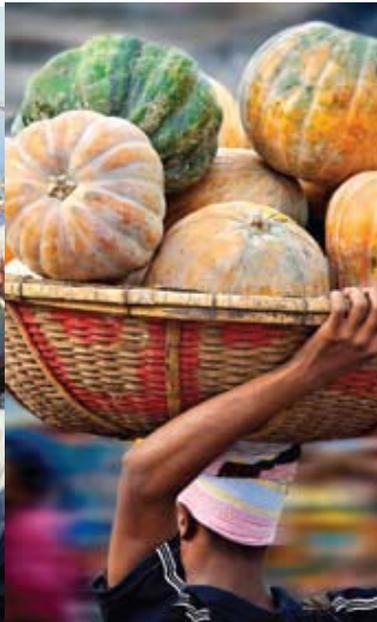


From Emergency Food Crisis Response to Addressing Long-Term Under- Investment in Food and Agriculture

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A Tale of Two Food Security Trust Fund Facilities and the Quest for Effectiveness

- **GFRP:** a Bank activity under internal governance that emphasizes emergency response to high food prices, set up in Spring 2008
- **GAFSP:** a multi-institution multilateral activity under external governance, targeted to long-term neglect of food and agriculture, requested by the G20 Summit in Pittsburgh in September 2009

Emergency Response: the Bank's Global Food Crisis Response Program (GFRP)



Consensus of April 2008 on Immediate Needs

- **Work with the UN** and other stakeholders under the Secretary-General's High-Level Task Force for the Global Food Crisis (HLTF) established in Berne in late April 2008
- **Need for rapid financing to countries** to support policy changes
- **Social protection**
- **Risk mitigation** using financial tools as well as physical hedging
- **Maintain productive capacity** and transit to longer term food production viability

The Global Food Crisis Response Program (GFRP)

- **Since May 2008 provides countries alternatives to desperation measures like those in 1974** that protect urban people : parastatal grain stocks, low and pan-territorial administered prices, regulation of grain sales and movement, etc.
- **Permits fast-tracking of up to \$2 billion of Bank resources:** existing IDA funds, new IBRD funds, a new \$200 million trust fund from IBRD surplus
- **Greatly expedites procedures** for rapid response— approval by Bank Management and 5 day no objection period at Board and **provides new funding; speed trumps process**

Funding Mobilized to Date

- **\$1.3 billion in Bank-funded** operations in 35 countries since May 29, 2008
- **Additional pipeline of \$200+ million in external trust funds** (Australia, Canada, EC, Korea, Russia, Spain) directed to 20 countries, more coming on-stream
- **GFRP is presently a \$1.5 billion effort** targeted to 40 separate countries, and growing with substantial headroom
- **Roughly \$0.9 billion is additional** to the countries concerned (TFs, IBRD, and re-couped IDA)

Long-Run Aid Effectiveness: Three Dichotomies in Food Security Assistance



First: Foundational and Core Investments (1)

- **Foundational:** building the sustainable capacity for results (e.g.: education, research, extension, institutional development)
- **The problem:**
 - Everyone wants to claim “results”, as soon as possible, but greater capacity for results is slow to build and not seen by most as a “result”
 - Resulting underfunding of foundational and low capacity of most countries to actually have results
 - Doing foundational well takes major institutional capacity in providing countries, agencies

Foundational and Core Investments (2)

- **Core investments:** scaling-up for results (e.g: investments in CAADP's four pillars)
- **Aid effectiveness** requires that “core” investments are aligned to country-led, evidence based, and inclusive strategies
- **Core investments are typically very large**, or should be—beyond the reasonable capacity of any one donor
- **So alignment and coordination are key**

Matching Funding to Goals

- **Foundational investments require** significant institutional memory, human capital, and institutional infrastructure
- **Only a few providers globally**, but now Brazil and India coming on stream
- **Will targeting of funding** for poor country needs eventually match capacity of providers?
- **Eventually country-level donor coordination** will match funding to aligned and coordinated planning...but not quite there yet.

Second: Innovation vs. Scaling-Up

- **Innovation is fundamental** to foundational investments
- Innovation that is operational necessarily starts **small and is relatively independent**
- **Innovation is associated with its originators** and brings recognition to people and institutions
- Everyone wants innovation
- **Scaling-up successes is less glamorous** for both persons and institutions but necessary for impact
- Scaling-up is **expensive.**

Third: Results Reporting and Coordination

- Ultimately **countries need to coordinate** and evaluate activities on their territories
- While a multitude of implementing agencies and donors continue to be important, as in Africa, **coordination will not occur from an external “super-authority”** (or vertical fund)
- Coordination will need to occur in context of country-led and level planning with harmonization of **monitoring and results reporting**
- **And then came the L’Aquila pledges...**

The Global Agriculture and Food Security Program



What is it?

- A response to the calls from L'Aquila (G8 ++) and Pittsburgh (G 20) to develop a **multilateral** trust fund to scale-up **long-term and structural agricultural and food security** assistance to low income countries
- A mechanism to make coordinated donor **support more predictable for strategic & innovative country-led agricultural and food security plans susceptible of producing results, produced through existing aid effectiveness measures**

What is it NOT?

- **GAFSP is NOT a World Bank-led Program**
- **Is NOT emergency assistance**
- **GAFSP is NOT a Vertical Fund**
- **GAFSP does NOT produce ag/FS strategies**
- **It does NOT have a big dedicated staff, large overheads, or lending objectives that are distinct from those of existing donor coordination/country-leadership mechanisms such as CAADP or SWAPs.**

The desired approach

- Respect the **aid effectiveness** principles agreed in Accra—**country-led programs based on harmonization and alignment**
- **Reinforce and not duplicate existing efforts** to facilitate a strategic and **inclusive** approach
- Ensure that **countries that have truly made the effort to devise high-quality and inclusive** ag and food plans under initiatives such as CAADP get support
- **Leverage host Gov't and bilateral assistance**
- **Rapid disbursement** of funds
- **Facilitate participation** of CSOs and private sector

How it works: Governance

- A **Financial Intermediary Fund** (i.e. checking account) at the World Bank, as Trustee
- A **Steering Committee (SC)** as decision-making body composed of donors and recipient reps in equal numbers as voting members, and the potential **supervising entities (SE)**--IFAD, WBG, other MDBs, FAO and WFP--**and CSOs reps as fully participating** but non-voting members
- **Appraisal and supervision is provided by the SEs** following own regular procedures
- **A small Coordination Unit at the WB keeps the process running**, with separation of the Trustee role from the potential Supervising Entity roles of IBRD and IFC

How it works: independent TAC

- The **Technical Advisory Committee (TAC)** is composed of technical specialists independent of SEs/WB who **provide due diligence to the SC following an elaborate Terms of Reference and scoring template**
- **TAC ranks proposals according to: Country Need (12.5%), Policy environment (12.5%), Country Readiness (25%), Proposal Readiness (50%)**
- **The TAC does not identify, appraise, or supervise** projects; these tasks are done by the Supervising Entity concerned using its regular procedures and governance.

How it works: Funding

- **Present donors** are: Australia, Canada, Ireland, Korea, Spain, USA, and the Gates Foundation
- **Recipient regional reps** are: Senegal, Sierra Leone, Bangladesh, Mongolia, Haiti, and Yemen
- **Donors will earmark funds to either a public sector window for investments and technical assistance, or a private sector window for debt and equity investments in private firms**
- **The private sector window is managed by IFC**, who will involve contributing donors in governance and submit annual investment plans to the Steering Committee

Who is eligible

Public Sector Window

- Low income countries (IDA)
- Regional entities (e.g. ECOWAS)

- Clear & inclusive agriculture strategies
- Conducive policy environment
- Own budget commitments

Tech Assistance Under the Public Window

- Specialized technical agencies (centers of excellence)

- Proposals aligned to SC requests
- High quality & cost effective services

Private Sector Window

- Private sector firms in eligible countries

- Aligned business activities
- Reasonable financial health
- Equity investment exit options

How it works: Operationalization

- **National governments and regional organizations submit proposals** on the basis of calls from the SC
- The **SC allocates an envelope by country and designates a Supervising Entity** to take forward
- **SEs appraise** country-led or regional organization-led projects following **standard procedures and safeguards**
- The **CU consolidates results-reporting by Ses**
- **Joint M & E, Results Frame** being developed among **SEs**
- **Pledges to date are \$914 million over first 3 years**—with about \$366 million received so far for the Public Window and \$47 in transit for the soon-to-be Private Window

Allocations to date

\$224m + \$11m admin fees allocated June 21 to:

- **Bangladesh** (\$50m), improved seed varieties and better water management techniques, via WB and FAO
- **Haiti** (\$35m), improving access to seeds, fertilizers and technology, via IDB and WB
- **Rwanda** (\$50m), reduce hillside erosion and bolster productivity, via WB
- **Sierra Leone** (\$50m), collective action for commercialization of smallholder farmers and farm management training, via IFAD
- **Togo** (\$39m), affordable credit and better access to technology, via IFAD and WB

Info and next steps

- See www.worldbank.org/GAFSP, soon to be: www.GAFSPFund.org
- Current Call expired midnight October 1
- TAC will score, rank proposals
- 20 countries submitted \$850 million in proposals to Public Window
- There is \$130 m in kitty to allocate for Public Window
- Allocation meeting of SC is Nov. 3-4
- Fundraising by SC continues at strong pace
- Further \$160-\$280 m very likely in kitty by March 31, 2011.