



AGRF 2016 – SIDE EVENT REPORT

Day 1 - Monday, September 5

14:30pm- 17:30pm

Initiative on Agriculture and Food Insecurity Risk Management –
NEPAD

Context: While African rural producers face a high level of risk in their daily activities, they are globally, less equipped (skills, tools, technology, capital, access to markets) to address those risks. This is a major impediment in achieving the Goal of Agriculture Transformation. Agriculture and Food Insecurity Risk Management is therefore gaining momentum in the context of implementation of the Malabo Declaration for impact and results.

Session Objectives: This session will contribute to identifying mechanisms and modalities for building synergies and collaboration between various institutions in order to design and implement Agriculture and Food Insecurity Risk Management (AFIRM) tools and policy instruments. Each institution will explain what its value addition in the process is, and how it intends to collaborate with others to achieve the overall objective in an integrated manner.

Key Issues/ Questions:

- How current practices, based on innovative technologies and methodologies are contributing to managing risk and leveraging investment finance for agriculture (both on demand and supply side); what is the value addition of each institution? What are the challenges?
- How to build the integrated approach needed to address climate/agriculture, market and price, financial, institutional and policy related risks?
- How to attract private sector investment without crowding out smallholder producers?
- What are the capacity development needs for each category of stakeholder and how to address them? How do we build the “Golden Triangle” (bringing together research, private sector and Government)?

Outcome Desired: Building a community of practice and strengthening partnerships for common delivery on the Agriculture Transformation Agenda

Organizer: NEPAD Agency



AGRF 2016 – SIDE EVENT REPORT

Day 1 - Monday, September 5 14:30pm - 17:30pm Initiative on Agriculture and Food Insecurity Risk Management – NEPAD		
Name	Picture	Discussion
<p>Moderator: Ms. Mariam Sow, AFIRM Senior Project Manager, NEPAD Agency</p> <p>Role: Moderator</p>		<p>Ms. Sow started the meeting and announced that Dr. Mayaki the CEO of NEPAD who was the keynote speaker would not attend the meeting and deliver the keynote address because he could not arrive yesterday as initially scheduled.</p> <p>In her introductory remarks she discussed the concept of risk, and how it applies to agriculture, linking it with uncertainty as African agriculture is mainly rain-fed and the rains have become uncertain due to climate change.</p> <p>She emphasized the different levels of risks that can be found at individual and community level, at market level, up to catastrophic and disaster levels that require government intervention.</p> <p>NEPAD’s approach to risk management promotes an integrated approach that identifies the risks in order to prioritize them on the basis of strong information systems. NEPAD’s risk management system includes: early warning systems, design of appropriate response strategies, monitoring and evaluation, implementation of quick responses, and capacity strengthening efforts for the organizations that are responsible for policy formulation and regulations in risk management. The intelligence gathered allows for evidence-based investment in software and hardware linking micro, meso and macro levels.</p> <p>Managing risks for agriculture transformation and food security requires the protection of assets such as land and water, livestock, equipment and seeds, prevents losses, transforms and promotes assets.</p> <p>After these remarks she invited the first set of panelists including Ms. Anaar Kara, Ms. Lucy Nyirenda, and Mr. Eli Polak</p>



AGRF 2016 – SIDE EVENT REPORT

Panelist		
<p>Ms. Anaar Kara, Director for Research and Development, Planet Guarantee</p>		<p>Planet Guarantee is an insurance broker working in Mali, Senegal, Cote d'Ivoire, Asia and Latin America. The company engages in risk analysis for smallholder farmers and designs products and marketing and training focusing on SMEs. It provides climate insurance and tries to engage banks and microfinance institutions to lend money by bringing innovative technologies for risk management.</p> <p>They work with about 7,000 farmers in West Africa, in different countries. Senegal has a PPP where the government has invested 50% and provides a premium subsidy. Donors such as USAID and the WFP and others further support these government efforts.</p> <p>There are several challenges the company is facing and these include, the price of the products that remains relatively expensive, the distribution is difficult, there is a lack of finances in the sector even though satellites' agents provide better data. There are no African companies involved in the pool of re-insurers with whom they are working, increasing the pool would help bring down the cost of the products. They want to link with microfinance institutions but the rural areas are considered too risky.</p>
<p>Ms. Lucy Nyirenda, Head of Government Services, African Risk Capacity (ARC)</p>		<p>Ms. Nyirenda explained that the African Risk Capacity (ARC) is a Public Private Partnership established in November 2012. It is a specialised agency of the African Union created by treaty. It is also an insurance company limited belonging to Africa's governments. ARC utilises an index based on rainfall, drought, and vulnerability to model the impact on the farmers and determine the response. The index is the basis for insurance transactions. ARC assists governments in contingency planning and risk transfer.</p> <p>The lessons learned include that ARC is an example of PPP, it provides contextually appropriate products and provides capacity building for which there is much demand.</p>



AGRF 2016 – SIDE EVENT REPORT

<p>Mr. Eli Pollak. CEO, Apollo Agriculture</p>		<p>Mr. Pollak’s firm, Apollo Agriculture, offers customized solution to farmers using satellite data and imagery. Satellite data has moved from luxury to commodity, and the information gathered by satellite can be really precise and give real insight on the farm size, the farm yields, the crop planted, and the farming patterns. It is now possible to predict local poverty from satellites.</p> <p>The use of cellular telephony makes it possible to distribute information to the farmers who are amongst those who need it the most. Apollo Agriculture provides a holistic approach to farming with finance and advice.</p>
<p>Mr. Mark Gordon, Chief of Livelihoods and Asset Creation Unit, World Food Program</p>		<p>Madame Sow invited the second set of panelists that included Mr. Mark Gordon, Dr. Mulat Demeke and Dr. Aisla Holloway.</p> <p>WFP uses a three pronged approach consisting of: 1) integrated context analysis, 2) a review of the activities of the seasonal livelihoods, and 3) community-based participatory planning at local level. This process uses satellite imagery, statistics, shocks, and multi-layering to determine convergences.</p> <p>Working with development actors, the methodology categorizes exposure to shocks as high or low, and looks at the probability of recurrence of food insecurity. It helps governments to start looking at prioritization on the basis of the impact of the shock on the convergence of food insecurity and nutrition. Community actors understand and can profile their community. Seasonal calendar livelihoods activities are reviewed, including public works, to assess who is engaged in the activities, particularly, where are the women and youth.</p> <p>This helps in determining the district-level administration profile using community-based participatory planning to strengthen the natural environment to adapt, transform, mitigate shocks, and prioritize areas and to promote resilience to droughts.</p>



AGRF 2016 – SIDE EVENT REPORT

<p>Dr. - Mulat Demeke, Manager, FAO</p>		<p>Dr. -. Demeke noted that in recent years studies have shown that volatility in food prices has increased substantially leading to significant prices spikes. Price volatility is a major problem in Africa. The impact of market and price uncertainty affects principally the poor who spend 70% of their income on food. In times of crisis they cope by turning to less nutritious foods. Poor agriculture performance increases the level of dependence on imports.</p> <p>Market constraints include limited storage capacity, high costs of transport due to the poor status of roads. Countries have taken several approaches to manage market risks. These are the development of grain reserves, commodity exchange systems and market information systems.</p>
<p>Dr. Aisla Holloway, Stellenbosch University</p>		<p>Dr. Holloway, who is responsible for the project Peri Peri U, at Stellenbosch University in South Africa noted that risk management requires human capital with new skills set fit for purpose. Higher education has to purposefully strive to make a difference by providing the training. The Peri Peri U project is funded by USAID and aims at providing curriculum and training for university students.</p>
<p>Q & A</p>	<p>Various delegates in the audience posed a number of questions to the panellists:</p>	<p>Climate Change is not the only risk in agriculture. There are other stressors. How do you integrate them in your risk management strategy?</p>
		<p>Did you say that cooperatives should not be used as aggregators?</p>
		<p>Why is Nigeria not in the countries in ARC? You spoke of grains and pulses, what happened to vegetables?</p>
		<p>You presented tools for handling risks after disaster strikes what about before? We know when there will be a bad year, can you talk some more about mitigation? What can we leverage to bring PPPs or the private sector to play a stronger role?</p>
		<p>Why is Planet Guarantee only working with francophone countries?</p>



AGRF 2016 – SIDE EVENT REPORT

		Is the software program used by Apollo agriculture calibrated for Africa
		Can you elaborate on the use of satellite imagery to determine poverty? Can we have more information about ARC?
		What has been the influence of early warning systems
		Have you combined the information on risk management with extension services? What has been the average pay out?
		Using satellite imagery how can you help mitigating risks?
Responses	Ms. Lucy Nyirenda	<p>Nigeria is part of ARC and we work with the Nigerian government. Nigerians have access to the software used in ARC but it is the government that provides licenses.</p> <p>Yes, there are several risks such as pests and diseases but ARC only covers one risk, the climate risk. There is a need for a holistic approach integrating all the risks but one institution cannot cover all the risks.</p> <p>Early warning systems are not yet used significantly to improve the planning but we are making progress. ARC covers extreme events and does not pay out to farmers but to governments because they are the ones taking insurance. Government receives the insurance money and uses it to pay cash transfers and subsidize animal feed as was the case in Senegal.</p>
	Ms. Anaar Kara	There are difficulties for cooperatives to access credit, but they work well with cooperatives. Planet Guarantee is a small French company working in francophone Africa for historical reasons. However, they are prepared to work in other regions; they work in Egypt for example. They work with horticulture and they have paid up to 40-50% loss ratio.
	Ms. Eli Pollak	<p>Apollo Agriculture uses satellite data to predict poverty and uses real data to calibrate the model. They talk to farmers about credit and can provide information.</p> <p>Previously the loan officer would go to talk to the farmers and assess their capacity to repay a loan based on the yields,</p>

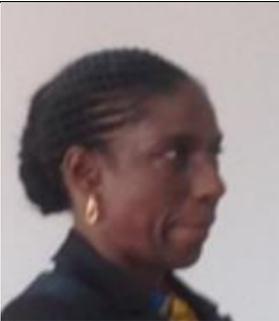


AGRF 2016 – SIDE EVENT REPORT

		the farming practices, and the acreage of the farms. Now this can be replicated using the satellite imagery.
Q&A		
	Additional questions and comments were posed from the floor:	<p>Providing university education is good but what is the link with vocational training? What is done to protect the local markets? In 2008 during the financial crisis, there was a ban on exports from countries such as China and Vietnam and this created vulnerabilities in other countries. The local markets if protected can produce for the local market and help alleviate the vulnerability and food insecurity.</p> <p>Education could be part of risk reduction by changing the mind set of young people and help them see agriculture as a viable career.</p> <p>There has not been any mention of livestock, should it not be integrated in risk management? There are also risks with livestock.</p>
		The storage of grains is not always done properly and this leads to loss of grain and food insecurity. What is FAO doing about it?
		Do you have a methodology or template for upscaling higher education risk management? Do you consider changing food consumption habits?
		<p>It is absolutely important to have a linkage between higher education and vocational training. The Peri Peri project is currently proving a point. There is scope to be creative.</p> <p>Changing the mind set of young people about agriculture is crucial and we should think about starting the process in primary and secondary schools. You change the value proposition by changing the offer, introducing new courses and upscaling.</p>
		<p>Livestock has not been mentioned but it is very important to improve nutritional outcome. FAO has produced guidelines for livestock risk management.</p> <p>In order to improve risk management, it is necessary to use different systems such as warehousing receipts systems,</p>



AGRF 2016 – SIDE EVENT REPORT

		<p>develop institutions along with policies and regulations and engage in diversification of crops.</p>
		<p>The implementation of Sustainable Development Goal (SDG) 2 and SDG 17 is not going to be easy and will require that all stakeholders get involved. Government will have to take the lead and may - require having some capacity building to do so.</p>
<p>Moderator: Ms. Mariam Sow, AFIRM Senior Project Manager, NEPAD Agency</p> <p>Role: Moderator</p>		<p>The closing remarks were read on behalf of Mr. Mayaki and focused on the importance of risk management for agriculture transformation, and the role of NEPAD.</p> <p>Currently efforts to address crisis are poorly coordinated, capacity for long term planning is limited, and the financial institutions are risk adverse. Time is required to change all this; we need to make the investment for skills development at vocational and secondary levels. The approach is to invest in risk management tools in order to move from managing crisis to manage risks, invest in infrastructure, and invest in organisational management. The approach also looks at asset protection linking farmers to look at various points in the value chain, set up priorities, attract investment inclusive risk management strategies, propose and implement.</p> <p>It matches the demand from the ground and supports the regional dimension, identifies what has worked and gets people to learn best practices, builds capacity of people and institutions, builds resilience in stakeholders and families to improve their livelihoods.</p>
<p>Summary</p> <p>It is necessary to move from crisis management to risk management in order to transform agriculture in Africa.</p>		