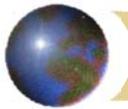


Risk Management in African Agriculture:

Workshop objectives and organization

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"Risk Management in African Agriculture: Taking Stock of What Has and Hasn't
Worked"
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Talking points

- ✦ The context
 - ▣ Why risk management?
 - ▣ What policy options are there?
- ✦ Workshop objectives
- ✦ The organization



Why risk management (1)?

- ✦ Uninsured risks result in asset and income loss, consumption cut-backs, sales of productive assets
 - Immediate and long lasting effects
- ✦ Even the potential of an uninsured shock has welfare costs:
 - Households take action to limit exposure to risk, reduces growth in the long run
 - Poor households incur substantial costs to manage risk



Why risk management (2)?

- ✦ Cost of not managing risks is **HIGH**

Country	GDP	Agricultural GDP	Cost of no Insurance
	(current Million US\$)		
Ethiopia	26,487	10,540	3,162
Kenya	34,507	6,538	1,961
Malawi	4,269	1,216	365
Tanzania	20,490	8,401	2,520
Zambia	14,314	2,590	777
Uganda	14,529	3,024	907



The policy options?

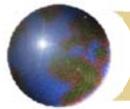
- ✦ During evolution, societies have developed risk management methods that are incredibly effective. But they have drawbacks.

✦ Government led:

- ✦ Price stabilization
- ✦ Relief / safety nets
- ✦ Strategic reserves
- ✦ Production forecasts market information
- ✦ Agric credits
- ✦ Input supplies

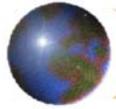
✦ Private sector led:

- ✦ Commodity exchanges
- ✦ Weather insurance
- ✦ Warehouse receipts



The workshop objectives

- ✦ Objective-1: Taking stocks: how have all different policies worked?
 - ✦ Government policies
 - More info on price stabilization, credit programs, subsidy programs; but little on other instruments
 - ✦ Modern risk management
 - Most are at pilot stages; and not much is known about their feasibility and sustainability.
- ✦ Objective-2: Providing technical inputs to ACTESA-COMESA in terms of:
 - ✦ Identifying the roles that ACTESA can play in the region's risk management policy / investment agenda



The workshop organization

- ✦ The policy workshop will focus on two broad types of risks:
 - ▣ Production risks
 - ▣ Price risks
- ✦ Under each risk type, government led and private sector led risk management instruments will be discussed
 - ▣ Government led: price stabilization, grain reserves, production forecasts and market information
 - ▣ Private sector led: Commodity exchange, Warehouse Receipt, and Weather Insurance



Putting it all together

- ✦ Three sets of activities.
 - ▣ Policy seminar
 - ▣ ACTESA Investment discussion
 - By invitation
 - ▣ Trainings for the policy analysts
 - By invitation
 - Participants include mid-level policy makers, academics, and CBO reps