International Technical Webinar

Why develop capacities on risk management in agriculture?

An Overview of the Four E-learning Courses on Agricultural Risk Management (ARM)

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Target Audience

1. Policy Group - Dealing with Policy Formulation:
   • Policy makers, planners, and government officials.
   • Academic learners interested in risk management in agriculture (at basic levels)
   • Development practitioners dealing with ARM

2. Farm Group - Primary Producers and helpers:
   • Farmers,
   • farm management advisors,
   • farmer organizations and communities;

3. Service Group - Intermediaries in Value chain:
   • Service and input providers,
   • Intermediaries dealing with ARM services.
   • Other operators in the agri-food value chains.
Framework: Risk Management Strategy Cycle

Understanding and identifying risks (Course 1)

Source: Adapted from PARM (2018)
Framework: Risk Management Strategy Cycle

Understanding risks and identifying them (Course 1)

Assessing Risks (Course 2)

Source: Adapted from PARM (2018)
Framework: Risk Management Strategy Cycle

1. Understanding risks and identifying them (Course 1)
2. Assessing Risks (Course 2)
3. Identifying ARM Tools (Course 3)

Source: Adapted from PARM (2018)
Framework: Risk Management Strategy Cycle

Understanding risks and identifying them (Course 1)

Assessing Risks (Course 2)

Planning, Implementing, dev. Policies (Course 4)

Identifying ARM Tools (Course 3)

M&E (Course 4)

Source: Adapted from PARM (2018)
Understanding the Risk Environment in Agriculture
Get an overview of different types of risks affecting activities in agri-food system, their characteristics, and main causes.

Appreciate potential implications of these risks to farmers and other stakeholders in the agri-food system.

Learn about the holistic approach (interactions of risks, strategies and policies) to risk management in agriculture.

Learn how managing risks can contribute to improved livelihood and food security.
Types of Risks

➢ Risk is a **threat of a loss caused by an uncertain event**.

➢ Types of risks – based on type of activity and required solution strategy

1. Production risks – Weather factors, pests & diseases, Environmental Risks
2. Market risks
3. Financial risks
4. Enabling Environment Risks – Infrastructure, Institutions, Regulations, Political changes
5. Social and Human element risks
Why develop capacities on agricultural risk management?

- Example – The Impact of Current COVID-19 Pandemic in Africa

✓ Deepest recession since the Second World War” for the global economy and the “deepest contraction on record” in SSA (World Bank)
✓ More than 4.5 million cumulative cases and 122 thousand deaths (as of 1 May 2021) in Africa (54 countries)
✓ Expected to push 26 to 40 million people into extreme poverty in SSA
COVID-19 Pandemic and its Impact in Africa

Estimated reduction in 2020 GDP growth in SSA 5.5% (roughly USD 368 mill PPP)
Known cases of Ebola Virus Disease
The overall impact of the 2014-15 Ebola crisis on Guinea, Liberia, and Sierra Leone has been estimated at $2.8 billion (World Bank)
Every 6-7 years a major one since 1995?

Source: WHO as cited by CDC; https://www.cdc.gov/vhf/ebola/outbreaks/history/chronology.html
Significant Price Risks - Benchmark international prices of key commodities

- Rise in Rice price from 2007 to 2008 was 232%
- Drop in maize price from 2012 to 2013 was 43%

Source: FAO/GIEWS Food Price Monitoring and Analysis Tool
Assessing Risk in Agriculture
Assessing Risk in Agriculture

Learning Objectives

1. Get an overview of different **qualitative** and **quantitative methods** commonly used to rank and **prioritize** risks.
2. Learn about the process and outcome of a **risk assessment** at the local area and national levels.
3. Know about **risk mapping** and **risk assessment and management capacity profiles** in the country.
4. Appreciate what **key information** is required for carrying out a risk assessment process.
Assessment and Prioritization using the Risk Impact Matrix – An example of a qualitative method

<table>
<thead>
<tr>
<th>Characteristic (Likelihood of occurrence)</th>
<th>Severity (Potential Impact)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
<td>Very High</td>
</tr>
<tr>
<td>Score</td>
<td>5</td>
</tr>
</tbody>
</table>

- **Very high**: 5
- **High**: 4
- **Medium**: 3
- **Low**: 2
- **Very low**: 1

- **Priority 1**: 10
- **Priority 2**: 9
- **Priority 3**: 8

The matrix combines the likelihood (frequency) and potential impact (severity) to prioritize risks.
Agricultural Risk Management Tools
Selected ARM Tools

- Climate
- Smart Agr
- Production – Farm/Off-Farm
- Ag Diversification
- Asset/Income Strategies
Agricultural Risk Management Strategy, Policy and Mainstreaming
Capstone Course with 4 lessons:
Developing and implementing ARM strategy at -

**Lesson 1:** Farm Level (Micro)
- Selecting risks, tools, consolidating & prioritizing ARM strategies

**Lesson 2:** Community/Local Area Level (Meso)
- Tailoring area specific learning tools, pro-poor advocacy

**Lesson 3:** National Level (Macro)
- Creating an enabling env. (IIPR), early warning & information systems

**Lesson 4:** Sustainability Issues
- The role of gov., capacity dev. & mainstreaming
Concluding Comments

• In conclusion, the bad news is that agriculture is a risky business. As demonstrated by the COVID-19 pandemic, new and more severe threats exist for all those connected to agri-food systems and their food security and livelihoods.

• The good news is that there are ways to manage the risk or at least mitigate its impact.

• The bad news is that many developing countries lack the capacity to deal with these risks. The good news is that there is the human capacity to be developed and resources to be utilized.

• Specifically about these courses, there are limitations. Even though various practical examples and case studies are provided, it is not a hands-on technical training course for ARM practitioners. Furthermore, given the complexities of risk elements, lack of data/info and highly technical topics, most learners are expected to get basically an overview of the issues and gain the ability to participate in the design, implementation, and discussion of ARM strategies at various levels.

• However, with the help of additional resources such as detailed content documents and other vital references for each course, keener learners can seek much more profound knowledge. Especially in an academic and a guided learning settings, these four courses can provide a comprehensive curriculum on risk management in agriculture.

• You can get a certification badge after completing each course.
Thank you for your kind attention

Comments, questions are welcome
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https://elearning.fao.org