

ROSA Watch

Rosa Watch is a monthly bulletin that aims to bring you up-to-date useful information about food security, and do so rapidly and directly.

Each issue has:

- 1) a main subject with a common database of reference documents available from the **ROSA online library**
- 2) a selection of new documents put online and regularly updated by a watch on subjects dealt with by the network.

In this issue:

→ **ROSA Document Database:**

On the subject of **agricultural risk management**

→ **ROSA News - April 2009**

Would you like to tell us about some news or a recently published article, or just make a comment? Please contact the team of moderators (animation@reseau-rosa.eu).

All contributions are welcome!

THIS MONTH'S EDITORIAL

This month's bulletin provides additional information to ROSA Focus N° 14 (April 2009)

The theme of the Monthly Highlight was risk management in agriculture. This bulletin provides ROSA members with some reference documents in conjunction with food security. Some of these documents are the work of the World Bank's "[Commodity risk management group](#)" (CRMG).

The first set of documents presents the main issues in agricultural risk management. The first article studies the exposure to price risk and existing tools in developing countries. The other documents in this part concentrate more on climate risks in agriculture, which are strongly linked to food security questions. Jean Cordier's article summarises current debates on the question, for both developed and developing countries. The other documents offer avenues to explore based on experiences of climate risk management in agriculture.

The second set of texts deals with specific cases using agricultural risk management tools with the aim of reducing household vulnerability. The case of climate insurance in Malawi is well documented at different levels. The other case study is on flood insurance in Thailand that draws lessons from research on climate insurance mechanisms.

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Risk management in agriculture Reference documents

ROSA Focus – This Month's Highlight N°14

This month's highlight takes a look at the private risk management mechanisms (insurance, futures markets, etc.) that are regularly mentioned as being the major solutions. Are these tools suitable for risk management in developing countries? The goal of this article is to provide insight into the answers by clarifying certain concepts and shedding light on these mechanisms' advantages and limitations, notably based on examples of experiments that have been set up.

In English: [Insuring agricultural risks](#)

In French: [Assurer les risques agricoles](#)

Managing agricultural price risk in developing countries - Commodity Risk Management Group, World Bank (2008)

The authors of this article study the exposure to price risk and existing management tools for the agricultural industry sector in developing countries.

The different agents in the agricultural industry (producers, processors, wholesalers, shopkeepers, consumers, government authorities) have developed different strategies for dealing with the price risk in a context of liberalisation of agricultural markets. The authors emphasise the difficulties people encounter in accessing risk management tools used in the futures markets.

In English: [Managing agricultural price risk in developing countries](#)

Gestion du risque climatique en agriculture – Jean Cordier, French Ministry for Agriculture and Fisheries (2008)

This article aims to present the main discussion points on the opportunities and limits of agricultural risk management tools. The first part suggests a classification of the types of risks farmers face and a definition of the main concepts characterising these agricultural risks. The second part of the article aims to situate the problem in an international context, reporting on experiences in the US, Canada and Spain. The last part is an overview of the ongoing debate, highlighting areas of convergence and questions that remain controversial.

In French: [Gestion du risque climatique en agriculture](#)

La gestion des risques appliquée à l'aide publique au développement : la nécessité d'une politique globale de gestion des risques – Anna Lipchitz, French Ministry for Agriculture and Fisheries (2008)

Developing countries, like developed countries, undergo external shocks from multiple causes. However, since they are heavily dependent on export revenue from a few commodities, these shocks can have a substantial impact on their economies and budgets. The author discusses projects funded by the French Development Agency (AFD – *Agence Française de Développement*) that demonstrate the need for comprehensive risk management policies using a range of tools. However, even if safety nets and other risk management tools are funded from government budgets of international aid, risk management can only be countercyclical. Poverty reduction, encouraging economic growth or preserving income from farming cannot be the objective of risk management policies.

In French: [La gestion du risque appliquée à l'aide publique au développement](#)

Climate risk management in Africa: Learning from practice - International Research Institute on Climate and Society (IRI) (2007)

The first part of this report looks at the issues of climate risk in Africa, and particularly the need for information. This is followed by five case studies that show the importance of studying strategies for managing this risk. The examples are floods in Mozambique, food security in Ethiopia, malaria control in southern Africa, farming in Malawi and drought insurance in Malawi. The studies present the context, the climatic events themselves and the solutions implemented or envisaged in terms of actions and policies. The authors draw a series of lessons from these case studies that apply to the whole region, and guidelines addressed to national and international decision makers.

In English: [Climate risk management in Africa](#)

In French: [Gestion du risque climatique en Afrique](#)

Climate Change: What role for insurance? - IIASA Policy Brief #4 (December 2008)

This brief shows how insurance, including public-private arrangements, play a role in helping vulnerable countries to adapt.

After a brief analysis of the future impacts of climate change in the most vulnerable developing countries, this paper studies potential insurance instruments. These instruments offer substantial benefits to low-income countries, both to reduce their vulnerability to weather variability and adapt to climate change. These instruments would require donor support due to large capital-reserve requirements and also the implementation of adapted policies.

In English: [Climate change: what role for insurance?](#)

Risk management in agriculture Case studies

National drought insurance for Malawi - Commodity risk management group, World Bank (2008)

Malawi has experienced several catastrophic droughts over the past few decades. The impact of these shocks has been far reaching, and the resulting macroeconomic instability has been a major constraint to growth and poverty reduction in Malawi. In recent years the World Bank has been exploring the use of various ex-ante market-based instruments to assist the Government in managing the financial risks associated with weather-related volatility in maize production. This paper describes the weather risk management tool that has been developed to help the government manage the financial impact of drought-related national maize production shortfalls.

In English: [National drought insurance for Malawi](#)

Index-based insurance for smallholder farmer credit in Malawi - Commodity risk management group, World Bank (2007)

This paper was presented for the “Stakeholder Planning Meeting”, held in Lilongwe in January 2007.

In 2005 the World Bank’s Commodity Risk Management Group (CRMG) started working with national banks, insurance firms, meteorological services and the National Association of Small Farmers of Malawi to pilot

index-based based weather insurance as a means to manage the weather-related risks of providing credit to farmers. To date, two strategies have been pursued by the stakeholders: a) insurance directly sold to farmers as part of their loan package and b) loan portfolio insurance for banks.

A summary note completes this paper

In English: [Index-based insurance for smallholder farmer](#)

[Summary note](#)

Innovative approaches for flood risk management and financing in agriculture - Commodity risk management group, World Bank (2008)

The Commodity Risk Management Group (CRMG) of the World Bank is working to scale up the existing index insurance projects for new client countries and for new risks. Given the importance of flood risks in Asia, Africa, Central America, and many other parts of the developing world, CRMG seeks methods to index flood losses. Extending the index approach from drought risk to flood risk requires the Group to expand into new technologies.

To this end, the author provides an overview of contemporary techniques for flood risk assessments and focuses on major issues concerning flood risk mapping and flood damage indices.

The flood modelling study of the Upper Pasak River basin in Thailand illustrates the approaches of the paper.

In English: [Innovative approaches for flood risk management and financing in agriculture](#)

ROSA NEWS

New documents online

Addressing the underlying and basic causes of child undernutrition in developing countries: What works and why? - DANIDA (April 2009)

The primary objective of this Evaluation Study is to synthesise the available evidence on what works (or does not work) and why in nutrition programming to address the underlying and basic causes of undernutrition in high burden countries; and to discuss key issues to consider when

designing, implementing and assessing nutrition programmes at micro, meso and macro levels. A secondary objective is to identify policy relevant topics that need further research.

The results of this evaluation have been discussed during the seminar on “Food, nutrition and gender: lessons learned and recommendations for future action” (see [ROSA Focus N° 14](#)).

In English: [Addressing the underlying and basic causes of child undernutrition](#)

How can cash transfers improve the nutrition of the poorest children - Save the Children (April 2009)

This report presents key findings from an evaluation of Save the Children’s pilot project to give cash transfers to the poorest households in Maradi region, Niger. Its findings will be of interest to NGOs, governments and donors involved in planning and implementing food security and safety net programmes. The report findings show how targeted cash transfers can affect the food intake and earning power of the poorest households. The evaluation also looked at the links between increased income during the hunger gap, and young children’s food intake and nutritional status.

In English: [How can cash transfers improve the nutrition of the poorest children](#)

How the global food crisis is hurting the children - Save the Children (April 2009)

This report assesses the impact of the rise in food prices on a rural community in North Bangladesh. Save the Children studied the income and nutrition situation of households in the region in 2005 and 2006. After the food crisis, STC analysed the situation in the same region in November 2008. The aim was to understand how the food price crisis affected a rural community in Bangladesh, how households responded to the crisis and the impact of actions undertaken by the government or other organisations to respond the issue.

After reviewing the assessment method, the report presents the statistical results in terms of household income and child nutrition. A last part discusses the results, the impact of the price rise and solutions that governments and other organisations can bring.

In English: [How the global food crisis is hurting the children](#)

Feeding hunger and insecurity - Action Against Hunger International (April 2009)

This report presents a field analysis of the volatility of international food prices, food security and child undernutrition.

Several consequences of the 2007-2008 food prices crisis are analysed, based on case studies. First the causes of the food crisis are analysed. Then situations of vulnerability are studied at the household level. The main part of the paper explains the impact of the price rise on the nutritional situation. The authors discuss what the international and national responses should be to the food prices crisis.

In English: [Feeding hunger and insecurity](#)

Perspectives for social protection in West and Central Africa – UNICEF (2008)

This paper discusses a series of challenges (both constraints and opportunities) for building stronger social protection systems in West and Central Africa, a region where formal social protection systems have historically been extremely weak but where the need for mechanisms to protect and empower the vulnerable is perhaps greater than anywhere. Poverty rates remain very high across most of the 24 countries in the region, and progress towards achieving the Millennium Development Goals (MDGs) has lagged behind all other regions of the world.

After a brief review of the main factors of vulnerability and the rationale for social protection in West and Central Africa, including for children in particular, the paper briefly describes the existing social protection systems in the countries of the region, highlighting their current limitations but also drawing attention to emerging new opportunities. It then discusses five sets of structural factors that need to be taken into account in efforts to strengthen social protection in West and Central Africa.

In English: [Perspectives for social protection in West and Central Africa](#)

On ROSA's website

Lessons from experiences in reducing malnutrition

In April, ROSA launched a request for feedback to improve experience sharing in **preventing and reducing malnutrition**, especially chronic malnutrition. The feedback will be used at European Commission level to prepare two international meetings planned for June and September this year in Brussels and will help AIDCO develop the toolkit it is planning.

The EC Delegation in Mali has sent in its contribution, which is available on the feedback page.

Link : [Lessons from experiences in reducing malnutrition](#)

This bulletin was written by the GRET team in charge of animating ROSA (Operational Food Security Network). It is an initiative of AIDCO E6 (thematic support for food security, rural development and environment) in collaboration with AIDCO G4 (Training and Knowledge Management). The viewpoints expressed do not in any case represent the official European Commission viewpoint.