



Platform  
for Agricultural  
Risk Management



# Ethiopia

## Capacity Development to better manage agricultural risk Final Report

PARM Horizon 2  
June 2023





PARM  
PLATFORM FOR  
AGRICULTURAL RISK  
MANAGEMENT



**Platform  
for Agricultural  
Risk Management**



የብርሃን ሚኒስቴር  
MINISTRY OF AGRICULTURE

# Ethiopia

## Capacity Development to better manage agricultural risk

### Final Report

PARM Horizon 2  
June 2023

## Foreword

The Platform for Agricultural Risk Management (PARM), a G20 initiative hosted by the International Fund for Agricultural Development (IFAD), is a multi-donor partnership co-financed by the European Union (EU), the French Development Agency (AFD), the Italian Development Cooperation Agency (AICS) and IFAD itself, to support governments and stakeholders in Agricultural Risk Management (ARM). The Platform works in strategic partnership with AUDA-NEPAD in a number of African countries with the ultimate goal of integrating ARM into national agricultural policies and the design of investment plans ([www.parm.org](http://www.parm.org)). The overall objective of PARM is to contribute to sustainable agricultural growth, reduce food insecurity, improve the livelihoods of rural and agricultural households in developing countries.

The implementation of PARM activities is done in phases, the first phase (PARM Horizon 1) spanning over 2013-2019. The objective of this phase was to mainstream ARM globally and enable the integration of holistic agricultural risk management into policy planning and investment plans in 8 African countries in sub-Saharan Africa. The very positive results achieved by PARM during the first phase enabled the development of PARM Horizon 2 (2019-2025). During this period, PARM continues to build ARM capacity at global and national levels, while investing more resources in the design of ARM investment programs/projects, with more structured involvement of public-private partnerships, and direct support to meso-level actors (extension services, financial intermediaries, women and youth groups, NGOs, businesses and farmer organizations, etc.).

PARM process in Ethiopia kicked off in November 2014 during PARM Horizon 1 in an ARM policy forum with stakeholder, allowing PARM to commit in providing technical and co-financial support to facilitate the integration of ARM into Ethiopia's National Agriculture and Food Security Investment Plan and related development programmes. The joint process led to the implementation of several activities, including a risk assessment study, capacity development seminars, and a feasibility study on ARM tool. The Government of Ethiopia (GOE), through its Ministry of Agriculture (MoA)'s Directorate of Agricultural Extension, decided to continue to focus on capacity development as the main strategy for ARM, and re-iterated its engagement to PARM for its second phase (PARM Horizon 2) by signing an aide-memoire in December 2019 following the PARM Secretariat's mission in Addis Ababa. The results of this partnership have made it possible to create new capacities in risk management and the development of the project "Capacity Development Facility for Agricultural Risk Management (CD4ARM)".

This report presents the main outcomes of the PARM engagement in Ethiopia during the 2<sup>nd</sup> phase, including national and regional capacity building and knowledge sharing workshops in ARM. The report also provides an executive summary of the components and sub-components of the CD4ARM Investment Project.

PARM would like to thank the government of Ethiopia and, in particular, the Ministry of Agriculture (MoA) for its ownership of the process and its active leadership in the activities carried out since the launch of the PARM process in 2014 for better managing agricultural risks in the country. Our gratitude also goes to the numerous development partners as well as to the public and private institutions who participated in the different phases/activities of the process and actively contributed to the development of the various studies and the CD4ARM project.

# Contents

Abbreviations and Acronyms .....	4
<b>Section 1 – PARM process in Ethiopia.....</b>	<b>5</b>
1.1. Timeline of the PARM process in Ethiopia.....	5
1.2. Main results achieved in Ethiopia .....	6
<b>Section 2 – Facility on Capacity Development for Agricultural Risk Management (CD4ARM).....</b>	<b>8</b>
2.1 Context.....	9
2.2 Approach.....	9
2.3 Global objective.....	10
2.4 Specific objective .....	10
2.5 Components & sub-components of the Project .....	10
Component 1 – Zonal ARM Profiling and Tools.....	10
Component 2 – ARM Capacity Development.....	10
Component 3 – ARM Coordination and Knowledge Management .....	11
2.6 Expected benefits .....	12
2.7 Areas of intervention.....	12
2.8 Beneficiaries .....	12
2.9 Budget et duration.....	13
2.10 Project Management .....	13
<b>Section 3 – Capacity Development &amp; Knowledge Management .....</b>	<b>14</b>
3.1. Context.....	14
3.2. Capacity development activities in ARM.....	15
3.3. Knowledge sharing and learning activities in ARM .....	16
<b>Section 4 – Resource Mobilization and Partnership.....</b>	<b>18</b>
4.1 Context.....	18
4.2 Lists of partners approached by PARM and MoA .....	18
<b>Electronic library: studies, reports and other knowledge products on ARM.....</b>	<b>19</b>

## Abbreviations and Acronyms

AFD	Agence Française de Development
AfDB	African Development Bank
AFRACA	African Rural & Agricultural Credit Association
AgDAs	Agriculture Development Agents
AICS	Italian Development Cooperation Agency
APARI	Afar Pastoral and Agro-pastoral Research Institute
ARARI	Amhara Regional Agricultural Research Institute
ARM	Agricultural Risk Management
ATA	Ethiopian Agricultural Transformation Agency
ATVET	Agricultural Technical and Vocational Education and Training
BOA	Bureau of Agriculture
CAADP	Comprehensive Africa Agriculture Development Programme
CD	Capacity Development
CD4ARM	Capacity Development Facility for Agricultural Risk Management
ECX	Ethiopia Commodity Exchange
EIAR	Ethiopian Institute of Agriculture Research
EU	European Union
F/PTC	Farmer/Pastoralist Training Centre
FAO	Food and Agriculture Organization
FAOSTAT	Food and Agriculture Organization Corporate Statistical Database
GDP	Gross domestic product
GIZ	German Society for International Cooperation
GoE	Government of Ethiopia
HERA	Homegrown Economic Reform Agenda
ICE	Innovation, collaboration, Entrepreneurship
ICIP	Index-based Crop Insurance Promotion Project
ICRISAT	International Crops Research Institute for Semi-Arid Tropics
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFPRI	International Food Policy Research Institute
ILO	International Labour Organization
JICA	Japan International Cooperation Agency
KOICA	Korea International Cooperation Agency
MFIs	Monetary Financial Institutions
MoA	Ministry of Agriculture
MoU	Memorandum of Understanding
MZ	Mandate Zonation
NEPAD	The New Partnership for Africa's Development
NGOs	Non-governmental Organizations
NSC	National Steering Committee
NRI	Natural Resources Institute
PARM	Platform for Agricultural Risk Management
PIN	People In Need
PTF	Technical and Financial Partners
RAB	Regional Agricultural Bureau
RAS	Risk Assessment Study
SLMP	Sustainable Land Management Programme
SNNP	The State of Southern Nations, Nationalities and Peoples
SURED	Sustainable Use of Rehabilitated Land for Economic Development
ToT	Training of Trainers
UN	United Nations
UNIDO	United Nations Industrial Development Agency
USD	United States Dollars
WB	World Bank
WFP	World Food Programme

# Section 1

## PARM process in Ethiopia

### 1.1 Timeline of the PARM process in Ethiopia

PARM works with the government of Ethiopia through the Ministry of Agriculture (MoA) to strengthen the country's resilience capacity to manage agricultural risks. PARM process kicked off in the country on the occasion of a three-day "**Policy Forum On Integrating Agriculture and Food Risk Management and Innovative Financial Services**" jointly organized on 11-13 November 2014 by PARM, AFRACA, NEPAD and FAO in Addis Ababa. The workshop brought together stakeholders from the national central banks, MFIs, insurance companies, NGOs, UN, universities, research centres, government entities, etc.

In February 2015, PARM undertook a **setting-up mission** to develop the roadmap and discuss potential synergies with the temporary ad hoc National Steering Committee (NSC). After the approval of the terms of reference of the Risk Assessment Study (RAS) by the government, PARM commissioned the RAS which was conducted by the Natural Resources Institute (NRI) from the University of Greenwich between 2015 and 2016. Upon the completion of the RAS, a **National Stakeholder Workshop** was held in Addis Ababa on 16-17 December 2015, to present and discuss the drafted RAS report and identify priority risks and the potential ARM tools. In consultation with the participants, the priority risks and most relevant comments were integrated in the RAS. The occasion was a great opportunity that strengthened the strategic partnership with ATA for the PARM process in Ethiopia. The RAS final report was published in December 2016 following the official validation from the Government.

In May 2017, PARM held additional meetings with the ATA and MoA to present the **Capacity Development (CD) Strategy**. The three parties (PARM/IFAD, ATA, and MoA) signed a MoU for capacity development activities. The capacity development as agreed sought to focus on: 1) developing feasibility studies on the CD and possibly investment plans; 2) increasing the synergies and complementarities among insurance, social protection, and humanitarian assistance; and 3) strengthening ARM information systems.

In May 2018, PARM launched a feasibility study to look into the existing capacities and develop an investment plan to mainstream ARM CD into the extension service activities. The study was conducted by researchers from the Natural Resources Institute (NRI), also for continuity with the work they had undertaken for the RAS. It was completed in September 2018, followed by a **Technical Meeting** organised by PARM and NRI in Addis Ababa on 2 October 2018 where national stakeholders from the Ethiopian authorities and relevant government agencies reviewed the findings and commented on specific recommendations made with regards to implementation and funding of the proposed capacity development programme for Ethiopia.

The Government of Ethiopia, through its Ministry of Agriculture (MoA)'s Directorate of Agricultural Extension, decided to continue to focus on capacity development as the main strategy for ARM, and re-iterated its engagement to PARM for its second phase (PARM Horizon 2) by signing an aide-memoire in December 2019 following the PARM Secretariat's mission in Addis Ababa. On 7 May 2020, a virtual consultation was held between members of the Steering Committee of the Ethiopian Agricultural Extension Mandate Zonation and the PARM Secretariat. Following the consultation, the Government nominated a Focal Point for a smooth implementation of the PARM Country process. PARM also appointed a Country Liaison Officer and a Country Lead Learning Facilitator to represent and facilitate the implementation of the PARM learning cycles and related activities in Ethiopia.

In 2021, PARM has mobilized technical resources including international and national experts to carry out the project design process in close collaboration with the Ministry of Agriculture (MoA) and the Extension Directorate. In 2022, PARM has finalized the design of the investment program entitled Facility on Capacity Development for Agricultural Risk Management (CD4ARM) with a high-level political ownership and appropriation. While developing the investment program, PARM initiated a resource mobilization drive to advocate and mobilize resources to invest in the facility.

A series of cross-cutting activities have also been carried out during the 2<sup>nd</sup> phase of PARM, including capacity development and knowledge sharing workshops.

## 1.2 Main Achievements in Ethiopia

PARM's support in the 2<sup>nd</sup> phase of its intervention in Ethiopia resulted in several positive results which made it possible to strengthen the country's resilience capacity to manage the agricultural sector in the face of the various risks identified and prioritized. These results include among others: (i) the formulation of the CD4ARM investment project; (ii) a series of national and regional capacity development workshops; (iii) a number of knowledge sharing activities which were organized to benefit contributions from local stakeholders; as well as (iv) consultation of technical and financial partners for the mobilization of resources and partnerships for the CD4ARM.

### 1.2.1. Bringing ARM to the core of development and agricultural policies

The introduction of risk as an opportunity and no longer a problem, if managed via the new methodology proposed by PARM called holistic, has made it possible to obtain satisfactory results in terms of ARM in Ethiopia. Since the first phase of PARM, the different phases of the PARM process from risk identification, their prioritization, and the proposal of risk management tools through a participatory approach to the definition of roles and responsibilities have led to ARM being put at the heart of the Ethiopian Government priorities. The first achievement of PARM has been raising the awareness about the importance to manage properly agricultural risks, having a more accurate perception of the relative size of these risks. The key message that investing in ARM is a powerful way to boost investment and growth in this crucial sector has been discussed and disseminated. As a result, the Government of Ethiopia and PARM, under the CAADP (Comprehensive Africa Agriculture Development Programme) framework and in consultation with the government authorities, including the ATA and the MoA, developed a road map to ensure the integration of agriculture risk management into the national policies and investment plans. The strong engagement of the Government was confirmed by signing a tripartite MoU with PARM, ATA and the MoA. This early achievement and commitment to ARM was a milestone that was followed by further discussion and definition of priorities.

### 1.2.2 Increasing awareness, strengthening capacities, and enhancing partnerships on ARM

From its early stages, one of the priorities of PARM in Ethiopia has been to contribute to develop national stakeholders' capacities and promote learning and knowledge sharing on agricultural risk management through the holistic approach. In the 2<sup>nd</sup> phase of the PARM process in Ethiopia, numerous representatives of the government, farmers' organizations, technical and financial partners, private sector actors, training institutions, etc. have been involved in a series of capacity development and knowledge sharing activities in ARM for a much more inclusive and participatory approach leading to the development of the CD4ARM.

During PARM Horizon 2, three blended (physical and virtual) learning cycles have successfully been implemented. The first learning cycle consisted of six sessions spread over 10 days in May 2021, targeting 12 potential ARM resource persons in Afar, Amhara and Oromia regions. These sessions were followed by the organization of the regional learning events in the same regions. Over 100 trainees from the three regions with different academic and professional backgrounds benefited from contextualized training on the concepts and fundamentals of agricultural risk management.

The last learning cycle was organised in collaboration with FAO in Amhara and Oromia regions in the framework of their AgrInvest project. FAO AgrInvest is a blended finance programme to de-risk investments in sustainable food systems. The de-risking is based on an anchor buyer guarantee, first loss coverage for impact investors, insurance against climate risks and capacity development activities.

The second learning cycle was held in July 2021, over a two-week span with 4 online sessions. It targeted the learning of facilitators and the regional resource persons and provided them with more in-depth training on the key steps of the ARM cycle, especially on how to conduct agriculture risk assessments.

### 1.2.3. Investing in priority tools for better agricultural risk management

Based on the results of the RAS conducted by PARM during its first phase, the Government of Ethiopia at the national stakeholders' validation workshop of December 2015, identified a priority ARM tool for investment – the Sustainable Investment Plan for Capacity Development in Agricultural Risk Management in Ethiopia. In order to sustain CD activities for national extension service in Ethiopia, PARM and partners agreed to launch and complete a feasibility study on this identified ARM tool, with a focus on mainstreaming the findings into the national agricultural policy and investment plan targeting the Ethiopian extension service, including the new National Strategy for Ethiopia's Extension Services.

A 5-year capacity development for agricultural risk management (CD4ARM) training programme of US \$4.089 million has been proposed during PARM horizon 2. The CD4ARM will be built on local ownership through multi-faceted training methods that foster cascading effects and ensure sustainability.



A crucial part of the proposal is that it heavily focuses on the extension service personnel, including the Agricultural Technical and Vocational Education and Training (ATVET), Zonal/Woreda Agricultural Officers, AgDAs. The proposal is also a phased approach consistent with on-going activities of development agencies in the field.

#### **1.2.4. Facilitating dialogue between the Government, local institutions, and development partners**

The PARM process is intended to be participatory and inclusive, where all stakeholders are constantly consulted during all stages to maintain a permanent dialogue and take into account the contributions of local institutions and development partners in the various documents. In this context, the components of the CD4ARM project were presented by PARM, on 28 October 2021, during a knowledge sharing workshop organized in Addis Ababa which made it possible to collect contributions from local stakeholders for the contextualization of the project content to the realities of Ethiopia. Another technical consultation workshop was organized on 29 October 2021 to discuss the broad outlines of the project with the interministerial technical committee set up by the Ethiopian government. These two workshops led to the validation of the aide-mémoire containing the broad outlines of the CD4ARM by the State Minister in charge of Agriculture and Horticulture, Dr Meles Mekonen and the PARM Technical Expert, Jean- Claude Bidogez.

These workshops brought together government representatives (Ministry of Agriculture, MoA Directorate of Extension, MoA Crop Directorate, Bureau of Agriculture – BOA, ATVET, ATA, etc.), as well as the private sector (Oxford Policy Management, Oromia Insurance, Microinsurance, ICE Addis, Ethiopian Commodity Exchange – ECX, etc.), academia and research organisations (Ambo University, APARI, ARARI, Ethiopian Agricultural Research Council, Ethiopian Institute of Agriculture Research – EIAR, etc.), farmer organisations (Farmers' Cooperative Union, etc.) and technical and financial partners such as: The WB, EU, AICS, IFAD, JICA, KOICA, Bill & Melinda Gates Foundation, FAO, WFP, etc.

#### **1.2.5 Developing an investment project in agricultural risk management**

Following the validation of the project concept note by the MoA, PARM conducted a design mission on 12-29 October 2021 to proceed with the formulation of the Facility on Capacity Development for Agricultural Risk Management (CD4ARM) in close collaboration with MoA. The objective of the CD4ARM is to empower smallholder farmers/pastoralists (including women and youth) to identify, prioritise and holistically manage risks using best available ARM tools through the enhancement of their capacity. This objective will be achieved through CD activities within the pluralistic agricultural extension system, financed from other sources, to provide efficient and effective ARM services to the ultimate beneficiaries, who will be smallholder farmers, pastoralists and agropastoralists. The CD4ARM includes three (3) components, namely: (i) Component 1: Zonal ARM Profiling and Tools; (ii) Component 2: ARM Capacity Development; and (iii) Component 3: ARM Coordination and Knowledge Management.

#### **1.2.6 Mobilizing resources to facilitate dialogue between government, local institutions, and development partners**

With a view to mobilizing resources for the implementation of the CD4ARM project, PARM and MoA have intensified contacts with potential donors and implementing partners in the country. The PARM team took a proactive position in developing the project financing strategy to verify interest and partnership commitments from potential development and implementation partners in Ethiopia. The PARM Secretariat, in close collaboration with the MoA, has been in discussions with various donors and potential implementing partners, before, during and after the design of the CD4ARM project.

The Technical and Financial Partners (PTFs) and private sector operators consulted by PARM expressed an interest in principle to participate and consider allocating funds to specific components/activities of the CD4ARM project.

In total, PARM met and consulted around twenty institutions in Ethiopia to collect information, data, and experiences with a view to informing the development of the project design report and exploring technical and financial possibilities, partnerships/synergies with the donor community, private sector and implementing partners.

# Section 2

## Project “Facility on Capacity Development for Agricultural Risk Management (CD4ARM)”

### Executive Summary

**Project elaborated by:**  
Platform for Agricultural Risk Management (PARM)

**In collaboration with:**  
Ministry of Agriculture (MoA)

February 2022

PARM is engaged with the Government of Ethiopia through the Ministry of Agriculture to strengthen the country’s capacity to manage agricultural risks. During its first phase (2014-2019), PARM conducted: (i) a risk assessment study (RAS); (ii) a feasibility study on sustainable investment for capacity development (CD) in agricultural risk management (ARM); and (iii) a training course on agricultural risk management (ARM) for extension workers, representatives of MOA, and other stakeholders.

In December 2019, the Government, through its MoA Directorate of Agricultural Extension, re-iterated its engagement with PARM for its second phase PARM Horizon 2 (2019-2025) and signed an aide-mémoire which has been translated into an action plan. Both parties agreed on an inclusive process to design an investment plan on ARM in Ethiopia. Capacity development (CD) has been identified by PARM and MOA as an essential step to mitigate agricultural risks in the country. The Ministry of Agriculture identified CD as the key tool to respond to and manage agricultural risks and agreed with PARM to focus on designing an investment plan/project that is based on relevant and evidence-based approaches in developing capacities, aligned to the mandate zonation strategy of the Extension Directorate of the MOA.

A PARM design Mission was held in Ethiopia from 12-29 October 2021 to work in close collaboration with the Government of Ethiopia in further developing the design of the proposed Facility for Agricultural Risk Management (CD4ARM), which includes three (3) components, namely: (i) Component 1: Zonal ARM Profiling and Tools; (ii) Component 2: ARM Capacity Development; and (iii) Component 3: ARM Coordination and Knowledge Management.

The project seeks to address the limited technical capacity of Ethiopian farmers and pastoralists to assess, prioritize and manage risks, through a holistic approach. This capacity constraint contributes to the large productivity gaps that entrench poverty and food insecurity, especially amongst smallholders. With the rural sector accounting for over 30 per cent of Ethiopia’s GDP, nearly 90 per cent of its exports and 80 per cent of the country’s workforce, the importance of CD4ARM cannot be overstated, especially in the era post-COVID.

The proposed project is closely aligned with national and sectoral policies and with key ARM principles, in particular: (i) the need for an integrated, holistic, sustainable and inclusive approach to ARM; (ii) mainstreaming ARM in agricultural sector policy and programmes at all levels; (iii) employing ARM strategies and tools that are tailored to local conditions at zonal level and below in accordance with the MZ approach; (iv) retrofitting ARM principles into ongoing projects and programmes; and (v) facilitating “trickle up” whereby lessons learned at zonal level inform policy making at regional and federal levels.

## 2.1 Context

Ethiopia has achieved rapid economic growth over several decades. Among the major economic sectors, agriculture, industry, and services have registered annual growth rates of 5.3 per cent, 17.2 per cent and 9.7 per cent respectively. Rural poverty has declined from 30.4 per cent in 2010 to 25.6 per cent in 2020, whilst urban poverty declined from 25.7 per cent to 14.8 per cent over the same period<sup>1</sup>. The majority of GDP growth has come from industry and services. Agriculture has grown more slowly, and its share of GDP has declined. Rapid growth financed by Government borrowing, increased spending by state-owned enterprises, and infrastructure investment, have fuelled inflation, which has risen to over 15 per cent a year<sup>2</sup>, as well as foreign exchange shortages.

To tackle these imbalances the Government of Ethiopia (GOE) put in place the Homegrown Economic Reform Agenda (HERA), which is incorporated in the Ten Years Perspective Development Plan (2021-2030). HERA was initiated domestically, with the aim of sustaining rapid growth, maintaining a stable macroeconomic environment by reducing debt vulnerabilities, and creating adequate and sustainable job opportunities. The economic reforms focus on the supply side of the economy by enhancing productivity and competitiveness, and a gradual transition from public to private sector-led growth. The goal is to ensure a stable macroeconomy and more jobs to address high unemployment. The HERA incorporates macroeconomic reforms, sectoral reforms, and structural reforms. It is supported by grant funding from the World Bank and other development partners, including a major programme of budget support from the European Union (EU).

Agriculture, forestry, and fisheries currently contribute around 32 per cent of GDP, nearly 90 per cent of exports, and employ 80 per cent of the country's workforce (HERA). However, the contribution of these sectors has declined over the past two decades, as the secondary and tertiary sectors have grown rapidly. The importance of the rural sector reflects the large rural population – which was 78 per cent of the total in 2020 (compared to 85 per cent in 2000). Urbanisation, and growth in non-agricultural sectors, account for the declining influence of the rural sector. Over the past two decades, on average, almost five per cent of rural dwellers have moved to urban centres each year.

Data from the International Labour Organization suggest that agriculture's share of the labour force is declining, but that in 2019, it still employed around two thirds of the labour force, including 59 per cent of female workers (ILO, 2019)<sup>3</sup>. Agricultural land accounts for 54 per cent of the land area, of which cropland is 14 per cent. The average farm size is 0.8 ha. Seventy-four per cent of farmers are smallholders, and 40 per cent have less than 0.5 ha (FAOSTAT<sup>4</sup>). Poverty among smallholder farmers is almost double the national rate. Lack of irrigation (less than two per cent of arable land is irrigated) accentuates smallholder farmers' exposure to weather and climate risk.

## 2.2 Approach

The Capacity Development for Agricultural Risk Management (CD4ARM) Facility will build on the risk profiling and ARM strategy formulation work undertaken with PARM over recent years, by disaggregating this work from national down to the zonal level, and connecting farmers, through the pluralistic extension system, to a range of ARM instruments or tools from which they can choose.

The approach is focussed on farmers and pastoralists and will be implemented primarily through MOA's extension system. This system will continue to evolve in accordance with the pluralistic extension approach and the concept of mandate zonation in the research and extension system. It will work through the system of F/PTCs, Model Farmers and AgDAs, and ATVET centres, recognising the critical need for gender and youth inclusive CD in ARM at all levels in this system.

The project will align with MOA's MZ approach which calls for different organisations within a given region - including research centres, academia, and extension service providers, to work together for better technology introduction, testing and utilisation (e.g., new seed/livestock breeds, agronomic and animal husbandry packages) that will have greater impact on livelihoods. Furthermore, under the MZ approach the Zones are further defined as either "high potential" or "high-risk zones".

---

<sup>1</sup> Ethiopia 2030: The Pathway to Prosperity Ten Years Perspective Development Plan (2021 – 2030)

<sup>2</sup> Source: Homegrown Economic Reform Agenda (HERA) (November 2019)

<sup>3</sup> [https://www.ilo.org/wcmsp5/groups/public/--africa/--ro-abidjan/--sro-addis\\_ababa/documents/publication/wcms\\_759979.pdf](https://www.ilo.org/wcmsp5/groups/public/--africa/--ro-abidjan/--sro-addis_ababa/documents/publication/wcms_759979.pdf)

<sup>4</sup> <https://www.fao.org/faostat/en/#home>

## 2.3 Global objective

The overall goal of the project is to boost smallholder farmers/agropastoralist resilience to multiple shocks through enhancing their capacity to manage agricultural risks in a holistic manner. The goal reflects PARM's holistic and integrated approach to ARM which simultaneously addresses all key ARM challenges including both CD and complementary measures.

## 2.4 Specific objective

The project specific objective is to empower smallholder farmers/agropastoralists (including women and youth) to identify, prioritize and holistically manage risks using the best available ARM tools". This objective will be achieved through CD activities within the pluralistic agricultural extension system, financed from other sources, to provide efficient and effective ARM services to the ultimate beneficiaries, who will be smallholder farmers, pastoralists and agropastoralists.

## 2.5 Components & sub-components of the Project

### **Component 1: Zonal ARM Profiling and Tools**

This component aims to develop a comprehensive profile of agricultural risks in the target zones and a set of zone-specific ARM strategies and tools.

#### **Sub-component 1.1** Disaggregate risk analysis and prioritisation in the target zones

This will assess agricultural risks at the zonal level, breaking down which crops, and livestock men and women in particular tend to produce, and at agroecological systems, so as to identify priority issues that have the greatest impact on the farm and the household.

#### **Sub-component 1.2** Provide appropriate ARM tools, and technologies, for dissemination, suitable for different zones, stakeholder groups and farming systems

This will develop and refine an advanced toolkit of ARM instruments tailored to the needs of Ethiopian farmers and pastoralists (including those of women and youth), building on the results of the zonal-level risk assessment and ARM strategies identified.

#### **Sub-Component 1.3:** Provide sensitization training for zonal-level staff of MOA and other relevant institutions about the priority agricultural risks and the strategies and tools for managing them

This sub-component will enable effective delivery of the training and its benefits to farmers. These workshops for RAB staff and other local stakeholders will focus on the key risks and ARM strategies identified.

### **Component 2: ARM Capacity Development**

The component 2 aims to enhance institutional and professional capacity for ARM throughout agricultural research, extension, higher learning institutions, and other agricultural service-providers. It will enable regions and zones to have access to appropriate learning materials, translated into local languages where necessary, and the MOA at federal level to be able to provide training of trainers at regional level.

#### **Sub-component 2.1** Design ARM guidelines and training materials tailored to local needs and priorities, especially those of women and youth

This lays the foundation for CD4ARM by providing tailored training materials for use at all levels down to the primary beneficiaries, including women and youth. PARM has invested in the production of ARM CD training materials and delivered training in Ethiopia.

**Sub-component 2.2** Provide training on CD4ARM to the core group of trainers at Federal level MOA (in-depth ARM)

The objective here is to mainstream ARM at federal level which will enable ARM CD to be delivered through the cascade system to regional, zonal, woreda and kebele levels and on to the farmer. The cascade is as strong as its weakest link, so it is important to provide a strong foundation of ARM training for a core group of trainers in MOA's Extension Directorate at federal level.

**Sub-Component 2.3** Deliver ARM CD training at various levels in the target regions, zones, woredas and kebeles (intermediate to basic ARM)

This will deliver tailored ARM training to all levels of the extension system. In this regard, representatives from the MZ Steering Committee, MOA Extension Directorate and RABs will be invited to the training as observers.

**Sub-Component 2.4** Support the roll-out of ARM CD within and beyond the target zones and regions and in other agricultural sector programmes and projects

This sub-component will support the scaling-up of CD4ARM, subject to evaluation of results arising from Sub-Component 2.3 and in consensus with MOA and the key development partners. Upscaling and outreach are best facilitated by integrating/retrofitting CD4ARM in prospective/existing programmes and initiatives supported by the development partners.

**Component 3: ARM coordination and knowledge management**

This component aims to well structure the coordination of CDARM initiatives under the MOA Extension Directorate umbrella, and to create a sustainable system for ARM development and knowledge management. This component will enable the establishment of a Facility Coordination Unit (FCU) within MOA's Extension Directorate to coordinate the development of inclusive ARM tools and deliver CD activities, a Platform for knowledge-sharing, learning, management of indigenous knowledge, and development of strategies combining different ARM tools as well as policies and programmes addressing constraints and broader issues, and a Resource mobilisation mechanism for mainstreaming ARM in sector programmes and projects.

**Sub-component 3.1** ARM Facility (CD4ARM)

This sub-component calls for the creation of an institutional framework for ARM in the form of the CD4ARM Facility to be established within both the federal and regional levels of the Extension Directorate.

**Sub-component 3.2** ARM Platform

The sub-component 3.2 will establish an ARM knowledge platform in the Federal Extension Directorate. The Platform will ensure ARM is mainstreamed into knowledge sharing, advocacy, sensitization, learning and policy advancement.

**Sub-Component 3.3** Ongoing resource mobilisation for investment in ARM

This will allow CD4ARM to continue its implementation and to be scaled up in high-risk areas where farmers/pastoralists face a tough risk environment.

**Sub-Component 3.4** ARM feedback and MEAL (Monitoring and Evaluation and Learning)

This sub-component will develop the Facility's M&E system to track and monitor the Project's achievements. It will undertake baseline and other surveys as needed and develop an ARM knowledge database (in conjunction with the ARM Platform).

## 2.6 Expected benefits

The CD4ARM project will facilitate the diversification of the production systems and improve natural resources management, including soil, water, forests, and rangelands, nurtures biodiversity and sustainability.

It will empower women to manage risks strengthens food security. Most importantly, by reducing uncertainty, effective ARM in Ethiopia will create a more predictable environment for investments and sustainable rural transformation.

The implementation of the holistic approach will improve diversification and food and nutrition security, reduce post-harvest losses, and increase rural incomes for all groups of farmers and pastoralists.

The application of ARM tools will help to avoid or mitigate losses from events such as adverse weather, pests and diseases, and market supply, demand, and price fluctuations.

Improved ARM also enhances the benefits from favourable events such as good seasonal conditions or product prices. It can also help to improve the supply of private and public finance for agricultural investments by commercial banks and impact investors.

## 2.7 Areas of intervention

The MOA has identified an initial list of 27 Kebeles to be targeted for the project implementation. These are in five regions (Afar, Amhara, Oromia, SNNP and Tigray), 12 zones and 13 woredas.

**Table 1**

Region	Zone	Woreda	High Potential Kebeles	High Risk Kebeles
Amhara	West	Bure	Denbun	Woynima Amba
	East	Debre Elias	Genat	Yegorat
				Abesheb
Awi	Ayh Gaggusa	Chiba Chibas	Sostu Jabela	
Oromia	West Shoa	Ejersa Lafo	Chelelqa Bobe	Simbo Gore
	East	Dodola	Ed	Baga
				Gute
	Wayu Tuga	Bonaya Mole	Gida	
SNNP	Gamo	Arbaminch Zuriya	Chano Mile	Danchakachamoochale
	Gurage	Cheha	Yesharina Qondarina	Dubisa
Silte	Alichio	Yebune Seqama	Puchare	
Tigray	South	Raya Azabo	W	
	Central	Qafta	Mi	
Afar	Zone 1	Chifra	We'ama	Mesgido
		Afanbo	Alasabolo	Mego
<b>Total Regions 5</b>	<b>Total Zones 12</b>	<b>Total Woredas 13</b>	<b>Total High Potential 13</b>	<b>Total High-Risk 14</b>

## 2.8 Beneficiaries

The project primarily targets three main groups:

- (i) farmers,
- (ii) agro-pastoralists and
- (iii) pastoralists (particularly smallholders - inclusive of women and youth)

About 10,000 farmer/pastoralist households are expected to be capacitated in ARM in the priority Zones and Kebeles.

About 10,000 farmer/pastoralist households are expected to be provided with risk management knowledge and tools in the priority zones and kebeles, with potential to at least double this number by scaling up to target beneficiaries of participating donor-supported projects.

## 2.9 Budget et duration

The project costs, including price contingencies over five years are USD 12.1 million, with USD 1.4 million of initial financing (seed money) needed to establish the Facility, followed by further rounds of resource mobilisation during implementation. Almost two-thirds of CD4ARM 's costs are allocated to CD activities. Thus, the project is highly geared for impact, with investment expenditures comprising 92% of the budget and recurrent costs (funded by GOE) only 8%.

The project will last 5 years, from 2023 -2027.

## 2.10 Project Management

The MOA's Extension Directorate will be the lead agency responsible for the project oversight and implementation. The project will be implemented by the CD4ARM Facility operating under the oversight of a Steering Committee and supported by a Technical Committee from MoA.

# Section 3

## Capacity development and knowledge sharing on ARM

### Raising awareness and developing capacities in agricultural risk management

#### 3.1 Context

Agriculture is a risky business. Extreme weather conditions and climate change are likely to negatively affect the performance of crop production and livestock activities. High food prices and global market uncertainties pose a major threat to food security, especially for the poor. Global, regional, and national interests call for opportunities to develop sustainable tools to manage risk in agriculture beyond a humanitarian intervention to disasters and to implement an ARM system covering other risk layers for farmers, private sector and government.

ARM requires knowledge and skills to assess the risks and to implement appropriate tools successfully. Developing capacity at country level among relevant stakeholders is essential to plan strategies and mainstream solutions in the national policy agenda. As part of the overall initiative, PARM supported *capacity development* (CD) activities on agricultural risk management oriented towards the understanding of the structure of risk management cycle considering the diversity of risk sources and risk management options, from agricultural practices to improved seeds, irrigation, or financial tools. PARM's capacity development (CD) strategy is articulated in three levels of activity: 1) CD1, a general ARM seminar; 2) CD2 - A high level ARM course/Training of Trainers (ToT) to be included in the curricula of local training institutions; and 3) CD3 - Specific CD activity in support to the feasibility studies for investment on ARM.

During Horizon 1, PARM's experience in Ethiopia included a three-day capacity development activity jointly organized in May-June 2018 in collaboration with Hawassa University and the MoA. The learning activity provided support on ARM training needs to the extension service in Ethiopia and possible opportunity for integration of ARM into undergraduate and graduate courses in the universities.

As PARM and the Ministry of Agriculture continued their collaboration, during Horizon 2, three blended (physical and virtual) learning cycles have successfully been implemented.

The first learning cycle consisted of six sessions spread over 10 days in May 2021, targeting 12 potential ARM resource persons in Afar, Amhara and Oromia regions. These sessions were followed by the organization of the regional learning events in the same regions.

The second learning cycle was held in July 2021, over a two-week span with 4 sessions. It targeted the learning of facilitators and the regional resource persons and provided them with more in-depth training on the key steps of the ARM cycle, especially on how to conduct agriculture risk assessments.

The third learning cycle was organised in collaboration with FAO in Amhara and Oromia regions in the framework of their AgrInvest project, whereby a total of 45 experts from small and medium enterprises and government structures were trained on ARM.



## 3.2 Capacity development activities on ARM – PARM Horizon 2

### 3.2.1 ARM first learning cycle

PARM organised in May 2021, the first learning cycle of six sessions spread over 10 days. The sessions targeted 12 potential ARM resource persons in Afar, Amhara and Oromia regions. Over 100 trainees from the three regions with different academic and professional backgrounds benefited from contextualized training on the concepts and fundamentals of agricultural risk management.

These sessions were followed by the organization of the regional learning events in the same regions. The overall objective of the first regional learning event was to build local expertise on ARM to reduce the negative impacts of risks at farm level and improve the business opportunities for smallholders while managing agricultural risks.

The specific objectives of the event were raising awareness and engaging key actors, specifically:

- Understand the priorities of the mandate zonation in the selected three regions
- Introduce the basic ARM concept (i.e., understanding risk environment in agriculture) and its potential added value to the regions
- Understand the PARM learning cycles and how it can be adapted for the regions
- Agree on the learning process for the regions

The first regional learning event resulted in:

- Road map for the learning cycles in the region
- Potential ARM Learning Facilitators in the region
- Key organisations committed to the PARM learning process in the region

### 3.2.2 ARM second learning cycle

The second learning cycle was held in July 2021, over a two-week span with 4 online sessions. It targeted the learning of facilitators and the regional resource persons and provided them with more in-depth training on the key steps of the ARM cycle, especially on how to conduct agriculture risk assessments. The end goal of the learning cycles, as also agreed with the Ministry of Agriculture, was to collect information through a participatory approach to design the investment plan in the country.

The specific objectives of the second learning cycle were as follows:

- capacitate PARM facilitators to conduct agricultural risk assessment by engaging the relevant local partners;
- capacitate PARM facilitators to identify and choose appropriate ARM tools and solutions to address the prioritized risks;
- enable PARM facilitators, together with their direct partners to get familiar with the design of an ARM Strategy and an Action Plan for Implementation
- capacitate PARM facilitators and resource persons to conduct a participatory ARM assessment.

The learning cycle 2 introduced participants to some methods to assess and prioritize risks, identify and use appropriate tools and strategies to manage agricultural risks, and develop a consistent action plan.

At the end of this learning cycle, the participants were able to:

1. use qualitative and quantitative methods to assess risk components from primary and secondary data;
2. identify the most appropriate tools or/and strategies to manage risks; and
3. draft an action plan to handle the priority risks in a defined geographical area.

### 3.2.3 ARM third learning cycle

The third learning cycle was organised in two workshops in collaboration with FAO in two regions: Amhara and Oromia within the framework of the AgrInvest project in Ethiopia. FAO AgrInvest is a blended finance programme aiming to de-risk investments in sustainable food systems. The de-risking is based on an anchor buyer guarantee, first loss coverage for impact investors, insurance against climate risks and capacity development activities. For the latter, the training has thus been provided by PARM, confirming the role of CD in de-risking agricultural investments.

The training focused on the dairy value chain and used the PARM methodology whereby a total of 45 experts from small and medium enterprises (SMEs) and government entities were trained on ARM. The training workshops sought to create a proof of concept to de-risk agricultural investments with the aim of increasing access to finance for MSMEs operating in the dairy sector.

The specific objectives of these training workshops were:

- a) Create common understanding about concept and principles value chain approaches;
- b) Create awareness about the project and CD approaches;
- c) Improve understanding of participants about ARM concept, approaches and tools;
- d) Strengthen their capacity towards multi-stakeholders' facilitation;
- e) Equip design and management of coaching plan.

AgrInvest aims at mobilizing private investment towards sustainable food systems by leveraging public funds. PARM CD can thus be used to support blended finance mechanisms that, by de-risking investments, attract private capital for food systems.

This FAO-PARM collaboration paved the way for a new operational sector in PARM: the management of agricultural risk linked to livestock and pastoralism activities.

## 3.3 Sharing Knowledge activities on ARM – PARM Horizon 2

### 3.3.1 CD4ARM Co-vision and Co-creation Workshop

With a view to building in a consensual and participatory manner an investment project in the GRA taking into account the priorities jointly retained by Ethiopia and PARM, the Platform, in collaboration with the MoA, organized on 27 October 2021 in Addis Ababa, a co-vision and co-creation workshop for the Facility on Capacity Development for Agricultural Risk Management (CD4ARM).

The workshop brought together around forty actors from the interministerial technical committee, development partners, the private sector, academia, civil society and the private sector.

Through this workshop, PARM aimed more specifically to:

- inform participants about the main points of the CD4ARM;
- present to participants local initiatives to illustrate the main themes (components) of the CD4ARM in Ethiopia;
- collect contributions from participants for the development of the CD4ARM;
- exchange between participants on the local initiatives adopted for the management of agricultural risks in Ethiopia with a view to their improvement.

The following structures and institutions have shared their initiatives which are linked to one of the themes of the project. They shared the strengths, weaknesses, challenges, and lessons learned from their initiatives.

**Table 2**

Initiative	Organisation
Sustainable Land Management Programme (SLMP), latter on “Sustainable Use of Rehabilitated Land for Economic Development (SURED)”	GIZ (German Society for International Cooperation)
Scaling Validated Land and Water Management Technologies in the Semi-Arid Tropics	ICRISAT (International Crops Research Institute for Semi-Arid Tropics)
Promoting Resilience and Food Security through Risk-Contingent Credit in Africa	IFPRI (International Food Policy Research Institute)
Index-based Crop Insurance Promotion Project (ICIP) for Rural Resilience enhancement	JICA (Japan International Cooperation Agency)

### 3.3.2 Technical consultation workshop on the CD4ARM

Following the CD4ARM co-vision and co-creation workshop, PARM, in collaboration with MoA, organized on 29 October 2021, a technical consultation workshop for the technical examination of the major aspects of the project. Chaired by the PARM focal point at MoA, the technical consultation workshop essentially brought together the members of the interministerial technical committee (around twenty) who worked closely with the project design team in reviewing the project aide-mémoire.

At the end of this workshop, the members of the technical committee unanimously adopted the name of the project: Facility on Capacity Development for Agricultural Risk Management (CD4ARM). The content of the aide-memoire containing the main lines of the project was also validated and the next stages of the PARM process in Ethiopia defined.

These 2-day workshops culminated in the signing, on 29 October 2021, of the aide-memoire by the State Minister in charge of Agriculture and Horticulture, Dr Meles Mekonen, and the PARM Technical Expert, Jean- Claude Bidogeza.

# Section 4

## Resource Mobilisation & Partnership

### 4.1 Context

Since the early stage of the CD4ARM design phase, PARM, in collaboration with MoA, has actively participated in a political dialogue with various technical and financial partners. The objective is to mobilize resources for the implementation of the project. This ongoing dialogue involved key institutions such as the World Bank, African Development Bank, People In Need (PIN), Dutch Embassy, EU, AFD, AICS, JICA, KOICA, Bill & Melinda Gates Foundation, FAO, WFP and the IFAD office in Ethiopia.

PARM is currently in discussions with IFAD for the integration of a number of activities of the CD4ARM in the newly designed PACT project.

### 4.2 Lists of partners approached by PARM and MoA

Below is the non-exhaustive list of partners approached by PARM and MoA to request funding as well as synergies for the implementation of the CD4ARM activities:

**Table 3**

<b>Organization</b>
<b>EU</b> (European Union)
<b>AFD</b> (French Development Agency)
<b>AICS</b> (Italian Agency for Cooperation and Development)
<b>The WB</b> (The World Bank)
<b>AfDB</b> (African Development Bank)
<b>PIN</b> (People In Need)
<b>Dutch Embassy</b>
<b>GIZ</b>
<b>IFAD</b> (International Fund for Agricultural Development)
<b>FAO</b> (Organisation pour l'alimentation et l'agriculture)
<b>Bill &amp; Melinda Gates Foundation</b>
<b>JICA</b> (Japan International Cooperation Agency)
<b>KOICA</b> (Korea International Cooperation Agency)
<b>WFP</b> (World Food Program)
<b>UNIDO</b> (United Nations Industrial Development Agency (UNIDO))
<b>IFC</b> (International Finance Corporation)
<b>CABI</b>
<b>CARE</b>
<b>ICRISAT</b> (International Crops Research Institute for Semi-Arid Tropics)
<b>IFPRI</b> (International Food Policy Research Institute)

# E-Library: studies, reports and other knowledge products on ARM

## Studies

### Risk Assessment

- [Agricultural Risk assessment study in Ethiopia](#)  
Full Report  
*December 2016*

### Tools Assessment

- [Feasibility Study on Sustainable Investment Plan for Capacity Development in Agricultural Risk Management in Ethiopia](#)  
Full Report  
*September 2019*
- [Information systems for Agricultural Risk Management in Ethiopia](#)  
Full Report  
*October 2016*

## Briefs

- [Project Design Report](#)  
*Juin 2022*

## Workshop Reports

- [CD4ARM Co-vision and Co-creation Workshop](#)  
Main Report  
*November 2021*

## Final Report

### [PARM Horizon 1 Country Final Report](#)

Final Report  
*September 2019*

All publications are available on PARM Library [www.p4arm.org/library](http://www.p4arm.org/library)









# Managing risks to improve farmers' livelihoods



**Platform  
for Agricultural  
Risk Management**

**PARM Secretariat**

**International Fund  
for Agricultural Development (IFAD)**  
Via Paolo di Dono 44-00142 Rome (Italy)

 [parm@ifad.org](mailto:parm@ifad.org)

 [www.parm.org](http://www.parm.org)

   