

PROGRESS Workshop on Agricultural Insurance and Climate Adaptation in the EU's Eastern Partnership Countries

5-6 October 2026

OECD Premises, Boulogne-Billancourt, France (hybrid format)

Summary Record

Introduction and workshop objectives

The OECD convened a two-day workshop (5-6 October 2026) in Paris to examine how agricultural insurance can better contribute to climate adaptation and resilience in the EU's Eastern Partnership countries (Armenia, Azerbaijan, Georgia, Moldova and Ukraine). Participants exchanged international experience and discussed ongoing OECD work in Armenia, Moldova and Ukraine. The workshop combined global and European perspectives with detailed country discussions and an assessment of climate risks for selected horticultural crops in Ukraine.

The meeting was organised as part of the "Promoting Green Deal Readiness in the Eastern Partnership Countries" (PROGRESS) project which supports the EaP countries with achieving long-term mitigation, adaptation and sustainable development consistent with the EU Green Deal objectives and 1.5°C pathways of the Paris Agreement with a focus on horticulture. This work is funded by the Federal Ministry for the Environment, Climate Action, Nature Conservation and Nuclear Safety (BMUKN) of Germany through its International Climate Initiative (IKI).

The workshop brought together representatives of government institutions from the EaP countries, alongside international organisations, development partners, research institutions, insurance providers, financial institutions and civil society organisations. National institutions represented included the Armenia's Ministry of Economy and Agricultural Insurance National Agency, the Ministry of Environmental Protection and Agriculture of Georgia, the Ministry of Agriculture and Food Industry and the Ministry of Environment of Moldova, the Ministry of Economy and Environment of Ukraine. Other participating institutions included the Azerbaijan Banks Association, the Water and Amelioration Scientific Research Institute of Azerbaijan, and the Union of Insurers of Moldova. International participation included partners of the PROGRESS consortium, the United Nations Development Programme (UNDP), the World Bank Group, including the International Finance Corporation (IFC), the International Food Policy Research Institute (IFPRI), Imperial College London, the London School of Economics and Political Science (LSE), the Environmental Defense Fund (EDF), and the German-Moldovan Agricultural Policy Dialogue (APD), among others.

Key messages

Well-designed agricultural insurance products can protect farm incomes and investment against shocks. However, a central message was that **agricultural insurance should not be treated as a stand-alone solution** as it cannot substitute for risk prevention, climate-resilient farming practices, access to finance or effective public policies. More coherent approaches are needed to link insurance with agricultural lending, subsidies, advisory services, data infrastructure and climate adaptation strategies.

Discussions emphasised the importance of tailoring solutions to specific risks, crops, regions, farm sizes and national institutional arrangements. Participants explored the respective responsibilities of farmers, insurers, lenders and the state, recognising that an appropriate mix of instruments must address various degrees of losses: frequent manageable losses, more severe insurable losses and systemic or catastrophic shocks. Ultimately, there is no “one-size-fits-all” approach, and countries will need to identify the mix of measures best suited to the characteristics and needs of their agricultural sectors.

International experience and cross-cutting lessons

Designing insurance that is effective, accessible and trusted

International research highlighted the persistent protection gap in agriculture, particularly among smallholder farmers. Affordability, limited understanding of products, low trust in claims settlement, concentrated exposure and high administrative costs constrain uptake of insurance. Both indemnity-based and index or parametric products offer advantages but each entails trade-offs. The discussion drew particular attention to basis risk, where an index-based payout does not adequately reflect a farmer’s actual loss, and to the importance of reliable loss adjustment and transparent compensation procedures.

There was strong interest in innovations such as satellite and weather data, smartphone-based assessments, photo-based insurance, improved loss verification and simplified delivery through cooperatives or other intermediaries. The examples discussed underscored the need to pilot and evaluate products before scaling them, rather than assuming that a successful model can be transferred unchanged between countries.

Linking insurance, finance and climate adaptation

Bundling insurance with credit, farm inputs and advisory services was identified as a promising route to expanding access and supporting investment in more resilient production. International examples demonstrated potential benefits for agricultural borrowing and farm investment, while also showing that lenders require credible evidence that insurance reduces credit risk. Regulatory treatment of insured loans, collateral requirements and the design of incentives can affect whether banks participate. Farmers must also understand what protection bundled products provide.

A recurring point was the need to reward risk reduction without excluding farmers unable to afford the required investments. Measures such as “smart” irrigation, soil and water management, improved varieties and more resilient production systems and protection measures, such as hail nets, may lower underlying exposure, but costs and feasibility vary considerably. Premium discounts,

targeted subsidies or improved credit conditions linked to verifiable adaptation measures were discussed as possible incentives, subject to further analysis of effectiveness and equity.

Public support, risk information and fiscal exposure

Speakers stressed that public support has been important for scaling agricultural insurance, but that subsidies should be assessed against broader agricultural and climate policy objectives. Poorly targeted subsidies and unpredictable disaster compensation may discourage risk reduction or distort incentives. Conversely, well-coordinated public-private arrangements can support market development, improve data systems and provide protection against losses beyond private-sector capacity.

European assessments presented at the workshop illustrated the magnitude of climate-related agricultural losses and the substantial share of those losses borne by farmers and public authorities. Contributions on macroeconomic impacts stressed that agricultural shocks can also affect food prices, rural credit, supply chains and public finances. Participants therefore discussed stronger engagement of ministries of finance, regulators and central banks, together with pre-arranged financing and risk-layering mechanisms for severe events.

Across sessions, improved climate, yield, loss and exposure data emerged as a fundamental requirement for sound product pricing, credible risk assessments, better financing decisions and evaluation of adaptation investments. Data availability, interoperability, independent verification and accessibility to farmers and smaller institutions remain important challenges.

Country discussions

Armenia: Linking agricultural credit and insurance

Armenia's agricultural insurance system, operating with government premium support, has faced limited uptake and a highly concentrated portfolio, notably in particular crops and regions. The discussion examined a draft mechanism to connect existing subsidised agricultural loans with insurance, using banks and credit organisations as delivery channels. The proposed approach aims to broaden the risk pool, improve lenders' confidence, strengthen the sustainability of insurance provision and ultimately facilitate investment in resilience.

The proposal remains subject to further design and consultation. Questions raised included the affordability of combined products, incentives for lenders and insurers, the treatment of insurance under prudential rules, reinsurance capacity and the possible application of insurance requirements to publicly supported lending. Particular attention was given to the experience of traditional apricot orchards, where some risk-reduction investments may be impractical or unaffordable, and to the need to distinguish commercial risk protection from social support objectives.

Participants also highlighted the importance of trusted and technically sound loss adjustment. Under PROGRESS, work is underway to review Armenia's loss-adjustment guidance for selected crops and consider training needs in addition to the ongoing OECD work on credit-insurance linkages. The discussion pointed to reliable field data, crop- and location-specific assessment methods, technology, simple procedures and farmer awareness as priorities for a workable system.

Moldova: Options for a new risk management framework for Moldovan agriculture

Moldova's insurance premium subsidy currently covers 70% of eligible costs, yet insurance uptake remains low, particularly for crop production. Drought was identified as a major systemic risk, alongside hail, frost and other hazards. Discussions took place in the context of Moldova's preparation of a National Agricultural Resilience Programme for 2027–2030 and its efforts to align its agricultural risk-management framework with relevant European approaches.

Analytical work undertaken by the German-Moldovan Agricultural Policy Dialogue (APD), in cooperation with the Ministry of Agriculture and Food Industry of Moldova, provided the basis for discussions on possible reforms to the country's agricultural risk-management framework. Four reform scenarios were presented, ranging from adjustments to the existing insurance scheme to public-private arrangements and mutual fund mechanisms. The option receiving particular interest in national consultations combines a mutual fund for more systemic risks with an improved agricultural insurance market for more localised or independent risks. This was discussed as a preferred direction for further exploration, not as an adopted model.

The exchange also highlighted important implementation questions such as how to secure sufficient and trusted participation by farmers, define contributions and compensation, ensure sound fund governance and solvency, and coordinate with insurers and international reinsurers. The insurance sector expressed concerns about risk concentration, administrative capacity and potential fiscal and regulatory pressures. Banks indicated scope to integrate adaptation and insurance more systematically into lending decisions, subject to suitable products, data, clear claims conditions and financial viability. Ongoing OECD work on credit-insurance linkages and stakeholder consultations will continue.

Ukraine: Agricultural insurance and climate adaptation in Ukraine

Ukraine's agricultural sector faces increasingly significant climate risks alongside severe disruptions and constraints resulting from Russia's ongoing aggression. The workshop reviewed the existing insurance framework, experience with insurance-linked agricultural financing and the renewed state premium-support programme in 2026. Speakers noted that legal provisions and products do not necessarily translate into widely used or effective coverage, while war-related risks are generally excluded from conventional agricultural policies.

A key focus was the need to develop practical, reliable insurance options for horticulture, including fruit, berries and perennial crops. Such products require crop-specific risk assessment and loss-adjustment methods, taking account not only of a season's yield but also of the longer-term investment represented by orchards and plantations. The discussion called for careful analysis of farmers' needs, data availability, existing international experience and the scope for combining insurance with agricultural finance and climate adaptation investments. Ongoing OECD work focuses on insurance system mapping and horticultural insurance product development.

Participants underlined that the immediate pressures on farm liquidity and investment, as well as damage to agricultural and water infrastructure, complicate responses to climate risk. Improving reliable meteorological observations, yield statistics and farm-level information was identified as a useful avenue for further consideration by public authorities and development partners.

Climate risk and vulnerability assessment for Ukraine

The workshop also presented preliminary results of a climate risk and vulnerability assessment (CRVA) covering apples, strawberries, raspberries and walnuts in Ukraine under PROGRESS. The assessment provides a geographically differentiated, biophysical understanding of current and projected climate pressures. It is intended as a basis for adaptation planning and it does not directly quantify crop-yield or financial losses.

The analysis found increasing climate pressures across all four value chains, with risk patterns varying by crop and region. Extreme heat and water stress emerged as prominent concerns, particularly in southern and eastern Ukraine, while heavy precipitation and excess moisture are increasingly relevant in wetter northern and western areas. Priorities discussed included climate-informed spatial planning; water management and, where appropriate, irrigation or drainage; suitable varieties and rootstocks; farm-level management; and improved phytosanitary monitoring. Participants emphasised the value of linking the biophysical assessment to future economic analysis, loss data and financial or insurance product design.

Follow-up and areas for continued work

The workshop was an exchange of evidence, experience and policy options. The following workstreams were identified for further consideration:

- **Country analysis and roadmaps.** The OECD will use the country discussions to inform its ongoing analytical work under PROGRESS and work with the partners on the development of practical approaches for aligning insurance with adaptation objectives in Armenia, Moldova and Ukraine.
 - **Armenia.** Further work includes refining the draft credit-insurance approach and continuing support on loss-adjustment guidelines and training, in dialogue with relevant stakeholders.
 - **Moldova.** Technical work on a layered risk-management framework, including the mutual fund option, as well as linking credit and insurance will continue in parallel with the proposed 2027-2030 Resilience Programme. Further stakeholder discussions are envisaged.
 - **Ukraine.** Areas for follow-up include an agricultural insurance system mapping, practical options for designing horticultural insurance products, closer links with agricultural finance and fuller use of climate-risk assessments.
- **Regional work.** Beyond the country-specific work, the OECD will undertake broader methodological work on the role of agricultural insurance in supporting climate adaptation. This will be carried out in collaboration with other parts of the OECD and international partners, drawing on international experience to understand how insurance can be better integrated into agricultural risk management, climate adaptation policies and financing mechanisms. Upcoming regional events for COP31 include:
 - ***Making Agricultural Insurance Work for Climate Adaptation.*** Organised by the OECD as part of the COP31 OECD Virtual Pavilion on 9 November 2026, from 13:30 to 15:00 CET (Paris time).

- ***From Climate Readiness to Financial Benefit: How Climate-Adaptive Technologies Unlock Access to Affordable Financing and Insurance in Agriculture.*** Organised by the Institute for Economics and Forecasting (IEF) of Ukraine and the OECD, with support from GIZ and EBA Moldova, as a hybrid side event at COP31 in Antalya, Türkiye, on 9 November 2026, from 11:30 to 13:00 (Antalya time).

About PROGRESS:

The project “Promoting Green Deal Readiness in the Eastern Partnership Countries” (PROGRESS) is implemented on behalf of the International Climate Initiative (IKI) of the Federal Government of Germany. Within the Federal Government, the IKI is anchored in the Federal Ministry for the Environment, Climate Action, Nature Conservation and Nuclear Safety (BMUKN). The selected project is also the responsibility of the Federal Foreign Office (AA). PROGRESS is implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, as the lead agency, in partnership with the Organisation for Economic Co-operation and Development (OECD), the Regional Environmental Centre for the Caucasus (RECC), the European Business Association (EBA) Moldova and the Institute for Economics and Forecasting of the National Academy of Sciences of Ukraine (IEF).

PROGRESS aims to support the EaP countries with achieving long-term mitigation, adaptation and sustainable development consistent with the EU Green Deal objectives and 1.5°C pathways of the Paris Agreement with a focus on horticulture. Another project objective is promoting the competitiveness and trade opportunities of the agricultural sector from the EaP countries on the EU market. PROGRESS lasts during 2024-2028 and has a total budget of EUR 20 million.

The OECD leads implementation of two out of the Project’s five Outputs: Output I on evidence-based national policies and frameworks for climate change adaptation and resilience in agriculture, and Output IV on access to and mobilisation of green finance in agriculture.