The Global Agriculture and Food Security Program (GAFSP)

Questions & Answers

Why?

- It’s estimated there are one billion hungry people worldwide. Two hundred million of these malnourished people, one third of the total, live in Sub-Saharan Africa. It’s also estimated more than 60% of the world’s hungry, are women.
- The food price spike in mid-2008, and its associated negative impacts on poor people, amplified the need to reverse a decline in investment in agriculture over the past few decades.
- And the outlook for food prices and supply remains uncertain – due to factors such as climate change, evolving energy and financial markets.
- 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.

The Impetus:

- The idea of a global food security initiative was first discussed in a G8 “plus” meeting in L’Aquila in July 2009 in which leaders pledged more than $20 billion for what became known as the Agriculture and Food Security Initiative.
- Leaders at the G20 summit in Pittsburgh in September 2009 then called on the World Bank Group to “work with interested donors and organizations to develop a multilateral trust fund to scale up agricultural assistance to low income countries.”
- Broad input on the Global Agriculture and Food Security Framework Document was received from potential recipient representatives (e.g. the Africa Union Commission), UN agencies, civil society organizations, multilateral development banks and potential donors.

What is GAFSP?

- GAFSP is a multilateral financing mechanism which will allow the immediate targeting and delivery of additional funding to public and private entities to support national and regional strategic plans for agriculture and food security in poor countries.
- It aims to put the countries in the drivers’ seat. The plans are designed and implemented by developing country governments and their regional partners.
Financial contributions to the GAFSP to date have been provided by or pledged by four G20 member countries (United States, Canada, Spain and South Korea) as well as the Bill and Melinda Gates Foundation. Total commitments to date equal about US $900 million, at current exchange rates, pledged over three years.

Donors may choose to channel funds through public or private sector windows.

Public sector funding will be held in a Trust Fund at the World Bank, with all decisions on resource allocation made by an external Steering Committee of contributing donors and a matching number of recipient country representatives.

Advice is provided by multilateral development banks, UN agencies, and civil society organizations.

Private sector window funding will be held in trust by the International Finance Corporation (IFC), a member of the World Bank Group. IFC procedures for private sector investments will be followed, and the IFC will report annually on activities to the Steering Committee.

Why do we need it?

To provide readily available additional financing to scale-up agricultural and food security assistance on a coordinated basis in response to demonstrated commitment to results by countries.

Existing bilateral and multilateral funding cycles typically require several years advance programming by countries and are not easily amenable to restructuring of already allocated resources. Furthermore, coordinating donor replenishment cycles is difficult.

Channeling multiple sources of donor financing through a common mechanism can reduce fragmentation and recipient country transaction costs of aid, and improve alignment around country programs.

What will it finance?

Depending on country and regional requests, and consistent with the GAFSP Framework Document, GAFSP financing is aimed to provide for:

- Raising agricultural productivity by supporting: a) adoption of high-yielding technologies; b) technology generation; c) water management; and d) land rights;
- Linking farmers to markets by supporting: a) reduction in transaction costs; b) value addition; and c) mobilization of rural finance;
- Reducing risk and vulnerability by supporting: a) price and weather risk management; b) strengthening food-related social protection for people who face chronic and transitory rural poverty; and c) improving nutrition of mothers and young children;
- Non-farm rural livelihoods by supporting: a) investment climate improvements; b) entrepreneurship promotion.
• Technical Assistance, institution-building and capacity-building by supporting: a) sector strategy development, investments and implementation; b) enhancing design, monitoring and evaluation; and c) knowledge development and dissemination.

What impact is it expected to have?

• Improved incomes and food security of poor people in developing countries through more and better coordinated public and private sector investment in the agriculture and rural sectors that is country-owned and led;
• More predictable aid flows for countries by addressing repeated and large existing financing gaps in ongoing bilateral and multilateral assistance;
• Increased effectiveness of aid in agriculture and food security.

How will it work?

• Potential recipient countries can submit investment and/or technical assistance proposals to the GAFSP Steering Committee, following guidelines to be provided by the Committee.
• The private sector window, managed by the IFC, will support investments that address the core agriculture and food security concerns of GAFSP. Private firms and financial institutions doing business in eligible countries can submit proposals for funding from the private sector window, in line with the guidelines developed by IFC in consultation and agreement with participating donors. The process for approving projects under the approved investment plan would follow the guidelines and procedures of IFC. This streamlined approach ensures the private sector window can respond rapidly to the demands of the private sector.
• The Steering Committee is the decision-making body of the GAFSP. Decision-making will be by full consensus of the voting members.
• Due diligence on the quality of submitted public investment plans and the process followed is being strengthened by a Technical Advisory Committee appointed by the Steering Committee, using detailed criteria for assessing the quality of submitted plans.
• The Committee allocates resources to selected public proposals together with identification of a supervising entity (e.g. multilateral development banks and IFAD for investment and technical assistance, FAO and WFP for technical assistance) to assist recipient countries to further design, appraise, and implement the selected proposals.
• Results will be reported back to donors through the Steering Committee.
• It is important to note that GAFSP will not be a “vertical fund” or new institution. It will not have a large staff or introduce new procedures for project appraisal, evaluation or monitoring. Once the GAFSP Steering Committee allocates funds for a public investment program in a specific country through a specific supervising entity, that program is appraised and supervised using the normal procedures of the supervising entity chosen. For private investments, the normal procedures of IFC are used, except that investment plans are reviewed annually by the Steering Committee.
How will the Steering Committee Work?

- Initially, the Steering Committee will include, representatives of the initial donors to the GAFSP Trust Fund and an equal number of representatives from recipient countries as voting members.
- Executive Directors of the World Bank representing IDA countries will select recipient country representatives following the model established in Climate Change Investment Funds.
- In selecting the recipient country representatives the Executive Directors will take into account appropriate geographic balance, with at least one representative from Africa.
- A senior manager (or designate) of the World Bank representing the Trustee, and the United Nations Secretary General’s Special Representative on Food Security and Nutrition would be non-voting members.
- The Steering Committee will also include representatives from the supervising entities (IFAD, World Bank, other Multilateral Development Banks, FAO and WFP) and Civil Society Organizations also as active but non-voting participants.
- The design of the governance structure is intended to be simple and flexible to allow for adjustments as the GAFSP evolves.
- As the number of donors increases, the Steering Committee will decide on the appropriate size of the Steering Committee and a mechanism for rotation, as needed.
- The composition and selection process of voting and non-voting members may be adjusted by the Steering Committee to ensure adequate representation.
- Decision-making will be by full consensus of the voting members.

When will it end?

- New commitments are expected through 2013, implementation through 2019.
- The Steering Committee will make the final decision on this, but likely it will be a function of funding availability and performance.

Contacts:

Fionna Douglas: (202) 473-8913
Email: fdouglas@worldbank.org

Elizabeth Petheo: (202) 458-2209
Email: epetheo@worldbank.org

Updated April 22, 2010