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# Promoting risk-based investment and policy: how PARM can help



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**Carlos Enrique Arce**

Senior Technical Expert, IFAD-PARM

**Dorcas Mayala Ntumba**

Knowledge Management, Communication & Partnership Officer, IFAD-PARM



*Risk-based interventions are key to promoting sustainable agricultural systems, food security and improved resilience to climate shocks in the context of scarce resources.*

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Promoting a holistic Agriculture Risk Management (ARM) approach helps to inform investments, policies and strategies to address the drivers of agricultural volatility. The Platform for Agriculture Risk Management ([PARM](#)) hosted by the International Fund for Agricultural Development (IFAD), developed a unique, holistic ARM approach to inform investments and policy formulation, leading to more effective use of increasingly available resources.



# Encouraging agricultural investment

PARM plans in a new phase to build on this methodology already deployed in more than 10 countries to introduce a greater focus on the value chain approach and a gender lens to risk management. These innovative, analytical approaches promise to provide practical value for de-risking investments in agriculture either by private or public sector.



## Benefits for small and large stakeholders

Focusing on the risk analysis at value chain level for specific agricultural commodities allows for a more tailored design of risk management strategies and tools that are more attractive and relevant to direct and indirect actors in the value chain.

This technical breakthrough is relevant to a wide variety of stakeholders — from smallholder farming to processors and private investors — to also inform government policies for allocating public investments and address the drivers of volatility that are being exacerbated by a changing climate.

According to Jaffee et al., “Agricultural risk assessment helps decision-makers understand the risk profile of value chain actors and allow priorities and more evidence-based agricultural risk management strategies for selected agricultural value chains.”<sup>1</sup>

## Holistic value chain approach for risk assessment

Using its holistic approach, PARM risk assessment by value chain offers information about a value chain’s main risk factors and how likely they are; analyses their economic, agricultural and livelihood impacts; identifies and assesses existing ARM capacity, including tools and policy instruments; provides guidance for prioritising agricultural risks by discerning the main ARM gaps and needs leading governments and other stakeholders to conceptualise and implement an ARM investment programme/project.

In 2021, PARM developed a [practitioners’ toolkit](#)<sup>2</sup> that provides step-by-step guidance to perform an agricultural value chain risk assessment study at the country level. With innovative diagnostics tools at value chain level and by providing analytic support and technical assistance, training and knowledge products, PARM fills an operational gap to inform investment decisions by improving risk management and building resilience across agricultural systems and the livelihoods they support.



## Gender mainstreaming in agricultural risk management



The PARM process has recently been strengthened by operationally incorporating a gender lens to risk management. In various contexts, women and men are impacted differently by risk, and they also respond differently when facing the impacts of agricultural risks. The analysis of these differences allows for better addressing Women-Men risk exposure, vulnerability and resilience in particular agricultural value chain commodities and rural communities.



To provide methodological guidance to integrate gender in ARM processes, PARM has developed in 2019, a [new strategy](#)<sup>3</sup> that presents analytical and operational guidelines on how to assess agriculture risk and design agricultural risk management tools with a gender lens.

[Click here to learn more](#)



[1] Jaffee et al., Rapid agricultural supply chain risk assessment (RapAgRisk): methodological guidelines-volume 2 (No. 70464, pp. 1-92), 2008.

[2] [https://www.p4arm.org/app/uploads/2021/12/Assessing-value-chain-risks-to-design-agricultural-risk-management-strategies\\_toolkitannexes\\_.pdf](https://www.p4arm.org/app/uploads/2021/12/Assessing-value-chain-risks-to-design-agricultural-risk-management-strategies_toolkitannexes_.pdf)

[3] [https://www.p4arm.org/app/uploads/2019/07/PARM\\_Gender-in-ARM\\_May2019-1.pdf](https://www.p4arm.org/app/uploads/2019/07/PARM_Gender-in-ARM_May2019-1.pdf)



Author

Carlos Enrique Arce, Dorcas Mayala Ntumba

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