# AGRICULTURAL RISK MANAGEMENT PROJECTS OF THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

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## IFAD AND AGRICULTURAL RISK MANAGEMENT (ARM)

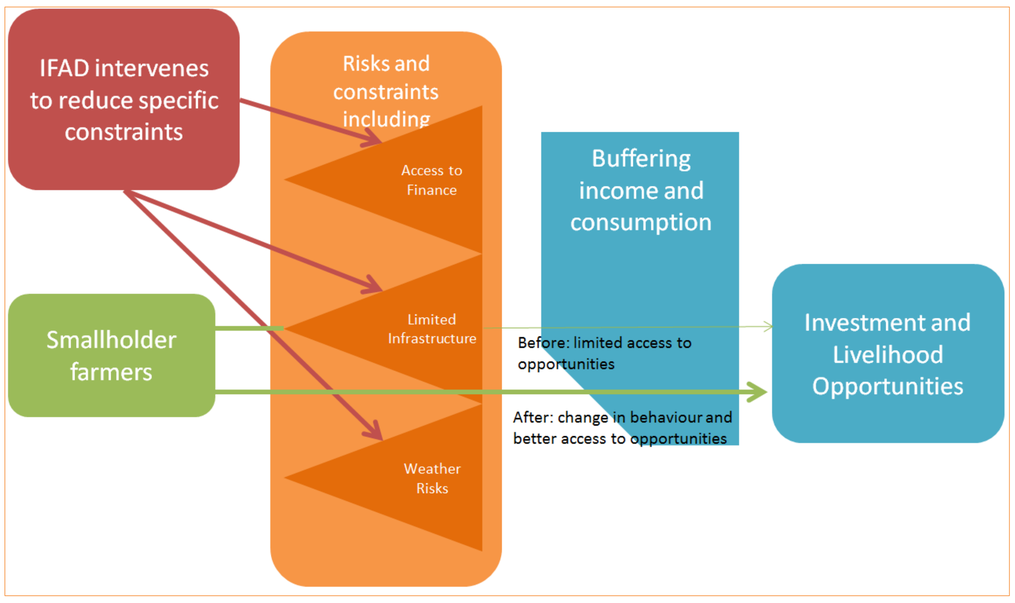
The ***International Fund for Agricultural Development*** (IFAD) is a specialized agency of the United Nations working with poor rural populations in developing countries to eliminate poverty, hunger and malnutrition; by raising productivity and incomes for a better quality of life.

The ***Platform for Agricultural Risk Management*** (PARM, www.p4arm.org) is a G8/G20-initiative focused on making risk management an integral part of policy planning and implementation in the agricultural sector. It is a neutral platform to facilitate the access to and the exchange and generation of knowledge in ARM, through research and capacity building, to mainstreaming ARM into policy frameworks. PARM is working with nine African countries in partnership with NEPAD.

The ***Weather Risk Management Facility*** is a joint UN partnership established in 2008 between IFAD and WFP. It aims to reduce smallholders' vulnerability to climate-related production risks to encourage better food security, resilient livelihoods, and investment in smallholder agricultural production.

IFAD is also an active member of a ***Resilience Measurement Technical Working Group*** (TWG) which was established in 2013, under the Food Security Information Network (FSIN) to develop resilience-related diagnostic and M&E technical materials and support relevant regional, country-level and field-based initiatives.

## A THEORY OF CHANGE FOR IFAD'S PROJECTS ON ARM




## SENEGAL: SUPPORT TO AGRICULTURAL DEVELOPMENT AND RURAL ENTREPRENEURSHIP PROGRAMME

This programme aims at improving the access of smallholder farmers and their organizations to efficient and effective services and infrastructure, to technologies that promote food security, job creation, and access to markets and incomes.

This is done through two components:

1. Enhancing supply of agricultural production through development of rural infrastructure and measures that facilitate access to factors of production and agricultural advisory services.
2. Value addition and marketing to increase the share of smallholder production commercialized in local and regional markets. This includes building infrastructure, support to local processing and transformation of agricultural produce, and support to the professionalization of producers and their organizations.

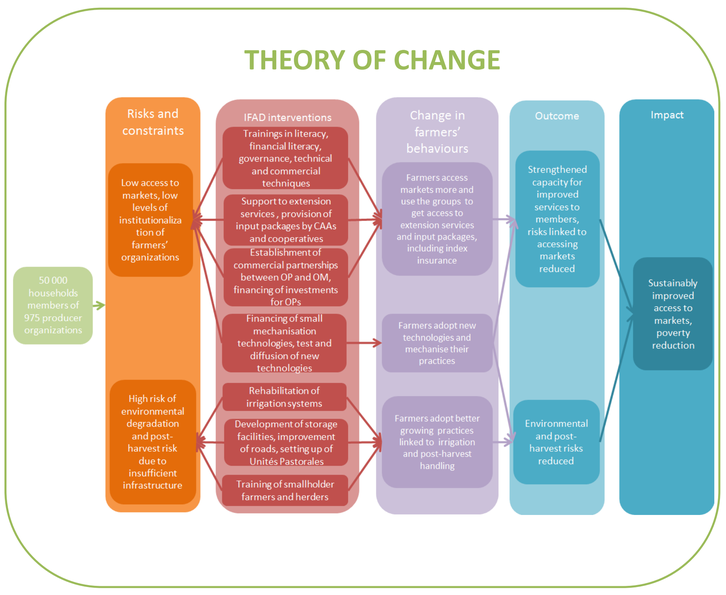
Upon farmers organizations' requests, weather index insurance was introduced in the input package in 2015/2016 for key cereal crops.

50 000 households in 975 farmers' organizations

Matam, Tambacounda, Kedougou and Kolda

Total cost: US$ 51.7 million

2013 — Mid-term review: March/April 2016 — 2018




- To what extent does increasing and/or strengthening social capital lead to an increase in the capacity of farmers to buffer income and consumption shocks? Is there a difference between informal versus formal (institutionalized) forms of social capital relative to reducing risk and smoothing income and consumption?
- What kind of forms of social capital are more effective in buffering risk and increasing agricultural productivity?
- Does social capital have an influence on the uptake of risk management tools? Is there a difference between informal versus formal (institutionalized) forms of social capital relative to uptake of risk management tools?
- Does increasing social capital via strengthening farmers organization for instance, lead to an increase in the resilience of all individual farmers (its members)? Are there spillover effects to individuals outside the social capital network?
- How different is the impact of an intervention combining social capital strengthening with infrastructure enhancing, compared to a project only focusing on infrastructure enhancing, with regard to the management of shocks by smallholder farmers?

## ETHIOPIA: RURAL FINANCIAL INTERMEDIATION PROGRAMME – PHASE II

3 600 000 households

Country-wide

Total cost: US$ 248.0 million

2011 — Mid-term review: October 2015 — 2018

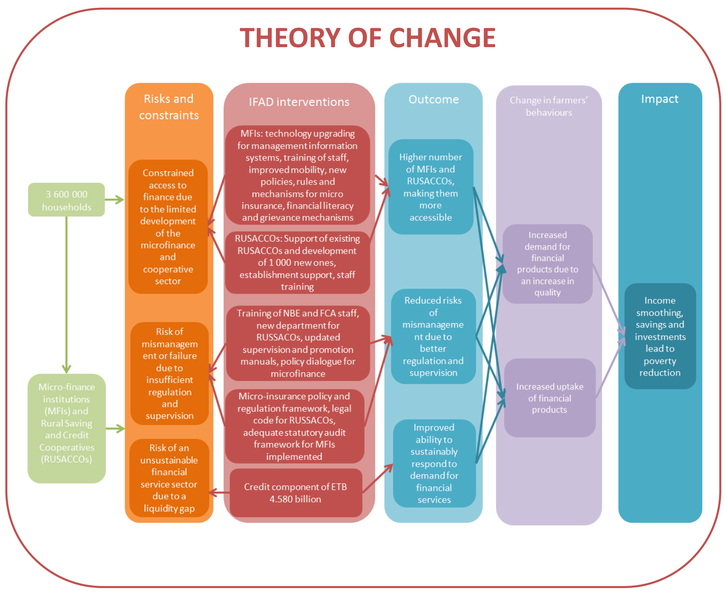
This programme aims at providing poor rural people with sustainable access to a range of financial services through a nationwide network of some 30 Microfinance Institutions (MFIs) and about 5 500 rural savings and credit cooperatives (RUSACCOs), and 100 unions of RUSACCOs.

This is done through three components:

1. Institutional support to microfinance institutions and cooperatives.
2. Investments to improve regulation and supervision of MFIs, and rural savings and credit cooperatives (RUSACCOs).
3. A line of credit to bridge liquidity gaps for MFIs and RUSACCOs.

It follows RUFIP Phase I, which was implemented between 2001 and 2009, reaching 1 500 000 households.

- Does improving the supply of microfinance to smallholders through the development of the micro
- finance and cooperative sector, lead to significant increases on financial inclusion?
- Does a more effective access to finance lead to a better income and consumption buffering in times of shocks of their clients?
- Do improved services increase uptake of financial products? Are these financial products effective at reducing risk?
- What are the determinants of insurance uptake? Does insurance uptake lead to more risky production decisions?
- What is the impact of buying insurance on income and consumption smoothing?
- Does insurance change farmers behaviour (coping and risk management strategies)? Specifically, what are the risk management strategies carried out by the farmers before and after the uptake of the insurance?




## KENYA: CEREAL ENHANCEMENT PROGRAMME – CLIMATE- RESILIENT AGRICULTURAL LIVELIHOODS WINDOW

This programme has two objectives:

- The graduation of smallholder farmers to commercially-oriented, climate-resilient agricultural practices through improvements in productivity, post-production management practices and market linkages for targeted value chains.
- The empowerment of county governments and communities to sustainably and consensually manage their natural resources and build resilience to climate change.

As a strategic partnership of the GoK, the EU and the RBAs (IFAD, FAO and WFP), the implementation will be divided into two stages:

Stage 1: 60 000 food insecure farmers are supported by WFP's Protracted Relief and Recovery Operations Programme, for them to build food-producing assets, set-up of community level natural resource management, and to access financial services.

Stage 2: IFAD and FAO reach out to 75 000 subsistence farmers to help them graduate to commercial farming ,and 25 000 smallholder farmers producing a surplus for marketing to continue supporting them in reducing their post-harvest losses, and increasing their market linkages.

Activities are organized in three components:

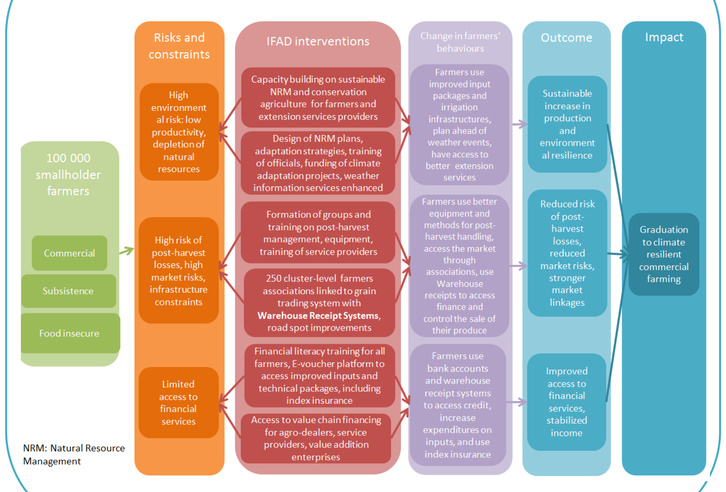
1. Climate-resilient/climate-smart productivity enhancement
2. Post harvest management and linkages to market, including warehouse receipt systems
3. Access to financial services, including weather index insurance, linked to on-farm investment to boost yields and income generation, which can in turn be used for re-investment in farms.

100 000 households divided in three groups → Farmers with surpluses for the market; Subsistence farmers; Food-insecure farmers

8 counties in the eastern and coastal region: Embu, Tharaka Nithi, Kitui, Machakos, Makueni, Taita Taveta, Kwale, Kilifi

Total cost: US$ 118 million

2015 — 2022




- Does this combination of tools and interventions lead to an increase of beneficiaries capacity to buffer income and consumption shocks? Does it allow farmers to conduct higher long term investment on the farm/household? What are these investments about? Are farmers able to increase their agricultural productivity and revenues or are the returns only in terms of stability?
- What are the incentives that need to be put in place for farmers to adopt the CSA, WRS and financial/index insurance? Can we think about varying the incentives to ensure the sustainability of the intervention in the longer term?
- Do farmers decide to use a combination of tools (CSA, WRS and financial/index insurance) or only one of them? Does the combination lead to better income/consumption smoothing and higher long-term investments and better livelihoods than the use of one single tool?
- Are there synergies between the three tools (climate smart agriculture, post-harvest management, access to financial services), or does the adoption of one of these tools diminish the incentives/impact/probability of using other tools?
- Which of the interventions has the most impact on the different target groups (food-insecure, subsistence and commercial farmers)?
- What are the determinants of insurance uptake? Does insurance uptake lead to more risky production decisions? What is the impact of buying insurance on income and consumption smoothing?