

Risk Management Agency's Role in Supporting Agriculture through Investment in Climate Related Research

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With the introduction of the Agriculture Risk Protection Act of 2000, it was acknowledged that the response to the risks faced by agricultural producers cannot be limited to crop insurance. Although crop insurance provides a valuable safety net against crop and livestock losses, crop insurance is not available for all crops and is not appropriate for all situations. ARPA expanded the responsibilities of the Risk Management Agency to include the development of **non-insurance** risk management tools to assist producers in identifying, quantifying and mitigating risks inherent in agricultural production. The legislation enabled the RMA to develop a wide ranging program for the development of loss mitigation tools, including tools that address financial management, disease and pest mitigation, labor supply issues, and terrorism. In general, RMA is able to develop tools that will increase the economic and production stability of agricultural producers. The objective to enhance the notice and timeliness of notice of weather conditions that affect crop yields and quality, and allow producers to take preventive actions and to reduce crop insurance claims is also included in that legislation. So even legislatively, climate and weather is acknowledged as a risk that should be addressed through the development of risk mitigation tools.

In working with the research community in developing partnerships for the development of tools that reduce the exposure to weather risk and increase the availability of climate data, the tools under development are for direct use by agricultural producers. Currently there 12 climate related research project funded by RMA—this includes only projects that are directly and solely related to reducing risks due to weather and climate. There are many more projects that include climate as a component of the tools under development.

The most critical issue in the development of these climate-related non-insurance risk management tools is the need for tools that are easy to use and provide information that can be applied at the farm level. RMA is not funding pure research—RMA is funding research that can be used to assist producers in making decisions concerning their farming operations. Producers need decision support tools that will assist them in adapting to the climate, whether that includes modifying planting dates, rotating crops, selecting different crop varieties, or modifying the timing and frequency of fertilizer applications. Weather and climate data must be made available in ways that can provide decision support tools that will provide effective risk management strategies for agricultural producers. RMA remains committed to playing a vital role in the development of valuable loss mitigation tools specifically addressing weather and climate issues affecting the nation's producers at the farm level.

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