

**EMBARGOED FOR 11:00 AM ET, THURSDAY, APRIL 22, 2010**

## **Global Agriculture and Food Security Program (GAFSP)**

**Context:** Today, more than one billion people suffer from chronic hunger. For the world to deliver on its goal of halving poverty and hunger by 2015, there's an urgent need for more investment in developing countries to boost agricultural productivity, improve access to food markets, decrease vulnerability to agricultural risks, and create better and more sustainable rural livelihoods.

**Background:** The G-8 and G-20 are leading efforts to advance food security and promote agriculture development. As part of this initiative, donors have invested in the Global Agriculture and Food Security Program (GAFSP), a new trust fund administered by the World Bank. Donors who have made commitments to the fund include the United States (\$475 million), Canada (\$230 million), Spain (\$95 million), South Korea (\$50 million) and the Gates Foundation (\$30 million).

**Mandate:** The fund will finance medium- to long-term elements of agricultural development in low-income countries. It will focus on three major areas:

- **Raising agricultural productivity:** Examples of investment areas under this component include better water management by investing in irrigation infrastructure; improving land use planning; and improving access to machinery services by facilitating machinery leasing markets.
- **Linking farmers to markets:** Examples of investment targets under this component include the upgrade and improved management of rural infrastructure such as rural roads to connect farmers to markets; improve collection and dissemination of market information via information and communications technologies and information systems; improve regional integration of agriculture markets; and expand post-harvest infrastructure.
- **Technical assistance and capacity development:** This component will strengthen institutions and markets by expanding networks of agricultural input distributors; bolstering investments in seed distribution enterprises; modernizing land administration; and strengthening producer organizations.

**Unique Value:** In 2009, 14 countries made commitments to food security at the L'Aquila G-8 Summit. GAFSP is an important financing mechanism to help implement these new commitments with greater effectiveness and transparency. This fund will add value to current efforts by providing:

- **Long-term financing:** Over the last three decades, development assistance to agriculture significantly declined. Today, as donors make new commitments, GAFSP will help restore the international community's focus on agriculture and ensure that it does not prematurely exit this critical sector.
- **Predictable financing:** The quality of aid to the agriculture sector has been hampered by the unpredictability of aid-flows. GAFSP will make multi-year funding commitments, subject to performance, to advance recipient countries' agriculture strategies.
- **Private sector investment:** In addition to the public sector account, the fund will have a private sector facility that will provide equity and debt financing for poorly financed small- and medium-sized agribusinesses that are most likely to work with smallholder farmers and bring them into local and global value chains.
- **Harmonized aid:** By pooling resources, the GAFSP will act as a transparent and unified source of agricultural development financing for poor countries. Pooling resources can help to reduce the transaction costs of dealing with multiple donors.

**Country Eligibility for the Fund:** Investment decisions will be guided by three main criteria: country need, country policy environment and country readiness for GAFSP investment.

- **Country need:** The fund is open to IDA only countries, limiting GAFSP eligibility to countries with some of the lowest per capita income.
- **Readiness for GAFSP investment:** Country proposals will be assessed to ensure:
  - **Inclusiveness and Country Ownership:** This includes the degree of participation of interested stakeholders in the country such as external civil society organizations, local grassroots groups, the private sector, the parliament, provincial/local governments, and other development partners.
  - **Effectiveness and Commitment to Results:** The fund will take into account the financial, technical and institutional capacity of the host country to sustain the results of the GAFSP-funded proposals. It will assess a country's commitment to quality implementation by reviewing other sources of financing that are mobilized, including a country's own budgetary allocations to agriculture and food security.
  - **Cross-Cutting Issues:** The fund will assess whether a country proposal takes into consideration gender, climate change and other cross-cutting themes, as well as social and environmental impact assessment.

**Governance of the Fund:** The Steering Committee will be responsible for making investment decisions. It will comprise an equal number of donors and recipient countries. Civil society organizations will have a voice in the governance of the fund. The Technical Advisory Committee, comprising agriculture and food security experts, will be responsible for evaluating investment proposals and making recommendations to the Steering Committee. Implementing agencies, such as the AfDB, IFAD and the World Bank, will act as supervising entities, providing project appraisal, design and implementation. The trust fund will have a streamlined and transparent process for investment decisions.

**Results Framework for the Fund:** The fund's impact will be measured by a series of indicators such as prevalence of poverty, changes in household income, prevalence of food insecure households, and improvements in agricultural productivity.

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