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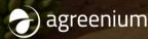
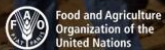
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International Technical Webinar
**Why develop capacities on risk management in
agriculture?**

Wednesday 26 May 2021
14:30 - 16:00 (Rome time)

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Platform
for Agricultural
Risk Management



Why develop capacities on risk management in agriculture?

26 May 2021

Recording Link: <https://youtu.be/IK4UF6juWzc>

Questions and Answers

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the [FAO elearning Academy website](https://www.fao.org/elearning/academy/)

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1) Which Latin America and Caribbean countries are most advanced in ARM? What organizations and individuals are most engaged in the region?

For the time being, PARM is active in selected Sub-Saharan African countries and with its global activities.

However, it seems like that Mexico, Chile, Argentina and Brazil might have interesting activities going on. Fondos at Mexico are unique and very effective, Caribbean risk facility is one of the most successful index facilities for managing catastrophic events. To have more information about LAC countries, you can also visit FARM-D <https://www.farm-d.org/>, the community of practice and directory of organizations and experts on ARM worldwide where you can browse initiatives and organizations in the geographical area of your interest.

2) What are the responsible institutions who are doing country risk assessment at global level country-levels?

World Bank, FAO and PARM are (among others) organizations that have performed agricultural risk assessment at country level, in collaboration with local authorities, for example Ministries of Agriculture. Many are also contributors in the risk assessment studies, as research centres and universities.

3) What are the best strategies for risk management on the farm?

In PARM, we do not believe in one-size-fit-all solution, and for this reason we promote a holistic approach to risk, identifying main sources of uncertainties and prioritize them for interventions with ad-hoc measures to minimize impacts and occurrence, transfer or coping with risks. Best strategies are tailored on specific risks and geographical contexts. We will learn more about ARM tools and strategies in the next webinar in October.

4) How to do vendor & supply chain development in agriculture during the pandemic?

Supply chains are different and context-specific, as well as different are the way their actors are affected by risks. In PARM, we have analysed risks at value chain level only through the methodological lens.

There are few other organizations that have studied the effects of pandemic on value chain, such as UN organizations, OECD, IFPRI.

5) Good risk management is as much about opportunity as threats is it not?

Yes, as we say high risk high rewards. But risk is seen as mostly downside threats.

Risk management is part of the decision-making process. It is particularly important when evaluating opportunities and alternatives for achieving the goals and objectives of the farm or value-adding business. Risk management will influence the process of planning and implementing the selected opportunities and alternatives. It will also be an important element when reflecting on and evaluating the results of the selected



opportunities. Read more on this in PARM learning resource: <https://www.p4arm.org/document/module-1-understanding-the-risk-environment-in-agriculture/>

6) If we say that agriculture is a risky business will it not deter farmers to stay in agriculture? How to convince farmers that there are risks but there are also mitigation measures?

All businesses have inherent risks. Agriculture depends on whether which is not controlled, but you can mitigate or reduce the elements.

Farmers of any scale must make decisions about land, labour and other resources. While decisions are often driven by the lure of opportunities, they are tempered by risk. Farmers need to find a balance between the potential gain from opportunities and the potential loss from risk. Risk averse farmers and farmers who see few opportunities on the horizon are less likely to invest and may seek the more familiar and 'safe' terrain of subsistence production. It is more a matter to make farmers aware than convince them. In PARM, we are working on this with our capacity development activities. Check our learning resources to share knowledge with farmers: <https://www.p4arm.org/document/managing-risk-at-the-farm-level-farmers-handbook/>

7) What financial tools are being developed or facilitated to promote and implement risk adaptation and mitigation measures in small communities and smallholder farmers?

Agricultural risk management tools and their application will be discussed in the next webinar in October. You can check on PARM learning resources to learn more about them: <https://www.p4arm.org/document/module-3-agricultural-risk-management-tools/>

8) How to mitigate the price risk in developing countries like India?

During this webinar the focus is mainly on improving capacity to understand and assess risks. Tools will be discussed in general terms in the next webinar in October. You can check on PARM learning resources to learn more about mitigation measures: <https://www.p4arm.org/document/module-3-agricultural-risk-management-tools/>

9) Along the value chain, how we can conduct HR development, farmers, producers are trained-it is OK to some extent, difficult stage in our country is transportation, and wholesalers and retailers, to mitigate Agri-commodities losses and good risk management?

Supply chains are different and context-specific, as well as different are the way their actors are affected by risks. In PARM, we have analysed risks at value chain level only though the methodological lens so far. To find more information, please visit FARM-D



<https://www.farm-d.org/>, the community of practice and directory of organizations and experts on ARM worldwide.

10) Is there a role for us in agricultural research institutions or is this geared to trainers and extensions?

If you are interested to know more about methodologies and evidence, we would suggest to visit our websites <https://www.p4arm.org/> and <https://www.farm-d.org/>. The last link is the community of practice and directory of organizations and experts on ARM worldwide that highlights also research. PARM is committed to its capacity development activities to expand and share ARM knowledge. We are working with selected universities and research centres to encourage the uptake of ARM courses for BSc and MSc students and researchers. Please contact us at parm@ifad.org if you work in one of such institutions and you want to know more or collaborate with us.

11) Climate and disaster risk insurances are often introduced as tools to transfer risks. How effective do you think they are in the agricultural risk management when looking from the farmer's point of view?

The performance varies a lot. Highly commercial operations benefit. But depends on the rules and regulations and transparency of contract implementation. In many countries, India for example, crop insurance is highly subsidised to make it more attractive. Check about INSURED for more info: <https://www.ifad.org/en/web/knowledge/-/publication/insured-insurance-for-rural-resilience-and-economic-development>

12) Are actions to create risk management capabilities symmetrical?

With creating capacities, ARM aims to create positive spill overs along the stakeholders involved. The actions aim to create cascade and self-sustainable effects.

13) How is risk measured in agriculture?

PARM has proposed a methodology in which risks are measured in terms of frequency of occurrence and severity of impacts. To choose the appropriate ARM tools is a matter also to define vulnerability of actors/capacity to manage risks. To know more visit our websites <https://www.p4arm.org/>. There is a session on Learning resources that can be useful: <https://www.p4arm.org/document-type/learning-resources/>

14) Agricultural production risks can be reduced by widening the information and knowledge of the stakeholders (e.g., like weather forecast services, which unfortunately is poor in Africa). What is the move of IFAD, PARM, FAO,... in such capacity building?

PARM capacity development activities involve all the ARM cycle, from risk identification and solutions. If you want to know more about PARM work on information system, please check <https://www.p4arm.org/document/information-systems-for-agricultural-risk-management-in-africa/> or some selected feasibility studies: <https://www.p4arm.org/document-type/tools-assessment/>



15) Is FAO learning available for non-FAO staff?

FAO elearning resources and PARM learning resources are available for all, at no cost. check here: <https://www.p4arm.org/document-type/learning-resources/>

Further resources can be found here: www.elearning.fao.org

The elearning courses related to agricultural risk management are the following:

- Understanding the risk environment in agriculture:
<https://elearning.fao.org/course/view.php?id=448>
- Assessing risk in agriculture: <https://elearning.fao.org/course/view.php?id=449>
- Agricultural risk management tools:
<https://elearning.fao.org/course/view.php?id=450>
- Agricultural risk management strategy, policy and mainstreaming:
<https://elearning.fao.org/course/view.php?id=451>

16) Adoption of risk management strategies depends on the various actors. Among all the stakeholders, farmers are known to be more sceptic in adopting new strategies mainly pertaining to changing management practices. Have you encountered similar issues and how did you resolved them.

Farmers need to find a balance between the potential gain from opportunities and the potential loss from risk. We encountered the issue of farmers and their being sceptical. Risk averse farmers and farmers who see few opportunities on the horizon are less likely to invest and may seek the more familiar and 'safe' terrain of subsistence production. It is a matter to make farmers aware of what they can do to manage their own risks. In PARM, we are working on this with our capacity development activities. Check our learning resources to share knowledge with farmers: <https://www.p4arm.org/document/managing-risk-at-the-farm-level-farmers-handbook/>

17) Are there innovative ways to avoid the risks in the process of transformation of agriculture innovation system?

Risk avoidance might lead not taking any decision. That's why an agricultural risk management should be taken into account into new ventures in agriculture. Check our website <https://www.p4arm.org/>

18) What is PARM's experience in the integration of ARM in agriculture technology transfer models in consideration of the 4As ag extension dimensions. 4As include: Access of ARM technology transfer; Affordability of the ARM technology; Awareness of the ARM technology; Adoption of the ARM technology.

PARM is a Platform that facilitate knowledge sharing on ARM between different stakeholders. When we do Feasibility Study on selected tools or we investigate the capacity to manage risks, we take into account what is available in the context where we operate. Check on our resources at <https://www.p4arm.org/document-type/tools-assessment/>



19) How do you commercialize research products as solutions of ARM, and how the private sector can participate in the commercialization process?

PARM is working in several countries with many stakeholders, including the private sector. Including the private sector in the design of projects and solutions for ARM seems to be for us a viable opportunity to create a more inclusive process that would be also business oriented.

20) Have we prepared a risk matrix and the likelihood of their occurrence in a given context to sensitize the farmers in taking proactive measures to avoid the risk, if possible?

The risk matrix is context-based. Check this learning resource that is designed to train farmers <https://www.p4arm.org/document/managing-risk-at-the-farm-level-trainers-manual/> and <https://www.p4arm.org/document/managing-risk-at-the-farm-level-farmers-handbook/>

21) Are risks involved in agricultural production specific to a particular component of the value chain or are the risks universal?

Risks affect all value chains, directly or indirectly. And they affect also actors not directly involved in the VC as service providers, insurance or bank. PARM will soon release a publication on risk assessment along the value chain. Check on our website <https://www.p4arm.org/>

22) A key private sector player is Banking. As banks move more to sustainable lending engagement with them is essential.

Some attempts have been made to make banks aware of the risk profiles of farmers. there was a project in Uganda for that. Contact PARM at <mailto:parm@ifad.org> if you want to know more.

Please visit the **FAO elearning Academy** elearning.fao.org, which offers free multilingual courses on the thematic areas covered in the Technical Webinar.

You can access all webinar recordings [here](#).



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