About ARMT

- The Agricultural Risk Management Team is part of the World Bank’s Agriculture and Rural Development Department
- ARMT focus on assisting clients in identifying and managing agricultural risks
- ARMT Clients include:
  - Macro – Governments
  - Meso – Banks, Insurers, Farmer Associations, Exporters
  - Micro – Traders, Cooperatives, Farmers
- Funding of ARMT comes from the EU’s AAACP program, SECO and the Dutch government
ARMT Coffee Sector Activities

1. Supply Chain Risk Assessments

2. Agricultural Insurance (Weather Risk Management) for Coffee Farmers

3. Price Risk Management Education and Training

Coffee Supply Chain Risk Assessments

- ARMT undertake national level supply chain risk assessments of key agricultural commodities on behalf of governments and industry agencies

- To date ARMT have conducted supply chain risk assessments for the coffee sectors of Haiti, Cameroon and Uganda

- The risk assessments identify and quantify the key risks facing the coffee sector within a country

- The assessments identify and review current risk management strategies before considering potential improvements
Haiti’s Coffee Supply Chain Risk Assessment

Agricultural Insurance for Coffee Farmers

- Agricultural insurance is rarely available to smallholder farmers and when available is often prohibitively expensive.
- Often there are more effective means for farmers to protect themselves against agricultural production risks.
- In a limited number of cases agricultural insurance may be an appropriate and useful means for managing agricultural production risks for coffee farmers.
Jamaican Blue Mountain Coffee Insurance for Farmers

- ARMT is providing the Coffee Industry Board (CIB) of Jamaica with technical assistance for the design of a weather insurance scheme for the Blue Mountain coffee industry.
- A study is underway examining the feasibility for an insurance scheme based on an indexed product for wind, and if possible, excess rainfall.
- The decision for testing an indexed insurance model was based upon the constraints observed with traditional insurance products.
- Traditional insurance suffered from difficulties in mobilizing in-field loss adjustment following a major event due to small farm size, logistical disruption, claim numbers, damage assessment.

Price Risk Management Training - Objectives

- Increase the capacity of local coffee sector organizations to
  - Understand the causes of price risk exposure
  - Undertake ongoing risk assessments to identify and quantify exposure
  - Comprehend the methods for managing and mitigating/transferring price risk
  - Design and implement practical price risk management strategies within their trading businesses
- Regional capacity building is being achieved by partnering with local organizations ensuring longer term sustainability.
Coffee Price Risk Management Course Accessibility

- Course material are broken into five modules – each section can stand on its own or be used as part of the course.
- The course is housed in “MOODLE” – an online learning management system.
- The course is freely available on CD-ROM.
- The course is being delivered face to face via partners - EAFCA (East Africa) and CATIE (Central America).
- The course is available in English and Spanish.
**East African Partner - EAFCA**

- EAFCA are responsible for delivering price risk management training to the East African coffee industry.
- ARMT have trained up the EAFCA Trainers in Coffee Price Risk Management
- EAFCA now offer Price Risk Management Training alongside their existing coffee training courses.
- EAFCA have adapted the materials into booklet form for wider distribution across the East African coffee sector.
- EAFCA are currently delivering a series of training events to train up East African coffee traders from across East Africa. Funding has been provided by EU AAACP.

**Central America Partner - CATIE**

- CATIE are responsible for delivering price risk management training to the Central America region.
- During 2010 CATIE staff have been trained by ARMT and other experts in coffee price risk management.
- CATIE are planning to incorporate price risk management education into their educational agricultural programs, starting in 2011.
- From end 2010 CATIE (with ARMT support) will implement a price risk management consultancy pilot. Following the pilot (and dependent upon pilot outcomes) CATIE may commence offering price risk consultancy services to enterprises across the region.
- Funding has come from the World Bank, RUTA and from within CATIE.
Next Steps / ARMT Going Forward

- Courses made freely available to the world via online website (agrisrisktraining.org).
- ARMT will be providing price risk management training to the staff of sustainable coffee programs (fairtrade, organic, etc).
- ARMT will start proactively distributing CD ROMs and course materials to both Latin American and East African coffee sectors.
- 2011 ARMT will offer coffee price risk management training to Asian coffee producing countries, commencing with Vietnam.

Other WB Coffee Sector Involvement

In addition to the work of ARMT there are a number of World Bank coffee related projects, in a number of countries:

- **Peru – INCAGRO (Innovation & Competitiveness Program)**
  - $3.5 m WB funds with additional $2.45 m of leveraged local funds used to support 73 coffee improvement projects in Peru
  - Research on pest management, organics and establishing geographic zoning
  - TA on yield improvement, organic certification, coop marketing
  - Progress includes increases in production of certified coffees, coffee exports and producer incomes

- **Kenya – Micro, Small and Medium Enterprise Competitive Project (MSME)**
  - 18 pilot projects in the coffee sector, focused on:
  - Access to Finance – assisting various institutions to expand their MSME lending
  - Strengthening Enterprise Skills and Market Linkages – enhancing access to business development services to improve market access
Other WB Coffee Sector Involvement

- **Papua New Guinea (PNG):**
  - WB, with PNG Coffee Industry Corporation seeking to operationalize PNG coffee strategy
  - WB provides TA to support quality and sustainability initiatives as part of the wider PNG Productive Partnerships in Agriculture Project (PAPP)

- **Ethiopia:**
  - WB supports the Ethiopian Commodity Exchange (ECX) through the Rural Capacity Building Project (RCBP)
  - RCBP supports the Ethiopian Institute of Agricultural Research to finance a tissue culture lab for coffee

- **Cameroon**
  - WB designed 4 pilot “eco-pulping” operations (Robusta and Arabica). WB will support machine procurement and provide TA for installation
  - This work will raise production of specialty coffee and thereby incomes