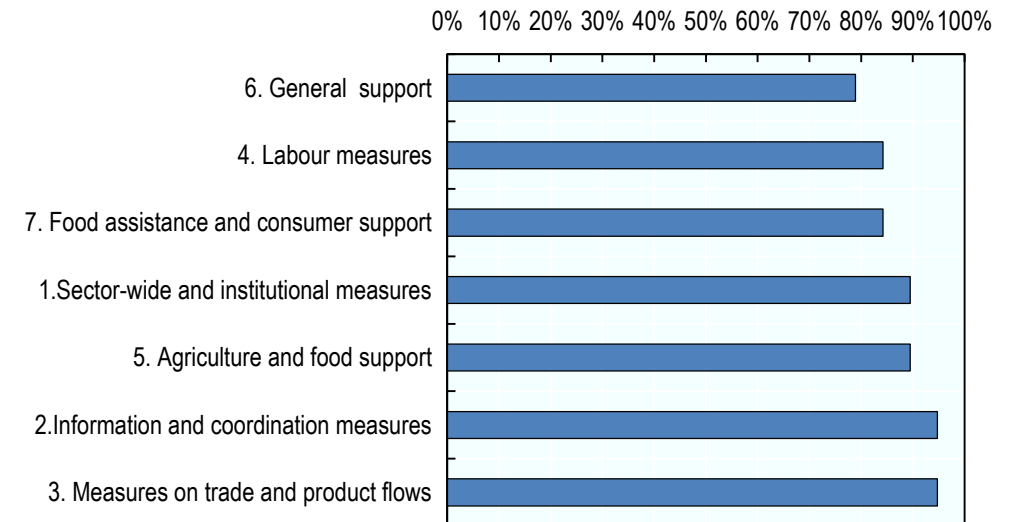
- Effects on agricultural and food trade and commodity price clear but short-lived
- More important impacts on specific supply chains: dairy, meat, fish and fruits and vegetables
- Gross farm receipts have increased from 2019 to 2020

What responses did governments undertake?

Number of measures by category and characterisation
Selected G20 member countries



Share of studied G20 members adopting a particular type of measure



343 individual measures undertaken by selected G20 members*, over 760 measures in 54 countries studied, encompassing institutional, information, labour, trade, agriculture and food relief.

Focus on international trade policies

Examples of trade and domestic measures to mitigate impacts on the agricultural sector

- Despite temporary export bans, governments ensured the good functioning of international trade which played an important role in food/ag supplies.
- This is in large part thanks to
 - **International policy coordination** and commitments (G20, APEC, AU).
 - **Transparency**, which was key in calming markets (AMIS).

TRADE RESTRICTIONS	MEASURES TO LOWER IMPORT BARRIERS	DOMESTIC MEASURES
A limited number of countries imposed trade related restrictions (very few import restrictions)	Several countries lowered import barriers , mainly in the form of suspending import tariffs and in limited cases, raising TRQs	Producer support measures provided to ensure production Some countries provided logistics and marketing support
Many of the export bans have been transformed into export quotas , and most of them have been already repealed	Relaxation of Technical Barriers to Trade (TBT) measures to facilitate imports of critical food items	Several countries increased domestic food procurement targets , and/or increased imports to build national reserves, ensure availability
Import restrictions mainly addressed trade of live animals	Most measures were temporary , put in place in March/April lasting at most until the end of 2020	Some implemented ceiling prices , some expanded food distribution programmes to ensure economic access

Source: FAO (forthcoming), Agricultural trade and policy responses during the first wave of the COVID-19 pandemic in 2020.

Preliminary take away lessons

- Agriculture and food sector was able to **adapt to and recover from the shock** quite well, thanks to the private sector's agility and to governments' prompt, wide, transparent (AMIS) and coordinated responses (G20)
- Still the **income shock remains major** in many countries, with **food insecurity** persisting, and the **virus remains active** affecting large shares of population.
- Fewer efforts have been undertaken thus far by governments **to transform and rebuild** the sector better so it can be facing the next shock - except via no regret and selected recovery measures.

2. Building resilience to future risks

A wide range of future risks for the sector

Shocks	Stressors
Biophysical and environmental	
Adverse weather conditions Power outages	Climate change Water-related risks
Socio-economic and demographic	
Economic crisis	Socio-economic development Population growth
Health	
Pandemic or food safety outbreak	Antimicrobial resistance or persistent food safety issues
Socio-political and legal	
Civil unrest and displacement crisis Trade barriers	Corruption Distress migration

How to build resilience to multiple risks? A few policy directions

- Distorting **agricultural support** should be redirected as it disincentives farmers to manage risks
- **Risk management policies** have a role to play :
 - Governments should focus on catastrophic risks
 - Prioritize investments that build resilience capacity both on farm and in the sector
- Importance of the **risk governance process**
- The **overall policy environment** matters; e.g., functioning innovation water allocation policies, open trade.

Application to the case of natural hazards:

(Preliminary insights from OECD-FAO project supported by Italy on building agricultural resilience to natural hazards)



- Taking a **pro-active resilience approach** involves *preparing for shocks*, but also learning and developing stronger structures *after the shocks*.
- It is important to **build an enabling environment** that supports and encourages agricultural sector stakeholders to take responsibility for building their resilience to natural hazard risk
- **Governance arrangements** that engage all stakeholders and clearly set out their roles and responsibilities in disaster risk management, and provide coherent policy signals are key
- **Improved data and information** on risks and impacts is crucial for decision making by all stakeholders

G20 Agriculture deputy
meeting discussion

Discussion with G20 members

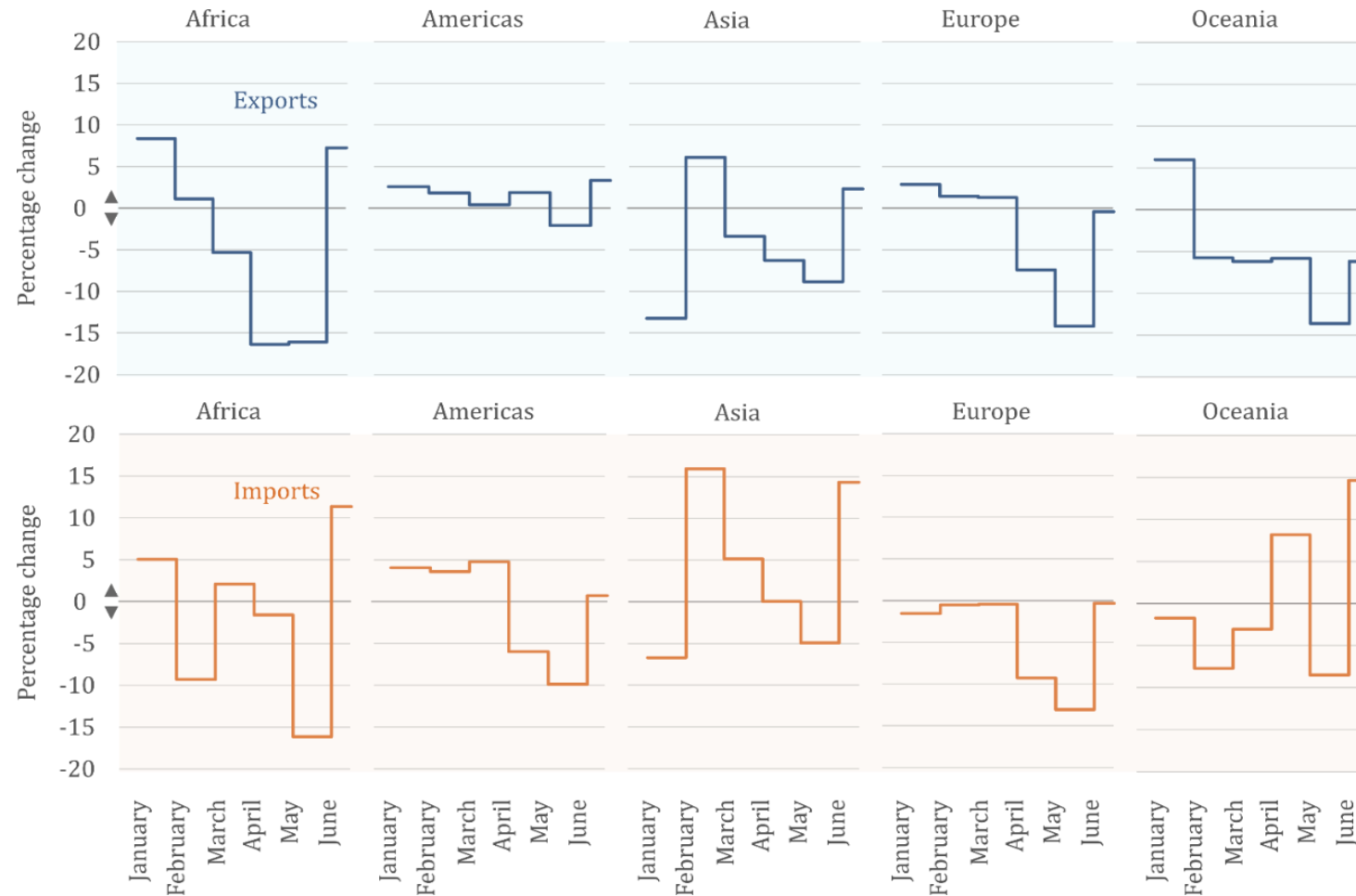
- G20 Survey on resilience and risk management
- Two guiding questions for today's discussion:
 - What is your assessment of the overall resilience of the agriculture and food sector to the COVID-19 crisis in your country?
 - What main lessons can you draw from the COVID 19 crisis that could be used to build the agriculture and food sector resilience to future risks?

Additional slides

Agricultural trade during the first wave of the COVID-19 pandemic in 2020

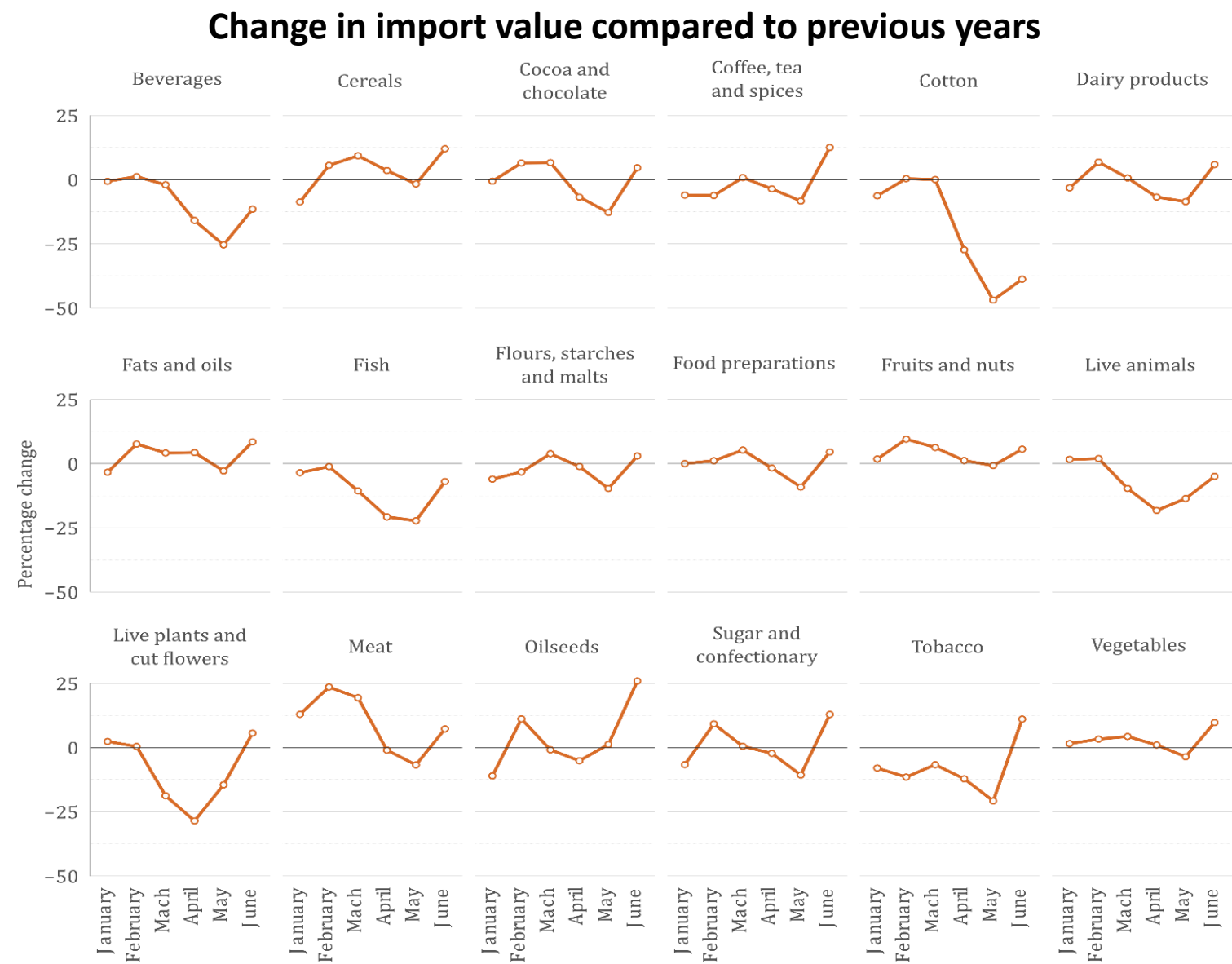
Effects on agricultural and food trade clear but short-lived, demonstrating that agricultural commodity markets were remarkably resilient

Change in agricultural and food export and import values, compared to previous years



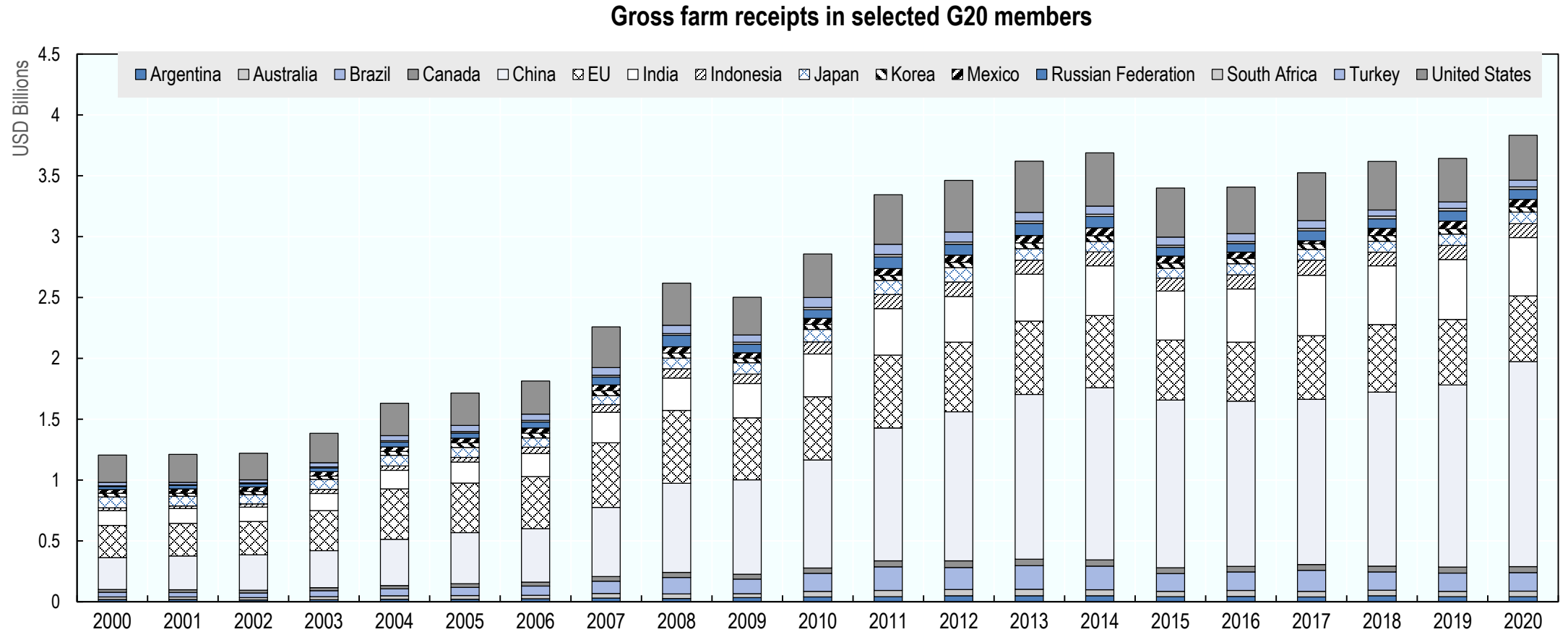
Source: FAO (forthcoming), Agricultural trade and policy responses during the first wave of the COVID-19 pandemic in 2020.

Agricultural trade during the first wave of the COVID-19 pandemic in 2020



Source: FAO (forthcoming), Agricultural trade and policy responses during the first wave of the COVID-19 pandemic in 2020.

Gross farm receipts have not decreased overall



Notes: Saudi Arabia is not included. France, Germany, Italy and the United Kingdom are embedded into the EU 28 figures. 2020 figure is an estimate.

Source: Derived from OECD (forthcoming), Agricultural Policy Monitoring and Evaluation 2021.