



Strengthening the Caribbean agri-food private sector:  
competing in a globalised world to foster rural development  
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**Risk management in the Agricultural Sector: Concepts and Tools**  
**Dr. Carlos Arce, Senior Economist, World Bank**

### Summary

Risk and uncertainty are inherent in agriculture and commodity supply chains due to the vagaries of weather, the complexity of biological processes, the seasonality of production, the geographical separation of production and end users, the globalization of commodity chains and price transmission, and the unique political economy of food in domestic and international settings. Given the pervasiveness of risks, farmers, agro-enterprises, international agencies, and governments are increasingly seeking effective and sustainable strategies and approaches to reduce, mitigate, redistribute, transfer, or simply cope with these inherent risks.

For the past decade, the Agricultural Risk Management Team (ARMT), located within the World Bank's Agriculture and Rural Development Department, has explored the feasibility and application of market-based measures to manage select agricultural risks in developing countries. Through the implementation of this work, **it has become increasingly clear that the prevalence of the multiple risks facing the agriculture sector, and the failure to address them on an *ex-ante*, holistic basis, continues to leave countries and their agricultural supply chains at risk.** The realization of these risks leads to perpetual shock, recovery, and post-event coping that endangers the sustainability of ongoing development initiatives and remains a major impediment to the development of the agricultural sector.

In this context, ARMT has drawn upon its experiences and focused its programs with the aim of **assisting developing countries to better comprehend the complexity of agricultural risk management and develop appropriate solutions to mitigate, transfer, and/or cope with agricultural risks.**

ARMT presentation during the Caribbean Agricultural Week will draw the attention towards the adoption of a holistic Agricultural Risk Management Framework with special emphasis on paying attention to key issues of risk layering, risk financing, supply chain risk analysis, and index weather insurance for agriculture. Drawn lessons from the application of risk management concepts in some Caribbean countries will be shown.